SSC07 Customer engagement strategy and key insights

Contents

1. Customer engagement strategy and key insights

Providing a vital public service gives us the opportunity to interact with tens of thousands of individual customers and wider stakeholders every year. To achieve our vision and to deliver wider public value, it is important that we engage to understand how we can best meet the needs of the communities we serve.

We have carried out our most in-depth and widest reaching research and wider engagement programme to fully understand what our diverse population of customers and wider stakeholders and citizens expect us to deliver now, and in the future.

Detailed in this document is the journey of how we have used all the feedback to directly shape our plan to ensure it delivers in a fair and balanced way for all. We have also developed a website resource to showcase a full list of the research studies, both local ones delivered through our partners on our PR24 strategic framework and wider sector studies we have drawn on.

1.1 Laying the foundations for success at PR24

We start with a look back to PR19, where we delivered a notable step-change in the quality and quantity of our engagement and research programme and were one of only two Water Only Companies to achieve a "B rating" by Ofwat in its evaluation of our programme. This was achieved by putting in place a robust customer research strategy in April 2017, which engaged with just over 40,000 customers by early 2019, using a wide variety of research and engagement techniques. It was robustly challenged throughout by our Customer Challenge Group (CCG) with input from many wider stakeholders. This programme ensured our diverse customers voices were embedded into the decisions taken in our plan. Found in section 1.3 of our PR19 Business plan.

When we started the planning process for PR24 in early 2020, our main objective was to raise the bar higher still. We outline in this chapter how we have achieved this, what our customers have told us and the approaches we have used to understand their views to inform key decisions in our plan. Our programme has also expanded in its use of engagement techniques (particularly the use of in-depth deliberative on-going studies) to deliver "high-quality" insights that are at the heart of our decision making.

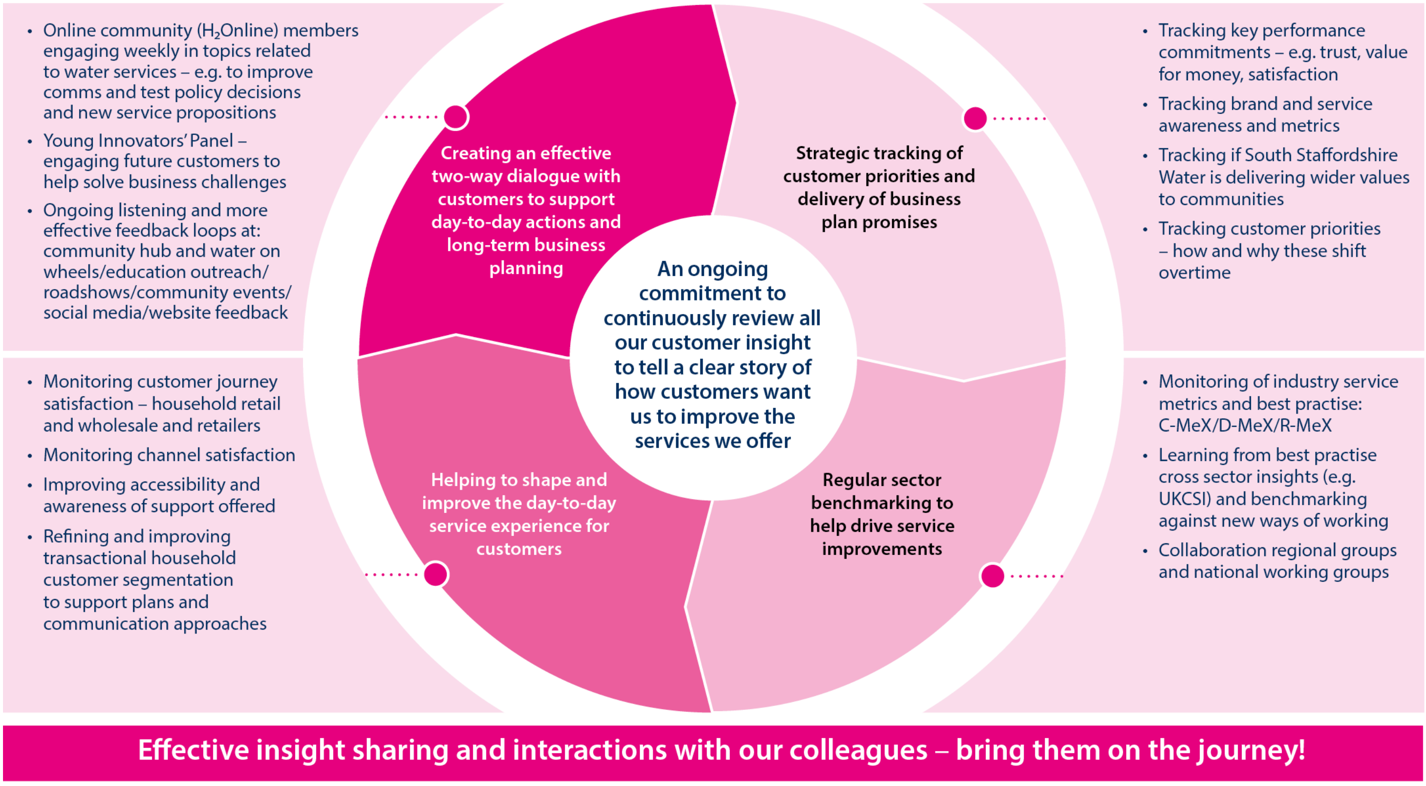
Whilst our main focus is on "quality and effective use of insights", we have also increased our reach from PR19 and directly engaged with over **92,500** customers across our strategic research and on-going Business-as-Usual (BAU) insight programmes. This covers the period from April 2019 to September 2023. We have also listened to thousands more as they have day-to-day interactions with our customer facing teams (e.g. phone, e-mail, face-to-face, SMS) and use our digital services (e.g. social media, APP).

Importantly, we did not take our foot off the accelerator once our PR19 customer engagement programme finished in the Summer of 2019. We immediately set about building on the learnings and gaps identified, such as the need for more on-going 2-way engagement to improve the standard of engagement. The detailed planning undertaken in 2020 is the foundation for ensuring the right outcomes are achieved for our plan.

We specifically focused on improving our Business as Usual (BAU) insights programme, which included recruiting an additional customer and colleague insights specialist into the business in 2019 to support our Strategic Insight lead. Our commitment in this area aligns to a key recommendation detailed in the CCW/Blue Marble report engaging water customers for better consumer and business outcomes, May 2020 – that water companies should look to rebalance the use of Business as Usual research to inform business plans, especially for hard-to-reach consumer segments.

This shift has allowed us to improve our use and understanding of BAU insights to support the key decisions in our plan. Our BAU programme in 2023/24 covers the following areas shown in figure 1.

Figure 1 Our business as Usual insight programme – 2023/34



This additional investment into our team, helped to deliver a range of benefits for us and our customers. Importantly, our BAU programme is structured to be targeted, but inclusive, across our different customer segments to ensure we are engaging in ways that best suit their busy lives. Achievements since 2020 include:

- Following a trial that started in November 2019, we fully launched our household H2Online customer communities (one for our South Staffs customers and another for those in Cambridge) in March 2020. Today, the communities are fully embedded within our day-to-day business operations. Our member contributors (typically around 150 customer each year, per community) come from a range of backgrounds and take part in the weekly content and activities we post. They have become a valuable part of our engagement programme and provide an informed and engaged 2-way dialogue, with small numbers engaging most weeks over the last 3 years. This continual dialogue helps shape both our strategic plans, such as what our metering policy should be, through to the day-to-day decisions, such as improving our website content to make it more engaging and accessible for customers.
- At the centre of our Communities sits a quarterly "You Said, we did" (YSWD) feedback loop where we update our members on the improvements we have made from their insightful feedback and our wider engagement. This YSWD communication approach helps showcase that we are listening to their views and take positive action. We have widened the use of YSWD through our PR24 research programme to improve the engagement experience for our customers. You can read out more about this in section 1.7.1.
- We switched to a new voice of customer survey solution (Qualtrics) which launched in December 2020, following a 6-month implementation period. Switching to Qualtrics has allowed our insight team to gather more, and better-quality feedback from customers on their experiences following an interaction with the company, including those customers trying to access or who are already on our financial and/or PSR support services. Surveys are sent across journeys covering both retail (e.g. paying a bill, changing payment plan, accessing our support services) and wholesale (e.g. reporting a leak, experiencing a water quality or supply issue). The platform's capabilities allow our insight team to provide more actionable, real-time insights to colleague across the business who are responsible for ensuring our household customers receive the best possible service. Having access to a live reporting dashboard to quickly identify both pain points for customers, track areas of great service experiences and make a call-back quickly if a customer expressed dissatisfaction with our service, all helped towards embedding an improved 'customer first' culture. Linked to this, we also improved our use of BAU insights taking a more holistic approach to reviewing insight data from customer satisfaction surveys (Qualtrics and CMEX/DMEX/RMEX surveys), complaints, unwanted contacts (such as repeat contacts) and feedback from our colleagues in customer facing roles to prioritise action planning to improve the customer experience. Alongside other ways of working improvements, this new insight approach helped the company move from 10th in Ofwat's CMEX Customer Service (CSS) surveys in 2020/21, to place 4th in 2021/22.

- We also set-up a wider range of feedback and engagement channels, such as those run by our education and community out-reach programmes to track how customers (particularly those who are harder to reach, living with vulnerabilities) and end users of our community initiatives (such as school teachers) rate the engagement we offer and to collect suggestions on how it could be improved.
- Following a pilot in 2018 in our South Staffs Region, we continued to run our Young Innovators' Panel (YIP). This engagement approach allows 16-18 years olds to work in teams at our offices to help us solve a business challenge and gain experience of presenting their ideas to our management team. In 2019 we ran the YIP in our Cambridge region, but then had to take the tough decision to pause due to the impacts of the COVID pandemic on schools. We considered switching to run the YIP online, but felt the biggest benefit to the students involved was to hold the sessions face-to-face. Our YIP returned in 2023 in our SSW region, where 25 students worked in four teams to develop a range of creative ideas for a Key Stage 3 workshop to raise awareness that water is a precious resource. We intend to continue running our YIP into 2024 and beyond given the importance of engaging and learning from our future customers.
- We worked with our partners Turquoise on a project in 2019-2020 to better understand our household customers and developed a five-segment model based on the channels customers use to contact us, the services they use and how often they contact us. We have been tracking the shift in our customer segments since the model was finalised and also trialled segmented communications using the profiles developed from the research and analysis undertaken. The transition to our new Aptumo billing system will now enable us to start assessing options for fully operationalising the use of this segmentation model and to enhance it over time for the benefit of our customers. This includes tailoring communications and services to segments and giving our colleagues the knowledge to provide the best experience possible for our customers.
- We worked with one of our partners, Turquoise to improve the insights from our Customer Promises Tracker, which has been running since 2015/16 and tracks how effectively we are delivering on the promises made to our customers in the current business plan. Improvements included use of Key Driver analysis (shapely regressions) to better prioritise our efforts on action plans that would deliver a better overall experience for our customers – such as investing in a new e-mail system to provide more regular targeted affordability and water efficiency communications campaigns with advice and support and improved communications around reporting a leak.
- In 2019/20, we were also one of the first wholesalers to pilot customer satisfaction surveys, running a pilot scheme with Pennon (now Source for Business). The learnings were shared with MOSL and the NHH retailers working group to help inform the survey approach that would become the R-MEX surveys now embedded into the market to drive service improvements for our NHH customers. Our NHH retailer team continue to engage through dedicated account management with our retailers, using RMEX as a mechanism to drive service improvements.
- Our developer services team continue to run regular engagement sessions with our customers in the new connections market following our PR19 engagement sessions in 2017 and 2018.
- During the COVID pandemic the need to move quickly to maintain our levels of service and provide the support our customers needed during an extremely challenging period for everyone. This led us to bring in a more robust and effective approach of regularly reviewing best practice across the water and wider sectors in terms of service delivery. This allowed us to spot opportunities more quickly to improve our support. Examples include launching our bill checker tool, so that customers (particularly those on meters) could better understand why their bill was suddenly changing (for example, by the national lockdowns) and launching payment breaks and our Assure Assist tariff and improving our website journeys to better signpost these to customers. We continue to benchmark ourselves in a targeted way to ensure we can learn from best practice, including use of the UKCSI utilities index, CMEX/DMEX/RMEX and other sources like CCW's Water Matters survey – to name a few.
- We have improved our social media listening and use of these insights to improve our understand of our customers views, such as when assessing the impact of our communications to some of our customers following the cyber security breach our parent company suffered in August 2022.
- To help embed a culture of engagement and use of insights across our business we have run insight showcase sessions to triangulate insights and bring subject matter experts together to discuss actions plans. We have arranged workshops and de-briefs and developed customer pen-portraits to engage our colleagues with key insights to help inform their plans to improve the services for our customers. Our colleagues also regularly attend customer engagement session to observe or take part directly in conversations with customers;
- We also spent 2022/23 going through the process of setting-up a framework of independent research partners who we felt were best placed to help us deliver our customer research programme in an independent and ethical manner, to deliver "high-quality" insights that we could rely on for our decision making. See section 1.2.4 for more details.

Alongside the improvements made to our BAU research programme, during 2020, we also focused on conducting a full review of how effectively PR19 customer engagement had been undertaken in the water sector, both what has worked and what needed to be improved. We also looked across wider sectors (where appropriate) to guide the development of our PR24 research strategy. The steps we took to achieve this are detailed below.

- **Step 1** evaluated the changes in the wider landscape by undertaking a PEST review – focusing on the main political, environmental, social and technological changes that would shape the development of our engagement programme. We have made four strategic changes to our approach at PR24 which are outlined in Table 1. We have continued to monitor the landscape through our programme and will continue to do so to ensure our strategy evolves to remain fit-for-purpose.

Table 1 Main ways our customer and wider engagement strategy has evolved from PR19 to PR24

<table>
<tr><th>Key shifts in the macro landscape since 2020</th><th>How we have adapted our PR24 engagement strategy</th></tr>
<tr><td>Changes to UK law and legislation, including:
• the introduction of the Environment Act, with its long-term targets for water companies;
• the launch of the UK Government's 25-year environment plan and the National Infrastructure Commission's vision and priorities report; and
• the growing need to decarbonise society to mitigate the impacts of global warming.</td><td rowspan="4">We have gone further to fully embed ongoing, two-way engagement approaches into the heart of our research programme. This is to ensure we engage with customers effectively on more complex topics.
We have also rebalanced our programme to make more effective use of deliberative and behavioural research techniques to better understand the reasons behind customers' preferences. This shift has allowed customers to be even more involved in the development of our plan, or what we call co-development. Examples include:
• our H2Online communities;
• our Water Resources Advisory Panels;
• our Carbon Net Zero Citizens' Juries; and
• the first 'Your water, your say' session, held in June 2023.
And we have made use of the COMBI model in the non-household demand club research study and have worked with our partners to develop an improved triangulation approach for insight data.
We have embedded an approach to reviewing all of our insights to identify 'golden threads' and to track changes to these over time. These threads are the focal point for decisions made in our plan.
In addition, we have made a shift towards more collaborative working with other water companies to ensure a consistent approach to research, and access to shared learnings and expertise to the benefit of customers. We have played a key role in the club research projects carried out by both WRE and WRW, which have helped to shape the regional water resources plans. We have also engaged proactively with the national collaborative studies led by Ofwat and CCW, inputting into their design and using the outputs to shape this plan.</td></tr>
<tr><td>Regulatory and wider sector shifts towards long-term planning to meet resilience challenges, including:
• Ofwat's expectation that water companies set their AMP8 business plans within the context of a 25-year LTDS, while also delivering wider social and environmental value;
• going beyond our core role of supplying an affordable water supply in response to customers' wishes;
• the introduction of five regional water resources planning regions and major strategic resource options to ensure future water demands can be met; and
• the move towards more centralised research to ensure the comparability of companies' approaches and outputs.</td></tr>
<tr><td>Shifting environmental expectations as diversity continues to decline and only 14% of rivers are able to recover if damaged, including:
• a greater shift in our customers' priorities research towards more environmental restoration and protection; and
• a raft of legally binding targets on things like leakage, household demand reductions and drought resilience.</td></tr>
<tr><td>Global shifts in people's everyday lives, including:
• an ageing population, which place more pressure on priority services and the need for innovation to ensure services remain accessible to all;
• increased deprivation levels in some communities, putting the spotlight on affordability and the need to offer flexible support and payment options; and
• increasing expectations about digital service provision and the use of technology to harness innovation, driving service improvements and delivering efficiencies.</td></tr>
</table>

- **Step 2** involved reviewing the reports available to assess potential new approaches to guide the evolution of our customer research and wider engagement strategy, including Ofwat's discussion paper (December 2020) "PR24 and beyond: Reflecting customer preferences in future price reviews". Specifically, we have drawn on Sustainability First's New Public Interest Model (PIN), eight agendas for change. Agenda 6 from the report outlines a framework to help ensure purposeful engagement and understanding of the public interest. We have specifically structured our engagement programme around the three key strands - see figure 2 - to ensure a more balanced and targeted approached. In 2022, we became one of the first water company corporate members of Sustainability First and have benefited from their advice as expert stakeholders through our programme – specifically through our Delphi panel which challenged the insights from the PR19 and PR14 valuations research undertaken.

Figure 2 Three over-arching objectives for consumer, citizen and stakeholder engagement in long-term issues in the energy and water sector. Closely based on Sustainability First's New PIN model, 2018.

Golden threads to link insight and research to the "public interest" to inform future plans			
Type of engagement	**Business as usual engagement – transactional customer level feedback**	**Embedded ongoing customer, community/citizen engagement**	**Deliberative and collaborative engagement**
Focus of the insight/research	To understand customers' preferences and view of how they experience their water services day-to-day	To understand why and how customers want to hold their water companies' performance to account – priorities, outcomes and targets	To gain customer input into how their water service should be best run in the future
Focus in company	Operational level service delivery	Strategic level planning decisions	Ethical business – Environmental, Social and Governance
Purpose of the engagement	To improve current customer outcomes (fairness, affordability, service reliability and quality) ensure efficiency and help develop practise/innovation to drive service transformation	Inform business plan development and to drive cultural and behavioural change within the company and among customers and wider citizens	To determine and shape future outcomes and policy decisions and to increase legitimacy of the companies' business plans and wider water sector

- We have also drawn on the UKWIR report (2021) 'How should customer and stakeholder views be used in regulatory decisions?' which provides eight realistic models for how customer and stakeholder engagement could potentially be applied. This is shown in figure 3. We have used this framework to ensure a balanced programme of research and, specifically, to evaluate the best way of engaging more rigorously with customers and stakeholders on the key questions we needed to ask to inform our plan. We achieved this by assessing which of the eight models would best suit the delivery of the specific objectives for each of our research studies. Most of our research studies fall into the "devolved responsibility" category. For example:
  - Our net zero Citizens' Jury and WRMP24 WRAP forums moved us to an approach where we worked directly with customers to inform policy decisions, such as how we achieve net zero;
  - Our Young Innovators' Panel aligns to model 8 as the task set involved directly shaping our education engagement programme to educate key stage 3 students on valuing water; and
  - Our WTP study is set-up more to fall under model 6, where customers are less engaged given the complexity of valuation studies.
- Some elements of studies we took part in did reach into the "partnership" model approach. For example, the club project by the Water Resources East England water companies engaged the regulators at the end of the study around policy changes decisions required to help overcome the barriers uncovered in the research as to why non-households are not engaging with water saving initiatives.
- The collaborative research studies led by Ofwat and CCW (ODI and AAT) are more aligned to the "consolidated responsibility" models. This is because the regulator has played a central role in setting out clear guidance and/or minimum standards for how engagement is carried out and assessed and the projects are designed to enable comparisons across the sector in customer responses.

Figure 3 UKWIR models for how customer and stakeholder engagement can be applied, 2021. Source: Frontier Economics

- Linked to these frameworks, we have also taken care to focus our research and wider engagement programme on three main objectives:
  - To shape our future plans, including our Long-Term Delivery Strategy (LTDS) to 2050;
  - To improve our existing services, including making them more accessible, and to co-develop new services (such as our innovative charging tariff) to the benefit of our customers and local communities; and
  - To improve our overall performance by gaining insights that will push us to innovate and use best practice approaches – these learnings should come from the water and wider sectors.

- **Step 3** involved embedding a more robust approach to tracking our customers' priorities and how and why they are shifting. This way driven by picking up towards the end of PR19 just how quickly customer and stakeholder views around environmental concerns were accelerating. Our view is that the best research programmes start with robust priorities research. In a step-change from our approach at PR19 we invested a year of in-depth reviews between April 2020 to March 2021 to ensure we started off on the right footing. To progress this, we commissioned Accent and PJM Economics in May 2020 to undertake a comprehensive desk research review with the aim of setting out a series of recommendations for an on-going programme of qualitative and quantitative research. This report (published September 2020) can be found here, and focused on a review of:
  - current SSC understanding of its customers' priorities, as reported in SSC research outputs;
  - methodologies for customer priorities measurement, including a review of research conducted by other water companies for PR19; and
  - Ofwat expectations for PR24, as set out in Ofwat's Time to Act strategy report (October 2019).
- This robust review led to the creation of our Customer Priorities Tracker, which is now into its fourth year and has been widely used to shape our PR24 plan. The Tracker is comprised of qualitative research (Oct 2020 and May 2022), supported with quarterly waves of quantitative research, among our household (including future customers) and non-household customers. This is the spine of our research programme which plays a key role in directing the rest of our efforts to researching the 20 areas tracked in more depth which matter most to our customers. You can read more about the tracker in section 1.3.1.
- Off the back for the PR24 priorities desk research, we then commissioned Accent and PJM Economics to conduct a similar in-depth review to inform the research programme that would ensure our Water Resources Management Plan (WRMP24) in each supply region was developed to meet the preferences of our customers' and stakeholders. The report (March 2021) reviewed customer engagement in the water industry in the context of water resources management planning, and the latest guidance, expectations, and regional method statements, with the aim of drawing out recommendations for our WRMP24 customer engagement programme.
- We reviewed all the evidence and what has worked well and what areas needed to be addressed in the context of the new regulatory landscape at WRMP24, specifically with the introduction of regional water resource planning groups.
- This led to a four-step local engagement programme summarised below:

- **Strategic choices:** qualitative and quantitative research to specifically focus on environmental destination and ambition, levels of service and water efficiency ambition;
- **Decision metrics and weights for options:** quantitative research specifically focus on measuring preferences for the supply-demand options that customers would like to see implemented based on their relevant characteristics (e.g. cost, environmental impact) and also to focus on the metrics themselves, i.e. how customers would want to see South Staffs Water and Cambridge Water balance the impact of cost vs environmental impacts vs wider option impact. The metric outputs could then be used in Multi-criteria Analysis (MCA) modelling at a local and regional level to ensure customer preferences are reflected in the schemes selected by the models.
- **Deep dives:** qualitative and quantitative research to specifically focus on key areas of the plan that materially impact on customers, universal metering, water transfers and major strategic resource options, such as a new reservoir.
- **Final choices, acceptability and affordability**: qualitative and quantitative research to understand if the draft plan was acceptable, and if not, what would need to change. This stage is designed to help ensure that the plans ultimately adopted are acceptable and affordable to customers, and that they fully reflect their views.

- **Step 4:** involved developing a set of 'eight guiding principles', which we agreed in April 2021. See table 2. These formed the bedrock of how we approached our research programme, to ensure we deliver actionable insights that fully reflect our customers and wider stakeholder views. These were developed from a comprehensive review of all our PR19 research and engagement and the key learnings identified in wider reports published by various organisations, such as the CCW and Blue Marble report, 'Engaging water customers for better consumer and business outcomes (May 2020)'. These principles are a key reason why we achieved a positive result on the Assurance review carried out independently by SIA Partners, who used a robust framework to evaluate how effectively our research programme met delivered against Ofwat's "high-quality" engagement standards. SIA's final assurance report can be viewed here. We benchmarked our eight guiding principles against those for "high-quality engagement outlined in Ofwat's position paper (February 20222) 'PR24 and beyond: Customer engagement policy' and found a high degree of overlap and have ensured we have worked to these principles throughout.

Table 2 our eight guiding principles for research and wider engagement

Guiding principle	Rationale behind principle
Targeted and meaningful	Research must be targeted on areas where customers can have a meaningful input and their views add the most value to the business planning process. • We have used the CCW/SIA triangulation framework, Sustainability PIN model and the UKWIR customer engagement model guidance to ensure we made careful selections about when to engage our customer and citizen base, who to engage and how to engage them. • We have also shifted our approach to ensure, where appropriate, that we asked people who participated in our research to wear different hats when explaining their preferences – be it a customer, or as a wider citizen. This was a particular focus in qualitative studies which engaged customers on investment preferences and decisions up to 2050 and in our Acceptability research study to ensure we understood these important differences.
Robust and proportionate	Our primary focus is on delivering high-quality engagement, with an emphasis on quality over quantity. • We do not have unlimited budgets and resources, so our primary focus is on "high-quality" engagement. Whilst both important, quality is more important that quantity to ensure the insights are robust are can be relied upon when taking decisions. For example, in our PR24 WTP valuations study we geared the methodology around the challenges identified at both PR19 and PR19 to provide a survey design that would allow customers to reflect their preferences accurately and easily. • We have ensured robust and regionally representative sample sizes across all our quantitative research and ensured out in-depth qualitative sessions reflect our population served as closely as possible. • Increased our focus on BAU insights to help shape the customer experience, alongside our targeted strategic research studies aligned to long-term planning and major policy decisions.
Inclusive	We have made sure that different research methodologies are carefully selected to provide the best experience for all the customers taking part. • Ensuring that in each study that different research methodologies are carefully selected to provide the best experience for the customers taking part. We have used mixed methodologies across all key studies, covering a wide range of research techniques. • Designing the programme to ensure all customer segment voices are fairly reflected across our research studies. In particular, we have continued to focus efforts on ensuring that those who are digitally disengaged are able to take part across the vast majority of our engagement programme – online communities being the exception.

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<td>Adaptive</td>
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We have developed a research programme that builds from stage to stage, using the insights that shape the objectives of the studies that follow to ensure a clear engagement journey.

- Developing a research programme that builds from stage-to-stage, using the insights to shape the objectives of the studies that follow to ensure a clear journey and that learnings are captured and gaps in insight knowledge are closed. We have ensured our programme was continual as we moved from PR14 to PR24 and will continue this into PR29.
- Ensuring strategic research projects have dedicated qualitative and quantitative elements, so that we can build on feedback as project's progress and adapt as needed. We have used in-depth qualitative discussion to inform the design of quantitative questionnaires, alongside cognitive depth testing to ensure.
- Utilising on-going deliberative research approaches that allow up to play-back insights to the same or other customers and ask them to discuss if they agree or not, which allows a more rigours challenge of the insights and more confidence in the outputs.

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<tr>
<td>Customer friendly</td>
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Our customers should enjoy taking part in our research studies, as well as provide considered feedback to the questions we have asked.

- All our research has adopted the recommendations from the CCW/Blue Marble report (May 2020). The guidance on making sure that engagement is 'meaningful to participants shown below. We have consistently achieved high scores from feedback surveys sent to participants during and at the end of studies, learning and improving from the occasional feedback received where we haven't delivered to expectation.

<table>
<tr><th colspan="2">Criteria</th><th>Threshold questions</th></tr>
<tr><td></td><td>Ease</td><td>• Am I able to answer the questions that I am being asked?
• Is what I'm being asked to do straightforward and reasonable?</td></tr>
<tr><td></td><td>Relevance</td><td>• Is the topic relevant / of interest to me?
• Do I actually have a view on what I am being asked?</td></tr>
<tr><td></td><td>Listening</td><td>• Do I feel like the organisation that has commissioned the research is paying attention to what I say?</td></tr>
<tr><td></td><td>Making a difference</td><td>• Do I think anything will happen as a result of taking part?
• Will taking part benefit others / the wider community?</td></tr>
<tr><td></td><td>Financial incentive</td><td>• Do I receive a financial incentive for taking part? Or the prospect of a prize?</td></tr>
</table>

- On our H2Onine communities we are taking this a step further, by regularly inviting members to suggest activities and topics to cover, pick the charities that are supported from the result of their engagement, design the incentive approach and how often and what format they want our "You said, we did" updates to take. This co-development approach is an important reason behind the on-going success of our communities over the last three years.
- Taking great care to ensure all research studies is presented to customers using questions and stimulus materials that are clear and free of bias. Our independent research partners all use techniques to do this, and we conducted extensive qualitative research and used cognitive testing of surveys as standard to ensure high-quality approaches were used in our quantitative research. Our SCP has challenged most of our engagement materials and we have worked with CCW on specific projects, such as out tariff and company specific adjustment research to ensure we conducted neutrally designed research. For example, we have only asked closed choice questions with regulatory guidance has required this, or where we strong view that asking a closed question would help us to draw our preferences, whilst making sure alternative insight points would allow us to assess feedback in the round.
- We have taken care to ensure that any unavoidable or unintended bias in the research programme is detailed in the research reports. We have also shown customers comparative water company performance data in selected studies where there is clear evidence from PR19 and recent qualitative insights that this information is important for customers to see when expressing their preferences. Key studies include priority research, a range of WRMP24 studies and business plan acceptability and affordability testing.

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<td>Transparent</td>
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To share insights and best practice, we have published all our research reports, triangulation studies and other relevant materials on our website. The reports include methodology notes of how the research was undertaken, including any questionnaires, discussion guides and supporting stimulus materials.

