Long term priorities, outcomes and choices

Customer Research

Final report

August 2023

Customer research on long-term priorities, outcomes and choices

Executive summary

Customer priorities and choices for long-term investment and outcomes

Objectives for the the research

SES Water is currently developing and testing its PR24 business plan within the context of their longer-term 25-year strategic planning.

SES Water has commissioned ICS Consulting to undertake independent customer research to understand customer views on priorities for investment and improvements in service outcomes over the next 25 years. SES Water wish to understand customers' views and priorities for service and performance outcomes and targets, over both 25 years and the next five-year period to support development of the PR24 business plan and long-term delivery strategy.

The specific objectives for the customer research are:

- Identify customers' relative priorities for overall water service key outcomes and build understanding of the factors influencing their preferences
- Focussing on investment areas where customer preferences may have a material impact on SES Water's investment plans over the next 25 years, determine customers' preferred outcomes for each investment area, including the pace and scale of improvements.
- Understand the factors influencing their choices including the impact of potential bill increases and affordability
- Identify any variances in customer preferences and choices between different groupings (segment) such as age, location or socio-economic group.

A collaborative, iterative approach to the project ensured the research delivers insight to support both the PR24 business plan and the LTDS

Approach to the research

The project has five phases – scoping and research design, quantitative customer research (survey for household and non-household customers), analysis and interim reporting to inform ongoing strategic and business planning, qualitative research and final reporting.

Working with key SES Water colleagues, the project was developed using an iterative approach to focus the customer engagement activities in the areas where customer evidence can provide the most support or make the most difference to the PR24 investment plans and longer-term strategic direction.

The customer research concentrates on understanding customer priorities for eleven key service areas which SES Water considers when developing long-term investment plans and five investment areas where customer preferences may have a material influence on the business plan. The five investment areas are carbon net zero, environmental improvements, lead, leakage and smart metering, with investment options selected to test the ambition (scale) of the outcome and/or the pace of investment as appropriate for each investment area.

Customer views on the research

Respondent views on the survey are positive overall, which is encouraging given the complexity of the subject and length of survey. 40% of customers found the survey interesting, with only 14% of respondents considering the survey to be fairly or very difficult to answer.

Customers responded positively to the focus groups, with a high level of engagement and interest in the topic areas.

The sample provides good representation of the SES Water household customer base

631 household customers fully completed the survey, with an additional 50 household customers completing the key water services section.

41% (45%)
London

59% (55%)
Surrey

ABC1 **70%** (62%)
C2DE **30%** (38%)

Socio-Economic Group

45% (54%)
Women

53% (45%)
Men

7% (25%)
Aged 18-34

60% (52%)
Aged 35-64

33% (23%)
Ages 65+

Key: Sample (target based on SES Water Customer base)

The substantial sample of 631 customers completing the survey is a good representation of the SES Water customer base. It has a good mix of rural, urban and suburban locations, occupations, and a balance of genders. Younger customers are under-represented but all findings have been analysed and adjusted for age as appropriate.

Almost a quarter of respondents have children under 18 years living at home with a similar proportion identifying either themselves or someone in their household as vulnerable. 12% of respondents who were willing to provide data have an annual household income of less than £16,500.

A further 25 customers took part in four focus group sessions, involving in-depth discussions.

Key Findings

High quality water is the highest priority of key water services

Simple analysis of the results demonstrates that customers overall ***prioritise high quality drinking water, leakage reduction and ensuring affordable bills*** when selecting their top five priorities for key water services***.***

Helping customers and businesses to reduce their usage, softening the water supply and customer service were consistently recorded as lower priorities for customers.

1. High quality water that looks, tastes and smells good
2. Reduce the amount of water that is lost through leakage
3. Ensure bills are affordable bills for all
4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
5. Maintain existing infrastructure for current and future customers and prevent bursts
6. Improve the environment and have a positive impact on our local area

7= Ensure properties consistently receive good water pressure

7= Prevent interruptions to water supply

9. Continue to provide a high quality service to all our customers
10. Continue to soften the water supply to 80% of our customers
11. Help customers and businesses to reduce their water use

Discussions indicate all service areas are important and linked, particularly to affordability

Customers participating in the focus group sessions largely endorsed the survey findings.

Discussions give insight into the underlying factors influencing customer priorities. Focus group participants consistently link the different service areas together, often with affordability considerations. For example, an expectation that helping customers reduce their water usage would be a higher priority arises from participants linking being careful with water and keeping bills affordable. Unprompted, metering also triggers polarising views based on personal experience and situation, and the potential bill impacts.

Affordability is flagged by all groups as influencing customers' priorities. Customers primarily consider affordability in terms of the impact on them personally rather than the wider community of SES Water's customer base.

Some participants feel that a customer's priorities are likely influenced by personal experience of service delivery. Others consider that the individual's life stage may be a factor, particularly with respect to improving the environment and affordability.

Presented with SES Water's recent performance, some customers did not expect per capita consumption in SES Water to be high compared to other companies. They feel they are careful with water usage whether to reduce waste or cut costs. Customers feel leakage remains a high priority. Despite SES Water's good performance customers are still annoyed over wastage. Leakage also influences their motivation to reduce their own water usage.

Concern about hardness is the highest reported service issue, although 42% of customers surveyed did not report any service problems over the last 5 years.

Key findings

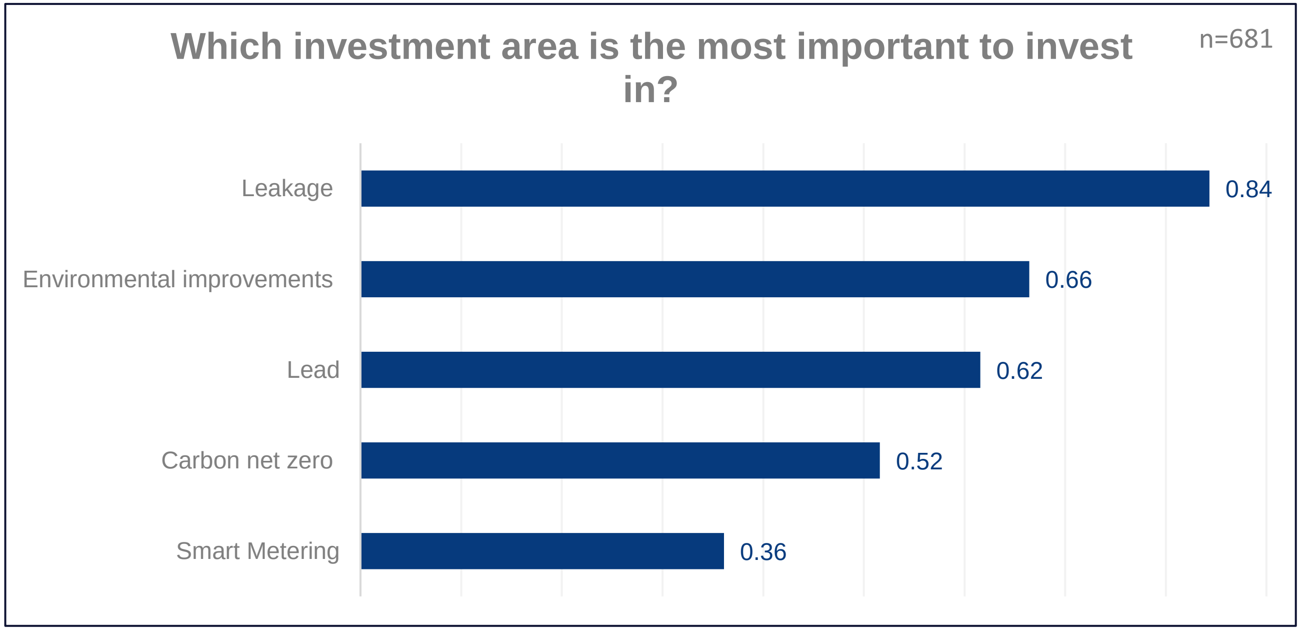
Without knowing bill impacts, of the five investment areas, customers prioritise leakage reduction

Customers rank leakage reduction as the most important area to invest.

Environmental improvements, based on improvements to the local area, rank more highly than Carbon Net Zero, a global environmental issue.

Views on Lead are evenly spread across the priority order.

Most customers do not prioritise investing in smart meters. A clear majority select this as their least important area.



Segmentation analysis shows some differences by age; the older age groups rank leakage reduction higher than the 18-34 years, who show higher levels of support for smart meters. Overall, this only makes marginal differences to the weighted average for leakage (reduces to 0.82) and smart metering (increases to 0.38)

Key findings

Cost and affordability is the main reason for customers' investment choices for all five areas

Leakage reduction

Nearly all customers (91%) feel that investment in leakage reduction over the next 25 years is important, prior to knowing the potential bill impacts. The strength of support for investment increases with age. 53% do not consider that meeting the government target to halve leakage by 2050 is acceptable.

91% of customers place leakage as their highest priority for improvements. When customers were presented with the bill impacts, support reduces to 75% for additional reduction in leakage beyond statutory targets. This support is split regarding the extent of that reduction between faster (by 2040) or reduce further to 60% by 2050.

The focus groups endorsed these findings for leakage reduction.

Environmental Improvements

71% of customers believe that investment in environmental improvements by SES Water is very or somewhat important, prior to knowing the potential bill impacts. Support is strongest amongst both age groups over 35 years but lower for the 18-34 age group.

Overall customers are split 50:50 regarding their awareness of SES Water taking water from underground sources that feed sensitive habitats to be used in supply. Awareness increases significantly with age, rising to 62% for the over 65 years.

Support for investment in environmental improvements is maintained when presented with the bill impacts. 72% of customers support environmental improvements beyond statutory requirements, with support strongest for the greatest level of investment

Key findings

For lower priority investment areas, customers also focus on options that they consider offer a balanced pragmatic approach

Lead pipe removal

Prior to knowing the potential bill impacts, 76% of customers feel investment in removing lead pipes is very or somewhat important over the next 25 years. Support was broadly consistent across age, location and socio-economic groups.

Overall, 66% of customers are aware of lead pipes in water supply, but awareness varies with age, falling to only 31% for the youngest age group (18-34 years).

65% of customers prefer a steady approach to lead pipe replacement over a longer time frame, but do not have a clear preference for either of the two slower options (maintaining the current approach, or increasing to an additional 250 sites every 5 years).

Carbon net zero

64% of customers feel investment in meeting carbon net zero is very or somewhat important over the next 25 years. 86% of customers are aware of the UK Government target to meet carbon net zero by 2050. Awareness amongst customers increases with age.

78% of customers support reaching net zero by 2050, not earlier, of whom 51% opt for investment that achieves statutory obligations to meet net zero by 2050 with a further 27% who support net zero by 2050 but with accelerated reduction in operational emissions by 2030.

Key findings

Customers consistently report that they consider smart meters a low priority for investment

Smart Metering

Customers' views on the importance of investing in smart meters are mixed.

79% of customers support replacing meters with smart meters when required with minimal support for any accelerated replacement of meters. The findings are consistent across different customer groups (age, location and SEG).

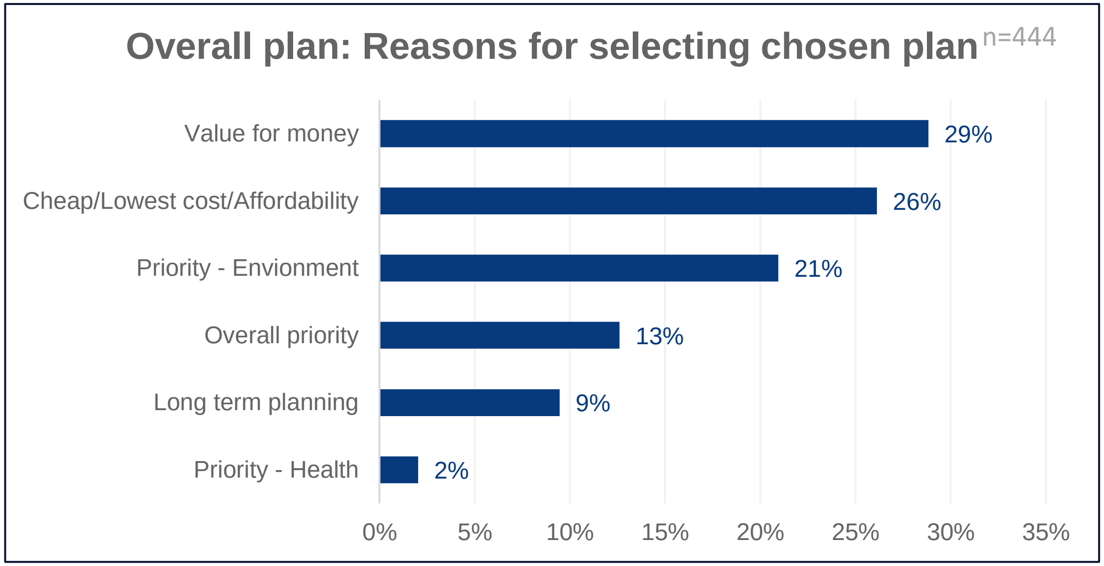
When asked about what factors may drive customers' views, customers cite cost and affordability concerns, low priority for investment, concerns about smart meters, particularly amongst older customers, and wastage.

To understand barriers to smart meters, the focus groups explored attitudes and perceptions. Participants' views on smart meters are more positive than expected but remain mixed. The potential barriers to implementation identified are cost to install and who funds the meter, consequential potential impact on charging and tariffs, disputed benefits of smart meters in supporting customers to reduce water usage and save money, security of the technology and understanding the potential for smart meters to help identify and reduce leakage.

Customer preferences do not change when considering the overall bill impact

Less than 5% of respondents made any change to their preferred investment options when presented with the overall impact of their investment choices on the average customer bill. This, together with the consistency in findings with priorities for investment without financial implications, builds confidence that the research truly reflects customer preferences.

Value for money and cost or affordability are stated as the main reason for selecting their chosen plan by 55% of customers. 21% highlighted the environment as a priority for their plan.



59% of customers pay more attention to the scenario description than bill impact when making choices. When considering bill impacts, 51% of customers pay most attention to the total bill impact over 25 years, with 39% focussing on the bill increase in 2030. The focus changes with age - the younger age group pay more attention to the bill impact over 25 years, with 65+ years concentrating on impact in the first 5 years (bill impact in 2030).

Focus groups participants endorsed the survey finding that 69% of respondents agreed that water bill increases are acceptable if financial assistance is available to protect those who need it.

This comprehensive research programme provides valuable customer insight to inform SES Water's PR24 and long-term planning

This report presents the findings from comprehensive quantitative and qualitative research with SES Water's household customers. It explores their priorities and preferences for key service outcomes and the importance of five key investment areas (carbon net zero, environmental improvements lead, leakage and smart metering) for PR24 and the longer-term, including their choices for investment in terms of the pace and scale of improvements.

Customers have consistent views between their long-term priorities and the key investment areas, both with and without knowledge of the bill impacts. Developing understanding during either the survey or focus group session demonstrates that customers recognise and understand the factors behind the need for investment. They consider both the financial impact upon themselves and others, as well as the improvements in performance when making their choices.

The consistency in findings, both within the survey responses, and between the quantitative and qualitative research programmes, builds confidence that the research truly reflects customer preferences. As such the findings are suitable to inform SES Water as they further develop their PR24 investment plans and the intended direction of travel for their long-term delivery strategy.

Customer research on long-term priorities, outcomes and choices

Section 1
Introduction

Customer priorities and choices for long-term investment and outcomes

Background to the research

SES Water is currently developing and testing its PR24 business plan which will be submitted to Ofwat in October 2023. This five-year business plan for the period 2025 to 2030 is developed within the context of their longer-term 25-year strategic planning.

Ofwat's guidance on long term delivery strategies (LTDS) requires that ambition and strategy should be informed by customer engagement. They expect that engagement should support customers to inform the company's long-term ambition for PR24 and beyond, including the phasing of key investments, by focusing on areas which customers can give meaningful input on.

> "Challenge should focus on important and material or urgent issues which companies should incorporate into their strategies. Engagement should support customers to inform the company's long-term ambition and the phasing of key investments."
>
> Ofwat's PR24 & Beyond: Final Guidance on Long-Term Delivery Strategies

Ofwat's Customer Engagement Policy also recommends that companies' research programmes should be continual, including specific and relevant research for informing business plans and long-term delivery strategies, to enable areas of concern or change to be more easily identified and acted on.

SES Water has commissioned ICS Consulting to undertake independent customer research to understand customer views on priorities for investment and improvements in service outcomes over the next 25 years, set specifically within the context of the next business planning period to 2030. This research supports development of the PR24 business plan and long-term delivery strategy, as part of the SES Water programme of customer research.

Customer priorities and choices for long-term investment and outcomes

Objectives of this research

To further develop its long-term strategy and PR24 business plan, SES Water wish to understand customers' views and priorities for service and performance outcomes and targets, over both 25 years and the next five-year period.

The specific objectives for the customer research are:

- Identify customers' relative priorities for overall water service key outcomes and build understanding of the factors influencing their preferences
- Focussing on investment areas where customer preferences may have a material impact on SES Water's investment plans over the next 25 years, determine customers' preferred outcomes for each investment area, including the pace and scale of improvements.
- Understand the factors influencing their choices including the impact of potential bill increases and affordability
- Identify any variances in customer preferences and choices between different groupings (segment) such as age, location or socio-economic group.

Approach to the research

The project has five phases – scoping and research design, quantitative customer research (survey for household and non-household customers), analysis and interim reporting to inform ongoing strategic and business planning, qualitative research and final reporting.

Structure of the report

This report presents the findings from customer research carried out between May and July 2023 and is structured as follows:

Report Appendices

- **Household customer profile** – Appendix A
- **Quantitative research materials** – Appendix B
- **Qualitative research materials** – Appendix C
- **Qualitative customer profile** – Appendix D
- **Qualitative topic guide** – Appendix E
- **Additional information** – Appendix F

Customer research on long-term priorities, outcomes and choices

Section 2
Research Process

A collaborative, iterative approach to the project ensured the research delivers insight to support both the PR24 business plan and the LTDS

Working with key SES Water colleagues, the project was developed using an iterative approach to focus the customer engagement activities in the areas where customer evidence can provide the most support or make the most difference to the PR24 investment plans and longer-term strategic direction.

The project started with a scoping and research design phase, followed by quantitative customer research. Analysis and interim reporting ensured that the 2nd stage of customer research – qualitative focus groups – focussed on the key areas arising from the quantitative survey results and informed by the ongoing development of the PR24 investment plan.

Scoping and research design

Existing customer evidence, and supporting information such as current service performance, proposed investment plans, key targets, outcomes and challenges, were reviewed to identify the key areas where choices exist that would benefit from customer evidence to inform development of the case for investment.

This review identified the scope of the customer research:

- Understand customer priorities for eleven key service which SES Water considers when developing long-term investment plans. This allows customer priorities to be considered when developing the overall PR24 business plan
- Five investment areas where customer preferences may have a material influence on the business plan, and which involve discretionary investment. The five investment areas are carbon net zero, environmental improvements, lead, leakage and smart metering. The strategic asset planning teams identified the options under consideration for each investment area, and three or four options were selected to test with customers. The options were selected to test the ambition (scale) of the outcome and/or the pace of investment as appropriate for each investment area.

Overview of the customer research project on long-term priorities, outcomes and choices

Scoping & research design

- Identify needs and requirements
- Confirm research areas where customer views may have a material impact
- Design and produce survey materials

Stage 1 – Quantitative survey

- Household customers invited to complete online survey
- Ongoing review of respondents to identify hard to reach customers
- Field researchers used to target hard to reach and vulnerable customers and support them to complete survey
- Non-household customers invited to complete online survey

Analysis and interim reporting

- Initial findings from household customers shared with SES Water to inform ongoing strategic business planning
- Review of findings used to identify research objectives for Stage 2 research, including feedback from SES Water ELT and the Customer Scrutiny Panel

Stage 2 – Qualitative research

- Four online focus groups with household customers
- Research focussed on the key areas identified to build understanding of the survey results and factors influencing customers' views and preferences

Analysis and final reporting

- Consolidation of quantitative and qualitative findings
- Analysis of segmentation between customers to explore patterns and weightings

Stage 1: Quantitative Research approach

The customer research has been designed using a two-stage approach.

Stage 1 – Quantitative Survey

Stage 1 employs a quantitative approach, using an online customer survey for household and non-household customers. The online survey allows a suitable sample size to enable us to understand customer preferences, including differences between different customer groups such as age, location or socio-economic group (SEG).

Prior to launch, the survey and materials were tested through cognitive interviews to ensure customer understanding. Based on feedback some materials were revised and re-tested. All customers gave positive feedback about the approach, demonstrating understanding of the materials presented and able to make informed, considered decisions. The survey was also subject to a soft launch with review after c.100 completions; following review the option to terminate the survey prior to step two (investment areas) was removed.

Household customers were invited to complete the survey via email. For this type of survey, independent survey panel providers would typically be used to allow specific sampling targets based on factors such as SEG, and age. Given the size of the SES customer base, no panel providers were able to meet the required sample size (500 household customers). Instead, all SES customers who had previously consented to be contacted by email were approached. Individual incentives were not provided, instead customers were given the option of entering a prize draw. Customers responded positively with a larger than required sample size achieved.

However, the sample included more older customers and higher SEG, with some targets difficult to achieve. Infield targeting was adopted to address these gaps; researchers facilitated in-person completion of the survey targeting specific customer groups including younger age groups, households with children and those with a C2DE socio-economic classification. A monetary incentive was offered to encourage participation in the fieldwork.

631 household customers fully completed the survey

681 Household customers

631 household customers fully completed the survey
Additional 50 household customers completed the key water services section*

41% (45%)
London

59% (55%)
Surrey

ABC1 **70%** (62%)
C2DE **30%** (38%)

Socio-Economic Group

45% (54%)
Women

53% (45%)
Men

7% (25%)
Aged 18-34

60% (52%)
Aged 35-64

33% (23%)
Ages 65+

London
67% ABC1
33% C2DE

Surrey
72% ABC1
28% C2DE

9% report restricted mobility or disability

5% report restricted mobility or disability in the home

67% have a water meter

Key: Sample (target based on SES Water Customer base)
* Data from the respondents who terminated the survey prior to step two (investment areas) has been included in the priorities for key water services section

The sample provides good representation of the SES Water household customer base

Household Customers

The substantial sample of 631 customers completing the survey is a good representation of the SES Water customer base. It has a good mix of rural, urban and suburban locations, occupations, and a balance of genders.

- 81% are homeowners
- 23% of respondents have children under 18 years living at home
- 23% of respondents identified either themselves or someone in their household was vulnerable
- 12% of respondents who were willing to provide data have an annual household income of less than £16,500
- 14% of respondents who were willing to provide data stated they always or sometimes find it difficult to pay their water bill

Further information is provided in Appendix A.

Whilst targeted sampling using field researchers addressed some of the observed gaps in sampling from the online survey, the sample does under-represent the younger age group (18-34 years) and SEG C2DE. All results have been reviewed to identify any notable differences between customer preferences due to age, socio-economic group (SEG) or location. All findings are presented are unweighted, but where differences are observed weighted findings to reflect the SES customer base are also included.

Difficulties were experienced in engaging with non-household customers for the research

Non-household Customers

The survey was adapted for non-household customers and launched on-line. As for household customers, independent survey panel providers were not able to meet any sample size, and so the same approach was taken with non-household customers contacted directly by email and invited to complete the survey. Incentives in the form of a donation to charity were offered. Unfortunately, the response rate was poor, despite reminders, with only 9 survey completions.

Alternative options were explored by researchers including alternative business data sources (analysis indicated this would likely yield a further 10 completions at best), or alternative options such as in-depth interviews or focus groups. However, all options were significant additional cost for very small, un-representative sample sizes.

Given that non-household customers account for c.15% of water into supply for SES Water, and other larger water-only companies also report difficulties in engaging their business customers in meaningful research, the recommendation was made to stop non-household research for this project.

