Evidence and triangulation

This document was part of the evidence provided to our Customer Scrutiny Panel to demonstrate how we were taking a broad range of information into account in the process of triangulating evidence to reach decisions. It was updated and shared after each phase of research.

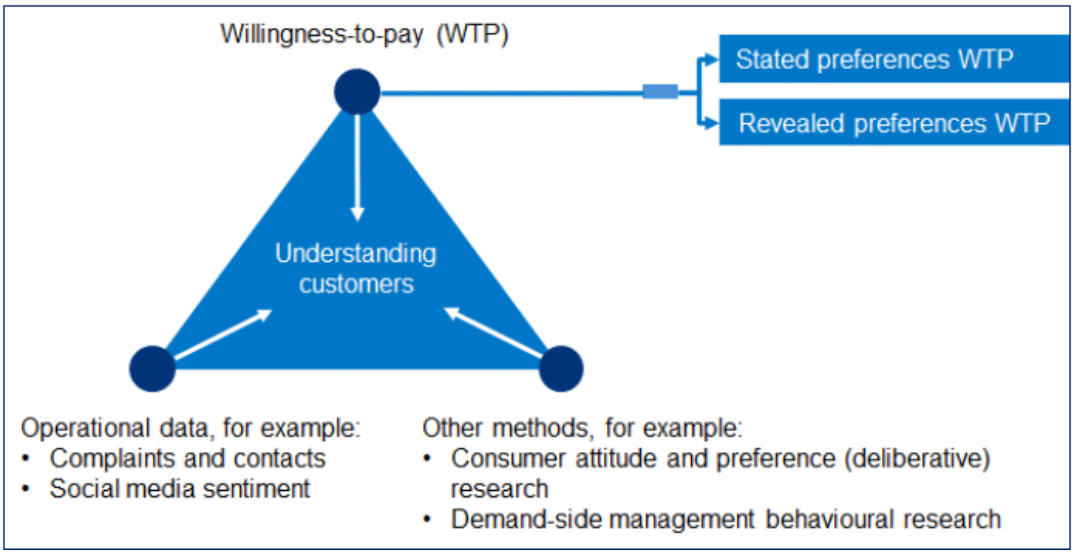
Objectives of this note

1. To address the action taken at the 5 December 2017 meeting where CSP members asked us to detail the triangulation process in an accessible format.
2. To first outline what we understand Ofwat's expectations to be with regards to triangulation.
3. To then explain how we are approaching triangulation and how we are demonstrating this to the CSP and ultimately how we will show this in our business plan.

Ofwat's expectations

In 2016 Ofwat produced its 'Customer Engagement Policy Statement and Expectations for PR19'. Our role in engagement is defined as "Responsible for engaging directly with their customers to understand their priorities, needs and requirements and using this information to drive decision making and the development of the business plan".

This statement touched upon the concept of 'triangulation'.



Source: Figure 2, Customer Engagement and Policy Statement and Expectations for PR19, Ofwat, May 2016

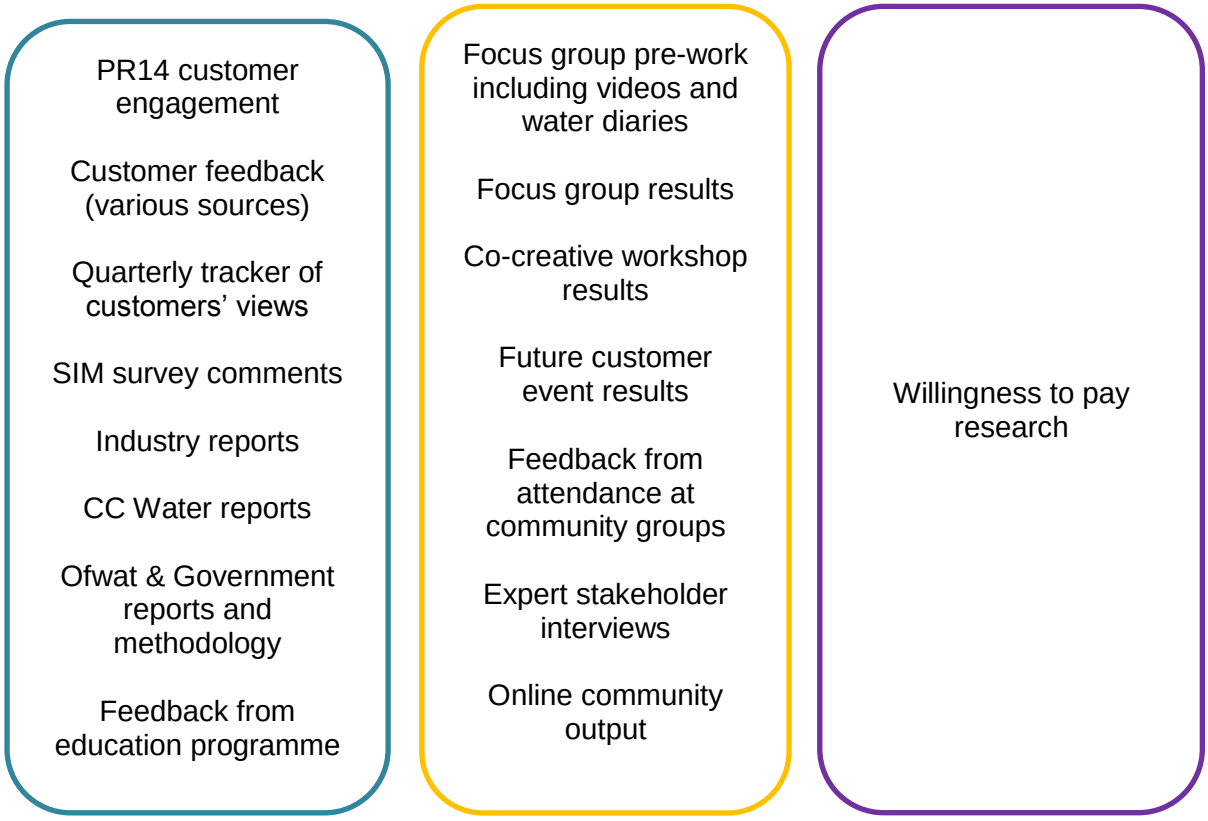
The final methodology continues to reference this document as the main source of information on Ofwat's expectations in this area.

Our approach to triangulation

Triangulation is the process of assimilating key insights from all relevant and available data and information sources. This means taking what we know and what we are continuing to learn about our customers' and other stakeholders' expectations and using this wealth of information, alongside our own business knowledge and expertise to reach our decisions.

Learning to date has been derived from examination of operational data, qualitative research including deliberative and co-creative led workshops and willingness to pay research.

As a reminder here is a list of the type of information we have taken in to account so far in this process. References to specific evidence is included in each topic area.



Triangulation is not formulaic. We are currently processing all the learning we have – weighing up the evidence and comparing and contrasting findings. The following sections outline where we have reached in this process in some crucial areas of our business plan and follow the example provided for the 5 December meeting.

Overview of business planning and customer evidence

In the evidence below we have focused on key areas of the business plan where customers' views can have the greatest impact. They do not cover all areas of the business.

Each section is designed to be read as a standalone document and therefore there is a degree of repetition.

In the initial table at the start of each topic the numbers in brackets refer to references that are included at the bottom of each section.

Content

An overview of the customer research methodology

Phase one methodology: listen, learn and inform

- Eight pre-tasked household customer workshops covering a range of ages, locations and socio-economic groupings
- Two pre-tasked business customer workshops covering a mix of higher and lower water dependencies
- One pre-tasked future customer workshop
- Seven in-home depth interviews with a mix of vulnerable customers.

Evidence available:

- Workshop raw data – three filmed workshops, completed pre-tasks (online and paper), workshop and interview scripts
- Research provider's findings report
- Observation of CSP members.

Phase two methodology: test and review

- Stakeholder engagement specifically related to the development of the Water Resources Management Plan (WRMP) though interactive session to look at stakeholder preferences to balance supply and demand. Cards used to provide information on each choice for participants
- Co-creative customer workshop involving 24 customers from the three segments identified in phase one (water conscious, cost conscious, water blind) with a mix of metered and unmetered. Topics focused on included:
    - Acceptability of various service failures and an exercise to rank them
    - Discussion on dry winters and the impact it has, including what this means for long-term resilience and how customers can influence this
    - Discussion on metering including educating attendees about meters and water usage in the south east, understanding how and why metered customers came to be on a water meter, understanding the views of unmeasured customers and specifically how they would feel about having a meter and what SES Water could do to encourage more people to apply for a meter, understanding attendees' reactions to a compulsory metering programme and what could be done to make it a positive experience, understanding what difference having a smart meter would make to any compulsory roll-out, creating a set of key facts and messages that would make customers feel positive about having a compulsory meter
    - Looking at customer journeys and asking customers' how they might redesign them
- Future customer workshop involving 19 students from East Surrey College
- Community events at the Purley and Coulsdon Club for the Elderly and Caterham Food Bank
- New online community platform, 'Talk on Water' with incentivised discussions on a range of topics

- In-depth telephone interviews with stakeholders to test customer findings
- Willingness to pay survey to 1,000 household customers which offered a range of service choices and measured the impact that combinations of price and service had on the choices made.

Evidence available:

- Willingness to pay survey links and all numerical results
- Workshop and community event raw data – discussion guides, full transcripts, completed paper tasks, photos of activity
- Research providers' findings report
- Observation of CSP members.

Phase three methodology: seeing the full picture

- Overall acceptability of our plan tested through a c.15-minute quantitative survey including innovative gamified design to maximise engagement. Respondents given opportunity to vary selected elements of the plan to increase/decrease level of service. Covered 847 household and 105 business customers using both in-home Computer Assisted Personal Interview (CAPI) and online approach (as per the methodology used in phase 2 quantitative research)
- Customer-facing summary of our draft business plan – '5 years, 5 pledges' – published for consultation and included a questionnaire covering questions on key choices for the plan including leakage, per capita consumption and the Water Support Scheme
- Public consultation carried out on our draft Water Resources Management Plan included conducting a survey with an online panel (100), proactive stakeholder briefings including a joint south east region company event, media and social media activity to promote the consultation
- Vulnerability and Water Support (social tariff) qualitative research carried out through two customer workshops (63 attendees) including representative sample of households (excluding those currently in receipt of the Water Support tariff). Included voting on level of support (and bill impact)
- A design sprint was carried out with expert representatives of vulnerable customers to co-develop an updated scheme proposal. Follow up one-to-one interviews held to test key findings from customer research and design sprint, as well as going back to Caterham Foodbank for their views as they were involved in phase two
- Face-to-face interviews in a 'hall test' environment with 100 bill-paying household customers to test support for the additional cost of being served by a smaller local company. Customers were asked to watch an animated video to explain the subject matter and then asked a series of questions
- Ongoing use of the Talk on Water online community platform to maximise the number of responses to the acceptability survey.

Evidence available:

- Acceptability survey links and all numerical results
- Consultation documents

- Material used in research
- Research providers' findings report
- Talk on Water monthly summaries
- Observation of CSP members.

Business planning and customer evidence – metering

	Customers and Stakeholders	Regulators	Situational

What we know	• At PR14 we proposed to bring forward compulsory metering from 2020 to 2015 but our willingness to pay research and acceptability testing did not indicate support for this.
	• Water meters are widely accepted as the fairest way of charging for water as you pay for what you use.
	• Metered customers use less water.
	• Customers metered by Southern Water through their universal metering programme reduced consumption by 16.5%and behaviour started to change before they were moved to metered charges. (1)
	• Metered customers believe others should also have a meter. (2)
	• Using less water means using less energy which means saving more money.
	• Metering seen as a progressive necessity. (3)
	• When, faced with the concept of being required to have a meter, customers are most concerned about bill increases and predictability of bills. (3)
	• Blueprint for Water believe all homes should have a meter. (4)
	• The National Infrastructure Commission's national infrastructure
		• All homes have a right to have a water meter fitted for free where practical.
		• Low awareness of opportunity to trial a water meter. (2)
		• In May 2016 Defra issued its guiding principles for water resources planning. Water companies are expected to:
		  ○ take a long-term, strategic approach to protecting and enhancing resilient water supplies;
		  ○ consider every option to meet future public water supply needs;
		  ○ protect and enhance the environment, acting collaboratively; and
		  ○ promote efficient water use and reduce leakage.
		• Companies should help customers use water more efficiently including through metering. (5)
		• We are permitted to carry out compulsory metering under the rights granted by section 144B of the Water Industry Act 1991 and the Water Industry (Prescribed Conditions) Regulations 1999 as amended in 2007. This states that water companies are entitled to meter premises 'when the premises to be
			• The south east is a 'water stressed' area due to lower rainfall and an increasing population. (6)
			• On average, each person in our supply area uses 160 litres of water a day which is higher than the national average. (7)
			• We need to make a step-change in demand reduction measures if we are to reduce overall consumption sufficiently to outweigh the forecast increase in population. (WRMP)
			• Around 50% of the properties in our supply area are metered and our current policy is to install meters on properties at change of occupancy and to encourage others to have one fitted. This becomes more challenging as the pool of unmetered properties gets smaller. (WRMP)
			• We have committed to installing 32,000 new meters between 2015 and 2020. (8)
			• The best demand-side options in the WRMP were found to be those involving smart metering (of selected or all households) or compulsory metering. The water use reductions from standard meters are assumed to be 14.5% based on findings from Southern Water and South East Water compulsory metering

	Customers and Stakeholders	Regulators	Situational
	assessment for water calls for metering programmes to be brought forward and for widespread smart metering by the 2030's. (9)	metered are located in an area which has been determined by the Secretary of State to be an area of serious water stress and are included in a metering programme specified in the relevant company's water resources management plan'. Our entire supply area is within the area designated as being water stressed by the Environment Agency. • A report for Ofwat by Artesia Consulting identifies the potential for demand reduction to level of between 50 and 70 litres per person per day in 50 years if certain actions are taking by a range of parties. (10)	programmes. The savings from smart meters is estimated to be an additional 1.5% based on evidence from Anglian Water's in-home display project. • Not all homes can be metered – for some homes it can be technically not possible or too expensive.
What we don't know	• Experience of metered customers, e.g. why they applied, satisfaction with outcome, effect on behaviour. • What unmetered customers think about having a meter, e.g. awareness of benefits/drawbacks, incentives to apply. • Feedback on a compulsory metering programme, e.g. unprompted response, positive features. • Views on smart meters, including general perceptions, effect on water use and preferred associated technology. • How much customers are prepared to pay for our future metering programme.		• Positives and negatives from compulsory metering programmes in the South of England. We plan to learn from their experiences by finding out which approaches worked well, and how they have supported customers who are worse off financially. • Whether smart metering has a different effect on behaviour than standard meters. We are carrying out a smart metering trial on household properties so that we can identify the optimum technology, including a platform which will engage consumers in identifying where they can make savings on an ongoing basis.

