south east water

Engagement
PR19 Supporting Appendix 1
3 September 2018

Pure know $h_2ow$

## What does this appendix do?

This document supports the submission of South East Water's business plan for 2020-2025 and provides a summary of all the engagement we have undertaken with customers, stakeholders, and communities; and how those learnings have informed and influenced our plan.

## The evidence you will find in this appendix

The following evidence is included in this document:

- How our engagement strategy accords with Ofwat's seven principles of engagement
- the insight and findings we have gained from our conversations with customers, stakeholders and communities, including from 120 separate research activities
- how we have analysed the insight to define the priorities our customers and stakeholders want us to focus on; the level of service and performance targets they expect us to deliver; the cost they are prepared to pay for that level of service and performance; and the overall affordability and acceptability of our future plans.

## The decisions we have made based on this evidence

We have made the following decisions for our plan based on this evidence:

- There are 12 outcomes, supported by 35 stretching performance commitments – including six on vulnerability and six on the environment - that reflect our customers' priorities for their water supply service
- we have developed 10 new responsible business measures that reflect the wider societal and environmental role customers and stakeholders would like us to play
- we have used key research to help set the range of our outperformance payments and underperformance penalties.

## Other evidence and data that supports our decisions

You will find additional evidence in the following:

- Appendix 2 Performance commitments and outcome delivery incentives
- Appendix 3 Responsible business
- Appendix 7 Water resources
- Appendix 8 Vulnerability: affordable, accessible and protective services
- Appendix 9 Resilience in the round
- Appendix 16 Innovation

## Need further information?

Please email yourwateryoursay@southeastwater.co.uk if you require further information or wish to clarify anything in this document.

# Contents

# Executive summary

**Setting the scene**

We are an essential service, providing safe, high quality drinking water supplies and support services around the clock to 2.2 million customers.

In providing this essential service, we recognise it is our responsibility to make sure our actions and behaviours, as well as our product and services, make customers feel that we can be trusted to serve them.

Effective engagement is a key tool to establishing that trust with customers; from a position of trust, we can learn about their changing water needs and understand the additional support or information they would like from us - particularly when things go wrong.

Effective engagement has become a business-as-usual approach, as we continually use the insight we gain to improve our services and performance.

That insight has been enhanced by a powerful database comprising nearly 800 findings in total, which is reflective of the breadth and depth of the engagement we carry out – and not just for our 2020 to 2025 business plan.

As a result we have evolved culturally from an often silent, transactional-based utility to being a more visible service; one that works with customers, stakeholders, partners and industry experts to develop our services more collaboratively.

**Who we want to engage with**

Our future plans and performance need to reflect the views of everyone with a vested interest in water. The key audiences we want to engage with are:

- Our Customer Challenge Group
- our Environmental Focus Group
- stakeholders
- household customers
- vulnerable customers
- future customers
- businesses

**How we engaged**

Armed with insight from our day to day engagement we set about creating a research programme to give us further and deeper insight for our 2020 to 2025 business plan. In essence our research programme:

- Sets out what we need to know (and why)
- defines who we want to know this from
- defines how we will find this out
- explains why the research approach was taken
- explains why the research method was chosen
- clarifies what part of the business plan the research is influencing

Our research for this plan has been even more extensive, with 120 separate elements of research undertaken with nearly 13,000 customers.

These have used traditional methods and more innovative approaches such as alternative gamification techniques.

**What we have learnt from our engagement**

**Customers, stakeholders and businesses' priorities**

Customers and stakeholders continue to have a strong focus on both the **quality** and the **reliability** of the 'product', but there is also an increasing focus on the **service** and **experience** they receive; as well as the wider **societal and environmental role** we should play too.

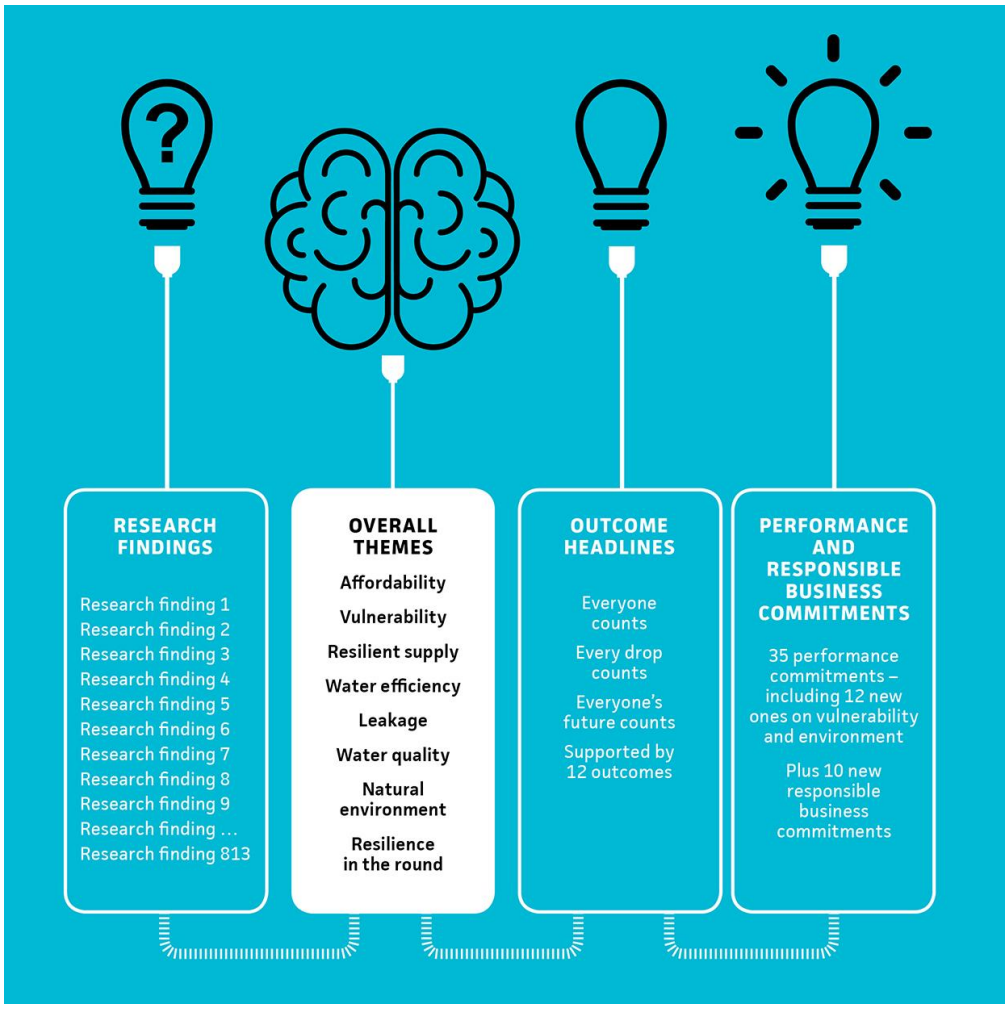
**Table 1 – Customers' and stakeholders' priorities**

| What they said | | | | |
|---|---|---|---|---|
| **Protect** | The quality of the water that comes out of our taps | The natural environment and the wildlife it supports | Customers who need extra support – financial or otherwise | Our water supply service – by becoming more resilient in the round |
| **Tackle** | Leakage - and reduce it further and more quickly | Demand for water – and give us the information and tools to help do our bit too | The level of greenhouse gases you emit | |
| **Keep** | Future water supplies secured by investing to make them more resilient | Educating current and future customers about water | | |

### The areas they want us to focus on

Eight overarching themes emerged from triangulating our day to day insights and research with customers, stakeholders and businesses which we assessed to determine its influence on our plan. The result is a strong and visible golden thread that runs from the insight we have gained to what we set out in our plan via our outcomes and performance and responsible business commitments:

**Figure 1 – The golden thread, from insight to plan**




### From our Board

The Board has translated the insight it has gained from its own engagement programme into a number of targeted areas and priorities for our business, with a focus on ensuring we provide easy access to all our services but particularly for those customers in vulnerable circumstances.

### From our Customer Challenge Group (CCG)

Our CCG has been central to the development of our plan, scrutinising and challenging many of the decisions we have made, ensuring our business plan promises meet current and future customers' needs.

The CCG has produced its own report on the quality of our customer engagement and the degree to which customers' views are reflected in our 2020 to 2025 business plan.

### From our Environmental Focus Group (EFG)

The EFG tested our assumptions and decisions on our water resources management plan and helped co-create the solutions. It also challenged our levels of ambition in terms of improving resilience, environmental performance and future demand management reductions, specifically in the areas of leakage and per capita consumption, which we have reflected in our strategic plans.

# 1. Why we want to engage

### 1.1 Our engagement ethos

We are an essential service, providing safe, high quality drinking water supplies and support services around the clock to 2.2 million customers.

Delivering this service is more than just about making sure our pipes, pumping stations and treatment works are in good order. Our product is vital to health and life itself; as a consequence so too are many of the support services we offer.

In providing this essential service, we recognise the privileges we have of being a regulated monopoly. Customers cannot choose their water supplier and so it is our responsibility to make sure our actions and behaviours, as well as our product and services, also make customers feel that we can be trusted to serve them.

Effective engagement is a key tool to establishing that trust with customers. From a position of trust, we can do so much more. We can learn about their changing water needs and understand the additional support or information they would like from us - particularly when things go wrong.

Engaging with our customers and stakeholders has also empowered everyone in the company – from frontline staff to the Board – to strive to do things differently and better.

As a result we have evolved culturally from an often silent, invisible transactional-based utility to a proud, proactive participant in the communities we serve. We have become passionate advocates about the power of engagement – it gives us valuable insight and knowledge about customers and society's current and changing expectations so we can match what we do to what our customers and society value, need and expect.

Good engagement also underpins our strong community-based presence and wider corporate reputation as a socially responsible business. It has directly shaped our Pure Know H2ow brand to celebrate the knowledge and expertise of our staff. It is also setting the tone for our `Shared Know $H_2$ow' initiative, which is about engaging with customers, stakeholders, partners and industry experts to develop our services more collaboratively.

In summary, engagement helps us:

- See the future more clearly and react accordingly
- find and understand our customers better – particularly those who are vulnerable
- deliver our customers' and stakeholders' priorities
- define the level of service and performance targets we are expected to deliver
- identify and deliver new ways of working or new solutions
- clarify our wider societal and community role
- makes our brand far more visible and builds customer trust and confidence in us

### 1.2 Our engagement journey

We started our customer-centric way of working during the last price review process, by putting customer satisfaction with our service at the heart of our 2015 to 2020 business plan.

We believe measuring customer satisfaction is the best yardstick for all customer-facing activities, and should be an exemplar of how the industry benchmarks itself in the future - as it focuses on the customers' own view of the service they receive.

It also became the launch pad for many of the initiatives that we have delivered in the 2015 to 2020 period (see Appendix 18 Current performance) which has taken customers beyond their water bill by being a more visible service that engages, listens and works collaboratively with them and others.

As a result, we have created a business-as-usual approach to engaging and gathering insight – here is how.

### 1.2.1 What we have learnt from our engagement with customers

Every day around 2,500 customers interact with us - whether by phone, email, post or the web.

Some of these interactions are based around transactions – for example, customers wanting to pay a bill, set up a direct debit or tell us they are moving house. By identifying the 'top ten' transactions we have matched our efforts and resources to make sure our service is quick and easy for customers. It is an approach that has underpinned much of our success in reducing complaints and improving customer satisfaction (see Appendix 18 Current performance).

However, transaction-based conversations do not tell us what customers' priorities are and what they think of our performance. We have developed additional opportunities for conversations that give greater insight – here's how.

*Customer complaints*

Our work on reducing complaints (we have seen an 88.6 per cent reduction from 2012 to 2017) has been about fixing and improving what we do so that customers don't have cause to complain about our service in the first place.

While a substantial amount of effort has been around fixing our processes, it is the cultural shift we made with our staff - towards a customer-centric way of working and which empowered them to have the skills, expertise and confidence to own and fix customers issues - that has delivered the most in terms of our performance.

In fact our work on complaints became the pre-cursor to our "five out of five" initiative and our innovative move to measuring more of our performance by customer satisfaction – which we cover next.

*Customer satisfaction surveys*

We measure customer satisfaction with our service in two ways:

- The Service Incentive Mechanism (SIM) – these quarterly surveys are undertaken across the water industry and show how well water companies are performing. Our SIM score for 2017-18 was 85.6 out of 100 which means we are now above the industry average
- monthly surveys - since April 2015 we have undertaken our own monthly satisfaction surveys with customers to track customer satisfaction with our service. Customers are asked a series of questions and score us, on a scale of 1 to 5 (1 being 'completely dissatisfied' and 5 being 'completely satisfied) based on their satisfaction around the following service areas:
    - water quality:

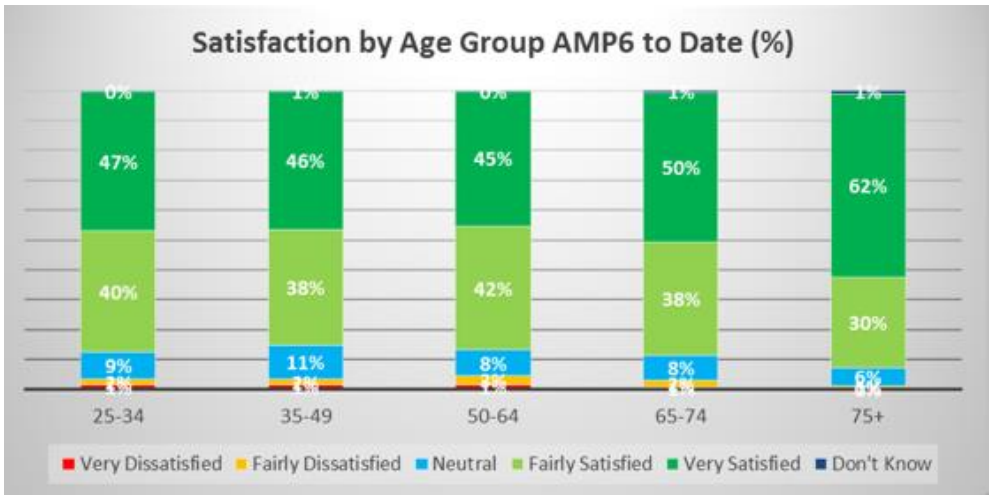
- taste and odour
- appearance

- water supply:
  - leakage
  - water pressure
  - interruptions to supply
  - temporary use restrictions
- water service:
  - direct interaction with us

These monthly surveys provide much greater granularity of data and insight into what our customers think about what we do.

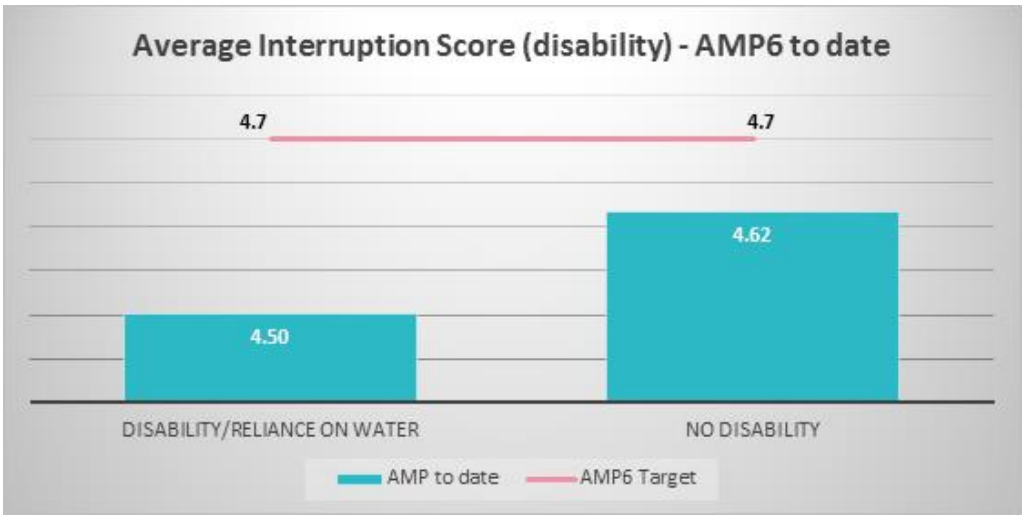
For example, we can see how satisfaction and value for money varies across age groups….

**Figure 2 – Customer satisfaction by age group**




….and interrogate how satisfaction scores with some aspects of our service – in this case interruptions – compare between those with a disability and those with no disability:

**Figure 3 - Customer satisfaction levels by disability**




As well as the monthly surveys, we track customer satisfaction annually to see if there have been any changes over time; and ensure we are continually improving – or addressing – areas of our performance:

**Table 2 – Customer satisfaction results 2015/16 to 2017/18**

| Customers consider… | 2015-16 Actual | 2016-17 Actual | 2017-18 Actual | Movement over time |
|---|---|---|---|---|
| Appearance of their water to be acceptable | 4.4 | 4.5 | 4.5 | 0.1↑ |
| Taste and odour of their water to be acceptable | 4.1 | 4.2 | 4.2 | 0.1↑ |
| Level of leakage to be acceptable | 3.4 | 3.8 | 3.8 | 0.4↑ |
| Their direct interaction experience to be positive | 4.2 | 4.3 | 4.3 | 0.1↑ |
| Their water supply is of sufficient pressure | 4.2 | 4.2 | 4.3 | 0.1 ↑ |
| The frequency and duration of supply interruptions is acceptable | 4.6 | 4.6 | 4.6 | 0 = |
| The frequency of water use restrictions to be acceptable | 4.2 | 4.4 | 4.4 | 0.1 ↑ |

From these surveys we have learnt there is no silver bullet to getting consistently high customer satisfaction scores across different areas of our performance, or across more traditional segments of our customer base. That is why our work to shift customer satisfaction via campaigns and social norming techniques (Appendix 18 Current performance, Appendix 16 Innovation) have been insightful, often demonstrating an incremental effect on customer satisfaction.

*`Five out of five' surveys*

Our award-winning `five out of five' initiative sees us proactively contact customers who, for whatever reason, have contacted us.

We also ask these customers to rate us from one to five on how well we have dealt with their issue.

Alongside the surveys (which started in March 2015), we have developed a five out of five dashboard which tracks our score and determines how well we are doing. We have two separate dashboards, one for operations and one for billing. We piloted and evaluated these surveys in January and February 2015 before launching in March 2015.

**Table 3 – Operations and billing five out of five dashboards**

Operations

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2017 Score** | 4.26 | 4.19 | 4.16 | 4.24 | 4.24 | 4.17 | 4.14 | 4.10 | 4.21 | 4.24 | 4.09 | 4.16 |
| **2016 Score** | 3.98 | 4.07 | 4.16 | 4.11 | 3.97 | 4.08 | 4.16 | 3.96 | 3.97 | 4.03 | 4.04 | 3.97 |
| **2015 Score** | | | 3.56 | 3.69 | 3.58 | 3.55 | 3.73 | 3.88 | 3.77 | 3.82 | 3.95 | 4.03 |
| **Improvement** | **0.33** | **0.12** | **0.60** | **0.55** | **0.66** | **0.62** | **0.41** | **0.22** | **0.44** | **0.42** | **0.14** | **0.13** |

**Billing**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2017 Score** | 4.61 | 4.62 | 4.58 | 4.59 | 4.60 | 4.61 | 4.58 | 4.57 | 4.57 | 4.56 | 4.43 | 4.57 |
| **2016 Score** | 4.52 | 4.55 | 4.51 | 4.53 | 4.51 | 4.53 | 4.53 | 4.54 | 4.55 | 4.55 | 4.54 | 4.59 |
| **2015 Score** | | | 4.33 | 4.35 | 4.37 | 4.40 | 4.44 | 4.47 | 4.49 | 4.50 | 4.53 | 4.50 |
| **Improvement** | **0.34** | **0.07** | **0.24** | **0.24** | **0.23** | **0.20** | **0.14** | **0.10** | **0.08** | **0.06** | **-0.10** | **0.08** |

The ‘five out of five’ initiative has been key to improving our SIM results, reducing complaints and having a positive impact on our customer satisfaction scores.

The survey results also highlight where we are delivering great service, so we can thank the teams involved and share learning with others; and where things have gone wrong so we can identify what improvements need to be made.

### 1.2.2 What we have learnt from our engagement with stakeholders

The last five years have seen us significantly develop our stakeholder communications and engagement, as we recognise the importance of how this

activity can help us achieve our outcomes and performance commitments for 2015 to 2020.

It also gives greater visibility of the work we do and builds lasting relationships that improve our corporate reputation, but satisfaction with our services too.

For example, our post-open day surveys of stakeholders (and customers) before and after they have toured our water treatment works, show an increase in satisfaction scores around issues such as leakage, value for money and overall satisfaction, once they have seen and heard first-hand about our 'pure know $h_2$ow':

**Table 4 – Value for money sentiment change following customer visits to our open days during 2018**

| When considering whether South East Water provides a value for money service, on a scale of 1 to 5, where 1 = very poor and 5 = excellent, what score would you give us before and after today's event? | All Responses | |
|---|---|---|
| | Before | After |
| 1 = Very poor | 0.0% | 0.0% |
| 2 = Poor | 6.4% | 0.0% |
| 3 = Average | 22.7% | 3.6% |
| 4 = Good | 40.0% | 36.4% |
| 5 = Excellent | 30.9% | 60.0% |
| No answer | 0.0% | 0.0% |

### 1.2.3 What we have learnt from our engagement with Retailers and businesses

Our day to day conversations with businesses customers – and the learnings from those – have primarily occurred through the contacts received via our wholesale services desk; and from direct conversations after water supply incidents.

*Contacts and complaints*

During 2017/18 we had the following interactions with businesses:

- Total contacts - 15,436
- Total complaints - 53

These contacts were all water supply related (as the billing and meter reading is the responsibility of the retailer); and the quantity of contacts also reflects some that were sent to the wholesaler (South East Water) as this was the first year of retail competition.

That said, we continue to monitor contact types from businesses and Retailers to identify any trends that may be emerging, which we can then subject to root-cause analysis - the approach we have taken for household customers and which has seen a significant reduction in complaints (see Appendix 12 Retail) and a rise in customer satisfaction (see Appendix 18 Current performance).

*Water supply incidents*

Businesses have given us valuable insight and feedback about the impact on their businesses after major water supply incidents – of which the `beast from the east' freeze thaw event was the most significant.

Of the businesses in our supply area, there are three types that are most severely impacted by extended, unplanned water supply interruptions (other businesses have alternative water supply arrangements and/or sufficient storage already in place).

**Table 5 – The three types of businesses most affected by unplanned interruptions**

| Type of business | Impact of water supply interruption | How we are addressing |
|---|---|---|
| Farms | Requirements for water are different depending on types of livestock. Some animals can be moved more easily to alternative sources of water e.g. horses whereas dairy herds and chicken farms cannot – and are at greater risk. | Updating address base to better define supply points (e.g. troughs) and flag the customers' specific water dependency. Addressing alternative supplies by deploying more towable bowsers and static tanks for farms to self-serve. |
| Pubs and restaurants | Health and hygiene impact – particularly from being unable to prepare and wash food so typically forced to close. | As main concern is loss of profit and having to make a claim on their insurance, we have a `no-quibble' policy and cover any excess payment required by their insurance. |
| Schools | Health and hygiene impact – particularly food preparation and inability to flush toilets so typically forced to close. | Site visits to first tranche of 60 schools to advise on how to improve storage contingency plans and undertake water audits. |

Aside from the water supply interruption learnings, one thing is clear from our ongoing and business plan-specific engagement with Retailers and businesses - our flexible and open approach is supported and welcomed.

Their feedback has also confirmed what their issues and priorities are and how they see our role in supporting the achievement of not only the market outcomes, but their business-led aspirations. More detail of what their priorities and expectations are – and how we intend to meet those - can be found in Chapter 4 of this appendix, and also Appendix 4 Business retail water markets.

### 1.3 Articulating the benefits of engagement

Engaging with our customers and stakeholders is not a new initiative for us; in fact since 2010 we have intuitively ramped up our engagement on all aspects of our water supply service – not least as it has underpinned our work to improve customer satisfaction with our service (see Appendix 18 Current performance).

That said we wanted to better articulate the benefits of our engagement, not least as we have seen how more engagement can drive an increase in customer satisfaction (and as we have explored in section 1.2.2).

To do this we performed a PESTLE and SWOT analysis which specifically looked at issues through the lens of engagement. The results are as follows:

### 1.3.1 PESTLE analysis for engagement – and what it revealed

| Political | Economic | Social/Cultural | Technological | Legal/Regulatory | Environment |
|---|---|---|---|---|---|
| **Political priorities are often generated via public opinion; or driven by the opinions of relevant stakeholder groups.**<br><br>**Changing political priorities can produce sudden corporate `impacts' to how we operate - especially if it is accompanied by immediate or sustained media exposure.**<br><br>**Trust can be influenced by political opinion and a change in trust can impact the business via a reduction in customers' satisfaction, increase in cost to serve and increases in customer complaints and queries.**<br><br>**The public sector austerity programme has indirectly resulted in greater public scrutiny of private sector companies.** | Economic impacts on customers and stakeholders are not always evident from our business as usual interactions with them; but the wider health of the UK economy/financial climate will affect our business – whether it's the amount of customer debt or the health/ability of the supply chain to service our contracts. | We are seeing greater expectations from customer, stakeholders and investors around:<br><br>• our customers are individuals and we need to understand their individual needs<br><br>• that we provide advice as well as services<br><br>• that water companies are active influencers in the population and property growth debate<br><br>• that vulnerable customers are provided, supported and cared for by utilities<br><br>• that we plan for a wide range of different futures<br><br>• that we are resilient to a range of extreme events and challenges<br><br>• from staff on how we should operate | Technology to support all areas of service provision is changing at a rapid pace – especially digital-based technology.<br><br>Customers' expectations on how we will use technology in our water supply operations, and our engagement/communication with them on water is also changing – they often perceive that we are lagging behind.<br><br>There is increasing wide ranging expectation that we innovate at least in line with other industries. | Expectations of a step change in all areas of our performance and how efficient we are in delivering a water supply service.<br><br>Expectations on how acceptable our customers find our financial structures and other related issues are changing.<br><br>Expectations there will be more transparent risk-sharing around performance between customers and shareholders.<br><br>Expectation around a number of key themes including resilience, vulnerability, innovation and affordability. | Our environmental activity and obligations are also continually changing:<br><br>• customers' and stakeholders' expect the environment isn't adversely impacted by our activities – in fact they expect biodiversity and wildlife to be enhanced<br><br>• water companies are encouraged to be active influencers in the plastics and bottled water debate<br><br>• customers expect us to minimise our carbon impact<br><br>• new environmental legislation is relatively frequent<br><br>• there is a risk to existing water sources being relied upon in the future due to potential environmental impacts<br><br>• Increased expectation that we deliver wider environmental resilience |

The PESTLE analysis showed that without continued engagement we may not fully understand the wider expectations, needs and priorities that customers, staff, stakeholders and society have of us, going forward.

### 1.3.2 SWOT analysis for engagement – and what we learnt

Having undertaken the PESTLE activity, collating all the information and insight we have gathered to date and assessing how we believe we are currently performing, we then created a SWOT analysis - again using the lens of engagement:

**Table 6 – Engagement SWOT analysis**

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| Sound customer service performance | Some specific elements areas of our customer service lack a defining strategy e.g. vulnerability | A stronger strategy for engagement, with clear objectives, will realise the customer service performance benefits more effectively | Engagement can be costly so needs to be effective, targeted and managed by multiple owners |
| Customer-centric business via innovative satisfaction-based measure of performance | Development, ownership and co-ordination of activities under a strategic framework not always defined – activity is more 'organic' and responsive | Engagement strategy, with clear objectives, will provide the framework and tools to improve customer satisfaction with our performance | Conflicting priorities around multiple measures of performance can be difficult to manage |
| Strong cultural support from staff for customer-centric ethos - reinforced by strong staff survey results and clarity of purpose and vision | | Using staff knowledge to build more strategic level relationships (and to support partnership toolbox approach) | Political priorities and economic impacts can influence public opinion more generally which could impact our customer satisfaction scores; this could lead to a skewing of the results (positive or negative) so could threaten the value of the insight gained |
| Strong Executive and Board interest – and tactical and field-based arrangements – across many service areas e.g. vulnerability, metering | Customers' individual needs not always identified and/or considered during field-based processes; wider field staff need training support | An engagement strategy will provide renewed focus for more targeted and appropriate field-based activity and engagement<br>Will also create increased buy-in from staff as | Engagement fatigue – all organisations are trying to engage with consumers and with busy lives and many competing priorities this could reduce the amount of interest shown, especially when seeking two-way dialogue |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| | | reinforces satisfaction-based approach | |
| Good grasp of process improvements and flexibility to adapt/change | Can be too reactive to change | Ongoing data mapping, horizon scanning and insight hub will provide lever for more proactive management of process changes and improvements | Some engagement channels are beginning to be distrusted, for example Facebook. People may actively disengage from these channels which had previously been a cost effective opportunity - we will need to keep up with new and emerging trends |
| Good stakeholder relations | Engagement via business as usual not formally recognised as an insight source to drive improvement | Stakeholder mapping and feedback more formalised (via insight hub)<br>Insight Steering Group to review all potential engagement insight to drive improvements | Continued budget pressures on all organisations could mean stakeholders have less opportunity to engage with us |
| Strong Board involvement in engagement | Engagement not structured into strategy development outside of the price review process | Engagement Strategy, with clear objectives, will reinforce links between Board aspirations and delivery of activities | Local media has been an important channel to encourage engagement (36 per cent of our WRMP community events had heard about them via local media) but we are seeing a continued decline in resources for these organisations |
| Strong but periodic engagement on a wide range of issues | We do not have clear monitoring and evaluation plan to help us communicate what we do effectively enough | Engagement Strategy, with clear objectives, will provide lever for more targeted and effective engagement and communications e.g. via partnership toolbox | More use of digital channels could lead to a "faceless organisation" charge - we will need to work hard to ensure we bring the spirit of our organisation and employees to every channel of engagement |

What was clear from our SWOT analysis is that while engagement in some areas of our business is good – largely as a result of it having grown organically around operational issues or strategic planning processes – there were areas where engagement is less strategic and/or focussed.

The solution was to create an engagement strategy that filled those areas of weakness – and defined the approaches that would be required to fill those gaps - but which continued to build on our strengths and opportunities.

### 1.4 What else needs to inform our engagement strategy

Our PESTLE and SWOT analysis provided a good starting point for our engagement strategy (see Annexe A Engagement strategy) but there were three other important inputs:

- Ofwat's principles of engagement
- the engagement that would specifically inform our 2020 to 2025 business plan
- our Board's engagement aspirations.

We explore each of these in more detail.

#### 1.4.1 Ofwat's principles of engagement

Ofwat has outlined seven key principles of customer engagement in its policy paper (*Customer engagement policy statement and expectations for PR19, May 2016*) which water companies are expected to follow. They are:

- Principle 1: Water companies should deliver outcomes that customers and society value at a price they are willing to pay
- Principle 2: Customer engagement is essential to achieve the right outcomes at the right time and at the right price
- Principle 3: Engagement should not simply take place at price reviews. Engagement means understanding what customers want and responding to that in plans and ongoing delivery
- Principle 4: It is the companies' responsibility to engage with customers and to demonstrate that they have done it well
- Principle 5: Customers and their representatives must be able to challenge the companies throughout the process. The engagement process should ensure this challenge happens. If this is not done effectively, Ofwat must be able to challenge on customers' behalf. In doing so, Ofwat will fulfil its duty to protect customers
- Principle 6: Engagement is not a 'one-size-fits-all' process, but should reflect the particular circumstances of each company and its various household and businesses customers
- Principle 7: The final decision on price limits is entrusted to Ofwat. Ofwat will use a risk-based approach to challenge company plans if it is necessary to protect customers' interests.

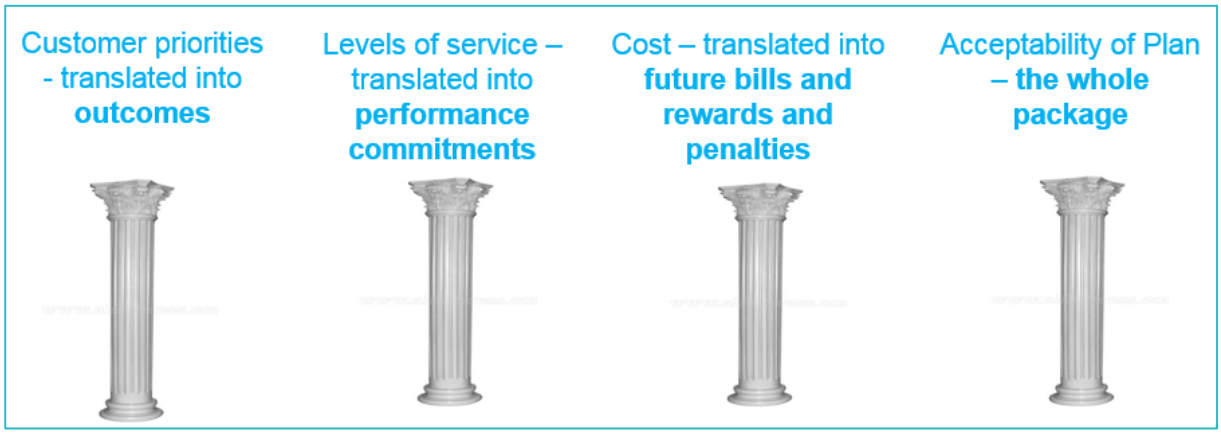
The engagement principles provide a very useful engagement framework to work to, but are also helpful in that they provide clarity on the specific roles and responsibilities that water companies, CCGs and Ofwat each have in the business plan process.