The Quantitative survey was structured to take customers through complex topics

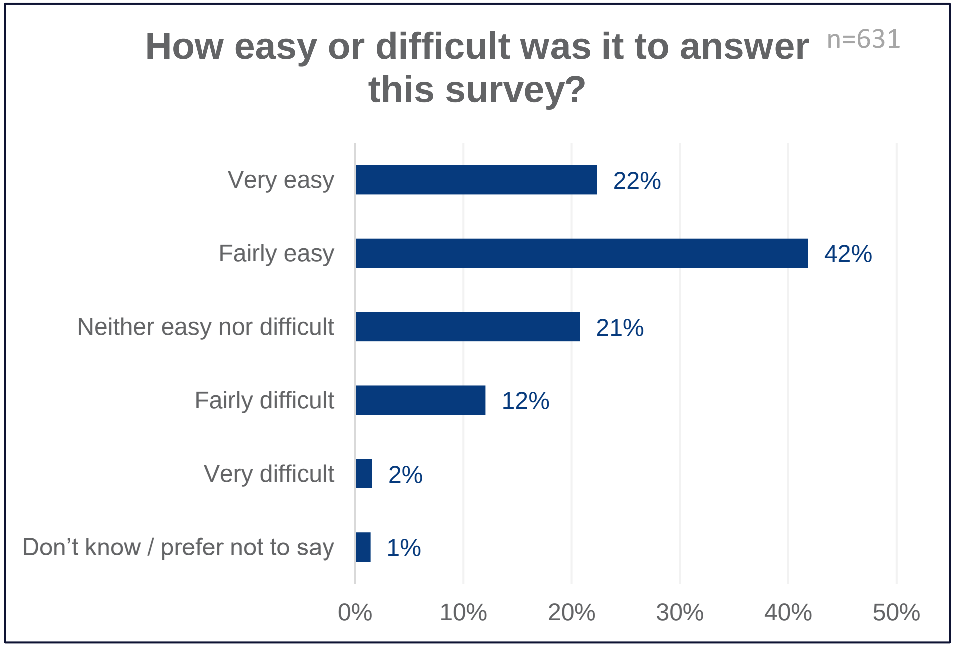
The survey was structured to take customers through the key water services that SES Water provides before focussing on the five investment areas of interest. Background information was provided to build customer understanding through the survey, with the materials designed to be clear and easy to understand; 'hover-overs' were available for those customers wanting further information. The full survey is included in Appendix B

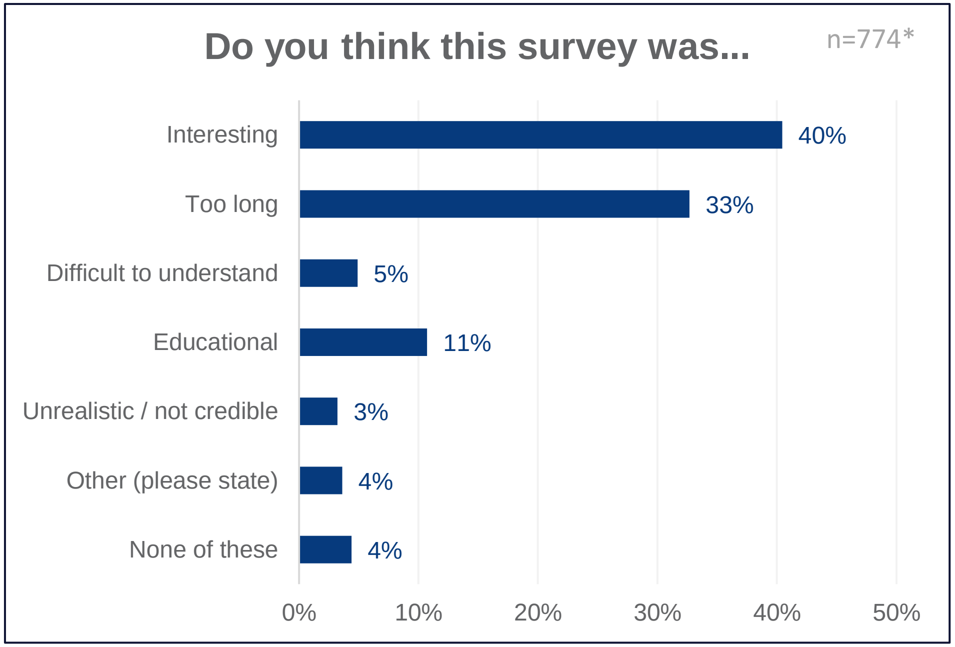
1. Priority services	Customers are introduced to 11 key water services that SES Water considers when developing long-term investment plans. Descriptions are provided for each water service and customers are asked to rank their top 5 of what they believe are the most important or top priority for SES Water to consider.
2. Investment areas	Customers are taken through 5 different investment areas. They are provided with a description of the issue and the benefits and disbenefits of the associated investment. Customers are asked a generic question around the specific area to test understanding and awareness, and then asked to state how important they believe investment in this area to be.
3. Ranking investment areas	All 5 investment areas are shown together, without any financial implications, and customers asked to rank them in order of priority from their "most important" to invest in to their "least important".
4. Bill impacts ('What if?')	Customers consider each of the 5 investment areas in turn. They are presented with a series of investment scenarios, with a description of the proposed investment and outcomes and the associated bill impact for the years 2030 and 2050 together with a total cost over the 25-year period. Customers are asked to select their preferred scenario and state why.
5. Build your own bill	Customers are shown their selected scenarios together indicating a combined "bill" detailing the cost impact of their choices. Customers are asked to review now they can consider the total impact, and to confirm their choices or make changes if preferred.

Respondents are positive about the survey experience

Respondent views on the survey are positive overall, which is encouraging given the complexity of the subject and length of survey. Only 14% of respondents considered the survey to be fairly or very difficult to answer.

40% of customers found the survey interesting, and 11% educational. For this length of survey individual incentives would typically be offered, but this approach could not be employed as independent panel providers were not used. Consequently, 33% considering the survey too long is lower than researchers expected. Less than 8% found it difficult to understand or not credible giving confidence in the findings.





*multiple responses allowed

Stage 2: Qualitative Research approach

Stage 2 research builds understanding of the factors driving customer preferences and choices

Analysis and Interim Reporting

Prior to stage 2 qualitative research, interim findings from the quantitative research were presented to the SES water team, SES Water Executive Leadership Team (ELT) and SES Water's Customer Scrutiny Panel (CSP). This enabled customer views and preferences to be used to inform and support ongoing development of the long-term strategy and PR24 business plan.

Feedback from comprehensive discussions with the ELT and CSP identified those findings that warranted further exploration with customers during the qualitative playback research and were used to confirm the stage 2 research objectives.

Stage 2 Qualitative Research

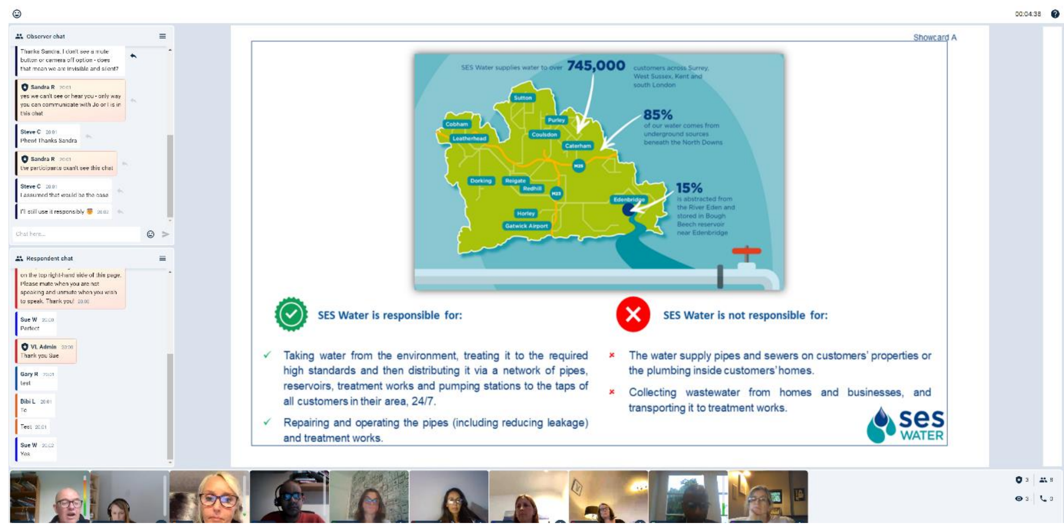
A series of four focus group sessions with household customers shared findings from the survey and allowed further exploration of customer preferences and choices, including the underlying reasons and factors driving views. The agreed research objectives were to:

- Build understanding of customer priorities, including the relative positions of key service outcomes particularly;
  - whether service areas ranked lower are due to current high performance e.g. supply interruptions, low pressure
  - understanding customers' perceptions regarding water availability, efficiency and reductions in usage
- Explore the underlying reasons for customer choices for all investment areas, with specific focus on;
  - carbon net zero, concentrating on the operational glidepath for 2030
  - leakage
  - Smart metering including the link with leakage reduction, and barriers to support amongst customers
- Gather insight into how bill impacts, affordability concerns and the current cost of living crisis impact on customer views.

25 customers took part in online focus groups involving in-depth focussed discussions

SES Water household customers were engaged in four online focus groups which took place in July 2023. The research was implemented online using the Visions Live platform. The online groups support polls and interactive on-screen exercises, to increase engagement and promote discussion. Each focus group was approximately 90 minutes.

The groups were implemented in the same way as conventional in-person focus groups. The online groups were conducted with onscreen video so that all the participants could see each other and the moderators. This allowed them to engage and interact more fully with each other and helped encourage conversation and discussion. It also allowed the moderators to manage the group more effectively by visually monitoring the level of engagement and encouraging those who are quieter to contribute. Group participants were able to use a chat function to share their views and add comments while other participants were speaking, ensuring all could contribute.



As questions were presented, participants were invited to give their direct feedback to questions presented on slides, as well as discuss amongst themselves. All sessions made use of online voting as a way of summarising customer views.

All groups were organised and run by ICS moderators – who are members of the Market Research Society, and thereby adhere to and follow industry standards. The moderators ensure discussions are independent and unbiased; both aspects are extremely important in ensuring a discussion where everyone's views are valid and there are no right or wrong answers.

The Qualitative research followed the same structure as the quantitative survey

Participants were provided with pre-reading to build customer understanding to a similar level as that achieved during the survey. Wherever possible the pre-reading materials were the same as that used in the survey.

The focus groups included two of the exercises used in the survey – prioritisation of key water services and ranking of the five investment areas. This allows researchers to benchmark the focus group participant views against survey findings to account for any differences in views and preferences. See appendix C for all materials.

Pre-reading	To prepare customers for the focus group sessions, pre-reading introduced participants to SES Water, the regulators, business planning, the 11 key service areas and the 5 investment areas under consideration. No bill impacts or investment options were included at this stage.
1. Priority services	Customers are introduced to long term planning and given the context of the session in terms of playback of survey findings. They are introduced to the key water services and complete the same prioritisation exercise. Customers are then shown the survey results including service performance to discuss.
2. Investment areas	Customers are reminded of the investment areas and complete the ranking exercise (prior to knowing any bill impacts). The investment area priority ranking results are then shared to discuss and influencing factors.
3. Bill impacts ('What if?')	Customers consider 3 of the 5 investment areas in turn (Carbon Net Zero, Leakage, Smart Metering). They are presented with the same investment scenarios, including a description of the proposed investment and outcomes and the associated bill impact. Customer choices from the survey are shared and discussed. Perceptions and barriers to smart meters are also considered.
4. Affordability	Finally, customers consider the more general aspects of bill impacts, affordability and the current cost of living and how these factors influence customer priorities and choices. Moderators also explored whether participants had been influenced by information and others' views shared within the session.

Customers responded positively to the focus groups and actively engaged in the exercises and discussions

ICS

In total, 25 participants were involved in the in-depth discussions. Groups involved a cross section of SES customers split by age with 18-45 years and those 46+ in different groups as well as a London and Surrey split. All groups were of a mixed socio-economic background. All customers were responsible for their water and sewerage bill.

Participant feedback on the sessions was positive, with a high level of engagement and interest in the topic areas.

25* Household customers

48% (45%)
London

52% (55%)
Surrey

ABC1 **56%** (62%)
C2DE **44%** (38%)

Socio-Economic Group

56% (54%)
Women

44% (45%)
Men

56% (42%)
Aged 18-45

44% (58%)
Aged 46+

London
50% ABC1
50% C2DE

Surrey
62% ABC1
38% C2DE

72% have a water meter

Key: Sample (target based on SES Water Customer base)
* 1 additional customer took part in the initial stages and polls but technology issues prevented further participation.

Analysis of both stages of the research builds understanding of customer preferences and the factors influencing their views and choices

Analysis and final reporting

The final stage for the project is analysis and final reporting. This report presents the findings from customer research carried out between May and July 2023.

Building on the interim findings, all results from the quantitative research have been reviewed to identify any notable differences between customer preferences by segment (age, socio-economic group (SEG) or location). All findings are presented as unweighted, but where differences are observed weighted findings to reflect the SES customer base and any research observations and patterns are also included.

Given the very small number of completed non-household surveys, no results are included. The survey responses have been reviewed but no clear differences identified between non-household and household findings.

Findings from stage 2, qualitative research, are not presented separately. The qualitative research has been analysed and assessed within the context of the quantitative findings. The research findings are consolidated to present the overall insight into customer preferences, priorities and choices both for PR24 and the longer-term for key service outcomes and the five investment areas – carbon net zero, environmental improvements, lead, leakage, and smart metering.

Customer research on long-term priorities, outcomes and choices

Section 3: Key Findings

Service Priorities

Research approach

Customer priorities for key water services

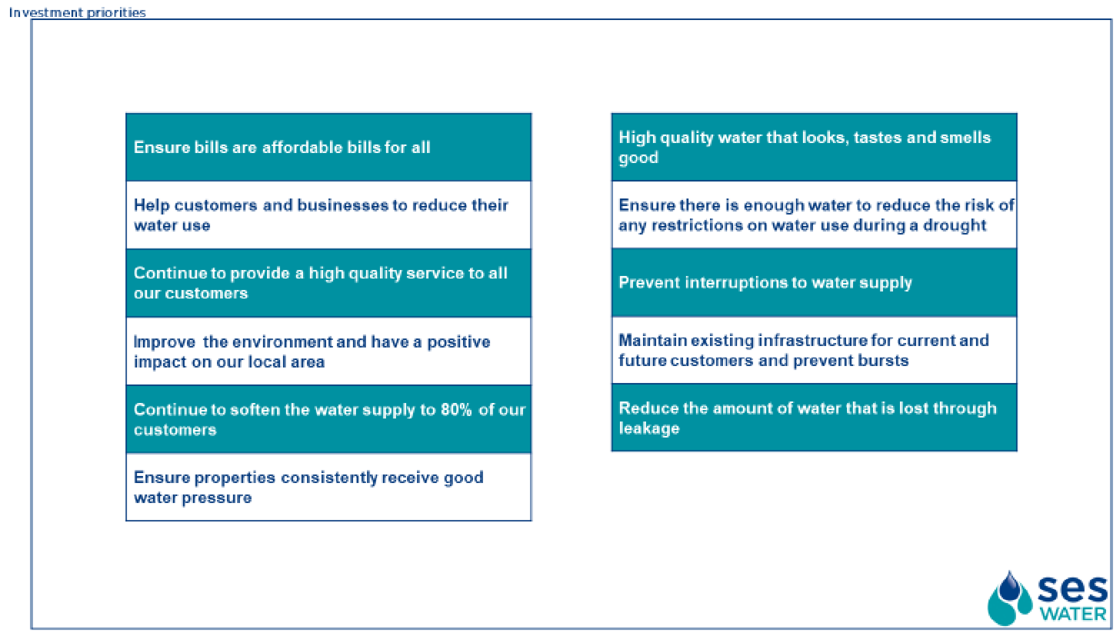
1. Priority services

Customers are introduced to 11 key water services that SES Water considers when developing long-term investment plans. Descriptions are provided for each water service and customers are asked to rank their top 5 of what they believe are the most important or top priority for SES Water to consider.

To inform the overall long-term strategic plan, customers are asked to select their priorities for investment.

Good practice indicates that customers can typically rank up to a maximum of 7 objects. Therefore, respondents are asked to select their top 5 priorities (ranked from 1 to 5) from the list of eleven key service outcomes presented. A description was available by hovering over.

Customers were asked to consider the key water services considering themselves, their household and their community in the future. The survey recognised that SES Water consider all to be important.



Key Findings

High quality water is the highest priority of key water services

Simple analysis of the results demonstrates that customers overall ***prioritise high quality drinking water, leakage reduction and ensuring affordable bills*** when selecting their top five priorities for key water services***.***

Helping customers and businesses to reduce their usage, softening the water supply and customer service were consistently recorded as lower priorities for customers

1. High quality water that looks, tastes and smells good
2. Reduce the amount of water that is lost through leakage
3. Ensure bills are affordable bills for all
4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
5. Maintain existing infrastructure for current and future customers and prevent bursts
6. Improve the environment and have a positive impact on our local area

7= Ensure properties consistently receive good water pressure

7= Prevent interruptions to water supply

9. Continue to provide a high quality service to all our customers
10. Continue to soften the water supply to 80% of our customers
11. Help customers and businesses to reduce their water use

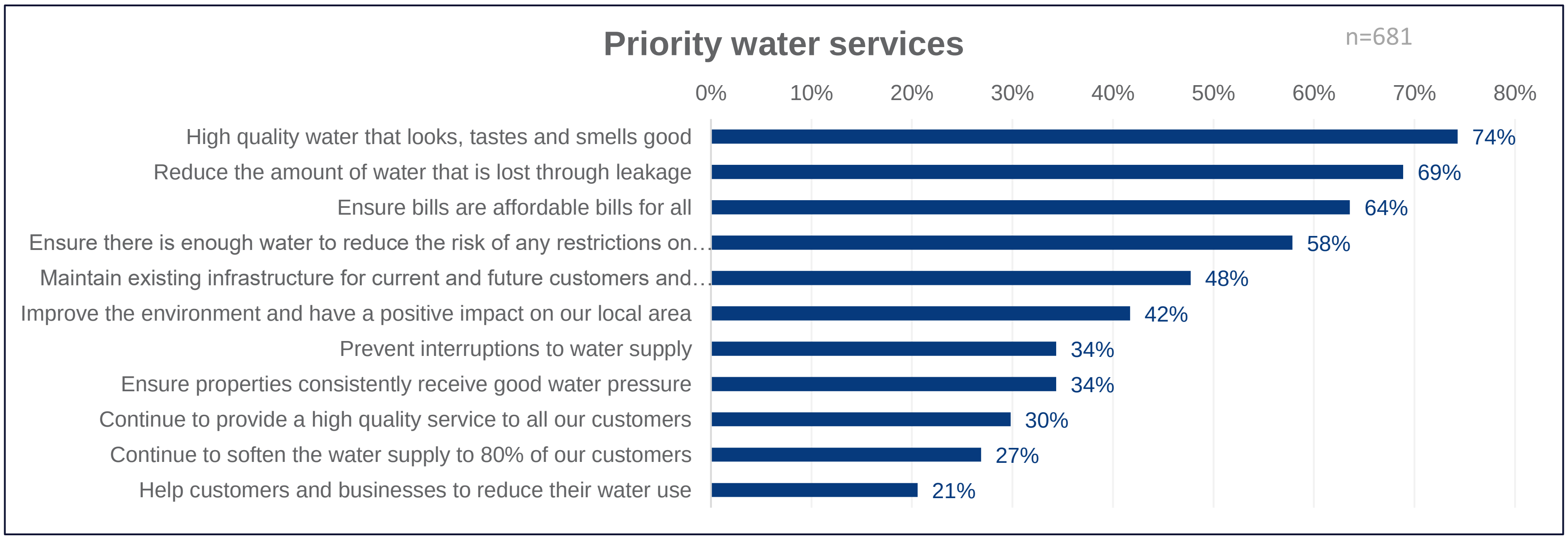
Key Findings

The majority of customers support the top three priorities for key water services

When selecting their top five priorities for investment in key water services

- ***74%*** of household customers selected ***high quality water*** as one of their priorities
- ***69%*** selected reducing the amount of water lost through ***leakage***
- ***64%*** selected ensuring bills are ***affordable for all***

Less than a third of customers selected helping reduce water usage, water softening and customer services as one of their top five priorities.



Graph shows the percentage of respondents who selected the service area in their top 5 (percentages add to 500%)

Key Findings

Customer priorities vary by age particularly for the youngest age group (18-34 years)

Whilst neither location nor SEG had any impact on customer priorities, analysis by age did show some variance.

- **High quality water** is prioritised either first or second for all age groups
- The priority of **affordable bills** drops as age increases with 80% of 18-34 years selecting it in their top five, compared with 68% of 35-64 years and 52% of 65+ years.
- The priority of **improving the environment** also drops as age increases with 51% of 18-34 years selecting it in their top five (3rd priority), compared with 46% of 35-64 years (6th) and only 32% of 65+ years (8th), though the variance is less.
- In contrast **reducing leakage** gained strong support from 65+ years and 35-64 years (prioritised first and second respectively) but was a lower priority for 18-34 years at 7th overall. Similarly, the two older age groups prioritised **ensuring there is enough water to prevent restrictions** in the top four, whereas 18-34 years ranked it 8th.
- Both 65+ years and 35-64 years prioritised **maintain existing infrastructure** as 5th, whereas 18-34 years placed it 10th.
- Only one in five customers selected **helping customers and business to reduce their water usage**, consistent across all age groups.

Customer priorities from the survey were endorsed by the qualitative research

In order to benchmark their views against the survey respondents, the focus group participants completed the same prioritisation exercise for key water service areas as was included in the main survey.

With a few variances, customer priorities align providing confidence that the focus group discussions identifying the factors driving priorities are likely to reflect the wider customer base. The service areas with variability – affordable bills, maintaining the existing infrastructure – also showed some of the greatest variability between different age groups in the survey.

The exception is interruptions to supply which showed little variability in the survey findings but was prioritised higher by the focus group participants. Discussions indicated a higher proportion of focus group customers had experienced supply interruptions or low pressure than reported by the survey respondents.

Qual (n=24)	Quantitative survey (n=681)
1	1. High quality water that looks, tastes and smells good
2	2. Reduce the amount of water that is lost through leakage
7	3. Ensure bills are affordable bills for all
3	4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
8=	5. Maintain existing infrastructure for current and future customers and prevent bursts
5	6. Improve the environment and have a positive impact on our local area
6	7= Ensure properties consistently receive good water pressure
4	7= Prevent interruptions to water supply
8=	9. Continue to provide a high quality service to all our customers
11	10. Continue to soften the water supply to 80% of our customers
10	11. Help customers and businesses to reduce their water use

Participants gave a range of reasons for their priorities

Customers were asked to briefly share the reasons for their priorities, prior to sharing the survey findings.

"It sounds like I'm obsessed with the leakage, but I was just shocked at the pre-reading, you know, two thirds of the water that was lost is lost in the SES pipes. So I thought that was something they could focus on."
Male, C2DE, 18-45

"I think it was just that the previous ones [high quality water and improving the environment], were more important than [leakage ranked 4th]."
Female, ABC1, 18-45

"I thought the other options were more important, in terms of better quality water, it should taste okay, and the affordability of the water bill. I recognise [leakage] as an important aspect but it's just lower down to the others."
Male, ABC1, 18-45

"I just think everyone could be mindful of how much water they use and it could really make a difference – especially businesses, as they can be really careless with their water use."
Female, C2DE, 18-45

"I still think [interruptions to supply] is quite important. I just thought out of the five that was down the list a bit."
Female, C2DE, 18-45

Discussions indicate all service areas are important and linked, particularly to affordability

1	High quality water
	Leakage
2	Enough water to reduce risk of restrictions during drought
	Ensure bills are affordable bills for all
3	Maintain existing infrastructure
	Improve the environment
4	Good water pressure
	Prevent interruptions to supply
5	Soften the water supply to 80% of customers
	High quality service to all our customers
6	Help customers and businesses to reduce water use

Service area descriptions shortened for reporting.

When presented with customers' priorities from the quantitative research, some participants expressed surprise that water quality is a top priority, since they consider it to be a given. Consistent with their own ranking, participants in the focus groups expect interruptions to supply to be a higher priority.

All groups expect that high quality customer service and helping customers and businesses to reduce their usage would be a higher priority. This contrasts with their own prioritisation which also places these service areas as lowest priority, indicating that customers do consider all eleven service areas to be important.

Focus group participants consistently link the different service areas together, often with affordability considerations. For example, the expectation that helping customers reduce their water usage would be a higher priority arises from participants linking being careful with water and keeping bills affordable. This link and expectation of higher priority for reducing water usage however may have been influenced by earlier discussions in the sessions concerning water availability and reducing personal water usage. Unprompted, metering also triggers polarising views based on personal experience and situation, and the potential bill impacts.

Some participants feel that a customer's priorities are likely influenced by personal experience of service delivery. Others consider that the individual's life stage may be a factor, particularly with respect to improving the environment and affordability.

Affordability is flagged by all groups as influencing customers' priorities, despite ranking affordable bills for all 7th themselves. This may indicate customers' vote is more focussed on their personal situation, but changes when considering other customers.

- High quality water
- Leakage
- Enough water to reduce risk of restrictions during drought
- Ensure bills are affordable bills for all
- Maintain existing infrastructure
- Improve the environment
- Good water pressure
- Prevent interruptions to supply
- Soften the water supply to 80% of customers
- High quality service to all our customers
- Help customers and businesses to reduce water use

"High quality water, I wouldn't have thought that was number 1, because I've always thought of the water to be safe to drink. I don't know about looks and smells. I didn't know water smells."
Female, C2DE, 46+

"For me, if I'd have thought about it 10 years ago, but now that I have a family and I'm in a community, my thought is actually that [the environment] is really important that we look after our area…. I think it's a personal thing and about demographics."
Female, ABC1, 18-45

"I think the older you get, the more you start to think about the environment."
Male, C2DE, 18-45

"Not thinking about the environment; thinking about what's good for them, such as the bills. That's my understanding, it's the priorities for themselves rather than for the environment….. but if I'm thinking about the future, the environment should be higher up."
Female, C2DE, 46+

"I thought the water bill was the most reasonable out of all my utility and monthly bills."
Female, ABC1, 18-45

"With the cost-of-living crisis and when all the other bills are going up due to inflation, it's really important that as a water utility, which is a necessity, we shouldn't be exorbitantly priced."
Male, C2DE, 18-45

"I've never had an issue with the quality or taste of the water, so that wouldn't be my priority. I live in a village with constant leaks and SES water try to reconnect supplies, so that for me would be higher up the priority list, replacing the old pipes."
Female, ABC1, 18-45

"I'm a bit surprised at how low prevent interruptions to water supply…If I ended up without water supply at my property I wouldn't be too happy."
Male, ABC1, 46+

"There's nothing worse than losing your water and not being able to wash and have clean clothes."
Male, C2DE, 46+

"I assumed high quality service to all customers would be higher, because if I had an issue, I'd want them to be quite on it."
Male, ABC1, 18-45

Help customers and businesses to reduce water use

"I thought helping customers and businesses to reduce their water use would be a higher priority. Because we've said there is enough water if we don't use too much, so I thought they'd want everyone to reduce their water usage."