- To provide a line-of-sight across all our research, we have worked with our PR24 triangulation partner Impact to develop an improved approach to assessing the different customer and wider stakeholder voices. Appendices SSC11, SSC12 and SSC13 provide a clear narrative of what we have learnt from our customers and wider stakeholders. The reviews provide both our own local research and those by other water companies and wider organisations, such as CCW and Ofwat, allowing the evidence base to be more effectively contextualised.
- We appointed SIA partners in 2023 to undertake a robust an independent assurance review of our customer engagement programme and triangulation approach with Jacobs undertaking a line-of-sight assurance review to provide confidence that we have made decisions that reflect our customers' and wider stakeholders' preferences.

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<td>Collaborative</td>
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We have collaborated with customers and stakeholders to ensure they have played an active role in helping us shape our plans.

- To ensure the customer is playing an active role in shaping our plans, we have ensured some of our studies have included a co-development approach. These include our Water Resources Advisory Panel to develop our universal metering strategy, sessions with customers to design our new affordability water tariff, engaged our H2Online Communities to critique

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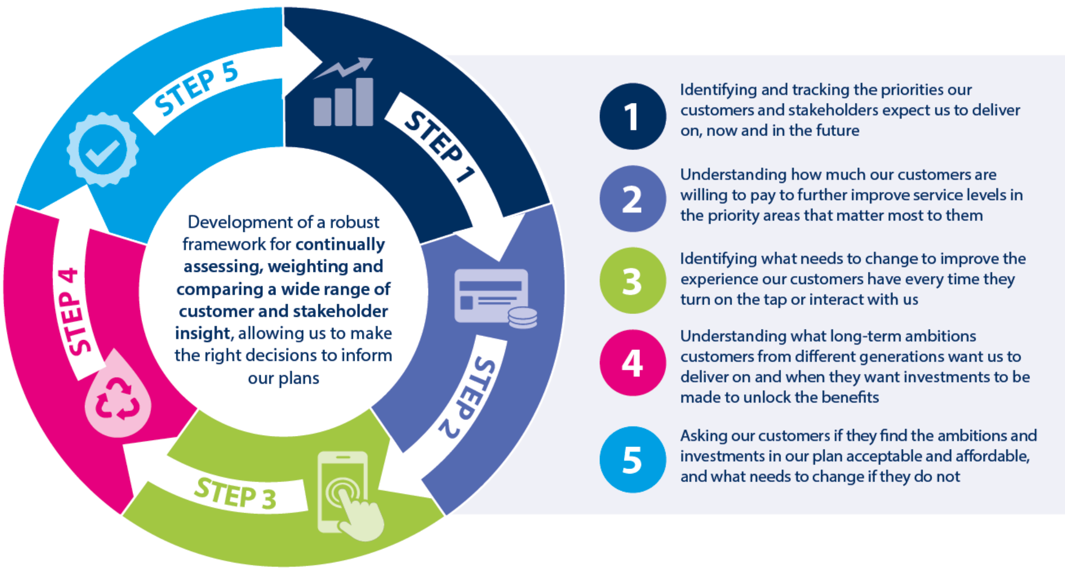
	communications, review reports and policies before they go public and worked with our Young Innovators' Panel to design a Key Stage 3 water efficiency workshop. • We have worked with WRW and WRE/WRSE water companies to deliver club projects for understanding customer preferences towards Strategic Resource Options and regional water plans. We have shared insights, and this approach has ensured a consistency of approach and allowed all companies to proportionally share the fixed costs associated with these research studies. • We have engaged with all the national collaborative studies led by Ofwat and CCW and shared our learnings to help shape guidance and research design, including the ODI rates study. We followed the Ofwat/CCW guidance laid out for the PR24 Acceptability and Affordability testing in both the quantitative and qualitative stages, engaging with Severn Trent Water and Anglian Water to ensure their latest wastewater bill profile for 2025-2030 was incorporated into the study to test the affordability of the combined water and sewerage bill.
Ethical	All our agency partners work to the Market Research Society (MRS) Code of Conduct and follow all data privacy and GDPR legislation. We carry out yearly audits to ensure compliance and subject all suppliers to an end-of-project review to capture learnings and help improve subsequent research studies.

- **Step 5** involved developing our overall customer research journey for PR24, covering the areas detailed below and which is summarised in figure 4:
  - Identifying our customers' shorter term priorities (2025-2030) and then over the long term to 2050 - which has informed decisions on the ambition and strategy of our Long-term Delivery Strategy (LTDS). Given the importance of the Water Resource Management plans, we also carried out extensive research with customers and wider stakeholders to ensure their preferences shaped our water resources plans at a local and regional level;
  - Understanding the value our customers place on different service improvements – focusing on our Willingness to Pay study and the Willingness to Accept valuations from Ofwat's ODI research. We have also engaged to re-assesses the level of annual contribution our household customers are prepared to pay towards funding our Assure tariff which offers eligible customers discounted bills. We have also carried out a dedicated research study to understand how much customers are willing to pay to support our company specific adjustment claim;
  - Reshaping the customer experience – with a specific focus on improving our affordability tariff offering, ensuring our metering customer journeys work as we bring in universal metering and improve our digital offering and to ensure our plans to improve engagement with non-household customers around demand management are robust;
  - Defining the promises to which customers and other wider stakeholders will hold us to account over the period 2025 to 2030 and towards 2050. This includes preferences of how to phase investments to deliver our long-term ambitions in our LTDS, including engagement into how we should deliver our journey to Net Zero carbon emissions;
  - Asking customers if they find our plans acceptable and affordable to them and, if they don't agree, want they want us to change in our plans to meet their expectations; and
  - Our approach for PR24 builds on our PR19 approach of bringing together all our insights and data to generate a more balanced view of customers' preferences. This is the process we refer to as 'triangulation'- see **section 1.2.3** for more information. We have developed our approach within the framework.

Figure 4 Our customer research journey to inform PR24



1.2 Implementing our customer research journey

Learning the lessons from our PR19 research and wider engagement programme. Including the constructive challenge received from our CCG, we worked to improve our PR24 programme to ensure it is more effective, representative and drives meaningful change.

This section provides a summary about how we approached our programme to ensure best outcomes. It focuses on asking the right people, the right questions, in the right way and making sure we take action on the learnings, using insight triangulation in an effective way. This is essential to ensure the right outcomes at the right price, at the right time for customers.

1.2.1 Who we engaged

Our approach is about using dialogue to give us a fully rounded view of our customer and stakeholder preferences. In each research study report, we have detailed which groups have participated. We summarise this below.

- **Current household customers**, including representation by age, gender, socio-economic groups (including household income), life stages and attitudinal segmentation. We have also used targeted sampling to make sure we reached a wide range of customers in vulnerable circumstances (both financially and from a health perspective), those who have been traditionally harder to reach (for example, those from minority ethnic backgrounds) and those who are digitally disengaged or unable to participate in online research studies or other online channels, such as social media.
- **Non-household customers**, such as small- and medium-sized businesses, large corporations and organisations that rely on water to enable them to carry out their day-to-day operations.
- **Future household customers aged between 16 and 25**, who do not currently pay a water bill directly to us (Generation Z and Generation Alpha).
- **Wider citizens and users of our services**, but who do not pay a water bill directly to us.
- Across all our studies we have also taken great care to ensure those customers who have **suffered a service failure** (for example, water supply interruption, flooding, low pressure, water quality notice, or a problem with their bill) were included.
- **Non-household business market retailers**, which buy water from us on behalf of their end business customers and provide a range of retail services such as billing, meter reading and handling customers' service queries.
- **Developers, SLPs and NAVs**.
- **Community and customer organisations and advocates**, including CCW, Citizens Advice, local Chambers of Commerce, environmental organisations, local government, and housing associations.
- **Regulatory bodies**, including Ofwat, the Environment Agency and the DWI.

1.2.2 Approaches we used to engage

To ensure we heard from as many voices as possible in a way that would enable customers and stakeholders to engage in a way that would best suit their personal circumstances, we used a range of different approaches. For each research study, we often mixed these approaches and provided our independent research partners with a detailed brief to help them determine the best way to structure the study.

During the COVID-19 pandemic we were unable to engage with customers face-to-face, but continued to use off-line methodologies, such as by phone, where appropriate. Once the pandemic restrictions were lifted in 2021, we returned to holding face-to-face engagement sessions again, alongside our online engagement. This is to ensure we could reach all our customer voices. The approaches we used included the following.

- **Short and in-depth phone interviews and surveys**, including those undertaken for C-MeX, D-MeX and R-MeX.
- **Online surveys**, both short customer satisfaction surveys and 20-minute in-depth studies.
- **Deliberative online research panels, Citizens' Juries and our H2Online communities**, often running over an extended period of time.
- **Deliberative focus groups, all- and half-day workshops and other events**, such as our first 'Your water, your say' session held in June 2023.
- **Co-development sessions**, with customers and people from across the business coming together to discuss views and ideas. These ranged from three-hour workshops to all-day sessions.
- **One-to-one in-depth interviews** with hard-to-reach customer groups.
- **Online roundtable meetings and stakeholder forums**.
- **BAU events and community activities**, including ongoing activities at our community hub.

- **BAU insights**, including social media listening and analysis of day-to-day customer contacts and complaints.

1.2.3 Our approach to insight triangulation

At the heart of our research and wider engagement journey sits an approach towards triangulating of all the insights we have gained. Our objective was to gain feedback from the customers and wider stakeholders who will be directly impacted by our plan and to:

- Develop an approach that tracks how preferences and views change over time that drives the direction and scope of the research studies and engagement undertaken. The approach developed also means we can continue to feed insights in and out of the framework over time, adapting as we go;
- Triangulate between a range of high-quality insights and research methods to avoid over-reliance on any single source. We have drawn even more extensively on a wider range of insights at PR24, including social media and day-to-day contacts;
- Evaluate assumptions and uncertainties and take a balanced, rounded view of the evidence base. For example, our RAG weighting approach to assessing the validity of each data source considers a review of the strengths and any inherent limitations of each source of insight to make clear how we applied expert judgment when weighting it;
- Make use of wide variety insight sources. This includes insights from our own studies, collaborative studies we have taken part in and those from wider reports commissioned by other water companies and wider organisations, such as UKCSI.

We have built on our robust PR19 approach, using the best practice framework put forward in the SIA Partners / CCW report (April 2021), 'Triangulation - a review of its use at PR19 and good practice'. Having reviewed the framework, we agree that it provides a structured and robust approach, but still allows water companies to put forward innovative ways of triangulating insights within the over-arching framework. We have also kept in mind the high-level principles set out in the 2017 ICF/CCW report. The SIA/CCW framework that we have followed is shown in figure 5.

Figure 5 The SIA/CCW best practice framework for robust insight triangulation which has guided the development of our approach at PR24

	Review and update on an ongoing basis				
	1. A strategic approach to collecting customer evidence	2. Collecting, collating, and synthesising customer evidence	3. Weighting and combining customer evidence	4. Validating outputs	5. Incorporating validated findings into decisions
Key research questions	What are the objectives for customer engagement? How can existing and BAU data be incorporated? How should research be mapped over time? How will bias be removed from the process?	Where are there gaps in the data? What are the most appropriate research methods? How can customers be segmented and understood better? What is the process for mapping findings to objectives?	How is the robustness and relevance of data sources to objectives, assessed and weighed? How are balances between data made and communicated when finding conflicted data? How is the impact of findings assessed?	How can customers be brought into the process and validate results? What controls and assurance are in place? How can transparency be brought into the process?	How are outcomes incorporated into decision making? How can line of sight from insight to impact be demonstrated?
Minimum good practice	Triangulation makes use of existing and BAU evidence. It occurs over multiple stages with clear research objectives identified for each stage.	All relevant data and insight is captured to enable its use within triangulation. Approaches to managing bias are sufficiently evidenced.	Triangulation follows a clearly defined and consistent methodology that sets out assessment criteria for weighting, the process, and results of combination, are assessed transparently.	Robust validation process to triangulation outcomes. Including testing with customers and independent assurance.	Transparent decision-making frameworks and depth of public facing material to allow clear impact to be determined.
Good practice recommendations	Engagement should be an ongoing process.	Triangulation should make use of a wide range of inputs, and these should not be solely engagement insights.	Balanced decisions should be at the core of triangulation.	Validation of findings should make use of a wide range of datasets. Companies should seek independent assurance of their process and outcomes.	Triangulation should be informed by a transparent and consistent weighting framework. .

Effective triangulation requires specific expertise, so we have drawn on the support of our independent triangulation partners, Impact Research. Having demonstrated a track record of effective triangulation in the electricity sector and a multi-skilled team covering advanced methods and analytical capabilities and the ability to make sense of large volumes of quantitative and qualitative insights, we commissioned Impact in June 2022. This first phase of work to develop the strategic framework is found in appendix SSC08. The outputs of the work programme we commissioned them to deliver are detailed in the following reports below:

- **WRMP and PR24 priorities**: a thematic review of all relevant material covering a range of areas critical to decisions made in the business plan. These reviews are also supported by detailed analysis of the differences between our different segments of customers and stakeholders to understand when any conflicts might lie and why. This insight is critical to making fair and balanced decisions. See appendix SSC11 for our thematic reviews and appendix SSC12 for a detailed sub-segment analysis comparing different segments of customers and stakeholder that we serve.
- **Understanding our customers' demographics**: this involved a robust review of a wide variety of open source data and our BAU research findings to provide a robust view of our household and non-household customers demographics in both our supply regions. The analysis specifically focused on where the demographics differed by region and also to the wider populations of England and Wales to provide important context to the decisions made in our plan. See appendix SSC13.
- **Customer valuations technical triangulation:** developing a robust and proportionate evidence base for the valuations customers place on different areas of investment, including Willingness to Pay (WTP). We built our approach on the robust framework developed at PR19 by PJM Economics/Accent. At PR24, we have again used a wide-ranging set of inputs to produce a range of valuations across 12 different service attributes. These cover valuations from our PR24 WTP study, valuations from other PR19 and PR24 studies, including Ofwat's centralised ODI valuations study. We have also continued to make use of other BAU insights, such as customer satisfaction and contacts data. The different sets of valuations generated have been used within our investment optimiser tool (Copperleaf) to undertake Cost Benefit Analysis of options. The range of valuations generated allowed rigorous sensitivity testing to be undertaken. See appendix SSC09 and SSC10, which details this process.
- **Long-term delivery strategy (LTDS) triangulation:** developing a robust decision-making model, using the same principles of balanced decision making as those for our valuations triangulation. The objective was to develop a decision-making framework for us to evidence that our long-term delivery strategy (LTDS) ambition and strategy reflects customers' priorities. In particular, to better understand when customers want to see investments to deliver the 10 ambition targets tested in our core LTDS research study. The approach to developing the model is detailed in appendix SSC33.

In table 3 we outline some of the improvements we have made to our triangulation approach since PR19, evolving our approach to adapt to the changes in our strategy and the SIA/CCW best practice framework. Our focus is on ensuring best outcomes for our customers and wider stakeholders.

Table 3 How we have improved our approach to triangulation at PR24

PR19 approach	Rationale for improvements made at PR24
We developed a robust approach, drawing on the one set out in 'Defining and applying triangulation in the water sector', published by CCW/ICF in 2017. Our triangulation approach followed six key steps ('SMARTS'). • **Screen** data sources to identify those with potentially comparable measures. • **Map** non-core evidence to core measures where possible to enable comparison. • **Assess** theoretical and statistical validity of the resulting measures. • **Rate** measures as red, amber, green (RAG), depending on how well they perform with respect to the validity measures. • **Triangulate** to conclude on the values to take forward based on applying RAG weights to obtain central values and ranges. • **Sensitivity** test the results based on amending the weights to conform to alternative reasonable perspectives.	We have updated the SMARTS approach used at PR19 to reflect the CCW/SIA Partners best practice framework. Crucially, given our increased use of deliberative and wider qualitative research at PR24, we have made an important shift in how we have assessed each insight source. This centres on adding depth as a third dimension of validity. 'Depth' relates to the quality and detail of information given to survey participants and the level of discussion and education that contributed to participants' views. The aim is to encourage greater consideration of qualitative sources. While these will not normally provide numeric values comparable to those provided by quantitative sources, they often give more confidence that issues have been covered in sufficient depth for customers and citizens to express an appreciably different opinion.

PR19 approach	Rationale for improvements made at PR24
At PR19 the weighting and combining customer evidence into preferences and values relied on single expert reviewers judgment.	To strengthen this important aspect of the triangulation approach – and to make sure the triangulation approach of the valuations that are used in our cost-benefit analysis for PR24 was challenged effectively – we formed a stakeholder 'Delphi' panel. The Delphi model is a long-established method for drawing together expert opinion in a focused and independent way. Across two waves of engagement, the focus of the panel was to assess: • the appropriate willingness to pay value to use for each service attribute in our PR24 investment appraisal; and • the appropriate range of values to test around each of these central willingness to pay values. This was a new way of engaging for us and we worked with Impact to recruit participants from the following disciplines. • A customer engagement expert from the energy sector. • A technical expert in the field of stated preference research and willingness to pay estimation. • A representative from the independent Stakeholder Challenge Panel. • Two representatives from Sustainability First (working together as one). See appendix SSC10, which covers the approach and all the findings from the Delphi Panel.
We provided thematic reviews of a range of areas shown to be high priority to evidence how we had compared and contrasted all the insight available. This was undertaken by our insight team.	We have improved our approach to thematic reviews, including: • widening the scope of the reviews to reflect priority areas at PR24 now identified as important, with a specific focus on those that deliver public value – e.g. insights relating to delivering environmental ambition, improving communities and reducing carbon emissions; and • taking on board the assurance feedback from SIA Partners to ensure we had a clear narrative highlighting the differences between things like customer priorities versus stakeholder views, current customers versus future customers, and those who may find themselves in vulnerable circumstances.
Our PR19 framework was peer reviewed at two points to provide robust and independent challenge. This was undertaken by Prof. Giles Atkinson.	To provide a more rigorous approach to peer review, we asked Impact to work independently with Professor Iain Fraser from the University of Kent to challenge the design and implantation of the triangulation for our willingness to pay and LTDS research. This end-to-end peer review has resulted in us making a number of refinements and improvements, including how we approached engagement with the Delphi Panel. There is a detailed log of the peer review challenges raised and Impact's response to these in appendices SSC08 and SSC09.

In addition to the peer review, and to provide further confidence in our approach, we commissioned SIA Partners in June 2023 to assure our approach to triangulation and use of insights. SIA's robust assurance approach for evaluating triangulation framework is outlined in its final assurance report (September 2023). The outcome of this review is found in SIA's independent report – appendix SSC14 -and provides evidence that we have developed a framework that adheres to best practice guidance.

1.2.4 Who undertook our research programme

The quality of the insights gained from our research relies, to a large extent, on working with partners who have the expertise, experience, robust and ethnical processes and a collaborative working culture. We have embedded a new approach to collaborating with our research supply chain, who have played a key role in delivering our PR24 customer research programme. In early 2020, we decided to set up a dedicated PR24 framework to replace the one used for commissioning work at PR19. This framework would deliver the main elements of the strategic research programme, with two other suppliers also used to support our BAU programme.

To establish the framework, we followed a full OJEU procurement process, with three detailed evaluation review stages held. The process was also challenged by our CCG at the time and ended in March 2021. At this point seven suppliers were awarded contracts to deliver our PR24 research programme. We have taken our approach further than at PR19, such as:

- Following the award of our priorities and WRMP24 research contracts we held a planning meeting in April 2022 with the partners to discuss our vision and approach to the wider research programme and where we need their input and expertise;
- We provided regular updates to our partners on key projects that were coming up and key insights emerging from across the research studies taking place, to enable better planning; and
- Put in place a 360 review process to ensure that both us as the client, and the supplier, had a chance to feedback and discuss what was working and what could be improved.

We view the framework as a success for the following reasons.

- We have a **strong group of partners** that, as well as being experts in the water sector, also work with other sectors. This brings learning into our business. It also meant we received different proposals in response to a brief, including the use of different methodologies, which widened our understanding.
- All but two of the projects put into the framework received **two or more bids to enable a competitive tender to take place**. Where that was not possible, we used external benchmarking to give us confidence that a better option was not available in the wider market.
- We **delivered our research programme on time and to budget**, except for the acceptability and affordability testing research. This is because adhering to the guidance led to an overrun against the estimated cost of carrying out this research (based on PR19 costs, plus 10% inflation).
- All our **partners shared reports** as the programme progressed to ensure they were aware of key insights that would shape the next project. On some projects, they also reviewed each other’s materials to ensure alignment between the qualitative and quantitative elements.
- All our **partners engaged successfully with the independent Stakeholder Challenge Panel** and other organisations challenging the research projects, providing detailed responses.
- There were **no disputes between partners** when working collaboratively and no breaches on contracts during the programme.
- In our qualitative research we did not receive any formal complaints relating to GDPR or wider data privacy concerns and our quantitative survey opt-out rate was below 1%. This demonstrates that our **partners always worked to the appropriate research guidelines** and in an ethical manner.

In table 4, we list the partners who helped us deliver our research programme. This list does not include all the suppliers used on the regional club projects for our draft WRMPs, or other national studies.

Table 4 Our independent specialist research partners used for SSC studies – does not include suppliers used on WRMP24 water club regional studies, or national studies

Supplier partner	Key areas of focus
Accent	Priorities research, covering PR24 and associated desk research reviews; working in partnership with PJM Economics. WRMP quantitative research elements (two studies); working in partnership with PJM Economics. PR24 affordability and acceptability research, following Ofwat/CCW guidance.
Blue Marble[1]	Young Innovators’ Panel (BAU).
Community Research	WRMP Water Resources Advisory Panel (WRAP) qualitative research elements.
Explain Research	Net zero carbon – Citizens’ Juries in our Cambridge and South Staffs regions. H2Online communities in our Cambridge and South Staffs regions (BAU).
Impact Utilities	Triangulation partners; delivering all technical triangulation work relating to valuations research (including facilitating the Delphi Panel), LTDS decision-making framework and robust thematic reviews covering insights to support decision-making for important areas of our plans. Company specific adjustment research.
Qa Research	PR24 willingness to pay research; working in partnership with NERA Economic Consultants. PR24 tariffs research.

Supplier partner	Key areas of focus
Qualtrics[1]	Voice of the customer point of contact customer satisfaction surveys (BAU).
Turquoise Thinking	WRMP affordability and acceptability testing (two waves). LTDS research. Household customer segmentation development (BAU). Customer promises tracker (BAU).

Notes:
1. BAU research partners not on the PR24 framework.
Box Clever is a research partner on the PR24 framework, but has only bid for one study and was not selected as preferred supplier.

1.3 What we have learnt through our research and engagement programme

The following sections articulate our journey and how each stage has shaped the next to ensure our plan reflects where our customers and wider stakeholders want us to invest to deliver on their priorities. It covers our PR24 plan, our Long-Term Delivery Strategy (LTDS) our two Water Resource Management Plans (WRMP24) and wider regional plans for the East and West of England.

1.3.1 Understanding our customers' priorities

All good plans are built on strong foundations, we call these priorities. In summary, our approach to understanding priorities centres on the following insight sources detailed in table 5. Whilst we have extracted priorities on-going across a wide range of insight sources, these studies form the robust core of our priorities engagement. Our approach at PR24 is a notable step-change in scope and depth on PR19, driven by the need to continuously track changes in our customers' priorities and what is driving these, given a more volatile and ever more rapidly changing world.

A thematic review of our customers priorities for our PR24 plan and longer-term plans to 2050 is provided in appendix SSC11, section 5. This review draws on a wide range of insights from both our own research studies, and wider BAU programme alongside wider industry studies, including those undertaken at a national level. These sources of insights are all detailed in the thematic review report. The review details what our customers and wider stakeholders have said are the important areas that our plan needs to reflect and how important each is, relative to one other.

Table 5 Our customer priorities research studies

Insight source	Summary of approach	Main objectives of study	Link to overall PR24 and LTDS research programme
Customer priorities tracking	Comprehensive desk research review – undertaken by Accent/PJM Economics, September 2022	To assess all the evidence from PR19 related to engagement on customer priorities. Core focus was to: • current SSC understanding of its customers' priorities, as reported in SSC research and wider BAU insight sources (e.g. customer satisfaction surveys, contacts and complaints); • methodologies for customer priorities measurement, including a review of research conducted by other water companies for PR19; and • Ofwat expectations for PR24, as set out in Ofwat's Time to Act strategy paper (October 2019).	Set out a series of recommendations for an on-going programme of qualitative and quantitative research to track customers' priorities throughout the development of our PR24 plan and beyond
	Two waves of qualitative research	In-depth discussions to:	Explore what matters to customers now and in the

Insight source	Summary of approach	Main objectives of study	Link to overall PR24 and LTDS research programme
	covering HH and NHH customers –discussion groups and depth interviews - undertaken by Accent/PJM Economics, October 2022 and May 2023.	• Understand how customers' priorities have changed since PR19 and what has driven these changes – including how trends in the wider water and other sectors are impacting on customers preferences; • Understand customers informed and uninformed priorities – in the short and longer-term; and • Separate priorities into categories of importance based on customers' feedback.	future to root our plans in the customers' world. To inform the priority areas to be tracked in the on-going quantitative study and how these should be communicated in the survey design.
	On-going waves of online surveys among a robust and representative sample of HH customers - undertaken by Accent/PJM Economics, Dec 2020 to March 2023	Key project objectives included: • Provide a benchmark against which customers' priorities will be tracked for both the wholesale and retail services; • Explore any differences between uninformed and informed priorities and the qualitative and quantitative insights; • Understand the impact of macro events on our customers' lives and how these impact on their priorities for their water services – e.g. COVID pandemic and the cost-of-living increases	To provide an "early warning" system to highlight changes in customer priorities between 2020 to 2023 to allow our plans to be quickly adapted to align to any shifts in priorities. To help inform the selection of attributes to be included in our Willingness to Pay Study and the ambition to test in our Long-Term Delivery Strategy studies.
Long-term delivery strategy engagement	4 informed stakeholder depths to challenge research objectives and approach. Customer research used a mixed methodology of qualitative reconvened focus groups and a quantitative survey - undertaken by Turquoise, June 2023.	Key project objectives included: • To understand customers' attitudes and perceptions towards SSC's long-term vision and strategy to 2050; • To understand customers' spontaneous preferences in terms of a long-term delivery strategy; • In-depth exploration of SSC's performance and future targets in 10 key areas; • To explore reactions towards, and test, several adaptive planning approaches to the core pathway • To understand the main reasons that drive customer preferences; and • To explore the issue of inter-generational fairness on who and when the cost of delivering service improvements to deliver benefits is paid for.	To ensure customer preferences are considered when making decisions related to the ambition and Strategy of our LTDS to 2050. To ensure a clear line-of-sight between short and long-term priorities. To drive decisions about when to phase strategic investments to deliver benefits in a way that customers view as fair across generations.

1.3.2 Our customer priorities journey

Following PR19 and our desk research review, we re-started the process of engaging through in-depth discussions with our customers about their priorities in October 2022. The main vehicle was through our Customer Priorities Tracker. The first qualitative element of the tracker involved conducting in-depth focus groups discussion with 59 household and 11 non-household customers. Customers were recruited from different backgrounds, including speaking one-to-one with household customers in vulnerable situations and those who are key decision makers for medium and large businesses.

Participants were incentivised to take part and asked to complete a pre-task exercise ahead of attending their group, or depth-interview, to allow them time to think about what is important to them about their water services for their home, their community and the wider region. This was designed to encourage customers to put on a customer and a citizen hat to assess any differences in responses. The pre-task activities also included asking customers to write a letter from their future selves to describe what life would be like in 20 years' time. Figure 6 shows an example of a letter written by one of our SSW customers and highlights the level of thought taken when engaging with the pre-task. This type of activity is important when helping people project forward when considering their longer-term priorities for water services, given that what's important in their lives and the challenges they will face play an important role in shaping what they prioritise about their water services.

Figure 6 Example of engagement approach to engage customers with thinking about long-term priorities

Dear future self,

If you are reading this you will be 56 – hopefully happy and healthy, with some hair left on your head and still in shape.

Life at the moment is pretty strange, with the entire world going through the covid 19 pandemic. Truly awful times I hope you never have to go through again. The only 'good' thing to come out of the pandemic is that I have been working from home since March, which really has improved my work/life balance – fingers cross this has continued to some degree.

By 56 you and Laura should be married, having had to postpone the New York wedding and several planned holidays this year. I know it is a 1st world problem but I do miss being able to go on holiday and see friends and family without the worry of anyone getting sick. So many places me and Laura wanted to visit before we had kids, have you got to see them...

Speaking of kids, being a twin myself we had spoken about how lovely it would be if we had twins, however as long as we had a happy and healthy baby I cant be too fussy. By 56 I would hope you had at least 1 child and that he/she had a close relationship with any cousins. I would love to see them all running around our house, in a nice quiet village, close to family and with bi-folding doors.

Praying both sets of parents are alive and well and that Dan finally gets his life together and buys a house of his own closer to me and Nathan.

Anyway, signing off now. Stay safe, be well and see you soon.

Nik of 20 years ago.

