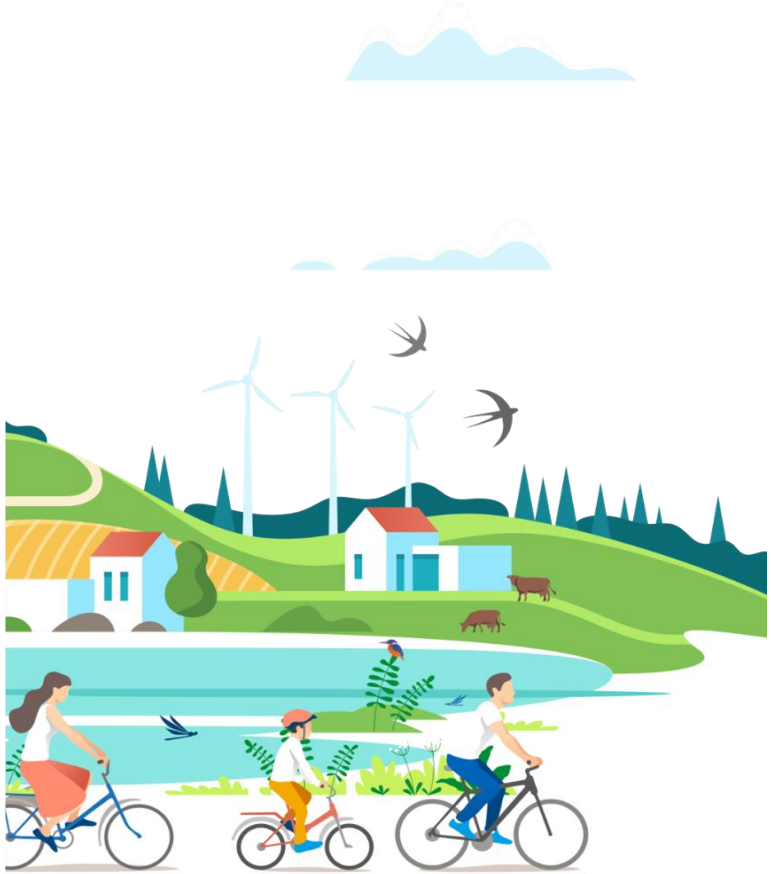
Customer Priorities Research Presentation

September 2022

Background

What you told us...



SES Water have been on an ambitious journey to define their clear, distinctive company purpose. The company is now looking to turn this purpose into a long-term vision which sets out precisely how they'll achieve it.

This means getting really clear on the customer priorities which align to the purpose, creating the basis of their Long-Term Delivery Strategy and the PR24 customer engagement journey.

Though there will be further research during the PR24 customer engagement journey, the research from this early phase will mark the beginning of that journey, helping to give focus to the conversations that will happen at each stage along the way. Ultimately, this will help SES Water to start to understand how to better serve customers' needs and preferences, beyond the typically functional relationship with water.

Research objectives

- To understand the importance or otherwise of various SES Water priorities in the short (2030), medium and longer term (2050) in the context of different future scenarios the company might face, and identify if any priorities are missing
- To develop an indicative ranking of these priorities
- To explore various scenarios and enhancements for each of the priority attributes and the pace of investment e.g. are some enhancements wanted sooner rather than later?
- To find out how ambitious the company should be in its planning for the long term – e.g. to what extent it should deliver over and above its statutory obligations
- To make sure that the attributes are clear and meaningful to people

Who we spoke to and how*

	Group discussions	Interviews	
Who	Domestic customers	Business customers	Vulnerable customers
What	**4 x 2 hour online focus groups**	**4 x 1:1 45 minute online interviews**	**5 x 1:1 30 minute telephone interviews**
	Pre-family, future customers		
	Young family		
	Wealthy mid-lifers		
	Empty nesters		
	1 x 2 hour face to face group Preference for face to face, less tech savvy		

** Conducted in August 2022*

Overall recruitment criteria

- All to be SES customers
- All to be bill payers (except young pre-family group)
- None to be either very positive or very negative about SES
- Half male/half female
- Mix of ethnicities
- Mix of urban and rural
- Mix of homeowners and renters
- Spread of social class
- Spread of attitudes towards the environment

Specific recruitment criteria:

- **Pre-family:** 18-25, living with parents or renting, tech savvy, future customers
- **Young family:** 30-50, children under 10, larger/multi-generational households
- **Wealthy midlifers:** 40-60, children 12 +
- **Empty nesters:** 55-80, children no longer living at home, lower water consumption
- **Face to face:** less tech savvy, preference for f2f communication
- **Vulnerable:** spread of vulnerability across tiers 1-3
- **Business:** 4 x SME

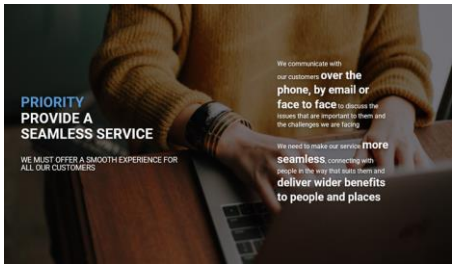
Discussion Flow

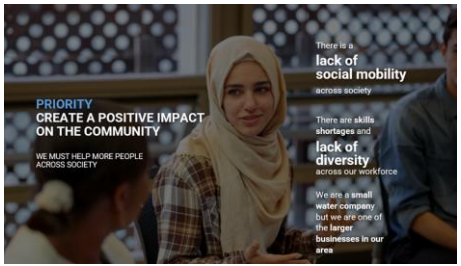
5 key stages to the discussion:

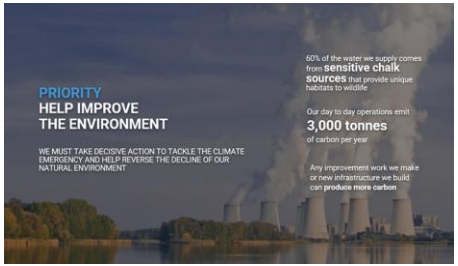
1. Customer context: key concerns current and future	2. SES introduction: company and challenges	3. Priorities: One page summaries	4. Priorities: One page actions	5. Individual exercise: Priority ranking

8 different priorities shared with customers

Each priority consisted of a page detailing the nature of the priority and the challenge*







* Priorities were rotated across all groups and depth interviews

Supported by a summary page of potential actions

What could we do in the future?

Create **new sources** of water such as new or bigger reservoirs, or using flood water to help refill our underground sources

Work with other water companies to **share water supplies** through new pipelines

Invest in the development of new technology to allow customers to retrofit rainwater harvesting/greywater recycling systems in their homes (not suitable for drinking but it can be used to flush the toilet or water gardens)

Always abstract water sustainably from the environment - reducing our abstraction from some (sensitive) sources and using nature-based solutions that will improve those that we continue to rely upon

Continue to use temporary restrictions on usage during drought when we need to (hosepipe bans, non-essential use bans) and **emergency measures** (standpipes) only in the most extreme circumstances

What could we do in the future?

Work in partnership with farmers, industry and other stakeholders to minimise pollutants that impact the quality of our water sources

or

Build new treatment facilities to remove these substances

Eliminate all lead pipes in our network and subsidise customers to do the same in their homes

Make our **water sources more resilient** to the impact of climate change so water quality is protected

What could we do in the future?

Use **smart technology** to flag issues and resolve problems proactively so we reduce the chance of customers losing supplies

Use data to **predict** where problems may occur and warn customers before their service is impacted

Aim for no water mains to burst and impact on customers or local communities

Replace water mains that are more likely to leak or burst

At least halve leakage

OR

Go beyond halving leakage and aim for a **zero-leakage network**

What could we do in the future?

Provide **smart meters to all customers** to help them understand and reduce water consumption, identify leaks in the home and set personalised water efficiency targets

Innovative tariffs that incentivise efficient water use and discourage high water use

Regular home visits to provide advice on how to save water and fit water-saving devices in homes

Targeted water efficiency advice with extra focus on high-water users in our area

Real-time / virtual notifications if water use is higher than normal

What could we do in the future?

Correct bills and **regular information** on consumption

Easy payments

Using data to better **predict when customers have issues** and **proactively** solving them

Communicating with customers in the **best way** for them

Offer **real time** appointments

What could we do in the future?

Support **vulnerable customers** - real time responses, flexible payment options, extra help to access services

Create **local connections** and **social partnerships** to better support vulnerable customers (e.g. Age UK)

Work with all other utilities to identify all customers that might need extra help during an emergency such as loss of supply

Support people **struggling to pay by providing wider help** (working in partnership with expert agencies)

What could we do in the future?

Contribute more to the **education and skill development of all the young people** across our area to help improve their life chances – an education programme that reaches all primary and secondary schools in our area each year

Continuing to provide jobs for local people with a workforce that represents our customer base a and supply chain that is contributing to the local economy

Improve people's wellbeing by making the majority of our land accessible to our local communities so they have more green space to enjoy on their doorsteps

What could we do in the future?

Achieve Net Zero operational carbon by 2030 by becoming more energy efficient

Use the land we own to **develop new sources of renewable energy**

Go beyond net zero and capture more carbon than we emit

Invest in environmental projects that will increase carbon capture and reduce CO2 levels

Increase biodiversity across all our sites - developing havens for wildlife to increase the number and nature of species that live on them

Working in partnership to improve the environment we take our water from

Reuse or recycle all the waste products we produce across our operation

Key insights

Key insights

- **Cost of living** is the key concern for customers currently – this eclipses all other concerns and makes them reticent to discussing further price increases in other areas of their lives e.g. water.

- Low awareness and knowledge of water issues generally (although heightened in recent weeks due to media coverage of drought, hosepipe bans and sewage leaks) means that the facts and figures shared with people often lacked meaning – they found it hard to contextualise the information.

- Many people believed that SES (along with other water companies) was **behind other sectors in creating a dialogue with its customers**, keeping them informed of the challenges being faced and ways to address.

- They see some of the challenges as **systemic** and are expecting SES to be **think expansively and innovatively** about how they can change the way to build a future which better manages water usage and storage (e.g. new builds)

- When discussing leaks in particular, (spontaneously and prompted) many express **shock and surprise** by a perceived lack of investment in SES' fundamental infrastructure.

- We observed **key differences across and within customer groups** of those with more personal/collective responsibility and more mindful behaviours vs. those that attributed the responsibility for change and investment firmly at the door of SES.

Key insights

Most customers **struggled to articulate which priorities felt most ambitious and to place them in order of importance**. Regardless of this fact, the majority of customers **did not want and did not believe that costs should be passed on to them.**

When pushed, the majority of customers prioritised what they saw as the fundamentals for a well-run water company – namely: **delivering high quality water, reducing wastage/fixing leaks**, and **ensuring a sustainable and resilient supply** for the future.

Two priorities divided opinion across our customer groups:

- Helping customers to reduce their usage – with **varied accountability** across the groups.
- Helping to improve our environment – **a mix of perceived urgency around environmental issues and SES' role in tackling them.**

The remaining priorities were considered to be important but more **internally rather than externally focused** e.g. seamless service, vulnerable customers, benefitting the local community.