Customer research results

Phase one: listen, learn and inform

In summary, customers have different attitudes to water but when placed in a situation where water was not available all customers recognised its value and understand that metering will encourage lower consumption. Smart metering is seen by customers as something that would be a 'blow me away' initiative and the company would be seen to be falling behind if they didn't invest in smart technology. Smart metering would need to be supported by water efficiency advice, devices and an app to help customer use less and keep track of what they use.

1. Regardless of business or household status, not all customers have the same attitude to water. Those that are cost conscious are more likely to be metered but those that are water conscious, i.e. aware of what they are using and thoughtful about the environment, do not always have a meter.
2. One of the pre-tasks was a 'water moments' diary where participants had to record each time they used water, how it made them feel and how they would feel if water wasn't there when they needed it. This exercise uncovered the emotional value of water versus the more obvious functional usage. One observation was that regardless of their original attitude and behaviour, the exercise challenged customers' 'take it for granted' approach.
3. Metered customers were more likely to be conscious of waste: *"We were put on a water meter and our bill is less than it was which is great as before it was a standard tariff even when we were away. With the meter we watch what we use."*
4. Vulnerable customers that are financially secure but use a lot of water see having a smart meter as a priority to help control usage.
5. Minority of negative service experiences but one example included a request for a meter being ignored: *"You would think it would be a simple relationship to have with a water company, just use water as you need and pay for the bills when they are sent. In my case I have been waiting for a water meter for over two years and despite chasing, the Company is ignoring my requests, even a request for a deadlock letter to go to the ombudsman. It seems they would rather ignore my letters than actually help which is very frustrating. If you ever end up moving down to the area please bear in mind as although they are great at providing water to my property, that is all they seem interested in doing"*
6. Although not every customer would want to switch to a smart meter, SES Water would be perceived to be falling behind other utility providers if this technology was not offered.
7. There are practical and emotional benefits of the 'smart home', where technology makes life smoother. A smart meter with an associated phone-based interface could include:
    - viewing and monitoring bills
    - customised water-saving tips
    - behaviour reward
    - lowest consumption day
    - alerts when using more than set target
    - live chat.

8. There is an appetite to reduce usage, especially in a future metered world, but support is needed from the Company and a three-pronged strategy for water saving was suggested to ensure action – advice, device and an app that's nice. An app would keep action more 'top of mind' in the same way that a Fitbit works. A 50+ household customer from Sutton said: *"I would thoroughly recommend them as a service provider. I would however be keen to learn more on terms of my water usage and what I could do to conserve water".*
9. Current leakage levels feel unacceptable even if targets are being met. However, customers felt that SES Water should be explicit about customer-side leakage and the options available to help provide a solution, such as a meter.

Phase two: test and review

Qualitative research results:

1. Overall respondents were accepting of the prospect of water meters and recognised it as a measure to ensure resilience by reducing demand.
2. Customers believe that SES Water should invest in technologies that reduce water loss, as well as in increasing storage.
3. Both future customers and customers involved in the co-creative workshop felt that reducing usage played a role in combatting dry winters. They recognised metering has a role to play in this but felt customers would need to be incentivised to have a meter.
4. Customers identified metering and smart metering as a new priority through the prioritisation exercise with many respondents feeling that it would make bills and water usage fairer.
5. Customers felt that as well as promoting the opportunity to save money, metering should also be supported with information and education on the impact of dry weather.
6. Customers felt that people should be able to opt out if their bills increase.
7. Customers had mixed views on current consumption figures. Some felt 160 litres per person per day was high while others didn't feel it was much but there was little understanding of what 'normal' is.
8. None of the customers were aware of SES Water's current policy that guarantees that no customer who chooses to have a meter will pay more for their water for the first two years and can have the meter removed within the two-year period. Most felt this was a positive way of encouraging people to have a meter fitted.
9. Water blind customers in general had not had a meter fitted out of complacency and hadn't actively sought it out.
10. For those that did have a meter, overall feedback was positive with many saying they had seen a reduction in their bill and some saying they are more aware of what they use.
11. Cost conscious customers were concerned about high bills due to high household usage, e.g. children living at home.
12. Some customers held negative opinions about water meter installation being compulsory. Those that were cost conscious were most concerned by this.
13. The response to compulsory meters was mixed but 50% of people felt uncertain. Emotions ranged from angry to very positive.
14. Water conscious and cost conscious customers felt that smart metering could encourage uptake of meters and help monitor usage and leaks. Water blind customers recognised this with some prompting.

15. Overall, respondents were not averse to the installation of a water meter in order to tackle water shortages and ultimately save money personally. The only barrier highlighted was where customers thought their bills would be more expensive on a water meter given the size of their household or their children's attitude to water usage. Respondents suggested a number of ways to gain buy in from the wider population which could be rolled out including:
    - offering smart meters as an added incentive
    - demonstrating actual monetary savings for a typical household
    - retaining the option to revert back if savings aren't made
    - offering incentives or prize draws for participation in the programme
    - ensuring the process of installation is low effort for the customer
    - sharing key facts around dry winters, water stress and the above average use of water in the south east
    - providing advice and products to help customers save water and money once they have the water meter installed.
16. At the end of the co-creative workshop customers were asked to provide one piece of advice which they felt SES Water should focus on. This mostly centred on doing more to influence customers' behaviour and focused on metering and smart metering. Customers felt that the company should do more to promote metering and some felt it should be compulsory and the company shouldn't fear customer reaction.

Willingness to pay (household customers) research results:

1. After impact on bills metering was the second most influential service attribute in driving customer choices (16.94%).
2. Through the valuation exercise metering was found to be the area where customers expected the highest decrease in bills if there was to be no more meters fitted to properties (-3.1%).
3. The amount that customers were prepared to pay for the highest level of service offered (1% increase on the bill) was lower than all the other service areas apart from education provision.
4. When choosing different service packages customers without a meter placed significantly more importance on the cost of the annual bill while customers with a meter placed more importance on metering.

Willingness to pay (business customers) research results:

1. After impact on bills metering was the second most influential service attribute in driving customer choices (18.55%) – the same result as households.
2. The amount customers were prepared to pay for the highest level of service offered was 2.8%, which was the second highest of all the service attributes after protecting properties from supply failure.

In-depth expert stakeholder interviews:

1. They see increasing demand and lack of customer understanding about the need to be more conscious of water use as a key challenge for SES Water
2. See meters as a good solution to solving the demand challenge, but slightly surprised that customers seem so pro-meters

3. Would like to see more communication to highlight environmental benefits of meters, not just the cost benefit to the customer
4. Perception that once the majority of customers have a meter it makes sense to push for all to be metered and hence create a “fairer” system.
5. Would like to see more education aimed at adults, with a focus on meter promotion.
6. A number felt that their organisations could act as effective intermediaries between SES Water and customers.

WRMP stakeholder engagement workshop results:

1. Demand management options should be used and implemented before new supply options.
2. The high cost of metering and leakage options was acknowledged compared to supply options from groundwater but it was felt this cost was justified because they minimised environmental impacts.
3. There is a belief that advancements in technology will bring the cost of smart metering down.
4. The interactive exercise resulted in stakeholders choosing smart metering of all households to reduce water use. They believed this should be done ahead of any further supply side investment.

Talk on Water online community:

1. Discussions on metering (January) show broad support including for compulsory metering although it should be noted that the majority of participants already have a meter fitted.
2. It is well recognised that having a meter encourages customers to use less and that many customers can benefit financially. There is also recognition that certain groups, such as people living alone, are likely to see to most benefit and the need to support those with genuine affordability issues through payment tariffs was highlighted.
3. Opinion was split on smart meters, with some people concerned about the technical assurance of them but others identifying the benefits of real-time information.
4. In a separate discussion (February) on customer service, users highlighted that being provided with regular water usage information would be beneficial and that smart meters could make this information more accessible and that data from smart meters could be linked to customers’ online account.
5. Metering was again highlighted (March) in a discussion about SES Water’s standards of business where the need to support customers through the transition from unmetered to metered charges was highlighted.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands.
2. There is a preference for improved service levels beyond the proposed plan for reduction in usage. Just under half of customers agreed with the proposed level of service but 36% felt we should go further and reduce water usage to 145 litres per person per day – equivalent to an 8% reduction.

3. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact.
4. Business customers show a stronger appetite for the company to do more on usage. In total 29% of customers support the planned service level. However, 66% are supportive of the company going further and targeting a higher reduction.

5 years, 5 pledges consultation responses:

1. We received 21 responses which were broadly in-line with the results of the acceptability testing.
2. There was recognition that increased investment was needed. Comments included: "The cost of the improvements seems to be good value for what is being achieved. The plan overall is well balanced", "The improvements seem achievable and I believe that it is important to invest in services", "Significant improvements are proposed which, if delivered, are worth the extra cost".
3. Some highlighted that they didn't believe increasing costs was acceptable, "The increase in the overall bill is not acceptable. In my opinion water and energy providers should be doing everything in their powers to reduce costs to their customers".
4. The response from the South East Rivers Trust (SERT) called for more ambition on usage reductions and highlighted that some neighbouring companies have already reduced consumption to a much lower level indicating that more could be achieved.
5. A local MP supported aiming for an 8% reduction in usage per person.

WRMP consultation responses:

1. We received 128 responses to our Draft WRMP consultation, 100 of which came from an online customer panel
2. Two-thirds of customers supported our plan to increase metering and reduce customer demand (13% no, 12% don't know, 9% no answer). There were a number of additional comments from both customers and stakeholders suggesting that the company should be more ambitious in its efforts to reduce demand, particularly as its customers are the highest water users in the country and the perception was that neighbouring companies had reduced demand much more over recent years.
3. SERT raised concerns about the impact of abstractions on local chalk streams and that the plan did not go far enough to address this, suggesting this would require greater usage reduction along with more supply-side development including increasing reservoir capacity and working more closely with neighbouring south east companies.

Talk on Water online community:

1. Overall positive response to increasing meter penetration from those already on a meter: "Compulsory installation of water meters would be a start as far too many people take water for granted. We've all been used to having metered supplies for gas and electricity for many years, so why not for water too?"
2. Suggestion for water efficiency home visits at the same time as a new meter is fitted to educate customers on reducing their usage

How the findings so far are informing our business plan

Customers' views on the environmental importance of reducing consumption vary but generally the importance is understood. Metering is the best way to reduce per capita consumption and this is understood by customers, although they do feel that installation of meters needs to be supported through provision of water efficiency services by the Company.

Increasing the rate of metering is therefore our preferred approach in the draft WRMP to help maintain the balance of supply and demand for water over the long-term. We will reflect on the feedback received to date and further exploration of options, including learning from other companies, in the design of our metering programme.

Customers have told us that a requirement to have a meter would be more attractive if that meter was a smart meter. We are therefore planning on the basis that a proportion of meters installed will be smart. The speed of installation will be dependent on the value for money for available technology – on the expectation that costs will fall over the next few years. We will use the smart metering trial to inform our ongoing strategy on the balance of standard and smart meters.

Our performance in relation to metering will be measured through the per capita consumption (PCC) performance commitment. We are proposing to target a 7.3% decrease in PCC from 2019/20 to 2024/25, driven by the metering programme and an enhanced water efficiency and education programme. This is an increased commitment to the one proposed in the 5 years, 5 pledges consultation document due to the support it achieved through both the acceptability testing, WRMP and Business Plan consultation responses and wider engagement with stakeholders.