### 1.4.2 The engagement requirements for the 2020 to 2025 business plan

Every five years we go through a rigorous process to prepare a business plan that sets the level of water bills and services.

The business plan needs to make sure we meet all our statutory water supply obligations but also needs to be informed by our customers' and stakeholders' views on **four key pillars**:

**Figure 4 – The four key pillars**




It is these four pillars that have directly shaped the additional research and engagement we needed to undertake for our 2020 to 2025 business plan, and which we explore further in Chapter 3: How we engaged.

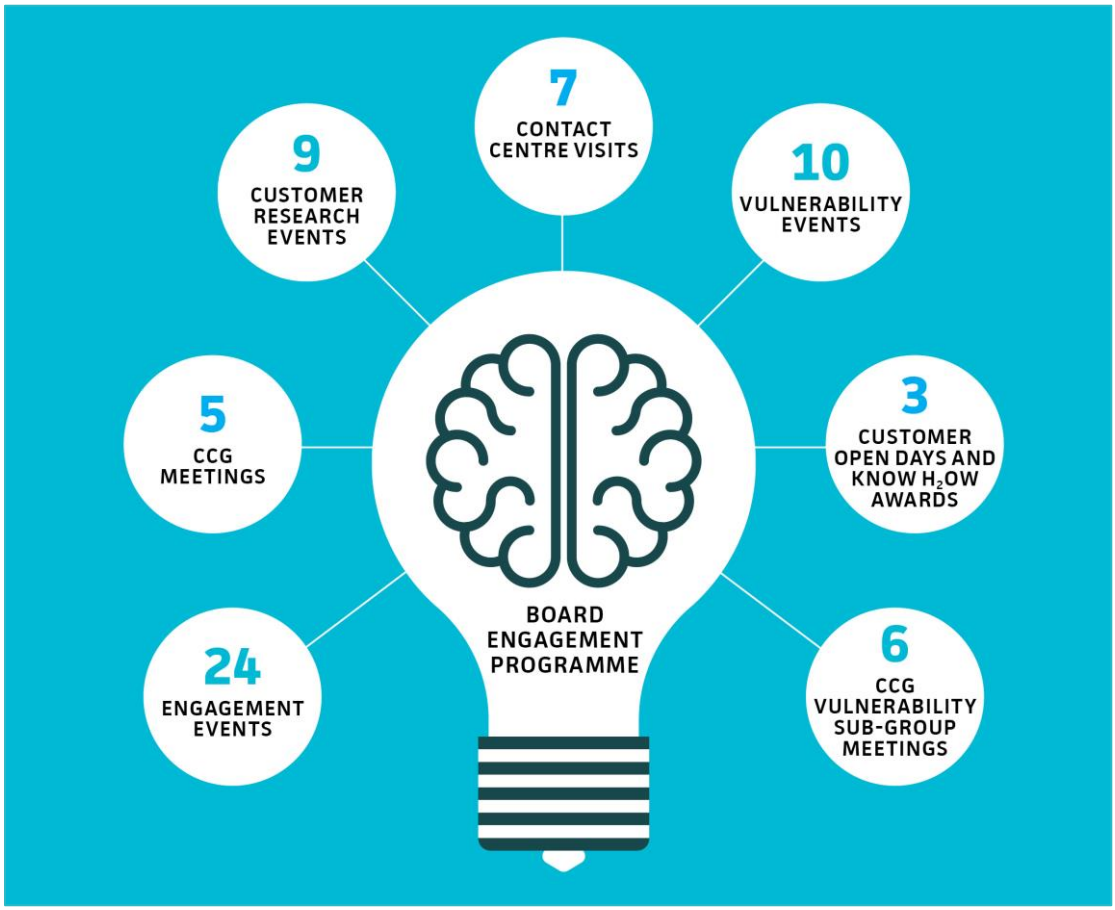
### 1.4.3 Our Board's engagement aspirations

The Board has challenged us to undertake research and engagement that gives greater insight about what our customers and stakeholders think about our business as they consider it essential to deliver great trust and legitimacy aims and be a responsible business

The Board also challenged us on how it could get more involved themselves in that research and engagement so they could drive improvements in how we deliver our services – not least to improve customer satisfaction with that service (a key feature of our 2015 to 2020 business plan and central to our 2020 to 2025 plan too).

This led to the creation of our Board engagement programme, and included:

**Figure 5: Board engagement programme**




This programme has allowed Board members to:

- gain a richer and deeper level of insight from customers about their water supply service and any issues they have with that service.
- provide feedback and ideas to the Executive Team about how to improve our service to customers; and the insights that could help shape the company's strategic approach for 2020 onwards

The Board has translated that insight into a number of targeted areas and priorities it wants to address, and which are articulated in Chapter 8 of this appendix and our 2020 to 2025 business plan.

### 1.4.4 Horizon scanning

We `horizon scanned' for other insights from external data, reports, research or cross-sector working groups (many of which we participate in) that could inform both our engagement strategy **and** key elements of our 2020 to 2025 business plan.

For the latter specifically this was particularly the case as we developed our Affordable, Accessible and Protective Services Strategy, which underpins the stretching performance commitments and ambitions specifically around vulnerability in our 2020 to 2025 business plan. This has included assessing the following reports and participating in a number of events:

- Consumer Council for Water Staying afloat: Addressing customer vulnerability in the water sector (2016-17)
- dementia Training for the Customer Services Management Team
- dementia-friendly utility guide: A practical guide to supporting your customers and employees affected by dementia - Alzheimer's Society
- Using Experian Data on detailed social and economic demographics and map to our customers
- Institute of Customer Service - UK Customer Satisfaction Index Jan 18
- Ofgem - Vulnerable Consumers in the Energy Market 2018
- Ofwat - Vulnerability Focus Report 2016
- Shared Utility Networks Working Group - Visit to UK Power Networks, Ipswich
- Sheffield Hallam University Centre for Regional Economic and Social Research: Delivering Affordability to Water Customers : Cross sector lessons
- Sustainability First - Energy for All, Innovate for All
- The British Standards Institution Initial Assessment against Standard BS 18477:2010 Inclusive service provision for the identifying and responding to consumer vulnerability for the supply of water following verification by BSI
- The British Standards Institution Publication - Inclusive service provision – Requirements for identifying and responding to consumer vulnerability

The extent of this work is captured in more detail in Appendix 8 Vulnerability: affordable, accessible and protective services.

### 1.5 Devising our engagement strategy

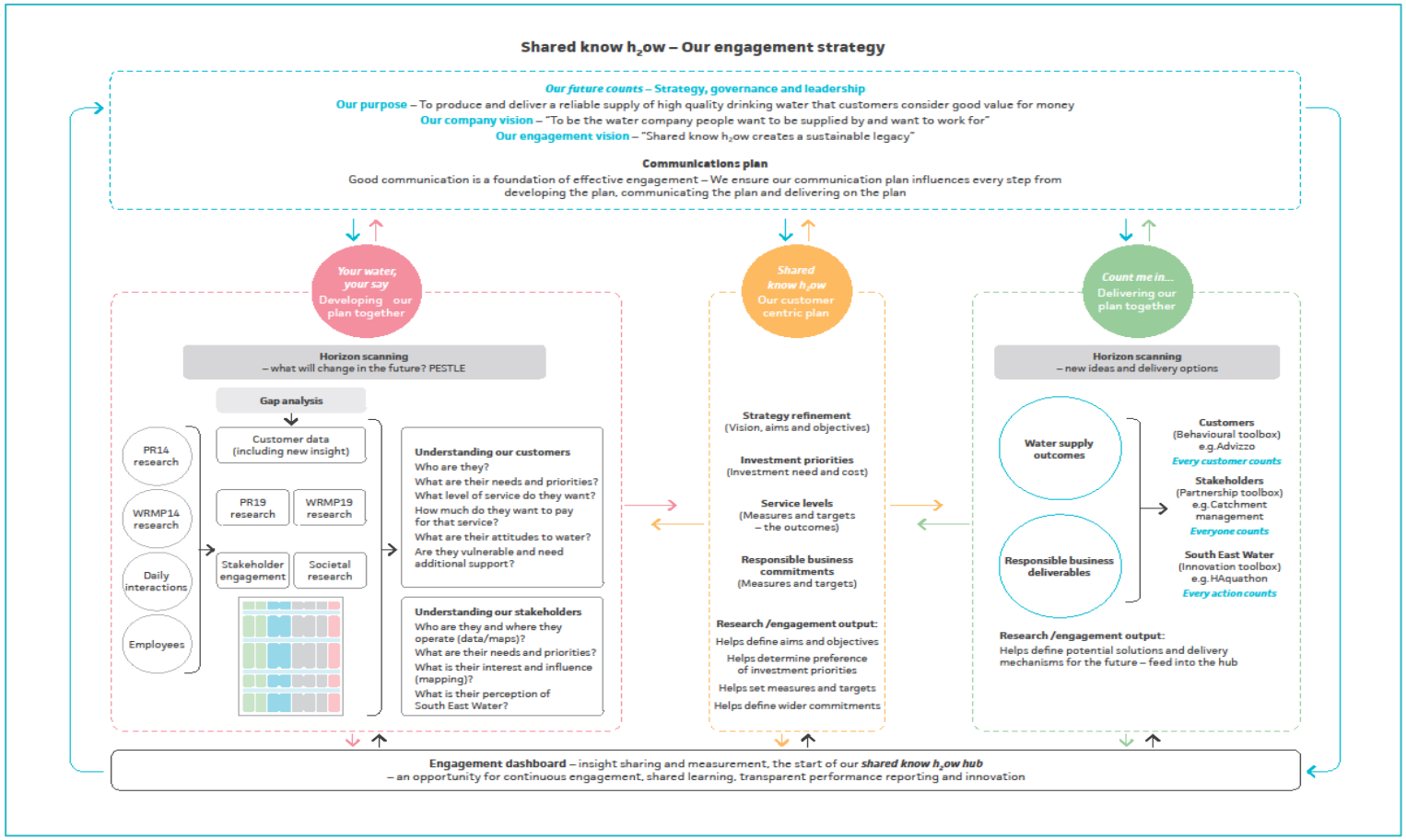
The result of all our preparatory work that we have explored in previous sections was a clearly-defined engagement strategy.

There are four key elements to this.

1. Our future counts - which covers the strategy, governance and leadership we will adopt around engagement
2. Your water your say - developing our plan together
3. Shared know $h_2$ow – our customer centric plan
4. Count me in – delivering our plan together

Figure 6 represents our engagement strategy in visual form.

## Figure 6 - Our engagement strategy



To ensure this engagement strategy matches regulatory expectations we have mapped Ofwat's principles of engagement to ours:

**Table 7 – Ofwat's engagement principles against our strategy**

| Ofwat's engagement principles | Where we address this in our engagement strategy |
|---|---|
| Principle 1: Water companies should deliver outcomes that customers and society value at a price they are willing to pay | "Your water, your say: developing our plan together" sets out the framework of inputs we will use to ensure our future plans and service are customer-focussed |
| Principle 2: Customer engagement is essential to achieve the right outcomes at the right time and at the right price | "Shared know h2ow: our customer centric plan" delivers the investment that meets customers' immediate priorities for their water supply service, and addresses their expectations around what our wider societal role should be through our responsible business commitments |
| Principle 3: Engagement should not simply take place at price reviews. Engagement means understanding what customers want and responding to that in plans and ongoing delivery | Our "Shared know h2ow hub" will see continuous engagement learnings and insights monitored and measured, so we can use them to improve our services and performance on a business-as-usual basis<br><br>The approach to listening and learning that we adopted for our 2014 business and water resources plan, and our daily conversations since, highlight how our engagement has evolved. We are embedding this work with new community engagement and insight teams. |
| Principle 4: It is the companies' responsibility to engage with customers and to demonstrate that they have done it well | "Your water, your say: developing our plan together" sets out the framework of inputs we will use to ensure our future plans and services are based on the insights and learnings from our multiple channels of engagement |
| Principle 5: Customers and their representatives must be able to challenge the companies throughout the process. The engagement process should ensure this challenge happens. If this is not done effectively, Ofwat must be able to challenge on customers' behalf. In doing so, Ofwat will fulfil its duty to protect customers | "Your water, your say: developing our plan together" sets out the framework of inputs we will use to ensure our future plans and services are based on the insights and learnings from our multiple channels of engagement; and allow for sufficient challenge from customers and their representatives too<br><br>Our Customer Challenge Group has raised over 600 challenges and actions in total to ensure they had the opportunity to challenge the company throughout the process |
| Principle 6: Engagement is not a 'one-size-fits-all' process, but should reflect the particular circumstances of each company and its various household and businesses customers | "Your water, your say: developing our plan together" takes account of different customers' needs, expectations and values/attitudes to water and which our engagement has been built around<br><br>"Count me in: delivering our plan together" uses toolboxes to tap into our customers' specific water |

| | |
|---|---|
| | values/attitudes - and makes our engagement more targeted and effective in the process |
| Principle 7: The final decision on price limits is entrusted to Ofwat. Ofwat will use a risk-based approach to challenge company plans if it is necessary to protect customers' interests. | Not applicable |

The result of that mapping exercise shows good correlation between Ofwat's principles of engagement and our strategic approach.

# 2. Who we want to engage with

### 2.1 Introduction

One of the key elements of our engagement strategy is “Your water, your say - developing our plan together”.

We have identified the key audiences we need to engage with on our strategic plans and business-as-usual services.

### 2.2 Customer Challenge Group

An independent Customer Challenge Group (CCG) was specifically set up to assess both the quality of our customer engagement, and the degree to which the findings of that engagement are reflected in our 2020 to 2025 business plan.

Over the course of 2017 and 2018 the CCG has held 13 main meetings, a total of 24 engagement sub-group and vulnerability sub-group meetings, and three separate sessions on outcome delivery incentives. That has resulted in over 600 challenges and actions as we prepared our 2020 to 2025 business plan.

Its challenges have been broad-ranging, strategic and detailed – from helping shape the co-creation of our Affordable, Accessible and Protective Services Strategy (an area where customer engagement has the capacity to deliver significantly better outcomes) to detailed inputs on our research methodology and materials which we have then incorporated.

In fact CCG members had extensive involvement in our engagement programme, with members attending 24 of our 63 focus groups and workshops across numerous topics.

The group has written its own report for Ofwat on the quality of our customer engagement, and the degree to which customers’ views are reflected in this plan.

### 2.3 Environmental Focus Group

We recognise the value of working with a group of stakeholders with a keen interest in our long term plans, and allowing them to challenge and feedback on all the key building blocks.

Our Environmental Focus Group (EFG) is recognised as industry-leading, as a way of ensuring our long term planning – through our Water Resources Management Plan (WRMP) process - is appropriately challenged.

Today, the EFG has over 30 members and includes regulators, environmental stakeholders and interest groups. It has met regularly for the last two years and helped us produce a more collaborative 60-year plan to secure our customers' water supplies and is comprised of the following members:

- The Environment Agency
- Natural England
- The Consumer Council for Water
- Kent County Council
- East Sussex County Council
- South Downs National Park Authority
- Wealden District Council
- Rushmoor Borough Council
- Lewes District Council
- Basingstoke and Deane Borough Council
- Bracknell Forest Council
- Ringmer Parish Council
- Joint Parishes Group
- World Wildlife Fund/Blueprint for Water
- Council for the Protection of Rural England
- Whitewater Valley Preservation Society
- Salmon and Trout Association
- Council for British Archaeology South East
- South East Rivers Trust
- Canterbury and District Angling Association
- The Inland Waterways Association
- Ouse and Adurs Rivers Trust
- National Farmers Union
- Anita McNaught, farmer

We have also evolved and built on our EFG engagement as we developed our specific Water Resources Management Plan for 2020 to 2080 in the following ways.

### 2.3.1 Improving the linkages between the EFG and our CCG

We have improved the engagement linkages between the WRMP and our business plan processes through:

- Increased attendance at meetings by the Chair of the CCG
- dedicated sessions on how the technical outputs of the WRMP link to the outcomes and performance commitments in our business plan
- greater scrutiny of the increased customer research that has informed the draft and final WRMP.

### 2.3.2 Broadening the membership of the EFG

We looked to broaden the invitation to join our EFG to a much wider group of environmental stakeholders, the purpose being to cover as broad and relevant a mix of stakeholders as was practicable, and sustainable.

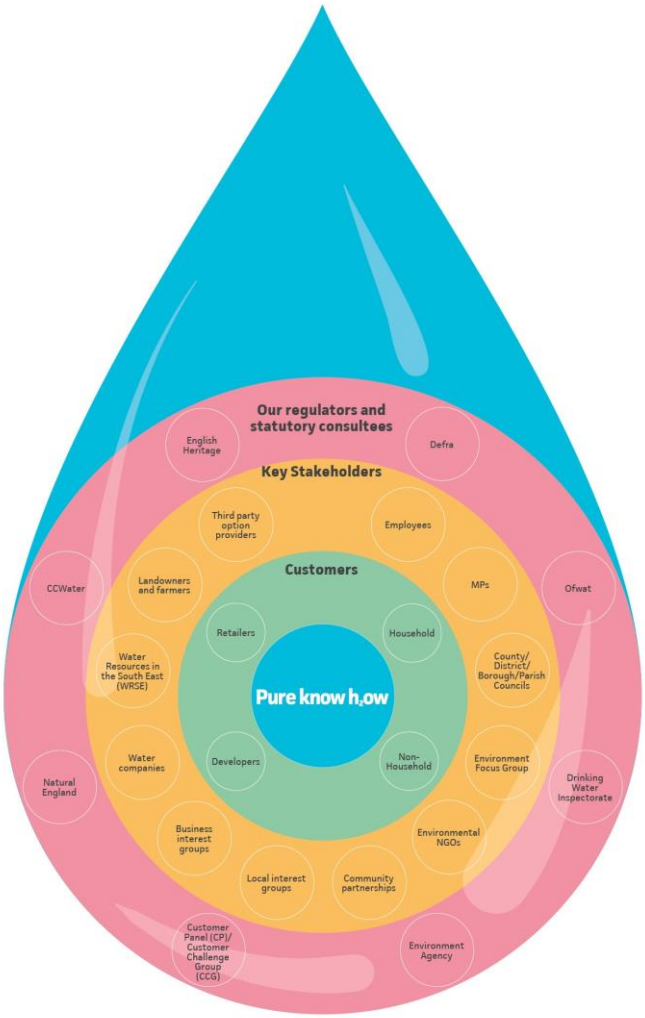
That is important as being a member of the EFG requires a significant time commitment from stakeholders - for WRMP19 the EFG is running for a total of 24 months (January 2016 to December 2018). Members are committed to reviewing and commenting on a large volume of information, plus attending and actively participating at meetings which occur, on average, at a frequency of every two to three months. Because some stakeholders were unable to make the full time commitment, we did invite some stakeholders to attend less frequently or to be kept updated on the work by the EFG via email, inviting them to provide feedback as appropriate.

That said, the mix of stakeholders involved with the EFG and levels of attendance throughout the development of WRMP19 has been excellent; so too has the quality of discussion and input by the group which has directly influenced and shaped our WRMP19.

## 2.4 Stakeholders

Our stakeholders are broad ranging and varied in terms of their interest in our water supply service.

**Figure 7 – A summary of our stakeholders**




We have significantly developed our stakeholder communications and engagement, and sought to answer the following key questions by these methods:

**Table 8 – Our key stakeholder engagement questions**

| What do we want to know? | How will we find this out? |
|---|---|
| Who are our stakeholders and where do they operate? | Data mapping project |
| What are their needs and priorities for water? | Priority workshops (see Chapter 4) |
| What is their interest and influence in water? | Influence mapping exercise |
| What is their perception of our business? | Stakeholder perceptions audit |
| What more can we do to support customers in vulnerable circumstances? | Vulnerability interviews and stakeholder workshops (see section 5.10) |
| What is their view of the societal role we should play in their communities? | Responsible business workshops (see section 5.4 and Appendix 3 Responsible Business) |

This evolving stakeholder engagement will not only help shape our future plans and services, but will provide greater opportunity for us to work more collaboratively with our stakeholders on a wide range of future challenges and opportunities.

That work will be overseen by our Community Engagement team which has overall responsibility for managing our stakeholder knowledge database and developing the management processes to ensure its accuracy and relevance. This element of work will be expanded into our newly created Customer Insight Team where the intention is to develop a new insight hub that systematically captures all our engagement activities and the insight we learn from them, so these can be fed back into the business.

### 2.5 Household customers

For household customers specifically we have moved away from the notion of a business plan for the ‘average customer’ and evolved an approach that is more tailored to individual customers’ needs and expectations.

We are using segmentation - based on customers’ attitudinal and emotional responses to water - to help develop our outcomes, performance commitments and outcome delivery incentives for the 2015 to 2020 business plan.

Segmentation also allows us to understand the diverse and changing needs, requirements, priorities and values of our customers, meaning we can:

- Tailor our engagement and research to improve its effectiveness

- tailor our services to support all our customers - there being no such thing as an 'average' customer
- evolve our outcomes to reflect this approach

You can read more about our use of attitudinal segmentation in section 6.3.

### 2.6 Vulnerable customers

For each piece of research for the 2020 to 2025 business plan we made sure we were reaching enough customers who are considered to be in vulnerable circumstances; this ensures we are looking at all the key issues and topics we need to explore through a 'vulnerability lens'.

We have also designed the following specific engagement activities with vulnerable customers to inform our future strategy (see Appendix 8 Vulnerability: Affordable, accessible and protective services).

**Table 9 – Vulnerable customer engagement activities**

| Engagement activity | Engagement objective |
|---|---|
| 33 x telephone interviews with customers in vulnerable circumstances | To gain greater insight from customers and `bring to life' the issues/barriers they face with our processes, performance and/or services. |
| 5 x case study interviews with customers in vulnerable circumstances | To gain greater insight from customers and `bring to life' the issues/barriers they face with our processes, performance and/or services. |
| 25 x interviews with customers in vulnerable circumstances directly affected by freeze-thaw incident | To `bring to life' the issues/barriers they face with our communications and services during an incident. |
| 5 x face-to-face case study interviews with customers in vulnerable circumstances directly affected by freeze thaw incident | To `bring to life' the issues/barriers they face with our communications and services during an incident. |
| 9 x telephone interviews with stakeholder agencies representing customers in vulnerable circumstances | To share data, knowledge and experiences.<br>Scrutinise, challenge and cross-reference if we and third party agencies and organisations have the same understanding of vulnerability in the supply area today and in the future.<br>Share development of the vulnerability strategy and proposed actions to be included |
| 6 x stakeholder workshops with representatives of third party organisations that work with customers in vulnerable circumstances | To share data, knowledge and experiences.<br>Scrutinise, challenge and cross-reference if we and third party agencies and organisations have the same |

| Engagement activity | Engagement objective |
|---|---|
| | understanding of vulnerability in the supply area today and in the future.<br>Share development of the vulnerability strategy and proposed actions to be included |

You can read more about the findings from this engagement in section 3.10 of this appendix.

## 2.7 Future customers

### 2.7.1 Research programme

For each piece of research for the 2020 to 2025 business plan we specifically recruited sufficient quotas of younger customers (16 to 25-years) who may not yet be bill payers but are users of water; this ensures we are looking at all the key issues and topics we need to explore through a `future customer lens'.

### 2.7.2 Know h2ow awards

We use our Know $h_2$ow Awards programme with secondary school pupils to engage with future customers on all things water, while also getting their creative and innovative input to help solve an environmental challenge.

Using our in-house STEM (science, technology, engineering and mathematics) ambassadors to spearhead the awards programme, students were asked to come up with a solution for capturing footfall at our Arlington Reservoir site, along with designing a smart phone app that informs visitors of everything they would want to know about the Arlington Reservoir site.

The submissions made by pupils themselves were innovative and creative and will help to improve Arlington Reservoir as a community asset; it is this valuable insight from future customers that we intend to build on when we expand the Know $h_2$ow Awards programme.

## 2.8 Businesses

For businesses we have segmented them by the following characteristics as these are reflective of the make-up of the types of business that are in our supply area:

**Table 10 – Business segment characteristics**

| Segment | Description / purchasing characteristics |
|---|---|
| Nationals | ▪ Businesses are well-known national brands operating across the UK<br>▪ Often follow a national procurement strategy<br>▪ Procurement of services through a defined procurement function<br>▪ Many will use intermediaries to maximise service and tariff options |
| Public sector | ▪ Follow collaborative procurement strategy<br>▪ Obliged to tender for services<br>▪ Often driven by national policy |
| SMEs | ▪ Consumption below 2,000m3 per year<br>▪ Mainly single sites<br>▪ Water is not a significant cost driver<br>▪ Transactional relationship with water supplier<br>▪ Some linked to 'small business organisations' – eg Federation of Small Business<br>▪ Likely to use brokers and/or price comparison websites |
| In product, in process | ▪ Water is critical component of their end product<br>▪ Water is sizeable cost to their business<br>▪ Many will have trade effluent<br>▪ Complex water and waste infrastructure<br>▪ Many will have maintenance/utility managers on site<br>▪ Some will have cashflow issues (seasonal users)<br>▪ Some will tender for multi-services |
| Private sector – large sites | ▪ Domestic style use – but high consumption<br>▪ Large recreational sites<br>▪ Extensive on site infrastructure |
| Private sector – regional and multi sites | ▪ Often tender for services<br>▪ Group company usually directs purchasing policy/decisions |

This approach has shaped our engagement with businesses. You can read more about what we did in Chapter 4 of this appendix.

# 3. How we engaged: our research with customers

### 3.1 Introduction

Armed with insight from our day to day engagement we set about creating a research programme to give us further and deeper insight.

In essence our research programme for the 2020 to 2025 business plan sets out:

- What we need to know (and why)
- defines who we want to know this from
- defines how we will find this out
- explains why the research approach was taken
- explains why the research method was chosen
- clarifies what part of the business plan the research is influencing.

Our research for this plan has been even more extensive, with 120 separate elements of research undertaken with nearly 13,000 customers.

These have used traditional methods and more innovative approaches such as alternative gamification techniques.

We now detail the findings of the all the research we have undertaken with household and businesses customers that have directly informed our 2020 to 2025 business plan.

## 3.2 Customer segmentation research

### Table 11 – How customer segmentation research influenced the plan

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| April 2017 | Household customers | • Qualitative: 2 x focus groups to determine what customer segments exist and to explore/understand any differing views<br>• Quantitative: 900 interviews to quantify the percentage make-up of segments across our wider customer base<br>• Qualitative: 12 pre-tasked focus groups and 6 in-home depth interviews to add more detail to the segments and begin to name them | This research helped us define the customer segments that exist among our customer base; and understand the baseline position of customers' priorities and current levels of satisfaction | Our daily conversations and transactions with customers, combined with the data gathered from successive customer satisfaction surveys over the last two years, has given us valuable insight about the core services customers expect from us.<br>Like many water companies, this has been translated into an `average level of service' for the `average customer' paying an `average bill'.<br>However, the daily conversations and transactions we have with customers reveal there are times when they have different needs and expectations. What drives this? We don't fully understand that – and in fact our customer satisfaction surveys show it's not always obvious what effect our `input' i.e. our activity, service, product has made on the `output' i.e. the customers' satisfaction score.<br>We think there is value in moving away from the notion of an average level of service/bill/customer towards attitudinal segmentation. This is a key distinction of our PR19 engagement and the potential progression of the services that we could reflect in our business plan. |

### 3.2.1 Findings

**Table 12 – The six initial customer segments devised following the research**

| Segment | % of customer base | Favoured brands | Potential for engagement | Potential initiatives |
|---|---|---|---|---|
| Global thinkers - Mature, affluent, financially secure and engaged in big picture | 16% | Their favoured brands are perceived to have a conscience but do not compromise on quality | • Partnership approach to water and resilience planning<br>• Prepared to engage on a more intellectual level with South East Water and think collectively about ways to conserve water/energy<br>• Push me further | • Intellectual, involving messaging<br>• Recycling grey water<br>• Environmental tariffs<br>• Social responsibility |
| Me, Myself & I - Male, mature, comfortable and focus on number 1 | 12% | Brands reflect more down to earth, everyday focus – functional performance and self-centred emotional reward | • Current life demands mean unlikely to engage in water saving unless there is something in it for themselves<br>• Hence, incentive based approach most likely to impact – "make it worth my while" | • Disruptive tone of voice and content<br>• Free devices<br>• Smart meters |
| In The Dark - Tech immersed, busy jugglers who would be more outward ocused if they had time | 15% | Brand engaged and prepared to pay a bit more for quality, service and emotional reward | • Busy lives means they don't want to engage – resulting in big knowledge and context gap | • Online/short Did you Know….<br>• Smart Meters<br>• Apps<br>• Smart tariffs/technological solutions |

| Segment | % of customer base | Favoured brands | Potential for engagement | Initiatives |
|---|---|---|---|---|
| Mindful Optimists - Middle aged, lower SEG customers, community vs. corporate focus | 23% | Less persuaded by 'brands' and marketing; functionality, value, quality focus and prepared to shop around | • Solutions based approach to engagement<br>• Community focus means there is some scope for greater involvement through ongoing engagement eg forums | • Practical/rational messages Water reminders/How to<br>• New solutions to keep them up to date<br>• Education of next generation |
| Not on my radar - Young, female, mid SEG, living for today with low social conscience | 22% | Brand choices reflect pretty "safe" drivers of choice and engagement | • Difficult group to engage – low interest, low social conscience and low water bill | • Compulsory metering programme with supporting information could change behaviour |
| Keeping It Simple - Kind and thoughtful about the community around them; financially careful and waste conscious | 12% | Brand choices reflect traditional values and the importance of affordability and trust | • Potential to build a relationship with this group – they have time and energy to consume warm, friendly communications that will help build satisfaction with services and potentially higher WTP propensity in the future | • Simple messages in traditional formats<br>• Promotion of supportive tariffs<br>• Positively surprise thought devices, home visits |

### 3.2.2 Updated segmentation names

In May 2018, and having undertaken most of our customer research and gained more insight into the different attitudes that existed, we revisited the names of five out of the six customer segments – Mindful Optimists remained unchanged - and made the following decisions:

- Global Thinkers became **Global Advocates** – this provides a less passive focus for this engaged segment. The change of focus not only sums up the proactive nature of this segment but also their potential to help encourage others to become more responsible water consumers
- Me, Myself and I became **Just Me and Mine** – this removes the concern about it being totally self-focussed but maintains the essence of the segment ie concerned only with their immediate world
- Keeping It Simple became **Careful Neighbours** - the introduction of careful covers both financial and waste care. The use of neighbour ensures we maintain the community element which is important to this segment
- In The Dark became **Busy Juggler** - what potentially stops this segment from being more engaged is the nature of their busy lives; there's no time for anything else. That doesn't mean that they won't engage but too time stressed to do so at the moment
- Not On My Radar became **Living for Today** – which sums up the spontaneous, in the moment nature of this segment.

### 3.2.3 How we will use segmentation

Following this segmentation exercise we have begun using appropriate engagement channels to target many of the customer segments as outlined in Table 13.

The customer segments will be incorporated into our engagement planning activities to ensure we target the groups in the more appropriate and effective way.

## Table 13 – Examples of targeted engagement to date

| Segment | Channel | Examples of use |
|---|---|---|
| Global advocates | Workshops and world café events |  |
| Just me and mine | Direct face-to-face engagement through community events and exhibitions |  |
| Careful neighbours | Community and stakeholder events where influencers are engaged with |  |
| Busy juggler | Social media – Twitter, Facebook and LinkedIn |   |
| Mindful optimists | Community exhibitions on issues that will affect them locally such as during our water resource management plan consultation, as well as the creation of community interest panels, e.g. our Broad Oak reservoir Community Panel |  |

## 3.3 Customer priorities and satisfaction research

**Table 14 – How customers' views on customer priorities influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| July 2017 | Household customers – testing across the customer segments | Qualitative research for customer priorities and satisfaction using:<br>• app based pre-tasks and paper-based pre-tasks<br>• 6 x extended deliberative workshops to understand customers' immediate priorities (2019-2024)<br>• 6 x extended deliberative workshops with a `future focus' to understand customers' long-term priorities (to 2050) | This research aimed to understand:<br>• customers' priorities now, and if these have changed since PR14<br>• what customers think could/should be their/future customers' priorities for water in 2050<br>• how satisfied are customers now and how satisfied do they want to be in the future?<br>• how do customers' priorities change from `normal service' to `when things go wrong?' | Delivering a water supply service that meets our customers' core needs, expectations and priorities is fundamental to how we develop our business plan.<br>In addition, our experience of managing customers' water supplies from normal service to when things go wrong has given us valuable insight as to how their priorities and satisfaction can change. |

### 3.3.1 Findings

#### Customers' current priorities

When it came to their **current priorities**, there were common themes among the customer attitudinal segments across the focus groups – customers expect us to deliver these 'hygiene factors' ie basic activities as part of the service i.e. "this is what I pay my bills for":

- Tackling leakage
- satisfying customers
- keeping bills affordable
- security of supply (meeting increased demand)

- clean water/good taste
- investing in network/treatment works.

