Our Business Plan for 2020 – 2025

Appendix 3: Listening to Customers and Stakeholders

September 2018

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Executive summary

Customers and stakeholders are central to our community focused approach. This Appendix sets out in some detail our approach to listening to customers and stakeholders to inform our Business Plan.

Our approach to customer engagement at PR14 was built on our experience of working with customers and the community. At PR19, we strengthened our targeted engagement to ensure we heard from as many different types of customers and stakeholders as possible. We have used a range of approaches, both qualitative and quantitative to gather, test and value opinions and preferences. This focused activity complemented our wider two-way ongoing dialogue with customers and stakeholders.

The six-phase programme provided a structured, flexible framework that included end of phase reviews. This iterative approach, with clear feedback loops gave us confidence that emerging issues could be shared with the Customer Challenge Group (CCG) and considered during the business planning process. Some of the key features of our programme included:

- Enhanced customer segmentation and stakeholder mapping to ensure we gathered a diversity of views and opinions
- A comprehensive market research programme, moving from customer-led qualitative activities, such as ethnography and focus groups to robust and statistically reliable quantitative research
- Wider and more rigorous analysis of operational data from all customer contact including customer services teams and social media
- A clear approach to triangulation using evidence and research from different sources.

Through our programme, we have found out what is important to customers and stakeholders. These themes are summarised under each of the outcomes, in figure 1 on the following page.

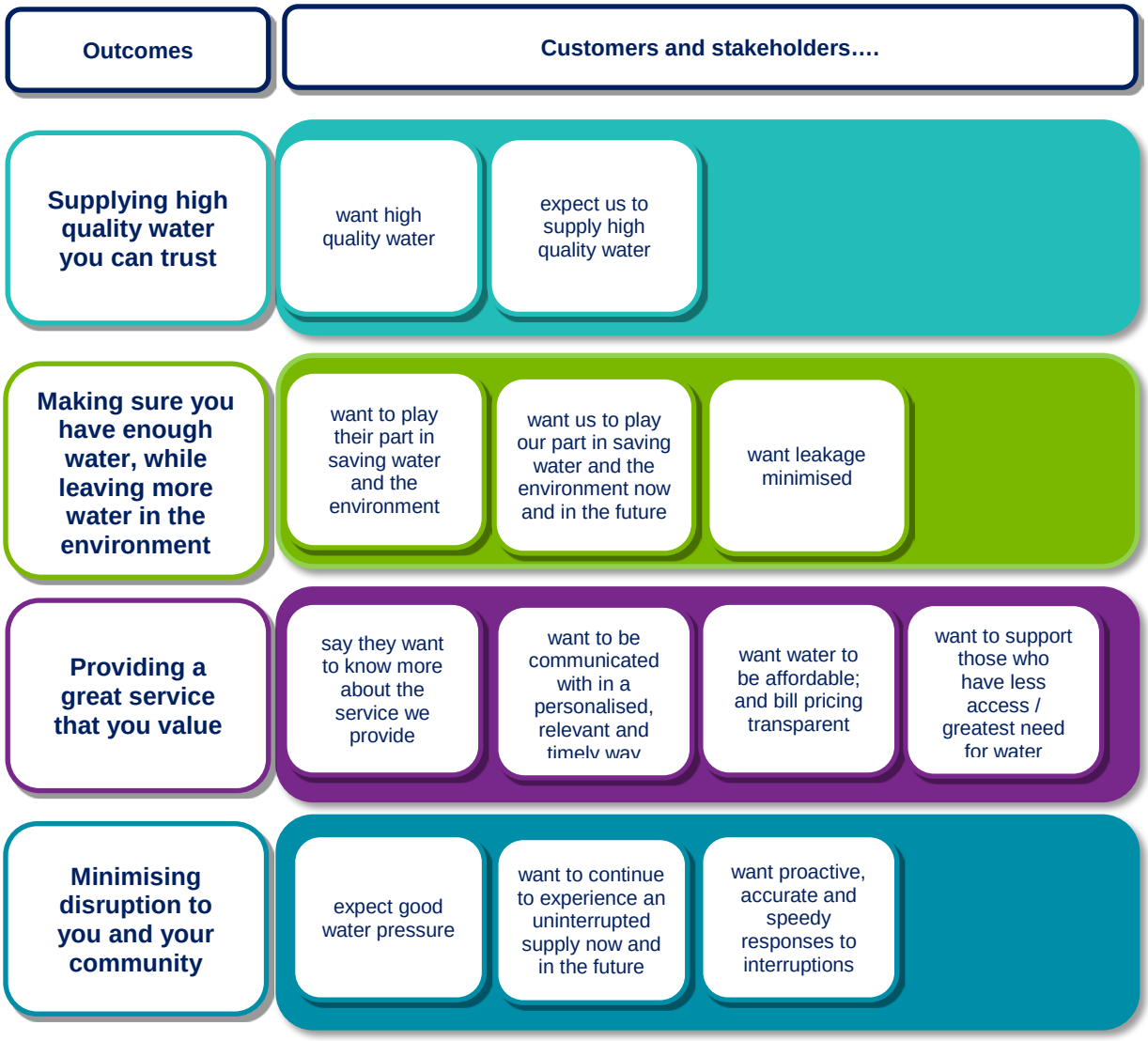


Figure 1: Customer themes mapped to customer outcomes

Throughout our programme our engagement generated findings that were used to inform and influence the business planning process. In particular:

1. We confirmed that customers and stakeholders still supported the outcomes developed at PR14. We changed the order to reflect customer priorities.

2. We developed a simplified list of Performance Commitments (PCs), to help to communicate our commitments to customers and stakeholders more clearly.

3. We used findings to confirm PC levels and Outcome Delivery Incentives (ODIs) reflecting strong customer and stakeholder support for reducing leakage.

4. We found that 82% of customers consider the final plan to be acceptable.

Purpose and structure of this Appendix

This Appendix describes in detail how we have developed our approach, undertaken activities, triangulated evidence and used findings to inform the development of our Business Plan. Supporting this Appendix is a comprehensive suite of Annexes which includes examples of research and triangulation. This selection seeks to demonstrate the breadth of our engagement and the completeness of our evaluation. The list of supporting documents is set out below Refer to Annex 1, Over 3 for the full list of PR19 engagement outputs. All annexes can be found from page 75 of this document.

Annex	Annex ref.	Document ref.
Annex 1 Overarching	Over 1	Arup, August 2018, PR19 Engagement Strategy
	Over 2	Arup, August 2018, Triangulation Tool
	Over 3	Affinity Water, August 2018, List of PR19 Engagement Outputs
Annex 2 Enabling phase	E1	Blue Marble, June 2016, Pre-SDS Consultation: Online survey findings
	E2	OPM, April 2017, Drought Management Plan: Customer Survey
Annex 3 Phase 0 Scoping and Immersion	Ph0.1	Arup, October 2017, Triangulation Report: Phase 0
	Ph0.2	Affinity Water, September 2017, PR19: Triangulation and validation of our phase 0 customer engagement
	Ph0.3	Arup, September 2017, Phase 0: Operational Data Report
Annex 4 Phase 1 Listening and Learning	Ph1.1	Arup, March 2018, Triangulation Report: Phase 1
	Ph1.2	Affinity Water, January 2018, PR19: Triangulation and validation of our phase 1 customer engagement
	Ph1.3	OPM, October 2017, Draft Drought Management Plan Engagement Event
	Ph1.4	Ipsos MORI, February 2018, Social Tariff Survey
	Ph1.5	Affinity Water, August 2017, Drought Management Plan Non-Technical Summary
	Ph1.6	Arup, February 2018, Customer Engagement Programme, Operational Data: Phase 1 report
	Ph1.7	Ipsos MORI, March 18, Phase 1 Triangulation: Market Research programme; Research report
Annex 5 Phase 2 Testing and Valuing	Ph2.1	Arup, August 2018, Triangulation Report: Phase 2
	Ph2.2	Arup, May 2018, PR19 Customer Engagement Programme, Triangulation methodology: Phase 2
	Ph2.3	Ipsos MORI, May 2018, Draft Business Plan research: Qualitative research – report
	Ph2.4	Ipsos MORI, June 2018, Affinity Water Business Plan Acceptability Survey: Research report
	Ph2.5	Ipsos MORI, May 2018, draft Water Resources Management Plan: Research Report

Annex	Annex ref.	Document ref.
	Ph2.6	Traverse, June 2018, dWRMP 2020-2080 and PR19 draft Business Plan 2020-2025 Stakeholder Engagement Summary Report
	Ph2.7	Affinity Water, June 2018, Future Customer Secondary School Survey
	Ph2.8	Affinity Water, June 2018, Future Customer Secondary School Focus Groups
	Ph2.9	Accent, June 2018, Exploration of Supply Outage Compensation Levels
	Ph2.10	Affinity Water, April 2018, Our future plans: Consultation document
	Ph2.11	Affinity Water, March 2018, Our Plan for Customers and Communities, A summary of our Draft Water Resources Management Plan 2020-2080: Consultation document
Annex 6 Phase 3 Revisiting and Assuring	Ph3.1	Arup, August 2018, Triangulation Report: Phase 3
	Ph3.2	Ipsos MORI, August 2018, Phase 3 Final Acceptability Survey: Research report
Annex 7 Business as Usual	BaU1	Blue Marble, May 2018, Value for Money 2017-2018: Presentation of research findings
	BaU2	Hubbub, April 2017, Research Report #TapChat: Water Saving Campaign
	BaU3	Hubbub, November 2017, Impact Report #TapChat Water Saving Campaign
Annex 8 CCG	CCG1	Terms of Reference
	CCG2	Minutes
	CCG3a	Proposals for working groups – resilience environment
	CCG3b	Proposal for working groups – affordability vulnerability
	CCG4	Working protocol

1 Setting the scene

1.1 An evolution in customer engagement

Introduction

Customers and stakeholders are at heart of our vision to become a truly community-focused water company. We want to continue to meet customers' and stakeholders' needs and expectations, both now and in the long-term. To do this, we need to continually engage them in two-way and ongoing conversations and this approach must be built into the way that we work.

Regulatory context

Ofwat's vision is for customers and stakeholders and wider society to have trust and confidence in water and wastewater services. Whilst acknowledging the significant improvements achieved in PR14, regarding the quality and level of rigour in customer engagement, we recognise Ofwat is expecting a step change in PR19 as outlined in their final methodology[1]. There are well-defined expectations and a strong emphasis for companies to demonstrate a clear commitment and understanding of customers' and stakeholders' different behaviours, needs, priorities and requirements. This means engaging customers and stakeholders on an ongoing basis, ensuring two-way and transparent dialogue using a wider range of techniques and evidence sources.

Building on PR14

Our approach to engagement at PR14 was built on our experience of working with customers and the community. For PR19, we have strengthened and extended our targeted engagement to ensure we heard from as diverse a range of customers and stakeholders as possible. We have used a range of approaches, both qualitative and quantitative to gather, test and value diverse opinions and preferences. Regardless of the approach we took, customers and stakeholders told us they were concerned about the same things. We therefore felt confident that with more than 15000 responses we had enough evidence to show that we had listened to customers and stakeholders.

Customers rightly expect that we place their interests at the centre of our operations and their needs shape the way we deliver our services. With easy access to information everyone expects to be able to find answers at their fingertips. So, we had to respond and adapt to meet customers' expectations, whether this is in the way we provide and share information, provide services or explain when we do not meet the standards they expect. Checking that we understand customers' expectations and identifying potential gaps in 'what we think' vs 'what they want' was at the heart of our engagement programme. This was further strengthened by engaging with stakeholders who represent or interact with customers in different ways.

Extending the successful engagement work performed at PR14 into PR19 allowed us to look at long-term trends and changes in the results, across Price Review cycles. This has informed long-term strategic decision making and investment planning, grounded in customers' views and opinions.

[1] Ofwat, *Delivering Water 2020: Our Final Methodology for the 2019 Price Review*, (December 2017)

We reviewed our engagement work at PR14 and identified opportunities for improvement for PR19, including:

1) Work in partnership with a customer and market research delivery organisation.
2) Take a structured project management approach to demonstrate:
    a) Strong governance – with defined plans, accountabilities and reporting requirements.
    b) Common understanding – by building and using a glossary of terms for consistency across the programme.
    c) Consistent and clear referencing – of documents and reports.
    d) Unified approach – including the presentation of reports, use of a style guide, and referencing
3) Adopt the most efficient and effective methods of engagement, understanding the limitations and strengths of different approaches.
4) Deliver an iterative process, with clear feedback loops to the Business Planning process and the CCG.
5) Apply a unified approach to triangulation.

The PR14 experience identified the importance of learning throughout the programme of customer engagement and we adopted a similar approach to PR19.

At PR14 we undertook a full programme of willingness to pay research. For PR19 we have considered the wider concerns in the market and from Ofwat's Trust in Water document[2] on the value of willingness to pay analysis and concluded that we will build on, but not repeat, the economic testing performed at PR14. Instead we:

- used a combination of new innovative market research and customer engagement methods
- reviewed the economic research carried out across the water industry
- used our own evidence from the quarterly Value for Money surveys
- carried out specific willingness to pay surveys for particular Outcome Delivery Incentives (ODIs) such as compensation for levels of interruptions
- triangulated the above with other evidence gathered across our engagement programme.

1.2 Aspiring to even better engagement with customers and stakeholders

Our approach

At PR14 we successfully achieved Ofwat's 'enhanced' status reflecting the extensive level of engagement we undertook. In PR19 we sought to build on this strong platform of engagement by incorporating the learning from PR14, evolving and innovating the approach to meet Ofwat's anticipated step change in customer engagement and participation. We followed the good customer engagement principles from Ofwat and CCWater and we incorporated best practice engagement approaches from other sectors.

We recognised that the methods and principles of good customer engagement within the water industry are changing and customers and stakeholders expect more. This means we need to

[2] Towards Water 2020 – policy issues: customer engagement and outcomes, (July 2015)

explore more issues and take opportunities to use different tools and techniques to facilitate research and hold conversations with customers and stakeholders.

Purpose of engagement

Our strategy for engagement[3] outlines the purpose of our engagement which is to:

- provide evidence that ensures our PR19 Business Plan and investment decisions reflect customers' and stakeholders' priorities; offer the right solutions; at the right price; supported by everyone with a vested interest in our water supply service
- maximise the use of data from our day-to-day operations alongside bespoke engagement activities for Business Planning.

Aims and Objectives for the engagement

To achieve better engagement and ensure we 'raised the bar' we aimed to:

- build on past experiences and comprehensive work completed for previous business plans
- achieve broader and better engagement and participation in the PR19 process
- draw from global best practice and adopt innovative engagement techniques that enabled us to have more informed and collaborative engagement
- ensure engagement was an ongoing process
- develop a programme that fully met increased expectations from stakeholders and reflected guidance from the CCG, CCWater and Ofwat.

From these aims we defined six engagement objectives for the engagement programme.

- We will understand customers as well as their worlds and priorities; moving towards greater granularity and personalisation on the insights we collect.
- We will engage with more customers than before, and with more types of customers.
- We will use a wide range of methods and techniques; picking the right tools for the job, to allow us to demonstrate a two-way and ongoing dialogue with customers.
- We will innovate through evolution and iteration; learning from previous engagement activities and embedding a continual learning loop into our work.
- Our engagement will be honest and realistic; we will ensure we present customers with real choices, and we will provide customers with feedback on how their views have influenced our plans and the way we do business.
- We will start our engagement with an outline programme designed from the start, and deliver all activities in a structured but flexible way.

Appointment of customer engagement delivery partner

We recognised that although our customer delivery contract strategy worked well in PR14, we needed to take a different approach to enable us to deliver a step change in PR19. We engaged a delivery partnership made up from Arup and Ipsos MORI to help us deliver our ambitious customer and stakeholder engagement programme after a competitive procurement process. Ipsos MORI is a global market research agency and Arup is a global engineering and consulting organisation with extensive experience in stakeholder engagement. Together they provided us with the required expertise, capability, capacity, insights and collaborative support required to successfully deliver our customer engagement programme.

[3] Arup, August 2018, Affinity Water PR19 Engagement strategy

1.3 Engagement programme and activities

Activities within our engagement programme

Our engagement programme was designed to ensure that we could:

- set ambitious targets against a range of levels of service defined in Performance Commitments (PCs)
- Develop and test a range of options to gauge acceptability and affordability for all customers
- understand customer views on the level of long-term risks and challenges, including resilience
- demonstrate and understand the different behaviours, needs, priorities and requirements of customers
- test how creative, innovative and stretching our proposed plans are
- ensure the CCG are able to confirm that our Business Plan is:
    - based on robust evidence gained from customer research and engagement; and
    - adequately reflects customer' priorities and preferences
- ensure we comply with all statutory requirements of engagement and consultations for specific process, including requirements for the draft Water Resources Management Plan (dWRMP), Drought Management Plan and Business Plan.

The engagement programme included the following aspects to ensure we met our objectives:

- a phased and iterative approach to engagement, building our understanding and a common narrative
- enhanced customer segmentation
- bespoke and comprehensive market research
- wider and more rigorous analysis of operational data
- enhanced triangulation and validation processes
- ongoing engagement and review by the CCG throughout the process.

These key activities are explored in turn below.

A phased approach to engagement

We designed and delivered our customer engagement programme through a multi-phased approach that aligned to the Ofwat Business Plan submission timetable. We defined six phases that corresponded with the phased development of our Business Plan and dWRMP.

Our phased approach allowed us to maximise our learning within the phases. The triangulation process, at the end of each phase, enabled us to evaluate what we had found out, confirm we were still 'on track' and define our objectives for the following phase. This outline process is illustrated in Figure 2 and Table 1 below.

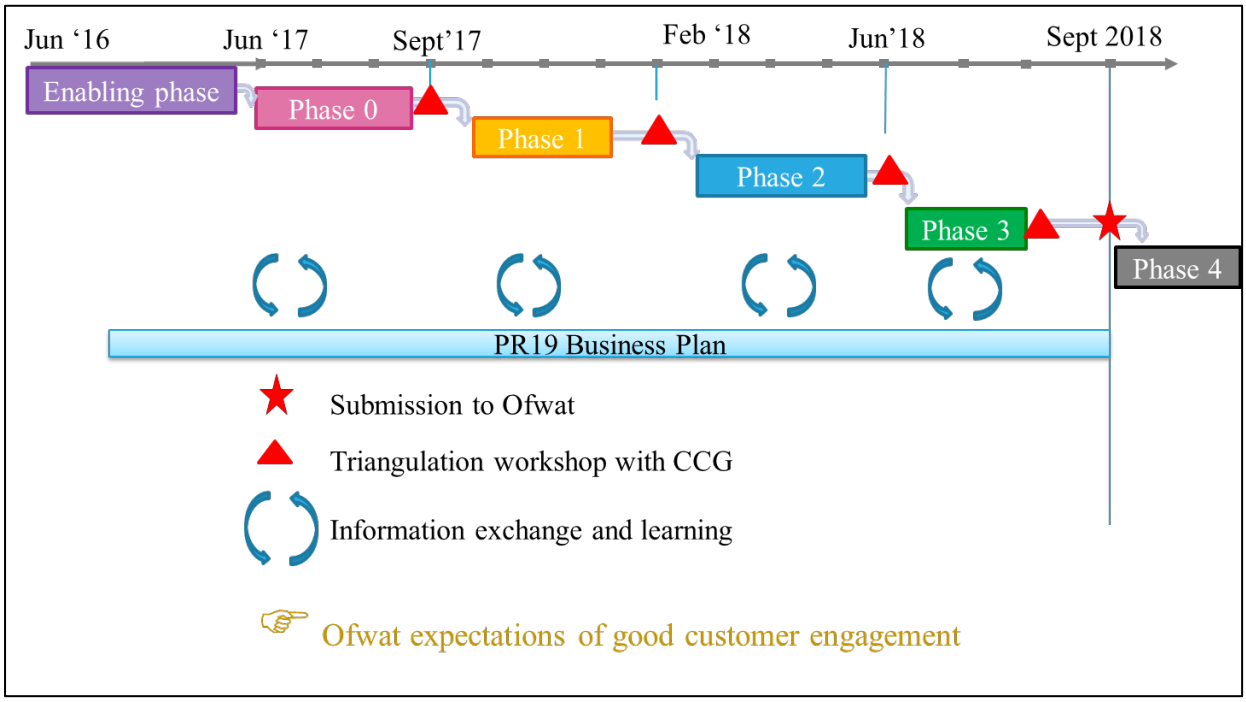


Figure 2: Our phased engagement approach

For each phase, we defined the objectives which ensured that we remained focused and on track to meet our wider objectives defined in the section above. Table 1 illustrates the outlined the phases, objectives and timings.

Table 1: Engagement programme

Phase	Purpose	Objectives	Activities undertaken
Enabling phase	To understand how things have changed, what does Community mean, what's going on in the industry.	• Understand and reviewing experiences from PR14 • Understand regulatory requirements • Refresh the CCG's Terms of Reference, their membership and appointing a new chair to lead our CCG, Teresa Perchard • Understand whether the outcomes were relevant and reflected customers priorities and to provide quantitative evidence of customers' agreement for the inclusion of each of the four outcomes requirements.	• We tested customer views on the existing four outcomes developed for PR14 via an online survey with 503 customers • We completed an online survey with 300 customers, representative of the customer base to gain customer feedback about attitudes toward drought and options for drought management • We commenced the procurement process for engagement programme delivery partner • We developed our engagement strategy.
0: Scoping and Immersion	Formal kick-off of the engagement programme including finalising plans, strategy for engagement, and kick-start conversations with customers.	• Review our vision, objectives and ambition for engagement • Review our approach to customer engagement at PR14 and lessons learnt • Build on existing work in preparation of PR19 programme • Establish internal governance structures to deliver engagement services • Review of Ofwat requirements for PR19 • Understand sources of operational customer contact and data • Identify themes for initial engagement • Explore customers' issues and concerns; starting a conversation with customers • Carry out triangulation and learning to inform phase 1.	• Appointed professional delivery partners to provide engagement and market research support • Designed and developed our multi-phase programme of customer engagement building on the approach from PR14 • Confirmed our objectives for the programme and gained Board support • Tested new approaches to gather unprompted views and feelings form customers including: • Completed ethnographic interviews with 15 household customers • Co-created events with an environmental charity, Hubbub • Held 16 focus group sessions using the 'signpost post' (see figure 5.6) to start the conversation with customers draw out their opinions and views. The sign post focus groups presented comparative leakage, PCC and bill data but not in order to 'lead' the conversation with customers • Interrogated our operational data to look for trends, similarities and differences • Evaluated other research and reporting (including those not specifically commissioned for PR19) and reviewed recent publications, such as Ofwat's draft PR19 methodology and CCWater's report on triangulation.
Triangulation (Sept 2017)	Triangulation and learning to inform subsequent phases		

1: Listening and learning	Identify themes, issues and priorities across customer base, including vulnerable and seldom heard groups.	• Identify issues, attitudes and opinions from customers • Gather further information about customers' expectations of their water service provider • Consult with specific customer segments, including those who have been disrupted by interruptions to their supply and customers in vulnerable circumstances • Engage with relevant stakeholder groups and seek their views and contributions on issues related to vulnerability and affordability, and environment and resilience • Continue to explore operational customer contact data, drawing on other sources of operational data to help us understand drivers of customer contact • Triangulate findings from the different engagement activities and operational data findings to confirm priorities, and ultimately help define our PR19 PCs.	• Recruited an on-line community of 2000 customers and gathered their views and opinions over a five-month period, we: • Tested their views and opinions on their water service in five surveys • Asked 'quick poll' questions on seven different issues • Built discussions using 'step boards on three different issues • Shared blogs and stories to explore issues in more detail • Held stakeholder workshops to gather views of groups, individuals and community informers to corroborate customer engagement findings • Held stakeholder and customer forums on the Drought Management Plan • Held face to face interviews with customers who identified themselves as vulnerable or had experienced an interruption to their supply • Surveyed a representative cross section of customers about their views on our social tariff • Explored operational customer contact data to understand why customers make contact • Analysed industry research with observations feeding into triangulation.
Triangulation (January 2018)		Triangulation and learning to inform subsequent phases	

2: Testing and valuing	Consult and engage with a broad range of customers, stakeholders regarding the proposals set out in our Business Plan and Water Resources.	• To consult and engage with a broad range of customers, stakeholders and retailers regarding the proposals set out in our Business Plan and Water Resources Management Plan to:
		  • Undertake further customer engagement relating to PCs or where we do not have enough evidence
		  • Understand the extent to which customers find different packages of service and bill levels acceptable
		• Undertake further exploratory operational data research as identified as part of the phase 1 triangulation
		• Seek views on our dWRMP preferred plan and alternative plans to inform development of our approach
		• Triangulate findings from the different engagement activities and operational data findings to confirm priorities, and ultimately help to finalise our PR19 PCs.
			• Used mixed modes to explore and test customer priorities in the dWRMP, 8 focus groups and an on-line survey of 1000 representative customers
			• Explored the views of future customers using a range of discussion groups and on-line surveys
			• Explored stakeholders' views on our dWRMP and Business Plan proposals
			• Tested customer support for three different Business Plan packages, as well as further consultation on the social tariff and review of outcomes. We used eight focus groups (two for future customers) and 825 face to face interviews with a representative cross section of customers.
			• Analysed industry research with observations feeding into triangulation
			• Carried out research to explore compensation levels for supply outage.

Triangulation (June 2018)		Triangulation and learning to inform subsequent phases	
3: Revisiting and assuring	Revisiting, assurance and reporting for the customer engagement activities undertaken.	• Test acceptability of the final package including the bill which takes account of inflation and wastewater • Test the principle and package of proposed penalty and reward levels of ODIs • Test and confirm acceptability of the social tariff proposals • Test the concept of the Sundon Treatment works project which was an original cost adjustment claim • Gauge acceptability for long term investment and additional resilience • Triangulate findings from the different engagement activities and operational data findings to confirming the final package and assure the final PCs.	• Completed a series of 'customer insight' meetings that explored long term challenges • Tested acceptability of the final bill with 1000 representative customers and confirmed acceptability of proposal for our Social tariff, ODI and reward and penalty levels • Completed a representative survey with 500 customers and found out customers support long term investment • Consolidated our findings form all phases and provided detailed customer evidence to support our customer outcomes and PCs • Identified opportunities for ongoing and future engagement.
Triangulation (August 2018)		Evidence the Final Business Plan submission	
4. Transition to business as usual	Ongoing customer engagement.	• Review our learning and experience from PR19 and compare to experiences across the industry • Promote and support our community strategy by aligning stakeholder and community engagement activity • Maximise opportunities to integrate customer feedback – from all sources to keep abreast of customer concerns and priorities • Develop our engagement strategy for the long term • Develop plans for integrating learning from the customer engagement into BaU activities which will be undertaken throughout AMP7.	Activities to be completed: • Lessons learnt workshop • Development of engagement strategy for the long term • Implementation of relevant learnings from the engagement programme ahead of AMP7.

Figure -3 below illustrates how customer engagement was used to inform and refine the customer outcomes, PCs and ODIs in the Business Plan. In this report, more detail and findings are provided for each element of the programme.

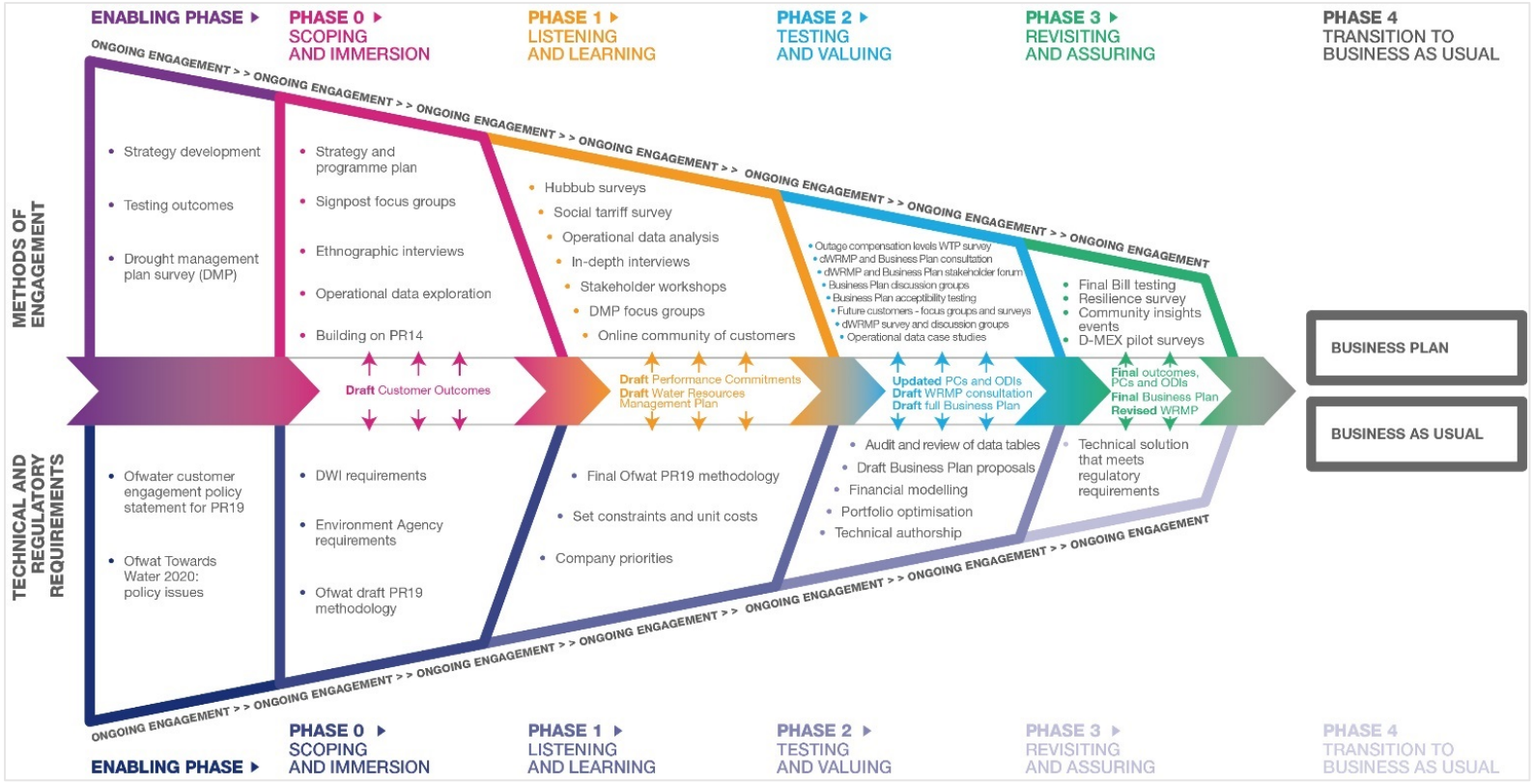


Figure 1: Our six-phase iterative customer engagement process

Enhanced Customer Segmentation

Customer segmentation allows us to understand, and respond to, the needs and requirements of different customers and stakeholders.

Segmentation was carefully considered at two different stages of our market research firstly, during the design stage and secondly as part of the analysis of findings. In the design phase, we used purposive sampling, to target specific groups (such as those identified below), or representative sampling to mirror the profile of all customers.

In the data analysis phase, we could disaggregate datasets to draw out any significant similarities or differences. This allowed us to determine whether customers with different or common attributes had different needs or priorities which could be researched further in the following phase, if needed.

We wanted to hear from customers in four specific categories:

- Vulnerable Customers
- Low pressure/ No Water for more than 12 hours
- Relatively more engaged customers
- Future Customers.

Bespoke and Comprehensive Market Research

The engagement programme outlined in our strategy was designed to achieve a well-rounded, insightful picture of the viewpoints, concerns and priorities of customers. We deployed an extensive programme of bespoke market research drawing on best practice techniques and approaches such as ethnography and creating an online community of customers. The methodologies chosen for each engagement activity were selected to meet the objectives and expectations set out in our engagement strategy and the phase objectives.

We know that no one single market research method can be used to provide exploratory, deliberative, conversational-based engagement as well as provide statistically reliable, quantitative results that could be used to reflect all customers. We therefore chose to use a range of techniques and used the triangulation workshops to evaluate and compare the relative findings and assess how well we had met our objectives.

Wider and more rigorous analysis of operational data

The diagram below, Figure -4, illustrates the approach we took to sharing and using findings generated from specific customer engagement activity or from ongoing and regular customer contact.

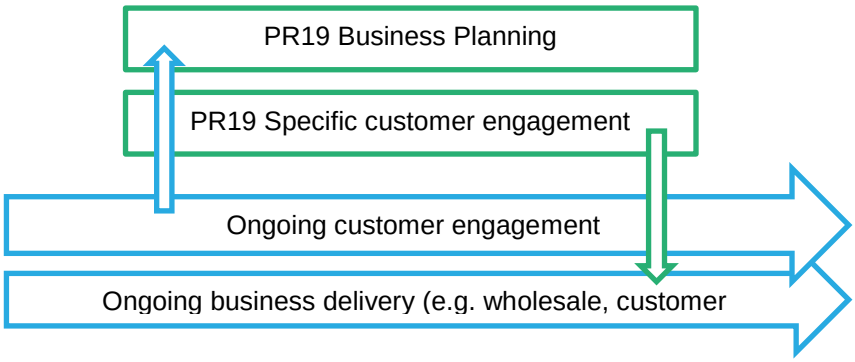


Figure -2: Ongoing customer engagement through business operations

We compared operational data with the findings generated from other customer engagement activity. This gave us confidence that we had identified, tested and quantified, what was important to customers, regardless of the source. When testing our hypotheses, we wanted to make sure we made full use of what we already knew so that we could be very clear about 'what' questions we wanted to ask in follow up research.

An enhanced triangulation and validation process

Our approach was informed by the Consumer Council for Water's[4] guidance which describes triangulation as the process of "using multiple and independent measures to examine a hypothesis or conclusion being investigated, with the intent of using multiple perspectives to minimise bias and maximise validity". We followed four key principles from this CCWater guidance these were:

- The approach should be transparent and apply clear rationale
- It must be flexible for different needs and situations
- It must learn from contradictory evidence
- It must take deliberate steps to avoid confirmation bias.

We adopted the CCWater's seven-step process in the triangulation tool we used. These steps can be seen in Figure 5 below.

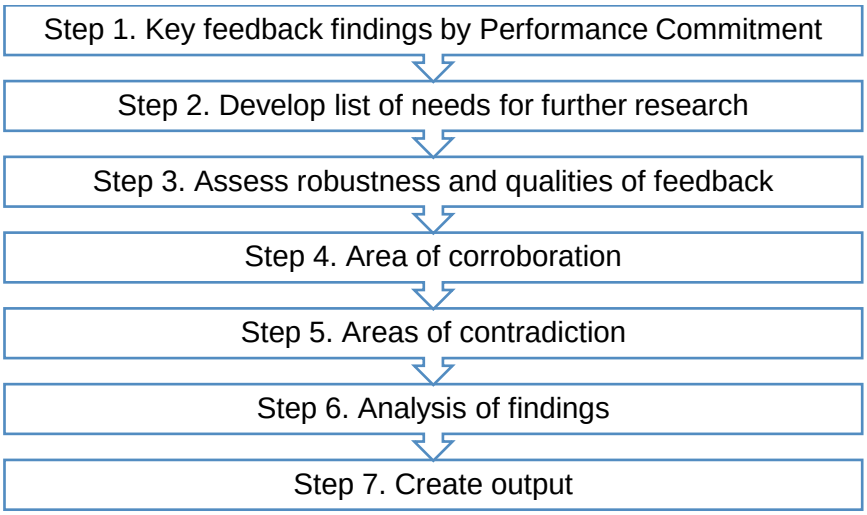


Figure 3: Our Triangulation process

Details of our triangulation process are included in our Triangulation Methodology [Annex 5, Ph2.2].

Triangulation was applied at the end of phases 0, 1, 2 and 3 to objectively evaluate and review findings generated from different forms of engagement, communication and contact with customers and stakeholders. We recorded all evidence in a triangulation tool Annex Over 2.

We held of number of end of phase triangulation workshops involving internal colleagues, members of the CCG and external advisers.

The objectives were to:

- ensure evidence was robust and clearly presented

[4] ICF for CC Water, *Defining and applying 'triangulation' in the water sector*¸ July 2017

- discuss and challenge findings from different sources, considering the methodology, size, segmentation etc
- gain consensus on the conclusions
- share findings across the business so that they could appreciate how they could / would impact their area of the plan
- ensure the CCG were assured of, and confident in, the accuracy of the data/evidence that would be used to inform of the business decisions
- identify areas of consistency and conflict
- decide what further research or investigation were needed.

Review and Working with the CCG

Involving the CCG allowed them to have a direct input and challenge at each stage of the engagement programme. For more information about how we worked with the CCG, refer to section 5 of this report. Further CCG information can be found in Annex 8.

1.4 Research methodology / the nature of engagement

We used a range of market research methodologies throughout the engagement programme which are described below. Each activity was designed to meet a specific purpose and address research questions within a defined timescale. These were finalised with our suppliers who designed the delivery to meet relevant quality and security standards, including ISO 20252 (market research) and ISO 27001 (data security) standards.

Research methodologies, applications and limitations

A summary of customer interactions and research methods used for all phases used is shown in Figure -6 below. Details of research activities and findings per phase are provided in Section 4.

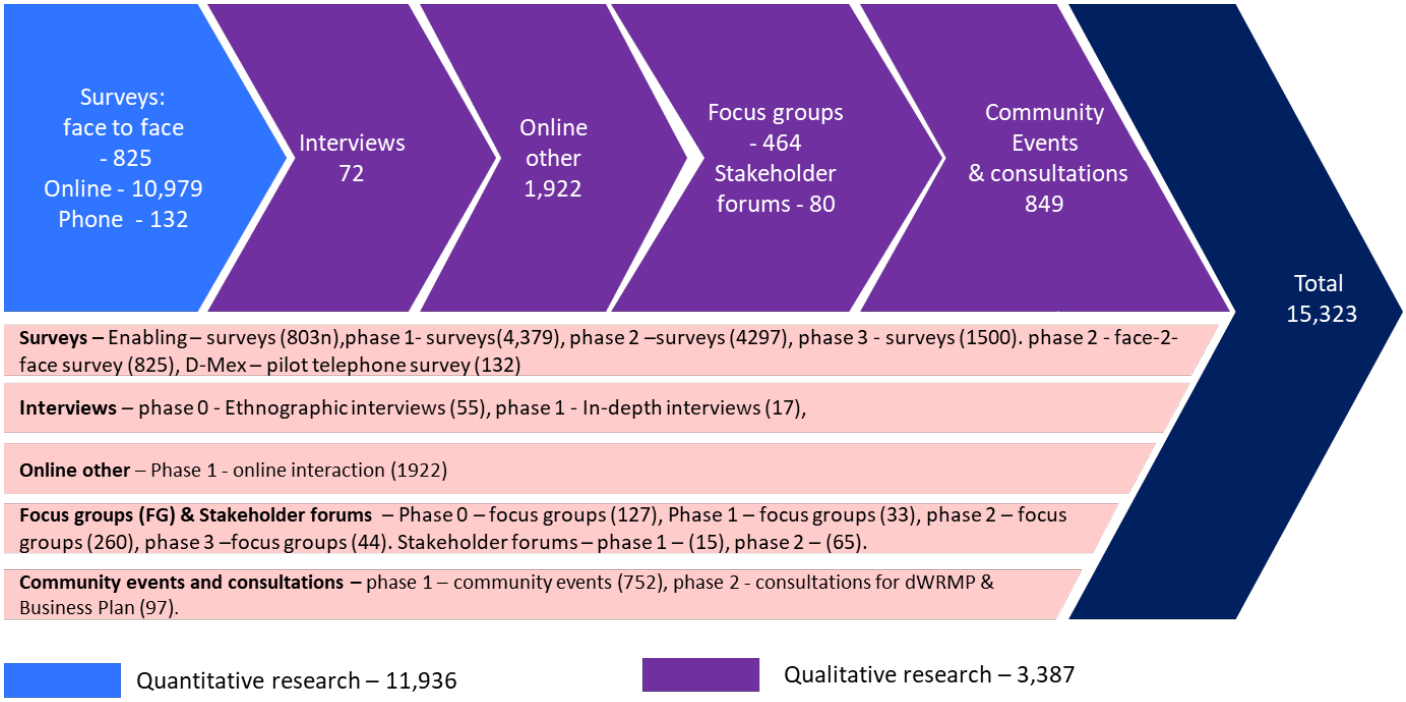


Figure -4: Bespoke market research activities – customer interactions

In Figure -6 we show two main approaches to market research – Qualitative and Quantitative.

Qualitative research includes discussion groups and in-depth open-question interviews. Participants are purposively recruited; that is, the sample of the types of people to be involved is specified and a recruiter identifies individuals of that type.

This approach aims to explore and discuss topics to gather opinions, feelings and priorities. For focus groups, participants discuss issues between themselves and a facilitator will guide the group rather than engage in the discussion.

This approach provides the space and time for people to reflect, deepen their insight and share information. They are useful early on in a process to help understand how people discuss a particular issue and can help refine options and test language that is used in quantitative research.

The results are not quantifiable or statistically representative, they are illustrative and exploratory, offering insight into the perceptions, feelings, and behaviours of people rather than quantifiable conclusions from a statistically representative sample. Discussions involving multiple customers and stakeholders will inevitably respond to a group dynamic where some individuals may influence others.

Individuals recruited into these types of events are generally provided with some small refreshment and given a ‘thank-you’ payment in recognition of their contribution.

Quantitative research uses techniques to generate statistics. This includes large scale surveys where views and attitudes can be gathered using on-line questionnaires, paper based self-completion questionnaires, telephone or face to face interviews. Each method has different advantages and disadvantages and these have to be weighed up against the costs.

Surveys can provide robust, statistically significant data on the views of a wide and representative sample of customers. Surveys can provide a baseline, against which change can be monitored, such as the Value for Money tracking survey or can test insights gathered from other approaches, such as testing the draft Water Resources Management Plan, Business Plan and Resilience.

Questions tend to be closed, with respondents choosing from a set of pre-set answers. This allowed us to answer questions relating to “how many”, or “how often”.

The size of the sample selected will have an influence on the confidence of the result. A sample size of 1000, matched to the population will provide high quality data, when the results are viewed as a whole set. If the data is further analysed, for example by community, the statistical confidence in of the response reduces. See the table below. This shows that where a response rate of 90% or 10% is recorded to a question, we can be confident that if different people were asked the same question 95 out of 100 times their answers would be within +/- 1.9% of the original group.

This table illustrates that were responses are less consensual, the ‘confidence’ reduces, and the +/- factor changes. It reduces further when the sample size is smaller. This means that the smaller the sample size and the less consensual the result, the less statistically robust the evidence.

The smallest sample size for any quantitative research we completed was 500 participants. This gave us confidence that responses, especially above 70% could be given a high level of confidence.

Table 2: Survey sampling tolerances: overall level

	Approximate sampling tolerances applicable to percentages at or near these levels		
Size of sample on which survey result is based	10% or 90%	30% or 70%	50%
100	5.9	9.0	9.8
500	2.6	4.0	4.4
1,000	1.9	2.8	3.1
2,000	1.3	2.0	2.2

Surveys are also subject to ‘‘Total survey error’’ which include coverage error, sampling error and non-response error: that is, quotas for specific characteristics may not have been met and the methodology may have affected the results. For example, reaching out to a representative sample of customers to participate in a face to face survey in their home will be different to on-line surveying.

We recruited our own panel for phase 1 research. The purposively recruited samples for the on-line quantitative survey were drawn from existing panels, managed by others. Responders were incentivised through the payment of a small reward when surveys were completed.

Some harder-to-reach groups of customers were under-represented in our samples – younger age groups in particular. To overcome this, our suppliers used weighting strategies, which is standard practice in market research.

Challenges to take account of when exploring and using evidence

In some cases, designing engagement has meant trading-off different considerations – for example, the need to provide customers with information around the context, background and the detailed proposition and seeking to minimize the information overload for participants.

The 'device agnosticism' increasingly required for online survey (allowing completion on mobile devices) isn't possible with the types of questionnaires we used. Survey questionnaires and discussions were designed to be accessible as possible to customers while meeting research objectives.

Much of the evidence we collected was based on participants' perceptions. It is important to remember while these may not be factually correct, they represent 'the truth' to customers and stakeholders and, as a result, are vital in understanding what customers and stakeholders want.

We recognise that there will be outside influences and biases potentially influencing customer views. These include social desirability bias, status quo bias, and 'liquid expectations' where views are shaped by experiences, such as with other utilities or other sectors.

The views given will also reflect the type of questions asked, the order in which they are asked ('order effects') and the supporting information. Ipsos MORI have included references in their reports when some information was difficult for customers to understand.

We also recognise that understanding the issues under discussion and the perceived ability to influence decisions will affect motivation and willingness to engage.

Detailed reports

The reports on each piece of research describe the methodologies used in more detail. They include information relating to the quotas and any customer segmentation that was applied, the detailed profiles of survey responders, the questions asked, and the stimulus used to inform and aid discussion.

The reports also set out the way research can be used and its limitations. Ensuring that survey results are statistically reliable is important when comparing the data for example, between different years or different profiles, to ensure that any differences are real (i.e. statistically significant).

1.5 Compliance and assurance

Engagement outputs

A list of all engagement reports and findings, generated from our engagement programme, are included in Annex 1, Over 3.

Achieving our objectives

As outlined in our engagement strategy, the overall success of our engagement programme will be assessed independently by the CCG. Their assessment framework is derived from the expectations outlined in the *Aide Memoire for CCG*[5]. We believe that our comprehensive programme, and the rigour with which it was followed, will ensure we meet the CCG's assessment criteria.

[5] *Aide Memoire for Customer Challenge Groups,* (March 18)

Throughout the engagement programme we checked our progress against the CCG assessment framework in the Aide Memoire for CCG[12] but did not present our self-assessment to avoid prejudicing the CCG's own independent assessment. To ensure delivery of our objectives we followed the approach outlined in our engagement strategy and measured our success as noted below in Table 3.

Table 3: How we achieved our objectives

Objective	Description	How	Metric	When
1	We will understand customers as well as their worlds and priorities;	Using ethnographic interviews to start in customers' worlds with unprompted conversations Using day-to-day customer contact data to understand why customers are contacting us unprompted.	Qualitative and quantitative evidence to triangulate	Enabling phase, phase 0 and phase 1
	moving towards greater granularity and personalisation on the insights we collect.	Exploring through prompted questions on specific areas to give greater granularity to key themes Targeted segmentation of key customer groups to derive more specific insight (e.g. vulnerable customers)	Qualitative evidence to triangulate	All phases
2	We will engage with more customers than before,		22% more customers compared to PR14	All phases
	and with more types of customers	Segmentation to ensure reaching target groups		All phases
3	We will use a wide range of methods and techniques; picking the right tools for the job, to allow us to demonstrate a two-way and ongoing dialogue with customers.	Some of the range of methods includes: Community of customers, online surveys, focus groups, quick polls, in-depth interviews, large scale survey interviews, stakeholder forums	Qualitative	All phases
4	We will innovate through evolution and iteration; learning from previous engagement activities and embedding a continual learning loop into our work.	Our overall engagement strategy was informed by our work at PR14, as well as examples from elsewhere. We had specific periods for reflection and triangulation at the end of each phase, and learnt and iterated as we went, for example the polls for the community of customers emerged through the process. We had iterations of some key reports, such as phase 1 operational data and triangulation, building and learning over these iterations.	Qualitative	Phase 0 – Phase 3

5	Our engagement will be honest and realistic; we will ensure we present customers with real choices,	Propositions were only put to customers once we had a reasonable understanding of regulatory requirements, costs, deliverability and technical feasibility. This meant that we went back to customers with additional, realistic propositions in phase 3.	Qualitative	Phases 2 & 3
	and we will provide customers with feedback on how their views have influenced our plans and the way we do business;	The Community of Customers provided a way for us to feedback to customers throughout the process. We have also committed to producing communications for customers following the submission of our Business Plan.	Quantitative and qualitative	Phase 1 Phase 4
6	We will start our engagement with an outline programme designed from the start,	We developed an Engagement Strategy between January and July 2017 [Annex 1, Over 1].	Qualitative	Enabling phase & phase 0
	and deliver all activities in a structured but flexible way.	Ongoing application and flexing of the strategy as designed. The remainder of this document sets out what we did, and how this built on the original strategy and programme design.	Qualitative	All phases

2 Customer and stakeholder context

2.1 Overview

Responses to surveys, questionnaires and interviews will be influenced by a range of factors that have been discussed in section 1.4. We need to consider how other issues can influence responses at different times. These bigger contextual issues are discussed below.

By taking account of these wider issues, it helped us understand 'why' and 'how' views, comments or opinions have been expressed, not just 'what' has been recorded.

2.2 Macro-trends and customer and stakeholder sentiment

The world is constantly changing and we are being increasingly influenced by what is happening in the broader political, economic, societal, technological environment in the UK and beyond. Many of these trends are shaping the way we work with and talk to customers. We know that external issues can and will affect responses to market research and customer sentiment and have taken these into account during our interpretation and triangulation. For a more extensive list of global trends and shocks and stresses, see Ensuring our Long Term Resilience, Chapter 9.

Increasing customer expectations

- Customer expectations are moving away from the basics of fair pricing and a quality service to more demanding 'wants' including proactive, personalised interactions with an increasingly connected, digital experience, 24 hours a day.
- Increased expectation for tailored, personalised communications. Customers want to know that their situation, income, geography, demographic, type of customer etc. is being taken into consideration when being communicated with and billed.
- The water industry is responding to this increased expectation to satisfy customer's needs with the introduction of new customer satisfaction measures C-Mex and D-Mex. The existing SIM score tracks customer service throughout the year and performance of all water companies is ranked.
- Brand trust and awareness is increasingly important.
- Dealing with new data protection regulations.
- Expectation that services go 'above and beyond' the call of duty including responding 24/7/365.

Supply interruptions

- Interruptions to water supply prompts customers to make contact to complain, to seek information and advice.
- Extreme weather can cause widespread water supply interruptions. In March 2018 the 'Beast from the East' is as an example of an extreme weather event that had an impact beyond those directly affected. We saw that customer satisfaction dipped around January to March 2018. This dissatisfaction may relate to customers' feelings about the level and type of communication they received. This was highlighted in Ofwat's Summary paper 'Out in the Cold[6] when they stated that

[6] Ofwat, 'Out in the Cold': Water companies' response to the 'Beast from the East', (June 2018)

a number of water companies failed to prepare their customers for the impact that the cold weather might have on their supply.

- Interruptions caused by flooding may have an impact on customers views and opinions especially around drought and hosepipe bans. Customers told us that they think the UK is a wet country and we get heavy rainfall [phase 2 dWRMP focus groups, Annex 5, Ph2.5 and phase 0 ethnographic interviews, Annex 3, Ph0.1] making it a challenge to engage them on the issue.

Socio-economic trends

- Increasing economic anxiety and prominent news coverage of the water industry can modify customers outlook e.g. around executive pay (see section 2.2) and general uncertainty surrounding Brexit.

- We understand that looking after the most vulnerable members of our community is an emotive issue and is one to which we attach great importance. We are committed to providing an inclusive service covering both affordability and vulnerability and recognise that customers struggle with both these aspects, see Great Customer Service Chapter 7 for our proposal on vulnerability.

- Customer expect a 'one-stop shop' and we are working in collaboration with other utilities to provide joined up services. We are part of a major new initiative with the water and energy sectors to increase the number of customers signing up to the Priority Services Register (PSR). For more details see Great Customer Service Chapter 7 for our proposal on vulnerability.

- Population growth and new housing developments in the south east will lead to an increase in demand for water and potentially impact long term water supply. This is addressed in detail in the dWRMP.

Political forces

- Current uncertainty around Brexit has impacts on affordability and vulnerability as economic uncertainty and anxiety rises.

- Consumer confidence nationally "continues to show an underlying downward trend since Brexit; while it has shown signs of a slight rebound in early 2018, this coincided with difficult times for the water industry." (VfM survey, Figure -7).
    - Thames Water major fines – March/June 2017
    - Labour manifesto includes nationalizing utilities – May 2017
    - Fatberg hits the headlines – September 2017
    - Labour conference water nationalization plans back in the headlines – September 2017
    - Labour promises cost-free nationalization of water industry – February 2018
    - Cold weather causes widespread water supply interruptions – March 2018

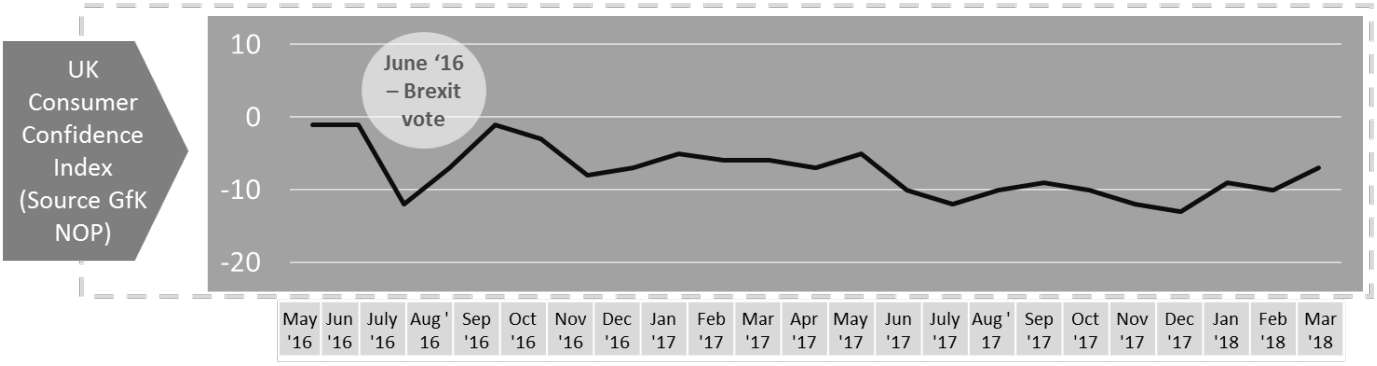


Figure -5: UK Consumer Confidence Index, Value for Money Survey

2.3 The customer context

Understanding customer context: phases 0 and 1

Several themes emerged from phase 0 and phase 1 research that helped us understand customers' point of view.

A common set of themes emerged from the different strands of research. Customers told us:

1. Water supply is essential:
    - The water supply is a constant feature of everyone's lives. Water is valuable to everyone and it's essential to run a household. It is dependable – and often taken for granted.
2. There is little sense that water will "run out". Customers don't feel a connection with their water and are not really interested in being more engaged:
    - People consider themselves as users of water, rather than "customers" or "consumers". They do not engage in the service in the same way as they do with other utilities, like electricity or gas. They cannot shop around for better deals from alternative suppliers
    - They pay little attention to the bills they receive or the prices they pay. There is no perceived benefit (or incentive) to them of being more engaged.
3. There is scope to improve information and choice:
    - There is low awareness of 'Affinity Water' and what we do. People typically needed prompting to know that we were their supplier, though there was a vague sense that the name had changed from something else
    - More could be done to promote 'Affinity Water' and the services we provide – for example, free water saving devices, though it is unclear just how much this would benefit the business or customers
    - Be more proactive and less reactive – customers tell us they want to know what we have done as a result of their feedback
    - A half-open door – there's a vague sense that water could / should be better conserved, and customers are willing to listen.
4. They respond in different ways
    - We saw that customers responded differently to the stimulus material used by the facilitators. Some individuals started making trade-offs, once they had grasped some of the key challenges while others withdrew.
    - We were challenged by responses that stated 'I don't know or I don't mind' or I don't care much – just get on with it'. There was a consensus that most people are happy to let us get on with our job so long as they are kept informed.

Understanding customer context: phase 2

- The themes emerging at phase 2 were very similar to phases 0 and 1. Customers awareness of 'Affinity Water' (and our services) remained low; 70% don't know very much (54%) or nothing at all (16%).

The most commonly held position is contentment to “let Affinity Water get on with their job” as long as customers were kept informed about what we are doing. Customers don’t tend to think about where their water comes from and terms like supply and demand were confusing. Customers held the view that there is enough water for everyone in the UK which is a 'wet country'.

- Qualitative research revealed that customers welcomed the opportunity to talk to us and give us their feedback. They liked that we have produced a future plan that addresses challenges sustainably. However, many questioned the value of their feedback as they felt the content of the plan had already been decided and customers felt they lacked the expertise to make these decisions.
- Customers are broadly positive about their water supply, the quality and reliability.
- They are especially positive about reliability (91%) [phase 2 dWRMP survey, Annex 5, Ph2.5]; water is assumed to be “always there”. Consequently, water is not something that is given much thought, particularly in comparison to other utilities where customers have more choices to make.
- Water bills are considered better value for money (57%) when compared to other utilities (29%). And 87% report no problems with affordability and paying their bill on time [phase 2 Business Plan acceptability survey, Annex 5, Ph2.4].

Understanding customer context: phase 3

In phase 3 we revisited some issues and completed the research during a very hot and dry period. We saw little difference in the issues that customer felt were important.

- There was some concern about drought and its impact on the ability for us to supply high quality water in the next 5 years and the next 20 years. A number of water companies around the UK had asked customers to reduce their consumption over the hot summer months and the media broadcasted impending hosepipe ban threats. This may have influenced customers opinions around long-term investment and planning, drought, water security and the ability for us to cope with demand during adverse weather conditions.
- Over the last 12 months, there has been media coverage around corporate trust, and executive pay across all industries[7]. This has led to Ofwat producing further guidance on “putting the sector back in balance”[8]. This backdrop may have influenced customers views, and meant that we saw increased levels of cynicism from some customers.

Stakeholder context

Stakeholders, by contrast with customers, were very articulate about the macro challenges we faced as a supplier in the water industry; specifically demand growth and climate change. Collaboration across industry was strongly advocated by stakeholders, particularly when thinking about climate change mitigation. Outside of that, stakeholders tended to comment on their specific area of interest.

[7] For example, https://www.bbc.co.uk/news/business-45183881
[8] Ofwat, Putting the sector back in balance – summary of Ofwat’s decision on issues for PR19 business plans, July 2018, https://www.ofwat.gov.uk/publication/putting-sector-back-balance-summary-ofwats-decision-issues-pr19-business-plans/

3 Customers and stakeholders

3.1 Context

As set out in section 2 above, we know that customers are largely content with the service and the quality of water that we provide. However, they feel a lack of connection and have no choice over their supplier, which appears to lead to a lack of engagement. In this chapter, we set out the profile of customers and stakeholders in more detail. This builds on the introductions given in earlier chapters.

Customer segmentation is a valuable step to ensure that we know, understand, and can respond to, the needs and requirements of different customers.

We have approached segmentation in two, related, ways throughout the programme:

- as part of **design** i.e. using purposive sampling to target specific groups of customers (qualitative research projects) or representative sampling to build a sample containing a cross-section of customers which mirrors the profile of customers; and
- as part of **analysis** i.e. disaggregating datasets to draw out where there are similarities and points of difference

3.2 Customer profile

Customers are not a single entity; they are made up of 3.6 million individuals. It is not possible to continually communicate with each customer, so we use representative samples to gather opinions and test options.

Customers in our supply area

The customer community profile in our supply area is similar to the national average, when compared to the 2011 census see table 4. Across the demographic characteristics of age, gender, employment status and race there is a variance of <2.5% compared to the national average. This is detailed in Table 4 and Table 5. The exceptions to this are the categories of 'White' customers who make up 11.48% less of the customer community and 'Black' customers who make up 8.69% more of the customer community when compared to the national average.

Table 4: Customer profile in our supply area compared to the GB average

	paf_res	pop2011	% pop adults	adults men %	adults women %	Age 16-24 %	Age 25-34 %	Age 35-54 %	Age 55+ %	Work_full %	Work_notfull %	White %	Mixed %	Black %	Asian %	Other %
Affinity Water	1,464,320	3,510,140	79.97	49.21	50.79	13.96	17.39	35.5	33.15	43.66	56.34	74.5	2.89	16.2	4.71	1.73
GB	28,519,425	61,350,732	81.27	49.11	50.89	14.62	16.41	34.2	34.77	41.34	58.66	85.98	2.18	7.51	3.32	1.01
+/-			-1.3	0.1	-0.1	-0.66	0.98	1.3	-1.62	2.32	-2.32	-11.48	0.71	**8.69**	1.39	0.72

Table 5: Customer profile in our supply area compared to the GB average

	paf_res	pop2011	% pop adults	AB %	C1 %	C2 %	DE %	ABC1 %	O/O	SRS %	PRS %	% rent
Affinity Water	1,464,320	3,510,140	79.97	27.43	32.23	19.42	20.92	59.66	66.54	15.55	16.7	32.25
GB	28,519,425	61,350,732	81.27	22.31	30.91	20.87	25.91	53.22	64.13	18.23	16.29	34.52
+/-			-1.3	5.12	1.32	-1.45	-4.99	6.44	2.41	-2.68	0.41	-2.27

Customers in our supply communities

There is some difference between our communities, detailed in Table 5: Customer profile in our supply area by community and Table 6.

The populations of the communities are very different, in size with 147,592 people in Brett rising to 948,585 for the largest community, Pinn. This meant that when we set representative quotas the 'numbers' for Brett and Dour could have been too small to provide statistically representative data. Therefore, for some quota' d surveys we increased the representation or weighted the findings in these communities to make them large enough to analyse.

There are variances in the racial demographic make-up. Brett has the highest proportion of 'White' customers at 97.34% and Pinn the lowest at 50.81%. The communities of Brett and Pinn have an opposite age profile. 21.48% of Pinn's customers are aged 25-34, this is only 11.42% in Brett. Conversely, 49.14% of Brett's customers are aged 55+, this falls to 28.18% for Pinn. Pinn also has the highest proportion of 'Asian' customers of our communities with 9.24%.

For information on how we used the customer profile data to influence segmentation and sample size, please see section 3.4 of this document.

Table 6: Customer profile in our supply area by community

WRZ	paf_res	pop 2011	Age 16-24 %	Age 25-34 %	Age 35-54 %	Age 55+ %	Work_full %	Work_notfull %	White %	Mixed %	Black %	Asian %	Other %
1 - Misbourne	137,679	320,040	11.75	13.59	37.05	37.61	44.57	55.43	89.71	2.22	6.24	1.43	0.4
2 - Colne	182,231	433,811	12.61	17.49	36.88	33.02	45.89	54.11	77.38	3.12	14	4.2	1.31
3 - Lee	295,032	689,680	15.33	17.73	35.29	31.65	43.78	56.22	78.92	2.91	12.5	4.83	0.85
4 - Pinn	361,048	**948,585**	15.62	21.48	34.72	28.18	43.55	56.45	**50.81**	4.17	**31.8**	**9.24**	3.97
5 - Stort	125,800	283,055	12.39	14.06	37.31	36.24	45.22	54.78	93.95	1.65	2.53	1.55	0.32
6 - Wey	214,748	520,265	13.55	17.15	36.75	32.55	45.69	54.31	76.33	2.52	16.5	3.04	1.64
7 - Dour	74,987	167,112	12.95	13.31	32.89	40.85	38.07	61.93	95.28	1.09	2.9	0.43	0.3
8 - Brett	72,795	147,592	11.42	9.87	29.57	49.14	32.09	67.91	97.34	1.09	1	0.33	0.24

Table 7: Customer profile in our supply area by community

WRZ	paf_res	pop 2011	class AB %	class C1 %	class C2 %	class DE %	class ABC1 %	O/O	SRS %	PRS %	% Rent
1 - Misbourne	137,679	320,040	35.23	32.39	17.35	15.03	67.62	71.86	16.28	10.84	27.12
2 - Colne	182,231	433,811	35.53	31.71	16.1	16.66	67.24	68.52	15.1	15.28	30.38
3 - Lee	295,032	689,680	23.93	32.03	20.51	23.53	55.96	64.08	19.54	15.3	34.84
4 - Pinn	361,048	948,585	26.25	32.21	18.93	22.61	58.46	61.75	14.63	22.29	**36.92**
5 - Stort	125,800	283,055	26.21	33.31	21.49	18.99	59.52	69.16	17.82	11.76	29.58
6 - Wey	214,748	520,265	30.08	33.21	18.65	18.06	63.29	69.43	13.56	15.69	29.25
7 - Dour	74,987	167,112	16.75	31.95	23.44	**27.86**	48.7	64.89	13.1	20.71	33.81
8 - Brett	72,795	147,592	15.57	29.07	25.94	**29.42**	44.64	74.25	8.27	16.21	24.48

The overall demographic make-up of the customer base in our supply area is very similar to the national average. Our communities vary in size and there are a few demographic differences between them.

3.3 Stakeholder profile

For PR19, we introduced a stakeholder mapping application, Mapolitical, to identify and maintain contact with our political stakeholders. We have imported details of other key stakeholders into the same system to create a comprehensive list of who our stakeholders are, allowing us to stay up to date, swiftly deliver information and for planning purposes.

The summary stakeholder map, Figure 8, identifies and groups our priority stakeholders. The relative levels of power and interest have been used to define how we choose to manage the relationship. Stakeholders interest and influence may change with subject and so positions, and how we manage them, will change over time.

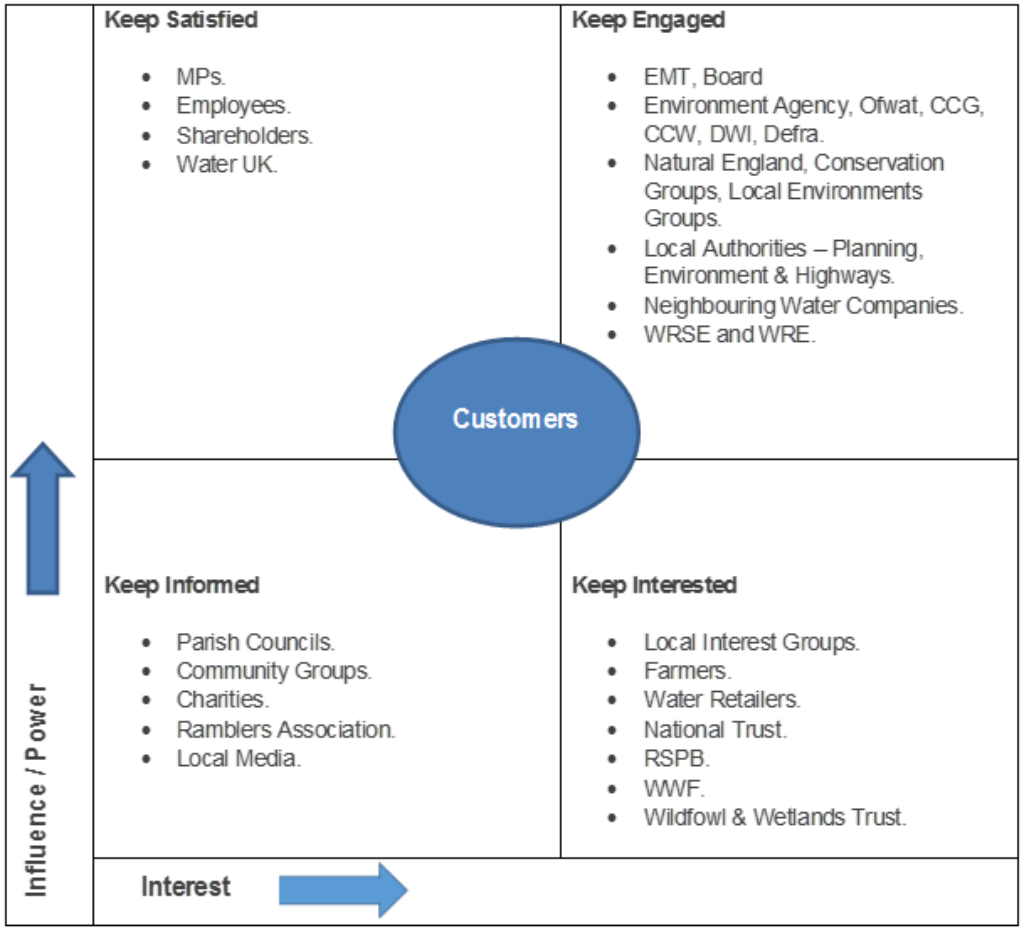


Figure 6: Our stakeholder map

We use the following classification to manage relationships:

- ***Keep satisfied*** We l actively communicate and engage with them so they feel satisfied their voices are being heard on key issues.

- ***Keep engaged***' We pro-actively engage and quickly respond to requests to with this group ensure we satisfy their concerns and requirements for information.
- ***Keep informed***' We monitor and respond to these stakeholders to keep them informed. We won't overload them with excessive communications.
- ***Keep interested*** We will keep these stakeholders regularly informed to make sure we hold their interest and monitor any issues or concerns that may arise.

Method of engagement include:

- Events, personal meetings, for stakeholders who need to be kept engaged
- Consultation documents and email briefings directing to website etc for stakeholders who need to be kept interested

In addition, we have well established long running relationships with a range of interest groups who work collaboratively on water quality matters for health and environmental benefits.

We work closely with the seven Health Authorities and 41 Local Authorities that support our communities to protect public health. We meet regularly with these authorities throughout the year to discuss matters of mutual interest. We advise them about changes in the quality of water supplies and discuss the possible implications to public health and we also respond to requests for assistance from Local Authority and Health Authority when they are investigating matters of public health.

Catchment Based Approaches (CaBA) are used to engage with landowners and environmental groups. This often involves working with a host organisation, often the local Wildlife Trust. These partnerships bring together groups who have common areas of interest including water quality, ecology, biodiversity, flood risk and land management. We sit on 11 different catchment partnerships across our supply area, and surrounding regions.

We targeted a broad range of stakeholder groups to join specific forums in order to explore different opinions in depth and obtain a breadth of views. While these sessions were not intended to be quantifiable or statistically representative, we found the stakeholders to be very confident and willing to articulate the macro challenges we face. The findings offer insight into the perceptions, feelings, and behaviours rather than quantifiable conclusions from a statistically representative sample. These views were added into the triangulation exercise.

Representatives from all stakeholder groups, identified above were invited to participate in a range of forums. Our Customer Relations team maintain their own extensive stakeholder lists and increasing work collaboratively with specialist interest groups.

3.4 Targeted, representative and purposeful engagement

We have shared our overall approach to segmentation above. Here we go into more detail to address the specific Ofwat guidance. For PR19, Ofwat [9] expects customer engagement goes beyond vulnerable customers to seek out hard-to-reach and not fully digitally enabled customers.

Having identified these groups, we recognised that it would not be possible to reach every combination of characteristics. We took a proportionate approach, aiming to reach out to the widest number of groups, taking account of any requirements when designing engagement activities.

[9] Ofwat, Delivering Water 2020: Our Final Methodology for the 2019 Price Review, December 2017

Our targeted customer segments

We identified the following four segments as key targeted groups for our customer engagement programme:

1. **Vulnerable Customers**
2. **Supply Interruptions**
3. **Relatively More Engaged**
4. **Younger and older 'Future Customers**

We made additional effort to engage customers to reflect other segments, including:

- Rural and urban customers;
- Non-residential bill-payers (i.e. landlords);
- Non-billpayers (i.e. lodgers, family members, tenants);
- those whose service has been disrupted and who have/have not contacted us; and
- those who receive a joint bill from us for clean and waste water services (with raised potential for confusion as to which service we are providing).

Key findings are summarised below:

Vulnerable Customers

Ofwat defines vulnerable customers[10] as: *a customer who due to personal characteristics, their overall life situation or due to broader market and economic factors, is not having reasonable opportunity to access and receive an inclusive service which may have a detrimental impact on their health, wellbeing or finances*.

We identified customers who were vulnerable due to mental or emotional issues, life events (such as a bereavement or job loss), financial issues, and physical health.

Using the descriptions and classifications from Ofwat and the Water Act, roughly 15% of customers in our supply area could be considered vulnerable (see Great Customer Relations Appendix 7). Our vulnerable customers are most likely to be 65+ years old and living in a single person household. Of the 16% of customers who worry about being able to pay their water bill, 10% are not considered vulnerable. In addition, 17% of customers could be considered vulnerable and are not worried about being able to pay the bill.

Supply Interruptions

These are customers who have experienced low pressure or who have been cut off for more than 12 hours. Half of customers say they have experienced an interruption to their water supply over the past five years [Phase 2 Business Plan acceptability survey, Annex 5, Ph2.4]. These interruptions were mostly experienced in their homes, with 58% of them reporting no impact on their household. 90% of customers that took part in our 'Value for Money' survey stated that they had not experienced any kind of supply interruption problem in the last 12 months.

Relatively More Engaged

This group makes up a small portion of bill payers and account holders who formed the 2020 Community of Customers. They had an older and more affluent profile compared to the demographic make-up of the

[10] Ofwat, Vulnerability focus report, (February 2016)

whole customer base. Although not a statistically representative group, community members who took part in research were more likely (than customers, as a whole) to say they wanted to have more of a say and felt they were more careful about their water use. They didn't feel they 'knew' more about us any more than other customers however, survey results show that they were more aware and knowledgeable.

Younger and Older 'Future Customers'

Our future customers are between the ages of 18-34 who will become account holders and bill payers in the future. To capture the views of this group we consulted with young people, including students at university and school age children.

These groups were targeted for engagement as their feedback was critical in ensuring that our Business Plan would provide a level service that was appropriate for the expectations of customers and was affordable for *all* customers, in the long run.

See section 4.3 for results.

4 What customers and stakeholders told us

4.1 Delving deep through our engagement phases

As illustrated in Figure -3 in Section 1, our engagement activity took place in six defined phases including an initial enabling phase. The phases were distinct, and the process was iterative. The phases overlapped and we continually learnt from customers and stakeholders, we validated findings and then refined our focus for the subsequent phases.

The programme of bespoke market research moved from qualitative, open ended approaches to delve deeper through the phases to build up a quantitative evidence base. Periods of review were undertaken with our CCG and lessons learnt from PR14 incorporated and integrated into the approach.

Enabling phase

The enabling phase was about mobilisation and focused on preparing the ground for the PR19 Business Plan. One of the key activities was to test the PR14 outcomes with customers. The four customer outcomes supported in PR14 were tested for PR19 to see if they were still relevant to customers and sufficiently represented their expectations of a water company.

Summary of activities

Other activities undertaken during the enabling phase can be seen in Table 8.

Table 8: Summary of engagement activities undertaken in the enabling phase

Other activities	**Market research**	
• Design of pre-SDS • Initial development of engagement strategy • Procurement to appoint market research suppliers	Type of research	Number of participants
	Drought Management Plan (DMP) online survey	300
	Pre-Strategic Direction Statement (SDS): Online survey	503

Findings

From the Pre-SDS online survey undertaken to test outcomes, we found that:

- customers continue to believe the four outcomes (identified as part of PR14) are important - all four outcomes were given high mean importance scores of 8 or above (out of 10).
- the four outcomes ranked by customer priority are:

- *'supplying high quality water that customers can trust'* was clearly considered to be the most important outcome (ranked first by 54% of customers)
- followed by '*making sure customers have enough water'* (ranked first by 27% of customers).
- *Providing value for money services* (ranked first by 12% of customers)
- *Minimising disruption to local communities* is given lowest priority with 59% ranking it 4th.

The DMP online survey explored customers' willingness to trade off upfront investment for more frequent temporary use bans, hosepipe bans, or temporary drought orders.

- Over three quarters of respondents did not think that we should spend more to reduce the likelihood of temporary use bans, and would rather experience these restrictions than see their water bill increase
- Almost two thirds of respondents thought that imposing drought orders no more than 1 in every 40 years is acceptable or perfectly acceptable.

Phase 0

Phase 0 'scoping and immersion' was conducted between June 2016- August 2017. Qualitative research was undertaken to understand the issues and concerns of customers from their context and perspective. One of the main objectives of this phase was to identify themes for engagement, by starting conversation with customers and understanding operational data before undertaking triangulation to inform the next stage of engagement. A review of PR14 and lessons learnt was undertaken in preparation for the PR19 programme and to inform phase 1. More information on this research can be found in our phase 0 triangulation report [Annex 3, Ph0.1].

Summary of activities

Engagement activities undertaken during phase 0 can be seen in Table 9.

Table 9: Summary of engagement activities undertaken in Phase 0

<table>
<tr><th colspan="2">Operational data</th><th>Market research</th></tr>
<tr><td rowspan="3">Held meetings with staff and reviewed information and data from the following teams:
• Customer Relations (Weekly Universe)
• Digital and Social (Digital and Social Report)
• Education Centre
• Water Saving Squad (Reactive conversations in the community)</td><td>Type of research</td><td>Number of participants</td></tr>
<tr><td>Ethnographic interviews</td><td>15</td></tr>
<tr><td>'signpost' Focus Groups</td><td>16 groups,
127 participants</td></tr>
<tr><td colspan="3">Recent publications reviewed</td></tr>
</table>

- Ofwat customer engagement policy statement and P19 expectations
- Ofwat draft PR19 methodology
- CCWater advice on triangulation
- Tapped in – Ofwat commissioned report on participation
- Performance Dashboard, South Staffs, UK
- Discover Water, Water UK

Ethnographic interviews

We sought customers' unprompted views and insights on their attitude to water and usage behaviours. This customer-centric approach has been used in other industries but no previous examples were found of its used in water companies for PR14. We used ethnographic interviews to ground the engagement programme in customers' worlds to understand their issues and concerns, and to start a conversation with them. Conclusions were drawn from the point of view of the customer.

Phase 0 research was undertaken shortly after a number of supply interruptions. This included Barnet in February 2017 and May 2017 and Baldock and Letchworth in August 2017. These events affected a small minority of customers and did not show up in the findings. There were no particularly extreme or unusual weather events.

Education Centre

Our education services team provides support to teachers in and out of the classroom and offers practical learning to support the school curriculum and engage future generations to help raise awareness of water, energy and environmental issues. So far in AMP6, we have:

- Engaged with more than 62,000 people
- Developed partnerships with National Citizen Service and the Engineering Development Trust helping young people develop employability skills.
- Invested in our Dour community by employing a staff member to run an education programme in the area.
- Made outreach free to all schools in our supply area
- Developed an online platform for educators to download free educational resources about water

Emerging themes

There were a number of themes that began to emerge from phase 0:

- Water supply is essential; a constant feature in everyone's lives;
- Water is generally considered affordable, particularly when compared to other utilities;
- A connection between personal water use and the environment is acknowledged but it takes time for individuals to make the link; and
- Lots of disengagement and lack of interest around water quality and resilience which are not 'top-of-mind', and generally taken for granted.

Going forward into phase 1

There were a number of topic areas where the evidence from phase 0 alone was not conclusive enough to inform the PCs and priorities for the Business Plan.

The following topics needed to be revisited to gain more evidence of customer priorities in the next phase of the programmes:

- **Leakage;** in particular, gaining understanding of customers' views on how we should respond to leaks of different scales, and whether there was support for proactive leak reduction.
- **Affordability and vulnerability;** in particular capturing the views of vulnerable customers, and what services they value.
- **Resilience;** Customers found this topic difficult to understand, therefore we identified resilience 'themes' that could be explored with customers.
- **Water quality;** Appeared to be less of an issue than at PR14, though there were extreme (individual) examples from our phase 0 research.
- **Communication with customers;** understanding the how customers might want and or use additional information.
- **Particular customer segments;** including vulnerable and future customer and those experiencing disruptions to supply.
- **Operational data;** we believed there was more that we could understand from operational data on the key themes of leakage, affordability and vulnerability and communication with customers.

Phase 1

Phase 1, 'listening and learning,' covered the period between October and December 2017. The primary objective of phase 1 was to identify themes, issues and priorities across the customer base, including vulnerable and seldom heard groups to gather further information about customers' expectations. Specific customer segments were consulted, including those in vulnerable circumstances and those who have experienced supply interruptions. We continued to explore operational data and engaged with stakeholder groups. We triangulated our findings from all these activities to confirm priorities and help define our PR19 PCs.

We tried some new approaches in this phase. This included recruiting our own on-line panel and working with others to co-create programmes with customers. Full details are included in the triangulation report and triangulation presentation for phase 1 Annex Ph 1.1 and Ph1.2.

Summary of activities

Engagement activities for phase 1 are summarised in Table 10. More information can be found in our phase 1 Triangulation report [Annex 4, Ph1.1].

Table 10: Summary of engagement activities undertaken in phase 1

<table>
<tr><th>Operational data</th><th colspan="2">Market research</th></tr>
<tr><td rowspan="12">Analysis of operational data over an eight-month period from two key sources:
• Weekly Universe
The Weekly Universe records contain the number of wanted and unwanted contacts from customers through telephone calls, and emails and written letters that are determined to be complaints).
• Digital & Social Report
The Digital & Social report contains information on our website and social media activity. The usage of our website is captured as:
- Transactions
- Social media
- Search Terms
- Viewed webpages
• Operational data case studies (and associated update to phase 1 operational data report)</td><td>Type of research</td><td>Number of participants</td></tr>
<tr><td>In-depth interviews (focused on vulnerability and affordability)</td><td>12</td></tr>
<tr><td>In-depth interviews (focused on low water pressure/disrupted service)</td><td>5</td></tr>
<tr><td>Online social tariff survey</td><td>500</td></tr>
<tr><td>Affordability and vulnerability stakeholder workshop</td><td>8</td></tr>
<tr><td>Hubbub water saving programme household ethnographic interviews</td><td>40</td></tr>
<tr><td>Hubbub water saving programme 3xcommunity events</td><td>752</td></tr>
<tr><td>DMP customer engagement event</td><td>33</td></tr>
<tr><td>DMP stakeholder engagement event</td><td>7</td></tr>
<tr><td colspan="2">The Affinity Water 2020 Customer Community</td></tr>
<tr><td>‘More about you’ survey</td><td>602</td></tr>
<tr><td>Your water service</td><td>334</td></tr>
<tr><td>Water use/quality surveys</td><td>581</td></tr>
</table>

	Leakage survey	387
	Leakage stepboard	300
	Hubbub stepboard	247
	Drought and hosepipe ban stepboard	200
	Customer services stepboard	56
	9 Quick polls	1,596
	Omnibus survey	379
	5 blogs	1,119
Recent publications reviewed		
• Planning for the future: a review of our understanding of household consumption, Artesia Consulting, 2017 • CCWater, Cyngor Defnyddwyr. Water Saving: Helping customers to see the bigger picture • Water, water everywhere? CCWater, Cyngor Defnyddwyr • Ofwat Resilience in the Round		

Community of Customers

We created an online 'Community of Customers,' a group of willing research participants with whom we can engage with regularly. This approach differs from PR14 which involved multiple online surveys drawn from a pre-existing panel managed by a panel provider. Instead, the Community of customers was a panel specifically for us and we built relationships with this group of 2,000 customers, engaging with them and undertaking research on an ongoing, two-way basis for a period of 6 months.

We published 5 blogs:

- Welcome from Affinity Water
- Video: Welcome from Chris Offer
- Fixing Leaks: Thanks for sharing your views!
- A big thank you from Affinity Water!
- Your Water Service: A message from Affinity Water

Hubbub

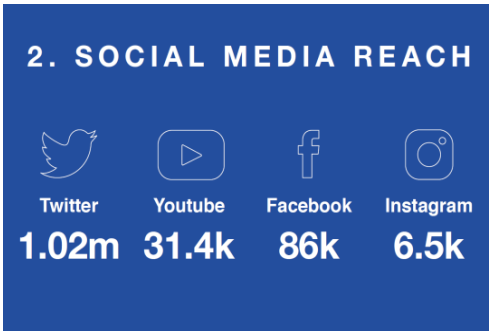
We teamed up with Hubbub, an award winning environmental charity, to take action in raising awareness of the importance of saving water and engaging with customers to help them reduce their water consumption. We worked in 2 communities completing polls on water use to gather insights into different patterns of behaviour. Work completed included:

- 40 in-depth home visits with households in Watford and Harlow
- Supplying a range of water saving devices and information in a 'Water Saving Kit'
- Access to a closed Facebook group (for the 40 household) where supporting conversations were used to prompt and encourage individuals to share their experiences
- An online questionnaire at the end of the two-month period.

This co-creative, interactive approach highlighted the value of personalising information and encouraging individuals to share experiences with others as we recorded that 50% of those involved say they reduced their daily water use and 89% say the project has made them more conscious about the way they use water. Examples like Hubbub show the power and value of co-creation and we have continued our involvement with this innovative charity to continue the '#Tap Chat' campaign.

Social Media

We have ongoing engagement with, and insight from, customers across multiple social media platforms. Our approach is to collaborate with community stakeholders and influencers to help us engage our shared online audiences. Alongside organic reach we also use paid campaigns targeted to reach new audiences across our supply area. Facebook Groups have allowed us to reach customers in the event of loss of supply to provide quick information and support. We are working towards proactively sending information to these groups about potential interruptions before they would have noticed anything is wrong. We aim to empower our communities to update each other with our information and plan ahead to minimise impacts.



Emerging themes consistent with other phases:

- Water is considered essential by customers and their supply is safe and clean; and they pay less attention to water relative to energy and communication utilities.
- Water supply is reliable in customers' eyes and resilience is taken for granted
- There is scope to improve communication during interruptions
- We continued to observe disengagement about water
- Customers are generally positive about the service they received from us.

Key themes emerging from phase 1 engagement:

- Leakage needs to be minimised and customers would consider additional investment to reduce leakage further. Minimising leakage is seen as a key part of the 'contract' between company and customers
- Customers we considered to be vulnerable do not generally perceive themselves as such, and are often not aware of services available that could support them
- Customers consider their personal water consumption to be 'average' and 'efficient' with little means to draw these comparisons
- Customers do not perceive risks to water supply through drought, however, they do value the environment and think that we have a role to protect it, but also recognise their role in saving water
- Whilst water is generally perceived as affordable, this is not true for all
- Customers are generally in favour of us providing support to customers with financial difficulty paying for their water
- A slim majority of customers support an annual increase of £2.5-£3.0 in their annual bill to support Social Tariff.

Research confirmed that there was no strong evidence to show consistent, customer support for any of the following issues, which had been considered as possible PCs:

- Operational carbon emissions
- Value for Money survey
- Customer contacts regarding discolouration
- WTW where turbidity 95 percentile greater than, or equal 0.5 NTU (number of treatment works)

- Educating future generations – This was considered relevant and the company is committed to continuing with the extensive education programme. The challenge was to find a suitable PC and measure that could reflect influence and change.

This doesn't mean that these issues are not important to customers, but they were not front of mind. We followed the recommendation that reducing the number of PCs will help to simplify messages.

An output of phase 1 was a finalised, narrowed down list of PR19 PCs. Customer priorities, confirmed during this phase, informed the revised list of PCs and no additional commitments were added. The revised list can be seen in Table 11 and the PCs that were considered, but not taken forward can be seen in Table 12.

Table 11: List of current PR19 PCs

Outcomes	PCs	Metric	Bespoke/ Common
Supplying high quality water you can trust	Water Quality Compliance, Compliance Risk Index (CRI)	The DWI's Compliance Risk Index (CRI).	Common
	Water Quality – Mean Zonal Compliance		Bespoke (PR14)

Making sure you have enough water, while leaving more water in the environment	Leakage	ML/d	Common
	Per Capita Consumption (PCC)	l/person/d	Common
	Abstraction Incentive Mechanism (AIM)		Bespoke (PR14)
	Sustainable Abstraction, average annual reduction	(Ml/d)	Bespoke (PR14)
	Environmental Innovation	Completing 8No. innovative pilot projects in our community	Bespoke
	River Restoration	To complete river restoration schemes	Bespoke
Providing a great service that you value	Customer measure of experience (C-MeX)	Ofwat is consulting on the definition of C-MeX.	Common
	Developer measure of experience (D-MeX)	Ofwat is consulting on the definition of D-MeX.	Common
	Customers in vulnerable circumstances satisfied with our service	Undertake a survey of customers who are on PSR, receiving finance assistance and recorded as being on inflexible payment plans	Bespoke
	Customers in vulnerable circumstances who found us easy to deal with	Undertake a survey of customers who are on PSR, receiving finance assistance and recorded as being on inflexible payment plans.	Bespoke
	Number of properties wrongly classified as unoccupied (False voids)		Bespoke
	Number of occupied properties not billed (Gap sites)		Bespoke
Minimising disruption to you and your community	Mains Bursts	No of bursts Per 1,000 km of pipe	Common
	Unplanned Outage	Lost capacity (flow rate)	Common
	Water Supply Interruptions >3hrs	average minutes lost per property per year	Common
	Risk of Severe Restrictions in a Drought	% of population at risk in a 1 in 200-year drought	Common
	Properties experiencing longer/repeated instances of low pressure	Water pressure less than 15m head	Bespoke

Table 12: PCs that were considered, but not taken forward

Theme	Withdrawn PCs	Metric	Comments
Resilience and Environment	Water Available for Use	Ml/d	Existing reportable measure
	Percentage of population supplied by single supply system > 25,000	% population	Existing measure, not highlighted as a priority from customers.
	Operational carbon emissions	ktCO2e	Not highlighted as a priority from customers
	Number of water bodies improved or protected by catchment management		Not taken forward. Not prioritised by customers
Water Quality	WTW where turbidity 95 percentile greater than, or equal 0.5 NTU	Number of treatment works	Existing operational measure not prioritised by customers.
Interruptions	Unplanned interruptions to supply	Over 12 hours, number of properties	Replaced by other PCs on supply interruptions
	Affected customers not notified of planned supply interruptions >4 hours	Number of properties	
	Planned works taking longer to complete than notified	Number of properties	
Customers	Service Incentive Mechanism	SIM score	Universally replaced by C-Mex across the industry.
	Customer Contacts Regarding discolouration	Contacts received per 1,000 population	Withdrawn. Not prioritised by customers.
	Customer perception of the ‘Affinity Water’ brand	Qualitative	Not taken forward. Not prioritised by customers
	Educating future generations	Number of children, hours	
Vulnerability and Affordability	Value for Money Survey	Score out of 100	Data not used widely and cannot easily be compared with others. Simplified approach to be taken forward.

Phase 2

Phase 2, 'testing and valuing,' took place from March to July 2018. We refined the PCs, with the intention of testing the acceptability of different levels of performance, with associated costs proposals set out in our draft Business Plan and dWRMP.

Summary of activities

Phase 2 engagement activities are detailed in Table 13.

Table 13: Summary of engagement activities undertaken in phase 2

Operational data	**Market research**	
Survey: • Our customer facing staff – online survey (70 participants) Analysis of operational data including: • Case studies • BaU to PR19 (CCG slides) • Social Media statistics • Customer contact data • Value for Money survey	Type of research	Number of participants
	Focus groups	
	dWRMP focus groups	8 groups, 66 participants
	Business Plan focus groups	8 groups, 70 participants
	Future customer focus groups part of Business Plan market research	17
	Future customers – secondary schools focus groups	5 groups, 107 participants
	WRMP and Business Plan stakeholder groups	65
	Surveys	
	dWRMP Online Survey	1,000
	Business Plan acceptability survey	825
	Future customers – secondary schools online survey	895
	Exploration of supply outage compensation levels survey	502
	Value for Money surveys	1900
	Consultation	
	dWRMP Consultation document	82
	Business Plan Consultation document	15

Recent publications reviewed
• Britain Thinks for Water UK, 'Attitudes to the Water Industry Report', (2018). • National Infrastructure Commission, phase 2: Public research, May 2018 • Ipsos Mori Issues Index (April 2018) • National Infrastructure Commission - 'Preparing for a drier future' (April 2018) • CCWater, 'Customers' experiences of water supply interruptions following the freeze-thaw events of March 2018' (2018). • Ofwat, 'Out in the Cold': Water companies' response to the 'Beast from the East' June 2018 (2018). • ComRes, 'Anglian Water, Severn Trent, South West Water and United Utilities-Nationalisation and Water Survey (2018). • Willingness to Pay survey - National Comparative Review of PR19 WTP, June 2018 • Water industry: corporate behaviour of water companies, letter from the Secretary of State for Environment, Food and Rural Affairs, Jan 2018 • National Infrastructure Commission, 'Data for the public good', (2017).

Emerging themes and findings

Overall, the findings from phase 2 were consistent with and corroborated our understanding of customer priorities identified in previous phases. We collected more quantifiable data, to test and value support for specific propositions. Our phase 2 findings can be seen below.

Deeper understanding of PCs

Phase 2 research helped us develop a deeper understanding of customer support for a number of PCs and the levels of performance they expected.

We found that the majority of customers (89%) support us to continue to reduce leakage, with 71% doing so *strongly.* This is the highest level of support for any aspect of the Business Plan covered in the dWRMP survey.

When offered two options for leakage reduction; 38% of customers preferred the option to reduce leakage by a further 11% and 31% chose a further 15% reduction in leakage. This suggested that while a majority agreed that leakage needed to be reduced, a higher proportion of customers chose the cheaper option, with a lower reduction level. Subsequent direction for Ofwat expect a minimum of 15% reduction.

Customer outcomes are still relevant

Our customer outcomes were tested and validated during the enabling phase. The Business Plan acceptability survey (phase 2) validated that our four customer outcomes still strongly resonate with customers (Figure -9), who rate all four as 'extremely important.' At least 8 in 10 customers rate all outcomes as having a high importance, with scores of between 8 and 10 out of 10.

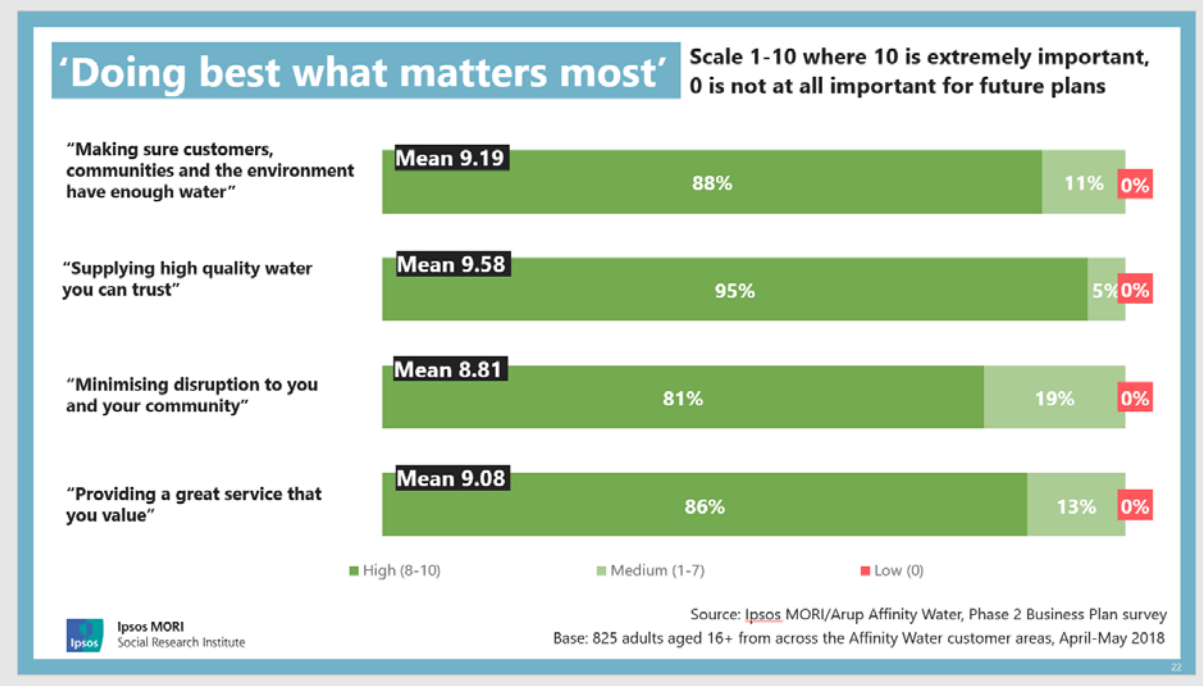


Figure -7: Outcome scores from Business Plan acceptability survey (phase 2)

Levels of Business Plan acceptability gauged

Research was conducted to gauge and test customers and stakeholder's acceptability of our proposed Business Plan package of options – labelled J, K and L.:

- A series of 10 focus groups were completed, 8 of these with our current customers and 2 with our future customers. Using quota sampling, we reached customers who were unlikely to respond to the consultation. This included individuals across a range of ages, social grades and digital experience. Participants were sent an extract from the dWRMP to read before the group discussion. See section 2.3 of this report for further information about this source.
- An acceptability survey with 825 customers sampled from across the whole supply area. Customers were selected using a 'random locale' selection methodology where sample points from across all eight areas were randomly selected, in proportion to the population in each community. Participants were interviewed face-to-face, in- home in April and May 2018. Refer to section 2.3 (Market Research) for more information about this source.

All three versions of the Business Plan were considered acceptable scoring between 74% and 78% (for 'very acceptable' or 'fairly acceptable') and no major concerns were raised, however, there was some underlying scepticism around the idea of being able to improve outcomes and reduce the cost to customers.

Overall responses to the plans are summarised here and the different service level are shown in table 14:

- Plan J was most practically achievable and realistic; however, it was less ambitious than the others and the features presented did not create a plan that stretched targets enough.
- Plan L was considered the most aspirational plan, presenting stretching, ambitious targets. This provoked questions around achievability and whether it is something that can be delivered. Some customers felt it was 'too good to be true.'

- Plan K was the most popular plan with customers as it was recognised as having strong environmental credentials. Comments received suggested that it could 'do better' in terms of cost savings.

Plan K proposal costs £170 per year 2019/2020 and £161 per year in 2024/2025. The package included the lower leakage reduction rate at 11%, 129 litres per person per day consumption and the highest level of investment in environmental projects at £6 million.

Table 14: Three different Business Plans presented to customers as packages of options

Forecast bills	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environmental pilot projects	Reliability of water pressure
Plan J: £170 per year 2019/20 £158 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan K: £170 per year 2019/20 £161 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan L: £170 per year 2019/20 £168 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Currently: £167 per year in April 2018	-	-	160 litres per person per day	5% (1 in 20) per year	2.5% (1 in 40) chance per year	-	13 hours low pressure per year

Understanding views on dWRMP

A preferred and alternative dWRMP were presented to customers and stakeholders who were asked to comment on individual elements in more detail than the Business Plan.

Customers were broadly positive about the different dWRMP proposals offered. They related more strongly to themes they could understand such as leakage. They tended to support rather than oppose all measures, with the level of support varying from nine in ten (89%) in favour of the most popular proposal (leakage reduction) down to 57% for the least popular one (extension of compulsory metering). Customers say they want a strong, but affordable, commitment to reducing leakage within our WRMP and the wider Business Plan.

Stakeholders, who understood some of the of the macro challenges, were more able to discern the differences between plans, but tended to comment on individual options and targets rather than the plan as a whole. We found that stakeholders have an appetite to stretch plan targets and be more ambitious.

Many stakeholders supported the partnership approach (across industry and with customers) to reduce PCC to 110 litres per person per day. They believed a reducing personal consumption has a positive knock on impact for other options presented.

Going forward into phase 3

Some gaps were identified during the triangulation of phase 2 that were addressed in phase 3 of the customer Engagement Programme. The areas for further testing included:

- confirming customer acceptability of the Social Tariff Proposal.
- understand customer views about long term investment through discussion groups and a quantitative survey
- acceptability testing of the final bill reflecting changes to support long-term resilience.
- customer support for the principle of reward and penalty as related to PC performance and range of ODIs.

Phase 3

Phase 3, 'revisiting and reassuring' took place between June 2018 and July 2018. This included testing acceptability of the final plan following stakeholder and customer feedback. We tested other propositions in the same survey including Social Tariff and ODI levels. In addition, we tested resilience with customers via an online survey and a number of workshops.

Summary of activities

Phase 3 engagement activities are detailed in Table 15.

Table 15: Summary of engagement activities undertaken in phase 3

Market research	
Type of research	Number of participants
Workshop	
Additional Resilience Investment: Qualitative Customer Research	3 groups, 44 participants
Surveys	
Phase 3 Final Acceptability Survey	1,000
Additional Resilience Investment: Online Customer Survey	500
D-Mex Update and Wave 1 Results	132
Recent publications reviewed	
• CCWater, 'Water Matters: Household customer views on their water and sewerage services 2017', July 2018.	

General themes and findings

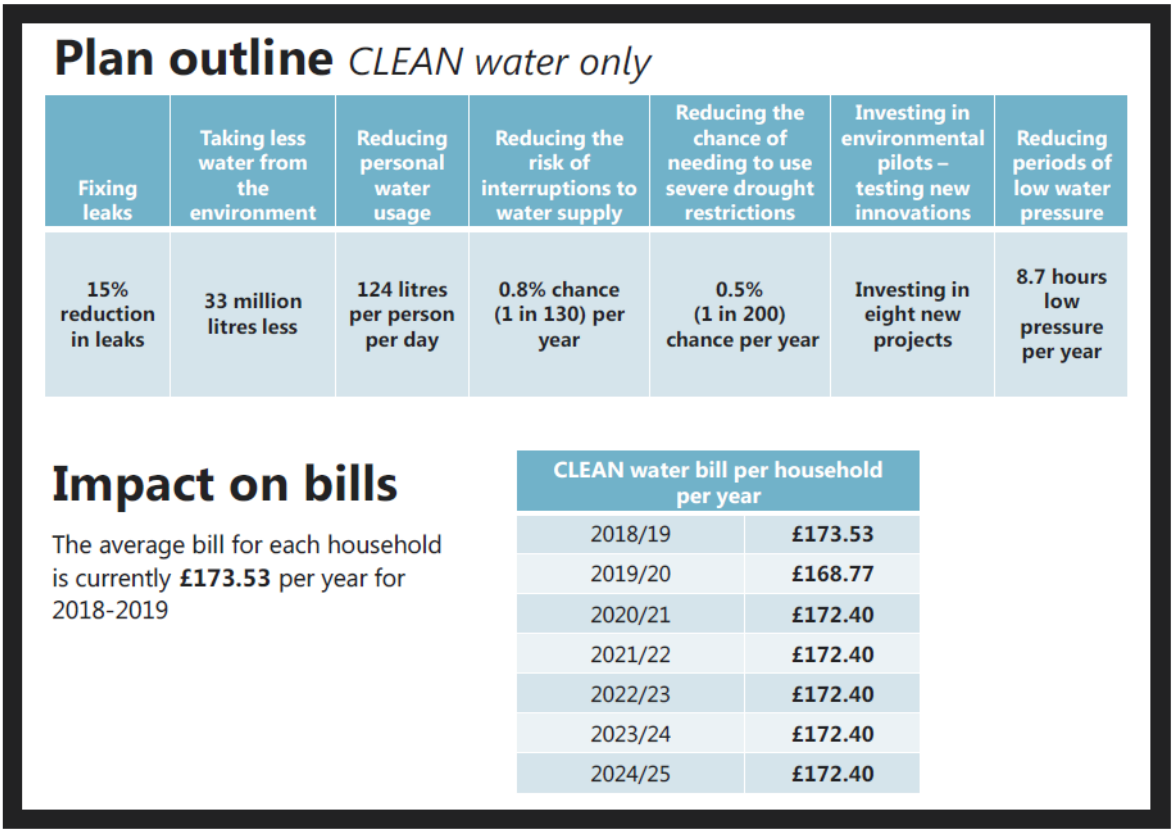
Overall, the findings from phase 3 were generally consistent with and corroborated our understanding of customer priorities from work at previous phases.

- **82%** of customers consider the **final plan to be acceptable**, however, this drops when inflation and wastewater costs are added
- 65% say it would be acceptable, or they don't mind **adding an extra £1.50** a year to assist a further 25,000 households via the Social tariff. In phase 2, only 47% of customers were in favour of increasing overall bills to support more people through the Social Tariff.
- 47% support and 42% say they have no views either way about expanding water treatment in Sundon
- Over 70% **support the ODI proposal** when presented with the possible bill impacts. Opinions became more positive when concrete amounts were proposed; 71% would accept a £0.50 annual bill increase if we beat our set performance targets and 73% would accept a £4 annual reduction should we fail to beat our set targets.

- Three quarters of customers support **investing now to ensure sufficient water in the future**
- More than three quarters find **it acceptable to increase bills** by an extra £3-5 a year and 84% acceptable to increase by £1-£2 a year to make sure that there was enough water in the future
- **Most customers can** comfortably, fairly comfortably or 'yes, it is a stretch' **afford** their current bills (96%) and **future options** (92% and 89%)
- Customers, including developers are looking for fast responses, clear programmes and accurate delivery. Currently, developer customers have rated our performance poorly and would like to see improvements in 'getting it right first time, ease of obtaining information, keeping you informed on progress and quality of information available on website.'
- 89% customer satisfaction with water pressure [Water Matters: Household customer views on their water and sewerage services 2017]. This is in line with earlier market research but operational data tells us that this is a key point of customer contact which was the rationale for the water pressure PC. A high number of contacts suggests that customers are concerned about some aspects of their water pressure was not highlighted as being a significant problem through market research, suggesting that it may be an issue of duration.

Final Business Plan acceptability

The research to test acceptability of the Final Plan was an online acceptability survey with 1,000 customers across the water resource zones. Respondents were sourced from Ipsos MORI's online panel and recruitment quotas targeted a representative sample of adult residents aged 16-75. Refer to our phase 3 Triangulation Report [Annex 6, Ph3.1] for more information on this source.



Plan outline *CLEAN water only*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year	
2018/19	**£173.53**
2019/20	**£168.77**
2020/21	**£172.40**
2021/22	**£172.40**
2022/23	**£172.40**
2023/24	**£172.40**
2024/25	**£172.40**

Figure 10: Phase 3 Final Plan

The survey found just over eight in ten (82%) customers considering the plan acceptable. While this is a statistically significant improvement on acceptability compared to the most acceptable plans tested in the Spring (J and K), these findings are not directly comparable given different approaches to sampling and questioning used in the two surveys. Still, again, we have found high levels of acceptability for the clean water bill for the period 2020-2025.

There was a significant swing away from acceptability when the bill impact including inflation was presented. A clear majority of customers - just over six in ten (62%) - were positive about the bill impacts of this plan but the proportion rating it as very acceptable halved compared with the pre-inflation plan, and a third (33%) rated it unacceptable.

We cannot be certain about the reason for this change in sentiment but the qualitative research suggests that some customers react negatively to the mention of inflation. This is probably because it introduces uncertainty about forecasts, but also some scepticism about how it can be used by companies across many sectors to justify price rises.

Acceptability figures drop further when the cost of sewerage is added: Thames Water - 51% very/fairly acceptable, Anglian Water - 48% very/fairly acceptable, Southern Water - 41% very/fairly acceptable. Thames Water is by far the biggest provider across our supply area with the result that the overall level of acceptability across all areas is 50%.

Customers are relatively cool on the concept of performance incentives and penalties ('ODIs'). 39% support them, just over one in five (22%) are opposed, and the remainder don't have a view. Opinions become more positive when concrete amounts are proposed – seven in ten customers would accept a £0.50 annual increase to their bills if we beat our performance targets (71%). 22% would not accept this system and 7% holding no views either way.

Similarly, 73% of customers would find it acceptable for up to £4 to be removed from their water bills should we fail to beat set targets. 19% find this unacceptable and 7% do not know.

Phase 4

Phase 4 'Transition to Business as usual' will begin post-Business Plan submission. The aim of this phase is to reviews our learning and experience from PR19 and compare this to experiences across the industry. We will develop our engagement strategy for the long term and seek to keep abreast of customer concerns and priorities by maximising opportunities to integrate customer feedback and embedding lessons learnt into BaU.

4.2 What customers and stakeholders told us

Findings in detail

In this section we summarise our overall, cross-phase, findings of what customers and stakeholders have told us. Our findings were grouped against our four customer outcomes and split in two ways. We grouped and categorised the findings under a number of themes based on what customers and stakeholders told us that they want and expect from our service. The aligned customer outcomes and themes can be seen in the figure below.

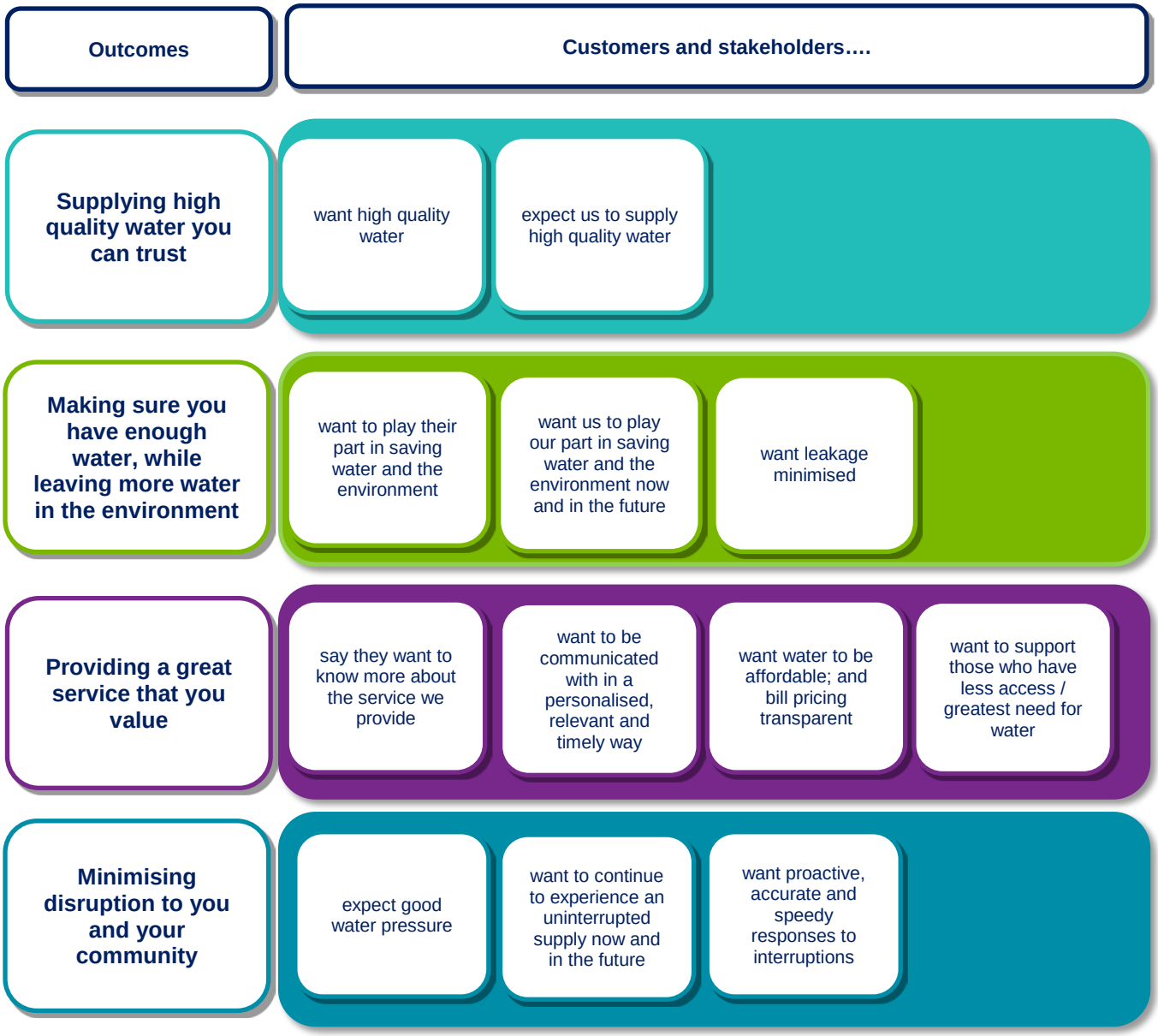


Figure 11 Customer Outcomes and themes

This section presents our summarised findings categorised by customer outcome and customer themes.

Supplying high quality water you can trust

General Findings:

- Clean/safe water is recognised as a crucial resource. *(Phase 2 Future Customers School Survey)*
- Water is understood to be essential to life; to the running of a home and to health: "We all need water to survive. We can survive without electricity but we need water" *(Phase 0 ethnographic interviews)*
- The vast majority of customers trust the supply (91%) and quality (80%) of the water they receive. *(Phase 2 dWRMP Survey; Phase 1 Community- Omnibus Survey)*
- The majority of customers identified water as the most important utility amongst all household utilities expenditure. *(Phase 2 BP Acceptability Survey; Phase 0 Ethnographic Interviews; Phase 0 - Signpost Focus Group; VfM 2018/2018 Summary; Phase 1 Customer Community- Omnibus Survey)*
- 92% of customers in England and Wales were satisfied with their overall water supply; satisfaction has been consistently high over the last seven years. (*Phase 3 Water Matters: Household Customer views on their water and sewerage services 2017)*

Customers and stakeholders want high quality water	
Corroboration	Contradiction
• Across phases, the majority of customer commented positively on the taste and quality of Affinity Water. In ethnographic interviews, some remarked that the quality was "as good as bottled water". *(Phase 0 Ethnographic Interviews; Phase 1 Community of Customers- Usage and Water Quality Survey, VfM 2017/2018 Summary)* • Customers support and view the meeting of water quality standards as important. *(Phase 1 Community of Customers- Quick Poll)* • Clean and safe water was mentioned specifically by future customers, as "the most important thing" related to water supply. *(Phase 2 Future Customers Schools Focus Groups)* • Customers are satisfied with their water and sewerage service. Satisfaction with reliability, colour/appearance, taste and smell are particularly high. *[Phase 3 Water Matters: Household customer views on their water and sewerage services 2017]*	• A quarter of customers have expressed concern about the taste, smell, colour or hardness over the past 5 years. *(Phase 1 Operational Data; Phase 0 Operational Data; Phase 1 Community- Usage and Water Quality Survey; Phase 0 Ethnographic Interviews; Phase 2 BP Acceptability Survey)* • Some customers choose to drink bottled water over tap water for a "better taste". (Phase 0 Ethnographic Interviews) • Customers expressed concerns about the chemicals added to water, particularly from those who don't drink water from the tap. *(Phase 2 dWRMP Survey)* • Water hardness is one of the most common search terms on the website and "Why is the water so hard?" is also a frequently asked question by customers to the Water Saving Squad volunteers. *(Phase 1 Operational Data; Phase 0 Operational Data)* • 66% satisfaction with 'hardness and softness' of water in 2017. [Phase 3 Water Matters: Household customer views on their water and sewerage services 2017]

Customers and stakeholders expect us to supply high quality water	
Corroboration	Contradiction
• The customer outcome 'Supplying high quality water you can trust' was tested for relevance with customers and received a mean score of 8.5 for importance and was clearly considered the most important	• Some of the most common reasons for customer contact by telephone, social media and website are reports of 'no water' or 'poor pressure'. *(Phase 0 Operational Data)*

outcome (ranked 1st by 54% of customers) *[Phase Enabling: Pre-SDS Consultation: Online Survey]* When re-tested for phase 2, this outcome received a mean score of 9.58. *[Phase 2 Business Plan acceptability survey]* • Affinity Water supply was widely regarded as reliable and dependable – people recalled few problems with the water they receive and consistency of supply. *(Phase 0 Ethnographic Interviews; Phase 1 Community of Customers- Usage and Water Quality Survey; Phase 1 Community- Omnibus Survey)* • Based on their reliability of water supply, a large proportion of customers are happy to let Affinity Water get on with their job. *(Phase 1 Community of Customers- Omnibus Survey)* • Customers were generally surprised and pleased with water quality performance. *(Phase 1 Community- Usage and Water Quality Survey; Phase 0 Ethnographic Interviews)* • 92% of customers in England and Wales were satisfied with their overall water supply; satisfaction has been consistently high over the last seven years. (*Phase 3 Water Matters: Household Customer views on their water and sewerage services 2017)* • Customers expect Affinity Water to be investing for the future NOW o All responsible companies have to plan for the future o The risks and challenges for Affinity Water are not new or unique –many believe they are having an impact currently (but will become increasingly important) *[Phase 3 Additional Resilience Investment: Qualitative Customer Research]*	• Customers don't have a choice of supplier and don't know the difference. *(Phase 0 Ethnographic Interviews; Phase 1 Customer Community)* • Customers incorrectly perceive that current and ongoing water availability is a given; noting that we live in a 'wet', 'grey and green' country. *(Phase 1 Community Hubbub Stepboard)*

Making sure you have enough water, while leaving more water in the environment

General Findings:

- Over half of participants would be interested in having a smart meter installed. *(Phase 1 Community- Quick Polls)*
- Ensuring all customers have a water meter was perceived as the least important area for Affinity Water to consider in their future plans [phase 3 Additional Resilience Investment: Online Customer Research]
- The data trend (63% 2014 – 66% 2018) from VFM survey appear to suggest attitudes to water meters may be improving slightly. *(VfM 2017/2018 summary)*
- There have been complaints with regards to the roll out of water meters. *(Phase 1 Operational Data Report)*
- Only 27% of customers are aware that a meter can be fitted on a trial basis (phase 3 *Water Matters: Household customer views on their water and sewerage services 2017).*

- Climate change seen by stakeholders as important challenge that needs collaboration with others. *(Stakeholder BP/dWRMP focus groups)*
- Customers liked the idea of company collaboration and sharing expertise and suggested a water network similar to that of the national oil pipe network, but found third-party collaboration proposals were presented at "too high level" and lacked detail. *(Phase 2 dWRMP survey)*

Customers and stakeholders want to play their part in saving water and the environment	
Corroboration	Contradiction
• Most customers acknowledge the need to protect the environment and feel it is important for individuals to save water to protect the environment now and for future generations. *(Phase 2 dWRMP and BP Focus Groups; Phase 2 Future Customers Schools Survey; Phase 2 Customer Schools Focus Groups; Phase 2 dWRMP Survey; Phase 1 Community- Water Usage Survey; Stakeholder BP/dWRMP Focus Groups)* • Customer generally make the connection between saving the water and protecting the environment and are perceptive to demand management options like metering, water saving devices, education, water butts; stakeholders agree with the use of this water saving infrastructure. *(Phase 2 dWRMP Survey; Phase 0 Signpost focus Groups; Phase 1 Community- Water Usage Survey; Phase 2 Stakeholder WRMP/ BP Focus Groups; Ipsos Mori research for NIC, May 2018; PR19 DMP Online Survey; Stakeholder BP/dWRMP focus Groups; PR14 customer and CCG feedback)* • Customers were surprised by the higher than average personal consumption in Affinity Water region and not able to explain it intuitively - is it hotter? more wasteful? young age profile? want to understand why. *[Phase 3 Additional Resilience Investment: Qualitative Customer Research]*	• Customers feel that they generally are efficient users of water and would struggle to use less water, or feel less inclined to use less water, as water companies should take on the responsibility of saving water and reducing leakage. *(Phase 1 Community- Water Usage Survey; Phase 2 dWRMP Survey; Phase 2 BP Focus Groups; Phase 0 Signpost Focus Group; Phase 1 Community- Leakage Survey; Phase 2 Future Customers Schools Survey)* • There is a lack of trust in or engagement with Affinity Water, with some customers wondering why the company would want them to use less water. *(Phase 0 Ethnographic Interviews)* • Most customers feel that awareness needs to be raised so everyone knows how to protect the water environment and water companies need to equip them to do so. *(Phase 2 dWRMP Survey; Phase 2 BP Focus Groups; PR19 DMP online survey)* • Customers have low awareness of their water supply and where it comes from. Little awareness of chalk streams and their senistivity *(Phase 3 Additional Resilience Investment: Qualitative Customer Research)*

Customers and stakeholders want us to continue to play our part in protecting the environment now and in the future	
Corroboration	Contradiction
• When asked about the relevance of the customer outcomes, 'Making sure you have enough water, while leaving more water in the environment' received a mean score of 8.6 *(Phase Enabling – Pre-SDS Consultation: Online*	• There was misunderstanding and confusion from customers around the concepts of drought and abstraction and stakeholders requested more information on drought measures and environmental projects to be

Survey). When re-testing this outcome for Phase 2, it received a mean score of 9.19. *(Phase 2 Business Plan Acceptability Survey).* • Customers value the environment and feel that Affinity Water should play their part in protecting it with some stating that they should have the most responsibility for reducing consumption. *(Phase 2 dWRMP and Business Plan Focus Groups; PR19 DMP Online Survey; Phase 2 Future Customers Schools Survey; Phase 2 Future Customers Schools Focus Group; Phase 1 Community- Water Usage Survey; PR14 Customer and CCG Feedback; Phase 1 Community- Leakage Survey)* • Customers generally support Affinity Water in investing in environmental projects and taking less water from the environment. *(PR14 and CCG feedback; Phase 2 Stakeholder BP/dWRMP Focus Groups; Phase 2 dWRMP Survey)* • The higher figure proposed (£6 million) was favoured by most stakeholders as they saw spending money on environmental pilot project important. (Phase 2 Stakeholder dWRMP Focus Group) • A number of issues were mentioned when thinking about what might be potential risk for Affinity Water in the future. These included climate change and extreme weather. *(phase 3 Additional Resilience Investment: Qualitative Customer Research and online survey)* • Older age groups (55+) are more supportive of future investments generally. They put greater importance than their younger counterparts on the need to ensure there is sufficient water available for the next generation. For younger customers, keeping the bill low and providing help with paying bills are a greater priority. *(Phase 3 Additional Resilience Investment: Online Customer Survey)*	able to effectively prioritise and determine value for money. *(Phase 2 BP/dWRMP Stakeholder Forums; Phase 2 dWRMP Focus Groups; Phase 0 Ethnographic Interviews; Phase 2 dWRMP Survey; Phase 2 Stakeholder BP/WRMP Focus Groups)* • Stakeholders note that the target seems low in comparison to past abstraction reductions. Good to reduce abstraction as much as possible (39 Ml/d preferred) but could lead to supply shortages if other targets aren't met. *(Phase 2 Stakeholder BP/dWRMP Focus Groups)* • Stakeholders cautioned support in abstraction reduction with concern around the effect on the environment and supply levels. *(Phase 2 Stakeholder BP/dWRMP Focus Groups)*

Customers and stakeholders want leakage minimised	
Corroboration	Contradiction
• Customers support Affinity Water in reducing leakage as the level of leakage is perceived as "high and shocking" and feel that it is their responsibility to avoid wastage and improve performance. Customer also make the connection between reducing leakage and protecting the environment. *(Phase 2 dWRMP Survey; Phase 0 Signpost Focus Group; Phase 1 Community- Leakage*	• When given associated costs, customers still chose a lower level of leakage reduction. The higher level of reduction was more popular with stakeholders, however, there were varying views and uncertainty around whether customers would prioritise leakage. *(Phase 2 BP focus Groups; Phase 2 BP Acceptability Survey)* • Customers wanted more context and comparative information around leakage as

Survey, Phase 2 Future Customers Schools Survey; Phase 2 dWRMP/BP Focus Groups) • Leakage the reason customers would most likely support an increase in water bills. *(Phase 1 Community- Omnibus Survey)* • Leakage is a relatively high cause for customer contact and many would support compulsory metering if it helped with addressing leaks. *(Ipsos Mori research for NIC; Phase 1 Operational Data; VfM 2017/2018 Summary)* • Customers recognise different severity of leaks and some necessitating faster response than others. *(Phase 1 Community- Leakage Survey and Stepboard)*	the information was unfamiliar and trade-offs were difficult as leakage was presented in "%" *(Phase 2 BP Acceptability Survey)* • Many participants felt that both 11% and 15% leakage reductions were too modest. *(Phase 2 BP Focus Groups)*

Providing a great Service that you value

General Findings:

- 86% say that great customer service is very important and should be reflected in future Affinity plans. *(Phase 2 BP Acceptability Survey)*
- The majority of customers are very/satisfied (74%) with the service they receive from Affinity. *(Phase 2 BP Acceptability Survey)*
- Utilities rank in the lowest 3 sectors in the "UK Customer Satisfaction Index and have a lot to learn from other sectors". *(Phase 1 UK Satisfaction Index)*
- The Value for Money survey data states customers often tell Affinity Water they are satisfied with the service on the basis that they are not experiencing problems or interruptions. *(Value for Money 2017/2018 Summary)*
- Customer service expectations are higher among younger, future customers. *(Phase 2 Future Customers Schools Focus Groups; Phase 1 Community of Customers- omnibus survey)*
- 18% of customers in England and Wales contacted their supplier in 2017 and satisfaction with all aspects of contact was high *[Phase 3 Water Matters: Household Customer views on their water and sewerage service 2017]*
- 69% of customers agree their water company cares about the service they provide. This level of care is ahead of energy companies. *(phase 3 Water Matters: Household customer views of their water sewerage 2017)*
- Satisfaction with VfM
    - Water at 72% in 2017.
    - Telephone line - 77% in 2017
    - Electricity - 76% in 2017
    - Broadband - 70% in 2017
    - Council - 63% in 2017 *(Phase 3: Water Matters: Household customer views on their water and sewerage services 2017)*

Customers and stakeholders say they want to know more about the services Affinity Water provides	
Corroboration	Contradiction
• Customers have a limited awareness and understanding of Affinity Water and	• Operational data shows that of the majority of customers who have contact

the service it provides; with limited interaction (beyond billing). *(Phase 0 Ethnographic Interviews; Phase 2 Future Customers Schools Survey)* • They say they want to know more about services available to them – specifically around water saving, bill payment options, leakage reduction, comparative data and social tariff information. *(Phase 0 Ethnographic Interviews; Phase 0 Signpost Focus Groups, Phase 1 Community of Customers- water service survey; Phase 2 dWRMP survey and focus groups)* • When presented with the range of Affinity Water services, household customers' already positive perception of a 'value for money service' improved. *(Phase 0 Signpost Focus Groups)*	Affinity Water in the last year, 9 out of 10, found it easy to access their services. *(VfM 2017/2018 Summary)* • A large proportion said they would like to know what Affinity Water is doing but they are equally happy / trust them to get on with the job. *(Phase 1 Community of Customers)*

Customers and stakeholders want to be communicated with in a personalised, relevant and timely way	
Corroboration	Contradiction
• Household customers generally feel positive about the service they receive from Affinity Water staff and the manner in which they engage with them. Generally, customers have had positive experiences when contacting Affinity Water but those who haven't have suggested improvements around resolving complaints quicker, more call operators, improved online service provision and methods of contact *(phase 1 community – customer service stepboard; phase 2 operational facing staff survey, phase 1 operational data, phase 2 Business Plan focus groups)* • 18% of customers in England and Wales contacted their supplier in 2017 and satisfaction with all aspects of contact was high *(Phase 3 Water Matters: Household Customer views on their water and sewerage service 2017)* • Customers would like improved communication and saw a positive correlation with improved personal water management. (*phase 2 BP focus groups)* • 69% of customers agree their water company cares about the service they provide. This level of care is ahead of energy companies. *(phase 3 Water Matters: Household customer views on their water and sewerage 2017)*	• Utilities rank in the lowest 3 sectors in the "UK Customer Satisfaction Index and have a lot to learn from other sectors *(phase 1, UK Satisfaction Index)* • Just 4% of household customers reported issues with poor customer service over the last 5 years *(phase 2 – BP acceptability survey)*

• Operational data suggests customers need to be communicated with effectively and positively to persuade them to have a meter installed as those who have chosen to have a meter are more positive about them than those who don't have one. (*VfM 2017/2018 summary)* • Developer Services customers are looking for fast responses, clear programmes and accurate delivery from developer services. Currently, customers have rated our performance poorly regarding 'getting it right first time, ease of obtaining information, keeping you informed on progress and quality of information available on website.' *(Phase 3 D-Mex Update and Wave 1 Results)*	

Customers and stakeholders want water to be affordable; and bill pricing to be transparent	
Corroboration	Contradiction
• When testing the customer outcomes for relevance, 'Providing a great service that you value,' received a mean score of 9.08 for importance. (*Phase Enabling – Pre-SDS: Online Survey)* When re-testing this outcome for Phase 2, it received a score of 9.08. *(Phase 2 Business Plan acceptability survey)* • Household customers generally see water as affordable (87%) "a good deal"; and when compared to other utilities (29% better value; 57% same value) *(phase 2 BP acceptability survey).* This is corroborated from other sources *(phase 0 ethnographic interviews, phase 0 - signpost focus groups; value for money survey, phase 1 customer community – omnibus survey).* The majority of future customers agreed that the cost of water is important to them *(phase 2 future customers schools focus groups)* • 61% believe charges are fair *(Phase 3: Water Matters: Household customer views on their water and sewerage services 2017)* • Household customers generally perceive water to be "a good deal"; when compared to other utilities. *(Phase 2 BP Acceptability Survey; Phase 0 Ethnographic*	• The lack of choice of provider means customers are unable to search for "a better deal". Many believe that plan and costs are already set and / or that they are not expert enough to make a judgement about cost and value for money. *(Phase 0 Ethnographic Interviews; Phase 1 Customer Community; Phase 2 dWRMP focus Groups)* • Stakeholders commented that the price of water was "too cheap" and that a price increase would encourage behaviour change and greater water saving. *(Phase 2 Stakeholder Focus Groups)* • Positive perceptions of affordability are not shared by all; specifically, unstable income earners and large families / households. *(Phase 0 Operational Data; Phase 2 Operational facing staff survey; Phase 2 dWRMP Survey; VfM 2017/2018 Summary)* • 49% of surveyed customers agree that their household water bills are too expensive these days but when presented alongside other utilities, perception changes. *(Phase 2 dWRMP Survey)*

interviews; Phase 0 signpost focus groups; VfM survey; Phase 1 customer community-omnibus survey; Phase 2 Stakeholder Focus Groups) • There are very few complaints about price perception and the majority of customers are satisfied with the value for money of their sewerage and water services *(Phase 0 Operational Data; Phase 1 Operational Data; Phase 2 Operational Data, Phase 3 Water Matters: Household customers views on their water and sewerage services 2017)* • Many have little awareness of their relative usage and impact on their bill. Some suggested installation of smart meters and better explanation of water usage on their bills to create transparency. *(Phase 2 dWRMP Focus Groups; PR14 Customer and CCG Feedback)* • There is some lack of trust and transparency with regards price setting at Affinity Water due to its monopoly status. *(PR14 Customer Feedback and CCG Feedback; Phase 0 Ethnographic Interviews; Phase 0 Signpost Focus Group)* • General corporate cynicism and lack of corporate trust may have influenced a small minority of customers being unwilling to pay for additional investment. Others mentioned money not being spent as promised (tax/charity) *(Phase 3 Additional Resilience Investment: Qualitative Customer Research)* • Customers want bills to be affordable for future generations as well as current generations. They would rather pay more now, for investment in infrastructure development to prevent large bill increases for future generations. *(PR14 Research; Phase 0 Signpost focus groups)* • Amongst non-household customers, the evidence suggests that willingness to pay has increased since PR14. *(Phase 2 WTP Review)* • Two thirds oppose compulsory metering if it means higher bills. *(Ipsos Mori research for NIC May 18)* • External factors are influencing customers outlook on value for money and indicates ambivalence towards water. *(VfM 2017/2018 Summary)* • Customers have mixed views on the principle of a system of rewards and penalties that could allow Affinity Water	• A third of customers believe Affinity should not add anything to water bills but still continue to support 50,000 customers through social tariff. *(Phase 2 BP Acceptability Survey)* • Some customers find water bills too expensive; for example - when bills received following water meter installation (which are perceived as driving efficiency and saving). (*Phase 0, Phase 1 Community of Customers, VfM 2017/2018 Summary)*

to increase bills (if they beat certain performance goals and make them lower bills if they do not). 39% support this approach, 39% have no views either way and 22% oppose it. [phase 3Final Acceptability Survey]	

Customers and stakeholders want to support those who have less access/greatest need for water	
Corroboration	Contradiction
• Approximately three quarters support Affinity Water in providing support through bill reductions, flexible payment and bill management; and spending more on the Social Tariff. Levels of support and opposition were consistent across age groups, geographies and metered/non-metered households with minimal exceptions. *(Phase 1 Social Tariff Survey; Phase 2 BP Acceptability Survey)* • Support is higher still among those in households that receive Benefits and among customers who feel water bills are better value for money. *(Phase 2 BP Acceptability Survey)* • Nearly half of customers are in favour of increasing overall bills to support more people but support for different levels of increase is varied. Views on this issue are complex and can be influenced by the stimulus provided and in the order of questioning. Also, views on bill increase varied across different groups for example between ABC1 (refer to phase 2 Business Plan Acceptability Survey [Annex 5, Ph2.4] for social grade definitions) and Black and Minority Ethnic (BME) groupings who are slightly in favour of the current model. *(Phase 2 BP Acceptability Survey)* • Customers did not directly describe themselves as 'vulnerable', instead using similar vulnerable stereotypes when prompted. *(Phase 1 In-depth Interviews)* • Calls and website visits show that low income tariffs and payments plans are key causes for contact suggesting people want to find out more about the support they can receive. *(Phase 0 Operational Data)* • Seven - year trend in awareness of priority services register is increasing but awareness remains low at 43% in England and Wales. *(Water Matter: Household customer views on their water and sewerage services 2017)* • Six in ten (60%) Affinity Water customers say it would be acceptable to add an extra £1.50 each year to household water bills if it means assisting an additional 25,000 households via the Social Tariff *[phase 3 Final Acceptability Survey].* This echoes previous	• Many are unaware of what Affinity Water can and does do to help with bills, and the other support services available. The method of communication of these services needs to be improved. *(Phase 1 Community of Customers- Omnibus Survey)* • 35% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt; suggesting this support is dependent on framing. *(Phase 2 Business Plan Acceptability Survey, Phase 3Final Acceptability Survey]* • Nearly 15% of Affinity Water customers could be considered vulnerable. They are more likely to be over 65 years old and living in single person households. *(VfM 2017/2018 Summary)* • When asked about Affinity Water's future plans, the areas which customers are less likely to think are important are ensuring all customers have a water meter and helping customers who struggle to pay their bills. 'Supporting vulnerable customer' ranked fairly low also. *(Phase 3*Additional Resilience Investment: Online Customer Research*)*

research during PR19. While customers support the principle of the Social Tariff, this is contingent on factors such as the number of customers supported and the cost impact to other households. When presented with a choice of propositions, a large minority opt for the status quo. Across all of the questions we have asked on the topic during PR19, a clear majority back an extension of the Social Tariff through an extra amount on bills. *(phase 3Final Acceptability Survey)* • The age group that are most likely to find the expansion to the Social Tariff acceptable are 16-34 year olds and the income group that are most likely to find the expansion acceptable are those with the highest incomes; over £40,000. (*phase 3Final Acceptability Survey)*	

Minimising disruption to you and your community

General Findings:

- Written complaints relating to water pressure during the last year represent less than 5% of all complaints and rank outside of 10 customer issues. *(Phase 2 Customer Feedback supporting insight)*
- Reliability and quality of the UK's water supply is taken for granted by the public. *(Ipsos Mori research for NIC, May 2018)*
- 59% of customers feel that hosepipe bans are an acceptable method for managing resources, despite perceiving that they happen more frequently than reality. *(Phase 2 WRMP Survey)*
- In January – March 2018, there was a strong dip in strong positive satisfaction, potentially a result of cold weather interruptions and associated publicity. *(VfM 2017/2018 Summary)*

Customers and stakeholders expect good water pressure	
Corroboration	Contradiction
• Rolling seven year average of 89% customer satisfaction with water pressure in England and Wales *(phase 3 Water Matters: Household customer views on their water and sewerage services 2017)* • Customers found proposals to improve water pressure acceptable, in the round. *(Phase 2 BP Acceptability Survey)* • Since privatisation, customers are 5 times less likely to suffer from supply interruptions and 100 times less likely to have low water pressure. *(Britain Thinks)* • Customers recognise different severity of leaks and some need a faster response time than others. *(Phase 1 Community- Leakage Survey and Stepboard)*	• Generally, those who experience consistent low pressure are resigned to it. *(Phase 1- in depth interviews)* • There is confusion around the causes and solutions for poor pressure. *(Phase 1- In-depth interviews)* • Low pressure is one of the main reasons for contact from customers. *(Phase 1 Operational Data)*

Customers and stakeholders want to continue to experience an uninterrupted supply now and in the future	
Corroboration	Contradiction
• When testing the relevance of each of the customer outcomes, 'minimising disruption to you and your community' scored an average of 8.2 *(Phase Enabling: Pre-SDS Consultation: Online Survey).* When re-testing this customer outcome for Phase 2, it scored an average of 8.81. *(Phase 2 Business Plan acceptability survey)* • The majority of customers find their water supply reliable and few have experienced interruptions but most support prevention of interruptions to supply. *(Phase 2 dWRMP Survey; Phase 1 Community Omnibus Survey; Phase 2 BP Focus Groups; VfM 2017/2018 Summary; Phase 2 WTP supply outage compensation levels survey)* • Acceptance of an interruption depended on a number of factors including whether or not the customer had previous experience of an interruption, how much compensation was being offered and whether it was planned or an unplanned interruption. *(Phase 2 WTP supply outage compensation levels survey)* • 50% of customers found current compensation for unplanned interruptions as 'about right' and the other 50% felt it was 'far/too little'. *(Phase 2 WTP supply outage compensation levels survey)* • Future customers particularly valued an uninterrupted supply as an important part of the service provided to customers. *(Phase 2 BP Focus Groups)* • Interruptions to supply is the highest cause of complaint and unwanted customer contact. (Phase 1 Operational Data) • There was higher acceptance of supply interruption, as the level of compensation offered increased, however, the duration of the interruption had little impact on this. Older customers required substantially more compensation than any other age group. *(Phase 2 WTP supply outage compensation levels survey)* • The duration of an interruption and perceived severity of impact have a modest correlation. *(Phase 2 WTP supply outage compensation levels survey)* • Most customers find Affinity Water's drought order frequency acceptable and some believe that Affinity must be able to restrict water use during a drought. *(Phase 2 WRMP survey; Phase 1 Community- drought quick poll; Phase 2 Future Customers Schools Focus Groups)*	• Stakeholders commented that the risk of interruption is of relatively low importance to them and other customers commented on the low probability of interruptions. *(Phase 2 BP/dWRMP Stakeholder Forums)* • In Phase 3, Droughts, less rainfall and less water are of increasing concern to customers (dry weather during research period) and potentially more top-of-mind due to current weather. Customers perceive an impact on Affinity Water's ability to provide high-quality water in the next 5 years due to these concerns. *(phase 3* Additional Resilience Investment: Online Customer Research). This doesn't echo opinion on drought from earlier phases, however, the phase 3 research was carried during hot, dry weather.

• The majority of future customers think Affinity Water should do more to save water and reduce wastage through leakage and bursts. *(Phase 2 Future Customers Schools Focus Groups; Phase 2 Future Customers Schools Survey)* • Customers expect all issues to have a bigger impact in 20 years' time than in 5 years, although the order of things affecting Affinity Water is very similar, with infrastructure, growing population and droughts remaining the top three concerns. *[Phase 3* Additional Resilience Investment: Online Customer Research*]* • Customers trust Affinity Water to provide sufficient high-quality water in both short term and long term [*phase 3 Online Resilience Survey, phase 3: Water Matters: Household customer views on their water and sewerage services 2017]* • Half of customers (47%) support AW expanding its water plant in Sundon to ensure there is enough water supply across areas served by its business. lots of uncertainty however, with 42% saying they have no views and 11% opposing. *[phase 3 Final Acceptability Survey].*	

Customers and stakeholders want accurate, proactive and speedy responses during interruptions	
Corroboration	Contradiction
• Customers report experiencing a lack of communication during interruption; evidence from past experience found minimal contact/advance warning was given during the 'Beast from the East' incident. *(Phase 1 in depth interviews; Phase 2 Ofwat 'Out in the Cold' review)* • Much unwanted contact around interruptions is repeat contact, suggesting customers may not have got the answer they wanted initially. *(Phase 1 Operational Data)* • Stakeholders commented that good use of social media and other means of communication is essential for mitigating the impact of interruptions. *(Phase 2 BP/dWRMP Stakeholder Forums)* • Affinity Water customers are looking for a fast speed of responses - from general customer service, and to applications and completion. It is felt that Affinity Water need to be quicker, with responses; and Developers would like to be able to complete everything online. (*Phase 3 D-Mex Update and Wave 1 Results)* • Affinity Water scored poorly on the Transaction Survey (DS) and received the lowest scores out	

of all the water companies involved in the following areas: o getting it right first time o ease of obtaining information needed o keeping you informed on progress o quality of information available on website *(Phase 3 D-Mex Update and Wave 1 Results)*	

PR19 PCs were aligned with the four outcomes shown below in **Figure 12.**. The findings were grouped to the PCs and used to support each commitment. The fully mapped list can be seen in our Triangulation Tool [Annex 1, Over 2]. See Our Outcomes and Performance Commitments, Chapter 4.

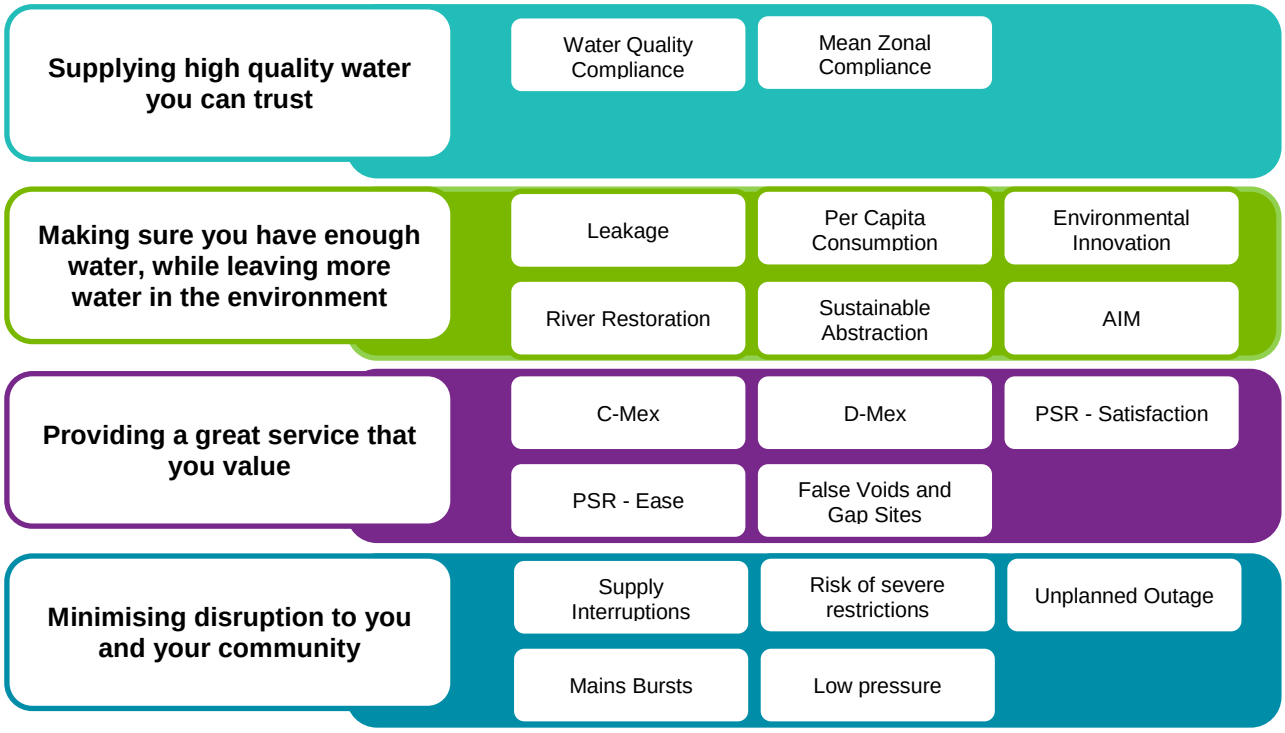


Figure 12: Customer outcomes against our PCs

PR14 PR19 Comparison

Drawing comparisons to PR14, we feel that we have seen three main areas of evolution of customer views:

1) There has been a greater acceptance of metering than at PR14. Though, still over half (57% of customers are in favour of the extension of compulsory metering [phase 2 dWRMP survey, Annex 5, Ph2.5].

2) Customers are asking for a greater personalisation of communications from us. This was particularly evident in the future customer's survey and focus groups.

3) There is a greater acceptance of reducing water use by customers, although overall

the lowest level of reduction was chosen (with 34% supporting a reduction to 126 litres a day from 160).

4.3 Segmented findings

This section will outline the results of the customer engagement work carried out with the four targeted segments of customers. We saw that there were no significant differences in their needs, when compared to the overall population. Their views were important so that we could develop a plan that met the expectations and is affordable for all customers.

Where we did find differences in experience of these individuals, compared to the population as a whole, this is covered in the detailed reports. The headlines below are some common findings.

Vulnerable customers

Source: 12 in-depth interviews

- Customers are actively trying to manage household bills with sense of pride in paying. No customers were actively avoiding bill payments. Debt created long term difficulties. Lower tariffs are preferred over payment plans.
- Customers expressed difficulty tracking water cost and usage. Water use was a private matter and especially hard to control if consumption needed to increase due to medical condition or a larger family. Infrequent bills and a lack of visual measures make water usage and cost hard to understand.
- Water was felt to be affordable in smaller households with fixed income or pension. However, fluctuating usage, larger family households and unstable income caused concerns.
- Most customers do not think about water usage but felt they used as much as they needed and no more. Customers made little connection between water usage and the environment, and attempts to reduce usage were linked to reducing the bill.
- Customers did not directly describe themselves as 'vulnerable'; instead using similar vulnerable stereotypes when prompted.
- There was a general lack of trust in or engagement with us. Some customers wondered why we would want them to use less water.

Customers with experience of interruption/disruption

Source: 5 in-depth interviews

There is a perceived lack of communication during interruption. Customers said they only found out through Facebook or by making direct contact to find out about outages and get updates about supplies.

Low water pressure is something customers "have to put up with". Customers are confused about causes of low pressure and are unaware how, or if, pressure can be improved.

Water is essential. Consequently, customers felt that we should be proactively fixing pipes and carrying out work either at night or during the daytime in the week to reduce impact on their lives.

The relatively more engaged

Source: Affinity Water 2020 Community of Customers

N.B. – The Affinity Water 2020 Community of Customers included a sample of bill payers and named account holders. The Community had an older and more affluent profile than the general population in our regions. (The Community was designed to provide a flexible forum for ongoing conversations with a large group of customers, allowing for quantitative measurement plus qualitative and deliberative inquiry. It is not representative in a statistical way.)

N.B. 2 – comparing the final Community survey with the dWRMP survey – Community members who took part were more likely than customers as a whole to say they wanted to have more say and that they are careful about their water use. They were only a little more likely to feel knowledgeable about our company (longitudinal analysis shows that the 69 most engaged members (who completed all five surveys) were more knowledgeable to start with, but also became more knowledgeable across the life of the Community).

- Water is considered essential by customers. This is reflected in a concept that water is less 'product', more 'service', and in the emotional attitudes towards leakage and waste.
- Community customers say they pay less attention to water relative to energy and communication utilities. Most customers say they know a little or nothing about our company. Water is an 'invisible' service.
- This makes it difficult to engage. This showed up in our attempts to recruit the Affinity Water 2020 Community.
- Water supply is reliable in customers' eyes. Supply is not perceived to be under threat and resilience is taken for granted. There is a prevailing belief that Britain is a 'wet' country with plentiful supplies of water; many customers viewing the Hubbub film were surprised that most, or at least some, of our drinkable water is sourced from rivers, lakes or reservoirs.
- Tap water is trusted, and perceived as safe and clean. A survey among the Community points to some relative issues with taste and smell. But the overwhelming sentiment is one of satisfaction with few top-of-mind suggestions for improvement.
- The mainly affordable nature of water bills and the weak link between use and cost, mean that there is little incentive to reduce consumption. Community customers consider themselves 'average' and 'efficient' in terms of water consumption, with few ways to make comparisons. Attempts to help customers reduce consumptions are pushing at an open door. Over half think they might be able to do something to make small reductions to consumption, which is seen as more the responsibility of customers than water companies.
- Minimising leakage is thought to be a key part of the 'contract' between company and customers. Self-reported concern among customers is driven by a distaste for waste, followed by the cost of controlling leakage and how this affects their bill and the potential risk to the environment if we have to take more water from rivers.
- Customers recognise that there are different severities of leaks, and that some necessitate a faster response than others. Over half think that the time we take to repair leaks is about right. However, four in ten think that we should repair leaks faster.
- There is an appetite for us to invest more to reduce leakage further, in principle. Seven in ten think that we should meet, or exceed, Ofwat's leakage reduction expectations.
- Customers are most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage at a faster rate.

Future customers

Source: 2 groups with future customers (primarily students at university; primarily those aged 18-34 and living with their parents)

N.B. The phase 0 'Signpost' programme of groups included groups with future customers. Participants exhibited a very low level of knowledge, both about our company and about their water supply in general. This was the case across the groups, but particularly pronounced within the younger and future customer groups. All had heard of 'Affinity Water' but there was little awareness about what we do beyond supplying water.

- Within our future customer groups there was very little knowledge about the distinction between clean water supply and sewerage services. Again, this was not something that people had thought about before. When sewerage was mentioned, they assumed it would probably be the same company dealing with both.
- Those in the future customers group who had not been involved in bill paying before, really had no idea about how much water costs, or other bills for that matter so it was very difficult for them to consider the figures in any kind of context.

Across the groups, customers referred to the importance of considering the environment as part of the Business Plan priorities. Within the younger, and future customers groups, the ideas about considering the environment tended towards being quite vague and theoretical. These participants were quick to make reference to the environment being important, but it was not clear that they had much understanding about why using too much water was damaging to the environment, or how they could be more environmentally friendly. Though views were mixed, younger participants were also more likely to consider it primarily the responsibility of the company, rather than the consumer, to be environmentally friendly.

Where participants didn't understand how particular environmental priority areas would work – for instance what the environmental pilot projects would be, or how we could change their personal water use – they tended to shy away from prioritising these areas. When faced with making trade-offs between environmental activities that they did not fully understand and cost savings or customer service, they tended to default to the cost savings or customer service as these were concepts that they were familiar with and understood.

4.4 Disaggregated Findings

The main findings have shown that customers are generally satisfied with the service we provide, and that it is relatively good value for money compared to other household bills. However, by segmenting customers we have explored the diverse experiences of the service we provide.

We recognise that, throughout our market research programme, different groups and geographies have much more in common than points of difference and much of our reporting has presented relative differences. However, we found that demographic differences across all customers is greater than across geographies. The following section details the where there were differences.

Issues with supply/ customer satisfaction with our service

- 26% of women and 30% of people from BME backgrounds were more likely to have experienced issues with taste, smell, colour and hardness compared with 24% of the whole customer community. [phase 2 Business Plan acceptability survey, Annex 5, 2.4]
- Only 34% of those dissatisfied with the service we provide reported no recent water supply issues. This rises to 54% of those who were satisfied with the service we provide. [phase 2 Business Plan acceptability survey, Annex 5, 2.4]
- 17% of customers with experience of water supply issues in the past five years are dissatisfied with our service compared to 11% of customers with no recent issues. [phase 2 Business Plan acceptability survey, Annex 5, 2.4]
- 19% of people from BME backgrounds reported being dissatisfied with the service we provide compared to 12% of people from white backgrounds. 82% of 18-34 year olds were satisfied and so were 81% of people with no responsibility for the water bill, compared to 74% overall stating they were satisfied with the service we provide. [phase 2 Business Plan acceptability survey, Annex 5, 2.4]
- 17% of men wanted to have a say in what we do. This rises to 18% of 16-34 year olds and 19% of people from BME backgrounds, compared to 14% of customer overall would like to have more of a say in what we do. [phase 2 dWRMP survey, Annex B, Ph2.5]

Value for money/affordability

- 11% of social renters and 9% of private renters were unable to pay their water bill on time at least some of the time. This is compared to 3% for owners. [phase 2 Business Plan acceptability survey, Annex 5, 2.4]
- 21% of 35-54 strongly agree that their water bills are too expensive. This rises to 23% for renters and benefits recipients, and rises even further to 27% for BME customers. This is compared to 19% for the whole customer base. [phase 2 dWRMP survey, Annex B, Ph2.5]
- Only 26% of people who think their water bill is worse value for money than other household bills claim to have no recent water supply issues. [phase 2 Business Plan acceptability survey, Annex 5, 2.4]
- Metering does not seem to have any effect on perceptions of value for money. Similar proportions of those with (33%) and without (29%) meters are unaware of their bill amount. [phase 2 Business Plan acceptability survey, Annex 5, 2.4]
- Those customers who are more likely to benefit from support place greater importance on helping those struggling to pay their bill. [phase 3 Additional Resilience Investment Research: Online Customer Survey]
- Household that include someone with a disability or those in the lower income bracket are less likely to find a £1-£2 or £3-£5 per annum bill increase affordable. [phase 3 Additional Resilience Investment Research: Online Customer Survey]
- Acceptability of bill increases (£1-£2 and £3-£5) is consistently higher amongst older customers (aged 55+). [phase 3 Additional Resilience Investment Research: Online Customer Survey]

Per Capita Consumption

- Only 6% of the customer base think that they can make a big cutback in the amount of water they use, increasing to 11% of 16-34 year olds. 50% of 55-75 year olds feel as though they are not able to make any reduction to their usage. [phase 2 dWRMP survey, Annex B, Ph2.5]
- 84% of metered customers strongly agree that they are careful about the amount of water they personally use. Only 78% of all customers strongly agree. [phase 2 dWRMP survey, Annex B, Ph2.5]

Resilience

- Older customers (over 55 years) place greater importance on a range of resilience related issues:
    - Making sure there is enough water in the future (79% 'very important' vs. 53% for <35s)
    - Reducing the amount of leakage (76% 'very important' vs. 37% for <35s)
    - Maintaining and updating the infrastructure (66% 'very important' vs. 36% for <35s)
    - Building new water storage (43% 'very important' vs. 25% for <35s)

  [phase 3 Additional Resilience Investment Research: Online Customer Survey]

We understand that the customer base in our supply area is very diverse demographically and that this equates to a diverse range of experiences of the service we provide.

4.5 Stakeholder findings/views

Our key stakeholders have given their views on our plans through the formal DMP, dWRMP and Business Plan consultations, qualitative research through discussion groups, workshops, forums and informal one-to-one conversations and presentations.

Overall, we found that stakeholder views did not differ significantly from those of customers. Where slight areas of contradiction were found, these have been highlighted in section 4.2. Stakeholders generally expected us to be more ambitious, and were more likely to provide detailed commentary on specific areas based on their expertise. Some of these views from our strategic influencers on our plans are covered in the dWRMP Chapter 3, section 3.4.2.

5 Working with our Customer Challenge Group

5.1 Introduction

Our CCG was established in 2012 to challenge and support us during the development of our Business Plan that was submitted to Ofwat in December 2013.

In May 2016, Ofwat published its expectations for companies' customer engagement for the for 'PR19' stating that each company should have a CCG in place for PR19 and set out a number of expectations for CCGs in terms of their purpose, scope and membership.

The current chair of the CCG, Teresa Perchard, was appointed by the non-executive directors in April 2016. In order to achieve a diversity of membership, members of the CCG (14) have been drawn from representative bodies or interest groups that are active in the communities and areas we serve. There is member representation of our regulators, the Environment Agency and CCWater. See Annex 8, CCG1 for details of assurance of the role played.

Detailed Terms of Reference (ToR) was established and updated to provide a set of working guidelines for the CCG. Following the conclusion of PR14, the role of the CCG changed to support the operational and delivery focus of the business, particularly in the light of Ofwat granting our Business Plan enhance status. The Revised ToR established the CCG as having the primary role to 'comment on how well Affinity Water considers customers' views and their priorities and how well customer risks are managed in relation to the achievement of the AMP6 PCs.' For further information on the ToR, please see Annex 8, CCG1. See CCG Report and supporting Appendices.

5.2 Ways of working

We welcomed the opportunity to work with the Customer Challenge Group. The Independent Chair set a clear agenda and scope of work for the CCG. We found the discipline of preparing material for a lay audience helped us sharpen our messages; improved our objective setting; and helped us view things from the customers' perspective.

The constructive challenge from the CCG improved publications, questionnaires and presentation of material. Their feedback, from attendance at events and workshops, was valuable and reflected the constructive, challenging, working arrangements fostered by the Chair.

The CCG used a number of guidance notes from Ofwat in order to provide structure and clarity to their challenge.

Through meetings and ongoing dialogue, we log each of the challenges that the CCG raises. A separate report has been prepared by the CCG, reflecting their view of our approach. More information on these challenges can be seen in the CCG Report.

After triangulation of phases 0 and 1, we had validation sessions with the CCG. We then incorporated their views and challenges into our final triangulation reports. For a summary of CCG comments and reflections, please see Triangulation Report 0 and 1 [Annex 3, Ph0.1 and Annex 4, Ph1.1].

Following CCG engagement at the end of phase 1 on PCs, CCG working groups were set up to focus on key customer issues; 'Affordability and Vulnerability' and 'Resilience and the Environment.' Ofwat expects companies to engage with customers and their CCG's on these issues.

- The affordability and vulnerability Working Group was briefed to challenge us on our proposals for affordability of bills for all customers and delivering services to customer who are vulnerable, including the Performance Commitment proposed. The Working Group were tasked with challenging our current approach, the customer and stakeholder views on our current approach and the engagement we set out for our PR19 business plan. For information on this Working Group, please see Proposals for working group – affordability vulnerability [Annex 8, CCG3b].

- It was clear from engagement during PR14 that customers valued an improvement to the environment so Ofwat expects companies to set bespoke PCs to reflect customers' preferences. The Resilience and Environment Working Group was established to scrutinise and challenge our proposals for our bespoke PCs for resilience and environment and challenge our current approach to resilience. They were also tasked with challenging the customer and stakeholder engagement proposed for our PR19 business plan. For further information on this Working Group, please see Proposals for working groups – resilience environment, [Annex 8, CCG3a].

5.3 Triangulation

A key element of our engagement with the CCG has been during our formal triangulation period at the end of each phase. The programme was deliberatively designed to accommodate this from the outset. This provided us with the opportunity to present our emerging findings, receive their initial feedback and challenge. This was then captured in each of our triangulation reports, feeding into the stage phase of research and to the business plan.

6 How we plan to deliver for customers and stakeholders

6.1 Our Business Plan

Overview

Our customer engagement programme is one part of a wider programme to develop of our PR19 Business Plan for 2020-2025, our Drought Management Plan 2018-2023 and our Water Resources Management Plan for 2020-20280. Outcomes and PCs have been identified and final decisions have been made on ODI and PC levels. Insights from the customer engagement programme have played an important part of these decisions and have informed the Business Plan as it has developed over time. This evolution is shown below.

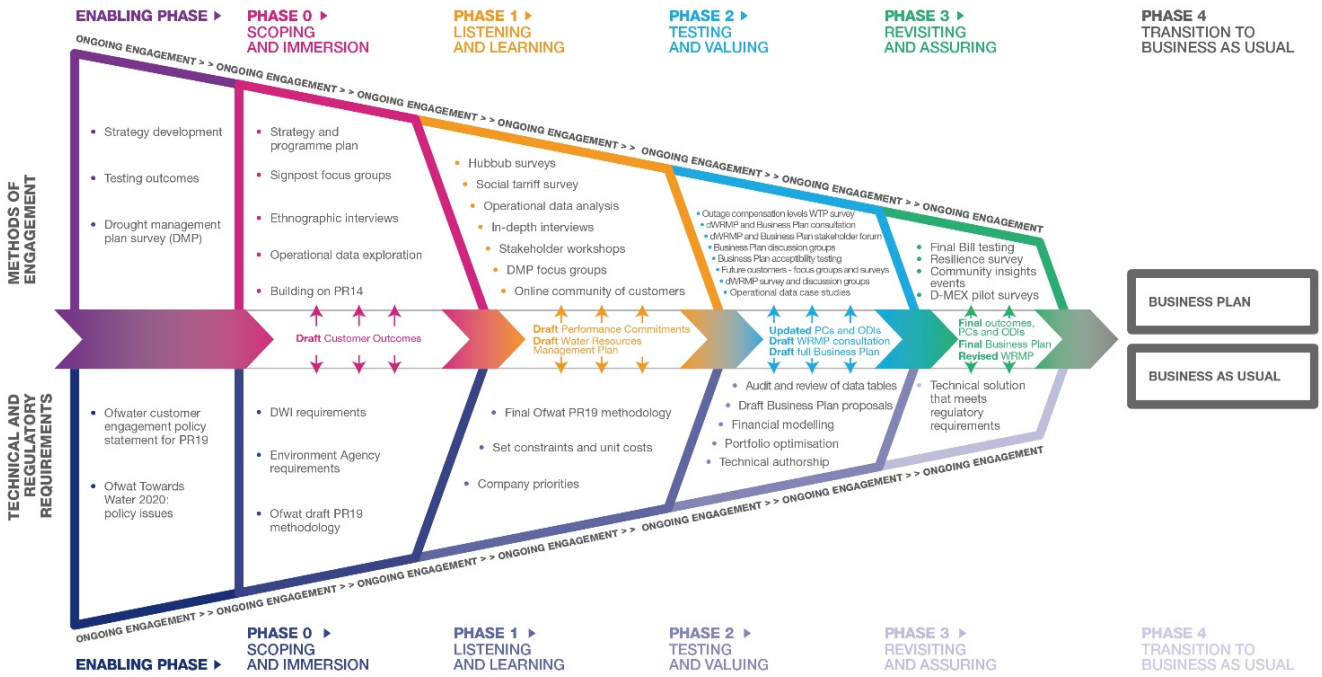


Figure 8 Our six phase iterative customer engagement process

Each part of the customer engagement programme has helped to shape the Business Plan.

Customer Outcomes

Initially, customer views were used to inform the Customer Outcomes. This resulted in confirming support for our four Customer Outcomes from PR14:

Supplying high quality water you can trust

Making sure you have enough water, while leaving more water in the environment

Providing a great service that you value

Minimising disruption to you and your community

PCs: what

As set out in Section 4.1, findings from customer and stakeholder engagement up to the end of phase 1 informed which PCs we chose to take forward. In particular, we gained a better understanding of customer awareness. We found out that customers were not well informed about our overall brand and service, we therefore decided that reducing the number of PCs will help us simplify our messages.

The output from Phase 1 was a finalised list of PR19 PCs. Clear evidence of customer priorities informed this list of PCs and no additional commitments were added at later stages.

The full set of PCs included and withdrawn is set out in Section 4.1

PCs and ODIs: what level

At the end of phases 2 and 3, we reviewed the customer engagement evidence to help inform our decisions on the 'target levels' we set for PCs and ODIs. For example, we found strong customer and stakeholder support for reducing leakage, and found that over 70% of customers supported the approach to ODI measures, which was greater than at PR14.

Key activities and investments

We have shaped the business plan based on what customers and stakeholders have told us throughout the engagement programme. Examples are illustrated throughout the plan.

Overall bill acceptability

We found that **82%** of customers consider the **final plan to be acceptable.** This drops when inflation and wastewater services are added to the overall proposal, but in part this reflects our research methodology.

6.2 Our ongoing customer engagement approach

Our PR19 customer engagement programme has delivered many successful process and practice enhancements that will be considered and where appropriate integrated into our ongoing engagement. It revealed several lessons that could drive helpful change and continual improvements. These include:

- We will co-ordinate long term engagement strategies across the business, delivering our proposals set out across our plan (in key chapters - Great Customer Service, chapter 7 Developing our Community Approach, Chapter 8 and Delivering our Investment Plan, Chapter 6), whilst continuing to deliver on our PCs.

- We will continue to improve customer communication by understanding how customers and stakeholders want to be engaged. Our findings underline the importance of communicating water resources management and technical water issues in ways which are tangible to customers and stakeholders. It is clear from across PR19 that customer engagement activity would be enhanced with an integrated communication strategy to ensure research is delivered in the most engaging and meaningful way. By continuing to understand customer segments we can communicate with customers in a way that works for them. (see Great Customer Service, chapter 7, Developing our Community Approach, Chapter 8,) we plan to co-create and co-deliver our initiatives

- We will work with customers and stakeholders to co-design and direct engagement. For examples, in Developing our Community Approach, Chapter 8 we have set out how we will work with partners to co-create solutions with our customers. We recognise that, to build trust with our customers, we need to work with others who they already trust.

- We will explore other options for sharing feedback including verbal/discussion boards or short films.

- We will use our data strategy gain further insights into customer expectations and how we can best meet their needs.

Phase 4 of our PR19 customer engagement programme is scheduled for Autumn/Winter 2018. The objectives for phase 4 of our programme, which will guide our progress into BaU engagement, are as follows:

- Review our learning and experience from PR19 and compare to experiences across the industry

- Promote and support our community strategy by aligning stakeholder and community engagement activity

- Maximise opportunities to integrate customer feedback – from all sources to keep abreast of customer concerns and priorities

- Develop our engagement strategy for the long term.

Affinity Water

Annexes to Appendix 3

September 2018

List of Annexes

This supporting annex provides a comprehensive suite of documents including examples of research and triangulation. This selection seeks to demonstrate the breadth of our engagement and the completeness of our evaluation. The list of supporting documents provided is set out below and a full list of outputs can be seen in Annex 1, Over 3. All copies of our research can be made available on request.

Annex	Annex ref.	Document ref.
Annex 1 Overarching	Over 1	Arup, August 2018, PR19 Engagement Strategy
	Over 2	Arup, August 2018, Triangulation Tool
	Over 3	Affinity Water, August 2018, List of PR19 Engagement Outputs
Annex 2 Enabling phase	E1	Blue Marble, June 2016, Pre-SDS Consultation: Online survey findings
	E2	OPM, April 2017, Drought Management Plan: Customer Survey Report
Annex 3 Phase 0 Scoping and Immersion	Ph0.1	Arup, October 2017, Triangulation Report: Phase 0
	Ph0.2	Affinity Water, September 2017, PR19: Triangulation and validation of our phase 0 customer engagement
	Ph0.3	Arup, September 2017, Phase 0: Operational Data Report
Annex 4 Phase 1 Listening and Learning	Ph1.1	Arup, March 2018, Triangulation Report: Phase 1
	Ph1.2	Affinity Water, January 2018, PR19: Triangulation and validation of our phase 1 customer engagement
	Ph1.3	OPM, October 2017, Draft Drought Management Plan Engagement Event
	Ph1.4	Ipsos MORI, February 2018, Social Tariff Survey
	Ph1.5	Affinity Water, August 2017, Drought Management Plan Non-Technical Summary
	Ph1.6	Arup, February 2018, Customer Engagement Programme, Operational Data: Phase 1 report
	Ph1.7	Ipsos MORI, March 18, Phase 1 Triangulation: Market Research programme; Research report
Annex 5 Phase 2 Testing and Valuing	Ph2.1	Arup, August 2018, Triangulation Report: Phase 2
	Ph2.2	Arup, May 2018, PR19 Customer Engagement Programme, Triangulation methodology: Phase 2
	Ph2.3	Ipsos MORI, May 2018, Draft Business Plan research: Qualitative research – report
	Ph2.4	Ipsos MORI, June 2018, Affinity Water Business Plan

		Acceptability Survey: Research report
	Ph2.5	Ipsos MORI, May 2018, draft Water Resources Management Plan: Research Report
	Ph2.6	Traverse, June 2018, dWRMP 2020-2080 and PR19 draft Business Plan 2020-2025 Stakeholder Engagement Summary Report
	Ph2.7	Affinity Water, June 2018, Future Customer Secondary School Survey
	Ph2.8	Affinity Water, June 2018, Future Customer Secondary School Focus Groups
	Ph2.9	Accent, June 2018, Exploration of Supply Outage Compensation Levels
	Ph2.10	Affinity Water, April 2018, Our future plans: Consultation document
	Ph2.11	Affinity Water, March 2018, Our Plan for Customers and Communities, A summary of our Draft Water Resources Management Plan 2020- 2080: Consultation document
Annex 6 Phase 3 Revisiting and Assuring	Ph3.1	Arup, August 2018, Triangulation Report: Phase 3
	Ph3.2	Ipsos MORI, August 2018, Phase 3 Final Acceptability Survey: Research report
Annex 7 Business as Usual	BaU1	Blue Marble, May 2018, Value for Money 2017-2018: Presentation of research findings
	BaU2	Hubbub, April 2017, Research Report #TapChat: Water Saving Campaign
	BaU3	Hubbub, November 2017, Impact Report #TapChat Water Saving Campaign
Annex 8 CCG	CCG1	Terms of Reference
	CCG2	Minutes
	CCG3a	Proposals for working groups – resilience environment
	CCG3b	Proposal for working groups – affordability vulnerability
	CCG4	Working protocol

Annex 1: Overarching

Over 1 – PR19 Engagement Strategy

Over 2 – Triangulation Tool

Over 3 – List of PR19 Engagement Outputs

Annex 1: Overarching

Over 1 – PR19 Engagement Strategy

Affinity Water Ltd

PR19 Engagement Strategy

C02886-PR19-ArupIpM-RP-007

Final Issue | 23 August 2018

Contents

Document history

Version	Status	Date	Amendment to this version
1	Draft1	07/07/17	Draft for comment.
2	Draft2	20/07/18	Strategy approach and structure presented to CCG
3	Issue 1	04/0/18	Formal issue – signed document.
4	Issue1 – draft 1	20/07/18	For internal comment - Issue 1 update to align with final key Ofwat guidance documents and learnings from previous phases.
5	Issue1 – draft 2	05/08/18	For internal comment – incorporating various comments including updating of phase objectives.
6	Issue 1 – draft 3	20/08/18	For internal comment - incorporating various final comments.
7	Final Issue	23/08/18	Final Issue – signed off version to be included in the Business Plan.

1 Introduction, aims and objectives

1.1 Overview

Customers are at the heart of our vision to be a truly leading community-focused water company. To continue to meet customers' needs both now and in the long-term, we recognise the need to engage with customers and stakeholders in two-way and transparent dialogues on an ongoing basis. We will use a wide range of techniques and compare our findings with a range of other sources of data and information in order to provide the best possible understanding of our customers and stakeholder. Our PR19 engagement programme is designed to allow us to gather, review and understand customers' and stakeholders' priorities, wants and expectations in order to inform our future plans.

1.2 Purpose of the document

This document describes how we will deliver a broad, enhanced and thorough programme of engagement with our customers and stakeholders to inform our PR19 Business Plan, Drought Management Plan and Water Resources Management Plan. It outlines the process we will follow to ensure we gain diverse participation and how we will work with the Customer Challenge Group (CCG) to deliver the level of assurance required for a high-quality Business Plan.

This document is our latest version of the engagement strategy document. Our engagement programme is designed with structured flexibility in mind. This allow emerging issues and themes particularly from Ofwat to be taken into account throughout the lifecycle our programme. Therefore, our engagement strategy document is a live document which is continually refreshed.

1.3 Purpose of the engagement

The purpose of our customer and stakeholder engagement is to provide evidence:

- of proportionate and appropriate engagement to captured customers' priorities;
- to show how we have tested options of different service levels and costs and gained acceptance for a preferred package;
- to show how customer and stakeholders have informed and influenced choices in the investment plan; and
- that customer and stakeholder engagement is embedded into our day-to-day operations.

Specifically, activities undertaken will enable us to:

- set ambitious targets against a range of Performance Commitments (PCs);
- test and develop a range of options taking account of acceptability and affordability for all customers;
- understand customers' views on investing for the future to increase our resilience

- understand customers' different behaviours, needs, priorities and requirements;
- test how creative, innovative and stretching our proposed plans are;
- provide evidence to the Customer Challenge Group (CCG) to allow them to comment on the scope, quantity and quality of engagement used to inform the Business Plan and that it is:
  - based on robust evidence gained from appropriate evaluation and use of customer research and engagement; and
  - consistent with and takes account of customers' priorities and preferences; and
- ensure we comply with all statutory requirements of engagement and consultations on specific processes such as the draft Water Resources Management Plan (dWRMP) and Drought Management Plan (DMP).

1.4 Engagement aims

At PR14, we achieved enhanced status reflecting the extensive level of engagement we carried out. We recognise that best practice in customer engagement is constantly evolving and that our customers' and stakeholders' expectations are increasing. Therefore, the aims of Affinity Water's engagement strategy for PR19 will be to:

- build on past experiences and comprehensive work delivered for previous business plans;
- achieve broader and more diverse engagement, and participation;
- draw from global best practice to adopt innovative engagement techniques that will enable us to design and deliver more focused and co-created engagement;
- ensure engagement is embedded in the business and is an ongoing process
- develop and deliver a programme that fully meets increased expectations from stakeholders and reflecting guidance from the CCG, CCWater and Ofwat.

Building on our successful approach for PR14 this programme will include detailed customer segmentation, bespoke and comprehensive market research, wider and more rigorous analysis of operational data, an enhanced triangulation and validation process, and ongoing engagement and review by the CCG throughout the process.

1.5 Engagement objectives

To achieve better engagement and ensure we deliver a step change, we have defined six core customer engagement objectives informed by our aims described above. These are described as follows:

1. we will understand our customers as well as their worlds and priorities; moving towards greater granularity and personalisation on the insights we collect.
2. we will engage with more of our customers than before, and with more types of customers.

3. we will use a wide range of methods and techniques; picking the right tools for the job, to allow us to demonstrate a two-way and ongoing dialogue with our customers;
4. we will innovate through evolution and iteration; learning from previous engagement activities and embedding a continual learning loop into our work.
5. our engagement will be honest and realistic; we will ensure we present our customers with real choices, and we will provide customers with feedback on how their views have influenced our plans and the way we do business.
6. we will start our engagement with an outline programme designed from the start, and deliver all activities in a structured but flexible way.

2 Learning from PR14 and meeting PR19 expectations

We are seeking to build on our work at PR14 and engage in different ways with a wider range of customers on the development of our Business Plan.

2.1 PR14 lessons learned

Extending the successful customer and stakeholder engagement work performed at PR14 will allow us to interpret any long-term trends or changes in the results across Price Review cycles, facilitating better informed long-term strategic decision making and investment, grounded in customers' views and opinions.

Our review of the customer and stakeholder engagement work completed at PR14 has identified the following five opportunities for improvements in both the way we planned and managed the programmes as well as the activities completed:

1. Appoint a leading customer and market research delivery partner for the whole programme.
2. Develop a clearer approach to programme management. To achieve this, we will develop:
    a) A clear plan and governance structure.
    b) A glossary of terms for consistency across the programme.
    c) A unified referencing system.
    d) A unified format for output reports.
3. Develop an iterative process, with clear feedback loops to the Business Planning process and CCG.
4. Develop our approach to triangulation.
5. Build customer understanding and identification of priorities earlier into the programme.

The PR14 experience identified the importance of learning throughout the engagement activities with the timing of gaining customer insights an essential part of an evolving engagement programme.

Activities and discussions that targeted vulnerable customers were addressed in the later stages of the PR14 programme; for PR19 we will bring this work earlier in to the programme so that it can more usefully inform our process.

For PR19, we propose taking a more targeted and considered approach to segmentation. This will be a key factor in the design of each element of engagement to be recorded within the method statement for each element of market research.

At PR14 our Business Plan was grounded on four "customer outcomes" that summarised what our customers expected us to focus on in meeting their immediate and future needs. These were:

- Making sure customers have enough water, whilst leaving more water in the environment;
- Supplying high quality water customers can trust;
- Minimising disruption to customers and communities; and
- Providing a value for money service.

For PR19 we will consult with our customers at the start of our engagement programme and assess if these outcomes are still relevant and reflect what customers care about.

At PR14 we undertook a full programme of "willingness to pay" research. For PR19 we have considered the wider concerns in the market and from Ofwat on the value of willingness to pay analysis and have concluded that we will build on but not repeat the economic testing performed at PR14. We will do this through:

- a combination of new, innovative market research and engagement methods designed and deployed for PR19;
- a review of the economic research carried out across the industry;
- insights from our quarterly value for money surveys; and
- where required, specific "willingness to pay" surveys for particular Outcome Delivery Incentives (ODIs) such as compensation for levels of interruptions.

2.2 Our measure for success

Success criteria

The overall success of our engagement programme will be assessed independently by the CCG. The assessment framework is derived from the expectations outlined in the *Aide Memoire for CCG*[1] and from the guidance outlined in the Ofwat principles of engagement described in the *final methodology*[2]. A summary of this guidance is outlined in the section below.

[1] *Aide Memoire for Customer Challenge Groups*, (March 18)
[2] Ofwat, *Delivering Water 2020: Our Final Methodology for the 2019 Price Review*, (December 2017).

However, we will also qualitatively assess ourselves against:

- CCWater principles of customer engagement, see section below for details
- Our objectives described above including embedding Business Planning engagement activities into day-to-day operations

External expectations

Ofwat and the CCG have published guidelines detailing what good customer engagement might look like. These guidelines outlined in Table 2.1 have helped to shape our drive to involve customers and use the findings of engagement and consultation to inform our plans.

Table 2.1 – Aspects of CCG assessment framework for customer and stakeholder engagement

No.	Aspect	Description
1.	**Quality of insight**	A genuine understanding of its customers' priorities, needs and requirements and, where appropriate, customer valuations – drawing on a robust, balanced and proportionate evidence base.
2.	**Quality of propositions**	Engaging with customers on the issues that matter to them. Evidence and insight obtained from customers has driving and informing the Business Plan. Presenting customers with realistic options.
3.	**Quality of process**	Ongoing, two-way and transparent customer engagement where companies are informing their customers as well as soliciting feedback from them.
4.	**Diversity and reach**	Diverse customer engagement, involving the use of appropriate and effective methods for engaging with a diverse range of customers including those in circumstances that make them vulnerable. Has the company considered the most effective methods for engaging different customers, including those that are hard to reach?
5.	**Long term issues and future customers' interests**	Engaging customers effectively and appropriately on future and long-term issues (e.g. resilience, impact on future bills, long term affordability etc.), including trade-offs and risks. Does the business plan adequately consider, and appropriately reflect the potential needs and requirements of future customers?
6.	**Current performance**	Informing and engaging customers about the company's current performance and how this compares with other companies in a way customers could be expected to understand.
7	**Customer evidence as a genuine driver of the Business Plan**	Has the evidence and information obtained from customers (including through the company's day-to-day contacts with customers) genuinely driven and informed the development of the business plan to benefit current and future customers?

CCWater has also outlined their guidance[3] for how water companies might seek to engage with customers during PR19. They have identified some key features of what might constitute good customer engagement most of which are covered in the CCG assessment criteria in the table above. This a progression from the engagement principles adopted in the PR14 assessment framework.

- Completeness (attempt to reach and engage all the customers);
- Full engagement of customers in all aspects of the Business Plan;
- Transparency;
- Accessibility (being available for all customers);
- Provide necessary information for customers to make informed views;
- Be deliberative (two-way engagement and co-creation).
- Be timely; and
- Demonstrate how customers' views have influenced decisions.

Ofwat guidance

In its *final Methodology*, Ofwat has provided guidance to companies on how they might establish enduring relationships with customers that are based on trust.

Affinity Water will use this guidance to develop an engagement plan that works for all customers and builds a trusting relationship with its customers by:

1. Using a robust, balanced and proportionate evidence base.
2. Engaging customers as a continual and ongoing process.
3. Ensuring a two way and transparent dialogue.
4. Understanding the needs and requirements of different customers.
5. Engaging on longer term issues, including resilience.
6. Involving customers in service delivery.
7. Setting the context using comparative information.

Ofwat also identified additional guiding principles for customer engagement, which can help Affinity Water assure the quality of customer engagement undertaken:

1. deliver outcomes beneficial to customers;
2. be ongoing;
3. be demonstrably high quality; and
4. generate an evidence base that is "robust, balanced and proportionate".

[3] https://www.ccwater.org.uk/priorities/your-priorities/2019-price-review/pr14/futurepricesettingccwatersviews/

3 PR19 Engagement Programme

3.1 Engagement programme and key activities

Our engagement programme includes the following key activities**:**

- a phased, iterative approach to engagement, building our understanding and a common narrative;
- informed customer segmentation;
- stakeholder mapping;
- bespoke and comprehensive market research;
- wider and more rigorous analysis of operational data and customer communications;
- an enhanced triangulation and validation process; and
- ongoing engagement and review by the CCG throughout the process.

The above activities will allow us to meet the CCG assessment criteria described in the section above as well as our own engagement purpose, aims and objectives. We will check our progress against the CCG assessment framework but we will not present our self-assessment to avoid prejudicing the CCG's own independent consideration. In the table below we set out our own success criteria for meeting our six objectives.

Table 3.1 – Success criteria

Objective	Description	How	Metric	When
1	We will understand our customers as well as their worlds and priorities;	Start with unprompted conversations and checking where customers are at since last time through customer contact data.	Qualitative and quantitative	Enabling and Phase 0 and phase 1
	moving towards greater granularity and personalisation on the insights we collect.	Through prompted conversations	Qualitative	All phases
2	We will engage with more of our customers than before,	Collate numbers and compare with PR14.	Quantitative and qualitative	All phases
	and with more types of customers	Segmentation and disaggregation	Qualitative	All phases
3	We will use a wide range of methods and techniques; picking the right tools for the job, to allow us to demonstrate a two-way and ongoing dialogue with our customers.	Design and delivery of bespoke market research activities and operational data analysis	Qualitative	All phases
4	We will innovate through evolution and iteration; learning from previous engagement activities and embedding a continual learning loop into our work.	Phasing of activities and end of phase triangulation and choice of engagement activities	Qualitative	Phase 0 – Phase 3
5	Our engagement will be honest and realistic;	Design and delivery of bespoke activities	Qualitative	Phase 0 – Phase 3

	we will ensure we present our customers with real choices,	Business and dWRMP propositions	Qualitative	Phase 2&3
	and we will provide customers with feedback on how their views have influenced our plans and the way we do business;	Post Business Plan submission engagement	Quantitative and qualitative	Phase 4
6	We will start our engagement with an outline programme designed from the start,	Development of an engagement and strategy	Qualitative	Enabling & Phase 0
	and deliver all activities in a structured but flexible way.	Phasing of activities and triangulation at each phase	Qualitative	All phases

3.2 Phasing

We will deliver our customer engagement programme through a multi-phase approach in alignment with Ofwat Business Plan submission timescales. We have defined six phases which incorporate reflections on past learning, building our understanding of our customer context, formal customer and stakeholder engagement activities and analysis and interpretation to draw insights and conclusions, followed by transition to business as usual. The phases correspond with the phased development of our Business Plan, DMP and dWRMP.

This phased approach will allow us to maximise our learning within the phases and the use of a formal triangulation process at the end of each phase will enable us to evaluate, learn and flexibly respond as we transition into the following phase. The phases are illustrated below.

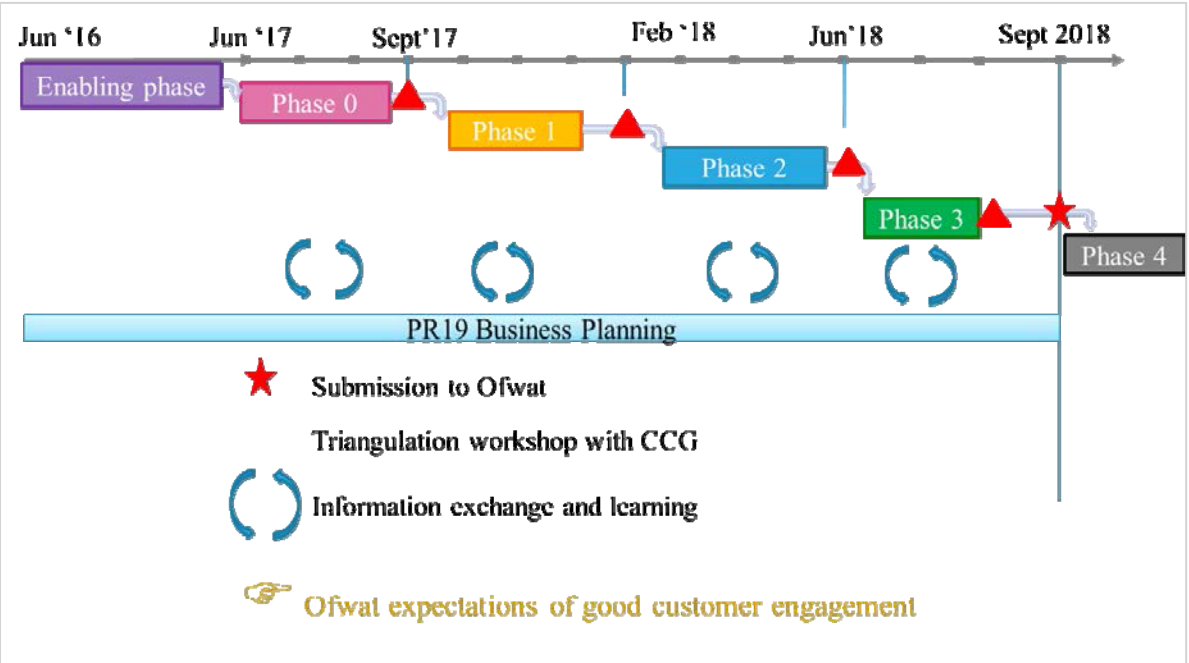


Figure 3.1: Phases of our engagement programme

For each phase we describe the purpose, objectives and proposed key activities, see Table 3.2.

Table 3.2 – Engagement programme

Phase	Purpose	Objectives	Activities to be undertaken
Enabling	To understand how things have changed, what does Community mean, what's going on in the industry.	• Testing relevance of PR14 customer outcomes • Mobilizations for the engagement programme • Refreshing CCG terms of reference • Understanding regulatory requirements.	• Surveys to gain customer views on the existing four outcomes developed for PR14 • Gain customer feedback about attitudes toward drought and options for drought management • Strategy development: perform an internal review and make recommendations for way forward • Commence procurement process for engagement programme delivery partner.
0: Scoping and Immersion	Formal kick-off of the engagement programme including finalising plans, strategy for engagement, and kick-start conversations with customers.	• Review Affinity Water's vision, objectives and ambition for engagement • Review our approach to customer engagement at PR14 and lessons learnt • Build on existing work in preparation of PR19 programme • Establish internal governance structures to deliver engagement services • Review of Ofwat requirements for PR19 • Understand sources of operational customer contact and data • Identify themes for initial engagement • Explore customers' issues and concerns; starting a conversation with customers • Carry out triangulation and learning to inform Phase 1.	• Appoint professional delivery partners to provide engagement and market research support • Review of Ofwat's PR19 key guidance such as the draft methodology[4] and customer engagement policy statement[5] • Design and finalise engagement strategy and programme • Undertake market research activities such ethnographic interviews, focus groups and co-created events with community • Undertake data discovery for customer contact data • Undertake triangulation including workshop with the CCG.
Triangulation (Sept 2017)	Triangulation and learning to inform subsequent Phases		
1: Listening and learning	Identify themes, issues and priorities across customer base, including vulnerable and seldom heard groups.	• Identify issues, attitudes and opinions from customers • Gather further information about customers' expectations of their water service provider • Consult with specific customer segments, including those who have been disrupted by interruptions to their supply and customers in vulnerable circumstances • Engage with relevant stakeholder groups and seek their views and contributions on issues related to vulnerability and affordability, and environment and resilience	• Establish and undertake engagement activities via an online community of customers • Undertake stakeholder workshops • Undertake market research with customers we consider to be in vulnerable circumstances. • Undertake market research with customer about their views on social tariff • Analyse customer contact data and report on findings • Undertake triangulation including workshop with the CCG.

[4] Delivering Water 2020: Consulting on our methodology for 2019 price review, (July 2017)
[5] Customer engagement policy statement and expectations for PR19, (May 2016)

		• Continue to explore operational customer contact data, drawing on other sources of operational data to help us understand drivers of customer contact • Triangulate findings from the different engagement activities and operational data findings to confirm priorities, and ultimately help define our PR19 Performance Commitments.	
Triangulation (January 2018)		Triangulation and learning to inform subsequent Phases	

2: Testing and valuing	Consult and engage with a broad range of customers, and stakeholders regarding the proposals set out in our Business Plan and Water Resources.	• Consult and engage with a broad range of customers, stakeholders and retailers regarding the proposals set out in our Business Plan and Water Resources Management Plan to:
		  • Undertake further customer engagement relating to performance commitments or where we do not have enough evidence
		  • Understand the extent to which customers find different packages of service and bill levels acceptable
		• Undertake further exploratory operational data research as identified as part of the Phase 1 triangulation
		• Seek views on our dWRMP preferred plan and alternative plans to inform development of our approach.
		• Triangulate findings from the different engagement activities and operational data findings to confirm priorities, and ultimately help to finalise our PR19 Performance Commitments.
			• Business Plan and dWRMP consultations
			• Market research activities with customers and stakeholders on the Business Plan and dWRMP proposals
			• Undertake market research activities with futures customers to explore their views on water related issues including long terms issues
			• Undertake triangulation including workshop with the CCG.

Triangulation (June 2018)		Triangulation and learning to inform subsequent Phases	
3: Revisiting and assuring	Revisiting, assurance and reporting for the customer engagement activities undertaken.	• Assurance and review of activities undertaken in previous phases • Testing test acceptability of the final plan and bill with customers • Further market research testing/refinement of higher risk issues around the Business Plan • Triangulate findings from the different engagement activities and operational data findings to confirming the final package and assure the final Performance Commitments.	• Undertake market research activities for the final plan and bill with customers • Undertake further market research activities identified in phase 2 • Compilation of final reports.
Final Business Plan submission			
4. Transition to business as usual	Ongoing customer engagement.	• Review our learning and experience from PR19 and compare to experiences across the industry • Develop plans for integrating learning from the customer engagement into business as usual activities which will be undertaken throughout AMP7.	• Lessons learnt workshop • Development of engagement strategy for the long term • Implement relevant learnings from the engagement programme ahead of AMP7.

3.3 Customer segmentation and reach

Customer segmentation is a valuable step to ensure we know, understand, and can respond to, the needs and requirements of different customers. To do this, different customers' voices must be heard through the PR19 customer engagement process. Segmentation will be integrated throughout our customer engagement process from design through to triangulation. Segmentation in the design of activities will inform recruitment and methods used and segmentation in our reflection and analysis will inform triangulation.

In order to support us in this task, we will use and require our delivery partners to use:

- existing segmentation data held by Affinity Water;
- appropriate socio-economic segmentation and classification system, such as Acorn, Experian etc;
- data on location, tariffs and disruptions; and
- population information taken from ONS and census data.

Vulnerable customers and other specified groups

For PR19, we propose taking a more targeted and considered approach to segmentation. We will make additional efforts to engage with a diverse range of customers including recognising that there are many groups that could be considered vulnerable, as well as groups within groups. It will not be feasible to reach all combinations of groups, and so our approach will be proportionate, aiming to reach out to the widest number of groups as possible. We will carry out a sensitive analysis of customer engagement activities with these groups.

We will set quotas for market research to reflect the communities (Socio Economic Group (SEG), metered, bill payer, home owner, recent contact/no contact). For quantitative research, we will set proportional quotas for each community. Where this is not feasible we will set quotas for the whole company area. For Qualitative research, we will set appropriate quotas this will include targeting vulnerable customers, future customers etc. as well as against SEG measures.

Future customers

Future customers were not extensively covered in PR14 programme. For PR19 we anticipate using a mix of survey methods and 'classroom' engagement to target future customers, making use of:

- push-to-web communications which encourage target customers to go to a website and complete an online survey;
- ×5 'paired depth' discussions with future customers recruited through Affinity Water staff; and
- outreach through the Education Centre and school visits programme.

We characterise future customers as children and young people within three age groups; 7-11, 11-17 and 18-34 (older future customers). We also recognise that there are other

groups – for example, new customers who will migrate into the Affinity Water area, but these are, by definition, extremely difficult to target for research purposes.

Stakeholders

The views of all our stakeholders are important to us and we understand they need to be engaged using the appropriate methods, recognising their different levels of knowledge and interests. For PR19, we will introduce a stakeholder mapping application, Mapolitical, to identify and reach out to our stakeholders. This tool combines live data with real-time political mapping allowing stakeholders to be identified in local areas and regions. Alongside these stakeholders identified by Mapolitical, we will import our own stakeholders into the system to create a comprehensive list of who our stakeholders are, allowing us to stay up to date, swiftly deliver information and for planning purposes.

From the stakeholder tool, we will develop a stakeholder map to determine:

- Who we need to communicate with
- Level of stakeholder interest
- How frequently we need to contact stakeholders
- What messaging do we need to send to stakeholders in order to persuade them to participate effectively in our engagement programme for example during public consultations.

We will use best practice level of engagement approaches in the following ways:

- **Keep satisfied stakeholders** are described as ‘high influence/low interest.’ We will communicate and engage enough so they are satisfied their voices are being heard on key issues. We will avoid low value contact so they do not lose interest in the project.
- **Keep engaged stakeholder** are described as ‘high influence/high interest.’ We will fully engage with this group and a lot of effort with be made to satisfy their concerns and requirements for information. These will be valuable advocates.
- **Keep informed stakeholders** are described as ‘low influence/low interest.’ We will closely monitor these stakeholders and keep them informed, with minimal effort. We won’t overload these stakeholders with excessive communications or needless information.
- **Keep interested stakeholders** are described as ‘low influence/high interest.’ We will keep these stakeholders regularly informed to maintain their interest and monitor any issues or concerns that may arise and respond.

Targeted, representative and purposeful engagement

Customer segmentation is a valuable step to ensure that we know, understand, and can respond to, the needs and requirements of different customers. To do this, different customers’ voices must be heard through the PR19 customer engagement process. Segmentation will be integrated throughout our customer engagement process from design through to triangulation. Where possible, we will use existing segmentation data we hold to support us in this task. This might include Acorn data (a consumer classification system) on socio-economic issues, data on location, tariffs and disruptions.

We will approach segmentation in two, related, ways throughout the programme:

- as part of **design** i.e. using purposive sampling to target specific groups of customers (qualitative research projects) or representative sampling to build a sample containing a cross-section of customers which mirrors the profile of customers; and
- as part of **analysis** i.e. disaggregating datasets to draw out where there are similarities and points of difference.

Figure below illustrate our approach to segmentation.

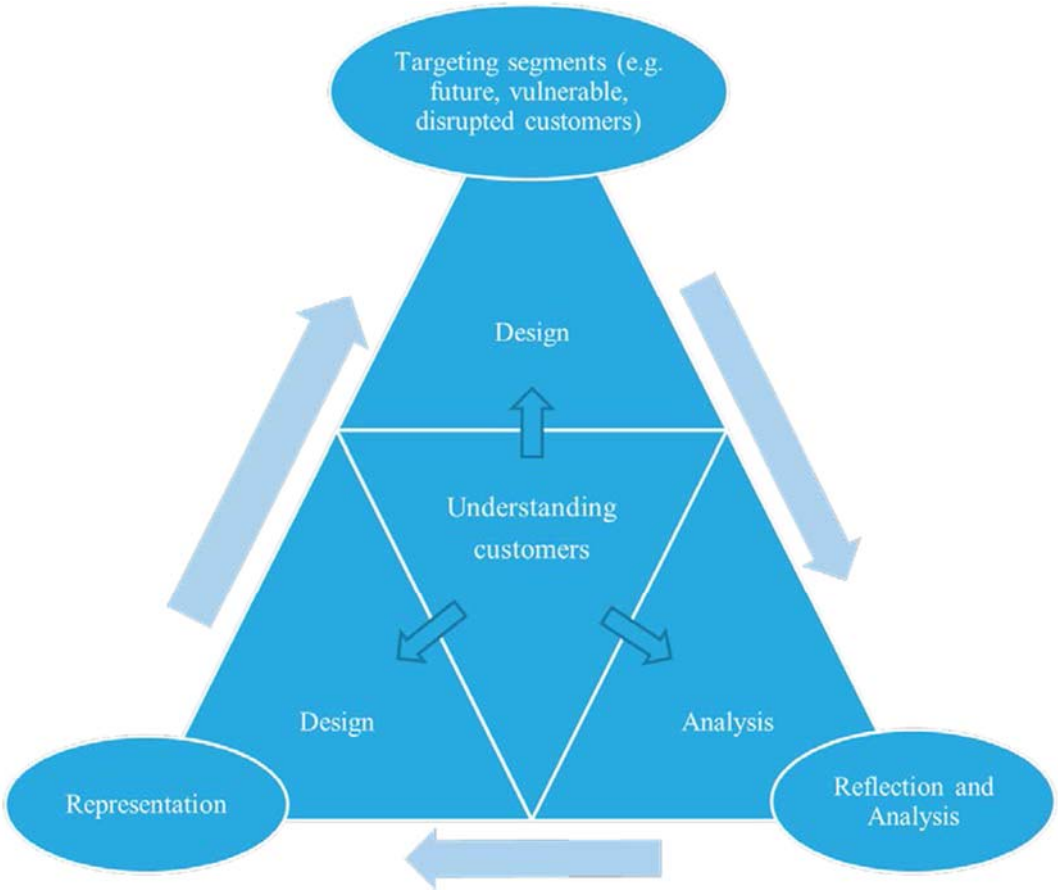


Figure 3.2: Segmentation approach

3.4 Bespoke Market Research

Introduction

The methods we adopt for each engagement activity will be designed to meet the objectives and expectations set out in this customer engagement strategy. There will inevitably be some challenges and trade-offs. There is no one single market research method which offers exploratory, deliberative, conversational-based engagement which also yields statistically reliable, quantitative results that can be generalised to the entire customer base. In combination, and once triangulated and interpreted, the proposed programme of engagement (see Figure 3.3) and research for PR19 will meet our objectives.

The key features of our bespoke customer engagement are summarised in the Figure below.

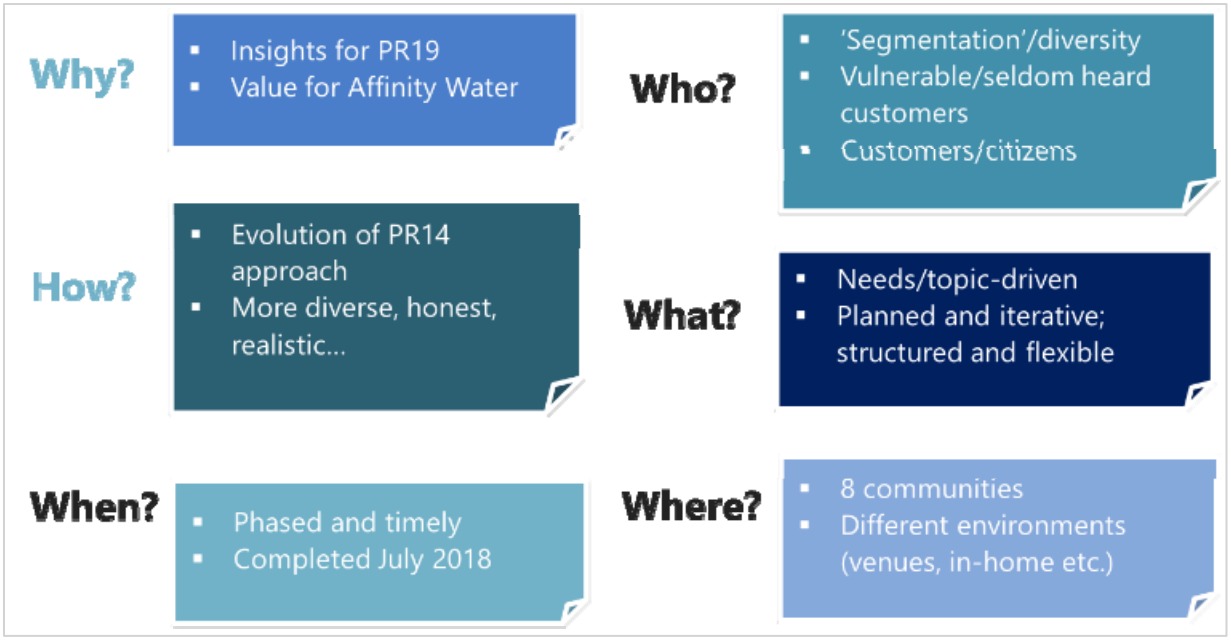


Figure 3.3: key features of the bespoke market research engagement programme

The overall programme of planned market research activity is scheduled below:

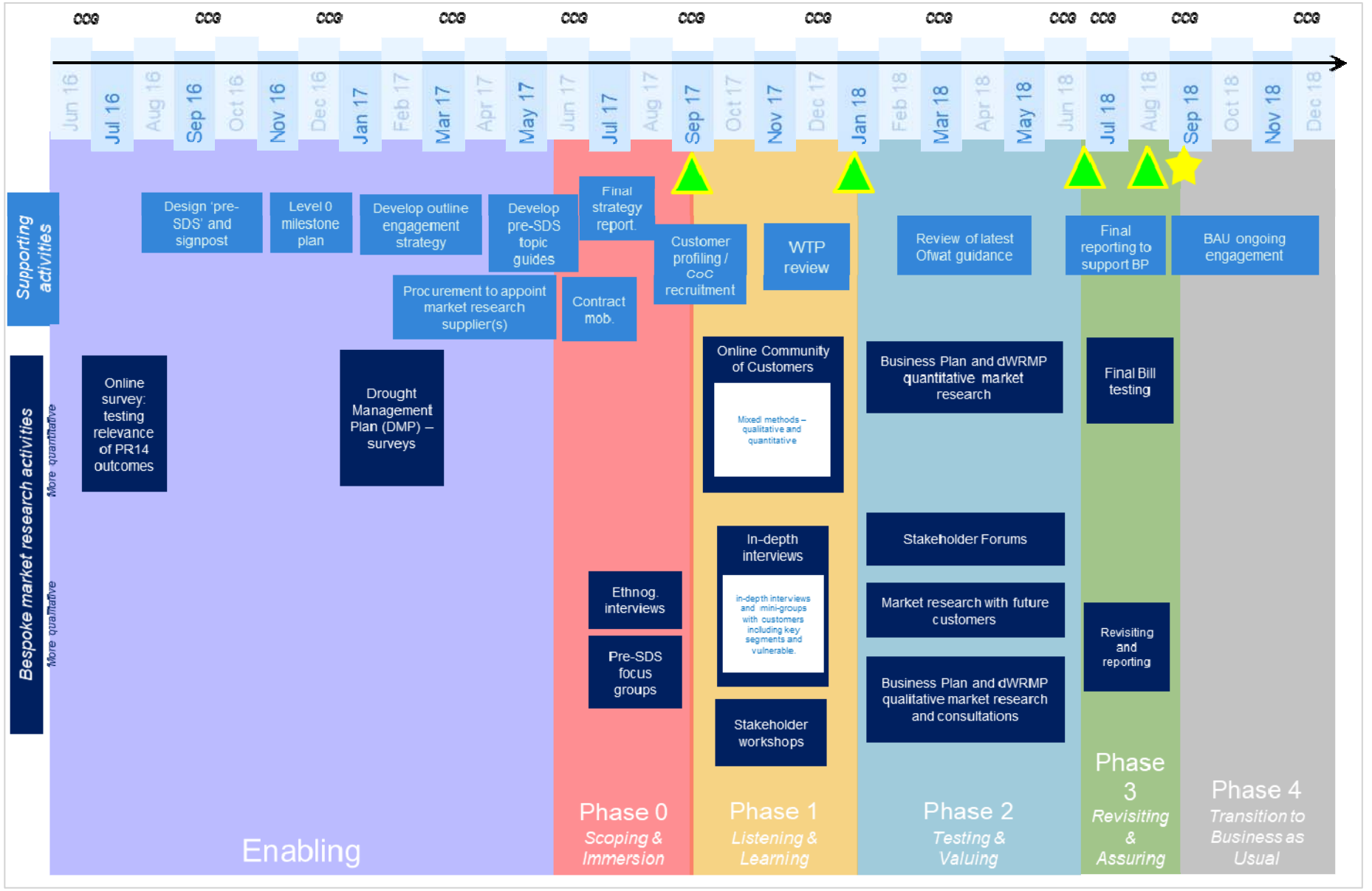


Figure 3.4 market research programme

The specific planned market research activities are described in more detail in the table below.

Table 3.3 - bespoke market research programme

Phase	Purpose	Activities	Timings
Enabling	Understanding how things have changed.	• Testing outcomes from PR14 are still relevant • Gaining customer attitudes towards drought and options for drought management.	July 2016 & April 2017
0: Scoping and Immersion	To understand the issues and concerns of customers and initiate an ongoing dialogue and conversation with them.	• Ethnographic interviews • 'Signpost' discussion groups	June 2017-Aug 2017
Triangulation (Sept 2017)			
1: Listening and learning	Identify themes, issues and priorities across customer base, including vulnerable and seldom heard groups.	• Recruitment of, and engagement with, 2000n Community of customers through mix qualitative and quantitative activities. In-depth interviews and mini-groups with customers including key segments and vulnerable/seldom heard and future customers.	October 2017-December 2017
Triangulation (Jan 2018)			
2: Testing and valuing	Develop a robust quantitative base of evidence to understand customer preferences, and priorities.	• Business Plan and dWRMP market research and consultations • Market research with future customer surveys groups • Stakeholder workshops	February 2018-June 2018
Triangulation (June 2018)			
3: Revisiting and assuring	Revisiting, assurance and reporting for the customer engagement activities undertaken.	• Assurance and review of activity undertaken in previous phases • Final acceptability survey, if required • Option for discussion groups to test/refine higher risk policies and/or communications around the Business Plan.	July 2018-July 2018
Triangulation (August 2018)			
4. Transition to business as usual	Ongoing customer engagement	• Agree ongoing customer bespoke market research activities	September 2018 and beyond

The following themes will run throughout our market research activity:

- **continuity** – a design based on a thorough review of the PR14 programme and ongoing communications with customers, exploring what we can reuse/recycle;
- **mixed methods** – an approach weighted towards using qualitative techniques to explore what customers care about and why, and quantitative techniques in later phases to measure the incidence of this on a more statistically sound basis; and

- **innovation** – a blend of 'traditional' engagement methods and some new innovations including an ethnographic element within a new Phase 0 and development of a Community of Customers (an online panel).

Design and research limitations

We will work iteratively within and between phases so that the learnings from each engagement activity, both in terms of methodology and outcomes, inform the development and execution of subsequent activities. This will help to maximise insight, and fully exhaust customer issues and priorities. It will be facilitated by the delivery of reports of findings after each activity as well as through triangulation at the end of each phase. The reports will provide information relating to the types of customers involved and the profiles of survey samples, the questions asked, and the stimulus used to inform and aid discussion. The reports will also set out the way research can be used and its limitations.

Ensuring that the survey results are statistically reliable is important when comparing the data between different years of the survey or between different groups within the sample to ensure that any differences are real (i.e. statistically significant). A sample size of 1,000 permits good level of analysis by key demographic variables (such as age, gender and work status).

This is explained in the tables below. To illustrate, those who takes part in the survey will only be a sample of the total population of customers adults aged 16+, so we cannot be certain that the figures obtained are exactly those that would have been reached had everyone in an area had been interviewed (the 'true' values). We can, however, predict the variation between the sample results and the 'true' values from knowledge of the size of the samples on which the results to each question is based, and the number of times a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95% - that is, the chances are 95 in 100 that the 'true' value will fall within a specified range.

Table 3.4: Survey sampling tolerances: overall level

	Approximate sampling tolerances applicable to percentages at or near these levels		
Size of sample on which survey result is based	10% or 90%	30% or 70%	50%
100	5.9	9.0	9.8
500	2.6	4.0	4.4
1,000	**1.9**	**2.8**	**3.1**
2,000	1.3	2.0	2.2

Surveys are also subject to ‘‘total survey error’’ which include coverage error, sampling error and non-response error. We recognise, for example, that there will be a difference between the samples of customers reached through online and offline (e.g. face-to-face, in-home) methodologies.

We will develop a method statement for each market research activity prior to undertaking the activity. The design of each activity will be informed by the design criteria that we set out below.

Enabling period

The enabling phase will focus on preparing the ground for the PR19 Business Plan. One of the key activity is to test the PR14 Outcomes with customers. Engagement in PR14, around six core principles from our 2009 Strategic Direction Statement (SDS), provided us with a number of themes will become the starting point for our AMP6 ‘Outcomes.’ These four customer outcomes established in PR14 will be tested and validated for PR19 to see if they were still relevant to customers and sufficiently represented their expectations of a water company.

Phase 0: Scoping and immersion

Our ambition is to make the engagement programme even more customer-centric than its PR14 equivalent. This will be achieved by using ethnographic interviews to ground the engagement programme in customers’ worlds to understand their issues and concerns, and to start the conversation with customers (our visits to customers’ homes will blend interviewing and observation; it will be ethnographic in the sense of drawing conclusions from the point of view of the customer).

Phase 0 will, in effect, be engagement about engagement, and represents market best practice[6] in terms of developing the design of customer research through the ‘customer lens’. During this phase, we will collect insights into customers’ worlds, the way they conceptualise and talk about water services, the importance of water in their lives, and the salience of water issues.

The ethnographic interviews, allied to the ‘Signpost’ discussion groups, will offer pointers about the best way to engage customers on topics of interest to Affinity Water, identifying lines of inquiry, ‘customer speak’, and, potentially, serving as stimulus material to show other customers in subsequent engagement activities.

Phase 1: Listening and learning

During this phase, we will develop quantitative and qualitative surveys and events so we can hear about customer issues and preferences; one provides measurements of how many, the other an exploration of why. Surveys are ‘snapshot’ and basic, whereas qualitative methods allow more for more nuance and deliberation. Based on expert insight from our delivery partners Ipsos MORI and Arup, we believe there is an opportunity to blend quantitative and qualitative inquiry within the same activity; for example, our Community of Customers will allow us to run qualitative engagement alongside survey (quantitative) research at the same time. For example, within a certain

[6] *Nigel Hill, Greg Roche, Rachel Allen,* Customer satisfaction*: the customer experience through the customer’s eyes, (*2007)

month, we might be asking Community members to keep a diary, complete a survey and take part in an online discussion, on the same, or different, topic(s).

Community of customers

In Phase 1, our engagement programme we will create an online 'Community of Customers', a group of willing research participants with whom we can engage on a regular basis. This will be a change from the approach used for PR14 where multiple surveys were presented to a bespoke representative sample of customers managed by a panel provider. Instead, we will only recruit from Affinity Water customers (who are not members of existing polling / research panels) and not use quotas. We want to build relationships with this group of 2,000 customers, engaging with them and undertaking research on an ongoing, two-way basis.

The approach will create an identity and a sense of belonging among Community members (and promote the brand externally). Engaging the same group of customers over an extended period will help us to build awareness and understanding of the Affinity Water business over time, allowing for more informed, discursive engagement.

While online communities offer a depth of insight and level of two-way engagement that is difficult to obtain through other methodologies, we must also be alive to the weaknesses of this method. Over time panel members build knowledge and become increasingly "conditioned" to talking about water issues, to the extent that their views begin to diverge with the wider customer base. We will monitor this carefully and recommend refreshment of the Community in accordance with 'health checks', and of course the evidence from this approach will be appropriately triangulated alongside all of the other evidence across the programme.

The key benefit of an online community is that research can be iterative, allowing researchers to respond flexibly to new areas of interest as they are brought up by participants. We will are also be able to use a combination of quantitative methods such as quick polls and questionnaires, as well as qualitative approaches forums and step boards, to investigate more fully.

Customers vs citizens

We recognise that customers are community citizens, and we will use engagement activities to draw different viewpoints. To aid discussions, especially where the subject matter is unfamiliar, we will use stimulus material – including charts, pictures and some text.

This material can be broadly classified into three groups:

- **rational stimulus** –meaningful, relevant facts and figures about the current status quo and how things might change in the future. Can presentations, pictures, statements etc. Can include current and comparative performance with other water companies and other sectors;
- **emotional stimulus** – Makes use of case studies to make things 'real' for participants. Describing big issues at a personal level helps individuals relate to the issue and so encourage feedback and comments; and
- **societal stimulus** – this aims to provoke debate about the wider implications of ideas under discussion. It can be presented as future scenarios or using media

cuttings, video clips etc. It can be helpful to present alternative scenarios to stimulate debate to help people think about the big picture and the impact on individuals and their communities.

We will ensure all material is relevant to the discussion, is accurate and presented in a way customers can understand.

Putting participants at ease

We will choose methods which put participants at ease and, if needed, ensure they are supported by peers, family members or carers. We will explain clearly what our research is about, who it is for and how the findings will be used (and giving honest and clear reassurance of anonymity to all our participants) – so that we achieve informed consent. We will provide financial and other incentives to take part (and covering costs and expenses). Also make sure that information and stimulus is clear and accessible to customers with certain disabilities, and to those who do not speak English as a first language.

Key to success is being creative and working with others, adapting our research and recruitment techniques to suit the needs of vulnerable and seldom heard groups. Innovation will likely come in how best to co-create, access and involve groups of interest and techniques include affinity groups, friendship cells, mini-groups and peer research[7]. One option is to mix different methods to create a research approach that suits the audience and needs.

Impact of small survey samples

The fact that the number of participants in some of these groups may be low is taken into account in the survey design. Whilst a survey of the general population will likely include representatives from many seldom heard groups, they will not be present in large enough quantities to allow for inference to be drawn from the data. A common rule of thumb for dealing with sub-samples is that those containing fewer than 75-100 participants cannot be tested for statistical significance. Results based on data from groups numbering less than 30 can be taken as indicative only, reflecting the likelihood that the sample will not reflect the wider population of the group in question.

There are also specific challenges related to the data collection method to consider:

- Online surveys usually rely on pre-existing panels, which tend to be attitudinally different to the wider population, and can create coverage bias by automatically excluding offline customers;
- Postal surveys generate self-selecting samples and are at risk of non-response bias (younger age groups are much less likely to take part);
- Telephone surveys are also affected by non-response bias, with younger people again less likely to take part – especially if the survey is solely landline based; and
- Face-to-face surveys are more expensive than other methods, take longer and can also be affected by biases arising from differing likelihoods of participation between household members.

[7] https://www.ipsos-mori.com/Assets/Docs/Publications/qualitative_methods_a_z_imbranded_v4.pdf

While all survey results remain, at heart, estimates, triangulating between these research methods – for instance by using multiple methodologies – provides greater validation to results. This aggregate view can be further developed through the use of targeted qualitative research with hard to reach and seldom-heard groups.

Phase 1 will comprise a number of in-depth interviews and mini-groups, with customers including key segments, such as vulnerable, seldom-heard and future customers

Two-way engagement

We will make it easy for customers to pose questions and make their own suggestions about future topics

The Community platform will provide numerous opportunities to communicate with Community members as part of research activities but also wider engagement. We will be able to post documents, pictures and images.

Comparative analysis

Both Ofwat and CCWater have indicated that comparative performance is an important consideration for companies when engaging with customers, as it will provide greater context on current performance and future plans. Our approach to comparative analysis will broadly include three components:

- Worldwide and other sectors to inform our approach (e.g. Community of customers – learning from Highways England)
- Worldwide and other sectors to compare views through triangulation (e.g. use of publications and researches from Australia and New Zealand, and National Infrastructure Commission)
- Comparative information shared with customers in the engagement process (e.g. how does your water bill compare to your energy bill? What you do think of this little leak vs. the big one?).

Comparative information shared with customers would apply to activities, particularly workshops/discussions groups where in a more deliberative setting, we will provide addition information. We will be flexible, recognising that customers might not readily engage with data, and comparisons might be enhanced through story-telling or graphical representations.

Phase 2 – Testing and valuing

The objective of Phase 2 is 'testing and valuing' using more quantitative measurement of priorities and preferences in response to worked-through propositions via mainly the Business Plan and the dWRMP. This will be achieved through mixed mode approaches using both focus groups and quantitative surveys with customers and stakeholders.

Phase 3 – Revisiting and assuring

The key activity for this phase is to present the final plan and the associated bill impact to customer for acceptability and any other activities identified during our triangulation and engagement with CCG. We will also use this phase to compile our final reports for the engagement activities.

Phase 4 – Ongoing customer engagement

We will integrate learning into business as usual activities throughout the customer engagement activities. This phase will provide us with an opportunity to look back across all the different phases and consider the viability and business benefits of recommended activities.

3.5 Deriving Information from Operational Data

We will make use of Operational Data, collated from day to day contact with customers, alongside the Market Research findings to confirm and customer needs and behaviours.

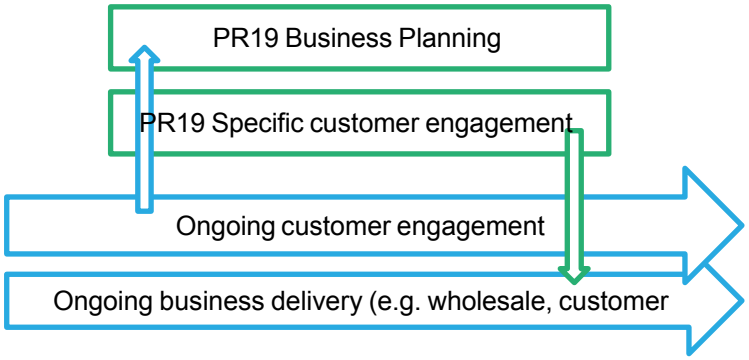


Figure 3.5: The role of operational data in business planning, and of bespoke data collection in ongoing business activity

Phased approach

As with the bespoke market research, we are proposing a phased approach to our exploration and treatment of operational data as follows.

Table 3.5: Operational data activities by phase

Phase	Purpose	Activities	Timings
0: Scoping and Immersion scoping ('Immerse, observe scope, plan')	Data discovery: to explore the existing data that Affinity Water holds on its engagement with customers, through a range of means.	• Defining Affinity Water's vision, objectives and ambitions for operational data within the engagement programme. • Data discovery – understanding the extent of Affinity Water's existing data from customer engagement. • Understanding the ongoing engagement activity that will produce data over the course of the programme.	June 2017-Aug 2017
Triangulation (Sept 2017)			
1: Listening and learning ('Review, explore, listen, learn')	Data interpretation: Identify themes, issues and priorities across customer base.	• Develop key questions and review these against the existing analysis already conducted by Affinity Water. • Considering the need for additional analysis that might be required	October 2017-December 2017
Triangulation (Jan 2018)			

2: Testing and valuing ('Test, re-test, value, choices')	Potential for additional analysis to compare against the baselines and review trends.	• Identifying potential for operational data to inform revealed preferences.	February 2018-June 2018
Triangulation (June 2018)			
3: Revisiting and assuring ('Check, agree, assure, finalise')	Informing business as usual	• Informing improved data collection/analysis	June 2018-August 2018

Data discovery

Affinity Water collects data from a wide range of sources, most of these will be customers directly contacting affinity, but there will also be customers talking about Affinity Water through social media, online and offline forums (and some of this wider data will be collected by Affinity). Sources of operational data include:

- Call centre interactions:
  - Calls
  - Letters
  - Emails
  - Web-chat
- Social Media interactions:
  - Facebook
  - LinkedIn
  - Twitter
  - YouTube
- Face-to-face interactions:
  - Water Saving Squad at events
  - Engineers and personal in the community
  - Community town-hall events

Our approach to the collection and analysis of this information will be based both on researching what we *want* to know to inform the business planning process, and on researching what we *already* learn from data that is being collected as part of business as usual. We will work with different parts of the business to capture data, information and reports that will be useful in understanding the ongoing issues that customers are raising.

A critical success measure for the PR19 engagement is not duplicating analysis that is already done by the business. To achieve this, we will primarily use reports and information that has already been collected and analysed, identifying any potential material gaps in this analysis to collect raw data where appropriate.

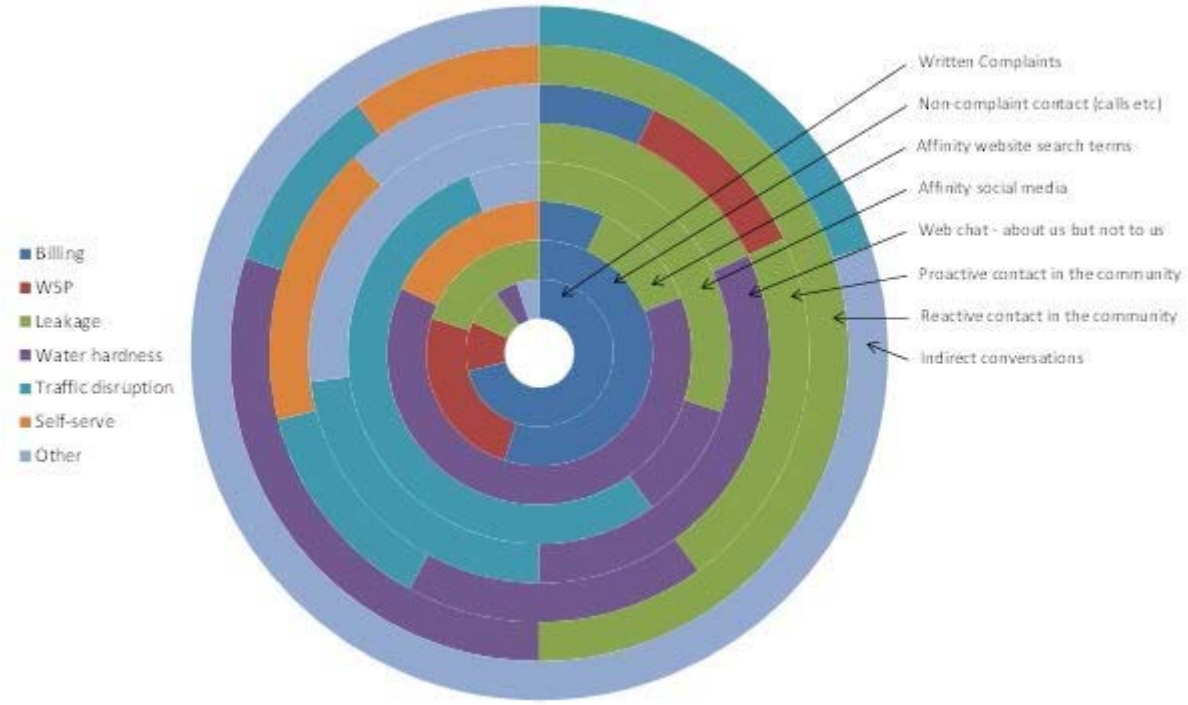


Figure 3.6: Operational data: engagement routes and topics

In our early work, we have developed some hypotheses we would like to explore through the remainder of phase 0 and into phase 1:

- that customers are talking to us about different things via different channels;
- that we are already responding to much of the operational customer contact; and
- that there may be future insight opportunities to explore when looking across contact channels that are owned by different areas of the business.

Outcomes

At the end of phase 0, we will develop a report setting out how we might use the operational data in three key ways:

- informing who we will target through market research- with the information on who is already contacting Affinity Water, we will be able to target appropriate groups to understand the extent to which their views might represent that of a wider customer base;
- identifying topics to explore through the market research- we know that there are certain issues raised through day-to-day contact, and we can test whether these themes are pertinent to the wider customer base; and
- triangulating with data from other sources, and informing the business plan- our analysis will combine data from different sources, and operational data insight will be fundamental to this process.

Data and information interpretation

Affinity Water holds multiple sources of data and information. This is an extensive and value pool of data, however there are challenges and resource costs in standardising and linking the data. Therefore, our approach is to focus first on interpreting the information and reports that exist through existing analysis, and secondly, only if required, on developing additional data processing and analytics activities to inform the business plan. Our approach to interpretation of the existing data is set out below.

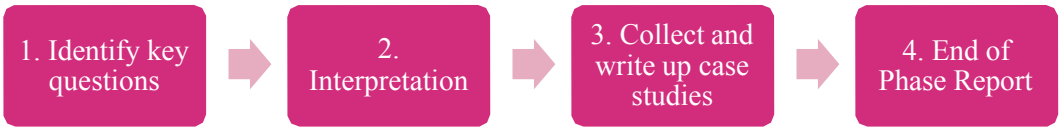


Figure 3.7 Approach to interpretation of data

1. We will frame questions that are pertinent to the business planning process, and which we believe will be informed by the information and reports that are already being produced by the business.
2. We will interpret the information, trying to draw lessons from across the different sets of analysis that are already carried out by the business.
3. We will collect and write up case studies on how the business is currently using operational data
4. We will report of our findings to inform the triangulation process

Preparing for business as usual

We will make recommendations on opportunities for improvements in data collection and analysis on an ongoing basis. We will consider the purpose of data collection, timeliness of collection and analysis, as well as data sharing and data security.

3.6 Triangulation and Validation

Triangulation and validation will be used to ensure that there is a robust, balanced and proportionate evidence base from the customer engagement.

The triangulation process draws on multiple data sources, undertakes reviews and revisions, to develop a deeper understanding of an issue or issues. Review and revision occurs through a learning loop. The data sources for the PR19 customer engagement process are the various sources of market research data, the ongoing operational activities data and the wider economic research data.

We will build on the best practice triangulation approach set out by Consumer Council for Water's[8] guidance, using their seven-stage framework iteratively throughout each phase of our engagement programme – setting the objectives, data sources and research methods, identifying key findings, comparing and contrasting findings, developing hypotheses to be tested to feed into in the Business Plan.

[8] ICF for CC Water, *Defining and applying 'triangulation' in the water sector*, July 2017

Triangulation as a learning process

Triangulation is a learning process to understand issues in increasing depth. This will be a continual activity for the project team, achieved through regular team meetings to share knowledge as we go.

In addition to ongoing learning, at the end of each phase of work we will conduct a specific, and more in-depth process of triangulation and will follow a process of focal area identification, evidence centring, synthesis and learning.

The learning process begins with the identification of focal areas. The focal areas are identified through a range of means, this might be based on the questions that the business was asking at the start of the phase, review of previous community engagement activities, and through assessment of current issues in the community.

We will seek evidence from a variety of areas and centred on the issue. Whilst the exact sources of data to be triangulated will be different at each stage, across the programme the three primary data sources used in triangulation will be:

- our operational data;
- bespoke market research; and
- economic data

The primary data sources offer insights from multiple perspectives. These perspectives need to be integrated through a synthesis and learning stage. The synthesis is the balancing of information received from multiple sources, learning from the dimensions, and seeking further information where needed. As new information is added, a learning loop follows where new information and insight challenges earlier precepts and understanding of the issues.

Through the process of focal area identification, evidence centring, synthesis and learning, the triangulation process (outlined in Figure 3.8) delivers a robust, balanced and proportionate evidence base. This process enables a deeper understanding of issues to be developed through multiple perspectives and enables learning to occur throughout the programme.

A standard report structure has been developed and will be used for each phase of triangulation to maintain consistency throughout the programme. The report will focus conclusions in three areas:

- for the next stage of the customer engagement: to inform the market research, the operational data or other activities
- for the Business Plan: insight and recommendations will be fed into each stage of the Business Planning process; and
- for business as usual ongoing customer engagement, to inform wider ongoing activity within the business.

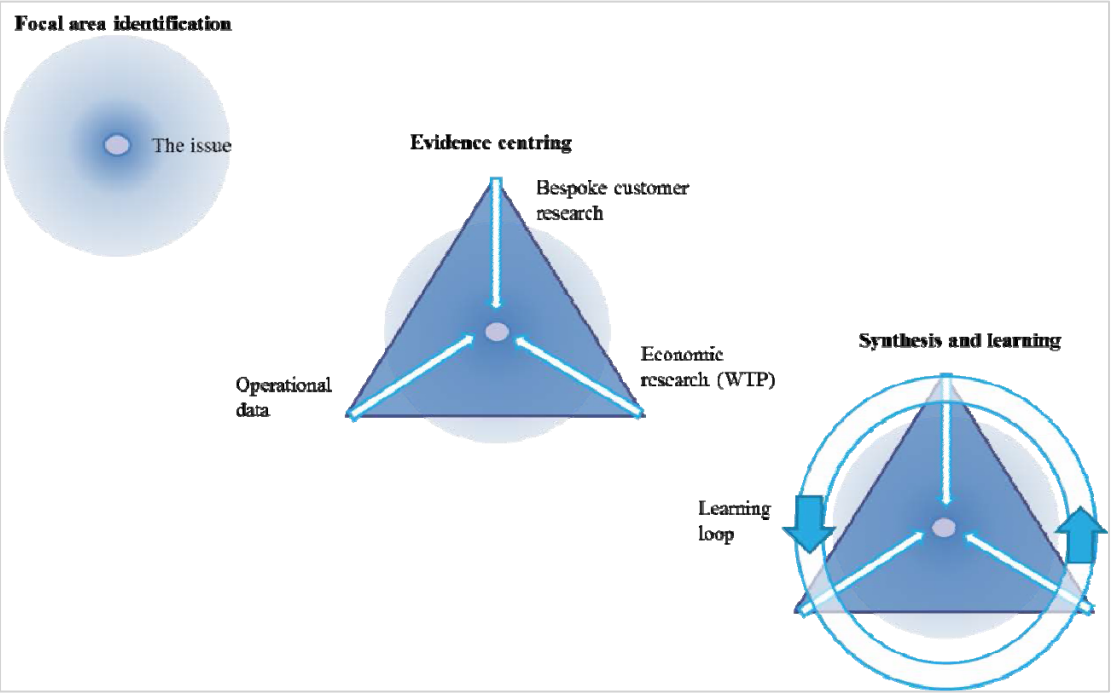


Figure 3.8 Triangulation process

Validation

Validation is an activity to review and challenge the triangulation process. At validation the data, methods, results and learning that occurs through triangulation process will be reviewed and challenged to establish the connectivity between the findings and interpretations of the triangulation process with the underlying evidence base.

Validation is a scheduled activity. It occurs at the end of each phase of customer engagement programme. The validation activity will be undertaken in conjunction with the CCG, who will be able to challenge the data sources, methods, learnings and outcomes. By challenging the logic and inferences, the validation activity will provide assurance that the triangulation process is robust, balanced and proportionate.

An example challenge agenda has been developed and will be refined for each stage as required.

3.7 Review and Working with the CCG

Taking the CCG through the journey from design, data gathering and interpretation will help to provide assurance on the approach and its findings and prevent any surprises. The remit of the CCG is detailed in the Affinity Water Terms of Reference, July 2016, which suggests that meetings should occur at least four times a year. This provides opportunities for the CCG to have an input, influence and challenge across each stage of the engagement activities. Further to this, the proposed iterative approach of the research activities allows feedback at every validation point to influence design and delivery of subsequent activities.

Within the remit of the CCG there are also opportunities, if required, for intermediate meetings and establishment of task and finish groups to review specific areas. This is a

welcome part of the process which may benefit the programme. There may be detailed aspects of the programme that may need a smaller group to review ahead of the formal meetings. Working alongside the CCG will allow us to exploit the full potential of customer engagement as we can access an outside opinion on the success of our efforts.

Annex 1: Overarching

Over 2 – Triangulation Tool

PR19 Engagement Triangulation Tool
User Guide

Aug-18

Introduction

This user guide provides information and guidance on the triangulation process and how to input into the tool.

The primary objective of this engagement tool is to capture, record and analyse all the information gathered in the triangulation process across the entire engagement programme. It focuses on capturing evidence of customer and stakeholders' views and input into the development of Affinity Water Performance Commitments.
The methodology for the triangulation process incorporates the three principal sources: bespoke market research, customers' views from our operational customer contact data and economic research (such as willingness to pay and bill acceptability). Other research outside those commissioned by Affinity Water will also be capatured (e.g CCWater, NIC etc). The purpose of the tool is to transparently track and assess feedback from these sources. In this process, evidence may corroborate or contradict previous feedback received and any learning from each of these will be explained. The tool will be used as a living document to triangulate throughout the whole programme; from Phase 0 to Phase 3. We will also use it to compare PR19 findings with those from PR14.

Triangulation is described as the process of “using multiple and independent measures to examine a hypothesis or conclusion being investigated, with the intent of using multiple perspectives to minimise bias and maximise validity” (ICF for CC Water, 2017).

The output will be a report which triangulates all of the work undertaken during each Phase with references that inform (or disprove) our research findings and conclusions. The feedback provided in this triangulation tool will be tracked and assessed to aid in producing the reports.

Summary of the Tool

The tool summarises data collected from the different sources mentioned previously, for Affinity Water's 18 performance commitments. It builds on the outputs from each phase used for triangulation. This tool will be circulated where appropriate to key market research providers such as Ipsos MORI, Accent, Traverse, Affinity Water and the Arup team to input data from phase research.

Control	Version Control tracker. Please don't edit this sheet.
pre-Phase 2 Sources	Sources detailed from pre-Phase 2 research. Please don't edit this tab
pre-Phase 2 Triangulation Tool	Combined research from pre-Phase 2. Please don't edit this tab
Phase 2 Triangulation Tool	Please enter research findings into this sheet.
Phase 2 Qualities & Robustness	Please populate this tab with the requested information on quality of feedback
Phase 3	Please enter research findings into this sheet.
Withdrawn PCs	Details of Performance Commitments removed from the tool between Phase 1 and 2. Please don't edit this sheet.

Guide to inputting to the tool

On the 'Edit this sheet' tab, research findings for the relevant phase should be entered. Please input information into columns L-V where directed to do so within each cell. Please enter as much detail as possible into the relevant boxes and enter any additional comments into the final 'comments' column.

Arup will complete these on receipt of all input. If you have information for these boxes, feel free to input it and add a comment.
Please add research findings to these boxes.
Areas that require further analysis. Arup will complete these on receipt of all input.

Any problems, please contact *ann.cousins@arup.com* or *sophie.thompson@arup.com*

Version Control

Version	Reason for Update	Changes	Date	File Name
Version 0.0	Tool developed and sent round to those undertaking the research	User Guide added to explain how to use the tool and what bits to input into	04/06/2018	Triangulation Spreadsheet 2
Version 1.0	Incoming versions from researchers combined.	Data from market researchers was combined into the main tool.	14/06/2018	Triangulation Spreadsheet 2
Version 2.0	Updated to combine Affinity Water triangulation tool and phase 1 tool information	previous research and sources from pre-phase 2 into one place	26/06/2018	Triangulation Spreadsheet 2
		Customer Outcome' and 'customer themes emerging' columns added		
Version 3.0	Draft Issue	Control tab edited.	13/07/2018	Appendix A_Triangulation Spreadsheet phase 2
		Removed 'Final Tool -DO NOT EDIT' tab as all information was successful combined in 'Tool - Edit this sheet'.		
		User Guide tab edited to reflect deleted tab.		
		WTP survey' column' in main tool deleted as this research is covered in column N 'Other research'		
		Draft Business Plan level of service' column added to show the final level of PC chosen.		
		pre-Phase 2 Sources' and 'pre-Phase 2 research' tabs separated		
Version 4.0	Final Issue	Phase 3 Triangulation Tool added.	20/08/2018	PR19 Engagement Triangulation tool
		User Guide tab edited to include Phase 3 tab. Introduction and summary edited to reflect PR19 Triangulation Tool		

PR14
PR14 research on water softening attitudes and WTP
PR14 Let's Talk Water survey
PR14 interruptions research
PR14 Environmental forums (focus groups)
PR14 dWRMP online surveys
PR14 draft WRMP online survey (drought, SR, resilience)
PR14 draft WRMP consultation responses
PR14 customer and CCG feedback that we should include the environment in our outcome
[C8] PR14 Customer Research: Summary of Findings of the Customer Acceptability Study
[B1] PR14 Report on PR 14 Engagement Activity Phase 1
[C1] PR14 Report on PR 14 Engagement Activity Phase Two - Testing and Valuing
[C8] PR14 Customer Research: Summary of Findings of the Customer Acceptability Study

Pre-Phase 0
(C2) Panel survey findings (OPM)
(C4) Let's talk Water Consultation (OPM)
[B3] Customer Experience, Benchmarking Exercise, baseline customer views
[B4] Investing in your community, Qualitative Research - Combined Summary Report
[C2] Panel survey findings (OPM)
[C4] Let's Talk Water consultation (OPM)
[C7] Business Plan Consultation_ Customer Forums_ Final Report
[D3.2] Research with Vulnerable Groups, Findings from Interviews with Stakeholders (OPM)
Bill acceptability study report_15-11-13_Final
Operational data: Affinity Water education centre
PR19 draft DMP online survey
Pre-SDS Consultation Online survey findings

Ongoing
Hubbub (national poll June 2016)
Hubbub (40 households in Watford and Harlow July 17)
VfM survey
Analysis of the ‘About your water’ (Hubbub) stepboard

Phase 0
Operational Contact
PR19 Ph0 ethnographic interviews
PR19 ph0 operational customer data/ Phase 1 Customer Service Survey and Stepboard.
PR19 ph0 research
PR19 ph0 signpost focus group
PR19 Phase 0 operational data
PR19 Phase 0 signpost focus group
Rant and Rave, SIM performance and feedback reports, CCW 'water matters'

Phase 1
PR19 ph1 leakage stepboard
[B3] Customer Experience, Benchmarking Exercise, baseline customer views
Affinity Water – Social Tariff survey
Affinity Water 2020: Customer Community
Affinity Water, Operational Data – Case Studies, February 2018
Affinity Water, Summary note of stakeholder workshop on vulnerability
Analysis of drought and hosepipe bans step board
Analysis of Leakage Stepboard
Analysis of the ‘About your water’ (Hubbub) stepboard
Arup-IpsosMori for Affinity Water, Affinity Water 2020: Customer Community: Summary
CCW Helping Customers See the Bigger Picture (Oct 2017)
Operational data: Customer Contact
Customer Engagement Programme. Operational Data: Phase 1 report
Developer Services
Ofgem, Ofwat. Making better use of data: identifying customer in vulnerable situations
Ofwat’s Final PR19 methodology
Phase 1 Affinity Water 2020: Customer Community: “Usage and Water Quality” Survey
Ofwat's Final PR19 methodology
Phase 1 Affinity Water 2020: Customer Community: 'quick polls'
Phase 1 triangulation Market Research programme Research report (summary report)
PR19 in depth interviews (vulnerability & affordability)
PR19 phase 1 Social tariff cross-subsidy questionnaire (off-Community).
PR19 operational data: Phase 1 report
PR19 ph1 in-depth interviews (disruption - interruption to supply).
PR19 ph1 leakage blog from Affinity
PR19 ph1 leakage q'naire
PR19 ph1 smart meter quick poll
PR19 ph1 'Usage and Water Quality' Survey
PR19 ph1 use of water environment quick poll
PR19 phase 1 Drought resilience step board.
PR19 phase 1 Social tariff cross-subsidy questionnaire (off-Community)
The Consumer Council for Water, Cyngor Defnyddwyr. Water saving: Helping customers to
UK Customer Satisfaction Index

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Leakage (Ml/d)		**PR14 WRMP online survey (leakage)** In the "Leakage" survey of the Community, most customers (70%) think that Affinity Water should meet or exceed Ofwat's leakage expectations, meaning leakage reduction should be down by more than 18% in 2020. By 48% to 28% they think Affinity Water should spend more to reduce leakage further. We asked customers: - (After explaining our approach) Do you think we manage leakage appropriately? 78% said yes. - Should we try explain leakage and its importance to our operations better than we currently do to customers? 73% said yes. - What concerns you most about leakage? (Multiple options could be selected) 82% don't like seeing water wasted, 82% are concerned about the cost of controlling leakage, whilst 68% worry about the effect on their bill. - Typically we repair leaks within five days. Is a five day repair rate right? 45% said yes, it's about right whilst 50% said no, we should do it faster. - Should we spend more money to reduce leakage beyond ELL? 41% said yes, 32% said no whilst 27% didn't know. - Is the rate at which we repair leaks more important during droughts? 76% said yes, we should respond faster in a drought. - Should we do more to reduce pressure as method of leakage management? 68% said yes, but without affecting appliances and/or at low demand times. - Should we continue to offer free repair of customer supply pipes when we find them leaking? 60% said yes to a free repair or subsidised replacement regardless of the size of leak, with the cost spread across all customers. - Do you believe metering will encourage householders to take responsibility for own leakage if they know how much is being wasted and at what cost? 76% said yes. In addition, free-text comments from the same survey, e.g. "didn't know how much care went into leakage, I thought it was purely reactive". Such comments show customers are interested in receiving information about their water service and that it can help change their perspective	**[C2] Panel survey findings:** 'Respondents with a meter were statistically significantly more likely to believe that leakage is managed appropriately Costumers prefer to be shown how much leakage costs	**PR19 ph0 signpost focus group (weff/leakage)** There is some disagreement among (Community) customers' about response times: over half (52%) think that the time Affinity Water takes to repair leaks is about right while 40% think leaks should be repaired faster. Leakage is an emotive issue: leakage was a topic of discussion at most focus groups. Most participants were shocked at the amount of water 'lost' through leakage perceived as very high). A high level of leakage does not help to build customer relationships when customers are being asked to save water or when temporary use restrictions are applied. However, customers' views on how to prioritise fixing leaks differed; some customers thought all should be repaired as quickly as possible, others wanted larger (potentially nonvisible) leaks fixed first. Through the Signpost focus groups, although most had not experienced leaks near to, or outside their home, we found that leakage was a key concern for people. Indeed, it was reported that in most groups, leakage came up without prompting. Create51 suggest that leakage is more of a moral and principled issue for younger people in particular; with participants wanting to see leadership from Affinity Water before committing to water saving action themselves. (from Phase 1 tool)	**PR19 Phase 1 leakage stepboard** Small leak residential area - should be fixed within 24-48 hours where possible, although some customers would be willing to wait up to a week. The general view was that 'every leak should be a high priority', although there was some appreciation that other larger and more serious leaks may need to be fixed first. Slightly larger leak at a pedestrian crossing - should be repaired as soon as possible; acceptable repair times ranged from 3-4 hours to 24-48 hours. This type of leak is urgent and should be given high priority due to the visible waste of water and inconvenience and danger to users of the pedestrian crossing. An undetected leaking mains pipe undercut the tarmac until it gave way, causing a complete closure of the road. This should be a very high priority due to the dangerous situation and high volume of wasted water. A large water pipe burst - This should be an urgent 'top level priority', with priority in the first instance given to assisting the residents affected and making sure their water supplies are restored. large water pipe burst flooding houses: • This should be an urgent 'top level priority', with priority in the first instance given to assisting the residents affected and making sure their water supplies are restored.	
		PR14 draft WRMP consultation responses 70.8% of customers who responded to the public consultation question asking if we should go beyond the economic level of leakage said yes.	**Pre-SDS Consultation Online survey findings:** 'The most common suggestions are to address: reducing bills (17%), leakage (10%) and environmental issues (6%).	**PR19 Phase 0 operational data:** 'Operational data presents leakage as an issue which is causing customers to contact Affinity Water; there are a high number of calls and written complaints relating to leakage. The views on which leaks to prioritise differed. The Water Saving Squad report comments from customers along the lines of "there has been a leak running down my road for weeks; I'm not saving water until you fix your leaks".	**PR19 operational data: Phase 1 report**: 'Leakage is a common cause of customer contact	
		[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing : 'The Talkback results indicated that the main problem area was leakage with the number of comments being 1187. Comparing these results with the PR14 study shows that leakage is still a main priority for customers as leakage was the second highest problem area.	**(C2) Panel survey findings (OPM** 'Respondents with a meter were statistically significantly more likely to believe that leakage is managed appropriately Costumers prefer to be shown how much leakage costs	**PR19 Phase 0 signpost focus groups:** 'Through the Signpost focus groups, although most had not experienced leaks near to, or outside their home, we found that leakage was a key concern for people. Indeed, it was reported that in most groups, leakage came up without prompting. Create51 suggest that leakage is more of a moral and principled issue for younger people in particular; with participants wanting to see leadership from Affinity Water before committing to water saving action themselves.	**PR19 ph1 leakage blog from Affinity** Comments from customers welcoming information presented in the blog - demonstrates willingness to engage.	
		PR14 Let's Talk Water survey According to the operational data there is an increased number of complaints regarding the issue. Asked customers if we should fix leaks beyond the economic level, 78% said yes. A large number (47%) of respondents expect Affinity to respond to visible water leaks within one day. A further 18% expect this within two days, and 15% expect it within three. The mean number of days expected by customers is 2.1 days, and the median is 1 day.	**(C4) Let's talk Water Consultation (OPM):** 'A large number (47%) of respondents expect Affinity to respond to visible water leaks within one day. A further 18% expect this within two days, and 15% expect it within three. The mean number of days expected by customers is 2.1 days, and the median is 1 day.		**PR19 ph1 leakage q'naire** Most customers (70%) think that Affinity Water should meet or exceed Ofwat's leakage expectations, meaning leakage reduction should be down by more than 18% in 2020. By 48% to 28%, they think Affinity Water should spend more to reduce leakage further. Customers think leakage is wasteful. Customers don't appreciate being asked to save water when they see leaks being left. They recognise that there are different severities of leaks, and that some necessitate a faster response than others. There is some disagreement among (Community) customers' about response times: over half (52%) think that the time Affinity Water takes to repair leaks is about right while 40% think leaks should be repaired faster. Customers don't make the connection between leakage and the environment. They want better explanation from Affinity Water of leakage and its importance, and further reductions. Seven in ten think that Affinity Water should meet, or exceed, Ofwat's leakage reduction expectations.	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Leakage (Ml/d)		**[B1] Report on PR14 Engagement Activity Phase 1'Leakage – seen as important in conserving water** Leakage – simple to rectify and important in conserving water – recognition of individual responsibility to conserve water Suggestion to reduce leakage beyond economic λevel Increased responsibility for consumers to reduce leakage Having enough Water Continuous supply, with no restrictions Support for metering Water efficiency personal and company e.g. leakage – emotive especially when restrictions in place Leakage – pipe ownership confusing who is responsible and when?	**[C7] Business Plan Consultation_ Customer Forums_ Final Report:** 'The majority of participants think that 'leakage (million litres per day)' (67%); 'average water use (litres per day)' (76%); and 'water available for use (million litres per day)' (73%) are quite to very helpful measures to enable customers to monitor Affinity Water's success in terms of 'making sure our customers have enough water'.		**PR19 ph1 Omnibus survey** When asked if customers would support an increase in their bill to support leakage 54% were supportive. This is without understanding the bill implication. Nearly nine in ten (87%) knew that they owned the water pipe within their property boundary and that they were responsible for any leakage on this pipe; 12% did not know this and 1% were not sure. Over four in ten (43%) said that they had insurance policies that would cover the cost of any leaks on their customer supply pipe but over one in three (36%) do not and two in ten (21%) don't know. Four in five (81%) think that metering will encourage households to take more responsibility for their own leakage.	
		[C8] PR14 Customer Research: Summary of Findings of the Customer Acceptability Study: 'Highest support (89%) for reducing leakage and (87%) meeting quality standards at taps	**[B4] Investing in your community, Qualitative Research - Combined Summary Report:** 'Leakage is an issue that was brought up in all groups, with at least one participant per group suggesting that the amount lost though leakage was unacceptable There was also a view in a number of groups that it was difficult to judge the performance of Affinity Water on leakage as they didn't have the information needed on the levels of leakage On leakage, participants were all in agreement that this should be the first priority.		**Phase 1 triangulation Market Research Programme Research report (summary report)**: 'Minimising leakage thought to be key part of the 'contract' between company and customers Customers recognise different severity of leaks and some necessitating faster response than other. Over half think that the time AW takes to repair leaks is about right. 4/10 think they should repair leaks faster. leakage prioritised - 7/10 think AW should meet and exceed Ofwat's leakage expectations	
					Water, Water everywhere? The Consumer Council for Water, Cyngor Defnyddwyr: 'Link between reducing leakage and improving the resilience of water resources an reduction in the use of chemical in treatment works, reduced costs and energy use. Leakage had risen between 2016/2017 Customers highlighted leakage as a key concern and companies performance in this area can have a big impact on their attitude to water-saving and perception of the company.	
					Analysis of Leakage Stepboard: 'Small leak in residential area: ▪ It should be fixed within 24-48 hours where possible, although some customers would be willing to wait up to a week. It was more urgent for it to be fixed quickly in winter, as it could present a danger to pedestrians and other road users. It was also very wasteful with water seen as a very valuable resource and the leak could get worse the longer it remains unrepaired and potentially lead to additional problems such as cracks in the road. "Water is too precious to waste" larger leak at pedestrian crossing: ▪ It should be repaired as soon as possible; acceptable repair times ranged from 3-4 hours to 24-48 hours. Some customers expected repair work to continue through the night if needed in order for it to be fixed within 48 hours. This was due to the danger to road users, especially pedestrians during cold/icy weather and the amount of wasted water. It was also thought to be a particularly bad location for a leak – creating a road traffic hazard, including issues for pedestrians trying to cross the road and potentially causing vehicles to aquaplane or skid on ice in winter. "I would expect this to be fixed within a couple of days as it can be dangerous for both drivers and pedestrians as it causes a slip hazard." Large leak causing road to give way: ▪ This was an emergency situation with the potential to cause serious injury or loss of life and disruption to other road users which should be fixed as soon as possible - working round the clock if necessary. Response times should be immediate, with a team on site within 1 hour to ensure public safety, and the repair effected within 24 to 72 hours. However, customers thought it may take up to a week to actually finish repairing this leak given the complexity of the situation. "Send out a team under blue lights to this one!! Has the potential to cause serious injury or loss of life." large water pipe burst flooding houses: ▪ This should be an urgent 'top level priority', with priority in the first instance given to assisting the residents affected and making sure their water supplies are restored.	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Leakage (Ml/d)					**Phase 1 Affinity Water 2020: Customer Community: leakage survey summary:** 'Nearly three in four (73%) think Affinity Water currently manages leakage appropriately, with only one in ten (9%) saying they do not. However, three in four (75%) would still like Affinity Water to explain leakage and its importance better than they currently do to customers. The top three ways which customers would prefer Affinity Water to use to communicate their leakage performance include: how much leakage costs (66%), reporting on the amount of water lost through leakage as a percentage that is put into supply (65%) and reporting leakage performance on the website, including history of leakage over time (58%). Eight in ten (81%) of customers said that their main concern regarding leakage was not liking to see water wasted. Other major concerns included a further six in ten (60%) who said the cost of controlling leakage and how this affects their bill and over half (55%) said the risk to the environment if we have to take more water from rivers. One in four customers (25%) think that this is enough of a leakage reduction and their main priority is that their water bill is kept as low as possible. However, two in five (42%) think that Affinity Water should meet Ofwat's leakage reduction expectations. A further three in ten (28%) think that Affinity Water should do more than Ofwat's leakage reductions expectations. One in twenty do not know (5%).	
					Arup-IpsosMori for Affinity Water, Affinity Water 2020: Customer Community: Summary "Omnibus" Survey, February 2018: 'Visible water leaks within one day. A further 18% expect this within two days, and 15% expect it within three. The mean number of days expected by customers is 2.1 days, and the median is 1 day.	
					CCW Helping Customers See the Bigger Picture (Oct 2017): 'Customers perception of leakage - asking customers to use less yet losing large amount of water through leakage	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Per Capita Consumption (PCC) (l/person/d)		**PR14 dWRMP online surveys** (Community) Customers think they are efficient in terms of water use but most (54%) also think they can make small savings (6% say they can make big reductions).	**Bill acceptability study report_15-11-13_Final:** 'Reducing customer consumption of water: 37% rated as "very important	**PR19 ph0 ethnographic interviews** When prompted, there was an acknowledgement that water should be seen as more of a luxury and should be used more sparingly – several participants admitted to a sense of guilt that they use “too much” and could or should be more frugal in their usage. There was some evidence of people trying to use as little as possible – often as a result of learned family behaviour. But it was difficult for people to identify ways to best reduce usage – and was felt to be especially hard to avoid (perceived) over-use in multi-person households. Research found some suggestions that it should be “the water company’s” responsibility to encourage more frugal usage. A sense that customers want 'control' over their water use, recognising there is limited 'choice'. An opportunity to provide better, more tailored information for customers - there is a 'half open door'. Customers are positive about reliability and the constant supply, but do not perceive that water will run out - we are 'grey and green', a 'wet country'. There were few concerns about resilience – very few stories of problems with the water supply or worries that supply would stop. Typically only vague memories of occasional interruptions – and these had usually been fixed quickly.	**PR19 Operational Data: Phase 1 report:** 'Operational data supports this with water saving meters being a significantly viewed webpage, suggesting that customers are seeking further information on this topic. Meters were also one of the most significant causes of complaints identified through operational data (query: related to the WSP?) - NEW FROM ANNEX B High number of complaints regarding "Meter Reading". Increased number under the "Transactions" source suggesting that the customers try to understand the connection between the two. "Water Saving" has received a small number of complaints and even a larger number of "Viewed Webpages" suggesting that customers are interested in further water consumption reduction	**Hubbub (national poll June 2016):** An online survey was completed by a representative sample of 3000 adults on water usage habits. Only 24% said that they took water for granted, 76% said they are not concerned about the amount of water their household uses and only 31% said that they could less water than needed
		PR14 Let's Talk Water survey: We asked customers: how important is it to you to use water carefully? Survey respondents were asked to select a number between 0 and 10, where 0 indicates “don’t really care” and 10 indicates “very important”. 72% of respondents responded with a score of 8 or higher. Nearly nine in ten (87%) respondents would be motivated to reduce their water consumption if they saved money on their bill. This was followed by 57% who said they would be motivated by saving money on heating their water.	**[C7] Business Plan Consultation_ Customer Forums_ Final Report**: 'Many people see water meters as a way of making customers become more water aware of their water usage and consequently changing their behaviour to use less. People also felt that promoting water efficiency through multiple channels should also be a key task for Affinity Water. To complement this some people suggested that Affinity Water should provide customers with water saving devices either for free or at a subsidised rate.	**PR19 ph0 signpost focus group (weff / leakage)** Meters were also one of the most significant causes of complaints identified through operational data. ncreasing awareness of scarcity, customers citing population growth and climate change causing lower rainfall. However, customers do not have a common view about how to solve this – what is the role for customers, for water companies, Government etc? Customers think Affinity Water doesn’t make it easy enough to provide water saving devices - they would like AW to fit them. Metering is still seen as the fairest way to pay for water, but customers are concerned about bill shock and vulnerable customers. Customers would like to be incentivised to save water e.g. retail vouchers (but no link drawn between using less water and paying less for water and energy).	**PR19 ph1 smart meter quick poll:** 'Around half of respondents (55%0 would be interested in having a smart meter, 20% said "it depends / more info wanted". Indicates willingness to engage with the product by price / usage to enable degree of control	**Hubbub (40 households in Watford and Harlow July 17):** One third of customers had requested a water meter to be fitted, the motivation was money saving. There was uncertainty if they had saved money, they cited the infrequency of bills meant that it was difficult to monitor.
		PR14 draft WRMP consultation responses: Operational data supports this with water saving meters being a significantly viewed webpage, suggesting that customers are seeking further information on this topic. 88.7% of customers who responded to the public consultation question asking if they supported our proposals for universal metering said yes	**PR19 draft DMP survey:** The majority of customers agree that there is a need to save water and also agreed that individuals should be careful about the amount of water they use. Over half of respondents said they try to use water wisely	**PR19 ph0 usage / WQ q'naire:** Nearly four in five (79%) have not had any issues that restricted their use of water in the last year. Of the 18% who did have issues with their water use, the reasons for these included: burst water mains/leaks; low water pressure; weather, water meter; and customers restricting their own use for financial or environmental reasons or due to renovating their property. The majority of customers (83%) strongly agree or agree that as a country we need to reduce our water consumption whereas only a third (32%) think that their household needs to reduce its water consumption. Two in three customers (65%) rated saving money on their water bill as the main motivation to use less water, followed by to benefit the environment (58%). Around four in ten customers said that to prevent a temporary ban (38%) and to save money on energy bills (41%) would also motivate them to use less water. Over half (54%) think they might be able to make small reductions in their water use but four in ten (38%) think they cannot use less water than at present. Over half (61%) of customers agree more with statement A that reducing the amount of water we use is the responsibility of the individual, with 45% strongly agreeing with this statement. Nearly a third (29%) agree equally with both statements and think it is a joint responsibility and only one in ten (10%) think it is mainly the responsibility of the water company to reduce water usage. When asked to explain their reasoning customers reported that it is the consumers responsibility not to waste water but it is the water companies’ responsibility to avoid excess wastage from burst mains or leaks. **Current water usage:** Nearly half (49%) describe their household’s use of water as medium users – and a further almost two in five (45%) describe their household as low water users. The majority think that their use of water compared to other households of a similar size is about the same (46%) or less (42%).	**Phase 1 Affinity Water 2020: Customer Co+L33:L39mmunity: 'quick polls**': 'Nearly four in five (79%) preferred showers to baths. Only one in five (21%) reported preferring baths. Water meters: Over half (55%) say they would be interested in having a smart water meter installed in their home. One in four (25%) say they would not be interested. A further 20% say they either don’t know or that it depends.	**Hubbub (40 households in Watford and Harlow July 17)** The project showed that water saving devices/fittings is not enough to ensure water savings. These had to be accompanied by information, prompts and on-going support to ensure lasting change. The main cause of excessive water use is lack of awareness rather than lack of willingness to change habits. In fact the project strongly suggested that people wanted to save water and think they can if supported

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Per Capita Consumption (PCC) (l/person/d)		**[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing:** Most customers perceive they are water efficient and would like to know how their consumption compared to others and how they can save water.	**[B3] Customer Experience, Benchmarking Exercise, baseline customer views:** Encourages users to "think" about their water consumption, means there is a higher degree water conservation. All those metered believe it has lowered their water consumption Comparison of your unmetered bill charges and usage with a metered bill – the researchers imagine this isn't possible due to how the metering works, however this was desired by many customers, particularly those interested in minimising their consumption	**PR19 Ph0 ethnographic interviews:** 'Customers talked of almost constant water use	**Phase 1 triangulation Market Research programme Research report (summary report):** 'Affordable bills and weak link between use and cost, mean that there is little imperative to reduce consumption. Customers consider themselves 'average' and 'efficient' in terms of water consumption. Half think they might be able to do something to make small reductions to consumption which is seen as more the responsibility of customers than water companies.	**VfM survey:** Helping customers reduce water consumption is the most important facet of brand perception in driving VFM – the WSP needs to be effective in executing this - so far perceptions are holding up but not improving. Trust is a factor in VFM and key in acquiring 'permission' to install a water meter. If we want customers to 'choose' a meter and believe it's the best option, then building trust is a pre-requisite. Lee community: Broadly typical and stable, with encouraging signs around meter roll out communications
		[C8] PR14 Customer Research: Summary of Findings of the Customer Acceptability Study: At least 71% of respondents' believed these activities to be very or fairly important, with reducing customer consumption of water the least important of these activities.	**(C4) Let's talk Water Consultation (OPM):** Nearly nine in ten (87%) respondents would be motivated to reduce their water consumption if they saved money on their bill. This was followed by 57% who said they would be motivated by saving money on heating their water		**Phase 1 Affinity Water 2020: Customer Community: 'More about your survey':** 'Two thirds of Community Households have a garden hose on their property (68%). The next most popular water-intensive device is a power shower, present in 38% of homes. More than half of households have more than one bathroom (56%), although the most common household situation is to have one single bathroom (43%). Just five per cent think that they are not careful about how much water they use. Eighty-five per cent would say that they are careful around their water usage.	
		[B1] Report on PR 14 Engagement Activity Phase 1: 'Concern about bills – from high consumption meter readings Customers lack of awareness about own responsibilities for internal plumbing and how to monitor own consumption Concerns over leaks or high consumption can be caused by miss-reading of meters.	**[B4] Investing in your community, Qualitative Research - Combined Summary Report:** 'Most participants recognised that there was also a responsibility for individuals to reduce consumption and often saw large scope for domestic efficiency savings.		**Phase 1 Affinity Water 2020: Customer Community: 'quick polls'**: 'Nearly four in five (79%) preferred showers to baths. Only one in five (21%) reported preferring baths. Water meters: Over half (55%) say they would be interested in having a smart water meter installed in their home. One in four (25%) say they would not be interested. A further 20% say they either don't know or that it depends.	
			[C2] Panel survey findings (OPM): 'To adapt to the reduction in abstraction we want to reduce levels of leakage, install more meters and help customers be more water efficient. Do you agree we are taking the right action? "Yes providing it is cost effective" 51% Do you have enough water to meet your needs most of the time? In the home: 99% Yes In the garden: 81% Yes		**Affinity Water – Social Tariff survey Topline results:** 'Do you have a water meter? Yes, we have a water meter 44% No, we do not have a water meter 47%	
					Water, Water everywhere? The Consumer Council for Water, Cyngor Defnyddwyr: 'Average consumption of water metered customers has risen	
					PR19 ph1 Omnibus survey 91% say they are careful about their water use and 80% agree water meters are the fairest way for everyone to pay for the water that they use. 35% customers said they would support an increase in their bill to fund new ways of helping customers save water 80% customers supported the introduction of a system to reward customers according to how careful they were with their water use. Only 8% oppose Affinity Water introducing this type of system. They would like to receive clearer information about how much water they are using so they can monitor this themselves, such as a monthly usage graph for each customer.	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Risk of Severe Restrictions in a Drought		**PR14 draft WRMP online survey (drought, SR, resilience).** Customers are positive about reliability and the constant supply, but do not perceive that water will run out - we are 'grey and green', a 'wet country' The outcomes of this online panel included: - 72% agree to reducing abstraction to save drying rivers; - 72% say a 1 in 10 year hosepipe ban (TUBs) is agreeable; - 78% would pay an average extra £5.50 over 5 years to help adapt to sustainability reductions (refer to section 10.9); - 69% agree with our demand management strategy to help deliver sustainability reductions (programme of leakage reduction, water efficiency and metering); - 55% support the £15m investment to improve drought resilience. - 68% support for resuming abstraction of sources subject to sustainability reductions under certain circumstances/conditions.	**PR19 draft DMP survey** those who identified as more environmentally friendly found the drought orders more acceptable 76% thought that imposing TUBs no more than 1 in every 10 years is acceptable or perfectly acceptable 68% did not think that Affinity Water should spend more to reduce the likelihood of drought orders, and would rather experience drought orders than see their water bill increase Respondents suggestions as to how to encourage customers to use less during a drought were: education, awareness raising, providing incentives and disincentives/media channels/pratical measures like water butts and meters.	**The PR19 ethnographic interviews:** found that there were few concerns about resilience – very few stories of problems with the water supply or worries that supply would stop. Typically, people only had only vague memories of occasional interruptions – and these had usually been fixed quickly. There was a sense that even if climate is changing, Britain is a 'wet country'.	**PR19 drought stepboard** The overall view was that over the long term we receive less rainfall now than in previous years, although over the short-term respondents tended to think the amount was fairly similar year-to-year. It was also noted that rainfall patterns seem less constant and more variable than in the past. There was a mix of opinion regarding whether hosepipe bans are acceptable and should ever be implemented. Generally, customers felt that bans should be avoided where possible but in some instances, may be necessary in times of water shortage. Customers wanted better care to be taken of our available water resources. Customers supported hosepipe bans only in times when a prolonged period of low rainfall occurs resulting in a possible water shortage. When bans are implemented, customers thought they should be fair to all users and put in place in a staged process where unessential uses are banned first e.g. filling private swimming pools To what extent do you think we get enough rainfall to meet our demand for water? In your opinion, has this changed over the past few years, or not? • There was a range of opinion among Affinity Water customers regarding whether we receive enough rainfall or not, including those who did not know at all due to lack of knowledge on the subject. • The overall view was that over the long term we receive less rainfall now than in previous years, although over the short-term respondents tended to think the amount was fairly similar year-to-year. It was also noted that rainfall patterns seem less constant and more variable than in the past. • There was some variance in opinion related to the area of the country the respondent lives in or was referring to in their response, with some areas of the UK seen as receiving more rainfall than others. • Some customers tended to take rainfall for granted and thought that humans have no control over the amount of rainfall we receive and therefore the amount of water we have available to use. Other customers, however, noted that demand for water is increasing due to the increasing population and new housing developments being built. It was noted by customers that this will therefore require better management of water resources to ensure less wastage as a result of leakage and runoff or bad management. How do you feel when you see rivers in these conditions? • A range of negative emotions including: sad, angry, depressed, concerned, abnormal and worrying. These customers wanted better care to be taken of our available water resources. • Conversely, other customers reported feeling indifferent to the photos, saying that it is something they would overlook in reality and it is to be expected as part of the natural environment. • Some customers were also concerned that drought conditions such as these would negatively affect the ecology of the area, potentially permanently. These customers thought that the amount of water taken from rivers during periods of drought should be reduced to mitigate against this. • The timing of the two photos was seen as surprising, with some customers expecting to see the drought conditions occur in summer rather than the other way around, as seen in this instance. The short amount of time between the two photos was also seen as surprising due to the markedly different conditions in each. In your opinion are hosepipe bans ever acceptable? If yes, when should they be put in place? If no, why do you not think they are not a good idea? What other things could Affinity Water do to help manage the amount of water?	**VfM survey:**'Perceptions of water supply ('enough water') are generally robust but summer can heighten perception of possible shortages – a need to focus seasonally on communication and prevention.

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Risk of Severe Restrictions in a Drought					• There was a mix of opinion regarding whether hosepipe bans are acceptable and should ever be implemented. Generally, customers felt that bans should be avoided where possible but in some instances, may be necessary in times of water shortage. • Customers supported hosepipe bans only in times when a prolonged period of low rainfall occurs resulting in a possible water shortage. However, customers wanted all other options to be exhausted first such as better water management and reducing leakage and felt that bans should only be implemented as a last resort when there is a genuine possibility of drought. They felt it was more important to have enough water available for everyone fore.ssential uses such as drinking and washing as opposed to gardening or washing their cars. • When bans are implemented, customers thought they should be fair to all users and put in place in a staged process where unessential uses are banned first e.g. filling private swimming pools and watering gardens with sprinklers. Some customers also thought that not only were hosepipe bans acceptable, they should be used as an opportunity to educate people to use and waste less water. In particular, customers think others should be encouraged to save and use rainwater for gardening. • Some customers felt that under no circumstances should a hosepipe ban be needed but acknowledged that this would mean that our water supply needs to be managed well and requires educating the public in the use of water. Others thought they were not a good idea because banning hosepipes for things such as washing cars would make little difference. • Other ideas given by customers that Affinity Water could implement included: more storage, improve distribution system to reduce losses, focusing on education to use less water and using surplus supplies from other areas.	
		[B1] Report on PR 14 Engagement Activity Phase 1: 'SME stakeholders - Longer term issues – improving own resilience and action by company: Having enough Water Over abstraction – affects flows in rivers Customer responsibility – water efficiency, supply pipes and personal behaviours Role of developers in planning long term infrastructure Grey water use and rainwater harvestingy	**[B4] Investing in your community, Qualitative Research - Combined Summary Report:** 'Comments link withdrawing from environmentally sensitive sources with climate change and resilience, Stakeholders noted that as professionals in the industry, they would be able and willing to draw up individual drought management plans to avoid blanket restrictions SME customers believe they can work closely with Affinity Water to reduce usage during droughts to avoid bans	**PR19 ph0 signpost focus group:** 'The focus groups found that customers were aware of the increasing scarcity of water; they established the link between this and factors such as population growth and climate change causing less rainfall. Whilst customers were aware of the scarcity of water, there was no common view on how to tackle this issue and the associated roles of customers, water companies and the government. Collaboration to ensure a robust water supply was thought to be a 'brilliant' option, including sharing water supplies and ideas to improve effectiveness and efficiency.	**PR19 ph1 Omnibus survey**: 'Half (49%) think that it has been five years since the last hosepipe ban. Forty per cent cannot remember or do not know when the last temporary use ban was enacted. 70% customers agree that hosepipe bans are sometimes acceptable to manage water supply. 35% customers said that they would support funding projects that would reduce the likelihood of hosepipe bans through an increase to their bill	
		[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing: 'Customers support proposals to leave more water in the environment and make water resources more resilience but are reluctant to pay for improved environmental protection 76% wanted faster response to leakage in drought	**[C2] Panel survey findings (OPM):** 'The vast majority (87%) of respondents agree that Affinity Water should go ahead with the investment to improve resilience to severe drought		**Customer Engagement Programme. Operational Data: Phase 1 report:** Asset management and "Customer assets" have increased (weekly universe Unwanted) complaints. However the latter has increased "viewed webpages" indicating that possibly customers are more concern from asset condition from their part and how that might affect their monthly bills.	
		C8] PR14 Customer Research:'Customer support for improving the resilience of supplies and reducing interruptions was lower than that shown for water resource and water quality improvements. Costumer views on current service: The frequency of restrictions on water use during periods of drought (e.g. hosepipe bans) The majority of customers support further improvements to water supply pipes and treatment works with the aim of meeting water quality standards. However, as we see below, while 80% of respondents supported this aim only 41% of those asked were prepared to accept higher bills to achieve it.	**[C7] Business Plan Consultation_ Customer Forums_ Final Report:** 'Participants were happy with the proposed pace of investment to protect customers for potential future drought challenges. Some customers felt that faster investment was appropriate to reduce the risk of potential future challenges		**Water, Water everywhere? The Consumer Council for Water, Cyngor Defnyddwyr**: 'Resilience described. Focus on keeping communication about resilience simple, don't overcomplicate. Customers accepting that hosepipe bans are necessary on occasion.	

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Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Risk of Severe Restrictions in a Drought			**Pre-SDS Consultation Online survey findings**: 'At PR14 majority of customers would rather experience drought orders than see their water bill increase. However, customers would prefer to pay a little more now to prevent large bill rises for future generations (water resources needs/infrastructure development).		**The Consumer Council for Water, Cyngor Defnyddwyr. Water saving: Helping customers to see the bigger picture:** 'Resilience' not a term people could relate to and defined it as 'strength, toughness, flexibility, bouncing back.' Explained that it was also about water companies planning and being able to recover from a range of things that could affect customers' water supply. 'safeguarding water, water management, future planning' used here. Customers not fully trusting of water companies to deal with the responsibility of water resilience. Common misconceptions and misunderstanding around droughts - increased heavy rainfall dos not cancel out drought. Impactful information to encourage people to start thinking about the longer term availability of water supplies: 'By 2050, demand for water could outstrip the amount of water available up to 22%'	
			Bill acceptability study report_15-11-13_Final: 'Customer support for improving the resilience of supplies and reducing interruptions was lower than that shown for water resource and water quality improvements. Less than 40% of respondents agreed with proposed changes and its impact on bills. The frequency of restrictions on water use during periods of drought (e.g. hosepipe bans): 65%		**Analysis of the 'About your water' (Hubbub) stepboard** : 'New information for customers included not realising that even if it rains a lot water still may not reach the chalk aquifer. They were also unaware of the small amount of water that reaches the treatment plants and did not know that only 1% of the water supply is drinkable. More broadly, some customers also did not know how water reaches their house before watching the video or that Affinity Water only uses this method of water collection (i.e. from aquifers). They were also unaware how this relates so particular locations, such as areas with low rainfall.	
					Phase 1 Affinity Water 2020: Customer Community: "Usage and Water Quality" Survey: 'Importance of having water: The majority of customers (83%) strongly agree or agree that as a country we need to reduce our water consumption whereas only a third (32%) think that their household needs to reduce its water consumption. Two in three customers (65%) rated saving money on their water bill as the main motivation to use less water, followed by to benefit the environment (58%). Around four in ten customers said that to prevent a temporary ban (38%) and to save money on energy bills (41%) would also motivate them to use less water. Over half (54%) think they might be able to make small reductions in their water use but four in ten (38%) think they cannot use less water than at present. Over half (61%) of customers agree more with statement A that reducing the amount of water we use is the responsibility of the individual, with 45% strongly agreeing with this statement. Nearly a third (29%) agree equally with both statements and think it is a joint responsibility and only one in ten (10%) think it is mainly the responsibility of the water company to reduce water usage. When asked to explain their reasoning customers reported that it is the consumers responsibility not to waste water but it is the water companies' responsibility to avoid excess wastage from burst mains or leaks.	
					Phase 1 Affinity Water 2020: Customer Community: 'quick polls: 'Nearly three in four (73%) said that they would struggle more to live for one day without water than electricity (27%). Over one week this figure rises to 83% for water compared to 17% for electricity.	
					Phase 1 Affinity Water 2020: Customer Community: 'More about your survey': 'A large majority agrees that the water supply is reliable (96%); three quarters strongly agree that this is the case (75%).	
					Phase 1 triangulation Market Research programme Research report (summary report): 'Resilience taken for granted because Britain is a 'wet' country with plentiful supplies of water. Many surprised that most of our drinkable water comes from rivers/lakes/reservoirs. PR14 research found hosepipe bans at a level of service of 1 in 10 years to be acceptable – customers were not willing to pay more to reduce the likelihood of these.	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Water Supply Interruptions >3hrs (average minutes lost per property per year)		**PR14 interruptions research** Customers preferred to have on long interruption instead of multiple short ones.	**[B3] Customer Experience, Benchmarking Exercise, baseline customer views:** 'Provision of back-up water if there are any shortages Rolling out full-metering could be the way solve the water shortage crisis, as it would encourage further conservation by the wider public When there have been interruptions on the water network (e.g. fixing leaks, replacing pipes), those who have been directly affected have received notification from Affinity Water		**PR19 ph1 in-depth interviews (disruption - interruption to supply).:** 'Through the In-depth interviews we found a lack of communication between Affinity Water and customers who have experience interruptions. For example, some customers only find out through Facebook or by contacting Affinity Water themselves about outage, updates on water restoration, or water distribution.	**VfM survey:** 'Over the longer run there are signs that Affinity Water are perceived less well for 'minimising disruption'
		[B1] Report on PR14 Engagement Activity Phase 1: 'Poor understanding of temporary use bans – communication an important factor during interruptions	**[B4] Investing in your community, Qualitative Research - Combined Summary Report:** 'Disruption was not a particular concern to most participants, with most not having any experience of disruption Good communication was seen as the most important factor in the acceptability of supply interruptions.		**PR19 ph1 Omnibus survey** The question in the omnibus survey asked customers if they would prefer to receive a higher compensation for a longer disruption to supply or a smaller value for more frequent shorter duration interruptions. 55% customers preferred a shorter duration as opposed to 22% opting for a longer duration. 96% agree that the water supply is reliable and is hardly ever interrupted	
		[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing: 'Tolerance for planned interruptions – provided clear expectations and personal message, however, 12 hours seemed a long time	**[C2] Panel survey findings (OPM):** 'Outcome – Minimising disruption to you and your community		**Water, Water everywhere? The Consumer Council for Water, Cyngor Defnyddwyr;** 'Average number of time that customers are without a supply of water has reduced in the last year. Companies expected to eliminate all 12 hour interruptions by 2025.	
		[C8] PR14 Customer Research: Summary of Findings of the Customer Acceptability Study: Support for prevention of both long-term and short-term interruptions to supply had over 80% customer support.	**[C7] Business Plan Consultation_ Customer Forums_ Final Report:** Our customers have told us our plans should focus on providing an uninterrupted service When discussing the 'minimising disruption to your community' expectation participants felt it was an important issue but few had direct experience of a service disruption During 2015-2020, we are focusing on reducing the amount of interruptions to our service by investing in renewing and repairing our network of pipes.		**Customer Engagement Programme. Operational Data: Phase 1 report:** "Increased number of "viewed websites" for "incidents" suggest that online information serves many customers' enquiries on the issue. Social media is also a popular way of contacting the company in relation to "Incidents". The company also receives a high volume of unwanted telephone contact during incidents.	
			Pre-SDS Consultation Online survey findings: 'Having knowledgeable staff that are easy to contact and helping customers to save water and money are considered to be equally important Minimising disruption to local communities is given lowest priority with 59%		**Phase 1 triangulation Market Research programme Research report (summary report):** Apparent scope to improve communication during interruption through outage/bursts.	
			Bill acceptability study report_15-11-13_Final: 'Customer support for improving the resilience of supplies and reducing interruptions was lower than that shown for water resource and water quality improvements. Less than 40% of respondents agreed with proposed changes and its impact on bills.			
Mains Bursts (Per 1,000 km of pipe)				**Operational Contact:** Highest number of social media contacts and one of the highest viewed webpages being on interruptions. Loss of supply is the highest reason for unwanted customer contact		

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Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Water Quality Compliance, Compliance Risk Index (CRI)		**PR14 research on water softening attitudes and WTP** The main reasons for dissatisfaction in water quality included the chemical/chlorine smell, the amount of limescale, odd taste and sometimes cloudy or brown. However, there was a low number of unwanted contacts about discoloured water.	**[B3] Customer Experience, Benchmarking Exercise, baseline customer views:** 'Affinity Water are seen as responsible for the consistent supply of clean and safe water and this is a minimum expectation	**PR19 ph0 ethnographic interviews:** 'Through the PR19 ethnographic interviews, we found that the supply was widely regarded as reliable and dependable – people recalled few problems with the water and commented positively on the taste and quality – "it's as good as bottled water". Though there were some exceptions to this in specific cases. For example, one customer chooses to drink bottled water because he is concerned about tap water quality.	**PR19 ph1 'Usage and Water Quality' Survey** The phase 1 (Community) Usage and Water Quality survey found that 95% of customers trust the water they receive, but were least satisfied by the smell and test of the water. This trust was built on customers never having had issues in the past, have had the same supplier for years, no illness caused by tap water and high standards of UK regulations. The same survey, reflected the phase 0 market research with the main reasons for dissatisfaction including: the chemical/chlorine smell, the amount of limescale, odd taste and sometimes cloudy or brown. However, there was a low number of unwanted contacts about discoloured water. It also identified some suggested improvements which include: less lime scale and chemicals, water testing kits, improve taste to make it more pleasant to drink, less cloudiness, filtering and making it softer.	
		[B1] Report on PR14 Engagement Activity Phase 1: 'Taste, safety and cleanliness were the most important factors of water quality	**[B4] Investing in your community, Qualitative Research - Combined Summary Report**: 'Participants were generally happy with the quality of water supplied, and where they had concerns on issues such as hardness, cloudiness, or chlorine content it was not generally expected that Affinity Water should provide a better service.	**PR19 ph0 signpost focus groups:** 'Through the Signpost focus groups, we found that some customers choose to drink bottled water over tap water for taste.	**PR19 ph1 Omnibus survey**: 'Customers are positive about the quality of the water and service they receive. 89% trust the quality of the water they receive and almost all agree that the water supply is reliable and is hardly ever interrupted (96%).	
		[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing: 'Both household and business customers place significantly higher value on avoiding reductions in tap water quality. Willingness to pay for even higher service by comparison is much lower. Can we move towards 100% compliance on water to customers? What are the failures on? 0.02% if lots of water is still a significant amount of failure. Supplying high quality water you can trust Providing high quality water is seen as a core duty for Affinity Water. It is good that this is prominent in the Business Plan	**[C2] Panel survey findings (OPM):** 'These respondents felt the survey missed out important issues, for example: - No questions about water quality	**PR19 Phase 0 operational data:** 'Through a review of operational data, we know that water hardness is one of the most common search terms on the website, although we do not know if this is to enable white goods setup or because customers are concerned about hard water. "Why is the water so hard?" is also a frequently asked question by customers to the Water Saving Squad volunteers.	**Water, Water everywhere? The Consumer Council for Water, Cyngor Defnyddwyr;** 'Quality of drinking water in the UK remains high and any future resilience plans must ensure that this isn't compromised Quality drinking water is a priority for customers. 90% satisfied with the safety of their drinking water.	
		[C8] PR14 Customer Research: Summary of Findings of the Customer Acceptability Study: 'Water quality proposals were some of those with highest customer support	**[C4] Let's Talk Water consultation (OPM) -** 'The vast majority of respondents indicated that Affinity gives them high quality water most or all of the time.		**Phase 1 Affinity Water 2020: Customer Community: 'More about your survey':** 'Trust in water quality is also very high (86%), although agreement is less emphatic roughly equal proportions saying that they "strongly" and "tend to" agree.	
			[C7] Business Plan Consultation_ Customer Forums_ Final Report: 'While many participants were pleased with the high quality water they receive particularly in terms of it being safe, there were some concerns about other aspects of quality. The main concern was about the hardness of the water		**Customer Engagement Programme. Operational Data: Phase 1 report:** 'Customer contact around water quality is minimal. The highest amount of searches on the website was for 'water hardness'	
			Pre-SDS Consultation Online survey findings: 'More environmentally minded customers rate compliance with safety standards as being more important than others When asked to rank order the four outcomes in terms of priorities 'supplying high quality water that customers can trust' is clearly considered to be the most important outcome		**Phase 1 triangulation Market Research programme Research report (summary report):** 'Tap water is trusted. Few customers mentioned relative issues with taste and smell but general sense of satisfaction.	
			Bill acceptability study report_15-11-13_Final: 'The majority of customers support further improvements to water supply pipes and treatment works with the aim of meeting water quality standards. However, as we see below, while 80% of respondents supported this aim only 41% of those asked were prepared to accept higher bills to achieve it.			

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Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Customer measure of experience (C-MeX) – will replace SIM		**[B1] Report on PR14 Engagement Activity Phase 1 (from Customer PC):** 'The majority of the sessions were completed before the major re-brand took place so that the enhanced levels of communication would not affect customer's views. Education seen as key, linking water use to local rivers Education of customers on environmental issues needed Increasing the responsibility of Affinity water for education and domestic water efficiency Education and communication to understand bill. Difficult as not a high priority for most people most of the time Poor understanding on TUB's – who affected why and when (and then lifting) and what can be done to help take responsibility to maintain water for critical activities (esp. commercial) Support for more efficiency – education and advice, domestic and commercial	**[B3] Customer Experience, Benchmarking Exercise, baseline customer views(from Customer PC):** Provision of advice on how to be conservative with water – education from the water supplier	**Rant and Rave, SIM performance and feedback reports, CCW 'water matters'** Through operational data, we know that a low proportion of the overall customer base contact Affinity Water. Through the market research activities there are examples of lack of communication during incidents such as interruption to supply as described above. (not actually analysing this data, just a general comment)	**PR19 ph1 Omnibus survey.** 58% customers contacted AWL on the telephone, 36% on e-mail and only 13% through online messaging/social media - does this refer to customers who tried to contact us? Not all omnibus respondents? One in three (33%) say they know a fair amount about Affinity Water, with a further 2% saying they knew a great deal about Affinity Water. However, two thirds say they either know not very much or nothing at all about Affinity Water – 63% and 2% respectively. The largest proportion of community members – nearly seven in ten (68%) –say that they like to know what Affinity Water is doing but are happy to let them get on with their job. Telephone is the most commonly used contact channel to get in touch with Affinity Water (58%), followed by email (36%) then web chat/online messaging via their website (12%). A large majority (84%) say that it has been easy to take part in Community Activities. Customers liked the opportunity to share their views. Some customers would like more frequent contact and clearer communication	**VfM survey:** Only six in ten customers know Affinity's name, and few have any contact with Affinity (around 1 in 10). It's clear there is little knowledge or involvement for the majority. Overall as a brand, Affinity Water's customers have fairly dilute brand appreciation – endorsement tends to be mild rather than enthused. Billing is the primary touchpoint, and in the context of the limited relationship Affinity has with most customers, is the most important aspect of customer communication to be managed. Only six in ten customers know Affinity's name, and few have any contact with Affinity (around 1 in 10). It's clear there is little knowledge or involvement for the majority. Few customers strongly agree that we are good at communicating with customers. 8/10 VfM customers contact AW on the phone with 1/20 contacting via the website Brand awareness require in Brett and Dour
		[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing (from Customer PC): 'Stakeholders believe that AW should raise awareness of drought as soon as possible People mainly hold positive views about Affinity Water, but most knew little about the company The main issues for [domestic] customers in relation to water service levels are: The appearance and colour of tap water Customers want clear advice and information about water quality	**[B4] Investing in your community, Qualitative Research - Combined Summary Report (from Customer PC):** 'For a large number of participants customer engagement is seen to be vital to dealing with the challenges in water resource planning, with education for both children and adults playing an important role.	**PR19 ph0 operational customer data/ Phase 1 Customer Service Survey and Stepboard.** Operational data also found that customer communication and method of contact being the main other webpages viewed. As well as this customer communication was a relatively regular reason for complaints, suggesting that customers need further information on communication methods and expect more communication from Affinity Water. As in phase 0, the method of this contact needs further consideration, as at phase 1 through the Quick poll via the Community, only a quarter of (Community) customers remembered receiving the 'Keep track of the tap' leaflet.	**Phase 1 triangulation Market Research programme Research report (summary report) (from Customer PC)**: 'Low number of customer contacts about discoloured water. Customers interested in a discount to use online self-serve. Low proportion of the customer base contact Affinity Water. Engagement is a challenge with most customers saying they knew nothing about Affinity Water. Water is an 'invisible service'	**Analysis of the 'About your water' (Hubbub) stepboard:** 'The video was considered effective method of communication- primarily for children "I think the light-hearted style got the message across rather well. Yes, I would be happy to show to family and friends."
		[C8] PR14 Customer Research: '94% of respondents are satisfied with the current levels of service	**[C4] Let's Talk Water consultation (OPM) (from Customer PC):** 'There were a small number of negative comments about water quality. These related to limescale, smell, taste and colour. Customer Comment: Affinity Water could educate the public about ways to save water	**PR19 ph0 ethnographic interviews** There was an awareness that there have been name changes – and some recall that Affinity Water used to be called something else (though not sure what previous name was). This was not "top of mind" – we forced them to think about this (and there was still some confusion). They had little interaction with Affinity Water beyond billing, partly driven by lack of choice over supplier. Those that had had contact were largely positive about these experiences – i.e. positive mentions when can recall direct contact, or having received help and advice over prior debt / repayment issues for past bills. There was very low awareness of who is "in charge" of whole water supply – participants had little understanding of where water supply comes from and how it is processed. When pushed, there were some references to "the Water Board" being involved in the infrastructure and oversight of water supply. There was a lot of confusion over branding and who does what – there were mentions of Southern Water and Thames Water being part of their supply. There were also mentions of Councils providing water saving devices for free, which resulted in some confusion and surprise when it was mentioned Affinity Water do this. We found that there was very low awareness of who is 'in charge' of the whole water supply. People's usage is disconnected from how much they pay, in terms of volume used and amount spent. There is no perceived benefit to them of being more engaged. Through the PR19 ethnographic interviews, we found that customers would value more direct communication; particularly around water saving and comparison information. Through the PR19 ethnographic interviews, we found that there is low awareness of Affinity Water and what the company does. Customers have little interaction with Affinity Water beyond billing, partly driven by lack of choice over supplier.	**Phase 1 Affinity Water 2020: Customer Community: 'More about your survey' (from Customer PC):** 'Almost half have had no recent water-related interactions (46%). The most common activity is visiting the Affinity Water website (30%). One per cent would say they know "a great deal" about Affinity Water, while three quarters (73%) say they know "not very much".	

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Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Customer measure of experience (C-MeX) – will replace SIM			**[D3.2] Research with Vulnerable Groups, Findings from Interviews with Stakeholders (OPM) (from Customer PC)**: 'A couple of interviewees with experience of supporting people with learning difficulties said that these people can often have difficulty understanding things such as bills, and knowing how to pay them	**PR19 ph0 signpost focus group (water service)** In-depth interviews also found that customers were interested in a discount to use online self-serve. Operational data showed that the most viewed webpages and transactions were related to billing and account management suggesting that many customers already use or wish to find out more about online account management. Water is not front of mind, and that it takes time to encourage customers to think about it. Customers always reported wanting greater transparency to build trust with their water service provider, particularly given the lack of choice. Through the Signpost focus groups, we found that customers want more information about work that Affinity Water is doing, e.g. leakage performance over time, which they find more valuable than a direct comparison of leakage levels with other water companies. Customers also want more information about the services that are available to support them Customers unaware of the range of services provided by Affinity Water - genuine surprise at what you do (e.g. priority services register, LIFT) Priority remains to deliver clean water – but the 'contact experience' is important too. When pressed to identify a lower priority service, customers said 'extra support for some customers' – but not likely to be a genuine low priority Struggled to imagine future service – most ideas linked with fixing problems/better communications rather than 'value added' services. Through the Signpost focus groups, we found a considerable lack of understanding about the services Affinity Water provides. For example, participants were unaware of services such as the priority services or dialysis registers, or passwords to protect their account, which are advertised in the annual billing leaflet as well as on Affinity Water's website.	**Phase 1 Affinity Water 2020: Customer Community: 'quick polls'** **(from Customer PC):** 'Keep track of the tap leaflet' Only one in four (27%) remembered this leaflet being posted to their property this summer, compared to three in four (73%) who did not remember receiving it. Almost three in five (58%) agree that they pay less attention to water than other utilities.	
				Education was highlighted (unprompted) by customers as important to reduce consumption and change behaviour Customers unaware of the range of services provided by Affinity Water - genuine surprise at what you do (e.g. priority services register, LIFT) Priority remains to deliver clean water – but the 'contact experience' is important too When pressed to identify a lower priority service, customers said 'extra support for some customers' – but not likely to be a genuine low priority Struggled to imagine future service – most ideas linked with fixing problems/better communications rather than 'value added' services		

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Customer measure of experience (C-MeX) – will replace SIM			**[C7] Business Plan Consultation_ Customer Forums_ Final Report** **(from Customer PC):** 'Most of people who attended the 4 events held positive views about Affinity Water even though most knew little about the company or had much direct contact with it beyond paying their bill. Customers felt that for the "minimising disruption to your community" expectation they would like Affinity Water to regularly report back on how money is being invested and what it is delivering for customers	**PR19 Phase 0 operational data** **(from Customer PC):** 'We understand that approximately 5% of Affinity Water's 1.5m households proactively contact the company; most are the 'silent majority'.	**Affinity Water 2020: Customer Community "Customer Service" Step board** **(from Customer PC):** 'Of the customers who had prior experience of contacting Affinity Water's customer service department, it was generally a positive experience Customers are generally positive about the service they receive from Affinity Water, with staff being seen as friendly and polite and willing to help customers with their issues. There were some suggestions made for improvement which included: take greater ownership of issues, resolve complaints quicker, increase number of call operators, improve online offering, offer compensation to customers when appropriate, send more regular email updates and read water meters more frequently. There were multiple different examples given of positive customer service experiences There were several examples mentioned of good customer service by Affinity Water, including: professional service received when having a water meter installed, quick response when fixing a burst pipe and a water pressure issue being resolved promptly. In terms of what made a customer service experience positive, customers appreciated: staff being friendly, helpful and polite, quick replies/fixing of issues, being provided with explanations and being kept informed of the status throughout Suggested improvements to Affinity Water's customer service included: - Ensure staff are helpful and polite and receive regular training - Have a feedback loop so a customer knows when something has been fixed - Take greater ownership of issues - Resolve complaints quicker - Increase number of call operators - Improve online offering - Offer compensation to customers The manner in which the customer service employee engages with the customer was thought to be key to good customer service Customers wanted various channels available by which to contact their utility providers and they wanted to be able to find these easily and quickly. Customer service providers also need to be willing to work around the customer – in terms of timing or services provided. Ultimately, customers did not want to reach the point where they had to contact the customer service department and would prefer if the service received did not require them to do so	
			Pre-SDS Consultation Online survey findings **(from Customer PC):** Ensuring water is always 'on tap' followed by responding quickly to problems and prevent problems are considered to be more important. Customers have high expectations of Affinity Water – they are more likely to think it is important that Affinity Water (compared to businesses generally) to play a role in protecting the environment, looking after its staff and keeping customers informed of its future plans Fewer customers are aware of Affinity Water's charitable giving or education work The majority of customers are satisfied with the current service they receive from Affinity Water Having knowledgeable staff that are easy to contact and helping customers to save water and money are considered to be equally important One in seven customers report having received a better service in the last year The majority (71%) have not experienced problems with the services they have received, although 8% report traffic disruption and 8% a leak near their home.		**Affinity Water 2020: Customer Community: Your water service survey** **(from Customer PC)**: 'Three in five (61%) say they have got in touch with Affinity Water's customer service, while one in four (26%) had not and a further 13% could not remember. Three in five (60%) agree that Affinity Water staff are friendly and polite, 52% agree the website is easy to use, 48% agree Affinity Water responds quickly when asked for help. Only 14% agree it is difficult to get through to Affinity Water on the phone. Seven in ten (69%) think that the service Affinity Water provides is good; with one in four (26%) saying it is very good. Only 5% think it is not very good or not good at all.	

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Customer measure of experience (C-MeX) – will replace SIM			**Bill acceptability study report_15-11-13_Final (from Customer PC):** 'The taste, smell and appearance of tap water: 74% Happy with current level of service Responses to the question on satisfaction with current level of service suggests that the vast majority of customers are satisfied with the service they currently receive. Ease of contact with Affinity Water (e.g. telephone, appointments, email/letters) 51% "Happy with current level of service		**Affinity Water – Social Tariff survey** **Topline results**: 'Have you contacted Affinity Water for any reason in the last 12 months? No 79% How much, if anything, would you say you know about Affinity Water? A fair amount 35% Not very much 45%	
					The Consumer Council for Water, Cyngor Defnyddwyr. Water saving: Helping customers to see the bigger picture **(from Customer PC):** 'More frequent and heavier rainfall events wouldn't necessarily increase the water supply - greater education required around this. Customers felt there should be wider awareness and education about water consumption in a household eg. toilet flushing=30% of overall consumption. A focus on messages that raise awareness of the bigger picture to help improve engagement.	
					Water, Water everywhere? The Consumer Council for Water, Cyngor Defnyddwyr: 'Water companies pressed to incorporate advice and educational programmes to explain the benefits and necessity of metering.	
					UK Customer Satisfaction Index **(from Customer PC):** 'Superior customer satisfaction is linked to higher levels of reputation, trust and recommendation. The most significant differences between the highest performing organisations and the rest are focused around the number of problems and complaints, how complaints are handled, over the phone experiences and perceptions of openness and transparency. The three lowest ranked sectors, Utilities, Telecommunications & Media and Transport. Utilities is flat year on year but has dropped slightly since July 2017. Sector average is 74.4. Affinity Water is above average at 76.3.	
					Customer Engagement Programme. Operational Data: Phase 1 report **(from Customer PC):** 'Particular categories in terms of viewed webpages: incidents, methods of contact, water hardness, customer communication Other themes that are particularly significant in terms of customer contacts (determined as complaints): meter readings, meter installation and customers assets Operational data shows over 15000 contacts relating to developer services between Nov 2016 - June 2017. Nearly 20% are unwanted. Positive feedback from courses run by the education centre Through operational data, we know that a low proportion of the overall customer base contact Affinity Water. Through operational data, we know that a low proportion of the overall customer base contact Affinity Water.	
					Affinity Water, Operational Data – Case Studies, February 2018 **(from Customer PC):** 'Through operational data case studies, we know that Affinity Water has many processes in place to review customer contact data and take action to achieve continual improvements.	

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Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Developer measure of experience (D-MeX)					**Developer Services** Operational data shows over 15000 contacts relating to developer services between Nov 2016 - June 2017. Nearly 20% are unwanted.	
Low Pressure		**[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing:** The main issues for [domestic] customers in relation to water service levels are: The appearance and colour of tap water; the number of interruptions to supply due to burst water pipes; tap water pressure	**[B4] Investing in your community, Qualitative Research - Combined Summary Report:** 'Customers want clear advice and information about water quality	**PR19 Phase 0 operational data:** 'One of the most common reasons for customer contact by telephone, by social media and in terms of website page views is 'no water' or 'poor pressure', demonstrating that customers notice if this essential service is disconnected.	**Operational Data - Customer Contact:** 'Low pressure complaints are the second highest reason for customers contacting AWL after supply interruptions.	
			[C7] Business Plan Consultation_ Customer Forums_ Final Report: 'Costumers were asked: Thinking about 'number of bursts', how helpful do you think this is for customers as a measure for 'minimising disruption'?		**PR19 ph1 in-depth interviews:** The in-depth interviews found that in low pressure areas, customers are resigned to low pressure, though the operational data shows that there were a significant number of complaints about shower pressure. In-depth interviews found that there is confusion about causes and possible solutions of low pressure, which is reflected in the operational data where the water pressure webpage was widely viewed suggesting that customers are looking for further information.	
					Phase 1 Affinity Water 2020: Customer Community: "Usage and Water Quality" Survey: 'Current water usage: Nearly four in five (79%) have not had any issues that restricted their use of water in the last year. Of the 18% who did have issues with their water use, the reasons for these included: burst water mains/leaks; low water pressure; weather, water meter; and customers restricting their own use for financial or environmental reasons or due to renovating their property.	

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Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Customer satisfaction survey - (service)		**[C1] Report on PR14 Engagement Activity Phase Two - Testing and Valuing (vulnerability PC):** There are some concerns that water meters may lead to higher bills for some vulnerable groups	**[B4] Investing in your community, Qualitative Research - Combined Summary Report (vulnerability PC):** '4.8 Support for vulnerable customers There were mixed views on Affinity Water doing more to support vulnerable customers, with most support coming from the lowest income group who were more likely to know of people who were struggling financially - a situation which they saw effecting more people in future given the current economic climate. There was more support for Affinity Water providing support to customers in the form of advice to help them reduce their bills, to minimise the likelihood of people getting into debt.		**PR19 in depth interviews:** 'The "Vulnerability and disruption in-depth interviews" showed that there is a low understanding on who is perceived as vulnerable and what services they can access (N.B. based on a sample of 12 customers classified as vulnerable).	**VfM survey** 15% of VfM customer are worried about paying their bill and 33% of customers think that the bill has increased. So far this year, fewer customers are worried about being able to afford their water bill. However, this may still increase – we've seen over the past two years a distinct seasonal pattern where bill anxiety peaks each year just after Christmas. Is this something that can be countered by seasonal comms?
			[D3.2] Research with Vulnerable Groups, Findings from Interviews with Stakeholders (OPM) (vulnerability PC): 'WaterSure scheme Interviewees from advice organisations were generally aware that this exists, and have found it to be helpful, and believe that it targets a sensible group of people.		**PR19 phase 1 Social tariff cross-subsidy questionnaire**: 'The social tariff survey looked to gain customers support through an increase in their annual bill to assist those who are in a vulnerable financial position. The outputs showed that support was stronger than at PR14.	
			[C7] Business Plan Consultation_ Customer Forums_ Final Report (vulnerability PC): 'At Bishop's Stortford some people said they were interested in the social return on investment and whether Affinity Water is supporting vulnerable members of the community		**:'Ofgem, Ofwat. Making better use of data: identifying customer in vulnerable situations (Vulnerability PC):** Data sharing process - to ensure that customers receive the right support when they need and in emergencies. Pooling customer information can help identify vulnerable customers and help tailor support across different sectors.	
					Affinity Water – Social Tariff survey Topline results (Vulnerability PC): 'To what extent do you support or oppose Affinity Water providing support to customers who have financial difficulty paying for their water? Strongly support 32% Somewhat support 31% No views either way 24% Affinity Water currently provides support to customers who have, or might have, financial difficulty paying for their water. Support includes reductions in bills, advice about water use and managing bills, and offering flexibility in terms of when and how to pay. To what extent do you support or oppose Affinity Water providing support like this to customers? Strongly support 41% Somewhat support 34% To what extent do you support or oppose Affinity Water continuing to offer a Social Tariff? Tend to support 31% Please indicate how much, if anything, you would support Affinity Water adding to your own household's water bill each year to continue to offer a Social Tariff. Option B - £2.50 - £3.00 19% None/don't support at all 28%	
					PR19 ph1 in-depth interviews (disruption - pressure) (Vulnerability PC): 'Many are unaware of what Affinity Water can do to help with bills and the support services available. The method of communication of these services needs to be improved, as awareness of the 2016/17 billing insert, which explains the advance care services, is low.	
					PR19 ph1 in-depth interviews (vulnerability) (Vulnerability PC): The "Vulnerability and disruption in-depth interviews" showed that there is a low understanding on who is perceived as vulnerable and what services they can access. However, this was based on a small sample of 12 customers classified as vulnerable.	

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Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Customer satisfaction survey - (service)					**Affinity Water, Summary note of stakeholder workshop on vulnerability, held on 8th January 2018:** 'What worked well for supporting those in need? Options on accessing information – technology literature (paper form) Dementia friendly Signposting support A shift in channel depending on need e.g. online only engagement preferred by some Have different channels: Website Phone line Face to face help Supporting staff Face to face Outreach projects e.g. A&E Telephone support – speaking direct, not number options Home visits, 121 discussions, leaflets in GP surgeries What could Affinity Water do to support vulnerable customers? Readable bills, formats, colours, fonts, use apps, options to CC bills to carer/POA Re-write your leaflet on financial support, its tone is threatening Better signposting from your website – it is not easy to navigate to schemes of financial support Test messaging, don't assume high levels of literacy (housing association assume reading age of 9) No bad news letters on a Friday Case study success story (leaflets/in annual report etc. Flexible policies. Use experts to check any changes to literature, website, policies etc.	
					Affinity Water, Summary note of stakeholder workshop on vulnerability, held on 12th December 2017 **(Vulnerability PC):** 'What could Affinity Water do to support customers? As noted earlier, partnerships are crucial – and this must work "both ways", with Affinity Water utilising partnerships and networks to not only receive help supporting vulnerable customers but also helping other organisations do the same Reframe "vulnerability" in a positive way – i.e. as "priority customers" Utilise approaches rooted in behavioural science to promote the support offered – i.e. make information visual and accessible Raise awareness of support internally, right across the business Gather more customer feedback Segment customers – identify gaps and priorities Monitoring effectiveness The key issue is to better understand the current profile of "vulnerable" customers and then identify gaps – demographics of local vulnerable customers compared to profile of those using services and / or contact Affinity Water Important to measure customer satisfaction and numerous ways to do this Net Promoter Surveys, customer satisfaction surveys, satisfaction with specific services, qualitative feedback on customer experience Uncertainty over required frequency of monitoring, but longitudinal monitoring was felt to be very powerful – i.e. how did customers feel some time afterwards, compared to immediate satisfaction	
					Ofwat's Final PR19 methodology (Vulnerability PC): Guidance has been produced on how water companies should address vulnerability (chapter 3)	
					Phase 1 triangulation Market Research programme Research report (summary report) (Vulnerability PC): Customers who are characterised as 'vulnerable' find it difficult to track water usage and cost. Difficult to controls and bills are infrequent and lack visual measures to make usage and cost understandable. Customers didn't describe themselves as 'vulnerable' but used similar stereotypes. They are unaware of what AW can do to help with bills. Many are unaware of what Affinity Water can do to help with bills and the support services available. The method of communication of these services needs to be improved, as awareness of the 2016/17 billing insert, which explains the advance care services, is low.	
					Customer Engagement Programme. Operational Data: Phase 1 report **(Vulnerability PC):** High level of contact under "Vulnerable Costumers"; i.e. customers wanting to find out more about social tariffs or the priority services register.	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Customer satisfaction survey - easy to deal with				**PR19 ph0 signpost focus groups:** 'The (Community) More about you survey identified that the majority of customers think that 'water bills are too expensive these days' (but other research has pointed to relative comfort with water bills) while operational data showed there were very few complaints related to price perception.	**PR19 in depth interviews (vulnerability & affordability). PR19 phase 1 Social tariff cross-subsidy questionnaire (off-Community).** Through the in-depth interviews we found that most customers feel that water is affordable, especially for smaller households with a fixed income. But for larger households, particularly for vulnerable customers with young children or medical conditions, usage is difficult to control and water is less affordable as income or usage fluctuates. For example, water meters have altered the cost of water for many. One customer said 'It's a lighter bill for me… I don't use a lot so I get what I pay for' while another customer said 'I phoned them and asked if I could go back to the old system… as the bill is high but they said no you will just have to pay it. It made me feel upset and disappointed I was expecting them to say that because of the large household we might qualify for some help'. - PHASE 1 same text in PR19 ph1 in-depth interviews (disruption - pressure)	
Sustainable Abstraction, average annual reduction (Ml/d)		**PR14 draft WRMP online survey**: 'The outcomes of this online panel included: - 72% agree to reducing abstraction to save drying rivers; - 72% say a 1 in 10 year hosepipe ban (TUBs) is agreeable; - 78% would pay an average extra £5.50 over 5 years to help adapt to sustainability reductions (refer to section 10.9); - 69% agree with our demand management strategy to help deliver sustainability reductions (programme of leakage reduction, water efficiency and metering); - 55% support the £15m investment to improve drought resilience. - 68% support for resuming abstraction of sources subject to sustainability reductions under certain circumstances/conditions.			**PR19 ph1 use of water environment quick poll: '**Over half (54%) say they occasionally visit the water environment. Over one in five (23%) visit regularly. One in ten (8%) visit frequently. A further 15% say they never visit any part of the water environment.	**VfM survey:** Over the longer run there are signs that Affinity Water are perceived less well for 'minimising disruption' and 'managing and protecting the environment'.
					PR19 ph1 Omnibus survey: When asked if customers would support an increase in their bill to support a reduction in the water taken from the environment 32% were supportive, 27% indifferent and 34% opposed this.	
Abstraction Incentive Mechanism (AIM)					**PR19 ph1 use of water environment quick poll**: 'Helps explain customers' attitudes towards the environment and their ability to enjoy it	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Environmental Pilot Projects		**PR14 customer and CCG feedback that we should include the environment in our outcome** Customers value the environment and think that Affinity has a role to protect it, but it is generally less of an emotive issue than leakage.	**PR19 draft DMP survey** Majority of respondents thought it is important to save water for the sake of the environment and thought it is important to save water for future generations	**PR19 ph0 signpost focus groups:** 'Conclusion of our phase 0 research suggested that customers do make the link between the environment and their water usage (e.g. convenience of hosepipe over watering can and not turning off taps when brushing teeth), but it takes time to discover as it is not a top-of-mind concern.	**PR19 ph1 use of water environment quick poll:** • Customers value the environment. • Customers think Affinity Water has a role to protect the environment. • Most visit the water environment only occasionally. • When unprompted, customers don't immediately make the connection between their water use and the environment - but they do when time is spent discussing water use. • When asked directly, a majority of customers think it's important to save water for the benefit of the environment. • Customers are keen to be offered advice on how they can reduce their consumption and some identify awareness-raising and publicity as important	**Hubbub (40 households in Watford and Harlow July 17):** 'The main cause of excessive water use is lack of awareness rather than lack of willingness to change habits. In fact the project strongly suggested that people wanted to save water and think they can if supported
			Operational data: Affinity Water education centre: 'Positive feedback from courses run by the education centre	**PR19 ph0 signpost focus groups:** Customers expect us to educate future generations about water use / scarcity	**Analysis of drought and hosepipe bans step board:** 'Some customers were also concerned that drought conditions such as these would negatively affect the ecology of the area, potentially permanently. These customers thought that the amount of water taken from rivers during periods of drought should be reduced to mitigate against this. Other ideas given by customers that Affinity Water could implement included: more storage, improve distribution system to reduce losses, focusing on education to use less water and using surplus supplies from other areas.	**VfM survey:** Over the longer run there are signs that Affinity Water are perceived less well for 'managing and protecting the environment' Indicatively, over the last full year of tracking (2016-17), Brett and Dour have had slightly higher perceived value for money – although there's little variation overall. Misbourne showing signs of decline. Satisfaction with service is quite uniform by Community – Colne and Brett have shown signs of reducing since last year. Misbourne: One of the least involved communities and signs of VFM in decline Colne: A more engaged community – but not always in a positive way
			Pre-SDS Consultation Online survey findings : 'Protecting the environment now and in the future are seen as the most important areas for Affinity to focus on when thinking about environmental impact The vast majority (82%) of customers think the local environment is important to them and almost as many (75%) say they are careful about how much water they use.		**Arup-IpsosMori for Affinity Water, Affinity Water 2020: Customer Community: Summary "Omnibus" Survey, February 2018:** 'Half of Community Members think that Affinity Water deals with waste water as well as providing clean water (51%).	
					Phase 1 triangulation Market Research programme Research report (summary report) : Customers don't make the connection between leakage and the environment. Customers recognise the need to save water. Customers think AW has a role to protect the environment.	

Summary of Customer Engagement against Proposed Performance Commitments - Pre-Phase 2

Performance Commitments (PCs)		PR14	Pre-Phase 0	Phase 0	Phase 1	Ongoing
Water Quality - Mean Zonal Compliance				**PR19 ph0 signpost focus groups:** see also CRI (7) Through the Signpost focus groups, we found that some customers choose to drink bottled water over tap water for taste.	**Phase 1 triangulation Market Research programme Research report (summary report):** 'Tap water is trusted. Few customers mentioned relative issues with taste and smell but general sense of satisfaction.	
					PR19 ph1 Omnibus survey Customers are positive about the quality of the water and service they receive. Close to nine in ten (89%) trust the quality of water and almost all agree that the water supply is reliable and is hardly ever interrupted (96%).- PH1 SS	
Value for money						
Affordability		**[B1] Report on PR 14 Engagement Activity Phase 1**: 'Social tariffs, debt, affordability – position unclear?	**[B4] Investing in your community, Qualitative Research - Combined Summary Report:** 'Participants who identified themselves as high usage and paid more as a result of being on a water meter, generally had higher expectations of the service that Affinity Water should provide, echoed in comments among lower income groups where participants suggested that they would be more critical of the service provided by water companies except for the comparative affordability of their water bill. This suggests that any future increases in price, if not met by efficiency savings, could lead to customers expecting a better service from Affinity Water.	**PR19 ph0 signpost focus groups**: 'Through Signpost focus groups, we found that the majority of customers identified water as the most important utility of overall household expenditure.		
		[C8] PR14 Customer Research: Summary of Findings of the Customer Acceptability Study: 'Affinity Water: It recognises that there is a constraint on what customers can afford and therefore what is an acceptable change in their bill.	**[C2] Panel survey findings (OPM):** 'The second most common answer, given by nearly a fifth of respondents who opposed the Social Tariff suggestion, was that they are unable to afford the bill increase (18%).	**PR19 Phase 0 operational data:** 'Whilst there was generally a sense that water is affordable, operational data tells us that this is not the case for all customers. Calls and visits to the website show that low income tariffs and payment plans are key reasons that customers contact Affinity Water. This suggests that despite majority views that water is reasonably affordable, there will be some customers for whom this is not the case.		
			[C4] Let's Talk Water consultation (OPM): Approximately two-thirds of respondents (64%) said they feel they pay about the right amount for the water and service they receive from Affinity. Over a quarter (27%) said they did not agree with this.			
			[D3.2] Research with Vulnerable Groups, Findings from Interviews with Stakeholders (OPM): 'There were no strong opinions on whether the rates charged by Affinity Water are reasonable - most people felt that they did not know enough about the business to make a clear judgment, although a few did say that water "seemed quite expensive".			
			[C7] Business Plan Consultation_ Customer Forums_ Final Report: 'Discussing 'making sure our customers have enough water' there was broad support for the proposed rate of investment. They felt that the amount this would add to bills was a small amount to pay for what it would deliver.			
			Bill acceptability study report_15-11-13_Final: 'The majority of Affinity customers questioned had no problems paying their water bill. It is worth noting however that a sizeable number still did have issues, with one in eight respondents having difficulty paying and some of this group were late with payment as a result.			

Proposed Commitments that have been withdrawn following Phase 1 Triangulation Workshop (from version 0.0 to version 1.0)

Performance Commitments (PCs)	Common (C) or Bespoke (B)	Existing research / information on this PC to evidence customers' views	Assessment of customers' ability to influence PC level (High > some > limited > none)	Customer engagement and operational data findings	Proposed engagement activity for Phase 2	Reasons for not Pursuing as a PC
Customer perception of the Affinity Water brand (qual?)	B	PR14 knowledge of water / sewerage provider in questionnaires	**Some?**		Explore levels of awareness of Affinity via the online Community, bespoke surveys, workshops and focus groups delivered for other reasons e.g. draft WRMP consultation (make a standard question rather than running a separate survey).	This is not something within the Company's control and therefore not developed into a commitment
		PR19 ph0 signpost focus group (weff / leakage) - innovation	May wish to explore if customers value the perception of our brand - but if they don't, will we continue to be an 'invisible service'? Expect we want to improve our visibility / perception to improve C-MeX.		Care should be taken to invite customers' views on branding and perception - especially if investment is required. Unlikely customers would support bill increases for us to spend on improving their perception of our brand. So would need to be covered within the current bill / totex portfolio.	
		PR19 ph0 customer anecdotes		Customers generally trust the water they receive.		
Educating future generations (number of children, hours)	B	PR19 PR14 outcomes online panel re: educating future generations	**High?**		Ed Centre is funded by customers but it is not specifically consulted upon. WSP education activity funded by the WSP / other programmes e.g. drought. Do we need to educate / demonstrate value for money of this service? Via the online Community, community events, PR19 workshops?	Education is an activity to support the Business. It will be promoted as part of the environmental pilot projects.
		PR19 ph0 signpost focus groups	Customers expect us to educate future generations, but we haven't yet explored numbers of children or hours in our engagements.		If increasing student numbers affects bill levels, would need to test via business plan acceptability	
		Op data: Affinity Water Education Centre		Positive feedback from courses run by the education centre		
		Ofwat cust. eng. policy statement re: future customers		Education highlighted (unprompted) by customers as important to reduce consumption and change behaviour		
Value for Money Survey (score out of 100)	B (PR14)	PR14 VFM research	**None?**		Business to consider if 'value for money' remains a valid PC in its own right, or whether we explore under affordability?	
		Value for money surveys (AMP6)	CCG challenge that a large proportion of the measure is outside of Affinity Water's control. Relatively subjective and comparable to our previous results but does not drive programmes of work in the way SIM does. Ofwat expects a reducing cost-to-serve.			The survey and the VFM index has not been found to be particularly useful or insightful in helping the company focus on initiatives to improve the index assessment. This is primarily as the index and research has shown that much of customer perception is driven by factors outside the control of the Company therefore could not be used as a commitment with financial incentives in the future. However, it was deemed to be a good experiment and potentially could be developed into a useful tool.
		PR19 ph0 signpost focus group (affordability & vulnerability)		Water is generally seen as good value for money compared to other utilities.		
		PR19 ph0 ethnographic interviews		When other services (e.g. PSR, password scheme) are explained, VFM perception increases further.		
		PR19 ph1 in-depth interviews				

Performance Commitments (PCs)	Common (C) or Bespoke (B)	Existing research / information on this PC to evidence customers' views	Assessment of customers' ability to influence PC level (High > some > limited > none)	Customer engagement and operational data findings		Proposed engagement activity for Phase 2	Reasons for not Pursuing as a PC
Operational carbon emissions (ktCO2e)	B	None	**Limited.**	Customers value the environment and think that Affinity has a role to protect it.		N/A	This is measured by the Company and reported through the annual return. There is no evidence that customers would support this, therefore it will not be developed as a commitment but will be maintained as a metric.
			As a 'right thing to do' measure, it's difficult to consult customers on options. If it's cost beneficial, we should do it anyway. If it's more expensive, we would need to ask customers' views on this as part of the entire service proposition (i.e. don't ask in isolation).	There is a recognition of the need to save water (although less so compared to the national need) and the joint responsibility (company/customers) to do so.			
WTW where turbidity 95 percentile greater than, or equal 0.5 NTU (number of treatment works)	B	None	**None**			N/A	this will be included in the CRI index
Customer Contacts Regarding Discolouration (contacts received per 1,000 population)	B (PR14)	Op data: number of contacts year-on-year (weekly universe), have achieved the PC level every year of AMP6	**Limited?**			N/A	
			With sufficient explanation, customers may offer a view on whether our current target is acceptable - but if zero is the only answer, can we meet that expectation?				
Affected customers not notified of planned supply interruptions >4 hours (number of properties)	B (PR14)	None	**Limited?**			If needed, can be included as part of interruptions engagement above.	Both of these are requirements of the General Supply Standards and are monitored and reported continuously. Failures result in compensation payments to customers. These will no longer be termed as commitments.
			Likely to be set an upper quartile performance level (if other companies also using this measure).	Highest number of social media contacts and one of the highest viewed webpages being on interruptions.			
Planned works taking longer to complete than notified (number of properties)	B (PR14)	None	**Limited?**			If needed, can be included as part of interruptions engagement above.	
			Likely to be set an upper quartile performance level (if other companies also using this measure).	There are examples of lack of communication during incidents such as interruption to supply			
Water Available for Use (Ml/d)	B (PR14)						available for use is unplanned outage. Since this is a common commitment, there is no benefit to maintain WAFU.