References

1. Southampton University and Southern Water Metering Study, 2015
2. CCWater Water Matters 2016 – household customers' views on their water and sewerage services, 2017
3. CC Water Beneath the Surface – Customers' Experiences of Universal Metering, 2016
4. Blueprint for Water Environmental Outcomes for PR19, 2017
5. Defra's Strategic Priorities and Objectives for Ofwat, 2017
6. Environment Agency Water Stressed Areas Final Classification, 2013, page 7
7. Discover Water Website
8. SES Water's Final Business Plan for 2015 to 2020, page 18
9. National Infrastructure Commission – Preparing for a drier future, April 2018
10. The long term potential for deep reductions in household water demand, May 2018

Business planning and customer evidence – leakage

	Customers and Stakeholders	Regulators	Situational
What we know	• Customers expect us to do more to reduce leakage. (7) • Research in PR14 did not conclusively make the case for reducing leakage below 24 Ml/day. (7) • Leakage is a key concern for customers and impacts on their motivation to save water. (1) • Leakage is spontaneously identified as a challenge for the water industry by only 22% of customers but when prompted this increases to 69% of customers. (2) • Most customers are not willing to pay more for leakage to be reduced. The majority of water customers would prefer water companies to increase leakage management by either diverting resources from other service areas or maintaining current levels. (2) • Blueprint for Water identify leakage reduction as a priority to keep more water in the environment. (3) • The National Infrastructure Commission recommends that the government set an objective for the water industry to halve leakage by	• Defra expects Ofwat to promote ambitious action to reduce leakage where it represents good value for money. (4) • Leakage reduction will be a common performance commitment at PR19. (5) • Ofwat expect companies to make stretching performance commitments. (5) • Ofwat want to see companies reduce leakage by at least 15% on 2019/20 levels or explain why it is not appropriate to do so. (5) • It is an area companies are expected to innovate to improve performance, e.g. use outperformance payments to incentivise a major improvement. (5) • Government want to see leakage levels fall year on year. (6) • From 2020 companies are expected to report leakage consistently according to an agreed definition.	• Our current leakage target is 24 Ml/day by 2020. Between 2015 and 2020 we will have reduced leakage by 2%. (7) • We have consistently met or outperformed our leakage target over a number of years (and never failed a regulatory target). • We are currently one of the best performing companies for leakage (84 litres per property per day). (8) • We estimate that a third of leakage occurs on the customer-side (supply pipes and internal pipework). • Insurance companies are seeing an increase in claims for “escape of water” due to more plumbed in appliances, increased en-suite bathrooms and downstairs toilets, more complex plumbing systems etc. (9) • Weather conditions have an impact on leakage, i.e. more leakage during very cold weather. • Other service improvements such as main renewals will help to reduce leakage as well as investment in leak detection and repair. • There are a range of measures we

	Customers and Stakeholders	Regulators	Situational
	2050, with Ofwat agreeing 5-year commitments for each company. (10)		can take to reduce leakage. These have varying costs associated with them.
What we don't know	• How much leakage reduction customers are prepared to pay for. • How important is leakage reduction compared to other service improvements for customers in our area.		• How much companies that have carried out metering programmes have reduced customer-side leakage. • How much smart metering will reduce customer-side leakage. • How ambitious other companies' leakage reduction programmes will be? (Yorkshire Water has stated a 40% reduction). • How will technology develop in the future to reduce the cost of reducing leakage. • What new technologies will be available in the future to assist with leak location and repair and the impact this will have on how far we can reduce leakage.

Customer research results

Phase one: listen, learn and inform

In summary, leakage reduction is consistently seen as a priority by customers and they expect the company to do more. Customers don't really understand leakage targets and how they are set but feel that the current rate of leakage is too high. They don't really understand the impact of customer-side leakage.

1. Regardless of business or household status, not all customers have the same attitude to water. Those that are water conscious are driven by factors other than cost, including the environment and dislike waste.

2. Customers' spontaneous priorities were split into 'brilliant basics' ('hygiene' factors that need to be present, e.g. high-quality water) and 'blow me away' initiatives that would surprise and delight if provided. Investment in infrastructure and leakage is consistently seen as a brilliant basic by customers and something that should be happening now, but there was a feeling that further improvement was needed in leakage and it is likely to continue to be a priority in the future.
3. Customers are concerned about the current leakage target – when it was presented with limited background information. Customers see it as unacceptable and don't understand the way in which the industry develops targets and standards for leakage. They struggle to comprehend the amount of water that is being lost due to leakage and how this relates to the overall volume of water taken from the environment. The current leakage performance causes resentment with customers about their own water use/behaviour.
4. Customers didn't recognise the impact of customer-side leakage so there is an opportunity to be more explicit about this and have a solution in place to help address it, e.g. use of further education or smart meters to help customers identify leaks in the home earlier.

Phase two: test and review

Qualitative research results:

1. Leakage was included as a service area in the initial prioritisation exercise carried out in the co-creative workshop. Customers ranked it the joint 5th highest priority (out of 7) at the start of the session with water conscious, cost conscious and water blind customers all placing it in a similar position.
2. When this exercise was repeated at the end of the workshop leakage remained the 5th highest priority.
3. When asked about what investment in infrastructure was needed to combat dry winters, participants raised the need to invest in existing infrastructure to stop leaks. There was mention of use of new technology to repair leaks.
4. Cost conscious customers mentioned that one of the benefits of smart meters was to help monitor and identify leaks within the home and would allow them to get leaks fixed more quickly.
5. At the end of the workshop, customers were asked to provide one piece of advice to SES Water about what it should focus on. Two respondents suggested more should be done to stop and fix leaks.

Willingness to pay (household customers) research results:

1. 58% of customers think that leakage needs to be improved.
2. Leakage was one of the less influential service attributes in driving consumer choices (6.69%).
3. People are prepared to pay more to decrease the amount of water leaking from pipes (0.8% increase on their bill to achieve a 2% reduction in leakage), but they are not prepared to pay double to move reductions from 2% a year to 4% a year.
4. If water leakage increased they would expect a reduction in their bill (-1.9%).
5. Metered customers placed more importance on leakage management than non-metered customers when choosing different service packages (however the difference was not statistically significant).

Willingness to pay (business customers) research results:

1. Nearly two-thirds chose an improvement in the current level of leakage when building their own ideal water service.

2. Leakage was one of the less influential service attributes in driving consumer choices (9.86%)
3. Significant compensation (3.9% off the bill) would be needed if we were to reduce the current level of service.
4. But it was the area with the lowest willingness to pay for service improvements.

WRMP stakeholder engagement workshop results:

1. Demand management options should be used and implemented before new supply options.
2. The higher cost of metering and leakage options when compared to supply options from groundwater was acknowledged, but it was felt this cost was justified because they minimised environmental impacts.
3. Stakeholders considered that improved leakage reduction methods are preferable to simply increasing the amount of traditional leakage detection as they are estimated to offer a similar yield with less disruption, e.g. digging up roads.
4. The interactive exercise resulted in stakeholders choosing four options to reduce leakage including increased spend on normal leakage reduction, improvements to location of leaks, improvements to repair efficiency and reducing pressure in the network.

In-depth expert stakeholder interviews:

1. There is an overall hope, if not an expectation, that water companies will go beyond their basic regulatory requirements and foster a more ambitious environmental and community agenda.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability form household customers with 76% accepting the PR19 plan as it stands.
2. There is a preference for improved service levels beyond the proposed plan for leakage. Just under half agreed with the proposed level of service but 42% felt we should go further and reduce leakage by 15%. The remaining 13% of respondents preferred less to be done and for bills to therefore be reduced.
3. Older respondents were more likely to prefer more to be done to reduce leakage.
4. Those on a meter have a clear preference for the Company to make improvements beyond the proposed plan.
5. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact.
6. Business customers show a stronger appetite for the company to do more on leakage. In total 33% of customers support the planned service level of a 12% leakage reduction. However, 60% are supportive of the company going further and targeting 15% leakage reduction over the next five years.

5 years, 5 pledges consultation responses:

1. We received 21 responses which were broadly in-line with the results of the acceptability testing.

2. There was recognition that increased investment was needed. Comments included: "The cost of the improvements seems to be good value for what is being achieved. The plan overall is well balanced", "The improvements seem achievable and I believe that it is important to invest in services", "Significant improvements are proposed which, if delivered, are worth the extra cost".
3. Some highlighted that they didn't believe increasing costs was acceptable, "The increase in the overall bill is not acceptable. In my opinion water and energy providers should be doing everything in their powers to reduce costs to their customers".
4. The South East Rivers Trust (SERT) welcomed the Company's ambition to reduce leakage by 15% and suggested that it had the potential to go further compared to other companies. It highlighted that leakage targets should not be based on economic factors, but wider societal value should also be considered.
5. A local MP supported aiming for a 15% reduction in leakage.

WRMP consultation responses:

1. Our Draft WRMP consultation included plans to reduce leakage by at least 15% by 2030. In total, 79% of respondents supported this (7% no, 4% don't know, 10% no answer), however many additional comments were made that this is not ambitious enough and the company should go further and more quickly.

Talk on Water online community:

1. One respondent felt that as a safe supply of high quality water is already provided, the higher priority should be on improving the resilience of the network by reducing leaks to conserve water.

How the findings so far are informing our business plan

Based on our customers' and stakeholders' (including Ofwat's) expectations we will be targeting a significant leakage reduction by 2025. We recognise that leakage is an important issue for customers and we are committed to reducing leakage both in the near term and on an ongoing basis. Extensive modelling work has been completed which has looked at potential strategies for reducing leakage. We have identified three key approaches:

- Enhanced mains renewal programme – targeted specifically for leakage reduction
- Enhanced active leakage control (ALC) activity – increasing resource (and improving the efficiency) of detection and repair of leaks on our assets and reviewing our policy on customer side leakage
- Enhanced pressure management – schemes designed to manage pressures in the network.

In our plan we are proposing a balanced approach which will involve employing all of the above strategies. The modelling work has shown that a 15% reduction (as suggested by Ofwat) is achievable but does carry significant risk as we have not previously carried out activity at the levels required.

We must also be able to show customer support for our target. Willingness to pay research shows that customers support leakage reductions and are supportive of contributing to the additional costs this will drive but there is a limit to this. Following the final phase of acceptability testing and wider stakeholder engagement we are proposing a 15% reduction in leakage by 2025.

Leakage must be reduced in a sustainable long-term way that takes into account affordability. For this reason we have evaluated different leakage strategies that go beyond the five year period covered by the plan and look at the possible reductions and what the best value approach could be out to 2045. Our performance will be measured through the leakage performance commitment in the short term and we have a longer-term strategy to reduce leakage by over 50% by 2045.

References

1. CC Water Delving into Water 2016, page 6
2. CC Water Leakage Study – research into customer perceptions, 2013
3. Blueprint for Water Environmental Outcomes for PR19, 2017
4. Defra's Strategic Priorities and Objectives for Ofwat, 2017
5. Ofwat's Final Methodology for the Price Review PR19, 2017
6. Government's 25 Year Plan to Improve the Environment, 2018
7. SES Water's Final Business Plan for 2015 to 2020, page 26
8. Discover Water Website
9. Watersafe Blog
10. National Infrastructure Commission – Preparing for a drier future, April 2018

Business planning and customer evidence – supply interruptions

	Customers and Stakeholders	Regulators	Situational
What we know	• At PR14 minimising interruptions to supply was one of the highest priorities for our customers. (1) • At PR14 we offered to reduce the risk of supply interruptions by a further 5% but customers were satisfied with the current level of service. (1) • Customer satisfaction with water services is high (93%). Satisfaction with the reliability of supply also remains high (96%). (4) • It is an area where extra provision may be needed for vulnerable customers. (3)	• Supply interruptions will be a common performance commitment at PR19. (2) • It is an area where Ofwat expect to see companies setting stretching commitments and aiming for at least upper quartile performance at each year in the price control. (2) • CC Water considers supply interruptions an important area for companies to focus on, particularly when they are unplanned and customers therefore can't prepare for them. (3) • CC Water recognise SES Water's improvement in this area. (3) • From 2020 companies are expected to report supply interruptions consistently according to an agreed definition.	• We are outperforming our current target – 4.23 minutes lost (actual) vs. 13.48 (target). • Our performance is amongst the highest in the industry. (5) • The industry average minutes lost is currently under 11 minutes. (5) • Supply interruptions can either be planned or unplanned. Unplanned interruptions are a reflection of the health of our assets. Planned interruptions are as a result of proactive maintenance, e.g. an enhanced and extended mains renewal programme will have implications for supply interruptions. • We are the top performing company in the industry for pipe bursts – 67 for every 1,000 km of water mains (average 153 bursts). (5) • For unplanned interruptions we are developing strategies and trialling smart network technologies which will facilitate earlier detection of network issues that may lead to supply interruptions. Our long term aim is to detect and deal with issues before customers are affected. • For planned interruptions we are

	Customers and Stakeholders	Regulators	Situational
			currently trialling innovative techniques to improve our condition assessment of mains for replacement allowing as to target mains at the right time and reduce unnecessary disruption. • Weather conditions have a major influence on pipe bursts (very cold weather) so may impact on performance year on year.
What we don't know	• If management of supply interruptions remains a top priority for our customers. • How much further do customers want us to go to reduce supply interruptions. • Are there any differences in views on planned and unplanned interruptions?		• What other companies targets will be and therefore what upper quartile performance will be in the years 2020 to 2025.