**Figure 8 – Our customers' current priorities**


The research also revealed customers believed/hoped/expected us to be focussing on delivering certain 'enhancing factors' i.e. additional activities:

- Investing in new water sources
- tackling implications of climate change
- educating customers to reduce water usage
- protecting the natural environment
- water softening
- water neutral schemes
- investing in new technology
- smart meters.

## Customers' future priorities

When it came to their future priorities, customers were clear that they expected us to deliver all the current hygiene (i.e. basic) and enhancing (i.e. additional) factors listed above.

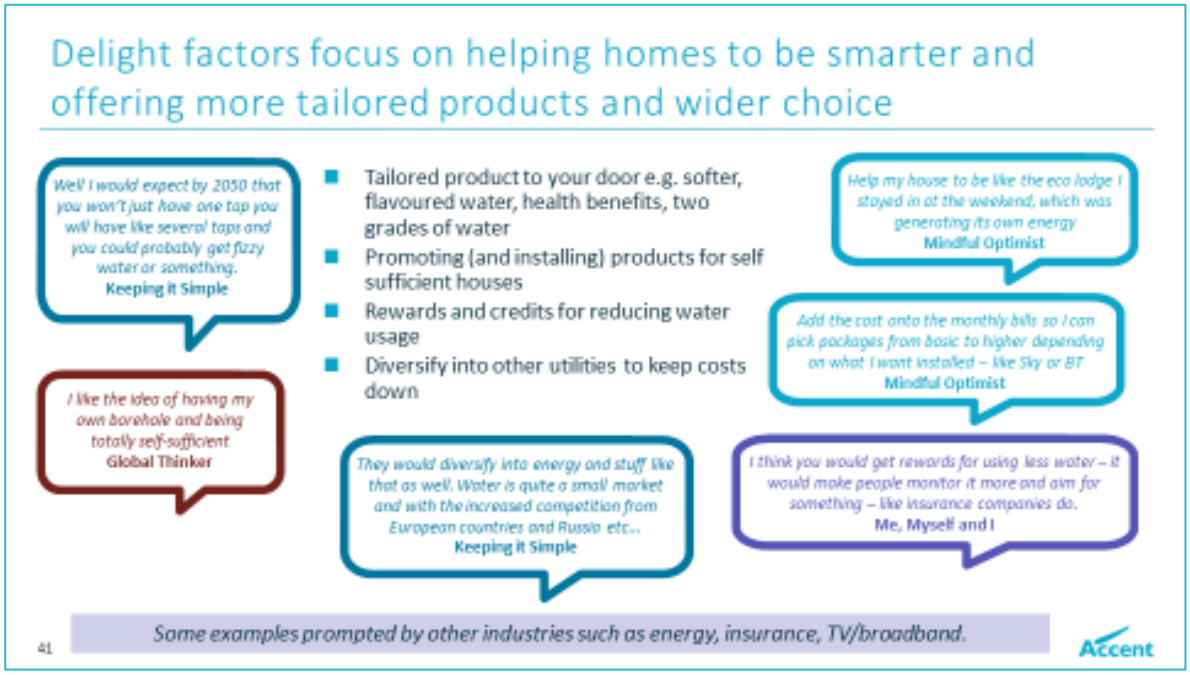
In addition they expect us to meet new emerging expectations such as:

- Artificially-intelligent customer service
- water/waste recycling
- smarter pipework (self-fixing infrastructure, no leaks)
- water efficiency measures
- environmentally friendly/reducing carbon footprint/reduce wastage
- smart meters
- protection against terrorism
- modern, honest company image
- enough supply to meet demand (new water sources e.g. desalination vs. population demand)
- clean water/good taste
- using science to progress treatment/maintenance (e.g. desalination)
- solar powered purification
- community projects – conservation/recycling centres
- a pollutant free service – dedicated to the environment

The future-focussed research discussions also revealed the opportunity to delight customers even further by:

- Offering a tailored product to their door e.g. softer, flavoured water, health benefits, two grades of water
- promoting (and installing) products for self-sufficient houses
- rewards and credits for efficient water usage
- diversify into other utilities to keep costs down

**Figure 9 – Our customers' future priorities**

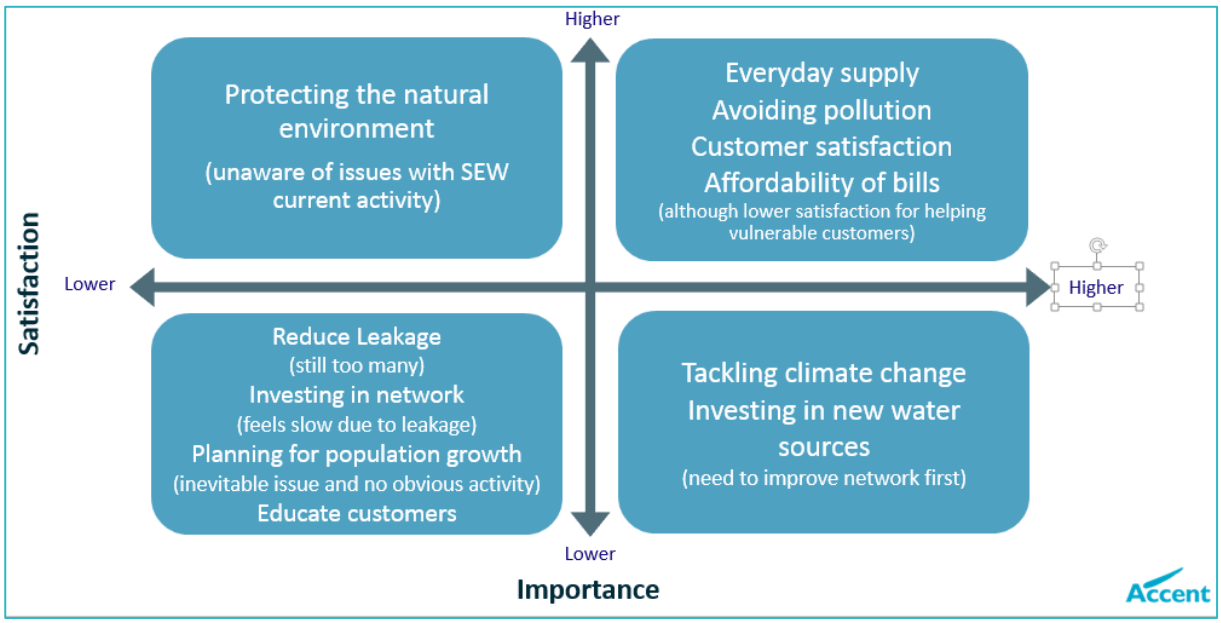



## Customers' satisfaction

This research showed that across the focus groups customers are generally satisfied with our current performance – certainly around the 'hygiene factors' i.e. the basics/this is what I pay my bill for.

However, it also revealed lower levels of satisfaction - and counter-intuitively lower importance - around reducing leakage; while there was lower satisfaction but higher importance attributed to protecting the natural environment as the following graph reveals:

**Figure 10 – Our customers' satisfaction levels**




## 3.4 Service recovery priorities research

**Table 15 – How customers' views on service recovery influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| July 2017 | Household customers – testing across the customer segments. | Qualitative research for 'service recovery' research using:<br>• 7 x focus groups to discuss customers' expectations when things go wrong with their water supply service. NB: this included a group of customers from Hailsham and Barcombe who have experienced large water main bursts/service failure during the past two years. | This research piece is all about understanding what customers' priorities, needs and expectations are from their water supply service when something goes wrong e.g. water quality incident or supply interruption; and to identify ways of improving the customer experience related to service failures. | Delivering a water supply service that meets our customers' core needs, expectations and priorities during emergency incidents is fundamental to how we develop our business plan – not least as our experience reveals the service and communications they expect from us and so it is important this is reflected in our business plan. |

### 3.4.1 Findings

The customer service bar has been raised by a wide variety of companies and so our water supply service does not exist in a vacuum. That said, for utilities, customers

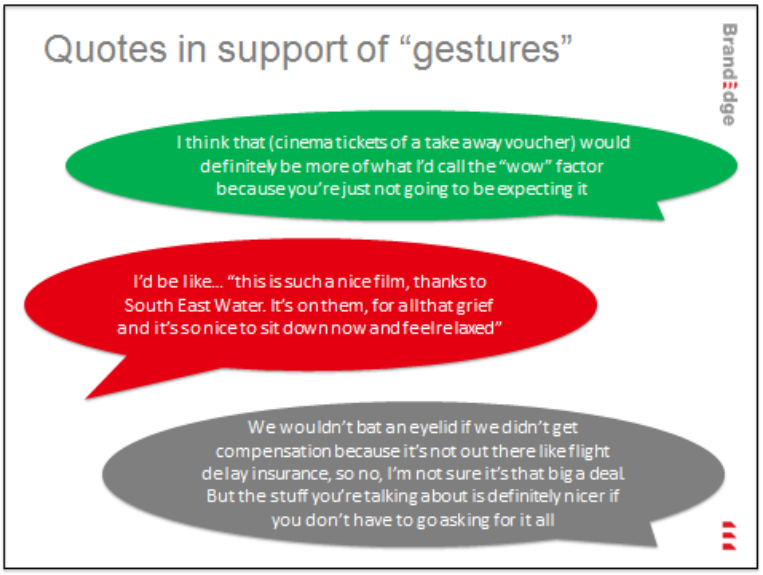
tend to set the bar less high and there's a fair degree of cynicism across the board with regard to service provision.

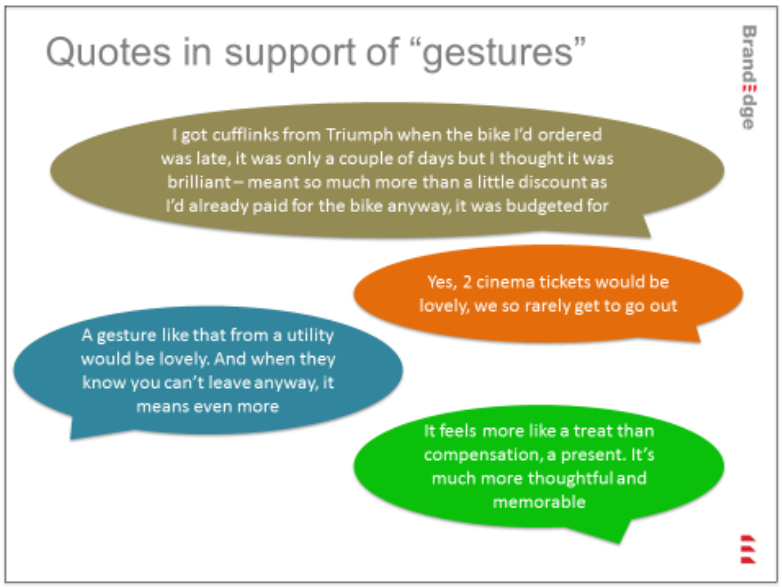
By and large, however, and even though they understand it is a monopoly position, customers are less critical of water companies and there's a more positive picture for South East Water specifically around how we deal with service failures.

In terms of 'service recovery', the expectations and needs of customers are more common and consistent across the attitudinal segments than they are different. Common themes were:

- Customers are confident that we will fix the issue, but they do want to understand what has happened want to see/know that we have a plan in place
- regular updates are appreciated - not necessarily about fixing things quicker, just about keeping everyone informed, and using communication methods of their choosing
- empathy in the `service recovery' response is important as it would show we understand the human consequences of a failure
- the priority services register was very popular – customers' wanted to know that we were helping those in need; but they expressed some concern that it felt like the burden of responsibility lies at householders door to find out about this
- during this specific research, some customers were clear about wanting compensation, more so in extreme cases and often for reasons of holding us to account rather than it being about the amount of money. However, there was a significant group of customers who were open to the idea of a 'we're sorry' gesture - the ambiguity around how much was paid to seemed to make them more detached from the act itself, while they also recognised they could be footing the bill for any monetary payments:

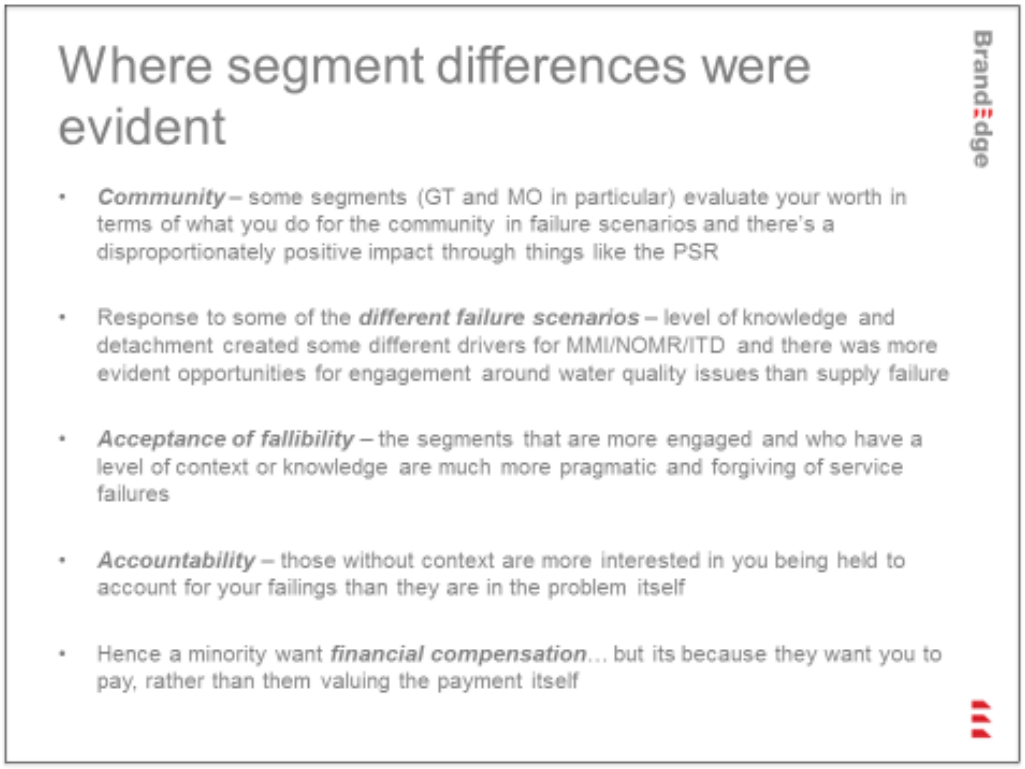
**Figure 11 – Customers' views on compensation**




However, there are some instances where the customer segments become evident and their needs differed – as the following shows;

**Figure 12 – Customer segment differences**




This seemed to be largely driven by life stage, lifestyle and circumstance rather than linking back to the distinct attitudinal segments.

## 3.5 Bespoke services research

**Table 16 – How customers' thoughts on bespoke services influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| August – September 2017. | Household customers – testing across the customer segments and with customers in vulnerable circumstances. | Pre- task activity and qualitative research for testing of bespoke services using:<br>• 8 focus groups in total conducted in Maidstone, Royal Tunbridge Wells and Lamberhurst | This research piece is all about understanding the appeal of personalised, added-value services that we could potentially offer to customers across the different segments; and explore how any services could best be delivered and communicated. | Delivering a water supply service that meets our customers' additional needs, expectations and priorities is fundamental to how we develop our business plan.<br>We want to be able to identify what, if anything, each of the customer segments value in terms of their day to day water supply service; we can then develop greater choice and value-added services where our customers have told us that is important to them. |

### 3.5.1 Findings

#### General

In terms of bespoke services - and as with the service recovery research - there were more similarities than differences across the attitudinal customer segments in terms of:

- Their general attitude to/expectation of the service from a utility or water company
- and their response to our offering of more bespoke services

We did however, see some marked differences between the customer segments but tended to be defined by geography, circumstances, life stage or lifestyle more than their attitudinal segmentation per se. "Family" was one particularly interesting dimension and proof that the classic 2.4 children thing is no more – in one group alone we had a 30-something Mum of nine with no shower and a grandad with two children and five grandchildren living with him.

The research also confirmed that the term bespoke is a misnomer – for customers, it's more about offering choice and added-value options for their water supply service.

Offering choice and empowering customers also has the ability to improve customers' perceptions of South East Water; in turn, that could translate to customers being prepared to pay for some value-added services we might offer e.g. water softeners, water pressure regulators.

### Base, base+ and bespoke

Customers were clear that the following were considered to be the base level of service:

- A constant supply of water that's clear, healthy and palatable
- at a price that's fair and affordable:
    - simple and effective communication with empathy built in
    - efficient and speedy resolution of issues
    - all from a responsible corporate citizen

There were however certain enhancements that could reasonably be called "base+" which customers identified with:

- Proactive communication
- ownership of issues
- one point of contact
- follow up calls following resolution
- compensation for failures
- recognition and name checks

We then tested customers' view of what "better" i.e. more bespoke looks like in water, with the following views:

- Supply goods that would help with hard water
- make bills easier to read and understand
- better positioning of/more convenient stop cocks
- water bills reduced for people with special needs

- when there is a burst main you should get a reduction in your bill
- a lot of counties have only one water bill – that makes life easier – why can't we?
- my little cat likes cold fresh water, what can be done about that?
- grey water harvesting
- online access to my bill
- "English staff" on the end of the phone
- TV ads on water saving ideas
- regular free maintenance of meters
- where does our water come from – which reservoir? They could have an open day
- give us some explanation about the cost of water and how much different applications use on average – how much is a shower, a washing machine or dishwasher?
- give water butts for the garden free rather than charging for them
- a device to track your water usage so you can adjust it if necessary
- loyalty scheme for customers who have been long term and reliable in paying their bills
- get customers, to prepay, for what they use, so there is no water bill. It would be beneficial, to those that struggle, that are on benefits
- choice to opt out of junk and sales letters (or a business that champions getting rid of it altogether)
- I would like to know what elements they add to the water supply and why. Also the potential impact this has on my health.

We also asked customers to respond and rank some specific “service” ideas, from highest (1) to lowest (10) appeal – which they ranked in the following ways:

1. Smart meter/app/gadget: giving people an ability to track, monitor and change usage patterns
2. Specific people/team to deal with in the event of an issue: people are tired of big, faceless companies, with (foreign) call centres with no connection to the people they serve
3. Tariffs for essential/premium use: This makes sense as customers think some water uses are ignorant, indulgent and/or use water unnecessarily and so usage patterns should be reflected in tariffs. Enthusiasm for the idea was tempered by real scepticism around how it would be monitored.
4. Water pressure solutions: of huge interest to people who have the problem as can really restrict when/how they wash etc. but of marginal interest to people who don’t
5. Water softeners: making kit available to people should they want it is seen as a real plus; customers don’t necessarily expect them free either
6. Advizzo trial (water usage reports): the idea of clear and engaging water reports to compare usage is really powerful; customers want to know what someone like them uses so they have a context to judge their consumption against
7. Text alerts: All depends what we’re alerting customers to. Appealing in “real time” context i.e. when there’s an issue, but text technology should be seen in the context of contact preference rather than a solution
8. “In your area” website service: Customers like it – makes sense but on reflection, probably just part of a “base” service
9. Fast track water delivery (during emergency supply interruptions): Appeals in principle but clear recognition among customers that it would be impossible to administer company-wide so would need to prioritise. The idea of paying for this service splits customers too - some see it as the wealthy lording it over people in need
10. Customer self-serve (with discount?): An EasyJet style, stripped back service with minimal interaction (at a discounted price) would appeal. However, the reality is that many see this as the service that’s currently offered.

## 3.6 Resilience in the round research

### Table 17 – How customers' views on resilience influenced the plan

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| January 2018 | Household customers – testing across the customer segments. | We adopted a qualitative approach as follows:<br>• 2 x workshops in Tonbridge and Basingstoke attended by circa 40 customers in each – format of session included a company presentation to set the context for discussion of resilience risks, followed by plenary and breakout sessions. | A central theme of our 2020-2025 business plan will be to define how our future services are resilient in all its forms e.g. financial corporate, operational and environmental.<br>Following our exploratory research as we prepared our draft WRMP there was a need to understand customers' perspective on `resilience in the round' more specifically:<br>• To understand what customers perceive to be the core resilience risks we face<br>• To identify what customers think we should be doing to mitigate these resilience risks<br>• To explore how customers think they can change their behaviour to reduce the specific resilience risks we face. | Our earlier customer segmentation identified the potential to tap into customers' different water attitudes, values and beliefs so they become part of the resilience answer to many of the risks we face.<br>We wanted to explore this concept further by testing with customers their views of what a `resilient customer' could do, so we can identify the active role(s) they could potentially play in also making their water supply service more resilient. |

### 3.6.1 Findings

## Customer originated resilience risks

Customers spontaneously identified a number of risks which categorised into eight distinct groups:

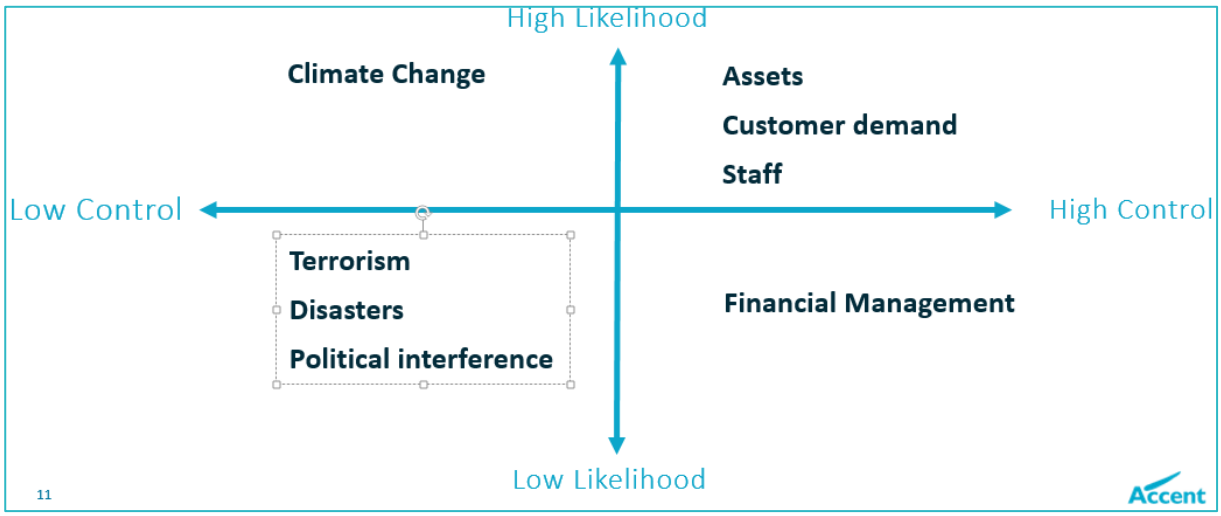
- Assets
- Customer demand
- Staff
- Climate change
- Terrorism
- Disasters
- Political Interference
- Financial management

Each category had a number of underlying 'particular risks' identified by customers; interestingly the categories also closely matched what we had already identified as our main resilience risks (red circles) as follows:

**Figure 13 – Resilience risks identified by our customers**


Some of these are felt by customers to be a higher risk for us, while customers also recognised that there are some risks that we have more control over - although contingency plans are expected for all of them:

**Figure 14 – Likelihood vs control risk table**




## The resilience role customers expect us to play

The **critical** resilience risks that customers expect us to address are:

- Assets: They want us to be proactive and innovative to manage and protect life of assets
- Climate change: They expect us to be planning and managing future water needs, whatever the weather
- Customer demand: One of the key 'high chance' resilience risks that customers consider we can control

The **essential/important** resilience risks that customers expect us to address are:

- Staff: They are our biggest asset and they are looking to us to maximise our 'local' employer status and attract and keep the best people
- Terrorism: This issue is becoming more front-of-mind and customers are looking to us to partner with experts to mitigate any risks
- Natural/manmade disaster: this is important but perceived as a low risk
- Financial management: important but not seen as serious threat on supply like some other resilience risks

The **less important** resilience risks for customers are:

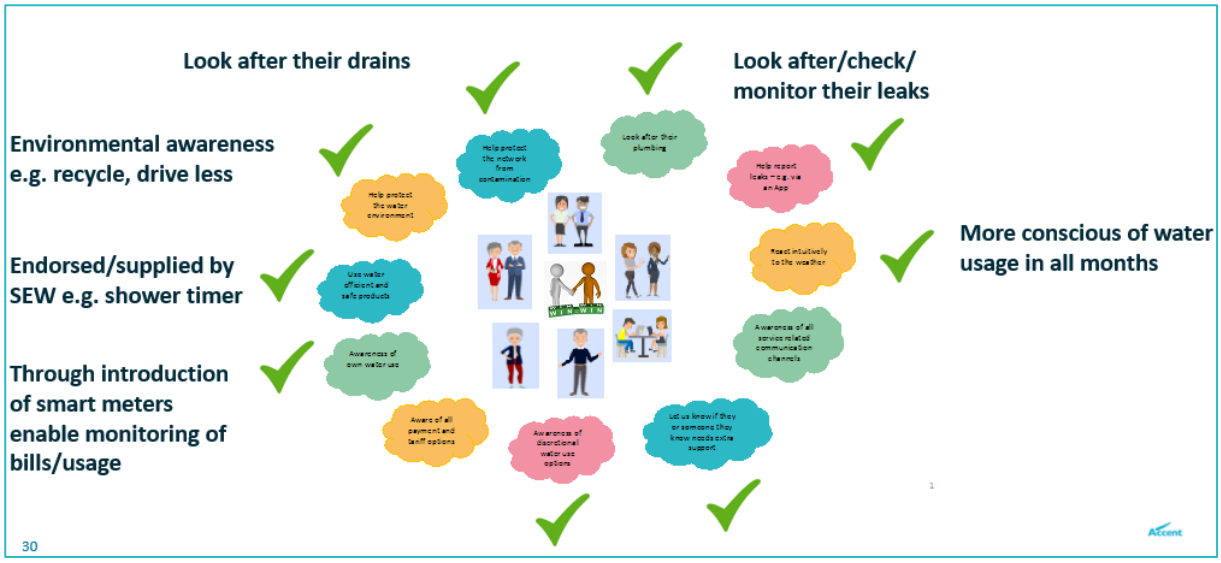
- Political interference: Looking for us to have solid policy in the event of issues arising

## The resilient customer findings

We tested the concept of the 'resilient customer' with participants.

Customers recognised the need to share the responsibility for resilience; in fact they intuitively identified many of the initiatives that we have considered, but did flag the need for support e.g. devices and smart meters to become more resilient and not just advice:

**Figure 15 – Customer views on being a 'resilient customer'**




There was a strong suggestion by customers that they partner with us to manage demand and they should take responsibility for their household water usage. Given the pressures of everyday life, support is required in the following areas, and if long term behaviour change is expected:

- Smart meters to remind them of usage
- Comparable data to show other households/historical data
- £ incentives for using less water
- Devices such as tap sensors
- Advice e.g. to change their boiler/kettle, educating family and friends
- Support/incentives for household changes to collect/store rainwater.

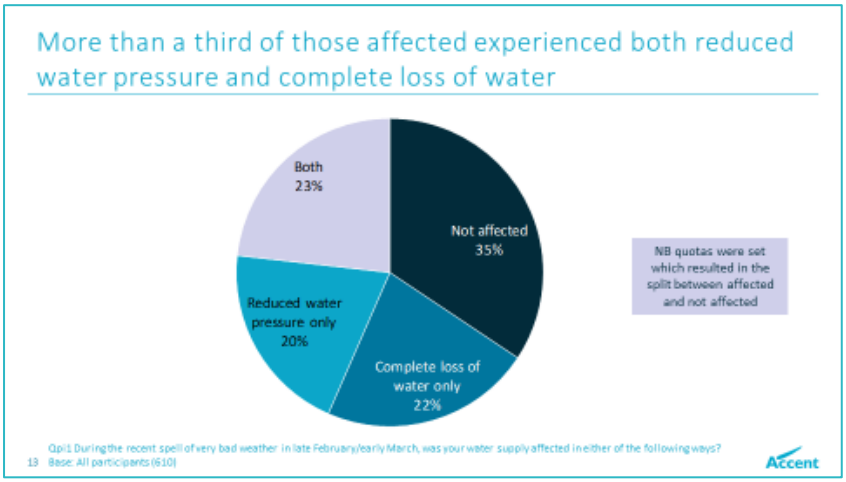
## 3.7 Freeze-thaw incident research

**Table 18 – How customers affected by the freeze-thaw in March 2018 influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| Late March/early April 2018 | 400 household customers affected by the freeze thaw incident – and over different periods of time; and 210 unaffected customers. | 610 quantitative interviews via telephone | To measure and understand the impact of bad weather and resultant loss of service on our reputation and customer satisfaction<br>To compare attitudes of those affected for greater and lesser periods of time with those who were unaffected<br>Use of revealed preference to establish the amount of bottled water purchased and other costs incurred by customers. | Delivering a water supply service that meets our customers' additional needs, expectations and priorities – particularly when things go wrong with their water supply service - is fundamental to how we develop our business plan. |

### 3.7.1 Findings

**Figure 16 – Nature and duration of the incident**



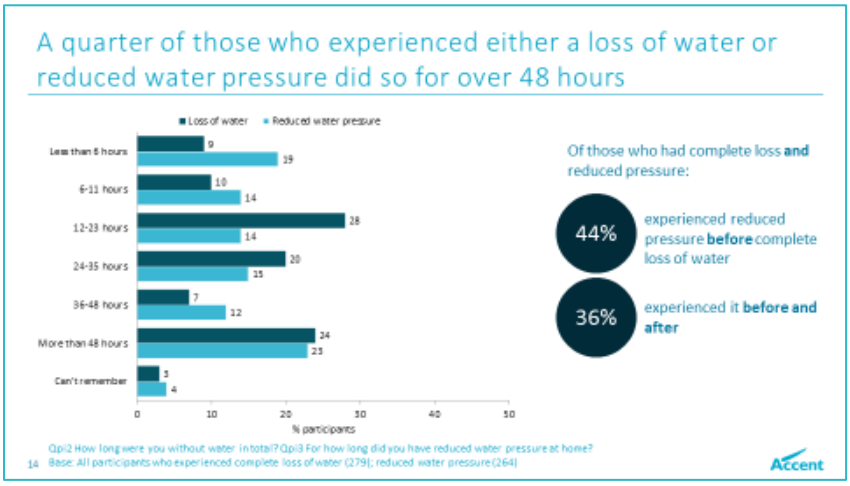



**Figure 17 – The purchase of bottled water and other costs**

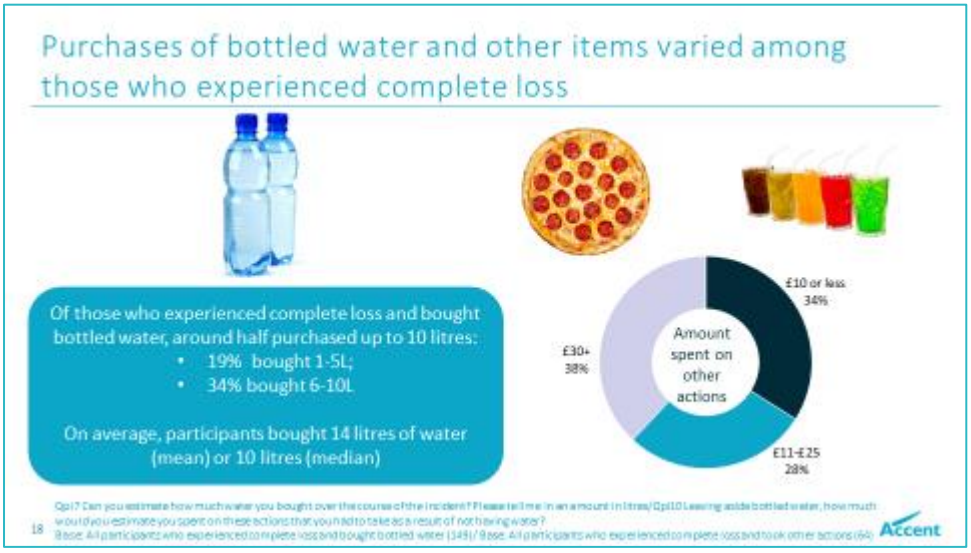
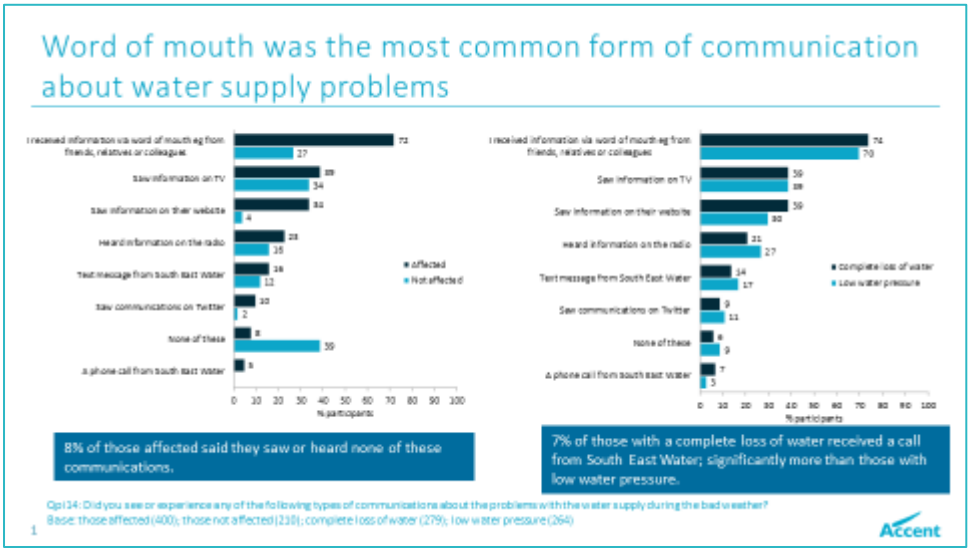
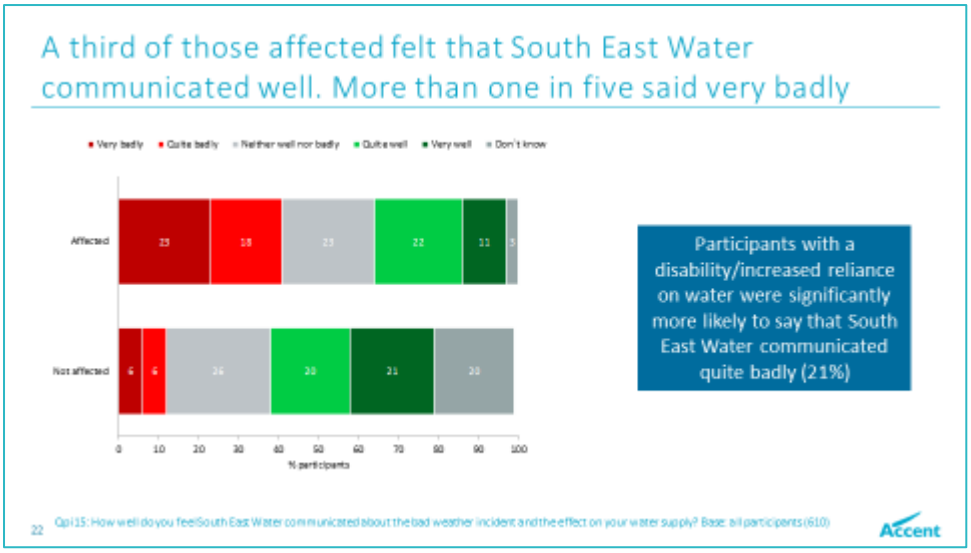



**Figure 18 – Our communication**




*Our handling of the incident*

Over half of those who experienced complete loss of water received some compensation; and 82 per cent of those who received compensation thought the amount was appropriate.