Female, ABC1, 18-45

"I think if you help customers reduce water, that should reduce the amount of water wasted."

Male, C2DE, 46+

"I was surprised at [helping customers to reduce water use] because to me that reduction in water use would help people ensure their bills are affordable. I would have thought that comes together."

Female, C2DE, 46+

"I'm surprised at how high number [water quality] was, and I was surprised at how [helping customers to reduce water use] is at the bottom, because I think there is a lot of ignorance around reducing water use. I've got a smart meter for my electricity and it's been amazing, a great insight to me, so I thought, you know, helping customers and business to reduce their water use would be slightly higher.."

Female, C2DE, 46+

"I think that especially big businesses, if they were reducing their water usage then there would be more for everybody else, for normal people basically, and it would keep the bills at a level.."

Female, ABC1, 46+

"I think [helping customers to reduce water use] is too far down the list. I think perhaps there should be more indication and incentivising to customers and business to reduce – and not necessarily with water meters, I suspect you're going to come on to that later – but I think certainly big businesses in the area where I live, I would imagine, can really reduce their water consumption."

Female, ABC1, 46+

"I'm the odd one out and I'm not surprised by it, because we've had so much press about reducing water, how to do it and everything, that I'm actually not that surprised by it, and I think businesses as well will also have government targets to reduce water consumption, for utilities and wastage, so I know there's a big focus on that anyway. So I don't agree with everybody else."

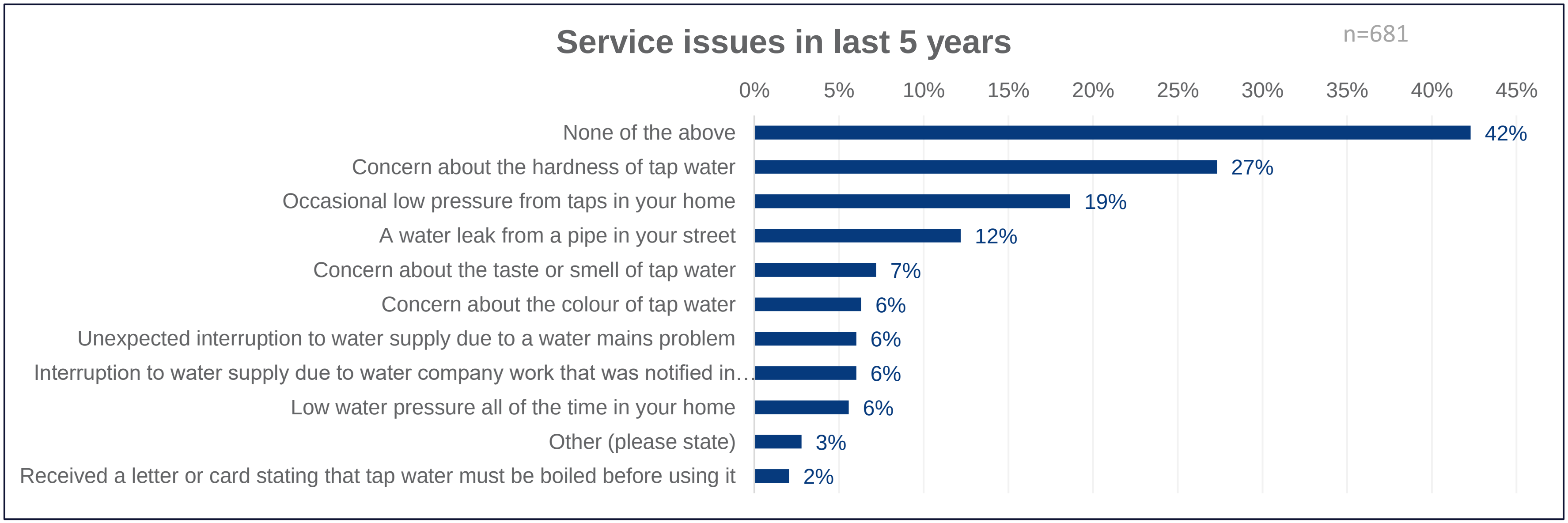
Female, ABC1, 46+

Key Findings

42% of customers surveyed did not report any service problems over the last 5 years

Concern about hardness is the highest reported service issue. Of the 27% of customers who reported an issue during the survey, 60% went on to select water softening in their top 5 priorities.

The overall level of service issues reported are lower than expected, and so were tested further during the qualitative research to better understand the extent to which personal experience influences customers' service priorities.



Customers in the focus groups report a slightly higher rate of service problems than survey respondents

Although still a low number, participants in the focus groups did report slightly more service problems overall. Discussions indicated that personal experience does influence priorities, with those participants citing problems typically ranking the service area as a higher priority, even though they were asked to consider their community as well as their household.

"No problems at all."

Male, ABC1, 18-45

"I'm very surprised that the people who experience none of those things listed is as high as 42%, I would have thought someone would have experienced at least one of them."

Male, ABC1, 46+

"I've had concerns about quite a few of them, the hardness of the water, occasional low pressure, water leaks from the pipe in the street, colour of the tap water and interruptions to water supply due to work they were doing in advance."

Female, C2DE, 46+

"There is actually a leak around the corner from here and you can see it's been there for a couple of days now. And hardness of water is horrific in this area. I had to keep descaling my kettle all the time."

Female, ABC1, 46+

"I've had problems with the pressure of the water, so for instance I have a sprinkler and sometimes the sprinkler just doesn't work at all, there's not enough pressure in the water, that's been one of my issues... I haven't been affected by any of the rest."

Male, ABC1, 46+

"There have been several big leaks in our village where half of the village was cut off from water, perhaps from 6 to 8 hours, and the frustrating thing is that you see the water fountaining out the ground and there is no one round to sort it out. They put their bollards up and the SES signs say that they are looking into it, but you see it all coming out of the ground and you think, who is paying for that water, coming out of the ground."

Female, ABC1, 18-45

Participants support the idea that customer priorities are largely driven by personal experience

Discussing the factors driving priorities, customers typically focus on personal experience. All groups express the view that experiencing issues in the past would influence customers' priorities.

Some participants feel the influence goes further, with customers impacted by not getting what they have paid for.

"I have worked with a lot of people with medical equipment who need water and that kind of thing, and professionally have seen that interruptions would be a big issue, so I think it is very important."

Male, C2DE, 18-45

"I think if you have a bad personal experience with things, you will take that to heart. If you have a water leak and get a £500 bill that's nothing to do with you, you want that sorted as soon as possible."

Male, C2DE, 18-45

"I think it would have affected their priorities. For me I'm a very happy customer so it doesn't apply to me – I've been very blessed. But if you have had problems you probably won't focus on what is best for the environment."

Female, C2DE, 46+

"If you go through things with low water pressure and things like that, which other people will not see, it s a big deal."

Male, C2DE, 18-45

"if there have been quite high incidence of certain things, they will have felt that they weren't getting value for money, and therefore that being higher up on the priority list, bills being affordable, would be probably quite a major concern."

Female, ABC1, 46+

"Looking at the 27% who are concerned about the hardness of their tap water, one would assume that those people are keen on the priority of softening water"

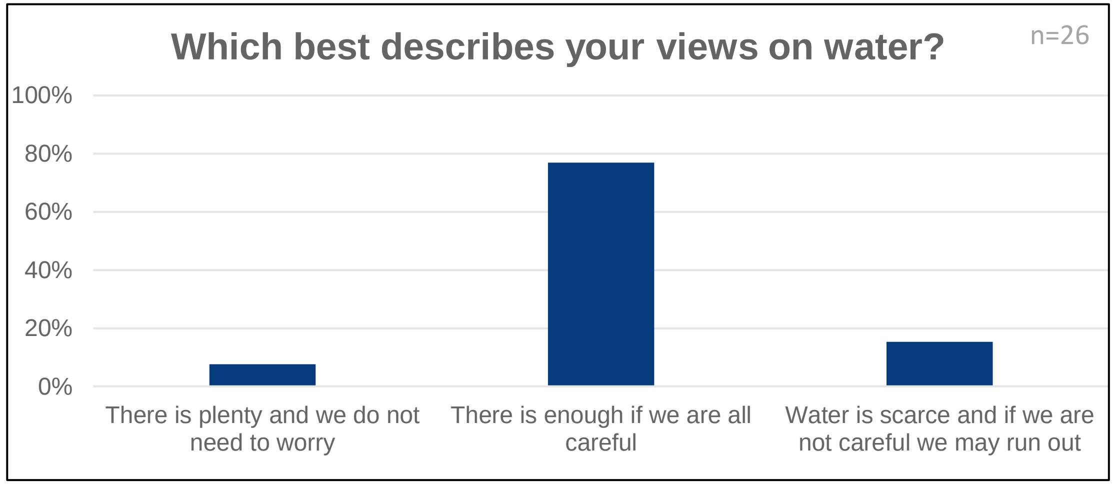
Male, ABC1, 46+

Service Priorities: Customer views on water usage

Most customers believe there is enough water if everyone is careful

Most customers voted that they feel there is enough water as long as we are all careful in a focus group poll.

Discussions indicated an increased awareness of the potential for water shortages following recent media coverage around hosepipe bans and prolonged dry periods. However, some customers show some scepticism of the media, wondering if there is a degree of exaggeration over the issue.



"I remember reading somewhere in a newspaper article that the south east has a big water problem, and the summers are becoming drier and drier and the demand for water is increasing. So it's a very scarce resource nowadays"

Male, ABC1, 18-45

"I just think whenever we have hot weather, droughts come in. I don't know if we over panic but in the media it makes us panic that water is scarce, especially in hot weather"

Female, C2DE, 46+

"Yeah, I feel like there is plenty of water around, I've never had to stop using water myself, so it just seems that there is a lot of water"

Male, ABC1, 18-45

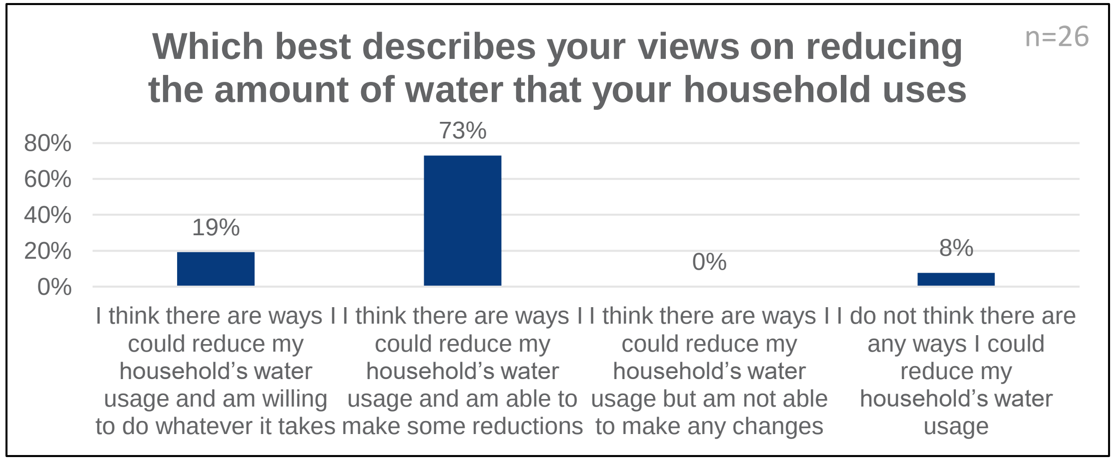
"If we can moderate the amount of water we use,… we should be alright, but the fact that we have to have the hosepipe bans themselves, I don't know whether it's the media, but it makes you believe there is not enough going around, so we have to be careful about what we use"

Male, C2DE, 18-45

Customers consider they are able to reduce their water use but lack motivation

Nearly all customers in the focus groups feel there are ways they could reduce their water usage and are able to make the changes.

Discussions tended to focus on the reasons or barriers that prevent customers from reducing their usage. Most customers recognise they could do more but are either stopped by their personal preferences, or because they are not aware, or mindful, of their usage on a daily basis.



> “If I’m really honest, what’s stopping me is watering my garden, enjoying a bath instead of a shower – and it’s selfish, I’m aware of that.”
>
> Female, ABC1, 46+

> “There are probably some ways I could reduce my water, just being a bit more mindful I guess. Not letting the kids aimlessly run the taps, that sort of thing.”
>
> Female, ABC1, 18-45

> “I’m quite often using my washing machine – and probably not always on a full load. I’ve been used to this way of living, and changing it takes a bit of effort and I’m just not in the mindset to do it”
>
> Female, ABC1, 46+

> “I have two teenage children who … do waste water when they are running the tap to do their teeth and running the water to do their hair….it’s stuff like that, perhaps, policing them, and I can be guilty of that sometimes”
>
> Male, C2DE, 46+

> “I think it’s just a case of a bit more effort, and it’s not that I’m not aware of how to reduce water wastage, because I’ve been with SES quite a few years now and you’re really made aware that you can get these things for taps… it’s just a case of putting it in and using it.”
>
> Female, ABC1, 46+

Customers are surprised that per capita consumption in SES Water is higher than in other areas

Priority	Compared to other water companies, SES Water performance* is
High quality water that looks, tastes and smells good	Top 3 of water companies
Reduce the amount of water that is lost through leakage	Top 3 of water companies
Ensure properties consistently receive good water pressure	Approx. average performance
Prevent interruptions to water supply	Top 3 of water companies
Continue to provide a high quality service to all our customers	Below average for customer experience**
Help customers and businesses to reduce their water use	Above average water usage per person (SES customers use 6% more than the average customer)

* Based on 2021/22 performance data

**Customer Measure of Experience (C-MeX)

Presented with SES Water's recent performance, some customers did not expect per capita consumption in SES Water to be high compared to other companies. They feel they are careful with water usage whether to reduce waste or cut costs. Most groups also connect high water usage with a lack of water meters or awareness.

Despite above average usage, some customers do not consider it is SES Water's responsibility to help customers reduce usage, viewing it as common sense or advice that should come from elsewhere. A few participants referenced dissatisfaction with water saving devices.

Customers feel leakage remains a high priority, despite SES Water's good performance, assuming customers are still annoyed over wastage. Leakage also influences their motivation to reduce usage.

Some customers are also surprised that customer service performance was below average.

"I don't quite understand how we can be doing very well in those top 3 but then come out below average for the customer experience."

Female, ABC1, 46+

"Surprised below average for customer service, is this because a lot of us don't have issues and needed to contact them?"

Female, ABC1, 18-45

"I think people get annoyed because they'll say there is a hose pipe ban but when so much water is getting wasted anyway, even though they are quite good at not wasting water, I think people get annoyed about that."

Male, C2DE, 18-45

"[Leakage] shocked me the most. That 13% was lost ..... [SES Water] is within the top three which seems like a good thing, but it seems high to me."

Male, C2DE, 18-45

Customers' knowledge of their own water usage varies

Some customers are generally unaware of their water usage often making the link between awareness and having water meters.

"Are there less of us on water meters in SES than the other water companies, and they are more careful?"

Female, ABC1, 18-45

"A lot of customers don't know that they are using more than others – if they were to know that, how their reliability in terms of the future supply of water would be affected, they would do a lot more. So I think awareness has a big role to play in that"

Male, ABC1, 18-45

Other customers believe their water usage is reasonable. Some consider their usage is lower than the average household within the SES Water area through positive actions of their own or due to the current pressures on cost of living.

"my water usage is much lower than your average household, but is it your average household in this particular area compared to somewhere higher, because I wouldn't have known that stat until you showed it to me"

Female, ABC1, 18-45

"I am quite conscious that I feel like I'm using quite a lot when I don't have to be, but we always seem to be quite a good bit lower than what they say is average for our household. So I think it's interesting that [SES Water] we're not one of the better ones"

Female, ABC1, 18-45

"I think a lot of people take water for granted… I'm having a shower in the gym every morning instead of a bath every night, just to cut the costs. But it's not something I really thought about before, and to be honest it's not really about saving water, it's about saving money"

Female, ABC1, 46+

"We stopped having baths, not because I thought of the water saving issues, but because of the heating and hot water costs that were going up. It didn't really occur to me about the water, but it did occur about the heating and the costs of electricity and gas prices."

Female, C2DE, 46+

Customers have different opinions on who should take responsibility for reducing water usage

Customer views are mixed when it comes to who's responsibility it is to save water and also provide guidance to customers, highlighting different approaches, organisations and communication methods. Customers referenced using common sense to reduce water but also the onus on SES Water to reduce leakage before encouraging customers to do their part.

"[SES Water] have already done everything they can do. When I was at school, they would tell you how to save water and give you things to reduce flow and stuff. I don't see how you can do anything more really. We might just have high usage for a reason. Maybe people have more gardens or hotter summers down south compared to up north, that kind of thing"

Male, C2DE, 18-45

"People do get advice on how to reduce their water usage from a number of sources, for example Martin Lewis, the money saving expert, provides hints and guidance on that. So it's not just on the water company. I think it should be both, it should be a variety. Certainly it's the responsibility of the water company to help, but you don't depend on them alone"

Male, ABC1, 46+

"I had somebody round to give water saving advice, and he gave me an egg timer to say how long you've been in the shower and he gave me a thing to put in my toilet which caused the toilet to malfunction so it had to come out. And that was it! And he was here for quite a while and I just thought...is that where the money's going? Why was that necessary, I mean that can be done on an online video. ....I think a lot of people just thought well if you're going to allow loads of leakage, why should we- what's the point in the 4 minute timer?"

Female, C2DE, 46+

Participants feel that customers need to be incentivised to reduce water usage, either individually or by SES Water 'playing its part'

Some customers feel the onus is on SES Water to reduce leakage before encouraging customers to reduce their usage.

"it's not SES's responsibility to tell me how to use my common sense. It's good to make people aware of how you could be inadvertently wasting, but for me it shouldn't necessarily be one of their priorities, because for me they should be focusing on how they waste less, because we should be doing our bit anyway"

Female, ABC1, 18-45

"There is only so much they can advise from their level when it comes down to what you're using personally. You shouldn't be made to feel like bad for what you're doing if they are not practising what their preaching with water"

Male, C2DE, 18-45

Other customers consider that incentives are required to drive attitudinal change to water usage.

"I'm thinking that it should be obvious to everybody that it's better for our planet if we are all saving water, but I think on an individual level if people aren't incentivised to save water, I suspect that many of them won't bother"

Male, ABC1, 46+

"well, possibly something financial [would make customers use less water]. I know someone's already mentioned a water meter, I know if I had a water meter fitted, I'd make sure that I'm using less water. Not that I want a water meter fitted!"

Male, ABC1, 46+

ICS

Customer research on long-term priorities, outcomes and choices

Section 4: Key Findings

Investment Areas

Introduction

Five investment areas were explored with customers during the research. These were identified through discussions with SES Water as investment areas where customer preferences may have a material influence on the business plan, and typically involve discretionary, non-statutory, investment.

- Leakage
- Smart Metering
- Lead
- Environmental Improvements
- Carbon net zero

SES Water provided a selection of programmes for each of the investment areas. These programmes represented differing levels of investment which delivered varying levels of service in terms of scale or pace of improvements. The different investment levels were translated into customer friendly language and bill impacts for the average annual bill were calculated for the years 2030, 2050 and a total cost over 25 years. Bill impacts are shown without inflation.

Through previous experience and confirmed through feedback from the cognitive interviews, it is evident that customer preferences regarding the type and form of information presented varies, particularly when asking customers to reflect on complex issues such as investment plans. Though some customers do want less information, many look towards profile graphs, extra descriptions or images to guide their understanding. Hover over text and graphical items were designed to flow and talk through the investment area but were only there if required by the customer.

The materials used in the survey for each investment area, including examples of the hover over information, are included in Appendix B to this report for reference.

Section 4.1: Key Findings

Customer findings - Investment Areas without bill impacts

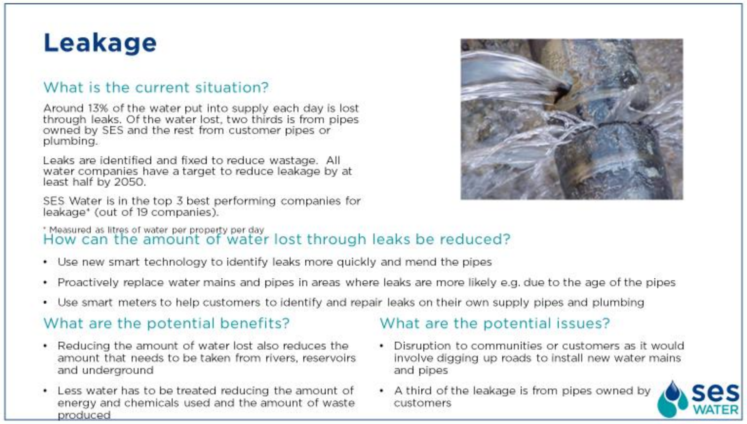
Research Approach

Five investment areas were explored, initially without any financial implications, to understand the relative importance of improvements for that area

2. Investment areas	Customers are taken through 5 different investment areas. They are provided with a description of the issue and the benefits and disbenefits of the associated investment. Customers are asked a generic question around the specific area to test understanding and awareness, and then asked to state how important they believe investment in this area to be.
3. Ranking investment areas	All 5 investment areas are shown together, without any financial implications, and customers asked to rank them in order of priority from their "most important" to invest in to their "least important".

Customers are provided with a summary of the issue and asked to score the importance of investment.

They are then asked to rank the importance of the investment areas against each other



Leakage

What is the current situation?

Around 13% of the water put into supply each day is lost through leaks. Of the water lost, two thirds is from pipes owned by SES and the rest from customer pipes or plumbing.

Leaks are identified and fixed to reduce wastage. All water companies have a target to reduce leakage by at least half by 2050.

SES Water is in the top 3 best performing companies for leakage* (out of 19 companies).

* Measured as litres of water per property per day

How can the amount of water lost through leaks be reduced?

- Use new smart technology to identify leaks more quickly and mend the pipes
- Proactively replace water mains and pipes in areas where leaks are more likely e.g. due to the age of the pipes
- Use smart meters to help customers to identify and repair leaks on their own supply pipes and plumbing

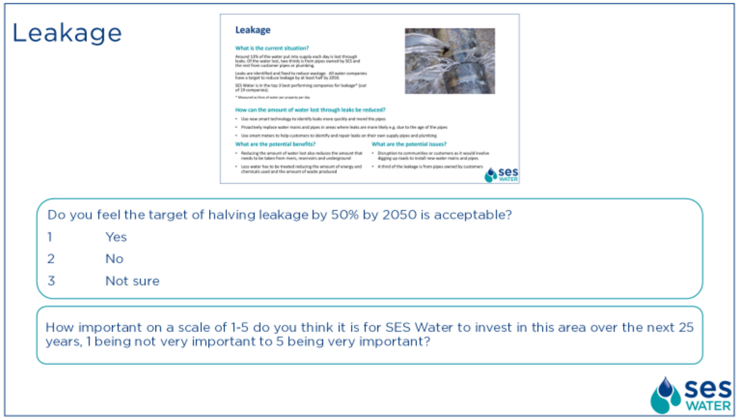
What are the potential benefits?

- Reducing the amount of water lost also reduces the amount that needs to be taken from rivers, reservoirs and underground
- Less water has to be treated reducing the amount of energy and chemicals used and the amount of waste produced

What are the potential issues?

- Disruption to communities or customers as it would involve digging up roads to install new water mains and pipes
- A third of the leakage is from pipes owned by customers

ses WATER



Leakage

Do you feel the target of halving leakage by 50% by 2050 is acceptable?

1 Yes
2 No
3 Not sure

How important on a scale of 1-5 do you think it is for SES Water to invest in this area over the next 25 years, 1 being not very important to 5 being very important?

ses WATER

Key findings

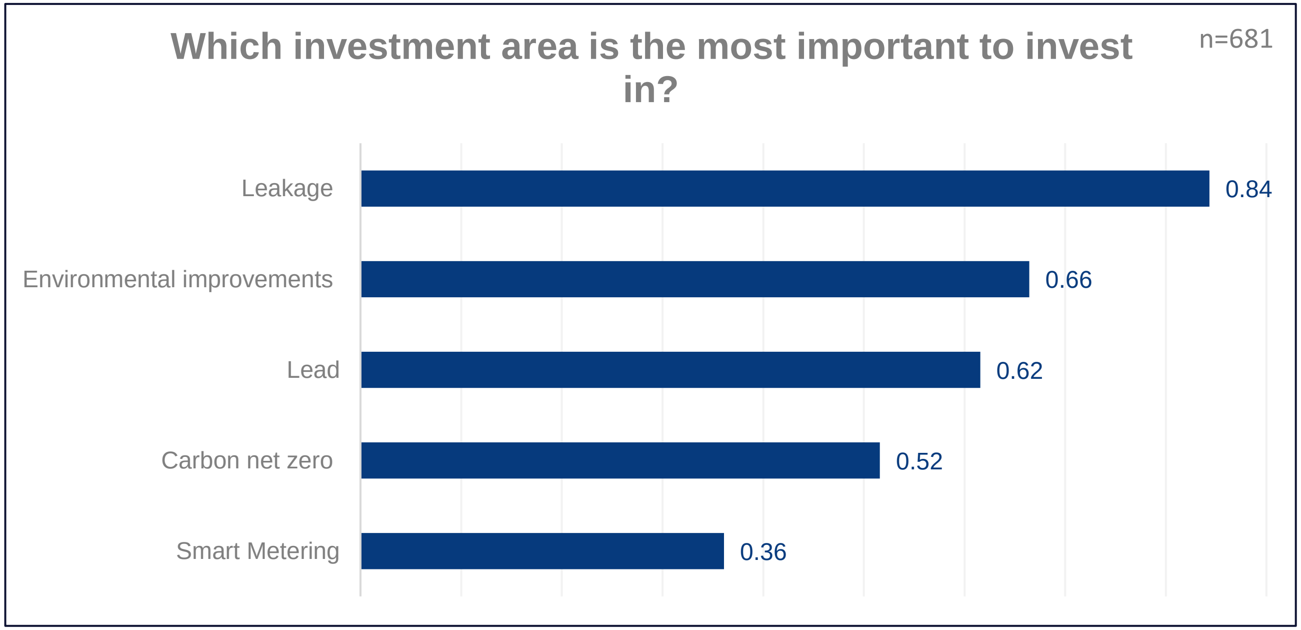
Without knowing the financial impacts, customers prioritise reduction in leakage

Customers rank leakage reduction as the most important area to invest.