Although some customers are more realistic in their expectations, many expect SES to **go beyond regulatory requirements** particularly in the areas of leaks, sustainability and the environment.

Two key missing elements were suggested by customers: the human business aspect (i.e. how will SES' employees help to make the changes needed), and the creation of a broader, deeper educational/communication programme.

Customer Context

Current customers' concerns are being **dwarfed by the cost-of-living crisis**

Everyone is being impacted to some extent by rising costs – food, utilities, fuel, business supplies

Wages not rising in line with cost increases

Less able to help children/prepare for the future

Starting to change behaviours e.g. take aways vs eating out, small luxuries starting to go

Young people despondent at ever being able to afford to buy their own homes/live independently from their parents

Hidden poverty e.g. rise in dependence on foodbanks

FUTURE

Climate Change: increasing awareness & understanding of the issues and impact, some trying to do their bit, concerns for BRIC countries

Lack of future security/perceived instability: uncertainty of jobs, housing, finances, particularly impacting young people

Internet/AI: the dangers of the internet for children, complacency due to AI

TODAY

Mental Health: concerns around the rise and prevalence of mental health issues particularly amongst the young

Physical Health: concerns of long waiting times, NHS overcrowding

The vulnerable & needy: increase in homelessness, people needing to rely on foodbanks

Compared to previous studies **water concerns are more top of mind** although knowledge is still very limited

The recent context of drought being declared across many parts of the UK, hosepipe bans and significant media coverage about sewage leaks into the sea has heightened awareness

The scale of the challenges facing SES were a genuine surprise for most

Whilst the impact of climate change was largely expected (but not necessarily top of mind), many hadn't thought about the effects of population growth and pollution on water supply

Higher usage was a key focus for discussion with many trying to rationalise the difference - anticipated to be from large gardens, swimming pools, hot tubs and dense population

And although we saw a lack of knowledge generally this did not equate to lack of interest

Thank you - I've found the session really enlightening and I've learned so much

Previously

Never had to think about it, never had an issue, it's not a scarce commodity

Haven't been made aware of issues and challenges (by the water companies) until recently - re drought and sewage

Didn't think that my personal contribution could make a difference

However, we did see a spread of attitudes in terms of accountability for addressing the challenges

Across all our audiences, we saw a sliding scale of perceived responsibility for helping to tackle the water issues of the future

PERSONAL RESPONSIBILITY

Everyone has a part to play, we can all make a contribution – many feeling they were already doing their bit, even in small ways. More mindful overall about many aspects of their life.

COLLECTIVE RESPONSIBILITY

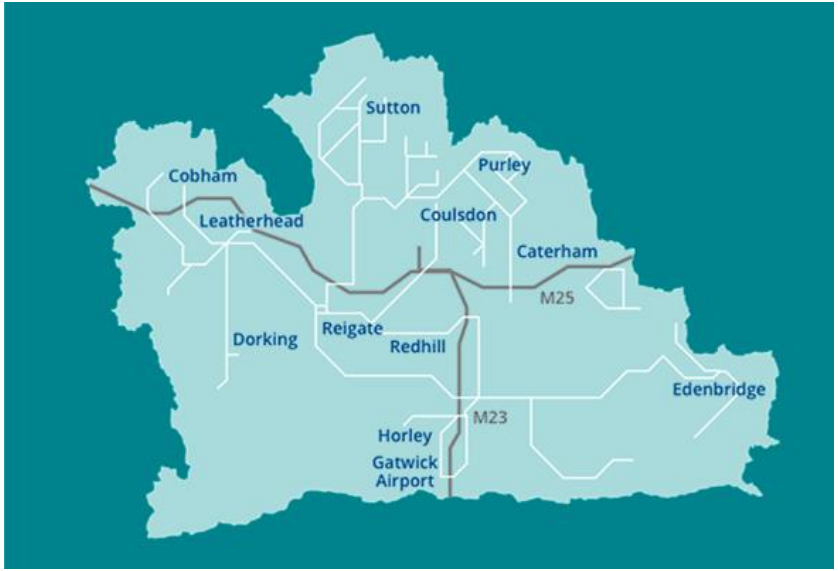
We will play our part only if we see that SES is making inroads into addressing their wastage. Accepting that individuals can play a part.

SES RESPONSIBILITY

SES has to fix wastage first before asking customers to make changes. Reluctant to change their behaviour.

Low awareness and knowledge about SES

Although, very positive experience recounted for those who had contacted SES



- Surprised by the small area that SES covers
- Some children had visited facilities with school, resulting in information being passed on and conservation behaviour
- Good customer service – helpful, supportive, flexible, responsive, timely resolution
- 160 million litres per day is a surprising figure for most
- Groundwater supply surprises people, many hadn't given much, if any, thought as to where their water came from

In their own words

Quite scary when you add up the first 4 challenges. (Young Family)

I'm surprised that they don't have more tech already for customers to help with their usage and for the company to manage their infrastructure.
(Wealthy Midlifer)

It's all a bit of a worry … that's a real problem, but then life carries on and you just carry on as normal.
(Business)

[Water] has been a problem recently - when you hear on the news about pollution levels and some of the controversies around that. So I certainly I am aware that water companies can can play a really important role and probably should be scrutinised more. (Vulnerable)

The fact that these figures are only for the SES water area not all the UK! How are we using so much more than everyone else?
(Future customer)

We just take it for granted … there's a lot of water in the UK
(Wealthy Midlifer)

There must be a lot of small leaks that we aren't aware of that all adds up. (F2F)

That's a lot water – hard to visualize what that would look like – not something you really think about how much you use.
(Future customer)

The company could do a lot more – they have an awful lot of leakage in the pipes, the pipes are leaking pretty badly in some areas. (Empty nester)

Summary response to SES Priorities

ses WATER

Some consistent themes were observed across the assessment of all priorities and the associated actions

A **lack of ability to prioritise**, determine levels of investment and ambition needed, S/M/L term focus

Most priorities were **well understood** and were considered meaningful (although some actions needed to be more tangible)

More **technical language and concepts** e.g. sustainability, resilience, abstraction were poorly understood

Localisation of examples made priorities more meaningful and relevant

Idealistic vs pragmatic (knowledgeable) attitudes to what was deemed possible/ desirable for SES to do

Reducing waste and delivering high quality water, sustainably were consistently seen as the most important areas to focus on

Higher Energy

Lower Energy

Maintain

Change

Key Focus
Need to protect the core fundamentals of the business

Fix it
Critical to be seen to be solving this ***unacceptable*** problem

With 2 priorities creating **more divided opinion**

Higher Energy

Lower Energy

Change

Key Focus

Must continue investment to maintain high quality and protect future supply

Fix it

Need to invest more to reduce waste and resolve the significant leakage issue

Communicate

Across the groups people we saw some who thought this was highly important and should be prioritized and those that didn't

And a further 3 priorities considered to be **important but more internally focused priorities**

Higher Energy

Lower Energy

Maintain

Change

Key Focus
Need to protect the core fundamentals of the business

Fix it
Critical to be seen to be solving this ***unacceptable*** problem

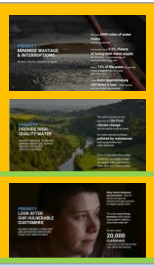
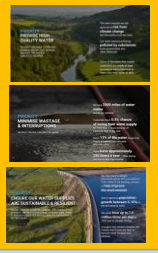
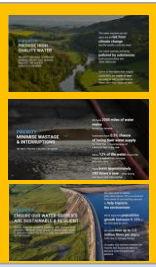
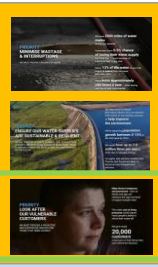
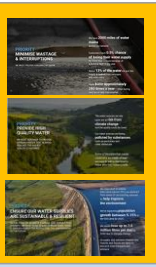
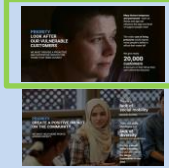
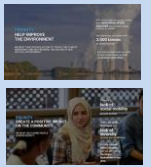
Business as usual
Essentials of being a responsible, ethical business

It's a table-stake, not a key customer focus

Communicate

Across the groups people we saw some who thought this was highly important and should be prioritized and those that didn't

Although we did see some prioritization differences by audience

Top 3 priorities ranking							
Bottom 2 priorities ranking							

Different investment considerations were suggested for each area

Higher Energy

Lower Energy

Maintain

Change

Key Focus

Must continue investment to maintain high quality and protect future supply

Fix it

Need to invest more (the most) to reduce waste and resolve the significant leakage issue

Business as usual

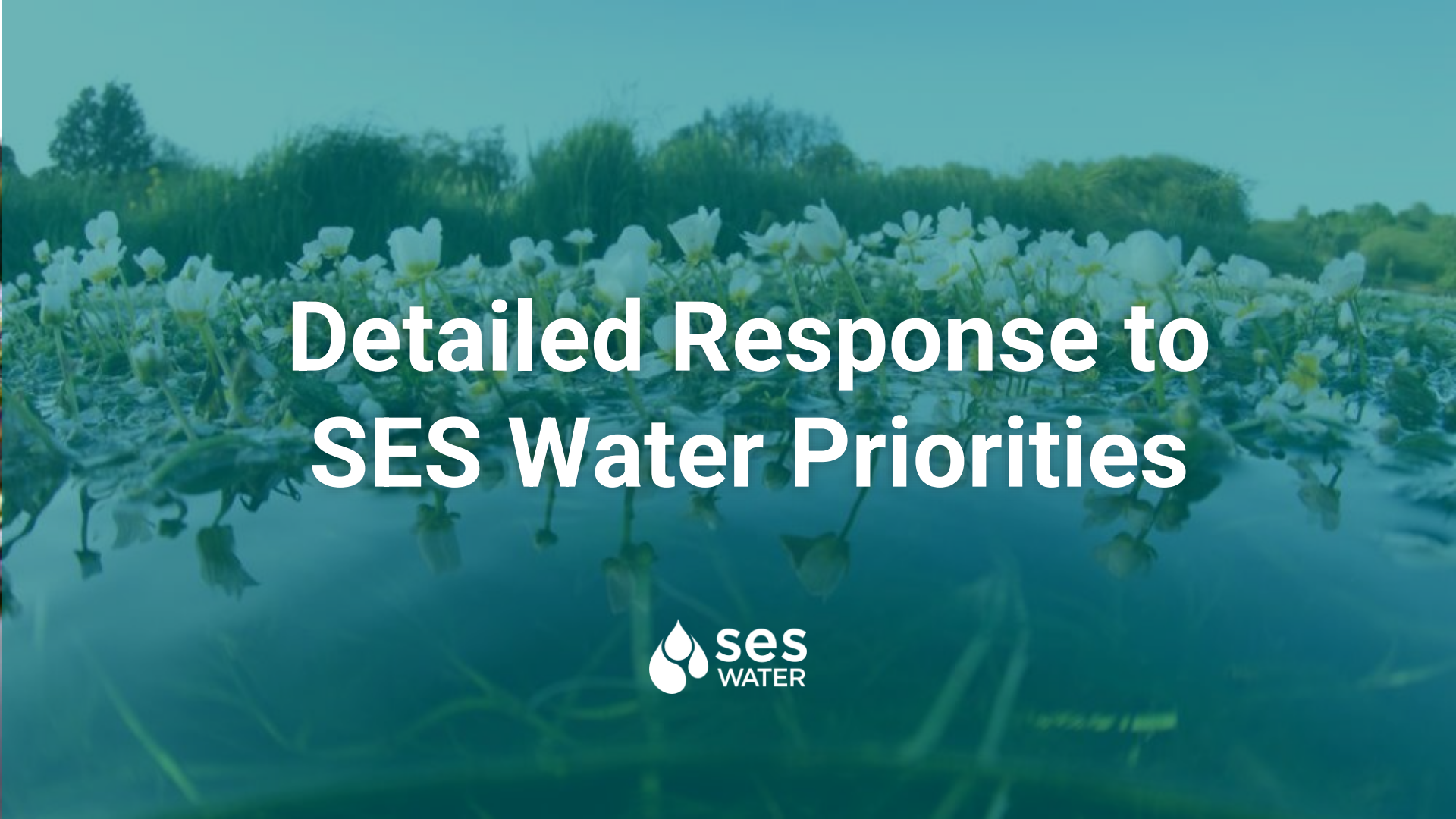
Maintain current investment and activities