More than half of those affected were satisfied with how we dealt with the bad weather incident, but 23 per cent of those affected were dissatisfied or completely dissatisfied with how it was handled. Participants who experienced low water pressure were significantly more likely to say that we dealt with the incident well, compared with those who had a complete loss of water.

**Figure 19 – Customer suggestions for improvement**

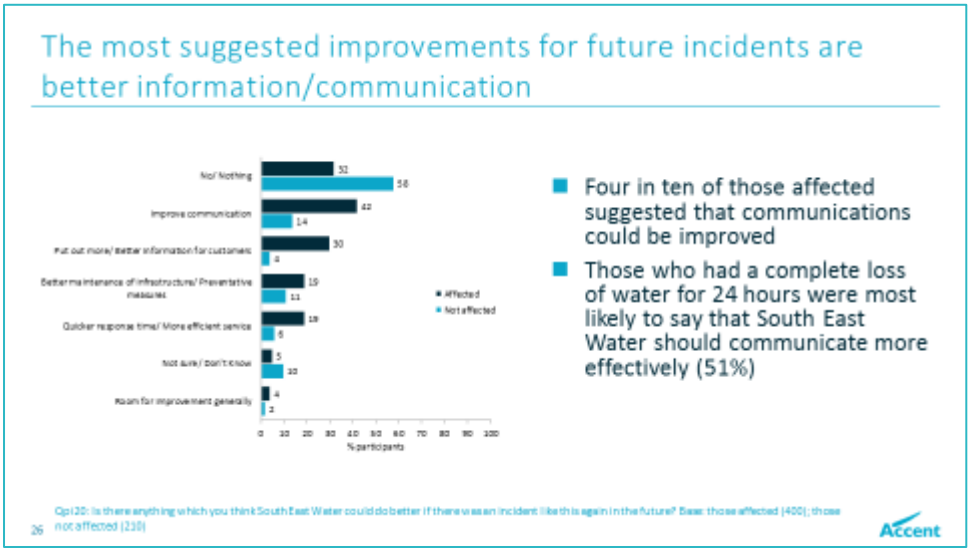
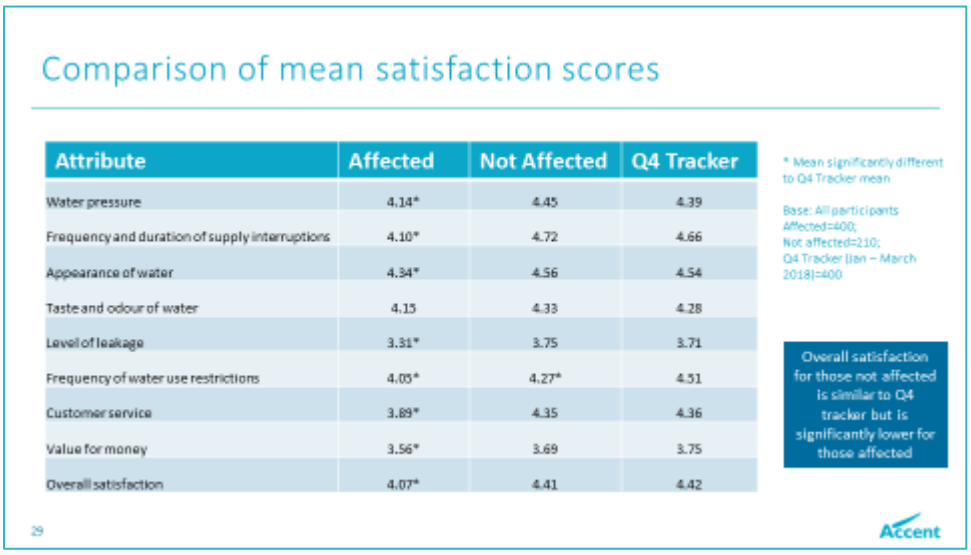



**Figure 20 – Impact on satisfaction**



Comparison of mean satisfaction scores

| Attribute | Affected | Not Affected | Q4 Tracker |
|---|---|---|---|
| Water pressure | 4.14* | 4.45 | 4.39 |
| Frequency and duration of supply interruptions | 4.10* | 4.72 | 4.66 |
| Appearance of water | 4.34* | 4.56 | 4.54 |
| Taste and odour of water | 4.15 | 4.33 | 4.28 |
| Level of leakage | 3.31* | 3.75 | 3.71 |
| Frequency of water use restrictions | 4.05* | 4.27* | 4.51 |
| Customer service | 3.89* | 4.35 | 4.36 |
| Value for money | 3.56* | 3.69 | 3.75 |
| Overall satisfaction | 4.07* | 4.41 | 4.42 |

* Mean significantly different to Q4 Tracker mean

Base: All participants Affected=400; Not affected=210; Q4 Tracker (Jan – March 2018)=400

Overall satisfaction for those not affected is similar to Q4 tracker but is significantly lower for those affected

29
Accent

*Prevention and advice*

- Four in ten of those affected said that the experience has made them think differently about water
- 64 per cent of those who saw advice from us about protecting pipes said that it was from a letter
- Only two per cent of participants said that they ran their outside tap during the freezing weather
- Around half of participants say that they're careful about how much water they use to avoid wastage

- More than eight in ten agree that they are conscious of the world around them and want to look after it
- 57 per cent of participants said that they are willing to pay more for environmentally friendly products and services
- More than three quarters said that they consider the impact of their actions on the environment.

## 3.8 Willingness to pay research (household customers)

**Table 19 – How our willingness to pay research influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| December 2017 - March 2018 | Household customers – testing across the customer segments. | Quantitative stated preference survey of 1,114 customers using discrete choice experiments. | We need to be able to "monetise" key measures so we can determine whether customers want us to maintain or improve current levels of service. Willingness to Pay is also one of the key tools for assessing the cost benefit analysis of changing our performance commitments and outcome delivery incentives for 2020 to 2025. | The findings will be used to:<br>• determine the levels of service we adopt for common and bespoke performance commitments in our 2020 to 2025 business plan<br>• inform the range of rewards and penalties that will apply for outperforming or underperforming those performance commitments<br>• clarify any impact on wholesale costs (which are passed to businesses customers via their retailer's bill) for 2020-2025. |

### 3.8.1 Findings

A total of 11 service measures were selected to reflect the most relevant of Ofwat's common performance measures and our own proposed bespoke performance measures.

Each measure had three possible values:

- Status quo (SQ) - the current level of service
- +1: an improvement
- +2: a further improvement
- No deterioration levels were included because we could not envisage any realistic scenario where deteriorations in levels of service would be chosen by customers.

Our main results on willingness to pay (WTP) for service level changes are presented in 20, sorted from the largest to the lowest value.

The results suggest that household customers have particularly high values for leakage reduction, water supply interruptions and carbon emissions. At the other end of the scale, temporary use bans and single source of supply had zero WTP values, and values for rota cuts and/or standpipes, discoloured water, and taste & smell not ideal were also low:

**Table 20: Willingness to pay for service level changes**

WTP (£/hh/yr) for improvements, by service level

| Service measure | Unit | Levels | | | WTP (£/hh/yr) | |
|---|---|---|---|---|---|---|
| | | SQ | +1 | +2 | SQ to +1 | +1 to +2 |
| Leakage | % reduction in water lost due to leakage | 0 | 10 | 15 | £8.34 | £4.17 |
| Water supply interruptions longer than 3 hours | Interruptions per year per 10,000 customers | 181 | 136 | 90 | £6.03 | £6.16 |
| Carbon emissions | Ktons of $CO_2$ eq. per year | 240 | 160 | 140 | £5.68 | £1.42 |
| Partnering with landowners to improve the environment | Ha of land included in partnership working | 3659 | 7318 | 10977 | £3.60 | £3.60 |
| Water use | Litres saved per person per day | 0 | 5 | 10 | £2.68 | £2.68 |
| Protecting wildlife and increasing biodiversity | Ha of land enhanced to increase biodiversity | 1330 | 1395 | 1461 | £2.11 | £2.11 |
| Rota cuts and/or standpipes | Chance per year | 1 in 100 | 1 in 200 | 1 in 500 | £1.19 | £0.71 |
| Discoloured water | Nr. of contacts per 10,000 props per year | 10.5 | 7 | 5 | £0.46 | £0.27 |
| Taste & smell not ideal | Nr. of contacts per 10,000 props per year | 3.1 | 1.5 | 0.9 | £0.30 | £0.11 |
| Temporary use bans (May to Sep) | Chance per year | 1 in 10 | 1 in 15 | 1 in 20 | £0.00* | £0.00* |
| Single source of supply | % households with one supply source | 67 | 46 | 30 | £0.00* | £0.00* |

14

Accent

## 3.9 Attribute valuation research

**Table 21 – How customers' views on levels of service influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| April/May 2018 | 1,306 household customers | Gamification survey in the form of a computer game carried out online and with some face-to-face via hall tests. | To further test customers' views on changing levels of service and how much it would cost to make that change – showing the impact on their bill. | This innovative approach was designed to obtain additional willingness to pay (WTP) values for triangulating with the main stated preference WTP survey. The results would be used to calculate performance commitments and outcome delivery incentives (ODIs). |

### 3.9.1 Findings

We used a new virtual online method to replicate key stages of our research programme, particularly to understand customers' prioritisation of different service attributes and identify the value they placed on improving those service attributes.

Customers could use sliders to dynamically change the service attributes in the online virtual world which also showed the bill impact of making that change; while pop-ups were available to show customers more information about the particular service attribute and our comparative performance with the rest of the industry.

This gave us further validation around customers' willingness to pay for each of the service attributes.

**Table 22 – Customer performance commitments after using the virtual online tool**

| Performance commitment | Unit of measure | Average point on slider | Valuation |
|---|---|---|---|
| Taste and smell | No. contacts per 10,000 customers per year | 24.2 | £2.24 |
| Vulnerability – non-financial | No. customers on Priority Services Register | 35.3 | £0.04 |
| Partnering with landowners | No. of hectares of land included in partnership working | 34.5 | £0.94 |

| Performance commitment | Unit of measure | Average point on slider | Valuation |
|---|---|---|---|
| Carbon emissions and energy use | Kg of CO2 emissions per megalitre | 40.2 | £0.67 |
| Protecting wildlife and biodiversity | No. hectares of land to enhance biodiversity | 48.1 | £0.34 |
| Leakage | Percentage of water lost | 36.9 | £3.77 |
| Water use per person | Litres per person per day | 24.5 | £0.94 |
| Water supply interruptions | Average minutes over 3 hours | 20.0 | £2.44 |
| Discoloured water | Contacts per 10,000 customers per year | 22.1 | £1.08 |
| **Total** | | | **£12.46** |

This showed that customers placed higher valuations on addressing leakage, drinking water quality aesthetics (taste and smell and appearance) and water supply interruptions; while lower values were attributed to reducing water use and environmental and vulnerability attributes.

### 3.10 Vulnerable customer research

**Table 23 – How our vulnerable customer research influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| January-April 2018 | Customers in vulnerable circumstances who are experiencing the services we offer – whether their exposure to vulnerability issues is temporary or permanent.<br><br>Third party agencies and organisations who represent and work with a wide range of customers who are experiencing temporary or permanent vulnerability; and who have first-hand | • 33 x telephone interviews with customers in vulnerable circumstances<br>• 5 x face-to-face case study interviews with customers in vulnerable circumstances<br>• 25 x telephone interviews with customers in vulnerable circumstances affected by water outage<br>• 5 x face-to-face case study | To collect qualitative evidence about any interaction customers and stakeholders have had with us<br><br>Identify the sorts of challenges these customers face and the kind of support they need from us<br><br>Ensure that our current and future services are targeted, effective and efficient; and continuously reviewed to ensure they remain so for future customers | To define and develop our Vulnerability Strategy for the business, which forms a key component of our 2015-2020 business plan. |

| | | | | |
|---|---|---|---|---|
| | experience of their issues. | interviews with customers in vulnerable circumstances affected by water outage<br>• 9 x telephone interviews with stakeholder agencies representing customers in vulnerable circumstances<br>• 6 x stakeholder workshops with representatives of third party organisations that work with customers in vulnerable circumstances | who may find themselves in vulnerable circumstances<br>Share data, knowledge and experiences<br>Scrutinise, challenge and cross-reference if we and third party agencies and organisations have the same understanding of vulnerability in the supply area today and in the future | |

### 3.10.1 Findings

#### Telephone interviews with customers in vulnerable circumstances

Phone interviews were conducted with customers that receive one or more of our vulnerable customer services. None of these customers were affected by the water outage in March 2018.

Not all of those we spoke to had experienced any issues or had any particular concerns about their water services. Where customers had experienced concern or anxiety, these fell into three areas:

- **Concern about cost** – either generally finding it unaffordable and/or getting into arrears, plus specific concerns about cost after transferring to a water meter. This can be exacerbated by medical issues that require high water consumption, or that lead to loss of work and consequent financial problems, or by bereavement
- **Billing** – having an incorrect bill or being confused about their bill. This can be exacerbated by visual impairment and other medical conditions, or older customers who report struggling to understand bills (which they used to have no problem understanding);

- **Access to water** – needing to have access to water at all times for medical or mental health reasons, and fear of water supply stopping.

Where customers had been in contact with us, their comments were largely very positive:

**Table 24 – The views of our vulnerable customers after making contact with us**

| Customers happy about | Customers less happy about |
|---|---|
| The customer service they had from South East Water | Billing – either inaccurate or unclear |
| Compassionate staff | Long hold times on phone |
| Efficient service | Advice on new meter installations |
| Appropriate solutions to their issues | Anxiety caused by being advised of high water usage |

## Face-to-face interviews with customers in vulnerable circumstances but not affected by water outages

We interviewed five customers in the following circumstances:

**Table 25 – Key findings following the face-to-face interviews**

| Customer | Personal circumstances | Areas of concern |
|---|---|---|
| Mr and Mrs A | Arrived from Syria as refugees, with two children aged 17 and 15, are on a very low income and have difficulty understanding communications from South East Water. | Recently had a water meter fitted but have had very little contact with South East Water. This is largely because they do not understand what is 'normal' in the UK. They are very anxious about their water use and forthcoming bills and so would like to budget for all bills. |
| Mr B | Blind, on a low income and with physical and mental health issues | Recently found out that has been overcharged for his water service which was stressful and impacted on his anxiety and depression. |
| Mr C | Registered disabled and a high water user | Feels that South East Water's customer service has improved significantly in recent years but if water was cut off it would be a big problem for his and his partner's medical conditions. |
| Mrs D | Elderly, impaired mobility and full time care for severely disabled daughter | Would find it hard to cope with an interruption – would need bottled water delivered and potential help |

| | | |
|---|---|---|
| | | with alternative laundry arrangements |
| Mr and Mrs E | Elderly, mobility impaired and suffer from diverticulitis | Wanted quicker feedback on water consumption after meter recently fitted, and clearer billing and better co-ordination over wastewater charges |

## Telephone interviews with customers in vulnerable circumstances who were affected by water supply interruptions

We interviewed 25 customers who are on our Priority Services Register, who were affected by the interruption to their water supply in early March 2018. For those who felt they had been impacted significantly, they cited the following problems:

- **Stress and anxiety** - some reported feeling very anxious during the episode with others describing it as traumatic. In some cases this related to a medical condition which required water use; such as the requirement to use a machine which requires a constant supply of sterilized water to help the customer with their breathing at night.
- **Not having water to drink -** both during the outage and for some days afterwards as the water quality was impaired. Some customers managed by using a filter jug to filter the dirty water after the water came back on.
- **Lack of toilet facilities -** this was cited as a very unpleasant impact of the water outage. This was particularly the case for those with medical conditions requiring frequent use of the toilet. Where they could, some customers used buckets to flush their toilets, filling them with snow or from water butts; but this presented challenges for mobility impaired customers.
- **Being unable to wash or bathe** - this was a particular issue for those with or caring for others with incontinence and for those who manage chronic pain through hot baths
- **Being unable to cook or wash up** - was another problem highlighted by those we interviewed. This was a particular challenge for those with caring responsibilities.
- **Not having water for pets** - such as dogs and horses.

## Face-to-face case study interviews with customers in vulnerable circumstances who were affected by water outages

We undertook five in-depth face-to-face interviews with customers who had been affected by the major water outages in March 2018 and that had previously been interviewed by telephone. They covered a range of vulnerabilities and impacts, but gave valuable insight and feedback on aspects of our service and communications.

**Table 26 – Key findings following the face-to-face interviews**

| Customer | Personal circumstances | Interruption impact | Feedback |
|---|---|---|---|
| Mrs W | 83-year-old disabled widow | Only had 'a trickle' of water for about four days | Water bottles that were delivered were smaller so she could carry them, but did not squeeze. |
| Mr G | 85-years-old with limited mobility and ill health | Was without water for three days which made everything difficult, relied on help from neighbours | More proactive contact to those who may need more help - either by phone or by text, and give regular updates at least once a day.<br>Deliver bottled water quickly – and need at least 2 5 litre bottles per day (and that's before flushing the toilet) |
| Family F | Mr F sole carer for elderly parents | Were without water for four days but had some bottled water in house already. Used water from field troughs to flush toilets | Found it very frustrating that South East Water did not keep its promises on calling him back and delivering bottled water |
| Mr W | Retired widower with multiple health problems | Was without water for 24 hours but had some bottled water/storage available | Mr W contacted South East Water to explain hjs circumstances and offered bottled water delivery but declined as did not need any at that point. Did not believe there is anything that could have been done differently. |
| Ms V | In 60s with multiple health problems including obstructive apnoea which requires use of CPAP (Continuous Positive Airway Pressure) machine – which needs distilled water to work | Was without water for five to six days | Thought staff were amazing but South East Water needs to promote Priority Services Register more; bottles need to be easier to open; someone should check on vulnerable customers to see if they are okay – either a text, call or visit. |

## Stakeholder workshops and agency interviews

In the following section we have combined the findings from both the stakeholder workshops and the interviews we carried out with stakeholder agencies, as questions asked were broadly the same and as a result there was significant duplication in the findings. The following recommendations were made:

**Vulnerability categories**

Participants suggested that recognition should be given to both the complexity of the categories and the transient nature of vulnerability, and suggested we consider additional categories such as carers, ex-offenders who may lack life skills and support, dementia clients, younger people who are new to managing their bills.

**Perceived gaps in vulnerability services**

There was limited awareness amongst stakeholders of the existing services that we offer to our vulnerable customers.

Suggestions about how our services could be improved included:

- Increase awareness of services e.g.
    - developing and providing a ‘home starter’ information pack for people setting up home for the first time
    - working with other agencies to promote services to their customers.
- more partnership working with third parties e.g.
    - an improved and standardised process for two-way cross referrals and signposting between ourselves and third parties
    - the development of data sharing agreements to overcome any data protection barriers so that third parties can help deliver water to those who need it during a water outage
- improved communication with customers e.g.
    - offering more outreach to vulnerable customers including home visits
    - providing quicker feedback on consumption for those on a water meter so they know how much their water use is costing them
- tariffs and debt support e.g.
    - streamlining the tariffs so they are easier to understand

  - providing earlier alerts to people as they go into arrears
- practical services and other suggestions e.g.
  - provide more support for those without English or with low literacy levels
  - offer to fit water saving equipment as well as supply it.

### 3.11 Social tariff and priority services register research

**Table 27 – How priority services register customer research influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| May – June 2018 | 944 household customers – testing across social economic groups and life stage, and customer segments. | Qualitative – four focus groups<br>Quantitative - Mix of online 554; telephone 250; face-to-face 100. | To understand:<br>• whether customers would be willing to make an additional contribution to the Social Tariff cross subsidy, and beyond what is currently included in their bill<br>• if customers would be prepared to pay for us to undertake work which will enable us to increase the number of participants on the Priority Service Register (PSR) | To define and develop our Vulnerability Strategy for the business, which forms a key component of our 2015-2020 business plan. |

#### 3.11.1 Findings

*Social Tariff*

There was a spectrum of responses to the ‘principle’ of a social tariff that cuts across age and social economic groups:

- Even the most ardent ‘principle supporters’ want reassurance that the schemes are well managed and regulated and offer short term support when it is really needed, as opposed to limitless assistance

- hardliners feel support should only be provided to those who have 'no choice' in their personal hardship i.e. they have an illness or disability as opposed to being out of work or having a large family.

Qualitative support for the social tariff increased when customers understood the relatively low financial commitment in their bills; and there was a commitment to increase the level of the cross subsidy too.

**Figure 21 – Increased qualitative financial commitment customer scores**

## Qualitative scores increase when customers understand the relatively low level financial commitment

Low initial scores reflect rocky debate and impact of hot housing pros/cons of cross subsidy schemes

| | Initial View – out of 10<br>10 = Total Acceptability | Final View – out of 10<br>10 = Total Acceptability |
|---|---|---|
| Basingstoke ABC1, Older | 6.5 | 7.8 |
| Basingstoke C2DE, Younger | 4.2 | 6.2 |
| Maidstone C2DE, Older | 3.4 | 5.1 |
| Maidstone ABC1, Younger | 4.5 | 5.3 |

- Important that customers see
  - South East Water giving customers advice on water usage and monitoring excessive usage
  - South East Water contributing to the social tariff pot e.g. admin/match funding
  - South East Water have processes to ensure the money goes to the right people
  - South East Water have stringent scheme criteria
  - South East Water work with 3rd parties e.g. CAB

22 Accent

## Qualitative WTP scores show commitment to the scheme at an increased rate

Low initial scores reflect rocky debate and impact of hot housing pros/cons of cross subsidy schemes

| Bill Impact | Higher SEG | Lower SEG |
|---|---|---|
| £2 | 16 out of 17 = yes | 12 out of 18 = yes |
| £3 | 16 out of 17 = yes | 9 out of 18 = yes |
| £4 | 13 out of 17 = yes | 9 out of 18 = yes |

"Which is exactly why I would then pay it, because it's a low. If it was £20 a year I'd say on your bike. But an extra £4 I'm not really bothered"

"No I don't want to pay anything at all"

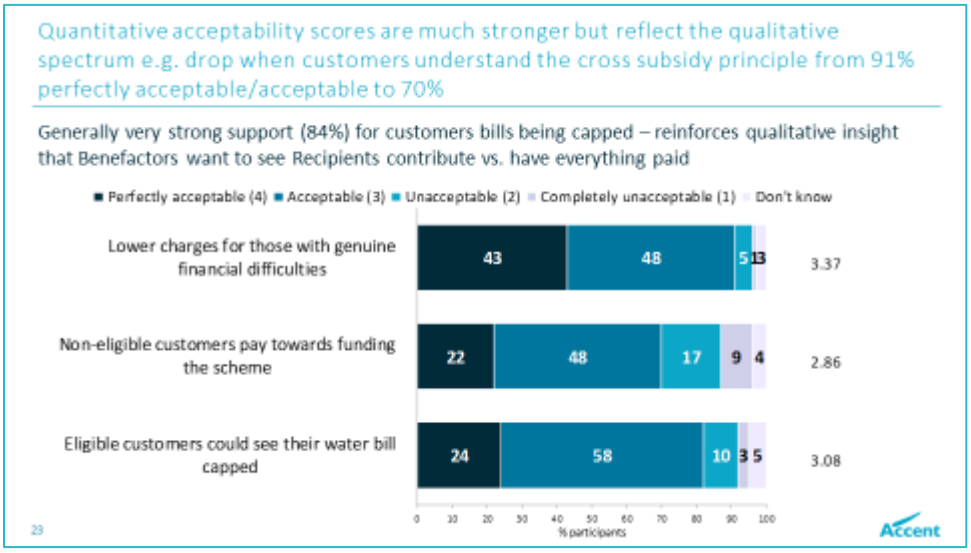
"So I would begrudgingly pay it but I would pay it. It's another £4, and it's just another £4 on my water bill. If I didn't know that that was going towards something the social element of it, I'd just be paying it anyway thinking well I've used that amount of water it's fine"

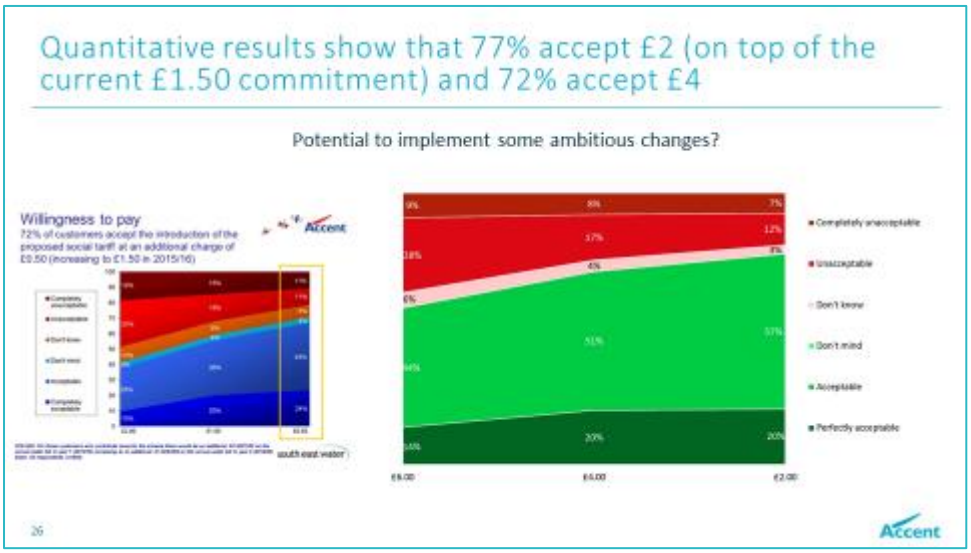
Because you don't know at first, I just think 25p a month is like nothing is it.

25 Accent

Similarly, in the quantitative research, we saw high acceptability scores initially - although this did reduce once the cross-subsidy principle was understood; and that 77 per cent supported paying a further £2 and 72 per cent supported paying £4, on top of the current £1.50 commitment.

**Figure 22 – Quantitative acceptability customer scores**



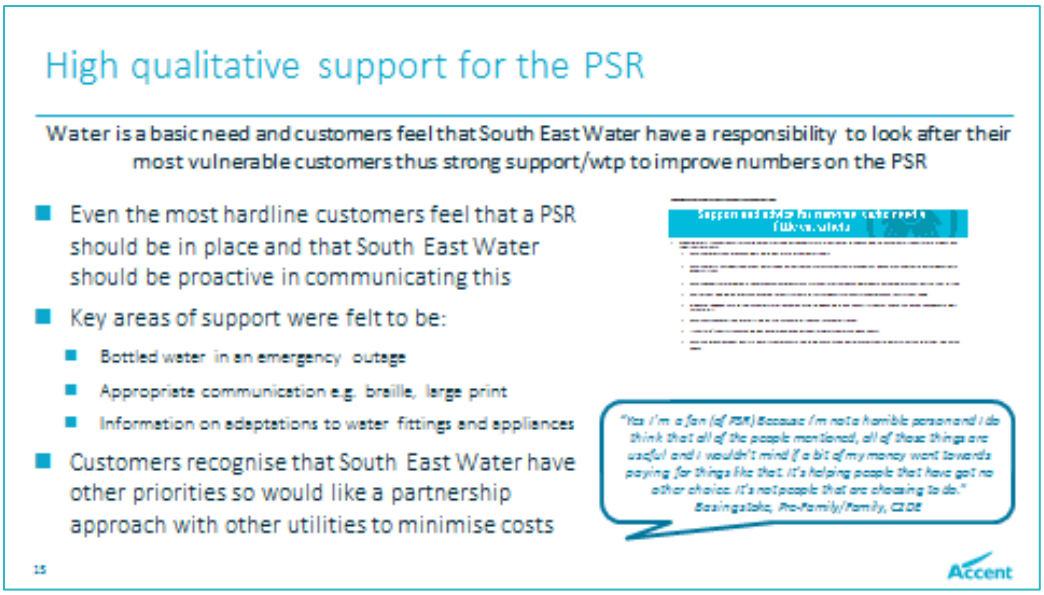

*Priority Services Register (PSR)*

Only one fifth of customers surveyed were aware of any support scheme offered by South East Water. Awareness is even low amongst those who might be eligible for

support e.g. those on state benefits (27 per cent) and low household incomes (24 per cent).

That said, and as with other research, there was strong support for the principle of the PSR and a sense that we should be promoting this in a much more aggressive way.

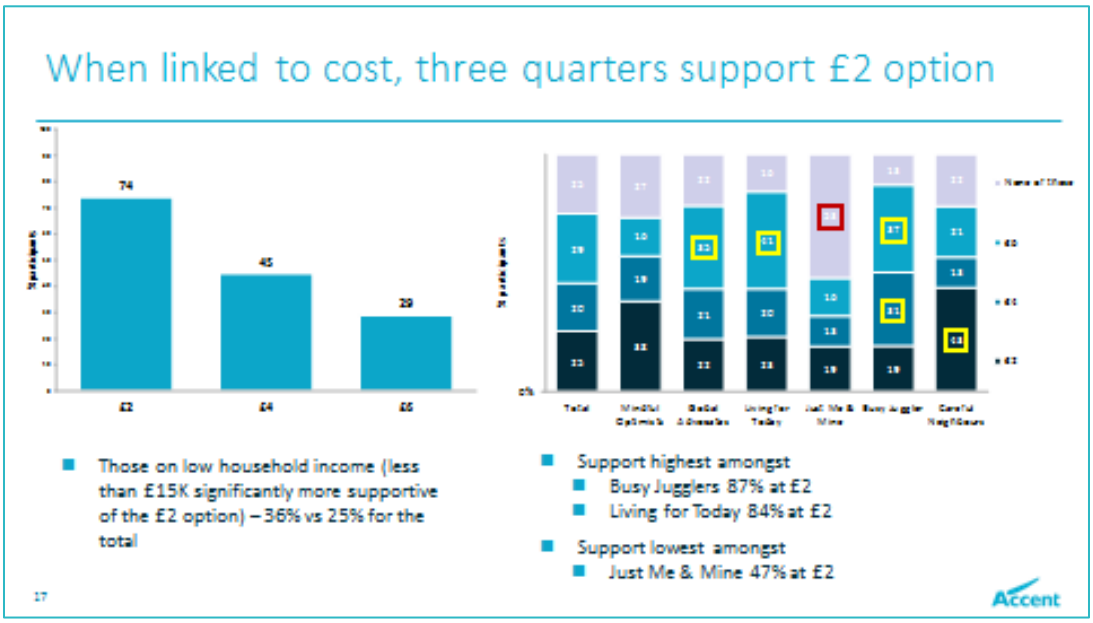
**Figure 23 – Priority services register customer qualitative results**




Customers were asked to pick from a range of values – £2, £4 and £6 – to indicate how much they would be willing to pay in their bills to support an increase in activities so more customers get onto, and benefit from, being on the PSR.