Proposed Commitments that have been withdrawn following Version 1.0

Performance Commitments (PCs)	Common (C) or Bespoke (B)	Existing research / information on this PC to evidence customers' views	Assessment of customers' ability to influence PC level (High > some > limited > none)	Customer engagement and operational data findings	Proposed engagement activity for Phase 2	Reasons for not Pursuing as a PC
Percentage of population supplied by single supply system >25,000 (% population)	B	None	**Limited?**		Focus group to explore extent of single source / strategic main impact with customers - if we are considering an infrastructure solution (might manage risk by local emergency plans rather than doubling up on infrastructure)	less than 2% of our customers receive water from a single source, about 8% receive water from a single system
			Target is somewhat set out by the definition of the PC, so only a choice if the PC level is set as a result of customer consultation.	(Community) customers are generally positive about reliability and the constant supply.	As part of business plan consultation workshop, consult customers on the balance of the full service proposition including range of customers on single source / strategic main	The likelihood of these areas to be impacted is low and therefore focus is on response and recovery rather than invesment in infrastructure that would not be required most of the time
			Relationship to SEMD?? Check.		As part of business plan acceptability testing, present customers on single source / strategic main options and bill ranges of the full service proposition	our trunkmain mitigation programme will address some of these points of failure. Our notional resilience of our supply ssytem is high be design compared to industry benchmark, therefore we are not planning to develop any specific schemes in AMP7, the key focus will be on minimising short term interruptions
Bespoke Performance Commitments (bad debt)	B	Jackie Welsh & inclusive customer plan	**Limited?**	There was low awareness of the 2016/17 billing insert, which included an explanation of the advance care services available.	Could consult with stakeholders about ways to reduce bad debt, consult with other companies / sectors (e.g. energy) to develop ideas. Not convinced there is a lot to consult with customers about.	There are several prescribed Ofwat metrics around debt including % customers in debt and have a repayment plan
		Ofwat & CCW reports on bad debt in the water industry	Ofwat has set an expectation of companies improving their bad debt performance in AMP7 (therefore reducing the burden on all customers). Relates to vulnerability and affordability, and helping customers pay. Unlikely that customers would want to see an increase in bad debt.			
Unplanned interruptions to supply (over 12 hours) (number of properties)	B (PR14)	PR19 ph1 Omnibus survey	**Limited?**	This is reflected in the phase 1 operational data, with highest number of social media contacts and one of the highest viewed webpages being on interruptions.		covered under the mandated commitment - Water Supply Interruptions >3hrs (average minutes lost per property per year)
			AMP6 performance may dictate the commitment level, Ofwat will likely have a view (as will our CCG and CCWater).			The question in the omnibus survey asked customers if they would prefer to receive a higher compensation for a longer disruption to supply or a smaller value for more frequent shorter duration interruptions. 55% customers preferred a shorter duration as opposed to 22% opting for a longer duration

PR19 Summary of Customer Engagement against Proposed Performance Commitments - Phase 2

Final Issues: Version 4.0

Phase 2 Research Findings | Phase 2 Research Analysis | Performance Commitment Levels

	Performance Commitments (PCs)	Customer Outcome	Phase 2 Operational Data	Other Research: Phase 2	dWRMP Focus groups	dWRMP online survey	Business Plan discussion groups	Business Plan acceptability survey	WRMP/BP Stakeholder forums	Future customers schools online survey	Future customers schools focus groups	Customer facing Affinity Water staff online survey	Exploration of Supply Outage Compensation Levels	dWRMP consultation	Business Plan Consultation	Areas of Corroboration	Areas of Contradiction	(themes emerging) Customers and stakeholder....	Performance Commitment Level Options	Draft Business Plan level of service
1	Leakage (Ml/d)	Making sure you have enough water, while leaving more water in the environment	**VfM 2017/2018 summary:** Operational data shows there has been a little more claimed contact on external leaks in 2017/2018 with 27% claiming this as the main reason for contact. [VfM 2017/2018 Summary]	**April 18- NIC** 'Preparing for a drier future: England's water infrastructure needs':The UK is currently at high risk of experiencing a severe drought. In order to mitigate this risk and increase the resilience of the water supply system there must be a concerted effort to reduce leakage, increase water efficiency, reduce demand through metering and invest significantly in critical infrastructure.	We found leakage resonating strongly with customers and in the focus group discussions proposals to reduce leakage were supported by customers. Fixing leaks is a key priority; it is important as a top-of-mind, instinctively important issue to customers (and seen as a very visible sign of "under-performance" by Affinity Water), and this remains the case after deliberation and trading-off against other potential priorities. Calls for efforts and policies to reduce leakage were motivated by recent local experience and sightings of bursts, but those wanting further action were also mindful of the cost and the impact on customers' bills. There was a sense that investment would reduce wastage, reducing the need to take water out of the environment or sourcing it from other suppliers etc. Tackling leakage is seen as the cornerstone of any plan to better manage water resources whether in the short, or the long term.	The majority of customers (89%) support Affinity Water continuing to reduce leakage. 71% strongly support this proposal. This is the highest level of support for any aspect of the Business Plan covered in the survey. In terms of the different options proposed to reduce leakage, 38% of customers prefer Option 1 - reducing leakage by a further 11% - compared to 31% who choose the more expensive Option 2 which would target a further 15% reduction.	Fixing leaks was an important priority across the groups. It was more tangible than some of the other priorities – participants could conceptualise what it involved and understood how it could benefit both them as customers and the environment more widely. There was a view that fixing leaks should be prioritised above all other areas as they believed that doing so had the greatest potential for saving water – that if it was done effectively then some of the other measures, such as sourcing water more sustainably, would not be necessary at all. In this way, fixing leaks was seen as the most obvious way for Affinity Water to fulfil a commitment to the environment and to pass on savings for the customer. Given that this priority area was understood to be so pivotal, many participants felt that the reductions in leaks presented in each of the plans were quite modest and that Affinity Water should be aiming for more significant savings. This was the case even if it meant reducing the amount spent on other priorities. That said, as costs for fixing leaks were not provided, they were not able to compare how this would look traded off against other areas.	Costs for leaks were presented in % (not the number) and customers struggle to trade off against other areas. They don't understand the investment required Business Plan with highest level of leakage less acceptable to customers (but still 74% support)	There was a greater range of views about leakage than about the other areas in the dWRMP, with views ranging from those who saw leakage levels as being of little interest to customers, to those who commented that reducing leakage should be a top priority Participants support leakage reduction in general, but had mixed views regarding what the target should be. Often this was because of uncertainty over the causes and geographic distribution of leaks. Those who expressed strong support for leakage reduction commented that it was very important, both from an environment perspective and that it could lead to the greatest increase in resilience of all the proposals. However, some cautioned that any leakage repairs must look to the long term, instead of being quick fixes. The higher leakage reduction target was more popular. The Business Plan needs to give more information about exactly what the targets are a reduction of or from.	Most participants claim to have seen some type of leak quite often and a small proportion claim to have seen large leaks or bursts frequently. A small amount of customers stated that they see small leaks all the time and a minority stated that they see large pipe bursts all the time. Concerns about leakage are mixed with the top answers around dislike of waste and environmental impact. A minority said they did not have any concerns about leakage.	The majority agreed water companies should do more regarding leaks and burst pipes. Fixing leaks was seen as something that the community should be doing and highlighted as important.	Negative communications with customers around the service provided from both household customers and through retailers was around length of time taken to respond to leaks Negative retail feedback regarding leakage/unplanned works Negative communications with customers relating to slow response to leakage Negative water saving squad feedback relating to leaks being left for too long		The key stakeholders of the Environment Agency and Ofwat have been clear in their expectation for a 15% reduction in leakage.	Responses received from customers suggest that leakage reduction should be prioritised	71% of customers strongly back continuing to find ways to reduce leakage, 89% support. Leakage reduction proposals were supported by customers. [dWRMP survey]	Varying views from stakeholders on leakage. Higher leakage reduction was more popular with some seeing it as a top priority while others worried about short term fixes. Some saw leakage as being of little interest to customers. [stakeholder BP/dWRMP focus groups] Costs for leaks were presented in % (not the number) and customers struggle to trade off against other areas. They don't understand the investment required [Business Plan acceptability survey] Business Plan with highest level of leakage less acceptable to customers (but still 74% support) [Business Plan acceptability survey] 61% opposes compulsory metering if it means higher bills [Ipsos Mori research for NIC, May 18] Difficult to interpret and understand leakage data without any context. Data was unfamiliar and unintuitive [Business Plan focus groups]	want leakage minimised	Leakage reduction of 11%(preferred dWRMP) or 15% (alternative dWRMP)	15%
2	Per Capita Consumption (l/p/d)	Making sure you have enough water, while leaving more water in the environment	**VfM 2017/2018 summary:** The data trend (63% 2014 – 66% 2018) from VFM survey appear to suggest attitudes to water meters may be improving slightly	**April 18- NIC 'Preparing for a drier future**: England's water infrastructure needs': To increase the resilience of the water supply system there must be a concerted effort to reduce leakage, increase water efficiency, reduce demand through metering and invest significantly in critical infrastructure. **NIC, Public research, May 2018**: Water meters were viewed as a way of reducing household water use, although participants with a water meter did not always check their water. The public is also receptive to water reuse as an alternative to reducing wasted water. There is support for adaptations to home infrastructure and technology that allowed individuals to do this easily, such as places to store used water in new homes. While participants recognised that individuals should take responsibility for their water usage, they felt water companies and the government could support individuals to do this.	The group discussions also found the overall aim of reducing consumption was generally supported and seen as a good idea by customers. Reducing usage by a quarter did, however, feel like a large reduction, especially for older age groups. Older customers tended to support the reduction to 110 litres daily consumption while younger groups supported a cut to 125 litres. During the groups, participants challenged Affinity Water's consumption figures, criticising the lack of comparative information and expressing surprise at how high these are. Customers recognised the importance of this area given its benefits in terms of the environment and lower bills, but expected Affinity Water to encourage progress proactively by providing water saving devices and education.	Just under four in five customers (78%) say that they are careful about how much water they personally use. However, three in five (61%) feel they would be able to make some sort of reduction in their household water consumption, although these customers typically say they could only make a small reduction in usage. While none of the three options presented was able to attract the backing of a majority of customers, the least ambitious - Option 1 (reducing water use to an average of 126 litres) - was the most preferred one, chosen by 34%.	Typically, and echoing other PR19 research, participants did not think that they as individuals wasted water. Consequently, although they didn't mind the principle of reducing water usage where water was simply going to waste, for example turning taps off when brushing their teeth, they didn't think that they were that wasteful in the first place so couldn't see this making very much difference. Customers didn't want to use less water where this affected their day-to-day life, for example taking shorter showers as they felt that their current behaviour was acceptable and necessary. Moreover, given that meters are not currently mandatory in all areas, participants did not see how Affinity Water could track individual water use, and therefore assess whether the proposed reductions had been achieved. There was discussion around whether the proposed reductions would be achieved by mandatory restrictions on water use at a household level or by encouraging people to reduce water use and giving them tools to help enable this. The idea that there could be mandatory restrictions on their personal water use provoked angry reactions within the groups. As consumers, they thought it was inherently unacceptable for their supplier to dictate how much water they used, and how they used it. It was also noted that different households have different circumstances that influence how much water they want or need. For example, those with larger families, larger gardens or animals may need more water than those without, and some medical conditions required more water use. On the other hand, participants were more receptive to the idea of Affinity Water helping them to reduce personal water use through advice or technological solutions, and providing incentives to do so. The need to reduce personal water use was directly equated with the issue of leakage. Given that the loss of water through leakage was currently so high, participants rejected the onus being put on them to save water when they felt the water companies themselves were much more responsible for wasting it. Considering this, they thought that Affinity Water should be focused on reducing its wastage rather than expecting customers to reduce their own, comparatively smaller, levels of water wastage. Overall, participants thought that the responsibility to use less water was shared between the consumer and the supplier – with the consumer having control over how much water they use and the supplier making it easier for them to be more efficient in their use. Older participants tended to be more willing to take on greater responsibility for their own water use, whereas younger participants placed more emphasis on the responsibility of the supplier. In terms of the specific figures that were proposed for water use reduction, all plans proposed reducing personal water use by at least a fifth. This was perceived to be a considerable amount, and possibly unrealistic, especially over a fairly short time period. Those who thought this was an unrealistic amount thought this because they already considered themselves to be careful with their water use. On the other hand, those that thought these amounts could be achieved did so because they felt others in their households and other households were wasteful, and so had the potential to make drastic improvements. It was noted that metering could people to see how much they use, and to make savings.		The PCC reduction targets are very ambitious reductions on current usage, which may or may not be achievable It is not clear whether Affinity Water's plans account for the risk that PCC reduction targets might not be met Increasing the cost of water to customers could help reduce PCC and also encourage greater uptake of water metering. Public awareness of personal water use is key to reducing PCC.	The majority agreed there is a need to save water and slightly more females agreed than males. Themes around water supply v. consumption issues did not elicit strong emotions. Some knowledge of water saving measures and some recognition of an individual's part (alongside the water company) in reducing water consumption but far from universal. 47% of respondents did not know if their home had a water meter. 44% believed that there is a good supply of water in the Southeast of England region. Older individuals were more likely to say that individuals should have responsibility in reducing water use (37%). Mean score of 5.1 out of 10 for 'How water conscious would you say you are?' with most respondents thinking the average water use is 130 litres a day but with a wide spread. A number of household water uses were discussed. Some of the responses were as follows: - Two-thirds claim to turn off the tap while brushing teeth - Three- fifths know that a 10 minute power shower uses more water than a bath. - time spent in the shower is variable with 5% spending more than 45 minutes and an average of about 15 minutes.	The majority agreed that individuals should be careful about the amount of water they use. A number of suggestions were made to save water and reduce waste including limiting amount of water people are allowed to use by allocating an amount per day, turning off taps when not in use and campaigns to limit water use. Collecting rainwater was suggested as an option to recycle water. Water meters, tap timers and desalination were also mentioned. When asked what can be done to encourage people to use less water, themes of education and information emerged most - poster, leaflets, drinks bottle, school events and talks, documentaries, stark facts, social media etc. There were also some references to cost incentives - fine overuse, low consumption rewards. Water companies should have the most responsibility for reducing water consumption, closely followed by individuals	Customers respond positively to the water saving devices and the raised awareness on reducing consumption and the impact to the environment		Ofwat has commented that it sees "limited ambition for demand management" in the DWRMP.	Scepticism around the level of reduction proposed for consumer daily usage as major behaviour change is difficult. Education has come up as a key theme to ensure customer know about their consumption. Some customers believe demand management is more important than supply options such as taking more water out of the environment	The majority of future customers agree that there is a need to save water [phase 2 future customers schools survey] and also they agreed that individuals should be careful about the amount of water they use [future customers schools focus groups] The overall aim of reducing consumption was generally supported and seen as a good idea by customers [dWRMP focus groups] 78% say they are careful about how much water they personally use and 61% of participants said they felt they would be able to make a small reduction in household water consumption. Of the three options presented, none of them received a majority backing. [dWRMP survey] Many stakeholders advocate a strong focus on water efficient infrastructure in household [WRMP/BP stakeholder forums] The general public appear to be open to water reuse as an alternative to reduce wasted water [Ipsos Mori research for NIC, May 18] Participants did not think they as individuals wasted water and saw little benefit in turning off taps when brushing teeth for example. They did not understand how Affinity could track individual water use as meters are not mandatory. [Business Plan focus groups] Negative reactions when the idea of mandatory restrictions on personal water use was suggested but were more perceptive to Affinity Water helping them reduce their consumptions by incentives/technological solutions. [Business Plan focus groups] Public awareness of personal water use is key to reducing PCC [WRMP/BP stakeholder forums] Water meters were seen as a positive way of encouraging individuals (66%) to reduce their water use by participants that both had personal experience of water meters and those that did not [Ipsos Mori research for NIC, May 18] The data trends (63%, 2014 – 66%, 2018) from VFM survey appear to suggest attitudes to water meters may be improving slightly [VfM 2017/2018 summary]	Most customers feel that they are already efficient users of water, 40% feel that they cannot use less than at present [dWRMP survey] Reduction targets are very ambitious [WRMP/BP stakeholder forums] Reducing personal water use directly equated with issues of leakage and participants rejected onus being put on them to save water. Companies should be more responsible for saving water. [Business Plan focus groups]	want to play their part in saving water and the environment	PCC reduction to 129 l/p/d(preferred dWRMP) or 124 l/p/d (alternative dWRMP). Both figures are targets by the end of AMP7	124
3	Risk of Severe Restrictions in a Drought (% popn. 1 in 200)	Minimising disruption to you and your community		**April 18- NIC** 'Preparing for a drier future: England's water infrastructure needs': a) Investment in supply infrastructure, demand control via metering and leakage reduction are all critical to the successful mitigation of the UK's current and future flood risk. Ofwat should launch a competitive process by the end of 2019 complementing the Price Review so that at least 1,300 Ml/day is provided through (i) a national water network and (ii) additional supply infrastructure by the 2030s. **NIC, Public research, May 2018.** There was an assumption that the UK has ample water resources so there should be no excuse for water shortages or hosepipe bans.	Most disputed PC theme - "we have enough rain" - and intangible implications of drought. Sceptical about regulation - temporary bans too weak to incentivise behaviour change. Unsure how customers could monitor usage without meters. As with the environment, we similarly found scepticism about drought, climate change and demand growth. The UK is thought to have abundant water and some of the proposed changes appeared too far into the future to impact within customers' lifetimes. In our group discussions customers were also sceptical about how the proposals would be regulated and were unsure how they would monitor their own personal water usage.	Option 1 - reducing the chance of severe drought to 1.7% - is preferred by 29% of customers while 19% choose Option 2 - moving to a 0.5% chance. However, 22% say that Affinity Water should do nothing because they do not think this is a problem.	Not a highly prioritised area in any of the groups, drought possibility not seen as significant. Not concerned about reducing the current likelihood of needing to use severe drought restrictions.	Not covered outside of package/Plan. But 'having enough water' rated extremely important by 63% customers (> minimising disruption, < high quality water).	Participants had mixed views on drought resilience. More information is needed on exactly how droughts are defined and dealt with More discussion is needed on the causes of, and solutions to, droughts Business Plan 2 should perhaps have a target between those of plans 1 and 3.	A slight majority consider there is a plentiful or good supply of water.	A slight majority believed that we must be able to restrict water use during a drought.			The Environment Agency's response to the WRMP highlights their concern around Affinity Water's ambition for improving resilience to drought. In particular, they want the company to do more, faster, to make progress with strategic long-term options with neighbouring water companies and to reduce its reliance on unsustainable sources of abstraction. Ofwat's response has raised concerns about the efficacy of water trading options proposed.		29% of customers prefer Option 1, 19% prefer Option 2, 51% other/prefer another. [dWRMP survey] Customers feel that hosepipe bans are an acceptable method for managing resources, despite perceiving that they happen more frequently than reality. [future customers schools focus groups] Stakeholder participants had mixed views on drought resilience, and requested more information on how droughts are defined and exactly what restrictions might be put in place [BP/dWRMP Stakeholder forums] The UK is currently at high risk of experiencing a severe drought. [NIC, April 2018]	Drought not seen as a problem, as we live in a wet country [dWRMP focus groups]	want to continue to experience and uninterrupted supply now and in the future	Drought measure to 1 in 60/80 (preferred dWRMP) or 1 in 200 (alternative dWRMP)	1 in 200
4	Water Supply Interruptions >3 hours (avg. min lost per prop)	Minimising disruption to you and your community	**VfM 2017/2018 summary:** Almost 90% of participants responding to the Value for Money survey stated they had not experienced any kind of problem, including interruptions, in the last 12 months. [VfM 2017/2018 summary].	**Ofwat, 'Out in the Cold': Water companies' response to the 'Beast from the East' June 2018 (2018)**.Some companies did not have appropriate plans in place to deal with extreme weather conditions like this. There were many examples of companies not communicating effectively with customers and stakeholders. Ofwat found that Affinity Water's performance largely met its customers' expectations, but there are still gaps and room for improvement. In particular, that includes better proactive communication with customers. **Britain Thinks for Water UK, 'Attitudes to the Water Industry Report'**, (2018);75% of customers say they are satisfied with their water service and trust their water company. Provision of water is thought to be reliable. **NIC, Public research, May 2018** Reliability and quality of the UK's water supply is "taken for granted" and participant tended to be satisfied with the service and price of their bills.			not a highly prioritised area in most groups - not seen to be major issue. Deemed more important in the future customers group as important park of customer service which was highly prioritised. So long as customers water supply wasn't being interrupted they didn't think much about it.		Risk of interruptions and reliability of water pressure were not seen as high priorities, with some participants commenting that customers might not even notice the changes. Many stakeholders commented that the risk of interruptions is of relatively low importance to them and to other customers, given the low probability of interruptions in all three plans Some stakeholders commented that, when interruptions do occur, good use of social media and other means of communication to customers are essential for mitigating the impact	Vast majority see their water supply as reliable but a minority disagree.	The majority agreed water companies should do more regarding leaks and burst pipes.	Negative communications with customers around the service provided from both household customers and through retailers was around the management of unplanned interruptions	Over 1/3 have previously experience an interruption to their supply, largely in their homes, with 58% of them causing no impact on the household. 2/3 of all interruptions lasted less than 6 hours. 1/2 found current compensation for unplanned interruptions as 'About right', the other 1/2 felt it was 'Too little' or 'Far too little' Most found current compensation for planned interruption and 'planned interruption with over-running work' appropriate As expected, higher proportions chose 'Interruption & compensation' with higher compensation, but effect flattens at the highest rates for long interruptions. The likelihood of choosing 'Interruption + Compensation' increases with • If the interruptions are planned • The compensation level • The length of interruption Higher acceptance with higher compensation and little effect due to duration. Higher acceptance of planned interruptions over unplanned. Overall, a compensation level of £25.20 per house needed to ensure 70% would choose 'interruption + comp' over 'no interruption.' The oldest customers require a substantially higher level of compensation than other age groups. Those without experience of an interruptions require a higher level of compensation suggesting an interruption may not be as bad as those who haven't experienced one think. Biggest reason for saying that the attributes were unrealistic was seemingly too-high amounts of total compensation -Contradiction.		Supply interruptions was highlighted as an area of improvement	1/3 of customers have previously experienced an interruption to their supply, largely in their homes with 58% of these causing no impact on the household [Supply outage compensation levels survey] Those who hadn't previously experienced an interruption required a high level of compensation suggesting an interruption to supply may not be as bad as they expect. [Supply outage compensation levels survey] Future customers particularly valued an uninterrupted supply as an important part of the service provided to customers. [Business Plan focus groups] ½ of customers found current compensation for unplanned interruptions as 'about right' and the other ½ felt it was 'far/too little'. As expected, there was higher acceptance with higher compensation offered. The duration of the interruption had little impact on this. [Supply outage compensation levels survey] There is higher acceptance of planned interruptions over unplanned interruptions with most customers finding compensation for these as appropriate. [Supply outage compensation levels survey] Overall, compensation level of £25.20 per household needed to ensure 70% would choose the 'interruption + compensation' option over 'no interruption.' The oldest customers require a substantially higher level of compensation than other age groups. [Supply outage compensation levels survey] Some stakeholders commented that, when interruptions do occur, good use of social media and other means of communication to customers are essential for mitigating the impact [BP/dWRMP Stakeholder forums] Many stakeholders commented that the risk of interruptions is of relatively low importance to them and to other customers, given the low probability of interruptions in all three plans [BP/dWRMP Stakeholder forums] Almost 90% of participants responding to the Value for Money survey stated they had not experienced any kind of problem, including interruptions, in the last 12 months. [VfM 2017/2018 summary] Value for Money survey data that states customers often tell Affinity Water they are satisfied with the service because they are not experiencing problems or interruptions. [Value for Money 2017/2018 summary] Ofwat found that Affinity Water's performance largely met its customers' expectations, but there are still gaps and room for improvement. In particular, that includes better proactive communication with customers [Out in the Cold, Ofwat, June 2018]		want proactive, accurate and speedy responses to interruptions	Three options on performance levels: 1. 12 minutes at the start of the AMP, moving to 6 mins in year 3 2. 10 minutes at the start of the AMP, moving to 3 mins in year 3 3. 12 minutes at the start of the AMP, moving to 10 mins in year 3	6 to 3
5	Unplanned Outage (Ml flow rate)	Minimising disruption to you and your community		**Britain Thinks for Water UK, 'Attitudes to the Water Industry Report'**, (2018);75% of customers say they are satisfied with their water service and trust their water company. Provision of water is thought to be reliable. **NIC, Public research, May 2018** Reliability and quality of the UK's water supply is "taken for granted" and participant tended to be satisfied with the service and price of their bills.								Negative communications with customers around the service provided from both household customers and through retailers was around the management of unplanned interruptions				Most customers are happy for Affinity Water to "just get on with the job" [dWRMP survey] Household customers generally see water as affordable (87%)"a good deal"; and when compared to other utilities (29% better value; 57% same value) [Business Plan acceptability survey] 1/3 of customers have previously experienced an interruption to their supply, largely in their homes with 58% of these causing no impact on the household [Supply outage compensation levels survey] Vast majority see their water supply as reliable but a small proportion disagree. [future customers schools online survey]	Most future customers agreed water companies should do more regarding leaks and burst pipes. [future customer schools focus groups]	want to continue to experience and uninterrupted supply now and in the future	Maintain current performance	38
6	Mains Bursts (per 1,000km)	Minimising disruption to you and your community		**April 18- NIC 'Preparing for a drier future: England's water infrastructure needs'**: To increase the resilience of the water supply system there must be a concerted effort to reduce leakage, increase water efficiency, reduce demand through metering and invest significantly in critical infrastructure. **Ofwat, 'Out in the Cold': Water companies' response to the 'Beast from the East' June 2018 (2018).Some companies did not have appropriate plans in place to deal with extreme weather conditions like this. There were many examples of companies not communicating effectively with customers and stakeholders. Ofwat found that Affinity Water's performance largely met its customers' expectations, but there are still gaps and room for improvement. In particular, that includes better proactive communication with customers.**								Negative communications with customers around slow response to bursts	1/3 of customers have previously experienced an interruption to their supply, largely in their homes with 58% of these causing no impact on the household			Most customers are happy for Affinity Water to "just get on with the job" [dWRMP survey] Household customers generally see water as affordable (87%)"a good deal"; and when compared to other utilities (29% better value; 57% same value) [Business Plan acceptability survey] 1/3 of customers have previously experienced an interruption to their supply, largely in their homes with 58% of these causing no impact on the household [Supply outage compensation levels survey] Vast majority see their water supply as reliable but a small proportion disagree. [future customers schools online survey]	Most future customers agreed water companies should do more regarding leaks and burst pipes. [future customer schools focus groups]	want to continue to experience and uninterrupted supply now and in the future	Maintain current performance	188
7	Water Quality Compliance, Compliance Risk Index (CRI) CRI in our draft plans was taken to be the national average score for 2017 of 3.5; our draft final is based on data from 2014 to 2017 excluding the worst and best year	Supplying high quality water you can trust	**VfM 2017/2018 summary:** Of the positive drivers influencing value for money, water quality has risen significantly, meaning water quality is increasingly influencing customers perception of value for money [VfM 2017/2018 summary] **PR19 Customer feedback supporting insight:** The smell and taste of water are the main causes of customer complaints around water quality [phase 2 Customer feedback Supporting Insight]	**Britain Thinks for Water UK, 'Attitudes to the Water Industry Report'**, (2018): Tap water considered to be safe and palatable compared to rest of world. Satisfaction and trust is high across the board 3 out of 4 customers say they are satisfied with their water service and trust their water company. Provision of water is thought to be reliable. Most customers we spoke to had never experienced supply issues.	Of the other themes included within the dWRMP and discussed within the groups, water quality tended to be among the most important to participants. However, again, the information lacked enough detail on drinking water standards and comparative information for participants to feel able to make decisions. Metering, water efficiency and consumption are also recognised as important, as well as the environment, and the aim of reducing consumption is also seen as a good idea.					The majority recognise that clean/safe water is a crucial resource	In terms of what's most important about water, clean and safe are most often mentioned as well as purity, temperature(cold/hot), reliability and various uses.	Negative communications with customers included water quality issues - hardness/taste/chlorine levels Negative feedback from water saving squad from water quality issues - cloudy water, hardness, chlorine/taste/smell				80% trust the quality of the water they receive and prioritised receiving a high quality of water, but some expressed concerns about the chemicals added to water, particularly those who don't drink water from the tap [dWRMP survey] Clean/safe water was mentioned by most future customers when asked about what the most important thing about your water supply was. [phase 2 future customers schools focus groups], the majority also recognised that clean/safe water is a crucial resource [future customers school survey] The smell and taste of water are the main causes of customer complaints around water quality [Customer feedback Supporting Insight] Of the positive drivers influencing value for money, water quality has risen significantly [VfM 2017/2018 summary] Tap water considered to be safe and palatable compared to rest of world [Britain Thinks for Water UK]		want high quality water expect AW to supply high quality water	Maintain current performance	2.6
8	Customer Measure of Experience (C-Mex)	Providing a great service that you value	**VfM 2017/2018 summary:** Value for Money survey data that states customers often tell Affinity Water they are satisfied with the service because they are not experiencing problems or interruptions. Operational data suggests customers need to be communicated with effectively and positively to persuade customers to have a meter installed as those who have chose to have a meter are more positive about them than those who don't have one Operational data shows that of the minority of customers who have contact Affinity Water in the last year, 9 out of 10 customers found it easy to access their services In January – March 2018, there was a strong dip on strong positive satisfaction, potentially a result of cold weather interruptions and associated publicity. The VfM survey suggests that external factors are influencing customers outlook on value for money and indicators of ambivalence toward VFM are growing. Of the negative drivers influencing value for money, perceived bill change, no choice in having a meter and contact with Affinity Water have increased significantly. This means these areas have an increasingly negative impact on customers perception of value for money	**CCWater, 'Customers' experiences of water supply interruptions following the freeze-thaw events of March 2018' (2018)**.19% of household and 9% of non-household received no communication about the interruption. Receipt of water company information was recalled by 57% of household customers and 51% of non-household. 10% of household customers affected by the event were much more dissatisfied with their water company than before the event. Interestingly, another 10% were much more satisfied with their company than before the event. 65% of large consumers received no communication and 51% of water critical consumers the same. 70% of respondents found the information communicated to them quite reliable or very reliable. 74% of people didn't contact the water company at all during the event. **Britain Thinks for Water UK, 'Attitudes to the Water Industry Report', (2018):** The public are unable to distinguish between their specific water company and the water industry in general. Perceptions of the water industry are shaped by personal experiences of their water services. Satisfaction and trust is high across the board. 3 out of 4 customers say that they are satisfied with their water service and trust their water company. People's positive experiences with their water services are a key driver of low engagement. Water bills are generally perceived to be low relative to other utilities: Most said that they do not consciously think about their water bill – apart from once or twice a year when they need to pay it. A few mentioned that they are being supported through their water company's social tariff system – which is seen very positively. Participants find it very hard to differentiate between the water industry and their water company. As such, any perceptions of the water industry, reflect perceptions of their water company. There is a lack of understanding about how the system works. Some customers were under the impression that the water industry is already nationalised. A few reference that the industry is a monopoly - however this tends to be a very low level concern.**UK Customer Satisfaction Index (UKCSI), July 2018:** 25.4% identifies 'making it easier to contact the right person to help' their top priority. Followed by 23.4% who view 'better website navigation' a priority. About 17% consider 'speed of response/resolution' a priority alongside quality of service.	Many believe that plan and costs are already set and they are not expert enough to make a judgement about cost and value for money	Overall, customers do not know very much about Affinity Water, as shown in Figure 3. Seven in ten (70%) say they know little or nothing about the water company; 54% say they do not know very much and a further 16% say they know nothing at all. The oldest group of customers are more likely than average to say they know not very much about Affinity Water, with 65% of 55-75 year olds saying this. A quarter (25%) say they know a fair amount about Affinity Water and 4% say they know a great deal. Generally, customers have some interest in what Affinity Water does. Sixty five per cent say they are interested about the service provided by their water company, with 14% wanting to be more involved in the company's decision-making process. This rises to 17% of men, 18% of those aged 16-34 and 19% of BME customers. One in four (27%) say they have no interest in what Affinity Water does but only 2% have no interest in what the company does and whether they do their job. Most are happy for Affinity to just get on with their job. 49% agree that their household water bills are too expensive these days	Participants took water supply for granted, assumed it would always come out of their taps, and admitted giving little more thought to it. They knew little about Affinity Water beyond the name – water formed a relatively small part of their household utility bills and direct contact with Affinity Water beyond billing was rare. As customers, they felt they had little autonomy over their water supply or billing – this is fine with participants, as they felt Affinity Water delivered a reasonable service – but also means they were disengaged from wider issues around water supply and Affinity Water, with little incentive to find out more. Participants also stressed the importance of good customer service, especially when they needed to directly contact Affinity Water.	Household customers generally see water as affordable (87%)"a good deal"; and when compared to other utilities (29% better value; 57% same value) Just 4% of household customers reported issues with poor customer service over the last 5 years 86% say that great customer service is very important and should be reflected in future Affinity plans		Awareness of Affinity Water appeared to be quite low with a number of indifferent responses as a result of that - 75% of respondents stated they had a 'low familiarity' with the company. 36% of participants neither agreed nor disagreed with the statement "Affinity Water has a positive reputation." If participants recalled any discussion about the water company in their home, cost was the biggest single topic.	Future customers stated that they would like water companies to get in touch with them via a number of routes, but phone was leading (text) and social media, phone calls and email closely behind. Generally ideas around communication revolved around social media, TV adverts and celebrity endorsement. Face to face was the least preferred method of contacting your water company. Customers had high customer service expectations. The cost of water is important to them	Household customers generally feel positive about the service they receive from Affinity staff and the manner in which they engage with them - 'helpful', 'knowledgeable' and understanding'; 'help to save water and the environment' Customers who had contact with Affinity Water generally had a positive experience, however, those who didn't receive great service they suggested improvements around greater ownership of issues; resolving complaints quicker; resourcing more call operators; improved online service provision; more regular email updates and water meter Household customers are reporting delays and inflexibility in new meter installations and appointment booking Positive perceptions of affordability are not shared by all; specifically unstable income earners, large families / households (where fluctuation is greater), retail and developer customers				Majority of customers are very/satisfied with the service they receive from Affinity [Business Plan acceptability survey] Since 01/04/2016 to date we have received 244,498 items of customer feedback of which 89% have responded with very satisfied or satisfied, 8% very dissatisfied or dissatisfied and 3% neither [Customer feedback Supporting Insight] Customers stressed the importance of good customer service, particular when they need to directly contact Affinity Water [BP focus groups] Household customers generally feel positive about the service they receive from Affinity staff and the manner in which they engage with them – knowledgeable, helpful and understanding and help save the environment [operational facing staff survey] Customers who had contact with Affinity Water generally had a positive experience, however, those who didn't receive great service they suggested improvements around greater ownership of issues; resolving complaints quicker; resourcing more call operators; improved online service provision; more regular email updates and water meter readings [operational data] Customer service expectations are higher among younger, future customers who prefer text, online and social media as well as TV and celebrity advertising [future customers schools focus groups] The company achieved 6th position in the industry UKCSI survey (pre July 5th score) [Customer feedback Supporting Insight] Customers take their water supply for granted and know little about Affinity Water beyond the name. [Business Plan focus groups] Customers have a limited awareness and understanding Affinity and the service it provides, with limited interaction (beyond billing) [Future customers schools survey] Customers want to know more about services available to support them, for example social tariff information, water saving, bill payment options, leakage and comparative data [Business Plan focus groups] Customers feel Affinity do not communicate effectively with them (right content, frequency, mode and method – e.g. 'Keep Track of the Tap' campaign); and specifically during interruptions [dWRMP/BP focus groups and operational data] Customers increasingly want to use online methods of contact; specifically future customers [Business Plan focus groups] Household customers generally see water as affordable (87%)"a good deal"; and when compared to other utilities (29% better value; 57%same value) [Business Plan acceptability survey] The majority of future customers agreed that the cost of water is important to them [phase 2 future customers schools focus groups] Many believe that plan and costs are already set and they are not expert enough to make a judgement about cost and value for money [dWRMP focus groups] Amongst non-households, the evidence suggests that WTP has increased since PR14. [WTP review] Operational data shows that of the minority of customers who have contact Affinity Water in the last year, 9 out of 10 customers found it easy to access their services.[VfM 2017/2018 summary] In January – March 2018, there was a strong dip on strong positive satisfaction, potentially a result of cold weather interruptions and associated publicity. [VfM 2017/2018 summary] Operational data suggests customers need to be communicated with effectively and positively to persuade customers to have a meter installed as those who have chosen to have a meter are more positive about them than those who don't have one. [VfM 2017/2018 summary]	49% agree that their household water bills are too expensive these days [dWRMP survey] Some customers find water bills too expensive; in some cases bills received following water meter installation [operational data] There are very few complaints about price perception [operational data] Positive perceptions of affordability are not shared by all; specifically unstable income earners, large families / households (where fluctuation is greater), retail and developer customers [operational facing staff survey] Of the negative drivers influencing value for money, perceived bill change, no choice in having a meter and contact with Affinity Water have increased significantly. This means these areas have an increasingly negative impact on value for money [VfM 2017/2018 summary] The VfM survey suggests that external factors are influencing customers outlook on value for money and indicators of ambivalence toward VFM are growing. [VfM 2017/2018 summary] Across the UK, there is lower customer satisfaction in the Utilities sector than other sector [UKCSI Survey]	say they want to know more about the service Affinity provides want to be communicated with in a personalised, relevant and timely way want water to be affordable; and bill pricing transparent	TBC	TBC
9	Developer Measure of Experience (D-Mex)	Providing a great service that you value										When developers were asked about what customers talk to them about, some of the positives included receiving help in using online service and receiving good technical support. However, there were significantly more negative comments from customers including cost too high, unclear information, poor website, long waiting times on phone and delays in construction				When developers were asked about what customers talk to them about, some of the positives included receiving help in using online service and receiving good technical support. However, there were significantly more negative comments from customers including cost too high, unclear information, poor website, long waiting times on phone and delays in construction. [customer facing staff online survey]		say they want to know more about the service Affinity provides	TBC	TBC
10	Low Pressure - Receiving Repeated/Longer Instances (avg. hours per property)	Minimising disruption to you and your community	**VfM 2017/2018 summary:** Operational data indicates that there may be an ongoing issue with only a minority of customers experiencing low pressure	**Britain Thinks for Water UK, 'Attitudes to the Water Industry Report', (2018):** Since privatisation, customers are 5 times less likely to suffer from supply interruptions and 100 times less likely to have low water pressure			This area was not highly prioritised in most of the groups, possibly because few found the current level of interruptions, nor the reliability of water pressure, to be major issues. Nevertheless, when comparing plans, greater reductions in interruptions and improvements to the reliability of water pressure were seen as positive things. In addition, these areas were deemed to be important within the future customer groups, as both were perceived to be aspects of the customer experience, which was highly prioritised.	20% of customers say experienced low water pressure on a regular basis in past 5 years. Customers find plans that improve water pressure acceptable, in the round	Risk of interruptions and reliability of water pressure were not seen as high priorities, with some participants commenting that customers might not even notice the changes.			Negative communications with customers around the service provided from both household customers and through retailers was around pressures				20% of customers reported having experienced 'low pressure on a regular basis in the last 5 years' [Business Plan survey] Customers find plans that improve water pressure acceptable, in the round [Business Plan survey] Operational data indicates that there may be an ongoing issues with only a minority of customers experiencing low pressure [VfM 2017/2018 summary]	Some stakeholder felt that this area was of low significance to customers, as they believed that most customers do not have water pressure issues or that they would not notice temporary reduced pressure [Business Plan stakeholder workshop] Not highly prioritised in many groups as level of interruption deemed acceptable [Business Plan focus groups]	expect good water pressure	Three options:- 6.5 hours 8.7 hours	8.7
11	Customer Satisfaction Survey - % Customers PSR	Providing a great service that you value	**VfM 2017/2018 summary:** Nearly a quarter of Affinity Water customers could be considered vulnerable. They are more likely to be over 65 years old and living in single person households. [VfM 2017/2018 summary] Of the 16% who worry about being able to pay their bill, 10% are not considered vulnerable. (Whereas 17% could be considered vulnerable but are not worried.) [VfM 2017/2018 summary]	**Ofwat, 'Out in the Cold': Water companies' response to the 'Beast from the East' June 2018 (2018)** There was an inconsistent approach to identifying and supporting customers in vulnerable circumstances. There were many examples of companies not communicating effectively with customers and stakeholders. Where they saw better performance, companies communicated effectively with customers and key stakeholders, such as local resilience forums, councils and the emergency services, before, during and after the incident to ensure that they were able to prepare and to minimise the impact of disruption. There was an inconsistent approach to identifying and supporting customers in vulnerable circumstances. Some companies have proactively gone above statutory minimum payments to customers to reflect the level of disruption experienced and have paid out quickly	Overall, customers have a positive opinion about Affinity Water and services provided. Those with experience of direct contact are positive. Request measurable/concrete ambitions/actions re: customer service.	However, half (49%) think that their household water bills are too expensive, five times the proportion disagreeing (10%). Around two in ten (19%) strongly agree that their water bills are too expensive, which rises to 21% for those aged 35-54, 23% for renters and benefits recipients and 27% for BME customers.	customers generally happy with the service they receive and the bills they pay. Future customers prioritised the customer experience and cost savings. Priority across the groups reflecting their view of themselves as consumers paying for a service. For younger customers and those concerned with cost of water bills, this was driven by desire to reduce their current bills while another was the desire to avoid any, even small, increases. Some scepticism around accuracy of billing - customers who had made a conscious effort to save water but had not seen any reduction. For those prioritising customer service, they wanted more interaction with AW. Wanted more info to help themselves - more info on gadgets to help save water. Main focus of this was to reduce wastage so they could save money. The suggestion of an app to communicate with AW was popular across participants but many happy to receive post/ face to face info. Another priority was keeping bills as low as possible; while a small part of household bills, customers were keen to see this kept as low as possible with minimal, if any, increases.	74% of customers very/fairly satisfied with service received from Affinity Water. 43% are *very satisfied.* *14% are dissatisfied.* *4% report experiencing poor customer service in past 5 years.* 39% believe Affinity should not add anything to water bills but continue to support 50,000 customers through social tariff 63% are in support of Affinity Water spending more on the Social Tariff to support more customers and 47% of customers are in favour of increasing overall bills to support more people but the level of support varied Support is higher still among those in households that receive Benefits (72%) and among customers who feel water bills are better value for money (76%). 50% agreed that the discount offered through social tariff should be larger for households with lowest incomes, whilst 32% prefer the current model 35% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing.	Although the Business Plans received positive comments, many participants felt that the plans lack ambition, with some requesting a new Business Plan with higher targets. These comments were made both before and after discovering the impact on bills of the three Business Plans.			Customers are pleased to learn that Affinity Water considers the impact to the environment in its work. Customers respond positively to the water saving devices and the raised awareness on reducing consumption and the impact to the environment. Metering was seen as positive and negative depending on the customer perception of the impact to their bill.	About half the respondents think their bill is about right. Almost 1/2 think it is slightly or far too expensive. Results are in line with others in the industry.			63% are in support of Affinity Water spending more on the Social Tariff to support more customers and 47% of customers are in favour of increasing overall bills to support more people but the level of support varied. [Business Plan acceptability survey] Support is higher still among those in households that receive Benefits (72%) and among customers who feel water bills are better value for money (76%). [Business Plan acceptability survey] Views on this issue are complex and can be influenced by the stimulus provided in the questioning. [Business Plan acceptability survey] 50% agreed that the discount offered through social tariff should be larger for households with lowest incomes, whilst 32% prefer the current model [Business Plan acceptability survey]. Views on this varied across different groups for example between ABC1 and BME groupings are slightly in favour of the current fixed model.[Business Plan acceptability survey] Nearly a quarter of Affinity Water customers could be considered vulnerable. They are more likely to be over 65 years old and living in single person households. [VfM 2017/2018 summary] In the VfM, of the 16% that worry about being able to pay their bill, 10% are not considered vulnerable. (Whereas 17% could be considered vulnerable but are not worried.) [VfM 2017/2018 summary]	34% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing. [phase 2 BP acceptability survey] 39% believe Affinity should not add anything to water bills but continue to support 50,000 customers [phase 2 BP acceptability survey] 35% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing. [phase 2 BP acceptability survey]	want to support those who have less access / greatest need for water	Performance target to be consistent across the AMP	TBC
12	Customer Satisfaction Survey - % Find AWL Easy	Providing a great service that you value	**VfM 2017/2018 summary:** Nearly a quarter of Affinity Water customers could be considered vulnerable. They are more likely to be over 65 years old and living in single person households. [VfM 2017/2018 summary] Of the 16% who worry about being able to pay their bill, 10% are not considered vulnerable. (Whereas 17% could be considered vulnerable but are not worried.) [VfM 2017/2018 summary]					39% believe Affinity should not add anything to water bills but continue to support 50,000 customers through social tariff 63% are in support of Affinity Water spending more on the Social Tariff to support more customers and 47% of customers are in favour of increasing overall bills to support more people but the level of support varied Support is higher still among those in households that receive Benefits (72%) and among customers who feel water bills are better value for money (76%). 50% agreed that the discount offered through social tariff should be larger for households with lowest incomes, whilst 32% prefer the current model 35% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing.								63% are in support of Affinity Water spending more on the Social Tariff to support more customers and 47% of customers are in favour of increasing overall bills to support more people but the level of support varied. [Business Plan acceptability survey] Support is higher still among those in households that receive Benefits (72%) and among customers who feel water bills are better value for money (76%). [Business Plan acceptability survey] Views on this issue are complex and can be influenced by the stimulus provided in the questioning. [Business Plan acceptability survey] 50% agreed that the discount offered through social tariff should be larger for households with lowest incomes, whilst 32% prefer the current model [Business Plan acceptability survey]. Views on this varied across different groups for example between ABC1 and BME groupings are slightly in favour of the current fixed model.[Business Plan acceptability survey] Nearly a quarter of Affinity Water customers could be considered vulnerable. They are more likely to be over 65 years old and living in single person households. [VfM 2017/2018 summary] In the VfM, of the 16% that worry about being able to pay their bill, 10% are not considered vulnerable. (Whereas 17% could be considered vulnerable but are not worried.) [VfM 2017/2018 summary]	34% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing. [phase 2 BP acceptability survey] 39% believe Affinity should not add anything to water bills but continue to support 50,000 customers [phase 2 BP acceptability survey] 35% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing. [phase 2 BP acceptability survey]	want to support those who have less access / greatest need for water	TBC	TBC
13	Sustainable Abstraction Management Ml/d	Making sure customers have enough water, while leaving more water in the environment		**April 18- NIC 'Preparing for a drier future: England's water infrastructure needs'**:The UK is currently at high risk of experiencing a severe drought. In order to mitigate this risk and increase the resilience of the water supply system there must be a concerted effort to reduce leakage, increase water efficiency, reduce demand through metering and invest significantly in critical infrastructure.	This is a popular theme (protecting the environment) but hard to engage with. Large figures esp. difficult to understand. Felt that the alternative option was unclear and presented as inferior by Affinity Water. Abstraction hard to engage with and suspicion that the environment might be prioritised over customers Customers only prioritised reducing abstraction after they understood what it was, the wording was jargon heavy and vague.	N.B. Single Q about preference between 2 options. 28% prefer 10m litres less, 43% prefer 39m litres less, 30% other/don't know.	This aspect was felt to be important from an environmental perspective. It was clear that participants hadn't really thought about how much water comes from the environment. However, the existence of this priority area drew to their attention that where water was not sourced sustainably, this was something that was damaging, and so improvements to this process were welcome. Given low levels of knowledge about how water is extracted the environment or what the alternatives might be, participants were quite ambivalent about how this should be prioritised within the plans. Moreover, without any context as to how much water is currently taken from the environment, participants were unable to make any assessment of how significant or not the proposed savings were.		It's good to reduce abstraction as much as possible, however, there may be knock-on effects, particularly on the environment, and abstraction reductions could lead to supply shortages if other targets are not met The targets seem low in comparison to past abstraction reductions. Reducing abstraction was a popular focus, with many participants supporting high reductions. However, support was often caveated with concern about possible knock-on effects on the environment and on supply levels. Stakeholders cautioned support in abstraction reduction with concern about possible knock-on effects on the environment and on supply levels. In addition, other stakeholder felt that higher reduction are not achievable due to anticipated demand growth.		A slight majority agreed in taking less water from rivers and just less than majority agreed we must take less water from aquifers and a tendency to agree on sharing water from water-rich areas even if it is more expensive.	Negative water saving squad feedback around abstraction causing reduction in river levels		As an important regulatory stakeholder, the Environment Agency's response to Affinity's dWRMP found Affinity's plans to lack ambition and even contravene legislation.		Customers generally supported Affinity Water in taking less water from the environment and 43% favoured the more ambitious option (taking 33 million litres less per day) but customers noted that the cost difference between options was minimal compared to other proposals such as leakage. [dWRMP survey] Abstraction hard to engage with and suspicion that the environment might be prioritised over customers. [dWRMP focus groups] General ambivalence as to how this area should be prioritised given the low levels of knowledge. [Business Plan focus groups] The targets seem low in comparison to past abstraction reductions. Good to reduce abstraction as much as possible but could lead to supply shortages if other targets aren't met. [dWRMP/BP stakeholder forums] A slight majority of future customers agree in taking less water from rivers and just less that majority agreed that we must take less water from aquifers [future customers schools focus groups] Nine in ten customers (89%) say that the local environment is important to them personally, with half (50%) agreeing strongly. Similarly, two-thirds (67%) support Affinity Water reducing the amount of water taken from the water environment. [dWRMP survey]	Customers only prioritised reducing abstraction after they understood what it was, the wording was jargon heavy and vague. [dWRMP survey] Abstraction hard to engage with and suspicion that the environment might be prioritised over customers. [dWRMP focus groups] Stakeholders cautioned support in abstraction reduction with concern about possible knock-on effects on the environment and on supply levels. In addition other stakeholder felt that higher reductions are not achievable due to anticipated demand growth [dWRMP/BP stakeholder forums]	want Affinity Water to continue to play their part in protecting the environment now and in the future	10.22 ML/D (preferred plan) or 39 ML/D (alternative plan)	33
14	Abstraction Incentive Mechanism (AIM) 13% of our average resource base is subject to the AIM	Making sure customers have enough water, while leaving more water in the environment			From group discussions it is clear that protecting the environment, in general, is something customers are willing to say they support and policies in this area appear popular. However, it is hard for customers to engage with, they felt the language used was aimed at commercial companies and lacked detail to make it relevant to them. This made it hard to choose between alternative options. This led to a suspicion that Affinity Water may prioritise the environment over customers, and prompted some concerns about bill rises. Abstraction hard to engage with and suspicion that the environment might be prioritised over customers	Nine in ten customers (89%) say that the local environment is important to them personally, with half (50%) agreeing strongly. Similarly, two-thirds (67%) support Affinity Water reducing the amount of water taken from the water environment. Despite the additional cost, customers much prefer Option 2 - taking 39 million litres per day less from the environment - compared to Option 1 - 10 million litres less (43% choose Option 2, 28% Option 1).					A slight majority agreed in taking less water from rivers and just less than majority agreed we must take less water from aquifers and a tendency to agree on sharing water from water-rich areas even if it is more expensive.					Customers generally supported Affinity Water in taking less water from the environment and 43% favoured the more ambitious option (taking 33 million litres less per day) but customers noted that the cost difference between options was minimal compared to other proposals such as leakage. [dWRMP survey] Abstraction hard to engage with and suspicion that the environment might be prioritised over customers. [dWRMP focus groups] Customers felt that the alternative option was unclear and presented as inferior by Affinity Water. [dWRMP focus groups] General ambivalence as to how this area should be prioritised given the low levels of knowledge. [Business Plan focus groups] The targets seem low in comparison to past abstraction reductions. Good to reduce abstraction as much as possible but could lead to supply shortages if other targets aren't met. [dWRMP/BP stakeholder forums] A slight majority of future customers agree in taking less water from rivers and just less that majority agreed that we must take less water from aquifers [future customers schools focus groups] Nine in ten customers (89%) say that the local environment is important to them personally, with half (50%) agreeing strongly. Similarly, two-thirds (67%) support Affinity Water reducing the amount of water taken from the water environment. [dWRMP survey]	Customers only prioritised reducing abstraction after they understood what it was, the wording was jargon heavy and vague. [dWRMP survey] Abstraction hard to engage with and suspicion that the environment might be prioritised over customers. [dWRMP focus groups] Stakeholders cautioned support in abstraction reduction with concern about possible knock-on effects on the environment and on supply levels. In addition other stakeholder felt that higher reductions are not achievable due to anticipated demand growth [dWRMP/BP stakeholder forums]	want Affinity Water to continue to play their part in protecting the environment now and in the future	Maintain current performance	13%
15	Environmental Innovation - Delivery of Pilot Projects	Making sure customers have enough water, while leaving more water in the environment		**April 2018 Ipsos Mori Issues Index**: a) Pollution and environment are rising again in the concerns of the general public after a period of decline from 2006-2012. Having said this, these concerns are largely insignificant in comparison to other issues such as NHS, Brexit, Crime and Immigration.	Protecting the environment was a key priority for participants Further detail requested on environmental pilot projects to determine value for money Customers liked the idea of company collaboration and sharing expertise and suggested a water network similar to that of the national oil pipe network, but found third-party collaboration proposals were too high level and lacked detail	The more modest Option 1 - investing £2 million in local projects – is preferred by 39% of customers, ahead of Option 2 (£6million) which is favoured by 30%. 82% supported raising awareness of how everyone can help protect the water environment Further detail requested on environmental pilot projects to determine value for money Nearly 70% supported investment in local environment pilots, term environment seen as particularly positive Customers generally supported Affinity Water in taking less water from the environment and 42% favoured the more ambitious option (taking 39 million litres less per day) but customers noted that the cost difference between options was minimal compared to other proposals such as leakage.	Investing in environmental pilot projects stood out to participants across all the groups. For those who prioritised the environment, these projects could be a positive step towards long-term sustainable water use. They were therefore attracted to the plans that proposed larger investment in this area. Those in the younger and future customers groups who liked the idea of the pilot projects, were hesitant because they did not know what they were or how effective they would be. The environmental pilot projects also stood out because of the seemingly large price tag attached to them and some were put off by the costs. For instance, in one future customers group, participants spent quite a bit of time discussing how important it was to educate people about saving water in their day-to-day lives, and how it would be useful if Affinity Water provided them with more information and gadgets to this end. However, when they saw the plans, their immediate reaction to the environmental projects was that they were too expensive. Even when it was pointed out that the educational activities they had been suggesting could fall under these plans they were still sceptical that it was a lot of money. One of the example that was given of an environmental project providing education in schools was unpopular among some groups and this then affected the way that they thought of this priority area as a whole. Those who were against this idea were sceptical because thought this particular type of project was a waste of money as it duplicated what schools were doing already. There was also cynicism around whether school pupils were likely to take on any of the learnings, especially as they were not bill payers so would not have a financial incentive. These participants were generally more receptive to the concept of environmental project plans when considering other examples of projects – but they still struggled a bit given that the projects potentially covered such a wide range of things. Overall, participants found it difficult to make decisions about prioritising the environmental projects because they didn't know what these projects would be and without this information they were unable to make assessments about how worthwhile the different levels of investment were. Those who were in favour of the proposals were so because they were willing to assume they would be effective.		Supporting the environment through pilot projects is very important. The connection between the money spent on environmental pilot projects and the proposed reductions in abstraction is not clear. It's unclear exactly what these 'pilot projects' are, where they will be or how their impact will be measured. Further detail requested on environmental pilot projects to determine value for money Spending money on environmental pilot projects was a popular focus, with many participants supporting the higher figure of £6m in Business Plan 2 However, participants requested more information on exactly how this money would be spent and how good value for money would be ensured. Climate change seen by stakeholders as important challenge that needs collaboration with others			Customers are pleased to learn that Affinity Water considers the impact to the environment in its work. Customers respond positively to the water saving devices and the raised awareness on reducing consumption and the impact to the environment. Positive feedback from customers for working with environment			A concern was highlighted around population and housing growth and the impact that will have on the environment.	82% supported raising awareness of how everyone can help protect the water environment [dWRMP survey] Nearly 70% supported investment in local environment pilots, term environment seen as particularly positive [dWRMP survey, stakeholder BP/dWRMP focus groups] The higher figure proposed (£6 million) was favoured by most stakeholders as they saw spending money on environmental pilot project important [stakeholder BP/dWRMP focus groups] Difficulty in making decision about whether to prioritise these: Some scepticism about the effectiveness of projects and the cost. [Business Plan focus groups] Varying views expressed as to who was a role in protecting the environment, but generally agreement that it is both the responsibility of the individual and of the water company - 89% of customers think Affinity Water should do more to save water and reduce wastage through leakage and bursts and 86% agreed that individuals should be careful about the amount of water they use [future customers schools focus groups]	Further detail requested on environmental pilot projects to determine value for money [dWRMP survey and focus groups, stakeholder BP/dWRMP focus groups] 39% prefer the £2m investment, 30% prefer the £6m investment, 30% other/don't know. [dWRMP survey] The connection between the money spent on environmental pilot projects and the proposed reductions in abstraction is not clear. [stakeholder BP/dWRMP focus groups] Schools' is a polarising feature of pilot projects (considered duplicated by some) [Business Plan focus groups] It's unclear exactly what these 'pilot projects' are, where they will be or how their impact will be measured. [stakeholder BP/dWRMP focus groups]	want Affinity Water to continue to play their part in protecting the environment now and in the future	Target will be on the completion of the pilot projects. We will offer a base and enhanced pilot project proposal	8
16	River Restoration	Making sure customers have enough water, while leaving more water in the environment														77% of customers visit the water environment at least once a year, with 41% visiting every month [dWRMP survey]		want Affinity Water to continue to play their part in protecting the environment now and in the future	TBC	TBC
17	False Voids & Gap Properties	Providing a great service that you value														Most customers are happy for Affinity Water to "just get on with the job" [dWRMP survey] Household customers generally see water as affordable (87%)"a good deal"; and when compared to other utilities (29% better value; 57% same value) [Business Plan acceptability survey]. The majority of future customers agreed that the cost of water is important to them [future customers schools focus groups] Many believe that plan and costs are already set and they are not expert enough to make a judgement about cost and value for money [dWRMP focus groups]		want water to be affordable; and bill pricing transparent	Maintain current performance	4.00%
18	Water Quality - Mean Zonal Compliance	Supplying high quality water you can trust	**VfM 2017/2018 summary:** Of the positive drivers influencing value for money, water quality has risen significantly, meaning water quality is increasingly influencing customers perception of value for money [VfM 2017/2018 summary] **PR19 Customer feedback supporting insight:** The smell and taste of water are the main causes of customer complaints around water quality [phase 2 Customer feedback Supporting Insight]							Majority of respondents trust the quality of water but a minority disagree.	Clean/safe water was mentioned most when asked what the most important thing about your water supply was.	Negative communications with customers around water quality issues - hardness/taste/chlorine levels Negative water saving squad feedback around water quality issues - cloudy water, hardness, chlorine/taste/smell				80% trust the quality of the water they receive and prioritised receiving a high quality of water, but some expressed concerns about the chemicals added to water, particularly those who don't drink water from the tap [dWRMP survey] Clean/safe water was mentioned by most future customers when asked about what the most important thing about your water supply was. [phase 2 future customers schools focus groups], the majority also recognised that clean/safe water is a crucial resource [future customers school survey] The smell and taste of water are the main causes of customer complaints around water quality [Customer feedback Supporting Insight] Of the positive drivers influencing value for money, water quality has risen significantly [VfM 2017/2018 summary] Tap water considered to be safe and palatable compared to rest of world [Britain Thinks for Water UK]		want high quality water expect AW to supply high quality water	Maintain current performance	99.95

Qualities and robustness of feedback

Qualities of feedback	Phase 2 Operational Data	Other Research: Phase 2	dWRMP Focus groups	dWRMP online survey	BP Focus groups	BP acceptability survey	WRMP/ BP stakeholder forums	Future customers schools online survey	Future customers schools focus groups	Customer facing AW staff online survey	Exploration of Supply Outage Compensation Levels	WRMP consultation document	BP Consultation document
Type of data (qualitative or quantitative)	Both	Both	Qualitative	Quantitative	Qualitative	Quantitative	Quantitative	Quantitative	Qualitative	Quantitative	Quantitative	Qualitative	Qualitative
Method	Operational data	Varies	focus groups	online survey	focus groups	face-to-face	forums	online survey	focus groups	online survey	online survey - stated preference survey	consultation	consultation
Organisation	Affinity Water	Various	Ipsos Mori	Ipsos Mori	Ipsos Mori	Ipsos Mori	Traverse Ltd	Affinity Water Ltd	Affinity Water	Affinity Water	Accent	Affinity Water	Affinity Water
Duration	Varies	Varies	1.5 hours per group	10 mins	2 hrs target	20 mins	0.5 day per event	20 mins		4 mins	10 mins		
Number of responses	Varies	Varies	66	1000	70	825	44	895	107	70	502	82	15
Period of feedback collection	Feb -June 2018	Dec 17 -June 2018	Mar-18	Apr-May 2018	Apr-18	Apr-May 2018	Apr-May 2018	Mar -Apr 2018	Apr-May 2018	Apr-May 2018	May-18	Mar -May 2018	April -May 2018
Response segmentation (representativeness of customer base)	Varies	Varies	8n groups participants were sampled to include a range of ages and social grade. Group 1 - 18-34 C2DE, Group 2 - 35-54 C2DE, Group 3 - 55+C2DE,Group 4 - 18-34 ABC1, Group 5 - 55+ABC1, Group 6 - 35-54 ABC1, Group 7 - 55+C2DE and Group 8 35-54 C2DE	Surveys were distributed to customers located in all 8 of Affinity Water's Water Resource Zones. Base sizes for the areas different dependent on population size. A representative sample of adult residents, aged 16-75, as targeted to take part in this survey and survey data has been weighted to match the profile of the population by age, tenure, work status and Water Resource Zone, based on Census data.	10 groups participants were sampled to include a range of ages and social grades. Group 1-55+ABC1,Group 2 - 35-54 C2DE,Group 3&4 - Future customers 18-34, Group 5 - 55+ABC1,Group 6 - 35-54 ABC1, Group 7 - 55+C2DE, Group 8 - 35-54 ABC1, Group 9 - 35-54C2DE,Group 10 - 18-34 ABC1	Representative sample of residents aged 16+ living across the eight areas served by Affinity Water.	7n events. A forum was planned in each of Affinity Water's eight river community areas and invitations were issued to a full range of their stakeholders with the expectation that a varied set of stakeholders would attend.	Sample sought form secondary school students within Affinity Water supply area. Age 11-18. Affinity Water staff were also asked to encourage their children to participate	5n discussion groups for secondary school students from 5n schools from Affinity Water supply zone. Age 11-17, male 66n and 41n females.	70 Affinity Water staff in total completed the survey, each of whom works directly with either Retailers (12n), Developers (20n), Customers(22n), and the Community (16n)	Respondents were weighted by gender, age and SEG to correct for the divergence between the population target profile and the achieved sample proportions.	Affinity Water consulted with customers and stakeholders as required by OFWAT.	Affinity Water consulted with customers (13n) and stakeholders (2n) as required by OFWAT.
Targeted segmentation		Varies	4 locations selected purposively 2n groups per location (Collindale/Edgeware, Stevenage, Woking, Folkestone)	Recruitment and quotas targeted a representative sample of adults aged 16-75 resident in Affinity Water's service areas.	5 locations selected purposively (Chertsey and Addlestone, Hatfield, Saffron Walden, Watford, Luton) and x2 groups with future customers (18+). Participants will be recruited based on receiving clean/drinking water from Affinity Water (their waste water will be provided by another service provider e.g. Thames Water).	None (quotas set at local, Output Area level, to target representative sample)	7n events. A forum was planned in each of Affinity Water's eight river community areas and invitations were issued to a full range of their stakeholders with the expectation that a varied set of stakeholders would attend.	Survey does not constitute a representative sample of customers in the AW supply area.	5n discussion groups for secondary school students from 5n schools from Affinity Water supply zone.	70 Affinity Water staff in total completed the survey, each of whom works directly with either Retailers, Developers, Customers, and the Community (through the Water Saving Squad who attend the community events).	Specifically targeted those who are solely or jointly responsible for paying bills. Therefore the younger age groups (16-29 years old) was underrepresented in this engagement. Within this a nationally representative sample within the Affinity Water region.	Not a representative sample of Affinity Water customers and stakeholders.	Not a representative sample of Affinity Water customers and stakeholders.

Qualities and robustness of feedback

Qualities of feedback	Phase 2 Operational Data	Other Research: Phase 2	dWRMP Focus groups	dWRMP online survey	BP Focus groups	BP acceptability survey	WRMP/ BP stakeholder forums	Future customers schools online survey	Future customers schools focus groups	Customer facing AW staff online survey	Exploration of Supply Outage Compensation Levels	WRMP consultation document	BP Consultation document
Prior knowledge of the water sector/ prior engagement (ongoing engagement)	Varies	Varies	None, although participants were given an extract of the dWRMP to be read as a pre-task before the discussion groups, while showcards summarising the dWRMP themes were used as stimulus, shared during the discussions	None on water (but drawn from Ipsos MORI panel)	None. Showcards presented at the workshop.	None	Stakeholders were sent the dWRMP and Business Plan consultation documents in	None	None. The sessions started with background about Affinity Water and water available for use, followed by a fun, interactive game to explore water demand and supply. Then moved into individual questions and group discussions	Yes	None	None	None
Focus	Capture day to day contacts with customers.		To measure and understand customer preference around some of the longer term plans detailed in the dWRMP.	Measure and understand preferences in respect of Affinity Water's long-term plans, outlined in the dWRMP.	To test different potential business plan proposals with the aim of collecting insight, testing acceptability of different packages and exploring customers' experience of Affinity Water services. This research supplemented BP acceptability survey and takes place alongside BP formal consultation.	Three main areas; views of Affinity Water's performance, attitudes towards potential changes in the Social Tariff provision and acceptability of three potential business plan proposals for 2020-2025.	Focus - 1. Clearly communicate the draft Business Plan and the dWRMP, including key aspects and options within each plan. 2.Discover which of the three Business Plan options stakeholders prefer, as well as their reasons for their preference.3. Discover whether stakeholders prefer the dWRMP preferred plan (PP) or the alternative plan (AP), as well as their reasons for preferring one or the other.	The overall aim was to establish young people's views as future customers by considering water related questions related directly to the Performance Commitments.	To establish future customers' views, insights and priorities to inform the final versions of the Water Resources Management and Business Plan, with a specific focus on water efficiency. In additions questions and discussion topics asked were related directly to the proposed performance commitments Affinity Water are consulting on with existing customers but were asked in a way that young people will better understand.	To explore customer insight and understand customer experiences of interaction with Affinity Water and the service received by gathering feedback from those who work directly with customers and stakeholders daily.	To understand what level of payment will fully compensate customer for the inconvenience of a supply interruption.	To gather customers and stakeholder views/support on the dWRMP proposal to influence future decisions and the final plan.	To gather customers and stakeholder views/support on the Business Plan proposal to influence the final plan.
Richness/depth of response	Varies	Varies	Obtained a breadth of views but does not seek to be quantifiable or statistically representative	Surveys generate estimates of the 'truth' – only available if a complete census of customers is undertaken.	This qualitative research aimed to explore a breadth of views but does not seek to be quantifiable or statistically representative.	Survey responses	The findings offer insight into the perceptions, feelings, and behaviours rather than quantifiable conclusions from a statistically representative sample.	Survey responses	This is a qualitative research aimed to explore a breadth of views but does not seek to be quantifiable or statistically representative.	Survey responses	Survey responses	Survey responses	Survey responses
Two way conversation?	Yes	Varies	Yes	No	Yes	No	Yes	No	Yes	No	No	No	No

Qualities and robustness of feedback

Qualities of feedback	Phase 2 Operational Data	Other Research: Phase 2	dWRMP Focus groups	dWRMP online survey	BP Focus groups	BP acceptability survey	WRMP/ BP stakeholder forums	Future customers schools online survey	Future customers schools focus groups	Customer facing AW staff online survey	Exploration of Supply Outage Compensation Levels	WRMP consultation document	BP Consultation document
Limitations	Not statistically represented of Affinity Water customers	Not statistically represented of Affinity Water customers					Evidence is based on participants' perceptions. Even though some perceptions may not be factually accurate, they represent 'the truth' to the participants and as such, are vital in understanding their attitudes and views.	Older age group is under-represented. Responses are presented unweighted (note older age group is under-represented). This survey does not constitute a representative sample of customers in the Affinity Water supply area.		Not representative of customer sample, but useful insights into customers 'top of mind issues'.	Specifically targeted those who are solely or jointly responsible for paying bills.	Not a representative sample of Affinity Water customers and stakeholders. Relying on voluntary responses	Not a representative sample of Affinity Water customers and stakeholders. Relying on voluntary responses
Date of research	Feb -June 2018	Dec 17 -June 2018	Mar-18	Apr-May 2018	Apr-18	April-May 2018	Apr-May 2018	Mar -Apr 2018	Apr-May 2018	Apr-May 2018	May-18	Mar -May 2018	April -May 2018

PR19 Summary of Customer Engagement against Proposed Performance Commitments - Phase 3

	Performance Commitments (PCs)	Customer Outcome	Additional Resilience Investment Research: Online Customer Survey	Additional Resilience Investment: Qualitative Customer Research	D-Mex Update and Wave 1 Results	Bill acceptability	Water Matters: Household customer views on their water and sewerage services 2017
1	**Leakage (Ml/d)**	Making sure you have enough water, while leaving more water in the environment	Maintenance of pipes and fixing leaks are all perceived as important areas of AW future plans.				
2	**Per Capita Consumption (l/p/d)**	Making sure you have enough water, while leaving more water in the environment	The least perceived important area for AW future plans is ensuring all customers have water meter (not all customers believe a meter is beneficial to them). Most important for customers is to have enough water in the future	Customer said population increase and new housing/building was a potential risk with significant impact for Affinity Water. Predicted population growth was higher than most customers expected. Customers were surprised by the higher than average personal consumption in Affinity Water region and not able to explain it intuitively - is it hotter? more wasteful? younge age profile? want to understand why.			
3	**Risk of Severe Restrictions in a Drought (% popn. 1 in 200)**	Minimising disruption to you and your community	Nearly 8 in 10 customers support Affinity Water investing now to ensure there's sufficient water in future. Only a very small minority (2%) actively oppose the principle, with the remaining 2 in 10 having no opinion either way. When asked about what areas will impact on Affinity Water's ability to provide customer with sufficient high quality water in the next 5 years, growing population and drought were of concern. Customers expect all issues to have a bigger impact in 20 years' time than in 5 years, although the order of the issues is very similar, with infrastructure, growing population and droughts remaining the top three concerns. Older age groups (55+) are more supportive of future investments generally. They put greater importance than their younger counterparts on the need to ensure there is sufficient water available for the next generation. For younger customers, keeping the bill low and providing help with paying bills are a greater priority.	drought, less rainfall, less water seen as primary risk with anticipated significant impacts (fieldwork undertaken during period of high temperatures and low rainfall). Almost all participants think it's vital or very important that Affinity Water invests more for the longer term - ensuring reliable water services into the future. Universal acceptance of the need to invest for the future now. Customers expect Affinity Water to be investing for the future NOW • All responsible companies have to plan for the future • The risks and challenges for Affinity Water are not new or unique –many believe they are having an impact currently (but will become increasingly important) Reasons AW need to plan for the future: Need to safeguard supply for next generation, own children/grandchildren Important economically for businesses to have constant supply and environmental reasons High expectations of constant, reliable supply - currently taken for granted		Half of customers (47%) support AW expanding its water plant in Sundon to ensure there is enough water supply across areas served by its business. lots of uncertainty however, with 42% saying they have no views and 11% opposing	77% of customers are confident that their water supply with be available in the longer term without restrictions.
4	**Water Supply Interruptions >3 hours (avg. min lost per prop)**	Minimising disruption to you and your community					
5	**Unplanned Outage (Ml flow rate)**	Minimising disruption to you and your community	Ageing infrastructure has the highest perceived impact on Affinity Water's ability to provide customers with sufficient high quality water in five years' time. Maintenance of pipes and fixing leaks are all perceived as important areas of AW future plans				
6	**Mains Bursts (per 1,000km)**	Minimising disruption to you and your community	Ageing infrastructure has the highest perceived impact on Affinity Water's ability to provide customers with sufficient high quality water in five years' time. [Online Resilience Survey] Maintenance of pipes and fixing leaks are all perceived as important areas of AW future plans				

PR19 Summary of Customer Engagement against Proposed Performance Commitments - Phase 3

	Performance Commitments (PCs)	Customer Outcome	Additional Resilience Investment Research: Online Customer Survey	Additional Resilience Investment: Qualitative Customer Research	D-Mex Update and Wave 1 Results	Bill acceptability	Water Matters: Household customer views on their water and sewerage services 2017
7	**Water Quality Compliance, Compliance Risk Index (CRI)** CRI in our draft plans was taken to be the national average score for 2017 of 3.5; our draft final is based on data from 2014 to 2017 excluding the worst and best year	**Supplying high quality water you can trust**	Customers most trust Affinity Water to provide sufficient high-quality water in both the short and long term.				some customers seem to have an issue with the hardness/softness of their water supply that goes beyond the taste and smell of the water. 97% customer satisfaction with reliability of water supply 93% customer satisfaction with colour and appearance 92% customer satisfaction with safety of water supply 89% customer satisfaction with water pressure 87% customer satisfaction with taste and smell of tap water 69% customer satisfaction with hardness and softness of water
8	**Customer Measure of Experience (C-Mex)**	**Providing a great service that you value**	The majority of customers would find a £1-£2 per annum increase in the bill acceptable, although 1 in 7 would not. If the annual bill were to go up by £3-£5, acceptability drops significantly - nearly 1 in 4 customers find this unacceptable 84% would find Option 1 (£1-£2 extra p.a.) either very acceptable of fairly acceptable and 75% would find Option 2 (£3-£5 extra p.a.) either very acceptable or fairly acceptable. Nearly all customers (96%) say they can afford their current water bill – even if around a quarter of these do find it 'a stretch'. With the proposed bill increase of £1-£2 per year, affordability falls slightly, and in the event that it goes up by £3-£5 a year, affordability dips below 90% - with nearly 1 in 10 customers saying they could not afford this. Affinity is least trusted to balance the needs of customers and shareholders – which is likely to be an influence on acceptability of future bill increases. Trust in most areas tends to be more middling than actively strong – scope to improve.	Potential impact of Brexit, corporate reputation and regulation & competition all seen as a minority concern to customers - not posing much of a risk. Customers accept the need for investment for the future but more circumspect about need for this to involved a customer contribution. Bill increases raise questions, reservations and cynicism. When asked how much would be acceptable for customer to contribute, majority spontaneously said prepared to pay at least £1 a month/ £12 a year but small minority not prepared to pay any more for future investment. Widespread acceptance of increase of both £2 and £5 a year on the average bill. However, resigned acceptance in monopoly context where customers have no choice. - customers see £2/£5 raise less than they thought it would be. - general cynicism and other experiences of money not being spent as promised (eg. council tax/charity donations) means customers want to see evidence of spend and more information in order to feel the increase is 'fair' Strong corporate cynicism and lack of trust in Affinity Water's corporate governance mean a minority unwilling to pay for additional investment (indeed feel 'manipulated' by perceived small amount requested). Customers expect Affinity Water to be investing for the future NOW • All responsible companies have to plan for the future • The risks and challenges for Affinity Water are not new or unique –many believe they are having an impact currently (but will become increasingly important)		The survey found just over eight in ten (82%) customers considering the plan acceptable. While this is a statistically significant improvement on acceptability compared to the most acceptable plans tested in the Spring (J and K), these findings are not directly comparable given different approaches to sampling and questioning used in the two surveys. Still, again, we have found high levels of acceptability for the clean water bill for the period 2020-2025. [Final Bill Acceptability Survey] Significant swing away from acceptability when the bill impact including inflation was presented. A clear majority of customers - just over six in ten (62%) - are positive about the bill impacts of this plan but the proportion rating it as very acceptable halved compared with the pre-inflation plan, and a third (33%) rated it unacceptable.[Final Bill Acceptability Survey] We cannot be definitive about the reason for this movement in sentiment but the qualitative research conducted during the PR19 customer engagement programme suggests that some customers react negatively to the mention of inflation. This is probably because it introduces uncertainty about forecasts, but also some scepticism about how it can be used by companies across many sectors to justify price rises. Acceptability figures drop further for plans including the cost of sewerage: Thames Water - 51% very/fairly acceptable, Anglian Water - 48% very/fairly acceptable, Southern Water - 41% very/fairly acceptable. Thames Water is by far the biggest provider across the Affinity Water area with the result that the overall level of acceptability across all areas is 50%. [Final Plan acceptability] They are relatively cool on the concept of performance incentives and penalties ('ODIs'). 39% support them, just over one in five (22%) are opposed, and the remainder don't have a view. But when presented with bill impacts, seven in ten find these acceptable; 71% for the 50p increase and 73% for the £4 reduction. Opinions become more positive when concrete amounts are proposed – seven in ten customers would accept a £0.50 annual increase to their bills if Affinity Water beats its performance targets (71%). 22% would not accept this system and 7% holding no views either way. Similarly, 73% of customers would find it acceptable for up to £4 to be removed from their water bills should affinity Water fail to beat set targets. 19% find this unacceptable and 7% do not know. The swing towards lower levels of acceptability when clean and waste water bills are added,	- 69% of customers agree their water company cares about the service they provide. this level of care is ahead of energy companies 92% of customers in England and Wales were satisfied with their overall water supply; satisfaction has been consistently hig over the last seven years. 66% satisfaction with 'hardness and softness' of water in 2017. 75% of customers in England and Wales are satisfied with the value for money of their sewerage services and 72% with water services. 18% of customers in England and Wales contacted their supplier in 2017 and satisfaction with all aspects of contact was high Customers satisfaction with value for money has been flat at 72% 69% customers believe that water companies care about their services, 63% for energy. 61% believe charges are fair. 92% satisfied with water and sewerage services. Satisfaction with various aspects of contact handling is between 78% and 86% and the seven year trend has increased across all elements (ease of contact, contact resolution, how well customer kept informed etc.) Satisfaction with vFm - water at 72% in 2017. Telephone line - 77% in 2017 Electricity - 76% in 2017 Broadband - 70% in 2017 Council - 63% in 2017 • When thinking about why other sectors rated more highly in terms of satisfaction, responses included water/companies being 'too expensive, no choice/negotiation, monopoly, not able to switch, others said other sectors are cheaper and better value or they get free inclusive packages.

PR19 Summary of Customer Engagement against Proposed Performance Commitments - Phase 3

	Performance Commitments (PCs)	Customer Outcome	Additional Resilience Investment Research: Online Customer Survey	Additional Resilience Investment: Qualitative Customer Research	D-Mex Update and Wave 1 Results	Bill acceptability	Water Matters: Household customer views on their water and sewerage services 2017
	Customer Measure of Experience (C-Mex)					indicates that while water bills tend to compare favourably with other utilities (shown in other PR19 research), customers are sensitive to price rises. And the impact of inflation on customer attitudes highlights, perhaps, the ongoing need to build trust and credibility.	
9	**Developer Measure of Experience (D-Mex)**	**Providing a great service that you value**			Customers are looking for a fast speed of responses - from general customer service, and to applications and completion. It is felt that Affinity need to be quicker, with responses over 24hrs being recognised as too slow. As well as fast responses, customers want clear programs set out, and then delivered accordingly. Again it is felt that Affinity are poor in this regard, rating poorly on getting it right first time and keeping customers informed. Customers want it to be simple - easy online services, without confusing or large numbers of forms and paperwork to start and then clear instructions and programs of work. Customers wonder why not everything can be completed online and have trouble with inconsistent or poor quality information. However the portal was recognised to work well for contact and submissions which is making things easier. From customer service, customers are looking for someone who is provides 'good' (not rude etc) service, and has the appropiate knowledge. Customers want more and faster communications, but found the staff better than other water companies for both service provided and knowledge. Affinity Water scored poorly on the Transaction Survey (DS) and received the lowest scores out of all the water companies involved in the following areas: • getting it right first time • ease of obtaining information needed • keeping you informed on progress • quality of information available on website [D-Mex Update and Wave 1 Results]		
10	**Low Pressure - Receiving Repeated/Longer Instances (avg. hours per property)**	**Minimising disruption to you and your community**					

PR19 Summary of Customer Engagement against Proposed Performance Commitments - Phase 3

	Performance Commitments (PCs)	Customer Outcome	Additional Resilience Investment Research: Online Customer Survey	Additional Resilience Investment: Qualitative Customer Research	D-Mex Update and Wave 1 Results	Bill acceptability	Water Matters: Household customer views on their water and sewerage services 2017
11	**Customer Satisfaction Survey - % Customers PSR**	**Providing a great service that you value**	When asked about Affinity Water's future plans, the areas which customers are less likely to think are important are ensuring all customers have a water meter and helping customers who struggle to pay their bills. 'Supporting vulnerable customer' ranked fairly low also.			Six in ten (60%) Affinity Water customers say it would be acceptable to add an extra £1.50 each year to household water bills if it means assisting an additional 25,000 households via the Social Tariff. Just over one third (36%) consider this to be unacceptable. This echoes previous research during PR19. While customers support the principle of the Social Tariff, this is contingent on factors such as the number of customers supported and the cost incurred to other households. When presented with a choice of propositions, a large minority opt for the status quo. Still, across all of the questions we have asked on the topic during PR19, a clear majority back an extension of the Social Tariff through an extra amount on household bills. The age group that are most likely to find the expansion to the Social Tariff acceptable are 16-34 year olds and the income group that are most likely to find the exapsnion acceptable are those with the highest incomes; over £40,000. [Final Bill acceptability]	Seven - year trend in awareness of priority services register is increasing but awareness remains low at 42%.
12	**Customer Satisfaction Survey - % Find AWL Easy**	**Providing a great service that you value**	When asked about Affinity Water's future plans, the areas which customers are less likely to think are important are ensuring all customers have a water meter and helping customers who struggle to pay their bills. 'Supporting vulnerable customer' ranked fairly low also. [			Six in ten (60%) Affinity Water customers say it would be acceptable to add an extra £1.50 each year to household water bills if it means assisting an additional 25,000 households via the Social Tariff. Just over one third (36%) consider this to be unacceptable. This echoes previous research during PR19. While customers support the principle of the Social Tariff, this is contingent on factors such as the number of customers supported and the cost incurred to other households. When presented with a choice of propositions, a large minority opt for the status quo. Still, across all of the questions we have asked on the topic during PR19, a clear majority back an extension of the Social Tariff through an extra amount on household bills. The age group that are most likely to find the expansion to the Social Tariff acceptable are 16-34 year olds and the income group that are most likely to find the exapsnion acceptable are those with the highest incomes; over £40,000. [Final Bill acceptability]	
13	**Sustainable Abstraction Management Ml/d**	**Making sure you have enough water, while leaving more water in the environment**					
14	**Abstraction Incentive Mechanism (AIM)** 13% of our average resource base is subject to the AIM	**Making sure you have enough water, while leaving more water in the environment**					

PR19 Summary of Customer Engagement against Proposed Performance Commitments - Phase 3

	Performance Commitments (PCs)	Customer Outcome	Additional Resilience Investment Research: Online Customer Survey	Additional Resilience Investment: Qualitative Customer Research	D-Mex Update and Wave 1 Results	Bill acceptability	Water Matters: Household customer views on their water and sewerage services 2017
15	Environmental Innovation - Delivery of Pilot Projects	Making sure you have enough water, while leaving more water in the environment		Environmental issues such as the need to protect wildlife, crops/water system were seen as a potential risk to AW but there was less certainty about the impact. very low awareness of the need to protect chalk streams and low awareness of water supply source.			
16	River Restoration	Making sure you have enough water, while leaving more water in the environment					
17	False Voids & Gap Properties	Providing a great service that you value					
18	Water Quality - Mean Zonal Compliance	Supplying high quality water you can trust					

Annex 1: Overarching

Over 3 – List of PR19 Engagement Outputs

Affinity Water | List of PR19 engagement outputs

Date | 29/08/2018

0.1 Overarching

No.	Output type	Date	Activity	Objective	Description/method	Scale/Audience	Numbers	Delivered by	Report title	Business Plans Appendix/ annex Reference
0.1	Report	Aug-18	Strategy	Update and publish the engagement strategy	Engagement Strategy	Internal	n/a	Arup	Affinity Water: PR19 Engagement Strategy, C02886-PR19-ArupIpM-RP-007 Issue 1|August 2018	Over 1
0.2	Triangulation spreadsheet	Aug-18	Triangulation analysis tool	Recording and analysis of engagement activities across the entire engagement programme.	Triangulation tool	Internal	n/a	Arup	Triangulation Tool, August 2018	Over 2
0.3	Document register	Aug-18	Document register	List of all key PR19 outputs	List of all key PR19 outputs	Internal	n/a	Affintiy Water	List of PR19 engagement outputs, 2018	Over 3

1.0 Phase Enabling

No.	Output type	Date	Activity	Objective	Description	Scale/Audience	Numbers	Delivered by	Report title	Business Plans Appendix/ annex Reference
1.1	Quantitative research report	Jun-16	Testing relevance of customer outcomes	To test whether the outcomes from PR14 are still relevant	On-line survey	Targeted, purposive, representative	503	Blue Marble	Pre-SDS Consultation Online survey findings July 2016	E1
1.2	Quantitative research report	Feb-17	Drought Management Plan	Gain customer feedback about attitudes toward drought and options for drought management	On-line survey	Targeted quotas by company area	300	OPM	Affinity Water Drought Management Plan Customer survey full report 10 April 2017	E2
1.3	Report	Mar-17	Strategy Development	Perform an internal review and make recommendations for way forward	Internal review to Affinity Water	Internal	n/a	Create 51	Affinity Water PR19 Engagement strategy	n/a
						Enabling phase totals	**803**			

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2.0 Phase 0

No.	Output type	Date	Activity	Objective	Description	Scale/Audience	Numbers	Delivered by	Report title	Business Plans Appendix/ annex Reference
2.1	Report	Oct-17	Phase 0 triangulation	Clearly record all activities undertaken during phase 0. Objectively review and evaluate findings from a variety of sources in order to identify priorities for further research and to inform the Business Plan.	End of phase triangulation report	Internal	n/a	Arup Ipsos MORI / Affinity	Affinity Water: Customer Engagement Programme Triangulation Report: Phase 0, PR19 CustEng-ArpIpM-PH0-TRGN-TREP-001, Issue 2 | 5 October 2017	Ph 0.1
2.2	Power point presentation	Sep-17	Phase 0 triangulation	To present findings from phase 0 at CCG/Affinity Water triangulation workshop	End of phase presentation	CCG	n/a	Affinity/Arup Ipsos MORI	Affinity Water, Triangulation and validation of our phase 0 customer engagement, 5th September 2017	Ph 0.2
2.3	Report	Oct-17	Review of operational data	Analysis of day to day customer contact so that findings can be included in triangulation and inform phase 1 activities	It sets out the data that already being collected within the company, understand how this is being analysed, turned into information and shared across the company.	Operational data including contact via telephone calls, written, SMS, emails, social media (twitter, Facebook, LinkedIn), website etc.	More than 5 million customer contact	Arup / Ipsos MORI	Affinity Water PR19 Customer Engagement Programme Phase 0: Operational data report, PR19 CustEng-ARP-PH0-OpD-AREP-009, Issue 2| 4 October 2017	Ph0.3
2.4	Qualitative research report	Jul-17	Focus groups discussions using stimulus material	Gather feedback about customers concerned. Focus around services and activity today and tomorrow	16 groups 2x in each community. Targeted and split by SEG. Targeted recruitment. Thank you payment	Affinity Water customers. Four core themes: Customer bills and affordability; current and future water services; current and future water supplies (2 variations) and Trade offs.	127	Create 51	PR19 Engagement, Pre-SDS Focus Groups, Research Report *Referred to in Phase 0 - Triangulation report as Create 51 for Affinity Water, Pre-SDS Focus Groups overarching report, August 2017*	n/a
2.5	Qualitative research report	Aug-17	Ethnographic interviews	In-depth exploration of Customer world	1-2-1 interviews in customer home for 2.5 hrs. Completed a water diary in advance . Mixture of questions and observations. Thank you payment	Affinity Water customers, targeted and purposive recruitment across communities	15	Ipsos MORI	PR19 Customer engagement Phase0 ethnographic interviews research report.	n/a
2.6	Power point presentation	Jul-17	Presentation to CCG	Summarising strategy and approach to PR19 Engagement programme	Summary strategy and plan as a PowerPoint presentation	CCG/Affinity Water/Arup Ipsos Mori	n/a	Arup / Ipsos MORI	PR19:Our customer engagement programme to underpin our next Business Plan, 20th July 2017	n/a
						Phase 0 totals	**142**			

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3.0 Phase 1

No.	Output type	Date	Activity	Objective	Description	Scale/Audience	Numbers	Delivered by	Report title	Business Plans Appendix/ annex Reference
3.1	Report	Mar-18	Phase 1 triangulation	Clearly record all activities undertaken during phase 1. Objectively review and evaluate findings from a variety of sources in order to identify priorities for further research and to inform the Business Plan.	End of phase triangulation report	Internal	n/a	Arup Ipsos Mori/Affinity Water	Affinity Water Customer Engagement Programme Triangulation Report phase 1, PR19 CustEng-ARP-PH1-TRGN-TREP-002, Issue 1|1 March 2018	Ph 1.1
3.2	Power point presentation	Jan-18	Triangulation presentation	To present findings from phase 1 at CCG/Affinity Water triangulation workshop	End of phase presentation	CCG	n/a	Affinity Water	Triangulation and validation of our phase 1 customer engagement	Ph1.2
3.3	Qualitative research report	Oct-17	Drought Management plan consultation	Consultation of the Drought Management Plan for 2020-2080	Customer event / workshop for 33 Stakeholder event for 7	33 Purposely samples customers 7 Stakeholders	40	OPM	Drought Management Plan engagement event. Customer and Stakeholder Engagement Report to Affinity Water October 2017	Ph1.3
3.4	Quantitative research report	Feb-18	Social tariff Survey	To understand customer attitudes towards support for customers in situations associated with vulnerability and the Social Tariff in particular	Social tariff, Quant, targeted to be representative	On-line survey	500	Ipsos MORI	Social tariff survey report February 2018	Ph 1.4
3.5	Consultation document	Aug-17	Consultation document	Consultation of the Drought Management Plan (DMP) non-technical summary	Non-technical summary for consultation	Supplementary information to aid DMP consultation.	n/a	Affinity Water	Affinity Water Drought Management Plan - non technical summary	Ph 1.5
3.6	Report	Feb-18	Operational data	Analysis of operational data	Detailed analysis of Operational data including collation of case studies to demonstrate how operational customer contact data is already being used.	Operational data including contact via telephone calls, written, SMS, emails, social media (twitter, Facebook, LinkedIn), website etc.	More than 5 million customer contact	Arup	Customer Engagement programme Operational Data Phase 1 report, PR19 CustEng-ARP-PH1-OpD-AREP-019, Issue 1.1 | 26 February 2018	Ph1.6
3.7	Market research report	01-Mar	Phase 1 market research triangulation	Triangulation of market research activities at phase 1. Main focus on Community of customers activities	Triangulation of market research activities undertaken in phase including the Community of customers activities. It makes use of PR14 research and focuses on key themes and performance commitments pertaining to the PR 19 Business Plan.	Internal	n/a	Ipsos MORI	Phase 1 Triangulation: Market Research Programme: Research Report, March 2018	Ph1.7

Affinity Water | List of PR19 engagement outputs

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3.8	Market research report (mixed)	Oct 2017 to Feb 2018	Affinity Water 2020 Customer Community. Various activities with an on-line panel recruited from Affinity water customer base.	Perform a number of surveys with a cross section of Affinity Water customers to gain views and feedback on a range of issues. Subjects went from general to more targeted	Online forum designed as a flexible forum, a sounding, board, to allow us to draw on a group of customers to engage with over a 5 -month period. Using the Community, we ran a series of activities with customers increasingly focused on an emerging list of Performance Commitments but also covering several core topics identified as important by Phase 0 and analysis of operational data, and identified of interest to us.	Online forum. 2000 Recruited from bill payers and named account holders. Our population is older and more affluent than general population. Responses not representative of entire customer base.	See activities below	Ipsos MORI	Phase 1 Triangulation Market Research Programme, Research report, March 2018	n/a
3.8.1	Community of customers summary report	Nov-17	Affinity Water 2020 Customer Community - activity	Survey - "More About you"	"More about you" survey, Quantitative not targeted or segmented	Online survey. Responses from a recruited Community of customers panel	602	Ipsos MORI	Affinity Water 2020:Customer community, Summary, 20.11.17 "More About You" survey	n/a
3.8.2		Nov-17	Affinity Water 2020 Customer Community - activity	Survey - "Usage and water Quality"	"Usage and Water Quality" Survey quant not targeted or segmented	Responses from a recruited panel	581	Ipsos MORI	Affinity Water 2020:Customer community, Summary, 29.11.17 "Usage and Water Quality" survey	n/a
3.8.3		Dec-17	Affinity Water 2020 Customer Community - activity	Survey - "Leakage"	Leakage survey, Quantitative not targeted or segmented.	Online survey. Responses from a recruited Community of customers panel	387	Ipsos MORI	Affinity Water 2020:Customer community, Summary, 11.12.17 "Leakage" survey	n/a
3.8.4		Jan-18	Affinity Water 2020 Customer Community - activity	Survey - "Your Water service"	"Your Water service" survey, Quant not targeted or segmented	Online survey. Responses from a recruited Community of customers panel	334	Ipsos MORI	Affinity Water 2020:Customer community, Summary, 09.01.18 "Your Water Service" survey	n/a
3.8.5		Feb-18	Affinity Water 2020 Customer Community - activity	Survey - "Omnibus"	Health check of Community of customers 'Omnibus' survey. Quantitative not targeted or segmented	Online survey. Responses from a recruited Community of customers panel	379	Ipsos MORI	Affinity Water 2020:Customer community, Summary, 27.02.18 "Omnibus" survey	n/a
3.8.6		September 17 - Nov 2017	Affinity Water 2020 Customer Community - activity	Quick poll No.1. To gain instant feedback on one question	Are you a bath or shower kind of person?	Online poll. Responses from a recruited Community of customers panel	145	Ipsos MORI	Affinity Water 2020:Customer community, Summary, 01.12.17 "Quick polls" results	n/a
3.8.7			Affinity Water 2020 Customer Community - activity	Quick poll 2	Which would you struggle most to live without for one day (water or electricity)?	Online poll. Responses from a recruited Community of customers panel	191	Ipsos MORI		n/a
3.8.8			Affinity Water 2020 Customer Community - activity	Quick poll 3	Which would you struggle to live without for one week (water or electricity)	Online poll. Responses from a recruited Community of customers panel	124	Ipsos MORI		n/a
3.8.9			Affinity Water 2020 Customer Community - activity	Quick poll 4	Do you agree or disagree I pay less attention to water than other utilities such as energy?	Online poll. Responses from a recruited Community of customers panel	240	Ipsos MORI		n/a
3.8.10			Affinity Water 2020 Customer Community - activity	Quick poll 5	Do you remember this leaflet (keep track of your tap) being posted to your property this summer	Online poll. Responses from a recruited Community of customers panel	236	Ipsos MORI		n/a
3.8.11			Affinity Water 2020 Customer Community - activity	Quick poll 6	In principle would you be interested in having a smart meter installed in your home	Online poll. Responses from a recruited Community of customers panel	170	Ipsos MORI		n/a

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3.8.12			Affinity Water 2020 Customer Community - activity	Quick poll 7	Typically how often, if at all, to you visit any part of the water environment	Online poll. Responses from a recruited Community of customers panel	206	Ipsos MORI		n/a
3.8.13		Dec-17	Affinity Water 2020 Customer Community - activity	Quick poll 8	Do you agree or disagree - "I prefer using online account and apps than call centres when I want to get in contact with my utility company (such as electricity, energy, water)?	Online poll. Responses from a recruited Community of customers panel	167	Ipsos MORI		n/a
3.8.14		Dec-17	Affinity Water 2020 Customer Community - activity	Quick poll 9	It is useful to have information on utility bills (such as electricity, energy, water)?	Online poll. Responses from a recruited Community of customers panel	117	Ipsos MORI		n/a
3.8.15		Dec-17	Affinity Water 2020 Customer Community - activity	Stepboard - 'About your water' (Hubbub)	Analysis of the 'About your water' (Hubbub) stepboard. Qualitative and Quantitative	Responses from a recruited Community of customers panel	247	Ipsos MORI, Hubbub	Affinity Water: Summary: Analysis of the 'About your water' (Hubbub) stepboard, 12/12/2017	n/a
3.8.16		Jan-18	Affinity Water 2020 Customer Community - activity	Stepboard - Leakage	Analysis of Leakage stepboard. Qualitative and Quantitative	Responses from a recruited Community of customers panel	300	Ipsos MORI, Hubbub	Affinity Water: Summary: Analysis of Leakage stepboard, 13/01/2018	n/a
3.8.17		Jan-18	Affinity Water 2020 Customer Community - activity	Stepboard - Customer service	Analysis of customer service step board. Qualitative and Quantitative	Responses from a recruited Community of customers panel	56	Ipsos MORI Hubbub	Affinity Water: Summary: Analysis of customer service stepboard, 25/01/2018	n/a
3.8.18		Jan-18	Affinity Water 2020 Customer Community - activity	Stepboard - Drought and hosepipe bans	Analysis of Drought and hosepipe bans. Qualitative and Quantitative	Responses from a recruited Community of customers panel	200	Ipsos MORI Hubbub	Affinity Water: Summary: Analysis of customer service stepboard, 10/01/2018	n/a
3.8.19	Community of customers blogs	Jan-18	Affinity Water 2020 Customer Community - activity	5No.Blogs published through the Community of customers	1."Welcome from Affinity Water" – 13 September 2017 (Viewed 572 times) 2. Video: "Welcome from CEO - Chris Offer " – 26 October 2017 (Viewed 245 times). 3. Fixing Leaks: "Thanks for sharing your views"! – 22 November 2017 (viewed 140 times). 4. "A big thank you from Affinity Water!" – 26 January 2018 (Viewed 113 times). 5.Your Water Service: "A message from Affinity Water – 2 February 2018" (Viewed 49 times).	Responses from a recruited Community of customers panel	1119	Affinity Water	Captured via the online Community of customers.	n/a
3.9	Qualitative research report	Dec-17	In-depth interviews disruption /pressure	Face to face in-depth interviews with customers experiencing disruption	5 in-depth 60 minutes interviews with customers who had disrupted service (three experiencing low water pressure and two whose water had been cut off for more than 12 hours)	Face to face , thank you payment	5	Ipsos MORI	Vulnerability and disruption in-depth interviews: Summary report - December 2017	n/a
3.10	Qualitative research report	Dec-17	In depth interview vulnerability	Face to face in-depth interviews with customers classified as vulnerable	12 in-depth 60 minutes interviews with customers we identified as vulnerable	Face to face , thank you payment	12	Ipsos MORI	Vulnerability and disruption in-depth interviews: Summary report - December 2017	n/a
3.11	Qualitative research note	Dec-17	Stakeholder workshop	Exploring issues of vulnerability with stakeholders	Workshop to engage stakeholders and partners in supporting vulnerable customers. Discuss and develop appropriate approaches to supporting vulnerable customers.	Workshop attended by Affinity Water, Ipsos Mori and Step change, Hertfordshire County Council and Watford Housing Association	3	Affinity Water	Summary note of stakeholder workshop on vulnerability. 12 December 2017	n/a

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3.12	Qualitative research note	Jan-18	Stakeholder workshop on Vulnerability	Exploring issues of vulnerability with stakeholders	Workshop to engage stakeholders and partners in supporting vulnerable customers. Discuss and develop appropriate approaches to supporting vulnerable customers.	Workshop attended by Affinity Water and Support4Sight, Samaritans, Turn2US, Alzheimer's Society and Money Advice Trust	5	Affinity Water	Summary note of Stakeholder workshop on vulnerability 8 Jan 2018	n/a
						Phase 1 totals	**6,366**			

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4.0 Phase 2

No.	Output type	Date	Activity	Objective	Description	Scale/Audience	Numbers	Delivered by	Report title	Business Plans Appendix/ annex Reference
4.1	Report	Jul-18	Phase 2 triangulation	Clearly record all activities undertaken during phase 2. Objectively review and evaluate findings from a variety of sources in order to identify priorities for further research and to inform the Business Plan.	End of phase triangulation report. Review and sharing with Affinity via workshops	Internal	n/a	Arup	Customer Engagement Programme, Triangulation report Phase 2: PR19 CustEng-ARP-PH2 -TRGN-TREP-003, Issue|August 2018	Ph 2.1
4.2	Report	May-18	Triangulation Method Statement	Methodology for undertaking triangulation and share with CCG	Outlining the methodology approach undertaken for triangulation. This incorporates the CCWater guidance on triangulation	Internal/CCG	n/a	Arup	PR19 Customer Engagement Programme, Triangulation Methodology : Phase 2, PR19 CustEng-ARP-PH2-TRGN-AMS-008, Issue|31 May 2018	Ph 2.2
4.3	Qualitative research report	May-18	Business Plan Discussion Groups	To test 3 potential iterations of the plan and find out why preferences were made	10 focus groups including 2 x future customers. Targeted and representative recruitment	10 Groups including two future customer groups, age 16-34	87	Ipsos MORI	Draft business Plan research Qualitative research report May 2018	Ph 2.3
4.4	Quantitative research report	May-18	Business Plan acceptability testing	To test by face to face discussion the acceptability for version of the business plan.	Face to face conversations with customers using show cards and detailed information	825 individuals, purposive sample, representative across all communities	825	Ipsos MORI	Affinity Water Business Plan Acceptability Survey Research Report June 2018	Ph 2.4
4.5	Qualitative and quantitative research report	Mar-18	DRAFT Water Resources Management Plan report (2 pieces of research)	To test proposals in the draft WRMP	Research 1 8 Focus groups. Purposive recruitment across 4 communities. 2 events in each location	8 Groups	66	Ipsos MORI	Draft Water Resources Management Plan (dWRMP) research report June 2018	Ph 2.5
4.6		May-18			Research 2 Online survey from Ipsos panel. Recruitment against quotas	1000 customers online survey	1000	Ipsos MORI		
4.7	Qualitative research report	May-18	Stakeholder Forums	Share the dWRMP and business plans options and challenges	Forums in 3 region and 1 briefing to Members at Tendering District Council	Forums in 3 regions 44 stakeholder groups plus Tendering council 21 people	65	Traverse	Draft Water Resources Management Plan 2020-80 PR19 draft Business Plan 2020-25 Stakeholder Engagement Summary Report June 2018	Ph 2.6
4.8	Quantitative research report	Apr-18	Future Customers secondary schools survey	To gather views of future customers	On-line survey . Self selection following introductions from the Education centre	Secondary school age 11-18	895	Affinity Water	Future Customers Secondary Schools Survey	Ph 2.7
4.9	Qualitative research report	May-18	Future Customers Secondary Schools Focus Groups	To gather views of future customers	5 facilitated sessions in schools selected by Affinity Water. Not representative	Five schools, different age bands and mix of genders	107	Affinity Water	Future Customers Secondary School Focus Groups 24 May	Ph 2.8
4.10	Quantitative research report	Jun-18	Exploration of supply Outage Compensation Levels	What level of payment wilfully compensate customers for the inconvenience of a supply interruption	Stated preference research	Research now panel. Targeted, representative	502	Accent	Exploration of Supply Outage Compensation Levels, June 2018	Ph 2.9
4.11	Consultation document	Apr-18	Consultation document	Customer friendly version of the business plan	Consultation document	Customers and on-line	n/a	Affinity Water	Our Future Plans: Consultation Document	Ph2.10
4.12	Consultation document	Mar-18	Consultation document	Summary of draft Water Resources Management Plan	Consultation document	Customers and on-line	n/a	Affinity Water	Our Plan for Customers and Communities, A Summary of our Draft Water Resources Management Plan 2020-2080: Consultation Document, March 2018	Ph 2.11

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4.13	Qualitative research note	May-18	Customer facing staff survey	Find out from customer facing staff the dominant issues that customers raise with them	Online survey. 4 waves of responses requested. Self selection. Anecdotal feedback from Affinity staff	4 waves of responses (22,20,16,13) Retail, customer, developer, water saving squad total staff surveyed - 71	n/a	Affinity Water	Customer insights through Affinity Water operational facing staff	n/a
4.14	Consultation response log	May-18	Consultation responses to dWRMP	Recording responding to on-line responses to the dWRMP	Self selected responders	Self selected responders. Stakeholders and customers	82	Affinity Water	dWRMP consultation log8June18	n/a
4.15	Consultation response log	Jun-18	On-line Business Plan consultation	Recording and responding to on-line responses to the Business Plan	Self selected responders	Self selected responders. 13 customers and two stakeholders	15	Affinity Water	Business plan consultation log	n/a
						Phase 2 totals	**3,644**			

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5.0 Phase 3

No.	Output type	Date	Activity	Objective	Description	Scale/Audience	Numbers	Delivered by	Report title	Reference
5.1	Report	Aug-18	Phase 3 triangulation	Clearly record all activities undertaken during phase 3. Objectively review and evaluate findings from a variety of sources in order to identify priorities to inform the Business Plan.	Main focus was on final plan and bill impact acceptability testing.	Internal	n/a	Arup / Ipsos MORI	Affinity Water Customer Engagement Programme Triangulation Report: Phase 3,PR19 CustEng-ARP-PH3 - TRGN-TREP-004 Issue 1 | August 2018	Ph 3.1
5.2	Quantitative research report	Aug-18	On-line final plan and bill acceptability testing	test total bill acceptability Preference for small investment now or delay ODI principle and total reward and penalty	On-line survey using the Ipsos panel	Representative across all communities 1000	1000	Ipsos MORI	Affinity Water Phase 3 Final Acceptability Survey: Research Report, August 2018	Ph 3.2
5.3	Quantitative research report	Aug-18	On-line resilience	To gauge customer views and acceptability of long term investment (beyond AMP) and to test ranges of additional investment	On-line survey using same selection criteria as the VfM panel	Representative across all communities, age 16+	500	Blue Marble	Additional Resilience Investment Research: Online Customer Survey Findings, 13th August 2018	n/a
5.4	Qualitative research report	Jul-18	Introduction to the business and resilience issues	Introduce the need for longer term investment to address challenges and risks	Series of discussion groups in different locations - including specifically selected vulnerable customers	3 x events approx. two groups each with 15 customers and one group with 14 customers.	44	Blue Marble	Additional Resilience Investment Qualitative Customer Research 26 July 2018	n/a
5.5	Quantitative research summary	Aug-18	Preparation for D-Mex. Pilot study. Telephone interview	The purpose of this National Survey pilot is to test approaches for D-Mex to meet the principles set out in the PR19 methodology,	Affinity provided data and Developer Services Businesses responded	UK wide. During wave 1, two surveys were undertaken, The Relationships Survey and Transactions Survey, Affinity achieved 65 and 67 respectively completed responses.	132	Ofwat lead project	Affinity Water: D-Mex and Wave 1 Results, August 2018	n/a
						Phase 3 totals	**1,676**			

6.0 Business as usual

No.	Output type	Date	Activity	Objective	Description	Scale/Audience	Numbers	Delivered by	Report title	Reference
6.1	Quantitative research report	May-18	Annual report on tracking survey	Track value for Money	Annual report of quarterly action	Internal	1900	Blue Marble	Value for Money 2017-2018: Presentation of Research findings	BaU1
6.2	Qualitative research report	Apr-17	Hubbub water saving campaign	Engagement customers locally on water saving initiatives	Partnership project with environmental charity	Specific activities in Watford and Harlow - 40 home consultations	40	Hubbub	Research Report # Tapchat water saving campaign	BaU 2
6.3	Qualitative and qualitative research report	Nov-17	Hubbub water saving campaign	Engagement customers locally on water saving initiatives	Partnership project with environmental charity	3000 customers across UK engaged and 752 direct contacts	752	Hubbub	IMPACT REPORT #TapChat: Water saving campaign	BaU 3
						BAU totals	**2,692**			

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7.0 CCG

No.	Output type	Date	Activity	Objective	Description	Scale/Audience	Numbers	Delivered by	Report title	Reference
	CCG Doc	Jul-16		Terms of Reference	Affintiy Water CCG Terms of Reference	CCG	n/a	Affinity / CCG	Terms of Reference	CCG 1
	CCG Doc			Minutes of CCG meetings		CCG	n/a	CCG	Minutes	CCG 2
	CCG Doc	Dec-17		Sub-working groups	Working groups framework	CCG	n/a	CCG	Terms of reference for sub working group - Proposals for working group resilience environment	CCG 3a
	CCG Doc	Dec-17		Sub-working groups	Working groups framework	CCG	n/a	CCG	Terms of reference for sub working group - Proposals for working group affordability vulnerability	CCG 3b
	CCG Doc	Mar-18		Clarify ways of working	Protocol	CCG	n/a	Affinity / CCG	Working Protocol	CCG 4

Total engagement contacts	**15,323**

Annex	Annex ref.	Document ref.
Annex 1 Overarching	Over 1	Arup, August 2018, PR19 Engagement Strategy
	Over 2	Arup, August 2018, Triangulation Tool
	Over 3	Affinity Water, August 2018, List of PR19 Engagement Outputs
Annex 2 Enabling	E1	Blue Marble, June 2016, Pre-SDS Consultation: Online survey findings
	E2	OPM, April 2017, Drought Management Plan: Customer Survey
Annex 3 Phase 0 Scoping and Immersion	Ph0.1	Arup, October 2017, Triangulation Report: Phase 0
	Ph0.2	Affinity Water, September 2017, PR19: Triangulation and validation of our phase 0 customer engagement
	Ph0.3	Arup, September 2017, Phase 0: Operational Data Report
Annex 4 Phase 1 Listening and Learning	Ph1.1	Arup, March 2018, Triangulation Report: Phase 1
	Ph1.2	Affinity Water, January 2018, PR19: Triangulation and validation of our phase 1 customer engagement
	Ph1.3	OPM, October 2017, Draft Drought Management Plan Engagement Event
	Ph1.4	Ipsos MORI, February 2018, Social Tariff Survey
	Ph1.5	Affinity Water, August 2017, Drought Management Plan Non-Technical Summary
	Ph1.6	Arup, February 2018, Customer Engagement Programme, Operational Data: Phase 1 report
	Ph1.7	Ipsos MORI, March 18, Phase 1 Triangulation: Market Research programme; Research report
Annex 5 Phase 2 Testing and Valuing	Ph2.1	Arup, August 2018, Triangulation Report: Phase 2
	Ph2.2	Arup, May 2018, PR19 Customer Engagement Programme, Triangulation methodology: Phase 2
	Ph2.3	Ipsos MORI, May 2018, Draft Business Plan research: Qualitative research – report
	Ph2.4	Ipsos MORI, June 2018, Affinity Water Business Plan Acceptability Survey: Research report
	Ph2.5	Ipsos MORI, May 2018, draft Water Resources Management Plan: Research Report
	Ph2.6	Traverse, June 2018, dWRMP 2020-2080 and PR19 draft Business Plan 2020-2025 Stakeholder Engagement Summary Report
	Ph2.7	Affinity Water, June 2018, Future Customer Secondary School Survey
	Ph2.8	Affinity Water, June 2018, Future Customer Secondary School Focus Groups
	Ph2.9	Accent, June 2018, Exploration of Supply Outage Compensation Levels
	Ph2.10	Affinity Water, April 2018, Our future plans: Consultation document
	Ph2.11	Affinity Water, March 2018, Our Plan for Customers and Communities, A summary of our Draft Water Resources Management Plan 2020-2080: Consultation document
Annex 6 Phase 3 Revisiting and Assuring	Ph3.1	Arup, August 2018, Triangulation Report: Phase 3
	Ph3.2	Ipsos MORI, August 2018, Phase 3 Final Acceptability Survey: Research report
Annex 7 Business as Usual	BaU1	Blue Marble, May 2018, Value for Money 2017-2018: Presentation of research findings
	BaU2	Hubbub, April 2017, Research Report #TapChat: Water Saving Campaign
	BaU3	Hubbub, November 2017, Impact Report #TapChat Water Saving Campaign
Annex 8 CCG	CCG1	Terms of Reference
	CCG2	Minutes
	CCG3a	Proposals for working groups – resilience environment
	CCG3b	Proposal for working group affordability and vulnerability
	CCG4	Working protocol

Annex 2: Enabling phase

E1 – Pre-SDS Consultation: Online survey findings

E2 – Drought Management Plan: Customer Survey

Annex 2: Enabling phase

E1 – Pre-SDS Consultation: Online survey findings

Pre-SDS Consultation
Online survey findings

July 2016

Objectives

This research was commissioned as a preliminary exercise in preparation for PR19 customer engagement. The objectives were:

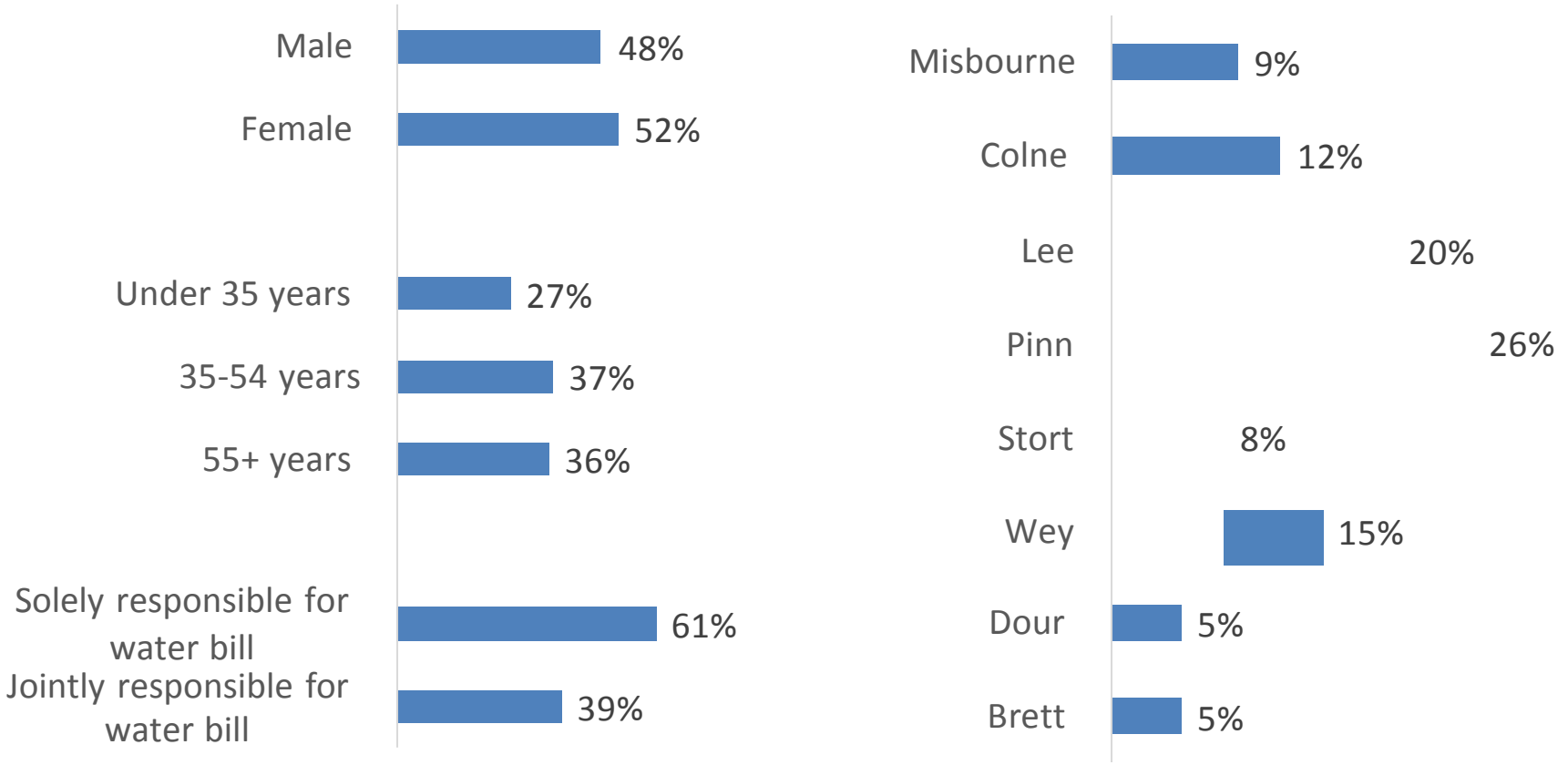
- To provide robust evidence of customers' 'affinity' with the four outcomes developed for PR14: to understand if customers feel they are 'good' and 'relevant'
- To provide quantitative evidence of customers' agreement for the inclusion of each of the four outcomes

Methodology

- An online survey was conducted with 503 Affinity Water customers
- Screening questions were asked to ensure all respondents were Affinity Water customers
- Quotas were set for gender, age and community region (water resource zone) to ensure a robust and representative sample was achieved
- Fieldwork dates: 6th to 16th June 2016

Sample Profile

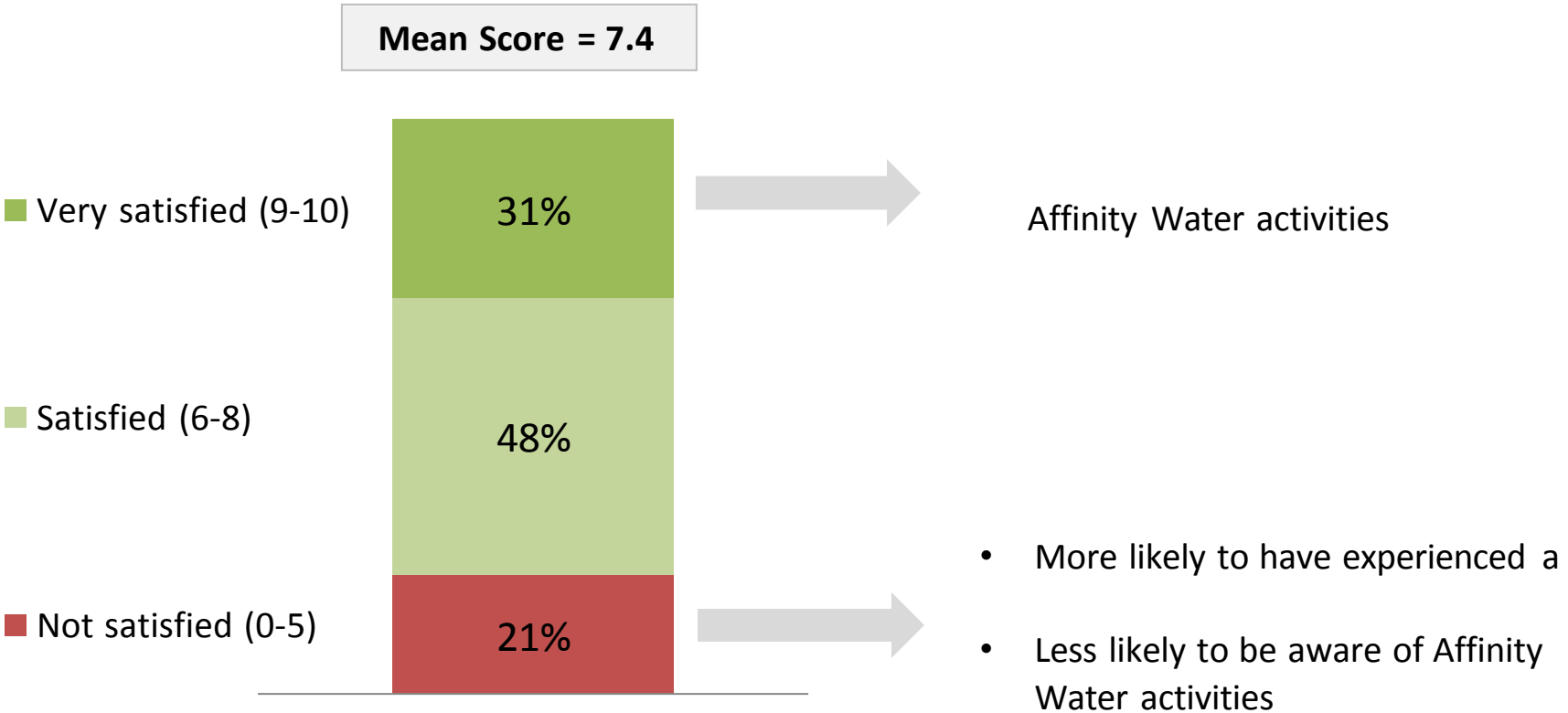
Quotas were set to ensure the final sample is representative of Affinity Water customers in terms of age, gender and community.
Six in ten (61%) are solely responsible for payment of their water bill and 39% jointly responsible.



Overall satisfaction with Affinity Water

The majority of customers are satisfied with the current service they receive from Affinity Water: with a mean score of 7.4 out of 10 and 31% rating their satisfaction as 9 or 10 out of 10.

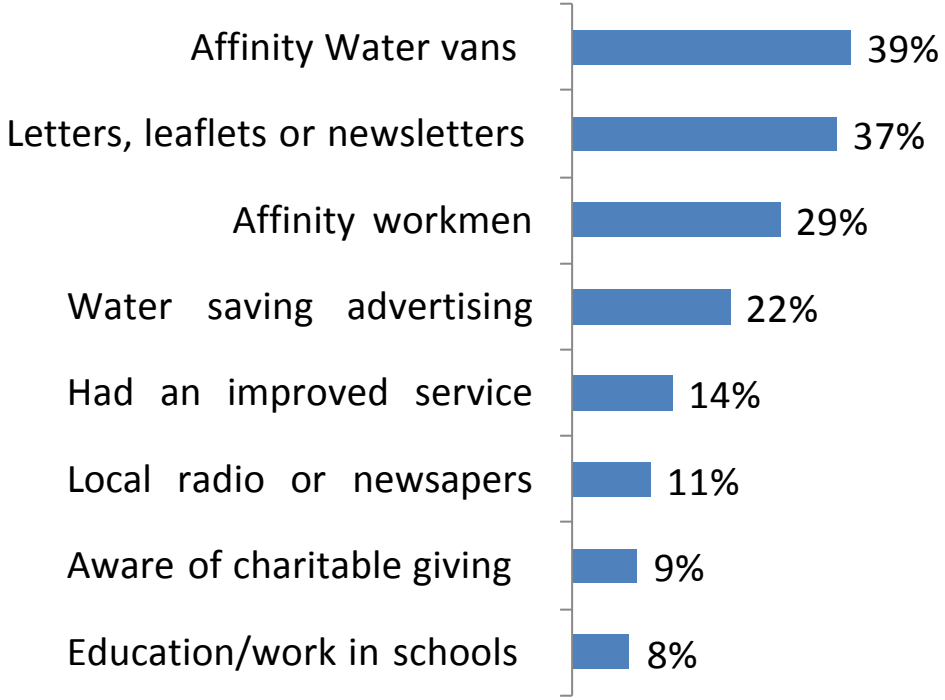
Q2. Overall, how satisfied or dissatisfied are you with the service you have received from Affinity Water over the last 12 months?



Awareness of Affinity Water

- Two in five customers (41%) have not seen or heard anything from Affinity Water in the last 12 months.
- The most common touch points with Affinity Water are via vans and workmen in the community or the receipt of letters, leaflets and newsletters (which could include the bill).
- One in seven customers report having received a better service in the last year.
- Fewer customers are aware of Affinity Water's charitable giving or education work

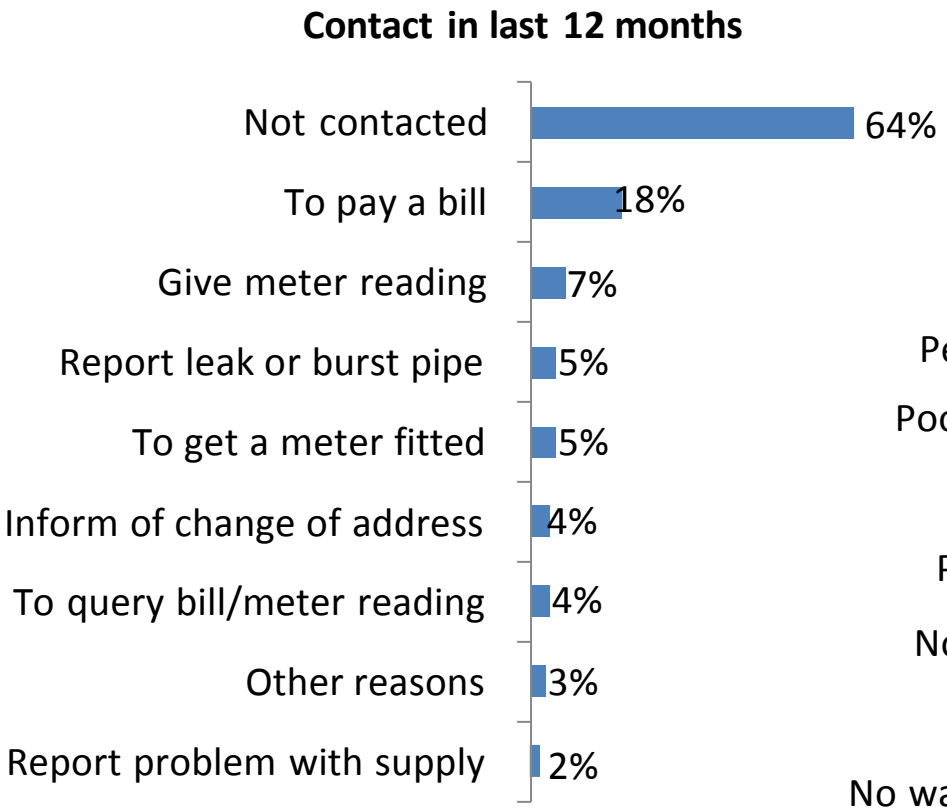
Q6. Have you had interactions with or seen or heard of Affinity Water in any of the following ways in the last 12 months?

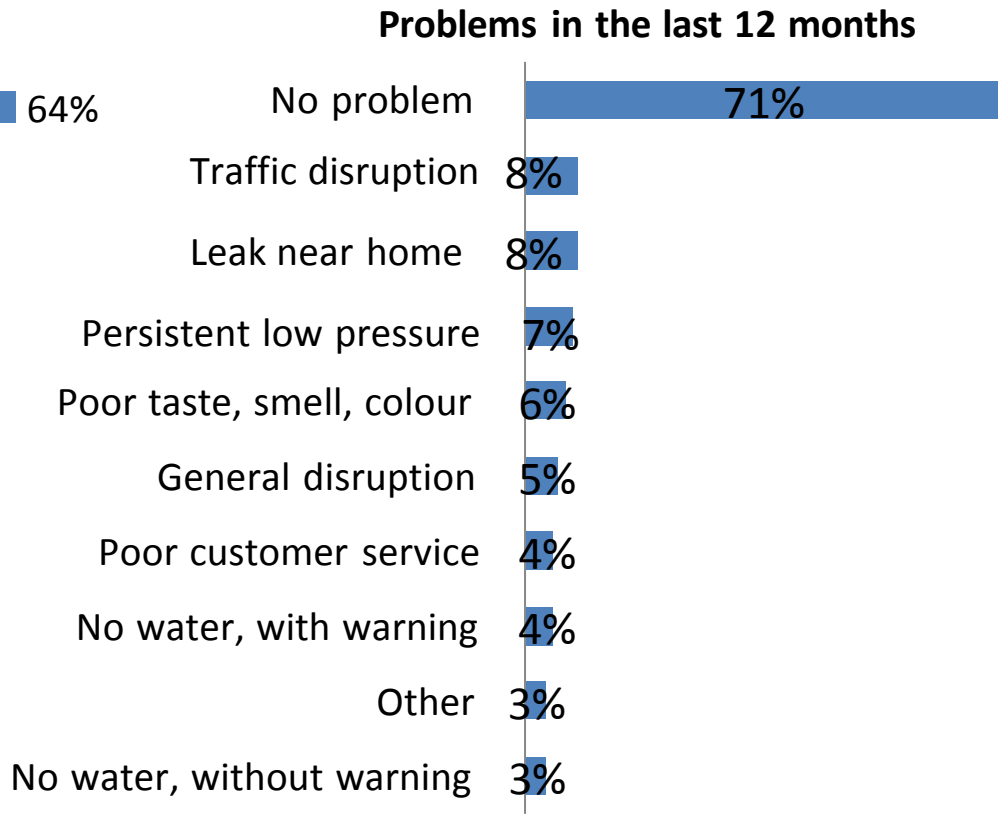


Number of touch points	%
None	41%
1-2	31%
3-4	15%
5+	12%

Contact with Affinity

- The majority of customers (64%) have not have any contact with Affinity Water in the last 12 months. The most common reason for contact is to pay a bill or give a meter reading.
- The majority (71%) have not experienced problems with the services they have received, although 8% report traffic disruption and 8% a leak near their home.



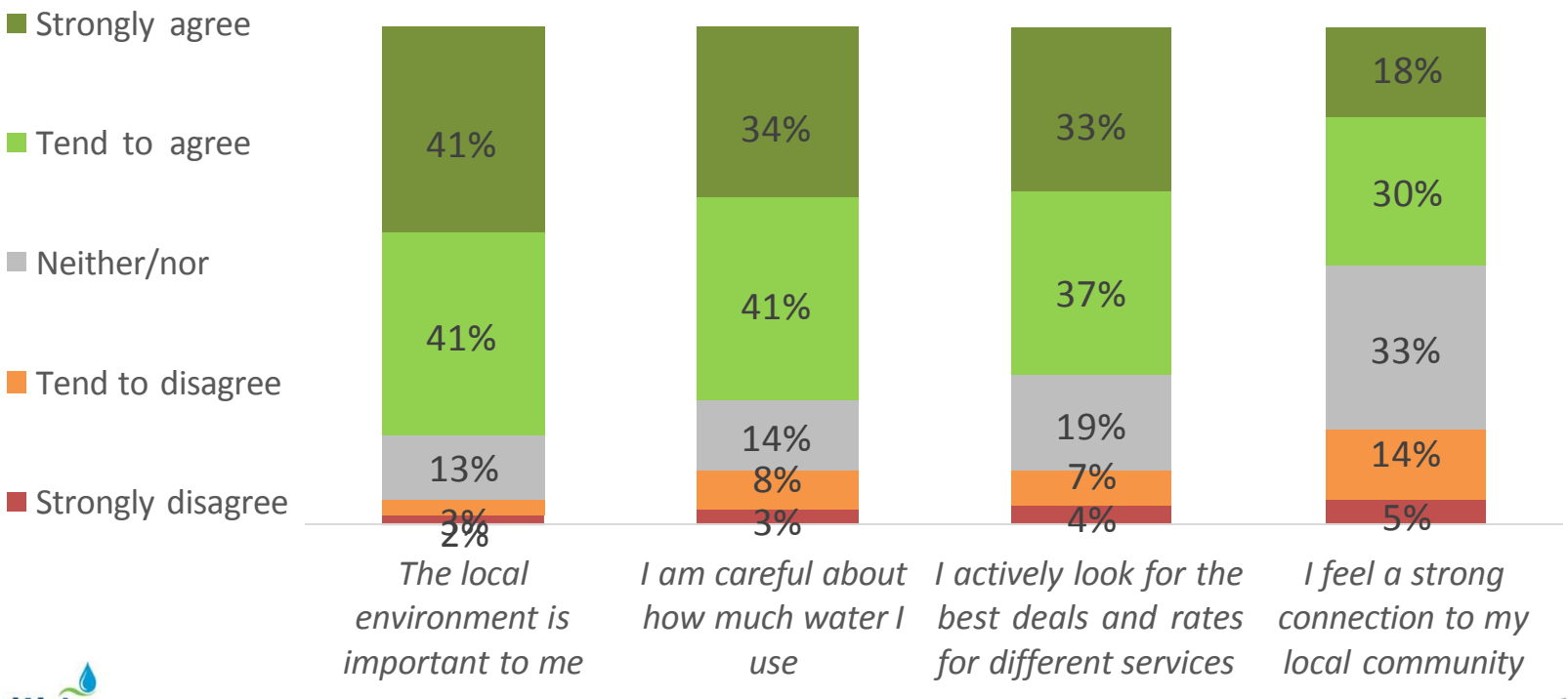


Q7: Have you contacted Affinity Water for any reason in the last 12 months? Tick any that apply to you.
Q8: And have you experienced any of the following problems in the last 12 months?

Customer attitudes

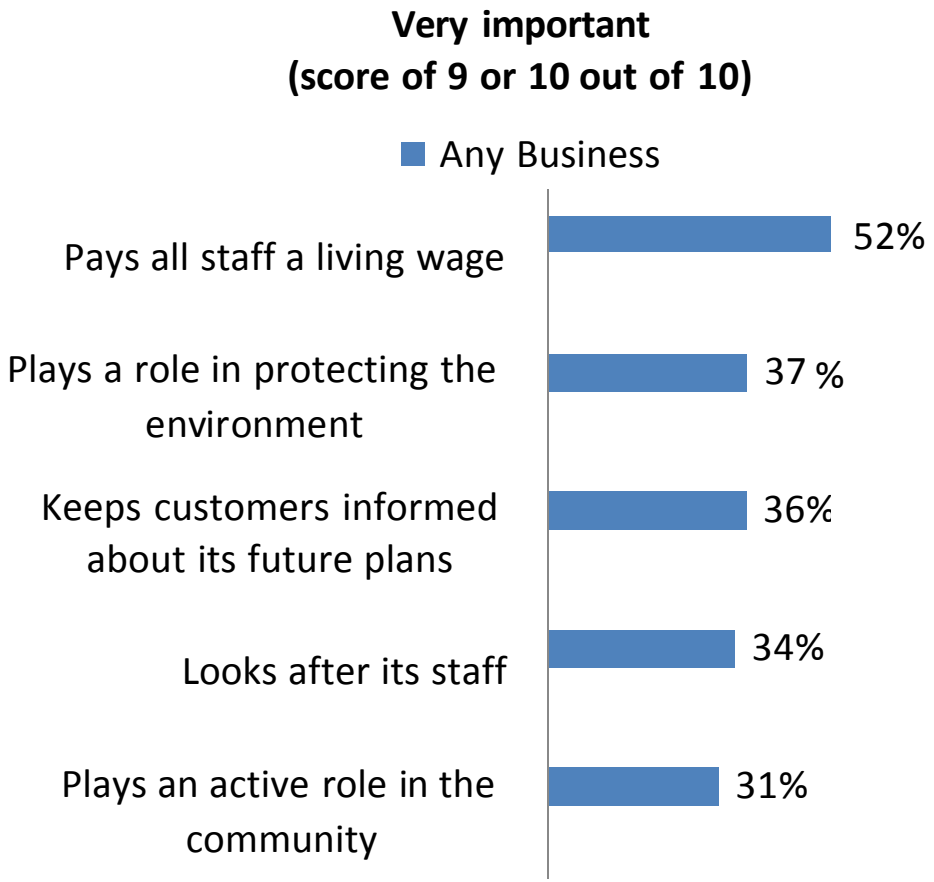
- The vast majority (82%) of customers think the local environment is important to them and almost as many (75%) say they are careful about how much water they use. (N.B. These are highly correlated.)
- Fewer customers (48%) feel a strong connection to their local community.
- There is little variation in attitudes by age, gender or socio-economic group, although men are less likely to feel community minded and older customers are most likely to be careful about their water usage.

Q1. To what extent do you agree or disagree with each of the following statements?



Customer perceptions of responsible businesses

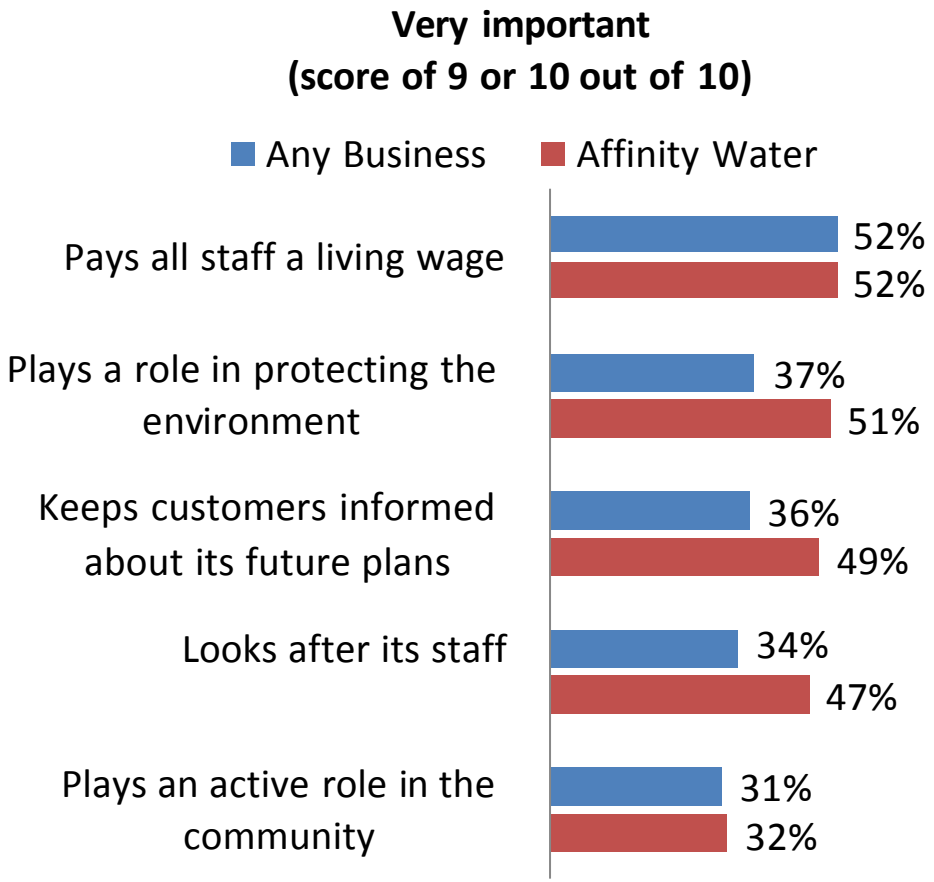
- When thinking about businesses generally customers are most likely to feel it is important for responsible businesses to pay all staff a living wage.
- This is followed by the importance of playing a role in protecting the environment and keeping customers informed of future plans.



Q3: Generally how important to do you think it is that a responsible business does each of the following

Customer perceptions of Affinity Water as a responsible business

Customers have high expectations of Affinity Water – they are more likely to think it is important that Affinity Water (compared to businesses generally) to play a role in protecting the environment, looking after its staff and keeping customers informed of its future plans.

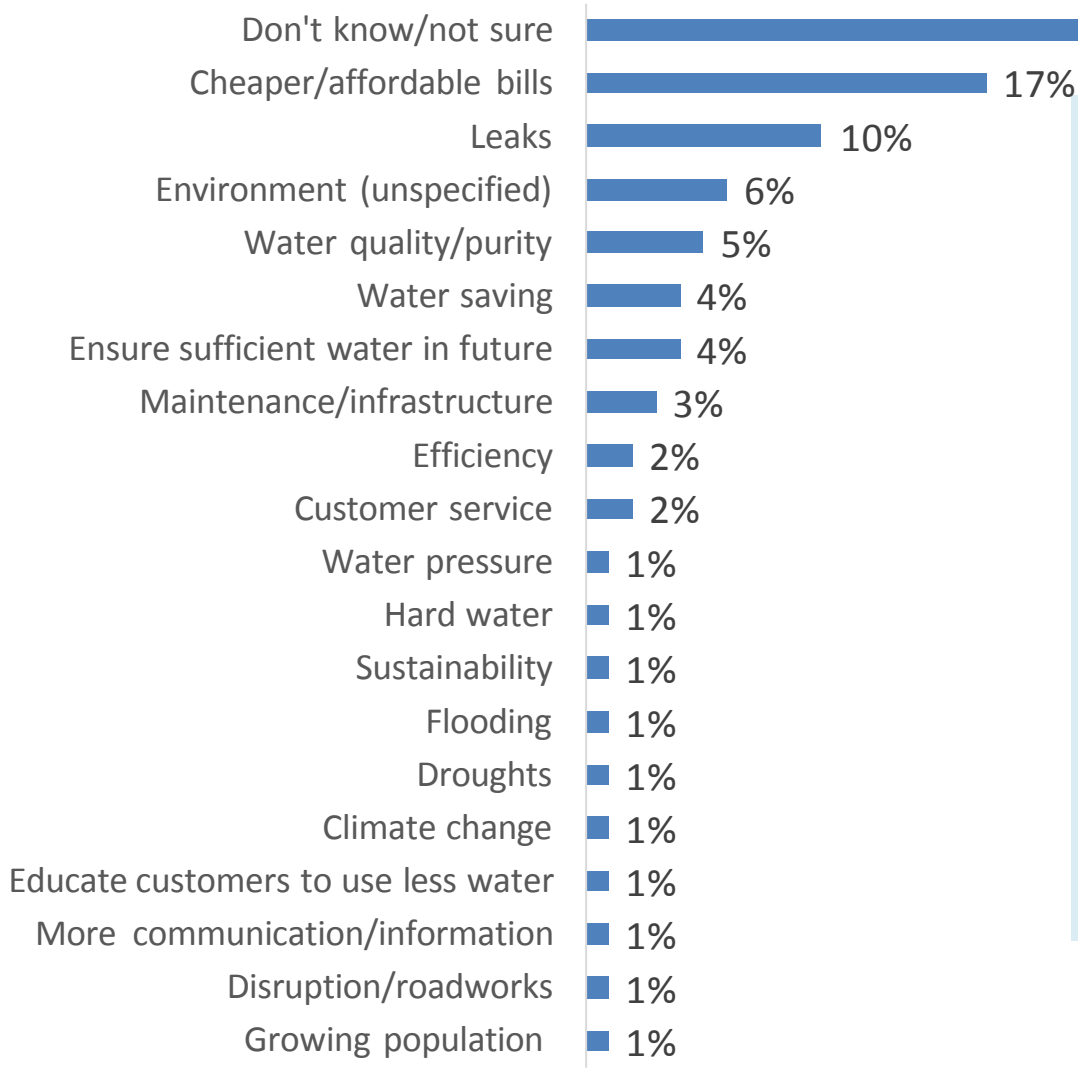


Women, those who strongly care about their local environment and strongly feel a sense of connection to their local community are more likely to believe that all of these issues are important.

Q4: And now thinking specifically about your water company, how important to you personally is it that Affinity Water…

Customers' spontaneous ideas for Affinity Water's future plans

Q5. As Affinity Water is making its plans for the future what issues do you think it should be thinking about?



All mentioned by >1%

- A quarter of customers are unable to think of any issues for Affinity Water's future plans (potentially reflecting low engagement with the sector[1]).
- The most common suggestions are to address: reducing bills (17%), leakage (10%) and environmental issues (6%).
- A wide range a wide range of other issues were suggested by small minorities of customers (all mentioned by 1% or more outlined in chart opposite). These cover many of the issues currently included within Affinity Water's 4 outcomes and commitments.

[1] Previous research has shown that a lack of engagement with the water sector means some customers are can feel unable to comment without further prompting orbeing provided with stimulus to respond to.

Customers' spontaneous ideas for Affinity Water's future plans

Illustrative examples of customers' detailed comments (as summarised on page 10) are provided below:

1)water wasted as leakage along its route 2) ability to provide meter readings and be charged accordingly so that budgeting and controlling usage is easier its approach.

Balancing demand with availability. Keeping pipework & processing equipment maintained and serviceable. Treatment of waste water. Ensuring water table operates within acceptable boundaries.

Water recycling, preservation and reducing environmental impact and disruption such as digging up roads.

Take consideration on how to actively protect environment in any means possible.

Conserving water in case of droughts. More flood preventions. Less inconvenience with works. Future proofing infrastructure.

Ensuring adequate supply for the ever-increasing number of properties it covers and ensuring the existing pipes are equal to the task.

Tackling water wastage especially in flats where landlords ignore visible water wastage such as continuous pouring water from overflow pipes.

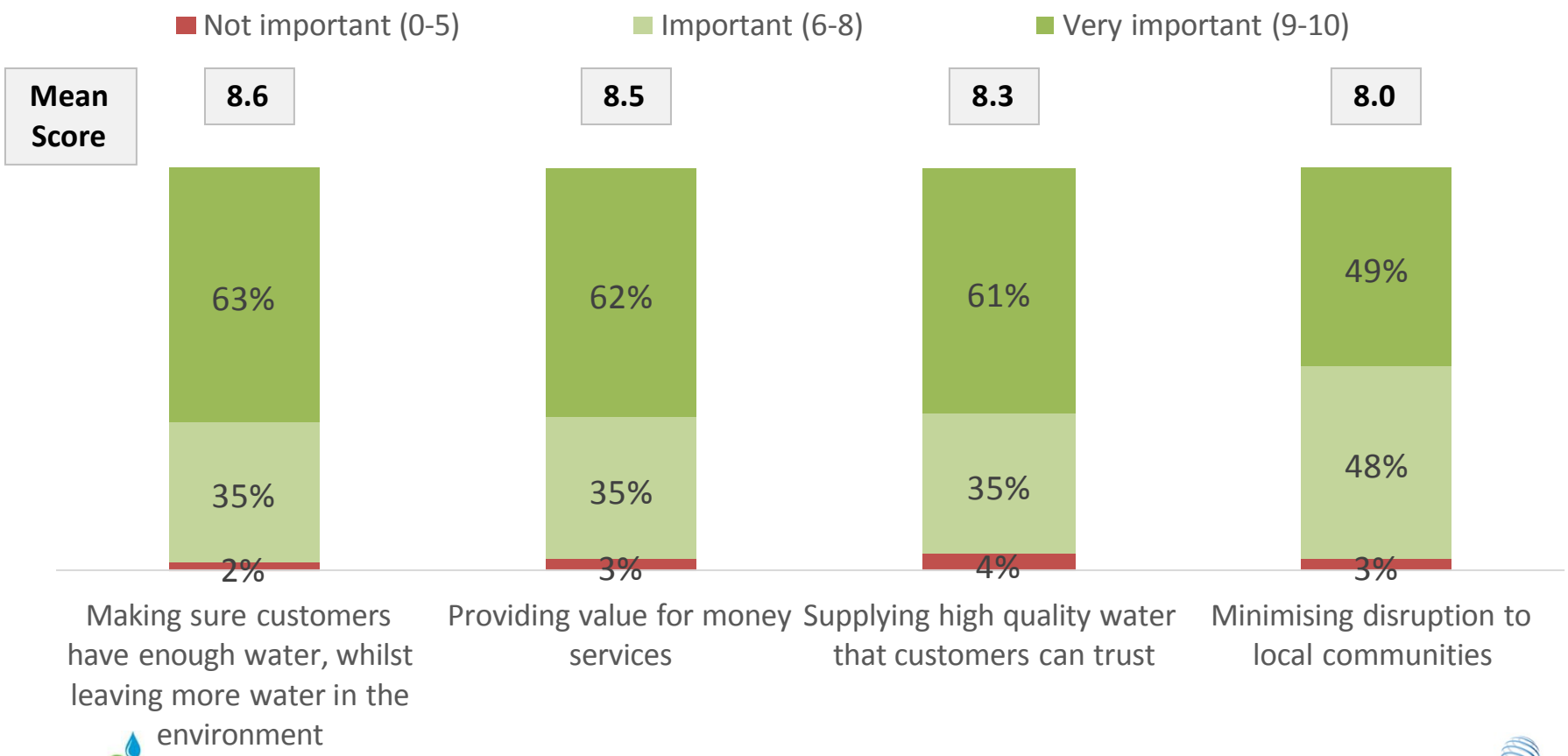
Keeping costs down for customers while providing a first rate service.

Ensure customers/business are provided with up to date information about changes and making sure the supply of water is clean and healthy to consume.

Importance of Affinity Water's 4 outcomes

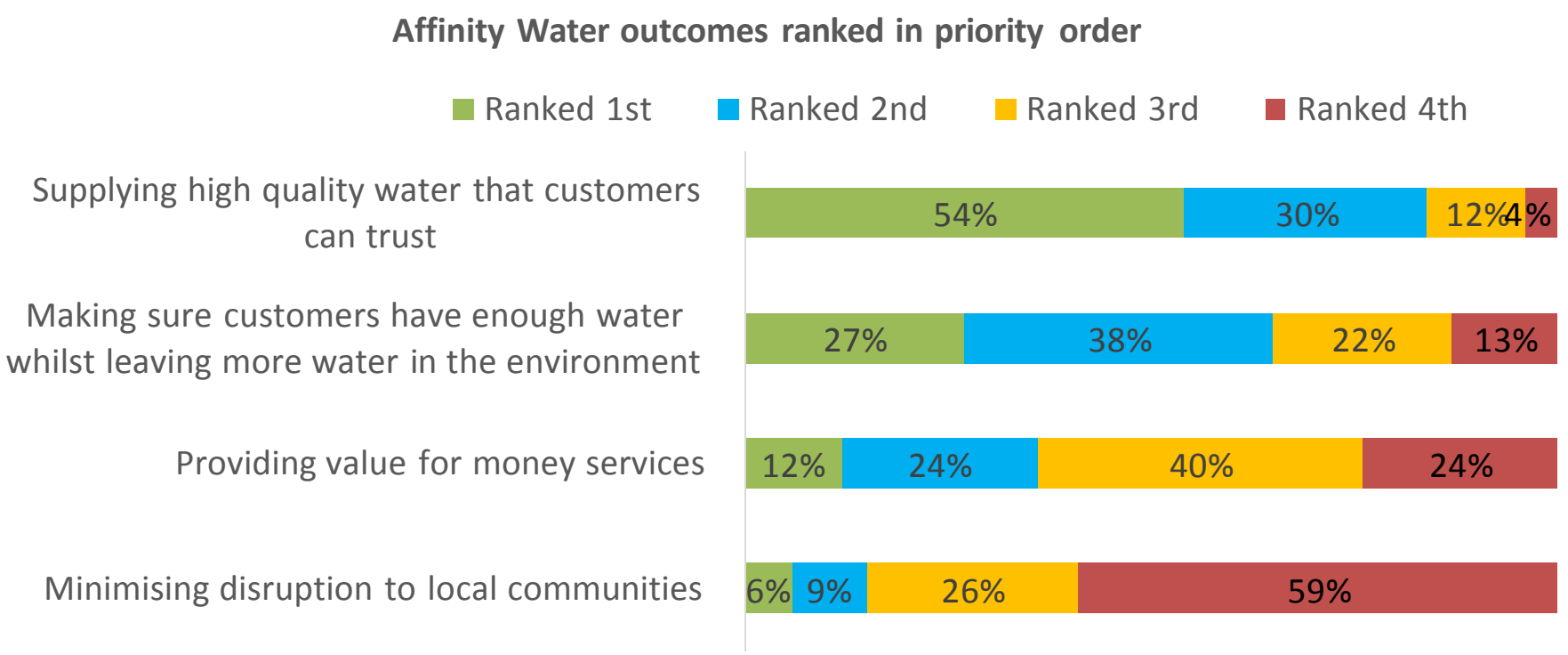
- Customers continue to believe the four outcomes (identified as part of PR14) are important - all four outcomes are given high mean importance scores of 8 or above (out of 10).
- When asked about each of the outcomes individually (rather than to prioritise) customers think they are similarly important, with the exception of minimising disruption which is considered relatively less important (although still important).

Q11: How important do you think each of these areas are for Affinity Water's future plans?



Customer priorities

When asked to rank order the four outcomes in terms of priorities *'supplying high quality water that customers can trust'* is clearly considered to be the most important outcome (ranked first by 54% of customers) followed by '*making sure customers have enough water*' (ranked first by 27% of customers). Minimising disruption to local communities is given lowest priority with 59% ranking it 4th.



Q12: Affinity Water is making its plans for the future and how it should prioritise investment. Please put the following into order of priority you think Affinity Water should give to each

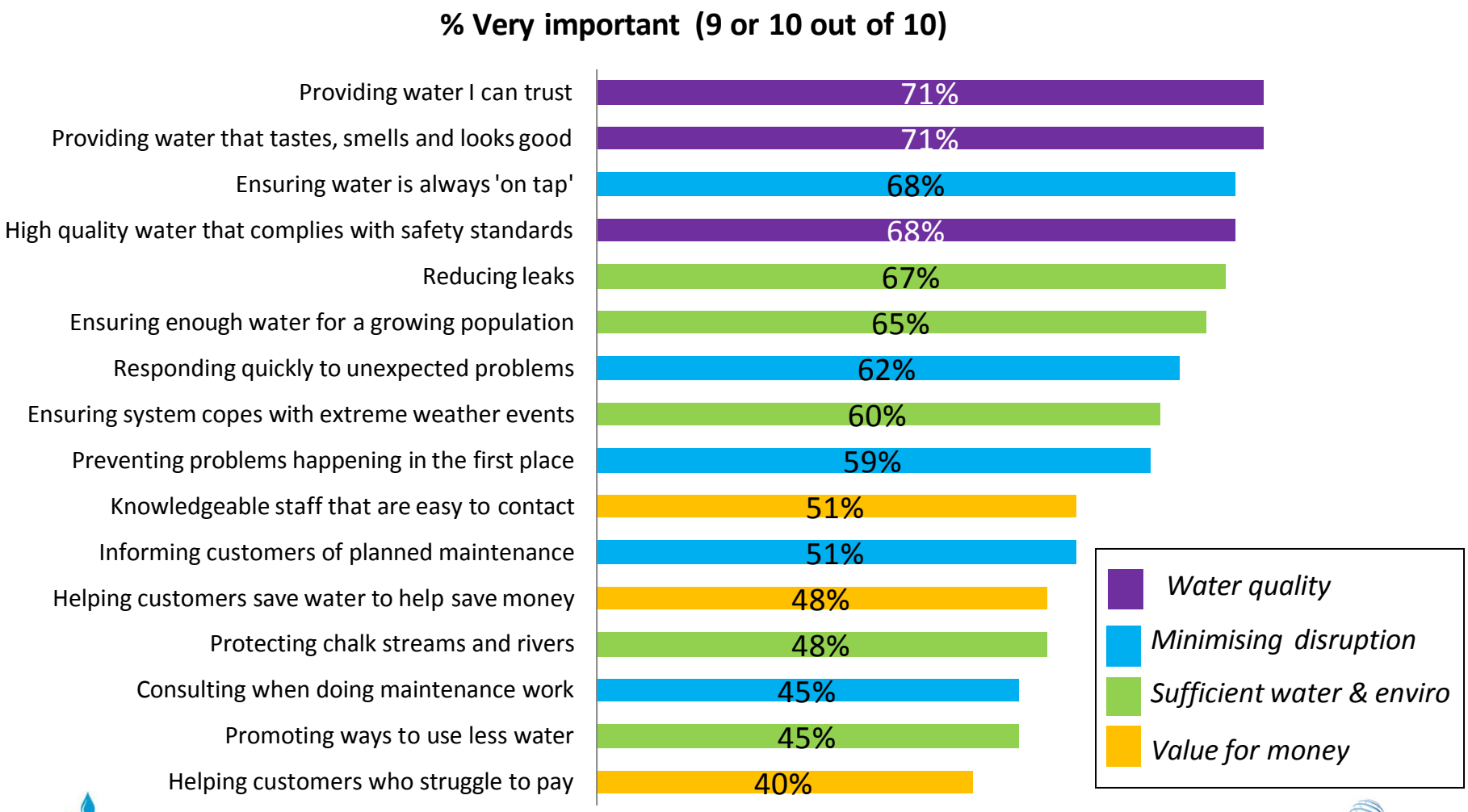
Differences in attitudes towards the 4 outcomes

- There is a considerable degree of consistency in how different groups of customers respond to the four outcomes – significant differences are highlighted in table below.

Older customers (over 55 years)	• More likely to think all outcomes are important • More likely to want water quality prioritised
Younger customers (under 35 years)	• More likely to want minimising disruption prioritised
Strongly environmentally minded customers	• More likely to rate all outcomes as important • More likely to want high quality water prioritised and less likely to want minimising disruption prioritised
Strong connection with local community	• More likely to think minimising disruption is important but no more likely to want it prioritised
Contact with Affinity Water or experience of problems	• No impact on prioritisation

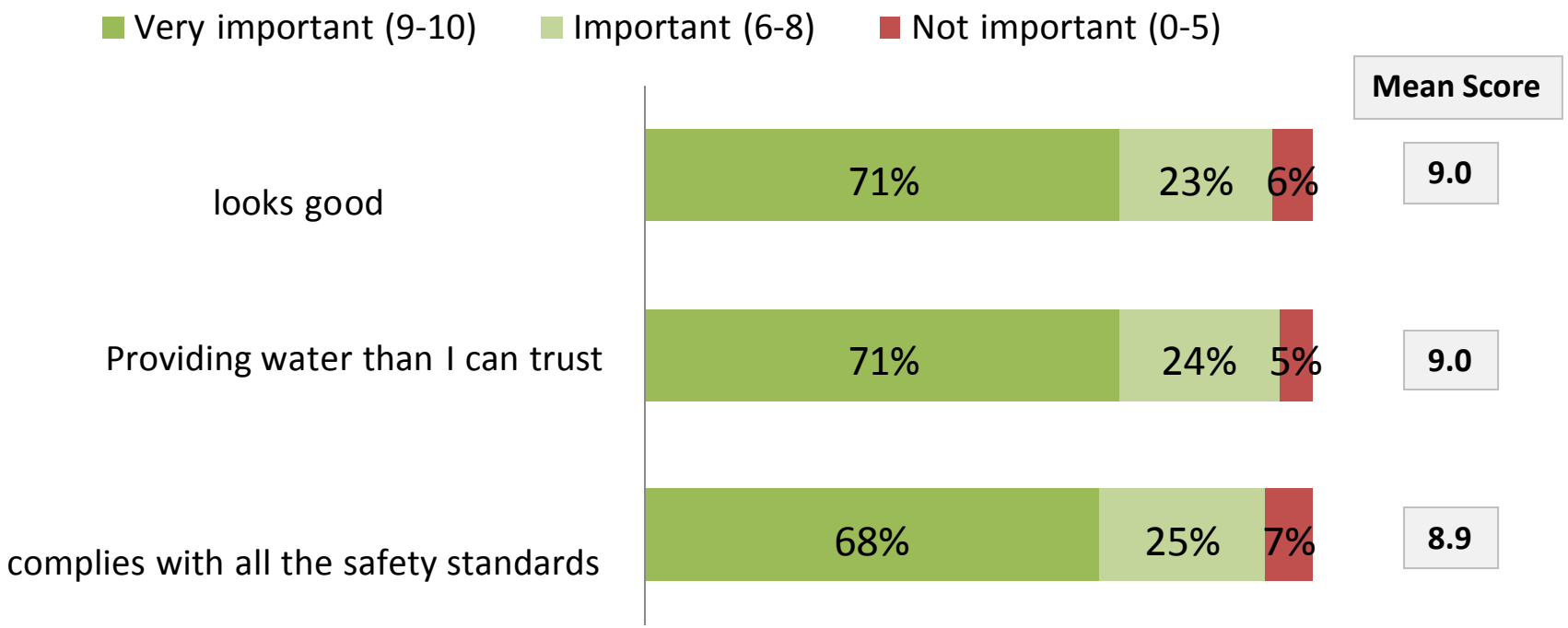
Detailed response to outcomes

When asked about different aspects of each of the four outcomes customers are most likely to rate aspects of water quality more highly and value for money less highly. There is greater variation in how important customers rated the different aspects of both minimising disruption and ensuring sufficient water whilst leaving more in the environment.



Outcome 1: *"Supplying high quality water customers can trust"*

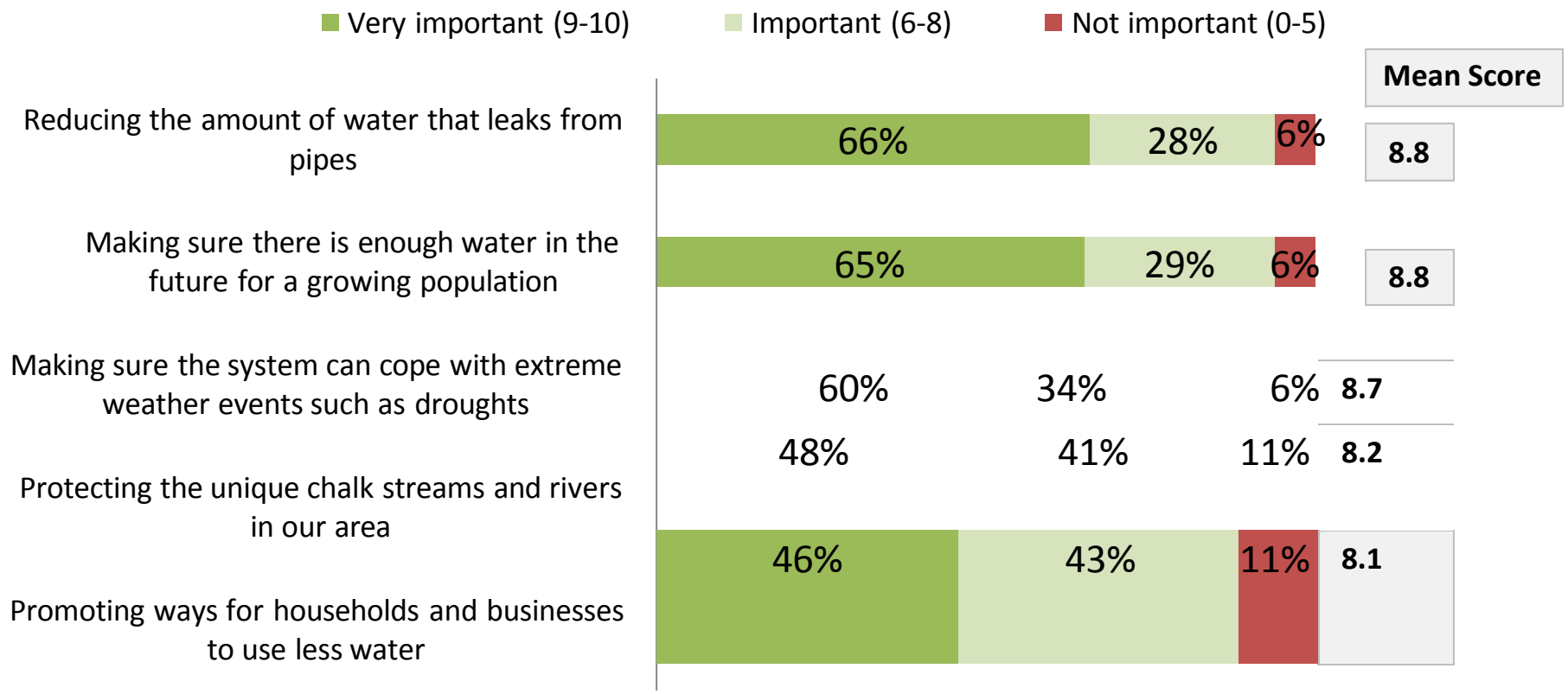
- Customers rate all aspects of providing highly quality water highly
- Older customers (aged 55+ years) and those who are very satisfied with the services rate all of these aspects more highly
- More environmentally minded customers rate compliance with safety standards as being more important than others (and also water that taste, smells and looks good)



Q9: When making its plans for the future, Affinity Water has to think about competing priorities including balancing the needs of customers today with the needs of future generations. Looking at this list how important do you think each of these areas are for Affinity Water's future plans?

Outcome 2: *"Making sure customers have enough water whilst leaving more water in the environment"*

Reducing leaks, planning for future population growth and climate change are considered to be the most important elements of this outcome. Whereas protecting chalk streams and promoting water savings are seen as less important with less than half giving ratings of 9 or 10 out of 10.



Q9: When making its plans for the future, Affinity Water has to think about competing priorities including balancing the needs of customers today with the needs of future generations. Looking at this list how important do you think each of these areas are for Affinity Water's future plans?

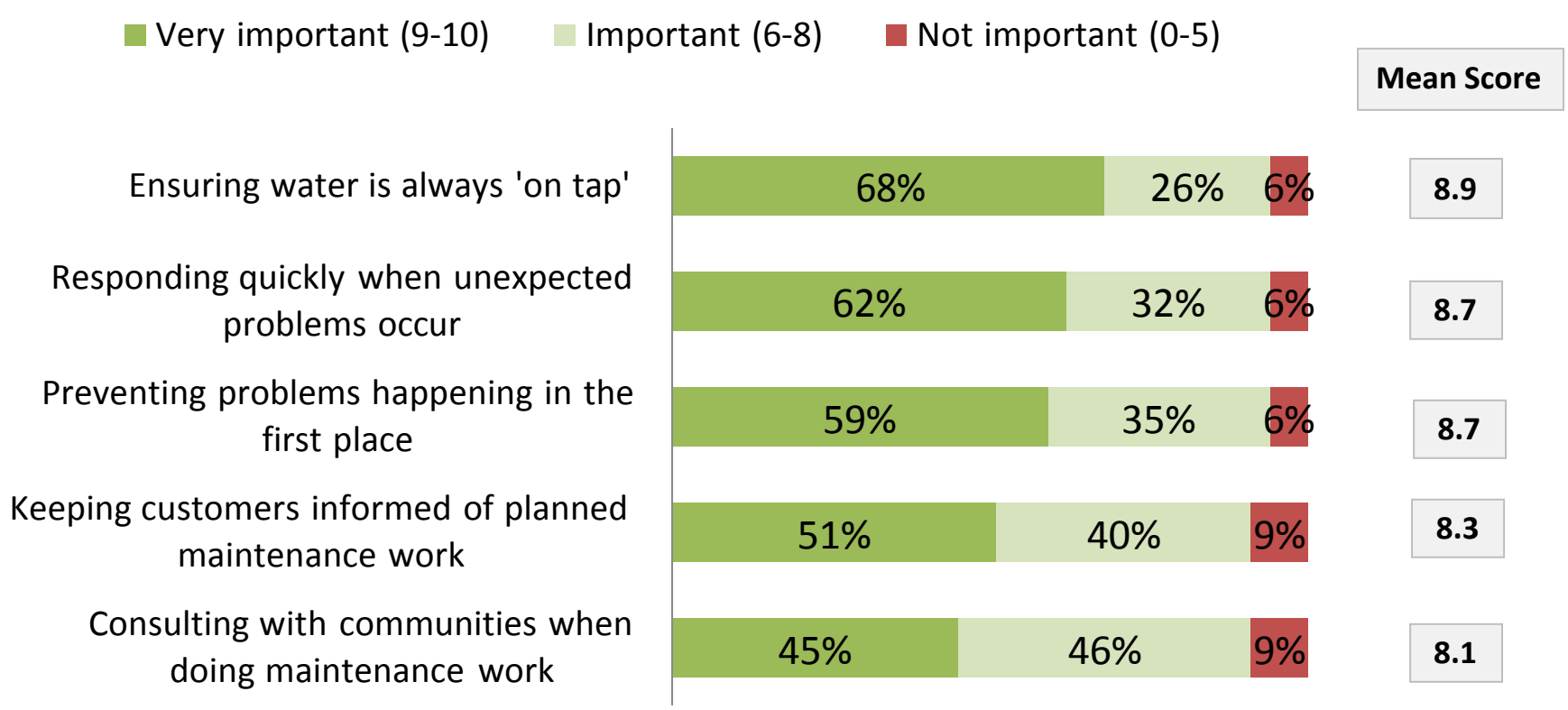
Outcome 2: Differences in attitudes towards "*Making sure customers have enough water whilst leaving more water in the environment*"

- There is a considerable degree of consistency in how different groups of customers respond – significant differences are highlighted in the table below.

Older customers (over 55 years)	• More likely to think reducing leakage and planning for population growth are important
Strongly environmentally minded customers	• More likely to rate all aspects as important but especially protecting chalk streams and promoting water saving behaviours
Higher socio-economic groups	• More likely to think protecting chalk streams is important

Outcome 3: *"Minimising disruption to local communities"*

Ensuring water is always 'on tap' followed by responding quickly to problems and prevent problems are considered to be more important. Whereas keeping customers informed and consulting communities are deemed less important, with half or fewer rating as 9 or 10 out of 10.



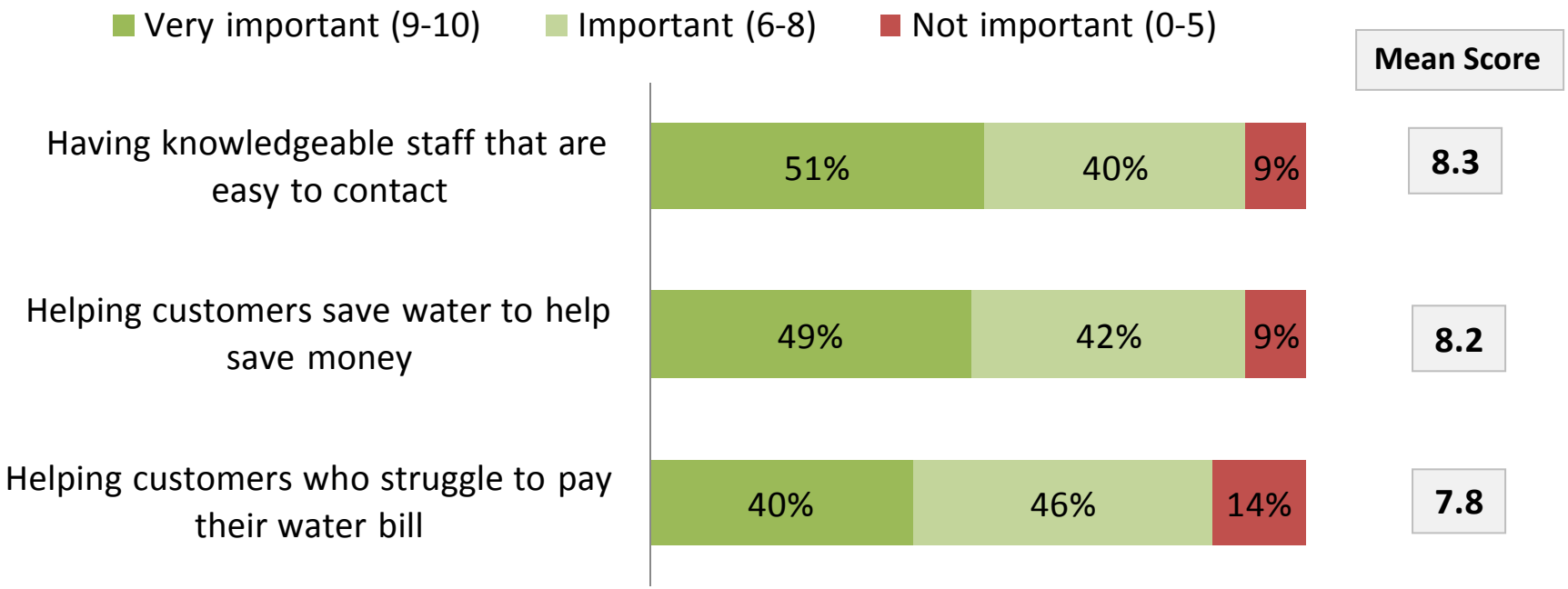
Q9: When making its plans for the future, Affinity Water has to think about competing priorities including balancing the needs of customers today with the needs of future generations. Looking at this list how important do you think each of these areas are for Affinity Water's future plans?

- There is a considerable degree of consistency in how different groups of customers respond – significant differences are highlighted in the table below.

Older customers (over 55 years)	• Are more likely to think all aspects of minimising disruption are important
Women	• More likely to think keeping customers informed of planned work and responding quickly when unexpected problems occur are more important
Strongly environmentally minded customers	• More likely to think all aspects of minimising disruption are important

Outcome 4: *"Providing value for money services"*

Having knowledgeable staff that are easy to contact and helping customers to save water and money are considered to be equally important. Although helping customers who are struggling to pay their bill is seen as relatively less important two in five (40%) give it a rating of 9 or 10 out of 10.



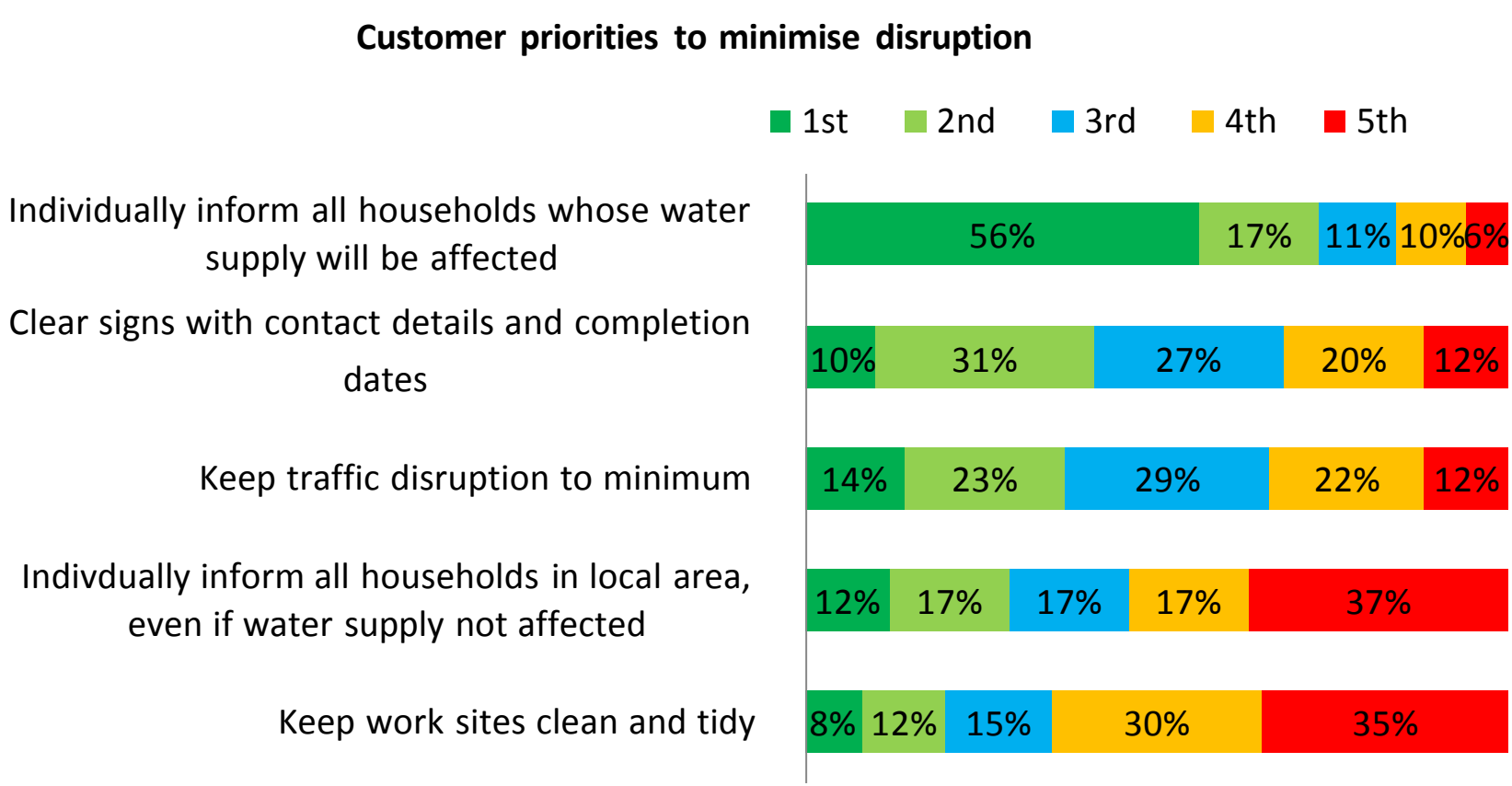
Outcome 4: Differences in attitudes towards "*Providing value for money services*"

- There is a considerable degree of consistency in how different groups of customers respond – significant differences are highlighted in the table below.

Older customers (over 55 years)	• More likely to think having knowledgeable staff is important
Younger customers (under 35years)	• More likely to think providing help for those struggling to pay is important
Not working	• More likely to think providing help for those struggling to pay is important
Women	• More likely to think helping customers save water and money and having knowledgeable staff are important
Strongly environmentally minded and community minded customers	• More likely to think helping customers to save water and money is important

Customer priorities for minimising disruption

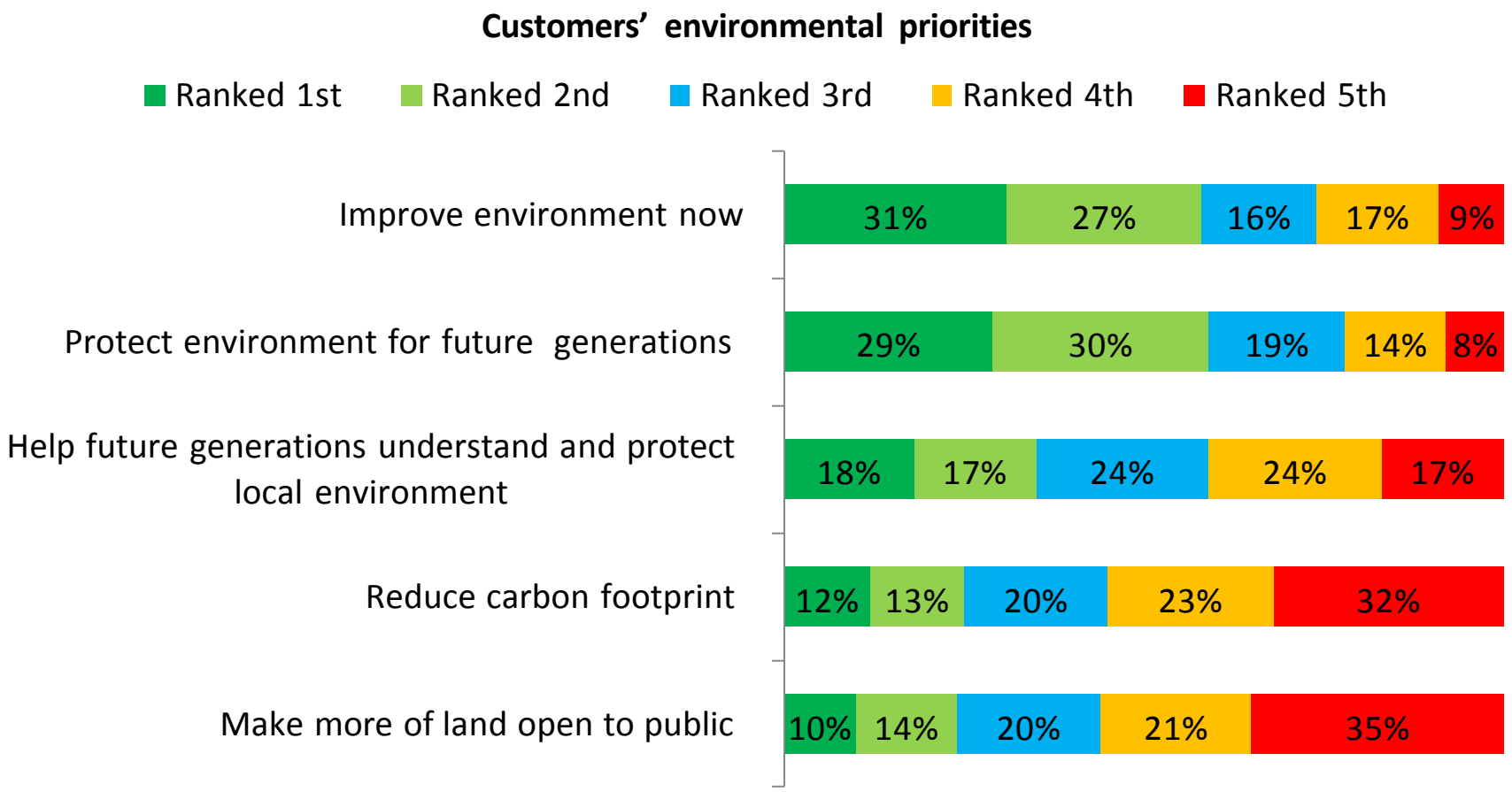
Customers very clearly think that the priority for minimising disruption should be individually informing all households whose water supply will be affected. Although still important, clear signage and reducing traffic disruption is less of a priority. Keeping work sites clean and tidy is considered to be the lowest priority.



Q9a: The work that Affinity Water carries out can sometimes cause disruption to the local community. Please rank the following things Affinity could do to help reduce the impact of their work in order of importance.

Customer priorities for environmental issues

Protecting the environment **now** and in the **future** are seen as the most important areas for Affinity to focus on when thinking about environmental impact. Reducing the company's carbon footprint and improving public access to land are see as less important.

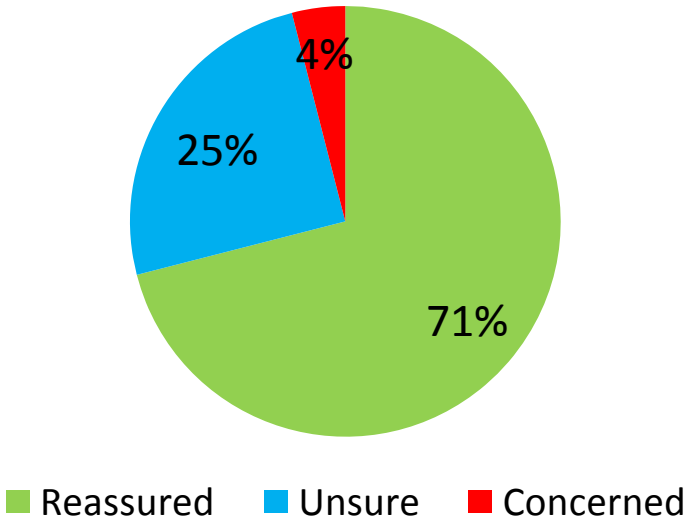


Q10a: Affinity Water takes over 900 million litres of water each day from the environment (rivers, bore holes etc.) to provide their customers with drinking water. Thinking about the potential environmental impacts, please rank the following statements in order of importance you feel Affinity Water should place on them…

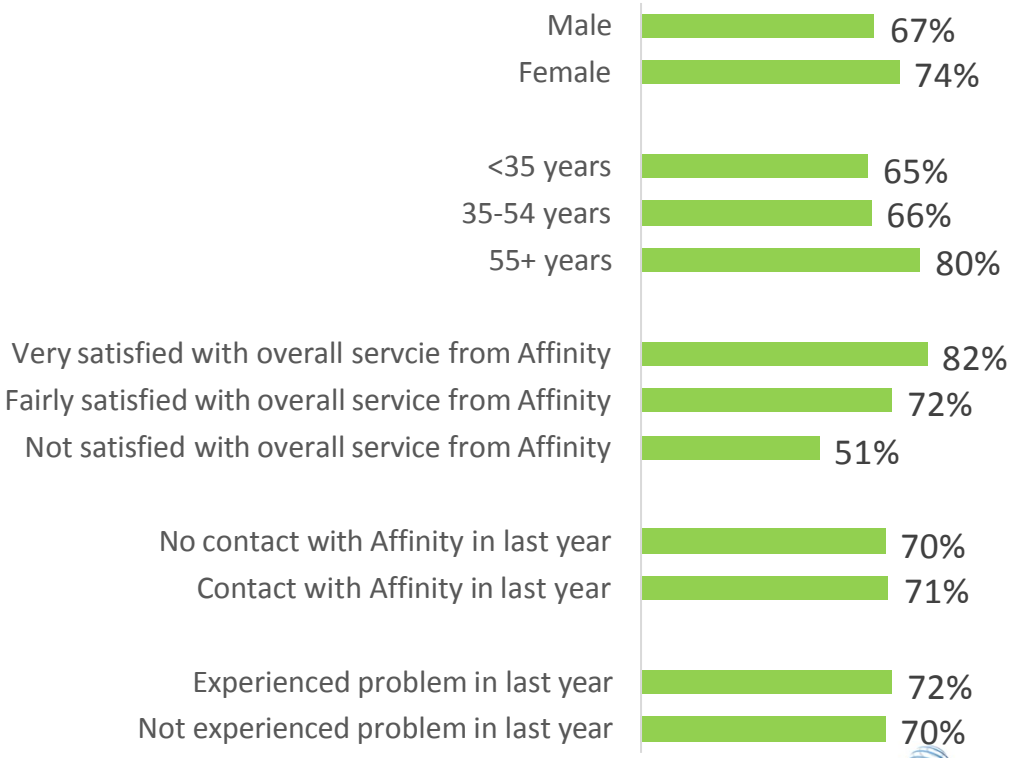
Overall acceptance of Affinity Water's outcomes

- The majority of Affinity Water customers (71%) feel reassured of Affinity's future plans once they have reviewed the PR14 four outcomes.
- One quarter (25%) are uncertain about their response to the plans but only a very small minority (4%) are concerned about whether the plans focus on the right issues.
- Older customers (over 55+ years) are most likely to be reassured whereas those who are not satisfied with the service they received are least likely to be satisfied. Having had contact or experienced a problem does not impact on customers views of the outcomes.

Feeling towards future plans

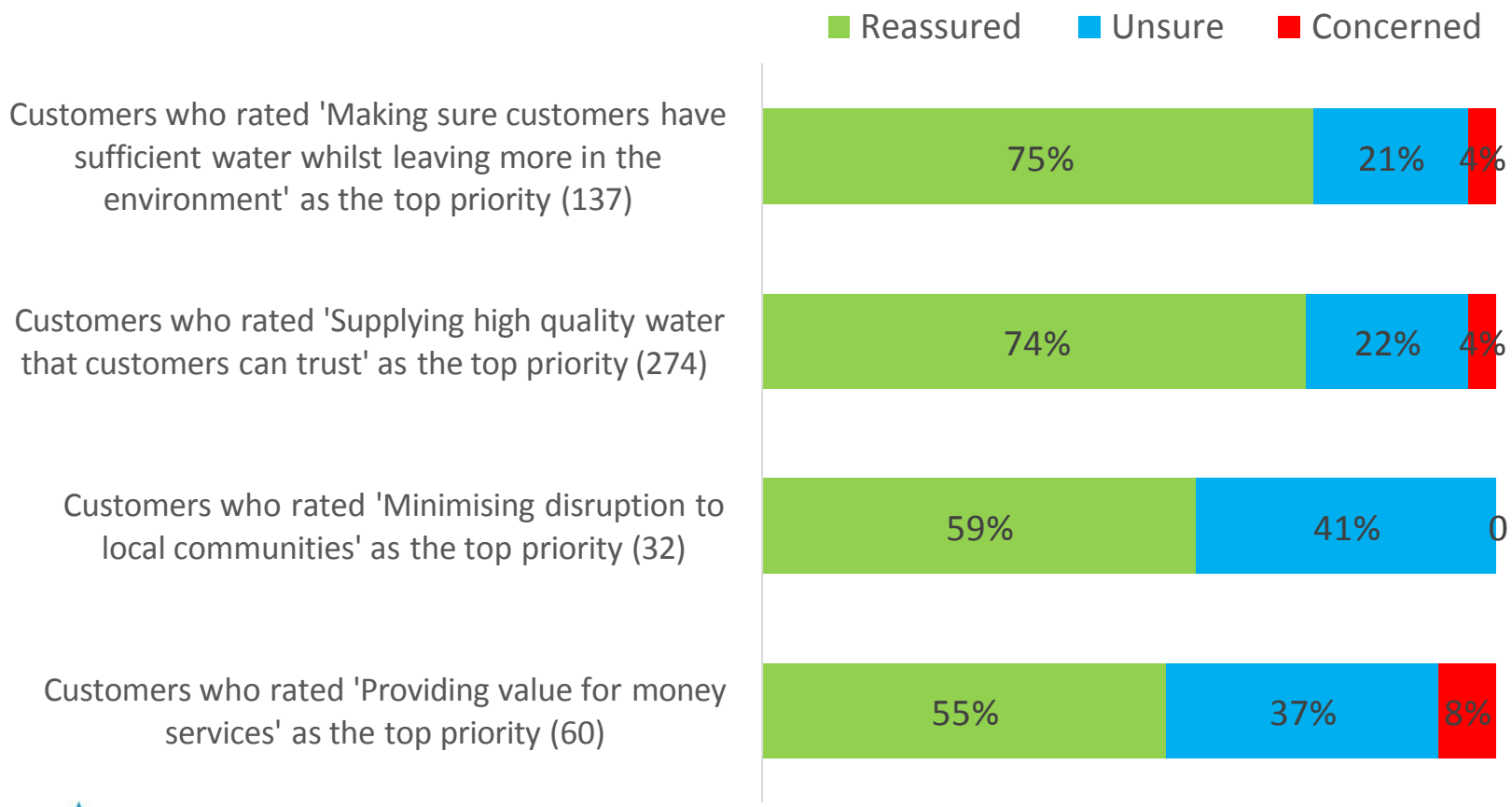


% of each sub-group who are reassured by Affinity Water's future plans



Overall acceptance of Affinity Water's outcomes

- Those customers who think that ensuring sufficient water whilst leaving more in the environment and those who think high quality water should be the priority are most likely to be reassured by Affinity Water's outcomes (74% for both)
- Whereas those who think that minimising disruption and providing a value for money service should be the priorities are more likely to feel uncertain (41% and 37% respectively).



Other issues customers wish to see included in Affinity Water's plans

Of those customers who felt Affinity Water's 4 outcomes currently focus on the right areas the majority (74%) were unable to think of anything else they would like to see included in future plans.

Only small minorities mentioned other areas to include:

- Reduced prices (5%)
- Climate change/drought/flooding (2%)
- Educate (future generations) to use less water (2%)
- Maintain/repair infrastructure (2%)
- Help or reduced prices for vulnerable/poor (1%)
- More water storage/reservoirs (1%)
- Population increase (1%)
- Increase metering (1%)
- Fewer leaks (1%)
- Green energy (1%)
- Water saving devices (1%)

Advising customers like me (whose house is 80 years old with original pipework - probably lead) as to whether we need to continue running water for the kettle first thing in the morning for quite a few seconds for safety, or whether this is unnecessary.

Be more open with its communication and develop a trusted relationship with customers. Feel like customers are still being treated as rate payers from the era of Public sector ownership. This is most likely due to lack of competition in the sector and freedom to choose a supplier.

I think most people in the UK are amazed that for a country with a high rainfall, it only takes a relatively short period of hot, dry summer weather for supplies to dwindle (hosepipe bans etc). Surely in this day and age they can begin addressing this.

Lack of information main reason uncertainty about future plans

- Of those customers who were unsure about Affinity Water's plans around half (52%) were unable to articulate the reason for their lack of certainty.
- A further one in five felt they did not have sufficient information to be able to make an informed view about Affinity Water's outcomes and 15% wanted to see more evidence that the company is acting upon its promises.

- Other reasons for a lack of support include a lack of trust (4%)
- A range of issues (e.g. leaks, lime scale, water shortages, water quality) were mentioned by small minorities as needing greater emphasis in the plans. But no issues were identified as a significant omission from the current outcomes.

It's normally all lies from these type of companies

I haven't seen any actual facts and don't trust reassuring statements.

I don't trust them, they are always saying this and they never bother doing anything.

I don't know enough about what they do

The plans are good, I am unsure if they are actively being done.

I am not sure if they are doing this, as I have not seen or heard anything and have not researched it either

I need to know more detail, need to know more than one line

Lack of information main reason for lack of support for outcomes

Overall 22 customers (4%) reported that they were concerned that Affinity were not focusing on the right things:

- 9 x wanted to see greater priority on reducing costs or providing better value for money
- 5 x wanted greater priority on water quality (incl. taste, smell)
- 3 x wanted greater priority on leaks/wastage
- 4 x unable to give a reason why they were concerned
- 1 x wanted more water meters
- 1 x other reason

(N.B. some assumed the order of the outcomes in the questionnaire was the order of priority)

My water destroys all my appliances and always smells/tastes weird and makes all my crockery taste off and ruins meals.

I think value for money is important all this needs to be affordable

Surely the most important thing is that the water is safe/can be trusted?!

Making sure water is affordable should be number one

Repair the leaking supply to save water

Surely the quality of the water should be the priority? If it is substandard then the environment will be adversely affected.

Value for money does not seem to be a priority. If you had competition, you would have to ensure this was your no1 priority, rather than profit to distribute among your management

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Annex 2: Enabling phase

E2 – Drought Management Plan: Customer Survey Report

Affinity Water Drought Management Plan

Customer survey

OPM Group full report

10 April 2017

Client	Affinity Water
Company	OPM Group
Title	Affinity Water Drought Management Plan
Subtitle	Customer survey
Dates	last published 10/04/2017 last revised 10 Apr. 2017
Status	Final
Classification	Restricted External
Project Code	10818
Author(s)	Myles Wilson, Tim Bidey
Quality Assurance by	Zoe Khor
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Contents

Executive Summary

OPM Group was commissioned by Affinity Water to conduct an online survey of its Drought Management Plan. Three hundred customers responded to the online survey. Key findings are provided below:

- Over half (55%) of respondents said they try to use water wisely, regardless of whether there is a drought. Just under a third (32%) of respondents stated that in the event of a drought they would try to reduce the amount of water use, such as taking shorter showers and re-using water in the garden. Metered respondents stated that they use water wisely more so than un-metered respondents.
- Most respondents thought the last drought (60%) and temporary use ban (59%) occurred more recently than 5 years ago (when the last drought and temporary use ban were).
- Over three quarters (76%) of respondents thought that imposing temporary use bans no more than 1 in every 10 years is acceptable or perfectly acceptable. On describing their response, respondents' explanations focused on: the necessity of the ban to preserve the environment or water supplies; no significant hardship coming as a result of the ban's restrictions; the frequency of the ban; the bans potential to encourage responsible use; and the collective and social responsibility of customers.
- Over three quarters (76%) of respondents did not think that Affinity Water should spend more to reduce the likelihood of temporary use bans, and would rather experience these restrictions than see their water bill increase. Respondents who may be most affected by a temporary use ban, i.e. those with a higher self-reported daily water use or those who use hosepipes, are more prepared to pay more to reduce the occurrence of these bans.
- The large majority of respondents (83%) stated that temporary use bans should apply to all customers equally, though just under a fifth (17%) thought that these bans should not apply to metered customers who pay for the volume of water they need and who therefore should be able to continue using the amount they need. Metered respondents were more likely to state the latter than un-metered respondents.
- Respondents suggestions as to how to encourage customers to voluntarily use less water during a drought focused on four main themes: education and awareness raising; providing incentives and disincentives; media channels; and providing practical measures such as water butts or meters.
- Almost two thirds (61%) of respondents thought that imposing drought orders no more than 1 in every 40 years is acceptable or perfectly acceptable. Respondents who identified themselves as being more environmentally friendly found this frequency of drought orders more acceptable than those who identified as being less

environmentally friendly. Metered respondents also found this frequency more acceptable than un-metered respondents.

- Over two thirds (68%) of respondents did not think that Affinity Water should spend more to reduce the likelihood of drought orders, and would rather experience drought orders than see their water bill increase. Respondents who may be most affected by a drought order, i.e. those with a higher self-reported daily water use, were more prepared to pay more to reduce the occurrence of these bans.
- Just under three quarters (74%) of respondents thought it is important to save water for the sake of the environment. Three quarters (75%) of respondents thought it is important to save water for future generations.
- The large majority of respondents (93%) stated that the survey improved their understanding of Affinity Water's plans to some extent. Respondents open-text comments highlighted four main areas around which their knowledge was improved: droughts; water; Affinity Water and its work; and general improvements in knowledge.
- The preferred methods for informing respondents about a drought and possible water use restrictions were via letters (59%), emails (59%) and local TV news (53%). Younger respondents (under the age of 55) had a greater preference for being informed via social media and text message than older respondents (55+).

Introduction

Affinity Water provides water to more than 3.6 million people in parts of North West London and the Home Counties including areas of Bedfordshire, Berkshire, Essex, Hertfordshire, Surrey, the Tendring peninsula in Essex and Folkestone and Dover areas in Kent.

OPM Group was commissioned by Affinity Water to conduct an online survey of its Drought Management Plan to gather customers' views about plans for drought management in the future. The new Drought Management Plan will be published in Spring 2018 and sets out the steps Affinity Water would take to maintain water supplies during a drought. It includes actions related to water supply like transferring water from other areas or taking water from deeper underground. It also includes actions related to water demand like reducing water lost through leaks, helping customers to use water wisely, and temporary water use bans (previously known as "hosepipe bans"), among other things.

This questionnaire comes ahead of the formal public consultation of Affinity Water's Drought Management Plan in spring 2017. The survey ran from Thursday 2 February to Monday 27 February 2017. It was designed by OPM Group and distributed by Made in Surveys.

This report provides findings a full analysis of responses to the Drought Management Customer Survey. The responses from each of the 13 closed questions are discussed below including subgroup analysis where relevant. Possible relationships between responses and respondent details were examined for statistical significance at the 5% level. Any relationships that were found to be statistically significant are discussed below in the relevant sections. Thematic analysis of the open questions is also provided.

When reading this report please note that:

- Data has been weighted according to the quota sample of respondents. The quota and achieved sample sizes can be found in Appendix 3. Unweighted responses can be found in Appendix 2.
- Partial percentages have been rounded to the nearest full number. Therefore, not all figures shown will add to 100%.
- 'Don't know' or 'prefer not to say' variables have been excluded in cross-tabs due to low sample sizes. Therefore, not all baseline figures add up to 300. For some questions with many possible responses, similar categories have been combined to increase sample sizes and accuracy.
- Where a relationship between two variables is found to be statistically significant, this means the differences between groups are unlikely to be caused by chance alone. Statistical significance does not give any indication of the strength of a relationship.

Findings

Responses

A total of 300 Affinity Water customers responded to the survey[1]. Respondent details are provided in Appendix 3.

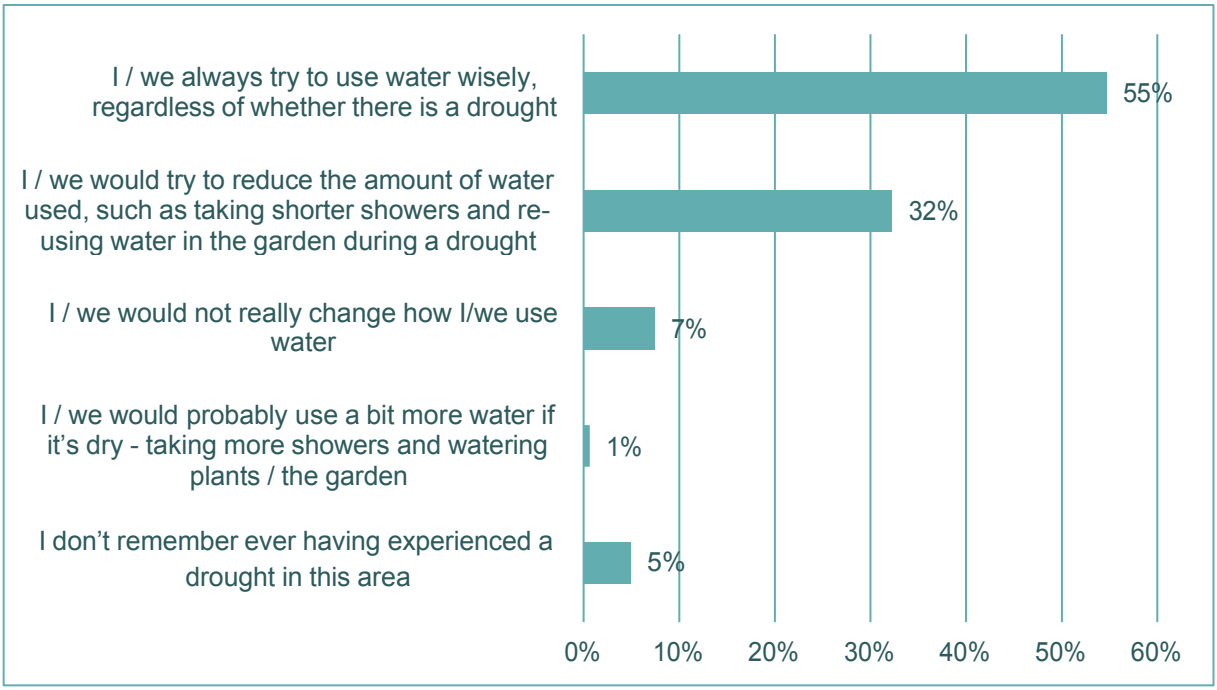
Current use

Which of the following statements best describes how you and your household respond to a drought situation?

Respondents were asked how they or their household currently respond to a drought situation. Just over half (55%) of respondents stated that they always try to use water wisely, regardless of whether there is a drought. Just under a third (32%) of respondents stated that in the event of a drought they would try to reduce the amount of water use, such as taking shorter showers and re-using water in the garden.

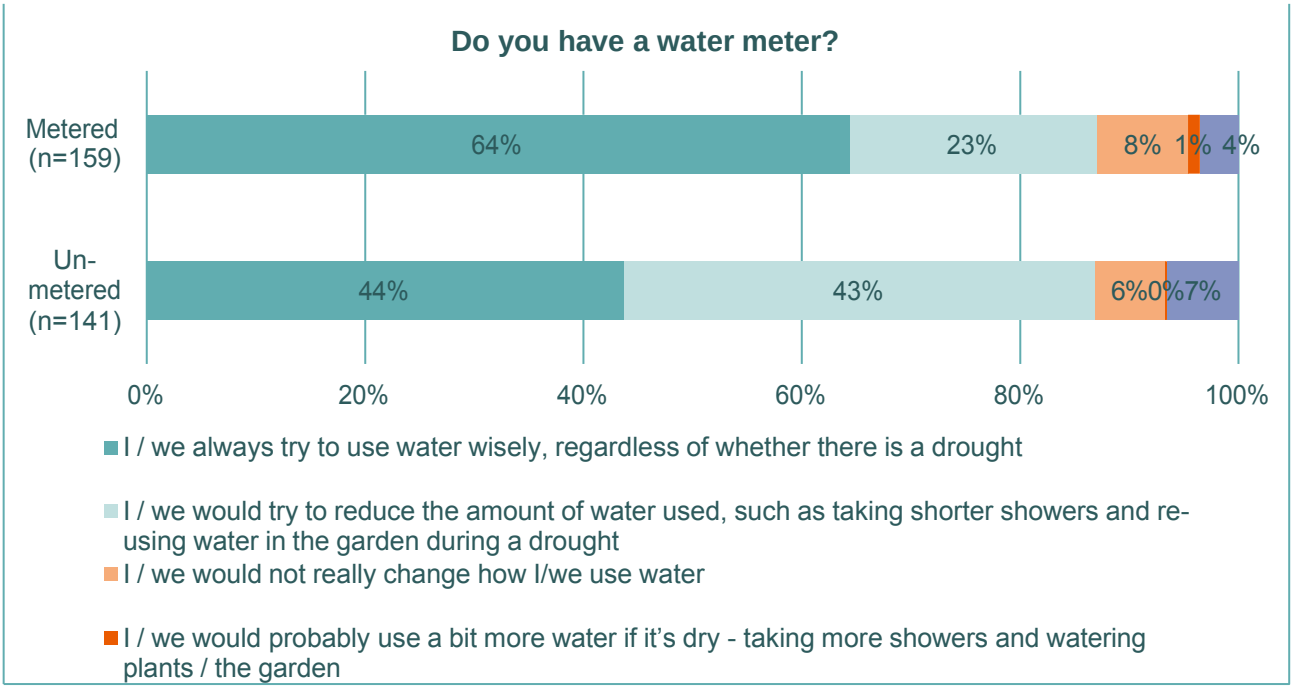
Figure 1: Which of the following statements best describes how you and your household respond to a drought situation? (n=300)

[1] A response of 300 is sufficient to enable you to estimate the views of the population as a whole within +/- 6 percentage points (so if 60% of those surveyed agree, you can be confident the actual percentage of the whole population who agree is between 54% and 66%). This level of confidence is considered acceptable for most decision-making, where the exact percentages are not important. To reduce the uncertainty you need to increase the sample size – for example, a sample of 1000 would enable you to be confident to +/- 3 percentage points.



As shown below, metered customers (64%) were more likely to state that they try to use water wisely than unmetered customers (44%). There is a statistically significant difference between the two groups[2].

Figure 2: 'Which of the following statements best describes how you and your household respond to a drought situation?' by 'Do you have a water meter?'



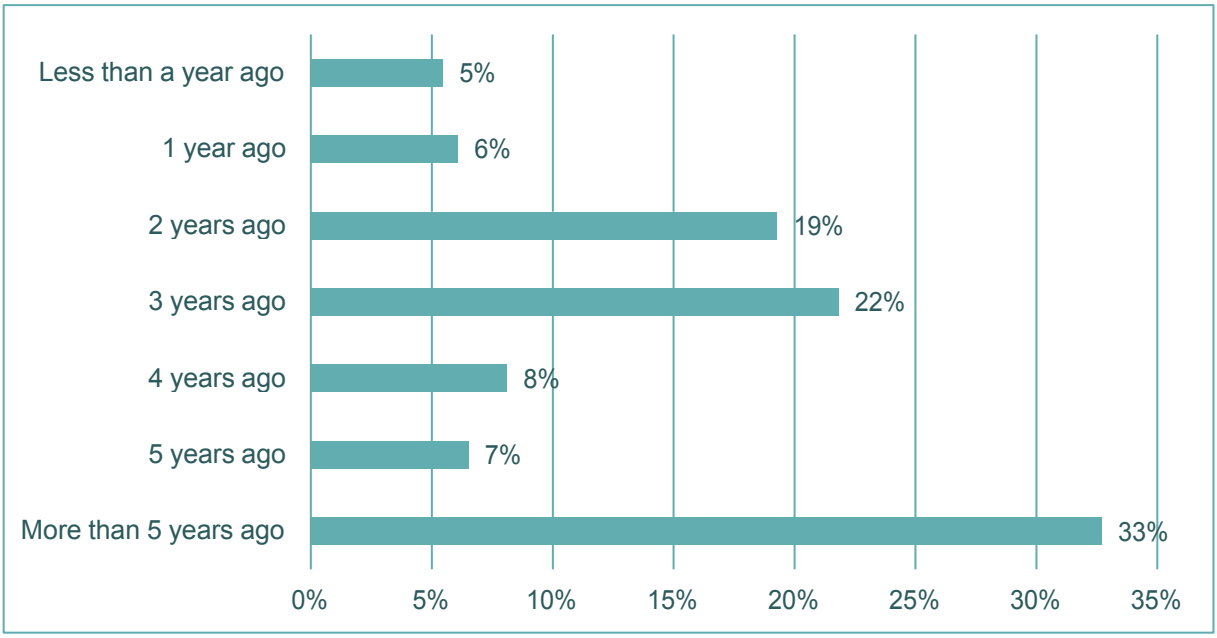
[2] Test statistic (Chi-sq)=10.6 with p value=0.031

Awareness of previous droughts and restrictions

When do you think the last drought was in this area?

Respondents were asked when they thought there was last a drought in their area. The last time a water resource drought was experienced was 5 years ago in Spring 2012, though 60% of respondents thought the last drought was more recently than this.

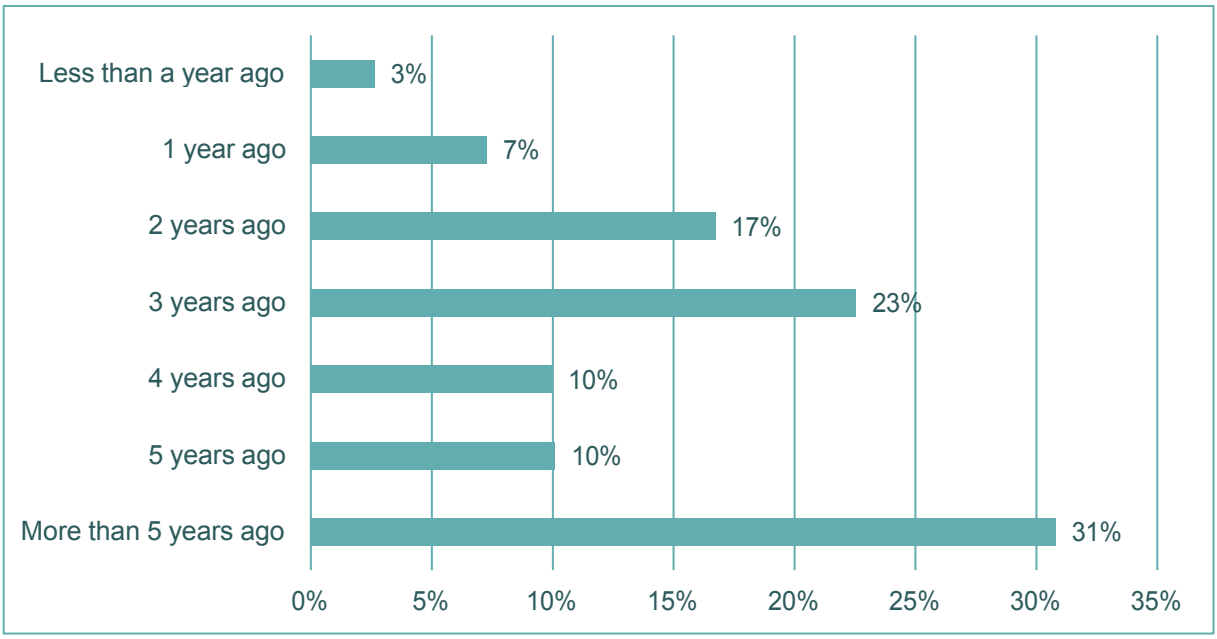
Figure 3: When do you think the last drought was in this area? (n=300)



When do you think the last temporary use restriction ("hosepipe ban") was in this area?

Respondents were further asked when they thought there was last a temporary use ban ("hosepipe ban") in their area. The most recent temporary use restriction on customers was imposed in April 2012, though 59% thought it was more recent than this.

Figure 4: When do you think the last temporary use restriction ("hosepipe ban") was in this area? (n=300)



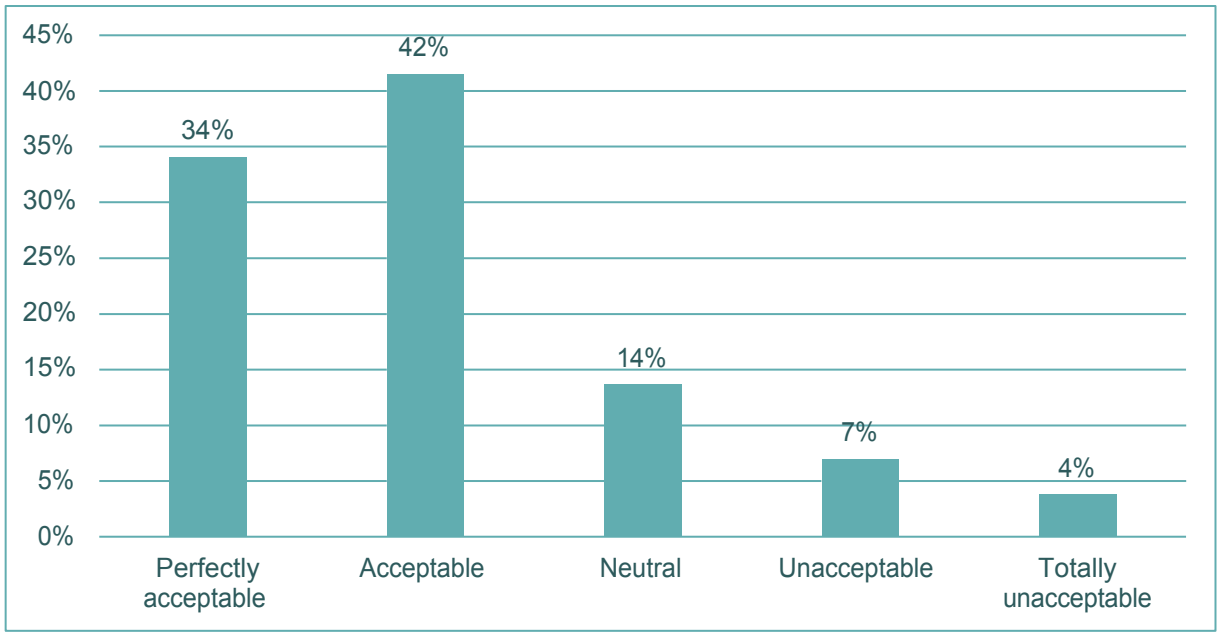
Temporary use bans

The survey outlined current plans where Affinity Water have committed to placing temporary use bans ("hosepipe bans") no more often than an average of 1 in 10 years. Respondents were informed that this frequency balances the needs of customers, of investment needed to manage supply and demand and legal obligations to protect the environment. Respondents were also informed that *reducing* the likelihood (e.g. reducing to 1 in 20 years, or a 5% chance in any given year) would require more investment, or other steps to increase supply or reduce demand, and that *increasing* the likelihood of temporary use bans (e.g. increasing to 1 in 5 years, or a 20% chance in any given year) could help to build up water supplies for the future.

To what extent do you feel that this frequency of temporary use bans ("hosepipe bans") is acceptable?

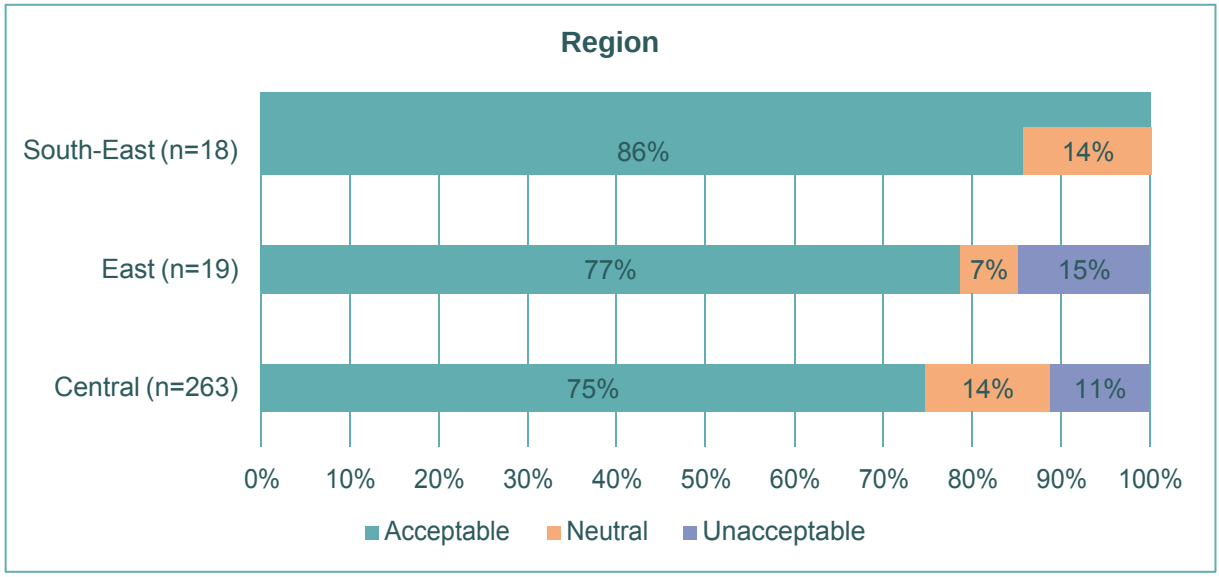
Respondents were then asked how acceptable they find this frequency (1 in 10 years) of temporary use bans. As shown below, over three quarters (76%) of respondents found this ban to be acceptable or perfectly acceptable.

Figure 5: To what extent do you feel that this frequency of temporary use bans ("hosepipe bans") is acceptable? (n=300)



Respondents in the South-East region (86%) found this frequency slightly more acceptable than respondents in the East (77%) and Central (75%) regions. However, this association was not statistically significant[3].

Figure 6: 'To what extent do you feel that this frequency of temporary use bans ("hosepipe bans") is acceptable?' by 'Region'



[3] Mann-Whitney Test

To what extent do you feel that this frequency of Temporary Use Bans ("hosepipe bans") is acceptable? Could you say a bit about why?

195 respondents that felt the frequency of Temporary Use Bans to be acceptable provided explanations that were subsequently grouped into the following categories:

- the necessity of the ban to preserve the environment or water supplies;
- no significant hardship coming as a result of the ban's restrictions;
- the frequency of the ban;
- the bans potential to encourage responsible use; and
- the collective and social responsibility of customers.

Necessity of the ban

A large number of respondents (84 respondents) referenced the necessity of the ban to save water or preserve water supplies.

> "If this helps to support consistent water supply and reduce further difficulties then it is more than acceptable."

> "I would prefer to have temporary use bans as many as needed rather than drill deeper and harm the environment. We cannot just take resources without being responsible."

This was the most common reason provided by both metered (40 responses) and non-metered (40 responses) customers, as well as amongst customers with a household income of less than £25,000 (30 responses).

No significant hardship

A number of respondents felt that the restrictions would have a minimal effect on households (36 responses), particularly amongst metered customers:

> "The use of a hosepipe for washing the car or watering the garden is in any case not strictly necessary. Buckets and cans will do the job, and because they are less convenient you will use less water."

Several respondents also felt that the restrictions were a small sacrifice within the broader context.

Frequency of the ban

A number of respondents (34 responses) referenced the infrequency of Temporary Use Bans as to why they found them acceptable.

> "It seems a fair way of moderating usage to ensure the risk of disrupted supplies is reduced. It's hard for people to claim that once a decade is inconvenient for them!"

However, only a minority of respondents felt that Temporary Use Bans should be implemented more often than once every ten years (3 responses).

Potential to encourage responsible use

A small number of respondents (18 responses) – particularly those with water meters (14 responses) – felt that the frequency of the Temporary Use Bans to be acceptable as they encourage people to think about their use of water.

> "I think we probably all use more water than we need to and a ban every now and then would make us think more about our water usage."

Collective and social responsibility

A small number of respondents (18 responses) also referenced people's social or collective responsibility to use water wisely.

> "We are all responsible for protecting our environment & safeguarding the future for our descendants. We each have a duty to prevent the waste of all our natural resources."

Specifically, respondents often mentioned reducing consumption in the interests of conserving water supplies, protecting the environment, or ensuring a supply for future generations.

Neutral and negative responses

Thirty respondents who felt neutral towards the frequency of the temporary use bans provided explanations grouped into the following categories of three or more responses: the necessity of temporary use bans (6 responses); that more should be done to prevent temporary use bans (5 responses); doubts over their effectiveness (4 responses); and the inconvenience that might be endured (4 responses).[4]

Twenty-three respondents that found the frequency of Temporary Use Bans unacceptable explained that: other measures should be implemented instead, such as investment in infrastructure and the education of customers (6 responses); customers have a right to unlimited water upon paying their bill (3 responses); and that the UK's geography and climate should mean that water is plentiful (3 responses).

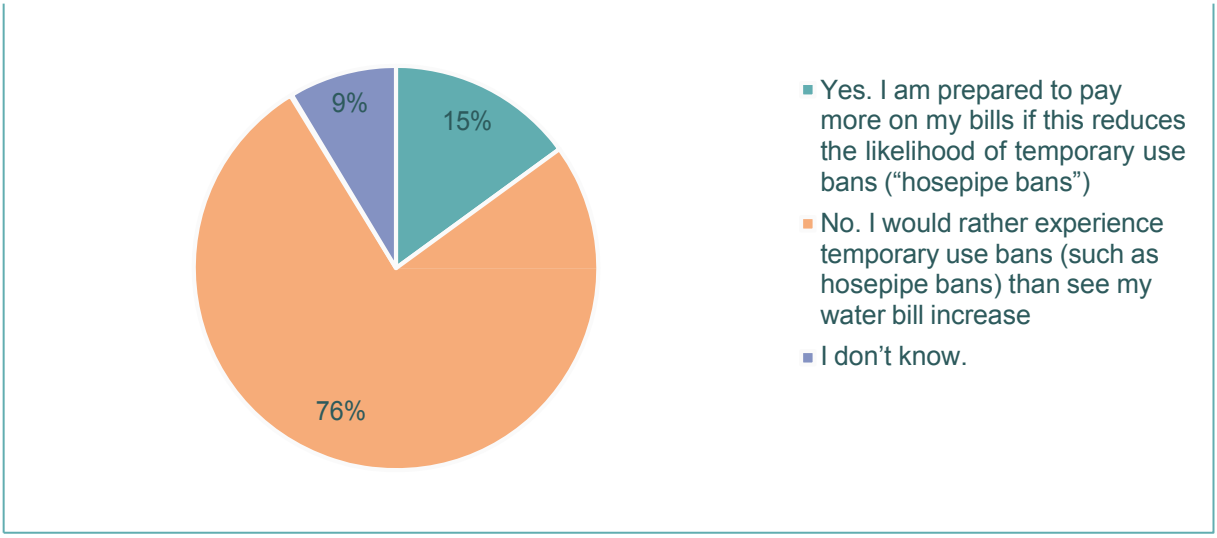
Do you think that we should be spending more to reduce the likelihood of such restrictions?

Respondents were asked whether Affinity Water should be spending more to reduce the likelihood of temporary use bans. Just over three quarters (76%) of respondents did not think

[4] This total for neutral responses includes three responses that were grouped under "not applicable" and two responses that were grouped under "not sure".

that Affinity Water should spend more to reduce the likelihood of such restrictions, and would rather experience temporary use bans than see their water bill increase.

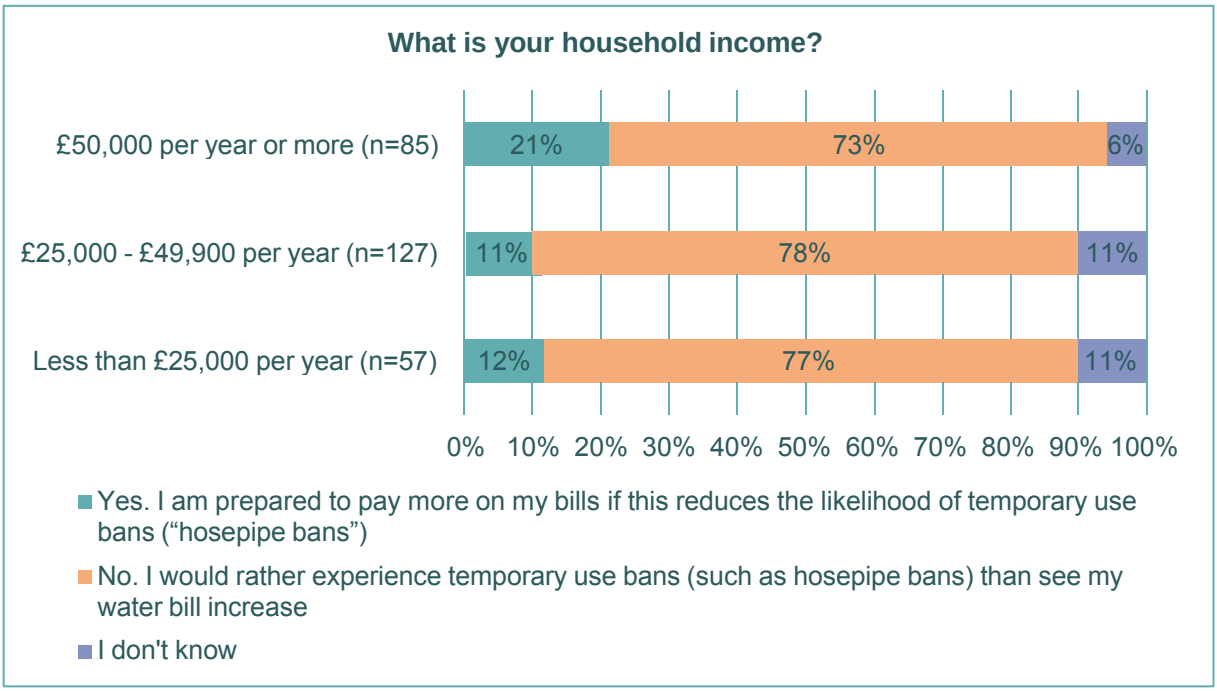
Figure 7: Do you think that we should be spending more to reduce the likelihood of such restrictions? (n=300)



Respondents with a higher household income appear more willing to pay more to reduce the occurrence of temporary use bans. As shown below, respondents with a household income of £50,000 per year or more were more prepared to pay more on their bills to reduce the likelihood of temporary use bans (21%) than those with a lower household income of £25,000-£49,900 per year (11%) or less than £25,000 per year (12%). However, this association was not statistically significant[5].

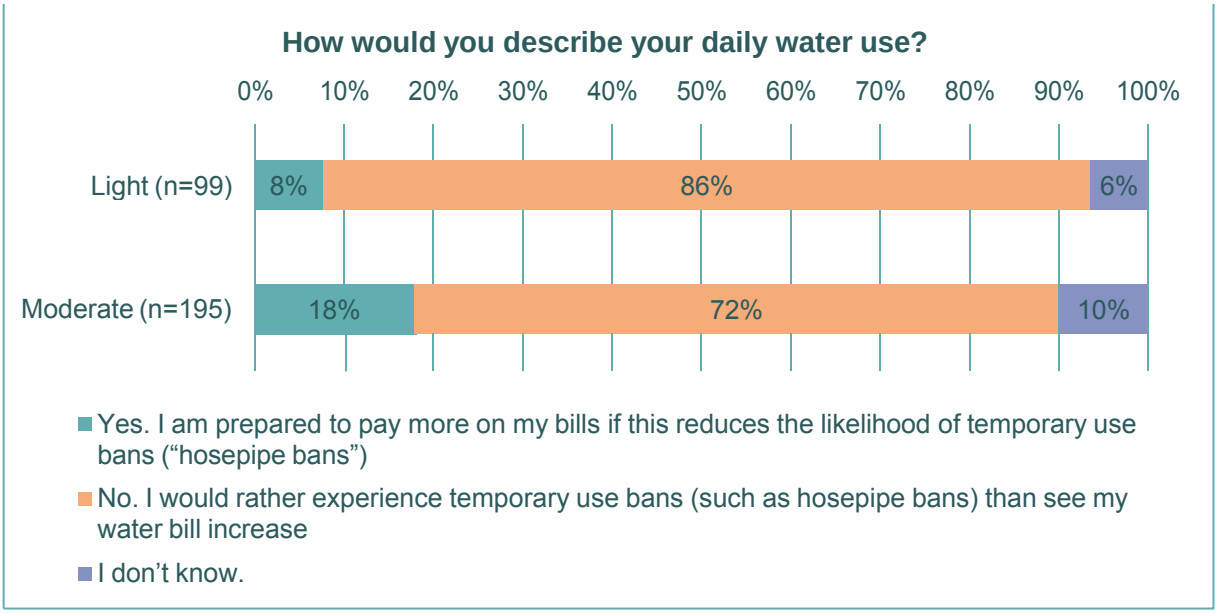
Figure 8: 'Do you think that we should be spending more to reduce the likelihood of such restrictions?' by 'What is your household income?'

[5] Test statistic (Kruskal-Wallis H)=2.66 with p value=0.264



Respondents who may be most affected by a temporary use ban, i.e. those who use more water, appear more prepared to pay more to reduce the occurrence of these bans. As shown below, respondents who described their daily water use as 'moderate' were slightly more prepared to pay more on their bills to reduce the likelihood of temporary use bans (18%) than respondents who described their daily water use as 'light' (8%). There is a statistically significant difference between the two groups[6].

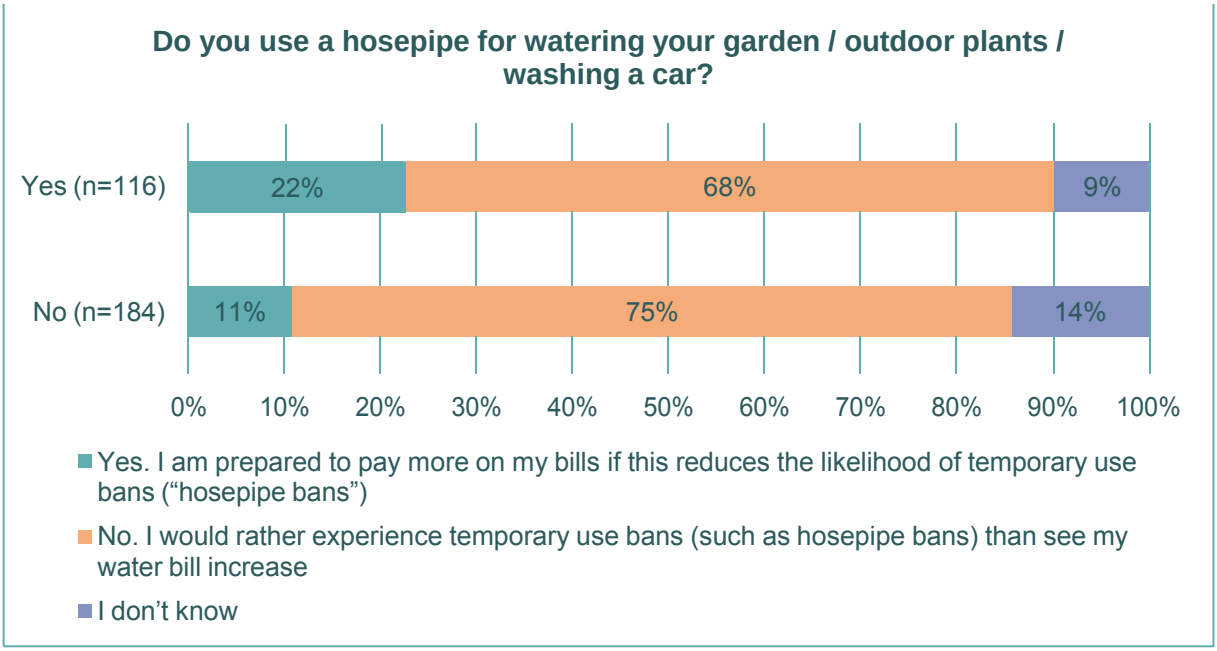
Figure 9: 'Do you think that we should be spending more to reduce the likelihood of such restrictions?' by 'How would you describe your daily water use?'



[6] Test statistic (Chi-sq)=6.93 with p value=0.031

Similarly, respondents who stated that they use a hosepipe for watering their garden, outdoor plants, or washing their car were more prepared to pay more on their bills to reduce the likelihood of temporary use bans (22%) than respondents who do not use a hosepipe (11%). There is a statistically significant difference between the two groups[7].

Figure 10: 'Do you think that we should be spending more to reduce the likelihood of such restrictions?' by 'Do you use a hosepipe for watering your garden / outdoor plants / washing a car?'

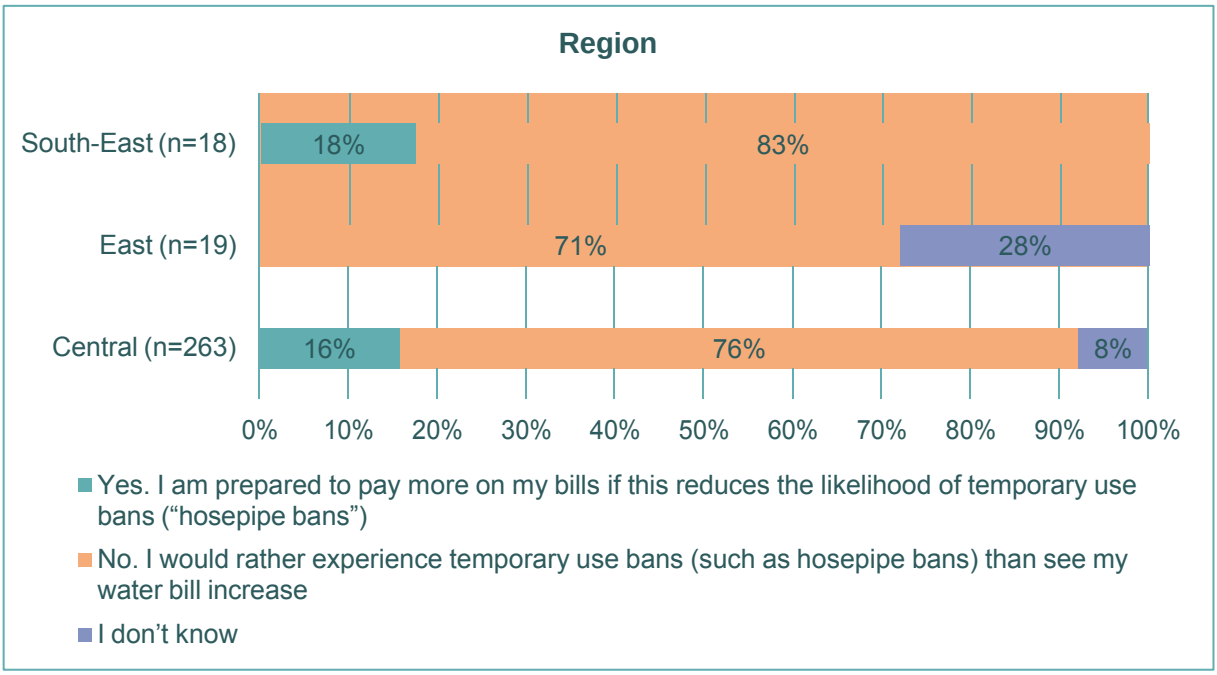


Respondents who live in the East region appear less willing to pay more on their bills to reduce the likelihood of temporary use bans (0%) than respondents in the South-East (18%) and Central (16%) regions. However, this association was not significant.[8]

Figure 11: 'Do you think that we should be spending more to reduce the likelihood of such restrictions?' by 'Region'

[7] Test statistic (Chi-sq)=7.9 with p value=0.019

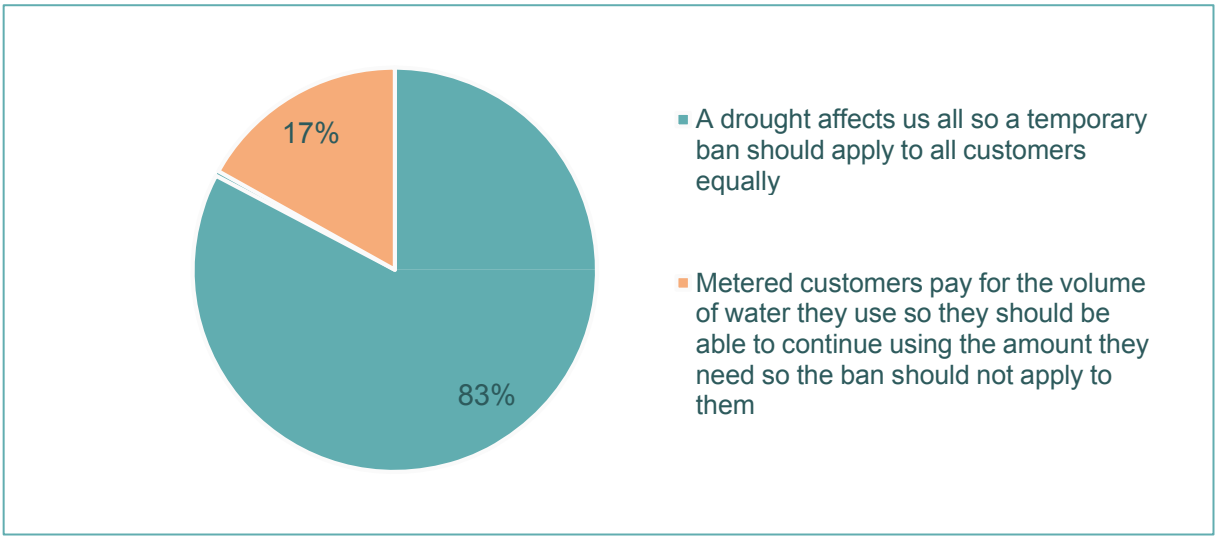
[8] Chi-sq



Which of the following statements comes closer to your view when a temporary ban is required?

Respondents were further asked which customers temporary use bans should apply to. The large majority of respondents (83%) stated that temporary use bans should apply to all customers equally, though just under a fifth (17%) thought that these bans should not apply to metered customers who pay for the volume of water they need and who therefore should be able to continue using the amount they need.

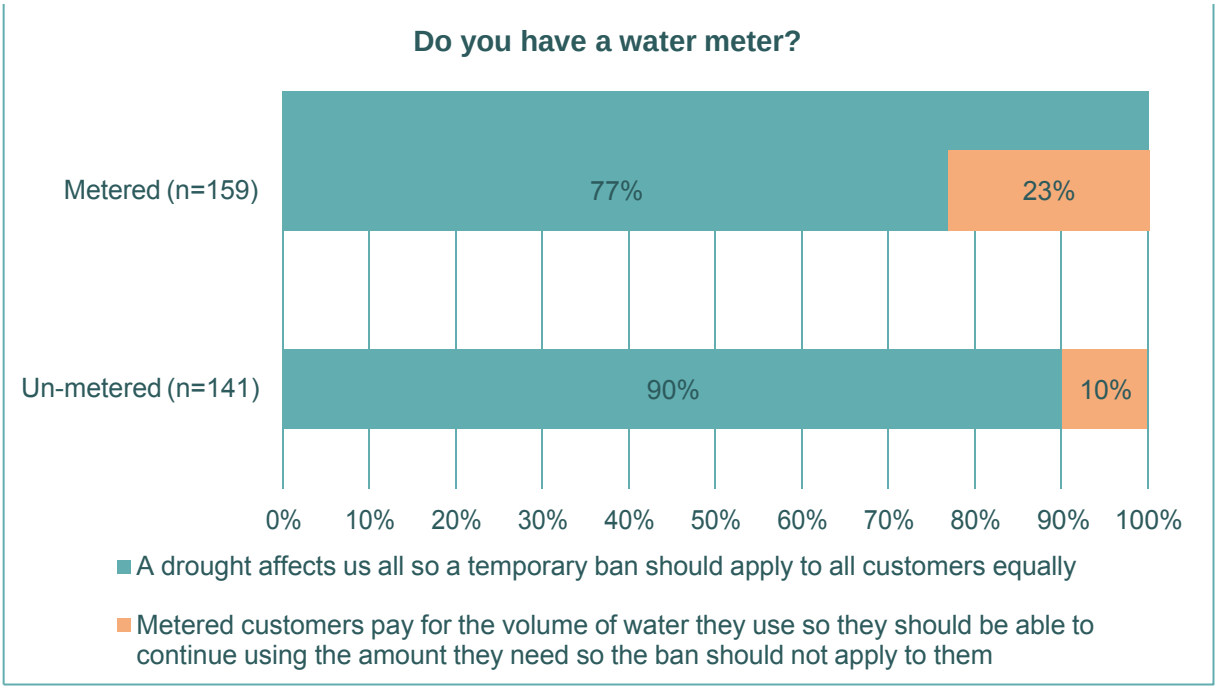
Figure 12: Which of the following statements comes closer to your view when a temporary ban is required? (n=300)



Unsurprisingly, respondents with a water meter were more likely to state that temporary use bans should not apply to metered customers who pay for the volume of water they need

(23%) compared to un-metered respondents (10%). There is a statistically significant difference between the two groups[9].

Figure 13: 'Which of the following statements comes closer to your view when a temporary ban is required?' by 'Do you have a water meter?'



How could we encourage our customers to voluntarily use less water during a drought?

Respondents were asked to suggest ways through which Affinity Water could encourage customers to voluntarily use less water during a drought. Of the 268 respondents who provided suggestions, the main themes included: education and awareness raising; incentives and disincentives; media; and practical measures.[10]

Education and awareness raising

One hundred and fifty-seven respondents suggested education and awareness raising activities as means to encourage customers to voluntarily use less water during a drought. One of the most popular suggestions was to provide customers with practical guidance on how to reduce their water usage (45 respondents), particularly amongst respondents with a household income of £50,000 or higher (17 respondents):

> "… Give simple but clear advice on all aspects of water use - showing volumes used for tasks and their equivalent in drinking bottles - to demonstrate the scale of use and wastage. Teach how to water a garden without wasting water - water

[9] Test statistic (Chi-sq)=9.84 with p value=0.002

[10] This total figure includes 28 respondents that were categorised under "Don't know", and 2 responses that were grouped under "miscellaneous" as no clear meaning could be inferred from the comments.

> butts, night time watering etc. Highlight what to look for when buying appliances - energy ratings mean electricity - but what about water efficiency? e.g. washing machine, dishwasher …"

The suggestion of practical guidance was also more common amongst respondents with water meters (28 respondents) than those without (13 respondents).

Other common suggestions also included: educating customers on the full implications of not reducing their water usage (43 responses); keeping customers informed as to the present situation and the reasons for the bans (22 responses); and appealing to customers' social conscience (10 responses).

> "By explaining the implications of too much use. By showing what could happen if we do have a drought, how it impacts everyone and the environment."

A small minority of respondents also felt it important that Affinity Water sets a good example through demonstrating its done all it can in terms of preventing or fixing leaks quickly and making efforts to reduce consumption of water (6 responses).

Incentives and disincentives

Forty-one respondents mentioned the potential use of various incentives to encourage customers to voluntarily use less water. Common incentives included: offering rewards or price reductions to customers that use less water during a drought; offering an annual reward such as a small rebate for houses that achieve a certain percentage drop in usage; cheaper bills; lowering bills or providing cash back; or providing discount when water is more readily available.

> "Maybe give customers (…) an incentive (for) saving water a reduction in their bill say for that year (…) or when water is in a good supply. It's always good to give customers a little back as I feel the charges for water are relatively high anyway."

> "Perhaps if a noticeably significant reduction in usage is noticed over a period (of time) then provide a bonus/credit of some sort."

A small number of respondents also suggested more punitive measures to encourage customers (15 respondents). These included increasing prices during droughts, warning customers that they will be charged a higher price over a certain quantity, and fining customers who don't follow restrictions.

> "The best way is to make them aware (…) that they will be charged more. Tell them that (the) hosepipe ban is for 3 months and if the usage does not drop then temporarily bills will go high."

Some respondents also suggested more widespread sanctions (17 respondents), including imposing a maximum use restriction, closing car washes, or operating a postcode system where water would be restricted on some days and could be used more sparingly on others.

Media

Thirty-six respondents suggested the use of media as a means to encourage customers to voluntarily use less water during a drought. The most popular suggestions among respondents were broadly in line with questions seven's findings. Specifically, respondents mentioned TV, leaflets, online channels (website and social media), and leaflets as potential channels of communication.

> "Continue to send out useful info with water bills and also on the website about ways to reduce/reuse water not only during a drought but all the time."

Several respondents also raised the possibility of "talking", "speaking", "asking" customers directly, or inviting them to local meetings (4 respondents).

Practical measures

A small number of respondents who provided suggestions mentioned practical measures such as water meters and water saving devices as incentives to voluntarily use less water during a drought (19 respondents). In particular, several respondents mentioned water butts or devices that save water in the shower or toilet (9 respondents).

> "Offer free/discounted water-saving solutions (water butt / toilet flush that reduces water by 50%)."

These suggestions came largely from respondents in the £25,000-£49,999 and £50,000 or more income brackets (8 respondents). Respondents on an income of less than £25,000 tended to suggest encouraging the use of water meters instead (7 respondents out of 10 suggestions across all income options).

> "If everyone was on a meter I'm sure they would be encouraged to use less water."

Respondents who owned water meters were also more likely to suggest them as a means to encourage customers to voluntarily use less water in comparison to those who didn't currently use one (9 respondents out of 10 total suggestions across water meter usage options).

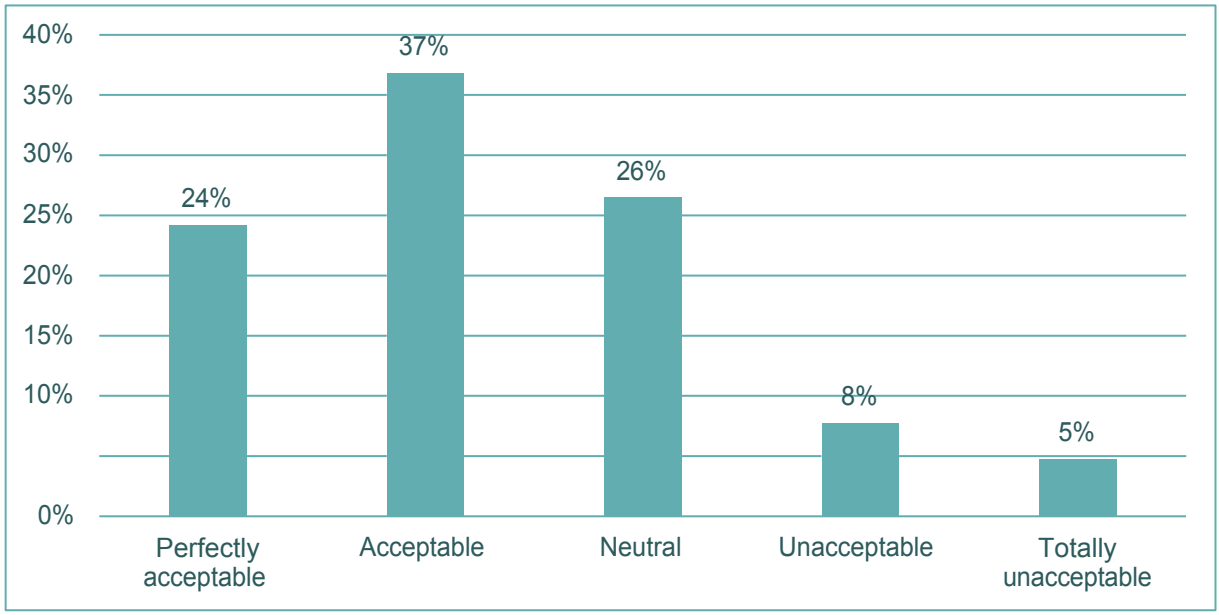
Drought orders

The survey also informed respondents that drought orders (formerly non-essential use bans) may need to be imposed if the severity of a drought continues to increase. Affinity Water plans to impose these no more frequently than 1 in 40 years.

To what extent do you feel that this frequency of non-essential use bans is acceptable?

Respondents were then asked how acceptable they find this frequency (1 in 40 years) of drought orders. As shown below, almost two thirds (61%) of respondents found this ban to be acceptable or perfectly acceptable.

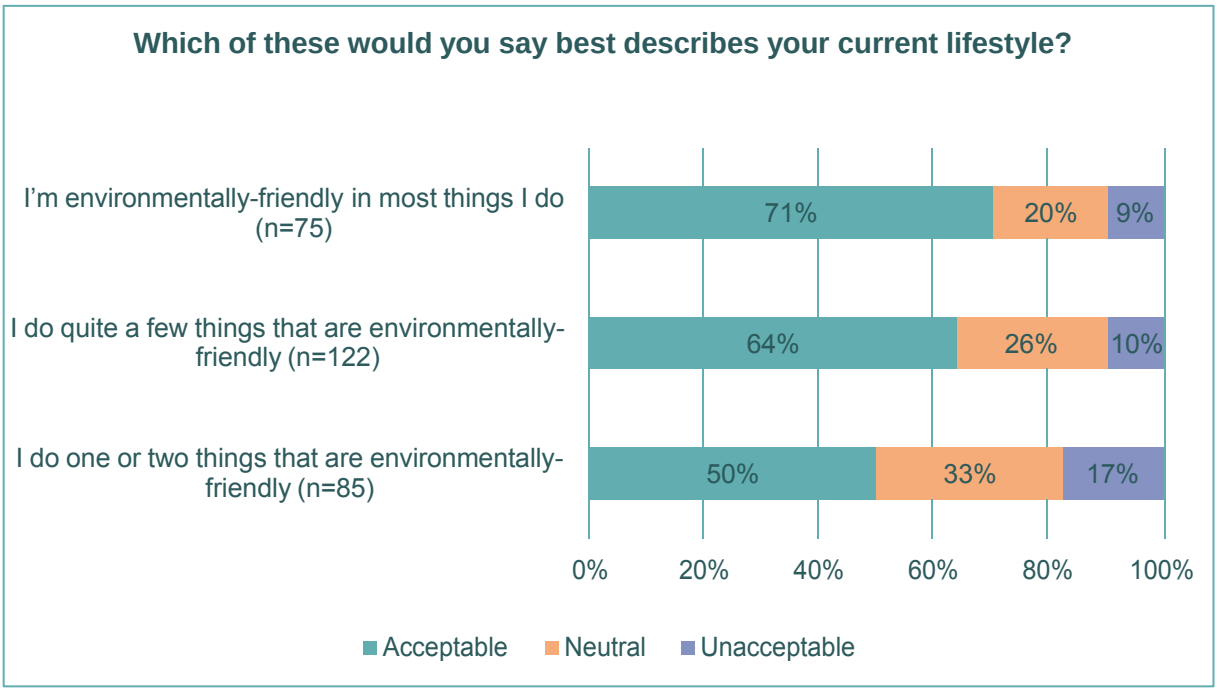
Figure 14: To what extent do you feel that this frequency of non-essential use bans is acceptable? (n=300)



Respondents who identified themselves as being more environmentally friendly, i.e. those who are environmentally-friendly in 'quite a few' (64%) or 'most' things they do (71%), found the frequency of drought orders more acceptable than those who identified as being less environmentally friendly, i.e. those who do one or two things that are environmentally friendly (50%). This association is statistically significant at the 10% significance level, but not the 5% significance level[11].

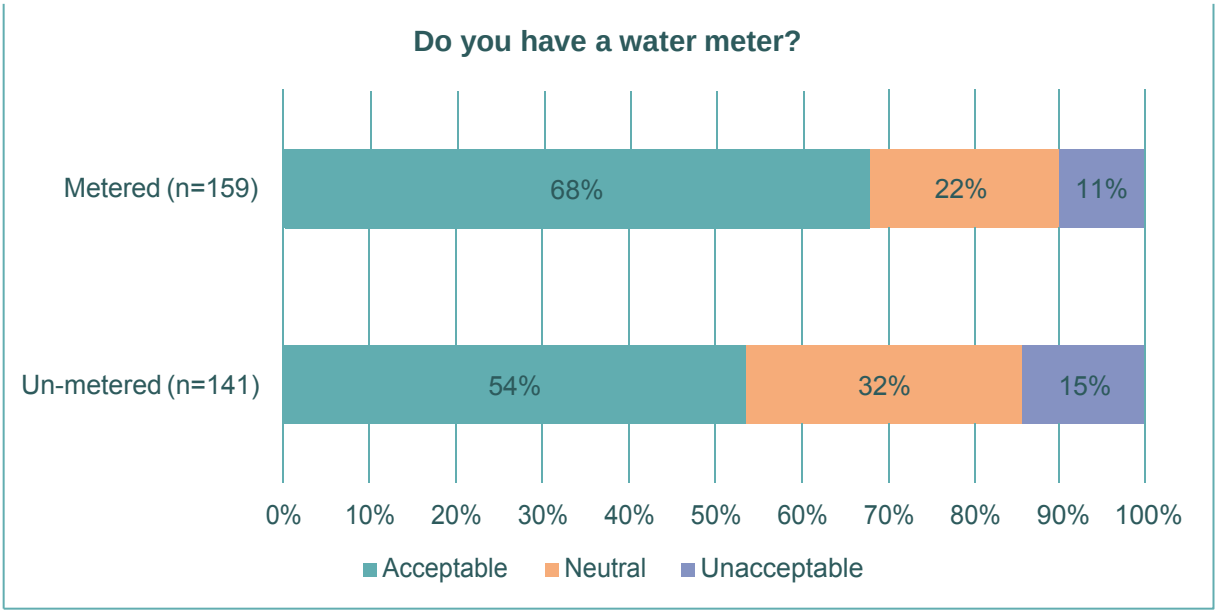
Figure 15: 'To what extent do you feel that this frequency of drought orders is acceptable?' by 'Which of these would you say best describes your current lifestyle?'

[11] The correlation between the variables has a correlation coefficient of -0.11 and a p-value of 0.069.



Respondents with a water meter (68%) found the frequency of drought orders more acceptable than those without a water meter (54%). There is a statistically significant difference between the two groups[12].

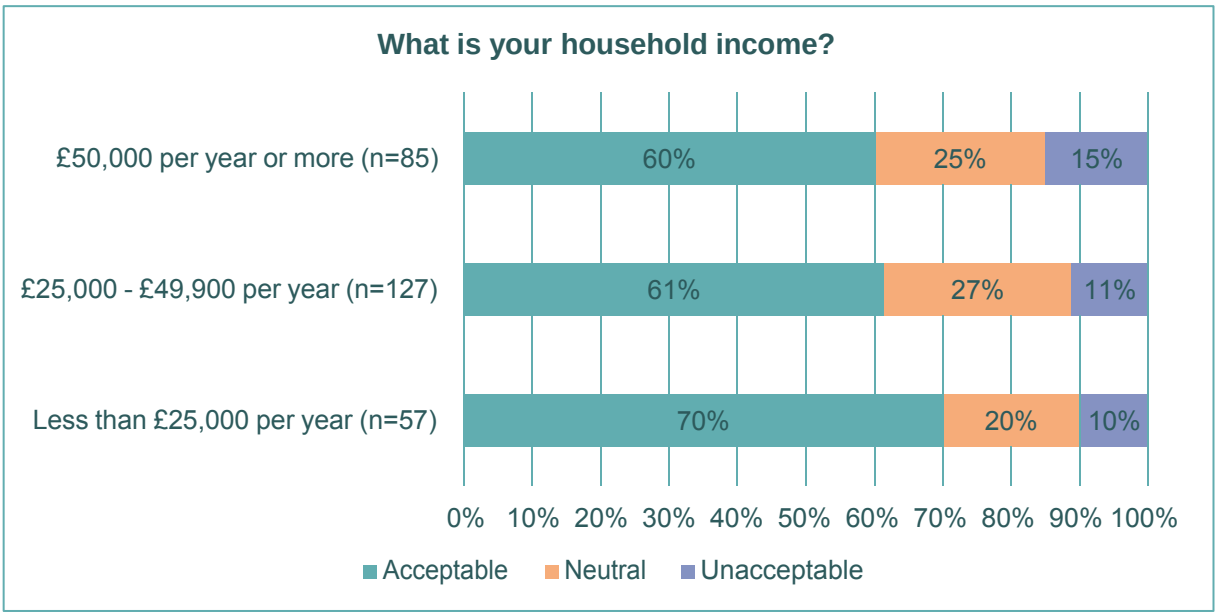
Figure 16: 'To what extent do you feel that this frequency of drought orders is acceptable?' by 'Do you have a water meter?'



As shown below, it appears that respondents from lower-income households found this frequency of drought orders more acceptable than respondents from higher-income households. However, there is no statistically significant association.

[12] Test statistic (Mann-Whitney U)=8267.5 with p value=0.021

Figure 17: 'To what extent do you feel that this frequency of drought orders is acceptable?' by 'What is your household income?'



To what extent do you feel that this frequency of non-essential use bans is acceptable? Could you say a bit about why?

One hundred and forty-four respondents that felt the frequency of non-essential use bans to be acceptable provided explanations grouped into the following categories[13]:

- frequency;
- the necessity of the ban to preserve the environment or water supplies;
- no significant hardship coming as a result of the ban's restrictions, and;
- collective and social responsibility.

Frequency

A large number of respondents (50 respondents) referenced the rarity of the non-essential use ban:

> "A one in a 40-year event is just once or twice in a lifetime - no big deal!"

This was the most common reason given by metered and non-metered respondents, and with a household income of less than £25,000.

[13] This total includes 2 responses that were grouped under "miscellaneous" as no meaning could be inferred from the comments.

Necessity of the ban

A number of respondents (37 responses) referenced the necessity of the ban to save water or preserve water supplies.

> "Water is the most essential product of any we use. At all costs, there needs to be sufficient water for everyone and some things are just not necessary during a drought. If more drastic measure are needed by the water companies, then this has to be done and 1 in 40 years is not at all unacceptable."

This was the most common reason given by respondents with a household income of £25,000-£49,999 (17 responses), and the second most common reason given by metered (25 responses) and non-metered (10 responses) customers.

No significant hardship

A number of respondents felt that the restrictions would have a minimal effect on households (28 respondents).

> "As a family it would be preferable to have clean drinking water and a reasonable amount of water to flush the toilet than clean cars."

> "These are all non-essential activities and would not necessarily affect one's quality of life."

One respondent expressed concern at people not being able to maintain a pond during the restrictions, which was a key point of concern amongst respondents that found the frequency of the ban unacceptable.

> "Some of these actions are like 'luxuries' so cut backs can be made. The only exception I think is if – for example – not maintaining a pond or similar has a knock on effect on wildlife, animals, fish etc."

Collective and social responsibility

A small number of respondents referenced people's collective or social responsibility to adhere to the non-essential use ban (16 respondents):

> "We all need a constant supply of fresh water and we all have a responsibility to help maintain that."

> "Acceptable as everyone has to do their bit for the environment"

Neutral and negative responses

Forty-one respondents that felt neutral towards the frequency of the non-essential use bans provided the following reasons: the necessity of the ban (10 responses); not being sure (8

responses); and concerns about the effects of restrictions on local businesses (6 responses).[14]

> "Restrictions placed on commercial businesses could severely affect their own profit margins."

Nine respondents that felt the frequency of non-essential use bans was unacceptable had specific concerns regarding the exact restrictions, including an inability to maintain garden ponds.[15] Others included health and safety concerns regarding a lack of dust suppression, and whether public transport providers such as aircraft and train companies could use water for safety and hygiene reasons.

> "There are health and safety issues regarding restricting commercial use e.g. suppressing dust. Happier to see restrictions where H&S is not an issue."

An extremely small number of respondents that felt the frequency of the ban was unacceptable explained that they had a right to unlimited water on paying their bill (3 responses).

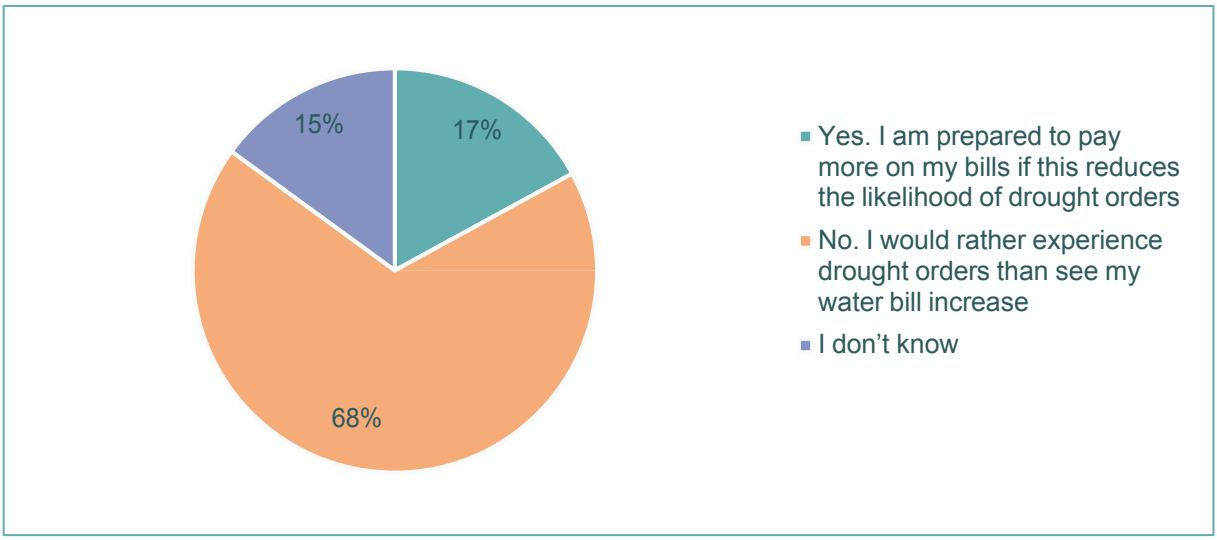
Do you think that we should be spending more to reduce the likelihood of such restrictions?

Respondents were asked whether Affinity Water should be spending more to reduce the likelihood of drought orders. Almost two thirds (68%) of respondents did not think that Affinity Water should spend more, and would rather experience drought orders than see their water bill increase. However, just under one fifth (17%) were prepared to pay more on their bills if this would reduce the likelihood of these restrictions.

Figure 18: Do you think that we should be spending more to reduce the likelihood of such restrictions? (n=300)

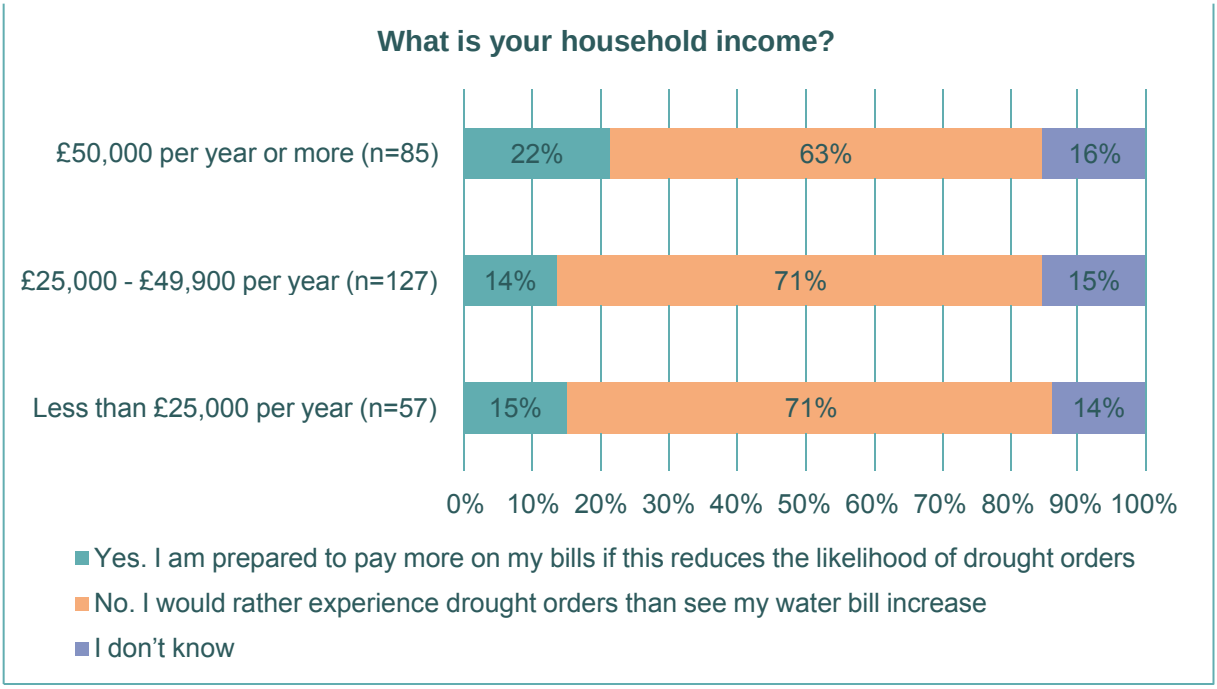
[14] This total includes 8 responses grouped under "not sure", and 5 responses that were grouped under "not applicable and miscellaneous" as no meaning could be inferred from the comments.

[15] This total includes 7 responses grouped under "misaligned response", which was applied when respondents' open-text comments were either ambiguous or appeared to contradict their closed response. It also includes 1 response grouped under "not applicable".



As shown below, respondents with a household income of £50,000 per year or more appear slightly more willing to pay more on their bills to reduce the likelihood of drought orders. However, this association was not statistically significant.

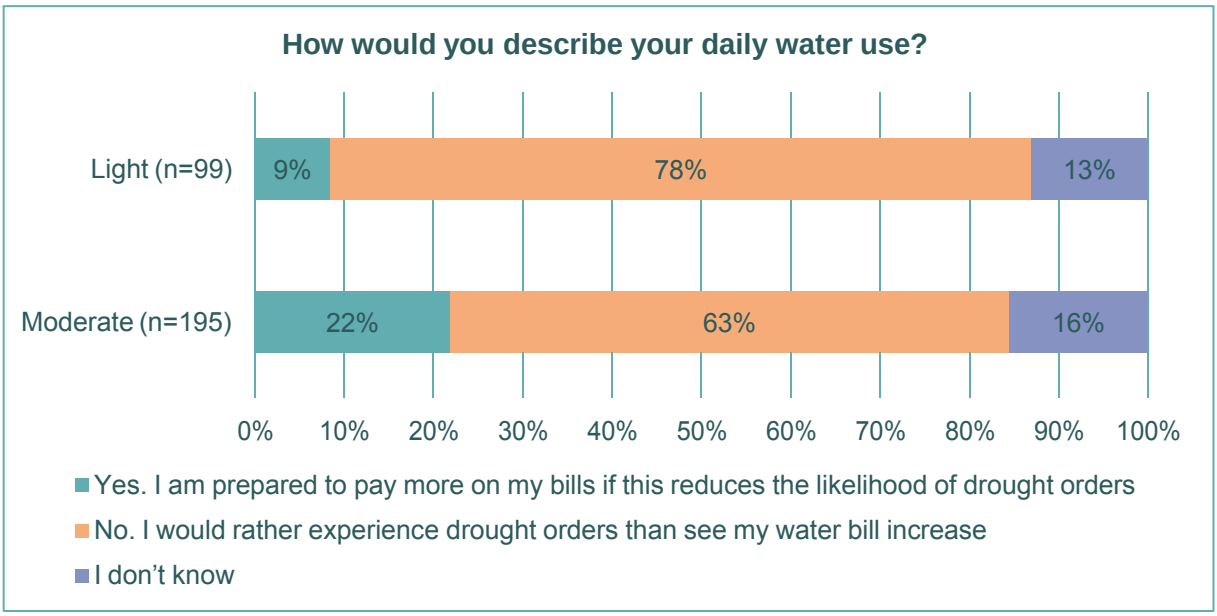
Figure 19: 'Do you think that we should be spending more to reduce the likelihood of such restrictions?' vs 'What is your household income?'



Similar to responses regarding temporary use bans, respondents who described their daily water use as 'moderate' were more prepared to pay more on their bills to reduce the likelihood of drought orders (22%) than respondents who described their daily water use as 'light' (9%). There is a statistically significant difference between the two groups[16].

[16] Test statistic (Chi-sq)=6.65 with p value=0.036

Figure 20: 'Do you think that we should be spending more to reduce the likelihood of such restrictions?' vs 'How would you describe your daily water use?'

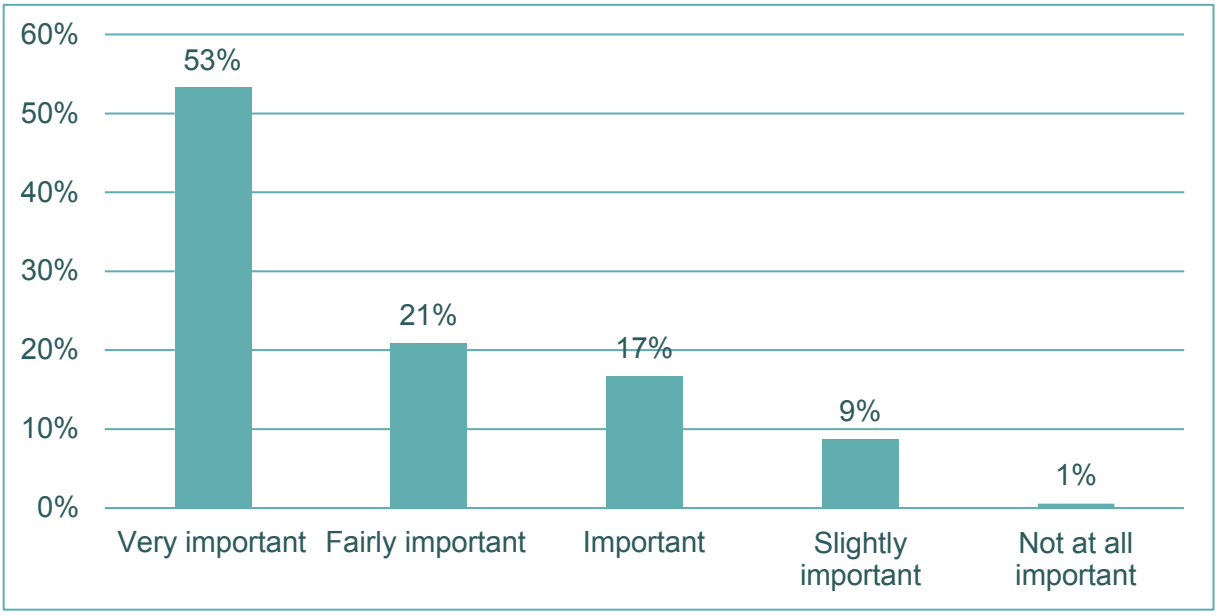


Attitudes towards saving water

To what extent do you agree or disagree that is important to save water for the sake of the environment?

Respondents were asked to what extent they agree or disagree that it is important to save water for the sake of the environment. Just under three quarters (74%) of respondents thought this was fairly or very important.

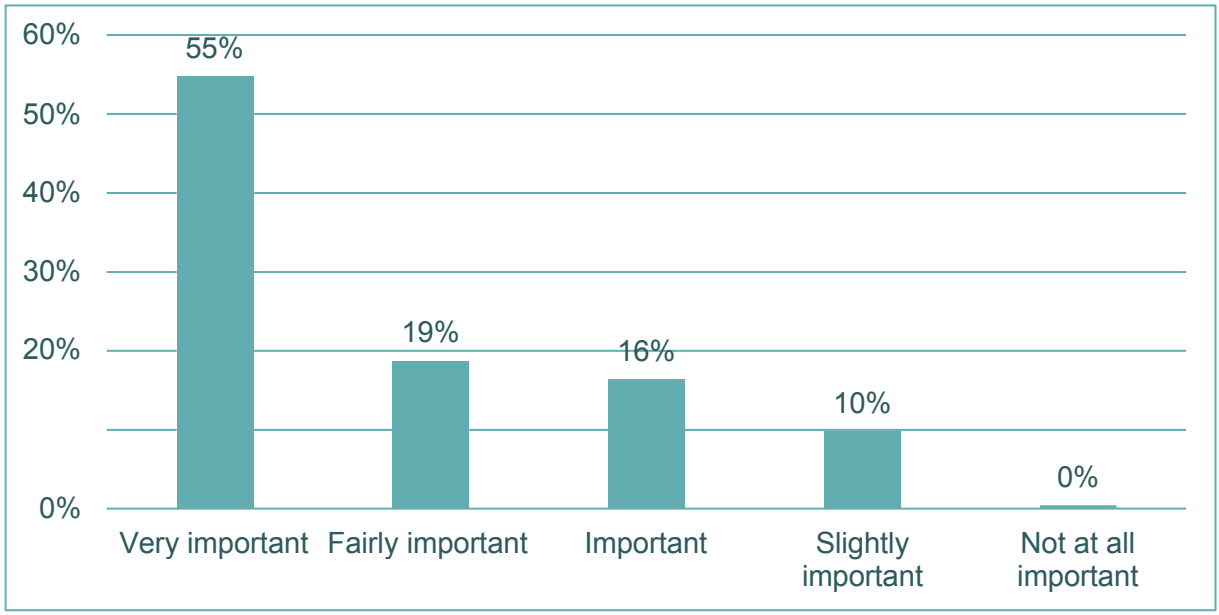
Figure 21: To what extent do you agree or disagree that is important to save water for the sake of the environment? (n=300)



To what extent do you agree or disagree that is important to save water for future generations?

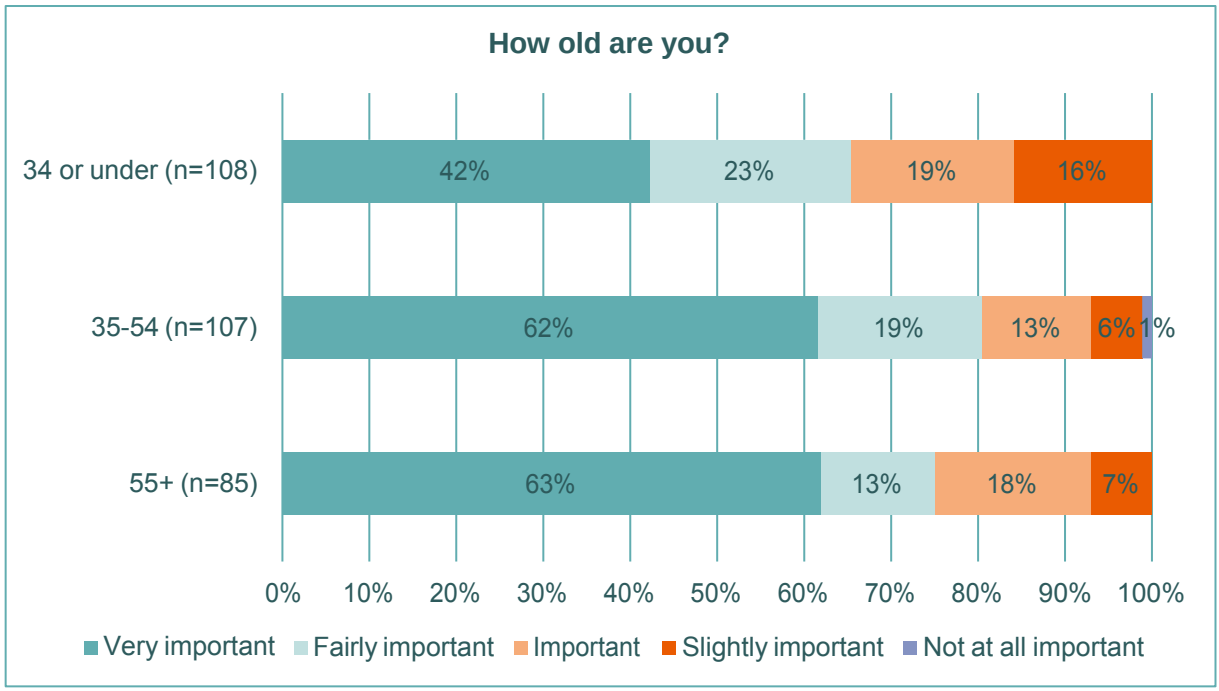
Respondents were further asked whether they agree or disagree that it is important to save water for future generations. Similarly, three quarters (75%) thought this was fairly or very important.

Figure 22: To what extent do you agree or disagree that is important to save water for future generations? (n=300)



Interestingly, older respondents were slightly more likely to state that it is important to save water for future generations than younger respondents (under the age of 35). However, there is no statistically significant association between age groups.

Figure 23: 'To what extent do you agree or disagree that is important to save water for future generations?' by 'How old are you?'

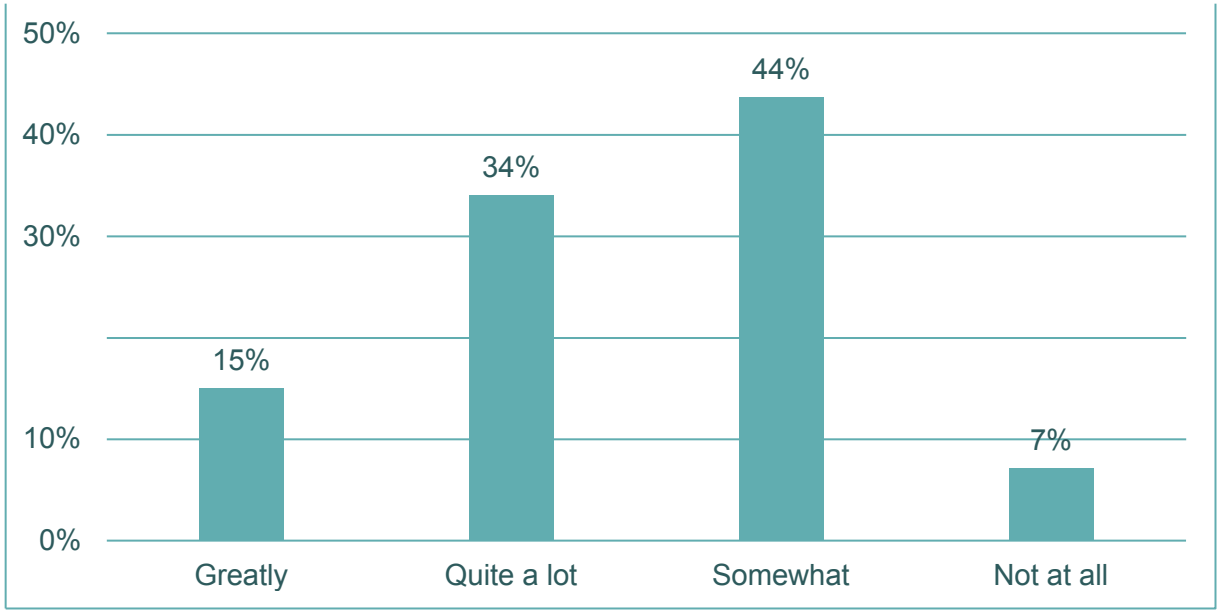


Understanding of Affinity Water's plans

To what extent, if at all, has this survey improved your understanding of Affinity Water's plans

The large majority of respondents (93%) stated that the survey improved their understanding of Affinity Water's plans to some extent.

Figure 24: To what extent, if at all, has this survey improved your understanding of Affinity Water's plans



If your understanding about Affinity Water's work has improved could you describe a little about how?

Two hundred and thirty-one respondents who felt that their knowledge about Affinity Water's plans had improved provided explanations that were subsequently grouped into four main areas of improvement[17]:

- droughts;
- water;
- Affinity Water and its work; and
- general improvements in knowledge

Common words or phrases among responses included "bans", "drought", "future", "restrictions" and "environment".

Droughts

Many respondents felt that the survey had improved their knowledge of droughts and associated bans and restrictions (97 respondents). Specifically, 40 respondents felt that their knowledge of drought measures had improved, which included the steps that are taken ahead of a ban being announced, the different levels of restrictions that could be put in place during a water shortage, as well as the exact restrictions.

> "It's helped me to appreciate the measures that must be taken in the events of droughts of varying severity and the importance of taking these steps to conserve water resources."

Respondents also referenced improvements in knowledge as to the frequency of bans (27 respondents), the reasons for bans (21 respondents) and the meaning and/or frequency of hosepipe bans specifically (7 respondents).

Water

Sixty-five respondents mentioned that the survey had improved their understanding of water-related topics. In particular, 41 respondents felt that they had a better understanding of the importance of saving water for future generations or to preserve the environment, the steps needed to save more water, or how they could save water themselves.

> "It has opened my eyes and made me more aware of what is really going on. Helping me to see thing from a different way and take better care of a precious resource, that we most take for granted."

In addition, respondents also improved their understanding of water supplies (20 respondents) and water meters (4 respondents).

[17] This total includes 12 responses grouped under "not applicable, not sure and miscellaneous".

Affinity Water and its work

Sixty-four respondents felt that their understanding of Affinity Water and it's work had improved. In particular, 41 respondents mentioned that they had a better idea about Affinity Water's plans for the future.

> "I also see how the company is trying to prevent issues in the future, which improved my understanding of why there may be changes in the future."

Common points of interest within this theme included Affinity Water's work to fix leaking pipes (8 respondents) and efforts to help protect the environment (7 respondents). A small number of respondents (13 respondents) also mentioned that the survey had helped them understand Affinity Water's positive approach with customers, whether that be keeping them up-to-date with their activities or plans, taking steps to lessen the impact on the customer.

> "This survey was informative, which feels like a two-way conversation rather than you just requiring my opinion. I feel I will pay good attention to whatever literature I receive from you moving forward on the subject."

To a lesser extent, an improved general understanding of Affinity Water's work (5 respondents) and Affinity Water's existence (4 respondents) were also mentioned.

General improvements

An extremely small number of respondents (6 respondents) mentioned that the inclusion of facts and figures had helped improve their understanding.

> "The data pages surprised me with their detail levels."

An equal number of respondents also referenced general improvements in their knowledge.

If your understanding about Affinity Water's work has not improved, could you say a little bit about what information would be useful for you?

Seventeen respondents felt that their understanding of Affinity Water's work had not improved provided further details.[18] Five respondents chose to explain what information would be useful to them, including more information about droughts and their impacts on the environment, future strategies for water reserves and definite timescales on when Affinity Water is planning to make proposed changes. One respondent also raised a wide range of additional questions, many of which focused on consumer behaviour:

> "… How safe is the drinking water and what are you doing about lead pipes. What do we need to know when buying appliances that use water? (…) How can technology help us - app, smart meters, how can we recycle water from washing machine outlet pipes? What are you doing to educate new generations and

[18] This total includes 4 responses that were either general comments or comments that appeared to contradict respondents' closed responses.

people new to the country on our water system… what not to pour down street drains, the toilet etc."

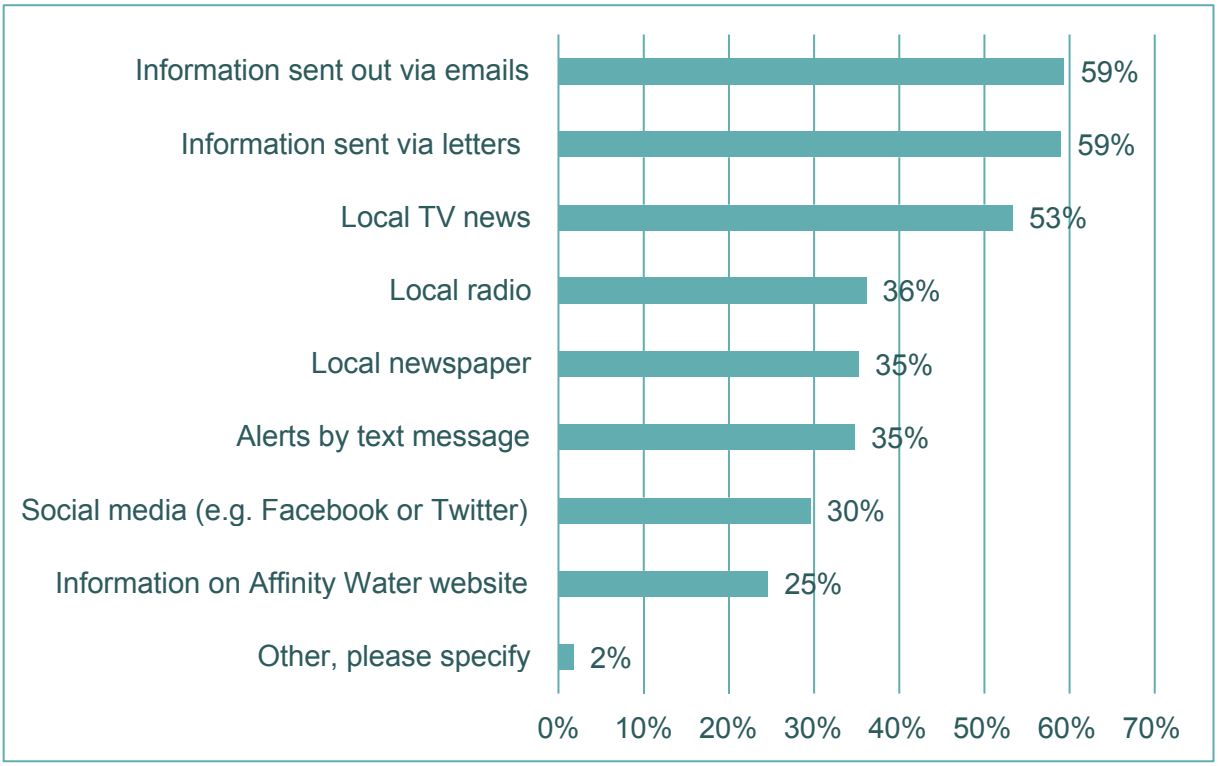
Eight respondents who felt that their understanding about Affinity Water's work had not improved as a result of the survey spoke about their reasons as to why not. The main issue raised included a lack of new information.

Communicating with customers

What are the best ways for water companies to inform you about a drought and possible water use restrictions?

The preferred methods for informing respondents about a drought and possible water use restrictions were via letters (59%), emails (59%) and local TV news (53%).

Figure 25: What are the best ways for water companies to inform you about a drought and possible water use restrictions? (n=300)

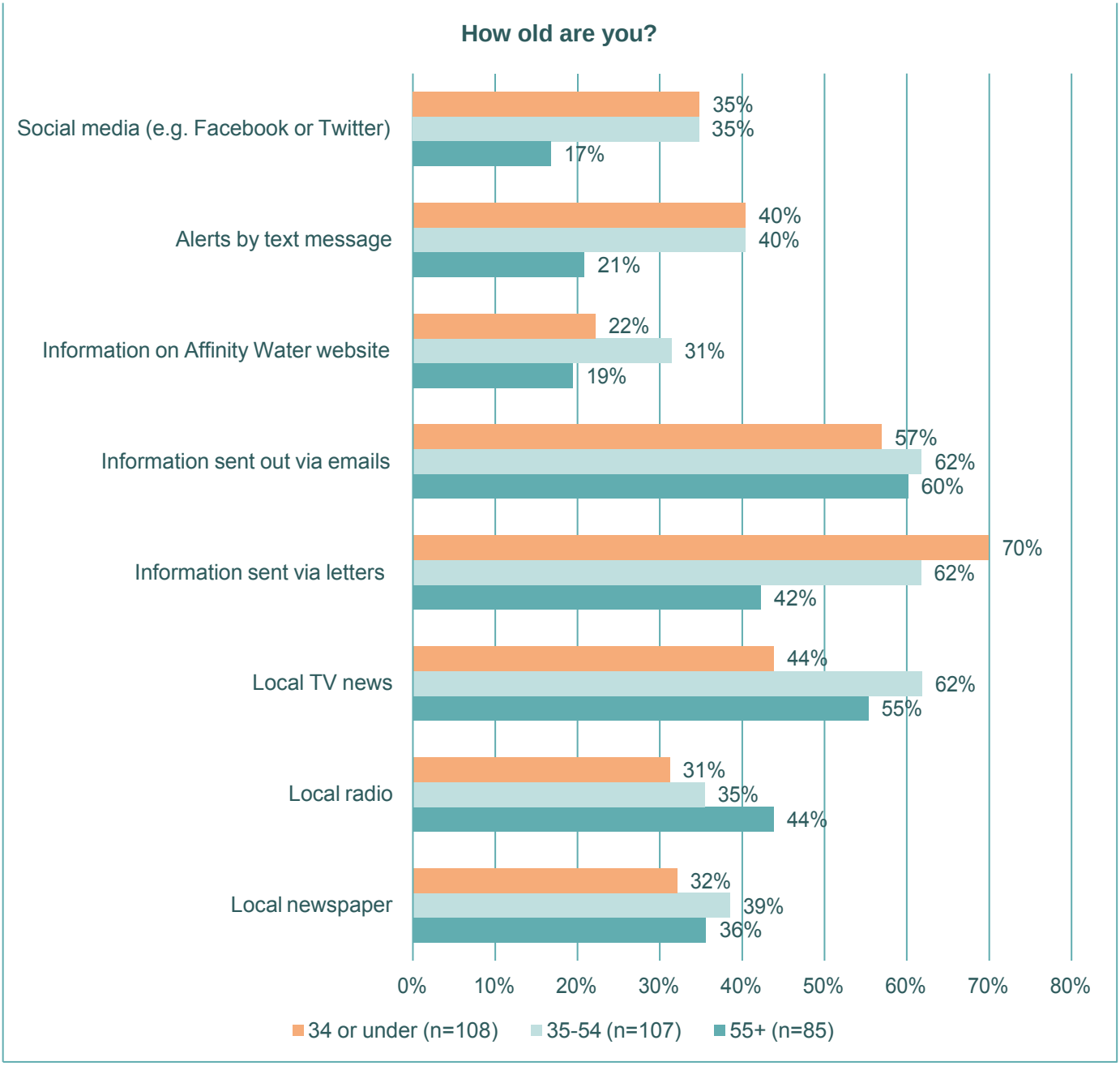


'Other' responses included:

- Information sent with water bills
- Leaflets
- National news
- On the underground
- Street notices, for example on lamppost

Younger respondents (under the age of 55) had a greater preference for being informed via social media and text message than older respondents (55+).

Figure 26: 'What are the best ways for water companies to inform you about a drought and possible water use restrictions?' by 'How old are you?'



Appendix 1: Methodology

Quantitative analysis

The quantitative analysis of the survey's closed responses was carried out in Excel. Headline findings were produced and then key questions were cross-tabulated against relevant respondent details, most commonly: water meter usage; household income; and lifestyle in regard to the environment. Additional cross-tabs, such as water usage and use of hosepipes were applied where relevant.

Qualitative analysis

The qualitative analysis of the survey's open-end responses derives from a review of coded themes to each response for each question.

The thematic analysis for each question consisted of several steps:

Phase I was an initial scan for common themes, supported by a word frequency search using Nvivo 10. For questions 4a and 9a, responses were also grouped within a hierarchical coding structure of positive, neutral and negative responses according to respondents' answers to questions 4 and 9.

Phase II comprised the development of categories and sub-categories for each question according to thematic content, merging and collapsing identified categories until key themes became readily apparent.

Phase III comprised the cross-tabulation of question 8 and several themes identified within question 4a and 9a[19] with three crosstabs identified during the quantitative analysis: water meter usage; household income; and lifestyle in regard to the environment. The results were also fed back into the quantitative research. Findings from these cross-tabulations are reported in general terms due to the size of the themes analysed.

The coding structure can be found in Appendix 4.

[19] Identified themes had a threshold of at least 30 respondents and references.

Appendix 2: Full closed survey responses (unweighted)

Total number of respondents: 300

Q1 - Which of the following statements best describes how you and your household respond to a drought situation?	Count	%
I / we always try to use water wisely, regardless of whether there is a drought	169	56 %
I / we would try to reduce the amount of water used, such as taking shorter showers and re-using water in the garden during a drought	92	31 %
I / we would not really change how I/we use water	21	7%
I / we would probably use a bit more water if it's dry - taking more showers and watering plants / the garden	2	1%
I don't remember ever having experienced a drought in this area	16	5%

Q2 - When do you think the last drought was in this area?	Count	%
Less than a year ago	15	5%
1 year ago	19	6%
2 years ago	54	18%
3 years ago	62	21%
4 years ago	31	10%
5 years ago	20	7%
More than 5 years ago	99	33%

Q3 - When do you think the last temporary use restriction ("hosepipe ban") was in this area?	Count	%
Less than a year ago	9	3%
1 year ago	24	8%
2 years ago	50	17%
3 years ago	64	21%
4 years ago	33	11%
5 years ago	31	10%
More than 5 years ago	89	30%

Q4 - To what extent do you feel that this frequency [1 in 10 years] of Temporary Use Bans ("hosepipe bans") is acceptable?	Count	%
Totally unacceptable	13	4%
Unacceptable	15	5%
Neutral	42	14%
Acceptable	132	44%
Perfectly acceptable	98	33%

Q5 - Do you think that we should be spending more to reduce the likelihood of such restrictions?	Count	%
Yes. I am prepared to pay more on my bills if this reduces the likelihood of temporary use bans ("hosepipe bans")	46	15%
No. I would rather experience temporary use bans (such as hosepipe bans) than see my water bill increase	217	72%
I don't know.	37	12%

Q6 - Which of the following statements comes closer to your view when a temporary ban is required?	Count	%
A drought affects us all so a temporary ban should apply to all customers equally	242	81%
Metered customers pay for the volume of water they use so they should be able to continue using the amount they need so the ban should not apply to them	58	19%

Q9 - To what extent do you feel that this frequency [1 in 40 years] of non-essential use bans is acceptable?	Count	%
Totally unacceptable	15	5%
Unacceptable	24	8%
Neutral	75	25%
Acceptable	108	36%
Perfectly acceptable	78	26%

Q10 - Do you think that we should be spending more to reduce the likelihood of such restrictions?	Count	%
Yes. I am prepared to pay more on my bills if this reduces the likelihood of drought orders	54	18%
No. I would rather experience drought orders than see my water bill increase	194	65%
I don't know	52	17%

Q7 - What are the best ways for water companies to inform you about a drought and possible water use restrictions? (Respondents able to select all that apply)	Count	%
Local newspaper	110	37%
Local radio	106	35%
Local TV news	162	54%
Information sent via letters	172	57%
Information sent out via emails	170	57%
Information on Affinity Water website	77	26%
Alerts by text message	104	35%
Social media (e.g. Facebook or Twitter)	101	34%
Other, please specify	5	2%

Q11 - To what extent do you agree or disagree that it is important to save water for the sake of the environment?	Count	%
Not at all important	1	0%
Slightly important	26	9%
Important	55	18%
Fairly important	55	18%
Very important	163	55%

Q12 - To what extent do you agree or disagree that is important to save water for future generations?	Count	%
Not at all important	2	1%
Slightly important	27	9%
Important	47	16%

Fairly important	50	17%
Very important	174	58%

Q13 - To what extent, if at all, has this survey improved your understanding of Affinity Water's plans	Count	%
Not at all	20	7%
Somewhat	130	43%
Quite a lot	103	34%
Greatly	47	16%

Appendix 3: Respondents' profile

Total number of respondents: 300

Do you have a water meter?	Count	%	*Target count*	*Target %*
Yes	168	56%	*147*	*49%*
No	115	38%	*153*	*51%*
Don't know	17	6%	-	-

How would you describe your daily water use?	Count	%
Light	111	37%
Moderate	184	61%
Heavy	4	1%
Don't know	1	0%

Do you use a hosepipe for watering your garden / outdoor plants / washing a car?	Count	%
Yes	116	39%
No	184	61%

How many people (adults and children) live in your household?	Count	%
Just me	43	14%
2	113	38%
3	57	19%
4	60	20%

5 or more	27	9%

Who in your household pays your Affinity Water bill?	Count	%
I pay the water bill	184	61%
I pay the water bill jointly with my spouse/partner	116	39%

What is your household income?	Count	%
Less than £25,000 per year	87	29%
£25,000 - £49,900 per year	112	37%
£50,000 per year or more	68	23%
Prefer not to say	33	11%

Are you a Low Income Tariff customer?	Count	%	*Target count*	*Target %*
Yes	33	11%	*5*	*1.6%*
No	230	77%	*295*	*98.4%*
Prefer not to say	4	1%	-	-
Don't know	33	11%	-	-

Do you consider yourself to have a disability?	Count	%	*Target count*	*Target %*
Yes	34	11%	*24*	*8%*
No	263	88%	*276*	*92%*
Prefer not to say	3	1%	-	-

What is your gender?	Count	%	*Target count*	*Target %*
Female	192	64%	*153*	*51%*
Male	108	36%	*147*	*49%*

How old are you?	Count	%	*Target count*	*Target %*
Under 24	12	4%	*57*	*19%*
25-34	65	22%	*60*	*20%*
35-44	66	22%	*60*	*20%*
45-54	76	25%	*42*	*14%*
55-64	43	14%	*33*	*11%*
65+	35	12%	*48*	*16%*
Prefer not to say	3	1%	-	-

What best describes your ethnic group?	Count	%
Asian	26	9%
Black	9	3%
Mixed	4	1%
Other ethnic group	5	2%
Prefer not to say	8	3%
White	248	83%

Affinity water geographical region	Count	%	*Target count*	*Target %*
Central	274	91.3	269	89.7
East	14	4.7	15	5.0

South-East	12	4.0	16	5.3

Which option is closest to your situation?	Count	%
I live near a local river / lake / pond or visit one regularly	157	52%
I don't live near a local river / lake / pond or visit one regularly	143	48%

To what extent are you concerned to see local rivers / lakes / ponds dried up	Count	%
Very concerned	100	33%
Concerned	66	22%
Fairly concerned	103	34%
Not concerned	24	8%
Not at all concerned	7	2%

Which of these would you say best describes your current lifestyle?	Count	%
I don't really do anything that is environmentally-friendly	8	3%
I do one or two things that are environmentally-friendly	78	26%
I do quite a few things that are environmentally-friendly	124	41%
I'm environmentally-friendly in most things I do	73	24%
I'm environmentally-friendly in everything I do	9	3%
Don't know	8	3%

If you would be willing to be contacted to take part in future research for Affinity Water please complete your contact details	Count	%

No, I don't want to be contacted	102	34%
Yes, please contact me	197	66%
No response	1	0%

Appendix 4: Code structure

Question 4a: To what extent do you feel that this frequency of Temporary Use Bans ("hosepipe bans") is acceptable? Could you say a bit about why?

Name	References
Q4a Why respondents feel how they do towards Temporary Use Bans	300
Acceptable	195
Necessity of ban	84
No significant hardship	36
Frequency	34
Acceptable	31
Should be more often	3
Collective and social responsibility	18
Encourages responsible use	18
Ban as a reasonable response	9
General agreement	7
Water as a vital resource	5
Neutral	30
Necessity for environment	6
Prioritise prevention	5
Inconvenience	4
Doubts over effectiveness	4
Not applicable	3
Reasonable response	3
Not sure or need more info	2
Not affected	2
No choice	2
Unacceptable	23
Answer misaligned with selection	8
Other suggested measures	6
Customers' rights	3
Availability of water	3
Frequency	2
General disagreement	1

Question 8: How could we encourage our customers to voluntarily use less water during a drought?

Name	References
Q8 How could Affinity Water encourage customers to voluntarily use less water	300
Education and awareness raising	157
Practical guidance	45
Risks of not reducing	43
General	25
Present situation and reasons for bans	22
Appeal to customers' conscience	10
Demonstrate Affinty Water's own efforts	6
Detail benefits	4
Education in schools	2
Incentives and disincentives	73
Incentives	41
Widespread sanctions	17
Disincentives	15
Increase in bills	13
Fines	2
Media channels	43
TV	9
General	8
Online	5
Leaflets	5
Letters	4
Talking	4
Posters	3
Email	2
Texts	1
Infographics	1
Radio	1
Don't know	21
Practical measures	19
Water meters	10
Water saving devices	9
Not possible	8
Miscellaneous	2
Not necessary	1

Question 9a: To what extent do you feel that this frequency of non-essential use bans is acceptable? Could you say a bit about why?

Name	References
Q9a Why respondents feel how they do towards non-essential use bans	300
Acceptable	144
Frequency	50
Necessity	37
No significant hardship	28
Collective and social responsibility	16
Reasonable	10
Caveats	7
Better prevention	6
Water as a vital resource	5
Miscellaneous	2
Neutral	41
Necessity of ban	10
Not sure	8
Effects on businesses	6
Not applicable and miscellaneous	5
General comments	5
Not affected	3
Better prevention required	2
Issues with restrictions	2
Unacceptable	31
Issues with restrictions	9
Misaligned response	7
General disagreement	5
Customers' rights	3
Effect on businesses	3
Need for better prevention	2
Not applicable	1

Question 13a: If your understanding about Affinity Water's work has improved could you describe a little bit about how?

Q13a How respondents' knowledge improved	300
Droughts	97
Measures	40
Frequency	27
Reasons for bans	21
Hosepipe bans	7
Past bans	2
Water knowledge	65
Water saving	41
Water supply	20
Aquifiers	3
Water meters	4
Understanding of Affinity Water	64
Plans	41
Leaking pipes	8
Environment	7
Care about customers	13
General understanding	5
Existence	4
Improvement	1
General comments	14
General improvement	12
Facts and figures	6
General improvement	6
Not applicable, not sure and miscellaneous	12

Question 13b: If your understanding about Affinity Water's work has not improved, could you say a little bit about what information would be useful for you?

Name	References
Q13b What information would be uesful for respondents	17
Reasons for non-improvement	8
Information that would be useful	5
Miscellaneous	4

Annex 3: Phase 0 Scoping and immersion

Ph0.1 – Triangulation Report: Phase 0

Ph0.2 – PR19: Triangulation and validation of our phase 0 customer engagement

Ph0.3 – Phase 0: Operational Data Report

Annex 3: Phase 0 Scoping and immersion

Ph0.1 – Triangulation Report: Phase 0

Affinity Water

Customer Engagement Programme

Triangulation Report: Phase 0

PR19 CustEng-ArpIpM-PH0-TRGN-TREP-001

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Contents

1 Introduction and purpose

1.1 Purpose

This report sets out the data collected and analysed during this phase of Affinity Water's Customer Engagement Programme for PR19. The aim of this report is to:

a) Clearly record all of the activities that took place during phase 0 and our findings from it.

b) Set out our recommendations for Affinity Water in three key ways:

- To inform the next phase of the Customer Engagement Programme (with respect to Market Research, Operational Data, and linked activities)
- To inform the Business Plan; understanding the implications of what customers have told us for the Business Plan itself
- Where appropriate, identify opportunities for business-as-usual customer engagement.

1.2 Background and context

Triangulation

Triangulation is described as the process of "using multiple and independent measures to examine a hypothesis or conclusion being investigated, with the intent of using multiple perspectives to minimise bias and maximise validity"[1].

Recent guidance for the Consumer Council for Water[2] set out four key conclusions for the application of triangulation. These are summarised below:

- The approach should be transparent and apply clear rationale
- It must be flexible for different needs and situations
- It must learn from contradictory evidence
- It must take deliberate steps to avoid confirmation bias.

On this basis, we have developed an approach to triangulation for phase 0, but we recognise that we will need to be flexible, and build on this approach at the end of phase 1. In future phases we will be triangulating information from a wider range of sources, and in particular combining qualitative and quantitative research methods. This builds on the concept that triangulation is in and of itself a learning process.

Figure 1 reflects Ofwat's expectations of the types of data sources that should be considered to inform water company business plans. This report focuses on two of these approaches: operational data and other methods. Affinity Water has advised it intends to carry out economic research in late 2017 / early 2018.

[1] ICF for CC Water, *Defining and applying 'triangulation' in the water sector*, July 2017
[2] ICF for CCWater, *ibid*

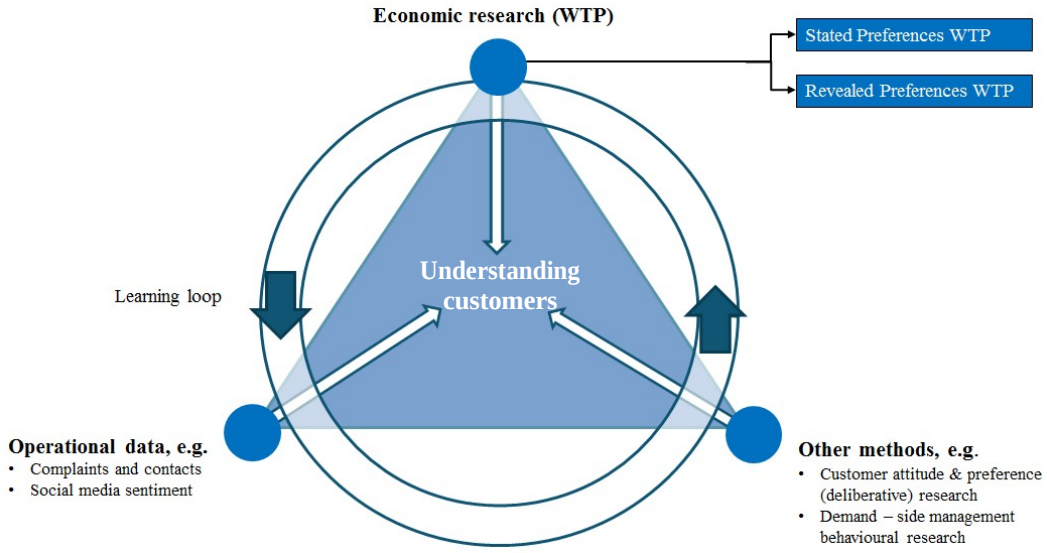


Figure 1: Triangulation Approach (Arup, developed from Ofwat)

PR19 Customer Engagement Programme: Phase 0 objectives

This report brings together the findings from Phase 0 of the Customer Engagement programme, which was focussed on "listening and learning". The objectives of this phase were to:

- Review Affinity Water's vision, objectives and ambitions for engagement
- Review Affinity Water's approach to customer engagement at PR14 and lessons learnt
- Build on existing work in preparation of PR19 programme
- Build internal governance structures to deliver engagement services
- Review of Ofwat requirements for PR19
- Understand sources of operational customer contact
- Develop the customer engagement programme
- Identify of themes for initial engagement
- Explore customers' issues and concerns; starting a conversation with customers
- Carry out triangulation and learning to inform Phase 1.

PR19 Programme Milestones

The customer engagement programme is part of a wider programme for PR19. Affinity Water is beginning to identify customer outcomes. These are due to be confirmed in 2018.

1.3 Approach

Our approach to triangulation at phase 0 is broadly similar to that used by Affinity Water in phase 1 at PR14[3], and has been summarised in figure 2. In distinction to PR14, we have not classified different levels of quality of engagement activity (at PR14, Affinity Water classified its customer research into one of three categories: 'influence', 'inform' and 'insight'). This did not seem appropriate given the research undertaken to date.

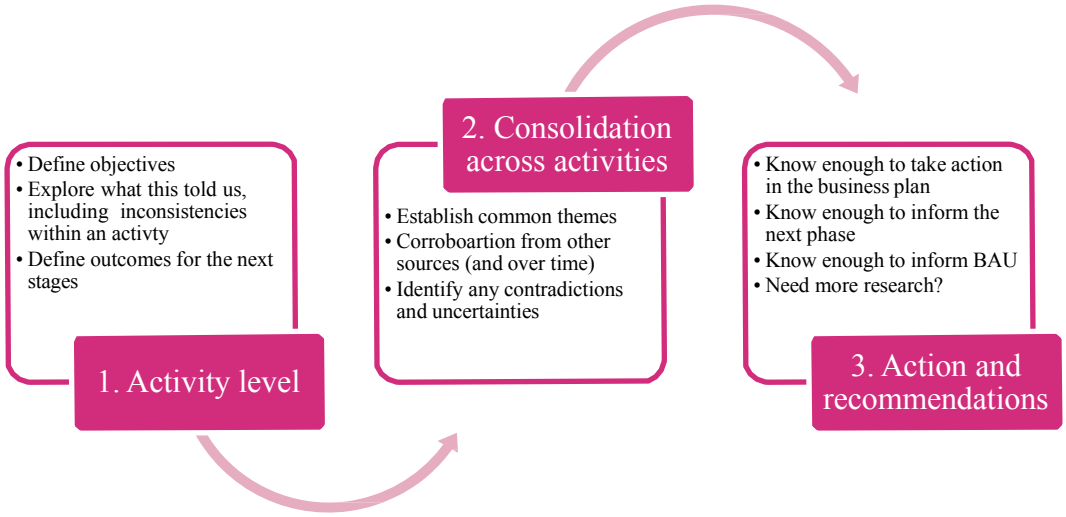


Figure 2: Overview of approach to triangulation at phase 0

This report references the approach and findings at an activity level, and seeks to consolidate - bringing together common themes, as well as highlighting contradictions and uncertainties. Our approach to triangulation at phase 0 has been qualitative and has not sought to give weightings to evidence from different sources. We will seek to learn from this and will consider how we might build on this approach at phase 1.

1.4 Report structure

The remainder of this report is structured as follows:

- Section 2 provides an overview of all of the customer engagement activity to inform PR19 that has been carried out in this phase
- Section 3 provides an overview of other activity that, whilst not expressly commissioned to support Affinity Water's PR19 submission, has some direct relevance
- Section 4 presents our findings from the activity undertaken as part of phase 0
- Section 5 sets out our recommendations for how these findings can be taken forward, for the business plan, for the next phase of the customer engagement and for Anglian Water's business as usual.

[3] Affinity Water, *Report on Engagement Activity: Phase one 'Listening and Learning' - Activities undertaken during 2012*, May 2013

2 Activity undertaken to support PR19

2.1 Overview

During phase 0, the following customer engagement activities have been undertaken to inform PR19:

Operational data	Market research
Held meetings with staff and reviewed information and data from the following teams: • Customer Relations, • Digital and Social, • Education Centre, • Water Saving Squad.	• 15 Ethnographic Interviews • 16 Focus Groups

The outputs from these activities are recorded in the following reports:

- Arup-Ipsos Mori for Affinity Water, *PR19 Phase 0 Operational Data Report,* September 2017
- Arup-Ipsos Mori for Affinity Water, *PR19 Phase 0 Ethnographic interviews: research report*, August 2017
- Create 51 for Affinity Water, *Pre-SDS Focus Groups overarching report*, August 2017
- Create51 for Affinity Water, *Pre-SDS Focus Groups - Water efficiency and leakage: Findings and recommendations report,* August 2017
- Create51 for Affinity Water, *Pre-SDS Focus Groups - Water supply: Findings and recommendations report*, August 2017
- Create51 for Affinity Water, *Pre-SDS Focus Groups – Bills and affordability: Findings and recommendations report*, August 2017
- Create51 for Affinity Water, *Pre-SDS Focus Groups - Water services: Findings and recommendations report,* August 2017
- Create51 for Affinity Water, *Pre-SDS Focus Groups – Signpost trade-offs: Findings and recommendations report,* August 2017.

These reports form the basis of this triangulation report. Information from these reports is summarised and analysed in combination with this report. Individual reports provide information on findings from individual activities.

Background context to research

Phase 0 research was undertaken in the context of recent interruptions in supply experienced by residents in some regions. This includes water outages and some

associated pressure and quality issues for thousands of residents in Barnet in February 2017 and May 2017. August 2017 saw 23,000 homes and businesses without water for more than 24 hours in Baldock and Letchworth. This affected a small minority of customers and would have had little bearing on our findings. There were no particularly extreme or unusual weather events.

2.2 Operational data

In Phase 0, Arup worked with Affinity Water to examine operational customer contact data from across the company[4]. The main objectives of this being to assess what data Affinity Water held and how it is analysed, shared and used. From this, the aim was to better understand which customers are talking to Affinity Water about what topics and through which means. We reviewed the reports from this data in phase 0. Some hypotheses were developed which may be explored through further analysis in phase 1. Operational data and reports that we reviewed in phase 0 included:

- Customer Relations (Weekly Universe)
- Website and Social Media (Digital Social Report)
- Education Centre
- Reactive Conversations in the Community (Water Savings Squad).

2.3 Market research

Ethnographic Interviews

Ipsos MORI carried out 15 ethnographic interviews[5], each lasting up to 2.5 hours, across Affinity Water's eight communities from Central, East and Southeast regions. Areas sampled included: Folkestone, Clacton, Harlow, Old Windsor, Colindale, Bushey and Letchworth. The main objective of the interviews was to obtain an appreciation of how customers conceptualise water services, what they know and what they care about in their 'natural' home environments. Essentially this was a customer-led interview with little prompting from the interviewer, in order to obtain an untainted opinion and avoid bias. Each interview provided qualitative insights derived from a mix of questioning and observation. A targeted mix of customers was reached including metered and non-metered households, covering a split of gender, age, ethnicity, social grade and property type. The outputs included videos of customers speaking about key themes arising from the research.

Focus Groups

Create 51 delivered 16 focus groups on the themes in Affinity Water's pre-Strategic Direction Statement 'Signpost' covering the following topic areas:

- Efficiency and leakage
- Bills and affordability

[4] See Arup for Affinity Water, *Phase 0 Operational Data Report*, August 2017
[5] IpsosMori for Affinity Water, *Phase 0 Ethnographic interviews: research report,* August 2017

- Water supply
- Water services
- Trade-offs[6].

Each focus group was attended by six to ten customers and were of a qualitative nature. The focus groups took place in seven of Affinity Water's eight communities with a range of socio-economic groups, and both contactors and non-contactors. The focus group was part of an interviewer-lead approach to research. The outputs included written transcripts and videos of each focus group.

[6] Create51 for Affinity Water, *Pre-SDS Focus Groups: Findings and Recommendations* (reports x5), August 2017

3 Other information / activity

In addition to the work carried out specifically to support PR19, we have considered information and activities undertaken for other purposes in this phase of triangulation.

3.1 Work done by Affinity Water

Customer engagement activities undertaken by Affinity Water for other purposes are set out below.

"Keep Track of the Tap" campaign

In June 2017, Affinity Water launched a 'Keep Track of the Tap' campaign to provide customers with advice and practical help to save water. The 'Keep Track of the Tap' leaflet was delivered to approximately 1.5 million households across Central and Southeast regions during July.

The campaign also promoted the availability of free water saving devices such as: eco shower head, save-a-flush, shower timer and tap aerators.

In advance of the campaign launch, a focus group was run to test messages and campaign details.

Water saving customer research

To support the aims of Affinity Water's water saving team, Hubbub[7] was commissioned to carry out the following research:

- A national online survey amongst a representative sample of 3,000 UK adults in June 2016
- 40 in-depth home visits with households in Watford and Harlow to better understand people's lifestyles and water use habits. Followed by provision of a "Water Saving Kit" filled with useful water saving items
- Ongoing support and conversation with the 40 households via a closed Facebook group for 2 months following the home visits.

A further online questionnaire will be carried out at the end of the 2 month period (September / October 2017).

Value for money surveys

Blue Marble Research was commissioned by Affinity Water to conduct an annual customer tracking survey between 2015-2017[8]. This is a performance commitment from Affinity Water's PR14 Business Plan. The main objectives were:

- To measure, overtime, the domestic customers' perceptions of value for money delivered by Affinity Water

[7] See Hubbub for Affinity Water, *Water saving project: Initial learnings and insights*, August 2017
[8] See various reports, Blue Marble for Affinity Water, 2014-2017

- To compare the value for money performance of Affinity Water across its 8 communities/water resource zones; and
- To determine what drivers affect perceptions of value for money.

An initial survey was conducted in 2014 by 1900 telephone interviews to produce a baseline. This was followed up by eight quarterly surveys, each with a sample of at least 450 customers. We understand Affinity Water has discussed the effectiveness of this metric with their Customer Challenge Group, who has agreed some changes to the methodology.

3.2 Activities within the sector

In preparation for the next Price Review (PR19), we have noted some key reports published within the UK water sector, which have informed our approach to triangulation.

Ofwat's draft PR19 methodology

This methodology[9] sets out:

- Ofwat's expectations and requirements for companies preparing their business plans to meet the needs of their customers from 2020 to 2025
- How these expectations form the basis for the tests that Ofwat will use to assess company business plans
- The approach that Ofwat will use if intervention is needed in those plans to ensure that companies deliver the step change required by customers
- How Ofwat's assessment will flow through into companies' price limits, service commitments and the wider incentive framework.

This draft methodology includes guidance on how companies should engage with customers at PR19. This is confirmation of existing policy for PR19, and covers issues including:

- The principles of good customer engagement
- The benefits of customer participation
- The importance of engaging customers on longer-term issues (including resilience)
- Customer engagement and the business retail market
- Operational data
- Communications
- Assessment of business plans.

Ofwat's consultation on its draft methodology closed on 30th August 2017. Ofwat intends to publish its final methodology in December 2017. We understand Affinity Water has submitted a response to the consultation, which was not available at the time of writing our report.

[9] Ofwat, *Delivering Water 2020: Consulting on our methodology for the 2019 price review,* July 2017

Consumer Council for Water advice on triangulation

A study commissioned by Consumer Council for Water (CCW)[10] identifies how companies can use triangulation across multiple sources of research and data to provide a more in-depth customer evidence base. The following are conclusions on how the triangulation process should be applied:

- It must be a transparent process that demonstrates the approach used and the rationale for the weight applied to each evidence source and final reasoning
- Triangulation must be flexible to different needs and different situations
- Contradictory evidence should be made clear, and lessons drawn from these contradictions where possible
- Specific steps should be taken to avoid confirmation bias.

Tapped in – Ofwat commissioned report on participation

This report[11] sets out Ofwat's requirement that companies move from seeing customers as recipients of services to seeing them as active participants in the delivery of the services they use. The report outlines four key strategic areas of action to increase customer participation:

- 'Futures' which encompasses customer participation to improve the future sustainability of water
- 'Action' which involves changing customer behaviour
- 'Community' which entails community ownership of particular aspects of water as an essential resource
- 'Experience' which increases customer control of water or of the customer service experience.