Customer research

Phase one: listen, learn and inform

In summary, a continuous supply of water is a priority for customers and interruptions to supply are an inconvenience. The length of the interruption and prior notification are both important factors for customers. Using technology to alert customers in advance to interruptions was identified as an area that would be welcomed by customers.

1. The need for a consistent water supply is highlighted as important for vulnerable customers – particularly where there are health issues that require high water use.
2. The water deprivation task brought on extreme negative emotions associated with not having a constant supply of water.

3. A continuous supply of water was identified by customers as a ‘brilliant basic’. They recognise the need for short and long-term resilience. Short-term being related to supply interruptions. Reducing the number of bursts is seen as important. Pre-notification of supply interruptions was requested (some say they have received these).
4. Customers identified the increased use of smart technology as a potential ‘blow me away” initiative. The idea of a smart home, linked to an app that could alert you if there was to be an interruption to supply was welcomed.

Phase two: test and review

Qualitative research results:

1. At the start of the co-creative workshop, respondents were asked to list their ‘uninformed’ priorities. Reliability of supply was rated as the second most important service. It remained the second highest priority when the exercise was repeated at the end of the workshop.
2. Respondents were asked to rate a range of service-related scenarios to determine which they would find most and least acceptable. Water supply, which included different scenarios around interruptions, was one area tested and the acceptance depended on the length of the interruption.
3. Customers ranked a sudden interruption of water supply to your home for more than 4 days, with no prior notification, as the least acceptable (10^{th} out of 10). Customers referenced the impact on daily life, the length of the impact and lack of notification as their reasons for scoring it low. They talked about this scenario alongside some of the water quality scenarios, such as a ‘do not use’ notice, and considered them all as unacceptable due to the serious inconvenience caused.
4. There was a difference in customers’ views on a shorter interruption of up to 3 hours if a prior notification is given. Customers ranked an interruption of up to 3 hours without prior notification as the fifth most acceptable scenario (5 out of 10), but if a notification is given they ranked it as the second most acceptable (2 out of 10).
5. Respondents referenced that if prior notification is given then they could prepare and said that shorter interruptions were more acceptable. Some respondents also stated that they would be more willing to accept such a situation if they were provided with bottled water or given a reimbursement. The time of day that an interruption takes place was also mentioned on the basis that it would not be such an issue when people are at work.
6. There were some differences in opinions around provisions for vulnerable customers. Some felt that SES Water didn’t need to provide extra help to vulnerable customers during a service fault while others recognised that they may need a supply of bottled water and that they should be prioritised.

Willingness to pay (household customers) research results:

1. Around a third of customers don’t think the current level of service needs to improve and a third thinks it does need to improve.
2. A supply interruption was the least influential service attributes in driving consumer choices (5.42%).
3. But, customers are more willing to pay to reduce the length of supply interruptions than for the majority of other service attributes tested. Customers are prepared to pay more to reduce the number of minutes they are impacted by supply interruptions to 4 minutes (1.0% increase on their bill) and to 2 minutes (1.4% increase in their bill).
4. If performance was to deteriorate and increase to 8 minutes customers would expect a reduction in their bill (-1.0%).

5. Metered customers placed more importance on managing supply interruptions than non-metered customers when choosing different service packages.

Willingness to pay (business customers) research results:

1. Over half of customers chose the current level of service for supply interruptions when building their ideal water service.
2. Interruptions to supply was the second least influential service attribute in driving consumer choices (9.84%).
3. Customers are though willing to pay more for an improvement on the current service – 1.1% to drop to 4 minutes per property and 1.8% to drop to 2 minutes per property.

In-depth expert stakeholder interviews:

1. Very accepting of the key driver of willingness to pay being protection against risk of failure/interruption, as this is seen as a core aspect of our service.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands which includes a commitment to reduce supply interruptions by a further 50%.
2. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact.

How the findings so far are informing our business plan

Supply interruptions remain a high priority for customers and we will continue to have a performance commitment related to supply interruptions that last more than three hours. The three hour band has been set by Ofwat but appears to align with our customers' views that shorter interruptions are more acceptable. Ofwat's methodology requires us to forecast upper quartile performance for supply interruptions and to set a performance commitment target at this level or better. We are currently one of the top performing companies and believe there are some additional improvements we can put in place to continue to push the frontier, although the scope for improvements is significantly lower than it was in 2015.

We are proposing a target that reduces supply interruptions (greater than three hours) to 2.1 minutes per customer by 2025 and will be investigating how we can most efficiently reach zero interruptions by 2035.

References

1. SES Water's Final Business Plan for 2015 to 2020, page 12
2. Ofwat's Final Methodology for the Price Review PR19, 2017, page 54
3. CC Water Delving into Water 2016, page 6
4. CC Water Water Matters 2016 – household customers' views on their water and sewerage services, page 12
5. Discover Water Website

Business planning and customer evidence – resilient network

	Customers and Stakeholders	Regulators	Situational
What we know	• At PR14 improving the resilience of our network was supported by our customers. (1) • Our research led to us having an outcome focused on increasing the resilience of our network to drought, floods and equipment failure. (1) • At PR14 we set out our strategy to eliminate single source dependency, so 100% of our customers can be supplied by more than one source by 2025 (56% by 2020). (1) • We asked customers if they wanted us to speed up or slow down the rate at which we achieved this but around half preferred our plan to achieve 100% by 2025. (1) • Demand management including leakage and metering were also areas of focus to help achieve long-term resilience, these are addressed separately.	• Since PR14 Ofwat has been given a new duty to "further the resilience objective to secure the long-term resilience of undertakers' water supply systems…". (2) • Securing long-term resilience is a central theme of Defra's Strategic Priorities and Objectives for Ofwat. (2) • It states that Ofwat should challenge the water sector to plan, invest and operate to meet the needs of current and future customers, in a way that offers best value for money over the long-term. (2) • Resilience in the round is one of Ofwat's key themes for the PR19 price review. This includes improving day-to-day resilience (supply interruptions, service failures), long-term resilience to drought, assessing a range of options for securing water supply resilience including new sources, transfers and demand management, and planning that reflects on the importance of ecosystems and biodiversity. (3)	• We are on track to achieve our current target of 56% of customers supplied by more than one treatment works by 2020. • We are committed to investing in trials for a smart network to enable us to try new technologies which will help us to build a more resilient network. • Resilience is already part of our 'business and usual' activities, where we identify and mitigate against risks. (4) • The last time we introduced a temporary use ban (due to drought) was in April 2012. • We work in collaboration with other water companies in the south east to plan for and address regional water availability issues.

	Customers and Stakeholders	Regulators	Situational
		• The common performance commitments cover both day-to-day resilience and long-term resilience and include: supply interruptions, leakage, per capita consumption, risk of severe restrictions in a drought, mains bursts and asset unplanned outages at treatment works. (3) • Appropriate investment in developing new water resources and strengthening the water supply network will also play an important part in delivering resilient water supplies in the longer term. (5) • Ofwat identified the need for increased resilience to manage severe weather events in its review of the freeze/thaw event in 2018. (6)	
What we don't know	• Whether customers are still supportive of the plans they commented on for the PR14 business plan.		• The precise impact of future climate change on the resilience of our assets and water availability.

Customer research

Phase one: listen, learn and inform

In summary, customers recognise the difference between day-to-day resilience and long-term resilience to drought and expect the company to be addressing both areas. Resilience is understood when put in the context of investment in infrastructure.

1. Water deprivation task brought on extreme negative emotions. All participants found it challenged their "take it for granted" approach.
2. Water supply resilience was identified as a 'brilliant basic' that customers expect.

3. Customers recognised the difference between day-to-day resilience and long-term resilience. There was some awareness of the risk of potential droughts which raised the importance of a resilient supply. Customers also identified population growth as a potential pressure on water supply. The need for a future focussed response to environmental concerns, climate change and water availability required.
4. Protecting current resources through management and investment of the current assets is critical. Proactive replacement of pipes was identified as a necessary part of maintaining infrastructure.
5. Building a more resilient network is an imperative but showing a statistic about percentage of customers supplied by more than one treatment works was meaningless to customers when presented without any context.

Phase two: test and review

Qualitative research results:

1. At the start of the co-creative workshop, respondents were asked to list their 'uninformed' priorities. Reliability of supply was rated as the second most important thing by customers. It remained the second highest priority when the exercise was repeated at the end of the workshop.
2. By the end of the workshop, some respondents highlighted that fact that reducing leakage and keeping environmental impact to a minimum were part of a bigger picture alongside investment in infrastructure and future provisions.
3. Respondents were asked to rate a range of service-related scenarios to determine which they would find most and least acceptable. Water supply, which included different scenarios around interruptions, was one area tested and the acceptance depended on the length of the interruption.
4. Customers ranked a sudden interruption of water supply to your home for more than 4 days, with no prior notification, as the least acceptable (10^{th} out of 10) of all the scenarios. Customers referenced the impact on daily life, length of impact and lack of notification. They did talk about this scenario alongside some of the water quality scenarios, such as a do not use notice, and considered them all as unacceptable due to the serious inconvenience.
5. When asked about the dry winters, many respondents were surprised at the impact they had on water provisions. Some recognised this was not the sole responsibility of SES Water but a wider national issue, linked to population growth.
6. Participants suggested more could be done to increase water storage. Suggestions were also made for SES Water to invest in new technologies to reduce water loss and find new sources of water. When probed a small number of respondents mentioned desalination.
7. When asked to give a key piece of advice to SES Water, two customers said "invest in infrastructure" – use profits to invest in infrastructure and new technologies such as grey water systems and desalination.

Willingness to pay (household customers) research results:

1. Around a half of customers think that improvements are needed on the level of protection from supply failure.
2. Reducing the number of homes at risk of supply failure was one of the least influential service attributes in driving consumer choices (5.50%).
3. But, customers are more willing to pay to reduce the risk of longer term supply interruptions than for any other service attribute tested. Customers are prepared to pay up to a 2.4% increase on their bill if all properties are protected.

4. Metered customers placed more importance on protecting properties against supply failure than non-metered customers when choosing different service packages.

Willingness to pay (business customers) research results:

1. Around two-third of customers think that more properties should be protected from supply failure.
2. Protecting properties from supply failures was the least influential service attribute in driving consumer choices (6.93%).
3. But, customers are willing to pay more to reduce the risk of supply failures than any other service attribute (3.2% bill increase).

In-depth expert stakeholder interviews:

1. Very accepting of the key driver of willingness to pay being protection against risk of failure/interruption, as this is seen as a core aspect of our service.
2. They believe SES should be ensuring you are thinking and planning long term, not just dealing with the here and now.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands which includes a commitment to invest in the network to allow all customers to be supplied with water from more than one treatment works alongside investment to maintain high water quality and reduce interruptions, bursts and leakage.
2. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact.

5 years, 5 pledges consultation responses:

1. We received 21 responses which were broadly in-line with the results of the acceptability testing.
2. There was recognition that increased investment was needed. Comments included: "The cost of the improvements seems to be good value for what is being achieved. The plan overall is well balanced", "The improvements seem achievable and I believe that it is important to invest in services", "Significant improvements are proposed which, if delivered, are worth the extra cost".
3. Some highlighted that they didn't believe increasing costs was acceptable, "The increase in the overall bill is not acceptable. In my opinion water and energy providers should be doing everything in their powers to reduce costs to their customers".

How the findings so far are informing our business plan

This paper only deals with resilience of the network. As per the presentation at the January CSP meeting and the material that has been shared in relation to our draft Water Resource Management Plan we are also looking at resilience more broadly across the business.

Our plan will recognise that network resilience is seen as important by our customers and that they are willing to pay for improvements on the current level of service. We intend to build on our PR14 commitment. This means reaching a position where 100% of properties are protected from supply failure by 2025, or earlier, and also placing greater focus than in the past on local network resilience (including connectivity to service reservoirs and pumping station upgrades).

Building on the extensive work done at PR14, we have tested and challenged our previous assumptions and the work needed to achieve 100% resilience in this area. This has enabled us to fine tune our network resilience plan, confirming that what we have been doing is right and what we need to do remains the best option for all of our stakeholders. We will continue to take further steps to appraise our network to a much greater level of detail than we have done previously. Modelling work in this area has helped us to identify some further schemes which we would like to implement that will provide benefit to our customers in terms of reducing risk of medium to long-term supply interruptions.

Our plan is designed to deliver on multiple levels, including resilience to drought, supply interruptions and in addressing water resource considerations both within our company area and in the wider region. Our network resilience plan can be summarised as follows:

- Complete the work that has already started by investing in the reinforcement of our network. We plan to spend c. £15 million on pumping station upgrades which will increase the capacity of Bough Beech treatment works from 45 to 70 Ml/d and complete the build of one new trunk main.
- Commit to achieve 100% of customers protected from the risk of supply failure by connecting up our network so that all properties can be supplied by more than one treatment works.
- Deliver schemes that provide resilience on a more local level, ensuring that the risk to customers of unplanned medium to long-term interruptions is reduced.
- Deliver on the basis of strategies that promote the best environmental benefits.