Environmental improvements, based on improvements to the local area, rank more highly than Carbon Net Zero, a global environmental issue.

Views on Lead are evenly spread across the priority order.

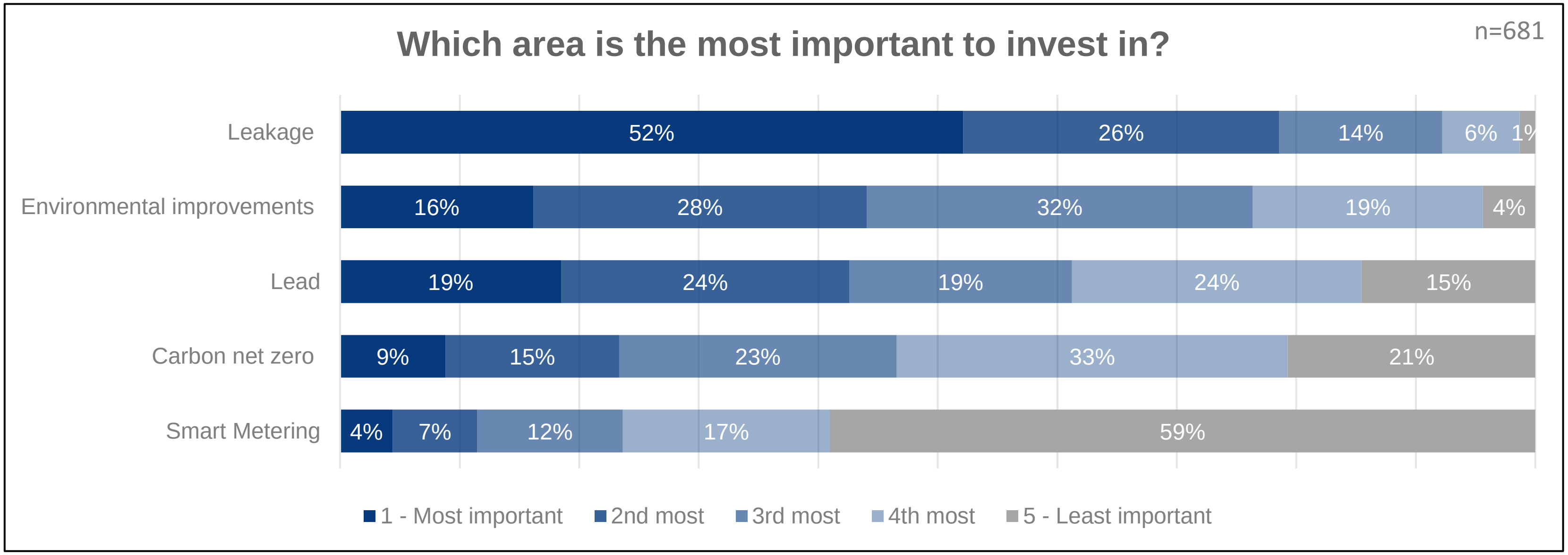
Most customers do not prioritise investing in smart meters. A clear majority select this as their least important area.



Segmentation analysis shows some differences by age; the older age groups rank leakage reduction higher than the 18-34 years, who show higher levels of support for smart meters and the environment. Overall, this only makes marginal differences to the weighted average for leakage (reduces to 0.82) and smart metering (increases to 0.38)

Key findings

Customer views are consistent for the investment areas, except lead



78% of customers select **leakage reduction** as the most or 2nd most important area to invest. Importance for investment increases with customer age.

Environmental improvements rank more highly than lead removal because more customers rank environmental improvements as their 3rd priority. Customers' views on **lead removal** are notably more evenly spread across the full priority order.

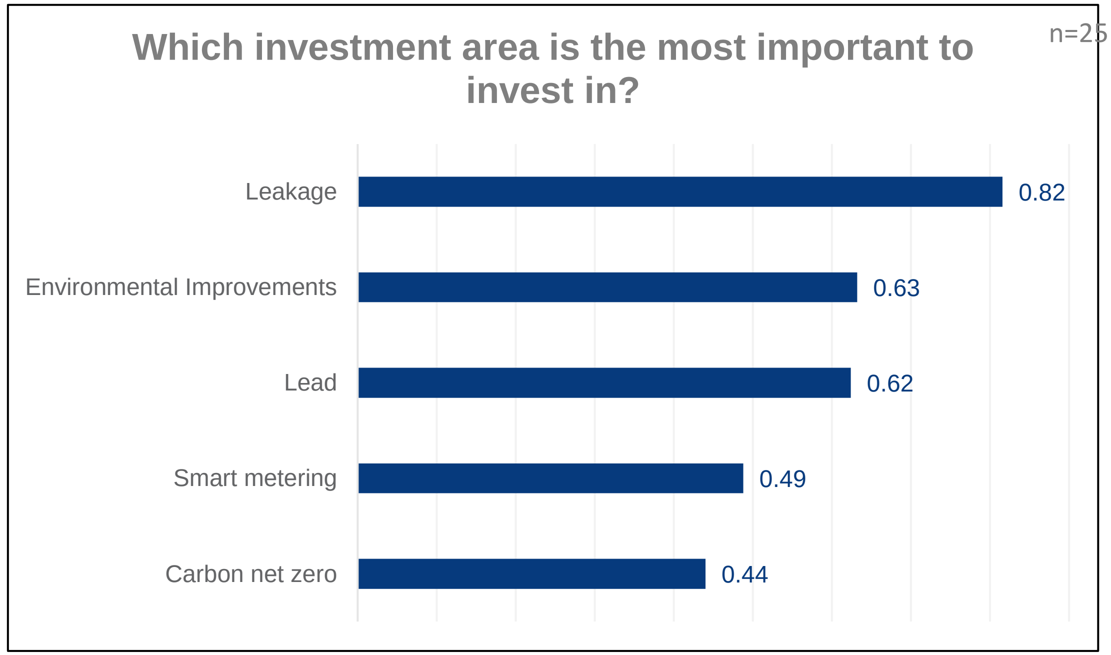
56% of respondents rank **Carbon net zero** as their 3rd or 4th choice. A clear majority select **smart metering** as their least important area. Those that do prioritise meters are the younger age group (18-34 yrs.)

Focus group customers rank investment areas similarly except for smart metering above carbon net zero

To benchmark their views against the survey respondents, the focus group participants completed the same ranking exercise for the five investment areas as was included in the main survey, prior to any bill impacts. Participants were provided with the background information for each investment area prior to the session.

Customer rankings largely align providing confidence that the focus group discussions are likely to reflect the wider customer base.

The exception is smart metering which garnered more support than from the quantitative survey. This is unsurprising given the focus group discussions surrounding water usage and awareness which are likely to have influenced the relative priority. This influence indicates support for smart metering may increase with increasing customer awareness of the issues.



Some participants are influenced by the discussions within the focus group session

Participants were asked to briefly share the reasons for their priorities, prior to sharing the survey findings

"I put [leakage] at the top, because to me it's like spending all that energy creating something and then immediately just throwing it away. So I think if you're not plugging those leaks then a lot of that energy is just being wasted."

Male, ABC1, 46+

"Knowing that there's lead in the water, and I drink a lot of tap water, then that is something that would need to be the top for me."

Female, ABC1, 46+

"I know it's a bit bad, but the environment doesn't affect me directly, whereas smart metering and lead potentially will. It says a lot about me, rather than the correct answer, but I think the leakages are very wasteful and important."

Male, C2DE, 46+

"I'm only really familiar with smart meters in terms of gas and electricity and not water, and it wasn't until I read the information for this that there were smart meters for water. But generally for gas and electricity they have quite a poor reputation, so I'm not supportive of those areas and I was following the same reasoning for this. Obviously they can be useful in terms of identifying leaks rapidly, that would be a plus. But I suspect that the benefit of the householder is going to be negligible to having a non-smart meter."

Male, ABC1, 46+

"Yeh, I guess to reduce the lead they would change the pipes, and that would help with leaks and that sort of stuff, but I've got a filter tap, so for me personally, it doesn't affect me as much."

Male, C2DE, 18-45

"Smart metering I think would make everyone more conscious of water they use."

Female, ABC1, 18-45

"I found it really difficult to rate these. I think they are all really important so I just didn't know. I was really stuck to be honest."

Female, C2DE, 18-45

""I don't think originally I would have put leakage as my number 1. It would have been high, and it is of course bad, but [other customer] highlighting the importance of it, I think it brought it up for me."

Female, ABC1, 18-45

"Smart metering I put this time as 1, but I wouldn't have done that before. It was just because through the discussion tonight, we had discussed the idea of wastage and someone had mentioned are we higher wastage because we're not smart metering? So before I thought smart meters are nice to do but does it really have an impact? But now I'm thinking, maybe it does."

Female, ABC1, 18-45

Smart metering generated the most discussion between focus group participants

1. Leakage
2. Environmental Improvements
3. Lead
4. Carbon Net Zero
5. Smart Metering

When presented with the ranked investment areas from the quantitative research, participants typically express surprise that smart metering was ranked fifth, highlighting the cost saving potential or reducing usage.

> "I've got [a smart meter] and I benefit from it, but I think it's educating people, because if they haven't got one and they think they've got to do something personally to help SES but it's going to cost them money, they'll probably rank it lower, because the other things they can't influence as a customer as such – that's the company's responsibility – but smart metering will affect them directly as a customer."
>
> Female, C2DE, 18-45

> "Smart metering at the bottom is quite surprising. For me, you know, having the knowledge of what you are using makes you more conscious of what you're using so you can save. I'm just surprised it was the last thing for them"
>
> Male, C2DE, 18-45

> "They are probably worried about spending more money on a meter. They are worried about more money on their bills, so they probably don't want one introduced."
>
> Male, ABC1, 18-45

Some customers do not consider that lead pipes affect them or a wide enough group to warrant it as a higher priority.

> "I would imagine that people aren't aware of the lead thing that much, because- especially younger people – they're not gonna know…. It's not something you're thinking about all the time. And then when you see that there, it absolutely should be one of the top one or two"
>
> Female, C2DE, 46+

Recent media coverage appeared to influence some customers

The influence of media coverage generated some debate with some considering it impacted priorities, with others considering personal experience is more likely to dominate views.

"It's really what's in the news. The news is full of stories about water leaks and problems with the environment, although admittedly that relates more to the sewerage than the supply, and smart meters have a bad press, so on that basis I can see why they are where they are."

Male, ABC1, 46+

"There has been a lot of news on the leakage, hasn't there. Maybe that's swayed people. And maybe people have not had water meters."

Female, C2DE, 46+

"I'd like to disagree with what's been said. Where I live, over the past few years, there have been so many leaks that are streets are flooded with water. I've even reported it. So much is being wasted. And when I think about what people are being charged for water when they are wasting all that water, I'm not surprised that it's number 1."

Female, ABC1, 46+

ICS

Section 4.2: Key Findings

Customer findings - Investment Areas with bill impacts

Research approach

Priorities for investment were explored in more detail including the bill impacts

4. Bill impacts ('What if?')

Customers consider each of the 5 investment areas in turn. They are presented with a series of investment scenarios, with a description of the proposed investment and outcomes and the associated bill impact for the years 2030 and 2050 together with a total cost over the 25-year period. Customers are asked to select their preferred scenario and state why.

Leakage investment scenarios

Scenario	Description	Bill impact In 2030	Bill impact In 2050	Bill impact Total over 25 years
A	SES will halve leakage by 2050 in line with government target* by: • Continuing to react to leakage and repair pipes • Carrying out some proactive replacement of older pipes • Repairing or replacing customer owned supply pipes *The bill impact for statutory improvements is estimated to be £3.80 in 2030 and total £9.85 over 25 years. This investment is mandatory and will be included in the overall impact on customer bills that will be tested separately.	£0.00	£0.00	£0
B	SES will halve leakage by 2040 by carrying out the same activities as scenario A plus: • Carrying out further proactive replacement of pipes.	£8.10	-£12.90	£11
C	SES will reduce leakage by 60% by 2050 by carrying out the same activities as scenario A plus: • Carrying out further proactive replacement of pipes • Investing in and trialling new technology	[illegible]	£2.80	£131

This research focuses on testing investment areas where customer views can have a material influence on choices, typically discretionary spend. Where a statutory obligation exists the bill impact has therefore been presented as £zero. Customers are informed of the overall impact of the statutory obligation for leakage reduction and environmental improvements. Further details are given in Appendix B

Hover over explanation

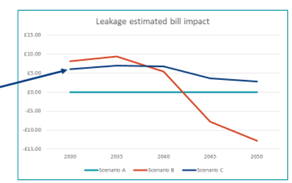
Leakage scenarios hover over

Scenario C:
SES will invest more over 25 years to reduce leakage by 60% by 2050.

More investment is needed than for Scenario B so there is a smaller decrease in bills after 2040.

The average bill is estimated to be:
- £6 higher in 2030 (estimated average bill would be £234 in 2030); and
- £2.80 higher in 2050 (estimated average bill would be £230.80 in 2050).

Over the 25 years, the total additional amount paid on the average customer bill for scenario C is £131.



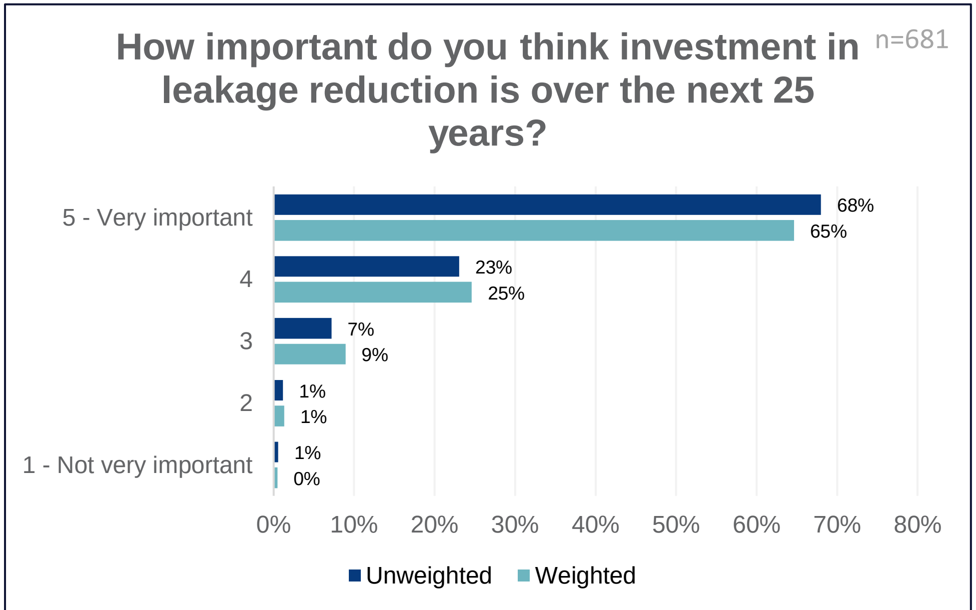
Leakage reduction

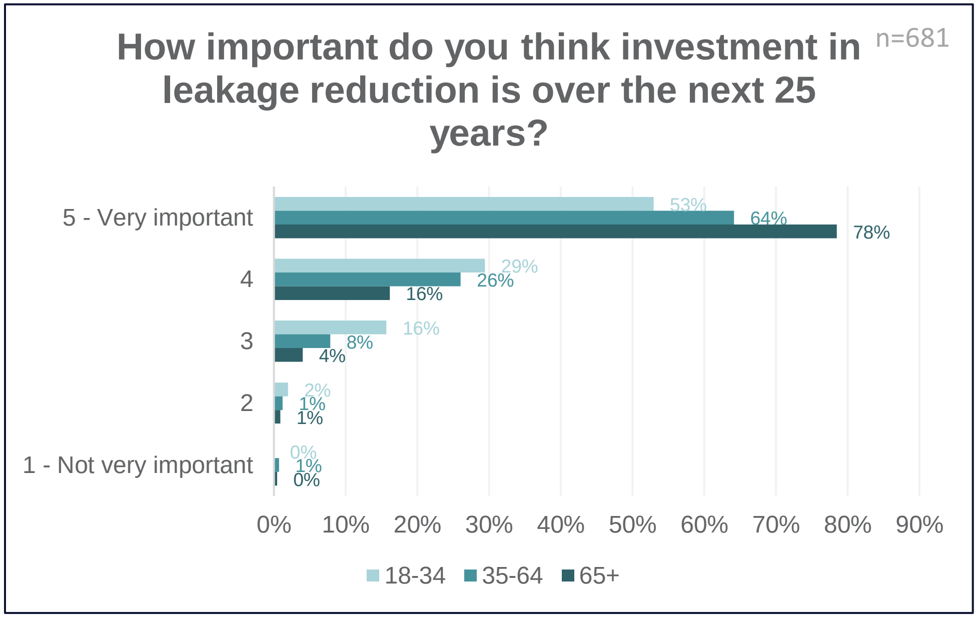
Key findings

Nearly all customers feel that investment in leakage reduction over the next 25 years is important

91% of customers consider that investment in reducing leakage is very or fairly important, prior to knowing the potential bill impacts. The strength of support for investment increases with age.

A negligible proportion of customers think that investment in leakage reduction is not important.





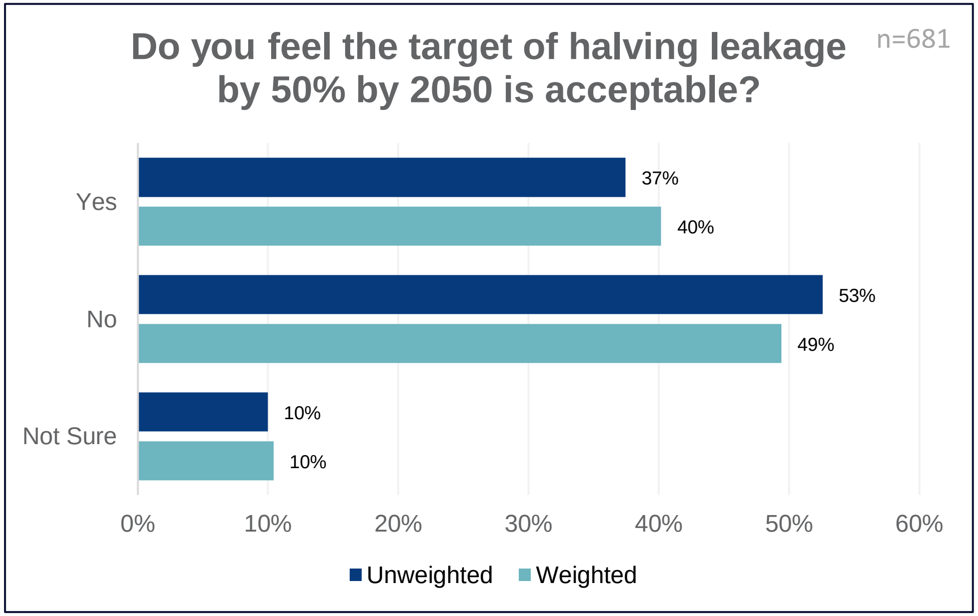
Weighted by age

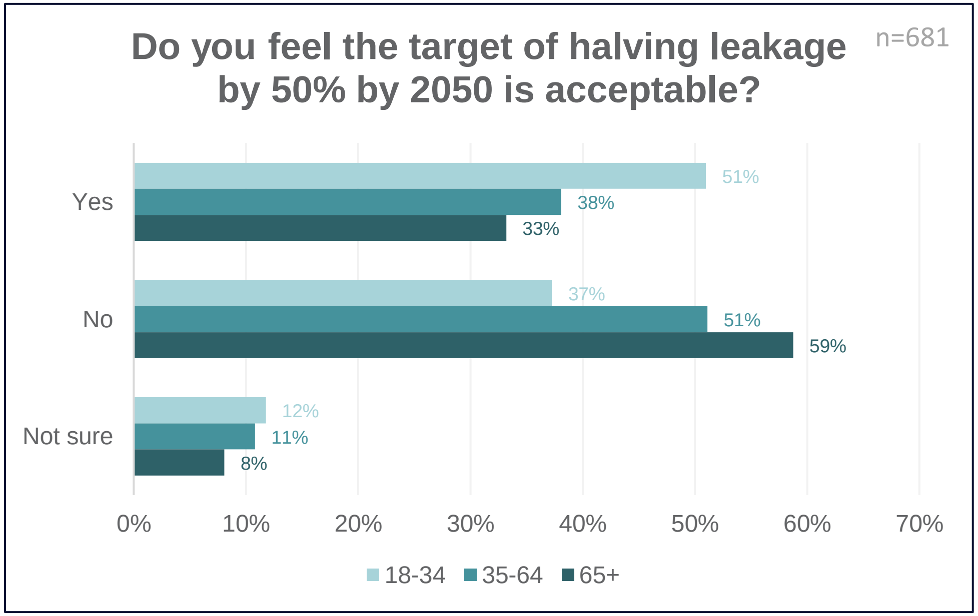
Key findings

53% do not consider that halving leakage by 2050 is acceptable

53% (49% weighted by age) of customers do not consider halving leakage by 2050 is acceptable, with only 37% (40% weighted by age) supporting the target.

Consistent with customer priorities for the key service areas, support for the leakage target varies significantly by age. Half of 18-34 years consider it acceptable compared to only a third of 65+. Findings weighted for the SES Water customer base reduces the gap between views on acceptability from 16% to 9%.





Weighted by age

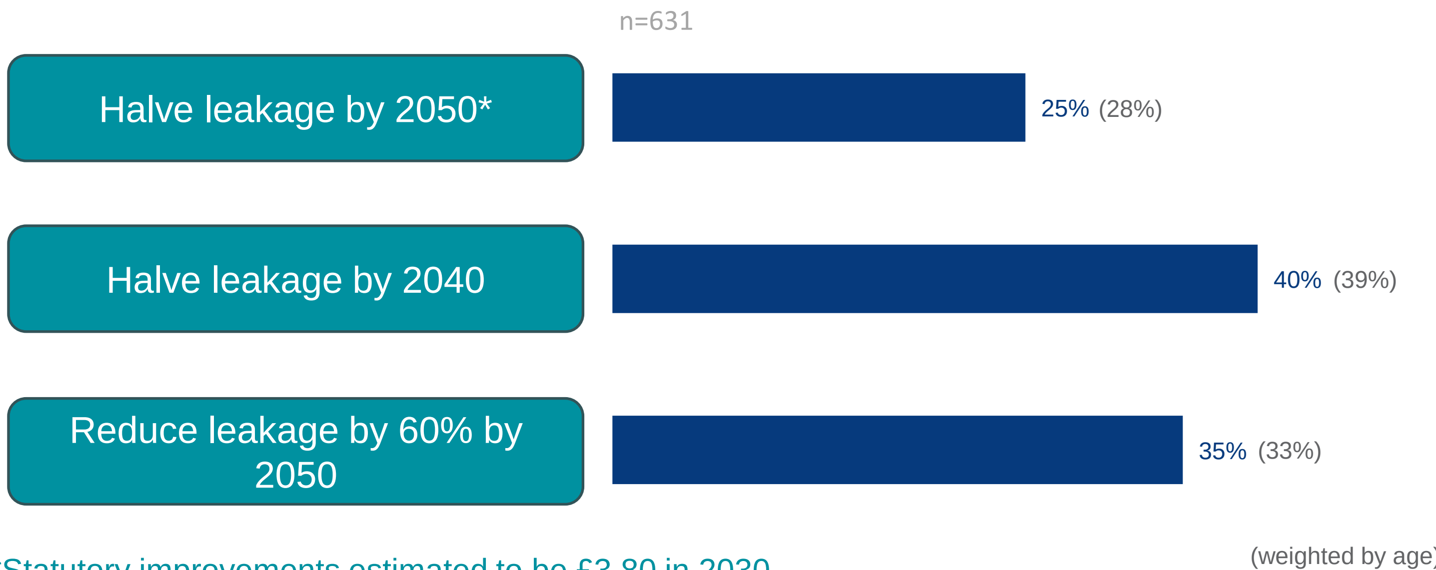
Key findings

Support for leakage reduction is stronger among older customers

75% of customers support additional reduction in leakage beyond statutory targets. However, despite leakage being customers' highest priority for improvements, when presented with the bill impacts, customer support reduces (from 91%) and is split regarding the extent of that reduction.

Support for the statutory approach only (halve leakage by 2050) is stronger (38%) for the youngest age group (18-34 yrs) compared to the 65+ (18%). This aligns with their priorities prior to knowing the financial implications.

Findings weighted by age indicate that overall the option to halve leakage by 2040 is preferred.