Communicate

Invest in broad communication and education that is tangible, personal and actionable

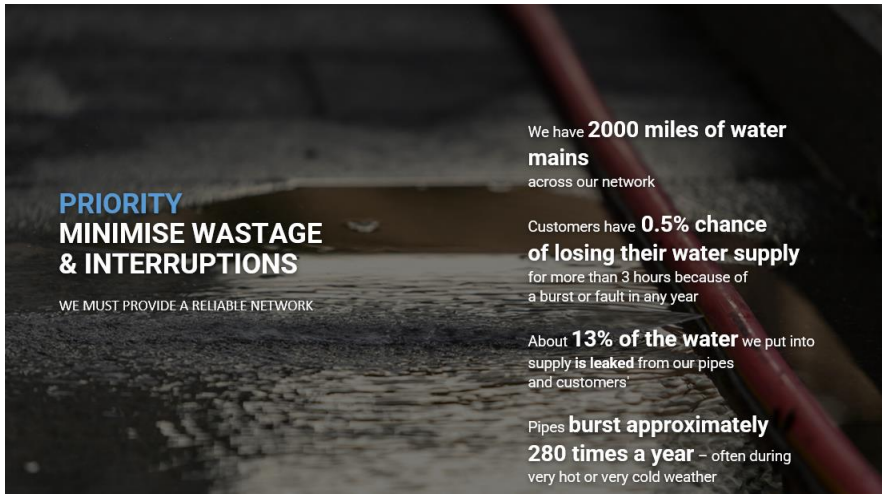
Invest in LT projects that will have significant impact

Detailed Response to SES Water Priorities



Minimising wastage was the priority that created the most **shock and frustration** across all our customer groups

Perceived to be a critical priority that needed to be addressed with significant investment and some urgency, largely driven by leakage stats



- A hot topic! The media had just released an article about the hosepipe bans being because of wastage - so this was top of mind.
- All groups were highly vocal about this priority (and half of wealthy midlifers put it as their top priority)
- The stat of 13% leakage - perceived to be incredibly inefficient and wasteful.
- The responsibility to address was seen to lie firmly with SES to fix rather than customers.
- Less concern around bursts and loss of supply due to perceived lack of personal impact.

Many customers believed that SES should **go above statutory obligations to eradicate leaks**

Although the minimising wastage priority focused on more than leaks, this was the key issue to address for everyone

What could we do in the future?

Use **smart technology** to flag issues and resolve problems proactively so we reduce the chance of customers losing supplies

Use data to **predict** where problems may occur and warn customers before their service is impacted

Aim for no water mains to burst and impact on customers or local communities

Replace water mains that are more likely to leak or burst

At least halve leakage

OR

Go beyond halving leakage and aim for a **zero-leakage network**

- More pragmatic customers accepted that significant reduction of leakage (halving) felt more realistic and a good target to aim for in the short term vs. others who felt that, given the scale of the problem and amount of wastage, SES had to aim higher.
- Proactivity and prevention, in the form of data and technology, was seen as beneficial and many were surprised that this wasn't already in place.

In their own words

Shocking, such a waste. That's a big volume of water to be wasted. (Future Customer)

They've got to use the technology – to find the leaks before they happen. They need excellent predictive software to run this network. (Empty nester)

The regulator is at fault – they set the target and companies operate to meet the targets. (Wealthy Midlifer)

Not very innovative – it's like they are playing catch up. (Young Family)

I would probably aim for reducing it by half… I think reducing it completely isn't going to happen. Things break and things go wrong, fixing it in a timely manner is the best you can hope for I think. (Business)

It shows how cheap it is to supply the water as if it was expensive they wouldn't let 13% go down the drain. (F2F)

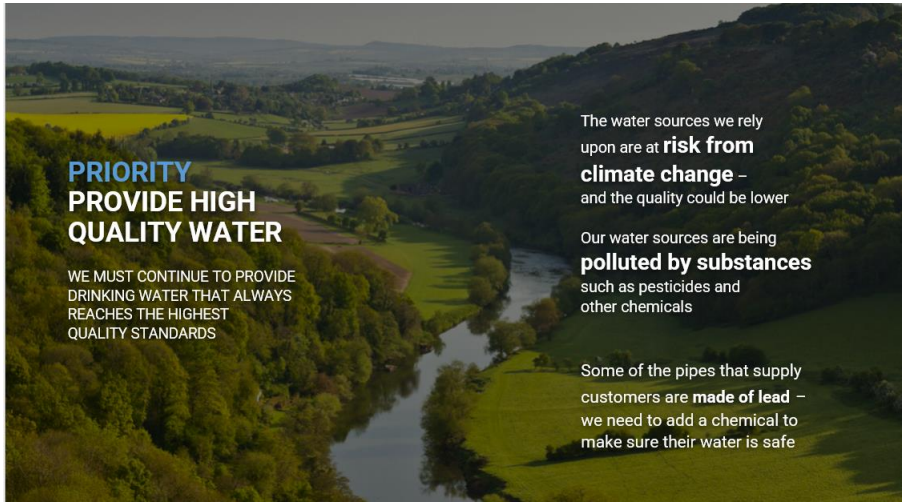
I'm more aware of it at the moment because of the hosepipe ban. I've seen the burst pipes in the road and think what's the point because that is all going completely to waste. So I do think it's a pretty major priority for people's peace of mind as much as anything. (Business)

I mean, I just didn't realise which is so coincidental and ironic - that the reason the hose pipe been scouted today is is because of the leaking pipes. (Vulnerable)

They should be aiming for zero leakage regardless of whether its achievable or not … halving it isn't enough. (F2F)

Providing **high quality water** is perceived to be a **fundamental priority** that should be **maintained**

It is a given and expected priority – no one felt that they should be worried about the quality and safety of their water, either today or in the future



- A basic expectation of a water business – already operating at a high standard with no complaints about water quality historically.
- This was the top priority for 3 of the groups – young families, f2f and emptynesters
- Key focus of discussion was on lead pipes – many were concerned about the age of the pipes and the amount of lead still in the system and the additional chemicals needed to make the water safe as a result.
- Pollution was less well known about and top of mind - considered to be a bigger and more challenging issue to tackle.

Actions to maintain high quality water were considered to be **necessary but not particularly ambitious**

Many felt that all initiatives would be needed to guarantee safe, high-quality water in the future

- The level of cost and disruption to replace all the lead pipes was acknowledged but people still wanted it prioritised to reduce the toxins and/or chemicals in the water supply (they didn't expect the cost to be passed on)
- Pollution was considered to be a more tricky issue to resolve with some feeling that SES would have more impact if they worked in partnership with other businesses to lobby farmers and industry to create change (treatment facilities were deemed a sensible back up in this event)

In their own words

That's what they are there for but you don't want them to de-emphasise it. (F2F)

They can't not do this – it's just something that they need to do. (Future Customer)

Better to work on the supply rather than redoing all the pipes that are a cost to everyone right now … businesses don't have the money for their water bills to go up. (Business)

SES is a small company – they need a bigger impact working with other companies to stop the pollution. (Wealthy Midlifer)

It's a catch 22 because the ideal would be to change all the pipes and make it future-proof but the reality is very different – that's an extremely costly and disruptive thing to do. (Empty nester)

We need to know how much of the network is lead pipes so we know the scale of the problem to know whether it's a priority or not. (F2F)

I don't know enough, don't have the knowledge to know if it's being ambitious enough. (Young Family)

I don't think the cost should be passed down the line. (Empty nester)

Obviously it's really important to have cleaner water, and to have an infrastructure whereby the pipes themselves, let alone the water, are not detrimental to health of humans or animals. (Vulnerable)

Ensuring sustainability and resilience was a more **challenging** priority for many customers to understand

Although most agreed that ensuring there was enough water for future generations was critical to address

- The current drought in much of the country made this priority very real for people.
- Although, some were surprised about the amount of extra water that is going to be needed for a bigger population and to make up the shortfall due to climate change and abstraction reduction.
- Lack of knowledge about measures to tackle sustainability and resilience. As terms they are harder for customers to readily understand and identify actions. Simplicity is key.
- Being interlinked with other priorities is what people felt made this priority particularly complicated to address (e.g. fixing leaks, replacing lead pipes, looking after the environment, reducing pollution).
- Most of the young families and wealthy midlifers placed this in their top 2 priorities

The suggested actions **aided comprehension** about the aims of creating a more sustainable and resilient supply

Although, many customers expected to see more radical or innovative solutions to the problem

What could we do in the future?

Create **new sources** of water such as new or bigger reservoirs, or using flood water to help refill our underground sources

Work with other water companies to **share water supplies** through new pipelines

Invest in the development of new technology to allow customers to retrofit rainwater harvesting/greywater recycling systems in their homes (not suitable for drinking but it can be used to flush the toilet or water gardens)

Always abstract water sustainably from the environment - reducing our abstraction from some (sensitive) sources and using nature-based solutions that will improve those that we continue to rely upon

Continue to use temporary restrictions on usage during drought when we need to (hosepipe bans, non-essential use bans) and **emergency measures** (standpipes) only in the most extreme circumstances

- Some caution around the building of new sources of water given the impact on the local environment, the cost and questions as to whether they would actually solve the problem (e.g. with increased droughts).
- In theory, partnering and sharing water supplies seemed like a good idea but could become a political issue – how to ensure fairness, not pass on price increases, guarantee the same water quality.
- Retrofitting rainwater harvesting/greywater recycling seemed sensible to many – some already taking such measures with water butts but few were prepared to pay and didn't want the disruption in their homes.
- Temporary restrictions were accepted but emergency measures were to be avoided at all costs - focus should be on prevention.
- No mention of factoring in sustainability to new structures - new builds/building regulations and/or byproducts of hydrogen, desalination etc.