Performance Dashboard, South Staffs, UK

South Staffs Water has created a performance dashboard for customers. Launched in August 2017, it shares how the company is performing each month in an accessible way. The dashboard includes information on complaints, customer satisfaction, water quality and leakage. It includes a breakdown of results, how figures measure up against targets and how any issues are being addressed.

Discover Water, Water UK

Water UK's 'discover water' website has recently been updated with company data for 2016/17, providing greater access to comparative information from company's across the UK water sector.

[10] ICF Consulting Ltd for the Consumer Council on Water, *Defining and applying 'triangulation' in the water sector: How water companies can use different sources of customer evidence in business planning*, July 2017
[11] Corporate Culture Group for Ofwat, T*apped in: From passive customer to active participant*, March 2017

3.3 Activities outside of the sector and across the world

The environment

Ipsos MORI's research[12] shows that environmental issues are not a high priority for the British public, nor are they particularly top-of-mind. Very few say it the environment is an important issue facing the country, especially compared to biggest concerns like the NHS and Brexit.

The energy sector

Ipsos MORI has carried out research in the energy sector[13], which provides some context from a similarly regulated utility sector. This found:

- Customers want to feel more in control of energy use – in their own homes, local areas and across the country as a whole.
- They would like renewables to be a key part of our energy mix.
- Investment in energy infrastructure is supported to ensure it is fit for purpose.
- But financial benefits to customers (savings in their bills) tend to be a bigger 'driver' of behaviour change than social environmental benefits.

Consumer outlook surveys, Australia and New Zealand

Arup worked with the Australian Water Association to develop consumer outlook water surveys which included targeted engagement and improved reporting. Having a consistent national data set has proved useful to individual water utilities. Building on this, Unitywater used a similar method to inform regional growth planning for South East Queensland. It improved understanding of customer segmentation which allowed for more effective communication and a greater knowledge of attitude towards service changes and future action implementation. This survey methodology was also used in New Zealand in 2017 to understand sensitivity to issues such as water export.

[12] Ipsos MORI Issues Index, August 2017, https://www.ipsos.com/ipsos-mori/en-uk/brexit-and-nhs-remain-dominant-issues-facing-britain
[13] IpsosMori for Ofgem, *Customer Engagement with the Energy Market: Tracking Survey 2015*, September 2015

4 Findings and analysis

4.1 Common findings

Water is essential

We have consistently found that customers recognise the essential nature of the water service.

The PR19 ethnographic interviews found that water was seen as essential to life, to the running of a family home, and to health: *"We all need water to survive. We can survive without electricity but we need water for many things: to survive as a human, for cleaning, living in general."*(participant, Harlow). Customers talked of almost constant water use.

Through Signpost focus groups, we found that the majority of customers identified water as the most important utility of overall household expenditure.

Through our analysis of operational data, we have seen that one of the most common reasons for customer contact by telephone, by social media and in terms of website page views is '**no water**' or '**poor pressure**', demonstrating that customers notice if this essential service is disconnected.

Customers feel a lack of agency and engagement

We found that there is a high level of disengagement about water; it is not front of mind for most customers. Customers are also aware that they cannot change supplier and this leads to a lack of agency.

Through the PR19 ethnographic interviews, we found that there was very low awareness of who is 'in charge' of the whole water supply. People's usage is disconnected from how much they pay, in terms of volume used and amount spent. There is no perceived benefit to them of being more engaged.

The Signpost focus groups found that water is not front of mind, and that it takes time to encourage customers to think about it. Customers always reported wanting greater transparency to build trust with their water service provider, particularly given the lack of choice.

We understand that approximately 5% of Affinity Water's 1.5m households proactively contact the company; most are the 'silent majority'.

The water saving customer research found that water use is not really something people think about or talk about; most water use happens in private.

Water is generally affordable

We found that customers generally see that water as affordable, particularly when compared to other utilities.

Through the PR19 ethnographic interviews, water was widely considered "**a good deal**" and cheaper than other utilities (i.e. gas or electricity), especially when

considering constant and heavy use. As a result, and given the lack of choice of supplier, little attention is typically paid to water bills – especially if paid by direct debit.

Through the Signpost focus groups, this was reinforced, with most finding it a small proportion of household expenditure. The Signpost focus groups felt that other services presented better value for money as they were able to search for 'better deals' but revised their opinions when presented with the range of services Affinity Water provides.

A similar finding emerged through the value for money surveys. There was little change in the perception that water was reasonable value for money over the two year programme.

Awareness and understanding

We found that customers have limited awareness of the services that Affinity Water provides.

Through the PR19 ethnographic interviews, we found that there is **low awareness of Affinity Water** and what the company does. Customers have little interaction with Affinity Water beyond billing, partly driven by lack of choice over supplier.

Through the Signpost focus groups, we found a considerable lack of understanding about the services Affinity Water provides. For example, participants were unaware of services such as the priority services or dialysis registers, or passwords to protect their account, which are advertised in the annual billing leaflet as well as on Affinity Water's website.

4.2 Mixed or inconclusive findings, or those needing further research

Leakage

Particularly in the context of water saving messages, leakage was found to be an emotive issue for some groups.

The PR19 ethnographic interviews did not particularly draw out leakage as an issue at the front of customers minds.

However, through the Signpost focus groups, although most had not experienced leaks near to, or outside their home, we found that leakage was a key concern for people. Indeed, it was reported that in most groups, leakage came up without prompting. Create51 suggest that leakage is more of a moral and principled issue for younger people in particular, with participants wanting to see leadership from Affinity Water before committing to water saving action themselves. However, the views on which leaks to prioritise differed.

Operational data presents leakage as an issue which is causing customers to contact Affinity Water; there are a high number of calls and written complaints relating to leakage. The Water Saving Squad report comments from customers along the lines of

"there has been a leak running down my road for weeks; I'm not saving water until you fix your leaks".

Affordability and vulnerability

Whilst there was generally a sense that water is affordable, operational data tells us that this is not the case for all customers. Calls and visits to the website show that low income tariffs and payment plans are key reasons that customers contact Affinity Water. This suggests that despite majority views that water is reasonably affordable, there will be some customers for whom this is not the case.

Communication with customers

We found that Affinity Water doesn't generally communicate enough with their customers, or don't do it in the right way.

Through the PR19 ethnographic interviews, we found that customers would value more direct communication; particularly around water saving and comparison information.

Through the Signpost focus groups, we found that customers want more information about work that Affinity Water is doing, e.g. leakage performance over time, which they find more valuable than a direct comparison of leakage levels with other water companies. Customers also want more information about the services that are available to support them.

We must be careful about just providing more information. It will need to be provided to the right people, at the right time, in the right way. This can be seen for example in the evidence from the water saving customer research, where 39 out of 40 households didn't recall seeing the "Keep Track of the Tap" leaflet.

Water quality and hardness

Some of the more complex issues that matter to the water industry are not front of mind for customers.

Through the PR19 ethnographic interviews, we found that the supply was widely regarded as reliable and dependable – people recalled few problems with the water and commented positively on the taste and quality – "it's as good as bottled water". Though there were some exceptions to this in specific cases. For example, one customer chooses to drink bottled water because he is concerned about tap water quality.

Through the Signpost focus groups, we found that some customers choose to drink bottled water over tap water for taste.

Through community engagement events, we have learnt that customers were generally surprised and pleased with water quality performance (Affinity Water's PR14 performance commitment is >99.95% mean zonal compliance).

Through a review of operational data, we know that water hardness is one of the most common search terms on the website, although we do not know if this is to enable

white goods setup or because customers are concerned about hard water. “Why is the water so hard?” is also a frequently asked question by customers to the Water Saving Squad volunteers.

Resilience for the long-term

There was mixed, but limited, understanding about resilience.

The PR19 ethnographic interviews found that there were few concerns about resilience – very few stories of problems with the water supply or worries that supply would stop. Typically, people only had vague memories of occasional interruptions – and these had usually been fixed quickly. There was a sense that even if climate is changing, Britain is a ‘wet country’.

The Signpost focus groups found that customers were aware of the increasing scarcity of water; they established the link between this and factors such as population growth and climate change causing less rainfall. Whilst customers were aware of the scarcity of water, there was no common view on how to tackle this issue and the associated roles of customers, water companies and the government. Collaboration to ensure a robust water supply was thought to be a ‘brilliant’ option, including sharing water supplies and ideas to improve effectiveness and efficiency.

However the Signpost focus groups did find that fairness between generations is important; there was a strong sense of fairness for paying to be split across generations to reduce the future burden. Affinity Water was also thought to have a vital role in educating future generations on the need to conserve water.

We found no evidence in our review of operational data that long-term water supplies are a cause of customer contact.

The environment

We found that customers do make the connection between water use and the environment, but it takes time.

Through the PR19 ethnographic interviews, we understand that customers have a vague sense that water should be better conserved, and some of the steps they can take. The Signpost focus groups found that improving the ease of using and installing water saving devices would increase take up, for example if Affinity Water were to provide a fitting service or extra incentives for saving water. Water meters were seen as a fair way to pay for water though there were concerns about bill shock and vulnerable customers.

Through the Signpost focus groups, we know that some, but not all, customers were concerned about the environmental impact of water resource options such as desalination and extraction from rivers.

We know from the operational data that some customers access water resource information (groundwater levels) via social media and the website.

4.3 Comparison with PR14

At PR14, Affinity Water did not carry out an equivalent "scoping" phase 0. However, some of the early customer engagement in phase 1[14] is comparable. In particular:

- Baseline Customer Focus Groups[15] – 2Europe complete a number of focus groups to gain general feedback about the business and services
- Consultation on draft Strategic Direction Statement (dSDS)[16] – this included questionnaires, focus groups, and drop-in public events.

The findings from these two activities were broadly similar to our findings in phase 0. In particular;

- Consistency of supply was important, but taken for granted and not at the forefront of people's minds
- There was some confusion or uncertainty over services provided by Affinity Water
- Leakage was raised as an issue early on, but more confusion over pipe ownership was apparent at PR14
- Lack of choice for customers was apparent at PR14, and customers reported wanting more communication
- Environmental issues were often not front of mind, and took time for customers to make connections
- Customers generally reported good value for money, with some lack of trust and transparency with regards to price setting at Affinity Water's role as a monopoly.

There are some apparent differences from PR14, which may warrant further investigation:

- Hardness, chlorine and cloudiness were raised at the biggest concerns in relation to water quality in the draft SDS focus groups. Hardness was also picked up as an issue in the baseline customer focus groups. Evidence from phase 0 at PR19 appears less consistent, and may warrant further testing.

[14] Affinity Water, *Report on Engagement Activity: Phase one 'Listening and Learning' - Activities undertaken during 2012*, May 2013
[15] 2Europe for Affinity Water, *Customer Experience*, October 2012
[16] Dialogue by Design for Affinity Water, *AffinityWater – Investing in your community: Qualitative Research – Combined Summary Report*, February 2013

5 Recommendations and next steps

5.1 For the next stage of the customer engagement programme

5.1.1 For market research

Topic areas

There are a number of topic areas where the evidence from phase 0 alone is not conclusive enough to inform the Business Plan. As such, we propose that these are topics that will need to be covered in more detail in future phases. These topics include:

- **Leakage;** in particular, further understanding customers' views on how Affinity Water should respond to leaks of different scales, and understanding support for proactive leak reduction.
- **Affordability and vulnerability;** in particular capturing the views of vulnerable customers on this issue and what services they would value.
- **Resilience;** Ofwat expects companies to improve resilience. But customers find it difficult to understand. Resilience 'themes' should be explored with customers.
- **Water quality;** although seeming to be less of an issue than at PR14, there are extreme examples from our phase 0 research that customers feel tap water quality is a concern. We suggest water quality should be explored quantitatively with a representative group of customers.
- **Communication with customers;** understanding the ways in which customers might use additional information provided by Affinity Water.

Process

There are some basic learnings around language, for example, some participants were resistant to being described as "customers" (seeing themselves as "users") as they do not have a choice over their service provider.

Water quality and hardness, resilience for the long-term, and **the environment** are all issues that are not typically at the front of customers minds. It will therefore be important to introduce these topics with appropriate background information.

Targeted recruitment in subsequent phases of research will enable exploration of circumstances around different types of consumer. On the evidence of this research it will be important to recruit and involve customers with different outlooks as well as circumstances (especially metered/non-metered).

Stimulus material worked well, and we should continue to use this, as appropriate, for future exercises.

5.1.2 For the next stage of operational data

We believe that there will be more that we can understand from operational data on the key themes of:

- Leakage
- Affordability and vulnerability
- Communication with customers.

The next stage should be to identify and agree key questions that could be answered from this data on these topics.

5.2 For the Business Plan

Customer Outcomes

The draft customer outcomes developed by Affinity Water as an evolution of their PR14 outcomes, focussing on the "water always" concept align well with the finding that customers consider water to be essential, and use it a lot in their daily lives.

5.3 For business-as-usual customer engagement

Customer communication

As at PR14, there was feedback that customers would like more information from Affinity Water. However, the finding that many customers did not engage with the "Keep Track of the Tap" communications suggests that this is not easy.

Affinity Water should consider what further work they can do to explore different ongoing communication methods with customers (what is said as well as how it is said), learning from elsewhere, and perhaps co-creating approaches with customers, be that in relation to additional information on customer bills, digital or print media, or face-to-face communication.

Engagement methods

Ethnographic interviews represented a new methodology for Affinity Water, and seemed to produce rich insight. This was further reinforced by the success of the water saving customer research using a similar technique. Affinity Water may therefore want to consider to use similar research methods for appropriate topics in the future.

Learning from customer data

Affinity Water currently collect, manage and report on their data in within the business groups. While the data collection, management process and reports produced provide vital information to that particular business group, these insights and benefits appear to be siloed to the individual business group. This presents an opportunity for sharing insights and information about customers across Affinity Water. To achieve maximum insight and understanding of customers from this data, Affinity Water would need to define a companywide Information Management Strategy.

6 Post-CCG validation reflections

6.1 Introduction

On Tuesday 5th September, a validation workshop was held with Affinity Water's Customer Challenge Group (CCG).

The CCG were, in particular, invited to challenge on the following:

- Do the findings represent the evidence that you have seen from each of the individual activities?
- Have we drawn through the right implications of the findings for the next phase of research and the Business Plan?
- Do you have any particular advice to offer that would improve our approach to phase 1?

6.2 The findings

The CCG noted the value of the research and the findings. They noted that in many ways the findings were unsurprising, based on their knowledge of other geographies, and on work that Affinity Water had carried out in the past. However, they noted the value of reconfirming this in this time and place.

6.3 Connection to the Business Plan

The CCG raised challenges as to the interface between the research and how this was being used to inform the development of the Business Plan more widely. This is something that we understand that Affinity Water is working to address in Phase 1.

6.4 Informing phase 1

The CCG challenged some of the topics for engagement that emerged from phase 0, questioning how they would be used and could change Business Plan decisions. Affinity Water has carried out further development of the topics to be explored since the meeting to address this comment.

Annex 3: Phase 0 Scoping and immersion

Ph0.2 – PR19: Triangulation and validation of our phase 0 customer engagement

PR19: Triangulation and validation of our phase 0 customer engagement

September 2017

Agenda

1. Our PR19 customer engagement programme
2. What we've done in phase 0
3. Phase 0 research and findings
    - Ethnographic interviews
    - 'Signpost' focus groups
    - Operational customer contact data
    - Other research and information
4. Phase 0 conclusions and recommendations
5. What happens next: phases 1 and 2
6. Questions

1. Why does customer engagement matter?

- Ofwat:
  - Expects companies to put their customers at the heart of their Business Plans
    - We set the standard at PR14 with our community-focussed approach and high levels of customer acceptability
  - Requires companies' independent Customer Challenge Groups (CCGs) to assess the quality of companies' customer engagement, and the degree to which customers' views are reflected in companies' Business Plans
    - CCGs are required to provide assurance to Ofwat, not just companies
  - Expects companies to educate their customers, as well as engage with them
  - Requires companies to further segment customers in their engagement, specifically those who are vulnerable and future customers
  - Expects companies to develop bespoke performance commitments about the things that matter to customers
- Other regulators, including the Environment Agency and the Drinking Water Inspectorate, also have expectations that companies will engage with their customers about investment proposals

Affinity Water

1. Our overall approach

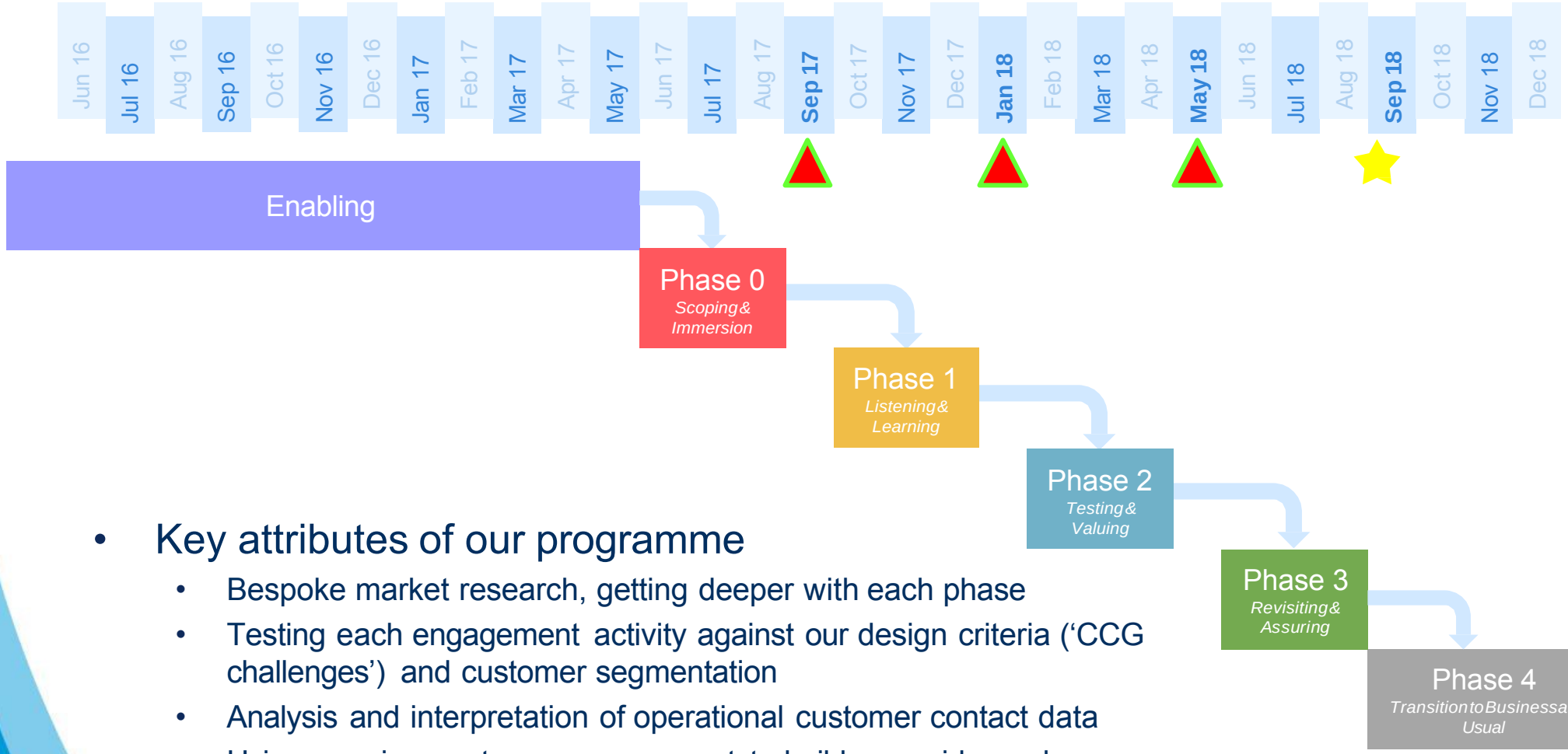
ARUP

Ipsos MORI

- Delivery partner
  - Appointment of Arup and Ipsos MORI to work with us to deliver our customer engagement programme – contract started 1st June 2017
  - Includes bespoke market research, customer segmentation, analysis of operational customer contact data, triangulation…
- Multi-phase programme
  - Distinct phases with periods for triangulation and validation with our CCG, but also triangulation and continuous improvement within phases
- Innovation
  - Building on our approach at PR14 by starting earlier with phase 0, where we seek customers' unprompted views and insights 'in their worlds and words'
  - By evolution: ethnography, Community of Customers, gamification, pan-sector best practice, machine learning…
- Our CCG
  - Fully engaged, benefitting from two market researchers as members as well as representation from different customer groups
  - Market research techniques assessed against challenge criteria
  - Inviting challenge and opportunities to advise

Affinity Water

1. Our PR19 customer engagement programme



- Key attributes of our programme
  - Bespoke market research, getting deeper with each phase
  - Testing each engagement activity against our design criteria ('CCG challenges') and customer segmentation
  - Analysis and interpretation of operational customer contact data
  - Using ongoing customer engagement to build our evidence base, e.g. Education Centre and Water Saving Squad
  - Continuous improvement and learning within phases
  - End-of-phase triangulation and validation with CCG

2. What we have done in phase 0

- Developed our **overall approach** and multi-phase programme of customer engagement
- **Ethnographic interviews** with 15 household customers
- **Focus groups** on our 'signpost' with 16 groups of household customers
- A broad and deep discovery of **operational customer contact data**
- Learned about **other Affinity Water research** (including that not specifically commissioned for PR19)
- Reviewed **recent publications**, including the Ofwat draft PR19 methodology and CCWater's report on triangulation

3. Ethnographic interviews: overview

15 in-depth ethnographic interviews lasting up to 2½ hours

Purposive, pluralistic sampling targeting mix of customers

Qualitative insights derived from mix of questioning and observation

Demographics

Demographic		No.
Gender	Male	6
	Female	9
Age	<50	8
	50>	7
Social Grade	ABC1	7
	C2DE	8
Employment status	Working	8
	Unemployed / Retired	7
Children	Yes	9
	No	6
Tenancy	Owner	10
	Private rent	3
	Social rent	2
Water meter?	Metered	7
	Unmetered	8

Locations and participants

Bushey

Female, 40, C2DE, non-BME, working part time, home owner, metered

Male, 57, ABC1, BME, working, home owner, non-metered

Letchworth / Baldock

Male, 47, ABC1, non-BME, retired, home owner, non-metered

Female, 56, ABC1, non-BME, working, home owner, metered

Harlow

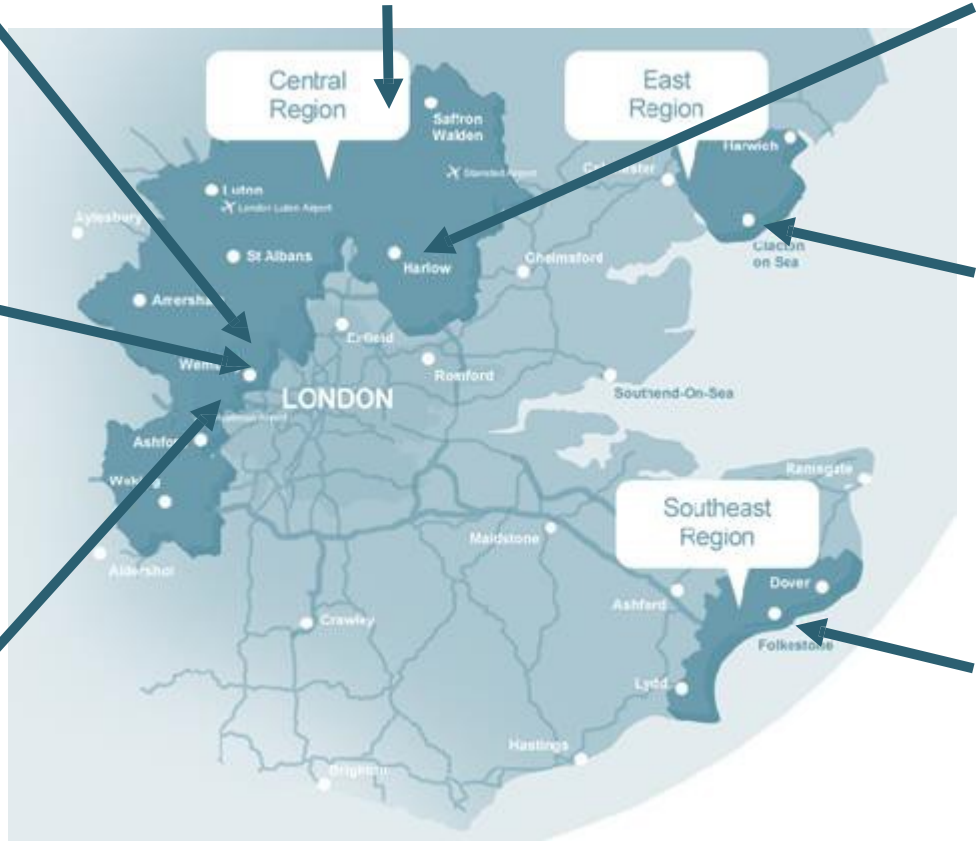
Male, 54, C2DE, non-BME, working, home owner, non-metered

Female, 38, C2DE, non-BME, working, private renter, non-metered

Collindale

Female, 72, C2DE, non-BME, retired, social renter, non-metered

Female, 32, C2DE, BME, unemployed, private renter, metered



Clacton

Female, 42, C2DE, non-BME, working part time, home owner, metered

Male, 36, C2DE, non-BME, unemployed, private renter, metered

Old Windsor

Male, 45, ABC1, non-BME, self-employed, home owner, non-metered

Female, 51, ABC1, non-BME, working, home owner, non-metered

Folkestone

Male, 77, ABC1, non-BME, retired, home owner, metered

Female, 59, C2DE, non-BME, unemployed, social renter, metered

Female, 48, C2DE, non-BME, working part time, home owner, metered

Key insight 1

Water supply is an essential

- The water supply is a constant feature of everyone's lives. Water is valuable to everyone, in that it's essential to run a household. It is dependable – and often taken for granted.
- There is little sense that water will "run out" – though there are exceptions to this, people who try to be as frugal as possible.

We all need water to survive. We can survive without electricity but we need water for many things: to survive as a human, for cleaning, living in general.

Harlow

'Essential'

Key insight 2

A lack of agency and engagement

- People are users of water, rather than "customers" or "consumers". They do not engage in the service in the same way as they do with other utilities, like electricity or gas. They cannot shop around for better deals from alternative suppliers.
- They pay little attention to the bills they receive or the prices they pay. People's usage is disconnected from how much they pay, in terms of volume used and amount spent. There is no perceived benefit to them of being more engaged. There is no incentive to becoming engaged.

> ***When I boil the kettle, I can see just how much electricity I'm using [via the smart meter]. But I have no way of knowing how much water I'm using when I run the tap, or put a wash on.***
>
> Clacton

'Engagement'

Key insight 3

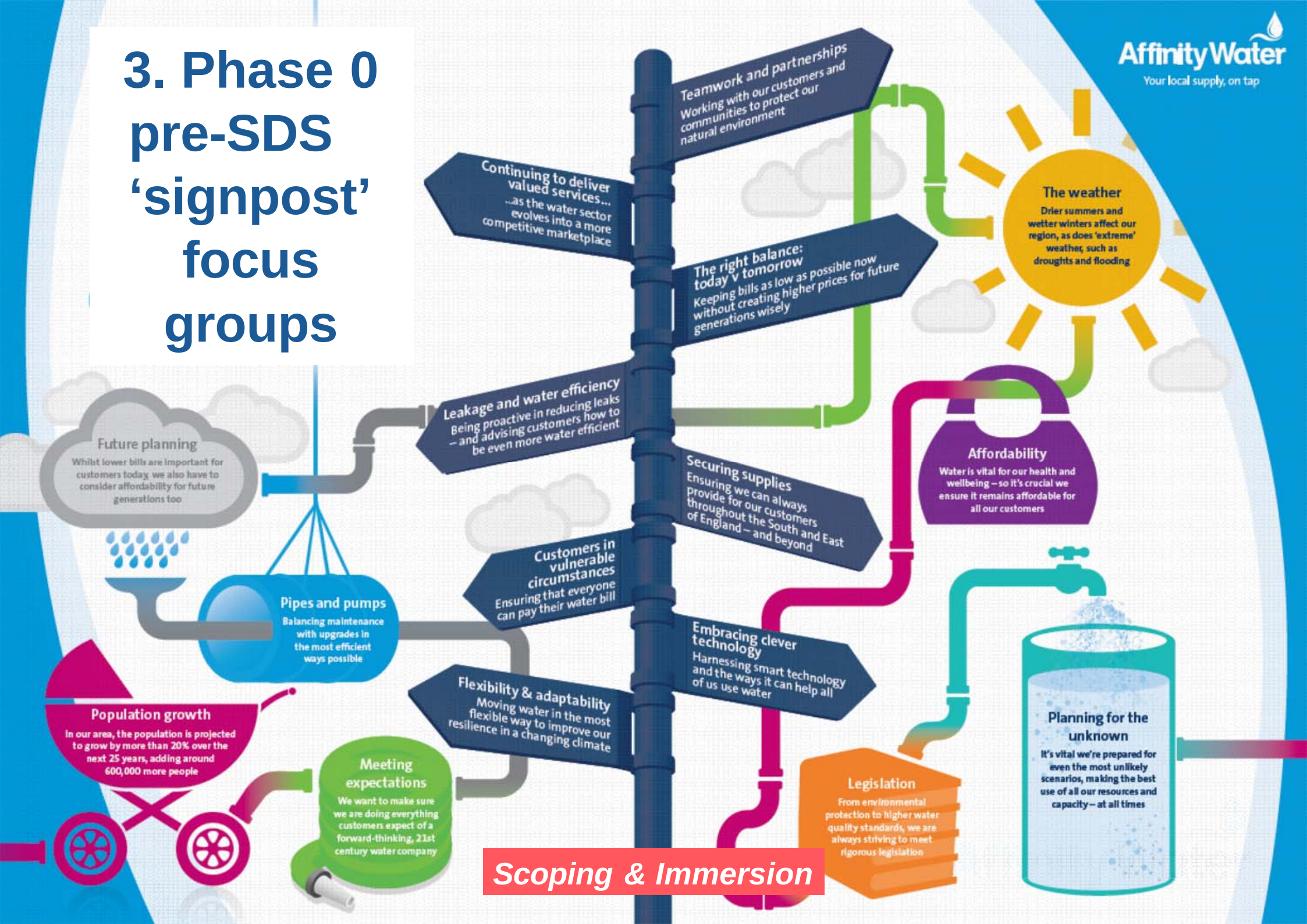
Info and choice

- There is low awareness of Affinity Water and what the organisation does. People typically needed prompting to know that their supplier was Affinity Water, though there was a vague sense that the name had changed from something else.
- More could be done to promote Affinity Water and the services it provides – for example, free water saving devices. Though it is unclear just how much this would benefit Affinity Water or the people they supply.
- Be more proactive and less reactive – tell customers what is happening as a result of their feedback.
- A half-open door – there's a vague sense that water could / should be better conserved, so customers are willing to listen.
- Is the water industry yet to have its "plastic bag moment" with regards to conservation?

I know that clean and waste are separate. Affinity and Southern deal with each one. I guess I can understand the processes of dealing with waste water but I don't know what Affinity do with water. Folkestone

'Expectations'

3. Phase 0 pre-SDS ‘signpost’ focus groups



Methodology overview

- 16 groups across the range of topics from our pre-Strategic Direction Statement 'signpost' – **qualitative**
- A **range** of socio-economic groups and household demographics
- Most participants **free-found and** matched to our ideal pen portraits
- Some focus groups specifically invited **customers who have contacted us**
- Each focus groups lasted ~90 minutes, with a pre-task, and explored one of these themes:
  - Today's and tomorrow's water **bills** (incl. affordability)
  - Today's and tomorrow's water **service**
  - Today's and tomorrow's water **supplies**: water resources and resilience
  - Today's and tomorrow's water **supplies**: leakage and water efficiency
  - The **trade-offs** between different signpost themes

Locations and participants

Luton

Bills & affordability, non-contactors

Signpost trade-offs, C2DE, 18-45 years

Hatfield

Water resources (demand and supply), future customers (<30 years, non-bill payers)

Water services, future customers (<30 years, non-bill payers)

Saffron Walden

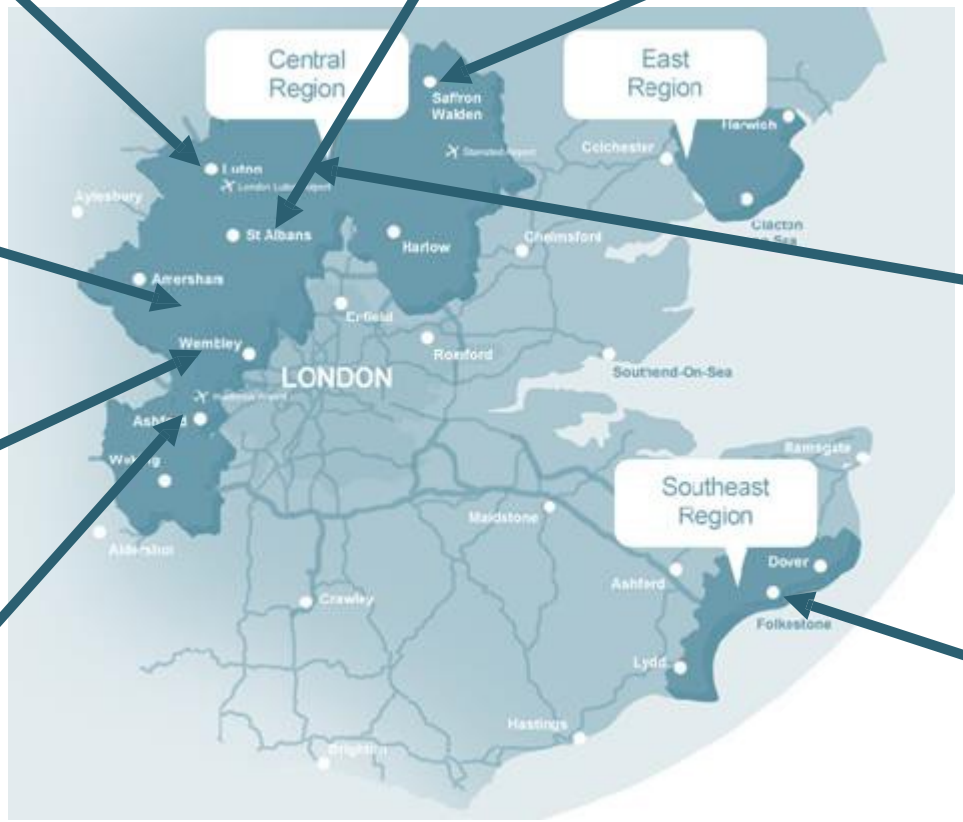
Signpost trade-offs, contactors

Signpost trade-offs, non-contactors

Rickmansworth

Water efficiency & leakage, C2DE, 46+ years

Water resources , ABC1, 18-45 years



Hitchin / Letchworth

Water resources, C2DE, 46+ years

Bills & affordability, ABC1, 18-45 years

Uxbridge

Bills & affordability, future customers (<30 years, non-bill payers)

Bills & affordability, contactors

Folkestone

Bills & affordability, C2DE, 18-45 years

Water services, ABC1, 46+ years

Staines

Signpost trade-offs, ABC1, 46+ years

Water efficiency & leakage, C2DE, 18-45 years

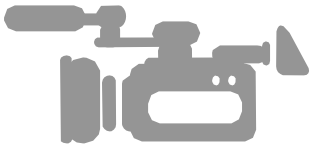
Scoping & Immersion

Affinity Water

Snapshots of a focus group in action

- **Rickmansworth: water efficiency and leakage**
  - C2DE, +46 years
  - Two males, seven females; seven metered households

Benefits of using water wisely (1m36s)



Sending out water efficient devices (27s)

The ‘emotional’ level of leakage (50s)

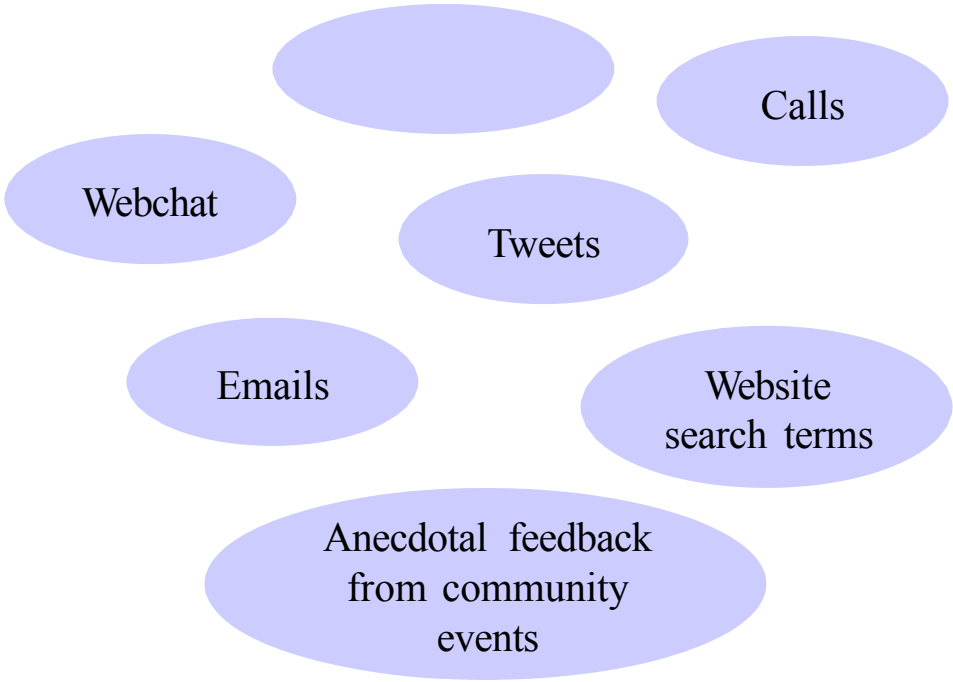
3. ‘Signpost’ focus groups – findings

- Water is considered an absolute **essential / necessity for life**
- Water is **good value for money** (compared to other household expenditure)
- **Leakage** remains an emotive issue – not OK to ask customers to use less / put hosepipe bans on when we have high leakage
- We need to do more to **make water efficiency ‘easy’** for customers; can we ‘incentivise’ them to use less with retail vouchers?
- **Transparent relationships** to build customer trust – how are we spending their money?
- Recognition that there will be **less water in future** – climate change and population growth
- **Collaboration** with other water companies needs to be part of the solution – a ‘national grid’ for water to share resources
- **Fairness** between generations is important – pay a little more now
- Information for and engagement with **future generations** – need to do more

3. Operational data – our phased approach

Phase 0 - Scoping and immersion	Phase 1 – Listening and learning	Phase 2 – Testing and valuing	Phase 3 – Revisiting and assuring	Phase 4 – Transition to BAU
Discovery	Data analysis	Informing revealed preference?	Informing improved data collection/analysis	Ongoing improved data collection and analysis

- Review of Affinity Water's vision, objectives and ambitions for operational data within the engagement programme.
- Data discovery – understanding the extent of Affinity Water's existing data from customer engagement.
- Understanding the ongoing engagement activity that will produce data over the course of the programme.

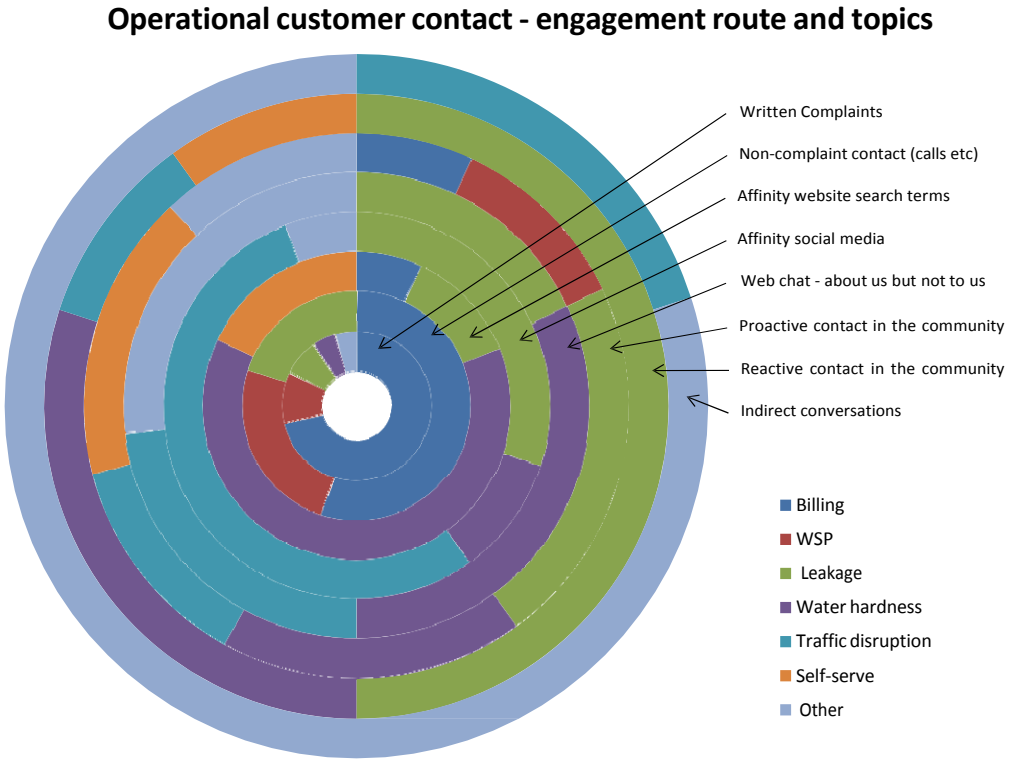


Phase 0 operational customer contact data

Scoping & Immersion

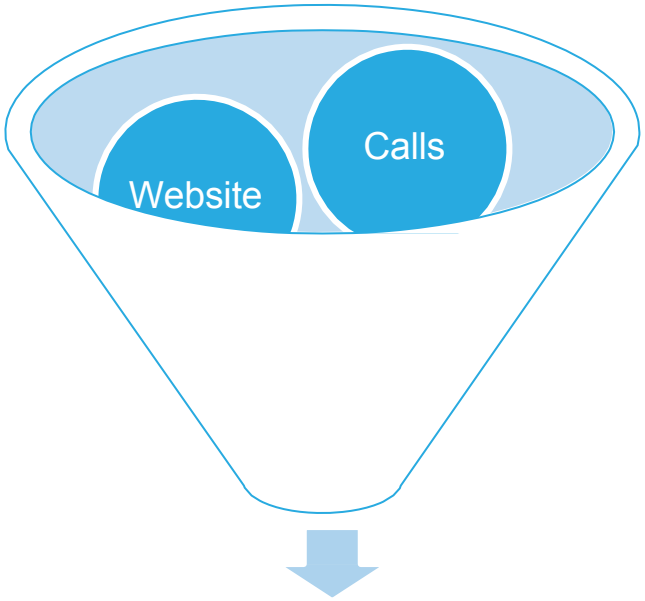
Phase 0: Discovery

- Ofwat expects us to make use of operational customer data at PR19
- Some hypotheses we'd like to test across the different channels:
  - Customers are talking to us about different things via different channels.
  - We are already responding to much of the operational customer contact (we are not waiting for a price review to act on what we learn from customers).
  - There may be opportunities to explore when looking across contact channels that are owned by different areas of the company.

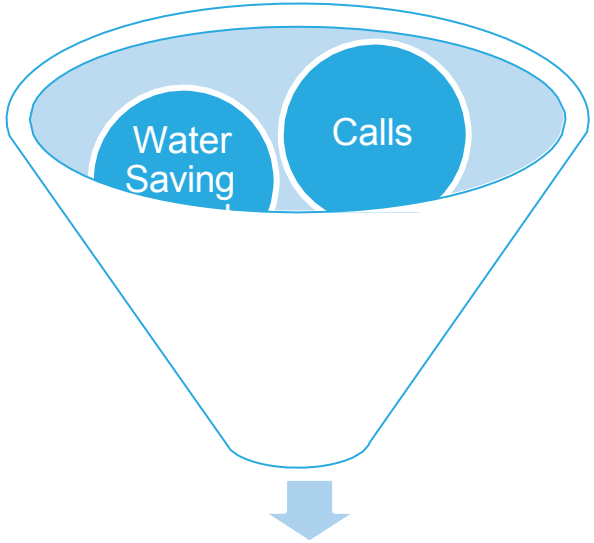


Example presentation of different contact channels and topics – will be developed on review of operational data

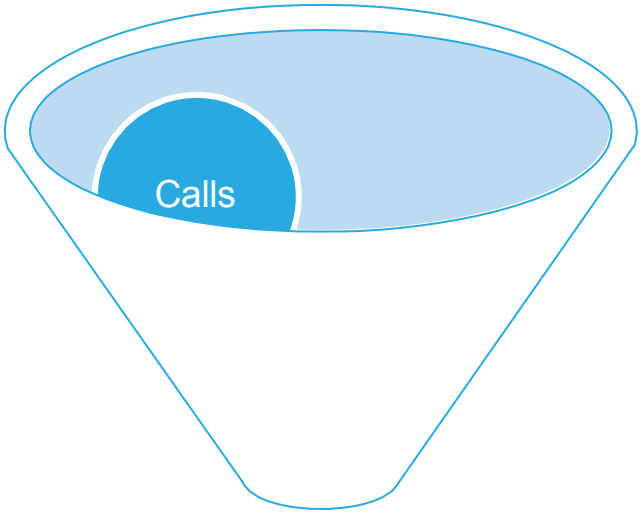
Operational data: recurring themes



Interruptions to supply

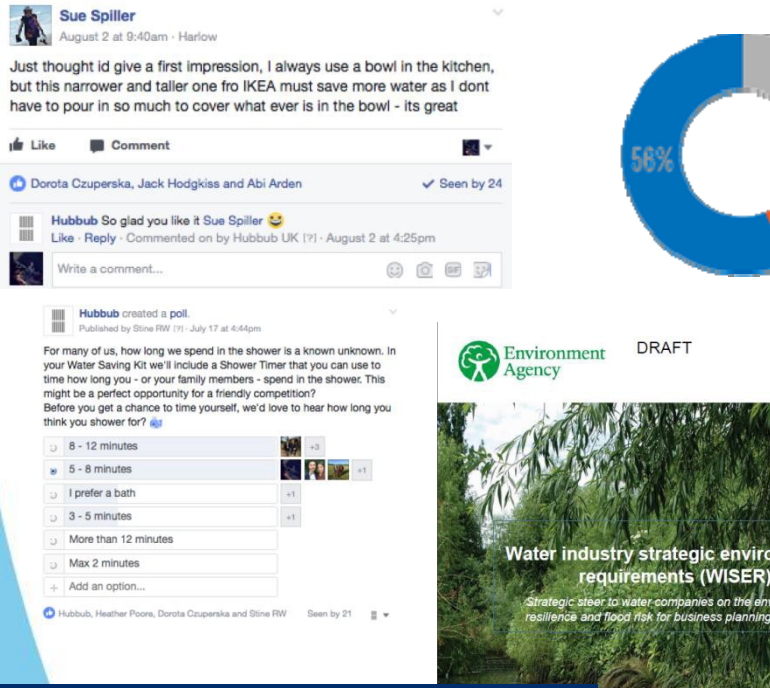


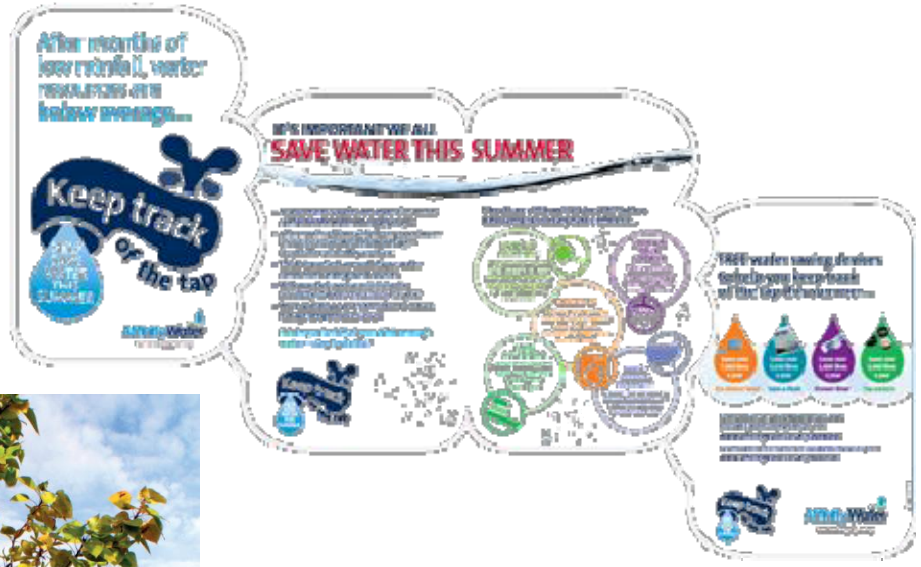
Leakage

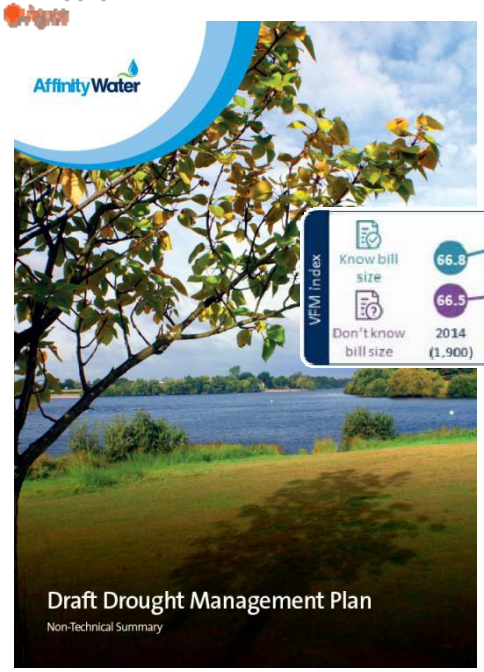


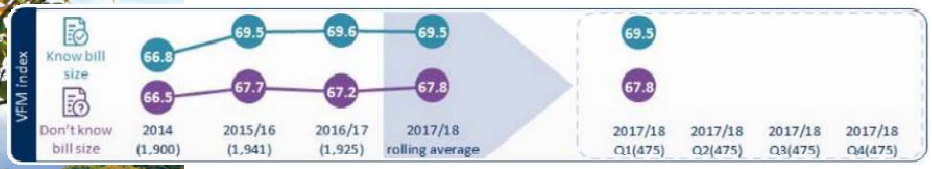
Low income tariff / payment plan = affordability?

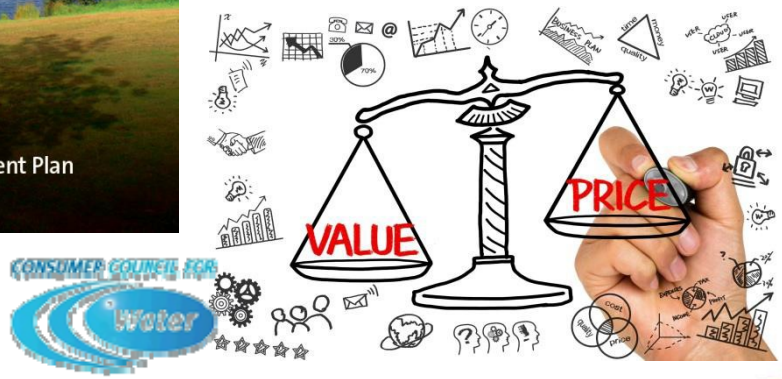
Other information, research and publications











Scoping & Immersion

Affinity Water

4. Our phase 0 conclusions

- Customers recognise the **essential nature** of the water service.
- There is **a lot of disengagement about water**, it's 'boring' and not often thought about.
- **Water quality and resilience are not 'top of mind'** for most customers.
- Customers do make **the connection between water use and the environment**, but it takes time.
- **Water is generally affordable**, particularly when compared to other utilities.
- **We do not communicate enough with our customers –** or we don't do it in the right way.

Affinity Water

4. Our phase 0 recommendations

- Based on phase 0 conclusions, more to test in phase 1 on:
  - Water quality
  - Leakage
  - Resilience
  - Our future performance commitments and levels to achieve
- As well as…
  - Vulnerability and affordability
  - The environment
  - Customer segments: vulnerable, future, disrupted

- What did the CCG say when we presented this to them?

> There seem to be no surprises – a lot of this is similar to customers' views at PR14.

> Low engagement from customers means a fairly high satisfaction with the service.

> There's more work to do to engage with customers on things Ofwat expects, but aren't front-of-mind for customers.

Affinity Water

4. Phase 1 highlights (1)

- Key themes of developing **performance commitments** and **the levels we should achieve**
  - Will explore how views of different types of customers differ (vulnerable, future…)
  - Challenge of exploring topics / issues with customers when taken in isolation, and when there's no price tag attached to options

- **Online Customer Community**
  - Our 'Affinity Water 2020' – aiming for 2,000 customers recruited from our customer base, staying with us for the duration of our research programme
  - Excellent tool for quantitative research, but blends in qualitative too
    - Surveys, pop quizzes, discussions, open questions, games, opinion polls, homework…
  - Monthly windows of activity, going deeper / addressing more complex issues as the community matures and becomes more aware of the water service
  - Topics will cover usage (behaviour change), water quality, leakage, disruption (interruptions), service (customer experience), the environment, resilience, communications…
  - 'Affinity Water, powered by Ipsos MORI' – best practice market research and compliance with ISO 20252, 27002

5. Phase 1 highlights (2)

- **In-depth interviews**
  - Allows us to dive deep into topics such as vulnerability, affordability and the water service, as well with different groups of customers, e.g. seldom heard, disrupted
  - A mix of unprompted and prompted views, and to explore co-creation of services and propositions
  - Qualitative research, gathering deep insights.
  - Informed by Phase 0, regulatory expectations and the company's needs

- **Focus groups / workshops**
  - With customers and / or stakeholders about specific topics, guided by a trained facilitator working with a discussion guide
  - Allows us to shape the discussion around tricky or complex subjects, such as resilience and the environment (not top-of-mind issues for customers)
  - Group dynamic generates conversation and ideas – Ofwat's expectations of co-creation with customers for PR19
  - Qualitative research, allows greater use of stimulus e.g. comparative information, photographs, props (water efficiency devices, leakage listening sticks…)

Affinity Water

5. Phase 2 highlights

- Key themes of **testing propositions** (consulting customers about our draft Business Plan) and **acceptability**
  - Will also explore performance commitment incentives, willingness to pay
  - Requires the draft Business Plan outputs to test with customers – expected end 2017. Customer want to know "What's the ticket price?" to help them engage

- **Customer workshops**
  - Qualitative sessions running over longer durations than in-depth interviews, getting even deeper
  - Group dynamics help lead the conversation and provide further insight
  - Use of stimulus materials to gain deeper engagement
  - Explore current and future services, what's valued, how it could be improved…
  - Informed by earlier phases of research and triangulation of operational customer data

- **Ongoing Affinity Water 2020: Customer Community**

Affinity Water







Affinity Water

Thanks for your time.
Any questions?

Affinity Water

Handouts
to support presentation

Our design/challenge criteria (summary)

Area	Summary	Selection of key questions (Have we…?)
1. Quality of insight	Understand customers' priorities, needs and requirements	**…used proportionate methods to fully explore what matters to most to customers and the reasons why?** **…fully understood customer experiences and priorities now, and what these are likely to be going forward?** **…grounded understanding in the real worlds of customers (e.g. related services such as sewerage?)**
2. Quality of propositions	Cover issues that matters to customers; give customers realistic options	**…focused engagement on what matters most to customers?** **…discussed and presented options and choices to customers which are realistic and can be delivered?** **…presented options in a way which is meaningful to customers?**
3. Quality of process	Ongoing, two-way, transparent	**…been clear what customers are being asked to do, how and why, and presented the true picture?** **…allowed for two-way conversations with customers?** **…provided opportunities to customers to ask their own questions and challenge assumptions underpinning propositions?**
4. Diversity and reach	Use right methods to engage range of customers	**…targeted and reached several specific groups of customers as well as the wider customer population, using inclusive methods?** **…achieved samples of customers which are purposive and pluralistic (qual) and statistically reliable (quant)?** **…profiled participating customers and disaggregated data and insights to understand diversity?**
5. Future customers' interests	Appropriate engagement	**…reached different types of future customer?** **…tailored engagement to different types of future customer?**
6. Current performance	Inform customers about current and comparative performance	**…fully exploited opportunities to inform customers about current performance and/or contextualised propositions?** **…created accessible stimulus for customers?**

Assessment of Phase 0

CCG challenge:
1. Quality of insight
2. Quality of propositions
3. Quality of process
4. Diversity and reach
5. Future customers
6. Current performance

Activity	Challenge criteria					
	1.	2.	3.	4.	5.	6.
Ethnographic interviews				Upgraded to 'green' after analysis		
'Signpost' discussions						
Community of customers						
In-depth interviews						
Acceptability research						
Customer workshops						

Key: **GREEN** fully meets criteria; **AMBER** partially meets criteria; **GREY** cannot reasonably be expected to meet criteria

Ethnographic interviews: participant pen potraits

Sam, 42, Clacton

- Home owner, self-employed, lives with partner and two teenage daughters
- Looks after the household finances – occasionally tight month-to-month
- Happy with the water supply – reliable and relatively inexpensive
- Sense that could or should use less water but not sure how to – or what impact would be on household finances

- Sam thinks that they use a lot of water in her household – uses the dishwasher at least once a day and the washing machine is used at least twice a day as her daughters have lots of clothes to wash. Her two daughters also spend a lot of time in the bathroom.
- Despite looking after the household bills, Sam spends little time focussing on the water bill. There are bigger bills to worry about – electricity, gas, broadband, mobile phone contracts are all higher priority. Once the bills are dealt with, Sam files them away but wasn't sure exactly where they were when asked if she could dig them out. Paying for water is not a major issue.
- When boiling the kettle, Sam showed how her electricity smart meter allowed her to see how much electricity she was using in any given moment, and how much this cost her.. She suggested that something similar for water might give her a better sense of what water is being used and, therefore, help her adjust what she suspects is wasteful behaviour.

I know I should use the watering can to water my flowers – my Dad always tells me to – but it's easier to just turn the hose on, even though that uses more water.

Seema, 32, Stanmore

- Single mum, 2 year old son, 2 bedroom purpose built flat, private renter, metered
- Finances are her biggest concern as an unemployed single mother
- Not fully convinced about cleanliness of water
- Highly satisfied with water pressure

- While Seema drinks tap water happily, she boils a pan of water each day and puts in a flask for her son. As there is "stuff" floating on the surface after it is boiled, Seema believes there is "bad stuff" in the water and boiling the water means she can remove this.
- In her previous property, Seema had a bad experience with her landlord who didn't fix a leak. It escalated to the point where her flat flooded and she moved. Her landlord paid the bill to repair the flooding but Seema gave them the money. As the fault was in the flat, she was liable to pay for the water leakage and the landlord made her pay over £650 for this. She struggled to pay and the landlord withheld her deposit until she paid. She felt disempowered to call Affinity Water about the issue, believing that they would only want to speak to the named bill payer. She is pleased to pay her bills directly in her new flat.
- Seema usually only hears from Affinity Water when a new bill is received. She did receive the "keep track of the tap" leaflet and found it helpful – she would like more of this.

Sometimes when you get hit with a bill you think, wow, it's just me and him, how have we used that much water?

After it's boiled, I leave it on the side to cool. It's like there's been a chemical in there, you can see it on the surface. I don't know what it is.

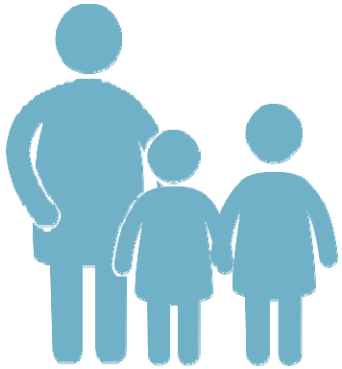
Sharon, 48, Folkestone

- Lives with husband and two grown up children (17 and 20)
- 3 bedroom house, owned with mortgage
- Happy with water quality
- Wants to use less water but difficult to make her children use less

- The bathroom contains a corner bath with a shower head at the tap. Sharon's daughters use a lot of water filling the bath – in contrast, Sharon runs herself a shallow bath which, she feels, still provides her enough water to wash. Sharon also feels the frequent use of the bath means her household uses more water than other households, although they don't water the garden or use the hose so it might "balance out".
- Sharon has limited understanding of water and how her household's clean water is processed. It seemed more obvious to her how sewerage worked, and she was unsure what Affinity Water do other than maintenance of pipes.
- She knew where the water meter was located and that she could turn the water off there, though had never opened it up. The water bills increased after the meter was fitted – if it was possible and cheaper she would like to be able switch supplier as she does with energy suppliers.

> ***The girls fill the bath up, right to the top. They like to have a nice long soak, with bath bombs and bubble bath – the works. It's like a pamper session for them.***

Ruth, 40, Radlett



- Working mum, 2 kids (aged 8 and 10), 3 bedroom terraced cottage, metered
- Metering came with the house having been installed by the previous owner
- Satisfied with quality of water and constant supply
- Less satisfied with water pressure but issue "more us than them"

- Ruth is a busy mum running a household and a reflexology business in a studio annexe in the back garden. She drinks tap water happily – and compares taste and colour favourably to relatives' water – has the washing machine on "all the time", and sees water as essential but also relatively expensive.

- She is a bargain-hunter and used to shopping around for the best deals and bargaining with retailers and utility providers who provide tailored ('family') packages and products. Her views about water services and the cost of them are also framed by metering and a sense that she is losing out relative to other similarly sized non-metered households who are, in effect, incentivised to use more water. She reported her husband having a poor experience when contacting Affinity Water to query increases in bills both in terms of the outcome of his call and the 'tone'. For her family this was proof positive that water is a 'done deal' and the reason she doubts the value of comparative (company) information.

- Ruth has a very basic and low-level of understanding and engagement with water services and operations. She doesn't feel motivated to help shape the way Affinity Water does business, but does see opportunities to reach customers in new ways (and catch-up with other service providers) – particularly through app-based billing and communications.

[For other utilities] we get brilliant service, we shop around, we feel like we are managing our bills, with water you get the bill and it's 'what number is it going to be'…The whole water thing is so out of our hands.

I don't really think about water and where it comes from. I do the basics, but I don't really think about it. I know it's there. I'm not really interested in hearing about it to be honest. It comes down to the bills and the costs.

Terry, 54, Harlow

- Night shift worker, living with partner and 2 adult children
- Water, followed by electricity, is the most important utility as it is essential for wide range of needs
- Understands they'll be getting a water meter, anticipates bills being more expensive
- Thinks likely will revert to use of water butts for watering the garden when meter installed

Kelly, 38, Harlow

- Family of 5 privately renting, currently on maternity leave whilst looking after new baby
- Pays for water weekly in cash by pre-payment to pay off money owed to Affinity
- Generally satisfied with water although low pressure means it takes a long time to fill the bath
- Understands purpose of meters is to make people consider water use but thinks the bill might go up

Suresh, 57, Bushey

- Working dad, lives with wife and grown-up daughter in 3 bedroom detached house
- No financial worries; been upgrading the house over the years with new kitchen installed >5 years ago
- Happy with water quality, service and bills (isn't metered)
- Experienced an issue with water pressure; positive about way handled

Robert, 77, Folkestone

- Retired couple in modern, detached house
- Does not think too much about water used as they can afford what they use
- Watering the plants in the garden is especially important to his wife who enters plants to local show
- Affinity recently informed him of problem with water meter which resulted in a new one being fitted, happy with the service as they got on with it with no impact

Ipsos

Linda, 59, Folkestone

- Socially renting couple, husband commutes to London, she is unemployed
- Budget is tight but she's always been careful not to waste anything, including water
- Water is most important because it is the first utility used each day, in the bathroom, for a hot drink
- Knew where the water meter was, where waste water left the house but limited engagement beyond this

Lesley, 36, Clacton

- Private renter, unemployed, lives with carer
- Household budget is tight – live off his benefits and carer's part-time work
- Water is vital as lots of cleaning required due to health condition
- Feels like he could – should – use less water but unsure how to reduce usage or the extent to which this would be apparent in his water bills

Darren, 47, Baldock

- Family with two older children. Due to health problems he is out of work.
- Daily baths to manage skin condition, drinks bottled water as uncertain about water quality
- Water quality is more important than the price
- Important for Affinity Water to keep up with improving technology, alongside informing customers about what they do

Janet, 56, Letchworth

- Only occupant of the house, has grown up children and young grandchildren. Metered.
- Recently moved to the area and really likes the taste and quality of her water, better than in neighbouring areas
- Water is cheaper than in London, able to talk through bill but unaware of where to turn water on/off
- Would be interested in hearing more about saving water for the benefit of the environment

Ipsos

Marsha, 72, Stanmore

- Retired, lives alone with 5 cats
- Would be lost without water as uses it for various jobs each day - laundry, mopping the floor and watering her plants
- Doesn't want a water meter - thinks this would put the prices up and bills already feel high.
- Not sure if you can choose your water supplier or not. She'd like more information from Affinity.

Greg, 45, Old Windsor

- Professional photographer, married without children
- Water is not something he thinks about – an important utility, but he's not had any problems
- Doesn't generally engage with bills and not sure on choosing supplier
- Some interest in reducing water usage if it's made easy by Affinity

Jackie, 51, Old Windsor

- Has been a childminder for 20+ years, plans to become a social care worker (conducting home visits) after the summer
- Married with children who are older, but still see house their home base
- Considers the family to be heavy water users: e.g. she washes kitchen and bathrooms daily, and childminding means extra use
- Because of this, expects that a water meter would increase their costs significantly

Signpost focus groups pen portraits (1)

- Bills & affordability

Location	SEG	Age	Gender	Metered/ unmetered	Number of attendees	Duration
Folkestone	C2DE	18-45	Mix	Mix	7	1.5 hours
Hitchin	ABC1	18-45	Mix	Mix	9	1.5 hours
Uxbridge	Future customers		Mix	Mix	7	1.5 hours
Uxbridge	Contactors		Mix	Mix	6	1.5 hours
Luton	Non-contactors		Mix	Mix	6	1.5 hours

Signpost focus groups pen portraits (1)

- **Bills & affordability**

Location	SEG	Age	Gender	Metered/ unmetered	Number of attendees	Duration
Folkestone	C2DE	18-45	Mix	Mix	7	1.5 hours
Hitchin	ABC1	18-45	Mix	Mix	9	1.5 hours
Uxbridge	Future customers		Mix	Mix	7	1.5 hours
Uxbridge	Contactors		Mix	Mix	6	1.5 hours
Luton	Non-contactors		Mix	Mix	6	1.5 hours

- **Water services**

Location	SEG	Age	Gender	Metered/ unmetered	Number of attendees	Duration
Folkestone	ABC1	46+	Mix	Mix	9	1.5 hours
Hatfield	Future customers (non-bill payers), under 30				9	1.5 hours

Affinity Water

Signpost focus groups pen portraits (2)

- **Water supply – water resource options**

Location	SEG	Age	Gender	Metered/ unmetered	Number of attendees	Duration
Rickmansworth	ABC1	18-45	Mix	Mix	10	1.75 hours
Hitchin	C2DE	46+	Mix	Mix	10	1.75 hours
Hatfield	Future customers (non-bill payers), under 30				8	1.75 hours

- **Water supply – leakage and water efficiency**

Location	SEG	Age	Gender	Metered/ unmetered	Number of attendees	Duration
Rickmansworth	C2DE	46+	Mix	Mix	9	1.5 hours
Staines	ABC1	18-45	Mix	Mix	8	1.5 hours
Hatfield	Future customers (non-bill payers), under 30				8	1.5 hours

Affinity Water

Signpost focus groups pen portraits (3)

- **Signpost 'trade-offs'**

Location	SEG	Age	Gender	Metered/ unmetered	Number of attendees	Duration
Luton	C2DE	18-45	Mix	Mix	6	1.5 hours
Staines	ABC1	46+	Mix	Mix	7	1.5 hours
Saffron Walden	Contactors		Mix	Mix	6	1.5 hours
Saffron Walden	Non-contactors		Mix	Mix	8	1.5 hours

Annex 3: Phase 0 Scoping and immersion

Ph0.3 – Phase 0: Operational Data Report

Affinity Water

PR19 Customer Engagement Programme

Phase 0: Operational data report

PR19 CustEng-ARP-PH0-OpD-AREP-009

Final Issue | 4 October 2017

Job number 255741-00

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Contents

1 Introduction

1.1 Purpose of the report

This reports aims to discover the data relating to customer contact within Affinity Water. It aims to set out the data that already being collected within the company, understand how this is being analysed, turned into information and shared across the company.

Through this report, we will:

- Consider the major themes that customers are contacting Affinity Water about;
- Understand what other customer contact is happening within the business;
- Identify good practice as to how data is being collected, analysed and shared, as well as opportunities for improvement; and
- Make recommendations, where appropriate, for the Business Plan, for phase 1 of the customer engagement programme and for Affinity Water's ongoing operations.

Affinity Water has asked us to prepare this report as part of the customer engagement programme to underpin their PR19 business plan. Affinity Water wishes to present evidence of its analysis of customer contact to help meet Ofwat's expectations.

1.2 Background

Customers' data is regularly being collected, analysed and reported on within Affinity Water. Ofwat expects water companies to use the customer contact ("operational data") they receive in their business-as-usual, day-to-day interactions as part of preparing their PR19 business plans[1] . Ofwat notes that "a robust, balanced and proportionate evidence base will take account of operational data".

This report will be used to inform the phase 0 triangulation report. The triangulation report brings together three key sources of data:

- The information and findings from this report;
- The findings from the bespoke market research activities undertaken in phase 0; and
- Other relevant activities, such as economic research or market research outside the PR19 programme.

[1] Ofwat, *customer engagement policy statement*, May 2016

1.3 Report structure

This report is structured as follows:

- This section provides an introduction, setting the purpose, background and methodology for our tasks in phase 0;
- Section 2 sets out our understanding of what is being collected, analysed and shared by different teams and different means of contact;
- Section 3 sets out our interpretations from these findings; setting out examples of challenges and good practice, as well as any insights that can be drawn on key themes of customer contact
- Section 4 provides any recommendations for the business plan, for the next phase of the customer engagement programme, and for business as usual.

1.4 Methodology

Our approach to operational data in phase 0 was around data discovery and understanding. The activities undertaken as part of our approach are set out in figure 1 below.

Figure 1: Phase 0 operational data methodology

We carried out initial consultation meetings with different parts of Affinity Water's business to understand:

- The data collected by the business on the reasons their customers contact them;
- The analysis carried out on the data; and
- How these reports and information were shared within the business.

From these initial meetings, we identified various contact types and routes into the business, including:

- Written complaints;
- Telephone calls (wanted and unwanted);
- Social media interactions (e.g. Twitter, Facebook); and
- Face-to-face interactions (e.g. Water Saving Squad events, community events, Education Centre activities, technicians working in the communities).

We note there may be other customer interactions that are taking place, which we do not yet know about. As such, this list should not be considered exhaustive.

From this we developed a hypothesis that customers are talking to Affinity Water about different topics through different channels. The chart shown in Figure 2 is an initial representation, and may be updated with real data in phase 1.

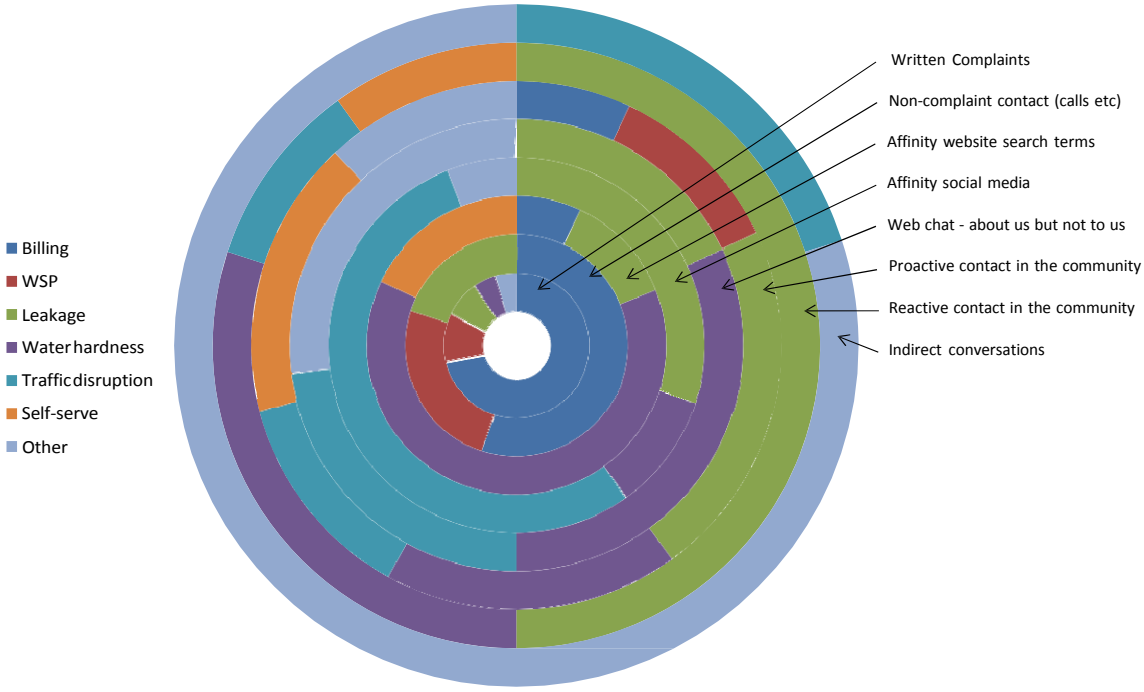

Figure 2: Operational customer contact - engagement route and topics (indicative)

From our early engagement with the relevant teams in the business, we developed some hypotheses we wanted to explore further. As well as wanting to explore if customers were using different channels to speak to Affinity Water about different things, the additional hypotheses were:

- That Affinity Water is already responding to much of the operational customer contact; and
- That there may be opportunities to explore when looking across contact channels that are owned by different areas of the business.

2 Findings - operational data activity within Affinity Water

2.1 Weekly Universe (Customer Calls and Written Complaints)

2.1.1 Data collection and processing

The Weekly Universe report is a weekly report created and used by the Customer Relations team to monitor their performance when responding to customer contact. The report monitors performance in alignment with Ofwat's Service Incentive Mechanism (SIM).

The report monitors:

- Contact in the way of Wanted Contact, Unwanted Contact, Repeat Contact and Wanted to Unwanted (where contacts are initially classified as wanted, but turn to unwanted on further analysis)
- The number of resolved complaints
- The level of customer satisfaction (using Rant and Rave text message feedback) across billings, metering, the Water Saving Programme, operations and other categories and their sub-categories.

The information is broken down by week and month, and compared against the same month of the previous year and total to date against the previous year.

The data used in the report is from customer correspondence collated from customer calls and written complaints. These different methods are received by different Affinity Water teams and are processed to produce coherent information for the report. The different processes are listed below:

1. **Calls.** Customer calls are received by the customer contact centre within the Customer Relations directorate. The team records significant information about the call in the central customer database (Hi-Affinity).
2. **Written complaints.** The Directors' Office and Correspondence teams sit within the Customer Relations directorate, and receives the vast majority of the written correspondence sent to Affinity Water. These teams then process this correspondence by establishing whether there is any expression of dissatisfaction, which by definition is a complaint. Complaints are managed exclusively by the Directors' Office. The team determines the 'root cause' of the contact and assigns the appropriate complaint category (for example, billing or metering). The complaint is then recorded in the Hi-Affinity database.
3. **Emails.** Emails are received and processed by teams within the Customer Relations directorate. The emails that include dissatisfaction are considered as complaints and the significant information is recorded into Hi-Affinity.
4. **SMS.** Rant and Rave is a paid-for service used by Affinity Water to collect customer satisfaction data about the service they received as a result of their telephone contact through short message service (SMS). The rating is requested once the reason for contact (Quality of Service – 'QoS' code in Hi-Affinity) has been resolved and can only be requested from customers who have provided their mobile phone number to Affinity Water.

Each complaint from a customer is recorded as one complaint, regardless of whether the complaint contains more than one 'issue'. The SIM is partly calculated on the number of complaints received. Affinity Water has recognised that some complaints may include more than one issue, and has recently started to analyse how common this is.

Once the data has been added to Hi-Affinity, the Management Information (MI) & Insights team within the Customer Relations directorate export the necessary data and conduct the various sum and average calculations within the Excel document of the report.

2.1.2 Report circulation and use

The report is circulated to a number of different teams within Affinity Water. We have not carried out a full survey of recipients, but from conversations with the MI & Insights team, we understand that there are a few key ways in which the information contained in the report is used:

- To understand the balance between wanted and unwanted contact (typically 15-20% of monthly contact is classified as unwanted)
- To develop and assess the performance of continuous improvement programmes within Customer Relations, for example to focus on the business processes driving unwanted contact. A new continuous improvement team has recently been recruited to assist with this process
- To prepare the business for SIM reporting to Ofwat
- To inform quarterly reports to CCWater on customer complaints.

Reports are created weekly and monthly; the data in the reports is also used to analyse the trends in the themes of the contact.

Possible limitations of this report for understanding customers' needs

1. The report clearly communicates the number of contacts received by Customer Relations from across the entire customer base. The report does not include any further information about the patterns or trends of these needs. For example, where the customer needs are geographically and if customers have different needs in different parts of the network. This is, in part, to comply with data protection laws given the report's circulation around the business. There may be other examples of how other types of data are being used separately from this report.
2. The report only reflects the issues that customers choose to contact Affinity Water about. The report should not, therefore, be considered representative of the much larger 'silent majority'[2] of customers who do not contact Affinity Water.
3. We understand that the report is used by the Customer Relations team to improve their customer service performance. To date, we have found no evidence to suggest that this report is currently being used by the wider business to inform the activities of other business groups on customer needs. We expect to explore other directorates' awareness and current / future use of the Weekly Universe report in phase 1.

2.1.3 What does this report tell us about customers?

The information in the Weekly Universe report provides several insights into the customers' needs. These include:

[2] We have been advised that the customers who contact Affinity Water via Customer Relations amounts to around 5% of the total customer base.

1. Insights into the scale of unwanted contact by theme and sub-theme.

For example, the most significant issue complained about by customers between April and June 2017 was **'Interruptions to Supply'**. This issue remained the biggest cause of complaints in July 2017, followed by **'Pressure and Flow Problems'.** From the analysis undertaken around interruption to supply, Affinity Water has determined that in addition to the inconvenience caused to customers by the loss of supply, customers were also dissatisfied about the **lack of communication** from the company during incidents.

2. The scale and type of wanted contact.

This is broken down into the following headings:

- Billing
- Metering
- Water Saving Programme
- Operations
- Other.

Between April 2016 and March 2017, for example, billing represented the largest proportion of wanted contact (outweighing the unwanted contact dramatically). The MI & Insights team advised us that this is representative of a long-term trend. Over the year, there 936,900 reasons for customers to contact Affinity Water recorded in the Weekly Universe. The categories are further broken down into sub-categories. There are a total of 69 business processes (sub-categories) against which contact is recorded. Under billing, the sub-headings that elicited the highest number of reasons for wanted contact are set out in the table below.

Billing sub-category	No. of contacts	% of all contact
Payment plan	309,598	33%
Moving home process	127,962	14%
Unhappy with debt action	83,576	9%

The highest number of issues raised in any sub-category outside of billing in between April 2016 and March 2017 was in relation to **'Meter reading process'** and **'Leakage'** (both around 3% of total contact).

2.2 Other reports relating to the Weekly Universe

We understand that the MI & Insights team undertake further analysis on some of the key data contained within the weekly universe to inform improvements to customer service. For example;

- We understand that further analysis and monitoring of complaints with multiple issues raised is undertaken; and
- The Customer Relation team analyse the number of contacts that are customers chasing a response or updated regarding an original complaint.

2.3 Digital & Social Report

2.3.1 Data collection and processing

The Digital & Social Report is a monthly report produced by the Social Media team and provides an overview of the interests and activities on the Affinity Water website, Facebook page, Twitter account and LinkedIn account.

The Digital & Social Report provides a summary of the information listed below:

Media	Reported Information
Website	Viewed web-pages Viewed incidents Search terms Transactions
Twitter	Sentiment Popular Content
Facebook	Popular Content Post impressions Customer contact
LinkedIn	Popular Content Post impressions Page visits Clicks

Other Data Analysed by the Digital & Social team

The Social Media team also analyse the following information on an ad hoc basis:

- The geographical location of the Twitter users mentioning or messaging Affinity Water. This is visualised on a map showing the frequency of users' posts
- Reactions on social media to Affinity Water's proactive activity on social media. This includes copies of customer comments. These are actions are captured as images of the comments written by customers
- Percentage of themed correspondence on billing operations, industry, community and water resources
- Sentiment analysis on messages associated with the key themes; billing operations, industry, community and water resources.

2.3.2 Report circulation and use

This report is shared with the Customer Relations directorate to input into wider reporting where appropriate. The report is also shared with Affinity Water's Executive Management Team. It is not clear to us at this stage how much further within the business the report is shared, nor how this information is used. Again,

we expect to explore other directorates' awareness and current / future use of this data in phase 1.

2.3.3 What does this report tell us about customers?

The report provides important summaries of how the different digital and social platforms are used by customers. From this report, several customers' needs are highlighted.

The report for June 2017, illustrates the following client needs identified from the different digital and social platforms.

Website - Web Page Visits

There are significant peaks in customers using the website in reference to operational incidents. For 2017, this has predominantly been the Barnet incident in January and February 2017 incident, the Barnet incident May 2017 and, more recently, the Letchworth / Baldock incident in July 2017.

The website is heavily used to find out more information about customer interruptions, through web page on **specific incidents** (for example, 'Incident Walton on Thames', 'Incident Barnet', 'Incident Woking'). This varies per month. More consistent numbers of customers access other pages as set out in the table below. The most significant and consistent use of the website by customers is to obtain further details on how to contact Affinity Water.

Web page	Approx. average visits per month
Contact Us	25,000-30,000
Moving Home	20,000-25,000
Other Ways to Pay	12,000-15,000

Website - Search Terms

The frequency of search terms highlights a few terms that are consistently most frequently search for. These include, **'Water Hardness'**, **'Leak', 'Water Meter'**, **'Contact'**, and **'Direct Debit'**.

Website – Transactions

The website is heavily used by customers for transactions (i.e. where the customer inputs some information, rather than acting as a passive reader of the site). By far the biggest number of transactions was to pay a bill online.

Transaction page	Approx. average transactions per month
Pay online	30,000
Moving home	5,000
My account e-billings opt-ins	4,500
Reporting a leak	1,000
Water meter	800
Low income tariff	400

Meter readings	300
Payment plan	150

Social Media – Popular Content

The most popular content on Twitter, Facebook and LinkedIn is very much focused on **supply updates** and **water resources updates**. On LinkedIn, additional popular content also included 'Groundswell 2017' and 'Water Challenge'.

Much of the customer contact on social media is in response to posts that Affinity Water have proactively published on social media platforms. For example, responses to request customers to report leaks, and information on river cleaning programmes, and updates on water resource and aquifer levels.

There are also examples of where customers are messaging their friends and contacts asking for help or advice about an Affinity Water issue and where they have not contacted Affinity Water directly. For example, water charges doubling once a water meter was fitted.

Accessing the Website

The Digital & Social team advised us that large numbers of customers' visits to the website were direct from search engines such as Google. Their analytics show that customers tend not to navigate around Affinity Water's website, instead preferring to use a search engine to land on the page they are looking for.

2.4 Education Centre

2.4.1 Data collection and processing

Affinity Water's Education Centre is located in Bushey, Hertfordshire, and provides educational resources to students and teachers in three ways:

- Visits to the centre (inreach)
- Visits from education centre to staff to schools elsewhere (outreach)
- Provision of educational resources through third parties, including for download on the website.

This activity is the primary means of Affinity Water's day-to-day contact with future customers. It should be noted that the Education Centre service is aligned to the national curriculum (key stages 1 – 4 inclusive). It is therefore a product provided to children and schools who request it, rather than a service that responds to customer contact (such as the call centre or social media team).
Although the Education Centre is a paid-for service, it is heavily subsidised by the company. We have included the Education Centre in our operational data discovery as their interactions with teachers and children is two-way and conversational.

Data is recorded under the following headings:

- The number of visits;
- Number of schools;
- Number of children and adults engaged;
- Invoices raised;
- The Affinity Water community that the school was in;
- Topics covered; and
- Feedback from school staff on their satisfaction with the service and the impact of this.

Topics covered include science and the environment, town planning, catchment management, and water resource management. The Education Centre has advised us that both teachers and children ask questions about a wide range of topics related to water, not just the subjects being taught.

2.4.2 Report circulation and use

This data is currently collected on a monthly and annual basis and is used by Education Centre staff to track their performance and to improve the service that they offer. The report is not shared beyond the Education Centre team and their direct line management within the Regulation & Corporate Affairs directorate.

For example, the Education Centre recognised in 2015/6 that most of the schools that they engaged with were in the close vicinity of the facility in Bushey. Since then, Affinity Water has been working to provide offerings (sometimes through partners) to more of their communities.

2.4.3 What does this report tell us about customers?

As the Education Centre service is strictly aligned to the national curriculum, there is little opportunity to identify customers' needs. The feedback from teachers and children may identify specific interests that Affinity Water could consider in their customer communications, but we have not yet undertaken a detailed review of the feedback.

2.5 Reactive conversations in the community

2.5.1 Overview

Affinity Water staff have informal interactions with customers and other members of the general public when they are out and about in the community. Interactions are both proactive and reactive.

Generally, neither these conversations, nor the sentiment or any other data relating to these interactions, are recorded nor shared.

However, as part of this programme, requests were made of a number of teams for information on key topics raised, and sentiment of customers. Feedback was received from the Water Efficiency team's Water Saving Squad and is set out below. We await further feedback from the Asset Strategy and Wholesale Operations directorates.

2.5.2 Water Saving Squad

The Water Saving Squad primarily engage with customers about saving water. The Water Saving Squad is most active during the summer months. They generally set up a market stall at local community events to free-issue water saving devices to customers and offer advice on using water wisely. However, they have reported that the most common queries related to other topics are as follows[3]:

- Water Quality – *my water tastes funny; why is the water so hard around here?*
- Debt – *I'm struggling to pay my bills; I know you cannot cut me off so I do sometimes not pay the water bill*
- Metering (water saving programme) – *They have been digging up my road with no notification; I've had the comparison bills and it's gone up lots I don't know why*
- Leakage – *there has been a leak running down my road for weeks; I'm not saving water until you fix your leaks.*

2.6 Other data

2.6.1 Overview

We are aware that a range of teams commission and conduct customer research within Affinity Water, outside of the specific requirements for PR19. This is predominantly data collected on as-required basis, rather than as comparable information over the long-term. In general, new pieces of research will therefore be highlighted in triangulation reports at the end of each phase. However, we will include more "longitudinal" research within the operational data workstream.

2.6.2 Value for Money

In 2014, Blue Marble Research was commissioned by Affinity Water to conduct customer tracking surveys to understand their perceptions of the value for money of the water service[4]. This research has taken place since the beginning of AMP6, with quarterly tracking taking place throughout 2015/16 and 2016/17[5]. This is a performance commitment that Affinity Water included in its PR14 business plan.

[3] As reported by the Water Saving Squad in an email to Sarah Clark of 31st July 2017.
[4] Blue Marble for Affinity Water, *Value for Money Tracking Survey 2014: Final summary report,* January 2015
[5] Blue Marble for Affinity Water, *Value for money survey Summary of findings: Revised Indices Wave 8,* April 2017

This research showed that the majority of customers form their opinions and perceptions of Affinity Water in the absence of any direct contact and low visibility of the company. The research asked customers to consider satisfaction and value for money in comparison with other services (including electricity, banking, and council services).

3 Interpretation

3.1 Emerging topics of feedback

Given that each of the different reports produced are based on different data and assigned to different themes, it is difficult to read across the data sources and reports without further analysis. However, it is possible to elicit some read across from different information, for example:

- **Interruptions to supply** is an issue that elicits calls, visits to the website and interactions through social media. Interruptions to supply will be a PR19 common performance commitment mandated by Ofwat.
- **Leakage** is an issues that elicits calls and comments to the water saving squad. Leakage will also be a PR19 common performance commitment.
- **Water hardness** is one of the most common search terms on the website, although we do not know if this is to enable white goods setup or because customers are concerned about hard water.
- **Affordability and vulnerability** is an area that could be further explored through operational data, given the number of calls and visits to the website regarding payment plans and low income tariffs. It is notable that Ofwat expects companies to ensure their business plans are 'affordable for all' and to develop bespoke commitments around vulnerability.

3.2 Good practice

There are some examples of good practice in using data to inform service improvements that we may wish to seek out as case studies in phase 1 of our work. These include:

- The development of a continuous improvement team with Customer Relations
- The expansion of the Education Centre service to cover communities away from the education centre, based on operational data collected and analysed.

3.3 Challenges and opportunities

There is currently no holistic report on the issues that Affinity Water customers raise. There are reports for the Customer Relations directorate to monitor their performance and an overview report on social media activity prepared by the Digital & Social team. However, there is no single report that provides an absolute picture of the reasons for customers to contact Affinity Water. For example, it is well known that there are more issues raised around **traffic**

disruptions through social media, but it is not a common cause of telephone contact. However, this may be difficult to pick out through the current reporting processes.

Further research would be required to definitively understand if the reports currently being created are being used to inform changes and improvements within Affinity Water across departments.

From the reports and documents that we have received to data, it would appear that there is large amount of data collected by the Social Media team and the Customer Relations team that is not currently being widely reported and shared on a regular basis. This would need further testing in future to confirm this hypothesis.

This data could provide various insights into the customers' needs and inform how Affinity Water respond to their customers' needs. The data available from different types of contact methods (i.e. through Twitter, written letter or call) includes the geographical location of the needs and the date/time and method of contact. By looking at this information and trends, there are opportunities to understand more about customers.

4 Recommendations

4.1 For phase 1

4.1.1 Case studies for collection

We believe that we have identified a couple of areas of good practice of how operational data is being used to inform ongoing business processes. These could be written up to communicate that Affinity Water is proactively responding to customer feedback, rather than waiting for the price review to respond. These case studies could be developed through;

- An interview with the continuous improvement team within customer relations; and
- The write-up of an education centre case study based on information already provided.

4.1.2 Potential for data analysis

The reports reviewed in Phase 0 highlight the main issues that customers contact Affinity Water about

The reports indicate the scale of the issue by the number of complaints. However, more could be done to better understand the customers' needs, such as:

- Identifying if there are repeated issues in certain locations and where operational changes or improvements are required to improve the reliability or

response of the service that Affinity Water's customers receive. For example, overlaying calls from customers reporting or escalating leaks, with the locations of jobs in the leakage work bank – are customers in certain areas more or less likely to report leaks? Is there a correlation between the number of leaks and the local population?

- Identifying if customer's needs and operational contact are correlated to external factors (such as season and weather) or customer profile types (such as house hold size, working hours, commute type and social economic factors). By analysing the operational data against third party datasets such as ONS Census data or Met Office weather data.
- Measuring the impact of incidences on customers, local population and local economy through the impact of road travel congestion.
- Understanding customer segmentation as well as geography, and whether there are any trends in segments that are more or less likely to contact Affinity Water.

Prior to commencing any data analysis, or further interpretation of existing information in Phase 1, we would recommend the following steps:

1) Review the issues identified in this report alongside those identified through triangulation, to identify whether the issues that Affinity Water might hold operational data on are ones that warrant further research.
2) Develop clear research objectives (as advised in the CCWater report on triangulation[6]).
3) Review options for different methods to achieve the research objectives.
4) Start further research.

We know that Affinity Water holds additional operational data that we have not yet seen or reviewed. At this stage, we do not propose further general data discovery. We believe that it would be more efficient and effective if any additional data discovery was targeted to clear research questions, for example developed around the issues set out above.

4.1.3 To be explored through market research

We know through operational data that **interruptions to supply** cause customer contact. In addition to any further analysis of the operational data on this topic, we would suggest that opportunities to explore the immediate aftermath of interruptions through qualitative market research approaches are explored.

We suggest that support for **vulnerable customers** is an issue that will need to be explored qualitatively through market research, in addition to any further work in through data analysis.

Leakage is another area that it is likely to be beneficial to be explored through market research. The same may be true of **water hardness**. Where issues are to be explored through both data analysis and market research, it will be important that

[6] ICF for CC Water, *Defining and applying 'triangulation' in the water sector*, July 2017

the objectives of the two are planned in an integrated way, to help to deliver complementary activities.

4.2 For the business plan

Taken in isolation, it would be inappropriate to draw conclusions from operational data. However, the emerging customer outcomes focus on the theme of "water always"; given that **interruptions to supply** is one of the biggest causes of contact from customers, we could infer that having continuous access to water is important to customers.

4.3 For ongoing operational issues

Affinity Water currently collect, manage and report on their data within the business unit that requires the information to monitor their unit's performance. While the data collection, management process and reports produced provide vital information to that particular business unit, we have observed that these insights and benefits tend to be retained within an individual business unit.

Data collected by one business unit and processed for a particular purpose, may also be very informative for other business units. We suggest that an increased access and transparency of data and information would enable Affinity Water to improve their current business practices and better respond to customer needs. A first step to achieving this could potentially be an organisational Information Management Strategy.

Annex 4: Phase 1 Listening and Learning

Ph1.1 – Triangulation Report: Phase 1

Ph1.2 – PR19: Triangulation and validation of our phase 1 customer engagement

Ph1.3 – Draft Drought Management Plan Engagement Event

Ph1.4 – Social Tariff Survey

Ph1.5 – Drought Management Plan Non-Technical Summary

Ph1.6 – Customer Engagement Programme, Operational Data: Phase 1 report

Ph1.7 – Phase 1 Triangulation: Market Research programme; Research report

Annex 4: Phase 1 Listening and Learning

Ph1.1 – Triangulation Report: Phase 1

Affinity Water

Customer Engagement Programme

Triangulation Report: Phase 1

PR19 CustEng-ARP-PH1-TRGN-TREP-002

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Contents

1 Introduction and purpose

1.1 Purpose

This report sets out the data collected and analysed during this phase of Affinity Water's Customer Engagement Programme for PR19. The aim of this report is to:

a) Clearly record all of the activities that took place during phase 1 and our findings from it,

b) Set out our recommendations for Affinity Water (AW) in three key ways:

- To inform the next phase of the Customer Engagement Programme (with respect to Market Research, Operational Data, and linked activities);
- To inform the Business Plan; understanding the implications of what customers have told us for the Business Plan itself;
- Where appropriate, identify opportunities for business-as-usual customer engagement.

1.2 Background and context

Triangulation

Triangulation is described as the process of "using multiple and independent measures to examine a hypothesis or conclusion being investigated, with the intent of using multiple perspectives to minimise bias and maximise validity"[1].

Recent guidance for the Consumer Council for Water[2] set out four key conclusions for the application of triangulation. These are summarised below:

- The approach should be transparent and apply clear rationale
- It must be flexible for different needs and situations
- It must learn from contradictory evidence
- It must take deliberate steps to avoid confirmation bias.

On this basis, we have developed an approach to triangulation for phase 1, with triangulation tool to enable transparent triangulation of information from a wider range of sources than at phase 0, and in particular combining qualitative and quantitative research methods. This builds on the concept that triangulation is in and of itself a learning process.

Figure 1 reflects Ofwat's expectations of the types of data sources that should be considered to inform water company business plans. This report focuses on two of these approaches: operational data and other methods. Affinity Water has advised it intends to carry out economic research in phase 2 of this PR19 programme.

[1] ICF for CC Water, *Defining and applying 'triangulation' in the water sector*¸ July 2017
[2] ICF for CCWater, *ibid*

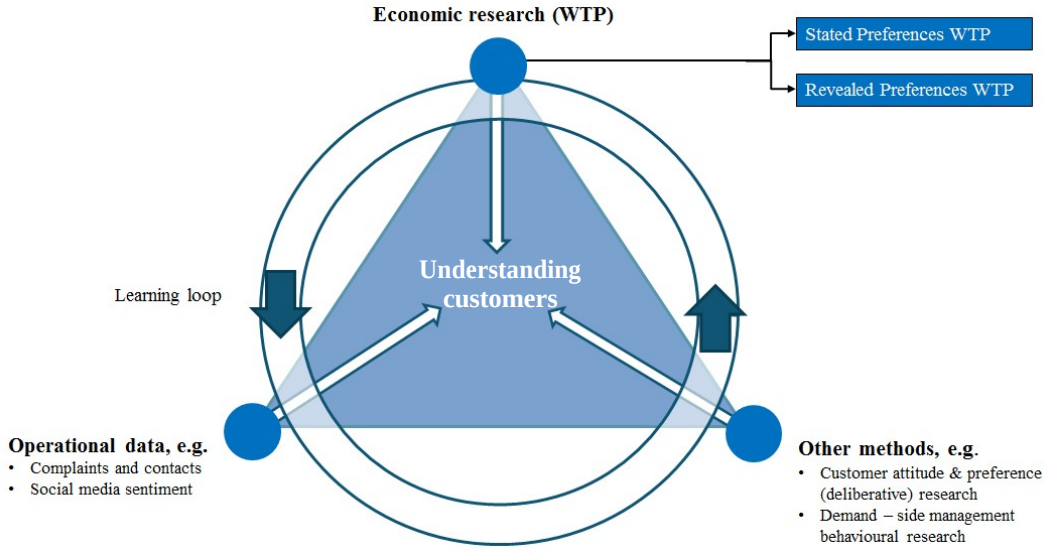


Figure 1: Triangulation Approach (Arup, developed from Ofwat)

PR19 Customer Engagement Programme: Phase 1 objectives

This report brings together the findings from phase 1 of the Customer Engagement programme, which was focussed on "listening and learning". The objectives of this phase were to:

- Identify issues, attitudes and opinions from customers;
- Gather further information about customers' expectations of their water service provider;
- Consult with specific customer segments, including those who have been disrupted by interruptions to their supply and customers in vulnerable circumstances;
- Engage with stakeholder groups to corroborate our customer engagement findings, and enhance our understanding;
- Continue to explore operational customer contact data, drawing on other sources of operational data (e.g. planned work) to help us understand drivers of customer contact;
- Triangulate findings from the different engagement activities and operational data findings to confirm priorities, and ultimately help define our PR19 performance commitments.

PR19 Programme Milestones

The customer engagement programme is part of a wider programme for PR19 Business Planning. Customer outcomes and performance objectives have been identified by Affinity Water. Affinity Water's main focus now is the quantification of these objectives where possible.

1.3 Approach

The primary objective of phase 1 customer engagement was to explore customer views on Affinity Water Performance Commitments.

Building on our approach to phase 0 triangulation and CCW guidance[3], our phase 1 triangulation methodology is a seven step process, and is shown in Figure 2. This process takes the research methods detailed in other method statements (such as in-depth interviews, online panel (Customer Community), and focus groups) and combines and analyses the feedback of these into this report. We developed a triangulation tool to enable transparency and simplification of the triangulation process which includes these steps.

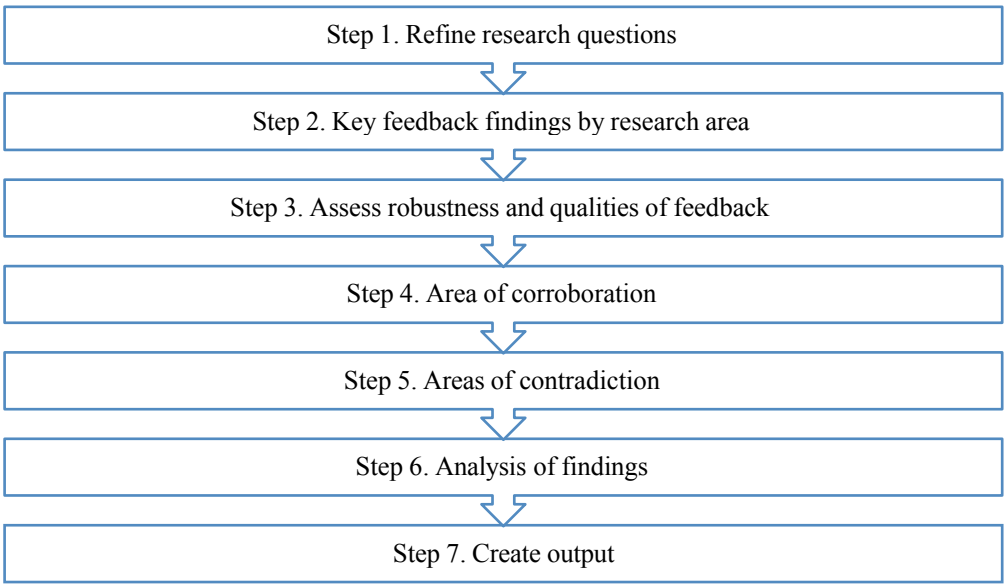


Figure 2: The phase 1 triangulation process

Each of the seven steps is set out in more detail below:

Step 1. Refine research questions

The research questions in relation to each of the Performance Commitments and themes were as follows:

- Which performance commitments are most important to customers?
- What do customers think about Affinity Water's current performance on these themes?

These research questions were based in the Performance Commitment spreadsheet created by Affinity Water (See an excerpt from the spreadsheet in Table 1), a review of the method statements and a review of the feedback questions in phase 1.

[3] Consumer Council for Water, 2017, Defining and applying 'triangulation' in the water sector

Theme	Sub-theme	Performance Commitments (PCs)
Resilience and Environment	Leakage	Leakage (Ml/d)
	Consumption	Per Capita Consumption (PCC) (l/person/d)
	Asset health / resilience	Water Available for Use (Ml/d)
	Asset health	Unplanned Outage (flow rate)
	Asset health	Mains Bursts (Per 1,000 km of pipe)
	Resilience	Bespoke Performance Commitments (Resilience)
	Resilience – drought	Risk of Severe Restrictions in a Drought (% of population at risk in a 1 in 200-year drought)
	Resilience	Percentage of population supplied by single supply system >25,000 (% population)
	Environment	Abstraction Incentive Mechanism (AIM)
	Environment	Sustainable Abstraction, average annual reduction (Ml/d)
	Environment	Bespoke Performance Commitments (Environment)
	Environment	Operational carbon emissions (ktCO2e)
	Environment	Number of water bodies improved or protected by catchment management
Water Quality	WQ	Water Quality Compliance, Compliance Risk Index (CRI)
	WQ	Compliance with Water Quality Standards (Mean Zonal Compliance)
	WQ	WTW where turbidity 95 percentile greater than, or equal 0.5 NTU (number of treatment works)
Interruptions	Interruptions	Water Supply Interruptions >3hrs (average minutes lost per property per year)
	Interruptions	Unplanned interruptions to supply (over 12 hours) (number of properties)
	Interruptions	Affected customers not notified of planned supply interruptions >4 hours (number of properties)
	Interruptions	Planned works taking longer to complete than notified (number of properties)
Customers	Customer experience	Customer measure of experience (C-MeX)
	Customer experience	Service Incentive Mechanism (SIM)
	Customer experience	Developer measure of experience (D-MeX)
	Customer contact	Customer Contacts Regarding Discolouration (contacts received per 1,000 population)
	Branding	Customer perception of the Affinity Water brand (qual)
	Education	Educating future generations (number of children, hours)
Vulnerability and Affordability	VFM	Value for Money Survey (score out of 100)
	Vulnerability	Bespoke Performance Commitments (Vulnerability)
	Affordability	Bespoke Performance Commitments (Vulnerability - affordability)
	Bad debt	Bespoke Performance Commitments (Vulnerability - bad debt)

Table 1: Performance Commitments and their associated themes.

Step 2. Key feedback findings by research area

We have considered all the key findings from each feedback source for each research question. This has been undertaken by populating the feedback findings tab of the phase 1 triangulation tool with feedback findings from each source against each research question.

Step 3. Assess robustness and qualities of feedback

We have assessed the robustness and qualities of all feedback sources, using the triangulation tool. We have populated the qualities tab of the triangulation tool with all of the information available for a feedback source. The following feedback collection information will be used where available:

- Type of data
- Number of responses
- Period of feedback collection
- Response segmentation
- Targeted segmentation
- Prior knowledge of the water sector/ prior engagement
- Date of research.

These topics will be summarised to assess the qualities and robustness of the feedback.

Step 4. Areas of corroboration

In this step, we have highlighted any areas of corroboration between feedback sources. We have completed the corroboration section of summary of findings tab of the triangulation tool, this will also include an analysis of this corroboration.

Step 5. Areas of contradiction

We have highlighted any areas of contradiction between feedback sources, by completing the contradiction section of summary of findings tab of the triangulation tool, this will also include an analysis of this contradiction.

Step 6. Analysis of findings

We have analysed the findings, areas of corroboration and areas of contradiction and consider the following questions:

- What does this mean for the business plan?
- What does this mean for the next stage of research?
- What does this mean for business as usual?

The answers to these questions will be collated in the triangulation tool (summary of findings tab).

Step 7. Create output

We have used the completed triangulation tool to create a phase 1 triangulation research report, which will include a detailed analysis of findings, and the other outputs detailed in the section below.

2 Activity undertaken to support PR19

2.1 Overview

Phase 1 ran between September 2017 and February 2018. This report was drafted in December 2017, capturing the following activities undertaken to inform PR19:

Operational data	**Market research**
Analysis of operational data over an eight month period from two key sources: • Weekly Universe The Weekly Universe records contain the number of wanted and unwanted contacts from customers through telephone calls, and emails and written letters that are determined to be complaints). • Digital & Social Report The Digital & Social report contains information on the Affinity Water website and social media activity. The usage of the Affinity Water website is captured as: - Transactions - Social media - Search Terms - Viewed webpages	• The Affinity Water 2020 Customer Community: - 'More about you' Survey (602 customers) - Water use/ quality surveys (581 customers) - Leakage survey (387 customers) - Leakage stepboard (300 respondees) - Hubbub stepboard (247 respondees) - 7 Quick polls (124-240 customers) • 12 in depth interviews (focused on vulnerability and affordability) • 5 in depth interviews (focused on Low water pressure/ disrupted service)

The outputs from these activities are recorded in the following reports:

- Arup-IpsosMori for Affinity Water, *PR19 Phase 1 Operational Data: Phase 1a analysis report,* December 2017,
- Arup-IpsosMori for Affinity Water, *PR19 Phase 1 Triangulation, Market Research Programme: research report*, December 2017
- Arup-IpsosMori for Affinity Water, *Vulnerability and disruption in-depth interviews: summary report*, December 2017
- Arup-IpsosMori for Affinity Water, *More about you survey summary,* December 2017
- Arup-IpsosMori for Affinity Water, *Water quality usage survey summary,* December 2017
- Arup-IpsosMori for Affinity Water, *Leakage survey summary,* December 2017
- Arup-IpsosMori for Affinity Water, *Leakage stepboard analysis*, December 2017

- Arup-IpsosMori for Affinity Water, *Hubbub video stepboard* analysis, December 2017
- Arup-IpsosMori for Affinity Water, *Quick polls summary*, December 2017

These reports form the basis of this triangulation report. Information from these reports is summarised and analysed in combination with this report. Individual reports provide information on findings from individual activities.

2.2 Operational data

Operational customer data was captured, categorised and analysed. The data was collated from the Weekly Universe and the Digital and Social Report (see below) over an eight month period from November 2016 to June 2017[4]. Visualisations of the data were produced, using a tabular format heatmap to enable direct comparison between source and categories.

We chose this option for visualisation, as it shows differences across multiple variables; revealing patterns, detecting correlations and outliers within the data sources.

In addition, Affinity Water developed case studies to explore how operational data is already being used to inform decision-making within the company.

Weekly Universe

The Weekly Universe records contain the number of wanted and unwanted contacts from customers through telephone calls, and emails and written letters that are determined to be complaints. The reports are produced on a weekly basis and each report contains the data by month for the current and previous months for the financial year.

Digital & Social Report

The Digital & Social report contains information on the Affinity Water website and social media activity. The data captured from this report is the number of top transactions, search terms and viewed web-pages on the web-site.

The usage of the Affinity Water website is captured as:

- "**Transactions"** – There are services available on the Affinity Water website that allow customers the ability to manage accounts with Affinity Water without having to use the call service. These services include making payments or updating account information.
- **"Top 10 Viewed Web-pages**" – Customers visits the Affinity Water website to use the online services on offer to make a transaction, to further find information, such as updates for a particular incident or payment plan options, and to find out how to contact Affinity Water directly. The visited web-page data can be used to identify what further information customers are after and if there are peaks in demand for this information.

[4] These dates were chosen based on the availability of data.

- **"Top 5 Viewed Incidents**" table and the 'Top 10 Viewed Web-pages" are currently regarded as separate tables and sources of data. As the "Top 5 Viewed Incidents" are also considered in the 'Top 10 Viewed Web-pages" if their number of web-page visits in high-enough.

    - **"Top 10 Search Terms**" – Customers will search a term in order to find the related web-page containing the information they are looking for.

2.3 Market research

Customer Community - online panel

The Affinity Water 2020: Is an online Customer Community ("the Community") designed to provide a flexible forum for ongoing conversations with a large group of Affinity Water customers, allowing for quantitative measurement plus qualitative and deliberative inquiry.

Community members were drawn from Affinity Water's Hi-Affinity customer database. Through invitation to complete a registration survey and register for an account on a community platform. This was undertaken in two waves, in September 2017 and October 2017 to reach 2,000 Community members.

As a sample of bill payers and named account holders, the Community has an older and more affluent profile than the general population in Affinity Water's regions. All eight Water Resource Zones (WRZ) are well-represented in the full Community sample. Pinn, the most urban WRZ, is substantially under-represented, while the two WRZs with large older populations (Dour and Brett) are both over-represented. This fits the wider profile that shows greater engagement among older people.

Activities undertaken by the Community included surveys, stepboards, quick polls and blogs. A full list of activities captured at this stage is presented below.

Quick polls. These collect quick 'takes' from customers about issues not included in more detailed Community surveys.

- Are you a bath or a shower kind of person?
- Which would you struggle most to live without for one day – water or electricity?
- Which would you struggle most to live without for one week – water or electricity?
- Do you agree or disagree – I pay less attention to water than other utilities, such as energy?
- Do you remember this leaflet (Keep Track of the Tap) being posted to your property this summer?
- In principle, would you be interested, or not, in having a smart meter installed in your home?
- Typically, how often, if at all, do you visit any part of the water environment?

- Do you agree or disagree - "I prefer using online account and apps than call centres when I want to get in contact with my utility company (such as electricity, energy, water)"?
- Do you agree or disagree – "It is useful to have information on utility bills (such as electricity, energy, water) about how my usage/my bill compares to the average?"

Step boards. A series/sequence of open questions; more qualitative than surveys and polls.

- Leakage
- Hubbub (i.e. water efficiency)

Surveys. A series of more closed questions to explore identified priority themes.

- More about you
- Water use/quality
- Leakage

Blogs. These are two assist with the two-way conversation that Affinity Water wishes to have with its customers. The following three blogs were published.

- Welcome from Affinity Water – 13 September (Viewed 572 times)
- Video: Welcome from Chris Offer – 26 October (Viewed 245 times)
- Fixing Leaks: Thanks for sharing your views! – 22 November (viewed 140 times)

In-depth interviews

In-depth interviews provided a deep insight to our customers' views. These qualitative techniques ensure we reach particular customer segments, such as those in vulnerable circumstances. They also provide a forum to discuss more complex, less top-of-mind issues such as resilience and the environment.

There were two themes of the in-depth interviews, Vulnerability/ affordability and low water pressure/ disrupted service. These interviews were 60 minutes face to face interviews.

The vulnerability/affordability interviews, were held with 12 customers, who has characteristics associated with vulnerability. The low water pressure/ disrupted service interviews were held with five customers who had been experiencing low water pressure or had been cut off for more than 12 hours.

3 Other information / activity

In addition to the work carried out specifically to support PR19, we have considered information and activities undertaken for other purposes in this phase of triangulation.

3.1 Work done by Affinity Water

Customer engagement activities undertaken by Affinity Water for other purposes are set out below.

"Keep Track of the Tap" campaign

In June 2017, Affinity Water launched a 'Keep Track of the Tap' campaign to provide customers with advice and practical help to save water. The 'Keep Track of the Tap' leaflet was delivered to approximately 1.5 million households across Central and Southeast regions during July.

The campaign also promoted the availability of free water saving devices such as: eco shower head, save-a-flush, shower timer and tap aerators.

In advance of the campaign launch, a focus group was run to test messages and campaign details.

Water saving customer research

To support the aims of Affinity Water's water saving team, Hubbub[5] was commissioned to carry out the following research:

- A national online survey amongst a representative sample of 3,000 UK adults in June 2016,
- 40 in-depth home visits with households in Watford and Harlow to better understand people's lifestyles and water use habits. Followed by provision of a "Water Saving Kit" filled with useful water saving items,
- Ongoing support and conversation with the 40 households via a closed Facebook group for 2 months following the home visits.

A further online questionnaire will be carried out at the end of the 2 month period (September / October 2017).

3.2 Activities within the sector

In preparation for the next Price Review (PR19), we have noted some key reports published within the UK water sector, which have informed our approach to triangulation.

[5] See Hubbub for Affinity Water, *Water saving project: Initial learnings and insights*, August 2017

Ofwat's Final PR19 methodology

Delivering Water 2020: Our final methodology for the 2019 price review was published by Ofwat on 13 December 2017. Customer opinion and customer service remain front and centre of Ofwat's expectations. In their initial assessment of company's business plans, Ofwat will be looking for evidence of how customer engagement has informed both the company's business planning and also ongoing business operations.

We are reviewing this document against our customer engagement programme to assess its implications on the activities we have already done as well as using this to shape our phase 2 engagement programme. Any gaps found from the work we have already done will be covered in our phase 2 programme.

Consumer Council for Water advice on triangulation

A study commissioned by Consumer Council for Water (CCW)[6] identifies how companies can use triangulation across multiple sources of research and data to provide a more in-depth customer evidence base. The following are conclusions on how the triangulation process should be applied:

- It must be a transparent process that demonstrates the approach used and the rationale for the weight applied to each evidence source and final reasoning,
- Triangulation must be flexible to different needs and different situations,
- Contradictory evidence should be made clear, and lessons drawn from these contradictions where possible,
- Specific steps should be taken to avoid confirmation bias.

This advice has been used to create the tool which has been used to collate the findings in this report.

Planning for the future: a review of our understanding of household consumption, Artesia Consulting, 2017

Artesia Consulting carried out research for four companies (Anglian Water, Affinity Water. South East Water and Thames Water) from the Water UK steering group working on the Water Resources long-term planning framework. The work aimed to look at factors that were driving the differenced in household consumption that was report across these companies. Artesia were also tasked with recommending a programme of research to ensure the availability of information on household consumption to assist with delivery of ambitious demand management targets.

The approach taken by Artesia included analysing annual reported data from the Environment Agency from water resource zones across England between 2000 and 2016 in order to look at the regional variations in household consumption. A

[6] ICF Consulting Ltd for the Consumer Council on Water, *Defining and applying 'triangulation' in the water sector: How water companies can use different sources of customer evidence in business planning*, July 2017

range of literature and experience was explored from recent water resource planning activities, also.

The Consumer Council for Water, Cyngor Defnyddwyr. Water saving: Helping customers to see the bigger picture

In September 2016, Water UK published 'Water resources long-term planning framework' study to look at the future of public water supply in the context of population growth, climate change and the need to reduce water abstractions. The Consumer Council for Water have built on this research to look at how communication with customers and consumers around water resources issues,

The overall research purpose was to develop a robust evidence base for CCWater to think about how their communications with customers and consumers should be considered in the present and longer term resilience context. They aim to identify how information and campaigns might achieve greater customer awareness and explore different attitudes towards water resources and water supplies in a changing context.

Community Research were commissioned to conduct a piece of research including:

- Primary research - a rapid literature review
- Secondary research – deliberative research with water customers

Water, Water everywhere? The Consumer Council for Water, Cyngor Defnyddwyr

This report discusses a number of issues faced by water companies' that can affect long term resilience of water supplies in England and Wales and a discussion around what the industry is doing to address these challenges. It discusses the performance of a number of water companies on certain issues including metering, leakage, drinking water quality and communications with customers.

Ofwat Resilience in the Round

Owfat published this report in September 2017 to give guidance to water companies on the essential considerations for creating a resilient business. This puts customers as at the core of this concept and the three elements that must work together to provide customers with the best performance possible:

- Corporate, which includes governance, accountability and assurance,
- Financial, which is the financial stability, and
- Operational, includes the infrastructure and skills required for performance.

3.3 Activities outside of the sector and across the world

National Infrastructure Commission, Report from citizen Research, 2017

The National Infrastructure commissioned BritainThinks to conduct research to feed into the UK's first National Infrastructure Assessment (NIA). This document looks across all economic infrastructure sectors over the next 10-30 years to identify infrastructure needs, challenges and options to address these. BritianThinks were tasked with investigating the following things:

- Public understanding of the phrase 'quality of life' and how infrastructure inputs into this
- The public's thought about UK infrastructure and what they consider to be the key challenges and concerns
- To understand what the public believes the vision for UK infrastructure should be

3 workshops were held across the country with 10 participants in each, last 150 minutes. After these workshops, an online survey was conducted consisting of 2,028 adults aged 18+ living in Great Britain.

Power to the people: A new trend in Regulation

This 2017 academic paper[7] focuses on how utilities engage more directly with customers. The recommendations from this paper include a revised framework for regulators and companies, making use of microeconomics, modern tools of program evaluation, and greater direct incentives from the regulator.

[7] Robert Hahn, Robert Metcalfe and Florian Rundhammer, *Power to the People: A New Trend in Regulation*, Working Paper, June 2017, https://www.brookings.edu/wp-content/uploads/2017/05/es_20170531_hahnregulation.pdf

4 Findings and analysis

4.1 Resilience and the Environment

Leakage

As found in phase 0, customers think that leakage is wasteful and do not appreciate being asked to save water when they see leaks being left. Minimising leakage thought to be key part of the 'contract' between company and customers.

The “Leakage” survey as part of the Affinity Water 2020: Costumer Community Survey identified that most customers (73%) customers think Affinity Water currently manages leakage appropriately, with only one in ten (9%) saying they do not. However, 75% of customers feel that Affinity Water should explain leakage and its importance better than they currently do to customers. This communication should focus on cost of leakage, amount of water lost in leakage, change in leakage in time and would be reported on the website.

The “Leakage” survey has identified that customers recognise different severity of leaks and some necessitating faster response than others. There is some disagreement with customers’ satisfaction with response times: over half think that the time Affinity Water takes to repair leaks is about right while 40% think they should repair leaks faster.

Most customers (70%) think that Affinity Water should meet or exceed Ofwat's leakage expectations, meaning leakage reduction should be down by more than 18% in 2020. Linked to this, most customers (three in four) think that Affinity Water should spend more money to reduce leakage further, going beyond the ‘economic level of leakage’, with only one in ten (9%) saying that they should not do this.

Four in five (81%) think that metering will encourage households to take more responsibility for their own leakage.

Leakage seems to be a main area of concern for customers, as according to the operational data there is an increased number of complaints regarding the issue. In addition to this, customers have expressed interest in water leakage which can be seen by the number of viewed pages and searches that took place.

Resilience

The “More about you” survey highlights that customers are positive about reliability and the constant supply, with 96% of customers agreeing that water supply is reliable.

Customers do not perceive that water will run out or that water supply will be an issue, as we are a 'wet country’ and a ‘grey and green’ country. Most are surprised that that drinkable water comes from reservoirs, lakes and rivers. Most customers (80%) have not had any restrictions on water in the last year, and those that did were causes by leakage, water pressure, water meters and in some cases the weather.

Customers feel that hosepipe bans are an acceptable method for managing resources, despite perceiving that they happen more regularly that usual. Most customers also find Affinity Water's drought order frequency acceptable, and would rather experience these than an increase in bills. However, customers would rather pay more now, for investment in infrastructure development to prevent large bill increases for future generations. This is in line with the phase 0 findings.

The in-depth interviews found that in low pressure areas, customers are resigned to low pressure, though the operational data shows that there were a significant number of complaints about shower pressure. In-depth interviews found that there is confusion about causes and possible solutions, which is reflected by the operational data where the water pressure webpage was widely viewed suggesting that customers are looking for further information.

Environment

Customers value the environment and think that Affinity has a role to protect it, but it is generally less of an emotive issue than leakage.

Through the Customer Community at phase 1, similar to the findings at phase 0, found that customers do not immediately make the connection between their water use and the environment, but do make the connection when discussing water use in more detail.

The majority of customers think that saving water for the benefit of the environment is important. Customers are keen to be given advice on how they can reduce their consumption with further awareness-raising and publicity as most do not recall the current initiatives.

Most customers visit the water environment only occasionally, though almost a third (29%) of customers visit the water environment visit regularly or frequently.

Consumption

Most customers feel that they are efficient users of water and that they use the same or less compared to other households.

A survey through the Community identified that most customers (85%) thought that they were careful with the amount of water used, over half of customers rated themselves as eight out of ten and above on water efficiency meaning that they take active steps to reduce water use.

Saving water is generally recognised as required. Over half of customers (61%) agree that reducing the amount of water we use is the responsibility of the individual. Almost a third of customers (29%) thank that it the joint responsibility of both customers and Affinity water. Only a minority (10%) that it is Affinity Waters responsibility alone. Customers feel their responsibility is to not waste water, but it is the water companies' responsibility to avoid excess wastage from burst mains or leaks.

The two main reasons for reducing consumption was saving money on water bills (65%) and benefitting the environment (58%). Preventing a temporary ban and

saving money on energy bills were also identified. Incentives, e.g. retail vouchers on water efficient white goods, would be welcomed by customers, but there is no guarantee of water saving.

Generally, customers think they might be able to make small savings in their water use, though 40% of people think that they cannot use less water than at present.

Communications on reduction behaviours may need to be improved, with only one in four remembering the Keep Track of the Tap leaflet. There is a lack of trust in or engagement with Affinity Water, with some customers wondering why the company would want them to use less water.

Customers are interested in smart meters for water, with over half (55%) say they would be interested in having a smart water meter installed in their home. These meters cause a restriction in water use as one customer described 'being on a water meter means I very much pay for usage'. Customers were happy with the speed of fitting a water meter '*The engineer fitted it within seconds… I thought it would be a major job'*.

Operational data supports this with water saving meters being a significantly viewed webpage, suggesting that customers are seeking further information on this topic. However, these meters were also only of the most significant causes of complaints, suggesting that more support is required for customers who have these meters installed. This is reflected by the customer comment '*What is a cubic metre in water? I have no idea. I don't understand that*' with suggestions including referencing litre bottles of water and a cost associated with that.

4.2 Water quality

Customers generally trust the water they receive but have some issue with taste and discolouration.

The phase 1 "Usage and Water Quality" survey found that 95% of customers trust the water they receive, but were least satisfied by the smell and test of the water. This trust was built on customers never having had issues in the past, have had the same supplier for years, no illness caused by tap water and high standards of UK regulations.

The same survey, reflected the phase 0 market research with the main reasons for dissatisfaction including: the chemical/chlorine smell, the amount of limescale, odd taste and sometimes cloudy or brown. However, there was a low number of unwanted contacts about discoloured water.

It also identified some suggested improvements which include: less lime scale and chemicals, water testing kits, improve taste to make it more pleasant to drink, less cloudiness, filtering and making it softer.

The "Usage and Water Quality" survey also suggested that one of the causes for dissatisfaction with water was that it was very hard. This is not reflected in the phase 1 operational data (which agreed with the phase 0 operational data), where water hardness is not a particularly an issue for customers, with no complaints

occurring due to hardness. However, it is a relatively commonly viewed webpage, suggesting that customers are searching for further information on this. However, as in phase 0, we do not know if this is to enable white goods setup or because customers are concerned about hard water.

4.3 Interruptions

Through the In-depth interviews we found a lack of communication between Affinity Water and customers who have experience interruptions. For example, some customers only find out through Facebook or by contacting Affinity Water themselves about outage, updates on water restoration, or water distribution. This is reflected in the phase 1 operational data, with highest number of social media contacts and one of the highest viewed webpages being on interruptions.

As part of interruption to supply, it was found through the In-depth interviews that low water pressure is something customers "have to put up with" and are resigned to. There is however much confusion about the causes of low pressure and low awareness of how, or if, pressure can be improved.

4.4 Customers

Customer communication

We found that customer communication could be improved.

Through operational data, we know that a low proportion of the overall customer base contact Affinity Water. Through the market research activities there are examples of lack of communication during incidents such as interruption to supply as described in section 4.3 above.

Operational data also found that customer communication and method of contact being the main other webpages viewed. As well as this customer communication was a relatively regular reason for complaints, suggesting that customers need further information on communication methods and expect more communication from Affinity Water. As in phase 0, the method of this contact needs further consideration, as at phase 1 through the Quick poll via the Community, only a quarter of customers remembered receiving the 'Keep track of the tap' leaflet.

In-depth interviews also found that customers were interested in a discount to use online self-serve. Operational data showed that the most viewed webpages and transactions were related to billing and account management suggesting that many customers already use or wish to find out more about online account management.

4.5 Affordability and Vulnerability

Value for money

There is some discrepancy on customers consideration of value of service.

The "More about you" survey found that though water is generally seen as good value for money compared to other utilities almost half of customers (49%)

agreed that water bills are too expensive. Though even this was uncertain with many customers (40%) neither agreeing nor disagreeing that it was too expensive.

The perception of value for money increased when further explanation of other service, like the password scheme, was provided.

Affordability

We found that though water is considered to be affordable, many still felt that bills were too high.

The "More about you" survey identified that the majority of customers think that 'water bills are too expensive these days' but operational data showed there were very few complaints related to price perception.

Most customers feel that water is affordable, especially for smaller households with a fixed income. But for larger households, particularly for vulnerable customers with young children or medical conditions, usage is difficult to control and water is less affordable as income or usage fluctuates. For example, water meters have altered the cost of water for many. One customer said *'It's a lighter bill for me… I don't use a lot so I get what I pay for'* while another customer said *'I phoned them and asked if I could go back to the old system… as the bill is high but they said no you will just have to pay it. It made me feel upset and disappointed I was expecting them to say that because of the large household we might qualify for some help'*.

Customers are actively trying to manage household bills with a sense of pride in paying and none were actively avoiding bill payments, lower tariffs preferred over payment plans. However, this was made difficult for many, who found that it was difficult to track water usage and cost especially as bills are infrequent and lack visual measures to make water usage and cost understandable.

Vulnerability

The "Vulnerability and disruption in-depth interviews" showed that there is a low understanding on who is perceived as vulnerable and what services they can access. However, this was based on a small sample of 12 customers classified as vulnerable.

The In-depth interviews also found that many customers who we would define as being in a vulnerable circumstance do not perceive themselves as vulnerable, but do use similar vulnerable stereotypes when prompted. *'I suppose I am a little bit vulnerable…with my partner not working now…it's a struggle to pay bills, afford food and get what the kids need'*.

Many are unaware of what Affinity Water can do to help with bills and the support services available. The method of communication of these services needs to be improved, as awareness of the 2016/17 billing insert, which explains the advance care services, is low.

The operational data reflects this lack of understanding as vulnerable customers are a regular search term and a complaint.

4.6 Comparison with PR14

At PR14, Affinity Water undertook some comparable customer engagement in phase 1. In particular:

- Report on Engagement Activity Phase 1,
- Customer Experience, Benchmarking Exercise, baseline customer views
- Investing in your community, Qualitative Research - Combined Summary Report,
- Panel survey findings (OPM),
- Let's Talk Water consultation (OPM),
- PR14 Customer Research: Summary of Findings of the Customer Acceptability Study,
- Research with Vulnerable Groups, Findings from Interviews with Stakeholders (OPM),
- Business Plan Consultation Customer Forums Final Report,
- Pre-SDS Consultation Online survey findings
- Bill acceptability study report
- Baseline Customer Focus Groups[8] – 2Europe complete a number of focus groups to gain general feedback about the business and services;
- Consultation on draft Strategic Direction Statement (dSDS)[9] – this included questionnaires, focus groups, and drop-in public events.

The findings from these two activities were broadly similar to our findings in phase 1. In particular on:

Leakage

Both phase 1 PR19 and PR14 engagement, found that leakage was a key issue for the customers. In the Engagement Activity phase 1 for PR14 the customers felt that individuals had responsibility for reducing leakage and the Investing in your community report. Pipe ownership was a topic of more confusion at PR14 than at PR19.

PR 14 Engagement Activity Report also found that customers favoured reducing leakage beyond economic levels. A higher percentage of customers at PR19 felt that Affinity Water manages leakage appropriately (73%) compared to only 45% of customers in the PR14 Panel Survey Findings.

Resilience

Both PR14 and PR19 research found that the current management of water through hosepipe bans was acceptable and few were willing to pay more to reduce

[8] 2Europe for Affinity Water, *Customer Experience*, October 2012
[9] Dialogue by Design for Affinity Water, *AffinityWater – Investing in your community: Qualitative Research – Combined Summary Report,* February 2013

the likelihood of these (found by the Bill acceptability study and the customer acceptability study). In both cases, customers supported infrastructure improvements, though at PR14, in the Bill acceptability study, less than half of customers were willing to pay more for it, whereas at PR19 customers preferred to pay more now to prevent higher bills for future generations.

Water quality

At both PR14,Let's talk about water, and PR19 most customers had high quality water most or all of the time. At PR14 (in the Business plan consultation report) water hardness was the biggest concern, whereas at PR19 hardness was one of a list of issues, which was regularly searched for on the website, but not complained about. This suggests that, while at PR19 it is slightly less of an issue for customers, it is still key.

Customer communication

PR14 and PR19 research both highlighted that customers wanted more communication from Affinity Water. For example, the PR14 Bill acceptability report found only 50% of customers were happy with contact from Affinity Water. The lack of choice felt by customers was highlighted at PR14, in phase 1 customer engagement, but not at PR19.

Value for money

Customers reported good value for money at both PR19 and PR14, in the Bill acceptability report, Customer experience, Investing in your community, Engagement Activity report phase 1, and the Customer acceptability study. At PR14 the lack of transparency highlighted as an issue in the Engagement activity report.

Affordability

The PR14, Panel service findings, found that 64% of people felt that they paid about the right amount for water, whereas at PR19 market research found that 49% of customers think that bills are too expensive.

Vulnerability

At PR14 there were mixed views about the extent to which Affinity Water should support vulnerable customers, found in the 'Investing in your community' report. This was not an issue identified in the PR19 findings, which focused on lack of communication of the support services available.

The environment

In PR14 87% of customers agreed that the environment was important to them, with abstraction being the greatest concern, and nine out of ten respondents agreeing that they would be willing to pay to reduce abstraction (found in the Panel survey findings). At PR19 customers agreed that the environment was important but abstraction was not raised.

Consumption

The PR14, Let's talk about Water consultation, agreed with the PR19 market research was the main reason to reduce water consumption, was to reduce bills. Both the PR19 phase 1 market research and the PR14 phase 1 engagement activity agreed that customers felt they needs further information on how to manage their own consumption.

At PR14, in the investing in your community report, customers felt that there was a large scope for reducing domestic consumption, whereas the PR19 generally customers felt that they could make small savings, or that they cannot use less than they currently do.

5 Recommendations and next steps

5.1 For the Business Plan

Affinity Water's draft Performance Commitment themes and sub-themes resonate with the feedback from customers as essential parts of the business to consider. Some of these Performance Commitments have enough information from customers to feed into the business plan and others require further work which will be considered in the next stage of the business plan.

We consider that from Phase 0 and Phase 1 feedback received is clear that water quality is generally satisfactory, but has key issues to consider including water hardness, discolouration, and smell. Given the regulatory constraints and subsequence customer choice on the issues, we consider that this feedback is sufficient and that no further customer feedback is required to formulate a response in the Affinity Water's business plan.

5.2 For the next stage of the customer engagement programme

A key part of Phase 2 triangulation is to undertake Acceptability Testing to understand the extent our customers are willing to pay for improvements to our service.

There are particular gaps in our knowledge within some Performance Commitments which will need to be address in the coming stages of customer engagement, these topics are:

- **Resilience and Environment;** there are some key areas which we should explore in further detail such whether customers are happy to pay more to go above the minimum level to reduce leakage, improve infrastructure for future generations and protect the environment.
- **Interruptions;** we need to explore the extent that customers are willing to pay more to prevent interruptions to service and whether there are minimum standards that they will expect us to adhere to.
- **Customers;** we need a further understanding of the areas of customer contact and experience which customers feel need improvements and the extent to which customers are willing to pay for these improvements. At future phases, sub-themes which have not been tested with customers should be considered which include Affinity Water branding and education.
- **Vulnerability and Affordability;** at future phases of engagement we need to understand the extent that customers are willing to support vulnerable customers as well as other sub-themes which have not been tested with customers, such as Bad debt also need to be included in this engagement.

5.3 For business-as-usual customer engagement

Customer communication

Improved customer communication is a recurring theme, from PR14 and PR19 Phase 0 and 1. This suggest that the current methods of communication do not engage sufficiently across multiple topics, from support for vulnerable customers to information on reducing consumption and that different on-going methods are required.

Combining customer contact data with operations data

Currently Affinity Water considers its customer contact data separately from data on assets and operations. The operational data report has highlighted a number of areas where there are opportunities for Affinity Water to gain greater insight through combining these two types of data.

6 Additional customer engagement research completed

The original report presented research undertaken between September 2017 and December 2017. This appendix presents the additional customer engagement research that was completed between December 2017 and February 2018 as part of Affinity Water's Phase 1 activities. This additional research is summarised below:

Customer Community Activity	Other Market Research	Operational data
Step boards • "Customer Service" step board • Drought and hosepipe bans step board **Surveys** • Your water service survey • Omnibus survey **Blogs from Affinity Water.** • Thank you blog from Chris Offer - 26 Jan 2018 • Customer service blog from Amanda Reynolds – 2 Feb 2018	• An online social tariff survey • Two affordability and vulnerability stakeholder workshops	• Operational data case studies (and associated update to phase 1 operational data report)

The outputs from these activities are recorded in the following reports:

- Arup-IpsosMori for Affinity Water, *Affinity Water 2020: Customer Community: Summary "Customer Service Step board*", January 2018.
- IpsosMori for Affinity Water, *Drought and hosepipe ban step board memorandum*, January 2018
- Affinity Water, *Summary note of stakeholder workshop on vulnerability*, held on 8th January 2018
- Affinity Water, *Summary note of stakeholder workshop on vulnerability*, held on 12th December 2018
- Arup-IpsosMori for Affinity Water, *Affinity Water 2020: Customer Community: Summary "Your Water Service" Survey*, February 2018
- Arup-IpsosMori for Affinity Water, *Social Tariff Survey: Survey report,* February 2018
- Affinity Water, *Operational Data – Case Studies*, February 2018
- Arup-IpsosMori for Affinity Water, *Operational Data: Phase 1 report,* February 2018
- Arup-IpsosMori for Affinity Water, *Affinity Water 2020: Customer Community: Summary "Omnibus" Survey*, February 2018
- Arup-IpsosMori for Affinity Water*, Phase 1 Triangulation: Market Research programme, Research report (v6)*, February 2018

In addition, we continued to review wider research that is relevant to Affinity Water's programme. In particular, we identified the UK Customer Satisfaction Index (both the main report and the utilities sector report)[10].

7 Updated reflections on findings and analysis

7.1 Introduction

The sections below set out findings that additional or changed since December 2017.

The overarching findings from across phase 1 can be summarised as:

- We continued to observe disengagement about water.
- Leakage is an emotional issue and customers' expectations are high in terms of tackling leaks.
- Customers do not perceive risks to water supply through drought. However, they do value the environment and think that Affinity has a role to protect it, but customers also recognised their role in saving water.
- We found that customer communication could be improved, particularly during incidents.

[10] Institute of Customer Service, *UK Customer Satisfaction Index*, January 2018

- Customers are generally positive about the service they receive from Affinity Water.
- Customers suggested improvements to the services they receive which included: take greater ownership of issues, resolve complaints quicker, increase number of call operators, improve online offering, offer compensation to customers when appropriate, send more regular email updates and read water meters more frequently.
- Whilst water is generally perceived as affordable, this is not true for all. Vulnerable customers do not generally perceive themselves as such, and are often not aware of services that could support them.
- The wider customer base is supportive of Affinity Water providing support to customers with financial difficulty paying for their water.
- A slim majority of customers support an annual increase of £2.5-£3.0 in their annual bill to support Social Tariff.

7.2 Resilience and the environment

Leakage

Further research reconfirmed that leakage is an emotive issue, and evokes concerns about fairness. Communication about leakage has emerged as an issue, and one of the operational data case studies has shown how Affinity Water is already working to address this issue.

The Customer community "omnibus" survey found that respondents were most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage, reconfirming the importance of this issue. It also emerged as an area that the Community would have liked further opportunity to discuss and share their views on.

Resilience and drought

According to the "Analysis of drought and hosepipe bans stepboard", customers' view is that that over the long term we receive less rainfall now compared with previous years. However, over the short-term the respondents thought that the amount of rainfall was similar year-to-year. Customers also felt that the rainfall patterns are quite variable now.

Through the community, there was a mix of opinion regarding hosepipe bans acceptability and implementation. Generally, community customers felt that bans should be avoided where possible. However, there was recognition that they may be necessary in times of water shortage. Indeed, the omnibus survey highlighted that only 12% of respondents felt it was never acceptable to use restrictions such as hosepipe bans. The "fairness" factor also appears in this topic, as customers think unessential uses should be banned first in cases of ban implementation. A staged process should be put in place to ensure fairness towards all users.

Many community customers expressed concern about water resources when shown photos of a river during a drought in 2012.

Environment

In the "Analysis of drought and hosepipe bans stepboard", community customers were concerned about negative effects in the ecology caused by drought conditions.

Through the same stepboard, customers' ideas to Affinity Water for better taking care the water resource included: more storage; improve distribution system to reduce losses; focusing on education to use less water and using surplus supplies from other areas.

Consumption

Affinity Water's affluent customer base is reflected in the company's above average per capita consumption levels.

The omnibus survey through the customer community further reinforced that most customers believe that they are careful about water use. In addition, most respondents (80%) believed that water meters are the fairest way to pay for water.

7.3 Water Quality

No additional findings emerged.

7.4 Interruptions

The customer community omnibus survey found a high level of satisfaction with the water service; including finding that respondents generally perceive the service to be reliable with rare interruptions.

From one of the operational data case studies, we know that Affinity Water has begun to improve customer satisfaction during incidents and interruptions. A callback option has been added when the Interactive Voice Response (IVR) is activated during an incident. This has resulted in an improvements to the C-Sat score.

7.5 Customer service

When customers were asked during the "Social Tariff survey" if they had contacted Affinity Water for any reason in the last 12 months, 79% replied "No". The Your Water Service survey found this to be 61%, which supports PR14 and previous PR19 findings that most customers are not in regular contact with the company. This is reflected in the lack of knowledge amongst customers, and the willingness for Affinity Water to "get on with the job". The largest proportion of community members – nearly seven in ten (68%) –say that they like to know what Affinity Water is doing but are happy to let them get on with their job. The Your Water Service Survey found that over 40% did not know about Affinity Water's online self-service account.

The community omnibus survey found that knowledge about Affinity Water has increased among Community members, with 33% saying that they now know a fair amount.

The "Affinity Water 2020: Customer Community Customer service stepboard" showed that 3 in 5 (61%) of the customers have got in touch with Affinity Water's client service and 69% thought the service was good, with the manner in which the customer service employee engages with the customer making the biggest difference. The "UK Customer Satisfaction Index" revealed that greater customer satisfaction is directly linked with the levels of trust, recommendation and reputation. Utilities are consistently within the three lowest ranking sectors, meaning there is a lot of opportunity to learn from other sectors.

7.6 Affordability and Vulnerability

Affordability and Value for Money

The customer community omnibus survey reinforced the finding that water bills are not front of mind. When asked for an estimate of average bills, 60% of those taking part in the survey didn't answer, and those who did gave a wide range of estimates.

There was marginal support from the customer community for increased customer bills to support reducing leakage or help customers save water. More opposed than supported increase in bills to reduce the likelihood of water restrictions or to reduce the amount of water taken from the environment.

Vulnerability

The stakeholder workshops further reinforced that vulnerability is a fluid state, rather than a static state, and that it could be framed more positively (e.g. "priority customers").

There was further reinforcement of the low awareness of support available for vulnerable customers, for example the 2016/17 billing insert, which included an explanation of the advance care services available that could provide further support.

The social tariff survey found that customers are supportive of Affinity Water providing support to those who have financial difficulty paying for their water. Support increases further when basic information is provided about the nature of support provided by Affinity Water. However, support cools sharply when the idea of customers funding support is introduced (without any quantification of the impact on customer bills), and opposition exceeds support. Customer opinion swings back towards support when the Social Tariff is explained in terms of the requirement to demonstrate customer support, the eligibility criteria and non-profit making.

Stakeholder workshops identified a number of ways in which Affinity Water could improve its support to priority customers, including practical help, flexible payment plans, improving communication, improving data held on customers and

using this to spot patterns and predict trends, being visible and working in partnership.

8 CCG meeting reflections on findings

Representative nature of samples

It was noted that the on-line community is a good qualitative tool, but not statistically representative. This was designed to be a tool for this phase of "listening and learning" and its soft quantitative nature was intentional.

However, improvements to reporting the nature of the research as well as the findings, can be made to subsequent triangulation.

Representative samples will be required and are planned for Phase 2 research. The acceptability testing and the business plan consultation are expected to enable Affinity Water to create "packages" within the acceptability engagement of the business plan. This will enable the company to use real combinations of service levels and bill impacts when consulting customers, while making sure that the research is representative and statistically robust.

Operational data and knowledge

There was concern raised that the knowledge of front line staff that accompanies the operational data that had been analysed was not being used to inform the programme as much as it could be. The development of cases studies is expected to contribute to this knowledge.

More attention could also be drawn to customer segmentation in order to tell the customer story better. For the next phase of engagement, it was suggest that further socio-economic data could provide greater understanding of customers' circumstances and wider context.

Changes over time

Although in most of the areas examined in more than one engagement phases the results have been similar, some areas of engagement showed some shift. The water hardness issue for example was lower in customer's priorities in PR19 compared to PR14.

Integration into the business plan

The CCG expressed a desire for Affinity Water to show more leadership on the business decisions to be made as a result of this customer insight.

9 Reflections on recommendations and next steps

9.1 Update based on additional research

For the Business Plan

The additional research does not alter the recommendations for the business plan as outlined in section 5.1. However, for clarity, the research confirms that there is no particular evidence to show strong customer support for any of the following issues which Affinity Water were considering as possible performance commitments:

- Operational carbon emissions
- Value for Money survey
- Educating future generations
- Customer contacts regarding discolouration
- WTW where turbidity 95 percentile greater than, or equal 0.5 NTU (number of treatment works)

This doesn't mean that these issues are not important to customers, but they are not front of mind. Given the lack of customer knowledge about Affinity Water, the overarching finding is that reducing the number of performance commitments will help to simplify messages.

For the next stage of the customer engagement programme

In addition to the specific elements relating to key themes to be explored further, there are a number of other issues that were highlighted in phase 1 and need further work.

Operational data

Better articulation of who Affinity Water's customers are and the wider context that they are operating in. Much of this already exists within the business and should be extracted to inform the PR19 customer engagement programme.

Better articulation of how Affinity Water is responding to Ofwat's expectations around operational data. This could be achieved through additional case studies, or further review and assurance processes.

Market research

The deliberative nature of the Social Tariff survey, as well as other research undertaken during Phase 1, has confirmed our Phase 0 conclusion that conversations with customers need careful facilitation and that there is benefit in employing mixed methods; it is not enough to establish how many hold opinions without understanding why, and the basis of such views.

The implication of this is that we ought to use quantitative and qualitative market research in Phase 2 which has an objective of 'testing and valuing' customer priorities. This will also better fit with Ofwat expectations and the 'design criteria' which have shaped our programme from the outset.

This, plus the lack of awareness of and engagement with Affinity Water, Propositions and Business Plan priorities ought to be placed in context so that they are made meaningful to customers, particularly as most say they know little or nothing about water and doubt the imperative, and the efficacy, of engaging with an 'invisible' service.

Price is important because it is the frame through which customers are more immediately likely to recognise having a stake in water services. Priced propositions will be more tangible and relevant. Phase 2 will provide further opportunities to test customer engagement and interest in Affinity Water's priorities and plans for operationalising what needs to be done.

For business-as-usual customer engagement

Customer communication

The findings of the report in section 5.3 are also confirmed by the additional research. Customers are perhaps more interested in "how" performance commitments are delivered and how they are communicated than they are in "what" they are.

Appendix A

Overview of customer engagement programme to date

Appendix B

Triangulation spreadsheet

Annex 4: Phase 1 Listening and Learning

Ph1.2 – PR19: Triangulation and validation of our phase 1 customer engagement

Phase 1 Triangulation

Market Research programme

Research report

Ipsos MORI
Social Research Institute

ARUP

Summary

- This report presents findings from Affinity Water's market research programme supporting PR19. It primarily makes use of research activities undertaken via the Affinity Water 2020 Community of Customers but also draws on a series of in-depth interviews with customers and a standalone survey about the Social Tariff. Use is also made of PR14 research. Its focus is key themes and performance commitments pertaining to the PR 19 Business Plan.
- Water is considered **essential** by customers. This is reflected in a conception of water as less 'product', more 'service', and in emotional attitudes towards leakage and waste.
- Despite its essential status, Community customers say they **pay less attention** to water relative to energy and communication utilities. Engagement is a challenge; most customers say they know a little or nothing about Affinity Water. Water is an 'invisible' service.
- This makes it **difficult to engage and cut-through**, evident in our attempts to recruit the AW 2020 Community and, having done so, then finding twice as many customers saying they did not recall receiving the Keep Track of the Tap leaflet, as did.
- Water **supply is reliable** in customers' eyes. Its constant supply is not under threat and resilience is taken for granted because Britain is a 'wet' country with plentiful supplies of water; many customers viewing the Hubbub film were surprised that most, or at least some, of our drinkable water is sourced from rivers, lakes or reservoirs.
- Tap water is trusted, and seen as being **safe and clean**. Qualitative research has found some exceptions to this, and a survey among the Community points to some *relative* issues with taste and smell. But the overwhelming sentiment is one of satisfaction with few top-of-mind suggestions for improvement.
- The mainly affordable nature of water bills and the weak link between use and cost, mean that there is little imperative to reduce consumption. Community customers consider themselves 'average' and 'efficient' in terms of **water consumption** – with little means to draw these comparisons – but attempts to help customers reduce consumptions are pushing at an open door. Half think they might be able to do something to make small reductions to consumption which is seen as more the responsibility of customers than water companies.

Summary

- Minimising **leakage** is thought to be a key part of the 'contract' between company and customers. Self-reported concern among customers is driven by a distaste for waste, followed by the cost of controlling leakage and how this affects their bill and the potential risk to the environment if we have to take more water from rivers.
- Customers recognise that there are different severities of leaks, and that some necessitate a faster response than others. Over half think that the time Affinity Water takes to repair leaks is about right. However, four in ten think that they should repair leaks faster.
- There is an appetite for **additional investment** by Affinity Water to reduce leakage further, in principle. Seven in ten think that Affinity Water should meet, or exceed, Ofwat's leakage reduction expectations.
- Customers are most inclined to agree with an **increase in their water bill** if it was to fund new ways of reducing leakage at a faster rate.
- There is an apparent scope to improve communication during **interruption** through outage/bursts, while low water pressure is something customers "have to put up with" and are resigned to. There is much confusion about the causes of low pressure and low awareness of how, or if, pressure can be improved.
- When given a choice, Community customers prefer an option involving a lower risk of interruptions and lower compensation than one with higher risk of interruption and higher compensation.
- Customers with characteristics associated with **vulnerability** are actively trying to manage household bills with a sense of pride in paying. They find it difficult to track water usage and cost. Water use is a private matter and especially hard to control. Also, bills are infrequent and they lack visual measures to make water usage and cost understandable.

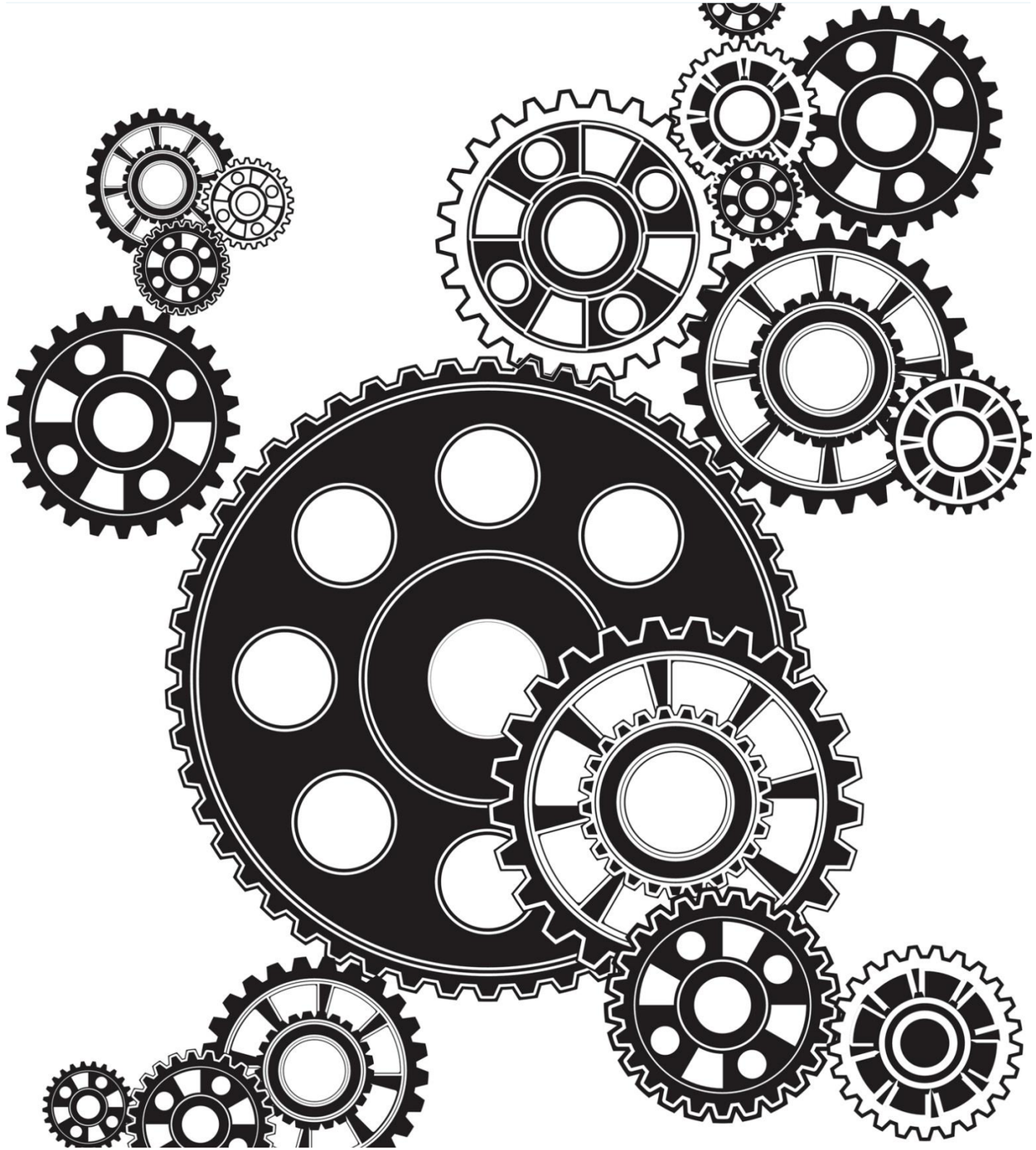
Summary

- Water was felt to be affordable in smaller households with fixed income or pension but harder in fluctuating usage or large family households, or where there was an unstable income. Most customers did not think about water usage but felt they use as much as they need and no more.
- Customers did not directly describe themselves as 'vulnerable', instead using similar vulnerable stereotypes when prompted. They are unaware of what Affinity Water can do to help with bills.
- Customers are supportive of Affinity Water providing support to those who have financial difficulty paying for their water. Support increases when basic information is provided about the Social Tariff and the nature of support provided by Affinity Water. It cools sharply when the idea of customers funding support is introduced (without any quantification of the impact on customer bills), but then increases when the Social Tariff is explained in terms of the requirement to demonstrate customer support, the eligibility criteria and non-profit making. More than six in ten would support some sort of bill increase.
- While comparison with a similar survey undertaken to support PR14 can only be indicative (given differences in questions, sample profile and weighting etc.), the PR19 standalone survey finds that customers are, largely, as supportive of the Social Tariff in principle as they were 5 years ago, but are more inclined to support contributing to it financially.
- Seven in ten Community customers think that the service Affinity Water provides is good. Only 5% think it is not very good or not good at all, but 27% say they don't know.

- **Phase 1** has involved further **listening and learning**, and more detailed exploration of particular themes and performance commitments (covered in this report). Detailed propositions and choices will be tested and put to customers in **Phase 2**.

Phase 1

Activities and methods



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Phase 1 activities and methods

Activity type	Activity theme	Method	Type of customer	No. of customers	Fieldwork period	Other
Survey	'More about you'	**Community**	All/general	602	Oct-Nov 2017	The Community provides a flexible forum for research, **not a statistically representative** measurement of customer sentiment.
Survey	Water use/quality	**Community**	All/general	581	Nov 2017	
Survey	Leakage	**Community**	All/general	387	Nov-Dec 2017	
Survey	Customer service	**Community**	All/general	334	Dec-Jan 2018	
Survey	'Omnibus'	**Community**	All/general	379	Jan-Feb 2018	
Stepboard	Leakage	**Community**	All/general	300*	Oct-Nov 2017	
Stepboard	Hubbub	**Community**	All/general	247*	Nov-Dec 2017	
Quick polls	Multiple (x7)	**Community**	All/general	Min. 124 – max. 240	Oct- Dec 2017	
Survey	Social Tariff	Standalone	All/general	500	23-30 Jan 2018	Online panel
In-depth interviews	Vulnerability/ affordability	60 min.s face-to-face interview	Characteristics associated with vulnerability	12	Nov 2017	Free-find recruitment
In-depth interviews	Low water pressure/ disrupted service	60 min.s face-to-face interview	Experiencing low water pressure/had been cut off for more than 12 hours	5 (3/2)	Nov 2017	Free-find recruitment

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* The figures shown are the total number of responses to a stepboard which are a series of sequential, 'open' questions on a specific theme.

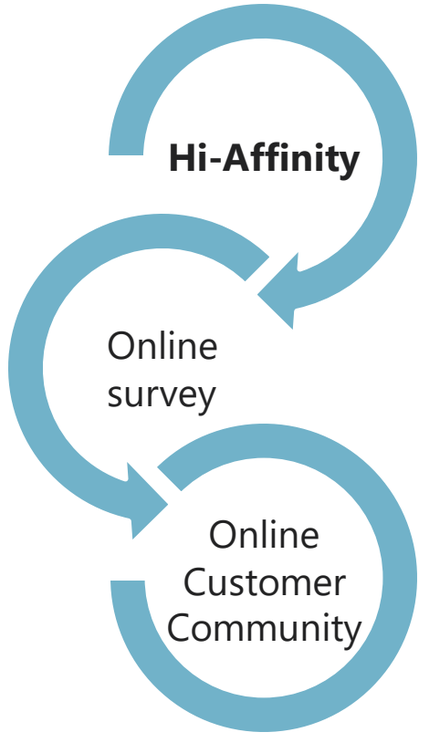
Phase 1: Design and CCG challenge criteria

Phase	PR19 programme activity	Challenge criteria 1.	2.	3.	4.	5.	6.
0	Ethnographic interviews				Upgraded to 'green' after analysis		
0	'Signpost' discussions						
1	Community of customers					Changed to grey (not done yet)	
1	In-depth interviews				Upgraded to 'green' (2-way conversations facilitated)	Changed to grey (not done yet)	
2	Acceptability research						
3	Customer workshops						

CCG challenge:
1. Quality of insight
2. Quality of propositions
3. Quality of process
4. Diversity and reach
5. Future customers
6. Current performance

Key: **GREEN** fully meets criteria; **AMBER** partially meets criteria; **GREY** cannot reasonably be expected to meet criteria

The Affinity Water 2020 Customer Community



- Community members were drawn from Affinity Water's **Hi-Affinity customer database.** Recruitment was two-stage:
  1. Participants were invited by email to complete a registration survey to gather basic information
  2. They were then asked to register an account on the Community platform
- Hi-Affinity sample was screened to exclude non-residential contacts and other ineligible participants
- The largest grouping were emails flagged in our own database as "do not contact" based on previous research.
- Other large exclusion groups were those with invalid emails, and small business premises.
- The response rate to the invitation was half what was initially expected – c.2% instead of c. 5%.
- This necessitated a second wave of recruitment in October to reach 2,000 Community members.

	Sample 1 (Sept 17)	Sample 2 (Oct 17)
Total contacts provided	45,450	45,450
Removed during quality checks	*1,933*	*2,091*
Total invitations sent	43,517	43,359
Completed registration survey	*1,595*	*1,711*
Signed up to Community	980	1,026
Effective response rate	***2.25%***	***2.37%***

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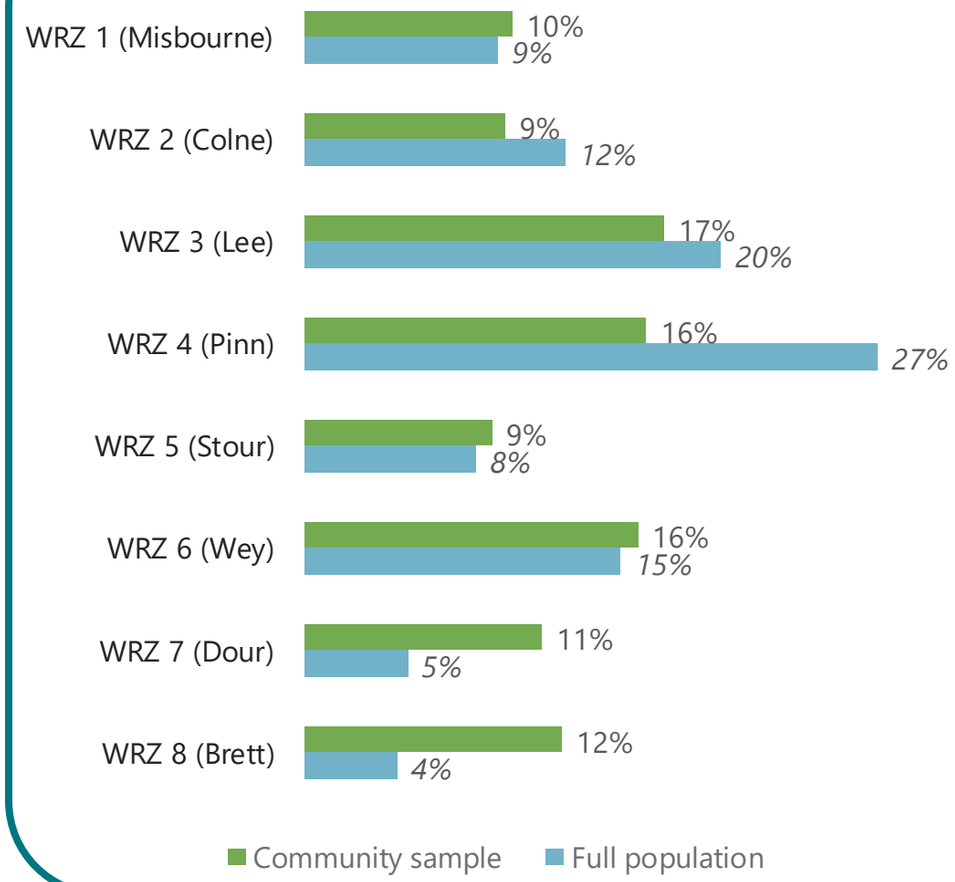
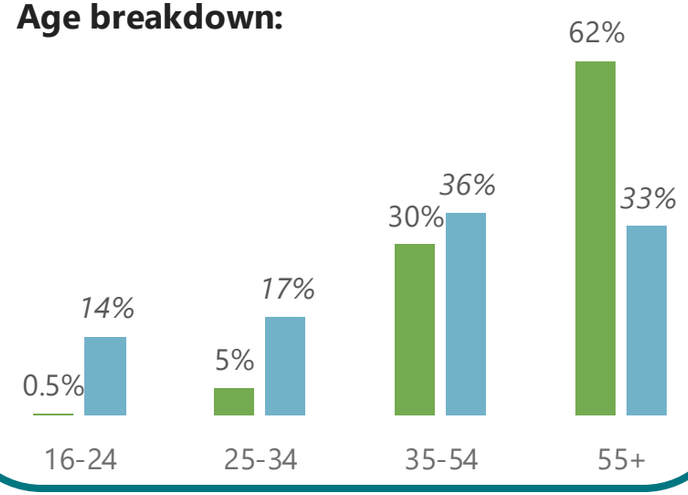
Community profile

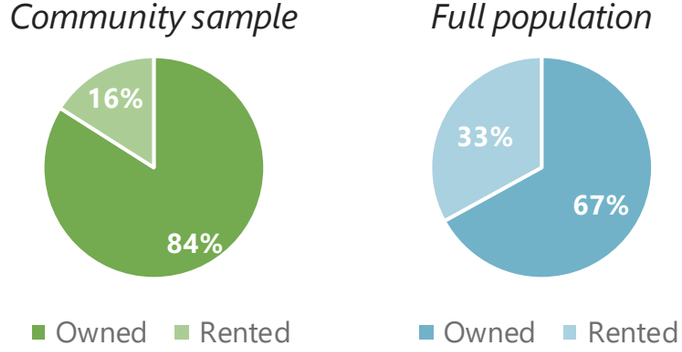
Participant location:



Age breakdown:



Tenure status:



The **Affinity Water 2020: Customer Community** has been designed to provide a flexible forum for ongoing conversations with a large group of Affinity Water customers, allowing for quantitative measurement plus qualitative and deliberative inquiry. It is not representative in a statistical way.

As a sample of bill payers and named account holders, the Community has an **older and more affluent** profile than the general population in Affinity Water's regions – this can be seen in the age and tenure charts opposite.

All WRZs are well-represented in the full Community sample. Pinn, the most urban WRZ, is substantially under-represented, while the two WRZs with large older populations (Dour and Brett) are both over-represented. This fits the wider profile that shows greater engagement among older people.

Base: 2,007 Community Members from across the Affinity Water area

Source: Affinity Water 2020 Customer Community / Ipsos MORI Social Research Institute

Themes and Performance Commitments

N.B. These findings are sourced from PR19 Phase 1, Phase 0, and PR 14 sources

Ipsos MORI
Social Research Institute

Leakage

Performance Commitment: Leakage (Ml/d)

SUMMARY:

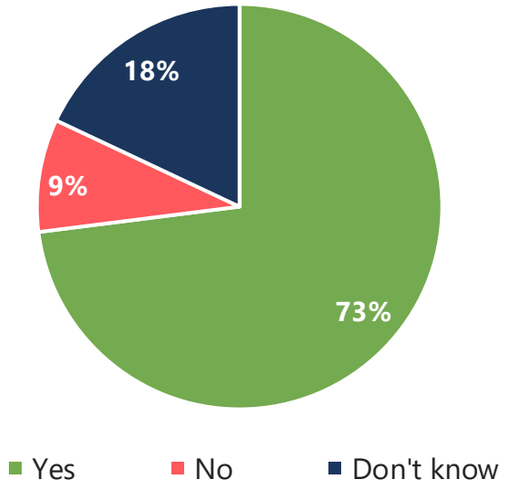
- Customers think leakage is wasteful.
- Customers don't appreciate being asked to save water when they see leaks being left.
- They recognise that there are different severities of leaks, and that some necessitate a faster response than others.
- Customers don't make the connection between leakage and the environment.
- They want better explanation from Affinity Water of leakage and its importance, and further reductions. Seven in ten think that Affinity Water should meet, or exceed, Ofwat's leakage reduction expectations.

PR19 Phase 1 COMMUNITY SURVEY:

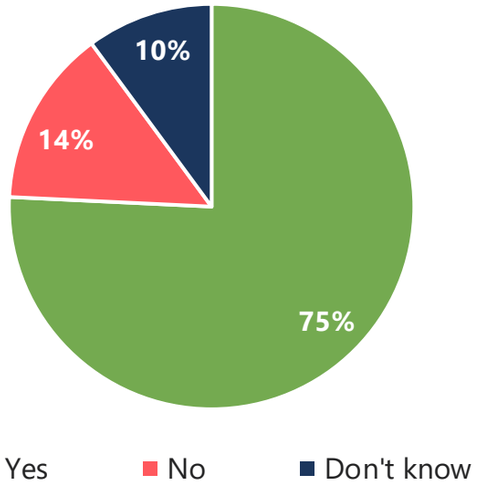
- Nearly three in four (73%) think Affinity Water currently manages leakage appropriately, with only one in ten (9%) saying they do not.
- However, three in four (75%) would still like Affinity Water to explain leakage and its importance better than they currently do to customers.
- The top three ways which customers would prefer Affinity Water to use to communicate their leakage performance include: how much leakage costs (66%), reporting on the amount of water lost through leakage as a percentage that is put into supply (65%) and reporting leakage performance on the website, including history of leakage over time (58%).

PR19 Phase 1 COMMUNITY SURVEY:

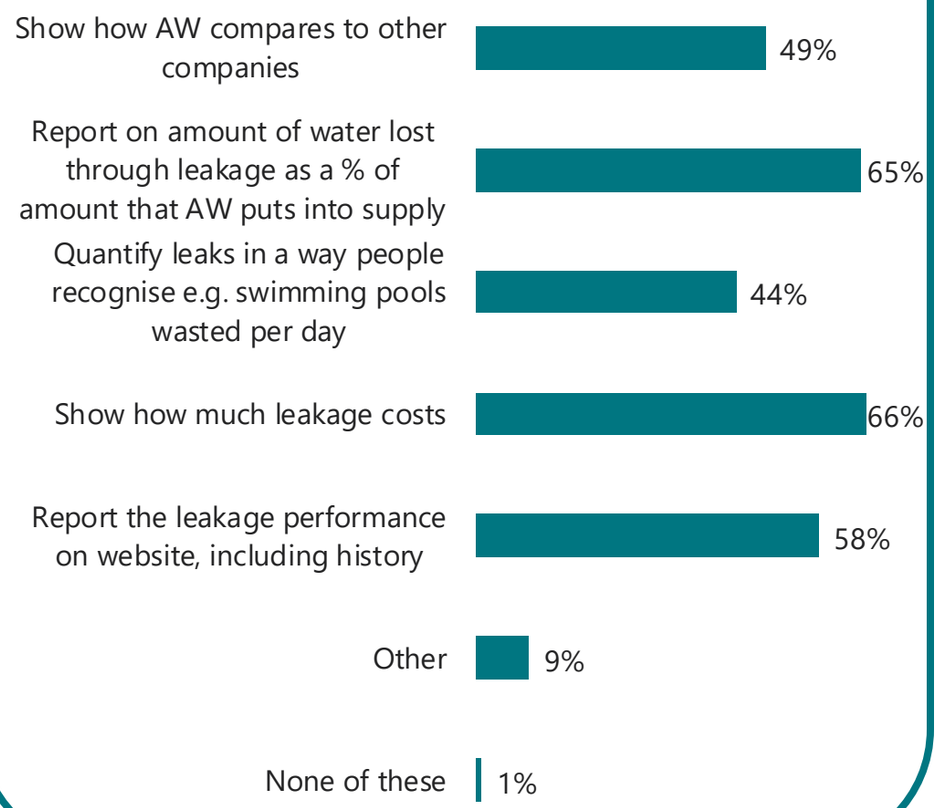
Q1 – Does Affinity Water manage leakage appropriately?



Q2 – Should Affinity Water explain leakage and its importance better?



Q3 – Which should Affinity Water use to communicate their leakage performance?



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

PR19 Phase 1 COMMUNITY STEPBOARD:

1: There is a small leak in a residential area. Water is flowing out of the pavement and into the drain continuously, at the level you can see here.

- This should be fixed within 24-48 hours where possible, although some customers would be willing to wait up to a week.
- It is thought to be more urgent for it to be fixed quickly in winter, as it could present a danger to pedestrians and other road users.
- There were many examples of customers having experienced or seen similar types of leak.

2: This is a slightly larger leak at a pedestrian crossing. Water is flowing onto the road at the volume you can see in the photo.

- It should be repaired as soon as possible; acceptable repair times ranged from 3-4 hours to 24-48 hours. Some customers expected repair work to continue through the night if needed in order for it to be fixed within 48 hours.
- This type of leak is urgent and should be given high priority due to the visible waste of water and inconvenience and danger to users of the pedestrian crossing.

3: This leak took place on a busy road. An undetected leaking mains pipe undercut the tarmac until it gave way, causing a complete closure of the road.

- This was considered to be an emergency situation with the potential to cause serious injury or loss of life and disruption to other road users which should be fixed as soon as possible - working round the clock if necessary.
- Few customers had witnessed a leak as severe as this.

4: A large water pipe burst in this area, submerging a road in a residential neighbourhood and flooding nearby houses and properties.

- This should be dealt with immediately due to the high impact and severe damage it is causing and to limit further damage. The response should be within the hour to evacuate residents to safety, turn off the water source and begin to drain the water from people's homes.
- Very few customers reported having seen a leak of this magnitude locally.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 300 responses overall over the 4 steps; 83 responses to leak 1, 76 to leak 2, 74 to leak 3 and 70 to leak 4 (most answered all 4 questions).

1: There is a small leak in a residential area. Water is flowing out of the pavement and into the drain continuously, at the level you can see here.

Illustrative verbatims:

All leaks should be high priority.

[I've] seen many leaks like this over the years: some have been dealt with quickly whilst others have been left for too long and this has led to related problems such as pavement deterioration: road cracks and is an additional hazard when weather is icy cold.

2: This is a slightly larger leak at a pedestrian crossing. Water is flowing onto the road at the volume you can see in the photo.

I would expect this to be fixed within a couple of days as it can be dangerous for both drivers and pedestrians as it causes a slip hazard.

I have seen leaks like this and stop to report them. Affinity Water usually re-act quickly in my experience.

3: This leak took place on a busy road. An undetected leaking mains pipe undercut the tarmac until it gave way, causing a complete closure of the road.

This is an emergency and should be sorted as soon as reported I think no longer than a 4 hour turn around to close the leak and sort the road over time

I have one like this in Cottonmill Lane in St Alban's about 4 years ago, which took weeks to fix as there were…voids which came to light… This is why it is so important to fix smaller leaks before they cause major subsidence like this.

4: A large water pipe burst in this area, submerging a road in a residential neighbourhood and flooding nearby houses and properties.

Only seen this type of leak on TV!

…top priority above all others. Response should be within the hour to evacuate residents to safety and begin the process of repair

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 300 responses overall over the 4 steps; 83 responses to leak 1, 76 to leak 2, 74 to leak 3 and 70 to leak 4 (most answered all 4 questions).

Q4 – What, if anything, concerns you the most about leakage?

PR19 Phase 1 COMMUNITY SURVEY:

- Eight in ten (81%) customers said that their main concern regarding leakage was not liking to see water wasted.
- Other major concerns included a further six in ten (60%) who said the cost of controlling leakage and how this affects their bill and over half (55%) said the risk to the environment if we have to take more water from rivers.

I'd like to have some sort of comparison with other (water-poor) countries – how many villages in Africa could the leaks have supplied with clean water for a week, for example.

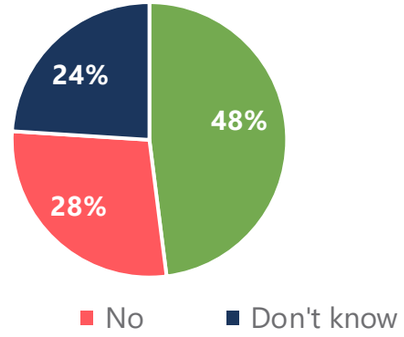
Give us a breakdown on the types of leaks which occur and how their incidence is changing. Give us some examples with causes.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

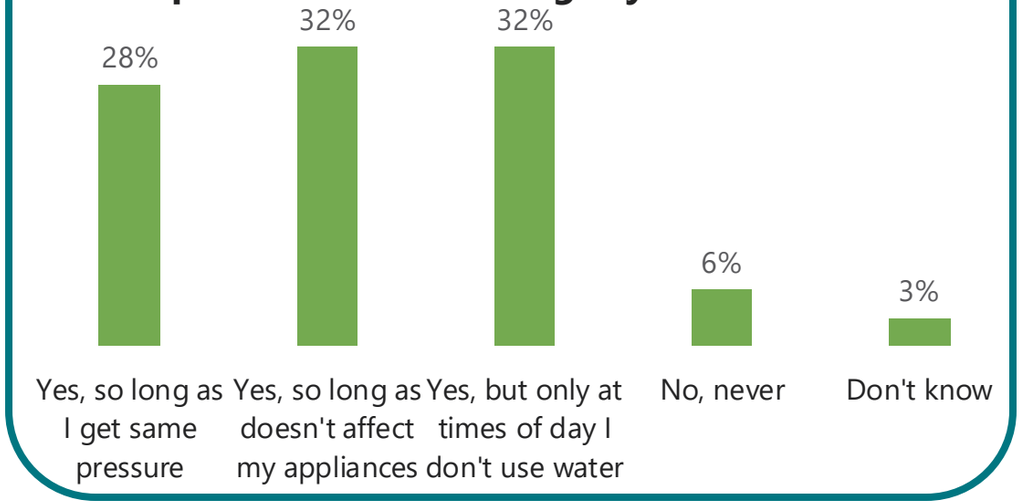
PR19 Phase 1 COMMUNITY SURVEY:

- Over half (52%) think that the time Affinity Water takes to repair leaks is about right. However, a further four in ten (40%) think that they should repair leaks faster.
- Nearly half (48%) think that Affinity Water should spend more money to reduce leakage further, going beyond the 'economic level of leakage', with just under three in ten (28%) saying that they should not do this.
- The majority of customers (92%) would like this way of leakage control extended.

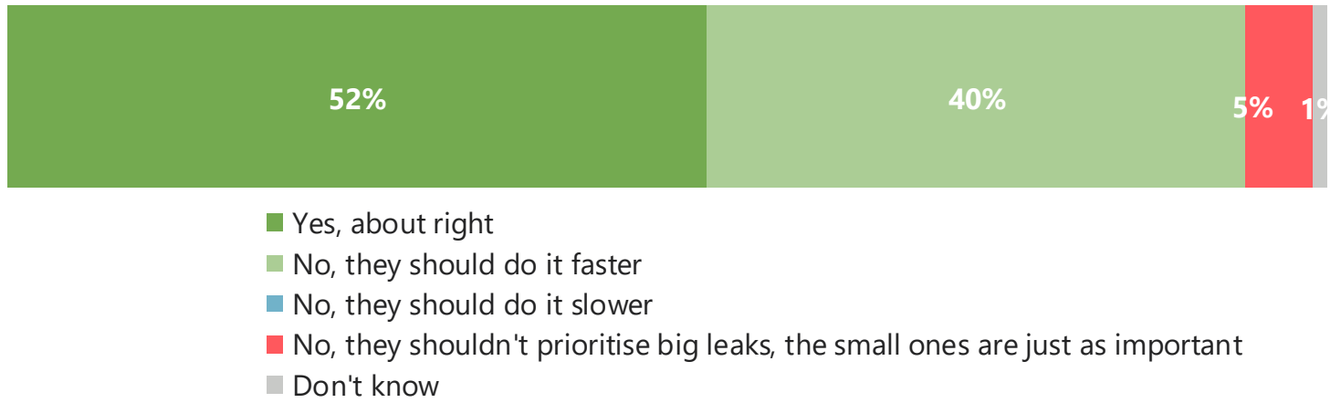
Q6 – Should Affinity Water spend more money to reduce leakage further?



Q7 – Would you like to see this way of leakage control extended even if it might mean that your water pressure would be slightly lower?



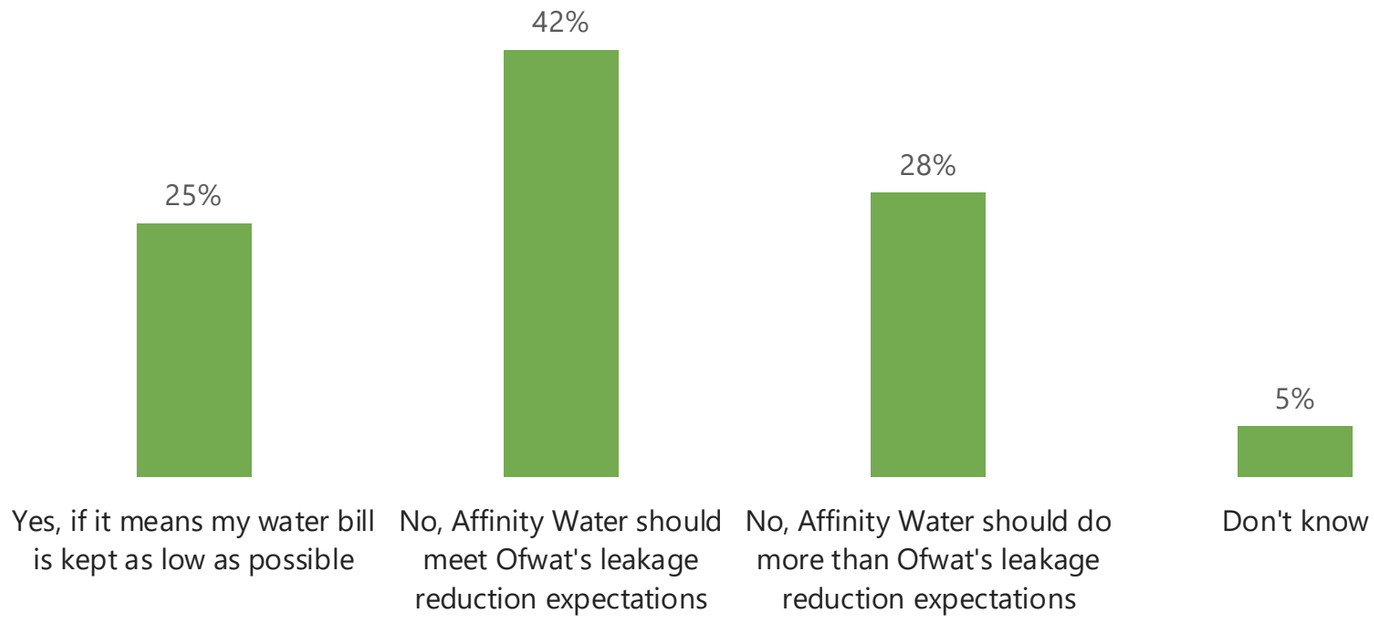
Q5 – Do you think the time Affinity Water takes to repair leaks is right?



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

Q8 – In 2015, Affinity Water lost about 20% of the water they put into supply through leakage. Affinity Water's leakage level is currently 19%, and by 2020, it will be down to 18%. They are planning to reduce leakage further by 2025. However, this may not be quite as much of a reduction as Ofwat expect of them. Affinity Water considers their approach to be the most cost effective approach to leakage reduction, keeping water bills as low as possible.

Do you think this is enough of a leakage reduction?



PR19 Phase 1 COMMUNITY SURVEY:

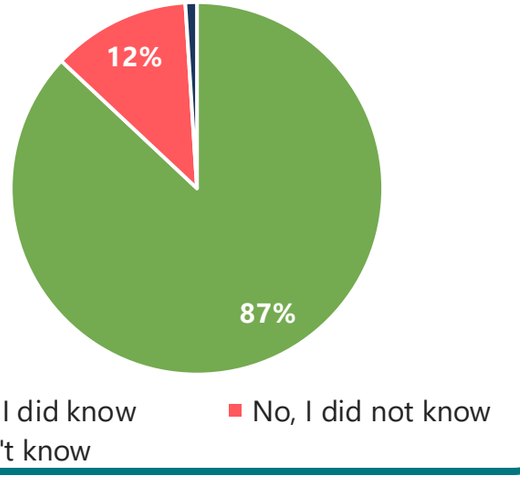
- One in four customers (25%) think that this is enough of a leakage reduction and their main priority is that their water bill is kept as low as possible.
- However, two in five (42%) think that Affinity Water should meet Ofwat's leakage reduction expectations.
- A further three in ten (28%) think that Affinity Water should do more than Ofwat's leakage reductions expectations.
- One in twenty do not know (5%).

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

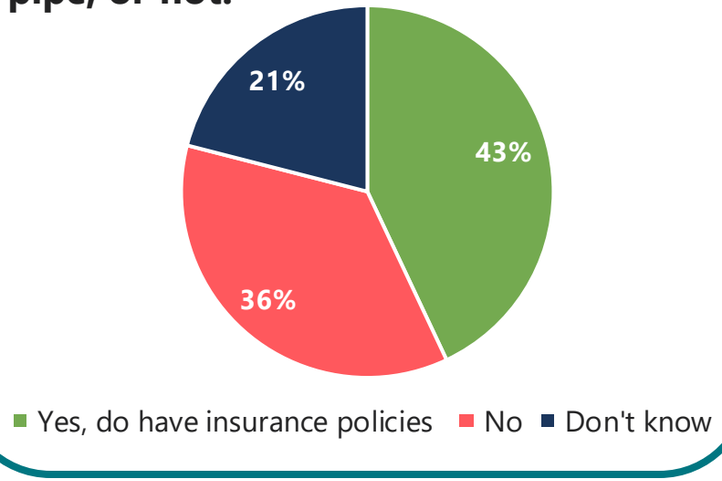
PR19 Phase 1 COMMUNITY SURVEY:

- Nearly nine in ten (87%) knew that they owned the water pipe within their property boundary and that they were responsible for any leakage on this pipe; 12% did not know this and 1% were not sure.
- Over four in ten (43%) said that they had insurance policies that would cover the cost of any leaks on their customer supply pipe but over one in three (36%) do not and two in ten (21%) don't know.
- Four in five (81%) think that metering will encourage households to take more responsibility for their own leakage.

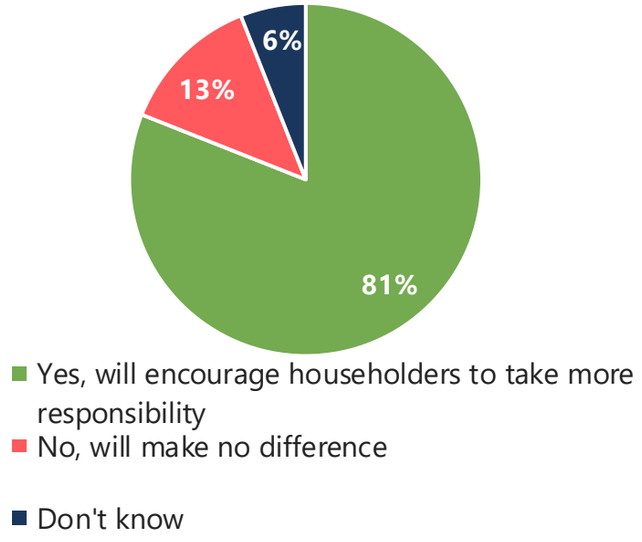
Q9 – Did you know that you own the water pipe within your property boundary and that you are responsible for any leakage on this pipe?



Q10 – Do you have any insurance policies that would cover the cost of any leaks on your customer supply pipe, or not?



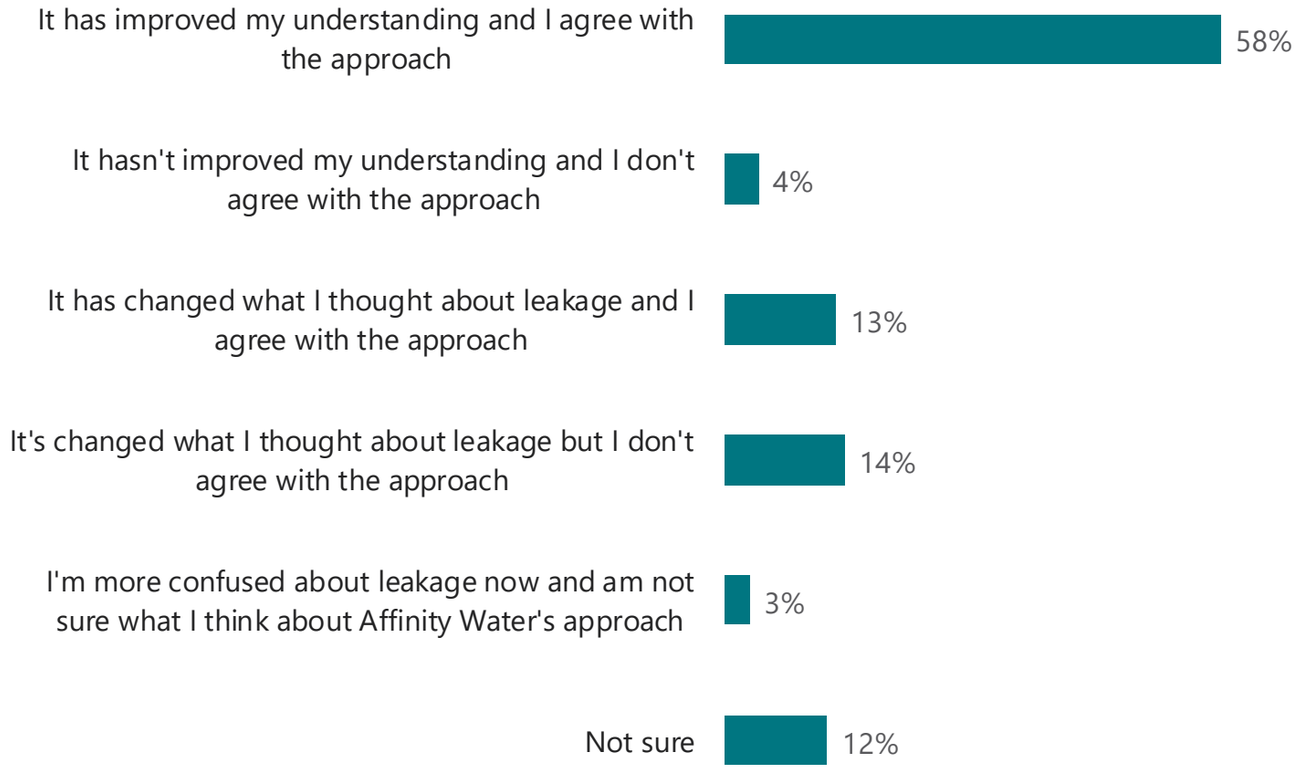
Q11 – Do you think that metering will encourage householders to take more responsibility for their own leakage if they know how much is being wasted and the cost of this, or will it make no difference?



Ipsos MORI
Social Research Institute

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

Q12 – Through this survey, Affinity Water wanted to explain more about leakage, particularly how they try to strike the right balance between finding and fixing leaks and spending money wisely. Which of these apply…



PR19 Phase 1 COMMUNITY SURVEY:

- Six in ten (58%) said that answering the survey has improved their understanding of leakage and they agree with the approach.
- Under two in ten (13%) said that the survey has changed what they thought about leakage and they agree with the approach.
- However, a similar proportion (14%) said that the survey has improved their knowledge but they do not agree with the approach.

I now understand that there is a point below which leak fixing is not economic. However, there is an additional environmental responsibility to reduce leakage so the 2 factors need considering together.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

Consumption

Performance Commitment: Per capita Consumption (PCC) (l/person/d)

SUMMARY:

- Customers think leakage is wasteful.
- They don't appreciate being asked to save water when they see leaks being left.
- They recognise that there are different severities of leaks, and that some necessitate a faster response than others.
- Customers don't make the connection between leakage and the environment.
- Customers think they are pretty efficient with their water usage. 85% agree they are "careful about how much water I use". 80% rate themselves 6-10 in terms of water efficiency with 10 being 'actively reduce use').
- Generally, customers think they might be able to make small savings in their water use.
- There is a recognition of the need to save water (although less so compared to the national need) and the joint responsibility (company/customers) to do so. Incentives, e.g. retail vouchers on water efficient white goods, would be welcomed by customers - but there is no guarantee of water saving.
- Customers are interested in smart meters for water.

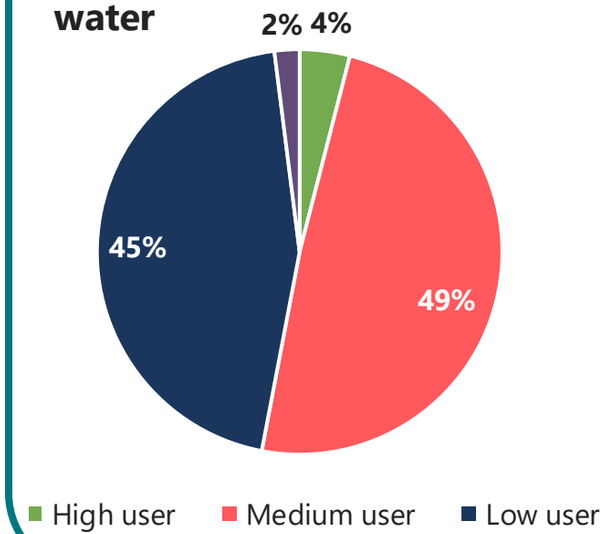
OTHER EVIDENCE/CONTEXT:

- [The relative affluence of Affinity Water's customer base partly explains why PCC is high compared to the national average.
- Customers' PCC reduces in response to innovative campaigns using third parties, e.g. Hubbub.]

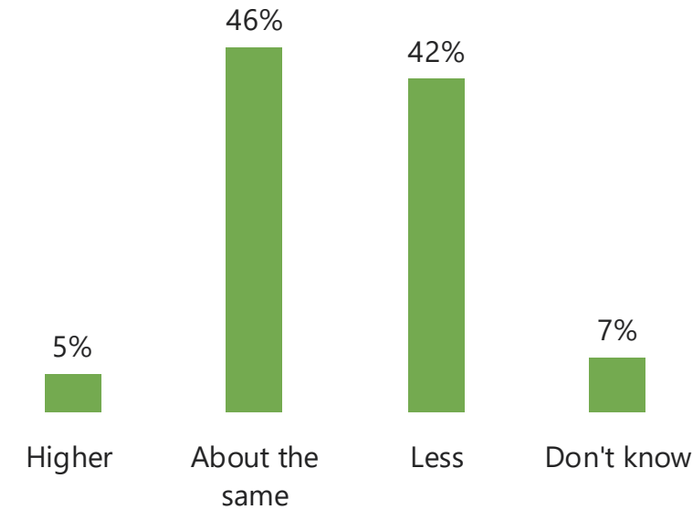
PR19 Phase 1 COMMUNITY SURVEY:

- Nearly half (49%) describe their household's use of water as medium users – and a further almost two in five (45%) describe their household as low water users.
- The majority think that their use of water compared to other households of a similar size is about the same (46%) or less (42%).
- A quarter (25%) rated themselves an 8 out of 10 for water efficiency meaning that they take steps to actively reduce their use of water by taking actions such as short showers.

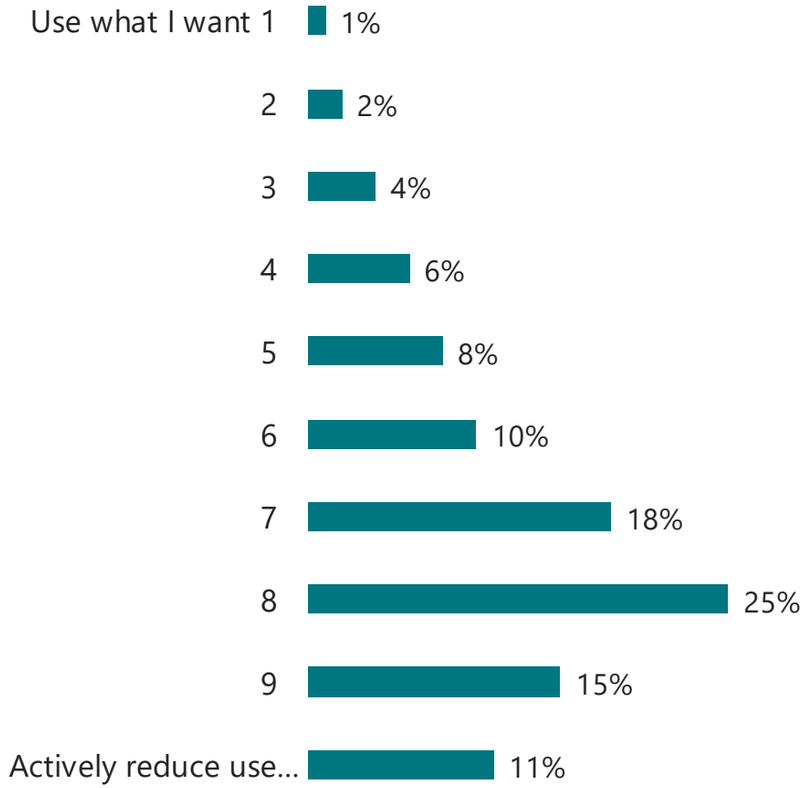
Q1a – Household's use of water



Q1b – Use of water compared to similar households



Q2 – Water efficiency rating



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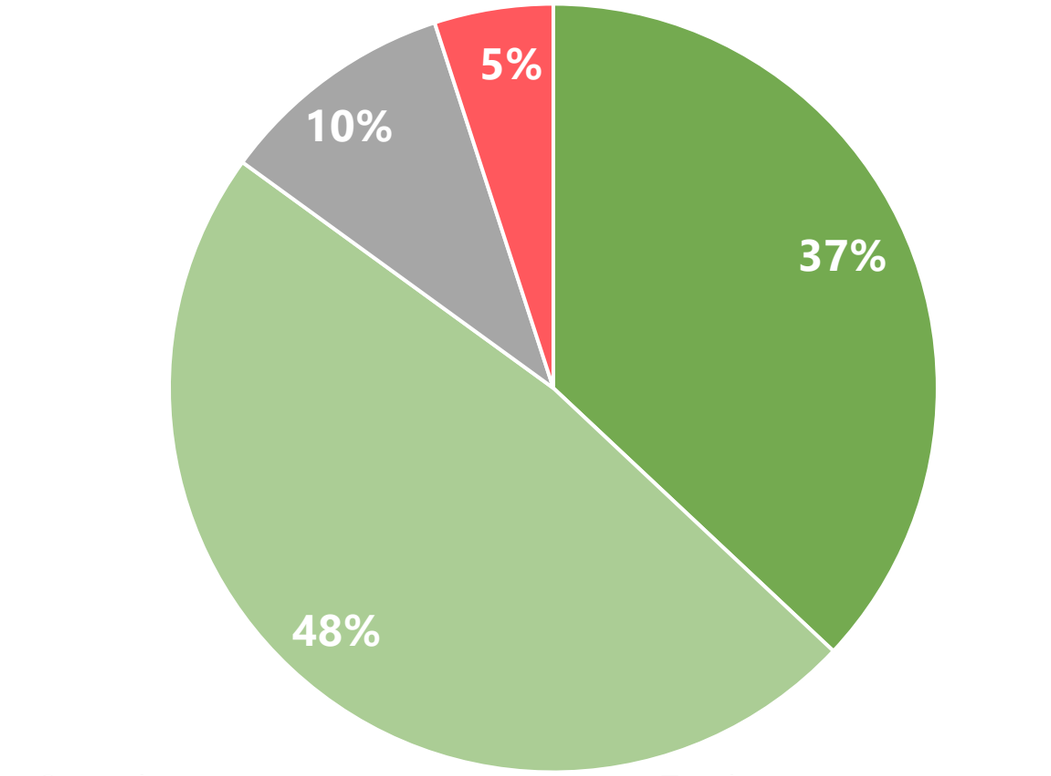
Social Research Institute

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 581 Community members from across the Affinity Water area

Q – Do you agree or disagree – “I am careful about how much water I use”?

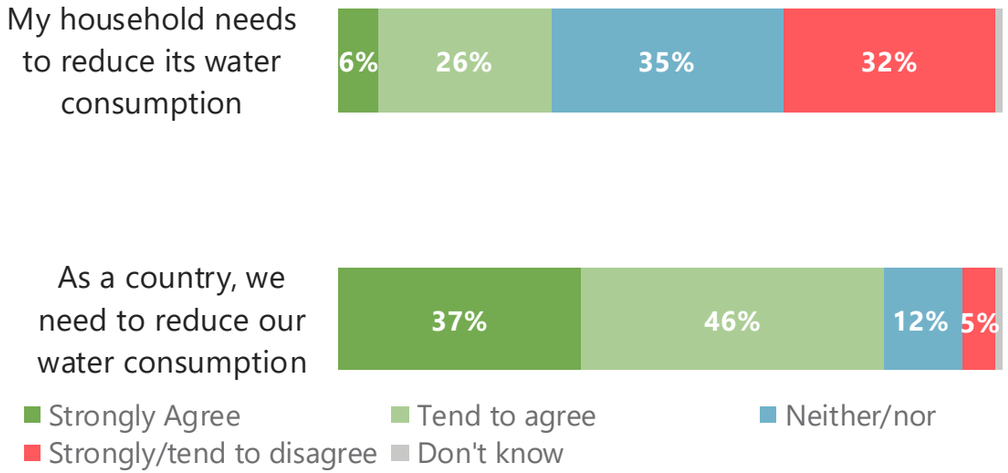


PR19 Phase 1 COMMUNITY SURVEY:

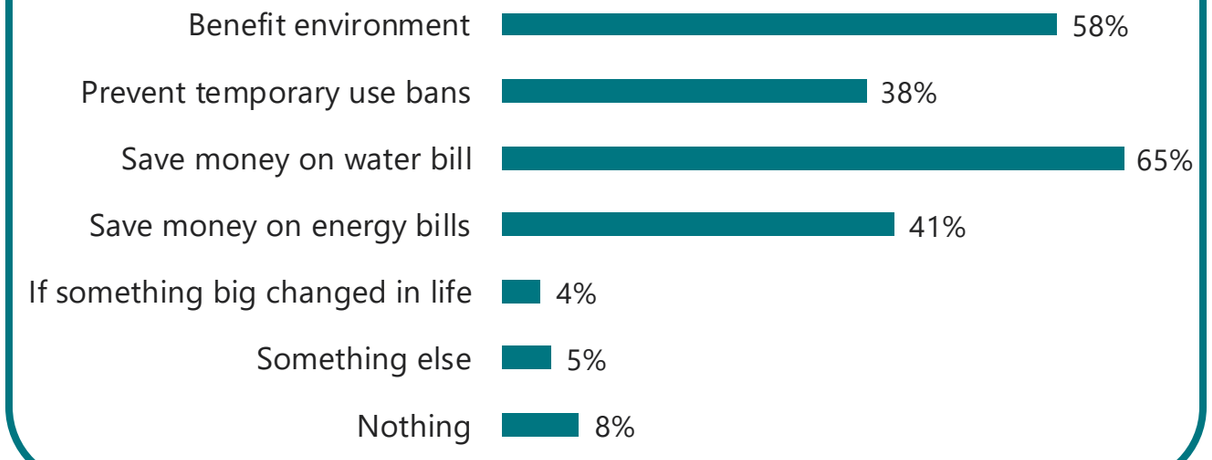
- Almost half (49%) agree that water bills are too expensive, although there is a lot of uncertainty, with four in ten neither agreeing nor disagreeing.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

Q7 – Importance of saving water as a country and a household



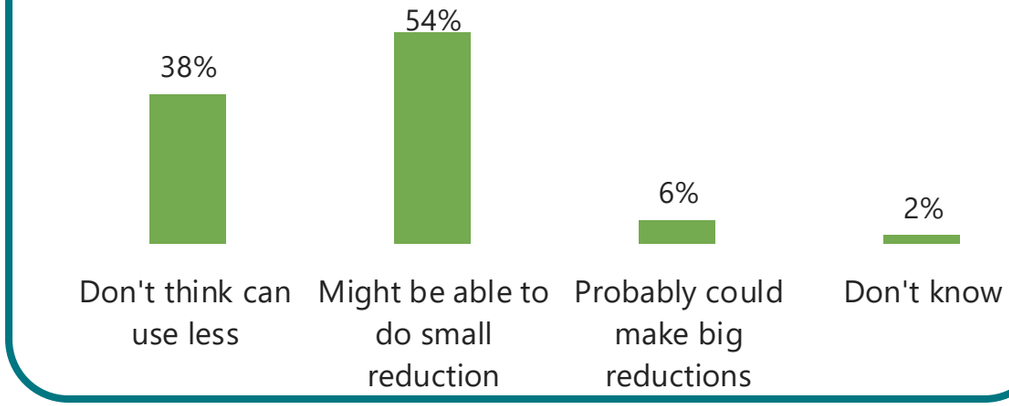
Q10 – Motivations for using less water



PR19 Phase 1 COMMUNITY SURVEY:

- The majority of customers (83%) strongly agree or agree that as a country we need to reduce our water consumption whereas only a third (32%) think that their household needs to reduce its water consumption.
- Two in three customers (65%) rated saving money on their water bill as the main motivation to use less water, followed by to benefit the environment (58%). Around four in ten customers said that to prevent a temporary ban (38%) and to save money on energy bills (41%) would also motivate them to use less water.
- Over half (54%) think they might be able to make small reductions in their water use but four in ten (38%) think they cannot use less water than at present.

Q9 – Household water consumption



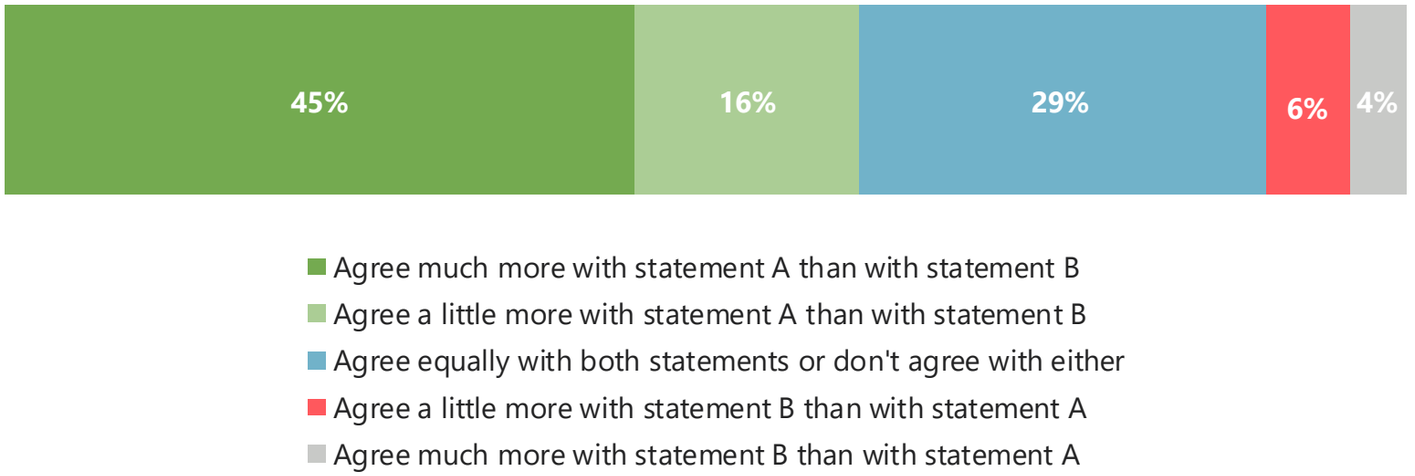
Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community members from across the Affinity Water area

PR19 Phase 1 COMMUNITY SURVEY:

Q8a – Views on the following statements

A) Reducing the amount of water we use is mainly the responsibility of individual water users

B) Reducing the amount of water we use is mainly the responsibility of water companies



- Over half (61%) of customers agree more with statement A that reducing the amount of water we use is the responsibility of the individual, with 45% strongly agreeing with this statement.
- Nearly a third (29%) agree equally with both statements and think it is a joint responsibility and only one in ten (10%) think it is mainly the responsibility of the water company to reduce water usage.
- When asked to explain their reasoning customers reported that it is the consumers responsibility not to waste water but it is the water companies' responsibility to avoid excess wastage from burst mains or leaks.

We are both responsible for our actions…regardless [of whether we are] a home owner or a company providing our water supply

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community Members from across the Affinity Water area

Ipsos MORI
Social Research Institute

PR19 Phase 1 COMMUNITY SURVEY:

Q11 – Finally, Affinity Water are considering different ways that people can be encouraged to use less water at home. If you have any ideas or suggestions for ways that could help people reduce their water consumption, please write them in the box below.

MAIN GROUPS OF RESPONSES:

Financial incentives

Water meters

Turn off taps when brushing teeth

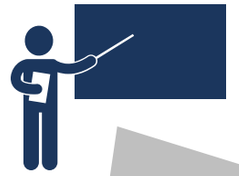
Use recycled water for gardening and watering plants

Re-use wasted kettle water or only fill it enough the amount you need

Restricted use of hoses for garden use in the summer and washing cars

Shorter showers and baths and sharing bath water

Advertising



Education especially for children

Don't empty kettles down the drain…save the water for another use [such as] in the garden.

Advertising. Make sure people feel responsible for the amount of water they use and how it affects the planet.

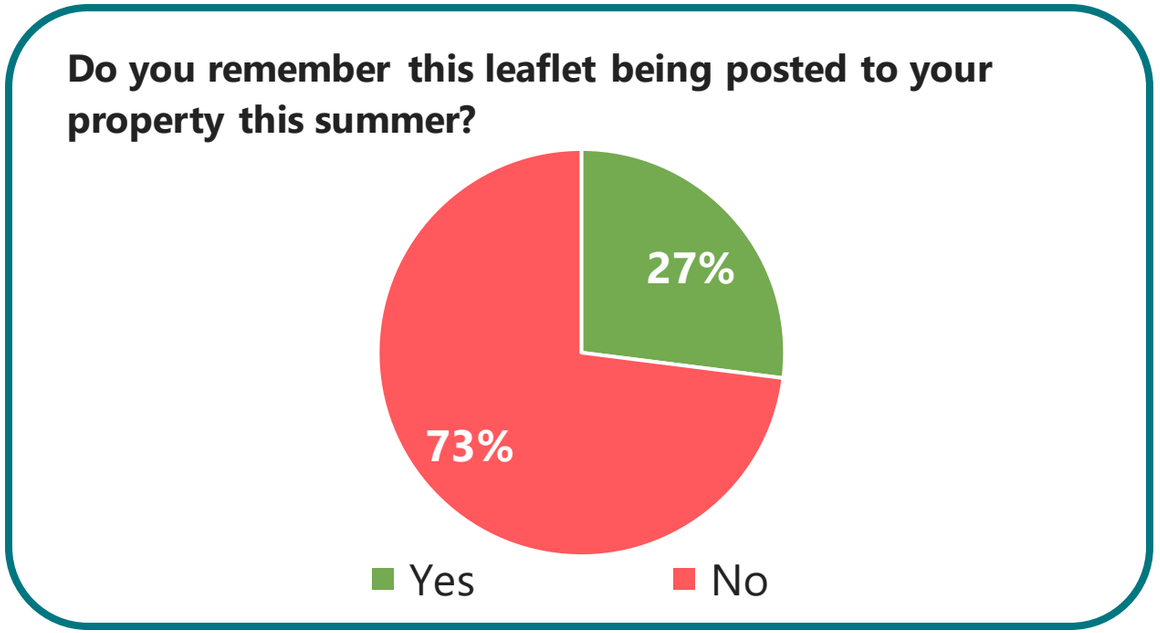
Social education from the age of 5, talks and films and open days, this way it can be passed on to the adults and explain why it is important not to waste water.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 581 Community members from across the Affinity Water area

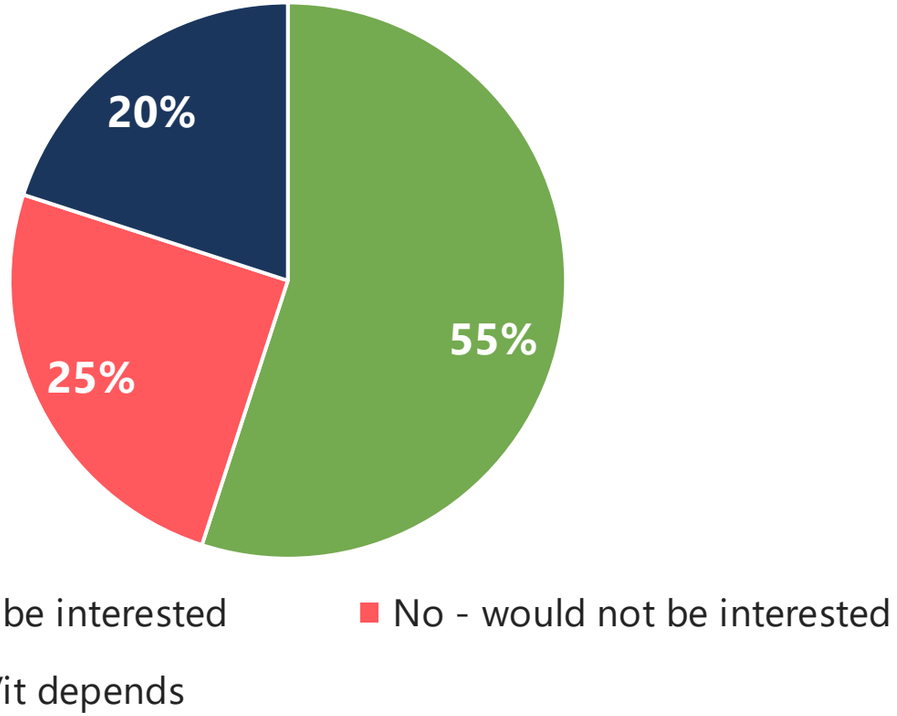
PR19 Phase 1 COMMUNITY QUICK POLL:

- Only one in four (27%) remembered this leaflet being posted to their property this summer, compared to three in four (73%) who did not remember receiving it.



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 236 Community Members from across the Affinity Water area

In principle, would you be interested, or not, in having a smart water meter installed in your home? This would be different to a standard water meter, with an in-home display showing current and past use and how much it is costing or will cost.



PR19 Phase 1 COMMUNITY QUICK POLL:

- Over half (55%) say they would be interested in having a smart water meter installed in their home.
- One in four (25%) say they would not be interested.
- A further 20% say they either don't know or that it depends.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 170 Community members from across the Affinity Water area

Resilience

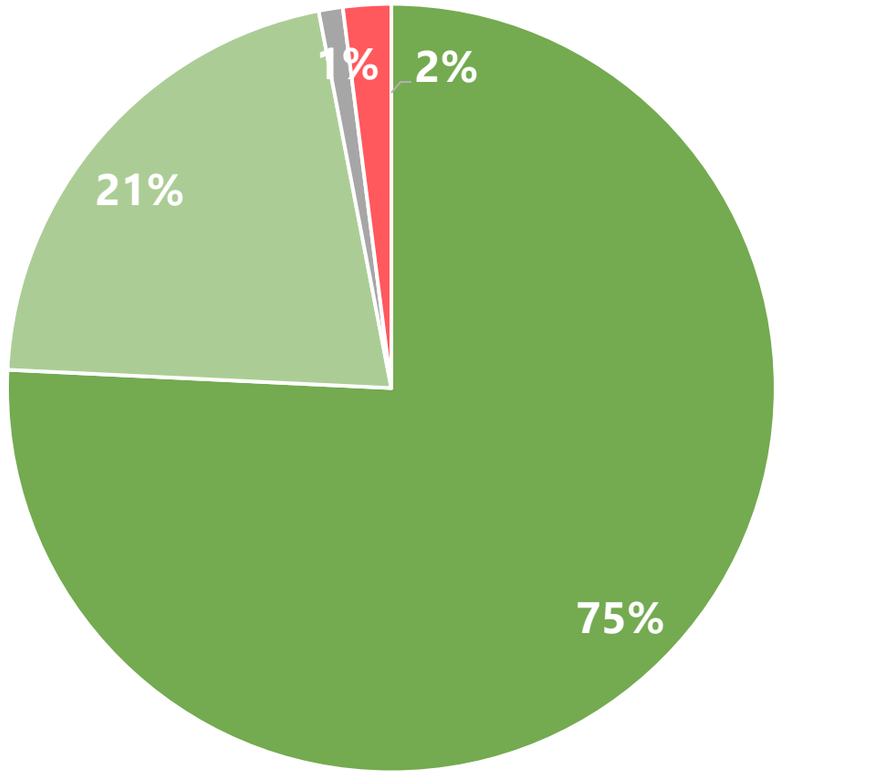
Performance Commitment: Risk of Severe Restrictions in a Drought (% of population at risk in a 1 in 200 year drought)

Bespoke Performance Commitments: tbd (Resilience)

SUMMARY:

- Customers are positive about reliability and the constant supply.
- PR14 research found hosepipe bans at a level of service of 1 in 10 years to be acceptable – customers were not willing to pay more to reduce the likelihood of these.
- Customers perceive that hosepipe bans happen more often than the reality.
- Customers think hosepipe bans are an acceptable way to manage water resources.
- A majority of customers find Affinity Water drought order frequency acceptable (two levels up from hosepipe bans).
- A majority of customers would rather experience drought orders than see their water bill increase
- Customers would prefer to pay a little more now to prevent large bill rises for future generations (water resources needs/infrastructure development).
- PR19 research similarly found customers mainly agreeing that it is acceptable to use hosepipe bans to manage the water supply.
- They do not perceive that water will run out - we are 'grey and green', a 'wet country'.
- In low pressure areas, customers are resigned to low pressure (there is confusion about causes and possible solutions).

Q – Do you agree or disagree – "The water supply is reliable – it is hardly ever interrupted"?



PR19 Phase 1 COMMUNITY SURVEY:

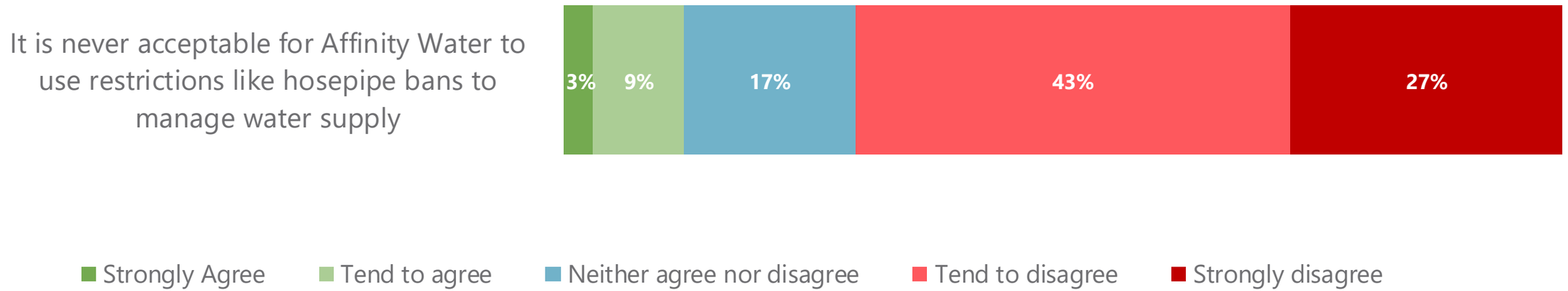
- A large majority agrees that the water supply is reliable (96%); three quarters **strongly** agree that this is the case (75%).

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

PR19 Phase 1 COMMUNITY SURVEY:

- Over one in ten (12%) agree that it is **never** acceptable for Affinity Water to use restrictions like hosepipe bans to manage the water supply.
- Seven in ten (70%) disagree and think that it is acceptable to use hosepipe bans to manage the water supply, with three in ten (27%) strongly thinking this.
- Almost two in ten (17%) neither agree nor disagree.

Q7 - To what extent do you agree or disagree with this statement:



Base: 379 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Environment

Performance Commitments: Abstraction Incentive Mechanism (AIM)

Sustainable Abstraction, average annual reduction (Ml/d)

Bespoke Performance Commitments: tbd (Environment)

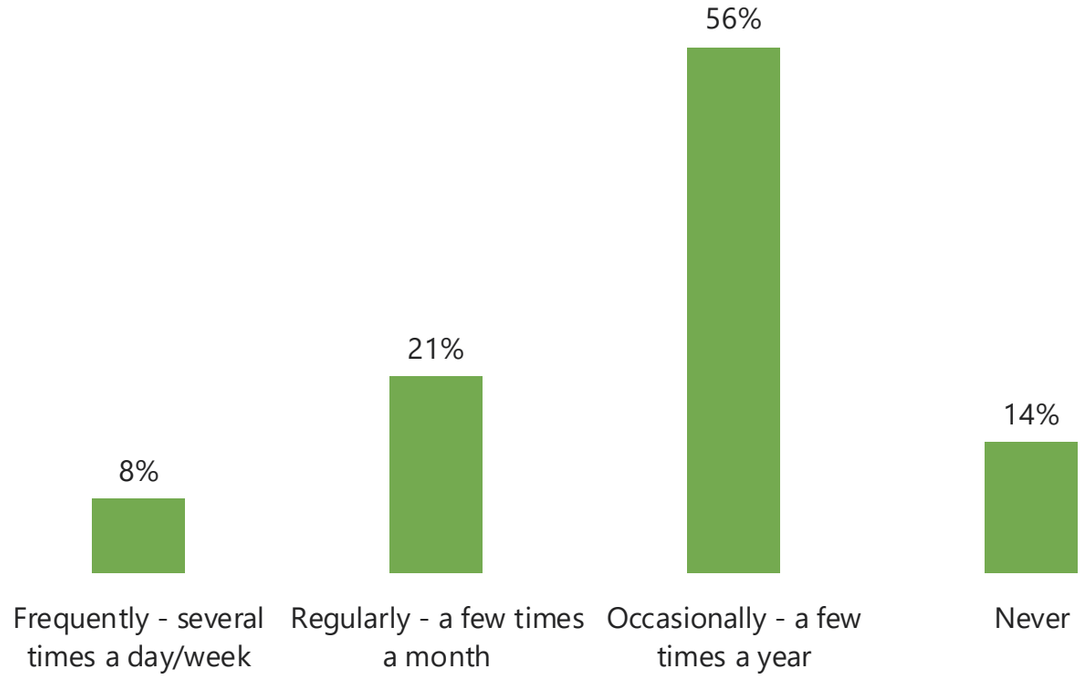
SUMMARY:

- Customers value the environment.
- Customers think Affinity Water has a role to protect the environment.
- Most visit the water environment only occasionally.
- When unprompted, customers don't immediately make the connection between their water use and the environment - but they do when time is spent discussing water use.
- When asked directly, a majority of customers think it's important to save water for the benefit of the environment.
- Customers keen to be offered advice on how they can reduce their consumption (and see reduction as their responsibility), and some identify awareness-raising and publicity as important but most don't recall 'Keep track of the tap'.
- Leakage is more emotive for customers than the environment – but is affected by prevailing weather conditions, e.g. whether there is a drought / hosepipe ban.

OTHER EVIDENCE/CONTEXT:

- [Customers' PCC reduces in response to innovative campaigns using third parties, e.g. Hubbub.]

Typically, how often, if at all, do you visit any part of the water environment e.g. rivers, canals, lakes, estuaries and water around the coast?



PR19 Phase 1 COMMUNITY QUICK POLL:

- Over half (56%) say they occasionally visit the water environment.
- One in five (21%) visit regularly.
- One in ten (8%) visit frequently.
- A further 14% say they **never** visit any part of the water environment.

Base: 185 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Water quality

Performance Commitments: Water Quality Compliance
Compliance Risk Index (CRI)
Compliance with Water Quality Standards (Mean Zonal Compliance)

SUMMARY:

- Softening is much less of an issue for PR19 than it was at PR14.
- Customers generally trust the water they receive (86% although this is a less emphatically held view compared to reliability).

Customer contact

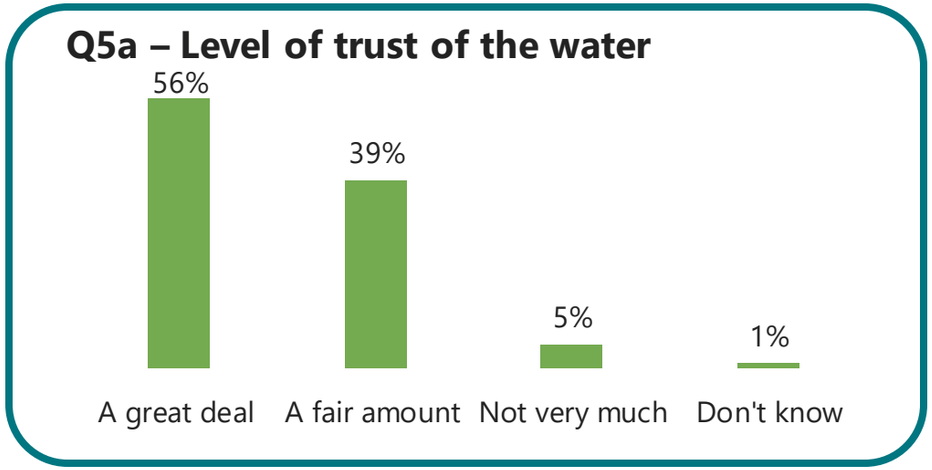
Performance Commitments:
Customer Contacts Regarding Discolouration
(contacts received per 1,000 population)

SUMMARY:

- Low number of unwanted contacts about discoloured water.
- Customers generally trust the water they receive.

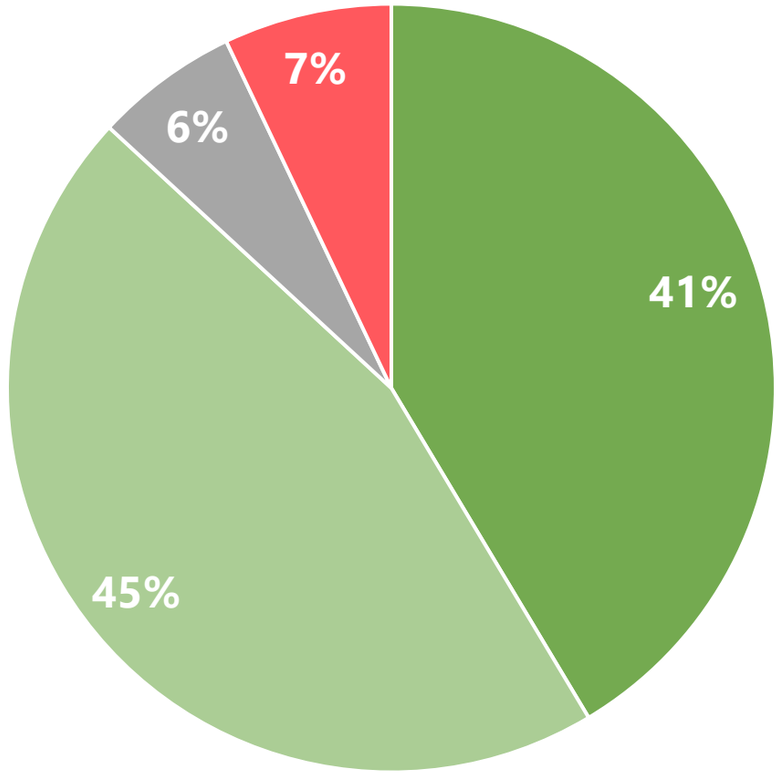
Never had a problem and trust Affinity Water to deliver great water.

PR19 Phase 1 COMMUNITY SURVEY:



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community Members from across the Affinity Water area

Q – Do you agree or disagree – "I trust the quality of water I receive"?

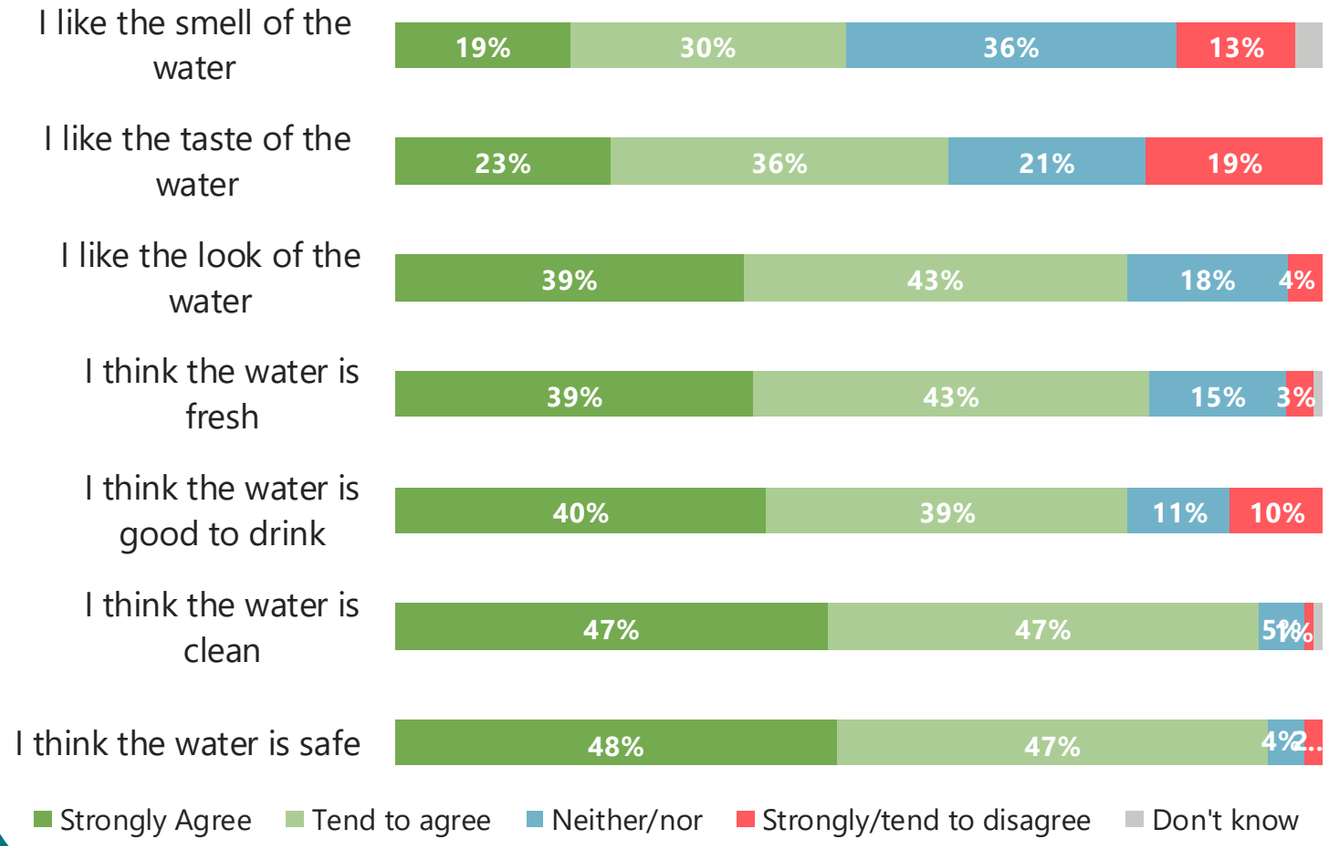


PR19 Phase 1 COMMUNITY SURVEY:

- Trust in water quality is very high with 86% including roughly equal proportions saying that they "strongly" and "tend to" agree.
- This sentiment is less emphatic than it is for the reliability of supply.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

Q4 – Views on quality of water



PR19 Phase 1 COMMUNITY SURVEY:

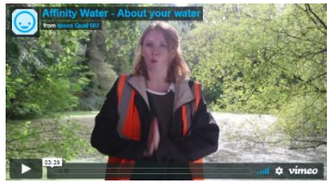
- Customers are broadly satisfied with water quality but were the least satisfied with the smell and taste. The majority of customers (95%) trust the water that comes out their tap.
- Reasons for this level of trust include: never had any issues, always drinking from the tap and no illnesses, lack of variance in terms of quality, trust UK regulations and had same supplier for years
- Reasons for dissatisfaction with include : the chemical/chlorine smell, the amount of limescale, odd taste, very hard and sometimes cloudy or brown.
- Suggested improvements include: less lime scale and chemicals, water testing kits, improve taste to make it more pleasant to drink, less cloudiness, filtering and making it softer.

Ipsos MORI
Social Research Institute

Base: 581 Community Members from across the Affinity Water area

Source: Affinity Water 2020 Customer Community / Ipsos MORI

PR19 Phase 1 COMMUNITY STEPBOARD:



Affinity Water/Hubbub developed a video 'about your water' to help customers understand how their water supply gets to their home. Community members were asked to watch the video and then give their feedback on how well it worked via three questions:

1: Thinking about the video you just watched…How much would you say you knew about how water is delivered to your home before watching this video? Which bits did you know about, and which were new to you?

- New information included not realising that even if it rains a lot water still may not reach the chalk aquifer, being unaware of the small amount of water that reaches the treatment plants and that only 1% of the supply is drinkable.
- Some did not know how water reaches their house or that Affinity Water only uses this method of water collection (i.e. from aquifers). Customers were also unaware how this relates so particular locations, such as areas with low rainfall.
- They would like to know about what exactly happens to the water between the extraction plant and reaching the tap. They also questioned whether aquifers are the only water source; some think water comes from rivers, reservoirs and lakes too.

2: Thinking about the video you just watched again…What was surprising to you in the video? Why was it surprising?

- Some said that there was no surprising information in the video. Among those who did, key surprises were the very low percentage of drinkable water, and how complex the process is to deliver water to the tap.
- Many thought that most, or at least some, of our drinkable water was sourced from rivers, lakes or reservoirs.
- There was surprise that water is filtrated before the reservoir instead of afterwards, and that the water from heavy rainfall does not all reach the aquifers.
- Others included: the size and efficiency of the filtration process/ system, the extent of carbon filtering, the number of processes in the water treatment plant, that only rainfall was discussed…and that Affinity Water supplies such a large regional area as they thought they were more local.

3: Finally, thinking about the video you just watched… Do you think if this film was shared with you (and all customers) by Affinity Water you would want to show it to family and friends, or not? Why do you say that?

- Some said that they would share the video with their family as they would find it interesting and educational and they liked the conversational style. But only a few said they would share it with their friends. The video was felt to be most appropriate and informative for children.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 247 responses overall over the 3 steps; 86 responses to step 1, 79 to step 2, and 82 to step 3 (most answered all 3 questions).

PR19 Phase 1 COMMUNITY STEPBOARD:

Affinity Water/Hubbub developed a video 'about your water' to help customers understand how their water supply gets to their home. Community members were asked to watch the video and then give their feedback on how well it worked via three questions:

Illustrative verbatims:

1: Thinking about the video you just watched…How much would you say you knew about how water is delivered to your home before watching this video? Which bits did you know about, and which were new to you?

[I knew] *some of it but I also thought some water was from rivers & lakes.*

[I knew] knew everything…however, I do think it's a good reminder that a small percentage of water can actually be used.

[I] *have a general understanding of water capture and storage, but not about the specifics of a particular location, for example allowing for the relatively low rainfall in parts of Essex.*

[I] *knew most of it but more detail of what happens between extraction and tap needed of water can actually be used.*

2: Thinking about the video you just watched again…What was surprising to you in the video? Why was it surprising?

I *was surprised by the fact that only 1% of the water on our planet is drinkable. Never would have believed that considering how much of the earth is covered by water.*

The number of different processes that happen in the water treatment plant was surprising.

I was surprised by the extent of carbon filtering.

I think the video is a very good piece of communication and should be shown in all secondary schools.

I think the light-hearted style got the message across rather well. Yes, I would be happy to show to family and friends.

I think it *would be more beneficial to show in schools etc rather than to friends and family. However, leaflets posted to Home or emailed explaining top tips to save water are always handy!*

3: Finally, thinking about the video you just watched… Do you think if this film was shared with you (and all customers) by Affinity Water you would want to show it to family and friends, or not? Why do you say that?

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 247 responses overall over the 3 steps; 86 responses to step 1, 79 to step 2, and 82 to step 3 (most answered all 3 questions).

Customer contact

Performance Commitments: Water Supply Interruptions >3hrs (average minutes lost per property per year) Unplanned interruptions to supply (over 12 hours) (number of properties)

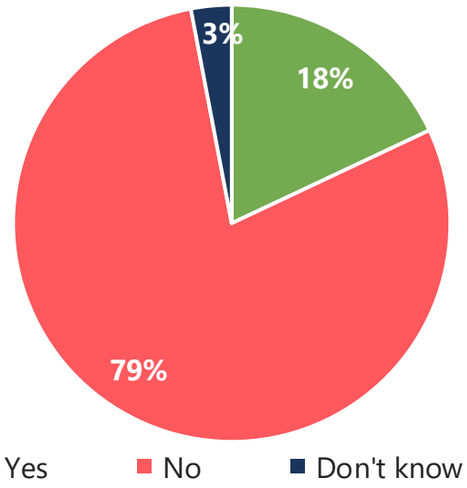
SUMMARY:

- A fifth of customers say they have had restricted water usage, although multiple reasons are given including burst water mains and low water pressure but also meters and self-imposed/situational restrictions.
- Research among customers experiencing disruption, found some suggestions of a lack of communication during interruption.

PR19 Phase 1 COMMUNITY SURVEY:

- Nearly four in five (79%) have not had any issues that restricted their use of water in the last year.
- Of the 18% who did have issues with their water use, the reasons for these included: burst water mains/leaks; low water pressure; weather, water meter; and customers restricting their own use for financial or environmental reasons or due to renovating their property.

Q3a – Has anything restricted your use of water in the last year?



Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 581 Community Members from across the Affinity Water area

Ipsos MORI
Social Research Institute

PR19 Phase 1 COMMUNITY SURVEY:

Q3b. What was it that restricted your use of water?

Burst water main(s), several major leaks and interruption to supply due to external works

Low water pressure leading to total loss of supply for some customers on occasions

Customers restricting use themselves for environmental or financial reasons

The **weather** including lack of rainfall and information regarding water levels

Renovations to properties resulting in wait to resupply water

Use less water for **financial reasons** due to high cost, loss of income or worries about paying bills

Having a **water meter** restricted use especially when households change to have one or there is an increase in cost due to moving to a new house that is metered

Being on a water meter means I very much pay for usage.

Drop in pressure means taking very brief showers as the flow can be almost non-existent at times.

Ipsos MORI
Social Research Institute

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community Members from across the Affinity Water area

PR19 Phase 1 IN-DEPTH INTERVIEWS:

- There is an apparent lack of communication during interruption, with customers only finding out through Facebook or by contacting Affinity Water themselves about outage, updates on water restoration, or water distribution.
- Low water pressure is something customers "have to put up with" and are resigned to.
- There is much confusion about the causes of low pressure and low awareness of how, or if, pressure can be improved.
- Water is considered essential. Consequently, participants felt that Affinity Water should be proactively fixing pipes and carrying out work either at night or during the daytime in the week to reduce impact on customers' lives.

Illustrative verbatims:

We knew from Facebook that there wasn't any water and it was a burst pipe so we didn't need to contact Affinity Water as we knew it wasn't just us and assumed that someone else would have contacted them, they were on the case and were fixing it. They won't want water flowing out of the mains for too long.

We have had a burst main twice before and it came back on in a couple of hours so when it went off I thought it would come back on so didn't worry about it.

Shorter interruptions are better because if the water was off all day we would have no water for cooking, drinking or showering.

They need to be checking the pipes on a regular basis so they know if something might happen.

I don't know what creates water pressure…there was a water tower at Harpenden but that isn't there now so I don't know how they do it…we were told that it was because we are high up.

Base: 5 interviews with customers classified as "disrupted" or "interrupted" – 3 experiencing low water pressure and 2 whose water had been cut off for more than 12 hours.

Source: Ipsos MORI / Affinity Water

Option A

Levels of investment by Affinity Water would mean that in a 20-year period customers could expect to experience 3 interruptions of less than 3 hours, 1 of 3-11 hours, 1 of more than 12 hours.

£50 compensation would be paid for the interruption longer than 12 hours, nothing for the shorter ones.

This means that over a 20-year period, **customers would expect to experience 5 interruptions and receive about £50 in compensation**.

Option B

Levels of investment by Affinity Water would mean that in a 20-year period customers could expect to experience 5 interruptions of less than 3 hours, 3 of 3-11 hours, 1 of more than 12 hours.

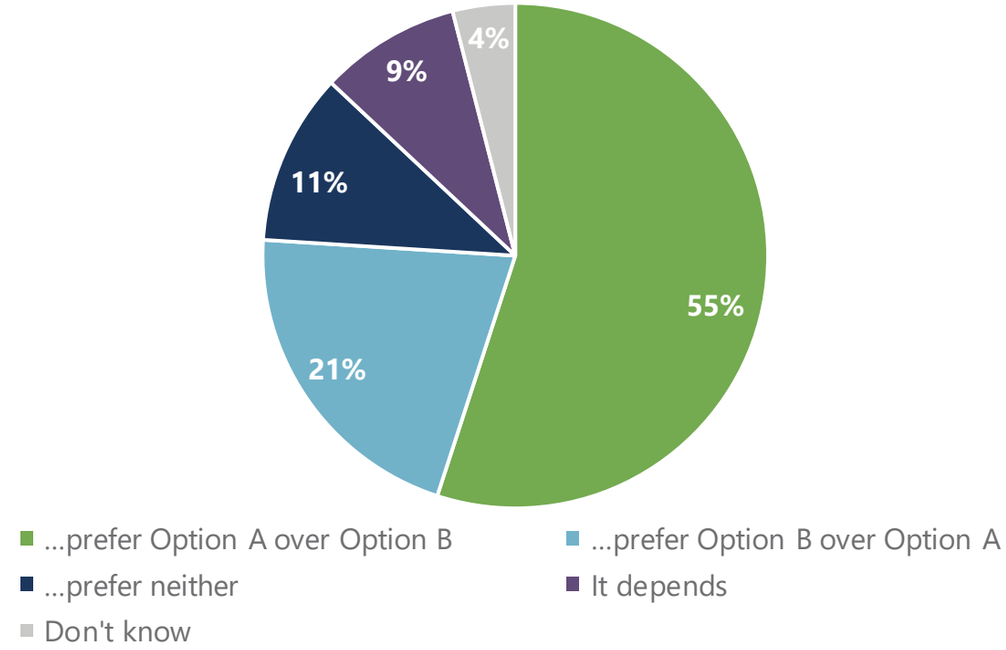
£200 compensation would be paid for an interruption longer than 12 hours. For the shorter interruptions, there would be no compensation for the first three hours, £40 for the fourth hour and an additional £10 for every subsequent hour.

This means that over a 20-year period, **customers would expect to experience 9 interruptions and receive about £470 in compensation.**

PR19 Phase 1 COMMUNITY SURVEY:

- Over half (55%) of customers prefer Option A over Option B with only two in ten (21%) preferring Option B over Option A.
- One in ten (11%) prefer neither and a similar amount (9%) says it depends.

Q8 – Which Option do you prefer?



Ipsos MORI
Social Research Institute

Base: 379 Community Members from across the Affinity Water customer area

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Customer experience

Performance Commitment: Customer measure of experience (C-MeX)

SUMMARY:

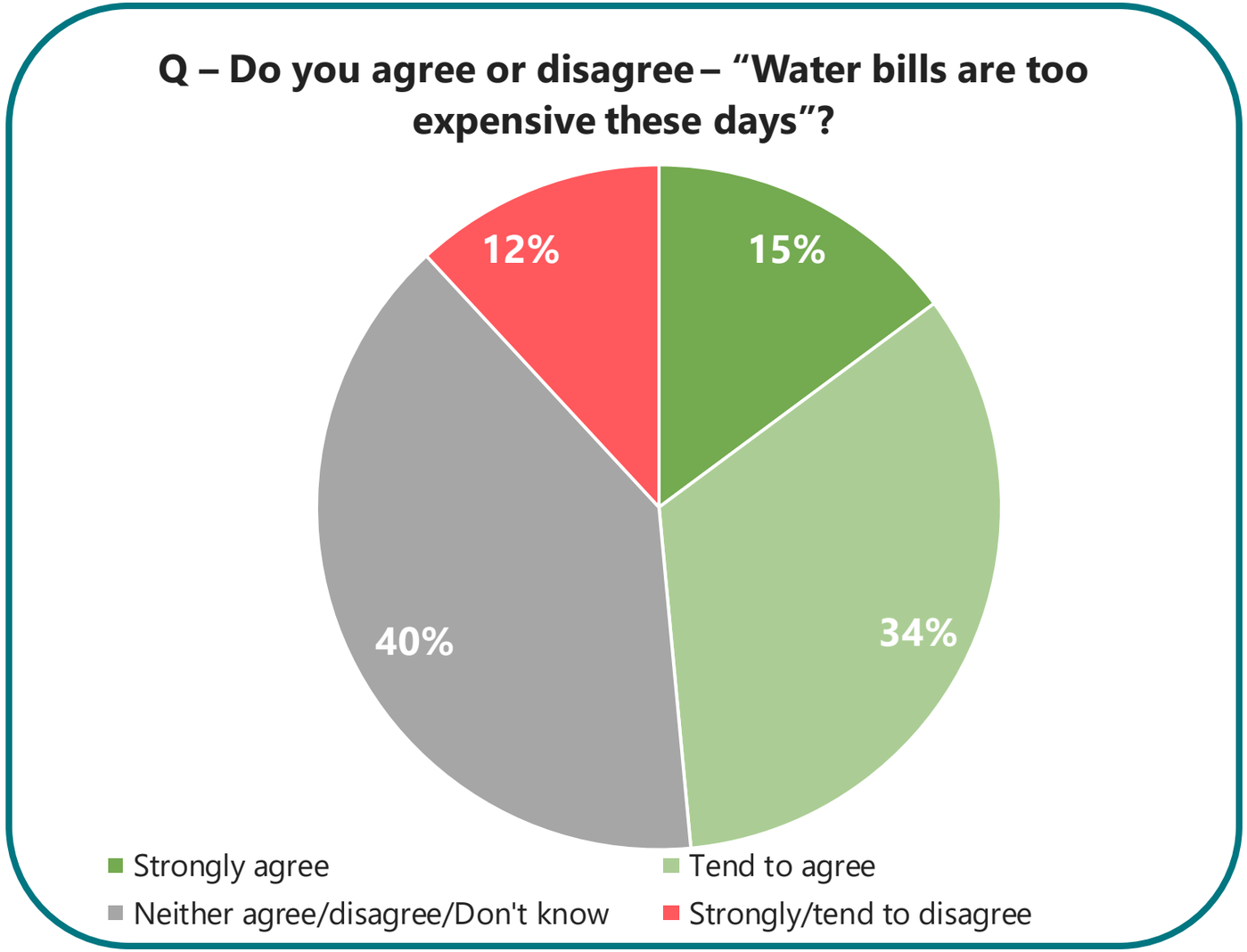
- Customers interested in a discount to use online self-serve.
- Low proportion of the customer base contact Affinity Water.

Vfm

Performance Commitment: Value for Money Survey (score out of 100) (affordability)

SUMMARY:

- Water is generally seen as good value for money compared to other utilities.
- When other services (e.g. PSR, password scheme) are explained, VFM perception increases further.



PR19 Phase 1 COMMUNITY SURVEY:

- Almost half (49%) agree that water bills are too expensive, although there is a lot of uncertainty, with four in ten neither agreeing nor disagreeing.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

Customer service

Performance Commitment: Customer measure of experience (C-MeX)

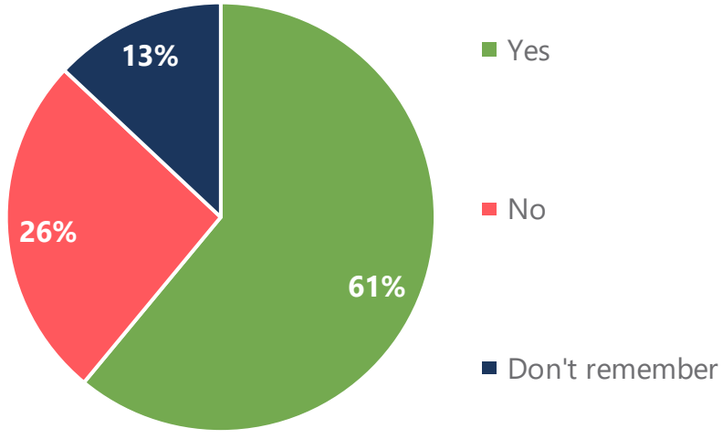
SUMMARY:

- Customers are generally positive about the service they receive from Affinity Water, with staff being seen as friendly and polite and willing to help customers with their issues.
- There were some suggestions made for improvement which included: take greater ownership of issues, resolve complaints quicker, increase number of call operators, improve online offering, offer compensation to customers when appropriate, send more regular email updates and read water meters more frequently.

PR19 Phase 1 COMMUNITY SURVEY:

- Three in five (61%) say they have got in touch with Affinity Water's customer service, while one in four (26%) had not and a further 13% could not remember.
- Three in five (60%) agree that Affinity Water staff are friendly and polite, 52% agree the website is easy to use, 48% agree Affinity Water responds quickly when asked for help. Only 14% agree it is difficult to get through to Affinity Water on the phone.
- Seven in ten (69%) think that the service Affinity Water provides is good; with one in four (26%) saying it is very good. Only 5% think it is not very good or not good at all.

Q – Firstly, have you ever got in touch with Affinity Water's customer services?



Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 334 Community Members from across the Affinity Water area

PR19 Phase 1 COMMUNITY STEPBOARD:

Illustrative verbatims:

1: Please describe a recent positive experience of customer service. What did you buy/service did you receive? What happened that made it positive?

I had a non-delivery of an order from Amazon, I used their call back service online and received the item the next day plus a £5 credit to my account

Recently we had a water meter installed…It did not match the original but was even better and they were so polite and professional

We recently had little to no water pressure on our road, after calling the services team, I literally had someone from Affinity Water at my door within 10 minutes to check the pressure.

2: What about utilities? What makes for good customer service?

Friendly, helpful, willing to resolve issue

Listening and being honest are the main things

No long waiting time listening to music and being told "your call is important to us"

Providing very easy methods of contact, so I don't have to hunt for the right numbers, addresses, forms or anything else before I even get started on solving my problem

3: What about Affinity Water. How could the company improve its customer service? Why do you say that?

Taking greater ownership of issues. Took over three years to find Affinity Water had the wrong number in their records

If they are serious about customer service then increase the number of operatives answering their phone lines, reduce lead time for work to commence and offer discounts to customers when the water company fails in it's contract

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 56 responses overall over the 3 steps; 21 responses to step 1, 16 to step 2 and 16 to step 3 (most answered all 3 questions).

PR19 Phase 1 COMMUNITY STEPBOARD:

1: Please describe a recent positive experience of customer service. What did you buy/service did you receive? What happened that made it positive?

- There were multiple different examples given of positive customer service experiences, ranging from deliveries from Amazon to utility companies such as phone or Internet providers.
- There were several examples mentioned of good customer service by Affinity Water, including: professional service received when having a water meter installed, quick response when fixing a burst pipe and a water pressure issue being resolved promptly.
- In terms of what made a customer service experience positive, customers appreciated: staff being friendly, helpful and polite, quick replies/fixing of issues, being provided with explanations and being kept informed of the status throughout, e.g. a delivery of a parcel, for example, by follow up texts.

2: What about utilities? What makes for good customer service?

- The manner in which the customer service employee engages with the customer was thought to be key to good customer service. Customers expected them to be friendly, helpful and polite and willing and able to resolve the issue quickly – or to put them through to somebody who could answer their query.
- Customers wanted various channels available by which to contact their utility providers and they wanted to be able to find these easily and quickly.
- Customer service providers also need to be willing to work around the customer – in terms of timing or services provided.
- Ultimately, customers did not want to reach the point where they had to contact the customer service department and would prefer if the service received did not require them to do so.

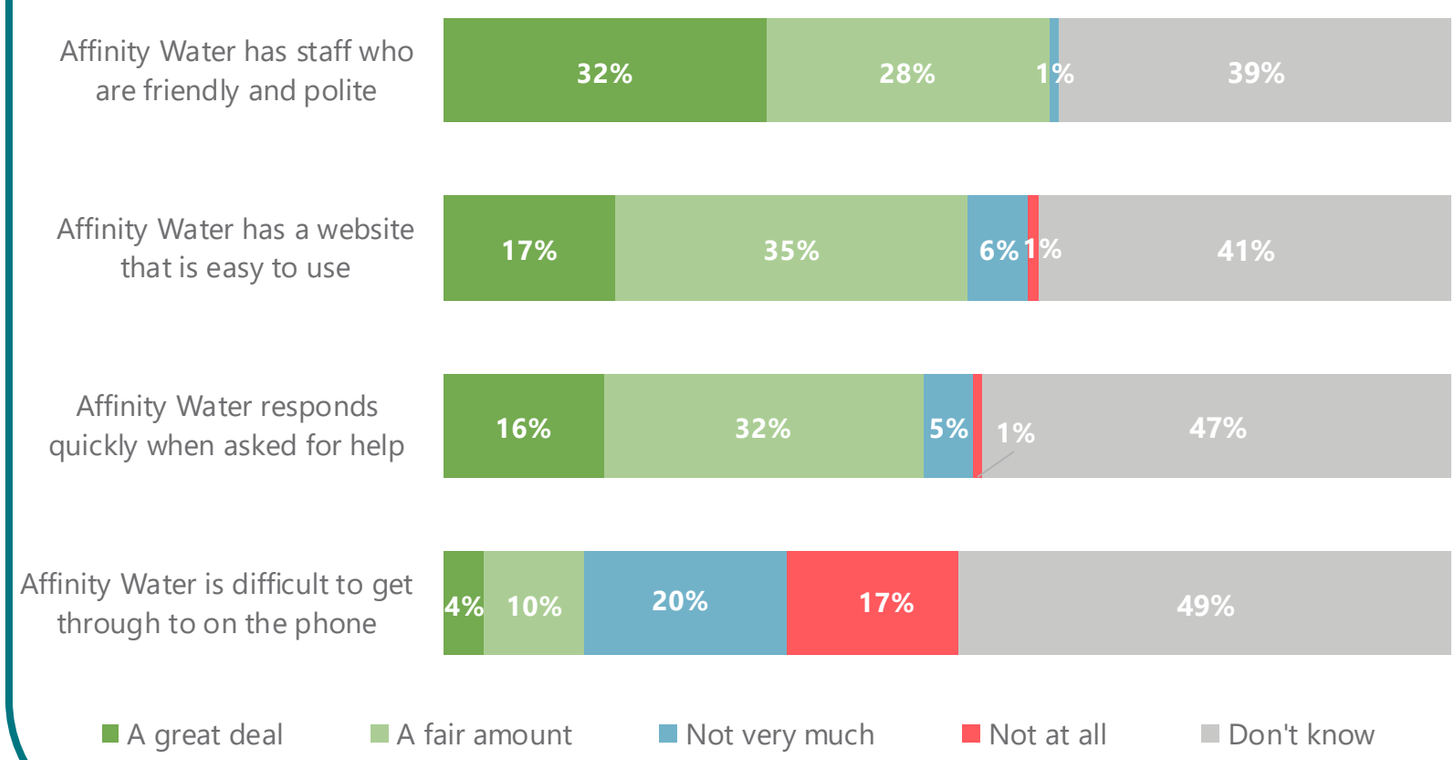
3: What about Affinity Water. How could the company improve its customer service? Why do you say that?

- Of the customers who had prior experience of contacting Affinity Water's customer service department, it was generally a positive experience. The customer service operators handled the calls well and were found to be willing to help customers with their issues.
- Suggested improvements to Affinity Water's customer service included:
  - Ensure staff are helpful and polite and receive regular training
  - Have a feedback loop so a customer knows when something has been fixed
  - Take greater ownership of issues
  - Resolve complaints quicker
  - Increase number of call operators
  - Improve online offering
  - Offer compensation to customers

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 56 responses overall over the 3 steps; 21 responses to step 1, 16 to step 2 and 16 to step 3 (most answered all 3 questions).

Q – To what extent do you think that the following statements apply to Affinity Water?



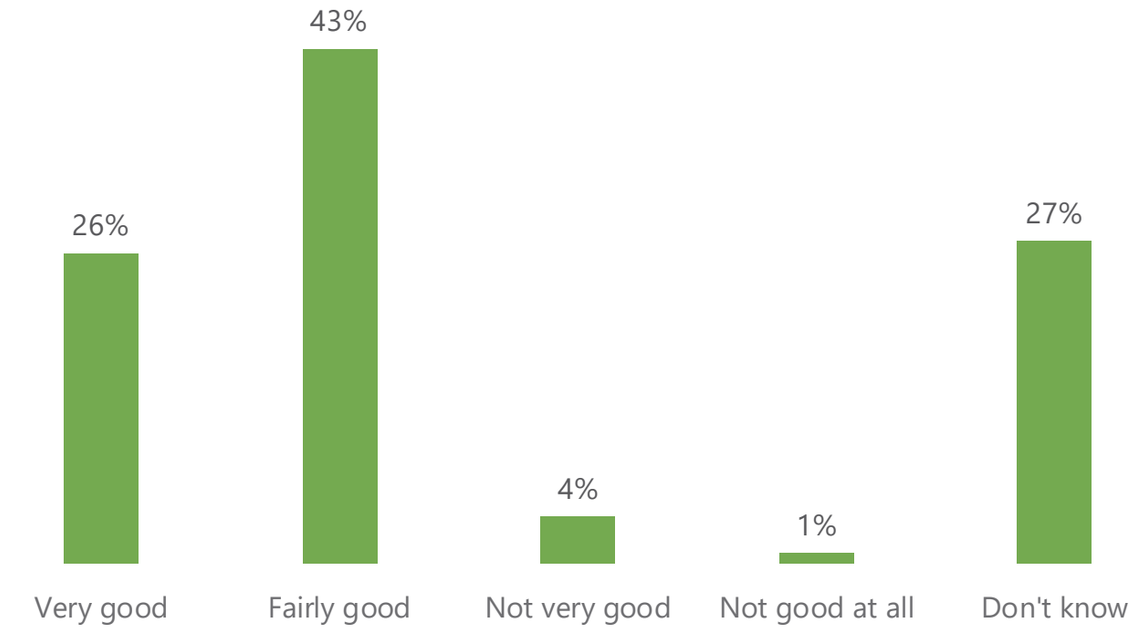
PR19 Phase 1 COMMUNITY SURVEY:

- Three in five (60%) agree that Affinity Water staff are friendly and polite, 52% agree the website is easy to use, 48% agree Affinity Water responds quickly when asked for help. Only 14% think that Affinity Water is difficult to get through to on the phone.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 334 Community Members from across the Affinity Water area

Q - And thinking about the service Affinity Water provides to you overall how good, if at all, would you say its customer service is?



PR19 Phase 1 COMMUNITY SURVEY:

- Seven in ten (69%) think that the service Affinity Water provides is good; with one in four (26%) saying it is very good. Only 5% think it is not very good or not good at all.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 334 Community Members from across the Affinity Water area

Vulnerability

Bespoke Performance Commitments: tbd (vulnerability)

SUMMARY:

- Customers that we would define as being in a vulnerable circumstance don't perceive themselves as vulnerable.
- Customers are generally unaware of the services we can offer to support them (and some distrust of motives re: reducing use).
- There was low awareness of the 2016/17 billing insert (includes an explanation of the advance care services available).
- Among the wider customer base, more than six in ten say they would support some sort of bill increase (chosen from a list) to support the Social Tariff with the most popular option, £2.50-£3.00, favoured by two in ten.

Affordability

Bespoke Performance Commitments: tbd (affordability)

SUMMARY:

- More agree than disagree that "Water bills are too expensive these days".
- Water is generally considered affordable.
- Among those in circumstances linked to vulnerability, water is affordable but harder if income unstable/usage fluctuates.
- Customers are most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage at a faster rate or to help support a large number of customers who have difficulty paying their water bills.

PR19 Phase 1 IN-DEPTH INTERVIEWS:

- Customers are actively trying to manage household bills with a sense of pride in paying. None were actively avoiding bill payments. Debt created long term difficulties with lower tariffs preferred over payment plans.
- Difficult to track water usage and cost. Water use was a private matter and especially hard to control if need to use more due to medical condition or have lots of young children. Also, bills are infrequent and lack visual measures to make water usage and cost understandable.
- Water was felt to be affordable in smaller households with fixed income or pension but harder in fluctuating usage or large family households, or where there was an unstable income.
- Most customers did not think about water usage but felt they use as much as they need and no more.
- There is little connection between water usage and the environment – attempts to reduce usage linked only to reducing bill.
- Customers did not directly describe themselves as 'vulnerable', instead using similar vulnerable stereotypes when prompted.
- They are unaware of what Affinity Water can do to help with bills.
- There is a lack of trust in or engagement with Affinity Water, with some customers wondering why the company would want them to use less water.

Base: 12 interviews with customers classified as "vulnerable" – 3 due to mental or emotional issues, 3 due to a life event (such as a bereavement or job loss), 3 due to financial issues, and 3 due to a physical issue.

Source: Ipsos MORI / Affinity Water

PR19 Phase 1 IN-DEPTH INTERVIEWS:

Illustrative verbatims:

I love it [smart energy meter], *I can see what I'm actually using, before (pre-meter) I would have just put the tumble dryer on but now I can see how much it costs so won't do it as much.*

I don't keep track of how much I use…I have a busy life, they send me a bill and I pay it. I don't need to keep track of it, they (utility company) *do it for much.*

It's a lighter bill for me, it's about the same as the TV licence, the most it has been its £14…£12 is acceptable…I don't think it's bad…I don't use a lot so I get what I pay for.

The [water] *readings we take don't mean anything to me…I would have to research how much a unit is and I wouldn't be bothered to do that…also the water meter isn't very accessible so it's not like I can just pop out and read it like the gas and electricity ones."*

What is a cubic metre in water? I have no idea. I don't understand that. I have used 48 cubic metres? Why don't they have a picture of a litre bottle of orange and say filling this bottle costs 2p. A lot of young mums will understand that and if you knew that you might use less.

I suppose I am a little bit vulnerable…with my partner not working now…it's a struggle to pay bills, afford food and get what the kids need. Mentally it does impact you, you do feel down when you can't give the kids everything.

They came around within two days to see if they could fit it (water meter), they said don't pay the original bill wait for the new bill. The engineer fitted it within seconds… I thought it would be a major job.

I phoned them and asked if I could go back to the old system, I didn't want the meter and they said no…I asked them for help as the bill is high but they said no you will just have to pay it. It made me feel upset and disappointed I was expecting them to say that because of the large household we might qualify for some help and they said no, you have to pay your bill.

Source: Ipsos MORI / Affinity Water

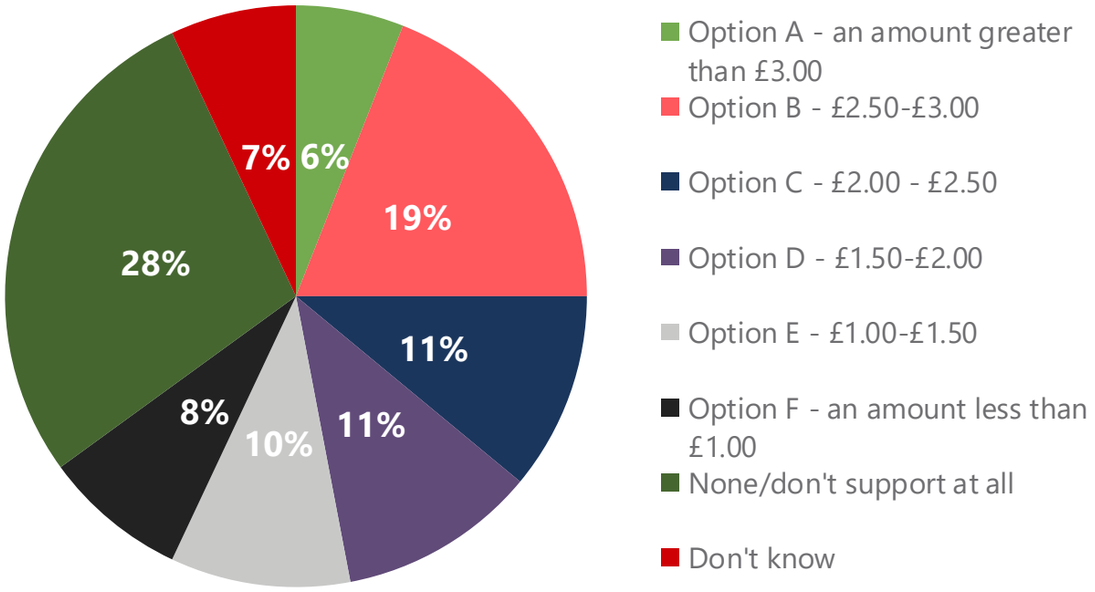
Base: 12 interviews with customers classified as "vulnerable" – 3 due to mental or emotional issues, 3 due to a life event (such as a bereavement or job loss), 3 due to financial issues, and 3 due to a physical issue.

Question	% support	% oppose
Q1 - "…providing support to customers who have financial difficulty paying for their water"	63	6
Q2 - "…providing support like this to customers"	**75**	6
Q3 - "…providing this support to customers if it means an increase in water bills paid by all other customers"	29	44
Q4 – "…do you support or oppose…continuing to offer a Social Tariff?"	48	31
Q5 – "…if it meant an extra £2.50-£3.00…?"	52	31
Q7 – "…if it meant an extra £2.00-£2.50…?"	53	31
Q9 – "…if it meant an extra £1.50-£2.00…?"	55	26
Q11 – "…if it meant an extra £1.00-£1.50…?"	56	25

- Customer opinion swings back towards support when the Social Tariff is explained in terms of the requirement to demonstrate customer support, the eligibility criteria and non-profit making.
- In a question unique to PR19, customers were asked to choose the level of investment in the Social Tariff they would favour (see right), allowing them to choose lower or higher amounts, and rejecting any funding at all. Three in ten (28%) choose this option but more than six in ten (65%) would support some sort of bill increase with the most popular option, £2.50-£3.00, chosen by two in ten (19%).

PR19 Phase 1 SOCIAL TARIFF SURVEY:
(Standalone survey, independent of Community)

- Customers are supportive of Affinity Water providing support to those who have financial difficulty paying for their water.
- Support increases further when basic information is provided about the nature of support provided by Affinity Water.
- However, support cools sharply when the idea of customers funding support is introduced (without any quantification of the impact on customer bills), and opposition exceeds support.



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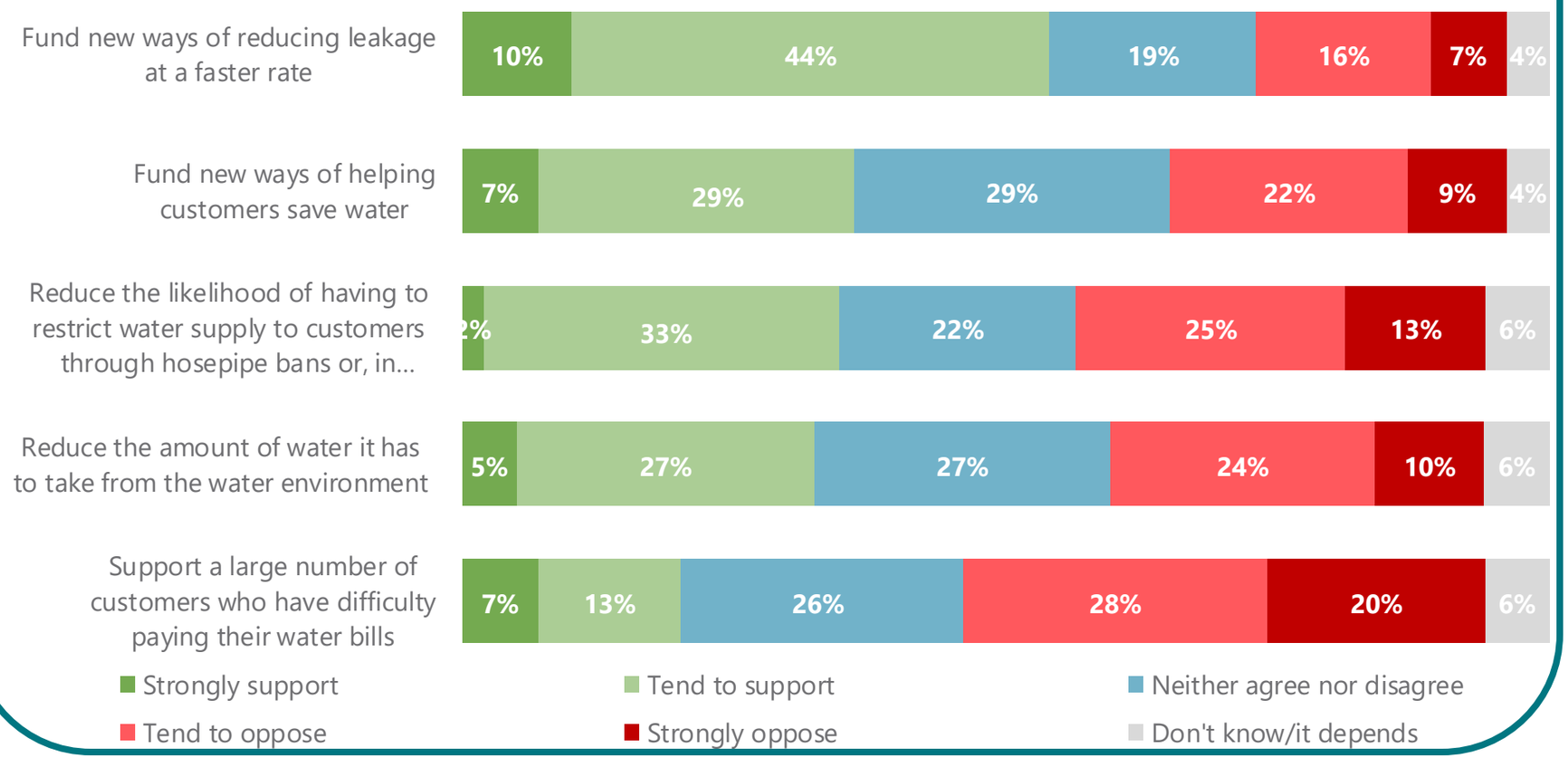
Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Source: Ipsos MORI / Affinity Water

Q6 - To what extent would you support or oppose an increase in your water bill, in principle, if it allowed Affinity Water to…



PR19 Phase 1 COMMUNITY SURVEY:

- Customers are most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage at a faster rate or to help support a large number of customers who have difficulty paying their water bills.
- They are relatively less likely to support an increase in order to fund new ways of helping customers save water, to reduce the amount of water taken from the environment or to reduce the likelihood of hosepipe bans.

Base: 379 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

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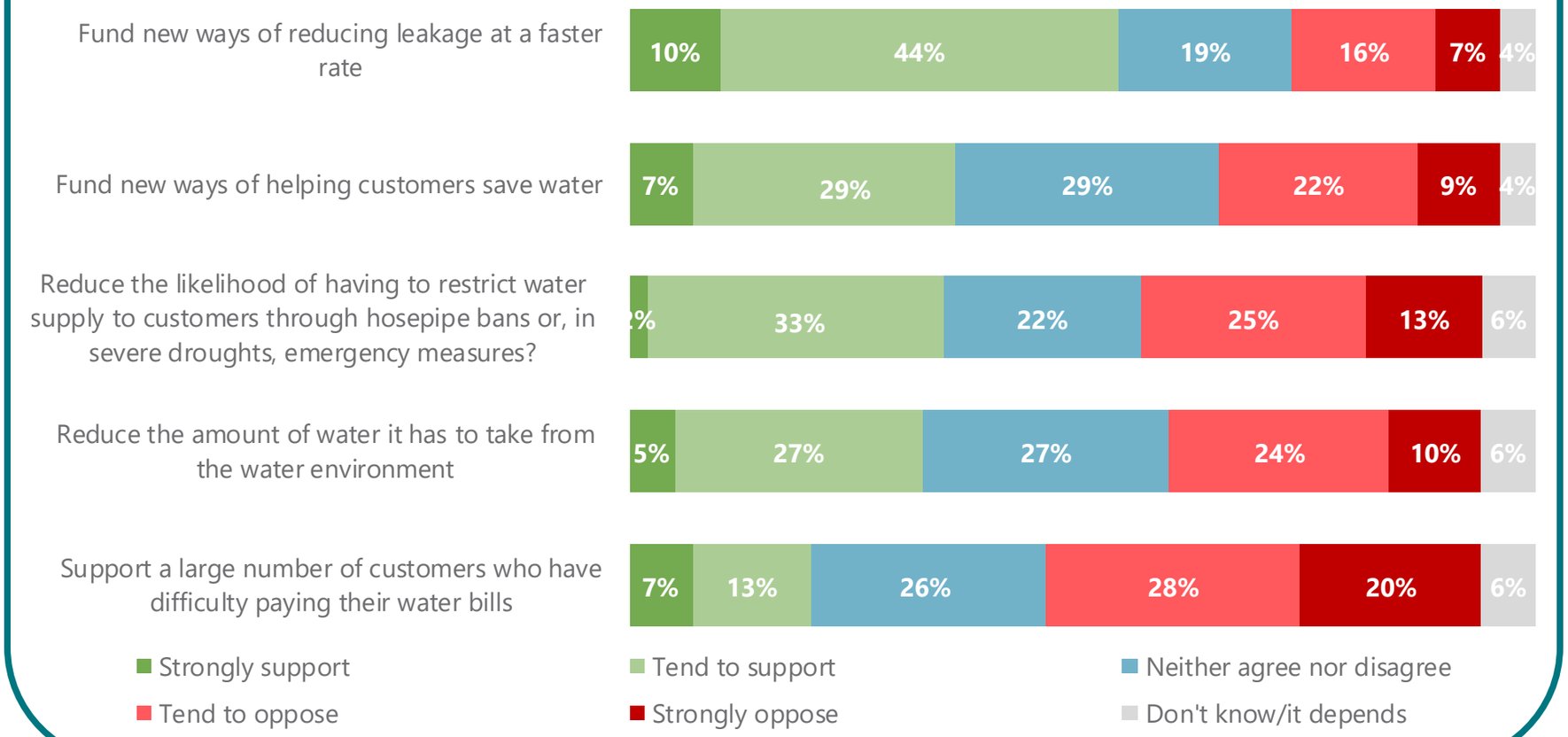
Attitudes to bills

Q6 - To what extent would you support or oppose an increase in your water bill, in principle, if it allowed Affinity Water to…



PR19 Phase 1 COMMUNITY SURVEY:

- Community members are most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage at a faster rate – 54% support this.
- Funding new ways of helping customers save water, reducing the likelihood of future water restrictions, and reducing abstractions from the environment were the next most popular measures for an increase in water bills.
- The least popular measure leading to an increase in water bills was supporting a 'large' number of customers who have difficulty paying their bill – half would oppose this (48%).

Base: 379 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

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Other Performance Commitments

Forthcoming research

Branding

Bespoke Performance Commitments: tbd customer perception of the Affinity Water brand (qual?)

Education

Bespoke Performance Commitments: tbd educating future generations (number of children, hours)

Forthcoming research Phase 1 into Phase 2

Community:

- Drought (stepboard)
- Customer service (survey + stepboard)
- Disruptions (re-test long vs. short interruptions)
- 'Health check' (survey)

Quick polls:

- Average water bill (48p day)
- Ratings of affordability
- Awareness of incidence of drought

Stand-alone surveys:

- Vulnerability and Social Tariff
- Acceptability testing

TBC

- 'Christmas water' – stepboard?
- Water resources – discussion groups?
- Water resources – survey?
- Business Plan options – deliberative workshops
- Future customers – paired depths + group(s)?
- Value for money and bills – Community?

TBC

- PCC pilot projects – survey?
- Info customers would like to help them understand consumption – stepboard?

AW blogs for dialogue:

- Some of the things we've noticed…
- History of company
- Respond to Hubbub stepboard
- Customer service
- Customer preferences for topics

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Annex 4: Phase 1 Listening and Learning

Ph1.3 – Draft Drought Management Plan Engagement Event

OPM GROUP

Draft Drought Management Plan Engagement Event

Customer and Stakeholder Engagement

Report to Affinity Water

Classification: restricted external

13 October 2017

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Client	Affinity Water
Document title	Draft Drought Management Plan Engagement - Customer and Stakeholder Engagement
Date modified	13 October 2017
Status	Draft
Classification	Draft restricted external
OPM project code	
Author	Perla Rembiszewski, Amelie Treppass
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Contents

Executive Summary

In September 2017 OPM Group delivered two engagement events in Hatfield for Affinity Water. The first was for 33 purposely sampled customers from the area served by Affinity Water and the second was for a group of seven stakeholders directly invited by Affinity Water. Both events allowed participants to engage with the contents of Affinity Water's draft Drought Management Plan (dDMP) for the years between 2018 and 2023, which was published for consultation in August 2017. The events sought to improve participants' understanding of the dDMP and encourage them to share their views. The overall objective was to encourage informed participation in a public consultation about the dDMP, submitted directly to the Department for Environment, Food and Rural Affairs.

Both events covered the same topics including: the impacts of various water restrictions, exemptions from water restrictions, Affinity Water's levels of service and their acceptability. While the events required different methods, given the level of expertise and the size of the groups, some of the comments made at both events were comparable.

Most participants at both events acknowledged that a temporary use ban would impact customers' gardens as well as the ability to clean buildings and vehicles, although at the customer event participants noted that the impacts would not be significant. At the stakeholder event, participants emphasised the communication needs during a temporary use ban, calling for more detailed information to be issued sooner.

Participants at both the customer and the stakeholder events commented that drought orders could impact on businesses and leisure activities. Additionally, participants at both events commented on the secondary, less immediate impacts of a drought order.

In the discussion about drought permits, participants at the stakeholder events focussed mostly on environmental impacts, whereas the impacts of a drought permit as viewed by participants at the customer event, included other factors, for example an impact on leisure and family activities.

While it was not discussed in great length at the stakeholder event, participants at the customer event engaged in an activity allowing them to grant exemptions to water restrictions. Participants granted the majority of exemptions to protect employment and community projects.

The acceptability of levels of service was discussed at both events. At the customer event, participants were generally happy with the current levels of service, although several agreed that they would not be greatly impacted if temporary use bans occurred more frequently. They felt that the level of service for drought orders should not decrease as this could have a big economic impact.

Discussions about levels of services at the stakeholder event focussed on pricing, communication and the environment. There was a strong emphasis on whether new pricing models and different communication strategies could help to influence customer behaviour which was heavily debated among participants.

Both events ended with an encouragement to take part in the DEFRA consultation. Feedback collected from the customer event was submitted directly to DEFRA as part of a consultation response.

1 Introduction

1.1 Objectives

In August 2017 Affinity Water published a draft of their Drought Management Plan (dDMP) for the years 2018 to 2023. This plan outlines how Affinity Water would respond in a drought situation and what actions they would take as any drought progresses within this five year period.

Prior to publishing their final Drought Management Plan, Affinity Water has invited comments on their dDMP to be submitted via email to the Department for Environment, Food and Rural Affairs (DEFRA) within the consultation period between 7th August to 2nd October. They have asked consultation respondents to comment on:

- What respondents think about their proposed levels of service and how acceptable they find these;
- Respondent views on how Affinity Water plan to monitor the impacts on the environment;
- Respondent views on the proposed restrictions outlined in the plan;
- Anything else respondents would like to comment on in relation to the way Affinity Water plan to deal with a drought, and;
- Respondent views on our proposed drought permit sources.

They plan to collate the consultation comments received and form a statement of response in winter 2017, which will outline changes made to the dDMP based on the feedback received during the consultation.

As part of the consultation, Affinity Water commissioned OPM Group to design and deliver two consultation engagement workshops, one for customers and another for stakeholders.

While the content and structure of the events varied slightly, the objectives were as follows:

1. To inform customers and stakeholders about the dDMP
2. To explore customer and stakeholder attitudes to water restrictions and exemptions to them; as well as the Affinity Water's levels of service
3. To encourage customers and stakeholders to produce outputs that can be submitted to the Department for Environment, Food and Rural Affairs (DEFRA) to inform the ongoing consultation; and/or to take part in the consultation.

This report provides detail about the events and the discussions held.

1.2 Methodology

The two events were structured into sessions to explore the objectives above. The first event was a four-hour evening workshop for Affinity Water customers, designed to engage them with the dDMP, ensuring that they understood what is meant by drought management, levels of service and why Affinity Water needs a plan. The event used methods combining: a discovery session designed to familiarise people with the topics under discussion, presentations of information in plenary, and in-depth facilitated table discussions with interactive games and other activities. There were also several opportunities to gather feedback from the whole group following presentations by Affinity Water and the Lead

facilitator. At the end of the event, customers were able to provide consultation feedback through a feedback form. These have been sent directly to DEFRA. A summary of responses can be found in Appendix 5.

This customer event took place in on Thursday 21st September from 5pm until 9pm at the Fielder Centre in Hatfield. Participants were recruited by Cherry Picked research, a specialist fieldwork company, to a specification which ensured a broad spread of customers across key demographics. Participants were selected to reflect the population the Central Region that Affinity Water serves (as recorded in the census). The event was attended by 33 Affinity Water customers (or potential customers in the case of 18-26 year olds). Each participant was provided with a £70 incentive as a thank you for their time.

Below is a breakdown of the participant demographics requested and what was achieved at the event:

Table 1: Participant demographics – requested and achieved

Criteria	Categories	Quota	Achieved
Age	18-29	6	6
	30-44	8	9
	45-64	10	16
	65+	6	5
SEG	AB	9	10
	C1	10	13
	C2	6	6
	DE	6	7
Gender	M	15	18
	F	15	18
	Prefer not to say		
Ethnicity	White British	17	23
	Asian/Asian British	7	7
	Black African	2	2
	Other white	2	2
	Mixed/multiple ethnic groups	2	2
Health	Long term condition	3	4
Metering	Water meter	13	16
	No meter	17	20

More details about the participants and the recruitment criteria are available in Appendix 2.

The second event was a two-hour morning discussion session for Affinity Water stakeholders. This stakeholder event was slightly shorter than the customer event, with fewer participants and was facilitated as a single roundtable discussion. This event took place at Affinity Water's offices from 10am until 12pm on Friday 22nd September. The seven attendees were invited to the event by Affinity Water and included:

- A representative from Hertfordshire County Council
- Two representatives from Sustainable Letchworth
- A representative from the Consumer Council for Water (CC Water)

- A representative from the University of Hertfordshire / Member of the Customer Challenge Group
- A representative from the Colne Valley Fisheries
- A representative from Herts and Middlesex Wildlife Trust

The aims were to share the discussions that took place with customers at the first workshop and discuss stakeholders' further views regarding Affinity Water's Drought Management Plan. Stakeholders were then encouraged to participate in the consultation and send feedback directly to DEFRA.

The same presentations of information were given at the customer and stakeholder events and can be found in Appendix 3. A more detailed explanation of the methods adopted for the customer event can be found in within section 2, and more information on the methods used for the stakeholder event can be found within section 3.

A detailed breakdown of the process design for each session is available in Appendix 1.

At both events participants were asked to share their feedback, views and comments on these objectives. This report summarises and discusses what they shared.

1.3 About this report

This report provides a summary of key messages that emerged from the table discussions and activities throughout the two workshops.

The findings provide rich insight into the range and diversity of customer and stakeholder views. It is worth remembering that findings set out below from the small group discussions are purely qualitative. While the participant group is broadly reflective of customers in the Central region, it can't be assumed, from speaking to these 33 individuals and seven stakeholders, that others in the region will necessarily share the same views. It is also worth noting that some 'group norming' tends to take place at events such as this. Even with strong facilitation, more hesitant group members may be swayed by more dominant voices.

In addition, the results presented in the quantitative charts and accompanying narrative should be treated with caution. They provide an overview of the weight of opinion and levels of agreement in the room on the day, where participants had the opportunity to discuss and deliberate on the material put forward by Affinity Water. The findings reported are not statistically representative and therefore should not be seen as a robust set of findings that could be generalised to the wider population.

2 Customer Event

2.1 Participants

The customer event was attended by 33 Affinity Water customers (or potential future customers in the case of 18-26 year olds). More details about the participants and the recruitment criteria are available in Appendix 2.

2.2 Workshop description

Prior to the event, customers were allocated one of four tables to ensure that there was an even demographic spread among the participants on each table. There was also an OPM

facilitator on each table, as well as a lead facilitator presenting the activities at the front of the room. Four representatives from Affinity Water were in attendance to answer any specific, technical questions, and to understand the main customer concerns.

The event was split into an introduction session and three activity sessions. The sessions were as follows:

- Introduction session: Warm up activity and discovery session (for methods see section 2.3)
- Session 1: Types of restrictions (for methods see section 2.4)
- Session 2: Exemption requests (for methods see section 2.5)
- Session 3: Levels of service (for methods see section 2.6)

2.3 Introduction Session

2.3.1 Warm up session

To understand customers' current knowledge of drought, we asked them to move to various areas in the room depending on when they last remember experiencing a drought. Research facilitators waited in these areas for participants depending on whether they remember the last drought being 'this year', 'in the last decade', 'more than 10 years ago' or for those who 'don't remember'. They asked quick research questions in each area to get a brief understanding of current customer awareness.

Remembering temporary use bans ('hosepipe bans')

Figure 1: Image of warm up session

The largest group of customers moved to the area for those who remember the most recent drought having been within the last decade. Only one participant thought that there had been a drought in the last year. The remaining participants were split evenly between those who remember the last drought being over 10 years ago and those who could not remember.

When asked what they remember happening, the majority of participants said that they remembered a 'hosepipe ban'. For those who remembered the last drought being over 10 years ago, they recalled the use of stand pipes. Participants who recalled the last drought being between two and five years ago remember messaging such as it was 'the hottest summer on record'.

Hearing about water shortage on the radio and in the news

Participants were asked whether they had seen any recent media about dry weather and participants standing in most groups said that they had heard about current low levels of water on the radio and in the news. A few had heard about water saving measures (such as a sand timer for tooth brushing and a toilet brick), although several had not.

In order to get an idea of customers' understanding of the impacts of a drought, customers were asked what they thought would happen if there was a drought. Participants gave comments listed below:

What would happen during a drought?

- 'Farmers and production would be affected'
- 'Couldn't do household chores, like dishes'
- 'May not be able to flush the toilet'
- 'Couldn't wash my car'
- 'Could use recycled water'
- 'Stand pipes'
- 'Price increase'
- 'Water pressure'
- 'Hosepipe ban'

2.3.2 Discovery session

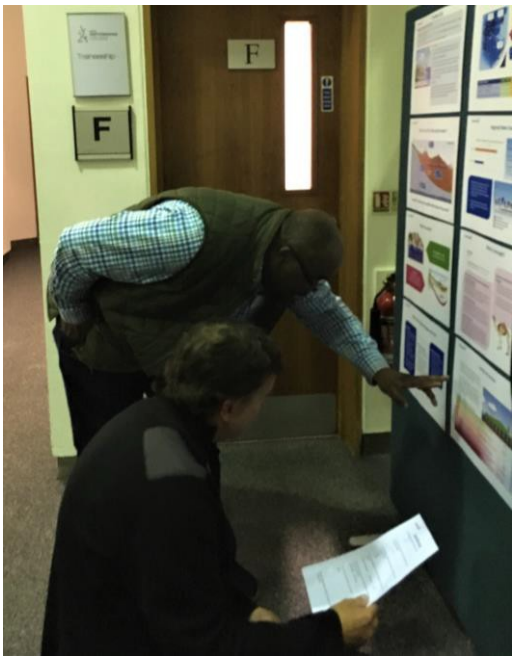


Figure 2: Image of discovery quiz session

The second warm-up activity was a discovery quiz. The aims of this exercise were to provide information in an active way, encourage communication between participants, and bring energy into the room, with participants moving around the space looking for information.

For this activity, posters were spread across various poster boards around the venue depicting key information about Affinity Water, droughts and drought management. Participants were given a quiz sheet which they were asked to fill out in pairs, finding as many answers as they could from the posters around the room within 10 minutes.

All participants completed the quiz and most questions were answered correctly. Most gave the same answers to questions with little variation. For the questions where multiple answers were accepted, the most common answers given are listed below:

Question	Most common answers
List 3 things that Affinity Water do to manage the effects of a drought:	Closely monitor situation, introduce temporary use bans, raise awareness
List 3 things that you cannot do during a Temporary Use Ban "hose-pipe ban"	Watering a garden/plants, Cleaning patios, clean boat
Name 3 things that you cannot do when a drought order is in effect?	Watering plants, Clean windows, Fill/maintain a non-domestic pond/pool, clean non-domestic premises
What types of things do Affinity Water do to monitor the environment?	Ground water monitoring, surface water monitoring, water quality

After participants had taken part in the quiz, Affinity Water presented the answers, emphasising key points with a particular focus on the types of restrictions that Affinity Water would introduce in a drought, depending on the severity.

2.4 Session 1 – Types of restrictions

Research questions:

- How do customers think that different drought management actions will impact their household, the community and the environment?
- Which impacts are of the most concern to customers?

Following the discovery session, participants were asked to sit in their allocated seats for a discussion about what impacts temporary use bans, droughts orders and drought permits could have on households, the local community and the environment.

Firstly, participants were asked to write impacts on post-it notes and categorise them according to whether they were a personal, local or wider environmental impact. They were then asked to prioritise which impacts were of greatest concern to them and asked to stick dots on these. Below is a summary of the discussion and illustrations of the outputs.

2.4.1 Temporary use bans (TUBs)

The key impacts identified in relation to TUBs are discussed below and listed in order of most frequently cited at the four tables:

Unable to water plants, wash cars or clean windows
Many participants across all tables commented that during a temporary use ban, people would not be able to water their gardens and that plants could die, and in most cases this was indicated to be the biggest impact, particularly for people who have a big garden, or place a lot of value on their gardens. Despite this, some said that it would not really be an issue for them.

Some participants on all tables commented that would not be able to wash their car with a hose and they would not be able to clean windows of their house. A few noted that they would not be able to fill their pond. On one table, participants noted that the restriction could lead to subsidence and cracking of the ground, affecting building structures.

Impacts on leisure activities
Participants at all tables commented that a temporary use ban may have an impact on leisure activities. They mentioned a possible impact on golf courses, local parks (including lakes and streams) and local water parks.

Habitats may suffer
Participants commented that there may be effects on birds, fish and other animals if ponds could not be filled and rivers dried up. One table mentioned that a temporary use ban may have a positive effect on the environment as it would mean people are using less water.

Impacting food
One table expressed concern that a temporary use ban could impact on farmers' crops and food production and it was later explained to them by a representative of Affinity Water that this would not be the case.

Participants not very concerned by impacts

Several participants across all tables commented that the effects of a temporary use ban would have little impact on them, especially if it was for a short period of time. Participants on one table said that there were easy alternatives to using a hosepipe, for example a bucket. On one table, participants noted that the personal impacts would depend on how long the restriction was in place, and said that if it was a couple of days it would have little impact on them.

A few participants said that they would voluntarily stop bathing, reduce using a dishwasher, flush the toilet less and do less laundry during a temporary use ban. Some said that they could recycle water, such as dish water to flush the toilet.

2.4.2 Drought Orders

The key impacts identified in relation to drought orders are discussed below and listed in order of most frequently cited at the four tables:

Businesses affected
Participants on all tables identified the businesses that would be affected by a drought order, which was a key area of focus. Businesses identified included laundrette businesses, water parks, hairdressers, car washes, gardeners and gardening companies, window cleaners and water mills.

Dried parks and impact on leisure
Participants at all tables said that a drought order could lead to parks drying up and some participants said that it could also have an impact on other leisure activities, such as swimming due to the closure of swimming pools, and sports such as golf, cricket or football as pitches and grass would not be watered.

Social unrest and health
Some participants on one table commented that dirtier streets could leads to social unrest, and others commented that it could lead to the spread disease and reduce hygiene levels, particularly affecting people with allergies. On one table, a key area of concern for participants was how a drought order may impact on emergency fire services if they are

unable to use a hose. With the factors considered, some participants said that a drought order could lead to a reduction in quality of life, which was a big concern for one table.

Wildlife and agriculture
As with the temporary use ban, participants commented that a drought order could impact wildlife, especially fish, and participants at two tables expressed concerns that a drought order could impact food availability; for one table this was a chief concern.

Other
Participants on one table noted that a drought order may lead to an increase in the sale of bottled water which could in turn lead to the price of bottled water to increase, as well as an increase in litter due to the plastic bottles. Some also noted that a drought order may lead to transport delays, for example on trains and planes due to lack of cleaning.

2.4.3 Drought Permits

The key impacts identified in relation to drought permits are discussed below and listed in order of most frequently cited at the four tables:

Recreational use of rivers
Participants at all tables commented that drought permits would impact the recreational use of rivers for activities such as canoeing, sailing, kayaking and windsurfing.

On one table participants discussed that a drought permit could impact on family leisure time, such as walking in a park, and feeding ducks in a river.

Water quality
Participants commented that a drought permit may impact on water quality and could lead to foul smells, dead fish and mosquitos. A few suggested that this in turn could impact on health, and referenced infections and dysentery as a potential result.

Impact on infrastructure
Participants on one table commented that a drought permit could lead to roads cracking and cause big impacts for infrastructure.

Habitats
Participants commented that a drought permit could affect the habitats of birds and fish. A few participants commented that losing a species would be irreparable and that this was therefore more important than the short and medium term impacts such as food price rises.

Figure 3 below presents a ‘word cloud’ representing the most frequently cited words used by participants during this discussion session.

Figure 3: Word cloud with key words used by participants throughout the discussion

2.5 Session 2 – Exemption requests

Research questions:

- How do customers balance exemptions with not undermining drought restrictions?
- What impacts are customers the most concerned about?

The second session aimed to determine what circumstances customers felt warranted the granting of exemptions to restrictions. For this discussion, participants were given a set of cards with scenarios describing various exemption requests. These were based on real exemption requests that were sent to Affinity Water during the 2012 temporary use ban. The cards can be found in Appendix 4.

At their tables, participants were asked to act on behalf of Affinity Water and come to an agreement as a group as to who they would grant exemptions to. Each scenario card indicated the relative amount of water required to grant the particular exemption. This was represented by between one and three water drop illustrations on each card, which corresponded to a board with 19 water drop illustrations. Once customers had granted exemptions to the value of 14 water droplets they were unable to grant further exemptions without undermining the hypothetical drought order, leading to further restrictions.

Below is a list of the exemption request scenario, the relative amount of water required to grant this exemption and the number of tables that agreed to grant this exemption. Further details of the discussion follow in the sections that follow:

Exemption request scenario	Amount of water required to grant exemption	Number of tables who granted exemption
A carwash business		2
A community cricket pitch		0
An outdoor street cleaning service		3
A community vegetable allotment with a café		4
An office manager requesting to wash office windows		0
A driving instructor		0
A window cleaning business		1
An older couple with mobility issues		1.5
A member of the police force responsible for cleaning police cars and kennels		3

2.5.1 Participants granted few exemptions

At the start of this exercise, participants at all tables were reluctant to grant exemptions. The average number of exemptions granted per table was between three and four (out of a possible nine), although the specific scenarios that were granted varied from one table to another.

The most important considerations participants identified across all tables for providing exemptions were whether the drought restriction affects employment and whether the business or service issuing an exemption request benefits the community, as well as how much water granting an exemption requires.

2.5.2 Participants granted exemptions for the good of the community

All tables granted an exemption to a scenario describing a community allotment which required a small amount of water (depicted with one water drop illustration). The level of water required was a key reason why participants agreed to grant this exemption. Many participants felt that the allotment scenario was enriching for the local community, which they gave as grounds for why it is important to prevent this asset from being closed. Participants on one table noted that it was an important exemption to grant, as it deals with food and is also beneficial to the environment, as opposed to harmful.

Most tables also agreed to grant exemptions for a person who runs a business to keep streets clean, for example cleaning pavements and graffiti. Although it required maximum water usage (represented by three illustrated water drops), participants thought that it would cause big impacts on the neighbourhood if this service was unable to operate and could lead to social unrest. Two tables commented that they would be more likely to grant the exemption if this was public (for example council) service, rather than a private one. One table decided not to grant an exemption for this service as they said that there were other ways to keep the outdoor environment clean and that this was not a public health issue. A few participants discussed granting the exemption in order to protect the business and its employees.

2.5.3 Participants granted exemptions to protect employment

Figure 4 Image of participants discussing exemptions

Participants at two of the tables agreed to grant an exemption for the carwash business. Their reasoning was that the livelihoods of company employees would be greatly impacted should their water use be restricted. Participants were clear that they felt that water restrictions should not put people out of business if it is not necessary. For the same reason, this table granted an exemption to the scenario depicting a window cleaning business.

Participants who did not grant the carwash scenario an exemption felt that there were other ways to wash a car, and that the restriction to their business should be covered by insurance. At one table, participants felt that no private businesses should be granted an exemption as it would be difficult to determine which businesses were more important than others and that granting one may mean that others would need to be granted too.

2.5.4 Participants granted exemptions for the safety of animals

Most tables agreed to grant exemptions for an individual to clean police dog kennels and police cars. In some cases, they specified that the exemption would be granted to clean the kennel but not the car. The grounds for this in all cases was the health and safety of the dogs and maintaining adequate hygiene standards.

2.5.5 Participants granted exemptions on the grounds of disability

Participants on two tables agreed to grant an exemption (or partially grant an exemption) for the scenario featuring an older couple with mobility issues. Participants said that the exemption was granted as it did not require much water, and for health and safety reasons. All participants noted that mobility issues were an important factor in considering an

exemption, whereas one table felt the older couple could get someone without any impairments to help, rather than grant an exemption.

2.5.6 Participants did not grant exemptions for sports field, driving instructor and office building maintenance

No exemptions were granted to a scenario which requested an exemption to water their community cricket pitch. Participants felt that this was not important enough for the local community to grant an exemption and they expressed that the grass would recover. Participants on one table felt that if this exemption was granted, exemptions would need to be granted to all sports pitches which would require a lot of water.

No participants granted an exemption in the case of an office manager who requested an exemption to clean the windows of their office building. Participants felt that this should not be a priority during a drought.

For the scenario of a person who was a driving instructor, interpreted by some as owning a driving instructor business, some felt that there were other ways to wash cars other than using a hosepipe and that it would not impact their business as much as others. They felt that s/he could still run their business without a clean car.

2.6 Session 3 – Levels of service

Research questions:

- Do customers find the proposed levels of service acceptable?
- If they prefer a higher or lower level of service, do they understand the consequences and can they explain why?
- As individuals, what are their opinions about the proposed level of service?

Before embarking on session 3, Affinity Water gave a presentation about the varying levels of service in the dDMP, how they are achieved and what would be required to change these.

The session then began with a dice game using a 10-sided die. Participants took it in turns to roll the dice 10 times representing ten years. It was explained to them that every time the die landed on a one represented a year in which a temporary use ban was issued. This activity was designed to illustrate that although the levels of service suggest that there will be a temporary use ban every 1 in 10 years, the likelihood does not change depending on when the most recent ban was issued. For example, some participants landed on a one multiple times over the ten throws, others no times, and the majority landed on a one only once.

Following the dice game, the facilitator led a table discussion about the acceptability of the current levels of service, the pros and cons of them and whether participants would be willing to adjust their bills to this end.

2.6.1 Changing temporary use bans to a 1 in 5 year likelihood

Several participants on all tables commented that they would not mind if a temporary use ban became a more frequent occurrence. Some participants commented that if it was possible that changing the level of service could reduce their water bill, they would prefer a

lower bill but more frequent water-use restrictions. Many participants commented that the effects of a temporary use ban are too small to be a problem, although some participants felt that it could lead to issues long-term if temporary use bans were too frequent. Some participants felt that more frequent temporary use bans would urge people to reduce consumption and withstand disruption, although others felt that people might begin to take the restrictions less seriously if they happened too often. One table said that they would prefer the level of service to be 1 in 5 years and risk more frequent restrictions.

2.6.2 Changing temporary use bans to a 1 in 15 year likelihood

Participants on most tables did not want to change the level of service to a 1 in 15 year likelihood, where many expressed concerns that this would increase bills and could have a negative impact on the environment.

A few participants on one table expressed a preference for this level of service as they felt that more customers would require improved services in the long run and that this would be a more long-term strategy, rather than a reactive approach. They felt that it was better to invest more in infrastructure sooner rather than later.

2.6.3 Keeping temporary use bans to a 1 in 10 year likelihood

Many participants commented that they are happy with the current levels of service and would want to keep them as is and participants generally felt that this was reasonable. Several commented that they do not remember the last temporary use ban having a large impact on daily life.

Participants on one table commented that there would be more environmental impacts if there were less frequent temporary use bans and more household impacts if these restrictions were more frequent so the current level of service provides a good balance. Some participants commented that temporary use bans could become more common as temperatures rise and that this 1 in 10 year likelihood should be maintained.

2.6.4 Changing drought order to a 1 in 30 year likelihood

A few participants felt that a drought order could be implemented more than once in thirty years, suggesting that this is still only a few times in a lifetime and it could reduce environmental damage. Some commented that there was not a big difference between 1 in 30 and 1 in 40 years. Participants on one table felt that the 1 in 30 was too risky for business due to the potential economic impact.

2.6.5 Changing drought order to a 1 in 50 year likelihood

A few participants who felt that the level of service should be raised for temporary use bans also felt that the level of service for a drought order should be raised, as they felt that it was better to prevent a drought. Some participants commented that how they felt depended on pricing. If it would only change the bill by a few pounds they were willing to invest more to raise the levels of service, but not if it was £10 more. On a couple of tables, no participants wanted to increase the levels of service.

2.6.6 Keeping drought order to a 1 in 40 year likelihood

Many participants wanted to keep the levels of service as they are with regard to drought orders as they felt that it provided the right balance. On one table, participants noted that they felt enough research has been done on this by Affinity Water to justify the 1 in 40 year level of service. On one table participants noted that 1 in 30 was too risky and 1 in 50 was unlikely and not worth it. One participant noted that as technology is advancing it will be less likely for a drought order to be put in place.

One participant noted that if the level of service for a temporary use ban was raised then this would automatically raise the level of service for drought orders as the investment in new technologies and infrastructure would already be in place.

2.7 Customer event conclusion

The concluding activity asked customers to fill out a feedback form made up of two parts. The first was feedback on the consultation, using information gathered from the event and could be submitted directly to DEFRA. The results of this can be found in Appendix 5.

The second part of the form asked for event feedback to collect participants' views of the event as a whole. These were overwhelmingly positive, and results can be found in Appendix 6.

3 Stakeholder event

3.1 Workshop description

The stakeholder event was a two-hour morning discussion session for Affinity Water stakeholders and took the form of a single roundtable discussion. It required a different structure to the customer event, given the level of expertise of participants and was broken down into an introductory presentation followed by three discussion sessions.

A wide range of stakeholders were invited directly by Affinity Water to participate in the event. The stakeholder event was attended by seven participants .A full list of the types of representatives can be found in Appendix 2.

3.2 Introduction session

The first session began with a presentation from Affinity Water and an explanation of the themes discussed at the customer engagement event. Participants were then invited to comment and ask questions. These discussions are summarised by theme below:

3.2.1 Modelling for climate change

A few participants queried how Affinity Water accounted for climate change in their modelling for the dDMP. For example, a representative from Hertfordshire County Council commented that due to climate change, past records may not be a good indicator of future conditions, and a representative from Sustainable Letchworth asked where Affinity Water acquired their data for modelling and queried how climate change was considered as part of their forecasts for future droughts.

3.2.2 Demand pressure

A representative from the CC Water commented that there would be an increase in demand on Affinity Water given anticipated population growth, and suggested that these long-term factors should be communicated to customers along with drought measures.

3.3 Session 1 – Impacts of drought restrictions

The first session asked participants to break out into three groups and discuss the impacts of one of three restrictions, including: temporary use bans, drought orders and drought permits. Participants then came together to discuss their feedback. These discussions are described in turn below.

3.3.1 Temporary use bans

Impacts on customers

Stakeholders mentioned personal impacts of a temporary use ban, including the impacts on gardens, ponds and allotments and questioned who these would matter to. They commented that the impacts felt would depend on the timeframe of the restrictions and on how individuals feel about the environment. They also discussed how the temporary use bans would be implemented and policed, and questioned how this may impact the community.

A representative from Colne Valley Fisheries commented on the restriction on cleaning boats included during a temporary use ban, and commented that it is difficult to clean a boat without a hosepipe and that the worst-case scenario could lead to boats transferring species between waters.

Communication

A few stakeholders discussed communication needs before and during a temporary use ban, including letting customers know about water shortage in advance, and letting customers know approximately how long and restrictions would be in place for.

A representative from the Herts and Middlesex Wildlife Trust commented that they were disappointed by the speed of response to a recent water shortage. They said that even though people could see that the rivers were dry, Affinity Water were not issuing communications about water shortages. A representative from Colne Valley Fisheries acknowledged that even though water abstraction does not have a direct impact on the water levels in rivers, they suggested that in a customer's mind, a dry river is associated with a drought, and Affinity Water could be blamed. Participants including a representative from the Middlesex Wildlife Trust suggested that Affinity Water could do more to communicate that they are monitoring the situation. Stakeholders agreed that perception was important and that water companies need to be seen to be managing supply and demand.

A few participants felt that the list of restrictions during a temporary use ban is too generalised and that it does not take into account the different situations and possible impacts of a drought on a more gradual basis. For example, a representative from Colne Valley Fisheries asked why in a time of water shortage, before a temporary use ban is issued, there is not a ban on watering grass in summer. He expressed concern that Affinity Water are introducing restrictions too late waiting for the 'trip motion' and that more gradual controls should be in place sooner. They commented that the measures in place were reactive as opposed to anticipating and avoiding crisis. Participants discussed whether

earlier triggers were necessary, although a representative from CC Water felt that greater coordination with other water companies was needed, as opposed to earlier triggers.

Supply and demand

A representative from CC Water commented that there should be a strategic coordinated effort to address supply at a time of water shortage. They agreed with the arguments for a behaviour change strategy, but suggested that this should start with suppliers, for example by improving leakage issues.

3.3.2 Drought Orders

Stakeholders who discussed the impacts of droughts order separated primary and secondary impacts.

Primary Impacts

The primary impacts that stakeholders identified included immediate impacts on businesses, such as builders using water for dust suppression, yet they noted that the impacts would vary depending on the size of the company.

Secondary Impacts

The secondary impacts discussed by stakeholders included consequences such as effects on public spaces, for example, brown grass, dirty buses and congestion. One stakeholder commented that complaints about this would not be directed to Affinity Water, but to public sector organisations. Other secondary impacts considered included an increased sewer concentration which they said could affect the rivers and lead to long-term issues and a lack of water available for irrigation. A representative from Sustainable Letchworth asked whether work has been done to model water usage for customers along with secondary customers (for example ‘customer’s customers’).

A couple of stakeholders commented that these effects could lead to a decline in commercial confidence in the water sector, especially if there were more temporary use bans and drought orders, which could then effect confidence in investment and lead to a reduction in funding for infrastructure.

3.3.3 Drought Permits

When discussing drought permits, stakeholders mentioned that customers would question how drought management actions had gotten to such an advanced stage. The majority of impacts discussed were related to the environment.

Environmental impacts

Stakeholders discussed that one impact of a drought permit may mean that people will not be able to engage with the environment if the rivers run dry, which could lead to viewing the environment as ‘poor quality’ and could in turn lead to vandalism.

A representative from Sustainable Letchworth commented that if they were the Environment Agency and a water company asked them for a drought permit, they would not grant it as it could affect the environment. They commented that Affinity Water have comprehensive plans for drought management, but there is not one that does not affect the environment. The representative called for a plan that would not lead to environmental damage in any case.

One participant representing the Customer Challenge Group mentioned that it was important to note that people are part of the environment, and that the priority had to be mitigating impacts on individuals.

3.3.4 Session conclusion

Before the start of the second session a representative from Affinity Water explained what had been discussed at the customer event and shared some of the impacts that customers had identified, as well as the information Affinity Water had provided about exemptions (see Appendix 3)

3.4 Session 2 – Levels of service

Session 2 began with a representative from Affinity Water presenting how Affinity Water achieve their levels of service. This was followed by a facilitated discussed about the acceptability of the current levels of service and the factors that influence them. The key points in the discussion are summarised by theme below:

3.4.1 Pricing

Lacking information

A representative from Hertfordshire County Council commented that they had not been given enough pricing information to comment on the acceptability of the levels of service. For example, they were unaware of what the cost is of not introducing a temporary use ban and what the cost would be for greater environmental resilience.

New pricing model

Stakeholders discussed pricing options to influence behaviour and reduce water use. They had differing views on suitable solutions. A representative from Sustainable Letchworth commented on how cheap water is and suggested a new pricing model should involve a higher rate when people exceed regular water consumption levels, however a representative from (CC Water) commented that there is an affordability issue which this could exacerbate. They also mentioned that the suggestions to amend pricing to reflect use is already happening with tariffs and metering.

A representative from Colne Valley Fisheries commented that the higher than average water usage in the region is indication that the pricing could be increased, particularly for the vast majority of Affinity Water customers. They suggested increasing the price for those who can afford it would help to offset the bills for those who cannot.

3.4.2 Communication

Participants gave suggestions about communication strategies to effect behavioural change to reduce water usage generally and during restrictions. A representative from Herts County Council queried whether temporary use bans should be more regular to increase awareness, whereas a representative from CC Water felt that this would not be acceptable to customers and others commented that this may make people ‘immune’ and could reduce compliance as the sense of urgency would be reduced.

Onus of responsibility

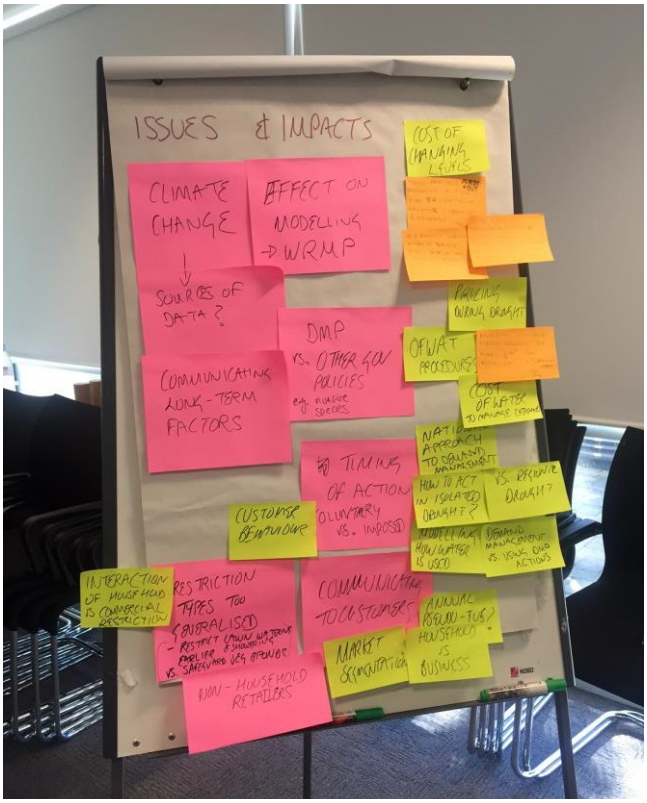


Figure 5: Key themes captured throughout the day

Participants, including a representative from Herts County Council commented that there needed to be national leadership from government on droughts and that it should not just be Affinity Water on its own.

Behaviour change

Participants suggested that marketing about water saving needed to be better targeted and a softer approach could be implemented, a representative from CC Water argued that to influence behaviour change a more segmented marketing strategy on a national level would be required, which would also need to involve government, local authorities and other organisations. A representative from the Customer Challenge Group suggested that leading customer behaviour change would require more incentive.

Non-household retailers

A representative from CC Water suggested that Affinity Water consult with the non-household retailers about their drought management plan, which should involve a discussion about drought restrictions as well as preventative measures before a drought. They suggested that retailers will need more long-term planning than customers when it comes to managing a drought, particularly small businesses who need fair warning to adapt and plan. A representative from Colne Valley Fisheries added that the communication strategy for businesses must be different than that for customers, as the employees who pay the water bills are often not the same people who make strategic decisions and can influence change.

3.4.3 Environment

A representative from Sustainable Letchworth commented that there should be no harmful impact on the environment, and to mitigate this, Affinity Water should have more of an emphasis on collection and storage.

3.5 Stakeholder event conclusion

At the end of the stakeholder event, participants were encouraged to take part in the consultation about Affinity Water's dDMP and were given a leaflet with instructions about how submit feedback to DEFRA.

4 Conclusion and next steps

Event feedback from the customer event suggests that participants found the sessions informative and engaging. All participants apart from one agreed or strongly agreed that the

information provided was clear and easy to understand and the majority of participants agreed that they would be likely to look out for more information on the topic in the future.

The feedback suggests that the event succeeded in explaining drought management and the need for a drought management plan, where one participant added ‘the event provided me with a new found understanding for the initiative and I feel as if I would be able to explain the drought and management plan to relatives and friends.’

A few participants gave suggestions for how the event could have been improved. This included having smaller tables to make it easier for people to express their opinions and dispersing the posters better for the discovery session to avoid clusters of people crowding around the same poster.

Consultation feedback from the customer event was sent directly to DEFRA to form part of the dDMP consultation, and stakeholders were encouraged to take part. Although this report was completed outside of the consultation period, it will be used as evidence of engagement during the consultation period and to inform Affinity Water’s statement of response.

Appendix 1: Process Design

Customer event

Welcome	Quick introductions at tables Facilitator at front to introduce ground rules, objectives of the engagement etc.
Warm-up activity	*Without stimulus, gauge level of awareness about drought and initial perceptions:* Ask participants to move to different areas of the room, based on: • When do you most recently remember there being a drought? This year/in the last decade/ before that/ don't remember o Ask people from different clusters to say what they remember happening • Have you seen any media about current dry weather / water saving measures? • Record on post-its 3 things that might happen in a drought, 3 things the water company could do to mitigate a drought.
Discovery session incl. quiz	On posters show: 1. Brief intro to Affinity Water 2. Where AW gets water from and what drought is (incl. 3 main types of drought). The concept of water dropping to different levels in the aquifer and the importance of a 'winter recharge' 3. The purpose of the DMP, and why AW are consulting;

	4. The scale of measures from voluntary to emergency; 5. In more detail the difference between restrictions - TUB (household), Drought Orders (household, public, business etc.) and actions - Drought Permits. 6. At a high level, the concept of likelihood and proposed likelihood for each action/restriction. 7. AW track record of environmental monitoring Ask customers to pair up with someone from their table, and complete a short quiz sheet, to find out information from the posters.
Plenary	AW to lead answers to the quiz, repeating key information from the posters / developing as necessary. Explain that for the rest of the evening we are focussing on certain restrictions or actions AW take when the water level has dropped beyond just necessitating voluntary measures, but not as far as emergency measures.
	Session 1: Impacts of restrictions
Objective	For participants to develop their understanding of restrictions/actions (within TUBs, drought orders and drought permits). Explore customer views on types of restrictions and their impacts, gauge relative importance of impacts, explore reasons behind importance of impacts
Facilitate	Activity to check customers' understanding of the different types of 'drought action/restriction'; explore how they think these will impact 1) their household, 2) local community and 3) the environment; and which impacts concern them the most and why.
Activity & Group Output	Give each participant a fact-sheet with re-cap of TUBS, Orders and Permits – communicate these are national actions that all water companies can do if needed; Ask participants for their ideas about what impacts they think each restriction/activity might have; Facilitators place them on the relevant sheet, in the boxes for household, local community and environment.

	Once participants have produced lists of potential impacts, ask each customer to sticker the 3 impacts they are most concerned about and why.
Plenary	Ask each table to say which impacts their table was most concerned about and why
	Session 2: Exemptions
Facilitate	Choices about exemptions and how these impact drought actions.
Activity	Explain scenario based on a Drought Order being in place Set of exemption request cards showing: - Large picture of example customer - Why they want an exemption (preferably in limited words, or symbol) - How much water they need (equate this to a simple number of drops to show scale of their demand) Ask a table member to read out the scenario: the customers are the AW Drought Management Team, they must decide on exemption requests, without undermining the restrictions in place. Communicate that e.g. XX drops means the drought restriction/activity is undermined / jeopardises water supply; and that granting all the exemptions would do this. Provide a visual way of showing when a certain number of drops has been reached Ask participants to take turns reading out a card, choosing which customers they think should be granted the exemptions; and summarise why. Each time they grant one, add it to the visual record. Customers able to change their minds if needed. If they decided to undermine the restriction by granting more exemptions than there is water for, discuss why.
Communicate to whole room	AW explain concept of exemptions, that there is a national list and discretionary list and importance of not undermining the drought action.

	Session 3: Levels of service
Objective	Help participants understand the proposed likelihood of restrictions being needed. Introduction to likelihood of restrictions
Facilitate **Activity**	Each table has a D10 die to explore service levels. Play with the Die to see the likelihood of certain outputs. E.g. ask a customer to roll the D10 to explore how likely it is to need a TUB with a 1 in 10 year service level. They role it once per year; facilitator chalks up number of times it lands on a 1, to represent the TUB being needed; compare tallies between different customers to show that there is always a 1 in 10 likelihood independent of whether a TUB has been needed that decade;
Objective	Inform participants what it takes to obtain a level of service
Communicate	Affinity to present briefly on what type of measures can be put in place to reduce likelihood of drought measure being needed and the subsequent: - Bill impacts - Environmental impacts
Objective	Explore acceptability of levels of service and discuss whether participants would want to adjust their bill to vary them
Facilitate	Discussion at tables to consider different scenarios for levels of service proposed for TUB and Drought Order Prompt questions to articulate the pros and cons of a low drought system, and a high drought system;
Activity	Individual feedback Worksheet that repeats level of risk for each of three types of measures (TUBs, measures, permits) – participants fill in how likely should each thing be
Close	Collect feedback and thank customers

Stakeholder event

Welcome	Quick introductions at tables Facilitator at front to introduce ground rules, objectives of the engagement etc.
AW presentation	AW to lead answers to present slides used for stakeholder event, focussing on what is planned for supply and demand.
	Session 1: Impacts of restrictions
Objective	For participants to develop their understanding of restrictions/actions (within TUBs, drought orders and drought permits). Explore stakeholder views on types of restrictions and their impacts, gauge relative importance of impacts, explore reasons behind importance of impacts (scale vs. severity – i.e. impact on many people vs. deep impacts on certain people/things; risk vs. hazard: which do they want to avoid at all costs vs. want to reduce likelihood of).
Facilitate	Activity to check stakeholders' understanding of the different types of 'drought action/restriction'; explore how they think these will impact 1) their household, 2) local community and 3) the environment; and which impacts concern them the most and why. Ask participants to split into pairs and go to three stations, one for temporary use bans, one for drought orders and one for drought permits; Ask participants for their ideas about what impacts they think each restriction/activity might have and write these on post its organising these into personal, local and environmental impacts.
Plenary	Ask which impacts participants were most concerned about and why
	Session 2: Exemptions

Communicate to whole room	AW explain concept of exemptions, that there is a national list and discretionary list and importance of not undermining the drought action.
	Session 3: levels of service
Objective	Help participants understand the proposed likelihood of restrictions being needed and inform participants what it takes to obtain a level of service
Communicate	Affinity to present briefly on what type of measures can be put in place to reduce likelihood of drought measure being needed and the subsequent: - Bill impacts - Environmental impacts
Objective	Explore acceptability of levels of service
Facilitate	Discussion to consider levels of service proposed

Appendix 2: About the Participants

Customer event

The event was attended by 33 participants who live locally in Affinity Water's Central Region. The recruitment was led by a professional recruitment company who recruited for 36 participants to aim for workshop attendance of around 30 people. Participants were selected to broadly reflect the population (as recorded in the census) of this location. The sampling criteria used to inform the recruitment took account of: age, gender, ethnicity, income, and disability. All participants were Affinity Water customers and responsible for paying the bill either solely or jointly (or future bill payers in the case of 18-26 year olds).