References

1. SES Water's Final Business Plan for 2015 to 2020, page 13
2. Defra's Strategic Priorities and Objectives for Ofwat, 2017
3. Ofwat's Final Methodology for the Price Review PR19, 2017, page 54
4. Resilience in the Round presentation at the Customer Scrutiny Panel meeting on 23 January 2018
5. CC Water Water, Water Everywhere?: Delivering a Resilient Water System, 2017
6. Out in the cold – Ofwat's review of the freeze/thaw event, June 2018

Business planning and customer evidence – mains replacement

	Customers and Stakeholders	Regulators	Situational
What we know	• Customer satisfaction with water services is high (93%). Satisfaction with reliability of supply also high (96%). (3)	• Resilience in the round is one of Ofwat's key themes for PR19. (5) • This includes monitoring asset health and improving day-to-day resilience (supply interruptions, service failures). • From 2020 there will be common performance commitments for mains bursts, leakage and supply interruptions. (5)	• Between 2010 and 2015 we invested over £25 million on replacing over 117 km of water mains. • At 0.6% per annum our target for mains renewal is above industry average of 0.4% over the last six years. • Replacing older mains that are in poor asset health will help reduce the number of supply interruptions that occur due to bursts and help control leakage. • Number of pipe bursts in 2016/17 was 234 beating our target of 290 and leading the industry. (2) • When water mains burst they can cause disruption to the wider area and not just water users, e.g. due to road closures. (4) • We are working to identify and trial new techniques and methods of mains condition assessment to ensure that we are replacing the right pipes at the right time. • Rate of pipe bursts is heavily influenced by the weather but asset health has an underlying impact. • Good pressure management and calming of network pressure helps to

	Customers and Stakeholders	Regulators	Situational
			prolong the life of assets and reduces the risk of asset failure.
What we don't know	• Are customers willing to pay for mains replacement to happen at a faster rate than we are currently applying. • How important is mains replacement compared to other ways of improving service.		• At current replacement rates we know that at some point our assets will deteriorate at a greater rate than we are currently replacing them because pipes are considered to have a useful life of 100 years.

Customer research

Phase one: listen, learn and inform

In summary, customers expect SES Water to be investing in their assets to increase long-term resilience as well as to reduce the chance of supply interruptions on a day-to-day basis. They identify pipe replacement as an area for investment.

1. Water supply resilience and investment in infrastructure/pipe maintenance were both identified as a 'Brilliant Basics' that customers expect to be delivered.
2. Customers expected SES Water to be protecting and investing in their assets. But some felt there was a lack of information on infrastructure investment.
3. Investment in infrastructure was linked to the impact of supply interruptions. Short and long-term resilience was identified as being necessary.
4. Protecting current resources through management and investment of the current assets is critical. Proactive replacement of pipes was identified.

Phase two: test and review

Qualitative research results:

1. At the start of the co-creative workshop respondents were asked to list their 'uninformed' priorities. Reliability of supply was rated as the second most important thing by customers. It remained the second highest priority when the exercise was repeated at the end of the workshop.

2. In the same exercise reducing leakage was rated as the 5th highest priority at the start of the workshop and remained the 5th highest priority at the end.
3. When asked to identify other priorities one customer said keeping road repair times to a minimum when carrying out work and another highlighted advertising new projects.
4. Customers ranked a sudden interruptions (one of the consequences of not maintaining your assets through mains replacement) of water supply to your home for more than 4 days, with no prior notification, as the least acceptable (10th out of 10) of all the scenarios. Customers referenced the impact on daily life, the length of the impact and lack of notification as their reasons for scoring it low. They talked about this scenario alongside some of the water quality scenarios, such as a 'do not use' notice, and considered them all as unacceptable due to the serious inconvenience caused.
5. Customers in the co-creative workshop identified the need for investment to maintain existing infrastructure, particularly in relation to leakage.
6. At the end of the workshop customers were asked to provide SES Water with a piece of advice and two identified investment in infrastructure.

Willingness to pay (household customers) research results:

1. 56% of customers felt that we needed to improve the rate of pipe replacement
2. Rate of pipe replacement was one of the least influential service attributes in driving consumer choices (6.17%).
3. Customers would expect greater compensation (1.6% reduction in the bill) for a drop in pipe replacement than they are prepared to pay for improvements (0.5% to 1.2% increase in the bill).
4. Those with a meter felt increasing pipe replacement rate was more important than those not on a meter when choosing different service packages.

Willingness to pay (business customers) research results:

1. Half of customers thought that the rate of pipe replacement should increase.
2. It also influenced consumer choice when tested through willingness to pay (10.16%).
3. A significant bill reduction (3.5%) would be expected of the level of services was reduced.
4. Customers were prepared to pay 1.2% more for the rate of pipe replacement to be increased to 1% replaced each year but were not prepared to pay more for the intermediate level of service offered.

In-depth expert stakeholder interviews:

1. They believe SES should be ensuring you are thinking and planning long term, not just dealing with the here and now.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands which includes a commitment to reduce interruptions, bursts and leakage which are all, in part, driven by mains replacement.
2. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact

How the findings so far are informing our business plan

Our plan will outline our strategy for mains renewal and the influence it has on our performance in a number of key areas, including network asset health (burst mains), unplanned supply interruptions and leakage. We also know that we have historically performed well in this area and see that customers continue to value and support investment.

In our future plan we intend to deliver two main objectives:

- Improved asset health performance (reduction in burst mains)
- Use an enhanced mains renewal programme as a method to reduce leakage in the network.

Extensive modelling has been carried out using industry best practice techniques to assess and select assets for mains renewal which, if delivered, will meet the objectives set out above. The work we have done has also highlighted the importance of a longer term strategy for mains replacement which ensures that we continue to provide industry leading performance in asset health measures on an ongoing basis. This work has involved future predictive modelling which has highlighted that if we continue at the current rate then in future periods (beyond 2025) we will need to increase investment in mains replacement in order to maintain or improve on our current performance.

Alongside our modelling work we have been exploring the use of new innovative techniques of mains condition assessments and techniques used to lay new mains. Trials are ongoing with promising results which indicate that we can improve efficiency of our mains replacement to achieve greater benefits at lower cost and disruption to our customers.

Our performance in relation to investment in our network of mains will be measured through the mains bursts performance commitment and the leakage and supply interruptions performance commitments.

References

1. SES Water's Final Business Plan for 2015 to 2020, page 18

2. SES Water Annual Report, 2017
3. CCWater Water Matters 2016 – household customers' views on their water and sewerage services, page 12
4. News Story: Thames Water Mains Burst, January 2018
5. Ofwat's Final Methodology for the Price Review PR19, 2017, page 46

Business planning and customer evidence – water quality

	Customers and Stakeholders	Regulators	Situational
What we know	• At PR14 access to safe, high quality water was one of our customers' top priorities. (1) • Minimising discolouration, taste and odour issues were identified as a priority by customers. (1) • Very few customers complain about the discolouration, taste or odour of drinking water. (1) • Customer satisfaction with water services is high 93%. Satisfaction with the colour and appearance of tap water also high (94%), as is safety of the drinking water (90%), taste and smell (87%) and hardness/ softness of water (71%). (3) • While still stating general satisfaction with the service customers consistently record higher levels of dissatisfaction with the hardness of water. (domestic tracker survey)	• Water quality compliance (using the Compliance Risk Index) will be a common performance commitment at PR19. Ofwat require us to target 100% compliance but can set a deadband before a penalty applies to performance. (2) • The Drinking Water Inspectorate (DWI) is now measuring water quality using the Compliance Risk Index. This looks at water quality across the whole process from treatment, storage, distribution and at customer taps. This measure is intended to replace the Overall Drinking Water Quality Index by 2020. • We are working with the Environment Agency on National Environment Programme schemes which with the aim of improving the raw water quality. • In recent years the DWI appears to be putting a greater emphasis on lead in drinking water.	• Our current performance for overall drinking water quality has been 99.95% (2015), 99.98% (2016) and 99.98% (2017). Short of our 100% target but above regulator tolerance. (5) • Industry average for overall drinking water quality has been 99.96% for both 2015 and 2016. (4) • In 2015 we recorded three failures at the customer tap, in 2016 it was two failures and in 2017 it was just one. Of these six failures, five were customer influenced. • Current performance for taste, odour or discolouration contacts shows that we received 419 contacts in 2015, 375 contacts in 2016 and 365 in 2017 – just missing our target of 350. (5) • In comparison to the rest of the industry in 2016 (the last published data) we were the best performing company in relation to contacts about taste and odour. We received 1.2 contacts per 10,000 customers, the lowest of all companies and below the industry average of 3.5. (4) • Contacts about appearance of drinking water were at 4.3 per 10,000

	Customers and Stakeholders	Regulators	Situational
			customers in 2016/17. This is among the best in the industry and significantly below the average of 12.0 per 10,000 customers. (4) • We operate in a hard water area and do partially soften our water in the areas that need it. • In 2017, we received 0.2 contacts per 10,000 customers relating to enquiries about hardness of the drinking water.
What we don't know	• If water quality remains a top priority for our customers.	• The Water Supply (Water Quality) Regulations 2017 are due to be published during 2018. This may bring increased monitoring of water quality. • The new Drinking Water Directive is currently out for consultation with a view of this being transposed into UK legislation by or during the next five year period (2020 to 2025). This may bring a number of significant regulatory changes including a reduction in the lead standard to 5 µg/l. The impact is still to be fully assessed. • We await information from government over the position of the use of metaldehyde within catchments. This will impact on our catchment work and National	

	Customers and Stakeholders	Regulators	Situational
		Environment Programme (NEP).	

Customer research

Phase one: listen, learn and inform

In summary, high water quality is something customers expect, and they believe SES Water is performing well in this area. The hardness of water is an issue for some customers.

1. Water quality was identified by customers as a ‘brilliant basic’. Customers expect high quality water and have a positive view on SES Water’s service in this area.
2. There were a few references made to the impact of hard water and the need to replace appliances.
3. In the water moments exercise where participants were asked to describe their feelings about discoloured water it initiated strong negative emotions and filled many with disgust. Even if they are told discoloured water is safe to use, customers still felt uncomfortable.
4. Those customers identified as water blind were more likely to believe that bottled water is better than tap water.
5. Overall customers are happy with the water quality and accept they are in a hard water area. Minority have had an issue with discoloured or chalky water.
6. Current performance for overall water quality and number of contacts about taste, odour and colour feels good.

Phase two: test and review

Qualitative research results:

1. At the start of the co-creative workshop respondents were asked to list their ‘uninformed’ priorities. Supplying water that meets quality standards was rated as the most important thing by customers. It remained the highest priority when the exercise was repeated at the end of the workshop.
2. Respondents describe the importance of knowing water is safe to drink. If it’s not good quality then it might as well not be there. There was a link made between quality standards and the taste, smell and appearance of water.
3. Future customers were asked what they thought about the water supply in their area. Many had not thought about it before, some said they would add to it before drinking it and those that said they drank the tap water liked the taste.
4. Respondents were asked to rate a range of service-related scenarios to determine which they would find most and least acceptable. It included different scenarios relating to the quality of the water. Overall respondents were least willing to accept scenarios relating to water quality issues. They were ranked as follows (10 is most unacceptable):
    - A ‘do not use’ water notice – there is a risk to your health if you use the water (lasting up to two days) – 9 out of 10

- Water coming out of your tap that has a bad taste or smell – although it's safe to drink (lasting up to one day) – 8 out of 10
- Water coming out of your tap that has a brown colour – although it's safe to drink (lasting two hours) – 7 out of 10
- A boil water notice – you can only use your water if it has been boiled or it would risk your health (lasting one day) – 6 out of 10

5. Scenarios related to water quality were seen as unacceptable due to the potential risk to health. Some respondents said they would prefer no water supply to one that could potentially be harmful.
6. In the customer journey section customers were asked to use the scenario of a water quality issue and identify the features of the ideal customer journey. Customers from all groups highlighted the importance of being given reassurance early on and if it could not be resolved immediately that an engineer is sent out quickly. The need for updates on progress and confirmation that work is taking place was also seen as important, as was receiving confirmation that the problem has been fixed.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands which includes a commitment to continue to meet high standards for water quality and reduce the number of occasions when customer may contact us about the taste, smell and look of their water.
2. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact.

How the findings so far are informing our business plan

Water quality remains a top priority for customers. We will maintain our industry leading performance. This includes a target of zero under the Drinking Water Inspectorate's new measure of water quality – the Compliance Risk Index. We will reduce bills, through a penalty, if we fall below a set level. With the limited information we have available (due to the measure being new and still in development) we are proposing that the level after which a penalty is incurred is set to reflect the mid-point of the set of industry data we have.

We will maintain our industry leading performance for the number of contacts we receive about the taste, smell and look of the water we supply.

The water regulator (DWI) has been putting a great emphasis on lead in recent years. Despite a regulatory limit of 10 µg/l, it has said that, "any lead is harmful to health" due to prolonged exposure. We are proposing a lead replacement policy that aligns with the DWI's longer-term ambition to reduce all lead from the network.