During the engagement, participants were taken through a structured discussion to draw out their spontaneous priorities. They were then taken through in more detail what services we provide, who we provide services to and more about our current PR19 business plan commitments to then draw out if being more informed changed their priorities. Importantly, the engagement revealed that there were five key areas that were influencing the spontaneous priorities, with the pandemic top of mind given the first wave of national lock downs had just recently finished:

- General Covid-19 uncertainty and the impact this was having and might have in the future on everyday life. This created concerns for customers about personal and wider affordability of bills and elevated the need for us to keep the cost of water stable over time, which was observed during PR19 engagement;
- Changes in water usage during lockdown and ongoing restrictions on everyday life. This heightened the level of water consciousness amongst customers, and customers claimed to be thinking more about droughts, water usage and how to save water. This led to a call for us to do more to support them.
- Everyday experience and perceptions of our service performance. Some customers had experienced water quality issues, for example, and this shaped their priorities of where investment was most needed.
- Personal position on the environmental attitude spectrum. There emerged an overall stronger belief in the environment as an important issue to address versus PR19 and many customers were making a greater link to climate change to water usage and conservation. This highlighted that this is an area we must be even more pro-active in addressing in our plans.
- Attitude towards big society and support for vulnerable people emerged spontaneously. Customers pointed to more vulnerable people in society and, likely due to the COVID pandemic, a stronger sense that as a water company we will need to support and protect people.

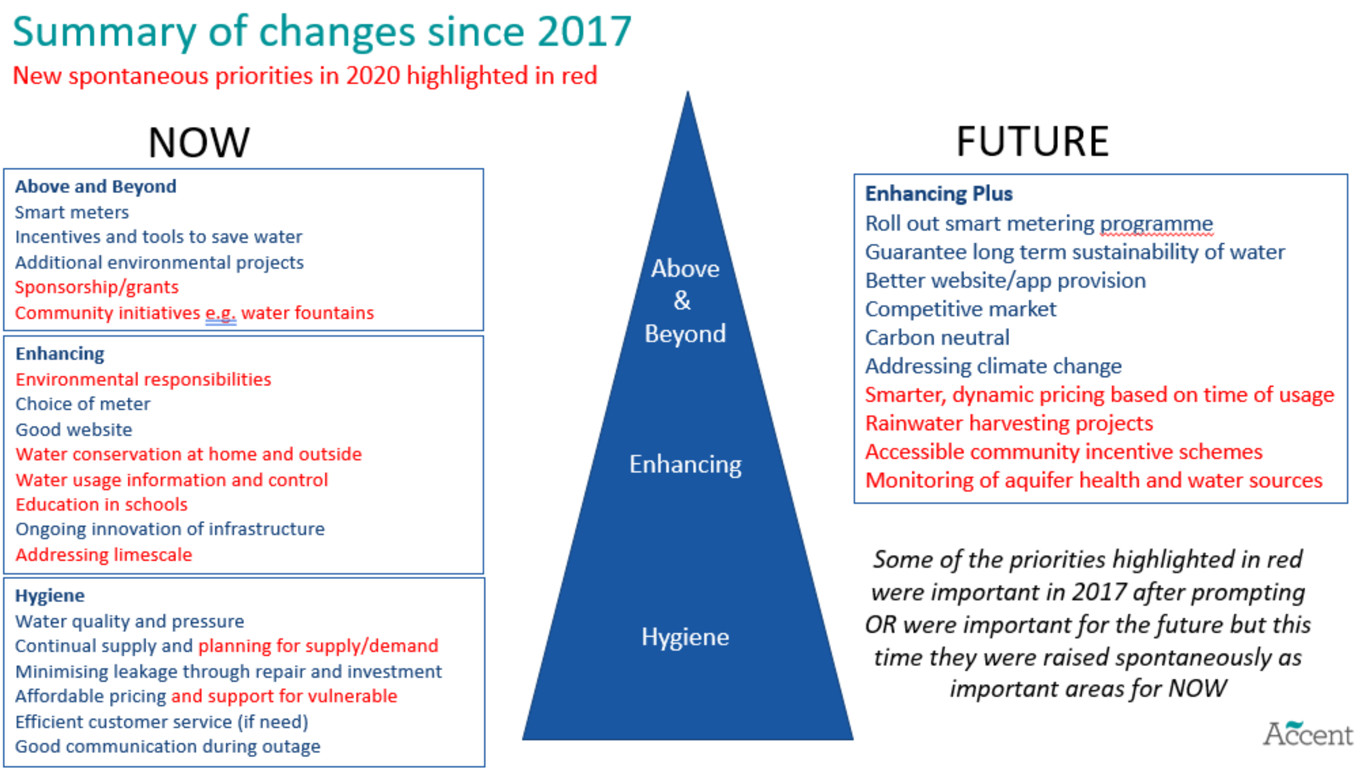
A carefully structured discussion guide allowed Accent to provide a clear view of our customers' priorities and to prioritise these. There are three main priority layers identified from the qualitative discussions with customers:

- **Hygiene:** these are priorities that customers expect to be central to a water companies' plans and which deterioration of service standards is viewed as unacceptable;
- **Enhancing:** priority areas that customers want us to focus on tackling, with the caveat that the hygiene factors are in place and being consistently delivered. The enhance the core service for customers and deliver important benefits;

- **Above and beyond:** priority areas that customers generally feel are not critical to the service provided but ware important in terms of going above and beyond to deliver benefits to customers and their communities; and
- **Future:** priority areas that customers expect to become part of the "enhancing" priorities of today. These areas are ones that our future plans must enable to ensure we keep pace with expectations.

This first engagement touchpoint provided us with a clear steer of where we needed to focus our PR24 plan and identified areas where we needed to undertake in-depth research with our customers to understand their preferences in specific areas – such as metering and environmental ambition. Looking at the shifts since 2017 - see figure 7 - it was clear that environment stewardship, enabling water conservation and providing customers with more control over their water usage, technology innovation and playing a more pro-active role in supporting local communities were all priority areas that required increased focus in our plans. Education and increased engagement with customers also came through more strongly, but it was important to track this over time to understand if this was a shorter-term call driven by the pandemic or a wider shift in expectations – it turned out to be the latter.

Figure 7 Our customer priorities in the Autumn of 2020 and how these have changed since 2017, Wave 1 qualitative research



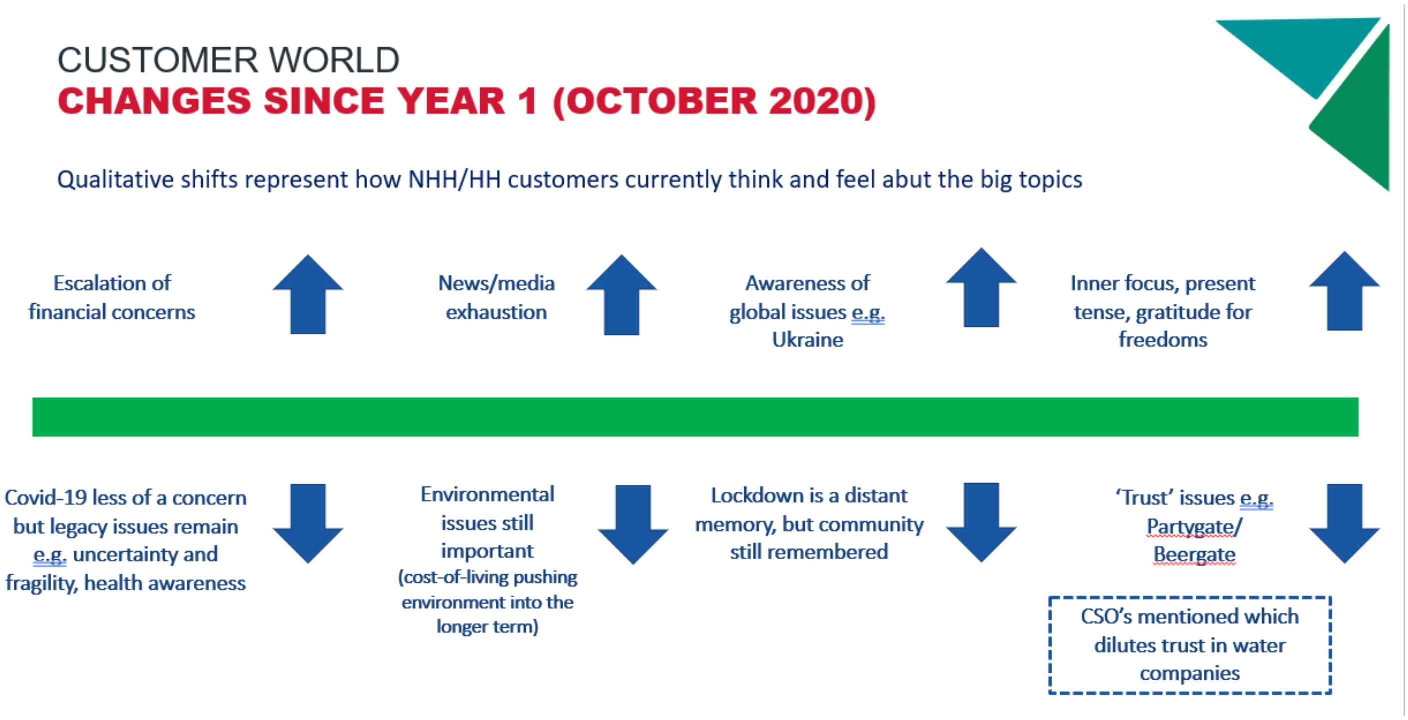
Following the qualitative stage, we than ran the quantitative element which surveyed a representative set of **511 household** customers. The core of the survey design uses the Max-Diff stated preference methodology, identified in our extensive desk research as the best approach for robustly tracking priorities. The insights are collected via an online survey to generate a priorities hierarchy across the areas identified from the qualitative discussions and wider BAU insights. In years 1 and 2 the Max-Diff exercise asked customers to trade off four of the priority areas to say which is the most and least important. This was conducted when uninformed (over 6 screens) and when more informed about each area using pop ups with additional contextual information shaped from the qualitative stage. Each priority appeared at least once, and at most twice, in each set (over 6 screens). A spontaneous question before the Max-Diff exercise asked customers to record their top priorities free of any constraints and this provides a valuable anchor point to check if the priority areas asked about in the survey are still current and how they shift over time.

Following the first quantitative wave of research (year 1) the 21 priority attribute were reviewed in April 2021. The insights revealed that two attributes needed to become part of other attributes as they were not working effectively (choice over metering and quality of website) and one new one needed to be added based on the strength of the quantitative survey feedback. We call this priority "accurate and informative bills".

To ensure that the quantitative survey remained focused on the most important priority areas a second wave of qualitative discussion with HH and NHH customers took place in Spring 2022. We found that customer optimism when moving out of the pandemic was short lived and had been replaced by significant concerns over the rising cost of living. Figure 8 summaries how our customers' lives have shifted over the period, which had led to two notable shifts in customer views:

- Looking after the environment is taken more seriously than ever and understood better, but, for most, had been pushed to a longer-term issue and dwarfed by short term, personal economic concerns. After discussion and being informed about our challenges, customers specifically told us that they understand the need to be careful with water, but most do not practically engage. This showed the importance of helping our customers better manage and control their water usage through smarter, real time usage of technology; and
- Whilst the need to protect vulnerable customers remained a priority that was spontaneously mentioned, the cost-of-living increases were making people think more about their own situation versus the more altruistic picture in 2020, which was, in part driven by the impact of the pandemic.

Figure 8 How our customers' world has shifted between Autumn 2020 and Spring 2022



Note: CSO refers to 'Combined Sewage Overspill' pollution incidents

In the 2022 qualitative discussions, we shifted the conversation to focus more on customers' longer-term priorities up to 2050, whilst also covering short-term priorities to enable a review to wave one in 2020. Towards the end of the decisions we used stimulus materials to gain feedback on whether the ambitions outlined in an early draft of our "Looking to the Future" strategy document aligned with their priorities. A key part of this involved asking customers about what they perceived the challenges facing the water sector to be, which is a key starting point for how customers then evaluated our ambitions to 2050. A summary of what customers told us is shown in figure 9.

Most of these challenges were spontaneously raised by customers, and then confirmed when taken through in more detail the main challenges faced.

Figure 9 How our customers view the long-term challenges for the water sector, informed view

CHALLENGES

CHALLENGES PROVIDE STARTING POINT FOR PRIORITIES

Rising demand	**Population growth, new houses, managing spikes in demand**
Reduced supply/droughts	**Changing climate, erratic rainfall, droughts, flooding**
Increasing infrastructure costs	**New connections, maintaining infrastructure, bad debt costs, burst pipes, addressing leakage, pipe pressure**
Controlling usage	**Installing meters, accuracy of billing, enforcing water use restrictions – e.g. TUBs**
Water quality	**Clean water, greater purification, managing microplastics, managing security risk of water getting polluted**
Protecting rivers, net zero	**Protecting environment, river health for leisure, reducing pollution**
Instant service	**Demanding customers, instant messaging, balancing need for human interaction**
Information provision	**More information to manage usage, apps, water audits, transparency of plans**
Staff resourcing	**Securing staff, managing staff, retaining staff**

Note: TUBs refers to 'Temporary Use Ban' restrictions

The in-depth conversations about long-term ambitions revealed key insights that we have gone on to research in more detail through our engagement programme:

- Long term priorities included the areas that customers covered in the shorter-term hygiene, and enhancing priority areas identified in both waves of qualitative research. Customers still expect these to require investment to overcome the challenges we are facing as a water company and to come up with new solutions to tackle them over time; and
- Thinking forward to 2050, customers, and particularly future customers, articulated that they wanted to see imaginative, technological solutions to be delivered. For example, intelligent hot/cold taps, no flush toilets, water usage apps, new water efficiency devices and real time / instant service support when resolving any issues they have with their water supply, bills and any other services we offer.
- When looking at options of how they want long-term investments to be paid for, the majority preference was a natural bill profile where all generations pay equally. This was consistent across HH and NHH customers. There were some slight differences, such as those struggling to pay bills now wanted to see some investment deferred until later to help them cope, whereas those with a strong environmental outlook called for greater investments to be made now before it is too late – e.g. water security and environmental deterioration.

The 20 priority areas uncovered and validated from the two waves of qualitative research have subsequently been tracked on a quarterly basis during year 2 (2021/22) and year 3 (2022/23) of our Customer Priorities Tracker. A regionally representative set of over 1,000 household customers take part each year in the quantitative surveys across both our supply regions and the analysis is weighted to the latest regional demographics.

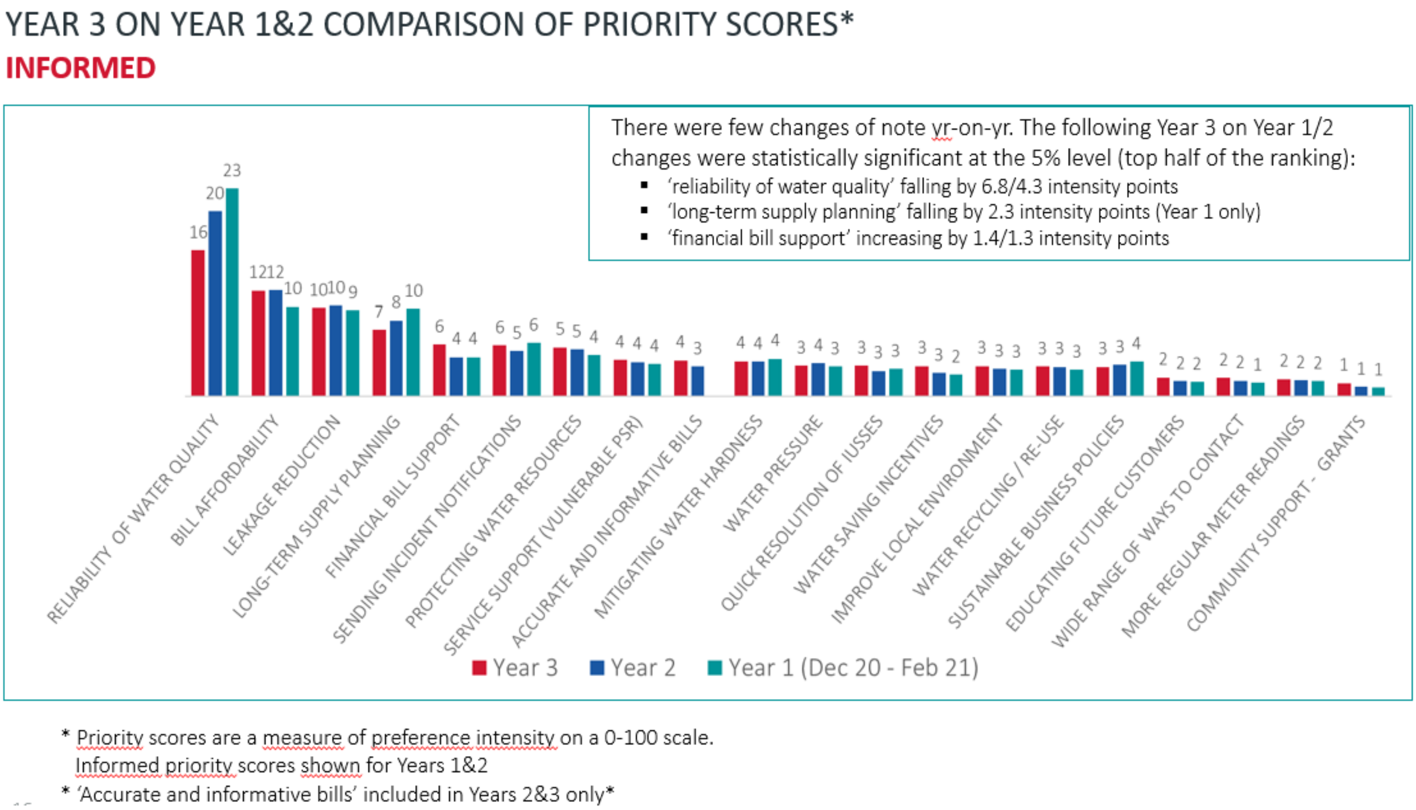
After the first two years of qualitative and quantitative research there were no notable differences emerging between uninformed and informed priorities. When told about the challenges facing our company, customers were reassured that their spontaneous priorities aligned to plans for tackling these. Given the lack of differences, in year 3 of the quantitative survey the uninformed Max-Diff trade-off exercise was dropped, allowing the 20 priorities to be covered more often in the informed trade-off exercise.

This helps to improve the robustness of the data analysis and provides an improved survey experience for customers as the element of duplication is removed. In the quantitative tracking we have however observed that informing customers about environmental concerns, including water scarcity, attracted the latest number of mentions from household customers saying that the materials shown had influenced their selection when completing the Max-Diff exercise.

Figure 10 is taken from Accent's year 3 report and highlights that there has been little significant shifts across the 20 priorities tracked, expect the three areas detailed. Whilst a "safe, high-quality water supply" remains the number one priority for our customers, a key insight is the continued reduction in its priority weighting. Whilst direct comparisons back to PR19 are not possible due to the change in stated preference approach, at PR19 this attribute dominated customers' priorities by a significant margin.

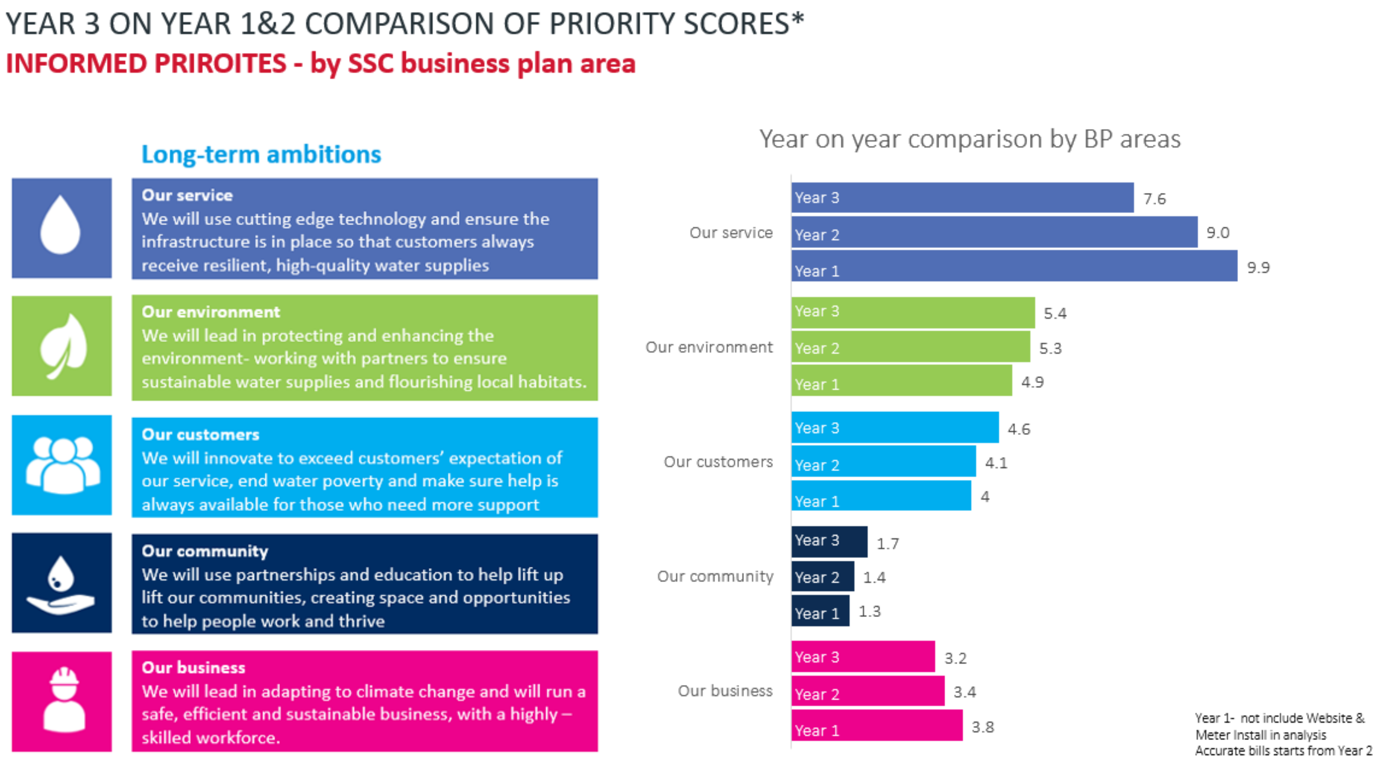
This insight highlighted to us over the last three years that our PR24 plan needed to be more balanced across a broader range of priorities to deliver for customers – specifically focusing on addressing environmental concerns, resilience of future water supplies and the need to protect vulnerable customers, both those struggling finically and those who need extra help accessing our services (linked to our Priority Services register).

Figure 10 How our customers' informed priorities are shifting 2020 to 2023



This is shown in figure 11 and this highlights how this is changing over time to show a more even distribution, although the provision of the core everyday water supply remains the most important. It is important to remember when reviewing this insight that although customers say all these areas are important, there are relative differences.

Figure 11 How our customers' informed priorities are shifting 2020 to 2023, by business plan area



Whilst we have been engaging with our customers through the priorities tracker, we have regularly engaged with our H2Online community members to ask them about what areas they want us to prioritise. Their priorities were broadly consistent with the wider customer base, but their more engaged and informed nature meant they placed more emphasis on linking shareholder returns to performance and called for greater investment on water efficiency initiatives.

We regularly engage our members as a sounding board for reviewing summaries of research findings and other reports, to ensure they are clear and will be accessible for all. Figure 12 summarises the priorities our customers want us to focus on after we had engaged our H2Online Community in 2021 to review a first draft. The infographic has evolved over time and we will continue to run our priorities tracker to ensure it remains an accurate view of what matters most to our customers. We also share this infographic, alongside other information, with customers who take part in the customer priorities tracker and who want to know how their feedback is being used to drive decision making. An example of this can be found on our company website here.

A deep-dive of the results in year 3 of our priorities tracker showed that there were no significant differences across our two supply regions. However, Cambridge Water customers do attach a higher level of priority to environmental attributes – specifically reducing leakage, investments to ensure greater use of water recycling, sustainability initiatives and protection of water sources from over abstraction and pollution and initiatives that seek to improve the local environment – e.g. chalk stream restoration projects.

Our in-depth analysis of the priorities tracker and wider insights also reveals where specific customer segments attach a significantly higher priority, which we have considered in our plans. These include:

- Those on lower incomes and social grades who are financially vulnerable placing more emphasis on us providing targeted financial support;
- Customers who want a more transactional, efficient relationship with us prioritising billing accuracy more, to remove the need to have further contact with us;
- Customers who want a more transactional, efficient relationship with us and under 35-s placing more priority on receiving timely and clear incident notifications when there is an issue with their water supply;
- Customers who are community focused and care more about the environment attach greater priority to protecting water sources; and
- Customers with medical conditions that rely on water and non-household customers prioritise investments which reduce the chances of being impacted by supply interruptions, given the greater impact these can have on their day-to-day lives.

Figure 12 Our customers' priorities for PR24 and the longer term

Essential/expected service

- Consistently excellent water quality
- Continual water supply and pressure
- **Affordable and stable bills for clean water**
- Minimising leakage through pipe repair and investment
- Accurate and informative bills
- Efficient, real time, customer service
- Good communications during incidents – e.g. when the water goes off as a result of a mains burst
- Support for customers in vulnerable situations who need financial support and/ or extra help to access services
- Addressing the impact of climate change, including planning long term to meet future demands – to make sure water always comes out of customers' taps
- **Addressing the impact of limescale caused by hard water**

Enhanced service

- Ongoing innovation in improving and maintaining infrastructure – pipes, pumping stations, reservoirs
- Running a sustainable business – e.g. carbon neutral ambitions and removing single-use plastics from business operations
- Good responsive website and mobile phone app
- Investing in projects that help to protect the environment
- **Full smart meter roll-out programme, so customers can receive regular information and comparisons about their water usage to help control how much water they use**
- Investing in rainwater harvesting technologies
- Offering financial incentives and initiatives to help customers save water in the home/ garden
- Teaching school children about the value of water

Looking to the future 2050 – essential/expected service

- Use of innovative technology to predict problems and/or quickly fix pipes, treatment works and pumping stations, to reduce wastage of water – e.g. use of artificial intelligence
- Competitive market – freedom for household customers to choose their water supplier
- Community water recycling schemes to better share resources
- **Smarter, dynamic pricing of water – such as a lower rate for using water during off-peak times**
- New generation of low water use, smart products and services – e.g. no flush toilets, systems that can predict usage to help lower consumption
- Providing customers with more information on their water supply – e.g. the health of water sources, including how full reservoirs and underground sources are

Going above and beyond

- Volunteering scheme for staff to support community initiatives, sponsorships/grants for community organisations
- Running community initiatives – e.g. planting trees, working in partnership with local businesses to support community projects

Engagement and COVID-19: While these responses received during 2020 and 2021 reflect the impact of the pandemic on society and themselves, customers were also able to look past these impacts into the future to provide a balanced view.

Note: The insights summarise feedback from ten in-depth focus groups with 44 household customers from all walks of life and five one-to-one interviews with customers in vulnerable situations in October 2020, with a further four focus groups and five one-to-one interviews carried out in May 2022. Customers from different sized businesses also took part. Since December 2020 to March 2023, a representative set of more that 2,600 household customers have completed an in-depth survey to validate the results. When reviewing these insights, please bear in mind that some customers will put greater priority on specific areas compared with others. So this is a combined view of the areas on where customers place the most priority.

The bold text represents those priorities that have become more important to customers since 2020.

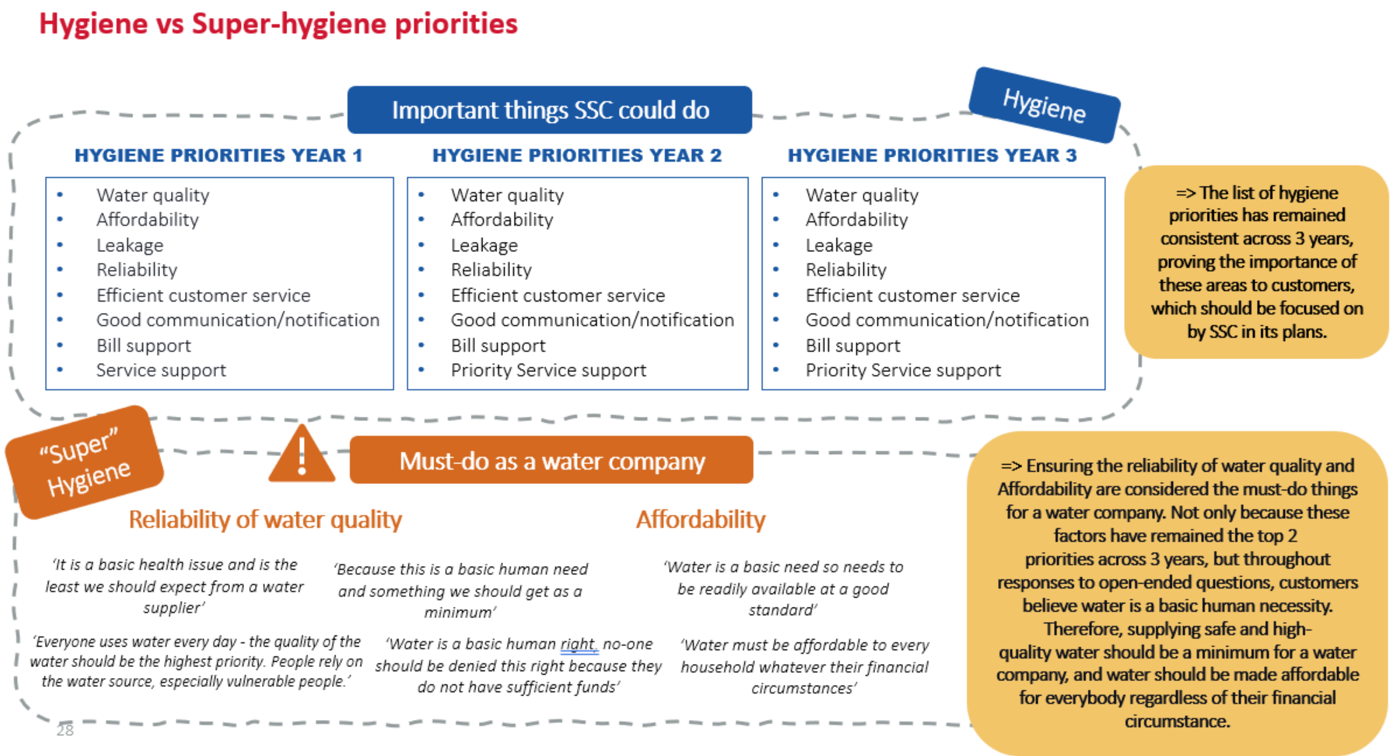
By asking additional questions in the customer priorities household quantitative tracker we find evidence that customers who are concerned about:

- Water scarcity / resources gave higher priority to 'Protecting water resources';
- Carbon emissions gave higher priority to 'Sustainable business policies';
- Poverty and unemployment gave higher priority to 'Financial bill support'; and
- There were no significant differences observed based on feelings about day-to-day life and overall life satisfaction.