The recruitment spec used for the event is included below showing the criteria and characteristics of the people recruited:

Criteria	Categories	Quota	Tolerance	Achieved
Age	18-29	6	+/- 1	6
	30-44	8	+/- 1	9
	45-64	10	+/- 2	16
	65+	6	+/- 2	5
SEG	AB	9	+/- 1	10
	C1	10	+/- 2	13
	C2	6	+/- 1	6
	DE	6	+/- 1	7
Gender	M	15	+/- 3	18
	F	15	+/- 3	18
	Prefer not to say			
Ethnicity	White British	17	+/- 4	23
	Asian/Asian British	7	+/- 1	7
	Black African	2	N/A	2
	Other white	2	N/A	2
	Mixed/multiple ethnic groups	2	N/A	2
Health	Long term condition	3	+/- 1	4
Metering	Water meter	13	+/- 2	16
	No meter	17	+/- 2	20

Stakeholder event

A wide range of stakeholders were invited directly by Affinity Water. The stakeholder event was attended by seven stakeholders. The list of stakeholders included:

- A representative from Herts County Council
- Two representatives from Sustainable Letchworth
- A representative from the Consumer Council for Water
- A representative from the University of Hertfordshire / Member of the customer challenge group

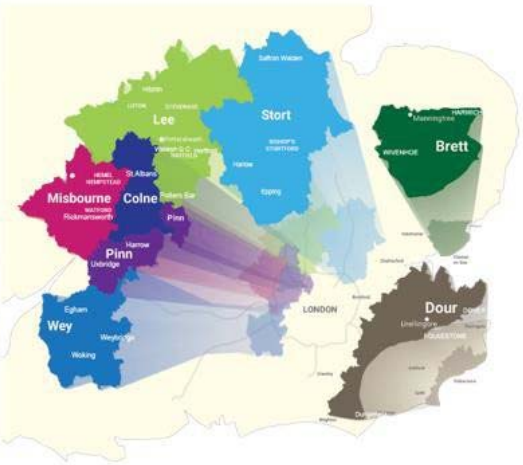
- A representative from the Colne Valley Fisheries
- A representative from Herts and Middlesex Wildlife Trust

Appendix 3: Affinity Water presentations

Figure 6: Below are the slides used for both the customer and stakeholder event

Affinity Water

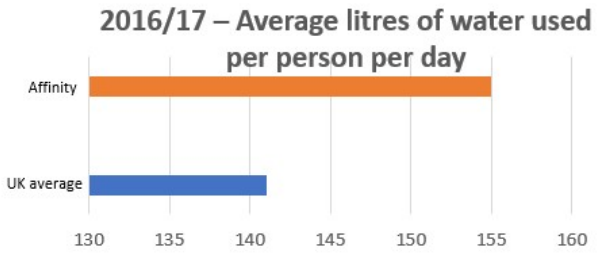
Where Do We Operate?



Performance Commitment		Dour	Brett	Stort	Wey	Lee	Misbourne	Colne	Pinn
Population Served	Total: 3,607,100	167,000	148,600	296,000	532,300	707,000	330,100	446,500	979,600
Area in KM2	Total: 4,517	413	382	1192	496	986	476	299	273
Average water use (average litres used per person per day)		127	134	149	150	155	156	159	165

Affinity Water

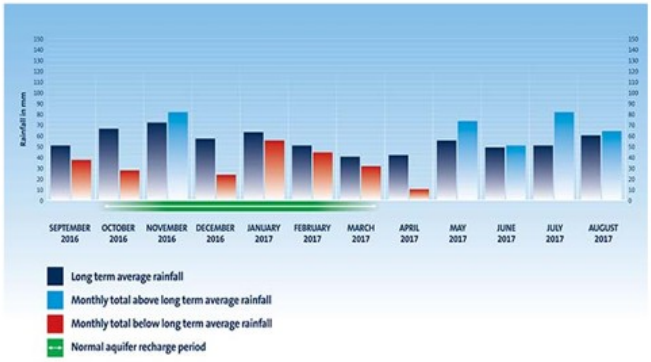
Regional Water Usage



Did you know...

- One minute in a shower uses **12 litres of water**.
- By turning the tap off when brushing your teeth, you can save over 6,500 litres of water per year.
- A garden hose or sprinkler can use almost as much water in an hour as an average family of four uses in one day.

- Affinity Water customers use 155 litre of water every day. That is 14 litres more than the average daily water usage in the UK and one of the highest in the country.
- The groundwater levels are currently below average after low rainfall during last year.

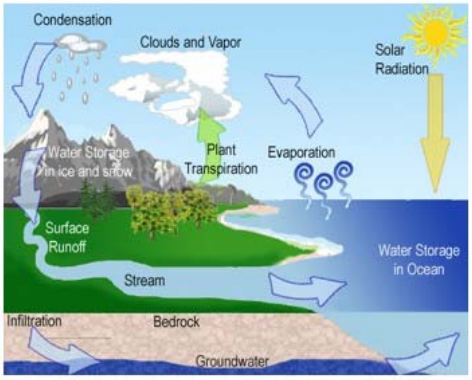


Affinity Water

The Water Cycle

WHERE DOES WATER COME FROM?

- We often take water for granted when we live in a rainy country but it's important to remember that water is a limited and precious natural resource.
- Nearly 98% of the Earth's water is contained in the oceans. Only 2% is fresh water and most of this is locked away in ice sheets and glaciers.
- This leaves a very small amount which travels around in the water cycle (see below).



Evaporation

The water cycle starts in the ocean, where heat from the Sun turns sea water into vapour, tiny droplets of water, which float in the air.

Precipitation and Surface Run Off

Water vapour rises into the sky to make clouds. The wind blows the clouds over land and they drop their water as rain, sleet or snow.

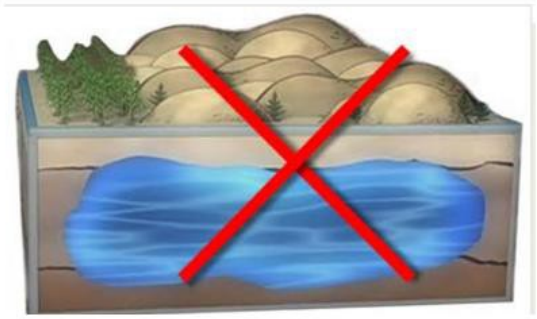
Some of this water flows into lakes and rivers and is carried back to the ocean. The rest soaks into the soil as groundwater or evaporates back into the atmosphere.

Groundwater

Some groundwater stays in the shallow soil layer, moving slowly towards streams and rivers. The remaining groundwater soaks deeper into the soil where it can stay for long periods of time or can be accessed by humans through drilling wells.

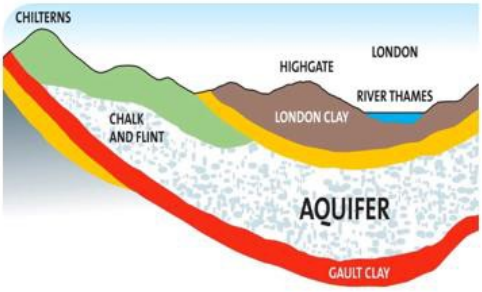
Affinity Water

What is an aquifer?



An aquifer is *not*
an underground river or lake

Actually...
It's a body of rock and sediment
with water in and around it ➔
This means water can move through it



Affinity Water

What is drought?

drought
/draut/
noun
a prolonged period of abnormally low rainfall, leading to a shortage of water.
"the cause of Europe's recent droughts"
synonyms: dry spell, dry period, lack of rain, shortage of water; drouth

There are three main types of drought that we need to plan for:

A SINGLE SEASON DROUGHT
As we rely on groundwater sources to supply our customers, we may need to take action to preserve these sources such as asking customers to voluntarily reduce water usage. It may also be necessary to introduce some usage restrictions.

TWO DRY-WINTERS DROUGHT
If we have two back-to-back dry winters many of our water sources are likely to be impacted. Our groundwater levels will be significantly reduced and because of this, there will be lower flows in most local rivers. It's possible that in this instance, water use restrictions for households and businesses will be needed.

LONGER-TERM DROUGHT
While we have never experienced this type of drought, we do still have to plan for it. If this happened we would potentially have to introduce all the actions in our Drought Management Plan – including emergency actions to take further water from the environment and more onerous water use restrictions for household and business customers.

You don't need to be in the desert to have a drought

- The majority of water in your local area comes from the ground; the water level in the ground usually increases with Autumn and Winter rainfall.
- Even if it rains a lot in the Summer, there could still have been low rainfall in the previous Winter, leading to a shortage of water that lasts into the Summer.

Affinity Water

What is a Drought Management Plan?

What is it?

- The Drought Management Plan explains what Affinity Water does to prevent and manage a drought,
- and what they would do if the drought gets worse.
- It is based on previous experience of drought,
- and the views of our customers, communities and regulators.
- It outlines actions we would take,
- and restrictions that would be places on customer water use during a drought to ensure there is enough water.

Why do we need one?

- We are in a densely populated, dry part of the country at risk of drought.
- This plan sets out what Affinity Water will need to do in case of a drought to ensure customers have water in their taps,
- while doing what they can do to mitigate the impact this has on the environment and bills.

How does it affect you?

- This plan, if put into action can impact how our customers can and cannot use water.
- It could place restrictions on water use, such as a Temporary Use Ban ("hosepipe ban").
- It could impact households, the community, the local environment or customers bills.

Affinity Water

Levels of service

- When our water sources drop certain levels, this **'triggers'** the actions we need to take – before a drought happens, as a drought happens, during a drought and after levels recover.
- On top of the actions below, we would also do more to **reduce leaks** on our network; carry out work to make our **water-works as efficient as possible**; and closely **monitor the environment** to assess the impact the drought was having on the environment.

Likelihood of restrictions applied, actions taken and water level:

	Drought Trigger Zones (DTZ)	
	Good water resources, no likelihood of restrictions	GOOD
	DTZ1: Closely monitor the situation	BELOW AVERAGE
	DTZ2: Raise awareness and appeal for voluntary usage reductions	LOW
Level of service (likelihood): 1 in 10 years	DTZ3: Introduce temporary usage bans	VERY LOW
Level of service (likelihood): 1 in 40 years	DTZ4: Application to implement drought order	EXTREMELY LOW
Level of service (likelihood): 1 in 40+ years	DTZ4: Application for drought permit	
Level of service (likelihood): 1 in 120 years	DTZ5: Emergency drought orders implemented	UNPRECEDENTED LEVELS

Affinity Water

Temporary Use Bans (TUBs)
"hose-pipe bans"

TUBs legally restrict the use of water for certain activities, but we only introduce these when a drought is threatening customer supply. Activities you cannot do during the ban include:

- Watering a 'garden' using a **hosepipe** (the term 'garden' covers things like parks, verges, sports pitches and allotments)
- Cleaning a private motor-vehicle using a **hosepipe**
- Watering plants on domestic or other noncommercial premises using a **hosepipe**
- Cleaning a private leisure boat using a **hosepipe**
- Drawing water using a **hosepipe** for domestic recreational use
- Filling or maintaining a domestic pond using a **hosepipe**; and
- Filling or maintaining an **ornamental fountain**
- Cleaning walls, or windows, of domestic premises using a **hosepipe**
- Cleaning paths or patios using a **hosepipe**
- Cleaning other artificial outdoor surfaces using a **hosepipe**

A TUB affects household customers and their personal use of water.

There is a ***1 in 10 year likelihood*** for a TUB to be used.

Affinity Water

Drought Order

If the drought gets worse and water levels drop further, in addition to Temporary Use Bans, we can apply for a Drought Order from the Secretary of State.

Customers including businesses would not be able to:

- **Water outdoor plants** on commercial premises
- Fill or maintain a non-domestic **swimming or paddling pool**
- Fill or maintain a **pond**
- **Clean** non-domestic premises
- **Clean a window** of a non-domestic building
- Operate a **mechanical vehicle-washer**
- **Clean any vehicle**, boat, aircraft or railway rolling stock
- **Clean industrial plant**
- **Suppress dust**
- Operate cisterns in any building that is unoccupied or closed

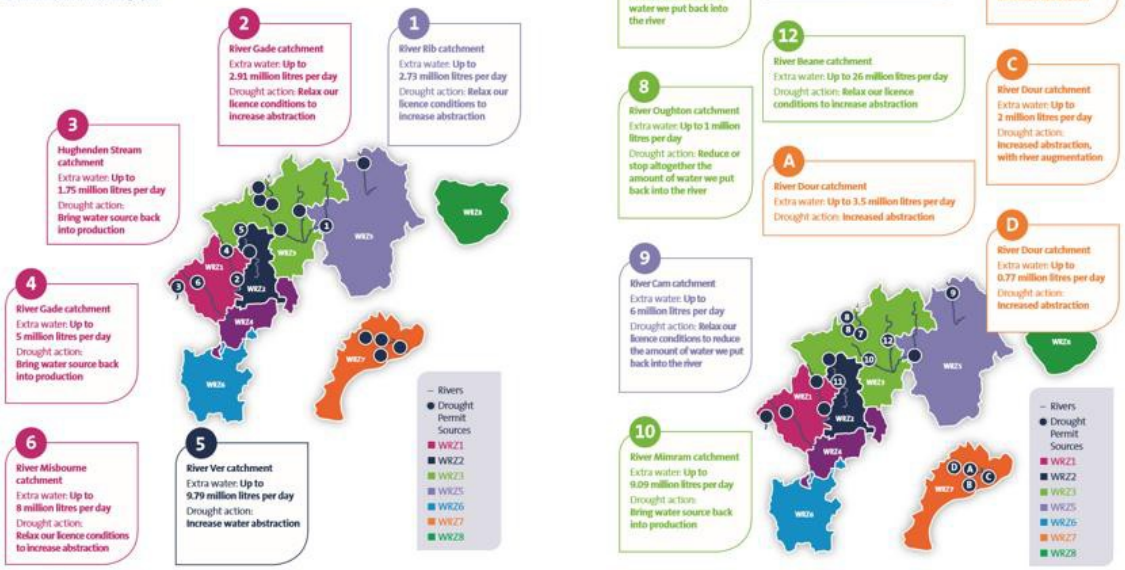
A Drought Order is similar to a TUB, but extends beyond personal use to businesses.

There is a ***1 in 40 year likelihood*** for a drought order to be used (less likely than a TUB "hose-pipe ban")

Our Drought Permit sites

We have identified 12 groundwater sources in our Central region and 4 groundwater sources in our Southeast region that, combined, could give us an extra 86 million litres per day. Each of these groundwater sources are located in a river catchment.

For information on how to view the Environmental Assessment Reports, please visit our website www.affinitywater.co.uk/droughtplan



Drought Permit

If the drought gets even worse and water levels drop further, it becomes harder to get water out of the ground. This threatens the supply.

Therefore in addition to Temporary Use Bans and Drought Orders, we can ask the Environment Agency to let us change how and where we pump water from the ground:

Drought permits mean we would, in some cases:

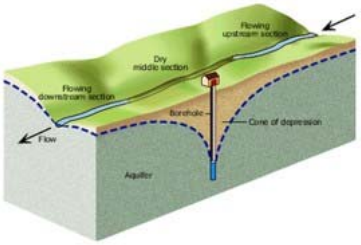
- Take more water from the environment than our licence conditions allow,
- Bring some old sites, that we don't currently use, back into service,
- Where we put water into local rivers, we could use that water for supply instead.

See poster with the map of our drought permit sites

A Drought Permit can affect local water habitats e.g. rivers.

If we take more water from the ground, this could mean that less water is available for local rivers.

There is a ***greater than 1 in 40 year likelihood*** for a drought permit to be used (less likely than a TUB "hose-pipe ban" and less likely than a Drought Permit)



Affinity Water

Environmental Monitoring

The monitoring Affinity Water carry out in their areas includes:

- **Groundwater monitoring** – measuring the water level in boreholes we drill into the ground
- **Surface water monitoring** – this includes keeping track of river and lake levels, and measuring flows in rivers
- **Water quality monitoring** – sampling our rivers to keep track of changes in water quality
- **Macroinvertebrate monitoring** – taking samples of macroinvertebrates in our rivers, to assess their ecological health
- **Macrophyte monitoring** – assessing the plants growing in our rivers, to assess ecological health
- **Fixed point photographs** – giving a good record of how our rivers change over time – see photographs below.

Misbourne

1998

2000

2001

Our DMP sets out a number of exceptions to TUBs – informed by:

- Legislation (Statutory Exceptions) and
- UKWIR Code of Practice on water use restrictions (Discretionary Exceptions)

Examples of Exceptions we would grant include:

- Uses for health and safety reasons
- To Blue Badge holders on the grounds of disability
- Where cars are being cleaned as a service to customers
- Watering plants which are kept for sale or commercial use
- Filling ponds where aquatic animals are being kept
- Filling water features with religious significance

25

Affinity Water

Temporary Use Bans (TUBs) and Exceptions

NOTICE OF TEMPORARY BAN ON WATER USE
WATER INDUSTRY ACT 1991
WATER USE (TEMPORARY BANS) ORDER 2010

VEOLIA WATER CENTRAL LIMITED and **VEOLIA WATER SOUTHEAST LIMITED** (the "Companies") hereby give notice under Section 76B of the Water Industry Act 1991 that from 00:01 hours on 5 April 2012 until further notice, water supplied by them (whether or not by meter) to the whole of their respective water supply areas **must not be used** for the following purposes: (the "**Prohibitions**"):

1. watering a "garden" using a hosepipe;
2. cleaning a private motor-vehicle using a hosepipe;
3. watering plants on domestic or other non-commercial premises using a hosepipe
4. cleaning a private leisure boat using a hosepipe;
5. filling or maintaining a domestic swimming or paddling pool;
6. drawing water, using a hosepipe, for domestic recreational use;
7. filling or maintaining a domestic pond using a hosepipe;
8. filling or maintaining an ornamental fountain;
9. cleaning walls, or windows, of domestic premises using a hosepipe;
10. cleaning paths or patios using a hosepipe; and
11. cleaning other artificial outdoor surfaces using a hosepipe.

A "**garden**" includes all of the following: a park; gardens open to the public; a lawn; a grass verge; an area of grass used for sport or recreation; an allotment garden as defined in Section 22 of the Allotments Act 1922; any area of an allotment used for non-commercial purposes; and any other green space. The definitions of words and phrases used in the Water Industry Act 1991 and the Water Use (Temporary Bans) Order 2010 apply to the Prohibitions and the Exceptions below.

Exceptions
The following exceptions apply to the Prohibitions:

(a) a hosepipe may be used to water an area of grass or artificial outdoor surfaces used for sport or recreation, where this is required in connection with a national or international sporting event;

(b) a hosepipe (connected to a metered water supply unless hand held at all times) may be used to water plants or gardens at domestic premises and allotment gardens:

(i) by persons holding a valid Blue Badge issued by a local authority; or

(ii) by persons who are frail or have a disability preventing them from using a water can and who do not meet the requirements of (i) above, if they register with the relevant Company.

(c) until 23:59 hours on 4 July 2012:

(i) plants may be watered on domestic or other non-commercial premises using a fixed drip or trickle irrigation watering system, connected to a metered water supply, which is fitted with a pressure reducing valve and a timer and which places water drip by drip directly onto the soil surface or beneath the soil surface, without any surface run off or dispersion of water through the air using a jet or mist; or

(ii) any person whose business was in existence before 15 March 2012 and whose income is solely dependent on cleaning:

- private motor-vehicles;
- walls or windows at domestic premises;
- paths or patios; or
- other artificial outdoor surfaces

may use a hosepipe for these purposes;

(d) the exceptions set out in the Water Use (Temporary Bans) Order 2010.

Information
(1) The effect of this Notice is to extend and vary the exceptions to the Prohibitions announced in a noticed published on 15 March 2012 in the Daily Mail and the Sun newspapers (and on the Companies' websites), in light of representations made. Further information about each of the exceptions is published on the relevant Company's website.

(2) Persons undertaking the activities excepted in paragraph (c) above are encouraged to contact the relevant Company as soon as possible for information on how to switch to using rainwater or recycled water for these activities.

(3) It is an offence to contravene any of the Prohibitions. The maximum penalty for each offence on conviction is £1,000.

(4) Representations about the temporary use ban may be made by email to: droughtrepresentations@veoliawater.co.uk before 08:00 hours on Wednesday 4 April 2012. If, as a result of such representations, Veolia Water Central Limited and/or Veolia Water Southeast Limited decide to vary any of the Prohibitions, a further notice will be published.

Veolia Water Central Limited
Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ
www.veoliawater.co.uk/drought

Veolia Water Southeast Limited
The Cherry Garden, Cherry Garden Lane, Folkestone, Kent, CT19 4QB
www.veoliawater.co.uk/thedrought

29 March 2012

Affinity Water

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If too many activities are exempt from Temporary Use Ban restrictions, this can significantly undermine their effectiveness at reducing demand

Affinity Water

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Changing the frequency of Restrictions

If we decide to reduce the likelihood of Temporary Use Ban Restrictions (e.g. to 1 in 15 years)...

- More investment in our network would be required
- Bills would increase
- Implications for the environment – more water abstracted = less water in the ground

If we decide to increase the likelihood of Temporary Use Ban Restrictions (e.g. to 1 in 5 years)...

- Demand would be lowered earlier on in a drought event
- This would leave more water in the environment
- BUT more inconvenience for our customers

Affinity Water

Our Levels of Service

Demand Restriction	Frequency
Temporary Use Ban restrictions	1 in 10 years
Ordinary Drought Orders	1 in 40 years
Emergency Drought Orders for rota cuts and deployment of standpipes	Considered unacceptable

- Our weather varies from year to year – we have looked at long term patterns of rainfall and groundwater levels, and combined with knowledge of past droughts in our area, used these to help develop our Drought Trigger Zones.
- Drought Trigger Zones define our Levels of Service – these specify when we would need to implement demand restrictions, when groundwater levels are low.
- Restrictions are linked to both water availability and the environmental impacts of abstraction.
- Reductions in demand result in reductions in abstraction, which can minimise environmental impacts of abstraction and conserve water through aquifer storage for future years.
- We have tested customer acceptance of our LoS and found it to be high.

Affinity Water

Appendix 4: Session 2 – Exemption cards

Graham Grimebuster

"I run an outdoor cleaning company, and I need to use pressure washers to clean pavements and walls. There is no other effective way!"

Scale:

Kevin Karwash

"I run a carwash and these water restrictions will threaten my business! I may even have to close it down"

Scale:

Mary Marrow

"We have a local vegetable allotment that a group of us have recently funded. From it we run community gardening groups and supply fresh vegetables to the local café. There is a lot at risk if we are not able to use a hosepipe! It could be a real waste of money, time and hard work!"

Scale:

Drew Driver

"I am a driving instructor, and I need to be able to wash my car!"

Scale:

Olivia Smith

"I am the office manager for our office building and the windows needs to be cleaned once a month, to make sure it is presentable for client meetings!"

Scale:

William Windows

"My brothers and I run a window cleaning business and use a water feed pole. A ladder is dangerous, and we have not been trained to use it safely!"

Scale:

Wallace Wicket

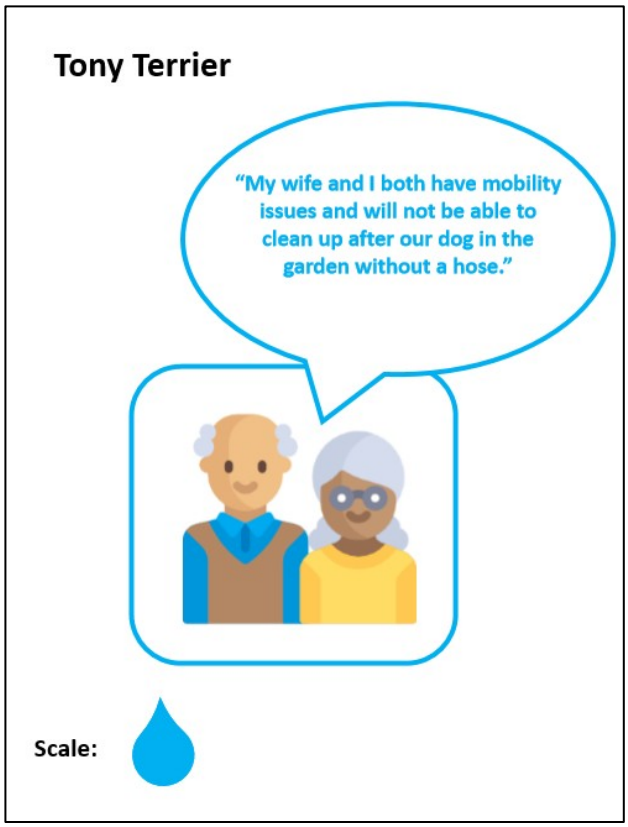
"I run a community cricket team and the cricket pitch needs to be watered regularly, otherwise it could become a health and safety hazard."

Scale:

Beatrice Bark

"I work for the local police force and need a hosepipe to wash the police cars and kennels."

Scale:


Tony Terrier
"My wife and I both have mobility issues and will not be able to clean up after our dog in the garden without a hose."
Scale:

Appendix 5: Customer feedback on levels of service

We are aiming to maintain a 1 in 10 year level for Temporary Use Bans. What do you think of this level?	Agree with current plan, or would you prefer to change it?
Agree with it	current
I believe this level to be adequate	current
Acceptable. I agree with this level.	current
Happy with this level. It seems balanced and fair.	current
I am personally happy with this	current
That this is satisfying I am happy with it. Adequate.	current
I think this is very reasonable level of service.	current
Good time frame to keep	current
Good level of service, very happy. Would not change it (TUB).	current
10. Protect environment	current
I agree with maintaining the 1 in 10 years	current
Acceptable. Not limited and feel is a fair … If reduced to 1 in 5 year more of a personal inconvenience.	current
I think this level is fine right now	current
Correct level	current
Acceptable as long as environmental impacts are minimised	current
I do think this ok.	current
I think that this is a reasonable level to keep it as it is. It has less impact on the environment.	current
I agree with this as it is a very low chance of happening. Let's prevent it from happening	current
Good. I don't wish to add more damage to the environment.	current
Too low - should be 1 in 15	higher
Worth considering investment in order to increase 'year gap'. Will be in benefit in the future.	higher
Move to 1 in 15	higher
I would like one in 5 years. Lower bills better for environment.	lower
I think it should be reduced to 1 in 5 - the more frequently we have them the more accustomed to the ban we become. It is better for the environment and our bank balances.	lower
Reduced to 1 in 5 year to protect the environment.	lower
1 in 5 acceptable	lower
I was in preference of the 1 in 5 option	lower
No, go for 1 in 5. Educate people to be more efficient with water.	lower
It works but 1 in 5 would be better by educating from earlier therefore decreasing same need for 1 in 10	lower
Ok but a 1 in 5 year would protect the environment more.	lower

It's too long, It should be 1 in 5 years. This gives plenty of time for action so we don't have a drought.	lower
I prefer 1 in 5 as I think it would educate people into saving / knowing to save water	lower
This current level is satisfactory but I would be happy to reduce this to 1 in 5 if the price difference was considerable as I feel the adverse effect in personal life would be minimal.	lower

We are aiming to maintain a 1 in 40+ year level for Drought Permits. What do you think of this level?	**Agree with current plan?**
Agree with it	Current
I believe this to be the correct level	Current
Agree with this level.	Current
I would be happy for it to stay at 40 - unless a small increase in cost represented a much bigger gain.	Current
Happy with this level	Current
Happy with level and feel it adequate.	Current
This again is a reasonable level of service at the current price plan.	Current
To maintain current time frame. Maintainable and sufficient	Current
Agree	Current
Again, I agree that this is the correct projected outcome to be on.	Current
Agreed.	Current
Leave as is	Current
I agree with maintaining the current level for drought permit	Current
Acceptable	Current
Again, feel current 1 in 40 level is correct.	Current
This is realistic, but should include periods of consultation	Current
It's fine	Current
Possibly for the future but for now 1 in 40 is good.	Current
I think this level is fine	Current
Correct level	Current
This is very good. Long time period before permits need to be issued.	Current
I agree	Current
Satisfactory	Current
Would be happy with this. Happy to invest in infrastructure as long as it does not have adverse effect on the environment.	Current
Acceptable but it would be preferable if it is longer. I have seen the impacts of removing water from rivers.	Current
This also appears to be an acceptable approach	Current
OK	Current
Same reasons as above. I feel that this is the best as there is enough research already done to have less impact on the environment.	Current

Realistic, 2 in life time.	Current
Think this should be a very last resort. Education and regular restrictions or maintenance to reduce risk of loss	Other
Not good. I do not want to add more damage to the environment.	Other

Do you have any other comments about our draft Drought Management Plan?
Present levels appear to be adequate
Happy with the pricing and draft management plan.
None
No that was quite a lot to take in and understand however I now have a clear understanding now
Consultation is important. Also, people must be made aware of the services of any density.
Affinity need to do more to educate consumers how to use less water. Water meters when implemented cannot create massive financial penalties for families without proper education and help as well as time to adjust.
Water meters for everyone
More education to public in an effective way. Raise required funding for preventative measures by metering the entire population
It's good and I find it very acceptable
I am happy for it to stay the same
Could look at other ways of saving / re-using water eg recycling water from car-washing vehicles that always on - could be turned off. Need to more flexible - especially with businesses that use water for their business.
We need to reduce the leakage rate from 20 percent to around 10 percent. We also need to be able to move water from wet areas to dry.
Pleased to see that it is being reviewed. Water is an important resource and should not be taken for granted.
Not enough emphasis on proactive rather than reactive approach.

Appendix 6: Customer event feedback

1. **I understand the aims and objectives of this event**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
0	0	1	8	24	4.7

2. **The information provided was clear and easy to understand**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
0	0	1	10	21	4.6

3. **My questions were answered clearly and appropriately**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
		1	8	24	4.7

4. **I was made to feel welcome and felt my input was respected and valued**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
			7	26	4.8

5. **I had enough time to contribute my views**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
		1	8	23	4.7

6. **I am likely to look for information on this topic in the future**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
		2	15	15	4.4

7. **It is important that the public can take part in discussions on topics like this**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
			9	24	4.7

8. **I Overall, I am satisfied with this event**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
		1	9	23	4.7

9. **I would like to participate in these kinds of events in the future**

1 (Strongly disagree)	2 (Disagree)	3 (Neither agree nor disagree)	4 (Agree)	5 (Strongly agree)	Average
			8	25	4.8

Other comments or recommendations
I found this topic very interesting and it really got me thinking about how to save water.
Enjoyable event and informative for understanding 'back room' activities and strategy.
very interesting forum.
Felt this was a very well run event. Special mention to Perla who was very knowledgeable about the topic.
Very enjoyable and informative.
Need more posters if you are asking 40 + people to look at them.
Thank you
Event provided me with a new found understanding for the initiative and I feel as if I would be able to explain the drought and management plan to relatives and friends.
Enjoyed actually
Very good event
Overall pretty good, the first session with the posters could have benefited from them being spread out instead of everyone being jammed together.

Increase the incentive
I think smaller groups would make it easier for people - everyone to express their opinions.
Very informative and great food
A bit long (4 hours)
The facilitators were very knowledgeable and allowed plenty of time for activities. The activities were fun and well organised. Venue and food excellent.

Annex 4: Phase 1 Listening and Learning

Ph1.4 – Social Tariff Survey

Ipsos MORI
Social Research Institute

ARUP

March 2018

Social Tariff Survey

Survey report

Ben Marshall, Michael Clemence and Kelly Finnerty

Contents

Executive Summary

Executive Summary

- As part of Phase 1 of the Market Research programme being delivered by Ipsos MORI and Arup to support PR19, Ipsos MORI surveyed 500 Affinity Water customers to understand their preferences on the future of the Social Tariff offered by Affinity Water to customers who have difficulty paying their water bills.

- Interviews were conducted online between 23rd and 30th January 2018 with respondents sourced from Ipsos MORI's online panel. Recruitment and quotas targeted a representative sample of adults aged 18-75 resident in Affinity Water's service areas. The data is weighted to match the profile of the population living in Affinity Water areas by age and Water Resource Zone (WRZ). (Where percentages do not sum to 100, this is due to rounding of figures.)

- The survey allowed us to understand customer attitudes towards different options for the Social Tariff and, through a deliberative approach, to test the impact of providing more information on customer opinion. Open-ended questions provide insights into the reasons why customers hold the views they do.

- Customers are supportive of Affinity Water providing support to those who have financial difficulty paying for their water.

- Support increases further when basic information is provided about the nature of support provided by Affinity Water.

- However, support cools sharply when the idea of customers funding support for those facing financial difficulty is introduced (without any quantification of the impact on customer bills), and at this point opposition exceeds support.

- Customer opinion then swings back towards support when the Social Tariff is explained in terms of the requirement to demonstrate customer support for the Tariff, and with information about the eligibility criteria and Affinity Water not making profit on the amounts raised.

- Then, a slim majority of customers support annual increases of £2.50-£3.00 in their annual bill to fund the Social Tariff; 52% support this compared to 31% opposition.

- Propositions involving lower levels of funding – £2.00-£2.50, £1.50-£2.00 and £1.00-£1.50 increases on top of households' annual bills – also receive majority support from customers. There are slightly higher levels of support, and lower opposition, for smaller increases.

Table 1: Summary of questions (full question text shown in the Appendices)

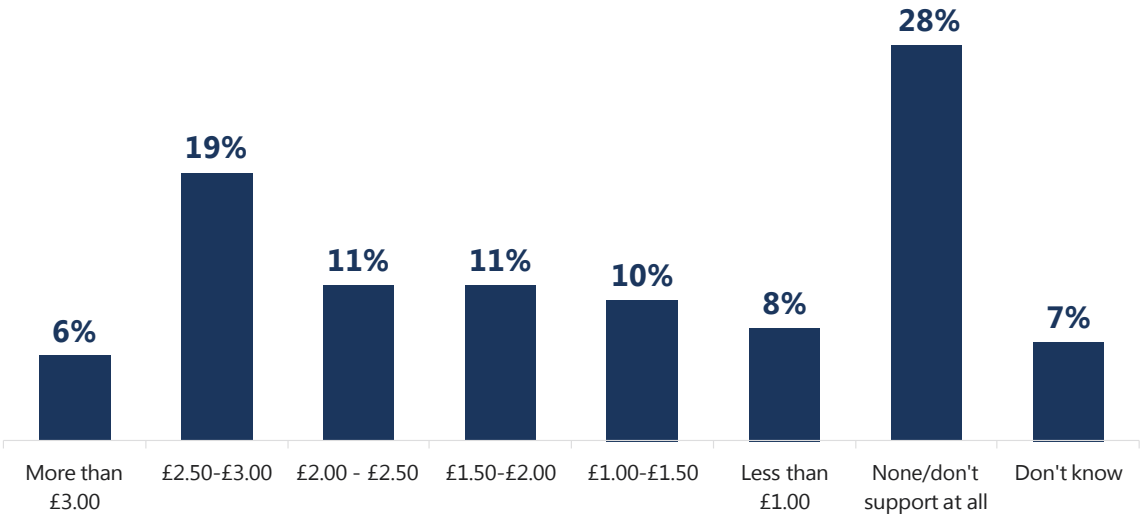
Question – support/oppose…	% support	% oppose
Q1 - "…providing support to customers who have financial difficulty paying for their water"	63	6
Q2 - "…providing support like this to customers"	75	6
Q3 - "…providing this support to customers if it means an increase in water bills paid by all other customers"	29	44
Q4 – "…continuing to offer a Social Tariff?"	48	31
Q5 – "…if it meant an extra £2.50-£3.00…?"	52	31
Q7 – "…if it meant an extra £2.00-£2.50…?"	53	31
Q9 – "…if it meant an extra £1.50-£2.00…?"	55	26
Q11 – "…if it meant an extra £1.00-£1.50…?"	56	25

- While comparison with a similar survey undertaken to support PR14 can only be indicative (given differences in questions, sample profile and weighting), the PR19 survey finds that customers are, largely, as supportive of the Social Tariff in principle as they were 5 years ago, but are more inclined to support contributing to it financially.

- Different customer groups have much in common attitudinally; levels of support and opposition are consistent across different age groups, geographies and among metered/non-metered households. There are a few exceptions; for example, customers aged 35-54 are more likely than other age groups to support paying an additional £2.50-£3.00, with older age groups (55+) more likely to support the smaller, £1.00-£1.50 extra.

- A new question – shown in Figure 1 below – asked customers to choose the level of investment in the Social Tariff they would favour, allowing them to choose lower or higher amounts, or to reject any funding at all. This presented all of the four price increase options together rather than in isolation (through Q5, Q7, Q9 and Q11, shown above). At this question, more than six in ten (65%) say they would support some sort of bill increase. The most popular option, £2.50-£3.00, is chosen by two in ten (19%).

Figure 1: Please indicate how much, if anything, you would support Affinity Water adding to your own household's water bill each year to continue to offer a Social Tariff.



Base: 500 adults aged 16-75 from across the Affinity Water customer areas

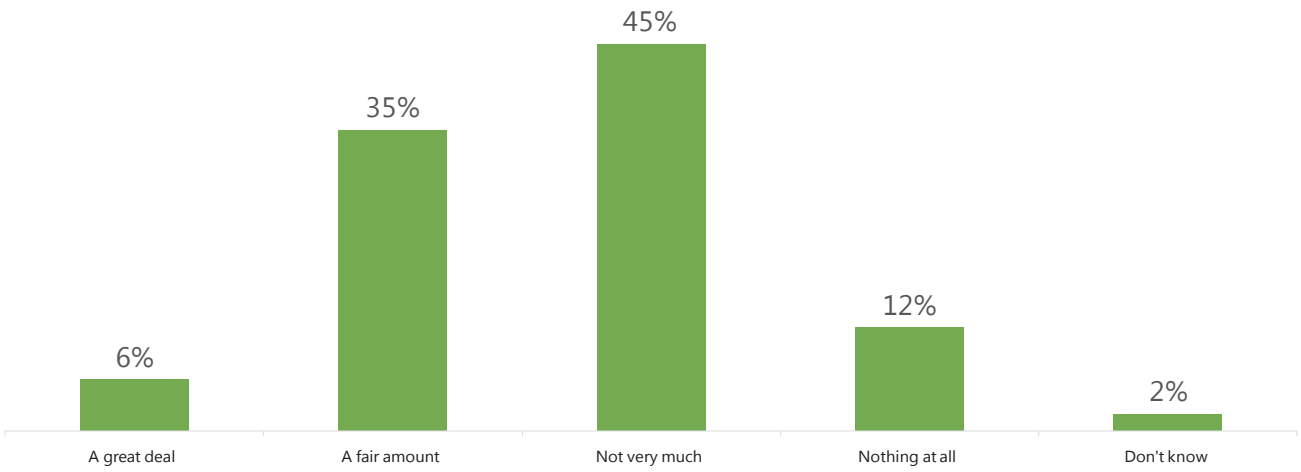
- Customers **supporting** funding increases to support the Social Tariff say they like it as a concept, consider it a small and affordable expense over the year, and see it their responsibility to help others less fortunate than themselves if they are able to do so.
- Customers **opposed** to funding increases to the Social Tariff say they do so for various reasons including a feeling that they are already paying enough for their own water bill, and rejecting the idea that they are responsible for helping others. Instead, they feel it should be paid for by Affinity Water or its shareholders rather than customers.

Findings

Context

Overall, customers do not know very much about Affinity Water. Nearly six in ten (57%) say they know little about the water company; 45% know not very much and a further 12% say they know nothing at all. Just over a third (35%) say they know a fair amount about Affinity Water, and 6% profess to know a great deal.

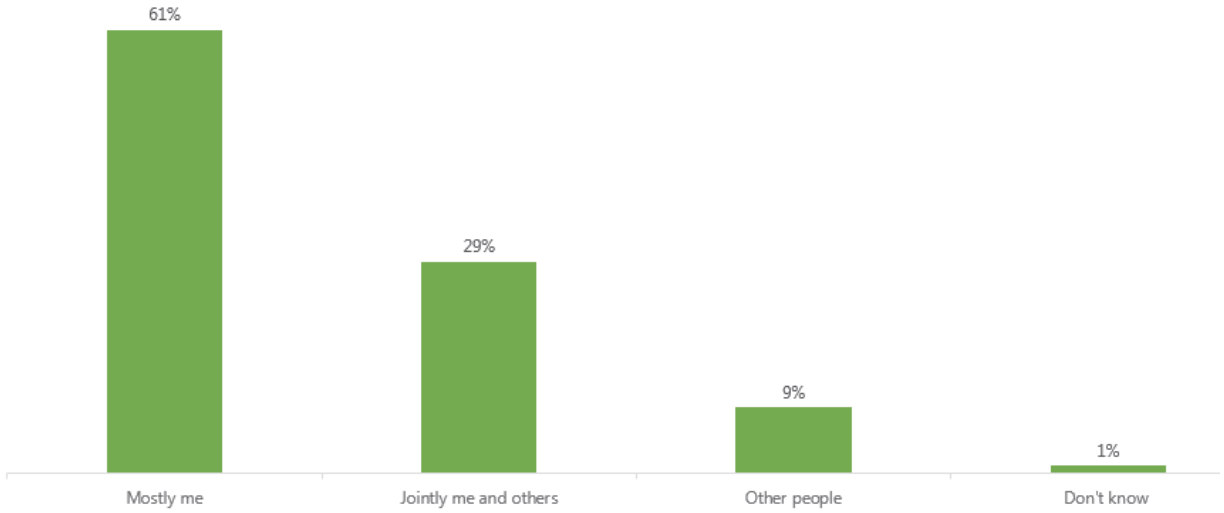
Figure 2: How much, if anything, would you say you know about Affinity Water?



Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Six in ten customers we surveyed (61%) are mostly responsible for filling in forms and paying household bills while three in ten (29%) share responsibility with other people. Nine per cent say that forms and bills are somebody else's responsibility (among those aged 16-34, 22% have no responsibility).

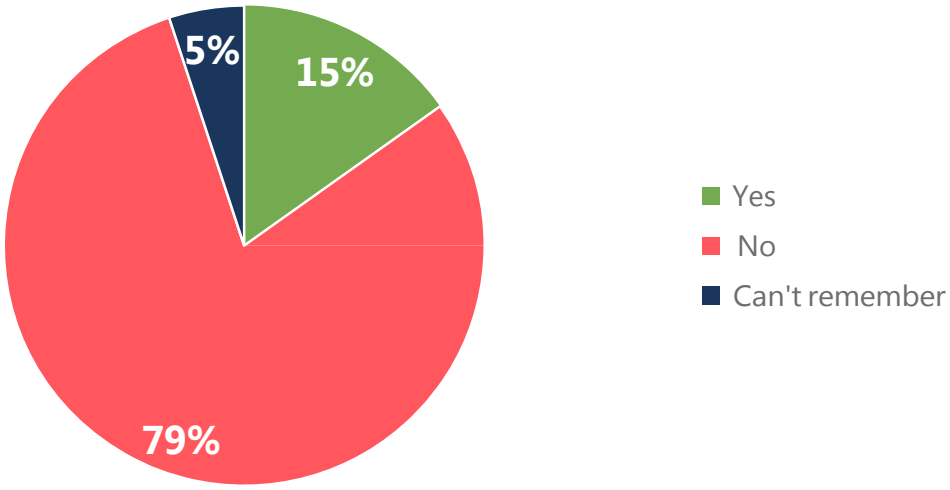
Figure 3: In general, who in your household is mostly responsible for filling in forms and paying household bills?



Base: 500 Community Members from across the Affinity Water customer areas

Relatively few customers have contacted Affinity Water recently – eight in ten (79%) have not contacted Affinity Water for any reason in the last 12 months. Those with water meters are slightly more likely to have contacted Affinity Water – 22%, compared with 15% overall – but, overall, contact with Affinity Water is limited.

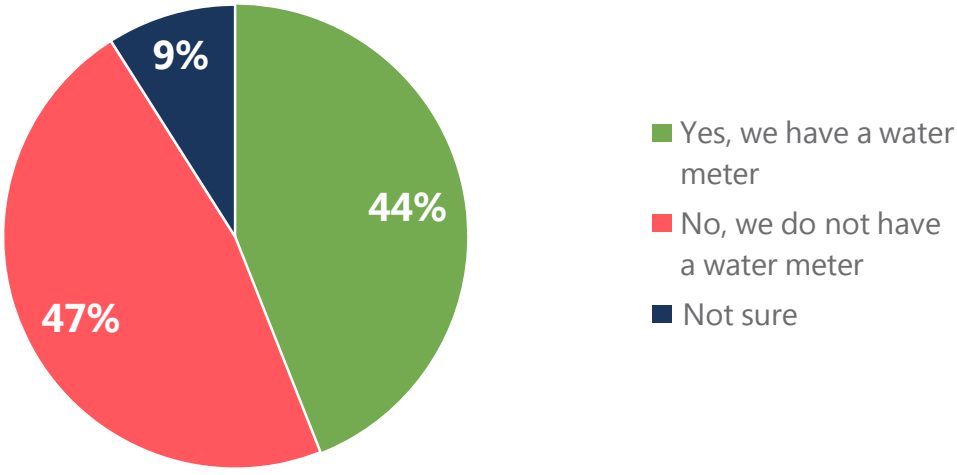
Figure 4: Have you contacted Affinity Water for any reason in the last 12 months?



Base: 500 adults aged 16-75 from across the Affinity Water customer areas

There is a fairly even split between metered and unmetered properties; 44% say they have a meter and 47% say they do not. A reasonably high proportion – nine per cent – are unsure, and this figure is higher among those who rent their property (13%) and younger customers (12%).

Figure 5: Do you have a water meter?

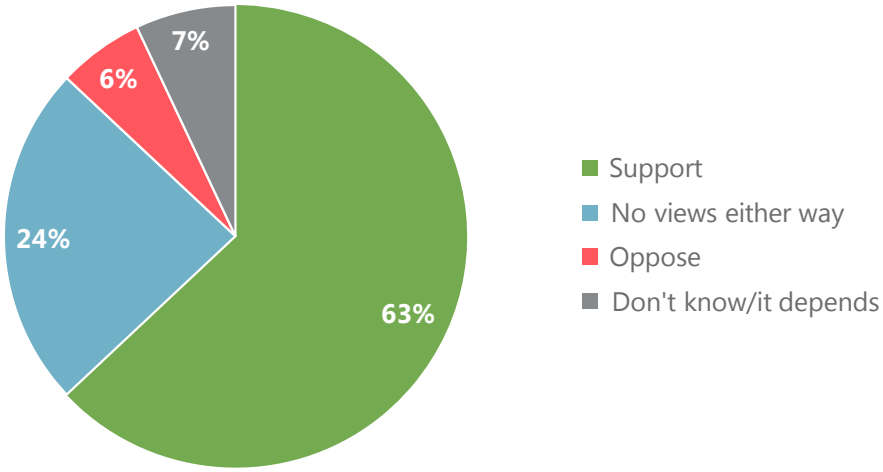


Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Supporting vulnerable customers

A majority of Affinity Water customers support the principle of helping those who have financial difficulty paying for their water. Almost two in three (63%) say they support Affinity Water providing such support, evenly split between those who support this *strongly* (32%) and those with less emphatic views who *tend* to support this (31%). Very few are opposed to the principle of supporting those in difficulty (6%).

Figure 6: To what extent do you support or oppose Affinity Water providing support to customers who have financial difficulty paying for their water?



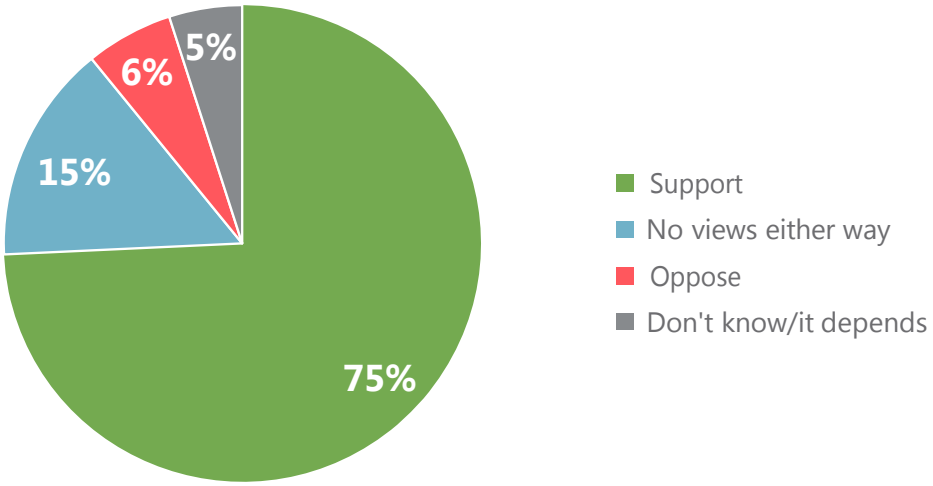
Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Customers were then given more information about the type of support Affinity Water offers to financially vulnerable customers:

> *Affinity Water currently provides support to customers who have, or might have, financial difficulty paying for their water. Support includes reductions in bills, advice about water use and managing bills, and offering flexibility in terms of when and how to pay.*

Three-quarters of Affinity Water customers support this type of assistance being given (75%), with four in ten *strongly* in favour (41%). As with the previous question, 6% oppose providing this support and 15% have no views either way. A further 5% say they do not know or that it depends.

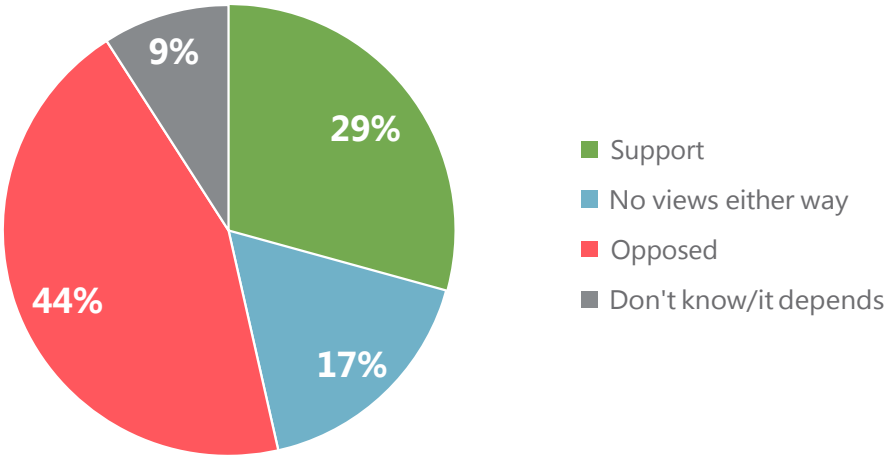
Figure 7: To what extent do you support or oppose Affinity Water providing support like this to customers?



Base: 500 adults aged 16-75 from across the Affinity Water customer areas

The final question in this section introduced the prospect that providing support to financially vulnerable customers would entail a cost to all water users. At this stage the cost was not specified. There was a notable impact on customers' views – 44% are opposed to providing support if it leads to an (unspecified) increase in all customers bills, with three in ten (29%) supporting this.

Figure 8: And to what extent do you support or opppose Affinity Water providing this support to customers if it means an increase in water bills paid by all other customers?



Base: 500 adults aged 16-75 from across the Affinity Water customer areas

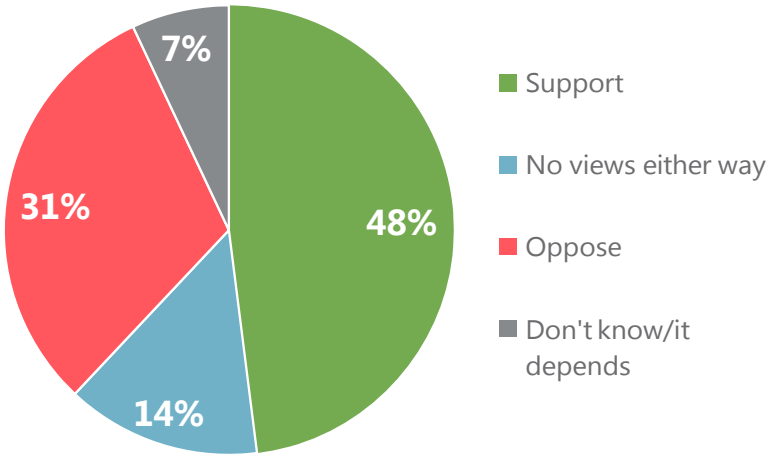
The Social Tariff

Customers were given background information on the Social Tariff before the next section of the survey:

> *Water companies have the Government's permission to introduce Social Tariffs in order to reduce the water bill of those customers finding it difficult to pay. This is subject to guidance and water companies need to show that they have the support of other customers.*
>
> *In practice, this means that customers who live in a household with an income of less than £16,105 per annum are eligible to have their water bill reduced. This is funded by an increase in other customers' bills. The monies raised fund the Social Tariff at cost i.e. Affinity Water makes no profit on this. The Tariff doesn't apply to the sewerage part of the bill.*

Just under half of Affinity Water customers support the continuation of the Social Tariff (48%), and a minority oppose it (31%).

Figure 9: In principle to what extent do you support or oppose Affinity Water continuing to offer a Social Tariff?



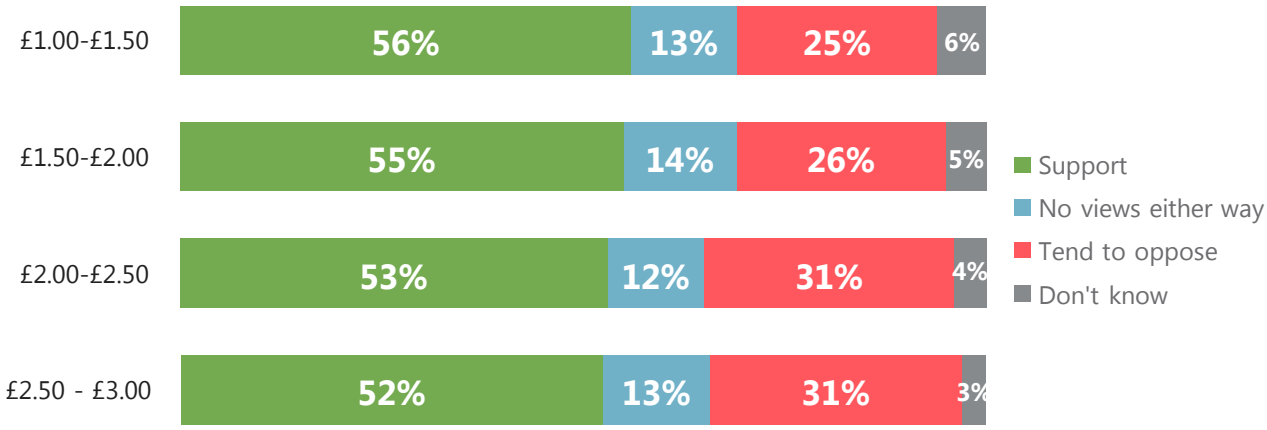
Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Support increases further when customers are given example amounts by which an annual water bill might increase to fund the Social Tariff. Four different amounts were included in the survey – annual increases of £2.50-£3.00, £2.00-£2.50, £1.50-£2.00 and £1.00-£1.50 – starting with the largest increase and working down to the smallest.

A majority (52%) of Affinity Water customers say that they would support Affinity Water continuing to offer a Social Tariff if it means an **additional £2.50-£3.00** on their annual household water bill each year, more than the three in ten (31%) who oppose this. A similar proportion feel *strongly* about this in favour and against; 21% are strongly supportive compared to 16% strongly opposed.

As shown in Figure 10, there is majority support for all four amounts. Support is strongest for the smallest available increase (between £1 and £1.50 per year), however the difference between levels of support for the four amounts is not statistically significant, suggesting that they are seen as similar by most customers.

Figure 10: To what extent would you support or oppose Affinity Water continuing to offer a Social Tariff if it meant an extra few pounds on your household's water bill each year?



Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Reasons for support and opposition

For each amount, customers were asked the main reasons they support or oppose the Social Tariff. They were not shown a list of possible reasons.

Support for the Social Tariff

The reasons customers give for supporting the Social Tariff are broadly similar for each amount that would be added to the annual bill. Supportive customers generally like the concept and thought the amounts were a reasonable expense to be added on to their yearly household water bill. They were also likely to say that they were able to afford this extra amount:

> ***"Those with the ability to pay more should do so to enable those without the ability to achieve life's basic necessities, water being one of them."***
>
> ***"Even though my household's income is low, £2.50-£3.00 per year is easily affordable for me and I would support it being used to help customers who are unable to afford their bills."***
>
> ***"[It is] not too much extra per year"***
>
> ***"If it is only a small amount I would support."***
>
> ***"[I] like the sound of the social tariff and this amount is a reasonable amount to pay."***

Another reason given by customers for supporting the Social Tariff based on an extra £2.50 - £3.00 on an annual household bill is that it would help the most vulnerable in society access water which is considered a basic human right. Some customers feel it is their responsibility to help others less fortunate than themselves if they are in a financial position to do so:

> ***"Clean water is a human right so all people need access to it. The amount is not enormous on an annual bill."***
>
> ***"Everybody has a responsibility to the most vulnerable in society."***

In general, these customers are happy and willing to help others who were in financial need, or more vulnerable customers.

> ***"[It is] In everyone's interest to help people in need"***
>
> ***"To help those less fortunate."***

Opposition to the Social Tariff

The reasons given for opposing the Social Tariff are also similar across the differing increase amounts. Some customers feel that the Social Tariff is a good idea in theory, but that it should not be implemented at a cost to other customers.

> ***"Social Tariff is a good idea but not at the cost of other people."***
>
> ***"Other people's water bills should not be affected."***

Generally, these customers say they do not want to contribute to other customers' bills and do not see why the Social Tariff should be funded by customers. Reasons given include a preference for not contributing to others' bills or not being able to afford to do so. Some say they can could "barely" afford their own water bill and are reluctant to contribute towards the bills of others.

> ***"Many people will be just above the limit set and will be struggling to pay bills and could well do without paying extra for water"***
>
> ***"We can't afford bill increases; we're barely hanging on as it is."***
>
> ***"I can't afford to pay more so why should I subsidise others."***

Some customers say they budget carefully themselves in order to pay their bills and do not feel they have enough money left over to contribute towards others' bills. They do not see it as their responsibility to contribute towards the bills of those with less money than themselves.

> ***"Why should I, who budget carefully in order to pay my bills, have to subsidise other people?"***
>
> ***"Why should people who are earning more pay for the people who can't afford to."***

Some feel that only those who could really afford it should contribute towards paying for the Social Tariff – not those who are barely above the threshold themselves. It is also deemed unfair, by some, to the majority of hardworking people who pay their bills. There is a sense that people should learn to live within their means and that people should be able to afford their water bill if they have an annual income of £16,000.

> ***"I think it's unfair that people like myself, who may not be earning as little as others but are still 'just about managing' to pay their bills every month have to pay extra to cover others. I support the idea that people who are on low income should get help, but surely there should be an upper tier for this - people who really can afford to cover the extra costs."***
>
> ***"It is not fair on the majority."***
>
> ***"Why should some people pay more while others pay less. I'm on benefits as I'm disabled and I don't get any discounts."***
>
> ***"I work hard and paying for someone else that's not fair."***
>
> ***"People nowadays have completely forgotten how to live within their means."***

Other customers feel that they should not be required to help others as they themselves did not receive help paying their bills in the past, or are sceptical about whether they would receive help even though they may feel they need it:

> ***"I have always worked hard and have in the past myself had to make ends meet with no support. I have saved with my pension and pay my bills. Everyone else should do the same."***
>
> ***"I have paid my bills in full for 35 years so don't see why I should subsidise anyone else as I wouldn't get help if I needed it. I have taken my own steps to reduce my bills by having a water meter installed. This has saved me a lot over the past few years. The only people I wouldn't mind subsidising are those that need the water for medical purposes."***
>
> ***"I'm paying enough as it is. There should be another way of helping vulnerable and others in difficulty. I'm a pensioner on limited income and shouldn't be paying anymore to help others."***

Others feel that the beneficiaries of the Social Tariff would not deserve it and it may encourage people to exploit the benefit and be more wasteful with their water usage.

> ***"The beneficiaries don't deserve it. It will only encourage people to exploit the benefit. And they are going to be more wasteful with their water usage."***
>
> ***"Why is it that those in employment and paying their own way, have to pay for those who don't or won't work."***

As a result, some customers expressed an interest in having a say in who the money was assisting and who was eligible to receive it. They say they are more willing to subsidise elderly or sick customers as opposed to the unemployed or low paid customers.

> ***"I would want to have some say in who the money was assisting."***

> ***"People shouldn't have to pay more because other people can't afford it. This will mean harder working families with earn more will have to pay more for the lower income who work less or don't work at all!"***

> ***"Why should we pay for those who are unemployed. Understandable for the elderly or sick."***

Some customers agree with the idea in principle but disagree with how the Social Tariff is financed by other customers. Their view is that Affinity Water should pay for this from their profits or from shareholders and not by penalising regular paying customers.

> ***"I am not a charity."***

> ***"Profits must be sufficient for the company to pay - why do they always pass it on to those who pay regularly?"***

> ***"Reducing water charges to poorer people and families is an idea of which I approve. However, utility companies already make excessive profits at the expense of consumers. Some of these profits should be put to an appropriate social purpose at no further cost to any consumers."***

> ***"If the company wants to do charity, and I totally agree with it, then it shouldn't be paid by the other customers."***

> ***"Shareholders should have to pay for this through reduced dividends."***

Trends PR14-PR19

A similar survey in 2013 (for PR14) found similar levels of support among customers for Affinity Water providing additional support to customers who have financial difficulty paying for their water. However, comparison with the previous survey can only be indicative given differences in questions, sample profile and weighting.

At PR14 62% of customers supported the Social Tariff in principle, similar to the 63% supporting it now. Comparing the two surveys, there is noticeable difference in opposition however, with 14% of customers opposed at that point in 2013, compared with 6% now.

The level of support for contributing financially towards the Social Tariff has increased since 2013. For example, at PR14 31% of customers said they supported a £2.50-£3.00 increase in their annual bill to

fund the Social Tariff, with 43% opposed. The figures this time are 52% and 31% respectively.

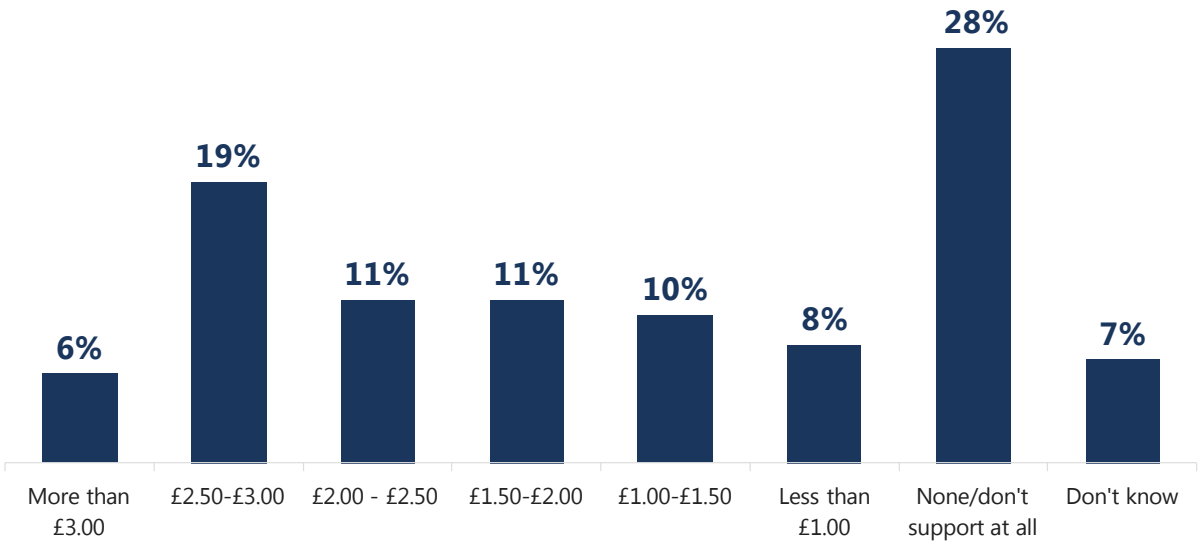
Comparison of social tariff price increases

After being asked about all four potential price increases in isolation, and in a question not asked at PR14, customers were presented with all of the four price increase options together and asked to choose the level of investment in the Social Tariff they would favour. This question also allowed them to choose lower or higher amounts, and to reject any funding at all. At this stage they were given some extra information regarding eligibility for the Social Tariff:

Currently, 47,709 customers have capped water bills, about 3.6% of all Affinity Water customers.

More than six in ten (65%) are in favour of paying some amount to support the social tariff, with an amount between £2.50 and £3.00 being the most frequently mentioned value (19%). However, the largest single group are those who do not want to contribute to the Social Tariff at all – 28% would not support having any amount added to their bill.

Figure 11: Please indicate how much, if anything, you would support Affinity Water adding to your own household's water bill each year to continue to offer a Social Tariff.



Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Appendix

Sample profile

		Unweighted	Weighted
Age	Aged 16 - 34	21%	31%
	Aged 35 - 54	41%	36%
	Aged 55 - 75	38%	33%
Gender	Male	49%	49%
	Female	51%	51%
Tenure	Home owner	67%	65%
	Rented/other	33%	35%
Meter status	Yes	44%	44%
	No	46%	46%
Ethnicity	White	83%	83%
	BME	17%	17%
Main bill payer	Yes	64%	61%
	No	36%	39%
Water Resource Zone	WRZ 1 – Misbourne	8%	9%
	WRZ 2 – Colne	15%	12%
	WRZ 3 – Lee	21%	20%
	WRZ 4 – Pinn	28%	27%
	WRZ 5 - Stour	6%	8%
	WRZ 6 – Wey	16%	15%
	WRZ 7 – Dour	4%	5%
	WRZ 8 - Brett	1%	4%

Survey questionnaire

Affinity Water - Vulnerability and Social Tariff questionnaire

INTRODUCTORY TEXT: **Thanks for taking part in our survey!**
Affinity Water provides clean water services to people across some parts of the South of England.

In this survey we want to ask you about what Affinity Water should or should not do to support customers who may find it difficult to pay for their water. You do not need to know anything about this subject to take part and we are interested in your views.

Please click below to get started…

Qa. We'd like to ask a few questions first to ensure we are talking to a wide range of people. To begin with, which of these best describes your ethnic group?
ASK ALL. SINGLE CODE ONLY. RECRUIT TO ETHNICITY QUOTA (1-4 = White; 5-18 = BME).

WHITE
1. White – English / Welsh / Scottish / Northern Irish / British
2. White – Irish
3. White – Gypsy or Irish Traveller
4. Any other White background

MIXED
5. Mixed White and Black Caribbean
6. Mixed White and Black African
7. Mixed White and Asian
8. Any other mixed background

ASIAN
9. Asian or Asian British – Indian
10. Asian or Asian British – Pakistani
11. Asian or Asian British – Bangladeshi
12. Asian or Asian British – Chinese
13. Any other Asian/Asian British background

BLACK
14. Black or Black British – Caribbean
15. Black or Black British – African
16. Any other Black/Black British background

OTHER ETHNIC GROUP
17. Arab
18. Any other ethnic group
19. Prefer not to say

Qb. And which of the following best describes your home?
ASK ALL. SINGLE CODE. RANDOMISE CODES. RECRUIT TO TENURE QUOTA (1-2 = owner/occupier; 3-6 = renter/other)

1. Being bought on a mortgage
2. Owned outright by household
3. Rented from Local Authority
4. Rented from Housing Association / Trust
5. Rented from private landlord
6. Other
7. Don't know

Qc. How much, if anything, would you say you know about Affinity Water?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-4.

1. A great deal
2. A fair amount
3. Not very much
4. Nothing at all
5. Don't know

Q1. To what extent do you support or oppose Affinity Water providing support to customers who have financial difficulty paying for their water?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Somewhat support
3) No views either way
4) Somewhat oppose
5) Strongly oppose
6) Don't know

Q2. Affinity Water currently provides support to customers who have, or might have, financial difficulty paying for their water. Support includes reductions in bills, advice about water use and managing bills, and offering flexibility in terms of when and how to pay.

To what extent do you support or oppose Affinity Water providing support like this to customers?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Somewhat support
3) No views either way
4) Somewhat oppose
5) Strongly oppose
6) Don't know/it depends

Q3. And to what extent do you support or oppose Affinity Water providing this support to customers if it means an increase in the water bills paid by all other customers?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Somewhat support
3) No views either way
4) Somewhat oppose
5) Strongly oppose
6) Don't know/it depends

Q4. Water companies have the Government's permission to introduce Social Tariffs in order to reduce the water bill of those customers finding it difficult to pay. This is subject to guidance and water companies need to show that they have the support of customers.

Customers who live in a household with an income less than £16,105 per annum are eligible to have their water bill reduced. This is funded by an increase in other customers' bills. The monies raised fund the Social Tariff at cost i.e. Affinity Water makes no profit on this. The Tariff doesn't apply to the sewerage part of the bill.

In principle, to what extent do you support or oppose Affinity Water continuing to offer a Social Tariff?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know/it depends

As part of developing a Business Plan for 2020-2025, Affinity Water is considering what to do next with its Social Tariff.

These next questions are about whether you would support or oppose different increases in your household's annual water bill to fund the Social Tariff.

Q5. Looking ahead, to what extent would you support or oppose Affinity water continuing to offer a Social Tariff if it meant an extra £2.50 - £3.00 on your household's water bill each year?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know

Q6a. What are the main reasons you support the Social Tariff if it means an extra £2.50 - £3.00 on your household's water bill each year?
ASK IF Q5= 1 OR 2. OPEN ENDED TEXT BOX.

Q6b. What are the main reasons you oppose the Social Tariff if it means an extra £2.50 - £3.00 on your household's water bill each year?
ASK IF Q5= 4 OR 5. OPEN ENDED TEXT BOX.

Q7. To what extent would you support or oppose the Social Tariff if it meant an extra £2.00 - £2.50 on your household's water bill each year?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know

Q8a. What are the main reasons you support the Social Tariff if it means an extra £2.00 - £2.50 on your household's water bill each year?
ASK IF Q7= 1 OR 2. OPEN ENDED TEXT BOX.

Q8b. What are the main reasons you oppose the Social Tariff if it means an extra £2.00 - £2.50 on your household's water bill each year?
ASK IF Q7= 4 OR 5. OPEN ENDED TEXT BOX.

Q9. To what extent would you support or oppose the Social Tariff if it meant an extra £1.50 - £2.00 on your household's water bill each year?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know

Q10a. What are the main reasons you support the Social Tariff if it means an extra £1.50 - £2.00 on your household's water bill each year?
ASK IF Q9= 1 OR 2. OPEN ENDED TEXT BOX.

Q10b. What are the main reasons you oppose the Social Tariff if it means an extra £1.50 - £2.00 on your household's water bill each year?
ASK IF Q9= 4 OR 5. OPEN ENDED TEXT BOX.

Q11. To what extent would you support or oppose the Social Tariff if it meant an extra £1.00 - £1.50 on your household's water your water bill each year?
ASK ALL. SINGLE CODE. ROTATE ANSWER CODES 1-5.

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know

Q12a. What are the main reasons you support the Social Tariff if it means an extra £1.00 - £1.50 on your household's water bill each year?
ASK IF Q11= 1 OR 2. OPEN ENDED TEXT BOX.

Q12b. What are the main reasons you oppose the Social Tariff if it means an extra £1.00 - £1.50 on your household's water bill each year?
ASK IF Q11= 4 OR 5. OPEN ENDED TEXT BOX.

Q13. As mentioned earlier, the current Social Tariff caps the water bill for eligible customers who have been defined as those who have a household income less than £16,105 per annum. Currently, 47,709 customers have capped water bills, about 3.6% of all Affinity Water customers.

As part of developing a Business Plan for 2020-2025, Affinity Water is considering what to do next with its Social Tariff. Please indicate how much, if anything, you would support Affinity Water adding to your own household's water bill each year to continue to offer a Social Tariff.
ASK ALL. SINGLE CODE.

1) Option A – an amount greater than £3.00
2) Option B – £2.50 - £3.00
3) Option C – £2.00 - £2.50
4) Option D – £1.50 - £2.00
5) Option E – £1.00 - £1.50
6) Option F – an amount less than £1.00
7) None/don't support at all
8) Don't know

Q14. Finally, Affinity Water are considering different ways to support people who might need help through the Social Tariff or other ways. If you have any ideas or suggestions, please write them in the box below.
ASK ALL. OPEN ENDED TEXT BOX.

1) None
2) Don't know

Thank you for taking part. Before we finish we have a few additional questions we'd like to ask about you…

Q15. In general, who in your household is mostly responsible for filling in forms and paying household bills?
ASK ALL. SINGLE CODE. RANDOMISE CODES 1-3.

1. Mostly me
2. Jointly me and others
3. Other people
4. Don't know

Q16. Have you contacted Affinity Water for any reason in the last 12 months?
ASK ALL. SINGLE CODE ONLY. ROTATE CODES 1-2.

1. Yes
2. No
3. Can't remember

Q17. Do you have a water meter?
Properties with a water meter pay for the water they use, and those that do not pay the same amount regardless of water usage
ASK ALL. SINGLE CODE. ROTATE CODES 1-2.

1. Yes, we have a water meter
2. No, we do not have a water meter
3. Not sure

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michael.clemence@ipsos.com

kelly.finnerty@ipsos.com

Annex 4: Phase 1 Listening and Learning

Ph1.5 – Drought Management Plan Non-Technical Summary

Affinity Water

Draft Drought Management Plan

Non-Technical Summary

About us, at a glance....

3.6 million customers

We supply 900 million litres a day

In 2016/2017 we invested £147 million in our network

16,500km of pipes

In 2016, 99.96% of all water quality tests complied with regulatory standards

Contents

1

Welcome to our draft Drought Management Plan

Welcome to our draft Drought Management Plan summary brochure.

The Drought Management Plan outlines the way we would respond in a drought situation and the actions we would take as it progresses. This plan, if put into action, has the potential to impact the way our customers use water and the local aquatic environment.

I have been in the industry for nearly 40 years and over this time have seen several major drought situations. While we are better prepared for these events than ever before, we operate in a dry and densely populated area of the country and are still at risk of suffering droughts.

This plan is based on the company's previous experience of drought events but we recognise we might not have all the answers. We would like your comments on the plan and anything you feel we have not taken into consideration.

I hope you fi this document helpful, and if you have any questions or comments, please share them with us.

Mike Pocock
Director of Asset Strategy

What is a drought? Droughts are natural events that happen when there are extended periods of low rainfall that create a shortage of water for people, the environment, agriculture or industry.

However, every drought is different – in terms of where they happen, how long and severe they are, and the impact they have on customers, communities, businesses and the environment.

With such uncertainty, it is important that we make plans to manage drought, whatever the weather.

1.1 WHAT IS A DROUGHT MANAGEMENT PLAN?

Our Drought Management Plan for 2018 - 2023 sets out how we will manage a drought, the actions we will take and when we will take them.

The plan outlines what we would do to inform customers about a drought; how we would work with customers to reduce consumption; the restrictions we would place on household and commercial customers; and what we would do to increase supplies by taking more water from the environment.

It does not cover investments into new infrastructure to avoid drought. Investment is sought through the Water Resource Management Plan and Business Planning process which will be consulted on later in the year.

1.2 WHAT'S HAPPENING NOW?

We've published our draft Drought Management Plan for 2018 - 2023 and are carrying out a public consultation on it now.

You can find this at **www.affinitywater.co.uk/droughtplan**

This plan sets out our early thinking on what we will need to do in a drought to ensure customers have water at their taps while doing what we can to mitigate the impact this has on the environment.

Our plan is based on experience of previous droughts and the views of our customers, communities and regulators.

1.3 TELL US YOUR VIEWS

Once you've had a chance to read this summary document, we'd welcome your views on whether we've got it right – before we produce our final Drought Management Plan in 2018.

Representations can be made in writing to the Secretary of State before the end of the consultation period on 2nd October 2017. Representations can be made either by post or email:

Secretary of state for the Department for Environment, Food & Rural Affairs

Drought Plan Consultation
c/o Water Resources Policy
Area 3D
Nobel House
17 Smith Square
London
SW1P 3JR

water.resources@defra.gsi.gov.uk

2

Managing a drought

The majority of the water we supply comes from aquifers around 80 meters below the ground. Aquifers are porous rock that store groundwater.

In our supply area, the aquifer is made of chalk and feeds our local rivers and globally unique chalk streams. When groundwater levels are high, the rivers flow as normal, when they are low, some rivers will begin to dry out.

Groundwater levels are heavily influenced by weather and seasonal variations. However, our operations also affect groundwater levels which is why we pay close attention to the impact this has on the environment. Because we are reliant on groundwater, our Drought Management Plan focuses on our response to low groundwater levels.

40% of our water comes from rivers which are not directly affected by drought restrictions. This gives us valuable security to our supply.

2.1 TYPES OF DROUGHT

Our Drought Management Plan sets out what we need to do to maintain customers' water supplies while also protecting the environment.

There are three main types of drought that we need to plan for:

A SINGLE SEASON DROUGHT

As we rely on groundwater sources to supply our customers, we may need to take action to preserve these sources such as asking customers to voluntarily reduce water usage. It may also be necessary to introduce some usage restrictions.

TWO DRY-WINTERS DROUGHT

If we have two back-to-back dry winters many of our water sources are likely to be impacted. Our groundwater levels will be signifi tly reduced and because of this, there will be lower fl s in most local rivers. It's possible that in this instance, water use restrictions for households and businesses will be needed.

LONGER-TERM DROUGHT

While we have never experienced this type of drought, we do still have to plan for it. If this happened we would potentially have to introduce all the actions in our Drought Management Plan – including emergency actions to take further water from the environment and more onerous water use restrictions for household and business customers.

2.2 LEVELS OF SERVICE

The average likelihood of introducing usage restrictions on customers

Our Drought Management Plan is based on the frequency of the actions we need to take to maintain customers' water supplies during a drought. We recently consulted on the proposed frequency of restrictions and these were supported by over 60% of customers.

Water supply levels of service are a measure of the likelihood of applying restrictions on customers during drought conditions; they set out how often on average we expect that we will need to take a specified step in response to a drought.

Type of restriction	Level of service/ frequency of occurrence	How it can affect our customers
Temporary Use Ban (TUB) – these restrict certain types of activities that use water	1 in 10 years	Restrictions on using hosepipes for a number of uses, including watering gardens and filling pools or ponds. Applies to household customers only.
Drought Permits – we apply for these to allow us to take more water from rivers and underground aquifers	1 in 40 years	No direct customer impacts – but some local rivers may be affected by additional groundwater abstractions.
Drought Order Restrictions	1 in 40 years	Additional restrictions on a number of water uses, including cleaning of windows, using mechanical vehicle washers and cleaning industrial plant. Applies to household and non-household customers.
Emergency Drought Order – these allow us to abstract more water, which can lead to environmental damage	1 in 120 years	These restrictions would apply to any uses we consider appropriate at the time, depending on the drought situation.

Any improvement to these levels of service to reduce the likelihood of these restrictions would require investment in the network in order to increase resilience and flexibility. Investment for any changes is sought through the Water Resource Management Plan and Business Plan process.

We would welcome any further feedback and comments on these proposed levels of restrictions.

2.3 DEALING WITH EXTREME DROUGHT EVENTS OF A 1 IN 200 YEAR FREQUENCY

When a drought goes beyond the levels included in this plan, we must introduce our emergency plans. These allow us to introduce further restrictions according to the scale of the ongoing situation.

Assuming we have put in all the restrictions and options outlined in our levels of service, we believe that we could operate without the introduction of standpipes and rota supply cuts, and we would be able to maintain supply even in a 1 in 200 year drought event.

This is important because research and experience tells us that the disruption caused by these options would be unacceptable for customers and operations.

3

Drought triggers

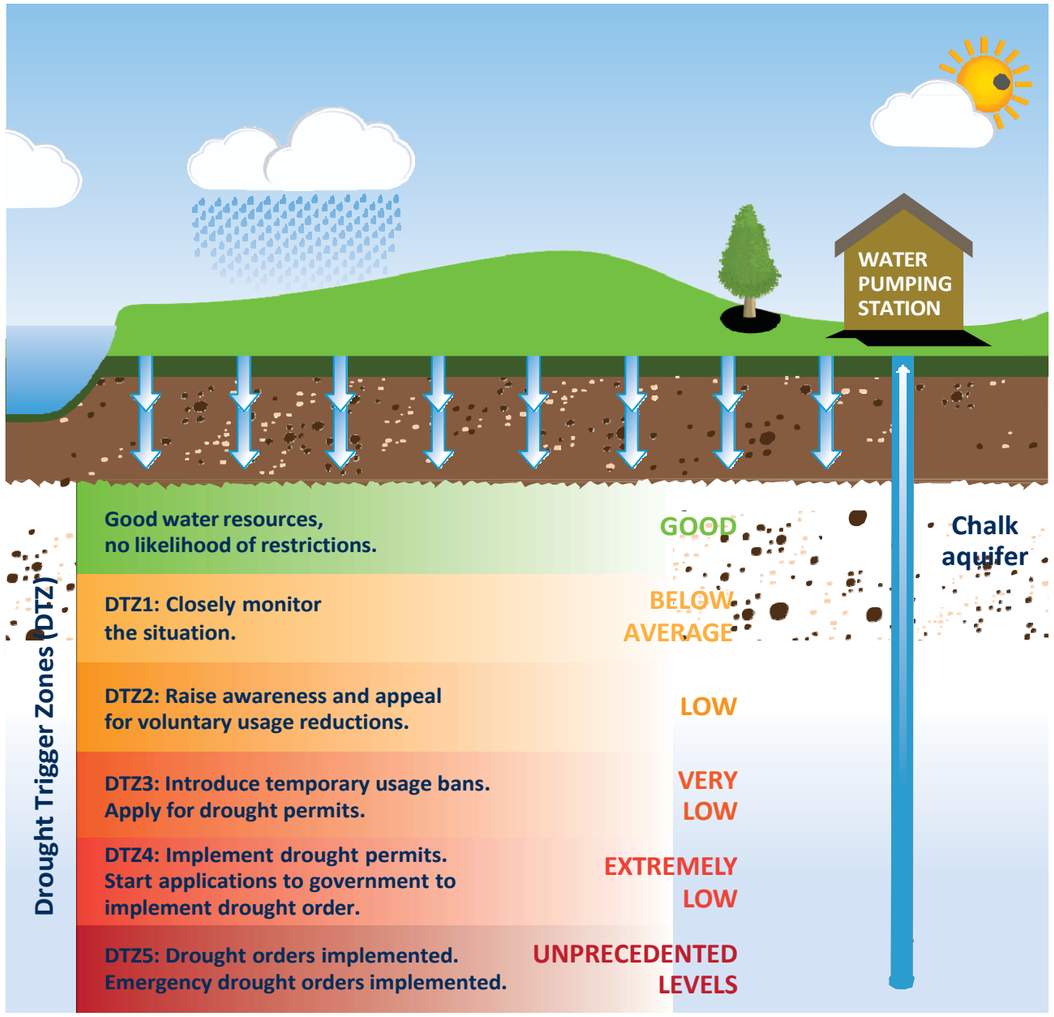
We continuously monitor rainfall, how our water sources are doing, and how much water is being used.

When our water sources reach certain levels, we use `triggers' to determine the actions we need to take – before a drought happens, as a drought develops, during a drought and after levels have recovered.

These triggers also give us enough time to plan and deliver the actions, as well as make sure we communicate what we are doing.

The chart below shows drought trigger zones. The blue line shows what would happen if we were to experience three dry winters in a row and how we would respond if groundwater levels fell into each trigger zone.

On top of the actions outlined below, we would also do more to reduce leakage on our network; carry out work to make our water works as effi t as possible; and closely monitor the environment to assess the impact the drought was having on the aquatic environment.



This diagram is a simplifi version of the chart shown on page 45 of the full Drought Management Plan document available here: www.affi ater.co.uk/droughtplan

4

Managing demand for water in a drought

These are the range of actions we could take to manage demand for water as a drought progresses. We welcome all comments and feedback on the actions outlined in this section.

4.1 PUBLICITY CAMPAIGNS

At drought zone two, we would launch media and publicity campaigns to inform customers and communities about the potential impact on their water supplies, what they can do to reduce their water use, and what we are doing to ensure there is enough water. Our Water Saving and Education teams would also be increasing their work and activities too, including giving out free water saving devices.

In the event of a drought, we will proactively contact customers who are registered on our priority services register. In addition, we will work with local stakeholders to ensure that we reach as many of our customers in vulnerable situations as possible.

Full details of the current exemptions we are proposing can be found on page 68 of our Drought Management Plan[1].

4.2 LEAKAGE

We are already reducing leakage at an industry-leading rate. However, in the event of a drought we would go even further.

We would ramp up our work on proactively finding and fixing leaks by increasing staffing levels on leakage detection, increasing active leak detection and repair activities, as well as reducing the amount of time taken to repair visible leaks.

4.3 TEMPORARY USE BANS

Restrictions on household customers

At Drought Zone 3, Temporary Usage Bans (TUBs) would be introduced. TUBs can restrict the use of water for certain activities, but we only introduce these when absolutely necessary. The restrictions outlined below are covered by a statutory scheme and would be communicated widely through multiple media channels. They prohibit:

- **Watering a 'garden' using a hosepipe (the term 'garden' covers things like parks, verges, sports pitches and allotments)**
- **Cleaning a private motor-vehicle using a hosepipe**
- **Watering plants on domestic or other non-commercial premises using a hosepipe**
- **Cleaning a private leisure boat using a hosepipe**
- **Drawing water using a hosepipe for domestic recreational use**
- **Filling or maintaining a domestic pond using a hosepipe; and**
- **Filling or maintaining an ornamental fountain**
- **Cleaning walls, or windows, of domestic premises using a hosepipe**
- **Cleaning paths or patios using a hosepipe**
- **Cleaning other artificial outdoor surfaces using a hosepipe**

Some customers or activities are automatically exempt from Temporary Use Bans – due to disability, safety concerns and commercial considerations. These are reviewed on a case-by-case basis.

[1] www.affi ater.co.uk/droughtplan

4

Managing demand for water in a drought continued

4.4 DROUGHT ORDER RESTRICTIONS

Further Restrictions on all customers

In addition to Temporary Use Bans, we can apply for a Drought Order from the Secretary of State which would also restrict using water to:

- **Water outdoor plants on commercial premises**
- **Fill or maintain a non-domestic swimming or paddling pool**
- **Fill or maintain a pond**
- **Clean non-domestic premises**
- **Clean a window of a non-domestic building**
- **Operate a mechanical vehicle-washer**
- **Clean any vehicle, boat, aircraft or railway rolling stock**
- **Clean industrial plant**
- **Suppress dust**
- **Operate cisterns in any building that is unoccupied or closed**

Similar to TUBs, some customers or activities are automatically exempt from non-essential water use restrictions. Full details of the current exemptions can be found in Appendix 4 of our Drought Management Plan.

4.5 EMERGENCY DROUGHT ORDERS

Extremely unlikely, but necessary to include in our plan

Under the scope of emergency drought orders we may apply to the Secretary of State to limit or prohibit the use of water for any purpose we consider appropriate. Emergency Drought Orders have not been needed in the UK by any water company since 1976 – this is an extremely rare occurrence and the significant investment in our network would make a 1976 type drought extremely unlikely.

5

Increasing water supplies in a drought

This section discusses what we would do to increase the amount of water we can supply to customers. We would particularly like your views on our drought permit plans.

5.1 MAKING THE MOST OF AVAILABLE WATER SUPPLIES

We would make sure as many of our water treatment works are online and running as efficiently as possible. This means reducing or delaying some maintenance or building works that take them offline. It also means making sure we are abstracting and treating the maximum amount of water from rivers and aquifers that we are allowed to.

5.2 BRINGING OLD SOURCES BACK ONLINE

We would look at how quickly we can bring disused, disconnected or abandoned water sources back into operation, and how much extra water they would give us during a drought – and then take action.

5.3 WATER TRANSFERS

We have two transfer options to ensure customers have water at their taps whilst doing what we can to minimise the impact this has on the environment:

Inside our supply area

- **We've developed a 'mini water grid' in our supply area so we can move water from one area to another. We would also give consideration to bringing forward planned infrastructure improvements in places where it is very critical to move water from one area to another.**

Outside our supply area

- **We can ask neighbouring water companies and private companies with water supply licences to provide us with extra water, where this is available.**

5.4 DROUGHT PERMITS

We can apply to the Environment Agency for a Drought Permit. These allow us to temporarily take more water from the environment than we are normally allowed to do.

Increasing water supplies in a drought – Our action plan in stage order continued

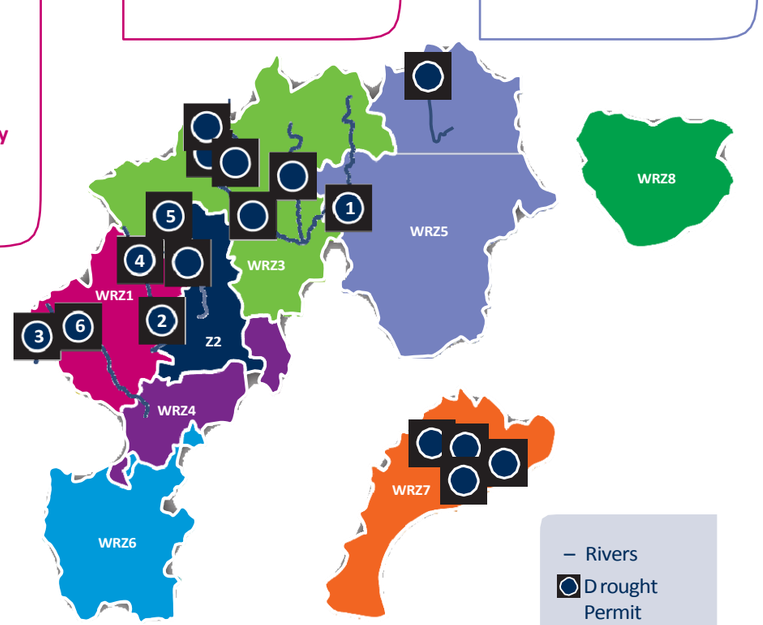
We have identified 12 groundwater sources in our Central region and 4 groundwater sources in our Southeast region that, combined, could give us an extra 86 million litres per day. Each of these groundwater sources are located in a river catchment.

For information on how to view the Environmental Assessment Reports, please visit our website **www.affinitywater.co.uk/droughtplan**

2
River Gade catchment
Extra water: **Up to 2.91 million litres per day**
Drought action: **Relax our licence conditions to increase abstraction**

1
River Rib catchment
Extra water: **Up to 2.73 million litres per day**
Drought action: **Relax our licence conditions to increase abstraction**

3
Hughenden Stream catchment
Extra water: **Up to 1.75 million litres per day**
Drought action: **Bring water source back into production**



4
River Gade catchment
Extra water: **Up to 5 million litres per day**
Drought action: **Bring water source back into production**

6
River Misbourne catchment
Extra water: **Up to 8 million litres per day**
Drought action: **Relax our licence conditions to increase abstraction**

5
River Ver catchment
Extra water: **Up to 9.79 million litres per day**
Drought action: **Increase water abstraction**

7
River Hiz catchment
Extra water: **Up to 0.3 million litres per day**
Drought action: **Reduce the amount of water we put back into the river**

11
River Ver catchment
Extra water: **Up to 5.82 million litres per day**
Drought action: **Bring water source back into production**

B
River Dour catchment
Extra water: **Up to 2 million litres per day**
Drought action: **Increased abstraction**

12
River Beane catchment
Extra water: **Up to 26 million litres per day**
Drought action: **Relax our licence conditions to increase abstraction**

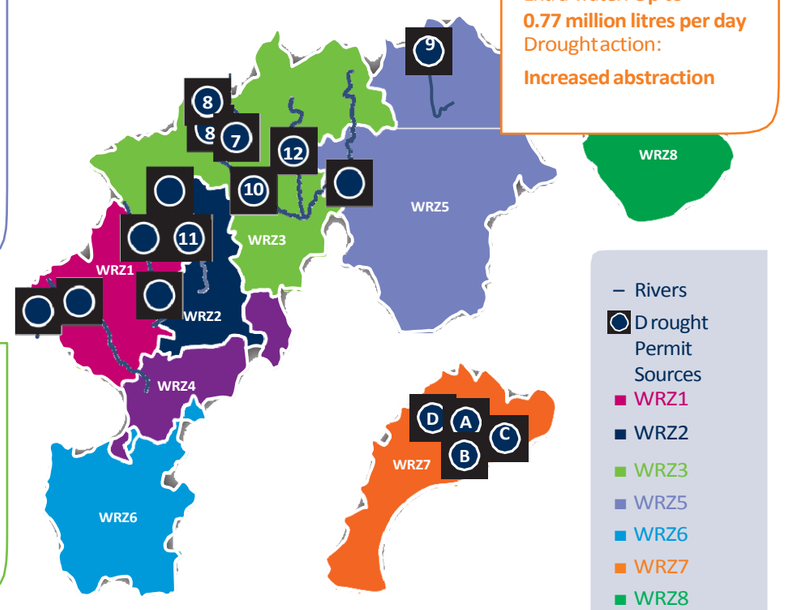
C
River Dour catchment
Extra water: **Up to 2 million litres per day**
Drought action: **Increased abstraction, with river augmentation**

8
River Oughton catchment
Extra water: **Up to 1 million litres per day**
Drought action: **Reduce or stop altogether the amount of water we put back into the river**

A
River Dour catchment
Extra water: **Up to 3.5 million litres per day**
Drought action: **Increased abstraction**

D
River Dour catchment
Extra water: **Up to 0.77 million litres per day**
Drought action: **Increased abstraction**

9
River Cam catchment
Extra water: **Up to 6 million litres per day**
Drought action: **Relax our licence conditions to reduce the amount of water we put back into the river**



10
River Mimram catchment
Extra water: **Up to 9.09 million litres per day**
Drought action: **Bring water source back into production**

6

Protecting the environment

Protecting the environment is a fundamental part of our business, and we take our responsibilities very seriously.

We must apply to the Environment Agency for Drought Permits and the Secretary of State for Drought Orders which, if granted, could allow us to take more water from underground aquifers.

Before we do that, we carry out environmental assessments on these water sources and their catchments to see what potential impact our actions may have on the environment, and how we can minimise these effects.

Our assessments include:

- **Increasing our automated monitoring of ground water sources where we are abstracting more water**
- **Carrying out physical walkover surveys**
- **Measuring water flows**
- **Regularly testing the quality of the water**
- **Undertaking surveys for macroinvertebrates – these small organisms are useful indicators of the health or condition of water bodies.**

7

What happens next?

We are running a public consultation on our Drought Management Plan which is your chance to tell us if you agree with what we are proposing. See page 5 or visit our website for how to get involved.

We would very much like your views on the contents of our Drought Management Plan. For example:

- What you think about our levels of service and how acceptable you find these
- Your views on how we plan to monitor the impacts this has on the environment
- Your views on the restrictions outlined in the plan
- Anything else you would like to comment on in relation to the way we plan to deal with a drought
- Your views on our proposed drought permit sources.

We will collate all the feedback and representations on our Drought Management Plan and then publish our Statement of Response in Autumn 2017 – this will summarise the consultation responses we have had and detail the changes we will make as a result.

The final Drought Management Plan will then be adopted and published in 2018.

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Fax: 01707 277333

www.affinitywater.co.uk

Affinity Water
Your local supply, on tap

Annex 4: Phase 2 Testing and Valuing

Ph1.6 – Customer Engagement Programme, Operational Data: Phase 1 report

Affinity Water

Customer Engagement Programme

Operational Data: Phase 1 report

PR19 CustEng-ARP-PH1-OpD-AREP-019

Final Issue | 26 February 2018

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Contents

Appendices

1 Introduction

1.1 Purpose of the report

This reports provides an overview of the customer contact from the data captured in the Weekly Universe reports and from usage of the Affinity Water website, as recorded in the Digital & Social Report.

To deliver this, a set of standard categories have been established to provide a consistent method for comparing the types and scale of contact that Affinity Water receive. The report also provides the results and visualisations of the types and scale of contact.

In addition, the report reviews good practice case studies that have been collected by Affinity Water, and assesses how these meet Ofwat requirements.

1.2 Background

From our early engagement with the relevant teams in the business in phase 0, we developed some hypotheses we wanted to explore further. As well as wanting to explore if customers were using different channels to speak to Affinity Water about different things, the additional hypotheses were:

- That Affinity Water is already responding to much of the operational customer contact; and
- That there may be opportunities to explore when looking across contact channels that are owned by different areas of the business.

There is separate ongoing work to collect case studies on how operational customer contact data is already being used. This is aiming to explore to the hypothesis that Affinity Water is already responding to operational customer contact.

This report is intended to further progress Affinity Water's understanding in respect of the other two hypotheses.

In Phase 0 the concept of comparing the different methods of contact, against theme of contact, scale of contact and directness of contact formed the idea of the 'onion pie' visualisation, as demonstrated in Figure 1.

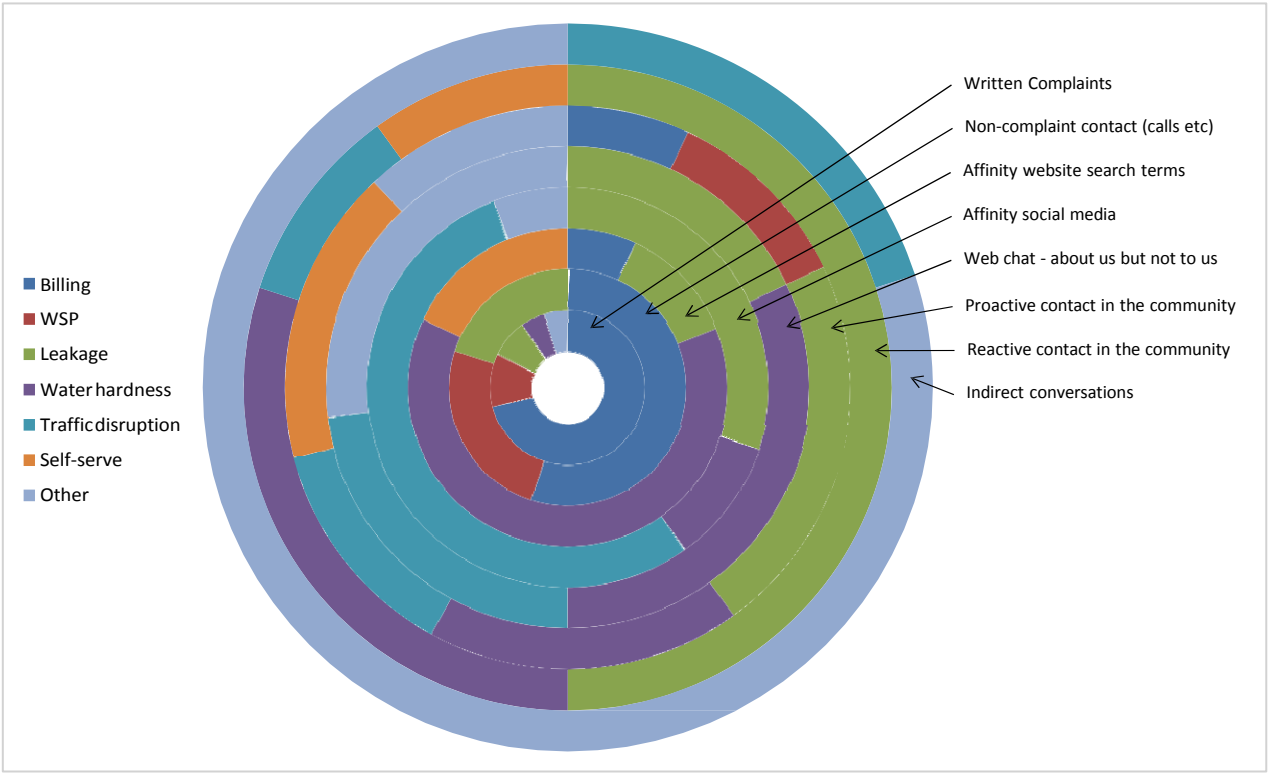


Figure 1: Operational customer contact - engagement route and topics

2 Data selection and categorisation

2.1 Data selection

As explored in Phase 0, Affinity Water has data on customer contact from the following sources:

- Written complaints
- Telephone calls (wanted and unwanted)
- Other written correspondence;
- Social media interactions (e.g. Twitter, Facebook)
- Website visits; and
- Face-to-face interactions (e.g. Water Saving Squad events, community events, Education Centre activities, technicians working in the communities).

In order to conduct our analysis, we have assessed the data for its suitability for analysis and comparison with other data sources, based on the headings as set out in table 1 below.

Table 1: data review process

Data sources considered in phase 0	Data accessible to team	Quantitative or qualitative	Categorised data	Overlap in themes with other data sources	Take forward for analysis	Comment
Written complaints	Y	Quantitative	Y	Y	Y	Source: weekly universe. Significant analysis undertaken by Affinity Water's Customer Relations team. Take forward.
Telephone calls	Y	Quantitative	Y	Y	Y	Source: weekly universe. Significant analysis undertaken by Affinity Water's Customer Relations team. Take forward.
Other written correspondence	N	Quantitative	Unknown	N	N	Raw data not provided by Affinity Water.
Social media	Y	Quantitative	Y	Y	Y	Source: digital and social monthly reporting. Significant analysis undertaken by Affinity Water's Corporate Affairs team. Take forward.
Website visits	Y	Quantitative	Y	Y	Y	Source: digital and social monthly reporting. Significant analysis undertaken by Affinity Water's Corporate Affairs team.. Take forward.
Water Saving Squad events	Y	Qualitative	Y	Y	N	Qualitative data from Water Saving Squad team members. Robustness of feedback could not be verified. Quality therefore not comparable to other data sources, so not taken forward for analysis.
Community events	N	Qualitative	Unknown	Unknown	N	Affinity Water's PR14 business plan commitment was to deliver one event in each of their eight communities, per year. Customers and stakeholders are invited to attend but numbers are low for each event. Reports have been made available but the data is largely qualitative, and customers' questions are resolved by Affinity Water staff at the events. The data is not comparable to other sources and has not been taken forward for further analysis.

Data sources considered in phase 0	Data accessible to team	Quantitative or qualitative	Categorised data	Overlap in themes with other data sources	Take forward for analysis	Comment
Education centre	Y	Quantitative and Qualitative	Y	N	N	Quantitative data relates to number of children who visit the centre and lessons / subjects delivered. Feedback is qualitative, and much lower in volume. Not directly comparable to the other data sources so excluded from analysis.
Technicians working the community	N	Qualitative	?	?	N	No information provided by Affinity Water. Likely to be similar to Water Saving Squad events feedback, so qualitative in nature and robustness of feedback unlikely to be determined. No further work planned and will not be taken forward for analysis.

From this assessment, we have determined three key sources of contact to take forward for analysis at this stage. These are as follows:

- Written complaints
- Telephone calls
- Website visits.

The first two are already compiled into a single source, the Weekly Universe, by Affinity Water's customer relations team.

2.2 Categories

To collate and compare the data from the Weekly Universe and the Affinity Water website in a meaningful way, all of the categories used in the data have been attributed to a common category grouping. In order to do this, we reviewed the categories at multiple levels from different data sources to develop headings that provide an appropriate level of detail to provide useful insight. The details of these categories, and the links to existing categories that Affinity Water use is set out in full in appendix A. The categories developed for this analysis have been determined as follows:

Table 2

Table 3: Categories of contact for analysis

Category heading	Explanation
Vulnerable Customers	This incorporates contact with regards to services for vulnerable customers, such as LIFT and low income tariffs
Price Perception	Customer Price Perception
Customer Account Management	Including change of details due to moving home or a bereavement
Charges & Billing	Including bill payment, charges, refunds
Incident	Including individual incidents and interruptions
Meter Reading	Meter reading process and queries
Method to Contact	Contact details, or email forms
Asset Management	Including mains renewal, truck mains
Community Delivery	Including community based activity, in your area.
Customer Assets	Including boundary stop tap, lead replacement programme
Leakage	Leakage and reporting of leaks
Water Pressure	Low pressure and flow problems
Delivery	Scheduling of work, installation and workmanship
Developer Services	Services for property and housing developers
Water Hardness	Water hardness
Water Quality	Water quality
Meter Installation	Applying for a meter, installation and change of hands

Water Saving	Water saving programme and water efficiency checks
Other.	Issues not covered by headings above, such as insurance, marketing or contact for other companies

3 Data preparation

3.1 Data sources

The data was collated from the Weekly Universe and the Digital and Social Report over an eight month period from November 2016 to June 2017[1]. Data on telephone contact and written complaints, through the Weekly Universe dates back much further than this. However, for comparison, we choose this period, as the data was readily available from both sources.

3.1.1 Weekly Universe

The Weekly Universe records contain the number of wanted and unwanted contacts from customers through telephone calls, and emails and written letters that are determined to be complaints. The reports are produced on a weekly basis and each report contains the data by month for the current and previous months for the financial year.

3.1.2 Digital & Social Report

The Digital & Social report contains information on the Affinity Water website and social media activity. The data captured from this report is the number of top transactions, search terms and viewed web-pages on the web-site.

The usage of the Affinity Water website is captured as:

- "**Transactions"** – There are services available on the Affinity Water website that allow customers the ability to manage accounts with Affinity Water without having to use the call service. These services include making payments or updating account information.
- Patterns in the transactions data and related contact in the Weekly Universe could indicate the customers' preferences to use one service over another to manage their account.
- **"Top 10 Viewed Web-pages**" – Customers visits the Affinity Water website to use the online services on offer to make a transaction, to further find information, such as updates for a particular incident or payment plan options, and to find out how to contact Affinity Water directly. The visited web-page data can be used to identify what further information customers are after and if there are peaks in demand for this information.
- **"Top 5 Viewed Incidents**" table and the 'Top 10 Viewed Web-pages" are currently regarded as separate tables and sources of data. As the "Top 5

[1] These dates were chosen based on the availability of data.

Viewed Incidents" are also considered in the 'Top 10 Viewed Web-pages" if their number of web-page visits in high-enough.

- Therefore, consolidating the "Top 5 Viewed Incidents" and the 'Top 10 Viewed Web-pages" would, in some instances, result in double counting, and have therefore not been used. However, if the number of visits to an incident web-page is less than top 10 visited web-page the customer contact about an incident would be lost in these results and visualisations.
- **"Top 10 Search Terms**" – Customers will search a term in order to find the related web-page containing the information they are looking for.
- Therefore, we assume that if the search yields the relevant web-pages, the user will then visit the relevant web-page; expecting a direct link between the peaks in search terms and visited web-pages. However, search terms patterns that do not correspond to patterns in the web-page visits may highlight information that customers are looking for but is not available on the Affinity Water website.

3.2 Data processing

Wanted and unwanted contact was extracted from the Weekly Universe reports and summed together to create a monthly contact total.

We extracted the tables from the Digital and Social Report pdfs. Each report lists contact for three months (the month of the report and the previous two months). We then worked out the average of the three values representing a single month, and the averaged value was used to represent contact for that month in the visualisations below.

3.3 Visualisation

In phase 0, we considered the possibility of visualising data through the "onion pie diagram". This had some restrictions, in that it was not possible to show the absolute numbers of contact type, and therefore no comparison would be possible across contacts. The data has therefore been visualised using a tabular format heatmap to enable direct comparison between source and categories.

We have chosen this option for visualisation, as it shows differences across multiple variables; revealing patterns, detecting correlations and outliers within the data sources.

4 Results of analysis

The visualisation overleaf represents eight months of customer contact by data source and contact theme category.

More detailed visualisations, for examples the trends of contact over the eight month period, are located in the Appendices.

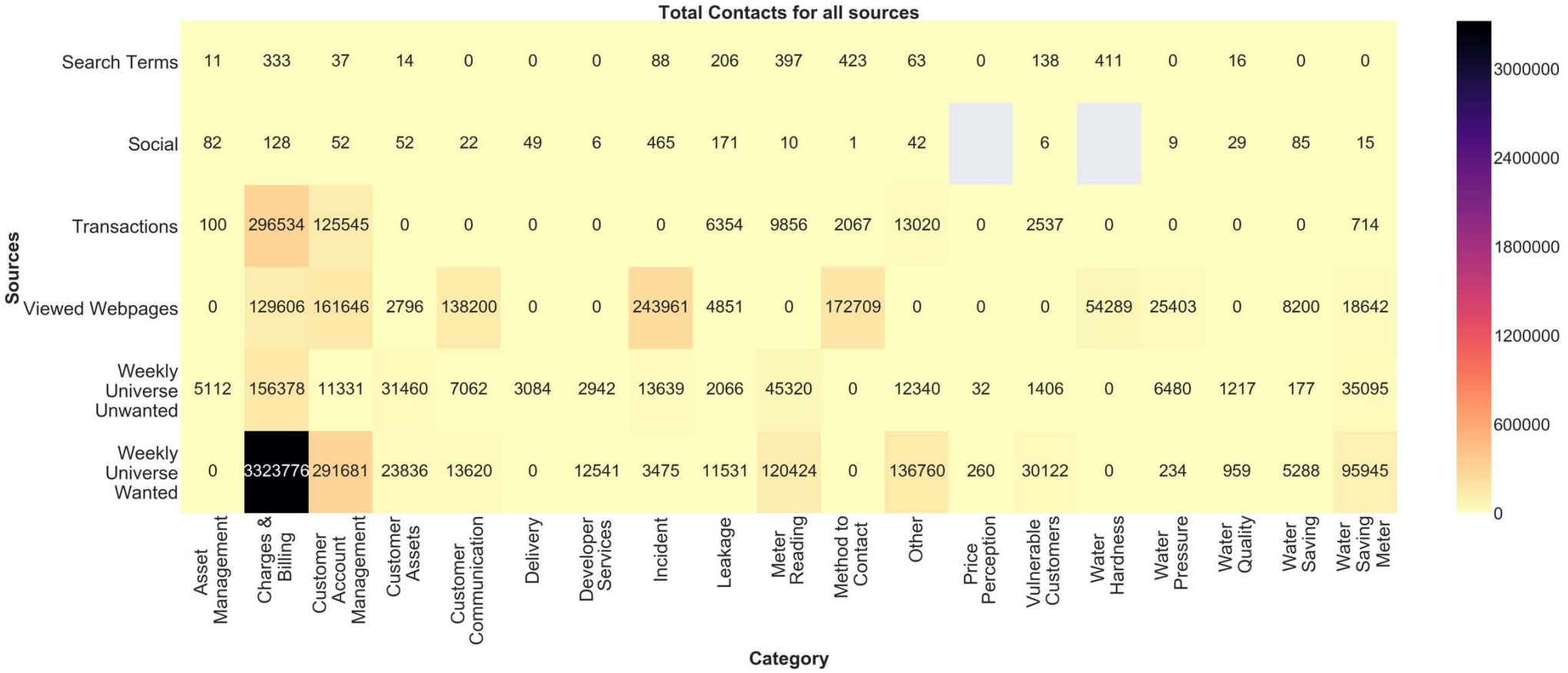


Figure 1: Customer contact by source and category, November 2016 – June 2017

Figure 1 shows that the **'Billing & Charging'** category is by far the most substantial reason for customers to contact Affinity Water. To visualise the scale of contact from customers on themes other than 'Billing and Charging', a second graphic has been created with the 'Billing and Charging' data removed. This is shown in Figure 2 overleaf.

This shows that a similar theme, of 'customer account management' is the next most significant reason for contact.

There are a few themes that are particularly significant in terms of viewed webpages:

- Incidents
- Methods of contact
- Customer communication; and
- Water hardness

There are other themes that are particularly significant in terms of weekly universe contact;

- Meter readings
- Meter installation
- Other; and
- Customer assets

This begins to prove the hypothesis that customers are talking to Affinity Water about different things through different channels.

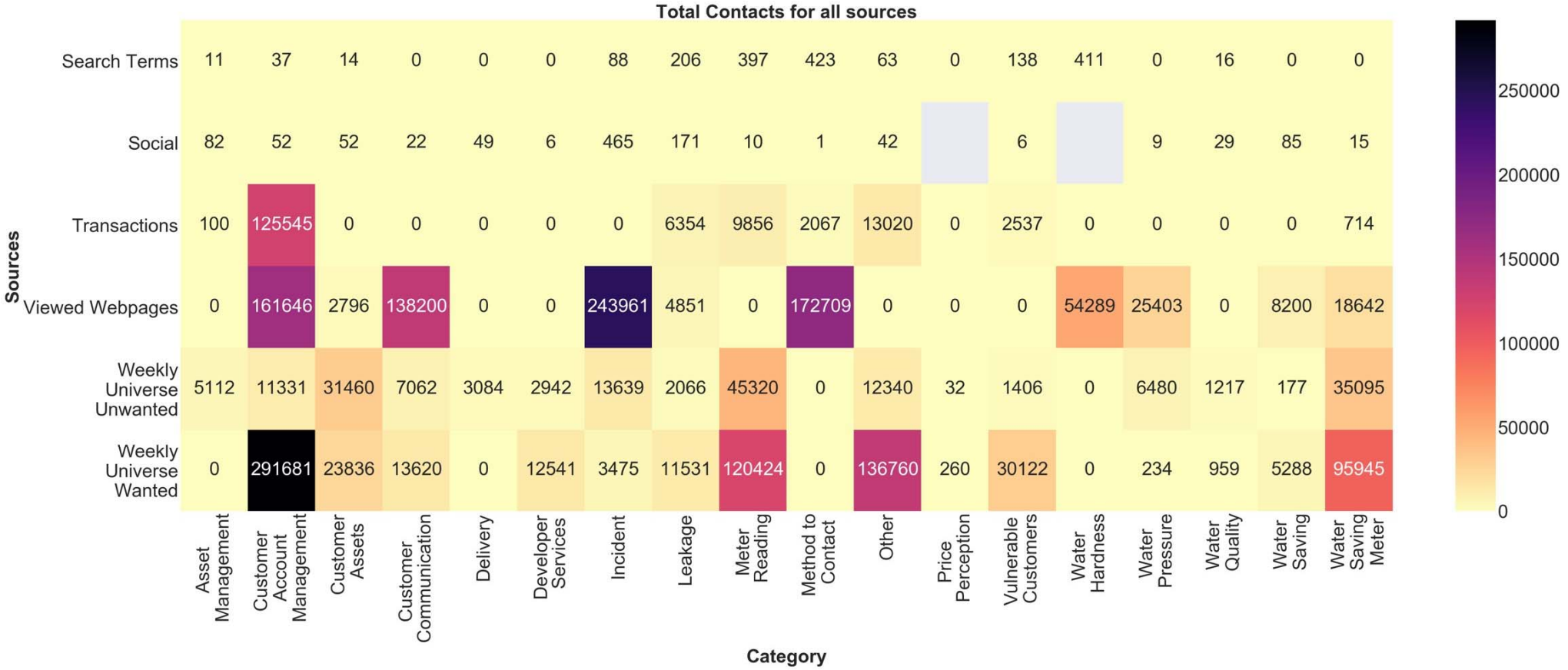


Figure 2: Customer contact by source and category, with 'billing and charging' removed, November 2016 – June 2017

Further analysis (shown in the appendix B) points to peaks in particular types of contact in different months of the year. Much of this is self-explanatory (i.e. contact in relation to billing peaks when bills are sent out, and meter readings swiftly follow, contact in relation to incidents peaks when there are incidents). However, when we get into yet more detailed analysis (i.e. Figure 6), there are some further outliers that may justify further exploration. For example:

- Water pressure was a particularly important webpage viewed between November and March, but this fell off dramatically in April. What do we know about any changes in water pressure over this time, or campaigns that would encourage traffic to this webpage?
- We understand that Affinity Water's "keep track of the tap" campaign (printed leaflet sent to all customer households and various digital stories) led to a big spike in visits to the water saving webpages in May 2017
- There is big variation in contact about water meter installations, with this sometimes being more significant as webpage visits. How does this correlate to actual installations in different areas?
- Visits to the water hardness webpages peaked in January, March and April. What do we know about water hardness metrics in these month?
- Vulnerable customer contact is generally "wanted contact" in the Weekly Universe. Does that imply that Affinity Water could be encouraging more contact on this theme?

5 Case studies

Affinity Water has collected a number of case studies on how they are currently using data (reference, *Affinity Water: Operational Data - Case Studies, dated Feb 2018*). Arup has reviewed these case studies against Ofwat's expectations[2]:

[2] Ofwat's expectations for the water sector are summarised in Ofwat, *Unlocking the value in customer data: a report for water companies in England and Wales,* p21.

This review is summarised in Table 4 below.

Table 4: Case studies against Ofwat's expectations

Ref	Case study	Data innovation	Customer empowerment	Collaborative working	Data strategy	Data knowledge	Data quality	Data security
1	Water efficiency	Y	Y	Y	N	N	N	N
2	Customer name change	Y	N	Y	N	Y	N	N
3	Streetworks	Y	N	N	N	Y	N	N
4	Operational Contact Centre Improvements	N	N	N	N	Y	N	N
5	Social Media – Dealing with Supply Interruptions	Y	N	N	N	Y	N	N
6	High Consumption and Leak Allowance process improvement	N	N	Y	N	Y	Y	N

The table can be used to draw some conclusions and identify both gaps and Ofwat's criteria that have not been captured. More specifically regarding:

- Data innovation: In most case studies Affinity Water is trying to use digital channels and provide better services to the customers. This might not be as Ofwat suggests[2] through learning from other competitive retail markets, but the use of social media and other companies, such as the company Elgin in the "Streetworks" case study.
- Customer empowerment: Although in the case studies it is clear that the customers are benefiting from Affinity Water's use of data, the case studies do not make it clear that customers are informed about how the data they provide is being used to help them "understand how they share in its value".
- Collaboratively working: The case studies demonstrate that different combinations of departments and teams work collaboratively to make use of customer data. This is shown in the "Streetworks" case study, for example, where Affinity Water has also worked with a third party. There is no evidence in the case studies, however, that Affinity Water is working with others in the sector to support customers.
- Data strategy: We understand that Affinity Water has begun to develop a data strategy, but this is not highlighted in any of the case studies. Whilst some case studies set out a clear understanding of how data is collected and used, no reference is made to a strategy, to assessing progress against it or assigning data leader, for examples.

- Data knowledge: Almost all the case studies demonstrate that Affinity Water knows what data is being held and how to process them.
- Data quality: "The High Consumption and Leak Allowance process improvement Case Study" shows how Affinity Water is seeking better quality data from customers due to the implementation of a new process.
- Data security: There is no mention in any of the case studies regarding minimising the risk of data being breached or being ensured against cyber-attacks.

6 Next steps

6.1 Possible questions for further exploration

Based on our understanding of Affinity Water's business context and objectives, we have developed a number of possible research questions for exploration in phase 1b. These are set out in table 1 below. Most of these possible questions would require bringing together customer data with asset or scientific data for analysis.

Table 5: Possible exploratory research questions for phase 1b

Theme	Possible Research Questions	Action Affinity Water could take based on the analysis
Leakage	What does the lifecycle of a leak and its repair look like at AWL? How does this vary? What data does AWL hold on the impact of a leak (e.g. litres lost, customer inconvenience, impact on other services?)?	AWL could prioritise response to leaks, based on reducing costs, or improving customer satisfaction. AWL could improve transparency on the status of a leak between the asset management teams, customer relations team and the customers.
Water meter installations	How does contact about water meter installations (in terms of timescales and geography) correlate to actual installations in different areas? What do we know about the experiences of installation teams at the same time?	AWL could improve the process for installing new water meters, including timings and customer information and care.
Water pressure	How does data on customer contact in relation to water pressure in particular geographies at particular times correlate with real changes in water pressure over the same geographies and timescales?	AWL could improve customer communication when there are water pressure issues with the aim of reducing customer contact and complaints. AWL could prioritise response to water pressure issues, based on reducing costs, or improving customer satisfaction.
Vulnerable customers	How can Affinity Water use external data sources (e.g. ONS, YouGov profiles) to better predict when customers might be likely to enter a period of vulnerability?	Affinity Water could target its support to vulnerable customers earlier and more specifically, thus aiming to reduce levels of debt.

Theme	Possible Research Questions	Action Affinity Water could take based on the analysis
Water hardness	Are there peaks in either geographical locations or time periods on the 'Check Hardness' web page? How do these correlate with what we know about water hardness across AWL's area?	AWL could improve customer communication about water hardness, with the aim of reducing customer contact and complaints.
Interruptions to supply	How does contact about interruptions to supply (in terms of timescales and geography) correlate to actual interruptions? What do we know about the proactive communication from AWL to customers about the incidents, and how this impacted on the volume of contact of customers to AWL? What do we know about the costs and timescales needed to resolve the interruption?	AWL could improve customer communication when there are interruptions to supply, with the aim of reducing customer contact and complaints. AWL could improve response to interruptions, based on reducing costs, or improving customer satisfaction.

Should Affinity Water decide to take any of these forward, further work would be required to determine the appropriate statistical approach, assess data availability, and develop a provision data processing, analysis and results presentation plan.

6.2 Case studies

Affinity water has not yet demonstrated through the case studies that is delivering on all of Ofwat's expectations. We know that the case studies are not reflective of the totality of the company's activities. Affinity Water should consider whether additional case studies, or alternative means of developing a clear narrative around the company's approach to data, would be more useful in developing confidence that the company is responding to all of Ofwat's criteria. In particular, our review has highlighted that the following criteria have not yet been met:

- Data strategy;
- Data quality; and
- Data security.

We know that Affinity Water holds greater data knowledge than has been used to inform its PR19 Customer Engagement programme to date. We also know that the company uses external data to improve its knowledge of its customers.

6.3 Summary

From the activity undertaken to date, it is not yet clear that Affinity Water has a compelling and convincing proposition to make in response to Ofwat's requirements on operational data. This is despite some good pockets of activity. We recommend that further work is undertaken to support work on this front. Tasks might include:

- A review of Affinity Water's data strategy for consistency with Ofwat's requirements;

- Development of a clear narrative on who Affinity Water's customers are, using data held by the company, alongside data from elsewhere; and
- An independent review of Affinity Water's PR19 narrative on data.

Appendix A

Categories linked to existing sub-categories

A1 Categories and links to existing sub-categories from other sources

Category Level 1	Category Level 2
Vulnerable Customers	Advance Care / LIFT
	Income Services
	LIFT
	Low Income
	Low income tariff
	Safeguard Registration
Price Perception	Customer Price Perception
Customer Account Management	Bereavement
	Change details
	Change of Customer Details
	Deceased Process
	Moving Home
	Moving home (web form)
	Moving Home Process
	My Account Change of hands
	My Account Change of Hands
	My Account Sign ups
	My Account update details
	Not Responsible for Bill
	Notifying of a death
Charges & Billing	About your bill
	Bill Design/Layout/Timing
	Billing Enquiry
	Charges
	charges scheme
	Direct Debit
	My Account DD
	My Account e-billing opt in
	Other ways to pay
	Pay online
	Payment Plan
	refund
	Reminder Whilst Account in Dispute

	WSP Billing
	Unhappy with Debt Action
Incident	Barnet
	Cust Alerts - Barnet
	Incident - Stevenage
	Incident Barnet
	Incident Barnet - 29 May
	Incident Barnet - 30 May
	Incident Barnet 19-22 June
	Incident Chertsey
	Incident Chertsey 23 June
	Incident Dunstable
	Incident Seasonal Demand
	Incident Seasonal Demand 19-22 June
	Incident Walton on Thames
	Incident Woking
	Incident Woking 11 June
	IVR Router calls (OPS INCIDENTS)
	Ottershaw
	Interruptions to Supply
	Woking
Meter Reading	Customer Querying Actual Read
	Meter reading
	Meter Reading Estimated Bill
	Meter Reading High Consumption
	Meter Reading Process
	Stopped Or Faulty Meter
	Water Meter
Method to Contact	Change of hands
	Complaints
	Contact
	Contact Number
	Contact Us
	Email form
Asset Management	Issues With Our Production Sites
	Mains Cleaning
	Mains Renewal
	Report faulty equipment

	Standpipe
	Trunk Mains
Community Delivery	Our supply area
	Community Based Activity
	Community Operations Advice
	Contact Centre Communication
	Customer Alerts
	Customer zone
	In your area
	In your area (Customer Zone)
Customer Assets	Boundary Stop Tap
	Reinstatement
	Lead Replacement Programme
	Sewage
	Waste of Water Process
	Water problems at home
Leakage	Leak
	Leak Allowance
	Leakage
	Report a leak
Water Pressure	Low pressure
	Pressure & Flow Problems
Delivery	Scheduling of Work
	WMIS Installation Process
	Workmanship
Developer Services	Developer Services Ad-Hocs
	Developer Services Mains
Water Hardness	Check water hardness
	Water Hardness
Water Quality	Water Quality
	Water Quality Appointments
	Water Quality Issues
	Water Quality Random Sampling
Other	Bogus Caller
	Online Self-Serve
	DPA
	General enquiry
	Homeserve

	Insurance
	IT & Telephony Issues
	Marketing & Company Literature
	Misc Written Complaints
	Miscellaneous
	Missed Appointments
	No Follow Up/Incorrect Action
	Non AW Contact
	Regulatory Policy Billing
	Regulatory Policy Metering
	Thames/Anglian/Southern
	Water Resources
	Web Issues
Water Saving Meter	Apply for a meter
	Apply for a water meter
	WSP Meter Installation Process
	WSP Meter Installation Quality
	WSP No Access Process
	Meter Installation Process
	Meter Installation Quality
	Meter Installation Time Taken
	Meter Installations
	Meter on Change of Hands
Water Saving	Assessed Charges
	Saving Water
	Water Saving Programme
	WSP Home Water Efficiency Check
	WSP HWEC

A2 Weekly Universe sub-categories

Categories 1	Categories 2	Categories 3
Billing	Charges & Billing	Billing Enquiry
		Online Self-Serve
		Bill Design/Layout/Timing
		Not Responsible for Bill
		Change of Customer Details
		Moving Home Process

		Customer Price Perception
		Deceased Process
	Debt Collection	Payment Plan
		Unhappy with Debt Action
		Reminder Whilst Account in Dispute
	Advance Care	Advance Care / LI£T
	Income Services	Income Services
Metering	Meter Reading	Meter Reading Process
		Customer Querying Actual Read
		Meter Reading High Consumption
		Meter Reading Estimated Bill
		Stopped Or Faulty Meter
WSP	WSP	Water Saving Programme
		WSP Meter Installation Process
		WSP Meter Installation Quality
		WSP Home Water Efficiency Check
		WSP No Access Process
		WSP Billing
		WSP HWEC
	Meter Installations	Meter Installation Process
		Meter Installation Quality
		Meter Installation Time Taken
		Meter on Change of Hands
		Assessed Charges
OPERATIONS	Contact Centre Water Supply	Contact Centre Communication
		Waste of Water Process
	Community Delivery	Community Based Activity
		Community Operations Advice
		Scheduling Of Work
		Boundary Stop Tap
		Pressure & Flow Problems
		Interruptions To Supply
		Leakage
		Lead Replacement Programme
		Reinstatement
		Workmanship
		WMIS Installation Process
	Asset Management	Mains Renewal

		Mains Cleaning
		Trunk Mains
		Developer Services Mains
		Developer Services Ad-Hocs
		Issues With Our Production Sites
	Scientific Services	Water Quality Issues
		Water Quality Appointments
		Water Quality Random Sampling
IVR Router calls (OPS INCIDENTS)	IVR Router calls (OPS INCIDENTS)	IVR Router calls (OPS INCIDENTS)
Other	Customer Communications	Web Issues
		Marketing & Company Literature
		No Follow Up/Incorrect Action
		IT & Telephony Issues
	Third Party	Homeserve
		Thames/Anglian/Southern
		Non AW Contact
	Directors' Office	Misc Written Complaints
		DPA
		Missed Appointments
		Regulatory Policy Billing
		Regulatory Policy Metering
		Water Resources
	Miscellaneous	Insurance
		Bogus Caller
		Miscellaneous

Appendix B

Further visualisations

B1 Further Visualisations

B1.1 Weekly Universe contact by month

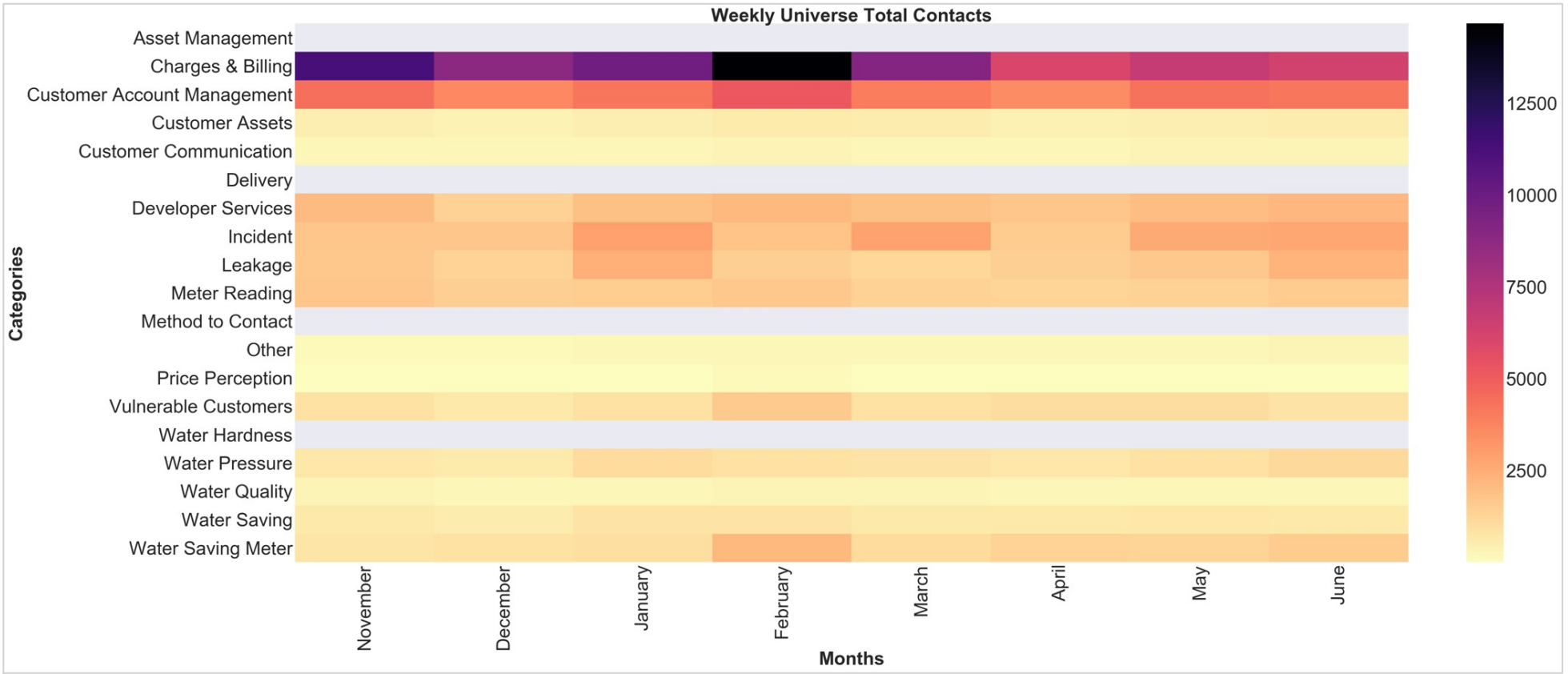


Figure 3: Weekly Universe contact by month and category

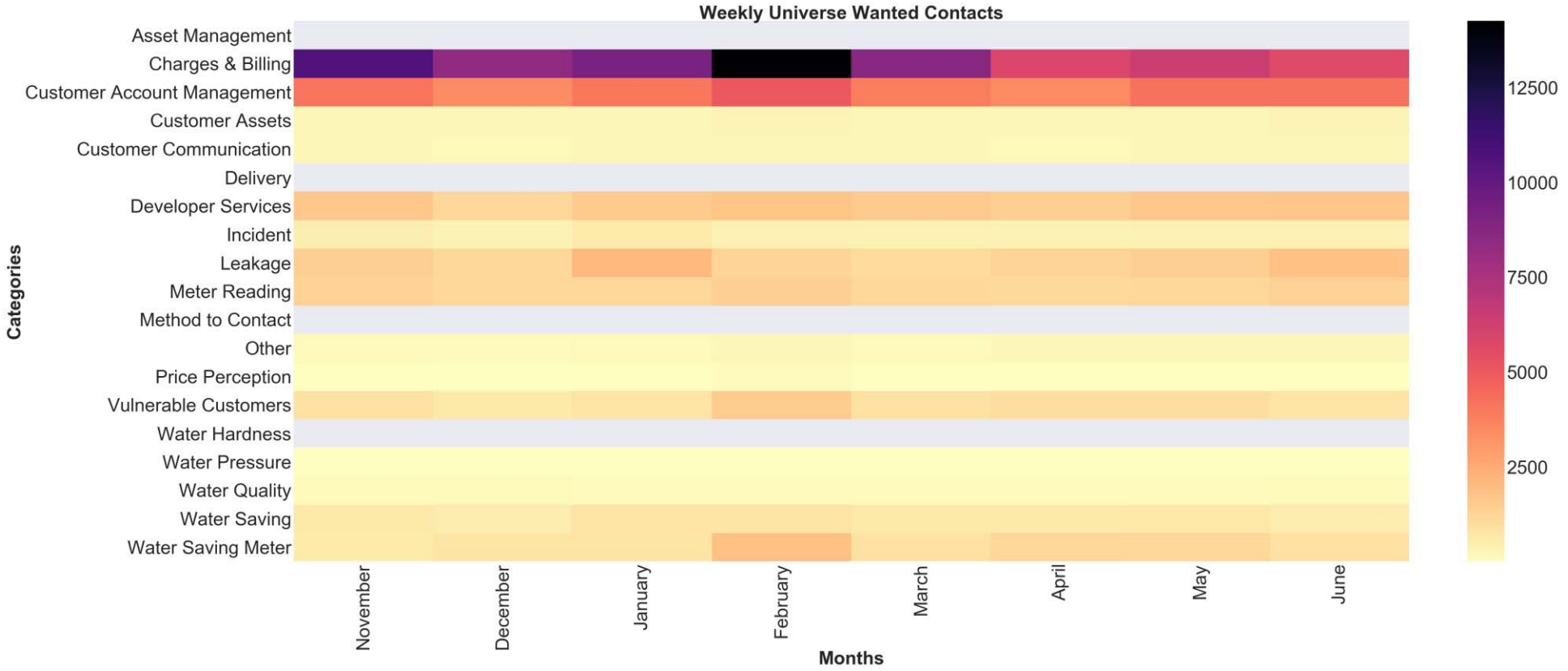


Figure 4: Weekly Universe wanted contact by month and category

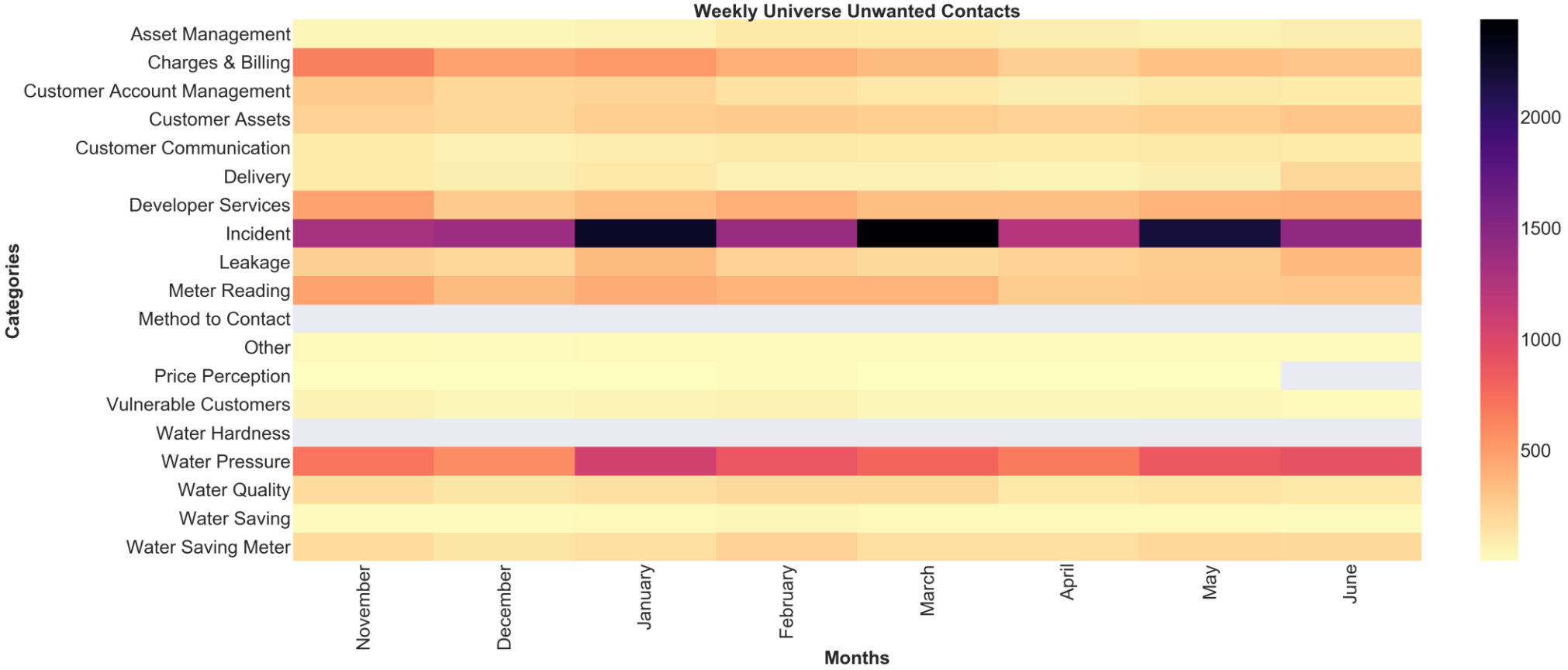


Figure 5: Weekly Universe unwanted contact by month and category

B1.2 Website monthly use by category

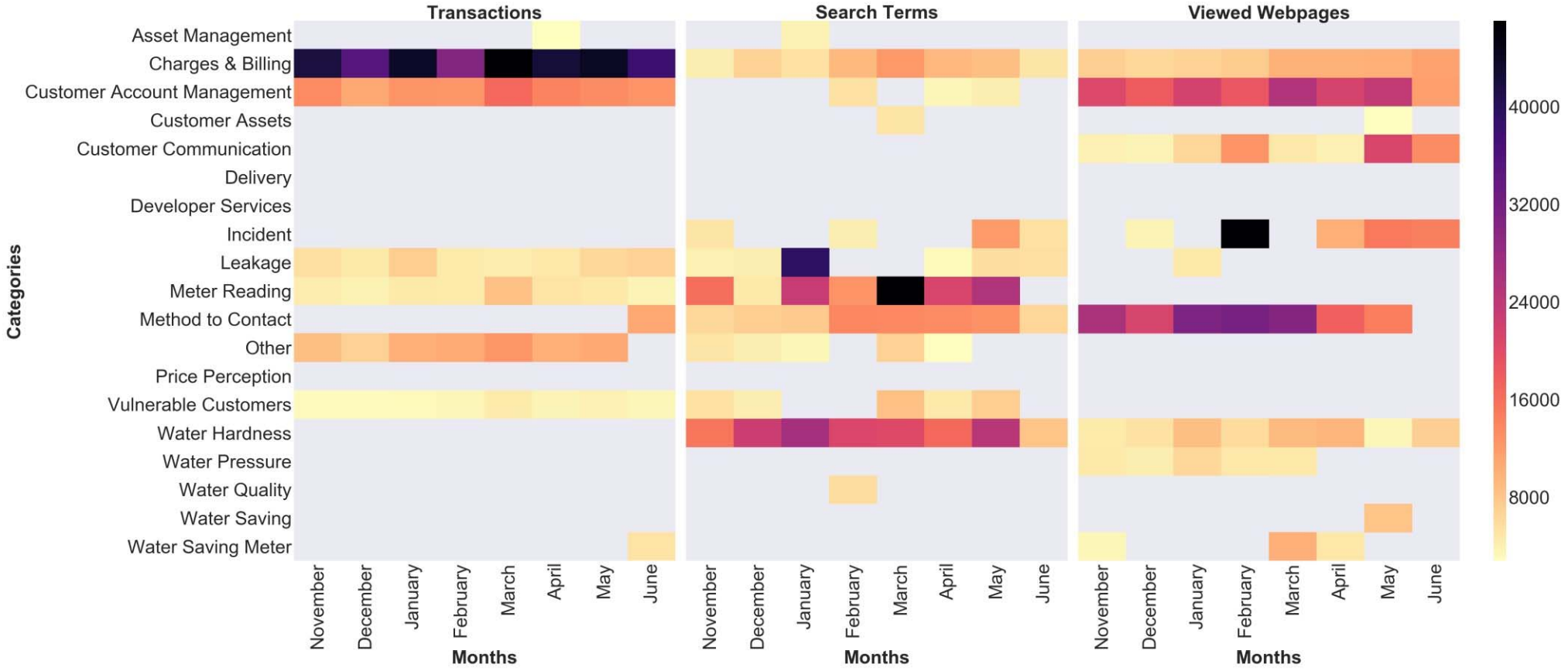
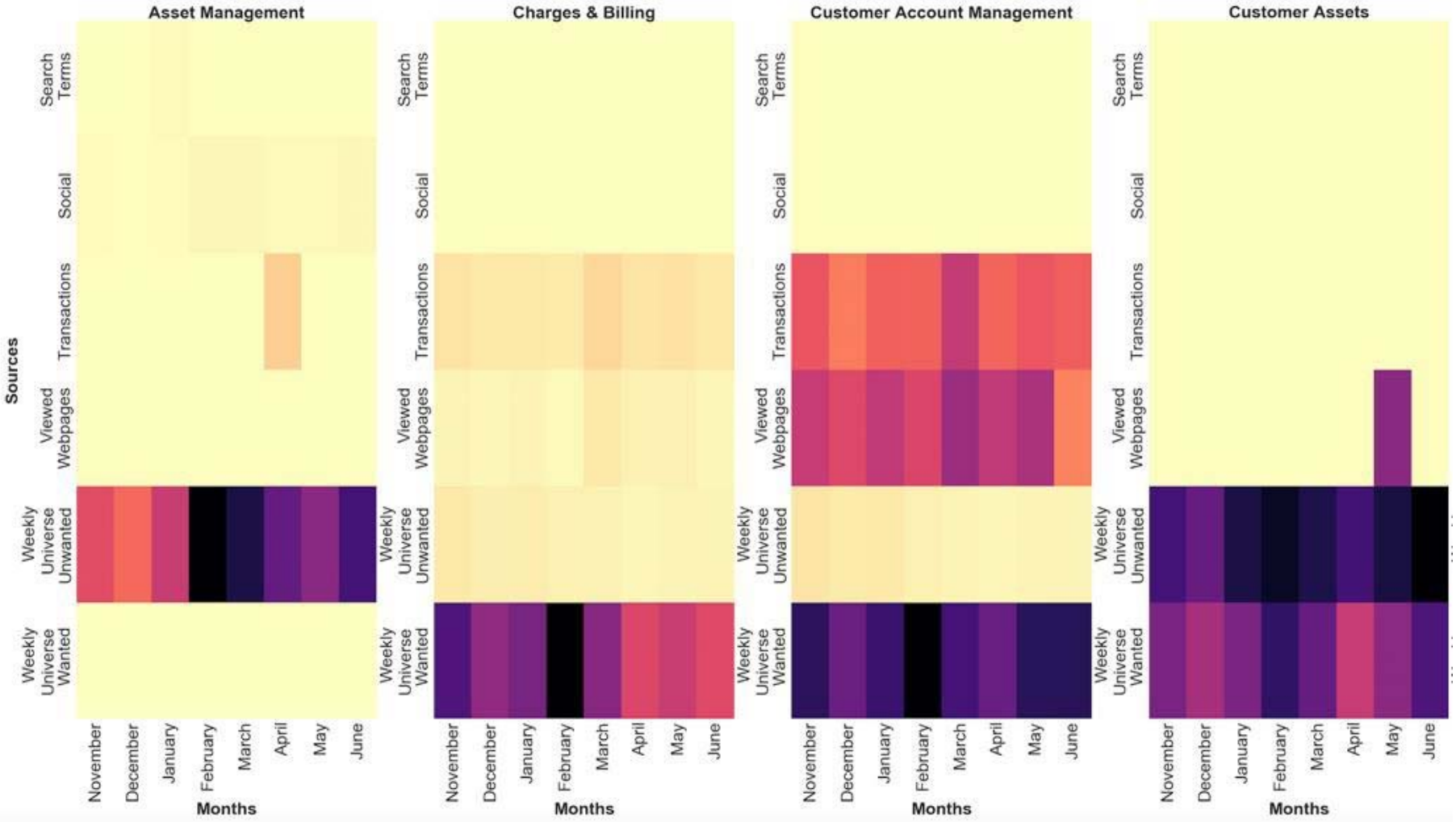
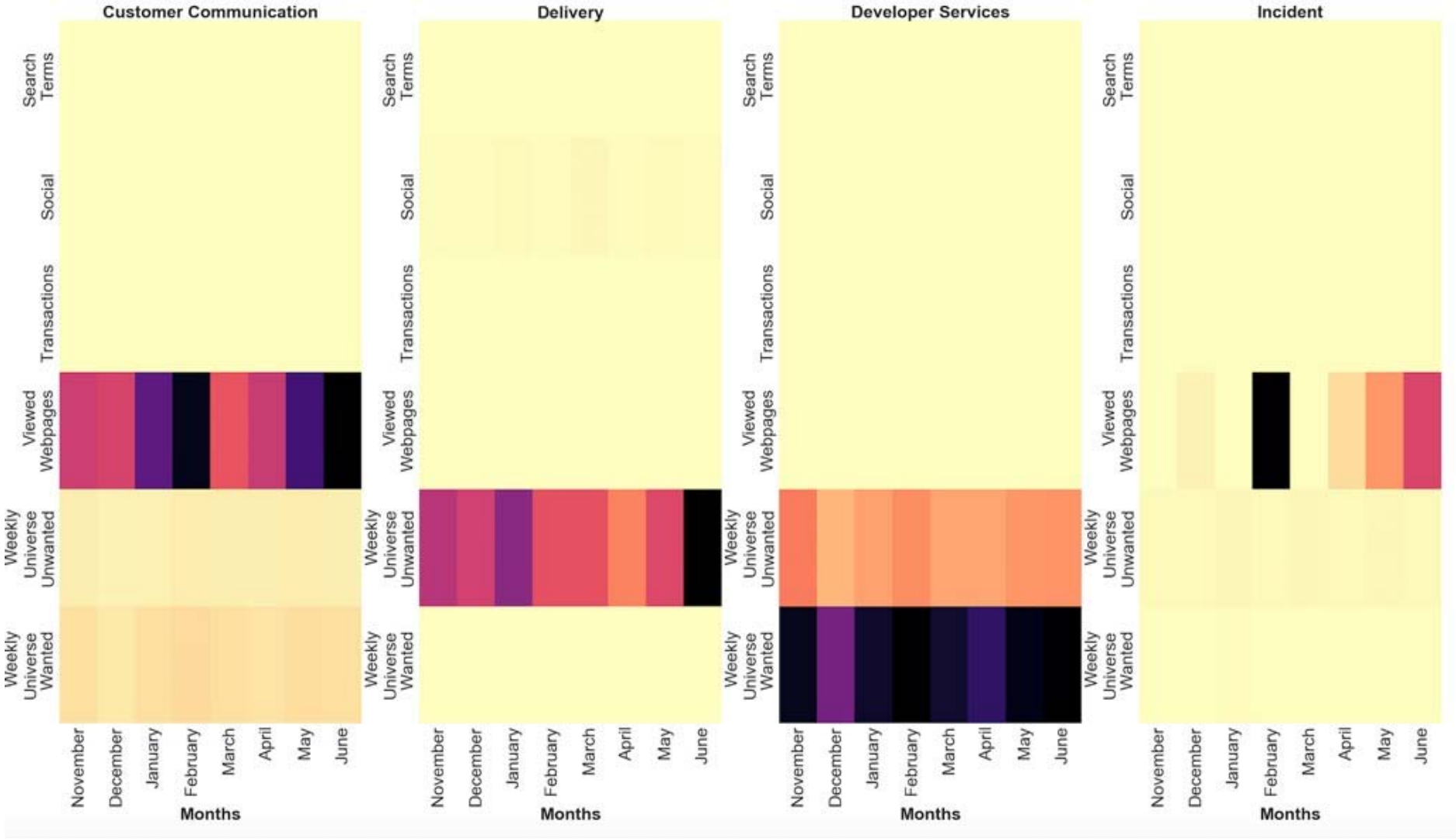
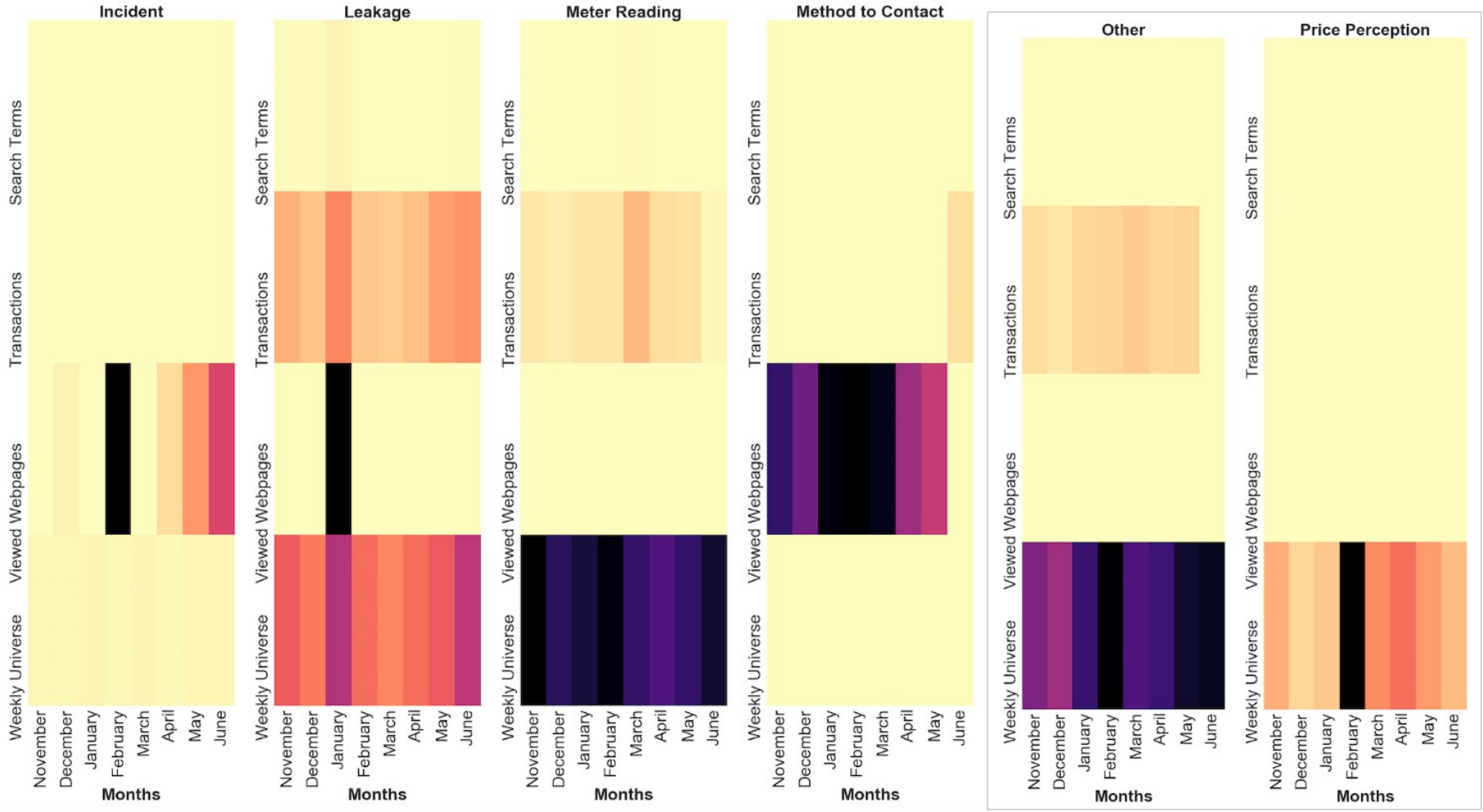


Figure 4: Digital & Social Report website monthly use by category

B1.3 Contact by source, category and month


Asset Management
Charges & Billing
Customer Account Management
Customer Assets
Sources
Search Terms
Social
Transactions
Viewed Webpages
Weekly Universe Unwanted
Weekly Universe Wanted
November
December
January
February
March
April
May
June
Months


Customer Communication
Delivery
Developer Services
Incident
Search Terms
Social
Transactions
Viewed Webpages
Weekly Universe Unwanted
Weekly Universe Wanted
November
December
January
February
March
April
May
June
Months


Incident
Leakage
Meter Reading
Method to Contact
Other
Price Perception
Search Terms
Transactions
Viewed Webpages
Weekly Universe
November
December
January
February
March
April
May
June
Months

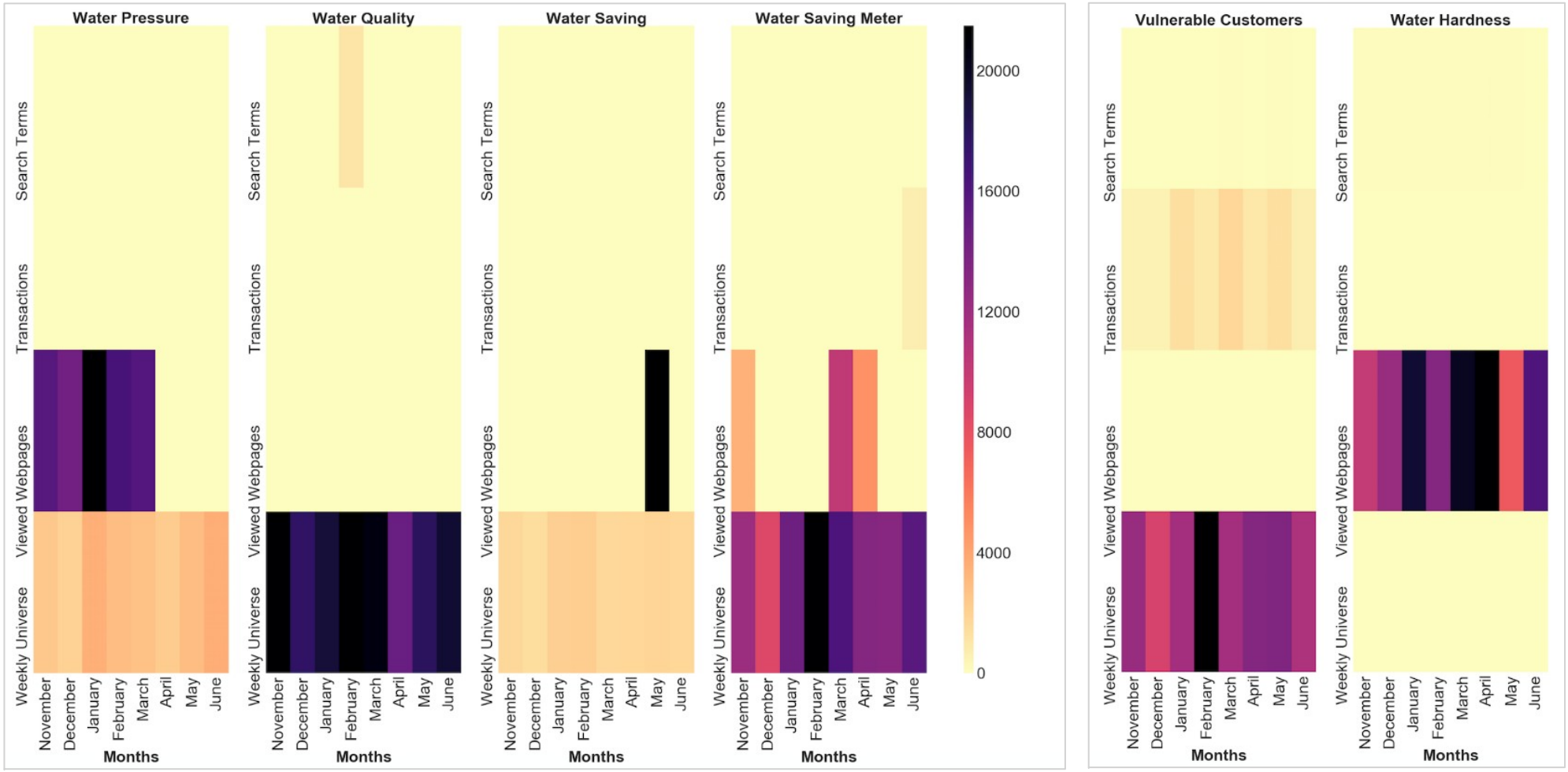
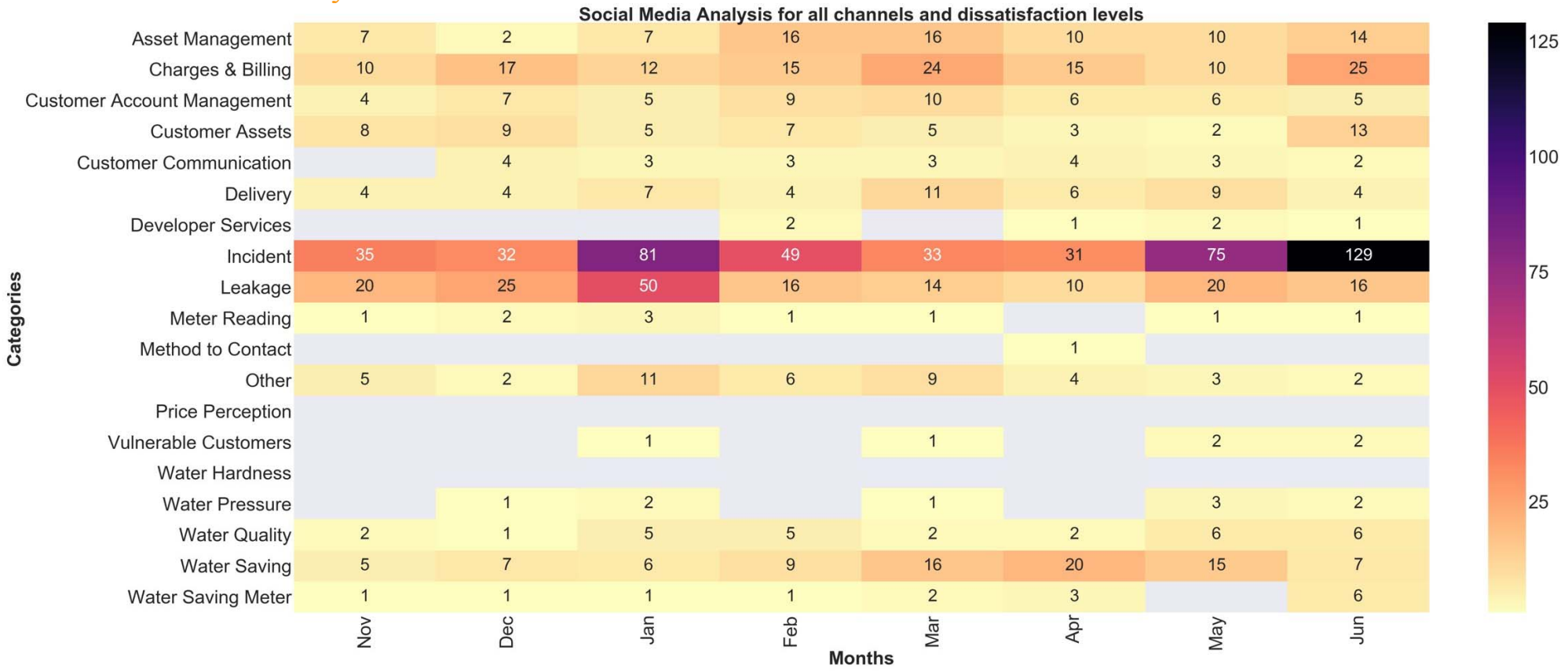
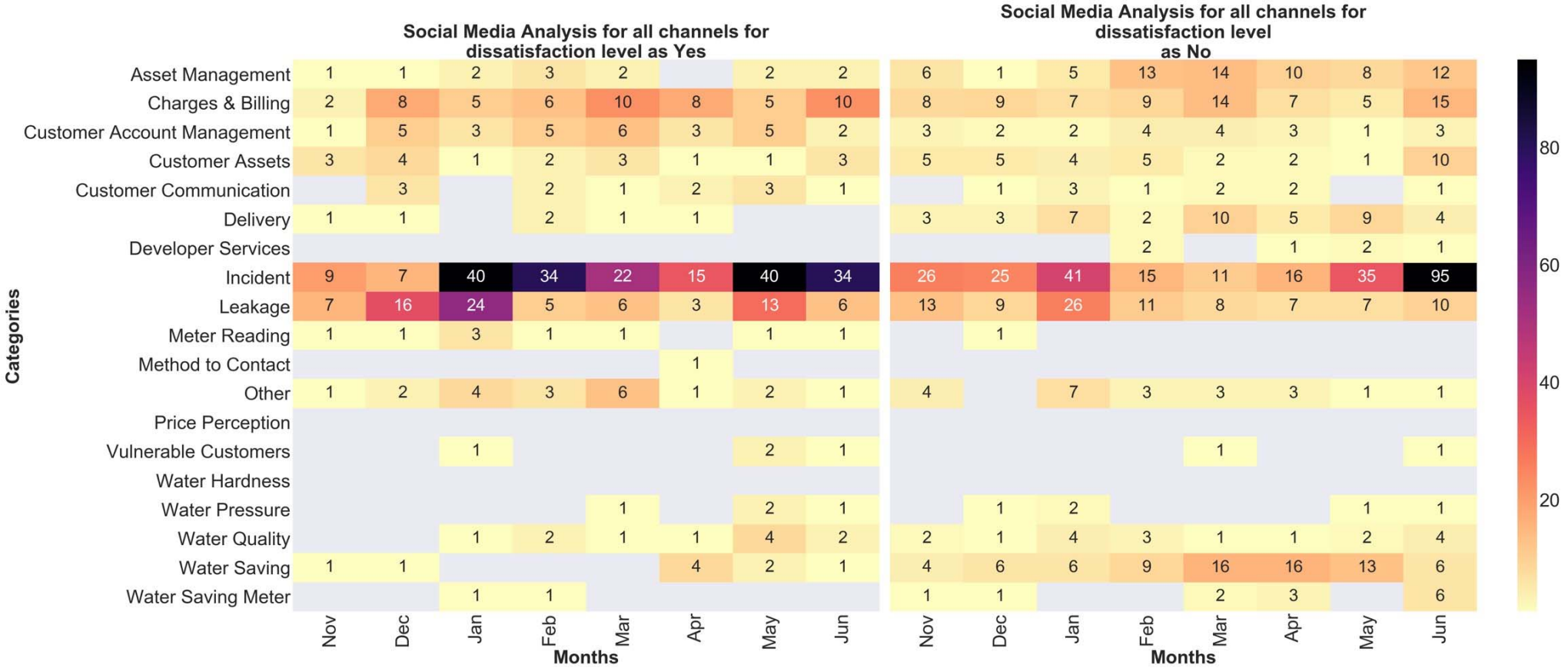


Figure 6: Weekly Universe and Digital & Social Report website contact by category by month

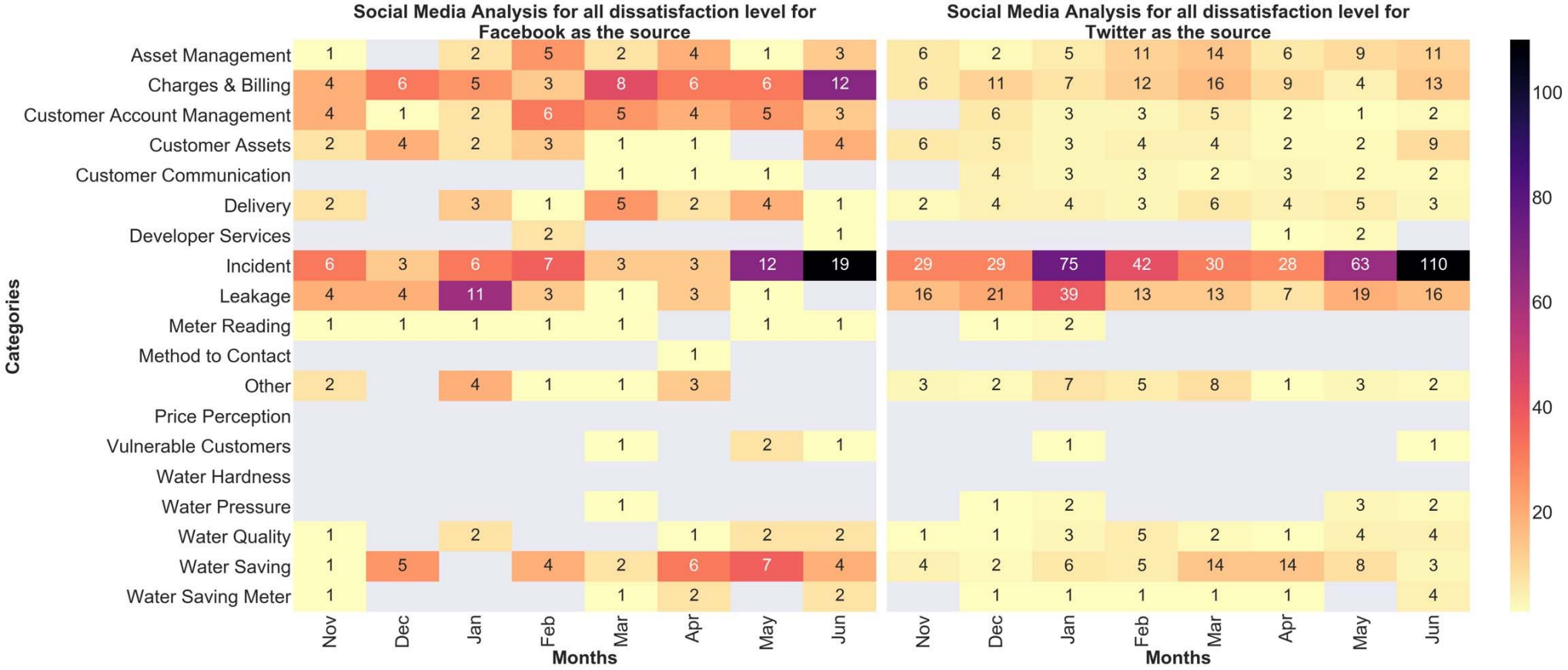
B1.4 Social Media Analysis for all channels and dissatisfaction levels



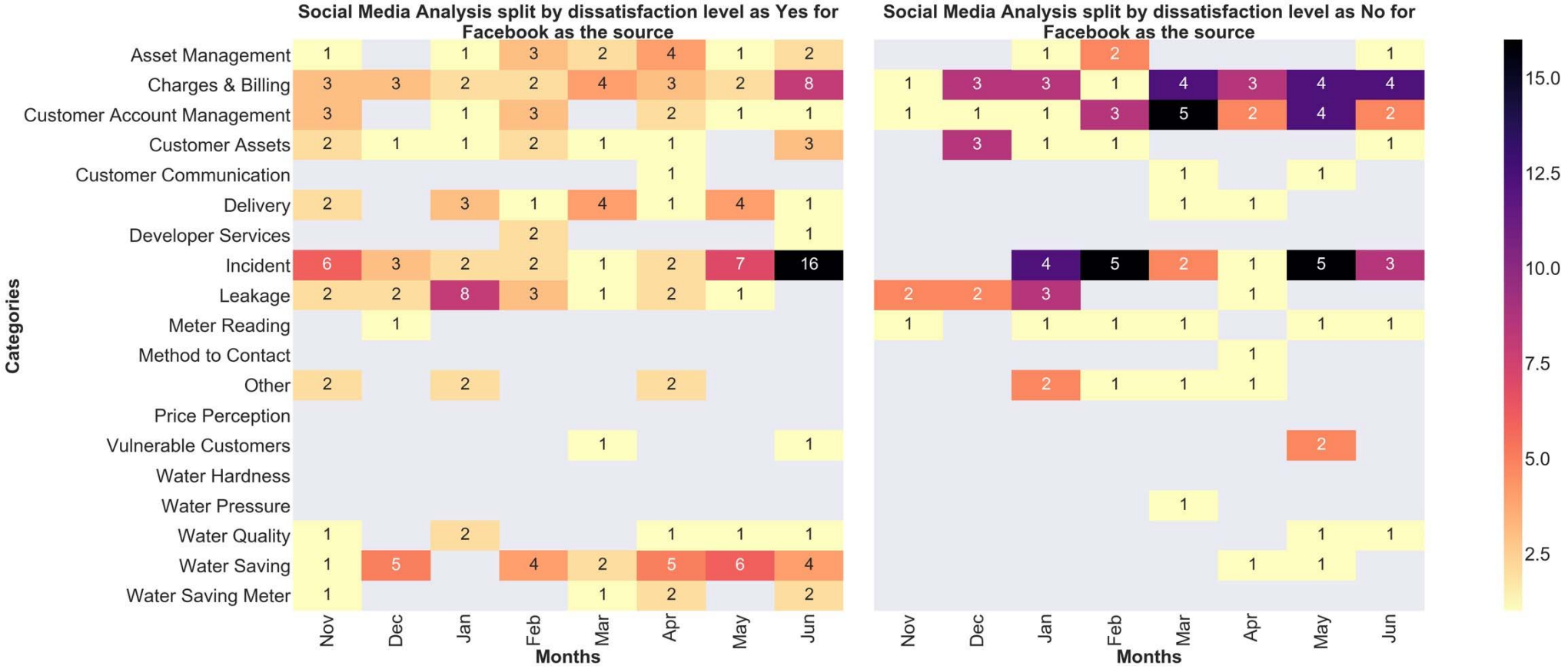
B1.5 Social media analysis for all channels for dissatisfaction level as yes and no



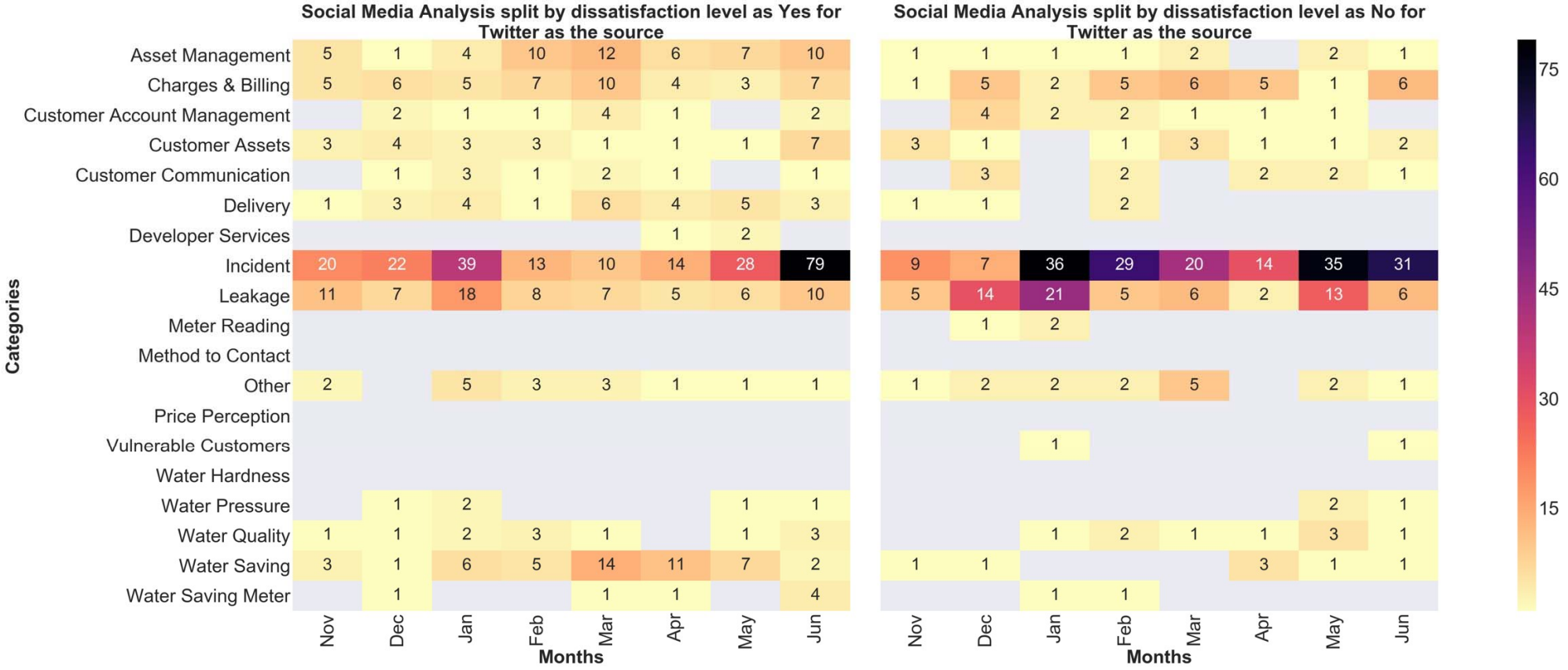
B1.6 Social media analysis for all dissatisfaction levels per source :Facebook and Twitter



B1.7 Social media analysis for facebook as a source for both dissatisfaction levels



B1.8 Social media analysis for Twitter as a source for dissatisfaction levels as yes/no


Social Media Analysis split by dissatisfaction level as Yes for Twitter as the source
Social Media Analysis split by dissatisfaction level as No for Twitter as the source
Categories
Asset Management 5 1 4 10 12 6 7 10 | 1 1 1 1 2 2 1
Charges & Billing 5 6 5 7 10 4 3 7 | 1 5 2 5 6 5 1 6
Customer Account Management 2 1 1 4 1 2 | 4 2 2 1 1 1
Customer Assets 3 4 3 3 1 1 1 7 | 3 1 1 3 1 1 2
Customer Communication 1 3 1 2 1 1 | 3 2 2 2 1
Delivery 1 3 4 1 6 4 5 3 | 1 1 2
Developer Services 1 2
Incident 20 22 39 13 10 14 28 79 | 9 7 36 29 20 14 35 31
Leakage 11 7 18 8 7 5 6 10 | 5 14 21 5 6 2 13 6
Meter Reading 1 2
Method to Contact
Other 2 5 3 3 1 1 1 | 1 2 2 2 5 2 1
Price Perception
Vulnerable Customers 1 1
Water Hardness
Water Pressure 1 2 1 1 2 1
Water Quality 1 1 2 3 1 1 3 | 1 2 1 1 3 1
Water Saving 3 1 6 5 14 11 7 2 | 1 1 3 1 1
Water Saving Meter 1 1 4 | 1 1
Nov Dec Jan Feb Mar Apr May Jun
Months
Nov Dec Jan Feb Mar Apr May Jun
Months
75
60
45
30
15

Annex 4: Phase 1 Listening and Learning

Ph1.7 – Phase 1 Triangulation: Market Research programme; Research report

Phase 1 Triangulation

Market Research programme

Research report

Ipsos MORI
Social Research Institute

ARUP

Summary

- This report presents findings from Affinity Water's market research programme supporting PR19. It primarily makes use of research activities undertaken via the Affinity Water 2020 Community of Customers but also draws on a series of in-depth interviews with customers and a standalone survey about the Social Tariff. Use is also made of PR14 research. Its focus is key themes and performance commitments pertaining to the PR 19 Business Plan.
- Water is considered **essential** by customers. This is reflected in a conception of water as less 'product', more 'service', and in emotional attitudes towards leakage and waste.
- Despite its essential status, Community customers say they **pay less attention** to water relative to energy and communication utilities. Engagement is a challenge; most customers say they know a little or nothing about Affinity Water. Water is an 'invisible' service.
- This makes it **difficult to engage and cut-through**, evident in our attempts to recruit the AW 2020 Community and, having done so, then finding twice as many customers saying they did not recall receiving the Keep Track of the Tap leaflet, as did.
- Water **supply is reliable** in customers' eyes. Its constant supply is not under threat and resilience is taken for granted because Britain is a 'wet' country with plentiful supplies of water; many customers viewing the Hubbub film were surprised that most, or at least some, of our drinkable water is sourced from rivers, lakes or reservoirs.
- Tap water is trusted, and seen as being **safe and clean**. Qualitative research has found some exceptions to this, and a survey among the Community points to some *relative* issues with taste and smell. But the overwhelming sentiment is one of satisfaction with few top-of-mind suggestions for improvement.
- The mainly affordable nature of water bills and the weak link between use and cost, mean that there is little imperative to reduce consumption. Community customers consider themselves 'average' and 'efficient' in terms of **water consumption** – with little means to draw these comparisons – but attempts to help customers reduce consumptions are pushing at an open door. Half think they might be able to do something to make small reductions to consumption which is seen as more the responsibility of customers than water companies.

Summary

- Minimising **leakage** is thought to be a key part of the 'contract' between company and customers. Self-reported concern among customers is driven by a distaste for waste, followed by the cost of controlling leakage and how this affects their bill and the potential risk to the environment if we have to take more water from rivers.
- Customers recognise that there are different severities of leaks, and that some necessitate a faster response than others. Over half think that the time Affinity Water takes to repair leaks is about right. However, four in ten think that they should repair leaks faster.
- There is an appetite for **additional investment** by Affinity Water to reduce leakage further, in principle. Seven in ten think that Affinity Water should meet, or exceed, Ofwat's leakage reduction expectations.
- Customers are most inclined to agree with an **increase in their water bill** if it was to fund new ways of reducing leakage at a faster rate.
- There is an apparent scope to improve communication during **interruption** through outage/bursts, while low water pressure is something customers "have to put up with" and are resigned to. There is much confusion about the causes of low pressure and low awareness of how, or if, pressure can be improved.
- When given a choice, Community customers prefer an option involving a lower risk of interruptions and lower compensation than one with higher risk of interruption and higher compensation.
- Customers with characteristics associated with **vulnerability** are actively trying to manage household bills with a sense of pride in paying. They find it difficult to track water usage and cost. Water use is a private matter and especially hard to control. Also, bills are infrequent and they lack visual measures to make water usage and cost understandable.

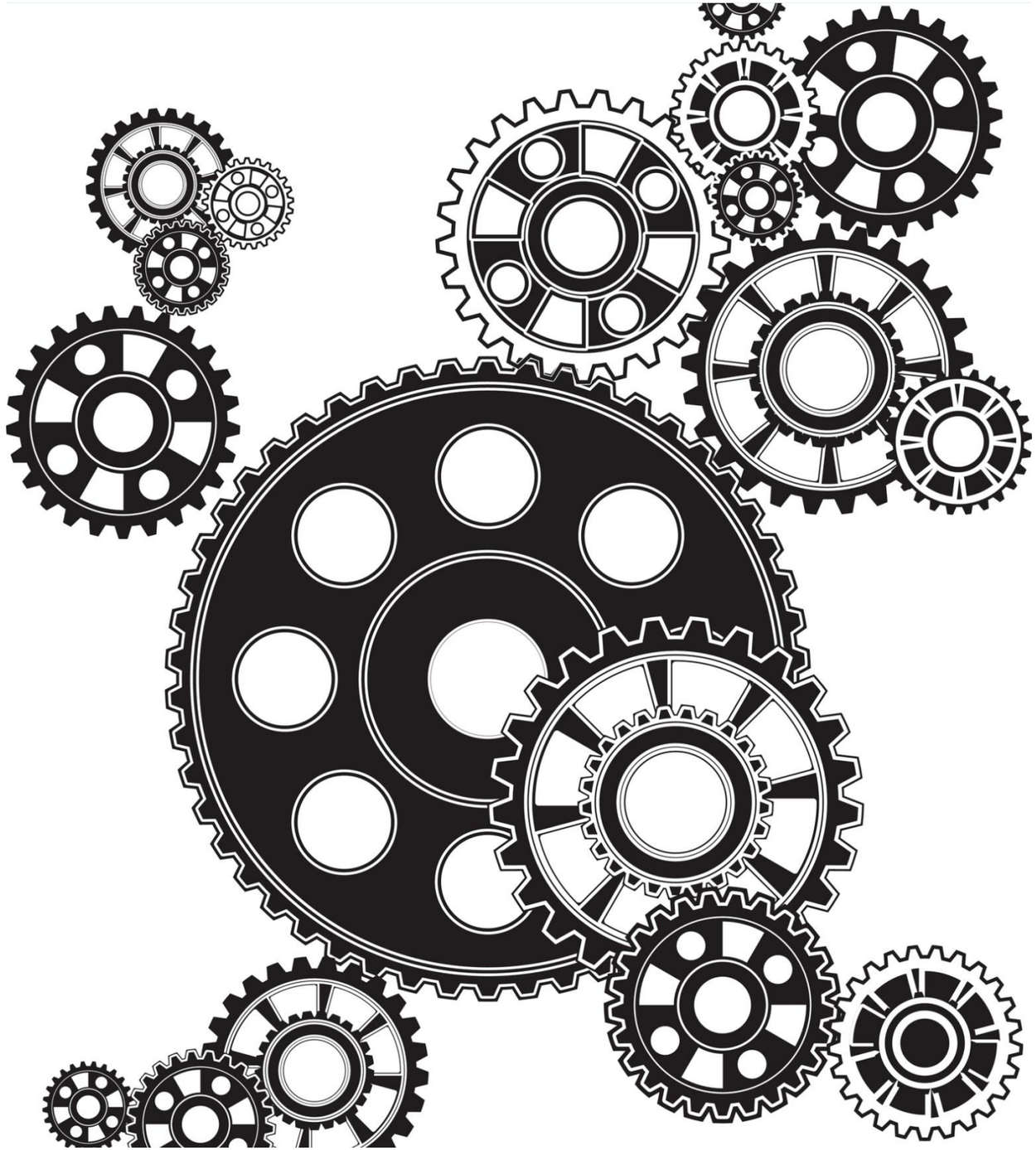
Summary

- Water was felt to be affordable in smaller households with fixed income or pension but harder in fluctuating usage or large family households, or where there was an unstable income. Most customers did not think about water usage but felt they use as much as they need and no more.
- Customers did not directly describe themselves as 'vulnerable', instead using similar vulnerable stereotypes when prompted. They are unaware of what Affinity Water can do to help with bills.
- Customers are supportive of Affinity Water providing support to those who have financial difficulty paying for their water. Support increases when basic information is provided about the Social Tariff and the nature of support provided by Affinity Water. It cools sharply when the idea of customers funding support is introduced (without any quantification of the impact on customer bills), but then increases when the Social Tariff is explained in terms of the requirement to demonstrate customer support, the eligibility criteria and non-profit making. More than six in ten would support some sort of bill increase.
- While comparison with a similar survey undertaken to support PR14 can only be indicative (given differences in questions, sample profile and weighting etc.), the PR19 standalone survey finds that customers are, largely, as supportive of the Social Tariff in principle as they were 5 years ago, but are more inclined to support contributing to it financially.
- Seven in ten Community customers think that the service Affinity Water provides is good. Only 5% think it is not very good or not good at all, but 27% say they don't know.

- **Phase 1** has involved further **listening and learning**, and more detailed exploration of particular themes and performance commitments (covered in this report). Detailed propositions and choices will be tested and put to customers in **Phase 2**.

Phase 1

Activities and methods



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Phase 1 activities and methods

* The figures shown are the total number of responses to a stepboard which are a series of sequential, 'open' questions on a specific theme.

Activity type	Activity theme	Method	Type of customer	No. of customers	Fieldwork period	Other
Survey	'More about you'	**Community**	All/general	602	Oct-Nov 2017	The Community provides a flexible forum for research, **not a statistically representative** measurement of customer sentiment.
Survey	Water use/quality	**Community**	All/general	581	Nov 2017	
Survey	Leakage	**Community**	All/general	387	Nov-Dec 2017	
Survey	Customer service	**Community**	All/general	334	Dec-Jan 2018	
Survey	'Omnibus'	**Community**	All/general	379	Jan-Feb 2018	
Stepboard	Leakage	**Community**	All/general	300*	Oct-Nov 2017	
Stepboard	Hubbub	**Community**	All/general	247*	Nov-Dec 2017	
Stepboard	Drought	**Community**	All/general	200*	Dec 2017	
Stepboard	Customer service	**Community**	All/general	56*	Dec-Jan 2018	
Quick polls	Multiple (x9)	**Community**	All/general	Min. 117 – max. 240	Oct- Dec 2017	
Survey	Social Tariff	Standalone	All/general	500	23-30 Jan 2018	Online panel
In-depth interviews	Vulnerability/ affordability	60 min.s face-to-face interview	Characteristics associated with vulnerability	12	Nov 2017	Free-find recruitment
In-depth interviews	Low water pressure/ disrupted service	60 min.s face-to-face interview	Experiencing low water pressure/had been cut off for more than 12 hours	5 (3/2)	Nov 2017	Free-find recruitment

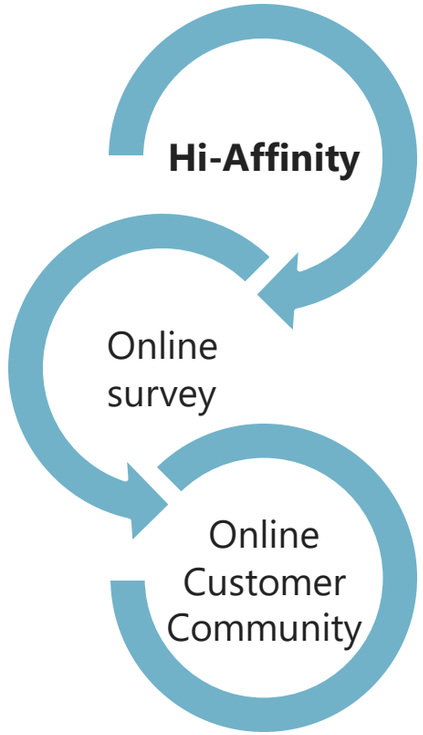
Phase 1: Design and CCG challenge criteria

Phase	PR19 programme activity	Challenge criteria 1.	2.	3.	4.	5.	6.
0	Ethnographic interviews				Upgraded to 'green' after analysis		
0	'Signpost' discussions						
1	Community of customers					Changed to grey (not done yet)	
1	In-depth interviews				Upgraded to 'green' (2-way conversations facilitated)	Changed to grey (not done yet)	
2	Acceptability research						
3	Customer workshops						

CCG challenge:
1. Quality of insight
2. Quality of propositions
3. Quality of process
4. Diversity and reach
5. Future customers
6. Current performance

Key: **GREEN** fully meets criteria; **AMBER** partially meets criteria; **GREY** cannot reasonably be expected to meet criteria

The Affinity Water 2020 Customer Community



- Community members were drawn from Affinity Water's **Hi-Affinity customer database.** Recruitment was two-stage:
  1. Participants were invited by email to complete a registration survey to gather basic information
  2. They were then asked to register an account on the Community platform
- Hi-Affinity sample was screened to exclude non-residential contacts and other ineligible participants
- The largest grouping were emails flagged in our own database as "do not contact" based on previous research.
- Other large exclusion groups were those with invalid emails, and small business premises.
- The response rate to the invitation was half what was initially expected – c.2% instead of c. 5%.
- This necessitated a second wave of recruitment in October to reach 2,000 Community members.

	Sample 1 (Sept 17)	Sample 2 (Oct 17)
Total contacts provided	45,450	45,450
Removed during quality checks	*1,933*	*2,091*
Total invitations sent	43,517	43,359
Completed registration survey	*1,595*	*1,711*
Signed up to Community	980	1,026
Effective response rate	***2.25%***	***2.37%***

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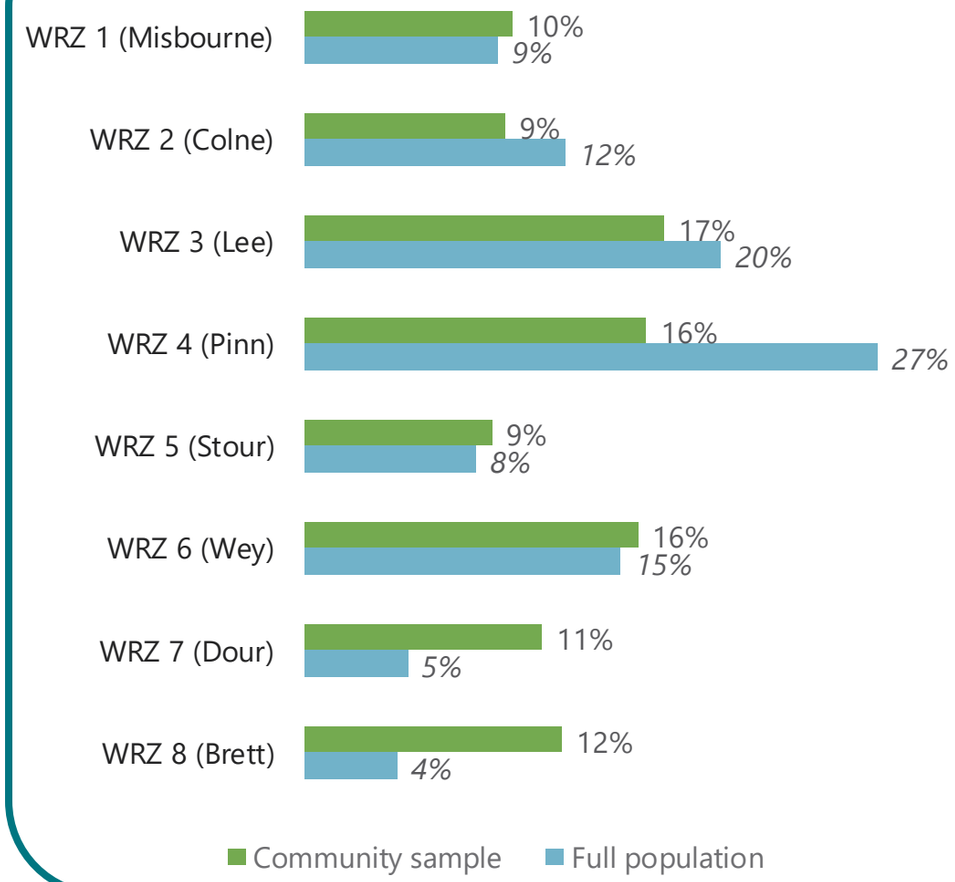
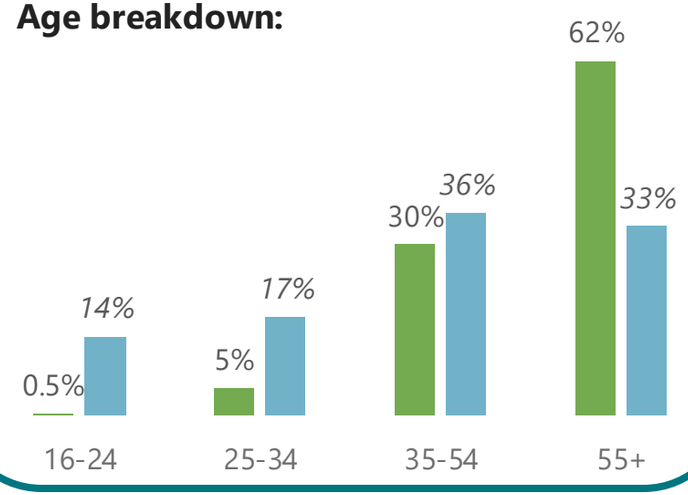
Social Research Institute

Community profile

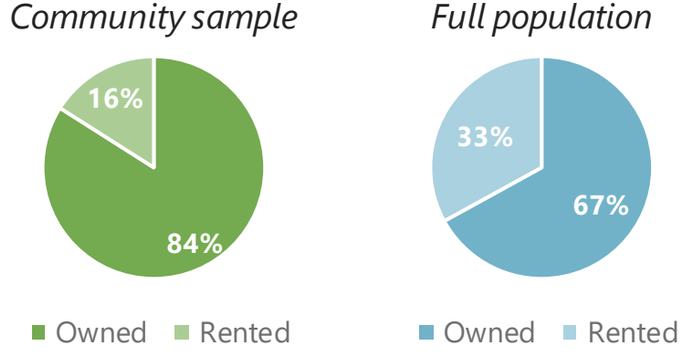
Participant location:



Age breakdown:



Tenure status:



The **Affinity Water 2020: Customer Community** has been designed to provide a flexible forum for ongoing conversations with a large group of Affinity Water customers, allowing for quantitative measurement plus qualitative and deliberative inquiry. It is not representative in a statistical way.

As a sample of bill payers and named account holders, the Community has an **older and more affluent** profile than the general population in Affinity Water's regions – this can be seen in the age and tenure charts opposite.

All WRZs are well-represented in the full Community sample. Pinn, the most urban WRZ, is substantially under-represented, while the two WRZs with large older populations (Dour and Brett) are both over-represented. This fits the wider profile that shows greater engagement among older people.

Base: 2,007 Community Members from across the Affinity Water area

Source: Affinity Water 2020 Customer Community / Ipsos MORI Social Research Institute

Themes and Performance Commitments

N.B. These findings are sourced from PR19 Phase 1, Phase 0, and PR 14 sources

Ipsos MORI
Social Research Institute

Leakage

Performance Commitment: Leakage (Ml/d)

SUMMARY:

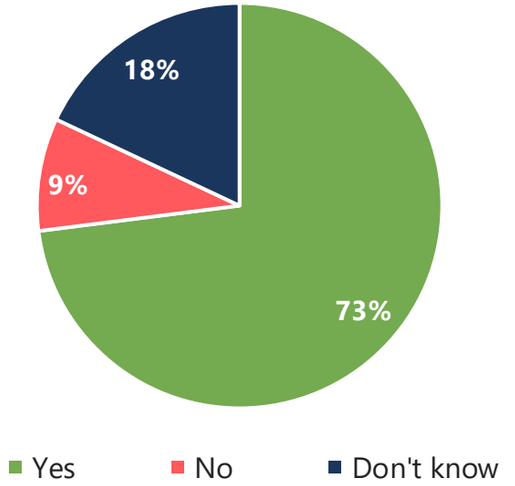
- Customers think leakage is wasteful.
- Customers don't appreciate being asked to save water when they see leaks being left.
- They recognise that there are different severities of leaks, and that some necessitate a faster response than others.
- Customers don't make the connection between leakage and the environment.
- They want better explanation from Affinity Water of leakage and its importance, and further reductions. Seven in ten think that Affinity Water should meet, or exceed, Ofwat's leakage reduction expectations.

PR19 Phase 1 COMMUNITY SURVEY:

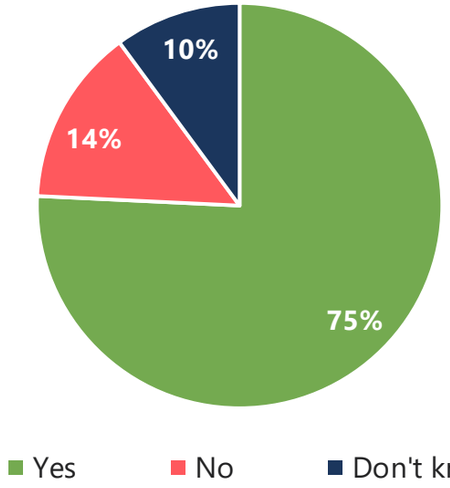
- Nearly three in four (73%) think Affinity Water currently manages leakage appropriately, with only one in ten (9%) saying they do not.
- However, three in four (75%) would still like Affinity Water to explain leakage and its importance better than they currently do to customers.
- The top three ways which customers would prefer Affinity Water to use to communicate their leakage performance include: how much leakage costs (66%), reporting on the amount of water lost through leakage as a percentage that is put into supply (65%) and reporting leakage performance on the website, including history of leakage over time (58%).

PR19 Phase 1 COMMUNITY SURVEY:

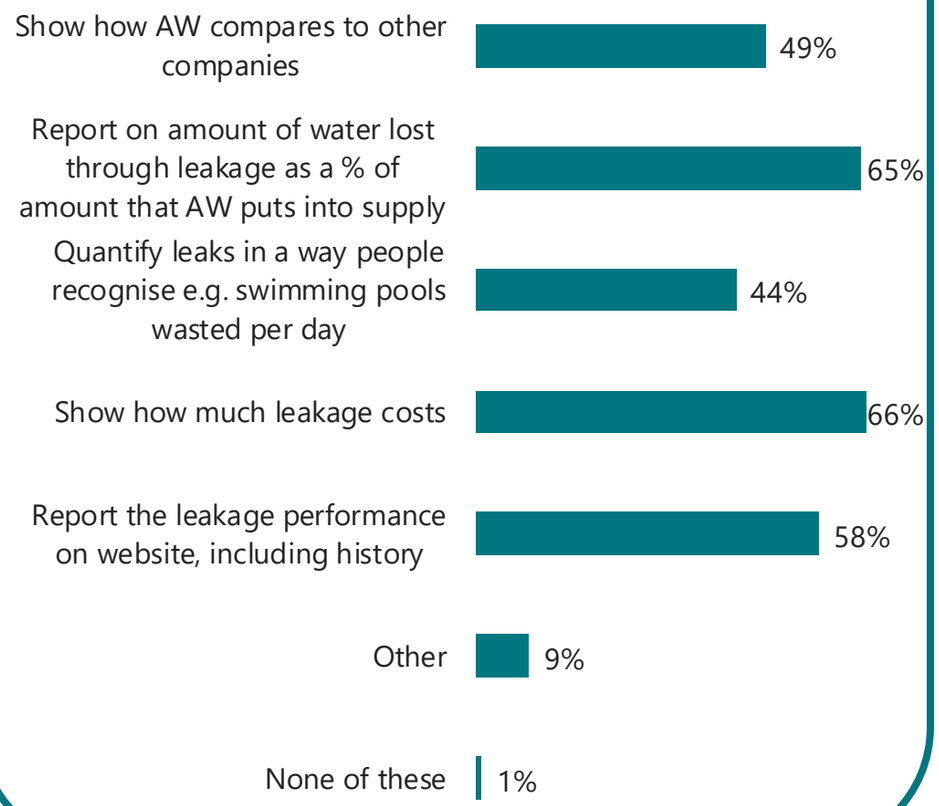
Q1 – Does Affinity Water manage leakage appropriately?



Q2 – Should Affinity Water explain leakage and its importance better?



Q3 – Which should Affinity Water use to communicate their leakage performance?



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

PR19 Phase 1 COMMUNITY STEPBOARD:

1: There is a small leak in a residential area. Water is flowing out of the pavement and into the drain continuously, at the level you can see here.

- This should be fixed within 24-48 hours where possible, although some customers would be willing to wait up to a week.
- It is thought to be more urgent for it to be fixed quickly in winter, as it could present a danger to pedestrians and other road users.
- There were many examples of customers having experienced or seen similar types of leak.

2: This is a slightly larger leak at a pedestrian crossing. Water is flowing onto the road at the volume you can see in the photo.

- It should be repaired as soon as possible; acceptable repair times ranged from 3-4 hours to 24-48 hours. Some customers expected repair work to continue through the night if needed in order for it to be fixed within 48 hours.
- This type of leak is urgent and should be given high priority due to the visible waste of water and inconvenience and danger to users of the pedestrian crossing.

3: This leak took place on a busy road. An undetected leaking mains pipe undercut the tarmac until it gave way, causing a complete closure of the road.

- This was considered to be an emergency situation with the potential to cause serious injury or loss of life and disruption to other road users which should be fixed as soon as possible - working round the clock if necessary.
- Few customers had witnessed a leak as severe as this.

4: A large water pipe burst in this area, submerging a road in a residential neighbourhood and flooding nearby houses and properties.

- This should be dealt with immediately due to the high impact and severe damage it is causing and to limit further damage. The response should be within the hour to evacuate residents to safety, turn off the water source and begin to drain the water from people's homes.
- Very few customers reported having seen a leak of this magnitude locally.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 300 responses overall over the 4 steps; 83 responses to leak 1, 76 to leak 2, 74 to leak 3 and 70 to leak 4 (most answered all 4 questions).

1: There is a small leak in a residential area. Water is flowing out of the pavement and into the drain continuously, at the level you can see here.

Illustrative verbatims:

All leaks should be high priority.

[I've] seen many leaks like this over the years: some have been dealt with quickly whilst others have been left for too long and this has led to related problems such as pavement deterioration: road cracks and is an additional hazard when weather is icy cold.

2: This is a slightly larger leak at a pedestrian crossing. Water is flowing onto the road at the volume you can see in the photo.

I would expect this to be fixed within a couple of days as it can be dangerous for both drivers and pedestrians as it causes a slip hazard.

I have seen leaks like this and stop to report them. Affinity Water usually re-act quickly in my experience.

3: This leak took place on a busy road. An undetected leaking mains pipe undercut the tarmac until it gave way, causing a complete closure of the road.

This is an emergency and should be sorted as soon as reported I think no longer than a 4 hour turn around to close the leak and sort the road over time

I have one like this in Cottonmill Lane in St Alban's about 4 years ago, which took weeks to fix as there were…voids which came to light… This is why it is so important to fix smaller leaks before they cause major subsidence like this.

4: A large water pipe burst in this area, submerging a road in a residential neighbourhood and flooding nearby houses and properties.

Only seen this type of leak on TV!

…top priority above all others. Response should be within the hour to evacuate residents to safety and begin the process of repair

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 300 responses overall over the 4 steps; 83 responses to leak 1, 76 to leak 2, 74 to leak 3 and 70 to leak 4 (most answered all 4 questions).

Q4 – What, if anything, concerns you the most about leakage?

PR19 Phase 1 COMMUNITY SURVEY:

- Eight in ten (81%) customers said that their main concern regarding leakage was not liking to see water wasted.
- Other major concerns included a further six in ten (60%) who said the cost of controlling leakage and how this affects their bill and over half (55%) said the risk to the environment if we have to take more water from rivers.

I'd like to have some sort of comparison with other (water-poor) countries – how many villages in Africa could the leaks have supplied with clean water for a week, for example.

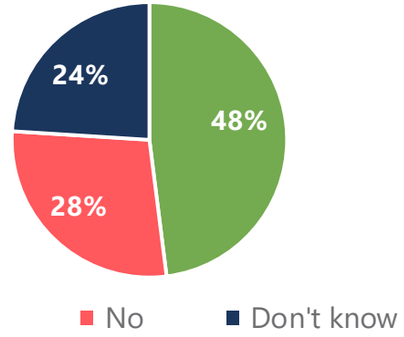
Give us a breakdown on the types of leaks which occur and how their incidence is changing. Give us some examples with causes.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

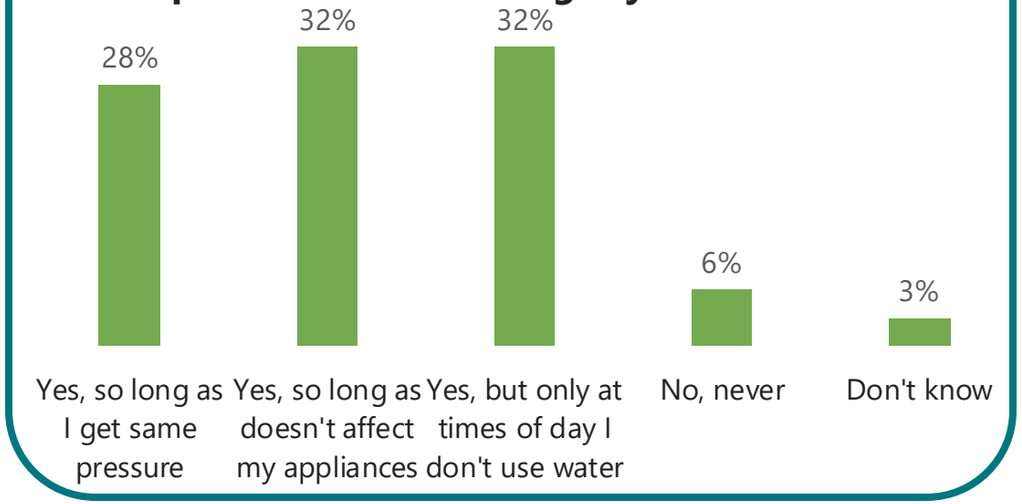
PR19 Phase 1 COMMUNITY SURVEY:

- Over half (52%) think that the time Affinity Water takes to repair leaks is about right. However, a further four in ten (40%) think that they should repair leaks faster.
- Nearly half (48%) think that Affinity Water should spend more money to reduce leakage further, going beyond the 'economic level of leakage', with just under three in ten (28%) saying that they should not do this.
- The majority of customers (92%) would like this way of leakage control extended.

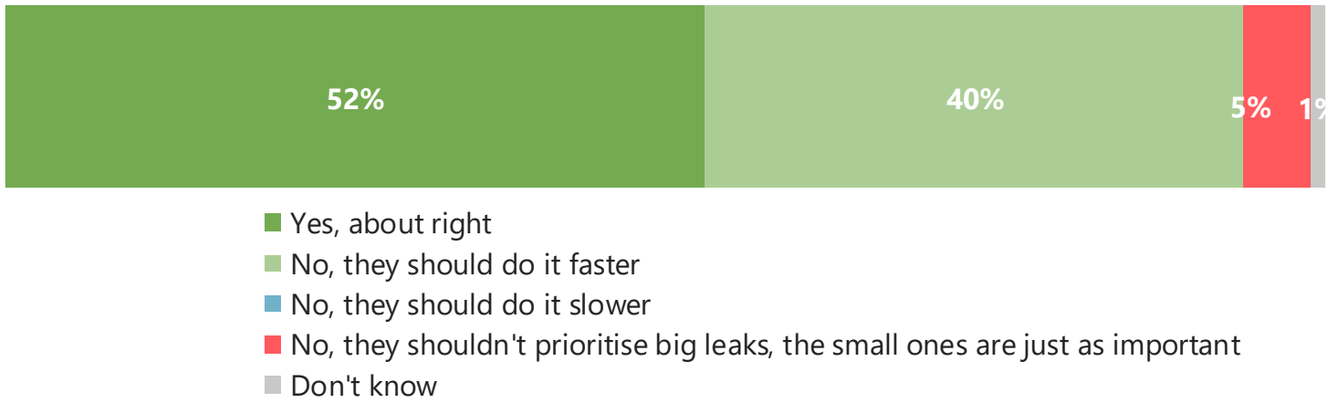
Q6 – Should Affinity Water spend more money to reduce leakage further?



Q7 – Would you like to see this way of leakage control extended even if it might mean that your water pressure would be slightly lower?



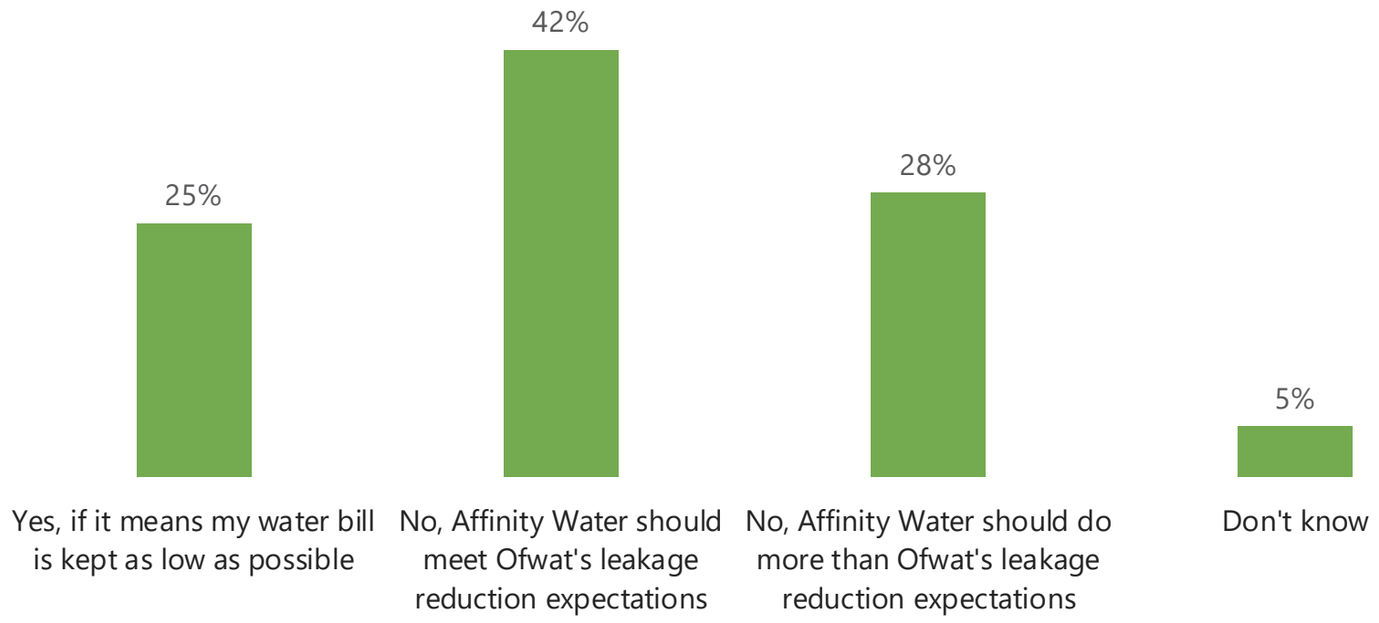
Q5 – Do you think the time Affinity Water takes to repair leaks is right?



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

Q8 – In 2015, Affinity Water lost about 20% of the water they put into supply through leakage. Affinity Water's leakage level is currently 19%, and by 2020, it will be down to 18%. They are planning to reduce leakage further by 2025. However, this may not be quite as much of a reduction as Ofwat expect of them. Affinity Water considers their approach to be the most cost effective approach to leakage reduction, keeping water bills as low as possible.

Do you think this is enough of a leakage reduction?



PR19 Phase 1 COMMUNITY SURVEY:

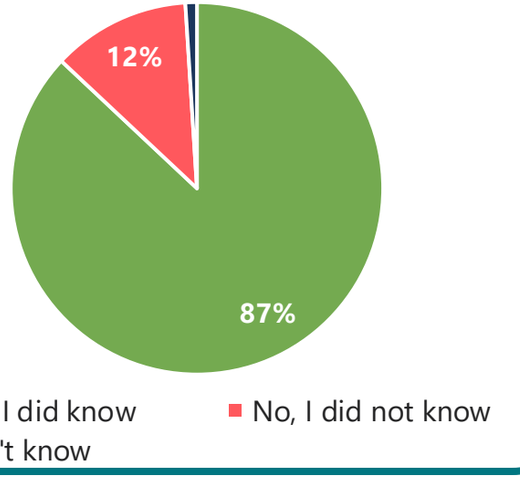
- One in four customers (25%) think that this is enough of a leakage reduction and their main priority is that their water bill is kept as low as possible.
- However, two in five (42%) think that Affinity Water should meet Ofwat's leakage reduction expectations.
- A further three in ten (28%) think that Affinity Water should do more than Ofwat's leakage reductions expectations.
- One in twenty do not know (5%).

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

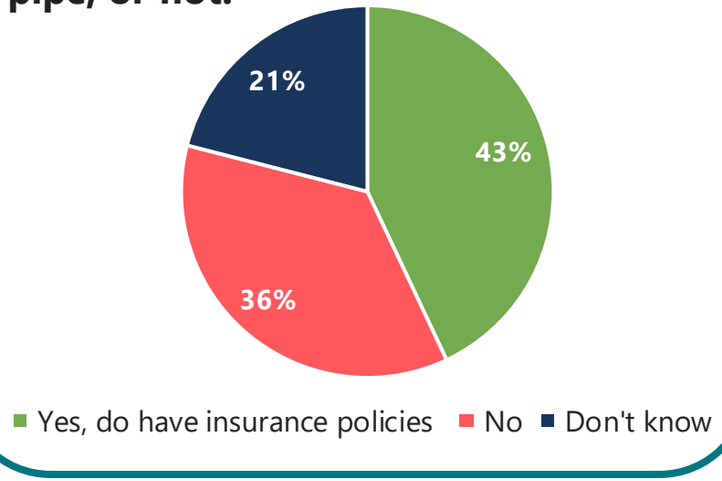
PR19 Phase 1 COMMUNITY SURVEY:

- Nearly nine in ten (87%) knew that they owned the water pipe within their property boundary and that they were responsible for any leakage on this pipe; 12% did not know this and 1% were not sure.
- Over four in ten (43%) said that they had insurance policies that would cover the cost of any leaks on their customer supply pipe but over one in three (36%) do not and two in ten (21%) don't know.
- Four in five (81%) think that metering will encourage households to take more responsibility for their own leakage.

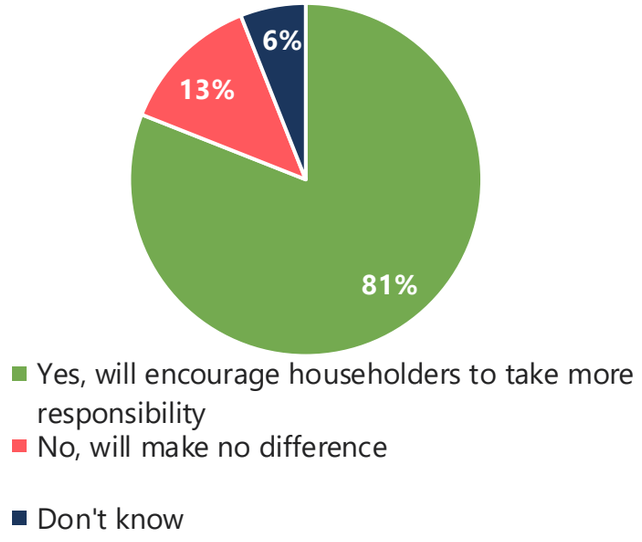
Q9 – Did you know that you own the water pipe within your property boundary and that you are responsible for any leakage on this pipe?



Q10 – Do you have any insurance policies that would cover the cost of any leaks on your customer supply pipe, or not?



Q11 – Do you think that metering will encourage householders to take more responsibility for their own leakage if they know how much is being wasted and the cost of this, or will it make no difference?



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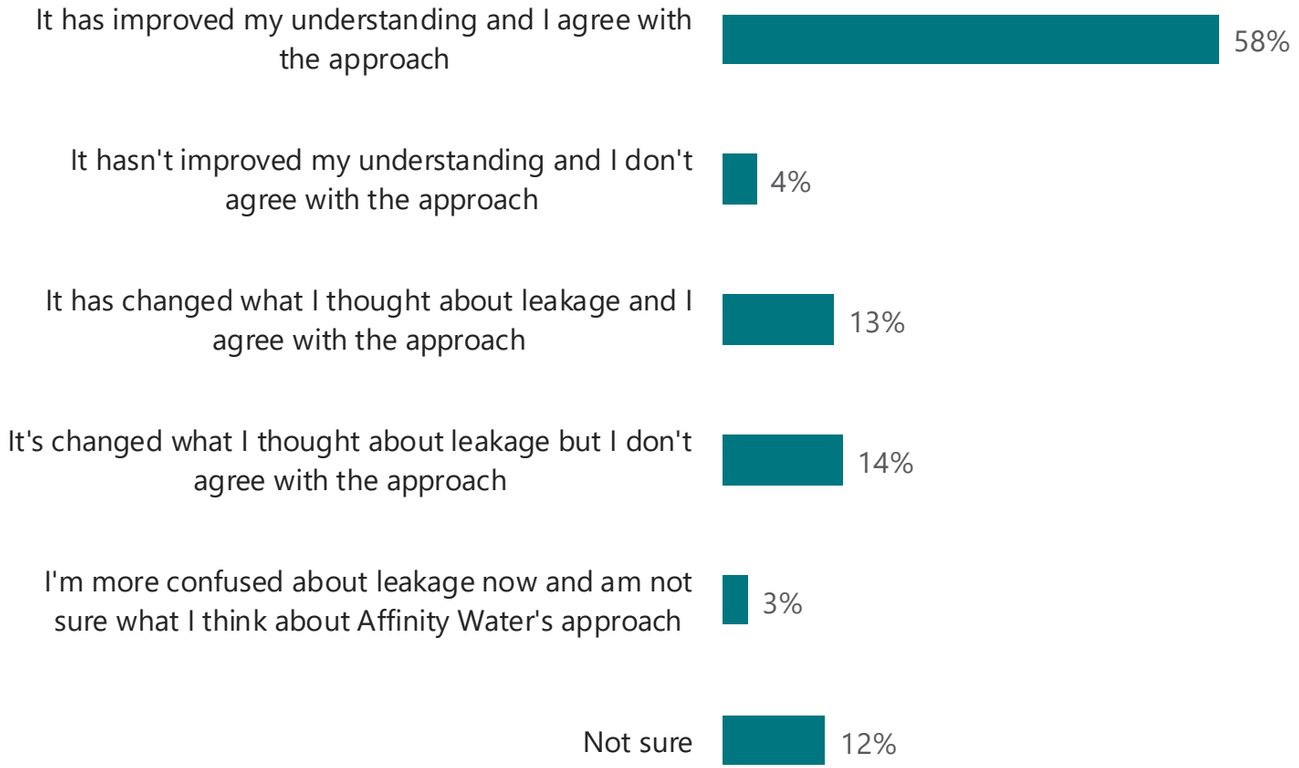
Social Research Institute

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

Q12 – Through this survey, Affinity Water wanted to explain more about leakage, particularly how they try to strike the right balance between finding and fixing leaks and spending money wisely. Which of these apply…



PR19 Phase 1 COMMUNITY SURVEY:

- Six in ten (58%) said that answering the survey has improved their understanding of leakage and they agree with the approach.
- Under two in ten (13%) said that the survey has changed what they thought about leakage and they agree with the approach.
- However, a similar proportion (14%) said that the survey has improved their knowledge but they do not agree with the approach.

I now understand that there is a point below which leak fixing is not economic. However, there is an additional environmental responsibility to reduce leakage so the 2 factors need considering together.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 387 Community Members from across the Affinity Water area

Consumption

Performance Commitment: Per capita Consumption (PCC) (l/person/d)

SUMMARY:

- Customers think leakage is wasteful.
- They don't appreciate being asked to save water when they see leaks being left.
- They recognise that there are different severities of leaks, and that some necessitate a faster response than others.
- Customers don't make the connection between leakage and the environment.
- Customers think they are pretty efficient with their water usage. 85% agree they are "careful about how much water I use". 80% rate themselves 6-10 in terms of water efficiency with 10 being 'actively reduce use').
- Generally, customers think they might be able to make small savings in their water use.
- There is a recognition of the need to save water (although less so compared to the national need) and the joint responsibility (company/customers) to do so. Incentives, e.g. retail vouchers on water efficient white goods, would be welcomed by customers - but there is no guarantee of water saving.
- Customers are interested in smart meters for water.

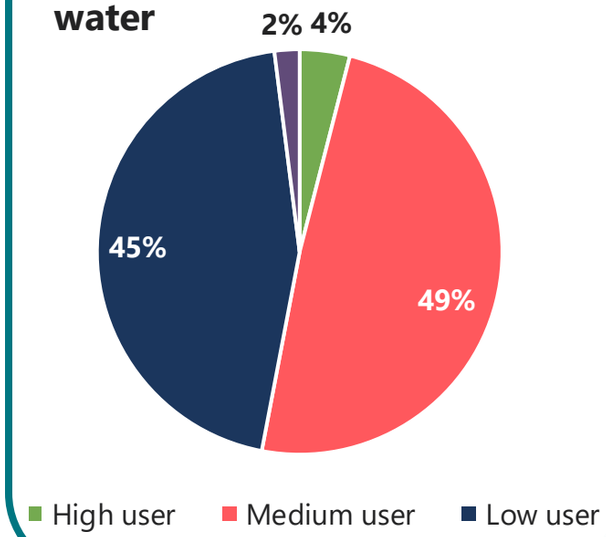
OTHER EVIDENCE/CONTEXT:

- [The relative affluence of Affinity Water's customer base partly explains why PCC is high compared to the national average.
- Customers' PCC reduces in response to innovative campaigns using third parties, e.g. Hubbub.]

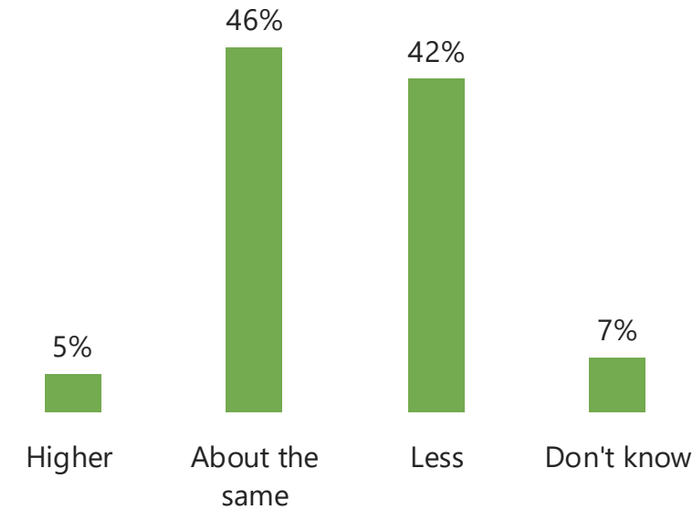
PR19 Phase 1 COMMUNITY SURVEY:

- Nearly half (49%) describe their household's use of water as medium users – and a further almost two in five (45%) describe their household as low water users.
- The majority think that their use of water compared to other households of a similar size is about the same (46%) or less (42%).
- A quarter (25%) rated themselves an 8 out of 10 for water efficiency meaning that they take steps to actively reduce their use of water by taking actions such as short showers.

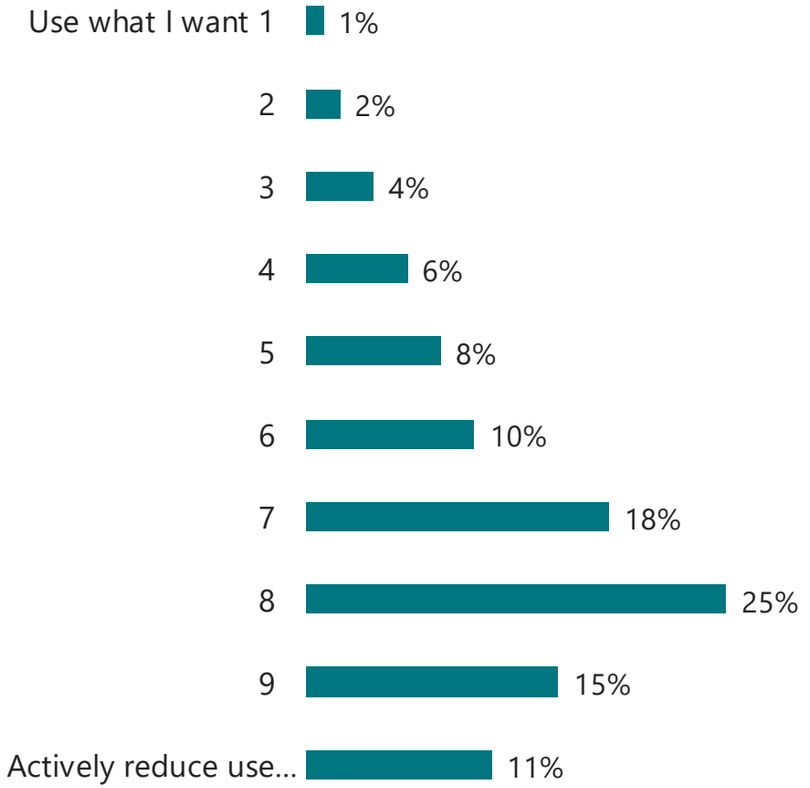
Q1a – Household's use of water



Q1b – Use of water compared to similar households



Q2 – Water efficiency rating



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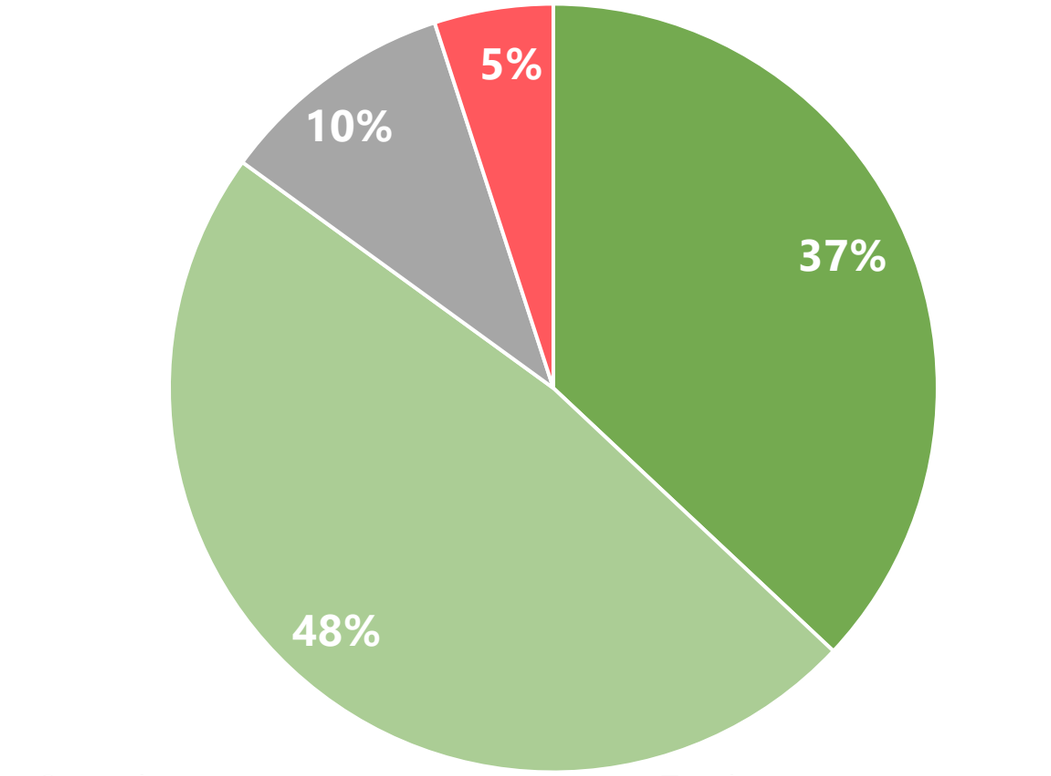
Social Research Institute

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 581 Community members from across the Affinity Water area

Q – Do you agree or disagree – “I am careful about how much water I use”?

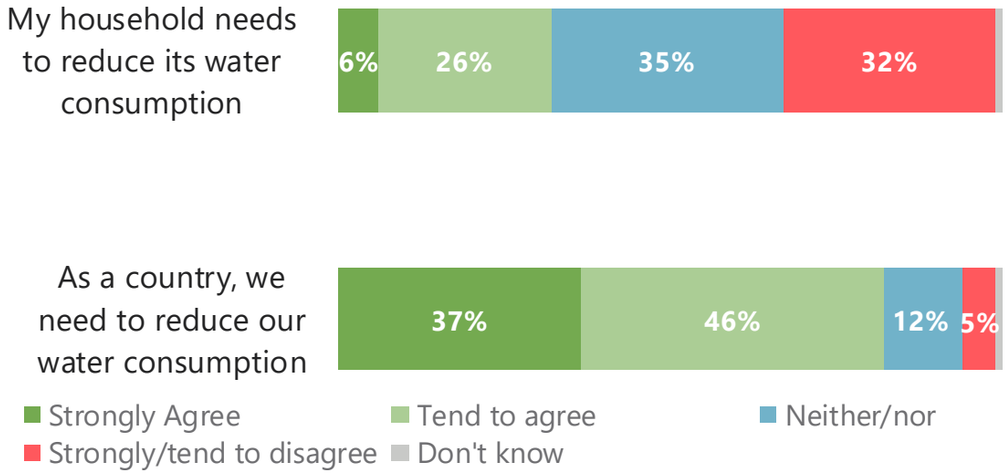


PR19 Phase 1 COMMUNITY SURVEY:

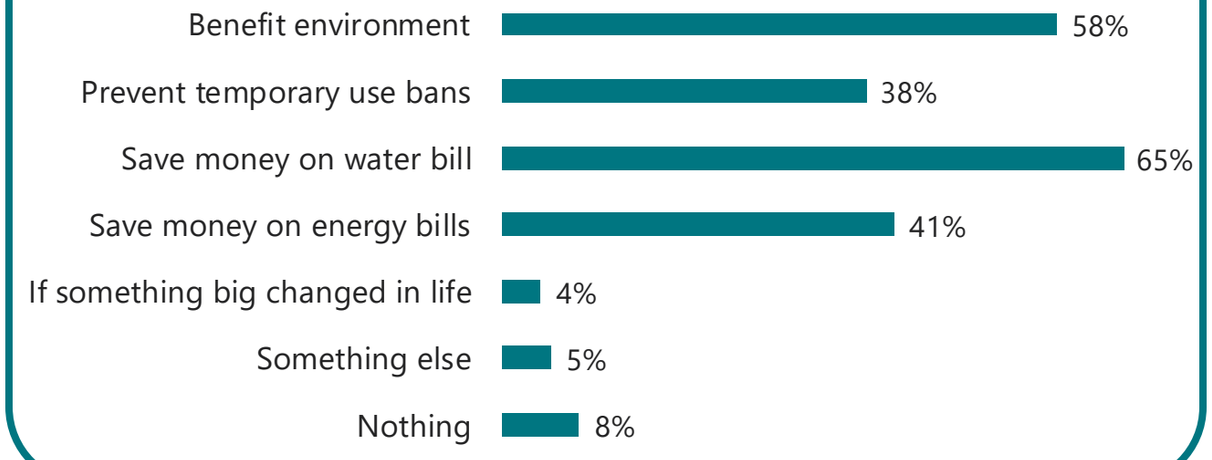
- Almost half (49%) agree that water bills are too expensive, although there is a lot of uncertainty, with four in ten neither agreeing nor disagreeing.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

Q7 – Importance of saving water as a country and a household



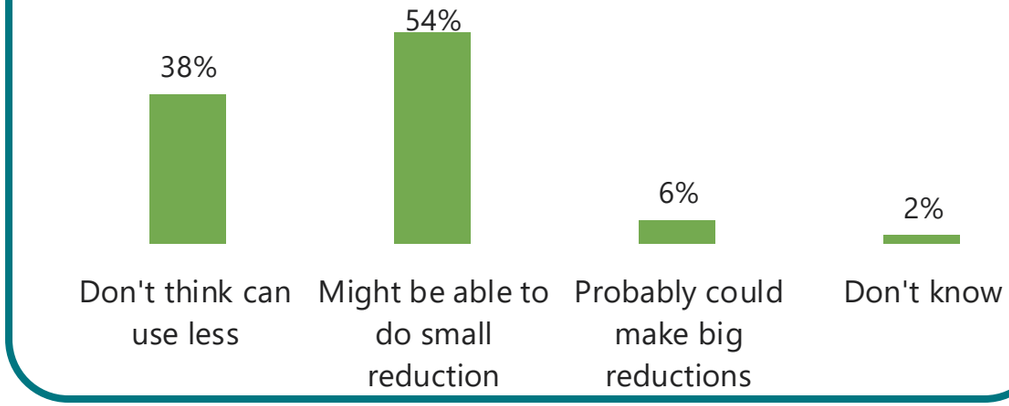
Q10 – Motivations for using less water



PR19 Phase 1 COMMUNITY SURVEY:

- The majority of customers (83%) strongly agree or agree that as a country we need to reduce our water consumption whereas only a third (32%) think that their household needs to reduce its water consumption.
- Two in three customers (65%) rated saving money on their water bill as the main motivation to use less water, followed by to benefit the environment (58%). Around four in ten customers said that to prevent a temporary ban (38%) and to save money on energy bills (41%) would also motivate them to use less water.
- Over half (54%) think they might be able to make small reductions in their water use but four in ten (38%) think they cannot use less water than at present.

Q9 – Household water consumption



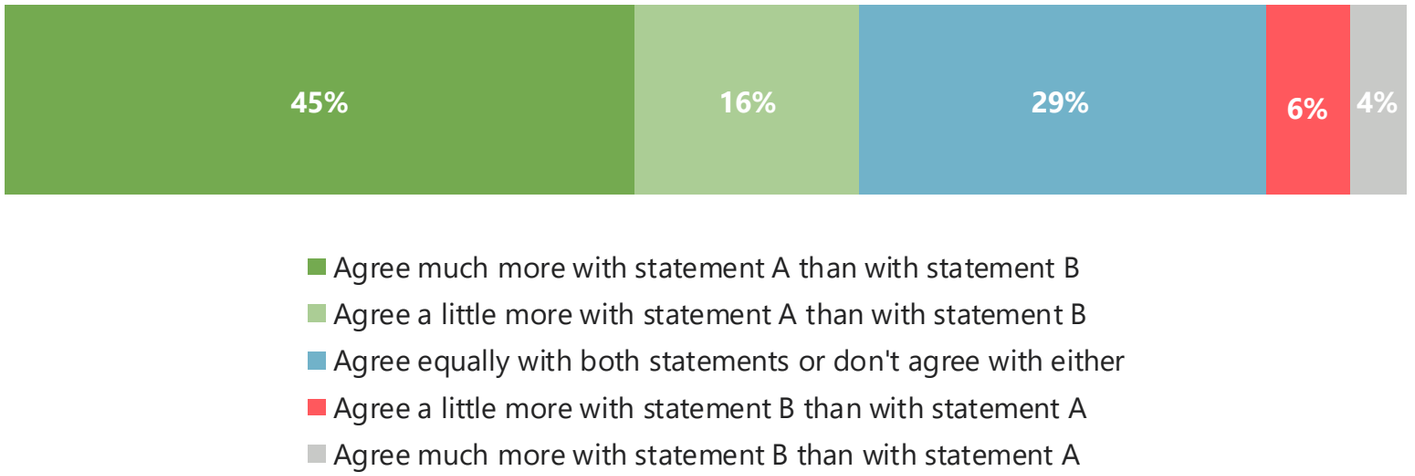
Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community members from across the Affinity Water area

PR19 Phase 1 COMMUNITY SURVEY:

Q8a – Views on the following statements

A) Reducing the amount of water we use is mainly the responsibility of individual water users

B) Reducing the amount of water we use is mainly the responsibility of water companies



- Over half (61%) of customers agree more with statement A that reducing the amount of water we use is the responsibility of the individual, with 45% strongly agreeing with this statement.
- Nearly a third (29%) agree equally with both statements and think it is a joint responsibility and only one in ten (10%) think it is mainly the responsibility of the water company to reduce water usage.
- When asked to explain their reasoning customers reported that it is the consumers responsibility not to waste water but it is the water companies' responsibility to avoid excess wastage from burst mains or leaks.

We are both responsible for our actions…regardless [of whether we are] a home owner or a company providing our water supply

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community Members from across the Affinity Water area

Ipsos MORI
Social Research Institute

PR19 Phase 1 COMMUNITY SURVEY:

Q11 – Finally, Affinity Water are considering different ways that people can be encouraged to use less water at home. If you have any ideas or suggestions for ways that could help people reduce their water consumption, please write them in the box below.

MAIN GROUPS OF RESPONSES:

Financial incentives

Water meters

Turn off taps when brushing teeth

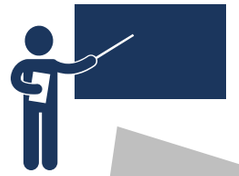
Use recycled water for gardening and watering plants

Re-use wasted kettle water or only fill it enough the amount you need

Restricted use of hoses for garden use in the summer and washing cars

Shorter showers and baths and sharing bath water

Advertising



Education especially for children

Don't empty kettles down the drain…save the water for another use [such as] in the garden.

Advertising. Make sure people feel responsible for the amount of water they use and how it affects the planet.

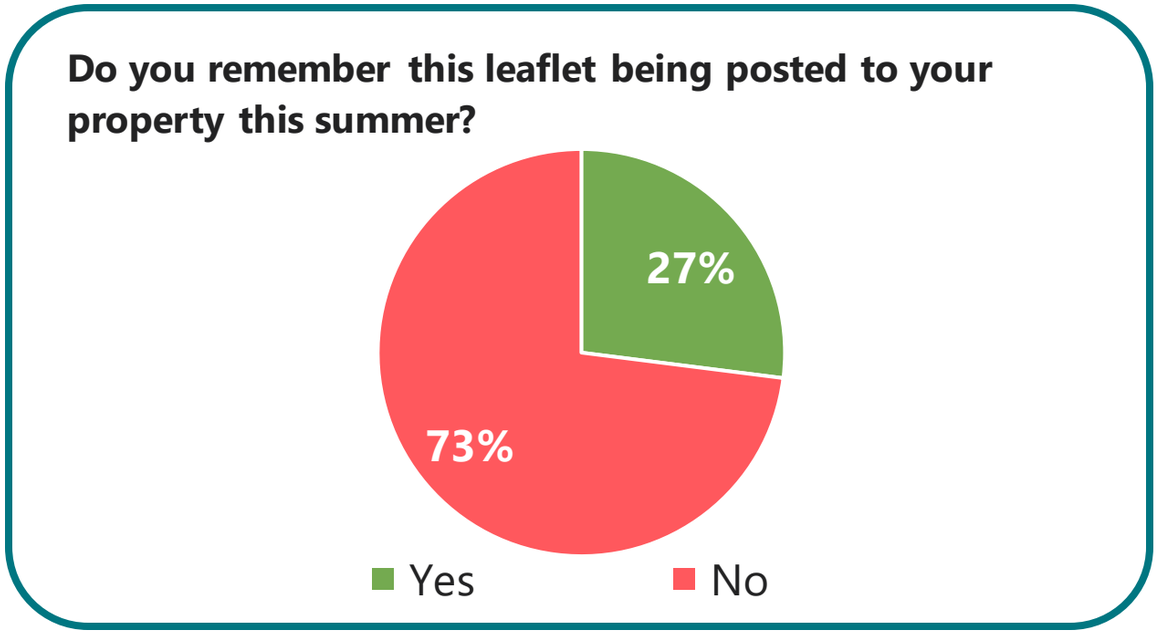
Social education from the age of 5, talks and films and open days, this way it can be passed on to the adults and explain why it is important not to waste water.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 581 Community members from across the Affinity Water area

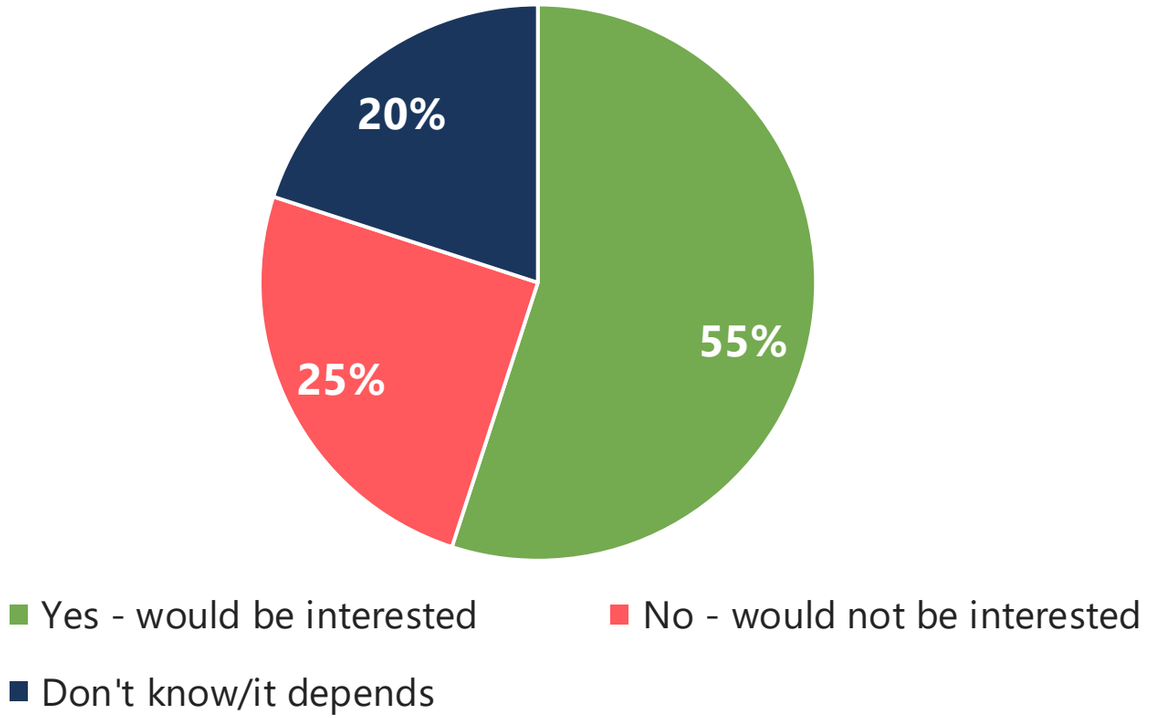
PR19 Phase 1 COMMUNITY QUICK POLL:

- Only one in four (27%) remembered this leaflet being posted to their property this summer, compared to three in four (73%) who did not remember receiving it.



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 236 Community Members from across the Affinity Water area

In principle, would you be interested, or not, in having a smart water meter installed in your home? This would be different to a standard water meter, with an in-home display showing current and past use and how much it is costing or will cost.



PR19 Phase 1 COMMUNITY QUICK POLL:

- Over half (55%) say they would be interested in having a smart water meter installed in their home.
- One in four (25%) say they would not be interested.
- A further 20% say they either don't know or that it depends.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 170 Community members from across the Affinity Water area

Resilience

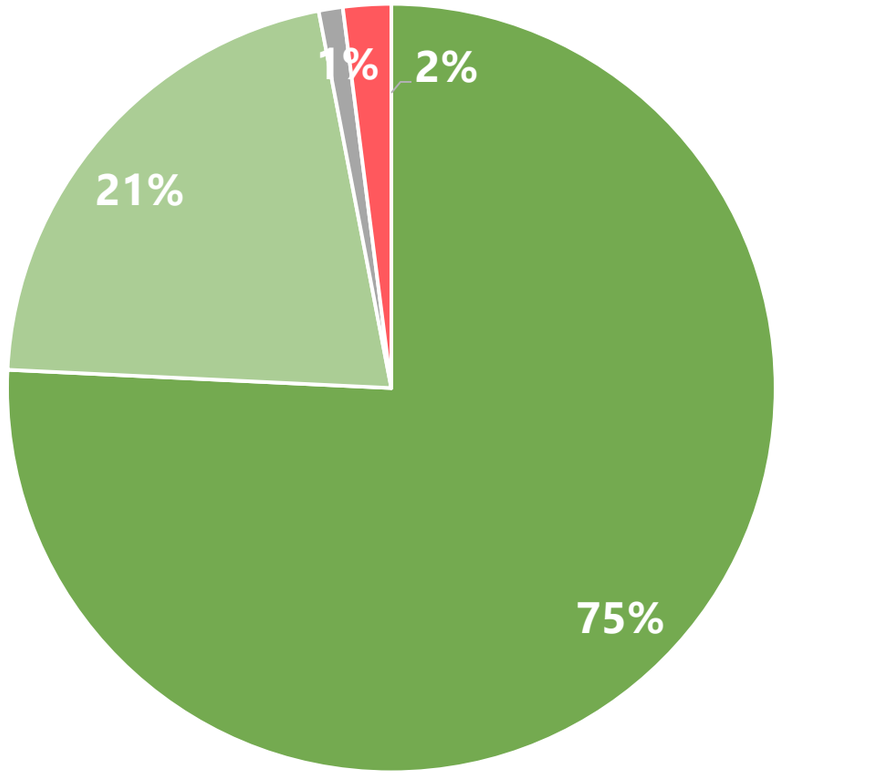
Performance Commitment: Risk of Severe Restrictions in a Drought (% of population at risk in a 1 in 200 year drought)

Bespoke Performance Commitments: tbd (Resilience)

SUMMARY:

- Customers are positive about reliability and the constant supply.
- PR14 research found hosepipe bans at a level of service of 1 in 10 years to be acceptable – customers were not willing to pay more to reduce the likelihood of these.
- Customers perceive that hosepipe bans happen more often than the reality.
- Customers think hosepipe bans are an acceptable way to manage water resources.
- A majority of customers find Affinity Water drought order frequency acceptable (two levels up from hosepipe bans).
- A majority of customers would rather experience drought orders than see their water bill increase
- Customers would prefer to pay a little more now to prevent large bill rises for future generations (water resources needs/infrastructure development).
- PR19 research similarly found customers mainly agreeing that it is acceptable to use hosepipe bans to manage the water supply.
- They do not perceive that water will run out - we are 'grey and green', a 'wet country'.
- In low pressure areas, customers are resigned to low pressure (there is confusion about causes and possible solutions).

Q – Do you agree or disagree – "The water supply is reliable – it is hardly ever interrupted"?



PR19 Phase 1 COMMUNITY SURVEY:

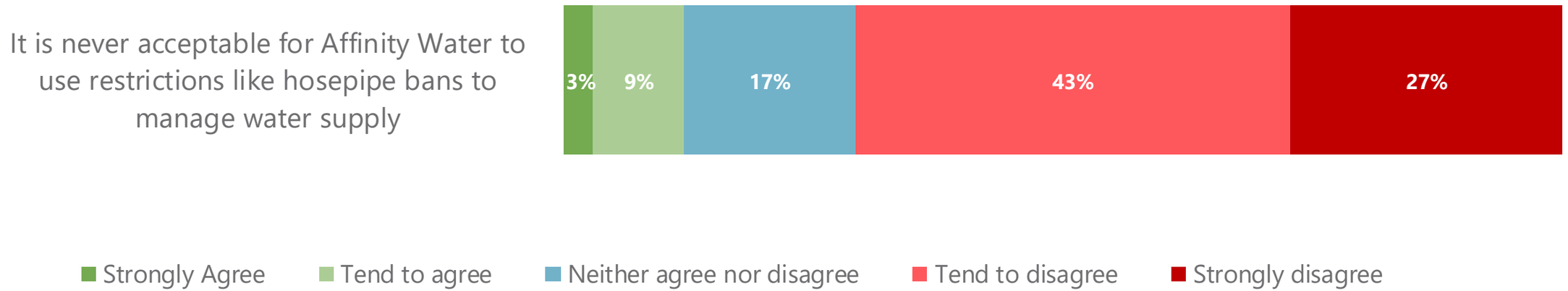
- A large majority agrees that the water supply is reliable (96%); three quarters **strongly** agree that this is the case (75%).

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

PR19 Phase 1 COMMUNITY SURVEY:

- Over one in ten (12%) agree that it is **never** acceptable for Affinity Water to use restrictions like hosepipe bans to manage the water supply.
- Seven in ten (70%) disagree and think that it is acceptable to use hosepipe bans to manage the water supply, with three in ten (27%) strongly thinking this.
- Almost two in ten (17%) neither agree nor disagree.

Q7 - To what extent do you agree or disagree with this statement:



Base: 379 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Environment

Performance Commitments: Abstraction Incentive Mechanism (AIM)

Sustainable Abstraction, average annual reduction (Ml/d)

Bespoke Performance Commitments: tbd (Environment)

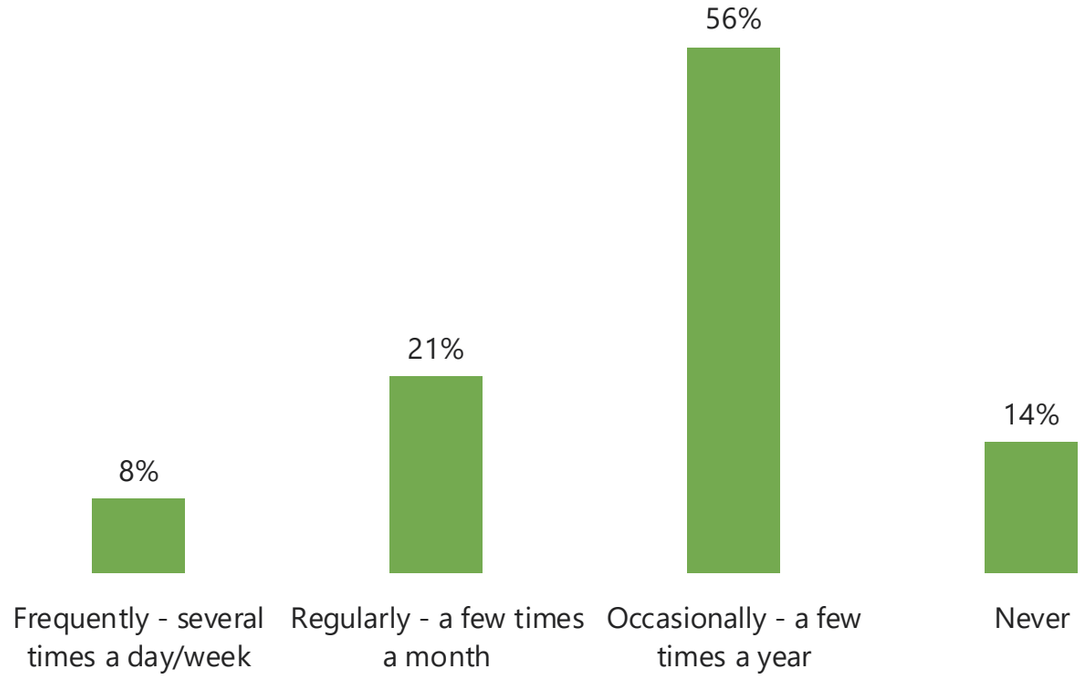
SUMMARY:

- Customers value the environment.
- Customers think Affinity Water has a role to protect the environment.
- Most visit the water environment only occasionally.
- When unprompted, customers don't immediately make the connection between their water use and the environment - but they do when time is spent discussing water use.
- When asked directly, a majority of customers think it's important to save water for the benefit of the environment.
- Customers keen to be offered advice on how they can reduce their consumption (and see reduction as their responsibility), and some identify awareness-raising and publicity as important but most don't recall 'Keep track of the tap'.
- Leakage is more emotive for customers than the environment – but is affected by prevailing weather conditions, e.g. whether there is a drought / hosepipe ban.

OTHER EVIDENCE/CONTEXT:

- [Customers' PCC reduces in response to innovative campaigns using third parties, e.g. Hubbub.]

Typically, how often, if at all, do you visit any part of the water environment e.g. rivers, canals, lakes, estuaries and water around the coast?



PR19 Phase 1 COMMUNITY QUICK POLL:

- Over half (56%) say they occasionally visit the water environment.
- One in five (21%) visit regularly.
- One in ten (8%) visit frequently.
- A further 14% say they **never** visit any part of the water environment.

Base: 185 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Water quality

Performance Commitments: Water Quality Compliance
Compliance Risk Index (CRI)
Compliance with Water Quality Standards (Mean Zonal Compliance)

SUMMARY:

- Softening is much less of an issue for PR19 than it was at PR14.
- Customers generally trust the water they receive (86% although this is a less emphatically held view compared to reliability).

Customer contact

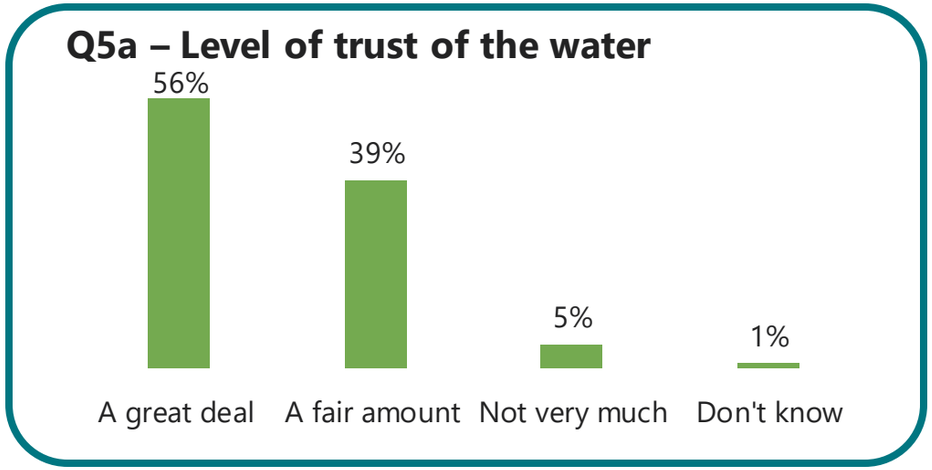
Performance Commitments:
Customer Contacts Regarding Discolouration
(contacts received per 1,000 population)

SUMMARY:

- Low number of unwanted contacts about discoloured water.
- Customers generally trust the water they receive.

Never had a problem and trust Affinity Water to deliver great water.

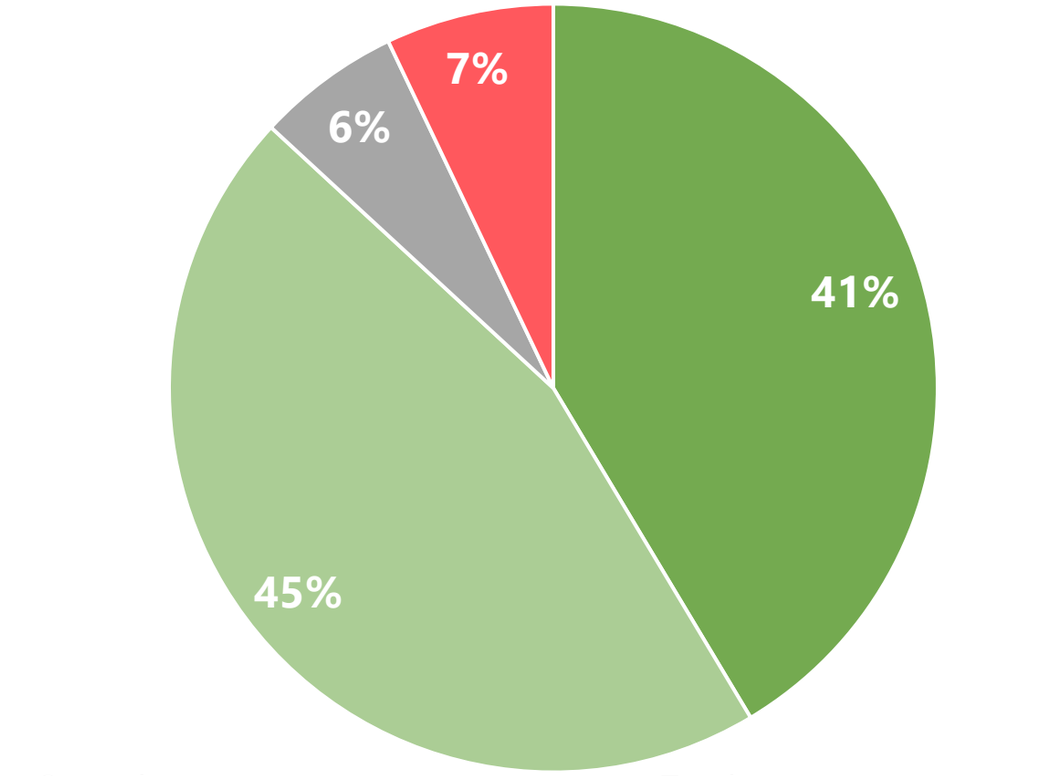
PR19 Phase 1 COMMUNITY SURVEY:



Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community Members from across the Affinity Water area

Ipsos MORI
Social Research Institute

Q – Do you agree or disagree – "I trust the quality of water I receive"?

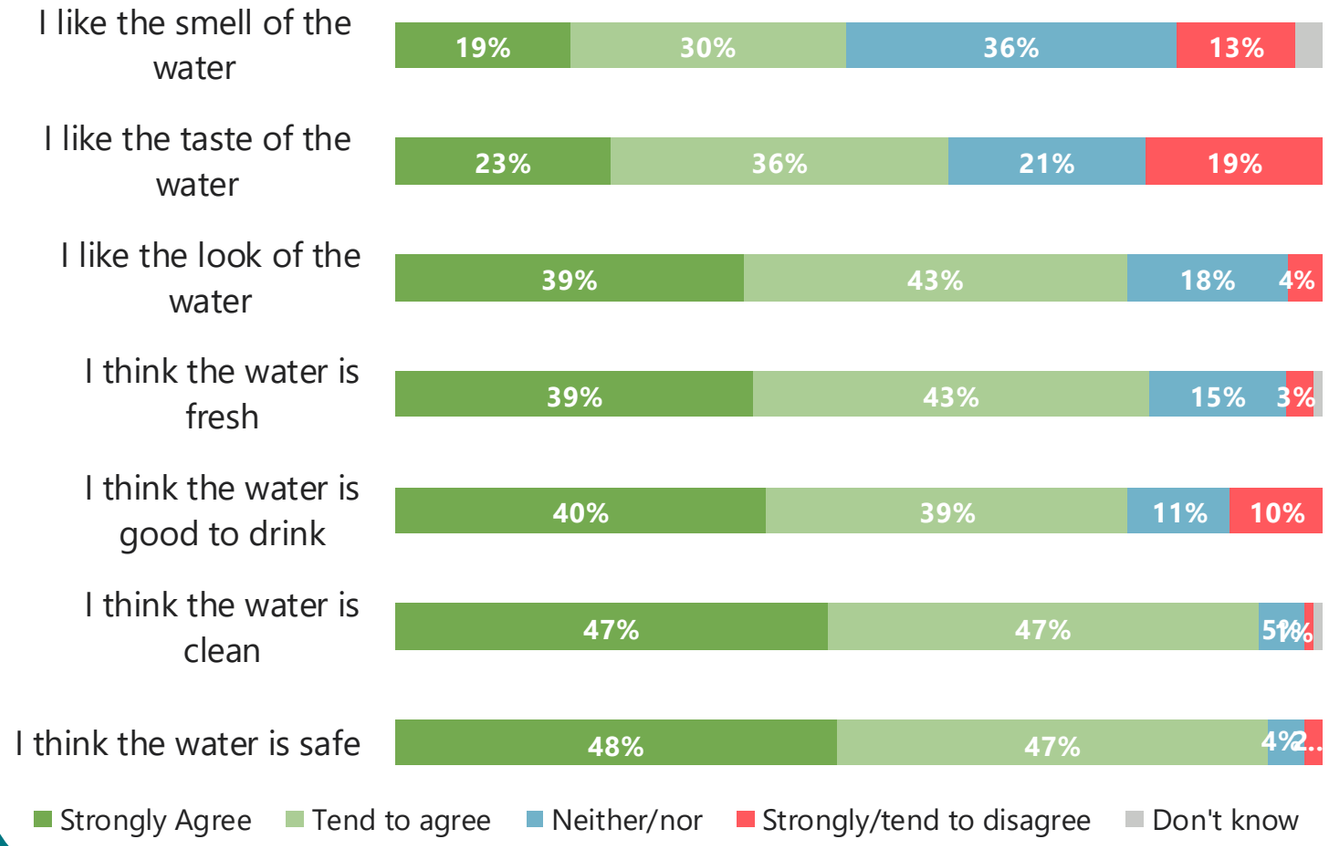


PR19 Phase 1 COMMUNITY SURVEY:

- Trust in water quality is very high with 86% including roughly equal proportions saying that they "strongly" and "tend to" agree.
- This sentiment is less emphatic than it is for the reliability of supply.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

Q4 – Views on quality of water



PR19 Phase 1 COMMUNITY SURVEY:

- Customers are broadly satisfied with water quality but were the least satisfied with the smell and taste. The majority of customers (95%) trust the water that comes out their tap.
- Reasons for this level of trust include: never had any issues, always drinking from the tap and no illnesses, lack of variance in terms of quality, trust UK regulations and had same supplier for years
- Reasons for dissatisfaction with include : the chemical/chlorine smell, the amount of limescale, odd taste, very hard and sometimes cloudy or brown.
- Suggested improvements include: less lime scale and chemicals, water testing kits, improve taste to make it more pleasant to drink, less cloudiness, filtering and making it softer.

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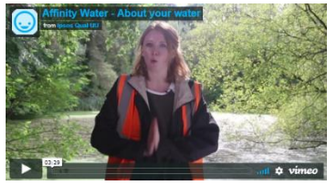
Base: 581 Community Members from across the Affinity Water area

Source: Affinity Water 2020 Customer Community / Ipsos MORI

PR19 Phase 1 COMMUNITY STEPBOARD:



Affinity Water/Hubbub developed a video 'about your water' to help customers understand how their water supply gets to their home. Community members were asked to watch the video and then give their feedback on how well it worked via three questions:

1: Thinking about the video you just watched…How much would you say you knew about how water is delivered to your home before watching this video? Which bits did you know about, and which were new to you?

- New information included not realising that even if it rains a lot water still may not reach the chalk aquifer, being unaware of the small amount of water that reaches the treatment plants and that only 1% of the supply is drinkable.
- Some did not know how water reaches their house or that Affinity Water only uses this method of water collection (i.e. from aquifers). Customers were also unaware how this relates so particular locations, such as areas with low rainfall.
- They would like to know about what exactly happens to the water between the extraction plant and reaching the tap. They also questioned whether aquifers are the only water source; some think water comes from rivers, reservoirs and lakes too.

2: Thinking about the video you just watched again…What was surprising to you in the video? Why was it surprising?

- Some said that there was no surprising information in the video. Among those who did, key surprises were the very low percentage of drinkable water, and how complex the process is to deliver water to the tap.
- Many thought that most, or at least some, of our drinkable water was sourced from rivers, lakes or reservoirs.
- There was surprise that water is filtrated before the reservoir instead of afterwards, and that the water from heavy rainfall does not all reach the aquifers.
- Others included: the size and efficiency of the filtration process/ system, the extent of carbon filtering, the number of processes in the water treatment plant, that only rainfall was discussed…and that Affinity Water supplies such a large regional area as they thought they were more local.

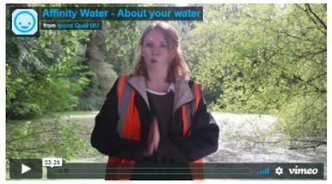
3: Finally, thinking about the video you just watched… Do you think if this film was shared with you (and all customers) by Affinity Water you would want to show it to family and friends, or not? Why do you say that?

- Some said that they would share the video with their family as they would find it interesting and educational and they liked the conversational style. But only a few said they would share it with their friends. The video was felt to be most appropriate and informative for children.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 247 responses overall over the 3 steps; 86 responses to step 1, 79 to step 2, and 82 to step 3 (most answered all 3 questions).

PR19 Phase 1 COMMUNITY STEPBOARD:



Affinity Water/Hubbub developed a video 'about your water' to help customers understand how their water supply gets to their home. Community members were asked to watch the video and then give their feedback on how well it worked via three questions:

Illustrative verbatims:

1: Thinking about the video you just watched…How much would you say you knew about how water is delivered to your home before watching this video? Which bits did you know about, and which were new to you?

[I knew] *some of it but I also thought some water was from rivers & lakes.*

[I knew] knew everything…however, I do think it's a good reminder that a small percentage of water can actually be used.

[I] *have a general understanding of water capture and storage, but not about the specifics of a particular location, for example allowing for the relatively low rainfall in parts of Essex.*

[I] *knew most of it but more detail of what happens between extraction and tap needed of water can actually be used.*

2: Thinking about the video you just watched again…What was surprising to you in the video? Why was it surprising?

I *was surprised by the fact that only 1% of the water on our planet is drinkable. Never would have believed that considering how much of the earth is covered by water.*

The number of different processes that happen in the water treatment plant was surprising.

I was surprised by the extent of carbon filtering.

I think the video is a very good piece of communication and should be shown in all secondary schools.

I think the light-hearted style got the message across rather well. Yes, I would be happy to show to family and friends.

I think it *would be more beneficial to show in schools etc rather than to friends and family. However, leaflets posted to Home or emailed explaining top tips to save water are always handy!*

3: Finally, thinking about the video you just watched… Do you think if this film was shared with you (and all customers) by Affinity Water you would want to show it to family and friends, or not? Why do you say that?

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 247 responses overall over the 3 steps; 86 responses to step 1, 79 to step 2, and 82 to step 3 (most answered all 3 questions).

Customer contact

Performance Commitments: Water Supply Interruptions >3hrs (average minutes lost per property per year) Unplanned interruptions to supply (over 12 hours) (number of properties)

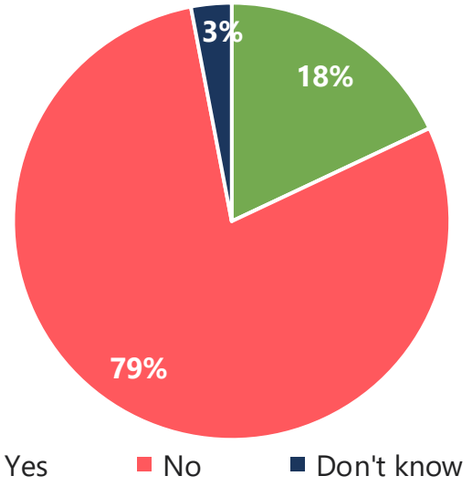
SUMMARY:

- A fifth of customers say they have had restricted water usage, although multiple reasons are given including burst water mains and low water pressure but also meters and self-imposed/situational restrictions.
- Research among customers experiencing disruption, found some suggestions of a lack of communication during interruption.

PR19 Phase 1 COMMUNITY SURVEY:

- Nearly four in five (79%) have not had any issues that restricted their use of water in the last year.
- Of the 18% who did have issues with their water use, the reasons for these included: burst water mains/leaks; low water pressure; weather, water meter; and customers restricting their own use for financial or environmental reasons or due to renovating their property.

Q3a – Has anything restricted your use of water in the last year?



Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 581 Community Members from across the Affinity Water area

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PR19 Phase 1 COMMUNITY SURVEY:

Q3b. What was it that restricted your use of water?

Burst water main(s), several major leaks and interruption to supply due to external works

Low water pressure leading to total loss of supply for some customers on occasions

Customers restricting use themselves for environmental or financial reasons

The **weather** including lack of rainfall and information regarding water levels

Renovations to properties resulting in wait to resupply water

Use less water for **financial reasons** due to high cost, loss of income or worries about paying bills

Having a **water meter** restricted use especially when households change to have one or there is an increase in cost due to moving to a new house that is metered

Being on a water meter means I very much pay for usage.

Drop in pressure means taking very brief showers as the flow can be almost non-existent at times.

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Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 581 Community Members from across the Affinity Water area

PR19 Phase 1 IN-DEPTH INTERVIEWS:

- There is an apparent lack of communication during interruption, with customers only finding out through Facebook or by contacting Affinity Water themselves about outage, updates on water restoration, or water distribution.
- Low water pressure is something customers "have to put up with" and are resigned to.
- There is much confusion about the causes of low pressure and low awareness of how, or if, pressure can be improved.
- Water is considered essential. Consequently, participants felt that Affinity Water should be proactively fixing pipes and carrying out work either at night or during the daytime in the week to reduce impact on customers' lives.

Illustrative verbatims:

We knew from Facebook that there wasn't any water and it was a burst pipe so we didn't need to contact Affinity Water as we knew it wasn't just us and assumed that someone else would have contacted them, they were on the case and were fixing it. They won't want water flowing out of the mains for too long.

We have had a burst main twice before and it came back on in a couple of hours so when it went off I thought it would come back on so didn't worry about it.

Shorter interruptions are better because if the water was off all day we would have no water for cooking, drinking or showering.

They need to be checking the pipes on a regular basis so they know if something might happen.

I don't know what creates water pressure…there was a water tower at Harpenden but that isn't there now so I don't know how they do it…we were told that it was because we are high up.

Base: 5 interviews with customers classified as "disrupted" or "interrupted" – 3 experiencing low water pressure and 2 whose water had been cut off for more than 12 hours.

Source: Ipsos MORI / Affinity Water

Option A

Levels of investment by Affinity Water would mean that in a 20-year period customers could expect to experience 3 interruptions of less than 3 hours, 1 of 3-11 hours, 1 of more than 12 hours.

£50 compensation would be paid for the interruption longer than 12 hours, nothing for the shorter ones.

This means that over a 20-year period, **customers would expect to experience 5 interruptions and receive about £50 in compensation**.

Option B

Levels of investment by Affinity Water would mean that in a 20-year period customers could expect to experience 5 interruptions of less than 3 hours, 3 of 3-11 hours, 1 of more than 12 hours.

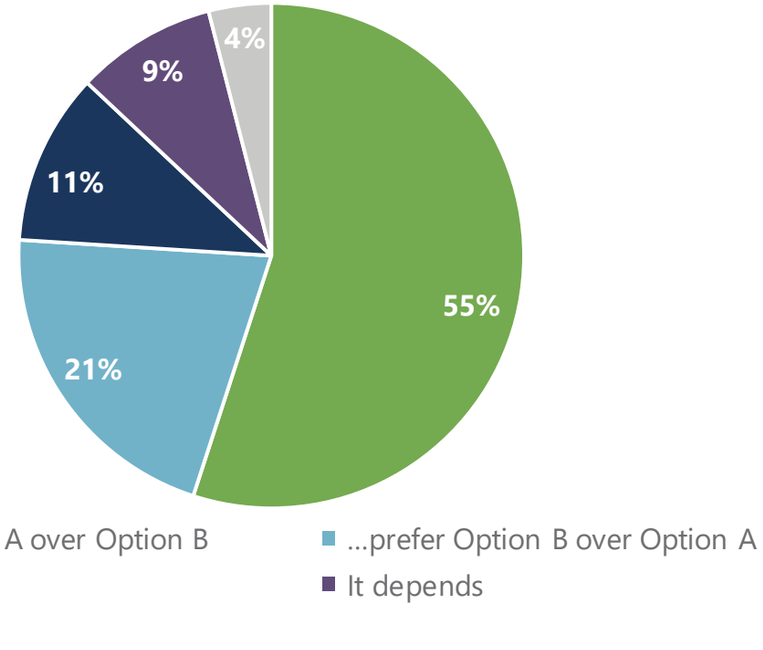
£200 compensation would be paid for an interruption longer than 12 hours. For the shorter interruptions, there would be no compensation for the first three hours, £40 for the fourth hour and an additional £10 for every subsequent hour.

This means that over a 20-year period, **customers would expect to experience 9 interruptions and receive about £470 in compensation.**

PR19 Phase 1 COMMUNITY SURVEY:

- Over half (55%) of customers prefer Option A over Option B with only two in ten (21%) preferring Option B over Option A.
- One in ten (11%) prefer neither and a similar amount (9%) says it depends.

Q8 – Which Option do you prefer?



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Base: 379 Community Members from across the Affinity Water customer area

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Customer experience

Performance Commitment: Customer measure of experience (C-MeX)

SUMMARY:

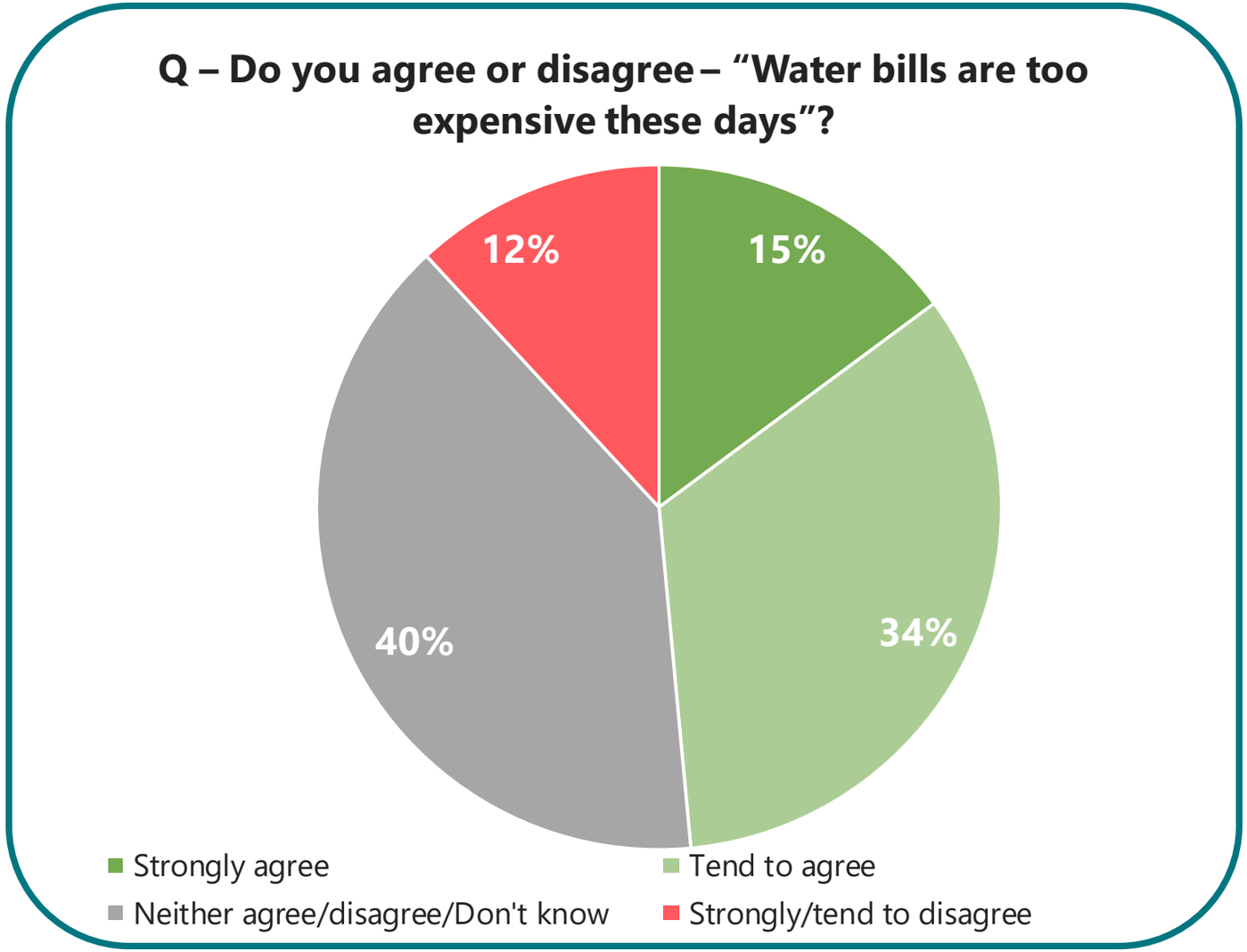
- Customers interested in a discount to use online self-serve.
- Low proportion of the customer base contact Affinity Water.

Vfm

Performance Commitment: Value for Money Survey (score out of 100) (affordability)

SUMMARY:

- Water is generally seen as good value for money compared to other utilities.
- When other services (e.g. PSR, password scheme) are explained, VFM perception increases further.



PR19 Phase 1 COMMUNITY SURVEY:

- Almost half (49%) agree that water bills are too expensive, although there is a lot of uncertainty, with four in ten neither agreeing nor disagreeing.

Source: Affinity Water 2020 Customer Community / Ipsos MORI
Base: 602 Community Members from across the Affinity Water area

Customer service

Performance Commitment: Customer measure of experience (C-MeX)

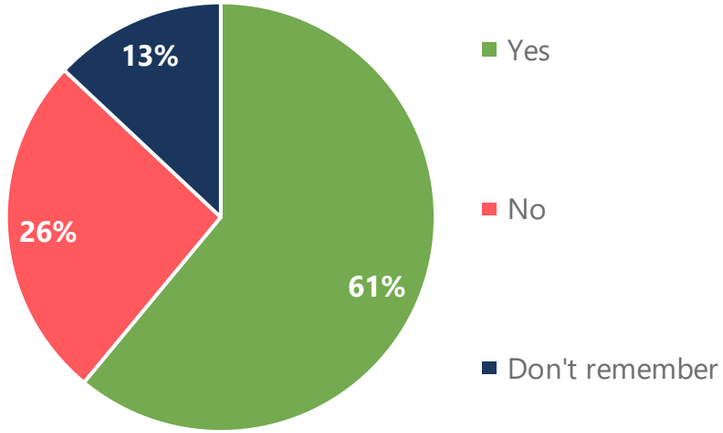
SUMMARY:

- Customers are generally positive about the service they receive from Affinity Water, with staff being seen as friendly and polite and willing to help customers with their issues.
- There were some suggestions made for improvement which included: take greater ownership of issues, resolve complaints quicker, increase number of call operators, improve online offering, offer compensation to customers when appropriate, send more regular email updates and read water meters more frequently.

PR19 Phase 1 COMMUNITY SURVEY:

- Three in five (61%) say they have got in touch with Affinity Water's customer service, while one in four (26%) had not and a further 13% could not remember.
- Three in five (60%) agree that Affinity Water staff are friendly and polite, 52% agree the website is easy to use, 48% agree Affinity Water responds quickly when asked for help. Only 14% agree it is difficult to get through to Affinity Water on the phone.
- Seven in ten (69%) think that the service Affinity Water provides is good; with one in four (26%) saying it is very good. Only 5% think it is not very good or not good at all.

Q – Firstly, have you ever got in touch with Affinity Water's customer services?



Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 334 Community Members from across the Affinity Water area

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Social Research Institute

PR19 Phase 1 COMMUNITY STEPBOARD:

1: Please describe a recent positive experience of customer service. What did you buy/service did you receive? What happened that made it positive?

- There were multiple different examples given of positive customer service experiences, ranging from deliveries from Amazon to utility companies such as phone or Internet providers.
- There were several examples mentioned of good customer service by Affinity Water, including: professional service received when having a water meter installed, quick response when fixing a burst pipe and a water pressure issue being resolved promptly.
- In terms of what made a customer service experience positive, customers appreciated: staff being friendly, helpful and polite, quick replies/fixing of issues, being provided with explanations and being kept informed of the status throughout, e.g. a delivery of a parcel, for example, by follow up texts.

2: What about utilities? What makes for good customer service?

- The manner in which the customer service employee engages with the customer was thought to be key to good customer service. Customers expected them to be friendly, helpful and polite and willing and able to resolve the issue quickly – or to put them through to somebody who could answer their query.
- Customers wanted various channels available by which to contact their utility providers and they wanted to be able to find these easily and quickly.
- Customer service providers also need to be willing to work around the customer – in terms of timing or services provided.
- Ultimately, customers did not want to reach the point where they had to contact the customer service department and would prefer if the service received did not require them to do so.

3: What about Affinity Water. How could the company improve its customer service? Why do you say that?

- Of the customers who had prior experience of contacting Affinity Water's customer service department, it was generally a positive experience. The customer service operators handled the calls well and were found to be willing to help customers with their issues.
- Suggested improvements to Affinity Water's customer service included:
  - Ensure staff are helpful and polite and receive regular training
  - Have a feedback loop so a customer knows when something has been fixed
  - Take greater ownership of issues
  - Resolve complaints quicker
  - Increase number of call operators
  - Improve online offering
  - Offer compensation to customers

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 56 responses overall over the 3 steps; 21 responses to step 1, 16 to step 2 and 16 to step 3 (most answered all 3 questions).

PR19 Phase 1 COMMUNITY STEPBOARD:

Illustrative verbatims:

1: Please describe a recent positive experience of customer service. What did you buy/service did you receive? What happened that made it positive?

I had a non-delivery of an order from Amazon, I used their call back service online and received the item the next day plus a £5 credit to my account

Recently we had a water meter installed…It did not match the original but was even better and they were so polite and professional

We recently had little to no water pressure on our road, after calling the services team, I literally had someone from Affinity Water at my door within 10 minutes to check the pressure.

2: What about utilities? What makes for good customer service?

Friendly, helpful, willing to resolve issue

Listening and being honest are the main things

No long waiting time listening to music and being told "your call is important to us"

Providing very easy methods of contact, so I don't have to hunt for the right numbers, addresses, forms or anything else before I even get started on solving my problem

3: What about Affinity Water. How could the company improve its customer service? Why do you say that?

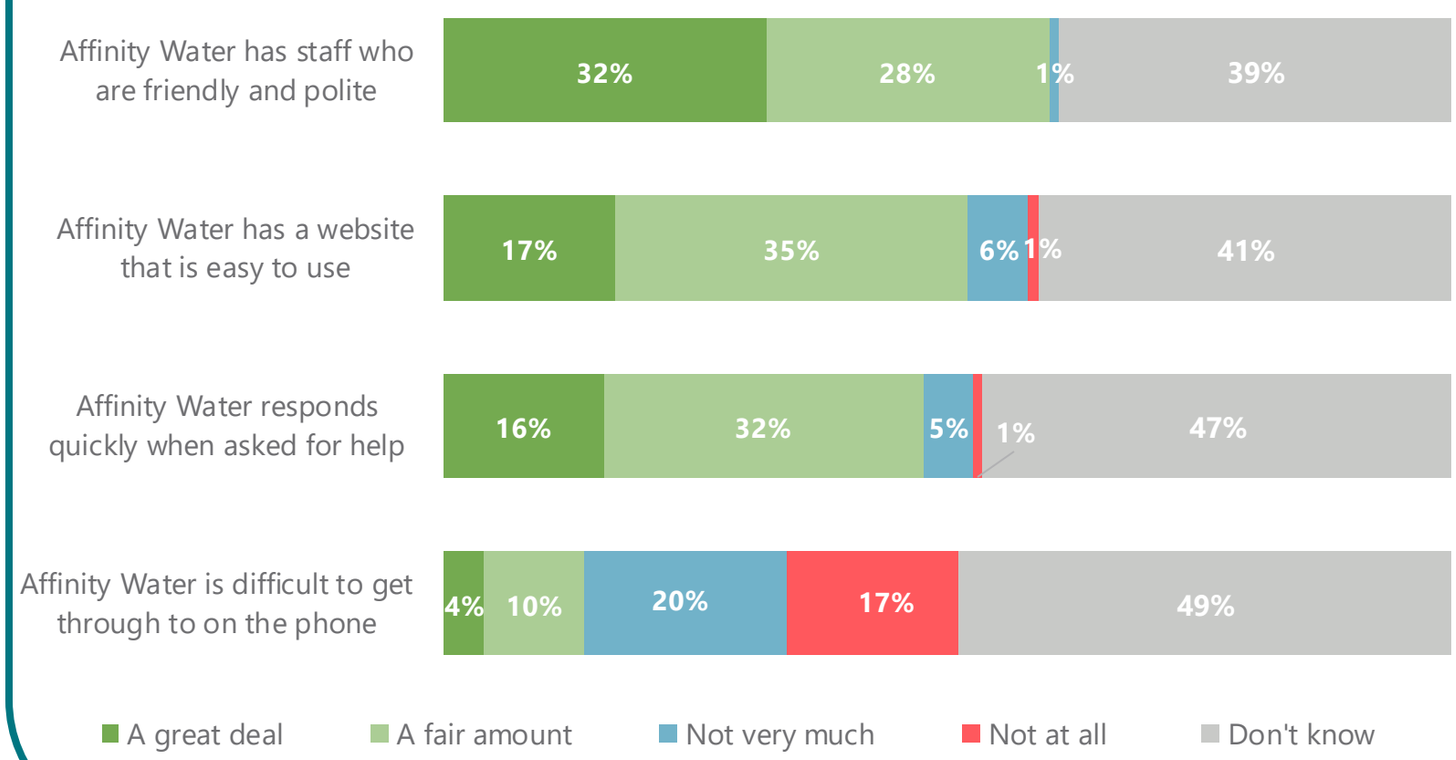
Taking greater ownership of issues. Took over three years to find Affinity Water had the wrong number in their records

If they are serious about customer service then increase the number of operatives answering their phone lines, reduce lead time for work to commence and offer discounts to customers when the water company fails in it's contract

Source: Affinity Water 2020 Customer Community / Ipsos MORI

There were 56 responses overall over the 3 steps; 21 responses to step 1, 16 to step 2 and 16 to step 3 (most answered all 3 questions).

Q – To what extent do you think that the following statements apply to Affinity Water?



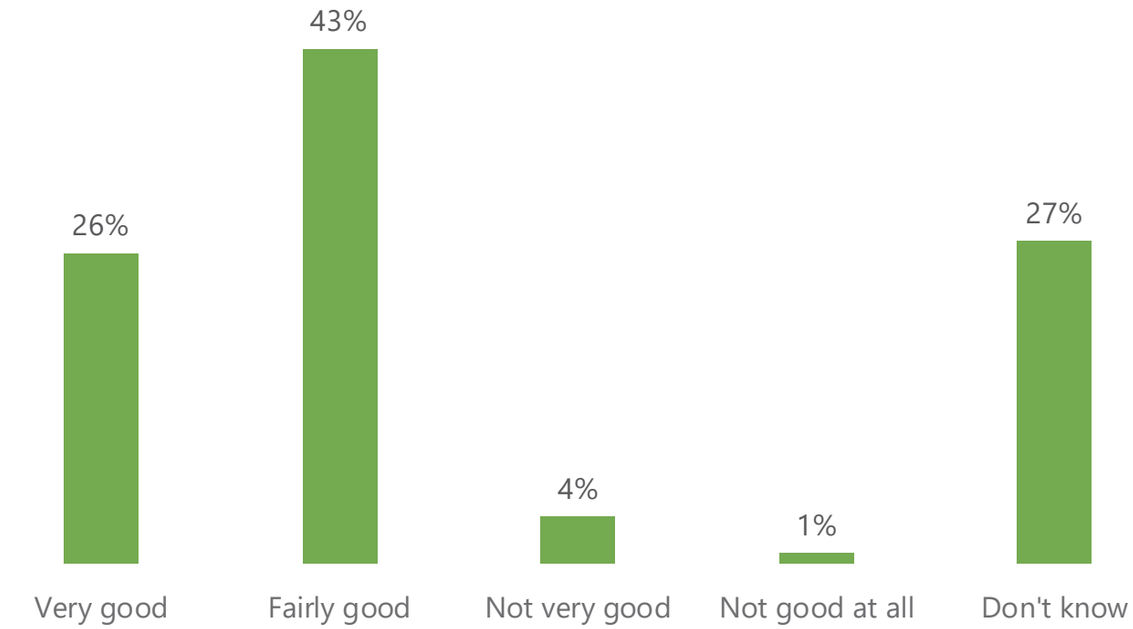
PR19 Phase 1 COMMUNITY SURVEY:

- Three in five (60%) agree that Affinity Water staff are friendly and polite, 52% agree the website is easy to use, 48% agree Affinity Water responds quickly when asked for help. Only 14% think that Affinity Water is difficult to get through to on the phone.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 334 Community Members from across the Affinity Water area

Q - And thinking about the service Affinity Water provides to you overall how good, if at all, would you say its customer service is?



PR19 Phase 1 COMMUNITY SURVEY:

- Seven in ten (69%) think that the service Affinity Water provides is good; with one in four (26%) saying it is very good. Only 5% think it is not very good or not good at all.

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Base: 334 Community Members from across the Affinity Water area

Vulnerability

Bespoke Performance Commitments: tbd (vulnerability)

SUMMARY:

- Customers that we would define as being in a vulnerable circumstance don't perceive themselves as vulnerable.
- Customers are generally unaware of the services we can offer to support them (and some distrust of motives re: reducing use).
- There was low awareness of the 2016/17 billing insert (includes an explanation of the advance care services available).
- Among the wider customer base, more than six in ten say they would support some sort of bill increase (chosen from a list) to support the Social Tariff with the most popular option, £2.50-£3.00, favoured by two in ten.

Affordability

Bespoke Performance Commitments: tbd (affordability)

SUMMARY:

- More agree than disagree that "Water bills are too expensive these days".
- Water is generally considered affordable.
- Among those in circumstances linked to vulnerability, water is affordable but harder if income unstable/usage fluctuates.
- Customers are most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage at a faster rate or to help support a large number of customers who have difficulty paying their water bills.

PR19 Phase 1 IN-DEPTH INTERVIEWS:

- Customers are actively trying to manage household bills with a sense of pride in paying. None were actively avoiding bill payments. Debt created long term difficulties with lower tariffs preferred over payment plans.
- Difficult to track water usage and cost. Water use was a private matter and especially hard to control if need to use more due to medical condition or have lots of young children. Also, bills are infrequent and lack visual measures to make water usage and cost understandable.
- Water was felt to be affordable in smaller households with fixed income or pension but harder in fluctuating usage or large family households, or where there was an unstable income.
- Most customers did not think about water usage but felt they use as much as they need and no more.
- There is little connection between water usage and the environment – attempts to reduce usage linked only to reducing bill.
- Customers did not directly describe themselves as 'vulnerable', instead using similar vulnerable stereotypes when prompted.
- They are unaware of what Affinity Water can do to help with bills.
- There is a lack of trust in or engagement with Affinity Water, with some customers wondering why the company would want them to use less water.

Base: 12 interviews with customers classified as "vulnerable" – 3 due to mental or emotional issues, 3 due to a life event (such as a bereavement or job loss), 3 due to financial issues, and 3 due to a physical issue.

Source: Ipsos MORI / Affinity Water

PR19 Phase 1 IN-DEPTH INTERVIEWS:

Illustrative verbatims:

I love it [smart energy meter], *I can see what I'm actually using, before (pre-meter) I would have just put the tumble dryer on but now I can see how much it costs so won't do it as much.*

I don't keep track of how much I use…I have a busy life, they send me a bill and I pay it. I don't need to keep track of it, they (utility company) *do it for much.*

It's a lighter bill for me, it's about the same as the TV licence, the most it has been its £14…£12 is acceptable…I don't think it's bad…I don't use a lot so I get what I pay for.

The [water] *readings we take don't mean anything to me…I would have to research how much a unit is and I wouldn't be bothered to do that…also the water meter isn't very accessible so it's not like I can just pop out and read it like the gas and electricity ones."*

What is a cubic metre in water? I have no idea. I don't understand that. I have used 48 cubic metres? Why don't they have a picture of a litre bottle of orange and say filling this bottle costs 2p. A lot of young mums will understand that and if you knew that you might use less.

I suppose I am a little bit vulnerable…with my partner not working now…it's a struggle to pay bills, afford food and get what the kids need. Mentally it does impact you, you do feel down when you can't give the kids everything.

They came around within two days to see if they could fit it (water meter), they said don't pay the original bill wait for the new bill. The engineer fitted it within seconds… I thought it would be a major job.

I phoned them and asked if I could go back to the old system, I didn't want the meter and they said no…I asked them for help as the bill is high but they said no you will just have to pay it. It made me feel upset and disappointed I was expecting them to say that because of the large household we might qualify for some help and they said no, you have to pay your bill.

Source: Ipsos MORI / Affinity Water

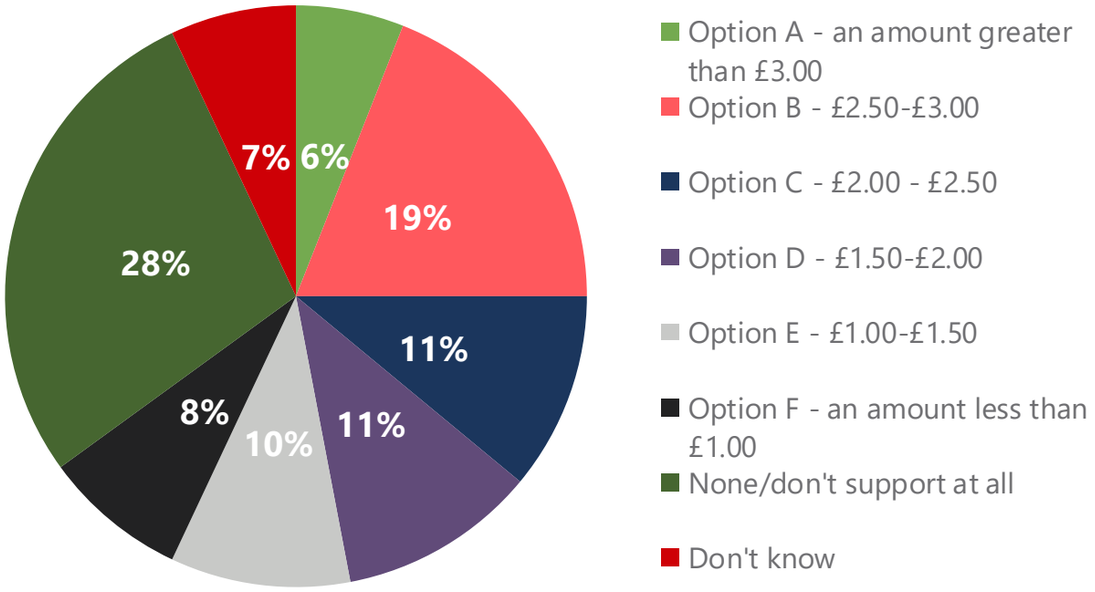
Base: 12 interviews with customers classified as "vulnerable" – 3 due to mental or emotional issues, 3 due to a life event (such as a bereavement or job loss), 3 due to financial issues, and 3 due to a physical issue.

Question	% support	% oppose
Q1 - "…providing support to customers who have financial difficulty paying for their water"	63	6
Q2 - "…providing support like this to customers"	**75**	6
Q3 - "…providing this support to customers if it means an increase in water bills paid by all other customers"	29	44
Q4 – "…do you support or oppose…continuing to offer a Social Tariff?"	48	31
Q5 – "…if it meant an extra £2.50-£3.00…?"	52	31
Q7 – "…if it meant an extra £2.00-£2.50…?"	53	31
Q9 – "…if it meant an extra £1.50-£2.00…?"	55	26
Q11 – "…if it meant an extra £1.00-£1.50…?"	56	25

- Customer opinion swings back towards support when the Social Tariff is explained in terms of the requirement to demonstrate customer support, the eligibility criteria and non-profit making.
- In a question unique to PR19, customers were asked to choose the level of investment in the Social Tariff they would favour (see right), allowing them to choose lower or higher amounts, and rejecting any funding at all. Three in ten (28%) choose this option but more than six in ten (65%) would support some sort of bill increase with the most popular option, £2.50-£3.00, chosen by two in ten (19%).

PR19 Phase 1 SOCIAL TARIFF SURVEY:
(Standalone survey, independent of Community)

- Customers are supportive of Affinity Water providing support to those who have financial difficulty paying for their water.
- Support increases further when basic information is provided about the nature of support provided by Affinity Water.
- However, support cools sharply when the idea of customers funding support is introduced (without any quantification of the impact on customer bills), and opposition exceeds support.

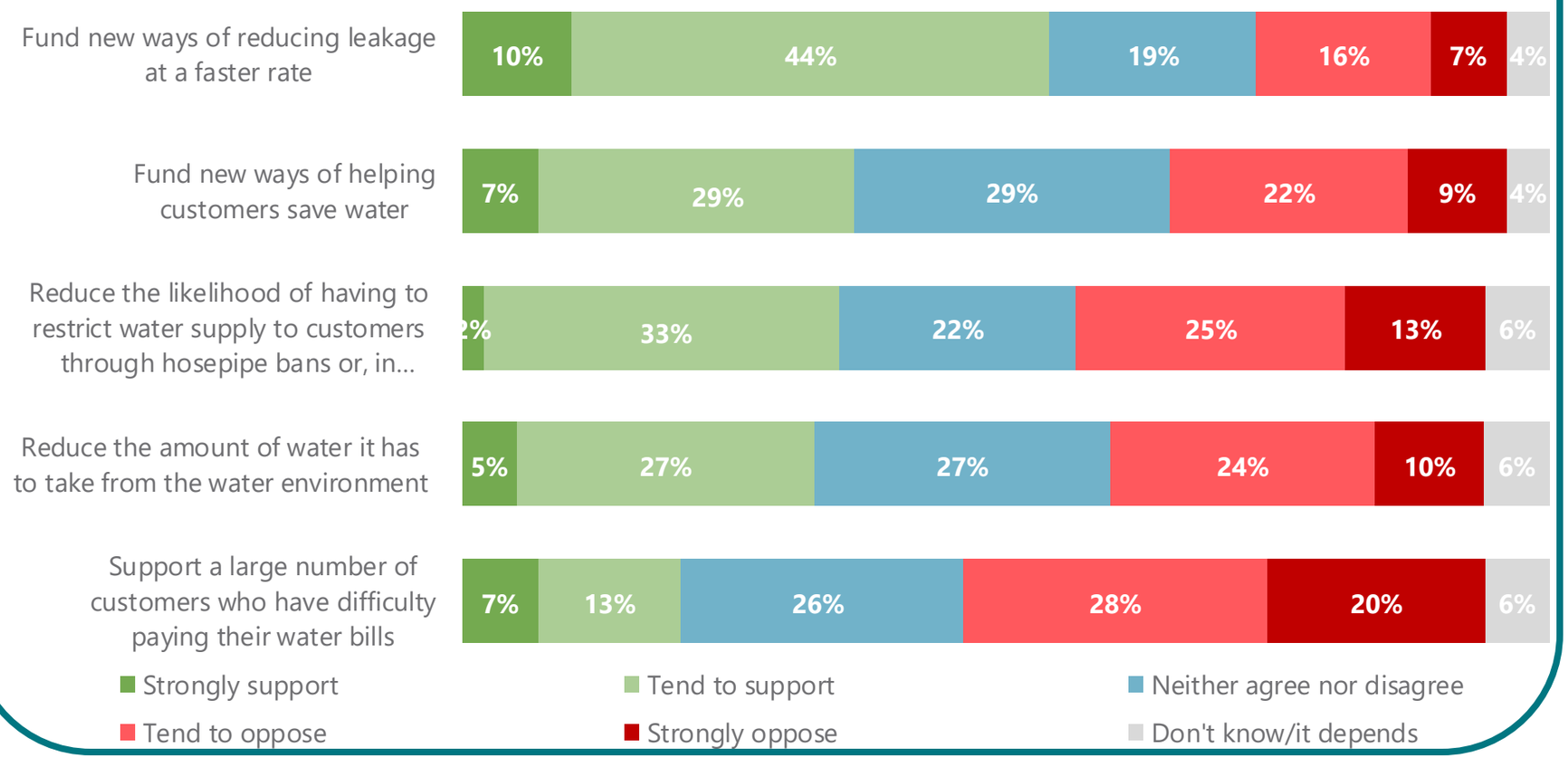


Ipsos MORI
Social Research Institute

Base: 500 adults aged 16-75 from across the Affinity Water customer areas

Source: Ipsos MORI / Affinity Water

Q6 - To what extent would you support or oppose an increase in your water bill, in principle, if it allowed Affinity Water to…



PR19 Phase 1 COMMUNITY SURVEY:

- Customers are most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage at a faster rate or to help support a large number of customers who have difficulty paying their water bills.
- They are relatively less likely to support an increase in order to fund new ways of helping customers save water, to reduce the amount of water taken from the environment or to reduce the likelihood of hosepipe bans.

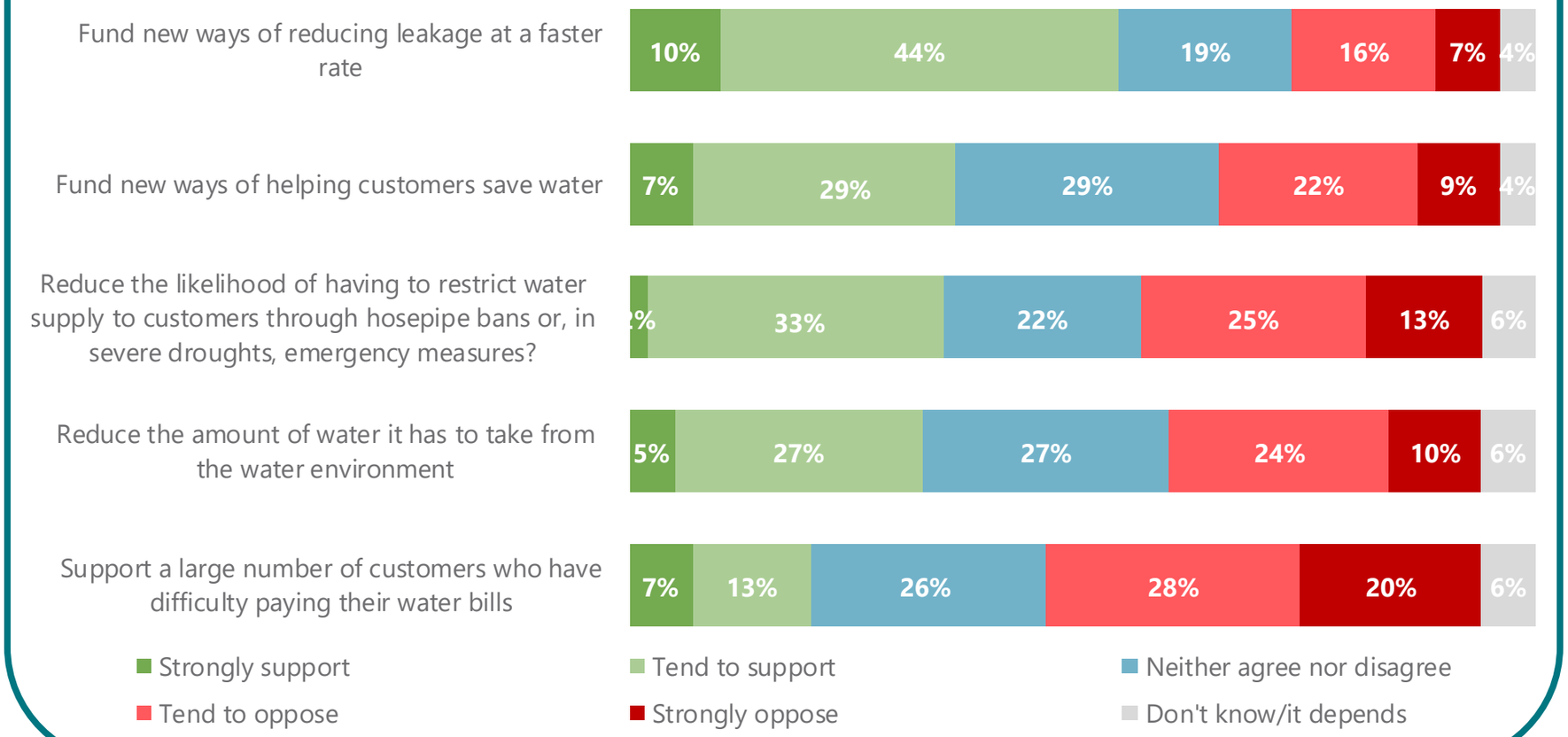
Base: 379 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Ipsos MORI
Social Research Institute

Attitudes to bills

Q6 - To what extent would you support or oppose an increase in your water bill, in principle, if it allowed Affinity Water to…



PR19 Phase 1 COMMUNITY SURVEY:

- Community members are most inclined to agree with an increase in their water bill if it was to fund new ways of reducing leakage at a faster rate – 54% support this.
- Funding new ways of helping customers save water, reducing the likelihood of future water restrictions, and reducing abstractions from the environment were the next most popular measures for an increase in water bills.
- The least popular measure leading to an increase in water bills was supporting a 'large' number of customers who have difficulty paying their bill – half would oppose this (48%).

Base: 379 Community Members from across the Affinity Water customer areas

Source: Affinity Water 2020 Customer Community / Ipsos MORI

Ipsos MORI
Social Research Institute

Other Performance Commitments

Forthcoming research

Branding

Bespoke Performance Commitments: tbd customer perception of the Affinity Water brand (qual?)

Education

Bespoke Performance Commitments: tbd educating future generations (number of children, hours)

Forthcoming research Phase 1 into Phase 2

Community:

- Drought (stepboard)
- Customer service (survey + stepboard)
- Disruptions (re-test long vs. short interruptions)
- 'Health check' (survey)

Quick polls:

- Average water bill (48p day)
- Ratings of affordability
- Awareness of incidence of drought

Stand-alone surveys:

- Vulnerability and Social Tariff
- Acceptability testing

TBC

- 'Christmas water' – stepboard?
- Water resources – discussion groups?
- Water resources – survey?
- Business Plan options – deliberative workshops
- Future customers – paired depths + group(s)?
- Value for money and bills – Community?

TBC

- PCC pilot projects – survey?
- Info customers would like to help them understand consumption – stepboard?

AW blogs for dialogue:

- Some of the things we've noticed…
- History of company
- Respond to Hubbub stepboard
- Customer service
- Customer preferences for topics

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Annex 5: Phase 2 Testing and Valuing

Ph2.1 – Triangulation Report: Phase 2

Ph2.2 – PR19 Customer Engagement Programme, Triangulation methodology: Phase 2

Ph2.3 – Draft Business Plan research: Qualitative research - report

Ph2.4 – Affinity Water Business Plan Acceptability Survey: Research report

Ph2.5 – draft Water Resources Management Plan: Research Report

Ph2.6 – dWRMP 2020-2080 and PR19 draft Business Plan 2020-2025 Stakeholder Engagement Summary Report

Ph2.7 – Future Customer Secondary School Survey

Ph2.8 – Future Customer Secondary School Focus Groups

Ph2.9 – Exploration of Supply Outage Compensation Levels

Ph2.10 – Our future plans: Consultation document

Ph2.11 – Our Plan for Customer and Communities, A Summary of our Draft Water Resources Management Plan 2020-2080: Consultation document

Annex 5: Phase 2 Testing and Valuing

Ph2.1 – Triangulation Report: Phase 2

Affinity Water

Customer Engagement Programme

Triangulation Report: Phase 2

PR19 CustEng-ARP-PH2-TRGN-TREP-003

Final Issue | 21 August 2018

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Contents

Customer Outcomes and findings from throughout the customer engagement programme

1 Introduction and purpose

1.1 Purpose

This report sets out the data collected and analysed during this key phase of Affinity Water's Customer Engagement Programme for PR19. In this phase, the focus has been on testing and valuation of propositions with customers. This represents a critical stage in the Business Planning process. The aim of this report is to:

a) Clearly record all of the activities that took place during phase 2 and our findings from it,

b) Set out our conclusions and recommendations for Affinity Water (AW) in three key ways:

- To inform the Business Plan; understanding the implications of what customers have told us for the Business Plan itself;
- To inform the next phase of the Customer Engagement Programme (with respect to Market Research, Operational Data, and linked activities);
- Where appropriate, identify opportunities for business-as-usual customer engagement.

1.2 Background and context

Triangulation

Triangulation is described as the process of "using multiple and independent measures to examine a hypothesis or conclusion being investigated, with the intent of using multiple perspectives to minimise bias and maximise validity"[1].

Recent guidance for the Consumer Council for Water[2] set out four key conclusions for the application of triangulation. These are summarised below:

- The approach should be transparent and apply clear rationale
- It must be flexible for different needs and situations
- It must learn from contradictory evidence
- It must take deliberate steps to avoid confirmation bias.

On this basis, we have built on our approach to triangulation used for previous phases, and developed a triangulation tool to enable transparent triangulation of information from a wide range of sources.

[1] ICF for CC Water, *Defining and applying 'triangulation' in the water sector*¸ July 2017
[2] ICF for CCWater, *ibid*

Figure 1 reflects Ofwat's expectations of the types of data sources that should be considered to inform water company business plans. Affinity Water has decided to not carry out a full programme of economic research explicitly for the PR19 business plan. The decision is informed by:

- Its assessment of the value of PR14 WTP insight compared to the other methods deployed,
- new innovative methods designed and deployed for PR19 and,
- wider concerns in the market and from Ofwat on the value of willingness to pay analysis.

However, it has reviewed the economic research carried out across the industry, performed ongoing value for money surveys and specific willingness to pay exercises such as a WTP Interruptions and compensation survey.

That evidence, in combination with programme of work on operational data, and the extensive market research, alongside other wider industry studies has been triangulated in this report.

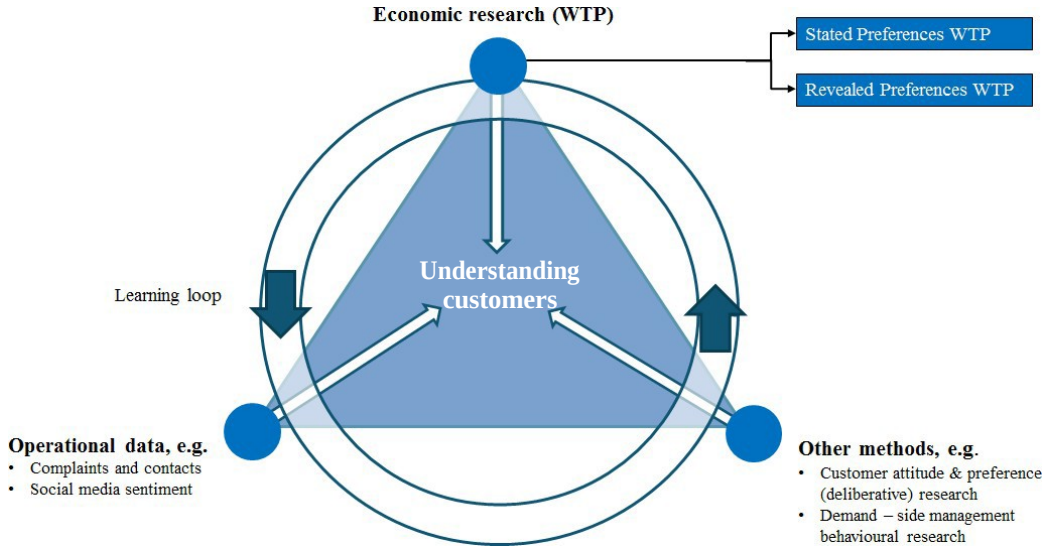

Figure 1: Triangulation Approach (Arup developed from Ofwat)

PR19 Customer Engagement Programme: Phase 2 objectives

This report brings together the findings from phase 2 of the Customer Engagement programme, which was focused on "testing and valuing". The overarching purpose of the phase was to develop a robust quantitative base of information to understand customer issues.

The objectives of this phase were:

To consult and engage with a broad range of customers and stakeholders regarding the proposals set out in our Business Plan and Water Resources Management Plan to:

- Undertake further customer engagement relating to performance commitments where we do not have enough evidence.
- Understand the extent to which customers find different packages of service and bill levels acceptable.
- Undertake further exploratory operational data research as identified as part of the Phase 1 Triangulation.
- Seek views on our WRMP preferred and alternative plans.
- Triangulate findings from the different engagement activities and operational data findings to confirm priorities, and ultimately help define Affinity Water PR19 Performance Commitments.

The customer engagement programme is part of a wider programme for the development of Affinity Water's PR19 Business Plan for 2020-2025 and Water Resources Management Plan for 2020-2080. Customer outcomes and performance commitments have now been identified by Affinity Water. The proposed structure for the business plan has been developed. Affinity Water's main focus now is writing up the Business Plan as a whole; including making final decisions on performance commitment levels, outcome delivery incentives (ODIs) and investment to deliver against these, based on a number of factors. Insight from the customer engagement programme will play an important part in these decisions.

1.3 Approach

The primary objective of this triangulation process is to synthesise all the information and feedback available from the different engagement activities and operational data findings to confirm customer priorities and support for PR19 Performance Commitments (PCs) and, ultimately seek customer acceptance of different packages of services and bill levels.

Building on our approach to the phase 0 and 1 triangulations and CCW guidance[3], for our phase 2 triangulation methodology we retained a seven-step process, shown in Figure 2. However, given the criticality of phase 2 engagement activities we additionally incorporated customer challenge workshops/working group sessions to support the seven-step process and the overall triangulation process. The objectives of the working groups/workshops were to:

- ensure robust and evidenced findings / conclusions are agreed, understood and championed by customer research team members; informing this triangulation report
- ensure the business (Affinity Water) is aware of and bought into the findings; appreciating the full impact they have on their area of the business / plan and;
- ensure CCG are assured of, and confident in, the accuracy of the data/evidence and informed of the business impacts.

[3] Consumer Council for Water, 2017, Defining and applying 'triangulation' in the water sector

The following working groups/sessions were held as outlined in Table 1.

Table 1: Summary of workshops and working groups undertaken

Description	Features/objectives	Attendees	Date
Workshop 1 (Customer engagement core team)	Summarising initial high level, set of customer engagement data findings and conclusions (for further testing and validation) Exploring potential challenges and questions these might raise for key stakeholders and customers Road mapping business plan / decision making committee interactions and deliverables; desired outcomes / impacts and what we need to present to enable these.	Customer engagement core team; Arup Ipsos Mori and Affinity Water	19/06/18
Workshop 2 – Key findings and conclusions	To summarise a more concrete set of customer engagement data findings and conclusions To explore potential challenges and questions these might raise for key stakeholders and customers To agree a storyboard / narrative and report contents page (in context customer / stakeholder outcomes; business plan narrative and decisions to be made)	Customer engagement core team; Arup Ipsos Mori and Affinity Water	26/06/18
Working groups - Business Plan Chapter Integration	To share the key findings from our customer engagement activity (the rationale / approach taken) To understand the possible synergies and contradictions with business plan chapter narrative To understand whether any customer engagement insights might strengthen the business plan chapter narrative / case To agree how activity in the business plan aligns to deliver on what customer want	Affinity Business Plan Chapter Leads, Business Plan Lead Author, Business Plan Programme Team, Representatives from our Customer Engagement Partners (Arup + Ipsos Mori / Accent / Accenture)	05/07/18

The seven-step process takes the research methods detailed in the dWRMP and Business Plans and combines and analyses the feedback of these into one report. We have created a triangulation tool (see Appendix A) to enable transparency and simplification of the triangulation process which includes these steps.

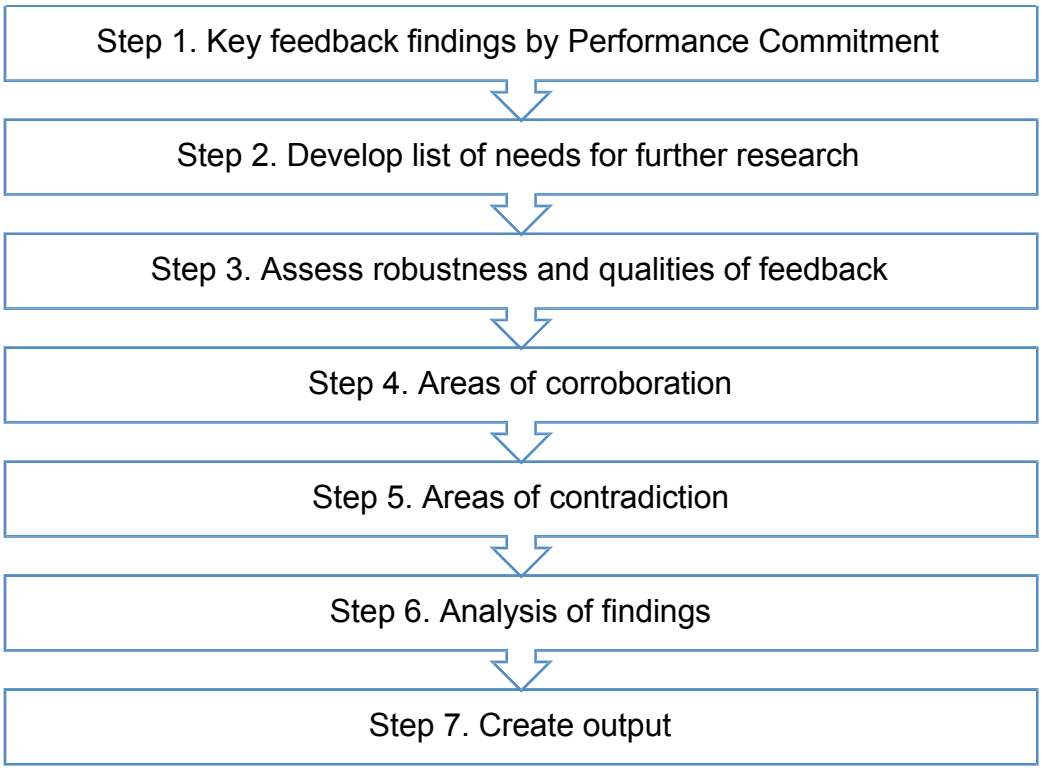

Figure 2: The Phase 2 triangulation process

Each of the steps is set out in more detail below:

Step 1. Key feedback findings by PCs

We have considered all the key findings from each feedback source relating to the research questions posed for a number of PCs. The final PCs and corresponding Outcomes are outlined in Table 2. This list of PCs and Outcomes was agreed by Affinity Water as part of the PCs Framework review process and reflected feedback from customers, stakeholders, business and OFWAT requirements.