References

1. SES Water's Final Business Plan for 2015 to 2020, page 12

2. Ofwat's Final Methodology for the Price Review PR19, 2017
3. CCWater Water Matters 2016 – household customers' views on their water and sewerage services, page 12
4. Discover Water Website
5. SES Water Annual Report, 2017

Business planning and customer evidence – education and water efficiency

	Customers and Stakeholders	Regulators	Situational
What we know	• Our customers use on average 160 litres per person per day. (1) • Based on latest guidance from Ofwat on how to measure per capita consumption this reduces to 150 litres per person per day. • We have information on customers' behaviour and habits through the information they give us through the Water Use Calculator and home visits programme. • 75% of customers surveyed this year (though the domestic tracker survey) think it is very or quite important to reduce their own water usage. • The most common water saving devices in customers' homes are water efficient washing machines, dual flush cisterns and water butts. (domestic tracker survey) • When asked what would encourage you to reduce your water consumption the favoured responses were discounts on devices/appliances and more information on own water use and how it compares to others. (domestic tracker survey) • Around two-thirds of adults say they	• Companies should use both demand and supply side measures and help customers use water more efficiently. (2) • The Government has pledged to incentivise greater water efficiency and help reduce personal use. (3) • Companies must innovate to deliver demand management including water efficiency measures. (8) • Per capita consumption will be a common performance commitment at PR19. (8) • Ofwat will also take into account collaboration with other companies and stakeholders in areas such as campaigns around water efficiency. (8) • CC Water highlights the need for a more consistent approach to water efficiency communication across the sector including local initiatives and campaigns. (7) • A report for Ofwat by Artesia Consulting identifies the potential for demand reduction to level of between 50 and 70 litres per person per day in 50 years if certain actions are taking by a range of parties.	• Average water consumption in the UK is 141 litres per person per day. This compares to 121 litres in Germany. (1) • Currently our customers use more water than customers anywhere else in the country. (1) • Analysis by the Green Alliance showed that ambitious water efficiency could save customers £78 per year across their water and energy bills. (4) • Multi-measure home retrofits and behaviour change trials have resulted in reductions in the region of 34 litres per property per day. (5) • At present we spend c. £135k a year on water efficiency initiatives including water savings pack, the home visits programme, event give a-ways and regional initiatives like Save Water South East. • The amount of water that our customers use on average has reduced by around 6 litres per person per day over the last ten years. • Our education programme has been running for many years and supports key stage 1 and 2 of the national

	Customers and Stakeholders	Regulators	Situational
	have made a conscious decision to use less water in the last three years and saving money is the most important factor driving this decision. (6) • There is low awareness amongst customers about why saving water is important. Talking to customers about the bigger picture, rather than just ways to save water may be more effective. (7) • In 2016 67% of households stated that they had received no information, help or free water saving devices. 88% said they do personally take action to save water. (9) • Our education programme run primarily from our centre at Bough Beech reached 10,700 people last year and has a target to increase this each year by 500 people. • Evaluation of the programme is extremely positive with all teachers in Q3 2017/18 scoring it 5/5. • The current performance commitment focuses on the number of people reached through the education programme and not the resulting behaviour change. It's very difficult to translate participation into quantifiable benefits for the	(10)	curriculum. It has recently been successfully reaccredited for the 'Learning Outside the Classroom' certificate and all tutors were previously school teachers. • We work with approximately 40% of the schools in our supply area. • Attendee numbers have plateaued and it will be very difficult to grow the numbers past 2020 with the current facilities and resourcing, e.g. in 2004/5 3,412 children visited Bough Beech and in 2016/17 it was 3,172. • There is limited disabled access at Bough Beech. • Schools themselves are classified as businesses and no longer our customer for retail services. • Bough Beech is located at the very eastern edge of our supply area. School funding decreases are impacting on the decisions they make around education trips, e.g. it costs approximately £500 to hire one coach to travel to Bough Beech. • Teacher turnover in schools means regularly re-establishing links with the decision makers.

	Customers and Stakeholders	Regulators	Situational
	Company. • Customers are not widely aware of the education programme. • The National Infrastructure Commission has said that increased water efficiency, kick started by a more ambitious approach to metering and smart metering, would reduce PCC to 118 litres per person per day by 2050. (10)		
What we don't know	• How much customers are prepared to pay for water efficiency and education of our customers. • How important water efficiency and education are compared to other service improvements. • Whether customers feel another education centre in a more central location is a good idea and if they are prepared to pay for it.	• If there is going to be a target set by the government for per capita consumption.	• How the potential drought situation in 2017/18 will impact on consumption levels and customer awareness. • How ambitious other companies will be in their efforts to reduce per capita consumption. • If changes to the national curriculum and other changes in the education sector will impact on the delivery of our schools programme.

Customer research

Phase one: listen, learn and inform

In summary, the provision of water efficiency advice and education is seen as something that would enhance SES Water's service and play a role in reducing demand. It was closely linked to metering and smart metering.

1. Regardless of business or household status, not all customers have the same attitude to water. Both those that are water conscious and cost conscious report they are aware of what they are using and are thoughtful about water usage. Those that are water conscious are driven by factors other than cost, including the environment and dislike of waste.

2. Future customers expect SES Water to deliver a high level of service including taking a modern and fresh approach to doing business, having a CSR policy in place and putting customers at the centre of everything. They present as more environmentally engaged than the general audience.
3. Vulnerable customers highlight the importance of education and community outreach.
4. In general, customers had positive perceptions of SES Water and cited specific activities including information booklets, school visits and free devices. They also felt the website provided useful information.
5. Customers recognise the community activity currently undertaken by SES Water and suggest that further involvement in supporting local recreational areas and providing resources to local schools could be effective.
6. The water moments deprivation task challenged all customers' 'take it for granted' attitude. Those that are conscious of their water use were already aware it is a precious resource and some who were water blind state behavioural change as a result of the exercise. A segment still remained with an attitude of 'use what I want when I want'.
7. There was mixed awareness of SES Water's education and community programme but overall customers felt that educational initiatives were a valuable community project. There was appetite to include adults in future education initiatives and not just focus on children.
8. Customers could see the potential in the company making a formal promise around education to demonstrate community commitment.
9. Customers also showed an appetite to reduce usage with the help of SES Water. Another blow me away initiative was around providing advice, devices and an app to help customers save water and keep it front of mind.
10. Customers also identified the benefits associated with smart metering if it came with tips on saving water.

Phase two: test and review

Qualitative research results:

1. Respondents felt that ensuring the sustainability of future water supplies was not the sole responsibility of SES Water and that customers play a vital role.
2. Customers felt that SES Water had a prominent role to play in changing customer attitudes towards water and the fact that it is a scarce resource – highlighting its not unlimited and educating customers to adopt water saving behaviours.
3. Multiple channels were suggested for sharing information on dry winters and water efficiency including 'in the moment' updates on local news and social media. Future customers preferred interactive content on social media.
4. Participants agreed that combatting dry winters wasn't only important during a drought, but it was about changing customer attitudes as a whole and on an ongoing basis.
5. It was felt that SES Water would need to persuade customers to reduce water use and the use of incentives such as free water saving devices was highlighted as a way to do this.
6. Customers felt that providing more information on dry weather was important in promoting metering.
7. The majority of respondents were unaware of SES Water's education programme. There were mixed opinions on whether education of current customers or future customers would be most effective, but all agreed there was a role to educate all. When probed, respondents suggested providing information in the workplace or to new home owners could be a way of educating adults.

8. The future customer workshop was held at the Bough Beech education centre and all provided positive feedback on the education programme with the tour being everyone's highlight of the day. Suggestions included making it more interactive to keep visitors engaged, particularly for an older audience.
9. Future customers were also asked to comment on the prospect of a new education centre being built within the SES Water supply area. All agreed this would be useful to allow more children to attend events. When asked to comment on where the centre should be built, one table suggested in the centre of the supply area in Redhill, while the other table suggested somewhere further west so as to have a broader reach.
10. The high level of interest and 'buy in' on the topic of saving water suggests that more can be done and that awareness levels are currently a barrier to behaviour change.
11. Some customers in both the water conscious and cost conscious groups identified information on how to reduce usage, good communication and updates and education as new priorities at the end of the workshop. Customer linked education with ensuring adequate water provisions in the future.
12. When asked about potential service risks, a hosepipe ban for up to three months sat on the more acceptable end of the scale. Some respondents reported already being equipped with water butts and water collection devices to manage such as scenario.

Willingness to pay (household customers) research results:

1. 46% of customers that we should be doing more on water efficiency and education.
2. Water efficiency and education was one of the more influential service attributes in driving consumer choices (10.85%)
3. Opinion around water efficiency and education is split and the results demonstrate that it is a polarising issue. People would expect money back (-0.7% reduction in the bill) if we reduced our level of activity in this area. But, the results also indicate that they are not willing to pay more for a small increase in activity and are willing to pay only a little more for a larger increase in activity.
4. Just over a third of customers (37%) chose, as their first choice, to keep activity at the current level, 18% supported reducing activity and therefore spend and 45% supported an increase in activity**.**
5. Vulnerable people place significantly less importance on water efficiency and education when choosing different service packages.

Willingness to pay (business customers) research results:

1. Just over half of customers felt the current level of service for education was appropriate.
2. It was one of the more influential service attributes in driving consumer choices (11.04%).
3. Opinion on water efficiency and education is split and results demonstrate it's a polarising issue as it did for households.

In-depth expert stakeholder interviews:

1. There is a hope, if not an expectation, that water companies would more readily go beyond their basic regulatory requirements, and foster a more ambitious environment and community agenda.
2. They believe that the environmental and corporate and social responsibility activities of water companies should be much more widely known of.

3. The need for a cultural shift at SES to go beyond a perceived narrow focus on just meeting your regulatory requirements, towards embracing a more ambitious aim to be a champion of effective water and environmental management
4. Think children are much more environmentally aware than their parents so would like to see education aimed at adults too, with a focus on meter promotion.
5. A number of stakeholders felt they could be effective intermediaries between SES Water and its customers.

Talk on Water online community:

1. The online discussions have regularly highlighted the importance of water efficiency, often linked to discussions on metering. Users have identified things such as water harvesting and grey-water recycling as potential ways to reduce potable water use.

WRMP stakeholder engagement workshop results:

1. Demand management options should be used and implemented before new supply options.
2. The high cost of metering and leakage options was acknowledged compared to supply options from groundwater, but it was felt this cost was justified because they minimised environmental impacts.
3. The interactive exercise resulted in stakeholders choosing water efficiency options to address the supply-demand balance. These included providing homeowners with water efficiency devices, SES Water plumbers installing devices at customers' homes, domestic plumber visits for high users, offer water efficient devices to Business customers (self-install) and targeting properties with leaking toilets.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands.
2. There is a preference for improved service levels beyond the proposed plan for reduction in usage. Just under half of customers agreed with the proposed level of service but 36% felt we should go further and reduce water usage to 145 litres per person per day – equivalent to an 8% reduction.
3. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact.
4. Business customers show a stronger appetite for the company to do more on usage. In total 29% of customers support the planned service level of 6% usage reduction. However, 66% are supportive of the company going further and targeting 8% usage reduction.

5 years, 5 pledges consultation responses:

1. We received 21 responses which were broadly in-line with the results of the acceptability testing.

2. There was recognition that increased investment was needed. Comments included: "The cost of the improvements seems to be good value for what is being achieved. The plan overall is well balanced", "The improvements seem achievable and I believe that it is important to invest in services", "Significant improvements are proposed which, if delivered, are worth the extra cost".
3. Some highlighted that they didn't believe increasing costs was acceptable, "The increase in the overall bill is not acceptable. In my opinion water and energy providers should be doing everything in their powers to reduce costs to their customers".
4. The response from the South East Rivers Trust (SERT) called for more ambition on usage reductions and highlighted that some neighbouring companies have already reduced consumption to a much lower level indicating that more could be achieved.
5. A local MP supported aiming for an 8% reduction in usage per person.

WRMP consultation responses:

1. We received 128 responses to our Draft WRMP consultation, 100 of which came from an online customer panel
2. Two-thirds of customers supported our plan to increase metering and reduce customer demand (13% no, 12% don't know, 9% no answer).
3. 73% customers supported our plans to offer more water efficiency advice (9% no, 9% don't know, 9% no answer). Some customers commented that they do not want this in the form of a home visit, so this is an area the company should explore further as it develops its approach.
4. There were a number of additional comments from both customers and stakeholders suggesting that the company should be more ambitious in its efforts to reduce demand, particularly as its customers are the highest water users in the country and neighbouring companies have reduce demand much more over recent years.

Talk on Water online community:

1. Water efficiency is a key topic of discussion on the community, with comments most months. However, there is a feeling that reducing usage is not just the responsibility of water companies and their customers: "Harvesting grey water and using this to flush toilets or washing hands over the toilet water cistern as seen in Japan should be a part of all new builds and an affordable – dare I say – tax deductible part of extension work." Also: "I don't think it's just customers who need to be made ware of the impact of dry weather periods as this isn't properly taken into account by central or local governments when drawing up plans for new housing developments. Maybe water companies need to educate government ministers and councillors as well?"

How the findings so far are informing our business plan

Customers' views on the environmental importance of reducing consumption vary but generally the importance is understood. Metering is the best way to reduce per capita consumption and therefore we are proposing to increasing the rate of metering in the draft WRMP. But, metering will be accompanied by a commitment to continue or enhance our current education and water efficiency programme.

Customers do not want to see a reduction in the activity we do in this area but we must be mindful of the appetite to fund additional activity. We are exploring the options for funding an additional education centre, e.g. partnership working with other sectors, in a more central location in our supply area on the basis that analysis of the research suggests that customers support us taking the lead in this area but don't necessarily agree that this should impact on the price they pay.