That showed that 74 per cent of customers supported the £2 option - particularly among those on low household income (less than £15,000 per year):

**Figure 24 – Results of customer research looking at how much customers would be willing to pay to support PSR activities**




## 3.12 Outcome delivery incentives research

**Table 28 – How delivery incentive customer research influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| April – May 2018 | Household customers – across the customer segments | Qualitative: 14 household cognitive interviews<br>Quantitative: 500 household CATI interviews | To understand the principles (and bill impacts) around:<br>• if company performance should be penalised/rewarded?<br>• if there should be enhanced rewards/penalties?<br>• if there should there be caps/collars?<br>• what should the overall size of rewards be<br>• if rewards should be in part/full reinvested into vulnerable or community schemes? | The setting of rewards and penalties should be informed by customers. |

### 3.12.1 Findings

The research was designed to focus on exploring the following key issues with customers:

- The principle of water companies being financially rewarded/penalised for exceeding or missing their performance commitments - with any reward being paid **by** the customer with any penalty being paid **to** the customer via their water bills
- the maximum amount that water bills should be allowed to go up by if we exceed our stretching performance targets; and, conversely, by how much they should be reduced by if we miss our targets
- preferences for compensating customers if we miss our targets relating to the number of supply interruptions experienced; and
- preferences on our use of outperformance payments if we exceed our stretching performance target, specifically relating to the provision of support for customers in vulnerable circumstances.

The findings from this research is as follows:

- The majority of customers support the principle that price should be linked to quality of service – more than 80 per cent of household customers agreed with this principle. For most customers, this viewpoint translated into acceptance of their water bills going up or down by a modest amount – within lower and upper bounds of ±£5 (±2 per cent of average bills) on average
- the majority of household customers (63 per cent) support greater compensation payments to customers who actually experience supply interruptions, and a lower amount paid to everyone. This was the consensus among household and businesses customers, primarily on the basis of perceived fairness
- the majority of household customers (63 per cent) support rewards being made if we exceed our performance targets for supporting customers in vulnerable circumstances, within the context of a modest maximum bill increase (of £1) and any monies raised being ring-fenced for those services

## 3.13 Responsible business research

**Table 29 – How our responsible business customer research influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| June 2018 | 72 household customers – across the customer segments | Qualitative:<br>• 2 x workshops | To understand:<br>• what corporate/financial aspects to report on, and why those issues are important<br>• how we should report the information<br>• where should we report the information. | Companies need a high level of transparency and engagement with their customers to earn their trust and confidence. This extends to issues such as companies' corporate and financial structures so that customers can readily and clearly understand the nature and purpose of these arrangements and how they relate to the companies' business operations. |

### 3.13.1 Findings

*General themes*

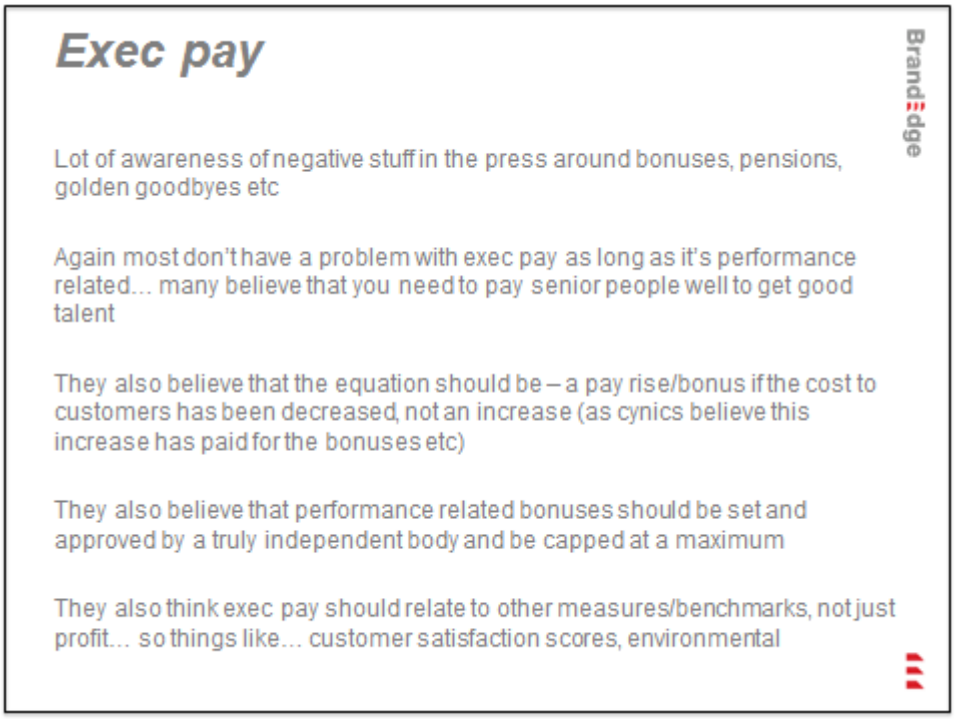
Some general themes emerged in this research with customers:

- Wider levels of diminishing trust – in companies generally, the media, politicians, regulators
- where responsibility starts – businesses are responsible for providing a good product and reliable service to their customers. Failure to do this renders any talk of "doing the right thing" pointless, a fact which is amplified for utilities
- fairness was a big theme – and is the default position for responsibility
- beware box ticking - being compliant or meeting the minimum required standard creates a lot of cynicism and drives disengagement
- authenticity is key – responsibility needs to come from the "heart" of the business, with an ethical and moral commitment at its centre rather than a legal obligation

- tangibility and context is important – responsible commitments that lack meaningful or understandable context are barriers to engagement and this can look deliberate and cynical
- scrutiny has real value – even more so if it's from the right people e.g. the Consumer Council for Water and Customer Challenge Groups
- have big, clear and committed goals – engagement will be more effective
- admiration is often driven by singular and heroic causes – or charismatic leaders and figureheads
- utilities tend to get lumped in together – but South East Water not seen as a typical utility as it's smaller and local
- social and environmental issues have most traction – and more credible when told in the context of a local, smaller company with a real commitment to the region, its staff and its customers.

*Exploring key issues with customers*

**Figure 25 – The significant issues raised by customers during the research**



## Governance – profits and dividends

BrandEdge

There wasn't huge levels of interest in this area – except for some of the more engaged and enlightened segments (the Idealists)

Most people accept that profit is an outcome of running a business and no-one has an issue with a fair profit being made, so long as the product and service is delivered effectively (this being the case in water)

Dividends are just seen as the vehicle through which profits are distributed and it's the "profit" headline that is more interesting

If profit only goes to shareholders and "fat cats" that's going to drive the headlines that get people bent out of shape. If it can be demonstrated that a large proportion of profits is being ploughed back into the product infrastructure, that's a big win

If prices (to householders) are increased at a time when the business is clearly profitable, that's the other big red flag

## Taxation

BrandEdge

Respondents had little to say on this subject as they felt it was a black and white issue… that is, if it's legal then it's ok

Even when provoked with… ok so if a business like SEW sought to minimise its tax liability and this meant it paid less tax to the government and as a result the government had less funds for the NHS… even here, respondents didn't have a problem

In fact, any blame was placed at the door of government for allowing tax avoidance and some even thought the government would squander the money anyway

*Key things we could do to demonstrate being a responsible business*

Customers were then prompted to give their views on what we could/should do to build our responsible business credentials.

### Table 30 – Customers' views on what we could do to be a responsible business

| Theme | Area | What we could do |
|---|---|---|
| Governance | Fair tax | Achieve the Fair Tax mark |
| Environment | Biodiversity and habitat protection | Share our best practice idea with others through seminars and conferences<br>Higher % of biodiversity reinstatement during development works |
| Environment | Water pollution and contamination | Increase the proportion of landowners actively engaged<br>Share our best practice with others<br>Support wastewater companies with their campaigns<br>Encourage people to ditch bottled water through a refill campaign |
| Environment | Ageing infrastructure | Work with our supply chain and the industry to find future innovations.<br>Smart metering of our networks to help us predict where bursts may occur. |
| Environment | Waste | Aim to reduce our amount of landfill year on year - aiming for zero.<br>Reduce paper use in the business.<br>Provide employees with reusable products (e.g. bottles, coffee cups).<br>Year on year reduction of overall waste - including recycling.<br>Increase number of customers with digital options to communicate with us to reduce paper |
| Environment | Resilience to climate change | Look to develop innovative approaches to reduce water use |
| Social | Ageing population | We can contact our vulnerable customers to understand their satisfaction with the service we provide as we do with customer satisfaction.<br>We could increase our "Don't Dry Out" campaign to extend to other counties and increase the number |

| Theme | Area | What we could do |
|---|---|---|
| | | of older people who receive the information.<br>We can work with charities and other organisations to develop our support offering.<br>We can increase the number of people on our Priority Services Register. |
| Social | Child poverty | We can increase the number of people who receive our social tariff<br>We could target families through groups like SureStart or through NHS contacts to help first time parents. |
| Social | Housing growth | We could work with Local Authorities to provide advice on expectations of need for water.<br>We can work with housing developers to ensure best practice water efficiency.<br>We can encourage innovation in water use for future developments, such as looking to develop rainwater harvesting and sustainable drainage - that can soak into groundwater. |
| Social | Gender and diversity | We could increase our STEM programme to see more schools and ensure minimum of 50% of our STEM ambassadors are women.<br>We could ensure all women in Senior Management Roles are given professional mentoring service.<br>We can ensure all women in middle management roles are included in leadership training. |
| Social | Working conditions | We could improve working conditions further within a new head office and as a result, improve our carbon footprint. |
| Social | Employee engagement | We could aim for Gold Investors in People award.<br>We could update our intranet so it is available more easily for teams |

| Theme | Area | What we could do |
|---|---|---|
| | | in the field who are not office based.<br><br>We could develop engagement training for managers. |
| Social | Customer satisfaction | We could develop our digital marketing so that we give more proactive messages to customers.<br><br>Rather than waiting for them to contact us we pre-empt the contact and provide advice and tips about their water use.<br><br>We would understand our customers' individual preferences and use the channels they prefer to make contact. |
| Social | Community development | We could increase the number community events and open days.<br><br>We could develop the community chest fund so that rather than just giving to causes that contact us - we offer our community to decide where the money should go.<br><br>We could develop Community Panel's in areas with key projects to be part of the planning and help us develop the scheme - we could do this for key projects such as Broad Oak Reservoir. |
| Social | Health and safety – customers | We could increase our hydration campaign to encourage more people to drink tap water.<br><br>We could enhance the recreation facilities available.<br><br>We could develop wellbeing programmes at our reservoirs.<br><br>We can ensure our communications with customers are develop to ensure we don't add to people's stress by complicated language. |
| Social | Health and safety – employees | Give all employees yearly health check. |

## 3.14 Bill profile research

**Table 31 – How our bill customer research influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| June 2018 | Household customers – across the customer segments | Quantitative:<br>Postal self-completion survey – 25,000 issued and 1,792 completed (7.2% response rate); 345 responses excluded from the final data set due to completion errors. | To understand customers' views and preferences on bill profiles over 5 and 20 years (flat/ stable or fluctuating/volatile). | It is important our 2020 to 2025 business plan takes into account customers' preferences for different bill profiles, both now and in the longer term. |

### 3.14.1 Findings

Customers were asked to choose between three options for both a five year period and 20-year period.

- A bill decrease in the first year (or first five years) before an increase in the following four years (or the following 15 years)
- a bill increase in the first year (or first five years) before a decrease in the following four years (of following 15 years)
- stable bills across the five years (or 20 years).

In each scenario, we made clear that the total amount a customer would pay for their water would be no different over the five or 20-year period. The results were as follows:

**Table 32: Bill profile research findings**

| | Option A (decrease-increase) | | Option B (increase-decrease) | | Option C (stable) | | Total | |
|---|---|---|---|---|---|---|---|---|
| 5 years | 39 | 3% | 74 | 5% | 1,334 | 92% | 1,447 | 100% |
| 20 years | 118 | 8% | 61 | 4% | 1,268 | 88% | 1,447 | 100% |

| Age group | 5 year Option A | 5 year Option B | 5 year Option C |
|---|---|---|---|
| 16-24 | 0 | 0 | 5 |
| 25-34 | 2 | 7 | 106 |
| 35-49 | 5 | 16 | 264 |
| 50-64 | 11 | 21 | 388 |
| 65-75 | 8 | 16 | 343 |
| 75+ | 12 | 14 | 223 |
| N/A | 1 | 0 | 5 |
| Total | 39 | 74 | 1334 |

| Age group | 20 year Option A | 20 year Option B | 20year Option C |
|---|---|---|---|
| 16-24 | 1 | 1 | 3 |
| 25-34 | 9 | 7 | 99 |
| 35-49 | 19 | 12 | 254 |
| 50-64 | 26 | 24 | 370 |
| 65-75 | 23 | 14 | 330 |
| 75+ | 39 | 3 | 207 |
| N/A | 1 | 0 | 5 |
| Total | 118 | 61 | 1268 |

This clearly shows that the vast majority of customers prefer stable bills – whether that's over a five-year period (92 per cent) or a 20-year period (88 per cent).

### 3.15 Acceptability and affordability of our plan research

**Table 33 – How our acceptability and affordability customer research influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| June-July 2018 | Household customers – across the customer segments | Qualitative:<br>Eight customer forums<br>Quantitative:<br>Online panel of 1,702 customers with over half (56%) of the total sample falling into one or more of the vulnerable groups as defined by an Ofwat 2016 study | To test the level of overall acceptability of our preferred business plan – and where not acceptable, explore why<br>To test acceptability of specific key elements of the plan e.g. outcomes, performance commitments and rewards and penalties. | Our business plan needs to meet our customers' core needs, expectations and priorities as it is fundamental to how we deliver our water supply service. |

| | | | | |
|---|---|---|---|---|
| | | | To test the level of affordability of the bill impact to deliver the business plan – and if not considered affordable explore why | |

### 3.15.1 Findings

*Acceptability of the plan*

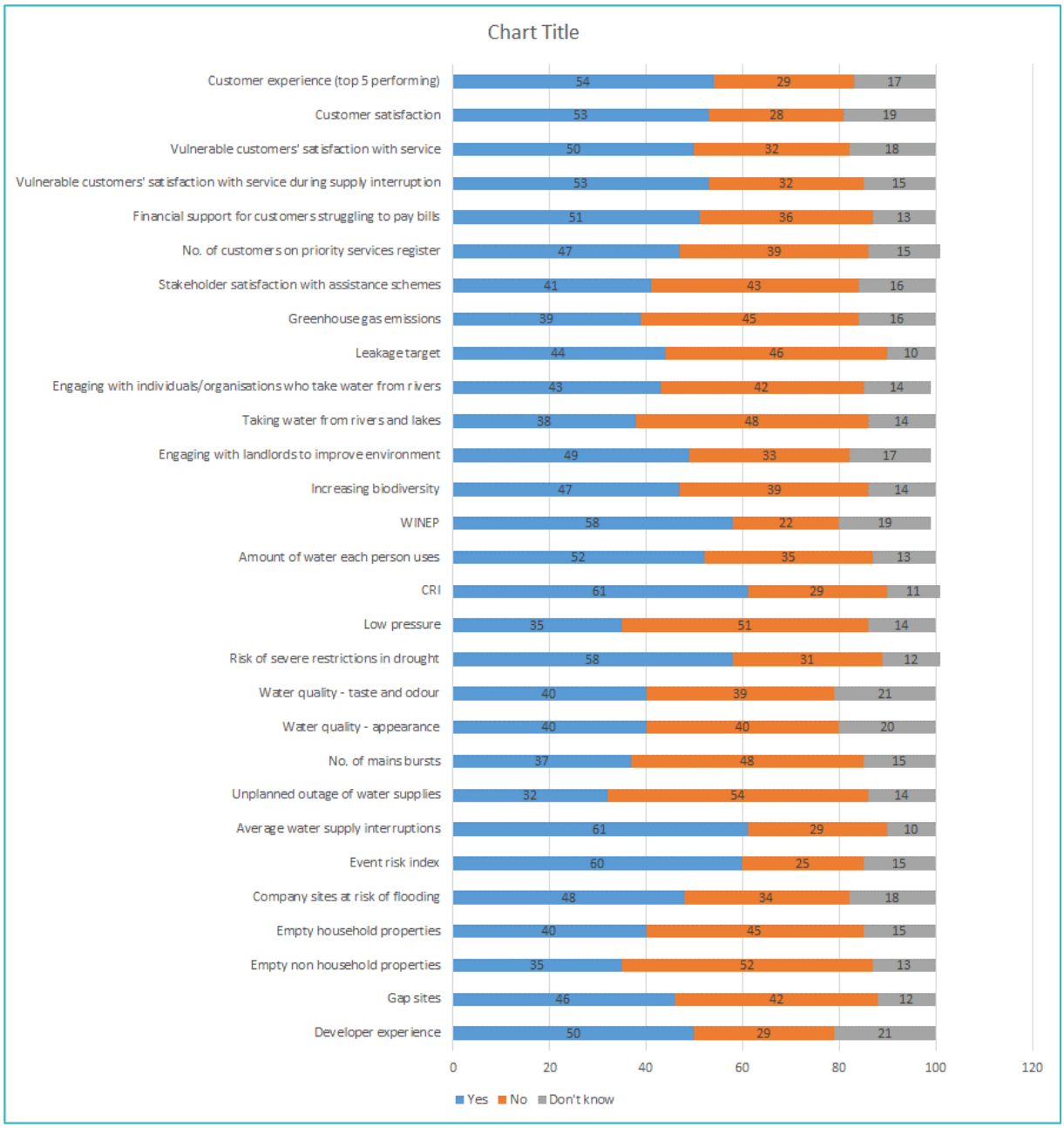
We asked customers for their initial views on how acceptable our plan was – and showing a flat bill of £204 for each year of the 2020 to 2025 period.

We asked them the acceptability question twice – first without showing them any details of our plan (so we had their uninformed view) and then again having showing them what would be delivered for that level of bill (so we could see what their informed view was). The headline results were:

- 75 per cent found the proposed plan acceptable when it was an uninformed view. This increased to 78 per cent acceptability when they were told what would be delivered for the cost of the bill
- 17 per cent found the proposed plan neither acceptable or unacceptable when it was an uniformed view; but this dropped to 16 per cent neither acceptable or unacceptable when participants had an informed view
- seven per cent found the plan unacceptable or completely unacceptable (uninformed view) but again this reduced to only four per cent still finding the plan unacceptable or completely unacceptable once they had an informed view.

We also tested the acceptability of our performance commitments and whether customers considered they were stretching enough, with the following results:

**Figure 26 – Customer views on whether our performance commitments were stretching**



*Affordability of the plan*

We asked customers to tell us how affordable our plan was, again showing a flat bill of £204 for each year of the 2020 to 2025 period.

We again asked them the affordability question twice – first without showing them any details of our plan (so we had their uninformed view) and then again having showing them what would be delivered for that level of bill, so we could see what their informed view was. The headline results were:

- When uninformed, 57 per cent found the proposed bill affordable. This affordability rating increased to 67 per cent when participants were told what would be delivered for the cost of the bill
- a further 26 per cent found the proposed plan neither affordable or unaffordable when it was an uniformed view; but this reduced to 21 per cent finding the plan neither affordable or unaffordable when it was an informed view.
- 15 per cent found the plan not very affordable or not at all affordable (uninformed view) but this reduced to 10 per cent finding the plan not very affordable or not at all affordable (informed view).

# 4. How we engaged: our research with businesses

## 4.1 Priorities and resilience research

**Table 34 – How priority and resilience research with business customers influenced the plan**

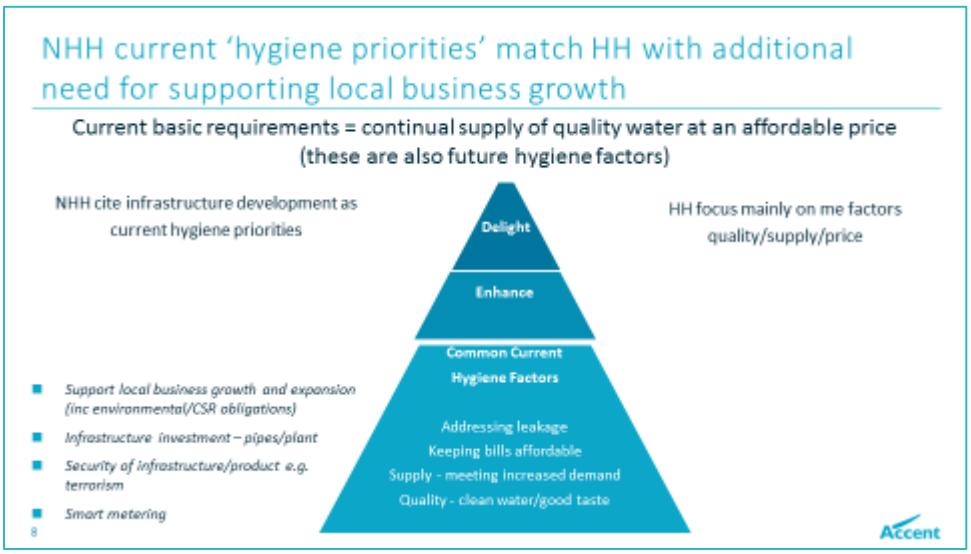
| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| January 2018 | 40 businesses customers based on type of business (e.g. SME, manufacturing) size of business (e.g. number of employees) and water consumption. | • 4 x extended pre-tasked workshops in Aldershot, Eastbourne, Ashford and Tonbridge | Despite the businesses market now being open to retail competition, we need to engage with businesses customers and retailers to understand their views and expectations on aspects of the wholesale service they receive – in particular to explore NHH customers views on what is important now and in the future; and their preferences on the range of resilience options in the draft WRMP. | Delivering a wholesale service that meets the needs of businesses customers' and retailers' core needs, expectations and priorities is fundamental to how we develop our business plan. |

### 4.1.1 Findings

Businesses customers' current priorities broadly mirror those of household customers – water quality, continual supply, affordable bills – but they have a greater environmental focus on supply/demand management.

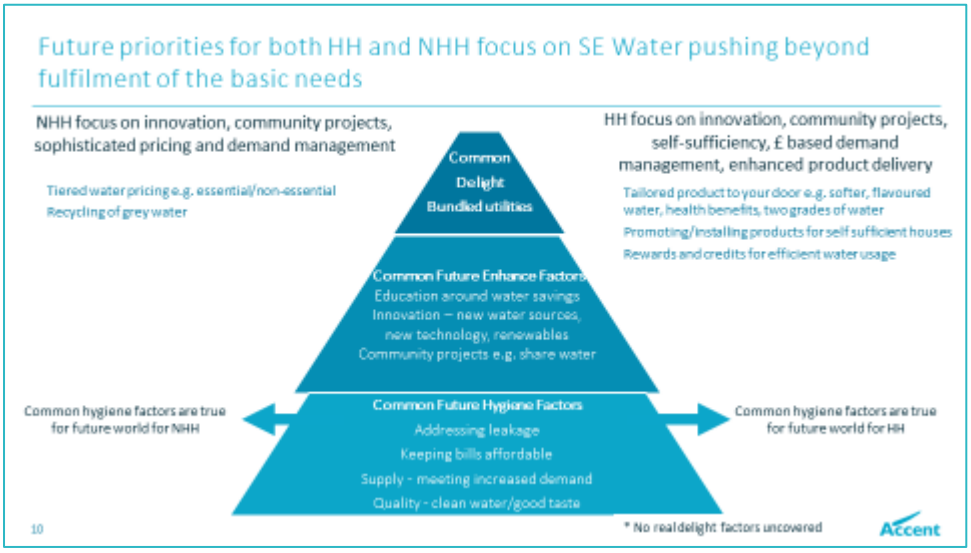
Business customers also have a greater interest in South East Water balancing corporate its social responsibility factors with customers' needs and investment, particularly if it supports local business growth.

**Figure 27 – Business customers' views on corporate social responsibility**




In terms of future priorities, businesses customers are very future focused – they are interested in innovation, community projects, sophisticated pricing and demand management.

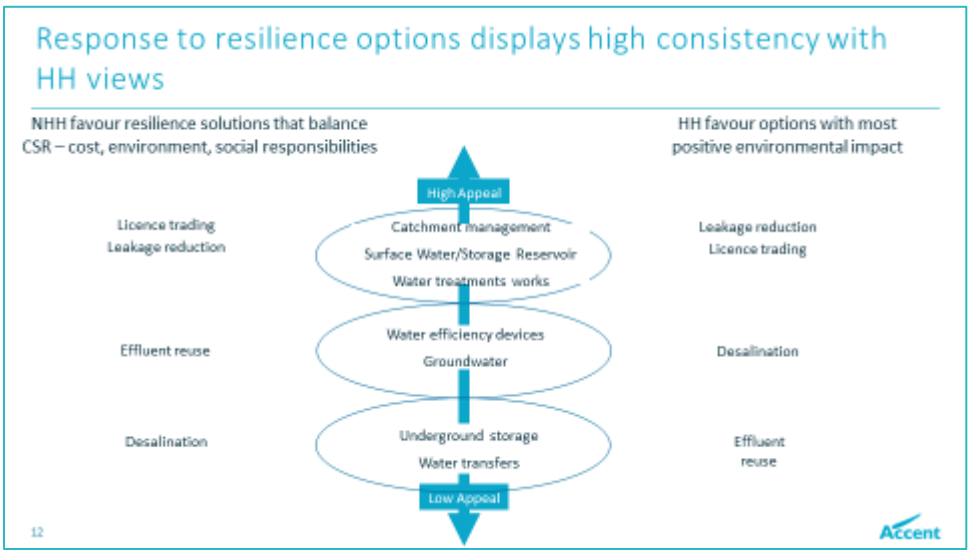
**Figure 28 – Business customers' views on the future**




In relation to resilience, businesses customers are already mindful of the need for business resilience and some water saving solutions are already in place/being considered e.g. timers on cloakroom taps and semi/air flush toilets in offices.

Their response to the range of options that could deliver greater resilience was highly consistent with the views of household customers with catchment management and surface water/storage reservoirs felt to be most effective solutions:

**Figure 29 – Business customers' views on resilience options**




## 4.2 Willingness to pay research

**Table 35 – How willingness to pay research with business customers influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| January – February 2018 | 230 businesses based on type of business (e.g. SME, manufacturing) size of business (e.g. number of employees) and water consumption | • 4 x pre-tasked workshops - to support the development of the survey instrument which included different choice formats to test which worked best<br>• 30 x telephone surveys as a pilot – to further test the survey quantitatively and ensure the stated preference elements were performing as expected<br>• 200 x telephone surveys. | We need to be able to "monetise" key measures so we can determine whether customers want us to maintain or improve current levels of service. Willingness to Pay is also one of the key tools for assessing the cost benefit analysis of changing our performance commitments and outcome delivery incentives for 2020 to 2025. | The findings will be used to:<br>• determine the levels of service we adopt for common and bespoke performance commitments in our 2020 to 2025 business plan<br>• inform the range of rewards and penalties that will apply for outperforming or underperforming those performance commitments<br>• clarify any impact on wholesale costs (which are passed to businesses via their retailer's bill) for 2020-2025. |

### 4.2.1 Findings

A total of 11 service measures were selected to reflect the most relevant of Ofwat's common performance measures and our own proposed bespoke performance measures.

Each measure had three possible values:

- Status quo (SQ) - the current level of service
- +1: an improvement
- +2: a further improvement
- no deterioration levels were included because we could not envisage any realistic scenario where deteriorations in levels of service would be chosen by customers.

Our main results on WTP for service level changes are presented in Table 36, sorted from the largest to the lowest value.

The results suggest that businesses, like household customers, have particularly high values for leakage reduction, avoiding supply interruptions and reducing carbon emissions, but little or no value for reducing frequency of water use restrictions (non-essential use bans or rota cuts):

**Table 36 - Willingness to pay results for businesses**

WTP (%/NHH/yr) for improvements, by service level

| Service measure | Unit | Levels | | | WTP (%/nhh/yr) | |
|---|---|---|---|---|---|---|
| | | SQ | +1 | +2 | SQ to +1 | +1 to +2 |
| Leakage | % reduction | 0 | 10 | 15 | 2.77 | 1.38 |
| Water supply interruptions longer than 3 hours | Nr. of interruptions per 10,000 props per year | 181 | 136 | 90 | 1.63 | 1.67 |
| Carbon emissions | Ktons of CO2eq/yr | 240 | 160 | 140 | 1.43 | 0.36 |
| Water use | L/yr/customer reduction | 0 | 5 | 10 | 1.05 | 1.05 |
| Partnering with landowners to improve the environment | Ha of land | 3659 | 7318 | 10977 | 1.02 | 1.02 |
| Protecting wildlife and increasing biodiversity | Ha of land | 1330 | 1395.3 | 1460.6 | 0.63 | 0.63 |
| Single source of supply | % households with one supply source | 67 | 46 | 30 | 0.17 | 0.13 |
| Discoloured water | Nr. of contacts per 10,000 props per year | 10.5 | 7 | 5 | 0.02 | 0.01 |
| Taste & smell not ideal | Nr. of contacts per 10,000 props per year | 3.1 | 1.5 | 0.9 | 0.02 | 0.01 |
| Rota cuts and/or standpipes | Chance per year | 1 in 100 | 1 in 200 | 1 in 500 | 0.00 | 0.00 |
| Non-essential use bans (May to Sep) | Chance per year | 1 in 10 | 1 in 15 | 1 in 20 | 0.00 | 0.00 |

14 Accent

## 4.3 Outcome delivery incentives research

**Table 37 – How delivery incentive research with business customers influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| April – May 2018 | Businesses – by business-type segment | 120 CATI interviews | To understand the principles (and bill impacts) around:<br>• if company performance should be penalised/rewarded?<br>• if there should be enhanced rewards/penalties?<br>• if there should there be caps/collars?<br>• what should the overall size of rewards be<br>• if rewards should be in part/full reinvested into vulnerable or community schemes? | The setting of rewards and penalties should be informed by customers. |

### 4.3.1 Findings

The research was designed to focus on exploring the following key issues with customers:

- The principle of water companies being financially rewarded/penalised for exceeding or missing their performance commitments - with any reward being paid **by** the customer with any penalty being paid **to** the customer via their water bills
- the maximum amount that water bills should be allowed to go up by if we exceed our stretching performance targets; and, conversely, by how much they should be reduced by if we miss our targets
- preferences for compensating customers if we miss our targets relating to the number of supply interruptions experienced; and
- preferences on our use of outperformance payments if we exceed our stretching performance target, specifically relating to the provision of support for customers in vulnerable circumstances.

The findings from this research is as follows:

- The majority of customers support for the principle that price should be linked to quality of service – more than 70 per cent of businesses agreed with this principle. For most customers, this viewpoint translated into acceptance of their water bills going up or down by a modest amount – within lower and upper bounds of ±£5 (± two per cent of average bills) on average
- The majority of businesses (53 per cent) support greater compensation payments to customers who actually experience supply interruptions, and a lower amount to the paid to everyone. This was the consensus among household and businesses, primarily on the basis of perceived fairness

## 4.4 Telephone interviews with large businesses

**Table 38 – How large businesses influenced the plan**

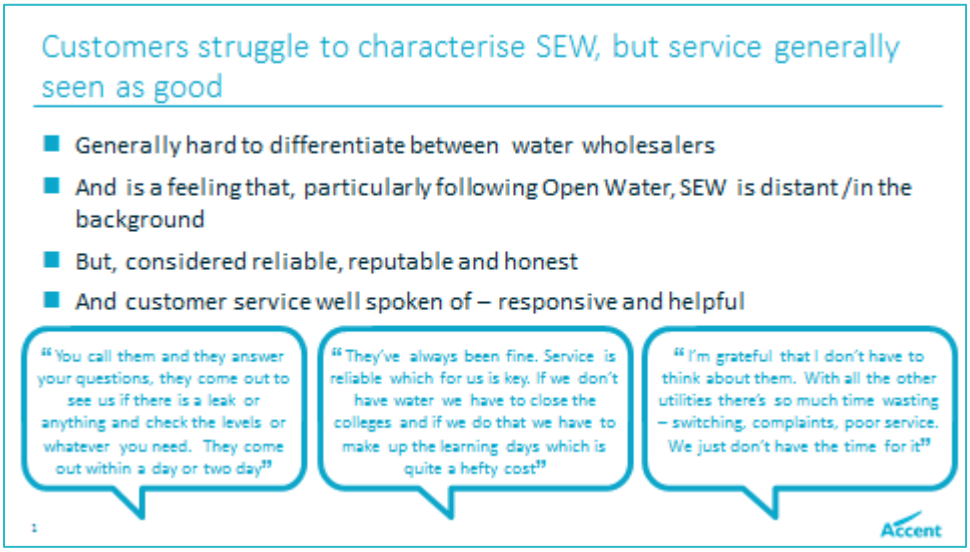
| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| July 2018 | Eight large businesses – size ranged from 250 to several thousand employees; and varying complexity/dependency relating to water use. | In-depth telephone interviews | To understand their expectations of water supply service (wholesale element) and their spontaneous priorities; also response to proposed outcomes and performance commitments. | Delivering a wholesale service that meets the needs of businesses and retailers' core needs, expectations and priorities is fundamental to how we develop our business plan. |

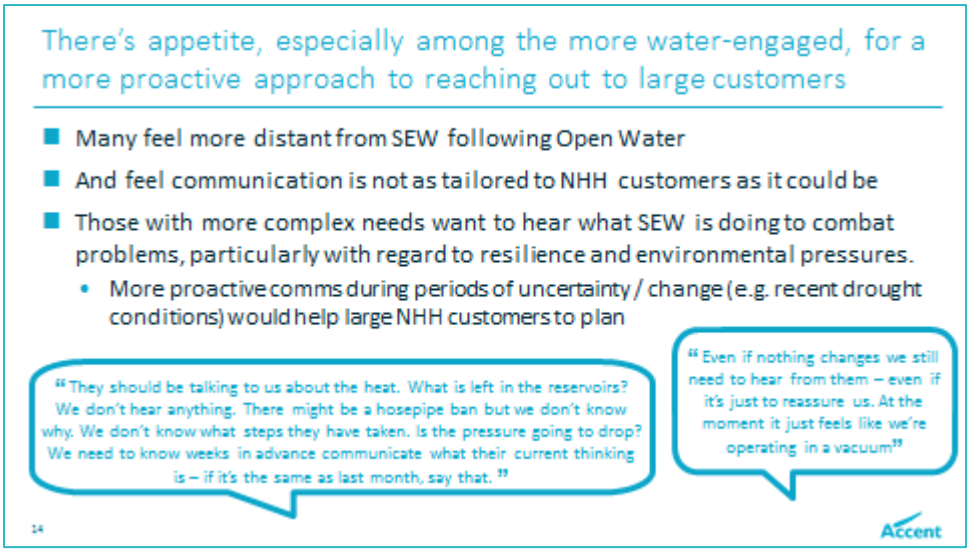
### 4.4.1 Findings

*Expectations of South East Water*

Many participants felt there was now more of a barrier between them and South East Water following the opening of the retail market. That said, the wholesale service is seen to be strong and there is an appetite among the more water-engaged for a more proactive/partnership approach.