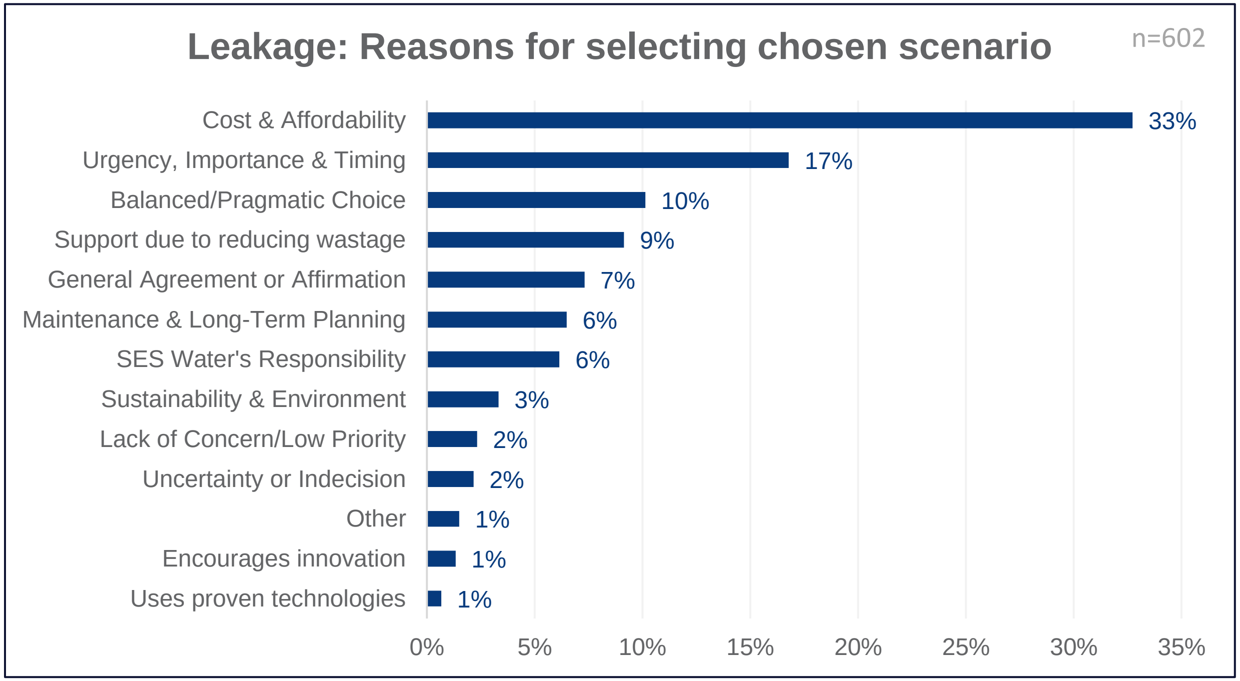


Bill impact	2030	2050	25 years
Halve leakage by 2050*	£0.00	£0.00	£0
Halve leakage by 2040	£8.10	-£12.90	£11
Reduce leakage by 60% by 2050	£6.00	£2.80	£131

*Statutory improvements estimated to be £3.80 in 2030

Key findings

Cost and affordability are the main reasons for customers' investment choices



"Reducing leaks from waste is very important but has to be balanced against impact on bills"

Female, ABC1, 35-64

"Reducing water leaking should be a priority. This is a valuable resource that should not be wasted"

Male, C2DE, 65+

Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Cost and affordability is the main reason given for option selection; this is consistent with the other investment areas given the relatively high bill impact in 2030 of the discretionary options.

Urgency and importance of leakage reduction is the second most cited reason, again consistent with customer ranking leakage reduction most important prior to knowing the bill impacts.

All focus group participants support reducing leakage more or faster than the government target

Presented with the findings from the quantitative research, all participants endorse reducing leakage further or faster than the statutory government target to halve leakage by 2050.

The significant difference in bill impacts between the two options that go beyond statutory requirements is considered by customers to be a key factor driving the overall preference for the option to option is to halve leakage by 2040, ten years earlier than the government target. This aligns with the feedback given by survey respondents.

Reminded of SES Water's high performance on leakage and the relative contribution from company side and customer side leaks, prompted a sense of community and shared ownership of the issue among some customers. Others suggest that if customers are informed of SES's performance on leakage they may change their choice.

"It just surprises me. Don't get me wrong, I understand there are costings involved and they have to pass it on, but they are almost like, we're willing to do this if you're willing to pay this. As a water company, you'd think they have their own responsibilities to be reducing leakage and doing what they can do. It's almost as though they put it down to us, and they're only willing to do the bare minimum of it."

Male, C2DE, 18-45

"I think you should go as fast as you can with leaks because it has knock-on effects on other things like the environment and maintains supply for a growing population."

Male, C2DE, 18-45

"[60% target] was so much more, it did seem to be quite a considerable amount of an increase compared to the other figures ... I was just surprised actually, that it was that much more, but over 25 years it probably isn't that much, but it just seemed, when I looked at the other figures, a lot more."

Female, C2DE, 46+

"I think again it's down to personal situations. So for me, my head is initially like, I want to do the right thing but as cheaply as possible, because I have so many outgoings right now. But if I reflect on it, and realise it's worth doing as quickly as possible, I do think it's worth that little bit extra.... I'm thinking, I really want to do it, but do I do it a little bit slower and save that money on it? It comes down to people's personal circumstances."

Female, ABC1, 18-45

All focus group participants support reducing leakage more or faster than the government target

"I think faster is better [halve by 2040], and the overall cost will be better if it's frontloaded. Hopefully it will reduce our bills in the long run. So faster, quicker, in the hope that in the long run it will make my bills more cost efficient."

Male, C2DE, 18-45

"Yeh, I think if people knew that they were performing quite well on leakages, they would probably choose the cheapest option. So maybe if the information wasn't given to them, maybe they wouldn't have gone so far ahead"

Female, C2DE, 18-45

"I thought, if there is going to be the extra cost for smart metering and then the extra cost for leak detection, I'd rather keep middle of the road, because if I went for both suddenly my bill goes up £150 a year so that makes quite a big impact on me. So I think it's about looking at both cost options together rather than separately."

Male, C2DE, 18-45

Environmental improvements

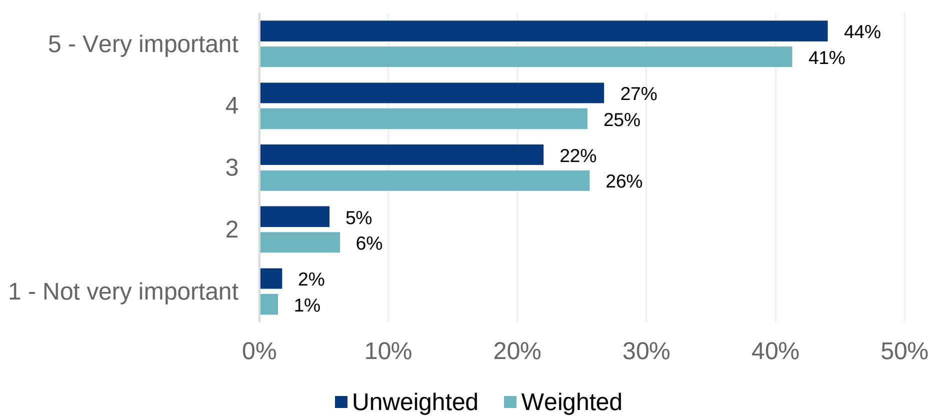
Key findings

71% of customers consider that investment in environment improvements is important

71% of customers believe that investment in environmental improvements by SES Water is very or somewhat important over the next 25 years prior to knowing the potential bill impacts. Only 7% consider that investment is not important.

Support is strongest amongst both age groups over 35 years but lower for the 18-34 age group. A clear majority of 18-34 years rank the importance as 3 (out of 5). This contrasts with findings from research completed previously in other areas by ICS Consulting where support for environmental improvements is stronger among younger groups.

How important do you think investment in environmental improvements is over the next 25 years? n=681



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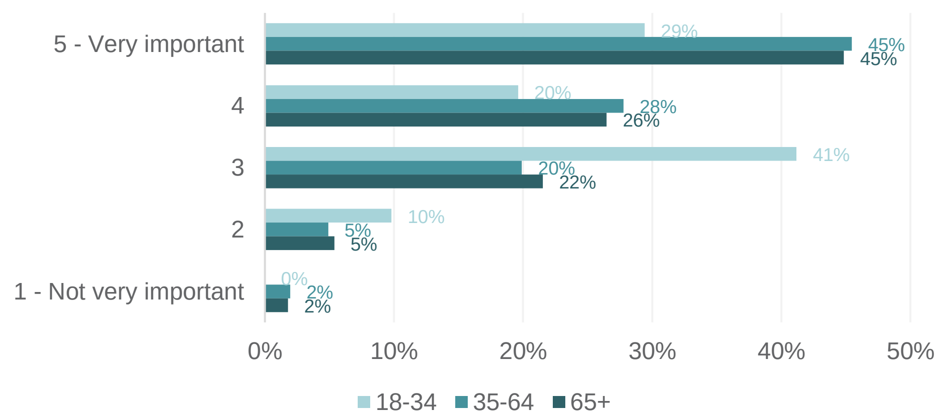


Weighted by age

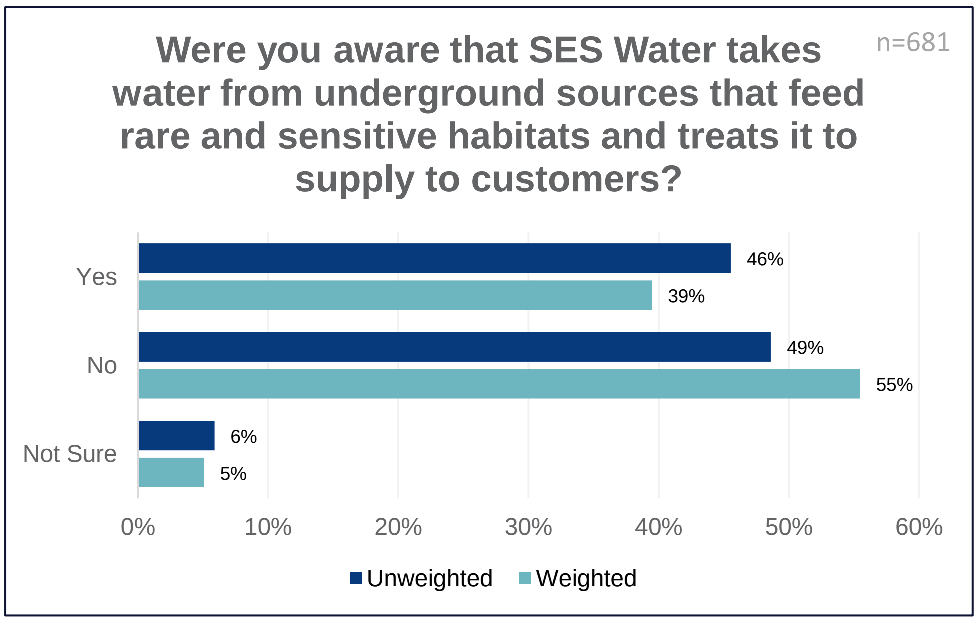
Key findings

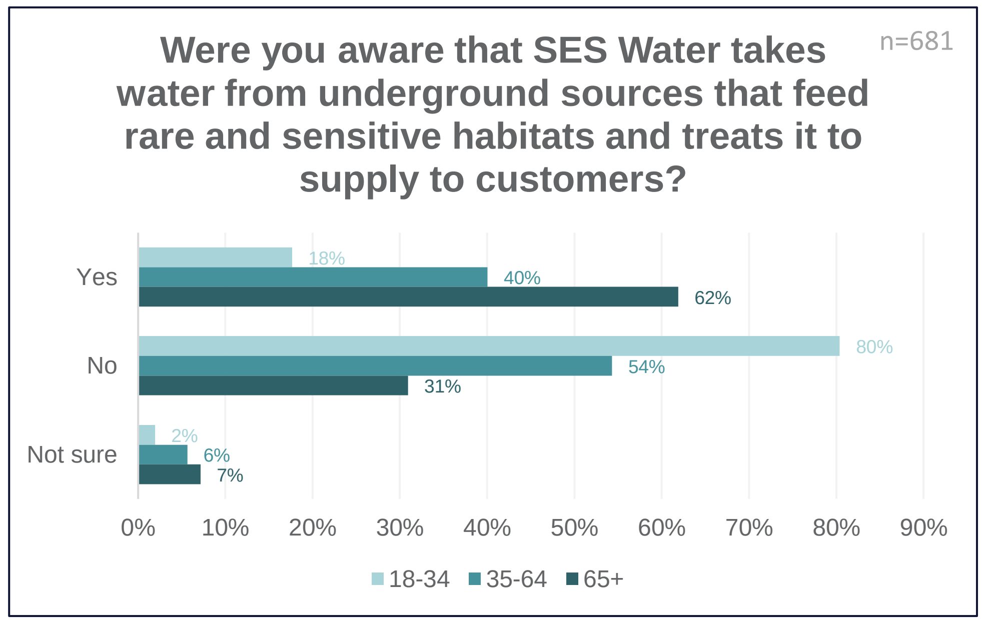
Only 46% of customers are aware of water extraction from sources impacting the environment

Overall customers are split 50:50 regarding their awareness of SES Water taking water from underground sources that feed sensitive habitats to be used in supply. Awareness increases significantly with age, rising to 62% for the over 65 years.

80% of 18-34 years stated they were not aware of the source of water prior to the survey. This lack of awareness may influence their lower level of support for investment in environmental improvements. It may however, also be influenced by the current cost of living challenges.

Weighted results indicate overall more than half of SES Water customers are not aware of the source and potential environmental impact of some of the water extracted for supply.





Weighted by age

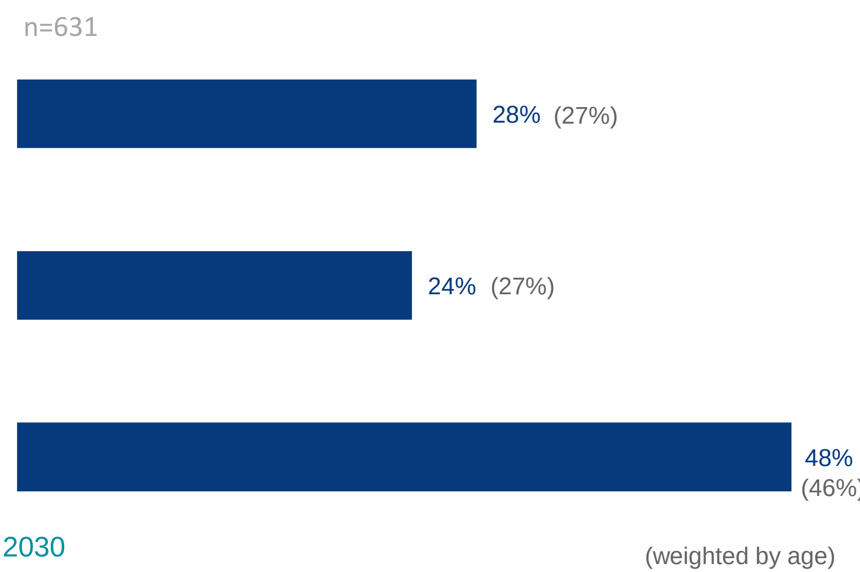
Key findings

72% of customers support environmental improvements beyond statutory requirements, with support strongest for the greatest level of investment

Of those customers who support additional investment, two thirds opt for the highest level of environmental enhancement.

Support for investment in environmental improvements is maintained when presented with the bill impacts. The same proportion of customers who consider investment to be important also support investment that goes beyond statutory requirements. This support may arise from the relatively low bill impacts presented compared to the other investment areas.

Support for environmental improvements is consistent across location and SEG but varies a little by age with 36% of 18-34 years selecting the second option and 42% the third. Overall, the highest level of investment remains the preferred option.

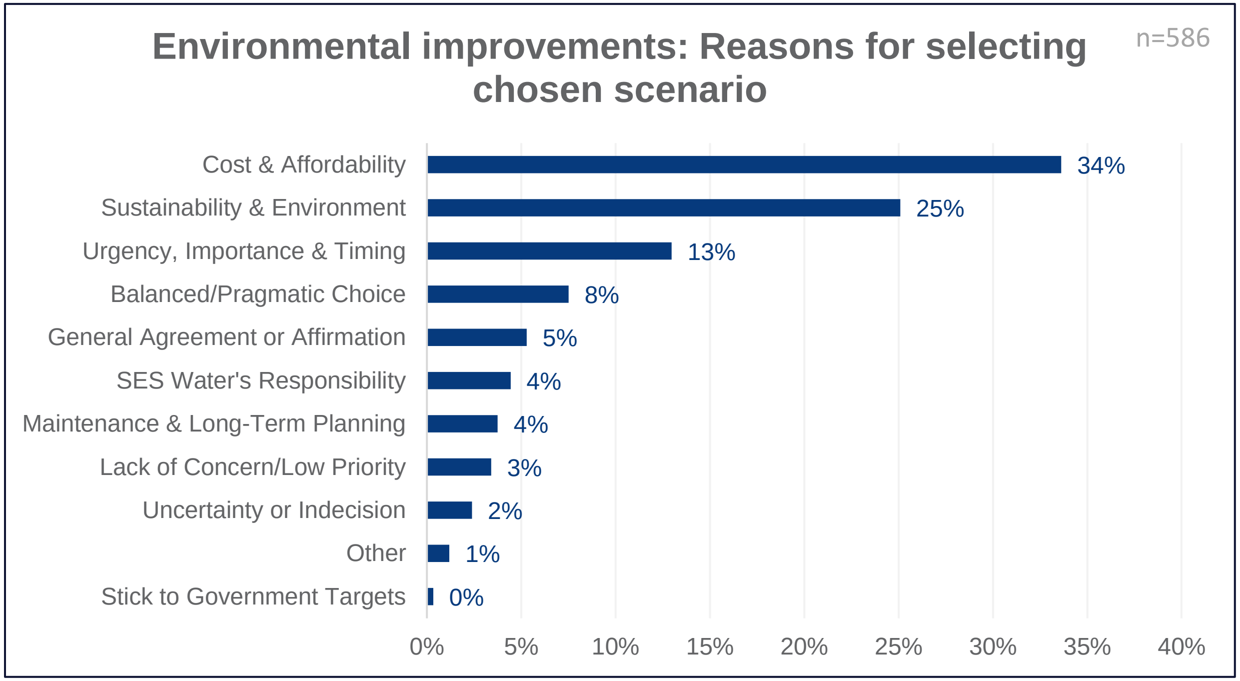


	Bill impact 2030	Bill impact 2050	Bill impact 25 years
Deliver improvements required by legislation*	£0.00	£0.00	£0
Further work for River Eden and River Mole	£1.20	£1.80	£40
Further work for Rivers Wandle, Hogsmill and Darent	£2.00	£3.00	£66

*Statutory improvements estimated to be £1.40 in 2030

Key finding

Cost/affordability and sustainability/environment are the main reasons given for customers' selected option



"I think this is an acceptable level of improvement without too big an increase in the water bills"
Female, ABC1, 65+

"Environmental issues and sustainability are key. Not investing is not an option."
Male, ABC1, 35-64

Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Cost and affordability is again the main reason given for option selection, despite the relatively low bill impact of the options presented.

25% of customers cite sustainability and the environment as the factor driving their choice, with 13% stating their choice is influenced by urgency and importance of the issue.

Survey respondents' reasons for selecting their preferred investment option

"Small price to pay to improve environment"
Male, ABC1, 65+

"Generally covers what is needed with no impact on bill payers"
Female, ABC1, 65+

"this is an area of high environmental value and so these activities are a priority"
Male, ABC1, 65+

"I like the idea of working with the community and looking at eco friendly ways to assist with water flow"
Female, C2DE, 35-64

"Our natural environment is fragile and needs restoring and protecting- it was here before us and should be protected from negative human impacts"
Male, ABC1, 35-64

"More needs to be done to improve the environmental impact and improve the damage which has already been done"
Male, C2DE, 35-64

"I think its important for SES to continue to maintain the environment areas that they source thier supply from, if this stays in good healthy condition then the supply of water should be protected."
Female, ABC1, 35-64

"Lots of positives and impact to be shown for not an extremely high rise in fees over that time"
Female, C2DE, 18-34

"Keeps cost down. Not sure how necessary improvements to chalk streams are"
Male, ABC1, 65+

"Because I want high quality water and also think it's important to protect natural sources and habitats"
Female, ABC1, 35-64

"It helps the environment a little bit more than the first option but is cheaper than the last option therefore customers won't be affected too much"
Female, ABC1, 35-64

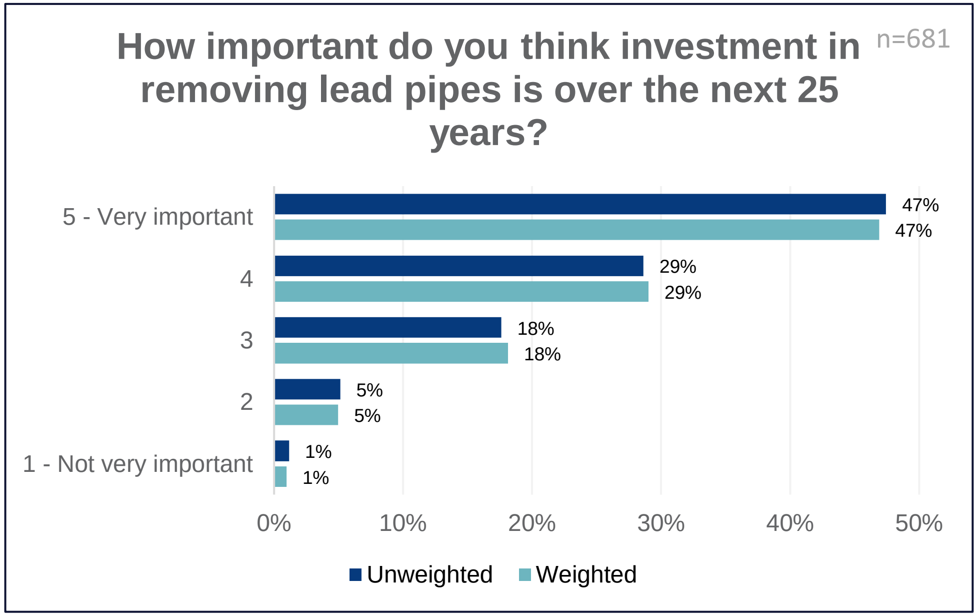
Lead pipe removal

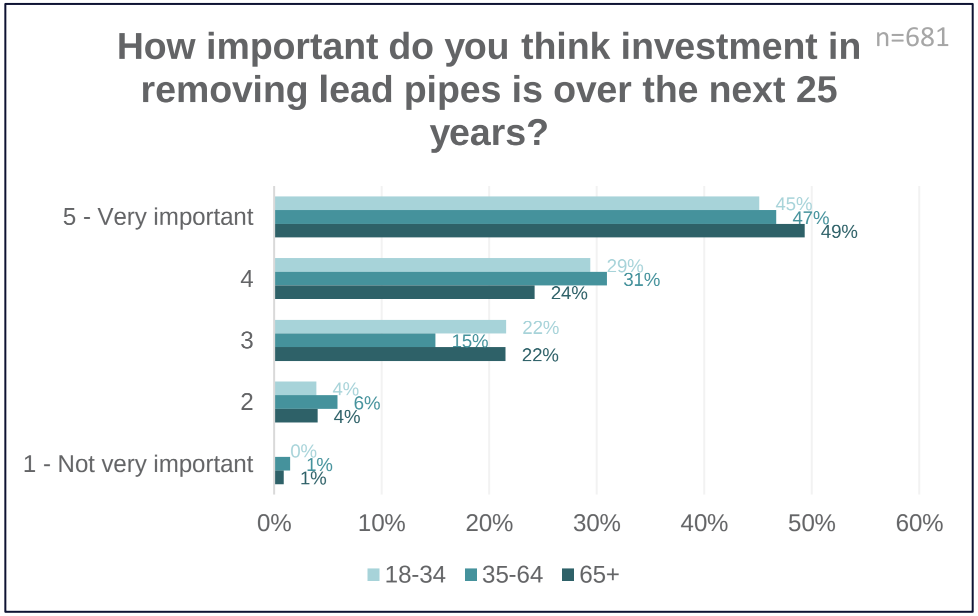
Key findings

76% of customers consider investment to remove lead pipes important

Prior to knowing the potential bill impacts, 76% of customers feel investment in removing lead pipes is very or somewhat important over the next 25 years. Only 6% consider that investment is not important.

Support was broadly consistent across age, location and socio-economic groups.





Weighted by age

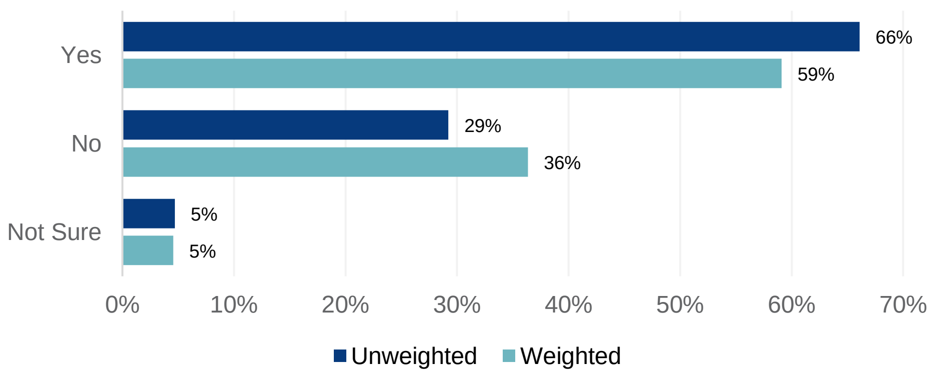
Key findings

66% of customers know about lead pipes but awareness is much lower in the 18-34 years group

Overall, 66% of customers are aware of lead pipes in water supply, but awareness varies with age, falling to only 31% for the youngest age group (18-34 years). Despite the apparent lack of awareness of younger customers, support for investment in the next 25 years is consistent across all age groups.