In their own words

It's a big concern because things are going to get worse –our summers are going to get hotter and our weather more extreme. They need to be able to put back into the environment to protect animals and nature. (Empty nester)

Doesn't feel very ambitious – it feels like they should be doing all this already – would like to see more innovation and leadership. (Young Family)

The drought announcement was quite a surprise, quite a concern … it's important for SES to work out what they need to do to get water in reserve. (Wealthy Midlifer)

We collect wastewater from our house but I'd be interested to see how I'd do that with my business and how I could re-use it. (Business)

That all sounds quite doable, quite achievable … I think there's loads of ways to be more sustainable and harness water better … I'm not an expert but I feel that there are other things they could do. (Future Customer)

Where will the extra come from – why aren't they talking about desalination? (Empty nester)

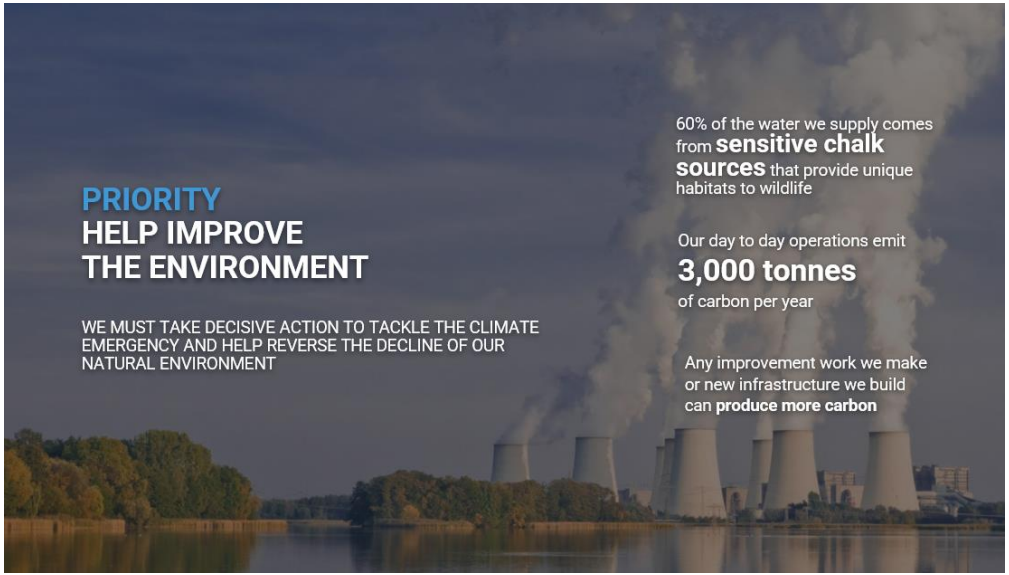
If 13% of your water has been leaked, that's a lot of water … with the different changes in climate, summers getting hotter, water demand is going to be higher. We end up with more bans and stuff like that if water has been wasted. That's a massive concern. (Vulnerable)

Nothing here is new or amazing e.g. hydrogen technology advancements in the next 10 years not even mentioned and the water that will produce. (F2F)

I think maybe making what they already have work more efficiently would be the priority, then education. (Business)

Helping improve the environment was a priority that was expected but **divided opinion**

Perceived to be a highly complex issue that needs immediate attention, multiple strategies and a long time to tackle



- The enormity of the task often leaves people feeling quite removed.
- Carbon emission figures were meaningless for most people – they had no idea whether 3000 tonnes was a large sum relatively or not.
- Increased focus on the more immediate and local environment could elevate its importance and relevance.
- Also, a key difference between protecting and improving – protecting is expected, improving means SES is going above and beyond.
- 16-25 year olds were the only group to consistently place this priority in their top 3 whilst young families and emptynesters placed it in their bottom 2, other groups divided

However, the large number of diverse and ambitious actions were well received

Although many customers wanted SES to go beyond the statutory requirements and deliver against all the actions shared here

What could we do in the future?

Achieve Net Zero operational carbon by 2030 by becoming more energy efficient

Use the land we own to **develop new sources of renewable energy**

Go beyond net zero and capture more carbon than we emit

Invest in environmental projects that will increase carbon capture and reduce CO2 levels

Increase biodiversity across all our sites - developing havens for wildlife to increase the number and nature of species that live on them

Working in partnership to improve the environment we take our water from

Reuse or recycle all the waste products we produce across our operation

- Achieving Net Zero by 2030 felt like a good and stretchy ambition to have but people still wanted SES to go further.
- Using the land SES has for additional purposes - creating renewable sources of energy and increasing biodiversity were both deemed important.
- Working in partnership was too vague, needs examples and greater specificity.
- SES should already be reusing or recycling all waste products.

In their own words

Partner up with other businesses because I know when I partner up with other companies in the local area that creates a good strong bond and brings more business. (Business)

I think decarbonizing the company over the next 5-10 years is important. If they could move on to renewable energies rather than relying on fossil fuels that would be mega important. (Empty nester)

For me being carbon neutral doesn't feel ambitious enough, that's what the standard should be… they should be striving to go way past that. (F2F)

I think that's kind of critical. Those things should be kind of at the forefront now. Because it's happening with every organisation looking to, you know, be zero carbon so I think that should be our priority. (Vulnerable)

I personally don't know what impact 3000 tonnes of carbon has. (Future customer)

It's my grandchildren that's my concern – what's going to happen for them, we have to protect the environment for them. (F2F)

I would be looking to offset the carbon footprint by giving back in protecting nature or some visible way. (Business)

It is quite a priority but it's a real balancing act … I think it's better to make what they have run more efficiently rather than putting in all these new fandangle things. (Business)

I think we have to be careful about taking each element in its own silo because so much of this is interlinked. (Wealthy Midlifer)

We have about 80% of the world's chalk rivers in our area so I would imagine they're under quite a lot of pressure to protect it. (F2F)

Got to be a big priority alongside all the other water priorities because of the impact they are having. (Young Family)

Helping customers to **reduce their usage** was the most **contentious** of the priorities

Most felt that this was a really big task to get people to accept more responsibility and change their behaviours in the face of SES failings

- Overall surprise at how big the population will grow and the strain this will put on the water system and similarly the higher than average usage in the SES area.
- But, at the same time, a general frustration that there's so much leakage from SES and not enough being done to retain the water we do have.
- Some felt they were trying to do the right thing and do their bit, for others it feels any personal contribution would be inconsequential and a lost cause if the right infrastructure isn't in place.
- This priority created real divide in opinions with all groups rating it high, medium and low priority

Education was believed to be the critical success factor in encouraging **behaviour change to reduce usage**

Practical, timely, personal information that is immediately and easily actionable is considered to be the key focus for helping people reduce their usage

- Many believed that the actions needed a rethink with more attention paid to a broader and deeper education and information programme.
- Customers felt SES is behind other utility companies with sharing information on how to save (both water and money).
- Smart meters had mixed appeal – whilst many thought they were a positive (current metres inaccessible), few thought they actually impacted their behaviour.
- People were resistant to visits from SES.
- Many suggested creating an app so people could see their real time patterns of usage, set targets, see if consumption has gone up or down – in the absence of an app, real-time/virtual notifications is a good idea.
- Suggestion of rewards/incentivization of water reduction rather than different tariffs.

In their own words

I think there's a lot you can do in schools… I can always remember doing an experiment at school when I was younger, and it was to put a jug under the tap and it was unbelievable how much water was wasted… So they should start at the grassroots. (Vulnerable)

You have to educate your customers, send them literature, give them different devices to save water e.g. shower timers, things to put on your taps to try to encourage people to save water. (Young Family)

I don't know where I can cut back … I don't use a sprinkler, I rarely use a hose to wash the car, I try to keep my usage down as much as possible. (Wealthy Midlifer)

Don't put upon people …I'm not interested, I don't want you coming and talking at me. (Wealthy Midlifer)

I like the idea of using rainwater – if I did this and then they'd maybe take 10% off your bill I'd definitely be interested. (Business)

If they had an app, something more visual that could track what people were using - maybe some people would be more responsive to that. (Future Customer)

My garden costs me a fortune so I'm going to continue to water it and not let the plants die. (F2F)

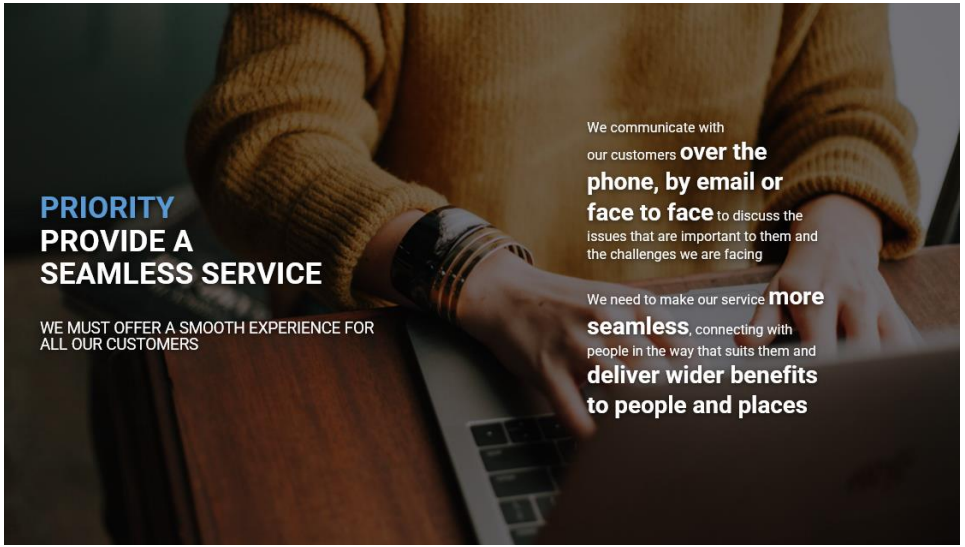
They're missing a massive trick here … actually they need to have a bit more of an educational campaign, news outlets, podcasts, maybe an SES app with examples e.g. 10 minute shower, bath this is how much water it takes and how much it costs. (F2F)

I've already started to implement things in the salon to save water, maybe only a litre here or there but I guess every little helps. (Business)

Everyone has to do their bit and really see the importance of it. (Empty nester)

Providing a seamless service was perceived to be an important but **not customer facing priority**

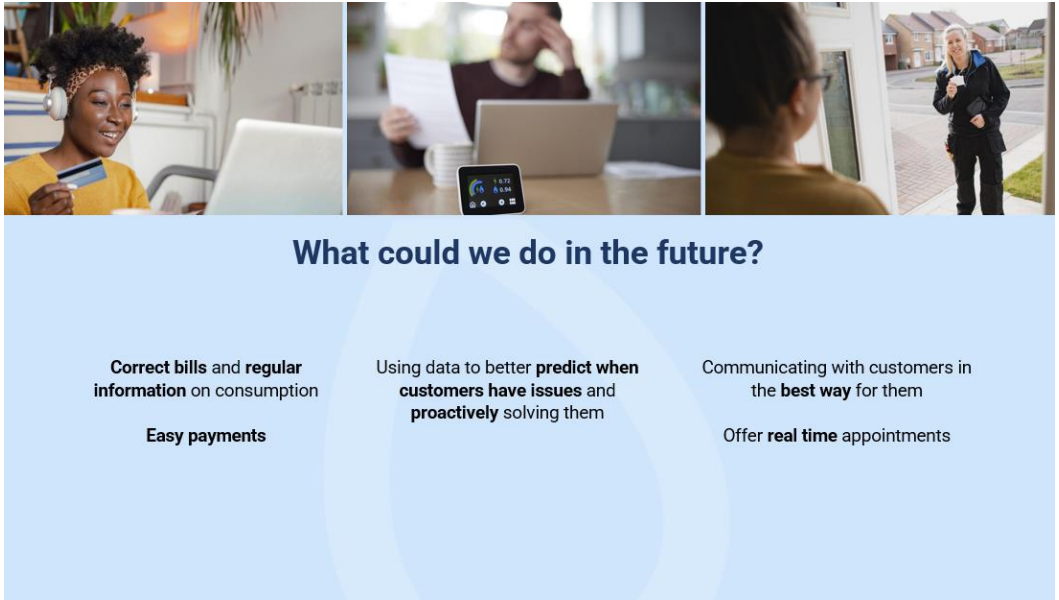
Considered to be a standard requirement for any business – maintaining its current level of focus was perceived to be enough



- Most people have a very functional relationship with SES, as they don't have a choice they don't give it much thought unless they have an issue.
- Although previous interactions are overwhelmingly positive – staff are perceived to be friendly, helpful, responsive, supportive.
- Considered to be of particular importance for more vulnerable people (e.g. the elderly).
- Emptynesters were the only group to rank this as a top 3 priority. For 16-25 year olds, wealthy midlifers and f2f this was consistently in their bottom 3 priorities.