This provides evidence that, overall, customers are putting greater priority on the attributes for their water services that match their beliefs and views about what they consider is important in their wider lives.

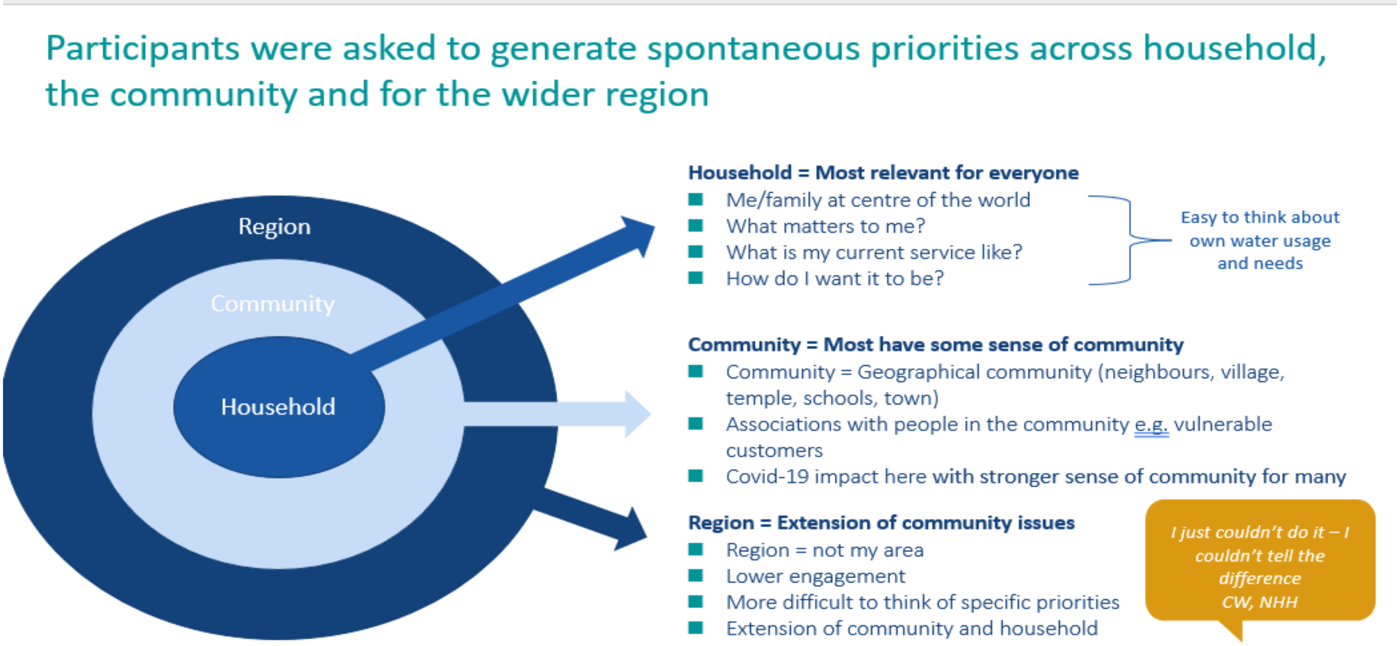
What had emerged though was that there are two priority areas that we call "super hygiene" priorities where the importance attached to these in the Max-diff trade off exercise and the feedback from a range of deliberative in-depth discussions warrants setting them apart into this category. These priorities are 'offering a reliable, high-quality supply of water' and 'ensuring water bills remain affordable for all'. Customers are clear that if these are not delivered on, then we have failed in our primary duty of care as a vital public service provider. Figure 13 from Accent's year 3 report highlights this critical point.

Figure 13 Evidence of our two super-hygiene priorities from our Customer Priorities Tracker year 1 to Year 3



When we engaged customers to think about priorities from the perspective of their own household or business, and then their local community and the wider supply region we serve, it was notable that customers could not differentiate how the importance of priorities might differ between local community and wider supply region. Figure 14 highlights how customers were thinking in the qualitative groups in October 2020. In the second wave of qualitative groups we therefore focused discussions at a household / business and local community level. The prioritisation did not vary notably between a household/business level and local community, although when considering the local community/wider region customers did place more emphasis on education and use of water recycling to share resources and working with other regions to manage water supplies effectively. This was partly driven by the need to ensure local communities can flourish as they grow.

Figure 14 How our customers evaluate priorities for their water services when thinking about them from different perspectives



In April 2021, we drew together all the priorities insights covering our customer research and wider engagement, our conversations with wider stakeholders and those from our colleagues, which were collected from workshops with teams from across our business. When looking across all three groups there are a range of common areas emerging, which we have subsequently used to inform decisions on our plans:

- Protecting vulnerable customers;
- Being at the heart of the local community;
- Protect and restore the water environment;
- Engagement, transparency and empowerment for users of water services;
- Fairness when making policy decisions;
- Collaboration to solve challenges;
- Sustainability agenda – pro-actively tackling carbon and waste reduction; and
- Use of innovation and technology to meet current and future challenges.

1.4 Focusing on customer preferences to inform our long-term ambitions and investment strategy

Building on the early engagement with our customers in the customer promises tracker around our Looking to the Future (LTF) strategy and long-term bill profiles, we started the process of planning for our in-depth LTDS customer engagement in October 2022.

This process started with a wide-ranging review of all the Ofwat and wider guidance related to ensuring robust LTDS plans are developed. This included reviewing the following insights already collected between 2020 and 2023, where we carried out wide-ranging desk research and a deliberative research programme, supported by robust quantitative studies. This includes, but is not limited to:

- A wide-ranging research programme to inform the water resources management plans for our Cambridge and South Staffs regions, carried out at a local/regional level;
- Ongoing conversations with the H2Online communities in our Cambridge and South Staffs regions about our long-term vision and customer priorities;
- Customer valuations research studies, both our local level study and the collaborative ODI study, led by Ofwat; and
- Our customer priorities tracker, specifically the qualitative focus groups, exploring long-term priorities to 2050, including intergenerational fairness over bill profiles.

Building on our "eight guiding principles" which have been used to ensure all our research studies are "high-quality" we specifically focused our LTDS engagement on the following principles:

- Insight outputs must allow us to demonstrate a clear line of sight between customer preferences and our LTDS strategy;
- Engagement must be meaningful to customers and inform high-level strategic decisions;
- Engagement should not duplicate areas of previous engagement, but fill gaps in knowledge;
- Given the complexity of the LTDS decision making process, to focus the engagement on the following aspects, which were outlined in Ofwat's LTDS guidance April 2022):
  - **Ambition:** where we are considering going above statutory requirements, we asked for customers' preferences on our level of ambition. This includes supply interruptions, removing water quality risks (e.g. lead and chemicals), environmental improvements, achieving net zero carbon emission and tackling water poverty; and
  - **Strategy:** we asked customers about the pace and sequencing of key investment choices in our core pathway. We also asked customers to consider trade-offs between best value/least cost options, intergenerational fairness and affordability.

Following the review, we drafted a comprehensive research brief to enable our research partners to submit proposals to carry out a research study to meet our main objectives:

- Understanding how customers and future customers wanted strategic long-term investments to be phased to deliver benefits and the preferred balance between current customers funding the investments needed versus future customers – known as intergenerational fairness;

- Understanding how we should ensure that our services are affordable for all, now and in the longer term, and how we can improve their delivery of public value. Additionally, the research explored customer preferences on how SSC could innovate to increase productivity, reduce costs, and improve resilience, service, and the environment, taking advantage of technological change;
- To "stress test" key decisions related to customer choices on whether, and when, they want us to spend additional money to go beyond the statutory minimum level of services that the company legally must deliver. The strategic decisions that are likely to be relevant involve trade-offs such as affordable bills to fund core service versus delivering environmental and social value; and
- Given these objectives, there were several linked areas to explore in the research, such as the pace of the journey to net-zero carbon and removing water quality risks from the public water supply, the speed of tackling water poverty, reducing supply interruptions, abstraction reduction, and demand management. Additionally, the research looked at how far, and when, we should go beyond statutory requirements for restoring the environment.

In early 2023, we commissioned one of our research partners, Turquoise Thinking, to undertake our LTDS research study. Their proposal gave us the confidence of best outcomes, particularly given the challenges involved with effectively engaging customers, most of who spend little time thinking about the complexities of their water services and how they might want these services to be delivered in the long-term. To ensure confidence in the outputs, we deployed a multi-stage research project covering the following stages listed in table 6. The project fieldwork ran from January to June 2023 and was carefully designed so that each stage allowed us to learn through the project. This enabled us to make the best decisions for each stage of qualitative and quantitative research in terms of what materials to develop and to ensure customers could give considered answers, free of bias. The full details of all stages and the detailed findings are found in Turquoise's full report (June 2023).

Table 6 Summary of the main stages of our LTDS research study

Research Stage	Description	Benefits
Four Stakeholder depth interviews - including CCW, ICG Chair, SSC Independent Non-Executive Director and water sector expert at PA Consulting	Feedback from key stakeholders on the proposed research approach	Expert views to challenge and inform the research programme to ensure best outcomes
Pre-workshop homework task	Collecting participants' spontaneous perceptions on water ahead of workshops	Engage respondents with the subject matter and provide a benchmark to assess how the informed views changed perceptions in the online workshop discussion
Reconvened online workshops	Qualitative workshops covering a range of customer segments - HH, NHH and future customers, 52 participants	Education of participants and core qualitative discussion around SSC's challenges and long-term ambitions, targets and priorities
Post-workshop homework tasks	Collecting participants' priority ranking of ambitions after both workshop 1 and workshop 2	Collection of participants' views on long-term ambitions, targets and priorities allowing tracking of changes throughout the research
Cognitive testing depth interviews	Testing of the quantitative questionnaire and stimulus comprehension – 10 customers	Ensuring that the question set and stimulus material had the best possible balance between giving participants the required information to give a meaningful response, while ensuring it was understandable for all groups
Quantitative survey	Online, and face-to-face, survey with HH customers, NHH customers and future customers, 1080 participants	Quantification of the qualitative findings with a robust and demographically representative sample of customers and future customers

Engaging with expert stakeholders towards the start of the project gave us confidence that our approach was fit for purpose. The four stakeholders were provided with a briefing note about the project objectives and the methodology approach to assist them to provide feedback during the depth interview. A summary of the areas identified though the interviews where there was support for the proposed approach is detailed below:

- Both deliberative and quantitative stages included;
- Approach explores intergenerational fairness;
- Methodology ensures a good cross section of customers included, including harder to reach / vulnerable customers and future customers;
- Approach enables accessibility to relevant educational materials for customers to inform them; and
- Use of different media stimulus material to keep engagement up among participants.

We also drew on the suggestions made by the stakeholders during the in-depth interviews, which are detailed in the LTDS research report appendix. The main points raised included the need for stimulus materials to make clear the level of investor returns and, where possible, bill impacts. It was also viewed as important to ensure customers were made aware of the key challenges that need to be addressed and the potential scenarios that might occur in the future. It was felt that this would help customers to express their preferences more accurately.

In response, we made sure to include details of investor returns in the stimulus materials and that we included a balanced level of detail around the challenges we face and the ambitions we had to address them. However, due to the complexities of engaging customers with bill impacts on a 25-year investment period to deliver the 10 ambition areas and how these could change over time, we made the decision to focus the research on customer preferences and the timing of investments to unlock the benefits each would bring. We have taken care in our decision making when using the insights given the study was undertaken with no framing around bill impacts.

Our LTDS research programme involved a first stage of eight reconvened workshops, held over a two-week fieldwork period with different customer groups (covering HH, NHH, and future customers). The workshops aimed to engage and understand the customers' viewpoints through a range of discussions and activities. A pre-task, between workshop task and post-task allowed us to build the participants' knowledge and assess how their views changed during the engagement. The workshops were conducted across two areas; South Staffs Region (5 workshop groups) and Cambridge Water Region (3 workshop groups).

The 10 ambition areas tested with customers in our LTDS were linked directly to the ambitions laid out in our "Looking to the Future" vision document and tied to our WRMP24 plans to 2050 and the areas being tracked in our customer priorities tracker. Figure 15 details a high-level summary of these ambitions shown to customers at the end of the first session, which aimed to educate customers about the challenges faced in each of the 10 areas and the strategies proposed to address these.

Figure 15 Example of a showcard in the LTDS quantitative survey, SSW region

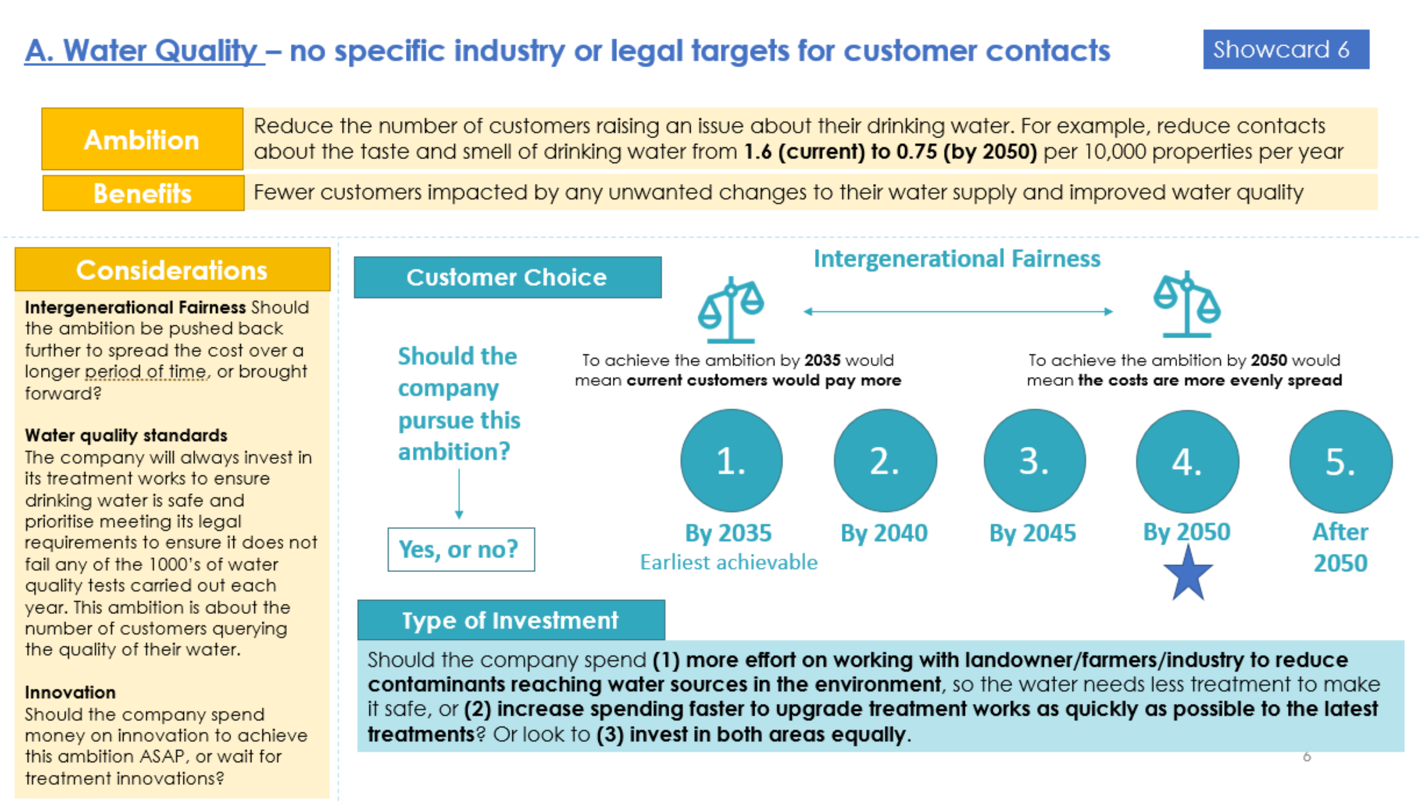
Ambition options.

Showcard 4

Option	Ambition
A: Water Quality	To be the best water company for the number of customers raising an issue about their drinking water. To have modern treatment works that require no/very minimal chemicals.
B: Lead Pipes	To remove all risk from lead when people drink their water supply by 2050.
C: Supply Interruptions	To reduce the average time a property is without a water supply from 2:44mins, to under 1 minute by 2050.
D: Leakage Reduction	To deliver the national water industry target to reduce leakage levels by 50% from the figure in 2017/18. Targets would be set to meet at regular intervals up to 2050.
E: Drought Resilience	To move to the chance of needing to bring in an 'emergency drought order' restrictions from the current 1 in 200 (or 0.5%), in any given year, down to a chance of 1 in 500 (or 0.2%) chance by 2040.
F: Water Industry National Environmental Programme / Biodiversity	To leave the environment in the areas it serves in a better state in the future than it is now, with targets set through to 2050.
G: Per Capita Consumption / Commercial Demand Reduction	To reduce the amount each person uses at home by 26% that's from 148 litres per day in 2021/22 down to 110 litres per day by 2050. 9% reduction for businesses by 2037.
H: Water Poverty	By 2030, to go further and this means making sure water bills are affordable for households where the water and sewerage bill is no more than 3% of its disposable income. Make sure water bills remain affordable for all up to 2050+.
I: Pro-active customer service	To be the best company in the water sector for customer service by 2030. To be the best performing company in the utilities sector (energy, broadband, etc) by 2050.
J: Net Zero Carbon	To help the UK achieve its national target of net zero by 2050, by achieving Zero carbon emissions from operations by 2030 including embodied carbon by 2050.

In the second session customers returned to discuss the ambition areas in greater detail. Figure 16 shows an example of how we displayed stimulus materials to customers to ask them when they wanted the ambition target shown to be delivered, and to consider different ways in which the delivery of the ambition could be approached.

Figure 16 Example of a showcard in the LTDS quantitative survey, water quality ambition



The follow-up quantitative survey was conducted with a regionally robust and representative sample of household customers, smaller sub-samples of non-household, and future customers. This covered **633** surveys in the South Staffs Region (510 HH; 70 NHH and 53 Future Customers) and **447** survey in the Cambridge Water Region (388 HH; 30 NHH and 29 Future Customers). Importantly we spent a lot of time in the qualitative stage, and when undertaking cognitive testing of the survey, to ensure clear stimulus materials.

The stimulus materials used in the quantitative stage were the same as those used in the qualitative stage to ensure consistency, bar a few minor tweaks to ensure comprehension when a moderator is not there to explain any points. An example being to explain the ODI more clearly for supply interruptions given quoting average interruptions times is confusing to customers without making clear what proportion of interruptions are over and under 24 hours.

The main findings from our LTDS study are summarised below. Please refer to the full LTDS report (June 2023) for detailed findings for each ambition area:

- Participants in both the qualitative workshops and follow-up quantitative survey were largely supportive of the ambitions put forward in the study;
- In the workshops, there were three key ambitions that participants want to see tackled as the highest priority: lead pipe removal, leakage reduction and improving water quality;
- These findings were largely supported in the quantitative survey, with these three ambitions ranked in the top four priorities for HH customers. The other ambition, which was viewed as a top-3 priority in the quantitative survey, was tackling water poverty;
- There was also agreement across the project in terms of the two lower ranked priority ambitions. Participants, overall, in both the workshops and the quantitative survey ranked pro-active customer service and achieving carbon net zero carbon as the lowest priority ambitions. However, it is important to note that most customers wanted the ambitions delivered;
- Water quality is a priority, because it is seen as a fundamental human need and the key function of a water only company. Amongst a small proportion of customers, in both the workshops and quantitative survey, there was a feeling that there was room for improvement in this area. Across both the workshops and quantitative survey, over 90% of participants support SSC's long-term ambition. Most participants wanted to see the ambition achieved sooner than the proposed target. In terms of the

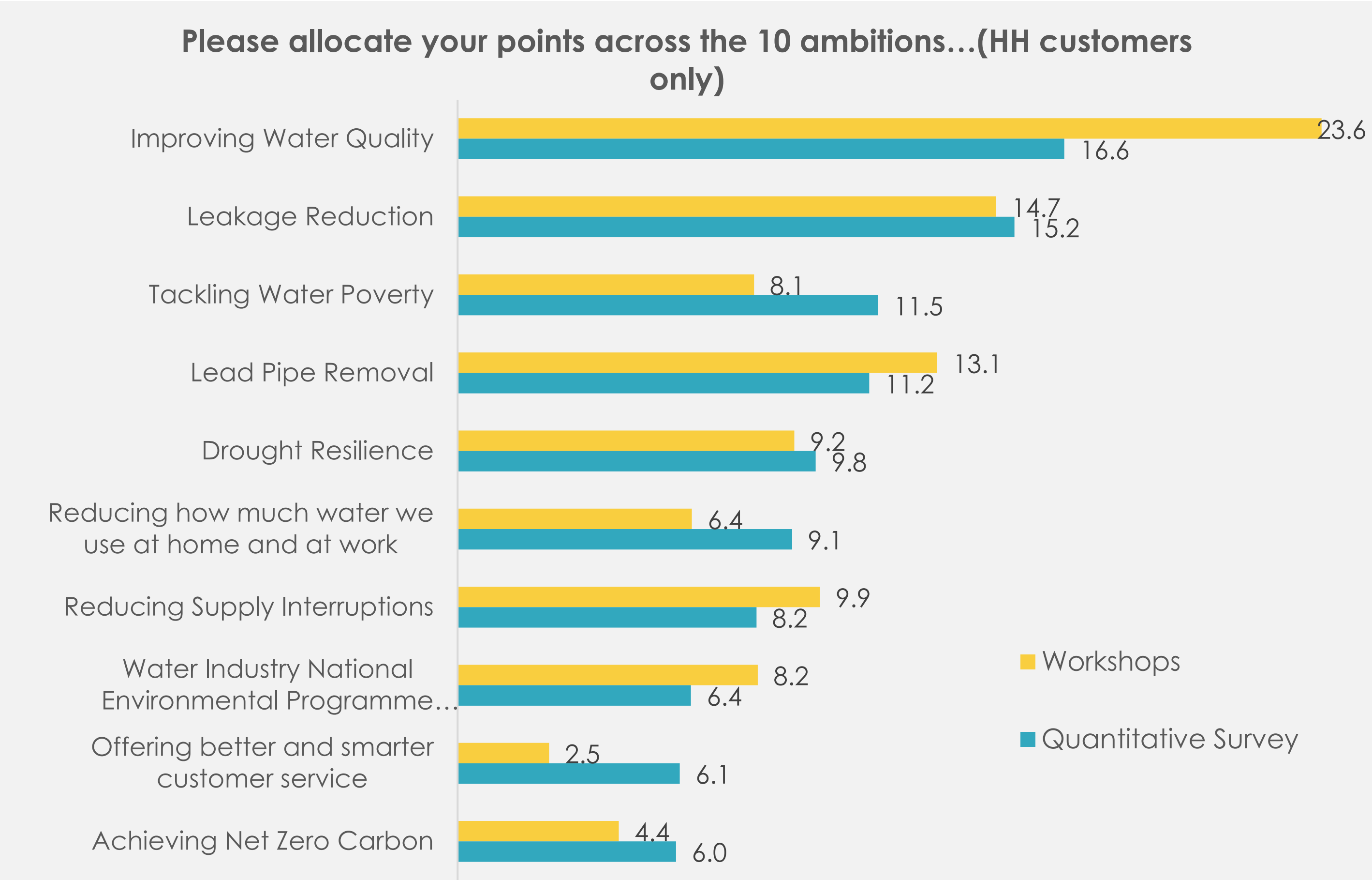
desired investment effort, participants would like to see investment made in both working with landowners/farmers/industry and an increased spending to upgrade treatment works as quickly as possible to the latest treatments.

- Lead pipe removal was consistently seen as a priority in the workshops because of its potentially serious health implications. This was supported in the quantitative study, where just under two-thirds of participants who viewed lead pipe removal as the most important ambition mentioned health concerns as a reason. Removing lead pipes would also reduce the amount of chemicals added to the water to counteract the lead, which would bring about long-term cost savings in terms of spend on chemicals. All customers in the workshops supported the ambition, and over 90% of participants in the quantitative survey.
- There was a strong preference among households and future customers for the costs of lead pipe replacement to be spread across all customers rather than just those who still have lead supply pipes. However, NHH customers, displayed a majority preference for the customers who have a lead supply pipe to pay most replacement costs. There was universal support though for prioritising the removal of lead supply pipes from high risk properties, such as care homes.
- Leakage reduction was also viewed as important because many customers were surprised and concerned by the current amount of leakage and felt that it was a strong contributor to water shortages and perceived high prices. In the quantitative study, the three main reasons given supported this: to reduce wastage, prevent water shortages and save money. Again, over 90% of participants supported SSC's ambition. Most participants wanted to see the ambition achieved sooner than the 2050 national target.
- Two other ambitions were explored in depth in both the workshops and quantitative survey due to customers having more choice regarding the ambitions: supply interruptions and WINEP. 80% of workshop participants supported the supply interruptions ambition and over 90% in the quantitative survey. In the workshops, following more discussion around the targets and the current situation regarding supply interruptions, there was a feeling that this should be less of a priority due to the perception that SSC were currently performing well. The trend was similar for WINEP with 89% of participants in the workshops supporting the ambition and over 90% in the quantitative survey.
- Certain participant types did have higher priorities for some ambitions than others. For example:
    - Future customers ranked Water Industry National Environmental Programme / Biodiversity higher than other customers in both the workshops and quantitative survey and achieving net zero carbon higher in the quantitative survey.
    - Non-Household customers felt that supply Interruptions were less important because South Staffs Water and Cambridge Water were already performing well in this area in the workshops, however, these customers ranked this ambition higher than other participant types in the quantitative survey. It's likely that supply interruptions are viewed as a priority at first glance given the potentially serious impact on non-household customers, and thus ranked relatively high in the quantitative survey. However, as seen in the workshops, closer inspection of SSC's current performance - which was perceived as being relatively strong – leads to this ambition being perceived as relatively less important.
- A theme throughout the research was that participants generally wanted the ambitions achieved sooner than the SSC target. The highest number of household customers saying they wanted the ambition target delivered before 2050 was for leakage – the figures was 43%. This is compared to supply interruptions where the figure was 25%.
- However, it must be noted that that we did not provide Turquoise with context around bill impacts up to 2050 for all the ambitions to show to customers. Clearly customers support our ambitions overall, however, there should be some caution in terms of the apparent desire to achieve these ambitions sooner than the proposed targets.
- Conversations around who should pay for these ambitions, and the concept of intergenerational fairness, were generally consistent that it should be spread evenly across generations. There was however evidence in the quantitative survey though for stronger support for keeping customer bills from rising more in the short-term over investing more now for the long-term future. We feel this is to be expected given the workshops allow for discussions around the key issues around what is fairest when paying for long-term investments.

In both the workshop 'homework task' and the quantitative survey, participants were asked to allocate 100 points across the 10 ambitions using a slider approach. Figure 17 shows how household customers prioritised their points across the 10 ambition areas for investment. Whilst our customer priorities tracker looks at a wider range of areas and uses a Max-Diff methodology, we see consistent picture to the one shown below from our LTDS research, where providing a high-quality water supply, leakage reduction and ensuring water bills are affordable are the top three priority areas where customers expect to see investment.