**Figure 30 – The views of business customers following market opening**




*Headline response to business plan proposals and bill impacts*

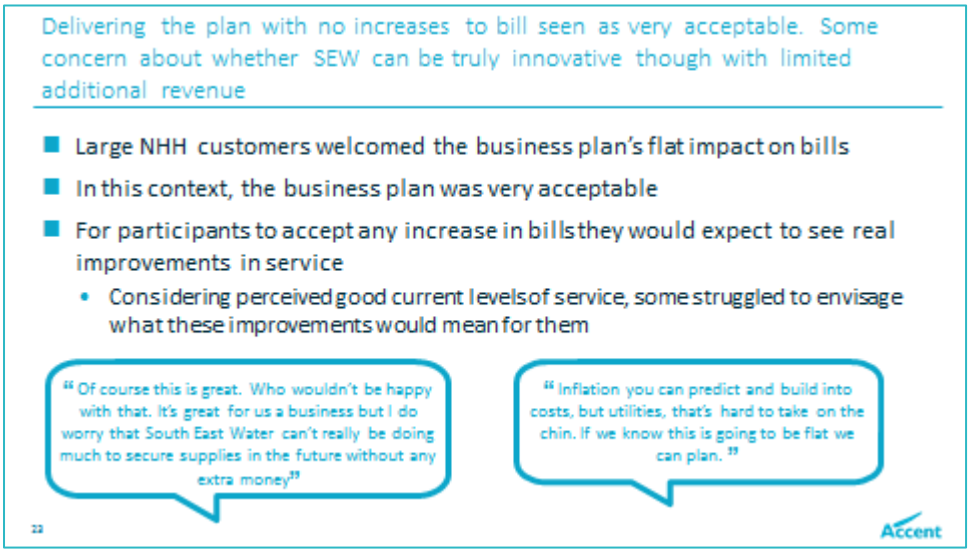
Participants felt they had very little prior knowledge of South East Water or its business plan – but the Plan was seen as comprehensive and focusing on the right areas.

That said ensuring greater communications with Non-House Hold (NHH) customers and specific mention to NHH innovation were the key gaps identified in the priority areas; while resilience (future supplies and leakage) were the most commonly raised priorities.

There was also support for greater emphasis and attention on South East Water reducing its environmental impact and protecting wildlife and habitats; but some surprise, based on the good service received, that the company is below target on water supply interruptions.

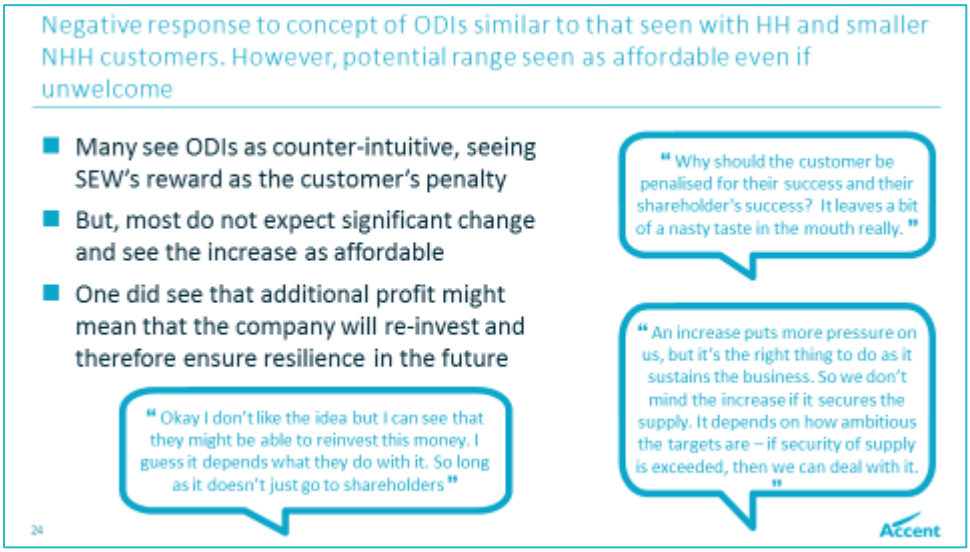
Delivering the business plan with no increase to bills was seen as very acceptable, although some concern was raised about whether South East Water can be truly innovative with limited additional revenue.

**Figure 31 – Business customers' views of the business plan's proposals and bill impacts**




As with household customers, there was a more negative response to the concept of Outcome Delivery Incentives (ODIs) similar to that seen with household and smaller businesses. However, the potential range was seen as affordable even if unwelcome.

**Figure 32 – Business customers' views of ODIs**



## 4.5 Acceptability and affordability of our plan research

**Table 39 – How acceptability and affordability research with business customers influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| June-July 2018 | Businesses | Quantitative: Online panel of 100 businesses | To test the level of overall acceptability of SEW's preferred business plan – and where not acceptable, explore why<br>To test acceptability of specific key elements of the plan e.g. outcomes, performance commitments and rewards and penalties.<br>To test the level of affordability of the bill impact to deliver the business plan – and if not considered affordable explore why | Our business plan needs to meet our business' core needs, expectations and priorities as it is fundamental to how we deliver our water supply service. |

### 4.5.1 Findings

*Acceptability of the plan*

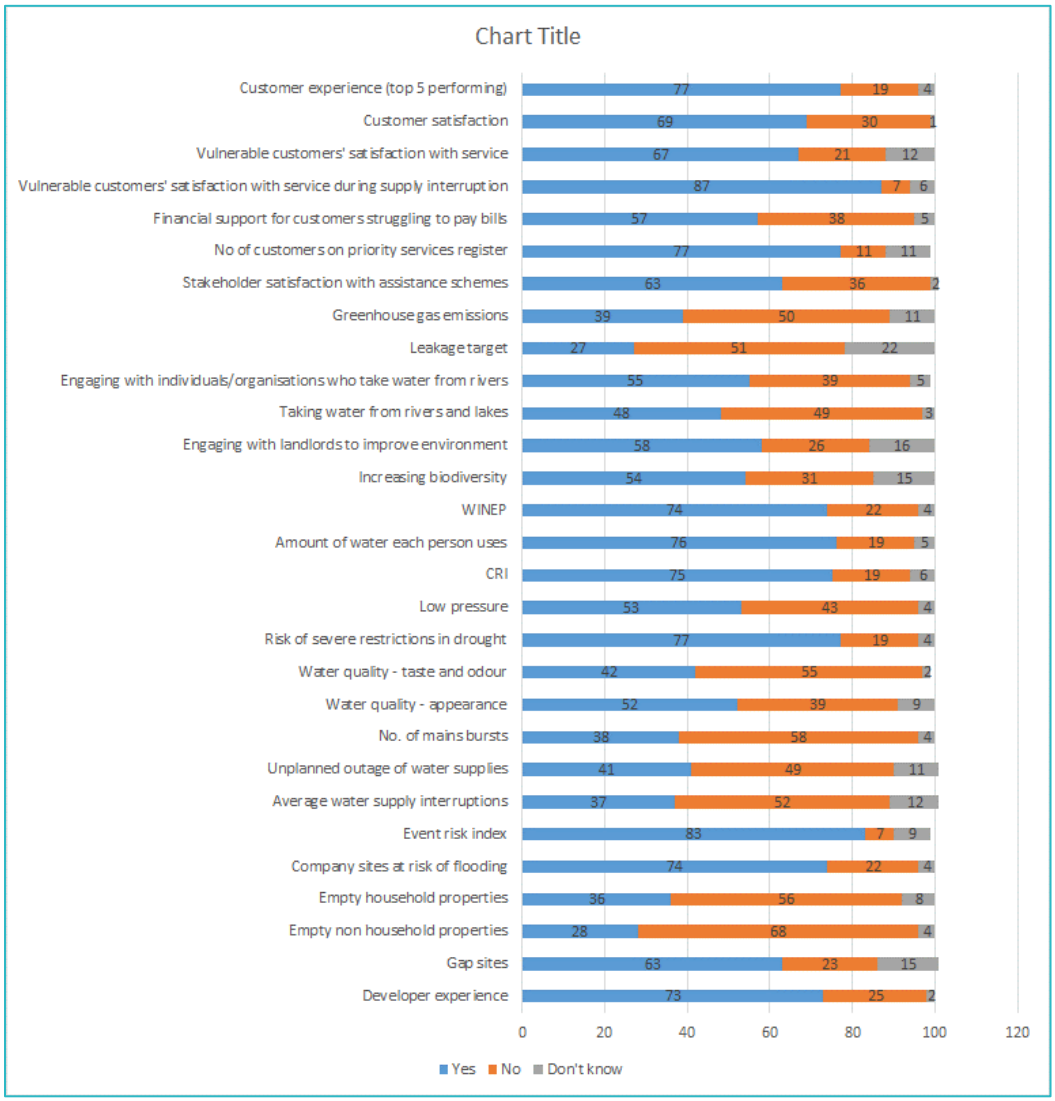
We asked business for their initial views on how acceptable our plan was, showing a flat bill of £204 for each year of the 2020 to 2025 period.

We asked them the acceptability question twice – first without showing them any details of our plan (so we had their uninformed view) and then again having showing them what would be delivered for that level of bill (so we could see what their informed view was). The headline results were:

- 81 per cent of businesses found the proposed plan acceptable when it was an uninformed view. This increased to 88 per cent acceptability when they were told what would be delivered for the cost of the bill
- 14 per cent of businesses found the proposed plan neither acceptable or unacceptable when it was an uniformed view; this dropped to eight per cent finding the plan neither acceptable or unacceptable when participants had an informed view

- five per cent of businesses found the plan unacceptable or completely unacceptable (uninformed view) but again this reduced to only four per cent finding the plan still unacceptable or completely unacceptable once they had an informed view.

We also tested the acceptability of our performance commitments and whether they were stretching enough, with the following results:




*Please note that due to each category being rounded to 1 decimal place some of the measures have a total of 99 or 101.*

*Affordability of the plan*

We asked businesses to tell us how affordable our plan was, again showing a flat bill of £204 for each year of the 2020 to 2025 period.

We again asked them the affordability question twice – first without showing them any details of our plan (so we had their uninformed view) and then again having showing them what would be delivered for that level of bill, so we could see what their informed view was. The headline results were:

- 66 per cent found the proposed bill affordable when uninformed. This affordability rating increased to 72 per cent when participants were told what would be delivered for the cost of the bill
- 16 per cent found the proposed plan neither affordable or unaffordable when it was an uniformed view; but this dropped to 15 per cent finding the plan affordable when it was an informed view
- 18 per cent found the plan not very affordable or not at all affordable (uninformed view) but this reduced to 12 per cent finding the plan not very affordable or not at all affordable (informed view).

# 5. How we engaged: our research with stakeholders

### 5.1 Our approach

We have engaged with a number of key stakeholders specifically to understand their priorities for their water supply service; the performance commitments we have developed for this plan; and our societal impact - specifically what do stakeholders think the key issues for society are? How will these issues impact us and how can we make a positive difference for society?

### 5.2 Understanding stakeholders' priorities

We have significantly developed our stakeholder communications and engagement, as we recognise the importance of how this activity can give greater visibility of the work we do and build lasting relationships that don't just improve our corporate reputation, but satisfaction with our services too. For example, our post water treatment open day surveys of stakeholders often reveal an increase in satisfaction scores - around issues such as leakage, value for money and overall satisfaction - once they have a greater understanding of the work we do in their communities.

In May 2017 we held three stakeholder workshops covering 72 stakeholders - parish/borough/district/town councils, environmental groups, residents' associations, businesses and developer groups. The aim was to communicate our business plan approach, provide updates on key areas of service and gather feedback on a number of specific topics - including customer priorities, vulnerable customers, meeting the future demand for water, resilience and long-term planning.

These were well received with positive feedback from attendees, but the feedback was clear on those areas which are a priority for stakeholders.

**Figure 33 – The views of stakeholders during our May 2017 stakeholder workshops**

## Findings and feedback – stakeholder priorities

- Clear that water quality should remain the company's top priority.
- Dealing with leakage, protecting catchments, mitigating against flooding and maintaining assets were all seen as high priority
- Stakeholders praised the level of stakeholder engagement carried out currently but there was clearly an appetite for more, particularly face-to-face.
- Interesting response when asked about customer priorities – satisfaction scored lower as "if other aspects performing well then customers will be satisfied"
- When discussed with stakeholders then also agree that focusing on satisfaction is a way of driving performance on the 'output based' measures
- Providing extra support to customers and water efficiency are key 'satisfaction' areas

| Priority area discussed | Average (mean) prioritisation across all tables | |
|---|---|---|
| | Bewl | Farnborough |
| **'Output' based measures/priorities** | | |
| Water quality | 4.6 | 4.6 |
| Water pressure | 3.8 | 3.4 |
| Reducing leakage | 4.2 | 4.2 |
| Reducing the number of interruptions | 2.8 | 3.2 |
| Sites at risk of flooding | 4.2 | 4.2 |
| Reducing carbon emissions | 3.2 | 3.8 |
| Maintaining and improving our assets | 4 | 4.2 |
| Environmental and catchment management | 4.4 | 4 |
| **'Satisfaction/customer' based measures/priorities** | | |
| Improving our customer satisfaction scores | 2.2 | 3 |
| Providing support to customers who need more help | 3.8 | 4 |
| Reducing the number of complaints we receive | 2.2 | 2.2 |
| Engaging more widely with stakeholders | 3.2 | 4 |
| Promoting water efficiency | 4.2 | 3.8 |

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## Findings and feedback – vulnerable customers

- Low awareness about the range of schemes we offer vulnerable customers – positive feedback once details explained
- Best way to engage 'hard to reach' customers would be through partnerships and collaboration with other agencies and stakeholders
- Consensus that efforts should focus on sharing data with other utilities and local authorities, and data protection should not be seen as a barrier
- Links with parish councils and community hubs were seen as important links into communities

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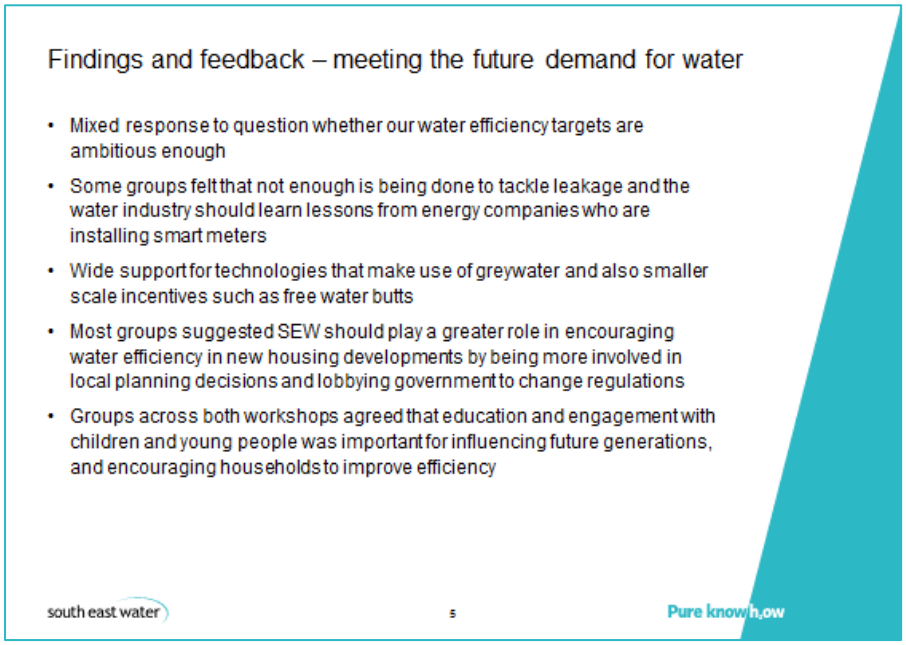
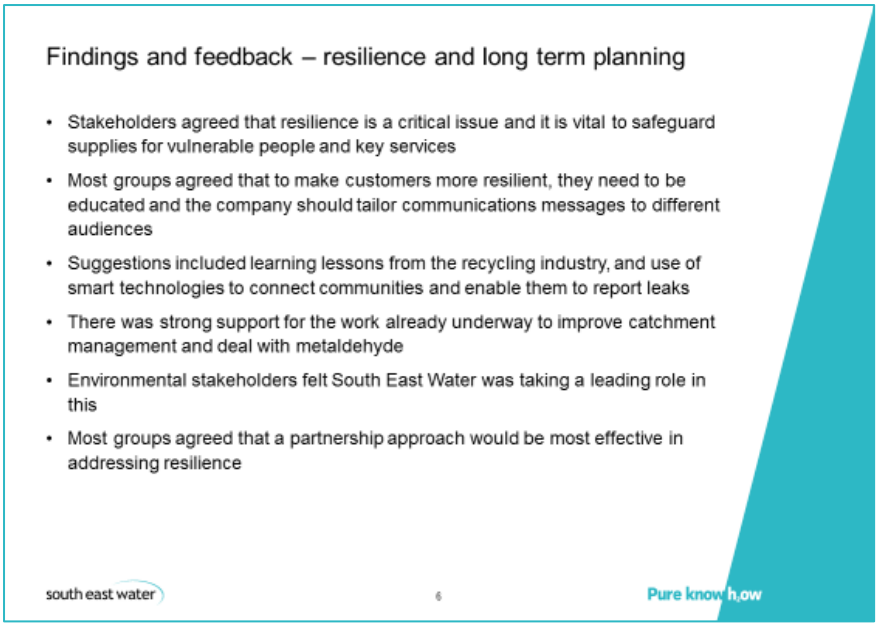



## 5.3 Understanding stakeholders' views on our outcomes performance commitments

Our 2020 to 2025 business plan is comprised of a set of outcomes - effectively the promises we are making; and a suite of performance commitments, which is the way which our future performance will be measured.

We have engaged with the following stakeholders specifically on our outcomes and performance commitments to test their views of whether they are both right and stretching:

- Our Customer Challenge Group
- The Environment Agency
- Natural England
- Ofwat
- Kent County Council
- World Wildlife Fund
- Whitewater Valley Preservation Society

Our regulators and stakeholders gave us valuable feedback on our performance commitments which we have captured in our Appendix 2 Performance commitments and outcome delivery incentives.

We also show in Appendix 2 Performance commitments and outcome delivery incentives, how we have responded to their comments, challenges and observations, and what impact that has had on our performance commitments or targets.

### 5.4 Understanding stakeholders' views on our wider societal responsbilities

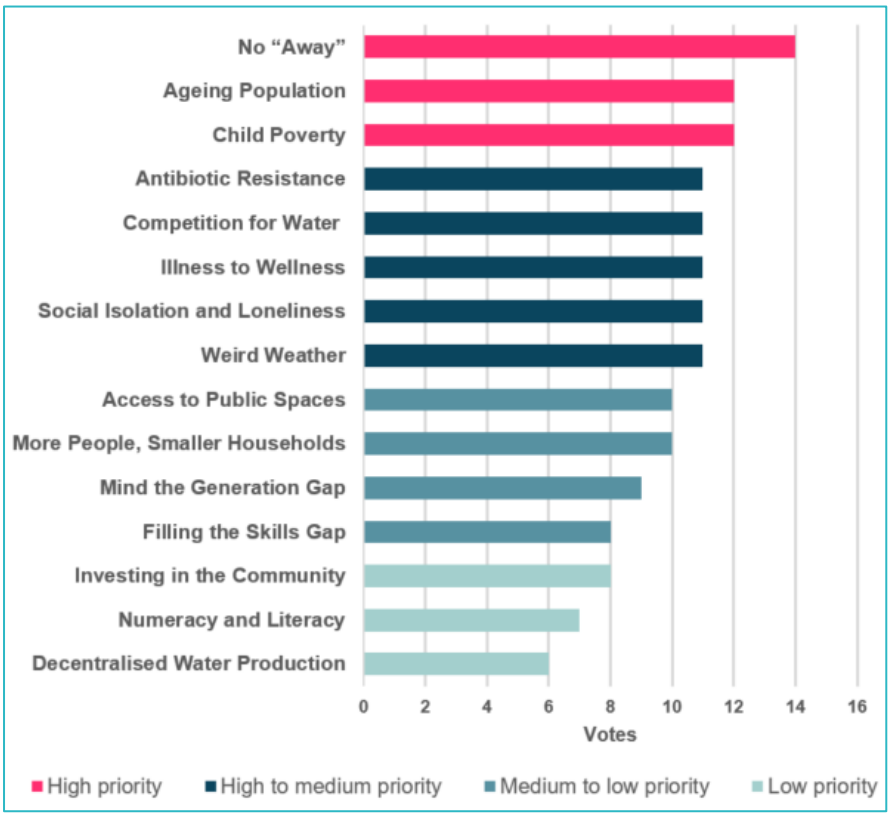
In March 2018 we undertook a further stakeholder workshop to explore the societal issues facing the region over the next decade and the implications – and growing role – that we could or should play in addressing those issues.

**Table 40 – How our March 2018 stakeholder workshop influenced the plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| March 2018 | 14 stakeholders representing 13 organisations | Facilitated workshop | To discuss the challenges faced by the South East of England and examine the role South East Water should play in a changing society. | We need to understand society's expectations of our business so that we can develop our future plans to |

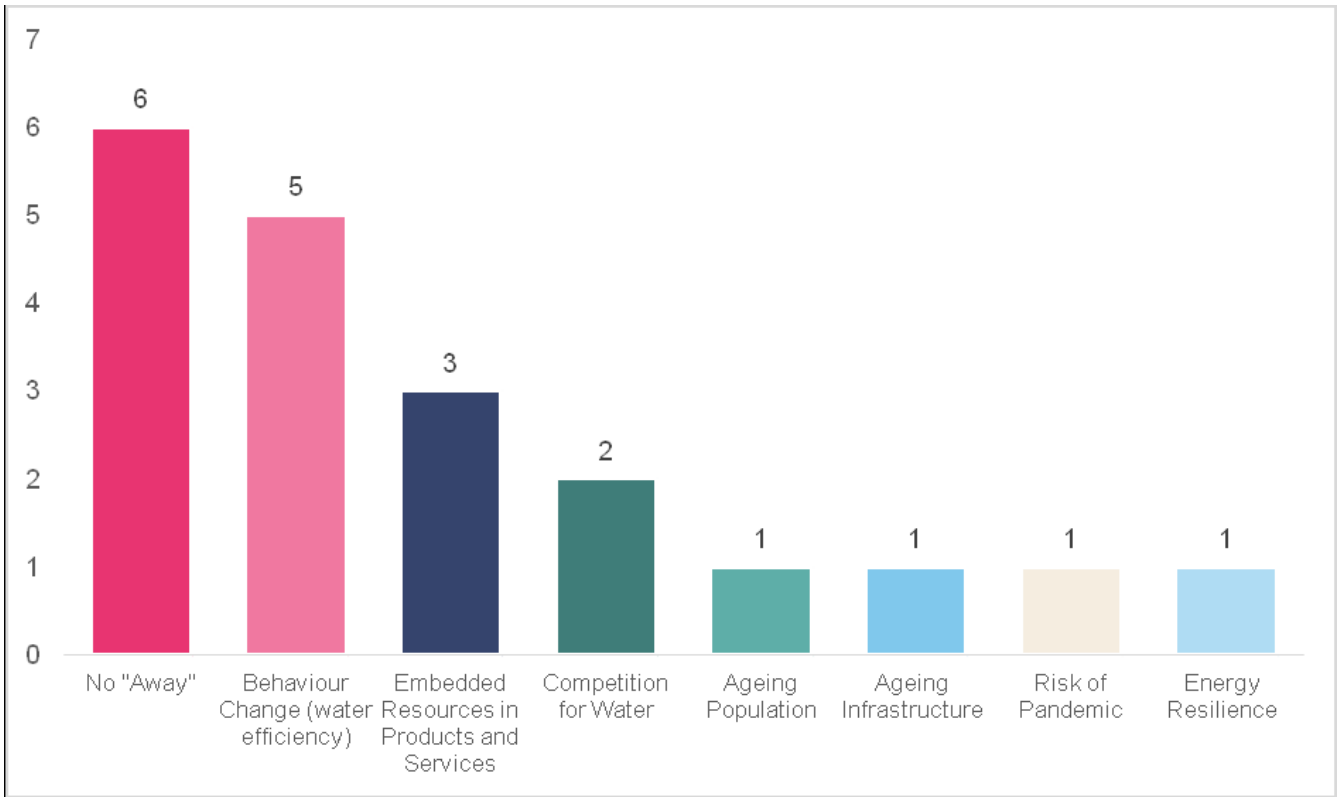
The workshop was split into two sessions – the first to explore the wider societal issues facing the region; while the second discussed what could be done to address these societal issue and, in particular, which issues we should focus on and what they could do to help. The ranked results are show in Table 41 Table 41.

**Table 41 - Societal workshop – prioritisation of issues (session one)**




The focus of the second session shifted to what can be done to address these societal issues – and, in particular, which issues we should focus on and what more they could do to help. The ranked results are show in Table 42.

**Table 42 - Prioritisation of societal issues for South East Water to address (session 2)**




The workshop also revealed a strong desire from participants for us to have a stronger point of view on many of the issues raised; and to collaborate more with other agencies who are already involved in addressing the issues – sometimes taking the lead, other times providing support.

The sessions also identified some potential themes that stakeholder would like us to do more around.

**Table 43 – Key themes raised by stakeholders during the March 2018 workshop**

| Themes | Stakeholders' expectations |
|---|---|
| Healthy environment | Protecting **and** enhancing<br>Helping to reduce the impact of human behaviour through behaviour change – going beyond water demand to consider other resources, waste and pollution |
| Healthy communities | Helping more vulnerable customers and consider children, people in care homes, those with mental illness; providing access to heathy environments for healthy living |
| Water infrastructure | Needs to be resilient to shocks and able to meet growing demand – with a positive impact on the environment and communities |

# 6. How we engaged: our research on the Water Resources Management Plan

## 6.1 Introduction

The production of our 60-year Water Resources Management Plan (WRMP) is a statutory process, for which we also have specific obligations on engaging and consulting with customers and stakeholders.

The following section captures the specific customer research we have undertaken to inform the development of that plan during 2017/18.

**Table 44 – How our WRMP research influenced our plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| July 2017 to March 2018. | Household customers – testing across the customer segments; and future customers | We adopted a qualitative and quantitative approach as follows:<br><br>**Pre-draft WRMP submission**<br><br>Qualitative:<br>• 2 x comprehension sessions regions using mix of customer segments<br>• 6 x community groups with pre-task activity using mix of customer segments<br><br>Quantitative<br>• Willingness to Pay survey with 608 customers, using mix of customer segments (357 online, 200 by phone, 51 in-home with hard to reach/seldom heard customers).<br><br>**Draft WRMP submission**<br>• 8 x topic-specific deliberative focus | This research tested the following themes – both to inform the preparation of our draft plan and as we consulted on our preferred draft plan:<br>• testing customers' views on current and future resilience of water supplies and the range of options available to make those supplies more resilient<br>• testing customers' willingness to pay/accept a deterioration in levels of service as a result of them wanting to change the frequency (i.e. the risk) of something happening<br>• testing customers' views of the preferred supply and demand options in the draft Water Resources Management Plan – with a particular focus on our initial leakage and PCC ambitions; and the move to a 1 in | The WRMP is a statutory plan that sets out how we will maintain water supplies to current and future customers over a 25-year period.<br><br>The WRMP also determines the level of service that customers can expect during a drought. Any improvement (or deterioration) in these levels of service need to be informed by customers, as to improve levels of service would require additional investment to improve resilience and flexibility.<br><br>The research findings will be used to determine customers' views on how we can make current and future water supplies more resilient; their preferences around the range of options that can meet the supply-demand balance; and the level of service |

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| | | groups with pre-task activity using mix of customer segments and specific group with future customers/non-bill payers<br>• 106 x in depth interviews with hard to reach/seldom heard customers<br>• Online survey with 510 household customers using mix of customer segments. | 200 year level of service measure. | customers expect and are willing to pay for. This is then translated into investment priorities for both the WRMP and the 2020 to 2025 business plan. |

## 6.2 Pre-draft WRMP research with household customers

### 6.2.1 Qualitative comprehension sessions

The comprehension pack we developed for participants attending these initial sessions explored different ways of expressing risk/probability, resilience language and articulated different types of risk. Stimulus material included references from Water UK, Discover Water and from South East Water's own WRMP materials.

This initial stage of research revealed mixed levels of comprehension:

- Participants understood the concept of planning for the future
- everyone understood that a drought is caused by insufficient rainfall
- people understood hosepipe bans and standpipes….

….but issues of comprehension arose when discussing the probability of something happening:

- Some technically-minded participants found it easy to understand risk plans and interpret risk graphs and data
- less technically-minded participants needed more explanation to help them interpret the graphs and risk data.

The comprehension sessions highlighted that the materials we intended to use in later research stages needed simplification to ensure they were understandable for all participants; and could work within a standalone interview without the need for disproportionate supporting discussion to also occur.

That resulted in a reduced and simplified stimulus pack for the next stage of research, the Community Sessions.

### 6.2.2 Qualitative community sessions

The final structure of the Community Sessions simplified the journey we took participants on, as follows:

1. Introductions
2. Looking at planning for risk in the future outside of water - context setting
3. Looking at the potential risks South East Water faces - understanding them
4. The impact of those risks e.g. droughts/water restrictions - exploring current experience
5. The likelihood of risks and acceptable levels of service – customers' valuation of these
6. South East Water resilience solutions – exploring possible options.

The community sessions took place across six locations (Petersfield, East Grinstead, Heathfield, Tenterden, Wokingham and Whitstable).

Regardless of the customer segment represented, responses in each group were filtered by local experience and observations:

- Participants in more urban areas (e.g. Wokingham) and those being developed (Heathfield) were more aware of the challenge of population growth
- participants in semi-rural areas (e.g. Petersfield) are fairly environmentally engaged but less concerned about the development issue (though still on their wider radar)
- drought issues are more `top of mind' where local reservoirs or rivers have been observed as being at low levels (e.g. Heathfield session)
- concerns about leakage were higher where recently experienced locally (Whitstable session).

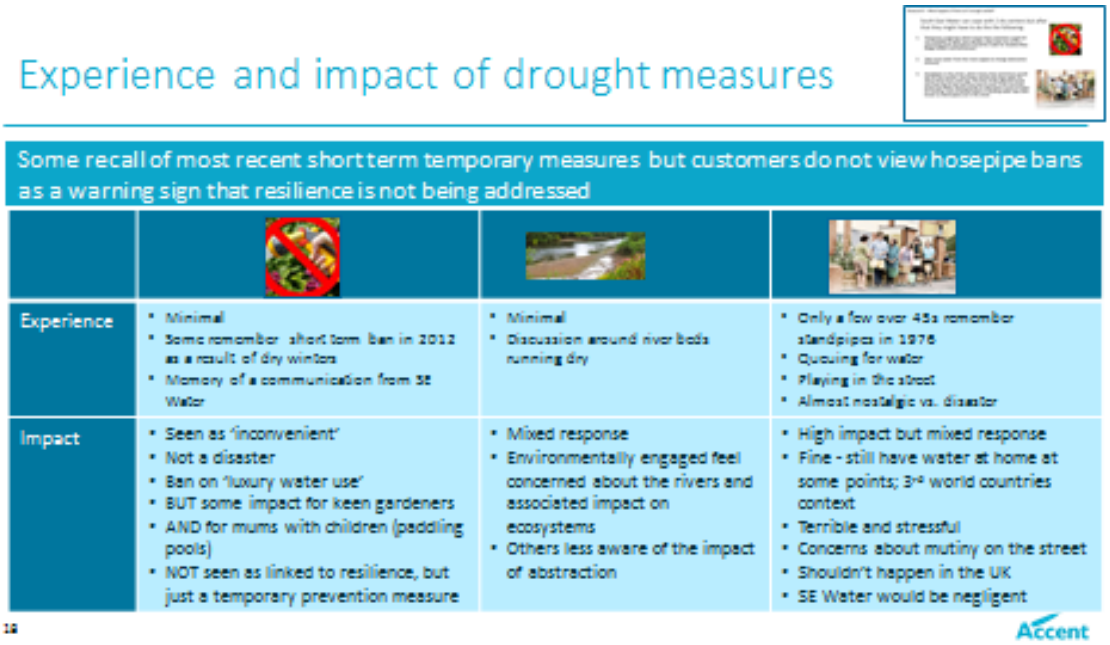
In terms of looking at the potential risks we face, customers understood the importance of us planning for future events, and are reassured that we are doing so - but they would expect any business to manage operational risks as outlined in Figure 34.