Our performance in relation to education and water efficiency will primarily be measured through the per capita consumption (PCC) performance commitment. We will target a 7.3% decrease in PCC by 2025, driven by an enhanced water efficiency and education programme alongside the metering programme. Not having a performance commitment on education does not mean its importance will be diminished. Instead of a performance commitment, we are proposing to commit to gaining a nationally recognised independently assessed standard (such as CommunityMark from Business in the Community) for community investment that will capture education activity but also a much wider assessment of how we support our communities.

References

1. Discover Water Website
2. Defra's Strategic Priorities and Objectives for Ofwat, 2017, page 4
3. Government's 25 Year Plan to Improve the Environment, 2018, page 70
4. Green Alliance: Cutting the Cost of Water, 2015
5. Waterwise Evidence Base, page 23
6. CC Water Attitudes to Tap Water and Using Water Wisely, 2016
7. CC Water Water Saving – Helping Customers to See the Bigger Picture, 2017, page 6
8. Ofwat's Final Methodology for the Price Review PR19, 2017
9. Waterwise Annual Tracker Survey, 2016
10. National Infrastructure Commission – Preparing for a drier future, April 2018
11. The long term potential for deep reductions in household water demand, May 2018

Business planning and customer evidence – customer services and local call centre

	Customers and Stakeholders	Regulators	Situational
What we know	• At PR14 customers told us they wanted more choice around how they manage their account and wanted us to explore how new technology could help them reduce their bills. • At PR14 customers highlighted the need for us to provide more information on how we are meeting customer expectations, the impact of dry weather and water efficiency and what we are doing around corporate and social responsibility (CSR). • 93% of customers are satisfied with their water service, 74% believe bills are affordable, 63% think bills are fair and 73% think they get value for money. (1) • There has been a slight fall in customer satisfaction with utilities. (2) • Our current Service Incentive Measure (SIM) score is 79.6 out of 100 which is well below the industry average and our target. (3) We had 11.3 complaints per 1,000 customers in 2016/17.	• Great customer service is one of Ofwat's four themes for PR19. (4) • Ofwat want water companies to compare their services with that of other sectors and understand the experience of all customers, not just those who contact the company. (4) • From 2020 SIM will be replaced with C-Mex, which will provide a wider measure of customer satisfaction and be one of the common performance commitments. (4) • C-Mex will focus on two surveying elements, one based on recent customer contact as SIM currently does, and the other element will be focused on experience of our general customer base selected at random (i.e. they will not have had to have recent contact). (4)	• Key differences in satisfaction between the top performing companies and the rest are complaint handling, over the phone experiences, openness, trust and transparency. (2) • Transport, telecommunications and media and utilities are the worst performing sectors. (2) • No water companies feature in the top 50 organisations but United Utilities was 4th most improved company over one year. (2) • Younger people are less satisfied with the service they receive. (2)
What we don't know	• What areas of customer service are most important to our customers. • How they think we could improve our service further.	• How the C-Mex measure will develop.	• What other water companies will be doing and how will they innovate. • What other sectors are doing to improve service further.

	Customers and Stakeholders	Regulators	Situational
	• How much do customers value having a local call centre.		

Customer research

Phase one: listen, learn and inform

In summary, SES Water is seen as a reliable and well performing company and the lack of contact customers have with them is seen as a good thing. Customers appear to value its small and local nature and this is seen as positive given the essential services it provides. Ensuring service is personal, swift and clear gives customers a positive feeling towards a company. There is an appetite for more information and greater use of technology, particularly around water efficiency, e.g. smart meters and apps. This is seen as an area, particularly by future customers, that SES Water could progress to provide customers with an enhanced experience. Customers don't want SES Water to fall behind other water companies and are keen to see ambition to improve the service it provides.

1. Water blind customers think little about their water service and simply want a good product, no complaints, good service.
2. Future customers have higher expectations about service and expect fast speed of response, customer to be at the centre, dedicated team on social media channels and a modern, fresh approach. Use of technology and tone of communication is important for this audience.
3. All groups demonstrated positive views of SES Water. There was a general feeling that they are a reliable, local service provider which is valued in a busy 'global' world. Specific feedback highlighted included a user-friendly website, easy moving house process, clear bills (vs energy), good communications, proactive when overpaid, quick to deal with leaks, local call centre, quick to answer phone, provide free devices to customers and offer school visits.
4. The everyday invisibility of SES Water is seen as a good thing. Other utilities stand out for the wrong reasons.
5. The postcards demonstrate a general feeling that customers find SES Water straightforward to deal with, particularly compared to energy and broadband. Not much goes wrong and when it does its dealt with swiftly.
6. Where negative experiences were highlighted they were around the impact of hard water, SES Water being less slick, slow to deal with a moving house request and ignored a meter installation request.
7. When asked about views on the company rebrand the response was generally positive but there were some concerns expressed about whether it represented SES Water modernising/expanding and losing its local focus.
8. Customers value the 'local' nature of SES Water and suggested activities including support of local nature areas, resources for schools, promoting health benefits of water, local community officers to support vulnerable customers and working with deprived communities. Those under 30 had limited connection with the old Sutton and East Surrey brand.
9. A local customer call centre was identified as a 'brilliant basic' while water saving devices, advice and a smart meter/app were all seen as 'blow me away' initiatives.

10. Most customers had no experience of contacting SES Water. Those that did tend to tell positive stories – human contact, not transferred, efficient, happy to call back and good explanations of tariffs.
11. When shown current performance levels for customer satisfaction, SIM and complaints there was concern that they were below industry average (although no understanding how this is measured), the target for complaints was seen as challenging and a feeling that 89% customer satisfaction was not ambitious enough.
12. Pushing customer service beyond what they would expect from an 'ordinary' call centre starts to delight customers.
13. Future customers have high expectations around the use of technology and believe SES Water should be helping customers understand the SES Water home of the future.

Phase two: test and review

Qualitative research results:

1. Customer service came out as the lowest priority overall. It fell from the 5th out of 7 at the start of the workshop to 7th out of 7 by the end with "reducing the impact on the environment" and "reducing leakage" moving ahead of it.
2. Respondents showed a complacent attitude towards the service. The majority of respondents had no previous customer service experience with SES Water and no prior issues with their water supply. There was an agreement that if the water supply was reliable and of an acceptable standard then this would minimise the capacity needed for customer service provisions.
3. When asked to identify new priorities, a number of suggestions were made linked to service including creating an emergency service for engineer call outs, publishing a charter for prioritising faults and repairs to customer satisfaction, providing information on how to reduce water use and good communication and updates.
4. When asked about resilience and ensuring future supply there were some links made to customer service. Of all the scenarios, customers were most willing to accept it taking more than 1 minute for SES Water to answer your call and having to call SES Water 3 times to reach the right person was the 4th most willing to accept. Customers were more willing to accept a sudden interruption of up to 3 hours with prior notification (2nd out of 10) than if they are not given any notification (5 out of 10) – demonstrating the importance of good customer communication.
5. Customers in the co-creative workshop and PACE event were asked to adapt a current customer journey for a water quality issue to meet their needs while the future customer group were asked to develop a customer journey from scratch. The preferred contact methods were largely centred on telephone and online. Vulnerable customers prefer telephone contact while future customers prefer online contact such as web chat and apps, but were still keen to retain an ability to contact over the phone. All agreed that in the situation described it was important to get through and get a response quickly.
6. It was felt that the call should be free and that customer service staff should be based locally or within the UK.
7. Customers didn't want to be passed around but those in the co-creative workshop and future customer workshop were more willing to go through to an automated service to reach the right person the first time. Those in the PACE group preferred to be put through to someone straight away.

8. When asked about customer journeys, in a scenario where there was an issue with water quality, customers expect reassurance and clarification on how serious and widespread the issue is on their first contact. Customer service staff are expected to be helpful, knowledgeable and friendly.
9. The PACE group highlighted positive experiences with organisations such as John Lewis and Waitrose where they dealt directly with a person, were listened to and given a clear explanation.
10. Customers expect to have to provide SES Water with further information about the fault and to carry out their own checks to try to identify the fault. If the fault can't be resolved, customers expect an appointment for an engineer to be booked on the first contact. Future customers highlight the importance of flexibility around customer availability.
11. Respondents expected an engineer to be available immediately but the perception of immediacy varied between hours and a day.
12. Being kept up-to-date was key to customers throughout the journey. They want an option to register for updates and notification ahead of an engineer's arrival as well as confirmation and reassurance that the issues have been fixed and water is safe to drink. Elderly people highlighted the importance of appointment times being kept.
13. Respondents' were asked if they'd be willing to fit a check valve themselves. Overall the response to this was negative with customers concerned they wouldn't do it properly, some preferring it to be done by the engineer and others concerned the elderly wouldn't be able to do it themselves.
14. Upon resolution of the problem all expected to be notified via phone, text, email of post. Future customers expected a detailed report outlining the problem, action taken and steps for future prevention with some expecting this on the day by the engineer.
15. Some customers felt it was unnecessary to provide any additional services to vulnerable customers during a fault or service issue. Those that did highlighted things such as prioritisation for shorter response times, more updates and alternative water supplies.

Willingness to pay (household customers) research results:

1. Local call centre was one of the most influential factors impacting on customer choices (12.24%).
2. If the customer service centre was moved outside the UK customers would expect money back (3.1% reduction in the bill) and if its moved to another part of the UK they would also expect money back (1.4% reduction in the bill).
3. When choosing between different service packages financially vulnerable and younger customers (age 18-34) place less importance on there being a local call centre whereas those customers that say they "think about my water services a fair bit" place more importance.

WRMP stakeholder engagement workshop results:

1. The options chosen in the interactive WRMP exercise included providing homeowners with water efficiency devices, SES Water plumbers installing devices at customers' homes, domestic plumber visits for high users, offer water efficient devices to business customers (self-install) and targeting properties with leaking toilets.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands which included commitments around improving service and increasing first time contact resolution.
2. Business customer's acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact

5 years, 5 pledges consultation responses:

1. We received 21 responses which were broadly in-line with the results of the acceptability testing. There were no specific comments on the level of service or locality on the business.

Small company hall test research results:

1. Awareness that the Company is small and local is quite low – 47% of respondents aware.
2. Key benefits of being served by a smaller local company were seen as better customer service and local knowledge. Negatives were harder for respondents to think of but higher cost was raised by 19 respondents.
3. 82% of respondents supported paying an additional amount (£4 tested) to be served by a small local company primarily because it was perceived to be a better quality service and the additional amount was small.

Talk on Water online community:

1. The animation used for the small company hall test research was embedded in the community and the same questions asked. Of the responses received, all were receptive to paying more to be served by a small, local water company. The main reasons given included:
    a. Much better understanding of local issues
    b. Less bureaucratic
    c. More responsive
    d. £4 a year is a small amount to keep our water company as it is
2. One person said that as a single, low usage occupant, they suffer more when an average figure is used for everyone, rather than based on bill amount, as they pay a higher relative amount
3. As with the rest of the research completed, most customers had not had a need to contact us but if they had it was a generally positive experience with a minority of negative examples
4. One customer highlighted UK Power Networks' priority services register as a good idea that they had signed their mother up to - but were unaware of our equivalent because they had not had a reason to use it

How the findings so far are informing our business plan

We are taking action now to improve customers' experience when they contact us in recognition that the Service Incentive Mechanism (SIM) shows that we are underperforming. Details of the transformation plan have been shared with the CSP previously and updates will be provided. The plan is to be in a better position before 2020 and to then maintain a high level of customer satisfaction against a background of rapidly changing customer expectations.

The transformation plan is aimed not only to address our underperformance on SIM but also to provide the type of service our customers expect and that has been highlighted in the research, e.g. a user-friendly website, ability to self-serve for a range of contacts to compliment the availability of staff on the phone to talk through any queries, knowledgeable and friendly staff, and a move towards digitalising the service and using this digital service to affect behaviour change. We shouldn't forget that the majority of customers have no need to contact us and that the everyday invisibility of us is seen as a good thing.

The research has supported what we already thought – that customers value being served by a local company – and we are not planning on changing that.

Our performance in relation to customer services will be measured through a series of performance commitments:

- C-MeX – a commitment Ofwat is developing to measure customer satisfaction and complaints
- D-Mex – a commitment Ofwat is developing to measure satisfaction of customers that use our new connection related services, e.g. developers
- Measuring first contact resolution so we target ourselves to resolve enquiries and complaints before a customer has the need to get in contact again
- Measuring customer confidence in our ability to provide a reliable supply of high quality water.