To evidence this process and enable us to consider the adequacy of evidence base we have populated the feedback findings tab in the Phase 2 triangulation tool with customer insight and research evidence from each source against each research question and PC. The sources of information that were triangulated can be seen in Table 3 alongside the organisation who conducted the research.

The triangulation tool was reviewed and validated by appropriate researchers within Affinity Water, Ipsos Mori, Traverse Ltd and Accent who have undertaken the customer research for this phase. It was also reviewed by the CCG via CCWater. Data was collected in the spreadsheet, which was then used in the subsequent stages of analysis and drawing conclusions.

Table 2: Performance Commitments and Customer Outcomes

Outcomes	Performance Commitments (PCs)	Metric	Bespoke/ Common
Making sure customers and communities have enough water while leaving more water in the environment	Leakage	ML/d	Common
	Per Capita Consumption (PCC)	l/person/d	Common
	Abstraction Incentive Mechanism (AIM)		Bespoke (PR14)
	Sustainable Abstraction, average annual reduction	(Ml/d)	Bespoke (PR14)
	Environmental Innovation	Completing 8No. innovative pilot projects in our community	Bespoke
	River Restoration	To complete river restoration schemes	Bespoke
Supplying high quality water, you can trust	Water Quality Compliance, Compliance Risk Index (CRI)	The DWI's Compliance Risk Index (CRI).	Common
	Water Quality – Mean Zonal Compliance		Bespoke (PR14)
Minimising disruption to you and your community	Mains Bursts	No of bursts Per 1,000 km of pipe	Common
	Unplanned Outage	Lost capacity (flow rate)	Common
	Water Supply Interruptions >3hrs	average minutes lost per property per year	Common
	Risk of Severe Restrictions in a Drought	% of population at risk in a 1 in 200-year drought	Common
	Properties experiencing longer/repeated instances of low pressure	Water pressure less than 15m head	Bespoke
Providing a great service that you value	Customer measure of experience (C-MeX)	We are consulting on the definition of C-MeX.	Common
	Developer measure of experience (D-MeX)	We are consulting on the definition of C-MeX.	Common
	Customers in vulnerable circumstances satisfied with our service	Undertake a survey of Affinity Water's customers who are on PSR, receiving finance	Bespoke

		assistance and recorded as being on inflexible payment plans	
	Customers in vulnerable circumstances who found us easy to deal with	Undertake a survey of Affinity Water's customers who are on PSR, receiving finance assistance and recorded as being on inflexible payment plans.	Bespoke
	False voids and gap sites		Bespoke

Step 2. Develop list of needs for further research

After the spreadsheet was reviewed and all relevant information was inputted, gaps in research or need for further evidence were determined. For each of these potential gaps, an approach was decided and further research was undertaken to ensure that the triangulation tool provides sufficient evidence and support to complete Steps 6 and 7 of the process to support final analysis and conclusions.

Step 3. Assess robustness and qualities of feedback

We have assessed the robustness and qualities of all feedback sources, using the triangulation tool. We have populated the qualities tab of the triangulation tool with all of the information available for a feedback source. The following feedback collection information will be used where available:

- Type of data
- Number of responses
- Period of feedback collection
- Response segmentation
- Targeted segmentation
- Prior knowledge of the water sector/ prior engagement
- Date of research

These topics have been summarised to assess the qualities and robustness of the feedback.

Step 4. Areas of corroboration

In this step, we have highlighted any areas of corroboration between feedback sources. We have completed the corroboration section of summary of findings tab of the triangulation tool, this will also include an analysis of this corroboration.

Step 5. Areas of contradiction

We have highlighted any areas of contradiction between feedback sources, by completing the contradiction section of summary of findings tab of the triangulation tool, this will also include an analysis of this contradiction.

Step 6. Analysis of findings

We have analysed the findings, areas of corroboration and areas of contradiction and consider the following questions:

- What does this mean for the business plan?
- What does this mean for the next stage of research?
- What does this mean for business as usual?

The answers to these questions will be collated in the triangulation tool (summary of findings tab).

Step 7. Create output

We have used the completed triangulation tool to create this triangulation research report, which include a detailed analysis of findings, and the other outputs detailed in the sections below.

1.4 Weighting evidence in triangulation

In developing our approach to triangulation, we have taken on board the CC Water guidance. Clearly qualitative and quantitative research play different roles in our understanding of customer views. When undertaking triangulation, we also think it important to take other factors into account; for example, the purpose and objectives of each research project, the extent and nature of stimulus and deliberation provided, and the type of sampling (some research will target types of customer). While operational data cannot be considered representative, it can also provide valuable insights and corroborative evidence.

Our approach provides the flexibility to incorporate different types of data and insight, including both qualitative and quantitative research and findings. As these types of data are not directly comparable, we do not believe weighting is helpful and have therefore decided not to apply weightings to the research sources.

Instead, we have built in a function to explicitly review contradictory evidence, and through an independent party supporting Affinity Water in triangulation, we are taking steps to avoid confirmation bias.

Whilst we are not attributing numerical weightings to evidence sources we have however, attributed percentages to views derived from quantitative research activities with a representative sample.

We have also considered stakeholder views in our triangulation. We have paid attention to stakeholder views on research activities where acceptability of

services and bill levels have been sought from customers. The stakeholder views were mainly qualitative and not to be relied on in any statistical representative manner, however, views from regulatory stakeholders will have more of a significant impact on strategic decision making. Views from stakeholders and customers have been considered in informing and influencing the design of the final bill impact acceptability proposals planned for phase 3.

2 Activity undertaken to support PR19

2.1 Overview

Phase 2 ran between March and July 2018. This report was drafted in July 2018, capturing the following activities undertaken to inform PR19:

Table 3: List of activities undertaken to inform phase 2 of the customer research programme

Source	Organisation	Type of data
Draft Water Resource Management Plan (dWRMP) discussion groups – final report	Ipsos Mori	Market research
dWRMP Online Survey final report	Ipsos Mori	Market research
Business Plan (BP) discussion groups final report	Ipsos Mori	Market research
BP acceptability survey – topline summary	Ipsos Mori	Market research
BP acceptability survey – final report	Ipsos Mori	Market research
WRMP and BP stakeholder forums final report	Traverse Ltd.	Market research
Future customers – secondary schools online survey	Affinity Water	Market research
Future customers – secondary schools focus groups	Affinity Water	Market research

Customer facing Affinity Water staff – online survey	Affinity Water	Market research
Exploration of supply outage compensation levels survey	Accent	Market research
dWRMP Consultation document	Affinity Water	Market research
BP Consultation document	Affinity Water	Market research
Other activities within the water sector	Arup	See section 3
Relevant activities outside the water sector and across the world	Arup	See section 3
Operational data outputs – case studies	Affinity Water	Operational data
Operational data – BAU to PR19 (CCG slides)	Affinity Water	Operational data
Social Media Statistics	Affinity Water	Operational data
Customer contact data	Affinity Water	Operational data
Value for Money survey	Affinity Water	Market research

The outputs from these activities are recorded in the following reports:

- Ipsos Mori for Affinity Water, *Draft Business Plan research, Qualitative research – report,* May 2018
- Ipsos Mori for Affinity Water, *Draft Water Resources Management Plan Research report,* May 2018
- Affinity Water, *Future Customers Secondary School Focus Groups,* June 2018
- Affinity Water, *Future Customers Secondary Schools Survey,* June 2018
- Affinity Water, *Our Plan for Customers and Communities: A summary of our Draft Water Resources Management Plan 2020-2080: Consultation Document,* March 2018
- Traverse for Affinity Water, *Stakeholder Engagement Summary Report,* June 2018
- Ipsos Mori for Affinity Water, *Business Plan Acceptability survey,* June 2018

- Affinity Water, *Operational Facing Staff*, June 2018
- Accent for Affinity Water, *Exploration of Supply Outage Compensation Levels*, June 2018
- Affinity Water, *Our Plan for Customers and Communities: A summary of our Draft Water Resources Management Plan 2020-2080*, March 2018
- Affinity Water, *PR19 Customer Feedback Supporting Insight*, June 2018.
- Affinity Water, *Our future plans, consultation document*, April 2018.

These reports form the basis of this triangulation report. Information from these reports is summarised and analysed in combination with this report. Individual reports provide information on findings from individual activities.

2.2 Operational data

Operational customer data was captured and analysed from the following sources:

Value for Money survey

The objective of this ongoing research is to provide a robust measure of 'value for money' and provide Affinity Water with interpreted data that can influence decision making and planning. Perceptions of value over time are measured and the drivers that affect perceptions are determined.

An annual summary report was analysed for 2017-2018 and published on May 10th 2018. This data includes:

- Telephone interviews with representative sample of customers
- c. 160 interviews per month
- 200 interviews per WRZ
- Telephone calls and interviews over a variety of seasons in different water resource zones.
- Large sample of over 2000 annually.

Social Media Statistics

This source tracks social media statistics including types of social media used, number of views and number of people completing quizzes.

Customer contact data

This includes a Customer Experience Improvement Board that builds on customer contacts and complaints and a Customer Feedback document that addresses some of Affinity Water's Business Issues and analyses their performance.

Operational data – BAU to PR19 (CCG slides), March 2018

A summary of customer engagement sources, industry – wide results, customer contacts and survey data were presented to the CCG in March 2018. Updates include unwanted contacts, service improvement plans and SIM performance.

The key messages from the analysis were:

- SIM survey performance across the industry has converged
- Affinity Water quantitative performance (unwanted contacts and written complaints) has significantly improved from 2015
- Whilst performance has improved the top drivers for points lost from SIM unwanted contact and complaints remains static since 2015. These drivers are:
    - Leakage
    - Payment plan
    - Interruption to supply
    - Pressure and flow problems

As part of BAU continuous improvement, the customer service team is changing its customer services model to adapt to changing customer needs. The new model will see significant use of internet/emails/webform and web chat and social media.

2.3 Market research

Qualitative market research

Focus groups and forums provided a deep insight into Affinity Water's customers' views. This qualitative technique ensured particular customer segments were reached and also provided a forum to discuss more complex, less top-of-mind issues.

dWRMP focus groups

A series of eight 1.5-hour focus groups were conducted with a sampled group of customers to measure and understand customer preference around some of the longer-term plans detailed in the dWRMP. Participants were sampled to include a range of ages and social grades and participants were reached out to through quota sampling to those unlikely to respond to the consultation. ABC1 refers to those living in a household whose Chief Income Earner is employed in administrative, or professional occupations and C2DE means households whose Chief Income Earner works in skilled or unskilled manual workers or dependent on benefits. Two groups each took place in Collindale/Edgware, Stevenage, Woking and Folkestone and participants were given a task to read an extract of the dWRMP before the discussion group. This qualitative research aimed to explore a breadth of views but does not seek to be quantifiable or statistically representative. This type of research offers insight into behaviours, perceptions, feelings rather than conclusions from a statistically representative sample. Some perceptions may not be factually correct, but these perceptions are vital in understanding their attitudes and views.

Business Plan focus groups

A series of eight focus groups were conducted with existing Affinity Water customers and two with future customers to test different potential business plan proposals with the aim of collecting insight, testing acceptability of different packages and exploring customers' experience of Affinity Water services. Participants were sampled to include a range of ages and social grades and participants were reached out to through quota sampling to those unlikely to respond to the consultation. ABC1 refers to those living in a household whose Chief Income Earner is employed in administrative, or professional occupations and C2DE means households whose Chief Income Earner works in skilled or unskilled manual workers or dependent on benefits.

This qualitative research aimed to explore a breadth of views but does not seek to be quantifiable or statistically representative. This type of research offers insight into behaviours, perceptions, feelings rather than conclusions from a statistically representative sample. Some perceptions may not be factually correct, but these perceptions are vital in understanding their attitudes and views. The three draft plans were presented to each of the focus groups.

Future customer's secondary schools focus groups

Five discussion groups were conducted with 107 participants from a range of secondary schools across Affinity Waters' supply area. Engaging with future customers is a key part of the business planning process and these groups were used to establish their views and priorities directly relating to a number of proposed performance commitments. A background to Affinity Water was given, followed by an interactive game to explore supply and demand but the remainder of the session followed a similar approach to that with existing customer. Each session was led by a member of the Affinity Water Education Team with support from the PR19 Programme Team. Participants were guided through questions in a way that they could relate to understand better.

WRMP and BP stakeholder forums

A series of forums were conducted with 44 stakeholders across the three Affinity Water regions with the aim of exploring stakeholders' opinions and views of the dWRMP challenges, establishing which plans were preferred and understanding views on the performance commitments in the draft Business Plan.

A forum was planned in each of Affinity Water's eight community areas and invitations were issued to a full range of their stakeholders with the expectation that a varied set of stakeholders would attend. Stakeholder were geographically grouped and each invited to the forum for the region they represent.

Stakeholders were sent the dWRMP and Business Plan consultation documents in advance of the forum to read as a background to the session.

Quantitative market research

A series of surveys were undertaken to ask more closed questions to explore identified priority themes. This qualitative data provides quick, snapshot responses from a wide range of customers.

dWRMP Online Survey

An online survey of 1000 Affinity Water customers was conducted to measure and understand their preferences in relation to Affinity Water's long – term plans in the dWRMP. Surveys were distributed to customers located in all eight of Affinity Water's Water Resource Zones. Base sizes for the areas different dependent on population size. A representative sample of adult residents, aged 16-75, as targeted to take part in this survey and survey data has been weighted to match the profile of the population by age, tenure, work status and Water Resource Zone, based on Census data. Data was weighted during analysis to the known population profile across areas across Affinity Water's service area.

Business Plan acceptability survey

A face-to-face survey was conducted with a representative sample (825n) Affinity Water's customers across the water resource zones, focusing on three main areas; views of Affinity Water's performance, attitudes towards potential changes in the Social Tariff provision and acceptability of three potential business plan proposals for 2020-2025. 825 customers were interviewed face-to-face across all of Affinity Water's water resource zones. The 'random locale' methodology selection methodology was used to choose participants. Sample points from across the eight areas were randomly selected in proportion to the population in each water resource zone. Quotas for each of these interviews were then set by age, gender and tenure. The survey was designed to provide a representative sample of customers across all areas Affinity Water serves rather than within each water resource zone. During analysis, survey data has been weighted to match the profile of the population by age, tenure, work status and Water Resource Zone, based on 2011 Census data.

Future customer's secondary schools online survey

Affinity Water conducted a survey with participants from a range of secondary schools across their supply area as they were keen to ensure engagement with school aged future customers was conducted. A broad range of schools were approached via the Education Team across the Affinity Water supply area but this does not constitute a representative sample of their customers. Affinity Water staff who are also customers, were also asked to encourage their children to participate. The survey was made up of questions and themes relating to the performance commitments and set out in a way that is easy for young people to understand.

Out of the 895 responses received, 489 of these were fully completed and analysis is based on all survey responses. The responses are presented unweighted (not older age group is under-represented).

Customer facing Affinity Water staff – online survey

The purpose of this survey was to explore customer insights and understand customer experiences of interaction with Affinity Water and the service received by gathering feedback from those who work directly with customers and stakeholders daily. 70 staff in total completed the survey, each of whom works directly with either Retailers, Developers, Customers, or the Community (through

the Water Saving Squad who attend the community events). The split of staff who work with each of these groups can be seen below.

Retailers	12
Developers	20
Customers	22
Community	16
TOTAL STAFF	**70**

Exploration of supply outage compensation levels - survey

A sample of 502 online survey responses was obtained via a panel with most respondents located in Central region and balanced SEG groups. Respondents were weighted by gender, age and SEG to correct for the divergence between the population target profile and the achieved sample proportions. The younger age groups (16-29 years old) was underrepresented in this engagement.

The survey was built around a stated preference exercise that contained sequences of scenarios and a preference option at the end of either 'Interruption + compensation' or 'No interruption.' The key aim of this piece of research was to understand what level of payment will fully compensate customer for the inconvenience of a supply interruption.

Business plan consultation

dWRMP consultation

Affinity Water consulted with customers and stakeholders on their dWRMP in order to understand views and priorities that will influence future decision-making. The period of consultation ran between 19th March and 23rd May 2017. The dWRMP considers water availability in the context of depleting resources, a changing environment and changes in the ways customers use water.

Participants were asked to fill in an interactive document with questions around the supply demand balance and how Affinity Water should deal with future challenges. An option was given of filling in the interactive consultation document or sending views directly to Defra by post or email.

82 responses were received from regulators, customers and stakeholders.

Business Plan Consultation

Affinity Water consulted with customers and stakeholders on their Business Plan proposals between 16th April and 30th May 2018. The proposals aim to address requirements and expectations from stakeholders, regulators and customers.

Participants were guided through a document that detailed Affinity Water's proposed 2020-2025 plans, following by three presented packages of options that required respondents to choose which plan/s were deemed favourable.

3 Other information

In addition to the work carried out specifically to support PR19, we have considered information and activities undertaken for other purposes in this phase of triangulation.

3.1 Activities within the sector

In our customer engagement programme, we have also considered other work which has engaged with customers more broadly on water issues in the UK. The following section summarises the findings from this research, which feed into our findings within this triangulation report:

Britain Thinks for Water UK, 'Attitudes to the Water Industry Report', (2018).

This report offers a broad-stroke image of wider public attitudes and engagement with the water sector. The report touches on general levels of engagement by the public with the water industry, people's experiences of water and sewerage provision, and future issues of the sector identified by customers. There were three main findings in relation to general public engagement with the water industry:

- Water is a low saliency issue for the public
- 75% of customers say they are satisfied with their water service and trust their water company
- Perceptions of the water industry as a whole are shaped by personal experiences of water services.

People's experiences of water and sewerage provision were found to be as such:

- Tap water considered to be safe and palatable compared to rest of world
- Provision of water thought to be reliable
- Bills are generally thought to be low compared to other utilities
- 76% of people satisfied with water industry, 75% with their water company.

The report also found that the public thought the water industry would face the following challenges in the future:

- Ageing infrastructure
- Increasing demand due to population increase
- Water conservation issues
- Bill increases.

These findings are useful for contextualising the findings of Affinity's customer engagement programme.

National Infrastructure Commission, Phase 2: Public research, May 2018

This report seeks public opinion wider infrastructure issues and provides evidence base for National Infrastructure Assessment.

Key relevant findings for the water sector includes:

- Reliability and quality of the UK's water supply is "taken for granted" and participant tended to be satisfied with the service and price of their bills
- Despite being satisfied with the quality of water infrastructure, participants felt constrained by the **lack of choice of water suppliers** and felt this limited their ability to negotiate on price
- Participants were receptive to **water reuse** as an alternative to reducing wasted water, with support for home adaptations making this possible
- There was support for adaptations to home infrastructure and technology that allowed individuals to do this easily, such as places to store used water in new homes
- Participants wanted **greater information** about what adaptations would involve (including what it would mean for saving water) and greater support to help individuals make changes
- **Water meters were** viewed as a way of reducing household water use, although participants with a water meter did not always check their water
- There were mixed views on the compulsory installation of **water meters** with 45% of survey respondents supporting this in principle and participants describing concerns that some groups could lose out through higher bills without wasting any more water e.g. if they have a large family or need to use water for medical purposes.
- 65% supported the compulsory installation of water meters in all homes if it helps address water leaks
- However, 61% of survey respondents opposed compulsory installation if it meant higher bills for their household
- 62% of survey respondents also agreed that people should be able to choose whether or not to install a water meter
- While participants recognised that individuals should take responsibility for their water usage, they felt water companies and the government could support individuals to do this.

National Infrastructure Commission - 'Preparing for a drier future' (April 2018)

Whilst this report need not seek customer views on these issues, it presents analysis from a key stakeholder. Key findings from this report includes:

- The UK is currently at high risk of experiencing a severe drought
- In order to mitigate this risk and increase the resilience of the water supply system there must be a concerted effort to reduce leakage, increase water efficiency, reduce demand through metering and invest significantly in critical infrastructure

- This approach should be able to increase capacity by a quarter.

Ipsos Mori Issues Index (April 2018)

The Issues Index report by Ipsos Mori contextualised the engagement of the public with the water sector against their engagement with other sectors. The main findings were:

- that concerns about the environment and pollution are rising in popularity amongst the public, following a decrease in popularity between 2006-2012.
- Despite this, the report also highlighted the fact that the Environment and Pollution remain very low down on the concerns of the public compared to other such concerns as the NHS, Brexit, Crime and Immigration.

CCWater, 'Customers' experiences of water supply interruptions following the freeze-thaw events of March 2018' (2018).

In response to the March 2018 freeze-thaw events, CCWater conducted a study into customer experience of the event. More than 1000 household and 260 non-household consumers supplied by seven of the most affects companies (Affinity Water, South West Water, Thames Water, Severn Trent, Dwr Cymru, South East Water and Southern Water) were asked about their experiences. The key findings below summarise responses from the research.

- 19% of household and 9% of non-household received no communication about the interruption
- Receipt of water company information was recalled by 57% of household customers and 51% of non-household
- 10% of household customers affected by the event were much more dissatisfied with their water company than before the event. Interestingly, another 10% were much more satisfied with their company than before the event
- 65% of large consumers received no communication and 51% of water critical consumers the same
- 70% of respondents found the information communicated to them quite reliable or very reliable
- 74% of people didn't contact the water company at all during the event.

Ofwat, 'Out in the Cold': Water companies' response to the 'Beast from the East' June 2018 (2018).

This report from Ofwat reviewed companies' response to freeze thaw events in the UK in late February and early March 2018, which left over 200,000 customers in England and Wales without water for over 4 hours. The key findings include:

- Companies' performance was not directly linked to the severity of the weather
- Some companies did not have appropriate plans in place for this type of incident
- Better performing companies used real time information and monitoring systems to identify and manage the issues

- Co-ordination between companies that were seriously impacted was poor
- There were many examples of companies not communicating effectively with customers and stakeholders
- Where they saw better performance, companies communicated effectively with customers and key stakeholders, such as local resilience forums, councils and the emergency services, before, during and after the incident to ensure that they were able to prepare and to minimise the impact of disruption
- There was an inconsistent approach to identifying and supporting customers in vulnerable circumstances
- Some companies have proactively gone above statutory minimum payments to customers to reflect the level of disruption experienced and have paid out quickly
- Ofwat found that Affinity Water's performance largely met its customers' expectations, but there are still gaps and room for improvement. In particular, that includes better proactive communication with customers.

ComRes, 'Anglian Water, Severn Trent, South West Water and United Utilities- Nationalisation and Water Survey (2018).

Key findings from this survey included:

- There is low support for nationalisation of water and sewerage services compared to other services, only 31% supporting nationalisation whilst 41% support nationalisation of energy companies with 53% supporting nationalisation of public services such as NHS/prison services that have been privatised.
- However, there is more support for nationalisation, 42% when participants were presented with recent reports which suggests over 96% of all profits have been paid out to shareholders in the last decade. In this case only 19% oppose nationalisation.

Willingness to Pay survey - National Comparative Review of PR19 WTP, June 2018

The purpose of this report was to present a comparative anonymised review of stated preference (SP) willingness to pay (WTP) results for 13 water companies (excluding Affinity Water) from England and Wales. The purpose of performing the comparison in this report is to allow companies to see whether their own results are 'within the pack' or are outliers which may invite closer scrutiny by Ofwat or customer challenge groups.

Key findings are:

- Overall, the key change to household WTP appears to have been a widening of the range across companies, consistent with the divergence in methodologies, with a higher maximum WTP observed than at PR14, and hence a higher mean value, but with median WTP remaining fairly stable.
- At the company level, however, some significant changes in WTP have been observed, including some substantial increases and decreases.

Water industry: corporate behaviour of water companies, letter from the Secretary of State for Environment, Food and Rural Affairs, Jan 2018

Issues raised by the Secretary of State are related to financial resilience. These issues undermine public and customer trust in the industry.

- Off-shore financial arrangements
- Securitisation
- Highly geared structures
- High levels of executive pay
- High dividend payments

Despite perceived trust deficit from customers due to the above issues, an article from Utility Week dated 08/07/18 by Michael Roberts, CEO Water UK appear to suggest findings from the recent ComRes polling reveals that 86% of people trust their water companies overall.

National Infrastructure Commission, 'Data for the public good', (2017).

This report emphasised the potential that data analytics have in improving the resilience of the UK's critical infrastructure. Key messages from this report are:

- To improve resilience of UK infrastructure big data and data analytics must be embraced
- For this potential to be realised, regulators, network operators, and utilities providers must prioritise data in the day to day provision of services.
- In addition, the potential for resilience can be maximised by data sharing amongst the different stakeholders in critical infrastructure.

3.2 Activities outside of the sector

UK Customer Satisfaction Index (UKCSI), July 2018

Key findings from this report are:

- The latest average customer satisfaction score in the UK is UKCSI 77.9.
- The Utilities industry which includes most UK water companies is 74.7 which slightly down by -0.4 points from last July.
- Compared to 14 sectors included in the survey, Utilities is third from bottom. The worst performing sector for customer satisfaction is Transport which stands at 72.7 score

Key findings relevant to AW customer services team includes customer's top priorities for organisation to improve:

- 25.4% identifies 'making it easier to contact the right person to help' their top priority
- Followed by 23.4% who view 'better website navigation' a priority
- About 17% consider 'speed of response/resolution' a priority alongside quality of service

This latest survey indicates there is still more work to be done within the Utilities industry which includes the water sector. By way of comparison the best performing industries are Retail and Banking with both over 80 UKCSI score. There is a huge opportunity to learn from these high performing sectors.

4 Context and contextual findings

4.1 Phase 0 and 1

The context in which engagement takes place is an essential consideration when gathering and analysing findings. It provides a deeper richness of understanding and sets the scene for considering customer priorities by complementing 'what' customers are saying with 'how' and 'why' they are saying it.

In order for us to understand the phase 2 contextual setting, we looked back at what emerged from phase 0 and phase 1 and sought to build on this understanding as we progressed through the programme.

A number of themes emerged from phase 0 and phase 1 research that set the scene for analysing the data and understanding the background and context from which certain responses were drawn out.

The following themes were observed across the research sources.

1. Water supply is essential
    - The water supply is a constant feature of everyone's lives. Water is valuable to everyone, in that it's essential to run a household. It is dependable – and often taken for granted
    - There is little sense that water will "run out" – though there are exceptions to this e.g. people who try to be as frugal as possible.
2. A lack of agency and engagement
    - People are users of water, rather than "customers" or "consumers". They do not engage in the service in the same way as they do with other utilities, like electricity or gas. They cannot shop around for better deals from alternative suppliers
    - They pay little attention to the bills they receive or the prices they pay. People's usage is disconnected from how much they pay, in terms of volume used and amount spent. There is no perceived benefit (or incentive) to them of being more engaged.
3. Scope to improve: information and choice
    - There is low awareness of Affinity Water and what the organisation does. People typically needed prompting to know that their supplier was Affinity Water, though there was a vague sense that the name had changed from something else

- More could be done to promote Affinity Water and the services it provides – for example, free water saving devices, though it is unclear just how much this would benefit Affinity Water or the people they supply
- Be more proactive and less reactive – tell customers what is happening as a result of their feedback
- A half-open door – there's a vague sense that water could / should be better conserved, so customers are willing to listen.

There was evidence from the research outcomes that much depends on the detail provided by the facilitator and the stimulus shown or presented. In this context, customers views can be influenced depending on what they have seen and the trade-offs they make once they understand concepts that are less top-of mind- or include less intuitive data. One of the key challenges was the high number of responses that stated 'I don't know' or 'I don't care (much), just get on with it.' There was a general consensus that most people are happy to let Affinity Water get on with their job so long as they are kept informed.

4.2 Phase 2

Building on our understanding of customer context gained in phases 0 and 1, we take stock of the general context and sentiment as an essential backdrop to reporting our phase 2 findings. The following headline insights were observed with respect to the customer context:

- Affinity Water customers are broadly positive about different aspects relating to service, their water supply, including quality and reliability. Customers are overall (74%) either very satisfied (43%) or satisfied (31%) with the service they receive from Affinity Water. They are especially positive about reliability (91%); water is assumed to be "always there". Consequently, water is not something that is given much thought, particularly in comparison to other utilities where customers have more choices to make
- Water bills are considered good value for money (86%); and better value for money when compared to other utilities (29%). 87% report no problems with affordability and paying their bill on time
- All this translates into customer advocacy for proposed plans presented – specifically dWRMP and Business plan elements.

Echoing context findings in previous phases around lack of agency and engagement, the central challenges remain in phase 2 (backed by qualitative findings):

- Customers' self-reported knowledge of Affinity Water (and services) remains low; 70% don't know very much (54%) or nothing at all (16%). While they express some interest in what the company does, the most commonly held position - held by 51% - is contentment to "let Affinity Water get on with their job" as long as customers are kept informed about what the company is doing. In this context, customer views could be influenced by what information

customers already had (familiarity of information) with and / or by what by what they are given (stimulus presented)

- Customers give little thought to water supply. Supply and demand factors caused confusion particularly as there is a perception there is enough water for everyone in the UK which is a 'wet country'
- The qualitative research revealed that Customers welcomed the opportunity to engage and provide feedback to Affinity Water and liked that Affinity Water have produced a future plan that addresses challenges sustainably. However, many questioned the value of their feedback as they felt the plan had already been decided on and customers felt they lacked the expertise to make these decisions.

With respect to stakeholders:

- As was the case with customers, it was difficult to gain commitment from stakeholders to participate in the scheduled stakeholder forums
- Stakeholders, by contrast with customers, were very articulate about the macro challenges facing Affinity and the water industry; specifically demand growth and climate change. Collaboration across industry was strongly advocated for results
- Outside of that, stakeholders tended to comment on their specific area of interest.

5 Overarching dWRMP and Business Plan findings

The Business Plan acceptability survey validated that stated outcomes strongly resonate (over 80%) with customers who rate all four outcomes as 'extremely important':

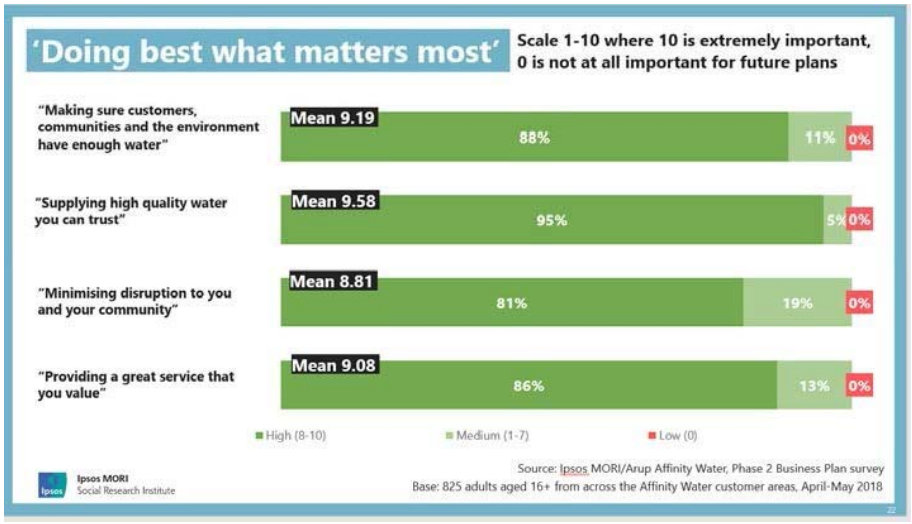

Figure 3: Relevance of Customer Outcomes; Business Plan Acceptability Survey, Ipsos Mori, June 2018

This sets an overarching context when exploring the findings from the dWRMP and Business Plan. Most customers found the four outcomes to be of high importance and relevance suggesting that Affinity Water understands its customers priorities and which areas require a future focus.

5.1 Draft WRMP findings

This section summarises findings from three research projects designed and conducted to measure and understand customer and stakeholder preferences and perspectives in respect of Affinity Water's long-term plans outlined in the draft Water Resources Management Plan (dWRMP). The dWRMP sets out how Affinity Water intends to manage its resources of water. More specifically, it describes how the company intends to ensure that its customers are supplied with sufficient water from 2020 to 2080.

This involves calculating predicted changes in supply and demand over the period 2020-2080; then using this data to develop a long-term strategy for ensuring that all users are supplied with sufficient water, whilst also meeting or exceeding targets set by regulatory bodies such as Ofwat and the Environment Agency. Supply issues which need to be taken into account include changes to water sources, climate change, and infrastructure. Demand issues which need to be taken into account include population growth, user behaviour and leakage.

As noted in Section 2, the engagement relating to the dWRMP consisted of:

An **online survey** of 1,000 Affinity Water customers aged 16-75, sourced from the Ipsos MORI customer panel between 23 April and 14 May 2018. Data were weighted at the analysis stage to the known population profile across areas served by Affinity Water

- A series of eight **focus group discussions** lasting 1.5 hours each, undertaken during March 2018. Participants were sampled to include a range of ages and social grades. Groups took place in Collindale/Edgware, Stevenage, Woking and Folkestone. A total of 66 customers were involved
- A series of **stakeholder forums** designed and delivered by Traverse on behalf of Affinity Water between March and May 2018. The forums were held across the three Affinity Water regions and a total number of 44 stakeholders took part. The forums aimed to explore different stakeholder opinions in depth to obtain a breadth of views, however, they were not intended to be quantifiable or statistically representative. The findings offer insight into the perceptions, feelings, and behaviours rather than quantifiable conclusions from a statistically representative sample
- A **formal consultation document** available for comment from customers and stakeholders.

Customers and stakeholders were presented with different 'stimulus' to gauge their views and appetite for various plan elements and overall packages – A Preferred Plan or Alternative Plan. An example of how these were packaged for stakeholders is shown below in Figure 4.

Water Resources Management — Session 1 – Detailed comparison poster

	Current situation (2015-2020)	Preferred plan (2020-2080)	Alternative plan (2020-2080)
Drought resilience	Our current position is to be able to cope with a **2.5%** chance that we will need to use 'additional water', i.e. drought permits and/or emergency drought orders.	**Improve to 1.7% (1:60 year drought event)**	**Improve to 0.5% (1:200 year drought event)** This would be without the use of standpipes in the streets or rationing the supply of water in a severe drought
Leaving more water in the environment (reducing abstraction)	In our last plan WRMP14, we committed to 42 Ml/day of sustainability reductions which we are on track to complete by the end of April 2018. The result will amount to a total reduction since 1993 of 63 Ml/day, some 7% of our resource base.	**Reduce abstraction by 10 Ml/day** In our PP we have included reductions in abstraction that in our view are based on robust evidence that they will achieve environmental benefits and that are cost beneficial.	**Reduce abstraction by 39 Ml/day** The AP has a higher cost and we consider this plan to also be higher risk. The AP represents a greater challenge to operational resilience by including a higher level of sustainability reductions.
Reducing leakage	**Current leakage: 171 Ml/day** This is 19% of total water in our pipes. 25% of this value is leakage within customer property boundaries. **Reduction in current plan (2015-2020): 27 Ml/day (14% reduction)** This is the largest percentage reduction in the industry. We are repairing 27,000 leaks per year.	**Reduce by 11% (18 Ml/day)** between 2020 and 2025 and then maintain this level until 2080.	**Reduce by 15% (25 Ml/day)** between 2020 and 2025 and then maintain this level until 2080.
Reducing our per capita consumption (PCC)	Current average PCC across the Affinity Water regions is 160 litres per person per day. (National average is 141 litres per person per day)	**Reduce to 126** litres per person per day	**Reduce to 120** litres per person per day *(our ambition is 110* litres per person per day)
Impact on average customer bill (annual increase of these four options)		Drought: **£3.00 (up until 2080)** Abstraction: **90p (up until 2080)** Leakage: **£2.10 (up until 2080)** PCC: **£2.40 (up until 2080)**	Drought: **£4.20 (up until 2080)** Abstraction: **£1.30 (up until 2080)** Leakage: **£3.80 (up until 2080)** PCC: **£3.70 (up until 2080)** *(Our ambition of 110 litres per person per day will cost more)*

Figure 4: dWRMP Detailed Comparison Poster; Stakeholder Engagement Summary Report, Traverse, June 2018

Customers participating in the survey and, separately, the qualitative research were provided with further detail about the main options being considered by Affinity Water in respect of the management of water resources (several of these were included as questions within the company's consultation on the dWRMP). They were told the approximate cost for each proposed option to help them make an informed decision but, in contrast with separate research relating to the Business Plan, these were presented in isolation, rather than as a package of commitments within a complete plan.

Group discussions found few outright objections to the themes of reducing leakage, reducing per capita consumption, reducing abstraction and enhancing drought resilience, but participants had difficulty making decisions as they struggled to understand much of the information provided. This was largely due to a lack of familiarity and context, and the intangibility of some of the content. For example, participants struggled to understand the themes of collaboration and sharing, and of sustainable abstraction. This led customers to query the value of the feedback they could give.

The following findings summarise the customer response to dWRMP plans presented; including areas of explicit agreement and contradiction. Where Stakeholder views either strongly align or differ, these have been noted.

5.1.1 Reflections on elements on proposal elements presented in the dWRMP

Figure 5 shows that customers are broadly positive about the different proposals offered in the dWRMP. They tend to support rather than oppose these, although the level of support varies from nine in ten (89%) in favour of the most popular proposal down to 57% for the least popular one.

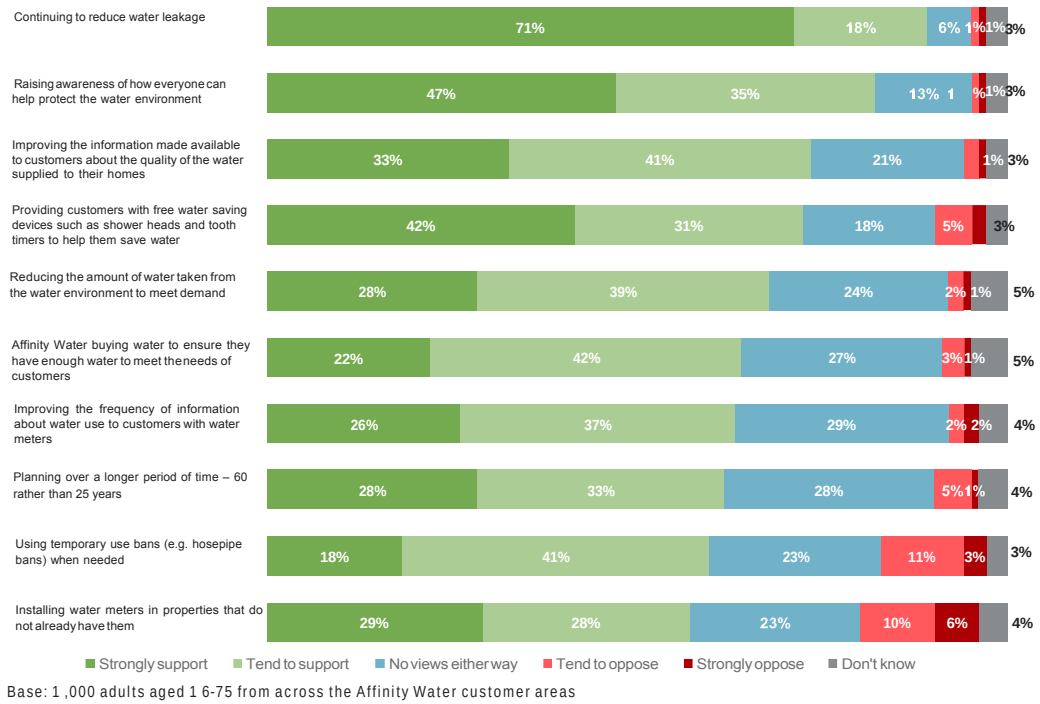

Figure 5: dWRMP Final Research Report, Ipsos Mori, June 2018

Customers are most supportive of Affinity Water continuing to find ways to reduce water leakage with nine in ten customers (89%) supporting this. Seven in ten (71%) strongly support this – the strongest feeling of support for any of the listed initiatives.

The next most popular proposals were raising awareness of how everyone can help protect the water environment, with 82% support for this, followed by three-quarters support for improving the information available to customers about the quality of water supplied to their homes (74%), and providing customers with free water saving devices (73%).

In contrast, a *relatively* small number, three in five (59%), of customers support hosepipe bans. Only 18% strongly support this initiative, the lowest of all the proposals in the dWRMP. However, the least supported proposal is installing water meters in properties that do not already have them suggesting that some customers want some control and choice. Still, over half (57%) of customers are in favour of the extension of compulsory metering, and the margin of support to opposition is two to one.

Customers who have water meters and those in the 35-54 age category are more likely than other age groups to strongly support Affinity Water using hosepipe bans, with 21% of metered customers and 23% of middle-aged customers supporting this, compared with 16% and 15% respectively of the youngest and oldest groups of customers. The least supported proposal is installing water meters in properties that do not already have them but, still, a clear majority of customers - 57% - are in favour of this.

Around a third (32%) of the youngest customers and those with meters also tend to support installing water meters in properties without one, compared to 28% who think this overall. In addition, 16-34 year olds (46%), those living in rented accommodation (who tend to be younger) (49%) and customers in receipt of benefits (47%) were all more likely than average to strongly support being given

free water saving devices such as shower heads and tooth timers to help them save water.

5.1.2 Reflections on the overall dWRMP Plan presented

Across questions **asking customers** about the different sets of options being considered by Affinity Water for inclusion within its dWRMP, between 10-15% of participants answered, 'don't know' and 5-10% made a suggestion to 'do something else'. As Table 4 shows, drought was mostly readily identified by customers as 'not a problem' - by 22% - four times the proportion who think the same of leakage. This is reflected in the relatively low proportion of customers - 48% - choosing one of the options presented. Otherwise, the majority of customers prefer at least one of the options presented in each theme (all options involved a bill increase of some degree).

Levels of customer preference, range from 43%, at most, to 13%. They are higher for the less expensive actions among competing sets of options (Table 4). The important exceptions to this are relatively high support for Option 2 to reduce leakage. Also notable is preference for a more ambitious plan to reduce abstraction – Option 2 – reflecting the lower bill increases involved compared to Option 1, and other themes.

Table 4: Customer dWRMP options presented and quantitative findings, dWRMP Phase 2 Report, Ipsos Mori, 2018

Theme	Option	Bill increase*	% prefer	% prefer any option	% 'not a problem'/ prefer 'something else' or 'none'
Reduce water leaks	Option 1 – reducing leakage by further 11%	£2.10	38	69	5 / 17
Reduce water leaks	Option 2 – reducing leakage by further 15%	£3.80	31		
Take less water from the environment	Option 1 – taking 10 million litres less	£0.90	28	71	9 / 10
Take less water from the environment	Option 2 – taking 39 million litres less	£1.30	43		
Reduce chance of severe drought	Option 1 – reducing chance to 1.7%	£3.00	29	48	22 / 14
Reduce chance of severe drought	Option 1 – reducing chance to 0.5%	£4.20	19		
Reduce water use by customers	Option 1 – reducing use to 126 litres	£2.40	34	60	13 / 16
Reduce water use by customers	Option 2 – reducing use to 120 litres	£3.70	13		
Reduce water use by customers	Option 3 – reducing use to 110 litres	£3.70+	13		

** Approximate bill increase per household bill every year until 2080*

While there is an important caveat to the presentation of data in Table 4– customers were trading-off options within, not between, themes, and were not choosing between packages or complete plans – the survey results further underline the importance of leakage and how relatively more receptive customers are likely to be to bill increases which support reductions in leakage.

Like customers, stakeholders spent more time debating within options, versus between packages. The majority of stakeholders who gave a preferred dWRMP plan indicated they prefer the Alternative Plan over the Preferred Plan. Of the 35 stakeholders who completed a comment card, 22 indicated a clear preference between plans, and 15 of these selected the Alternative Plan.

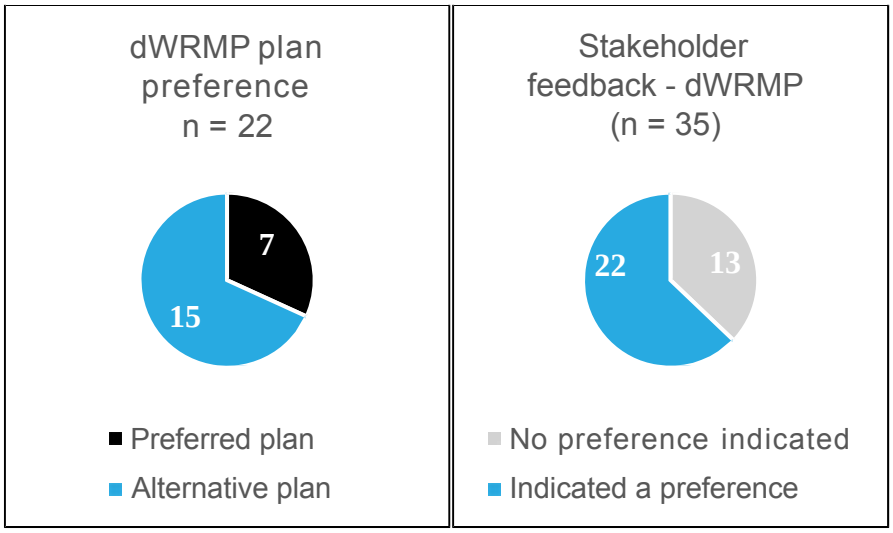

Figure 6: Stakeholder dWRMP Plan Section, Stakeholder engagement Summary Report, Traverse, June 2018

The Alternative Plan was considered to be 'more resilient' however the it was felt that the low bill impact of the options presented suggests water may be too cheap. As with customers, stakeholders spent time debating within options and expressed concerns over 'how; Affinity would be able to deliver the plan

- Stakeholders advocated for more ambition in Affinity Water's plans, and suggested that the plans could involve a stable, or increasing bill for customers, rather than bill reductions. Despite ambitions, stakeholders expressed over 'how' Affinity finds the capability and capacity to deliver these plans
- They were supportive overall of efforts to reduce water usage, ensure a resilient supply, and protect the environment. Stakeholder comments and suggestions were driven by their particular areas of expertise and interest
- In many forums, stakeholders requested greater information, clarity on the proposed targets, how they are defined and measured, and how they interrelate. They expressed concern regarding how possible underperformance on one target might affect other targets, as well as the ability to supply water in general.

5.1.3 dWRMP findings by theme

Leakage

- The majority of customers (nine in ten, 89%) support Affinity Water continuing to reduce leakage, with 71% doing so *strongly*. 71. This is the highest level of support for any aspect of the Business Plan covered in the survey.
- In terms of the different options proposed to reduce leakage, 38% of customers prefer **Option 1** - reducing leakage by a further 11% - compared to 31% who choose the more expensive Option 2 which would target a further 15% reduction. Leakage resonated strongly with customers and in the focus group discussions proposals to reduce leakage were supported by customers. Fixing leaks is a key priority; it is important as a top-of-mind, instinctively important issue to customers (and seen as a very visible sign of "under-performance" by Affinity Water), and this remains the case after deliberation and trading-off against other potential priorities. Stakeholders were more ambitious about reducing leakage; opting for the 15% reduction but shared concerns for the age of the water distribution network and the need for long term, sustainable fixes (which may dissuade customers and come at a high cost).
- Calls for efforts and policies to reduce leakage were motivated by recent local experience and sightings of bursts, but those wanting further action were also mindful of the cost and the impact on customers' bills. There was a sense that investment would reduce wastage, reducing the need to take water out of the environment or sourcing it from other suppliers etc. Tackling leakage is seen as the cornerstone of any plan to better manage water resources whether in the short, or the long term.
- Conversely, views on leakage varied among stakeholders. Some claimed reducing leaks to be a priority, whilst others suggested Affinity Water should focus on reducing demand rather than searching for leaks. Some stakeholders commented there is a diminishing rate of return in investing in leakage reduction. A few stakeholders mentioned infrastructure and conditions of pipes as important to address.
- The key stakeholders of the Environment Agency and Ofwat have been clear in their expectation for a 15% reduction in leakage.

Sustainability reductions

- Nine in ten customers (89%) say that the local environment is important to them personally, with half (50%) agreeing strongly. Similarly, two-thirds (67%) support Affinity Water reducing the amount of water taken from the water environment. Climate change and increasing demand (due to population growth) were top of mind for stakeholders.
- Despite the additional cost, both customers and stakeholders much prefer Option 2 - taking 39 million litres per day less from the environment - compared to Option 1 - 10 million litres less (43% choose Option 2, 28% Option 1).

- From customer group discussions, it is clear that protecting the environment, in general, is something customers are willing to say they support and policies in this area appear popular. However, it is hard for customers to engage with, they felt the language used was aimed at commercial companies and lacked detail to make it relevant to them. This made it hard to choose between alternative options. This led to a suspicion that Affinity Water may prioritise the environment over customers, and prompted some concerns about bill rises.
- As an important regulatory stakeholder, the Environment Agency's response to Affinity's dWRMP found Affinity's plans to lack ambition and even contravene legislation.

Drought

- **Option 1** - reducing the chance of severe drought to 1.7% - is preferred by 29% of customers while 19% choose Option 2 - moving to a 0.5% chance. However, 22% say that Affinity Water should do nothing because they do not think this is a problem.
- As with the environment, we similarly found scepticism about drought, climate change and demand growth. The UK is thought by customers to be a 'wet country' with an abundance water and some of the proposed changes appeared too far into the future to impact within customers' lifetimes. In our group discussions customers were also sceptical about how the proposals would be regulated and were unsure how they would monitor their own personal water usage.

  Stakeholders emphasised the importance of making customers aware of the problems that could be caused by climate change, such as saline intrusion (the movement of saltwater into freshwater aquifers), rising sea levels and extreme weather conditions, and what kind of impact this could have on water resources in the long term. An open conversation with customers on the actual cost of maintaining water supply during a drought was suggested, to find out if people are prepared to pay more.
- Stakeholders had mixed views on drought resilience, and requested more information on how droughts are defined and exactly what restrictions might be put in place.
- The Environment Agency's response to the WRMP highlights their concern around Affinity Water's ambition for improving resilience to drought, In particular, they want the company to do more, faster, to make progress with strategic long-term options with neighbouring water companies and to reduce its reliance on unstainable sources of abstraction. Ofwat's response has raised concerns about the efficacy of water trading options proposed.

Demand Management and Reducing Consumption

- Just under four in five customers (78%) say that they are careful about how much water they personally use. However, three in five (61%) feel they would be able to make some sort of reduction in their household water consumption, although these customers typically say they could only make a small reduction in usage.

- While none of the three options presented was able to attract the backing of a majority of customers, the least ambitious - Option 1 (reducing water use to an average of 126 litres) - was the most preferred one, chosen by 34%.
- The group discussions also found the overall aim of reducing consumption was generally supported and seen as a good idea by customers. Reducing usage by a quarter did, however, feel like a large reduction, especially for older age groups. Older customers tended to support the reduction to 110 litres daily consumption while younger groups supported a cut to 125 litres.
- During the groups, participants challenged Affinity Water's consumption figures, criticising the lack of comparative information and expressing surprise at how high these are. Customers recognised the importance of this area given its benefits in terms of the environment and lower bills, but expected Affinity Water to encourage progress proactively by providing water saving devices and education.
- Reducing **PCC** was also a popular focus in stakeholder conversations, with many seeing it as beneficial to all aspects of the dWRMP and Business Plan. Stakeholders highlighted the need for greater communication to the public of information about the supply and demand for water, particularly personal PCC, and of Affinity Water's plans. However, some stakeholders felt that the reductions proposed are too high to be realistic. Participants made many suggestions regarding how to reduce PCC. These included:
    - targeting building regulations
    - involving local authorities and businesses
    - increase awareness of water usage
    - continue to develop water efficient technology and tools for households.
- Stakeholders emphasised resilience to extreme conditions and situations as a very important topic and key priority to ensure future supply. Some commented on the lack of clarity around the details of resilience.
- Some stakeholders commented that the supply and demand situation facing Affinity Water, and hence its solutions, are part of a broader political situation which requires political motivation to be solved. Specifically, a few suggested that, with sufficient political will, greater infrastructure for transferring water across the country can and should be developed, to aid water companies facing supply shortages.
- Some participants raised the issue of housing developments and the interaction between developers, local and central government, and Affinity Water. Some of these participants drew attention to perceived inconsistencies in how housing developments are carried out, especially in terms of how water efficient their designs are. A few commented that, whilst some housing developments are designed to be as water efficient as possible, others, which can be as close as across the road, may be designed very inefficiently.
- Ofwat has commented that it sees "limited ambition for demand management" in the DWRMP.

Environmental Pilot Projects

- The more modest **Option 1** - investing £2 million in local projects – is preferred by 39% of customers, ahead of Option 2 (£6million) which is favoured by 30%. This theme was not covered in detail in the group discussions but was a feature of discussions with customers in respect of the overall Business Plan.
- Spending money on **environmental pilot projects** was a popular focus for stakeholders, with many participants supporting the higher figure of £6m in Business Plan 2 However, stakeholders requested more information on exactly how this money would be spent and how good value for money would be ensured.

Conclusions related to dWRMP can be found in Section 6.

5.2 Business Plan Acceptability

This section summarises findings from two research sources conducted to explore a number of different packages of options in the draft Business Plan, designed to gauge and test acceptability and explore customer preference. The research sources were:

- A series of 10 focus groups. 8 of these with existing Affinity Water customers and 2 with future Affinity Water customers. Participants were reached out to through quota sampling to those unlikely to respond to the consultation and were sampled to include a range of ages and social grades. Refer to section 2.3 (Market Research) for more information about this source. Participants were given a task to read an extract of the dWRMP before the discussion group
- An acceptability survey with 825 customers sampled from across the whole supply area. Customers were selected using a 'random locale' selection methodology where sample points from across either eight areas were randomly selected in proportion to the population in each water resource zone. Participants were interviewed face-to-face, in- home in April and May 2018 across the eight water resource zones. Refer to section 2.3 (Market Research) for more information about this source.

Three different Business Plan packages, J, K and L were presented to customers. Each plan is detailed in Table 5. The following findings include information from both sources detailed above.

Table 5: Three different Business Plans presented to customers as packages of options; dWRMP Final Research Report, Ipsos Mori, June 2018

Forecast bills	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environ-mental pilot projects	Reliability of water pressure
Plan J: £170 per year 2019/20 £158 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan K: £170 per year 2019/20 £161 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan L: £170 per year 2019/20 £168 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Currently: £167 per year in April 2018	-	-	160 litres per person per day	5% (1 in 20) per year	2.5% (1 in 40) chance per year	-	13 hours low pressure per year

Customers commented that the data in the plans was neither intuitive nor familiar and therefore struggled to come to terms with what was being presented. The lack of context around certain features of the plans, particularly cost, was obvious as participants struggled to understand whether £2 million was 'a lot' when comparing this to other costs or proposals.

Environmental pilot projects were presented as the only feature with associated costing attached. Throughout the research, customers were trading-off options within each of the packaged options rather than choosing between the plans as whole packages (Business Plan focus groups) creating difficulty when trying to gauge support for complete plans.

Initially, customers had mixed feelings about the exercise with some feeling like they had little control over what their water company does. However, participants began to compare and contrast plans as they saw different proposals. A number of observations were made about what areas customers focused on and which areas

were, perhaps, more neglected.

- Participants focused largely on fixing leaks, environmental projects and reducing personal water use in the groups with some groups focusing on sourcing water more sustainably. Less time was spent discussing severe drought restrictions, reliability of pressure and risk of interruptions and these areas were not as highly prioritised.
- Levels of preference were higher for less expensive actions among competing sets of options with the exceptions of leakage and reducing abstraction. For leakage, the higher reduction was preferred and for reducing abstraction, customers called for a more ambitious target.
- Generally, older customers were most interested in the environmental aspects of the plan and the younger and future customers balanced these environmental views against cost savings. Future customers also remarked that customer experience was very important too.

Generally, all three plans were considered acceptable scoring between 74% and 78% (for 'very acceptable' or 'fairly acceptable') and no major concerns were raised, however, there was underlying scepticism around the idea of being able to improve outcomes and reduce the cost to customers.

Percentages for level of acceptability for each plan can be seen below.

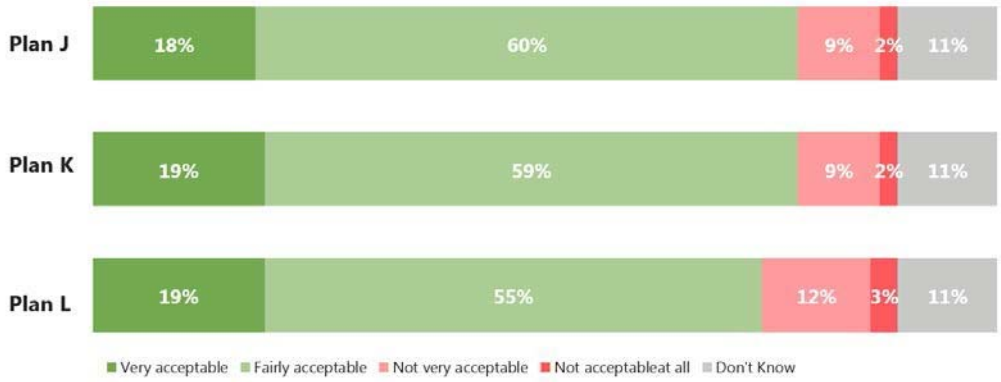

Figure 7: Levels of acceptability for each presented plan; dWRMP Final Research Report, Ipsos Mori, June 2018

Overall responses to the plans are summarised here:

- Plan J was most practically achievable and realistic; however, it was less ambitious than the others and the features presented did not create a plan that stretched targets enough.
- Plan L was considered the most aspirational plan which presented stretching, ambitious targets. This provoked questions around achievability and whether it is something that can practically be delivered. Some customers felt it was 'too good to be true.'
- Plan K was the most popular plan overall with customers as it was recognised as having strong environmental credentials. Comments received suggested that it could do better in terms of cost savings.

6 Findings and Analysis - Performance Commitments

Table 6 displays our phase 2 triangulated findings from the sources detailed in Section 2 and Section 3. Each source has been analysed and explored to draw out themes and findings relating to Affinity Water's Performance Commitments. These detailed findings can also be found in our triangulation tool (Appendix A) which was used to gather information and make an assessment on the qualities and robustness of sources. Areas of corroboration and contradiction between feedback sources have also been highlighted.

Table 6: Phase 2 findings based on Performance Commitments

Performance Commitment/s	Findings – areas of corroboration	Findings – areas of contradiction
Water Quality Compliance - *Maintain current performance* Mean Zonal Compliance - *Maintain current performance*	80% trust the quality of the water they receive and prioritised receiving a high quality of water, but some expressed concerns about the chemicals added to water, particularly those who don't drink water from the tap *[dWRMP survey]* Clean/safe water was mentioned by most future customers when asked about what the most important thing about your water supply was. *[phase 2 future customers schools focus groups]*, the majority also recognised that clean/safe water is a crucial resource *[future customers school survey]* The smell and taste of water are the main causes of customer complaints around water quality *[Customer feedback Supporting Insight]* Of the positive drivers influencing value for money, water quality has risen significantly *[VfM 2017/2018 summary]* Tap water considered to be safe and palatable compared to rest of world *[Britain Thinks for Water UK]* When re-testing the outcome '*Supplying high quality water you can trust*' for phase 2, this outcome received a mean score of 9.58. [Phase 2 Business Plan acceptability survey]	

Leakage - *Leakage reduction of 11%(preferred dWRMP) or 15% (alternative dWRMP)*	71% of customers strongly back continuing to find ways to reduce leakage, 89% support. Leakage reduction proposals were supported by customers. *[dWRMP survey]* In terms of the different options proposed to reduce leakage, 38% of customers prefer Option 1 - reducing leakage by a further 11% - compared to 31% who choose the more expensive Option 2 which would target a further 15% reduction. *[dWRMP survey]* Leakage is an emotive issue. Customers shocked at level of leakage, perceive it as 'very high' and do not appreciate being asked to save water or temporary restrictions because of this. *[phase 2 future customers schools survey]*. There is high support for compulsory metering, 65% if it helps with addressing water leaks *[Ipsos Mori research for NIC, May 18]* Leakage is seen as a visible sign of underperformance and a key part of the 'contract' between company and customers. *[dWRMP/BP qual research]* Many participants felt that both 11% and 15% leakage reductions were too modest. *[Business Plan focus groups]* Customers make the connection between reducing leakage and protecting the environment but also recognise the individual benefit of keeping costs low. *[Business Plan focus groups]* Operational data shows there has been a little more claimed contact on external leaks in 2017/2018 with 27% claiming this as the main reason for contact. *[VfM 2017/2018 Summary]*	Varying views from stakeholders on leakage. Higher leakage reduction was more popular with some seeing it as a top priority while others worried about short term fixes. Some saw leakage as being of little interest to customers. *[stakeholder BP/dWRMP focus groups]* Costs for leaks were presented in % (not the number) and customers struggle to trade off against other areas. They don't understand the investment required *[Business Plan acceptability survey]* Business Plan with highest level of leakage less acceptable to customers (but still 74% support) *[Business Plan acceptability survey]* 61% opposes compulsory metering if it means higher bills *[Ipsos Mori research for NIC, May 18]* Difficult to interpret and understand leakage data without any context. Data was unfamiliar and unintuitive *[Business Plan focus groups]*

Per Capita Consumption (PCC) - *PCC reduction to 129 l/p/d(preferred dWRMP) or 124 l/p/d (alternative dWRMP). Both figures are targets by the end of AMP7*	The majority of future customers agree that there is a need to save water *[phase 2 future customers schools survey]* and also they agreed that individuals should be careful about the amount of water they use *[future customers schools focus groups]* The overall aim of reducing consumption was generally supported and seen as a good idea by customers *[dWRMP focus groups]* 78% say they are careful about how much water they personally use and 61% of participants said they felt they would be able to make a small reduction in household water consumption. Of the three options presented, none of them received a majority backing. *[dWRMP survey]* Many stakeholders advocate a strong focus on water efficient infrastructure in household *[WRMP/BP stakeholder forums]* The general public appear to be open to water reuse as an alternative to reduce wasted water *[Ipsos Mori research for NIC, May 18]* Participants did not think they as individuals wasted water and saw little benefit in turning off taps when brushing teeth for example. They did not understand how Affinity could track individual water use as meters are not mandatory. *[Business Plan focus groups]* Negative reactions when the idea of mandatory restrictions on personal water use was suggested but were more perceptive to Affinity Water helping them reduce their consumptions by incentives/technological solutions. *[Business Plan focus groups]* Public awareness of personal water use is key to reducing PCC *[WRMP/BP stakeholder forums]* Water meters were seen as a positive way of encouraging individuals (66%) to reduce their water use by participants that both had personal experience of water meters and those that did not *[Ipsos Mori research for NIC, May 18]*	Most customers feel that they are already efficient users of water, 40% feel that they cannot use less than at present *[dWRMP survey]* Reduction targets are very ambitious *[WRMP/BP stakeholder forums]* Reducing personal water use directly equated with issues of leakage and participants rejected onus being put on them to save water. Companies should be more responsible for saving water. *[Business Plan focus groups]*

	The data trends (63%, 2014 – 66%, 2018) from VFM survey appear to suggest attitudes to water meters may be improving slightly [VfM 2017/2018 summary]	
PC: Environmental Innovation - Target will be on the completion of the pilot projects. We will offer a base and enhanced pilot project proposal	82% supported raising awareness of how everyone can help protect the water environment *[dWRMP survey]* Nearly 70% supported investment in local environment pilots, term environment seen as particularly positive *[dWRMP survey, stakeholder BP/dWRMP focus groups]* The higher figure proposed (£6 million) was favoured by most stakeholders as they saw spending money on environmental pilot project important *[stakeholder BP/dWRMP focus groups]* Difficulty in making decision about whether to prioritise these. Some scepticism about the effectiveness of projects and the cost. *[Business Plan focus groups]* Varying views expressed as to who was a role in protecting the environment, but generally agreement that it is both the responsibility of the individual and of the water company - 89% of customers think Affinity Water should do more to save water and reduce wastage through leakage and bursts and 86% agreed that individuals should be careful about the amount of water they use *[future customers schools focus groups]*	Further detail requested on environmental pilot projects to determine value for money *[dWRMP survey and focus groups, stakeholder BP/dWRMP focus groups]* 39% prefer the £2m investment, 30% prefer the £6m investment, 30% other/don't know. *[dWRMP survey]* The connection between the money spent on environmental pilot projects and the proposed reductions in abstraction is not clear. [*stakeholder BP/dWRMP focus groups]* Schools' is a polarising feature of pilot projects (considered duplicated by some) *[Business Plan focus groups]* It's unclear exactly what these 'pilot projects' are, where they will be or how their impact will be measured. *[stakeholder BP/dWRMP focus groups]*
PC: Sustainable Abstraction - *10.22 ML/D (preferred*	Customers generally supported Affinity Water in taking less water from the environment and 43% favoured the more ambitious option (taking 33 million litres less per day) but customers noted that	Customers only prioritised reducing abstraction after they understood what it

plan) or 39 ML/D (alternative plan) PC: AIM - *Maintain current performance*	the cost difference between options was minimal compared to other proposals such as leakage. *[dWRMP survey]* Abstraction hard to engage with and suspicion that the environment might be prioritised over customers. *[dWRMP focus groups]* Customers felt that the alternative option was unclear and presented as inferior by Affinity Water. *[dWRMP focus groups]* General ambivalence as to how this area should be prioritised given the low levels of knowledge. *[Business Plan focus groups]* The targets seem low in comparison to past abstraction reductions. Good to reduce abstraction as much as possible but could lead to supply shortages if other targets aren't met. *[dWRMP/BP stakeholder forums]* A slight majority of future customers agree in taking less water from rivers and just less that majority agreed that we must take less water from aquifers *[future customers schools focus groups]* Nine in ten customers (89%) say that the local environment is important to them personally, with half (50%) agreeing strongly. Similarly, two-thirds (67%) support Affinity Water reducing the amount of water taken from the water environment. *[dWRMP survey]* When re-testing the outcome '*Making sure you have enough water, while leaving more water in the environment'* for Phase 2, it received a mean score of 9.19. [Business Plan Acceptability Survey].	was, the wording was jargon heavy and vague. *[dWRMP survey]* Abstraction hard to engage with and suspicion that the environment might be prioritised over customers. *[dWRMP focus groups]* Stakeholders cautioned support in abstraction reduction with concern about possible knock-on effects on the environment and on supply levels. In addition other stakeholder felt that higher reductions are not achievable due to anticipated demand growth *[dWRMP/BP stakeholder forums]*
PC- River Restoration - *TBC*	77% of customers visit the water environment at least once a year, with 41% visiting every month *[dWRMP survey]*	

PC: C-Mex - *TBC*	Majority of customers are very/satisfied with the service they receive from Affinity *[Business Plan acceptability survey]* When re-testing the outcome '*Providing a great service that you value,'* for Phase 2, it received a score of 9.08. [Phase 2 Business Plan acceptability survey]	49% agree that their household water bills are too expensive these days *[dWRMP survey]* Some customers find water bills too expensive; in some cases bills received

	Since 01/04/2016 to date we have received 244,498 items of customer feedback of which 89% have responded with very satisfied or satisfied, 8% very dissatisfied or dissatisfied and 3% neither *[Customer feedback Supporting Insight]* Customers stressed the importance of good customer service, particular when they need to directly contact Affinity Water *[BP focus groups]* Household customers generally feel positive about the service they receive from Affinity staff and the manner in which they engage with them – knowledgeable, helpful and understanding and help save the environment *[operational facing staff survey]* Customers who had contact with Affinity Water generally had a positive experience, however, those who didn't receive great service they suggested improvements around greater ownership of issues; resolving complaints quicker; resourcing more call operators; improved online service provision; more regular email updates and water meter readings *[operational data]* Customer service expectations are higher among younger, future customers who prefer text, online and social media as well as TV and celebrity advertising *[future customers schools focus groups]* The company achieved 6th position in the industry UKCSI survey (pre July 5th score) *[Customer feedback Supporting Insight]*, Customers take their water supply for granted and knew little about Affinity Water beyond the name. *[Business Plan focus groups]* Customers have a limited awareness and understanding Affinity and the service it provides; with limited interaction (beyond billing) *[Future customers schools survey]* Customers want to know more about services available to support them, for example social tariff information, water saving, bill payment options, leakage and comparative data *[Business Plan focus groups]*	following water meter installation *[operational data]* There are very few complaints about price perception *[operational data]* Positive perceptions of affordability are not shared by all; specifically unstable income earners, large families / households (where fluctuation is greater), retail and developer customers *[operational facing staff survey]* Of the negative drivers influencing value for money, perceived bill change, no choice in having a meter and contact with Affinity Water have increased significantly. This means these areas have an increasingly negative impact on value for money *[VfM 2017/2018 summary]* The VfM survey suggests that external factors are influencing customers outlook on value for money and indicators of ambivalence toward VFM are growing. *[VfM 2017/2018 summary]*. Across the UK, there is lower customer satisfaction in the Utilities sector than other sector *[UKCSI Survey]*

	Customers feel Affinity do not communicate effectively with them (right content, frequency, mode and method – e.g. 'Keep Track of the Tap' campaign); and specifically during interruptions *[dWRMP/BP focus groups and operational data]* Customers increasingly want to use online methods of contact; specifically future customers *[Business Plan focus groups]* Household customers generally see water as affordable (87%)" a good deal"; and when compared to other utilities (29% better value; 57%same value) *[Business Plan acceptability survey]* The majority of future customers agreed that the cost of water is important to them *[phase 2 future customers schools focus groups]* Many believe that plan and costs are already set and they are not expert enough to make a judgement about cost and value for money *[dWRMP focus groups]* Amongst non-households, the evidence suggests that WTP has increased since PR14. *[WTP review]* Operational data shows that of the minority of customers who have contact Affinity Water in the last year, 9 out of 10 customers found it easy to access their services. *[VfM 2017/2018 summary]* In January – March 2018, there was a strong dip on strong positive satisfaction, potentially a result of cold weather interruptions and associated publicity. *[VfM 2017/2018 summary]* Operational data suggests customers need to be communicated with effectively and positively to persuade customers to have a meter installed as those who have chosen to have a meter are more positive about them than those who don't have one. *[VfM 2017/2018 summary]*	
PC: D-Mex -*TBC*	When developers were asked about what customers talk to them about, some of the positives included receiving help in using online service and receiving good technical support. However, there were significantly more negative comments from customers including cost too high, unclear	

	information, poor website, long waiting times on phone and delays in construction. *[customer facing staff online survey]*	
PC: PSR – Satisfaction - *Performance target to be consistent across the AMP* PC: PSR – Ease - *Performance target to be consistent across the AMP*	63% are in support of Affinity Water spending more on the Social Tariff to support more customers and 47% of customers are in favour of increasing overall bills to support more people but the level of support varied. *[Business Plan acceptability survey]* Support is higher still among those in households that receive Benefits (72%) and among customers who feel water bills are better value for money (76%). *[Business Plan acceptability survey]* Views on this issue are complex and can be influenced by the stimulus *provided in the questioning. [Business Plan acceptability survey]* 50% agreed that the discount offered through social tariff should be larger for households with lowest incomes, whilst 32% prefer the current model [Business Plan acceptability survey]. Views on this varied across different groups for example between ABC1 and BME groupings are slightly in favour of the current fixed model. *[Business Plan acceptability survey]* Nearly a quarter of Affinity Water customers could be considered vulnerable. They are more likely to be over 65 years old and living in single person households. *[VfM 2017/2018 summary]* In the VfM, of the 16% that worry about being able to pay their bill, 10% are not considered vulnerable. (Whereas 17% could be considered vulnerable but are not worried.) *[VfM 2017/2018 summary]*	34% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing. *[phase 2 BP acceptability survey]* 39% believe Affinity should not add anything to water bills but continue to support 50,000 customers *[phase 2 BP acceptability survey]* 35% of participants opposed a bill increase to support higher spending on the Social Tariff to reduce bad debt suggesting this support is dependent on framing. *[phase 2 BP acceptability survey]*
PC: False Voids & Gap Sites - *Maintain current performance*	Most customers are happy for Affinity Water to "just get on with the job" *[dWRMP survey]* Household customers generally see water as affordable (87%)" a good deal"; and when compared to other utilities (29% better value; 57% same value) *[Business Plan acceptability survey]*.	

	The majority of future customers agreed that the cost of water is important to them *[future customers schools focus groups]* Many believe that plan and costs are already set and they are not expert enough to make a judgement about cost and value for money *[dWRMP focus groups]*	
PC: Supply Interruptions - *Three options on performance levels:* *1. 12 minutes at the start of the AMP, moving to 6 mins in year 3* *2. 10 minutes at the start of the AMP, moving to 3 mins in year 3* *3. 12 minutes at the start of the AMP, moving to 10 mins in year 3*	1/3 of customers have previously experienced an interruption to their supply, largely in their homes with 58% of these causing no impact on the household *[Supply outage compensation levels survey]* Those who hadn't previously experienced an interruption required a high level of compensation suggesting an interruption to supply may not be as bad as they expect. *[Supply outage compensation levels survey]* Future customers particularly valued an uninterrupted supply as an important part of the service provided to customers. *[Business Plan focus groups]* When re-testing the customer outcome '*minimising disruption to you and your community*' for Phase 2, it scored an average of 8.81. [Phase 2 Business Plan acceptability survey] ½ of customers found current compensation for unplanned interruptions as 'about right' and the other ½ felt it was 'far/too little'. As expected, there was higher acceptance with higher compensation offered. The duration of the interruption had little impact on this. *[Supply outage compensation levels survey]* There is higher acceptance of planned interruptions over unplanned interruptions with most customers finding compensation for these as appropriate. *[Supply outage compensation levels survey]* Overall, compensation level of £25.20 per household needed to ensure 70% would choose the 'interruption + compensation' option over 'no interruption.' The oldest customers require a substantially higher level of compensation than other age groups. *[Supply outage compensation levels survey]*	

	Some stakeholders commented that, when interruptions do occur, good use of social media and other means of communication to customers are essential for mitigating the impact *[BP/dWRMP Stakeholder forums]* Many stakeholders commented that the risk of interruptions is of relatively low importance to them and to other customers, given the low probability of interruptions in all three plans *[BP/dWRMP Stakeholder forums]* Almost 90% of participants responding to the Value for Money survey stated they had not experienced any kind of problem, including interruptions, in the last 12 months. *[VfM 2017/2018 summary]*. Value for Money survey data that states customers often tell Affinity Water they are satisfied with the service because they are not experiencing problems or interruptions. *[Value for Money 2017/2018 summary]* Ofwat found that Affinity Water's performance largely met its customers' expectations, but there are still gaps and room for improvement. In particular, that includes better proactive communication with customers *[Out in the Cold, Ofwat, June 2018]*	
PC: Mains Bursts – *Maintain current performance* PC: Unplanned Outage – *Maintain current performance*	Most customers are happy for Affinity Water to "just get on with the job" *[dWRMP survey]* Household customers generally see water as affordable (87%)" a good deal"; and when compared to other utilities (29% better value; 57% same value) *[Business Plan acceptability survey]*. 1/3 of customers have previously experienced an interruption to their supply, largely in their homes with 58% of these causing no impact on the household *[Supply outage compensation levels survey]* Vast majority see their water supply as reliable but a small proportion disagree. *[future customers schools online survey]*	Most future customers agreed water companies should do more regarding leaks and burst pipes. *[future customer schools focus groups]*

PC: Low Pressure - *Three options: -* *6.5 hours* *8.7 hours* *10 hours*	20% of customers reported having experienced 'low pressure on a regular basis in the last 5 years' *[Business Plan survey]* Customers find plans that improve water pressure acceptable, in the round *[Business Plan survey]* Operational data indicates that there may be ongoing issues with only a minority of customers experiencing low pressure [VfM 2017/2018 summary]	Some stakeholder felt that this area was of low significance to customers, as they believed that most customers do not have water pressure issues or that they would not notice temporary reduced pressure *[Business Plan stakeholder workshop]* Not highly prioritised in many groups as level of interruption deemed acceptable *[Business Plan focus groups]*
PC: Risk of Severe Restrictions - *Drought measure to 1 in 60/80 (preferred dWRMP) or 1 in 200 (alternative dWRMP)*	29% of customers prefer Option 1, 19% prefer Option 2, 51% other/prefer another. *[dWRMP survey]* Customers feel that hosepipe bans are an acceptable method for managing resources, despite perceiving that they happen more frequently than reality. *[future customers schools focus groups]* Stakeholder participants had mixed views on drought resilience, and requested more information on how droughts are defined and exactly what restrictions might be put in place *[BP/dWRMP Stakeholder forums]* When re-testing the outcome '*Making sure you have enough water, while leaving more water in the environment'* for Phase 2, it received a mean score of 9.19. [Business Plan Acceptability Survey]. The UK is currently at high risk of experiencing a severe drought. *[NIC, April 2018]*	Drought not seen as a problem, as we live in a wet country [dWRMP focus groups]

6.1 Comparison with pre-phase 2 (and PR14)

Overall, the findings from phase 2 were consistent with and corroborated our understanding of customer drivers from work at previous phases. In addition, we were able to obtain more quantifiable data, and build an understanding of views in response to specific propositions put forward by Affinity Water.

Drawing comparisons to PR14, we feel that we have seen three main areas of evolution of customer views:

1. There has been a greater acceptance of metering than at PR14. Though, still over half (57% of customers are in favour of the extension of compulsory metering [dWRMP survey]
2. Customers are slowly asking for a greater personalisation of communications. This was particularly evident in the future customer's survey and focus groups
3. There is a greater acceptance of reducing water use by customers, although overall the least reduction was chosen (with 34% supporting a reduction to 126 litres a day from 160).

7 Conclusions and next steps

7.1 For the Business Plan and WRMP

Customer insight will be used, alongside stakeholder input, technical, environmental and commercial considerations to inform both the PR19 Business Plan and the Water Resources Management Plan.

Business Plan

In order to support the use of insight in the business plan, as set out in section 1, we have carried out a workshop with each of the business plan chapter leads to explore the data and information that will inform that the decisions that they are integrating into the plan.

In order to enable key customer insights to be integrated into the final business plan, we have triangulated the findings from phase 2 with findings from previous phases to enable clear messages to permeate throughout the plan. These are summarised below, and shared in more detail in appendix B.

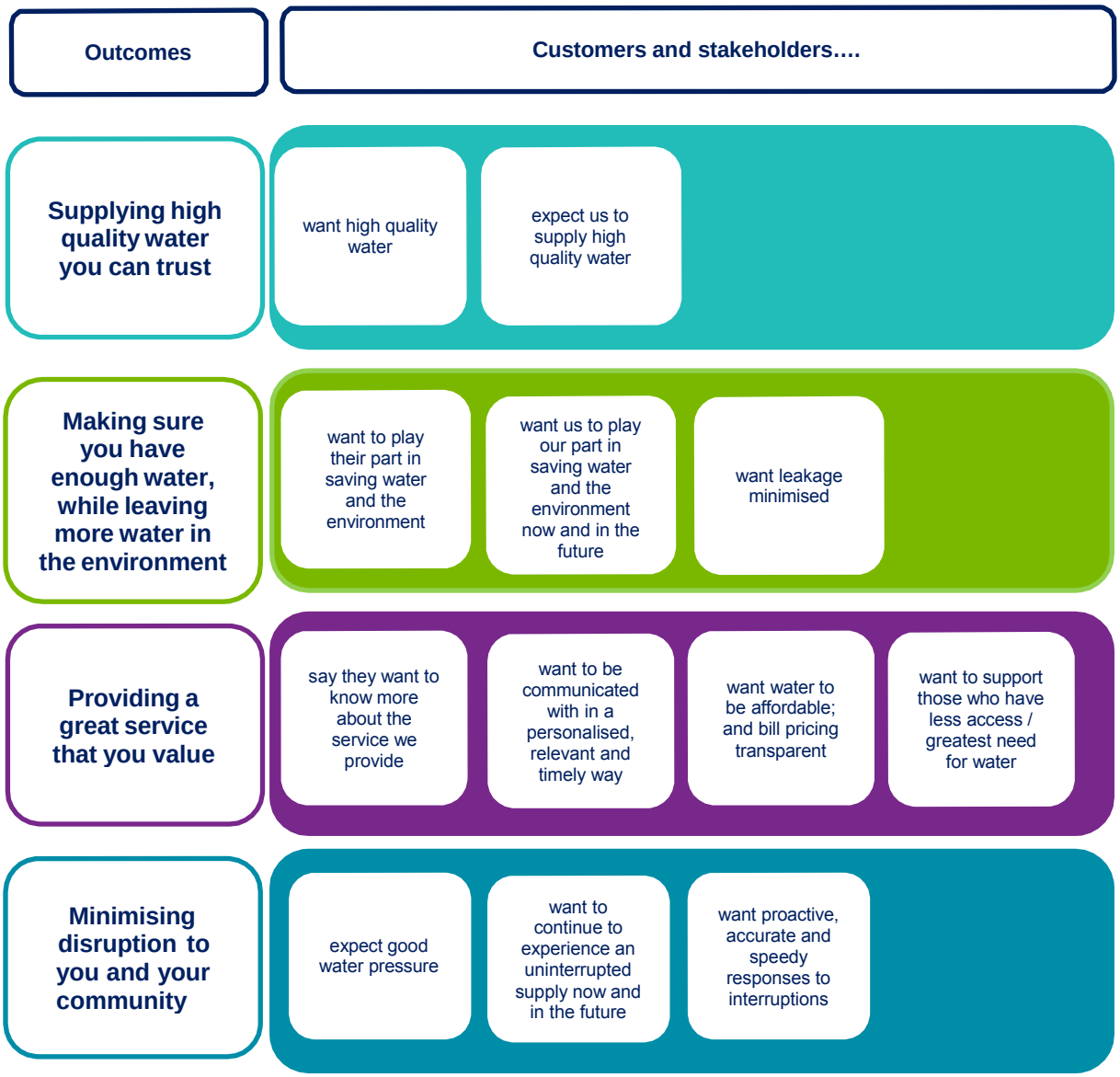

Figure 8: Key findings from across the customer engagement programme linked to customer outcomes

Figure 9: Workshop with findings aligned to proposed investments in a draft business plan chapter

These findings have been collaboratively reviewed in our workshop to explore how the draft proposals in the plan respond to customer preferences. This exercise helped to confirm that, across the plan, there are proposals that respond to all of these insights, at least in part.

As customer insight alone is never the only consideration for decision making, where alternatives have been presented to customers, it is difficult to give a clear view on which

should be taken forward. This is most pertinent when it comes to performance commitment levels. For example, with respect to leakage, whilst more customers preferred 11% leakage (38%) to 15% leakage (31%), Affinity Water must also take into account stakeholder views. Both the Environment Agency and Ofwat are clear that they expect a 15% leakage reduction.

Overall, the findings on Business Plan Acceptability survey and qualitative demonstrate that customers generally find all of the plans presented acceptable. This suggests that Affinity Water ought to expect customer backing for whichever one, or combination of these, is chosen.

Water Resources Management Plan

On the dWRMP, customers are broadly positive about the different proposals offered; they tend to support rather than oppose these, although the level of support varies from nine in ten (89%) in favour of the most popular proposal down to 57% for the least popular one. The most popular proposal is leakage reduction and the least is extension of compulsory metering.

The aspects of water resources management that impact customers the most, and are most tangible to them, are likely to be their main focus and priorities in respect of the Water Resources Management Plan. As we have found in earlier phases of PR19 market research, the potential for improvement and focus for Affinity Water comes more in operational matters – i.e. 'how' (and 'how much') it does things – rather than in the broad strategy – the 'what'.

Stakeholders, who have a clearer understanding of the macro challenges, were more able to discern between plans, but also tended to comment on individual options and targets rather than the plan as a whole.

Stakeholders have an appetite to stretch plan targets and be more ambitious.

Many stakeholders support the partnership approach (across industry and with customers) to reduce PCC to 110 litres per person per day. They believe a reducing personal consumption has a positive knock on impact for other options presented. High leakage and PCC suggests the price of water might be too low.

This research also points to the centrality in customers' eyes of a strong, but affordable, commitment to reducing leakage within Affinity Water's WRMP and the wider Business Plan.

7.2 For the next stage of customer engagement

The key part of phase 3 is to the test acceptability of the Final Plan (Figure 10) and associated household bill impact with customers. This will be undertaken via an online survey of 1000 customers from early July to end of July 2018.

Plan outline *CLEAN water only*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	6.5 hours low pressure per year

Figure 10: Final Plan

There are however, gaps which have been identified during phase 2 and will need addressing in the next phase of the customer engagement activities. The topics are:

- Additional market research to confirm customer acceptability of Social Tarif Proposal. This survey will be incorporated onto the final bill impact acceptability survey
- Community/customer engagement with Affinity Water senior management including CEO and Chairman. The engagement will be undertaken with a small group of customers via three events, from early July to the third week in July 2018
- Talking about resilience in general with customers. This will be undertaken via customer focus groups and will happen from July into September 2018
- Acceptability testing on proposals relating to delivery water resource to support long-term resilience. Customer evidence is required to confirm acceptability of the proposed long-term investment for the Upper Thames Resource development. This will be undertaken via an online survey of about 500 customers.

7.3 For business-as-usual customer engagement

As outlined in Section 2, a significant proportion of phase 2 engagement involved preparing and presenting various stimulus representing business plan propositions to customers (and stakeholders). In general, customers struggled to engage with the information presented – requiring further time to explain and work it through with participants. As noted in our phase 1 report (and a finding for Affinity), customer engagement activity would benefit greater focus on communication planning and strategy to ensure engagement is delivered in the most engaging and meaningful way.

As we discovered in earlier phases of PR19 market research, the potential for improvement and focus for Affinity Water comes more in operational matters – i.e. ‘how’ (and ‘how much’) it does things – rather than in the broad strategy – the ‘what’.

These findings underline the importance of communicating water resources management and technical water issues in ways which are tangible to customers and stakeholder, building awareness of the premise behind change, and being clear on the detail of what change will involve.

In light of this, the following recommendations are proposed for incorporating as BAU into future market research:

- Carrying out workshops to understand different stakeholder (regulator, business, customer) needs in advance of engagement design in order to strike the right balance – in particular securing sufficient pace for briefing and educating research participants
- Being clear about segmentation (disaggregation) from the outset and designing this into the engagement process
- Developing alternative ways of presenting information and testing these with target participants in advance (relatable frames of reference for people e.g. reference to litres, bath-fulls, umbrella days)
- Cognitively testing survey questionnaires before fieldwork commences
- Staging a 'pause' within qualitative fieldwork with client and stakeholder feedback – sharing observation
- Considering verbal or film debriefing of participants as well as written material to create more engagement findings
- Using Phase 2 surveys and exploiting their enhanced robustness to capture customer priorities as well as acceptability
- Paying careful attention to 'order effects' within surveys and the burden created by lengthy engagements (e.g. 20-minute data-heavy surveys, 2 hour discussions, and pre-tasks)
- Collecting permission to re-contact research participants - using follow-up qualitative research post survey
- More ongoing customer education and two-way conversations, to enable more meaningful engagement.

Essential for the above enhancements to be possible, is greater lead in and planning time as well as stronger collaboration across stakeholder groups with vested interests.

Appendix A

Triangulation Tool

Appendix B

Customer Outcomes and findings from throughout the customer engagement programme

Annex 5: Phase 2 Testing and Valuing

Ph2.2 – PR19 Customer Engagement Programme, Triangulation methodology: Phase 2

Affinity Water

PR19 Customer Engagement Programme

Triangulation methodology: Phase 2

PR19 CustEng-ARP-PH2-TRGN-AMS-008

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Contents

Appendices

Activity description	Phase 2 Triangulation
Phase	Phase 2
Programme	Customer engagement programme
Sponsor	Lauren Schogger

1 Activity objectives

1.1 Introduction

This methodology for Phase 2 triangulation incorporates the three principal sources: bespoke market research, customers' views from our operational customer contact data, and economic research (such as willingness to pay and bill acceptability). Triangulation will also consider other research and publications, such as any commissioned by regulators including Ofwat and the Consumer Council for Water, work carried out by Affinity Water that was not specifically designed for PR19, and consideration for developments in other sectors and across the world.

This is for Phase 2 which is the 'testing and valuing' phase, which takes place from March to July 2018, and follows Phase 1 'listening and learning' and Phase 0 'scoping and immersion'. As part of Phase 2 triangulation we will build on the phase 0 and phase 1 triangulation work including consideration of relevant research and activities from PR14 work.

We have considered the Consumer Council for Water's guidance[1] which states that triangulation should be a transparent process which details both the approach used and the rationale for the weighting applied to each evidence source. It also determines that the approach should be flexible enough to meet requirements in different situations.

To follow the objectives of this guidance, we have created a triangulation tool to transparently track feedback. In the triangulation process evidence may corroborate or contradict other feedback and any learning from each of these will be explained. Any differences between responses from different datasets will also be observed and explained. Sources that agree with the hypothesis will not be favoured to avoid confirmation bias.

Our approach aims to use both quantitative and qualitative data, or the across-method of triangulation[2], as qualitative and quantitative methods complement each other. We plan to therefore judge each piece of evidence separately based on the information it provides on the hypothesis or research question, and how reliable a source is for the hypothesis or research question. An analysis will then

[1] Consumer Council for Water's, Defining and applying 'triangulation' in the water sector
[2] Bekhet, A.K., Zauszniewski, J.A., Methodological Triangulation: An Approach to Understanding Data, Nurse Researcher, 2012, Vol. 20, No. 2 (November 2012): 40-43.

occur to draw together conclusions and any differences are noted and analysed as an opportunity to uncover deeper meaning in the data[3].

1.2 Aim of triangulation

The primary objective of Phase 2 engagement is to consult and engage with a broad range of customers, stakeholders and retailers regarding the proposals set out in Affinity Water's draft Business Plan and draft Water Resources Plan. This includes seeking customers' and stakeholders' support on Affinity Water's Performance Commitments, associated levels and ODI's where applicable. These Performance Commitments are listed in Table 1 and are currently in line with those listed in the appended triangulation tool. The primary objective of this triangulation process is to combine all the information and feedback available from the different engagement activities and operational data findings to confirm priorities, and ultimately help define the levels of PR19 Performance Commitments and provide supporting information in helping Affinity Water to determine how to reach them.

Theme	Performance Commitments (PCs)	Common/Bespoke
Leakage	Leakage (Ml/d)	Common
Consumption	Per Capita Consumption (PCC) (l/person/d)	Common
Resilience - drought	Risk of Severe Restrictions in a Drought (% of population at risk in a 1 in 200-year drought)	Common
Environment	Abstraction Incentive Mechanism (AIM)	Bespoke (PR14)
Environment	Sustainable Abstraction, average annual reduction (Ml/d)	Bespoke (PR14)
Environment	Environmental Pilot Projects	Bespoke
WQ / Environment	Catchment Management	Bespoke
WQ	Water Quality Compliance, Compliance Risk Index (CRI)	Common
WQ	Compliance with Water Quality Standards (Mean Zonal Compliance)	Bespoke
Asset health	Mains Bursts (Per 1,000 km of pipe)	Common
Interruptions	Water Supply Interruptions >3hrs (average minutes lost per property per year)	Common
Interruptions	Unplanned Outage (flow rate)	Common
Customer experience	Low Pressure	Bespoke
Customer experience	Customer measure of experience (C-MeX) – will replace with SIM	Common

[3] Guion, L.A., Diehl, D.C. McDonald, D., Triangulation: Establishing the Validity of Qualitative Studies, 2002, University of Florida Extension, The Institute of Food and Agricultural Sciences

Customer experience	Developer measure of experience (D-MeX)	Common
Customer experience	Customer satisfaction survey – (service)	Bespoke
Customer experience	Customer satisfaction survey – easy to deal with	Bespoke
Debt Management	Properties reported as void	Bespoke

Table 1: Performance Commitments and their associated themes.

2 Methodology for Phase 2

2.1 Overview of our approach

The Phase 2 triangulation methodology is a seven-step process, which has incorporated the CCW guidance approach, shown in Figure 1. This process takes the research methods detailed in other method statements (such as in-depth interviews, online customer community, and focus groups) and combines and analyses the feedback of these into one report. We have created a triangulation tool (see Appendix A) to enable transparency and simplification of the triangulation process which includes these steps.

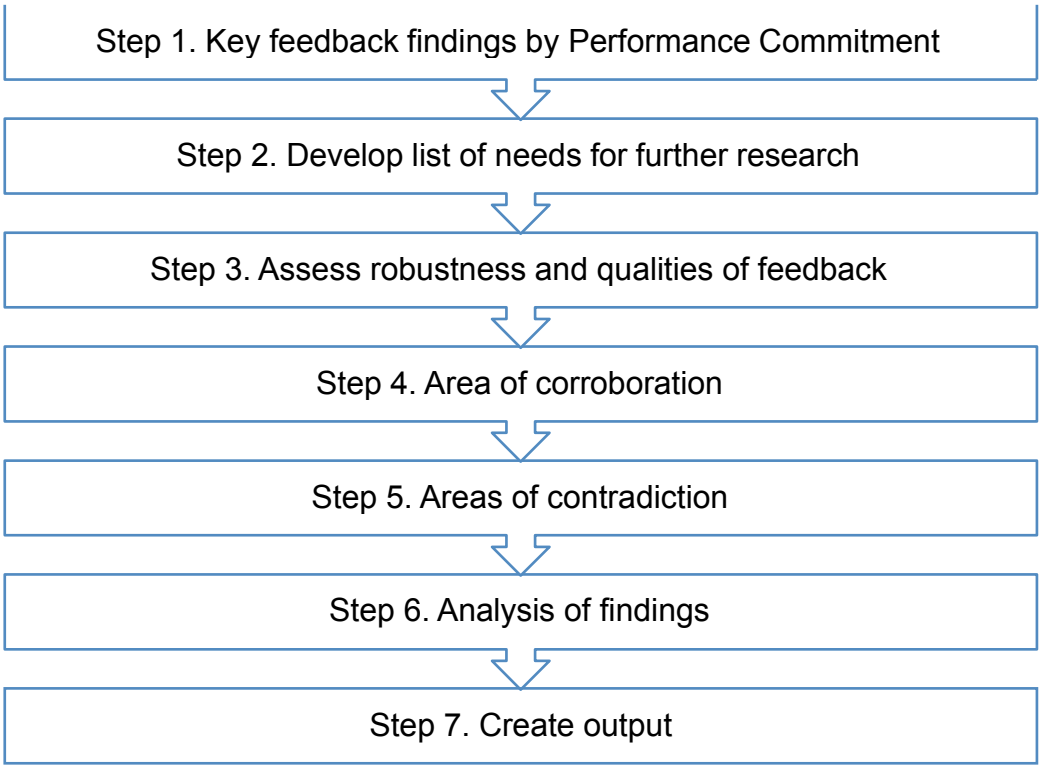


Figure 1: The Phase 2 triangulation process

Our process has the following steps, which have been translated into our associated triangulation tool:

Step 1. Key feedback findings by Performance Commitment

We will consider all the key findings from each feedback source relating to the research questions posed for a number of the performance commitments. This will be undertaken by populating the feedback findings tab of the Phase 2 triangulation tool (Tool – edit this sheet) with feedback from each source against each research question. The sources of information we are triangulating can be seen in Table 2 alongside the organisation conducting the research and the expected date of research completion.

Source	Organisation	Expected date
Draft Water Resource Management Plan (dWRMP) discussion groups – draft report	Ipsos MORI	18/05/2018
dWRMP Online Survey draft report	Ipsos MORI	18/05/2018
Business Plan (BP) discussion groups	Ipsos MORI	23/05/2018
BP acceptability survey – topline summary	Ipsos MORI	11/06/2018
BP acceptability survey – report	Ipsos MORI	22/06/18
WRMP and BP stakeholder forums	OPM	08/06/2018
Future customers – secondary schools online survey	Affinity Water	01/06/2018
Future customers – secondary schools focus groups	Affinity Water	18/05/2018
Customer facing Affinity Water staff – online survey	Affinity Water	01/06/2018
ODI Online survey	Accent	24/06/2018
WRMP Consultation document	Affinity Water	01/06/2018
BP Consultation document	Affinity Water	01/06/2018
Willingness to Pay survey	Affinity Water	tbc/06/2018
Other activities within the water sector	Arup	15/05/18
Relevant activities outside the water sector and across the world	Arup	15/05/18

Operational data outputs	Affinity Water	17/05/18

Table 2: List of sources and organisations undertaking customer research

In order to populate this information, the triangulation tool will be circulated to appropriate experts within Affinity Water, Ipsos MORI, OPM and Accent who have undertaken customer research and run stakeholder workshops. This will ensure that all available data gathered from each source will be collected in one place. The tool contains a 'User Guide' tab with instructions for those inputting data. We will ask those inputting information to also provide their source material. The triangulation tool is in the form of a spreadsheet which is appended to this Method Statement.

Step 2. Develop list of needs for further research

After the spreadsheet has been circulated and all the relevant information has been inputted, there is a task to determine gaps in the research. For each section where there were no research findings or where these areas were not covered by the feedback sources, we will determine approaches to gather this information to ensure that the triangulation tool provides enough information to complete Steps 6 and 7 of the process.

Step 3. Assess robustness and qualities of feedback

We will assess the robustness and qualities of all feedback sources, using the triangulation tool in this step. We will undertake this by populating the 'Qualities & robustness' tab of the triangulation tool with all of the information available for a feedback source. The following feedback collection information will be used where available:

- Type of data
- Number of responses
- Period of feedback collection
- Response segmentation
- Targeted segmentation
- Prior knowledge of the water sector/ prior engagement
- Date of research

These qualities will be summarised to assess the qualities and robustness of the feedback.

Step 4. Areas of corroboration

In this step we will highlight any areas of corroboration between feedback sources. We will undertake this by completing the corroboration section of summary of findings tab of the triangulation tool, this will also include an analysis of this corroboration.

Step 5. Areas of contradiction

In this step we will highlight any areas of contradiction between feedback sources. We will undertake this by completing the contradiction section of summary of findings tab of the triangulation tool, this will also include an analysis of this contradiction.

Step 6. Analysis of findings

In this step we will analyse the findings, areas of corroboration and areas of contradiction and consider the following questions:

- What does this mean for the business plan?
- What does this mean for business as usual?

The answers to these questions will be collated in the triangulation tool (summary of findings tab).

In addition, in order to make the connections to the business plan and the wider business as strong as possible, we have proposed five workshops / working sessions with Affinity Water, Arup and IpsosMori in order to analyse our results.

Step 7. Create output

We will use the completed triangulation tool to create a Phase 2 triangulation research report, which will include a detailed analysis of findings, and the other outputs detailed in the section below.

2.2 Weighting evidence in triangulation

Background

Consideration has been given to the weighting of evidence gathered in Phase 0,1 and Phase 2. In line with our strategy to continually triangulate and learn within and between phases, we have reviewed this approach again in developing this method statement. In phases 0&1, weighting of evidence gathered was considered not appropriate, as we had collected a range of qualitative and quantitative evidence. Phase 2 is about valuation and testing of propositions with customers. For that reason, there has been a challenge to consider weighting of evidence gathered during this phase.

Use of weightings at PR14

At PR14, weightings were applied to the customer engagement activities carried out by Affinity Water. An "*A three-level weighting was applied. This weighting was determined on the basis of the generalisability and representativeness of the research. By generalisability we mean the degree to which the findings will reflect the views of the population as a whole. Representativeness is linked to*

generalisability and describes the degree to which the research is conducted with a representative sample of the population".

However, documentation of the customer engagement programme at PR14 does not explain how the use of weightings in triangulation impacted on how the evidence was used to inform the business plan.

CC Water advice

CCWater's report on "defining and applying 'triangulation' in the water sector" recognises the need to weigh up a variety of evidence from different sources to input into water companies' business planning. It recognises the difficulties of comparing quantitative and qualitative data, and the potential risks associated with over-simplification of comparisons of data. The report highlights the potential for an overly formulaic approach to miss some of the advantages of collecting data from a diverse range of sources. Some of the key conclusions include the need for:

- A transparent approach, with clear rationale
- A flexible approach, for different situations
- An explicit view of contradictory evidence
- Deliberate steps to avoid confirmation bias

Our recommended approach

In developing our approach to triangulation, we have taken on board the CC Water guidance. Clearly qualitative and quantitative research play different roles in our understanding of customer views. When undertaking triangulation, we also think it important to take other factors into account; for example, the purpose and objectives of each research project, the extent and nature of stimulus and deliberation provided, and the type of sampling (some research will target particular types of customer). While operational data cannot be considered representative, it can also provide insights.

Our approach provides the flexibility to incorporate different types of data and insight, including both qualitative and quantitative research and findings. As these types of data are not directly comparable, we do not believe weighting is helpful and have therefore decided not to apply weightings to the research sources.

Instead, we have built in a function to explicitly review contradictory evidence, and through an independent party supporting Affinity Water in triangulation, we are taking steps to avoid confirmation bias.

3 Outputs

We will create a report which triangulates all of the work undertaken during Phase 2 with references that inform (or disprove) our research findings and conclusions. To aid this we will be tracking and assessing the feedback provided in the triangulation tool.

4 Dependencies and information requirements

Undertaking this triangulation process will be dependent on receiving the end of activity reports such as the outcomes of the in-depth interviews, online customer community, and focus groups.

If these reports are delayed the triangulation process will be delayed.

5 Timetable for delivery and sign-off

Provided that all the end of activity reports are provided a week before our draft report is due we plan to meet the following timetable.

Date	Activity	Milestones
w/c 30/04/2018 – 11/06/2018	Analysis of feedback from engagement activities	
22/06/2018		Initial working draft report to Affinity Water for comment
19/06/2018 - 05/07/2018	Five analysis workshops	Workshops / working sessions on 19th 25th, 26th, 27th June, 5th July
13/07/2018	Updating triangulation report	Final triangulation report
18/07/2018	Preparation for CCG meeting	CCG meeting

Appendix A

Triangulation tool

Annex 5: Phase 2 Testing and Valuing

Ph2.3 – Draft Business Plan research: Qualitative research - report

Ipsos MORI
Social Research Institute

ARUP

May 2018

Draft Business Plan research

Qualitative research – report

Ben Marshall, Paul Carroll and Kimberley Rennick

Contents

Executive summary

Executive summary

Methodology and background

- Ipsos MORI was commissioned by Affinity Water to engage customers with drafts of the Business Plan 2020-2025, to collect insights about customers' priorities and opinions for the business plan.
- Ten focus groups were conducted with existing and future customers during April 2018, testing three different potential iterations of the business plan content.
- This qualitative study forms part of a wider programme of engagement and market research – including a quantitative survey of customers to test acceptability and a formal consultation. The survey will measure *how many* find each Plan acceptable, the focus here is *why*.

Context

- Participants took water supply for granted, assumed it would always come out of their taps, and admitted giving little more thought to it.
- They knew little about Affinity Water beyond the name – water formed a relatively small part of their household utility bills and direct contact with Affinity Water beyond billing was rare.
- As customers, they felt they had little autonomy over their water supply or billing – this is fine with participants, as they felt Affinity Water delivered a reasonable service – but also means they were disengaged from wider issues around water supply and Affinity Water, with little incentive to find out more.

Priorities

- Protecting the environment was a key priority for participants; this was a tangible issue that they were aware of from various aspects of their lives.
- Another priority was keeping bills as low as possible; while a small part of household bills, customers were keen to see this kept as low as possible with minimal, if any, increases.
- Fixing leaks was another major priority – participants believed this could aid the other two priorities through reducing water loss and damage to the environment, as well as making water supply more efficient and so reducing bills.
- Supporting people to save water, particularly through improved communications, was highlighted as another priority that would aid both environmental sustainability and keeping costs low for customers.

- Participants also stressed the importance of good customer service, especially when they needed to directly contact Affinity Water.

Plans

- Participants struggled to fully comprehend the data presented in the plans. The data was neither familiar nor intuitive – for instance, there were different takes on what the leakage data meant – and groups worked collectively through these, self-correcting misunderstandings and posing questions.
- Furthermore, participants struggled to make sense of the figures presented, without any context. Often participants were unsure how to judge monetary amounts – it wasn't clear to them whether £2 million was "a lot" in context of other costs.
- All three plans were broadly deemed acceptable, with no major concerns raised by participants.
- There was, however, an abiding sense of scepticism about all three – the idea of being able to improve outcomes and reduce billing seemed counterintuitive to customers.
- Again, we saw an emphasis on the importance of fixing leaks and environmental protection as the key issues participants focussed on when discussing each of the proposed plans.
- There were questions around the issue of reducing personal water use:
    - How could this be monitored and enforced?
    - Why should customers have to reduce their water use when companies such as Affinity Water waste far more through leaks?
- **Plan J**: This was seen as the most practically achievable and realistic of the plans, but also the least impressive. This plan was preferred by 16 out of 87 participants.
- **Plan K**: This was recognised as having strong environmental credentials, but could do better in terms of cost savings. This plan was preferred by 18 out of 87 participants.
- **Plan L**: This was seen as the most aspirational of the plans and the one customers felt Affinity Water should be striving for, though there were questions about how achievable it is, or whether it seemed "too good to be true." This plan was preferred by 53 out of 87 participants.
- The tallies should be considered as illustrative; the Business Plan ('acceptability') survey will allow more statistically-based conclusions to be drawn.

Conclusions

Customers' knowledge is limited

- Participants had little background knowledge of Affinity Water, and water supply in general. This meant that they struggled to understand some areas of the Business Plan, which to some extent, limited their ability to make choices about the options and decisions facing Affinity Water.

Customers are receptive to becoming more engaged

- Customers would welcome the opportunity to be more engaged and proactive in managing the use of their water. They said that that they would like Affinity Water to support them to save water, particularly through improved communications and further exploring the possibilities provided by metering.

Customers prioritise areas where they can envisage tangible improvements for the environment, and for themselves as customers

- When thinking about what to prioritise, it was important for participants to have a clear understanding about how suggested improvements would be achieved and how they would work. Customers' priorities tend to focus on being more environmentally friendly or improving the customer experience. Some priorities, namely fixing leaks and supporting customers to save water, were popular in customers' eyes because they were recognised as providing both environmental (social) and individual (customer) benefits.

All of the plans are broadly acceptable

- Though participants identified preferences within and between the plans, all were seen to be broadly acceptable, and an improvement on the current situation. Nevertheless, customers were keen to say that all of the plans would benefit from as strong a commitment to fixing leaks as was possible.

Background and methodology

Background and methodology

Background

Ipsos MORI was commissioned by Affinity Water to undertake a qualitative research study as part of a series of work being undertaken to support the development of their Business Plan for the period 2020-2025. The aim of the study was to understand customer opinion and priorities in respect of the draft Business Plan, and to explore their preferences with regard to some different options. This research supplements a survey designed to test acceptability of different packages of options and takes place alongside Affinity Water's formal consultation, reaching out through quota sampling to customers unlikely to respond to the consultation.

Research objectives

There were three main objectives:

- Exploring customers' understanding and experience of Affinity Water services
- Collecting insights about customers' priorities and opinions for the business plan
- Testing acceptability of different packages of options and exploring preferences

Methods

The study comprised ten focus goup discissions undertaken during April 2018 – eight with Affinity Water customers and two with future customers to understand the different perspectives of this segment. The future customers groups covered the same areas as the customer groups but were slightly shorter.

Participants were sampled to include a range of ages and social grades, as indicated below.

The moderator obtained informed consent from the participants at the beginning of the focus group. All customers received £50 as a "thank you" for participating in the research.

Interpreting qualitative findings

Qualitative research is illustrative, detailed and exploratory. It offers insight into the perceptions, feelings, and behaviours of people rather than quantifiable conclusions from a statistically representative sample.

Much of the evidence in this report is based on participants' perceptions. It is important to remember that even though some perceptions may not be factually accurate, they represent 'the truth' to the participants and as such, are vital in understanding their attitudes and views.

N.B. **ABC1** denotes recruits who live in a household whose Chief Income Earner (CIE) is employed in managerial, administrative or professional occupations. **C2DE** means households whose CIE works in skilled or unskilled manual workers or dependent on state benefit.

Location	Recruitment quotas	Duration	No. of participants
Chertsey and Addlestone (Surrey)	**Group 1**: 55+ ABC1	**2 hours**	**10**
	Group 2: 35-54 C2DE	**2 hours**	**10**
Hatfield (Herts)	**Group 3**: Future customers (primarily students at university)	**1.5 hours**	**10**
	Group 4: Future customers (primarily on those aged 18-34 and living with their parents)	**1.5 hours**	**7**
Saffron Walden (Essex)	**Group 5**: 55+ ABC1	**2 hours**	**9**
	Group 6: 35-54 ABC1	**2 hours**	**9**
Watford (Herts)	**Group 7**: 55+ C2DE	**2 hours**	**8**
	Group 8: 35-54 ABC1	**2 hours**	**8**
Luton (Beds)	**Group 9**: 35-54 C2DE	**2 hours**	**8**
	Group 10: 18-34 ABC1	**2 hours**	**8**

Context

Context

- Customers took their water supply for granted; it is an essential aspect of everyday life but also an 'invisible' service.
- There was little personal contact with Affinity Water and only weak association of the company with any particular brand or image.
- A lack of autonomy over water supply left customers feeling disempowered – this was not viewed as a problem but did lead to disengagement.
- There were low levels of knowledge about both Affinity Water and water supply in general across all groups, but particularly among future customers.

Disempowered and disengaged

Across the groups, we found participants who thought little about their water supply – it wasn't something that they spent much time engaging with beyond trusting and assuming water would come out of the tap. As water was understood to be a basic and fundamental need, it was something that customers took for granted in everyday life. Water was described as a more distant and intangible utility than gas or electricity, as being unable to read their own meter or choose their own supplier meant that customers were less empowered than when dealing with other utilities. Furthermore, as water bills are considerably lower than for other utilities, it was not considered a particularly significant household cost and this meant it required little everyday attention.

"You're forced to be their customer anyway so what's the point? You have no choice of who you go with so even if you don't agree with them, you're still forced to go with them. They're not trying to sell themselves because they're already sold to you."

Hatfield, future customers

Despite this, customers were not unhappy in principle with their lack of choice over their water supplier. As long as there wasn't a problem, water supply was something that they admitted taking for granted. Affinity Water itself was considered to be an 'invisible' brand – customers would generally only have contact with them in the event of something going wrong. The company wasn't associated with any particular brand or image, and participants were unlikely to have had any personal contact. This was typically perceived as a neutral rather than a negative thing, although participants did indicate later on in

the discussions that they would like to receive more information from Affinity Water, particularly around saving water.

"I know very little about them. That might be a good thing because I'm not ringing up to complain. I don't know. Do they do any PR?"

Saffron Walden, 55+, ABC1

Lack of knowledge

Participants exhibited a very low level of knowledge, both about Affinity Water and about their water supply in general. This was the case across the groups, but particularly pronounced within the younger and future customer groups. All had heard of Affinity but there was little awareness of the company and what it does beyond supplying water.

Participants across the groups were able to recall very little top of mind knowledge about Affinity Water – this was not a subject that they thought about very much. There was limited knowledge of where Affinity Water operates and the regions it covers. When pressed, there were some hesitant recollections of things that participants did know, for instance memories of the companies they thought might be related to Affinity Water or have been predecessors, such as Three Rivers and Veolia. Bill paying participants were typically aware that sewerage was a separate service, though if they paid by direct debit this was less obvious.

"It's hard to tell, I only know what I pay monthly including the sewerage and I don't have a clue about that."

Watford, 35-54 ABC1

Within the groups with future customers there was very little knowledge about the distinction between clean water supply and sewerage services. Again, this was not something that people had thought about before. When sewerage was mentioned, they assumed it would probably be the same company dealing with both.

Across the groups there was general surprise at the bill levels presented, in particular the projection of declining bills up until 2019/20 and Affinity Water's comparison with the industry average. Participants noted that the costs indicated on the stimulus material were lower than those they recalled from their actual bills. This confusion may have been a result of the way the sewerage and clean water components are presented on the bill.

Those in the future customers group who had not been involved in bill paying before, really had no idea about how much water costs, or other bills for that matter so it was very difficult for them to consider the figures in any kind of context.

"If someone said £179 a month I wouldn't think about it."

Hatfield, future customers

There was however, less surprise at household water consumption being higher in Affinity Water's area than elsewhere. Customers noted the relative affluence of the South East compared to other parts of the country and cited this as a possible explanation for the higher water use. Some also noted that they lived in drier areas and areas where people had larger gardens and kept animals – both of which would increase their water consumption.

"I'm thinking in a gardening sense, we get the hosepipes out more because it's genuinely drier. We are in a dry area."

Saffron Walden, 55+, ABC1

Customer priorities

Customer priorities

- Customers were broadly satisfied with the current service from Affinity Water.
- Protecting the environment was prioritised, particularly among older groups.
- Saving money and good customer service was a priority within younger groups.
- Fixing leaks was the number one priority across all groups – and was understood to have positive benefits both for the customers and the environment.

Generally satisfied with the status quo

Customers were generally happy with the service that they received and with the bills that they paid for this service. As mentioned previously, water is a somewhat 'invisible' service – participants used water every day for all sorts of things, but so long as their supply wasn't being interrupted they didn't think much more about it.

"I can't fault them because I turn the tap on and it comes out."

Chertsey, 55+, ABC1

Similarly, given that the cost of clean water is low in comparison to other day-to-day expenditure or other utilities, participants were not dissatisfied with how much they were currently paying.

"I don't care what they do, my bill doesn't seem to change. It's all very nice but if they keep my bill what it is now, and they're doing things better, I'm happy with that."

Chertsey, 55+, ABC1

Maintaining infrastructure, and fixing leaks was considered the number one priority

Customers spontaneously identified maintaining infrastructure as a key priority area. It was highlighted in older groups that there were lots of new housing developments and participants were concerned that the water infrastructure would need to be able to cope with the subsequent increased demand. Participants also noted that existing pipes were probably old, and expressed concern as to how much longer they would last.

"I wonder whether the infrastructure is up to date. Do the pipes need updating? Sooner or later they'll break, or leak and I presume that's to do with how old the pipes are."

Luton, 35-54, C2DE

There was awareness within the groups that leaks were an issue which cause a lot of water waste, though participants did not default to considering this to be the fault of Affinity Water but, instead, talked about the age of the pipes and infrastructure. They also recognised that some work was taking place to rectify this situation, but did not think that this was enough.

"Conservation. There's a lot of waste. They're replacing pipes, but a lot of our supply ends up in the ground and not our houses."

Chertsey, 55+, ABC1

There was frustration expressed in some cases where participants felt that fixing and replacing pipes had taken too long. Participants suggested that Affinity Water needed to be proactive in dealing with the situation as quickly as possible. As such, repairing and replacing pipes efficiently and effectively was prioritised as an important component of a future Business Plan.

"Repair pipes more efficiently so you don't waste so much water. Do it straight away instead of letting it run for days. It should be within so many hours."

Watford, 55+, C2DE

Although customers had spontaneously identified that leaks were an issue, they expressed shock and surprise when shown data which quantified how much water was being lost this way. None anticipated the scale of this problem. Seeing that the amount of water being lost was more than participants expected, increased the urgency and importance they attached to fixing leaks. Of everything that was presented and discussed at the groups, the figures for water lost through leaks drew the strongest reaction. This issue was returned to time and time again and framed subsequent conversations about ways to save water.

As such, this area was the most prioritised in all groups – not least because it appealed both to those who were more concerned about the environment and those who were more concerned about saving money.

Environmental sustainability

Across the groups, participants made reference to the importance of considering the environment as part of the business plan priorities. Within the younger, and future customers groups, the ideas about considering the environment tended towards being quite vague and theoretical. These participants were quick to make reference to the environment being important, but it was not clear that they had much understanding about why using too much water was damaging to the environment, or how they could be more environmentally friendly. Though views were mixed, younger participants were also more likely

to consider it primarily the responsibility of the company, rather than the consumer, to be environmentally friendly.

"I don't know, they're the scientists."

Saffron Waldon, 35-54, ABC1

Nonetheless participants across the groups felt that they would benefit from more information from Affinity Water about how they could save water and be more environmentally friendly. Reasons for saving water were varied, and included potential money saving as well as environmental sustainability.

"It's not advertised, you don't hear about how to save water. What are the guidelines? What are the recommendations? What's the duration of your shower? How much can you save by cutting it down?"

Hatfield, future customers

Where participants did have some ideas about water saving, or had received water saving devices from Affinity Water, this seemed to draw genuine interest from other participants – suggesting that there is an appetite for this kind of intervention, steps to make it easy for customers.

On the other hand, older, more affluent participants tended to talk in greater detail and make specific suggestions about how the environment could be prioritised. They spoke about recycling grey water, using bricks in toilets to reduce water in the cistern and working with developers to make new houses more efficient. These participants were likely to have the environment as their primary motivation for saving water, especially as they tended to be fairly comfortable with their bill, perceiving potential savings as fairly minimal anyway.

Discussions around the importance of conserving water served to highlight a tension between participants thinking of themselves as citizens with a responsibility to use water resources prudently, and as consumers, with the right to use a paid for service in whatever manner they chose. This relates to customers thinking of water as a basic necessity and taking their water supply for granted. In this sense, they did not necessarily think of themselves as water customers on a day-to-day basis when they were using water.

When faced with discussing water in terms of bills and thinking about the possibility of having their water use restricted, participants' role as consumers came to the fore. Likewise, the other side of this was the tension between wanting Affinity Water to prioritise being an environmentally conscious provider, or to prioritise efficiency of service for the customer. This tension ran throughout the groups and was apparent when participants were weighing up the pros and cons of each plan, and choosing between them.

Within the future customers groups in particular, participants exhibited a disconnect between being citizens and consumers. For example, while they felt environment was a key priority in the abstract, when it came to looking at the various priority areas their focus was clearly on those that affected their use of

the service, such as cost and reducing interruptions to their supply. They placed less urgency on those areas which had benefits for the environment but less clear benefits for the individual consumer, such as sourcing water more sustainably. These participants also tended to have lower levels of knowledge about how water could be saved compared to older customers, who had made specific and detailed suggestions about saving water.

Customer service and keeping costs down

Customer service was a priority area across the groups, especially among the younger groups. Once again this reflected their view of themselves as consumers paying for a service.

"The customers. We should be the main priority, we pay for their service."

Luton, 18-34, ABC1

Likewise, keeping costs low was mentioned frequently within the younger groups, though this seemed less of a priority for older and more affluent participants. For those who were concerned about the cost of water bills, this concern was driven by a number of factors. One of these was the desire to reduce their current bills, while another was the desire to avoid any, even small, increases. Where participants had made a conscious effort to save water, but had not seen any reduction in their bills, this led to some scepticism about the accuracy of billing.

"I've noticed it's gone up in April, so I've been trying to save more. Personally, they don't see what we use so they just put the price up."

Hatfield, future customers

Supporting people to save water

Across the groups, participants expressed an interest in becoming more engaged and pro-active in their use of water. It was felt that Affinity Water had a role to play in equipping them to do this, particularly through improved communications. This was highlighted as priority that would aid both environmental sustainability and keeping costs low for customers

Both those who prioritised customer service and those who prioritised environmental sustainability, saw a potential benefit to having more interaction with Affinity Water. They were keen for Affinity Water to help them to help themselves – namely through more information and gadgets from Affinity Water that could help them save water. In line with their varying priorities, there were a range of motivations for this. Those who were motivated financially wanted to find out how they could reduce wastage so that they could save money, though positive impacts for the environment were a welcome side effect. On the other hand, those who were motivated by environmental concerns perceived the opportunity to save money as an additional bonus.

"If they notice you've used more than normal, they should contact you. They should notify you."

Watford, 35-54, ABC1

Participants welcomed a variety of ways that they could communicate with Affinity Water. The suggestion of an app that they could engage with easily and which would provide them with live information about their water use was popular across participants. However, conventional communication methods such as information through the post or face to face, were also welcomed.

"We've just had a consultation about waste collection options and we were invited to go along and talk to them, why not do that?"

Luton, 35-54 C2DE

Participants also suggested that Affinity Water could provide them with gadgets that could help them save water, such as bags to fit in toilet cisterns.

Metering was discussed as a potential way of enabling customers to gain greater control over their water supply, although this did garner mixed views. Participants who had found smart meters to be useful for managing their gas and electricity use thought that a smart meter for water could be a good way to help people understand how much water they are using, and potentially to reduce this. Participants who already had meters in place spoke about saving money since having these fitted.

"I've had a water meter for a few years and it's the best thing I ever did."

Chertsey, 55+, ABC1

However, not all views were positive. For example, those participants who had had more negative experiences of smart meters expressed concern about not feeling able to use their utilities freely.

"When you have these meters put in, they give it to you for free and it makes you scared to turn your heating on".

Chertsey, 55+, ABC1

Similarly, there was also concerns that metering could lead to more expensive bills for high water users.

"I don't want a meter. In ten years' time I'll be fine but not now with a child and a garden."

Saffron Walden, 34-54, ABC1

Participants were against having mandatory meters but were also interested in how meters could help them to manage their water supply. They were keen to receive more information about metering, and how meters might benefit them but also the disadvantages.

General views of the draft business plans

General views of the draft business plans

- All three draft business plans were generally seen as acceptable.
- There was, however, scepticism around Affinity Water's ability to deliver them – being able to simultaneously improve outcomes and reduce costs seems counterintuitive to customers.
- Issues of comprehension around the way data was presented throughout discussions made it difficult for participants to put the plans in context or compare them. They were less likely to prioritise things that were unfamiliar or that they did not understand.
- Options with environmental benefits and those that fixed leaks were prioritised.

Participants were shown each of the three plans in turn, followed by a comparison sheet showing the details of each plan side by side. (This sheet has been included below for reference). This section covers participants' reactions to the plans in general, then goes into more detail about participants' views of each of the seven priority areas covered in the plans.

Plan comparison

Forecast bills	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interrup-tions	Severe drought restrictions	Environ-mental pilot projects	Reliability of water pressure
Plan J: £170 per year 2019/20 £158 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan K: £170 per year 2019/20 £161 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan L: £170 per year 2019/20 £168 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Currently: £167 per year in April 2018	-	-	160 litres per person per day	5% (1 in 20) per year	2.5% (1 in 40) chance per year	-	13 hours low pressure per year

Figures are in 2017/18 prices and do not include inflation

AW Business Plan Survey show cards V1 PUBLIC

Initial reaction to the plans

Some participants found the exercise of considering the plans and deciding whether they would be acceptable an odd thing to do, given that they felt little control over what Affinity Water does, and would continue to be their customer regardless of their level of satisfaction with the service provided or plan followed.

"There's not a lot of choice not to accept it. What would you do if you didn't?"

Chertsey 55+, ABC1

Participants were shown each plan in turn and asked for their views on these. However, when shown the second and third plans, they automatically started making comparisons between the three plans, and therefore did not consider them in isolation. None of the plans presented were found to be unacceptable in principle. This was because participants were generally satisfied with the status quo and all the plans presented some level of improvement on this. However, there was some scepticism about how realistic these plans were and whether Affinity Water would be able to deliver them. This was because it seemed counterintuitive for benefits to go up, while costs simultaneously went down.

"It's very unusual to see a business plan where all the performance criteria get better and the price goes down. It's just not how business works."

Saffron Walden, 55+, ABC1

The presentation of the costs prompted questions such as whether prices presented had been artificially lowered only to be increased once the five-year plan was over.

"If they're developing plans for the next five years, is it because they're reducing their prices and suddenly they'll put them up again? Just keep the price level rather than dropping it and suddenly hiking it again."

Watford, 55+, C2DE

Some of the improvements proposed by the plans were thought to be overly-ambitious, and this led to scepticism about Affinity Water's ability to deliver these for the consumer costs stated. Where participants were sceptical about this, their initial reaction tended to be cautious, and they were attracted towards costs that were most similar to the current plan.

"If my bill was going to go up hugely then don't do it, but if it's going to stay pretty much the same, it doesn't matter. £3 is the price of a pint, and it's over a year."

Chertsey, 35-54, C2DE

As discussions continued, some of this reticence remained, but participants did warm up and other priorities were teased out. Broadly speaking there was agreement among the older and more affluent groups that a small rise in bills would be acceptable to fix leaks or to improve environmental sustainability. Where participants were less willing to cross the conceptual line into a bill increase there was a number of reasons for this. For those who were already keen to lower or maintain their level expenditure, money saving was a key motivation. For others, who did not fully understand some of the proposals around environmental sustainability, or where unsure how effective they would be, there was reluctance to spend more money without being sure of clear benefits.

It was noted that the priority areas did not include a focus on customer service. As mentioned previously, this was identified as an important priority across the groups. Many of the priorities discussed focused on the environment and reflected participants' role as citizens. However, participants also noted that customer service was a priority, reflecting their role as paying consumers.

"Customer service, yes. It should be a priority for every company. As the customer who's paying this bill each month, I'd definitely agree there should be a lot more value offered, help for our service we're paying for, possible discounts, look after your customers because they're paying your wages."

Luton, 35-54, C2DE

Those participants who prioritised customer service, focused on value for money and support from their water company to help them to save water.

Issues with comprehension

Participants struggled to fully comprehend the data presented in the plans. The data was neither familiar nor intuitive – for instance, there were different takes on what the leakage data meant – and groups worked collectively through these, self-correcting misunderstandings and posing questions.

Furthermore, participants struggled to make sense of the figures presented, without any context. Often participants were unsure how to judge monetary amounts – it wasn't clear to them whether £2 million was "a lot" in context of other costs.

"It just occurred to me, if they're going to spend £2 million, if that's in Luton, that's a lot. If it's in Hertfordshire, Buckinghamshire, Bedfordshire, greater London, that's not a lot once you split over everywhere. It's a figure but it doesn't mean anything until you know what area it covers."

Luton, 35-54 C2DE

Likewise, some aspects of the plans were presented in terms of financial costs while others were presented in terms of volumes of water saved – not only were both of these measurements intangible to participants, the use of different types of measurement made it difficult for them to compare within and between the plans.

"Does reducing the environmental projects by £4 million have a relevance to the water pressure?"

Saffron Walden, 35-54, ABC1

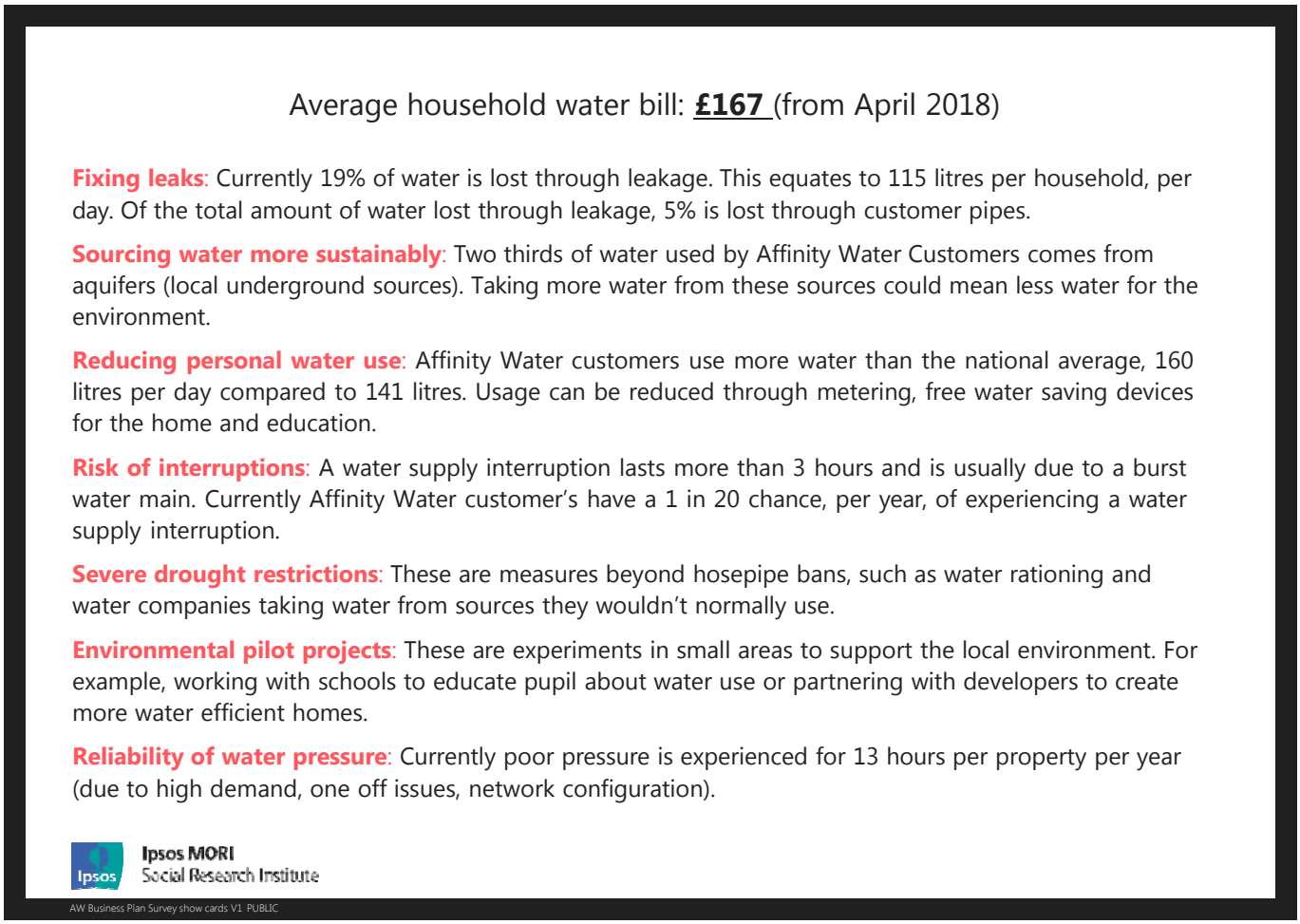
Where participants didn't understand how particular environmental priority areas would work – for instance what the environmental pilot projects would be, or how Affinity Water could change their personal water use – they tended to shy away from prioritising these areas. When faced with making trade-offs between environmental activities that they did not fully understand and cost savings or customer service, they tended to default to the cost savings or customer service as these were concepts that they were familiar with and understood. This was particularly apparent within the younger and future customer groups, where participants exhibited a lower level of background knowledge. This may also go some way to explaining why, in practice, these participants preferred to prioritise money saving and customer service, although environment was considered important at least in theory.

Priority areas

Within the discussions of the plans, participants focused largely on fixing leaks, the environmental pilot projects, reducing personal water use, and in some groups, sourcing water more sustainably. Participants tended to spend less time discussing the risk of interruptions, severe drought restrictions and reliability of water pressure – and overall, these areas were prioritised less.

Broadly speaking, the older customers were most interested in the environmental aspects of the plans. Younger customers balanced environmental concerns with cost savings, while the future customers prioritised the customer experience and cost savings.

The following sections provide an overview of the discussions around each of the seven priority areas.



Fixing leaks

Fixing leaks was an important priority across the groups. It was more tangible than some of the other priorities – participants could conceptualise what it involved and understood how it could benefit both them as customers and the environment more widely.

There was a view that fixing leaks should be prioritised above all other areas as they believed that doing so had the greatest potential for saving water – that if it was done effectively then some of the other measures, such as sourcing water more sustainably, would not be necessary at all. In this way, fixing leaks was seen as the most obvious way for Affinity Water to fulfil a commitment to the environment and to pass on savings for the customer.

Given that this priority area was understood to be so pivotal, many participants felt that the reductions in leaks presented in each of the plans were quite modest and that Affinity Water should be aiming for more significant savings.

"11% of that 19* [per cent of water currently lost through leaks] *is diddly squat."

Saffron Waldon, 55+, ABC1

This was the case even if it meant reducing the amount spent on other priorities. That said, as costs for fixing leaks were not provided, they were not able to compare how this would look traded off against other areas.

Environmental pilot projects

Investing in environmental pilot projects stood out to participants across all the groups. For those who prioritised the environment, these projects could be a positive step towards long-term sustainable water use. They were therefore attracted to the plans that proposed larger investment in this area.

"I always like investment in environmental projects."

Saffron Waldon, 55+, ABC1

Those in the younger and future customers groups who liked the idea of the pilot projects, were hesitant because they did not know what they were or how effective they would be.

"I'd like to know more. It sounds good, but it could be a load of rubbish. I don't even know."

Chertsey, 35-54, C2DE

The environmental pilot projects also stood out because of the seemingly large price tag attached to them and some were put off by the costs. For instance, in one future customers group, participants spent quite a bit of time discussing how important it was to educate people about saving water in their day-to-day lives, and how it would be useful if Affinity Water provided them with more information and gadgets to this end. However, when they saw the plans, their immediate reaction to the environmental projects was that they were too expensive. Even when it was pointed out that the educational activities they had been suggesting could fall under these plans they were still sceptical that it was a lot of money.

One of the example that was given of an environmental project providing education in schools was unpopular among some groups and this then affected the way that they thought of this priority area as a whole. Those who were against this idea were sceptical because thought this particular type of project was a waste of money as it duplicated what schools were doing already. There was also cynicism around whether school pupils were likely to take on any of the learnings, especially as they were not bill payers so would not have a financial incentive.

"You can do that from home. That would be a waste of £2 million, or £6 million."

Luton, 35-54, C2DE

These participants were generally more receptive to the concept of environmental project plans when considering other examples of projects – but they still struggled a bit given that the projects potentially covered such a wide range of things. Overall, participants found it difficult to make decisions about prioritising the environmental projects because they didn't know what these projects would be and without this information they were unable to make assessments about how worthwhile the different levels of investment were. Those who were in favour of the proposals were so because they were willing to assume they would be effective.

Sourcing water more sustainably

This aspect was felt to be important from an environmental perspective. It was clear that participants hadn't really thought about how much water comes from the environment. However, the existence of this priority area drew to their attention that where water was not sourced sustainably, this was something that was damaging, and so improvements to this process were welcome.

"If they're taking that many litres of water per day from the environment, it will hugely impact the environment."

Luton, 55+, ABC1

Given low levels of knowledge about how water is extracted the environment or what the alternatives might be, participants were quite ambivalent about how this should be prioritised within the plans.

"What are they talking about? Overground reservoirs?"

Watford, 35-54, C2DE

Moreover, without any context as to how much water is currently taken from the environment, participants were unable to make any assessment of how significant or not the proposed savings were.

"What do they take at the moment? That could be 1% of what they take, that 10 million, or it could be 50%. It sounds great but if they're currently taking 100 million per day then how much difference does it make? There's nothing to compare it to."

Luton, 18-34, ABC1

Reducing personal water use

There was a broad consensus across the groups that reducing personal water use was in theory an admirable goal. However, its role within the business plan was contested. This was because:

- Participants didn't understand how this could be achieved or how it would be tracked

- Participants didn't think that water companies should be able to place restrictions on personal water use
- There was disagreement about whose responsibility it was to reduce personal water use

Typically, and echoing other PR19 research, participants did not think that they as individuals wasted water. Consequently, although they didn't mind the principle of reducing water usage where water was simply going to waste, for example turning taps off when brushing their teeth, they didn't think that they were that wasteful in the first place so couldn't see this making very much difference. Customers didn't want to use less water where this affected their day-to-day life, for example taking shorter showers as they felt that their current behaviour was acceptable and necessary.

Moreover, given that meters are not currently mandatory in all areas, participants did not see how Affinity Water could track individual water use, and therefore assess whether the proposed reductions had been achieved.

There was discussion around whether the proposed reductions would be achieved by mandatory restrictions on water use at a household level or by encouraging people to reduce water use and giving them tools to help enable this. The idea that there could be mandatory restrictions on their personal water use provoked angry reactions within the groups. As consumers, they thought it was inherently unacceptable for their supplier to dictate how much water they used, and how they used it.

"If I'm paying for something, I want to use it however I want. They should be worried about making sure they're giving us enough to use as much as we want and need but also ensure it's environmentally friendly. I don't want to worry about whether I'm using too much water. They should ensure they're doing it right, I want to use it how I please because I'm paying for it."

Luton, 18-34 ABC1

It was also noted that different households have different circumstances that influence how much water they want or need. For example, those with larger families, larger gardens or animals may need more water than those without, and some medical conditions required more water use.

On the other hand, participants were more receptive to the idea of Affinity Water helping them to reduce personal water use through advice or technological solutions, and providing incentives to do so.

"I'd like to see a big tank installed in gardens that you can pump it through, so you can have a permanent supply of grey water. To be able to collect the water for the times it's dry."

Saffron Walden, 55+, ABC1

The need to reduce personal water use was directly equated with the issue of leakage. Given that the loss of water through leakage was currently so high, participants rejected the onus being put on them to save water when they felt the water companies themselves were much more responsible for wasting it.

Considering this, they thought that Affinity Water should be focused on reducing its wastage rather than expecting customers to reduce their own, comparatively smaller, levels of water wastage.

"They need to lead by example. They want us to reduce our usage, they need to reduce theirs, as in fixing the leaks and sourcing more sustainably."

Saffron Walden, 35-54, ABC1

Overall, participants thought that the responsibility to use less water was shared between the consumer and the supplier – with the consumer having control over how much water they use and the supplier making it easier for them to be more efficient in their use. Older participants tended to be more willing to take on greater responsibility for their own water use, whereas younger participants placed more emphasis on the responsibility of the supplier.

In terms of the specific figures that were proposed for water use reduction, all plans proposed reducing personal water use by at least a fifth. This was perceived to be a considerable amount, and possibly unrealistic, especially over a fairly short time period. Those who thought this was an unrealistic amount thought this because they already considered themselves to be careful with their water use.

"I'm just trying to think what I'd cut out because I don't think I use loads of water."

Hatfield, future customers

On the other hand, those that thought these amounts could be achieved did so because they felt others in their households and other households were wasteful, and so had the potential to make drastic improvements. It was noted that metering could people to see how much they use, and to make savings.

Risk of interruptions and reliability of water pressure

This area was not highly prioritised in most of the groups, possibly because few found the current level of interruptions, nor the reliability of water pressure, to be major issues. Nevertheless, when comparing plans, greater reductions in interruptions and improvements to the reliability of water pressure were seen as positive things.

"There's less risk of interruption and the water pressure will be better. That's a big thing for me, so I'd be happy to pay £3 more a year to have better water pressure."

Hatfield, future customers

In addition, these areas were deemed to be important within the future customer groups, as both were perceived to be aspects of the customer experience, which was highly prioritised.

Severe drought restrictions

This area was not highly prioritised in any of the groups, as participants did not consider the possibility of drought to be significant. Participants thought that the current likelihood of needing to use severe drought restrictions was low enough, and were not particularly concerned about reducing it further.

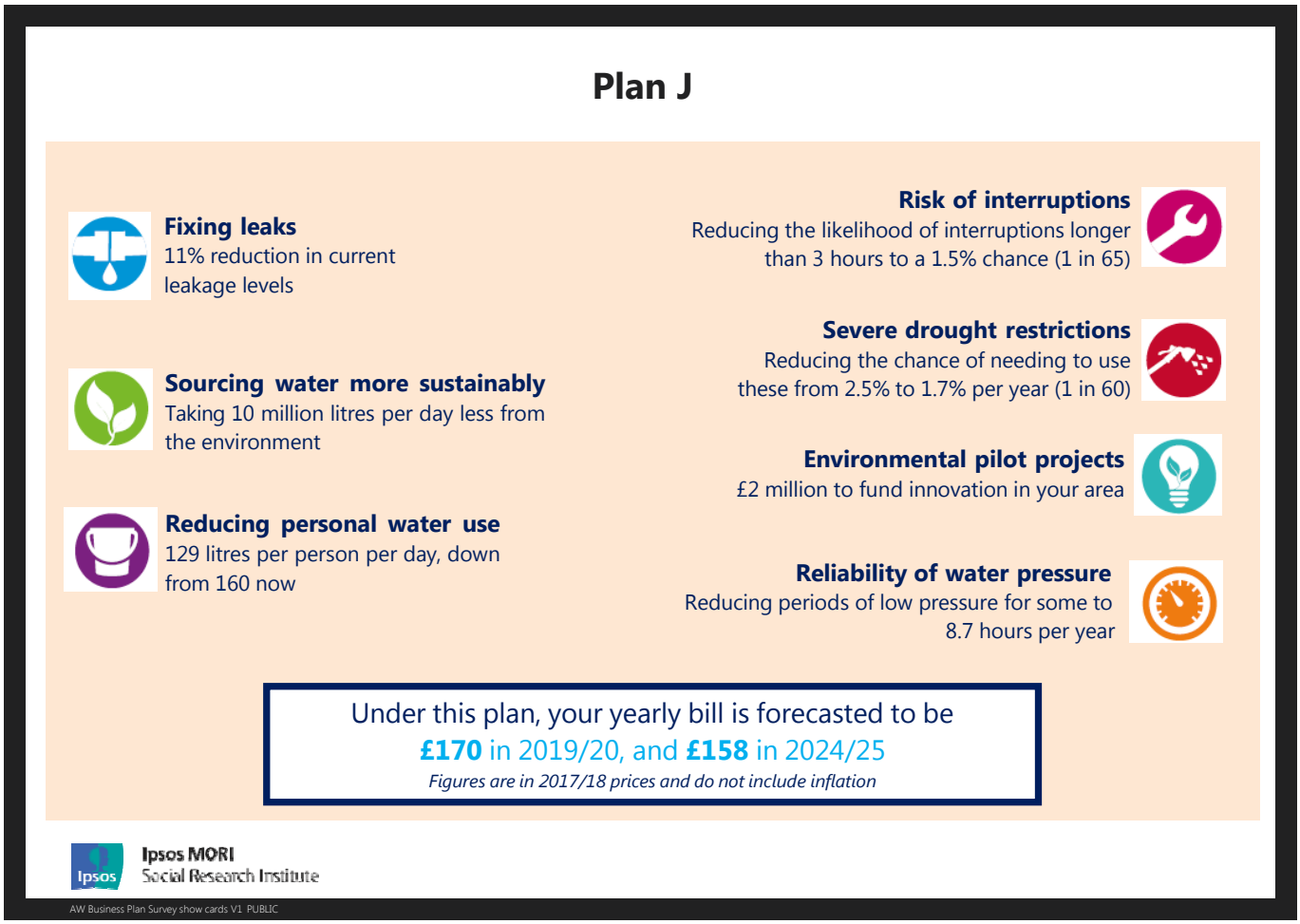
"I don't understand how it works. I'm not good at science, but I don't understand how we could run out of water."

Luton, 18-34, ABC1

Views of each business plan

Views of each business plan

Plan J



Advantages

When viewed in isolation, this plan was felt to be acceptable. It makes some modest improvements across each of the priority areas, and for a lower cost. It was therefore seen as an improvement on the current situation.

The biggest perceived benefit of this plan was that it was the cheapest of the three options. Although the differences in costs between plans were fairly small, those watching their budgets most closely, saw any reduction as a bonus. This was despite the fact that it was widely acknowledged that all savings were minimal and unlikely to be noticed in day-to-day life given the relatively small cost of water compared to other household bills.

Proponents of plan J saw it as less ambitious and therefore more achievable than the other two plans.

"Ideal world you want L but ever the pessimist I'd say J is more achievable."

Chertsey, 35-54, C2DE

In contrast to the other groups, within the future customer groups, plan J was the preferred plan. Participants noted that in the areas of water pressure reliability and risk of interruptions, this plan offered the same improvements as plan L, but at a lower cost. This stood out to participants who prioritised their experience as a customer, as it represented both a better service for them and a reduced cost.

Disadvantages

Plan J suffered by comparison to the other two plans. Plan J simply offered fewer improvements than the other plans and for only minimal savings on billing.

"[Plan J] is disappointing…I feel like this is the Asda plan. Plan L is the Waitrose. I don't feel plan J is doing enough."

Chertsey, 35-54, C2DE

In particular, participants did not think that Plan J delivered enough in terms of environmental sustainability, as environmental benefits were clearly less evident than either of the other two options.

Furthermore, participants did not think that the 11% reduction in leaks was enough, especially compared to plan L. It was noted that although J was cheaper in terms of upfront costs, not investing enough in fixing leaks could have greater long term costs.

"If you pay less but spend more in traffic jams because of their pipes and lose a day of work because the water is rubbish, and someone has to come out and fix it, you're not really saving anything."

Watford, 35-54 ABC1

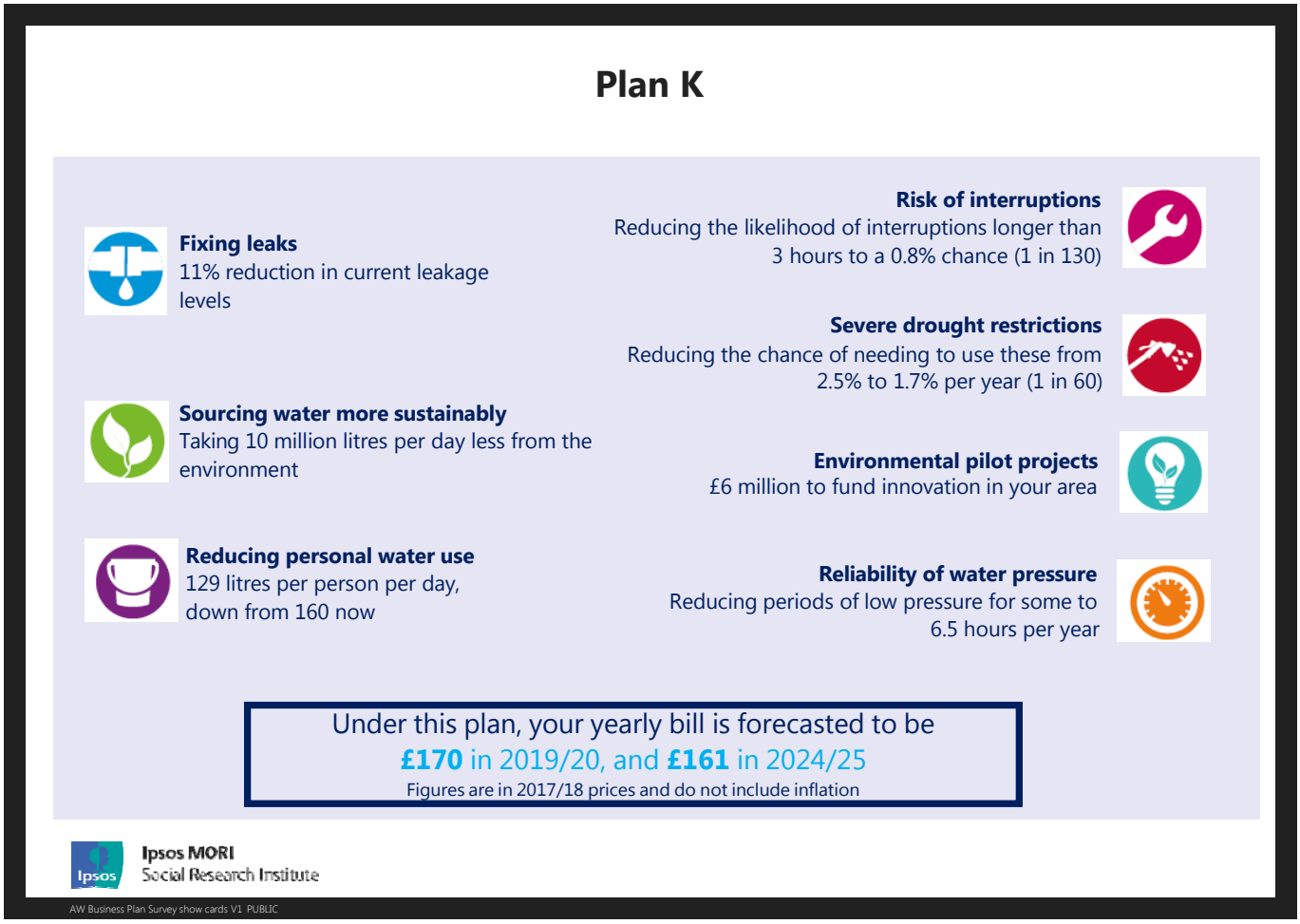
Though the improvements in reducing risk of interruptions and improving reliability of water pressure were comparable to the other plans, these were areas that were not typically a high priority for participants, other than the future customers.

"Interruptions aren't top of my list of worries, so it doesn't bother me that they're reducing that. I don't think there's enough on sourcing water more sustainably."

Chertsey, 35-54, C2DE

When asked to select their preferred plan, **16 participants** out of the total 87 chose J. This figure should be considered in the context that this was qualitative research conducted with a small and not statistically representative sample. The survey being conducted alongside this work may be used to draw statistical conclusions about the relative popularity of the plans.

Plan K



Advantages

The key advantages of this plan were seen to be its environmental credentials. Plan K includes three times as much spending on environmental pilot projects compared to the other two plans, so for those who prioritised these projects, this was a considerable advantage.

Plan K provided the best improvements in reliability of water pressure, although this wasn't hugely important for most participants. Compared to Plan J, this plan also offered a reduction in the risk of interruptions. Again, this was not individually considered to be a very important priority, but in conjunction with the focus on environmental pilot projects this contributed to making this plan more attractive.

"We think it's better than J. You're getting three extra benefits like risk interruption is reduced, environmental projects get £6 million instead of £2 million and reliability of water pressure is going to be improved."

Watford, 55+ C2DE

In addition, for those participants who liked the idea of L but feared it was too ambitious, Plan K presented a seemingly more accessible option that was more environmentally friendly than J.

"I went with K. I compared it with L and I looked at the feasibility, some of the things might not be achievable, K feels more realistic."

Watford, 35-54, ABC1

Disadvantages

With Plan K being perceived as the middle ground, some participants felt that it didn't do enough in either cost savings or in terms of environment to be the preferred plan.

"I don't think K is saving enough for what you're getting out of it. It either needs to be plan J to save significantly more… or L for me."

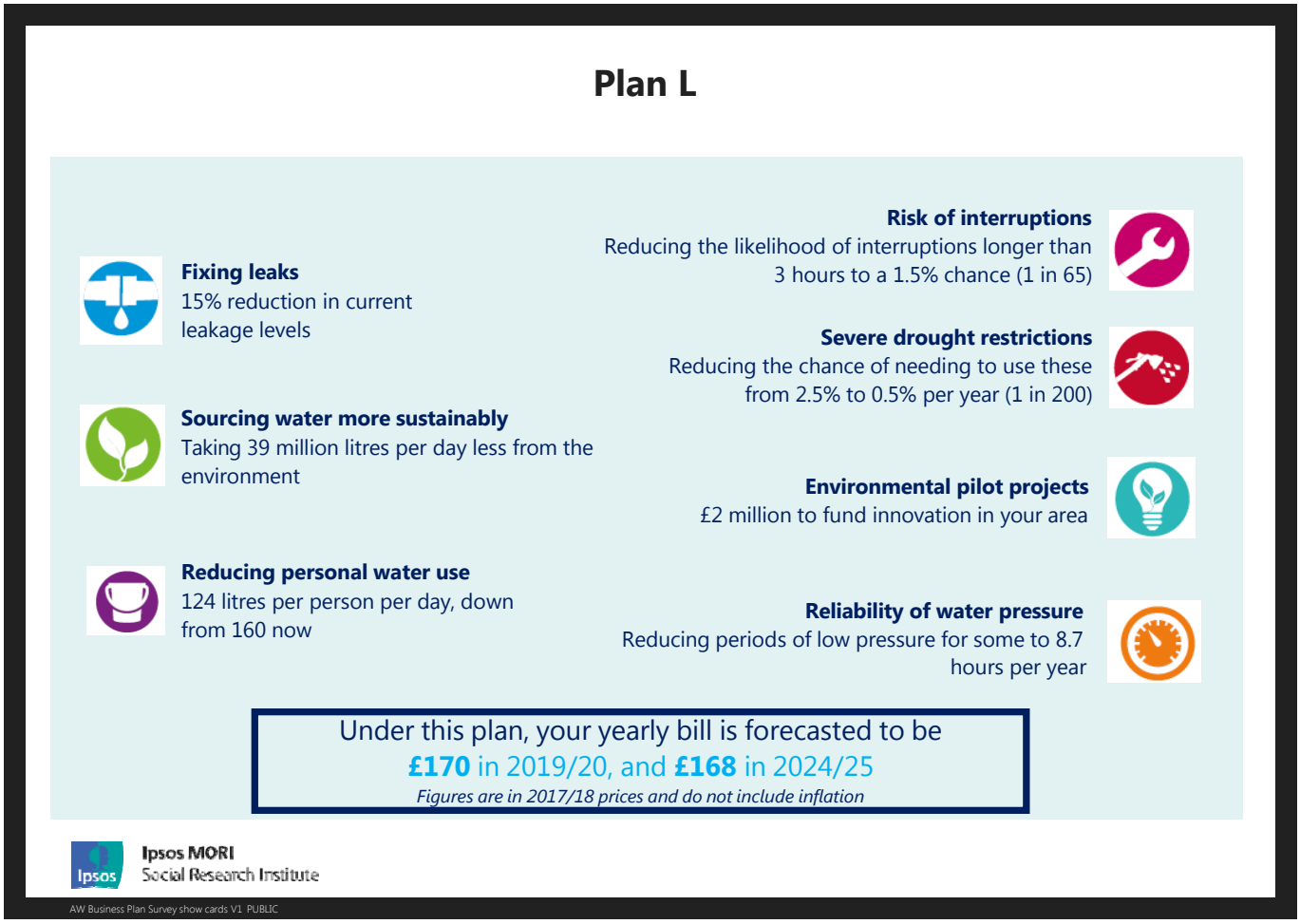
Chertsey, 35-54, C2DE

The main point that stood out from Plan K was the additional spend on environmental pilot projects. This was a draw for those who supported greater expenditure on these projects. On the other hand, opponents felt the money could be better spent elsewhere. The expenditure on environmental pilot projects drew mixed reactions, even amongst those who were keen to prioritise the environment. This was because it was not clear exactly what the pilot projects would entail or their likelihood of success, so participants found it difficult to assess whether they were an effective use of money.

As with plan J, it was noted that an 11% reduction in leaks did not feel ambitious enough.

When asked to select their preferred plan, **18 participants** out of the total 87 chose K. This figure should be considered as illustrative the Business Plan ('acceptability') survey will allow more statistically-based conclusions to be drawn.

Plan L



Advantages

Plan L was considered to be an aspirational plan, which appealed to participants who felt that Affinity Water should be striving to deliver the best possible environmental outcomes. The main appeal of this plan was in terms of its environmental credentials. With the exception of funding the environmental pilot projects, this plan proposed greater results in all of the environment focused priority areas – fixing leaks, sourcing water more sustainably and reducing personal water use.

Reflecting the importance placed on fixing leaks throughout the discussions, participants were attracted to this plan because it promised a greater reduction in leaks compared to the other two. Moreover, for those who prioritised the environment but were sceptical about the effectiveness of the environmental pilot projects, the lower spending on this seen in positive terms.

"Plan L. I like it. It's idealistic, I like the ambition of the reductions and the sustainability. They're trying to reduce our personal usage as much as possible. 124 litres per person per day, to aim for that, that's good."

Watford, 35-54, ABC1

Furthermore, although this plan was more expensive than the other two plans, participants tended to feel that this was worthwhile for the additional benefits – and crucially, it was still cheaper than the current plan.

"Most of us don't mind the bill we're paying at the moment, it's a little steep but we don't mind because of the benefits and they're trying to make it look like you'll get a smaller deal to get more for it. I prefer L. I don't mind my bill being the same if they're going to do more for it."

Chertsey, 35-54, C2DE

Disadvantages

The main criticism of Plan L was that it sounded "too good to be true", and participants were sceptical as to whether it could be achieved. It was noted that in terms of sourcing water more sustainably, the amount of water coming from the environment would be reduced much more relative to the other plans. The individual water savings were also higher in this plan than in the other two, and participants were unsure about how this reduction could be achieved. The feeling of scepticism was compounded by the intangibility of the environmental improvements and participants did not understand what was entailed in achieving them.

"I don't think it will work. It's too far-fetched. We said saving from 160 to 124 litres per day is a lot. That is so much it seems impossible. If they think they can do that much, why aren't they?"

Hatfield, future customers

Those who felt that this plan was too expensive noted that it cost more than the other two but did not improve on Plan J in terms of the customer-centric priorities of reducing the risk of interruptions and improving reliability of water pressure. This issue was primarily noted among the future customers.

"With plan L, they focus more on environmental values than customer values. If you're paying the bills you value your own needs over the environment."

Hatfield, future customers

Although, compared to the other plans, L includes a greater commitment to fixing leaks, there was still a feeling that a 15% reduction was insufficient. This feeling reflected the very high importance placed on fixing leaks. Those who noted this also referred back to their shock and surprise at the current amount of water that is lost through leaks.

"If they said you were going to have a heart attack unless you lose an awful lot of weight, you wouldn't think 15% was enough. If you were avoiding dying, you'd sure as hell take more than 15% off. We should be asking why not 50%?"

Saffron Walden, 55+, ABC1

When asked to select their preferred plan, **53 participants** out of the total 87 chose L. This figure should be considered as illustrative; the Business Plan ('acceptability') survey will allow more statistically-based conclusions to be drawn.

Conclusions

Conclusions

Knowledge is limited

Participants tended to have little background knowledge of Affinity Water, and water supply in general. As a result of this:

- They were not easily engaged and took some time to warm up.
- They struggled with assessing some areas of the business plans, particularly around some of the environmental priorities, where levels of understanding were weak.
- They were able to make decisions about their priorities, and make choices between the plans, but these decisions were limited by their knowledge.

Customers are receptive to becoming more engaged

Although customers were not dissatisfied with the current level of information they receive, they say they would welcome the opportunity to become more engaged and proactive in their use of water. Participants suggested that Affinity Water could support customers by:

- Providing information about reducing water use through traditional channels such as by post.
- Providing water saving gadgets to customers.
- Providing an app that customers could engage with easily, and which would provide them with live information about their water use.

Metering was also discussed as a way of enabling customers to gain greater control over their water supply. Participants were aware of smart meters for other utilities and thought a smart meter for water could be a good way to help people understand how much water they are using, and potentially to reduce this. Participants who already had water meters in place spoke about saving money since having these fitted, though there was also concerns that metering could be more expensive for some, high water use customers. Generally, customers were keen to receive more information about metering and how meters might benefit them.

Participants prioritise areas where they can envisage tangible improvements for the environment, and for themselves as customers

Throughout the groups, there was a tension between wanting Affinity Water to prioritise being an environmentally conscious provider, and improving efficiency of service for the customer. This was reflected throughout discussions, and was also evident when, as a way of wrapping up the discussions, participants were asked to identify the "one thing" they would like to communicate to Affinity Water. The

priorities they identified tended to focus on being more environmentally friendly or on improving the customer service encompassing experience and the affordability of bills.

Protecting the environment was a key priority; this was a tangible issue that customers were aware of from various aspects of their lives. However, where they did not fully understand all of the environmental priority areas laid out in the draft plans. Consequently, they shied away from these, preferring to focus on aspects where the impact was clearer to them. For example, where participants were less supportive of the environmental pilot projects, this tended to be because they were unsure of what they were or sceptical about their impact, rather than because they didn't think the environment was important.

Customers also prioritised good customer service and keeping bills as low as possible, preferring minimal, if any, increases.

Some priorities which were seen to achieve environmentally conscious provision and efficiency of service for the customer. Fixing leaks was seen to do this through reducing water loss and damage to the environment, while also making water supply more efficient with potential benefits in terms of reducing bills for customers. Likewise, improved communication, supporting customers to be more environmentally conscious themselves, was considered a priority because it was both an improvement to customer service and a move towards being more environmentally friendly.

All of the plans are broadly acceptable

All of the plans were seen to be an improvement on the current situation (which customers were generally satisfied with). However, the discussions identified preferences within and between the plans which reflected priorities.

Plan J: This was seen as the most practically achievable and realistic of the plans, but also the least impressive.

Plan K: This was recognised as having strong environmental credentials, but could do better in terms of cost savings.

Plan L: This was seen as the most aspirational of the plans and the one customers felt Affinity Water should be striving for, though there were questions about how achievable it is, or whether it seemed "too good to be true".

Customers were keen to say that all of the plans would benefit from as strong a commitment to fixing leaks as was possible.

Appendix

Appendix

Discussion guide

Affinity Water: Business Plan

Overview notes for moderators

Affinity Water are a regulated 'monopoly' business, meaning customers can't switch supplier. Their key aims are making sure customers, communities and the environment have enough water; supplying high quality water you can trust; minimising disruption to you and your community and providing a great service that you value.

The aim of these groups is to understand customer opinion and priorities in respect of the draft **Business Plan** and to supplement a survey designed to test acceptability of different packages of options.

Eight evening focus groups will be held across SE England on behalf of Affinity Water. Each evening there will be two (focus) group discussions (6.00-8.00pm and 8.15-10.15pm) which will bring together 8-10 customers. Two groups with "future customers" groups will be used to understand the different perspectives of this segment. These will involve shorter discussions aiding recruitment.

Participants will be recruited based on receiving clean/drinking water from Affinity Water (their waste water will be provided by another service provider e.g. Thames Water), and quotas including those outlined below.

Date	Location and REGION	Venue details	Recruitment quotas
Tues **17-Apr-18** 18:00-20:00 20:15-22:15	**Chertsey and Addlestone (Surrey)** CENTRAL	De Vere Beaumont Estate Burfield Road Old Windsor SL4 2JJ 01753 640 000	**Group 1**: 55+ ABC1 **Group 2**: 35-54 C2DE
Thurs **19-Apr-18** 18:00-19:30 20:00-21:30	**Hatfield (Herts)** CENTRAL	Beales Hotel Comet Way Hatfield AL10 9NG 01707 288 500	**Group 3**: Future customers (majoring on students at university) **Group 4**: Future customers (majoring on those aged 18-34 and living with their parents)
Tues **24-Apr-18** 18:00-20:00 20:15-22:15	**Saffron Walden (Essex)** CENTRAL	Wellcome Genome Campus Conference Centre Wellcome Trust Genome Campus Hinxton, Saffron Walden, CB10 1RQ 01223 495000	**Group 5**: 55+ ABC1 **Group 6**: 35-54 ABC1
Wed **25-Apr-18** 18:00-20:00 20:15-22:15	**Watford (Herts)** CENTRAL	Wyoming Studios 204 Lower High Street Watford, WD17 2EH 01923 230 616	**Group 7**: 55+ C2DE **Group 8**: 35-54 ABC1
Thurs **26-Apr-18** 18:00-20:00 20:15-22:15	**Luton (Beds)** CENTRAL	Hilton Garden Inn Luton North Butterfield Business Park Hitchin Road, Luton, LU2 8DL 01582 435 300	**Group 9**: 35-54 C2DE **Group 10**: 18-34 ABC1

Time	Section, questions, prompts
5.45- 6.00pm	Arrival and registration
6.00- 6.10pm (10 mins)	**Introduction** **The aims of today's discussion is to understand the opinions of local residents to understand their views about water, and to get opinions on Affinity Water's plans for water services and billing over the next few years.** **Explain tone and nature of discussion:** • Relaxed and informal • No right or wrong answers • Keen to hear everyone's views and experiences; we are after a range of opinions, not seeking consensus • Please feel free to disagree with one another; just keep it polite • The moderator will make sure everyone gets a chance to share their opinion • Try to avoid talking over one another – means the recorder does not work so well / note taker may not be able to hear • Explain camera and film (live link-up, not being recorded) – observers are mix of Affinity Water staff and members of the Customer Challenge Group (ADAPT AS REQUIRED): "The **CCG** is an independent group who provide challenge to water companies and their business plans. In particular, they are interested in the views of customers being considered by water companies" • Plenty to get through, so the moderator may have to move people on from time to time • Clarify length of group (2 hours) • Any other housekeeping – fire alarms, facilities, mobile phones put away, etc. PERMISSION TO RECORD – START DIGITAL RECORDER **We'd like to find out a little more about you. In pairs, could you please find out your partner's first name and a little bit about their household – who they live with, what type of property they live in and how long they have lived there.** **I'll then ask you to introduce your partner back to the group.** PAIRS INTRODUCE BACK TO GROUP
6.10-6.20pm (10 mins)	**Ice breaker**

	SPREAD OUT IMAGES – TWO COPIES OF EACH IMAGE – ON TABLE (FACE DOWN) **I have set out a group of images on the table. Please select the one which best reflects how you think about water.** **Why did you choose that image?**
6.20-6.45pm (25 mins)	**Performance, context and affordability** **Tell me <u>what you know,</u> about Affinity Water; who they are, what they do, which areas they serve…** FLIPCHART ANSWERS DIFFERENCE BETWEEN SEWERAGE AND CLEAN WATER – AND BILLING ARRANGEMENTS WATER COMPANIES AS REGIONAL MONOPOLIES PROBE FOR HOW WATER IS SOURCED AND SUPPLIED (NOT YET ON FUTURE FACTORS AFFECTING THESE) **What do Affinity Water do well?** - What do they do badly? - How could they improve? FLIPCHART 'IMPROVE' AND SORT IN ORDER OF PRIORITY **Let's look ahead. What should Affinity Water's priorities be for the future do you think?** - Why do you say that? - To what extent does this matter to you? Why/why not? FLIPCHART PRIORITIES HAND OUT STIMULUS ON HISTORICAL/COMPARATIVE PERFORMANCE (ONE SLIDE SHOWING COMPARATIVE PERFORMANCE AND HOW AFFINITY WATER SPENDS £): TO MAKE PARTICIPANTS AWARE: - HOUSEHOLD BILLS ARE WATER-ONLY, not sewage, PER YEAR - INDUSTRY AVERAGE based on 18 English and Welsh water companies - 'ASSETS' = pipes, treatment plans, pumping stations, reservoirs, AW offices etc.) **Having read this information, what stands out to you?** - PROBE: Why? - Is there anything that surprises you? Why? MODERATOR TO READ OUT **Every 5 years, water companies prepare a business plan that shows what services they will provide for the next 5 years. Affinity Water are currently developing plans for the period 2020-2025 and these plans will be submitted to Ofwat (the water regulator) who will decide how much companies can charge their customers.**

	Companies consult widely with their customers to help prepare these business plans; this can involve focus groups, surveys, public consultation, and so on.
	We're going to look at some draft plans and options in detail in a moment, but first…
	- **What would you expect Affinity Water to be taking into account when developing plans? What should they be taking into account? What else?** FLIPCHART
	- PROMPT: For detail around <u>supply</u>
	  - Environment, drought, climate change, usage, leaks
	  - How can water companies manage supply?
	  - Should and how could customers reduce usage?
	  - Who can do this? Water companies, customers or both?

6.45-7.30pm (45 mins)	**Business Plans** **As I said earlier, all water companies are developing Business Plans that set out investments that are needed to maintain and improve water services from 2020 onwards. We're first going to briefly look at how things currently are for Affinity Water customers.** MODERATOR TO HAND OUT OVERVIEW SHOWCARD AND BREIFLY EXPLAIN EACH IMPACT AREA. READ OUT… <u>Fixing leaks</u>**: Currently 19% of water is lost through leakage. This equates to 115 litres per household, per day. Of the total amount of water lost through leakage, 5% is lost through customer pipes.** <u>Sourcing water more sustainably</u>**: Two thirds of water used by Affinity Water Customers comes from aquifers (local underground sources). Taking more water from these sources could mean less water for the environment.** <u>Reducing personal water use</u>**: Affinity Water customers use more water than the national average, 160 litres per day compared to 141 litres. Usage can be reduced through metering, free water saving devices for the home and education.** <u>Risk of interruptions</u>**: A water supply interruption lasts more than 3 hours and is usually due to a burst water main. Currently Affinity Water customers have a 1 in 20 chance, per year, of experiencing a water supply interruption.** <u>Severe drought restrictions</u>**: These are measures beyond hosepipe bans, such as water rationing and water companies taking water from sources they wouldn't normally use.** <u>Environmental pilot projects</u>**: These are experiments in small areas to support the local environment. For example, working with schools to educate pupil about water use or partnering with developers to create more water efficient homes.** <u>Reliability of water pressure</u>**: Currently poor pressure is experienced for 13 hours per property per year (due to high demand, one off issues, network configuration).** **Now I would like to ask for your views on three plans for Affinity Water. We have included Affinity Water's estimate for the overall impact on average household bills in this area.** PLEASE STRESS: **Please note that this amount <u>does not include the cost of sewage/waste water</u>, as this service is provided by another water company.**

	I am going to ask you about three plans individually first - each one is different - before asking you to look at them together in one go. **If you could now put this showcard aside and we'll look at the different plans.** MODERATOR TO COLLECT OVERVIEW SHOWCARD **First, let's look at Plan J / K / L. In pairs please discuss whether you think this is a plan that Affinity Water should or should not choose to follow, and why.** HAND OUT SHOWCARD J / K / L (ROTATE ORDER OF THESE SO L / K / J IN 2ND GROUP) GIVE PARTICIPANTS TIME TO READ THESE. WORK IN PAIRS TO DISCUSS AND ENCOURAGE THEM TO ANNOTATE HARD COPIES THEY HAVE TO RECORD KEY POINTS. MODERATOR NOTE: - IF ASKED, PLANS NAMED J/K/L (NOT A/B/C OR 1/2/3) TO AVOID BIAS - ENVIRONMENTAL PILOT PROJECTS – £6M VS £2M WOULD INCREASE SCALE; involve more customers and others, and allow more work with more partners **Overall, from your point of view is this an acceptable plan or not for Affinity Water to choose?** - Why do you say that? - What stands out to you? - Which parts, if any, did you like? - Which parts, if any, do you not like? **Do the proposals in this plan help to meet the priorities we identified as important earlier?** REFER BACK TO FLIPCHART FROM EARLIER **In what ways?** - What questions do you have? - What further information would you like? REPEAT ABOVE FOR REMAINING x2 SHOWCARDS (10-15 MINUTES EACH) – GIVE PARTICIPANTS TIME TO READ THESE. STRESS THAT EACH OF CARDS IS DIFFERENT**.** LEAVE PREVIOUS SHOWCARDS WITH PARTICIPANT TO ALLOW COMPARISON AND TALK THROUGH THESE IF NECESSARY.
7.30- 7.50pm (20 mins)	**Choosing and communicating** MODERATOR TO HAND OUT COMPARISON SHOWCARD **This card shows all three of the plans you have looked at, alongside the current situation for Affinity Water customers. Taking into account everything you have read, which would you prefer Affinity Water chooses as their plan for 2020-2025? Again, I will give you a minute or so to read the card. Please write your decision on a post-it note. It won't be a secret ballot I'm afraid…** COLLECT POST IT NOTES AND TALLY VOTES **Why did you choose J / K / L?** - Was this an easy decision? - Did anyone want to choose something entirely different, **or different parts of a combination of J / K / L?** - Would anyone prefer none of them? Why?

	You may have noticed that each of the Plans involves targeting a reduction in the use of water by individuals by around 1/5th or 20%. How do you feel about this? - Is this realistic, or not? - Why do you say that? **Now thinking about how you would like to Affinity Water to communicate these plans to you.** **How do you think Affinity Water should communicate with their customers?** - PROMPT: online (website, social media), in print (letters, leaflets), in person (home visits, information stands) - Why do you say that? - Why would you prefer that method of communication? ASK PAIR TO START FOR MOST POPULAR OF J / K / L AFTER FEEDBACK, ASK FOR POINTS OF DIFFERENCE FROM OTHERS (MAKE SURE ALL PAIRS HAVE PROVIDED FEEDBACK)
7.50- 8.00pm (10 mins)	**Conclusions** **Thinking about everything we have talked about this evening, I would like you to take one post-it and, individually, write down the one thing you would like to feedback to Affinity Water and what they should do in the future.** FLIPCHAT POST-ITS AND DISCUSS THANK AND CLOSE HAND OUT THANK YOU PAYMENTS WITH INCENTIVE SHEET SWITCH OFF RECORDER

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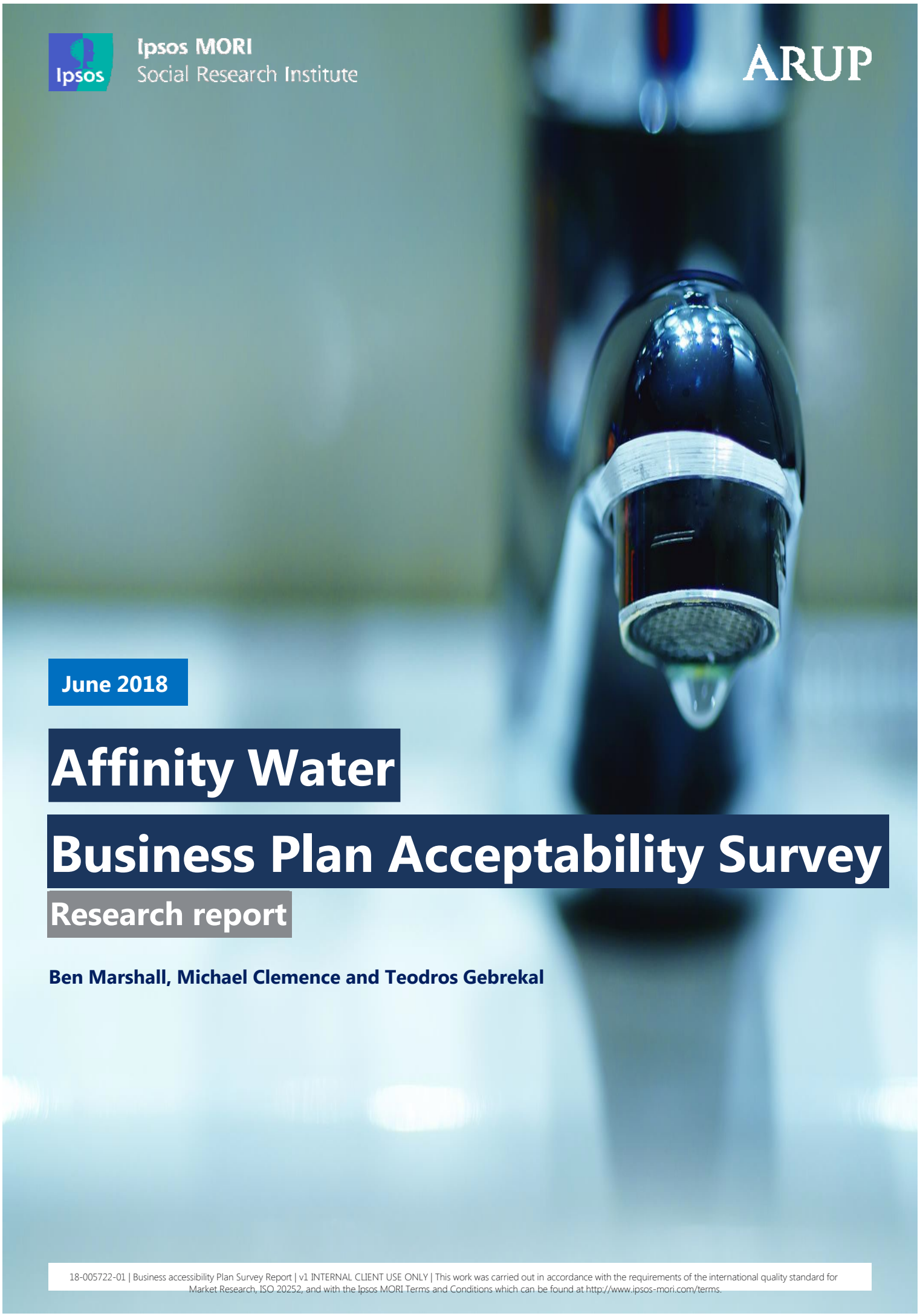
Annex 5: Phase 2 Testing and Valuing

Ph2.4 – Affinity Water Business Plan Acceptability Survey: Research report



Ipsos MORI
Social Research Institute

ARUP

June 2018

Affinity Water

Business Plan Acceptability Survey

Research report

Ben Marshall, Michael Clemence and Teodros Gebrekal

Contents

Executive Summary

- This report summarises findings from a survey of Affinity Water customers conducted by Ipsos MORI on behalf of Affinity Water. The survey forms part of a market research programme undertaken to provide Affinity Water with insight into the views and priorities of customers to support PR19 business planning.

- Three main areas were assessed – views of Affinity Water's performance, the acceptability of three possible business plans for 2020-2025, and attitudes towards potential changes in the provision of the Social Tariff.

- 825 Affinity Water customers were interviewed face-to-face, in-home between 4 April and 24 May 2018 across the eight water resource zones (WRZs). Data was then weighted by age, gender and tenure.

Attitudes towards water

- **Close to three quarters of Affinity Water customers are satisfied with the service they receive, and customers agree strongly on the importance of Affinity Water's four key outcomes**. Seventy-four per cent are either very or fairly satisfied with the service they receive from Affinity Water, and at least eight in ten rate "making sure customers, communities and the environment", "supplying high quality water you can trust", minimising disruption to you and your community" and "providing a great service that you value" as having high importance (8 to 10 out of 10).

- **Half of customers have experienced issues with their supply over the past five years**. The most common problem selected by customers were issues around the taste, smell, colour and hardness of tap water (24%), followed by frequent low water pressure (20%).

- **Almost nine in ten customers report no difficulties in paying their overall water bill** (87%), seven per cent report finding it difficult but not missing payments, and five per cent find it hard and are also late in paying their bills. The largest proportion of Affinity Water customers – 57% - feel their water bill offers similar value for money to other utilities, while three in ten (29%) feel it provides better value for money,

Business Plan acceptability

- **All three business plans tested are considered acceptable by around three quarters of Affinity Water customers**. Plans J and K are acceptable to 78%, while the more expensive plan K is acceptable for 74%. Acceptability for all plans is broadly similar across different demographic groups, and those with less experience of paying water bills – younger people (aged 16-34) and those who are not the principal bill payer in their household – show slightly higher levels of acceptance across the plans.

- **Plan K is the plan most preferred by customers**. A third chose plan K as the best plan of the three (34%), compared with three in ten who selected plan L (31%) and less than a quarter who chose plan J (22%). Preference for plan J (the least expensive plan) is higher among those from black and minority ethnic backgrounds and those who have had issues paying bills in the past, although even among these groups plan K is more popular. Stronger preference for plan L (the costliest) is found among those from social grades ABC1 and those who see their water bill as better value for money than other utilities.

Social Tariff

- **Just under two thirds of Affinity Water customers are in support of Affinity Water spending more on the Social Tariff to support more customers** (63%). Support is higher still among those in households that receive Benefits (72%) and among customers who feel water bills are better value for money (76%). Increasing spending on the social tariff to deal with bad debt (money owed to Affinity Water that will never be repaid) was a less popular option – less than half (42%) support extra spending here, and a third (34%) oppose this step.

- **Half support varying the Social Tariff dependent on circumstance**, with those in larger households or with lower incomes receiving more assistance (50%). A third (34%) prefer the current model where the discount is the same among all eligible households. The former option is more popular among almost all demographic groups; those from black and minority ethnic backgrounds are an exception as their support for the current fixed model is similar to the level who prefer a variable Social Tariff (42% compared with 40%).

- **The largest proportion of customers – 39% – do not want to raise bills to extend Social Tariff support to more people**. However, the proportion in favour of some level of increase is larger: 25% would add £3 a year to support an additional 48,000 people and 22% would commit £1.50 per year to cover 25,000 more, meaning 47% are in favour of increased billing overall. Groups who are more in favour of keeping the level of support the same and not adding to customers' bills include those from black and minority ethnic backgrounds (49%), as well as those in receipt of benefits (48%).

Conclusions

Reflecting the qualitative research, the survey shows that the three potential Plans are acceptable to customers, suggesting that Affinity Water ought to expect backing for whichever one, or combination of these, is chosen. The survey highlights that different groups of customers – when we look at demographics and regions – have more in common than points of difference.

On the whole, customers are satisfied with the services they receive and are positive about their value and affordability. This is despite many having experienced issues relating to water supply in the past five years, and - on the evidence of other research - with most saying they know little or nothing about Affinity Water and the services it provides.

The discussion groups - which lasted 2 hours and involved briefing and deliberation - explored the reasons for the popularity of plans J, K and L. Importantly, the groups found participants struggling to fully comprehend the data presented in summaries of the three potential plans, providing important context for interpretation of survey findings.

The groups and the survey seem to point to an opportunity to pursue a Business Plan more ambitious than J, and one with leakage reduction at its core. At the same time however, findings from our survey questions about the Social Tariff indicate that customer sentiment can be swayed by the detail of proposals. Some are likely to be sensitive to additional spending, who will benefit, and why.

This means that it will be important to communicate the rationale and detail of the chosen plan to customers in clear, tangible and impactful ways, as well as delivering on key commitments.

1 Introduction

1.1 Background

Ipsos MORI was commissioned by Affinity Water to undertake survey research study as part of a series of work being undertaken to support the development of their Business Plan for the period 2020-2025.

The aim of the study was to measure 'acceptability' among customers for three potential Business Plans, to gauge customer priorities and opinions on the Social Tariff. This research was conducted alongside a programme qualitative focus group discussions which also examined public views towards the plans – reported separately – as well as a formal consultation.

1.2 Methodology

Ipsos MORI conducted a face-to-face, in-home survey involving 825 Affinity Water customers across the eight water resource zones (WRZs), or communities, served by Affinity Water.

The survey used a "random locale" selection methodology: sample points (based on Census double Output Areas) from across the eight areas were randomly selected in proportion to the population in each WRZ. Quotas for interviews within these sample points were set by age, gender and tenure.

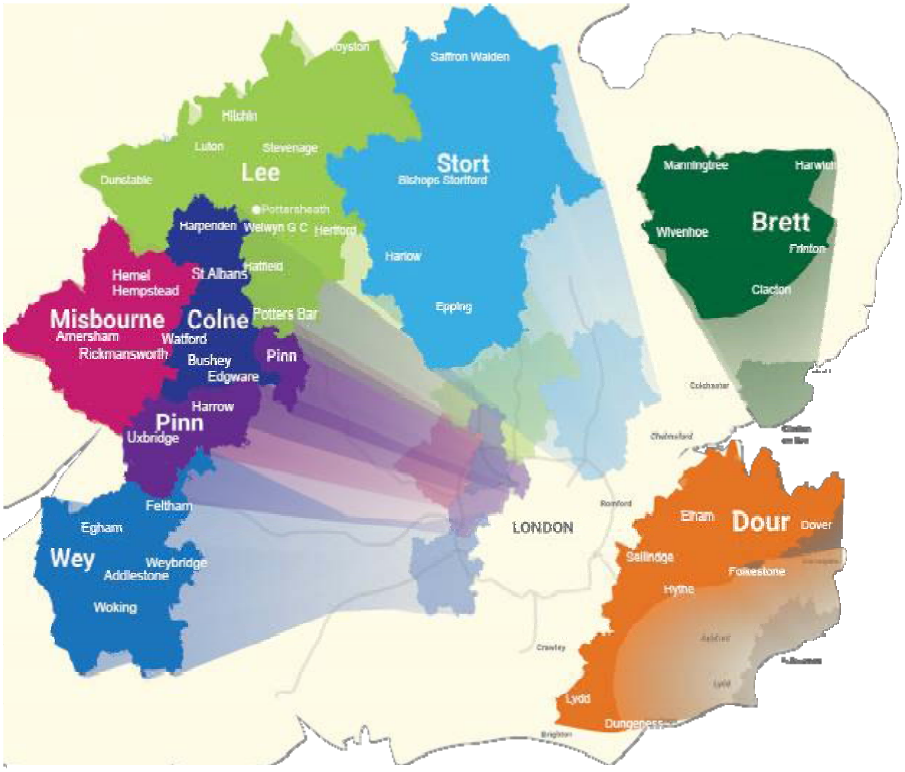


Figure 1 - Affinity Water supply areas

The survey was designed to provide a representative sample of customers across all areas served by Affinity Water, rather than within each of the individual WRZs. Consequently, the number of participants within each WRZ is proportional to the size of the population within each area, ranging from 45 participants in the Brett WRZ to 257 in Pinn. As many of the regions have base sizes of under 100, they are not used for analysing the results of the survey. The analysis also shows that factors such as tenure, gender and ethnicity have more power than region in explaining differences observed in the sample.

1.3 Interpretation of data

Quantitative research

The data in this survey is based on a sample, rather than the entire population, of Affinity Water customers. This means that results are subject to sampling tolerances and statistical confidence intervals, which are detailed in the appendices. Unless specified, any subgroup differences highlighted in this report are statistically significant.

Survey data has been weighted to match the profile of the population living in Affinity Water areas by age, tenure, work status and WRZ, based on 2011 Census data.

Where percentages do not sum to 100 per cent, this may be due to computer rounding, or when questions allow multiple answers. An asterisk (*) denotes any value less than half of one per cent but greater than zero. For some questions, we refer to "net" figures. These represent the balance of opinion on a particular statement, e.g. the proportion agreeing minus the proportion disagreeing.

Social Grade definitions

In the report we sometimes refer to "social grade". This is an employment-based classification of participants that is used in all surveys carried out by Ipsos MORI. Social grade is assigned based on the occupation of the head of household or chief income earner:

A Professionals such as doctors, surgeons, solicitors or dentists; chartered people like architects; fully qualified people with a large degree of responsibility such as senior editors, senior civil servants, town clerks, senior business executives and managers, and high ranking grades of the Services.

B People with very responsible jobs such as university lecturers, hospital matrons, heads of local government departments, middle management in business, qualified scientists, bank managers, police inspectors, and upper grades of the Armed Services.

C1 All others doing non-manual jobs; nurses, technicians, pharmacists, salesmen, publicans, people in clerical positions, police sergeants/constables, and middle ranks of the Armed Services.

C2 Skilled manual workers/craftsmen who have served apprenticeships; foremen, manual workers with special qualifications such as long distance lorry drivers, security officers, and lower grades of Armed Services.

D Semi-skilled and unskilled manual workers, including labourers and mates of occupations in the C2 grade and people serving apprenticeships; machine minders, farm labourers, bus and railway conductors, laboratory assistants, postmen, door-to-door and van salesmen.

E Those on lowest levels of subsistence including pensioners, casual workers, and others with minimum levels of income.

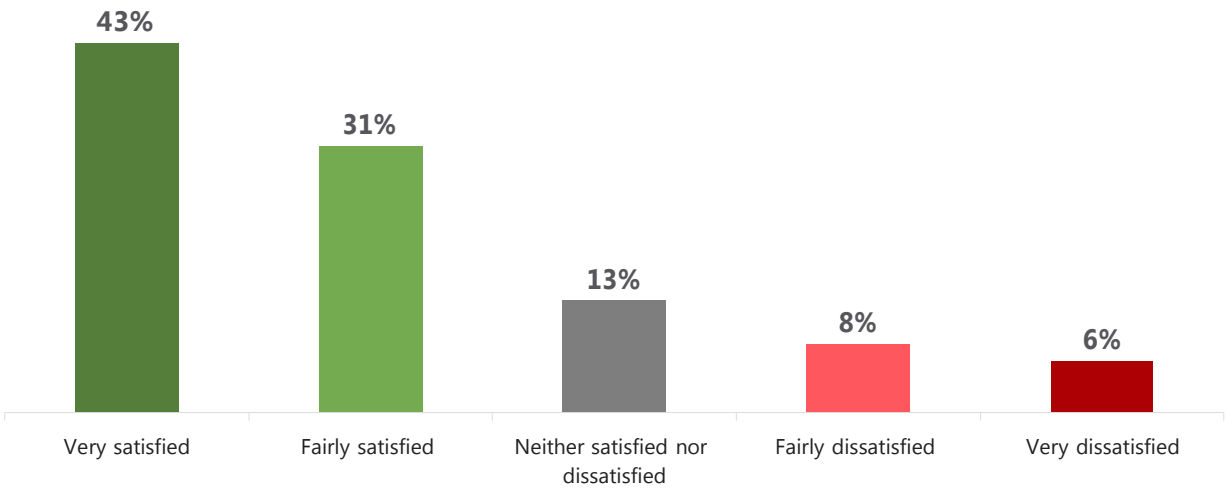
2 Customer attitudes towards water

In addition to asking about public views on Affinity Water's draft business plans, the survey covered a wide range of key indicators to provide a clear image of the views of Affinity Water customers as context. These included satisfaction with Affinity Water, experience of water service issues, and views on the affordability of water bills.

2.1 Affinity Water's performance

Close to three quarters of Affinity Water customers are satisfied with the service they receive (74%). The largest single group (43%) say they are *very* satisfied with Affinity Water's performance. By contrast, one in seven say they are dissatisfied with Affinity Water, including six per cent who are very dissatisfied. A similar proportion say they are neither satisfied nor dissatisfied.

Figure 2.1: Overall, how satisfied or dissatisfied are you with the service you receive from Affinity Water?

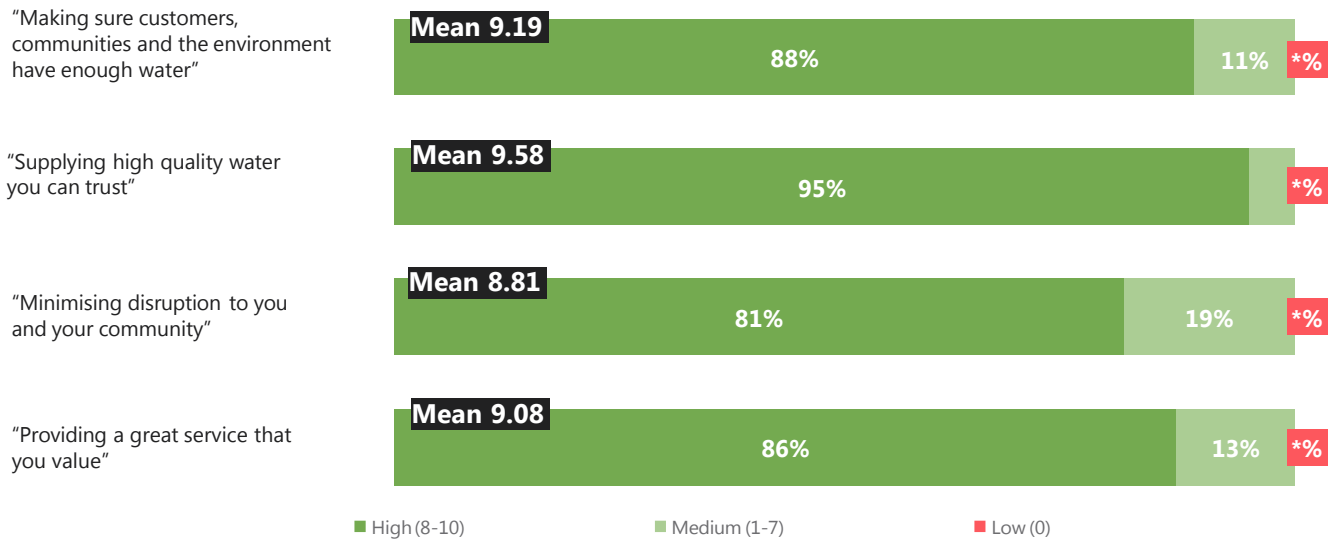


Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Dissatisfaction is higher among some subgroups of the Affinity Water customer base. Those from black and minority ethnic backgrounds are more likely to express dissatisfaction, with one in five dissatisfied (19%) compared with twelve per cent of those from white backgrounds. Those with experience of water supply issues in the past five years are also more dissatisfied (17%) than those with no recent issues (11%). By contrast, those aged 18-34, or without direct responsibility for paying water bills, are more satisfied than average (with 82% and 81% satisfaction respectively).

Customers strongly agree on the importance of Affinity Water's four key outcomes. The strongest agreement is on "supplying high quality water you can trust"; 95% of customers rate the importance of this between eight and ten out of ten (a mean score of 9.58). However, the importance of all four commitments is rated between eight and ten out of ten by at least 80% of customers – less than a half of one per cent assign any of them "low" importance.

Figure 2.2: How important do you think each of these areas are for Affinity Water's future plans, on a scale of 0 to 10 where 0 is not at all important and 10 is extremely important?

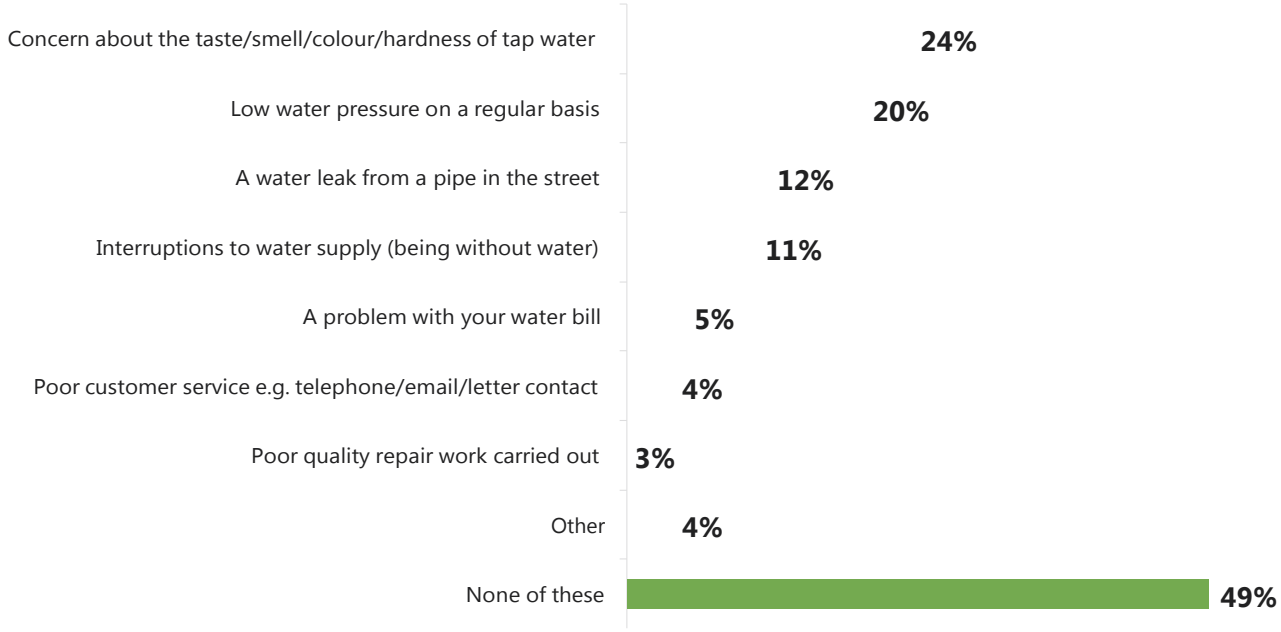


Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Different groups of Affinity Water customers are generally in agreement on the high level of importance assigned to each outcome. Men are more likely than women to consider "providing a great service that you value" a medium-level commitment (16% compared with 10%), and there are also minor differences in emphasis by social grade. Those from social grades ABC1 are slightly more likely than those in the C2DE grades to consider three of the commitments to be of high importance – these are making sure communities and the environment have enough water (91% to 82%), supplying high quality water you can trust (97% to 92%), and providing a great service you value (88% to 83%).

Half of Affinity Water customers have experienced no water service issues in the past five years (49%). Among the half who have experienced an issue the most common is concern about the taste, smell, colour or hardness of water – this has been an issue for a quarter of customers (24%).

Figure 2.3: Which, if any, of the following have you experienced in the past five years?



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

The groups most likely to have experienced issues with the taste, smell, colour and hardness of tap water include women and those from black and minority ethnic backgrounds (26% and 30% reported this sort of problem in the past five years). Those who hold negative views of Affinity Water are also more likely to have reported problems: just a third of those who are dissatisfied with Affinity Water's performance reported no problems (34%), compared with half of those who are satisfied (54%). Similarly, just a quarter of those who think water bills are worse value for money than other utilities claim to have had *no* recent water supply issues in the past five years (26%).

2.2 Affordability and value for money

Close to nine in ten Affinity Water customers report no difficulties in paying their overall water bill including sewerage (87%), and a further seven per cent experience difficulties in paying, but always pay on time. One in twenty have greater issues with paying their bills, meaning that they miss payment deadlines either sometimes or all of the time (three per cent and two per cent respectively).

Table 2.1: How easy or difficult do you find it to pay your current water bill?

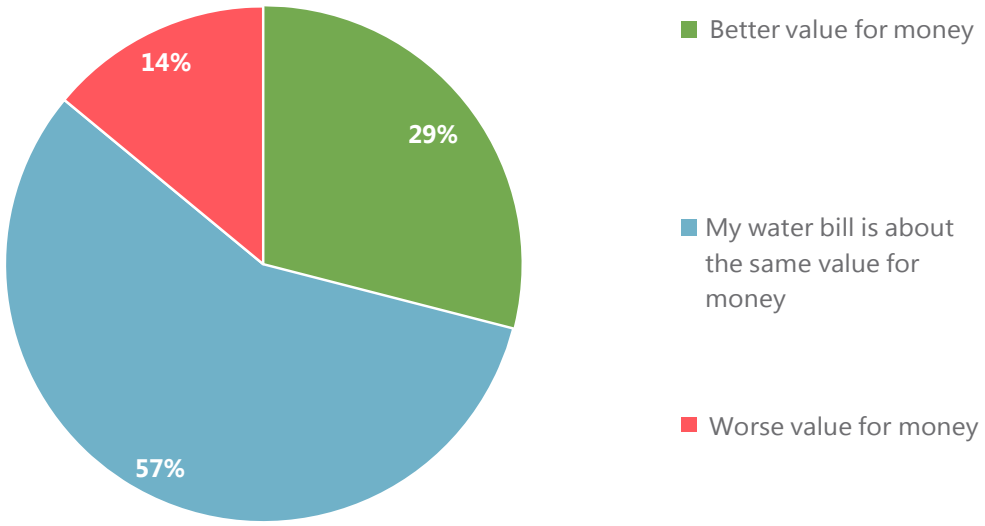
I do not have problems paying my water bill	It is difficult to pay my bill but I always pay it on time	It is difficult to pay my bill and I sometimes pay it late	It is difficult to pay my bill and I never pay it on time	*Don't know*
87%	7%	3%	2%	*1%*

Base: 825 adults aged 16+ living in Affinity Water supply areas, interviewed April-May 2018

Those who favour business plan L (the plan that projects the biggest increase in annual bills), were more likely than average to say they have no problems paying their current bills (91%). Tenure is also related to customers' ability to pay bills, with one in ten social and private renters unable to pay their water bill on time at least some of the time (11% and 9% respectively), compared with three per cent of owner-occupiers.

Three in ten customers think their water bill represents better value for money than other utilities (29%). However, the largest proportion – almost six in ten (57%) – think water bills offer the same value for money as gas, electricity or telecoms bills.

Figure 2.4: Would you say that your water bill represents better or worse value for money than other utilities, or is it about the same?



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Views on value for money appear to be strongly related to satisfaction with Affinity Water: three in ten those who are dissatisfied with Affinity water consider their bill to be worse value for money than other utilities (28%), compared with one in ten for those who are satisfied (9%). Those from black and minority ethnic backgrounds, as well as those renting in the private sector, are also more likely to see their water bill as worse value for money (23% and 22% respectively). Metering does not appear to have an effect on perceptions of value for money; satisfaction with value for money is the same across customers in both metered and unmetered properties (28% and 31%).

Three in ten customers (31%) are unsure how much their water bill is. Those who are more financially pressed are less likely to say they are unaware of their bill amount, including those in receipt of state benefits (19%), who have difficulties paying their water bill (13%) and those who see their water bill as worse value for money than other utilities (16%). As with perceptions of value for money, metering does not have an impact on bill awareness – similar proportions of those with and without meters are unaware of their bill amount (33% and 29% respectively).

3 Business Plan acceptability

Mirroring the options available in the public consultation and the qualitative research exercise for Affinity Water, survey participants were given information covering three potential business plans for 2020-2025. They were asked whether or not they considered each to be an acceptable plan for Affinity Water, and then which of the three would be their preferred option.

This chapter examines the public acceptability of each of the proposed plans, as well as what was considered the preferred plan.

3.1 Summary of business plans

The three plans were assigned random letters (J, K and L) to avoid any bias that might be caused by using A, B, and C or 1, 2 and 3. The order of plans was randomised to avoid ordering effects – a third were shown plan J first, another third saw Plan K, and the final third received plan L ahead of the others. Before being shown the plans, customers were given information on show cards about the current situation, including the average household water bill in their area and information explaining key terms that would be discussed in the plans, including repairing leaks, severe water restrictions and per capita consumption.

As each plan was presented, participants were given a showcard detailing the impacts of the plan on seven priority areas as well as the headline cost. The showcards were varied by supply area, to account for the different average bill amounts that exist in the central (WRZs 1-6), eastern (WRZ 7), and south eastern (WRZ 8) regions.

Participants were given as much time as they needed to review the information on the showcards, before being asked if they consider this an acceptable plan. Once they had reviewed all three plans, a further showcard providing a comparison across the plans was provided and participants were asked to choose their preferred plan. Participants were also able to say that they did not know which they preferred, and to say that they preferred none of the plans they had seen (full question text is detailed in the questionnaire included in the Appendices).

The full showcards are also available in an appendix to this report. For ease of reference, the topline cost impact of each plan is also presented in the table below:

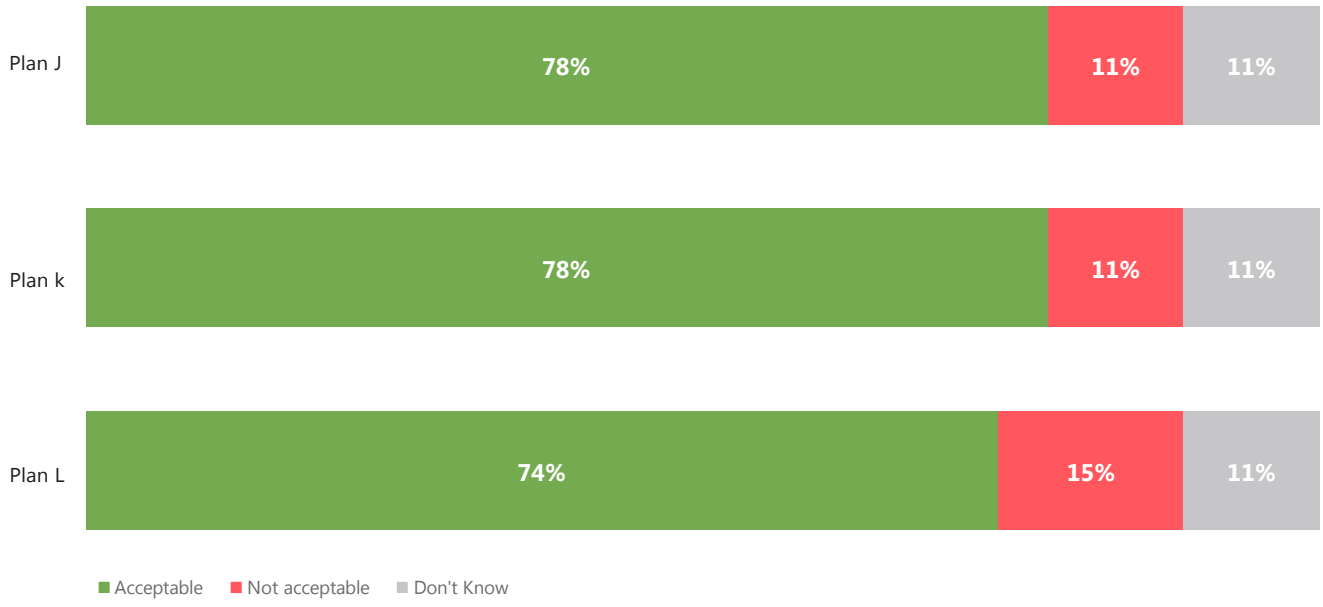
Table 3.1: Business plan information

Business Plan	Headline bill amount
J	Under this plan, your yearly bill would be **£168** in 2019/20, and **£157** in 2024/25
K	Under this plan, your yearly bill would be **£168** in 2019/20, and **£159** in 2024/25
L	Under this plan, your yearly bill would be **£168** in 2019/20, and **£167** in 2024/25

3.2 Customer acceptability

All three plans were, broadly, seen as acceptable by Affinity Water customers. Between 74% and 78% considered all three plans to be either very or fairly acceptable. The plan that was considered most unacceptable was plan L – however, even here, just 15% felt it was an unacceptable plan.

Figure 3.1: Taking all things into account how acceptable or unacceptable do you think this plan is?



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

While around three-quarters of Affinity Water customers consider each of the plans to be acceptable, the balance of acceptability among demographic subgroups differs between the three plans. A key pattern across the plans is that those less likely to have bill-paying responsibilities are more likely to be positive about the acceptability of the plans than those with greater responsibility – those aged 18-34 and participants who are partly or not at all responsible for paying water bills stand out in particular. Conversely, participants aged 55 and above, and those who own their home outright (who tend to be older), are relatively less accepting across all three plans. However, across all three plans a clear majority of all demographic groups feel they are acceptable.

3.2.2 Plan J

As the plan that offers the largest reduction in bills, Plan J is most strongly acceptable to customers from subgroups associated with lower incomes: a quarter of those in receipt of benefits and those who have had difficulties in paying water bills think it is "very acceptable" (both 26%) – although the overall level of acceptability for these groups is in line with the average.

Table 3.2: Business Plan J – Detailed acceptability

Plan J:	Very acceptable	Fairly acceptable	Not very acceptable	Not acceptable at all	Don't know	*Acceptable (NET)*
Total	**18%**	**60%**	**9%**	**2%**	**11%**	***78%***
Male	17%	60%	11%	2%	10%	*77%*
Female	20%	59%	8%	2%	11%	*79%*
Aged 16-34	18%	65%	5%	2%	10%	*83%*
Aged 35-54	17%	60%	11%	2%	9%	*78%*
Aged 55-75	20%	53%	11%	2%	13%	*73%*
Have Meter	20%	58%	9%	1%	11%	*79%*
No meter	16%	61%	9%	3%	11%	*77%*
White	20%	58%	9%	1%	11%	*78%*
BME	13%	64%	9%	5%	10%	*77%*
Main bill payer	20%	54%	13%	3%	11%	*73%*
Not the main bill payer	17%	65%	6%	*	10%	*83%*
1 – Misbourne*	27%	65%	4%	2%	3%	*92%*
2 – Colne*	12%	65%	10%	6%	6%	*77%*
3 – Lee	30%	55%	6%	1%	7%	*85%*
4 – Pinn	16%	55%	11%	3%	16%	*71%*
5 – Stour*	18%	61%	9%	1%	12%	*78%*
6 – Wey	8%	66%	10%	*	16%	*74%*
Is 7 – Dour*	28%	52%	7%	2%	11%	*79%*
8 – Brett*	7%	67%	26%	*	*	74%

Figures that are significantly different to the overall population are underlined. Categories with asterisks are too small to be considered statistically robust.

3.2.3 Plan K

Plan K is similarly acceptable to Plan J – 78% of customers rate this as either very or fairly acceptable. Compared with Plan J, the acceptability of Plan K is more uniform across different demographic groups, which may be part of the reason that Plan K emerged as the most preferred plan overall.

Table 3.3: Business Plan K – Detailed acceptability

Plan K:	Very acceptable	Fairly acceptable	Not very acceptable	Not acceptable at all	Don't know	*Acceptable (NET)*
Total	**19%**	**59%**	**9%**	**2%**	**11%**	***78%***
Male	20%	57%	9%	2%	11%	*77%*
Female	17%	61%	8%	2%	12%	*78%*
Aged 16-34	18%	65%	5%	*	11%	*83%*
Aged 35-54	18%	61%	10%	3%	8%	*79%*
Aged 55-75	20%	52%	11%	3%	15%	*72%*
Have Meter	18%	58%	10%	1%	12%	*76%*
No meter	19%	61%	7%	3%	10%	*80%*
White	20%	58%	8%	2%	12%	*78%*
BME	13%	64%	9%	3%	11%	*77%*
Main bill payer	22%	53%	11%	3%	12%	*75%*
Not the main bill payer	16%	66%	7%	1%	10%	*81%*
1 – Misbourne*	28%	59%	8%	2%	3%	*87%*
2 – Colne*	12%	68%	8%	6%	6%	*80%*
3 – Lee	26%	63%	1%	2%	8%	*89%*
4 – Pinn	16%	55%	10%	3%	16%	*71%*
5 – Stour*	17%	60%	11%	1%	10%	*77%*
6 – Wey	12%	58%	10%	*	20%	*70%*
7 – Dour*	26%	51%	9%	*	13%	*78%*
8 – Brett*	16%	56%	28%	*	*	*72%*

Figures that are significantly different to the overall population are underlined. Categories with asterisks are too small to be considered statistically robust.

3.2.4 Plan L

Plan L is marginally less acceptable overall – 74% of customers consider it an acceptable plan, against 78% for plans K and J. This slightly lower level of acceptability may be because it is the only plan that does not offer a cut in annual bills over 2020-2025. Acceptability is broadly in line with this overall figure across different groups, although those who have experienced water service issues recently are less likely to see it as acceptable; 69% of this group feel it is acceptable, and 21% see it as unacceptable.

Table 3.4: Business Plan L – Detailed acceptability

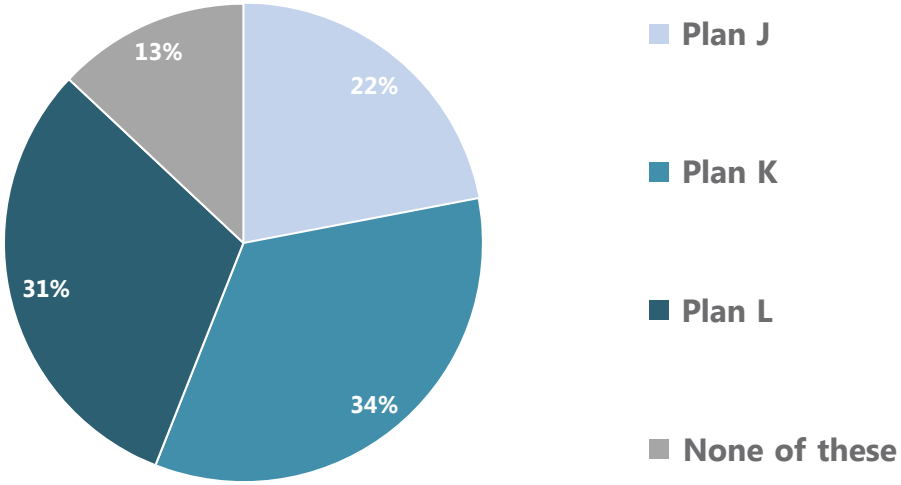
Plan L:	Very acceptable	Fairly acceptable	Not very acceptable	Not acceptable at all	Don't know	*Acceptable (NET)*
Total	**19%**	**55%**	**12%**	**3%**	**11%**	***74%***
Male	19%	56%	11%	3%	11%	*75%*
Female	19%	54%	13%	3%	11%	*73%*
Aged 16-34	17%	63%	8%	1%	11%	*80%*
Aged 35-54	21%	53%	14%	3%	9%	*74%*
Aged 55-75	18%	49%	14%	5%	14%	*67%*
Have Meter	18%	54%	12%	3%	12%	*73%*
No meter	19%	56%	12%	3%	11%	*75%*
White	20%	54%	12%	3%	11%	*74%*
BME	16%	57%	11%	4%	11%	*73%*
Main bill payer	19%	50%	15%	4%	11%	*69%*
Not the main bill payer	19%	59%	10%	2%	11%	*78%*
1 – Misbourne*	33%	53%	8%	4%	3%	*85%*
2 – Colne*	11%	66%	11%	6%	6%	*77%*
3 – Lee	27%	58%	6%	2%	7%	*84%*
4 – Pinn	16%	49%	12%	5%	18%	*65%*
5 – Stour*	15%	46%	24%	1%	13%	*61%*
6 – Wey	16%	60%	9%	*	15%	*76%*
7 – Dour*	23%	55%	9%	2%	11%	*77%*
8 – Brett*	3%	52%	43%	2%	*	*55%*

Figures that are significantly different to the overall population are underlined. Categories with asterisks are too small to be considered statistically robust.

3.3 Customers' preferred plan

Plan K was the most popular plan overall; a third (34%) of Affinity Water customers say this is their preferred option, although a similar proportion selected Plan L (31%). Plan J is the least popular, chosen by 22%.

Figure 3.2: Taking into account everything you have read, which would you prefer Affinity Water chooses as their plan for 2020-2025?



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Although Plan K is generally the most popular plan overall, this is not the case for all types of Affinity Water customer. Plan J was more popular than average among those from black and minority ethnic backgrounds (29%), customers who have experienced problems paying their water bill (32%), and those from social grades C2DE (28%), although plan K remained the most popular choice among all three groups overall. Plan L was the most popular plan for those in single person households (39%), and was joint-preferred with Plan K among those from social grades ABC1 (34%), as well as with customers who see their water bill as better value for money than other utilities (36%). Those who are dissatisfied with Affinity Water's performance are more likely to say that none of the plans is their preference; one in five of this group (20%) feel that none of the plans were their preferred option.

3.3.2 Customers' preferred business plan - detail

	Plan J	Plan K	Plan L	None of these	Don't know
Total	**22%**	**34%**	**31%**	**13%**	*
Male	22%	33%	31%	15%	*
Female	22%	36%	31%	11%	*
Aged 16-34	22%	38%	30%	9%	*
Aged 35-54	23%	33%	32%	13%	*
Aged 55-75	20%	32%	30%	17%†	*
Have Meter	23%	34%	30%	13%	*
No meter	21%	35%	32%	13%	*
White	20%	33%†	33%	13%	*
BME	29%†	37%	22%	11%	*
Main bill payer	19%	36%	32%	14%	*
Not the main bill payer	25%†	27%	36%	11%	1%
1 – Misbourne*	16%	49%	33%	2%	*
2 – Colne*	18%	32%	41%	9%	*
3 – Lee	25%	33%	25%	16%	1%
4 - Pinn	22%	30%	30%	18%†	*
5 - Stour	36%	31%	28%	5%	*
6 - Wey	9%	37%	36%	18%	*
7 – Dour*	33%	30%	27%	10%	*
8 – Brett*	36%	45%	16%	3%	*

Most popular plan(s) per group are underlined. Statistical significance from the overall score is denoted by "†". Categories with asterisks are too small to be considered statistically robust.

4 Social Tariff

In common with other water companies, Affinity Water provides a "Social Tariff" for households on low incomes. A Social Tariff caps the amount households have to pay for their water. As part of their business planning Affinity Water reviewed the scope and scale of the Social Tariff offered, and this survey provides a customer view on support for the principle of it, as well as the possibility of varying payment by income, plus expanding coverage in the future.

Previous research has highlighted that the public can find it challenging to understand the full context around the Social Tariff – typically, people know very little about this area meaning that it is helpful to use a deliberative questionnaire style to provide a small amount of information at each question to build understanding. Prior to each question in this section, participants were given some information to help them understand the context and provide informed responses, which also allowed more complex questions to be asked as the section progressed. In this section we will include the full question text provided since this gives important context for findings.

4.1 Views on the Social Tariff

4.1.1 Extending support

The first question covered the principle of the Social Tariff, providing background on the income threshold, the number of customers covered, and the cost of the policy. It then asked if it should be expanded to cover more customers:

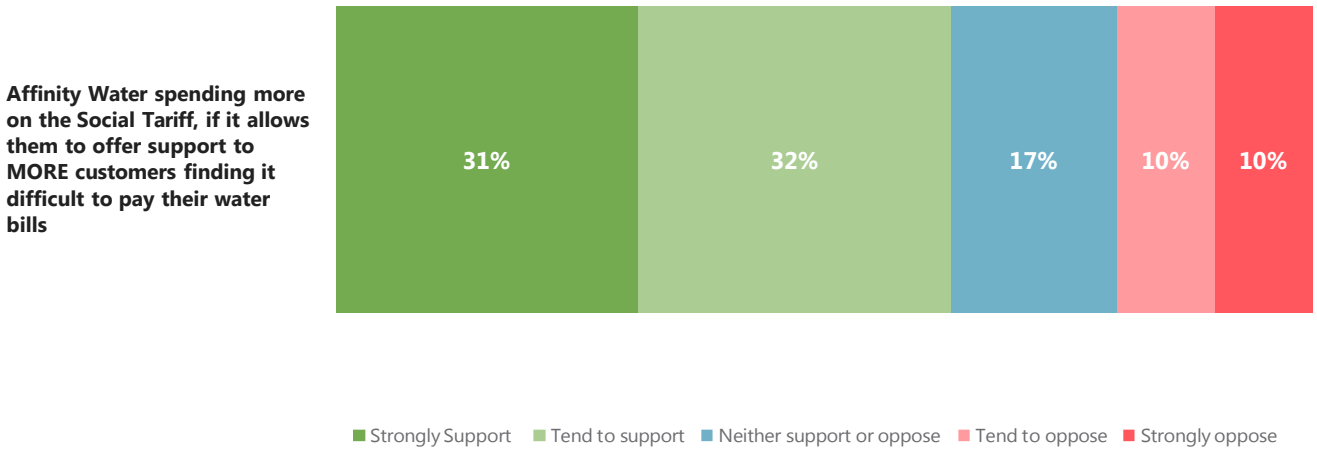
Water companies have the Government's permission to introduce Social Tariffs in order to reduce the water bill of those customers finding it difficult to pay. This is subject to guidance and water companies need to show that they have the support of customers.

The current Social Tariff caps the water bill for households with an income below £16,105 per year. Currently, 49,000 have capped water bills, about 3.8% of all Affinity Water customers. This costs every household £3 a year.

In principle, to what extent do you support or oppose Affinity Water spending more on the Social Tariff, if it allows them to offer support to more customers finding it difficult to pay their water bills?

Just under two thirds of Affinity Water customers are in support of Affinity Water spending more on the Social Tariff if it means that more customers in difficulty can be helped (63%). One in five are opposed to Affinity Water spending more on supporting other people (20%):

Figure 4.1: In principle, to what extent do you support or oppose Affinity Water spending more on the Social Tariff, if it allows them to offer more support to customers…



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Support for extending the Social Tariff is higher among those with a more positive view of Affinity Water, as well as those with experience of the benefits system. Three quarters of those who think their water bill is better value than other utilities (76%) and two thirds of those who are satisfied with Affinity Water's performance (66%) support spending more on the Social Tariff. Among those in receipt of state benefits, support stands at 72%.

Opposition to an increase in bills to fund a wider Social Tariff was higher among black and minority ethnic customers, a quarter of whom oppose Affinity Water spending more on it (25%). Those who are dissatisfied with Affinity Water's performance or value for money are more opposed – three in ten of these customers oppose increasing spending on the Social Tariff (29% and 30%) – however even among these groups half support Affinity Water spending more (52% and 50%).

4.1.2 Dealing with bad debt

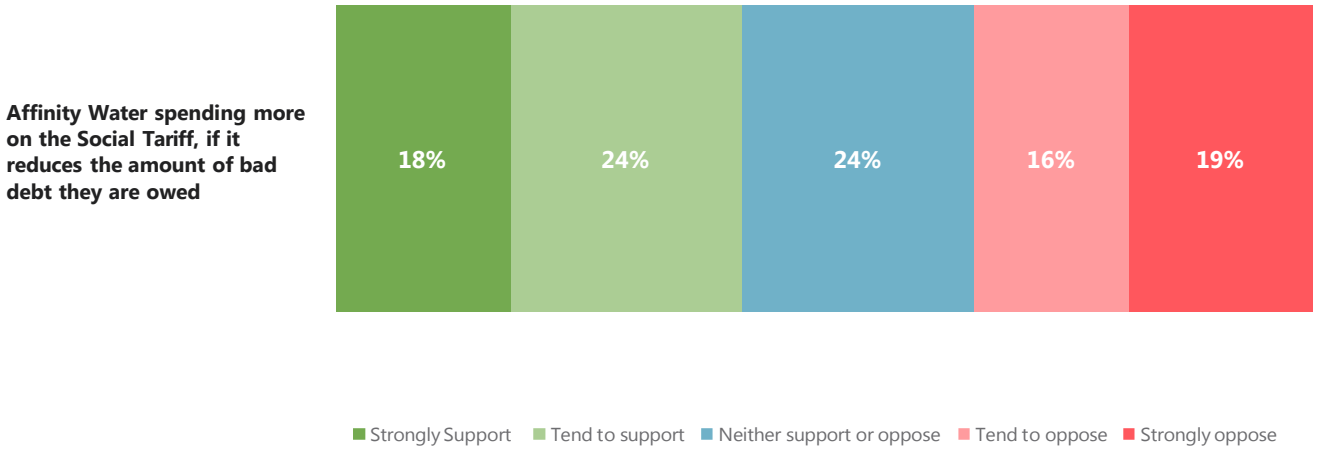
The topic of bad debt was introduced with the following background information:

Some of the money owed in bills to Affinity Water will never be repaid – this is known as "bad debt". This cost is passed on to other customers, and is around £6 a year per household.

In principle, to what extent do you support or oppose Affinity Water spending more on the Social Tariff, if it reduces the amount of bad debt they are owed?

Support for higher spending on the Social Tariff to reduce the bad debt owed to Affinity Water is much lower. Forty-two per cent of customers would support an increase in bills to reduce bad debt, compared with 34% who would oppose such an increase. It is notable that a greater proportion – 24% - said they neither agreed nor disagreed with this proposal, suggesting perhaps that bad debt is a more challenging topic to comprehend.

Figure 4.2: In principle, to what extent do you support or oppose Affinity Water spending more on the Social Tariff, if it allows them to reduce bad debt



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Support for spending more on the Social Tariff to reduce bad debt was highest among those who rent their home from a Local Authority or Housing Association (54%), customers who receive state benefits (52%) and those whose preferred business plan was the more expensive Plan L (51%). Opposition to this proposal is fairly even across all groups, although those who feel that their bill is worse value for money than other utilities are more likely than average to oppose this idea (44%).

4.1.3 Varying the Social Tariff

Participants were given information on the type of discount offered by the Social Tariff, and two options for how it might be applied:

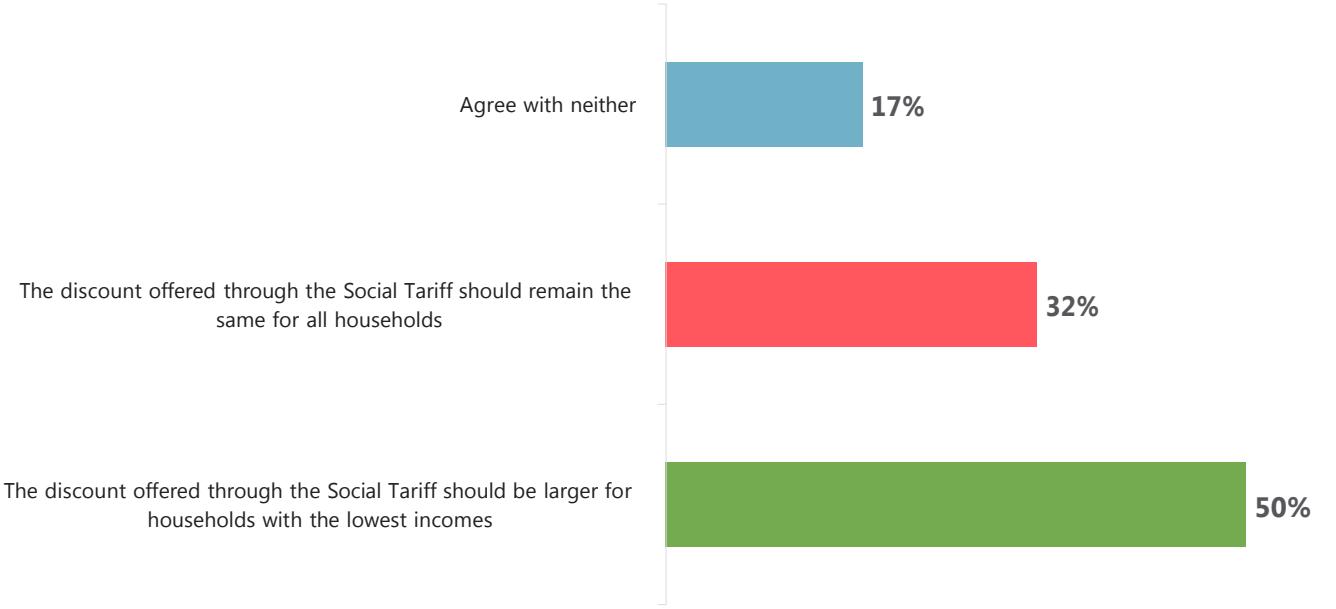
Currently, the discount on water bills offered to those on the Social Tariff is the same, regardless of their income. Please consider the following options and decide which comes closest to your own opinion…

a. *The discount offered through the Social Tariff should be larger for households with the lowest incomes*

b. *The discount offered through the Social Tariff should remain the same for all households*

Half of Affinity Water customers feel that the amount offered in the Social Tariff should vary depending on household income (50%). Support for the current situation, where the discount offered is the same for all households, stands at 32%.

Figure 4.3: Please consider the following options and decide which comes closest to your own opinion…



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Support for a Social Tariff model where those with larger households or lower incomes get more support is higher than support for the current system of a flat tariff among almost all demographic subgroups. Those from black and minority ethnic backgrounds stand out here however; slightly more are in favour of the current fixed model than a variable Social Tariff (42% compared with 40%).

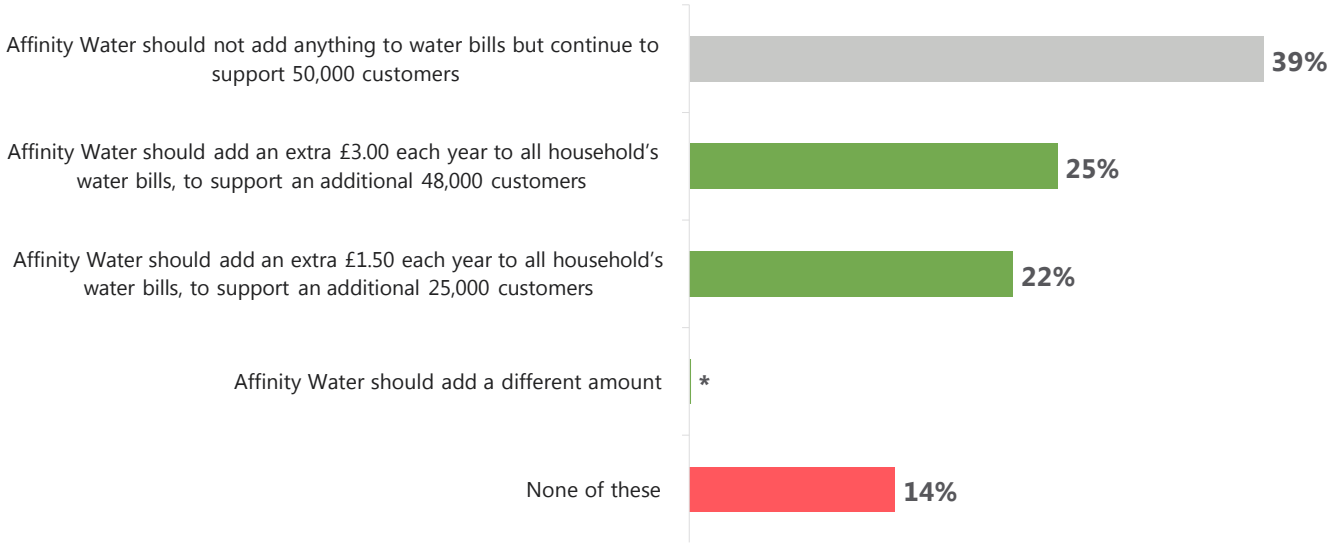
4.1.4 Extending the Social Tariff

Ahead of a question on extending the Social Tariff, participants were given information about the projected coverage at the start of the business planning period:

By 2020, Affinity Water will be supporting 50,000 customers through its Social Tariff. They are considering whether or not to extend this to include more customers for the period between 2020 and 2025.

A plurality of customers think that the Social Tariff should not be expanded to cover more households. Four in ten (39%) would rather keep coverage the same and incur no further costs to customers' bills. However, in total, almost half (47%) think that coverage should be expanded – just over a fifth (22%) would add £1.50 to support a further 25,000 customers, and a quarter (25%) support adding £3 to annual bills to support 48,000 more.

Figure 4.4: By 2020, Affinity Water will be supporting 50,000 customers through its Social Tariff. They are considering whether or not to extend this to include more customers for the period between 2020 and 2025. Which of the following statements do you agree with most?



Base: 825 adults aged 16+ from across the Affinity Water customer areas, April-May 2018

Those most in favour of keeping the level of support the same and not adding to customers' bills include those from black and minority ethnic backgrounds (49%), as well as those in receipt of benefits (48%). It is also the most popular approach for those with a greater focus on cost: customers who selected Plan J (which offered the greatest cost reduction) as their preferred plan (48%), or feel that their water bill is worse value for money than other utilities were also more in favour (48% and 53% respectively).

By contrast, the participants most in favour of increasing the coverage (and cost) of the Social Tariff are those who appear to be more affluent. A third of those who selected the costlier Plan L as their preferred business plan are in favour of adding £3 to bills and extending coverage to 48,000 customers (33%), while over a quarter of those who see their water bill as better value for more than other utilities would add £1.50 to bills to support an additional 25,000 customers (27%).

Some customers are more likely than average to say that they agree with *none* of the proposals. Analysis of this groups suggests that it contains more customers who reject the concept of the Social Tariff more broadly – for instance, three in ten of those opposed to Affinity Water spending more on the Social Tariff in principle say they agree with none of the suggestions here (31%).

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Appendices

Appendix 1 – Show Cards

1. Central Region

SHOWCARD G **Plan comparison**

	Leaks	Sustain-able sourcing	Personal usage	Risk of interrup-tions	Severe drought restrictions	Environ-mental pilots	Reliability of water pressure
Plan J: £168 per year 2019/20 £157 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan K: £168 per year 2019/20 £159 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan L: £168 per year 2019/20 £167 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year

Figures are in 2018 prices and do not include inflation

Central region

SHOWCARD A

Central Region

The average household water bill in your area is

£171.72

for the year starting in April 2018

Your water bills – NOW

Households are charged bills by water companies both to provide CLEAN water and to take away WASTE water. These are itemised separately on your water bill.

Affinity Water is a CLEAN or "tap water only" provider, meaning that another company looks after taking away WASTE water from your property.

However, Affinity Water charges you on their behalf so the total amount of your water bill covers both these services.

Your water bills – FUTURE

We will ask for your views about three plans Affinity Water has for its investments, service levels and changes to customer bills. This does not include WASTE water (sewage), only CLEAN (tap) water.

We will present amounts for 2019/20, and 2024/25. These do **not** include inflation.

Central region

SHOWCARD B

Central Region

Fixing leaks

With a network of over 16,000 kilometres of pipes, leaks do happen. Affinity Water makes around 27,000 leakage repairs to its network a year.

Currently, 19% of water is lost through leakage, about 115 litres per household, which includes about 5% from customer pipes.

Reducing personal water use

The areas served by Affinity Water have some of the fastest-growing populations in Britain. Currently, Affinity Water customers use 160 litres (35 gallons) each per day, which is above the national average of 141 litres.

As water is a limited resource, it is important to help people reduce their water usage. This can be done through water meters, free water-saving devices for the home, and more communication on this topic.

Sourcing water more sustainably

Two thirds (65%) of water used by Affinity Water customers comes from local underground sources (called aquifers). Taking water from these sources could mean there is less for local rivers and the environment.

Additional funding could pay for water from other areas (e.g. water could be piped from further away).

Risk of interruptions

Unexpected interruptions to water supply can happen without warning, usually because of a burst water main in the nearby area. A water supply interruption is one that lasts more than 3 hours. In 2016/17 there were 79,000 of these types of interruptions.

Based on this figure, Affinity Water's customers can currently expect to experience a 5%, or a 1 in 20 chance, per year, of an interruption of longer than 3 hours.

Central region

SHOWCARD C

Central Region

Severe drought restrictions

Severe drought restrictions go much further than hosepipe bans e.g. water could be rationed through standpipes in the street and water companies are able to take water from sources they would not normally use.

Affinity Water's plans would reduce the likelihood of this happening, reducing the chance of needing to use these severe drought restrictions.

Environmental pilot projects

Affinity Water has earmarked money to fund new approaches to support their local environment. These would be "pilots", or experiments in small areas, with successful experiments leading to them being used on a wider scale.

The money would be used to find and fund new ideas. Examples include working in partnership with schools to help them better understand and reduce their water use and to educate pupils about water use, working with community groups, and developers to develop more water efficient homes.

Reliability of water pressure

Reducing insufficient or irregular pressure at the property boundary (below 15m) can affect service to customers and is one of the most common customer complaints. Poor pressure can be caused by one off operational incidents, high demand or network configuration.

Currently, poor pressure is experienced, on average, for 13 hours per property per year.

Affinity Water's plans will prioritise pressure improvement schemes to target those properties which currently receive the most frequent drops in mains pressure.

Central region

SHOWCARD D

Plan J:

Central Region

Fixing leaks
11% reduction in current leakage levels

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Reducing personal water use
129 litres per person per day, down from 160 now

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 0.8% chance (1 in 130)

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)

Environmental pilot projects
£2 million to fund innovation in your area

Reliability of water pressure
Reducing periods of low pressure for some to 8.7 hours per year

Under this plan, your yearly bill would be **£168** in 2019/20, and **£157** in 2024/25

Figures are in 2018 prices and do not include inflation

Central region

SHOWCARD E

Plan K:

Central Region

Fixing leaks
11% reduction in current leakage levels

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Reducing personal water use
129 litres per person per day, down from 160 now

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 1.5% chance (1 in 65)

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)

Environmental pilot projects
£6 million to fund innovation in your area

Reliability of water pressure
Reducing periods of low pressure for some to 6.5 hours per year

Under this plan, your yearly bill would be **£168** in 2019/20, and **£159** in 2024/25

Figures are in 2018 prices and do not include inflation

Central region

2. Eastern Region

SHOWCARD G **Plan comparison**

	Leaks	Sustain-able sourcing	Personal usage	Risk of interrup-tions	Severe drought restrictions	Environ-mental pilots	Reliability of water pressure
Plan J: £171 per year 2019/20 £160 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan K: £171 per year 2019/20 £162 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan L: £171 per year 2019/20 £170 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year

Figures are in 2018 prices and do not include inflation

Eastern region

SHOWCARD A
Eastern Region

The average household water bill in your area is

£175.33

for the year starting in April 2018

Your water bills – NOW

Households are charged bills by water companies both to provide CLEAN water and to take away WASTE water. These are itemised separately on your water bill.

Affinity Water is a CLEAN or "tap water only" provider, meaning that another company looks after taking away WASTE water from your property.

However, Affinity Water charges you on their behalf so the total amount of your water bill covers both these services.

Your water bills – FUTURE

We will ask for your views about three plans Affinity Water has for its investments, service levels and changes to customer bills. This does not include WASTE water (sewage), only CLEAN (tap) water.

We will present amounts for 2019/20, and 2024/25. These do **not** include inflation.

Eastern region

SHOWCARD B

Eastern Region

Fixing leaks

With a network of over 16,000 kilometres of pipes, leaks do happen. Affinity Water makes around 27,000 leakage repairs to its network a year.

Currently, 19% of water is lost through leakage, about 115 litres per household, which includes about 5% from customer pipes.

Reducing personal water use

The areas served by Affinity Water have some of the fastest-growing populations in Britain. Currently, Affinity Water customers use 160 litres (35 gallons) each per day, which is above the national average of 141 litres.

As water is a limited resource, it is important to help people reduce their water usage. This can be done through water meters, free water-saving devices for the home, and more communication on this topic.

Sourcing water more sustainably

Two thirds (65%) of water used by Affinity Water customers comes from local underground sources (called aquifers). Taking water from these sources could mean there is less for local rivers and the environment.

Additional funding could pay for water from other areas (e.g. water could be piped from further away).

Risk of interruptions

Unexpected interruptions to water supply can happen without warning, usually because of a burst water main in the nearby area. A water supply interruption is one that lasts more than 3 hours. In 2016/17 there were 79,000 of these types of interruptions.

Based on this figure, Affinity Water's customers can currently expect to experience a 5%, or a 1 in 20 chance, per year, of an interruption of longer than 3 hours.

Eastern region

SHOWCARD C

Eastern Region

Severe drought restrictions

Severe drought restrictions go much further than hosepipe bans e.g. water could be rationed through standpipes in the street and water companies are able to take water from sources they would not normally use.

Affinity Water's plans would reduce the likelihood of this happening, reducing the chance of needing to use these severe drought restrictions.

Environmental pilot projects

Affinity Water has earmarked money to fund new approaches to support their local environment. These would be "pilots", or experiments in small areas, with successful experiments leading to them being used on a wider scale.

The money would be used to find and fund new ideas. Examples include working in partnership with schools to help them better understand and reduce their water use and to educate pupils about water use, working with community groups, and developers to develop more water efficient homes.

Reliability of water pressure

Reducing insufficient or irregular pressure at the property boundary (below 15m) can affect service to customers and is one of the most common customer complaints. Poor pressure can be caused by one off operational incidents, high demand or network configuration.

Currently, poor pressure is experienced, on average, for 13 hours per property per year.

Affinity Water's plans will prioritise pressure improvement schemes to target those properties which currently receive the most frequent drops in mains pressure.

SHOWCARD D

Plan J:

Eastern Region

Fixing leaks
11% reduction in current leakage levels

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Reducing personal water use
129 litres per person per day, down from 160 now

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 0.8% chance (1 in 130)

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)

Environmental pilot projects
£2 million to fund innovation in your area

Reliability of water pressure
Reducing periods of low pressure for some to 8.7 hours per year

Under this plan, your yearly bill would be **£171** in 2019/20, and **£160** in 2024/25

Figures are in 2018 prices and do not include inflation

Eastern region

SHOWCARD E

Eastern Region

Plan K:

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 1.5% chance (1 in 65)

Fixing leaks
11% reduction in current leakage levels

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Environmental pilot projects
£6 million to fund innovation in your area

Reducing personal water use
129 litres per person per day, down from 160 now

Reliability of water pressure
Reducing periods of low pressure for some to 6.5 hours per year

Under this plan, your yearly bill would be **£171** in 2019/20, and **£162** in 2024/25

Figures are in 2018 prices and do not include inflation

Eastern region

SHOWCARD F

Eastern Region

Plan L:

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 0.8% chance (1 in 130)

Fixing leaks
15% reduction in current leakage levels

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 0.5% per year (1 in 200)

Sourcing water more sustainably
Taking 39 million litres per day less from the environment

Environmental pilot projects
£2 million to fund innovation in your area

Reducing personal water use
124 litres per person per day, down from 160 now

Reliability of water pressure
Reducing periods of low pressure for some to 8.7 hours per year

Under this plan, your yearly bill would be **£171** in 2019/20, and **£170** in 2024/25

Figures are in 2018 prices and do not include inflation

Eastern region

3. South Eastern Region

SHOWCARD G **Plan comparison**

	Leaks	Sustain-able sourcing	Personal usage	Risk of interrup-tions	Severe drought restrictions	Environ-mental pilots	Reliability of water pressure
Plan J: £198 per year 2019/20 £185 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan K: £198 per year 2019/20 £188 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan L: £198 per year 2019/20 £197 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year

Figures are in 2018 prices and do not include inflation

South eastern region

SHOWCARD A
South Eastern

The average household water bill in your area is

£203.65

for the year starting in April 2018

Your water bills – NOW

Households are charged bills by water companies both to provide CLEAN water and to take away WASTE water. These are itemised separately on your water bill.

Affinity Water is a CLEAN or "tap water only" provider, meaning that another company looks after taking away WASTE water from your property.

However, Affinity Water charges you on their behalf so the total amount of your water bill covers both these services.

Your water bills – FUTURE

We will ask for your views about three plans Affinity Water has for its investments, service levels and changes to customer bills. This does not include WASTE water (sewage), only CLEAN (tap) water.

We will present amounts for 2019/20, and 2024/25. These do **not** include inflation.

SHOWCARD B

South Eastern

Fixing leaks

With a network of over 16,000 kilometres of pipes, leaks do happen. Affinity Water makes around 27,000 leakage repairs to its network a year.

Currently, 19% of water is lost through leakage, about 115 litres per household, which includes about 5% from customer pipes.

Reducing personal water use

The areas served by Affinity Water have some of the fastest-growing populations in Britain. Currently, Affinity Water customers use 160 litres (35 gallons) each per day, which is above the national average of 141 litres.

As water is a limited resource, it is important to help people reduce their water usage. This can be done through water meters, free water-saving devices for the home, and more communication on this topic.

Sourcing water more sustainably

Two thirds (65%) of water used by Affinity Water customers comes from local underground sources (called aquifers). Taking water from these sources could mean there is less for local rivers and the environment.

Additional funding could pay for water from other areas (e.g. water could be piped from further away).

Risk of interruptions

Unexpected interruptions to water supply can happen without warning, usually because of a burst water main in the nearby area. A water supply interruption is one that lasts more than 3 hours. In 2016/17 there were 79,000 of these types of interruptions.

Based on this figure, Affinity Water's customers can currently expect to experience a 5%, or a 1 in 20 chance, per year.

South eastern region

SHOWCARD C

South Eastern

Severe drought restrictions

Severe drought restrictions go much further than hosepipe bans e.g. water could be rationed through standpipes in the street and water companies are able to take water from sources they would not normally use.

Affinity Water's plans would reduce the likelihood of this happening, reducing the chance of needing to use these severe drought restrictions.

Environmental pilot projects

Affinity Water has earmarked money to fund new approaches to support their local environment. These would be "pilots", or experiments in small areas, with successful experiments leading to them being used on a wider scale.

The money would be used to find and fund new ideas. Examples include working in partnership with schools to help them better understand and reduce their water use and to educate pupils about water use, working with community groups, and developers to develop more water efficient homes.

Reliability of water pressure

Reducing insufficient or irregular pressure at the property boundary (below 15m) can affect service to customers and is one of the most common customer complaints. Poor pressure can be caused by one off operational incidents, high demand or network configuration.

Currently, poor pressure is experienced, on average, for 13 hours per property per year.

Affinity Water plans will prioritise pressure improvement schemes to target those properties which currently receive the most frequent drops in mains pressure.

South eastern region

SHOWCARD D

Plan J:

South Eastern

Fixing leaks
11% reduction in current leakage levels

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Reducing personal water use
129 litres per person per day, down from 160 now

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 0.8% chance (1 in 130)

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)

Environmental pilot projects
£2 million to fund innovation in your area

Reliability of water pressure
Reducing periods of low pressure for some to 8.7 hours per year

Under this plan, your yearly bill would be **£198** in 2019/20, and **£185** in 2024/25

Figures are in 2018 prices and do not include inflation

South eastern region

SHOWCARD E

Plan K:

South Eastern

Fixing leaks
11% reduction in current leakage levels

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Reducing personal water use
129 litres per person per day, down from 160 now

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 1.5% chance (1 in 65)

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)

Environmental pilot projects
£6 million to fund innovation in your area

Reliability of water pressure
Reducing periods of low pressure for some to 6.5 hours per year

Under this plan, your yearly bill would be **£198** in 2019/20, and **£188** in 2024/25

Figures are in 2018 prices and do not include inflation

South eastern region

SHOWCARD F

Plan L:

South Eastern

Fixing leaks
15% reduction in current leakage levels

Sourcing water more sustainably
Taking 39 million litres per day less from the environment

Reducing personal water use
124 litres per person per day, down from 160 now

Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 0.8% chance (1 in 130)

Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 0.5% per year (1 in 200)

Environmental pilot projects
£2 million to fund innovation in your area

Reliability of water pressure
Reducing periods of low pressure for some to 8.7 hours per year

Under this plan, your yearly bill would be **£198** in 2019/20, and **£197** in 2024/25

Figures are in 2018 prices and do not include inflation

South eastern region

Appendix 2 – Sample Profile

Sample profile – summary

		Unweighted		Weighted	
N= 825		**Base**	**%**	**Base**	**%**
Gender	Male	434	53%	404	49%
	Female	390	47%	421	51%
Age	Aged 16 - 34	208	25%	256	31%
	Aged 35 - 54	308	37%	297	36%
	Aged 55 +	309	37%	272	33%
Meter status	Yes	477	58%	466	56%
	No	348	42%	359	44%
Ethnicity	White	636	77%	630	76%
	BME	183	22%	190	23%
Water Resource Zone	WRZ 1 – Misbourne	70	8%	74	9%
	WRZ 2 – Colne	91	11%	99	12%
	WRZ 3 – Lee	163	20%	165	20%
	WRZ 4 – Pinn	231	28%	223	27%
	WRZ 5 - Stour	78	9%	66	8%
	WRZ 6 – Wey	109	13%	124	15%
	WRZ 7 – Dour	52	6%	41	5%
	WRZ 8 - Brett	31	4%	33	4%

Appendix 3 - Survey Questionnaire

Affinity Water PR19 – Business Plan
Acceptability Survey questionnaire
Face-to-face, in-home survey – n800 customers, target = 20 minutes

Section A: Introduction

Hello, my name is…. And I am an interviewer working for Ipsos MORI, the independent market research organisation.

We are carrying out a survey on behalf of Affinity Water, who supply drinking water to properties in your area. They are interested in talking to local residents to understand their views about water, and to get opinions on their plans for water supply and billing over the next few years. We are looking to speak to people with a wide range of experiences – you do not need to be an expert to take part.

The survey should take about 20 minutes to complete. Would you be interested in taking part?
IF NEEDED: **Your participation in this research will be confidential and anonymous – we will not tell Affinity Water who took part. Ipsos MORI is bound by the terms of the Market Research Society code of practice and the Data Protection Act/General Data Protection Regulation.**

Thank you for agreeing to take part! To make sure we talk to as wide a range of people as possible, I'd like to ask a few questions about you and your household.

Q1. INTERVIEWER RECORD GENDER. OR ASK: **Which of the following describes how you think of yourself?** SINGLE CODE. ASK ALL. READ OUT.

1. Male
2. Female
3. In another way
4. Prefer not to say

Q2. **What was your age last birthday?** RECORD EXACT AGE. ASK ALL

Q3. **In which of these ways does your household occupy your current home?**
ASK ALL. SHOW SCREEN. RANDOMISE CODES.

1. Own outright
2. Buying on a mortgage
3. Rent from Council
4. Rent from Housing Association/Trust
5. Rent from a private landlord
6. Other

Section B: Current levels of service

First, I'd like to find out a little bit more about your views on water supply and Affinity Water.

Q4. **How important do you think each of these areas are for Affinity Water's future plans, on a scale of 0 to 10 where 0 is not at all important and 10 is extremely important?**

ASK ALL. SINGLE CODE PER STATEMENT. RANDOMISE STATEMENTS. SHOW SCREEN.

a) **Making sure customers, communities and the environment have enough water**
b) **Supplying high quality water you can trust**
c) **Minimising disruption to you and your community**
d) **Providing a great service that you value.**

SLIDING SCALE

1) 0 – Not at all important
2) 1
3) 2
4) 3
5) 4
6) 5
7) 6
8) 7
9) 8
10) 9
11) 10 – Extremely important
12) Don't know

Q5. **Overall, how satisfied or dissatisfied are you with the service you receive from Affinity Water?**
ASK ALL. SINGLE CODE. SHOW SCREEN, ROTATE CODES 1-5.

1. Very satisfied
2. Fairly satisfied
3. Neither satisfied nor dissatisfied
4. Fairly dissatisfied
5. Very dissatisfied
6. Don't know (MASKED FROM SHOW SCREEN)

Q6. **Which, if any, of the following have you experienced in the last 5 years? Please read out the letters of each that applies.**
ASK ALL. SHOW SCREEN. MULTICODE. RANDOMISE CODES.

1. A - Low water pressure on a regular basis
2. B - Interruptions to water supply (being without water)
3. C - A water leak from a pipe in the street
4. D - Poor quality repair work carried out
5. E - Concern about the taste/smell/colour/hardness of tap water
6. F - A problem with your water bill
7. G - Poor customer service e.g. telephone/email/letter contact
8. H – Other (SPECIFY)
9. None of these (EXCLUSIVE CODE)

Section C: Current bills

Q7. **Into which of these bands does your household water bill fall into? If you don't know or are not sure, please give us your best estimate. We are interested in your TOTAL bill that is what you pay Affinity Water for CLEAN water and another supplier to take WASTE water, sewage, away. It might be that Affinity Water send you a bill for CLEAN and WASTE water before transferring this money to the other supplier.**

Please just read out the letter that applies.

ASK ALL. SHOWCARD. SINGLE CODE

INTERVIEWER: IF ASKED, RESPONDENT DOES NOT NEED TO CHECK BILLS - WE ARE AFTER THEIR IMPRESSIONS AND DON'T KNOW IS ALLOWED

	TOTAL WATER		
	Per WEEK	**Per MONTH**	**Per YEAR**
A	Less than £3.50	Less than £13	Less than £150
B	£3.51 - £4.00	£13-£16	£151-£200
C	£4.01 - £5.00	£17-£20	£201-£250
D	£5.01 - £6.00	£21-£24	£251-£300
E	£6.01 - £7.00	£25-£28	£301-£350
F	£7.01 - £8.00	£29-£32	£351-£400
G	£8.01 - £9.00	£33-£37	£401-£450
H	£9.01 – £10.00	£38-£41	£451-£500
I	£10.01 - £11.00	£42-£45	£501-£550
J	£11.01 - £12.50	£46-£50	£551-£600
K	More than £12.50	More than £50	More than £600
L	Don't know	Don't know	Don't know

Q8. **How easy or difficult do you find it to pay your current water bill? Again, I am interested in your TOTAL water bill overall, that is including CLEAN and WASTE water. Please just read out the letter that applies.**
ASK ALL. SINGLE CODE. SHOW SCREEN. ROTATE OPTIONS 1-4.

1. A - I do not have problems paying my water bill
2. B - It is difficult to pay my bill but I always pay it on time
3. C - It is difficult to pay my bill and I sometimes pay it late
4. D - It is difficult to pay my bill and I never pay it on time
5. Don't know (MASKED FROM SHOW SCREEN)

Q9. **Now thinking about all the types of utility bills you might pay – for example, gas, electricity and telephone/broadband – would you say that your water bill represents better or worse value for money than these, or is it about the same? Again, by water I mean your TOTAL water bill.**
ASK ALL. SINGLE CODE. SHOW SCREEN. ROTATE OPTIONS 1-5.

1. My water bill is much better value for money
2. My water bill is slightly better value for money
3. My water bill is about the same value for money
4. My water bill is slightly worse value for money
5. My water bill is much worse value for money
6. Don't know (MASKED FROM SHOW SCREEN)

Section D: Business Plan acceptability and testing

INTERVIEWER: READ OUT
The bills that are charged to households by water companies are set every five years. They are based on an agreement between each water company and Ofwat, the Government regulator.

Affinity Water is currently consulting with its customers about what its service levels and water bills should be over the period 2020-2025. This survey is part of that consultation.

In setting future bills, Affinity Water and Ofwat aim to take into account the interests of customers and also ensure that legally required standards for water services are met. These include ensuring tap water is safe to drink.

As part of the process for setting bills for the period 2020–2025, all water companies are developing Business Plans that set out investments that are needed to maintain and improve water services from 2020 onwards.

Next I would like to ask for your views on three plans for Affinity Water. We have called these Plans J, K, and L. I am going to ask you about three plans individually first - each one is different - before asking you to look at them together in one go.

INTERVIEWER: GIVE SHOWCARDS A B and C TO PARTICIPANT. ASK THEM TO READ SHOWCARD A ONLY AND TO HAVE A, B AND C TO HAND IF THEY NEED TO REFER TO THEM.

SCRIPT: ROTATE ORDER OF Q10-Q12

Q10. SHOWCARD D

INTERVIEWER: ALLOW PARTICIPANT A MINUTE TO READ THROUGH SHOWCARD D –AND REFER THEM TO SHOWCARDS B AND C FOR THEM TO USE IF NEEDED

Here is Plan J. The showcard tells you the impacts it would have across different areas including the average household water bill in your area for CLEAN water, excluding WASTE/sewage.

Taking all things into account, how acceptable or unacceptable do you think this plan is?
I will give you a minute or so to read the card.
ASK ALL. SINGLE CODE. READ OUT.

1. Very acceptable
2. Fairly acceptable
3. Not very acceptable
4. Not acceptable at all
5. Don't know

Q11. SHOWCARD E

INTERVIEWER: TAKE SHOWCARD D FROM PARTICIPANT
INTERVIEWER: ALLOW PARTICIPANT A MINUTE TO READ THROUGH SHOWCARD E – AND REFER THEM TO SHOWCARDS B AND C FOR THEM TO USE IF NEEDED

Here is Plan K. This showcard tells you the impacts it would have across different areas including the average household water bill in your area for CLEAN water, excluding WASTE/sewage.

Taking all things into account, how acceptable or unacceptable do you think this plan is?
I will give you a minute or so to read the card.

ASK ALL. SINGLE CODE. READ OUT.

1. Very acceptable
2. Fairly acceptable
3. Not very acceptable
4. Not acceptable at all
5. Don't know

Q12. SHOWCARD F

INTERVIEWER: TAKE SHOWCARD E FROM PARTICIPANT
INTERVIEWER: ALLOW PARTICIPANT A MINUTE TO READ THROUGH SHOWCARD F – AND REFER THEM TO SHOWCARDS B AND C FOR THEM TO USE IF NEEDED

Here is Plan L. This showcard tells you the impacts it would have across different areas including the average household water bill in your area for CLEAN water, excluding WASTE/sewage.
Taking all things into account, how acceptable or unacceptable do you think this plan is?
I will give you a minute or so to read the card.

ASK ALL. SINGLE CODE. READ OUT.

1. Very acceptable
2. Fairly acceptable
3. Not very acceptable
4. Not acceptable at all
5. Don't know

<Pre-question information screen>
INTERVIEWER:

THE FOLLOWING QUESTION INCLUDES HIDDEN RESPONSES WE DON'T WANT TO PRESENT TO THE PARTICIPANT.

IF THE PARTICIPANTS ANSWER DOESN'T FIT WITH THE OPTIONS ON THE NEXT SCREEN PLEASE SELECT NEXT WITHOUT ENTERING A RESPONSE TO FIND THE HIDDEN RESPONSES.

Q13. SHOWCARD G

INTERVIEWER: TAKE SHOWCARD F FROM PARTICIPANT
ALLOW PARTICIPANT A MINUTE TO READ THROUGH SHOWCARD G – AND REFER THEM TO SHOWCARDS B AND C FOR THEM TO USE IF NEEDED

This card shows all three of the plans you have looked at. Taking into account everything you have read, which would you prefer Affinity Water chooses as their plan for 2020-2025?
Again, I will give you a minute or so to read the card.
ASK ALL. SINGLE CODE. SHOW CARD.

1. Plan J
2. Plan K
3. Plan L
4. Something else (SPECIFY) [ON SECOND SCREEN]
5. None of these
6. Don't know

INTERVIEWER: COLLECT ALL SHOWCARDS

Section E: Social Tariff

Now on a different topic…

READ OUT

Q14. **Water companies have the Government's permission to introduce Social Tariffs in order to reduce the water bill of those customers finding it difficult to pay. This is subject to guidance and water companies need to show that they have the support of customers.**

The current Social Tariff caps the water bill for households with an income below £16,105 per year. Currently, 49,000 have capped water bills, about 3.8% of all Affinity Water customers. This costs every household £3 a year.

In principle, to what extent do you support or oppose Affinity Water spending more on the Social Tariff, if it allows them to offer support to MORE customers finding it difficult to pay their water bills?
ASK ALL. SINGLE CODE. SHOW SCREEN. ROTATE OPTIONS 1-5.

1) Strongly support
2) Tend to support
3) Neither support nor oppose
4) Tend to oppose
5) Strongly oppose
6) Don't know (MASKED)

Q15. **Some of the money owed in bills to Affinity Water will never be repaid – this is known as "bad debt". This cost is passed on to other customers, and is around £6 a year per household.**

In principle, to what extent do you support or oppose Affinity Water spending more on the Social Tariff, if it reduces the amount of bad debt they are owed?
ASK ALL. SINGLE CODE. SHOW SCREEN. ROTATE OPTIONS 1-5.

1) Strongly support
2) Tend to support
3) Neither support nor oppose
4) Tend to oppose
5) Strongly oppose
6) Don't know (MASKED)

<Pre-question information screen>
INTERVIEWER:
THE FOLLOWING QUESTION INCLUDES HIDDEN RESPONSES WE DON'T WANT TO PRESENT TO THE PARTICIPANT. IF THE PARTICIPANTS ANSWER DOESN'T FIT WITH THE OPTIONS ON THE NEXT SCREEN PLEASE SELECT NEXT WITHOUT ENTERING A RESPONSE TO FIND THE HIDDEN RESPONSES.

Q16. **By 2020, Affinity Water will be supporting 50,000 customers through its Social Tariff. They are considering whether or not to extend this to include MORE customers for the period between 2020 and 2025.**

Which of the following statements do you agree with most? Please just read out the letter that applies.

ASK ALL. SINGLE CODE. SHOW SCREEN.

1) A – Affinity Water should add an extra £1.50 each year to all household's water bills, to support an additional 25,000 customers
2) B – Affinity Water should add an extra £3.00 each year to all household's water bills, to support an additional 48,000 customers
3) C – Affinity Water should not add anything to water bills but continue to support 50,000 customers
4) D - None of these (ON SCREEN)
5) Affinity Water should add a different amount (SPECIFY, ON SECOND SCREEN)
6) Don't know

<Pre-question information screen>

INTERVIEWER:

THE FOLLOWING QUESTION INCLUDES HIDDEN RESPONSES WE DON'T WANT TO PRESENT TO THE PARTICIPANT.

IF THE PARTICIPANTS ANSWER DOESN'T FIT WITH THE OPTIONS ON THE NEXT SCREEN PLEASE SELECT NEXT WITHOUT ENTERING A RESPONSE TO FIND THE HIDDEN RESPONSES.

Q17. **Currently, the discount on water bills offered to those on the Social Tariff is the same, regardless of their income. Please consider the following options and decide which comes closest to your own opinion…**

A. The discount offered through the Social Tariff should be larger for households with the lowest incomes
B. The discount offered through the Social Tariff should remain the same for all households

Do you…?

ASK ALL. SINGLE CODE. SHOW SCREEN.

1. … Agree more with A
2. … Agree more with B
3. … Agree with neither
4. It depends (ON SECOND SCREEN)
5. Don't mind (ON SECOND SCREEN)
6. Don't know

Section F: Socio-economic background/end

Before we finish, I'd like to ask a few questions about you and your household to make sure we have talked to as wide a range of people as possible.

Q18. **How long have you lived at your current address?**
ASK ALL. SINGLE CODE.

1. Less than one year
2. 1-2 years
3. 2-5 years
4. 5-10 years
5. 10-20 years
6. More than 20 years
7. Don't know

Q19. **Including yourself, how many people usually live in your household?**
IF NEEDED: Please remember to include any babies or lodgers
ASK ALL. ENTER NUMBER 1-99.

1. Don't know

Q20. **Which of the following statements apply to the people you live with in your home?** IF NEEDED: **Please select as many as apply. Please read out the letter that applies.**
ASK ALL. SHOW SCREEN. MULTI CODE. RANDOMISE OPTIONS 2-7.

1. A - I live alone SINGLE CODE (HIDE IF Q19> 1)
2. B - I live with other people who are not related to me
3. C - I live with my partner/spouse
4. D - I live with my parents
5. E - I live with my adult child(ren) (aged 18 and over)
6. F - I live with my child(ren) (aged under 0-17)
7. Don't know (MASK FROM SHOW SCREEN)

Q21. **In general, who in your household is mostly responsible paying water bills? This is probably the person(s) whose name is on the bill.**
ASK ALL. SINGLE CODE. CODE TO LIST.

1. Mostly me
2. Jointly me and others
3. Other people
4. Don't know (MASK FROM SHOW SCREEN)

CODE SOCIAL GRADE (Standard questions)

Q22. **Which of the following is the highest educational or professional qualification that you currently hold?**
ASK ALL. SINGLE CODE. SHOW SCREEN.

1. None of these
2. GCSE/O Level/CSE
3. Vocational qualifications, equivalent to NVQ 1+2

4. A Level or equivalent, such as NVQ 3
5. Bachelor's Degree or equivalent, such as NVQ 4
6. Masters/PhD or equivalent
7. Other
8. Still studying
9. Don't Know (MASK FROM SHOW SCREEN)

Q23. **Do you, or anyone in your household, currently receive any Government benefits? These include things like Universal Credit, Job Seekers Allowance, Income Support, Housing Benefit and Tax Credits.**
ASK ALL. SINGLE CODE.

1. Yes
2. No
3. Don't Know/Prefer not to say

Q24. **Into which of the following bands does your annual household income fall, before tax and other deductions? Please just read out the letter that applies.**
ASK ALL. SINGLE CODE. SHOW SCREEN.

	Per MONTH	**Per YEAR**
A	£541 or less	£6,499 or less
B	£542 to £791	£6,500 to £9,499
C	£792 to £1,342	£9,500 to £16,105
D	£1,343 to £2,083	£16,106 to £24,999
E	£2,084 to £3,333	£25,000 to £39,999
F	£3,334 to £4,999	£40,000 to £59,999
G	£5,000 to £6,249	£60,000 to £74,999
H	£6,250 and over	£75,000 and over
	Don't know (MASKED)	Don't know (MASKED)
	Refused (MASKED)	Refused (MASKED)

Q25. **Which of these best describes your ethnic group? Please just read out the letter that applies.**

ASK ALL. SHOW SCREEN. SINGLE CODE.

WHITE

1. A. White – English / Welsh / Scottish / Northern Irish / British
2. B. White – Irish
3. C. White – Gypsy or Irish Traveller
4. D. Any other White background

MIXED

5. E. Mixed White and Black Caribbean
6. F. Mixed White and Black African
7. G. Mixed White and Asian
8. H. Any other mixed background

ASIAN

9. I. Asian or Asian British – Indian
10. J. Asian or Asian British – Pakistani
11. K. Asian or Asian British – Bangladeshi
12. L. Asian or Asian British – Chinese
13. M. Any other Asian/Asian British background

BLACK

14. N. Black or Black British – Caribbean
15. O. Black or Black British – African
16. P. Any other Black/Black British background

OTHER ETHNIC GROUP

17. Q. Arab
18. R. Any other ethnic group
19. S. Prefer not to say

Thank and close.

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Annex 5: Phase 2 Testing and Valuing

Ph2.5 – draft Water Resources Management Plan: Research Report

Ipsos MORI
Social Research Institute

ARUP

June 2018

Draft Water Resources Management Plan (dWRMP)

Research report

Ben Marshall, Kelly Finnerty, Teodros Gebrekal and Paul Carroll

Contents

Executive Summary

Executive Summary

- This report summarises findings from two research projects conducted as part of Phase 2 of the market research programme being delivered by Ipsos MORI and Arup to support PR19. These were designed to measure and understand customers' preferences in respect of Affinity Water's long-term plans outlined in the draft Water Resources Management Plan (dWRMP).

- The projects involved:

  An **online survey** of 1,000 Affinity Water customers aged 16-75, sourced from the Ipsos MORI panel between 23 April and 14 May 2018. Data were weighted at the analysis stage to the known population profile across areas served by Affinity Water.

  A series of eight **focus group discussions** lasting 1.5 hours each, undertaken during March 2018. Participants were sampled to include a range of ages and social grades. Groups took place in Collindale/Edgware, Stevenage, Woking and Folkestone. A total of 66 customers were involved.

- The research found Affinity Water customers are broadly positive about different aspects relating to their water supply, including quality and reliability. They are especially positive about reliability; water is assumed to be "always there". Consequently, water is not something that is given much thought, particularly in comparison to other utilities where customers have more choices to make.

- Generally, customers feel they know little about Affinity Water. While they express some interest in what the company does, the most commonly held position - held by 51% - is contentment to "let Affinity Water get on with their job" as long as customers are kept informed about what the company is doing.

- Across several options for inclusion in the dWRMP (presented as options *without* bill impacts), customers back continuing to find ways to reduce leakage more strongly than anything else. Nine in ten, 89%, support this, with 71% doing so *strongly*.

- Building awareness of how everyone can help protect the water environment is also popular; 82% of customers support this, followed by 74% who support improving the information available to customers about the quality of water supplied to their homes. A similar proportion, 73%, support the provision of free water saving devices to customers.

- The least supported proposal is installing water meters in properties that do not already have them but, still, a clear majority of customers - 57% - are in favour of this.

- Customers participating in the survey and, separately, the qualitative research were provided with further detail about the main options being considered by Affinity Water in respect of the management of water resources (several of these were included as questions within the company's

consultation on the dWRMP). They were told the approximate cost for each proposed option to help them make an informed decision but, in contrast with separate research relating to the Business Plan, these were presented in isolation, rather than as a package of commitments within a complete plan.

- Group discussions found few outright objections to the themes but participants had difficulty making decisions as they struggled to understand much of the information provided. This was largely due to a lack of familiarity and context, and the intangibility of some of the content. For example, participants struggled to understand the themes of collaboration and sharing, and of sustainable abstraction. This led customers to query the value of the feedback they could give.

- Further detail is provided in this report but, in summary, the main findings organised thematically are as follows (in the remainder of this report the findings from the quantitative survey and qualitative research are reported separately to provide transparency of the source of insights and the way in which conversations were held with customers):

Leakage

- The majority of customers (89%) support Affinity Water continuing to reduce leakage. 71% strongly support this proposal. This is the highest level of support for any aspect of the Business Plan covered in the survey.

- In terms of the different options proposed to reduce leakage, 38% of customers prefer **Option 1** - reducing leakage by a further 11% - compared to 31% who choose the more expensive Option 2 which would target a further 15% reduction.

- We found leakage resonating strongly with customers and in the focus group discussions proposals to reduce leakage were supported by customers. Fixing leaks is a key priority; it is important as a top-of-mind, instinctively important issue to customers (and seen as a very visible sign of "under-performance" by Affinity Water), and this remains the case after deliberation and trading-off against other potential priorities.

- Calls for efforts and policies to reduce leakage were motivated by recent local experience and sightings of bursts, but those wanting further action were also mindful of the cost and the impact on customers' bills. There was a sense that investment would reduce wastage, reducing the need to take water out of the environment or sourcing it from other suppliers etc. Tackling leakage is seen as the cornerstone of any plan to better manage water resources whether in the short, or the long term.

Sustainability

- Nine in ten customers (89%) say that the local environment is important to them personally, with half (50%) agreeing *strongly*. Similarly, two-thirds (67%) support Affinity Water reducing the amount of water taken from the water environment.

- Despite the additional cost, customers much prefer **Option 2** - taking 39 million litres per day less from the environment - compared to Option 1 - 10 million litres less (43% choose Option 2, 28% Option 1).

- From group discussions it is clear that protecting the environment, in general, is something customers are willing to say they support and policies in this area appear popular. However, it is hard for customers to engage with, they felt the language used was aimed at commercial companies and lacked detail to make it relevant to them. This made it hard to choose between alternative options. This led to a suspicion that Affinity Water may prioritise the environment over customers, and prompted some concerns about bill rises.

Drought

- **Option 1** - reducing the chance of severe drought to 1.7% - is preferred by 29% of customers while 19% choose Option 2 - moving to a 0.5% chance. However, 22% say that Affinity Water should do nothing because they do not think this is a problem.

- As with the environment, we similarly found scepticism about drought, climate change and demand growth. The UK is thought to have abundant water and some of the proposed changes appeared too far into the future to impact within customers' lifetimes. In our group discussions customers were also sceptical about how the proposals would be regulated and were unsure how they would monitor their own personal water usage.

Demand management

- Just under four in five customers (78%) say that they are careful about how much water they personally use. However, three in five (61%) feel they would be able to make some sort of reduction in their *household* water consumption, although these customers typically say they could only make a *small* reduction in usage.

- While none of the three options presented was able to attract the backing of a majority of customers, the least ambitious - **Option 1** (reducing water use to an average of 126 litres) - was the most preferred one, chosen by 34%.

- The group discussions also found the overall aim of reducing consumption was generally supported and seen as a good idea by customers. Reducing usage by a quarter did, however, feel like a large reduction, especially for older age groups. Older customers tended to support the reduction to 110 litres daily consumption while younger groups supported a cut to 125 litres.

- During the groups, participants challenged Affinity Water's consumption figures, criticising the lack of comparative information and expressing surprise at how high these are. Customers recognised the

importance of this area given its benefits in terms of the environment and lower bills, but expected Affinity Water to encourage progress proactively by providing water saving devices and education.

Community pilot projects

- The more modest **Option 1** - investing £2 million in local projects – is preferred by 39% of customers, ahead of Option 2 (£6million) which is favoured by 30%.
- This theme was not covered in detail in the group discussions but was a feature of discussions with customers in respect of the overall Business Plan (covered in another project and report).

Other themes

- Of the other themes included within the dWRMP and discussed within the groups, water quality tended to be among the most important to participants. However, again, the information lacked enough detail on drinking water standards and comparative information for participants to feel able to make decisions. Metering, water efficiency and consumption are also recognised as important, as well as the environment, and the aim of reducing consumption is also seen as a good idea.

Overview

- Across questions asking customers about the different sets of options being considered by Affinity Water for inclusion within its WRMP, between 10-15% of participants answered 'don't know' and 5-10% made a suggestion to 'do something else'. As the table below shows, drought was mostly readily identified by customers as 'not a problem' - by 22% - four times the proportion who think the same of leakage. This is reflected in the relatively low proportion of customers - 48% - choosing one of the options presented. Otherwise, the majority of customers prefer at least one of the options presented in each theme (all options involved a bill increase of some degree).

Theme	Option	Bill increase*	% prefer	% prefer any option	% 'not a problem'/ prefer 'something else' or 'none'
Reduce water leaks	Option 1 – reducing leakage by further 11%	£2.10	38	69	5 / 17
Reduce water leaks	Option 2 – reducing leakage by further 15%	£3.80	31		
Take less water from the environment	Option 1 – taking 10 million litres less	£0.90	28	71	9 / 10
Take less water from the environment	Option 2 – taking 39 million litres less	£1.30	43		
Reduce chance of severe drought	Option 1 – reducing chance to 1.7%	£3.00	29	48	22 / 14
Reduce chance of severe drought	Option 1 – reducing chance to 0.5%	£4.20	19		
Reduce water use by customers	Option 1 – reducing use to 126 litres	£2.40	34	60	13 / 16
Reduce water use by customers	Option 2 – reducing use to 120 litres	£3.70	13		
Reduce water use by customers	Option 3 – reducing use to 110 litres	£3.70+	13		

* Approximate bill increase per household bill every year until 2080

- Levels of preference, range from 43%, at most, to 13% but are higher for the less expensive actions among competing sets of options (shown in the table below). The important exceptions to this are relatively high support for Option 2 to reduce leakage. Also notable is preference for a more ambitious plan to reduce abstraction – Option 2 – reflecting the lower bill increases involved compared to Option 1, and other themes.

- While there is an important caveat to the presentation of data in the table – customers were trading-off options within, not between, themes, and were not choosing between packages or complete plans (which *was* the case in the Business Plan acceptability research) – the survey results further underline the importance of leakage and how relatively more receptive customers are likely to be to bill increases which support reductions.

Theme	Option	Bill increase*	% prefer
Take less water from the environment	Option 1 – taking 10 million litres less	£0.90	**28**
Take less water from the environment	Option 2 – taking 39 million litres less	£1.30	43
Reduce water leaks	Option 1 – reducing by further 11%	£2.10	38
Reduce water use by customers	Option 1 – reducing use to 126 litres	£2.40	34
Reduce chance of severe drought	Option 1 – reducing chance to 1.7%	£3.00	29
Reduce water use by customers	Option 2 – reducing use to 120 litres	£3.70	13
Reduce water use by customers	Option 3 – reducing use to 110 litres	£3.70+	13
Reduce water leaks	Option 2 – reducing by further 15%	£3.80	**31**
Reduce chance of severe drought	Option 1 – reducing chance to 0.5%	£4.20	19

* Approximate bill increase per household bill every year until 2080

Conclusions

- The main conclusion from this research is that the aspects of water resources management that impact customers the most, and are most tangible to them, are likely to be their main focus and priorities in respect of the Water Resources Management Plan. As we have found in earlier phases of PR19 market research, the potential for improvement and focus for Affinity Water comes more in operational matters – i.e. 'how' (and 'how much') it does things – rather than in the broad strategy – the 'what'.

- Throughout focus group discussions, customers wanted to know how the proposed plan will impact them e.g. what will be the impact on household bills if Affinity Water does one thing and/or another? There was a sense that they were being prepared for an increase in bills. Customers wanted Affinity Water to focus on reducing bills, making bills clearer, while helping vulnerable customers who may struggle to meet bill payments.

- These findings underline the importance of communicating water resources management in ways which are tangible to customers, building awareness of the premise behind change, and being clear on the detail of what change will involve.

- This research also points to the centrality in customers' eyes of a strong, but affordable, commitment to reducing leakage within Affinity Water's WRMP and the wider Business Plan.

Findings

1 Introduction

1.1 Background

As part of Affinity Water's consultation on the draft Water Resources Management Plan (dWRMP), Ipsos MORI, working with Arup, were commissioned to conduct research with Affinity Water's customers to measure and understand their preferences in respect of Affinity Water's long-term plans for the management of water resources. The research was undertaken along the statutory consultation conducted by Affinity Water.

This research forms part of **Phase 2** of the market research programme being delivered by Ipsos MORI and Arup to support PR19. The final phase has been designed to 'test and value' customer priorities by showing them draft propositions and policies being considered by Affinity Water, including workings and costings to make this as real as possible for those participating in our research.

1.2 Methodology

The survey allowed us to understand and measure customer attitudes towards different options being considered for Affinity Water's Water Resources Management Plan. The qualitative research involved smaller samples but provided deeper insights into the reasons why customers hold the views they do

Ipsos MORI conducted a **survey** of 1,000 Affinity Water customers. Interviews were conducted via an online methodology between 23 April and 14 May 2018 with respondents sourced from Ipsos MORI's online panel. Recruitment and quotas targeted a representative sample of adults aged 16-75 resident in Affinity Water's service areas. The achieved sample profile and the effects of weighting are outlined in the Appendices of this report.

We conducted eight **focus group discussions** of 1.5 hours each during March 2018 to explore customers' views on the dWRMP and the key decisions facing Affinity Water. As the table below shows, two groups took place in Collindale/Edgware, Stevenage (Hertfordshire), Woking and Folkestone (Kent). Participants were given an extract of the dWRMP to be read as a **pre-task** before the discussion groups, while showcards summarising the dWRMP themes were used as stimulus, shared during the discussions.

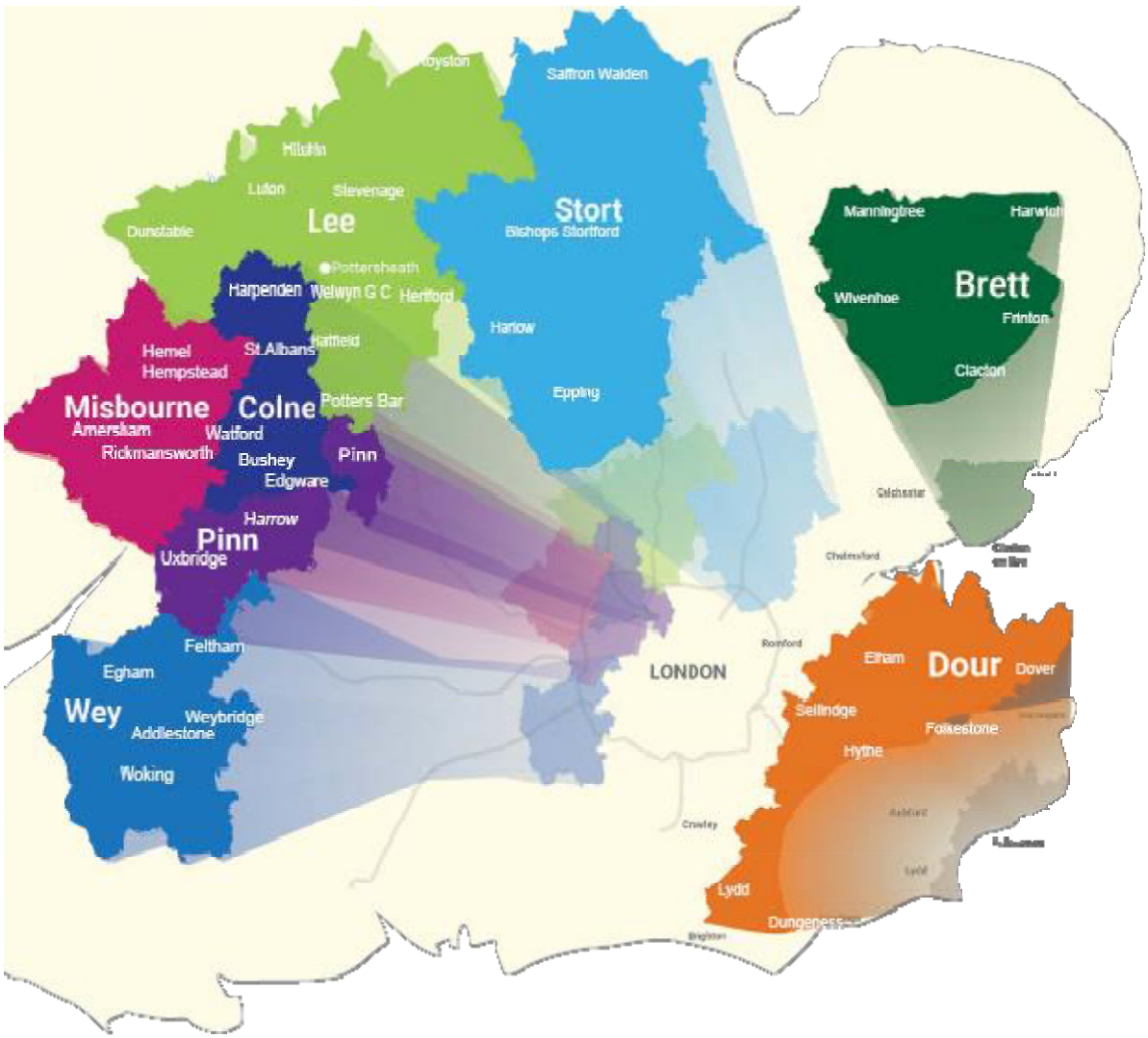
Date	Location	Recruitment quotas	No. of participants
21-Mar-18	Collindale/Edgware	Group 1: 18-34 C2DE Group 2: 35-54 C2DE	8 8
26-Mar-18	Stevenage	Group 3: 55+ C2DE Group 4: 18-34 ABC1	8 8
26-Mar-18	Woking	Group 5: 55+ ABC1 Group 6: 35-54 ABC1	8 8
28-Mar-18	Folkestone	Group 7: 55+ C2DE Group 8: 35-54 C2DE	9 9

1.3 Interpretation of data

Surveys generate estimates of the 'truth' which would only be available if a complete census of customers was undertaken. As a result, findings are subject to sampling tolerances and statistical confidence intervals, shown in the Appendices.

Customers from all 8 of the WRZ's that Affinity Water covers (as shown in the map below) were surveyed. Base sizes for these areas differed, partly depending on their population size.

The two non-central WRZ's, Brett and Dour have survey sample sizes of 45 and 54 respectively compared to the largest sample size of 257 for Pinn.



In general, **any sub group differences described in this report describe statistically significant differences**.

Survey data has been weighted to match the profile of the population living in Affinity Water areas by age, tenure, work status and WRZ, based on **2011 Census data**. Where percentages do not sum to 100, this is due to rounding of figures.

The qualitative research aimed to explore different customer opinions in depth to obtain a breadth of views, however, it does not seek to be quantifiable or statistically representative. Qualitative research is by its nature illustrative, detailed and exploratory. It offers insight into the perceptions, feelings, and behaviours of people rather than quantifiable conclusions from a statistically representative sample.

Much of the evidence in this report is based on participants' perceptions. It is important to remember that even though some perceptions may not be factually accurate, they represent 'the truth' to the participants and, as a result, are vital in understanding their attitudes and views.

2 Quantitative survey findings

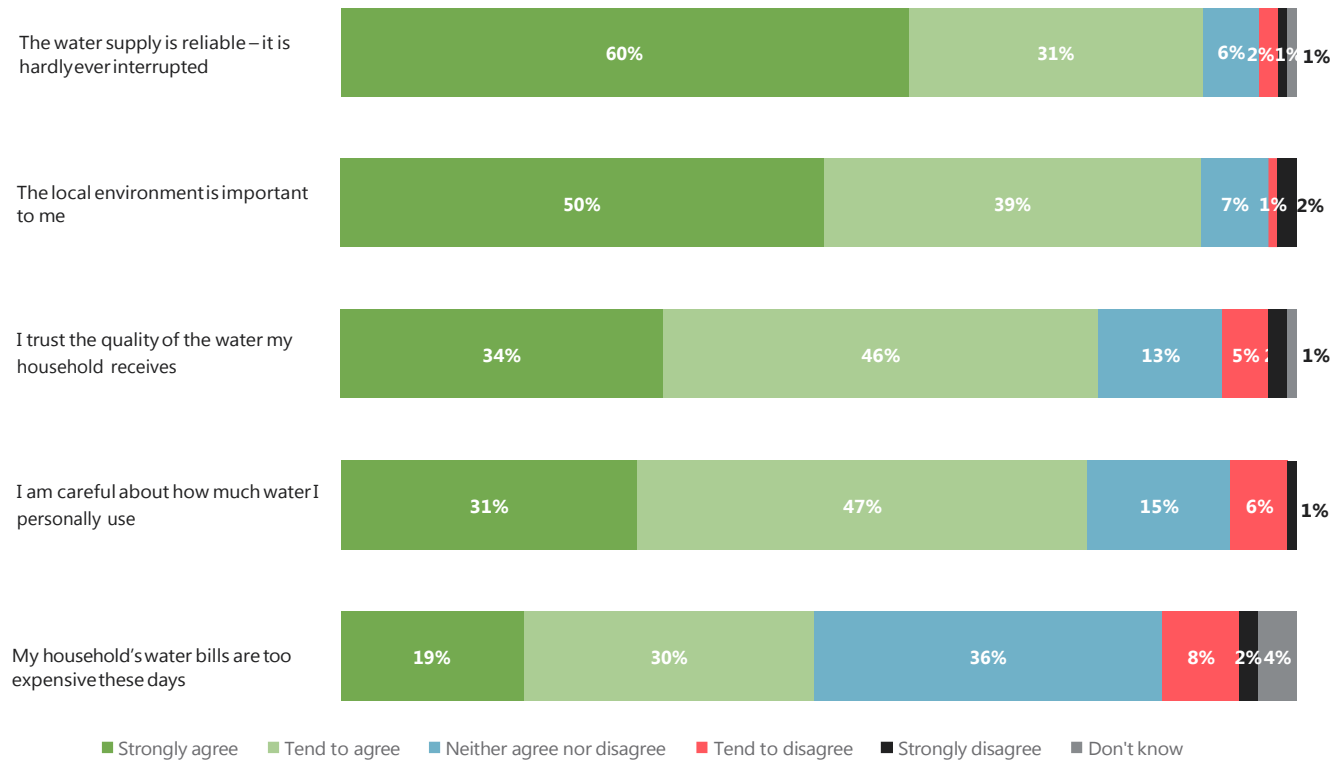
2.1 Context

Figure 1 shows that customers are broadly positive about several different aspects of their water supply and service, including quality and reliability. Customers are most positive about the reliability of their water supply, with 91% agreeing that it is reliable, 60% strongly agreeing. The local environment is similarly important, with nine in ten (90%) also agreeing with that it is important to them and half agreeing *strongly*. Only 3% take view that the environment is not important to them.

Eight in ten (80%) say they trust the quality of water their household receives, with only 7% disagreeing with this statement. However, half (49%) think that their household water bills are too expensive, five times the proportion disagreeing (10%). Around two in ten (19%) strongly agree that their water bills are too expensive, which rises to 21% for those aged 35-54, 23% for renters and benefits recipients and 27% for BME customers.

Just under eight in ten customers (78%) report that they are careful about the amount of water they personally use, with only 7% disagreeing. Customers with meters and BME customers are more likely than the average customer to *strongly* agree with this statement.

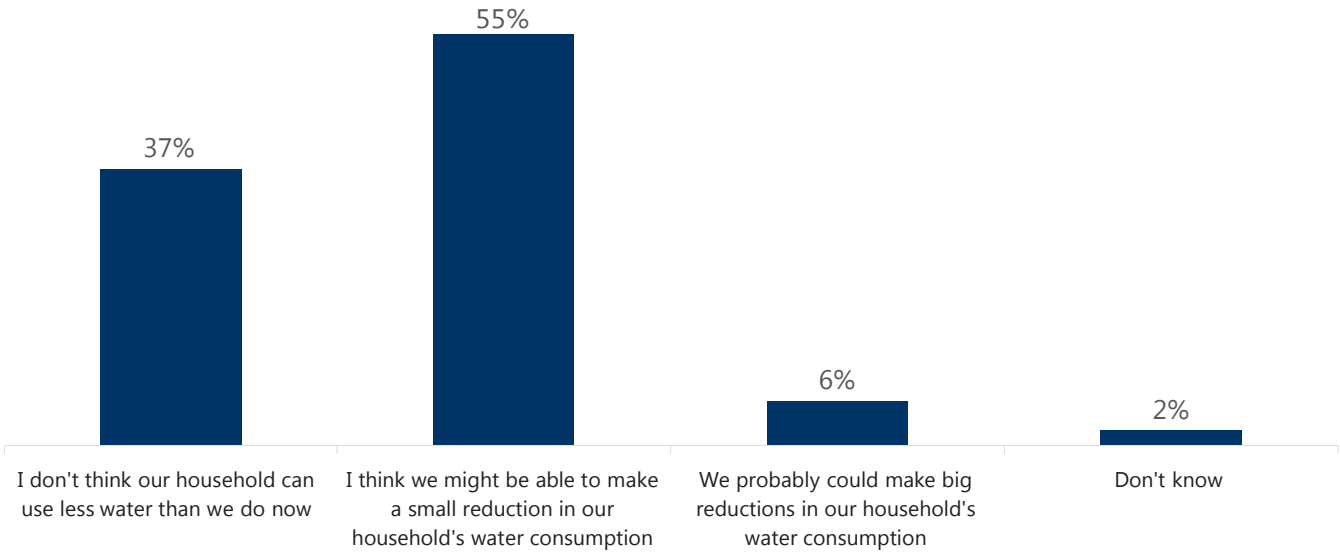
Figure 1: To what extent do you agree or disagree with each of the following statements?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Although most customers say they are careful about the amount of water they *personally* use, Figure 2 shows that three in five (61%) feel they would be able to make some sort of reduction in their *household* water consumption. Over half (55%) believe they can make a small reduction, whilst 6% imagine they can make a big cutback in the amount of water they use, increasing to 11% of 16-34 year olds. The remaining four in ten customers (37%) feel they are not able to make any reduction in their usage, which rises to 50% of 55-75 year olds.

Figure 2: Which, if any of these statements best fits your opinion of your household's water consumption?



Base: 1 000 adults aged 16-75 from across the Affinity Water customer areas

Q6. Which, if any of these statements best fits your opinion of your household's water consumption?

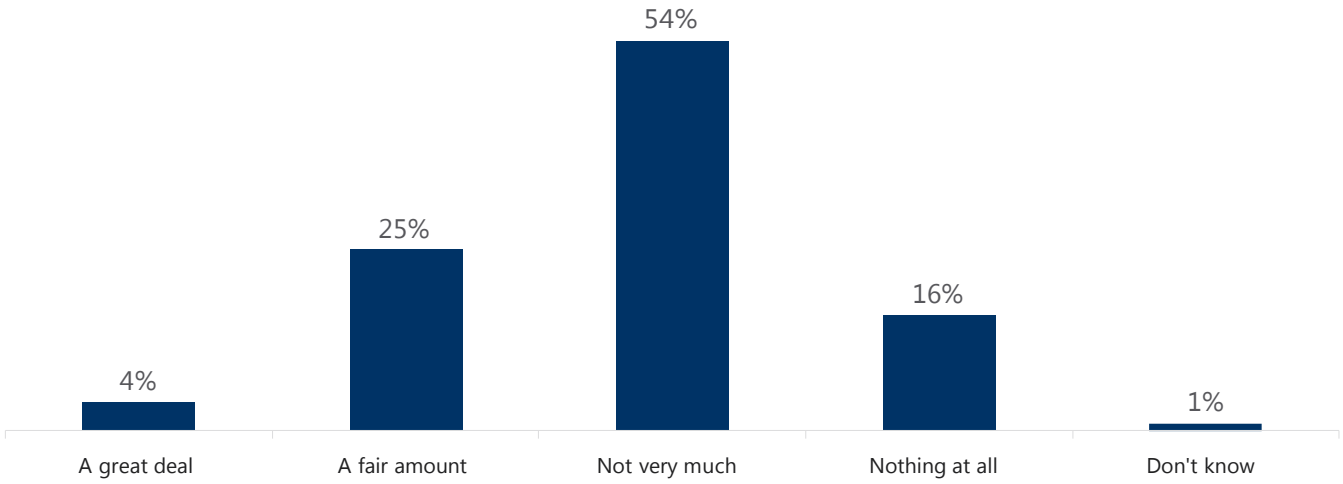
	Total	WRZ 1 – Misbourne	WRZ 2 – Colne	WRZ 3 – Lee	WRZ 4 – Pinn	WRZ 5 – Stour	WRZ 6 – Wey	WRZ 7 – Dour*	WRZ 8 – Brett*
I don't think our household can use less water than we do now	**37%**	41%	41%	34%	37%	36%	34%	40%	44%
I think we might be able to make a small reduction in our household's water consumption	**55%**	56%	52%	55%	53%	56%	59%	60%	51%
We probably could make big reductions in our household's water consumption	**6%**	3%	6%	7%	5%	7%	6%	-	5%
Don't know	**2%**	-	1%	4%	4%	1%	2%	-	-

* Small base size (Dour, 54; Brett, 45)

Overall, customers do not know very much about Affinity Water, as shown in Figure 3. Seven in ten (70%) say they know little or nothing about the water company; 54% say they do not know very much and a

further 16% say they know *nothing at all*. The oldest group of customers are more likely than average to say they know not very much about Affinity Water, with 65% of 55-75 year olds saying this. A quarter (25%) say they know a fair amount about Affinity Water and 4% say they know a great deal.

Figure 3: How much, if anything, would you say you personally know about Affinity Water?



Base: 1 000 adults aged 1 6-75 from across the Affinity Water customer areas

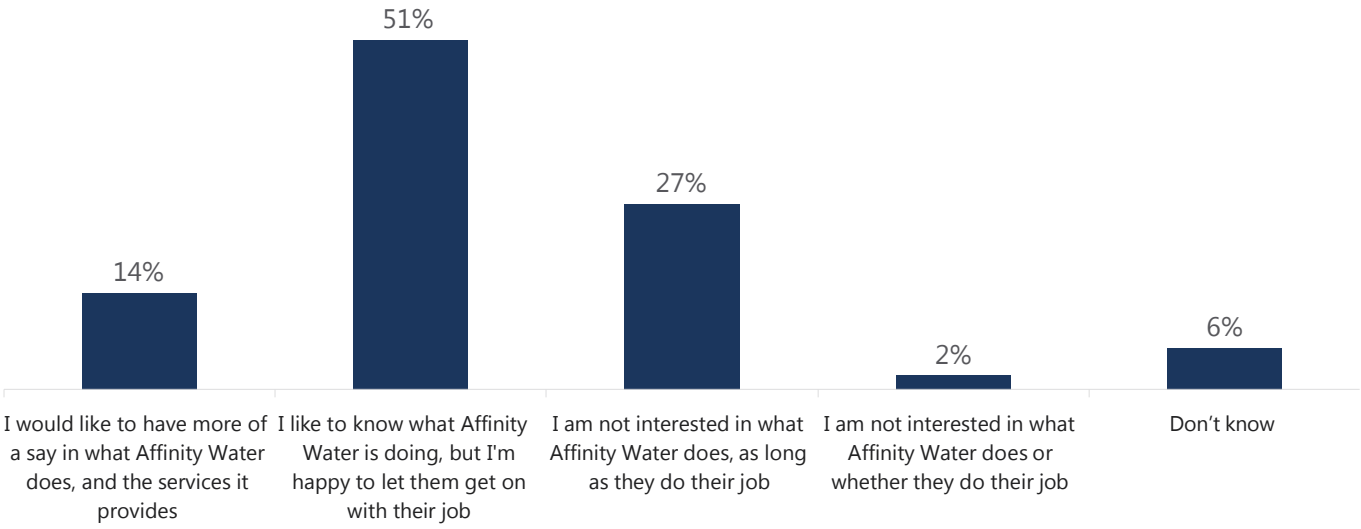
Q7. How much, if anything, would you say you personally know about Affinity Water?

	Total	WRZ 1 – Misbourne	WRZ 2 – Colne	WRZ 3 – Lee	WRZ 4 – Pinn	WRZ 5 – Stour	WRZ 6 – Wey	WRZ 7 – Dour*	WRZ 8 – Brett*
A great deal	**4%**	5%	1%	4%	5%	3%	2%	5%	2%
A fair amount	**25%**	19%	25%	26%	26%	33%	22%	24%	15%
Not very much	**54%**	55%	67%	50%	49%	49%	59%	56%	64%
Nothing at all	**16%**	20%	7%	19%	18%	12%	17%	16%	17%
Don't know	**1%**	1%	1%	1%	2%	3%	-	-	2%

* Small base size (Dour, 54; Brett, 45)

Generally, customers have some interest in what Affinity Water does. Sixty five per cent say they are interested about the service provided by their water company, with 14% wanting to be more involved in the company's decision-making process. This rises to 17% of men, 18% of those aged 16-34 and 19% of BME customers. One in four (27%) say they have no interest in what Affinity Water does but only 2% have no interest in what the company does and whether they do their job.

Figure 4: Which of these statements comes closest to your own attitudes towards Affinity Water?



Base: 1000 adults aged 16-75 from across the Affinity Water customer areas

Q8. Which of these statements comes closest to your own attitudes towards Affinity Water?

	Total	WRZ 1 – Misbourne	WRZ 2 – Colne	WRZ 3 – Lee	WRZ 4 – Pinn	WRZ 5 – Stour	WRZ 6 – Wey	WRZ 7 – Dour	WRZ 8 – Brett
I would like to have more of a say in what Affinity Water does, and the services it provides	**14%**	15%	13%	13%	17%	11%	13%	13%	9%
I like to know what Affinity Water is doing, but I'm happy to let them get on with their job	**51%**	52%	52%	52%	48%	49%	57%	54%	51%
I am not interested in what Affinity Water does, as long as they do their job	**27%**	31%	28%	27%	24%	35%	24%	23%	25%
I am not interested in what Affinity Water does, or whether they do their job	**2%**	1%	3%	*	3%	-	3%	2%	7%
Don't know	**6%**	1%	4%	8%	9%	5%	4%	3%	7%

* Small base size (Dour, 54; Brett, 45)

2.2 Draft Water Resources Management Plan

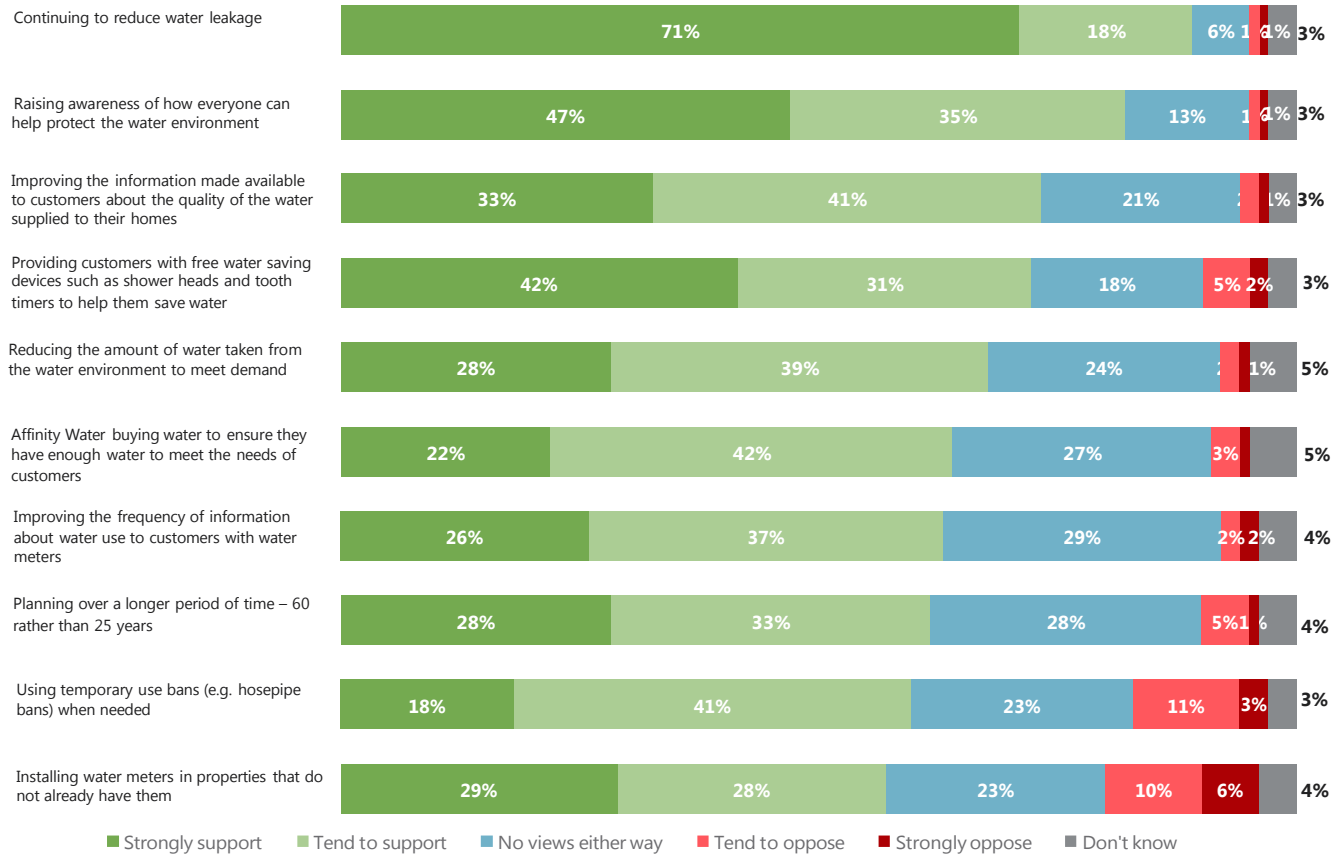
Figure 5 shows that customers are broadly positive about the different proposals offered in the dWRMP; they tend to support rather than oppose these, although the level of support varies from nine in ten (89%) in favour of the most popular proposal down to 57% for the least popular one.

Customers are most supportive of Affinity Water continuing to find ways to reduce water leakage with nine in ten customers (89%) supporting this. Seven in ten (71%) strongly support this – the strongest feeling of support for any of the listed initiatives.

The next most popular proposals were raising awareness of how everyone can help protect the water environment, with 82% support for this, followed by three-quarters support for improving the information available to customers about the quality of water supplied to their homes (74%), and providing customers with free water saving devices (73%).

In contrast, a *relatively* small, three in five (59%) customers support hosepipe bans. Only 18% strongly support this initiative, the lowest of all the proposals in the dWRMP. However, the least supported proposal is installing water meters in properties that do not already have them suggesting that some customers want some control and choice. Still, over half (57%) of customers are in favour of the extension of compulsory metering, and the margin of support to opposition is two to one.

Figure 5: Affinity Water's dWRMP includes the following proposals. Please indicate the extent to which, in principle, you support or oppose each one.



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Customers who have water meters and those in the 35-54 age category are more likely than other age groups to strongly support Affinity Water using hosepipe bans, with 21% of metered customers and 23% of middle-aged customers supporting this, compared with 16% and 15% respectively of the youngest and oldest groups of customers.

Around a third (32%) of the youngest customers and those with meters also tend to support installing water meters in properties without one, compared to 28% who think this overall. In addition, 16-34 year olds (46%), those living in rented accommodation (who tend to be younger) (49%) and customers in receipt of benefits (47%) were all more likely than average to strongly support being given free water saving devices such as shower heads and tooth timers to help them save water.

2.3 Specific aspects of the dWRMP

The next few sections discuss customer opinions on different options currently being considered by Affinity Water. This includes questions on reducing water leakage, taking less water from the environment, reducing the chance of severe drought and decreasing the amount of water used by customers. Within preambles to each question, survey participants were provided with the approximate cost associated with each proposed option. These questions were rotated to reduce any 'order effects'.

Customers were also given the following background information about the dWRMP as an introduction to this section of the survey:

> ***We have provided the approximate cost for each option. These were Affinity Water's estimates and were shown as the additional amount each household could pay every year.***
>
> ***Because Affinity Water provides around 1.4 million households with water every day, the increase in bills for all customers will be required to fund different aspects of the Water Resources Management Plan over the entire period, up to 2080.***
>
> ***The estimated increases are for the part of customers' bills that relate to water resources. Whether bills increase will depend on what else Affinity Water decides to do and what it includes in its overall Business Plan.***

The following table was also shown to ensure that participants were made aware of the current average bill for clean water. It was also designed to indicate the number of options to be covered, the main areas of their focus and, in overview, their respective impacts on average household bills every year until 2080. The average bill amount was fixed at the top of the screen for each question within this section of the questionnaire. (A full questionnaire is included in our Appendices.)

	Proposed approximate increases per household bill every year until 2080 (The average bill for each household is £167 per year)	
Reduce water leaks	Option 1	**£2.10**
	Option 2	**£3.80**
Take less water from the environment	Option 1	**£0.90**
	Option 2	**£1.30**
Reduce chance of severe drought	Option 1	**£3.00**
	Option 2	**£4.20**
Reduce water use by customers	Option 1	**£2.40**
	Option 2	**£3.70**
	Option 3	More than **£3.70**

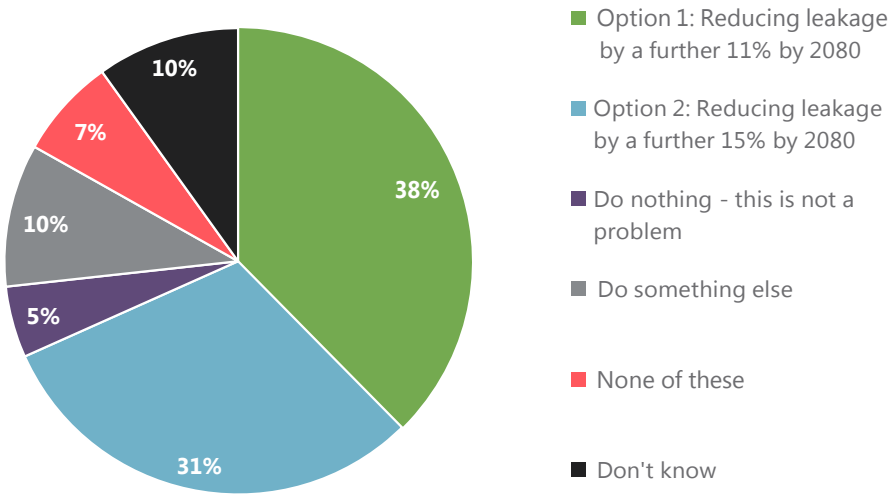
2.4 Reducing water leakage

Customers were given the following background information about water leakage before being asked a question about specific options:

> ***To tackle water leakage Affinity Water must consider the cost of finding and repairing leaking pipes (and the impact on traffic disruption) compared to the cost of producing and delivering water from other sources.***
>
> ***By 2020 Affinity Water will have reduced the amount of water that leaks from their system by 14%. Affinity Water is planning to reduce leakage further by 2080. This will require investment and may mean an increase in the water bills paid by customers.***
>
> ***And were given the following two options to choose from:***
>
> ***Option 1: Reducing leakage by a further 11% by 2080. This would mean approximately £2.10 being added to the average household bill every year until 2080.***
>
> ***Option 2: Reducing leakage by a further 15% by 2080. This would mean approximately £3.80 being added to the average household bill every year until 2080.***

Of the two options given to reduce leakage, more customers prefer the first; as Figure 6 below shows, 38% prefer Option 1 compared to 31% who chose the more expensive Option 2. However, one in three customers (32%) still chose one of the other options – that is one of: 'do nothing' (5%), 'do something else' (10%), 'none of these' (7%) or don't know (10%) – meaning that neither of the two specific options received a majority of the vote.

Figure 6: Affinity Water is considering two main options (1 and 2 below) to deal with leakage. Which of these do you prefer, or would you prefer another option?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

As the following table shows, customers aged 16-34 are more likely than average to support Option 1 with 48% preferring this option compared to 38% of customers overall.

Q10. Which of these plans for dealing with leakage do you prefer, or would you prefer another option?

	Option 1 – Reducing leakage by a further 11% by 2080. This would mean approximately £2.10 being added to the average household bill every year until 2080	Option 2 – Reducing leakage by a further 15% by 2080. This would mean approximately £3.80 being added to the average household bill every year until 2080	Do nothing – this is not a problem	Do something else	None of these	Don't know
Total	**38%**	**31%**	**5%**	**10%**	**7%**	**10%**
Male	34%	29%	6%	13%	8%	9%
Female	41%	31%	4%	8%	5%	11%
Age 16-34	48%	29%	6%	3%	4%	10%
Age 35-54	34%	30%	5%	12%	6%	12%
Age 55 -75	34%	32%	4%	13%	9%	8%
Have Meter	38%	33%	5%	10%	6%	7%
No meter	38%	30%	5%	10%	7%	10%
White	39%	30%	5%	10%	6%	9%
BME	34%	31%	8%	7%	7%	13%
Main bill payer	38%	30%	6%	11%	8%	8%
Not the main bill payer	38%	32%	5%	8%	5%	13%
1 - Misbourne	30%	37%	4%	18%	5%	5%
2 - Colne	35%	27%	4%	14%	10%	10%
3 - Lee	38%	32%	7%	6%	6%	11%
4 - Pinn	41%	28%	4%	8%	5%	14%
5 - Stour	44%	30%	6%	10%	3%	7%
6 - Wey	35%	36%	6%	9%	8%	7%
7 – Dour*	36%	24%	5%	13%	13%	9%
8 – Brett*	47%	22%	8%	4%	7%	12%

* Small base size (Dour, 54; Brett, 45)

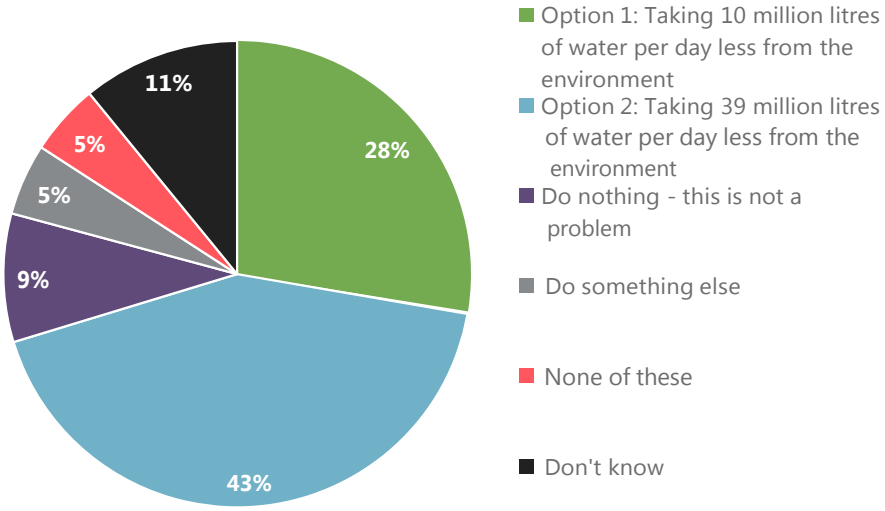
2.5 Taking less water from the environment

Customers were given the following background information about taking less water from the environment:

> ***Most of the water supplied by Affinity Water comes from the chalk aquifer (porous underground rock where water is stored). Affinity Water needs to take less water from this source in the future in order to protect the environment (rivers and streams) and the water supply, while also ensuring Affinity Water has enough water to meet their customers' demands. The cost of leaving more water in the environment will require investment by Affinity Water in other sources of water and may mean an increase in the water bills paid by customers.***
>
> ***Affinity Water is considering two main options (1 and 2 below) when planning for the long-term:***
>
> ***Option 1: Taking 10 million litres of water per day less from the environment than at present. This would mean approximately £0.90 being added to the average household bill every year until 2080.***
>
> ***Option 2: Taking 39 million litres of water per day less from the environment than at present. This would mean approximately £1.30 being added to the average household bill every year until 2080.***

Despite the additional cost, customers prefer Option 2 compared to Option 1, with over four in ten (43%) choosing this, compared to less than three in ten (28%) for Option 1. However, the difference for the average bill between these two options is only 40p compared to £1.70 for the previous question on leakage which is likely to explain why the additional cost does not seem to be a key factor for customers when choosing between these two options.

Figure 7: Affinity Water is considering two main options (1 and 2 below) when planning for the long-term. Which of these do you prefer, or would you prefer another option?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Home-owners are more likely to support the more expensive Option 2, with 45% of home-owners supporting this option compared to 38% of renters. Some Affinity Water areas are also relatively more likely to support Option 2 than others, in particular, Misbourne (51%) and Wey (50%).

Q11. Which of these long-term environmental protection options do you prefer, or would you prefer another option?

	Option 1 – Taking 10 million litres of water per day less from the environment than at present. This would mean approximately £0.90 being added to the average household bill every year until 2080	Option 2 – Taking 39 million litres of water per day less from the environment than at present. This would mean approximately £1.30 being added to the average household bill every year until 2080	Do nothing – this is not a problem	Do something else	None of these	Don't know
Total	**28%**	**43%**	**9%**	**5%**	**5%**	**11%**
Male	27%	40%	11%	6%	6%	10%
Female	29%	45%	7%	4%	4%	11%
Aged 16-34	31%	45%	8%	1%	5%	12%
Aged 35-54	27%	43%	8%	6%	5%	11%
Aged 55-75	27%	41%	10%	7%	6%	10%
Have Meter	30%	44%	8%	6%	4%	8%
No meter	27%	43%	9%	3%	6%	11%
White	28%	43%	9%	5%	5%	10%
BME	28%	40%	7%	3%	8%	14%
Main bill payer	29%	41%	10%	5%	7%	8%
Not the main bill payer	27%	45%	7%	4%	3%	14%
1 - Misbourne	20%	51%	9%	6%	7%	6%
2 - Colne	33%	40%	6%	5%	7%	9%
3 - Lee	31%	41%	6%	4%	2%	16%
4 - Pinn	28%	39%	8%	4%	7%	14%
5 - Stour	27%	44%	16%	2%	3%	8%
6 - Wey	23%	50%	12%	5%	4%	6%
7 – Dour*	35%	38%	5%	5%	8%	9%
8 – Brett*	30%	45%	6%	9%	2%	8%

* Small base size (Dour, 54; Brett, 45)

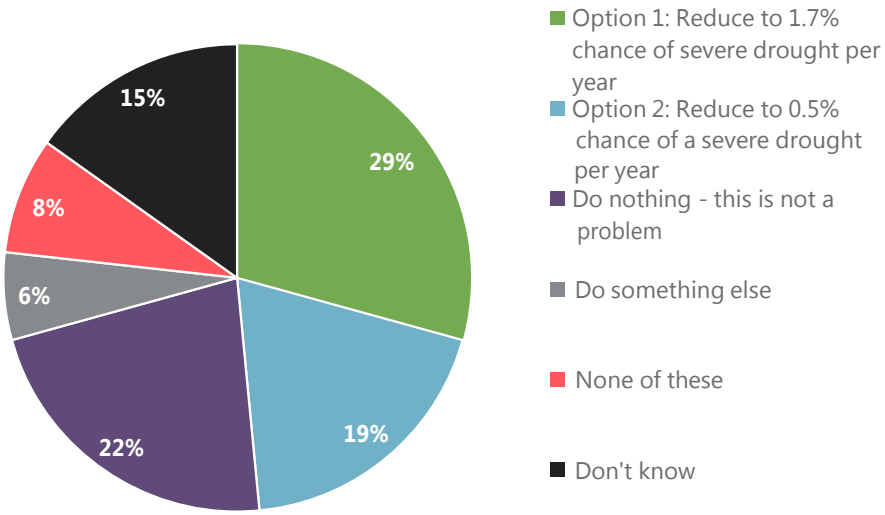
2.6 Reducing the chance of severe drought

Customers were given the following background information about droughts:

> ***Drought can have an impact on the environment and this may become more noticeable as a drought becomes more severe. In a severe drought, Affinity Water may apply to the Environment Agency to take additional water from the environment, including rivers and streams. This can extend the amount of time it takes for the river to recover after the drought has ended.***
>
> ***Currently, Affinity Water estimate that there is a 2.5% (a 1 in 40) chance every year that they will need to apply to take additional water.***
>
> ***Affinity Water is considering two main options when planning for the long-term (1 and 2 below). Both these options will require investment by Affinity Water and may mean an increase in the water bills paid by customers:***
>
> ***Option 1: Moving from a 2.5% (1 in 40) chance of a severe drought every year to a 1.7% (1 in 60) chance. This would mean approximately £3.00 being added to the average household bill every year until 2080***
>
> ***Option 2: Moving from a 2.5% (1 in 40) chance of a severe drought every year to a 0.5% (1 in 200) chance. This would mean approximately £4.20 being added to the average household bill every year until 2080***

Three in ten customers (29%) prefer Option 1 compared with two in ten (19%) who prefer Option 2. However, half (51%) say they would prefer another option than the two specific options given. Just over two in ten (22%) say that Affinity Water should do nothing because they do not think this is a problem, a further 14% suggest doing something else or none of these and the remaining 15% say they do not know.

Figure 8: Which of these options (1 and 2) do you prefer, or would you prefer another option?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

As in previous questions, women and younger customers were more likely to support the cheaper Option 1, with 32% and 34% respectively preferring this option compared to 26% of men and 27% of older customers. In addition, one in ten (10%) of the older cohort (aged 55-75) say that Affinity Water should do something else other than the options presented here, much higher than the 3% and 6% of 16-34 and 35-54 year olds.

Q12. Which of these long-term water sourcing plans do you prefer, or would you prefer another option?