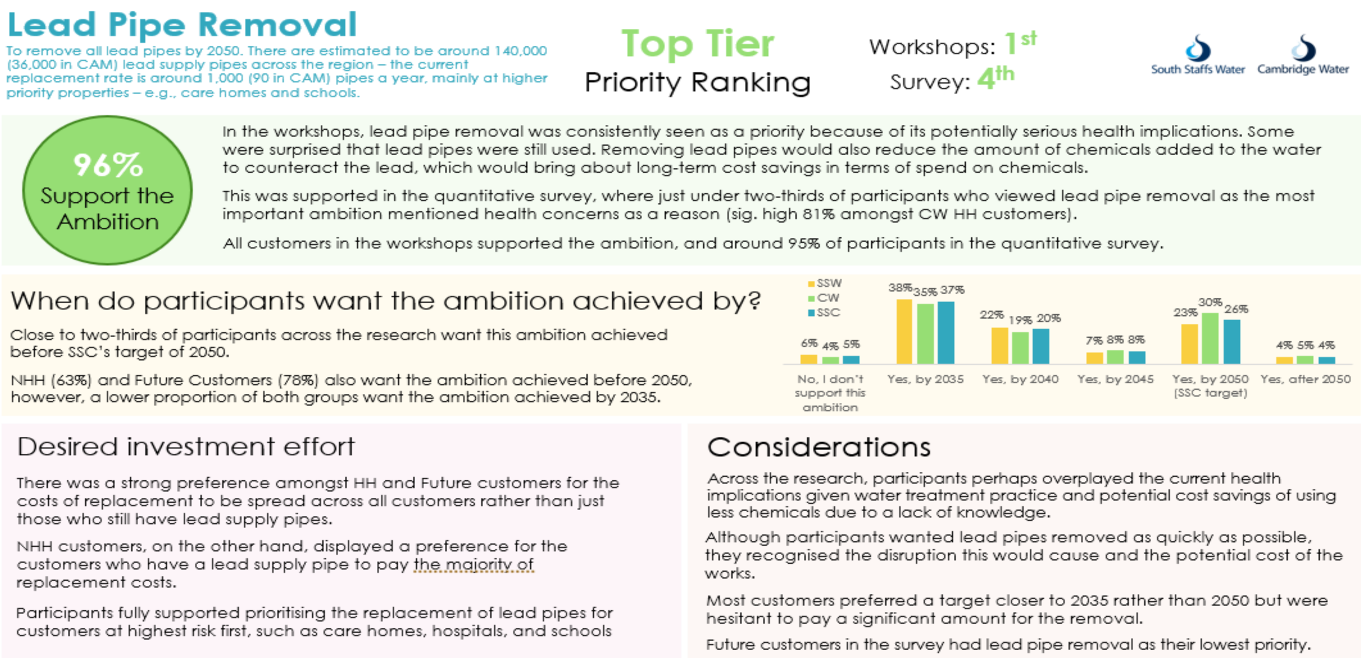
This consistency of response across different studies, and over time, provides strong evidence that we must prioritise investments in these three areas in the short and long term. It is again important to note that all the 10 ambition aeras tested are important to customers, but the chart clearly highlights the different importance attached to each.

Figure 17 Ranking of investment ambitions in our LTDS research



Within the full LTDS report Turquoise detail the key findings for each of the 10 ambition areas. They have also created summaries of the key findings for each of the ambitions to enable our colleagues to easily access the key insights at a glance. Figure 18. shows an example of the summary for the key findings on the lead pipe removal ambition tested. It highlights the very strong support level for our ambition target to 2050 and how polarizing the question of delivering the ambition of going lead free was to customers.

Figure 18 Summary of customer preferences for the ambition related to improving water quality



Following the completion of our LTDS research in June 2023, we then worked with our PR24 research and triangulation partners, Impact Research, to develop a decision-making framework to evidence that our LTDS ambition and strategy reflects customers' priorities.

The key focus when developing this framework was on gaining a robust view of how customers wanted us to "phase investments" to deliver on their priorities. Specifically, when should investments be made across the 10 ambition areas tested in the LTDS research to unlock the benefits for customers and the environment?

To enable this, we worked collaboratively with Impact to assess all the sources of insight that could be reliably triangulated. The key insights sources used are:

- Core LTDS research study undertaken by Turquoise, featured above. This covers both the proportion of customers saying when they wanted each ambition delivered and the results of the sliders where customer allocated points to each ambition and use of the insight where customers provided feedback on where they wanted the balance of investment versus keeping bills affordable should fall;
- A range of PR24 customer valuation research studies, including the valuation from the Collaborative ODI study led by Ofwat;
- Priority weighting rankings generated from our customer priorities tracking using the Max-Diff approach, and
- Wider relevant insights from our Water Resources Management Plan research on achieving national targets, such as reducing leakage by 50%.

The approach for developing this framework and how each data source was RAG weighted is detailed in appendix SSC33. We also engaged an academic peer reviewer, Professor Iain Fraser, also the peer reviewer for our PR24 WTP triangulation approach. This peer review provided valuable independent input and he gave the following feedback to the original proposal (see the report for full details):

- The RAG weighting by data source was a good approach, as it allows us to always examine how a change in RAG weighting for any one data source impacts on the overall view of the data;
- However, the standardisation methodology was not at all clear. It attempted to combine closed scale data, real number line data (+/- infinity), percentages etc, all values that have very different meanings that required subjective assumptions about the properties of these scales; and
- It was also unclear how we would calculate true confidence intervals for each data point.

After further discussion, it was agreed that an approach similar in principle to the RAG ratings used in our PR24 WTP triangulation approach – appendix SSC09 -should be used to also represent the priorities indicated by each insight source. This would also further aid the consistency of the approach across all our technical triangulation to inform decisions making. The priority weightings are therefore all based on expert user interpretations of the sources.

While this use of ratings is clearly a subjective process, it has the advantage of being transparent and is a practical way of combining very different data types into a common evaluation framework. This approach also included sensitivity testing allowing an assessment of the impact of changing the weighting of different data sources has on the outputs.

We view the ability to conduct sensitivity testing as vital given the challenge of combining diverse / heterogeneous data types and that subjectivity inherent in the application of user-defined weightings. The framework has been developed by Impact to offer practical value as a means of drawing together diverse information in a common format, but we have made sure that its limitations are recognised and understood. The value of the tool is in assessing what changes in RAG weightings ratings might be needed to observe if the outputs match expectations or not. In addition, when using the framework, we have weighed the outputs from the model against our wider understanding of delivering our ambitions.

An example of this point relates to removal of lead pipes, where the lack of a strong direct measure in our other studies required us to link lead pipes to water quality when using the customer priorities tracking priority index data. This inevitably leads to a strong value for this issue, despite other sources showing that it is of relatively lesser importance. Given this, the decision was made to 'downgrade' the value of this attribute to the lower end of its value range, as this was considered a fairer reflection of the actual value attached to lead pipes when customers are giving their preferences for investment.

Figure 19 highlights the strength of household customer preference for investment in each ambition area by 5-year periods between 2030 to 2050 to deliver targets. Some key findings from our triangulation decision making framework include:

- Improving water quality has the highest priority weighting attached and generally it is the highest or one of the highest for each AMP period to 2050. This points to a preference for us to deliver a high and consistent level of investment to deliver improvements in water quality, with many customers wanting us to invest faster to deliver the target improvement;
- This theme is also reflected to a lesser extent for delivering the national leakage target, with the majority of customers expressing a desire to go faster to deliver reductions;
- There is clear evidence that most customers want us to achieve the 2040 target to deliver the Environment Agency's target for drought resilience improvements;
- Customers are showing a preference of increasing investment into ensuring water reduction targets (HH PCC/NHH demand) are met from 2040 onwards;
- Lead pipes shows a notable level of variation in when customers wanted investments to be made, with a notable amount of polarisation of customer views around how fast the target to remove all lead pipes should be delivered; and
- Pro-active customers service attracted a much lower priority, with customers expecting a relatively consistent level of investment over time to deliver our target of being the best utility supplier by 2050.

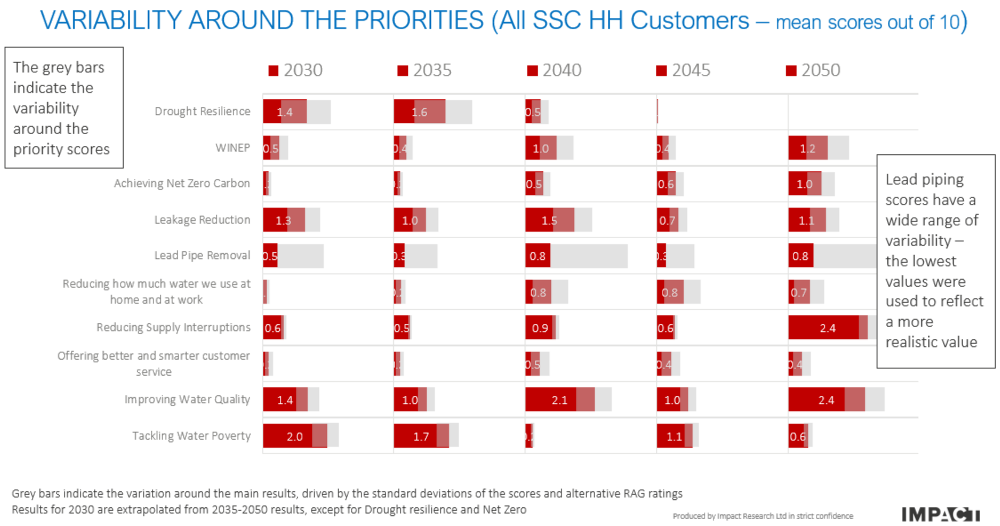
We also ran the model by supply region and found few differences when comparing the preferences of customers across our two supply regions. We did find that Cambridge customers placed notably lower priority on tackling water poverty. For water poverty, we found customers with a lower social grade (DE) see tackling water poverty as the highest priority, mainly as they view costs are increasing to deliver investments, which makes affording water bills more difficult. Given the lower proportion of customers in the Cambridge region in this social grade, this explains the regional difference. Cambridge customers also placed a lower priority on reducing supply interruptions, but the difference was not as notable as for water poverty. This finding shows that there is a need to invest in both regions across all ambition areas to deliver against customer expectations.

Figure 19 also highlights the level of sensitivity around the 10 ambitions tested in our LTDS research when considering the priority score over the AMP periods to 2050. This chart covers only the views of household customers, given we do not have robust enough samples for NHH and future customers to be able to replicate this view amongst these segments. We have analysed all the insight data (see supporting LTDS workbook) and found that:

- All future customers want delivery of the water quality ambition target by 2040 and, as a segment, place more emphasis on achieving net zero carbon, prioritising it second only to improving water quality. Future customers also want faster progress to ensure we offer more pro-active customer service and all wanted lead pipes replaced by 2040, even if they attached less priority weighting to this ambition compared to household customers.
- Non-household customers, like future customers, view delivering abstraction reductions to protect the environment (WINEP) as less urgent to achieve than household customers; and
- Non-household customers attach more priority weighting (ranked third highest) to deliver net zero ambitions, but were slightly less likely to say they wanted it to be delivered earlier than household customers.

We put forward that our approach and targeted use of multiple insights from different studies has provided us with a robust decision-making framework for assessing how customers would prefer investments phased to 2050 to deliver ambitions in our LTDS.

Figure 19: highlights the margin of error ranges around the average (central) customer values from our LTDS decision making framework, household customers only



1.5 Intergenerational fairness for bill profiles up to 2050

A key part of our customer research involved gaining a robust understanding of our customers' views on intergenerational fairness. Specifically, around the phasing of long-term investments and what is fairest when considering the balance between the different generations of customers. Our approach has focused on conducting "high-quality" research with household, non-household and future customers to explore this complex and important topic to inform decisions in our plan. In our research studies, we also ensured that we heard the views of those who are harder to engage, such as large business decision makers and customers in vulnerable situations, also including those who can't or won't take part in research online. Our research approach for intergenerational fairness has focused on two main areas:

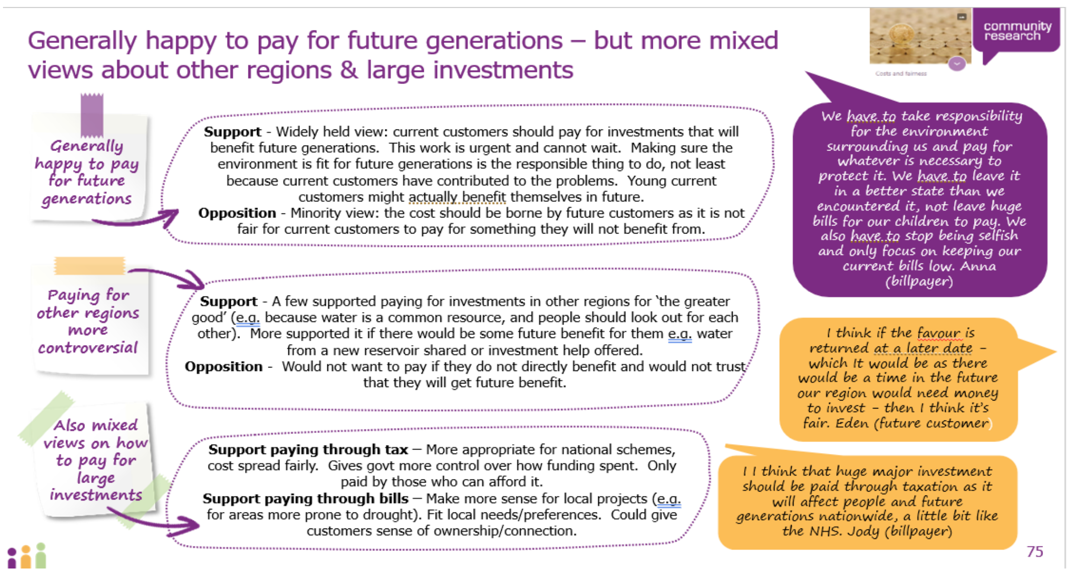
- Engaging through deliberative workshops and quantitative studies through our WRMP24 customer engagement and LTDS research study. As outlined in the previous section, the latter on 10 specific ambition areas to inform our LTDS, with a focus on preferences over the timing of investments to unlock the benefits that they will deliver; and
- Testing bill profile scenarios for investments up to 2050, which has been undertaken as an element of several research studies. These have covered deliberative customer sessions from:
  - A collaborative research study to inform the Water Resources East regional plan;
  - Our Customer Priorities Tracker qualitative sessions exploring long-term priorities; and
  - AAT research – main qual and quant with bill payers and with our Young Innovators' Panel.

The main conclusion is that these research studies have shown a consistent majority preference for an even, natural bill profile up to 2050 and that important investments should not be delayed. In particular, customers:

- Continue to favour bill profiles that minimise bill shock as it helps them to budget effectively, particularly during periods where household and business finances are being squeezed by increases in the cost of living. Whilst there is wide acceptance that water bills need to go up to fund investments to ensure a resilient and high-quality service in the future customers are looking for water bills not to follow the same percentage increase trajectory as other bills over the last 2 years, such as energy.
- Mainly focus on what is "fairest for all generations" when considering long-term bill profiles, spreading the cost evenly so that no generation is adversely affected. However, customers are also looking for an investment approach that ensures key risks are mitigated and not left to emerge down the line and cause service deteriorations and bill increases for future generations.

Here, we present the evidence to support our main conclusion. In our Water Resources Advisory Panel (WRAP August 2021, online deliberative forum) customers were asked questions about cost and fairness, including views of intergenerational fairness of paying for investments to secure water supplies and protect the environment. There was strong support that investment should not be delayed, so that future customers would end up paying more. It was evident that customers currently paying bills should pay their share of delivering the investments. Figure 20 summarises the key insights, which are found in our WRMP24 WRAP theme 1 report. There was also a view that major strategic projects that benefited the wider population should be paid through general taxation with local schemes being funded by the bill payers who would benefit from them.

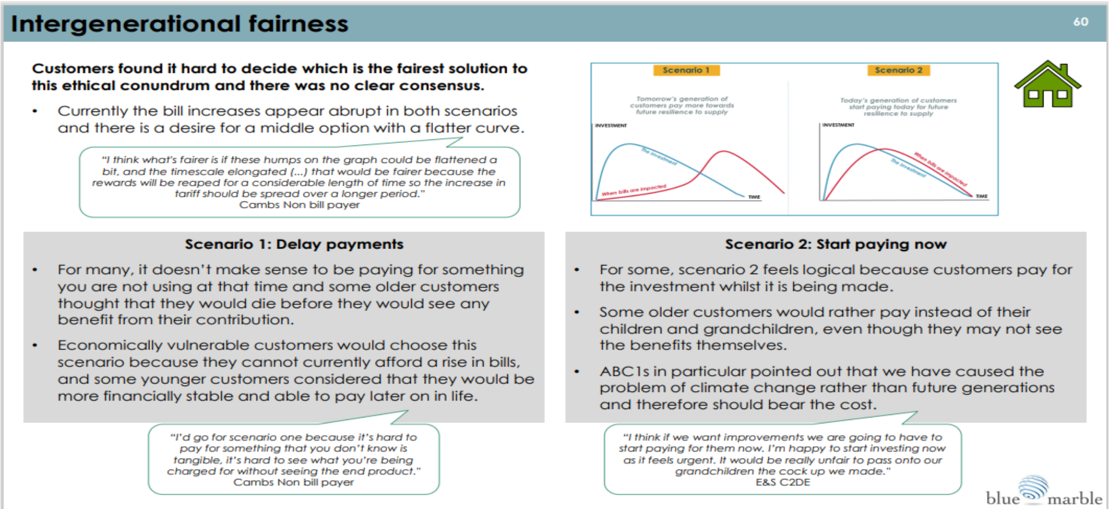
Figure 20: views on paying to fund large investments for water resources and environmental ambition



Sample: 47 HH and NHH and future customers taking part in a 2-week online, deliberative forum

In the Blue Marble WRMP24 WRE club project research study (Sept 2021, qualitative research) it revealed mixed views when participants considered a trade-off between tomorrow's generations paying down the line more for investments to secure water supplies, versus today's generation paying more now. This stimulus material presented forced a choice and was challenging for customers to articulate which of the options was fairest. There was a strong desire for a middle ground with a more even bill profile. This approach to engaging also highlighted that being shown abrupt changes in bills to customers, even if a high-level context test creates uncertainty, reinforcing the consistent known desire to avoid bill shock. Figure 21 summarises the key insights, which are found in this study's final report.

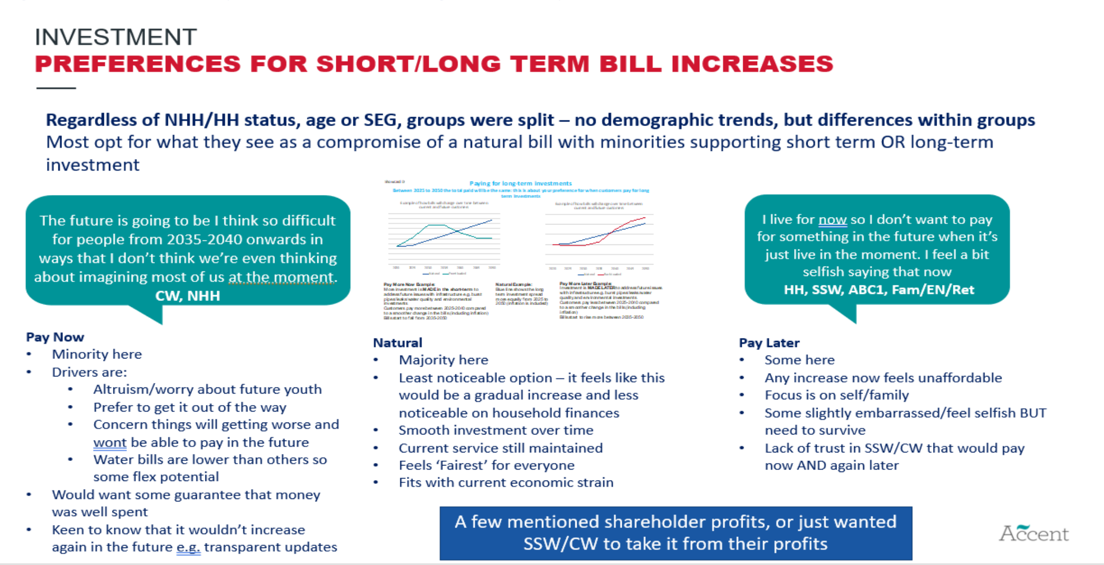
Figure 21 Views on paying to fund large investments for water resources and environmental ambition



Sample: 18 reconvened group discussions with household consumers. 1 'mop-up' group to account for drop-outs in earlier fieldwork groups. Total sample of 89 consumers with 85 completing the process. 16 were Cambridge Water customers.

In our Customer priorities tracker (May 2022, qualitative research) customers discussed our "Looking to the Future" ambitions and then shown two options for phasing long-short term bills to then discuss their preferences. The stimulus material used to draw out a response and a summary of the key findings are detailed below in figure 22. Building on the test above in the WRMP24 research the options presented included a more natural bill profile against "pay now" and "pay later" options. As uncovered in the Blue Marble research the majority preference was for a more natural, even profile over time.

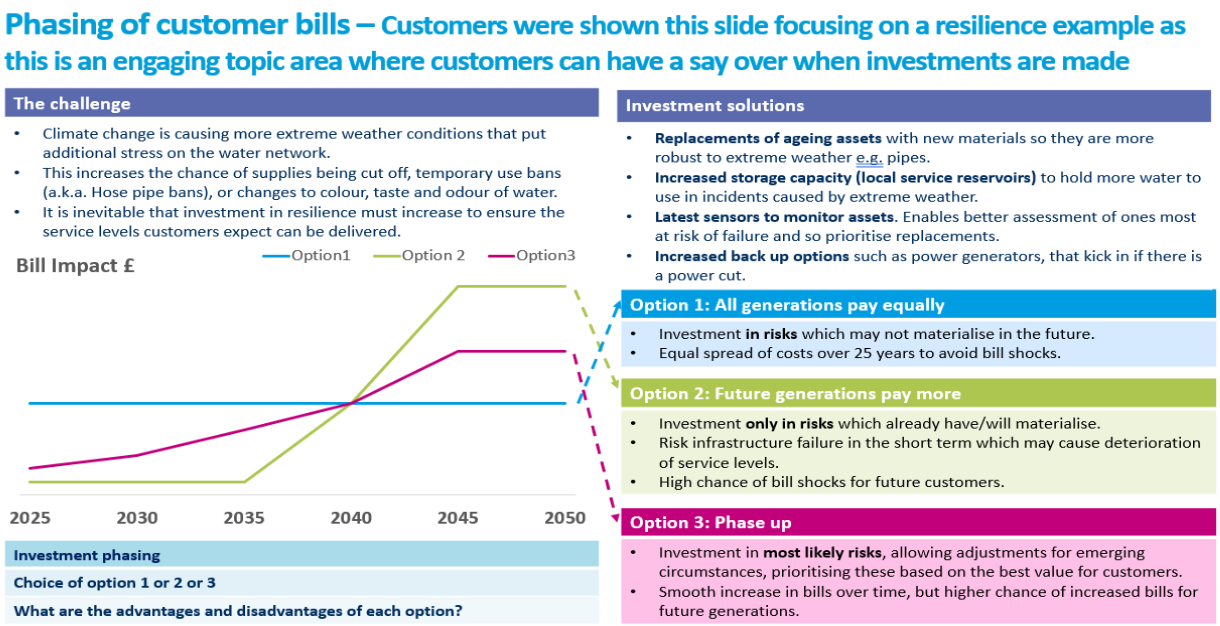
Figure 22: customer preferences for long-term bill profiles



Sample: Six Zoom groups with HH and NHH (SMEs) – 27 current and future HH consumers and 7 NHH customers took part. Five depth interviews to reach elderly (75+) and financially vulnerable (social grade E) customers. Five depth interviews with larger (50+ employees)

Moving to the end of our customer research journey, we followed the Ofwat and CCW guidance in our PR24 Business Plan Acceptability and Affordability testing (AAT July2022, qualitative research). Customers and future customers were shown the following showcard - figure 23 where we used a resilience scenario as an example to draw out preferences from three options for phasing bills to pay for long-term investments.

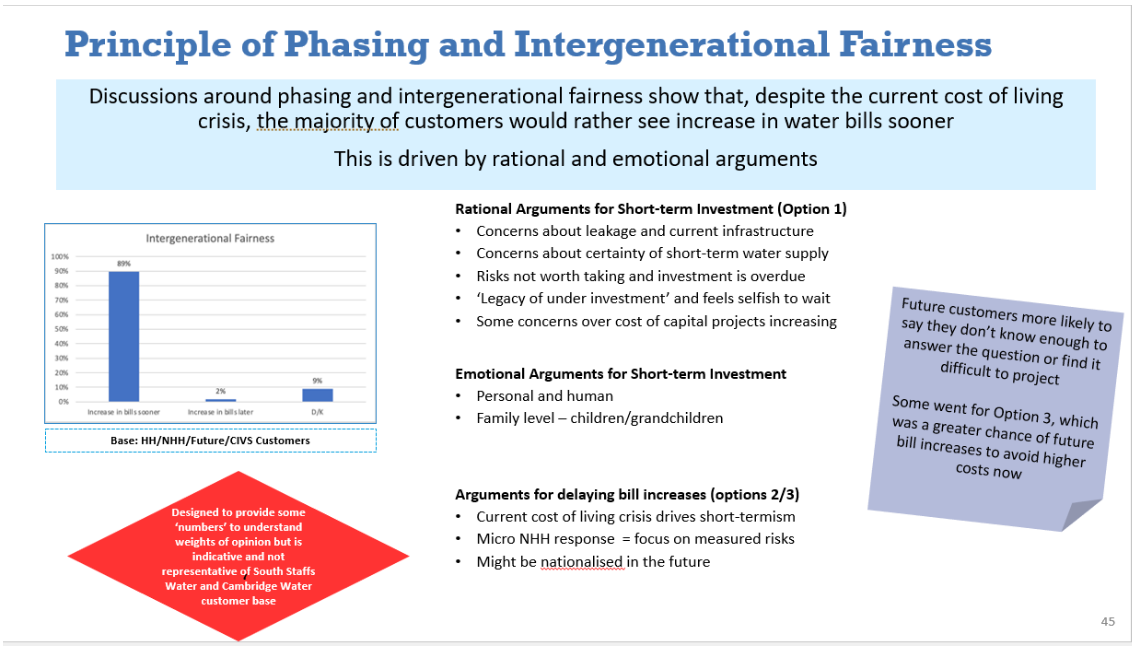
Figure 23: stimulus showcard used to engage customers in our qualitative AAT on long-term phasing of bills



The feedback from both current customers and future customers across the research was that a notable majority preferred option 1. It was felt that a smoother bill profile where all generations pay equally, with investment made from now to provide resilience to risks, regardless of whether they might emerge or not in the future, was the fairest option.

Figure 24 below details a summary of the key reasons why participants expressed preferences for their preferred option. There was limited appetite to delay investment to align with tackling risks that may emerge down the line and those that did want that were mainly driven by the cost of living not wanting their clean water bills to rise in the short-term. There were calls from some smaller NHH customers to take a measured approach to tackling any risks.

Figure 24: summary of customer feedback qualitative AAT on long-term phasing of bills

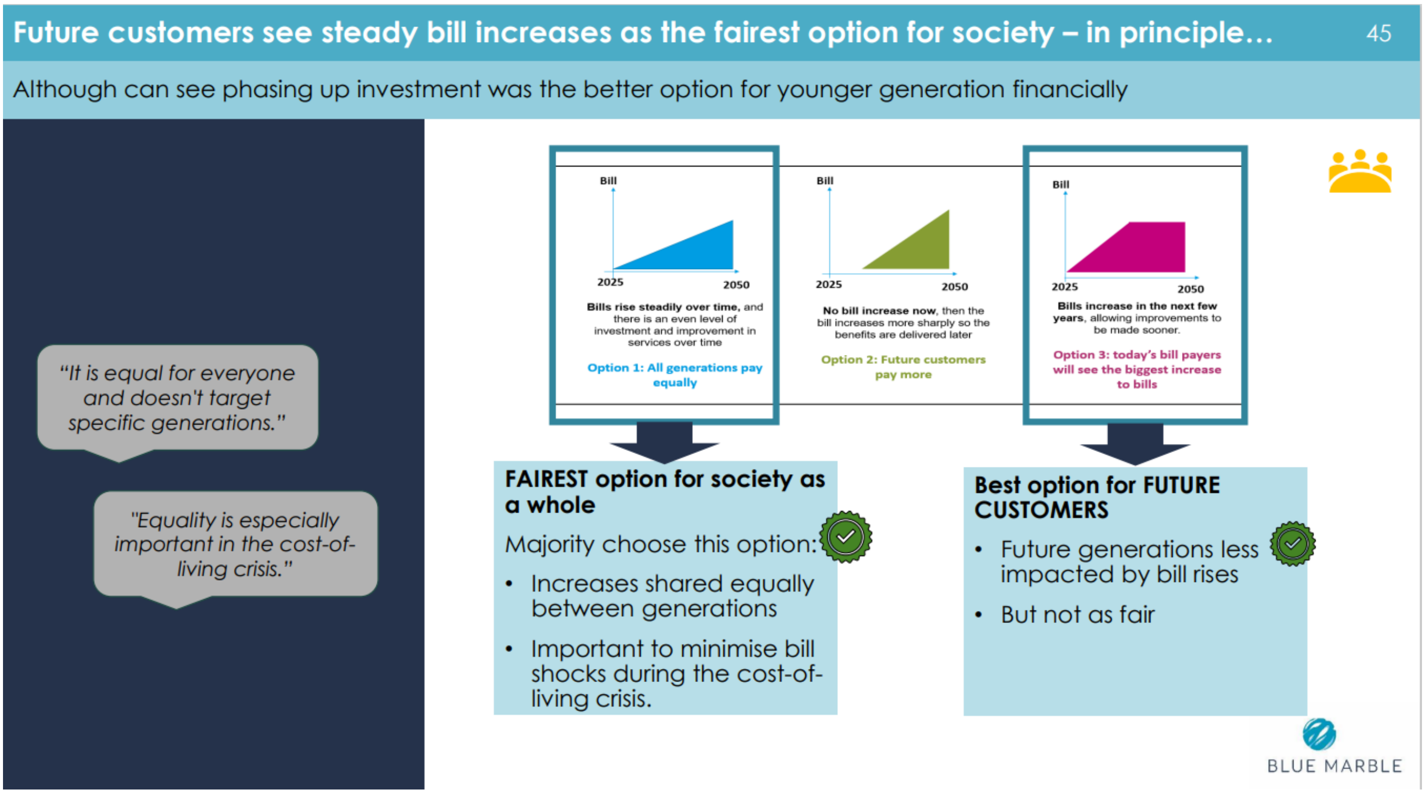


Sample: 76 HH and NHH customers 2 x face to face deliberative events with HH and micro NHH customers (3 hours) on 5th and 12th June. 2 x online groups with future customers on 14th and 15th June. Depths with small-large non-household customers and customers in vulnerable situations.