Perceived to be much less ambitious priority and set of actions

And as such nothing presented was seen as particularly new or different



- Generally expected and standard actions, nothing new to consider.
- Some saw this as an opportunity to bring a more human approach into their service.
- Opportunity to streamline comms so don't overload customers.

In their own words

Your water supply is a necessity … so making sure the company is user friendly, that you're able to contact them with ease, not too complicated to speak to someone … that's important. (Future customer)

I expect it, especially as we don't have a choice to move to another supplier. (Wealthy Midlifer)

They do this very well - very helpful, clear bills, they're doing exactly what they need to be doing. (Empty nester)

Just get on and do it, nothing really new here. (F2F)

I think with any company customer service should be a priority … that being said any time I've needed to get through to them it's been seamless, simple, they've been helpful, easy to get through to … they're there already really. (Business)

It's one of those things – you'd miss it if it wasn't there. (Wealthy Midlifer)

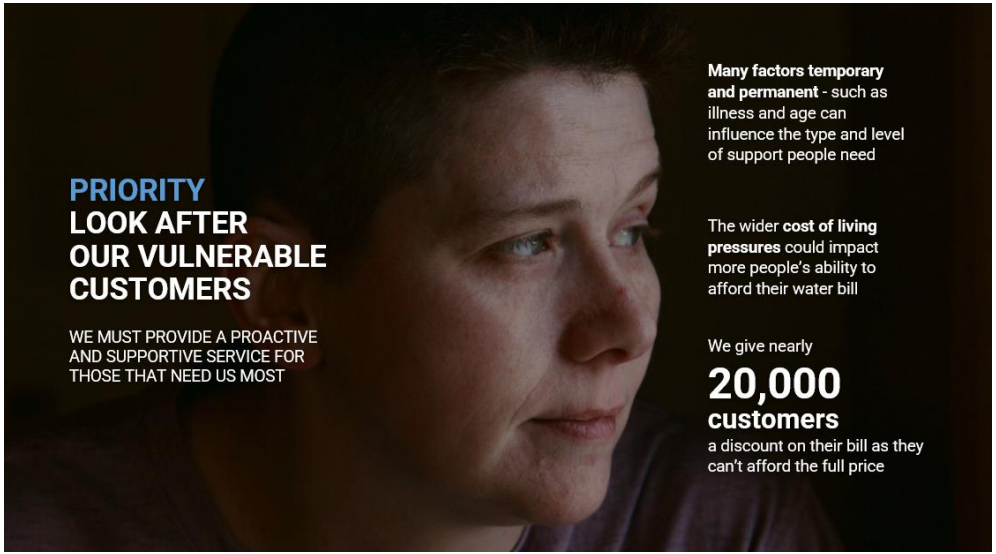
If a there's a multitude of options, that's absolutely vital. There are lots of especially older customers who won't feel comfortable doing it by email or using technological methods. It's really important to keep the human contact component to have a core set of people that they can talk to. (Vulnerable)

It's important but not a priority, a standard expectation, people need to be empathetic and sympathetic to your situation, no-one wants bad service … but should do this aided by technology. (Young Family)

Technology is great but they need to get real some time and have someone at the end of the phone. (F2F)

Looking after vulnerable customers was considered to be **important but not a priority**

The breadth of vulnerability and the desire to end water poverty was highly regarded and created a positive halo effect on the brand



- Many are conscious of the growing divide between those that are well off and those that aren't – the breadth of vulnerability was well regarded.
- A humane and personal priority – going beyond bill support, helping people out of difficult situations.
- 20,000 didn't feel like many people given the scale of vulnerability currently.
- A top 3 priority for 16-25 year olds and vulnerable customers.
- Potential credibility issue with media coverage of shareholder payouts.

Shared accountability and responsibility felt like a **fair and sensible approach**

With SES taking responsibility for bill payment and discounts but working with other charities that understand the audiences best in order to provide all round support

- Broader support beyond bill payment is welcomed.
- Working with other specialist partners who understand the audiences best feels appropriate and will achieve better outcomes.
- Some credibility gap of the thought of utility suppliers working together.

In their own words

Need stringent controls/assessments in place to make sure it isn't abused. (Empty nester)

Not a priority, supply and quality come first. (Young Family)

There is a strain on the government with the scope of vulnerability, the cost of living, mental health issues etc. – if all companies did a little bit it would help and positively influence society. (Wealthy Midlifer)

It's a necessity … the most necessary thing in your day-to-day life so it's good to look out for people can't afford it or who might struggle. (Future customer)

If somebody [could split the bill across utility companies] that would take the edge off. It eases the pressure and certainly ensure that one isn't penalised if the other was falling behind. (Vulnerable)

Even if it doesn't impact me now, it might do in the future - and can impact others I know who are vulnerable. (Vulnerable)

Working in partnership will mean that they will understand that group of people better. (Future Customer)

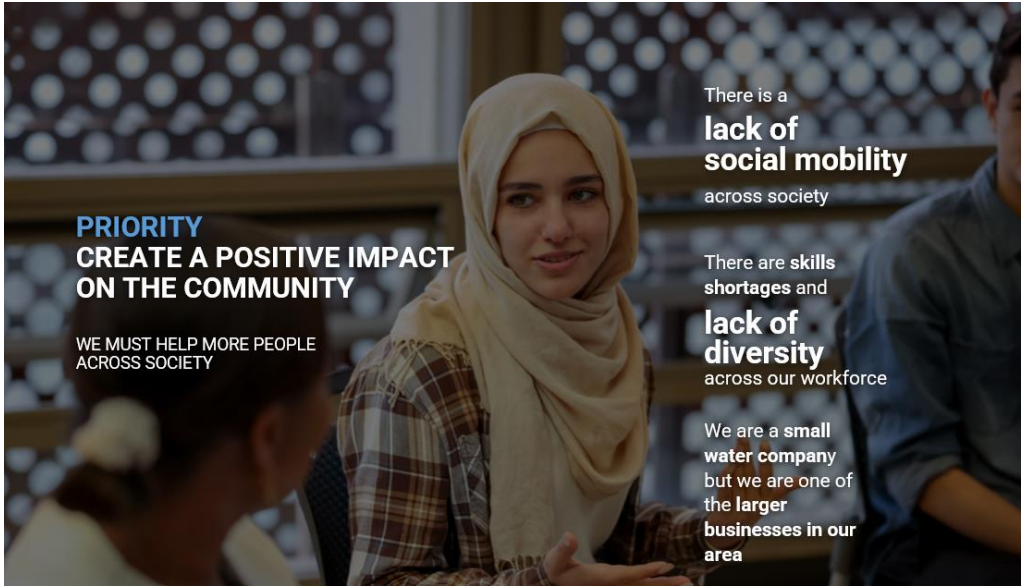
I think in the next year or two there is going to be more of a need, more people and businesses that are going to need help. (Business)

Could affect any one of us in the future, covers the bigger picture not just those on benefits. (Wealthy Midlifer)

I do think it's important that they support customers that aren't able to afford it…you don't know what's round the corner and when you might need it. (F2F)

Having a positive impact on the local community was perceived to be **important but not a priority**

A priority with good intention - the focus of a responsible and ethical business but not something that necessarily needs to be customer facing



- Felt harder to link to a water company - with the lines between what a water company should and shouldn't be doing (vs local government) a lot more blurred.
- Sense of responsibility and contribution to the local economy is sound.
- Difficult to deliver if the local area isn't diverse.
- Consistently ranked as one of the bottom priorities for all groups.

The actions did not necessarily show **how SES would tackle the issues identified**

But customers liked and believed that SES should be delivering all the initiatives shared

- Focus on education was a key theme that ran all the way through the discussions regardless of audience – education not just for children and young people but adults too, with a broader and deeper education programme suggested.
- Giving access to land was considered to be a potential quick win if it didn't entail SES having to divert much in the way of resources to make it happen.

In their own words

I don't really care what it does to employ people for the jobs, I care about what they do for me as a customer. (Young Family)

If it is within their capabilities then go for it … don't spread themselves too thin. (Future Customer)

Any business needs to focus on it but it's not a top priority – the issue we're trying to solve is saving water. (Young Family)

I think it's hugely important for them to have a diverse range of people, different backgrounds, different experience having diversity in thought will also improve their customer service and the way that they are doing things. (F2F)

It's important to have a diverse workforce with a range of skills and backgrounds but you can only deliver if the local area itself is diverse. (Wealthy Midlifer)

Feels like they've put it on there to be pc – ticking the box, all companies should be doing this. (Young Family)

Difficult priority to fix – recruitment is hellish. (Business)

I think is really crucial to creating opportunities, apprenticeships, job opportunities in those areas that they're serving, their employees are going to be reflected. If you've got people living in an area you're providing service to they're going to be probably a little bit more invested in making sure the company works and also feeding back what the impact is. (Vulnerable)

If you can show children how they get their water, how much effort goes in, that might have a fundamental impact on how much they use – educating children is vital to the future. (Wealthy Midlifer)

They say they're going to change social mobility but I just don't see how they're going to do that … they're a water company. (Future Customer)

In summary, a broad consensus of the priorities that were deemed important and engaged customers

Higher Energy

Lower Energy

Maintain

Change

Key Focus

Must continue investment to maintain high quality and protect future supply

Fix it

Need to invest more to reduce waste and resolve the significant leakage issue

Business as usual

Maintain current investment and activities

Communicate

Invest in broad communication that is tangible, personal and actionable

Invest in LT projects that will significantly impact the environment

Actions that were deemed important for SES to invest/ continue investing in

Higher Energy

Lower Energy

Maintain

Change

Eliminate all lead pipes
Work with farmers etc to minimize pollution

Share water supplies
Retrofit rainwater harvesting/greywater recycling

At least halve leakage or go beyond halving leakage
Aim for no water mains to burst or replace those likely to burst
Use smart technology
Use data to predict problems