	Option 1 – Moving from a 2.5% (1 in 40) chance of a severe drought every year of to a 1.7% (1 in 60) chance. This would mean approximately £3.00 being added to the average household bill every year until 2080	Option 2 – Moving from a 2.5% (1 in 40) chance of a severe drought every year of to a 0.5% (1 in 200) chance. This would mean approximately £4.20 being added to the average household bill every year until 2080	Do nothing – this is not a problem	Do something else	None of these	Don't know
Total	**29%**	**19%**	**22%**	**6%**	**8%**	**15%**
Male	26%	20%	26%	7%	9%	12%
Female	32%	19%	19%	6%	8%	16%
Aged 16-34	34%	24%	20%	3%	6%	13%
Aged 35-54	27%	20%	20%	6%	8%	18%
Aged 55-75	27%	13%	26%	10%	10%	13%
Meter	31%	19%	22%	7%	9%	12%
No meter	29%	20%	24%	5%	8%	14%
White	30%	18%	23%	7%	8%	13%
BME	26%	23%	18%	5%	7%	20%
Main bill payer	28%	19%	26%	7%	9%	11%
Not the main bill payer	31%	20%	19%	5%	7%	19%
1 - Misbourne	25%	22%	25%	9%	6%	13%
2 - Colne	32%	18%	22%	9%	10%	9%
3 - Lee	32%	15%	21%	6%	10%	16%
4 - Pinn	30%	19%	20%	5%	7%	19%
5 - Stour	29%	26%	21%	3%	5%	16%
6 - Wey	27%	22%	26%	6%	10%	9%
7 – Dour*	29%	17%	22%	8%	11%	13%
8 – Brett*	23%	15%	28%	10%	3%	21%

* Small base size (Dour, 54; Brett, 45)

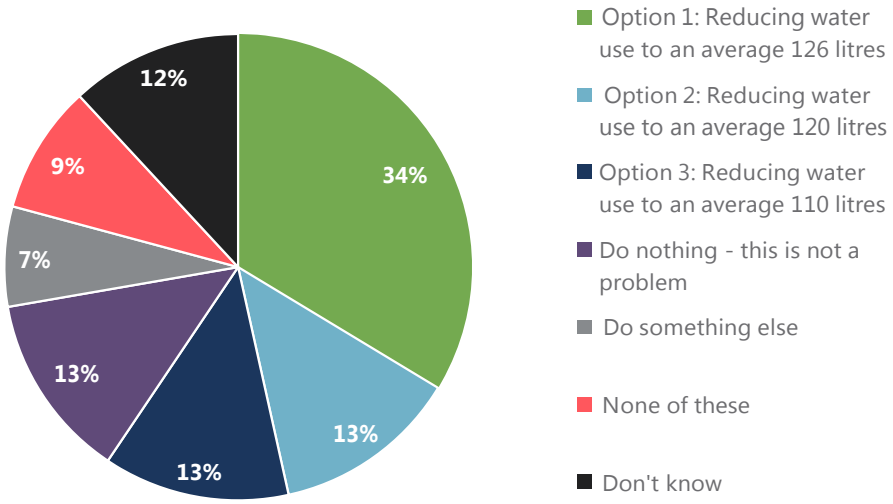
2.7 Reduce water use by customers (PCC)

Customers were given the following background information about the amount of water used by per capita:

> ***At present, Affinity Water's customers use an average of 160 litres per person per day compared to the national average of 141 litres.***
>
> ***Affinity Water is considering three main options when planning for the long-term. These involve taking steps to encourage customers to use less water.***
>
> ***Option 1: Reducing water use to an average 126 litres. This would mean approximately £2.40 being added to the average household bill every year until 2080. It would be done through existing plans to save water.***
>
> ***Option 2: Reducing water use to an average 120 litres. This would mean approximately £3.70 being added to the average household bill every year until 2080. It would be done by providing customers with more frequent information about their water use.***
>
> ***Option 3: Reducing water use to an average 110 litres. This would mean an amount more than £3.70 being added to the average household bill. It would be done through financial support and working in partnership with government, regulators and local organisations.***

One in three customers (34%) prefer Option 1, compared with one in four (26%) who chose either Option 2 or Option 3 (both 13%). Around four in ten (41%) of all customers surveyed chose none of the three options, with a substantial amount choosing to do nothing (13%) or saying they do not know (12%). While none of the three options was able to attract a majority of customers, option one was the most popular.

Figure 9: Which of these options (1, 2 and 3 below) do you prefer, or would you prefer another option?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Customers aged between 16 and 34 or whose who do not have a meter were more likely to choose Option 1, with around four in ten (39%) of these customers choosing this option. There are also differences of opinion between the different areas, such as customers in Colne (42%) who are much more likely than other areas to support Option 1.

Q13. Which of these long-term water consumption plans do you prefer, or would you prefer another option?

	Option 1 – Reducing water use to an average 126 litres. This would mean approximately £2.40 being added to the average household bill every year until 2080.	Option 2 – Reducing water use to an average 120 litres. This would mean approximately £3.70 being added to the average household bill every year until 2080.	Option 3 – Reducing water use to an average 110 litres. This would mean an amount more than £3.70 being added to the average household bill. It would be done through financial support and working in partnership with government, regulators and local organisations.	Do nothing – this is not a problem	Do something else	None of these	Don't know
Total	**34%**	**13%**	**13%**	**13%**	**7%**	**9%**	**12%**
Male	31%	13%	11%	18%	7%	9%	11%
Female	36%	12%	14%	9%	7%	8%	13%
Aged 16-34	39%	15%	16%	10%	3%	8%	10%
Aged 35-54	31%	14%	13%	13%	8%	7%	15%
Aged 55-75	32%	8%	10%	16%	11%	12%	12%
Meter	32%	15%	12%	15%	9%	9%	9%
No meter	38%	10%	14%	11%	6%	8%	13%
White	34%	12%	13%	13%	7%	8%	12%
BME	32%	15%	10%	13%	6%	11%	13%
Main bill payer	32%	13%	11%	16%	8%	10%	10%
Not the main bill payer	36%	12%	15%	9%	6%	6%	16%
1 - Misbourne	29%	15%	21%	12%	12%	5%	6%
2 - Colne	42%	8%	11%	10%	10%	8%	11%
3 - Lee	35%	15%	8%	9%	7%	12%	14%
4 - Pinn	31%	12%	12%	13%	5%	10%	17%
5 - Stour	34%	15%	14%	17%	3%	6%	11%
6 - Wey	30%	12%	19%	17%	9%	5%	8%
7 – Dour*	41%	16%	5%	11%	8%	8%	11%
8 – Brett*	36%	5%	13%	20%	4%	9%	12%

* Small base size (Dour, 54; Brett, 45)

Throughout these questions on specific aspects of the dWRMP, between 10-15% of participants answered 'don't know' and 5-10% made a suggestion to 'do something else'. These suggestions were similar across all of the questions and included the following:

- acting quicker to resolve leaks,
- delivering better maintenance of pipes/supply network,
- buying in extra water,
- using sea water and building desalinisation plants,
- reducing customers' bills and overall Affinity Water profits.

Customers also strongly suggest that Affinity Water bears some if not all of the cost of making these improvements rather than passing this financial burden on to bill payers.

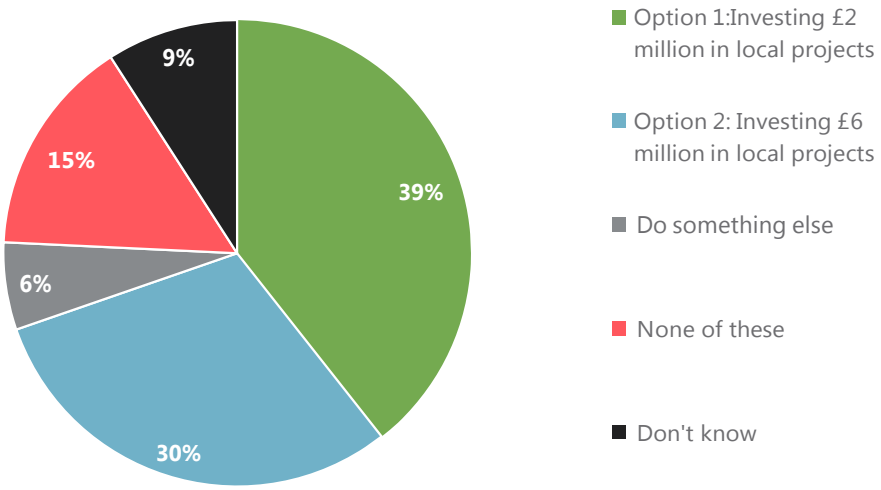
2.8 Environmental pilots

Customers were given the following background information and options before being asked a question about investment in environmental pilots:

> ***As part of this, Affinity Water is considering running a number of local projects during 2020-2025. These would be designed to test new approaches to helping customers reduce the amount of water they use, enabling Affinity Water to apply what works to all areas. Examples include working in partnership with schools to help them better understand and reduce their water use and to educate pupils about water use, working with community groups, housing associations, planners and developers to develop more water efficient homes.***
>
> ***Option 1: Investing £2 million in local projects. This would mean approximately £0.29 per year being added to the average household bill every year until 2025***
>
> ***Option 2: Investing £6 million in local projects. This would mean approximately £0.86 per year being added to the average household bill every year until 2025***

Figure 10 shows that around four in ten (39%) prefer Option 1 involving investing £2 million, while three in ten (30%) prefer Option 2 of Affinity Water investing £6 million. The remaining three in ten (30%) think that Affinity Water should either do something else (6%), do none of these (15%), or say they do not know (9%).

Figure 10: Which, if any, of these options (1 and 2 below) do you prefer, or would you prefer another option?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Women are more likely than average (45%) to choose Option 1 for this question along with customers in certain regions, including Misbourne (42%), Colne (45%) and Lee (44%).

Q14. Which option for helping customers reduce the amount of water they use do you prefer or would you prefer another option?

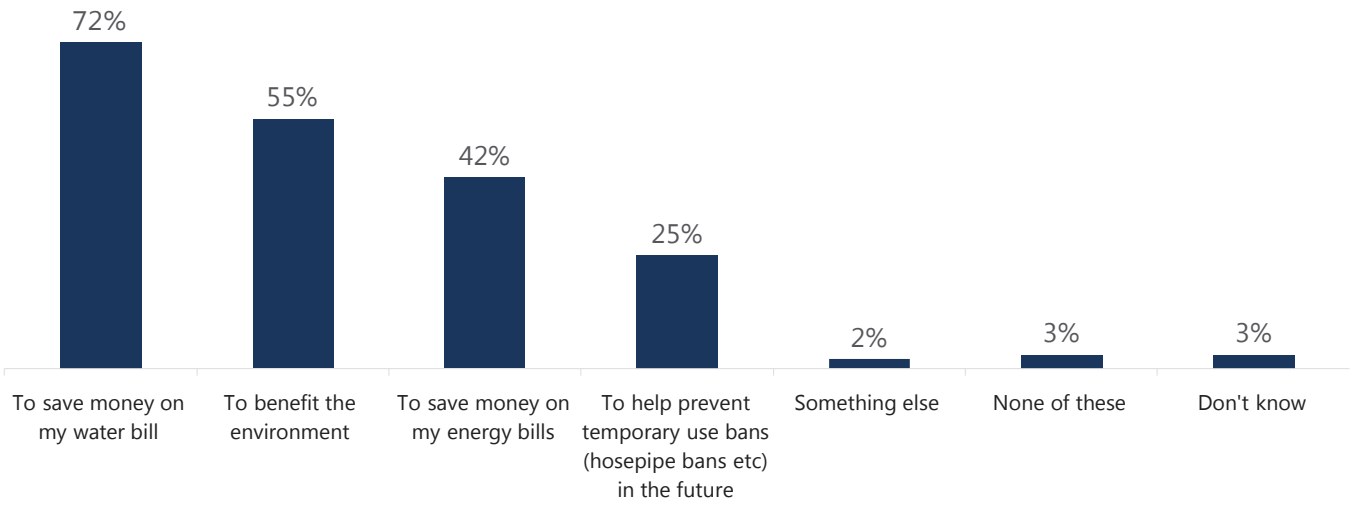
	Option 1 – Investing £2 million in local projects. This would mean approximately £0.29 per year being added to the average household bill every year until 2025	Option 2 – Investing £6 million in local projects. This would mean approximately £0.86 per year being added to the average household bill every year until 2025	Do something else	None of these	Don't know
Total	**39%**	**30%**	**6%**	**15%**	**9%**
Male	32%	32%	8%	18%	9%
Female	45%	29%	4%	13%	9%
Aged 16-34	43%	34%	2%	11%	10%
Aged 35-54	39%	29%	5%	17%	9%
Aged 55-75	37%	28%	10%	18%	7%
Meter	42%	29%	7%	15%	7%
No meter	39%	31%	6%	16%	9%
White	39%	30%	7%	16%	8%
BME	43%	30%	2%	11%	14%
Main bill payer	39%	31%	6%	17%	7%
Not the main bill payer	40%	29%	6%	14%	11%
1 - Misbourne	42%	27%	6%	19%	5%
2 - Colne	45%	24%	10%	17%	4%
3 - Lee	44%	21%	5%	16%	13%
4 - Pinn	36%	33%	4%	14%	12%
5 - Stour	40%	34%	3%	14%	8%
6 - Wey	36%	39%	5%	15%	5%
7 – Dour*	27%	41%	11%	14%	7%
8 – Brett*	41%	32%	6%	13%	8%

* Small base size (Dour, 54; Brett, 45)

As Figure 11 shows below, according to customers, and choosing from a list, the biggest incentive to use less water would be savings on water bills. Around three in four (72%) chose this option, rising to 77% of 35-54 year olds.

This is followed by over half (55%) who are motivated by environmental benefits (and 63% of 16-34 year olds). Those who did not have a meter or who were not the main bill payer are also more likely (than average) to say they would be motivated to use less water to benefit the environment, 58% and 59% respectively compared to 55% overall. Saving money on energy bills more generally is also a motivator for using less water with four in ten (42%) selecting this reason, followed by one quarter (25%) saying avoiding hosepipe bans would encourage them.

Figure 11: Which, if any, of the following would motivate <u>you personally</u> to use less water?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Three per cent say that none of these reasons would personally motivate them to use less water a with a further two per cent stating they would be motivated by 'something else'. These other reasons range from better water meters (as with energy meters) so customers can monitor usage more immediately. Also mentioned are specific rewards (reduction in their bills / discounts) for customers who chose not to use a lot of water.

"Better access-visibility of the water meters much like energy companies so you can see the cost of water either by use or time of day."

"Reward households who don't overuse water."

In contrast, other customers say they do not need the lure of rewards in order to want to reduce their personal water consumption; they simply feel they are morally obligated to safeguard water supplies for future generations. These customers also acknowledge the relative abundance of water available in the UK in comparison to other parts of the world and so they felt they should be prepared to do more.

> ***"Knowing I'm doing my bit to help ensure there is less wastage and ensuring water for the rest of the world and future generations"***
>
> ***"Remembering that some people in other parts of the world don't have the luxury of the good water supply that we have in this country."***

Some customers also noted that they are already using the minimum amount possible so do not feel they can do anymore to reduce their water usage.

> ***"There is not much more I can do."***

2.9 Ways in which customers could be encouraged to use less water

Customers suggested several ideas about how people could reduce their water consumption, including ways Affinity Water could help and how customers themselves could reduce their water usage. For example, Affinity Water and other water companies could install more water meters to make sure everyone has a water meter to help monitor their own usage. This would help make people more aware of their water usage and potentially mean they are more likely to take steps to reduce their consumption.

> ***"Make people more aware of how much water they use."***

This could be supplemented by more awareness raising through education, communication and sharing of information. For example, customers suggested that leaflets or flyers could be sent on a periodic basis providing suggestions about how to reduce water.

Financial incentives were also mentioned. Some suggested that people should be fined for using too much water or that incentives should be given if usages decreases over time. There were mixed views regarding the impact of the price of water, with some saying bills should increase to encourage people to use less water whereas others would be more motivated to save water through cheaper prices.

> ***"Give a bonus discount (say £5 off bill) if water usage goes down between meter reading cycles."***

Customers also wanted to see Affinity Water fixing leaks quicker so as not to waste water unnecessarily.

> ***"[Affinity Water should] repair all leaks within a number of hours of notification."***

There are also ways in which customers could reduce their personal and household consumption of water, mainly by changing daily habits relating to washing, laundry, cooking and gardening. For example, customers suggested that people could wash themselves less in general, take quicker showers and have a higher proportion of showers to baths. Customers also suggested that the toilet could be flushed less often and that taps should not be left on when doing tasks such as cleaning teeth.

> ***"Turn the tap off when you brush your teeth."***

Proving free water butts or other water saving devices could also be useful as well as using quicker cycles on washing machines, doing less laundry and only washing up the dishes once a day.

> ***"Wash up only once a day."***

Customers also suggested that savings could be made outside as well as in the house, for example by catching rainwater or recycling water to use to water the garden, avoiding or banning hosepipes or limiting their use for example by implementing a day a week where nobody used a hosepipe.

> ***"Have a dry day once a week during the summer where nobody uses a hosepipe."***

2.10 Other suggestions about how to manage water supply and meet demand in the future

We also received some suggestions about improving customer service in order to help Affinity Water better manage the water supply and meet demand in the future. For example, better maintenance could be done, including being more efficient and proactive at fixing leaks and replacing old piping. In addition, customers felt that Affinity Water should be more helpful and responsive when people ask for water meters to be installed in their homes.

> ***"I have been trying to get a water meter for over 10 years. Affinity Water have been so inefficient that now I have to have it installed inside my property…There is no space to put a meter. Had they done their job properly initially, I would have had an outside meter installed many years ago."***

Customers would appreciate if Affinity Water had better long-term planning including more frequent communication, better education for customers and giving them advance warning of potential shortages in supply. Customers would also like better information on how to save water and to receive free water saving devices from Affinity Water to help them to reduce their usage.

In addition, customers thought that hosepipe bans should be used and heavy fines should be implemented for those breaking water restrictions.

Ultimately whilst customers acknowledge that there are multiple actions that both Affinity Water and individual customers can take to save water, the issue also needs to be tackled at a national level by the Government.

"Not all topics in the survey are Affinity Water's responsibility. A lot more can be done at the national governmental level."

3 Qualitative research findings

3.1 Context

- Customers give little thought to water supply
- There is low awareness of Affinity Water and some confusion about services provided
- Positive feedback for Affinity Water service but leaks are a very visual sign of underperformance
- Participants welcomed being consulted and found the pre-task draft plan information helpful. However, there is uncertainty over the value of providing feedback and some fears about bill rises
- Supply and demand factors caused confusion particularly as there is a perception there is enough water for everyone

Participants did not think about water in any detail with clean drinking water assumed to be always available when they turn on the tap. When compared to gas and electricity, participants felt they had less control over water. In particular, knowledge of usage was the area where participants had lower awareness and control due to the difficulties involved in reading a water meter and the lack of smart metering.

> ***"I don't think too much about it. I turn on the tap and expect water to come out. It always has done and it has always been drinkable or good for what I need it for."***
>
> *Edgware, 35-54, C2DE*

Overall, customers had little awareness of who Affinity Water are and what they do beyond supplying water and bills. Customers had little interaction with Affinity Water apart from receiving bill payments and pipe insurance, leading to a sense that Affinity Water feels removed from customers. This was not perceived as negative, but towards the end of discussions customers expressed an interest in receiving more information from Affinity Water, especially around ways to save water.

Older participants drew on memory to mention "previous company" names of Veolia and Lea Valley and awareness that sewerage was a separate service was more pronounced. When asked about Affinity Water, older participants mentioned awareness of plans in place in install meters. Within younger groups there was confusion and uncertainty over whether Affinity Water were responsible for waste water services and also over whether customers were able to change water supplier. Customers had little knowledge of the different Affinity Water areas. The was most marked in Folkestone where there was no awareness that Affinity Water operated outside of the Folkestone/Dover area.

"I don't have a water meter, and my water bill is included in my rent, so I don't have any contact with them. I don't think I've had a letter from them."

Stevenage, 55+, C2DE

Overall, customers have a positive opinion of Affinity Water feeling, on reflection, that they are "doing a good job" of supplying clean water. Customers who had contacted Affinity Water after moving house or to check a bill amount felt they were friendly, helpful, and provided enough information to resolve the query. Customers who had taken part in Affinity Water water-saving checks or activities found them to be very beneficial, however other customers were not aware of such services and expressed a desire to take part.

"I did a water-saving exercise with them a year ago. I'm water-conscious, and found this scheme on their website. You got lots of things for free which would slow down the flow so you didn't use as much water. There were things to go on taps, in the toilet, and in the shower. It was really interesting. I enjoyed doing it."

Stevenage, 55+, C2DE

When talking about Affinity Water, customers mentioned everyday issues that impacted them; the price of bills, the difficulty making sense of billing units and hard water were mentioned. Negative feedback about Affinity Water in general is focused on leaks. Leaks are seen as a very visible sign of "under-performance" with customers feeling Affinity Water are not managing their resources well enough meaning water is being wasted.

3.2 Reaction to dWRMP

- Customers welcomed the opportunity to engage and provide feedback to Affinity Water and liked that Affinity Water have produced a future plan that addresses challenges sustainably
- However, they questioned the value of their feedback as they felt the plan had already been decided on and customers felt they lacked the expertise to make these decisions
- Customers felt they were supplied with enough detail for them to understand the plans and overall felt it was informative but in some areas, such as leakage they would have liked more detail

Overall, customers welcomed the opportunity to engage and provide feedback to Affinity Water given that they currently had little contact. Having a choice and options that are clear to customers and in simple language are important, especially when customers are made aware Affinity Water is a monopoly. Customers liked that Affinity Water have produced a future looking plan that addresses challenges in a sustainable way especially given the growing population. The extracts of the plan provided to

participants was felt to be comprehensive given it was planning until 2080, and yet also reviewed every five years.

Customers felt uncertain about the value of their feedback and providing this to Affinity Water. This was characterised by two views: one that plans has already been decided on, and the other that customers felt they lacked the expertise to make these decisions and were content for the experts (regulators) to decide on their behalf.

> ***"Is it relevant what we think? Although we have a legislative structure where you have to consult, 90% of the time they already know what the outcome will be when going into it."***
>
> *Edgware, 35-54, C2DE*

Overall, customers felt that what they had been supplied contained enough detail for them to digest without becoming overwhelming and irrelevant. The language was generally considered clear and concise, and the less text-heavy maps and infographics for each theme made the information easier to digest.

Customers felt the plan was informative and they learnt more about Affinity Water from reading the pre-task. In particular, customers were surprised to learn the size of the area that Affinity Water covered was much larger than expected. This led to conversations about the importance of educating customers to save water and the benefits of metering. However, this did lead to an assumption that problems lay elsewhere as their area has "lots of water". There was also a lack of awareness of the level of regulation involved with customers surprised at the number of regulators involved. These learnings informed and shaped customers' perceptions of the key themes discussed in the groups.

> ***"I was surprised at how seriously we have to take water. I had no idea. We get so much rain in the UK so I didn't realise it was a big deal."***
>
> *Stevenage, 18-34, ABC1*

Customers suspected the draft plan and consultation were merely processes to prepare customers for a rise in the price of water bills. Therefore, there was a level of suspicion with customers wanting to know if Affinity Water was obligated to create the draft plan by regulators or third-parties.

> ***"I wondered who had been consulted how many people had given feedback…what is underlying it? Is it a warning that we are going to have to pay more?"***
>
> *Stevenage, 55+, C2DE*

In some areas of the plan, customers would have liked more detail, especially for leaks in the "challenging the issues we face" section. Customers wanted to know what Affinity Water is doing to improve infrastructure, e.g. reducing leaks by installing new pipes as reducing leaks is very important. Finally, the naming convention of Affinity Water supply areas - the WRZs - caused confusion. Customers were not aware of local rivers names so the supply area names lacked meaning.

3.2.1 Supply and demand

Water supply and demand was not something customers had previously thought about. This made it difficult for customers to differentiate between the two when asked what factors can impact them. When asked, customers thought that water is sourced from reservoirs, from the ground and by reusing water. Climate change and leaks were thought to impact supply with an increase in population seen as the main factor impacting impact demand. Customers felt that demand is easier to impact than supply as individuals can control how much water they use or Affinity Water could control how much water is supplied to them.

When thinking about water supply, customers generally felt there was enough water for everyone which was a reference point when reviewing the different themes in the draft plan. Also, customers felt unsure how to reduce water usage. Older customers felt they use the minimum amount already and younger customers were unsure of their current water usage levels and how to reduce them.

3.3 General view of key themes

- There was difficulty deciding between proposals and options due to lack of context, the length of the timeframe involved, and the lack of customer relevant context
- Leakage and metering, water efficiency, and consumption were focused on
- Customers recognise the importance of fixing leaks and reducing water usage as beneficial to the environment and to lower bills
- Drought and climate change hard to believe given perception of high rainfall
- Customers questioned the value of their feedback for collaboration and sharing and sustainable abstraction

Participants were presented with a show card summarising the key themes. Between three and four themes were covered in each group with priority focus given to the themes of Metering, Collaboration and sharing, Sustainable abstraction, Leakage, and Drought. This chapter covers participants' reactions to the themes in general, then provides feedback on the themes in more detail.

3.3.1 Lack of context and detail

Overall, when customers were presented with extracts from the dWRMP presented on show cards, they found it difficult to make decisions where a choice between options was to be made. This was due to a lack of supporting information to contextualise the content with participants struggling to understand if

the proposals were better or worse than other companies or even in comparison how Affinity Water is currently performing. This meant that some participants found it hard to engage with the information.

> ***"I read it through once, like I do with most leaflets I get sent by the Council. It was interesting what it said. There was build-up in what was going to be done, but no sense of what has been done so far."***
>
> *Edgware, 35-54, C2DE*

Customers felt the themes lacked customer-friendly measurements that were easy to understand. For example, they found it difficult to understand the measurement of water usage of 160 litres a day. They felt water usage measurements broken down into daily activities like running a bath uses X amount of water vs. a shower were more relevant and would help them better understand usage.

Additionally, when the themes referenced targets, standards, facts and figures, and other water companies but then did not provide any context, this created suspicion, doubt and the sense that Affinity Water were being intentionally vague. For example, customers expected Affinity Water to spell out what their SLAs are, to identify new water resources that are going to be developed, and explain drinking water standards. Finally, when referencing facts and figures, customers wanted to know where they come from as, without this, numbers lacked meaning and credibility.

A lack of detail also made the proposals hard to choose between, with customers feeling Affinity Water were not providing enough information to be held to account. For example, where the themes stated "water quality is constantly monitored" customers wanted more information and proposed the following: "water quality is x% level above the regulator-advised level of y by monitoring at x place with x approach". Customers also felt the use of terms like "consider" in the draft plan, e.g. on the climate change proposal, lacked action and commitment. They wanted to understand and measure Affinity Water's performance and, without clear actions supported by detail, they felt this to be impossible.

> ***"You always prepare business plans in any industry, talking about partnerships and collaboration, but I want to know how many pipes they will repair in the 60 years and what the consequences would be if they don't meet the targets. It's a one-sided process. How can we hold them to account if they don't start achieving what they plan to? There needs to be more transparency."***
>
> *Stevenage, 55+, C2DE*

3.3.2 Timeframe

Customers struggled to relate to the draft plan timeframe with the year 2080 holding no meaning as it will have no impact for them in their lifetime.

> ***"I can't see how it will impact me. It isn't big enough to bother me, so I would pick the lower cost."***
>
> *Stevenage, 18-34, ABC1*

Participants did not understand why 2080 had been chosen. They questioned the reasons for this feeling over such a long time anything could be achieved and that Affinity Water could "hide behind" a target so far into the future. There were questions over accountability, with customers questioning, if the company changes hands or is nationalised during that period, what will happen to the plan. Generally, customers preferred shorter five year plans, they were felt to be more accountable and relevant to them.

> ***"I don't think these things are tangible anyway. You can't make pricing calls now, and I'm sure they won't be held to when the plan is put in place."***
>
> *Edgware, 35-54, C2DE*

3.3.3 Customer impact

Customers felt the proposals should be more relevant to them. They wanted to know how the proposed plan will impact them, e.g. what will be the impact on household bills if Affinity Water does one thing or another? Given that they felt the plan was preparing them for a bill rise, this caused concern among customers. Also, translation of the impact of costs on each household makes the plan more transparent which is important when customers realised they cannot change water suppliers.

> ***"The pages I've read are all good, but it comes down to how much it's costing me, and what the effect it will have on my bills."***
>
> *Folkestone, 55+, C2DE*

Older customers felt the plan is too focused on how the customer should reduce consumption. Many felt they can only reduce consumption further by adopting drastic measures like using the washing machine less. Therefore, they would like to see more on how Affinity Water is reducing leaks by investing in infrastructure. There was a suspicion that money is going to shareholders rather than to fund investments.

"...it's all about the customer doing something, but not what Affinity Water is doing. Tackling issues beyond the customer's control. With a washing machine, you don't have any say over how much water it uses."

Woking, 55+, ABC1

3.3.4 Leakage

Action on leakage resonated strongly with customers, being the most visible sign of poor service and there was a preference to pay more to fix leaks now. However, this was based on the assumption that bills would fall after this investment due to increased efficiency. Also, customers felt investments in new infrastructure could mean sustainable abstraction or protecting the environment would no longer be necessary. Customers questioned paying more to fix leaks. They felt Affinity Water should fund infrastructure upgrades themselves. Customers also felt there has been a lack of previous investment with old pipes mentioned and money going to shareholders instead.

"It says, 'Keeping bills low,' but I'm sure bills will go up a lot before they come down again. Who is going to pay for it? We would expect a reduction in our bills."

Edgware, 35-54, C2DE

Reducing leaks by 11% by 2080 did not seem enough. Customers in Stevenage felt the leakage percentage seemed low compared to their experiences of recent local leaks. Customers preferred the 15% target but were wary about the greater cost and wanted to know how much it would cost per household. Again, the theme lacked detail, with customers wanting to know the national average for leakage across all water companies to see how Affinity Water compared. Again, the numbers involved - £18 million - were too large to be meaningful to customers. To make the proposal more accountable, customers required a cost benefit analysis, e.g. "pay X amount and we will fix X many pipes over X many years." Without this, the proposals seemed unbelievable and too long-term to be relevant.

"That's a staggering amount of water wasted each day. It's almost an impossible task as the network is so large."

Stevenage, 55+, C2DE

3.3.5 Drought

Customers found this theme hard to relate to given the sense of disbelief that drought would be an issue in the UK as there is so much rain. There was a feeling that without supporting evidence the comment about not having enough rain in UK was "silly."

"I don't think you could put this into print. 'What happens if it doesn't rain.' We're all fed up of rain. It's slightly laughable really."

Woking, 55+, ABC1

Customers were also sceptical about how the proposals would be regulated with a focus on temporary hose pipe bans seen as too weak to incentivise anyone to change their water usage. Also, customers did not know how they would monitor water usage and felt that without a meter similar to an electricity smart meter if would be difficult to monitor daily water usage. There was a feeling that Affinity Water needs to highlight the consequences for customer households of what water usage might look like if a drought happens, in order to shock customers into using less water.

"It doesn't seem like the end of the world if you can't wash your car or fill up your paddling pool. In the back of your mind, you also think that no-one is really going to police it. They should scare you more to get attention."

Stevenage, 18-34, ABC1

3.3.6 Metering, water efficiency and consumption

The overall aim of reducing consumption was generally supported and seen as a good idea by customers. However, reducing water usage by a quarter still felt like a large amount of reduction, especially for older groups who already felt they used as much water as they needed.

"I'd have to not have a shower every day. I don't waste water. What do I do? I don't put the washing machine on. I'm puzzled about what I'm going to do."

Woking, 55+, ABC1

Despite this, older groups tended to support the reduction to 110 litres while younger groups supported a cut to 125 litres with all customers hoping this would be a gradual reduction.

In order to reduce consumption, customers wanted help to reduce their water usage with many feeling without this their bills will rise. There was support for metering in Collindale/Edgware and Woking with older customers feeling bills would be lower as they have smaller households and increase awareness of water usage. There was a strong feeling that the responsibility for reducing consumption should not be solely with the customer without help from Affinity Water. Customers felt Affinity Water should provide smart meters, with which customers could see daily usage. Also, better communication of how to obtain water saving devices and easier explanation of water usage on bill, e.g. how many units a bath vs. shower uses and tips to reduce water usage.

"A bit of education about being mindful of how much water your bath might be using. Knowing the figures…can make you more aware."

Edgware, 35-54, C2DE

The current figure of 160 litres per person per day provoked surprise and confusion with customers not knowing how much they used for everyday activities like showering and flushing the toilet. When customers began to unpack their daily water usage they felt it was more reasonable.

"it seems like a ridiculous amount but it's not just food. There's also the washing machine, cooking water, and all of that. I think because you can't envision what 160 litres looks like, it sounds like a large amount."

Folkestone, 55+, C2DE

Customers also challenged the consumption figures, wanting to know how they were calculated and also why other areas were more efficient. In Folkestone and Woking there was the suspicion that consumption was due to leakage, not personal consumption, and therefore an issue in other Affinity Water areas. Customers also questioned how the 110 target had been reached and a need for comparator figures for elsewhere in the country and the county.

"The question about reducing to 110 litres per person, how did they arrive at that figure? On what basis would they like to see that happen? Are they saying 160 is too much because there is wastage and leakage?"

Folkestone, 55+, C2DE

3.3.7 Collaboration and sharing

Customers either found the theme to be an obvious response to dealing with water supply or found it too far removed to have an opinion. They liked the idea of centralised water networks, with comparisons drawn with the national oil pipe network. It was suggested that it would be a good idea to share knowledge and expertise from wherever in the country managed to hit the 110 litres personal consumption target. However, there were concerns that water transportation costs may result in higher bills.

"You could find out the profit and loss on the bill, based on how much they had transported in and what they had been charged for it. That would show a level of competence."

Stevenage, 55+, C2DE

Again, customers felt the theme lacked detail and was too high level. They felt that a lack of information about who the third-parties are could mean Affinity Water are working with commercial companies not other water suppliers. There was confusion about how this would work and concern over the quality of water from elsewhere.

> ***"Why would you want to do business with somebody else who is not a water company? It would be nice to know who these third-party companies are."***
>
> *Stevenage, 55+, C2DE*

Those customers that could not decide on collaboration and sharing options felt they were never going to have enough information to make a decision. They did not feel the theme was aimed at customers, rather at businesses or third-party interests. There was the feeling that Affinity Water have enough regulators to ensure they make the right decision.

> ***"This is at a level that's above the general homeowner. These are big decisions, business decisions. We don't understand the cost of transport as they're saying. Those decisions have got to be right."***
>
> *Woking, 55+, ABC1*

3.3.8 Sustainable abstraction

Protecting the environment was a topic customers supported and, therefore, the theme was popular. However, the theme was hard to engage with. Customers felt the language used was aimed at commercial companies and lacked detail to make it relevant to customers. This led to the suspicion that Affinity Water may prioritise the environment over customers and led to concerns over bill rises.

Customers felt the language was unclear, jargon heavy and vague, in particular the examples of environmental steps: 'habitat enhancement', 'evaluating local habitats' and 'operational resilience due to high level of sustainability reductions.' Customers simply wanted to know what the risks are to the environment in plain English. Again, customers struggled to understand the large figures involved due to a lack of context.

> ***"How they're going to take it. There's just a figure here, but what percentage is that compared to what we're using now? If they said so, it might make more sense to us."***
>
> *Folkestone, 55+, C2DE*

Customers found it difficult to choose between the preferred and alternative options. They felt the language used in the alternative options was unclear and not customer friendly. This led them to

question the value of providing feedback with the feeling that the preferred plan had already been chosen due to the unclear alternative offered.

> ***"It's almost as if it's written by someone who writes bid documents for contracts. It's normal marketing or management consultancy-speak. The preferred option is easy and clear. The alternative option is not a clear way of looking at it. You fall asleep after the second sentence."***
>
> *Edgware, 35-54, C2DE*

3.3.9 Other themes

For the theme "achieving our ambition", the goal of becoming the "leading community focused water company" – and the content of the customer charter – was considered vague by customers and lacking clear actions. Customers required measurable and concreate ambitions supported with details, e.g. responding to customers queries within a certain timeframe and listing what the community focused activities will be, so customers can measure accountability. A lack of detail made customers feel the theme had not been thought through, leading to the impression it was "a box ticking exercise."

> ***"The charter they have written is not measurable. What is high quality drinking water? There should be a measure that OFWAT can test and decide if they are meeting their charter."***
>
> *Woking, 35-54, ABC1*

Also, customers disliked the use of word "challenges" in the context of talking to customers and "taking feedback on board", preferring that Affinity Water pledge to act on feedback.

> ***"It talks about challenges…it's not a challenge to talk and listen to customers…"***
>
> *Woking, 35-54, ABC1*

Water quality was an important area for customers. In Woking, hard water meant that many drank bottled water and experienced lime scale. In Folkestone, there was an assumption that water quality checks were already happened, but this led to a discussion about the fluorination and chlorination of water with customers claiming they could taste when chlorine was added to the water.

> ***"They must be constantly checking the water quality. You couldn't not."***
>
> *Folkestone, 35-54, C2DE*

Customers were disappointed with the lack of detail and accountability, especially on the Drinking Water Standards and how Affinity Water are performing in relation to them. Customers required reassurances on water quality commitments before agreeing to this proposal.

> ***"What are they doing to maintain the quality of the water?"***
>
> *Woking, 35-54, ABC1*

Demand growth caused confusion with the term itself not being understood. In Folkestone, when the term was explained, customers assumed that water would be coming from nearby Bewl Water rather than further afield. The theme also felt very distant and too future focused for customers to engage with.

> ***"The number of households will increase by 65%, how can they say that with it being so far away?"***
>
> *Woking, 35-54, ABC1*

However, after reflection, the 60-year plan was seen as sensible because planning for growth involved building infrastructure meaning a long-term process. It was suggested in Folkestone that water companies should veto new housing if they worried they would not be able to supply water.

Climate change felt too distant to customers and they found it hard to image not having any water.

> ***"We're an island surrounded by water, not an African country."***
>
> *Stevenage, 18-34, ABC1*

Also, customers felt the theme was not serious enough given the five challenges to one proposal and the use of the term 'consider' in the proposal lacked accountability.

Resilience was seen as a sensible approach and customers supported the proposal in general. However, the theme again felt very future focused and unbelievable with references to drought and floods. Customers wanted to know more detail about the resilience plans, in particular how they compared to other water companies before making a decision.

3.4 Affinity Water priorities

- Customers prioritised areas that impacted them most: bills, water quality, leaks and reducing personal water usage
- Priorities were seen as acceptable but not stretching, and lacking in measurable actions
- A stand-alone environmental priority was missing and a priority on educating customers to reduce personal water usage

Participants were initially asked what they felt Affinity Water should focus on when developing a plan for the future. They were then shown the following Affinity Water priorities:

- 'Making sure customers, communities and the environment have enough water;
- Supplying high quality water you can trust;
- Minimising disruption to you and your community and
- Providing a great service that you value'.

3.4.1 Customers focus areas for Affinity Water

When initially asked about focus areas for Affinity Water, customers mentioned they would like to know how the plan will impact the customer. They wanted Affinity Water to focus on reducing bills, making bills clearer and helping vulnerable customers who may struggle to meet bill payments.

> ***"If they're looking for a 5-year plan, think about us in terms of pricing…they need to think ahead, with apps or water meters, so we know what we are paying for."***
>
> *Folkestone, 35-54, C2DE*

Moreover, customers expected Affinity Water to help them to reduce water usage through metering and education.

> ***"Can they evaluate your water habits? They can see what you're doing and tell you how much water you could save by doing something different. You're often not aware of how much you are using."***
>
> *Edgware, 18-34, C2DE*

Improving the quality of drinking water was also important with some customers reporting experiencing hard water with a metallic taste in their area. Leakage was another key focus area with customers wanting Affinity Water to repair leaks or install technology to prevent leaks which would then in turn reduce water wastage. Finally, a focus on the environment was also important to customers with discussion around ensuring water is sustainable in the future with a growing population

3.4.2 Reaction to Affinity Water priorities

Although customers agreed with the Affinity Water priorities, the priorities were considered fairly underwhelming and predictable; areas that customers expect Affinity Water to focus on. Consequently, customers found the priorities were not stretching enough being neither future focused nor aspirational.

> ***"We all know they've got to give us clean water, but that's their job. What they're saying is a given. There's nothing new there."***
>
> *Folkestone, 35-54, C2DE*

Customers also felt the priorities lacked detail which created the feeling that Affinity Water are being intentionally vague as do not want to over promise. Customers require clear measurable targets that Affinity Water can be held accountable for.

Customers felt the priorities lacked a specific focus on the environment with customers wanting Affinity Water to provide reassurances that there is enough water through planning for the future. One suggestion to make an environmental priority accountable was to include a cost benefit line, e.g. we pay X amount and you invest X amount in creating new ways to harvest water.

Additionally, a priority covering educating customers to reduce water usage was thought to be missing. Customers want Affinity Water to provide information on how to reduce water especially if water meters are being rolled out. Suggestions included distributing water saving devices and developing and promoting a smart meter or app to track water usage, combined with a possible incentive to save water.

> ***"They need to give us a heads up about how we might save water. I pay something like £40 a month for my metered water, and I have a two-bedroom flat. I phoned up and asked why that would be because it's more than doubled over the year, and she said that it's probably my new toilet system. To deal with that, you basically get rid of the water system and start again."***
>
> *Folkestone, 35-54, C2DE*

Customers felt two priorities in particular lacked supporting information. The priority 'Supplying high quality water you can trust' is important to customers. This was more marked in Woking and Stevenage where hard water meant customers avoided drinking tap water. Also, customers worry about water quality, especially the chemicals added to water. Customers wanted to more information on how water quality is measured and tested, the chemicals in water and how Affinity Water quality compares to other suppliers. Providing this information would make customers better trust the water quality and therefore be more likely to drink tap water.

"That is important as I don't drink tap water. I use filters and it tastes better. The chemicals in water are a problem."

Woking, 35-54, ABC1

Finally, the priority "providing a great service that you value" was seen as vague. Additionally, this priority mentions value but there is no further reference to the price of bills or affordability. This is important given customers felt the draft plan consultation exercise was possibly about making preparations for a bill increase.

Appendices

Appendices

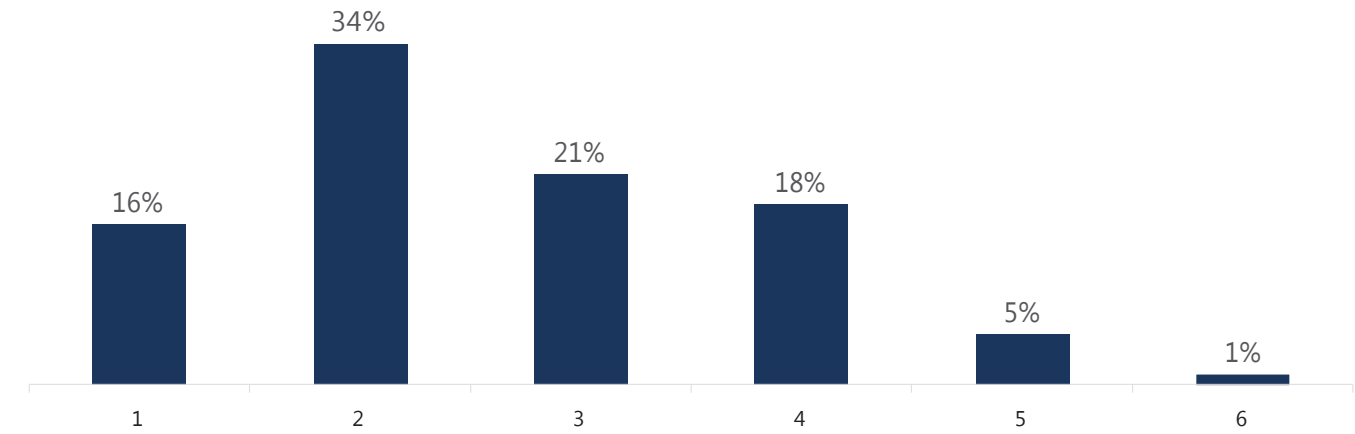
Customer and sample profile

The purpose of the survey was not to provide a profile of customers but rather to gather views from a range of Affinity Water customers on various aspects of the dWRMP. The participants took part in the survey online, from a sample that was sourced from Ipsos MORI's online panel.

This section provides an overview of the type of customers that took part in this survey, including demographic characteristics and information about water usage and views in their household.

As shown in Figure 12, according to our sample of 16-75 year olds (including bill payers and non-bill payers and undertaken online), a third of Affinity Water customers live in two-person households. Just 16% of Affinity Water customers live in single person households. Over four in ten (45%) customers reside in households which includes three or more people living there permanently.

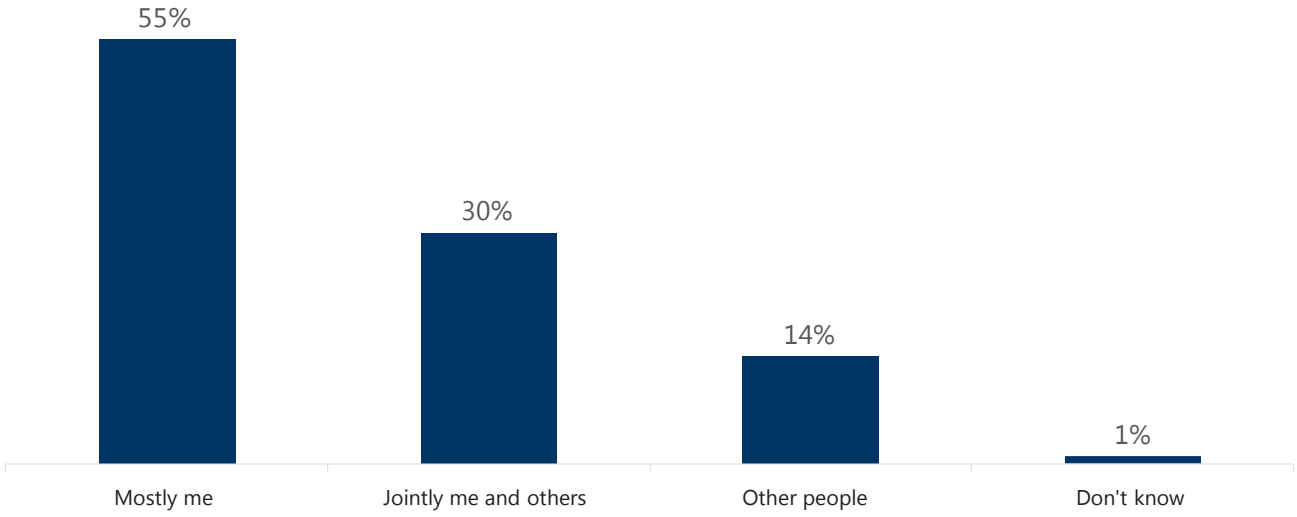
Figure 12: Thinking about where you live, how many people live there on a permanent basis? Please include yourself and all children of any age.



Base: 1 000 adults aged 16-75 from across the Affinity Water customer areas

The sampled customers are predominantly bill-payers. Almost six in ten (55%) are mostly responsible for paying their household water bills, and a further three in ten (30%) split the responsibility with other people. Men are more likely than women to say they are responsible for paying the water bills themselves, with two in three men (66%) saying this compared with half of women (47%). Two in three older customers (66%), in the 55-75 age category also pay the bills themselves, significantly more than the 55% of customers overall.

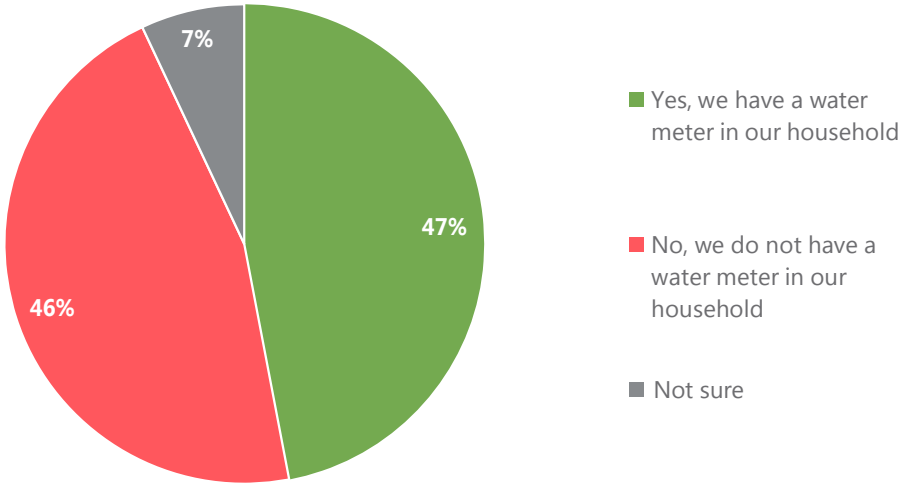
Figure 13: In general, who in your household is mostly responsible for paying water bills?



Base: 1 000 adults aged 1 6-75 from across the Affinity Water customer areas

Among our sample, there is a fairly even split between metered and unmetered properties; 47% of participants say they currently have a meter in their household, compared with 46% who say they do not. Seven per cent – are uncertain about whether they have a meter or not, and this figure rises to 13% among 16-34 year olds.

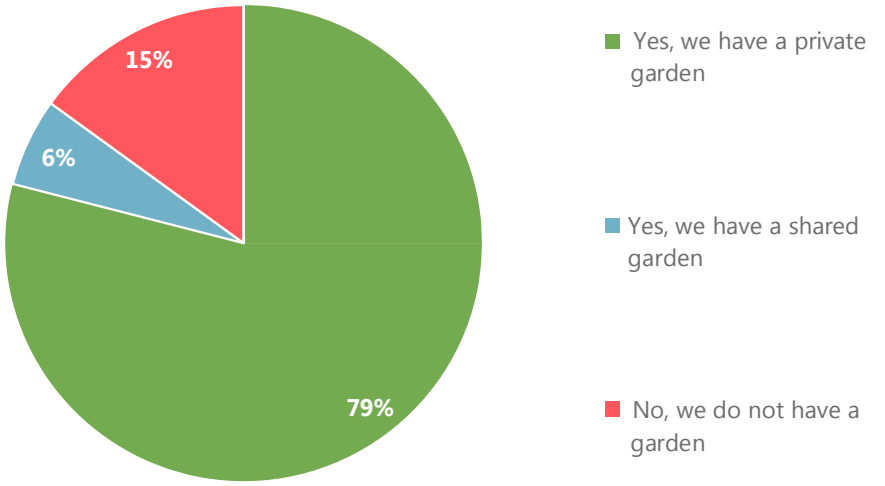
Figure 14: Do you have a water meter?



Base: 1 000 adults aged 1 6-75 from across the Affinity Water customer areas

The majority of customers surveyed have a garden (85%), and around eight in ten (79%) have a private garden. The remaining 15% do not have a garden.

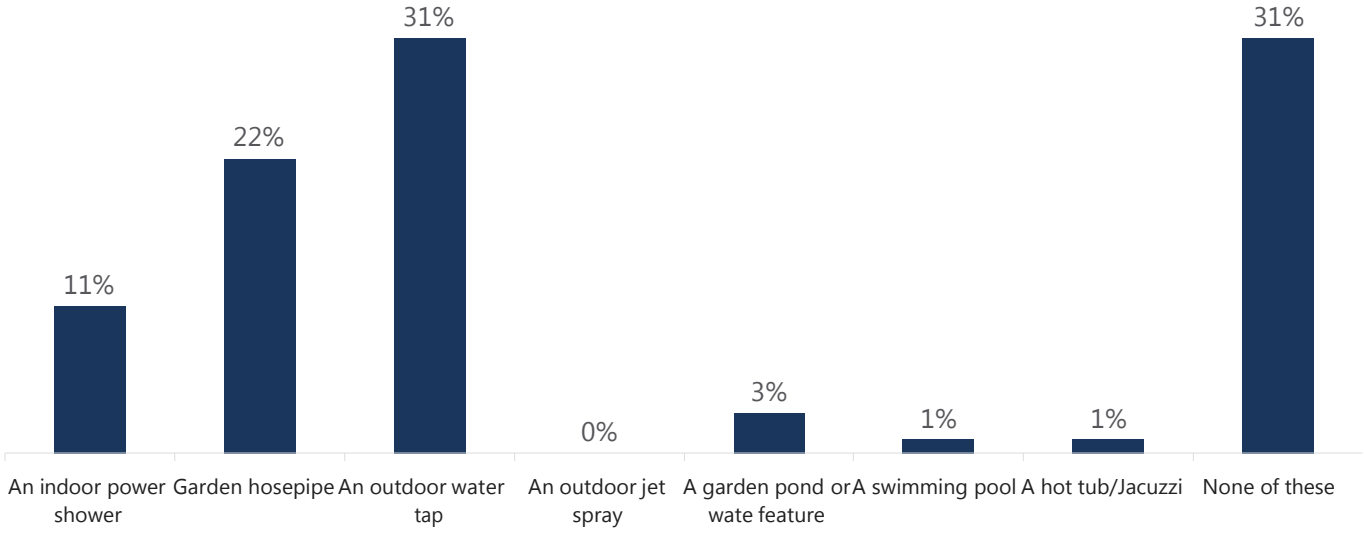
Figure 15: Do you have a garden where you live?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Figure 16 shows that one in three customers (31%) have an outdoor water tap and the same proportion have none of the specified devices or features in their house or garden. Around two in ten (22%) have a garden hosepipe and half as many customers (11%) have an indoor power shower.

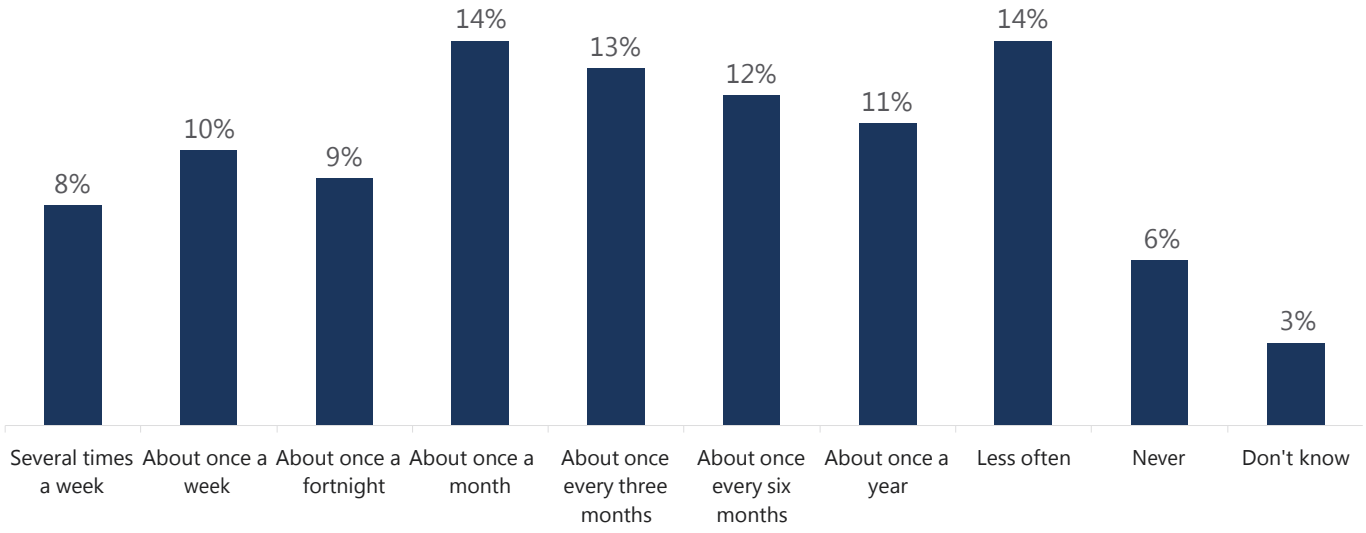
Figure 16: Which, if any, of the following devices and features do you have or use in your home or garden?



Base: 1000 adults aged 16-75 from across the Affinity Water customer areas

The frequency that customers visit the water environment tends to vary, with a similar proportion visiting several times a week (8%), through to about once a month (14%) and never (6%).

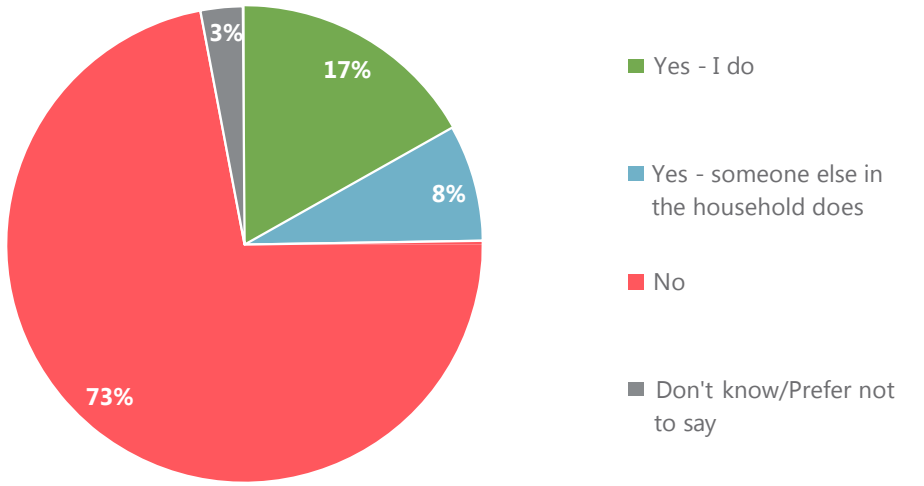
Figure 17: Typically, how often, if at all, do you visit any part of the water environment e.g. rivers, canals, lakes, estuaries and water around the coast?



Base: 1000 adults aged 16-75 from across the Affinity Water customer areas

Three in four customers (73%) do not have a long-term illness, health problem or disability whereas 17% of participants do have a health issues, as well as 8% report this applying to another member of the household.

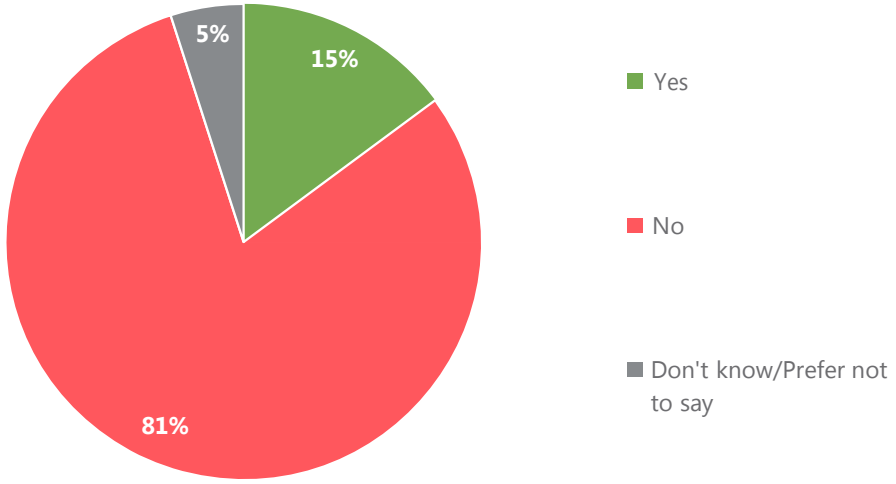
Figure 18: Do you, or does anyone in your household have any long-term illness, health problems or disability which limits your/their daily activities or the work you/they can do, including any problems which are due to old age?



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

The majority do *not* live in household in which someone currently receives any Government benefits (81%); only 15% do.

Figure 19: Do you, or anyone in your household, currently receive any Government benefits? These include things like Universal Credit, Job Seekers Allowance, Housing Benefit and Tax Credits.



Base: 1,000 adults aged 16-75 from across the Affinity Water customer areas

Sample profile – summary

		Unweighted		Weighted	
		Base	**%**	**Base**	**%**
Gender	Male	420	42%	409	41%
	Female	580	58%	591	59%
Age	Aged 16 - 34	202	20%	310	31%
	Aged 35 - 54	404	40%	360	36%
	Aged 55 - 75	394	39%	330	33%
Tenure	Home owner	735	74%	713	71%
	Rented/other	265	27%	287	29%
Meter status	Yes	497	50%	472	47%
	No	441	44%	456	46%
Ethnicity	White	854	85%	832	83%
	BME	146	15%	168	17%
Main bill payer	Yes	572	57%	546	57%
	No	422	42%	446	45%
Benefits Recipient	Yes	249	25%	244	24%
	No	725	73%	728	73%
Water Resource Zone	WRZ 1 – Misbourne	83	8%	90	9%
	WRZ 2 – Colne	135	14%	120	12%
	WRZ 3 – Lee	206	21%	200	20%
	WRZ 4 – Pinn	257	26%	270	27%
	WRZ 5 - Stour	84	8%	80	8%
	WRZ 6 – Wey	136	14%	150	15%
	WRZ 7 – Dour	54	5%	50	5%
	WRZ 8 - Brett	45	5%	40	4%

Guide to statistical reliability

Ensuring that the survey results are statistically reliable is important when comparing the data between different years of the survey or between different groups within the sample to ensure that any differences are real (i.e. statistically significant). A sample size of 1,000 permits good level of analysis by key demographic variables (such as age, work status and tenure).

This can be explained in the tables below. To illustrate, those who took part in the survey were only be a sample of the total population of Affinity Water customers adults aged 16+, so we cannot be certain that the figures obtained are exactly those that would have been reached had everyone in the borough been interviewed (the 'true' values). We can, however, predict the variation between the sample results and the 'true' values from knowledge of the size of the samples on which the results to each question is based, and the number of times a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95% - that is, the chances are 95 in 100 that the 'true' value will fall within a specified range.

Table 3.1: Survey sampling tolerances: overall level

	Approximate sampling tolerances applicable to percentages at or near these levels		
Size of sample on which survey result is based	10% or 90%	30% or 70%	50%
100	5.9	9.0	9.8
500	2.6	4.0	4.4
1,000	**1.9**	**2.8**	**3.1**
2,000	1.3	2.0	2.2

The following table indicates the sampling tolerances when comparing different groups of participants. If we once again assume a '95% confidence interval', the differences between the results of two separate groups must be greater than the values given in the following table in order to be deemed 'statistically significant':

Table 3.2: Survey sampling tolerances: sub-group level

	Differences required for significance at or near these percentage levels		
Size of sample on which survey result is based	10% or 90%	30% or 70%	50%
100 vs.100	8.4	12.8	13.9
300 vs. 300	4.8	7.3	8.0
472 vs. 530 (males vs. females)	3.7	5.7	6.2
1,002 vs. 1,011 (2015 vs 2013 survey)	2.6	4.0	4.4

For example, if 46% of male customers give a particular answer compared with 54% of female ones (assuming sample sizes in the table above), then the chances are 19 in 20 that this eight-point difference is significant (as the difference is more than 6.2 percentage points)

It is important to note that, strictly speaking, the above confidence interval calculations relate only to samples that have been selected using strict probability sampling methods. However, in practice it is reasonable to assume that these calculations provide a good indication of the confidence intervals relating to this survey.

Survey questionnaire

18-005720-01 Affinity Water
Water Resources Management Plan (dWRMP) questionnaire

INTRODUCTORY TEXT: **Thanks for taking part in our survey!**

Affinity Water provides clean (tap) water services to around 1.4 million households across some parts of the South of England – including areas of Buckinghamshire, Kent, Essex Hertfordshire, London and Surrey.

In this survey, we want to ask about you and your household's use of water and about Affinity Water's long-term plans, 2020 to 2080, for the future.

Please click below to get started…

STANDARD GENDER CORTEX MODULE FOR UK
ASK ALL - SA

STANDARD AGE CORTEX MODULE
SCREEN OUT IF AGE<16
RECODE AGE IN QUOTAGERANGE AS FOLLOWS:
ASK ALL – SA

1. 16-24 [16-24 yo]
2. 25-34 [25-34 yo]
3. 35-54 [35-54 yo]
4. 55-99 [55- 99 yo]

STANDARD MARKET SIZE CORTEX MODULE
(uk region)
ASK ALL – SA

SCREEN-OUT IF PREFER NOT TO ANSWER (CODE 99 from MARKETSIZE).
SCREEN-OUT IF THE POSTECODE IS DIFFERENT FROM THE EXCEL FILE.
SCREEN OUT IF HCAL_REGION2 IS NOT EQUAL WITH UKH21, UKH23, UKH24, UKH25, UKH33, UKI23, UKJ11, UKJ13, UKJ23 OR UKJ42
RECODE HCAL_REGION2 IN UKREGIONQUOTA AS FOLLOWS:
IF HCAL_REGION2=UKJ42 => UKREGIONQUOTA=1. WRZ 7 Dour
IF HCAL_REGION2=UKH33 => UKREGIONQUOTA=2. WRZ 8 Brett
IF HCAL_REGION2=UKH21, UKH23, UKH24, UKH25, UKI23, UKJ11, UKJ13 OR UKJ23 => UKREGIONQUOTA=3. All other areas

Q1. We'd like to ask a few questions first to ensure we are talking to a wide range of people. Which of the following best describes your home?
ASK ALL. SA. RANDOMISE CODES 1-5.
RECODE Q1 TO TENURE (IF Q1= 1 OR 2 => TENURE=1. owner/occupier; IF Q1=3 OR 4 OR 5 OR 6 OR 7 => TENURE=2. renter/other)

1. Being bought on a mortgage
2. Owned outright by household
3. Rented from Local Authority

4. Rented from Housing Association / Trust
5. Rented from private landlord
6. Other
7. Don't know

ASK ALL – SA
EU01EMP. We'd like to ask a few questions first to ensure we are talking to a wide range of people. To begin with, what What is your current employment status?
< Please select one option >

_1 Employed full-time
_2 Employed part-time
_3 Self employed
_4 Unemployed but looking for a job
_5 Unemployed and not looking for a job/Long-term sick or disabled
_6 Looking after the home/family
_7 Retired
_8 Student/Pupil/In full time education
RECODE EU01EMP IN WORKSTATUS AS FOLLOWS:
IF EU01EMP=1 then WORKSTATUS=1. Full time employment
IF EU01EMP=2 OR 3 OR 3 OR 4 OR 5 OR 6 OR 7 OR 8 then WORKSTATUS=2. Not full-time employment

Q2. Which of these best describes your ethnic group?
ASK ALL. SA.
RECODE Q2 TO ETHNICITY (IF Q2 = 1 OR 2 OR 3 OR 4 => ETHNICITY=1. White; IF Q2=5 - 19 => ETHNICITY=2. BME).

WHITE
1. White – English / Welsh / Scottish / Northern Irish / British
2. White – Irish
3. White – Gypsy or Irish Traveller
4. Any other White background

MIXED
5. Mixed White and Black Caribbean
6. Mixed White and Black African
7. Mixed White and Asian
8. Any other mixed background

ASIAN
9. Asian or Asian British – Indian
10. Asian or Asian British – Pakistani
11. Asian or Asian British – Bangladeshi
12. Asian or Asian British – Chinese
13. Any other Asian/Asian British background

BLACK
14. Black or Black British – Caribbean
15. Black or Black British – African
16. Any other Black/Black British background

OTHER ETHNIC GROUP

17. Arab
18. Any other ethnic group
19. Prefer not to say

NEW PAGE:

Q3. To what extent do you agree or disagree with each of the following statements?
ASK ALL. SA. ALWAYS a) FIRST
RANDOMISE QUESTIONS 1) – 5). Forward and reverse codes 1 to 5 from scale.

1) The local environment is important to me
2) I am careful about how much water I personally use
3) My household's water bills are too expensive these days
4) I trust the quality of the water my household receives
5) The water supply is reliable – it is hardly ever interrupted

1) Strongly agree
2) Tend to agree
3) Neither agree nor disagree
4) Tend to disagree
5) Strongly disagree
6) Don't know

Q4. Thinking about where you live, how many people live there on a permanent basis? Please include yourself and all children of any age.
ASK ALL. NUMERIC. ENTER NUMBER 1-99.

1. Don't know

Q5. In general, who in your household is mostly responsible for paying water bills? This is probably the person(s) whose name is on the bill.
ASK ALL. SINGLE CODE.-

1) Mostly me
2) Jointly me and others
3) Other people
4) Don't know

Q6. Which, if any, of these statements best fits your opinion of your household's water consumption?
ASK ALL. SA.

1) I don't think our household can use less water than we do now
2) I think we might be able to make a small reduction in our household's water consumption
3) We probably could make big reductions in our household's water consumption
4) Don't know

Q7. How much, if anything, would you say you personally know about Affinity Water?
ASK ALL. SA. FLIP ANSWER CODES 1-4.

1) A great deal
2) A fair amount
3) Not very much
4) Nothing at all
5) Don't know

Q8. Which of these statements comes closest to your own attitudes towards Affinity Water?
ASK ALL. SA.

1) I would like to have more of a say in what Affinity Water does, and the services it provides
2) I like to know what Affinity Water is doing, but I'm happy to let them get on with their job
3) I am not interested in what Affinity Water does, as long as they do their job
4) I am not interested in what Affinity Water does, or whether they do their job
5) Don't know

We'd now like to ask you questions about Affinity Water's plans for meeting their customers' demands (how much water is needed) and how this will be supplied (how needs will be met).

Every five years, Affinity Water writes a plan explaining how it will balance demand and supply in the short and longer term. This is called its Water Resources Management Plan.

Q9. Affinity Water's "Draft Water Resources Management Plan" includes the following proposals. Please indicate the extent to which, in principle, you support or oppose each one.
ASK ALL. SA. RANDOMISE QUESTIONS 1) – 5). Forward and reverse codes 1 to 5 from scale.

1. **Planning over a longer period of time – 60 rather than 25 years**
2. **Affinity Water buying water, when necessary, from other water companies to ensure they can have enough water to meet the needs of customers**
3. **Using temporary use bans (e.g. hosepipe bans) when needed**
4. **Reducing the amount of water taken from the water environment (e.g. underground sources that may affect rivers, streams etc.) to meet demand**
5. **Installing water meters in properties that do not already have them**
6. **Providing customers with free water saving devices such as shower heads and tooth timers to help them save water**
7. **Improving the frequency of information about water use to customers with water meters**
8. **Continuing to reduce water leakage**
9. **Raising awareness of how everyone can help protect the water environment (pollution of rivers, streams, reducing the amount of water used, etc.)**
10. **Improving the information made available to customers about the quality of the water supplied to their homes**

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know

The next questions ask about options being considered by Affinity Water. These are included in the table which follows. Each question will outline the options in more detail later.

We have provided the approximate cost for each option. These are Affinity Water's estimates and are shown as the additional amount each household could pay every year.

Because Affinity Water provides around 1.4 million households with water every day, the increase in bills for all customers will be required to fund different aspects of the Water Resources Management Plan over the entire period, up to 2080.

The estimated increases are for the part of customers' bills that relate to water resources. Whether bills increase will depend on what else Affinity Water decides to do and what it includes in its overall Business Plan.

	Proposed approximate increases per household bill every year until 2080 **(The average bill for each household is £167 per year)**	
Reduce water leaks	Option 1	**£2.10**
	Option 2	**£3.80**
Take less water from the environment	Option 1	**£0.90**
	Option 2	**£1.30**
Reduce chance of severe drought	Option 1	**£3.00**
	Option 2	**£4.20**
Reduce water use by customers	Option 1	**£2.40**
	Option 2	**£3.70**
	Option 3	More than **£3.70**

ROTATE Qs 10-13.

An average household's water bill is currently £167 per year.

PLEASE BOX THE TEXT THAT SITS AT THE TOP OF EACH NEW SCREEN SO THAT IT IS SET APART FROM THE QUESTIONS AND LOOKS FAMILIAR AS PARTICIPANTS GO THROUGH Q10-Q13.

Q10. This question is about water leakage.

To tackle leakage Affinity Water must consider the cost of finding and repairing leaking pipes (and the impact on traffic disruption) compared to the cost of producing and delivering water from other sources.

By 2020 Affinity Water will have reduced the amount of water that leaks from their system by 14%. Affinity Water is planning to reduce leakage further by 2080. This will require investment and may mean an increase in the water bills paid by customers.

Affinity Water is considering two main options (1 and 2 below) to deal with leakage. Which of these do you prefer, or would you prefer another option?

ASK ALL. SA.

1) Option 1 – Reducing leakage by a further 11% by 2080. This would mean approximately £2.10 being added to the average household bill every year until 2080
2) Option 2 – Reducing leakage by a further 15% by 2080. This would mean approximately £3.80 being added to the average household bill every year until 2080
3) Do nothing – this is not a problem
4) Do something else (SPECIFY)
5) None of these
6) Don't know

Q11. This question is about water in the environment…

Most of the water supplied by Affinity Water comes from the chalk aquifer (porous underground rock where water is stored). Affinity Water needs to take less water from this source in the future in order to protect the environment (rivers and streams) and the water supply, while also ensuring Affinity Water has enough water to meet their customers' demands. The cost of leaving more water in the environment will require investment by Affinity Water in other sources of water and may mean an increase in the water bills paid by customers.

Affinity Water is considering two main options (1 and 2 below) when planning for the long-term. Which of these do you prefer, or would you prefer another option?

ASK ALL. SA.

1) Option 1 – Taking 10 million litres of water per day less from the environment than at present. This would mean approximately £0.90 being added to the average household bill every year until 2080
2) Option 2 – Taking 39 million litres of water per day less from the environment than at present. This would mean approximately £1.30 being added to the average household bill every year until 2080
3) Do nothing – this is not a problem
4) Do something else (SPECIFY)
5) None of these
6) Don't know

Q12. This question is about droughts and sourcing water…

Drought can have an impact on the environment and this may become more noticeable as a drought becomes more severe. In a severe drought, Affinity Water may apply to the Environment Agency to take additional water from the environment, including rivers and streams. This can extend the amount of time it takes for the river to recover after the drought has ended.

Currently, Affinity Water estimate that there is a 2.5% (a 1 in 40) chance every year that they will need to apply to take additional water.

Affinity Water is considering two main options when planning for the long-term (1 and 2 below). Both these options will require investment by Affinity Water and may mean an increase in the water bills paid by customers.

Which of these options (1 and 2 below) do you prefer, or would you prefer another option?

ASK ALL. SA.

1) Option 1 – Moving from a 2.5% (1 in 40) chance of a severe drought every year to a 1.7% (1 in 60) chance. This would mean approximately £3.00 being added to the average household bill every year until 2080
2) Option 2 – Moving from a 2.5% (1 in 40) chance of a severe drought every year to a 0.5% (1 in 200) chance. This would mean approximately £4.20 being added to the average household bill every year until 2080
3) Do nothing – this is not a problem
4) Do something else (SPECIFY)
5) None of these
6) Don't know

Q13. This question is about the amount of water used by customers…

At present, Affinity Water's customers use an average of 160 litres per person per day compared to the national average of 141 litres.

Affinity Water is considering three main options when planning for the long-term. These involve taking steps to encourage customers to use less water.

Which of these options (1, 2 and 3 below) do you prefer, or would you prefer another option?

ASK ALL. SA.

1) Option 1 – Reducing water use to an average 126 litres. This would mean approximately £2.40 being added to the average household bill every year until 2080. It would be done through existing plans to save water.
2) Option 2 – Reducing water use to an average 120 litres. This would mean approximately £3.70 being added to the average household bill every year until 2080. It would be done by providing customers with more frequent information about their water use.
3) Option 3 – Reducing water use to an average 110 litres. This would mean an amount more than £3.70 being added to the average household bill. It would be done through financial support and working in partnership with government, regulators and local organisations.
4) Do nothing – this is not a problem
5) Do something else (SPECIFY)
6) None of these
7) Don't know

These next questions ask about options being considered by Affinity Water to encourage customers to use less water.

Q14. Affinity Water is considering running a number of local projects during 2020-2025. These would be designed to test new approaches to helping customers reduce the amount of water they use, enabling Affinity Water to apply what works to all areas. Examples include working in partnership with schools to help them better understand and reduce their water use and to educate pupils about water use, working with community groups, housing associations, planners and developers to develop more water efficient homes.

Which, if any, of these options (1 and 2 below) do you prefer, or would you prefer another option?

ASK ALL. SA.

1) Option 1 – Investing £2 million in local projects. This would mean approximately £0.29 per year being added to the average household bill every year until 2025
2) Option 2 – Investing £6 million in local projects. This would mean approximately £0.86 per year being added to the average household bill every year until 2025
3) Do something else (SPECIFY)
4) None of these
5) Don't know

Q15. Which, if any, of the following would motivate you personally to use less water?
ASK ALL. MULTICODE.

1) To benefit the environment
2) To help prevent temporary use bans (hosepipe bans etc.) in the future
3) To save money on my water bill
4) To save money on my energy bills (e.g. shorter showers mean less water needs heating)
5) Something else (specify)
6) None of these (EXCLUSIVE CODE)
7) Don't know (EXCLUSIVE CODE)

Q16. Affinity Water is considering different ways that people can be encouraged to use less water at home. If you have any ideas or suggestions for ways that could help people reduce their water consumption, please write them in the box below.
ASK ALL. OPEN Q.

Q17. Do you have any other comments or suggestions about how Affinity Water might better manage water supply and meet demand in the future, or about any topics not covered in this survey? If so, please write them in the box below.
ASK ALL. OPEN Q.

Thank you for taking part. Before we finish we have a few additional questions we'd like to ask about you…

Q18. Do you have a water meter in your household?
Properties with a water meter pay for the water they use, and those that do not pay the same amount regardless of water usage
ASK ALL. SA.

1) Yes, we have a water meter in our household
2) No, we do not have a water meter in our household
3) Not sure

Q19. Do you have a garden where you live?
ASK ALL. SA.

1) Yes, we have a private garden
2) Yes, we have a shared garden
3) No, we do not have a garden

4) Don't know
5) Prefer not to say

Q20. Which, if any, of the following devices and features do you have or use in your home or garden?
ASK ALL. SA. RANDOMISE CODES 1-7.

1) An indoor power shower (a shower using an electric pump to produce a high-pressure spray)
2) Garden hosepipe
3) An outdoor water tap
4) An outdoor jet spray
5) A garden pond or water feature
6) A swimming pool
7) A hot tub/Jacuzzi
8) None of these **(EXCLUSIVE CODE. DO NOT ROTATE)**

Q21. Typically, how often, if at all, do you visit any part of the water environment e.g. rivers, canals, lakes, estuaries and water around the coast?
ASK ALL. SA.

1) Several times a week
2) About once a week
3) About once a fortnight
4) About once a month
5) About once every three months
6) About once every six months
7) About once a year
8) Less often
9) Never
10) Don't know

Q22. Which of the following is the highest educational or professional qualification that you currently hold?
ASK ALL. SA.

1) None of these
2) GCSE/O Level/CSE
3) Vocational qualifications, equivalent to NVQ 1+2
4) A Level or equivalent, such as NVQ 3
5) Bachelor's Degree or equivalent, such as NVQ 4
6) Masters/PhD or equivalent
7) Other
8) Still studying
9) Don't Know/Prefer not to say **(MASKED)**

Q23. Do you or does anyone in your household have any long-term illness, health problems or disability which limits your/ their daily activities or the work you/ they can do, including any problems which are due to old age?
ASK ALL. SA.

1. Yes – I do
2. Yes – someone else in household does
3. No
4. Don't Know/Prefer not to say

Q24. Do you, or anyone in your household, currently receive any Government benefits? These include things like Universal Credit, Job Seekers Allowance, Income Support, Housing Benefit and Tax Credits. ASK ALL. SA.

1. Yes
2. No
3. Don't Know/Prefer not to say

Q25. Into which of the following bands does your annual household income fall, before tax and other deductions? ASK ALL. SA.

Per MONTH	Per YEAR
1. £541 or less	£6,499 or less
2. £542 to £791	£6,500 to £9,499
3. £792 to £1,342	£9,500 to £16,105
4. £1,343 to £2,083	£16,106 to £24,999
5. £2,084 to £3,333	£25,000 to £39,999
6. £3,334 to £4,999	£40,000 to £59,999
7. £5,000 to £6,249	£60,000 to £74,999
8. £6,250 and over	£75,000 and over
9. Don't know (MASKED)	Don't know (MASKED)
10. Refused (MASKED)	Refused (MASKED)

On behalf of Ipsos MORI and Affinity Water, thanks for taking part in our survey.

Topic guide

18-005720-01 Affinity Water
Water Resources Management Plan (dWRMP) topic guide

Affinity Water are a regulated 'monopoly' business, meaning customers can't switch supplier. Their key aims include making sure customers, communities and the environment have enough water; supplying high quality water you can trust; minimising disruption to you and your community and providing a great service that you value.

The aim of these groups **is to understand customer opinion and priorities in respect of the draft Water Resources Management Plan (dWRMP)**. This plan looks at how Affinity Water will manage water supply and demand from 2020 to 2080.

Eight evening focus groups will be held across SE England on behalf of Affinity Water. Each evening there will be two (focus) group discussions (6.00-7.30pm and 8.00-9.30pm) which will bring together 8-10 customers.

Participants are recruited based on receiving clean/drinking water from Affinity Water (their waste water will be provided by another service e.g. Thames Water), and quotas including those outlined below.

Recruits have been asked to read extracts of the dWRMP as a **pre-task**.

Date	Location	Venue details	Recruitment quotas
21-Mar-18	**Collindale/Edgware**	Ramada, London North (M1 between Jct 2-4) NW7 3HU	Group 1: 18-34 C2DE Group 2: 35-54 C2DE
26-Mar-18	**Stevenage** (Herts)	Holiday Inn Express, Stevenage, Herts, SG1 1XB	Group 3: 55+ C2DE Group 4: 18-34 ABC1
26-Mar-18	**Woking** (Surrey)	Double Tree by Hilton Hotel, Woking, Victoria Way, Woking, GU21 8EW	Group 5: 55+ ABC1 Group 6: 35-54 ABC1
28-Mar-18	**Folkestone** (Kent)	Express by Holiday Inn, Folkstone (M20 Jct 12) Cheriton Parc, Cheriton High Street, Folkestone, CT18 8AN	Group 7: 55+ C2DE Group 7: 35-54 C2DE

NOTE: 4 KEY THEMES WILL BE EXPLORED IN EACH GROUP

Location	**Key themes to be covered** **Priority themes in bold**
Collingdale/Edgware	Group 1: **Metering**, **Collaboration and sharing**, **Sustainable abstraction,** Climate change Group 2: **Sustainable abstraction**, **Leakage**, **Drought**, Achieving ambition
Stevenage	Group 1: **Metering**, **Collaboration and sharing**, **Leakage,** Demand growth Group 2: **Sustainable abstraction**, **Leakage**, **Drought**, Climate change
Woking	Group 1: **Metering**, **Collaboration and sharing**, **Drought,** Resillience Group 2: Climate change, Achieving ambition, Demand growth, Water quality
Folkestone	Group 1: **Metering**, **Collaboration and sharing**, Demand growth Group 2: **Sustainable abstraction**, **Leakage**, **Metering**, Water quality

Time	Section, questions, prompts
5.45- 6.00pm	Arrival and registration
6.00- 6.10pm (10 mins)	**Introduction** **The aims of todays discussion is to understand the opinions of Affinity Water customers in relation to the draft Water Resources Management Plan. You'll have seen a summary of this as part of the homework task we set you before coming here tonight.** **Explain tone and nature of discussion:** • Relaxed and informal • No right or wrong answers • Keen to hear everyone's views and experiences; we are after a range of opinions, not seeking consensus • Please feel free to disagree with one another; just keep it polite • The moderator will make sure everyone gets a chance to share their opinion • Try to avoid talking over one another – means the recorder does not work so well / note taker may not be able to hear • Ask permission to record • Plenty to get through, so the moderator may have to move people on from time to time • Clarify length of group (1.5 hours) • Mention pre-task so have to hand • Any other housekeeping – fire alarms, facilities, mobile phones put away, etc. PERMISSION TO RECORD – START DIGITAL RECORDER **We'd like to find out a little more about you. In pairs, could you please find out your partner's first name and a little bit about their household – who they live with and what type of property they live in. I'll then ask you to introduce your partner back to the group.** PAIRS INTRODUCE BACK TO GROUP
6.10-6.15pm (5 mins)	**Context** **Tell me what you know about Affinity Water and what they do…** FLIPCHAT ANSWERS PROBE FOR HOW WATER IS SOURCED AND SUPPLIED, DIFFERENCE BETWEEN SEWERAGE AND CLEAN WATER, VIEWS ON BILLS AND AFFORDABILITY

6.15- 6.30pm (15 mins)	**Pre-task plus supply and demand** **Now let's talk about the pre-task you were given. We asked you to look at an extract of the draft Water Resources Management Plan and make some notes. Firstly, I'd like to know…** - **What were your initial thoughts?** FLIPCHART ANSWERS - What parts stood out to you? Why? - Which parts did you like? - Which parts do you not like? - Anything that concerned or worried you? Anything that you were surprised by? - Anything that did not make sense? COLLECT QUESTIONS ON SEPARATE FLIPCHART **PROBE FOR DEMAND AND SUPPLY:** - **Where do you think water companies like Affinity Water source their water from?** - **What can affect water <u>supply</u>?** - PROMPT: Environment (drought/climate change), usage and leaks? - How can water companies meet the amount of water needed in the area they serve? **How do you think we can manage things that affect water <u>supply</u>?** - Who can do this? Water companies, customers or both? **Now moving on to think about water <u>demand</u>, that is, how much water is needed by** - **What can affect the <u>demand</u> for water?** - **How do we manage this <u>demand</u>?** - Who can do this? Water companies, customers or both?
6.30- 6.40pm (10 mins)	**dWRMP – overview** **We are now going to talk about the Affinity Water draft Water Resources Management Plan in more depth. Firstly, I'll explain in the plan in some more detail.** READ OUT TEXT BELOW **"Every 5 years, water companies prepare a business plan that shows what services they will provide for the next 5 years. They are currently developing plans for the period 2020-2025 and these plans will be submitted to Ofwat who will decide how much companies can charge their customers. The plan has to look beyond the next 5 years,** **Companies consult widely with their customers to help prepare these business plans; this can involve focus groups, surveys, public consultation, and so on.** **Affinity Water have published their draft Water Resources Management Plan and are consulting on this. Our research is part of this consultation. We want to learn more about**

	your priorities. That information can then be used to ensure the company thinks about the services you value to plan investments accordingly (along with all sorts of other information collected)." **What do you think Affinity Water needs to be working towards when developing a plan for the future?** **What should Affinity Water's priorities be do you think?** PROBE: Why do you say that? PROMPT (ALREADY WRITTEN ON FLIPCHART): **What do you think about these?** Making sure customers, communities and the environment have enough water; Supplying high quality water you can trust; Minimising disruption to you and your community; Providing a great service that you value. **Is there anything you would add? Take away?** AMEND FLIPCHART (DON'T GO THROUGH INDIVIDUALLY) **Do any of these stand-out to you? Why?**
6.40- 7.25pm (40 mins)	**dWRMP themes** REFER TO PAGE 7 OF PRE-TASK (HAVE SPARE COPIES AVAILABLE) **There are a number of options and policies that can be used to ensure the water supply is able to meet current and future needs. Each option will have different impacts on people and the environment, varying levels of reliability, and differing costs. We are going to look at some of these options in more detail. These are called the "key themes" in the Water Resources Management Plan.** IF £s COMES UP: **These options may lead to an increase in customers' water bills, but that might not be the case. It will depend what else Affinity Water decide to do in terms of the remainder of the Plan and how they run the business. The options we talk about which require greater investment by Affinity Water are more likely to impact on customers' bills. We're after your in-principle view on these options.** MODERATOR TO COVER KEY THEMES (10 MINS PER THEME) USING SHOWCARDS. STICK SHOWCARDS ON WALL/FLIPCHART AFTER DISCUSSING TO AID FINAL REVIEW IN CONCLUSION. HAND OUT AND EXPLAIN THEME SHOWCARD GIVE PARTICIPANTS TIME TO READ THESE **What stands out to you?** **Which parts did you like?** **Which parts do you not like?** **What further information would you like?** **Does this issue matter?** **PROBE FOR REASONS FOR PREFERENCES ESPECIALLY WHERE THERE ARE OPTIONS**

	PROBE FOR UNDERSTANDING OF INFORMATION PROBE WHERE THERE ARE OPTIONS (AN 'ALTERNATIVE PLAN') REPEAT FOR EACH THEME (COVER ADDITIONAL THEMES IF HAVE TIME)
7.25- 7.30 (5 mins)	**Conclusions** **Thinking about the Affinity Water draft Water Resources Management Plan overall and everything we have talked about this evening, I would like you to take one post-it and, individually, write down the one thing you would like to feedback to Affinity Water about the plan and what they should do in the future.** FLIPCHAT POST-ITS AND DISCUSS **What should the priorities be for Affinity Water? IF TIME** THANK AND CLOSE HAND OUT THANK YOU PAYMENTS WITH INCENTIVE SHEET SWITCH OFF RECORDER

Stimulus material

Metering, water efficiency and consumption

Using less water

Challenges/context

As the strain on water resources increases, due to increasing demand, it makes sense to help people use it more efficiently.

Affinity Water customers use more than the national average (about 160 litres per person per day).

Proposals

- Continue to **install meters in homes** and implement an option to provide customers with detailed information about water usage.
- Implement smart metering in longer term to **reduce usage and tackle leakage** more effectively.
- Inspire customers to **value and protect** our water resources so use less water.
- Continue to provide customers with **free water saving devices.**
- **Partnership approach** with customers, water companies, Defra and regulators to **support using less water** e.g. through the national water saving campaign.

Metering, water efficiency and consumption

Using less water

Consultation options

Do you support or oppose our partnership approach to reduce per capita consumption of water to **110 litres** per person per day?

Support

Oppose

Affinity Water's view

'Preferred' options:

Reduce customer water usage from 160 litres per person per day to **126 litres** in preferred plan or **120 litres** in the alternative plan. This is a 23% reduction or 31 to 37 litres per person per day from current levels.

Government plan:

Reduce to **110 litres** per person per day, a reduction of 50 litres per person per day from current levels.

In this plan, more customers would need to **significantly reduce** their water usage.

Collaboration and sharing

Working with other water companies and third parties

Challenges/context

The South East is highly populated and quite dry. Other parts of the UK are wetter with a lower population.

The majority of Affinity Water areas are short of water.

Sharing water with and between other companies and third parties (a water, supplier that is not a water company), can help reduce water shortages.

This is already happening but water is very heavy and uses lots of energy to transport. This could make supplying water more expensive.

Proposals

- Work closely with national bodies and regional water resource groups.
- Continue to share water with neighbouring water companies and actively **develop new water resources**.
- Collaborate with third parties and look for **new opportunities**.
- **Secure reliable water** by transferring water from a new regional reservoir and existing reservoirs
- Explore options with neighbouring companies to **trade around existing agreements more flexibly**.

Demand Growth

A fast growing population

Challenges/context

Providing water in an area with one of the fastest growing populations in the UK.

Affinity Water already provides water to 3.6 million people.

Trends show there will be an increase in water demand in the future. The number of households will increase by 65% and the number of people by 38% by 2080.

Proposals

- Plan over a **longer period** (60 years) to prepare for future changes in population and service demand.
- The plan focuses on using less water through **metering** and **leakage reduction** and using more resources like **regional transfers** and **reservoir use** in the longer term.
- Further develop **strong and effective partnerships** with neighbouring water companies and local authorities in area.

Climate Change

Dealing with foods, drought and climate change

Challenges/context

Demand for water is going to increase while water availability will decrease.

Warmer summers mean more water is used.

Approximately 65% of water comes from underground sources which are topped up yearly by winter rainfall which does not always come.

Heavy rainfall creates runoff, rather than rain soaking into the ground.

Changing weather patterns may mean less water in the future and a changing climate could cause more frequent and severe drought events.

Proposals

- Consider the potential of future uncertainties including **growth in consumer demand** and **climate change**.

Resilience

Maintain supplies at all times

Challenges/context

Resilience = ability to cope when situations change

Climate change and extreme weather events resulting in droughts or foods, population growth, environmental impact, economic and social change and ageing infrastructure.

Being resilient means water companies have already thought about these issues, how likely they are and what to plan to do if they happen.

This means customers will receive a better service and the natural environment will be protected.

Proposals

- Test resilience of proposed solutions so they're prepared to **deal with the challenges ahead**.
- Explore how to **move water more effectively** to where it is needed most at a local level.

Sustainable abstraction

Balancing the needs of the environment and customers

Challenges/context

Abstraction = taking water from water sources including underground sources, rivers etc.

Taking less water to protect the environment while ensuring sufficient supply.

Number of globally rare chalk streams in area.

In some locations, it's more effective to improve/restore the local habitat than to take less water.

Proposals

- Continue to **reduce** the amount of water abstracted at certain sources and ensure it's sustainable for the local environment.
- **Evaluate** local habitats over the next 5yrs to understand the benefit of previous reductions and use this to inform future activity.
- Focus on taking additional supplies from **existing** groundwater abstractions and areas with minimal environmental impact. New abstractions will take place at locations where we can minimise impacts.
- Continue with **river restoration and habitat enhancement** where it makes most sense for customers and the environment.
- Continue to **protect supplies**, recognising there may be an additional environmental impact (carbon footprint) due to replacing water in a different way (e.g. pumping it from further away).

Sustainable abstraction

Balancing the needs of the environment and customers

Consultation options

Which level of sustainability **reductions** do you think Affinity Water should deliver?

a) 'Preferred' option of **10million** litres of water per day at a cost of **£93million** by 2080.

b) 'Alternative' option **39million** litres of water per day at a cost of **£123million** by 2080.

Affinity Water's view

'Preferred' option:

Includes reductions in abstraction which will achieve environmental benefits that are cost effective.

'Alternative' plan:

Higher cost and considered higher risk. Presents greater challenges to operational resilience due to higher level of sustainability reductions with little time to establish reliable alternatives to ensure supply meets demand.

Drought

What happens if it doesn't rain enough

Challenges/context

Reduced rainfall, prolonged **dry periods** and **climate change** is reducing the amount of waver in the environment.

In severe droughts, Affinity Water may apply to **abstract more water** or reduce river support through **drought permits/orders**. Additional abstraction may increase river recovery time once the drought has ended.

Proposals

- Make appropriate use of **temporary bans and drought orders**
- Supply water in drought conditions for longer without using **water sources** that wouldn't usually be used

Temporary bans = previously known as hosepipe bans, restrict 11 mainly domestic hosepipe activities (watering gardens, filling paddling pools)

Ordinary drought orders = restricts 10 activities which may have commercial implications (car washing, window cleaning, filling swimming pools)

Drought

What happens if it doesn't rain enough

Consultation options

Which level of **improved drought service** do you think Affinity Water should deliver?

a) 'Preferred' option, spend **£295 million** by 2080 to reduce the need for extra water/bans to **1.7%** (1 in 60 years).

b) 'Alternative' option, spend **£410million** by 2080 to build infrastructure to reduce the need for extra water/bans to **0.5%** (1 in 200 years).

Affinity Water's view

There is currently a 2.5% chance every year that additional water and bans would be needed in drought conditions.

Alternative option:

Requires new infrastructure, such as new pipes to be built.

Leakage

Managing leakage, keeping bills low

Challenges/context

Water pipes are deep underground meaning **leaks are difficult to detect**.

To keep bills low and minimise traffic disruption, Affinity Water needs to **balance the cost** of **finding/repairing leaking pipes** with **producing/delivering more water**.

Proposals

- Explore more ways of how **technology** can help **detect and tackle leakage**

Leakage

Managing leakage, keeping bills low

Consultation options

Which reduction of leakage would you prefer?

a) 'Preferred plan', reduce leakage by **11%** at a cost of **£46 million** by 2025, and **£208million** by 2080

b) 'Alternative plan', reduce leakage by **15%** at a cost of **£58 million** by 2025 **£372million** by 2080

Affinity Water's view

Preferred plan:

Saves 18million litres of water per day

Alternative plan:

Saves 25million litres of water per day

Water quality

Protecting this precious resource

Challenges/context

There are stringent **Drinking Water Standards** for drinking water which help protect the health of our customers.

Maintaininggood quality drinking water, and the investment to achieve it, is essential.

Proposals

- Water quality is constantly **monitored**
- **Treatment** can rapidly respond to deterioration in water quality
- **Reduce pollution** and raise awareness of how everyone can protect the water environment
- Improve water quality **information** available to customers

Achieving our ambition

Working together with our communities

Challenges/context

Affinity Water Customer Charter

- Supply high quality drinking water
- Empathy with customers to be effective, efficient and safe
- Talk and listen to customers and stakeholders
- Take pride in delivery and performance
- Provide and affinity for colleagues, customers and the environment

Proposals

- Provide **community focused activities**
- **Liaise** with community groups on the important issues in the plan
- Produce a plan which **represents customer priorities**
- Publicly consult on the plan and take **feedback** on board

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Annex 5: Phase 2 Testing and Valuing

Ph2.6 – dWRMP 2020-2080 and PR19 draft Business Plan 2020-2025 Stakeholder Engagement Summary Report

TRAVERSE

Affinity Water

Draft Water Resources Management Plan 2020-80

PR19 draft Business Plan 2020-25

Stakeholder Engagement Summary Report June 2018

Client	**Affinity Water**
Title	Draft Water Resources Management Plan and Draft Business Plan
Subtitle	Stakeholder Engagement Summary Report
Dates	last published 13/02/2018 last revised 12/06/2018
Status	Final
Version	Version 7.0
Classification	Restricted External
Project Code	11012
Author(s)	Robin Kimber, Fanny Goterfelt
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Contents

Executive Summary

Between March and May 2018 Traverse (formerly known as Dialogue by Design, part of the OPM Group) designed and delivered stakeholder forums for Affinity Water on their draft Water Resources Management Plan (dWRMP) and their draft Business Plan. The forums were held across the three Affinity Water regions and a total number of 44 stakeholders took part.

The overall objectives of the forums were to:

- Clearly communicate the dWRMP and the draft Business Plan, including key aspects and options within each plan, to enable stakeholder engagement on the material being publicly consulted on in Spring 2018.
- Establish stakeholder views on the dWRMP challenges (also known as key themes) and the seven supply and demand options, especially per capita consumption (PCC) reduction.
- Discover whether stakeholders prefer the dWRMP Preferred Plan or the Alternative Plan, as well as their reasons for preferring one or the other.
- Establish stakeholder views on the seven performance commitments in the draft Business Plan.
- Discover which of the three draft Business Plan options stakeholders prefer, as well as their reasons for their preference.

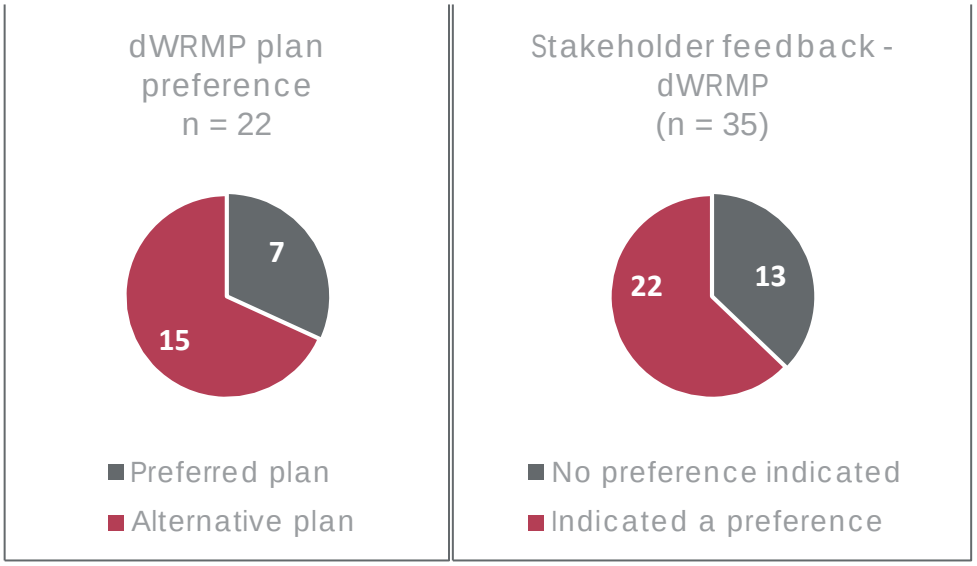
The forums aimed to explore different stakeholder opinions in depth to obtain a breadth of views, however, they were not intended to be quantifiable or statistically representative. The findings offer insight into the perceptions, feelings, and behaviours rather than quantifiable conclusions from a statistically representative sample.

Much of the evidence in this report is based on participants' perceptions. It is important to remember that even though some perceptions may not be factually accurate, they represent 'the truth' to the participants and as such, are vital in understanding their attitudes and views.

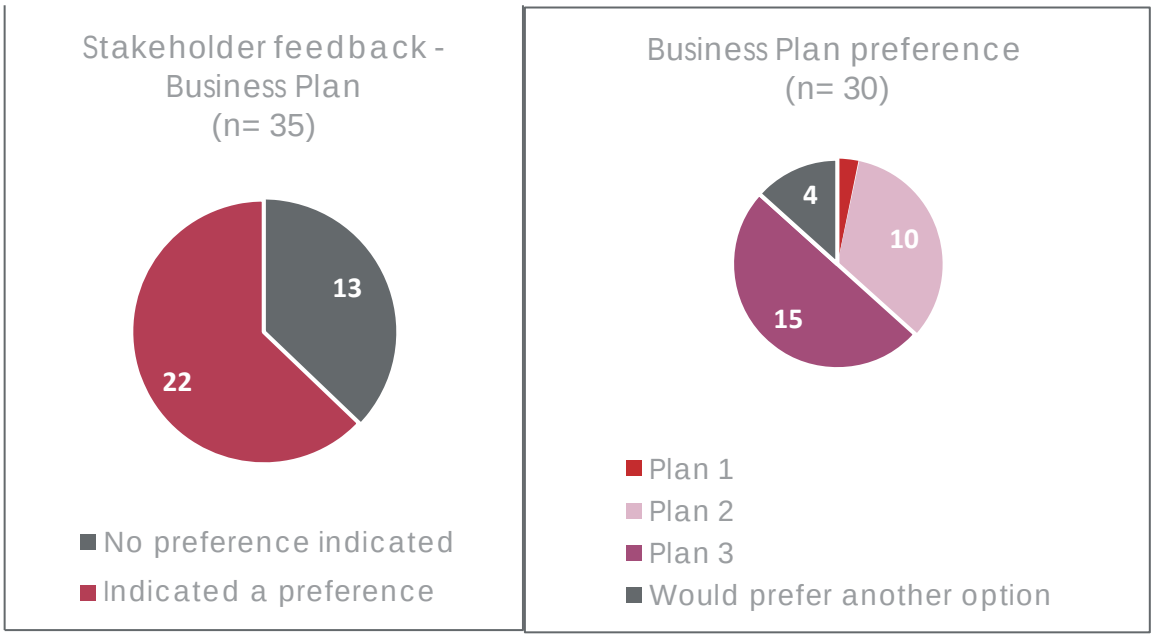
Through informative materials and presentations from Affinity Water staff, participants were introduced to the plans and prompted to discuss the different options further through set questions and activities. The overall findings from these forums are as follows:

Overall preferences regarding the dWRMP and Business Plan:

The majority of those who gave a preferred dWRMP plan indicated they prefer the Alternative Plan over the Preferred Plan (see slides on page 62 for more detailed information of each plan). Of the 35 stakeholders who completed a comment card, 22 indicated a clear preference between plans, and 15 of these selected the Alternative Plan.



The majority of those who gave a preference indicated they support Business Plan 3 (see Table 2 in Appendix G for more detailed information of each Business Plan option). Of the 34 stakeholders who filled in comment cards, 26 indicated a clear preference on the Business Plan, of which 15 selected the Business Plan 3.



The majority of those who gave a preference indicated they support the partnership approach to reduce PCC to 110 litres per person per day. Of the 35 stakeholders who filled in comment cards, 22 indicated support.

Feedback on the challenges facing Affinity Water:

- Overall stakeholders had most feedback to offer on the challenges of **demand growth** and **climate change**. These captured stakeholders' attention as challenges that were important for Affinity Water to address, but needed wider collaboration.
- Many comments were around a stronger focus on water-efficient infrastructure in the household, and the need to increase customers' awareness on water consumption and its environmental affects.

*Feedback on the options and performance commitments in the **dWRMP** and **Business Plan**:*

- Participants support **leakage** reduction in general, but had mixed views regarding what the target should be. Often this was because of uncertainty over the causes and geographic distribution of leaks.
- Reducing **abstraction** was a popular focus, with many participants supporting high reductions. However, support was often caveated with concern about possible knock-on effects on the environment and on supply levels.
- Reducing **PCC** was also a popular focus, with many seeing it as beneficial to all aspects of the dWRMP and Business Plan. Stakeholders highlighted the need for greater communication to the public of information about the supply and demand for water, particularly personal PCC, and of Affinity Water's plans. However, some participants felt that the reductions proposed are too high to be realistic. Participants made many suggestions regarding how to reduce PCC. These included:
  - targeting building regulations;
  - involving local authorities and businesses;
  - increase awareness of water usage, and
  - continue to develop water efficient technology and tools for households.
- **Risk of interruptions** and **reliability of water pressure** were not seen as high priorities, with some participants commenting that customers might not even notice the changes.
- Participants had mixed views on **drought resilience**, and requested more information on how droughts are defined and exactly what restrictions might be put in place.

- Spending money on **environmental pilot projects** was a popular focus, with many participants supporting the higher figure of £6m in Business Plan 2 However, participants requested more information on exactly how this money would be spent and how good value for money would be ensured.
- Although the Business Plans received positive comments, many participants felt that the plans lack ambition, with some requesting a new Business Plan with higher targets. These comments were made both before and after discovering the impact on bills of the three Business Plans.

Overall conclusions

Stakeholders advocated for more ambition in Affinity Water's plans, and suggested that the plans could involve a stable, or increasing bill for customers, rather than bill reductions. They were supportive overall of efforts to reduce water usage, ensure a resilient supply, and protect the environment. Stakeholder comments and suggestions were driven by their particular areas of expertise and interest.

In many forums, stakeholders requested greater information, clarity on the proposed targets, how they are defined and measured, and how they interrelate. They expressed concern regarding how possible underperformance on one target might affect other targets, as well as the ability to supply water in general.

1 Introduction

1.1 Background

Ahead of Ofwat's 2019 Price Review (PR19), Affinity Water has been developing its dWRMP and its Business Plan. In Spring 2018, draft versions of both plans were published and publicly consulted on. Alongside this, Affinity Water commissioned face-to-face and online engagement on both plans with both the general public and with stakeholders. Taken together, the consultation and engagement will be used to shape their final plans.

The dWRMP sets out how Affinity Water intends to manage its resources of water. More specifically, it describes how the company intends to ensure that its customers are supplied with sufficient water from 2020 to 2080. This involves calculating predicted changes in supply and demand over the period 2020-2080; then using this data to develop a long-term strategy for ensuring that all users are supplied with sufficient water, whilst also meeting or exceeding targets set by regulatory bodies such as Ofwat and the Environment Agency. Supply issues which need to be taken into account include changes to water sources, climate change, and infrastructure. Demand issues which need to be taken into account include population growth, user behaviour and leakage.

The draft Business Plan incorporates the dWRMP into a broader plan which shows not only how Affinity Water will manage supply and demand, but also what its performance commitments will be and subsequently what the impacts will be to customer bills. Performance commitments include the risk of interruptions and the reliability of water pressure. The draft Business Plan also incorporates the proposed money to be spent on environmental projects.

Water companies are required by Defra to produce a WRMP every 5 years, to cover resource management for at least the next 25 years. Following approval by Defra for publication, draft WRMPs must undergo a public consultation. Defra also requires water companies to carry out direct local engagement with customers and stakeholders, which should be used to drive decision making and the development of the company's plans. One of the principles of this engagement is that companies should demonstrate that engagement has been done well. Because of this, high quality engagement on the dWRMP is a foundational part of

the business planning process, and as such engagement on the dWRMP should also be designed to effectively contribute to the wider PR19 Business Plan engagement programme.

In order to effectively engage with stakeholders regarding its dWRMP and draft Business Plan, Affinity Water commissioned Traverse, independent engagement specialists, to design and deliver eight half-day stakeholder forums on their dWRMP and their draft Business Plan across the three Affinity Water regions. The findings of these forums, described herein, are intended to inform the final versions of both the dWRMP and the draft Business Plan.

1.2 Methodology

1.2.1 Introduction

Traverse used information provided by Affinity Water on the dWRMP and draft Business Plan to design, in collaboration with Affinity Water, an engagement process plan. The process plan set out:

- the information that Affinity Water wanted to communicate and receive feedback on;
- how this would be done through various activities and associated discussion questions;
- what enabling materials would need developing.

Once the process was agreed, a supporting pro forma was created to set out the timetable for the forums, detailing each activity which would take place, what its purpose was and how it was to be carried out. Activities were supplemented with printed materials, to both provide information and stimulate discussion (see examples in the appendices). The pro forma included data capture sheets, for table facilitators to capture notes on stakeholder views on the topics discussed, including prompt questions to help elicit these views. By using the same process plan and printed materials for all forums, consistency of both data presentation and data capture was ensured. A summary of the process plan can be found in section 1.2.2 below.

A forum was planned in each of Affinity Water's eight river community areas - Dour, Brett, Stort, Wey, Lee, Misbourne, Colne and Pinn. Invitations were issued to Affinity Water's full range of stakeholders in the expectation that a range of

stakeholders with varied interests would attend. Stakeholders were grouped geographically, each of them being invited to the forum for the region they represent. Unfortunately, low take-up in the Brett forum led to this one being cancelled. This forum was subsequently replaced with a consultation forum with Tendring District Council at an All Members briefing.

Traverse provided the lead facilitator at each of these forums, with Affinity Water staff facilitating at tables and recording comments that were made. Both the dWRMP and the draft Business Plan consultation documents were circulated to stakeholders in advance of the forums.

Following each forum, all notes from the data capture sheets were transcribed and then analysed by Traverse, in order to report on stakeholder views and preferences, including recurring themes and ideas. These were combined with the quantitative preference data from the comment cards to provide a fuller picture of stakeholder views of both the dWRMP and the draft Business Plan. This report describes the findings. It is intended as a summary of stakeholder views on Affinity Water's draft plans, not a recommendation on those plans.

1.2.2 Stakeholder forum process plan

Session 1: Discussing the dWRMP

The dWRMP contains two possible plans - the Preferred Plan and the Alternative Plan. The objectives of session 1 were:

- to clearly communicate the dWRMP, including key aspects and options within each plan;
- to discover whether stakeholders prefer the dWRMP preferred plan or the alternative plan, as well as their reasons for preferring one or the other; and
- to establish further stakeholder views on the challenges (also known as key themes) in the dWRMP and the seven supply and demand options.

This session began with participants being shown a presentation introducing the

dWRMP. Participants were shown the background and methodology for developing the plans, and then the proposals in the Preferred Plan and the Alternative Plan. Participants were given the opportunity to ask questions at the end. The slides shown to participants are included in appendix E.

Following this, participants were then shown a series of ten cards at their tables, one for each of the challenges in the dWRMP, also known as key themes (see appendix D for details of each challenge). Participants were then invited to give feedback on each challenge and to also comment if they felt any challenges were missing. This feedback is recorded in section 2.1.

Participants were then shown posters summarising each of the seven options in the dWRMP (see appendix F). Four of these options,

- improve drought resilience;
- leaving more water in the environment (reducing abstraction);
- reducing leakage; and
- reduce the amount of water we use

have different proposals in the Preferred Plan and the Alternative Plan. The individuals impact on bills of these options was included on the poster. The remaining three options,

- sharing regional resources (collaboration and sharing);
- using our underground and rivers sources more effectively; and
- innovative metering,

have the same proposal in both the Preferred Plan and the Alternative Plan. Participants were invited to give feedback on each proposal, and on each of the plans in general. Participants were asked to focus on those proposals which are different in the two plans. This feedback was analysed and is reported on in section 2.2.

At the end of this session, participants were given individual 'comment cards' on which they could tick their overall preferred dWRMP plan (if they had one), as well as write their reasons for their preference. Comments and preference data from these comment cards have been analysed and reported in section 2.2, alongside comments received verbally at the tables. Examples of these comment cards can be found in appendix C.

Session 2: Ideas for achieving demand reduction

The objective of session 2 was to co-develop ideas on how to achieve PCC reduction targets.

During this short session, participants were asked to provide ideas for PCC in their geographic area, including how they thought their organisation could work with other organisations and with Affinity Water in order to achieve PCC reductions. These ideas are presented in section 3.

Session 3: Introducing the Business Plan

The objectives of session 3 were:

- to clearly communicate the draft Business Plan, including key aspects and options within each plan;
- to discover which of the three draft Business Plan options stakeholders prefer, as well as their reasons for their preferences; and
- establish further stakeholder views on the proposals in the draft Business Plans.

Participants were shown a presentation introducing the draft Business Plan (see appendix G). There are three possible Business Plans, referred to as Business Plans 1, 2 and 3. Participants were shown the background, methodology and then the proposals in each of the three plans. Participants were given the opportunity to ask questions at the end. At this point, participants were not shown the bill impacts of the three plans.

Participants were then shown a summary table, showing the proposals in each plan, without the bill impact (see appendix H). The proposals in the draft Business Plan were broken down into seven performance commitments:

- fixing leaks;
- sourcing water more sustainably;
- reducing personal water use;
- risk of interruptions;
- severe drought restrictions;
- environmental pilot projects; and
- reliability of water pressure.

Participants were then invited to give feedback on each proposal, and on each of the plans in general. This feedback in recorded in chapter 4. Participants were then shown the bill impact of each plan and asked if this changed their opinions in any way. This feedback is recorded in section 4.2.11.

At the end of this session, participants were given individual 'comment cards' on which they could tick their overall preferred Business Plan, (if they had one), as well as write their reasons for their preference. Preference data and comments from these cards have been analysed and reported in chapter 4, alongside comments received verbally at the tables. Examples of these comment cards can be found in appendix C.

2 Chapter 2: Comments on the dWRMP

2.1 Comments on the challenges facing Affinity Water

2.1.1 Introduction and summary of feedback

Following the presentation (see Methodology), participants were then shown a series of ten cards at their tables, one for each of the challenges in the dWRMP, also known as key themes (see appendix D for details of each challenge). Participants were then invited to give feedback on each challenge and to also comment if they felt any challenges were missing. This feedback is recorded below.

Main feedback from stakeholders:

- *Overall stakeholders had most feedback to offer on the challenges of **demand growth and climate change**.*
- *These challenges particularly captured their attention as ones that were important for Affinity Water to address, but needed **wider collaboration** to address.*
- *Outside of that, stakeholders tended to comment on their specific area of interest.*

The sections below show a breakdown of the comments received into the themes of the different challenges. The section finishes with feedback from participants addressing any points they felt were missing.

2.1.2 Demand Growth

***Challenge**: Affinity Water area has one of the fastest growing populations. By 2045 the population is estimated to have grown by 20% (an additional 700,000 people), all of whom will need to be supplied with sufficient water to meet their needs.*

Comments: Participants thought that demand management is essential and is

one of the biggest challenges relative to water availability. Most participants believed that having the right infrastructure in place to accompany the predicted growth would be the best way of reducing water use. Some noted the importance of both local and central authorities being involved in introducing new building regulations on regional and national levels. They thought this would result in new properties being designed and constructed in a way that would enable future occupiers to use water more efficiently.

Suggestions: Most suggestions were around water efficiency measures, including:

- Greywater harvesting as a requirement of new housing developments
- Retro-fitting properties with water efficiency devices

Questions:

- How have the figures for population growth and housing occupancy been calculated? Where is the data from? Are the numbers up to date?
- What will happen if demand reduction goals are not met? Is there headroom in place to allow for that uncertainty?

2.1.3 Climate change

***Challenge**: Changes to climate and weather patterns may result in more frequent and severe droughts and less water in the future.*

Comments: Most participants referred to climate change as a key issue. Some participants emphasised the importance of making customers aware of the problems that could be caused by climate change, such as saline intrusion (the movement of saltwater into freshwater aquifers), rising sea levels and extreme weather conditions, and what kind of impact this could have on water resources in the long term.

A few participants specifically mentioned the problem of flooding in the Guildford area and the damage it causes to the surrounding environment. These participants went on to comment that there needs to be a focus on local conditions and local solutions when planning for the effects of climate change, as different areas have different geological settings. The need to have a confident plan that could deal with extreme weather scenarios if needed, such as flooding or drought, was also raised by a few participants.

2.1.4 Metering, water efficiency and consumption

***Challenge**: The challenges of population growth and climate change mean that supply will be decreasing at the time when demand for it is increasing. Therefore, several metering options are proposed to help reduce Affinity Water's high PCC.*

Comments: Some participants agreed that water meters are an important contributor in reducing water consumption and creating behaviour change among customers. A few participants believed that installing meters on their own would not be enough to change people's behaviours and that more information and feedback on individuals' water usage is needed. Similarly, some participants emphasised feedback on water consumption as a possible solution to the above average PCC in the local area, as it could help identify areas of particularly high consumption. Some participants stated that water efficiency is key. One participant mentioned the regeneration program in Harrow, where developers had been involved to ensure water efficiency was implemented in the design from the start of the development.

Suggestions: Participants had a few suggestions to encourage customers to reduce water consumptions, such as:

- More collaboration with developers to increase water efficient behaviour in households.
- Give more feedback and information on individuals' water consumption behaviour, to help customers identify in which areas they are consuming or saving most water

Questions:

- Why do meters help people save water? Is there any information on how much water you save on a meter compared to other water efficiency devices?
- Are current meters going to be replaced by smart meters? If smart meters are saving more water, why do we continue with fixed meter programmes?
- Would meters help vulnerable customers to save money on their water bill or lead to further concerns of not being able to afford enough water?

2.1.5 Collaboration and sharing

***Challenge**: Sharing water with other companies and third parties, across supply area boundaries can help to reduce situations where demand exceeds supply.*

However, there are some practical difficulties to this, as water is very heavy and requires a lot of energy to transport – these difficulties can lead to increases in the cost of the supply.

Comments: A few participants raised points of concern regarding sharing water with other companies and third parties. Some participants worried that more local issues around supply would be overlooked. Some participants agreed that more detail on local water supply levels is needed, as company and regional models sometimes differ. A few participants noted the issue of possible environmental impacts, such as effects on ecology, on areas from where water is being transferred.

Suggestions:

- Collaboration to replace waste water going downstream.

Questions:

- Does Affinity Water have sufficient transparency on what other companies are doing in terms of water trading and regional solutions?
- Is there a possibility of using short term sharing agreements rather than relying on demand measures?
- Can waste water be re-used and recycled back to the tap?

2.1.6 Water quality

***Challenge**: Affinity Water must provide safe, clean drinking water. This is vital to public health and the wellbeing of society.*

Comments: Barely any participants commented on the challenge of maintaining good water quality or referenced it as a priority.

Questions:

- Are there any concerns of groundwater contamination as a result of HS2 being built?

2.1.7 Sustainable abstraction

***Challenge**: In the Affinity Water supply area approximately 65% of the water comes from chalk aquifers (porous rock where groundwater is stored). However, rare chalk streams need preserving as they provide valuable habitats for plants*

and animals and beautiful spaces for people to enjoy.

Comments: When discussing sustainable abstraction, overall, most participants emphasised the need to focus on environmental impacts when abstracting water. Some participants highlighted Affinity Water's responsibility to protect chalk rivers, and the need to increase customer awareness of the impact on the environment that their water consumption has. A few participants also stressed the importance of not over-using resources, and allowing time for recovery.

A few participants expressed concern over generational inheritance of a degraded water system and dry wetlands, and stressed the importance of a more ambitious plan to improve water supply and environmental conditions. One participant believed that customers would be happy to support more sustainable and environmentally friendly water supply methods.

Suggestions: Participants suggested different approaches to ensure further protection of the environment when abstracting water:

- Implement a phased evidence-based approach rather than using sources that might then be very difficult to use again.
- Affinity Water to increase awareness of an ecosystem based approach.

Questions:

- Who is responsible for setting targets for reducing abstraction? Are reduction numbers of million litres per day in the preferred and alternative plan set by the Environment Agency or commonly agreed upon? How are these targets enforced?
- Is there enough transparency about the condition of the environment?
- Does the lack of legal protection of designated sites affect Affinity Water's knowledge of areas which require an immediate reduction in abstraction?

2.1.8 Leakage

***Challenge**: Water leakage is an ongoing challenge and not always easy to detect, with miles of water pipes located underground. Currently, 19% of the water in the Affinity Water network (900 million litres of water per day) is lost, a quarter of which is from pipes which customers' own or rent.*

Comments: Views on leakage varied among participants. Some claimed reducing leaks to be a priority, whilst others suggested Affinity Water should focus

on reducing demand rather than searching for leaks. Some participants commented there is a diminishing rate of return in investing in leakage reduction.

A few participants mentioned infrastructure and conditions of pipes as important to address. Some participants mentioned pipe stability as particularly important when installing new pipes.

Suggestions:

- Consider local ground conditions when installing new pipes to ensure stability.

Questions:

- How are leaks measured? How are numbers affected depending on day time or night time measurements?
- Is Ofwat pushing leakage reduction because of political perception reasons?

2.1.9 Drought

***Challenge**: As weather conditions change there is a risk of more frequent episodes of drought. Drought can have impacts on customers' lives, as temporary restrictions on water usage may be introduced, which can affect both individuals and businesses.*

Comments: Only a few participants commented on the challenge of drought. These participants mentioned resilience to drought as important.

Suggestions:

- An open conversation with customers on the actual cost of maintaining water supply during a drought, to find out if people are prepared to pay more.

Questions:

- What are drought permits? What is the current risk of drought in the Affinity Water region?
- What is the cost is to keep water in rivers and wetlands?

2.1.10 Resilience

***Challenge**: Resilience means having the ability to cope with water supply and*

demand when situations change. Challenges to resilience include climate change and extreme weather, population growth, environmental impact, economic and social change (such as Brexit or Welfare Reform), and ageing infrastructure.

Comments: Some participants emphasised resilience to extreme conditions and situations as a very important topic and key priority to ensure future supply. A few participants mentioned resilience as particularly essential to the greater London area, and the importance of ensuring different London water companies are consistent in their approach to resilience.

Some participants commented on the lack of clarity around the details of resilience. Another participant remarked on the difficulty of understanding resilience, as the topics covers many areas.

Questions:

- How is the current plan tested for resilience?

2.1.11 Achieving our ambition

***Challenge**: to listen to and be responsive to the needs of customers and communities and help them to understand why it is important to use less water.*

Comments: Only a very small number of participants commented on the challenge Affinity Water faces to achieve their ambition. A few participants expressed understanding of why it is important to engage with communities to increase water efficient behaviour among customers. Others believed that Affinity Water's plan is not sufficiently ambitious. Some participants believed people are prepared to pay more on their water bill if it benefits wildlife and water supply.

Suggestions:

- An increase in water bills for less financially vulnerable people,

2.1.12 Additional feedback

Comments: Some participants commented on the lack of addressing **water recycling** in the outlined challenges. These participants emphasised the need to plan for more ways to capture waste water, such as developing grey water systems in buildings and increasing rain water savings.

Some participants commented on the price of water as being too cheap. Instead participants believed that if the **price of water** increased, customers would be more likely to change behaviour and be more careful with the amount of water they use. One participant believed that customers would agree to pay a bit extra on their bill if they knew it would benefit the environment in their local area.

More generally, a few participants believed the challenges proposed to be the right challenges, but noted a lack of ranking amongst them. Others wanted clarification around how different measures and numbers are agreed on. A few participants had concerns regarding the concept of risk in the dWRMP plans, and wanted further explanation around what it really meant, both to customers but also to Affinity Water as a business.

Suggestions:

- Trial buildings where new sustainability technology could be fitted, to later provide the government with feedback and evidence.
- Communicate clear benefits to house owners to use re-cycled water.
- Introduce staggered tariffs, making water consumption over a certain level more expensive.

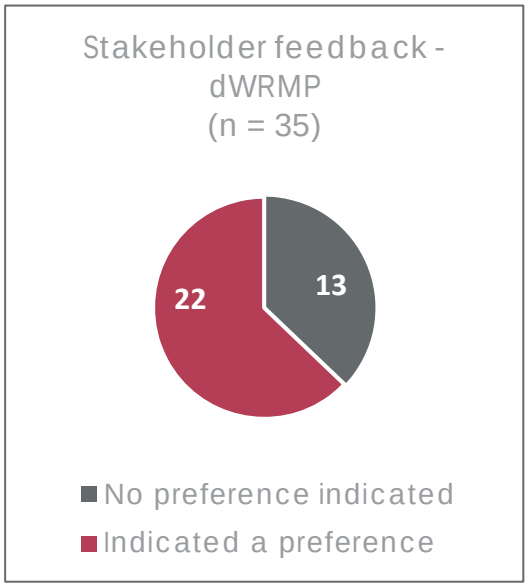
2.2 Comments on the Preferred Plan and the Alternative Plan

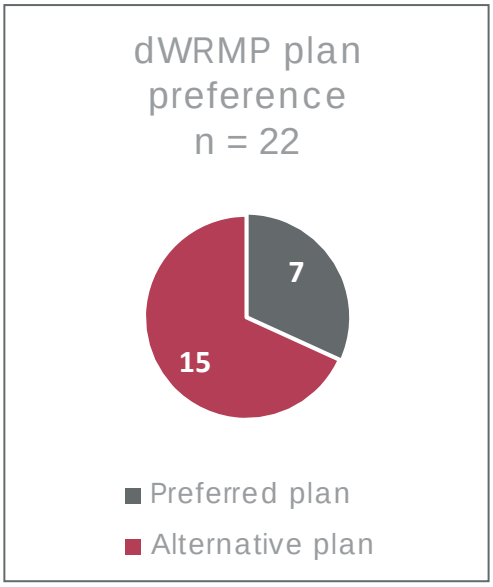
2.2.1 Introduction and summary of feedback

Following the presentation on the dWRMP and the discussion on challenges, participants were shown posters summarising each of the seven options in the dWRMP (see appendix F). These were:

- improve drought resilience;
- leaving more water in the environment (reducing abstraction);
- reducing leakage;
- reduce the amount of water we use
- sharing regional resources (collaboration and sharing);
- using our underground and rivers sources more effectively; and
- innovative metering.

Participants were invited to give feedback on each option, and on each of the plans in general. Participants were asked to focus on those options have different targets in the two plans. Participants were given individual 'comment cards' on which they could tick their overall preferred dWRMP plan (if they had one) as well as write their reasons for their preference. Comments from these cards have been analysed, alongside comments received verbally at the tables. Examples of these comment cards can be found in Appendix C.





A total of 35 comment cards were collected. Out of these, 22 comment cards had ticked boxes clearly showing individual preferences for dWRMP options, while 13 comment cards only provided general comments on the different options. The majority (15) of those who indicated a preference for one of the dWRMP plans indicated that they preferred the Alternative Plan.

In addition to this, 22 of those who completed a comment card indicated that they support the partnership approach to reduce PCC to 110 litres per person per day.

Main feedback from stakeholders:

- *The Alternative Plan was more popular, although not all participants have a preferred plan (see section 2.3 for further details).*
- *Many participants support the partnership approach to reduce PCC to 110 litres per person per day (see section 2.3 for further details).*
- *Participants tended to comment on individual options and targets within the dWRMP, rather than on the Preferred Plan and Alternative Plan as a whole.*
- *Reducing personal water use can help with other options too (these ideas are described in more detail in Chapter 3).*
- *High leakage and PCC suggests the price of water might be too low.*

The sections below show a breakdown of the comments received into different themes: the dWRMP plans as a whole, recurring issues and ideas raised, and the different options within the plans.

2.2.2 The dWRMP plans as a whole

Main feedback from stakeholders:

- **Both plans seem reasonable, however, the alternative plan seems more resilient**
- **The low bill impact of the options suggests water may be too cheap**

The Preferred Plan as a whole

As an overall plan, the Preferred Plan received some favourable comments from participants, although, as can be seen from the charts in section 2.2.1, the Alternative Plan was more popular overall. However, many participants caveated their comments on the plan, commenting that they would like one or more of the targets within the plan to be changed. One participant commented that the cost of the Preferred Plan appears low in comparison to the overall cost of supplying water. A few participants commented that it is important to regularly review the progress of the plan as it is implemented. Comments and concerns about the individual aspects of the dWRMP plans are described below.

The Alternative Plan as a whole

The Alternative Plan received some positive comments, with a few participants

describing it as 'more resilient'. Again, participants often caveated their comments with concerns, most frequently about the cost to customers or the risk of being able to deliver the plan. However, more participants commented on the low cost of water than the high cost of the plans. Comments and concerns about the individual aspects of the dWRMP plans are described below.

2.2.3 Public awareness and communication of the plans

Main feedback from stakeholders:

- **The public need to be made much more aware of the challenges facing Affinity Water. This could help catalyse solutions.**
- **The public need to be made much more aware of their own water usage.**

Some participants felt that if the public were more aware of their own levels of water consumption, as well as the levels of leakage, the possibility of drought and the impacts and levels of abstraction, that they would take more of an interest in these issues, which would be beneficial to Affinity Water and the supply and demand for water in general. Participants also suggested that greater communication of Affinity Water's dWRMP to customers could help increase customer 'buy-in'.

2.2.4 The role of local and national government

Main feedback from stakeholders:

- **Some of problems facing Affinity Water are part of a broader political situation which requires political solutions.**
- **Inconsistencies in how new homes are developed can cause problems for achieving Affinity Water's proposals.**

Some participants commented that the supply and demand situation facing Affinity Water, and hence its solutions, are part of a broader political situation which requires political motivation to be solved. Specifically, a few participants suggested that, with sufficient political will, greater infrastructure for transferring water across the country can and should be developed, to aid water companies facing supply shortages.

Some participants raised the issue of housing developments and the interaction between developers, local and central government, and Affinity Water. Some of these participants drew attention to perceived inconsistencies in how housing

developments are carried out, especially in terms of how water efficient their designs are. A few commented that, whilst some housing developments are designed to be as water efficient as possible, others, which can be as close as across the road, may be designed very inefficiently. Participants commented that housing developments and the design of homes, pose a risk to Affinity Water's plans, both in terms of its ability to supply water to their customers, but also in achieving its PCC reduction targets. A few commented that that it would be in the interest of both the government and Affinity Water for there to be more control over housing development and house design, as these affect the ability of water companies to meet their obligations to both Ofwat and Defra. A few participants suggested that Affinity Water could work more with local government in the housing decision-making process, or even that water companies should be made statutory consultees on all new housing developments.

Some participants commented that greater use should be made of local water data, rather than total data from across all the Affinity regions, in order to better inform discussions and decisions regarding the dWRMP.

2.2.5 Neighbouring water companies

Main feedback from stakeholders:

- **It's important for neighbouring water companies to work together and have consistent targets and plans if they are to achieve their goals**

A few participants enquired to what extent the plans presented by Affinity Water will be dependent on the actions of other companies. Some also questioned why neighbouring water companies in the London area appear to have different plans and targets. The importance of a consistent level of resilience across London and the surrounding areas was emphasised by some participants. A few participants specifically raised the issue of the Abingdon reservoir project, requesting more information about how it will benefit Affinity Water and whether it will provide sufficient water for the company's needs. Respondents also expressed concerns that Affinity Water may be too reliant on the Abingdon project, commenting that it requires multiple water companies with different plans and priorities to work together to the same timescale, which might not happen. A few participants queried how Affinity Water can propose to bring the project forward if other companies involved with it are not proposing the same thing.

2.2.6 Data modelling

Main feedback from stakeholders:

- **It is essential that the data modelling informing Affinity Water's plans takes detailed account of all possible effects on water supply and demand.**
- **It is important to clearly communicate, in the plans, what modelling has taken place and how it has informed the plans.**

Some participants queried how the figures presented in the dWRMP have been arrived at. Some expressed concerns regarding the impacts of the following changes on the supply of, and demand for, water, and queried whether the modelling performed by Affinity Water has taken full account of these future changes:

- population growth;
- new housing developments;
- HS2;
- future advances in technology which could affect demand; and
- climate change.

For some participants, a perceived lack of information or clarity about the modelling undermined their confidence in the figures. A few participants also commented that, given possible limitations in modelling future supply and demand, that infrastructure planning will be difficult.

2.2.7 Data presentation

Main feedback from stakeholders:

- **More information, and information in clearer forms, needs to be provided regarding how targets are measured.**
- **More information needs to be provided regarding how the different targets interrelate and how one target will be affected if another is not reached.**

Some participants commented that some of the figures presented in the plans, such as those given in percentages or megalitres (Ml), should also be presented in other forms, such as in terms of numbers of households, or in comparison to average individual consumption. These participants suggested that this would make the figures easier to understand and relate to.

Some participants queried the interrelationship between the figures presented in the dWRMP, commenting that it was not always clear how proposed changes

within the plans would affect each other. Participants queried whether proposed abstraction reductions would cause supply problems, or whether proposed PCC and leakage reductions would be sufficient to balance reduced abstraction.

A few commented that they did not think it is clear what the risks might be for both of the plans, commenting that the risks associated with the plans need to be communicated to customers.

Other comments made by participants were:

- querying whether the figures and targets presented included agricultural users and what the split is between water used for agriculture and water used domestically; and
- querying what Affinity Water's ultimate goals are regarding each of the proposals. For example, what level of abstraction or PCC Affinity Water would like to have in the long-run, beyond the timeframe of the current dWRMP.

2.2.8 Improve drought resilience

***Introduction**: Both of the dWRMP Plans, the Preferred Plan and the Alternative Plan, contained a target for what the probability should be of severe drought restrictions occurring in any one year. These were presented both as a percentage and as odds, e.g. 1.7% (1 in 60).*

Main feedback from stakeholders:

- **More information is needed on exactly how droughts are defined and dealt with**
- **More discussion is needed on the causes of, and solutions to, droughts**

Comments specific to targets in the Preferred Plan and Alternative Plan

A few participants expressed support for improving drought resilience to a 1.7% chance (1 in 60) that 'additional water', i.e. drought permits and/or emergency drought orders will be needed in any given year. However, others commented that they felt that the proposed improvement from a 2.5% to 1.7% chance is too small. One participant expressed the concern that the proposed level of drought resilience may be insufficient in the face of changes due to climate change (further comments on the challenge of climate change can be found in section 2.1.3).

A few participants expressed support for improving drought resilience to 0.5% (1:200) that 'additional water', i.e. drought permits and/or emergency drought orders will be needed in any given year. Some also commented that the additional cost of this aspect of the alternative plan (£1.20) represents good value for money. However, a few participants commented that two plans appear to have a very different level of drought resilience for a very small cost difference.

Some participants felt that the increased drought resilience of the alternative plan would be of benefit to customers. Others commented that infrastructure improvements will be required in order to deliver the proposed higher level of drought resilience, with some consequently expressing concerns about the deliverability of this aspect of the alternative plan. A few participants described the level of drought resilience in the alternative plan as being far too high.

Desire for more information

Some participants were unclear as to exactly how droughts are defined, what the trigger points are for intervention, what water companies can and cannot do during a drought and what the effects of interventions would be on customers. Others expressed a desire for more information regarding how and when drought orders have been used in the past and how they would be used in the future if they become necessary.

Additional means of coping with droughts

More generally, some participants commented that more should be done to address the causes of droughts, such as spending more on infrastructure and building more reservoirs.

Others expressed a desire that the level of drought resilience in the Affinity Water supply area be made consistent with the Thames Water supply area. A few suggested that water supply in times of drought should be managed through pressure reductions instead of cutting off the water supply. One participant commented that Affinity Water's plans need to have more input from the latest research into the effects of evapotranspiration and the effect of increasing urbanisation on rates of run-off.

A few participants suggested alternative or additional means of coping with droughts, including: increasing water storage, increasing transfers from flooded

regions and increasing collection of water from dams. Participants also expressed mixed views on whether stand pipes should be used as a solution to drought problems, with some supporting stand pipes and some opposing.

2.2.9 Leaving more water in the environment

***Introduction**: Both of the dWRMP Plans, the Preferred Plan and the Alternative Plan, contained a target for a reduction in current abstraction levels, given in terms of how many millions of litres to reduce abstraction by.*

Main feedback from stakeholders:

- **It's good to reduce abstraction as much as possible, however,**
- **There may be knock-on effects, particularly on the environment, and abstraction reductions could lead to supply shortages if other targets are not met**

Comments specific to targets in the Preferred Plan and Alternative Plan

A few participants queried the abstraction figure in the preferred plan, asking what the barriers are to reducing abstraction by 39 megalitres per day (Ml/day) instead, as is proposed in the alternative plan. This higher reduction figure was more popular with participants, although others commented that they do not believe this is not achievable due to anticipated demand growth.

Environmental considerations

Some participants expressed concerns regarding current levels of abstraction and the perceived resulting impact on the environment. More specifically, a few of these participants enquired what the impact will be on chalk streams and wetland areas. Some of these participants expressed a desire to protect the environment from the potential problems caused by over-abstraction. However, others queried whether the environmental benefits of the higher reduction target justify the possible risks of reducing abstraction, such as on supply levels.

A few participants queried what the environmental knock-on effects of abstraction reduction will be, and what will happen if sources from which water abstraction ceases are needed again in the future.

Where abstraction reductions will take place

Some participants queried the presentation of the data, commenting that they

would like to know how any reduction in abstraction will be distributed across the different Affinity Water regions. Some suggested choosing where to reduce abstraction based on the environmental impacts. Others suggested that the situation should first be monitored in order to demonstrate the benefits of recent reductions to abstraction before taking further action.

Other issues

A few participants suggested that more modelling needs to be done regarding the costs of reducing abstraction, to establish the investment and timescale required to achieve the proposed targets. A few others expressed concerns regarding the impact of humidity levels on the ability to share water between regions.

2.2.10 Reducing leakage

***Introduction**: Both of the dWRMP Plans, the Preferred Plan and the Alternative Plan, contained a target for a percentage reduction in leakage, based on current leakage levels.*

Main feedback from stakeholders:

- **There was a greater range of views about leakage than about the other areas in the dWRMP, with views ranging from those who saw leakage levels as being of little interest to customers, to those who commented that reducing leakage should be a top priority**
- **Those who expressed strong support for leakage reduction commented that it was very important, both from an environment perspective and that it could lead to the greatest increase in resilience of all the proposals.**
- **However, some cautioned that any leakage repairs must look to the long term, instead of being quick fixes.**

Comments specific to targets in the Preferred Plan and Alternative Plan

A few participants expressed support for an 11% leakage reduction. Some commented that there may be a strong economic case for reducing leakage. One participant queried whether leakage might be good for the environment, as the water returns to the environment.

Causes of leaks

Some participants queried the causes of the current levels of leakage, with some

suggesting that the age of the water distribution network is primarily to blame. A few participants suggested that developers are saving money by not burying water pipes sufficiently. These participants believe that this is leading to pipes developing cracks more quickly, which in turn increases the levels of leakage. Others queried to what extent leakage occurs on newer housing developments.

Distribution of leaks across Affinity Water regions

Some participants felt it is unfair for customers in Affinity Water regions with lower leakage to pay extra on their bills in order to fix leaks in other regions with higher leakage. A few participants suggested that live leakage data should be made available for customers to see the extent and distribution of leakage in the Affinity Water network. A few participants commented that plans and engagement regarding leakage need to include greater discussion on the use of smart meters.

Other issues

One participant commented that the only impact of leakage is to increase pumping costs, which they viewed as purely a commercial problem for Affinity Water. A few participants commented that existing asset replacement programmes will help with leakage reduction, but that this might come at the cost of disruption to customers.

2.2.11 Reducing the amount of water we use

Introduction: *Both of the dWRMP Plans, the Preferred Plan and the Alternative Plan, contained a target for what PCC should be reduced to, in terms of numbers of litres per person per day.*

Main feedback from stakeholders:

- **The PCC reduction targets are very ambitious reductions on current usage, which may or may not be achievable**
- **Do Affinity Water's plans account for the risk that PCC reduction targets might not be met?**
- **Increasing the cost of water to customers could help reduce PCC and also encourage greater uptake of water metering.**

Comments specific to targets in the Preferred Plan and Alternative Plan

A few participants commented that the PCC reduction target in the preferred

plan could be made more stringent with sufficient customer engagement. A few other participants described the figure in the preferred plan as very ambitious. One participant expressed support for the target of 126 litres per person per day.

One participant commented that the reduction target in the alternative plan seems 'achievable'. A few participants expressed a willingness to pay more to reduce consumption further and therefore safeguard against water shortages.

Desire for more information

As with other aspects of the dWRMP, some participants commented that more data is required on water consumption, including more specific geographical data. Some participants also commented that future consumption can be difficult to predict with accuracy, which in turn will make it difficult to know how and if Affinity Water will achieve its proposed PCC reductions.

The need to work with communities

Some participants went on to comment that these targets will require a large amount of support from, and partnership with, communities and local organisations and authorities. A few also commented on the need to support efforts using education about water consumption.

Other issues

A few participants suggested that, in order to reduce PCC, water companies need to make greater use of rewards and punishments for under and over usage, beyond the existing impacts on customer bills. Others cautioned that reducing PCC could have a negative effect on health and that having less water flowing in the pipes, particularly from more efficient toilets, could mean there will be insufficient water to keep sewage flowing properly.

2.2.12 Innovative metering

Introduction: *Innovative metering provides customers with more frequent information on their water consumption.*

Main feedback from stakeholders:

- **Smart metering and live feedback on water usage are helpful in reducing PCC.**

- **However it is not clear exactly what is being proposed by Affinity Water with regard to metering, or how different types of metering - standard, automated meter reading (AMR), fast and innovative - will interrelate.**
- **Metering appears to have a low priority in the plans.**

Other issues

A few participants expressed concern regarding the possible impacts of metering on households with children, suggesting that a metred household might not be able to pay for sufficient water for all their children's needs.

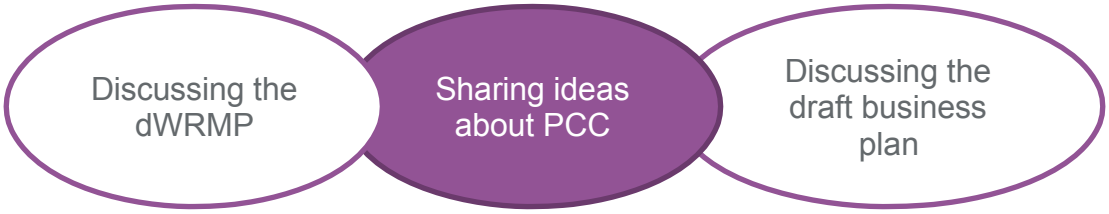
Other comments made by participants included:

- querying whether non-residential properties are or should be, metered;
- that metering will only have a short-term impact;
- whether could smart meters be used to limit water flow once consumption has exceeded a particular amount each day; and
- concern that water companies cannot act if a customer doesn't pay their bill.

2.2.13 Other proposals in the dWRMP

No specific comments were made on the proposals regarding 'sharing regional resources (collaboration and sharing)' or 'using our underground and rivers sources more effectively'.

3 Ideas for achieving reduction in PCC



3.1 Introduction

Through using detailed posters outlining water consumption in the Affinity Water area, participants were introduced to the challenge of reducing the PCC of water and prompted to suggest ideas to reduce the amount of water used.

3.1.1 PCC reduction ideas

Initial ideas from participants were then discussed in more detail to work through who they would target, and how these ideas could be implemented with Affinity Water partners. Ideas brought forward among participants are summarised in the table below, clustered under different themes.

PCC reduction ideas		
Theme	**Idea**	**Details**
Target building regulations	New building regulations	• Affinity Water to work with builders to implement sustainability measures to make new buildings and houses more water efficient

		• Give incentives and penalties to developers dependent on the water efficiency of new homes developed. • Learn from responsible developers who have already been part of developing water efficient buildings
	Water efficient saving measures in new houses	• Installing grey water systems to use recycled water for toilets • Introduce dual flush systems • Ensure Affinity Water support rain water harvesting projects, part funded through environmental pilot projects
Government /local authority	Pressure on govern-ment involve-ment	• Make water efficiency a governmental issue to be able to enforce regulation and behaviour change nationally, equivalent to introducing seat belts and harsher laws on drink driving • Government to give more energy grants to sustainable development, e.g. wind turbines and solar panels on buildings, using the energy to help pump water around the network
	Work with local authorities	• Local authorities can act as honest broker to communicate messages of water efficiency savings to the public • Community rain water collection scheme led, or supported by, local authorities
	Collabor-ation between water industry, developers, local authorities and regulators	• Joint identification of water supply and demand issues with water industry, developers, local authorities and regulators, leading to agreed action on water efficient saving measures to be installed in new and old buildings
Partnership	Partnership with housing associate-ions	• Educate tenants on water efficient saving measures and to help them save water on their bill • Offer customers water efficient devices
	Develop better	• Develop better links between partners and

	online platforms	Affinity Water websites
	Business involve-ment	• Create incentives for local business leaders to save water or a fund for a discreet investment programme on water efficiency saving • Talk to businesses to educate on how to reduce consumption and save on bills. Businesses are mostly based on cost so they need to be convinced on this factor
Education	Work with schools to improve education on water use	• Maintain education programmes in schools to ensure future behaviour change • Ensure communication of message to children – they are the ones who drive how households work
	Compet-ition element	• Create local champion for sustainable living • Use social media streams to educate about water saving measures • Raise awareness and educate through a celebrity environment campaigner • Water saving challenges on social media and in local community
	Organisati-ons taking an active stance	• Involve organisations in raising awareness and provide education to both employees and wider public on how to save water
Water usage awareness	More information about water volumes and how water is being used	• Make amount of water people use more visible. Make use of visual displays in communities / public places to raise awareness • Give tank of water to individual households to show how much water they use and how they use it • Have accessible data on use and amount saved that can be presented to customers • Produce monthly resource publication of water use with appropriate graphics available for individuals to share online • Send out fridge magnets with the next bill with water efficiency awareness reminders on them
	Assessment of how	• Help customers identify in which areas consumption needs to be reduced

	PCC breaks down	• Increase understanding around why certain regions in England consume more water than others
	Smart metering	• Fit meters them for free in households to improve uptake • Develop meters with digital read outs • Integrate smart meters with timing devices • Fit alarms on water meters that make it easier to identify leaks
	Introduce different pricing options	• Set a PCC limit and add additional charge for water used after that • Penalise extreme use through tariffs to enforce behaviour change • Incentivise uptake of water efficiency devices for the home and for reducing PCC
	Utilities app	• Develop app to compare yours or your area's volume of water usage with others
Water efficiency in the household	Water efficient showers and taps	• Promote aerated showers that automatically generate shorter showers • Introduce more taps that cut off automatically • Make use of technology and social media to engage teenagers' usage i.e. involve technology in having a shower
	Water butts	• Target people hosing gardens - ideally need larger water butts to be effective
	Water efficient dishwashers	• Introduce new technology - using sound waves to remove dirt • Provide education on how to use the dishwasher efficiently
	Immediate boil taps	• Save the water that runs off when people are waiting for hot water to come through
	Grey water recycling	• Develop sensors to tell what waste water is clean and what is grey water and divert appropriately • Promote use of grey water to flush toilets

4 Comments on the draft Business Plan

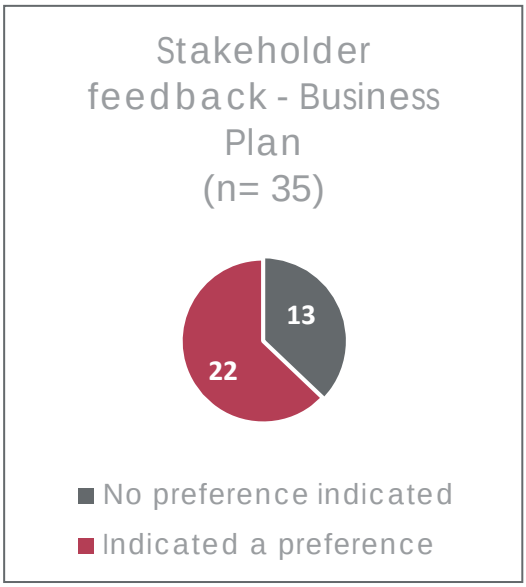
4.1 Introduction and summary of feedback

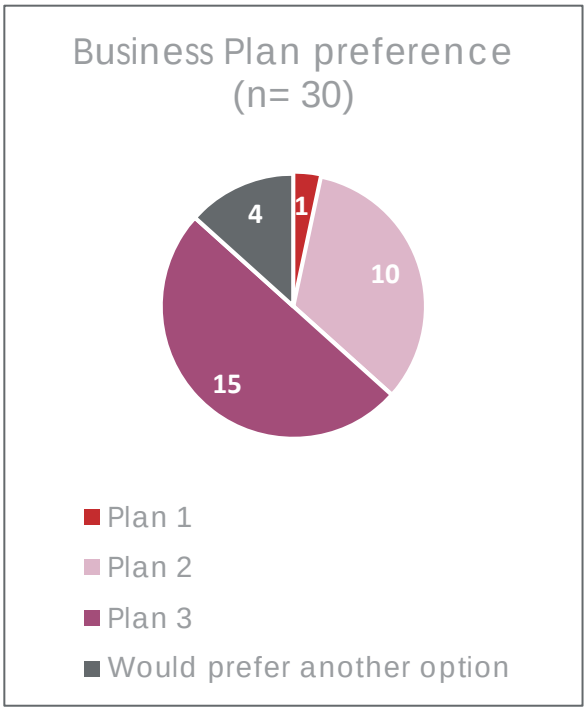
Following the presentation on the Business Plan (see Methodology), participants were presented with a summary table, showing the details of each plan, without the bill impact (see appendix H). The proposals in the draft Business Plan were broken down into seven performance commitments:

- fixing leaks;
- sourcing water more sustainably;
- reducing personal water use;
- risk of interruptions;
- severe drought restrictions;
- environmental pilot projects; and
- reliability of water pressure.

Each Business Plan contained a target for each performance commitment. Participants were invited to give feedback on the Business Plan and given individual 'comment cards' on which they could tick their overall preferred draft Business Plan (if they had one) as well as write their reasons for their preference. Comments from these cards have been analysed and reported in section 4.2, alongside comments received verbally at the tables. Examples of these comment cards can be found in Appendix C.

A total of 34 comments cards were collected. Out of these, 26 comments cards had ticked boxes clearly showing individual preferences for three draft Business plan options. The additional 8 comments cards only provided general comments on the different options or stated that they would prefer a fourth option. The majority (15) of those who indicated a preference for a specific draft Business Plan option ticked that they preferred the draft Business Plan 3.





Main feedback from stakeholders:

- Business Plan 3 was the most popular plan amongst those participants who expressed a clear preference. However, as shown in section 4.3, some participants chose not to indicate a preference.
- Although the Business Plan received many positive comments, many participants felt that the plans are not ambitious enough.
- Further clarity is needed on exactly how the performance targets are defined and measured.
- Reducing personal water use can help with other performance commitments too (these ideas are described in more detail in Chapter 3).

The sections below describe the comments made at the forums, broken down into recurring themes and issues raised, and by the seven performance commitments. The final section describes comments made after the bill impact of the three Business Plans was made known.

4.2 The draft Business Plan

4.2.1 Data presentation

Main feedback from stakeholders:

- **More information, and information in clearer forms, needs be provided regarding how targets are measured.**
- **More information needs to be provided regarding how the different targets interrelate and how one target will be affected if another is not reached.**
- **More detailed information is needed on the impact on bills.**

As with the dWRMP options, some participants commented that they would like more information to be provided on the targets in the three draft Business Plans, including how they were arrived at and what the interrelations are between the different performance commitments. Participants also commented that the seven performance commitments of the draft Business Plans would benefit from being more clearly defined. A few participants requested that the bill impact of the individual aspects of the plans should also be presented, and not just the overall cost impact on average bills.

A few participants commented that presenting only the impact on the average bill, and bill increase, is insufficient. These participants suggested that greater information should be provided on the current range of bills and possible bill increases, including the numbers of customers with bills and bill increases significantly above or below the average.

Further comments relating to the presentation of individual performance commitments in the draft Business Plan can be found in their respective sections below.

4.2.2 Comments on what's missing from the plans

Main feedback from stakeholders:

- **The plans do not appear to clearly mention infrastructure investment or**

- **vulnerable customers.**

A few participants commented that none of the plans make clear reference to infrastructure investment, seen by some of these participants as vital to maintaining a reliable water supply. More specifically, participants commented that the need for more water storage infrastructure, such as reservoirs, appears to be absent from the plans.

Some participants criticised the plans for appearing to contain no information about support for vulnerable customers. These participants queried what Affinity Water is committing to with respect to vulnerable customers, and if the commitment is the same in all three plans. More specifically, a few participants queried what work has been conducted into helping customers who are elderly, disabled or have autism. A few participants commented that the need to protect vulnerable customers has been highlighted during recent sub-zero temperatures.

4.2.3 Motivation behind the performance commitments

Main feedback from stakeholders:

- **More information is needed regarding how the targets under each performance commitment were arrived at.**

A few participants commented that more information is needed about which targets are statutory requirements, set by external bodies such as Defra, the Environment Agency, and Ofwat, and which go beyond these requirements or are initiatives by Affinity Water. Participants also queried why the particular seven performance commitments presented were chosen as areas for improvement, and queried what the reasoning was behind which performance commitments were chosen and which weren't.

4.2.4 Fixing leaks

***Introduction**: each draft Business Plan contained a target for a percentage reduction in leakage, based on current leakage levels.*

Main feedback from stakeholders:

- **The higher leakage reduction target was more popular.**
- **The Business Plan needs to give more information about exactly what the targets are a reduction of or from.**

A few participants commented that they supported the higher leakage reduction target of 15%. Others commented that they thought the 11% target is too low to receive much support from customers. One participant commented that they felt the leakage targets to be misleading, as they felt it was not clear what each is a percentage *of*. It was suggested that in fact the leakage targets are a percentage of a percentage, and therefore the real figure is lower than is being suggested.

4.2.5 Sourcing water more sustainably

***Introduction**: each draft Business Plan contained a target for a reduction in current abstraction levels, given in terms of how many millions of litres per day to reduce abstraction by.*

Main feedback from stakeholders:

- **It's good to reduce abstraction as much as possible.**
- **There may be knock-on effects, particularly on the environment, and abstraction reductions could lead to supply shortages if other targets are not met.**
- **The targets seem low in comparison to past abstraction reductions.**

Comments specific to targets in the Business Plan

A few participants queried why plan 1 and plan 2 have proposed reductions of 10 Ml, whereas Plan 3 has a proposed reduction of 39 Ml, which was commented to be a large increase from plans 1 and 2. A few of these participants commented that plan 2 should have a figure between 10 and 39 Ml. A few participants commented that the proposed abstraction reductions appear to be relatively small compared to recent reductions in abstraction, and queried why the figures are not higher.

Abstraction and the environment

A few participants emphasised the importance of taking into consideration the environmental impacts of abstraction levels. A few expressed support for reducing abstraction because of the perceived environmental benefits. A few commented more generally that they felt it is worth paying extra to protect the environment, with a small number suggesting that good catchment management is also important.

What if abstraction leads to supply shortages?

A few participants felt that it was not clear from the plans how additional abstraction reductions will be compensated for in terms of water supply and demand. When comparing plans 2 and 3, a few commented that it is unclear whether the reduction in leakage and personal water use are sufficient to compensate for the decreased abstraction. A few participants suggested that reductions in abstraction will have to be compensated for in other ways, such as by increasing water transfer from other regions, which could require investment in infrastructure or result in environmental damage elsewhere. As a result of this, a few participants suggested increased demand reduction measures as a means of compensating for reduced abstraction.

Other issues

A few participants commented that storage may be a more important issue than abstraction. A few participants queried whether Affinity Water can support, perhaps through funding from the environmental pilot projects fund, rain water harvesting, re-use of grey water and improved catchment management as means of helping to compensate for reductions in supply due to reduced abstraction.

4.2.6 Reducing personal water use

***Introduction**: Each draft Business Plan contained a target for what PCC should be reduced to, in terms of numbers of litres per person per day.*

Main feedback from stakeholders:

- **Although reducing personal water use is popular, the targets proposed may not be realistic, particularly in the timeframe suggested.**
- **Public awareness of personal water use is key to reducing PCC.**

Comments specific to targets in the Business Plan

A few participants expressed a preference for plan 3, due to the lower PCC figure. A few participants queried how the figures had been arrived at, or suggested that the draft Business Plans should include more rounded numbers, such as 125 and 130, or a range, such as 124-128.

A few participants drew attention to the shorter timetable for PCC reduction in

the draft Business Plan when compared to the dWRMP, commenting that 5 years might not be enough time to achieve the PCC reductions proposed in the draft Business Plan. Some were more sceptical, commenting that all of the proposed PCC reduction figures are too ambitious and therefore unrealistic.

The importance of public awareness

Some participants suggested that public awareness of personal water consumption is key to reducing water usage. One participant commented that there is already a scheme in their area of home water efficiency checks, but that most of the public appear to be unware of it.

Suggestions and challenges for reducing PCC

A few participants in the Dour region commented that PCC in the area is already low, and meter penetration already very high, so it is difficult to see how further reduction, down to the target levels, can be achieved.

As with the dWRMP, a few participants commented that the only way to reduce personal water use is to raise the cost of water. However, others contradicted this, commenting that some customers are and will be happy to reduce their consumption for the sake of the environment alone.

A few participants commented that water consumption may be influenced by religious and cultural practices, but also that this might change over time as the environment became more of a priority.

4.2.7 Risk of interruptions

***Introduction**: each draft Business Plan contained a target for what the probability should be of an interruption to supply occurring in any one year. These were presented both as a percentage and as odds, e.g. 1.5% (1 in 65).*

Main feedback from stakeholders:

- **Although interruptions should be avoided, the low probability means that these targets might not make much difference to most customers.**
- **More information is needed on exactly how the performance commitment is defined and measured.**

Comments specific to targets in the Business Plan

Many participants commented that the risk of interruptions is of relatively low importance to them and to other customers, given the low probability of interruptions in all three plans. However, a small number of participants commented that the risk of interruptions should be lowered further, to as low as 0.5%.

Data presentation

With both the risk of interruptions and severe drought restrictions, a few participants commented that they found it difficult to understand the targets which had been presented, and asked that they be presented in other forms, in order to make it easier for individuals to understand and relate to. A few requested more information regarding how long interruptions might be, and what the probability of interruptions longer than 3 hours will be.

Other issues

A few commented that the road traffic impact of fixing supply issues is more important than the length of interruptions to the supply. Some commented that, when interruptions do occur, good use of social media and other means of communication to customers are essential for mitigating the impact.

4.2.8 Severe drought restrictions

***Introduction**: each draft Business Plan contained a target for what the probability should be of severe drought restrictions occurring in any one year. These were presented both as a percentage and as odds, e.g. 1.7% (1 in 60).*

Main feedback from stakeholders:

- **Plan 2 should perhaps have a target between those of plans 1 and 3.**
- **It's not clear exactly how droughts are being defined or what exactly the drought restrictions would be.**

Comments specific to targets in the Business Plan

Similarly to the abstraction figures, a few suggested that one of the plans should include a target in-between the current targets of 1.7% and 0.5%.

Data presentation

A few participants felt that the way the figures were presented did not make the meaning clear to them, and suggested that more information needs to be given to support these figures. Specifically, participants suggested that it needs to be made clearer exactly what a 'severe' drought is, what exactly the restrictions would be, and how long the drought restrictions would last. A few commented that it is unclear how the probabilities presented would affect individuals. A few suggested dividing drought restrictions into different bands of severity of drought and duration of restrictions.

Other issues

A few participants commented on the importance of redundancy in the water network in order to minimise drought restrictions. A few commented that people should not be allowed to go without water for more than 24 hours.

4.2.9 Environmental pilot projects

***Introduction**: each draft Business Plan contained a target for how much money should be spent on new environmental pilot projects.*

Main feedback from stakeholders:

- **Supporting the environment through pilot projects is very important.**
- **The connection between the money spent on environmental pilot projects and the proposed reductions in abstraction is not clear.**
- **It's unclear exactly what these 'pilot projects' are, where they will be or how their impact will be measured.**

Comments specific to targets in the Business Plan

Many participants expressed support for spending money on environmental projects, and for this reason preferred this aspect of plan 2, though a few commented that they would like the amount spent to be even higher. Participants also queried the interrelationship between the environmental pilot projects and the abstraction reductions. A few participants, when comparing plans 2 and 3, drew attention to the decrease in money spent on environmental pilot projects, verses the decrease in abstraction levels, suggesting that a different balance could be found between funding for environmental projects and levels of abstraction.

Data presentation

Some participants felt that it was not clear what precisely is meant by 'environmental pilot projects' and commented that more information is required on the details, including:

- exactly what projects are proposed and where they will be;
- what the intended outcomes of the projects are;
- what the value for money of each project is;
- how much research has gone into the projects;
- if any of the proposed projects have been tried elsewhere; and
- how the projects and their impacts will be communicated to customers.

The importance of community engagement

A few participants commented that community engagement will be key to this aspect of the draft Business Plan, with others also mentioning that it would work well for Affinity Water to collaborate with other organisations on this aspect of the draft Business Plan.

Other issues

A few participants suggested that, whichever plan is chosen, customers could be given the option on their water bill of paying a small amount extra to support environmental pilot projects. A few participants suggested that the pilot projects referred to are actually projects to reduce PCC.

4.2.10 Reliability of water pressure

***Introduction**: each draft Business Plan contained a target for how many hours of low pressure should be experienced per year.*

Main feedback from stakeholders:

- **As with risk of interruptions, the targets proposed are so low that customers might not notice the difference.**

A few participants commented that they felt these targets represented a good improvement on the current situation. However, many more participants felt that this area was of low significance to customers, as they believed that most customers do not have water pressure issues or that they would not notice temporary reduced pressure. As a result of this, some participants suggested that

other issues, such as the environment and water quality, should take greater precedence over reliability of water pressure in the draft Business Plan.

A few participants queried whether the proposals will affect the ability to heat water at home, due to home boilers having a limited tolerance range for water pressure. A few participants described this aspect of the plans as a 'red herring', as they do not believe reductions in water pressure to be significant if the pressure is restored within 24 hours. A few participants commented that more information is needed in the draft Business Plan regarding the causes of low water pressure.

4.2.11 Comments on the relative bill impacts and ambitions of the plans

Introduction

As described above, participants were not initially shown the impact on bills of the three Business Plans. Towards the end of this session, the bill impact was shown to participants, who were asked whether this affected their opinions.

Main feedback from stakeholders:

- **Affinity Water should produce a fourth Business Plan where bills either stay the same or increase.**
- **Plans 2 and 3 represent good value for money.**
- **Low bills might impede efforts to reduce personal water use.**

Comments specific to the cost of Business Plan 1

Upon discovering the bill impact of plan 1, participant comments on the cost of plan 1 were mostly negative. Although the low cost was praised by a few, others criticised it, commenting that the money saved should instead be re-invested in measures which help with supply and demand, or should be spent on engineering and construction apprenticeships. Other participants queried whether customers would even notice the price decrease and suggested that some customers might perceive there to be a contradiction between decreasing bills and Affinity Water's expressed intention to invest in improving the supply and demand situation.

Comments specific to the cost of Business Plan 2

Upon discovering the bill impact of plan 2, further positive comments were made. Some participants commented that plan 2 represents good value for money and

a good compromise - providing a reduced bill, but with a desirable amount being spent on the environment. A few participants also commented that the reduced cost would be particularly beneficial to vulnerable customers.

Comments specific to the cost of Business Plan 3

Upon discovering the bill impact of plan 3, further positive comments were received and the plan was seen by a few as ambitious for the price. Some participants caveated their support with concern about the possible impacts of the bill to vulnerable customers. However, others commented that they support plan 3 *because* the low cost would be beneficial for vulnerable customers.

The cost of the plans in general

When comparing the bill impact of the three plans, a few participants commented that the differences are not significant enough to influence their preference. A few saw the combination of small bill impacts and small differences in bill impact as a reason to choose plan 3, as they saw no reason to go for an even cheaper plan.

However, a small number of participants felt that cost on bills is a distraction from what's important, and that the plans should focus entirely on ambition instead. Other participants suggested that more of the costs of the proposals should be taken from Affinity Water's profits, rather than from customers.

The ambition of the plans and the desire for a fourth Business Plan

Both before and after the impact on bills of the three draft Business Plans were communicated, many participants felt that none of the plans were ambitious enough. Upon discovering the impact on bills of the three draft Business Plans, some participants commented that, given that the average bill is predicted to decrease for all three plans, that a fourth, more expensive, plan with higher ambitions is needed. Some suggested that a fourth plan should be a zero-increase plan, where average bills stay the same as present, with the additional cost between this new plan and plan 3 being used to raise ambitions. A few participants requested that the cost of more ambitious targets be presented for comparison to the three existing draft Business Plans. A few participants suggested taking most of the proposals from Plan 3, but with the reduced risk of interruptions, higher spending on environmental pilot projects and greater reliability of water

pressure from plan 2.

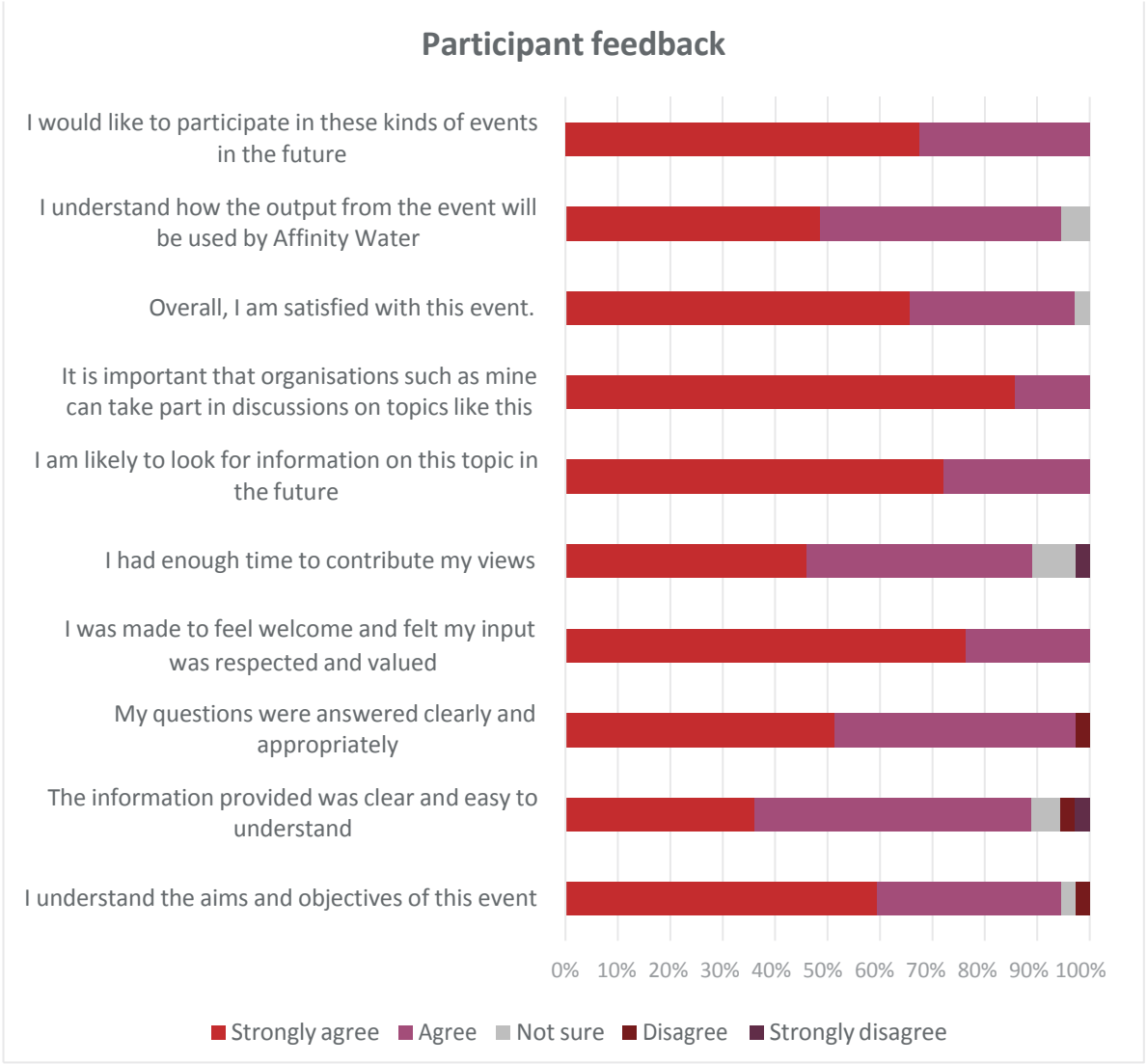
The cost of water

A few participants further commented that reduced bills may impede Affinity Water's desire to reduce personal water consumption, as they felt that a relatively cheap supply of water would not motivate customers to reduce their usage. A few compared water to other utilities, commenting that, given that water is cheaper than other utilities, that it might not be unreasonable to present a fourth option with an increased cost. A few also suggested that Affinity Water customers are often very affluent, with many easily able to afford higher bills. A few participants queried to what extent customers notice their bills, commenting that, for some customers, as long as there is always a supply of clean water, that they will not notice changes to their bill.

Appendix A: List of organisations who attended

Organisations
Letchworth Garden City Heritage Foundation
North Herts Farmers
Letchworth Sustainability Forum
University of Hertfordshire: Department of Estates Hospitality and Contract Services, Infrastructure and Sustainability
Shepway Environment and Community Network
Monks Horton Parish Council
Hythe Town Council
Stanford Parish Council
Kent County Council
Dover District Council
Up on the Downs
Lyminge Parish Council
Colne Valley Fisheries Consultative
Chiltern District Council and Chesham Town Council
Chiltern and South Bucks District Council
Chalfont St Peter Parish Council
River Chess Association
Chilterns Chalk Streams Project
Appling Trust and Fish Legal
Misbourne River Action
London Borough of Harrow
Three Rivers District Council
VK. Dacorum Environmental Forum
Friends of Gadebridge Park
Canal & River Trust
Herts and Middlesex Wildlife Trust
Ver Valley Society
Guildford Borough Council
Burpham Neighbourhood Forum
StepChange Dept Charity
Harlow Council

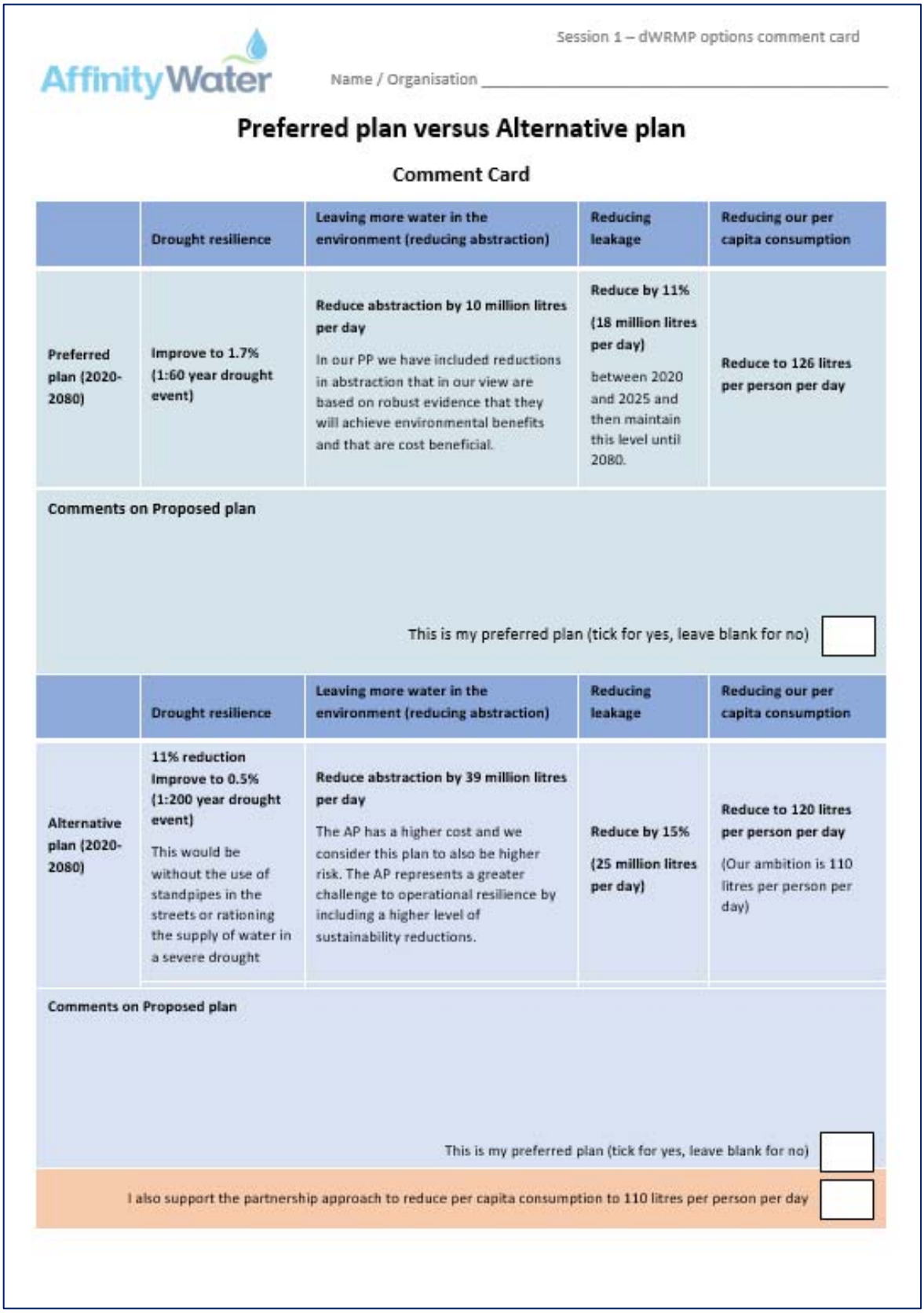
Appendix B: Participant feedback on the stakeholder forums



Summary of participants' comments on feedback forms:

- Statistical information should have been presented more clearly
- More information on each area needed
- Well organised forum
- Not enough time for such a massive issue
- Plans not ambitious enough
- Interest in receiving feedback on the collective impact from the forums

Appendix C: dWRMP options comment cards and draft Business Plan options comment cards



Session 1 – dWRMP options comment card

Name / Organisation _____

Preferred plan versus Alternative plan

Comment Card

	Drought resilience	Leaving more water in the environment (reducing abstraction)	Reducing leakage	Reducing our per capita consumption
Preferred plan (2020-2080)	**Improve to 1.7% (1:60 year drought event)**	**Reduce abstraction by 10 million litres per day** In our PP we have included reductions in abstraction that in our view are based on robust evidence that they will achieve environmental benefits and that are cost beneficial.	**Reduce by 11% (18 million litres per day)** between 2020 and 2025 and then maintain this level until 2080.	**Reduce to 126 litres per person per day**

Comments on Proposed plan

This is my preferred plan (tick for yes, leave blank for no) ☐

	Drought resilience	Leaving more water in the environment (reducing abstraction)	Reducing leakage	Reducing our per capita consumption
Alternative plan (2020-2080)	**11% reduction Improve to 0.5% (1:200 year drought event)** This would be without the use of standpipes in the streets or rationing the supply of water in a severe drought	**Reduce abstraction by 39 million litres per day** The AP has a higher cost and we consider this plan to also be higher risk. The AP represents a greater challenge to operational resilience by including a higher level of sustainability reductions.	**Reduce by 15% (25 million litres per day)**	**Reduce to 120 litres per person per day** (Our ambition is 110 litres per person per day)

Comments on Proposed plan

This is my preferred plan (tick for yes, leave blank for no) ☐

I also support the partnership approach to reduce per capita consumption to 110 litres per person per day ☐

Session 3 – Business plan options comments card

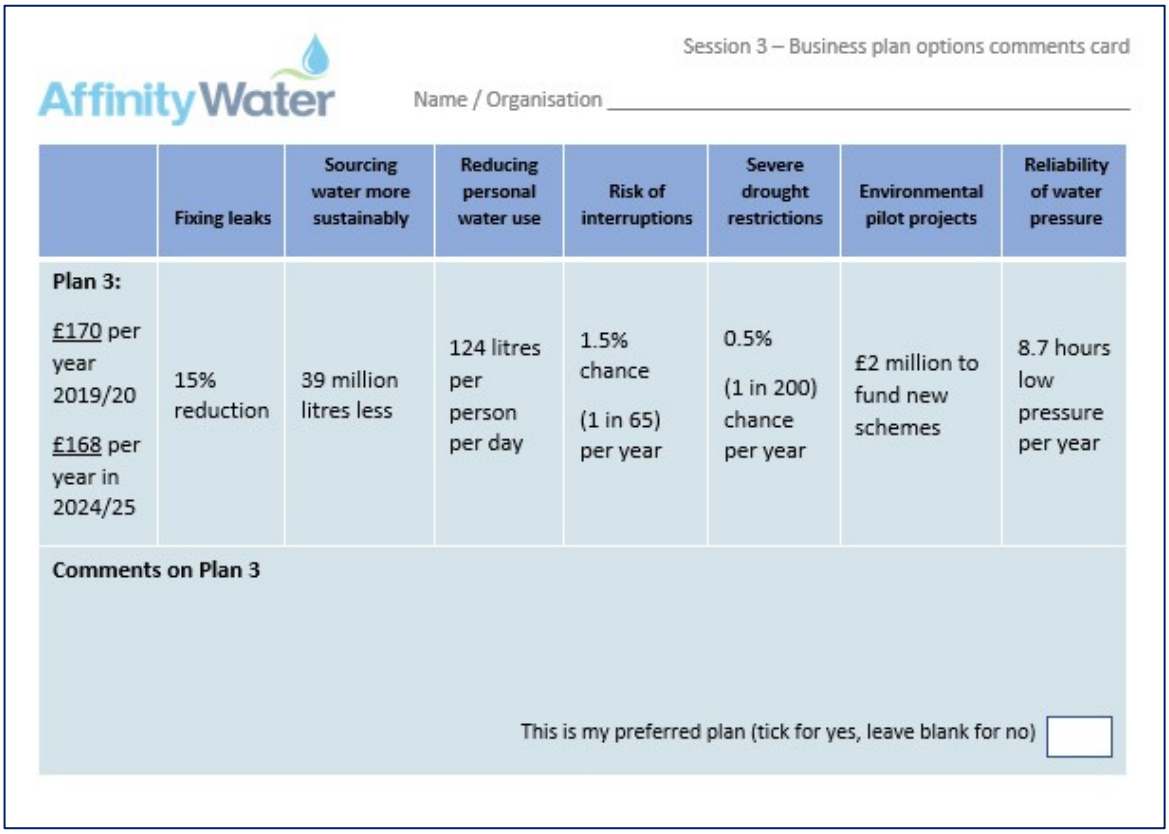
Name / Organisation _____

Business Plan Options

Comment Card

The average bill for each household is £167 per year (as of April 2018)

	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environmental pilot projects	Reliability of water pressure
Plan 1: £170 per year 2019/20 £158 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Comments on Plan 1 This is my preferred plan (tick for yes, leave blank for no) ☐							
	Fixing leaks	**Sourcing water more sustainably**	**Reducing personal water use**	**Risk of interruptions**	**Severe drought restrictions**	**Environmental pilot projects**	**Reliability of water pressure**
Plan 2: £170 per year 2019/20 £161 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Comments on Plan 2 This is my preferred plan (tick for yes, leave blank for no) ☐							



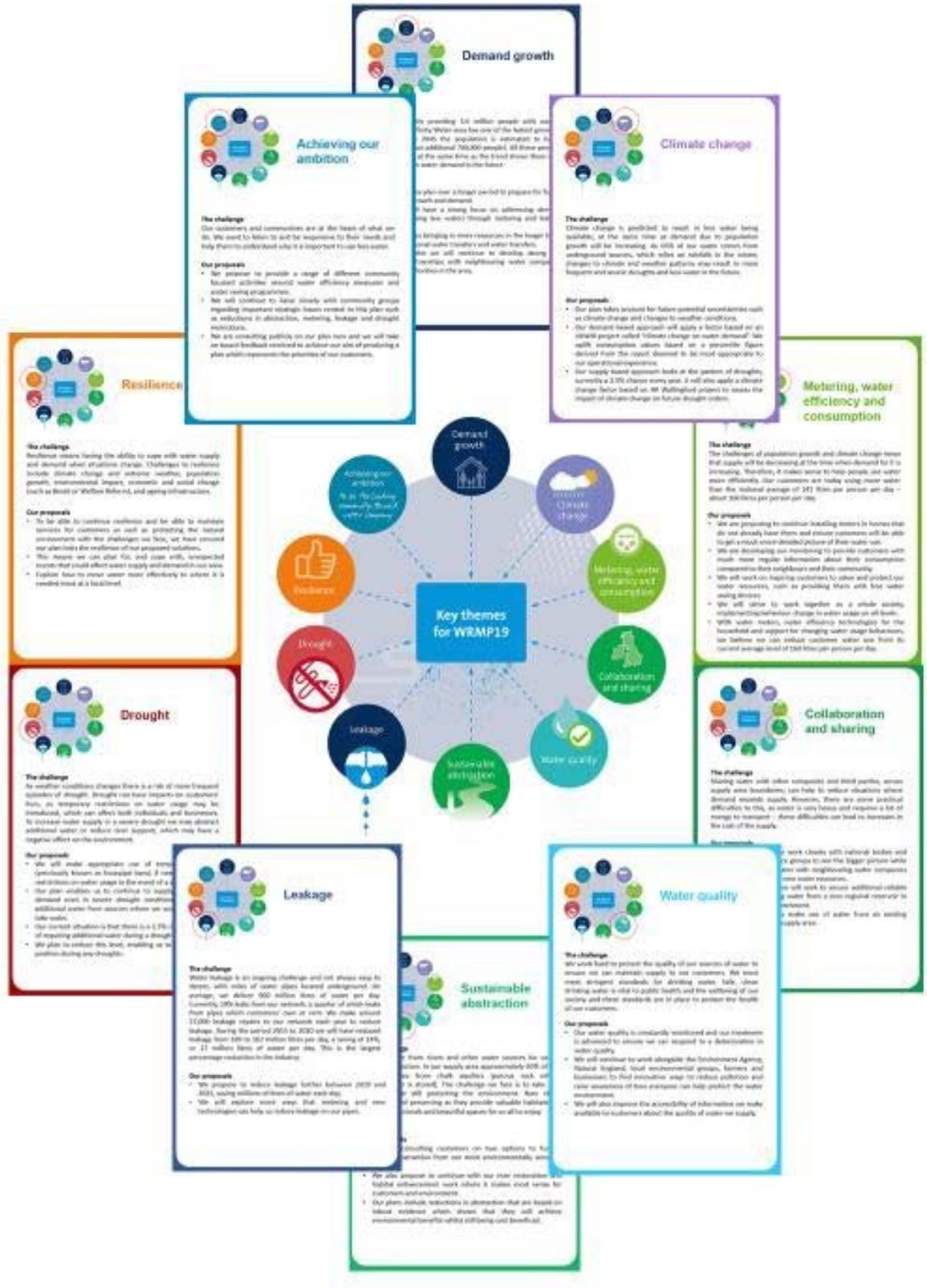
Session 3 – Business plan options comments card

Name / Organisation _____

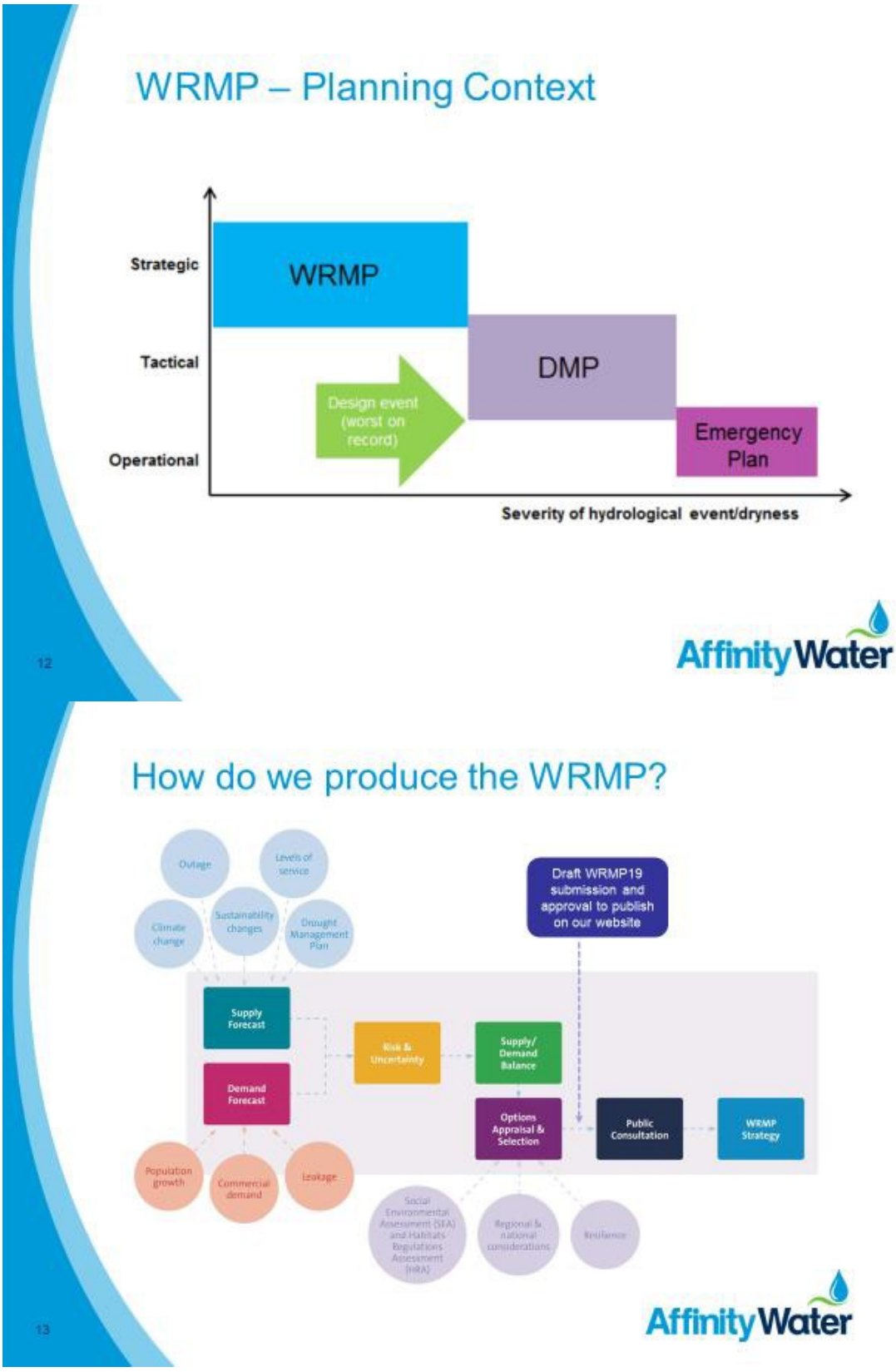
	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environmental pilot projects	Reliability of water pressure
Plan 3: £170 per year 2019/20 £168 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Comments on Plan 3							

This is my preferred plan (tick for yes, leave blank for no) ☐

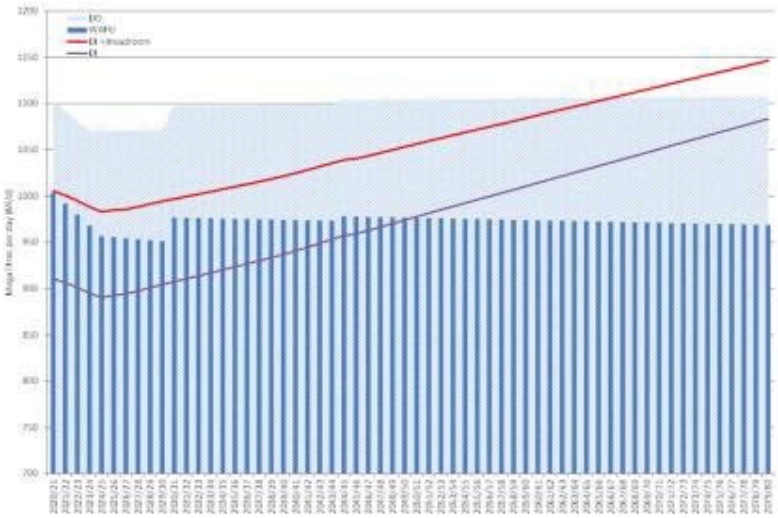
Appendix D: Challenge wheel and challenge cards from Session 1



Appendix E: dWRMP presentation slides



Baseline dWRMP19 Supply Demand Balance



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Affinity Water

Solving the problem – Options Appraisal

	Unconstrained Options	
	Option Types	Number of Options
Supply	Catchment Management	1
	Desalination	17
	Effluent Reuse	12
	Groundwater	98
	Outage	4
	Surface Water	55
	Third Party	18
	Transfer	105
	Treatment	19
Demand	Leakage	18
	Metering	6
	Reuse	7
	Water Efficiency	7
	Tariff	6
		373

Screening stage

	Constrained Options		
	Option Types	Number of Constrained Options	Number of Options 'Screened-out'
Supply	Catchment Management	0	1
	Desalination	3	14
	Effluent Reuse	2	10
	Groundwater	25	73
	Outage	0	4
	Surface Water	8	47
	Third Party	3	15
	Transfer	37	68
	Treatment	6	13
Demand	Leakage	11	7
	Metering	4	2
	Reuse	4	3
	Water Efficiency	4	3
	Tariff	0	6
		107	266

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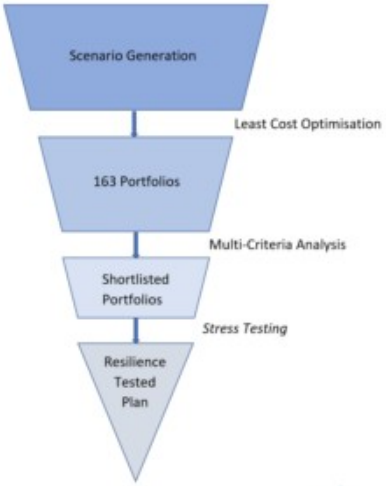
Affinity Water

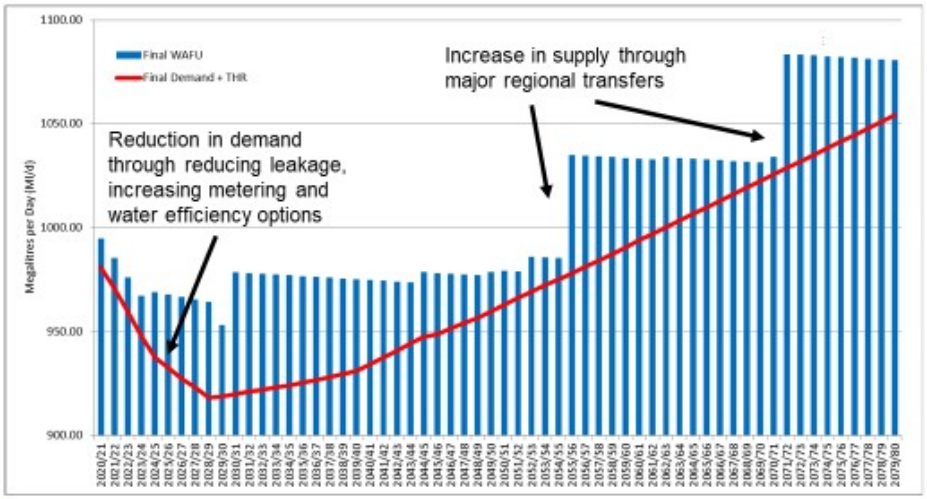
Investment Modelling – Economics of Balancing Supply & Demand (EBSD)

Portfolio ID	DI	Drought	SRs	WQ impact	Permits & Orders
P-0	Medium	Worst Historic	Planned	None	Yes
P-1	Low	Worst Historic	Planned	None	No
P-2	Low	Severe	Planned	None	Yes
P-3	Low	Severe	Planned	None	No
P-4	Low	Extreme	Planned	None	Yes
P-46	Medium	Worst Historic	Planned	None	No
P-47	Medium	Severe	Planned	None	Yes
P-48	Medium	Severe	Planned	None	No
P-139	Low	Worst Historic	Uncertain	None	Yes
P-145	Medium	Worst Historic	Planned	None	Yes
P-148	Medium	Worst Historic	Uncertain	None	Yes



16

Preferred Plan – 'Final' Supply Demand Balance



17


Key Challenges & Themes
Demand growth
Achieving our ambition
To be the leading community focused water company
Climate change
Resilience
Metering, water efficiency and consumption
Key themes for customers and dWRMP19
Drought
Collaboration and sharing
Leakage
Water quality
Sustainable abstraction
18
Affinity Water
Preferred Vs Alternative Plans
SUPPLY OPTIONS
ALTERNATIVE PLAN
1:200 year drought event (using drought permits for additional water supply)
Sharing regional resources
Using our underground and river sources more effectively
ALTERNATIVE PLAN
Improve drought resilience
Leaving more water in the environment
Preferred plan
ALTERNATIVE PLAN
PCC* 120 l/p/d by 2045
Reduce the amount of water we use
Reducing leakage
Innovative metering
OUR AMBITION
PCC 110 l/p/d by 2045
ALTERNATIVE PLAN
by 15%
DEMAND OPTIONS
* Ml/d means millions of litres of water per day
* PCC means Per Capita Consumption (how much water each person uses per day). l/p/d means litres per person per day
21
Affinity Water

Table 1: Preferred and Alternative Plan

Appendix F: dWRMP detailed comparison posters

Water Resources Management — Session 1 – Detailed comparison poster

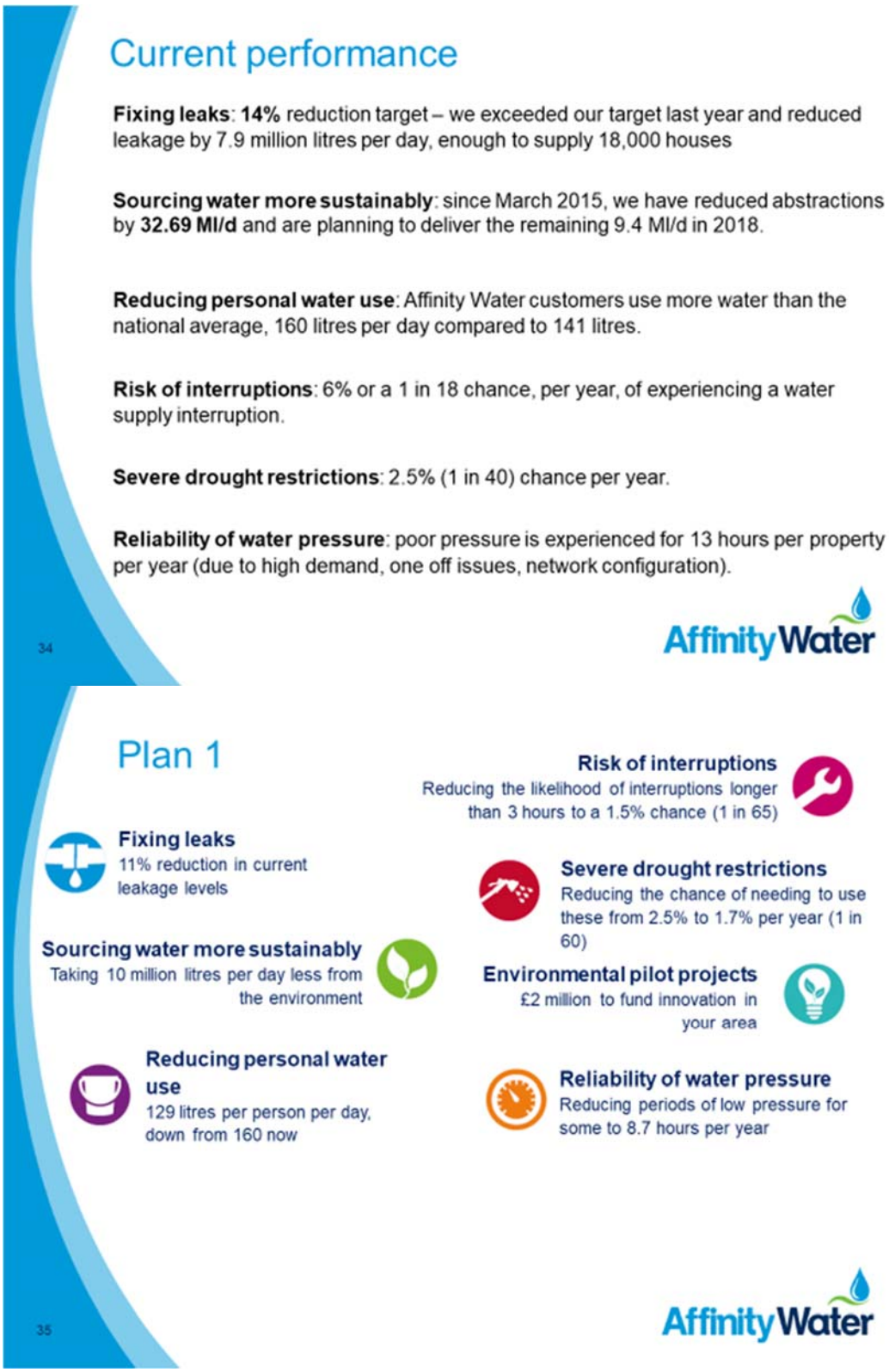
	Current situation (2015-2020)	Preferred plan (2020-2080)	Alternative plan (2020-2080)
Drought resilience	Our current position is to be able to cope with a **2.5%** chance that we will need to use 'additional water', i.e. drought permits and/or emergency drought orders.	**Improve to 1.7% (1:60 year drought event)**	**Improve to 0.5% (1:200 year drought event)** This would be without the use of standpipes in the streets or rationing the supply of water in a severe drought
Leaving more water in the environment (reducing abstraction)	In our last plan WRMP14, we committed to 42 Ml/day of sustainability reductions which we are on track to complete by the end of April 2018. The result will amount to a total reduction since 1993 of 63 Ml/day, some 7% of our resource base.	**Reduce abstraction by 10 Ml/day** In our PP we have included reductions in abstraction that in our view are based on robust evidence that they will achieve environmental benefits and that are cost beneficial.	**Reduce abstraction by 39 Ml/day** The AP has a higher cost and we consider this plan to also be higher risk. The AP represents a greater challenge to operational resilience by including a higher level of sustainability reductions.
Reducing leakage	**Current leakage: 171 Ml/day** This is 19% of total water in our pipes. 25% of this value is leakage within customer property boundaries. **Reduction in current plan (2015-2020): 27 Ml/day (14% reduction)** This is the largest percentage reduction in the industry. We are repairing 27,000 leaks per year.	**Reduce by 11% (18 Ml/day)** between 2020 and 2025 and then maintain this level until 2080.	**Reduce by 15% (25 Ml/day)** between 2020 and 2025 and then maintain this level until 2080.
Reducing our per capita consumption (PCC)	Current average PCC across the Affinity Water regions is 160 litres per person per day. (National average is 141 litres per person per day)	**Reduce to 126** litres per person per day	**Reduce to 120** litres per person per day *(our ambition is 110* litres per person per day*)*
Impact on average customer bill (annual increase of these four options)		Drought: **£3.00 (up until 2080)** Abstraction: **90p (up until 2080)** Leakage: **£2.10 (up until 2080)** PCC: **£2.40 (up until 2080)**	Drought: **£4.20 (up until 2080)** Abstraction: **£1.30 (up until 2080)** Leakage: **£3.80 (up until 2080)** PCC: **£3.70 (up until 2080)** *(Our ambition of 110 litres per person per day will cost more)*

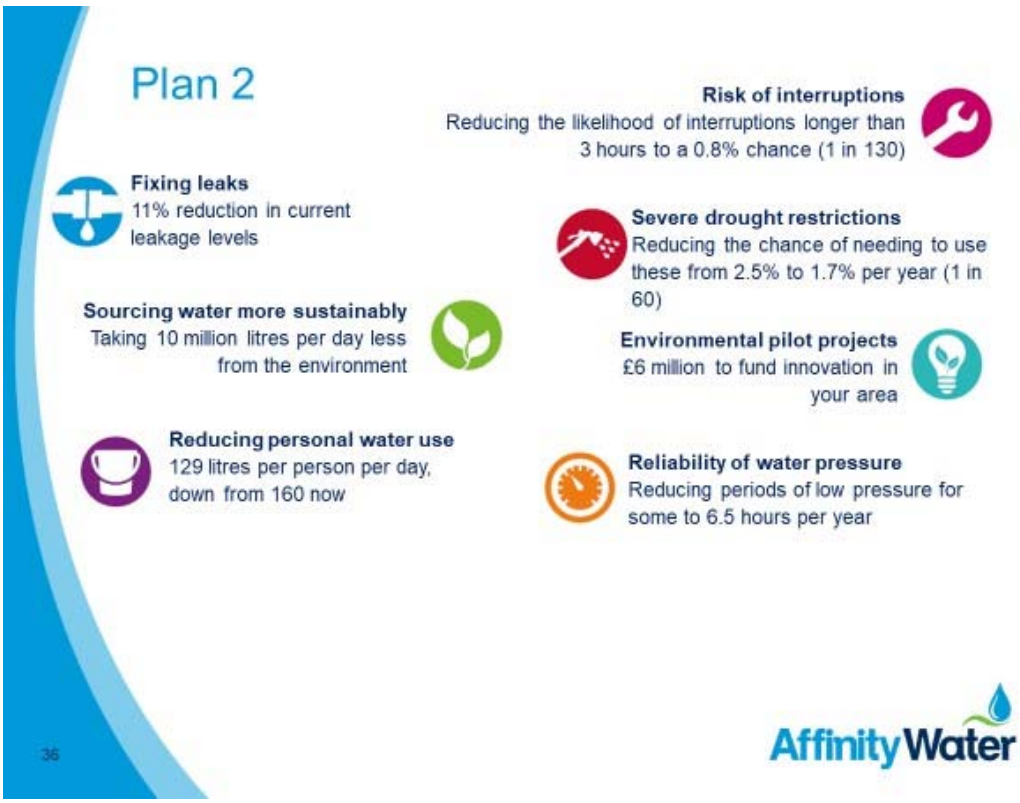
Water Resources Management — Session 1 – Detailed comparison poster

	Current situation (2015-2020)	Proposals (2020-2080)
Sharing regional resources (collaboration and sharing)	Collaboration & Sharing – we play a vital role in two regional groups: • **Water Resource in the South East (WRSE)** which involves Thames Water, South East Water, Southern Water, Sutton East Surrey, Portsmouth Water. • **Water Resources East (WRE)** which involves Anglian Water, Essex & Suffolk and Cambridge Water. Ultimately the groups offer a greater level of communication between water resource planning departments in neighbouring companies. The sharing of options and resources to enable an optimal solution and put weight behind regional solutions that multiple companies can benefit from.	• Work closely with national bodies and regional water resource groups so we see the bigger picture. • Continue to share water with our neighbouring water companies and actively develop new water resources that can also be shared and can help alleviate regional water stress issues. • Collaborate with third parties and seek out new opportunities for option development. • In the longer-term we will seek to secure additional reliable water by transferring water from a new regional reservoir in the Upper Thames catchment. • We also propose to make use of water from an existing reservoir within our supply area.
Using our underground and rivers sources more effectively	We have been working since the early 1990s to improve the flows in local chalk streams and we have reduced or altered our abstraction in many catchments. We are planning further work to reduce the amount we abstract at several sources to ensure our water abstractions are sustainable for the local environment.	This would be achieved through things like: • Making the most of available water supplies. • Bringing old sources back online. • Water transfers, through improved infrastructure within our area and applying to other water companies for water. • Reducing the amount of water we put back into rivers. • Increasing normal levels of abstraction from river catchment areas.
Innovative metering	Implementing a compulsory metering programme across our supply area supported by a phased switch for customers in terms of moving to metered payments.	• We will implement a new innovative option which will provide customers with frequent information about their water use. As a result, customers will be able to get a much more detailed picture of their water use than they currently receive through their sixmonthly bills which will help them to reduce the amount they use. • In the longer term, from 2025 to 2035, we plan to implement smart metering that will help customers reduce usage and tackle leakage more effectively. • We will also continue to install meters in homes that do not already have them

Appendix G: draft Business Plan presentation slides


Four customer expectations…now and in the future
1
Making sure customers and communities have enough water while leaving more water in the environment
2
Minimising disruption to you and your community
3
Supplying high quality water you can trust
4
Providing a great service that you value
Affinity Water
32
Performance Commitments
1
Making sure customers and communities have enough water while leaving more water in the environment
2
Minimising disruption to you and your community
3
Supplying high quality water you can trust
4
Providing a great service that you value
Fixing leaks
Sourcing water more sustainably
Reducing personal water use
Risk of interruptions
Severe drought restrictions
Environmental pilot projects
Reliability of water pressure
Affinity Water
33


Current performance
Fixing leaks: 14% reduction target – we exceeded our target last year and reduced leakage by 7.9 million litres per day, enough to supply 18,000 houses
Sourcing water more sustainably: since March 2015, we have reduced abstractions by 32.69 Ml/d and are planning to deliver the remaining 9.4 Ml/d in 2018.
Reducing personal water use: Affinity Water customers use more water than the national average, 160 litres per day compared to 141 litres.
Risk of interruptions: 6% or a 1 in 18 chance, per year, of experiencing a water supply interruption.
Severe drought restrictions: 2.5% (1 in 40) chance per year.
Reliability of water pressure: poor pressure is experienced for 13 hours per property per year (due to high demand, one off issues, network configuration).
34
Affinity Water
Plan 1
Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 1.5% chance (1 in 65)
Fixing leaks
11% reduction in current leakage levels
Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)
Sourcing water more sustainably
Taking 10 million litres per day less from the environment
Environmental pilot projects
£2 million to fund innovation in your area
Reducing personal water use
129 litres per person per day, down from 160 now
Reliability of water pressure
Reducing periods of low pressure for some to 8.7 hours per year
35
Affinity Water


Plan 2
Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 0.8% chance (1 in 130)
Fixing leaks
11% reduction in current leakage levels
Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 1.7% per year (1 in 60)
Sourcing water more sustainably
Taking 10 million litres per day less from the environment
Environmental pilot projects
£6 million to fund innovation in your area
Reducing personal water use
129 litres per person per day, down from 160 now
Reliability of water pressure
Reducing periods of low pressure for some to 6.5 hours per year
36
AffinityWater


Plan 3
Risk of interruptions
Reducing the likelihood of interruptions longer than 3 hours to a 1.5% chance (1 in 65)
Fixing leaks
15% reduction in current leakage levels
Severe drought restrictions
Reducing the chance of needing to use these from 2.5% to 0.5% per year (1 in 200)
Sourcing water more sustainably
Taking 39 million litres per day less from the environment
Environmental pilot projects
£2 million to fund innovation in your area
Reducing personal water use
124 litres per person per day, down from 160 now
Reliability of water pressure
Reducing periods of low pressure for some to 8.7 hours per year
37
AffinityWater

Comparison of all three plans

Current bill: £167 Forecast bills:	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environmental pilot projects	Reliability of water pressure
Plan 1	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan 2	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan 3	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year

Comparison of all three plans

Current bill: £167 Forecast bills:	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environmental pilot projects	Reliability of water pressure
Plan 1 £170 per year 2019/20 £158 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan 2 £170 per year 2019/20 £161 per year in 2024/25	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan 3 £170 per year 2019/20 £168 per year in 2024/25	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year

Table 2: Comparison of draft Business Plans

Appendix H: Detailed posters of draft Business Plan options

Session 3 – Business plan package option poster

	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environmental pilot projects	Reliability of water pressure
Plan 1:	11% reduction	10 million litres less	129 litres per person per day	1.5% chance (1 in 65) per year	1.7% (1 in 60) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year
Plan 2:	11% reduction	10 million litres less	129 litres per person per day	0.8% chance (1 in 130) per year	1.7% (1 in 60) chance per year	£6 million to fund new schemes	6.5 hours low pressure per year
Plan 3:	15% reduction	39 million litres less	124 litres per person per day	1.5% chance (1 in 65) per year	0.5% (1 in 200) chance per year	£2 million to fund new schemes	8.7 hours low pressure per year

Session 3 – Business plan package option poster

Average bill in 2019/20: £170 (Current average bill is £167 per year, as of April 2018)	**Plan 1: £12 cheaper** (£158 per year)	**Plan 2: £9 cheaper** (£161 per year)	**Plan 3: £2 cheaper** (£168 per year)

Appendix I: Glossary of key terms

dWRMP	**Draft Water Resource Management Plan**
PCC	Per Capita Consumption
PR19	Ofwat's 2019 Pricing Review
Defra	Department for Environment, Food & Rural Affairs
Ofwat	Water company regulator
AMR	Automated meter reading
Ml	Megalitres (1 megalitre = 1 million litres)
Abstraction	The removal of water, permanently or temporarily from rivers, lakes, canals, reservoirs or underground
Demand growth	Population growth resulting in an increase of demand for water
Resilience	Having the ability to cope when situations change

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TRAVERSE

Annex 5: Phase 2 Testing and Valuing

Ph2.7 – Future Customer Secondary School Survey

Future Customers Secondary Schools Survey

5 June 2018

Affinity Water

Background

Affinity Water was keen to ensure that it engaged with school aged future customers to establish their views, insights and priorities to inform the draft Water Resources Management and Business Plans, with a focus on water saving.

A broad range of schools were approached via the Education Team across the Affinity Water supply area. Affinity Water staff who are also customers, were also asked to encourage their children to participate.

The questions relate directly to the proposed performance commitments we are consulting on with existing customers but are asked in a way that young people will better understand.

This quantitative survey forms part of a wider engagement and market research, including a qualitative study with 107 secondary school aged children.

Methodology

- A 45 question online survey was conducted with secondary school children aged 11 to 18 years old.
- Fieldwork took place between 12th March 2018 and 30th April 2018.
- There were a total of 895 responses. 489 of these were fully completed.
- The analysis is based on all survey responses.
- Responses are presented unweighted (note older age group is under-represented).
- This survey does not constitute a representative sample of customers in the Affinity Water supply area.

Objectives

The overall aim was to establish young people's views as future customers by considering the following water related topics:

- Awareness/reputation of Affinity Water.
- Discussion of water in the home.
- Knowledge of water resources.
- Availability, quality, consumption and importance.
- Views and experience of water saving.
- Views and experience of leakage.

Affinity Water

Executive Summary

Key findings

- Awareness of Affinity Water is quite low and perceptions broadly indifferent, though where expressed, they are positive on balance:
  - Thought of mostly in a functional sense – "provides water"
  - Low familiarity (75%) with the company
  - Vans at 14% are the biggest source of awareness. Other top sources are relatives/friends/employees
  - A minority (28%) recall discussion at home – mostly in relation to cost (31%).

- Knowledge of the water supply consumption is reasonable:
  - Majority of 83% recognise that (clean/safe) water is a crucial resource
  - Majority of 75% agree there is a need to save water
  - The majority of answers to factual questions were correct/close
  - Some awareness of water supply v. consumption issues but not eliciting strong emotions
  - A minority (11%) don't consider the water supply to be up to standard.

Affinity Water

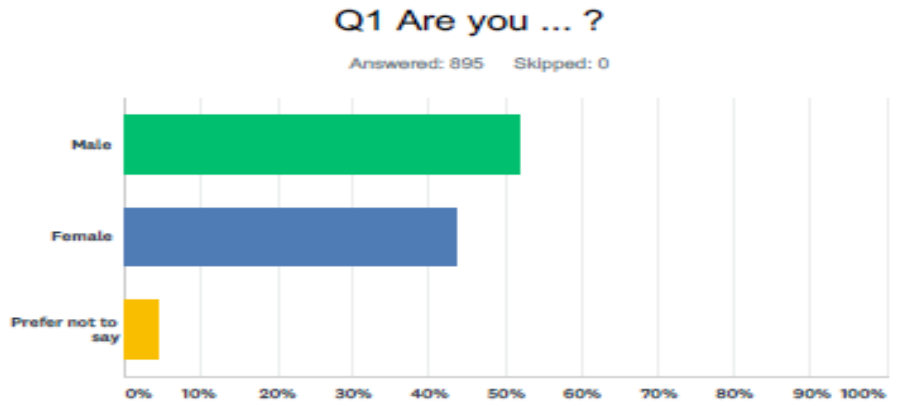
Executive Summary

Key findings continued

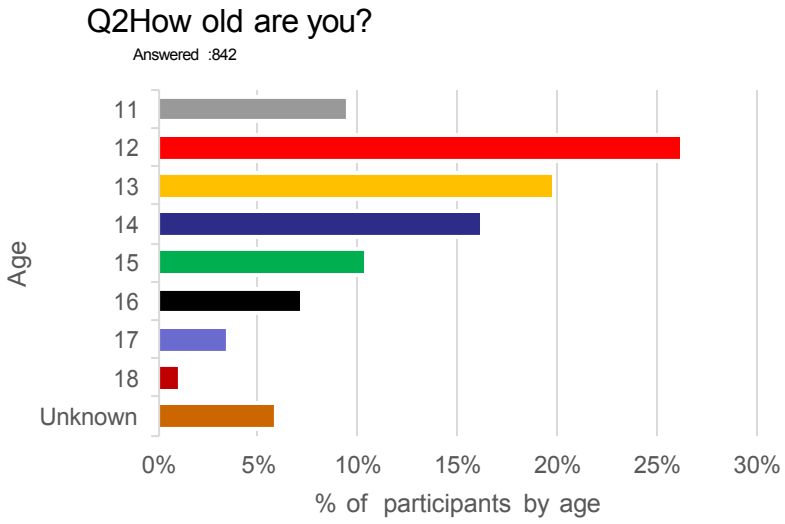
- Attitude to water saving is variable:
  - Some knowledge of water saving measures
  - Some evidence of using water carefully in practice and recognition of the individual's part (alongside the water company) in reducing water consumption but far from universal.
- Awareness of leakage:
  - Most claim to have seen some type of leak quite often or more and a small proportion large leaks/burst frequently
  - Concerns about leakage are mixed – top answers are dislike of waste and the impact on the environment.

Affinity Water

The sample comprised slightly more males than females and the older age range is under-represented



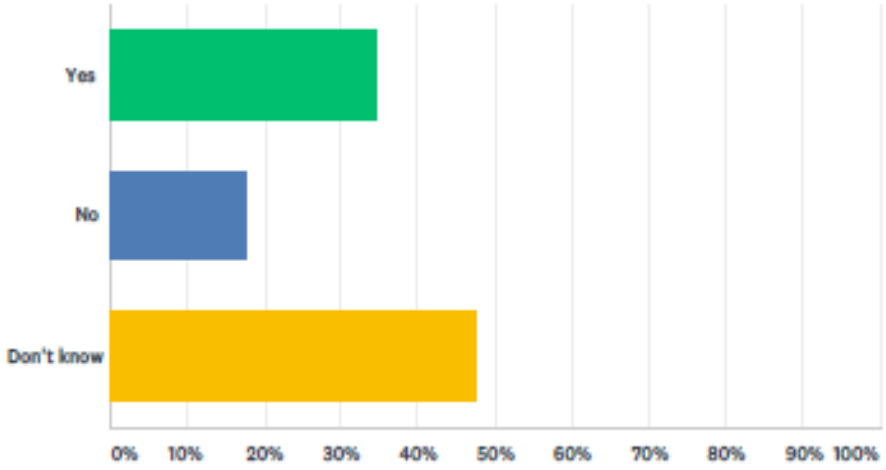
ANSWER CHOICES	RESPONSES	
Male	51.96%	465
Female	43.46%	389
Prefer not to say	4.58%	41
TOTAL		895



Most don't know whether their home has a water meter but one third know they do.

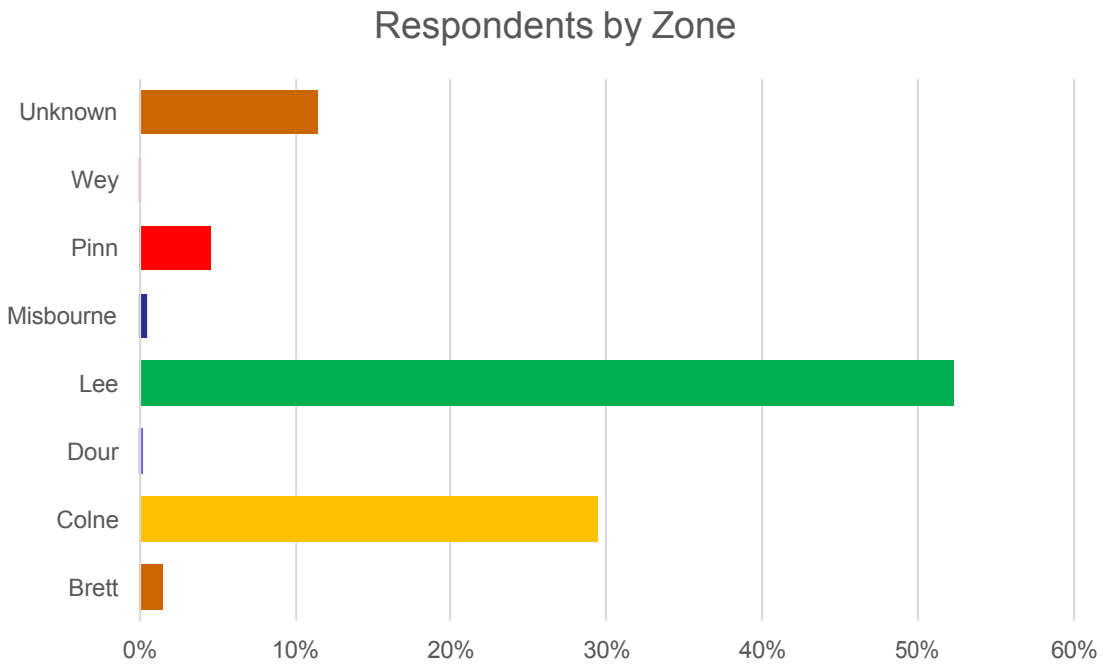
Q4 Does your home have a water meter?

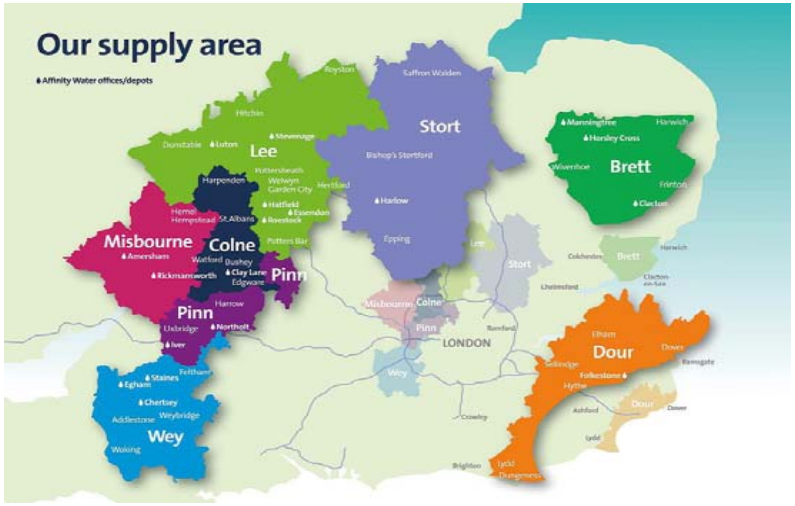
Answered: 895 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	34.75%	311
No	17.77%	159
Don't know	47.49%	425
TOTAL		895

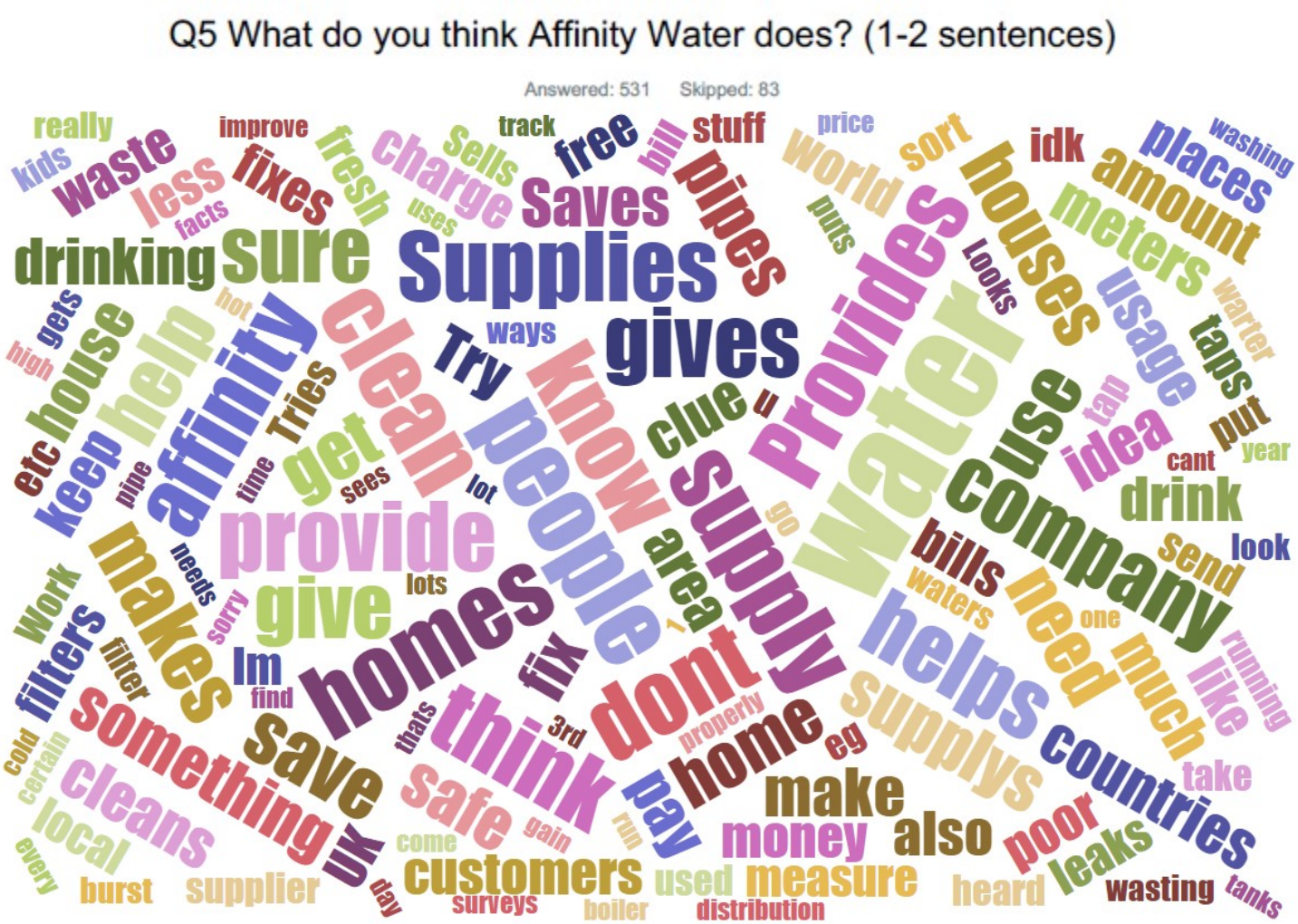
Homes in sample are concentrated in Lee and Colne communities





AWARENESS AND REPUTATION

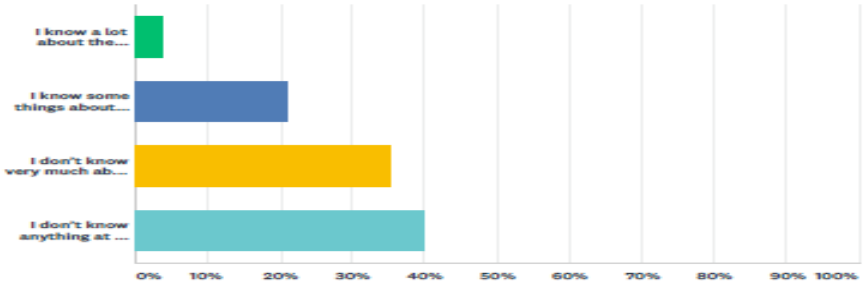
Key associations with supplying (providing) to people/homes and a few links with items such as bills and leaks



Little familiarity about Affinity Water. Affinity Water vans are a significant source of awareness as well as friends/relatives and employees

Q6 How familiar are you with Affinity Water as a company?

Answered: 780 Skipped: 115



ANSWER CHOICES	RESPONSES	
I know a lot about the company	3.85%	30
I know some things about the company	21.15%	165
I don't know very much about the company	35.26%	275
I don't know anything at all about the company	39.74%	310
TOTAL		780

Q7 If you have heard about Affinity Water, please explain how you heard about the company?

Answered: 780 Skipped: 115

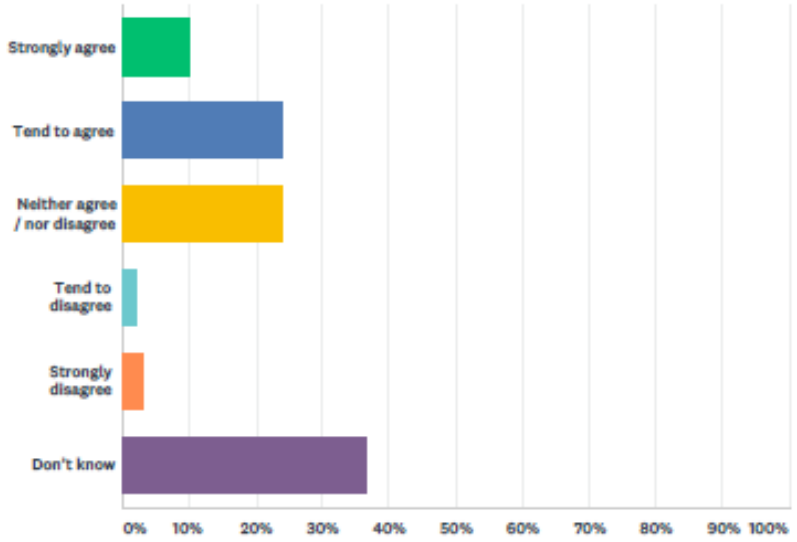
ANSWER CHOICES	RESPONSES	
Through friends and relatives	8.46%	66
I know someone who works for Affinity Water	4.36%	34
I have seen Affinity Water's vans / trucks around my neighbourhood	14.74%	115
I have seen information about Affinity Water online or in my area (e.g. on advertising signs)	5.26%	41
I have seen information about Affinity Water at home (e.g. on water bills)	3.59%	28
Someone from Affinity Water has worked with me and my school (or youth group, e.g. scouts)	7.31%	57
I can't remember how I heard about the company	9.74%	76
I haven't heard about Affinity Water	33.46%	261
Other (please explain)	13.08%	102
TOTAL		780

Other reasons include via school, relatives work there and seen an advert (possibly a Water Aid advert)

A majority do not have an opinion about Affinity Water but, where they do, on balance, this is positive

Q8 How much do you agree or disagree with the statement "Affinity Water has a positive reputation."

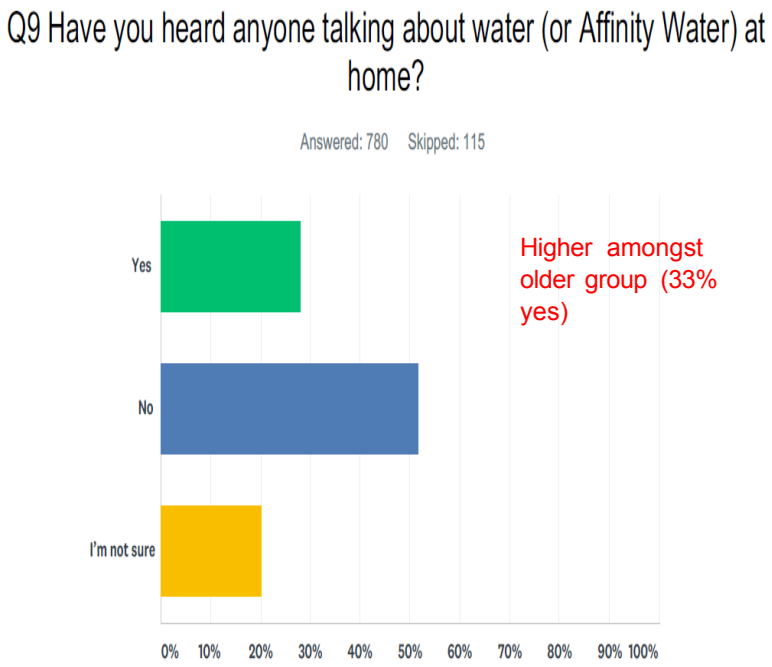
Answered: 780 Skipped: 115



ANSWER CHOICES	RESPONSES	
Strongly agree	10.13%	79
Tend to agree	23.97%	187
Neither agree / nor disagree	23.97%	187
Tend to disagree	2.05%	16
Strongly disagree	3.21%	25
Don't know	36.67%	286
TOTAL		780

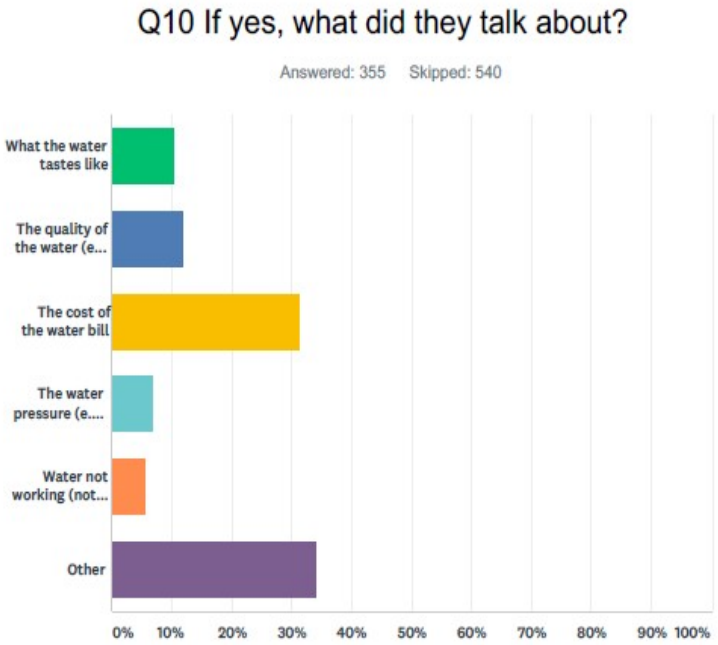
Reputation slightly lower amongst 15-18 year olds (older group) – e.g. 7% strongly agree

Nearly three quarters can't recall any discussion at home.



ANSWER CHOICES	RESPONSES	
Yes	27.95%	218
No	51.67%	403
I'm not sure	20.38%	159
TOTAL		780

Cost is the biggest single topic where it is discussed.



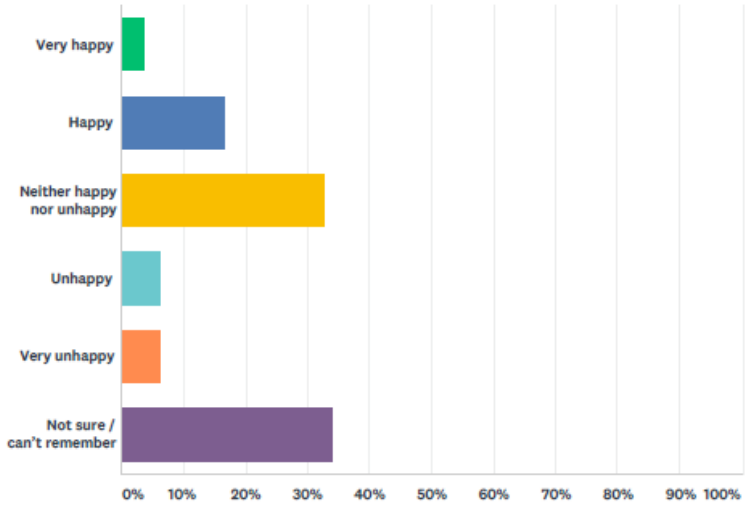
ANSWER CHOICES	RESPONSES	
What the water tastes like	10.42%	37
The quality of the water (e.g. that it's clean or if looks / smells / tastes a little unusual)	11.83%	42
The cost of the water bill	31.27%	111
The water pressure (e.g. the pressure coming out of the taps is too low / too high)	6.76%	24
Water not working (not coming out of the taps)	5.63%	20
Other	34.08%	121
TOTAL		355

Other responses were mostly don't know or repeats of prompted responses

No strong opinions expressed about Affinity Water being discussed at home

Q11 If you have heard someone in your home talking about Affinity Water, do you think they were mostly:

Answered: 79 Skipped: 123

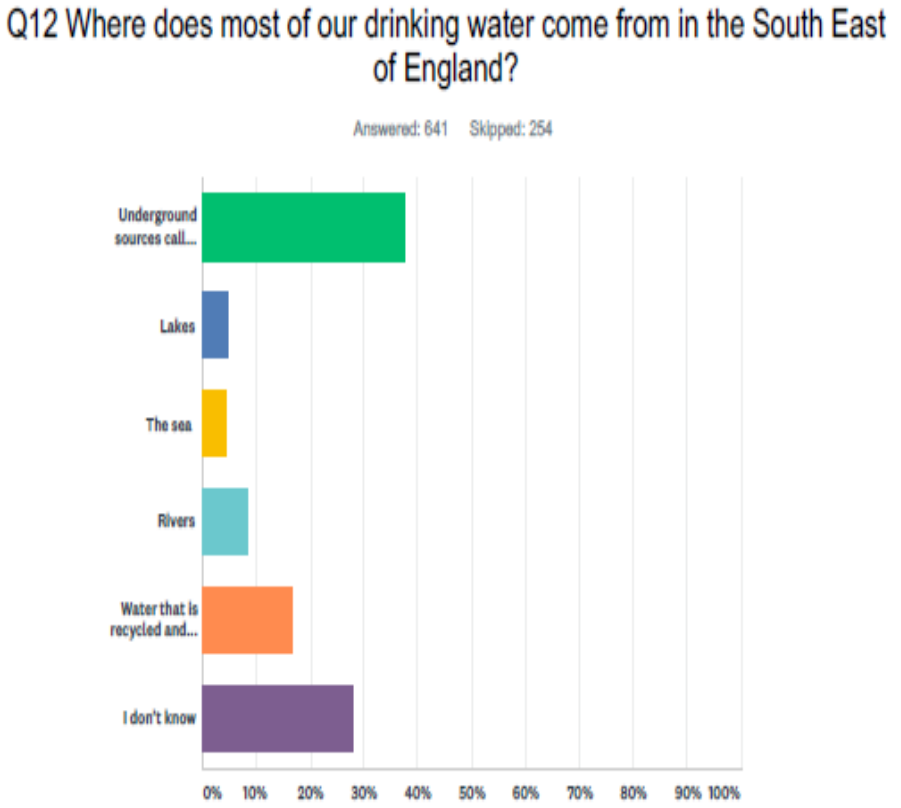


ANSWER CHOICES	RESPONSES	
Very happy	3.80%	3
Happy	16.46%	13
Neither happy nor unhappy	32.91%	26
Unhappy	6.33%	5
Very unhappy	6.33%	5
Not sure / can't remember	34.18%	27
TOTAL		79

WATER SUPPLY

Affinity Water

Most think drinking water mostly comes from underground aquifers which is correct (60% comes from that source)

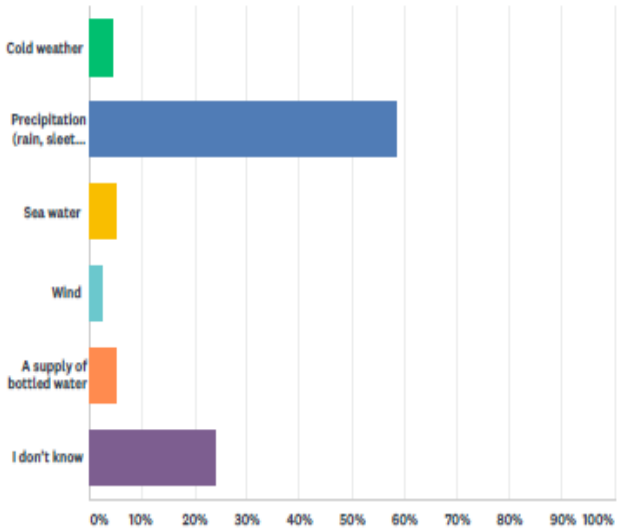


ANSWER CHOICES	RESPONSES	
Underground sources called aquifers	37.60%	241
Lakes	4.84%	31
The sea	4.68%	30
Rivers	8.42%	54
Water that is recycled and cleaned from waste water (sewage)	16.69%	107
I don't know	27.77%	178
TOTAL		641

Most think (correctly) that precipitation keeps aquifers topped up

Q13 What do we need to keep our aquifers (underground water sources) and rivers topped up?

Answered: 641 Skipped: 254



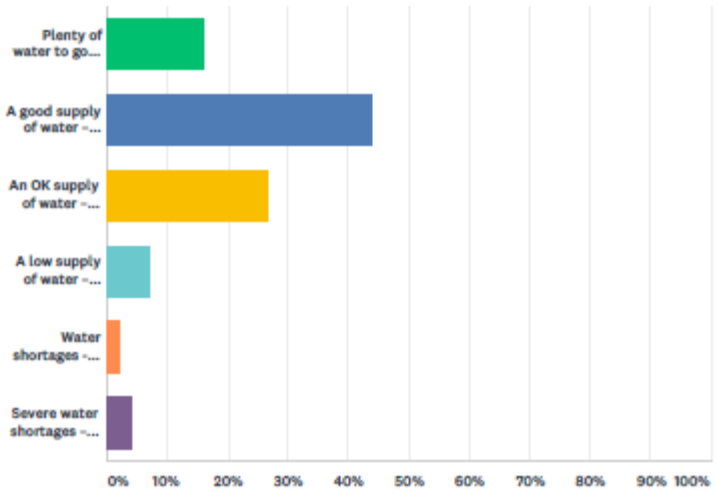
ANSWER CHOICES	RESPONSES	
Cold weather	4.68%	30
Precipitation (rain, sleet, hail, snow)	58.35%	374
Sea water	5.30%	34
Wind	2.50%	16
A supply of bottled water	5.15%	33
I don't know	24.02%	154
TOTAL		641

Affinity Water

Nearly 60% consider there is a plentiful or good supply of water.

Q14 The water supply in this region (Southeast of England) comes from rivers (40%) and from water stored in rocks underground called aquifers (60%). How much water do you think we have available for people to use in this region?

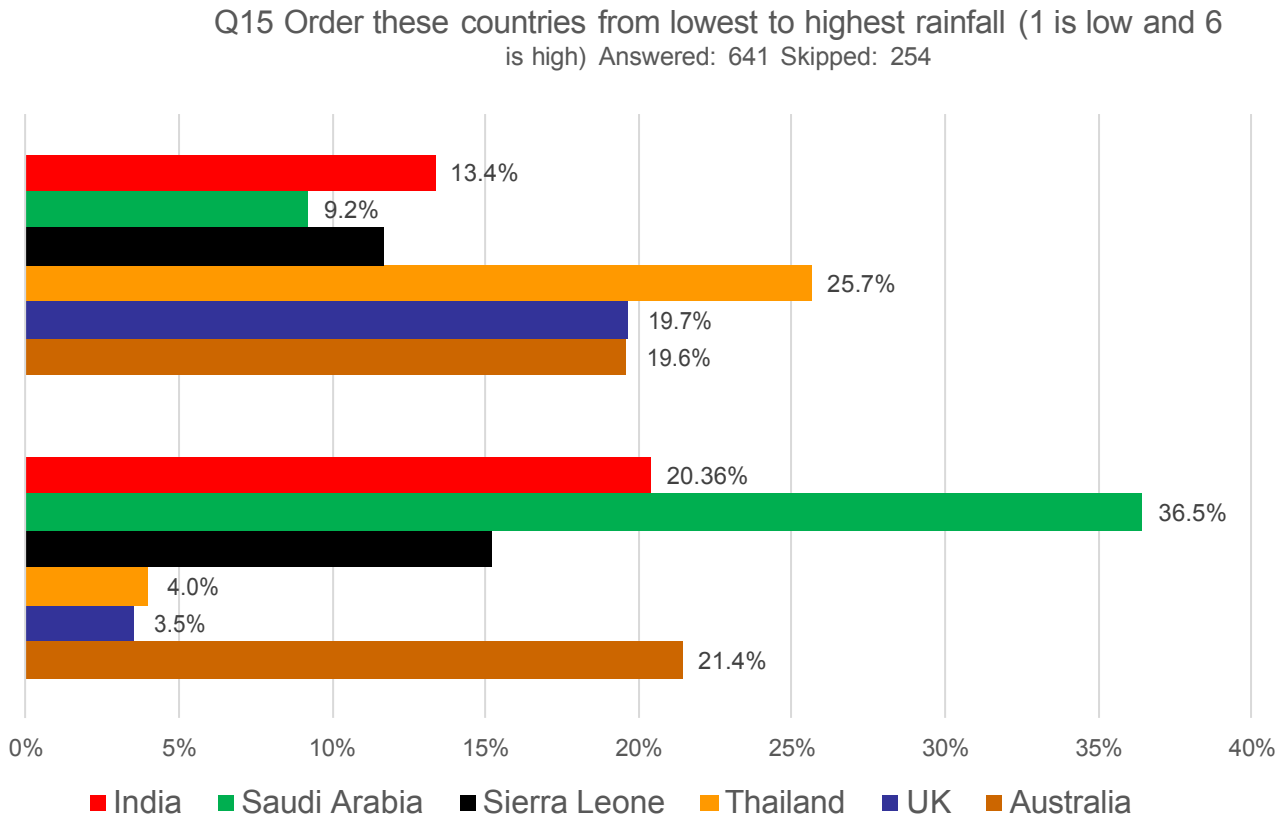
Answered: 641 Skipped: 254



ANSWER CHOICES	RESPONSES	
Plenty of water to go around – enough for everyone to use as much as they like at any time	16.07%	103
A good supply of water – people can use it freely but they don't really have to think about it	43.68%	280
An OK supply of water – people can use it but everyone needs to be careful with how much they use	26.83%	172
A low supply of water – people can use it but must be careful with how much they use	7.18%	46
Water shortages - people can use it but must be very careful with how much they use and make a big effort to reduce their water usage	2.18%	14
Severe water shortages – there is not enough water for everyone to use, so there will be water restrictions (e.g. hose pipe bans) and water will need to be shared very carefully (e.g. daily limits on how much people can use)	4.06%	26
TOTAL		641

Affinity Water

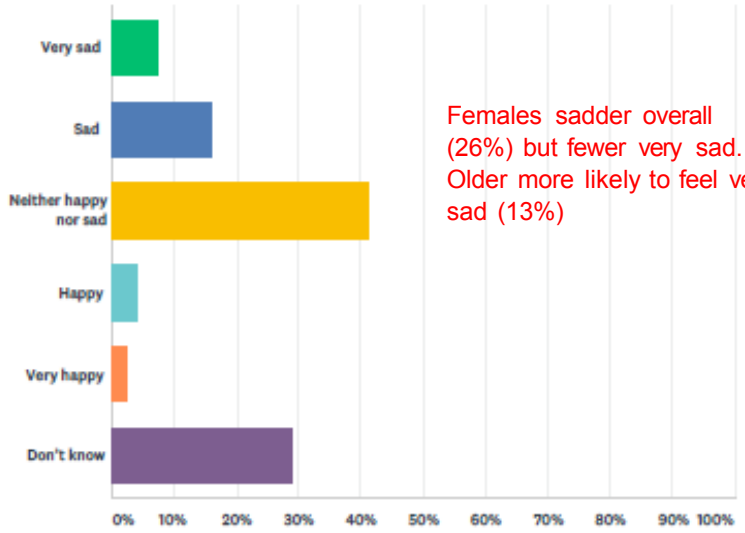
20% think the UK has the highest rainfall, compared with 26% for the top answer Thailand *(actually the second wettest behind Sierra Leone)*. 4% think that UK has the lowest rainfall – top answer is Saudi Arabia *(which is correct)* at 37%.



No strong opinions on South East of England population vs. rainfall issue, but some sadness expressed

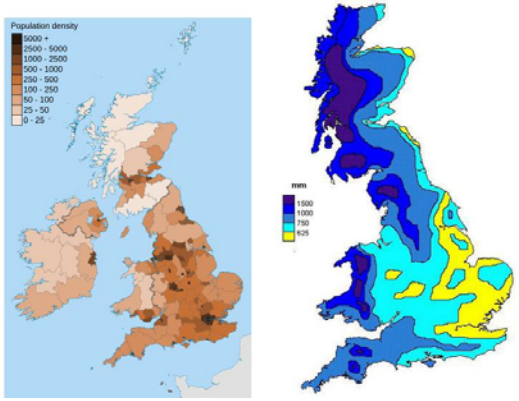
Q16 The rainfall and population density maps that you are about to see, show that the South East of England gets the least rainfall, but it also has the highest population. How do you feel about this?

Answered: 641 Skipped: 254



Females sadder overall (26%) but fewer very sad. Older more likely to feel very sad (13%)

Population density vs. rainfall distribution



ANSWER CHOICES	RESPONSES	
Very sad	7.49%	48
Sad	15.91%	102
Neither happy nor sad	41.19%	264
Happy	4.21%	27
Very happy	2.34%	15
Don't know	28.86%	185
TOTAL		641

Answers focus on washing, (washing) machine, drinking, cleaning, toilet, brushing (teeth), as well as some more random answers - water fights and cooling mouth after eating spicy chicken!

Q17 Can you list 5 ways that you have used water in the last 1-2 days?

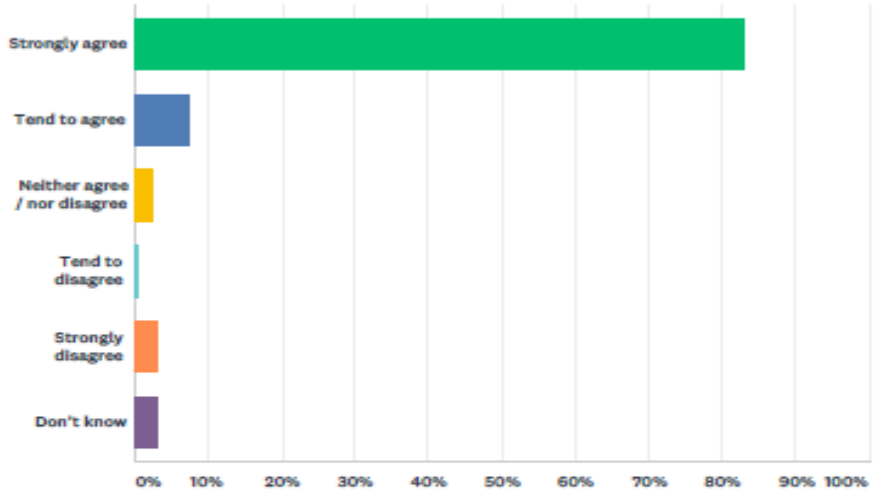
Answered: 356 Skipped: 258

Affinity Water

Very strong agreement with need for access to clean water

Q18 How much do you agree / disagree with this statement: "It is important for people (including me) to have access to clean and safe water."

Answered: 528 Skipped: 367

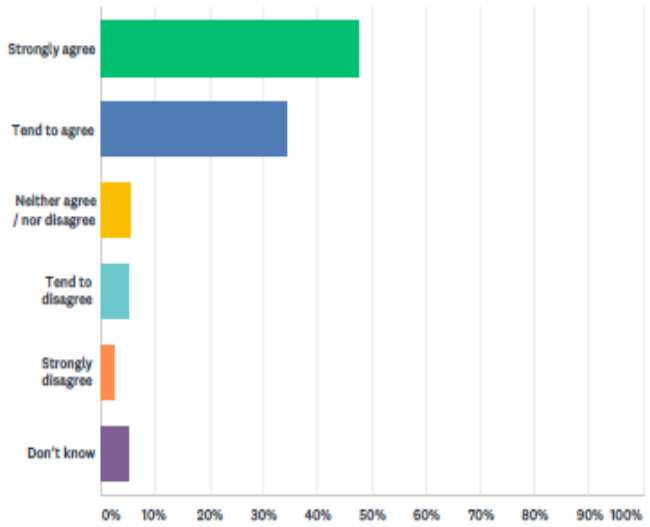


ANSWER CHOICES	RESPONSES	
Strongly agree	82.95%	438
Tend to agree	7.58%	40
Neither agree / nor disagree	2.46%	13
Tend to disagree	0.57%	3
Strongly disagree	3.22%	17
Don't know	3.22%	17
TOTAL		528

Vast majority see the water supply as reliable but 7% disagree.

Q21 How much do you agree / disagree with this statement: "My water supply always works and flows through to my taps at home."

Answered: 528 Skipped: 367

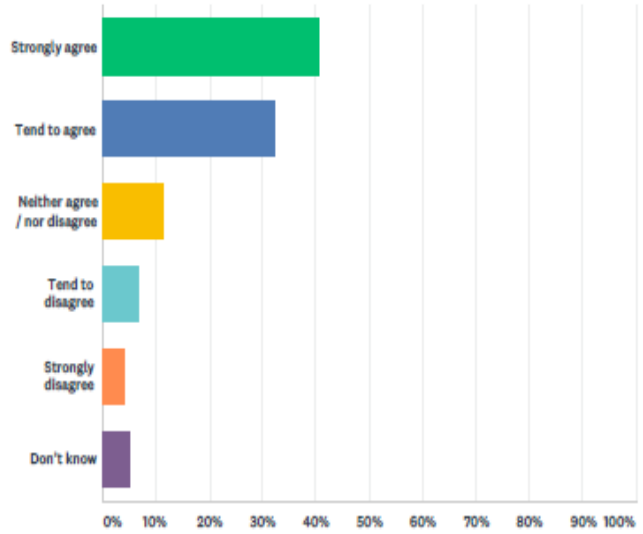


ANSWER CHOICES	RESPONSES	
Strongly agree	47.54%	251
Tend to agree	34.28%	181
Neither agree / nor disagree	5.49%	29
Tend to disagree	5.11%	27
Strongly disagree	2.27%	12
Don't know	5.30%	28
TOTAL		528

There is broad trust in the quality of water but 11% disagree

Q22 How much do you agree / disagree with this statement: "I trust the quality of water I receive in my home or at school."

Answered: 528 Skipped: 367



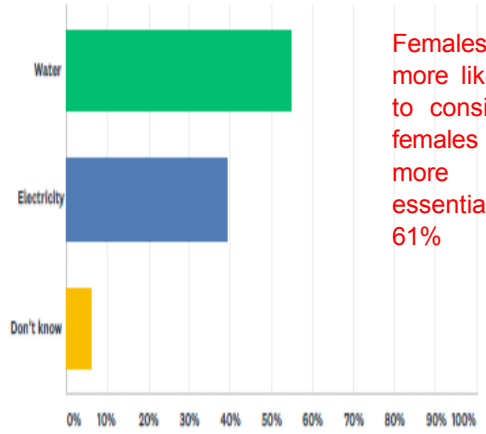
ANSWER CHOICES	RESPONSES	
Strongly agree	40.53%	214
Tend to agree	32.39%	171
Neither agree / nor disagree	11.36%	60
Tend to disagree	6.63%	35
Strongly disagree	3.98%	21
Don't know	5.11%	27
TOTAL		528

WATER RELATED HABITS AND WATER SAVING

Water is considered to be more essential than electricity, especially over a longer period

Q23 Which do you think you would struggle most to live without for one day?

Answered: 528 Skipped: 367

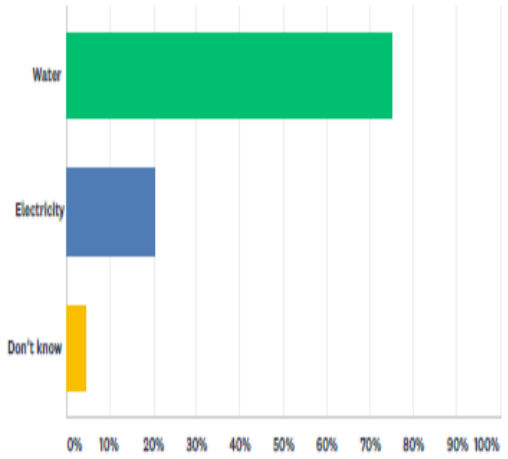


Females more likely to consider females more essential 61%

ANSWER CHOICES	RESPONSES	
Water	54.73%	289
Electricity	39.20%	207
Don't know	6.06%	32
TOTAL		528

Q24 Which do you think you would struggle most to live without for one week?

Answered: 528 Skipped: 367



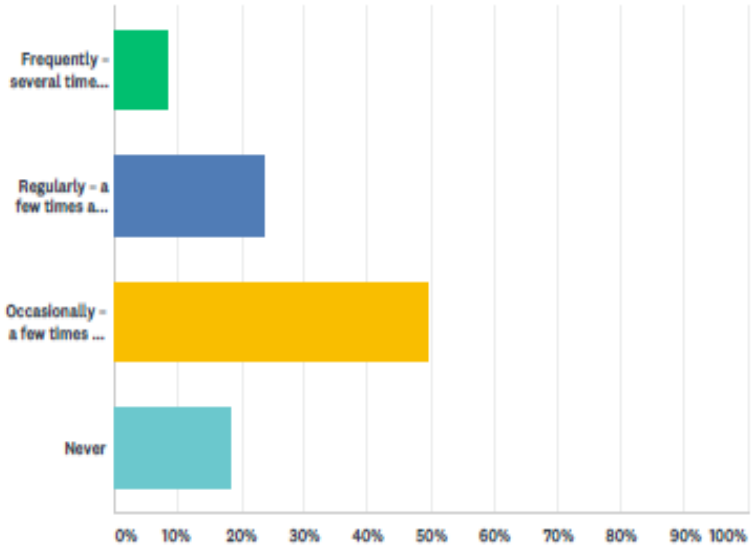
ANSWER CHOICES	RESPONSES	
Water	75.19%	397
Electricity	20.27%	107
Don't know	4.55%	24
TOTAL		528

Affinity Water

Over 30% visit the water environment regularly but nearly one fifth never do so

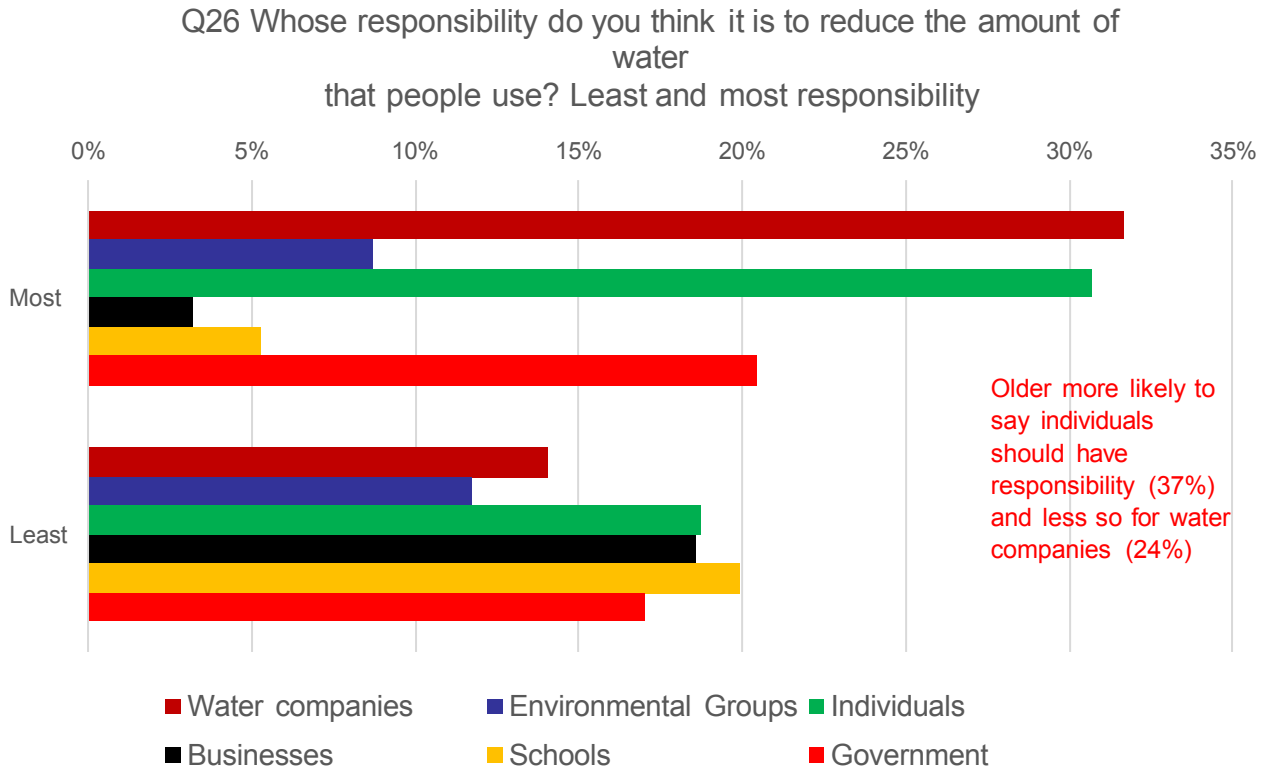
Q25 How often, if at all, do you visit any part of the water environment e.g. rivers, canals, lakes, reservoirs, estuaries and water around the coast?

Answered: 528 Skipped: 367



ANSWER CHOICES	RESPONSES	
Frequently – several times a day / week	8.52%	45
Regularly – a few times a month	23.67%	125
Occasionally – a few times a year	49.62%	262
Never	18.18%	96
TOTAL		528

Water companies and individuals are considered to be the most responsible for reducing water use



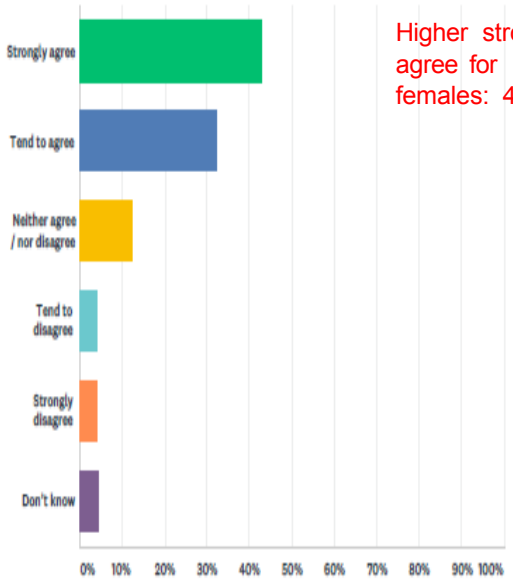
Older more likely to say individuals should have responsibility (37%) and less so for water companies (24%)

	1 - THE GROUP WHO SHOULD HAVE MOST RESPONSIBILITY	2	3	4	5	6 - THE GROUP WHO SHOULD HAVE LEAST RESPONSIBILITY	TOTAL
Water companies	31.63% 167	26.14% 138	12.88% 68	7.39% 39	7.95% 42	14.02% 74	528
Environmental groups (e.g. The Rivers Trust)	8.71% 46	26.52% 140	21.97% 116	16.29% 86	14.77% 78	11.74% 62	528
Individuals i.e. the people who are using the water	30.68% 162	12.88% 68	18.56% 98	11.93% 63	7.20% 38	18.75% 99	528
Businesses	3.22% 17	8.33% 44	14.58% 77	28.98% 153	26.33% 139	18.56% 98	528
Schools	5.30% 28	10.61% 56	14.58% 77	19.13% 101	30.49% 161	19.89% 105	528
The government	20.45% 108	15.53% 82	17.42% 92	16.29% 86	13.26% 70	17.05% 90	528

Strong agreement with the need to save water

Q19 How much do you agree / disagree with this statement: "It is important for people (including me) to save water / use less water."

Answered: 528 Skipped: 367



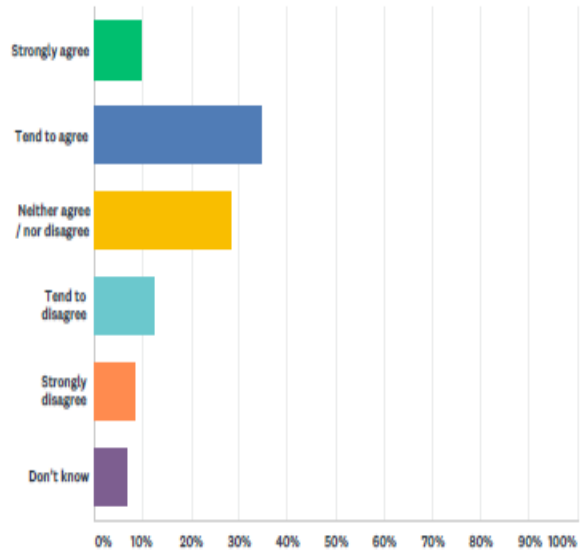
Higher strongly agree for females: 48%

ANSWER CHOICES	RESPONSES	
Strongly agree	42.80%	226
Tend to agree	32.20%	170
Neither agree / nor disagree	12.50%	66
Tend to disagree	3.98%	21
Strongly disagree	3.98%	21
Don't know	4.55%	24
TOTAL		528

There is only a tendency to agree about actually respondents being careful about their water use

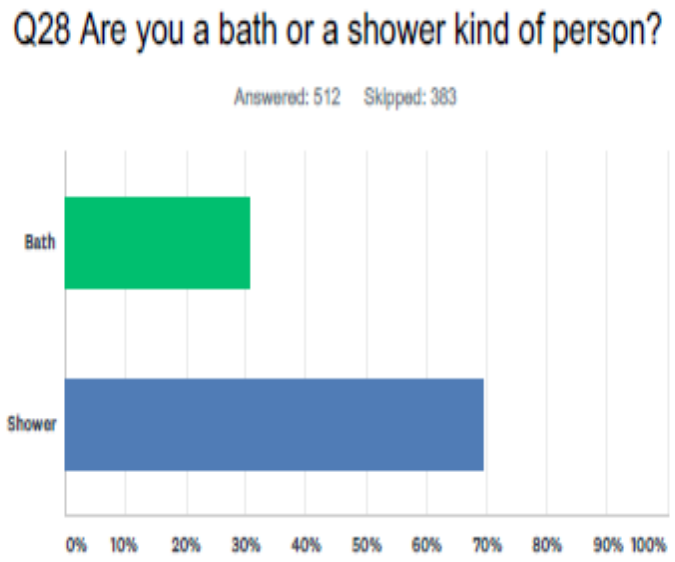
Q20 How much do you agree / disagree with this statement: "I am careful about how much water I use."

Answered: 528 Skipped: 367



ANSWER CHOICES	RESPONSES	
Strongly agree	9.66%	51
Tend to agree	34.66%	183
Neither agree / nor disagree	28.22%	149
Tend to disagree	12.50%	66
Strongly disagree	8.33%	44
Don't know	6.63%	35
TOTAL		528

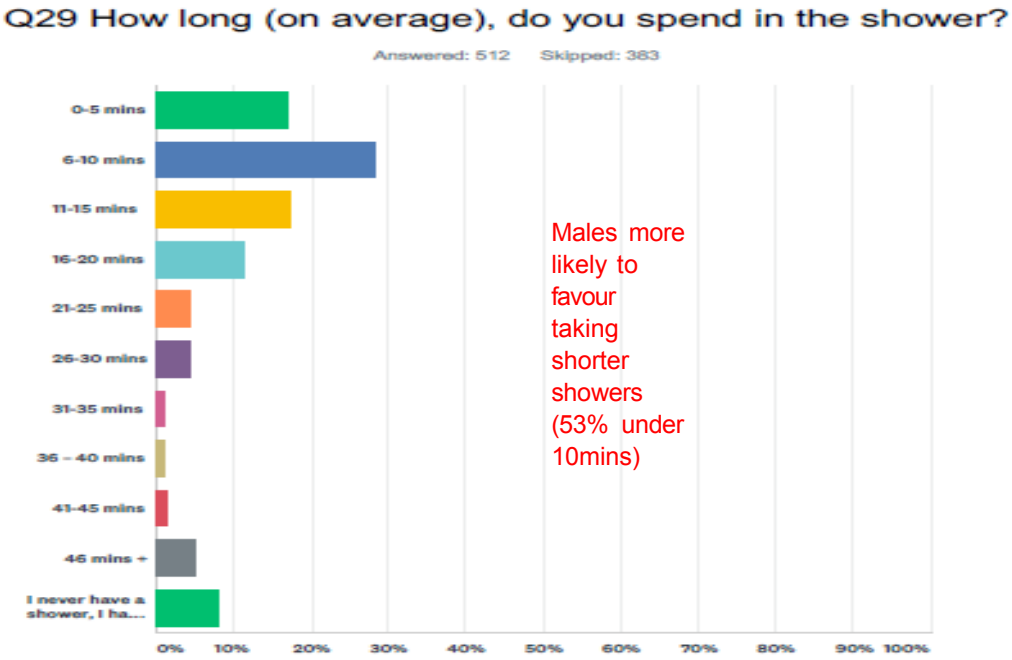
Over two-thirds consider themselves a shower person.



ANSWER CHOICES	RESPONSES	
Bath	30.47%	156
Shower	69.53%	356
TOTAL		512

Females more likely favour baths (34%). Older more likely to favour showers (82%)

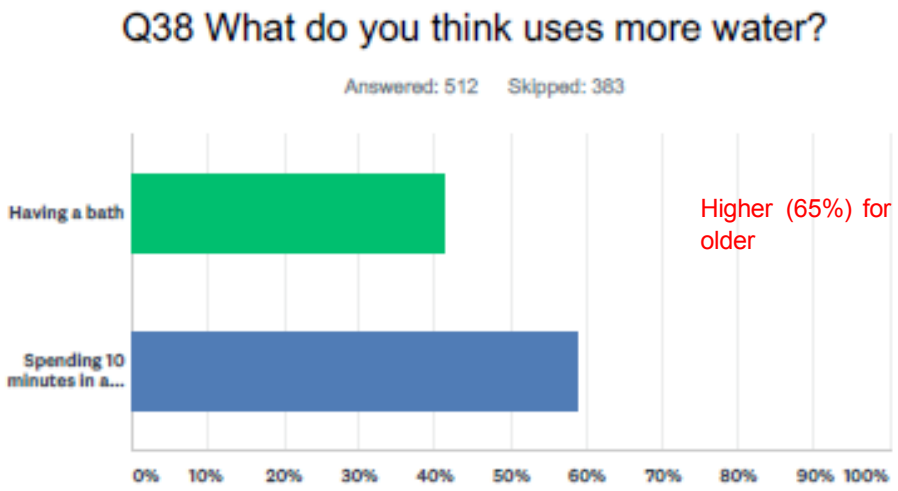
The average time spent in the shower is highly variable with 5% spending more than 45 minutes and an average of around 15 minutes.



Males more likely to favour taking shorter showers (53% under 10mins)

ANSWER CHOICES	RESPONSES	
0-5 mins	17.19%	88
6-10 mins	28.32%	145
11-15 mins	17.38%	89
16-20 mins	11.52%	59
21-25 mins	4.49%	23
26-30 mins	4.30%	22
31-35 mins	0.98%	5
36 – 40 mins	1.17%	6
41-45 mins	1.37%	7
46 mins +	5.08%	26

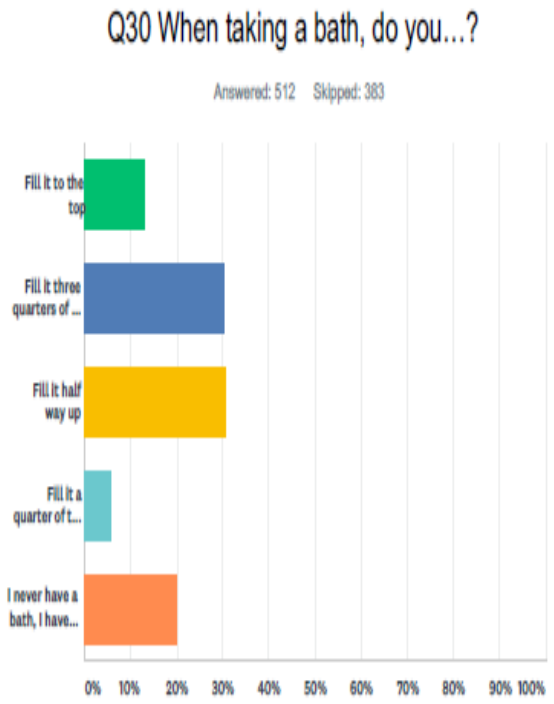
Three-fifths know that a 10 minute power shower uses more water than a bath



Higher (65%) for older

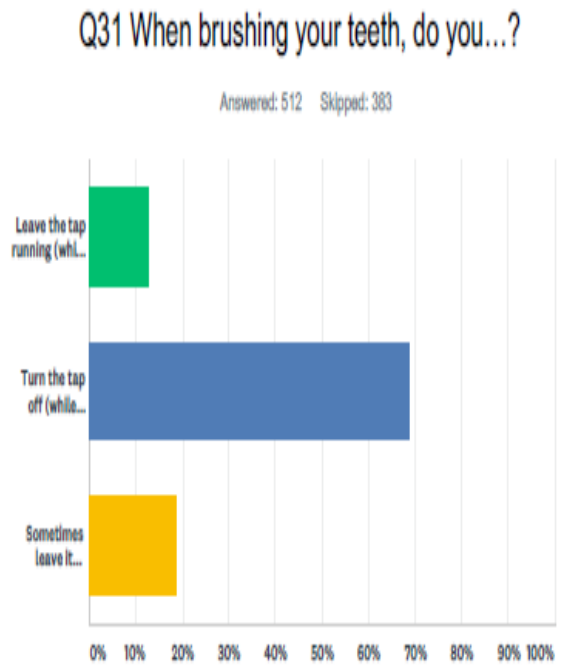
ANSWER CHOICES	RESPONSES	
Having a bath	41.21%	211
Spending 10 minutes in a power shower	58.79%	301
TOTAL		512

Most fill the bath half or three quarters but some stating to the top



ANSWER CHOICES	RESPONSES	
Fill it to the top	13.09%	67
Fill it three quarters of the way up	30.27%	155
Fill it half way up	30.66%	157
Fill it a quarter of the way or below	5.86%	30
I never have a bath, I have a shower instead	20.12%	103
TOTAL		512

Over two-thirds claim to turn off the tap while brushing teeth

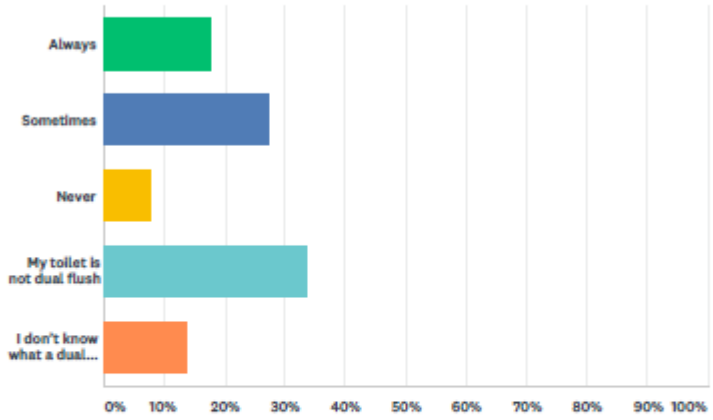


ANSWER CHOICES	RESPONSES	
Leave the tap running (while you're brushing)	12.70%	65
Turn the tap off (while you're brushing)	68.55%	351
Sometimes leave it running, sometimes turn it off	18.75%	96
TOTAL		512

Of the respondents who have a dual flush and know about it, most use it at least sometimes

Q32 At home, if your toilet has a dual flush (an option to use a smaller flush), do you use it?

Answered: 512 Skipped: 383



ANSWER CHOICES	RESPONSES	
Always	17.58%	90
Sometimes	27.15%	139
Never	7.81%	40
My toilet is not dual flush	33.59%	172
I don't know what a dual flush toilet is	13.87%	71
TOTAL		512

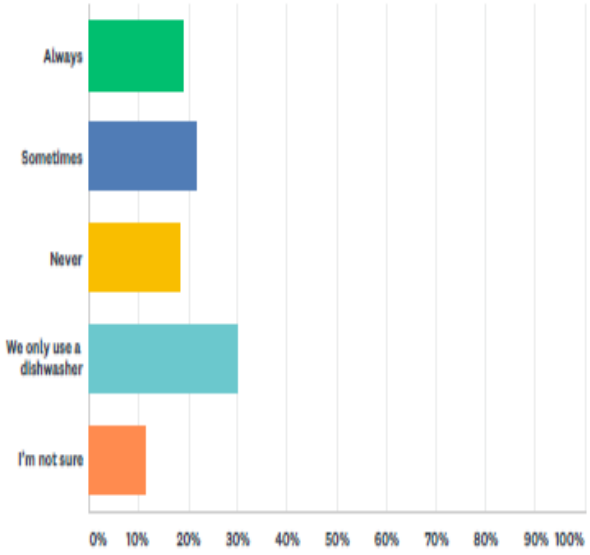
Males more likely to use dual flush (20% always)

Affinity Water

Mixed picture on washing dishes (bowl vs. running tap).

Q33 When washing the dishes, do you fill a sink or a washing up bowl full of water? (rather than washing the dishes under a running tap)

Answered: 512 Skipped: 383

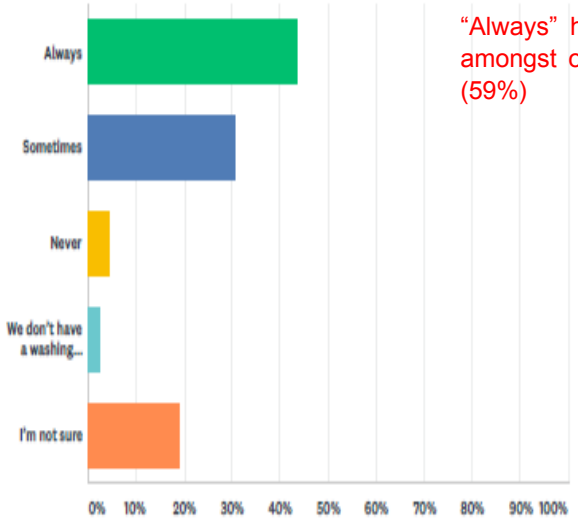


ANSWER CHOICES	RESPONSES	
Always	18.95%	97
Sometimes	21.48%	110
Never	18.36%	94
We only use a dishwasher	29.88%	153
I'm not sure	11.33%	58
TOTAL		512

Washing machines are usually used with a full load

Q34 Do you use the washing machine only with a full load of clothes?

Answered: 512 Skipped: 383



"Always" higher amongst older (59%)

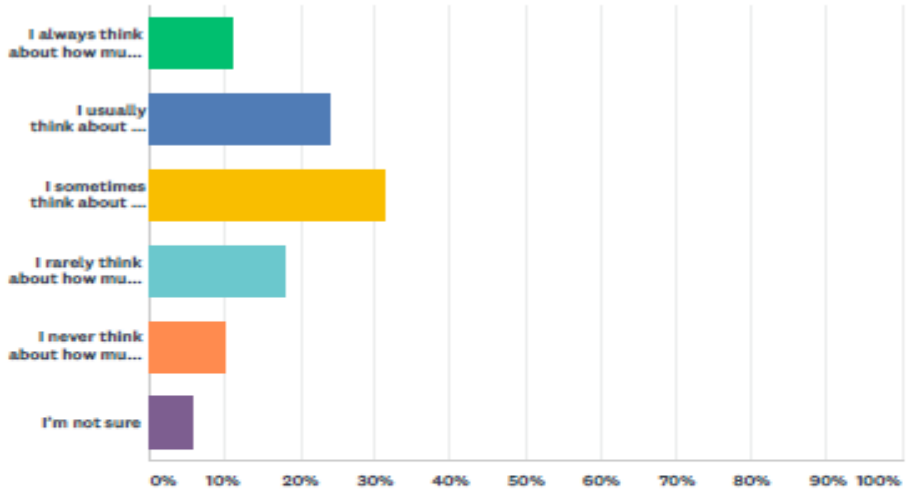
ANSWER CHOICES	RESPONSES	
Always	43.55%	223
Sometimes	30.47%	156
Never	4.49%	23
We don't have a washing machine	2.34%	12
I'm not sure	19.14%	98
TOTAL		512

Affinity Water

Over two-thirds think about how much water they use, but many only occasionally

Q35 Do you think or care about how much water you are using?

Answered: 512 Skipped: 383

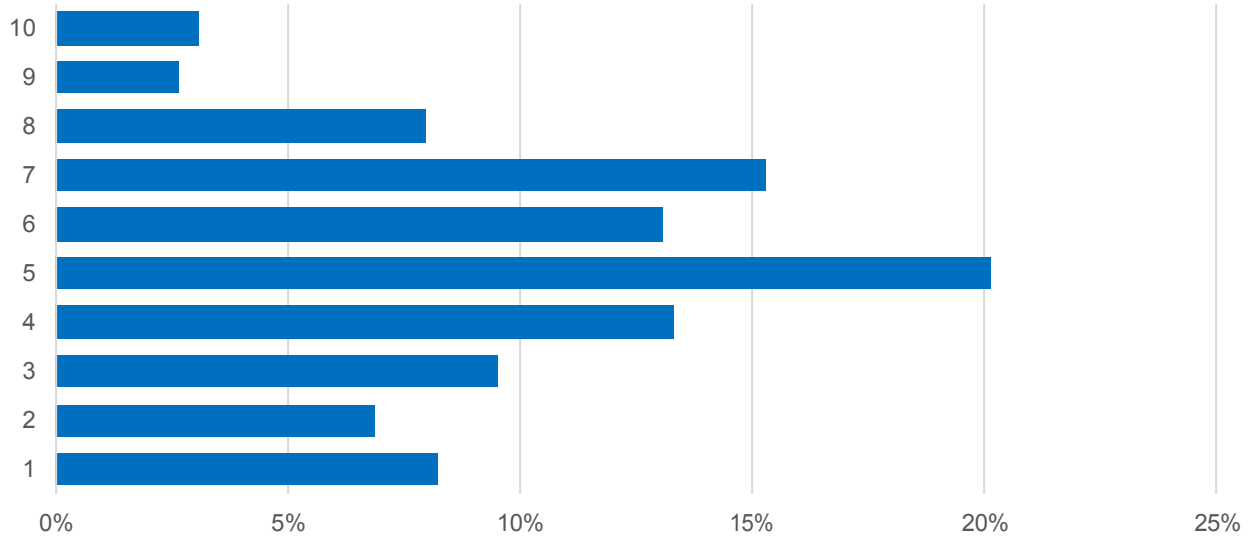


ANSWER CHOICES	RESPONSES	
I always think about how much water I am using	11.13%	57
I usually think about how much water I am using	24.02%	123
I sometimes think about how much water I am using	31.25%	160
I rarely think about how much water I am using	17.97%	92
I never think about how much water I am using	9.96%	51
I'm not sure	5.66%	29
TOTAL		512

Most are not particularly careful about how much water they use

Q36 On a scale of 1-10, how 'water conscious' would you say that you are? 1 = I use what I want, when I want and 10 = I am always very careful about how much water I am using.

Answered: 345 Skipped: 269

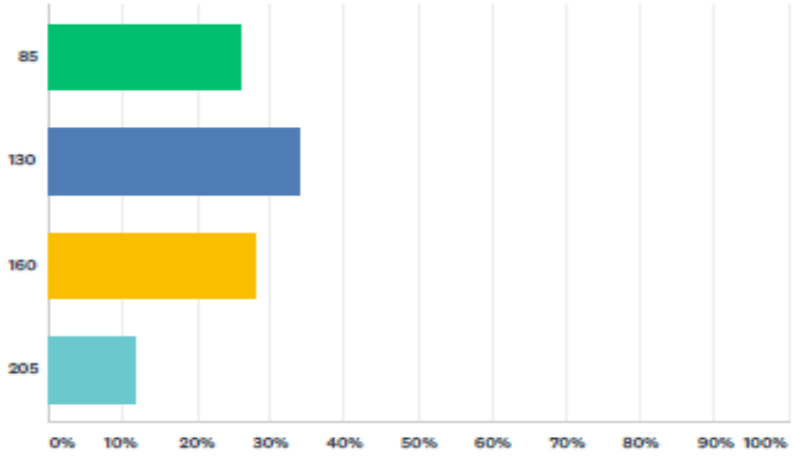


Mean score: 5.1

Most think average water use is 130 litres per day (close to the correct answer of 160 litres per day) - but with a wide spread

Q37 How many litres of water do you think one person in the South East of England uses in one day (on average)?

Answered: 512 Skipped: 383



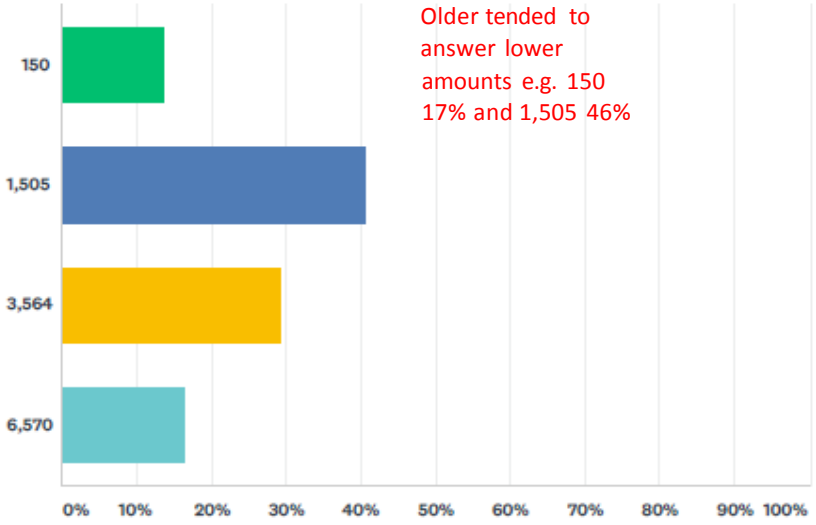
Females and Older gave more mid-range answers (38%/38% 130L, 30%/31% 160L)

ANSWER CHOICES	RESPONSES	
85	26.17%	134
130	33.98%	174
160	28.13%	144
205	11.72%	60
TOTAL		512

The most popular response (40%) was 1,305 litres is saved annually when turning off tap whilst brushing *(actual answer 6,570 litres)*

Q39 How many litres of water do you think you can save in one year by turning off the tap when brushing your teeth?

Answered: 512 Skipped: 383



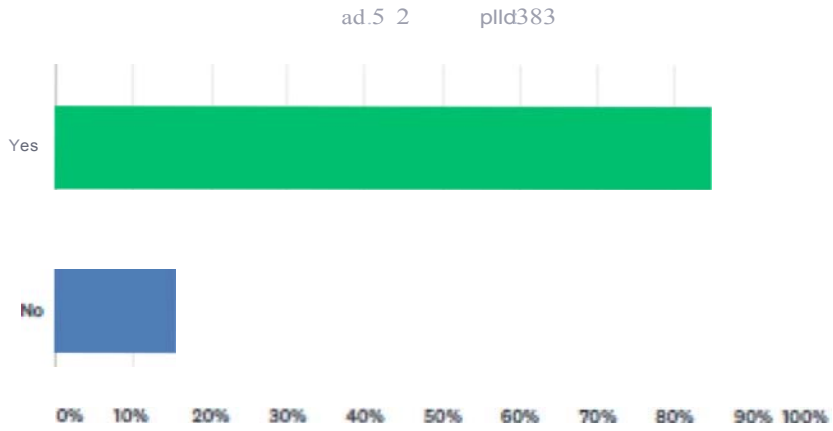
Older tended to answer lower amounts e.g. 150 17% and 1,505 46%

ANSWER CHOICES	RESPONSES	
150	13.67%	70
1,505	40.63%	208
3,564	29.30%	150
6,570	16.41%	84
TOTAL		512

Affinity Water

Overwhelmingly, respondents think *(correctly)* that saving water also saves energy

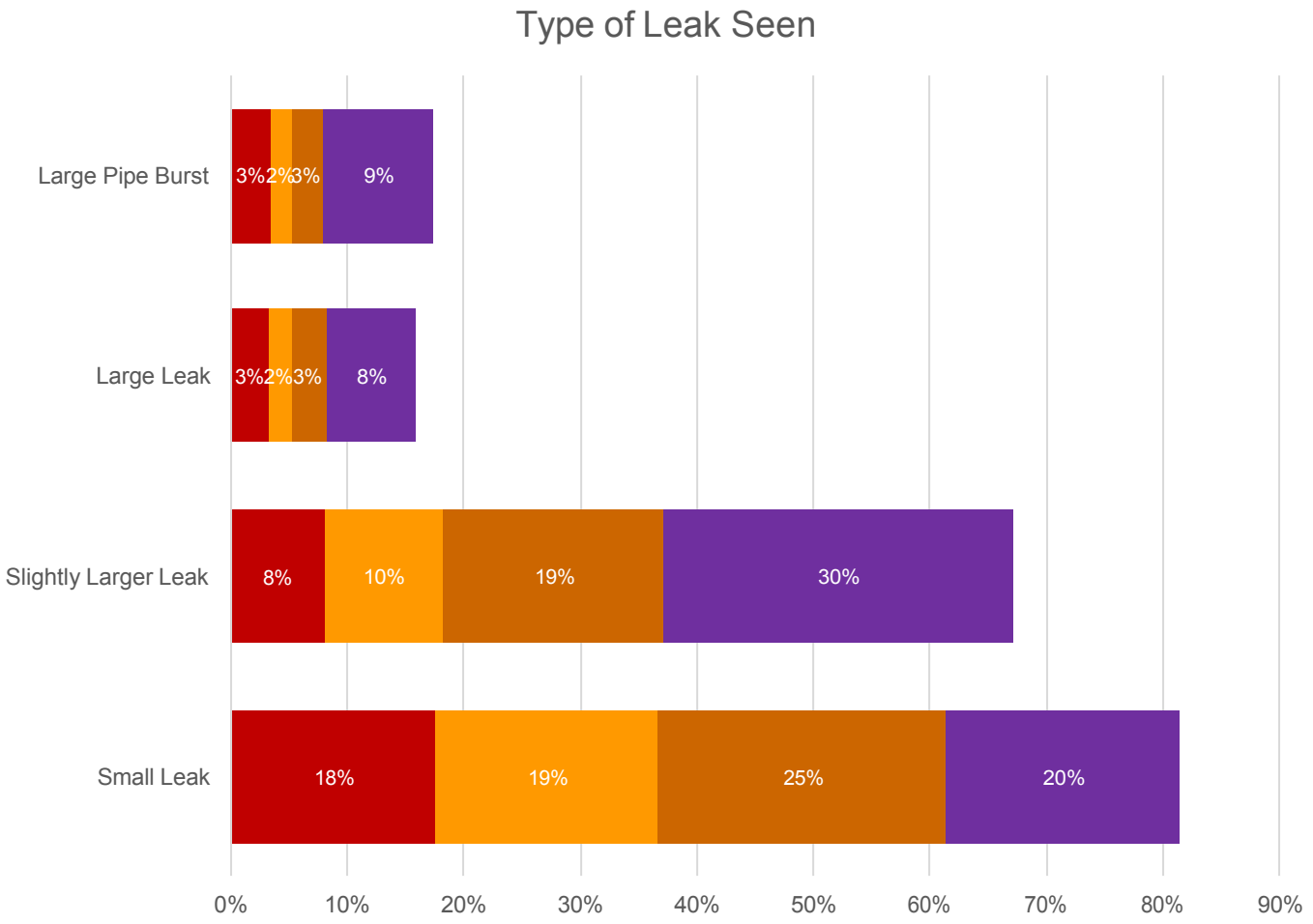
Q40 Do you think that by saving water, you can save money on your energy bills at home?



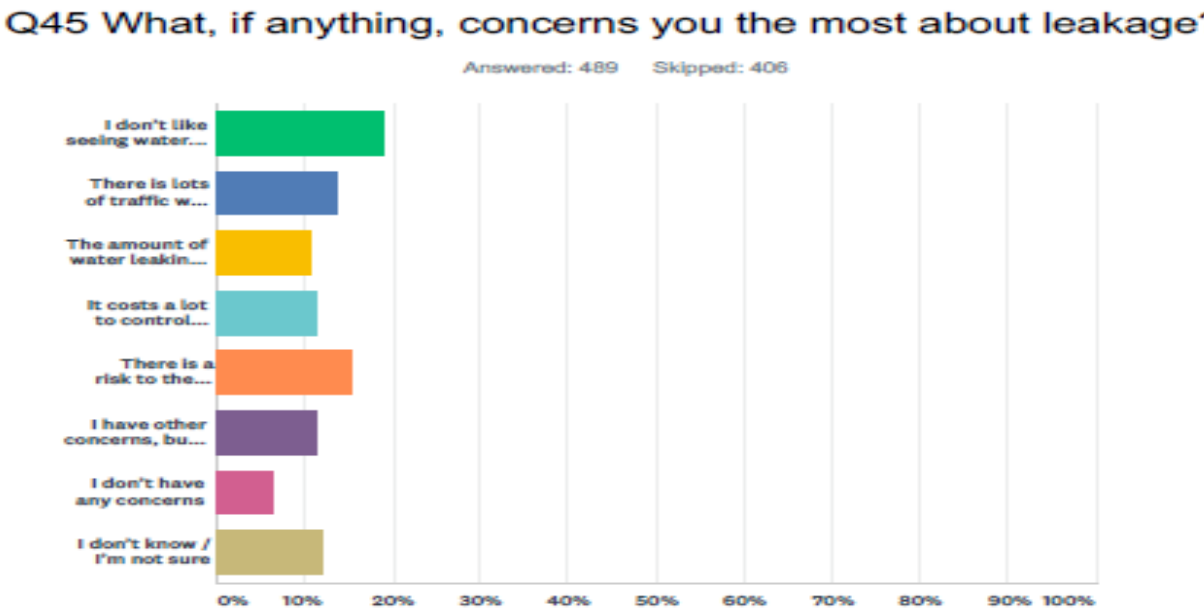
ANSWER CHOICES	RISPONSES	
Vas	84.n'1!.	•:W
No	15.23%	78
TOTAL		512

Affinity Water

Most claim to have seen some type of leak quite often or more and a small proportion large leaks/burst frequently.



Concerns about leakage are mixed – top answers are dislike of waste and impact on environment



ANSWER CHOICES	RESPONSES	
I don't like seeing water being wasted	19.02%	93
There is lots of traffic when roads are closed	13.50%	66
The amount of water leaking might stop me getting my water supply (e.g. low water pressure or not enough water)	10.63%	52
It costs a lot to control leakage and this might affect my family's bills (or mine in the future)	11.25%	55
There is a risk to the environment if we have to take more water from rivers or aquifers	15.54%	76
I have other concerns, but they are not listed here	11.45%	56
I don't have any concerns	6.54%	32
I don't know / I'm not sure	12.07%	59
TOTAL		489

Next steps

This market research is part of a wider customer engagement programme.

All of the findings from this programme will be bought together via a triangulation process which will:

- identify key feedback findings
- establish where/if further research is needed
- assess robustness and quality of feedback
- identify areas of corroboration
- identify areas of contradiction
- produce an analysis of findings
- make recommendations.

The recommendations will then inform the final versions of the Business and Water Resources Management Plans.

Affinity Water

Annex 5: Phase 2 Testing and Valuing

Ph2.8 – Future Customer Secondary School Focus Groups

Future Customers Secondary School Focus Groups

5 June 2018

Affinity Water

Contents

Affinity Water

Executive Summary

Background and methodology

As part of the Business Planning process, Affinity Water engaged with future customers to establish their views, insights and priorities to inform the final versions of the Water Resources Management and Business Plan, with a specific focus on water efficiency.

A range of secondary schools were approached within the Affinity Water supply area, with five schools volunteering to take part. Five discussion groups took place during April and May 2018. Each session was led by a member of the Affinity Water Education Team with support from the PR19 Programme Team.

The session started with background about Affinity Water and water available for use, followed by a fun, interactive game to explore water demand and supply. Participants were then asked a series of individual questions followed by group discussions that aligned to existing engagement with existing customers. Each session followed a structured and consistent format.

The questions and discussion topics relate directly to the proposed performance commitments we are consulting on with existing customers but are asked in a way that young people will better understand.

This qualitative study forms part of a wider engagement and market research, including a quantitative survey with 895 secondary school children. The discussion groups do not constitute a representative sample of customers in the Affinity Water supply area.

Participating schools, age range, gender and numbers

Area	Age Range	No. of participants	Gender
Sir John Lawes School, Harpenden	11-17	15	M/F
Watford Grammar School for Boys	12-13	29	M
Stanborough School, Welwyn Garden City	11-17	23	M/F
Manningtree High School, Essex	11-15	20	M/F
Onslow St. Audrey's School, Hatfield	14-15	20	M/F
TOTAL		107	Male: 66 Female: 41

Key findings – individual questions

The below percentages of participants felt the following issues are important and either strongly agreed or tended to agree:

- 88% agreed that the cost of water is important
- 89% agreed water companies should do more regarding leaks and burst pipes
- 86% agreed individuals should be careful about the amount of water they use
- 70% agreed that there must be sharing of water across the country
- 56% believed that we must be able to restrict water use during a drought
- 51% agreed in taking less water from rivers
- 45% agreed that we must take less water from aquifers

Affinity Water

Key findings – discussion groups

In terms of what the community should be doing the following are priorities:

- fixing leaks
- turning off taps
- restrictions/caps on water use
- recycling water
- raising awareness (of limited water resources).

The most common suggestions on water saving revolve around:

- water re-use/storage
- reducing shower use/time spent in the shower
- water meters
- limiting usage.

Ideas for encouraging water saving centred on:

- information/education using various media
- there are some references to cost incentives and penalties.

Affinity Water

Key findings – discussion groups continued

In terms of what's most important about water, clean and safe are most often mentioned as well as purity, temperature(cold/hot), reliability and various uses.

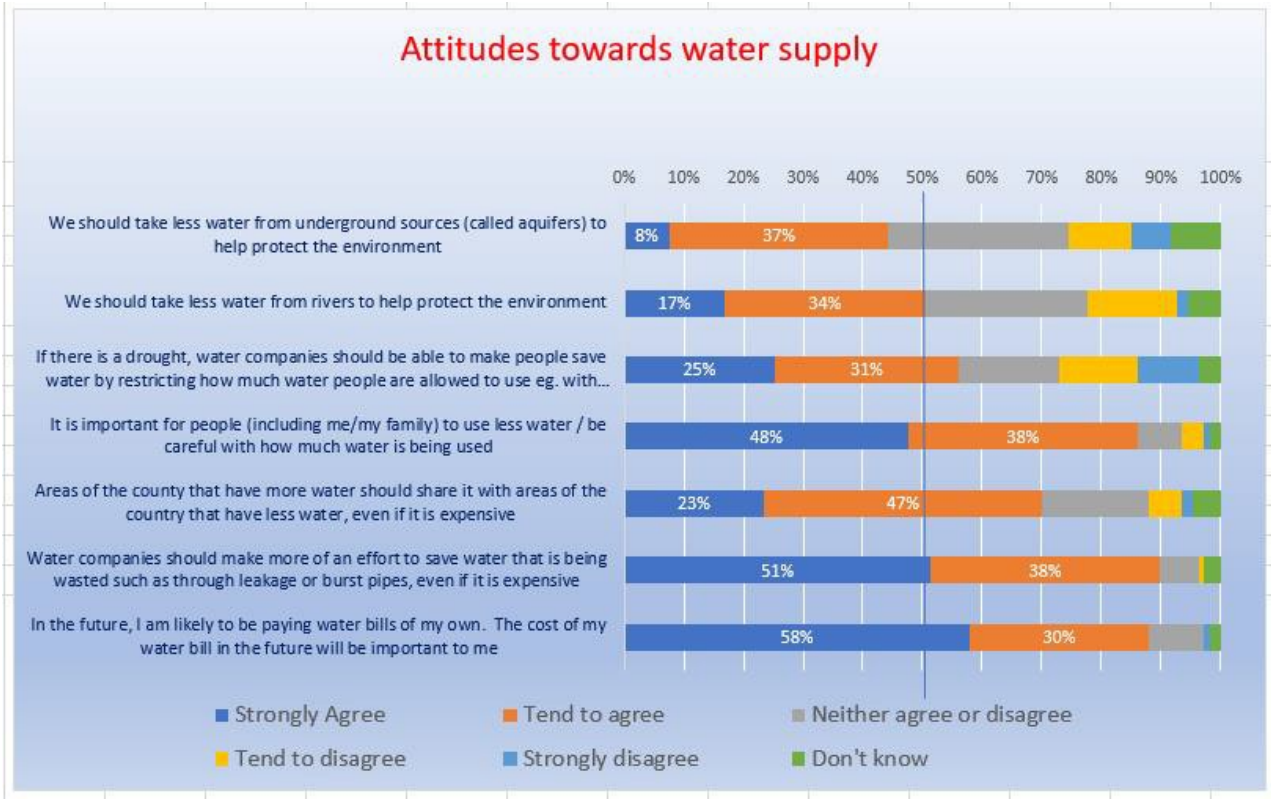
Ideas on how a water company should communicate with young people revolve around social media with a variety of other ideas such as TV adverts and celebrity endorsement.

In terms of how they would like to get in touch with their water company in the future, a mixed response with text messaging leading but with phone, social media and email also popular.

Affinity Water

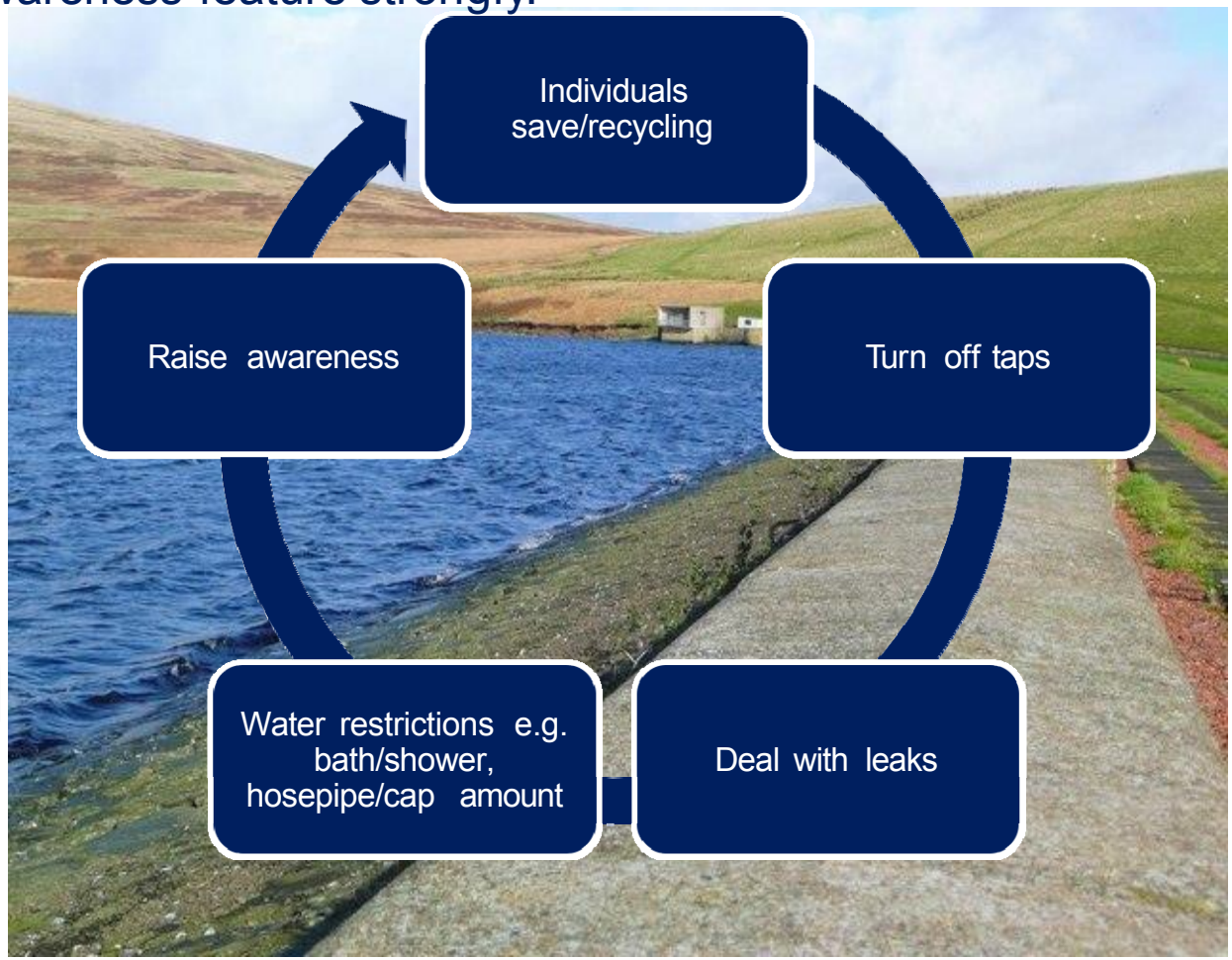
Responses to individual questions

There was strong agreement about costs being important, water companies should do more to fix leaks and customers should be careful about water use. There was lower agreement on taking less water from aquifers and rivers and forced water restrictions. Tendency to agree on water sharing from water rich areas even it is more expensive.



1. What should the community be doing?

Leaks, turning off taps, restrictions/caps, recycling and awareness feature strongly.



Reduce water waste between company and customer _ Hatfield

Campaigns to convince people to save water - Watford

Limit amount of water people are allowed - Manningtree

As a community we should be saving and recyling water we use e.g. collecting rainwater - Manningtree

Turn off taps when not in use - Harpenden

Focus on lost water though pipes - Manningtree

Restrict showers to 5 minutes - Watford

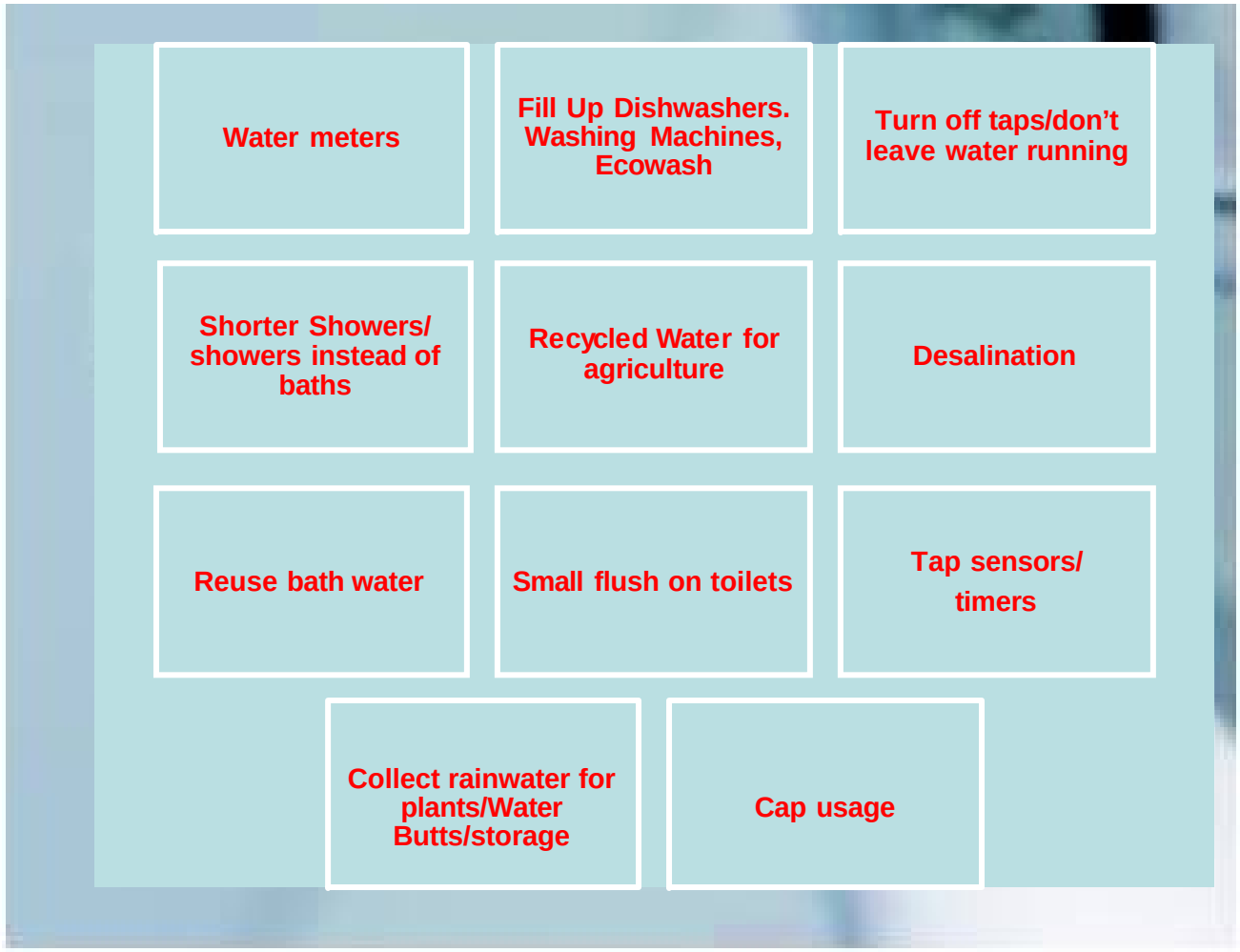
Allocation per day - Harpenden

Fix leaks - Harpenden

Affinity Water

2. What solutions can you think of to save water?

A range of suggestions including water re-use/storage, shower use, water meters and limiting usage



3. How do you think we can encourage people to use less water?

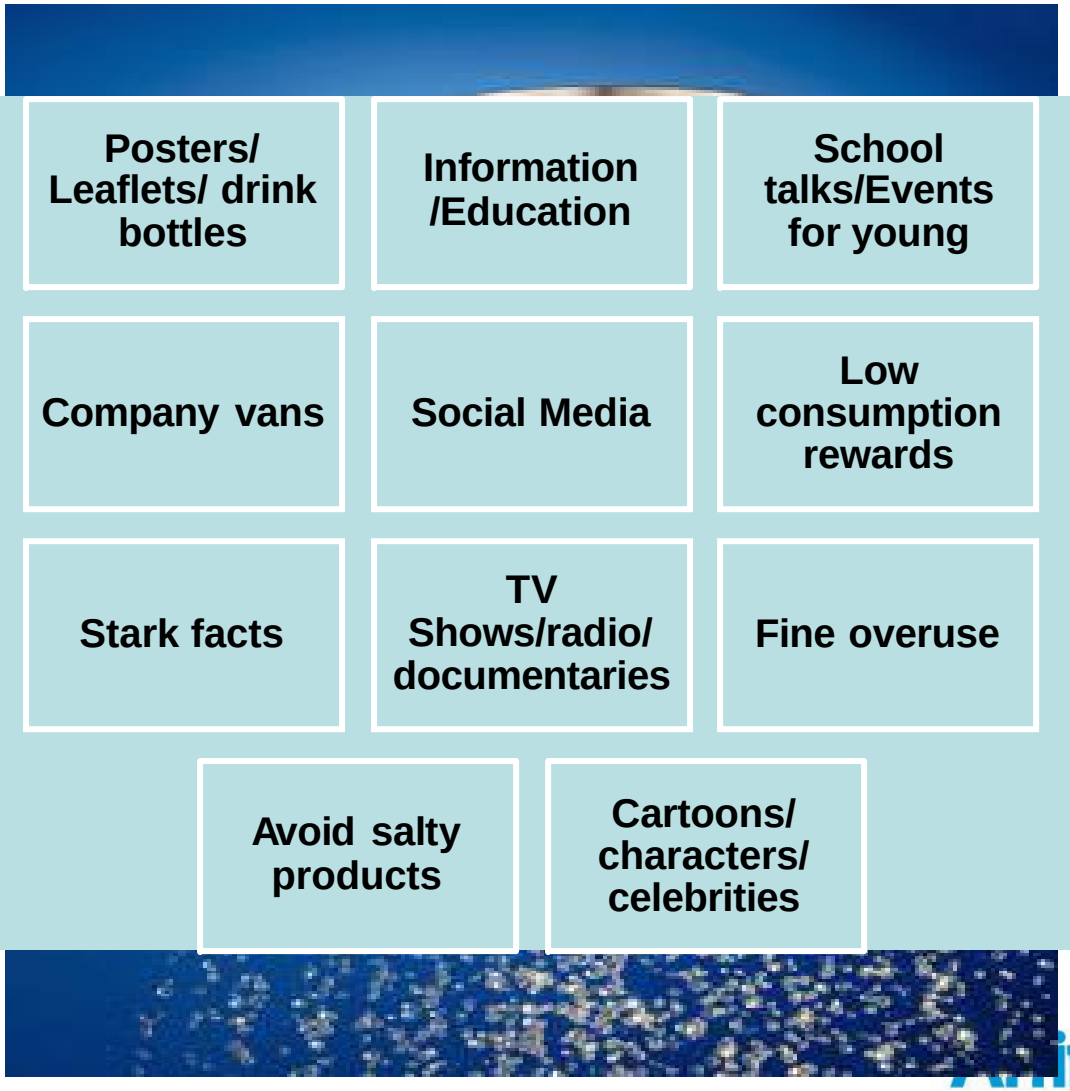
Ideas mostly around information/education using various media. Some references to cost incentives.

Use a character to gain interest/ use humour/eye catching _ Harpenden

Adverts on TV/YouTube/ popular TV channels/ football matches - Harpenden

Offer education on how to save water _ Watford

Saving water events such as at music festivals _ Hatfield



Tell people what happens when run out of water – Watford

Scare them- Manningtree

Posters around schools, bright colours, bold writing - WCG

Increase water bills- Hatfield

4. What is the most important thing about your water supply?

Clean and safe water is often mentioned.

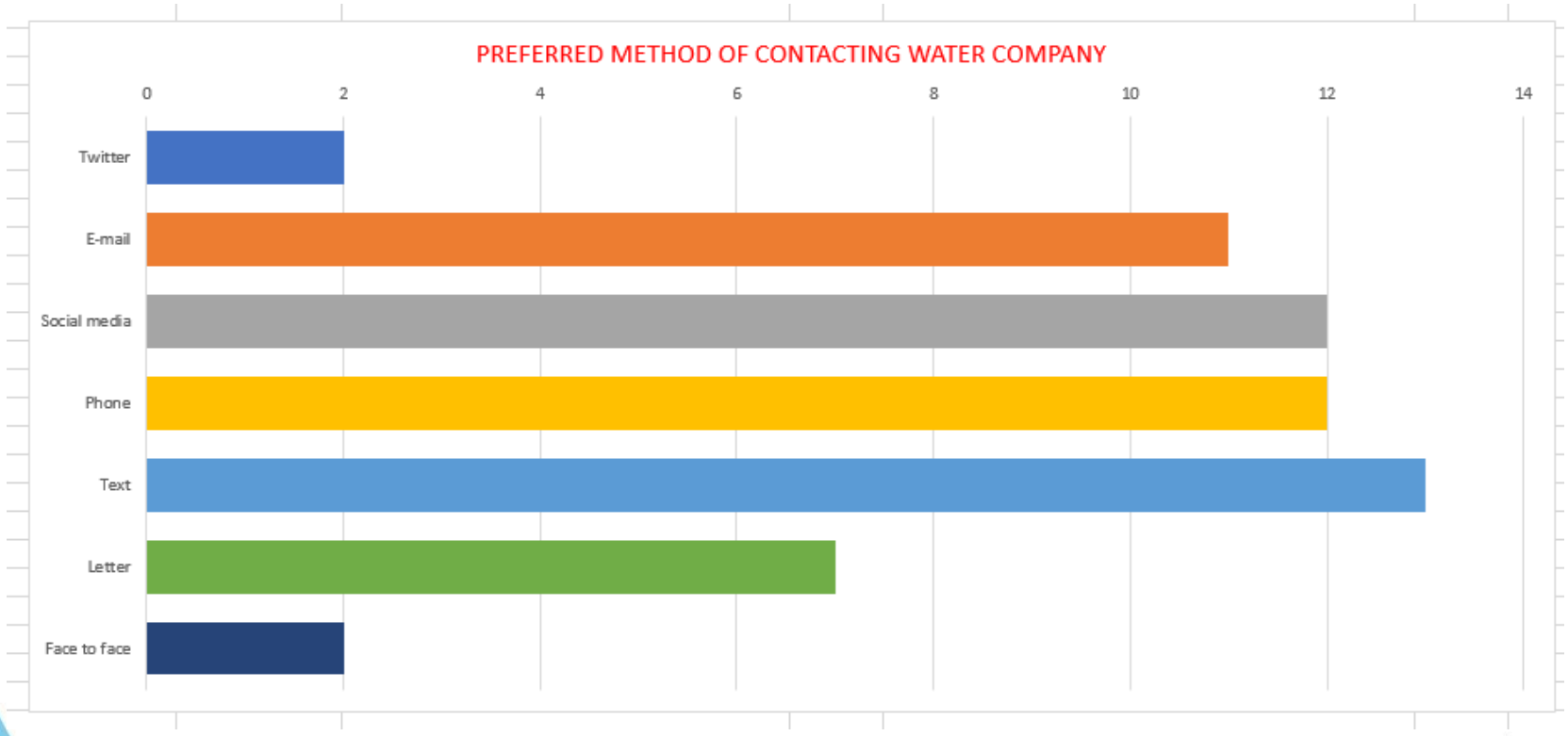
- Clean/safe
- No chemicals/pure
- Right temperature/Hot and Cold Water
- Reliable
- Sufficient
- Cheap prices
- Various used e.g. drink, cook, wash, toilet

5. How do you think companies like Affinity Water should communicate with young people going forward?

Not surprisingly, many mentions of social media

6. If you were a customer, what would be your preferred method to get in touch with your water company?

Based on a limited number of responses, a fairly mixed picture –text, phone and email leading



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- make recommendations.

The recommendations will then inform the final versions of the Business and Water Resources Management Plans.

Affinity Water

Annex 5: Phase 2 Testing and Valuing

Ph2.9 – Exploration of Supply Outage Compensation Levels

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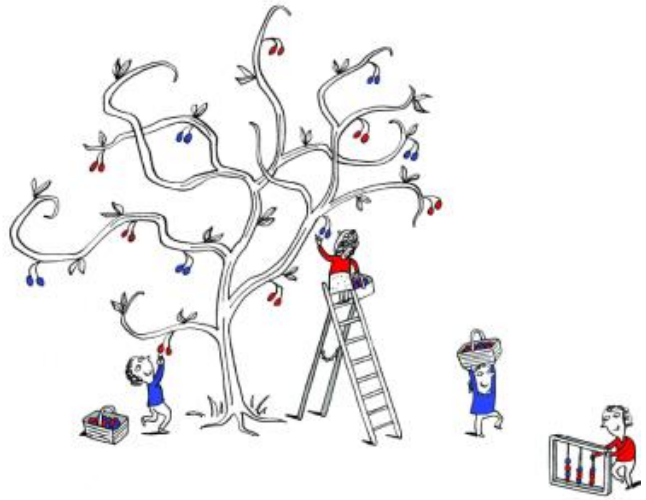
PJM economics



Affinity Water
Your local supply, on tap

Exploration of Supply Outage Compensation Levels

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June 2018
P3206pre01_FinalReport_v1

Contents

1 Background

Background

- Accent and PJM Economics have been appointed by Affinity Water (AW) to explore levels of compensation for supply interruptions.
- **Key question:** What level of payment will fully compensate customers for the inconvenience of a supply interruption?
- True compensation amounts may serve as a willingness-to-pay (WTP) estimate per avoided interruption in the future.
- WTP is needed for setting ODI rate for PR19.

2 Methodology

Methodology – Stated Preference Design

- At the core of the survey design was a stated preference (SP) exercise containing sequences of questions like this:

Type of interruption	Planned (48 hours' notice given)
Duration of interruption	6 hours
Compensation paid	£60

Which option would you prefer?

Option A (Interruption + compensation)
Option B (No interruption)

- Type, duration, and compensation level varied across the sequences of questions according to an experimental design.