References

1. CCWater Water Matters 2016 – household customers' views on their water and sewerage services, 2017
2. UK Customer Satisfaction Index, 2018
3. Discover Water Website
4. Ofwat's Final Methodology for the Price Review PR19, 2017

Business planning and customer evidence – affordability and vulnerability

	Customers and Stakeholders	Regulators	Situational
What we know	• At PR14 customers supported our draft business plan which proposed a 3.8% bill increase (excluding inflation) on the average household bill by 2020. (1) • In our final business plan, we committed to delivering our outcomes without an increase in customer bills above inflation. (1) • The majority of our customers (65%) supported the introduction of a social tariff. 71% of customers accepted the cost to non-eligible customers of £2. • In 2016/17 6.3% of our customers said they were dissatisfied or very dissatisfied with value for money for the services they receive (7.7% year to date). (2) • In 2016 CC Water research showed that 63% of customers agree their bill is fair, 74% think their bill is affordable and 73% believe their water services are good value for money. (7)	• In 2012 Defra issued guidance to companies on the design of a social tariff to support financially vulnerable customers. • Ofwat state that water bills must be affordable for all customers – overall, in the long-term and for those struggling or at risk of struggling to pay. (3) • Expectation that companies will ensure that customers struggling to pay have easy access to assistance. (3) • Expectation that companies make a step-charge in cost efficiency providing scope for lower bills. (3) • Ofwat highlight that better use of data will be important in helping to identify and support customers struggling to pay their bills or who find themselves in vulnerable circumstances. (4) • Expectation that companies will work with other service providers, such as energy companies, to provide customers better outcomes through better use of data. (5) • Ofwat's will assess how companies plan to support customers in	• By the end of 2016/17 we had 5,809 people on our social tariff and this figure has continued to grow. (2) • Bad debt as a percentage of turnover was 0.67% and our management of debt compares favourably to other water companies. (2) • Acorn demographic (purchased data on socio-economic groupings) suggest that 16%of our customers are in some form of financial hardship or deprivation, this equates to ~49,000 customers. • There has been recent media activity raising the profile of debt which has focussed on people in vulnerable circumstances including cancer sufferers and those recently bereaved and how organisations, such as banks have not offered adequate support resulting in serious debt. (8) • The government is rolling out Universal Credit – one monthly payment that replaces some other benefits.

	Customers and Stakeholders	Regulators	Situational
		circumstances that make them vulnerable based on the challenges set in the 2016 vulnerability focus report. (6) • Vulnerability must be covered by companies' performance commitments. (3) • CC Water believe companies should contribute more to social tariff schemes and that performance commitments should be set for affordability and vulnerability. (9)	
What we don't know	• How much customers are prepared to pay for our services and what areas matter most to them. • What additional services and support that we can provide would most benefit vulnerable customers. • Have attitudes to willingness to pay for support to those that are financially vulnerable changed since our prior research.		• What the economic circumstances will be in the coming years and how this will affect our customers' ability to pay. • The long-term impact of Universal Credit.

Customer research

Phase one: listen, learn and inform

In summary, vulnerability is much broader than just being about struggling to pay your bill and we need to consider other factors such as illness, age or experiencing a difficult period of life. Support must also be wider than just help paying the bill. Those that are financial vulnerable often have a range of vulnerabilities and are generally struggling to pay all their bills. There are mixed opinions about the service provided to vulnerable customers, particularly the social tariff.

1. Research with vulnerable customers showed that there is a mix of financial and non-financial vulnerability. Those that are financially vulnerable show an overlap of vulnerabilities including some medical issues with high water need, evidence of chaotic households and struggle to pay all bills. They report not knowing where to start when it comes to addressing their debt and bills.
2. Those that are not financially vulnerable can be organised, financially stable and managing but may experience other difficulties such as deteriorating sight, or high water need due to medical conditions.
3. Overall vulnerable customers' priorities mirror other customers' priorities but some specific initiatives including community representatives, sharing data, large bills and tailored tariffs were identified.
4. Overall customers felt value for money was good, bills were fair and the water bill was identified as the lowest of the utilities.
5. Sense of duty that SES Water could promote better tariffs for those who might benefit such as singles and young couples.
6. The idea of increasing support and presence in the community was supported by those who are vulnerable and others who felt it is important to help those in need. But, not all customers support the social tariff. Concerns exist about qualification criteria and this is inflamed by media coverage of benefit fraud etc.
7. Not all vulnerable customers are aware of the social tariff and what it covers.

Phase two: test and review

Qualitative research results:

1. At the start of the co-creative workshop customers were asked to list their priorities. Keeping bills down was the 4th most important out of 7 (although for water conscious respondents it was 7th). It remained in this position when the exercise was repeated at the end of the workshop.
2. When discussing metering and compulsory metering, those that were cost conscious were less positive, concerned about how much water they use and how much it will cost.
3. Customers also suggested the use of incentives to encourage and reward people who used less, including better rates for families and OAPs.
4. In relation to customer journeys, respondents at the PACE event described previous negative experiences in relation to long waiting times and difficulties with getting through to an advisor. They also highlighted a preference for phone rather than online contact methods and the need for phone calls to be free. They considered it unlikely that elderly customers would use online contact methods.
5. Those at the PACE group also showed a strong preference to be put through directly to a person and not via an automated process. They highlighted the service received at John Lewis and Waitrose and felt it was very responsive and personal. One customer highlighted a previous experience with SES Water which she felt was positive.
6. In the co-creative workshop there was a discussion on additional provisions for vulnerable customers. There were mixed opinions – some feeling it was not necessary to provide additional services to vulnerable customers during a service fault while others felt that they should be prioritised so they don't wait as long and can get more updates and alternative water supplies.
7. When customers at the PACE and Caterham foodbank were asked about the provision of additional services for vulnerable customers many did not automatically identify themselves as being vulnerable.

8. When discussing financial support available with customers at Caterham foodbank all said they were on a SES Water payment plan but they didn't know the details. All had a payment card to top-up each month and all were happy with the provision.
9. Respondents had either set up their payment plans directly with SES Water or via their housing provider. All had direct contact at some point with SES Water and they highlighted the experience as positive with staff being highlighted as helpful and empathetic.
10. Those at Caterham foodbank had generally been informed about the financial support available by third parties and support workers and they had not actively sought out help from SES Water.
11. Respondents who volunteered for Caterham foodbank highlighted the key role third party organisations, such as local authorities and charities, played in ensuring vulnerable customers were provided with the additional support they needed. Volunteers stated that many service users faced embarrassment and anxiety when admitting they needed additional help and accessing additional services through organisations and charities they were familiar with would combat these barriers.
12. Volunteers at Caterham foodbank were unaware of the additional services available through SES Water but stated that financial assistance would be useful to many service users. The organisation currently promotes many third-party programs and additional services, with volunteers stating, they would often hand out additional information in the form of leaflets.
13. The respondents at the PACE group had not experienced difficulties in paying their bill so did not feel this was relevant to them. Some did say they would be happy to contact SES Water if they did require assistance.

Willingness to pay (household customers) research results:

1. Change in annual water bill was the most influential service attributes in driving consumer choices (36.19%).
2. There was difference between the views of financially vulnerable customers and other customers on acceptable price changes
    - 86% of non-vulnerable customers indicate they would accept an increase in their water bill of 1% to pay for improvements. This drops to 52% acceptance for a 9% increase in bills.
    - 75% of financially vulnerable customers indicate they would accept an increase of 1% to pay for improvements. This drops to 39% acceptance for a 9% increase in bills.
3. When choosing different service packages changes to the bill was significantly more important to financially vulnerable customers than non-vulnerable.
4. Customers not on a meter also considered cost to be more important than those on a meter when choosing different service packages.

In-depth expert stakeholder interviews:

1. All are very keen for SES to engage in more partnership working with themselves and their organisations, which they perceive will be mutually beneficial for all.
2. A number of the stakeholders felt that their organisations could be effective intermediaries between SES and customers.
3. The number of customers in vulnerable circumstances is arguably increasing.
4. Expect the relatively small size of SES compared to other larger utilities should mean you are more accessible and personal in your relationships with them as stakeholders.

Talk on Water online community:

1. During discussions on metering, the need to support customers moving from an unmeasured to a measured charge was highlighted. In addition, participants identify that people with genuine affordability issues should be given extra support or tariffs when put on metered charges.

Phase three: seeing the full picture

Acceptability testing results:

1. Encouraging levels of overall acceptability from household customers with 76% accepting the PR19 plan as it stands.
2. 54% of people supported the proposed plan to provide financial assistance to 25,000 customers. The remainder believe we should do less with 19% in support of helping 19,000 people, 9% in support of helping 13,000 people and 18% who believe our current level of service is adequate.
3. Business customers' acceptance of the overall plan was slightly lower with nearly two thirds accepting the plan as its stands. 79% support the service improvements it delivers and 58% accept the bill impact

5 years, 5 pledges consultation responses:

1. We received 21 responses which were broadly in-line with the results of the acceptability testing.
2. There was recognition that increased investment was needed. Comments included: "The cost of the improvements seems to be good value for what is being achieved. The plan overall is well balanced", "The improvements seem achievable and I believe that it is important to invest in services", "Significant improvements are proposed which, if delivered, are worth the extra cost".
3. Some highlighted that they didn't believe increasing costs was acceptable, "The increase in the overall bill is not acceptable. In my opinion water and energy providers should be doing everything in their powers to reduce costs to their customers".
4. The response from the South East Rivers Trust (SERT) called for more ambition on usage reductions and highlighted that some neighbouring companies have already reduced consumption to a much lower level indicating that more could be achieved.
5. A local MP supported the plan to help 25,000 customers.

Vulnerability research and design sprint results:

1. Participants confirmed that awareness of the Helping Hand Scheme is low, but all agreed that the support that was currently offered would be useful to a wide range of vulnerable customers. A key improvement identified was the need to promote this more widely both directly to customers and via third parties.
2. 55% of respondents supported helping 25,000 people in financial hardship. Some respondents (11%) disagreed in principle with customers subsidising the Water Support Scheme but most felt the impact on bills was negligible.
3. The need to have strict eligibility criteria and regular checks was identified to ensure the support only goes to those in genuine need.
4. All agreed that the Company should also be contributing to the scheme.

5. Following discussion most supported a flat supplement on bills rather than the percentage supplement because it was seen as fairer and less likely to penalise high water users.

Vulnerability design sprint and stakeholder interviews:

1. Eligibility – a wider range of customers in situations that make them vulnerable should be eligible for the scheme.
2. Assessment criteria – in receipt of means tested benefits or have a household income less than £16,105.
3. Awareness and promotion – partnerships with local community organisations and others essential, promotion at events and schools, use of social media (Facebook), literature at key locations. Messaging needs to be simple and to the point and not just included on bills. Title of the tariff could change, e.g. Water Bill Discount.
4. Application and assessment – Citizens Advice could play a greater role in the application process. Evidence should be provided upfront for all applications, this would remove the need for audit. Greater clarity needed to explain and simplify joint applications with Thames Water.
5. Application renewal – further segmentation of customers to develop an appropriate renewals process is required.
6. Level of support – need to be more transparent and combine with review of whether customer is metered. More sharing between utilities needed to standardise approach.
7. The results of the design sprint were shared with five local representatives and service users and volunteers at the Caterham foodbank. Similar feedback and messages were received from these individuals.

Talk on Water online community:

1. The animation used for the small company hall test research was embedded in the community and the same questions asked. Of the responses received, all were receptive to paying more to be served by a small, local water company. The main reasons given included:
    a. Much better understanding of local issues
    b. Less bureaucratic
    c. More responsive
    d. £4 a year is a small amount to keep our water company as it is
2. One person said that as a single, low usage occupant, they suffer more when an average figure is used for everyone, rather than based on bill amount, as they pay a higher relative amount
3. One customer highlighted UK Power Networks' priority services register as a good idea that they had signed their mother up to - but were unaware of our equivalent because they had not had a reason to use it

How the findings so far are informing our business plan

We want to ensure that our social tariff is reaching those that are most in need of support. We will use the feedback received from the research we have conducted to modify the design of the Water Support Scheme.

Research shows that customers do accept funding support for those in financial hardship and the majority (54%) supported the proposed plan to support 25,000. However, a further 19% of respondents would support reducing the funding level in order to support 19,000. On the basis of this information and in considering the overall bill level (and its acceptability) and taking into account our current near industry leading performance we intend to reduce the bill impact and aim to provide support to 19,000.

While we offer a range of services to customers in vulnerable situations the research has highlighted the lack of awareness of these services. Following our attendance at the Caterham foodbank we are now in touch with foodbanks across our area and will be using this as a vehicle to share information going forward. We will use what we have learnt to expand on the way we promote services offered. Our performance in relation to the support we provide vulnerable customers will be measured through customer awareness of the support we offer and by measuring how helpful and appropriate the services we offer are.

In addition to our work in relation to the business plan we regularly review the services we offer to customers in vulnerable situations. Recent activity includes:

- Writing to all customers (c. 2,000) currently on our Priority Services Register. This was driven by new consent requirements that the General Data Protection Regulations (GDPR) are bringing in but will provide valuable information that will help us target our services. The customer is requested to fill in a form, call us or request a visit to discuss. We will be arranging visits to customers who do not respond.
- Writing to customers identified as potentially needing extra support by their Housing Association (c. 4,000) who we have recently started billing directly following Housing Associations' decisions to not bill these customers themselves.
- Attending resident's association meetings for those customers we have recently started billing directly as described above.
- Working with the other water companies and energy companies through Water UK to established data sharing for customers in vulnerable situations. This work is developing standardised 'needs codes' and services and would provide for a customer to consent to one utility providing relevant information to another utility to allow for targeted services to be provided.
- Provision of training to those that have contact with customers to help them identify priority services customers and those that may be facing financial hardship.

References

1. SES Water's Final Business Plan for 2015 to 2020, page 12
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5. UKRN Making Better Use of Data: Identifying Customers in Vulnerable Situations, October 2017
6. Ofwat's Vulnerability Focus Report, 2016
7. CCWater Water Matters 2016 – household customers' views on their water and sewerage services, page 12

8. BBC article – In debt with cancer: is you bank listening, July 2017
9. CC Water think piece from Andy White