Correct bills, regular information on consumption
Easy payments
Communicate in the best way
Real time appointments

Support people struggling to pay
Support vulnerable customers
Create local connecions & social partnerships, work with other utilities

Education
Provide local jobs
Make land accessible

Real-time/virtual notifications
Provide smart meters

Achieve net zero and/or go beyond net zero
Use land for new sources of renewable energy
Invest in environment projects to reduce C02
Increase biodiversity
Reuse or recycle all waste products

Although a large number of actions were deemed important, opinion was often divided as to how far SES should go

1
Necessary actions with majority agreement

2
Polarising actions across and within groups

3
Actions with less interest overall

A number of actions were identified **as necessary (and urgent) SES investments**

Necessary actions for the majority of customers	Rationale
✓ Eliminate all lead pipes ✓ Work in partnership with farmers, industry and other stakeholders to minimize pollutants	Removing toxins and chemicals was deemed an urgent priority to start tackling in the short term - although acknowledged as difficult to achieve and could take considerable time and investment to achieve
✓ Real time/virtual notifications ✓ Work with other water companies to share water supplies ✓ Invest in the development of innovative tech (rainwater harvesting/greywater recycling) ✓ Education and skill development of young people	Perceived to be sensible suggestions that people could see having a tangible impact
✓ Use the land to develop new sources of renewable energy ✓ Make land accessible to local communities	Considered to be highly practical, as leveraging existing SES assets

Longer term

Actions to create a more seamless service, end water poverty and better support vulnerable customers were also considered necessities

Business necessities for the majority of customers

- ✓ Correct bills and regular information
- ✓ Easy payments
- ✓ Communicating in the best way for customers

- ✓ Support vulnerable customers
- ✓ Support people struggling to pay
- ✓ Create local connections and social partnerships (for vulnerable people

- ✓ Jobs for local people

- ✓ Reuse or recycle all waste products

All actions that were considered essential for running an efficient, responsible, ethical business

A more divided response across our groups for a large number of actions who couldn't agree on degree of change or priority

Polarising actions across and within groups	Rationale
? At least halve leakage vs. Go beyond halving leakage and aim for zero-leakage network ? Achieve Net Zero by 2030 vs. go beyond Net Zero ? Replace water mains that are more likely to burst vs. aim for no water mains to burst	Within every group we observed a split between the 'idealists' and 'pragmatists' but all these actions were deemed highly important and necessary to start to address in the short term
? Use smart technology to flag issues and resolve problems pro-actively ? Use data to predict where problems may occur ? Using data to better predict when customers have problems ? Smart meters	Divided opinion over the use of smart technology and data - some think it is essential and enables SES to be proactive and should be invested in in the short term, others feel it won't change behaviour and outcomes
? Invest in environmental projects to increase carbon capture and reduce C02 ? Increase biodiversity	Important for those invested in environmental protection but longer term investment needed

And a number of actions with relatively lower engagement

Less engagement overall

- Build new treatment facilities
- Invest in new water sources

→ Many didn't agree with new infrastructure being built, preference to make what exists more efficient

- Make our water resources more resilient
- Create new sources of water
- Always abstract sustainably
- Working in partnership to improve the environment

→ Too vague, not specific enough, more tangible examples needed

- Innovative tariffs
- Regular home visits
- Targeted water efficiency advice

→ Felt too intrusive

- Continue to use temporary restrictions/emergency measures

→ Onus should be on SES to address current weaknesses to prevent this becoming a reality

Decreasing appeal

Appendix

SES STIMULUS

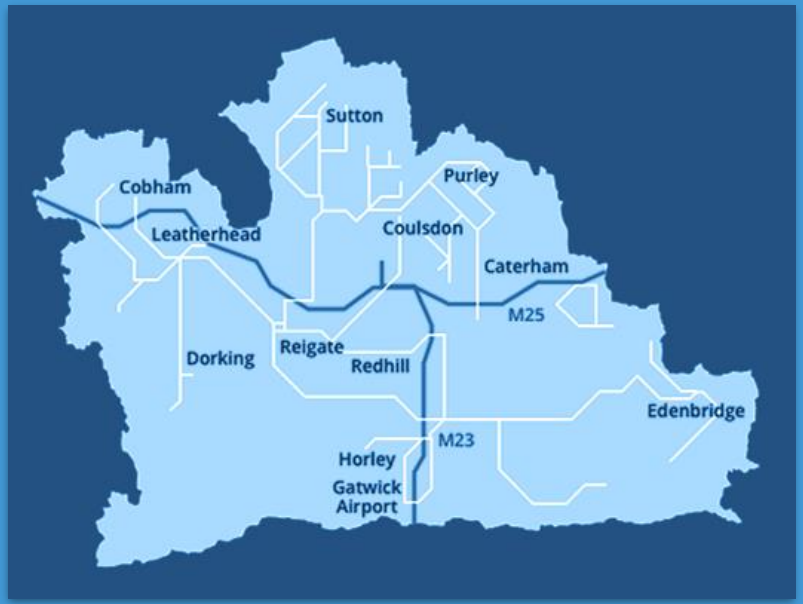
FINAL 220822

Who are SES Water?

SES supply **160 million litres of clean water every day** to over **745,000 people** in parts of Surrey, Kent and South London.

Groundwater supplies 85 per cent of our water.

We maintain over **2000 miles of water** mains and have eight treatment works, 23 pumping stations and 31 operational service reservoirs and water towers.



What challenges & opportunities are we facing?

Climate change

Climate change will affect how much water is available from our water sources.

We could lose up to 7.5 million litres of water per day by 2050

Population growth

We are expecting the population in the SES area to rise between 5 and 15% by 2025.

This rate of growth means we would need to provide up to 9 million litres of extra water each day by 2050.

Environment protection

We rely on unique habitats e.g. the rivers Wandle and Hogsmill which are facing damage from pollutants and climate change.

To help protect and improve them, we may need to leave more water in them in the years to come (losing up to 20% of the water we currently supply).

High water usage

SES customers use more than the national average consumption of water - at an average of 151 litres of water per person per day.

The Government has set a target for household consumption to fall to 110 litres per day by 2050.

Technology & Data

Advances in technology will change how we deliver our service.

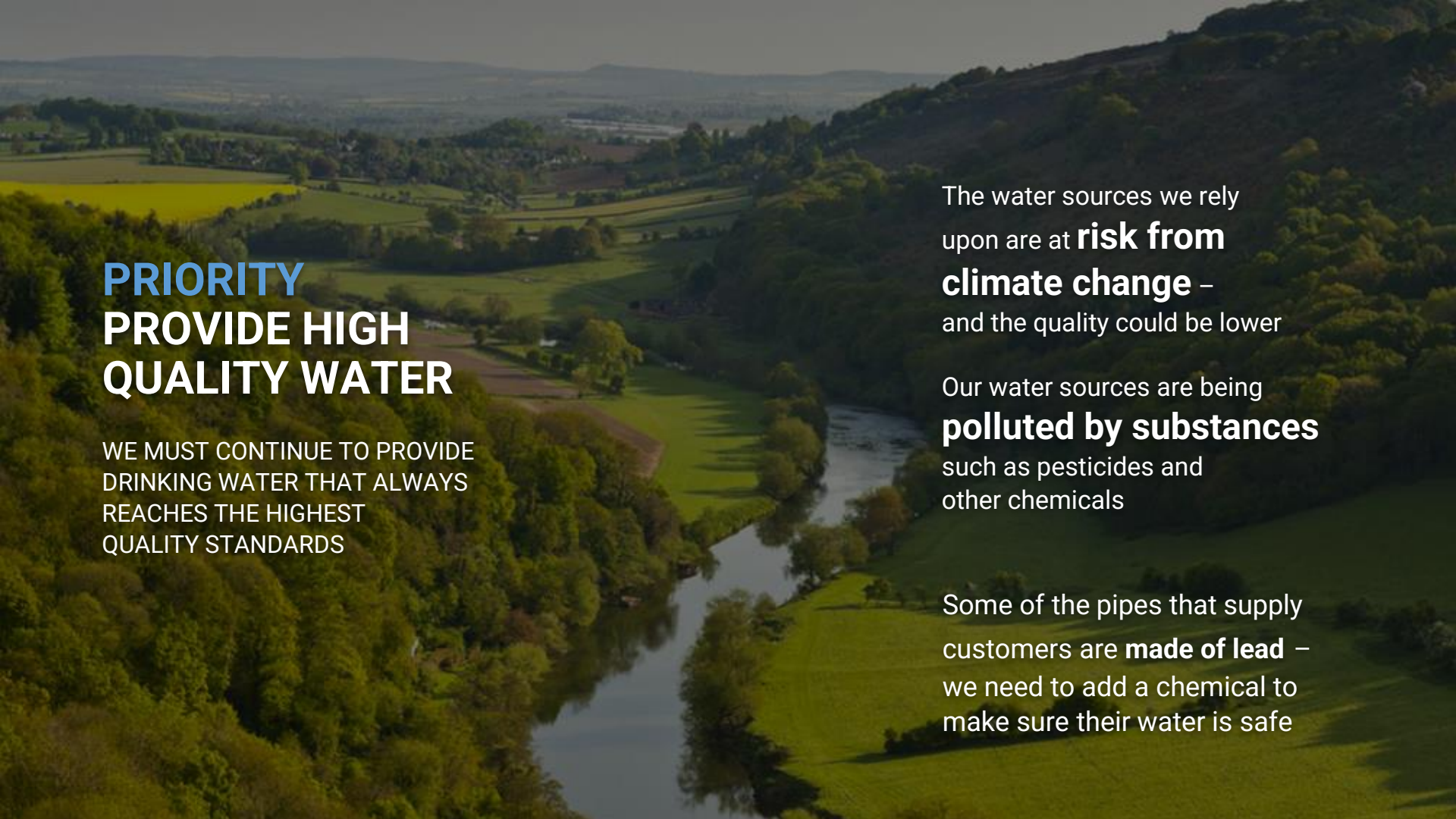
New technology inc. smart meters will need to be resilient and secure.

Data will need to be integrated to deliver a more automated and seamless service.

Planning for a changing world: what are our priorities?

OUR OVERALL PURPOSE:
TO HARNESS THE POTENTIAL OF WATER TO ENHANCE NATURE AND IMPROVE LIVES

1. Continue to provide **high quality** water
2. Ensure our water supplies are **sustainable & resilient**
3. **Minimise wastage &** interruptions
4. Help our customers **reduce their water usage**
5. Provide a **seamless service**
6. Look after our **vulnerable customers**
7. Have a positive impact on the local community
8. Help **improve our environment**



PRIORITY
PROVIDE HIGH QUALITY WATER

WE MUST CONTINUE TO PROVIDE DRINKING WATER THAT ALWAYS REACHES THE HIGHEST QUALITY STANDARDS

The water sources we rely upon are at **risk from climate change** – and the quality could be lower

Our water sources are being **polluted by substances** such as pesticides and other chemicals

Some of the pipes that supply customers are **made of lead** – we need to add a chemical to make sure their water is safe



What could we do in the future?