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Methodology – Attributes and Levels

Attribute	Levels
Type of interruption	Planned (48 hours' notice given)
	Unplanned (no notice given)
Duration of interruption	3 hours
	6 hours
	12 hours
Compensation paid (£/hour)	£2.50
	£5.0
	£10
	£20
	£30

- The design included 30 (2*3*5) combinations.
- Each person saw 10 of these, with 3 blocks thereby covering the full set of possibilities.
- Each block was presented in two different orders to mitigate against order effects.

Methodology – Data Characteristics

Characteristic	Value	Frequency		Share in population
		N	%	
Region	Central	445	88.6	
	East	20	4.0	
	South East	37	7.4	
Gender	Male	238	47.4	49%
	Female	264	52.6	51%
Age	16-29	40	8.0	22%
	30-44	195	39.0	27%
	45-64	161	32.2	31%
	65 or older	104	20.8	20%
SEG	A/B	187	37.3	28%
	C1/C2	232	46.2	52%
	D/E	75	14.9	20%
	Not stated	8	1.6	

- A sample of 502 online responses was obtained via a panel (Research now).
- Most respondents in Central region
- Younger age group (16-29 years old) underrepresented
- Balanced SEG groups
- Weighted by Gender, Age and SEG to correct for the divergence between the population target profile and the achieved sample proportions

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Methodology – Data Characteristics (cont.)

Characteristic	Value	Frequency	
		N	%
Bill size	£0 - £200	77	15.3
	£200.1 – £400	197	39.3
	£400.1 - £600	98	19.5
	£600.1 – £1000	38	7.6
	More than £1000	16	3.2
	Not stated	76	15.1
Bill summary statistics	Mean	£402	
	Median	£380	
	Min	£50	
	Max	£3,120	
Bill disclosure	Estimate	252	50.2
	Exact amount	174	34.7
	Not stated	76	15.1
Water meter status	Water meter	285	56.8
	No water meter	196	39.0
	Not stated	21	4.2

- Wide spread of water bills with a concentration between £200 and £400.
- Majority of bills were estimates rather than exact measures
- Majority of respondents had a water meter

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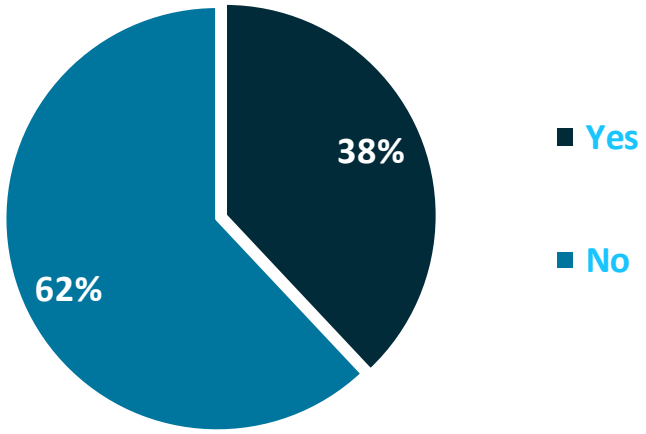
3 Key Results

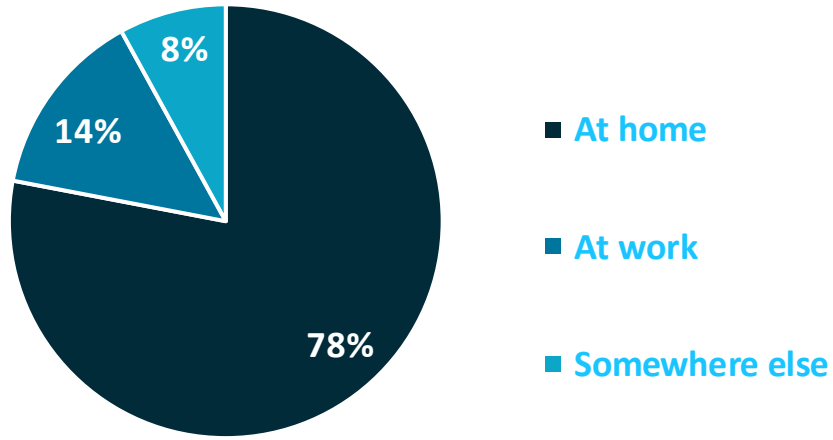
Results – Experience of Interruptions to Water Supply

Have you ever experienced an interruption to your water supply?



Base: 502

If yes, where did this happen?

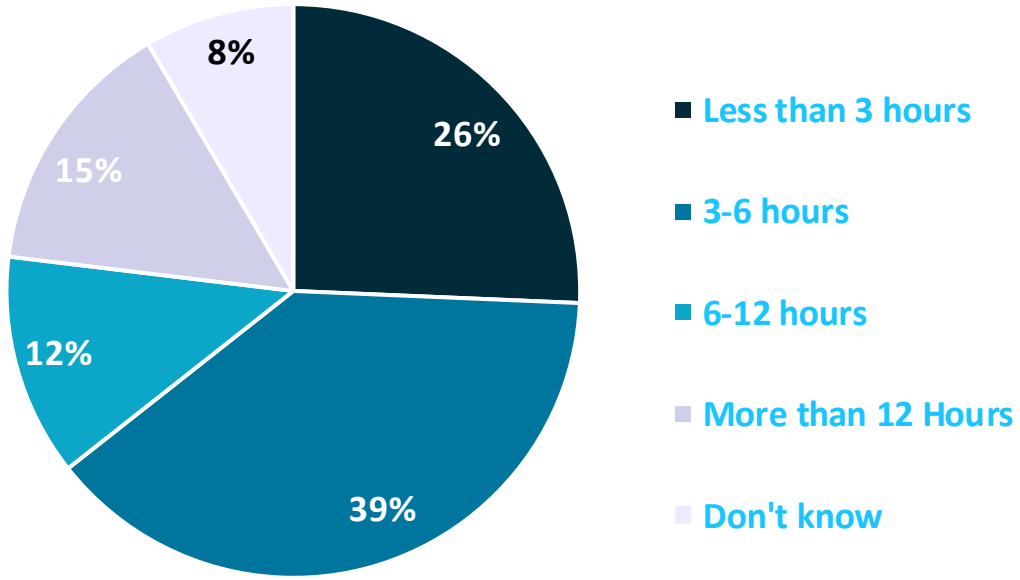


Base: 190

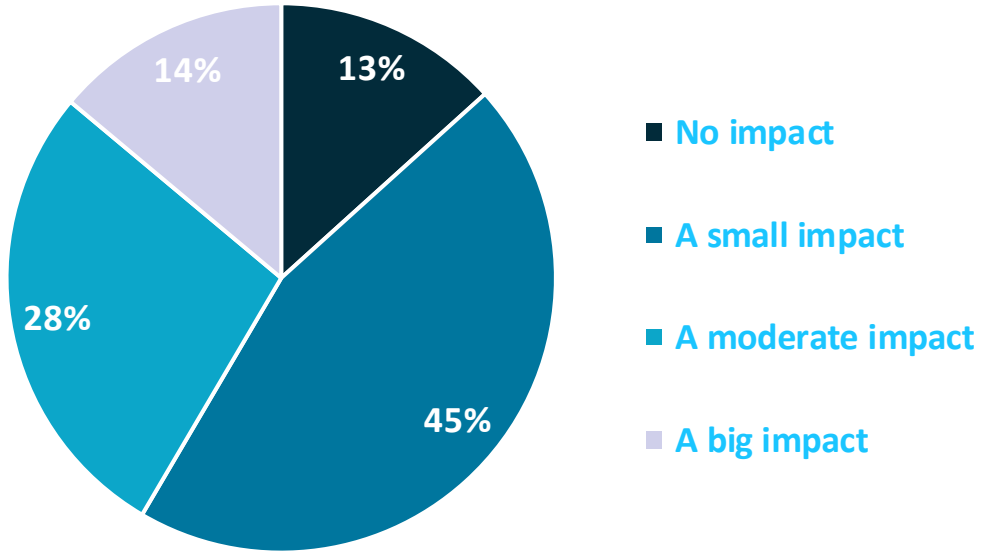
- Over one third of all participants have previously experienced an interruption to their water supply.
- For the vast majority, this happened within their property

Results – Duration of interruption and impact on customer

Duration

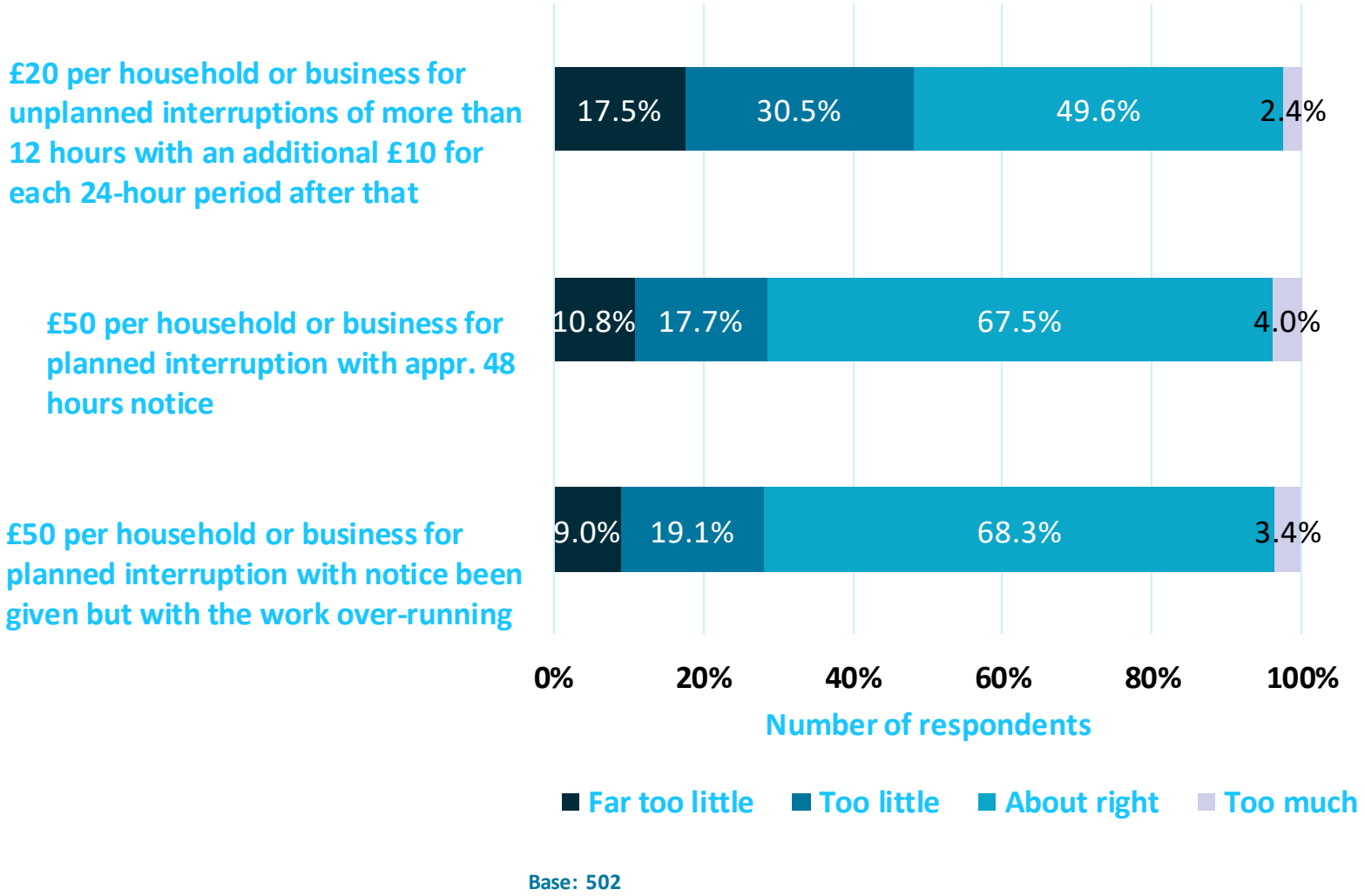


Impact



- Appr. 2/3 of all interrupts lasted less than 6 hours with the biggest concentration between 3 and 6 hours.
- 58% of all interruptions had little or no impact on the household
- The length of the duration and perceived severity of the impact seem partially connected as data reveal a modest correlation between both magnitudes. (R=0.64)

Results – Attitude towards current compensation

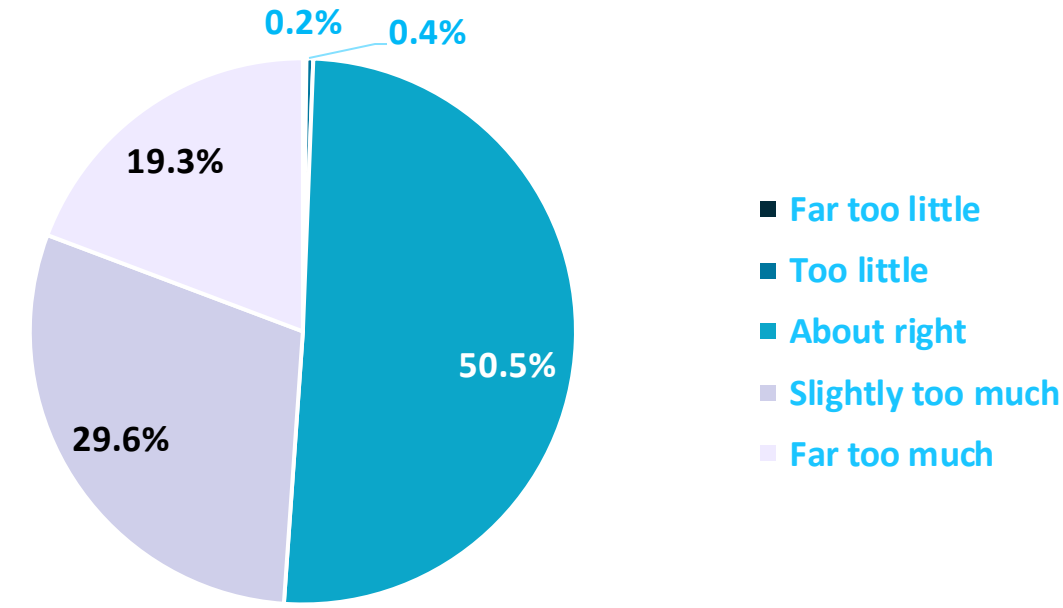


Base: 502

- Half found current compensation for unplanned interruptions as ‘About right’, the other half felt it was ‘Too little’ or ‘Far too little’
- Most found current compensation for planned interruption and ‘planned interruption with over-running work’ appropriate

Results – Attitude towards current Water Bill

- Equal shares
  - About half the respondents think their bill is about right.
  - Almost half think their bill is either slightly or far too expensive.
- These results are in line with others in the industry.



Base: 502

Results – Proportions Choosing ‘Interruption & Compensation’ over ‘No Interruption’

Type of interruption	Length	Compensation [£ / hour]				
		£2.50	£5	£10	£20	£30
Unplanned	3 hours	19.9%	33.3%	50.0%	52.4%	68.7%
	6 hours	16.7%	31.4%	52.6%	61.1%	61.6%
	12 hours	27.6%	36.5%	61.9%	67.2%	64.8%
Planned	3 hours	39.7%	50.0%	56.1%	60.0%	78.0%
	6 hours	28.2%	46.6%	64.3%	70.1%	68.9%
	12 hours	23.6%	43.8%	63.9%	73.9%	76.4%

- As expected, higher proportions chose ‘Interruption & compensation’ with higher compensation, but effect flattens at the highest rates for long interruptions.
- Weaker correlation with duration
- Higher share chose ‘Interruption & Compensation’ when interruption was planned

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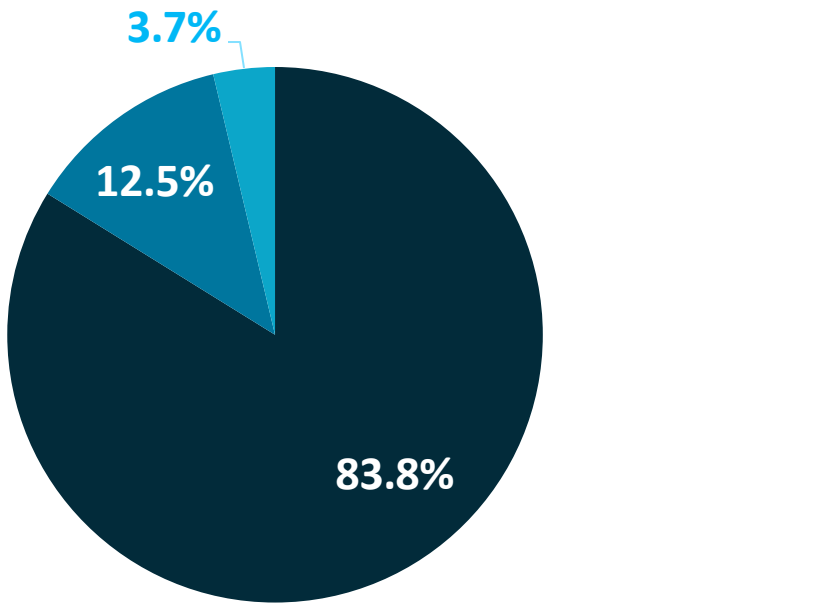
Results – Proportions Always Choosing ‘Interruption & Compensation’ or ‘No Interruption’



Base: 502

- The vast majority (83.8%) traded between alternatives.
- But 12.5% always chose ‘Interruption + compensation’
- And 3.7% always chose ‘No interruption’
- The total number of non-traders was 16.1% (down from 32.1% at the pilot stage)

Results – Econometric Model

Variable	Mean (Coef, Std. error)		Std. deviation (Coef, Std. error)	
Duration [hours]	0.020	(0.013)	0.076	(0.014)***
Compensation [£/hour]	0.164	(0.012)***	0.155	(0.012)***
Planned interruption [1,0]	0.862	(0.110)***	1.324	(0.148)***
ASC (Interruption) [1,0]	-2.089	(0.158)***	2.013	(0.139)***
No. observations	4,964			

Mixed logit model, with normal distributions assumed for all variables; * signifies 10% significance; ** signifies 5% significance; *** signifies 1% significance

- The likelihood of choosing *'Interruption + Compensation'* increases with
  - If the interruptions are planned
  - The compensation level
  - The length of interruption
- The results are intuitively correct and measured with good precision.

An econometric model is needed to derive predicted choices at different compensation levels for different types of interruption and for different segments.

Accent

Results – Predicted Shares from Simulation

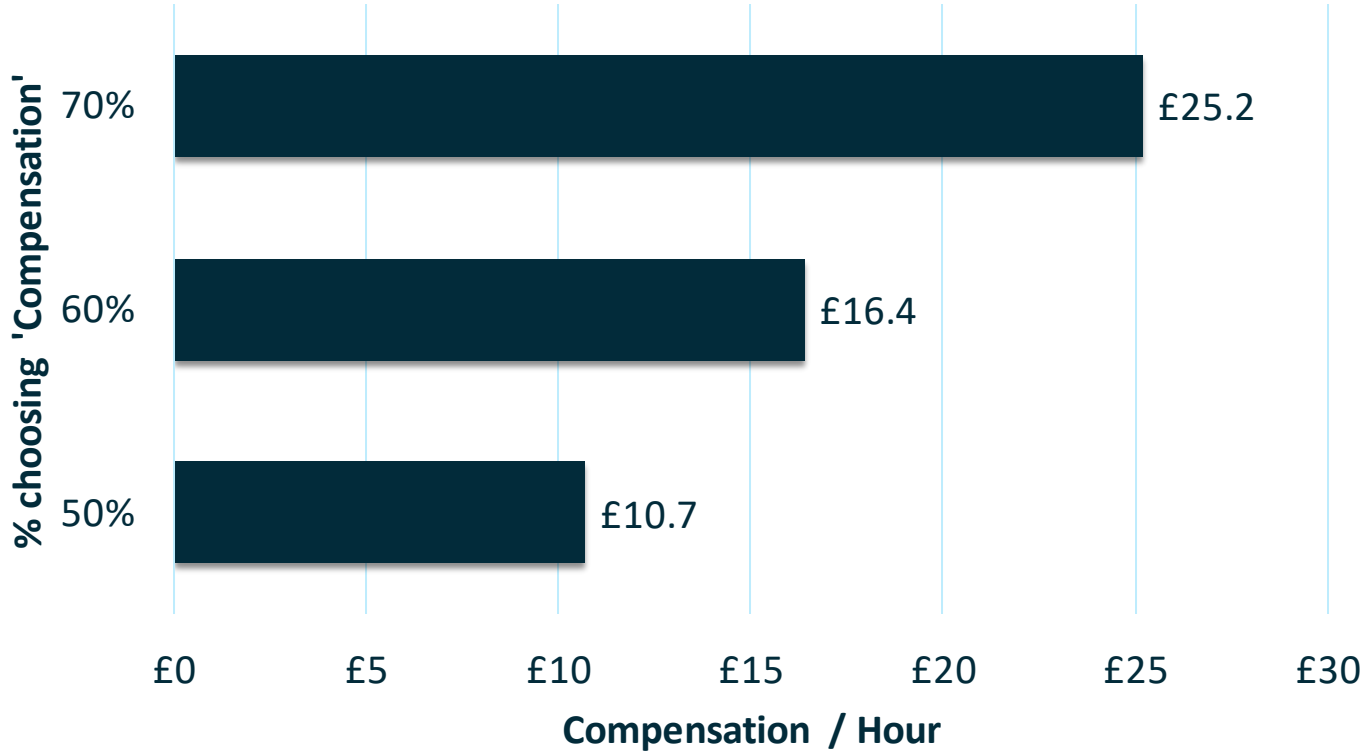
Type of interruption	Length	Compensation [£/Hour]				
		£2.50	£5	£10	£20	£30
Unplanned	3 hours	25%	31%	45%	64%	72%
	6 hours	26%	32%	46%	65%	72%
	12 hours	28%	34%	48%	66%	73%
Planned	3 hours	39%	45%	58%	72%	77%
	6 hours	40%	46%	58%	72%	77%
	12 hours	42%	48%	60%	73%	78%
OVERALL*		**29%**	**35%**	**49%**	**66%**	**73%**

**Based on 75%/25% ratio of unplanned/planned and 60%/30%/10% ratio for 3h, 6h, 12h. Weights supplied by Affinity Water.*

- Results are in line with expectation:
  - Higher acceptance of planned than unplanned interruptions
  - Higher acceptance with higher compensation
  - Little effect due to duration.

Accent

Results – Predicted Compensation Required for 50%, 60% and 70% to Prefer ‘Interruption + Compensation’ Over ‘No Interruption’

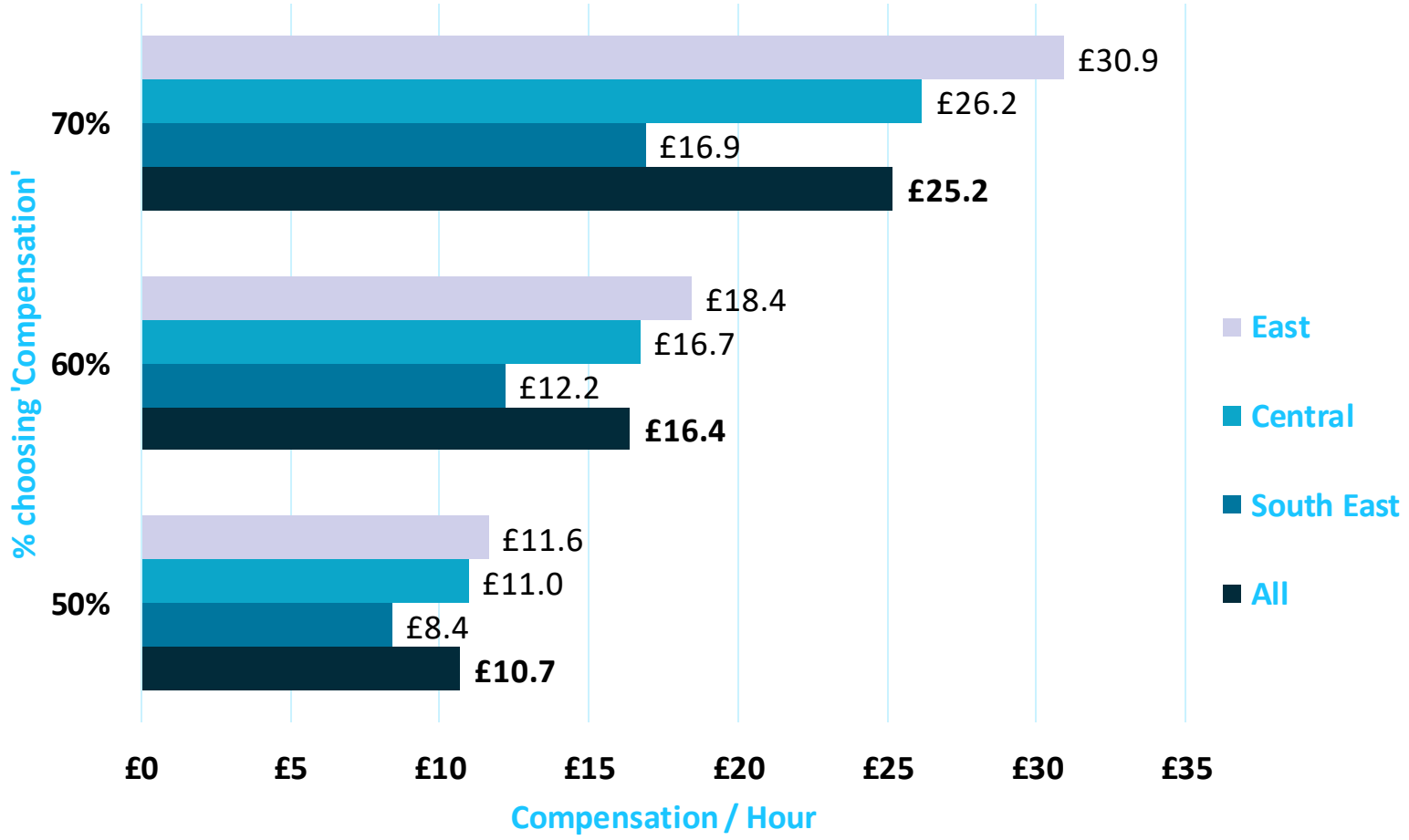


- Overall, a compensation level of £25.20 per hour is needed to ensure that 70% would prefer ‘Interruption + compensation’ over ‘No interruption’.
- £16.40 would ensure 60% preference for ‘Interruption + compensation’
- £10.70 would ensure 50% preference for ‘Interruption + compensation’

Accent

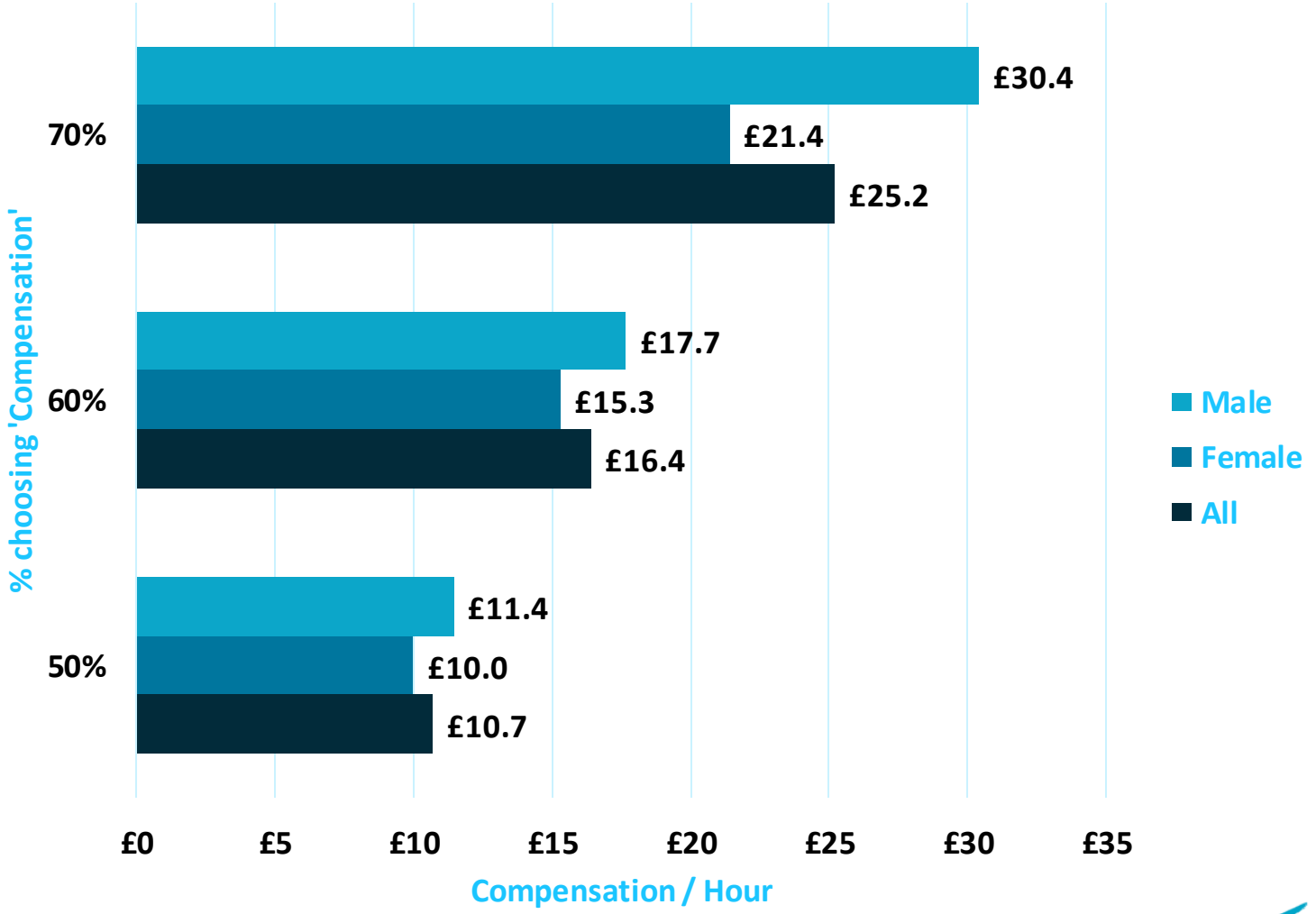
Results – Predicted Compensation Required by Region

- Customers in the South East appear to be more price sensitive i.e. a smaller compensation is required to prompt them to prefer ‘Interruption + compensation’



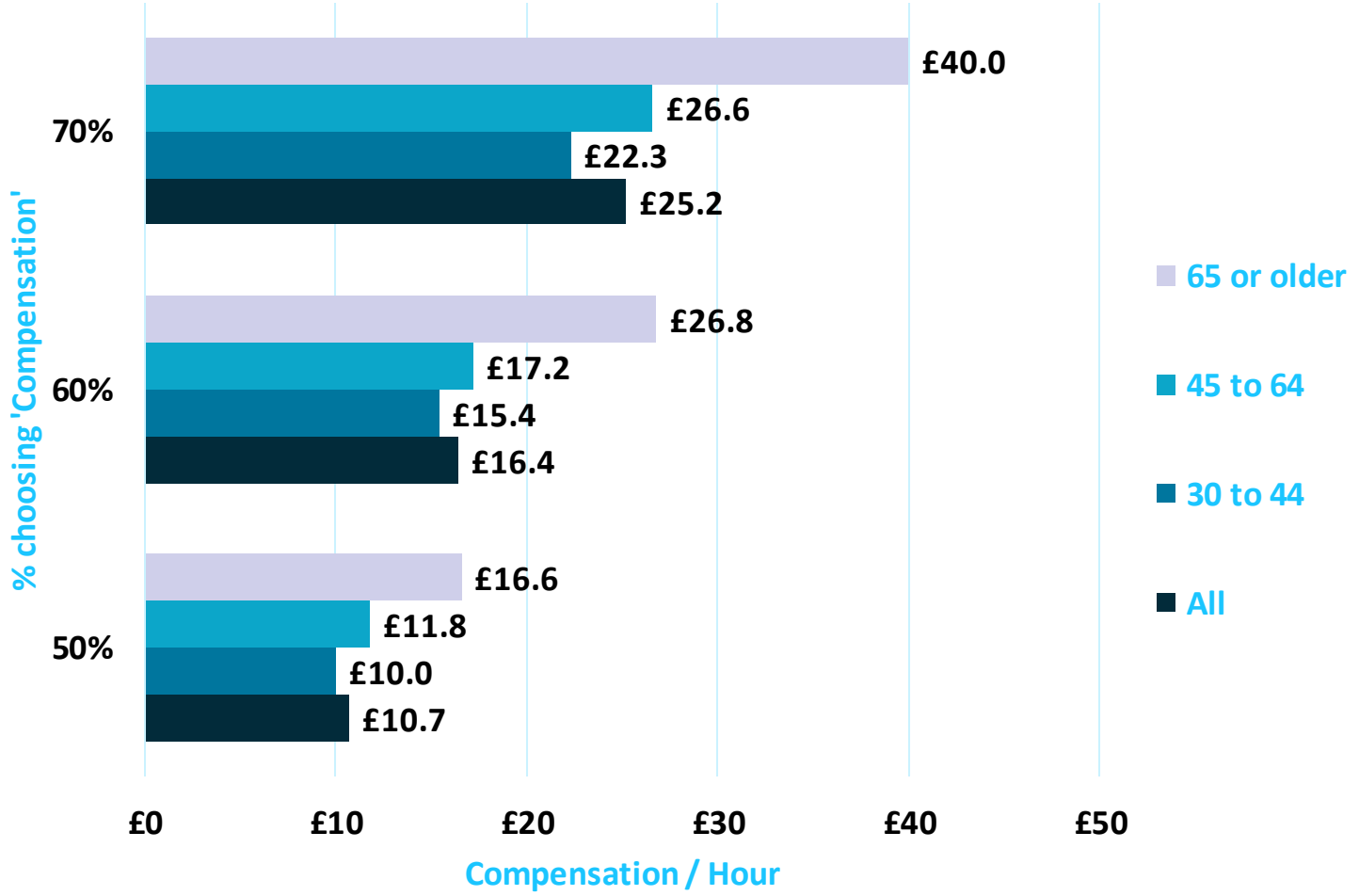
Results – Predicted Compensation Required by Gender

- There are only minor differences between the genders for 50% and 60% preference rates
- However, to achieve 70% preference for interruption + compensation would require more compensation for men than for women.



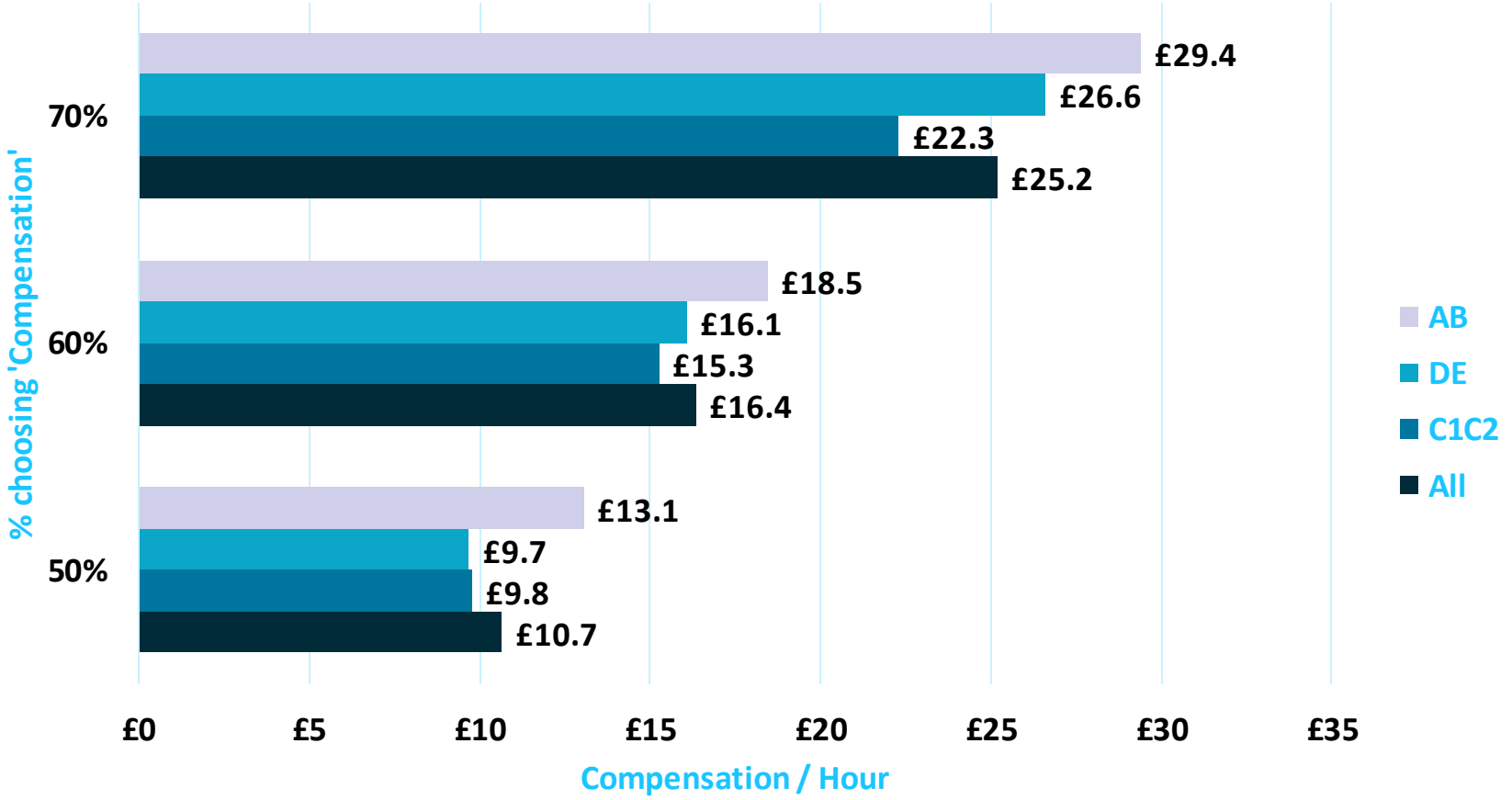
Results – Predicted Compensation Required by Age Group

- The oldest customers (65plus) require substantially higher levels of compensation than other age groups.



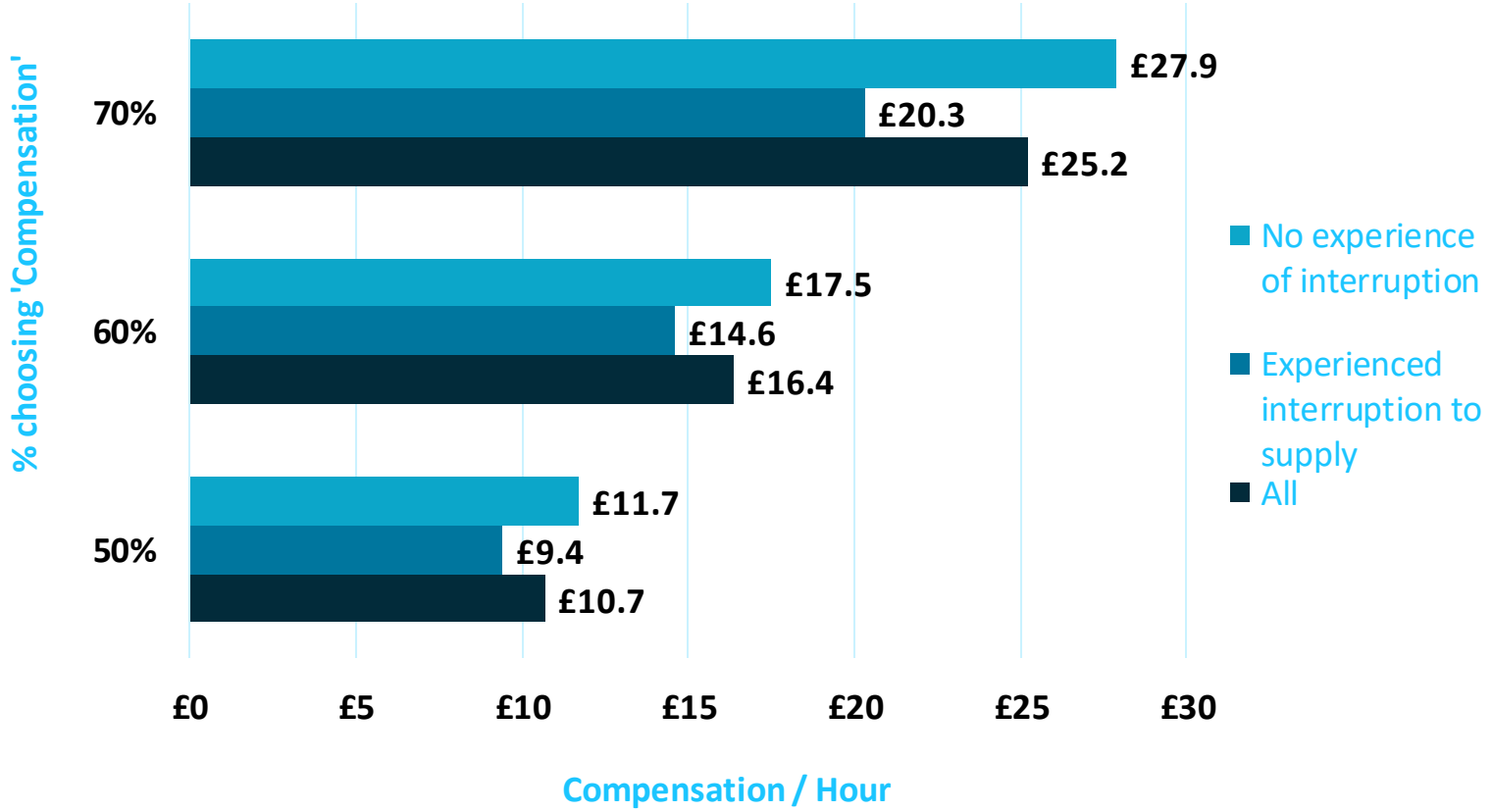
Results – Predicted Compensation Required by SEG Segment

- ‘AB’ customers require more compensation than other SEG groups to choose ‘Interruption + compensation’



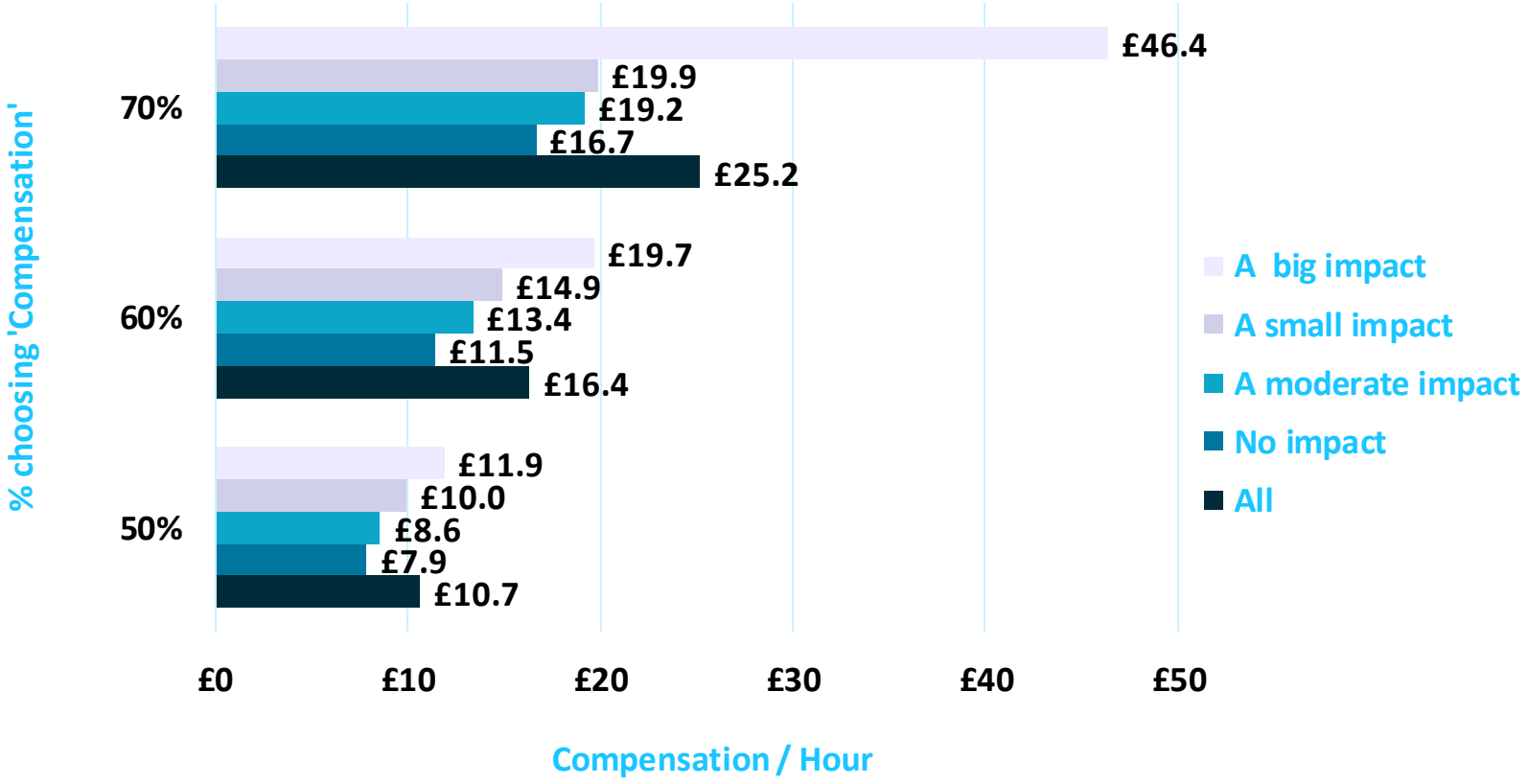
Results – Predicted Compensation Required by Experience of an Interruption

- Those without experience of an interruption require more compensation than those who have experienced an interruption.
- This suggests that interruptions may not be as bad as people think they are who haven't experienced them.



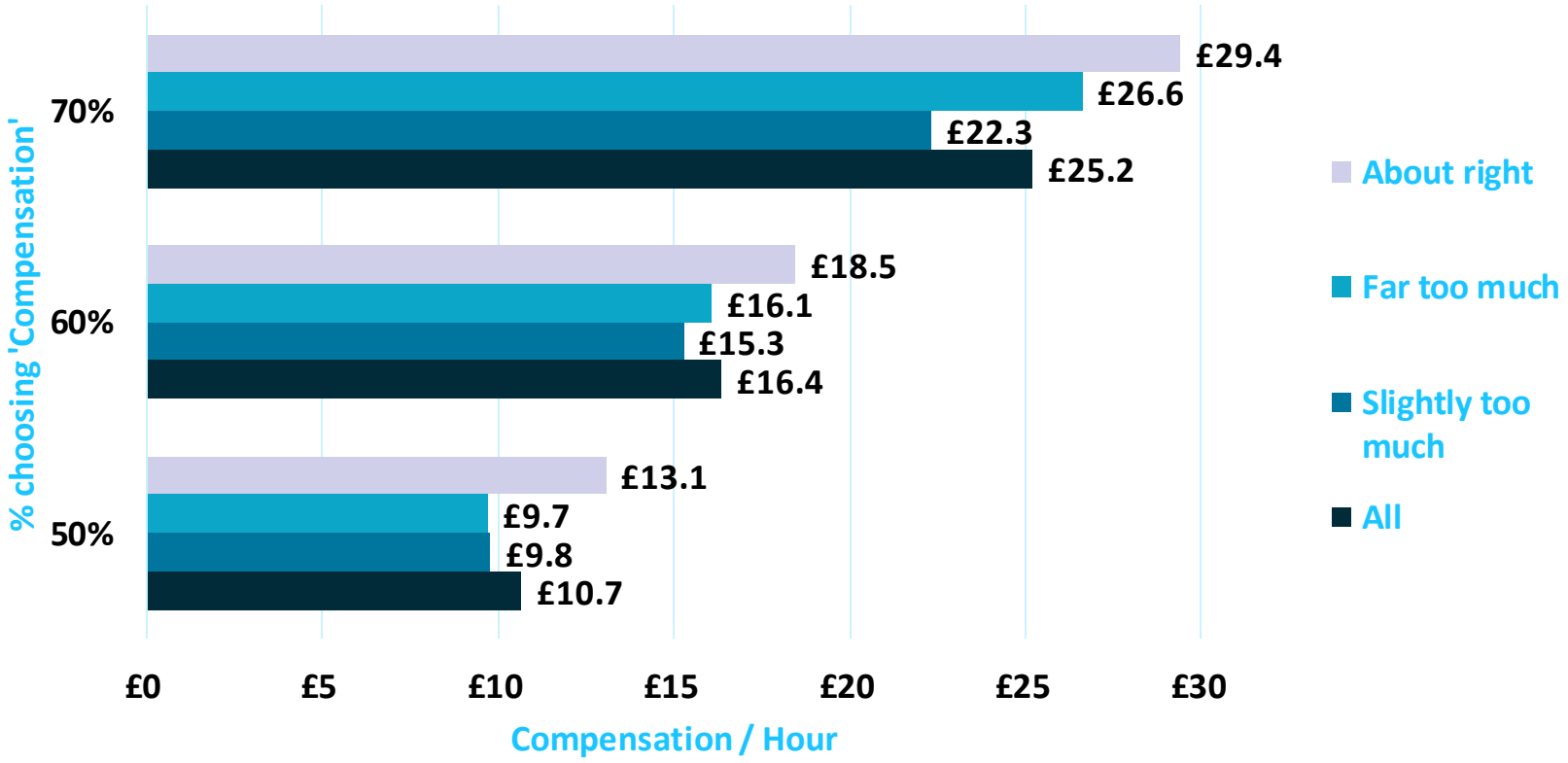
Results – Predicted Compensation Required by Impact of Experienced Interruption

- Those who perceived a past interruption as having ‘A big impact’ required significantly higher compensation than others.
- The relationship among all impact categories is as expected.

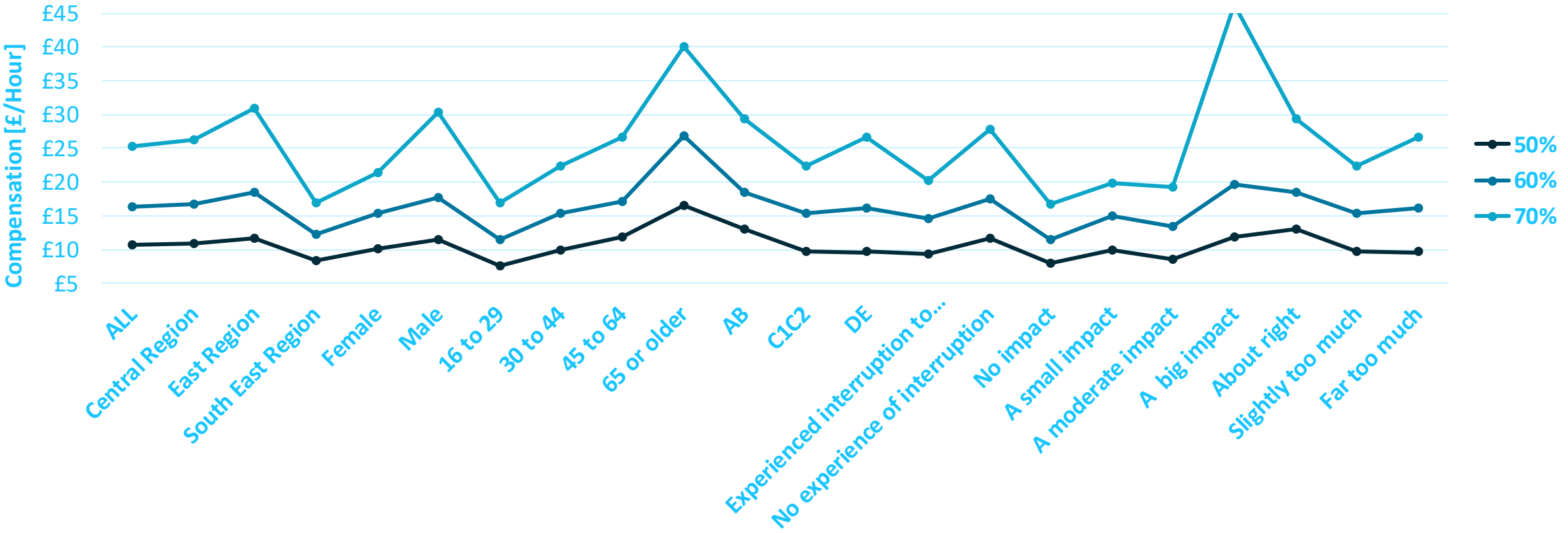


Results – Predicted Compensation Required by Bill Attitudes

- Those who think their current bill is ‘about right’ ask for slightly higher compensation.
- This is as expected given that these customers are likely to be the least financially constrained.



Results – Predicted Compensation Required for All Segments



➢ Compensation need highest for ’65 or older’ and those having experienced ‘A big impact’ interruption.

Accent

Results – Survey Feedback

- Most participants felt able to make comparisons between the presented options.
- Questions and attributes were generally considered to be understandable and realistic.

Feedback question	YES	NO
Did you generally feel able to make comparisons between the options presented to you?	90.6%	9.4%
Did you find any of the options hard to understand?	8.0%	92.0%
Did anything you were asked about seem unrealistic to you?	17.1%	82.9%

Accent

Results – Survey Feedback

- Biggest reason for saying ‘unrealistic’ was the seemingly too-high amounts of total compensation.

Unrealistic Aspects	Frequency [N]
Amount of compensation generally too high / not realistic	38
Some of the amounts offered for compensation too high / not realistic	23
No water for 12 hours	5
The concept of offering/accepting compensation for interruption	4
Time scale of interruption	3
Most of it	3
Compensation is generally to little	2
Interruption to water supply in general	1
The amount of compensation both higher and lower	1
We live near a constant burst drain that never gets fixed	1

4 Conclusions

Conclusion

- Compensation at an hourly rate is an effective measure of WTP to avoid a supply interruption.
- Overall, £10.70 per hour is required for 50% to prefer 'Interruption + compensation', £16.40 per hour for 60% and £25.20 for 70%, respectively.
- The amount required depends on
  - Type of interruption (planned / unplanned)
  - Duration of interruption
  - Customers' age and social economic background
  - Customers' previous experience with supply interruption
- The survey has performed well overall and has generated meaningful and reasonably precise results. We therefore recommend these results to Affinity Water for use in determining ODI rates.

Annex 5: Phase 2 Testing and Valuing

Ph2.10 – Our future plans: Consultation document

Our future plans

Consultation document
April 2018

Welcome to our future proposals - working in partnership with customers and communities

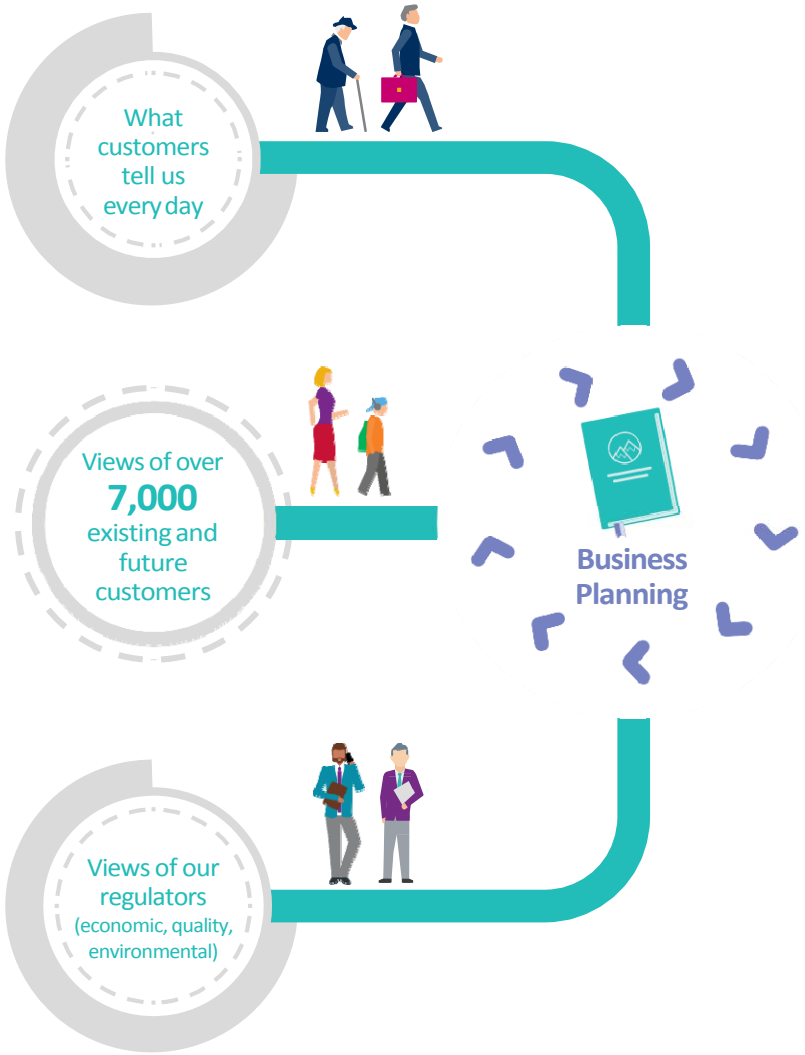
We're currently delivering an ambitious business plan which takes us to 2020. We've been working alongside customers and stakeholders to develop our next business plan covering the years 2020 to 2025. This document sets out for consultation what services customers can expect from us and at what price.

In shaping these proposals, we've taken into account what customers tell us every day when they contact us and detailed feedback from 7,000 current and future customers through our online community, focus groups and surveys.

These proposals also aim to address requirements and expectations from our regulators and stakeholders such as Ofwat, the Drinking Water Inspectorate, the Environment Agency and Natural England.

We're really keen to hear your views on what we're proposing.

Further information on how to take part is available at:
www.affinitywater.co.uk/haveyoursay
and on page 23 of this document.



Water Resources Management Plan Consultation

We are also currently consulting on our Water Resources Management Plan which informs our Business Plan.

This consultation runs until 23 May 2018. Further information is available at **www.affinitywater.co.uk/haveyoursay**

Who we are and what we do

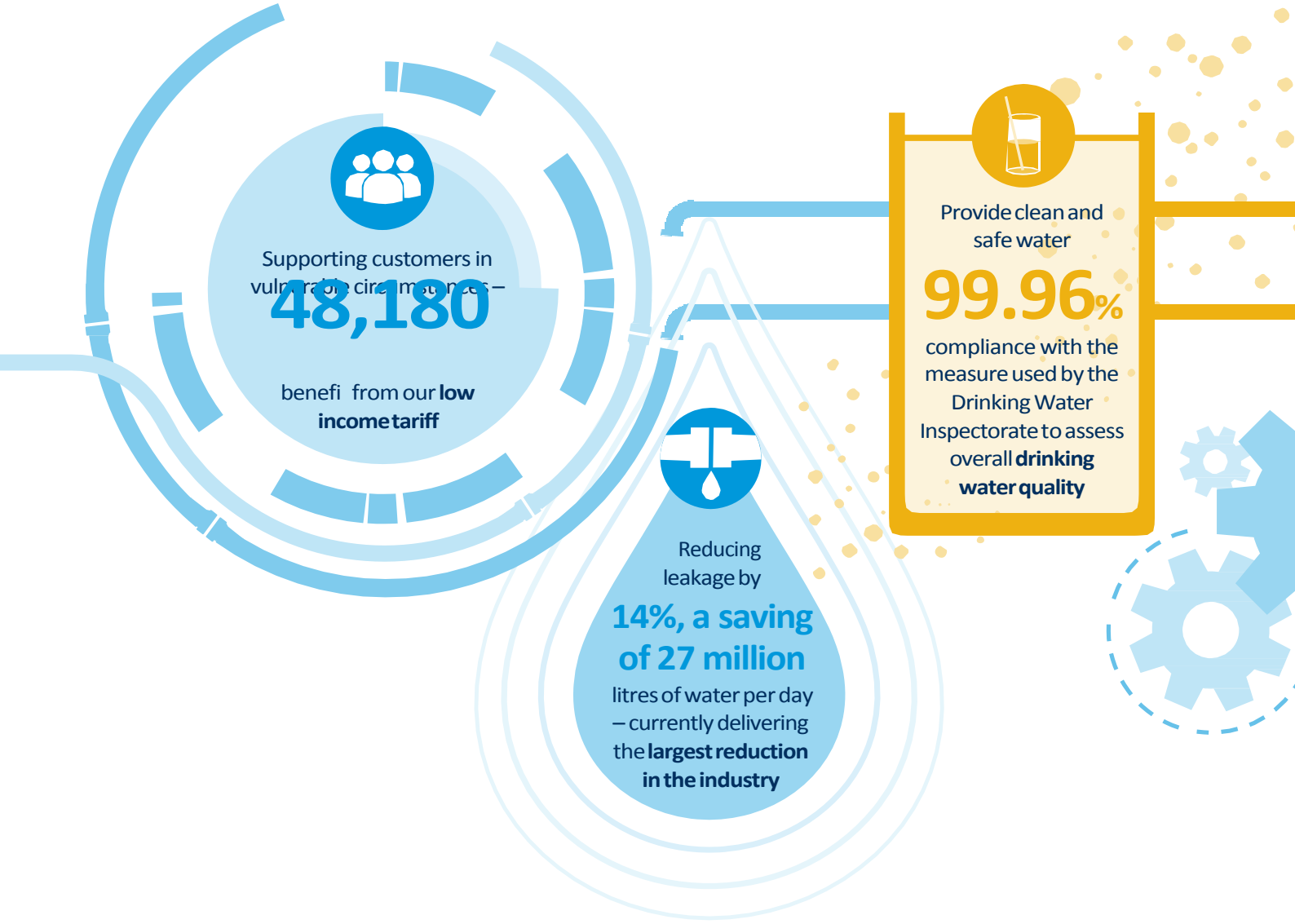
Our vision is to be the "leading community-focused water company". This means we'll do our best to ensure our service reflects the priorities of the communities we serve.

We supply on average 900 million litres of drinking water every day to approximately 3.6 million people (1.4 million properties) in the South East of England. We divide our supply area into eight different communities, each named after a local river. This helps to emphasise the link between the areas we supply water to and the local environment from which we source that water.

The water we supply is mostly from underground sources. We also take water from rivers and import and export water to neighbouring companies. Our biggest challenge is to continue to be able to provide enough high-quality water for customers into the future. Our plans for doing this are detailed in our draft Water Resources Management Plan. More information can be found at:

www.affinitywater.co.uk/haveyoursay

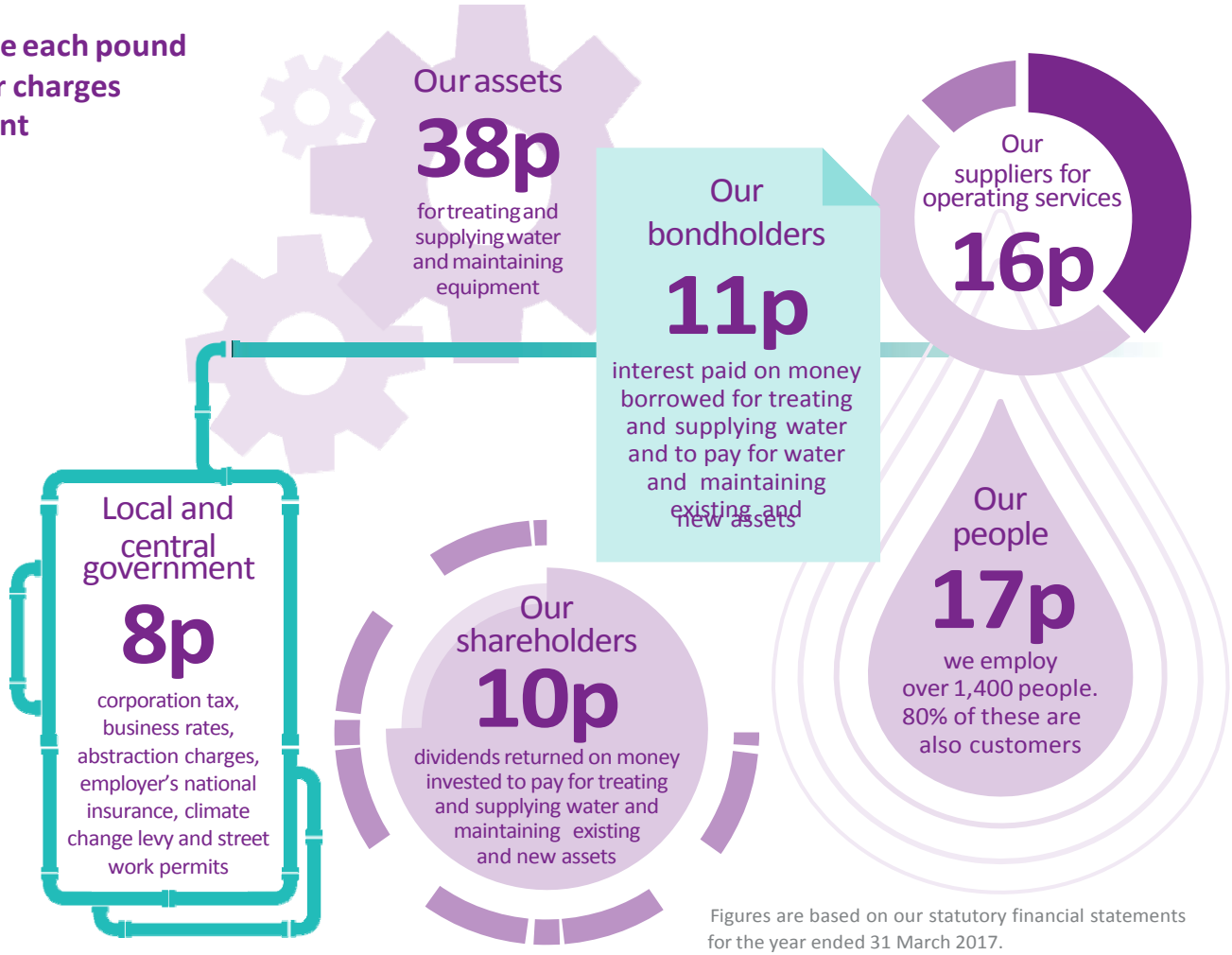
Here are some of the things we do



Your bill

Households are charged for the supply of clean water and the taking away of waste water. Although we only supply clean water, charges for both services are itemised separately on water bills, except for households in our Dour community where charges for waste water services are billed directly by Southern Water.

Where each pound of our charges is spent

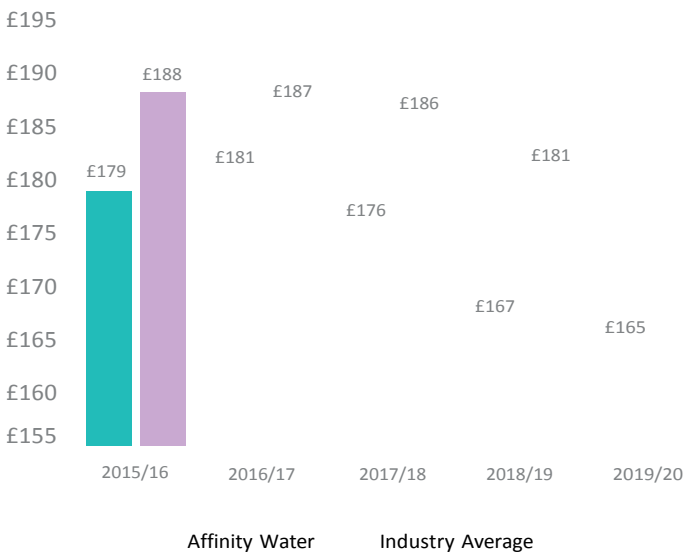


Figures are based on our statutory financial statements for the year ended 31 March 2017.

We work hard to keep your bills low whilst maintaining a high quality and trusted service.

Between 2015 and 2020 our average household bills are well below the industry average, as illustrated below.

Average Household Bills (Clean Water)



Average water only bills are based on data from each water company. The average household bill is an average across all customers. All bills are shown in 2017/18 prices (and do not show the effect of inflation).

Customers' expectations….now and in the future

We continue to reflect customers' views in the way we provide their water service, in order to meet their expectations.

We've developed proposals based on your feedback and interactions with us, that set out how we will continue to meet your expectations between 2020 and 2025, whilst also considering longer-term challenges such as making sure we can provide enough water in the future.

This consultation gives you information on our proposals for 2020-2025. In all of the proposals presented, we will continue to provide high quality drinking water. These are explained in the following sections.

Customer experience and satisfaction

Most customers are very happy with the service they receive and have little reason to contact us. When customers do contact us, we listen to their feedback so that we can improve our service. Fewer customers are having to contact us and those who do are using new improved self-service channels, such as webchat and our updated website.

What customers have told us and the insight we have

Through reviewing the day-to-day contact we have with customers, we have identified some key opportunities, including:

Receiving a bill is the main contact point for us with many customers. With most customers not having the need to contact us the rest of the time, this is the most important customer communication opportunity for us to manage

People consider themselves as users of water, rather than customers or consumers

Customers are interested in a discount to use an online self-service portal

The Affi Water name and brand is not well known

Ambitions for our next plan

Our proposed plans will improve customer experience and satisfaction. We are committed to delivering effortless and simple ways for customers to contact us so we can deal with any issues quickly.

We will provide great customer service with simple interactions across multiple customer channels. We will focus on getting things right first time and maximising the opportunities from digital technologies, to make things as easy as possible and work with third parties and other industries for best practice.

Providing excellent customer service will continue to be driven by our customer charter and commitments that flow through everything we do, while recognising the need to do more to support customers in vulnerable circumstances or those struggling to pay their bills.

Our plan seeks to build improved relationships with customers to help them better understand how much water they are using and support them to manage this by providing more frequent information to them.

Fixing leaks

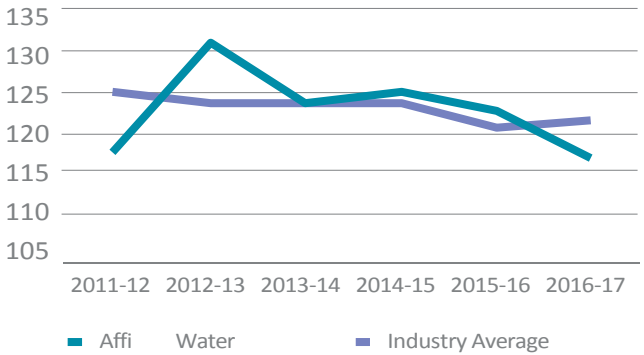
With a network of over 16,000 kilometres of pipes, leaks do happen. To tackle leakage, we must consider the cost of fi and repairing leaking pipes (and the impact on traffi from carrying out repairs) compared to the cost of treating and supplying more water.

Our current performance

On average, we distribute 900 million litres of water per day. Currently, 19% of this leaks from our network, a quarter of which leaks from customers' own water pipes.

We make around 27,000 leakage repairs to our network each year to reduce leakage. During the period 2015 to 2020 we will have reduced leakage from 189 to 162 million litres per day, a saving of 14%, or 27 million litres of water per day. This is the largest percentage reduction in the water industry.

Leakage (as litres per property per day)



What customers have told us and the insight we have

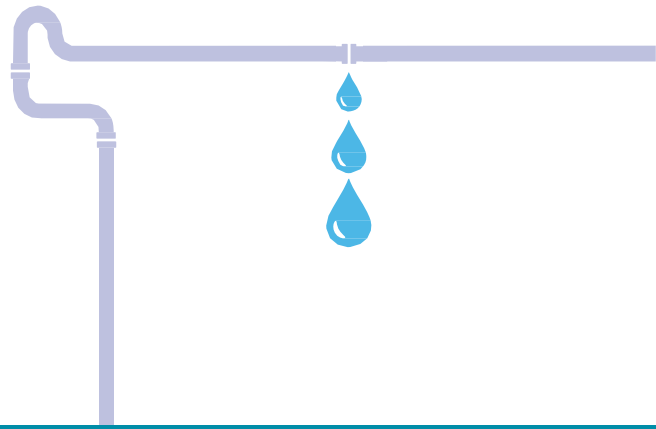
- They think leakage is wasteful
- They don't appreciate being asked to save water when they see leaks unrepaired
- They recognise that there are different severities of leaks, and that some necessitate a faster response than others
- We should meet or exceed Ofwat's leakage reduction expectations
- Complaints about leakage are quite frequent
- They don't immediately make the connection between leakage and the environment
- When asked if customers would support an increase in their bill to support leakage reduction, most are supportive. This is without understanding the implication for their bill
- Metering will encourage households to reduce leakage from their own pipes.

Ambitions for our next plan

We've developed two options for 2020 to 2025, reflecting our preferred and alternative draft Water Resources Management Plan:

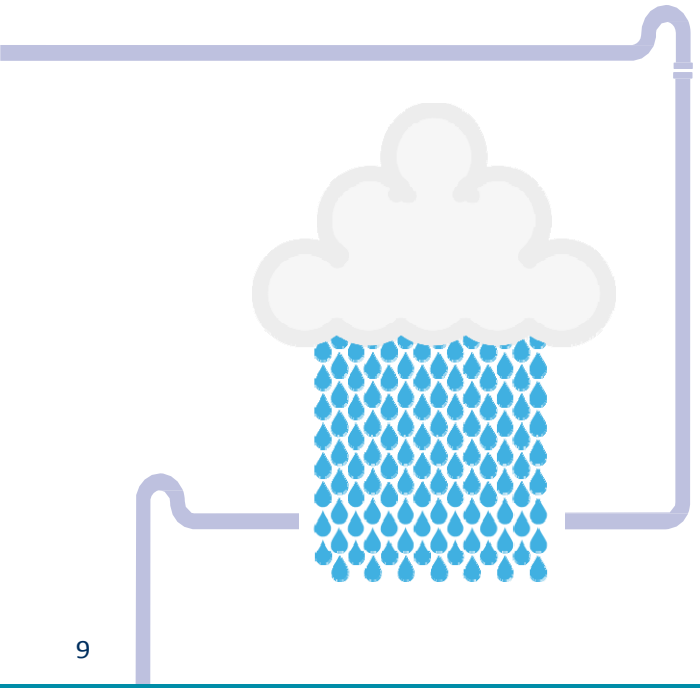
1) Reducing leakage further by 11% (18 million litres per day), to 144 million litres per day.

2) Reducing leakage further by 15% (25 million litres per day), to 137 million litres per day.



Sourcing water more sustainably

Around 65% of the water we use comes from the chalk aquifer (porous rock where groundwater is stored). Where there is evidence of environmental benefit from taking less water from these sources, and provided there is sufficient water available to us to supply a growing population, we will reduce the amount of water taken from these sources.



Our current performance

Working with our environmental regulators, we are taking less water from the environment now and we plan to continue to reduce this in the future to make abstraction more sustainable.

In some areas, we believe it will be more effective to restore and enhance habitats than to take less water.

Going forward, we propose making reductions where this is supported with robust evidence of ecological improvements and, where there is less certainty of benefits, carry out restoration and enhancement works.

What customers have told us and the insight we have

- The connection between water use and the environment is made, but it is not immediate
- It is unclear how well we manage and protect the environment. We should do more to let customers know
- A small proportion of customers, when asked, would support an increase in their bill in order to have a reduction in the water taken from the environment.

Ambitions for our next plan

We propose to continue with our river restoration and habitat enhancement work where it makes most sense for customers and the environment.

We are consulting customers on two options to further reduce abstraction from our most environmentally sensitive sources. We will select where to make reductions, by considering all the evidence available to ensure it will deliver the most benefit.

We've developed two options below reflecting our preferred and alternative draft Water Resources Management Plan:

1) Taking 10 million litres of water per day less from the environment between 2020 and 2025.

2) Taking 39 million litres of water per day less from the environment between 2020 and 2025.

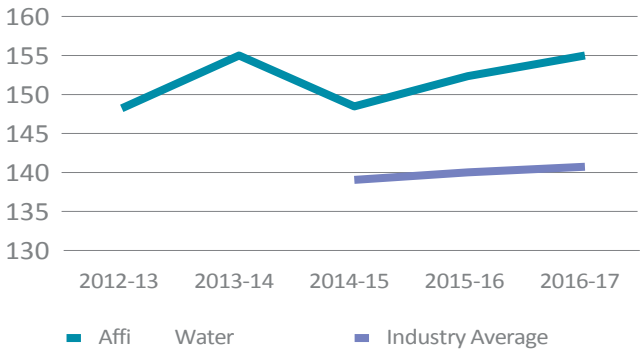
Reducing personal water use

Our supply area has some of the fastest-growing populations the UK. Despite England being perceived as a 'wet country', in our area, typically we receive three quarters of its average rainfall. As water is a limited resource, it is important to help people manage their water usage.

Our current performance

Our customers currently use an average of 160 litres (35 gallons) each per day, which is above the national average of 141 litres each per day.

Average daily water use in litres per person per day



What customers have told us and the insight we have

- High levels of water use result from a lack of awareness rather than a lack of willingness to change habits. Customers want to save water and think they can if supported
- Our 'water-saving meters' webpage is significantly viewed, with customers seeking further information on this topic
- Customers are keen to be offered advice on how they can manage and reduce their consumption, and some identify awareness-raising and publicity as important
- Customers consider themselves 'average' and 'efficient' in terms of water consumption – with little means to draw these comparisons
- Agreement that reducing the amount of water they use is the responsibility of the individual
- Water saving devices/fittings are not enough to ensure water savings. These have to be accompanied by information, prompts and ongoing support to ensure lasting change.

Ambitions for our next plan

We'll continue to install meters in homes that do not already have them and implement a new innovative option to provide customers with frequent information about their water use. Customers will be able to get a more detailed picture of their water use which will help them to manage the amount of water they use.

We'll continue to provide customers with free water saving devices such as shower heads and tooth timers to help them save water, save energy and save money.

We will strive to work together through a partnership approach involving customers, local partners, water companies, government and regulators, to encourage customers to use less water. We will seek support for a national water-saving campaign.

We've developed two options below when planning for the long-term, refl ting our preferred and alternative Water Resources Management Plan:

1) Taking steps to reduce water use from an average 160 litres per person per day to 129 litres through existing plans to save water.
2) Taking steps to reduce water use from an average 160 litres per person per day to 124 litres by providing customers with more frequent, accessible information about their water use.

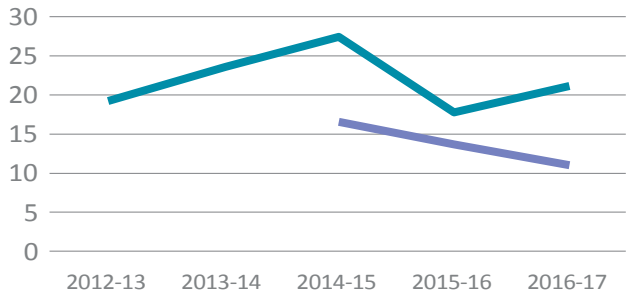
Risk of supply interruptions

Interruptions to water supply can happen without warning, usually because of a burst water m
In 2016/17 there were 79,000 properties affected by interruptions to supply lasting more than

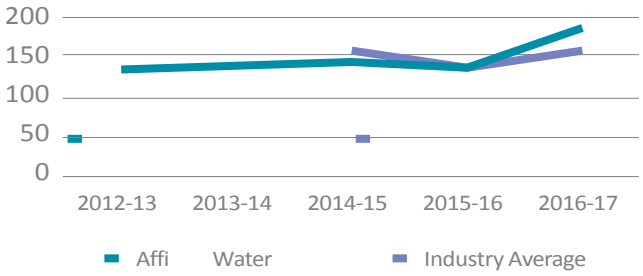
Our current performance

Customers currently experience a 6%, or a 1 in 18 chance, per year, of a supply interruption of longer than 3 hours.

Interruptions (minutes per property served)



Mains Bursts (per 1,000km of main)



What customers have told us and the insight we have

- Complaints about interruptions to supply are the most common reason for customer contact
- However, a high proportion of customers agreed that their water supply is reliable and is hardly ever interrupted
- We need to improve our communication with customers who experience a supply interruption, to provide information about the interruption, the anticipated time of restoring supply and the provision of bottled water in an emergency
- Customers do not wish to have any interruptions to supply.

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Severe drought restrictions

Drought can have a significant impact on customers and this may become more noticeable as a drought becomes more severe. In a severe drought, we may need to take additional water from the environment, including rivers and streams, which can extend the amount of time it takes for a river to recover after the drought has ended.

Severe drought measures go much further than temporary use bans (hosepipe bans). For example, water could be rationed through standpipes in the street and water companies could take water from sources they would not normally use. We have never had to use these measures, but our proposals would reduce the likelihood of this happening, reducing the chance of needing to use them.

Our current performance

We currently estimate that there is a 2.5% (1 in 40) chance every year, that we will need to apply to take additional water from the environment because of severe drought.

We anticipate, on average, there is a 10% chance every year of implementing temporary use bans. Our current Drought Management Plan provides further detail about our use of these measures **www.affinitywater.co.uk/droughtplan**

What customers have told us and the insight we have

- They are positive about reliability and the constant supply of water, but they do not perceive that water will run out – we are 'grey and green', a 'wet country'
- We know customers accept that temporary use bans are necessary on occasion. There is a common misconception around droughts – heavy rainfall outside the winter period does not replenish groundwater sources.

Ambitions for our next plan

We will make appropriate use of temporary use bans (what used to be known as hosepipe bans) and drought orders, which allow us to impose restrictions on water use in the event of a serious drought. Improving drought resilience will reduce the likelihood of having to use these restrictions.

We aim to reduce the likelihood of us having to take water from sources we would not normally use. This could include us building new infrastructure such as reservoirs and sharing more water with other water companies.

We've developed two options when planning for the long-term, reflecting our preferred and alternative draft Water Resources Management Plan:

1) Moving from a 2.5% (1 in 40) chance of severe drought measures every year to a 1.7% (1 in 60) chance.

2) Moving from a 2.5% (1 in 40) chance of severe drought measures every year to a 0.5% (1 in 200) chance.

Environmental projects

We propose to build on our existing approach to deliver projects to support the local environment, working in partnership with local communities. These projects would be "pilots", at first in small areas, with the potential to then roll-out on a wider scale.

Our current performance

Currently, we work closely with schools and other partners to deliver water-savings messages and initiatives.

What customers have told us and the insight we have

- They value the environment and think that we have a role to protect it, but it is generally less of an emotive issue than leakage
- Unprompted customers don't immediately make the connection between their water use and the environment – but they do when time is spent discussing the issue
- Most customers visit rivers but only occasionally
- When asked directly, a majority of customers think it's important to save water for the benefit of the environment.

Ambitions for our next plan

We would like to test new ideas and approaches in our communities, by running projects in collaboration with partner organisations. This is different to what we would normally do.

It will allow us to test new approaches to project delivery and community engagement, raise awareness of the local aquatic environment, the link to water consumption and water use behaviours. This will help shape future approaches at a larger scale.

We've developed two options below:

1) Investing £2 million to fund environmental projects in local communities.

2) Investing £6 million to fund environmental projects in local communities.

Reliability of water pressure

Low or variable water pressure can be caused by one off operational incidents, high demand or the configuration of our network. Low or variable water pressure is one of the most common customer complaints.

What customers have told us and the insight we have

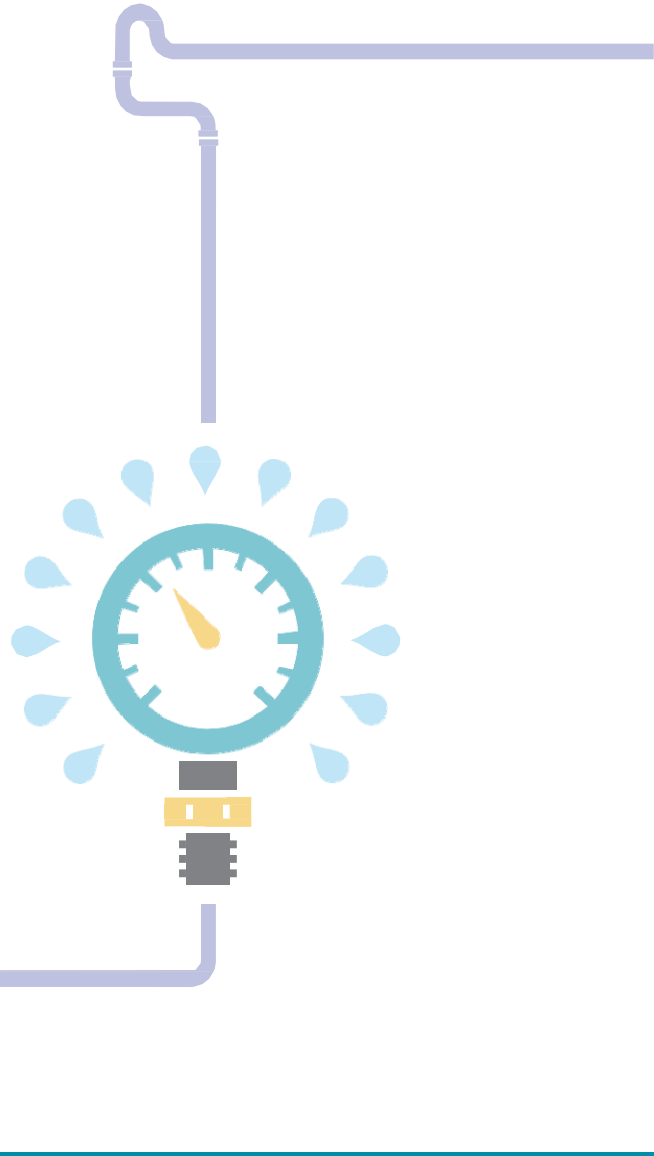
- Complaints about low pressure are the second most common reason for customers contacting us
- We understand that customers are looking for further information about the causes of low and variable pressure and the possible solutions to it
- In low water pressure areas, customers are resigned to this.

Ambitions for our next plan

Our current performance on low pressure is estimated to be 13 hours per property per year. We will prioritise pressure improvement schemes to target those properties which currently receive the most frequent drops in pressure.

We've developed two options to improve pressure received by customers below:

1) Reducing periods of low pressure for properties that currently receive the most frequent drop in mains pressure, to an average of 6.5 hours per year.
2) Reducing periods of low pressure for properties that currently receive the most frequent drops in mains pressure, to an average of 8.7 hours per year.



Supporting customers in vulnerable circumstances

– giving extra support when you need it

We understand life can be stressful when paying bills is a struggle and recognise that any one of us could find ourselves in financial difficulty. We will offer support without judgement, creating trusting relationships to find solutions to meet your financial needs.

For example, we:

- offer discounted tariff schemes

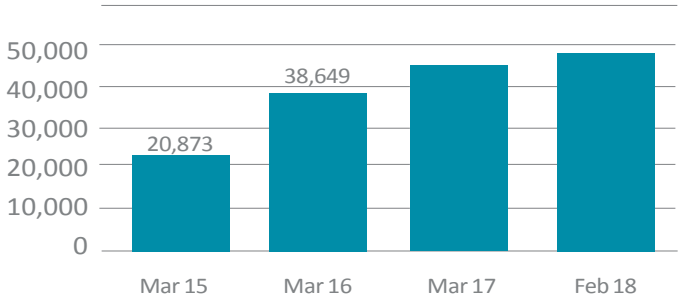
  amount of water you use through advice, fitting a water meter and free water saving products designed to help you save water, energy and money
- have flexible payment options – there are many ways you can pay your water bill. Our skilled customer advisors can help you select the arrangement that best suits you
- work in partnership with charitable organisations who can give free independent debt advice
- we are part of a major new initiative by the water and energy sectors to improve the process for customers to sign up to the Priority Services Register. Any customer who finds themselves in a vulnerable situation will be able to choose to register once to get help, rather than having to give details multiple times to different utility companies.

Our current performance

Our current Social Tariff caps the water bill for households with an income below £16,105 per year. Currently, 48,180 have capped water bills, about 3.5% of all customers. This scheme is supported by £3.00 from each household bill being allocated to the scheme each year.

Since 2015, we have increased the number of customers benefiting from our Social Tariff scheme by over 27,300.

Customers on our Social Tariff



Some of the money owed in bills to us will never be repaid – this is known as "bad debt". By offering discounted tariffs, flexible payment options and reaching out to customers using best practice debt management tools, we strive to keep "bad debt" as low as possible. We estimate the cost passed onto customers is around £6.43 a year per household.

What customers have told us and the insight we have

- There is little customer understanding on who would be perceived as vulnerable and what support they can access
- Fewer customers than in 2015 are worried about being able to afford their water bill. However, this may still increase – we've seen over the past two years a distinct seasonal pattern where worries about bills peak just after Christmas

  who are in a vulnerable financial position. The results showed that support is stronger than when we ran the same survey five years previously
- Customers feel that water is affordable, especially for smaller households with a fixed income. But for larger households, particularly for customers in vulnerable circumstances with young

  control and water is less affordable as income or usage fluctuates
- Customers in vulnerable circumstances are actively trying to manage household bills and have a sense of pride in paying.

Supporting customers in vulnerable circumstances

– giving extra support when you need it

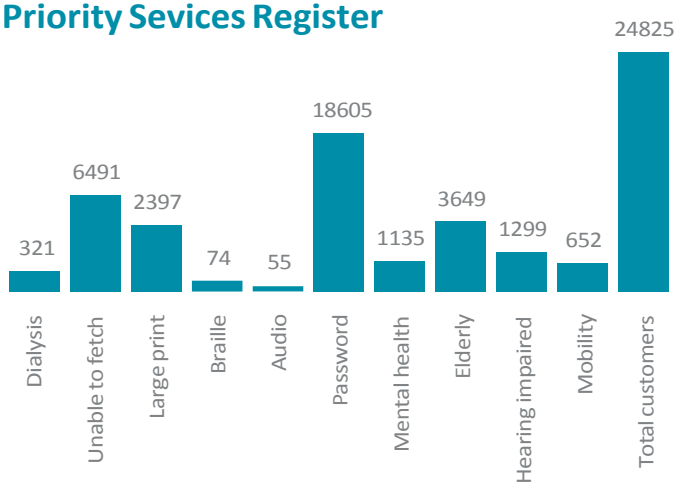
Extra assistance available to you

We know within our communities we have customers who need extra support to meet their individual circumstances, whether they have a physical disability, a mental health or medical condition, or speak a different language. We have services and trained specialists to help.

To help us meet these needs, we operate a Priority Services Register to ensure we are there when you need us.

We are currently supporting 24,825 customers through our register.

Number of customers on the Priority Sevices Register



We are working closely with many organisations to increase awareness of our Priority Service Register. Using trusted partners such as local Citizens Advice Bureaux, helps us reach more customers.

We are creating specialist Advance Care Champions who receive additional training to fully understand, identify and support customers' needs.

We are committed to becoming a dementia-friendly business as we know that dementia is one of the greatest challenges faced in society today.

Ambitions for our next plan

We will continue to expand our Social Tariff by increasing the number of customers receiving the discounted tariff by 2025, giving access to financial support for those customers in financial difficulties.

To grow our Priority Service Scheme to meet the needs of customers, by increasing the number of customers registered to 100,000 by 2025.

We will be actively involved in community events to reach more customers and share information about our services.

Our ambition for supporting customers in vulnerable circumstances remains the same under all three proposals.

Choices for customers – Plan A

Here is our first set of proposals. The information below outlines our proposals for 2020 to 2025, as well as the forecast impact they would have on the average household water bill (excluding waste/sewerage).

Fixing leaks
11% reduction in current leakage levels

Risk of interruptions
Reducing the likelihood of supply interruptions longer than 3 hours to a 1.5% chance in any year (1 in 65 chance)

Environmental projects
£2 million to fund environmental projects in local communities

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Severe drought restrictions
Reducing the chance of needing to impose these from a 2.5% to 1.7% chance in any year (1 in 60 chance)

Reliability of water pressure
Reducing periods of low pressure for some to on average 8.7 hours per year

Reducing personal water use
From 160 litres per person per day to 129 litres per person per day

Under this plan, the average household yearly bill is forecast to be
£170 in 2019/20, and £158 in 2024/25
Figures are in 2018 prices and do not include inflation

Choices for customers – Plan B

Here is our second set of proposals. The information below outlines our proposals from 2020 to 2025, as well as the forecast impact they would have on the average household water bill (excluding waste/sewerage).

Fixing leaks
11% reduction in current leakage levels

Risk of interruptions
Reducing the likelihood of supply interruptions longer than 3 hours to a 0.8% chance in any year (1 in 130 chance)

Environmental projects
£6 million to fund environmental projects in local communities

Sourcing water more sustainably
Taking 10 million litres per day less from the environment

Severe drought restrictions
Reducing the chance of needing to impose these from a 2.5% to 1.7% chance in any year (1 in 60 chance)

Reliability of water pressure
Reducing periods of low pressure for some to on average 6.5 hours per year

Reducing personal water use
From 160 litres per person per day to 129 litres per person per day

Under this plan, the average household yearly bill is forecast to be
£170 in 2019/20, and £161 in 2024/25
Figures are in 2018 prices and do not include inflation

Choices for customers – Plan C

Here is our third set of proposals. The information below outlines our proposals from 2020 to 2025, as well as the forecast impact they would have on the average household water bill (excluding waste/sewerage).

Fixing leaks
15% reduction in current leakage levels

Risk of interruptions
Reducing the likelihood of supply interruptions longer than 3 hours to a 1.5% chance in any year (1 in 65 chance)

Environmental projects
£2 million to fund environmental projects in local communities

Sourcing water more sustainably
Taking 39 million litres per day less from the environment

Severe drought restrictions
Reducing the chance of needing to impose these from a 2.5% to 0.5% chance in any year (1 in 200 chance)

Reliability of water pressure
Reducing periods of low pressure for some to on average 8.7 hours per year

Reducing personal water use
From 160 litres per person per day to 124 litres per person per day

Under this plan, the average household yearly bill is forecast to be
£170 in 2019/20, and £168 in 2024/25
Figures are in 2018 prices and do not include inflation

Comparison of all three proposals

The table below compares all three proposals.

	Fixing leaks	Sourcing water more sustainably	Reducing personal water use	Risk of interruptions	Severe drought restrictions	Environmental projects	Reliability of water pressure	Future forecast bill
Plan A:	11% reduction in leakage	10 million litres less water taken from the environment	To 129 litres per person per day	Reducing to a 1.5% (1 in 65) chance in any year	Reducing to a 1.7% chance (1 in 60) chance in any year	£2 million to fund new schemes	Reducing average hours of low pressure per property per year to 8.7 hours	**£170** per year in 2019/20 **£158** per year in 2024/25
Plan B:	11% reduction in leakage	10 million litres less water taken from the environment	To 129 litres per person per day	Reducing to a 0.8% (1 in 130) chance in any year	Reducing to a 1.7% chance (1 in 60) chance in any year	£6 million to fund new schemes	Reducing average hours of low pressure per property per year to 6.5 hours	**£170** per year in 2019/20 **£161** per year in 2024/25
Plan C:	15% reduction in leakage	39 million litres less water taken from the environment	To 124 litres per person per day	Reducing to a 1.5% (1 in 65) chance in any year	Reducing to a 0.5% chance (1 in 200) chance in any year	£2 million to fund new schemes	Reducing average hours of low pressure per property per year to 8.7 hours	**£170** per year in 2019/20 **£168** per year in 2024/25

Figures are in 2018 prices and do not include inflation

How are we consulting with customers and stakeholders?

Consultation questions

Taking the different options in each of the three proposals into account we would like to know which proposal you prefer.

Please take a few moments to share your views on our proposals so that we can ensure that we achieve the right balance and provide you with the service you expect and need.

1. I support Plan A ☐ Please give reasons for your choice:

2. I support Plan B ☐ Please give reasons for your choice:

3. I support Plan C ☐ Please give reasons for your choice:

4. I do not support any of the three plans ☐ Please give reasons for your choice:

Are you:

A customer ☐ A stakeholder ☐

If stakeholder, please name your organisation:

If you would like us to provide you with feedback and to enter the competition for a chance to win an Apple iPad (standard size 9.7 inch, Wi-Fi 32GB), please provide us with your contact details:

Name

Postcode

Email address

We may use your contact details to contact you about your consultation response. We will not use your contact details for any other purpose and will not share them with any third party. We will keep your information secure and will retain it until our final business plan has been submitted to Ofwat.

(please continue your answers on Page 22 if necessary)

Consultation questions continuation page

Please include any extra comments on this consultation:

What happens next?

At the end of the consultation period, we will consider all the comments made and produce our final Business Plan.

By 3 September 2018, we will submit our final Business Plan to our regulator, Ofwat. In this plan, we will propose the level of investment we will make for the period 2020 to 2025, along with our associated performance commitments. Our proposals are focused on achieving the right balance between the service you receive, the price you pay and the amount of investment.

How to give your views

We really want to hear your views on our proposals and use these to inform our final plan.

Our consultation runs from 26 April to 25 May 2018 and is open to customers and stakeholders. Giving your views is easy and doesn't take long to do.

You can give your views in four ways:

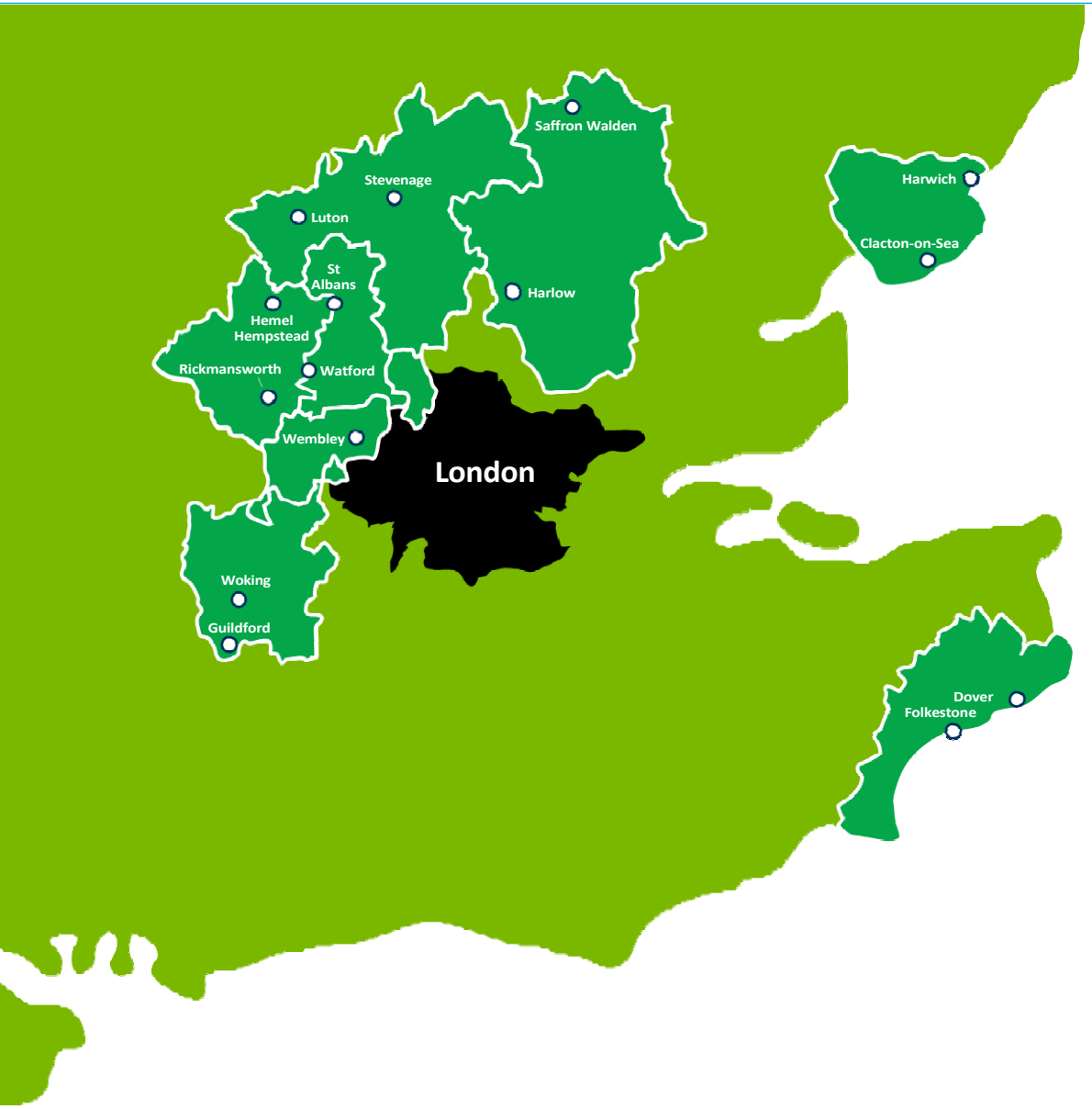
1. Complete the consultation document online at **www.affinitywater.co.uk/haveyoursay**
2. Send us your views via email to **haveyoursay@affinitywater.co.uk**
3. Write to us at Business Plan Consultation, Affinity Water, Tamblin Way, Hatfield, AL10 9EZ
4. Attend one of our stakeholder forums – please email **haveyoursay@affinitywater.co.uk** for further details

Water Resources Management Plan Consultation

We are also currently consulting on our Water Resources Management Plan which informs our Business Plan.

This consultation runs until 23 May 2018. Further information is available at **www.affinitywater.co.uk/haveyoursay**

Affinity Water
Your local supply, on tap



To receive this leaflet in large print, audio or Braille, please call **0345 357 2406**

Hard copies of this document are available from our offices in Hatfield.

How to get in touch

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Telephone: 01707 268111 (main switchboard)

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Youtube.com/AffinityWater

Annex 5: Phase 2 Testing and Valuing

Ph2.11 – Our Plan for Customer and Communities, A Summary of our Draft Water Resources Management Plan 2020-2080: Consultation document

Affinity Water

Our Plan for Customers and Communities

A summary of our Draft Water Resources Management Plan 2020 - 2080

Consultation document

March 2018

Welcome to our Water Resources Management Plan

We are often asked “Why do you need people to reduce the amount of water they use due to an impending drought and yet still say we will have enough water in years to come to support an increase in the population?”

The answer to this question is complex and covers a range of issues including climate change; a growing population; protecting the environment; the need to support economic growth and for all of us to use water more wisely.

This unique set of circumstances means we need a robust and balanced plan to preserve supply resilience at all times and ensure bills remain affordable.

This plan is all about providing a solution, in partnership with our customers and stakeholders, to this complex problem and in doing so planning to ensure there is enough water to meet the needs of our customers.

We are committed to providing a high-quality customer service, keeping you, our customers and stakeholders, informed and to take this opportunity to ask your view on the key areas in our proposed plan.

Simon Cocks

Chief Executive Offi er,
Affinity Water Ltd

What is a Water Resources Management Plan?

Every five years, we produce a plan that describes how much water is going to be needed by our customers and communities in the area we serve (demand) and how we will meet this need (supply).

The plan, our Water Resources Management Plan, considers both current and future customer needs from 2020 to 2080.

Our plan looks at the amount of water that is available (water resources) and it considers the effect on those resources of things like climate change, as well as changes in the way our customers use water.

If current water supplies won't meet anticipated future demand, we explore all the options to find the best solutions for our customers and the environment. These might include actions such as:

- **reducing leakage even further**
- **increasing metering**
- **sharing water with other companies**
- **developing new resources – such as reservoirs**
- **providing customers with frequent information about their water use**
- **supporting customers to help them be more water efficient.**

This process does not define your bill level. The responses will inform our Business Plan which will look at possible future bill levels and we will consult with you on this later in 2018.

This summary sets out the main challenges we face and what we are proposing to do about them.

Our full draft plan is available at **www.affinitywater.co.uk/waterresources**

What do we want to know from our customers and stakeholders?

We are consulting with customers and stakeholders on our draft plan which we believe addresses the challenges we face and provides the best value plan for our customers and the environment.

All our customers will be impacted by our plan and we want your views to influence what we do in the future. We would like your views on whether we have struck the right balance in our draft plan. Throughout this document there are some questions which ask your view on our overall approach and some different options to our draft preferred plan which, based on your views, we will consider when we produce our final plan.

Please see page 26 for details of how to give your views.

How do we produce our plan?

To produce a plan which reflects and meets the needs of our customers and stakeholders, we need to work with lots of people and organisations including:

- **our customers – to understand what your main issues and priorities are**
- **other water companies – to work effectively together**
- **local councils – to understand local needs and predicted housing growth**
- **local environment groups, interest groups and farmers – to make sure we make the most of your knowledge and expertise**
- **our regulators – to independently ensure we provide a good service.**

Our plan is based on a significant amount of data to try and best predict weather patterns, future customer water usage and plan for some possible uncertainties, such as housing growth and non-household (businesses) consumption.

We use this information to develop options that:

- **ensure a secure supply of water**
- **can cope with (are resilient) to change such as a drought**
- **make sure there is enough water to meet customer demand**
- **reduce our impact on the environment**
- **support economic growth**
- **represent best value.**

About Affinity Water, our area and our regulators

About us

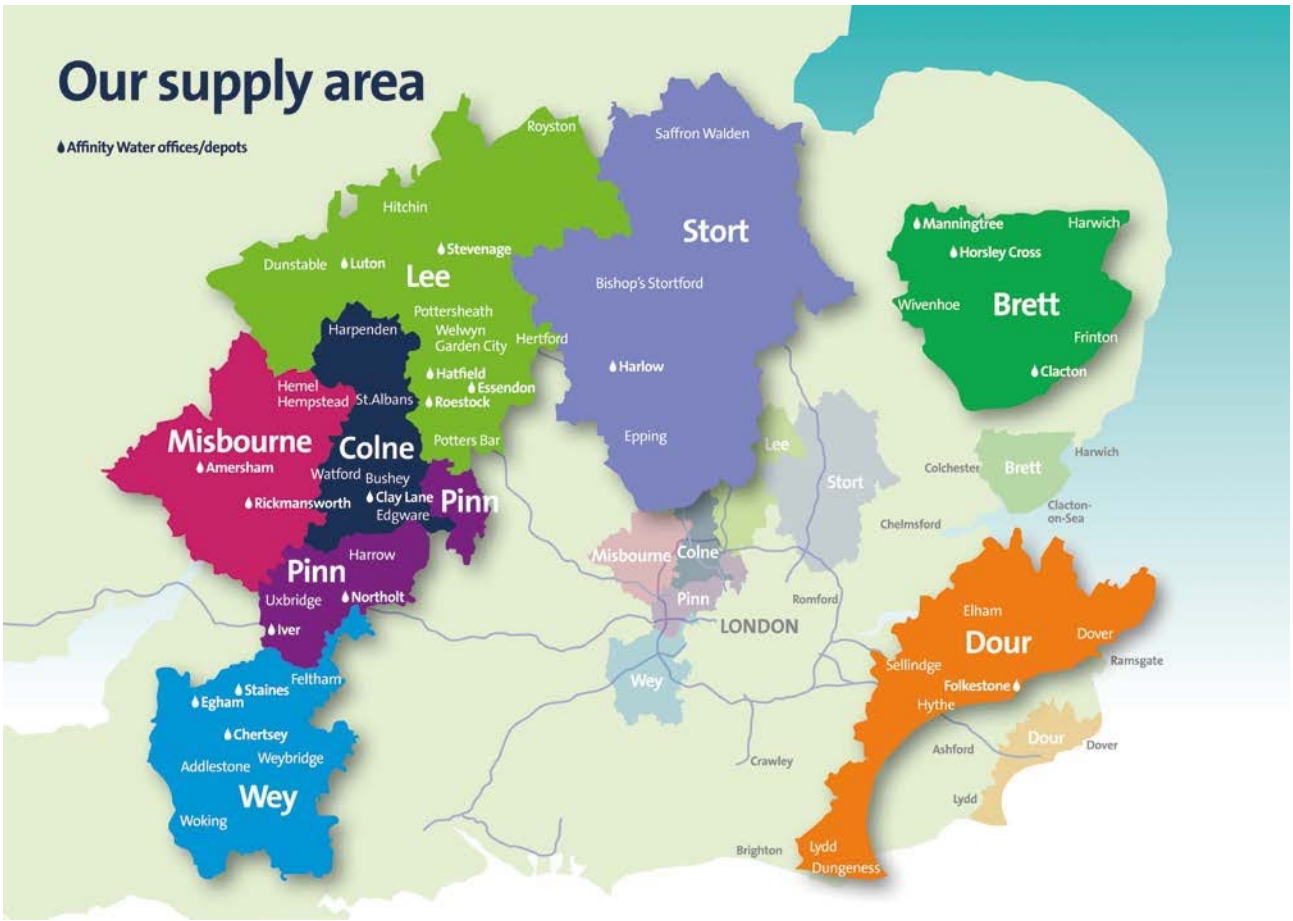
It is our vision to be the leading community-focused water company.

What this means to us is that we will do our best to ensure that our service reflects your priorities. By understanding and responding to your needs at a local level we are far more likely to provide a better service to you.

The area we cover

Our supply area is split into eight communities, each named after a local river. This allows us to deliver our services and protect the environment at a local level.

We provide on average 900 million litres of drinking water to approximately 3.6 million people and 1.4 million properties in the South East of England every day.



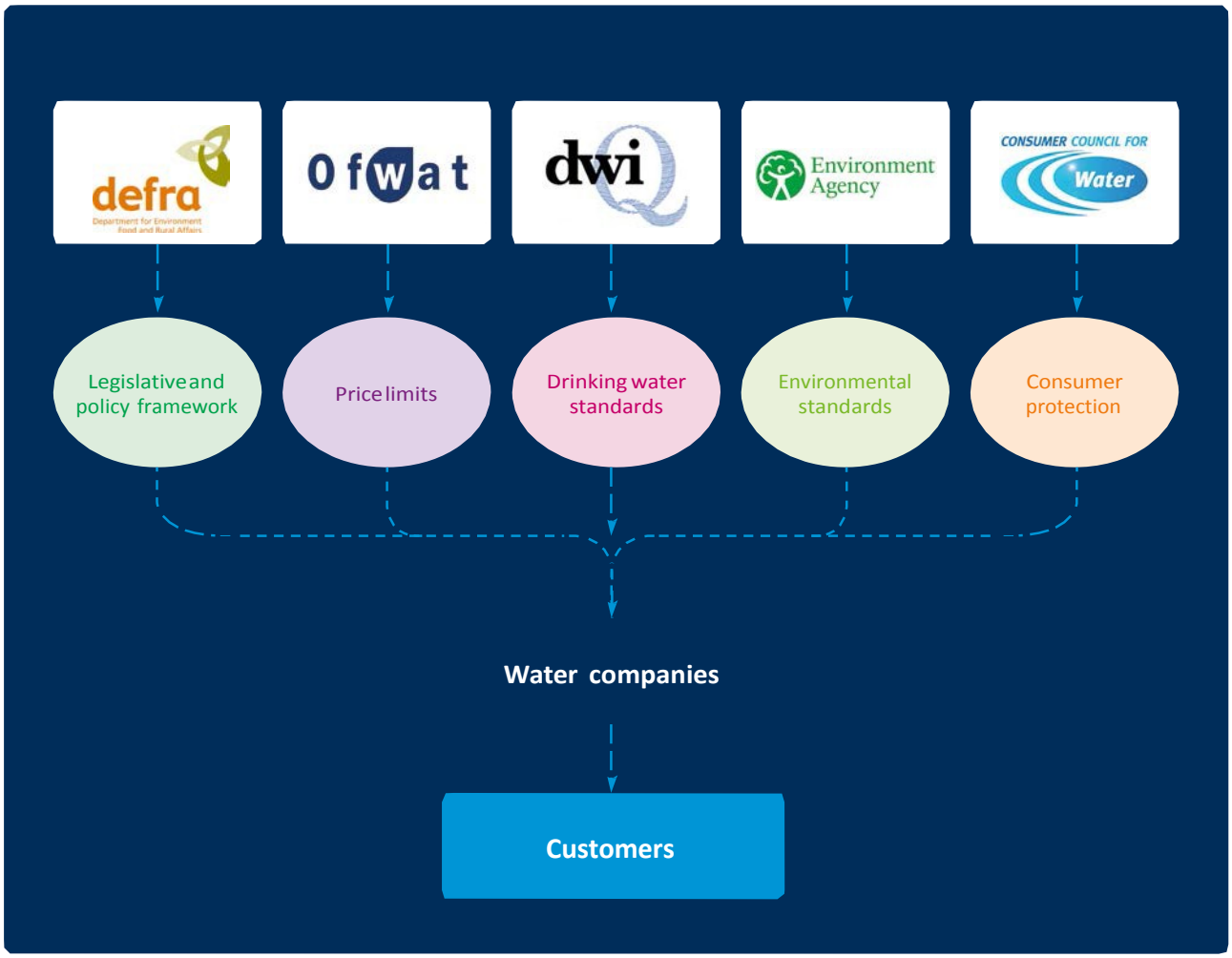
Where our water comes from

The water we supply is mostly from local sources, with the majority coming from aquifers around 80 metres below the ground. Aquifers are porous rocks that store water. We often have to move our water a considerable distance from where we take it from the ground (abstract it) to where we treat it and distribute it to your tap.

Our regulators

The service we provide to our customers is overseen and monitored by several bodies called regulators. We all act together to provide a high quality and good value service to our customers whilst protecting the environment.

Our regulators are:



The Department for the Environment, Food and Rural Affairs (Defra) is the government department which sets policy and regulations for the water industry in England.

The Water Services Regulation Authority (Ofwat) is the economic regulator of the water sector in England and Wales. It makes sure we provide you with a good quality service at a fair price.

The Drinking Water Inspectorate's role is to provide independent reassurance that water supplies in England and Wales are safe and drinking water quality is acceptable to consumers.

The Environment Agency regulates the amount of water taken from rivers and underground sources and the quality of the wastewater returned to the environment.

The Consumer Council for Water is a statutory consumer body for the water industry in England and Wales and represents customers' (both households and businesses) interests and helps them with complaints and offers impartial advice on water issues.

What you have told us matters to you

A key part of developing our plan was to run a pre-consultation with customers and a range of stakeholders including our Customer Challenge Group, Ofwat, the Environment Agency, Consumer Council for Water, Natural England, local authorities, local interest and environmental groups.

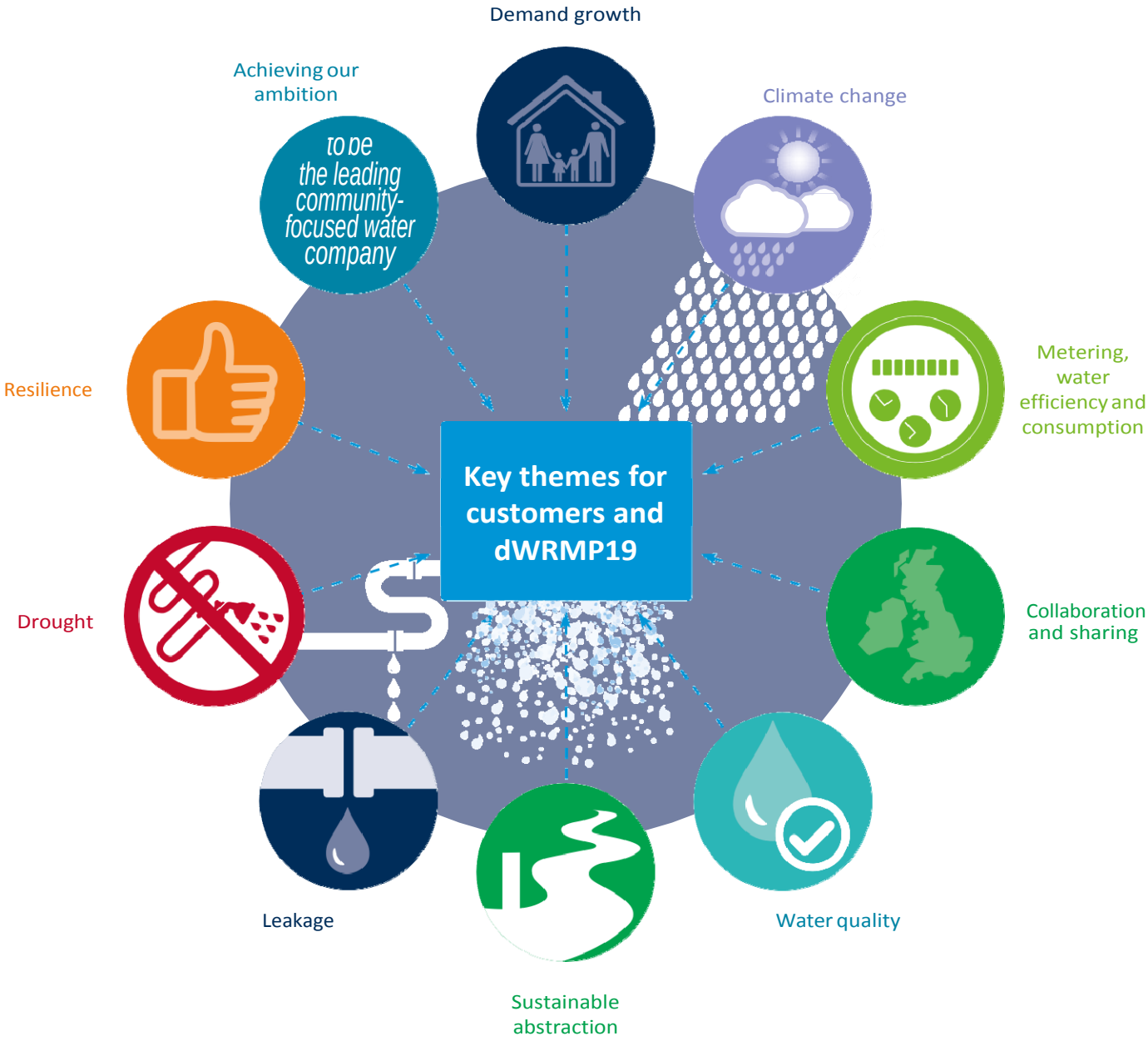
The pre-consultation identified several areas that customers and stakeholders view as important. These are:

Improving water efficiency	Supporting customers and educating children and young people to use less water
High quality and safe drinking water	Providing customers with high quality and safe drinking water
Water metering	Installing more meters faster in people's homes
Reducing leakage	Using less energy to produce water
Environmental impact	Taking less water and leaving more, protecting designated sites and reducing pollution
Vulnerable customers	Supporting vulnerable customers
Resilience and uncertainty	How our current and future operational system will be resilient to a range of droughts and other hazards
Partnership	Working with regulators, other water companies and local communities

We now want to hear your views on our plan – please see page 26 for information on how you can get involved.

What are the challenges we face?

Our overall challenge is to continue to provide enough high quality water to our customers into the future. There are several challenges within this and each one potentially impacts upon another. We have called these our key themes.



This consultation document provides more information on each of these key themes. Questions 1 to 10 relate to each of the key themes and questions 11 and 12 to our overall approach.

Why are these key themes important and what are we proposing to do about them?

Demand growth

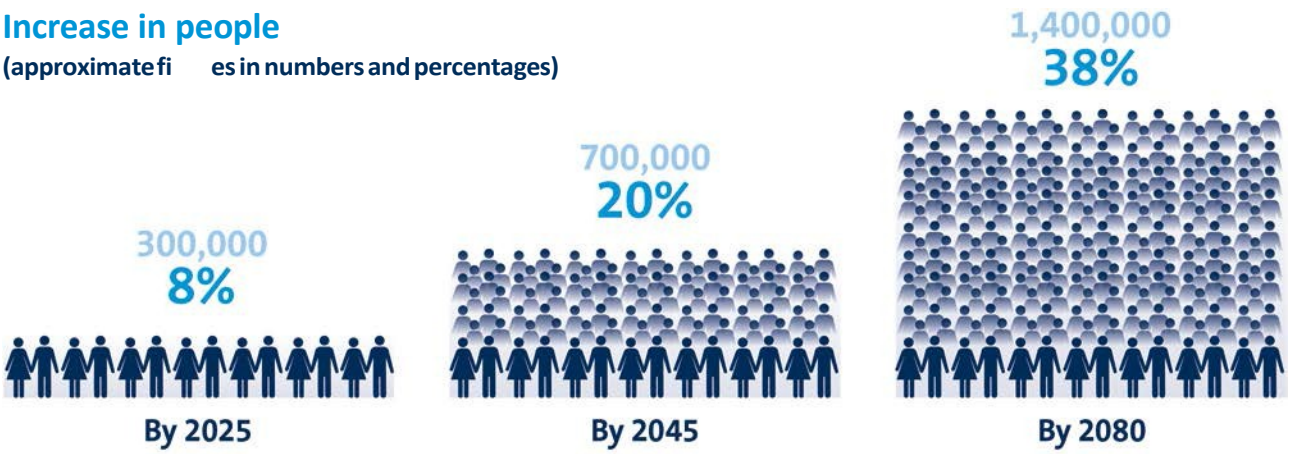
A fast-growing population

We provide water in an area with one of the fastest growing populations in the United Kingdom. The tables below show the estimated rate of growth in terms of the number of people living in the area and how many new homes they will need to live in.

This is in addition to the 3.6 million people we already serve. All these people will need water and the trend shows there will be an increase in water demand in the future.

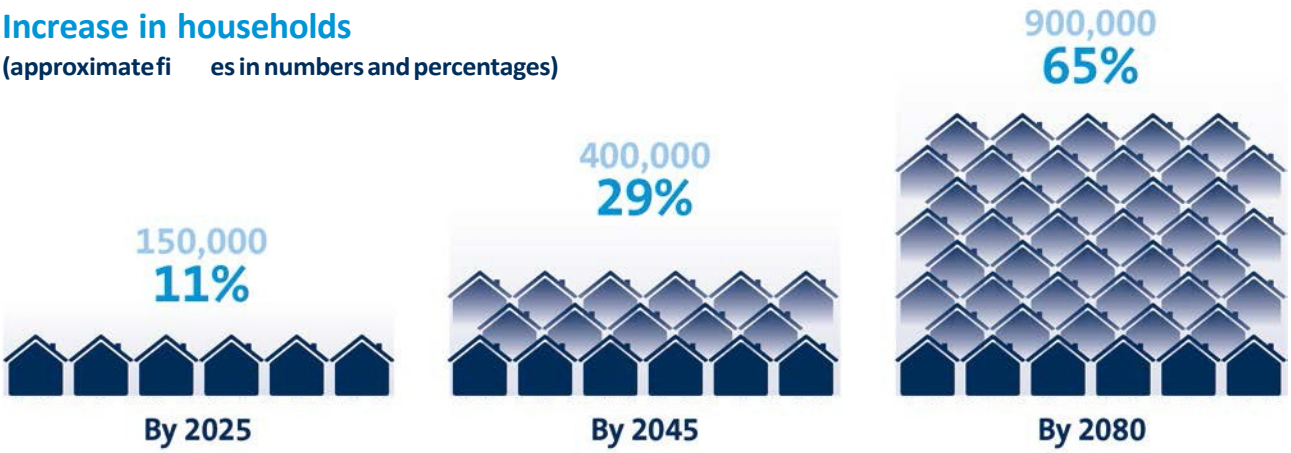
Increase in people

(approximate figures in numbers and percentages)



Increase in households

(approximate figures in numbers and percentages)



Demand growth

A fast-growing population

What we propose to do about this:

- **Plan over a longer period (60 rather than 25 years) so we are prepared for the future changes in population and demand for our services.**
- **Our plan includes significant amounts of demand reductions (using less water) through metering and leakage reduction, and brings in more resources including regional transfers and reservoir use in the longer term.**
- **We will further develop strong and effective partnerships, in particular with our neighbouring water companies and local authorities in our area to achieve this.**

Consultation question 1

Do you support or oppose what we propose to do?

Support ☐ Oppose ☐ No views either way ☐

Don't know ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Why are these key themes important and what are we proposing to do about them?

Climate change

Dealing with fl , drought and climate change

There is going to be a significant rise in demand for water and, at the same time it is predicted that there will be less water available. This may seem strange given how much we think it rains and the fact that we are surrounded by water. Warmer summers mean we use more water – on our gardens, to drink, taking more showers and filling up paddling pools.

In our area, approximately 65% of the water we provide comes from underground sources which need to be topped up each year by winter rainfall. This rainfall does not always come. For example, between July 2016 and April 2017 the region we supply received only 67% of the rainfall that we would usually expect to see. On the other hand, heavy rainfall can result in more runoff, rather than rain soaking into the ground and recharging the aquifer.

Changing weather patterns may mean there will be less water in the future and our changing climate could cause drought events to be more frequent and severe.

Climate change

Dealing with fl , drought and climate change

What we propose to do about this:

- **Our plan takes account of the potential of future uncertainties, including growth in consumer demand and climate change.**

Consultation question 2

Do you support or oppose what we propose to do?

Support ☐ Oppose ☐ No views either way ☐

Don't know ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

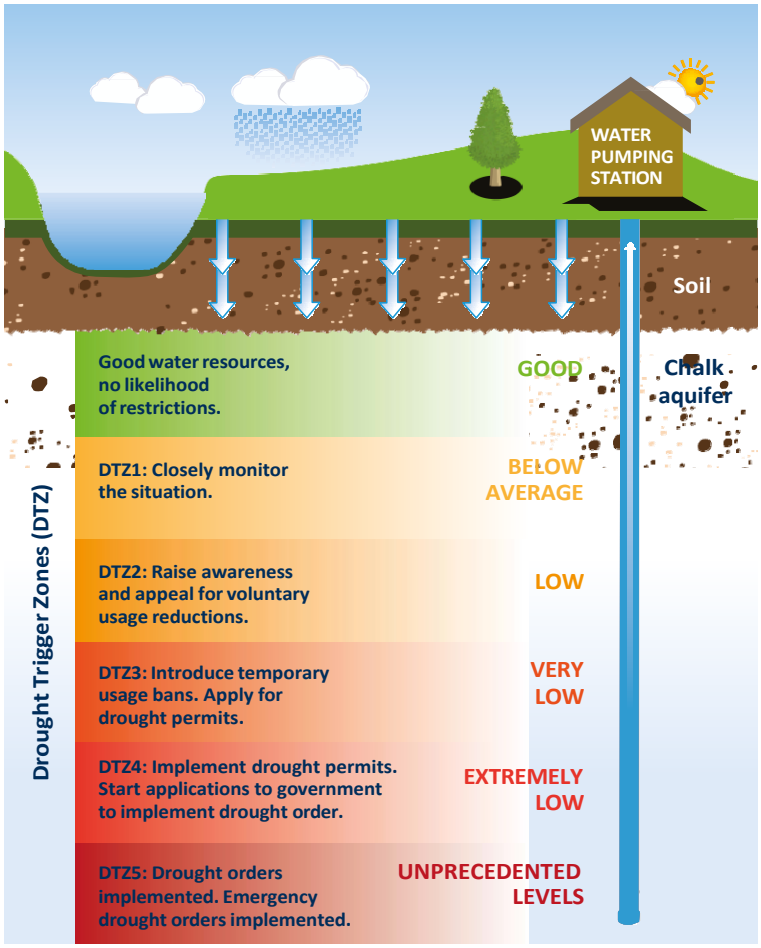
Why are these key themes important and what are we proposing to do about them?

Drought

What happens if it doesn't rain enough

Drought can have an impact on customers lives and this may become more noticeable as a drought becomes more severe. In the early stages of a drought, temporary use bans (formerly known as hosepipe bans) may be introduced, which temporarily restricts the use of a hosepipe for 11 different activities. These are primarily domestic restrictions and include activities such as using a hosepipe for watering gardens, filling up paddling pools or washing cars. As a drought becomes more severe, ordinary drought orders, formerly known as non-essential use bans may be implemented. This is a temporary measure which would restrict 10 activities, including filling swimming pools or ponds, operating vehicle-washers and cleaning windows. These restrictions would have some commercial implications, such as for car washes or window cleaners.

In a severe drought we may apply to abstract additional water or reduce river support through the use of drought permits or drought orders. The possible effect of additional abstraction at this stage of a severe drought may be an extension in the amount of time it takes for the river to recover, after the drought has ended.



In the last two years, we have seen a big reduction in the amount of rainfall needed to replenish supplies. Climate change and the effect of varying climate conditions from droughts to floods could impact on the amount of water we have available.

Erratic weather also affects the amount of water in the environment. Sometimes, in dry periods when rainfall is scarce, the rivers in our communities can dry up. Winter rainfall is particularly important for chalk streams. Prolonged dry periods can last years and can cause severe droughts that can take many months to recover from.

We think it is important and agree with our regulators that we need to be able to cope with more severe drought conditions. Our plan also considers the effects of climate change on the amount of water available to supply. Our Drought Management Plan explains how we monitor the potential for drought and what we will do if a drought occurs, to protect supply to customers whilst minimising the impact on the environment. Our current Drought Management Plan is available at **www.affinitywater.co.uk/droughtplan**

Drought

What happens if it doesn't rain enough

What we propose to do about this:

- **We will make appropriate use of temporary use bans (what used to be known as hosepipe bans) and drought orders, which allow us to impose restrictions on water use in the event of a serious drought.**
- **We anticipate, on average, there is a 10% chance every year of using temporary use bans and a 2.5% chance every year of using demand side drought orders. Our current Drought Management Plan provides further detail about our use of these measures.**
- **Our plan enables us to continue to supply water to meet demand in severe drought conditions for longer without the need to use additional water from sources where we would not normally take water, known as drought permits.**

Our current position is that there is a 2.5% chance every year that we may need to use this additional water. Our preferred plan enables us to be in a stronger position during a drought so there is only a 1.7% chance every year that this additional water may be required, equivalent to a 1 in 60 year drought event.

- **Our alternative plan explores the possibility of putting infrastructure (such as new pipes) in place so that we are resilient to a severe drought which has a 0.5% chance of occurring every year, equivalent to a 1 in 200 year drought event. This would be without the use of standpipes in the streets or rationing the supply of water in a severe drought. This is estimated to cost an additional £410 million by 2080.**

Consultation question 3

Improving Levels of Service in a severe drought.

a. In our current position there is a 2.5% chance every year that we may need to use this additional water. Our preferred plan proposes we reduce this to a 1.7% chance every year during a drought. The estimated cost is £295 million by 2080.

Do you support or oppose our position to become more resilient, moving to a 1.7% chance of needing this water during a drought?

Support ☐
Oppose ☐
No views either way ☐
Don't know ☐

Please give the reasons for your choice:

b. Do you support or oppose our alternative plan position to build infrastructure so that there is only a 0.5% chance of requiring this extra water under severe drought conditions? The estimated cost is an additional £410 million by 2080.

Support ☐
Oppose ☐
No views either way ☐
Don't know ☐

Please give the reasons for your choice:

(please continue your answers on Page 27 if neccessary)

Why are these key themes important and what are we proposing to do about them?

Resilience

Maintain supplies at all times

Resilience in terms of the water industry means having the ability to cope when situations change. There are a range of challenges we could face, including:

- **climate change and extreme weather events, resulting in droughts or floods**
- **population growth**
- **environmental impact**
- **economic and social change, such as Brexit and Welfare Reform**
- **ageing infrastructure i.e. pipes getting older.**

Being resilient means water companies have already thought about these issues, how likely they are and what we plan to do if they take place. This will mean we are better able to maintain services for customers and to protect the natural environment now and in the future.

What we propose to do about this:

- **Our plan tests the resilience of our proposed solutions to ensure we are prepared to deal with the challenges we face. This means we can plan for, and cope with, unexpected events that could affect the supply of and demand for water in our area and ensure there is enough to meet this.**
- **Explore how to move water more effectively to where it is needed most at a local level.**

Consultation question 4

Do you support or oppose what we propose to do?

Support ☐ Oppose ☐ No views either way ☐

Don't know ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Metering, water efficiency and consumption

Using less water

As the strain on our water resources increases due to a rise in demand, it makes sense to help people use it more efficiently. Our customers continue to use more than the national average, a figure of about 160 litres per person per day.

What we propose to do about this:

- **Continue to install meters in homes that do not already have them and implement a new innovative option which will provide customers with frequent information about their water use. As a result, customers will be able to get a much more detailed picture of their water use than they currently receive through their six-monthly bills, which will help them to reduce the amount they use.**
- **Work more with existing and future customers to inspire them to value and protect our water resources so they use less water and help to ensure there is enough left for future generations.**
- **Continue to provide customers with free water saving devices such as shower heads and tooth timers to help them save water, save energy and save money.**
- **We will strive to work together as a whole society through a partnership approach involving customers, water companies, Defra and regulators to support customers to use less water. To achieve this challenging goal, customers will need to be supported to change their behaviours through a number of ways, including a national water saving campaign and the introduction of new household technology such as water efficient products like washing machines.**
- **In the longer term, from 2025 to 2035, we plan to implement smart metering that will help customers reduce usage and tackle leakage more effectively.**
- **We believe we can reduce how much water our customers use down from 160 litres per person per day to 126 litres in our preferred plan and 120 litres in our alternative plan. This is a 23% reduction or 31 to 37 litres per person per day from our current levels. These forecast savings are based on the evidence of consumption reductions from our continuing water savings programme, but we have also included within our plans options to provide customers with more frequent information about their water use to facilitate further stretching consumption reductions. The government would like us to reduce this even further towards 110 litres per person per day – that's a reduction of 50 litres per person per day from our current levels. This would mean that more customers in our supply area would need to significantly reduce their water use through changes in behaviour. We are seeking a commitment from government and regulators to work with us to provide the societal framework to achieve this.**

Why are these key themes important and what are we proposing to do about them?

Metering, water efficiency and consumption

Using less water (Continued)

Consultation question 5

a. Do you support or oppose our programme to reduce per capita consumption of water to 126 or 120 litres per person per day?

Support preferred plan ☐ Oppose preferred plan ☐ No views either way ☐ Don't know ☐

Support alternative plan ☐ Oppose alternative plan ☐ No views either way ☐ Don't know ☐

b. Do you support or oppose our proposals to seek a commitment from government, regulators and other partner organisations to work together to achieve the more ambitious consumption levels of 110 litres per person per day?

Support ☐ Oppose ☐ No views either way ☐ Don't know ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Leakage

Managing leakage, keeping bills low

Water leakage is an ongoing challenge we will continue to address. Water pipes are located deep underground so leaks are not easy to detect, many of the leaks in our area are not visible above ground. Our water metering programme helps us to understand where water is lost from both our networks and customers' pipes (water supply pipes located within the boundaries of your property).

We know leakage is wasteful and that customers feel strongly that we should be reducing leakage as much as possible. The challenge for us is weighing up the cost of finding and repairing leaking pipes versus the cost of the production and delivery of more water. This is called the economic level of leakage. We do our best to strike the balance between these two things to keep bills as low as possible and to keep traffic disruption to a minimum.

What we propose to do about this:

- **We propose reducing leakage by 11% between 2020 and 2025, saving 18 million litres of water each day, at a cost of £46 million, and maintain at 11% between 2025 and 2030. This continues to keep us below our economic level of leakage.**
- **Explore more ways that metering and other new technologies can help tackle and detect leakage on our network and customers' pipes.**
- **Our regulator, Ofwat, would like us to reduce leakage by 15% by 2025, saving 25 million litres of water each day, and this has been included in our alternative plan. This will cost £58 million, an additional £12 million compared to our preferred plan option of 11%, which we believe is a balanced proposal following the 14% reduction in leakage we included in our previous plan – a total reduction of 25% since 2015.**

Consultation question 6

Our regulator, Ofwat, would like us to reduce leakage by 15% by 2025 as per our alternative plan which will cost an additional £12 million compared to our preferred plan option of 11%. Would you:

a. Like us to reduce leakage by 11% at a cost of £46 million as set out in our preferred plan by 2025 and a cost of £208 million by 2080? ☐

b. Like us to reduce leakage by 15% at a cost of £58 million as set out in our alternative plan by 2025 and a cost of £374 million by 2080? ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Why are these key themes important and what are we proposing to do about them?

Collaboration and sharing

Working with other water companies and third parties

It could be argued that the United Kingdom is not short of water, it is just not in the right places. For example, the South East has a lot of people living in it and is quite dry, whereas other parts of the country are a lot wetter and have a lower population. It is therefore important that water companies work together to solve this issue.

When the demand for water is greater than the amount available during a certain period, or when poor water quality limits its use, this is called 'water stress'. There are three levels of water stress set by the Environment Agency, which are Low, Moderate and Serious. The majority of the areas where we provide water to our customers are all currently in Serious Stress, in other words short of water.

Sharing water with and between other companies and third parties (an alternative supplier of water, that is not a water company), across supply area boundaries, can help to alleviate this type of problem. We already operate many cross-boundary connections, but are always looking for new ways to enhance the resilience of our supplies in this way. However, there are some practical difficulties to this, as water is very heavy and uses a lot of energy to transport – these difficulties can lead to increases in the cost of the supply.

What we propose to do about this:

- **Work closely with national bodies and regional water resource groups so we see the bigger picture.**
- **Continue to share water with our neighbouring water companies and actively develop new water resources that can also be shared and can help alleviate regional water stress issues.**
- **Collaborate with third parties and seek out new opportunities for option development.**
- **In the longer-term we will seek to secure additional reliable water by transferring water from a new regional reservoir in the Upper Thames catchment (by 2055 in our preferred plan and 2039 in our alternative plan) promoted in partnership with Thames Water and other companies in the south east of England. We also propose to make use of water from an existing reservoir within our supply area.**
- **In the longer-term our forecasts show that we will not be self-sufficient in terms of water resources and we will therefore continue to collaborate with our neighbouring water companies to develop new resources. We are exploring with our neighbouring companies a number of options to trade around our existing agreements more flexibly. The dialogue with these companies will continue throughout the draft plan consultation period, with an aim to have concluded these initial discussions with 'in-principle agreements' in time for our final plan submission.**

Consultation question 7

Our plan commits us to sharing water and water resources. In some cases, over the longer-term, this includes building new assets, such as pipes and reservoirs, with other water companies across our region. This is important to help us address the shortage of water and growing population in both our area and in neighbouring water company areas.

Do you support or oppose this type of joint approach?

Support ☐ Oppose ☐ No views either way ☐ Don't know ☐

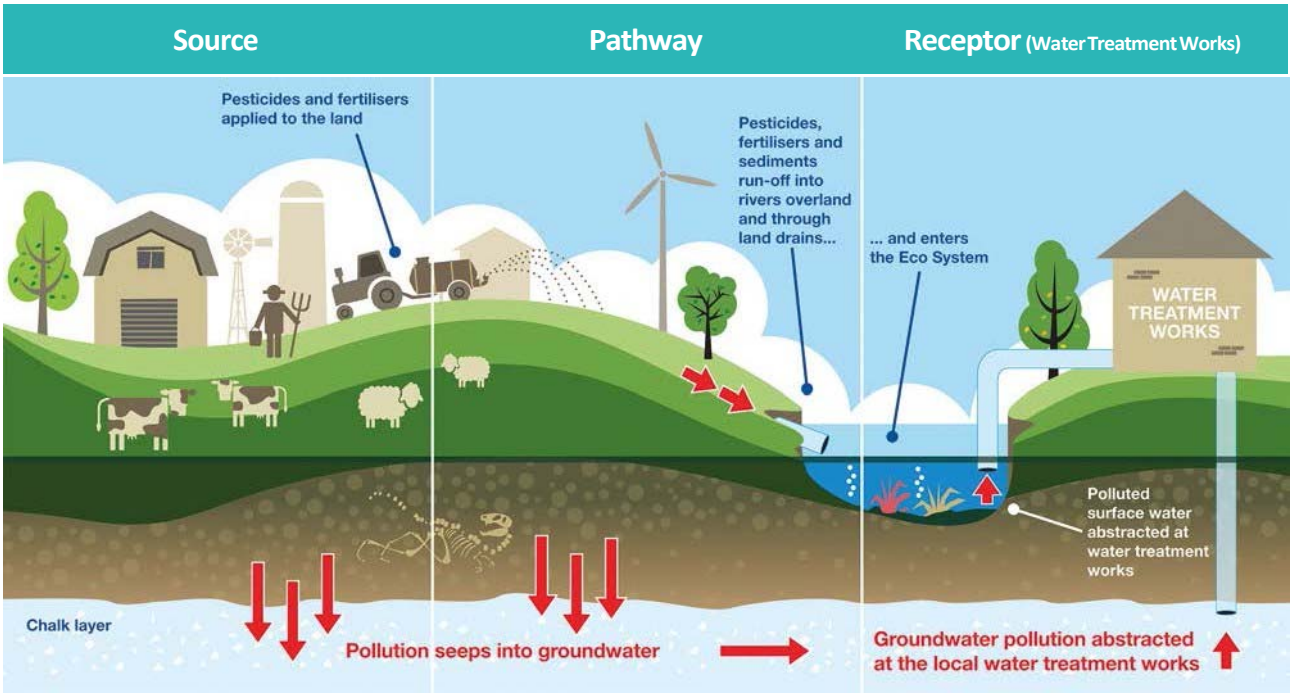
Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Water quality

Protecting this precious resource

We work hard to protect the quality of our sources of water to ensure we can maintain supply to our customers.



We must meet stringent Drinking Water Standards for drinking water. It must be 'wholesome', which is defined as being fit to use for drinking, cooking, food preparation or washing without any potential danger to human health. Safe, clean drinking water is vital to public health and the wellbeing of our society and these standards are in place to protect the health of our customers.

It is essential that good quality drinking water, and the investment we need to make to achieve it, is maintained into the future.

Why are these key themes important and what are we proposing to do about them?

Water quality

Protecting this precious resource

What we propose to do about this:

- **We are committed to providing high quality water you can trust. Our water quality is constantly monitored and our treatment is advanced to ensure we can respond to a deterioration in water quality.**
- **We will continue to work alongside the Environment Agency, Natural England, local environmental groups, farmers and businesses to find innovative ways to reduce pollution at its source and raise awareness of how everyone can help protect the water environment.**
- **Improve the information we make available to customers about the quality of the water we supply. We will make it more accessible, reporting at a community level, and improve the information we provide about water hardness.**
- **Our dWRMP relies on appropriate action and investment within 2020-25 and 2025-30 to allow full utilisation of our imports to meet the supply demand balance in both our preferred and alternative plans.**

Consultation question 8

Do you support or oppose what we propose to do?

Support ☐ Oppose ☐ No views either way ☐

Don't know ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Sustainable abstraction

Balancing the needs of the environment and customers

Taking water from rivers and other water sources for your use is called abstraction. In the area we supply, approximately 65% of our water comes from the chalk aquifer (porous rock where groundwater is stored). The challenge we face is to take less water and in doing so protect the environment. In our area, there are a number of globally rare chalk streams which are an important part of our landscape, providing valuable habitats for plants and animals and beautiful spaces for us all to enjoy.

Working with our environmental regulators, we are taking less water from the environment now and we plan to continue to reduce this in the future to make abstraction more sustainable. We want to leave more water in the environment where it makes a difference, whilst ensuring we have enough to supply a growing population.

We have gained expertise through our monitoring and we now believe in some areas it will be more effective to restore and enhance habitats than to take less water. Going forward we propose a phased approach, making reductions where this is supported with robust evidence of ecological improvements and, where there is less certainty of benefits, we will carry out restoration and enhancement works. We will continue monitoring and use this to inform future decisions.

An example of this improvement work is on the River Lea at Manor Road Park in Luton, where we will be implementing a range of improvements to create multiple diverse habitats and increase flood capacity. The photo on this page shows the park as it is now, along with an artist's impression of how it will look on completion of the river restoration.

- **We have been working since the early 1990s to improve the flows in local chalk streams. We have reduced or altered our abstraction in many catchments including the Rivers Ver, Misbourne, Hiz, Oughton, Mimram, Beane, Hughenden Stream and the Dour. Our programme continues with further work planned to reduce the amount we abstract at several sources to ensure our water abstractions are sustainable for the local environment.**
- **Over the next five years we will look at how local habitats have responded to this programme of work so far and we will use this data to inform our decisions on future phases of activity to ensure we are spending customers' money wisely.**
- **We are planning an additional 17 million litres of water per day of available supply over the next ten years by optimising existing groundwater abstractions and licences with minimal environmental effects and an extra 3 million litres of water per day from a new abstraction licence. These schemes are proposed at sites where there is no effect of abstraction on surface water, such as Lower Greensand sources and confined aquifer locations. We believe that making best use of our existing groundwater supply base is, in the first instance, the most cost effective and efficient way to balance deficits, alongside demand management measures.**

Why are these key themes important and what are we proposing to do about them?

Sustainable abstraction

Balancing the needs of the environment and customers

- **We are consulting customers on two options to further reduce abstraction from our most environmentally sensitive sources. We will select where to make reductions in partnership with the Environment Agency by considering all the evidence available to ensure it will deliver the most benefit.**
- **We propose to continue with our river restoration and habitat enhancement work and we will choose this option where it makes most sense for customers and the environment.**
- **We must continue to protect supplies to customers so we recognise that there may be an additional environmental cost (a carbon footprint) associated with replacing water in another way because we may have to pump it from further away.**
- **In our preferred plan we have included reductions in abstraction that in our view are based on robust evidence that they will achieve environmental benefits and that are cost beneficial. The alternative plan has a higher cost and we consider this plan to also be higher risk. The alternative plan represents a greater challenge to operational resilience by including a higher level of sustainability reductions requested by the Environment Agency by 2024 with little time to mobilise reliable alternative demand management or supply measures in a region of water scarcity.**

Consultation question 9

We are consulting on reductions in abstractions of 10 or 39million litres of water per day. There is a cost to customers associated with leaving more water in the environment, so it is important that we understand your preference on the extent of this work.

a. Do you support or oppose our phased approach?

- Support ☐
- Oppose ☐
- No views either way ☐
- Don't know ☐

Please give the reasons for your choice:

b. Which level of sustainability reductions do you think we should deliver?

- ☐ Preferred plan option of 10 million litres of water per day at a cost of £93 million by 2080.
- ☐ Alternative plan option of 39 million litres of water per day at a cost of £123 million by 2080.

Please give the reasons for your choice:

(please continue your answers on Page 27 if neccessary)

to be the leading community-focused water company

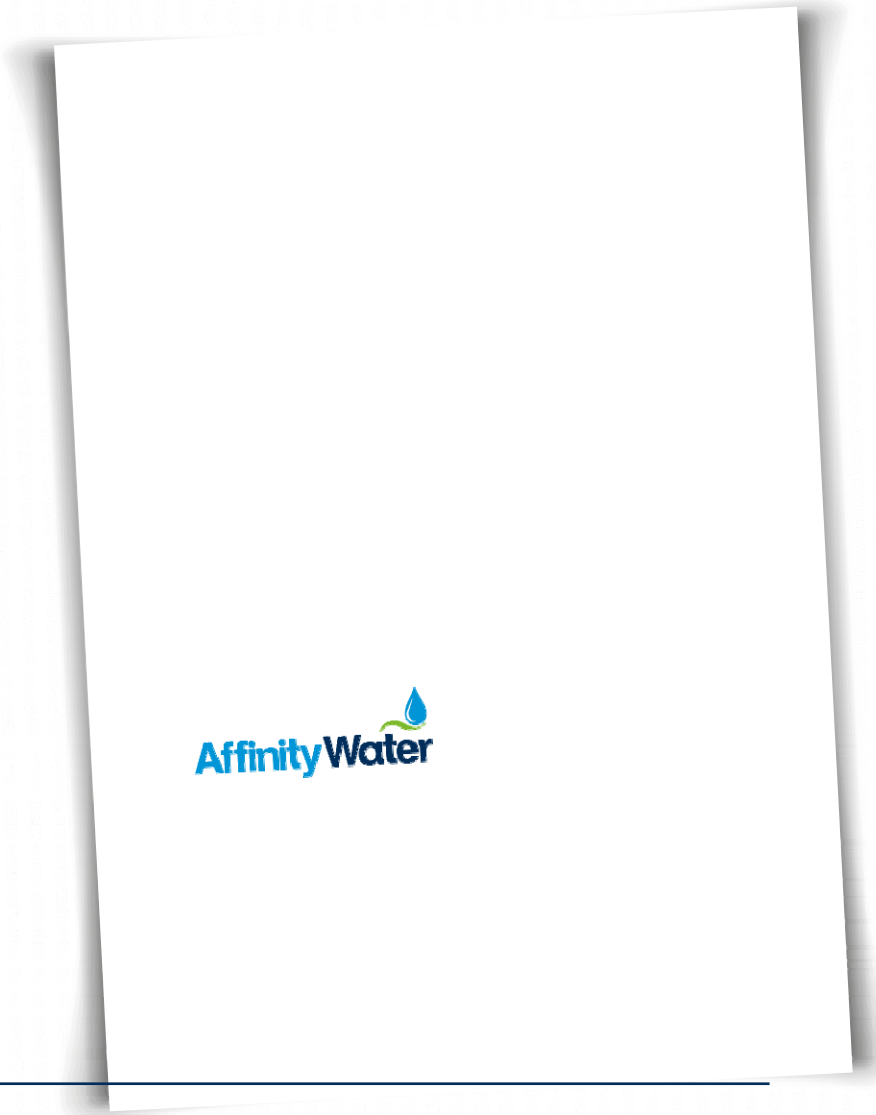
Achieving our ambition

Working together with our communities

Our customers and communities are at the heart of what we do. We want to listen and be responsive to their needs and help them to understand why it is important to use less water.

What we propose to do about this:

- **Provide a range of community focused activities, such as our water saving programme, water efficiency, river restoration and catchment management programmes.**
- **Continue to liaise closely with community groups regarding important strategic issues central to this plan, such as reductions in abstraction, metering, leakage and drought restrictions.**
- **Our aim is to produce a plan which represents the priorities of our customers in each of our communities. We have undertaken a pre-consultation exercise to understand the key priorities for our stakeholders.**
- **We are consulting publicly on our plan now and will take on board feedback received when we publish our final plan later this year.**



Consultation question 10

Do you support or oppose what we propose to do?

Support ☐ Oppose ☐ No views either way ☐

Don't know ☐

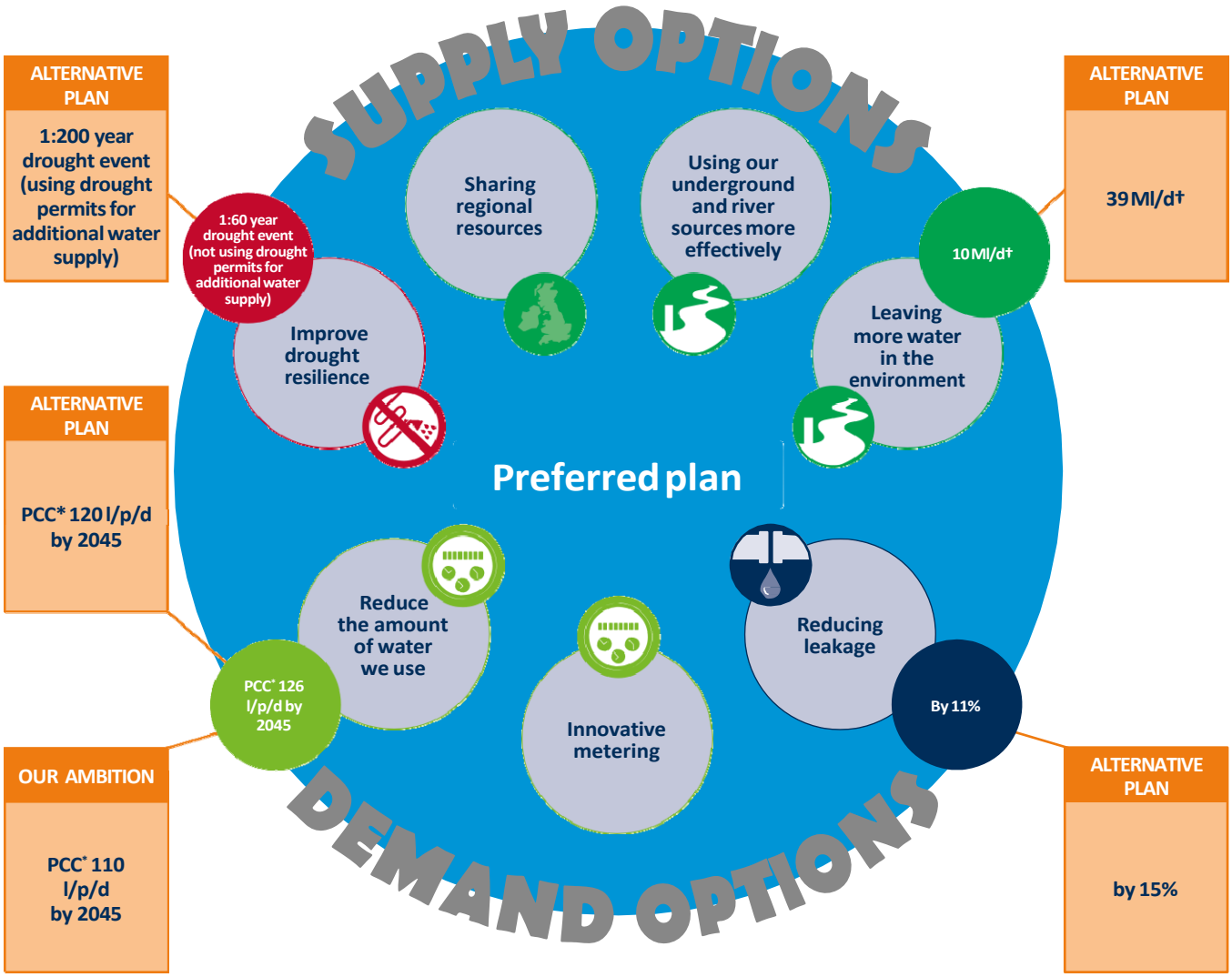
Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Summary of our preferred and alternative plans for consultation

Our preferred plan sets out the options which we believe represent best value to customers and the environment. Our alternative plan includes some different options for improved levels of service under severe drought, greater leakage reductions, per capita consumption (PCC) and higher sustainability reductions. These are illustrated in the orange boxes below.

The diagram below illustrates our preferred and alternative plans:



We are keen to consult with our customers and stakeholders to get their views on what we are proposing before reaching a final decision on our preferred plan.

We are looking to consult on the overall approach the preferred and alternative plans set out and the different options they present.

† Ml/d means millions of litres of water per day.

* PCC means Per Capita Consumption (how much water each person uses per day). l/p/d means litres per person per day.

Consultation questions

There are two additional questions we would like your opinion on:

11. Our overall approach. Do you support or oppose the approach and balance of measures we have presented in our preferred plan at a total cost of £228 million by 2025 and total cost of £1,001 million by 2080?

Support ☐ Oppose ☐ No views either way ☐

Don't know ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

Do you support or oppose the higher cost and higher risk approach and balance of measures we have presented in our alternative plan at a total cost of £308 million by 2025 and total cost of £1,788 million by 2080?

Support ☐ Oppose ☐ No views either way ☐

Don't know ☐

Please give the reasons for your choice:

(please continue your answer on Page 27 if neccessary)

12. Are there any other comments you would like to make on our plan?
(please detail these below)

(please continue your answer on Page 27 if neccessary)

Are you:

A customer ☐

A stakeholder ☐

If stakeholder, please name your organisation: _____

If you would like us to provide you with feedback, please provide us with your contact details:

Name _____

Postcode _____

Email address _____

How to give your views

We are running a public consultation on our draft plan which is your opportunity to tell us if you agree with what we are proposing and suggest alternative ideas and solutions.

The consultation runs from the 19 March to the 23 May 2018 and you can give us your views in several ways:

- **Complete this consultation document, save your response on your computer and upload and submit it on our website at: www.affinitywater.co.uk/haveyoursay**

  This consultation is open to customers and stakeholder organisations. Individual responses to the consultation document from our website link will be sent automatically to Secretary of State, Defra, Ofwat, Environment Agency and Affinity Water.

- **Send your views in writing directly to the Secretary of State Defra. This can be done either by post or email.**

  Representations by e-mail should be sent to: water.resources@defra.gsi.gov.uk and be titled: Affinity Water draft water resources management plan. Please copy your email to us at: WRMP.Consultation@affinitywater.co.uk the Environment Agency at: Water-Company-Plan@environment-agency.gov.uk and OFWAT at: wrmp@ofwat.gsi.gov.uk

  Representations by post should be sent to:

  Secretary of State, Department for Environment Food and Rural Affairs (Defra)
  Affinity Water Resources Management Plan Consultation
  Water Resources Department for Environment Food and Rural Affairs
  3rd Floor, Seacole Building
  2 Marsham Street, London SW1P 4DF.

Stakeholder forums

We are running several forums which stakeholders can attend to give their views in person. To find out the details of an event in your area, please email: **WRMP.Consultation@affinitywater.co.uk**

Customers

We are running a range of different activities to make sure we hear the views of our customers.

What happens next?

At the end of the consultation we will consider all the comments made. We will then prepare and publish a Statement of Response – a document that details how we have changed the plan because of the comments made, or give an explanation if we have not been able to. This will be published on the Affinity Water website and promoted via social media.

Our revised draft plan will then be submitted to the Secretary of State, Defra summer 2018 for approval and we expect to publish our final plan by early 2019.

Consultation question continuation pages

To receive this leaflet in large print, audio or Braille, please call **0845 155 2072**

Copies of this document are available from our offices in Hatfield, where you can also view hard copies of our main plan and technical appendices.

How to get in touch

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Telephone: 01707 268111 (main switchboard)

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Annex 6: Phase 3 Revisiting and Assuring

Ph3.1 Triangulation Report: Phase 3

Ph3.2 Phase 3 Final Acceptability Survey: Research report

Annex 6: Phase 3 Revisiting and Assuring

Ph3.1 Triangulation Report: Phase 3

Affinity Water Ltd

Customer Engagement Programme

Triangulation Report: phase 3

PR19 CustEng-ARP-PH3 -TRGN-TREP-004

Final Final Issue | 22 August 2018

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Contents

1 Introduction and purpose

1.1 Purpose

This report sets out the data collected and analysed during phase 3 of Affinity Water's Customer Engagement Programme for PR19. In this phase, the focus has been on revisiting and assuring Affinity Water's final proposition with customers. This represents a critical stage in the Business Planning process. The aim of this report is to:

a. Clearly set out all the activities that took place during phase 3 and our findings from them,

b. Set out our conclusions and recommendations for Affinity Water (AW) in two key ways:

- To inform the Business Plan; understanding the implications of what customers have told us for the Business Plan itself; and
- Where appropriate, identify opportunities for business-as-usual customer engagement.

1.2 Background and context

Triangulation

Triangulation is described as the process of "using multiple and independent measures to examine a hypothesis or conclusion being investigated, with the intent of using multiple perspectives to minimise bias and maximise validity"[1].

Recent guidance for the Consumer Council for Water[2] set out four key conclusions for the application of triangulation. These are summarised below:

- The approach should be transparent and apply clear rationale
- It must be flexible for different needs and situations
- It must learn from contradictory evidence
- It must take deliberate steps to avoid confirmation bias.

On this basis, we have built on our approach to triangulation used for previous phases, and developed a triangulation tool to enable transparent triangulation of information from a wide range of sources.

[1] ICF for CC Water, *Defining and applying 'triangulation' in the water sector*¸ July 2017
[2] ICF for CCWater, *ibid*

PR19 Customer Engagement Programme: phase 3 objectives

This report brings together the findings from phase 3 of the Customer Engagement programme, which was focused on "revisiting and assuring".

The objectives of this phase were:

- Test acceptability of the final package including the bill which takes account of inflation and wastewater
- Test the principle and package of proposed penalty and reward levels of ODIs
- Test and confirm acceptability of the social tariff proposals
- Test the concept of the Sundon Treatment works project which was an original cost adjustment claim
- Gauge acceptability for long term investment and additional resilience
- Triangulate findings from the different engagement activities and operational data findings to confirming the final package and assure the final Performance Commitments

The customer engagement programme is part of a wider programme for the development of Affinity Water's PR19 Business Plan for 2020-2025 and Water Resources Management Plan for 2020-2080. Outcomes and Performance Commitments have now been identified by Affinity Water. The proposed structure for the business plan has been developed. Affinity Water's main focus now is writing up the Business Plan; including making final decisions on performance commitment levels, outcome delivery incentives (ODIs) and investment to deliver against these, based on a number of factors, including insight from the customer engagement programme.

1.3 Approach

The primary objective of this triangulation process is to combine additional market research relating to Final Plan acceptability, Resilience, Developer Services and community insight events.

Building on our approach to the phase 0, 1 and 2 triangulations and CCW guidance[3], for our phase 3 triangulation methodology we used a six-step process, shown in Figure 1.

The six-step process takes the research methods and combines and analyses the feedback of these into one report. We have created a triangulation tool (see Appendix A) to enable transparency and simplification of the triangulation process which includes these steps.

[3] ICF for CCWater, *ibid*

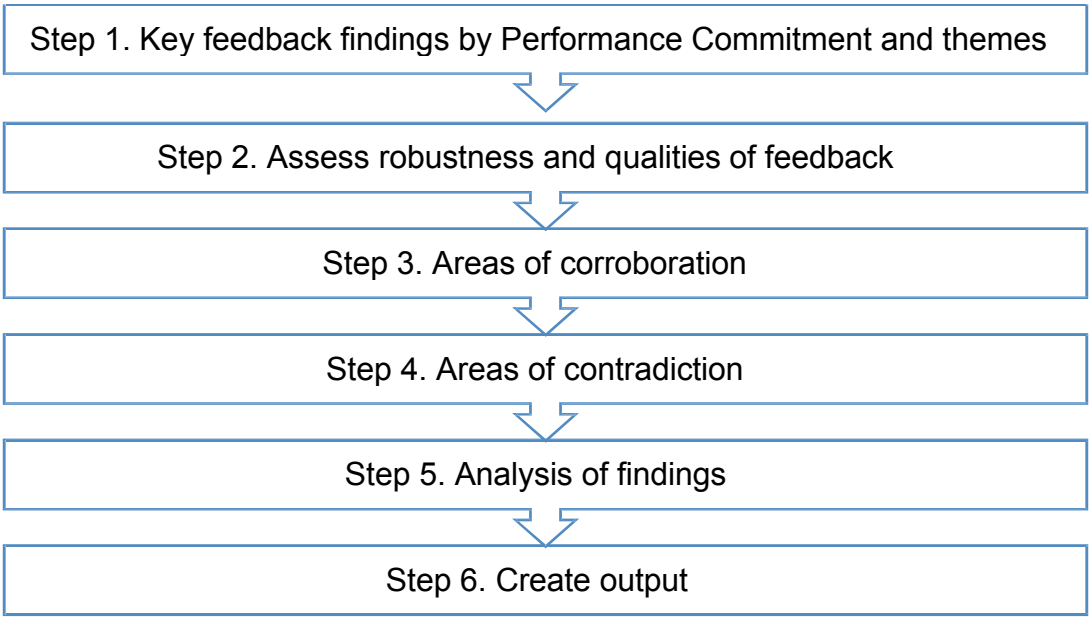


Figure 1: The phase 3 triangulation process

Each of the steps is set out in more detail below:

Step 1. Key feedback findings by PCs and themes

We have considered all the key findings from each feedback source relating to the research questions posed for a number of PCs.

To evidence this process and enable us to consider the adequacy of the evidence base we have populated the phase 3 feedback findings tab in the Triangulation tool (Appendix A) with customer insight and research evidence from each source against each relevant PC. The sources of information that were triangulated can be seen in Table 3 alongside the organisation who conducted the research.

Data was collected in the spreadsheet, which was then used in the subsequent stages of analysis and drawing conclusions.

Based on this analysis, we have developed key themes that emerged from this phase of the customer engagement to form the structure the findings in this report.

Step 2. Assess robustness and qualities of feedback

We have assessed the robustness and qualities of all feedback sources, using the triangulation tool. We have populated the qualities tab of the triangulation tool with all of the information available for a feedback source. The following information will be used, where available:

- Type of data
- Number of responses
- Period of feedback collection

- Response segmentation
- Targeted segmentation
- Prior knowledge of the water sector/ prior engagement
- Date of research

These topics have been summarised to assess the quality and robustness of the feedback.

Step 3. Areas of corroboration

In this step, we have reviewed findings to identify any areas of corroboration between different data sources.

Step 4. Areas of contradiction

We have reviewed findings any areas of contradiction between data sources.

Step 5. Analysis of findings

We have analysed the findings, areas of corroboration and areas of contradiction and consider the following questions:

- What does this mean for the business plan?
- What does this mean for business as usual?

The answers to these questions will be collated in the triangulation tool (summary of findings tab).

Step 6. Create output

We have used the completed triangulation tool to generate this triangulation research report. It includes a detailed analysis of findings, and other outputs detailed in the sections below.

1.4 Weighting evidence in triangulation

We have employed the same approach to weighting as detailed in our phase 2 Triangulation Report.

2 Activity undertaken to support PR19

2.1 Overview

The research for phase 3 ran between June and August 2018. This report was drafted in August 2018, capturing the following activities

Table 1: List of activities undertaken to inform phase 3 of the customer research programme

Source	Organisation	Type of data
Additional Resilience Investment: Qualitative Customer Research	Blue Marble	Market research
Phase 3 Final Acceptability Survey	Ipsos Mori	Market research
Additional Resilience Investment Research: Online Customer Survey	Blue Marble	Market research

The outputs from these activities are recorded in the following reports:

- Ipsos MORI for Affinity Water, Phase 3 Final Acceptability Survey: Research report, August 2018
- Blue Marble for Affinity Water, Additional Resilience Investment Research: Online Customer Survey Findings. August 2018
- Blue Marble for Affinity Water, Additional Resilience Investment: Qualitative Customer Research. July 2018.

These reports form the basis of this triangulation report. Information from these reports is summarised and analysed in combination with this report. Individual reports provide information on findings from individual activities.

2.2 Market research

Qualitative market research

Focus groups and workshops provide a deep insight into Affinity Water's customers' views. This qualitative technique ensured particular customer segments were reached and provided a forum to discuss more complex, less top-of-mind issues.

Additional Resilience Investment: Qualitative Customer Research

A series of three workshops were conducted with 44 participants across Affinity Water's service areas. Affinity Water took advantage of pre-existing customer engagement events to explore resilience issues qualitatively. The second half of three 2-hour workshops run by Blue Marble Research (and with Affinity Water staff present as observers) was dedicated to:

- Understanding customer attitudes towards long term investment within a context of long term risk and challenges
- Gaining customer feedback on acceptability of increased bills (in broad figures) to reduce risks to long term challenges

Two of the groups had a mix of Socio-Economic Groups (SEG) amongst participants, even split of males and females, mix of ages and at least three who had contact with Affinity Water in the last 12 months. The other group were all in receipt of benefits and included someone in the household with one or more of the following: a physical disability, mental health condition, English as a second language, learning difficulties, hearing issues or elderly.

Quantitative market research

Two surveys were undertaken to ask more closed questions to explore identified priority themes. This quantitative data provides quick, snapshot responses from a wide range of customers.

Final Acceptability Survey

The Final Business Plan Acceptability survey, an online survey of 1000 Affinity Water customers, was conducted in July 2018. The survey presented participants with a revised, fully costed, core plan and gauged its acceptability. The testing included the total bill adding inflation and sewerage services.

Customers aged 16+ were recruited to take part using the Ipsos MORI online survey panel between 10 and 22 July 2018. Recruitment and quotas targeted a representative sample of adult residents in Affinity Water's eight Water Resources Zones (WRZ).

Participant were recruited to provide a representative sample of customers across all areas served by Affinity Water, rather than a representative sample of customers of the three sewerage providers covering the Affinity Water area or of their eight WRZ. Consequently, the number of customers served by the three-sewerage provider and within each WRZ is proportional to the size of the population within each area, ranging from 38 participants in Brett to 268 in Pinn.

Customers were asked for their opinions about a number of other propositions including:

- expanding Social Tariff support
- expansion of Sundon water treatment plant
- acceptability of performance incentives and penalties ('ODI's').

Resilience Online Customer Survey

Affinity Water commissioned a quantitative resilience survey of 500 represenative Affinity water customers to understand their reaction to future resilience investment. The research delivered evidence of customers' acceptability of the need for long term investment and the support for additional investment.

10-minute surveys were completed by research panel members who have been active in the on-going Value for Money quarterly surveys living in Affinity Water's area. Participants were aged 16+ and were a representative sample of the whole company area.. The majority of respondents were water bill payers and quotas were set for a number of attributes including age and gender.

3 Other information

In addition to the work carried out specifically to support PR19, we have considered information and activities undertaken for other purposes in this phase of triangulation.

3.1 Activities within the sector

In our customer engagement programme, we have considered other customer engagement research activity covering water issues in the UK. The following two reports from CCWater have been summarised below. Their key findings feed into our findings within this triangulation report.

DJS research for CCWater, Water Matters: Household customer views on their water and sewerage services 2017, July 2018

Telephone research was conducted with a random sample of households across England and Wales. Respondents were responsible, either solely or jointly, for paying their household's water bill. At company level, CCWater commissioned 200 interviews for each of the 10 water and sewerage companies (WaSCs) and 150 for the 13 water only companies (WoCs) which equates to 3,950 interviews (3,960 were achieved). This means that the sample size for Affinity Water was 150, with statistical reliability set out in the report. The research presents seven-year trend analysis to determine direction of travel.

- Satisfaction with water services remains high in 2017 and is flat over the last seven years. Most customers are confident that their water supply will be available in the longer term without restrictions.
- Satisfaction with sewerage services remains high in 2017 and is flat over the last seven years.
- Most customers believe that water companies care about the services they provide and this level of care is ahead of energy companies.
- Customers' trust in water companies has increased since 2011 and remains ahead of energy companies.
- Satisfaction with value for money of water services has been flat since 2011.
- Satisfaction with value for money of sewerage services has increased over the last seven years.
- Perceptions of fairness and affordability of charges are flat over the last seven years.
- There is a downward seven-year trend in customers who say they are likely to contact their water and/or sewerage company if worried about their bill. However, those customers who do make contact are increasingly likely to be satisfied with the way it is handled.
- While awareness of Water Sure/WaterSure Wales and Priority Services has increased since 2011, there have been falls in awareness in 2017.

- Awareness of the free meter scheme has increased significantly since 2011; however, only a minority of customers (27%) are aware that a meter can be fitted on a trial basis.
- In 2017, customers are significantly more likely to recommend their water/sewerage company than they were in 2016.
- Based on customer perceptions, Dŵr Cymru and Dee Valley are the top performing water and sewerage company (WaSC), and water only company (WoC) respectively.

National Trial, D-Mex Update and Wave 1 Results,

The purpose of this National Survey pilot is to test approaches for D-Mex to meet the principles set out in the PR19 methodology, namely as an incentive mechanism that:

- Encourages companies to improve customer experiences and innovate;
- Is simple and meaningful for companies and customers;
- Is practical to implement;
- Measures performance across companies consistently, reliably and fairly; and,
- Reflects customer behaviour changes and market changes;
- Financial Incentive – Performance payments will be up to 2.5%, and penalties will be up to 5% of a company's annual Developer Services revenue.

During wave 1, two surveys were undertaken, The Relationships Survey and The Transactions Survey:

- The Relationships Survey: covered large scale developer firms that Affinity Water have an ongoing relationship with
- The Transactions Survey reports everything that Affinity Water have done with a customer over a period of one month.

Affinity Water achieved 65 completed Relationship Surveys and 67 completed Transactions Surveys. The process will be refined for Wave 2 as there were a number of inconsistencies/problems with the methodology. Affinity Water has received results of its own performance and the range of industry scores to help benchmark and add context.

The findings from these reports are useful for contextualising the findings of Affinity Water's engagement programme.

4 Context and contextual findings

4.1 Overview

Building on our understanding of customer context gained in phases 0, 1 and 2, we take stock of the general context and sentiment as an essential backdrop to reporting our phase 3 findings. The following insights were observed with respect to the customer context.

4.2 Dry weather

Phase 3 research was conducted during a prolonged hot, dry period with minimal rainfall which was likely to have had an impact on customer sentiment and opinion. In phases 0,1 and 2, general conclusions found that customers gave little thought to their water supply and water security as we are a 'wet country' with plenty of rainfall. A strong theme emerging from phase 3 research was the concern about drought and its impact on the ability for Affinity Water to supply high quality water in the next 5 years and the next 20 years. A number of water companies around the UK have asked customers to reduce their consumption over the hot summer months and the media has broadcasted impending hosepipe ban threats. It is likely that this will have influenced customers opinions around long-term investment and planning, drought, water security and the ability for Affinity Water to cope with demand at these times.

4.3 Research methods

Acceptability surveys were carried out in both phase 2 and phase 3. The phase 3 acceptability survey followed a different approach to phase 2 (online rather than face to face) and sought different responses so are not directly comparable. A final plan, with defined levels of service was presented, with no opportunity to interrogate or comment on the services included. Customers were asked how acceptable they found the clean water bill before further testing with inflation and sewerage charges added.

4.4 Corporate trust

Over the last 12 months, there has been increasing media coverage around corporate trust, and particularly with regards to executive pay across all industries[4]. This has led to Ofwat producing further guidance on "putting the sector back in balance"[5]. This backdrop may have influenced customers views, and meant that we saw greater levels of cynicism from some customers.

[4] For example, https://www.bbc.co.uk/news/business-45183881
[5] Ofwat, Putting the sector back in balance – summary of Ofwat's decision on issues for PR19 business plans, July 2018, https://www.ofwat.gov.uk/publication/putting-sector-back-balance-summary-ofwats-decision-issues-pr19-business-plans/

5 Findings and analysis

5.1 Overview

Through our analysis, we have identified five key themes that have emerged from this phase of engagement:

- Affordability and value for money
- Bill acceptability
- Customer satisfaction
- Resilience
- Vulnerability and social tariff

The findings relating to each of these headings are summarised below. Each source has also been analysed and explored to draw out themes and findings aligning to Affinity Water's Performance Commitments. These detailed findings can also be found in our triangulation tool (Appendix A) which was used to gather information and make an assessment on the qualities and robustness of sources. Areas of corroboration and contradiction between feedback sources have also been highlighted

5.2 Affordability

Nearly all customers (96%) say they can afford their current water bill – even if around a quarter of these do find it 'a stretch'. With a proposed bill increase of £1-£2 per year, affordability falls slightly, and in the event that it goes up by £3-£5 a year, affordability dips below 90% - with nearly 1 in 10 customers saying they could not afford this. [Additional Resilience Investment Research: Online Customer Survey]

Nationally, Customer satisfaction with value for money has been flat at 72%. This is consistent, especially when compared to other sectors. [Water Matters: Household customers views on their water and sewerage services 2017]. Where customers rated other sectors more highly on value for money, the following reasons were selected most often:

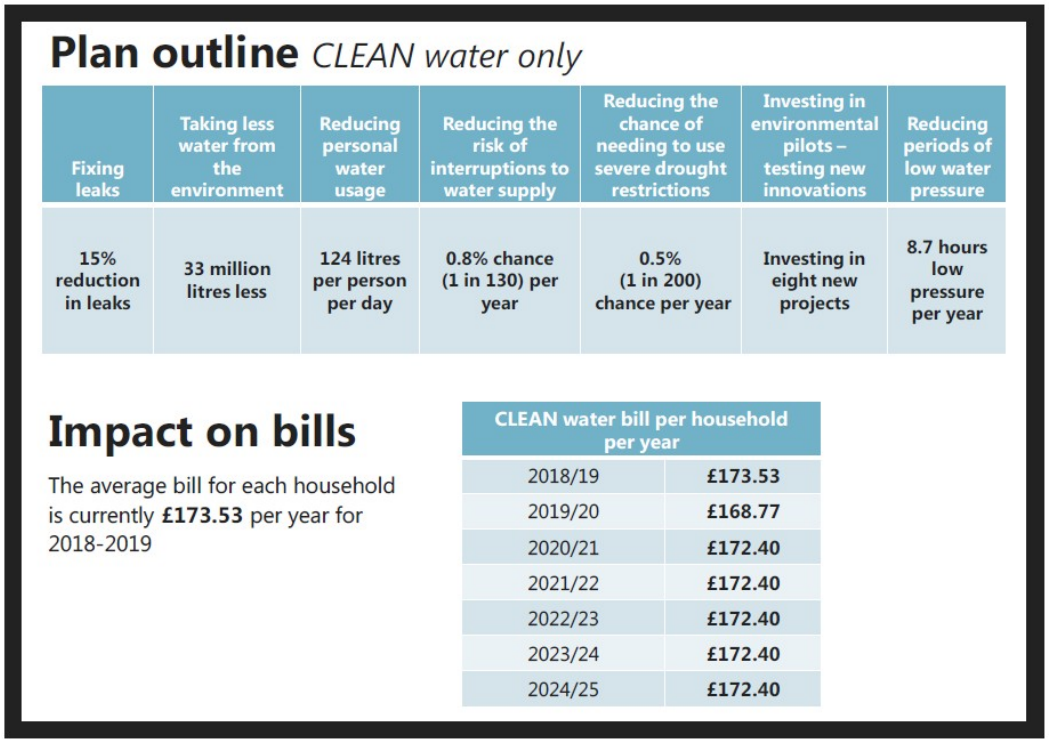
- they are able to switch supplier, not a monopoly, water/waste water too expensive, no choice, no negotiation.
- they are cheaper/better value
- other sectors viewed as having better service

[Water Matters: Household customers views on their water and sewerage services 2017]

These findings are in line with findings from previous phases; most customers find bills affordable and consider them reasonable value for money.

5.3 Acceptability

The research used to test acceptability of the Final Plan was an online acceptability survey with 1,000 of Affinity Water's customers across the communities they serve. Respondents were taken from the Ipsos MORI's online panel. Quotas were set to achieve a representative sample of adult residents aged 16-75. Refer to section 2.2 for more information about this market research. Figure 1 shows the clean water only plan presented.



Plan outline *CLEAN water only*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year	
2018/19	£173.53
2019/20	£168.77
2020/21	£172.40
2021/22	£172.40
2022/23	£172.40
2023/24	£172.40
2024/25	£172.40

Figure 1: clean water only plan

The survey found just over eight in ten (82%) customers considered the plan acceptable. While this is a statistically significant improvement on acceptability compared to the most acceptable plans tested in the Spring (J and K) (see phase 2 Triangulation report), these findings are not directly comparable as different approaches to sampling and questioning. were used.

There was a significant reduction in acceptability when the bill impact including inflation was presented. A clear majority of customers - just over six in ten (62%) - are positive about the bill impacts of this plan but the proportion rating it as very acceptable halved compared with the pre-inflation plan, and a third (33%) rated it unacceptable. [Phase 3 Final Acceptability Survey]

We cannot be definitive about the reason for this movement in sentiment but the qualitative research conducted during the PR19 customer engagement programme suggests that some customers react negatively to the mention of inflation. This is probably because it introduces uncertainty about forecasts, but also some scepticism about how it can be used by companies across many sectors to justify price rises.

Acceptability figures drop further when plans include the cost of sewerage: Thames Water - 51% very/fairly acceptable, Anglian Water - 48% very/fairly acceptable, Southern Water - 41% very/fairly acceptable. It should be noted that customers receiving waste water services from Southern Water receive a separate bill, whereas Thames and Anglian waste water customers receive a single bill from Affinity Water. Thames Water is by far the biggest provider across the Affinity Water area with the result that the overall level of acceptability across all areas is 50%. [Phase 3 Final Acceptability Survey]

Customers are relatively cool on the concept of performance incentives and penalties ('ODIs'). 39% support them, just over one in five (22%) are opposed, and the remainder don't have a view. But when presented with bill impacts, seven in ten find these acceptable; 71% for the 50p increase and 73% for the £4 reduction.

Opinions become more positive when concrete amounts are proposed – seven in ten customers would accept a £0.50 annual increase to their bills if Affinity Water beats its performance targets (71%). However, 22% would not accept this system and 7% holding no views either way.

Similarly, 73% of customers would find it acceptable for up to £4 to be taken offtheir water bills should Affinity Water fail to beat set targets. 19% find this unacceptable and 7% do not know.

The swing towards lower levels of acceptability when clean and waste water bills are added, indicates that while water bills tend to compare favourably with other utilities (shown in other PR19 research), customers are sensitive to price rises. And the impact of inflation on customer attitudes highlights, perhaps, the ongoing need to build trust and credibility.

- Half of customers support Affinity Water expanding its water plant in Sundon to ensure there is enough water supply across areas served by the business (47%). There is a lot of uncertainty however, with 42% saying they have no views either way and 11% opposing this.
- Six in ten (59%) customers support spending £1.50 more annually per household on the Social Tariff if it allows Affinity Water to support 25,000 more customers. Over a third (36%) do not support a further extension of the Social Tariff. 6% of customers don't mind.
- Customers have mixed views on the principle of a system of rewards and punishments that would allow Affinity Water to increase bills if they beat certain performance goals and make them lower bills if they do not. 39% support such a system, 39% have no views either way and 22% oppose it.
- Opinions become more positive when concrete amounts are proposed – seven in ten customers would accept a £0.50 annual increase to their bills if Affinity Water beats its performance targets (71%). 22% would not accept this system and 7% holding no views either way.
- Similarly, 73% of customers would find it acceptable for up to £4 to be removed from their water bills should Affinity Water fail to beat set targets. 19% find this unacceptable and 7% do not know.

The final bill acceptability survey was supplemented with research on acceptability within the resilience research (see section 2.2 for more information).

The majority of customers would find a £1-£2 per annum increase on the bill acceptable (84%), although 1 in 7 would not. If the annual bill were to go up by £3-£5, acceptability drops to 75% - nearly 1 in 4 customers find this unacceptable. [Additional Resilience Investment Research: Online Customer Survey]

The resilience research indicates a clear correlation between bill acceptability and trust; those who trust Affinity Water are more likely to accept a proposed bill increase. [Additional Resilience Investment Research: Online Customer Survey]

5.4 Customer satisfaction

The CCWater *Water Matters* research presents a view of customer satisfaction nationally. This broadly supports the findings specific to Affinity Water customers that have emerged from previous phases of the engagement programme. Overall, 92% of respondents were satisfied with water and sewerage services. [Water Matter: Household customers views on their water and sewerage 2017].

A summary of further key findings are set out below:

- 69% customers believe that water companies care about their services, 63% for energy. [Water Matters: Household customers views on their water and sewerage 2017]
- 61% believe charges are fair. [Water Matters: Household customers views on their water and sewerage 2017]
- Satisfaction with various aspects of contact handling is between 78% and 86% and the seven-year trend has increased across all elements (ease of contact, contact resolution, how well customer kept informed etc.) [Water Matters: Household customers views on their water and sewerage 2017]
- 18% of customers in England and Wales contacted their supplier in 2017 and satisfaction with all aspects of contact was high. [Water Matters: Household customers views on their water and sewerage 2017]

As noted in section 4.4, corporate trust has been the subject of media attention. However, the *Water Matters* survey found that reported trust in water companies had increased slightly since 2011. (from 7.33 to 7.67 out of 10). However, the research revealed some discontent about the water companies position as monopolies, in terms of the price they pay and whether they are getting a good deal. A lack of trust was found to impact on comparative value for money. This was supported by Affinity Water's resilience research, where a for a minority, a lack of trust in Affinity Water's corporate governance mean they might be unwilling to pay for additional investment. Some customers want to see evidence of spend and more information in order to feel the increase is 'fair' [Additional Resilience Investment Research: Qualitative Customer Research].

Through the national D-Mex trials, good customer service was found to be equally as important to Developer Services Customers as we have found it to be to household customers through previous phases of work.

Affinity Water Developer Services Customers are looking for a fast speed of responses - from general customer service, and to applications and completion. It is felt that Affinity need to be quicker, with responses over 24hrs being recognised as too slow. [D-Mex Update and Wave 1 Results]

As well as fast responses, customers want clear programmes set out, and then delivered accordingly. Again, it was felt that Affinity Water are poor in this regard, (receiving a a poor rating for getting it right first time and keeping customers informed). [D-Mex Update and Wave 1 Results]

Customers want simple, clear, easy services and ideally, they would be able to complete everything online. [D-Mex Update and Wave 1 Results]

Affinity Water scored poorly on the Transaction Survey (DS) and when benchmarked scored poorly in the following areas:

- getting it right first time
- ease of obtaining information needed
- keeping you informed on progress
- quality of information available on website [D-Mex Update and Wave 1 Results].

5.5 Resilience

Support for investment for the longer-term emerged strongly through both the qualitative and quantitative research in this phase. Nearly 8 in 10 customers support Affinity Water investing now to ensure there's sufficient water in future. Only a very small minority (2%) actively oppose the principle, with the remaining 2 in 10 having no opinion either way. [Additional Resilience Investment Research: Online Customer Survey].

A number of reasons that Affinity Water needs to plan for the future were highlighted:

- All responsible companies have to plan for the future
- The risks and challenges for Affinity Water are not new or unique –many believe they are having an impact currently (but will become increasingly important) [Additional Resilience Investment Research: Qualitative Customer Research]
- Need to safeguard supply for next generation, own children/grandchildren
- Important economically for businesses to have constant supply and environmental reasons
- High expectations of constant, reliable supply - currently taken for granted [Additional Resilience Investment Research: Qualitative Customer Research]

- Ageing infrastructure has the highest perceived impact on Affinity Water's ability to provide customers with sufficient high quality water in five years' time. [Additional Resilience Investment Research: Online Customer Survey]
- Maintenance of pipes and fixing leaks are all perceived as important areas of AW future plans. [Additional Resilience Investment Research: Online Customer Survey]

The workshops and survey found that customers identified challenges relating to climate change, population increase and ageing infrastructure as being the greatest challenges for the future. Customers expect all issues to have a bigger impact in 20 years' time than in 5 years. [Additional Resilience Investment Research: Qualitative Customer Research, Additional Resilience Investment Research: Online Customer Survey]

A range of options were presented and discussed for investment in the future. The least controversial of which were to move more water locally, where needed and a new regional reservoir [Additional Resilience Investment Research: Qualitative Customer Research].

5.6 Vulnerability and social tariff

Six in ten (59%) Affinity Water customers say it would be acceptable to add an extra £1.50 each year to household water bills to assit an additional 25,000 households via the Social Tariff. Just over one third (36%) consider this to be unacceptable. 6% of customers don't mind [Phase 3 Final Acceptability Survey].

This echoes previous research during PR19. While customers support the principle of the Social Tariff, this is contingent on factors such as the number of customers supported, and the cost incurred to other households. When presented with a choice of propositions, a large minority opt for the status quo. Still, across all of the questions we have asked on the topic during PR19, a clear majority back an extension of the Social Tariff through an extra amount on household bills. [Phase 3 Final Acceptability Survey]

The age group that are most likely to find the expansion to the Social Tariff acceptable are 16-34 year olds and the income group that are most likely to find the expansion acceptable are those with the highest incomes; over £40,000. [Phase 3 Final Acceptability Survey]

When asked about Affinity Water's future plans, the areas which customers are less likely to think are important are ensuring all customers have a water meter and helping customers who struggle to pay their bills. 'Supporting vulnerable customers' ranked fairly low also. [Additional Resilience Investment Research: Online Customer Survey]

Nationally, the seven-year trend in awareness of priority services register is increasing but awareness remains low at 43% in England and Wales. [Water Matter: Household customer views on their water and sewerage services 2017]

6 Recommendations and next steps

6.1 For the Business Plan

In summary, the objectives from this phase have delivered the following findings, which can influence the final Business Plan:

- **82%** of customers consider the **final plan to be acceptable**, however, this drops when inflation and wastewater costs are added. This can provide confidence to take the final plan forward.
- Customers are supportive of **investing now for the future**, with **84%** stating it is acceptable to increase by **£1-£2 a year,** and three quarters by an extra £3-5 a year. Most customers can **afford their current bills** (96%) and a bill increase (92% and 89%). Affinity Water can therefore consider a plan that represents a small increase in bills.
- 59% say it would be acceptable and 6% don't mind to **add an extra £1.50** a year to assist a further 25,000 households via the Social tariff.
- Over 70% **support the ODI proposals** when presented with the possible bill impacts.
- **47% support** and **42% say they have no views** either way about expanding water treatment in **Sundon**.

In addition, with respect to developer services, we found that customers are looking for **fast responses, clear programmes and accurate delivery** from **developer services**. Affinity Water has an opportunity to develop an improvement programme, and set out an ambition to change in its Business Plan.

The overview of what customers have said has been updated to reflect the need for investment for the long-term.

6.2 For phase 4 and the transition to business as usual

Clear objectives have now been set for phase 4:

- Review our learning and experience from PR19 and compare to experiences across the industry
- Promote and support our community strategy by aligning stakeholder and community engagement activity
- Maximise opportunities to integrate customer feedback – from all sources to keep abreast of customer concerns and priorities
- Develop our engagement strategy for the long term.

Evidence from this phase will support the review in phase 4.

Annex 6: Phase 3 Revisiting and Assuring

Ph3.2 Phase 3 Final Acceptability Survey: Research report

Ipsos MORI
Social Research Institute

ARUP

Affinity Water

Phase 3 Final Acceptability Survey

Research report – August 2018

Ben Marshall, Michael Clemence and Teodros Gebrekal

Contents

Executive Summary

- The Business Plan Acceptability survey conducted face-to-face during April-May 2018 found the, then, three potential Plans were considered acceptable to customers. Each plan was rated very or fairly acceptable by between 74% and 78% of customers.

- For this report, Ipsos MORI interviewed 1,000 Affinity Water customers aged 16+ through its online panel between 10 and 22 July 2018. The survey presented participants with a revised, fully costed, core plan and gauged acceptability. It included bill impacts accounting for inflation and the addition of sewerage services.

- The survey found just **over eight in ten (82%) customers considering the plan acceptable**. While this is a statistically significant improvement on acceptability compared to the most acceptable plans tested in the Spring (J and K), these findings are not directly comparable given different approaches to sampling and questioning used in the two surveys. Still, again, we have found high levels of acceptability for the clean water bill for the period 2020-2025.

- We did, though, find a significant swing away from acceptability when the bill impact including **inflation** was presented. A clear majority of customers - just over six in ten (62%) - are positive about the bill impacts of this plan but the proportion rating it as *very* acceptable halved compared with the pre-inflation plan, and a third (33%) rated it unacceptable.

- We cannot be definitive about the reason for this movement in sentiment but the qualitative research conducted during the PR19 customer engagement programme suggests that some customers react negatively to the mention of inflation. This is probably because it introduces uncertainty about forecasts, but also some scepticism about how it can be used by companies across many sectors to justify price rises.

- Acceptability figures drop further for plans including the cost of sewerage: **Thames Water** - 51% very/fairly acceptable, **Anglian Water** - 48% very/fairly acceptable, **Southern Water** - 41% very/fairly acceptable. Thames Water is by far the biggest provider across the Affinity Water area with the result that the overall level of acceptability across all areas is 50%.

- These findings should be interpreted carefully, remembering the actual increase in bills (a doubling in many cases) and the potential effects of the order of presenting the bill including sewerage after a question about a bill excluding it (rather than in isolation) and one involving inflation. Also, the samples of customers are small for Anglian and especially Southern Water.

- Six in ten (60%) Affinity Water customers say it would be acceptable to add an extra £1.50 each year to household water bills if it means assisting an additional 25,000 households via the **Social Tariff**. Just over one third (36%) consider this to be unacceptable.

- This echoes previous research during PR19. While customers support the principle of the Social Tariff, this is contingent on factors such as the number of customers supported and the cost incurred to other households. When presented with a choice of propositions, a large minority opt for the status quo. Still, across all of the

questions we have asked on the topic during PR19, a clear majority back an extension of the Social Tariff through an extra amount on household bills.

- Customers support plans to expand Affinity Water's **water treatment in Sundon** rather than oppose them by a margin of four to one (47% to 11%), but 42% say they have "no views either way" probably reflecting the lack of detail at this stage.

- They are relatively cool on the concept of **performance incentives and penalties ('ODIs').** 39% support them, just over one in five (22%) are opposed, and the remainder don't have a view. But when presented with bill impacts, seven in ten find these acceptable; 71% for the 50p increase and 73% for the £4 reduction.

Conclusions

- Overall, this survey further demonstrates the acceptability of both Affinity Water's proposed clean water business plan and the proposed ODI system. This view is consistent across different groups of customers and geographies. We have also found majority support for the extension of the Social Tariff but some resistance to this.

- The swing towards lower levels of acceptability when clean and waste water bills are added, indicates that while water bills tend to compare favourably with other utilities (shown in other PR19 research), customers are sensitive to price rises. And the impact of inflation on customer attitudes highlights, perhaps, the ongoing need to build trust and credibility.

1 Introduction

1.1 Background

Ipsos MORI was commissioned by Affinity Water to undertake survey research as part of a series of work being undertaken to support PR19 and the development of their Business Plan for the period 2020-2025.

Following qualitative and quantitative research into the acceptability of different business plans – undertaken during April-May 2018 – Affinity Water compiled a single Business Plan. Variations of this final plan, with and without inflation and charges for sewerage, were tested in this survey.

1.2 Methodology

Ipsos MORI conducted an online survey of 1,000 Affinity Water customers aged 16+. Between 10 and 22 July 2018 customers were recruited to take part using the Ipsos MORI online survey panel. Recruitment and quotas targeted a representative sample of adults aged 16 and over resident in Affinity Water's eight service areas. The achieved sample profile and the effects of weighting are outlined in the Appendices of this report.

The survey was designed to provide a representative sample of customers across all areas served by Affinity Water, rather than a representative sample of customers of the three sewerage providers covering the Affinity Water area (Thames Water, Anglian Water and Southern Water), or of Affinity Water's eight Water Resource Zones. Consequently, the number of customers served by the three sewerage providers and within each WRZ is proportional to the size of the population within each area, ranging from 38 participants in the Brett WRZ to 268 in Pinn. As many of the regions (including the sample of Southern Water sewerage customers) have base sizes of under 100, they are not used for analysing the results of the survey.

1.3 Interpretation of data

Surveys generate estimates of the 'truth' which would only be available if a complete census of customers was undertaken. As a result, findings are subject to sampling tolerances and statistical confidence intervals, shown in the Appendices.

Survey data has been weighted to match the profile of the population living in Affinity Water areas by age and WRZ, based on 2011 Census data. Where percentages do not sum to 100, this is due to rounding of figures.

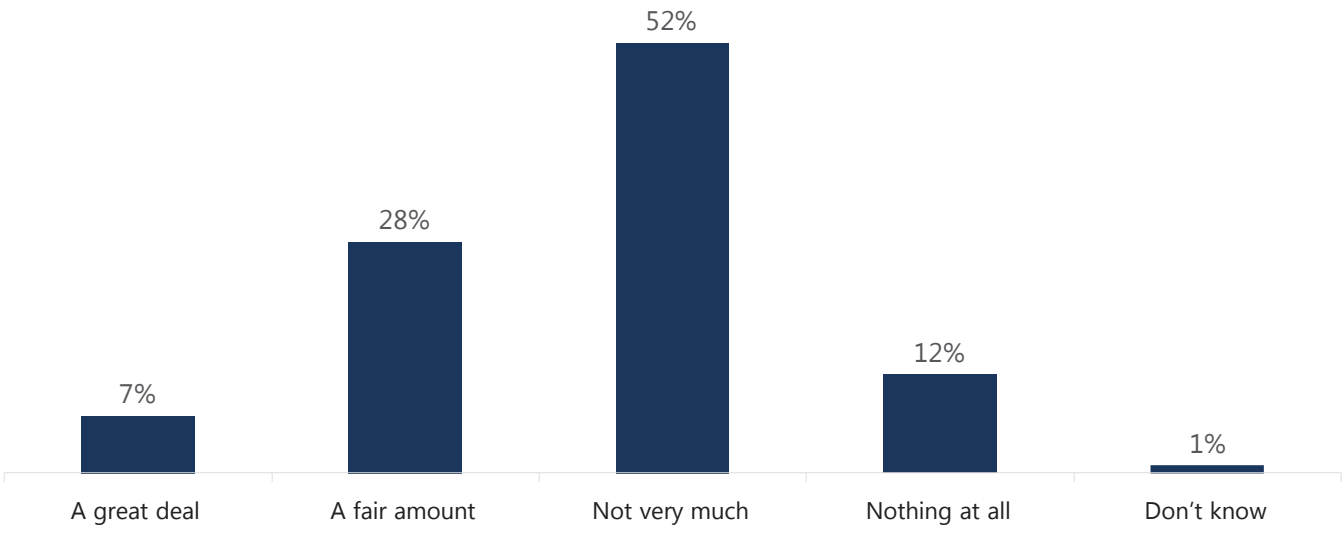
2 Context

The survey began by asking Affinity Water customers about their views of the company to provide context for analysis of subsequent questions about the acceptability of plans and also by way of an introduction to the main focus of the survey. Introduction questions included satisfaction with Affinity Water, experience of water service issues, and views on the affordability of water bills.

Knowledge of Affinity Water

Close to two-thirds (64%) say they know little or nothing about Affinity Water. While 52% say they do not know very much and a further one in eight, 12%, say they know nothing at all. Over a quarter (28%) say they know a fair amount about the company but only seven per cent feel they know a great deal.

Figure 2.1: How much, if anything, would you say you personally know about Affinity Water?



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Older customers are more likely than average to feel less well informed about Affinity Water, with 70% of 55-75-year olds saying they know either nothing at all or not very much. This compares with two thirds of 35-54 year olds (66%) and just over half of 16-24 year olds who say the same thing (54%). Familiarity is also higher among those in receipt of benefits (43% know at least a fair amount, compared with 33% of those who do not receive benefits).

These figures reflect others recorded across the research programme. In the three online surveys conducted so far, each time around half of Affinity Water customers feel they know a little about the company, a quarter feel like they know a fair amount, and fewer than one in ten feel that they know a great deal.

Table 2.1: Comparative data: Familiarity with Affinity Water

How much, if anything, would you say you personally know about Affinity Water?	**July 2018** *1,000 sample online*	**April – May 2018** *1,000 sample online (dWRMP survey)*	**January 2018** *500 sample online (Social Tariff survey)*
A great deal	**7%**	4%	5%
A fair amount	**28%**	25%	35%
Not very much	**52%**	54%	47%
Nothing at all	**12%**	16%	11%
Don't know	**1%**	1%	2%

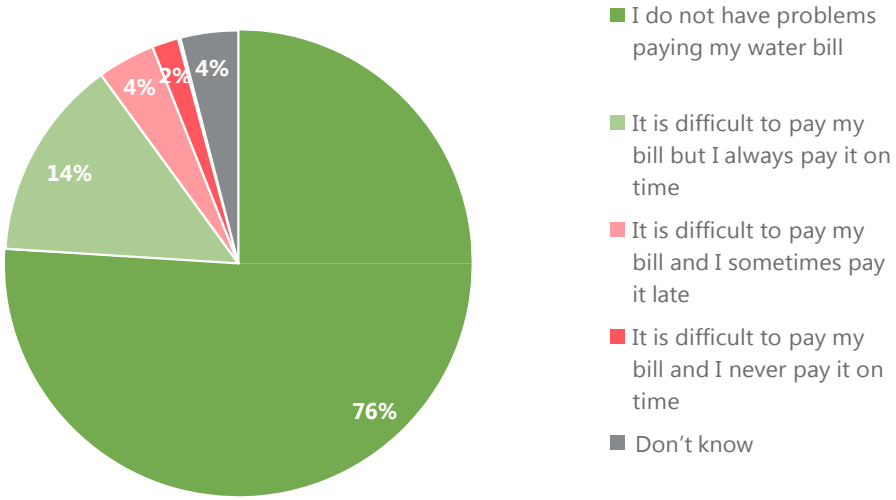
Affordability

Three-quarters (76%) of Affinity Water customers report no difficulties in paying their overall water bill:

How easy or difficult do you find it to pay your current water bill? We are interested in your TOTAL water bill overall, that is including CLEAN and WASTE (sewerage) water services.

A further 14% say they experience some difficulties in paying, but always pay on time. Six per cent of customers encounter greater problems with paying their bills, leading to overdue payments either sometimes (4%) or all the time (2%).

Figure 2.2: How easy or difficult do you find it to pay your current water bill?



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Difficulty in paying water bills differs by tenure. Those who own their own homes (and tend to be wealthier) are the most likely to say they have no problems paying their water bill (86%), while social and private renters are more

likely to experience difficulties (64% have no problems). In a similar vein, those in receipt of benefits are also more likely to find paying water bills a struggle; just over half experience no problems (55%) and close to one in five pay their bills late some or all of the time (18%).

The data in Table 2.2 below also shows that a large proportion of Affinity Water customers do not have problems with paying bills. There is some variability in these results, although this may reflect differences in the methodology as the only point of comparison is with the face-to-face Business Plan 'acceptability' survey undertaken in April-May which used different survey quotas (including tenure and WRZ) to the online version and will have included customers who are offline.

Table 2.2: Comparative data: Affordability of bills

How easy or difficult do you find it to pay your current water bill?	**July 2018** *1,000 sample online*	**April – May 2018** *825 sample face-to-face (Business Plan acceptability survey)*
I do not have problems paying my water bill	**76%**	87%
It is difficult to pay my bill, but I always pay it on time	**14%**	7%
It is difficult to pay my bill and I sometimes pay it late	**4%**	3%
It is difficult to pay my bill and I never pay it on time	**2%**	2%
Don't know	**4%**	1%

3 Investment Plans: Customer acceptability

The survey presented customers with a business plan in overview including details of projected annual average household bills over the 2020-2025 five-year billing period. At first, the clean water only plan impact was presented (with and without estimates of the rate of inflation), before the projected costs from the three sewerage providers covering the Affinity Water area were included. Participants only saw the costs for the sewerage provider for their household address. At each stage, customers were asked whether or not they found the presented plan to be acceptable. This section reviews the findings of these questions.

3.1 Clean water only plans – customer acceptability

The first plan question began with a description of the business planning process, provided below:

Household water bills are set every five years. They are based on an agreement between each water company and Ofwat, the Government regulator. In setting future bills, Affinity Water and the regulator Ofwat take account of the interests of customers and also ensure that legally required standards for water services are met e.g. ensuring tap water is safe to drink.

Affinity Water have developed a plan that sets out the investments that are needed to maintain and improve water services from 2020 to 2025.

Please take a minute to look at this outline of the plan and the average household water bill for CLEAN water, excluding the WASTE water (sewerage) bill.

The details of the plan given to participants were as follows:

Figure 3.1: Clean water only plan (no inflation) – stimulus

Plan outline *CLEAN water only*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

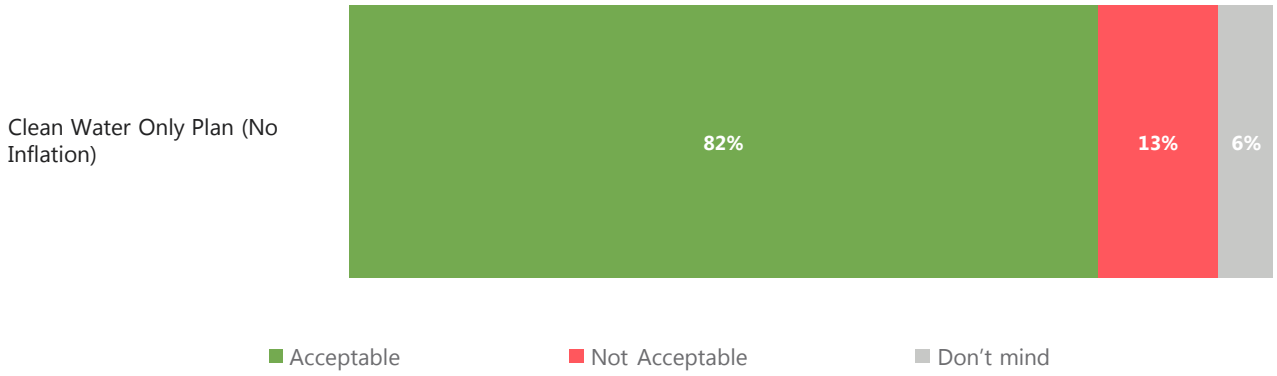
Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year	
2018/19	**£173.53**
2019/20	**£168.77**
2020/21	**£172.40**
2021/22	**£172.40**
2022/23	**£172.40**
2023/24	**£172.40**
2024/25	**£172.40**

Just over eight in ten customers feel this plan is acceptable (82%). One quarter (25%) say it is *very* acceptable and a further 56% consider it *fairly* acceptable. Thirteen per cent found this plan to be unacceptable (9% fairly unacceptable and 2% very unacceptable).

Figure 3.2: Taking all things into account how acceptable or unacceptable do you think this plan is?



Base: 1000 /1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Acceptability of this plan is broadly even across most customer groups. A clear majority of customers of all ages find the plan acceptable. So too do those in receipt of benefits and those who are not, customers with water meters and those without.

Table 3.1: Clean water only plan (without inflation)

Clean water only plan (without inflation)	Very acceptable	Fairly acceptable	Not very acceptable	Not acceptable at all	Don't mind	*Acceptable (NET)*
Total	**26%**	**56%**	**10%**	**2%**	**5%**	***82%***
Male	28%	53%	11%	3%	5%	***81%***
Female	24%	60%	9%	2%	6%	***84%***
Aged 16-34	23%	59%	11%	1%	6%	***82%***
Aged 35-54	28%	55%	9%	3%	5%	***83%***
Aged 55+	26%	55%	10%	3%	5%	***82%***
Have Meter	31%	55%	8%	2%	5%	***85%***
No meter	22%	59%	11%	3%	5%	***81%***
White	28%	55%	9%	2%	6%	***83%***
BME	16%	62%	16%	2%	4%	***78%***
Main bill payer	30%	53%	10%	3%	4%	***83%***
Not the main bill payer	20%	62%	10%	2%	7%	***82%***
Benefits recipient	33%	49%	10%	3%	5%	***82%***
Not a benefits recipient	24%	58%	10%	2%	5%	***82%***
1 – Misbourne*	30%	59%	3%	3%	5%	***88%***
2 – Colne*	23%	56%	13%	3%	5%	***79%***
3 – Lee	24%	54%	13%	2%	6%	***79%***
4 – Pinn	24%	59%	11%	2%	4%	***83%***
5 – Stort*	36%	52%	6%	*	5%	***89%***
6 – Wey	29%	52%	9%	2%	7%	***82%***
7 – Dour*	`16%	72%	5%	2%	5%	***88%***
8 – Brett*	23%	50%	13%	3%	11%	***73%***

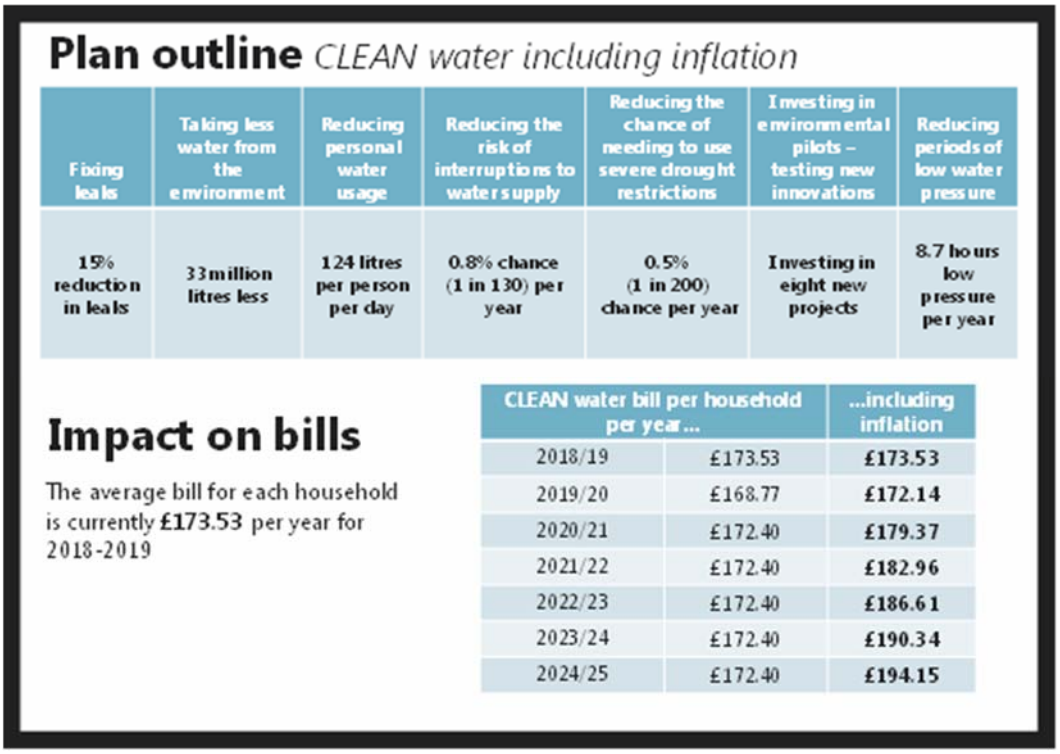
*Figures that are significantly different to the overall population are underlined. Groups with * are too small to be considered statistically robust.*

Acceptability was lower for the second plan which included inflation projections:

The table below shows CLEAN water bills, taking inflation into account. Inflation is the rate of increase in prices for goods and services and Affinity Water expect a 2% increase each year due to inflation. When considering the impact of inflation on bills please bear in mind that incomes and pensions can also rise in line with inflation, which can offset the increase in the cost of goods and services.

Just over six in ten (62%) of customers support this version of the plan. However, the proportion who are most positive, rating it *very* acceptable, halved compared with the pre-inflation plan, from 25% to 12%. A third (33%) say it is unacceptable, a twenty-percentage point increase compared with the pre-inflation plan.

Figure 3.3: Clean water only plan (with inflation) – stimulus



Plan outline *CLEAN water including inflation*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year...		...including inflation
2018/19	£173.53	**£173.53**
2019/20	£168.77	**£172.14**
2020/21	£172.40	**£179.37**
2021/22	£172.40	**£182.96**
2022/23	£172.40	**£186.61**
2023/24	£172.40	**£190.34**
2024/25	£172.40	**£194.15**

As with the pre-inflation plan, acceptability is relatively similar across different groups of customers (shown Table 3.2 below). One notable example is those from black and minority ethnic backgrounds, among whom just over half see the plan as acceptable (53%), compared with 64% of those from white backgrounds.

Table 3.2: Clean water only plan (with inflation)

Clean water only plan (with inflation)	Very acceptable	Fairly acceptable	Not very acceptable	Not acceptable at all	Don't mind	*Acceptable (NET)*
Total	**12%**	**50%**	**25%**	**8%**	**5%**	***62%***
Male	14%	49%	23%	10%	5%	***62%***
Female	10%	52%	28%	5%	6%	***62%***
Aged 16-34	11%	51%	28%	5%	4%	***63%***
Aged 35-54	12%	48%	25%	9%	5%	***61%***
Aged 55+	12%	51%	23%	8%	6%	***63%***
Have Meter	15%	50%	25%	7%	4%	***64%***
No meter	10%	52%	24%	9%	5%	***62%***
White	12%	52%	24%	7%	6%	***64%***
BME	12%	41%	32%	12%	3%	***53%***
Main bill payer	13%	50%	24%	9%	4%	***63%***
Not the main bill payer	10%	51%	27%	5%	7%	***61%***
Benefits recipient	13%	45%	26%	10%	4%	***59%***
Not a benefits recipient	11%	51%	25%	7%	5%	***63%***
1 – Misbourne*	10%	58%	17%	10%	5%	***68%***
2 – Colne*	12%	52%	24%	7%	5%	***64%***
3 – Lee	11%	48%	30%	7%	5%	***59%***
4 – Pinn	12%	48%	25%	9%	5%	***60%***
5 – Stort*	15%	51%	27%	2%	5%	***65%***
6 – Wey	15%	48%	26%	4%	7%	***63%***
7 – Dour*	10%	50%	29%	8%	3%	***60%***
8 – Brett*	4%	56%	15%	21%	5%	***60%***

*Figures that are significantly different to the overall population are underlined. Groups with * are too small to be considered statistically robust.*

The impact of inflation

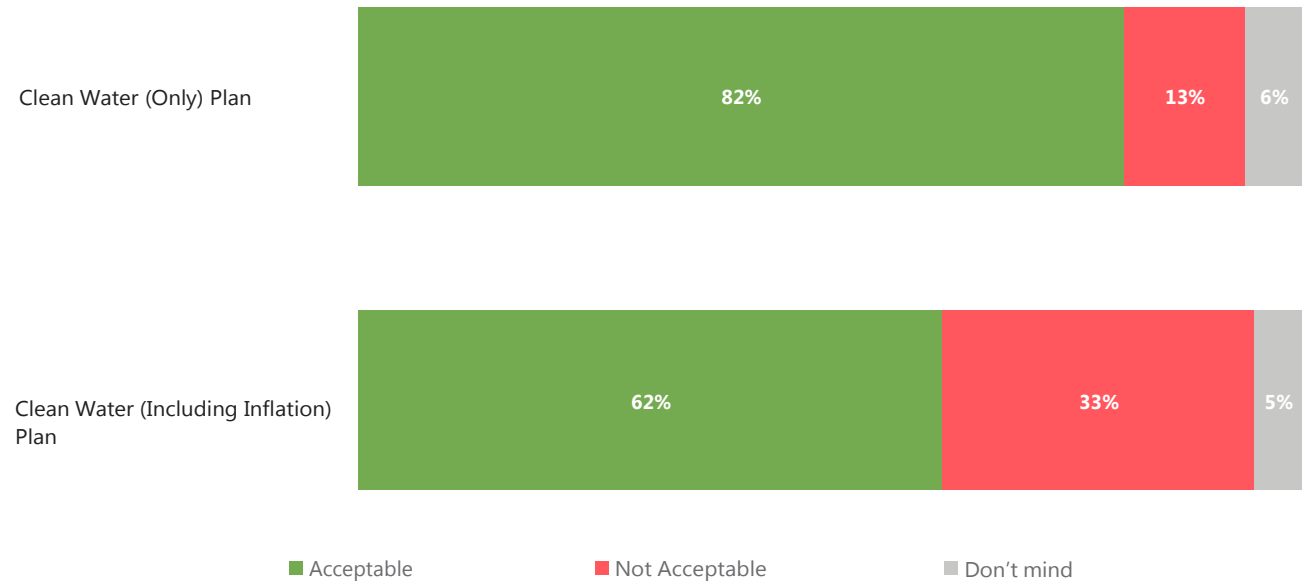
Although both versions of the clean water only plan are acceptable to a majority of customers, there is a relative, and statistically significant, drop in acceptability between the two plans despite their only differing by small amounts per bill per household. Experience from qualitative research conducted during the PR19 customer engagement round suggests that some customers react negatively to the mention of inflation in relation to future prices. These customers tend to view inflation in sceptical terms as a way to promise lower prices in the short term, then use inflation as an excuse to raise them in the future:

"It doesn't include inflation... Well of course, it's their get-out clause – who can forecast inflation?"
Affinity Water Customer, Watford – Business Plan comparison focus groups

Other data on public attitudes to inflation shows that the public expectation is higher than the two per cent assumed by Affinity Water in their calculations; the most recent wave of the Bank of England's Inflation Attitudes Survey showed the median public expectation for inflation over the next five years is an increase of 3.6% - while four in ten have no idea what the level of inflation will be over that period.[1]

Against this backdrop, the term "inflation" may be having an impact on public acceptability. The mention of inflation, and the potential increase in incomes (a point disputed by many in the open text questions, described below), could possibly suggest an element of uncertainty in the estimates that are being provided, and seems to move some customers to a more sceptical, less favourable position.

Figure 3.4: Acceptability with and without inflation



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Reasons for finding the plans unacceptable

Those customers who found the clean water plan with inflation unacceptable were asked an open-ended question to understand more about their decision.

Cost was the principal reason for rejecting the plan, although this single factor was multifaceted, with customers giving a variety of reasons related to cost:

- For some, the cost of the plan itself was too much. While this was commonly because participants were worried about making ends meet, others look at clean water as a right rather than a commodity and are opposed to being billed for it by a private company.

[1] https://www.bankofengland.co.uk/inflation-attitudes-survey/2018/may-2018

- Another reason given was the lack of reciprocity with the cost increase – some said that prices should not be rising while people are reducing their water usage. Others noted that their salaries (or pensions) were not going up by two per cent, meaning that bills are increasing relative to their earnings

- The perception that the increase would be handed straight on to shareholders rather than invested also featured.

- The inflationary rise was also a cost-based reason for rejecting the plan. As noted above, some did not believe the two per cent rate quoted in the stimulus, while others disagreed with the notion of water being treated like other products and subject to inflation.

- Some were dissatisfied with Affinity Water's performance and gave this as their reason for opposing the plan. This was a strategic objection – the 15% leakage reduction rate was considered too low and Affinity Water should not be able to charge more unless it is raised – while others cited specific and local examples or leaks or poor customer service.

Customers rejecting plans

From the analysis of these two questions, there are two key groups of interest – those who found the initial plan acceptable but changed their mind when inflation was added, and those who found both plans unacceptable. Both groups are detailed below:

Inflation rejectors - 21% of the sample changed their mind when the same plan was presented with inflation added. Three main groups stand out within this subsection of Affinity Water customers:

- Customers in this group are more likely to be **female** than the overall sample – 57% of those who changed their mind due to inflation are women, compared with a figure of 53% of all Affinity Water customers.

- Customers from **black and minority ethnic backgrounds** are similarly over-represented with 22% of this group coming from these backgrounds, against 17% of all customers.

- Those with **lower household incomes** are also more likely to reject the plan with inflation added. Twenty-two per cent of those in this group come from households with incomes below the Social Tariff threshold (£16,105 per year), compared with 18% of all customers.

Serial rejectors – 11% of Affinity Water customers found both plans – with and without inflation – unacceptable. Two key groups are more likely to be serial rejectors than the average:

- **Men** are more likely than women to feature in this group – 54% are male and 46% are female, compared to the overall customer profile of 47% and 53%.

- Those from **black and minority ethnic backgrounds** were again more likely to be rejectors. A quarter of the serial rejector group come from non-white backgrounds (24%), above the 17% figure for all customers.

3.2 Clean and waste water plans – customer acceptability

After reviewing the acceptability of Affinity Water's plans for clean water billing, participants were asked for their views on the acceptability of impact of the plans on overall household water bills for 2020-2025 including sewerage charges.

Three sewerage firms serve Affinity Water's customers: the large majority receive waste water services from Thames Water, a smaller proportion (in the Stort, Lee and Brett Water Resource Zones) are served by Anglian Water, and the smallest number, those living in the Dour Water Resource Zone around Folkestone, are customers of Southern Water.

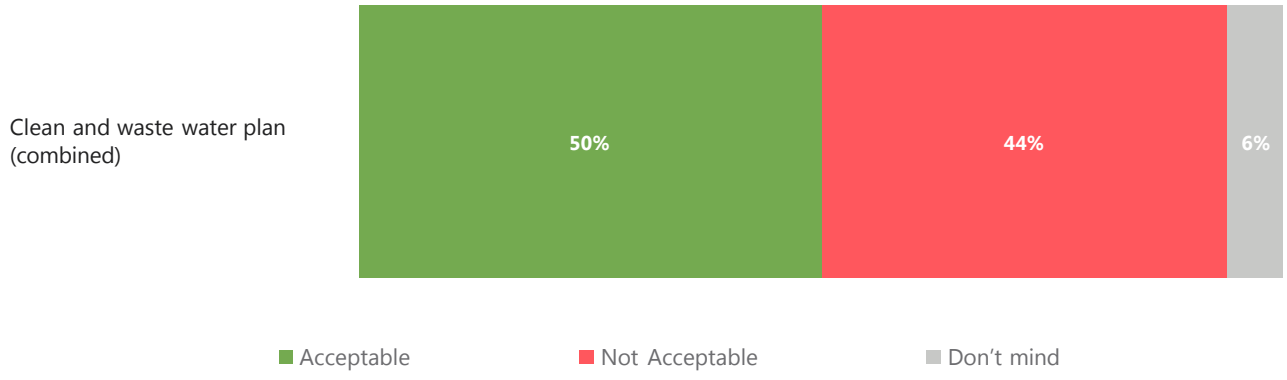
Figures from customers of all three sewerage companies are presented below, but it should be noted that small base sizes – especially for Southern Water – mean that in some cases the figures should be seen as illustrative; they are not representative of the wider customer base and have wide confidence intervals.

Table 3.3: Sewerage customers – base sizes

	Thames Water	Anglian water	Southern Water
Base size	**838**	**105**	**57**

Across all three customer groups, acceptance of the combined plans stands at 50%. Forty-four per cent of all Affinity Water customers consider the plans unacceptable, and the remaining six per cent say they do not mind.

Figure 3.5: Clean and waste water plans – combined acceptability



Base: 1,000 adults aged 16+ from across the Affinity Water customer areas, July 2018

This overall figure breaks down to different levels of acceptability depending on which sewerage provider costs are included. The headline acceptability figures for the three plans are listed below:

- **Thames Water**: 51% very/ fairly acceptable

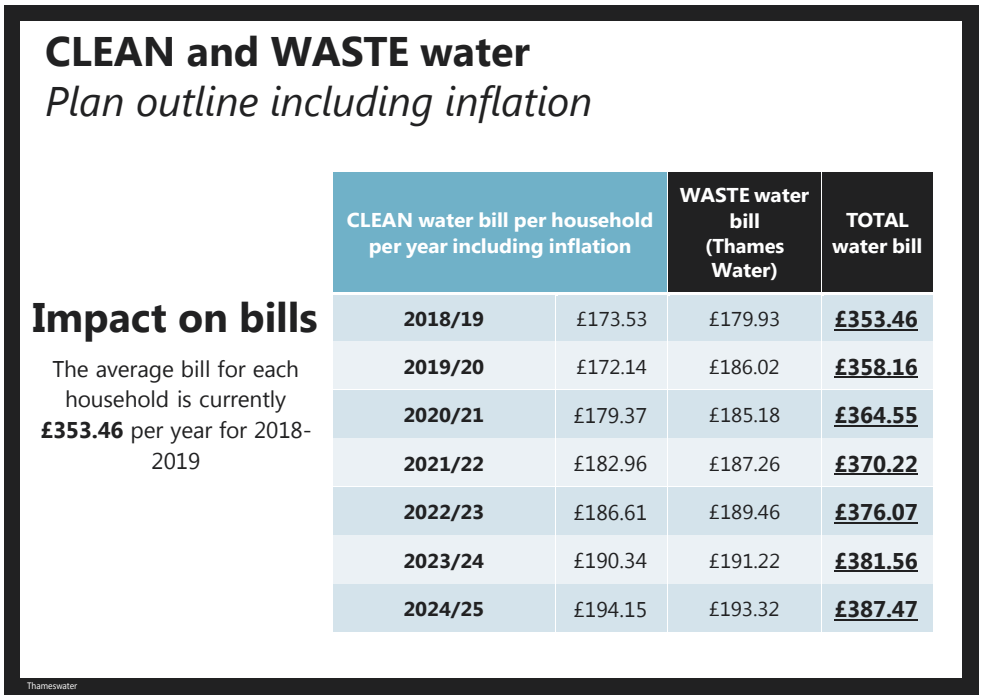
- **Anglian Water**: 48% very/ fairly acceptable
- **Southern Water**: 41% very/ fairly acceptable

These are explored in further detail below.

Clean and waste water plans (Thames Water) – customer acceptability

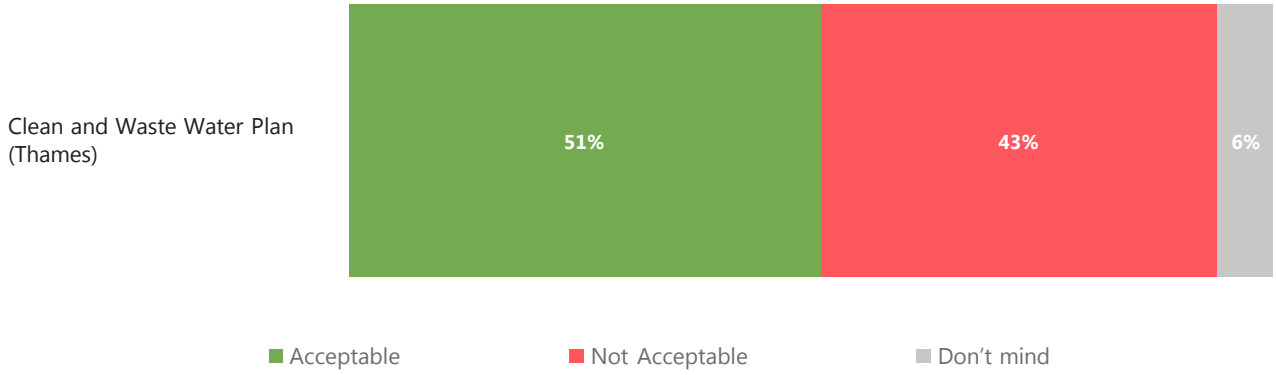
Affinity Water customers receiving sewerage services from Thames Water were shown their projected combined household water bill over the 2020-2025 period – the full detail provided to participants is below:

Figure 3.6: Complete water bill information – Thames Water



Half of these customers considered this plan to be acceptable (51%) and six per cent said they did not have a view on whether the bill was acceptable or not. A substantial minority – 43% of customers – found this bill unacceptable.

Figure 3.7: Customer acceptability – complete water bill (Thames Water)



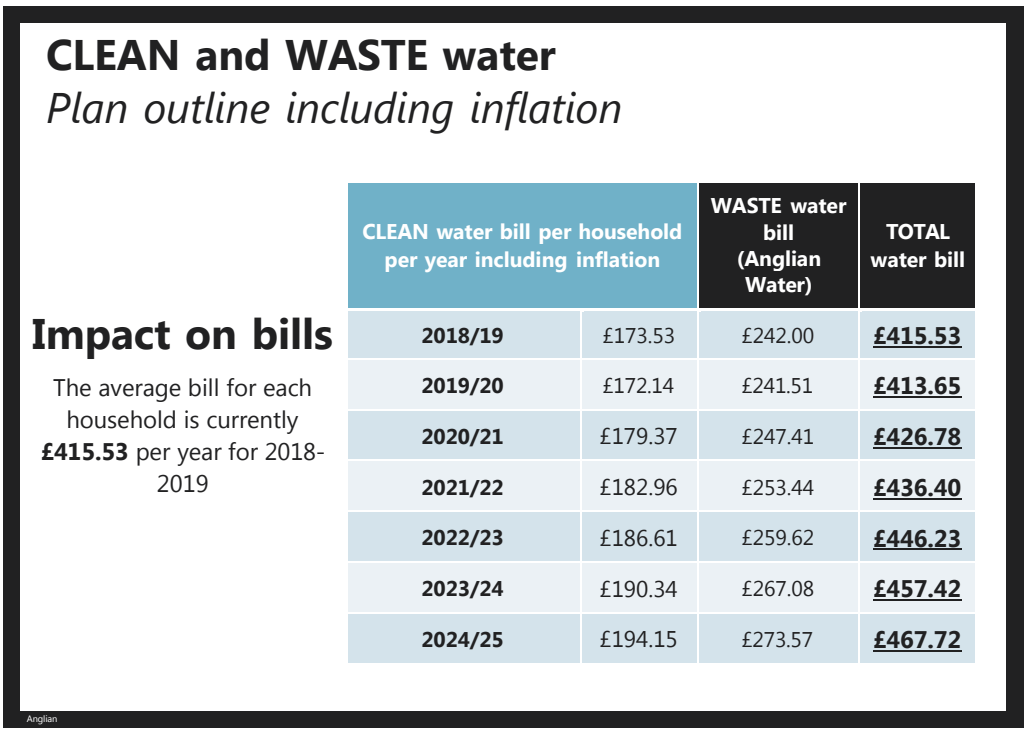
838 Affinity Water and Thames Water customers aged 16+, July 2018

Levels of acceptability are uniform across all customer subgroups, with roughly half of both homeowners and renters (51% each), men and women (52%, 50%) and people of all ages (16-34: 55%; 35-54: 48%; 55+: 51%) saying the plan's impact on bills is acceptable to them.

Clean and waste water plans (Anglian Water) – customer acceptability

The 105 participants who live in Affinity Water areas served by Anglian Water were given different stimulus providing detail of their projected bill amounts when charges from Anglian were included:

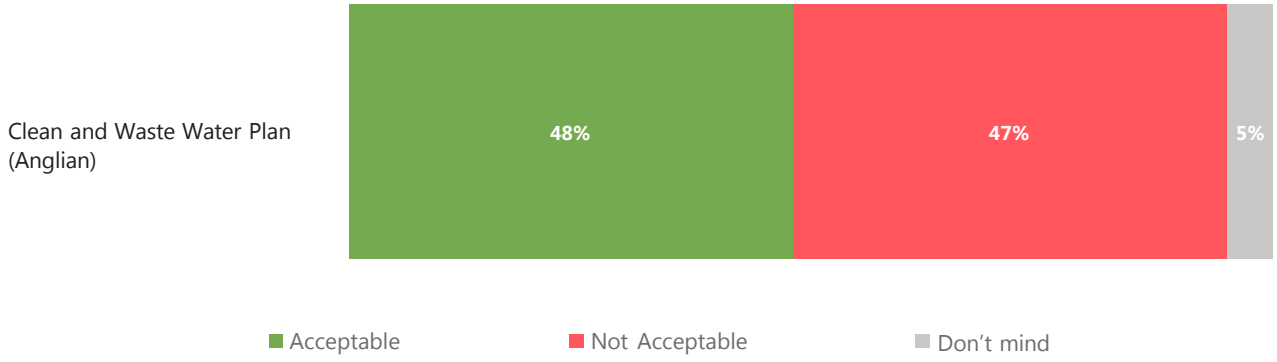
Figure 3.8: Complete water bill information – Anglian Water



	CLEAN water bill per household per year including inflation	WASTE water bill (Anglian Water)	TOTAL water bill
2018/19	£173.53	£242.00	**£415.53**
2019/20	£172.14	£241.51	**£413.65**
2020/21	£179.37	£247.41	**£426.78**
2021/22	£182.96	£253.44	**£436.40**
2022/23	£186.61	£259.62	**£446.23**
2023/24	£190.34	£267.08	**£457.42**
2024/25	£194.15	£273.57	**£467.72**

As with Thames Water customers, around half of Affinity Water customers who received sewerage services from Anglian Water find the proposed bill impact to be acceptable (48%). However the same proportion say that the proposed plan is unacceptable (47%).

Figure 3.9: Customer acceptability – complete water bill (Anglian Water)

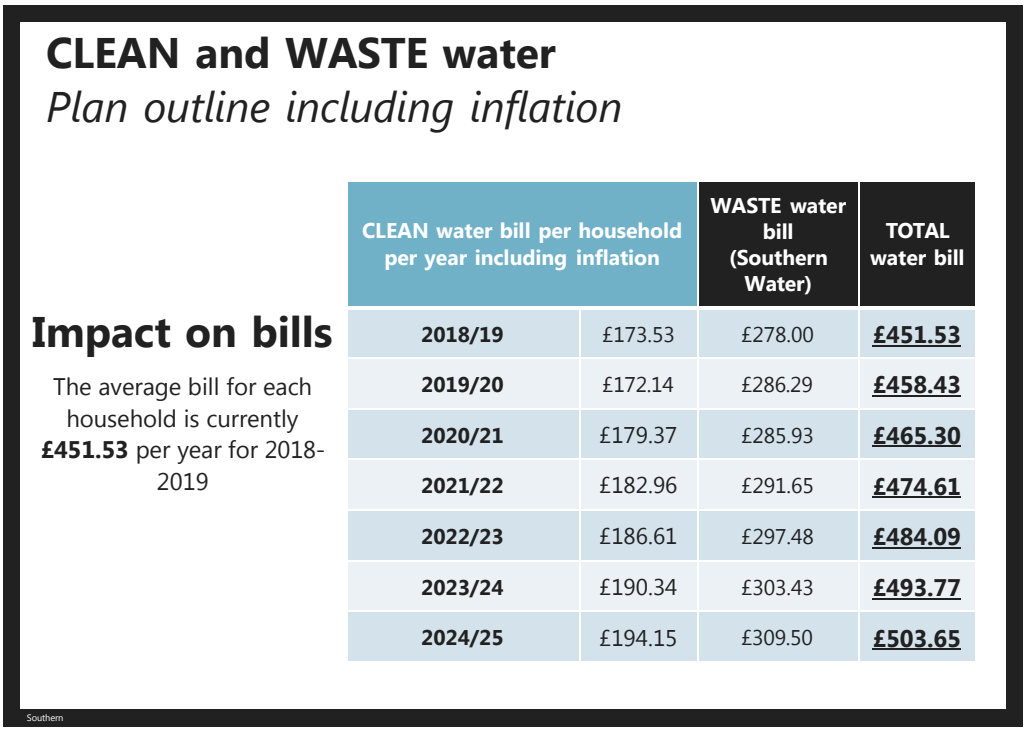


105 Affinity Water and Anglian Water customers aged 16+, July 2018

The number of customers in this sample is small, reflecting the overall number of Affinity Water customers living in Anglian Water sewerage areas. This means that statistically significant sub-group analysis is not possible. However, as with Thames Water customers there appears to be little variation between groups on the overall acceptability of Affinity Water's plan.

Clean and waste water plans (Southern) – customer acceptability

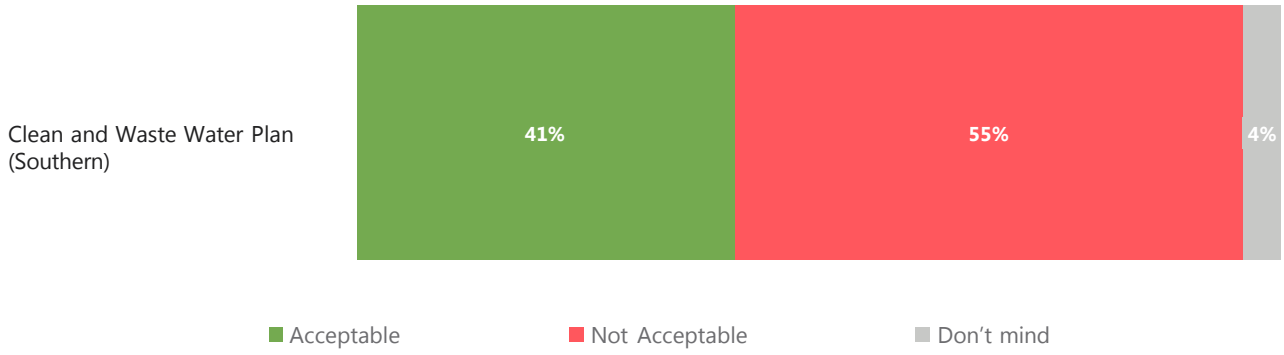
The third and smallest customer group – those living in the Dour Water Resource Zone, who receive sewerage services from Southern Water – were also shown a different stimulus that presented bill amounts with Southern Water's projected costs included:



	CLEAN water bill per household per year including inflation	WASTE water bill (Southern Water)	TOTAL water bill
2018/19	£173.53	£278.00	**£451.53**
2019/20	£172.14	£286.29	**£458.43**
2020/21	£179.37	£285.93	**£465.30**
2021/22	£182.96	£291.65	**£474.61**
2022/23	£186.61	£297.48	**£484.09**
2023/24	£190.34	£303.43	**£493.77**
2024/25	£194.15	£309.50	**£503.65**

Acceptability for this variation of Affinity Water's Business Plan appears to be lower than the others, with 41% finding it acceptable and over half (55%) saying it is unacceptable. However, the very small base size (just 57 participants) means that these figures cannot be considered significantly different from the other findings.

Figure 3.10: Customer acceptability – complete water bill (Southern Water)



57 Affinity Water and Southern Water customers aged 16+, July 2018

The small overall base size of the Southern Water customer sample means that subgroup analysis is not possible.

4 Other propositions

The survey also gathered customer views on other proposed plans for the next water billing period, including expansion to the Social Tariff, the expansion of a water treatment plant in Sundon, and the possibility of introducing a benefit and sanction model to incentivise water company performance. Customers' views are described below.

4.1 Social Tariff expansion

One idea under consideration is to expand the coverage of Affinity Water's Social Tariff. Previous research by Ipsos MORI in this area has found that while there is wide public support for the principle of the Social Tariff, customers' support is contingent on factors such as the number of customers supported and the cost incurred to other households. The data has shown that support drops most strongly where elements are left uncosted (e.g. a bill impact is mentioned but not specified).

In this survey we provided information on both the scope of the proposed expansion of the Social Tariff and its cost to households. The information provided is shown below:

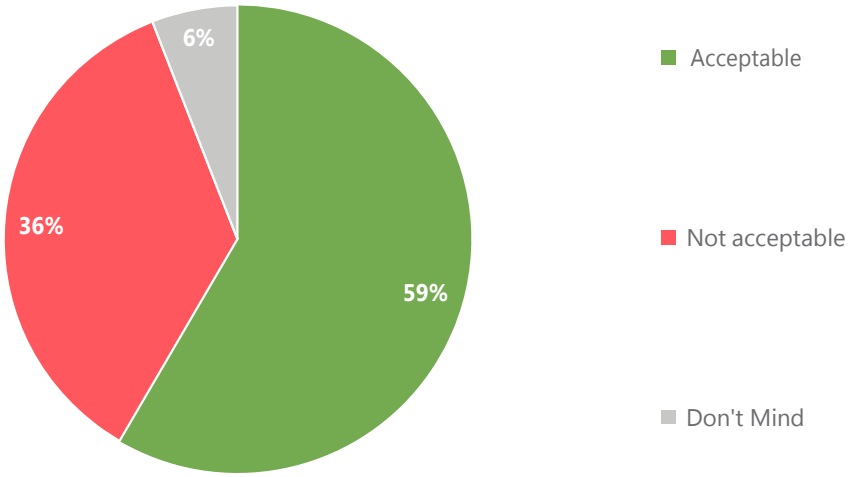
Water companies have the Government's permission to introduce Social Tariffs in order to reduce the water bill of those customers finding it difficult to pay. This is subject to guidance and water companies need to show that they have the support of customers.

The current Social Tariff caps the water bill for households with an income below £16,105 per year. Currently, 51,000 have capped water bills, about 3.8% of all Affinity Water customers. This costs every household £3 a year.

Affinity Water propose adding an extra £1.50 each year to all household's water bills, to support an additional 25,000 customers, and taking the total spend to £4.50 a year (excluding inflation) from 2020 to 2025. This amount is already included in the bill amounts provided in previous questions.

Six in ten (60%) of Affinity Water customers find the proposition to add an extra £1.50 each year to household water bills to extend the Social Tariff to be acceptable. Just over one third (36%) consider it unacceptable.

Figure 4.1: Extending the Social Tariff – acceptability



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Acceptability of this expansion to the Social Tariff is higher among younger customers (aged 16-34), those in receipt of benefits, and those who rent their home: two in three customers in these groupings find this proposal acceptable (67%, 68% and 68% respectively), compared with 59% overall. Yet those with household incomes at or below the Social Tariff threshold (£16,105 per annum) are no more likely to find this plan acceptable than average (59%). The income group most likely to say this plan is acceptable is in fact those with the highest incomes – 63% of those in households earning £40,000 or more per year find the plan acceptable.

By contrast, as shown in Table 4.1, no customer subgroups stand out for finding this plan more unacceptable than the average.

Table 4.1: Extending the Social Tariff

Extending the Social Tariff	Very acceptable	Fairly acceptable	Not very acceptable	Not acceptable at all	Don't mind	*Acceptable (NET)*
Total	**15%**	**44%**	**23%**	**13%**	**6%**	***59%***
Male	17%	42%	20%	14%	6%	***59%***
Female	14%	45%	25%	11%	5%	***59%***
Aged 16-34	17%	51%	17%	10%	5%	***67%***
Aged 35-54	17%	38%	24%	16%	6%	***54%***
Aged 55+	13%	44%	27%	11%	6%	***56%***
Have Meter	16%	42%	26%	11%	4%	***58%***
No meter	15%	46%	20%	15%	4%	***61%***
White	16%	44%	23%	12%	6%	***60%***
BME	12%	42%	23%	17%	6%	***54%***
Main bill payer	17%	42%	23%	13%	5%	***59%***
Not the main bill payer	13%	45%	22%	13%	7%	***58%***
Benefits recipient	26%	41%	15%	12%	6%	***68%***
Not a benefits recipient	13%	44%	25%	13%	6%	***57%***
1 – Misbourne*	18%	47%	19%	13%	3%	***65%***
2 – Colne*	16%	46%	23%	9%	7%	***62%***
3 – Lee	14%	42%	24%	13%	7%	***56%***
4 – Pinn	17%	41%	24%	14%	4%	***58%***
5 – Stort*	12%	51%	27%	3%	7%	***63%***
6 – Wey	17%	44%	18%	13%	8%	***61%***
7 – Dour*	11%	43%	24%	18%	5%	***53%***
8 – Brett*	9%	38%	25%	24%	5%	***46%***

*Figures that are significantly different to the overall population are underlined. Groups with * are too small to be considered statistically robust.*

4.2 Sundon treatment plant expansion

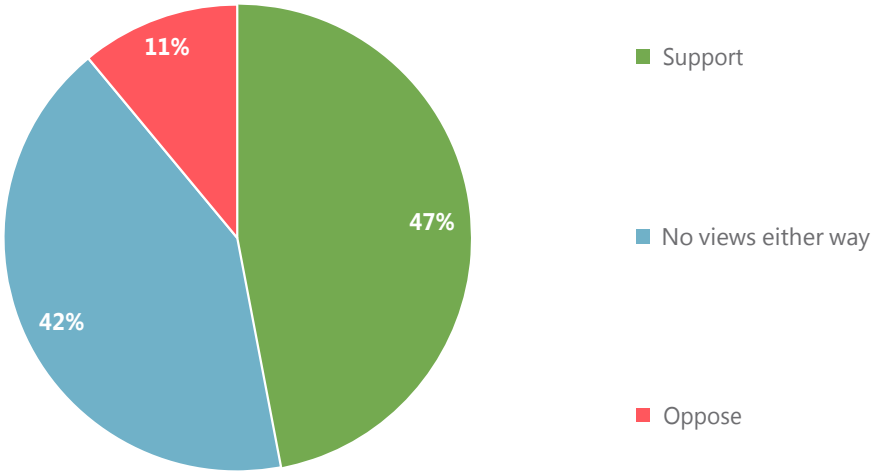
A proposal to expand a water treatment plant at Sundon to allow Affinity Water to import water from other companies was introduced with the following information:

Affinity Water proposes to import water from Anglian Water, a neighbouring water company, in order to ensure that it has enough water to supply to customers across the whole of the Affinity Water area. The water would need to be treated and Affinity Water wants to expand its water treatment plant at Sundon, Bedfordshire. The cost of this is already included in the bill amounts provided in previous questions.

In principle, to what extent do you support or oppose this proposal, or do you have no views either way?

Many Affinity Water customers do not have a view on plans to expand Affinity Water's water treatment in Sundon – 42% say they have "no views either way". Close to half support the proposal (47%), more than four times the eleven per cent who are opposed.

Figure 4.2: Sundon treatment facility – customer support



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Generally, customer support for this proposal is similar between different customer groups, although it is slightly higher among men (52%) and those living in metered households (53%). Half of those who are not main bill payers (50%, compared with 36% of main household bill payers), and close to half of women (47%, compared with 36% of men) say they have no views either way on this matter.

Opposition to the plan shows less variation, with no significant differences between subgroups. This is the same across different Water Resource Zones, regardless of their proximity to the plant in Sundon under discussion.

4.3 Performance incentives

Views on the system in principle

Customers were asked a series of questions to gauge their support for a system of rewards and sanctions ('ODIs') to encourage water companies to exceed targets agreed with Ofwat. Overall, four in ten agreed with the system in principle, with support rising further when the specific bill impacts of the system were revealed.

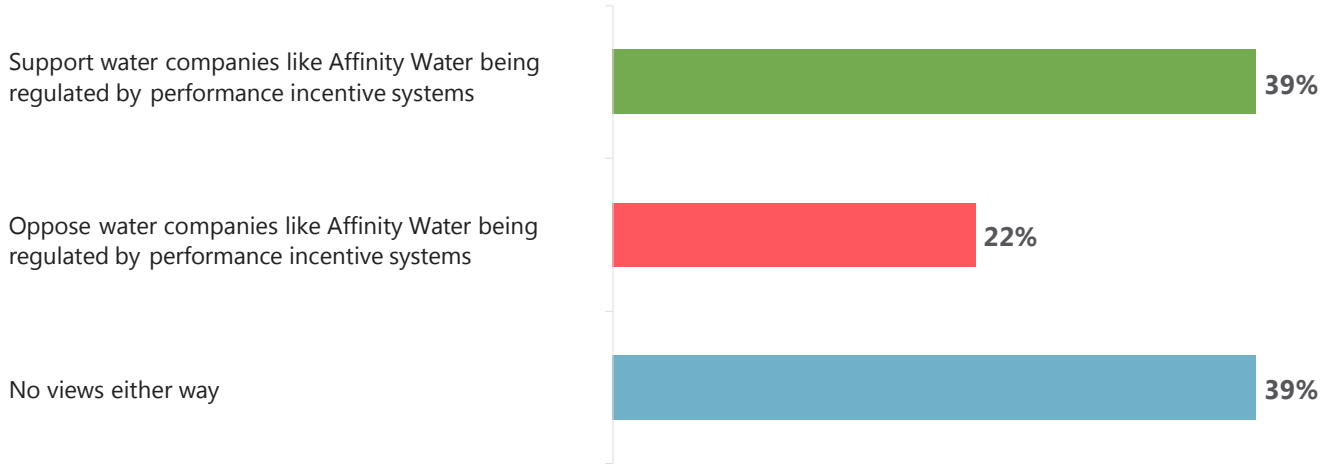
Firstly, customers were given this introduction to the proposed system

Water companies develop Business Plans and bills in consultation with customers. They set out what they plan to do and agree this with Ofwat, the Government regulator. They also agree a set of "performance commitments" or targets, designed to challenge companies to work harder to achieve higher levels of performance.

How well water companies do against these targets will have an impact on bills. If companies such as Affinity Water beat their targets they can increase customer bills by a small amount. If they fail to do so, they must reduce customer bills by a small amount.

Four in ten customers (39%) support the use of ODIs in principle. The same proportion (39%) do not have any views, and just over one in five (22%) are opposed to the concept.

Figure 4.3: Customer support for ODIs



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Support for this system was greater among men than women (44% compared with 34%) and was also higher among those with higher household incomes; 44% of those with incomes higher than £40,000 per year support this idea, compared with 34% of those with incomes below the Social Tariff threshold (£16,105 per year).

In common with customer views on other propositions, opposition tends to be even across subgroups, with greater variability in the proportion saying they have no views either way. Subgroups more likely not to give an opinion include women (42%, compared with 37% of men), those who rent their homes (45%, against 38% of homeowners), and those who do not have main bill-paying responsibility in their household (44%, compared with 37% of main bill payers).

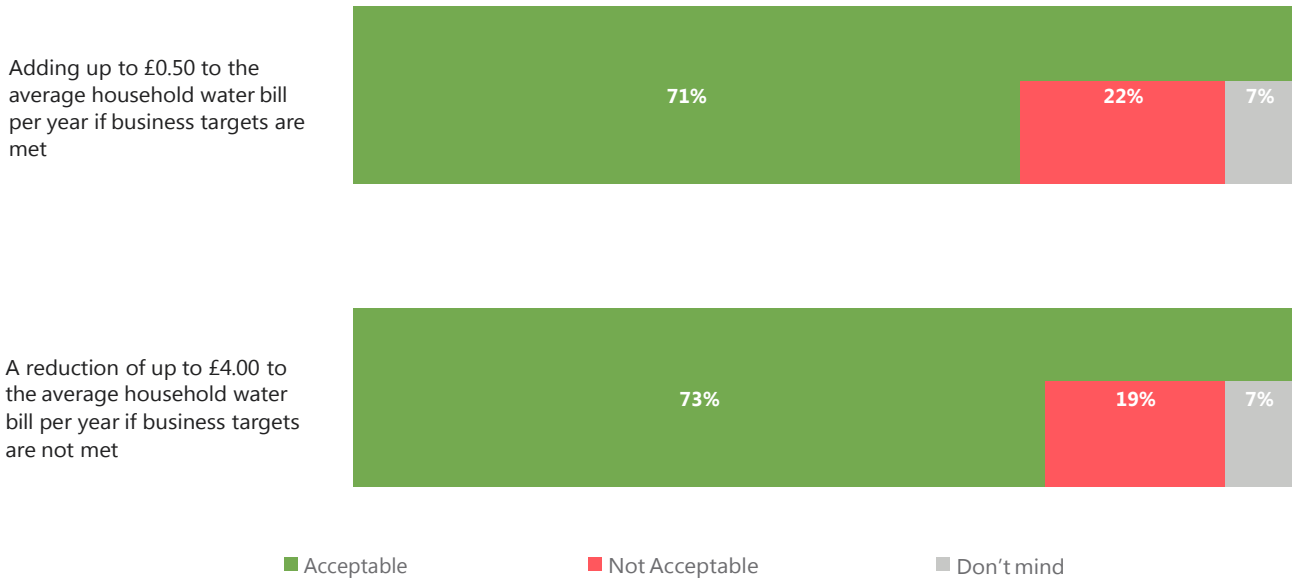
Views on specific incentive levels

When presented with the proposed impact a system of performance incentives might have on annual household bills, **customer acceptability of the specific bill impacts of the system is much higher than the overall level of support for the system in principle**. The levels of incentive trialled were as follows:

1. *Affinity Water estimate that the targets they are suggesting would mean **adding up to £0.50 to the average household water bill** per year if they were to beat them.*
2. *Affinity Water estimate that the targets they are suggesting would mean **a reduction of up to £4.00 from the average household water bill** per year if they fail to beat them.*

Seven in ten Affinity water customers feel that both levels of incentive are acceptable; 71% say this about the 50p increase and 73% about the £4 reduction.

Figure 4.4: Performance incentives: customer acceptability



Base: 1,000 adults aged 16+ from across the Affinity Water customer areas, July 2018

The pattern of support between subgroups of customers is similar for both propositions too, with overall acceptability the same for most types of customer and only minor differences in the proportion who have stronger opinions. Men and older customers tend to find these plans most strongly acceptable: for instance, 24% of men find the 50p incentive very acceptable, compared with 16% of women; and 29% say the same about the £4 reduction compared with 24% of women.

Appendices

Appendices

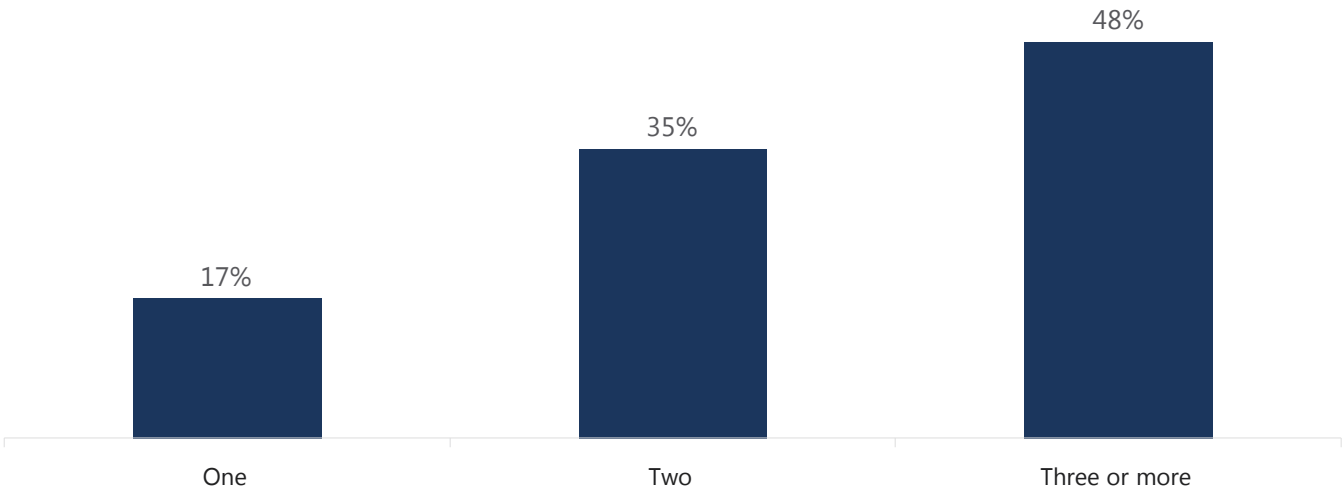
Customer sample profile

The purpose of the survey was not to provide a profile of customers but rather to gather views from a range of Affinity Water customers. The participants took part in the survey online, from a sample that was sourced from Ipsos MORI's online panel.

This section provides an overview of the type of customers that took part in this survey, including demographic characteristics such as metering, income and the number in the household.

Less than one in five of customers interviewed live in single person households (17%), and a third (35%) live in two-person households. The most common household size for Affinity Water customers is three or more people – half of the sample live in these larger households (48%).

Figure 5.1: Thinking about where you live, how many people live there on a permanent basis? Please include yourself and all children of any age.



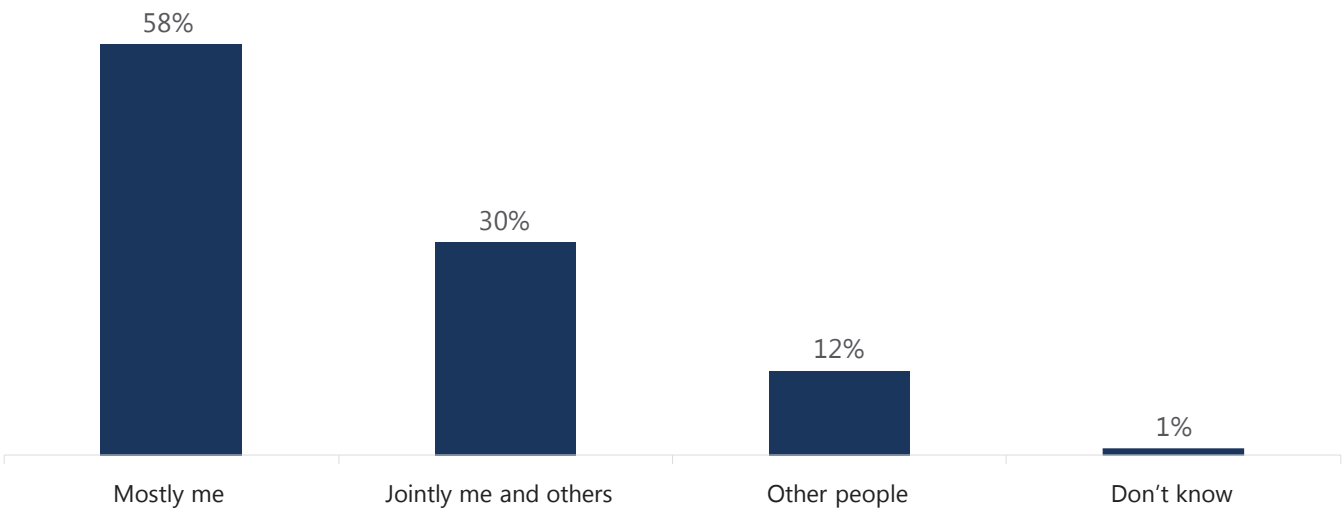
Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

The sample of Affinity Water customers is predominantly made up of those who have the main responsibility for paying bills in their household. Almost six in ten (58%) are mainly responsible for paying their household bills, and a three in ten (30%) have joint-responsibility with other people. Twelve per cent of the sample say they have no responsibility for paying bills.

Men are more likely than women to say they are responsible for paying the water bills themselves, with two in three men (68%) saying this compared with half of women (48%).Older customers are also more likely to be the principal

bill payer: this is the case for 67% of those aged 55 and over, significantly more than the figure of 58% for all customers.

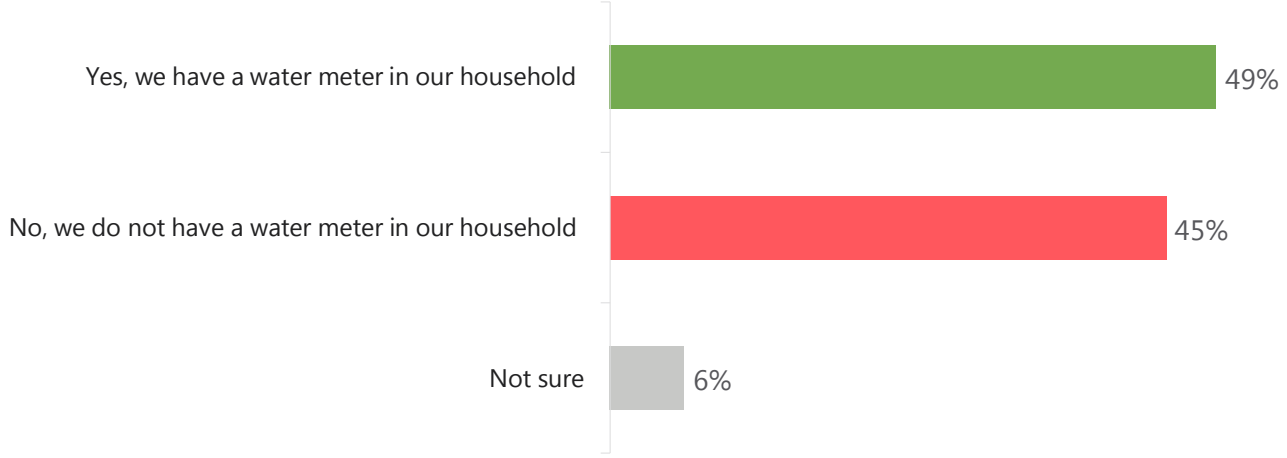
Figure 5.2: In general, who in your household is mostly responsible for paying water bills? This is probably the person(s) whose name is on the bill?



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

There is a fairly even split between metered and unmetered properties amongst customers. 49% of say they currently have a meter in their household, compared with 45% who say they do not. Six per cent are uncertain about whether they have a meter or not, and this figure rises to 13% among 16-34 year olds.

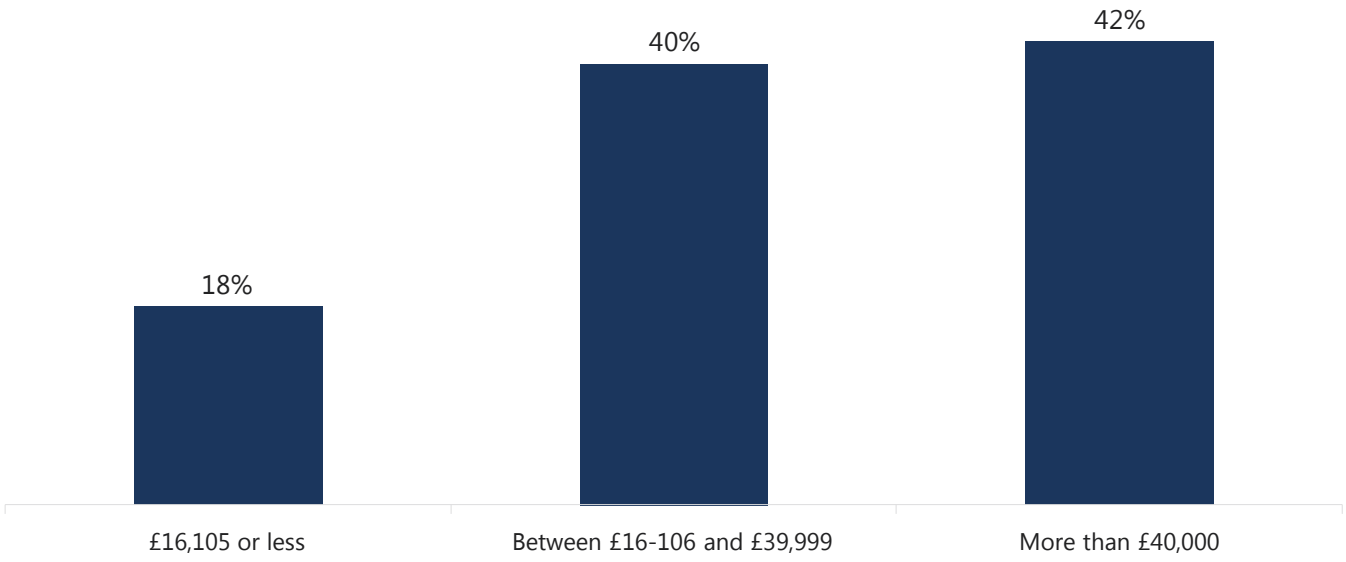
Figure 5.3: Do you have a water meter in your household?



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

As shown in Figure 5.4, there is an even split between Affinity Water customers whose annual household income is between £16,106 and £39,999 as well as those who earn more than £40,000. One fifth of all customers have annual household income of £16,105 or less.

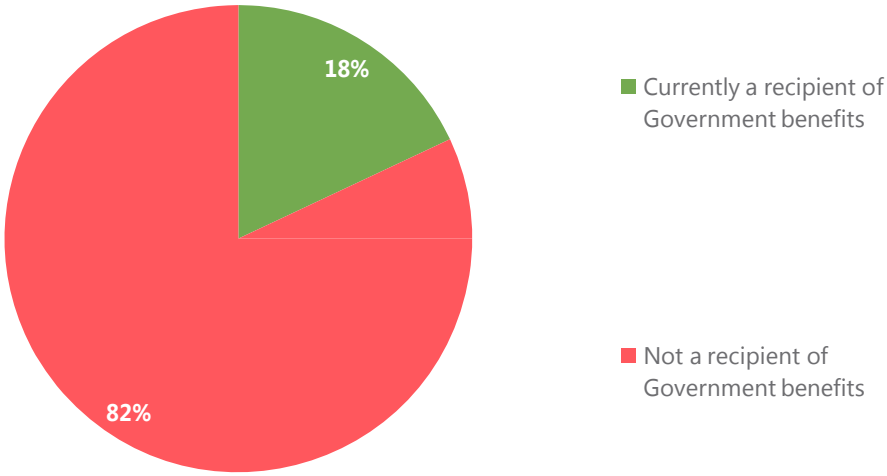
Figure 5.4: Into which of the following bands does your annual household income fall, before tax and other deductions?



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

The majority of customers (83%) do not live in household in which someone currently receives any Government benefits. Seventeen per cent do live in a household that receives benefits.

Figure 5.5: Do you, or anyone in your household, currently receive any Government benefits? These include things like Universal Credit, Job Seekers Allowance, Income Support, Housing Benefit and Tax Credits.



Base: 1000 adults aged 16+ from across the Affinity Water customer areas, July 2018

Sample profile

		Unweighted		Weighted	
N = 1000		**Base**	**%**	**Base**	**%**
Gender	Male	473	47	469	47
	Female	527	53	531	53
Age	Aged 16 - 34	224	22	299	30
	Aged 35 - 54	399	40	347	35
	Aged 55+	377	38	355	35
Tenure	Home owner	724	72	705	70
	Rented/other	276	28	295	30
Meter status	Yes	499	50	489	49
	No	444	44	448	45
Ethnicity	White	843	84	833	83
	BME	157	16	167	17
Main bill payer	Yes	591	60	576	58
	No	403	40	417	42
Benefits Recipient	Yes	175	17	181	18
	No	825	83	819	82
Water Resource Zone	WRZ 1 – Misbourne	85	8	92	9
	WRZ 2 – Colne	121	12	121	12
	WRZ 3 – Lee	201	20	198	20
	WRZ 4 – Pinn	268	27	265	27
	WRZ 5 - Stort	96	10	81	8
	WRZ 6 – Wey	134	13	153	15
	WRZ 7 – Dour	57	6	50	5
	WRZ 8 - Brett	38	4	41	4

A guide to statistical reliability

Ensuring that the survey results are statistically reliable is important when comparing the data between different years of the survey or between different groups within the sample to ensure that any differences are real (i.e. statistically significant). A sample size of 1,000 permits good level of analysis by key demographic variables (such as age, gender and work status).

This can be explained in the tables below. To illustrate, those who took part in the survey were only be a sample of the total population of Affinity Water customers adults aged 16+, so we cannot be certain that the figures obtained are exactly those that would have been reached had everyone in the borough been interviewed (the 'true' values). We can, however, predict the variation between the sample results and the 'true' values from knowledge of the size of the samples on which the results to each question is based, and the number of times a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95% - that is, the chances are 95 in 100 that the 'true' value will fall within a specified range.

Table 4.1: Survey sampling tolerances: overall level

	Approximate sampling tolerances applicable to percentages at or near these levels		
Size of sample on which survey result is based	10% or 90%	30% or 70%	50%
100	5.9	9.0	9.8
500	2.6	4.0	4.4
1,000	**1.9**	**2.8**	**3.1**
2,000	1.3	2.0	2.2

The following table indicates the sampling tolerances when comparing different groups of participants. If we once again assume a '95% confidence interval', the differences between the results of two separate groups must be greater than the values given in the following table in order to be deemed 'statistically significant':

Table 4.2: Survey sampling tolerances: sub-group level

	Differences required for significance at or near these percentage levels		
Size of sample on which survey result is based	10% or 90%	30% or 70%	50%
100 vs.100	8.4	12.8	13.9
300 vs. 300	4.8	7.3	8.0
473 vs. 527 (males vs. females)	3.7	5.7	6.2
1,000 vs. 1,000 (This survey versus dWRMP survey)	2.6	4.0	4.4

For example, if 46% of male customers give a particular answer compared with 54% of female ones (assuming sample sizes in the table above), then the chances are 19 in 20 that this eight-point difference is significant (as the difference is more than 6.2 percentage points)

It is important to note that, strictly speaking, the above confidence interval calculations relate only to samples that have been selected using strict probability sampling methods. However, in practice it is reasonable to assume that these calculations provide a good indication of the confidence intervals relating to this survey.

Survey Questionnaire

18-044422-01
Affinity Water Final (Phase 3) Survey
Online survey – n1000 customers

Thanks for taking part in our survey!

Affinity Water provides clean (tap) water services to around 1.4 million households across some parts of the South of England – including areas of Buckinghamshire, Bedfordshire, Kent, Essex, Hertfordshire, London and Surrey. The waste water (sewerage) services are provided by a separate company.

In this survey, which should take no longer than ten minutes, we want to get your views on what Affinity Water plans to provide over the years 2020-2025 and beyond and what it will cost customers.

Q1. We'd like to ask a few questions first to ensure we are talking to a wide range of people. Which of the following best describes your home?

Being bought on a mortgage
Owned outright by household
Rented from Local Authority
Rented from Housing Association / Trust
Rented from private landlord
Other
Don't know

Q2. Which of these best describes your ethnic group?

WHITE
1. White – English / Welsh / Scottish / Northern Irish / British
2. White – Irish
3. White – Gypsy or Irish Traveller
4. Any other White background

MIXED
5. Mixed White and Black Caribbean
6. Mixed White and Black African
7. Mixed White and Asian
8. Any other mixed background

ASIAN
9. Asian or Asian British – Indian
10. Asian or Asian British – Pakistani
11. Asian or Asian British – Bangladeshi
12. Asian or Asian British – Chinese
13. Any other Asian/Asian British background

BLACK
14. Black or Black British – Caribbean
15. Black or Black British – African
16. Any other Black/Black British background

OTHER ETHNIC GROUP
17. Arab
18. Any other ethnic group
19. Prefer not to say

To start with, we'd like to ask you a few questions about Affinity Water, the water company in your local area.

Q3. How much, if anything, would you say you personally know about Affinity Water?

1. A great deal
2. A fair amount
3. Not very much
4. Nothing at all
5. Don't know

Q4. How easy or difficult do you find it to pay your current water bill? We are interested in your TOTAL water bill overall, that is including CLEAN and WASTE (sewerage) water services.

1. I do not have problems paying my water bill
2. It is difficult to pay my bill but I always pay it on time
3. It is difficult to pay my bill and I sometimes pay it late
4. It is difficult to pay my bill and I never pay it on time
5. Don't know

Household water bills are set every five years. They are based on an agreement between each water company and Ofwat, the Government regulator. In setting future bills, Affinity Water and the regulator Ofwat take account of the interests of customers and also ensure that legally required standards for water services are met e.g. ensuring tap water is safe to drink.

Affinity Water have developed a plan that sets out the investments that are needed to maintain and improve water services from 2020 to 2025.

Please take a minute to look at this outline of the plan and the average household water bill for CLEAN water, excluding the WASTE water (sewerage) bill.

Plan outline *CLEAN water only*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year	
2018/19	**£173.53**
2019/20	**£168.77**
2020/21	**£172.40**
2021/22	**£172.40**
2022/23	**£172.40**
2023/24	**£172.40**
2024/25	**£172.40**

Q5. Taking all things into account, how acceptable or unacceptable do you think this plan is?

1. Very acceptable
2. Fairly acceptable
3. Not very acceptable
4. Not acceptable at all
5. Don't mind
6. Don't know

Q6. The table below shows CLEAN water bills, taking inflation into account. Inflation is the rate of increase in prices for goods and services and Affinity Water expect a 2% increase each year due to inflation. When considering the impact of inflation on bills please bear in mind that incomes and pensions can also rise in line with inflation, which can offset the increase in the cost of goods and services.

Plan outline *CLEAN water including inflation*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year...		...including inflation
2018/19	£173.53	**£173.53**
2019/20	£168.77	**£172.14**
2020/21	£172.40	**£179.37**
2021/22	£172.40	**£182.96**
2022/23	£172.40	**£186.61**
2023/24	£172.40	**£190.34**
2024/25	£172.40	**£194.15**

How acceptable or unacceptable do you think this plan is?

1) Very acceptable
2) Fairly acceptable
3) Not very acceptable
4) Not acceptable at all
5) Don't mind
6) Don't know

Q6b. Why do you think this plan is unacceptable? Please write your response below

Q7a. Your household's CLEAN water services are provided by Affinity Water. Your WASTE (sewerage) water services are provided by Thames Water. You pay Affinity Water for WASTE water services, but they pass this part of the bill on to Thames Water. Thames Water's plans and the bills they set are also based on an agreement with Ofwat, the Government regulator.

The table below shows your combined CLEAN and WASTE water bill. It also takes inflation into account.

CLEAN and WASTE water

Plan outline including inflation

Impact on bills

The average bill for each household is currently **£353.46** per year for 2018-2019

	CLEAN water bill per household per year including inflation	WASTE water bill (Thames Water)	TOTAL water bill
2018/19	£173.53	£179.93	**£353.46**
2019/20	£172.14	£186.02	**£358.16**
2020/21	£179.37	£185.18	**£364.55**
2021/22	£182.96	£187.26	**£370.22**
2022/23	£186.61	£189.46	**£376.07**
2023/24	£190.34	£191.22	**£381.56**
2024/25	£194.15	£193.32	**£387.47**

Thameswater

How acceptable or unacceptable do you think the total water bill is?

1) Very acceptable
2) Fairly acceptable
3) Not very acceptable
4) Not acceptable at all
5) Don't mind
6) Don't know

Q7b. Your household's CLEAN water services are provided by Affinity Water. Your WASTE (sewerage) water services are provided by Anglian Water. You pay Affinity Water for WASTE (sewerage) water services, but they pass this part of the bill on to Anglian Water. Anglian Water's plans and the bills they set are also based on an agreement with Ofwat, the Government regulator.

The table below shows your combined CLEAN and WASTE water bill. It also takes inflation into account.

CLEAN and WASTE water

Plan outline including inflation

Impact on bills

The average bill for each household is currently **£415.53** per year for 2018-2019

	CLEAN water bill per household per year including inflation	WASTE water bill (Anglian Water)	TOTAL water bill
2018/19	£173.53	£242.00	**£415.53**
2019/20	£172.14	£241.51	**£413.65**
2020/21	£179.37	£247.41	**£426.78**
2021/22	£182.96	£253.44	**£436.40**
2022/23	£186.61	£259.62	**£446.23**
2023/24	£190.34	£267.08	**£457.42**
2024/25	£194.15	£273.57	**£467.72**

Anglian

How acceptable or unacceptable do you think the total water bill is?

1) Very acceptable
2) Fairly acceptable
3) Not very acceptable
4) Not acceptable at all
5) Don't mind
6) Don't know

Q7c. Your household's CLEAN water services are provided by Affinity Water. You also pay a separate bill for WASTE (sewerage) water services to Southern Water. Southern Water's plans and the bills they set are also based on an agreement with Ofwat, the Government regulator.

The table below shows your combined CLEAN and WASTE water bill. It also takes inflation into account.

CLEAN and WASTE water

Plan outline including inflation

Impact on bills

The average bill for each household is currently **£451.53** per year for 2018-2019

	CLEAN water bill per household per year including inflation	WASTE water bill (Southern Water)	TOTAL water bill
2018/19	£173.53	£278.00	**£451.53**
2019/20	£172.14	£286.29	**£458.43**
2020/21	£179.37	£285.93	**£465.30**
2021/22	£182.96	£291.65	**£474.61**
2022/23	£186.61	£297.48	**£484.09**
2023/24	£190.34	£303.43	**£493.77**
2024/25	£194.15	£309.50	**£503.65**

Southern

How acceptable or unacceptable do you think the total water bill is?

1) Very acceptable
2) Fairly acceptable
3) Not very acceptable
4) Not acceptable at all
5) Don't mind
6) Don't know

Q8. Water companies have the Government's permission to introduce Social Tariffs in order to reduce the water bill of those customers finding it difficult to pay. This is subject to guidance and water companies need to show that they have the support of customers.

The current Social Tariff caps the water bill for households with an income below £16,105 per year. Currently, 51,000 have capped water bills, about 3.8% of all Affinity Water customers. This costs every household £3 a year.

Affinity Water propose adding an extra £1.50 each year to all household's water bills, to support an additional 25,000 customers, and taking the total spend to £4.50 a year (excluding inflation) from 2020 to 2025. This amount is already included in the bill amounts provided in previous questions. How acceptable or unacceptable do you think this proposal is?

1) Very acceptable
2) Fairly acceptable
3) Not very acceptable
4) Not acceptable at all
5) Don't mind
6) Don't know

Q9. Affinity Water proposes to import water from Anglian Water, a neighbouring water company, in order to ensure that it has enough water to supply to customers across the whole of the Affinity Water area. The water would need to be treated and Affinity Water wants to expand its water treatment plant at Sundon, Bedfordshire. The cost of this is already included in the bill amounts provided in previous questions.

In principle, to what extent do you support or oppose this proposal, or do you have no views either way?

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know

Q10. Water companies develop Business Plans and bills in consultation with customers. They set out what they plan to do and agree this with Ofwat, the Government regulator. They also agree a set of "performance commitments" or targets, designed to challenge companies to work harder to achieve higher levels of performance.

How well water companies do against these targets will have an impact on bills. If companies such as Affinity Water beat their targets they can increase customer bills by a small amount. If they fail to do so, they must reduce customer bills by a small amount.

In principle, do you support or oppose Affinity Water using targets in this way, or do you have no views either way?

1) Strongly support
2) Tend to support
3) No views either way
4) Tend to oppose
5) Strongly oppose
6) Don't know

Q11. Affinity Water estimate that the targets they are suggesting would mean adding up to £0.50 to the average household water bill per year if they were to beat them.

How acceptable or unacceptable do you think this addition to bills would be if Affinity Water were to beat their targets?

1) Very acceptable
2) Fairly acceptable
3) Not very acceptable
4) Not acceptable at all
5) Don't mind
6) Don't know

Q12. Affinity Water estimate that the targets they are suggesting would mean a reduction of up to £4.00 from the average household water bill per year if they fail to beat them.

How acceptable or unacceptable do you think this reduction in bills would be if Affinity Water were to fail to beat their targets?

1) Very acceptable
2) Fairly acceptable
3) Not very acceptable
4) Not acceptable at all
5) Don't mind
6) Don't know

Q13. Do you have a water meter in your household?
Properties with a water meter pay for the water they use, and those that do not pay the same amount regardless of water usage

1) Yes, we have a water meter in our household
2) No, we do not have a water meter in our household
3) Not sure

Q14. Thinking about where you live, how many people live there on a permanent basis? Please include yourself and all children of any age.
1. Don't know

Q15. In general, who in your household is mostly responsible for paying water bills? This is probably the person(s) whose name is on the bill.
1) Mostly me
2) Jointly me and others
3) Other people
4) Don't know

Q16. Do you or does anyone in your household have any long-term illness, health problems or disability which limits your/ their daily activities or the work you/ they can do, including any problems which are due to old age?
1. Yes – I do
2. Yes – someone else in household does
3. No
4. Don't Know/Prefer not to say

Q17. Do you, or anyone in your household, currently receive any Government benefits? These include things like Universal Credit, Job Seekers Allowance, Income Support, Housing Benefit and Tax Credits.
Yes
1. No
2. Don't Know/Prefer not to say

Q18. Into which of the following bands does your annual household income fall, before tax and other deductions?

Per MONTH	Per YEAR
1. £541 or less	£6,499 or less
2. £542 to £791	£6,500 to £9,499
3. £792 to £1,342	£9,500 to £16,105
4. £1,343 to £2,083	£16,106 to £24,999
5. £2,084 to £3,333	£25,000 to £39,999
6. £3,334 to £4,999	£40,000 to £59,999
7. £5,000 to £6,249	£60,000 to £74,999
8. £6,250 and over	£75,000 and over
9. Don't know	Don't know
10. Refused	Refused

On behalf of Ipsos MORI and Affinity Water, thank you for taking part in our survey.

Survey topline

Affinity Water
Final Plan (Phase 3) Survey
Topline results – July 2018

- The survey was conducted online between 10 July and 23 July 2018 with respondents sourced from Ipsos MORI's online panel.
- Recruitment and quotas targeted a representative sample of adult residents aged 16-75 across the eight WRZs served by Affinity Water.
- Data was weighted at the analysis stage to the known population profile.
- In the "Business Plan acceptability" section of the survey, participants were given details of each plan under consideration. This has been provided with each question.
- Where percentages do not sum to 100, this may be due to computer rounding, the exclusion of "don't know" categories, or multiple answers.
- An asterisk (*) denotes any value of less than half a per cent.

Customer profile

Q3 **How much, if anything, would you say you personally know about Affinity Water?)**
Base: All (1,000)

A great deal	**7%**
A fair amount	**28%**
Not very much	**52%**
Nothing at all	**12%**
Don't know	**1%**

Q4 **Q4. How easy or difficult do you find it to pay your current water bill? We are interested in your TOTAL water bill overall, that is including CLEAN and WASTE (sewerage) water services.**
Base: All (1,000)

I do not have problems paying my water bill	**76%**
It is difficult to pay my bill but I always pay it on time	**14%**
It is difficult to pay my bill and I sometimes pay it late	**4%**
It is difficult to pay my bill and I never pay it on time	**2%**
Don't know	**4%**

Business plan – acceptability

Household water bills are set every five years. They are based on an agreement between each water company and Ofwat, the Government regulator. In setting future bills, Affinity Water and the regulator Ofwat take account of the interests of customers and also ensure that legally required standards for water services are met e.g. ensuring tap water is safe to drink.

Affinity Water have developed a plan that sets out the investments that are needed to maintain and improve water services from 2020 to 2025.

Please take a minute to look at this outline of the plan and the average household water bill for CLEAN water, excluding the WASTE water (sewerage) bill.

Plan outline *CLEAN water only*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year	
2018/19	**£173.53**
2019/20	**£168.77**
2020/21	**£172.40**
2021/22	**£172.40**
2022/23	**£172.40**
2023/24	**£172.40**
2024/25	**£172.40**

Q5 **Taking all things into account, how acceptable or unacceptable do you think this plan is? *(Clean water only)***

Base: All (1,000)

Very acceptable	**25%**
Fairly acceptable	**56%**
Not very acceptable	**10%**
Not acceptable at all	**2%**
Don't mind	**6%**
Don't know	**0**
Acceptable (net)	***82%***
Not Acceptable (net)	***13%***

The table below shows CLEAN water bills, taking inflation into account. Inflation is the rate of increase in prices for goods and services and Affinity Water expect a 2% increase each year due to inflation. When considering the impact of inflation on bills please bear in mind that incomes and pensions can also rise in line with inflation, which can offset the increase in the cost of goods and services.

Plan outline *CLEAN water including inflation*

Fixing leaks	Taking less water from the environment	Reducing personal water usage	Reducing the risk of interruptions to water supply	Reducing the chance of needing to use severe drought restrictions	Investing in environmental pilots – testing new innovations	Reducing periods of low water pressure
15% reduction in leaks	33 million litres less	124 litres per person per day	0.8% chance (1 in 130) per year	0.5% (1 in 200) chance per year	Investing in eight new projects	8.7 hours low pressure per year

Impact on bills

The average bill for each household is currently **£173.53** per year for 2018-2019

CLEAN water bill per household per year…		…including inflation
2018/19	£173.53	**£173.53**
2019/20	£168.77	**£172.14**
2020/21	£172.40	**£179.37**
2021/22	£172.40	**£182.96**
2022/23	£172.40	**£186.61**
2023/24	£172.40	**£190.34**
2024/25	£172.40	**£194.15**

Q6 **Taking all things into account, how acceptable or unacceptable do you think this plan is? *(Clean water plus inflation)***
Base: All (1,000)

Very acceptable	**12%**
Fairly acceptable	**50%**
Not very acceptable	**25%**
Not acceptable at all	**8%**
Don't mind	**5%**
Don't know	**0**
Acceptable (net)	***62%***
Not Acceptable (net)	***33%***

Your household's CLEAN water services are provided by Affinity Water. Your WASTE (sewerage) water services are provided by Thames Water. You pay Affinity Water for WASTE water services, but they pass this part of the bill on to Thames Water. Thames Water's plans and the bills they set are also based on an agreement with Ofwat, the Government regulator.

The table below shows your combined CLEAN and WASTE water bill. It also takes inflation into account.

CLEAN and WASTE water

Plan outline including inflation

Impact on bills

The average bill for each household is currently **£353.46** per year for 2018-2019

	CLEAN water bill per household per year including inflation	WASTE water bill (Thames Water)	TOTAL water bill
2018/19	£173.53	£179.93	**£353.46**
2019/20	£172.14	£186.02	**£358.16**
2020/21	£179.37	£185.18	**£364.55**
2021/22	£182.96	£187.26	**£370.22**
2022/23	£186.61	£189.46	**£376.07**
2023/24	£190.34	£191.22	**£381.56**
2024/25	£194.15	£193.32	**£387.47**

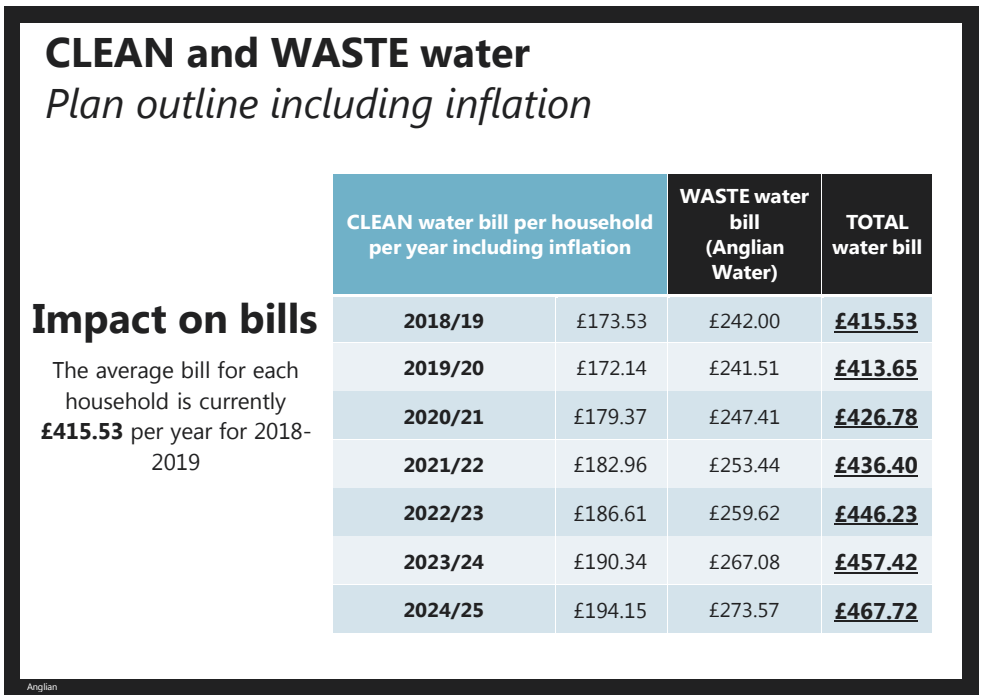
Thameswater

Q7a **How acceptable or unacceptable do you think this plan is?**
Base: All who receive sewerage services from Thames Water (838)

Very acceptable	**10%**
Fairly acceptable	**42%**
Not very acceptable	**29%**
Not acceptable at all	**14%**
Don't mind	**6%**
Don't know	**0**
Acceptable (net)	***51%***
Not Acceptable (net)	***43%***

Your household's CLEAN water services are provided by Affinity Water. Your WASTE (sewerage) water services are provided by Anglian Water. You pay Affinity Water for WASTE (sewerage) water services, but they pass this part of the bill on to Anglian Water. Anglian Water's plans and the bills they set are also based on an agreement with Ofwat, the Government regulator.

The table below shows your combined CLEAN and WASTE water bill. It also takes inflation into account.



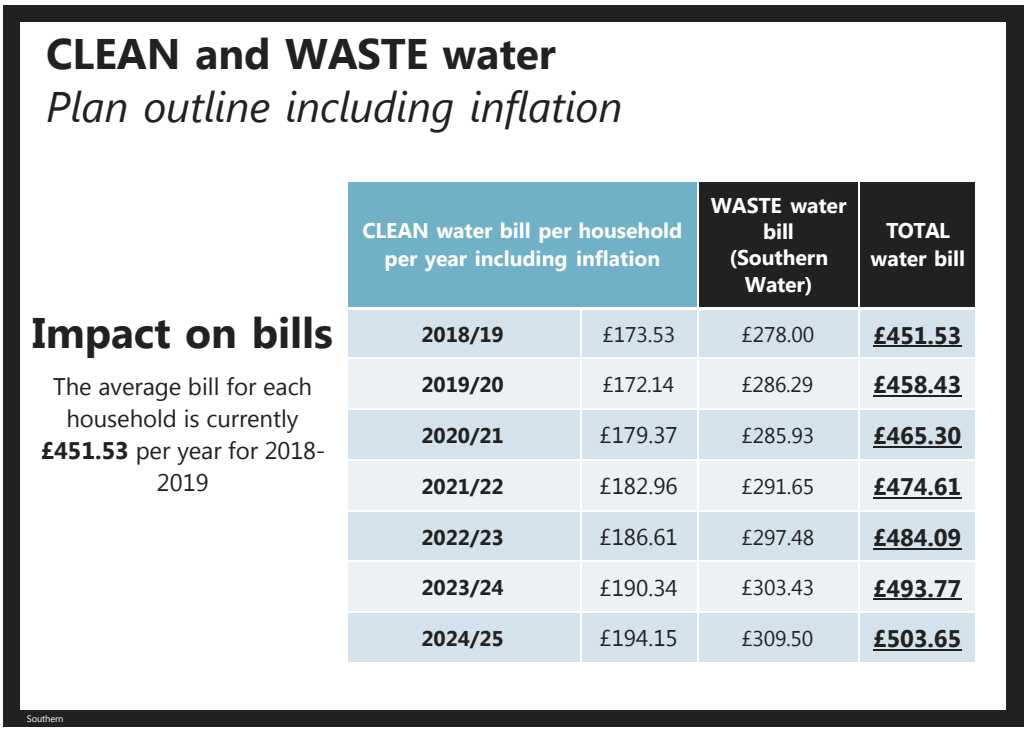
	CLEAN water bill per household per year including inflation	WASTE water bill (Anglian Water)	TOTAL water bill
2018/19	£173.53	£242.00	**£415.53**
2019/20	£172.14	£241.51	**£413.65**
2020/21	£179.37	£247.41	**£426.78**
2021/22	£182.96	£253.44	**£436.40**
2022/23	£186.61	£259.62	**£446.23**
2023/24	£190.34	£267.08	**£457.42**
2024/25	£194.15	£273.57	**£467.72**

Q7b **How acceptable or unacceptable do you think this plan is?**
Base: All who receive sewerage services from Anglian Water (105)

Very acceptable	**4%**
Fairly acceptable	**45%**
Not very acceptable	**30%**
Not acceptable at all	**16%**
Don't mind	**5%**
Don't know	**0**
Acceptable (net)	***48%***
Not Acceptable (net)	***47%***

Your household's CLEAN water services are provided by Affinity Water. You also pay a separate bill for WASTE (sewerage) water services to Southern Water. Southern Water's plans and the bills they set are also based on an agreement with Ofwat, the Government regulator.

The table below shows your combined CLEAN and WASTE water bill. It also takes inflation into account.



CLEAN and WASTE water

Plan outline including inflation

Impact on bills

The average bill for each household is currently **£451.53** per year for 2018-2019

	CLEAN water bill per household per year including inflation	WASTE water bill (Southern Water)	TOTAL water bill
2018/19	£173.53	£278.00	**£451.53**
2019/20	£172.14	£286.29	**£458.43**
2020/21	£179.37	£285.93	**£465.30**
2021/22	£182.96	£291.65	**£474.61**
2022/23	£186.61	£297.48	**£484.09**
2023/24	£190.34	£303.43	**£493.77**
2024/25	£194.15	£309.50	**£503.65**

Southern

Q7c **How acceptable or unacceptable do you think this plan is?**
Base: All who receive sewerage services from Southern Water (57)
N.B. Small base size

Very acceptable	**4%**
Fairly acceptable	**45%**
Not very acceptable	**30%**
Not acceptable at all	**16%**
Don't mind	**5%**
Don't know	**0**
Acceptable (net)	***48%***
Not Acceptable (net)	***47%***

Other propositions

Q8 **Water companies have the Government's permission to introduce Social Tariffs in order to reduce the water bill of those customers finding it difficult to pay. This is subject to guidance and water companies need to show that they have the support of customers.**

The current Social Tariff caps the water bill for households with an income below £16,105 per year. Currently, 51,000 have capped water bills, about 3.8% of all Affinity Water customers. This costs every household £3 a year.

Affinity Water propose adding an extra £1.50 each year to all household's water bills, to support an additional 25,000 customers, and taking the total spend to £4.50 a year (excluding inflation) from 2020 to 2025. This amount is already included in the bill amounts provided in previous questions. How acceptable or unacceptable do you think this proposal is?
Base: All (1,000)

Very acceptable	**16%**
Fairly acceptable	**43%**
Not very acceptable	**23%**
Not acceptable at all	**13%**
Don't mind	**6%**
Don't know	**0**
Acceptable (net)	**59%**
Not Acceptable (net)	**36%**

Q9 **Affinity Water proposes to import water from Anglian Water, a neighbouring water company, in order to ensure that it has enough water to supply to customers across the whole of the Affinity Water area. The water would need to be treated and Affinity Water wants to expand its water treatment plant at Sundon, Bedfordshire. The cost of this is already included in the bill amounts provided in previous questions.**

In principle, to what extent do you support or oppose this proposal, or do you have no views either way?
Base: All (1,000)

Strongly support	**12%**
Tend to support	**35%**
No views either way	**42%**
Tend to oppose	**7%**
Strongly oppose	**3%**
Don't know	**0**
Support (net)	***47%***
Oppose (net)	***11%***

Q10 **Water companies develop Business Plans and bills in consultation with customers. They set out what they plan to do and agree this with Ofwat, the Government regulator. They also agree a set of "performance commitments" or targets, designed to challenge companies to work harder to achieve higher levels of performance.**

How well water companies do against these targets will have an impact on bills. If companies such as Affinity Water beat their targets they can increase customer bills by a small amount. If they fail to do so, they must reduce customer bills by a small amount.

In principle, do you support or oppose Affinity Water using targets in this way, or do you have no views either way?
Base: All (1,000)

Strongly support	**6%**
Tend to support	**33%**
No views either way	**39%**
Tend to oppose	**16%**
Strongly oppose	**5%**
Don't know	**0**
Support (net)	***39%***
Oppose (net)	***22%***

Q11 **Affinity Water estimate that the targets they are suggesting would mean adding up to £0.50 to the average household water bill per year if they were to beat them.**

How acceptable or unacceptable do you think this addition to bills would be if Affinity Water were to beat their targets?
Base: All (1,000)

Very acceptable	**20%**
Fairly acceptable	**51%**
Not very acceptable	**15%**
Not acceptable at all	**7%**
Don't mind	**7%**
Don't know	**0**
Acceptable (net)	***71%***
Not Acceptable (net)	***22%***

Q12 **Affinity Water estimate that the targets they are suggesting would mean a reduction of up to £4.00 from the average household water bill per year if they fail to beat them.**

How acceptable or unacceptable do you think this reduction in bills would be if Affinity Water were to fail to beat their targets?
Base: All (1,000)

Very acceptable	**25%**
Fairly acceptable	**48%**
Not very acceptable	**14%**
Not acceptable at all	**6%**
Don't mind	**7%**
Don't know	*
Acceptable (net)	***73%***
Not Acceptable (net)	***19%***

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About Ipsos MORI's Social Research Institute

The Social Research Institute works closely with national governments, local public services and the not-for-profit sector. Its c.200 research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methods and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

Annex 7: Business as Usual

BaU1 – Value for Money 2017-2018: Presentation of research findings

BaU2 – Research Report #TapChat: Water Saving Campaign

BaU3 – Impact Report #TapChat: Water Saving Campaign

Annex 7: Business as Usual

BaU1 – Value for Money 2017-2018: Presentation of research findings

Value for Money 2017-18

Presentation of research findings

May 10th 2018

Presentation Plan

Objectives and context

Background and objectives

Business objectives

- To provide a robust measure of 'value for money' that will stand up to the scrutiny of the regulator and other third parties
- To provide the management team at Affinity Water with data and interpretation that can inform and influence wider decision-making and support action planning

Research objectives

- To measure over time domestic customers' perceptions of value for money delivered by Affinity Water
- To compare the value for money performance of Affinity Water across the 8 communities
- To determine what drivers affect perceptions of value for money
- To deliver guidance on how Affinity Water can improve its value for money rating

2017/18

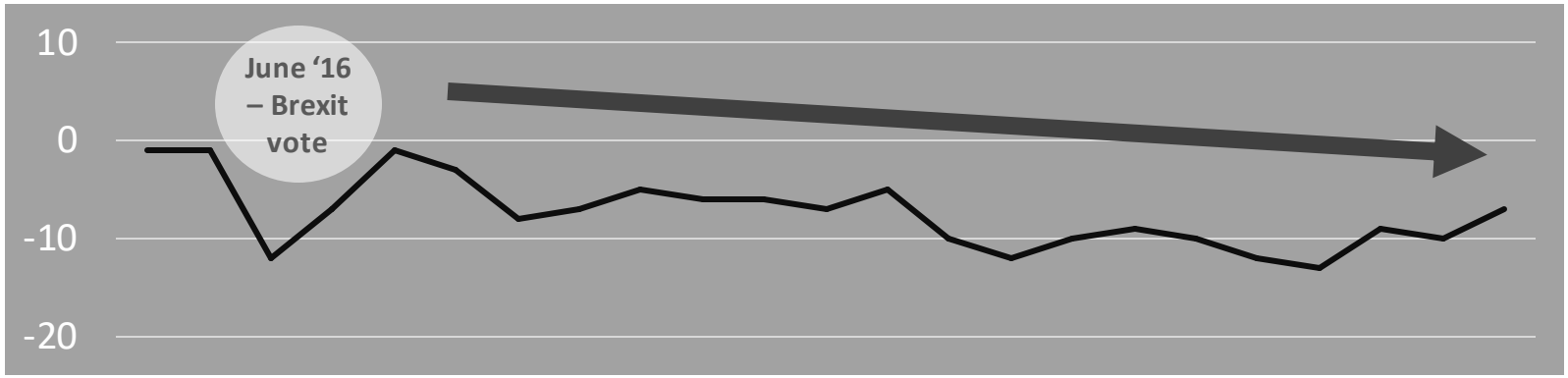
- Telephone interviews with representative sample of customers
- April 2017 – March 2018
- c. 160 interviews per month
- 200 interviews per WRZ
- Ensure seasonal variations not impacting on overall measures

- Track changes across the year and across WRZs

Context

Consumer confidence at a nationwide continues to show an underlying downward trend since Brexit; while it has shown signs of a slight rebound in early 2018, this coincided with difficult times for the water industry

UK Consumer Confidence Index (Source GfK NOP)



May '16 | Jun '16 | July '16 | Aug ' 16 | Sep '16 | Oct '16 | Nov '16 | Dec '16 | Jan '17 | Feb '17 | Mar '17 | Apr '17 | May '17 | Jun '17 | July '17 | Aug ' 17 | Sep '17 | Oct '17 | Nov '17 | Dec '17 | Jan '18 | Feb '18 | Mar '18

1 2 3 4 5 6 7

Water industry key news events

1 3 **Thames Water** major fines

2 **Labour manifesto** includes nationalising utilities

4 **Fatberg** hits the headlines

5 **Labour conference** water nationalisation plans back in the headlines

6 **Labour promises** cost-free nationalisation of water industry

7 **Cold weather** causes widespread **water supply interruptions**

Headline measures

Headline Dashboard

- Looking at key measures, the only significant change for Affinity Water this year is a reduction in brand awareness – reversing the improvement last year
- Most other measures are largely consistent with last year, although there are signs of a decline in the VFM Index amongst those who know their bill size

Stated Value For Money

Unconsidered

7.7
(was 7.6)

Considered

7.4
(was 7.4)

Awareness & Satisfaction

Awareness of Affinity Water

60%
(was 66%)

Satisfaction with service

8.0
(was 7.9)

Value For Money index

Those who know bill size

67.7
(was 69.6)

Those who don't know bill size

67.2
(was 67.2)

Key

- Significant increase
- Significant decrease
- Directional increase
- Directional decrease

Affinity Water

blue marble

Value for money

Stated value for money – Summary of trends

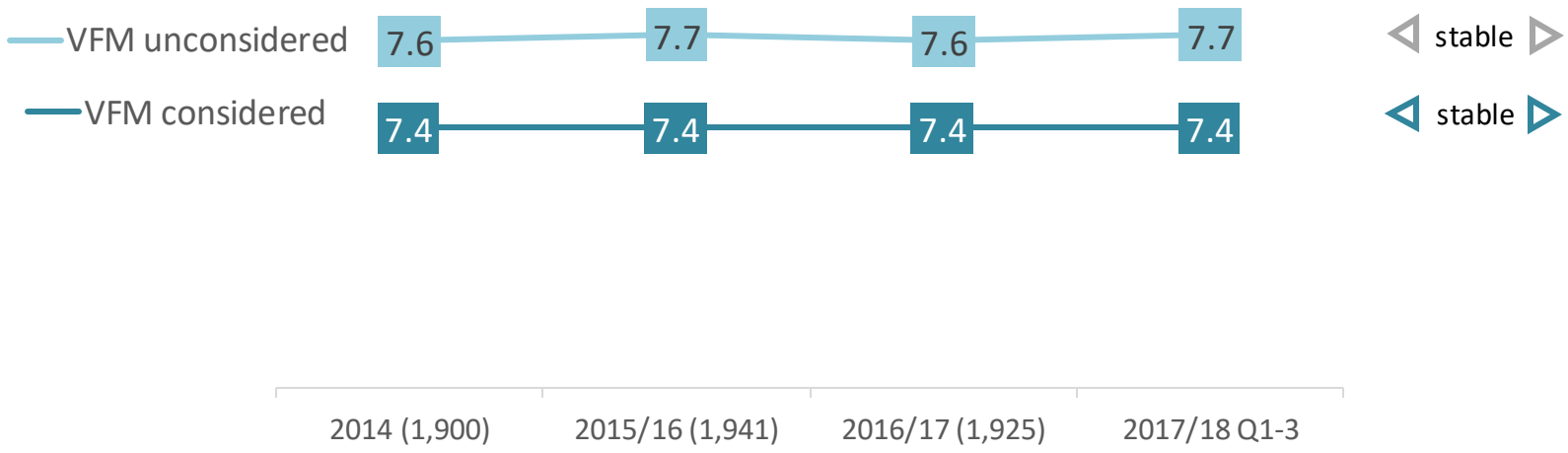
Both of the stated value for money measures have remained quite consistent, with no major fluctuations

'Unconsidered' value for money

- Asked early on, to get a spontaneous, 'kneejerk' response
- Asked alongside value for money of other utilities and service providers

'Considered' value for money

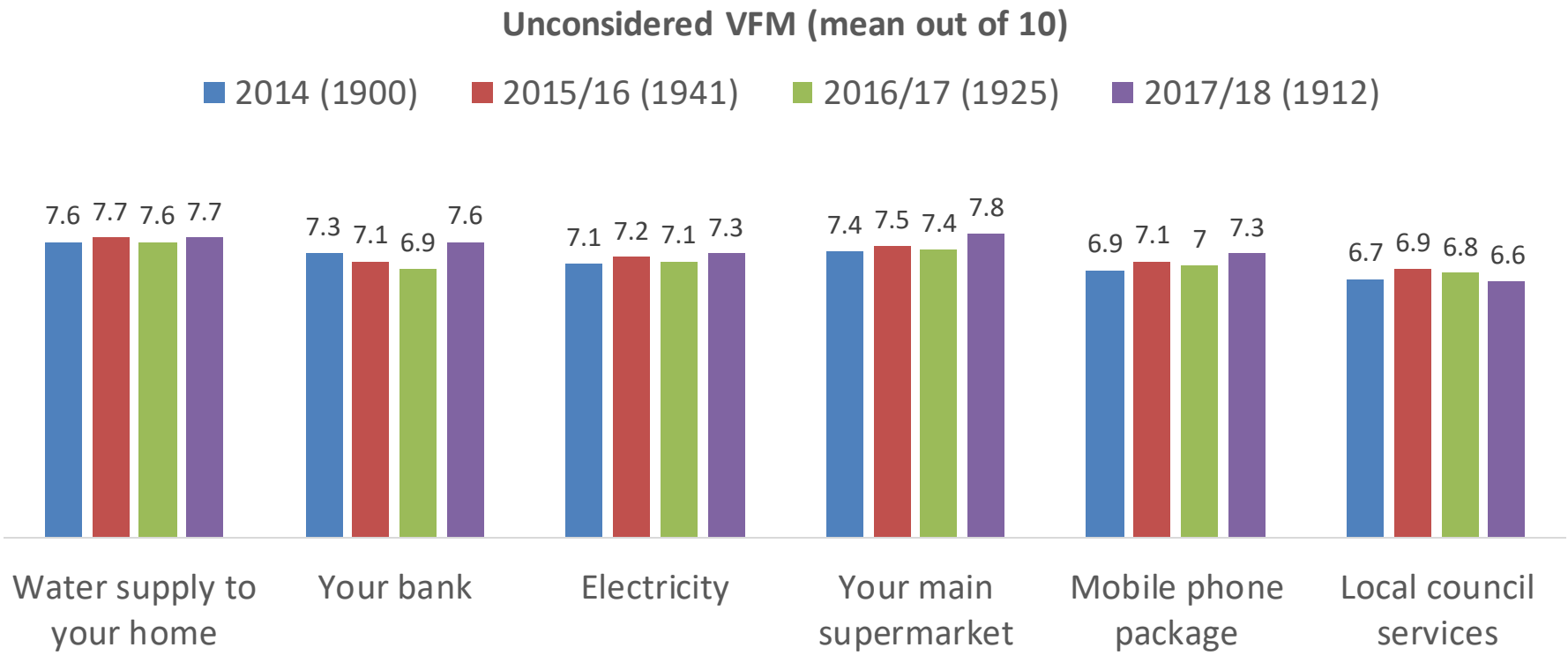
- Asked later on in the survey, after customers have thought about their bill and a range of service elements
- Asked after we show average bills



Q5. To what extent do you think this service provides **value for money**, where 0 is 'very poor' and 10 is '**excellent (Water supply to your home)'; Q.32/Q.39.** Thinking about your water supply service, overall how would you rate the value for money of the services you receive from Affinity Water?

Unconsidered VFM

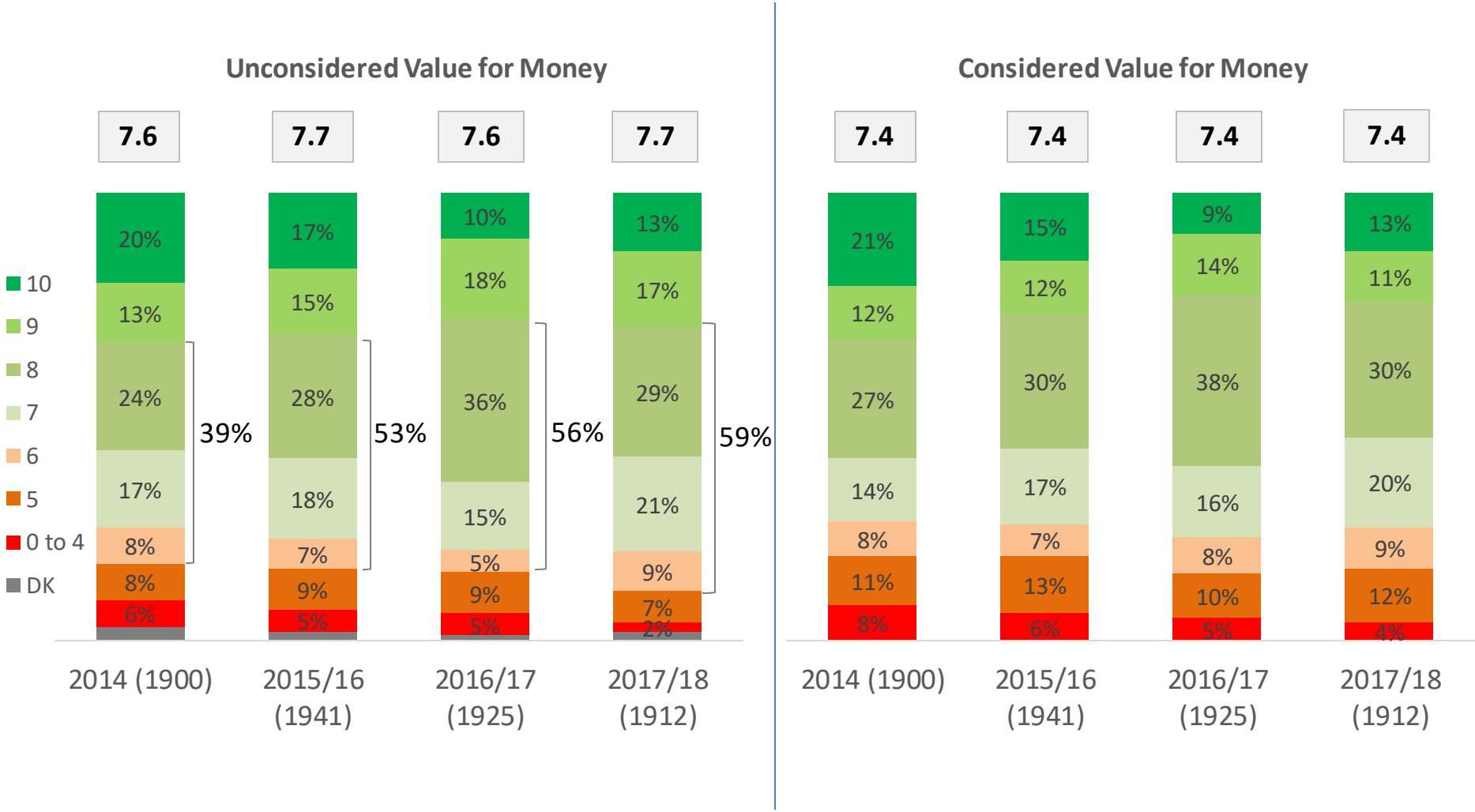
- When spontaneously asked to rate value for money for a range of services, 'water supply' has historically been ahead of all other service providers that we ask about
- However, possibly in light of recent publicity, water is no longer ahead of all the others – falling behind customers' main supermarket and their bank (which has seen a resurgence this year)



Q5. To what extent do you think this service provides **value for money**, where 0 is 'very poor' and 10 is 'excellent'

Stated value for money ratings – full breakdown

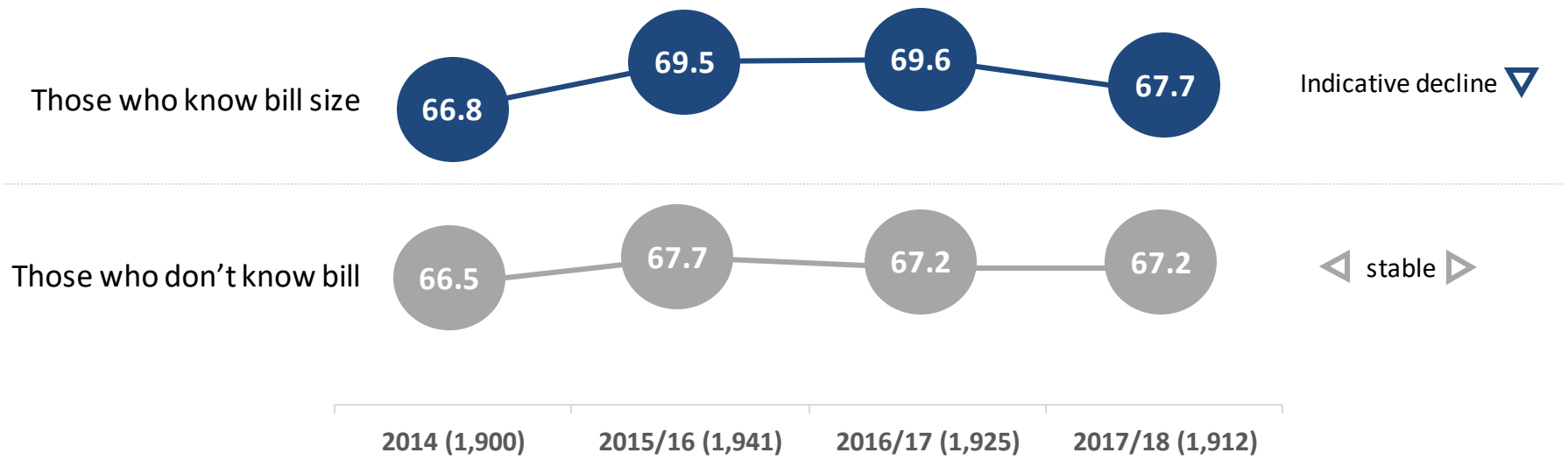
There are signs that over the last four years, customers' knee-jerk reaction to the value for money of water is one of greater ambivalence – ever more rate it '6-8'. There's less evidence of this with considered value for money, although **fewer people are really happy** with the value they get than was the case back in 2014.



Q5. To what extent do you think this service provides **value for money**, where 0 is 'very poor' and 10 is 'excellent'; **Q.32/Q.39.** Thinking about your water supply service, overall how would you rate the value for money of the services you receive from Affinity Water?

Value For Money index – Summary of trends

This year, we are seeing signs of a fall in the VFM Index amongst those who know their bill (this is on the boundary of what we would consider significant), while the VFM Index for those who don't know their bill size is very consistent.



What is the VFM Index?

The Index is made up of a basket of measures which are strongly related to value for money. As a summary of key value drivers, the VFM Index reflects the customer view of a **full range** of touchpoints and image dimensions that Affinity Water can directly address.