> “I think the lead surprised me. It’s something that I think I’d come across before but I hadn’t read it in that depth, and to look into some of the health issues that it could bring along was quite concerning.”
>
> Female, ABC1, 18-45

Were you aware some pipes that connect properties to the supply network or pipes in the internal plumbing of properties could be made of lead? n=681



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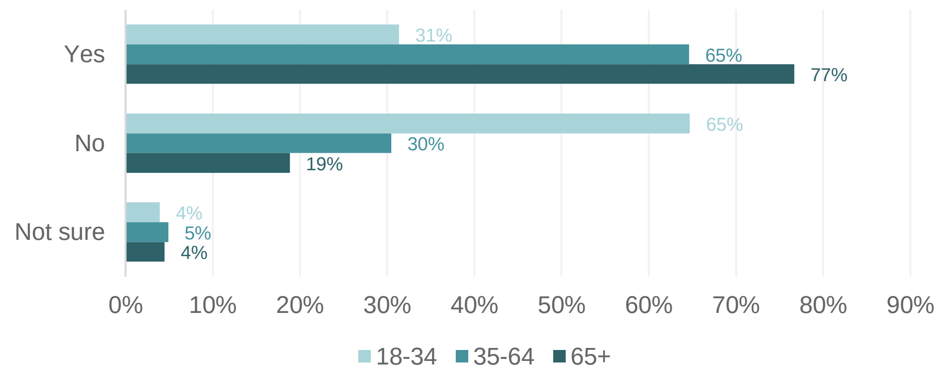


Weighted by age

Key findings

65% of customers prefer a steady approach to lead pipe replacement over a longer time frame.

Customers prefer a steady approach to lead pipe replacement over a longer time period, but do not have a clear preference for either of the two slower options. Taking into account the significant increase in bill impacts by replacing lead pipes more quickly (by 2075 or 2050), the results appear consistent with the overall ranking of the lead investment without bill impacts and the preferred option for environmental improvements which achieved a similar ranked score.

The findings are broadly consistent across different customer groups (age, location and SEG).

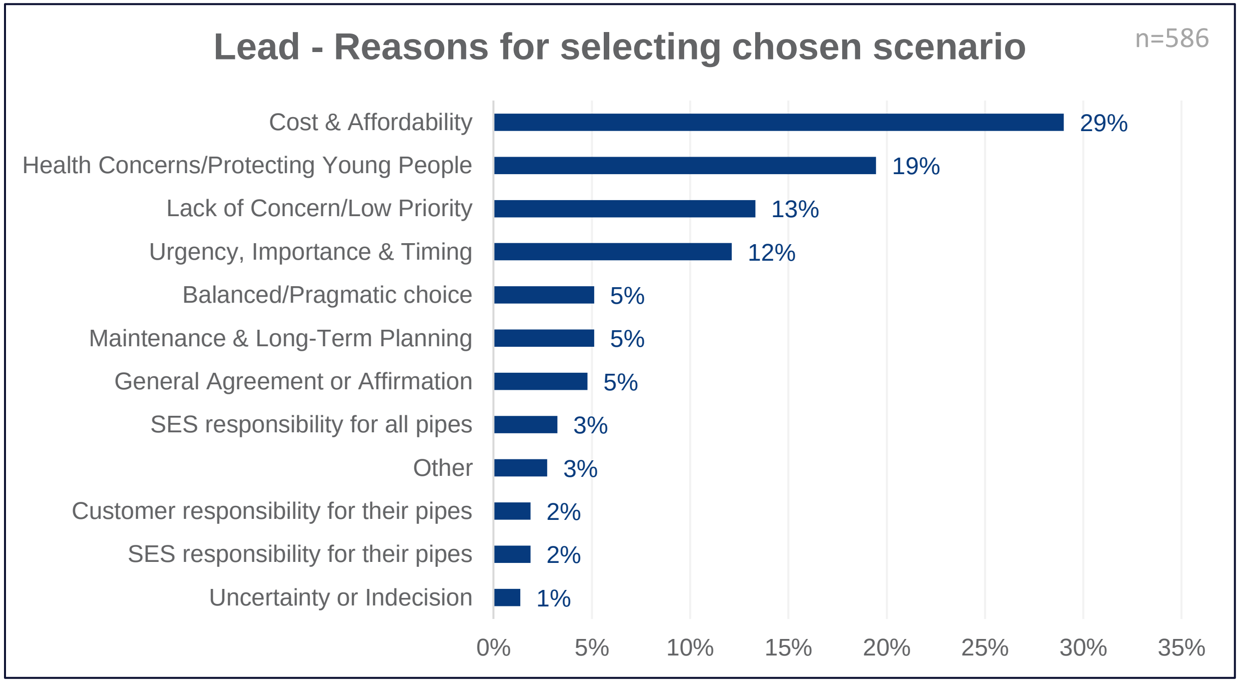
n=631

Option	Preference	Bill impact 2030	Bill impact 2050	Bill impact 25 years
Current approach	30% (28%)	£0.00	£0.00	£0
c. 250 sites every 5 years	35% (36%)	£2.00	£3.00	£66
All lead replaced by 2075	15% (15%)	£8.15	£12.05	£263
All lead replaced by 2050	20% (21%)	£16.30	£24.10	£528

(weighted by age)

Key findings

Cost and affordability is again the key driver for customer choices for lead pipe investment



Note: Graph excludes no response or responses considered not applicable. Responsibility is reported separately as SES Water responsible for all pipes, customers responsible for their own pipes and SES Water responsible for their own pipes only.

Cost and affordability is cited by 29% of customers as the main reason for their option selection.

19% considered the potential health impact when making their choice; in contrast 13% do not consider the issue to be of concern. This aligns with the mixed views of lead replacement which is spread evenly across the priority order when considered prior to knowing bill impacts.

Survey respondents' reasons for selecting their preferred investment option

"Because our bills are high enough. The company should pay for this"
Female, Prefer not to say, 18-34

"I think replacing lead pipes is essential but the current cost of living crisis means, unfortunately we need to prioritise. Dealing with schools/nurseries etc first seems sensible"
Male, ABC1, 35-64

"It seems to be the best achievement for the price"
Female, ABC1, 65+

"Lead is detrimental to health and should be replaced ASAP"
Male, ABC1, 18-34

"Due to the incredible increase in the cost of energy and the slow rate at which the price is normalising i really couldn't justify a spike in water costs even if the outcome was a good thing"
Male, C2DE, 35-64

"I'm not currently aware of a major problem with lead in our area but it makes sense to try to improve piping in locations where young people congregate"
Male, ABC1, 35-64

"It seems an appropriate balance of cost and impact"
Male, ABC1, 35-64

"I believe it's important to have these changed particularly in areas with young children like nurseries etc. children should be fully protected from lead and a slow increase on bills is likely to be far better for customers than a steep increase"
Female, C2DE, 35-64

"Essential for the health of my children and grandchildren"
Female, C2DE, 65+

"It seemed the most cost effective and meant everyone was supported not just particular groups"
Male, C2DE, 18-34

"Worthy of some extra investment, but not the prohibitive costs of options C and D"
Male, ABC1, 35-64

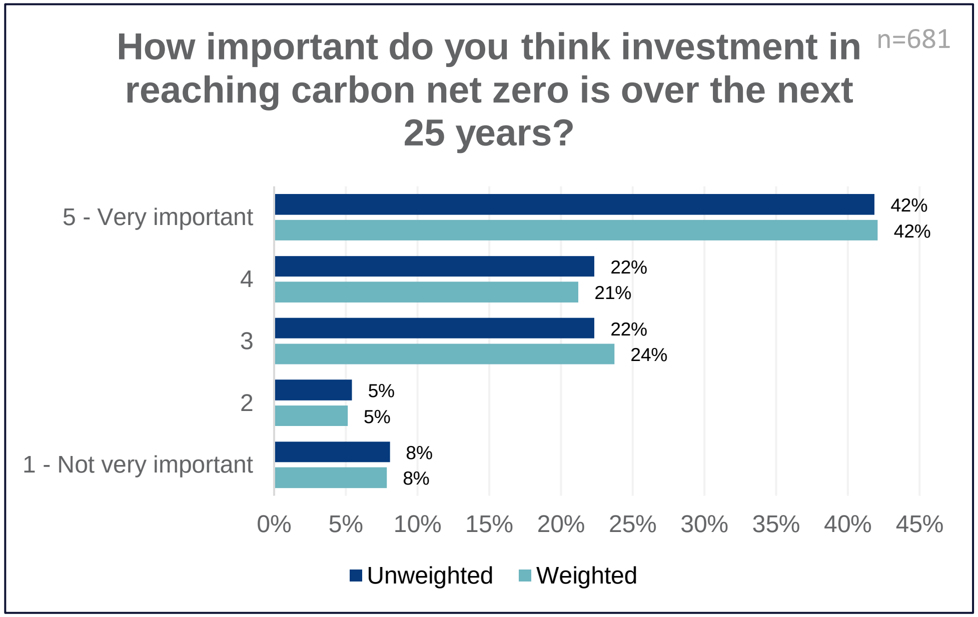
Carbon Net Zero

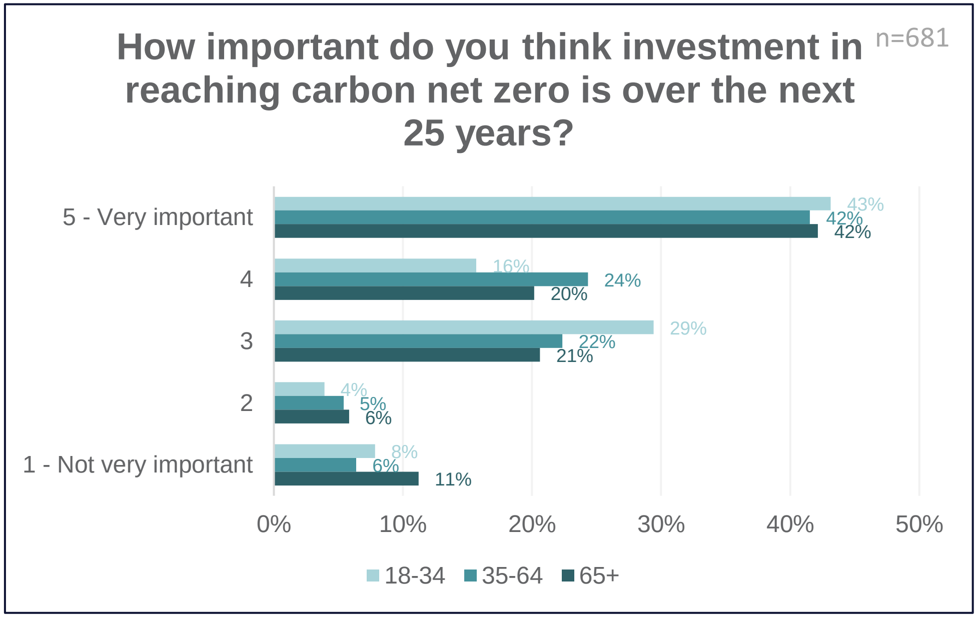
Key findings

64% of customers consider investment in meeting carbon net zero is important

Prior to knowing the bill impacts, 64% of customers feel investment in meeting net zero is very or somewhat important over the next 25 years. 13% consider that investment is not important. These views on the importance of investment to reduce carbon emissions to meet net zero align with the relative importance given to the investment area (ranked 4th).

Support was broadly consistent across age, location and socio-economic groups.





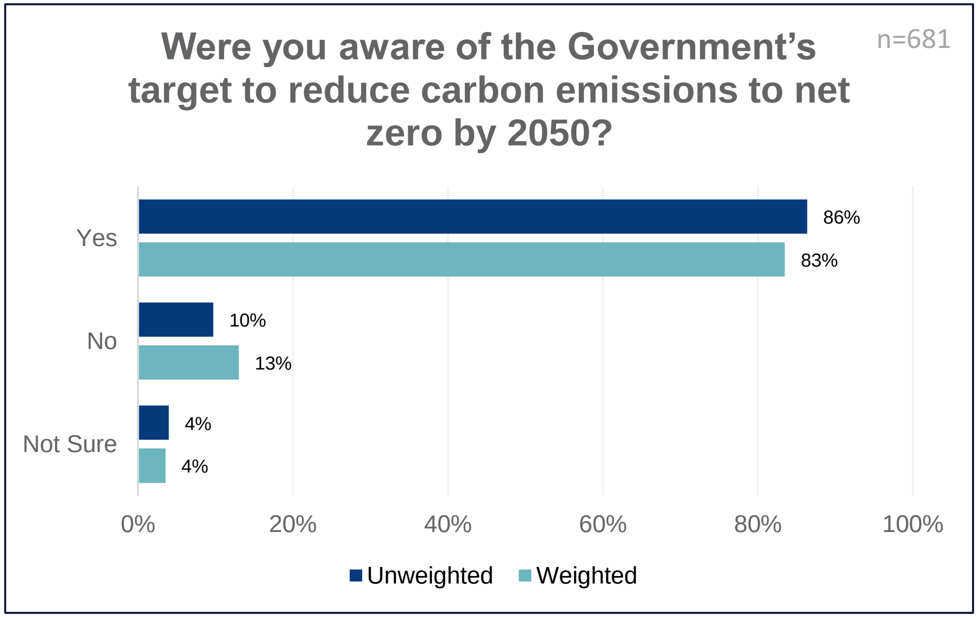
Weighted by age

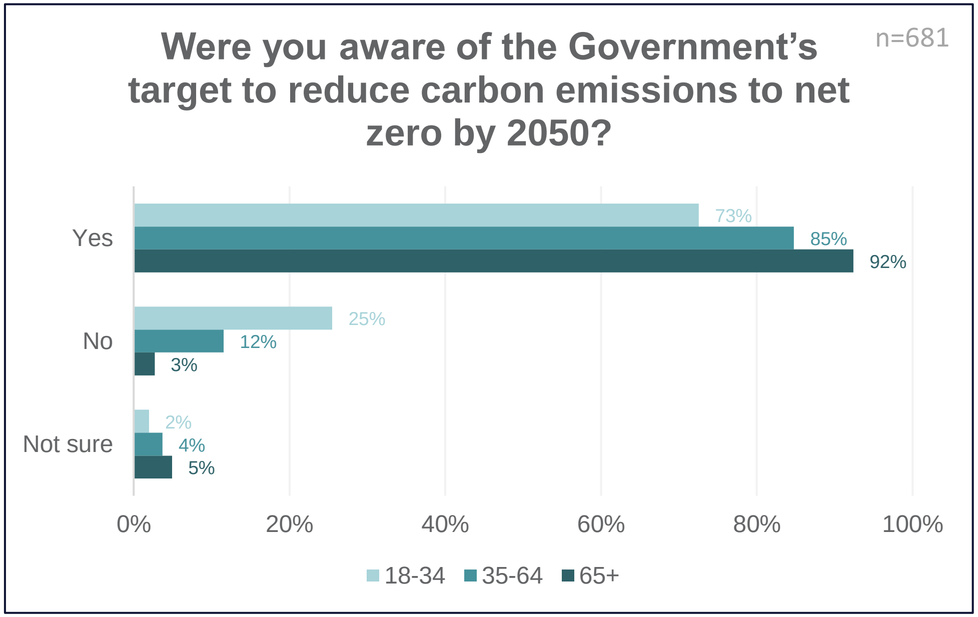
Key findings

A clear majority of customers are aware of the UK Government target of net zero by 2050

86% of customers are aware of the UK Government target to meet carbon net zero by 2050. Awareness amongst customers increases with age, with the highest proportion of customers who are not aware of the target in the 18-34 years group (25%). Despite the high awareness, customers considering investment to be important is almost a quarter lower.

Findings are broadly consistent across location and SEG.





Weighted by age

Key findings

78% of customers support reaching net zero by 2050, not earlier

51% of customers opt for investment that reduce carbon emissions to meet net zero by 2050 with a further 27% who select net zero by 2050 with accelerated reduction in operational emissions by 2030.

There is little variance in support to meet net zero by 2045 or 2040 by segment. Support does vary between the preferred option and the 4th option; support for accelerating operational reductions is stronger amongst ABC1 than C2DE, and customers in Surrey compared to London (but does not impact overall findings). It is notable that preferences of 18-34 years are aligned with the overall findings.

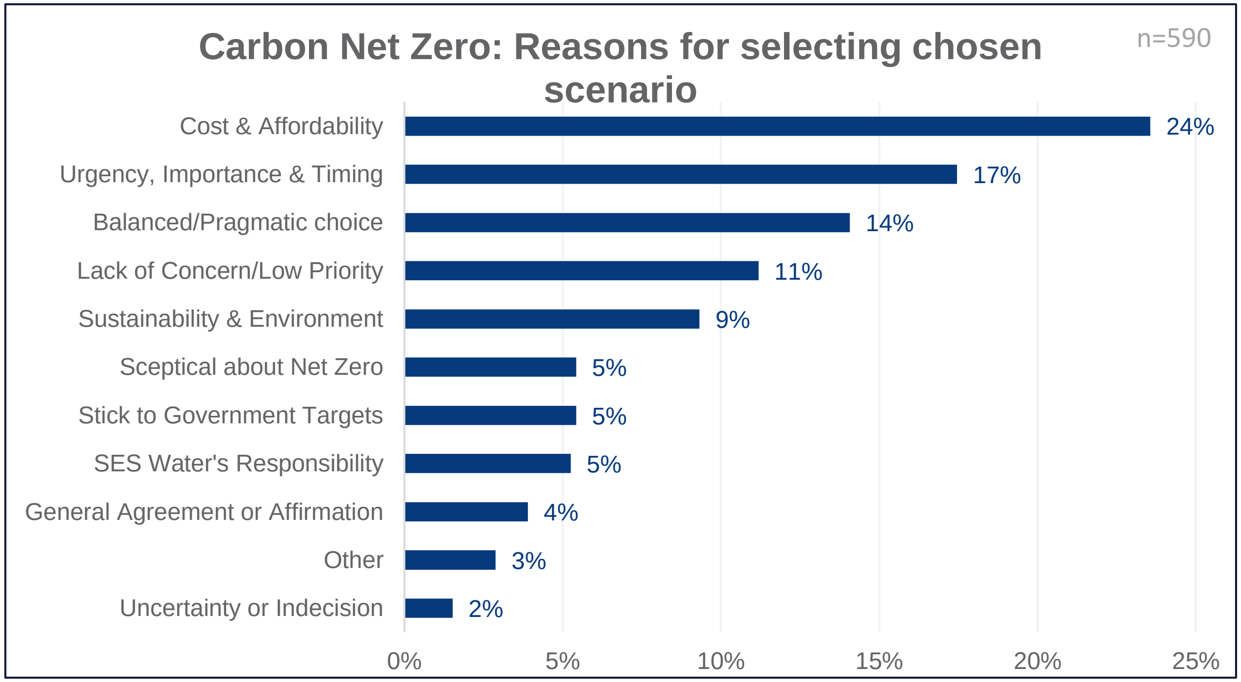
n=631

		Bill impact		
		2030	2050	25 years
Net zero by 2050	51% (51%)	£0.00	£0.00	£0
Net zero by 2045	14% (14%)	£3.10	£2.20	£76
Net zero by 2040	7% (8%)	£4.10	£2.20	£85
Operational net zero by 2030 75% reduction overall by 2035 Net zero by 2050	27% (27%)	£5.10	£2.10	£86

(weighted by age)

Key findings

More customers' choices are driven by pragmatic choice and low priority for net zero than for other investment areas



Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Whilst still the main reason, fewer customers cite cost and affordability driving their option selection. Balanced/pragmatic choice and lack of concern/priority are given as the key reason by a higher proportion of customers than for other investment areas. This, together with urgency, importance and timing reflects the preferred option of meeting net zero by the government target.

Only 9% customers highlight sustainability and the environment as the factor driving their choice, in contrast to 25% for environmental improvements.

Focus group participants feel that meeting carbon net zero target by 2050 is a pragmatic approach that balances affordability concerns

Presented with the findings from the quantitative research, only 64% of participants agree with the survey preference to meet carbon net zero by the government target of 2050 (compared to 78% of survey respondents).

Customers who support the preferred option of meeting net zero by 2050 typically highlight a pragmatic approach that balances timing of investment with affordability considerations.

"I think that we're going to be looking to reduce carbon emissions in lots of different areas over the coming years, and so it won't just be water it will be all sorts of things. And once all of those bills are added up overall, I think we'll be back in a position where people are struggling to pay their bills."

Male, ABC1, 46+

"I know it's not a huge amount of money over the years by 2030, but at the moment bills are tight, so anything you can save at the moment is handy at the moment."

Male, C2DE, 46+

"I don't think there should be an immediate rush to do it, although it should be done by that year, certainly"

Male, ABC1, 18-45

"I think everybody has got to try and keep their bills as stable as possible so we can afford to pay everything, and I think that's why I put getting it done in 2050, because I just think everything is so expensive and it's hard enough as it is paying everything than getting it done quicker and bills going up. It doesn't matter how much it is, if it's £1, £5, whatever – it all adds up at the end of the day."

Female, ABC1, 46+

Similarly accelerating operational carbon is considered a feasible option for achieving some reduction more quickly with net zero overall by 2050.

"It's obviously the equipment that they use, with vehicles and so on. A lot of companies are going to go by 2030 anyway to reduce their emissions through the vehicles and through the equipment as well. So obviously that will be good to keep to government guidelines, which has organisations reduce their emissions by then."

Male, C2DE, 18-45

Those customers supporting faster carbon reductions also focus on costs but consider the accelerated options to be affordable

Those participants supporting investment to meet net zero faster than 2050 typically considered the options to be affordable and the issue important enough to require more urgent investment.

> "I haven't got kids or anything, so I don't have so many bills. So I'd rather pay more money and get it done."
> Male, C2DE, 18-45

> "Why procrastinate, just get on with it, in my opinion. It's not costing a huge amount more for the customer."
> Female, ABC1, 46+

> "I'm of the view that the annual bill is pretty small and so on that basis it's worth paying in order to achieve the target sooner."
> Male, ABC1, 46+

> "I think it's so important now, I think 2050 is another 25 years away, it seems quite a long way off if they've got the capability of doing it quicker then yes, why not"
> Female, C2DE, 46+

When questioned about 64% of customers considering investment in meeting carbon net zero to be important, but then the majority selecting to only achieve net zero by 2050, participants feel that the bill impact is the key factor in reducing support for higher levels of investment.

> "That doesn't surprise me. Because I think everyone will want to do the moral thing, which is get it done as quickly as you can, but once you see it actually does have an impact on you personally, I can see people might not be as keen"
> Male, ABC1, 46+

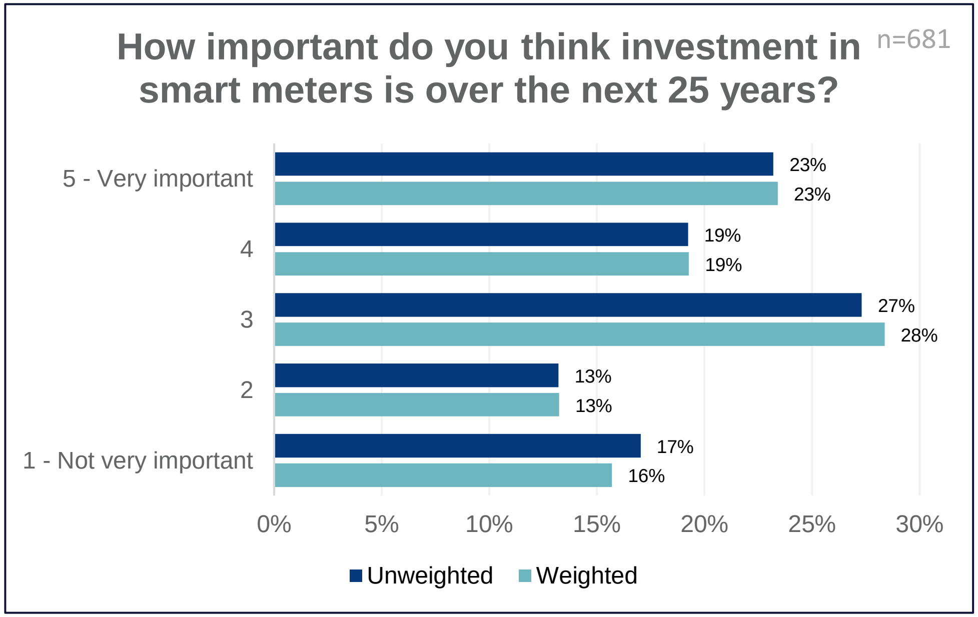
Smart metering

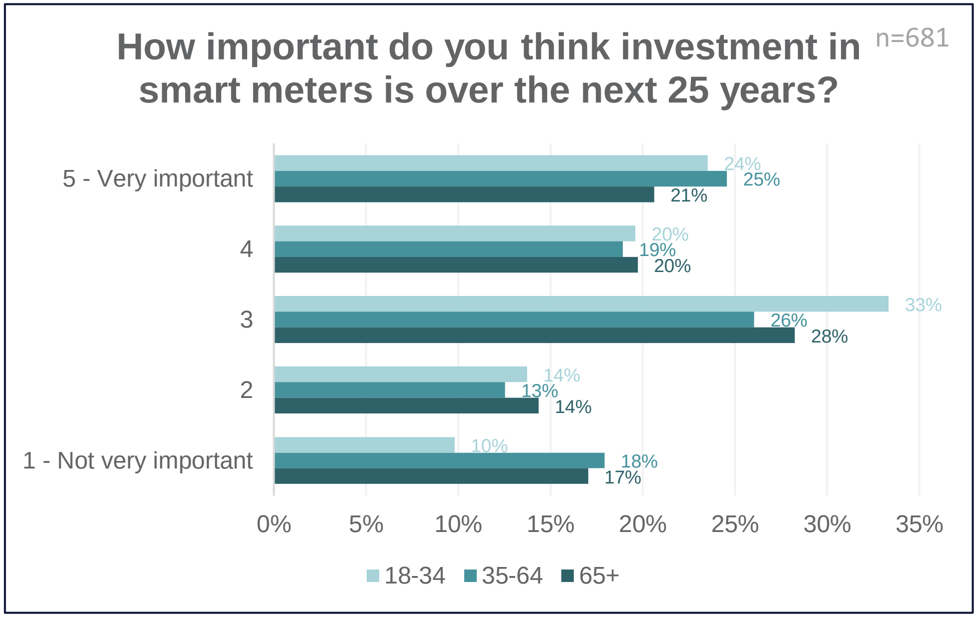
Key findings

Customers' views on the importance of investing in smart meters are mixed

Customer responses for smart meters show a mixed picture with a more even spread across the scale than observed for the other four investment areas.