Work in partnership with farmers, industry and other stakeholders to minimise pollutants that impact the quality of our water sources

or

Build new treatment facilities to remove these substances

Eliminate all lead pipes in our network and subsidise customers to do the same in their homes

Make our **water sources more resilient** to the impact of climate change so water quality is protected

PRIORITY

ENSURE OUR WATER SUPPLIES ARE SUSTAINABLE & RESILIENT

IN THE FACE OF CLIMATE CHANGE AND POPULATION GROWTH WE MUST PLAN AHEAD TO MAKE SURE THERE IS ENOUGH WATER FOR PEOPLE AND THE ENVIRONMENT IN THE FUTURE

We may need to reduce how much (about 20%) we abstract from some of our existing sources to **help improve the environment**

We're expecting **population growth between 5-15%** in the SES area by 2025

We could **lose up to 7.5 million litres per day** by 2050 due to climate change

Droughts and extreme weather like freezes and floods are likely to become more frequent and extreme



What could we do in the future?

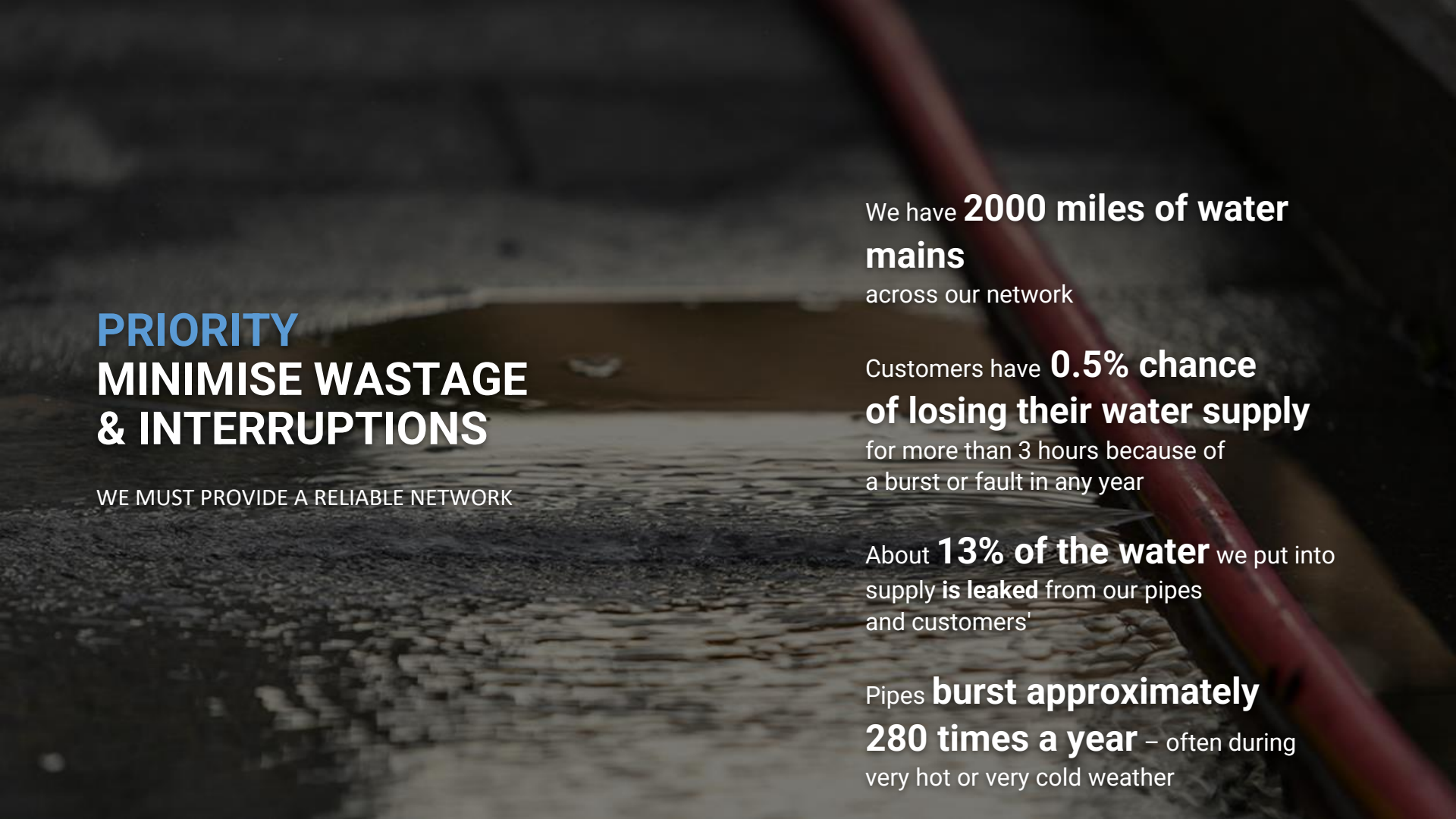
Create **new sources** of water such as new or bigger reservoirs, or using flood water to help refill our underground sources

Work with other water companies to **share water supplies** through new pipelines

Invest in the development of new technology to allow customers to retrofit rainwater harvesting/greywater recycling systems in their homes (not suitable for drinking but it can be used to flush the toilet or water gardens)

Always abstract water sustainably from the environment - reducing our abstraction from some (sensitive) sources and using nature-based solutions that will improve those that we continue to rely upon

Continue to use temporary restrictions on usage during drought when we need to (hosepipe bans, non-essential use bans) and **emergency measures** (standpipes) only in the most extreme circumstances



PRIORITY
MINIMISE WASTAGE & INTERRUPTIONS

WE MUST PROVIDE A RELIABLE NETWORK

We have **2000 miles of water mains** across our network

Customers have **0.5% chance of losing their water supply** for more than 3 hours because of a burst or fault in any year

About **13% of the water** we put into supply **is leaked** from our pipes and customers'

Pipes **burst approximately 280 times a year** – often during very hot or very cold weather

What could we do in the future?

Use **smart technology** to flag issues and resolve problems proactively so we reduce the chance of customers losing supplies

Use data to **predict** where problems may occur and warn customers before their service is impacted

Aim for no water mains to burst and impact on customers or local communities

Replace water mains that are more likely to leak or burst

At least halve leakage

<u>OR</u>

Go beyond halving leakage and aim for a **zero-leakage network**

PRIORITY

HELP OUR CUSTOMERS REDUCE THEIR USAGE

WE MUST SIGNIFICANTLY REDUCE HOW MUCH WATER IS USED BY HOUSEHOLDS AND BUSINESSES

We have one of the highest levels of **water consumption** in the country - our household customers use **151 litres** of water per person per day which is

41 litres more per person per day than the government target of 110 litres per day by 2050

As the population grows in our area over the next 25 years, we will need to supply up to **9 million extra litres** of water per day

What could we do in the future?

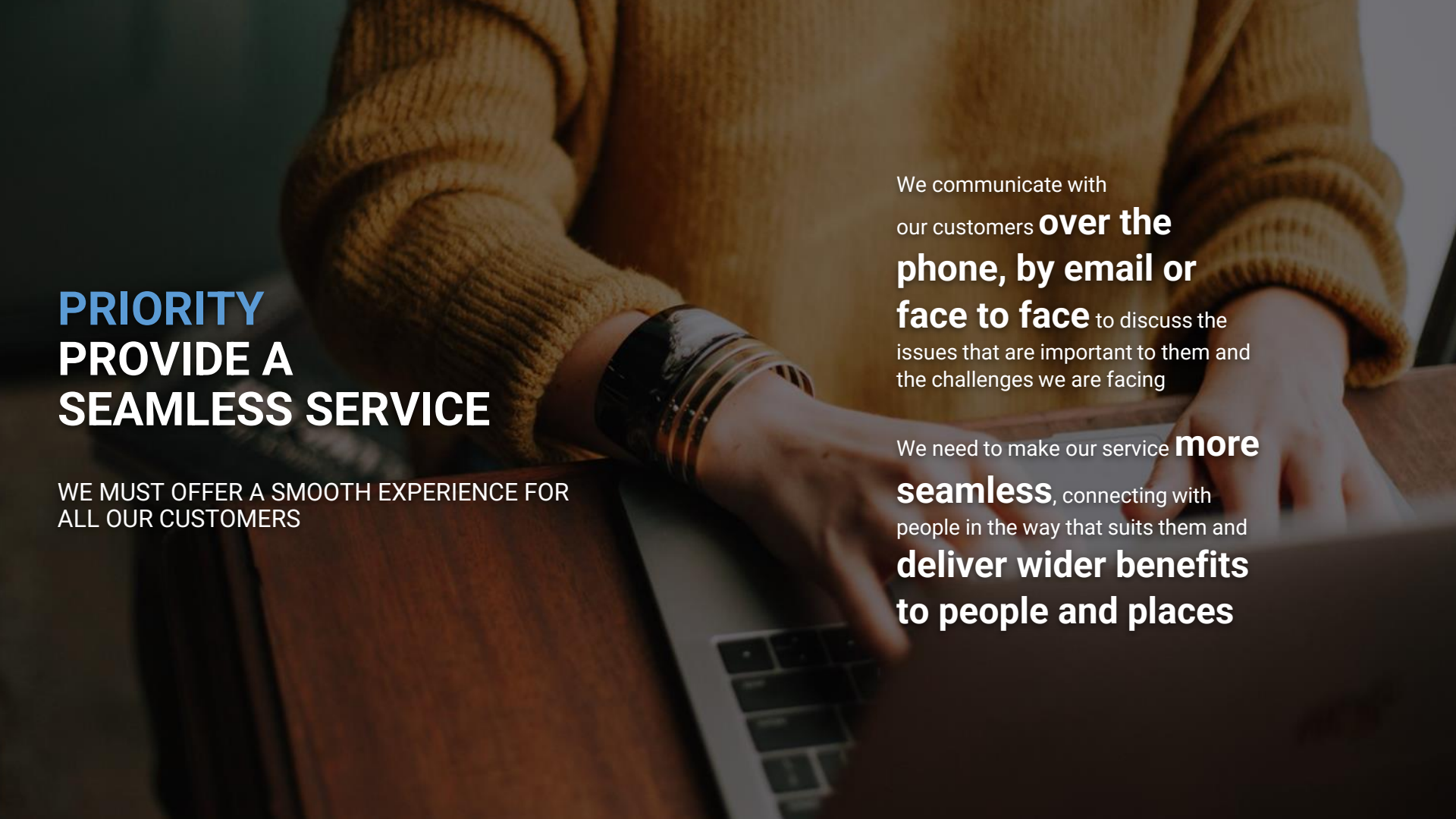
Provide **smart meters to all customers** to help them understand and reduce water consumption, identify leaks in the home and set personalised water efficiency targets

Innovative tariffs that incentivise efficient water use and discourage high water use

Regular home visits to provide advice on how to save water and fit water-saving devices in homes

Targeted water efficiency advice with extra focus on high-water users in our area

Real-time / virtual notifications if water use is higher than normal



PRIORITY
PROVIDE A SEAMLESS SERVICE

WE MUST OFFER A SMOOTH EXPERIENCE FOR ALL OUR CUSTOMERS

We communicate with our customers **over the phone, by email or face to face** to discuss the issues that are important to them and the challenges we are facing

We need to make our service **more seamless**, connecting with people in the way that suits them and **deliver wider benefits to people and places**

What could we do in the future?