**Figure 34 – Customer views on planning for future events**


When it came to discussing the impacts of those risks i.e. drought and water use restrictions, some participants' recalled the most recent experience and the impact of hosepipe bans – viewing it as an inconvenience rather than being a disaster, albeit there was an impact for keen gardeners and mums with children (paddling pools).

However, generally customers do not view hosepipe bans as a warning sign that the wider issue of resilience is not somehow being addressed.

**Figure 35 – Customer's experiences of drought and the impact of hosepipe bans**



Experience and impact of drought measures

Some recall of most recent short term temporary measures but customers do not view hosepipe bans as a warning sign that resilience is not being addressed

| | | | |
|---|---|---|---|
| Experience | • Minimal<br>• Some remember short term ban in 2012 as a result of dry winters<br>• Memory of a communication from SE Water | • Minimal<br>• Discussion around river beds running dry | • Only a few over 45s remember standpipes in 1976<br>• Queuing for water<br>• Playing in the street<br>• Almost nostalgic vs. disaster |
| Impact | • Seen as 'inconvenient'<br>• Not a disaster<br>• Ban on 'luxury water use'<br>• BUT some impact for keen gardeners<br>• AND for mums with children (paddling pools)<br>• NOT seen as linked to resilience, but just a temporary prevention measure | • Mixed response<br>• Environmentally engaged feel concerned about the rivers and associated impact on ecosystems<br>• Others less aware of the impact of abstraction | • High impact but mixed response<br>• Fine - still have water at home at some points; 3rd world countries context<br>• Terrible and stressful<br>• Concerns about mutiny on the street<br>• Shouldn't happen in the UK<br>• SE Water would be negligent |

18 Accent

When it came to testing levels of service, we used the showcard in Figure 36 to prompt discussions.

**Figure 36 – Customer showcard**

Showcard F – What level of service do customer want

1. 10 % chance of temporary use bans every year
2. 2.5% chance of non essential water use restrictions every year
3. 2% chance of applying for permission to take more water out of the rivers
4. 1% chance of standpipes in the street every year
   NB. South East Water came close to this after the 2 dry winters in 2010-2012 referenced earlier

Participants' responses to these levels of service were:

- All were seen to be low and unlikely to happen
- temporary bans - inconvenience factor versus a major problem, and so a 10 per cent chance felt acceptable
- river abstraction – concerned the environmentally engaged but even these participants felt that a two per cent chance of this happening is low
- standpipes - prompted the greatest concern but a one per cent chance felt extremely low. The context of the recent two dry winters was recognised but the fact that we managed it (and it rained) means participants felt the company is planning appropriately.

When testing participants' willingness to pay more to reduce the chances of temporary use bans happening, there was no real appetite to pay more to decrease the risk - but some willingness to pay for broader future investment.

**Figure 37 – Customers' views on paying more to reduce the chances of hosepipe bans**


In relation to standpipes in the street, despite some fears around the idea that this could occur, participants concluded that planning for a one per cent risk of it happening is acceptable – on the basis that there is a low probability of this happening.

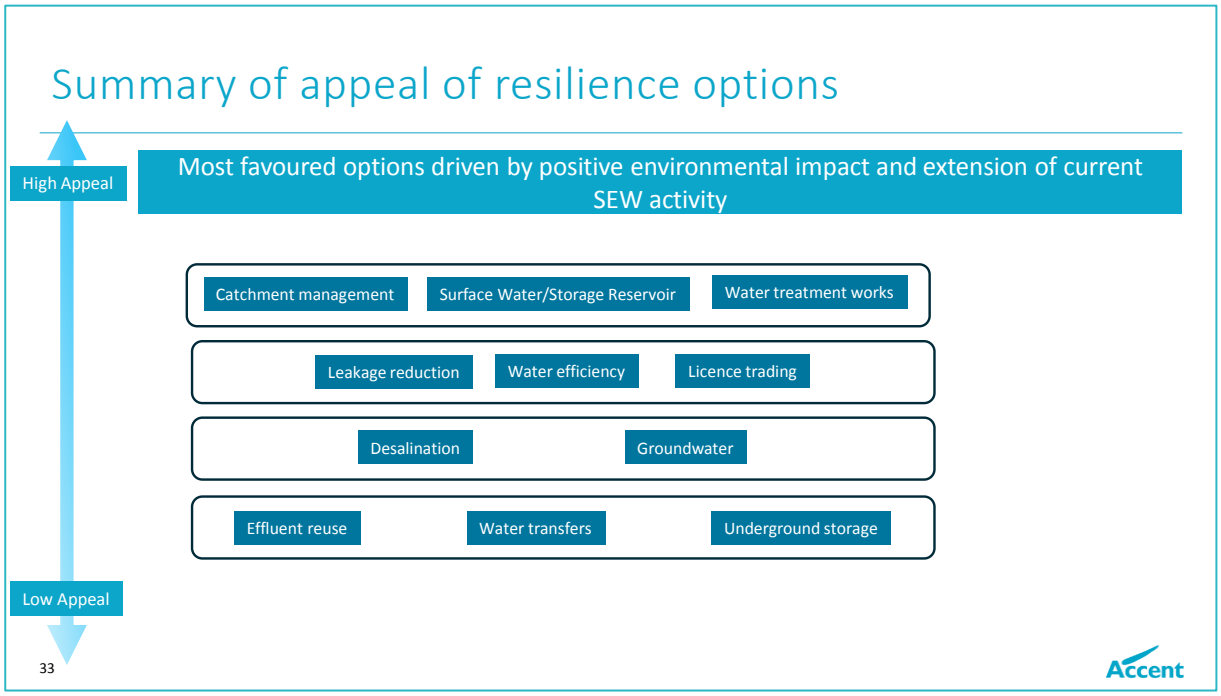
The final element of the community sessions was to test participants' responses to the range of resilience options that we could invest in to maintain customers' water supplies and meet their expectations on levels of service.

Each resilience option was presented with their potential financial, environmental and resilience impact in visually-engaging graphic form so the participants could discuss and weigh up the pros and cons of each option. As a result of those discussions the sessions revealed:

- There is no 'silver bullet' resilience option that is low cost, low environmental impact and high resilience impact when it comes to managing and/or preventing droughts
- the most appealing solutions selected by participants were mainly due to their lower environmental impact
- participants were least accepting of those options that resulted in higher spend with possible environmental harm **and** an uncertain resilience impact.

Figure 38 summarises how participants rated the range of resilience options available to us.

**Figure 38 – How customers rated the resilience options available**




### 6.2.3 Quantitative willingness to pay research

We undertook a quantitative willingness to pay (WTP) survey with customers. The survey had two core objectives:

- To research customer attitudes and WTP in relation to the different supply-demand measures that could be adopted within our WRMP; and
- to research attitudes towards changes in the frequency of different types of water use restrictions.

A discrete choice experiment (DCE) was designed to focus on WRMP options, characterised by the combination of supply-demand measures included, and the impact on levels of service (e.g. the frequency of temporary use bans (TUB) and rota cuts/standpipes) and the customer's bill.

Table 45 shows the selection of measures tested in the research.

**Table 45 - WRMP options tested**

| Measures |
|---|
| New surface water reservoirs |
| Underground storage |
| Increase groundwater use |
| More effluent re-use |
| Desalination |
| New water transfers from neighbouring companies |
| Water efficiency |
| Leakage reduction |
| More water gained from water treatment works |
| Catchment management |

The questionnaire was pilot tested via an online survey of 50 household customers. Following this, it was adopted for the main stage of the survey with only very minor changes to the wording in one or two places.

The main stage survey comprised a total of 608 interviews with our household customers using three methods of administering the survey: 357 online, 200 by phone, and 51 face-to-face at home in the London and Kent areas. A good representative sample of household customers was achieved, and weights were applied in the main analysis such that the sample weighted totals of control variables matched the known population totals by gender, age and SEG.

### Participant feedback

A large majority of participants stated that they felt able to make comparisons between the options presented to them, while only small proportions stated that they found some of the options or initiatives hard to understand, or that some part(s) seemed unrealistic  These results were all supportive of the validity of the findings. Moreover, a good level of enjoyment was reported by survey participants, validating the efforts put in place to develop an engaging questionnaire for customers.

### Awareness, attitudes and usage

A number of questions were included in the survey to explore awareness, attitudes and water usage. The main findings were as follows:

- Most participants felt that their current bill was 'about right', although a sizeable minority felt that their current bill was 'slightly too much' or 'far too much'
- most felt that TUBs would have either a 'small impact' or a 'moderate impact' on their household
- the majority of customers expressed a preference for equalisation of service levels, rather than allowing them to vary across the region
- the majority tended to be careful about their water use, and were fairly evenly split in terms of whether this was to avoid wasting water or to try and keep the bill down
- the majority said they considered their impact on the environment, were happy to pay a bit more for products and services that are environmentally friendly, and wished to look after the world for future generations.

**Results**

Willingness to pay results were obtained via an econometric analysis of the discrete choice responses. A first finding from this analysis was that customers appeared to be averse to bill reductions i.e. they were not willing to accept a deterioration of their current service level in exchange for a decrease in their average water bill. Moreover, the results suggested they would prefer any improvement in service rather than have a bill reduction, if this could be achieved.

**The results on customers' WTP for the range of supply-demand options, measured in £ per household per year, net of their impact on the supply-demand balance, are presented in Figure 39Figure 39 – Willingness to pay for supply-demand measures (£/household/year)**

. The highest WTP was measured for a reduction in the leakage rate (£18.11), followed by an improvement of the water efficiency (£11.23) and an expansion of the current underground storage capacity (£10.54). The lowest WTP was measured for desalination and more effluent re-use.

**Figure 39 – Willingness to pay for supply-demand measures (£/household/year)**

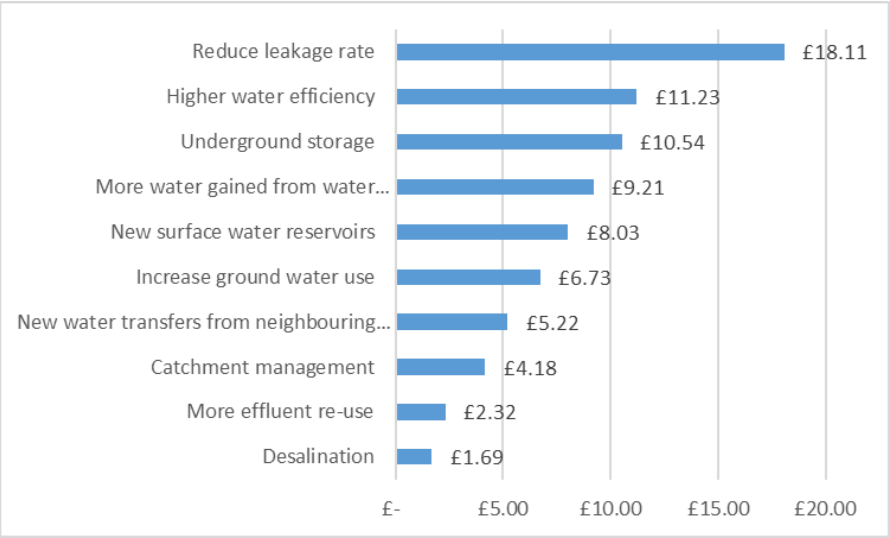



Table 46 shows households' WTP for a reduction in the frequency of TUBs and rota cuts/standpipes. The results are statistically significant only in the case of TUBs and not in the case of rota cuts/standpipes. Nonetheless, the best estimate is that there is some positive WTP for improvements in the level of service even for rota cuts/standpipes.

**Table 46 - Willingness to pay for improved levels of service**

| Level of service change | WTP (£/HH/year) |
|---|---|
| Frequency of temporary use bans | |
| Base (1 in 10) to +1 (1 in 15) | 1.52 |
| Base (1 in 10) to +2 (1 in 20) | 2.28 |
| Frequency of rota cuts to supply and/or standpipes | |
| Base (1 in 100) to +1 (1 in 200) | 0.46 |
| Base (1 in 100) to +2 (1 in 500) | 0.74 |

The results in Table 46 show that customers were willing to pay £1.52 per year on top of their current bills, on average, for a reduction in the chance of a TUB from one in 10 to one in 15; and were willing to pay £0.46 per year, on average, for a reduction in the chance of rota cuts/standpipes from one in 100 to one in 200.

## 6.3 Draft WRMP research with household customers

### 6.3.1 Qualitative focus groups

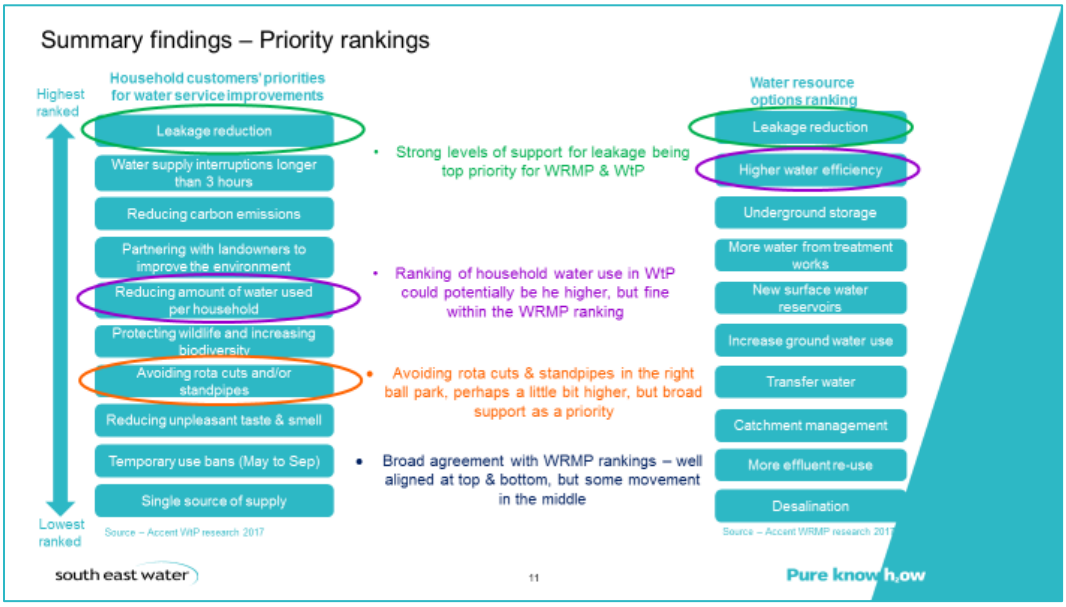
We undertook four topic-specific focus groups across a range of social economic groups and attitudinal segmentation to:

- Test customers' views of the preferred supply and demand options in our draft Water Resources Management Plan (WRMP) with a particular focus on our leakage and PCC ambitions
- gauge their support or otherwise for the plan's move to a one in 200 year reference level for resilience
- test customers' views on the likely bill impact of the draft WRMP.

#### Draft WRMP options

All the options contained in our draft WRMP were shown to respondents (via showcards) who were then asked to rank the options from most preferred to least preferred. There was broad agreement with the top and bottom rankings from the earlier WRMP-specific willingness to pay research (section 6.2.2) but a bit more movement in the middle.

**Figure 40 – Priority rankings**




#### Leakage focus group

Most participants were aware of the responsibilities that lay with ourselves and our customers; they also recognised that detecting and fixing leaks can be challenging.

Most participants wanted to see us prioritise fixing leaks according to cost and the amount of water lost.

Our historical progress in reducing leakage was perceived quite well by participants, as is our comparative position in the industry - but our leakage ambitions in the draft WRMP were considered underwhelming for the next five to 10 years. Most customers agreed that a 15 per cent reduction was not beyond the realms of possibility to achieve in five years.

### Per capita consumption focus group

There was surprise at the current PCC figure for our customers and the amount of water used for different activities.

The overall perception is that our proposed targets in the draft WRMP were reasonable but could be a bit more ambitious.

Participants supported more collaboration between customers and South East Water, but have some issues with being asked to co-operate when leakage occurs. That said, the motivations to use less water included both education and incentives (vouchers/discounted white goods/community/school funding) as well as water efficiency devices.

Awareness of gadgets/devices was mixed but participants quite liked the idea of a `fix and forget' approach if they worked - water butts frequently mentioned.

### Resilience focus group

The issue of managing supply and demand was well understood and so the draft WRMP's intention to move from one in 100 year to a one in 200 year reference level for resilience was supported by customers.

Resilience was also understood in terms of making sure businesses maintain their operations against terrorism and natural disasters.

For ourselves specifically, customers also understood the resilience impact in terms of weather and third party damage - but less so when it came to future proofing water supplies and making sure our assets did not fail.

When it came to exploring the frequency of severe restrictions e.g. rota cuts and stand pipes that the draft WRMP was planning for there was a mix of reactions about severe restrictions – most would adapt/plan (i.e. British spirit); for others it was unacceptable. Without doubt, the view was that customers in vulnerable circumstances should be taken care of if severe restrictions were required.

### Bill impacts

We tested the following bill impacts from our draft WRMP with all the focus group participants; there was a high level of support for ensuring our WRMP is more resilient and we stretch our ambitions and performance on leakage and PCC.

**Figure 41 – Bill impact test on focus groups**

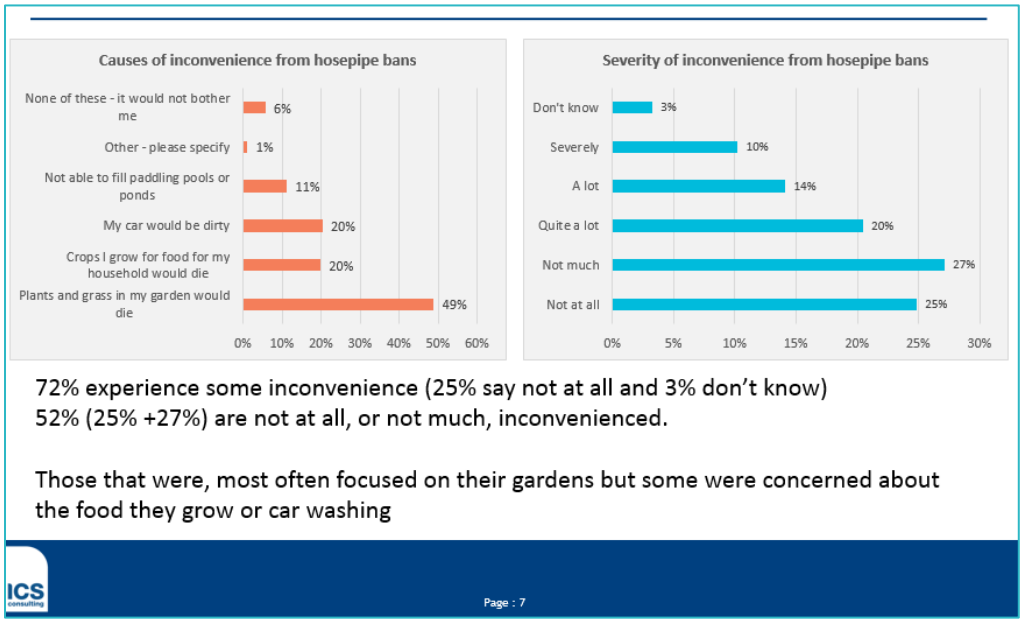
| **Resilience** – move from 1:100 to 1:200 reference level | **Resilience** reference level of 1:200 & **leakage** reduced by 15% | **Resilience** reference level of 1:200, **leakage** reduced by 15% & more ambitious **PCC** |
|---|---|---|
| 2020-25 c. £1 pa | 2020-25 c. £2 pa | 2020-25 c. £0.70p pa |
| 2025-30 c. £5 pa | 2025-30 c. £9 pa | 2025-30 c. £7.70 pa |
| ✓ | ✓ | ✓ |

### 6.3.2 Quantitative research – online and face to face

*Restrictions – frequency and severity*

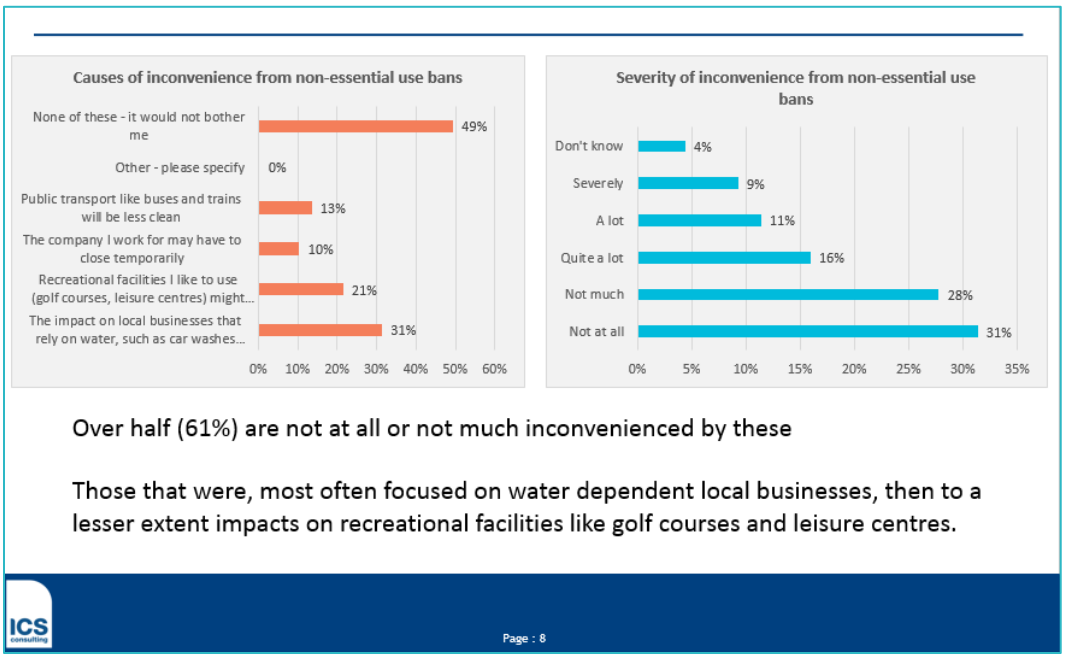
Most customers experience some inconvenience from a hosepipe ban – but this ranges from minor to severe.

**Figure 42 – Customer inconvenience**




Customers were marginally less concerned about non-essential use bans compared to hosepipe bans.

**Figure 41 – Customer views of non-essential use bans**




However when it came to rota cuts and standpipes, customers were very concerned about the impact.

**Figure 44 – Customer views of rota cuts and standpipes**


Customers were then asked about the level of service they would accept for various water restrictions, with the following results:

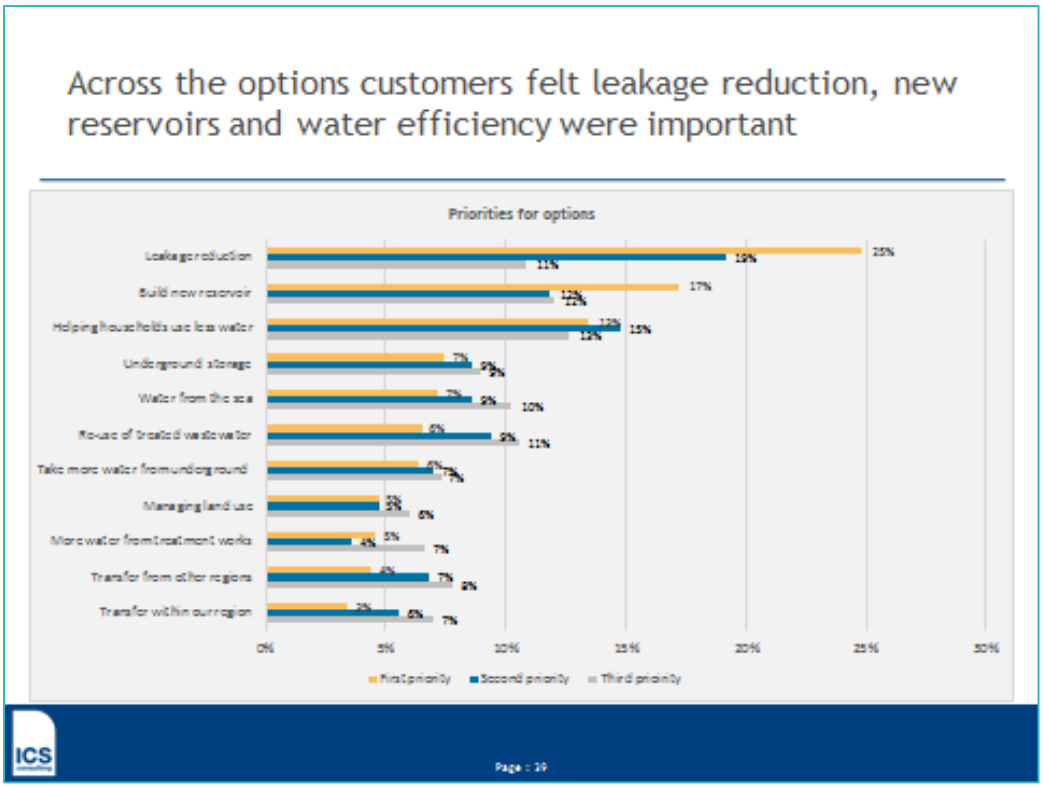
- 77 per cent of customers would accept a hosepipe ban every ten years or less
- 75 per cent of customers would accept a non-essential use ban every ten years or less

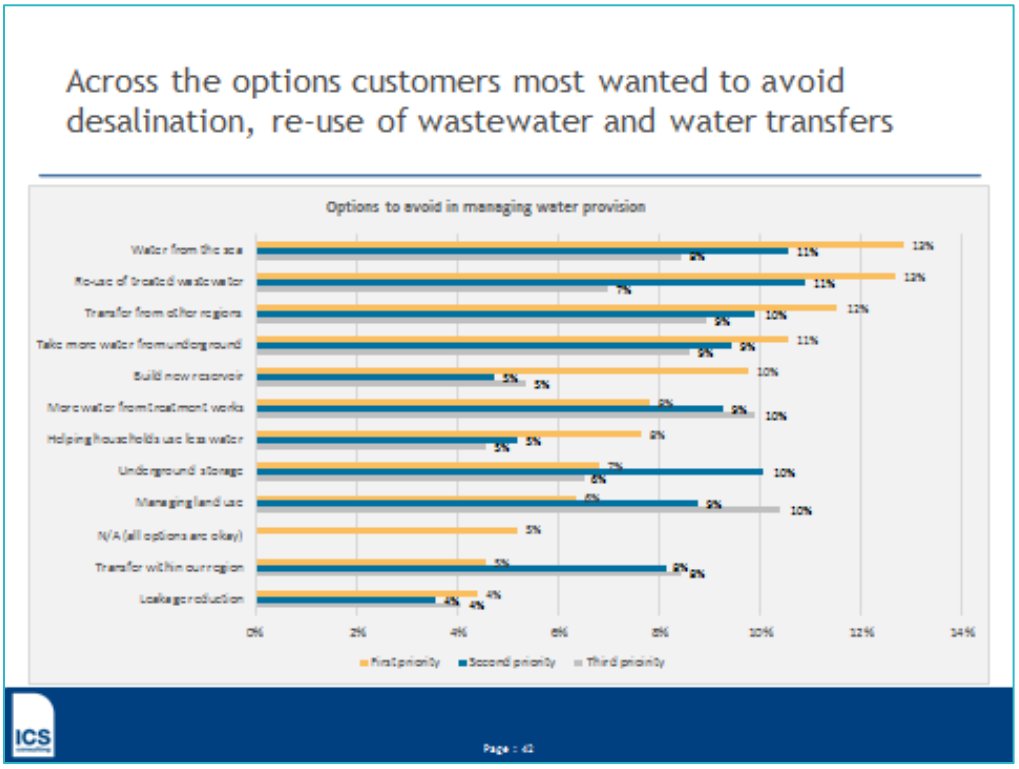
- 67 per cent of customers would accept rota cuts and standpipes once every 100 years or less

*Views on specific water resource options in draft WRMP*

We tested the 11 supply and demand options that featured in our draft WRMP with customers, and asked them to rank them in terms of their top priorities, and those which they considered should be less of a priority.

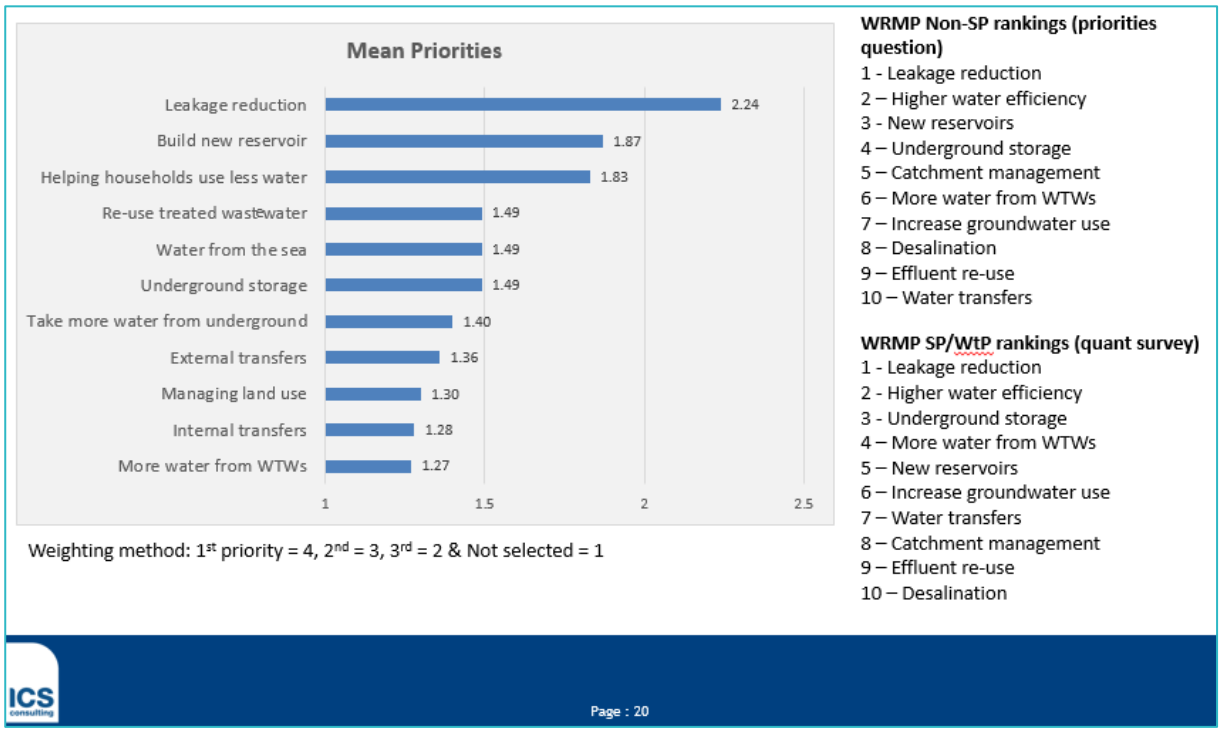
**Figure 45 – Customer option rankings**






Mean priorities show similar ordering and consistencies from other WRMP-related research, with leakage and water efficiency consistently popular options while supply-side options, especially desalination and water transfers, were less popular.

**Figure 46 – Customer options ranking (mean priorities)**



*Acceptability of dWRMP or further adjustments*

We summarised the key components of the draft WRMP – showing the bill impacts - to test customers' acceptability of the plan as a whole. This also allowed us to identify where we may need to address/change specific elements of the plan before it was finalised.

The results show:

- 83 per cent of customers supported the plan for water resources with the associated bill impacts
- 62 per cent of customers were happy with the plan's proposals for a higher resilience level of one in 200 years – even given the bill impacts involved
- When asked about individual elements of the draft plan customers;
    - 59 per cent were happy with the plan's proposal of a four per cent reduction for leakage - of those that weren't, 22 per cent said the plans don't go far enough, while 12 per cent suggested there was no need for the four per cent reduction
    - when asked about a 15 per cent reduction in leakage, 77 per cent supported this and a more ambitious plan than four per cent
    - 77 per cent of customers also supported the idea of going further on water efficiency to reduce PCC down to 139 litres per head per day – instead of the 144 litres per head per day in the draft plan.