There is also less variability by age for smart meters.



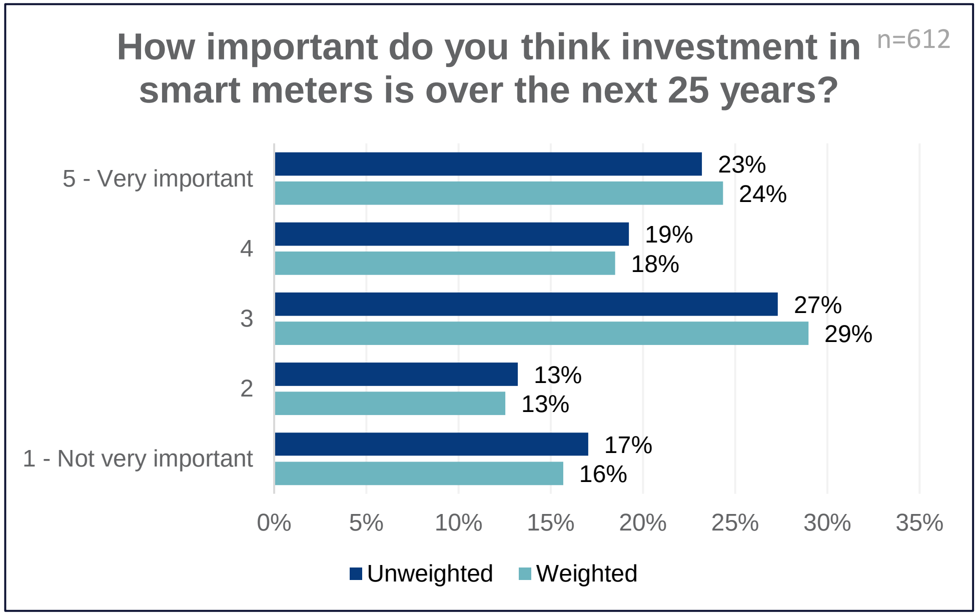


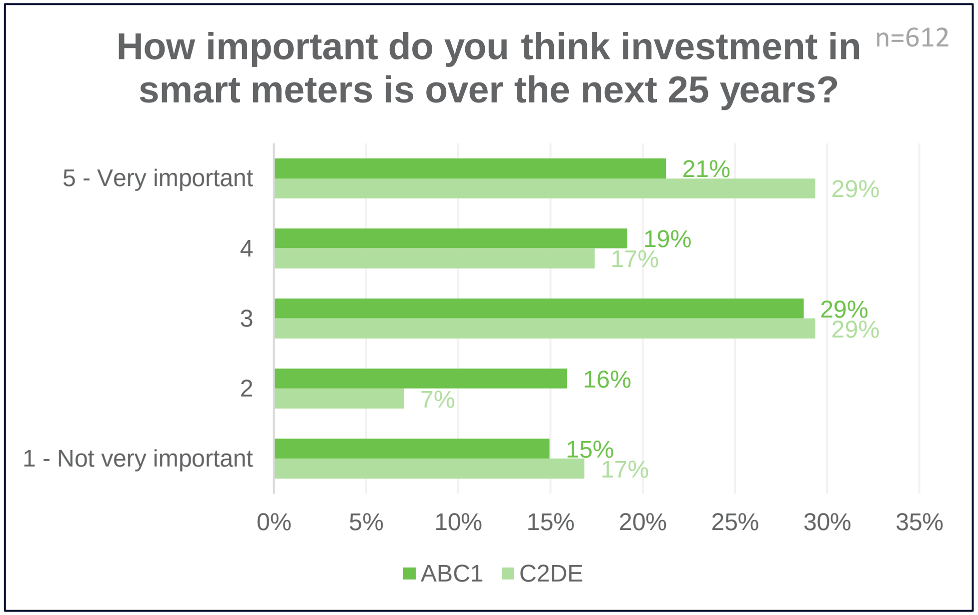
Weighted by age

Key findings

Customer views on the importance of smart meter investment varies by socio-economic group

Smart metering is the only investment area that shows variability by SEG grouping with more C2DEs considering investment to be very important than ABC1s, with a corresponding level of reduction in the percentage of C2DEs who consider it fairly unimportant.



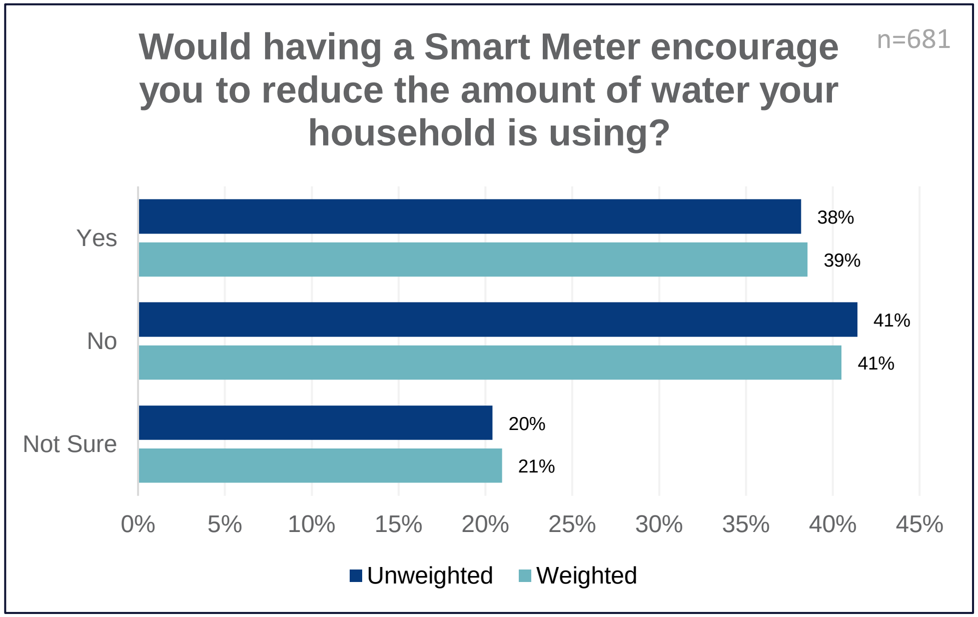


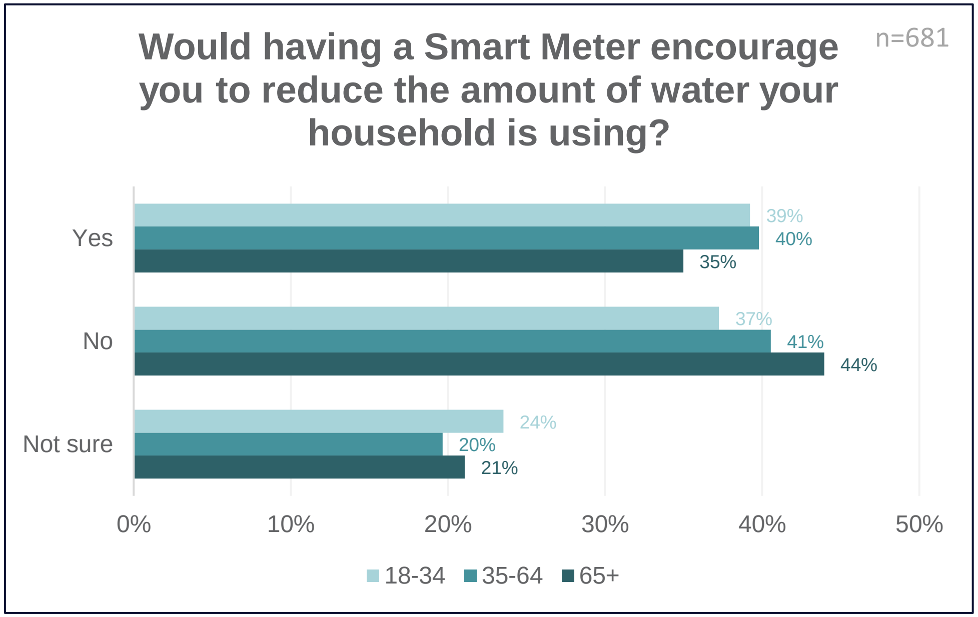
Weighted by SEG

Key findings

Customers are split as to whether a smart meter would encourage them to reduce water usage

Customers are split approximately 50:50 between those who feel a smart meter would encourage them to reduce water usage, and those who consider it won't. A high proportion (20%) are unsure.



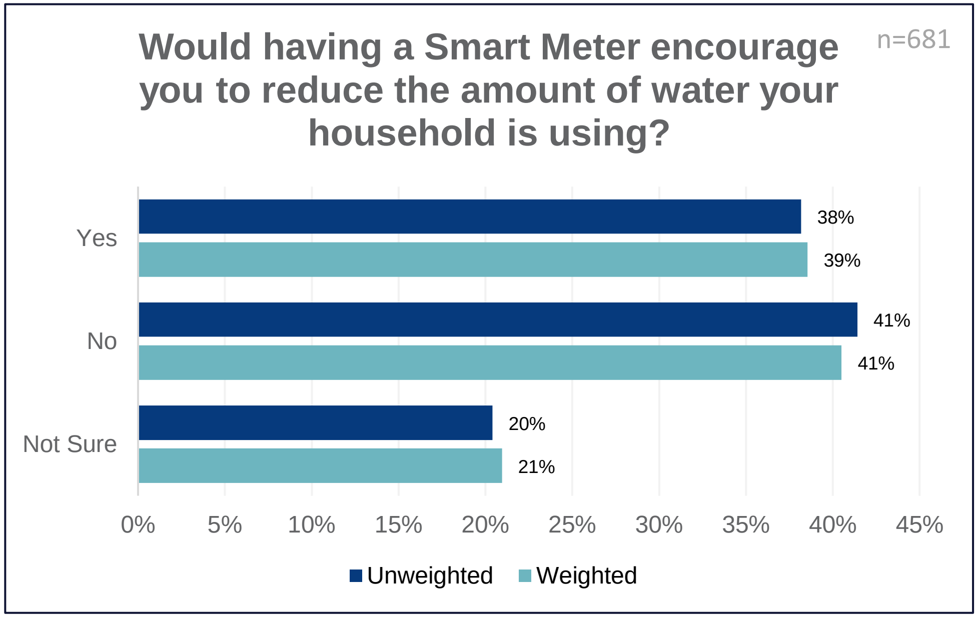


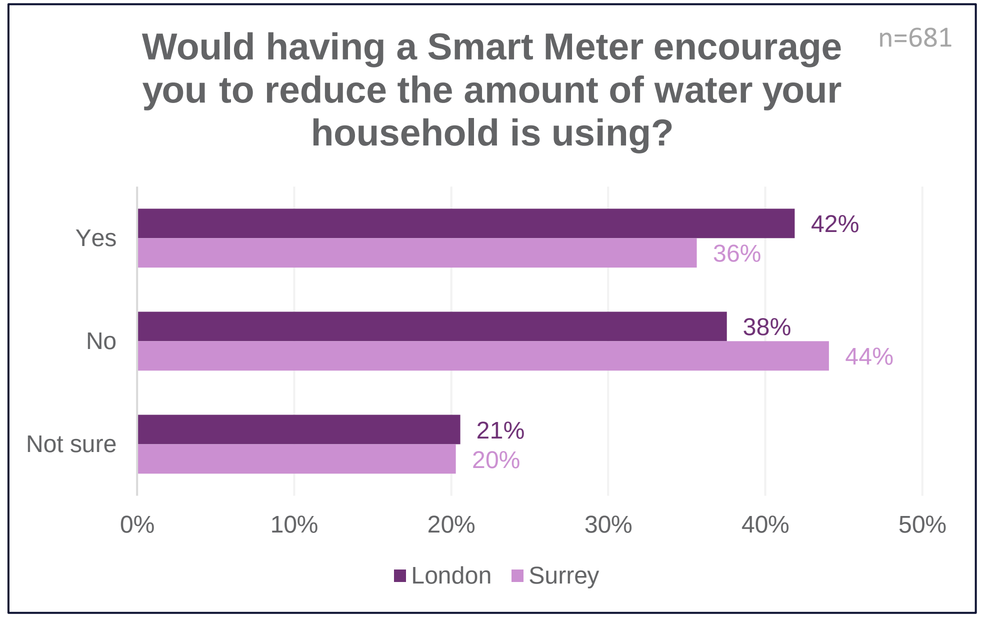
Weighted by age

Key findings

Only 36% of customers from Surrey feel a smart meter would encourage them to reduce water usage

Although findings are broadly aligned for SEG and age, it is notable that those voting no increased to 44% for respondents from Surrey which shows a wider gap compared to customers in London.





Weighted by age

Key findings

79% of customers support replacing meters with smart meters when required

Customer views on smart metering are consistent, with metering being their lowest priority and minimal support for any accelerated replacement of meters.

The findings are consistent across different customer groups (age, location and SEG). Despite more 18-34 years customers ranking smart metering a higher priority, when presented with the bill impacts their investment choices align with other age groups.

n=631

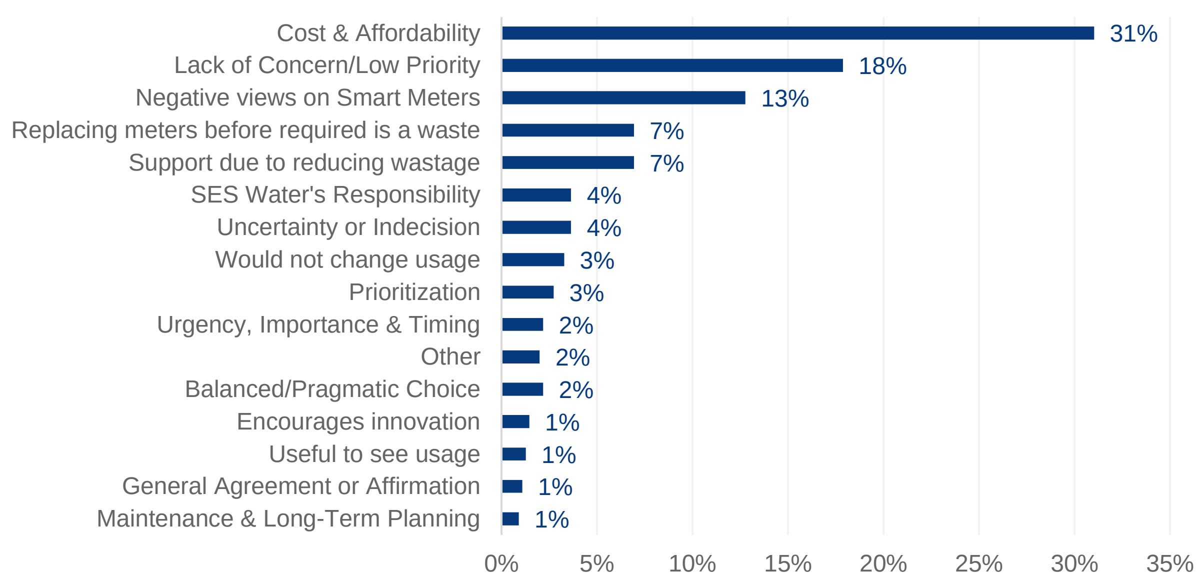
		Bill impact 2030	Bill impact 2050	Bill impact 25 years
Replace meters when required	79% (79%)	£2.80	£4.10	£89
Replace all meters by 2038	9% (9%)	£4.40	£5.80	£129
Replace all meters by 2035	3% (4%)	£5.40	£5.90	£144
Replace all meters by 2030	8% (8%)	£9.90	£5.80	£144

(weighted by age)

Key findings

Customers consistently report that they consider smart meters a low priority for investment

Smart Meters: Reasons for selecting chosen scenario n=548



Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Whilst cost and affordability remains the main reason for customers' selected investment option, low priority is the second most common factor.

Customers' preferred option is also influenced by negative perceptions of smart meters, often based on gas and electricity meters.

Focus group participants endorse survey findings to only replace with smart meters when required

Presented with the findings from the quantitative research, 84% of participants agree with the survey preference to replace water meters with smart meters when required which aligns with 79% of survey respondents.

When asked about what factors may drive customers' views, participants cite similar reasons as the survey respondents including cost and affordability concerns, low priority for investment, concerns about smart meters, particularly amongst older customers, and wastage.

"I don't like the feeling of being forced to do something by a certain time… feeling like you're forced to do it by a certain time will probably put peoples' backs up a little bit, even though it's for the best or the better"
Male, C2DE, 18-45

"It's cost. Cost of living is absolutely destroying my pockets."
Male, ABC1, 18-45

"I just think it comes down to being a bit selfish again, like they want the cheapest possible option and don't look too far into it. People just want to spend the minimum amount possible really"
Female, C2DE, 18-45

""It's all new technology, smart technology, us older people, some of us don't understand it but the youngsters are brought up with that technology, so…"
Female, C2DE, 46+

"I mean your comment about younger customers wanting a smart meter because they do everything on mobile phones, that's how they live their lives and they're very much stuck on these things. For me it's not so much of a priority to have a smart meter, I just need a meter"
Female, ABC1, 46+

"It seems added waste if you replace them now, for those who area already on them, if they don't need replacing."
Female, ABC1, 18-45

Despite discussions on water availability and usage, participants did not support investment to accelerate smart meters

Some customers feel that the benefits of smart meters may not be clear which limits acceptability.

> "I just thought it would be higher because there are a lot of benefits and it saves a lot of people money, so it's slightly lower than what I would have expected"
>
> Female, C2DE, 18-45

> "I think if the statement was written differently, as to why it would benefit customers/environment to have new smart meters, the answers could be different"
>
> Female, ABC1, 18-45

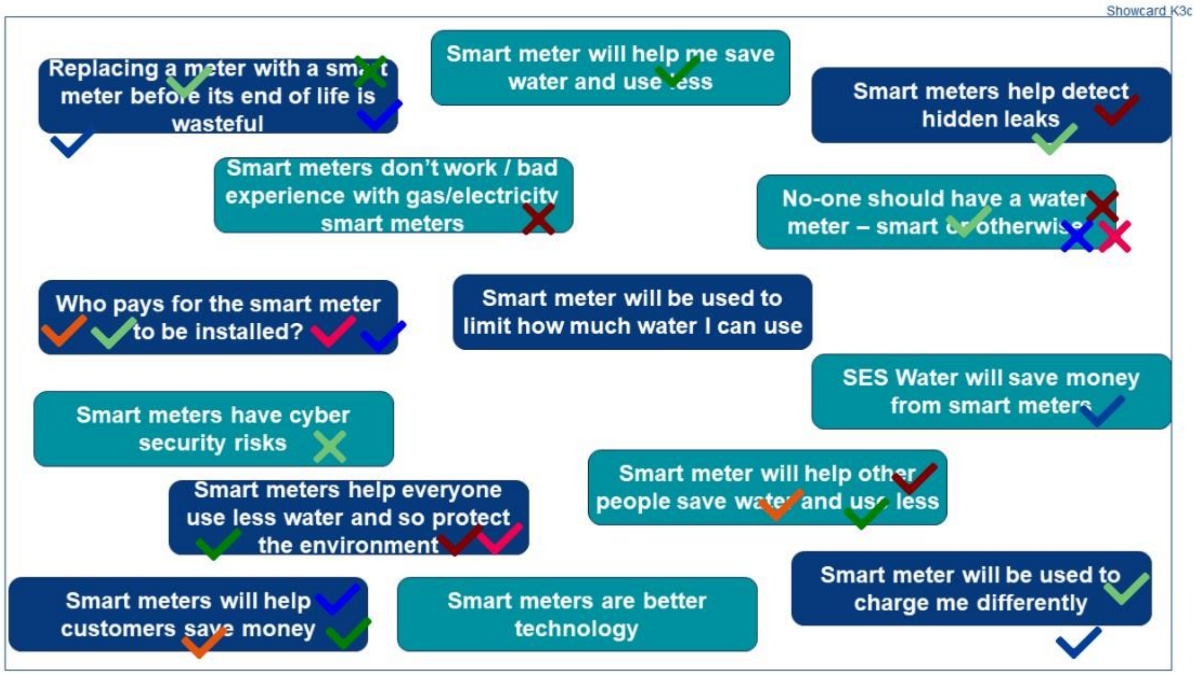
Participant views may be influenced by the focus group discussions exploring water availability and usage. Yet despite these discussions support for accelerated investment in smart meters is no higher amongst focus group customers than survey respondents.

> "Replace them as soon as possible. The stats already show that we use more than everybody else. So that's not going to change unless we take responsibility for it. The other things are long-term plans like lead and environmental. Those are things you can't change overnight, but this is. And the reality is – I know we're in a cost of living, etc. etc. – but it's basically the same whether we do it by 2030 or 2038. I'm sure our other bills are going to escalate massively more than what those percentages are"
>
> Female, ABC1, 18-45

> "I think sooner would be better because then everyone would be aware of what they were using and spending."
>
> Male, C2DE, 18-45

Research Method

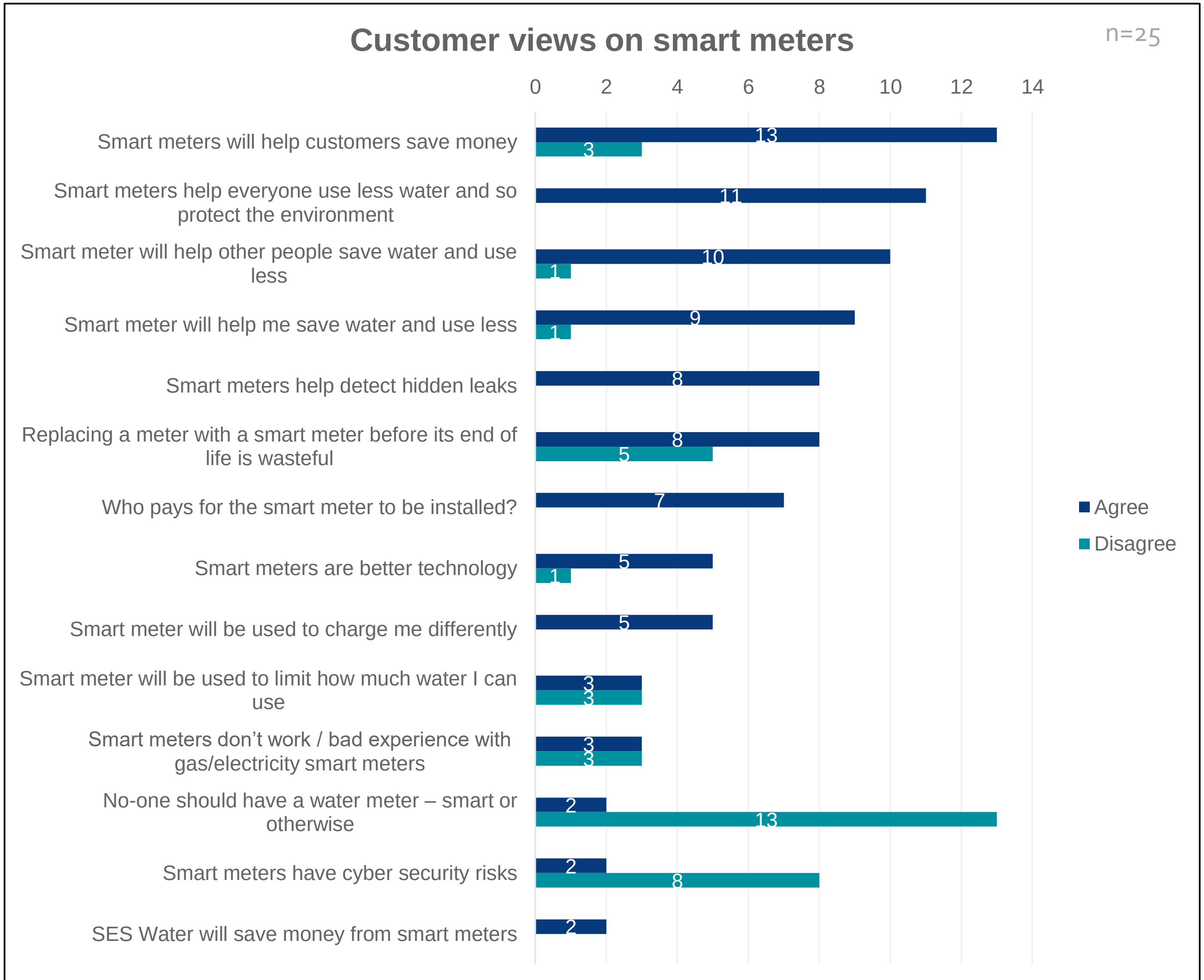
To understand barriers to smart meters, the focus groups explored attitudes and perceptions



To explore attitudes towards smart meters further, a number of messages heard from other customers were shared.