The Index is divided into two:

1) **Index for those customers who are confident they know their bill size**
2) **Index for those who don't know their bill size at all or are not confident they know it**

Key Drivers of VFM index

- Of the positive drivers, 'water quality' has risen notably, but the others have remained stable
- Meanwhile, a number of negative drivers have risen: 'no choice in having meter' (for the second year in a row), perceived bill change and having contact with Affinity Water

Positive Drivers

If these go **up**, this will have a **positive** impact on VFM

Satisfaction with service	8.0	▲
Help to reduce water use	7.1	◀▶
Supplying enough water	8.4	◀▶
Trustworthy (% who agree)	63%	▼
High quality water	8.2	▲

Negative Drivers

If these go **up**, this will have a **negative** impact on VFM

Perceived bill change (% who think it has increased)	33%	▲
No choice in having a meter (% of ALL customers)	16%	▲
Worried about paying bill (% who agree)	16%	◀▶
Perceived bill size (avg.) (Mean perceived bill excluding outliers)	£294 (SE) £377 (C&E)	▼ ◀▶
Contact with Affinity Water	12%	▲

Key

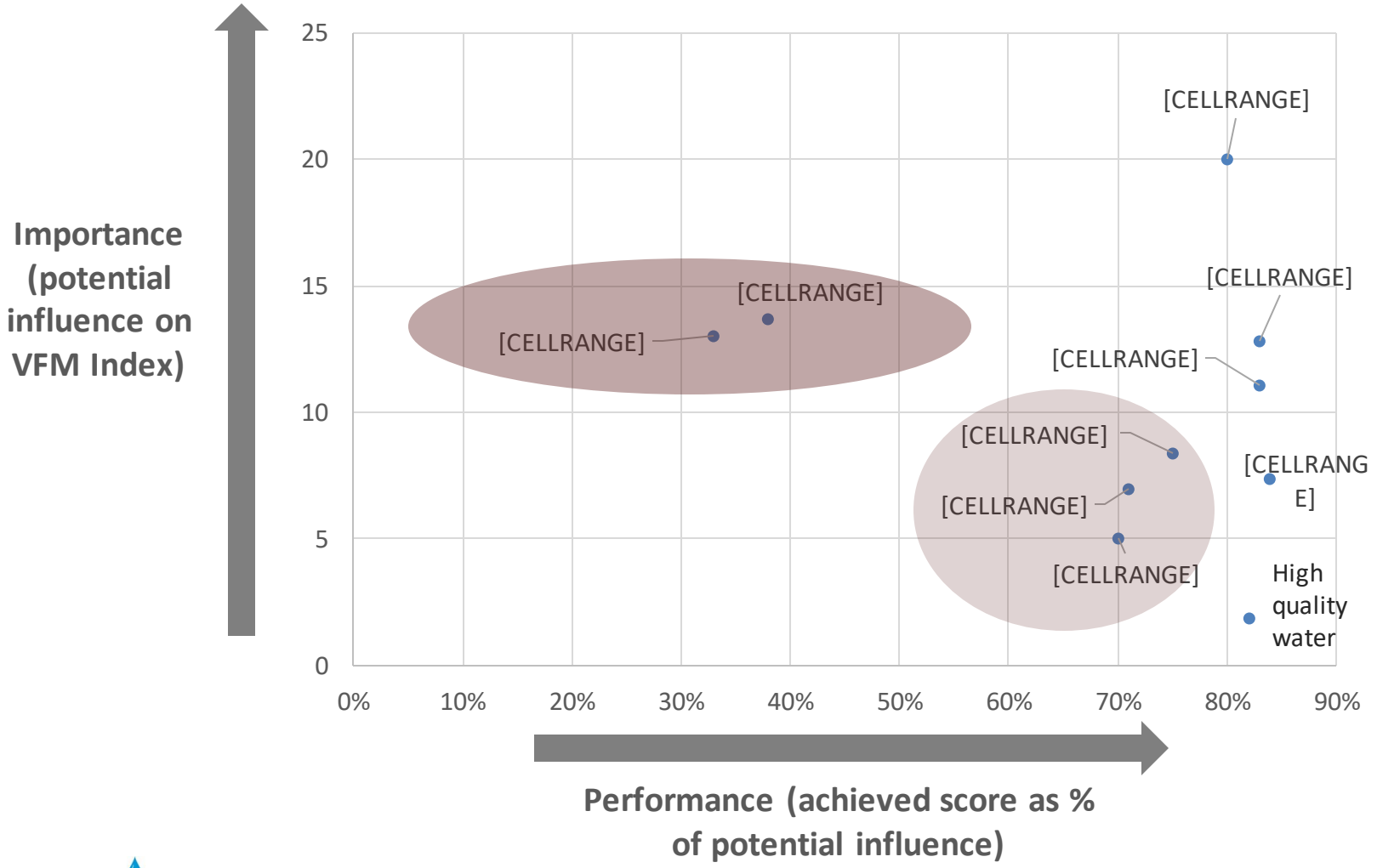
▲ Significant increase
▼ Significant decrease
△ Directional increase
▽ Directional decrease

Affinity Water

blue marble

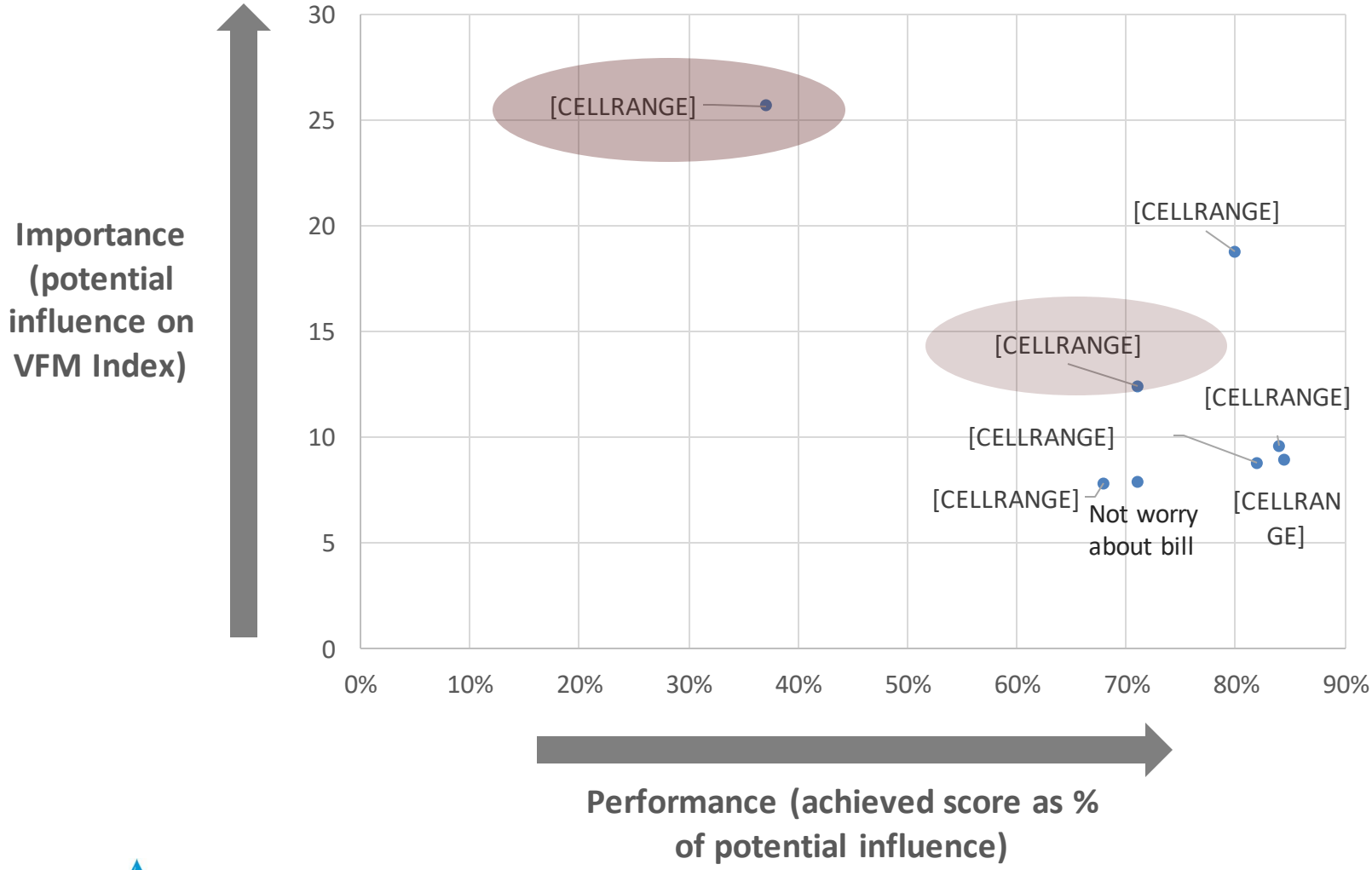
Prioritising – Those who know bill size

Amongst those who are confident in bill knowledge, the areas of the VFM Index with most potential to improve revolve around bill size perceptions and – even more this year - how it's changing. Water bill perceptions are often based on a generic sense of bill increasing. Can we communicate the reality better?



Prioritising – Those who don't know bill size

Amongst those who don't know their bill, the areas of the VFM Index with most potential to improve is also perceived bill change (even though they have no clear idea what their bill is!). Secondary areas to address are building help with water saving (WSP) plus encouraging trust and reducing bill anxiety (affordability).



Summary – VFM

1) While most headline VFM scores have remained consistent over time, the VFM Index for those who know their bill size shows signs of falling

2) There remain indications of a growing underlying ambivalence towards VFM

3) There are also signs that perceived value of water is fading relative to some other services (although remains one of the better utilities)

4) Key factors behind the lower VFM Index are perceived 'increasing bills'; it also may be related to transitioning to metered rates

5) It's likely that external factors are also playing a part in modifying customer outlook - increasing economic anxiety and prominent news coverage of the water industry

6) Groups with a lower VFM Index include younger customers and those in the Thames area; can they be better targeted with communications?

Satisfaction and contact

Figure 1: Summary of C-MeX options that we consulted on in July 2017

	Customer service quarterly satisfaction survey via online channels, of contacts based on the handling and resolution of a recent matter or complaint	Customer experience quarterly satisfaction survey via phone, of customers who have not contacted their company	Net promoter score using monthly data submitted by companies of the net proportion of customers who would recommend their water company	Complaints volumes based on application of updated guidance (includes complaints made via social media)
Option 1	50% weighting	50% weighting	Not applicable	Reputational incentive
Option 2	40% weighting	40% weighting	Not applicable	20% weighting
Option 3	40% weighting	40% weighting	20% weighting	Reputational incentive
All options: Combined into a single C-MeX score benchmarked against an upper quartile UKCSI all-sector threshold				

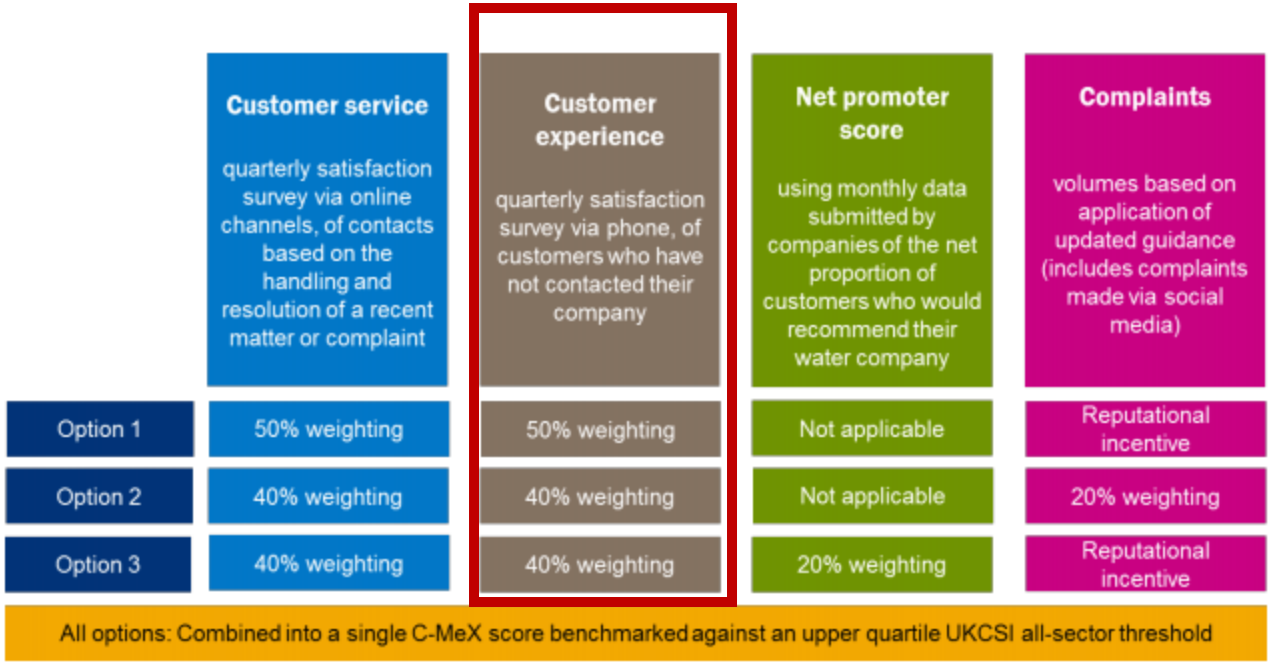
The key elements of the three options were:

Option 1 – customer service survey (50% weighting in the financial incentive) and experience survey (50%) + reputational incentive for complaints.

Option 2 – customer service survey (40%) and customer experience survey (40%) + complaints (20%).

Option 3 – customer service survey (40%) and customer experience survey (40%) + NPS (20%).

Figure 1: Summary of C-MeX options that we consulted on in July 2017



The key elements of the three options were:

Option 1 – customer service survey (50% weighting in the financial incentive) and experience survey (50%) + reputational incentive for complaints.

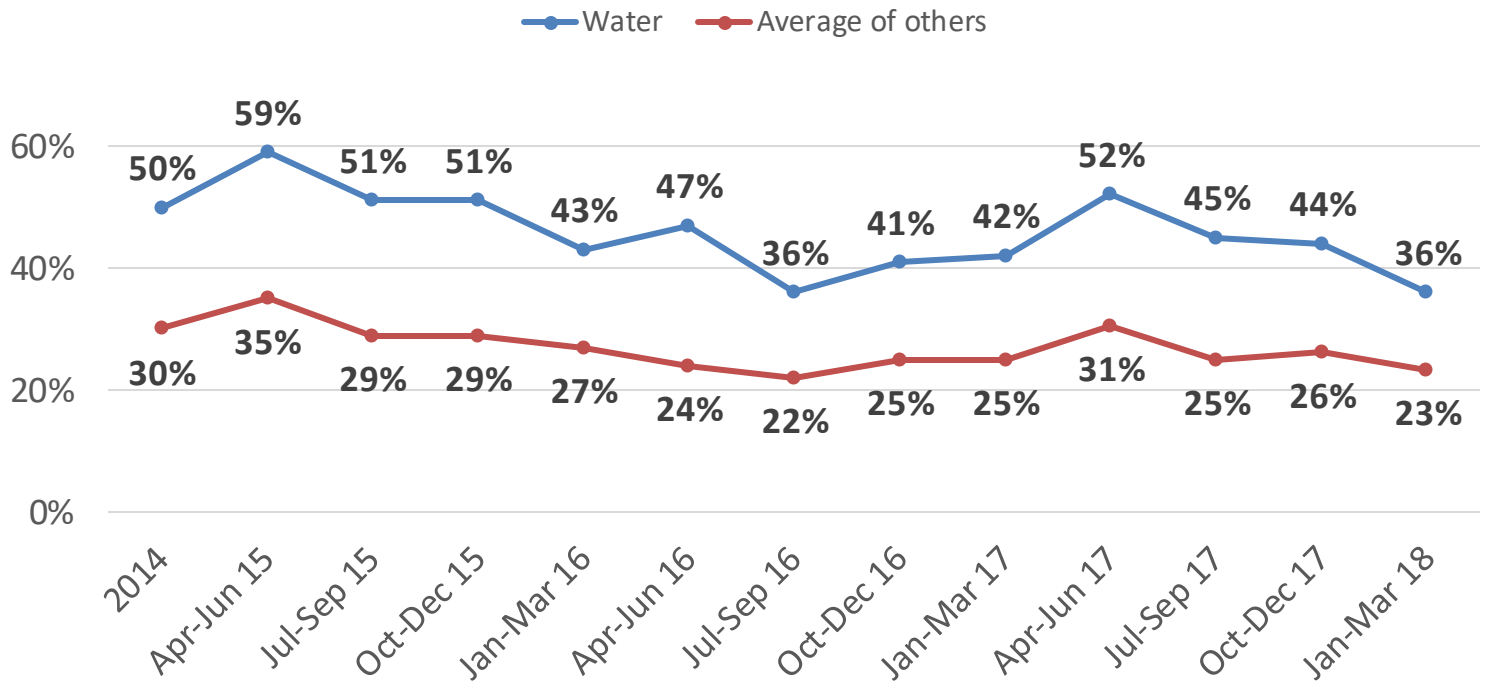
Option 2 – customer service survey (40%) and customer experience survey (40%) + complaints (20%).

Option 3 – customer service survey (40%) and customer experience survey (40%) + NPS (20%).

Water versus other services - % scoring 9 or 10

Looking at **unconsidered** satisfaction with water company versus the average of other category scores, water company scores are consistently higher. However, there are signs that the gap is closing slightly over time, with the others getting a little closer – particularly in the latest Quarter coinciding with cold weather and publicity about supply disruption.

Satisfaction (unconsidered)

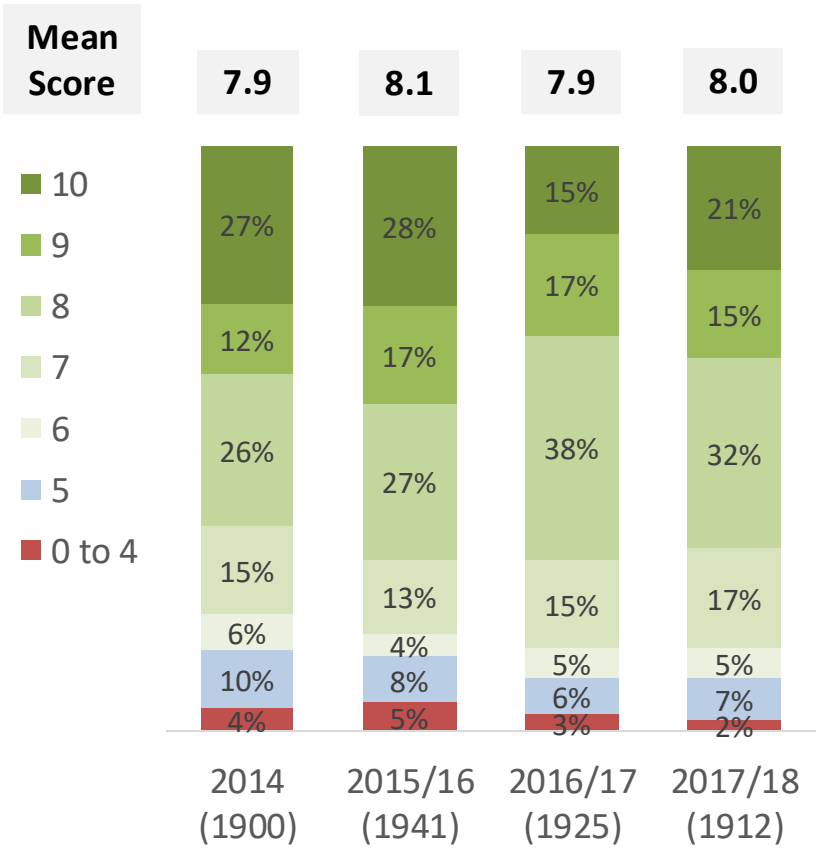


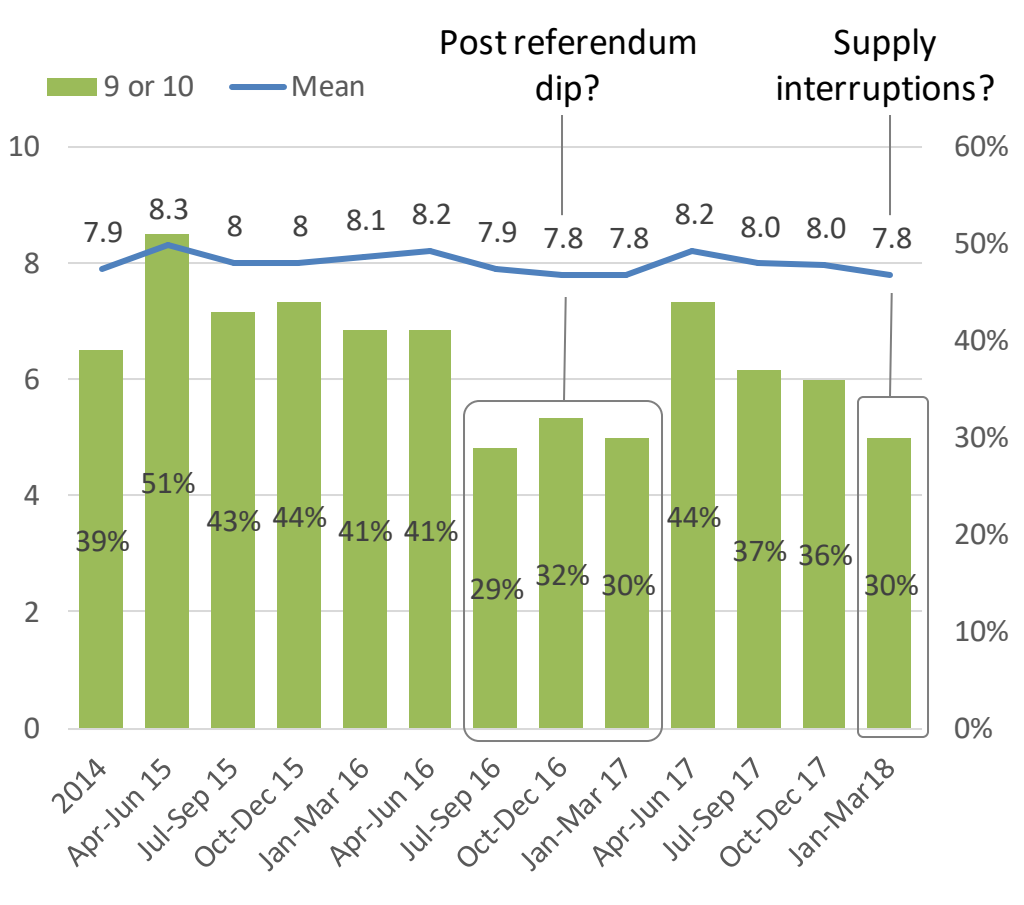
Average of others = Electricity, Council Tax, Bank, Main Supermarket, Mobile Phone and Council Tax

Q6. I'd like you to rate how satisfied you are with the service you receive in each case, where 0 is "very dissatisfied" and 10 is "very satisfied".

Overall considered satisfaction with service

While the mean score for considered satisfaction remains fairly static, there was a notable decline in **strong** satisfaction in 2016 (coinciding with the post-Brexit climate of uncertainty and declining confidence), and after a slight rebound it has fallen again in the latest Quarter, following the cold weather and disruption to supply.

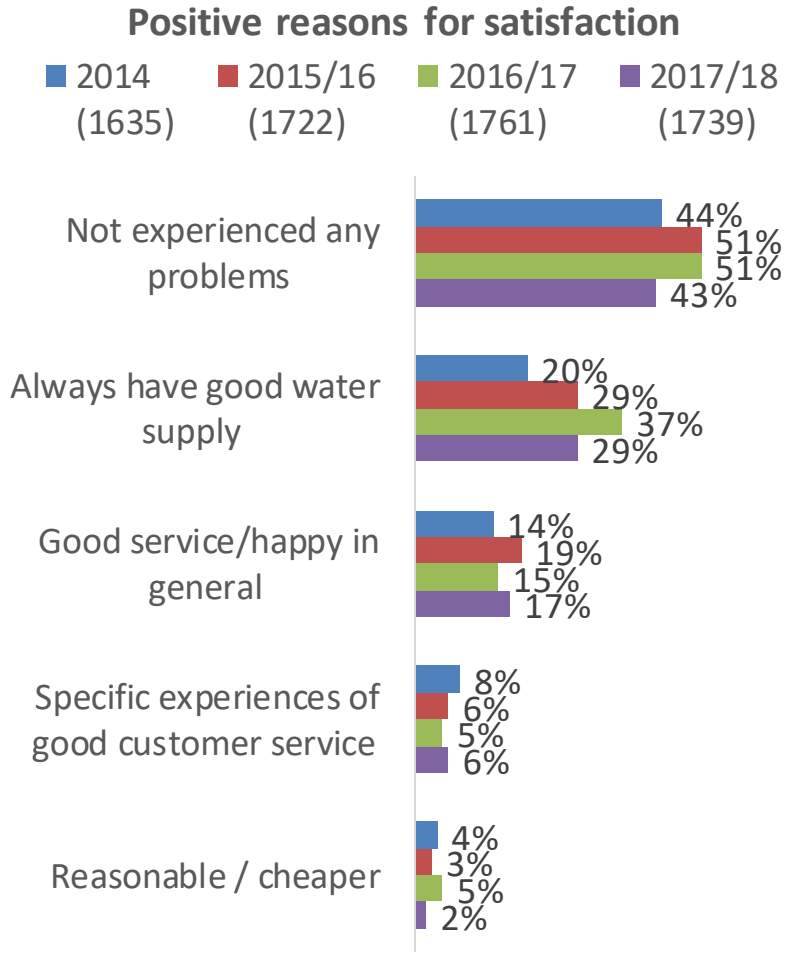


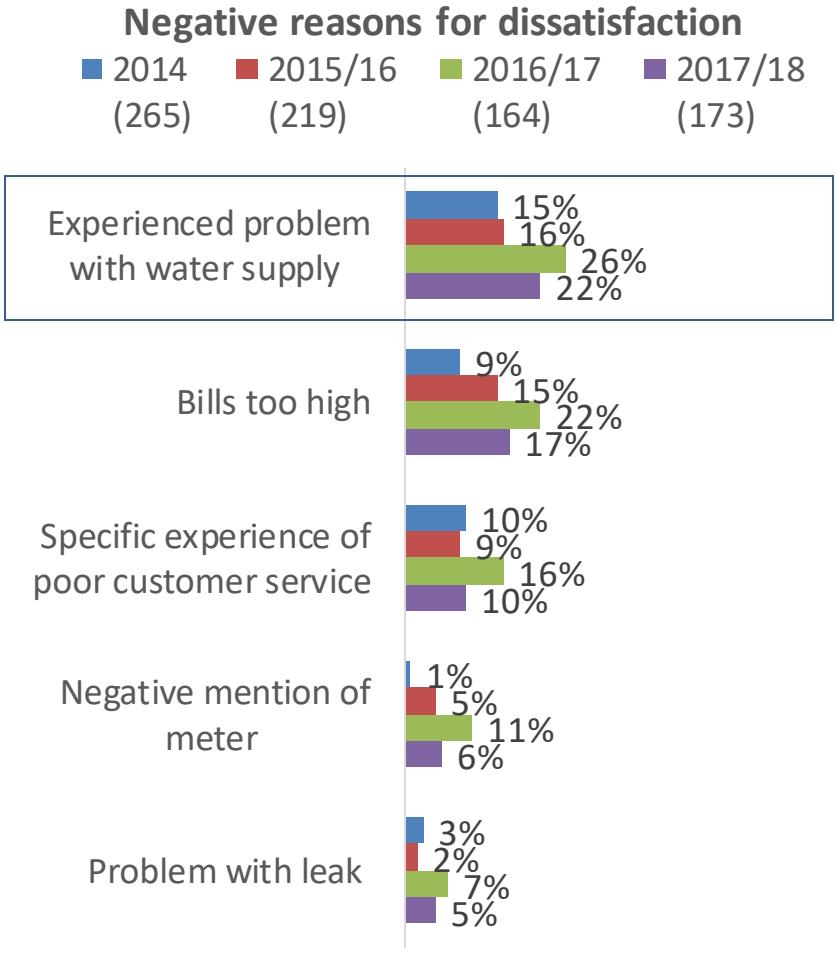


Q14. Overall, how satisfied or dissatisfied are you with the service you have received from Affinity Water over the last 12 months? Using a scale of '0' to '10', where 0 is 'very dissatisfied' and 10 is 'very satisfied'.

Overall satisfaction with service – stated reasons

Customers often tell us their satisfaction with service is simply down to not experiencing problems, along with a reliable supply; this highlights how the majority of customers have little involvement with Affinity. Of the diminishing minority who are dissatisfied, water supply problems are the largest factor.





Q16. Why did you give a score of…?

Profiling those with higher and lower satisfaction

Older homeowners and women tend to be a little more positive for satisfaction, while younger to mid-lifestage groups and those with decreasing income (the 'squeezed middle') are more often dissatisfied, and the priority to engage with. Those who are more neutral on satisfaction tend to be fairly average in profile.

High satisfaction (9-10)

- Women
- 65+ years old
- Retired
- DE social grade
- - Own their home outright

Medium satisfaction (7-8)

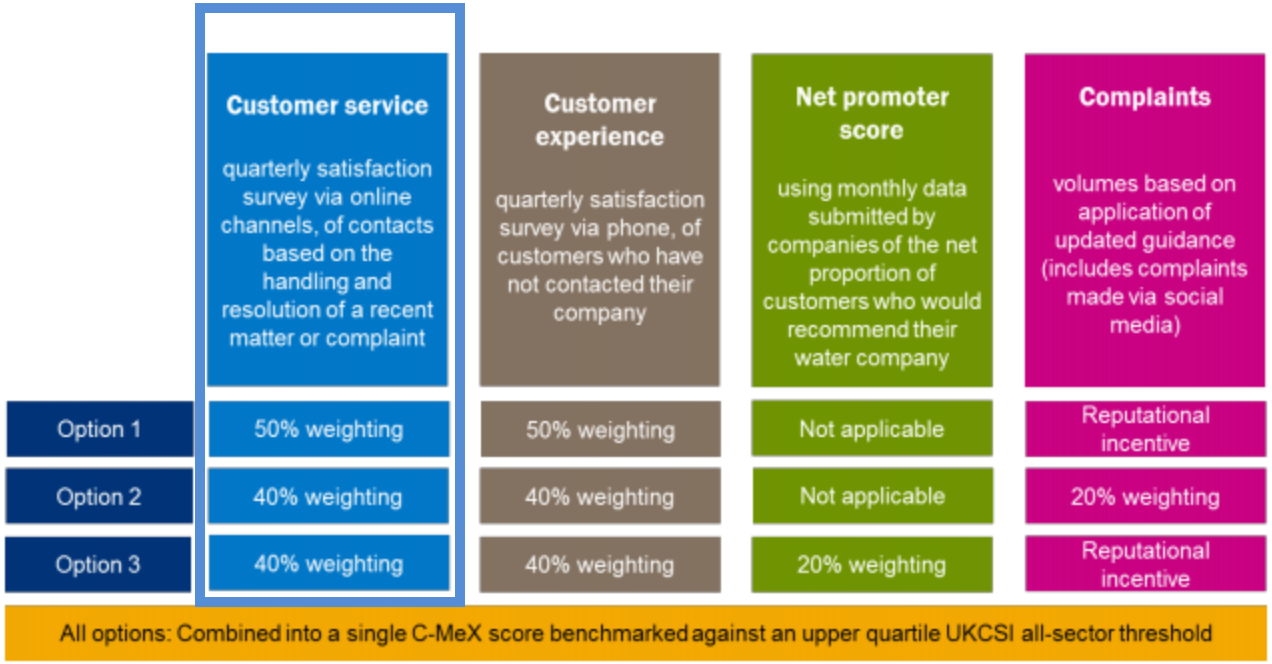
- Average age profile
- Average Social Grade profile
- Household income 'staying the same'

Low satisfaction (0-6)

- 35-54s
- In paid employment…
- …but household income decreasing
- Not heard of Assistance Programmes

Note: Differences in profile illustrated between the three groups are mild; these are tendencies only

Figure 1: Summary of C-MeX options that we consulted on in July 2017



The key elements of the three options were:

Option 1 – customer service survey (50% weighting in the financial incentive) and experience survey (50%) + reputational incentive for complaints.

Option 2 – customer service survey (40%) and customer experience survey (40%) + complaints (20%).

Option 3 – customer service survey (40%) and customer experience survey (40%) + NPS (20%).

Contact with Affinity Water

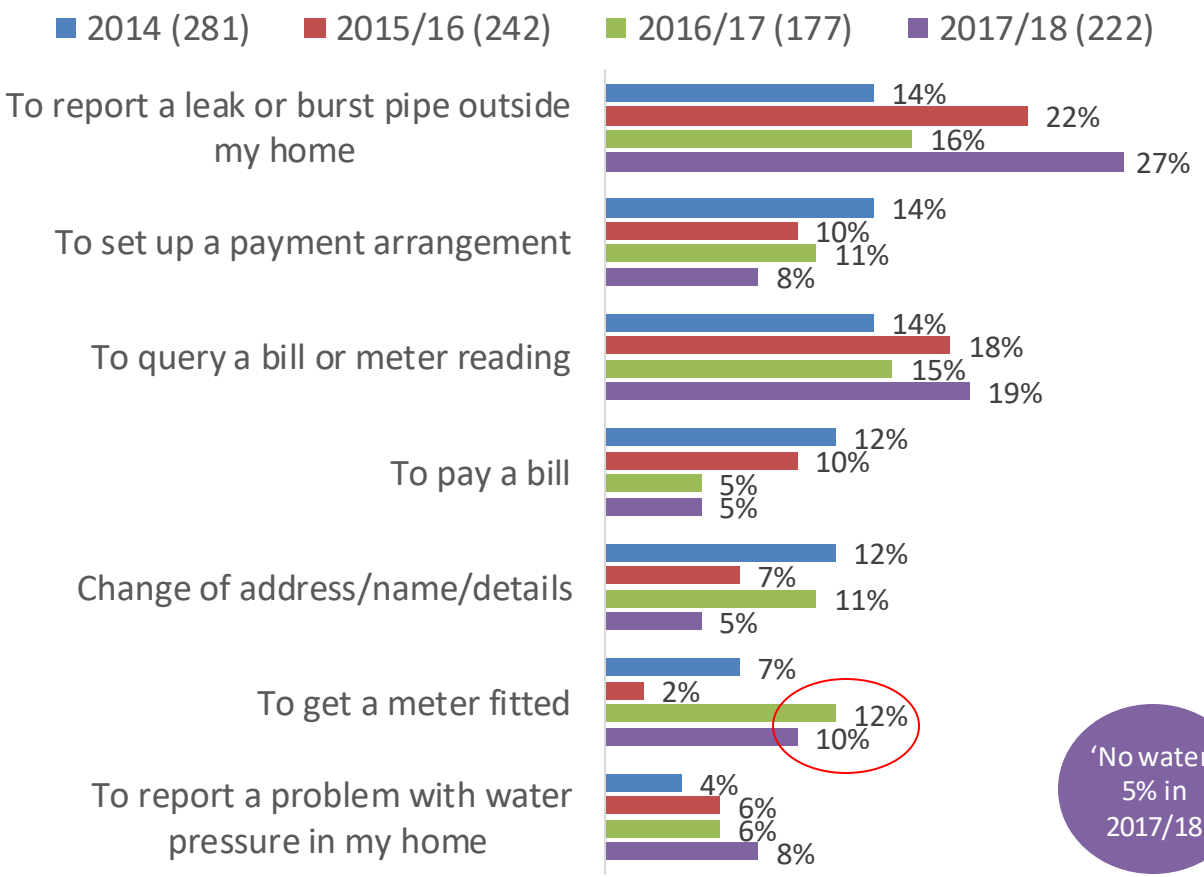
Slightly more widespread contact with Affinity Water over the last year – yet still only a small minority of customers. There's been a little more claimed contact on external leaks, and fitting meters remains higher.

Contacted Affinity? *

- 2014: **15%**
- 2015/16: **12%**
- 2016/17: **9%**
- 2017/18: **12%**

Over 8 in 10 contacts are still on the phone, with only 1 in 20 via the website. (Email peaks in Apr-Jun)

Main reasons for contact in last 12 months (top answers)



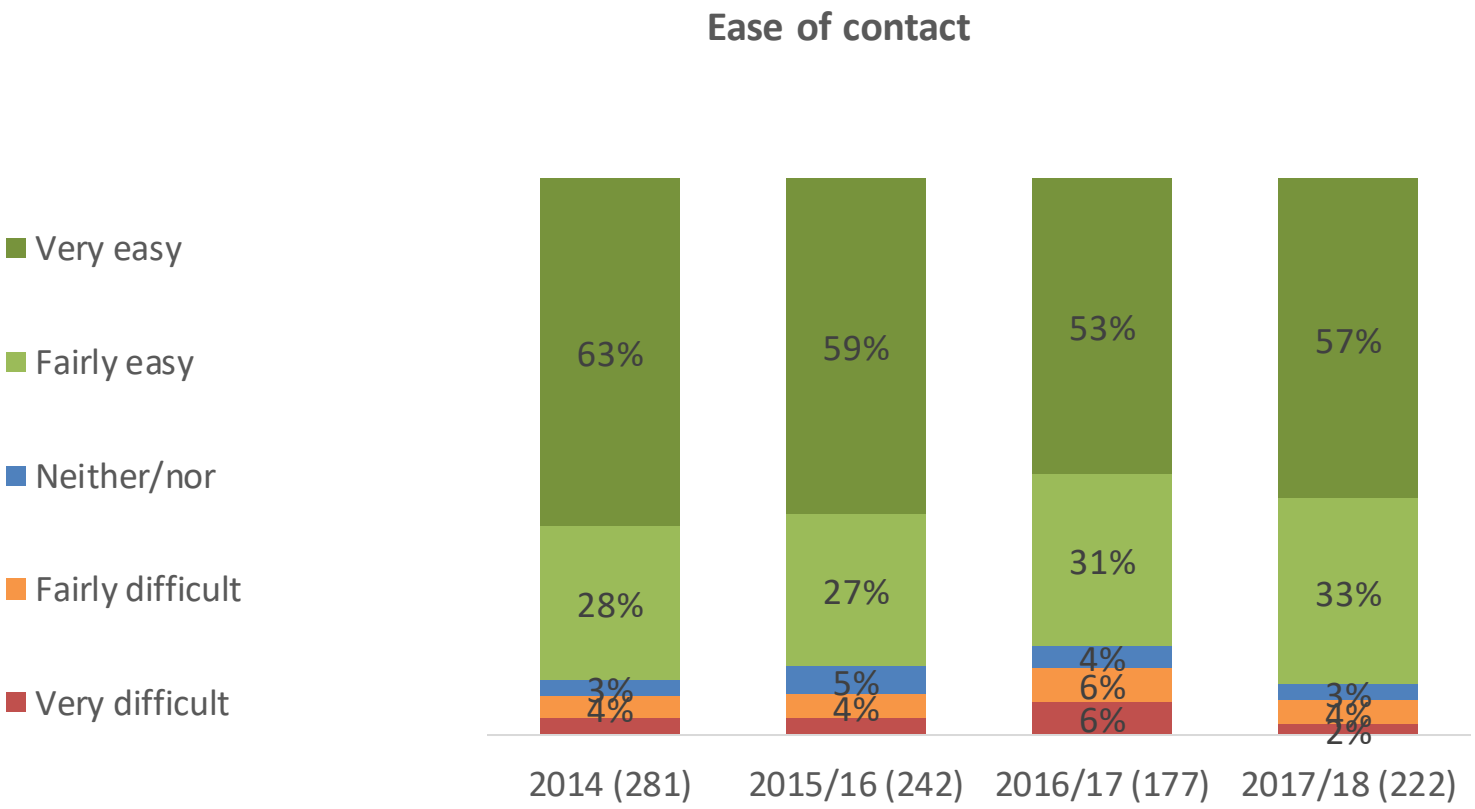
'No water' 5% in 2017/18

* Negatively correlated with VFM

Q.21. Have you contacted Affinity Water for any reason in the last 12 months?; **Q.23.** What was the main reason for your contact?

Ease of contact

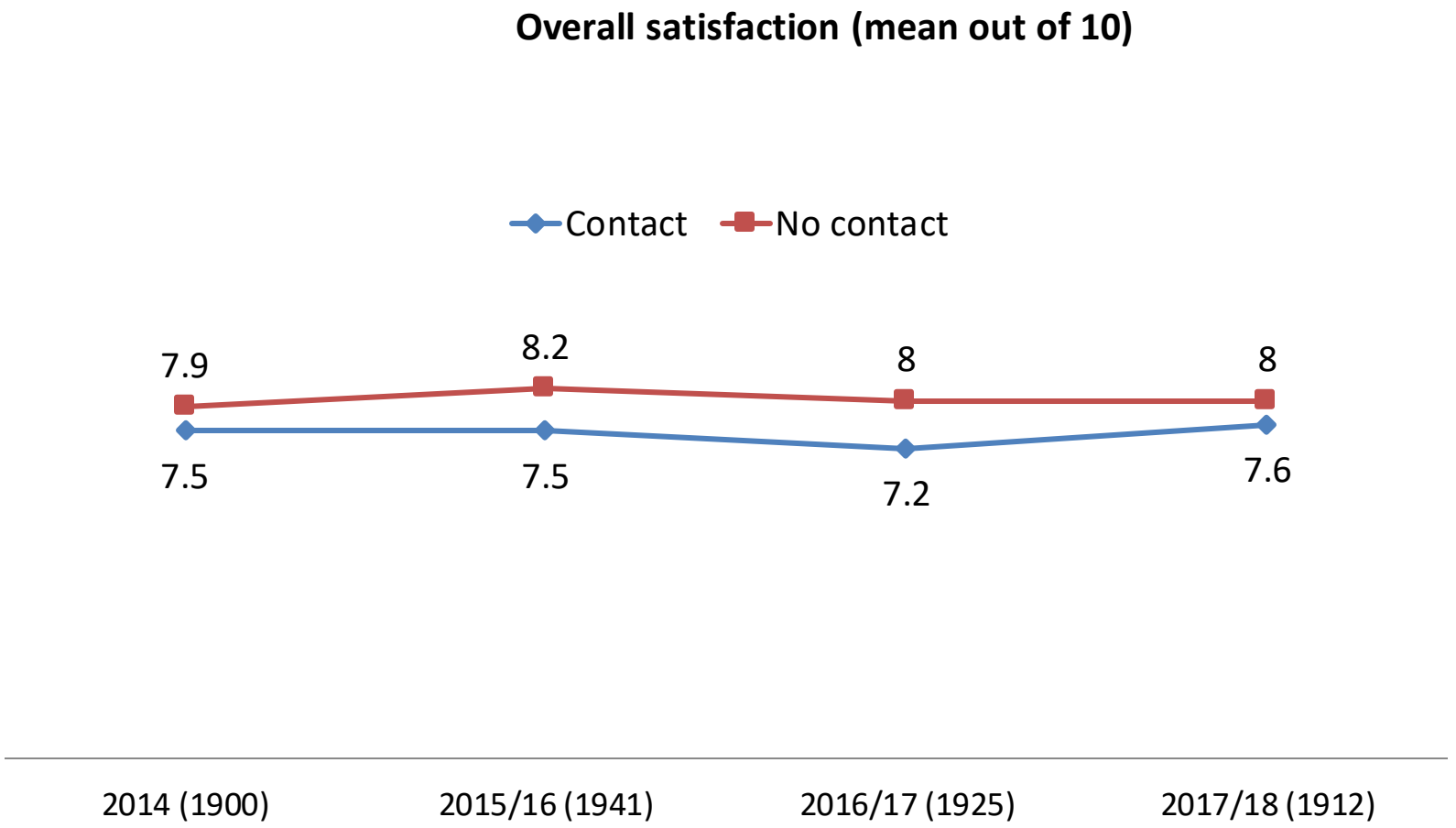
Amongst the minority of customers who've made contact with Affinity, making contact is generally perceived to be easy, and very consistently so. In the latest year 9 in 10 customers found it easy to access Affinity Water's services. This is encouraging as accessibility moves higher on Ofwat's agenda



Q.24. How easy or difficult was it for you to make contact with Affinity Water?; **Q.25**. After your experience, how likely are you to speak highly of Affinity Water to your friends or colleagues, using a scale from 0 to 10

Overall satisfaction by those making contact

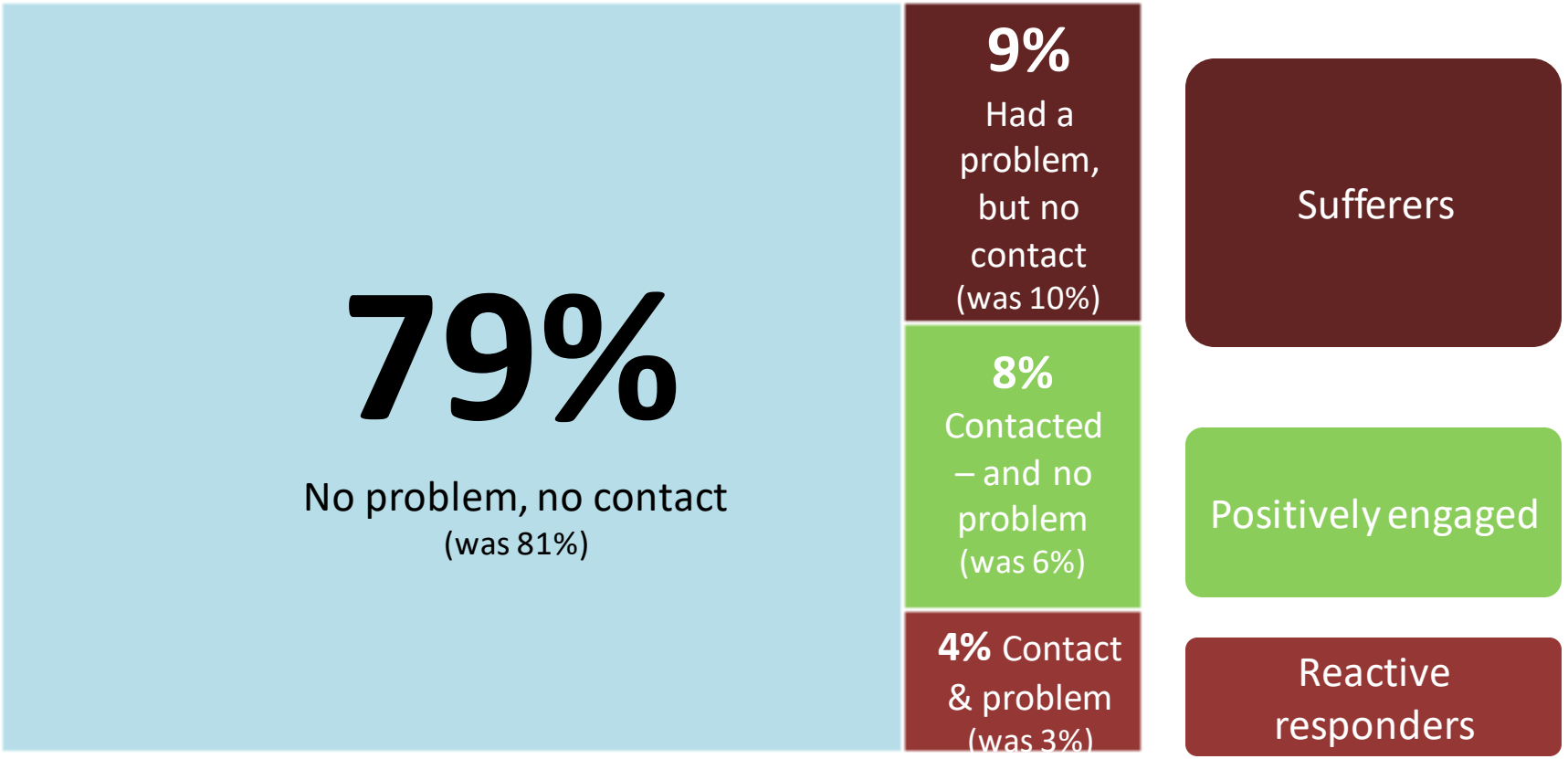
Those who have had contact are less satisfied than other customers (as often the reason for making contact will be related to some kind of an issue they have had with service). It's encouraging to see some closing of the gap since last year - suggesting an improvement in turning contacts into positive outcomes.



Q14. Overall, how satisfied or dissatisfied are you with the service you have received from Affinity Water over the last 12 months? Using a scale of '0' to '10', where 0 is 'very dissatisfied' and 10 is 'very satisfied'.

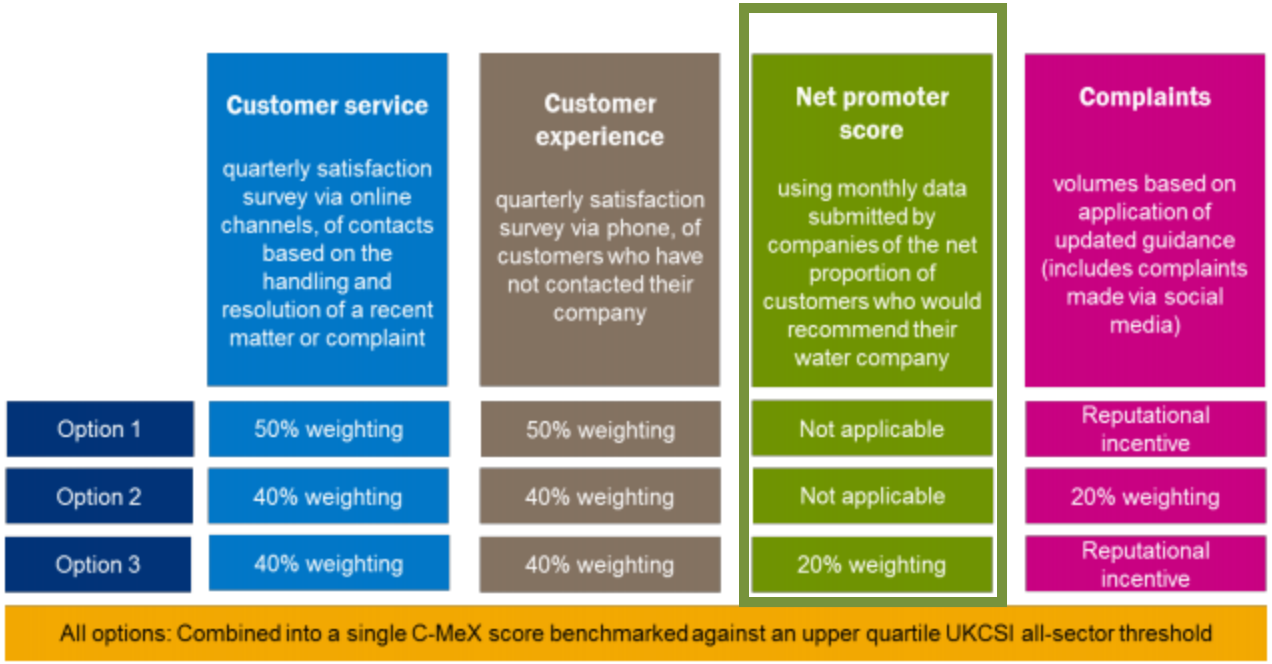
Making contact and experiencing a problem

- The great majority of customers neither had a problem nor made contact (79%) – the passive majority
- Only a minority with a problem actually make contact with Affinity Water – still around 1 in 10 of the base may be 'suffering in silence' (although we know they tend to have less serious problems than those who do contact)



Likelihood to recommend / speak highly of

Figure 1: Summary of C-MeX options that we consulted on in July 2017



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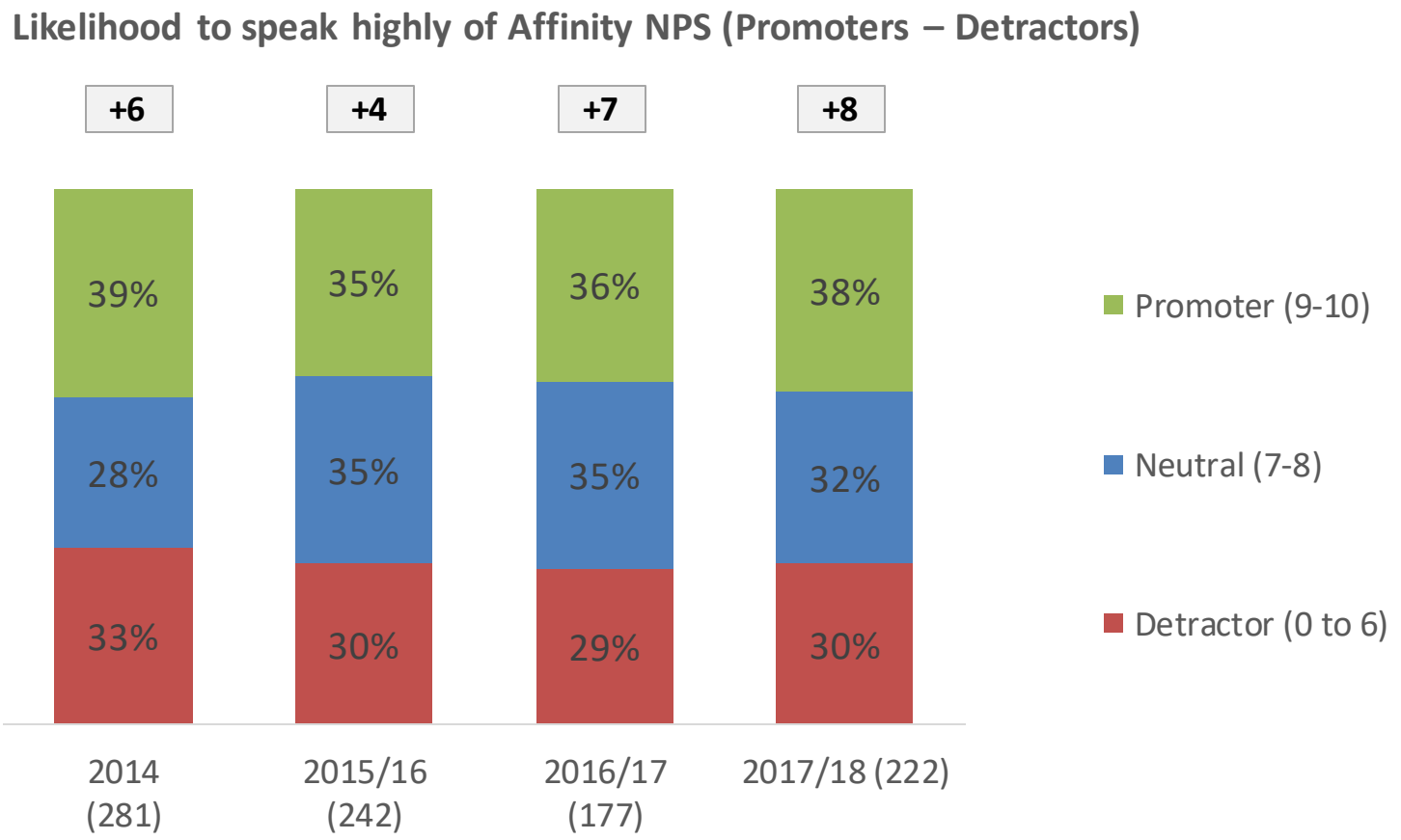
Option 3 – customer service survey (40%) and customer experience survey (40%) + NPS (20%).

Advocacy

Amongst those who have cause to contact Affinity Water, we ask likelihood to speak highly of the company (an adaptation of the 'net promoter score'). This has remained remarkably consistent, evidencing consistent service; however we know that those making contact are generally less satisfied than other customers (given they may have had problems) and so 'NPS' for the rest of the customer base may be higher.



Q.24. How easy or difficult was it for you to make contact with Affinity Water?; **Q.25**. After your experience, how likely are you to speak highly of Affinity Water to your friends or colleagues, using a scale from 0 to 10

Summary – focus on satisfaction

1) While average satisfaction remains good (mean score of 8), there are signs of a gradual longer term shift to greater ambivalence, with fewer customers *highly* satisfied

2) Broad satisfaction with water service relative to electricity and other services may be fading slightly, although water remains relatively strong

3) In Jan-March 2018 we see a dip on strong positive satisfaction – is this related to cold weather interruptions (and the publicity around this)?

4) Of the minority who are actively dissatisfied, water supply problems are the most widely cited specific reason

5) Dissatisfied customers are a little more likely to be younger / mid lifestage who work but are feeling increasingly squeezed on income: The priority group to engage with?

6) Those who've had contact with Affinity (often with a problem) have lower underlying satisfaction, although we know that certain forms of contact with customer service can have a halo effect

Further thoughts on C-Mex

CUSTOMER SERVICE

Proposed to be a wider definition than today - not just for resolved contacts but **any** direct contact. We potentially can add this into the tracker BUT our sample is limited size (c.10%) and it is based on longer term recollection.

CUSTOMER EXPERIENCE

Looking to understand those who have had no contact; the survey sample is 90% made up of these customers, and so may be appropriate to collect this way; we are piloting a new 'wider' customer experience measure this year.

NET PROMOTER SCORE

Ofwat is proposing to pilot NPS as a better mode of gauging the broader customer view of their water company; we currently use a variation of NPS with wording that may be more relevant to the category, but is limited to those making contact. Roll out to full sample?

ACCESSIBILITY

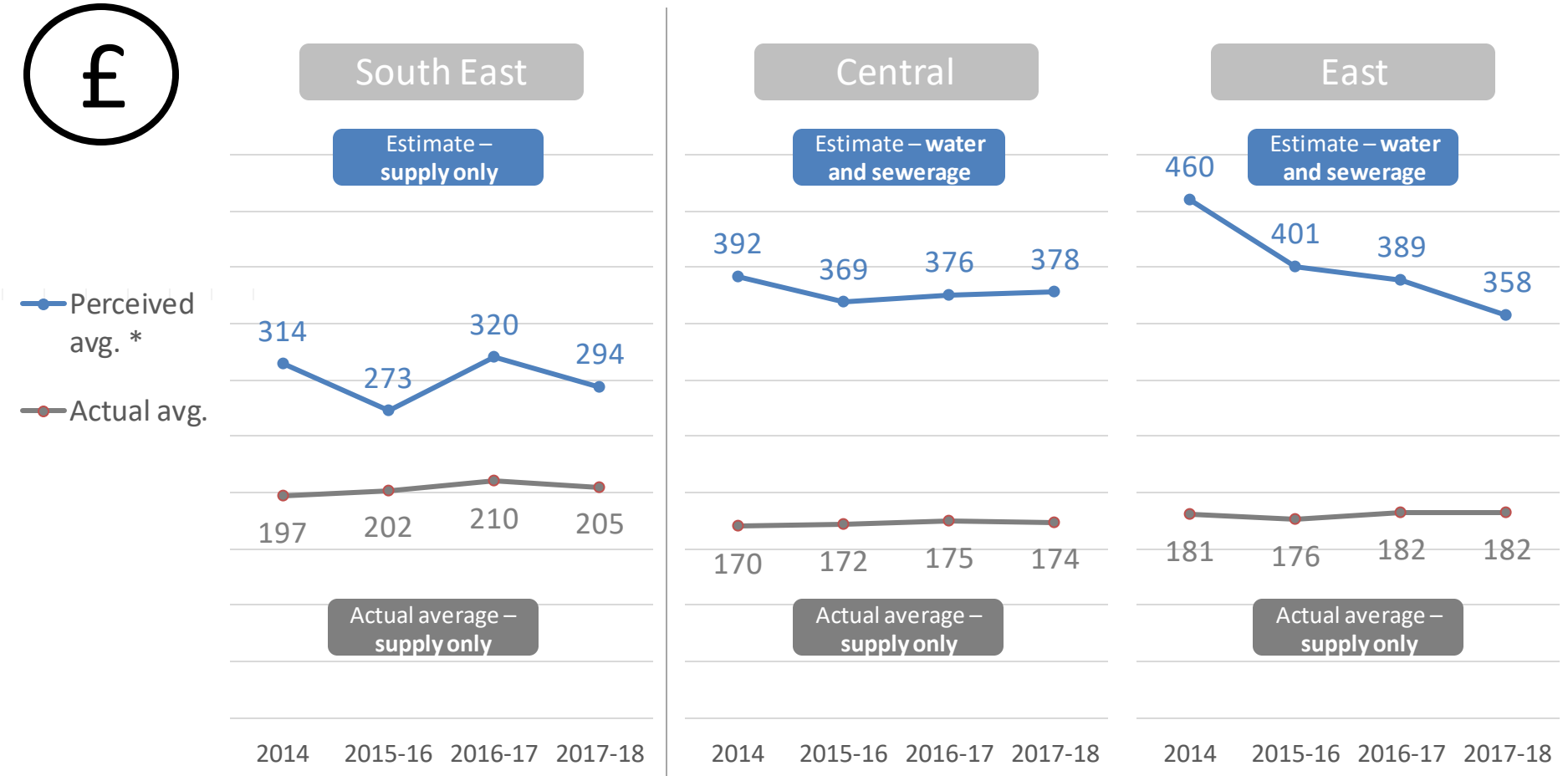
Potentially add measure around perceived ease of accessibility, for total sample and not just those making contact; suggest a two pronged measure:

- Perceived number / range of channels
- Perceived quality / clarity of information available

Bills & metering

Perceived bill size

Indications are that customers' average estimation on bill price is above what it actually is (based on the supply only estimate in the South East). The revised bill design being rolled out this year may be able to improve accuracy of bill knowledge – and in turn improve VFM ratings.



Q.30. Roughly how much do you think you currently pay annually for your **water supply** service?

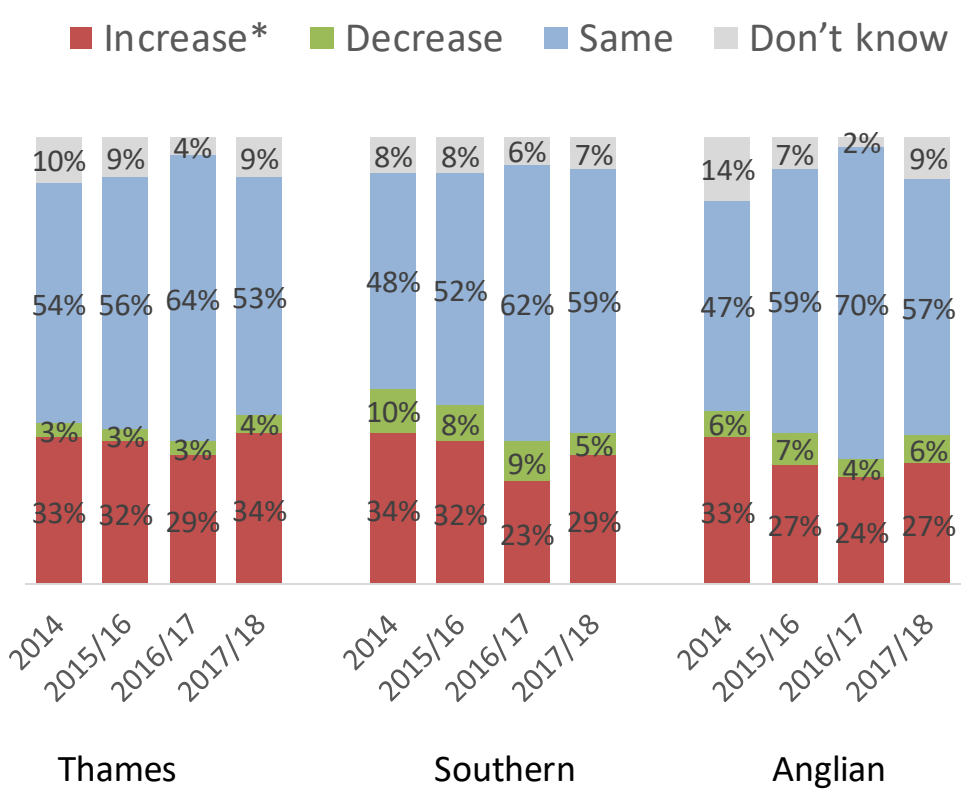
Q.35. Roughly how much do you think you currently pay overall for **your water and sewerage** services annually?

* Negatively correlated with VFM

Perceptions of bill price changes

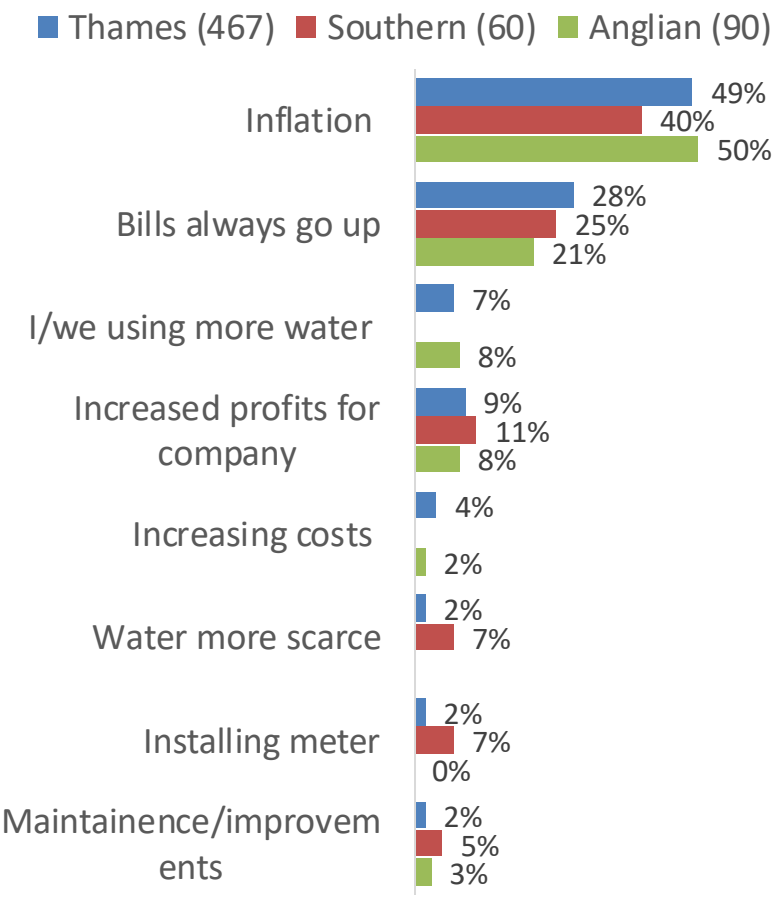
In all regions there's a greater perception this year than last year that bills are increasing – even though average estimates of bill size are not going up; core reasons for thinking bills are increasing continue to revolve around inflation (more so than last year) and simply that 'bills always go up'.

Perception of bill changes in 12 months



* Negatively correlated with VFM

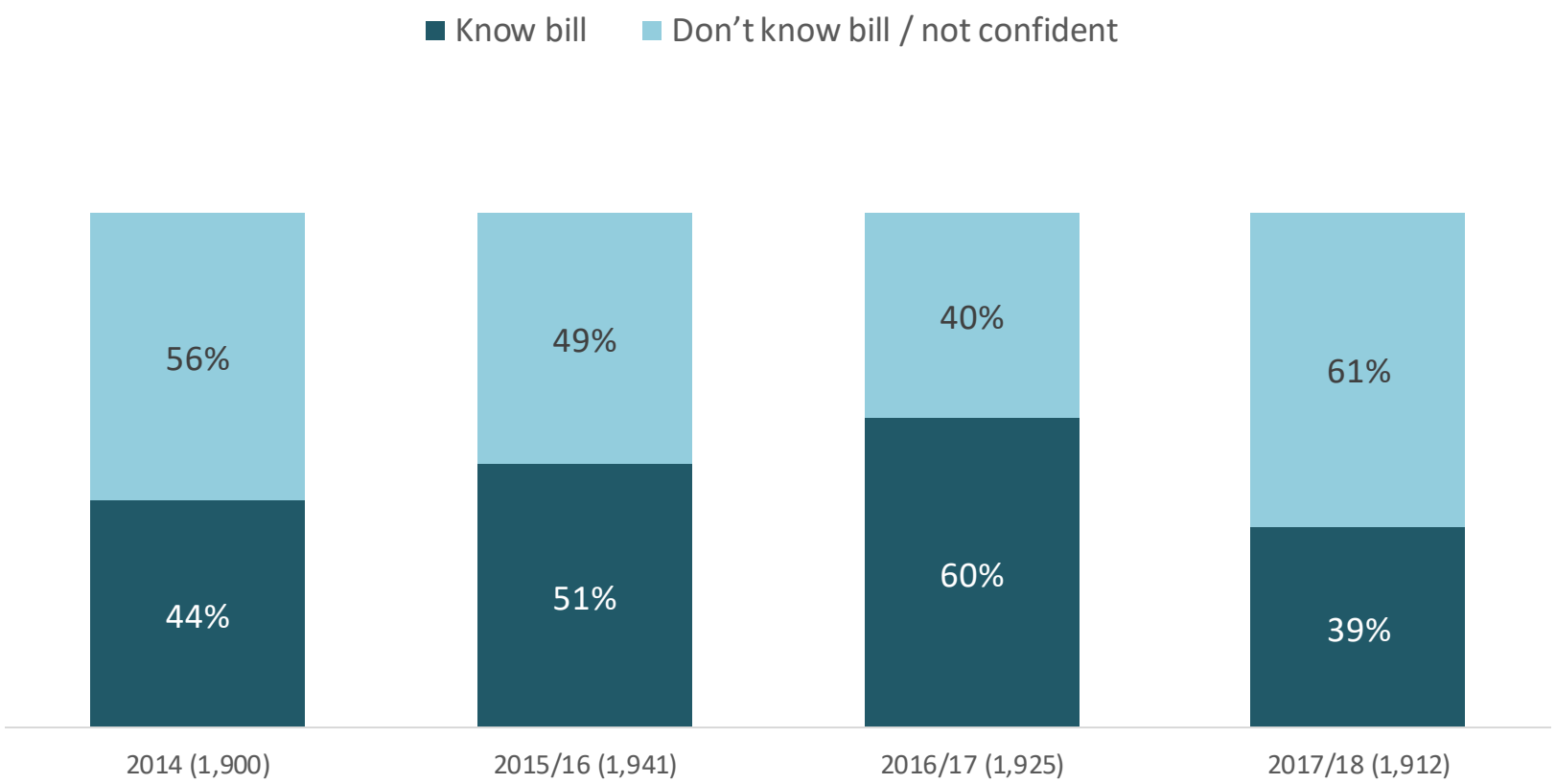
Main reasons for increase in bill 2017/18



Q.33a/Q.40. Do you think that your bill has increased, decreased or stayed about the same over the last 12 months?
Q.33b/Q.41. What do you think the reason for this increase is?

Knowledge of bill price

Knowledge of bill price had been showing signs of improving over time, but this year has fallen back again.



Q.31/Q.36. And can you tell me, are you very or fairly confident that this approximation is accurate or is it just a guess?

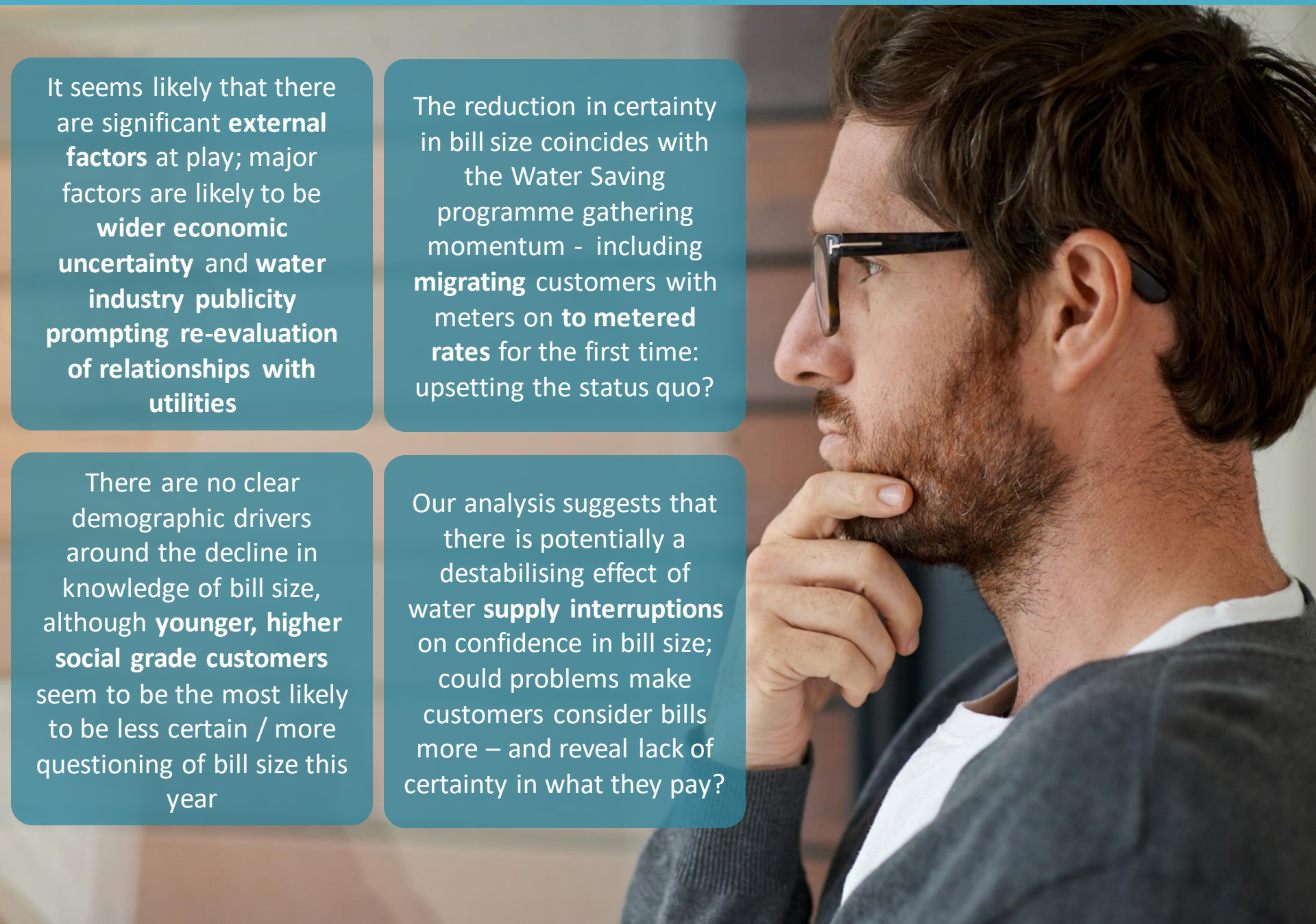
What could be causing uncertainty in bill size?

It seems likely that there are significant **external factors** at play; major factors are likely to be **wider economic uncertainty** and **water industry publicity prompting re-evaluation of relationships with utilities**

The reduction in certainty in bill size coincides with the Water Saving programme gathering momentum - including **migrating** customers with meters on **to metered rates** for the first time: upsetting the status quo?

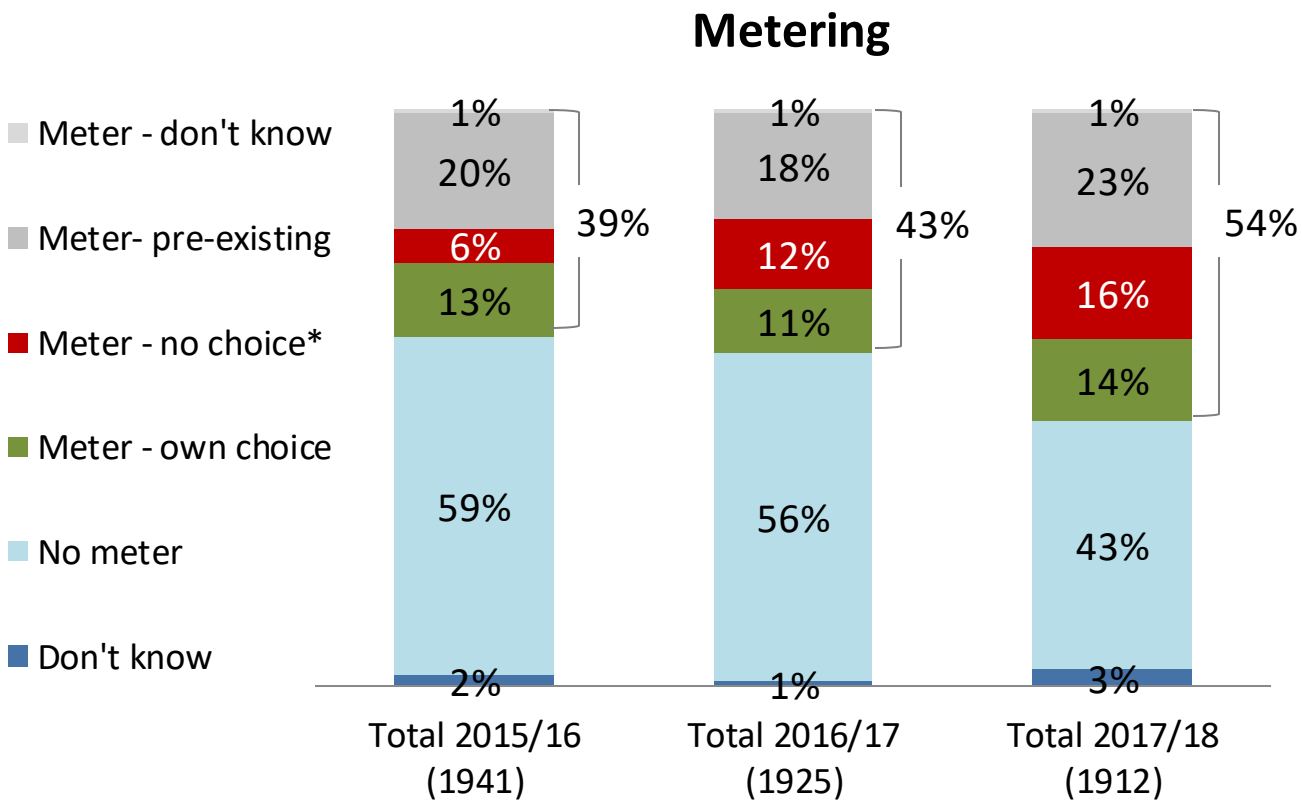
There are no clear demographic drivers around the decline in knowledge of bill size, although **younger, higher social grade customers** seem to be the most likely to be less certain / more questioning of bill size this year

Our analysis suggests that there is potentially a destabilising effect of water **supply interruptions** on confidence in bill size; could problems make customers consider bills more – and reveal lack of certainty in what they pay?



Metering

Since last year, as the Water Saving Programme (WSP) gathers momentum, there has been a significant increase in the proportion of customers aware of being on a meter; there is also a rise in those saying they're on a meter because 'the water company required a meter to be fitted'.



Increase in water meter awareness in all areas (it was previously being driven by Central, but no longer)

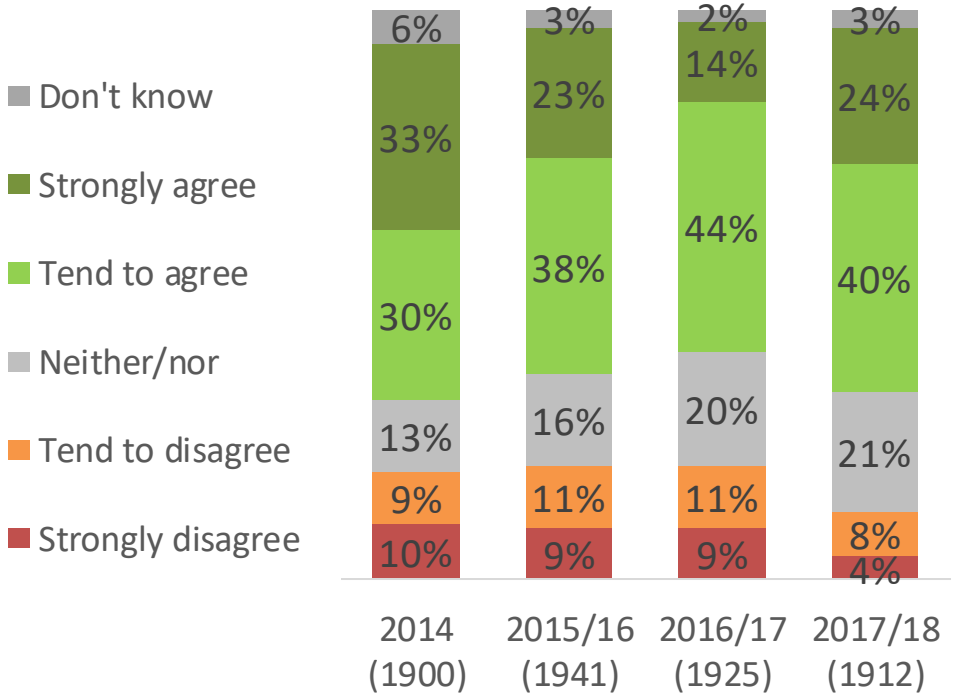
* Negatively correlated with VFM

Q.44b. Which of the following best describes how you came to have a water meter..?

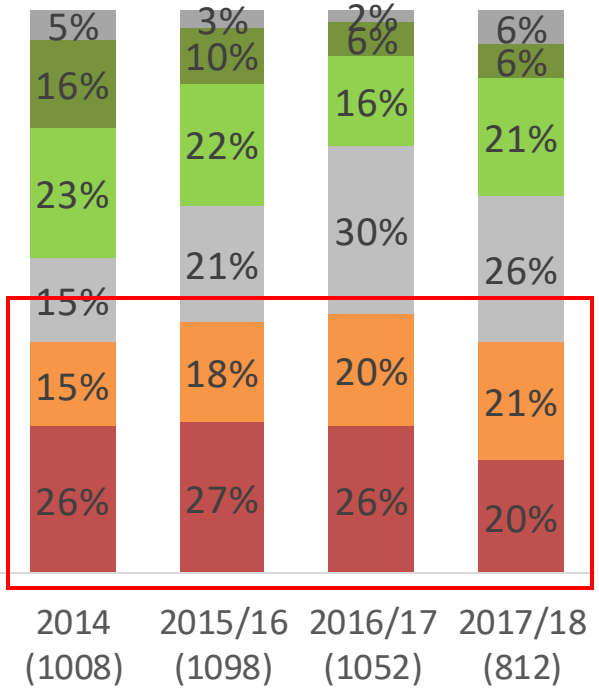
Attitudes to metering

There are signs that attitudes to water meters may be improving slightly, possibly reflecting communication around the WSP. There's still substantial resistance to be overcome though - of those who are not metered, nearly 4 in 10 wouldn't be happy to have a meter fitted.

"Water meters are the fairest way to charge customers for water" (Total sample)



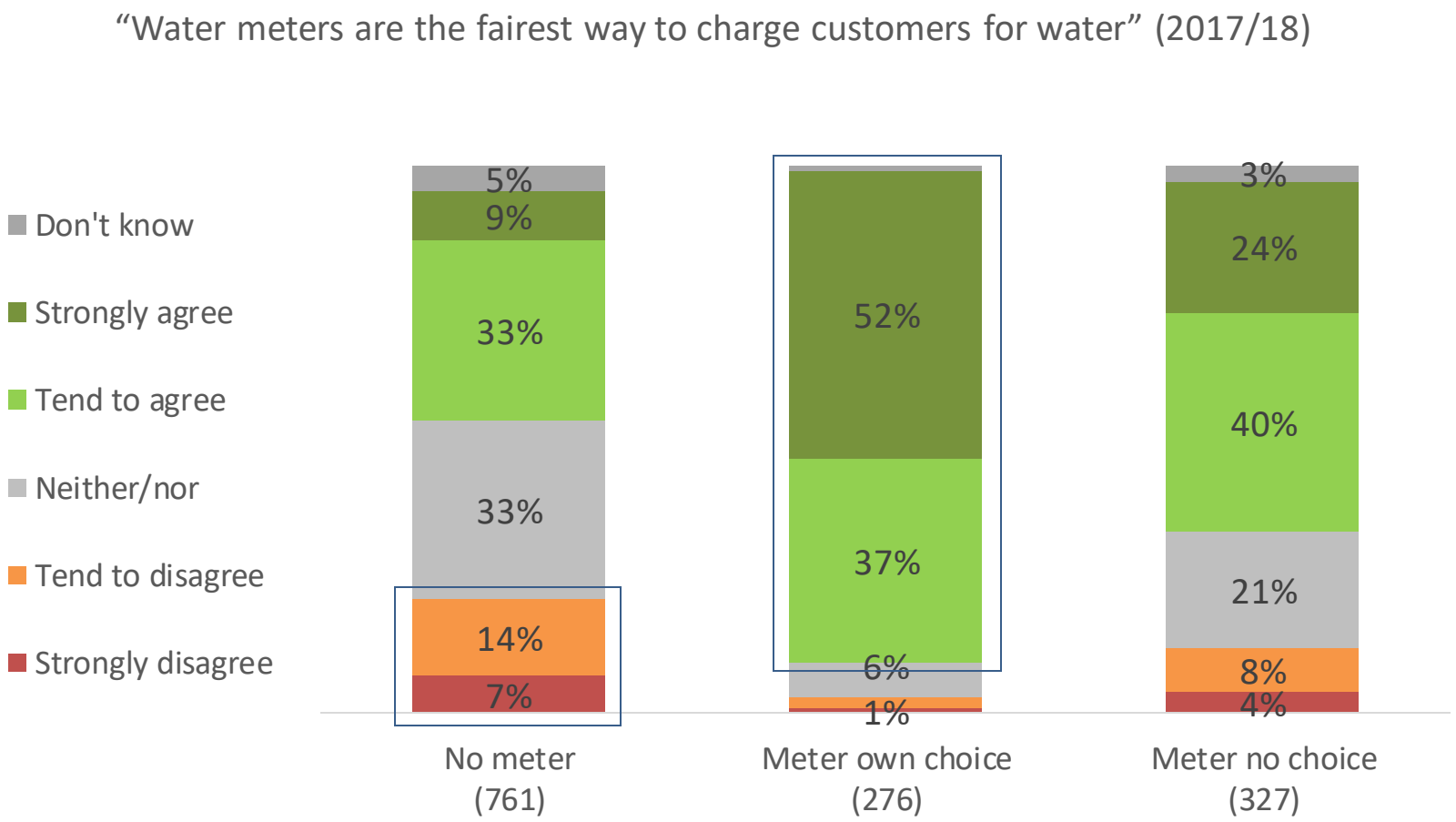
"I would be happy to have a water meter fitted if necessary" (All unmetered)



Q.52. How strongly do you agree or disagree with the following statements about your water supply bill?

Attitudes to metering

Those who have not had a choice in having a meter are slightly less convinced about the fairness of water meters than those who actively chose a meter, but even so they are more positive about them than customers who don't have a meter. The persuasion task for communication is clear…



Q.52. How strongly do you agree or disagree with the following statements about your water supply bill?

Bills and metering - summary

1) Even though Affinity bills are quite stable, the perception is that bills are on the increase – with a negative impact on the VFM Index. How can the perceptual gap be improved?

2) Confident knowledge of bill size has fallen back this year; this may be related both to wider external factors such as economic anxiety and transitioning to metered rates

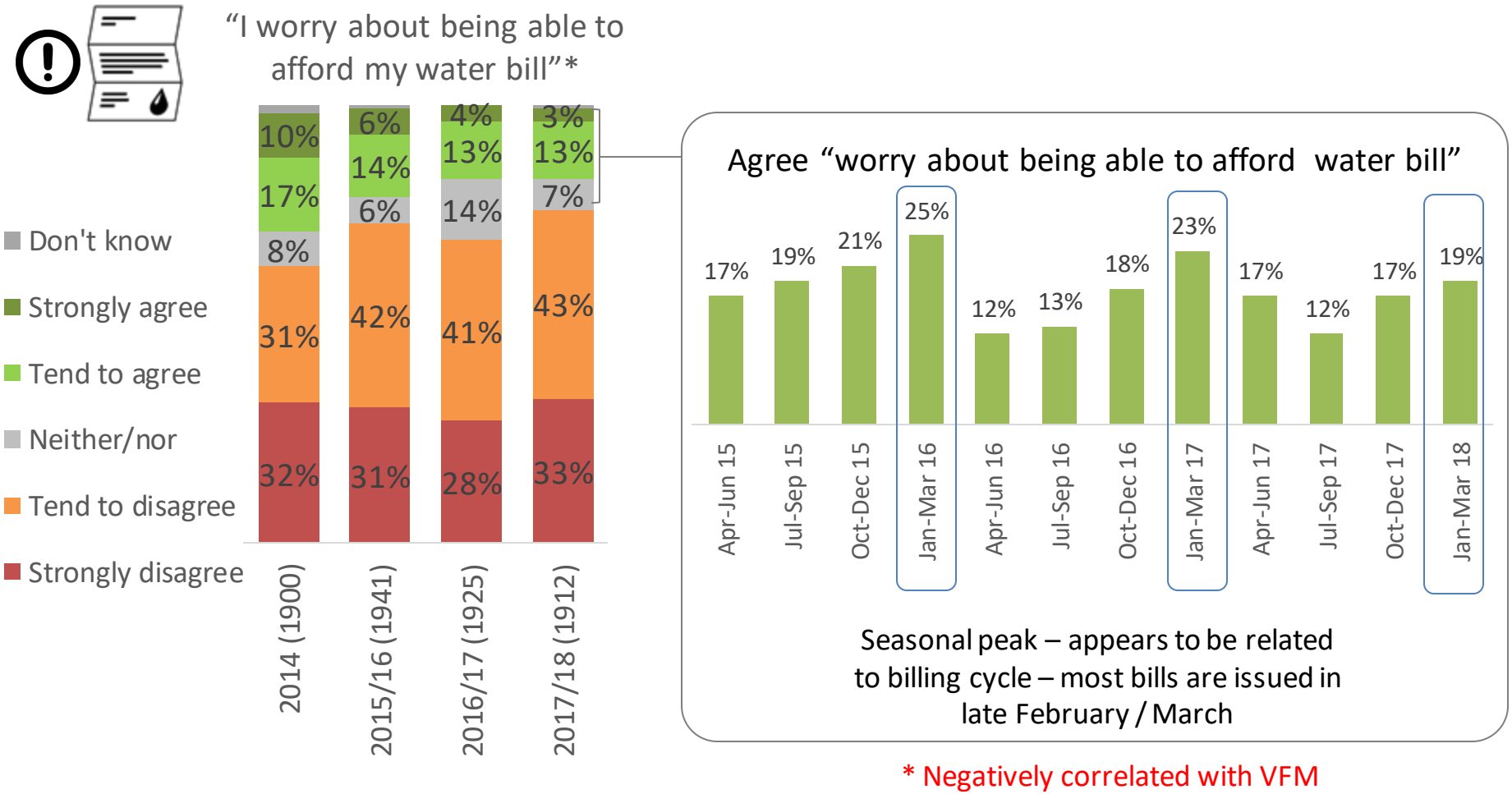
3) Billing is a key touchpoint to address uncertainty and misconceptions about bill size; we wait to see how the roll out of a new bill format this year can impact on comprehension

4) Customers who don't have a meter yet are most circumspect about metering – although many are 'persuadable'. There's an ongoing need to communicate effectively with them to encourage positivity

Affordability and vulnerability

Perceptions of affordability

As for last year, just under two in ten customers worry about being able to afford their water bill; the seasonal pattern continues where bill anxiety peaks each year just after Christmas. Is this something that can be countered by seasonal comms?

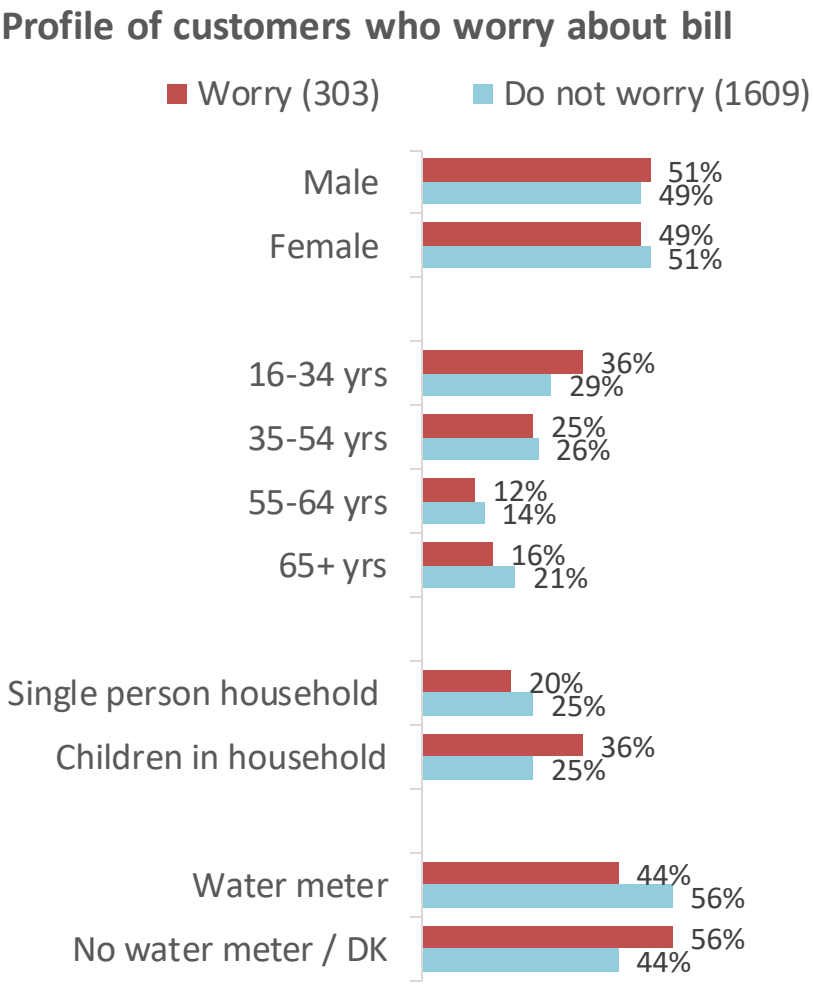


* Negatively correlated with VFM

Q.52. How strongly do you agree or disagree with the following statements about your water supply bill? "I worry about being able to afford my water bill"

Profiling those worried about affording their water bill

Those worried about paying their bill are more skewed towards younger customers, those with children in the household, and those who do not have a water meter; it is more complicated than just customers who are in lower social grades, household composition also needs to be a factor in affordability strategy.



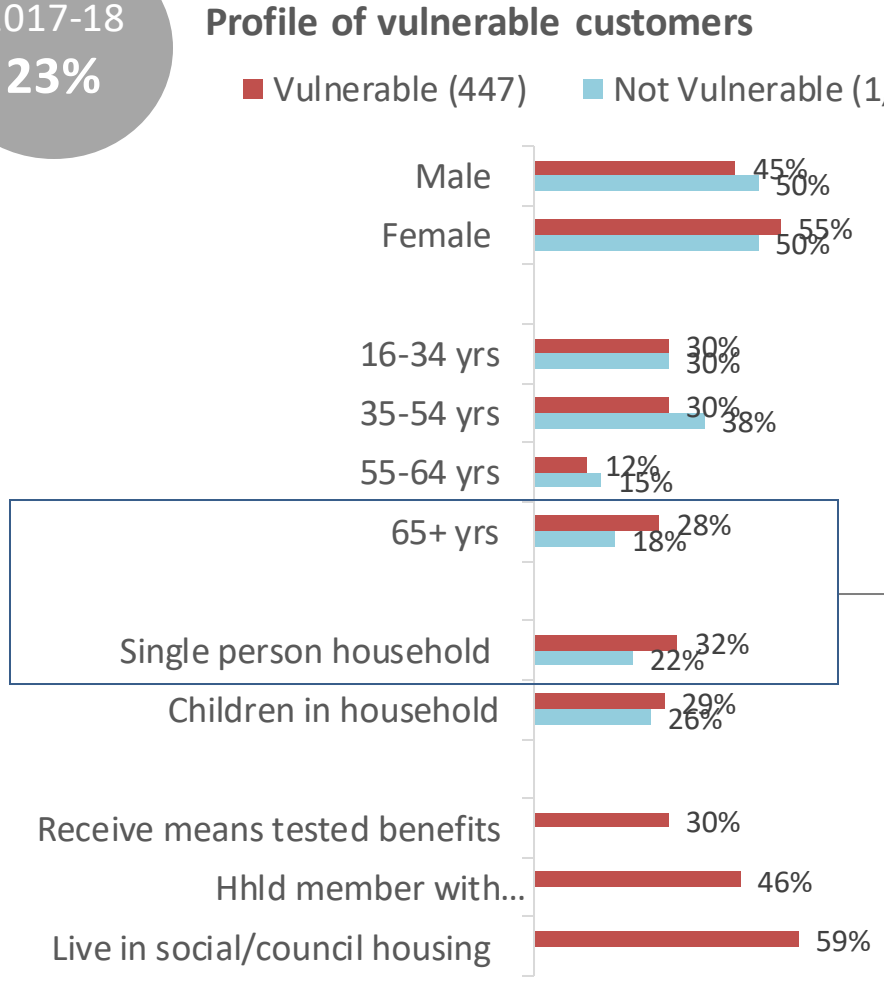
Those worried about affording their bill are no more likely to be aware of Affinity Water Assistance measures – 15%

Q52. How strongly do you agree 'I worry about being able to afford my water bill' – Strongly agree or tend to agree

Profiling those who could be considered vulnerable

Nearly one-quarter (23%) of Affinity Water customers could be considered vulnerable (defined by having any one of the indicators: on means tested benefits; someone in household with a long term disability or chronic illness that limits day to day activities; or living in council / social housing)

2017-18
23%



Vulnerable customers are more likely to be over 65 years and living in single person households

Vulnerable customers appear less engaged with their water company: fewer can spontaneously name Affinity as their supplier (55% vs. 62%) and more report only receiving a bill and no other comms (26% vs. 19%).

Vulnerable customers and VFM

- Value for money perceptions are very similar amongst vulnerable customers and those who are not vulnerable.
- Vulnerable customers have higher levels of trust, but more contact with Affinity and greater concerns about paying their bill.

2017-18	Vulnerable customers	Non vulnerable customers
Know bill	68.5	67.5
Don't know bill	67.4	67.1

Positive Drivers

Vulnerable customers are **more positive** than others in terms of:

- Trustworthy (% who agree) — **70%** (vs 62%) ▲
- Satisfaction with service — **8.1** (vs 8.0) ▲
- Help to reduce water use — **7.2** (vs 7.1) ▲

Also, more positive brand associations: expert, efficient, care about the environment.

Negative Drivers

Vulnerable customers are **more negative** than others in terms of:

- Worried about paying bill (% who agree) — **26%** (vs 13%) ▲
- Contact with Affinity Water — **15%** (vs 11%) ▲

Key

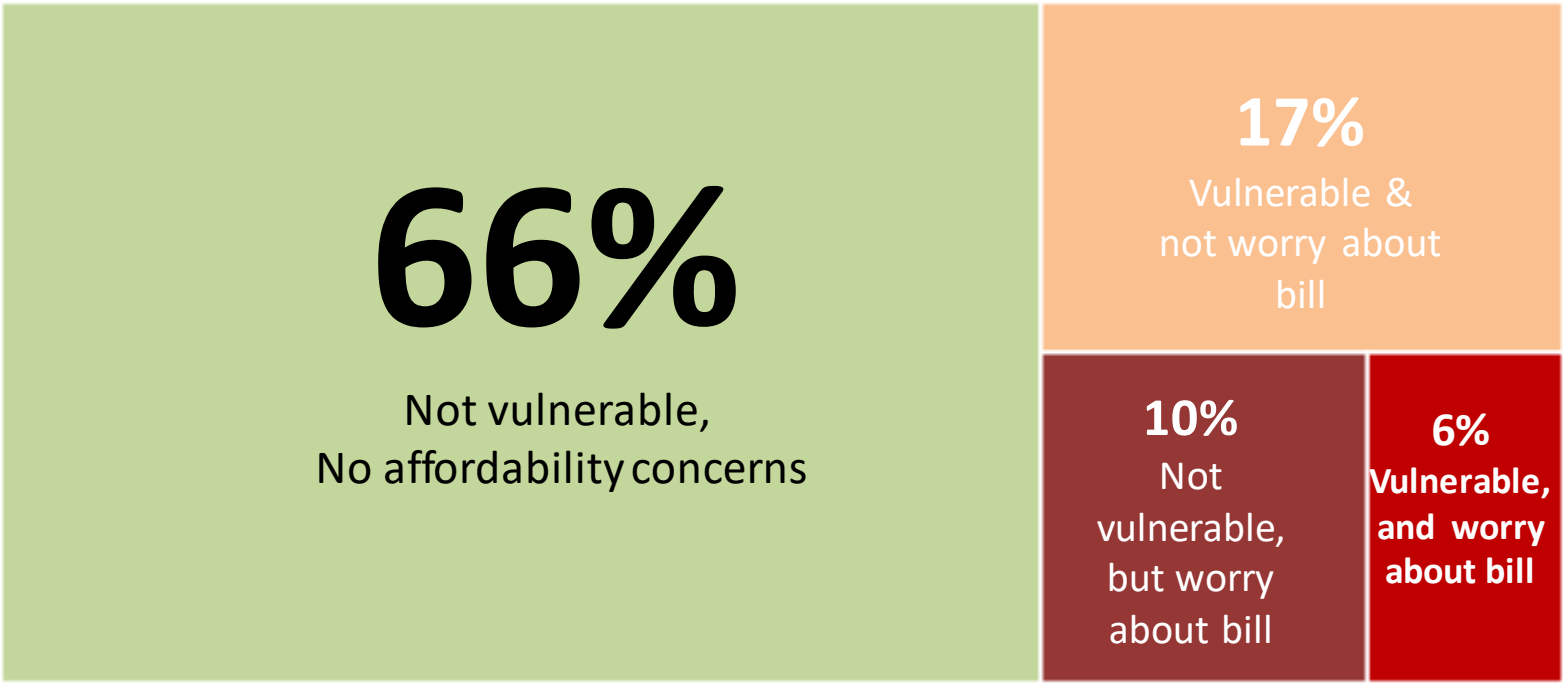
▲ Significant increase
▼ Significant decrease
△ Directional increase
▽ Directional decrease

Affinity Water

blue marble

Vulnerability and affordability

- Two thirds of customers do not worry about their bill and do not have any vulnerability indicators.
- Vulnerable customers are more likely to have affordability issues , and more likely to have made contact with Affinity to set up payment arrangements (16% vs. 4% of contact).
- However, vulnerability and affordability are not the same: of the 16% who worry about being able to pay their bill 10% are not considered vulnerable according to our definition. (Whereas 17% could be considered vulnerable but are not worried.)



N.B. Fewer vulnerable customers report being metered (46% vs. 57%) and they are less likely to feel that meters are the fairest way of charging (58% vs. 66%). Communicating with this group of customers could be key as water meters are rolled out further (especially in terms of awareness of social tariffs which stands at 20% amongst vulnerable customers).

Affordability and vulnerability

1) Lower levels of awareness of Affinity amongst vulnerable customers suggest opportunity for more targeted comms.

2) With lower metering levels and greater concern about fairness of metering amongst vulnerable customers targeted comms especially re. financial assistance could provide reassurance

3) Affordability is not a widespread issue but there's more anxiety each year just after Christmas. Could there be seasonal timing of comms around assistance measures?

4) In light of increasing focus on vulnerable customers is now the time to review our definitions and introduce question re. non-financial assistance measures

Communications and brand

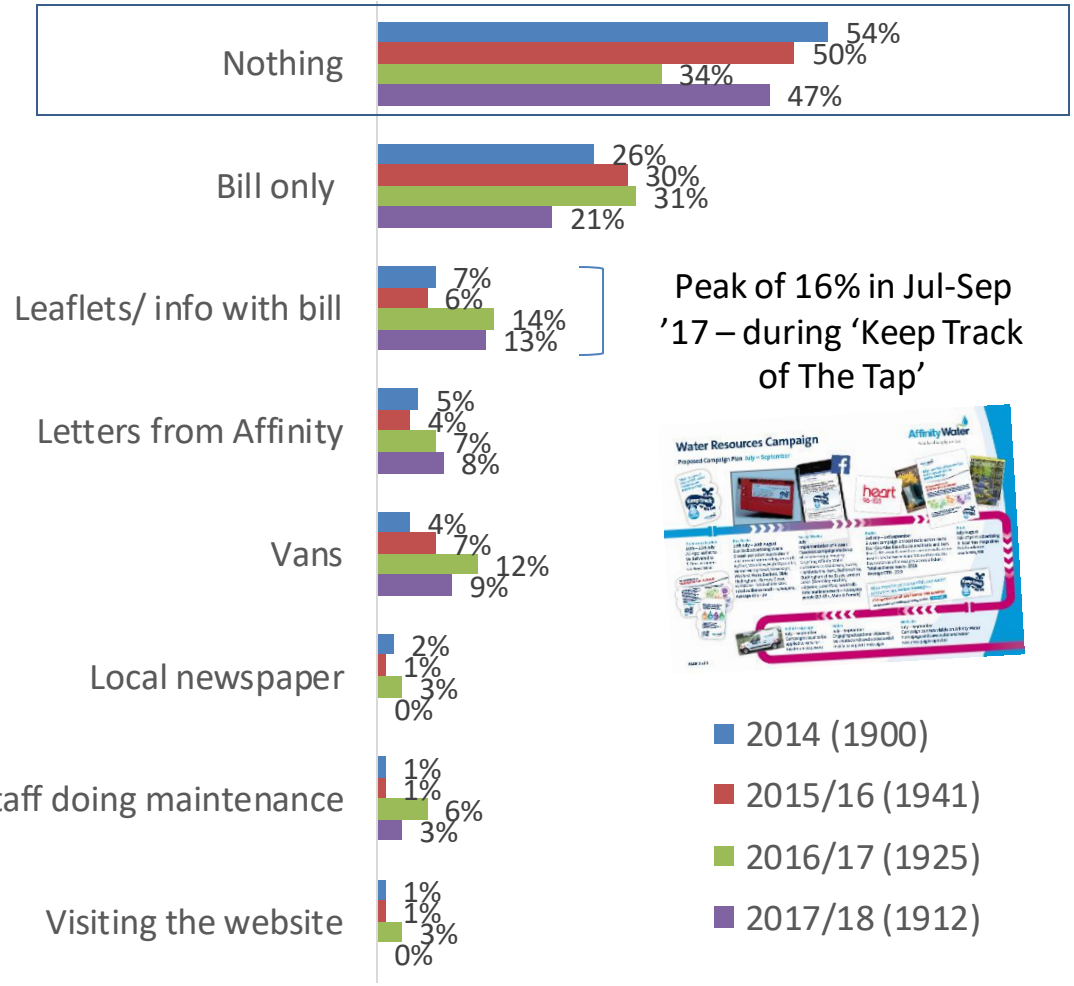
Awareness of Affinity Water

Spontaneous awareness is not growing – four in ten still can't tell us that it's Affinity Water that supply their water! Aside from the bill itself, leaflets are the most widely recalled communication – and there are signs that 'Keep Track of The Tap' did cut through in Summer.

Spontaneous awareness

- 2014 **60%**
- 2015/16 **55%**
- 2016/17 **66%**
- 2017/18 **60%**

What seen or heard about Affinity in the last 12 months…?

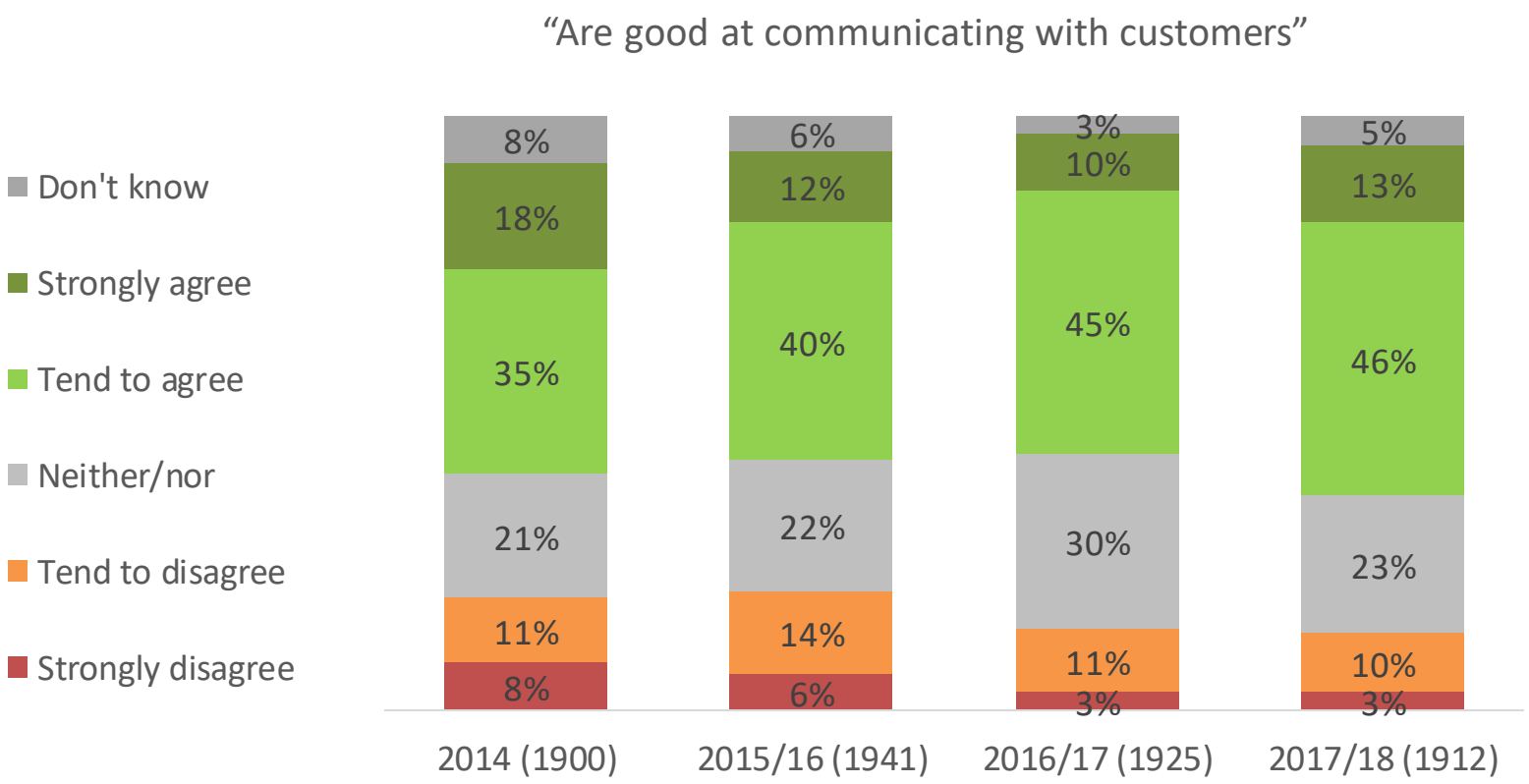


Peak of 16% in Jul-Sep '17 – during 'Keep Track of The Tap'

Q10. Do you know the name of the water company that provides the water supply to your home? **Q.27**. Apart from your bill, please can you tell me if there any other ways that you have heard about Affinity Water in the last 12 months?

Customer perceptions of communications

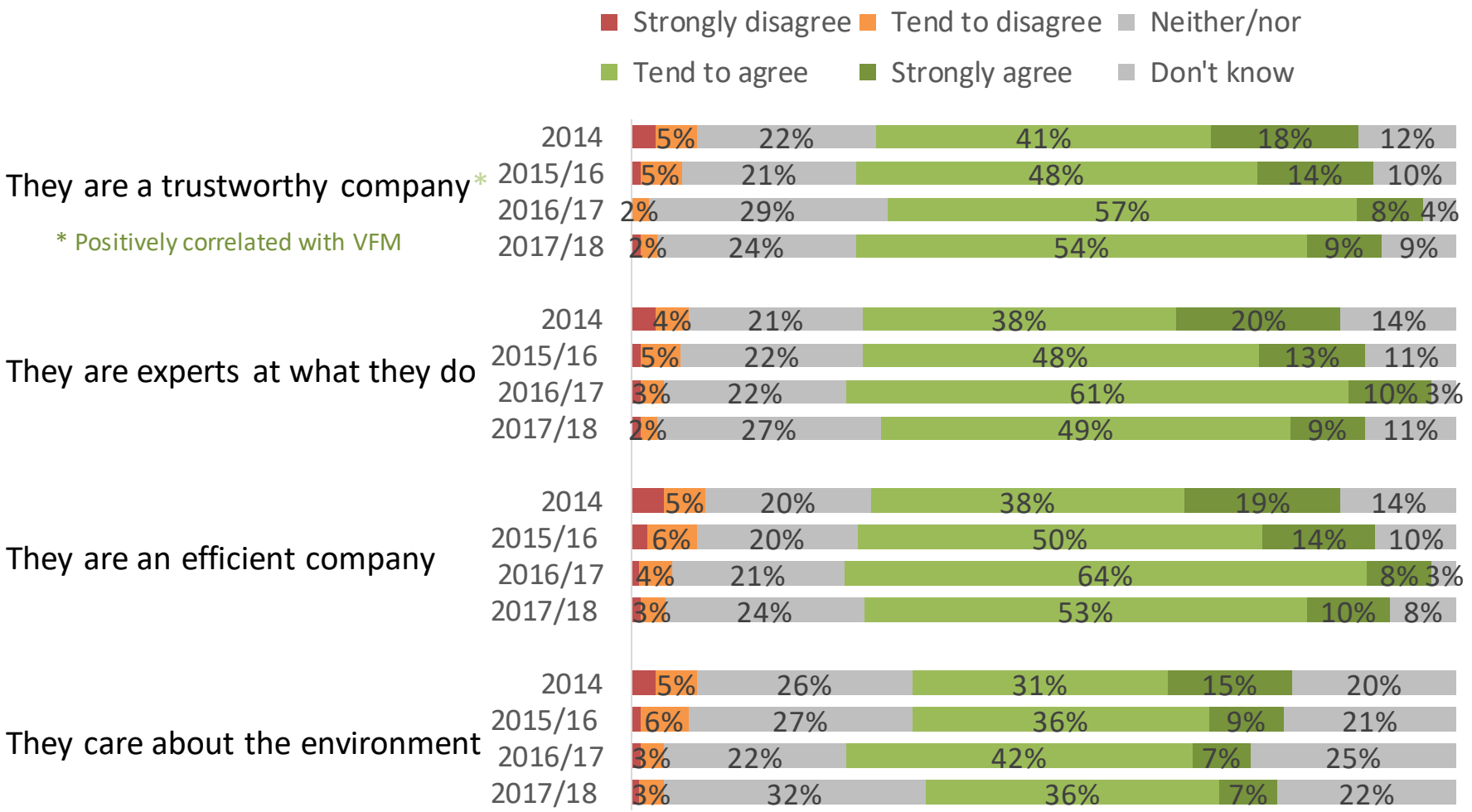
Endorsement of Affinity Water being good at communicating with customers has edged up slightly this year, to the highest level so far (59% agree). However, there is still substantial scope to improve.



Q.13. I am going to read out some statements about Affinity Water. For each one please tell me to what extent do you agree or disagree?

Brand perceptions

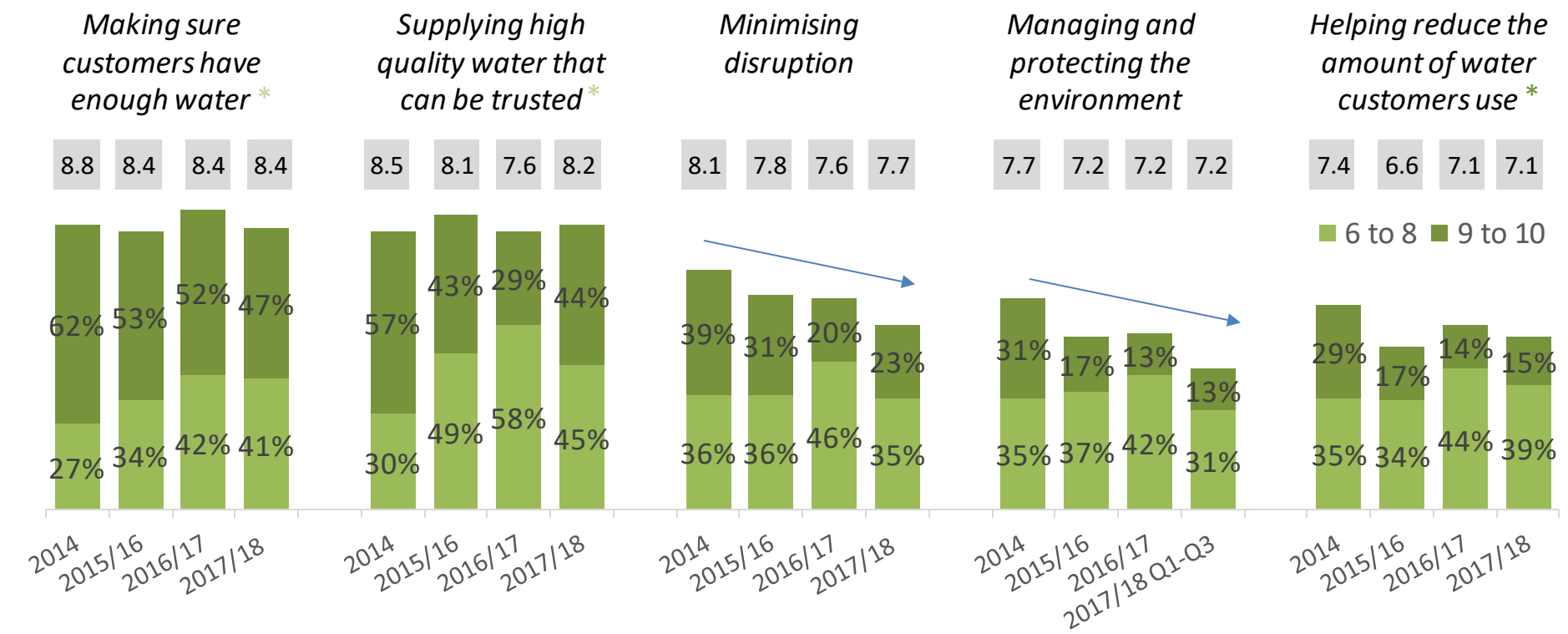
Associations with Affinity Water continue to be broadly positive – although the brand rarely evokes strong emotions – most people 'tend to' agree rather than doing so with conviction. 'Trustworthy' remains strong, which is important in driving value for money, although 'expert' is showing signs of fading slightly this year, and associations with 'caring for the environment' have plenty of scope to improve.



Q.13 I am going to read out some statements about Affinity Water. For each one please tell me to what extent do you agree or disagree?

Perception of water supply and management performance

Affinity Water continue to be rated well on the basics of supplying enough, good quality water, but are rated less positively for 'minimising disruption' and 'managing and protecting the environment'. There's also clear headroom for improving 'helping reduce the amount of water customers use' - a key element of VFM.



Perception is extremely consistent amongst different demographic groups

Increase not driven by any one demographic group; older age group remain the most positive

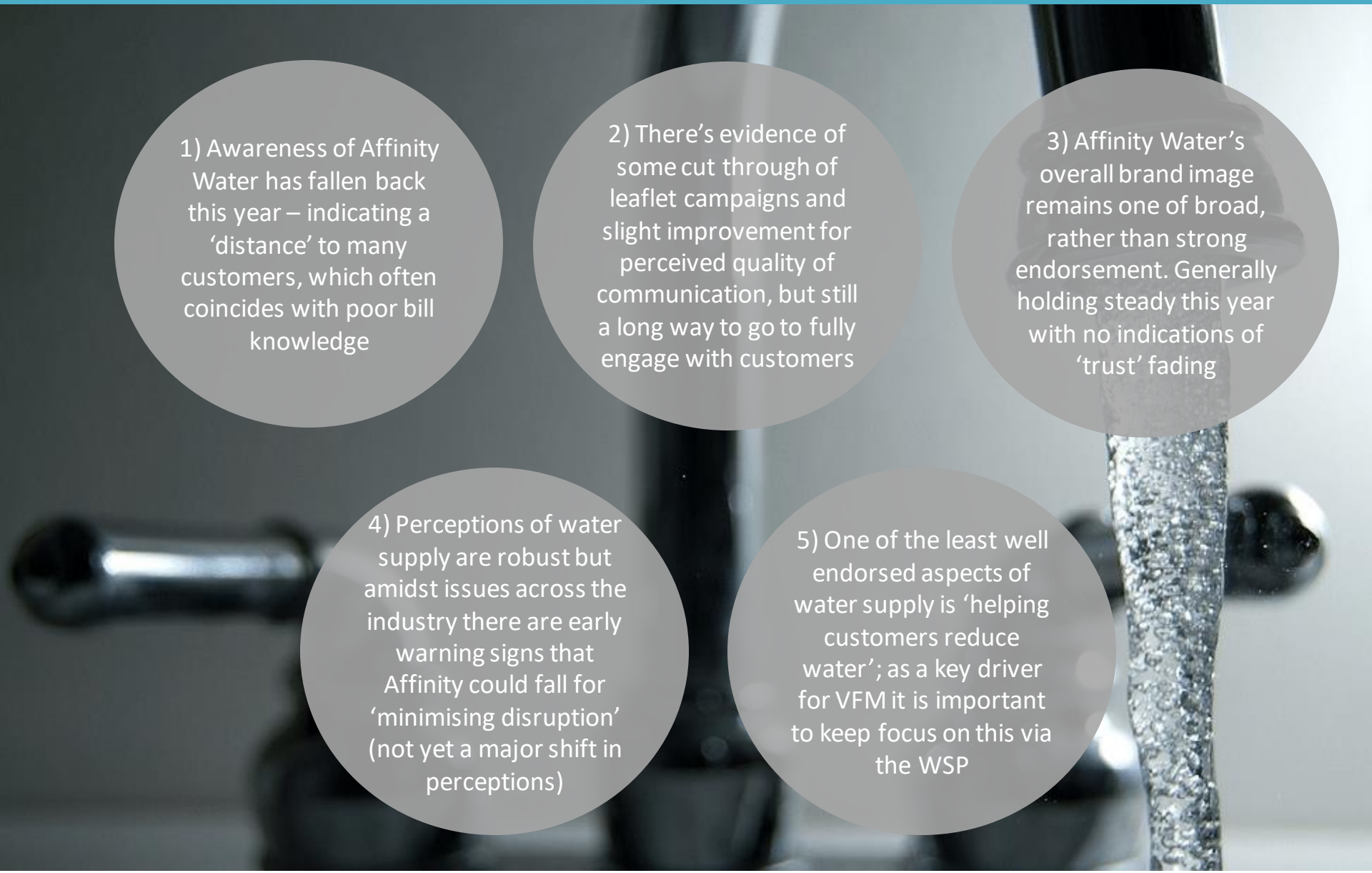
Lower scores this year in Q3 and Q4, plus for the **younger** age group and DE social grades

Slightly lower scores for family lifestage (35-54 years old) and AB social grade

Q16. How satisfied are you with Affinity Water's performance?

* Positively correlated with VFM

Summary – Communications and brand



1) Awareness of Affinity Water has fallen back this year – indicating a 'distance' to many customers, which often coincides with poor bill knowledge

2) There's evidence of some cut through of leaflet campaigns and slight improvement for perceived quality of communication, but still a long way to go to fully engage with customers

3) Affinity Water's overall brand image remains one of broad, rather than strong endorsement. Generally holding steady this year with no indications of 'trust' fading

4) Perceptions of water supply are robust but amidst issues across the industry there are early warning signs that Affinity could fall for 'minimising disruption' (not yet a major shift in perceptions)

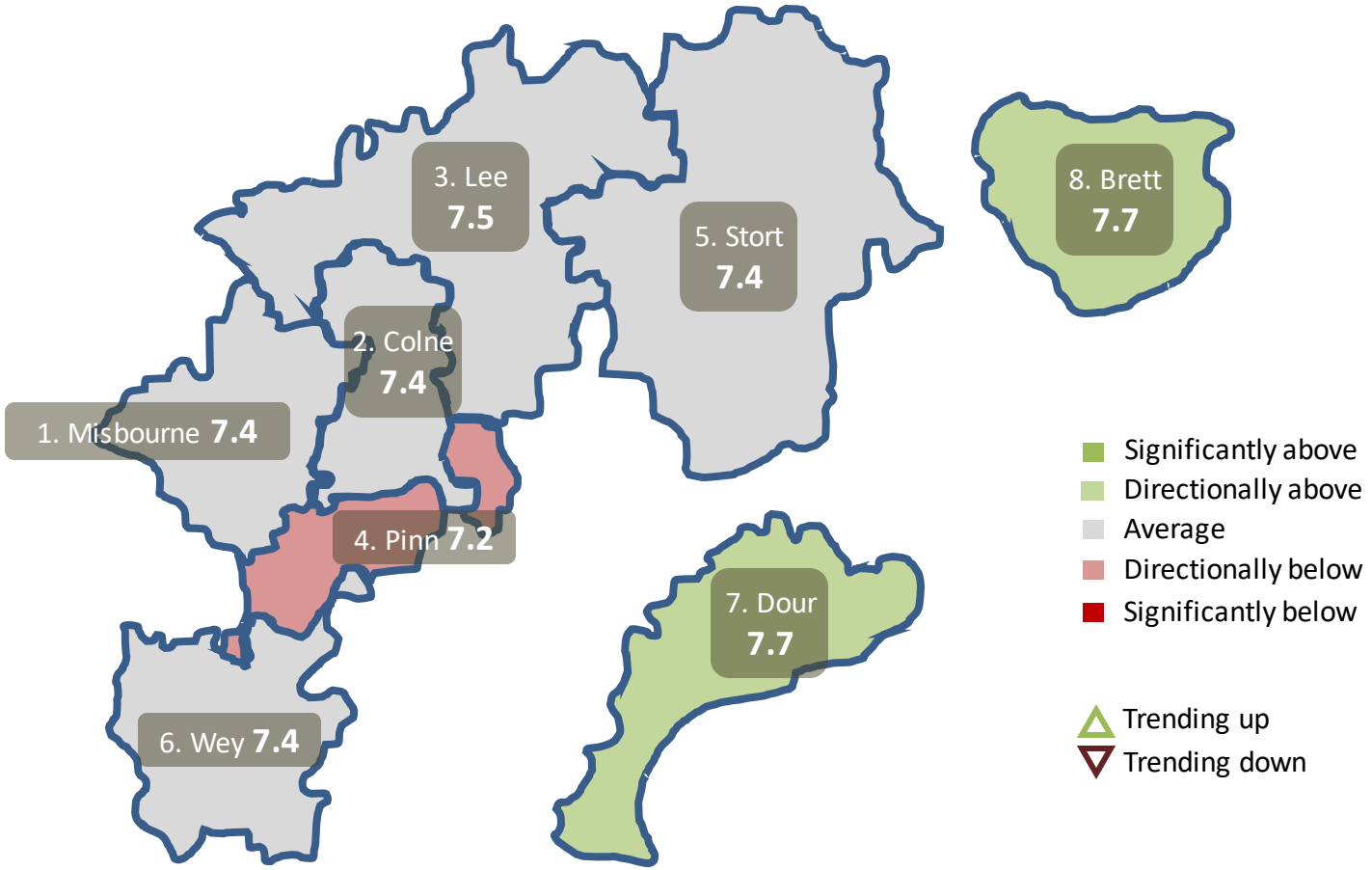
5) One of the least well endorsed aspects of water supply is 'helping customers reduce water'; as a key driver for VFM it is important to keep focus on this via the WSP

Exploring the picture by Community

Considered VFM by Community

Brett and Dour continue to show slightly higher perceived value this year; there's been little change since last year in the WRZs, a fairly static picture

Mean score out of 10 for period 2017/18 (1912). Overall 7.4

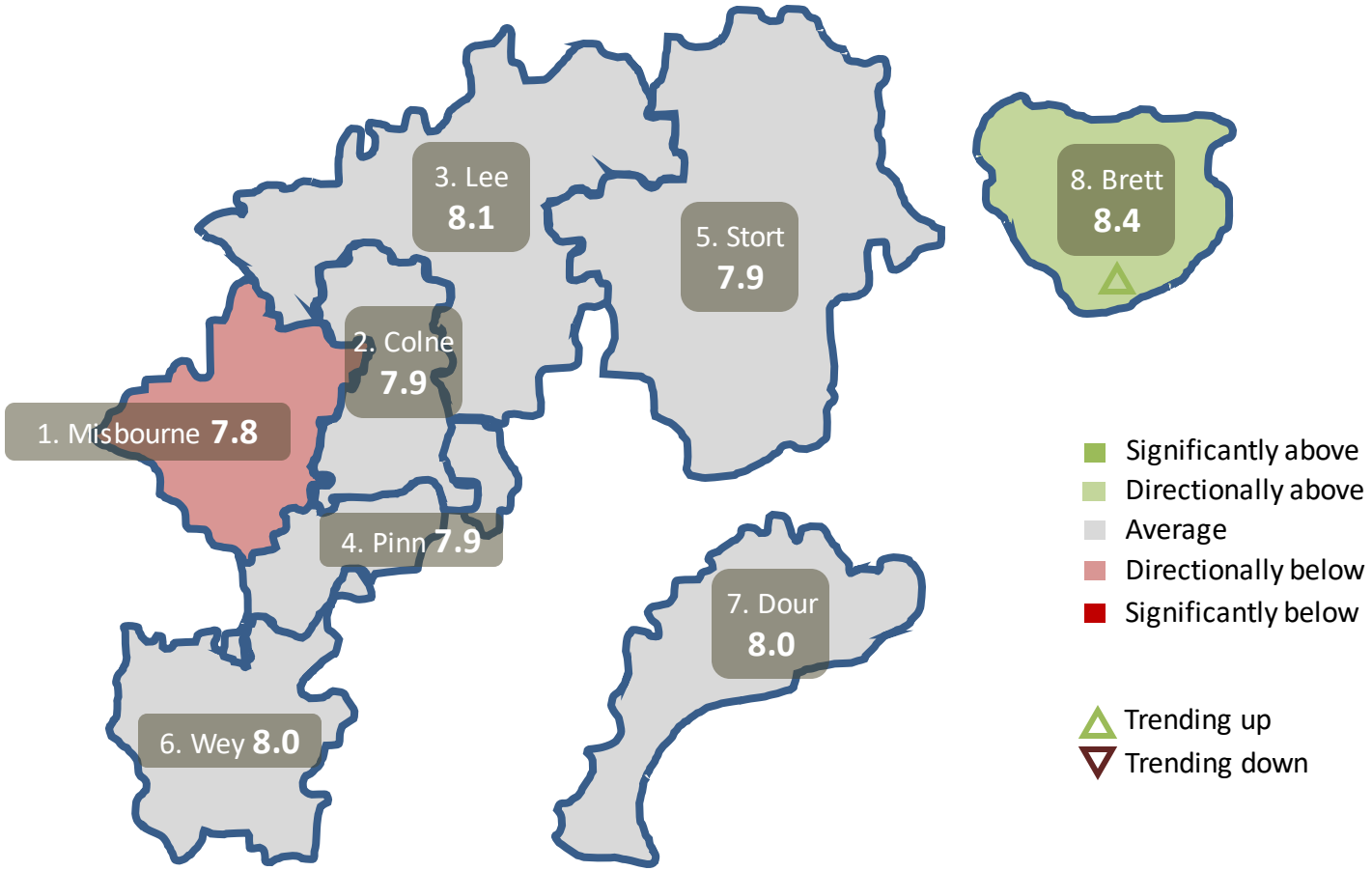


Q32. Thinking specifically about your **water supply service**, overall how would you rate the value for money of the services you receive from Affinity Water? Please use a scale from 0 to 10, where 0 is 'very poor value for money' and 10 is 'excellent value for money'.

Satisfaction by Community

Satisfaction with service is quite uniform by Community. After fading a little last year, Brett has shown a strong rebound this year, and now receives highest overall satisfaction.

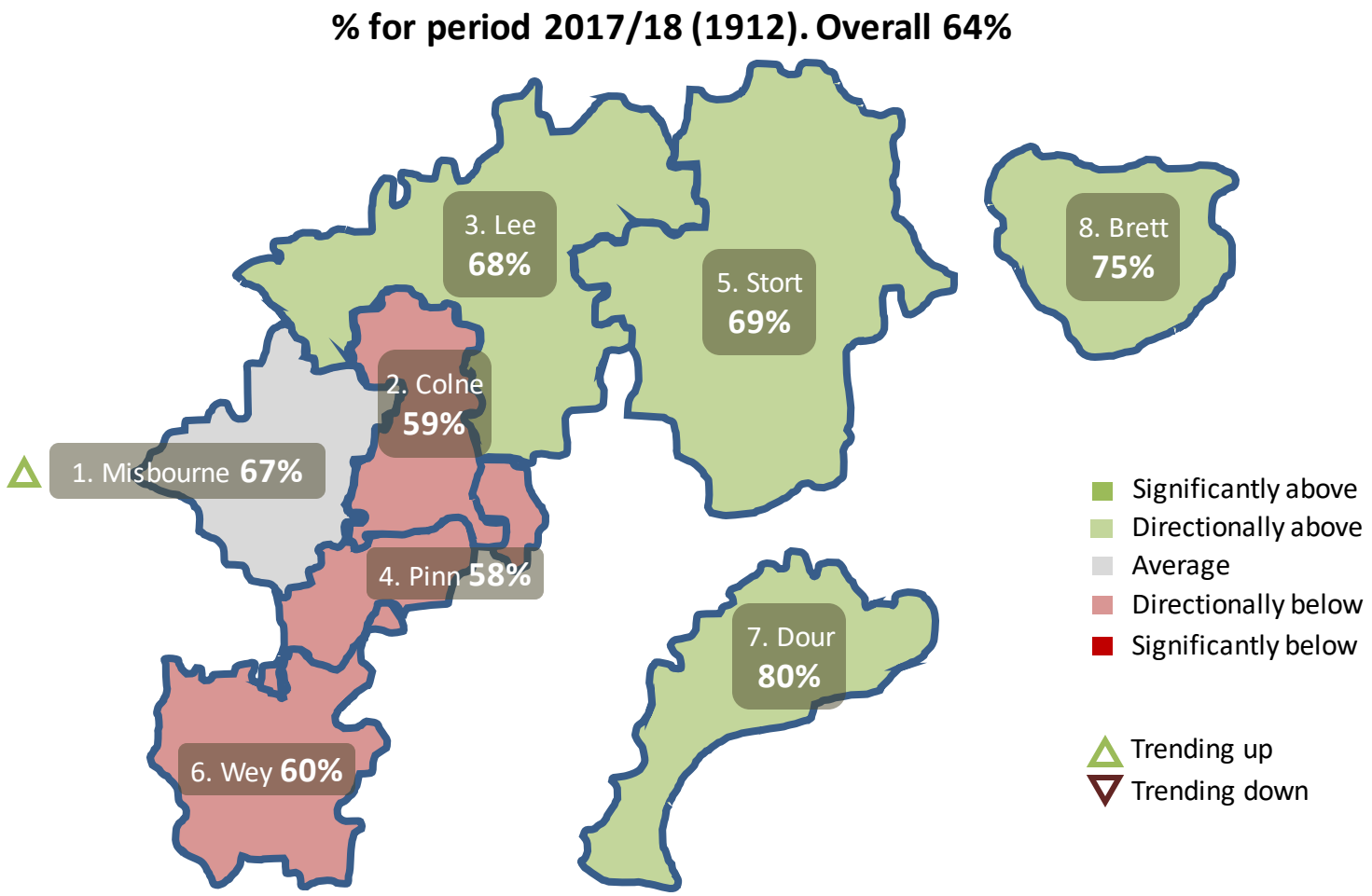
Mean score out of 10 for period 2017/18 (1912). Overall 8.0



Q14. Overall, how satisfied or dissatisfied are you with the service you have received from Affinity Water over the last 12 months ? Using a scale of '0' to '10', where 0 is 'very dissatisfied' and 10 is 'very satisfied'.

Agree 'Meters are Fairest' by Community

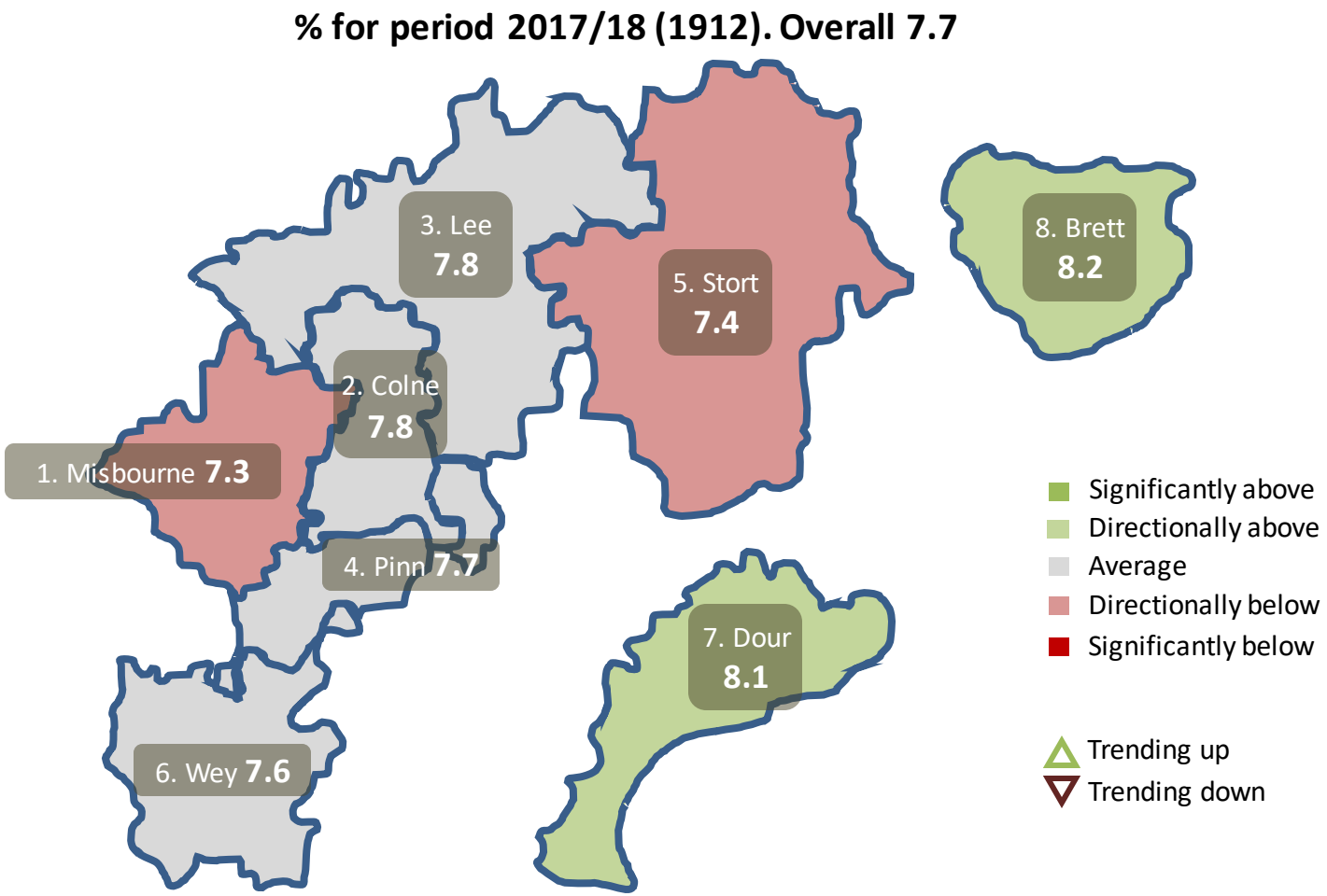
- Most areas move directionally up, but in particular support for metering rebounds in Misbourne after a decline last year; this coincides with significantly greater awareness of having a meter this year
- Colne, Pinn and Wey are the areas with most scope for improvement



Q.52. How strongly do you agree or disagree with the following statements about your water supply bill? % who agree with "water meters are the fairest way to charge"

Rating of ‘Minimising disruption’ by Community

Indications of slightly higher perception of disruption in Misbourne and Stort this year than in other WRZs



Q.16b. And how satisfied are you with Affinity Water's performance on ‘Minimising disruption to properties and communities’

Summary and moving forwards

Overall Summary

- There are no dramatic changes for Affinity Water's core measures across the year, and **overall performance remains solid**

- However, in a difficult year for consumer confidence and a challenging year for the water industry, there are emerging signs that customer views could be changing:
  - Signs of a decline in the VFM Index (amongst those who know bill size)
  - Slowly growing ambivalence over 'unconsidered' value for money, and signs that water isn't quite as strong compared to other categories of service providers as in the past
  - Satisfaction – while broadly good – has wobbled over the last Quarter, coinciding with widely publicised nationwide supply disruption

- A key factor in the directional fall in the VFM Index is the perception that bills are increasing (when in reality this is not the case)
  - While we await to see the impact of the refreshed bill format, is there more that can be done to clearly communicate the reality of the **water supply** bill to customers?

- Meanwhile there is a sense of a state of greater **flux / uncertainty** in customers' perceptions of their bill and value for money
  - Added impetus to exert more effort to **take control** of what customers perceive, rather than views being dictated by broader external factors and generic utility expectations

Areas for action

Communication	The number of customers who know Affinity's name is falling. There's a need to reinvigorate awareness as the first step to engagement, through visible and well-branded activity
	Perceptions of Affinity Water remain 'carried by the tide' - based on generic utility impressions. Can a distinct identity be forged and root customer impressions in the reality of what Affinity offer?
	Communications will seem more relevant, and more likely to get noticed, if they are attuned to customer needs. Appropriate scheduling can help e.g. pre-empt bill anxiety in the Winter
Customer service & satisfaction	Few customers make proactive contact with Affinity, and there remains a contingent of 'silent sufferers'. While this group may not have significant problems, they should feel that accessing Affinity Water is easy, and be encouraged to do so
	Customer service provides a key opportunity to forge a relationship with customers, building 'softer' values such as trust, and potentially feeding into advocacy

Areas for action

Billing	The impression that 'bills are going up' is not a fair reflection of Affinity's pricing, and is a crucial area to be addressed to improve the headline VFM Index. Efforts to make billing more engaging and clearer may be key in closing the gap between customer impressions and reality
	We will closely monitor if the new bill format is able to influence perceptions of bill price and bill change over the coming year
Water saving and metering	As the WSP gathers momentum, managing impressions of metering amongst those who are not yet metered becomes ever more challenging, as non-metered customers are still resistant.
	Communicating around water saving (and money saving!) as part of the WSP must be a key ongoing priority and can demonstrably result in more positive views of metering and VFM.

Areas for action

Affordability and vulnerability	Care is needed to differentiate between those who may be 'vulnerable' and those who struggle to afford their bill. While there is some overlap, these are also distinct customer groups
	Awareness of assistance measures offered is relatively low; there is scope to reach out more effectively to those in need, and potentially to publicise more broadly to enhance reputation
	Look to develop survey measures to develop understanding of vulnerability
C-Mex	Looking ahead to C-Mex, we are piloting a wider 'overall customer experience' measure over the coming year to reflect the full range of customer perception
	Regression analysis will potentially be able to help isolate which specific tracked measures influence this, and prioritise action

Thank you

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W: www.bluemarbleresearch.co.uk
T: 01761 239329

Annex 7: Business as Usual

BaU2 – Research Report #TapChat: Water Saving Campaign

RESEARCH REPORT

#TapChat

Water saving campaign

ABOUT

In Spring 2017 **Hubbub** was commissioned by **Affinity Water** to research how people's lifestyle choices impact on water use.

National polling was carried out by **Censuswide** by means of an online survey amongst a representative sample of 3,000 UK adults in June 2016.

40 households in Watford and Harlow received a home consultation, followed by a "Water Saving Kit" filled with useful water saving items an ongoing support via a closed Facebook group. At the end of the research period the households completed an online questionnaire.

HUBBUB

Affinity Water

KEY FINDINGS

24%
take water for granted

76%
not concerned about household water use

31%
think they could use less water if needed

68%
leave the tap on when cleaning their teeth

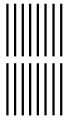
9.14
average minutes spent in the shower

39%
have a washing up bowl

89%
of households found a home visit useful

1/14
household knew how to use their dual flush

See full report for more details.



POLLING

The national polling was conducted with two primary purposes:

1. To generate insights into water usage patterns.

2. To produce new statistics to provide points of interest for media releases.

The polling was conducted by Censuswide by means of an online survey amongst a UK representative sample of 3,000 UK adults in June 2016.

ATTITUDES

24% of people
take water for granted

76% of people
are not concerned about the amount of water their household uses

31% of people
think their household could use less water if needed

BEHAVIOURS

68.2%
leave tap on when cleaning teeth

68.1%
leave tap on when washing vegetables

62.4%
leave tap on when washing up

0.96 mins
Average time leaving shower running before getting in

6.95 secs
Average time leaving tap running before filling glass

HOME VISIT

Hubbub conducted in-depth home consultations with 40 households in Watford and Harlow to better understand how habits and lifestyle impacts on water consumption.

By encouraging households to talk openly about water habits in a safe environment we were able to assess the advice and support that would be most effective for their particular situation.

The households provided proof of concept that habits is an effective way to approach water efficiency.

DEMOGRAPHIC

Homes

40

BME

12

Female

29

Male

11

L E A R N I N G S

1. There is a lack of awareness about where water comes from and what activities use the most water.
2. The main cause of excessive water use is a lack of awareness, rather than a lack of willingness to change or do things differently.
3. The majority of people would be open to changing their behaviour to save water, if supported to do so.

KIT

Following the home visit the households received a “Water Saving Kit” filled with useful items for saving water at home.

The households shared thoughts and feedback via the closed Facebook group throughout the research period.

Providing items proved an effective way to get people excited about adopting new habits.

Feedback on the water saving kit was collected via an online questionnaire at the end of the project period.

The response to the kit was very positive with 92% of the households saying that they found the “Water Saving Kit” highly or quite useful to save water at home.

FEEDBACK-MOST USEFUL ITEMS

1. Water jug

59.46% found it highly useful

2. Toothbrush cup

43.24% found it highly useful

3. Shower timer

41.67% found it highly useful

Sandra Robinson is feeling happy.
August 16 · Watford

So, really getting into saving water. The biggest shock and eye opener was the cup and the bathroom. I must admit I was a 'Tap runner' whilst brushing my teeth. So I decided to see for myself and do an experiment as to how much water I was actually wasting twice a day, sometimes 3, by running the tap in a basin for 2 mins.... . Omg....after 2 mins I scooped out the water from the basins. Yes plural, to see how many cups I could fill.....50!!! Yes honestly 50!!! Can u believe it! So my new friend is defo the cups !!!!

Like · Comment

Hubbub, Jack Hodgkiss, Anneli Somlo and 5 others · Seen by 34

Rachel McGovern
August 7 · Abbots Langley

Started using my kit! Toothbrushes all set up in the cups and the timer ready by the shower!

Like · Comment

Rob Green
August 6

I used the washing up bowl for the first time today (we rarely wash up by hand). Pleased to say by doing so I used much less water than I normally use - I tipped the contents of the bowl into the sink when finished - and guess it's about half!

Like · Comment

Hubbub · Seen by 27

Write a comment...

Dawn Lewis
August 2

Great my kit has arrived. My daughter has already filled up the bottle for the fridge

Like · Comment

Hubbub and 3 others · Seen by 29

View 1 more comment

Dawn Lewis Ooohhhh i like the sound of thst x
Like · Reply · August 3 at 8:01am

Abi Arden I love mint in the water. I've also tried lemon and orange slices - really great and getting my family to drink more water!
Like · Reply · August 7 at 12:14pm

Write a comment...

FACEBOOK

To make lasting change to daily routines we need to be exposed to reminders and nudges over a period of time.

39 of 40 households used Facebook actively and this presented a suitable platform for communicating with households after the home visits.

During the project period a closed Facebook group was used to post updates, pose questions and share tips about saving water.

The group offered a platform where households could communicate with each other, thus allowing for peer-to-peer support.

FACEBOOK

Anneli Somlo
August 1

So I started to time myself showering which felt a bit weird. I am curious what is people average shower time?

Like · Comment

Seen by 32

View 1 more comment

Amanda Pereira Think having long hair slows me down ,washing and conditioning it all lol
Like · Reply · August 2 at 7:54am

Abi Arden replied · 4 Replies

Sue Spiller I am quite quick in thd shower, only have shortish thin ish hair so that helps , once a week have a long bath to mske up for it
Like · Reply · 1 · August 2 at 8:17am

Write a comment...

Kerrie Mullen
August 4 · Watford

Saving up our washing for a full load.

Like · Comment

Hubbub and 3 others

Seen by 29

Write a comment...

Hubbub
Published by Stine RW · July 21

Dishwasher or sink - what's more efficient?

What's more water efficient of washing up by hand or using a dishwasher is something that's come up in most of the home visits, so we've been doing a bit of research.

According to Waterwise, washing up by hand uses more water (and energy) than using a modern efficient dishwasher, especially if you leave the tap running. Still, make sure you fill the dishwasher up before running it, or you might be wasting more than if you were to wash up by hand.

Another top tip is to familiarise yourself with your dishwasher's cycle options. Many settings provide the same cleaning as a normal cycle, but with less water and energy. You can see how much water the different cycles use in the user manual or by contacting your manufacturer.

More good news is that most modern dishwasher are so effective that you don't need to pre-rinse - a quick scrape should do the trick.

If you do wash up by hand, using a washing-up bowl can save you a lot of water - a running tap splashes away 6 litres per minute. We'll be sending you a pretty IKEA basin and are looking forward to hearing hear how you find using it.
If you have any other tips for saving water when cleaning dishes do post below

7 Comments Seen by 24

Like · Comment

View 5 more comments

Rob Green Everything goes In dishwasher. 55• eco load unless very dirty lasagne dish or similar - then use 65•. No idea what the water usuage is of different programs - manual lost! Always ensure we have full loads - think this is the most important bit in not wasting water.
Like · Reply · Message · 2 · July 25 at 11:51pm

Mauline Vee My husband uses the dishwasher for crockery but not pots i always hand wash everything so I will now try using the dishwasher too. I will tell my husband not to ro see everything beforehand also
Like · Reply · Message · 1 · July 26 at 9:04am

Write a comment...

EVALUATION

50%

of households have seen a reduction in their daily water usage.

1632

total amount of litres saved by the cohort.

£28.54

average annual saving per person.

89%

say the project has made them more conscious about how they use water at home.

QUESTIONS?

stine@hubbub.org.uk

Annex 7: Business as Usual

BaU3 – Impact Report #TapChat: Water Saving Campaign

IMPACT REPORT

#TapChat

Water saving campaign

ABOUT

#TapChat is a behaviour change campaign designed by environmental charity **Hubbub** with support from **Affinity Water** that focuses on hidden water use habits to get people thinking and talking about water efficiency.

The approach was informed by national polling and household research in **Affinity Water**'s target areas.

This report presents results from the the PR and media campaign, social media campaign and community engagement events delivered from 21st September 2017 - 30th November 2017.

CAMPAIGN HIGHLIGHTS

201
pieces of coverage of campaign

71m
opportunities to see/hear

86.2k
people saw Facebook posts

2.2k
people completed online quiz

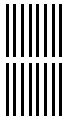
1.3k
people entered quiz competition

4.5k
visits to on the website pages

22k
views of main campaign video

752
people engaged at events

Media report: http://releasd.com/c8a8



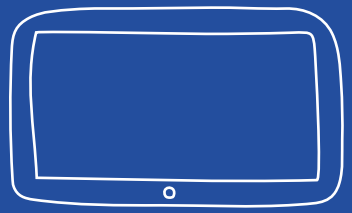
1. PRESS COVERAGE

Broadcast

2

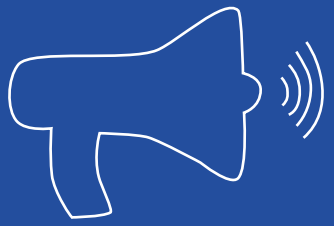
Print

12



Online

185



Trade

2

PRINT COVERAGE

‘We can’t save more water’

THREE-QUARTERS of people are not concerned about the amount of water they use in the home and less than a third think they could make savings, a poll suggests. But people spend an average of nine minutes in the shower, well over the four-minute wash recommended by utilities to save water and cut bills, the survey of 3,000 adults for environmental charity Hubbub and supplier Affinity Water found.

Most people ‘not worried about their water use’

THREE-QUARTERS of people are not concerned about the amount of water they use in the home and less than a third think they could make savings, a poll suggests.

But people spend an average of nine minutes in the shower, well over the four-minute wash recommended by utilities to save water and cut bills, the survey of 3,000 adults for environmental charity Hubbub and supplier Affinity Water found.

The poll by Censuswide revealed only 31% said their household

Most people do not worry about their water use

Three-quarters of people are not concerned about the amount of water they use in the home and less than a third think they could make savings, a poll suggests.

But people spend an average of nine minutes in the shower, well over the four-minute wash recommended by utilities to save water and cut bills, the survey of 3,000 adults for environmental charity Hubbub and supplier Affinity

Public ‘not worried about water use’

THREE-QUARTERS of people are not concerned about the amount of water they use in the home and less than a third think they could make savings, a poll suggests.

But people spend an average of nine minutes in the shower, well over the four-minute wash recommended by utilities to save water and cut bills, the survey of 3,000 adults for environmental charity Hubbub and supplier Affinity Water found.

The poll by Censuswide revealed only 31% said their household could use less water if needed.

But four out of 10 admitted to running the shower for at least a

appear to be more inclined to linger in the shower, with the 16 to 24 age group saying they spent 13 minutes on average, compared with seven minutes for over 55s.

Affinity Water and Hubbub are launching the #TapChat challenge to encourage people to make small changes to reduce their usage, as they warn water resources were below average.

They say a modern power shower can pump out an average 13 litres a minute, so a six minute shower can use as much water as a bath.

They suggest measures to cut water and energy bills,

BRITAIN&THE WORLD

What a lot of water wasted

THREE-QUARTERS of people are not concerned about the amount of water they use in the home and less than a third think they could make savings, a poll suggests.

We spend an average of nine minutes in the shower, well over the four-minute wash recommended by utilities to save water and cut bills, the survey of 3,000 adults for environmental charity Hubbub and supplier Affinity Water found.

The poll by Censuswide revealed only 31 per cent said their household could use less water if needed.

But four out of 10 admitted to running the shower for at least a minute before getting in, using the time to clean their teeth, shave or go to the toilet.

Affinity Water and Hubbub are launching the #TapChat challenge to encourage people to make reduce their usage.

Free shower timers to aim save water

RESIDENTS in Tendring are being offered free shower timers in a bid to cut down on water usage.

Affinity Water has teamed up with environmental charity Hubbub to launch a water saving campaign #TapChat.

Melissa Painter, water saving programme education manager at Affinity Water, said: “Despite the rainy summer, our water resources are still below average, so we are asking people to save water all year round, not just in the summer. Little changes can make a really big difference and with everyone’s help now we can minimise the chance of water restrictions next year.”

A survey for the campaign found people in the South East spend an average of eight minutes in the shower – but a six-minute power shower can use as much water as a bath.

For advice to cut down on water usage, visit hubbub.org.uk/join-the-tapchat, or to order your timer, visit affinitywater.co.uk/saving-water.aspx.

ONLINE COVERAGE

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Wires Home

Most people do not worry about how much water they use, survey finds

insider.co.uk

NEWS

Three-quarters of people 'don't care how much water they use in the home'

The poll by Censuswide reveals people even spend far more time in the shower than they need - with only a third saying they could use less if they needed

By Philip Gates

16:29, 20 SEP 2017 | UPDATED 06:53, 21 SEP 2017

Aol. Menu

SEARCH

UK Politics World Featured HuffPost

Most people do not worry about how much water they use, survey finds

By PA 21 Sep 2017, 6:10
Updated: 21 Sep 2017, 6:16

Three-quarters of people are not concerned about the amount of water they use in the home and less than a third think they could make savings, a poll suggests.

MONEY

2 in 3 households don't know if they're wasting water - but this is how long you SHOULD be spending in the shower

Four in 10 of us admit to running the shower for at least a minute before getting in, using the time to clean teeth, shave or go to the toilet

THE BLOG

The South-East Of England Can't Be Heading For A Water Shortage - Can It?

26/09/2017 13:36 BST | Updated 26/09/2017 13:36 BST

Trewin Restorick

It is not surprising that a recent survey of 3,000 UK adults revealed that 76% are not concerned about the amount of water their household uses and only 31% said their household could use less water if needed.

Many households do not have a water meter so it makes no difference to their bills how much water they consume. The mind-set of most Brits is that

2. SOCIAL MEDIA REACH

Twitter	Youtube	Facebook	Instagram
1.02m	31.4k	86k	6.5k

TWITTER

Tweets	Contributors
2.05k	495

Timeline deliveries	Reach
12.2m	1.02m

DefraWater @DefraWater · Nov 30

@DefraWater colleagues Jonathan & Lisa enjoying learning more about #water usage at tuesday's @APPGwater innovation meeting #TapChat

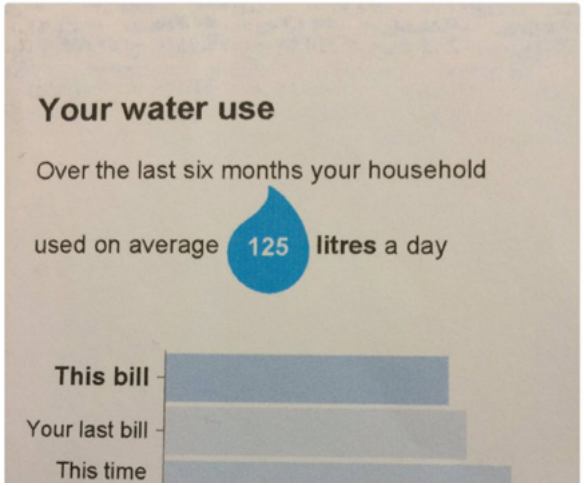
5 7

Hubbub @hubbubUK · Oct 28

Today's #TapChat tip: wait until you have a full load before doing the laundry. 2 x half loads use more water & energy than one full.

Alison Murphy @AquaSaveAlison Follow

Pretty efficient for a 2 person household 😀! #tapchat



BuyMeOnce @buymeonce · Nov 9

This is one quiz we don't mind taking! What kind of water user are you? Join the #TapChat, thanks to @hubbubUK hubbub.org.uk/Event/join-the…

2 3

YOUTUBE

Main campaign video

22.9k views

Water profile tip videos

1.3k views

Hubbub vlog

7k views

What Kind of Water User Are You? Join the #TapChat I Hubbub Campaigns

22,917 views

13 1 SHARE

FACEBOOK

Organic reach	Advertisement
39.6k	46.6k

Marlowes Shopping
2 December at 11:42 ·

Like Page

Join the #tapchat today with Hubbub to find out how you can reduce your water usage until 4pm in Centre Court.

York Freegle shared Freegle's post.
2 December at 12:13 ·

Last day to do this quick quiz and get the chance to win a mini iPad. What kind of water user are you? Join the #TapChat
https://www.hubbub.org.uk/Event/join-the-tapchat
Short and sweet, or long and steamy? Once a week or only when needed?

When it comes to water use there's no clear definition of what's "normal", making water habits an interesting topic to dive into....
See more

Freegle
26 November at 16:58 ·

Like Page

Last few days to do this quick quiz and get the chance to win a mini iPad. What kind of water user are you? Join the #TapChat
https://www.hubbub.org.uk/Event/jo...
See more

Like Comment Share

Consumer Council for Water
14 October ·

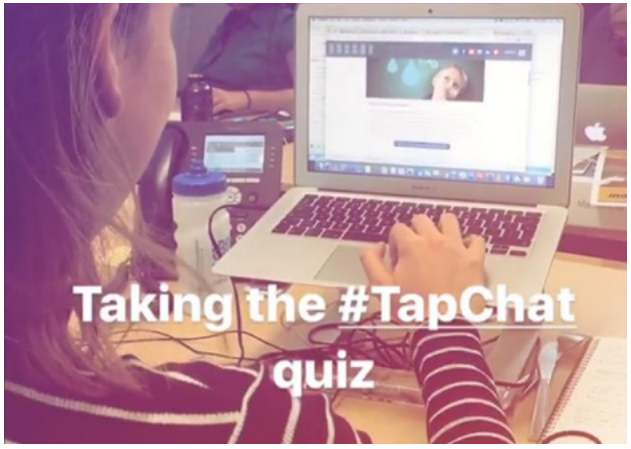
Do you leave the tap running when brushing your teeth? Take the #TapChat quiz from Hubbub to find out what kind of water user you are. You can also access lots of tips for saving water (and time) that are right for you. http://socsi.in/cyA6f

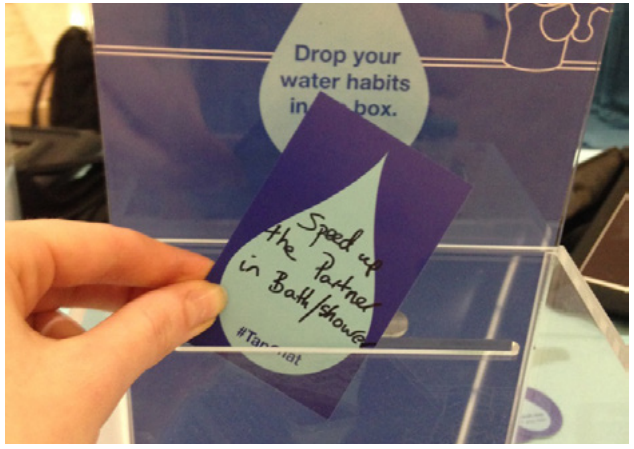
Like Comment Share

2

INSTAGRAM

Posts	Impressions
24	38k
Likes	**Reach**
425	6.5k





3. PUBLIC ENGAGEMENT

Quiz

4.87k

Views

Events

752

Direct engagements

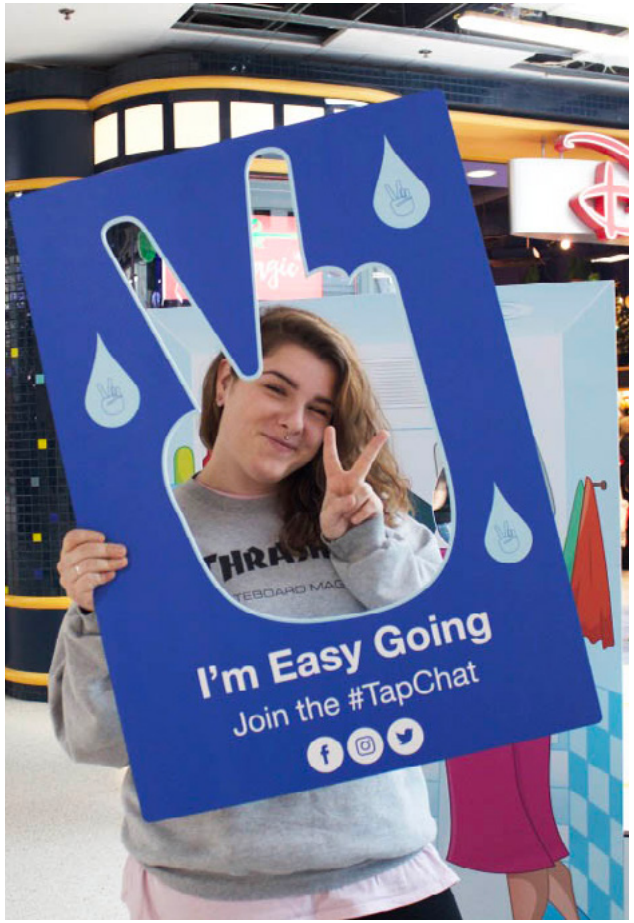
QUIZ

To engage people in water saving Hubbub designed an online quiz that let people find out what kind of water user they are in a playful and interactive way. After completing the Quiz people received water saving tips that suit their lifestyle including a video message from a fellow Day Dreamer, Busy Bee, Water Hero, Super Clean or Easy Going.

The #TapChat was a highly effective way to engage with people about water habits and use.

QUIZ

Views	Completions
4.87k	**2.13k**
Completion percentage	Emails entered
82%	**1.3k**



EVENTS

Hubbub brought the #TapChat to Affinity Water's target areas by delivering three community events in Harlow, Watford and Hemel Hempstead. At the #TapChat stall members of the public could complete the #TapChat Quiz, pick up #TapChat merchandise, pledge to save water in the pledge box, and take a picture in the #TapChat seaside board or with performers dressed as "Water Heroes".

EVENTS

Locations

3

Engaged

752


QUESTIONS?
Stine@hubbub.org.uk

Annex 8: CCG

CCG1 – Terms of Reference

CCG2 – Minutes

CCG3a – Proposals for working groups – resilience environment

CCG3b – Proposal for working group affordability and vulnerability

CCG4 – Working protocol

Annex 8: CCG

CCG1 – Terms of Reference

Affinity Water

Your local supply, on tap

Terms of Reference for Affinity Water Limited Customer Challenge Group

Affinity Water

July 2016

Terms of Reference for Affinity Water Limited Customer Challenge Group

Contents

1 Introduction/Background

1.1 The Affinity Water Customer Challenge Group (CCG) was first established in 2012. Its objectives and terms of reference were based on the policy framework set out by Ofwat in relation to the Periodic Review of price limits that concluded in 2013/14 (PR14), establishing price limits for regulated companies from the 2014/15 charging year. Its purpose was to challenge and support Affinity Water during the development of its Business Plan that was submitted to Ofwat in December 2013.

1.2 Following the conclusion of PR 14 the role of the CCG changed to support the operational and delivery focus of the business particularly in light of Ofwat granting Affinity Water's Business Plan enhanced status**.** The CCG evolved into a Customer Scrutiny Group (CCG) and revised Terms of Reference (TOR) were approved by the Board of Affinity Water Limited in August 2014. The revised TOR established the CCG as having the primary role to 'comment on how well Affinity Water considers customers' views and their priorities and how well customer risks are managed in relation to the achievement of the AMP6 Performance Commitments'.

1.3 In May 2016 Ofwat published a statement on its expectations of companies' customer engagement for the next periodic review of price limits, called 'PR19'. That policy statement included an expectation that each company would have a CCG in place for PR19 and set out a number of expectations for CCGs in terms of their purpose, scope and membership[1]. The CCG's Terms of Reference have therefore been further revised so that Ofwat's expectations in relation to PR19 may be addressed, alongside the existing agreed role of the CCG in relation to delivery of AMP6, and any other relevant matter that the company and the CCG may agree is considered by the CCG. As part of these changes the decision has also been taken to revert to calling the group 'Customer ***Challenge*** Group or CCG.

1.4 The members of the CCG and the Board of Affinity Water have both approved these Terms of Reference.

[1] Owat's customer engagement policy statement and expectations for PR19, Ofwat, May 2016

2 Affinity Water commitments made to Ofwat at PR14

Affinity Water

In our 2013 Business Plan submissions to Ofwat we committed to:

- being fair, open and transparent in our interactions with stakeholders
- developing a panel to evolve from the CCG that will:
    - test communication and engagement material for language and terminology to remove barriers for communication;
    - be comprised of stakeholders with a collective understanding of customer issues;
    - have access to assurance reports from auditors and scrutinise performance against our AMP6 Performance Commitments; and
    - help establish assessment criteria to assess customer acceptability of value for money that can be applied to an annual survey.

Specific Ofwat Expectations in its Draft Determination for Affinity Water:

"Affinity Water to commit to a programme of engagement with customers in agreement with the CCG (CSG) in order to explain the impacts of the Thames Tideway Tunnel on customers."

"Affinity Water will report performance for each community"

3 Ofwat expectations for CCGs role in PR19

3.1 A further step-change in the quality and quantity of customer engagement is expected at PR19, building on the standard achieved in PR14.

3.2 Each company will have in place a CCG for the 2019 price review (PR19). In terms of their role Ofwat has said:

> '*CCGs will provide independent challenge to companies and provide independent assurance to us on: the quality of a company's customer engagement; and the degree to which this is reflected in its business plan'*

3.3 Ofwat has outlined a number of expectations for CCGs including the following:

- CCG TORs should include their role within PR19 and this should be distinguishable from any other assurance role the CCG has;
- CCGs will submit an independent report to Ofwat at the same time as companies submit business plans (or parts thereof);
- CCGs should focus on those issues that customer engagement is most likely to genuinely influence. Guidance is provided by Ofwat on the questions CCGs should consider in their reports;
- CCGs should not substitute their views for customer views;
- CCGs are not expected to endorse a company's overall plan;
- CCG reports should highlight areas of challenge and disagreement;
- CCG membership should be diverse and reflect local circumstances and challenges facing residential and business users and include a representative from CCWater and it is desirable to include a representative of a debt advisory organisation.;
- CCGs and companies should take steps to involve smaller organisations who may be unable to allocate sufficient time to joining the CCG as such;
- CCG Chairs should act in an independent capacity and not represent particular organisations or groups of customers;
- Environmental and quality regulators should inform CCG discussions and CCG reports should highlight any concerns raised about the ability of the proposed plan to meet statutory obligations;
- Ofwat would like to see improved transparency in the running and governance of CCGs, with transparency on matters relating to appointment and remuneration of members, management of conflicts of interest, access to non-executive Board members, process and secretariat support. Ofwat wishes to be assured that the CCG relationship operates at arms length from the company so that it is able to provide independent challenge.

4. Role and expectations of the Affinity Water CCG

4.1 Affinity Water seeks to be the leading community focused Water Company. Its customers and stakeholders will ultimately decide whether it consistently demonstrates this vision. The CCG plays two roles:

It provides independent challenge and assessment of Affinity Water's customer engagement and progress to deliver its business plan (AMP6).

In relation to the forthcoming price review (PR19) the CCG provides independent challenge to the company and provides independent assurance to Ofwat on the quality of the company's customer engagement; and the degree to which this is reflected in its business plan.

4.2 The expectations in relation to each of these roles for the CCG are set out below

AMP6 performance commitments/current business plan

4.3 The CCG will comment on how well Affinity Water considers customers' views and their priorities and how well customer risks are managed in relation to the achievement of the AMP6 Performance Commitments.

4.4 This role includes:

- Reviewing the completeness and representativeness of Affinity Water's ongoing customer engagement activity, the materiality of the issues raised, and how well the evidence has been used.
- Commenting and challenging the appropriateness of content and language of relevant customer communication and engagement material, across the range of media channels used.
- Scrutinising, from a customer perspective, assurance reports Affinity Water receives on its performance against its AMP6 Performance Commitments.
- Contributing to the development of a methodology to quantify customer acceptability that can be applied to the findings of an annual Value for Money survey.
- Acting as a sounding board for new policies and plans, especially in relation to improving longer-term resilience outcomes for our customers and communities.

4.5 In fulfilling this role, the CCG should consider the following specific issues in its challenges and feedback to Affinity Water:

- The effectiveness of, or any concerns with, Affinity Water's engagement with its customers in each community.
- The ease of understanding of material Affinity Water uses in all media to inform, engage or influence customers about key policies.

- Whether the amount and type of customer engagement undertaken by Affinity Water is proportionate to the risk and materiality of the issue under review.
- Whether the customer engagement activity has led to a better understanding of Affinity Water's obligations, challenges and performance against its AMP6 Performance Commitments.
- Whether the assumptions and interpretations from Affinity Water's Value for Money survey are reasonable, support the Performance Commitments, and can be reviewed over the life of the AMP.
- Whether Affinity Water's short-term and long-term actions are consistent with customer views and reflect the priorities of each community.
- Whether the company has modified plans or priorities based on customers' views and their priorities.

PR19

4.6 The CCG will submit a report to Ofwat alongside the Affinity Water business plan on the quality of the company's customer engagement, and the degree to which this is reflected in its draft business plan

4.7 To enable it to carry out its role effectively, the CCG will consider a range of questions in relation to the draft business plan including the following matters highlighted in Ofwat guidance:

a) ***Quality of insight*** **-** whether the company has developed a genuine understanding of its customers' priorities, needs and requirements?

Whether this is based on a robust evidence base?

b) ***Quality of propositions*** - Whether the company has engaged with customers on the issues that matter to them?

Whether evidence and insight obtained from customers has driven and informed the development of the business plan? Has the company presented customers with realistic options?

c) ***Quality of engagement process*** - Whether the quality of customer engagement has been ongoing, two way and transparent?

d) ***Diversity and reach*** - Whether the customer engagement has been sufficiently diverse, involving the use of methods appropriate and effective for engaging with a diverse range of customers?

e) ***Future customers interests*** – Whether the company has engaged customers effectively and appropriately on future and long term issues, including trade offs and risks?

f) ***Current performance*** – whether the company has effectively informed and engaged customers about its current performance and how this compares with other companies?

CCG reporting

The CCG will produce a report once a year for the Affinity Water Limited Board commenting on the following matters:

- The overall quality and effectiveness of Affinity Water's programme of customer and stakeholder engagement;
- The issues that have been identified through the programme of customer and stakeholder engagement;
- The responsiveness of Affinity Water to the issues identified by customers and stakeholders;
- The challenge and advice the CCG has provided to Affinity Water during the year; and
- Any other matter the CCG considers is relevant and should be brought to the attention of the Board.

The Chair of the CCG may attend meetings of the Affinity board from time to time as appropriate and agreed with the Board and no less frequently than annually to present the CCG's annual report.

The CCG will submit a report to Ofwat alongside the Affinity Water business plan at PR19 on the quality of the company's customer engagement; and the degree to which this is reflected in its draft business plan

The CCG may be invited to submit other reports to Ofwat from time to time.

The CCG may be invited to provide statements to be included in Affinity Water's external communications to customers and other customers.

The CCG may be invited to attend and contribute to Affinity Water's community engagement events.

5 Membership of the CCG

5.1 The CCG will be independently chaired with a membership of no more than twenty;

5.2 The Chair of the CCG will be appointed by the Affinity Water Limited Board on the recommendation of the Independent Non-Executive Directors who will agree appropriate terms and remuneration;

5.3 Members of the CCG will be drawn from representative bodies or interest groups that are active in the communities and areas served by Affinity Water. Members will either be Affinity Water customers or have a strong connection with, and bring strong insight into and knowledge of Affinity Water customer and community perspectives and experiences. A diversity of membership will be achieved. The Chair of the CCG will play a role in the recruitment and selection of members by Affinity Water;

5.4 Members will be appointed to serve for terms of not less than two years, and as agreed with each member. In making appointments and re-appointments to the Group, Affinity Water will seek to strike a balance between ensuring appropriate continuity of membership and securing new members at key points in the life of the work of the CCG;

5.5 Appointment as a member of the CCG is unremunerated. Expenses incurred by members to participate in meetings and the work of the CCG will be a paid according to an agreed policy;

5.6 Membership will include:

- Affinity Water consumer and community representatives including representatives from:
    - Consumer Council for Water
    - Consumer bodies and interest groups
    - Business customers
    - Organisations with experience of vulnerable and special needs consumers
    - Debt advisory organisations
    - Environmental Interest Groups
    - Local /public authorities

5.7 Representatives from relevant Regulators and other bodies will be invited to contribute to the work of the CCG and advise the Group at appropriate times including:

- Environment Agency
- Drinking Water Inspectorate
- Natural England

5.8 The Chair of the CCG may invite the following to CCG meetings as necessary:

- Specialist advisers and business experts from within Affinity Water or their suppliers, contractors or consultants;
- Representatives from other water and sewerage providers in the region;
- Regulators including Ofwat; and
- The Affinity Water Reporter or other independent assurance bodies used by Affinity Water

6 Governance and ways of working

6.1 Through the Chair of the CCG, the CCG is ultimately responsible to the Affinity Water Limited Board;

6.2 The CCG has a working relationship with the company's executives, where the Director of Regulation has primary responsibility for supporting the CCG's work;

6.3 The CCG may establish task and finish groups to review specific areas, which will report back to the CCG on various subjects covered by this Terms of Reference.

The Chair of the CCG

6.4 The Chair of the CCG will facilitate discussions of the CCG and between the CCG and representatives of the company, making sure every member has a full and fair chance to contribute to discussions and challenge the business as appropriate;

6.5 In between meetings the Chair of the CCG will be the principal link between the CCG and the company, and Ofwat and will ensure that all members are kept informed and involved; and

6.6 The Chair of the CCG will have access to the Executive and Affinity Water Limited Board.

Ways of Working

6.7 A confidentiality agreement will be signed by all members of the CCG (permanent and ad-hoc) and Affinity Water so as to maintain appropriate commercial, Intellectual Property and personal data confidentiality;

6.8 Members will be asked to declare any potential conflicts of interest and a register of those declarations will be maintained and updated annually by the Secretariat. Members will be invited to declare any specific conflicts of interest arising at each meeting;

6.9 Members of the CCG are expected to commit to attend four meetings a year as well as ad-hoc induction, development and review sessions as needed, which is not expected to be more than four other meetings/sessions a year;

6.10 Business meetings will normally be held at the Affinity Water offices in Hatfield during working hours. Video conferencing facilities will be available via Affinity Water premises in Hatfield, Folkestone and Manningtree; and

6.11 Affinity Water will provide the secretariat and administrative support and meet the costs of meetings. Agendas and other materials will be provided to members in a timely and accessible way. Minutes and records of meetings will be maintained and kept in a suitable format.

6.12 The quorum at any meeting will be one third of any of the members including the Chair.

6.13 Affinity Water will make arrangements for information about the CCG, its membership, its work, the reports that it may make and how it can be contacted to be published in suitable formats, including on a website.

6.14 A work programme will be established by the CCG for the year ahead and will include the report once a year to the Affinity Water Limited Board and the report to Ofwat to accompany the draft business plan (PR19);

6.15 Where possible the CCG will rely on written material and information that already exists within the business so as to limit the amount of unique material that needs to be generated to meet the CCG's requirements. Members will have access to independent assurance reports on Affinity Water's performance;

6.16 Between meetings of the CCG members will be invited to comment on written material and will be invited to attend stakeholder events in the community organised by the company; and

6.17 The CCG will take responsibility, individually and collectively, to ensure members have a good understanding of the main obligations, issues and priorities in the planning and provision of water services, including periodic reviews of price controls and the role of Ofwat. Affinity Water will provide appropriate support to members to enable them to achieve this, including briefings and information and induction and site visits.

7 Review of the Terms of Reference

7.1 The Terms of Reference will be reviewed in Autumn 2018.

8. Approval of these Terms of Reference

Date:

Approved by:Teresa Perchard , Chair Customer Challenge Group

Tim Monod, on behalf of Affinity Water

Annex 8: CCG

CCG2 – Minutes

Affinity Water

Customer Scrutiny Group

Purpose of Meeting	**Customer Scrutiny Group – Meeting 9**
Location	Affinity Water, Tamblin Way, Hatfield
Date of Meeting	**16th March 2016**
Present	Chair: Robin Dahlberg Chair David Cheek Friends of the Mimram Karen Gibbs Consumer Council for Water Yolanda Rugg Herts Chamber of Commerce David Howarth Environment Agency
Presenters	Chris Offer Director of Regulation Adam Warner Community Stakeholder Manager Nigel Beaven Head of External Communications Amanda Reynolds Director of Customer Relations Tim Charlesworth Operating Performance Manager Simon Cocks Chief Executive Officer Rob Hutchison Interim Head of Corporate Affairs
Apologies	Damian Williams Tendring Council John Fox Tendring Council John Rumble Environment, Herts County Council Keith Cane Town and Country Housing Group Gill Taylor Groundwork Hazel Smith GlaxoSmithKline Jill Thomas CCWater
Distribution:	As above
Originator:	Adam Warner

No	Notes of Meeting	Action
1	**Private session for CSG members to discuss the draft of The Chairs Report**	

2	**Introductions and Apologies** The Chair noted apologies for absence and welcomed those present. **Chairs Report** The Chair noted that Ofwat has told companies they expect them all to have CCG's and will expect the CCG's to report directly into the regulator for PR19. Ofwat will take ownership of CCGs, scheduling quarterly meetings with CCG chairs to help control the process. Ofwat are going to specify as a minimum seven areas they expect CCG's to report on. **Appointment of a new CSG chair** Affinity Water have appointed a new chair for the CSG to replace the current chair for the PR19 process. This will be formally announced during the week commencing 21/03/16 **Actions Log** Affinity Water have produced an action log for future meetings with a view to planning future CSG activity. The Chair requested that Affinity Water produce a forward plan for agenda items and identify standing agenda items. AW to distribute this before the next meeting and CSG to provide comment. **Regulator Updates** **David Howarth, Environment Agency** DH noted that the reorganisation of the EA 18 months ago has been successful and has removed the regional tier, with a new national approach. The EA continue in their efforts to recruit a new chairman. The borders of the EA's areas have been aligned with Natural England's. **Karen Gibbs, CCWater** Laura Willoughby has resigned from her position for personal reasons. CCWater will recruit a replacement as soon as possible. CCWater are undertaking research with Household customers on retail competition and noted that the preliminary findings suggest that people are positive about the prospect of competition but are disappointed that bills will not go down markedly. KG will share the results of the research when they are available CO noted that some companies, not including Affinity Water, have commissioned some research to explore the impacts of competition on distribution.	**AW** **AW** **KG**

	DWI, The Chair The DWI Inspector will be invited to the October meeting to present the Chief Inspector's annual report as far as it relates to Affinity Water. The Chair noted that the DWI have recruited a new Chief Inspector. CO noted that DWI's involvement in the CSG will be reviewed. **Natural England, The chair** The group discussed Natural England's future involvement with CCG's. AW noted a conversation with Natural England that suggested if CCG's wanted more regular attendance from Natural England representatives, then companies would have to pay for this. Natural England's involvement in CCG's will be reviewed. **Minutes** The minutes from the meeting 2nd December were approved and signed.	**AW** **CO** **CO**
3	**Community Engagement Update – Chris Offer & Adam Warner** CO presented the forward programme for engagement and requested CSG input in future. CO noted that the new CSR team are working on a reporting framework to support the production of a customer friendly approach to annual reporting CO explained that the company is looking to engage customers and the CSG in the production of the Strategic Direction Statement. While the outcomes of this engagement are not expected to be greatly different from the engagement in 2012 in terms of the outcomes, the context has changed and it is important to look at the next steps in water consumption reductions. Yolanda Rugg asked how much engagement would be taking place with Non Household Customers and whether business customers were being targeted for water efficiency. CO noted that the company has some funding for water efficiency with businesses but explained the difficulties associated with this through being viewed as anti competitive. CO will speak to the retail side of Affinity Water about consulting with business customers and report back at next meeting AW presented future engagement activities and recapped a customer event which took place in the Pinn community on the 9th. The key point was that customers wanted performance information to be contextualised at a national level to aid understanding. Affinity Water are looking into this. AW to share the output of this with CSG. AW to extend invitations to future events to CSG members as early as possible. AW is set to organise the Value For Money workshop with Blue Marble for the CSG on 16th May. In the invitation, he will request CSG members to send their questions for Blue Marble in advance. (*update: 01/06/16 – this has been moved to coincide with the next CSG meeting*)	**CO** **AW** **AW** **AW**

	DC requested that AW send questions proposed for Online Panels in order to see if it aligns with SDS. CO noted that Customer friendly version of the Annual Report will aim to contextualise information where possible.	**AW**
4	**<u>Amanda Reynolds introduction</u>** AR introduced herself and described her experience. She explained what she was doing to improve the retail customer relations department and gave details on the recruitment of new roles to head up various teams. AR emphasised that this was a transformation of the department, how it operates and the culture within it. YR asked what actions were being taken to change the culture. AR stated that the focus is on training and shifting the mentality from simply transactional to putting the customer first. AR is to give a 6 monthly update to the CSG on the department and what has changed.	**AR**
5	**<u>CEO & company narrative update – Simon Cox and Rob Hutchison</u>** **CEO update** SC explained that over his first 100 days, he had changed the companies operating model. This was done because he found that the company was not working collaboratively as a unit. He explained that there has been a shift to putting the emphasis on accountability. This in part has been achieved with the recruitment of a new executive team. He noted that the business was financially strong and, in the most part, performing very well, citing only supply interruptions and leakage as areas for improvement. He also noted the desire to be seen as a challenger brand with a focus on supporting the innovation of new products to the market and being ahead of the regulatory curve. **Company narrative** RH introduced the new corporate narrative. He explained that a staff survey indicated that there was a very low acceptance and understanding of the company's previous passions and narrative. The Chair and wider group noted that there was also a low understanding amongst customers over what communities meant. CO and SC noted that this was something that was being considered and looked at as we develop the brand. RH introduced "The Affinity Way" as the new company narrative and explained its development through collaboration with around 100 managers across the business. Several CSG members raised questions on how this narrative will develop for customers and suppliers. RH noted that it is a constantly evolving piece of work and that the external facing narrative will follow.	

	The chair noted that anecdotally, brand recognition appeared to be improving. However, he noted that customers still seemed to believe that the company supplied sewerage services.	
6	**Communications update – Nigel Beaven** **Annual billing** NB presented the CSG with the new design for customer bills. The key changes this year are - Highlighting who provided the sewerage services - Changing the shape and paper stock of the leaflet - Simplifying the content. The group discussed the presentation of the bills and challenged some elements of the layout. NB explained that customer research had informed the presentation of the bills and that he will be monitoring customer feedback. NB is to send the next iterations of bills to the CSG for review. **WSP update** NB explained that the target for new meter installations was 43,000, but the current number of installs are 23,600. He noted that contact for the programme remains low. Home Water Efficiency Checks have had a positive response and a high take up with 12,000 having already taken place. NB stressed that while we are behind, the plan is to have the programme back on track by the end of next year and this early learning has ensured that contact has remained low. NB's regular CSG slot to be moved forward to ensure there is enough time to cover his material.	**NB** **AW**
7	**Regulation update – Tim Charlesworth** **LIFT Tariff** TC updated the group on the progress with the LIFT tariff. So far there are 37,210 customers on the tariff, and there is funding for 50,000 people. The company is reviewing its options on how to slow the update of the tariff. The Chair noted that the low income threshold was higher than may be necessary. The company will update the CSG during the decision process. **AIM** TC explained Ofwat's progress with the Abstraction Incentive Mechanism. He noted that there are issues Ofwat are facing in terms of scope. DH noted that there is a role for the Abstraction Incentive Mechanism in sustainability reductions where environmental benefits can be found. The first year of measurement will be 2016/17. **Egham learnings** TC stated that the key learnings from the Egham incident come from communications and using targeted, paid for social media. He also cited the importance of using the incident webpage in a more open and interactive way, using photos and a more customer friendly tone. **SIM** The Chair asked where the company sits in SIM compared to 2 years ago. TC noted that while there is not a direct comparison, in terms of rankings, the company has seen a relative	**TC**

	improvement from 16th out of 19 companies to 13th out of 18 companies.	
8	**Any Other Business** N/A	
9	**Next meeting** Wednesday 22nd June at the Hub, Hatfield	

Minutes of CSG 16th March 2016

Approved by: Karen Fellows, Chair

Date: 22 June 2016

Affinity Water

Agenda Item 2
Document Ref 02.1

Customer Scrutiny Group

Purpose of Meeting	**Customer Scrutiny Group – Meeting 10**	
Location	Affinity Water, Tamblin Way, Hatfield	
Date of Meeting	**22nd June 2016**	
Present	Robin Dahlberg	Outgoing Chair
	Teresa Perchard	Incoming Chair
	Caroline Warner	CCWater Local Consumer Advocate
	Keith Cane	Town and Country Housing Group
	Gill Taylor	Groundwork
	John Rumble	Environment, Herts County Council
	David Cheek	Friends of the Mimram
	Karen Gibbs	Consumer Council for Water
	Johnathan Sellars	Environment Agency
Presenters	Chris Offer	Director of Regulation
	Adam Warner	Community Stakeholder Manager
	Nigel Beaven	Head of External Communications
	Ilias Karapanos	Senior Asset Scientist
	Julian Foster	Community Delivery Director
	Mike Pocock	Physical Asset Strategy Manager
	Emma Grigson	Head of Corporate Affairs
	Naomi Kent	Blue Marble
Apologies	Damian Williams	Tendring Council
	John Fox	Tendring Council
	Hazel Smith	GlaxoSmithKline
	Jill Thomas	CCWater – Stepped down
	Yolanda Rugg	Herts Chamber of Commerce
Distribution:	As above	
Originator:	Adam Warner	

No	Notes of Meeting	Action
1	**Value For Money Survey – Chris Offer and Naomi Kent** CO introduced the survey, providing history and context. The survey was included as part of the *providing a value for money service* commitment in AWL's business plan. This commitment was used to balance 3 operational commitments around water availability, water quality and disruption. The survey was designed to understand how customers perceive value for money and what elements influence these perceptions. CO stressed that this is an evolutionary process and developing an indicator of customer perception of value for money was a new initiative for the water industry which would need refining over time. He asked the CSG to review this critically as to whether it is a sensible metric and asked for views on the way forward for it.	

Customer Scrutiny Group

NK presented the VFM methodology, results and highlights from the first full year of data.

Key points on the methodology

- The 15-16 data will become the new baseline due to a change on the metering question and taking into account seasonal variation
- The data can be analysed at a community level
- The model accounts for 30% of variance on value for money. This is seen as good as experience of this work in other industries suggests the maximum we could expect would be 50%.
- The methodology for 2014 to 2016 takes into account 8 key drivers for value for money. The proposal is to remodel this to have 10 drivers to make the model more reflective of VFM drivers.

Key outcomes

- Very little variation over time, by community, by sector, by sewerage provider etc
- Measures that we should have influence over do not seem to be driving changes in value for money
- Customers have a generally low awareness of how much they pay for water

TP posed three questions to the CSG

1) Is this the right approach to measuring VFM?
2) Proposed changes to the methodology
3) What are the key aspects that the CSG would like to track?

1) Is this the right approach to measuring VFM?

- DC raised concerns around having only influence over 30% of the variation
- JR saw the single measure as unhelpful as trends take a long time to build.
- KC and CW agreed that the single measure was not helpful
- All members agreed that the most important issue was what was actually done with the information coming out of the research – ie what management action was taken in response.
- TP and RD offered a view that the index score was useful internally in quickly presenting results to internal stakeholders.
- TP questioned whether the index was taken up by too many factors that the company has no control over.

2) Proposed changes to the methodology

- The group discussed the breaking down of the measure into two scores, one showing overall value for money and one showing the elements that Affinity had influence over. NK noted that this would be problematic as it would reduce the explanatory power.
- CO suggested that a subset of indices might be better for capturing wider perceptions
- TP wanted more components in the measure that the company has the ability to control following concerns that by including comparisons to other services in the metric, it reduces the amount of impact the company can have.

3) Aspects of the work that the CSG would like to track.

- DC asked for the survey to be bolstered in areas where the WSP is taking place.

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	- JS asked for regular reporting on questions focused on metering and water usage - The group requested that AWL demonstrate how this research is being tied in with other continuous feedback mechanisms. Action: TP asked for AWL to circulate a quarterly report of actions stemming from the survey Action: KG offered to present the CCWater VFM work to the Group in September Action: Feedback in September on the individual measures chosen by AWL to regularly feedback on and the way forward for VFM.	 EG KG EG
2	**Introductions** RD noted apologies for absence and welcomed those present. **Chairs Report** RD thanked all members from CCG and CSG for their participation over the past years. RD noted the volume of TP's involvement with Ofwat since April and the difference between PR14 and PR19 in terms of how the regulator is approaching the role of the CCG's, including them in policy debates and organising regular meetings of CCG Chairs. **Terms of Reference** TP explained that the terms of reference required redrafting due to new Ofwat policy and feedback from RD. She asked the CSG for comments and feedback on the revised terms of reference for the group. TP highlighted that the name will be changed back to the Customer Challenge Group. DC raised a question over business user representation. TP responded that recruitment is going to be done and businesses along with citizens advice groups will be represented. DC asked for customer engagement to be more defined. CW asked whether the CSG are defining customer engagement or if the company is. TP responded that judgements of quality are to be made by the CSG. This includes what the company does with the feedback from customers. KG asked for more opportunity to challenge the engagement strategy of the company GT asked for AWL's responsibilities to the group to be captured. Action: TP asked for any further specific comments from members by the end of June to	

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	enable the revised TORs to be approved by the AWL Board in July. She would also rework the ways of working document and circulate to the Group. December 2018 was a key milestone for the work of the Group as at that time a report on the company's business plan needed to be submitted to Ofwat. . Minutes from the previous meeting were agreed and signed. Action: AWL to review minutes against actions log to ensure all activities are covered **Regulators update** **Environment Agency** JS gave an update on the Environment Agency including changes in regions and organisational executive changes which included the new CEO, James Bevan, and interim chairman, Emma Howard Boyd. JS also noted that the Water Framework Directive grant money has now been announced totalling £5.5 million. The Thames region received £700,000 while Herts and North London have £170,000. On top of this, catchment partner hosting money has been announced and agreed for the next 12 months. Finally he stated that DEFRA is to set out 25 year strategy for the environment out on the first of July. Action: JS to send revised areas now covered **CCWater** CCWater are offering training to new CCG chairs and members. Action: KG to send details of this to TP	**AW** **JS** **KG**
3	**<u>AWL 2015-2016 performance update – Chris Offer</u>** CO updated the CSG on AWL's final performance for 2015-16. He noted that the targets for both *interruptions over 12 hours* and *interruptions to supply caused by planned works* had been missed and therefore incur an Outcome Delivery Incentive penalty. The target for SIM has also been missed and CO noted that there is work to be done on this, but at present the SIM ODI has not yet been determined by Ofwat.	

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	The rest of the ODI targets have been met or exceeded. Action: The customer version of the annual report, 'Customer Performance Report,' is to be shared with the CSG in draft form for comment before it is published. Action: CSG to be added to distribution list for wash up reports following events.	CO AW
4	**Communications update – Nigel Beaven** **Customer bills** NB presented the latest iterations of customer bills. TP questioned whether consumer advice agencies had been involved in the development of bills. NB noted that this had not been done so far DC stated that the new iteration was an improvement on previous iterations but requested that the words credit and debit are substituted for something more customer friendly RD noted that white text on a coloured background was difficult to read. CW and RD recommended that more work is done to test what should be included in customer bills. KG noted that the first correspondence with new customers asks for money ie. payment in advance which did not seem very customer friendly. NB and CO to review this with the business TP asked what success factors would be used to measure the impact of the new bill formats.. Action: NB to address these comments in September meeting and further development.	NB
5	**Leakage and Abstraction Incentive Mechanism - Julian Foster, Mike Pocock and Ilias Karapanos** **Leakage update – Julian Foster** JF presented to the group the work being done on leakage in order to meet future targets. He explained that the company had begun to use new, innovative techniques to find high leakage areas, including the use of satellites. The company are currently focusing on 145 DMA's out of 820. Those selected are experiencing greater than $5m^3$ leakage. TP questioned whether we were using customer feedback effectively in order to find leaks. JF responded that customer feedback impacted job prioritisation. **Abstraction Incentive Mechanism – Mike Pocock and Ilias Karapanos** MP explained what AIM is and the potential benefits for the industry in increasing transparency around reducing abstractions from environmentally sensitive sources.	

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	AWL have put forward 23 ground water sources for abstraction reduction where these could be replaced by water from other sources and where this would deliver a perceived environmental benefit. It will enable the company to show where more can be done to reduce the impact of abstractions on the environment. MP stressed the importance of AIM for the next AMP as it is likely to become a Performance Commitment with financial incentives . JR asked whether the company was doing anything to measure the environmental impacts of reducing abstraction. MP responded that AWL already monitors the environment meaning many of the benefits will be captured but this mechanism is about action to reduce abstraction, based on EA evidence CO noted that the reason for AIM is to incentivise companies to avoid over abstraction from sensitive areas that could occur due to improved incentives for water trading TP questioned whether the company was intending to communicate this to customers. MP stated that this has not yet been considered TP questioned whether AIM would impact the overall security of supply for the future. MP noted that this is covered in the WRMP for which the process will start in Autumn. CO added that AWL's Sarah Clark is working on the business plan for PR19 which will build on the WRMP. TP reiterated an earlier request from KG that the CSG must be involved and engaged on the customer engagement for WRMP and SEA as well as the Business Plan for PR19 Action: Leakage update in September Action: Briefing notes for all papers to be distributed earlier prior to CSG session Action: MP to come back in September to present the first 6 months of practical experience of AIM to the group. TP requested that the presentation includes a clear ask of the CSG.	**JF** **AW** **MP**
6	**Community engagement and Regulation update – Emma Grigson and Chris Offer** **Community engagement plans- Emma Grigison** EG agreed with the CSG that the September meeting would be best to present the progress on the community engagement undertaken to date. DC asked that this update specifically include how AWL are proactively telling people about how performance. **PR19 – Chris Offer** CO explained that the company has begun work on an updated Strategic Direction Statement for PR19. This is being done with the view to understanding whether customer expectations of service are still the same and whether the four customer outcomes are still relevant. CO was asked by the CSG about Ofwat's price setting methodology. He explained that Ofwat are intending to have to separate price controls for the whole business and two revenue caps. One for household retail and one for non household retail. Ofwat will publish their methodology by Spring 2017. CO also noted that prior to the shadow market opening in October 16, the non	

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	household business needs to be segregated from the rest of the business. **LIFT** CO gave an update on the LIFT tariff. Currently there are 39,000 customers on the tariff and AWL have introduced a trial to make customers reapply to see whether this brings the numbers down. CO noted that no firm decisions have been made around introducing a lower income threshold. The CSG suggested that if AWL are going to reduce the household income threshold, they should do it soon to ensure that customers to not become too accustomed to paying a lower rate. Action: CO to decide whether lift should be included as an agenda item in September. If this is the case TP asked for a clear direction for the CSG on what is expected of them.	**CO**
8	**Any Other Business** **N/A**	
9	**Next meeting**	

Minutes of CSG 22 June 2016

Approved by: _____

Date: 14/09/2016

Customer Challenge Group
Minutes of a meeting held on 7 December 2016 at The Pullman St Pancras, London Commencing at 14:00

Members Present	Teresa Perchard (TP) Caroline Warner (CW) Gill Taylor (GT) Karen Gibbs (KG) Jonathan Sellars (JS) Keith Cane (KC) Tina Barnard (TB) David Cheek (DC) Scott Oram	Chair Consumer Council for Water Groundwork Consumer Council for Water Environment Agency Town and Country Housing Group Watford Community Housing Trust Friends of the Mimram Glaxo Smith Kline
Attendees	Simon Cocks (SC) Emma Grigson (EG) Chris Offer (CO) Amanda Reynolds (AR) Sarah Clark (SC) Adam Warner (AW) Mike Pocock (MP) Siân Woods (SW) Deryck Hall (DH)	Affinity Water – (joined at 14:50) Affinity Water Affinity Water Affinity Water Affinity Water Affinity Water Affinity Water – (joined at 15.30) Affinity Water - Secretary Consumer Council for Water
Apologies	Gary Clinton John Rumble	Age UK Hertfordshire County Council

1.	PURPOSE & CONSIDERATIONS	
1.1	Welcome & Chair's Introduction: The Chair welcomed everyone to the meeting and introduced the purpose and format of the meeting. The main item was to hear how and when the company planned to engage with customers to prepare its next Business Plan ("BP") so that the CCG could be briefed and consider whether the approach was likely to be appropriate and meet Ofwat's expectations for customer engagement. ACTION CCG Members were asked to advise Siân Woods if they wished to receive hard copies of the papers for CCG meetings.	**SW**
1.2	Apologies were received from Gary Clinton and John Rumble and the Chair confirmed there were no observations or comments regarding the papers to pass on	
1.3	There were no conflicts of interest identified	
1.4	TP reported that further members were being approached to join the group with specific environmental knowledge/involvement along the South coast (Dour), and debt advice experience	
2.		
2.1	Minutes of the Previous Meeting: The minutes of the meeting held on 14 September 2016 were **APPROVED** subject to some minor amendments **ACTION** Amend the minutes for the Chair's signature **ACTION** Upload minutes to the CCG website	**SW** **SW**

2.2	Review progress of Actions: The actions from the previous meeting were noted as 'completed' or 'in progress'	
2.3	Review of Challenge Log: The members confirmed they were happy with the format of the Challenge Log taken from the previous minutes and for it to be published on the website in due course. **ACTION** Insert a column to show when the item is closed **ACTION** upload onto the CCG website	**SW** **SW**
3. 3.1	Chair's Report: The content of the Chair's report was **NOTED**	
3.2	Member's Reports: GT: reported to the members that Groundwork is continuing to work with AWL on proposed geomorphology work to the river in Luton as part of the Catchment Partnership work. Also that Groundwork had met representatives to talk about AWL Community Champions role and feels that this should link well to the work of the Catchment Partnership and our volunteers looking at water quality monitoring. Gill also referenced that Groundwork East and South as catchment hosts have developed a three year plan to tackle Invasive Non Native Species (INNS) on the upper part of the Colne – through mapping the issue clearly, approaching landowners re action and training and supporting volunteer groups to tackle the issue over the long term. INNS is a national issue which catchment partnerships are trying to tackle but that water companies also have some responsibility for. Bids for support have been submitted to the Environment Agency and a funder via the landfill communities fund and we would also like to meet AWL to discuss the opportunity to become involved. EG supported this suggestion. KG: reported that there have been 2 recent reports published by CCWater – 'Delving into Water' (a summary of which relating to the key data about Affinity Water had been circulated to the group) The second report is of research about Southern Water's metering programme which looks at how customers feel now the process has been completed. This information is on CCWater's website. They are a useful reference source and comparative information. A brief discussion was held regarding social tariffs and comparing companies; **ACTION** send through a link to both documents to all attendees CW: updated the group regarding the quarterly meetings that take place between CCWater and AWL. From these, CCWater considered that there has been significant activity on the part of the company to look at the underlying causes of increased complaints and reduced customer satisfaction. Actions had been identified and these will ultimately improve the customer experience; JS: reported that the Environmental Agency is gearing up for PR19; **ACTION** to email the EA timetable around to all attendees TB: reported that following an action from the previous meeting, Nigel Beaven had met with her to discuss the installation of water meters, however, it is clear there was no real awareness of the position of housing association tenants and she considered that AWL could do more to engage with Housing Associations about the metering programme and other issues relating to housing association tenants.	**KG** **JS**
4. 4.1	Affinity Water Report A report from the company had been circulated. Members were asked if they had any questions or observations on it: • DC commented further on the suggestion that the company should use communications messages on the side of vans to improve customer awareness of the metering programme - the messages should be very short	

	and punchy; • The chair was pleased to see the report identified that the company was undertaking socio-economic profiling in relation to the metering programme as it may help with AWLs understanding of the 'no access' issues and capturing of wider information from visits; • AR confirmed that the home water efficiency checks identify customers that could be in vulnerable positions, that the data is contained within an app, but the company was working on extracting this information. AWL is aware of the need to capture this information securely and AR confirmed that the system captures information regarding tenures i.e social housing or private rented; CHALLENGE TP questioned how far the contact with customers during the metering programme is identifying and capturing information about the tenure of customers and if so, how that information is being used by AWL, for example to make contact with landlords where they have difficulty gaining access or agreement to the installation of a water meter. **ACTION** AWL to look at whether and how it communicates with landlords as part of the metering programme The Group agreed to keep this item on its CCG agenda to seek reassurance that AWL is doing enough to reach and work with landlords as part of the metering programme **ACTION** Add 'AWLs communication with landlords' to the March agenda It was **noted** that the Customer Feedback slide deck had been distributed and read by members. AR highlighted the following key areas: • Rant and Rave: AWL was receiving significant increases in the volume of feedback from customers via this system, and was making more rapid use of the feedback as part of its customer experience improvement programme. • Speech analytics: AWL now have a recently trained new team who are able to operate this, enabling more rapid analysis of the Rant and Rave feedback from customers; • SIM survey: AWL is currently working with BMG who undertake the survey work for Ofwat to commission four additional surveys across the year to increase the volume of customer feedback available to the company; • Customer Events: this feedback is now in one place and being shared; • SIM: results can be volatile because of sample sizes and the unwanted contact and complaints correlation is not really clear, although 2016/17 has seen a decrease. Engineering activity has increased which generates more contact. AWL is looking at how this is measured and what is the appropriate level of time to repeat contact. The next SIM industry league table is available on 16 December 2016; In discussion the company was asked what measures were working to improve customer satisfaction/reduce dissatisfaction. • CW reported that AWL has been working hard at reducing customer complaints and it is encouraging that they have recognised the influence that contractor's actions have on customer dissatisfaction and are focussing on that. • The Chair **noted** that the CCG can take reassurance in the amount of work going on in AWL, and in particular CCWater's view that the changes being made are having a positive effect; • AR explained that AWL is part of an industry working group assessing the effectiveness of SIM and this is assisting the company to identify wider insight. **ACTION** AWL was asked to provide the numbers of customer complaints made by	**AR** **SW** **AR**

	different methods.	
	PR19	
5. 5.1	CCWATER – Presentation: DH was welcomed to the meeting. A presentation had been distributed to members in advance. Based on a review of water company practice at engaging with customers for the last price review (PR14), the presentation gave members a briefing on the type of approaches that had been taken to engaging with customers. DH highlighted a number of points with regard to the question of what 'good customer engagement looks like' and how companies should ensure their future business plans reflect customer priorities: • Customers will want more of a mixed plan/when making choices and giving their feedback; • CC Water would expect the company to talk about the Output Delivery Incentives (ODIs) that it is proposing, and to seek customer views on those; and • Willingness of the customer to pay and their ability to pay should both be explored. **ACTION** DH will distribute the CCWater report on customer engagement at PR14	**DH**
6. 6.1	Developing our next business plan: CO took the CCG through a presentation on how the company had developed its current business plan for the last Ofwat price review – PR14. This showed the timing of different phases of developing that plan, and the points at which customer research and engagement was carried out. The approach taken to PR14 will form the foundation for the company's PR19 engagement plan. Key points noted by Chris were as follows: • The first phase was listening and learning and establishing outcomes in the broadest sense in order to engage with customers in a meaningful way. A baseline survey was undertaken for perceptions of AWL as a water company and took themes from these responses. The questions were sufficiently broad enough to cover all stakeholders like DEFRA and the EA; • AWL anticipated that the customer outcomes of the next business plan would represent an evolution from those in the current business plan. AWL would not be looking to 'start from scratch'. At PR14 the company needed to establish baseline research whereas for PR19 AWL was already much further ahead, and need to carry out less preliminary research. • Planning for PR19 was 6 months ahead of where the company was on the last business plan engagement programme. • The company intended to adopt a phased approach as this meant important milestones and gateways can be met whilst enabling the engagement activities to be assessed and evaluated as the company progressed towards a final business plan; • The CCG has an important role to test and challenge AWL's research techniques, findings and conclusions throughout the work to develop the next business plan; • At the end of each of the phases for PR19, AWL carried out a validation exercise to critically assess the research findings and the CCG contributed to this process. The CCG was also consulted prior to research questions going out, the results were then shared with them and they were invited to see if the results were being used appropriately i.e as part of the validation process. CO indicated he	

	would expect the same approach for PR19; • CO confirmed that the CCG will also be asked to review documents used as part of the customer engagement process for PR19; • CO indicated that a lesson learnt from PR14 was that it was critical to show the company had evidence that it had engaged with customers, and could demonstrate how it had changed the plan in response to customer feedback; The CCG thanked CO for his presentation. It was helpful to have a briefing on how the company had approached the PR14 business planning and customer engagement process. The Group nevertheless agreed that it was important for the company to set out clearly and soon its timetable and approach for the PR19 plan. CHALLENGE: AWL to set out its timetable and approach to customer engagement for the PR19 plan so that the CCG can assure that the approach is likely to meet Ofwat's requirements CHALLENGE: AWL to include within its timetable and plan for the PR19 BP information which will help the CCG to plan its work sufficiently in advance to enable members to manage their time commitment to this task The members **AGREED** that even with good advance information from AWL about its plans (as requested by the CCG) some issues and documentation may need to be reviewed by sub-sets of the CCG main group in order to expedite responses for AWL. Decisions about this would be made once AWL had provided further details of its plans for 2017 and 2018.	**CO**
7. 7.1	Customer Engagement for PR19: SC tabled 2 documents to the CCG to support her presentation of AWL's proposed time-table for the PR19 Business Plan: 1) Customer Engagement Timetable: highlights the previous PR14 timetable and the proposal for PR19 from January 2017 - September 2018; and 2) Overview/signposts for phases 1, 2 & 3: highlighting operational level issues, tactical level issues and strategic level issues. SC made a number of points: • AWLs starting position was that it had done a really good job last time – the implication being that it would seek to repeat the approach; • The company was currently in the exploratory phase; • It was the intention to build the detail behind the activities shown on the tabled papers; • The company was aware of the need for it to consider and engage with stakeholders and customers on longer term issues such as resilience and intergenerational equity, and this explained the 'signpost' spread in the pre-Strategic Direction Statement presented to the CCG in September; • The company was running a procurement process to appoint one or more partners to help it to deliver the customer engagement for the next business plan; • The company felt it had sufficient time to get this done and engage with customers as it was ahead of where it was in process for PR14; • The company was proposing to do an element of triangulation at the end of each phase and would ask the CCG what they thought. CO explained that this still needs to be determined i.e. does it inform,	

	influence or just provide insight and how does AWL bring it together in an assessment form. The approach it had adopted for PR14 was effective, but this time around there would be more ways for customers' information to be gathered. The Group **noted** that customer engagement about the Drought Management Plan (DMP) engagement would happen before the CCG's next meeting. This was of concern to the CCG because limited information had been given to the CCG about the nature of the customer engagement activities the company planned, although the company had reported that there would be 14 areas of change in the new plan. Whilst the DMP (and WRMP) are statutory plans, and there may be limited discretion if there were choices that affected customers and customer bills and which customer views could influence, the CCG would expect there to be appropriate engagement. MP agreed that it was important to set up an agreed process as to how AWL will provide the CCG with information and access as all the research undertaken for the DMP and WRMP will link together to help formulate the completed business plan; CHALLENGE: AWL should provide more detailed information about the precise nature and timing of different phases of work and activities involved in producing its PR19 Business Plan, and especially the customer engagement that it proposes to undertake across the whole programme, including the production of the DMP and the WRMP, as well as the main Business Plan. The CCG particularly requests that the company outlines the issues and tasks that it intends to bring to the CCG at different points during 2017. CHALLENGE: Drought Management Plan - the company was asked to consider how the CCG's role to advise on, challenge and assess the customer engagement on this plan could be enabled, given that the company had already commenced its customer engagement on the DMP.	
8. 8.1	AOB: The Community Stakeholder Report: AW had circulated a report on the community stakeholder events held by AWL during 2016 evaluating the effectiveness of the meetings and proposing a way ahead. The report was welcomed and **noted** by the Group. The Group considered the proposed way ahead was sensible. ACTION Members were invited to send any comments or suggestions on how these local activities could be improved further to SW, EG or AW. There was no other business to be discussed and the chair closed the meeting at 6 pm	

I confirm that the minutes above are a true and accurate reflection of the business discussed and agreed at the meeting of 7 December 2017.

Signature _____ Date 15/03/2017

Chair, Customer Challenge Group

Customer Challenge Group

Minutes of a meeting held on
15 March 2017
at
Affinity Water, Tamblin Way, Hatfield AL10 9EZ
at 10.00 am

Members Present	Teresa Perchard (TP) Caroline Warner (CW) Gill Taylor (GT) Karen Gibbs (KG) Keith Cane (KC) by video conf Tina Barnard (TB) David Cheek (DC) John Ludlow (JL) John Rumble (JR) Tom Perry (TRP)	Chair Consumer Council for Water **until 2.30 pm* Groundwork Consumer Council for Water Town and Country Housing Group Town & Country Housing Watford Community Housing Trust Friends of the Mimram Hertfordshire County Council Environment Agency (for Jon Sellars) **until 3pm*
Attendees	Emma Grigson (EG) Chris Offer (CO) Sarah Clark (SC) Adam Warner (AW) Siân Woods (SW)	Affinity Water Affinity Water Affinity Water Affinity Water Affinity Water - Secretary
Apologies	Gary Clinton Scott Oram	Age UK Glaxo Smith Kline

1.	HOUSEKEEPING & GOVERNANCE	ACTION
1.1	Welcome & Chair's introduction The Chair welcomed everyone to the meeting and introduced John Ludlow who had been invited to join the group	
1.2	Apologies Apologies were received from Gary Clinton and Scott Oram	
1.3	Conflicts of Interests There were no conflicts of interests identified by the members not already logged on the Register for declaration of interests	
1.4	Minutes of the previous meeting The minutes of the meeting of 7 December 2016 were agreed as a true and accurate record and were signed by the Chair. .	
	ACTION Publish the signed minutes onto the CCG website	**AW**
1.5	Action points and matters arising It was noted the action for Amanda Reynolds to circulate numbers of customer complaints made by different methods was outstanding. There were no other matters arising.	

1.6	Challenge Log updates The Group agreed the record of the challenges that had been raised at the 7 December 2017 meeting were to be added to the Challenge Log and published.	
2.	**COMPANY UPDATE**	
2.1	Strategic Business Review (Chris Offer) The Group noted that an announcement had been made that AWL's current investors are carrying out a strategic review of the business. Chris Offer assured the Group that while the process was running, it was business as usual for everyone.	
2.2	PR19 Governance Arrangements (Chris Offer) CO presented the PR19 Governance paper that was recently approved by the Executive Management Team. A copy had been circulated to the Group in advance. The governance arrangements for PR19 formalise AWL's approach to developing the Business Plan ("BP") and ensure the governance arrangements support its delivery by facilitating efficient and timely processes. The Chair thanked CO for sharing the governance arrangements in full with the Group. She observed that the information reassures the CCG the project is up and running, the decision-making framework has been established, the CCG is clearly identified within the project and that customer engagement activities are a key work package of the programme. The CCG appreciated that it is a complex project, and expected that to acquire timely contributions to the plan from people across the business with different disciplines would be a challenge requiring clear governance. TP noted that the Company Business Plan and CCG's report are due for submission to Ofwat by 3 September 2018. Referencing the diagram showing the governance framework, KG asked if there should be a dotted line directly to the Board from the CCG as it is an important relationship. CO agreed this was helpful since a formal reporting line to the Board exists within the Terms of Reference of the CCG. TP highlighted to the group that at PR14, members of the Chair and some members of the AWL Board had attended meetings with the CCG to engage in dialogue. She expected the CCG would be keen to have the same level of interaction going forward as the PR19 project picks up momentum, and would raise it when attending the AWL board meeting on 27 April. ACTION TP to attend the 27 April AWL Board meeting and will discuss liaison between the Board and the CCG over PR19. ACTION CO will bring these points to the attention of the Working Group at the inaugural meeting in March	**TP** **CO**

	AMP6 Update The Business Performance Table had been circulated showing results to the end of February 2017. Members were asked to note that this showed the achievement on leakage as at amber, however, it was a complex process to obtain a final number for the end of the year. The most challenging result for AWL was in relation to supply interruptions for >12 hours. The company assured the CCG that there was a lot of pressure on the Wholesale Operations team from AWL CEO Simon Cocks to improve performance in this area to ensure we deliver on the performance commitments AWL made in its AMP6 Business Plan. JR asked AWL **why** the business is having the unplanned supply interruptions significantly in excess of its performance target and if there is any analysis happening relating to this. CO confirmed that a lot of work is taking place in this area to inform both the customer performance report 'Our Performance Update' and the Annual Report and Accounts. AWL has been investing to remove network 'hot spots' where customer supply is dependent on a single source and so vulnerable to interruption if an incident such as a pipe burst occurs. AWL also carries out extensive modelling to predict overall numbers, however, it is difficult to predict the exact location of and timing of events and the 'hotspot' programme will take time to be fully delivered. TP asked that the end of year performance report be made available for the June CCG meeting as this would enable a fuller review of performance achieved by AWL with finalised end of year figures. (NB this agenda item was proposed in the CCG Work Plan circulated at item 7). ACTION add to the forward CCG agenda a briefing from Asset Strategy around supply interruptions and network 'hotspot' investment programme. ACTION confirm that the end of year performance report will be available for review at the June CCG meeting	**SW** **CO**
2.3	**AWL Company Report (Emma Grigson)** *Arkley Incident*: EG highlighted key information contained in the Company Report circulated in advance relating to the Arkley incident which took place on 20 February 2017. This affected 6,000 customers who experienced low pressure or lost water supply. She highlighted that the document circulated was not a full incident report, but was intended to provide an overview of how AWL managed the incident and contacts with customers. The company was happy to share the full incident report with the CCG in due course. CW reported that CCWater had received contact from affected customers who said that the information from AWL was not clear enough. Customer feedback was they wanted to know what to expect to enable them to make plans and make decisions. An update on the website of 'no further information' was not helpful to customers.	

	CHALLENGE The CCG asked to hear more from the company about how it manages significant incidents like Arkley especially how AWL engages with customers during and after the incident, including vulnerable customers and how it reviews and learns from incidents to improve customer contact in future.	
	ACTION EG asked CCWater for any examples of best practice from other companies.	**CCWater**
	AWL **AGREED** to distribute the Arkley incident report to the CCG	
	It was **AGREED** to feed back CCG comments to the Comms team and the Emergency Response Team ("ERT")	
	It was **AGREED** that AWL would report to the CCG at the next meeting about how it had engaged with customers during and following incidents and what it was like from a customer perspective, including vulnerable customers.	
	Drought Management: AWL reported that rainfall for 2016 had been below average characterised by a small number of short, intense periods of rainfall across the year; as a result, there has been very little groundwater recharge due to run-off and evaporation. The current prediction based on average rainfall was that AWL may enter Drought Zone 3 (when the company may enact temporary use bans, often called 'hosepipe bans') in its Central region by May/June 2017 with the East and Southeast regions predicted to be July 2017. A Drought Management Group had been established to monitor the situation. AWL offered to provide further briefing on this to the CCG.	
	ACTION Distribute the graphs from the Leadership Forum with a covering note, *subject to Mike Pocock's approval	**MP**
	ACTION Distribute a briefing note to the CCG on drought management position	
	Impact of IT outages: CCWater reported that it attends a quarterly meeting with the company and noted that AWL has recently experienced a third major IT outage in 8 months. Although CCWater understood that the CEO has agreed to input additional funds to help make the system more resilient it was suggested the CCG might review the impact on customers. The CCG agreed it would like to understand the impact of these outages on customers, for example, those customers attempting to use online systems or transactions, or even to find information.	**tbc**
	ACTION Schedule an agenda item on the customer impact of IT outages on the CCG work plan.	**TP/SW**
	Engaging with landlords: In response to a matter previously discussed by the CCG EG confirmed that AWL had approached a group of social landlords to hopefully enable us to have conversations and get a common approach. A meeting date has not yet been set.	**tbc**

	ACTION AWL to report back at the June meeting CCG members suggested that there remained a lack of knowledge in the community in general regarding metering and social water tariffs and charges. KC confirmed that he would be interested to hear about metering and social tariffs. ACTION AWL to provide a briefing note on communication of and awareness of metering, social tariffs and charging issues amongst customers and stakeholders. The Chair informed members that EG will be leaving AWL and this was her final CCG meeting. The Chair thanked her for her contribution and hard work on behalf of the CCG.	**AWL** **AWL**
3.	**CHAIR AND MEMBERS' REPORTS**	
3.1	Chair's Report The Chair's report covering the Chair's activities and observations was noted. The Chair thanked members who had reviewed the billing booklet, attended scheduled AWL community events and the recent CCG induction.	
3.2	Member's Reports CW: CCWater reminded members that in their Delving into Water report they had asked some companies to explain why their complaints had increased and to provide interim reports on complaints in 2016/17. It was encouraging that there had been an 18% decrease in AWL customer complaints. A third report was due in April 2017. CCW had posed some challenges to AWL for more evidence to explain the action taken to increase in customer satisfaction and reduce complaints. DC: Asked AWL if planned sustainability reductions will happen in April giving the potential drought risk that that may arise. CO confirmed that the abstraction reduction will go ahead but there is on-going discussion regarding a possible operating agreement to help manage any potential drought risk. KG: explained that CCWater have undertaken some research regarding customer willingness to pay. The report should be available to share end of May/June 2017. CCWater extended an offer to CCG members for training on good practice for customer engagement. JR: highlighted that Hertfordshire County Council have been doing an infrastructure assessment and have been talking to water companies, including AWL. The report is being finalised and hope that it will be available in the public domain. ACTION Adam Warner to send the County Council's report to the CCG when it is available TRP: Defra will soon release their 25 year environment plan. River based local liaison panels are being disbanded and Defra is now considering how to replace them.	**AW**

4.	**PR19 ENGAGEMENT STRATEGY**	
4.1	Create 51 recommendations & Affinity Water's Proposed Plan (Sarah Clark & Chris Offer) The Chair thanked SC for the papers and a clear covering note explaining what input was sought from the CCG at this time. The CCG appreciated that in arriving at a proposed plan for PR19 customer engagement the company had evaluated what worked/didn't work at the previous price review and had reviewed Ofwat's expectations and the role of the CCG in the process The transparency of the plan at this stage was also appreciated. The CCG noted that the further development of the plan depended critically on the appointment of a delivery partner, and this process was underway. CO confirmed that this meeting will not be the last opportunity for the CCG to inform/ influence the scope of work. SC explained that AWL had taken note of the challenges and observations made by the CCG at its December 2016 meeting, reflected on the company's ability to deliver the programme and concluded that it was essential AWL obtain input from an engagement specialist. SC confirmed that AWL had already taken on a junior member of staff who is helping with research by looking at all PR14 customer engagement evidence to provide a solid base and breadth of research prior to developing the detail of the PR19 engagement plan. A discussion took place regarding the *Create 51* Report and SC's paper and highlighted proposals, and invited the CCG's observations and challenges. The CCG were asked for their views on the engagement objectives and approach proposed and made the following points in discussion: • *The customer engagement plan seemed good but overly complex – did AWL need to do as much as this? Was there a need for proportionality?;* • *The objectives and approach did not seem to incorporate the 'community' approach to customer engagement that the present Business Plan had adopted;* • *AWL should clarify in the engagement what the role/purpose of the water company is vs. the role of wider society and public policy;* • *Engagement materials for customers should clearly set out 'Where are we now' so that they are able to evaluate any change/improvement proposed;* • *Environment seems to be 'hidden' – do customers have a view/understand the environmental stewardship and responsibility that AWL has;* • *The 'specific objective' "We achieve the right outcomes at the right time and at the right price for customers (including those with affordability issues) taking into account the wider pressures on customers' water bills to specifically include the cost of their separate sewerage service" is a strategic objective for AWL in*	

*delivering their BP and not an **engagement** objective;*
- *Affordability should be a clearly defined objective;*
- *It was not clear what AWL intended to do to draw on data and information about customer preferences that it already has from other research, rolling research and operational 'day to day' contacts with customers; and*
- *The CCG members were clear the company must manage and own the customer engagement programme.*

The CCG were asked to discuss and challenge on the balance of quantitative and qualitative engagement

CCG members were not able to tell the company precisely how much qualitative versus quantitative research they should undertake. That would depend on knowing more clearly the questions that were to be asked. Members considered that undertaking qualitative research before large scale quantitative research is a sensible approach to market research IF the qualitative research is needed to test and refine questions – either the range of questions to be asked and/or the way they are expressed.

The CCG were asked to provide a view on AWL's proposed approach to engaging with different customer groups

CHALLENGES/OBSERVATIONS

CCG members felt that the proposed approach did not provide a clear picture of how the company will engage with the existing customer-base. AWL needed to have a good and clear picture of and understanding of their present customer base. SC confirmed day-to-day, operational customer contact was a key part of the strategy, and would be triangulated with bespoke research. Turning to the question of different customer groups CCG members suggested the following:

- *Engage with groups aged 55–75 and 75+, not just over 65;*
- *Engage with single people, in particular women bringing up children with no partner and widowers;*
- *Engage with vulnerable customers and those on benefits;*
- *Approach the engagement from a segmentation (lifestyle instead of traditional socio economic/age/income segments for example) perspective and the way customers need to use their water supply.*

The CCG was invited to discuss and provide their views on the proposals for branding and revamp of 'Let's Talk Water for the PR19 engagement

The CCG recognised the merits of the proposal for consistent branding and saw no reason for the company not to re-use the 'Let's Talk Water' brand from PR14 if it had worked effectively. The review of PR14 engagement had commented most on the effectiveness of different methods of engagement that had been used rather than the brand 'Let's Talk Water' per se.

	The CCG welcomed the proposed development of a micro-site for PR19 so that customers and stakeholders could retrieve information quickly and easily, and provide responses. ACTION CCG invited to provide comments on the paper's Annex B to be emailed to SC	**ALL**
4.2	Process: The company shared with the CCG a high level plan for the PR19 project which showed all the CCG meeting dates and other key decision points. The company was asked to populate the CCG forward work plan for the scheduled CCG meetings indicating which issues they would be asked to consider relating to PR19 at different meetings. In response to a request from the company the CCG indicated that in principle and with good notice they were happy to take some PR19 issues in sub-groups between main CCG meetings or hold workshop sessions with the company at different times from main CCG meetings. However, the company needed to provide a clear ask on the topics and timings for any sub-groups or workshop sessions in order to secure sufficient availability of CCG members and well informed engagement with the CCG member and make the best use of their time. ACTION AWL to populate the PR19 'slots' of the forward work programme of the CCG meetings; to brief *the CCG well in advance of meetings what they will be assessing and if seeking to* set up sub-groups on any issues to outline the issues and any proposed timing so that member interest and availability can be canvassed. ACTION – AWL to include the CCG Chair in circulation of any updates to and revisions to the PR19 plan. It was noted that the company has made a lot of progress which received good feedback from the CCG. It was further noted that it is a complex project that has clear governance in place which also clearly show the involvement of the CCG.	**SC** **CO**
5.	**VALUE FOR MONEY SURVEY**	
5.1	Response to challenges & proposals for future strategy (Adam Warner) AW provided the background for the Value for Money survey ("VFM"). The VFM survey had continued to be under review since its introduction in 2014 and it was proposed to vary the methodology in response to internal stakeholder and CCG feedback in 2016. The CCG were asked to consider and comment on the proposed changes to the methodology for the VFM survey and the data presented in the report. 5 options for change to the methodology were presented in the report. and after a full discussion the CCG indicated that Option 4 appeared to be the most sensible way forward. The CCG continued to challenge the company that it was using the Value for Money survey as important insight to help drive the business as had been implied by the Business Plan. It was noted that results showed that 68% of customers surveyed	

	know the value of their bill and feel they are receiving value for money. ACTION AWL to keep the CCG briefed at least annually on results from the VFM Survey unless AWL require specific comment from the CCG	**AW**
6.	**CCG ANNUAL REPORT & MEMBER'S ONLY SESSION**	
6.1	Draft Annual Report Closed session – no minutes recorded	
7.	**CCG WORK PROGRAMME 2017/18**	
7.1	Work programme for review Closed session – no minutes recorded	
8.	**AOB**	
8.1	AOB There was no other business reported from the members The Chair closed the meeting at 15:35	

I confirm that the minutes above reflect and true and accurate record of the business discussed at the CCG meeting

Signature..... Date 14/06/2017
CHAIR

Minutes of the CCG held on 14 June 2017 at 10:30 am at AWL, Tamblin Way, Hatfield, AL10 9EZ

CCG Member Attendees			Affinity Water Attendees		
Teresa Perchard	(TP)	Chair	Siân Woods	(SW)	*Assistant Company Secretary*
Karen Gibbs	(KG)	*CC Water*	Chris Offer	(CO)	*Director of Regulation*
Gill Taylor	(GT)	*Groundwork*	Mike Pocock	(MP)	*Director of Asset Strategy*
Scott Oram	(SO)	*Glaxo Smith Kline*	Adam Warner	(AW)	*Community Stakeholder Manager*
Richard Haynes	(RH)	*Up on the Downs*	Ann Scutt Webber	(ASW)	*Governance & Controls Manager*
Jon Sellars	(JS)	*Environment Agency*	Rob Hutchison	(RH)	*Head of Corporate Affairs*
Tina Barnard	(TB)	*Watford Community Housing Trust*	Julien Foster	(JF)	*Community Delivery Director*
			Anton Gozzard	(AG)	*Community Ops Delivery Manager*
			Sarah Clark *Item 6	(SC)	*Regulation & Price Review Manager*

There was a closed session of the CCG members for which no minutes were produced. The main business of the CCG commenced at 10:30am

Agenda Item	Minutes	Action points	Owner
1.	**Housekeeping and Governance**		
1.1	The Chair welcomed everyone to the meeting		
1.2	Apologies had been received from Caroline Warner John Rumble, John Ludlow, David Cheek and Dr James Jenkins		
1.3	Conflicts of Interest: There were no conflicts of interest declared by members. Members were advised that the company would be asking them to update their statements of conflicts of interest shortly.	**Distribute annual conflicts of interest update forms to members**	**SW**
1.4	Minutes of 15 March 2017 were **AGREED** and signed by the Chair	**Publish agreed Minutes**	**SW**
1.5	Matters Arising: Several actions from previous minutes were noted as follows: • Amanda Reynolds to circulate the number of customer complaints and the different communication methods used to do so;	**AR to be reminded**	**ASW**

		• CCWater to provide best practice from other companies following major incidents; KG reported that this review is currently in progress; • Hertfordshire County Council Report on research about customers' willingness to pay had not yet been distributed; • Arkley Incident: the incident report had not been distributed and is still outstanding	**CCWater to circulate on completion of the review** **Follow up with JR** **Follow up with MP**	**KA** **ASW** **ASW**
	1.6	Challenge Log: the Challenge Log was **AGREED** as an accurate reflection of challenges and actions ongoing	**Publish Challenge Log**	**SW**
2.		**Chair and Members' Reports**		
	2.1	Chair's Report: The Chair highlighted the following areas from the report: - *AWL Customer Excellence Day:* the Chair considered that it was a very good initiative - *Feedback from the Board:* TP emphasized that the Board was interested in the CCG's view on the effectiveness of AWL's customer segmentation and customers' views on resilience - *Links between the CCG and the Board:* TP advised that CCG meeting papers are being circulated to Chris Bolt the AWL Board member who is also a member of the AWL Regulatory Working Group Members had no questions relating to the report		
	2.2	Members' Reports: members provided the following verbal updates to the group: KG: CCWater has commissioned research on willingness to pay and how different sources of information regarding what customers want could be used (triangulated) with WTP data. A workshop was being held in July to disseminate this work for CCGs and companies. The report will be published. CCWater was also doing work on communication questions to customers and the sort of language and messaging that customers will understand. JS: confirmed that the *WISER* document should receive sign-off from *DEFRA* at the end of the month. A new area manager, Simon Hawkins, was now in post at the Hatfield Office	**Circulate details of the CCWater 'triangulation' session in July**	**TP**
3.		**Company Report** *(Presented by Rob Hutchison, Head of Communications)*		
	3.1	RH highlighted several points covered in the report that had		

	been distributed to members: Early Careers Day: was a very successful day with both graduates and current apprentices attending the event Retail Market Opening: successfully went live and the Wholesale Operations Service Desk was performing well against target SLAs Customer Excellence Day: was a very successful day, speakers provided insight into how empathy and identifying with the customers' position should be part of every interaction Outstanding Achievement Awards: this year the event was held as a standalone event to ensure it was a special evening for all those shortlisted, and it was very successful EMT Roadshow: the EMT were meeting all staff face-to-face through a series of workshops across the various sites. They had met over 800 colleagues so far. The engagement will be reviewed and fed back at the next *Leaders' Forum* Industry Awards: AWL had been shortlisted for two awards. The company was positively approaching awards to this raise AWLs profile and employee morale Change of Ownership: this completed on 19 May 2017 Allianz are long-term investors and pension funds and regulated utilities are a good match Billing/Leaflet: an update was provided on how AWL is moving to a digital solution. The company was reviewing and revising the billing leaflet and would be seeking CCG views at an early stage. Media Activity: the report circulated provided the CCG with an overview on the media sentiment about AWL Strategy on Hotspots: the current programme linked to the Business Plan identified where the hotspots are on AWLs network, largely those 1,500kms which could impact over 2,000 customers if they failed. In response to the company report the following issues were raised:	**Share drafts of the new billing leaflet at an early stage**	**NB**
	Lift Tariff: TB highlighted that some, but not all social housing tenants had access to the social tariff. This raised the question of whether it was discriminatory.	**Feedback to the Vulnerable Customer Team**	**CO**
	CHALLENGE: The Chair reminded the company that in its forward plan the CCG had said it would like to look at how the social tariff is working and what the plans are going forward. CO suggested that it would be helpful to have the scope of the review set out in a formal CCG challenge	***Social Tariff*: create a brief for AWL on the review the CCG would like to undertake in 2017/18**	**TP**
	Metering Awareness – Local Authorities & Housing Associations: RH considered communication with LA and HA stakeholders was an integral part of the water saving programme and engagement took place with housing associations on how best to rollout the programme. TB confirmed that there is a meeting in June between *Watford Housing Association* and *AWL*		

IT Outages: the internal report was highlighted. Services seemed to have stabilized. More detail would be provided at the December meeting where the CCG had asked to examine the customer impact of IT outages.

Board Report v Business Plan Commitments: no questions were raised

GT observed that AWL could make more of the positive things the business is doing with the communications. RH confirmed that this happens already within the media reports and statements that go out regularly

4. **Drought Management**
(*Presented by Mike Pocock, Director of Asset Strategy*)

4.1 MP presented the report to the CCG providing an update on drought management. MP thanked TP for the feedback ahead of submitting the document and noted that AWL is the only company currently raising concerns about the drought.

Overall View: it was unlikely that there will be restrictions across the summer, and AWL was now focusing on the resource situation in the Autumn. A meeting was being held with *DEFRA* on Monday 19 June

There has been a significant absence of rain and if low rainfall continues over the next 12 months, the potential for a serious drought from the Autumn and into the summer 2018 is a real possibility. MP highlighted the graph in the pack showing recession comparison.

MP advised the CCG that restrictions on customer water use this year are now 'unlikely' rather than 'likely' and any water ban at this stage would not make a significant difference to the resource situation. Direct communications requesting customer support to use less water was the way forward. MP highlighted that in 2012 there had been concerns raised regarding DEFRA's guidance which exempted sports turf. This exemption has a significant impairment on the enforcement of any ban on the use of hosepipes.

MP explained that AWL has a lot of internal activity monitoring the drought situation. There is a drought group which meets every two weeks who in turn update EMT monthly; EMT maintains an overview which is then submitted to the Board. AWL was the only company to use early warning signs/visuals on its website and was hoping to expand this going forward

MP confirmed that the AWL would seek CCGs views on

		customer communications regarding any announcements relating to a ban or restrictions on water use if that happened, and explained that AWL would be looking at the merits of differentiating messages for different customers and this is a work in progress to develop the programme The CCG particularly noted the company's plans for further communications to customers including: *Door Drop Leaflet:* this was due to go to print on Friday 15 June and would be distributed to every household including local business, except for the East which does not have a potential drought situation *Livery messages on vans and buses:* AWL was currently in the process of finalizing arrangements for the communication messages that will go onto vans CHALLENGE: The Chair reminded AWL that in its Annual Report the CCG had posed a challenge to AWL to show how it was engaging with customers who need to change their water use behaviour. How was the company evaluating whether there was any change in water use patterns? RH commented that there is additional proactive engagement outreach work taking place in Folkestone and Dover. CCG members asked how AWL confirms messages have been understood by customers. MP explained that focus groups were used to ensure there was an understanding about the content of information being communicated; AWL will also do call backs to customers SO asked how much of the communications relate to businesses, as there appears to be no evidence in the paper or the draft communication materials that there is any. KG agreed that there may be an opportunity to communicate to business customers and MP advised that AWL would continue discussing this with retailers as AWL are unable to undertake direct communications to business customers, relying on the retailer to do so.	**MP to distribute the stats on Outreach in the SE and Dour Community**	**MP**
5.		**AMP 6 – Review**		
	5.1	2016/17 Performance Report: *(Presented by Adam Warner, Community Stakeholder Manager)* AW highlighted the draft Performance Report and summarized comments he had received from CCG members prior to the meeting: • the design and layout had been simplified so that the comments on the second version could focus more		

	on the content • There had been suggestions for more focus on the environment, the dry weather situation makes the performance stats easier to understand, un-audited figures will now go in. Any further comments were requested by close of play on 15 June. The final draft was due on 20 June and the report would then be printed by 30 June and distributed to MPs, council leaders, and council offices for the Environment with an PDF version via social media CCG members asked how the company measured the success and effectiveness of the report and AW responded that the company looked at ensuring the report meets the AMP6 requirement by securing positive views from the CCG, and by tracking what contact is received via social media	**Members to provide further comments by 15 June 2017**	**All**
5.2	Handling Service Disruptions: *(Julian Foster, Community Delivery Director* and *Anton Gazzard, Community Operations Delivery Manager)* The presentation in the pack was noted and the following key areas were highlighted in discussion: The CCG were aware of the poor performance in 2016/17 which tends to be down to big events across the year, hotspots trunk mains renewal and unplanned interruptions. JF and AG talked the CCG through the activities undertaken to deal with service disruptions. In relation to incidents, the company normally knows about an incident before customers are aware via telemetry and this information passes on to OPSD – customer services technicians commence a communications log and start a triage: - 'what is the cause and the remedy'? When there is an event the company can see how many customers are affected, including the vulnerable customers, and use this information to deploy water to the right people and areas. The polygon is done internally by the GIS team and this information is shared very quickly. The network modelling teams are also on call and if it's a wider impact they can provide realistic figures immediately. AG highlighted that the CLOs are proactive with face-to-face customer contact and Incident Support Managers help to form part of the 24/7 service provided. AWL has a process for proactive calling to customers. Metrics are available regarding traffic to the website; customers can also click through on the website to find out what is happening in their area, when there are issues.	**AWL to provide the CCG with a map of the hot spot areas where the most bursts have happened**	**JF**

		Automatic messaging is also used. CCG members suggested AWL should look at how successful this method actually is since sign-up is currently driven by the customer in relation to a specific incident rather than an automatic messaging service from the company. Going forward AWL was looking at how to get water to customers asap. Water efforts are focused on those who need it most, and the company calls for help from AWL employees to deliver bottled water to customers. There is a critical review of how well AWL has kept customers informed following every incident to identify lessons learned for the future. AG explained that for those customers with language barriers, AWL uses language line and are currently reviewing the leaflets to see if they can be more visual, and for language cards to be used by those in customer facing roles, face-to-face or on the phone. Members thanked JF and AG for the presentation and briefing and for attending the meeting.		
	5.3	Leakage and water savings' programme: Members were asked to comment on whether there were any additional areas they would like to see covered in a review of the issues so that the company was briefed on the issues it should be seeking to cover. No additional areas were suggested, but it was agreed that the challenge should focus on the WSP		
6.		**PR19** *(Presented by Chris Offer, Director of Regulation)* **Sarah Clark joined the meeting*		
	6.1	Customer Engagement Tender Process update: CO explained that a paper on the tender process had been submitted to the EMT and the PR19 Steering Committee. The document in the pack was redacted (to remove some commercial information relating to the bidders); it provided the CCG with visibility around the assessment and decision process made. The EMT had endorsed the final decision to appoint **Arup Ipsos/MORI**. SC confirmed she is currently working on the programme for the meeting between the contractor and AWL, and provide the CCG on 20 July 2017.	**The Agenda and key points for discussion at 20 July meeting to be circulated in advance of the session**	**SC**
		CO confirmed that Lauren Schogger will be looking at all the PR19 business plan work streams to produce a high level critical path which would to highlight what areas the CCG will need input into across the coming months.	**AWL to share with the CCG updates to the PR19 plan**	**LS**

6.2	Protocols: CO explained the background to producing the Protocol which set out the arrangements the company and the CCG expected to be made to support the CCG to deliver effectively, whilst safeguarding its independence from *AWL*. The administrative processes outlined were particularly intended to assist the CCG to produce its final report and provide the necessary audit trail in place. Information about the external website (for sharing documentation between CCG members) would follow Members noted the Protocol document and it was suggested it would be helpful to include some provisions relating to the production of the final report from the CCG. It was **AGREED** that sign off for this would be by email	**Amend Protocol document to cover the process for producing the final report from the CCG on the Business Plan**	**TP & CO**
7.	**AOB and Forward Planning Agenda**		
7.1	AOB Items: there were no AOB items		
7.2	Forward Planning: TP asked members to note several amendments to the Forward Plan since it was agreed in March 2017. In addition, it was noted that: • the revised Bill Insert would now be added to the September Agenda; and • in addition to the 20 July session, a further meeting was likely to be held in late August/early September with the customer engagement contractors before the September meeting. Members would be advised of the selected date by email shortly. The meeting ended at 14:35	**Add Revised billing insert to September agenda** **Ensure the *Water Saving Programme* is added to the main Agenda for the September meeting** **Advise date of Aug/Sept meeting with contractors**	**ASW** **ASW** **ASW**

I confirm that the Minutes of 14 June 2017 are a true and accurate record of the business discussed and agreed.

Signature..... Date 13 September 2017

Chair

Customer Challenge Group

Minutes of a meeting held on
13 September 2017
at
Affinity Water, Tamblin Way, Hatfield, AL10 9EZ

Members Present	Teresa Perchard (TP)	Chair
	Caroline Warner (CW)	Consumer Council for Water
	Keith Cane (KC)	Town and Country Housing Group* *via conference call*
	David Cheek (DC)	Friends of Mimram
	John Rumble (JR)	Herts County Council *joined at 10:40 am
	Dr James Jenkins (JJ)	Hertfordshire University
	Richard Haynes (RH)	Dover District Council
	Gill Taylor (GT)	Groundwork East
Attendees	Siân Woods (SW)	Affinity Water (Minutes)
	Chris Bolt (CB)	Affinity Water Limited, Non Executive Director
	Chris Offer (CO)	Affinity Water
	Rob Hutchison (RH)	Affinity Water
	Anne Scutt-Webber (ASW)	Affinity Water
	Amanda Reynolds (AR)	Affinity Water
	Katie Stallabrass (KS)	Affinity Water
	Adam Warner (AW)	Affinity Water
	Andrew McIlwraith (AM)	Affinity Water
	Nic Gilbert (NG)	Affinity Water
	Michelle O'Callaghan	Affinity Water
	Fiona Waller (FW)	Affinity Water
	Kevin Barton (KB)	Affinity Water
Apologies	Karen Gibbs	Consumer Council for Water
	Tina Barnard	Watford Community Housing
	Scott Oram	Glaxo Smith Kline
	Jonathan Sellars	Environment Agency
	Gary Clinton	Age UK

1.	PURPOSE & CONSIDERATIONS	
1.1	Welcome & Chair's Introduction: the Chair welcomed everyone to the meeting and introductions were made. TP explained the purpose and format of the meeting, specifically to discuss with AWL how they will develop more stretching targets and welcomed Chris Bolt, a non executive director from the AWL Board	
1.2	Apologies: were received from Gill Taylor, Karen Gibbs, Tina Barnard, Scott Oram, Jonathan Sellars and Gary Clinton	
1.3	Conflict of Interests: There were no conflicts of interest	
1.4	Minutes from 14 June 2017: were agreed as a true and accurate record of the business discussed; The Chair duly signed the minutes	

	and instructed the Secretary to upload them to the CCG website as a matter of public record ACTION Upload minutes to the CCG website	**SW**
1.5	Table of Actions: were noted as completed or in progress ACTION TP to circulate after the meeting the protocol amendment	**TP**
	ACTION CCWater confirmed providing the report on customers' willingness to pay can be closed. Information is all available on the CCWater website	**SW**
	ACTION JR to share Herts County Council's Report of Water Resource Planning	**JR**
	CHAIR AND MEMBERS' REPORTS	
2.1	Chair's Report: The content of the Chair's report was **NOTED** Key areas of note highlighted: • Forthcoming activities meeting with all the CG chair groups • Ofwat are holding a Customer Engagement seminar on 2 December ACTION circulate Customer Engagement event information to members. Add to SharePoint and include in future reports • Nov 29 AW Regulatory Group meeting • January 2018, TP invited to speak at the Customer Service Conference	**TP**
2.2	Member's Reports: DC highlighted that the first engagement session with Ofwat and four different groups has taken place with a further session still to take place. Information has been shared with AWL; CW: Consumer Council for Water publication has highlighted the increase in demand for social tariffs and the Report available on the CCWater site. The consumer insight for AWL has increased and the data is currently being assessed. CCWater has been working with the team at AWL this week looking at best practice regarding incidents. AWL is triangulating the information from incidents to ensure continued improvements and it is pleasing to be able to note that there has been significant improvement between the June and August incidents; complaints are down and AWLs incident teams are collaborating more effectively with blue light services and councils. Text updates are now offered which has had a positive effect.	
3.	COMPANY UPDATE	
3.1	Affinity Water Report the content of the Report was noted and RH highlighted the following key areas: The challenge for AWL regarding 'track the tap' is to keep up the momentum of the recent success. The campaign has led to a substantial increase in requests for water saving devices. JR highlighted that the *Drought Management Stakeholder Group* may provide a source of further information	

	ACTION JR to arrange for local government member to communicate with regard to *'Keep Track of the Tap'* AWL is developing a paper setting out recommendations on how to take forward its Community Strategy to deliver its vision. We are working to establish a framework to evaluate, prioritise and communicate more effectively what AWL is doing and could be doing to promote its vison to be the leading community focussed water company. At the end of the month the AWL Board will see a paper on the recommended approach which we will be happy to share this with the CCG after it has been approved and finalised. TP noted that it is still appropriate for the CCG to continue to challenge on the delivery of this as it is still on the current business plan. ACTION the paper on Community Strategy to be circulated once endorsed by Board (meeting scheduled 01 November) ACTION CCG to be included in any planning for customer engagement activities in relation to delivery of the Community Strategy. A discussion took place regarding the Baldock burst which had a high number of people affected and the CCG asked what effect this sort of incident has on performance for the year on unplanned interruptions. CO confirmed the Company has breached the performance commitment and explained that creating as much resilience, both operationally and within IT is a top priority within the business that is well communicated to all staff	JR **ASW** **CO**
4.	PR19	
4.1a	*Forward Programme:* the members noted the activities during the PR19 customer engagement process shown in the summary table. Key areas highlighted were: • The activities have been reflected in the forward programme for the CCG at Item 7.2 Key • *Milestones before the final submission:* work is now completed and the approach to the outcomes is currently in a draft working proposal and part of the framework and underlying proposals. During October, November, and December will be looking at developing AWLs performance commitment framework and TP noted that there is an expectation regarding vulnerability • A significant part is dictated by Ofwat's methodology and sets out 8 common performance commitments for AWL. The timetable should provide a framework of performance commitments informed by engagement with customers via engagement workshops CO clarified that it is a high level timetable which sees AWL make key decisions in the company reference outcomes for its performance commitments and associated delivery incentives, and the acceptability of these by Customers. The plan is a package of performance commitment levels that have impacts and AWL will be consulting and engaging throughout the process.	

	TP asked how stakeholders will be consulted (public bodies etc) and CO confirmed that the engagement will happen as part of the whole package of the performance commitments. ACTION CO agreed to provide feedback to TP from discussions with Investors and the Board on the positioning of the Business Plan. TP summarised to members that the timetable fits in with CCG meetings and will identify issues to look at going forward. There was concern from some members on AWL achieving the time frame outlined, however, JR felt that the programme looks better at this stage than it did last time, and it is still only at the preparation stage - the final plan won't be visible until the end stage. He suggested to CO that it would be useful to know what the big issues are as the CCG does not have a sense of this from the timetable. CO confirmed that the timetable is the important part and it will inform the development of the document. The CCG and Stakeholders will have a high level view by Spring 2018.	**CO**
4.1b	*Commitment to Working Groups:* TP noted that AWL is looking to form 3 working groups to challenge and advise the company on Vulnerability and Affordability, Environment and Resilience, which are bespoke performance commitments requested from Ofwat. AWL has already indicated a likely timetable of 2 meetings/exchanges and a discussion took place regarding the proposal. Members noted the draft brief in the pack and **AGREED** the proposal that there should be working groups on the development of the bespoke commitments, and confirmed their interest to join these once dates have been set.	
4.2	*Outcomes:* CO tabled a paper at the meeting asking the members to: i. note the objectives and conclusions of *Phase 0* of the *Customer Engagement Programme*; ii. review and discuss the evolution of the PR14 outcomes into the PR19 proposals; and iii. endorse the recommendation to not carry out any additional customer research. It was highlighted that the conclusions contained within the report are supported by customers' views and that the existing outcomes correlate to Ofwat's requirements; the conclusion is there is no strong evidence to warrant change them. A discussion took place on the proposals in the *Report* and TP highlighted two issues: i. the drafting of the outcome statements; and ii. the recommendation to not test these outcome phases with customers The CCG need to give an opinion as to whether engagement on the outcomes has happened if they are easy to understand and if the	

	customers support them and that they relate to performance commitments and is concerned the Report's recommendations are not aligned with these areas. A full discussion took place regarding the *Report* and other members had strong views, in particular regarding the *Customer Charter* which is AWL's commitment to customers and where the outcomes are aligned with the corporate identity and continue to promote the community vision. Further areas of concern highlighted by the CCG members were: • *high quality* water is not necessarily 'safe' –further engagement may be necessary to ensure the language used has clarity, purpose and is not misleading; • PR14 is much clearer and the proposed PR19 outcomes are not; • where is the evidence to prove customers understand these outcomes – cannot see how AWL will do this with no additional research; • the CCG will be looking for evidence that customers understand the outcomes; • the outcomes should reflect customer expectations, but those listed in the *Report* appear to be from AWL's perspective and not the customer; • it is not compulsory to change the outcomes at all - the challenge is to provide evidence and research to show customers understand them and members does not see evidence of this in the as the *Report* stands; • do customers know about the Customer Charter, has it been tested • there is an acceptance that the PR14 outcomes are well are supported and understood; if changing the language, AWL should provide evidence that customers understand it and that the expected benefits are understood; After a discussion, the CCG proposed that AWL combines Resilience and Environment rather than keep as separate groups. CO agreed that it sounded like a sensible option ACTION all members to receive scope of Environmental & Resilience working group and possible dates	**ASW**
4.3	WRMP Process: the report was noted and it was agreed that CO would take questions during lunch on: i. The development of AWLs draft Water Resources Management Plan ("WRMP"); and ii. The implementation of solutions for the WRMP that will underpin the next regulatory Business Plan	
4.4	Water Quality: ATP welcomed Fiona Waller, AWLs Head of Water Quality and asked her to talk about any issues AWL is facing: • *New Performance Measures:* the DWI is introducing new standards which are complex and hard to understand. Current	

	standards of are, broadly speaking, quite easy for people to understand, however, the new metric, called the *Compliance Risk Index* ("CRI") is not so clear. Under the new metric system, companies can score highly but still not necessarily be a good company for consumers and this is going to be very difficult to communicate to customers and ensure they have an understanding of what will be reported. This is an industry-wide problem and AWL are currently in shadow form until January 2018 when it goes 'live'. The industry is currently considering how best to inform consumers about the quality of their supplies. This will have implications for the development of performance commitments and the new Business Plan. FW confirmed there is a meeting due to take place in October with the DWI to discuss the proposed CPIs • *Exposure to lead:* drinking water, which is taken up from lead pipes in the system is an emotive issue. The DWI is keen for exposure to lead to be reduced, and other companies have gone for a complete ban but this is not the case in the UK. AWL have programmes in place to meet regulatory standards with a long term objective to remove sufficient lead pipes and fittings so we can end the need to 'treat' the water. • *Private Water Supplies:* currently looking at various options which AWL is intending test with customers ACTION the CCG asked FW to bring provide information on how water quality investment is communicated to customers ACTION follow up with the CCG on any agreed customer engagement following the DWI meeting on the introduction of CRI ACTION TP to seek views on reporting against CRI for water quality from other CCGs TP thanked FW for her update and confirmed the CCG will be very interested in the engagement process with customers that may arise following the DWI meeting in October on the CPIs	**FW** **FW** **TP**
5.	GOVERNANCE AND DEVELOPMENT	
	Outline Report of the PR19 CCG Report: The *Report* asks members to discuss and agree the draft outline structure of the *CCG Report* required on AWLs Business Plan: TP explained that the approach and content headings has been set out for the members to review. Members thanked TP for the document which they felt was very helpful and clear. The members **AGREED** the process set out in the paper. Challenge Log: tracked version was an adopted good practice process from other CCGs, however, now that it has been in place for 12 months, we have an opportunity to refine it and merge some items into formal challenges. The CCG **AGREED** to the changes in updates on the Challenge Log subject to the amendment noted.	

	ACTION Amend **Item 20** and move the water saving to **Item 22** under 'Behaviour Change' and publish.	**ASW**
6.	AMP 6 – REVIEW *Caroline Warner left the meeting at 2:30 PM*	
6.1	Water Saving Programme: TP welcomed AMI and NG to the meeting and the presentation slides which specifically answered CCG challenges were taken as read. The following key areas were discussed and noted: *No Access Customers:* 22% of properties not meter-able so have introduced innovative technology that allows installation of an external meter and will re-survey all current 'no access' properties using tracing techniques to fit meters externally. *Water saving and useage:* data provided to customers is bespoke to each household and allows customers to understand their water consumption. Customer side leakage is 3 times what had expected and efficiency checks had limited results. The main challenge is that water bills are already quite low so we are looking specifically at behavioural changes. *Bill Impacts:* Communications to customers about their water useage has had positive benefits. ACTION CCG would like to continue to be informed of numbers *Home Water Efficiency Checks:* Have offered free repairs but the pipes create a further leak at the weakest site and this continuous deterioration will be an issue beyond AMP7. *Customer Engagement:* follow up of engagement after events with questionnaires and the capture of data, is enabling AWL to measure success. Introduction of a *Community Champion Programme* in partnership with Groundworks is also going well. Hubbub is a new approach to tackling customer behaviour to save water and 40 households in Watford and Harlow that have water meters are now aiming to cut their water consumption by 20% with support from AWL and create a reputable model that can be used long term. The CCG had significant concerns that current billing practice (billing customers 6 monthly) does not help to feed these sorts of changes. The CCG noted that the Website is not really clear and informative for the customer with regard to water saving tips. It could be smarter and drive home efficiency with information related to water efficiency products like washing machines with possible subsidies or bill incentives if a customer does this. ACTION set up a group with CCG members using their expertise to look at communications on water saving and changing behaviours of customers. TP thanked the team for their discussion and the helpful information provided.	**NG/AMI** **NG/AMI**

	Kevin Barton joined the meeting to answer CCG challenges and present on Billing	
6.2	Billing Inserts: TP welcomed KB and confirmed that a number of members would like to help brainstorm over the Billing in a separate session which could then form a working group with information going out to all members that didn't attend. KB confirmed that there will be a customer focus group. ACTION Clarify a timetable and any insight and what you would like to do with the new design. Liaise with the CCG members over the next 2 to 3 weeks. The Chair thanked KB for his report.	**KB**
	Amanda Reynolds and Katy Stallabrass were welcomed to the meeting	
6.3	Customer Experience: information provided in the pack was noted by the members and KS and AR highlighted key areas of note: WAVE 1 SIM results due next week but this only provides a snap shot. SIM is just a snap shot. The period it will cover is the main billing period when we usually have a large amount of contact. *Billing:* the score dipped as previous WAVE 1s – we look at the data at a granular level listening to the call that was made or reading the email to allow us to triangulate the information and see why the customer gave the score they did. We also look at happy customer responses too. *Customer Service Performance:* we have recently seen higher levels of customer service and are assessing CIMEX as a new platform for customer service. CO explained that customers see themselves as 'consumers', not just 'users' and we are developing our final strategy for the Business Plan on how to make stronger commitments to drive a change in customer behaviour ACTION share Community Insight Information with the CCG	
	Digital Workplace: this is a major initiative across the business and is going well *Public Affairs:* we recently terminated the contract with Bell Pottinger We have capability in-house in Public Affairs and a Stakeholder Plan is currently being put together *Incidents:* the Baldock burst produced very positive feed back. Communications were regular and the social media teams in AWL are highly skilled in responding ACTION provide the physical stats for water saving devices TP thanked KS and AR for their contributions	**KS** **AWL**
7.	AOB & FORWARD PLAN	
7.1	AOB There were no items for AOB	
7.2	*Forward Agenda*: ` Work on Vulnerable People and Social Tariff has transferred to PR19 Milo Purcell will be attending the next meeting to discuss Water	

	Quality The meeting **ended at 1625**	

I confirm the Minutes above for the meeting held on 13 September 2017 are a true and accurate record of the business discussed and agreed.

Signature..... Date..13 December 2017.....

Chair

Customer Challenge Group

Minutes of a meeting held on
13 December 2017, 1 pm
held at
Pullman London St Pancras, Euston Road, Kings Cross, NW1 2AL

Members Present	Teresa Perchard (TP)	Chair
	Caroline Warner (CW)	Consumer Council for Water *via conference call
	Karen Gibbs	Consumer Council for Water *via conference call
	Gill Taylor	Groundwork East
	Keith Cane (KC)	Town and Country Housing Group
	David Cheek (DC)	Friends of Mimram
	John Rumble (JR)	Herts County Council
	Dr James Jenkins (JJ)	Hertfordshire University
	Tina Barnard (TB)	Watford Community Housing
	Jonathan Sellars (JS)	Environment Agency
	Richard Haynes (RH)	Up on the Downs
Attendees	Siân Woods (SW)	Affinity Water (Minutes)
	Simon Cocks (SC)	Affinity Water (CEO) * departed at 1615
	Mike Pocock (MP)	Affinity Water (Director of Asset Strategy)
	Chris Offer (CO)	Affinity Water (Director of Regulation)
	Rob Hutchison (RH)	Affinity Water (Head of Comms)
	Anne Scutt-Webber(ASW)	Affinity Water
	Flona Waller (FW)	Affinity Water (Head of Water Quality)
	Ed Mallam	Affinity Water
	Milo Purcell (MPu)	DWI * item 3 only
	Sue Penninson (SP)	DWI * item 3 only
	Caroline Knight (CK)	DWI * item 3 only
Apologies	John Ludlow (JL)	
	Scott Oram	Glaxo Smith Kline
	Chris Bolt	Affinity Water , NED

1.	**HOUSEKEEPING AND GOVERNANCE**	
1.1	**Welcome & Chair's Introduction**: the Chair welcomed everyone to the meeting which commenced at 1415 following a closed members' session.	
1.2	**Apologies:** were received from John Ludlow, Scott Oram, and Chris Bolt	
1.3	**Conflict of Interests**: There were no conflicts of interest	
1.4	**Minutes from 13 September 2017**: were agreed as a true and accurate record of the business discussed; The Chair duly signed the minutes and instructed the Secretary to upload them to the CCG website as a matter of public record	
	ACTION Upload minutes to the CCG website	**SW**
1.5	**Table of Actions**: were noted as completed or in progress. JJ reported that the company were yet to contact him to obtain advice on how the impact of 'Keep track of the Tap' and other behaviour	

	change initiatives could be improved, he remained happy to advise on this.	
	CHAIR AND MEMBERS' REPORTS	
2.1	**Chair's Report:** The content of the Chair's report was **NOTED** and there were no questions raised TP highlighted that once Ofwat's Aide Memoire on the issues CCG's needed to consider and comment on at PR19 had been it would be made available to all members.	
2.2	**Member's Reports:** ✓ TB: reported that Watford Community Housing had given notice to the company that it would cease to collect water charges from tenants on behalf of the company. There was, however, an issue of concern regarding the payment options available to tenants dealing directly with Affinity. By paying via their landlord they had been able to make payments on a weekly basis but payments directly to the company needed to be paid in 10 'monthly' instalments during the year. The company should offer payment frequencies that are more in line with the tenants' income and budgeting. ACTION SC agreed to consider this with Jackie Welsh and qualify the reason behind it ✓ DC: had attended a further seminar/event on customer engagement and customer participation hosted by Ofwat. He was not however sure that all the results from the behavioural change tests would be available in time to inform what companies do for PR19 ✓ JS: reported that the EA are reviewing the level of charges for their services and this will have an impact water companies. However, abstraction charges are not part of the current review. A Water Resource Management Plan has been submitted to DEFRA by Affinity and the EA was currently advising on this. There were no other updates from members	**SC**
3.	**DWI PRESENTATION**	
3.1	TP welcomed the DWI members who were presenting on Water Quality. They were joined by FW from AWL. The presentation provided a high-level view of Affinity Water's water quality including an assessment of recent performance and any issues the DWI expected Affinity to consider for PR19 and reflect in their Business Plan. Key highlights noted were: ✓ The DWI had no issues of concern related to Affinity Water's	

	compliance with water quality standards. The company's 'mean zonal compliance' was at or above the industry average for the past three years; ✓ The DWI monitors consumer contacts and complaints about water quality issues. The presentation showed the total number of contacts received by each water company in England and Wales between 2011 and 2016 relating to appearance, taste and odour of drinking water. Affinity's total number of contacts was towards the lower end of the range for the period; ✓ DWI considered Affinity dealt with the customer contacts well and provided a good response to customers with concerns about appearance, taste and odour of their drinking water. ✓ In relation to PR19 there were two quality issues the CCG would see reflected in Affinity Water's business plan - Metaldehyde and Lead. On Metaldehyde the company was expected to continue with activities relating to catchment management and on Lead continuation of targeted replacement of communication pipes in high risk areas. ✓ Members raised a number of queries about the extent and nature of the lead problem in Affinity Water's area and noted that the DWI aim in the long term was to eradicate this and in the short term DWI were looking for companies to trial new technologies (lining/treating the lead pipes etc); and ✓ The CCG challenged the DWI on the introduction of new reporting metrics (CRI and ERI) and queried how these will be reported to customers, whether they would be easier for customers to understand than simple % compliance and whether there had been any testing of customer understanding of CRI. DWI expressed the view that they regard these metrics as an improvement over existing measures The Chair thanked the members from the DWI for the presentation and FW for attending.	
4.	**COMPANY UPDATE**	
	The report was noted and RH clarified that it contains information from across the last quarter. Highlights noted were: ✓ Social media supported the incidents reported and Ofwat was interested in how we managed the Baldock event; ✓ DC commented that his personal water bill did not show his usage, which seemed to be a missed opportunity to provide feedback to metered consumers about the link between their use and cost. RH said the company were looking to add functionality to the Statements and Billing to provide customers with comparative analysis of consumption;	

	✓ Keep track of the Tap campaign: consumer awareness across the area was still low but the campaign will continue to run given the underlying position with water resources and low levels of groundwater recharge during the early part of autumn and winter; ✓ MP explained that AWL is currently designing the detail of the next leaflet drop to customers.	
	ACTION Affinity agreed to provide the CCG with more information about the evaluation of the campaign and next steps in its behaviour change campaigns and seek advice from CCG members with expertise in this area. This should be available early 2018.	**ASW**
	ACTION the CCG offered to set up a short life working group of members to help the company evaluate and plan its behaviour change campaigns. Members would be asked to express interest.	**ASW**
	✓ Social Media Sentiment: RH presented the report that highlights 'peaks and troughs' based on customer comments, and also provides a simple over view.	
5.	**PR19**	
	The Committee noted the documents in the pack and they were taken as read.	
5.1	ASW tabled the revised Timetable which highlights the key decision points and includes the Regulation Committee and Board meetings. The CCG discussed the timetable and activities expected in January – March 2018.	
	ACTION TP agreed to provide an update to members on changes arising from Ofwat's final methodology document.	**TP**
	The CCG noted that the Business Plan (BP) public consultation would take place from beginning of April and the next CCG meeting in March 2018 would be a key opportunity for the company to outline what it is proposing to customers and how it plans to engage with them on the whole of the plan/proposals.	
	CHALLENGE the CCG expressed the wish to see a succinct and accessible summary of the evidence and insight gathered from customers and other research. It was agreed that the phase 1 triangulation meeting in January 2018 would address this.	
	ACTION AWL to provide a succinct summary as to what has taken place to allow the CCG to comment.	**ASW**
	The *IPOSOS MORI* Report on Phase 1 was due to be received by the company on 14 December 2017. It would be circulated prior to the triangulation meeting on 11 January 2018.	
	In January 2018, there should also be more detail available relating to the draft Water Resources Management Plan ("WRMP")	
	ACTION Following review of the timetable and progress with producing the business plan the CCG agreed to consider whether to extend the	**TP**

	duration of the 11 January 'triangulation' session or hold an additional half day session in January. The Chair would consult all members on their preferences and availability.	
5.1b	**Outcomes:** CO explained that AWL would revisit its earlier proposals in light of the development of its performance commitment framework to ensure there is alignment between the performance commitments and outcomes proposed in the next business plan.	
5.2	**Sub working Groups and bespoke commitments:** ASW thanked the members that had taken part in the 2 working groups. The company was now proposing to run a customer satisfaction survey on vulnerability to gather insight to enable an assessment of how the company is doing in this area. ACTION The company agreed to reconvene the sub-groups in the Spring to look at the company's conclusions and proposals in each area and ensure that account is taken of Ofwat's final methodology publication.	**ASW**
5.3 & 5.4	**Performance Commitments – engagement process for ODIs** CO presented a paper setting out the company's proposed approach to assessing customers' willingness to pay. CO explained that AWL was proposing to derive its willingness to pay data for the PR19 business plan from surveys carried out in PR09 and PR14, appropriately uprated. It would use other published data to benchmark against as part of broad approach to understanding customer preference and valuation. The company considered this was consistent with Ofwat's expectations for companies to broaden their evidence base. The CCG noted the proposal to not commission further stated preference willingness to pay research but that acceptability testing, as the principle quantitative statistically representative research, would be commissioned to coincide with the draft business plan consultation in April 2018. CHALLENGE whilst noting the Company's decision to not commission any new *willingness to pay* research at PR19 the CCG asked if the company had assurance from Ofwat that the approach they were pursuing was going to be acceptable. The CCG noted that it would need to consider whether the company had satisfactory evidence to show that customers support the proposed business plan and performance commitments and are both willing and able to pay for what is proposed.	
5.5	**WRMP** The company reported that the draft plan was sent to the Secretary of State on 1 December 2017. A DEFRA response was expected at the end of January 2018. The company needed to complete the consultation document aimed at customers and plan out the consultation process, including the consultation questions. Work in progress drafts of these were provided	

	to the CCG with the proviso that the CCG would be asked to comment on a further iteration at the January 2018 triangulation session. CHALLENGE Noting the draft questions for customers on the Draft WRMP as 'work in progress' the CCG challenged the company to ensure that it was clear to customers whether their response could influence the plan and to what extent. The document did not currently show clearly how a customer's opinion could influence what was in the plan.	
6.	**GOVERNANCE AND DEVELOPMENT**	
6.1	Challenge Log Noted and no amendment were requested.	
7.	**AOB & FORWARD PLAN**	
7.1	**AOB** There were no items for AOB	
7.2	***Forward Agenda*:** The meeting ended at 1800 Over a working dinner the CCG discussed the company report on its approach to community engagement which outlined learning from activities undertaken in 2017 and proposals for the future approach which was designed to improve the impact and reach of these activities.	

I confirm that the minutes above are a true and accurate reflection of the business discussed and agreed at the meeting held on 13 December 2017.

Signature _____ Date 28 March 2018

Minutes of the CCG held on 19 March 2018 at 10:00 am at AWL, Tamblin Way, Hatfield, AL10 9EZ

CCG Member Attendees

Teresa Perchard	(TP)	**Chair**
Gill Taylor	(GT)	*Groundwork East*
Jon Sellars	(JS)	*Environment Agency*
Tina Barnard	(TB)	*Watford Community Housing Trust*
Caroline Warner	(CW)*	Consumer Council for Water
Dr James Jenkins	(JJ)	Hertfordshire University
Jonathan Sellars	(JS)	Environment Agency
John Rumble	(JR)	Herts County Council

Affinity Water Attendees

Siân Woods	(SW)	*Assistant Company Secretary*
Chris Offer	(CO)	*Director of Regulation*
Rob Hutchison	(RH)	*Head of Corporate Affairs*
Chris Bolt	(CB)	*AWL Non-Executive Director*
Anne Scutt-Webber	(ASW)	*CCG Manager*
Jake Rigg	(JRi)	*Senior Public Affairs Manager*
Amanda Reynolds	(AR)**	*Customer Relations Director (Household)*
Katy Stallabrass	(KS)**	*Head of Customer Strategy & Experience*
Tim Charlesworth	(TC)***	*Head of Economic Regulation*
Ed Mallam	(EM)***	*Contractor*
Lauren Schogger	(LS)***	*Programme Director (Change)*

Apologies

Karen Gibbs
Richard Haynes
Keith Cane

* *by conference call*
** *Item 4*
*** *Item 5*

The main business of the CCG commenced at 10:00am. There was a closed session of the CCG members at **Agenda Item 6**, and these notes are contained within these Committee Minutes.

Agenda Item	Minutes	Action points	Owner
1.	**Housekeeping and Governance**		
1.1	The Chair welcomed everyone to the meeting		
1.2	Apologies had been received from Keith Cane, Karen Gibbs and Richard Haynes and Scott Oram.		
1.3	Conflicts of Interest: There were no conflicts of interest declared by members. Members were advised that the company would be asking them to update their statements of conflicts of interest shortly.		**SW**
1.4	Minutes of 13 December 2017 were **AGREED** following some minor amends to be signed by the Chair following the updates.	**Publish agreed Minutes**	**SW**

The end of Phase 1 Triangulation meeting minutes within the pack were noted

1.5 Action points: two actions from previous minutes were noted as ongoing to be carried forward:

- Herts County Council Report on Water Resource Planning – JR reported this had not yet been published but he would make members aware when it had been. **JR**
- Circulation of a briefing on Ofwat's final methodology **TP**

2. Chair and Members' Reports

2.1 Chair's Report: Members noted the contents of the Report

2.2 Members' Reports: Members provided the following verbal updates to the group:

CW: CCWater ("CCW") had recently held a quarterly review meeting with AWL. Presentations from AWL were well prepared. Complaints had reduced due to the number of billing issues dropping. Meter installations were still causing problems and complaints but they were being identified more quickly. Disruption to supplies caused by the recent bad weather was also discussed, and CCW felt that AWL coped well with this, especially sharing water with other companies, and was pleased to see AWL take responsibility of the SE region on behalf of customers. CCW had been told there had been significant reductions in demand and also that more newly metered customers (66%) are paying less as a result of shifting to this charging method. CCW have asked AWL to explore the issue of customer side leakage and report back. There was also a presentation regarding social tariffs showing AWL's intention to carry out further engagement on the amount customers are prepared to support above the current £3 value that is added to customer bills.

CHALLENGE CCW would like to know the findings of further research with customers on acceptability of further social tariff investment, and if there is a proposal for AWL to match customer contribution to the tariff

Evidence gathered on consumer opinion on proposed social tariffs to be provided to CCWater and the CCG **AR/KS**

JS: the EA's 25-year environment plan was released 11 January 2018 the plan is for reducing abstractions by 2021 and supports Ofwat's recommendations. Leakage and drought are key areas of concern. Whilst the SE area is above the worst-case scenario for drought measures with rivers at acceptable levels, future impact will remain weather related and have a direct effect on the environment and agriculture.

JR: confirmed that Thames Water is currently going through their consultation process. He fed back on the very low attendance at one of their consultation meetings in Stevenage.

3. Company Report
(Presented by Rob Hutchison, Head of Corporate Affairs)

3.1 The Report was noted by the Committee and RH highlighted the following:

Drought Communications Planning: Planning for temporary measures has been taking place and a snap shot was contained within the report. AWL had agreed it would not be implementing temporary usage bans in the short term, therefore more emphasis was being placed on improving the impact of water efficiency campaigns. The Company will be putting together a Plan with an agreed a budget and is keen to engage with members of the CCG via a short term sub-group over the next 9 months. The CCG noted that members had previously offered – at its September and December 2017 meetings to advise the company on the development of its plans to stimulate customer behavior change.

Liaise with the Chair and members for suitable dates for the sub-group **ASW**

TP pointed out that the weblink to the *Community Report* given in the Company report did not work

Check the link for the Community Report and add to the CCG Share point site **ASW**

The Committee was pleased to see the innovative work relating to Alexa. KS confirmed that it will eventually be linked through to *Google Home* and *SIRI*. JJ highlighted the need to integrate with Smart meters to utilise the full potential of the technology.

4. AMP 6
(*Presented by Jake Rigg*)

4.1 Community Engagement: JRi presented the company's proposals for community engagement activities in 2018/19. He highlighted there had been improved attendance at the community engagement meetings and events following the renewed approach that involves setting up meetings in conjunction with partner stakeholders and businesses within each location. This has resulted in a vast improvement in attendance and contacts the company is making at community engagement events with over 1,000 people attending the last 6 events.

AWL is now working closely with Wholesale Ops to ensure there is discussion with stakeholders and customers **before** works happen. This has worked well for example, on a second phase of road works in St Albans. JR considered that this change in approach had improved the relationship, contact

and communications with local residents and councillors. It has opened helpful dialogue at the start of incidents as well as meaningful and productive face-to-face meetings to deal with issues or concerns. The company had also produced a Councilor Casework Guide in conjunction with Harrow and Bucks County Council.

Dashboard: this was started just after PR14 and provides context (linked from 'Discover Water' website) and stats, however, feedback has shown that it is not really clear what the data is saying as a standalone tool, but it is useful when talking to people within the communities. There are spikes in the number of visits to the website and Dashboard following community events.

TP welcomed the Plan submitted by JR and the approach and recent activities. In response to questions from the CCG JR confirmed that the Water Resources Management Plan ("WRMP") and the Business Plan ("BP") will be fully integrated into the stakeholder and customer engagement he was managing and anything captured will be fed back into the WRMP and BP decision processes. JR confirmed there is enough capacity within the team to manage this.

The stakeholder map currently being developed will show key stakeholders.

A new geographical information tool has been introduced enabling granular information to be seen online. This is particularly useful during incidents and supports contact with key stakeholders about issues relevant to the locations they are interested in or represent.

AWL confirmed that between now and end of July, any reports that can be shared with the CCG, will be sent to the Committee.

TP asked if AWL has done or will be doing any independent research to look at stakeholders and partners opinions of AWL and how well it the engages, including on the WRMP and BP. JR considered that, as part of the WRMP and PR19 there is a third party facilitating the meetings and that should provide some feedback and reflection on the quality of AWLs engagement.

Share any relevant Reports from and the Stakeholder Programme with CCG — **ASW**

CW noted the interesting insights from the stakeholder engagement programme and considered it was essential that the Company captures these when writing the business plan to show how stakeholder feedback had informed and influenced the plan. AWL agreed.

Consider undertaking independent evaluation of stakeholder opinion of AWL's engagement (BAU and WRMP/BP) — **JRi**

5. PR19

5.1 **Customer Engagement Research**
(Presented by Amanda Reynolds and Katy Stallabrass)

The slide deck "Operational Data BAU – PR19" was tabled at the meeting. The presentation sought to explain to the CCG the operational data that had been used to inform the development of the business plan for PR19. The material presented was in addition to the output of Phase 0 (which the CCG had reviewed in September 2017).

AR explained that her team was working closely with the PR19 team to look at the proposed business plan outputs and had been evolving their analysis of business intelligence during the past year so that the data from customer contact and feedback could be used to inform the business plan.

Commenting on actual performance the CCG was advised that AWL had reduced complaints by 47%. In relation to SIM whilst the end of year result was awaited the company was expecting to score an average of 4.26 and potentially ranked in sixteenth position.

The company had analysed the factors underpinning their SIM score where customers who had contacted the company about particular issues were not fully satisfied with the response. These were leakage, payment plans and supply interruptions. Customers were also more likely to complain when they lose water and the biggest driver for a negative response was 'not knowing' what was happening, or when supply would be restored. The company are trying to improve updates during incidents.

In relation to billing enquiries analysis of the increase in contacts show that customers want more flexibility on how they pay their bills rather than having concerns regarding the accuracy of the bill. The new metering programme had raised more questions and these newly metered customers were more likely to contact Customer Service. The company had plans and initiatives to improve service in this area which will form part of the Business Plan (ref Slide 9.)

CCG's Views: The Committee noted the briefing and information provided, that the previous year's SIM results were not where the Company wanted to be and that a lot of work has taken place to improve customer service. The next Business Plan runs 2020 - 2025 and the CCG needs to form an opinion on how well the Company is using the evidence it has from customer contact and feedback – so called

operational data – to identify what customers want to see improved, and how far what is proposed meets customers' expectations and is stretching. TP explained that the CCG are expecting to see evidence of this in the BP. AR responded that some improvements require investment. CO highlighted that the analysis of operational data is not suggesting any issues that the company have not anticipated, and showing how the company plan responds to customer needs will be included into the next phase of work on the BP for PR19

JJ commented that it was not possible to currently see clearly what the company's narrative for the next BP was i.e. *what your customers want and how you are responding.* The narrative needs to be clearly supported by the data, for example, if anything has been learnt about the installation of meters i.e. how the transition works from a fixed bill to a metered bill and how you respond to your customer concerns. The CCG will want to see evidence of this and how you demonstrate this to the customer and the Regulator.

Provide the CCG with a clear, high-level narrative for the PR19 BP and point out the evidence from customer contact and insight that backs that up and has been used by the company to make decisions — **CO KS/AR**

CW noted that the information presented had also been provided to CCWater and needs to be reflected in the BP to show AWL has really understood the insight from its contacts with customers and has a clear evidence base.

AWL highlighted that it was reviewing whether to continue with the Value for Money survey through to the end of the current business plan period. The survey is very costly and it appeared likely that its intended purpose was being replaced by Ofwat developing the new CMex measure in PR19. The company had instigated a discussion with Ofwat about this.

AWL to update the CCG on its decision about the VfM survey — **CO/AR**

TP observed from the information that the key areas highlighted by the analysis of customer contacts were:

- payment plans,
- interruptions,
- incident information updates,
- leakage,
- the delivery of the WSP; and
- water pressure.

TP thanked KS and AR for the presentation. The CCG noted that the data and analysis was comprehensive and the presentation provided reassurance that operational data was being analysed by the company. The challenge was for the company to show the CCG the link between the analysis and the proposed business plan.

5.2 **Business Plan Strategy:**
Presented by Chris Offer

AWL had circulated for information a draft of the company's high level strategic 'narrative' introduction to the PR19 Business Plan. CO It had not been shared with the Regulatory Working Group or the main Board and would require Board sign-off.

The strategic narrative recognised that the company can only achieve its objectives in partnership with its stakeholders and that there were still issues relating to the underlying water resources.

TP welcomed sight of the high-level narrative but explained that the CCG needed to see how it linked to the proposed business Plan. AWL also needed to consider whether there were any issues on which any additional customer engagement was needed to support the narrative where there might not be evidence at present of customer support.

Members to feedback any comments on the daft strategic narrative document to AWL cc TP — **ALL**

5.3 **Performance Commitment Framework:**
(Presented by Lauren Schogger, Tim Charlesworth and Chris Offer)

The following documents were tabled at the meeting:

- *PR19 Summary of Customer Engagement [formerly referred to as 'Annex B'*
- *Graph showing projected household bills*

Summary of Customer Engagement Against PCs: the CCG were asked to note the spreadsheet which and incorporated changes suggested previously by the CCG. The spreadsheet shows all the performance commitments the company is proposing to include in the next business plan, the related customer insight and evidence from research, including the findings from operational customer feedback. A column (i) has also been added to include the performance commitment levels.

Maintain and update the Summary with findings from customer engagement, add the ODIs with the related results from customer engagement. — **LS/ASW**

CHALLENGE the CCG asked that the spreadsheet needs to also include the ODIs for each performance commitment together with the evidence that customers want it/can afford it.

CO explained that there were 13 performance commitments in the current AMP and AWL was proposing to have 18 in AMP7:

- 9 common commitments mandated by Ofwat;
- 6 new bespoke performance commitments:
  - 2 relating to vulnerability;

- 2 relating to the environment where we will develop pilot projects and continue with catchment management;
- 1 covering the reduction of properties regarded as void; and
- 1 relating to water pressure.

- 3 existing commitments will be retained:
  - sustainable abstraction;
  - abstraction incentive; and
  - the water quality measure of mean zonal compliance.

AWL proposed to drop 3 of the current commitments from the next Business Plan:

- 2 of these are currently a form of standard GSS guarantee measures of service which AWL will continue to report and make payments against; and
- the existing commitment to run the VfM survey will effectively be replaced by the new CMex performance commitment which will include customer satisfaction.

There was a discussion regarding reducing the number of 'Void' properties. CCG members challenged AWL on how this is regarded as a performance commitment that the company can control. TC explained the rationale behind the commitment which had been requested by Ofwat in the final Methodology. The Company is in discussion with Ofwat to agree the commitment proposal.

Provide feedback on the proposal for the Void properties PC — **TC**

CO explained that the business had developed 6 business plan scenarios (packages) and that this had been narrowed down to three scenarios along with associated PC framework to be presented to the Board on 22 March for discussion and endorsement. The endorsement would allow the company to progress with the planned draft business plan consultation and acceptability testing.

TP asked if the Company will consult with customers regarding the ODIs and CO confirmed that this would be happening in parallel with the main draft business plan consultation and acceptability testing.

PR19 projected household bills: LS outlined the projected bill impact of the 6 different business plan scenarios (packages) and the three providing the basis for consultation. The main drivers for variation across the scenarios either come from the alternative water resources plan (with greater reductions in leakage, demand, sustainability reductions and improved severe drought resilience) or from greater operational performance (hence faster reductions in supply interruptions and low pressure).

All three of the final scenarios provide an improvement in performance above the target levels for the end of AMP6 and are accommodated within a projected falling bill profile before allowing for inflation. CO explained this was in line with Ofwat's expectations for PR19.

The CCG discussed the proposed scenarios and the associated bill levels and some concern was expressed that the draft plan scenarios could lead to a lack of investment in infrastructure that might be needed to improve resilience/reduce risk to security of supply in the short term.

CHALLENGE are the right conversations being held with the customers? When will the CCG have more details about the business plan proposals, and bill implications, presented in a way that customers can understand? **EM/LS**

JJ left the meeting at 1 pm

5.4 **Review of WRMP Consultation Survey**
(Presented by Ed Mallam)

Draft on line Survey Questionnaire: EM explained that the online survey would sit alongside the consultation process. The process will be supported by 8 stakeholder forums which will include both the Business Plan and DWRMP.

The information relating to drought permits needs to be clarified **EM**

Venues and dates for stakeholder consultation events were to be confirmed but would run 9 April – 14 May. There will be at least one event in each of the eight communities held in partnership with other partner organisations.

EM to send the timetable of these to the CCG **EM**

EM confirmed that the online Survey access panel is a representative group (they are AWL customers) but drawn from *IPSOS MORIS* sampling.

Members were invited to comment on the questions that had been drafted both at and following the meeting.

The CCG went through the document and the following comments and challenges were raised:
TP suggested that a question was included to establish how much the customers are aware of the environment they are being asked questions on e.g. can they name a local river.

a) *Leakage Question:* this question states the Company is 'working towards reducing leakage by 14%' but it is not stated clearly how much water is currently leaking. CW suggested that context is needed in order for customers to understand the question and answer effectively – ie 14% of what?. An explanation in terms of water resources management and how this would impact the customer would be helpful.

AWL to assess the wording to include current leakage stats to clarify the context and to explain more clearly why AWL

	feel reducing leakage is a major issue for the Company
b) *Drought:* the drafting of the question on drought, which refers to capital expenditure of £295 million by 2080, raised the same concern as to whether this amount of money and time span could be realistically assumed to be understood by customers or meaningful to them. It was suggested that customers could not be expected to relate to large capital figures or long-term plans without more information to put that in context or more importantly to indicate what the implication might be for their bills. It would be more effective to relate the cost impact of the schemes to customer bills. CCG members were aware that several other Companies had been able to do this in WRMP consultation materials already published. There seemed little validity in asking customers to support capital spend through to 2080, or not, without making it clear what implication that might have for household bills.	**AWL to pick up the context awareness raised by the CCG** **AWL to review the use of bill impact in the questions**
c) The survey seemed too long for some members and covered similar things contained within the focus group topic guides. CCG members also suggested that given the complexity of the proposed questions the quantitative survey was developed **after** the focus group sessions in light of learning from what questions work with customers and what their priorities and interests are.	**Look at the length of the survey and if questions are similar to those asked in the focus group surveys**
d) Will there be different weightings applied to the surveys/interviews/stakeholder events?	
e) *Q 15:* is a difficult question to answer – by sticking to the technical terminology and wording it is very unclear. Some questions have figures, some questions refer to costs but don't have any figures to support the statements.	**Ensure consistency of data and supporting information**
f) The CCG felt it would be very useful to include more meaningful questions than proposed that would help establish socio economic profile of respondents for analysis such as – age, tenure, where they live, receipt of welfare benefits, income bracket.	**EM to review and update the questionnaire**
g) It was suggested that the online survey could follow the in-depth interviews and that any insight gained from these interviews may be sued in the development of the survey.	
h) CCG members strongly suggested that AWL should follow professional advice it had received from Mori on the drafting of questions – particularly those relating to capital expenditure over very long periods of time - as it was evident from track changes on the draft questionnaires circulated that	

Mori had provided some advice on drafting which was being resisted.

5.5 Review of Business Plan Consultation Survey

Business Plan Acceptability Survey: EM explained that focus groups and a face-to-face survey commences in people's homes 4 April. A Draft Brochure and survey questions are being developed. Early drafts would be shared with the CCG for review before the end of March. Consultation was planned to start on 9 April.
The minutes formally ended at 2:30 pm and the Committee continued with a closed session

Draft Brochure and draft Survey to be sent for feedback from the CCG — **ASW**

Minutes from Members' only session

6. Members only Session

6.1 Draft Assessment Framework for PR19 report

Members met privately without company staff present to consider and agree the draft assessment framework for their PR19 report for Ofwat.

Circulate draft assessment to CCG members and communicate to AWL — **TP**

Members reviewed progress the company had made, to date, in relation to each of the 19 factors on the assessment framework and allocated Green, Amber and Red ratings against each of the factors to enable the Chair to feed back to the company the areas where there was most risk that the CCG would be unable to say that the company's customer engagement approach fully met the requirements of Ofwat's policy.

The RAG rating definitions for the provisional assessment were agreed as:

- **Green** = at this stage it **seems highly probable** the company will fully meet expectations on this aspect, although a complete, finished presentation of the approach to this aspect is not yet available
- Amber = at this stage we think the company could fully meet expectations on this aspect, there is evidence this aspect is being addressed although more work is needed if the company is to fully meet expectations.
- Red = we are not confident that the company will fully meet this aspect

CCG members considered that although work was ongoing and had not yet been completed the company's approach to looking at customer vulnerability and affordability of bills was highly probably Green.

The CCG had not seen the complete proposition on these aspects and suggested these issues are completed as soon as possible.

There were 5 items members were clear are red and corrective action will need to be taken in the approach to customer and stakeholder engagement over the next few months, as well as in the presentation of evidence to the CCG.

The aspects currently rated as **red** were:

- Has evidence and insight obtained from customers **genuinely driven and informed the development** of the business plan?
- Has the company engaged effectively with customers on future and long-term issues, including tradeoffs and risks, **in a way customers could be expected to understand**?
- Has the company effectively informed and engaged customers about its current performance **and how this compares with other companies in a way customer could be expected to understand**?
- Performance commitment levels and ODIs – CCG view on how the company has approached this, including whether there has been customer engagement, **whether the proposed levels are sufficiently stretching and** whether customers support the proposed costs and rewards.
- Resilience – has the company's assessment of resilience **been informed by engagement with customers** to understand their expectations on levels of service, their appetite for risk, and how customer behaviour might influence resilience?

The CCG considered that most of the remaining issues were Amber. There were nevertheless a variety of things the company needs to do to garner and present the evidence and insight it has in a compelling and 'joined up' way to secure a Green assessment from the CCG.

The Chair undertook to circulate the conclusions of this assessment to all members, to brief the company and offer to present and discuss the views of the CCG at the Board Strategy day on 22 March 2018.

6.2 **Draft Annual Report**

A draft Annual Report had been circulated for members' comments to the Chair. Information about the company's 2017/18 performance commitment results would be circulated before the Annual Report was finalised.

Comment on the draft annual report — **All**

7. Governance and Development

7.1 Challenge Log
The updated Challenge Log was noted.

Publish the updated Challenge log — **ASW**

8. AOB and forward look

8.1 AOB

None

8.2 Forward Agenda
The Forward Agenda was noted.

It was noted that AWL had yet to advise on any proposals for a triangulation session to consider the outcome of the business plan acceptability testing and stakeholder engagement.

The meeting ended at 15:30

I confirm that the Minutes of 19 March 2018 are a true and accurate record of the business discussed and agreed.

Signature ..... Date 13/06/2018

Chair

Minutes of the CCG
held on
13 June 2018 at 10:00 am
at
Affinity Water Limited, Tamblin Way, Hatfield, AL10 9EZ

CCG Member Attendees			Affinity Water Attendees		
Teresa Perchard	(TP)	Chair	Siân Woods	(SW)	Assistant Company Secretary
			Chris Offer	(CO)	Director of Regulation from
Jon Sellars	(JS)	Environment Agency	Rob Hutchison	(RH)	Head of Corporate Affairs
Keith Cane*	(KC)	Town and Country Housing Group	Anne Scutt-Webber	(ASW)	CCG Manager
Caroline Warner	(CW)	Consumer Council for Water	Lauren Schogger	(LR)	Programme Director (Change)
Dr James Jenkins	(JJ)	Hertfordshire University	Tim Charlesworth	(TC)	Head of Economic Regulation
Jonathan Sellars	(JS)	Environment Agency	Ed Mallam	(EM)	Contractor
David Cheek	(DC)	Friends of Mimram	Mike Pocock	(MP)	Director of Asset Strategy
Karen Gibbs	(KG)	Consumer Council for Water			

Apologies		
Tina Barnard	Watford Community Housing Trust	
Gill Taylor	Groundwork East	*by conference call
Chris Bolt	AWL Non-Executive Director	
John Rumble	Hertfordshire County Council	

The main business of the CCG commenced at 10:00am. There was a closed session of the CCG members following the meeting and these notes are contained at the end of the Minutes.

Agenda Item	Minutes	Action points	Owner
1.	**Housekeeping and Governance**		
1.1	The Chair welcomed everyone to the meeting		
1.2	Apologies had been received from Tina Barnard		
1.3	Conflicts of Interest: There were no conflicts of interest declared by members. It was noted that the company would be asking members to update their statements of conflicts of interest. These will be sent by email.		**SW**
1.4	Minutes of 18 March 2018 were **AGREED** and were duly signed by the Chair.	**Publish agreed Minutes**	**SW**
1.5	Notes from 17 May 2018 briefing session were noted as a fair record of the meeting		
1.6	Action points: the actions log was noted, with outstanding items on the agenda for discussion.		**TP/ ASW**
1.7	Matters Arising: there were no matters arising		

2. Chair and Members' Reports

2.1 Chair's Report: Members noted the contents of the Report

2.2 Members' Reports: Members provided the following verbal updates to the group:

CW: the June meeting with the Company reference vulnerable customers showed that substantial progress has been made and AWL now has well evidenced based propositions in place;

KG: noted the dWRMP statement from Ofwat responding to the plans came out this morning. The key message from the report is that the plans are not ambitious enough. RH agreed to circulate to members –

JS: On 22 June, the EA is launching the first of the consultations on River Basin Management Plans the *Working Together consultation*; the updated (3rd cycle) plans are due for publication 2021. The current river basin management plans were published in February 2016 and outlined the actions needed to protect and improve the water environment. Work to implement the plans has, to date, enhanced over 3200 km of the water environment in England.

The consultation is for eight River Basin Districts: Anglian, Humber, North West, Northumbrian, Severn Trent, South East, South West, and Thames. This is the first phase of public consultation to review and update the current plans. The consultation will seek views on:

- *how to get involved in the review and update of the plans*
- *the proposed timetable and content of the programme of work to review and update the plans*
- *how other plans and strategies affect, or are affected by, the river basin management plans; and*
- *whether all relevant stakeholders have been identified*

3. Company Report
(Presented by Rob Hutchison, Head of Corporate Affairs)

3.1 The Report was noted by the Committee. RH highlighted the following points:

IT Outages: RH highlighted that the performance had improved as shown in the report

Year End Review: the format of the annual customer facing report design was being changed to a power point presentation, with the intention of making it more appealing and user friendly. The first draft had been presented to the Audit Committee. Once revised, it would be redistributed to the CCG for any comments from members with the intention that the final document would be published in July.

CHALLENGE: AWL was asked to provide evidence to evaluate the success of the revised proposed format for this report in comparison to last year, for example whether more customers access the document and whether it is more used and useful to customers than previous reports.

JJ Suggested it would be good to include where the rivers are as the current map does not highlight our communities and it would help customers to identify their own area. RH confirmed that he would pass this on as a useful addition to the report.

Insert a map showing the rivers in each community **RH**

4. PR19

(Presented by Chris Offer with Mike Pocock, Lauren Schogger, Ed Mallam, Tim Charlesworth)

The company tabled a presentation pack of 57 slides covering aspects of its PR19 Business Plan proposals. CO explained the Business Plan was still in draft form and will be looked at by the AWL Board next week and the Board discussions and any subsequent proposals and decisions may impact the draft tabled at today's meeting.

TP highlighted that the CCG is looking to see:

- *evidence that customers are driving the Plan and the commitments are supported by them;*
- *evidence that customers are happy they can afford the proposals;*
- *evidence AWL has engaged in the right way with customers and stakeholders; and*
- *stretching performance commitments, as per Ofwat's recommendations.*

The company presented different aspects of the pack of slides.

4.1 ***Update on draft WRMP:***

(Mike Pocock presented on dWRMP)

Customers and stakeholders had articulated a preference for the *'alternative plan'* which included a higher leakage reduction and target and improved resilience.

The personal consumption demand savings proposed would be a challenge, as consumption in some AWL communities was the second highest in the industry. The forecast was that by end of **AMP 7**, AWL would be in the "middle of the pack".

Members of the CCG highlighted the dependency on customers reducing their consumption through behaviour change programmes was high risk. DC had sent an e-mail to the Company voicing his

concern on the risks of achieving the proposed reduction in PCC, as it was heavily based on customers changing their behaviours.

The company responded that the metering programme, which would continue throughout AMP7, should result in a high percentage of the proposed reduction. Evidence had already been shown in AMP6 that this was achievable and this is supported by the Artesia Report (previously circulated to members).

A response to DC's email would be circulated to all members.

MP explained that AWL had carried out sensitivity analysis which included head room to understand the uncertainty in the forecasts and demand reductions, covered in the paper shared at the end of the session which explained the top 5 risks. This was produced in response to an action from the meeting held on the 17 May to review risk and long-term resilience. MP agreed to provide the number of metered households for each community to the end 2025 so that the CCG could see the interplay between the metering programme and the proposed per capita consumption performance commitment in the WRMP and BP.

Provide umbers of metered households per community **MP**

MP highlighted that the company had decided to include a fast data approach in AMP7 which would enable customers to have visibility of their consumption patterns nearer to real time, and enable them to react to and change their consumption. AWL had already invested on intelligent network and fast logging, and this was available in around 70% of DMAs.

4.2 ***Top Line Summary of draft WRMP/Business Plan Engagement:***

The CCG noted top line results from the quantitative surveys undertaken on the dWRMP and Business Plan. It was noted that a full report would be circulated after the meeting. A number of members had attended stakeholder events and observed customer focus group sessions. TP noted that although there had been low level of attendance at the stakeholder events, the participants had provided good quality feedback.

The CCG noted that in the feedback from the acceptability testing that customers did not appear to really understand what they were looking at or being asked particularly in relation to drought and sustainability reductions.

MP explained that drought is complicated because the regulations are complex and AWL has to use its professional judgement and ensure it meets its licence conditions. Engaging on long term issues has always been challenging and it has been important to engage both through online and deliberative forums.

CO responded that AWL was content with the level of customer engagement and response, however, also confirmed the company may need to conduct some further consultation if the draft changes

materially following discussion with stakeholders, regulators and government.

TP reiterated the request from the CCG to see the complete business plan narrative showing what the company had drawn from the customer engagement, the CCG had seen a number of individual reports of different elements but what was the whole story?

Narrative to support this to be shared with the CCG

4.3 ODIs and PC levels

(Tim Charlesworth presented a briefing note on Performance Commitments and ODIs)

PCs: the Committee discussed the performance commitment framework and the proposal in the draft plan slides, which included PC targets.The CCG queried the question marks against some measures. The company advised these were to be discussed at the Board and the CCG will be updated after Board decisions had been taken

Provide updated slide pack following Board meeting

The CCG challenged the level of ambition included in the PC targets. It was noted that in some cases there was no change from AMP6.

CO explained PCs driven by the dWRMP where all stretching by committing the company to ever lower levels of leakage, PCC and abstraction reduction. He explained that in many instances there was no change in PC as standards were being maintained either in line with regulatory expectations (such as drinking water quality) or because customers had not expressed a strong view to see improvement against PCs like mains bursts or unplanned outage.

CO explained that supply interruptions was an area where the company would be significantly stretched to achieve the proposed PC level, particularly in light of recent performance. TP asked if the move to average minutes above 3 hours would be a tougher measure than the existing greater than 12-hour measure. CO explained that the current 12-hour measure could potentially mask poor performance under the new revised measure and that by moving to common measure the company would need to substantially improve on its past performance.

The CCG raised the following formal challenge:

CHALLENGE: Company to demonstrate clearly the level of stretch that each performance commitment level represents

ODIs: The CCG noted the content of a paper circulated discussing possible methods the company could use to establish the level of its proposed ODI payments. The company was challenged on whether, when and how it would engage with customers on the proposed ODI's and whether it was methodologically appropriate to do that after the acceptability (of bill) testing had been undertaken.

CHALLENGE: Output/delivery incentives are being proposed however, the CCG must assess how well AWL has engaged with the customers and if they support the ODIs and if they are prepared to pay for them. When will this engagement be carried out?

CHALLENGE: AWL needs to explain how it is methodologically robust to omit any reference to ODIs in the bill acceptability testing and undertake customer engagement on the impact of the ODIs on bills without also testing the proposed service and performance commitment package with customers.

CO responded that the team is currently preparing research with IPSOS MORI on ODIs and considered that AWL was not alone in following this process of engagement. CO also explained that the draft business plan consultation carried out in Spring 2018 effectively assumed a net neutral position on ODIs with no outperformance or underperformance payments. CO considered that the constraints of the survey tool developed for the draft business plan consultation made it difficult to consult on ODIs at the same time as the business plan packages.

CO explained that there were two key components to the next consultation work with respect to ODIs:

- *Firstly, the consultation would seek to understand from customers if they supported the principle and concept of outperformance and underperformance payments (noting that at PR14 customers almost universally objected to the principle of outperformance payments).*

- *The second component was to test potential range of incentives that might lead to an impact on a customer bill. CO explained that this work was ongoing but would be likely to fall within a range of approximately +£0.50 to -£4.00 per annum depending on the final calculations of incentives using both bottom up valuation and top down calibration in conjunction with projected levels of future performance.*

JJ suggested that having narrative that is aspirational would be effective with the customers, for example *'if we are rewarded we will reinvest the money in xx within our communities'*. CO accepted this was helpful suggestion and something the company would consider.

4.4 ***Remaining Timetable for Engagement:***

CCG members asked the Company to present the **whole of its business plan** proposition at the July meeting, without that, it would be quite difficult for the CCG to prepare its report within the timetable set by Ofwat.

ACTION AWL to provide the CCG with the timetable for finalisation of the business plan, providing dates when reports will be shared and providing adequate time for members of the CCG to feedback comments.

Circulate timetable for the ODI work and **ASW**

		remaining reports	
5.	**Governance and Development**		
5.1	**Challenge Log** The updated version was circulated and includes the Company responses to the challenges: • *the Committee **AGREED** additional challenges (23 – 34), updated since December 2017;* • ***challenge 5** could be closed;* • ***challenge16** could be closed but may re-open a new one going forward following Annual Report discussion;* • ***challenge 20b** to be closed; and* • ***challenge 23 to** be closed*		
	ACTION once updated, frequent updates via share point and/email and ensure it is version controlled	**Provide a version to the CCG that is updated by end of June**	**TP**
6.	**AOB** There was no other business. AWL attendees left and the members remained for their members' only session. **MEMBERS' SESSION** Members reflected on the material that had been presented and that it was apparent that it had not been possible for the Group to be considering a first draft of their report to Ofwat at this meeting, as the company had not completed its customer engagement activities and decision making or presented material in a way that enable the CCG to conclude its work as yet. The Chair hoped that a first draft of the CCG report might be presented at the 18 July meeting, although that too was contingent on the company completing its work, and making key decisions and presenting material in a way the CCG could both challenge and see the whole story. CCG members discussed their assessment, by reference to their assessment framework, and whether there had been any progress since in relation to the matters on the assessment framework that had been rated as red in March, and reported as such to the AWL board meeting in March. It was agreed that the Chair would provide the		

following feedback to the company which would be reflected in her briefing to the AWL board in June:

10: the CCG had seen as a result of its challenge, the use of comparative performance information in the BP customer engagement materials and that factor had probably moved item 10 into Amber.

13/14: the CCG could not consider the PCs without knowing what they all are and having the ODIs presented alongside them. The CCG had asked the company to present proof of the stretch in the performance commitments. Items 13 (and 14) remained red.

8/18: Significant concerns had been raised by the EA and Ofwat about how material relating to water resources had been presented to customers. The insight from focus group discussions would tend to suggest that customers did not readily understand some of the aspects of the bill packages they were being presented with, and the approach has been to test acceptability rather than establish tolerance. It was difficult to regard number 8 (future/long term/tradeoffs/risks) and number 18 (resilience) as heading away from red.

3: the CCG had seen evidence and insight from customers **informing** the development of the business plan. However, it was difficult to say this has 'genuinely driven' the development of the plan. The CCG noted that Ofwat was asking AWLs board to assure only that customer insight has *informed* the plan, whilst Ofwat's brief for the CCG has the additional expectation to give an opinion on genuinely driven. The company would be invited to provide proof points on the issue of whether and how they think evidence and insight from customers has genuinely driven the plan.

The Chair would write to the company summarizing the CCG's thoughts and underlining the importance of the company presenting a complete picture of its proposed business plan and the relevant evidence relating to the issues the CCG has to assess.

The meeting ended.

I confirm that the Minutes of 13 June 2018 are a true and accurate record of the business discussed and agreed.

Signature..... Date 18 July 2018

Chair

Annex 8: CCG

CCG4 – Working protocol

Working together

A protocol between Affinity Water and the Customer Challenge Group

Mar 2018 v1.3

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Document Control Sheet

Document amendment history

Version	Status	Date	Amendment to this version
1.0	Issue	24 May 2017	First issue for initial review
1.1	Updated	30 May 2017	CCG Chair amendments
1.2	Updated	7 June 2017	Final amendments
1.3	Updated and Issued	13 March 18	Reference CCG report review

Document approval

Document Title	Protocol between AWL and Customer Challenge Group			
	Name	**Signature**	**Title**	**Date**
Author / Originator	Rob Hutchison		Head of Corporate Affairs	
Reviewer	Tim Monod		Director of Legal and Assurance	
Approver AWL	Christopher Offer		Director of Regulation	
Approver CCG	Teresa Perchard		CCG Chair	

Review date

This document should be reviewed on an annual basis. Ad-hoc reviews and update may also take place in response to any other changes which may affect the working protocol and/or associated arrangements between Affinity Water (the Company) and the Affinity Water Customer Challenge Group (CCG).

Purpose of document

This document sets out agreed protocols for Affinity Water (the Company) and the Affinity Water Customer Challenge Group (CCG) to work together.

It is designed to support the CCG to do its job effectively by making sure that there is a consistent understanding about processes and interaction between the company and the CCG. The protocol supplements the Terms of Reference and should be read alongside that document.

https://stakeholder.affinitywater.co.uk/docs/CCG-terms-of-reference.pdf

1 Points of Contact

1.1 Executive contact

The Director of Regulation and Corporate Affairs is the lead Executive contact for the CCG. Other members of the Executive Team, including the Chief Executive Offer, will engage with the CCG on a regular basis.

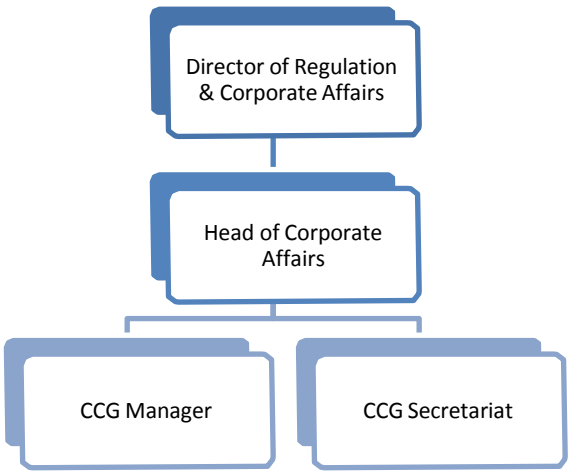
As set out in the Terms of Reference the Chair of the CCG will have access to the Executive and Affinity Water Limited Board.

1.2 Working level contacts

The Chair of the CCG is the principal link between the CCG and the Company, and Ofwat, and will ensure that all members are kept informed and involved.

The CCG Manager is the main working level point of contact for the CCG members and CCG Chair in relation to the smooth and effective running of the CCG both between and during full scheduled meetings of the Group. The CCG Manager is supported by the CCG Secretariat who is responsible for the production and finalisation of CCG meeting minutes and actions.

The diagram below illustrates the working level contacts for the Company and the CCG for the purposes of this protocol.



Executive level contact

Working level contacts

CCG Manager - Main point of contact for smooth and effective running of CCG supported by Secretariat

1.3 CCG Working Methods

The CCG mainly works through full meetings of all members which are scheduled 12 months in advance.

In addition to the scheduled full meetings the CCG may decide to form sub-groups (working groups or task and finish groups) at any time to deal with any issues between full meetings of all members, or to consider an issue and report back to the main group. Members of the CCG may also be asked to provide individual comments on drafts of customer engagement and communication materials outside of meetings, and will be invited to attend and observe customer engagement events, focus groups and briefing sessions during the year.

To ensure an orderly approach to managing the work of the CCG, the company and CCG both commit to planning ahead as far as possible. Planning ahead is essential to ensure each member is able to make a sufficient contribution of their knowledge and skills to the overall work of the Group, within the time that they are able to make available. The company and the CCG have the shared objective that when the CCG comes to agreeing its PR19 report in Summer 2018, all members will have had sufficient involvement to be able to contribute to the Group's overall view/opinions in that report.

The company and the CCG agree the following specific actions:

1. Decisions on whether any issues are dealt with at a scheduled full meeting of the group, at specially convened meeting of the group or by way of a sub-group (whether that is called a working group or task and finish group) or by correspondence are for the CCG to make.

2. The CCG will agree a forward work plan at the start of the year indicating the issues that it expects to consider at each scheduled full meeting, and the issues that it expects to consider outside scheduled meetings and in what way.

3. The company will help the CCG to prepare its forward work plan by providing information about the timing of any relevant customer engagement activities in the year ahead, including any proposals the company has that any matters within the CCG's brief are dealt with at full scheduled meetings or in other ways, for example by sub-group(s) or correspondence.

4. Where the CCG intends to include a review of an area of policy or performance in its forward work plan it will consult the company about that, including the timing and its approach to undertaking the review.

5. The CCG forward work plan will be updated at each full CCG meeting by the Chair, with the support of the CCG Manager and Secretariat.

6. Proposed updates to the CCG forward work plan will be discussed and agreed between the company and the CCG Chair, as part of meetings between the Chair and the company, to plan the agenda for each CCG meeting, normally held at least one month prior to each scheduled meeting.

7. As part of each proposed update to the CCG forward work plan, the company will confirm those issues it intends to present to the Group's future planned meetings, and indicate any issues which it wants the CCG to review, advise on or challenge before the next scheduled full meeting is held, i.e. in the 3 months following any CCG meeting. This will enable CCG members to agree how they wish to deal with the workload between meetings, and which members wish to and can be involved.

8. If at any time between scheduled full CCG meetings the company identifies a previously unplanned need for CCG input to any issue, it will consult the Chair about how to approach the Group members.

9. Notes and records of all meetings of CCG members, including any sub-group meetings held outside full meetings, will be taken by a representative of the company and reported to the next scheduled full meeting of the Group.

10. The company will keep a record all contributions sought and obtained from individual CCG members by the company outside of meetings and provide a report to the next scheduled full meeting of the Group.

11. CCG member attendance at company briefing sessions or to observe customer engagement events and focus groups are not regarded as meetings of CCG members but a record of attendance by CCG members at such events will be maintained by the company for inclusion in the annual report.

Scheduling meetings:

- Full meetings of the CCG are timetabled up to 12 months ahead. Any changes to scheduled full CCG meetings will be notified to members no less than 6 weeks ahead, unless it becomes clear that the meeting will not be quorate and needs to be re-arranged as a result.

- Where the CCG decides to establish any sub-groups to consider any issues between full meetings, dates of any meetings of such sub-groups will be agreed by the relevant members of the group depending on their availability.

- The Agenda, papers and materials for any meeting – whether full meetings or sub-group meetings - will be provided by the company electronically not less than 5 working days prior to the meeting, and dispatched on the same day to any members requiring a hard-copy of papers and materials, or any other format to enable them to participate in the meeting. Papers will only be tabled by exception with the agreement of the Chair or, in the case of any sub-group, the members of that group.

- Meetings of the CCG can be held face-to-face or via teleconference, or a combination of these methods.

- Any papers and materials the company provides to a sub-group of CCG members will be copied to the CCG Chair where they are not also member of the working group

2 Information Management

The Company will be undertaking a substantial amount of customer communication and engagement activity for PR19 which requires scrutiny by the CCG to enable the Group to report to Ofwat on the matters set out in Ofwat's May 2016 guidance and the CCG's terms of reference. AMP6 engagement commitments are also an important element for CCG scrutiny.

The company will be sharing with the CCG a significant volume of information relating to its PR19 customer engagement programme and the business plan upon which that customer engagement will be based. The company aims to ensure CCG members have sufficient quality information, in sufficient time to enable the CCG members to make decisions about their priorities for focus (between PR19 and AMP6 issues), to provide informed challenges of the Company at the right time in the PR19 process, and for that process to be underpinned by effective administration, organization and records. The company wishes to support the CCG to deliver effectively.

The following procedures will help us to achieve this.

2.1 CCG meeting materials

CCG meeting papers (whether for full meetings of the CCG or any sub-groups the CCG has formed) will be clearly labelled with:

- Date of CCG meeting the item is being considered at item (as per the relevant agenda)
- Title - as on the agreed agenda for the relevant meeting
- Purpose of paper
- Action required from the CCG[1]
- Timeline when the CCG action is required
- Confidentiality status in line with documentation classification system (set out below)

Papers for CCG meetings will be labelled:

- 'For information' – the CCG is asked to note the contents
- 'For consultation' – the CCG members are asked to give their views and advice on the content
- 'For review and challenge' – the CCG is asked to review and challenge the content

[1] The CCG is not a decision making body that is asked to approve any company policies, practices or plans. It should normally only be asked to approve it's own Minutes, reports formal Challenges posed and member actions.

Draft Minutes of all CCG meetings will be prepared by the CCG Secretariat and reviewed by the Company contacts (as set out above) and the CCG Chair no later than 5 working days after the CCG meeting has taken place. The reviewed Draft Minutes will then be circulated to CCG members to highlight any inaccuracies or corrections no later than 10 working days after the CCG meeting has taken place. The Draft Minutes will be submitted for approval at the next CCG Meeting. Once agreed by members the Company will arrange to publish Minutes of full CCG meetings on its website.

The agenda for any full CCG meeting agenda will be agreed between the Chair and the Company and will normally be aligned to the topics identified in the Forward Work Programme. This will be subject to regular review between the CCG Chair, CCG Manager, Head of Corporate Affairs and the Director of Regulation and Corporate Affairs. As noted in section 1 above the CCG's Forward Work Programme will be updated at every meeting, as the PR19 programme develops.

CCG meeting papers will be circulated 5 days prior to the CCG meeting, following discussion between the CCG Chair and CCG Manager. Both the Head of Corporate Affairs and the Director of Regulation and Corporate Affairs will be available to support this process as required on an ongoing basis. Where it is not possible to provide the final papers in advance of the CCG meeting or where a verbal updated is being provided, this will be referenced on the meeting agenda.

2.2 Publication of material

Members will be privy to some commercially sensitive information and therefore have signed Non Disclosure Agreements (NDAs) as part of their recruitment process. The company will make it clear on all papers circulated to the CCG and CCG members whether they contain information the Company regards as commercially sensitive, using the existing classification standards, as set out below:

- **Highly Confidential:** This information is extremely sensitive or private. Access is restricted to a small number of people. It must be monitored, controlled and kept secure at all times and requires the highest level of security.

- **Confidential:** This is private or sensitive information that the Company and its employees have a legal, regulatory or social obligation to protect. It includes both personal data and sensitive business information; access must be restricted to those with a legitimate business need to see it. Unauthorised disclosure would damage Affinity Water financially and impact its employees or customers.

- **Internal:** Information which is not restricted internally but is not approved for general circulation outside the Company.

- **Public:** Information that is already readily available to the general public

- Where the company circulates material to the CCG or its members without one of the above labels the CCG will regard it as Public.

Decisions on publishing any material it receives from the Company will be made by the CCG in consultation with the Company, having regard to the confidentiality status the Company has ascribed to the material. CCG members agree not to publish any items labelled 'highly confidential', 'confidential' or 'internal' without prior consent from the Company. The CCG will decide on a case by case basis if unrestricted material should be published by it, if the material is not already in the public domain.

The CCG will normally publish its Minutes of full CCG meetings, its Challenge Log, its Annual Report and any other reports which it has made, which it decides do not contain commercially sensitive material.

Before publishing any reports including its Annual Report and its report for Ofwat providing assurance on the customer engagement underpinning the company's PR19 business plan, the CCG will provide the company with a draft and give the company a reasonable opportunity (not less than 5 working days) to review the report and suggest any factual corrections or omissions. The CCG will give due consideration to any suggestions for factual corrections made by the company before finalising the report in question.

The CCG expects to publish in full the report it submits to Ofwat on 3 September 2018, providing assurance on the customer engagement that underpins the company's PR19 business plan. The CCG expects to be able to publish an annex of evidence it has reviewed to prepare that report and will consult the company prior to doing so as to whether any material should be regarded as commercially sensitive.

2.3 PR19 Consumer and stakeholder engagement activities and materials

Observation of PR19 focus group sessions

As part of its assurance role CCG members wish to be able to observe first hand customer engagement events and focus groups (as happened at PR14). The CCG Final Report to Ofwat on 3 September 2018 will include a record of all the PR19 related events and focus groups attended by CCG members.

- The Company will ensure that CCG members are given details of all planned customer engagement events and focus groups in sufficient time in advance to arrange for members to attend and observe (subject to their availability).

- The Company will keep a record of all the customer engagement events and focus groups that are attended by CCG members.

Reviewing PR19 customer engagement materials

The Company will ask the CCG to review PR19 customer communication materials and survey questions in draft before they are used with customers. The CCG review of these materials is as part of its role to consider and assure Ofwat of the quality of the customer engagement process, whether the Company has engaged with customers on the issues that matter to them and whether the Company has presented customers with realistic options.

- To help CCG members to anticipate and plan their contributions to the work of the CCG, the Company will provide the CCG members with a PR19 work programme for the customer engagement activities. This will include projected production timescales for the customer communication materials and surveys it intends to produce and undertake as part of PR19 customer engagement. This work programme will be cross-referenced with the Forward Work Programme of the CCG (as set out earlier).

- CCG members will be given at least 5 working days to review and provide their comments on any communication materials or surveys, whether they are being asked to do so through the full group of all CCG members, through a sub-group the CCG has set up or through individual correspondence.

- The CCG Manager will keep track of all requests made by the Company, to whom they were sent and any comments made by members so as to keep a single record of interactions between the Company and the CCG members on the PR19 customer engagement programme. This will be made available to the CCG to help it produce its assurance report to Ofwat.

- The Company will be asked to feedback, periodically, on how it has used any advice or challenge from CCG members on the content of communication materials and survey questions.

- The Company may seek views from CCG members in their capacity as important key stakeholders. Where it does so, it will make it clear to the member that they are seeking their views in an individual capacity rather than as a member of the CCG. The Company will advise the CCG Chair of all such requests.

3 Maintaining a Clear Audit Trail

In addition to the points relating to recording and documentation contained above:

- All correspondence between the Company and the CCG and individual CCG members between meetings should be copied to the CCG mailbox for the PR19 audit trail.
- The Company will establish a CCG member web area where key documents can be stored and specific items for the CCG to review and comment [further information to follow]
- All documents will also be stored on a single CCG Sharepoint site administered by the CCG Manager.

4 Challenges and Queries

Asking questions, querying information and challenging the Company's assumptions and proposals are primary roles for the CCG. Challenges and queries will arise during and between meetings.

The CCG and the Company both need to keep good track of and records about the challenges and questions posed and the response from the Company to inform both the CCG report to Ofwat on PR19 and the Company Business Plan. The CCG and the Company both seek an orderly and organised process for raising and dealing with challenges and queries. This will facilitate proper consideration and accountability.

The CCG and Company have defined queries and formal challenges in the following way:

- **Queries**: are posed by CCG members to seek further information in relation to a topic or issue being presented by the Company.
    - Queries are not formal challenges to the Company, they are not recorded formally and do not need to be responded to formally by the Company.
    - Queries arising at meetings will normally be recorded in the meeting Minutes as an Action to provide further information either at the following meeting orvia e-mail to members between meetings.
    - Queries will often be addressed orally during CCG meetings.

- **Challenges**: are formalised, documented questions by the CCG that require the Company to respond in writing, creating a formal record of interactions between the CCG and the Company. The process for logging and managing challenges is set out below.

4.1 Process for logging and managing CCG Challenges

In the course of its work on PR19 the CCG will pose Challenges for the company. The Company and the CCG both need to keep track of those Challenges and the company response. The following points of process are adopted to achieve this:

- Challenges will be recorded in the Minutes of the relevant meeting (whether that is a full meeting of the CCG or a sub-group established by the CCG), and recorded on a separate 'Challenge Log' enabling the CCG and the Company to track progress.

- Some CCG Challenges may cover a range of questions in relation to a strategic issue. In these instances the CCG will produce a standalone note setting out the specific questions to be addressed by the Company. This will be recorded in brief on the Challenge Log

- Standalone or strategic/thematic Challenge requests will be recorded at a high level on the challenge log as having been made (and responded to) but the substantive content of any responses received will form part of the document trail and annexes to the CCG report on PR19.

- Company responses to CCG Challenges will be recorded in writing and a record kept by the CCG Manager.

- The Challenge Log will be a rolling record updated and published after each meeting. The process for updating the Challenge Log will take place between CCG meetings between the CCG Manager and CCG Chair.

- Before publishing updates to the CCG Challenge Log the CCG Chair will take account of any representations from the company as to the sensitivity of the information.

5 Review

Issues about how this protocol is working can be raised with the CCG Chair or Director of Regulation and Corporate Affairs.

6 Glossary

Term	Description
Challenge Log	A register of all challenges with their status. This is reviewed at all full meetings and updated and published after each full CCG meeting. Any updates between meeting will be agreed between the CCG Chair and CCG Manager
Forward Work Programme	CCG plan for issues to be discussed at the full meetings throughout the year and any additional topics to be considered outside the meeting. The Plan is agreed at the start of the year and reviewed and updated at each scheduled full meeting.
Queries	A query is a request for additional information, it is not a formal challenge but may be recorded in meeting minutes with an action to be addressed informally
Challenges	A challenge is documented formally and requires a formal response. The challenges are logged and monitored on the Challenge Log.