Through our South Staffs Water Young Innovators' Panel held over Summer 2023 we also engaged with 25, 16-18 years olds to discuss a high-level concept test around phasing of long-term bill profiles. From these discussions level we observed that the option of all generations pay a similar amount was viewed as the fairest and most popular, with similar reasons being cited to the main AAT research.

It should be noted that it was particularly hard for this generation of customers to provide feedback given their distance from paying household bills, even when taken through informed, moderated discussions. The stimulus materials and summary findings from the panellists are shown in figure 25.

Figure 25: View from our Young Innovators' Panel on intergenerational fairness of paying for investments



Sample: 25, 16-18 year olds drawn from different schools and backgrounds across the SSW region.

Finally, in the quantitative stage of our PR24 AAT research (September 2023), household and non-household bill paying customers were asked the mandated question on intergenerational fairness around long-term bill profiles preferences. As shown in Figure 26, there was a much stronger preference for the option where bill increases start sooner and then are spread evenly across the generations, with 42% selecting this option. Notbaly our Cambridge customers were significantly more likely to want bills to start increasing sooner with 52% selecting this option, compared to 40% of our South Staffs customers.

We found that 19% of customers wanted bill increases to be delayed so that future and younger bill payers fund more of any future investment. Notbaly, 39% of customers were unable to give a response highlighting the challenges of engaging on this topic with one question in an already long and complex survey. Despite this, the results indicate that most customers do not want to see future generations subjected to higher bills and that much needed investments should not be delayed.

Figure 26 Preferences on long-term bill profiles from our quantitative AAT research

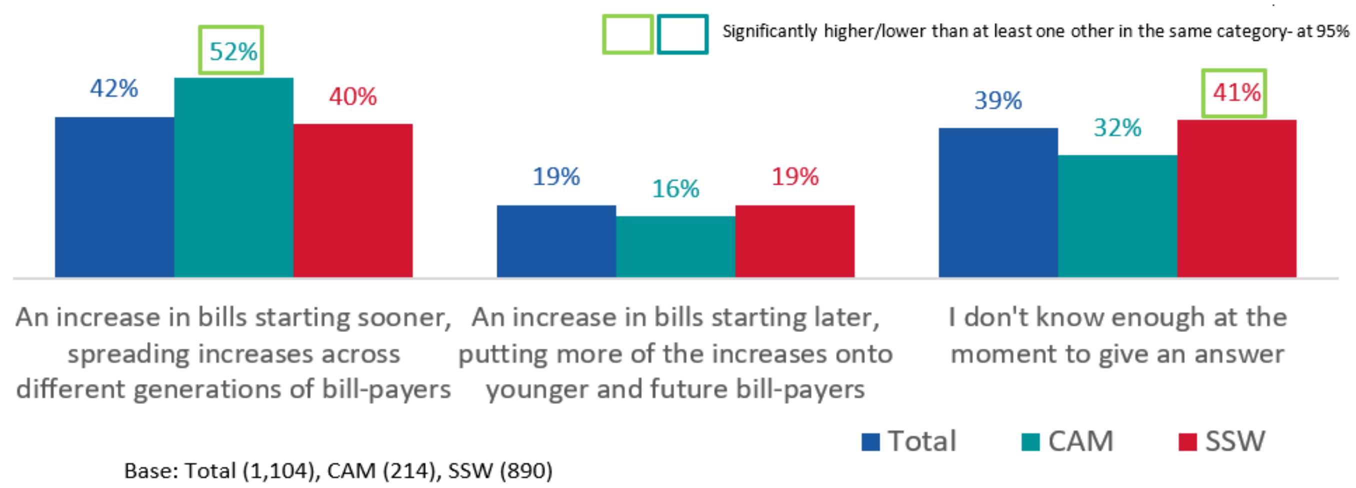


Chart based on: Q27. Long term investment will require an increase in customer bills. Bills could increase in different ways over time. Which one of the following options would you prefer?

1.6 Golden threads

Following on from the completion of our first Water Resources Advisory Panel (WRAP) online forums in August 2021, a thematic review of all the feedback from the customers who took part was carried out by Community Research, who facilitated the WRAP for us. This review revealed four clear "golden threads" that underpinned the preferences customers expressed about the topics covered in the WRAP, such as universal meeting, environmental destination and the balance of supply and demand side options to ensure a resilient water supply to meet future demand.

We then reviewed these four threads against the feedback from our customer priorities tracker qualitative insights from Autumn 2020 and wider insight sources, such as Business as usual insights and our H2Online communities. This review revealed a strong consistency across the insights supporting these four threads.

In September 2021, these four threads were agreed as the basis of driving decisions in our business plan. Since then, we have tracked them through the main research studies undertaken during the remainder of our research programme. In particular, we have assessed whether they are getting weaker or stronger over time in terms of how they are influencing customer preferences, or if they are staying consistent.

To help enable this tracking, we have worked with our research partners to ensure we picked up any emerging threads and to understand the drivers of these. In February 2022, we picked up on the impact the cost-of-living increases were starting to have on our customers when expressing their preferences for different investments and decisions points in our plan.

This fifth thread was adopted into our research programme in April 2022, after it was clear the impact of the cost of living was getting stronger. We have also worked closely with our PR24 triangulation partners, Impact, who has summarised the key insights from all the thematic reviews undertaken in the context of these five golden threads.

These golden threads form the basis for key decisions we have made in our plan to ensure we can understand the preferences our customers are expressing. We outline the golden threads in summary in table 7. Impact has also analysed our research data and reported on how the relative strengths of these threads have changed between October 2020 and September 2023 – see appendix SSC11, section 4. This was undertaken by looking across a wider range of our and wider sector research studies.

Table 7 Golden threads that have informed the decision in our plans

Golden thread	Specific themes driving thread	Strength of thread
Transparency and engagement to help customers understand the context and any impact of any proposed changes to their water services and the role they can play in ensuring the best outcomes	Most customers want **regular and effective engagement** to help them understand the need for investment decisions and how these impact on their water bills and any policy changes. Customers who took part in our research consistently suggested that if changes to our policies and plans, such as bringing in universal metering, are to be accepted by the broader customer base, **effective engagement and education will be needed** to prevent dissatisfaction with their water services. As the challenges facing us become more widely known and customers become more informed, it **increases the need for engagement to educate and support on the actions we need to take**.	This was notable at PR19, but was accelerated by the COVID-19 pandemic, climate change impacts and then the cost-of-living increases. This thread has remained consistent throughout the PR24 research programme.
A focus on fairness and collective action to meet water sector challenges	Policies that are seen to be 'fair' to all customers, particularly those in vulnerable circumstances, are important. As customers become more informed, calls grow for collective responsibility to tackle the scale of the challenges we face to maintain water supplies and when tackling affordability challenges.	This thread has stayed consistent throughout the PR24 research programme.
Concern for the environment, specifically the water environment	A consistent thread since 2018 and growing notably in importance by 2021 – in part, because of the publicity around COP26 and the growing awareness of the impacts on climate change on public services – e.g. more floods and prolonged periods of drought. The theme has been further highlighted by negative reports about the water sector in the media – from sewage pollution to a perceived lack of improvement in leakage levels. There is a clear view that water companies need to play a stronger role in restoring and protecting the water environment.	This thread has consistently been a high priority for our customers. But since early 2022, it has been pushed by customers into a long-term priority because of concerns over the cost-of-living crisis and household bill affordability. Environmental stakeholders continue to push strongly for increased investment now, as do a minority of customers who are concerned that actions need to be taken now to prevent further damage to the water environment.
The need to protect vulnerable customers	This thread emerged mainly because of the COVID-19 pandemic, with spontaneous calls to protect customers in vulnerable customers that was not seed widely at PR19. The evidence for this comes from the majority of customers still supporting the need to subsist bills for households that are struggling and the need to ensure accessible services for all.	This thread has weakened slightly since early 2022, as most customers have turned to look inwards at their own situation as bills become less affordable for all households. But cost-of-living increases have kept this thread at the forefront of customers' minds in terms of the need to support those struggling the most and to be aware of those who might be needing support for the first time.
Affordability and cost-of-living increases impacting on customers	This thread emerged in early 2022 as **customer preferences started to become for influenced by the pressures on household bills**. This caused many customers to consider their own situation and the investments they want to see us make in their water services. It has constrained many customers' ability to **look beyond the next few months** when assessing the affordability of our plans.	This thread has remained consistent into 2023, with a slight increase as prices and interest rates have continued to rise. For many customers, their water bill remains of least concern in relation to their overall financial situation. However, significant increases to water bills will only impact on customers' disposable incomes and materially for those already struggling.

1.7 Enabling our customers to become active participants in shaping their water services

In 2019, we reflected on what we had learned from our wide-ranging PR19 research and wider engagement programme. Whilst we engaged with over 40,000 customers, there was an on-going challenge identified around keeping customers engaged in our research programme once they had taken part in a deliberative focus group or workshop, survey or other type of engagement session. We had made good progress to deliver against the guidance provided in the Ofwat's 'Tapped In' report. This report outlined expectations and best practice examples around employing effective engagement approaches to allow customers to become active participants, rather than being passive with little or no direct involvement in their water services. Examples of engagement we used at PR19, include our Young Innovators' Panel, our WaterSmart behavioural change trial in our Cambridge region, Developer forums and the use of reconvened deliberative workshops to inform our WRMP19 plan development. This was a notable step-change on our limited engagement undertaken to inform our PR14 plans.

Most customers said in the feedback forms we asked them to complete when taking part in our PR19 deliberative sessions or surveys, said they had learnt more about their water services and felt they had contributed something towards the development of our plans. However, we had no vehicle for effectively engaging customers on-going over a longer period to establish a truly meaningful and productive 2-way conversation. For example, working with customers collaboratively to improve the day-to-day service experience and our communication of these and helping to actively shape our plans and policy development.

Given the importance of staying on the pulse with our customers' preferences and expectations and giving them a more active role in shaping their water services, we decided to spend time researching the options of how we could better enable this dialogue. We started by reviewing what other water companies and organisations in other sectors were doing to engage their customers over time in a more collaborative way. This covered research panels, online communities, citizens' juries and other types of engagement forums.

In this section, we detail three approaches which have been central to the development of our PR24 plan and longer-term plans to 2050. These have provided a step-change in the quality and depth of our engagement. We continue to run our Young Innovators' Panel building which was proven as an effective way to engage with 16–18-year-olds at PR19. However, these three engagement initiatives are all new for us at PR24. Importantly, we ran the same approach for all of them in both of our supply regions. We take care to mostly cover the same topics and activities to enable comparisons, but regionalising content to tailor to the context of the region:

- **H2Online:** our online community for our household customers launched in November 2019 and continues today. We are committed to keeping our community running into PR29. Community members are given the opportunity to engage with an activity most weeks promoted via our newsletter with a "you said, we did" approach sitting at the heart of the community to clearly evidence how we are using the insight gained to improve our services. We are clear to both our members and when evaluating the insights that the community will always be a more engaged, informed set of customers who can and want to engage with us online.
- **Water Resources Advisory Panel (WRAP):** our online WRAP panel was first convened in July 2021 and ran through to August 2022. It covered a range of topics to engage customers in actively shaping the policy and supply and demand option decisions needed to inform our local WRMP24s. Many of our panel members have said they are keen to continue the journey with us and continue to challenge the delivery of our plans. Given the first half of the WRAP took place during the impacts of the pandemic we had little choice but to use an on-line approach, but careful recruitment ensured a good mix of customer backgrounds and a range of customers in vulnerable circumstances were able to take part.
- **Citizens Jury, carbon Net Zero**: our first Citizens Jury was formed in April 2023 to inform and challenge our plans to achieve Net Zero carbon emissions. The online sessions ran over 4 weeks covering a range of topics, with knowledge building through each 2-hour session. An all-day face-to-face session covering the same content was also run in each region to enable those you can't or would not want to join on-line sessions. The majority of those who attended are keen to continue challenging our Net Zero plans on-going and we are currently assessing options how best to continue the Juries into 2024.

We provide more detail on these three initiatives below and how they have enabled us to have a 2-way dialogue with a wide range of our customers.

1.7.1 H2Online Community – household customers

In the autumn of 2019, we held a series of workshops to engage colleagues across the business with the potential options for enabling more 2-way engagement with our customers. From this, we decided to start with developing an on-line community, as we felt this would best deliver richer insights and deliver the on-going dialogue. We started by clearly defining the objectives of the community for us and the benefits we wanted for our customers, which are outlined in table 8. These are the foundation of the decisions we have made, and continue to make to inform decisions for our on-line community.

We then launched a poll and our colleagues voted for the name to be H2Online and developed a brief, sending this to our research partners. Followed a competitive tender, we appointed Explain Research, who were running over 10 communities for a few water companies and those covering a range of other sectors. We spent a few months working with Explain to build the community working to the core objectives above and launched both communities in November 2019. We recruited over 300 members to register on both our South Staffs and Cambridge Water H2Online communities, achieved through e-mails, social media and promotion on our website.

An analysis of the trial period showed we were regularly achieving engagement rates of 15% to 20% in most months with the activities posted and members were also raising their own discussion posts. We also ran a feedback survey in April 2020 to collect views on how members were finding the community and what could be improved. Based on the positive feedback from members and the quality of the insights being left, we made the commitment in May 2020 to continue our communities on-going.

Table 8 What we set out to achieve with our H2Online community

Objectives for our business	What we wanted to achieve for our customers
To build a truly engaged community of customers, going beyond gathering insight to establish and sustain two-way engagement; To raise the profile of the services we offer and how these can benefit customers to help achieve our business objectives – e.g. to reduce non-essential water use; To ensure that the PR24 engagement programme delivers a further step-change in our customer engagement; To gain insights more quickly to allow the customer voice to be built into more day-to-day decision making within the business; and To gather high quality data on the community to help better understand customers' varying preferences.	To provide the opportunity to communicate with other members, form positive relationships and share common experiences; To facilitate meaningful engagement with the company and directly members of our team; To create a 'feedback loop' which demonstrates the impact participation has on business decisions; To encourage members to become advocates of the community and to encourage family and friends to participate t in the community and educate them about they have learned on the community; and To create fun and engaging activities to leave members with a positive experience of SSC.

Since H2Online was launched in November 2020, our members have been given the opportunity to take part in over 150 activities posted on the community and started over 100 of their own discussions. Topics have covered virtually every aspect of the water services we offer and over time we have created a series of activities on specific topics so that members can see the development of conversations and actions taken as the journey unfolds. The most widely discussed topics on our community include the following and we regularly check in with members to ask them want types of activities they want to talk about so we can ensure these features alongside the activities colleagues from our business want to post to gain feedback to inform their plans:

- Water quality, leakage, responsibility for pipes and other asset e.g. stop cock;
- Metering, universal metering and the transition to smarter metering technical;
- Water efficiency initiatives and how to engage customers with these;
- Billing services, including improving the bills we sent out, open banking and submitting meter readings;
- Affordability initiatives, from social tariffs to how customers can save money on their energy bills by reducing their hot water use;
- Improving awareness and the accessibility of our financial and PSR support;
- Environmental ambition at a regional and local level and preferences for the balance of supply and demand options;
- Challenging our vision and purpose, with a number of member led discussion around shareholder profits and executive pay;
- Improving digital services, including our MyAccount online service and APP;

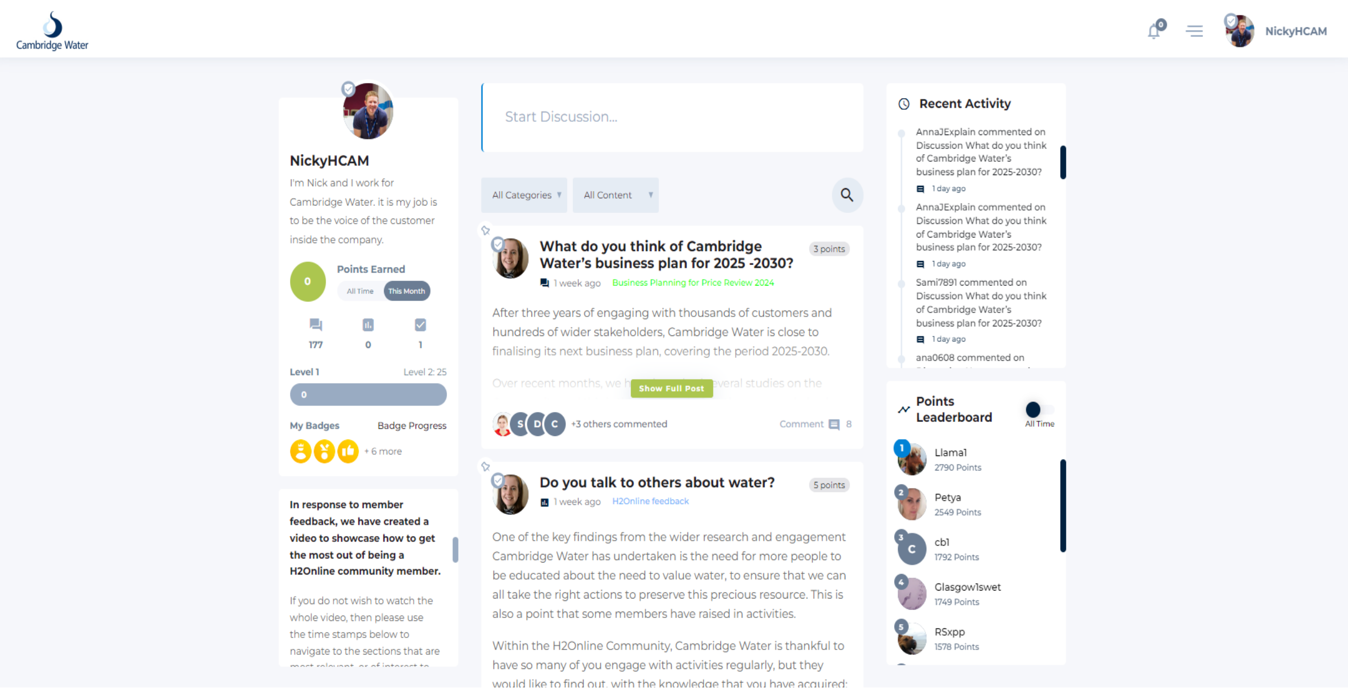
- Reviewing a wide range of our reports (such as our WRMPs, annual performance reports and Looking to the Future 2050 plan) to ensure they are clear and meaningful for customers;
- Reviewing our commutations, such as web pages, letters, e-mails and SMS to ensure they are clear and informative before they are sent to or made public to wider customer base;
- Debates about strategic issues, such as views on nationalisation and wider water related topics we do not directly have control over, such as sewage pollution and pipe blockages;
- Lighter topics such as those linked to World Water Day and the favourite water spots members enjoy to visit;
- Since July 2022 we have run a series of polls to find out how members are doing given the rising cost of living. This has proved popular and we have just finished the 6th poll in the series with members leaving advice and tips on how they are coping throughout to help each other, which has been amazing to see;
- Updates on wider national and international issues such as global water security and the COP climate change conferences. We started running these in 2021 at the request of our members as interest levels grew about the challenges facing water supply and how the UK was placed compared to other countries.

We have used the insights from our H2Onlime members in two ways:

- To inform quick wins and tactical decisions to improve the day-to-day experience for our customers; and
- To inform long-term strategic policy and planning decisions. You will find the views of our H2Online customers detailed in the thematic reviews undertaken by our PR24 triangulation partner Impact, which bring together all the insights we have made use of to inform decisions in our plans. Members have had a say to inform our WRMPs, LTDS and PR24 plans over the last 3-years and we have compared their views to those from customers taking part in our wider research studies.

Figure 27 shows a screenshot of what our online Community looks like. The central feed allows members to access the content supported by a keyword ad category search. Recent activity is listed and easily accessible in one click and the points leaderboard shows who is top of the leaderboard each month and over all time. Members can also access all the other content from the main page, including details of the points and badges they have earned.

Figure 27 What our H2Online community platform offers members



Our community membership has mainly been between 200 - 350 members, per community, since launch. Members complete a profiling questionnaire when they register, allowing us to track membership diversity. We also ask members to update their profile every two years to ensure the information about our members is accurate. Membership numbers change over time as we run on-going recruitment campaigns and politely say goodbye to in-active members, who have not engaged in any activities for an extended period (more than nine months).

We have found that our members generally fall into segments in terms of their engagement on the Community. Over time, member engagement levels shift and we review this continuously to understand why and put in place plans to encourage increased and more regular engagement. Typically:

- 1-2% will engage consistently over a long period of time and are heavily invested in the community;
- 10-25% will engage with the activities posted once a month or less often when it suits them and/or there is a topic of interest;
- 2-3% are browsers who login to read content, but who do not actively engage with the activities; and
- Typically, 70-85% will be inactive and not engage in any activities each month. We outline below that typically we have lower rates of inactive members than the other communities that Explain runs.

Given that an online community is self-selecting it is never going to be truly representative of our wider customer base, and our approach since we have launched is not to chase after recruiting large numbers of members. The focus is on making sure we have members from different backgrounds, including those who might be struggling financially, or need extra help accessing their services. Our view is that an engaged and diverse community of members has helped to add value to our business and ultimately to the wider customer base. Currently our Cambridge Water membership base, whilst covering a range of demographics, is slightly skewed towards an older, retired customer demographic, whereas South Staffs has a slight skew towards a middle-aged family demographic. However, all generations are represented on the community and there is a good balance by gender, ethnicity and whether a customer is metered, or not. In addition, 14% of active South Staffs members have a short-or long-term reasons for being on PSR, with 9% on the Cambridge community. We also see good variation by our attitudinal segmentation, which ensures we hear a diverse range of options in the topics posted.

We put our above average member engagement rates on the H2Online community down to a relentless focus on the following factors, backed with member feedback from the surveys we run:

- **Content:** by covering a wide range of relevant topics about, and linked to water, it has helped to drive higher levels of overall engagement. Whilst some members engage in all or most of the activities we post, we see others come back when it's a topic they have an interest in. A mix of more complex and lighter touch topics also helps to provide variety, as we know some members just want to engage quickly and others want to spend a notable amount of time on the community when they login. The average time a member spend per visit generally ranges from 5-15 minutes each month. It is also important to ensure a range of different ways to deliver the content and we use, polls, discissions, surveys, video diaries and photo uploads and interactive task (e.g. leak tests and user testing of services).
- **Moderation:** Explain moderators regularly review the content members are posting on the activities and discussion raised and ask follow-up questions and thank members for their contributions. Our insight team also take the time to reply to questions and requests raised by members, often consulting with colleagues across the business to ensure a full response is provided.
- **Culture:** this is about ensuring the whole community is based around providing a safe space where members feel comfortable to take part and that the experience is fun, engaging and rewarding for all parties. The weekly newsletters have a clear tone of voice and style, as does the content. It also relies on clearly communicating to members what the community is about and how to get the most out of it, such as providing new members with an on-boarding experience, including a "how to video". We would like to also thank our members for the way they have conducted themselves, evidenced by the fact that in almost four years we have only had to contact one member to warm them that a comment they left went against the spirit of the community guidelines. There is a good level of debate between members, who have respected each other's opinions even when they might disagree.
- **Measuring performance:** we have set-up and review regularly a range of performance metrics to monitor the health of the community, from membership numbers to engagement rates with newsletters and the community itself. Reviewing these monthly and quarterly in more depth ensures we are focused on taking action to understand why metrics change so that it can drive decisions on action plans. For example, if engagement drops, we might look to run a fresh recruitment campaign, or review the content plan and type of activities to get back towards the target set for each performance metric.
- **Recruitment:** customers tell us they lead busy lives and all communities naturally suffer attrition from the membership base over time. Having a steady stream of new members also means that the community is not overly dominated by the more informed members who engage regularly. Ensuring high enough membership numbers to ensure a representative number of members is achieved by having a wide-ranging recruitment strategy. Whilst e-mail is by far the most effective, we also use our website, social media, recruitment off the back of other engagement activity and conversation with our front-line colleagues. We intend to increase our recruitment channels into our online MyAccount and APP service in 2024.
- **Rewards:** we have engaged with our members in shaping the rewards on the Community as they need to work for them, such as what rewards should be available and what is the amount to offer to encourage valuable contributions and not lead to unwanted behaviours (such as thoughtless speeding through activities) that undermine the principles of the community. The rewards programme has evolved over time to help maintain engagement, although some members say they would still contribute regularly without them. The rewards offered are varied, including:
    - Monthly leaderboard voucher prizes earned through taking part in activities are earning points;

- Spot prizes (vouchers) for the best contributions. Currently, we award up to five of these each month to our members for the most valuable insights;
- Prize draws for taking part in longer, more complex business planning research surveys;
- Community pot points incentive. Over the last 18 months we have asked members to work together over a 3-month period to earn points to hit a target. If that target is met by the end of the period, we donate to a charitable cause in our supply region as voted for by the most members. Members have fed back that they really enjoyed the challenge and the reward of seeing a worthy cause benefit. Once the donation is made, we ask the charity to send us a thank-you video to outline how the money will be used. We have supported a range of causes using this approach, such as night shelters, hospice and crisis centers and it has proved popular with members; and
- Other motivational rewards: such as the use of badges for reaching targets, receiving thank you cards from our team and water efficiency devices (such as water butts) for hitting points targets earned by taking part in activities.

- **Collaboration:** throughout we have worked collaboratively with Explain to ensure best outcomes for H2Online. We meet weekly to ensure content is agreed and launched and any members' queries are addressed quickly and the level and quality of moderation was meeting expectations. We also meet quarterly to discuss all aspects of the community at a strategic level and agree an action plan for how we can improve the community for members and the quality of insights gained. We also collaborate with our members, posting regular feedback surveys to gain their views on how to improve the community and acting on their posts. At the heart of this is the "you said, we did" (YSWD) feedback loop which started in April 2020 and our 21st edition of these landed with members in September 2023. This involves updating members on what improvements we have made because of their feedback on various topics. In 2022, after listening to members' feedback, we also set-up a dedicated area on the Community to share all the past YSWD updates so that members could look back and challenge us on-going on what actions are being taken over time, particularly for longer-term policy and planning decisions that might take months or years to deliver.

  Figure 28 shows our YSWD template. Our members have helped directly to shape how we run YSWD updates showcasing how the community offers us a co-development engagement approach:
  - Members inputted into the design of the template to ensure it provided enough feedback without overwhelming. They also challenged the design and colours used on the template to ensure accessibility for all;
  - Members suggested adding links back to the original activity, so it was easier to track back to see what changes had been made because of the feedback. They also suggested adding links, where possible, to showcase evidence that the actions had been made, such as to an updated webpage;
  - Members fed back that, on balance, monthly updates were too frequent and that quarterly would be OK as it often takes time to make changes for some areas. They also commented that we should only feed back once the action was taken, unless it was a long-term issue (e.g. roll out of new metering technology) and then updates along the way at key points would be preferred.

Figure 28 Our 'You said, we did' H2Online template for communicating the actions we take.

Below we detail some comments from our members about our YSWD updates over time. For many of the updates, we ask the colleague responsible for actioning the changes agreed, off the back of member and wider customer feedback, to post a video to say thank you and to explain the improvements.

This way, members get to find out more about the people responsible for delivering the service they receive and how their feedback has been used. A small number of H2Online members who say they also engage with other communities run by suppliers tell us we are ahead at being so pro-active with our YSYWS approach.

Hazey2010 4 weeks ago

It's lovely to know there is a conpany out there that cares for It's customers and wants their opinions and wants to listen. That's so rare these days!

Danielle-S 7 months ago

I like to see these. It makes us feel valued to have our opinions taken on board :)
We tend to forget what we have previously voted or commented on, but these remind us what the topic was and how we were listened to :)

smod123 7 months ago

The really good thing about this page is the exceedingly good updates . When it used to be a letter through the post it would be like there is no interaction between company and customer. With this page it really isnt the case with are we being kept informed . It helps and then we then walk away from the page and we make friends and family aware and your "You Said We did " gets its message out far and wide.