The focus group participants were asked to tick for any statements that they either strongly agreed with or are serious concerns regarding smart meters, or cross those that they did not agree with, or which are not a concern.

Focus group participants' views on smart meters are more positive than expected



What we asked

Participants were encouraged to only agree or disagree with the statements they felt strongly towards. They did not vote on each statement. This resulted in some statements receiving more responses than others.

Customer views on smart meters are varied; discussions focussed on potential barriers to implementation to build understanding

Cost is a factor for some customers, both in terms of the cost to install and who funds the meter, and the consequential potential impact on charging and tariffs

"It would be good to know who does pay for that, whether it's myself or the company or whoever else"
Female, ABC1, 18-45

"I just think that it's an extra cost and if the business and the companies want us to be better with water, it would be better for them to do it rather than charge ourselves."
Male, C2DE, 18-45

"Why should it be an expense to us? We don't own that meter, SES should be paying for it. They own it. I can't come into your house and put something in and charge you"
Male, C2DE, 18-45

"It's just about the tariff, if it's smart, connected to the internet, it's much quicker for them to be like, ah, you're going to be charged a lot more per litre now, because it's the summer, and they can change it if and then they want, maybe. I don't know"
Male, C2DE, 18-45

"They might not do it now, but I think it could be similar to the electricity, during the day you get charged more, and maybe during a period of drought, they might charge you more, and they might be able to do it through the smart meter, and they will say it will cost you 10p per litre, or something. They might do that."
Male, C2DE, 18-45

Others question the benefits of smart meters in supporting customers to reduce water usage and save money.

"I've not found that smart meters have changed my usage and consumption, and so I don't think personally that it's going to help me save anything. It's more of a mindset for me, and I need to change my mindset and do things differently than it is a little box on the wall telling me anything. I don't rate them."
Female, ABC1, 46+

"I've found that with the water meter I'm spending more money, so I would have thought that it was similar to other smart meters. And if you think about it, you're using electricity for the display and also to monitor water use. That's going to go into your electricity bill, so I don't think it's going to help save money."
Male, ABC1, 18-45

Customer views on smart meters are varied; discussions focussed on potential barriers to implementation to build understanding

Security of the technology generates mixed views with some customers dismissing the idea while others believe they do carry potential security risks.

"I just don't think [security risk] is a major factor, because I've got one on my gas and electric and I haven't experienced any cyber security risks there, I wouldn't expect anything like that for water."
Male, ABC1, 18-45

"I wasn't overly sure to be honest, but I hadn't heard of any cyber security risks or threats. It isn't something I know a lot about to be honest."
Female, ABC1, 18-45

"Potentially, yeah, because they could potentially be hacked, or you know, there could be an error that happens, so I'm not confident in the technology and that's one of the reasons I don't have a smart meter for electricity, because I don't feel like there's enough information about the safety of these smart meters."
Male, ABC1, 18-45

The potential for smart meters to help identify and reduce leakage generated mixed responses. For some customers, the potential benefit had no impact on their views at all whilst for others better understanding had increased their support during the session.

"The leakage was quite low anyway. 13%."
Female, ABC1, 18-45

"I'm thinking maybe if the meter is on the pavement outside your house, they might be able to tell, you're using a lot more water this month, but if 2/3rds of the leaks are on their side – I don't really know their technology in fairness"
Male, C2DE, 18-45

"Yeah, because I just see smart meters and think that it's going to cost me; I didn't realise it would help them to find leaks. That's the first I've heard tonight. Yes, it does change my view."
Female, C2DE, 46+

Customer research on long-term priorities, outcomes and choices

Section 5
Bill impacts and affordability

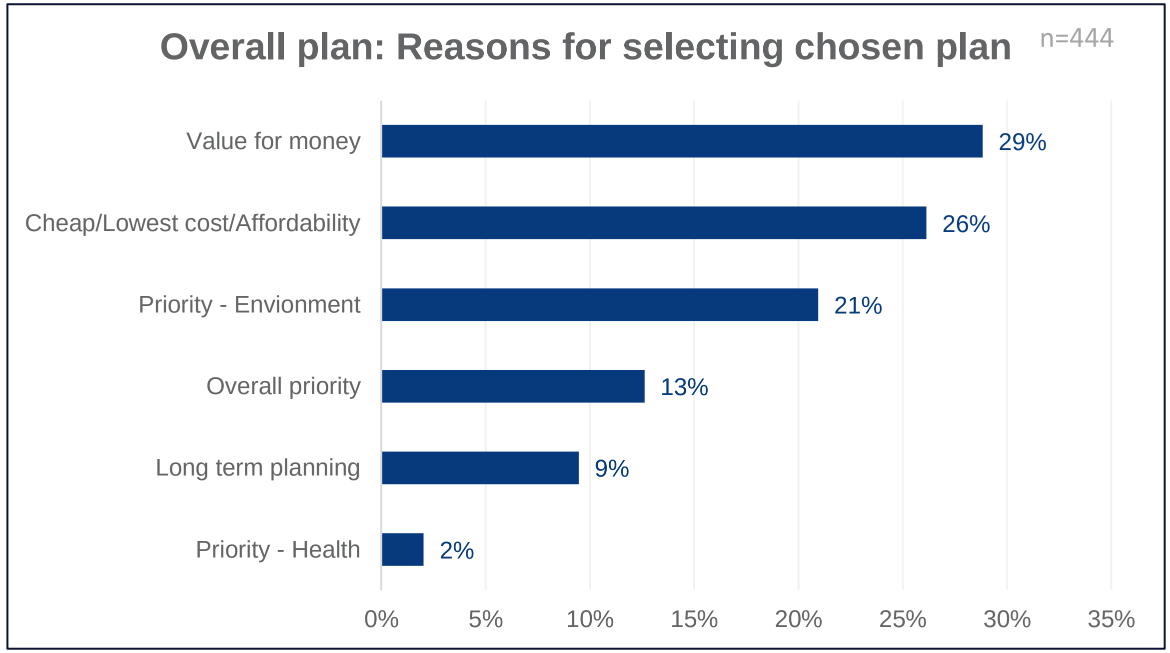
Customer preferences do not change when considering the overall bill impact

5. Build your own bill

Customers are shown their selected scenarios together indicating a combined "bill" detailing the cost impact of their choices. Customers are asked to review now they can consider the total impact, and to confirm their choices or make changes if preferred.

Less than 5% of respondents made any change to their preferred investment options when presented with the overall impact of their investment choices on the average customer bill. This, together with the consistency in findings with priorities for investment without financial implications, builds confidence that the research truly reflects customer preferences.

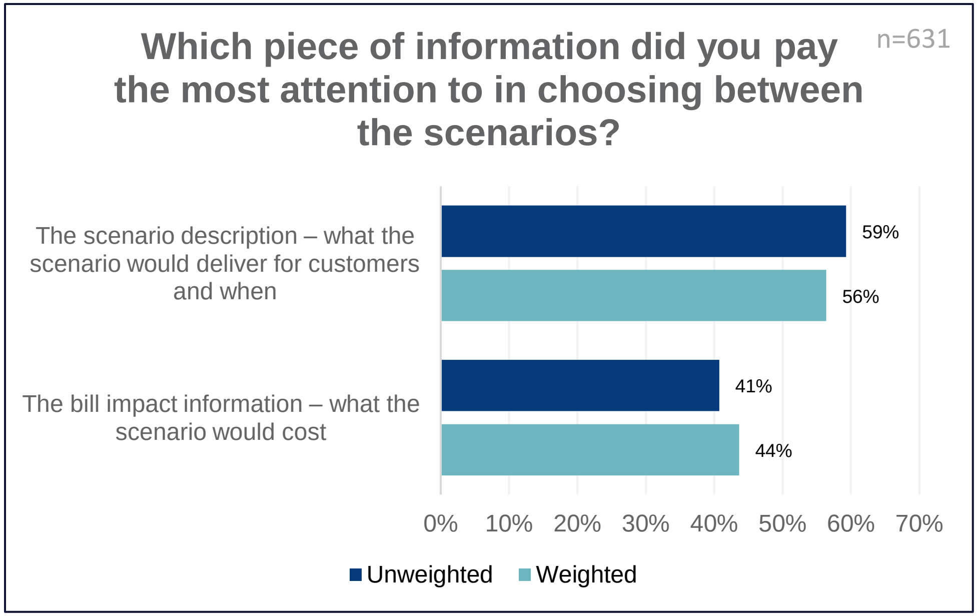
Value for money and cost or affordability are stated as the main reason for selecting their chosen plan by 55% of customers. 21% highlighted the environment as a priority for their plan.

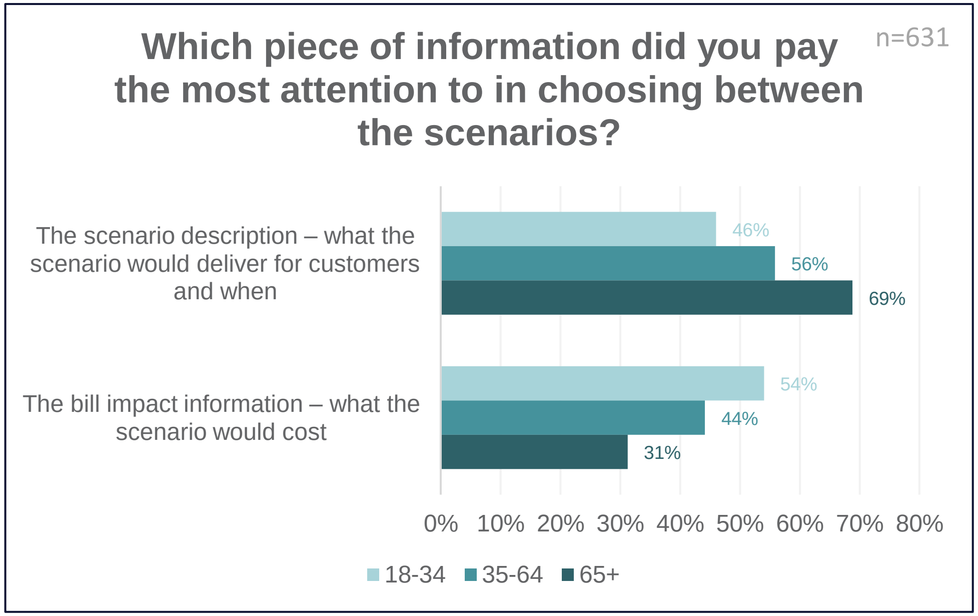


Customers pay more attention to the scenario description than bill impact when making choices

59% of customers state they pay most attention to the scenario description rather than the bill impact when selecting their preferred investment option.

Those paying most attention to the bill impact (41% overall) decreased with age, with 54% of age 18-34 years selecting on bill impact compared to only 31% of 65+ years.





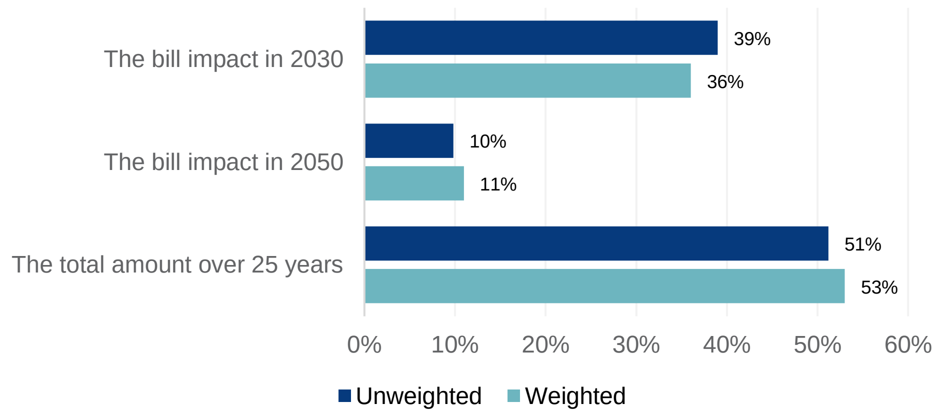
Weighted by age

Customers pay most attention to the total bill impact over 25 years

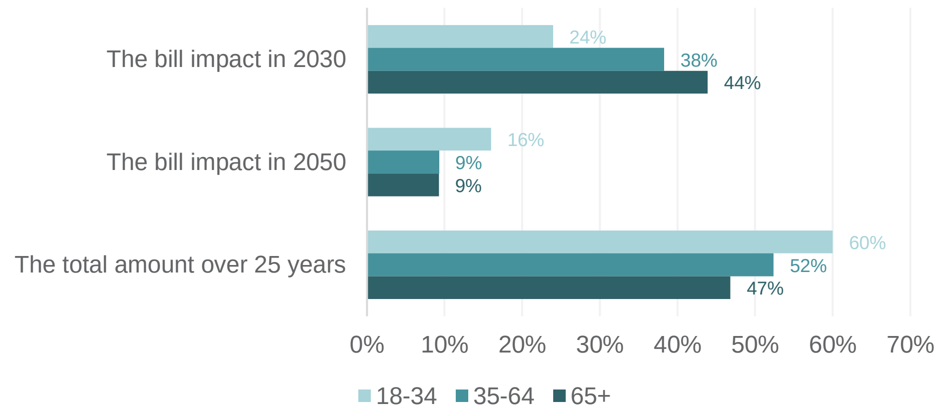
When considering the bill impacts, 51% of customers pay most attention to the total bill impact over 25 years, with 39% focussing on the bill increase in 2030.

The focus changes with age - the younger age group pay more attention to the bill impact over 25 years, with 65+ years concentrating on impact in the first 5 years (bill impact in 2030). There is no notable difference by SEG or location.

Which impact on customer bills did you pay the most attention to in choosing between scenarios? n=631



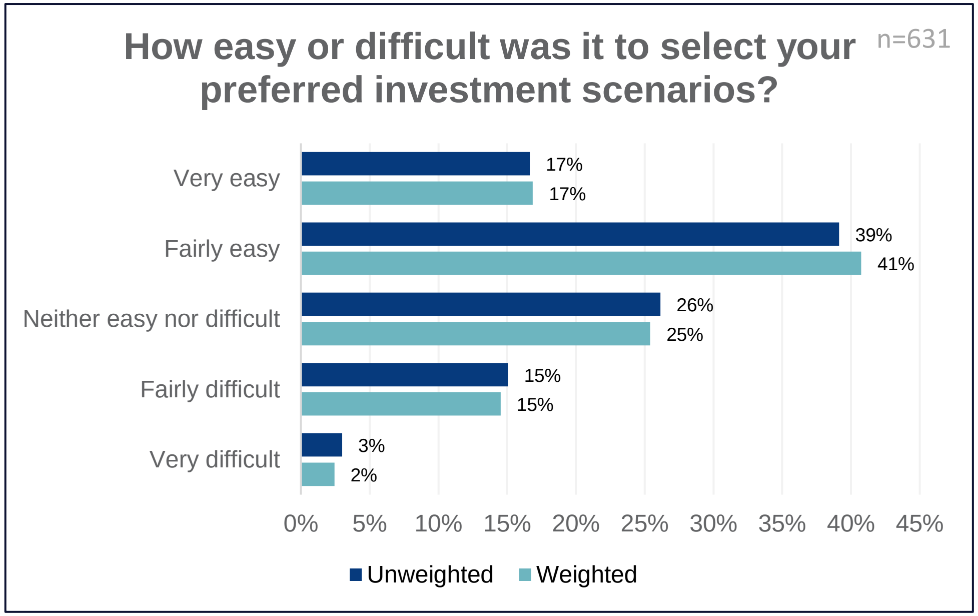
Which impact on customer bills did you pay the most attention to in choosing between scenarios? n=631

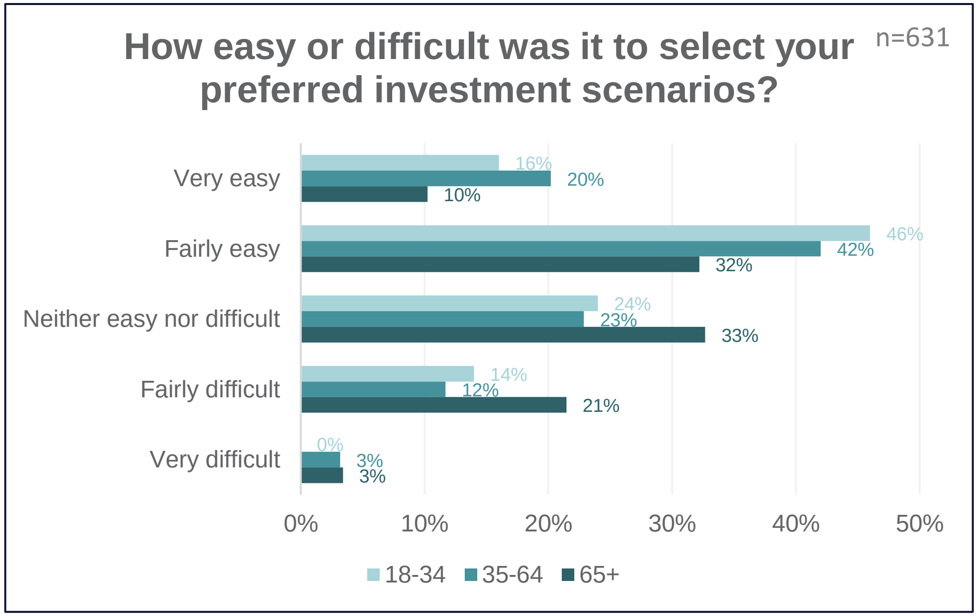


Weighted by age

Only 18% of customers found it difficult to select their preferred investment option

18% of customers consider it difficult to select their preferred investment scenarios. Of these respondents a high proportion are in the 65+ years age group

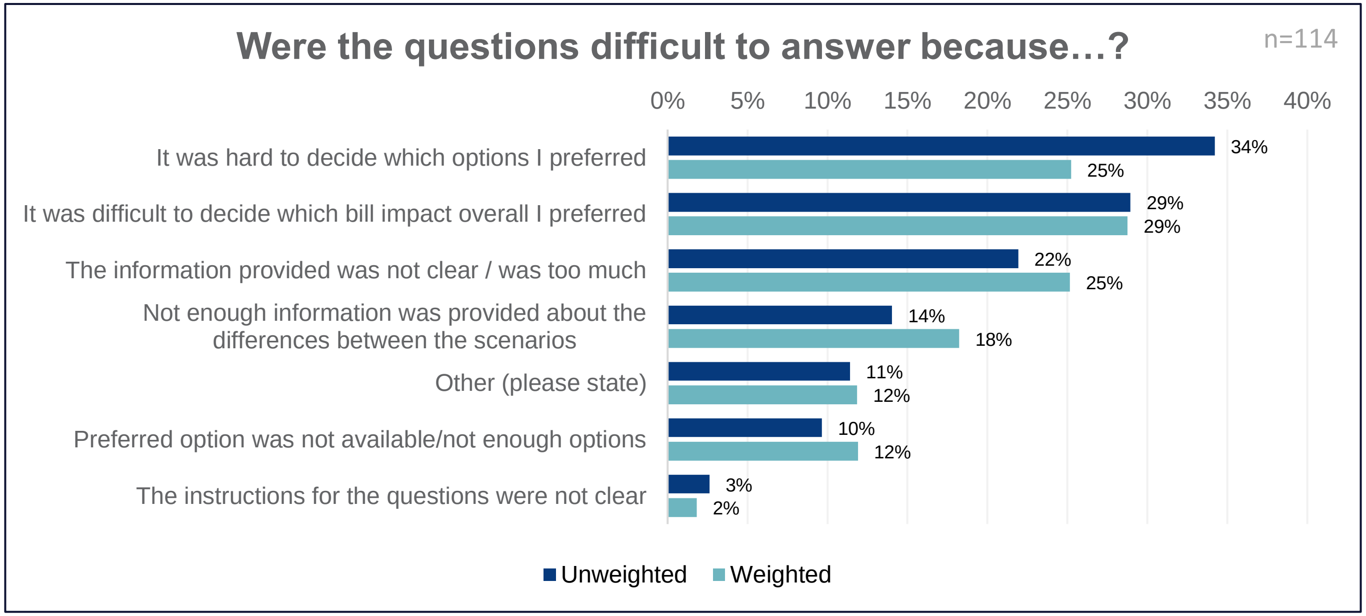




Weighted by age

73% of customers who find it difficult to pick an investment option, struggled to decide which option or bill impact they prefer or wanted a different option

Of the 18% of respondents who experienced difficulties in selecting their preferred option, only 41 customers (6% of the total number of customers completing the survey) said it was due to unclear information or a lack of information. This provides confidence that the research reflects customers views from an informed perspective.



Weighted by age

Customers primarily consider affordability in terms of the impact on them personally

How potential bill impacts, affordability concerns and the current cost of living crisis impact on customer views were explored during the focus group sessions.

The majority of participants shared that during the sessions they largely consider affordability in terms of their own personal circumstances rather than the wider community or SES Water's customer base. Some customers do consider affordability in terms of both themselves and others, but a minority primarily consider everyone.

"It depends on people's circumstances, but I think most people – especially in hard times – are thinking of themselves and how they survive"
Female, ABC1, 46+

"I was thinking about myself more than everyone but it seems like the amounts of money we're talking about are relatively small in the scheme of things"
Male, ABC1, 46+

"I think with the state we're in, with the cost of living crisis, people will tend to look at the price before they look at anything else, but they are not going to ignore the other thing [scenario], it's just at first glance, a lot of people will think about money first"
Female, C2DE, 18-45

Focus groups participants endorsed the survey finding that 69% of respondents agreed that water bill increases are acceptable if financial assistance is available to protect those who need it.

"I agree, and being in a position with children with disabilities, I'd love to cut down on water but I can't. If there was support to make it more manageable, yeah, I'd love it"
Female, C2DE, 46+

Focus group participants consider the current financial climate drives younger customers to focus on bill impacts

Participants are not surprised that customers aged 18-35 years tend to focus more on the bill impacts of investment options rather than the scenario outcomes. They feel this is driven by the current cost of living crisis having a greater impact on younger people.

Some customers did express surprise that older customers are less concerned, also expecting them to focus on bill impacts rather than scenario descriptions when selecting their preferred investment option.

"It doesn't surprise me about young people, in this climate at the moment money awareness, saving money, is important.... I am surprised though that the much older than me generation are possibly not quite as concerned. I thought that would be, with the energy crisis, a bit more of a priority."

Female, ABC1, 46+

"I think the younger people will have less disposable income, and so they're going to be looking after their bills better. But I also think the younger generation are more concerned about climate change and all the rest of it than many older people. And I know that's quite a sweeping generalisation, but I think that is true, that younger people are more worried about the future."

Male, ABC1, 46+

Customer research on long-term priorities, outcomes and choices

Section 6
Conclusion

This comprehensive research programme provides valuable customer insight to inform SES Water's PR24 and long-term planning

This report presents the findings from comprehensive quantitative and qualitative research with SES Water's household customers. It explores their priorities and preferences for key service outcomes and the importance of five key investment areas (carbon net zero, environmental improvements lead, leakage and smart metering) for PR24 and the longer-term, including their choices for investment in terms of the pace and scale of improvements.

Customers have consistent views between their long-term priorities and the key investment areas, both with and without knowledge of the bill impacts. Developing understanding during either the survey or focus group session demonstrates that customers recognise and understand the factors behind the need for investment. They consider both the financial impact upon themselves and others, as well as the improvements in performance when making their choices.

The consistency in findings, both within the survey responses, and between the quantitative and qualitative research programmes, builds confidence that the research truly reflects customer preferences. As such the findings are suitable to inform SES Water as they further develop their PR24 investment plans and the intended direction of travel for their long-term delivery strategy.

Summary of customers' priorities for key water services

Customers overall prioritise high quality drinking water, leakage reduction and ensuring affordable of the eleven key water services considered.

1. High quality water that looks, tastes and smells good
2. Reduce the amount of water that is lost through leakage
3. Ensure bills are affordable bills for all
4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
5. Maintain existing infrastructure for current and future customers and prevent bursts
6. Improve the environment and have a positive impact on our local area

7= Ensure properties consistently receive good water pressure

7= Prevent interruptions to water supply

9. Continue to provide a high quality service to all our customers
10. Continue to soften the water supply to 80% of our customers
11. Help customers and businesses to reduce their water use

Summary of the five Investment Areas

Leakage
Ranked highest priority

- Customers support additional reduction in leakage – the extent of that reduction is not clear.
- 53% do not find halving leakage by 2050 acceptable (10% not sure)
- 91% rated it important or very important to invest in

Environmental Improvements
Ranked 2nd

- 72% customers support investment in additional environmental improvements; more opt for greatest level
- 46% aware of water abstraction link to chalk streams
- 71% rated it important or very important to invest in

Lead
Ranked 3rd

- Customers prefer a steady approach to lead pipe replacement over a longer time period
- 66% aware of lead pipes as supply connections or internal plumbing
- 76% rated it important or very important to invest in

Carbon Net Zero
Ranked 4th

- Customers support reaching net zero by 2050, not earlier, and prefer a steady reduction approach.
- 86% aware of government target for net zero by 2050
- 64% rated it important or very important to invest in

Smart Metering
Ranked 5th

- Customers do not support accelerated replacement of meters with smart meters.
- 41% said having a smart meter would not encourage water saving
- 42% rated it important or very important to invest in

Assurance

Version	Author	Approval	Proof Read
Draft	Luke Ferriday	Sandra Randall	Sandra Randall
Final	Luke Ferriday	Sandra Randall	Sandra Randall

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