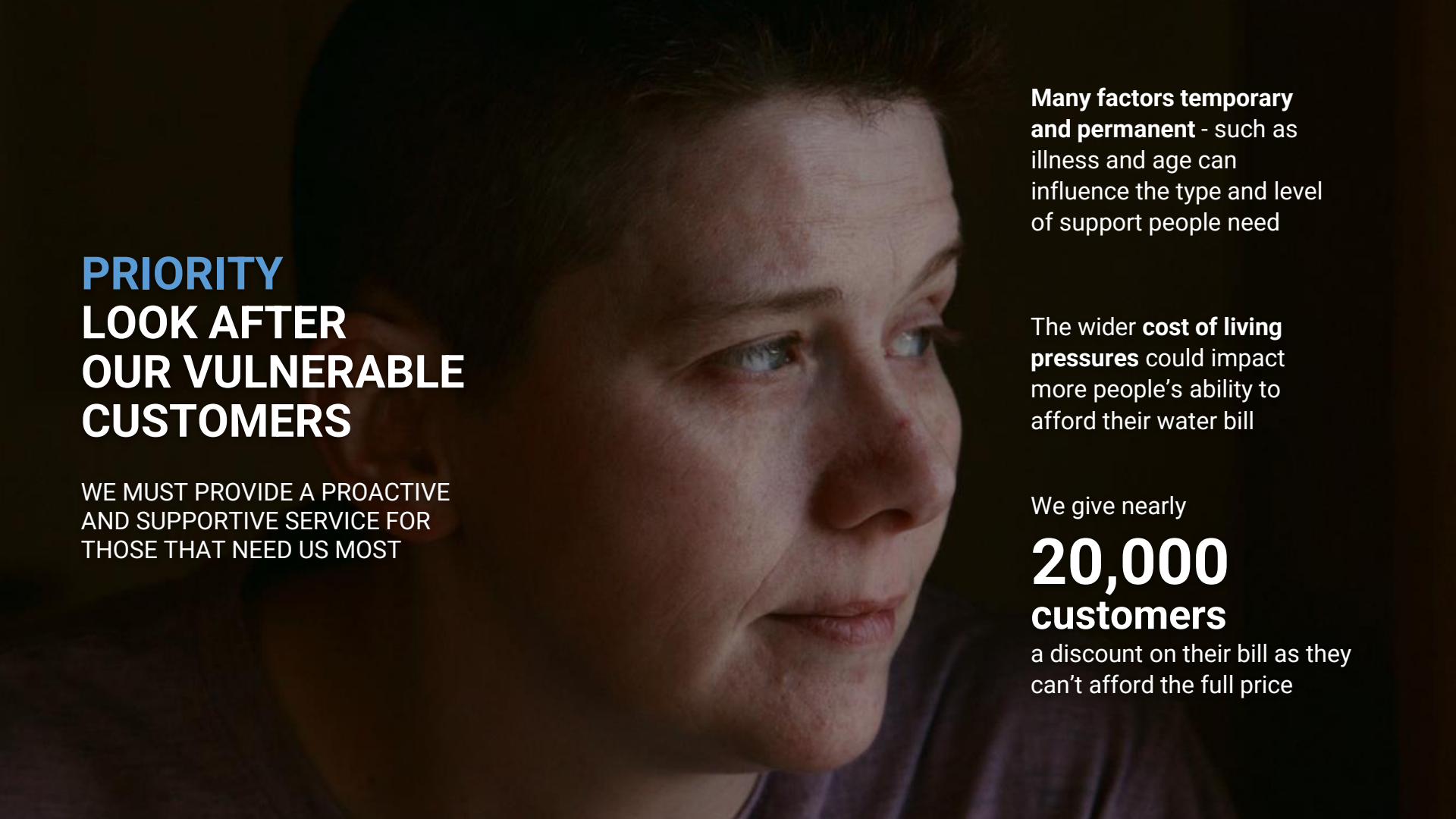
Correct bills and **regular information** on consumption

Easy payments

Using data to better **predict when customers have issues** and **proactively** solving them

Communicating with customers in the **best way** for them

Offer **real time** appointments



PRIORITY
LOOK AFTER OUR VULNERABLE CUSTOMERS

WE MUST PROVIDE A PROACTIVE AND SUPPORTIVE SERVICE FOR THOSE THAT NEED US MOST

Many factors temporary and permanent - such as illness and age can influence the type and level of support people need

The wider **cost of living pressures** could impact more people's ability to afford their water bill

We give nearly

20,000 customers

a discount on their bill as they can't afford the full price

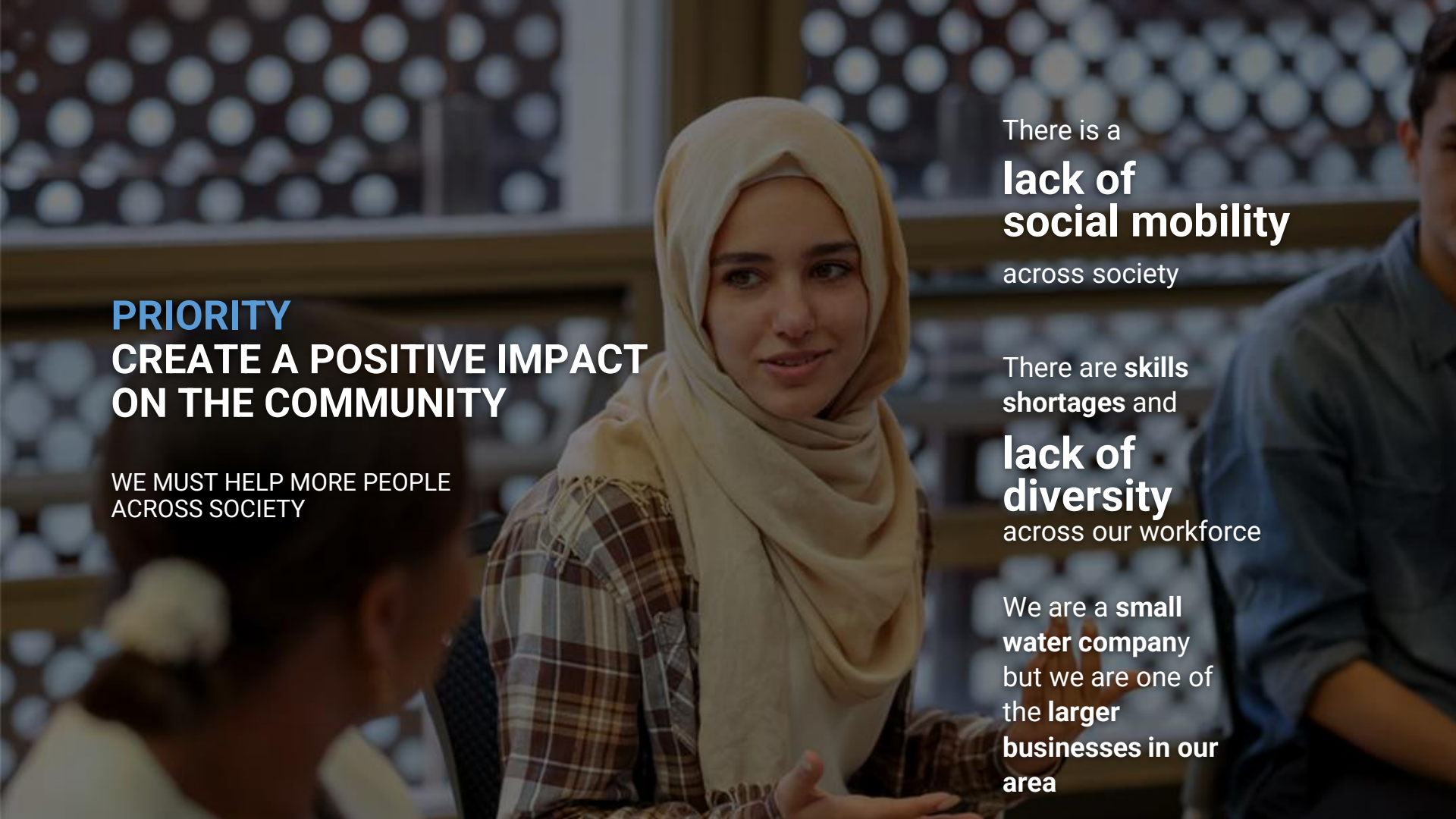
What could we do in the future?

Support **vulnerable customers** - real time responses, flexible payment options, extra help to access services

Create **local connections** and **social partnerships** to better support vulnerable customers (e.g. Age UK)

Work with all other utilities to identify all customers that might need extra help during an emergency such as loss of supply

Support people **struggling to pay by providing wider help** (working in partnership with expert agencies)



PRIORITY
CREATE A POSITIVE IMPACT ON THE COMMUNITY

WE MUST HELP MORE PEOPLE ACROSS SOCIETY

There is a
lack of social mobility
across society

There are **skills shortages** and
lack of diversity
across our workforce

We are a **small water company** but we are one of the **larger businesses in our area**

What could we do in the future?

Contribute more to the **education and skill development of all the young people** across our area to help improve their life chances – an education programme that reaches all primary and secondary schools in our area each year

Continuing to provide jobs for local people with a workforce that represents our customer base a and supply chain that is contributing to the local economy

Improve people's wellbeing by making the majority of our land accessible to our local communities so they have more green space to enjoy on their doorsteps

PRIORITY
HELP IMPROVE THE ENVIRONMENT

WE MUST TAKE DECISIVE ACTION TO TACKLE THE CLIMATE EMERGENCY AND HELP REVERSE THE DECLINE OF OUR NATURAL ENVIRONMENT

60% of the water we supply comes from **sensitive chalk sources** that provide unique habitats to wildlife

Our day to day operations emit

3,000 tonnes

of carbon per year

Any improvement work we make or new infrastructure we build can **produce more carbon**

What could we do in the future?

Achieve Net Zero operational carbon by 2030 by becoming more energy efficient

Use the land we own to **develop new sources of renewable energy**

Go beyond net zero and capture more carbon than we emit

Invest in environmental projects that will increase carbon capture and reduce CO2 levels

Increase biodiversity across all our sites - developing havens for wildlife to increase the number and nature of species that live on them

Working in partnership to improve the environment we take our water from

Reuse or recycle all the waste products we produce across our operation

- having enough water for the future
- always supplying water of the highest quality
- improving the environment we rely upon so it can adapt to climate change but still provide water
- reducing the carbon impact of our service
- reducing waste created through our operations
- charging a fair price for our service
- making a positive impact on our local area (wellbeing, economy, social mobility)
- using technology that will improve our service and make it more efficient
- eradicating leaks and supply interruptions
- ending water poverty
- radically reducing water consumption (a reduced water footprint)
- being the first truly smart utility in the UK


Thank you
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WATER