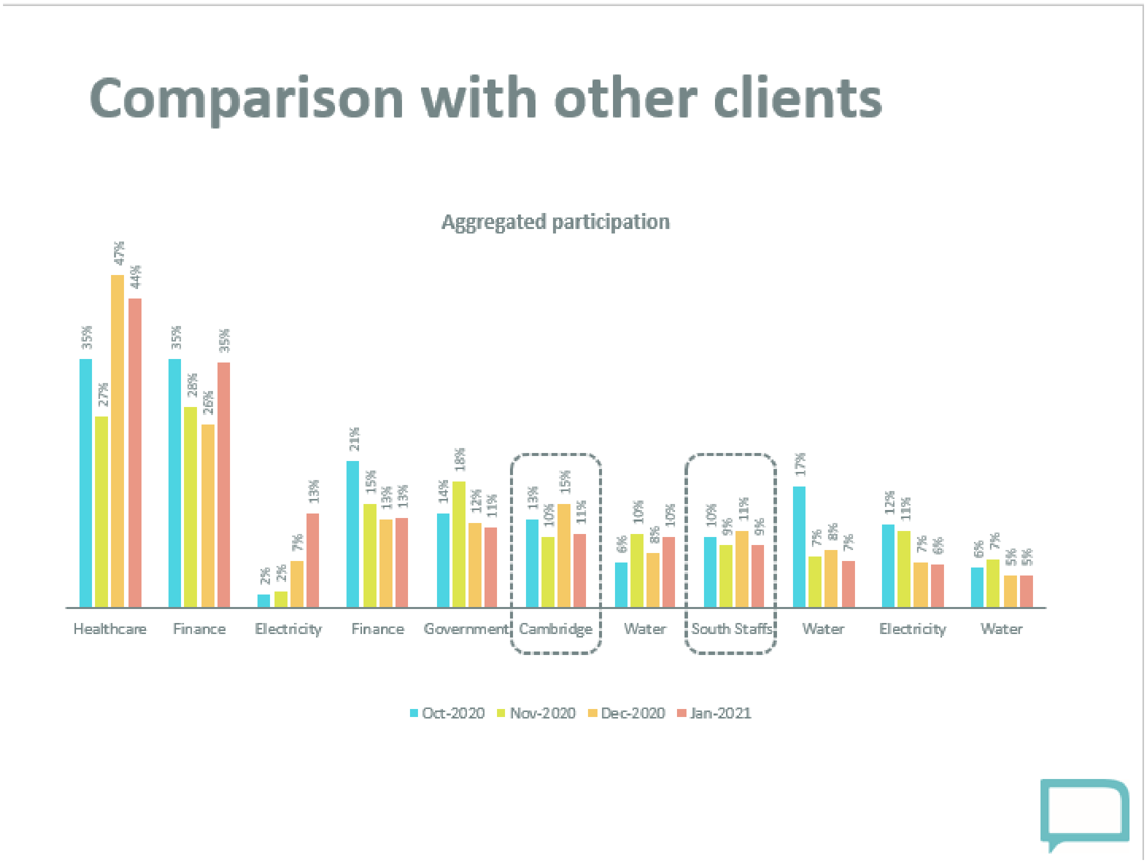
VeganBear 2 years ago

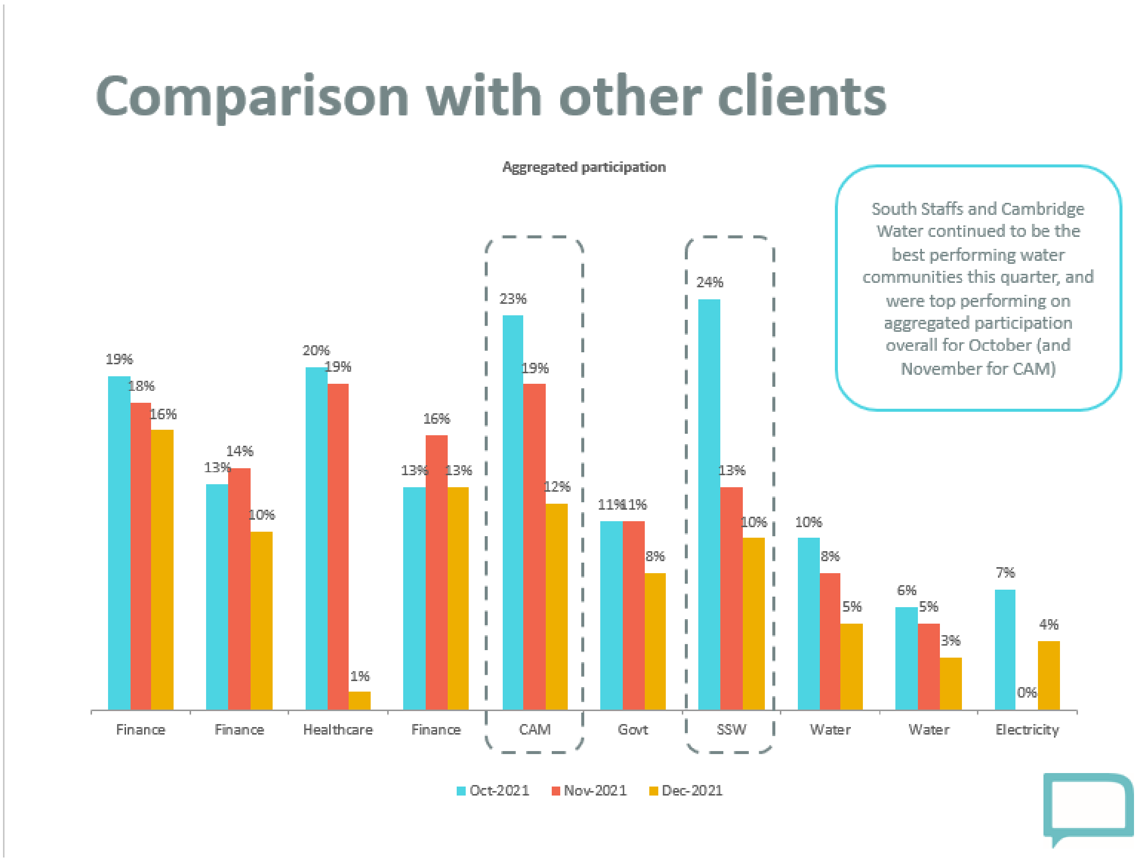
This seems amazing.... so easy to get about on and find what you're looking for! Great to see a human being too, feel more connected to what's being shared.

Petya 2 years ago

Very easy to navigate and find the information needed when it's organised in monthly updates.Also great feedback from CW again in keeping us feeling valued and listened to.

Figure 29 Aggregated participation rates on our H2Online Communities when compared to other online communities run by Explain Research. Other community names are hidden due to confidentiality needs. Aggregated participation is the unique numbers of members who have engaged at least once in activities on the Community. Aggregate participation rates on our Online Community.





Quotes from our members over the last year to demonstrate why our community achieves comparatively strong engagement levels.

“Enjoyed the discussions and the listening and actions that SSW has taken. Easily the best utility board.”

“Being part of something and having our voices heard. I do think there is room for improvement, but I absolutely love coming on here and being part of this community.”

“Thank you for 3 years of this community. I have loved being part of the group, and feel hopeful that feedback that is given here is seen, and hopefully considered by the decision makers.”

“Interestingly, a number of companies now seem to be developing user / community forums - at last, the voice of the people and its value is being recognised by others than SSW - clearly market leaders.”

We have regularly conducted membership surveys since H2Online launched to ensure the community is delivering on its objectives and we identify ways to improve the experience for members. A full survey among both active and inactive members seeking feedback on a wide range of views on the community was last run in June 2023. 69 members took part, with 33 of these being inactive in the last 3 months. Highlights from the survey are below and help validate that overall, the community is delivering on its objectives. However, we recognise that there is still room for improvement. We are currently reviewing the feedback to consider what changes are needed as we move forward, and we will communicate back to our members through a YSWD update the changes we are making because of their feedback:

- Most active members on both communities felt their view of the company overall had improved due to being a member of H2Online (SSW 60%, CAM 69%).
- Only one inactive South Staffs Water member felt their view on the value for money, trust and care SSC provides has become worse because of being a member of the community. All other members’ view either has not changed, or had improved positively.
- Active members appreciate community benefits such as interaction with members and representatives, varied content and incentives. These are listed as their favourite things about the community.
- There is a high level of awareness around the community points initiative amongst active members (SSW 80% and CAM 88%). Badges, on the other hand, have a far lower level of awareness amongst active members (SSW 55% and CAM 50%).
- Most comments around the incentives offered on the community detail that members feel the current incentive structure is fine and fair.
- There was some variation in scores relating to ‘Being a member of H2Online is fun and/or enjoyable for me’, with CAM members tending to feel more positively, with 38% active members and 33% inactive members voting four and 31% active members and 33% inactive members opting for five (out of 5).
- Most members across both communities (active and inactive) feel that weekly member newsletters, is the correct frequency of communications (SSW active 75%, SSW inactive 58%, CAM active 75%, CAM inactive 78%).
- The most common reason for reduced contributions amongst inactive members is that they simply do not have the time to take part. Other reasons included: forgetting and health reasons. Most felt there is not much that South Staffs/Cambridge Water can do to encourage them to participate more as it is largely due to personal reasons.

Selected feedback from our members is shown below.

‘I find myself with mixed feelings every time something new comes up, but overall, the resultant discussions etc., give me a sense of both involvement and a degree of personal, valued contribution on certain items.’ – CAM

‘I am able to influence SSW. Ability to interact with SSW and other users to get different perspectives and also to learn how best to save money by understanding the rules better.’- SSW

‘I like the varied content we are asked to comment on. I have learned a lot about the water cycle as a result.’- SSW

‘Interesting new subjects get me to engage, but this is usually prompted by an e-mail.” – CAM

‘It would be great to be able to "build/save up" prizes Love2shop has minimum amounts (e.g. £10) for some of their e-gift-cards so I can't use a single £5 prize on the ones I want. If I could save them up and combine one over that limit (e.g. save 2x £5) then I could get a card with a £10 minimum. Arguable love2shop should offer this feature, but perhaps you can implement it faster.’ – CAM

'I would like to see examples of what forum members have achieved and how SSW have put these into practice. Real life thoughts on the forum from senior executives to back up the statements made in annual reports.' – SSW

'There doesn't seem to be too much encouragement to post new topics. These do need to be water related of course. Any that any that do get added are barely visible behind the pinned topics posted by CW reps.' – CAM

1.7.2 Water Resources Advisory Panel (WRAP)

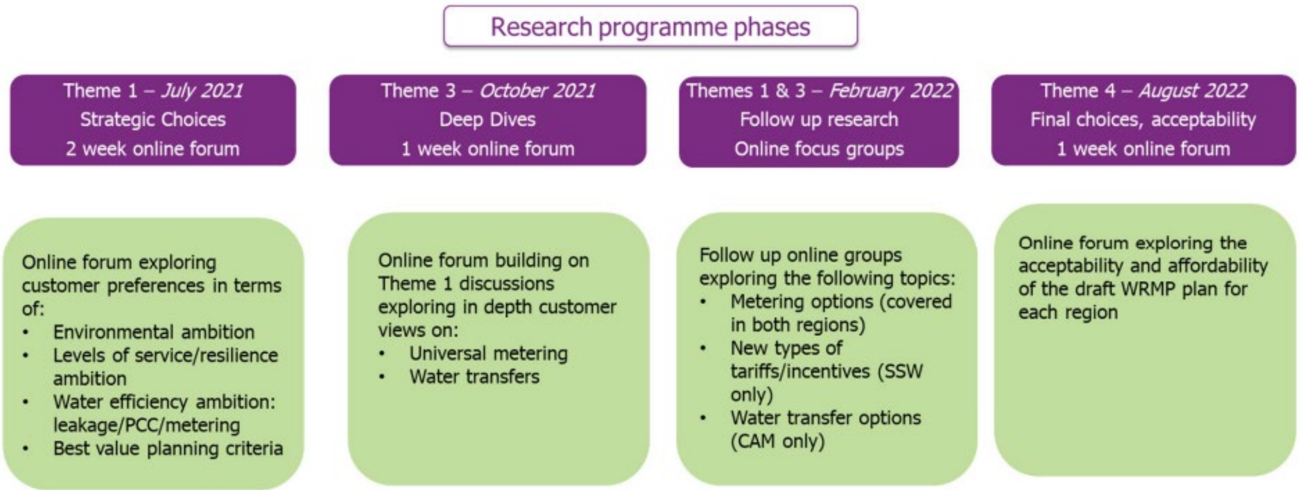
Given the importance of our two local Water Resource Management Plans (WRMP24s) to our PR24 and LTDS plans to 2050, we decided to make a step-change in our approach to how we engaged with customers around water resource management. A key part of this was the on-going deliberative engagement with our WRAP, which is a form of Customer Advisory Panel (or CAP).

A CAP is a group of customers who are convened (multiple times) to feed into an organisation's thinking on their priorities, business plans, service or policy developments or strategic direction. Unlike more standard customer engagement, CAPs allow for a continuous, ongoing two-way dialogue with informed customers. This engenders trust on both sides and allows consumers to input into complex issues and ongoing debates within organisations. Like the H2Online community, this form of engagement encourages engagement that views customers as active participants.

The WRAP is another example of our shift in approach to moving towards this ambition, taking a broadly representative group of customers along a path; increasing their understanding and giving them a voice within the business. The approach gave us a clear steer on consumers' views and priorities as well as offering a compelling narrative about the journey that participants went on throughout the WRAP process, both individually and collectively. We also set-up the engagement to allow panel members to consider their preferences as a customer and as a wider citizen to draw out any potential differences.

We worked collaboratively with our research partners, Community Research, who facilitated the WRAP for us. The journey of the WRAP over a 13-month period is summarised below in figure 30. We used both written forums and focus groups to engage panellists during the WRAP, which panellists found useful to meet each other and engage in interactive discussions, with our colleagues on-hand to answer any technical questions and discuss any suggestions.

Figure 30 Aggregated participation rates on our H2Online Communities when compared to other online communities run by Explain. Other community names are hidden due to confidentiality needs.



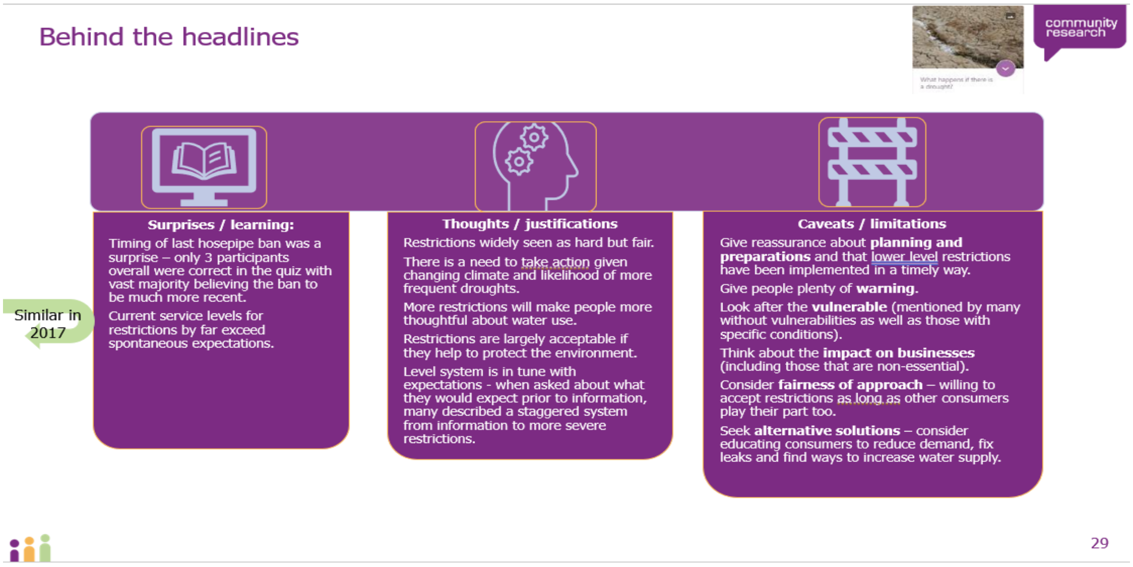
One benefit of this kind of forum is that Community Research were able to control how and when participants could see other people's contributions. This means that we could choose whether people answer questions 'blind' to how others answer them or not – for example, there may be some areas where it will be important to get individuals true spontaneous views, without any outside influences – and other times when the forum will benefit from people seeing others' answers and responding themselves in turn. Different approaches were used to both give information and allow participants to respond during the WRAP, including:

- Online quizzes were used to impart contextual information in a fun way;
- Bespoke animations with voiceovers were created to ensure that participants did not have to read long documents;
- Demand and supply options for future investment were outlined using 'Top Trumps' style information cards;
- Rather than purely asking for written feedback, participants could give their views through a video selfie or placing themselves on a spectrum and giving their rationale; and

- Participants could view other participants' responses throughout – both being able to read individual responses once they had answered themselves and aggregated summaries provided by the moderators (in the form of slide summaries and heat maps).

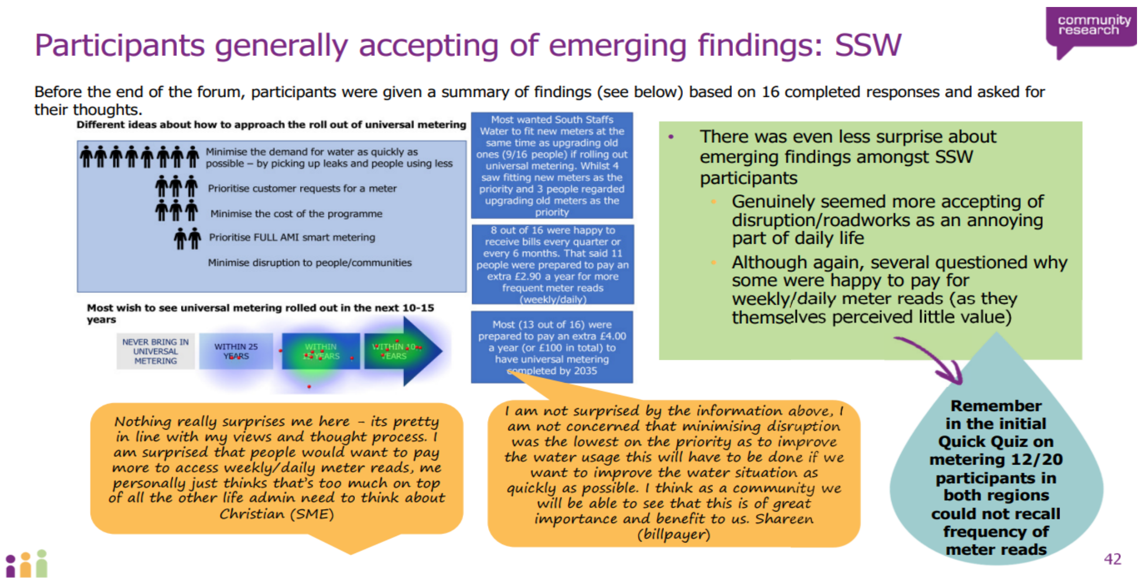
This approach provided a very rich insight bank for Community Research to analyse and allowed the opportunity to draw our Golden threads from the feedback with a higher degree of confidence. It also allowed us to better understand the context behind the feedback being left by customers, as shown in figure 31. The insight is particularly valuable to help ensure that communications to educate and inform customers about the reason for any policy changes, so that they can be understood and more widely accepted.

Figure 31 Example of how customer feedback can be themed to provide a more in-depth reporting of insights – views about drought resilience service levels.



Conducting research over an extended period also allowed us the opportunity to play back the findings from each stage to customers to continue the conversation and discuss whether they agreed or disagreed or were surprised by the collated analysis of all panellists' feedback. This approach provides greater confidence in the outputs that they have been replayed to customers and final feedback gained. Figure 32 shows an example of playing back the feedback of an activity asking the WRAP to comment on when and how universal meeting should be rolled out.

Figure 32 Example of how aggregate customer feedback was played back to the WRAP to check their views



We are assessing now how to take forward the WRAP given its success and the high level of interest of panellists to continue their engagement. More details on the WRAP approach can be found here.

1.7.3 Citizens' Jury – journey to Net Zero carbon

Following the WRAP in 2021-22 and the qualitative stage of our LTDS engagement in March 2023 it was clear that a deep dive was needed with customers to understand customer preferences relating to our plans to reduce carbon emissions.

We researched the options and decided that a Citizens' Jury approach would be the most appropriate deliberative co-development approach, to allow our customers to input into and challenge our plans. A Citizen's jury is recommended to include 12-24 people from all walks of life, who are informed on certain topics to then give recommendations and make qualitative decisions based on what they have learned and understand. After a robust procurement process we appointed one of our research partners, Explain Research, to facilitate the Citizen Jury, partly due to their experience in running this type of engagement approach on this topic in other sectors.

We summarise the methodology below and figure 33 details the topic areas we engaged the Juries on:

- Two online Juries were formed, one for South Staffs Water and one for Cambridge Water, made up of household (HH) and non-household customers (NHH). Further, to ensure inclusion of digitally disengaged customers, two face-to-face juries, one in each region, were formed. The core of the content was the same in both supply regions, but figures, facts and company name were regionalised where needed.
- Online jurors were recruited through databases provided by us and through panel providers. Sampling was undertaken during recruitment to ensure a maximal variation in demographic characteristics and in opinions surrounding environmental matters. Face-to-face (F2F) jurors were recruited via on-street researchers and were primarily selected to ensure digital disengagement. As well as ensuring the inclusion of digitally excluded customers, the F2F juries were designed to help validate the findings of the online workshops.
- By offering the opportunity to meet over a series of sessions, the Citizen' Jury methodology allowed for effective two-way communication with customers about the complexities of the water industry in general, and meeting Net Zero within this sector specifically. It also gave participating customers (jurors) the time to feel comfortable enough to honestly discuss issues related to Net Zero, which can be contentious and have far reaching consequences.
- The content for the Jury sessions was designed to build upon topics within the previous discussion. This allowed for a more gradual understanding of SSC's Road to Net Zero to develop, rather than introducing customers to these topics in one go.
- To ensure that materials were as engaging as possible, the following components were utilised where appropriate. This enabled a more effective 2-way conversation with customers:
    - SSC experts delivered presentations wherever possible. Explain also ensured the materials and overviews by SSC experts were clear, unbiased and free of jargon;
    - Regular Q&A / clarification segments, providing the opportunity for jurors to challenge what they had heard or seek further information;
    - Discussion based segments with an Explain facilitator supporting the group to debate the issues at hand and begin to form conclusions. For the online Juries, these discussions were facilitated by splitting jurors into smaller breakout groups for these segments to ensure everyone had the opportunity to participate. NHH and HH Jurors were always put into separate breakout groups to allow any different perspectives of NHH customers to emerge in discussion. Due to numbers, there were two HH breakout groups and one NHH. Following the breakout discussions, Explain then brought the whole jury together for discussions and to agree they key points. The size of the F2F Juries (maximum eight jurors in each) enabled these discussions to take place as a whole group. These more traditional, focus group style conversations were carefully moderated by Explain to ensure these discussions were inclusive to all jurors, bringing in SSC experts for clarification where necessary;
    - Use of interactive tools to increase juror engagement wherever possible. For the online juries, these were digital (Zoom pool voting, Slido voting and Miro interactive white boards). For the F2F juries, these tools were replicated by using non-digital means, i.e. using of voting cards, laminated cards to enable prioritisation and post it notes to mark important points;
    - Short feedback surveys were share with jurors at the end of each session to ensure that any issues or concerns raised could be addressed in the following session;
    - Each online session was carefully designed to bring jurors on a 'journey', beginning with onboarding to the sessions and a high level strategy overview, followed by more detailed discussions in subsequent sessions; and
    - The F2F sessions mirrored this structure as much as possible, aiming to take jurors on the same journey as in the online sessions. Content was divided into similar sections, allowing for breaks for jurors. However, there was slightly less time available for the F2F groups and so, some aspects of content were not included. In particular, discussions around water behaviour and leakage reduction (session 3) were not held with these groups.

This approach allowed us to engage customers in a topic area in a new way, which was a good experience for both the customers, as evidenced by the satisfaction forms returned, and for our colleagues who were part of these interactive sessions. We are now reviewing how we can use the Citizen Jury approach to challenge the delivery and progress towards achieving our Net Zero plans. More details on the Citizens' Jury approach can be found in Explain Research's 2023 report here.

Figure 33 The structure of our Net Zero Citizen Jury sessions.

Session 1

Juror onboarding and high level strategy discussion

- Introductions, polls and discussions of juror understanding of Cambridge Water / South Staffs Water's role and responsibilities
- Explanation of the future challenges that SSC is facing and juror discussion of their reactions
- High level explanation of SSC's Net Zero strategy and juror discussion of their initial thoughts
- Explanation of juror role and discussion of what jurors were looking forward to in the sessions

Session 2

Strategy prioritisation and trade-offs

- Explanation of five key areas of the strategy with juror vote and discussion about how they should be prioritised:
  - *Leakage reduction*
  - *Education & making better use of water*
  - *Renewable energy generation*
  - *Moving away from fossil fuels*
  - *Identifying opportunities to become more energy efficient*
- Where should 'trade offs' lie in terms of affordability, innovation and timelines (as a proxy for intergernational fairness). Juror vote and discussion on each

Session 3

Carbon offsetting / insetting and how customers can be involved in future SSC Net Zero plans

- How should SSC proceed (or not) with carbon offsetting / insetting? Juror vote and discussion
- How customers can be involved in future plans with regard to:
  - water behaviour - juror discussion
  - leakage reduction- juror discussion
  - future comunication plans- juror discussion and miro board activity *'build your own communication plan'*

1.8 Summarising what our customers have said about key areas to inform our plans

Table 9 provides a high level summary of our customers preferences for the areas where their views have informed key decisions. We also look back our customers' preferences at PR19 to highlight any shifts we have seen. This process has helped ensure our plan has adapted to allow us to deliver on what our customers and future customers expect us to deliver as a public service provider.

These insights sit at the centre of our decision making for our plans. Appendix SSC11 details a robust review of customer and wider stakeholder preferences of a much wider set of important priority areas.

Table 9 what our customer have told us in the areas that matter most to them

<table>
<tr><th>Decision making area</th><th>What we learnt in PR19</th><th>What we learnt in PR24</th><th>Summary of how insight has informed our plan</th></tr>
<tr>
<td>Customer priorities for where we need to invest</td>
<td>At PR19, core priorities or 'hygiene' factors were:
Ahigh-quality and reliable water supply is a 'super hygiene factor'
Fair, accurate and affordable bills
Great customer service
Reducing leakage on pipes
Protecting the natural environment – habitats and water sources
Helping those customers who may need extra support – both through financial support and other support when needed.
Cambridge Water customers significantly prioritising environmental areas, with South Staffs Water customers prioritising financial support more.</td>
<td>Moving to PR24 we find:
Ensuring affordable bills joins high-quality and reliable water supply as a 'super hygiene factor'.
Whilst it remains the overall number one priority, a 'high-quality and reliable water supply' has lost priority importance weighting and there is now a more even distribution across customer priorities.
Leakage reduction continues to grow in priority, as does wider environmental improvements - such as water recycling and other water saving initiatives and investing in local bio-diversity schemes.
helping customers who may need extra support is more prominent due to the COVID pandemic and then cost of living increases.
Great customers service remains a priority, but with more focus on ensuring high-class digital services. Customers of all generations are clear though that a wide range of contact channels are needed to ensure no customer is left behind when accessing our services.
The regional differences found at PR19 remain, but they are no longer significant.
In our long-term priorities research we see improving water quality, tackling water poverty, leakage reduction and drought resilience as the highest priority areas for investment, highlighting a common thread between short and long-term priorities.</td>
<td>Alongside the key priority areas, these threads sit at the heart of discussion in our plan:
Protect and restore the water environment;
Being at the heart of the local community;
Protecting vulnerable customers;
Engagement, transparency and empowerment for users of water services;
Fairness when making policy decisions;
Collaboration to solve challenges;
Sustainability agenda – pro-actively tackling carbon and waste reduction; and
Use of innovation and technology to meet current and future challenges.</td>
</tr>
</table>

Decision making area	What we learnt in PR19	What we learnt in PR24	Summary of how insight has informed our plan
Reducing leakage	Key insights on leakage included: • The evidence all pointed to the need to reduce our leakage levels beyond current performance. Most customers though it was morally the right thing to do, although we found that the more informed customers get about the costs and operational challenges associated with reducing leakage levels, the more balanced their judgement became. • A notable WtP valuation was seen, significantly higher in our Cambridge region. • Some customers feel that leakage must be reduced if customers are to be motivated to play their part with water conservation.	Moving to PR24 we find: • Leakage is now a top three priority for customers and by far the most popular demand side option when considering WRMP options. This continued into our AAT research leakage reduction was seen by customers as the most important of the three common performance commitments tested. Customers have consistently called for more ambition on the target shown and this was evident in our first 'Your water, your say' session. • Leakage remains an emotive issue for customers and the perceived underperformance continues to act as a barrier to behaviour change. • Despite this strong sentiment from customers, many are reluctant to pay for this on bills and expect this to be funded by SSC in other ways. This situation has been exacerbated by financial hardship since the COVID pandemic. However, leakage still attracts a notable WtP valuation compared to other areas. • In addition, leaks on customer properties are unlikely to be effectively addressed without an education programme to inform customers of the scale of this problem, how to detect leaks and how to reduce them. • The national leakage target appears to be broadly in line with customer expectations (once educated) and there is some scope to bring forward the date by which targets are to be achieved. • Similar to customers, most stakeholders tend to think that progress on leaks is a prerequisite to talking about water efficiency.	Reducing leakage levels is a key component for our demand management activity: • We have accelerated our leakage ambition, pulling forward investment to deliver the step-change our customers expect to see. • Our original plan was for and 8% reduction in SSW and 18% in CAM, we have increased this to 15% and 20%. • We have carefully balanced our ambition this against affordability concerns. • We also believe that driving down leakage quicker will help inspire confidence in that we can deliver on our challenging demand management ambition. • And also we know that some of our customers want to see us do more before they are willing to change their behaviours.

Decision making area	What we learnt in PR19	What we learnt in PR24	Summary of how insight has informed our plan
Environmental destination	Key insights included: • Customers were generally against investments and WRMP options that negatively impacted the environment. • There was limited WtP for environmental investments. From 2018, customers started to call for a great level of ambition as the 'blue planet' effect became more widespread.	Moving to PR24 we find: • Most customers are very clear that the environment must be a long-term priority to address and are looking for a careful balance between the costs of protecting the environment and keeping their personal or business financial burden to acceptable levels. • Customers continue to be against investments and WRMP options that negatively impact the environment. • The strong level of support for the new reservoir among Cambridge customers partly reflects the perceived benefits of relying less on environmentally impactful measures such as abstraction from underground aquifers that feed chalk streams. • When asked of their level of WtP to support public value on strategic resource options, environmental led improvements attracted the • Customers, overall favour an enhanced environmental destination and there is evidence that some, namely more affluent customers in our Cambridge region, are willing to pay for this. • Environmental stakeholders, particularly in our Cambridge region, are looking for us to address abstraction and other environmental concerns now.	• We will invest £19 million to deliver our environmental obligations. This includes implementing river enhancement and restoration projects for seven chalk streams in our Cambridge region as part of our WINEP obligations. • We used insight from environmental groups to develop a ten-year programme of river restoration measures for these chalk streams in Cambridge. • We suggested to Ofwat that we should have a bespoke PC for chalk stream restoration, they didn't believe we had enough customer support for this to be a performance commitment and that there was overlap with our WINEP commitment – however we are committed to doing this important work.

Decision making area	What we learnt in PR19	What we learnt in PR24	Summary of how insight has informed our plan
Customers views on the value of water and metering	Key insights included: • Most customers don't think about water day-to-day. Water's importance and the impact it has on people's lives, only comes to the fore when supply is interrupted in some way. • Most were not making the link between the environment and water shortages. • There was also a recognition from most that customers needed to do more though to reduce their consumption. • Majority say that water meters are the fairest way to pay and there was majority support for universal metering in our Cambridge region given the higher metering rate. • However, there was low levels of support among unmetered customers in our South Staffs region. • There were growing calls for meters that allowed real-time information as the energy smart meters programmed progressed.	Moving to PR24 we find: • Other than a short period during the COVID lockdowns, there has not been a notable shift in most customers' relationship with their water supply. Most users continue not to think about where their water comes from when they turn on the tap and there's little compelling people to save water – particularly those who do not have a water meter. However, there is increased awareness of global challenges around water security. • Most customers say they want to be educated on how the water industry works, how to efficiently use water and the challenges faced by the water for both current and future customers to ensure supply of water in the future, protect the environment and save costs. However, it is not the highest priority for customers. • Once informed of the challenges we face, there are even louder calls for increased investment, engagement and support to help users to use less water, particularly for non-essential uses. • Meters remain seen as the fairest way to pay for water and support for universal and/or smart metering increases when customers understand the future challenges around water supply. • We continue to see majority support for universal metering in our Cambridge region, but a more mixed picture remains in South Staffs, where bill affordability is a greater concern for unmeasured households. Customers say they will need timely and practical support to help them navigate switching to a meter. • Customers prefer fully smart meters (to semi-smart or non-smart meters) because of the data visibility and consumption data they would bring. Our current meter read frequency is almost universally seen as unacceptable.	• Ensuring we increase our meter penetration is a key enabler for us in delivering our demand management plans. We are bringing in universal metering from 2025, delivering the programme by 2035. • We are targeting those areas that have high consumption first, whilst ensuring that those customers who may find moving from unmeasured to measure financially challenging are protected through affordability tariffs. • It is important to us that we ensure the roll-out of our metering programme does not cause any concern for our customers, so we will work with them to tailor our engagement. • We are also trialing a new innovative tariff – whereby those customers who do not qualify for our Assure tariff, can pay less for the water that is essential to them, but more for non-essential use.

Decision making area	What we learnt in PR19	What we learnt in PR24	Summary of how insight has informed our plan
Intergenerational fairness when for funding long-term investments	We carried out light touch engagement to inform our PR19 plan: • Research undertaken around medium-term bill profiles indicated that customer preferred one that offered a gradual change over time as they provided greater ability to budge effectively and avoid any bill shock. • There were mixed views around which generations of customers should pay for long-term investments, with a slight preference towards ensuring future generations are not overly burdened with excessive bill rises.	Moving to PR24 we have delivered a notable step-change in our engagement. • We find a consistent majority preference for an even, natural bill profile up to 2050 and that important investments should not be delayed. • When informed about the challenges we face, there is wide acceptance that water bills need to rise to fund investments to ensure a resilient and high-quality service in future. Customers are looking for water bills not to follow the same percentage increase trajectory as other bills over the last 2 years, such as energy. A notable minority continue to call for investments to be funded through company profits. • Customers continue to favour bill profiles that minimise bill shock as it helps them to budget their finances effectively. • Customers and future customers mainly focus on what is "fairest for all generations" when considering long-term bill profiles, spreading the cost evenly so that no generation is adversely affected. • Customers are also looking for an investment approach that ensures key risks are mitigated and not left to emerge down the line and cause service deteriorations for future generations. • Even with the impacts of the cost of living increases impacting on household and business finances, in our affordability and acceptability testing for bills we see 42% of customers saying they would prefer to see bills increase sooner and then to spread evenly across generations, with only 19% wanting investments to be delayed. • In our WRMP acceptability testing 66% of households and 72% of non-household customers found the use of adaptive planning acceptable. Customers cited given the challenges that this was the most sensible approach to long-term planning.	• Our long-term ambition strategy core pathway ensures a natural bill profile that spreads the cost of paying for investments across generations of customers. • We have ensured, through our long term delivery strategy, that we have only included those schemes in AMP8 that are "no/low regrets". • We have used adaptive planning techniques to account for future uncertainty and challenged our plans with affordability in mind by spreading improvement costs across a number of future planning periods.

Decision making area	What we learnt in PR19	What we learnt in PR24	Summary of how insight has informed our plan
Being at the heart of our local communities	Key insights included: • The need for increase engagement in local communities, particularly the need to partner with stakeholders to address social challenges. • To improve awareness and uptake of our Assure discounted tariff. • To offer more services to help customers who struggle to access our services to do so easily. • To give back by investing in our local communities through grants and sponsorships, linked to water. Most customers did not want us going too far beyond our core role as a water company. • To spend more time in schools educating future customers on the need to value water as a precious resource.	Moving to PR24 we find: • Similar themes to PR19, but greater priority attached to supporting customers in vulnerable situations. This was partly driven by COVID and the associated media coverage, Government and wider communications raising awareness of the need to look out for those who needed extra support in people's local communities. • There remains majority support for our Assure social tariff, but customers are calling for additional help for those who may not qualify as their household income is too high. This has grown louder since 2022 as the cost of living puts pressure on finances. • The needs of smaller communities and ethnic minorities are historically overlooked by larger companies, due to this there is an increased need for engagement now to fully understand the needs of these customers. • The need for educating future customers on the need to conserve water continues to grow to help tackle the lack of awareness. • However, the view from a notable minority of customers is that a careful balance needs to be struck to not divert to many resources away from delivering on the key priorities expected of a water company.	• Being a local community based company is really important to us, in both of our regions. • We were successful in Ofwat's innovation fund, whereby we secured funding to work with faith groups across our communities to support efficient water use in faith practices. This project has enabled us to start making connections with areas of our communities that we haven't successfully engaged with previously. • We have successfully secured additional third party funding for our PEBBLE bio-diversity fund – allowing us to invest in more local community based projects that ever before. • We love our Community Hub in Wednesbury, which has helped thousands of customer access support and advice face-to-face – but recognise we need to reach out to other areas too – we have launched a mobile water on wheels community service in our Cambridge region and in addition have hosted several pop-up hubs across our South Staffs region.

Decision making area	What we learnt in PR19	What we learnt in PR24	Summary of how insight has informed our plan
Achieving carbon net zero	Key insights included: • There were calls for the need to address carbon emissions and these were mainly confined to those with a strong environmental outlook. • Most customers sat in the middle of the spectrum, aware that action was starting to be taken but not fully engaged with in their everyday lives, and there was still some evidence of climate denial. • NHH customers wanting to see more investment in renewable energy sources, putting a higher WtP on investments in this area.	Moving to PR24 we find: • The global narrative around COP and net zero has moved more people towards the engaged end of the spectrum around taking action, but the majority still to struggle to engage practically in their everyday lives. Climate denial is now very rare to observe. • However, we find in our net zero engagement that many customers are also often unaware of key terms and themes around climate change, including net zero, which shows a clear need for clear information for customers to access. • Whilst the majority support the need to achieve net zero targets by 2030 and 2050, the increases in the cost of living has meant customers want to see a careful balance between the rate of investment and bill rises. • Customers preference was that our strategy on net zero must align with the need to reduce leakage and initiatives to reduce customer consumption, alongside clear calls to invest in proven renewable energy technologies to reduce power costs in the long-term. • Customers do not want to see large investments in unproven technologies and to make balanced investment decisions. For example, there were consistent concerns raised about investing too heavily in electric fleets, mainly driven by concerns around batteries. • Where we need to in/offset carbon emission customers wanted local solutions or, with our Cambridge customers also looking for us to collaborate with other water companies.	We have worked hard to balance the environmental ambition of some of our customers, while still offering affordable clean water bills for all. In line with Jacobs independent assessment of credible/scalable options for a Water only company we are working on: • **Demand savings -** we have set ambitious leakage, PCC and business demand reductions as part of our AMP8 plans and stretched our leakage target to go beyond our statutory targets. • **Pump Efficiency** -with the highest average pumping head in the industry, pump efficiency has always been critical to our business. We have been running our Pump Efficiency Programme since 2005. It has delivered both cost savings to ensure we keep bills low for our customers, and environmental benefit by reducing energy use. • **Power Purchasing Agreements (PPAs)** - corporate PPAs are at the centre of our Net Zero strategy. We are already engaging with the market on their implementation across our sites and land near to them. They can deliver significant carbon savings at limited cost to our customers. As we will not buy the assets ourselves, and the change in operating costs is not material, this is also not considered enhancement investment.

1.9 Reaching harder to engage audiences

At PR19 we make a step-change in terms of making sure our research was inclusive of the diverse range of customers and citizens we serve. Our approach included:

- Making sure we engaged with future customers across most of our strategic research programme, particularly on areas like priorities, WtP, WRMP options, customer service and experience areas, business plan acceptability and affordability testing;
- Ensuring we included customers in vulnerable circumstances in all our research studies. Specifically, those household customers with lower household incomes who were on or would qualify for our Assure tariff, and a range of those who were on or would qualify for Priority Services Register support. We also took care to capture where customers were experiencing a transient vulnerability, such as a short term illness or divorce. We conducted a bespoke research study among a wide range of vulnerable customers to help inform our PSR and affordability tariff approach at PR19 and provide our front line teams with insights to help them better understand how to communicate and interact with those in vulnerable situations.
- We transformed our engagement with non-household customers and NHH retailers, including running developer forums to improve our charges consultation process, working with retailers to understand their service needs and developing a pilot RMEX approach. We also ensured we included representative samples of a range of businesses by size and sector in our research studies to be able to identify where their views might differ from household customers.
- We took great care to bring in mixed fieldwork methodologies to engage different hard to reach audiences in a way that best suited them. Whether using in-depth home interviews for those who could not travel to groups or workshops, assisted phone interviews and paired or triad depth interviews with decision makers at larger businesses to get a rounded view of their needs.

At PR24 we have continued this approach, but also increased our focus on harder to engage customers in the following ways to ensure we achieve the most representative sample possible:

- We had used open source data (source as demographic services such as Shine) to identify postcode areas where there are greater proportion of minority communities, which has helped us ensure a wider range of ethnicities are included in our quantitative studies that more accurately mirrors the ONS census data. From Spring 2023 we have now switched to using the ONS census data for quota setting, now that the data by region has been released for age, gender and social grade;
- From summer 2023 we are also now ensuring that our quantitative sampling approach reflects IMD decile, which provides additional confidence that we are fully representing the deprivation levels seen in our communities, In our PR24 AAT research we set over quotas in line with the Ofwat/CCW guidance;
- In March 2020 we had no choice but to shift all our qualitative research online to protect the health of our colleagues and customers. By Summer of 2021, following the lifting of all restrictions, we started to also carry our face-to-face workshops and groups again. Whilst we have now shifted more of our deliberative research online, as we have found it allows a wider variety of customers to attend who may not want or be able to travel to face-to-face engagement sessions, we now adopt a balanced approach between face-to-face engagement to ensure we can reach the widest number of customer possible in the most cost effective way possible to deliver robust and representative research that reflects the communities we serve.
- We have refocused our on-street interviewing, working with our community team to identify the best places to reach customers who would not take part in any on-line services. These include community centres, food banks and other local amenities. We now work with agencies to ensure that many on-street interviews for quantitative studies include/mainly target those who either can't or won't get online to take part in studies. This is alongside capturing details of other vulnerabilities. An example of a sample specification for on-street interviews in our PR24 tariff research, run by our partner Qa Research is shown below.

  "Overall, we will target around 50 interviews with South Staffs customers and around 50 with Cambridge customers with eight interviewer shifts in each area. The agreed approach is that all respondents will have to fall into at least one of the following categories and we have set minimum quotas in each area to ensure we achieve a spread of surveys within each group:
  1. Minimum 32 x Digitally disengaged
  2. Minimum 16 x Long-term health condition/disability
  3. Minimum 16 x Very low income
  4. Minimum 16 x Aged 75+ and live alone."

- We have taken the decision at PR24 that the most effective engagement approach for reaching customers where English is not their first language is through community focused ?, evidenced through our recent Ofwat innovation funded bid to engage diverse communities around water saving initiatives. However, in our PR24 tariffs research, Qa Research managed to engage 106 customers for whom English was not their first language - 4 in the qualitative stage and 102 in the survey. In the qualitative stage, they were encouraged to have a friend or family member support them to take part if they wished, while the survey was cognitively tested with participants whose first language was not English to ensure it was as clear as possible.

1.10 Making our engagement meaningful, educational and fun for our customers

As discussed in section 1.1 our research studies have adopted the recommendations from the CCW/Blue Marble report 'Engaging water customers for better consumer and business outcomes' (May 2020), specifically to ensure our research is meaningful to participants. The five key areas that the CCW/Blue Marble study identified are shown in figure 34. We have worked collaboratively with our research partners to ensure we designed research that delivers against these areas, which has helped to ensure the feedback we receive from customers about our engagement is overwhelmingly positive. We continue to take note of the minority of feedback where customers experience any dissatisfaction, building these learnings into future studies.

Figure 34 Guidance for ensuring research is 'meaningful to participants

Criteria	Threshold questions
Ease	• Am I able to answer the questions that I am being asked? • Is what I'm being asked to do straightforward and reasonable?
Relevance	• Is the topic relevant / of interest to me? • Do I actually have a view on what I am being asked?
Listening	• Do I feel like the organisation that has commissioned the research is paying attention to what I say?
Making a difference	• Do I think anything will happen as a result of taking part? • Will taking part benefit others / the wider community?
Financial incentive	• Do I receive a financial incentive for taking part? Or the prospect of a prize?

We summarise below the steps we have taken in each of these five areas. In all our research studies we provide evidence of the feedback received from customers when we have asked them about their experiences of taking part:

- **Ease:** our eight guiding principles for research engagement have ensured that we have covered topic and questions on these which customers can make a valued contribution.
  - Figure 35 is an example of the feedback from our customer priorities tracker where we ask household customers to feedback on the Max-Diff trade off exercise on how they found selecting which priority they rate as most and least important on each screen. We see mainly positive responses, with a common theme observed from Max-Diff stated preference exercises that customers often find all the priority areas important and so can struggle to make a choice.
  - Unless there is a specific regulatory led question we must ask, we have also taken the learnings from our PR19 engagement in terms of using stimulus materials and questions that work effectively to engage customers and present topics in an easy to understand way. In our deliberative sessions we have also spent more time allowing our colleagues to answer questions for customers, with research agency moderators bringing them in at the appropriate point to carefully manage the discussions.
  - This is particularly important around engaging customers on research relating to changes in their water bill. We have shifted away from mainly using average bills at PR19, to either asking customers what bill they are currently paying in the survey or providing this information to them directly from our billing database, as we did in our PR24 acceptability and affordability study. This has ensured that customers can respond having the context of their personalised bill information.

- **Relevance:** our eight guiding principles for research engagement also apply to relevance in terms of developing a meaningful research experience.
  - We ensure relevance by linking all our research studies back to the areas customers consider to be most important, as identified in our customer priority tracker. By always linking back to the priorities it has the advantage of focusing the engagement on the areas we know customers care most about and have a view on.
  - All our strategic business planning research studies have started with in-depth qualitative research to engage and inform customers on the topic area to ensure that the following quantitative survey is engaging and easy to understand. Our
  - Shifting more towards longitudinal engagement over time, like our WRAP and H2Online communities also means customers become more informed and so better placed to comment on areas that they don't generally think about day-to-day.
  - Our Citizens' Jury also highlighted that the customers and future customers who attended, mainly said in the opening session that the reason they attended was as they had a level of interest in environmental concerns and were interested to know what other people in the region thought about our plans for achieving net zero.

  - Figure 36 shows the feedback from our Young Innovators' Panel after Day 1 session held at our Green Lane, Walsall offices. The first day of our panel is about immersing the students in our business and giving them the opportunity to talk to subject matter experts and to be briefed on the core task they subsequently work on in teams. The strong score (9.1/10.0) reflects the effort put into making the materials and task set, developing a Key Stage 3 workshop, relevant and engaging.

- **Listening:** there are several approaches we use to sign-post to customers we are taking their feedback seriously.
  - In many of our deliberative studies we ensure engagement by having regular check back points in the discussion guides to ensure we ask customers if they have understood what we have explained and to ask if they have follow up question. For example, in our Citizens Jury the moderators at Explain Research asked customers if they had questions for our company subject matter experts after each topic session, so they could query points and learn more about the information presented. Across our Juries we only had one drop out over the three weekly sessions held, highlighting the quality of the engagement.
  - Following deliberative research sessions and during quantitative research (such as surveys) we often ask customers if they want to receive an update on what we are doing with their research. This gain mixed response rates depending on the topic, ranging from under 20% to close to 70%. We than send an update by e-mail to promote our response. An example from our customer priorities tracker is found here.
  - We also ask household customers at the end of qualitative and quantitative research if they want to join our H2Online community to continue the conversation. Recruitment from our studies is the second most successful recruitment channel for attracting customers to register, behind direct e-mails.

- **Making a difference:** we outline some examples of how we follow up with customers to keep them engaged in section 1.7 to evidence the actions taken and always follow-up with any queries raised by participants during research to address their query. Our 'You said, we did' approach is fully embedded into our online community and has proved popular with members. In addition:
  - We take care in the introduction of surveys and recruitment screeners for deliberative research that we clearly explain why the research is taking place and how customers' input will be used in the business planning process.
  - We have typically seen engagement rates of 2%-6% for large scale quantitative surveys of around 15 minutes in length and around 8-10% for our shorter customer satisfaction surveys.
  - NHH participation rates are below 1% and have become increasingly challenging, particularly on-line. The use of multiple recruitment approaches has been vital. These include online panel providers, sourcing data for industry lists to contact by e-mail or phone and use of NHH retailers databases to reach specific business audiences. We have engaged more pro-actively with our retailers to allow us to use their customer databases.

- **Financial incentives:** for customers and future customers we have offered a range of incentives, based on past feedback from customers on what is appropriate in exchange for them giving up their time to engage with us:
  - An appropriate cash incentive to attend groups, workshop and in-depth interviews, which has encouraged high-turnout rates across our deliberative engagement. These have ranged from £50 up to £120 depending on the length of the session; and
  - For quantitative surveys we offer a £5 or £10 cash incentive for longer surveys and/or a chance to win a prize draw – typically offering multiple opportunities to win £25 or £50. We also offer customers the chance to donate any incentive to charity and each year typically over £2,000 is donated to causes like WaterAid or the Trussell Trust thanks to the generosity of our customers.
  - For informed stakeholders we do not incentivise, unless asked to make a charity donation. We find this audience engage as part of their day job and enjoy providing their expert feedback to help us identify opportunities to improve.

Figure 35 Example of one way we use to test that research is 'meaningful to paritpcaints

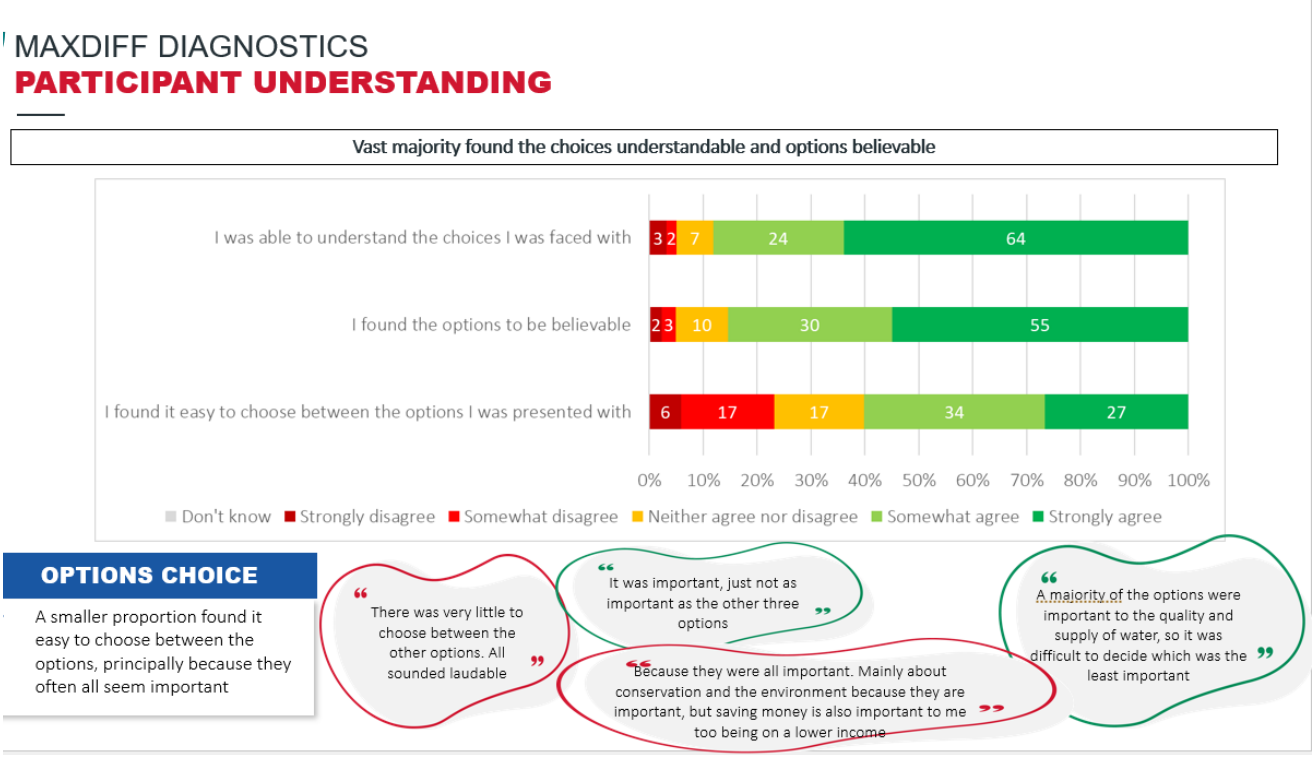
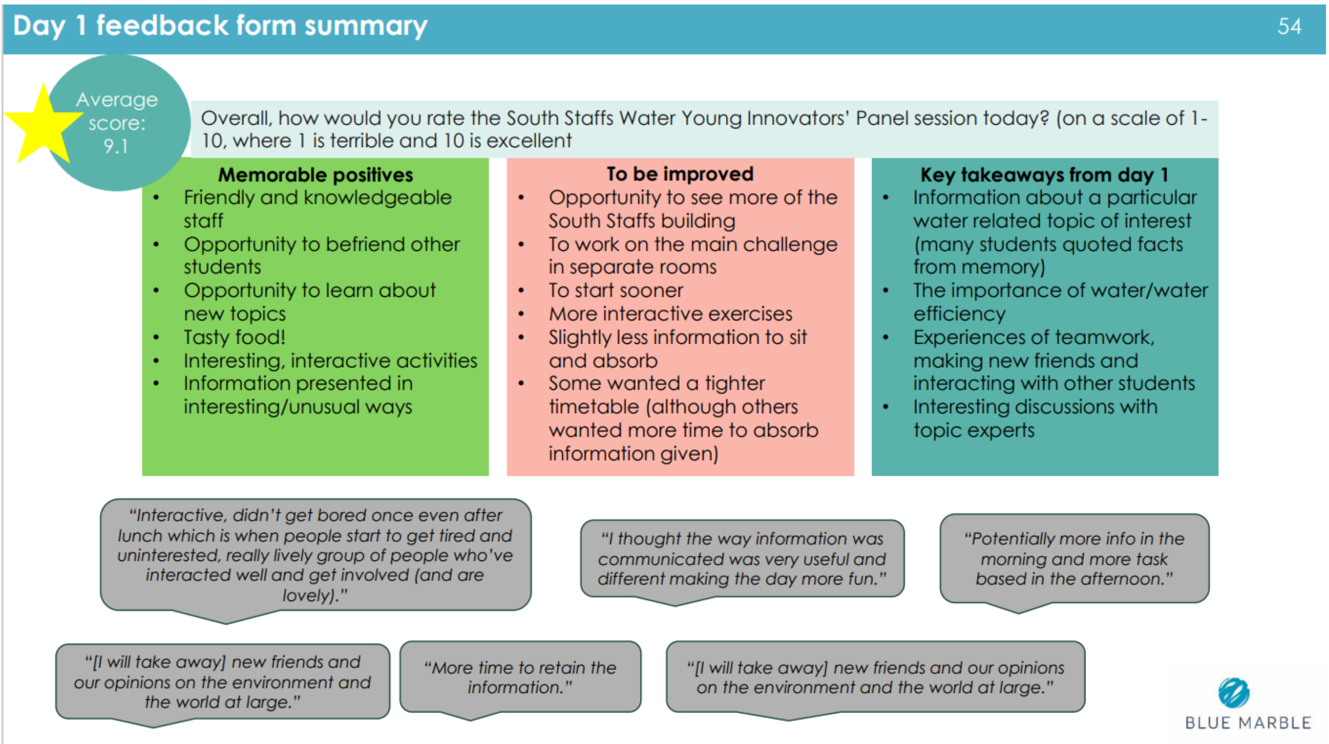


Figure 36 Feedback from our Young Innovators' Panel following Day 1 of the engagement



1.11 Understanding our future customers

Given the shift in Ofwat's regulatory guidance towards long-term planning we have continued to ensure, like at PR19, that we continue to engage on-going with our future customers to understand their priorities for investment, now and in the future. We define future customers as follows, principally targeting Generation-Z - defined nationally as those born from 1997 to 2012.

- In our strategic research studies, as those that are aged 18-30 who are not way paying a water bill directly to us;
- To ensure we capture the views of young customers we also run our Young Innovators' Panel (YIP) which reaches 16-18 years olds still studying at schools and colleges in our supply regions. Our latest YIP was run in our South Staffs region over the Summer of 2023. Again, all paritpcaints do not pay water bills directly to us.

Starting with our Young Innovators' Panel., where on the final all-day session we spent time engaging them about their expectations from a supplier and then engaged them with our PR24 business plan. Figure 37 summarises their expectations of what a best in class looks like and we see many of these areas reflected in the priorities that our bill paying customers have articulated to us.

However, we see a very strong themes around diversity and care for our employees emerging spontaneously, which did not emerge so strongly from our priorities research with customers paying bills.

Figure 37 Feedback from our Young Innovators' Panel on what makes them admire a supplier

Given that Generation-Z grew up with mobile phones from a young age, it was also important to engage with them around their expectations for how we should technology could improve customer service. Figure 38 shows a clear preference from our YIP towards innovation and embracing developing technologies. However, there was a clear view that we should still offer a wide variety of ways to contact us to cater for those who may not be able to use technology.

There were also concerns expressed over technology though, primarily to safety. These included; data leaks, hacking, scams and fraud, online bullying, and overuse being time consuming and leading to mental health concerns. A common theme however was the need to sue technology to enable prompt responses to queries to minimise any waiting time. ,

Figure 38 Feedback from our Young Innovators' Panel on technology

Turning to future customers aged 18-30 we have worked with our PR24 triangulation partners, Impact Research, to review a wide range of insights to determine where future customers' preferences differ notbaly from those paying bills. We summarise the main themes below, with more detail found in appendix SSC12:

- Their top priorities include reducing water waste and improving water quality. Environmental concerns play a notable role in their choices as consumers and also as future employees. Protecting the environment is their highest-rated priority and a core "hygiene factor." When looking at long-term ambitions future customers generally express a preference for us to deliver national targets for leakage and reducing water consumption. However, while they discuss the environment often, they often lack specificity.
- Many future billpayers have limited interaction with their water provider due to their living situations. Given this, they express varying levels of desire for improvements in different service attributes, with a preference for enhancements related to environmental issues and infrastructure such as developing improvements to the hardness of water, lead piping, and prevention of flooding due to burst pipes.
- Future billpayers have a noticeably higher willingness to pay for protecting wildlife and habitats and are generally more inclined to invest in environmental improvements compared to current customers.
- Notably more likely to be tech-savvy and prioritise online access to real-time information through apps. They prefer digital platforms for service delivery and websites. They also seek proactive information to help them reduce bill costs and overall water usage.
- Whilst more likely to be oblivious about their water usage, they express particular concern about droughts. They anticipate the need to reduce their water consumption and be more mindful of usage, along with fears of higher water bills due to prolonged droughts and water scarcity in the future. More likely to favour tariffs that are mor expensive the higher usage gets higher.

In addition, we find that future customers align with other customers on intergenerational fairness and current concerns about bill impacts from investments. They want to ensure that all generations pay an equal contribution over time.

We have used these insights to ensure our plans reflect the needs of future customers, with a particular focus on enabling an improve digital experience to handle customer communities and handle service queries.