## 6.4 Draft WRMP research with businesses

**Table 47 – How the WRMP research with businesses influenced our plan**

| When | Who | How | Objective | Plan influence |
|---|---|---|---|---|
| Dec 2017 – March 2018 | Range of businesses by employee size and sector:<br>• 45% of businesses represented were wholesale and retail trade; and government, health and education<br>• the majority of businesses (41%) were medium-sized with 4 to 49 employees<br>• 64% of businesses had bills less that £1,000 per year | • Quantitative - 30 pilot interviews followed by a mainstage of 200 telephone interviews | This research sought to:<br>• understand businesses preferences regarding the various ways of maintaining or improving the water supply-demand balance<br>• testing businesses' willingness to pay/accept a deterioration in levels of service as a result of them wanting to change the frequency (i.e. the risk) of something happening | The WRMP is a statutory plan that sets out how we will maintain water supplies to current and future customers over a 25-year period.<br>The WRMP also determines the level of service around maintain water supplies that businesses can expect during a drought. Any improvement (or deterioration) in these levels of service need to be informed by customers as to improve levels of service would require additional investment to improve resilience and flexibility.<br>The research findings will be used to determine businesses preferences around the range of options that can meet the supply-demand balance; and the level of service customers expect and are willing to pay for. This is then translated into investment priorities for both the WRMP and the 2020 to 2025 business plan. |

### 6.4.1 Findings

We undertook a quantitative willingness to pay (WTP) survey with businesses customers. The survey had two core objectives:

- To research customer attitudes and WTP in relation to the different supply-demand measures that could be adopted within our water resources management plan (WRMP);and
- to research attitudes towards changes in the frequency of different types of water use restrictions – in this instance non-essential use bans for businesses.

A discrete choice experiment (DCE) was designed to focus on WRMP options, characterised by the combination of supply-demand measures included, and the impact on levels of service (e.g. the frequency of NEUBs and rota cuts/standpipes) and the customer's bill.

Table 48Table 48 shows the selection of measures tested in the research.

**Table 48 - WRMP options tested**

| Measures |
|---|
| New surface water reservoirs |
| Underground storage |
| Increase groundwater use |
| More effluent re-use |
| Desalination |
| New water transfers from neighbouring companies |
| Water efficiency |
| Leakage reduction |
| More water gained from water treatment works |
| Catchment management |

The questionnaire was pilot tested with 30 businesses via telephone surveys. Following this, it was adopted for the main stage of the survey.

### Results

Consistent with the results for households, businesses appeared to be averse to bill reductions and thus did not wish to see decreases in their water bill on average in exchange for decreases in levels of service. Moreover, the results suggested they would prefer any improvement in service rather than have a bill reduction, if this could be achieved.

The WTP results, expressed in £ per NHH per year, are summarised in Table 49Table 49. The highest WTP is measured for *'Reduction in the leakage rate'* followed by '*Increase in the underground storage capacity'*. The least desired measure was '*Desalination*':

**Table 49 - WTP for supply-demand measures**

| Supply-Demand Measure | WTP [£ / NHH / Year] | | |
|---|---|---|---|
| | Central | Range | |
| Reduce leakage rate | £604.44 | £465.84 | £743.03 |
| Underground storage | £427.68 | £319.45 | £535.92 |
| New surface water reservoirs | £290.51 | £187.38 | £393.64 |
| More water gained from water treatment works | £277.38 | £181.93 | £372.83 |
| Higher water efficiency | £273.57 | £155.82 | £391.33 |
| New water transfers from neighboring companies | £206.25 | £88.75 | £323.75 |
| More effluent reuse | £180.17 | £82.73 | £277.60 |
| Increase ground water use | £173.45 | £66.16 | £280.74 |
| Catchment management | £165.52 | £51.18 | £279.85 |
| Desalination | -£88.67 | -£262.41 | £85.08 |

Table 50 shows customers WTP for a reduction in the frequency of NEUBs and rota cuts/standpipes; neither value was statistically significantly different from zero at the 10 per cent level of significance. Nevertheless, the central estimate is that customers were willing to pay £18.35 per year on top of their current bills, on average, for a reduction in the chance of an NEUB from one in 10 to one in 15, and were willing to pay £20.46 per year, on average, for a reduction in the chance of rota cuts/standpipes from one in 100 to one in 200.

**Table 50 - WTP for change of service level**

| Change of Service Level | WTP [£ / NHH / Year] |
|---|---|
| Change in the chance of a non-essential use ban (NEUB) | |
| From 1 in 10 to 1 in 15 years | £18.35 |

| | |
|---|---|
| From 1 in 10 to 1 in 20 years | £27.52 |
| Change in the chance of a rota cuts to supply or / and standpipes | |
| From 1 in 100 to 1 in 200 years | £20.46 |
| From 1 in 100 to 1 in 500 years | £32.73 |

# 7. Analysing the engagement findings

## 7.1 Introduction

Water companies have been encouraged to utilise multiple sources of information as part of their engagement programmes - indeed it is one of Ofwat's engagement principles.

Called triangulation, it involves analysing the information and data we receive from multiple channels of engagement.

In addition, we recognise the value in using other organisations' insights and evidence too via publicly available data.

However, for triangulation to work effectively, it requires a process by which the findings from internal and external engagement and data can be brought together for analysis.

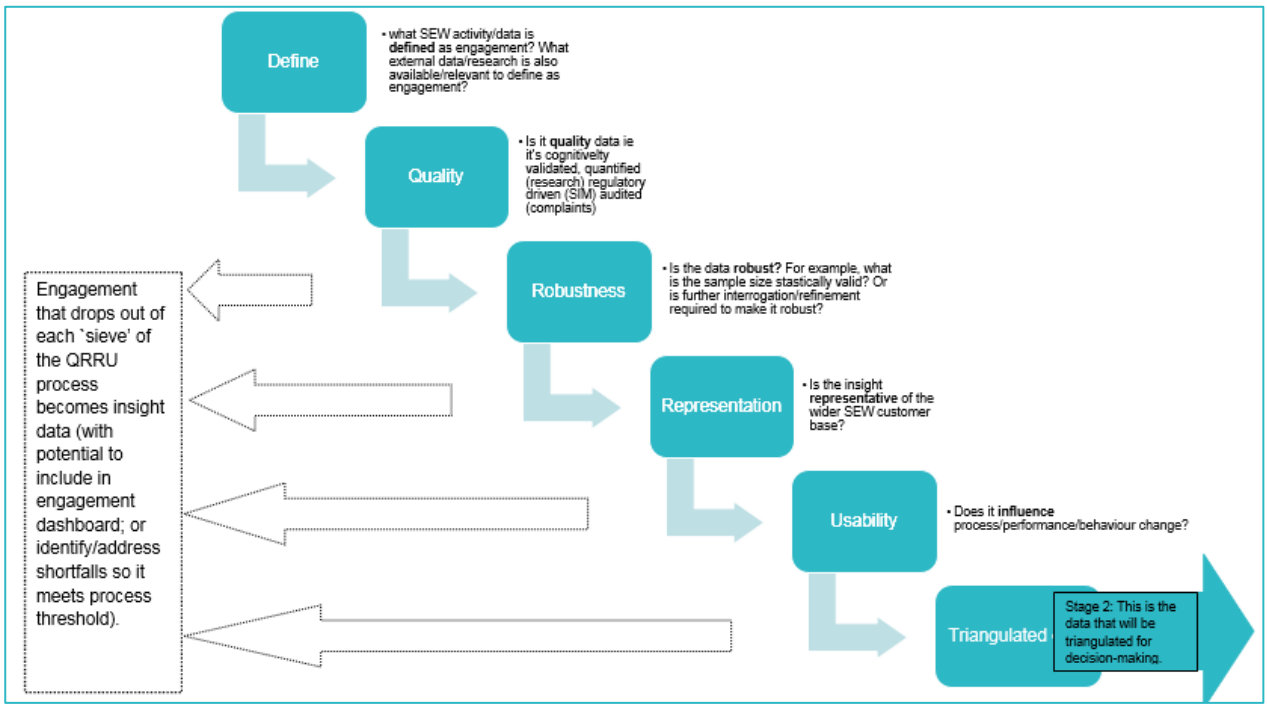
We devised a two-stage process to help us do this which we now explore in more detail.

## 7.2 What we should triangulate

The Stage 1 element of the triangulation process applied a series of 'sieves' to try and determine a minimum threshold of quality, robustness, representation and usability of the engagement data or evidence.

For engagement data or evidence that successfully passes through each 'sieve', we will use this for triangulation.

**Figure 47 – Stage 1: Proposed triangulation process**




In Stage 1 we assessed an initial 40 separate pieces of engagement data/evidence.

For each of these we applied:

- A weighted score 1 – 3 (1 low, 2 medium, 3 high) for each filter stage (quality, robust, representation and usability) the engagement touchpoint/activity goes through; and
- an explanation as to the rationale of that score.

We set a minimum score of 8 points to determine if the engagement touchpoint/activity goes forward for Stage 2 triangulation, or is deemed to provide ongoing insight which we can then report internally via an engagement dashboard. The following engagement touchpoints/activities were selected for stage 2 triangulation.

- All research with household, businesses and stakeholders for our 2020 to 2025 business plan
- Other insight
    - Consumer Council for Water - Water Matters Report 2017
    - Ofgem report on vulnerable customers
    - Consumer Council for Water - Staying afloat: addressing customer vulnerability in the water sector 2017-18
    - Relevant Experian and ONS data
    - Ofwat - Vulnerability Focus Report 2016

- Business as usual insight:
  - SIM surveys
  - customer satisfaction surveys
  - five out of five surveys
  - campaign surveys
  - contacts and complaints - operational and billing

## 7.3 How we should triangulate

The Stage 2 element of the process focussed on the approach needed to make judgements and decisions from all the engagement data, evidence and insight we gather to inform our future plans and services.

We asked ICS Consulting to assist us with overseeing the Stage 2 process and devise an interactive triangulation database which:

- Would use the agreed inputs from Stage 1
- weight the findings using pre-determined questions to provide a high degree of rigour
- show how the impact of those findings are mapped to key elements of our business plan e.g. priorities, levels of services, costs and overall acceptability.

We now describe each of these steps in more detail.

### 7.3.1 Making triangulation real - building a findings database from the bottom up

We interrogated the findings of the business plan engagement and research to pull out every finding. We then allocated a data source and reference, as well as the group (households, businesses, stakeholders) that finding came from.

Each finding also had a business area/theme allocated to it eg leakage, asset health, resilient water supply.

The database comprises nearly 800 findings in total, which is reflective of the breadth and depth of the engagement we carry out as a business – and not just for the business plan process, as it:

- Documents every relevant insight and our learnings from them
- where they may potentially conflict with (or complement) learnings from elsewhere.

### 7.3.2 Weighting the findings

Each research theme and its associated findings is put through the weighting process, showing the:

- Data source
- sample size
- stakeholder type
- segments and sub-populations
- whether it maps onto a key theme
- whether there are enough good quality sources
- whether the qualitative and quantitative evidence support each other
- how contradictory evidence has been assessed
- whether selection bias is accounted for
- robustness weighting
- relevance weighting

In weighting the findings we have been mindful of the guidance produced by the Consumer Council for Water (CCW) which suggested a framework of seven guiding principles for triangulation so that it delivered broader, more in-depth customer evidence which business plans could be grounded in.

In addition to the key issues set out by CCW, our Customer Challenge Group also asked for two other issues to be considered:

- The time horizon e.g. is it relevant only for the 2020 to 2025 period or longer term
- the individual versus the wider community benefit

### 7.3.3 Defining the impact on the 2020 to 2025 business plan and South East Water

The final stage of triangulation involved looking at each common theme and to understand how each finding could impact, or not, on our 2020 to 2025 business plan. Each finding again showed the following:

- The data source
- how the insight is relevant to our business – for example its influence on customer priorities, levels of service, cost issues and overall acceptability of the plan
- how the insight has been translated into our plan – for example outcomes, performance commitments, setting of outperformance payments and underperformance penalties, the use of our innovation toolboxes.

We show this in more detail in section 8.2 of this appendix.

### 7.4 Using triangulation to set Outcome Delivery Incentives

A further specific piece of triangulation occurred to directly inform the setting of our performance commitments and Outcome Delivery Incentives (ODIs).

We assessed the valuations from two key pieces of quantitative research – the main stated preference willingness to pay research (section 5.8) and the findings from Supercharge (5.9) - to form the benefit part of the ODI formulas.

In our triangulation process, we evaluated the research against clear criteria and concluded that it was appropriate to apply a 33 per cent weighting to our Supercharge valuation research; and a 67 per cent weighting to our willingness to pay research.

We also cross-checked our valuation results against the findings from our analysis of contact data, the insights from our qualitative customer research, and our stakeholders' views on particular performance commitments.

More information on our ODI triangulation approach can be found in Appendix 2 Performance commitments and outcome delivery incentives.

# 8. What we learnt from our engagement

## 8.1 From our customers, stakeholders and businesses

### 8.1.1 Priorities

The result of our listening and learning is a genuine understanding of what our customers' and stakeholders' priorities are for their water supply, both now and in the future as outlined in Table 51.

**Table 51 – Our customers' priorities**

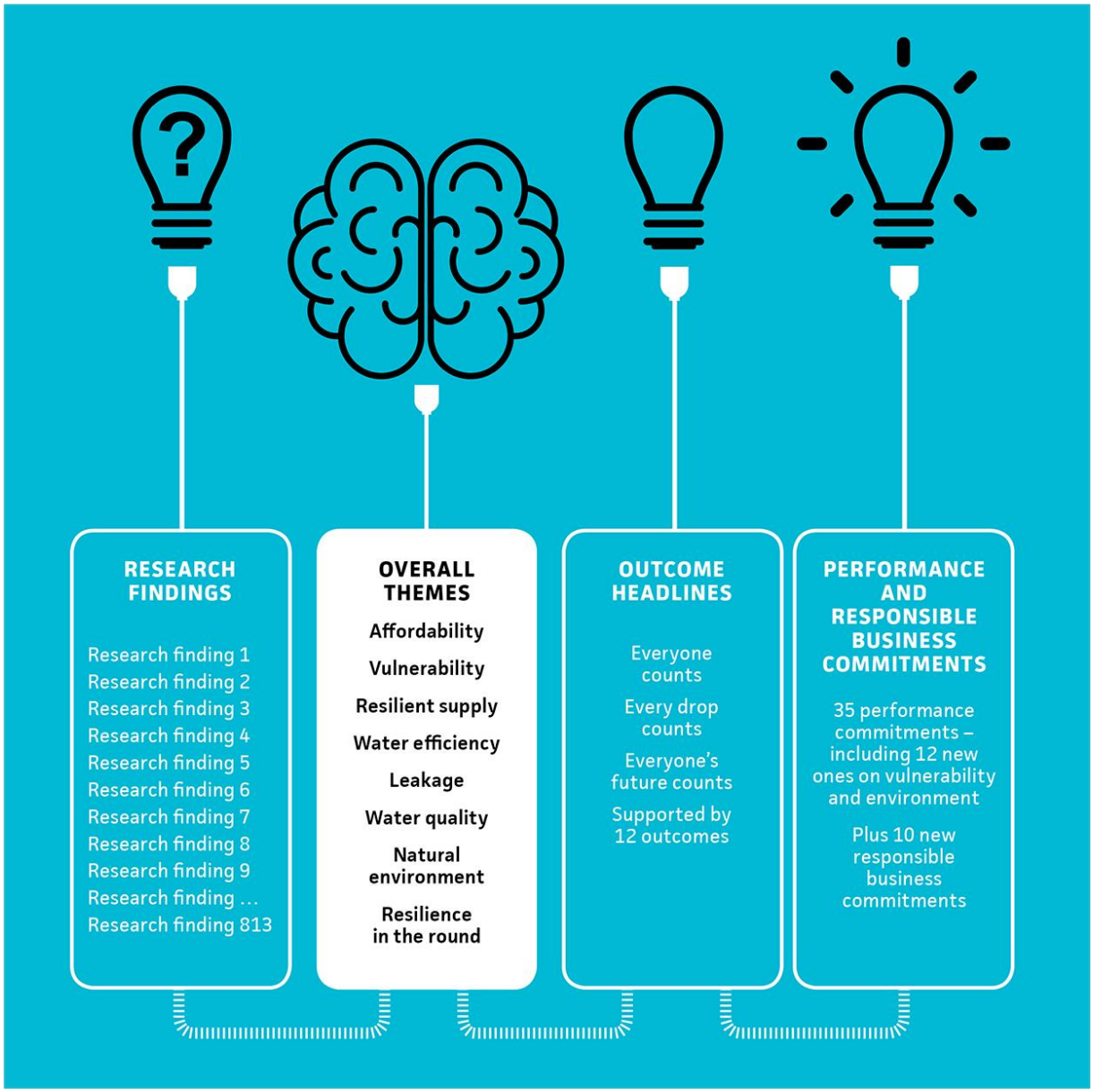
| What they said | | | | |
|---|---|---|---|---|
| **Protect** | The quality of the water that comes out of our taps | The natural environment and the wildlife it supports | Customers who need extra support – financial or otherwise | Our water supply service – by becoming more resilient in the round |
| **Tackle** | Leakage - and reduce it further and more quickly | Demand for water – and give us the information and tools to help do our bit too | The level of greenhouse gases you emit | |
| **Keep** | Future water supplies secured by investing to make them more resilient | Educating current and future customers about water | | |

This shows that customers and stakeholders continue to have a strong focus on both the **quality** and the **reliability** of the 'product', but there is also an increasing focus on the **service** and **experience** they receive; as well as the wider **societal and environmental role** we should play too.

### 8.1.2 Areas of focus

Eight overarching themes emerged from triangulating our day to day insights and research with customers, stakeholders and businesses which we assessed to determine its influence on our plan.

**Figure 48: The golden thread from insight to plan**




The result is a strong and visible golden thread that runs from the insight we have gained to what we set out in our plan, particularly our outcomes and performance and responsible business commitments.

### 8.2 From our Board

The Board has translated the insight it has gained from its own engagement programme into a number of targeted areas and priorities for our business. In particular we need to:

- Provide easy access to multiple channels of communications – recognising that customers range from IT and social media savvy to those who do not have mobile phones or internet access and may have hearing and language difficulties
- appoint a vulnerability champion to work across our business, recognising the wider social role we have to ensure our product and services are affordable, accessible and protective for customers whose circumstances make them vulnerable
- attend more vulnerability events to both promote our support tariffs and services; and increase our trusted partner network (see Appendix 8 Vulnerability: Affordable, accessible and protective services) so we can share best practice
- think differently about how we present our bills in a way that doesn't overwhelm them, and focusses more on what they need to know from us – rather than what we want to tell them
- raise the profile of our activities as a responsible business – particularly around our social and environmental commitments
- undertake more targeted stakeholder engagement and be clear on the benefits
- build on our proactive, real-time updates to customers – especially during planned and unplanned interruptions to their water supply.

### 8.3 From our Customer Challenge Group

Our CCG has been central to the development of our plan, scrutinising and challenging many of the decisions we have made, ensuring our business plan promises meet current and future customers' needs.

The CCG has produced its own report on the quality of our customer engagement and the degree to which customers' views are reflected in our 2020 to 2025 business plan but in summary has said the following:

*"South East Water continues to be on a journey to embed engagement into their everyday business. Since PR14 there has been a step change in the number, range and quality of its engagement activities. On balance, we commend South East Water for the exceptional progress they have made on customer engagement over the last year and a half.*

*"Against the CCG's quality of engagement assessment framework informed by Ofwat's 'principles of good customer engagement', Citizen's Advice and AA1000 stakeholder standard, we have scored the company 7/10. In some areas, the company has been very innovative – for example their values based customer segmentation will enable the business to move beyond notions of an average consumer and tailor communications and services to different customers' needs. Their resilient customer concept considers how consumers can take control and become partners with the company, to deliver solutions to improve their own affordability, water security and peace of mind.*

*"However, South East Water's engagement strategy upfront and over all planning has been more challenging. A lack of in-house expertise and an historic stop-start approach to engaging with customers around the business plan, has resulted in lack of time for reflection, consolidation and flex. As a consequence the CCG had less time than we would have liked to scrutinize certain areas. The overall judgement on the score therefore has taken into account the company's size, distance travelled since PR14 and how well the company has responded to CCG's challenges, and where available, water sector benchmarks.*

*"In total over the last year and half we have made more than 190 challenges to South East Water. They have responded to 154 of these and the rest are still in progress.*

*"The CCG has challenged the company to build stronger engagement foundations and they have responded well: we have seen mapping of stakeholders and customers; more targeted engagement approaches; more robust and creative willingness to pay research; better capture of customer insight, and increased engagement with hard to reach groups and non-household customers.*

*"There are still improvements to be made. South East Water has committed, for example, to pilot deliberative research so that they can have more informed conversations with households and businesses on complex issues such as future risks, challenges and trade-offs.*

*"In line with Ofwat's Principle 1, the CCG is assured that the company is delivering outcomes that the majority of customers and society value (albeit to varying degrees) with a business plan acceptability rate of 78 per cent and 88 per cent for household and non-household customers respectively.*

*"There is a strong link between customers' priorities that we've heard and seen and the proposals in this business plan. The company has been genuinely listening to its customers - including its most vulnerable, and should be praised, in particular for its fledgling responsible business strategy.*

*"In practice, it has not always been clear that customer and non-regulatory stakeholder views have genuinely driven as opposed to simply supported proposals. This is particularly the case on water efficiency and leakage, where regulatory expectations, not associated strong customer and stakeholder views, ultimately prompted a change in the company's stated ambition levels.*

*"We have thrown down a gauntlet to the Board to truly demonstrate their commitment to engagement on an ongoing basis, during PR19 and beyond and they have taken it up. We have pleased to report that they have promised to establish a new customer insight function, a new vulnerability strategy and stakeholder team, and to work with customers and stakeholder to co-develop and embed into the culture a business as usual engagement strategy over the coming months. We have grounds for optimism therefore that the company is on the right track."*

### 8.4 From our Environmental Focus Group

The EFG was given full opportunity to challenge and provide feedback on each of the components of WRMP19 during its preparation, including its relevance to addressing strategic and local level issues as appropriate.

The EFG challenged our levels of ambition in terms of improving resilience, environmental performance and future demand management reductions, and specifically in the following areas:

- Leakage: the strong consensus from the EFG members who responded concluded that reducing leakage by a further 15 per cent by 2025 represented a sufficiently stretching target
- PCC: the majority of feedback considered our PCC ambitions to be a sufficiently stretching target both in the short and longer term – although there was recognition that many PCC-controlling factors are arguably outside of our control; and that industry comparators may not adequately reflect the current performance or particular circumstances of each company

The EFG also tested our assumptions, decisions, and co-created our solutions during the preparation of dWRMP19; and made formal representations to Defra on our draft plan as a result of having a deeper understanding of the process – of the 56 representations received by Defra, eight were from organisations that are members of our EFG group.

# Annex A South East Water engagement strategy

south east water

# South East Water Engagement Strategy

## Annex A to PR19 Supporting Appendix 1

3 September 2018

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# Contents

# 1. Introduction

### 1.1 Setting the scene

We are an essential service, providing safe, high quality drinking water supplies and support services around the clock to 2.2 million customers.

Delivering this service is more than just about making sure our pipes, pumping stations and treatment works are in good order. Our product is vital to health and life itself; as a consequence, so too are many of the support services we offer.

In providing this essential service, we recognise the privileges we have of being a regulated monopoly. Customers cannot choose their water supplier and so it is our responsibility to make sure our actions and behaviours, as well as our product and services, also make customers feel that we can be trusted to serve them.

Effective engagement is a key tool to establishing that trust with customers. From a position of trust, we can do so much more. We can learn about their changing water needs and understand the additional support or information they would like from us - particularly when things go wrong - so that we provide a five-out–of-five service to everyone and whatever their circumstances.

### 1.2 Why do we want to engage?

To understand why we want to engage we have performed a PESTLE analysis specifically looking at it through the lens of engagement.

The following table captures our analysis, and clearly shows that without continued engagement we may not fully understand the wider expectations, needs and priorities that customers, staff, stakeholders and society have of us:

### 1.2.1 PESTLE analysis

| Political | Economic | Social/Cultural | Technological | Legal/Regulatory | Environment |
|---|---|---|---|---|---|
| Political priorities are often generated via public opinion; or driven by the opinions of relevant stakeholder groups.<br><br>Changing political priorities can produce sudden corporate 'impacts' to how we operate - especially if it is accompanied by immediate or sustained media exposure.<br><br>Trust can be influenced by political opinion and a change in trust can impact the business via a reduction in customers' satisfaction, increase in cost to serve and increases in customer complaints and queries.<br><br>The public sector austerity programme has indirectly resulted in greater public scrutiny of private sector companies. | Economic impacts on customers and stakeholders are not always evident from our business as usual interactions with them; but the wider health of the UK economy/financial climate will affect our business – whether it's the amount of customer debt we carry or the health/ability of the supply chain to service our contracts. | We are seeing greater expectations from customer stakeholders and investors around:<br>• Our customers are individuals and we need to understand their individual needs<br>• that we provide advice as well as services<br>• that water companies are active influencers in the population and property growth debate<br>• that vulnerable customers are provided, supported and cared for by utilities<br>• that we plan for a wide range of different futures<br>• that we are resilient to a range of extreme events and challenges<br>• our own staff on how we should operate<br>• | Technology to support all areas of service provision is changing at a rapid pace – especially digital-based technology.<br><br>Customers' expectations on how we will use technology in our water supply operations, and our engagement/communication with them on water is also changing – they often perceive that we are lagging behind.<br><br>There is increasing wide ranging expectation that we innovate at least in line with other industries. | Expectations of a step change in all areas of our performance and how efficient we are in delivering a water supply service.<br><br>Expectations on how acceptable our customers find our financial structures and other related issues are changing.<br><br>Expectations there will be more transparent risk-sharing around performance between customers and shareholders.<br><br>Expectation around a number of key themes including resilience, vulnerability, innovation and affordability. | Our environmental activity and obligations are also continually changing:<br><br>• customers' and stakeholders' expect the environment isn't adversely impacted by our activities – in fact they expect biodiversity and wildlife to be enhanced<br>• water companies are encouraged to be active influencers in the plastics and bottled water debate<br>• customers expect us to minimise our carbon impact<br>• new environmental legislation is relatively frequent<br>• there is risk to existing water sources being relied upon in the future due to potential environmental impacts<br>• increased expectation that we deliver wider environmental resilience |

The PESTLE analysis allows us to succinctly capture why we need to engage. It showed that without continued engagement we may not fully understand the wider expectations, needs and priorities that customers, staff, stakeholders and society have of us, going forward.

Failing to react to or meet the expectations and issues it raises will result in adverse impacts on us via a number of routes – from unwelcome regulatory outcomes to increased cost to serve customers, and a general lack of acceptability in our future planning and service delivery.

That said, engaging with our customers and stakeholders is not a new initiative for us. In fact, since 2010 we have intuitively ramped up our engagement on all aspects of our water supply service, not least as it has underpinned our work to improve customer satisfaction - we explain why in section 2.3 – so that today it empowers everyone in the company, from frontline staff to the Board, to strive to do things differently and better.

As a result, we've evolved culturally from an often silent, invisible transactional-based utility to a proud, proactive participant in the communities we serve, which wants to gain insight into all the areas described in the PESTLE analysis.

We have become passionate advocates about the power of engagement. It gives us valuable insight and knowledge about customers and society's current and changing expectations about our service. We can then make business decisions based around what our customers and society value, need and expect – as we have done from our learnings around measuring customer satisfaction and attitudinal segmentation.

Good engagement also underpins our strong community-based presence and wider corporate reputation as a socially responsible business. It has directly shaped our 'Pure know $h_2$ow' brand which is all about celebrating the knowledge and expertise of our staff. It is also setting the tone for our 'Share know $h_2$ow' initiative, which is about engaging with customers, stakeholders, partners and industry experts to develop our services more collaboratively.

In summary, engagement helps us:

- See the future more clearly and react accordingly
- find and understand our customers better – particularly those who are vulnerable
- deliver our customers' and stakeholders' priorities
- define the level of service and performance targets we're expected to deliver
- identify and deliver new ways of working or new solutions
- clarify our wider societal and community role
- make our brand far more visible and build customer trust and confidence is us.

Engagement also benefits us directly by:

| Benefit | Example |
|---|---|
| Reducing the impact of unforeseen 'shocks' (political, economic, social, legal/regulatory, environmental) as we are better prepared for changes e.g. anticipating political priorities and acting ahead of those being articulated and/or publicised. | The observations we made from PR14 customer research was that leakage was a clear customer priority and so we set ourselves a target to continually drive down leakage – ahead of the recent political focus on the issue – so that our performance is now upper quartile. |
| Maximising our relative position for key regulatory measures by leading the industry on better ways of measuring performance. | Introducing customer satisfaction as a measure of our performance which we adopted in 2015; and which will now be replicated across the industry via the customer service measure, CMEX, from 2020. |
| Reducing the cost of serving our customers by providing a service that meets their expectations, reduces complaints and improves satisfaction. | Our insight into customers' web use showed a growing trend towards mobile access, so we updated our website to take a "mobile first" approach to allow more customers to self-serve from a wider range of platforms. |
| Ensuring our future plans are more likely to be trusted and endorsed by customers and stakeholders due to the positive relationships we develop by engaging with them to understand the challenges and co-create the solutions. | Our work with the Environmental Focus Group on successive water resources management plans (WRMP14 and WRMP19) has helped us develop more collaborative plans that are widely supported; and our engagement with the group's members is recognised as an example of best practice. |
| Avoiding unnecessary regulatory scrutiny as all parties trust us to achieve our promises, as a result of our proven, effective engagement and delivery. | Ofwat has classed our company monitoring framework as self-assured for the last two years. |

| Benefit | Example |
|---|---|
| | |
| Customers responding positively during times of water stress. We occasionally but rarely need customers to reduce their water use or alter their behaviour in other ways when the water system is stressed. This is much more likely to be effective if they trust us as a company, and if the message is delivered in the right way; both can be achieved via effective engagement. | Household and non-household customers responded positively and collaboratively to our calls for water use restraint during the 2011-12 drought – parish councils in particular provided a strong community-based engagement medium for delivering our messages. |
| Reducing the cost of supplying water by more innovative ways of working and which is found from effective engagement and looking for new opportunities. | As we developed our 2019 water resources management plan we were able to secure an existing abstraction licence at the former Aylesford Newsprint site to secure the available water – deferring investment that would have otherwise been needed to secure supplies in this area. |
| Finally, a business that is seen to be effective at engagement across everything it does is likely to be considered positively by regulators and stakeholders which, in itself, can produce tangible (light touch regulation, sound reputation). | We have good working relationships with all our regulators who trust us to deliver on our promises; and address any issues quickly and efficiently if or when they do occur. Our post-open day surveys of stakeholders also reveal an increase in satisfaction scores once they have a greater understanding of the work we do in their communities. |

### 1.3 What is this document?

The rest of this document is set out in the following way:

**Section 2: How we have developed our engagement strategy:**

- what we know and have learnt so far

- how those learnings have shaped our engagement strategy
- the external influences that have shaped our engagement strategy
- collating a SWOT analysis from what we have learnt so far

**Section 3: Our engagement strategy:**

- Our future counts – strategy, governance and leadership
- Your water, your say – developing our business plan through engagement
- Shared know $h_2$ow – our customer-centric business plan
- Count me in – delivering our plan together
- Our engagement strategy in visual form.

# 2. How we have developed our engagement strategy

### 2.1 Introduction

In this section, we set out how our engagement strategy has been informed by the following:

- what we know and have learnt so far (through our own data, transactions and external data mapping)
- how those learnings have shaped our engagement strategy
- the external influences that have shaped our engagement strategy

### 2.2 What we know and have learnt so far

#### 2.2.1 What we know from our transactions

Every day around 2,500 customers interact with us - whether by phone, email, post or the web. Of those daily contacts, we are able to determine the 'top transactions' that customers want or need to undertake with us:

1. Change of occupier
2. Make payment
3. Payment plan
4. Bill query
5. Refund
6. Charges/Tariff query
7. Consumption query
8. Leak allowance
9. Deceased
10. Change name/address

This knowledge has allowed us to both focus our efforts and resources on these transactions and processes, thereby reducing complaints and improving customer feedback. Dealing with customers' issues once and promptly - and making sure that service is personalised to their individual needs - has underpinned much of the 'every

customer counts' success story we've seen, leading to reduced complaints and improved satisfaction.

The transactions we undertake with customers are important at giving insight into how they want to do business with us, and their expectations of the service we provide - but they do not give us any more personal data about the social and economic 'make-up' or the attitudes of our customer base.

We have worked with Experian, a leading provider of information, analytical and consumer marketing data to purchase data for our entire supply area (and how that data compares to the rest of England and Wales). This has allowed us to gain additional transactional-based insight at a postcode level, including the following:

- The 'mosaic' types of customers that exist – from transient renters to family basics and aspiring homemakers
- the size of the households (occupants) and household type (house, flat, bungalow)
- any dependants in the household (number) and additional information about them (such as those with a long term health issue or disability)
- their gender, ages, education and occupation type
- their economic activity – student, employed, self-employed, unemployed, retired, long term sick
- whether they own, lease or rent (private and social) the property
- how many vehicles they own
- their living arrangements e.g. single, married, co-habiting, widowed.

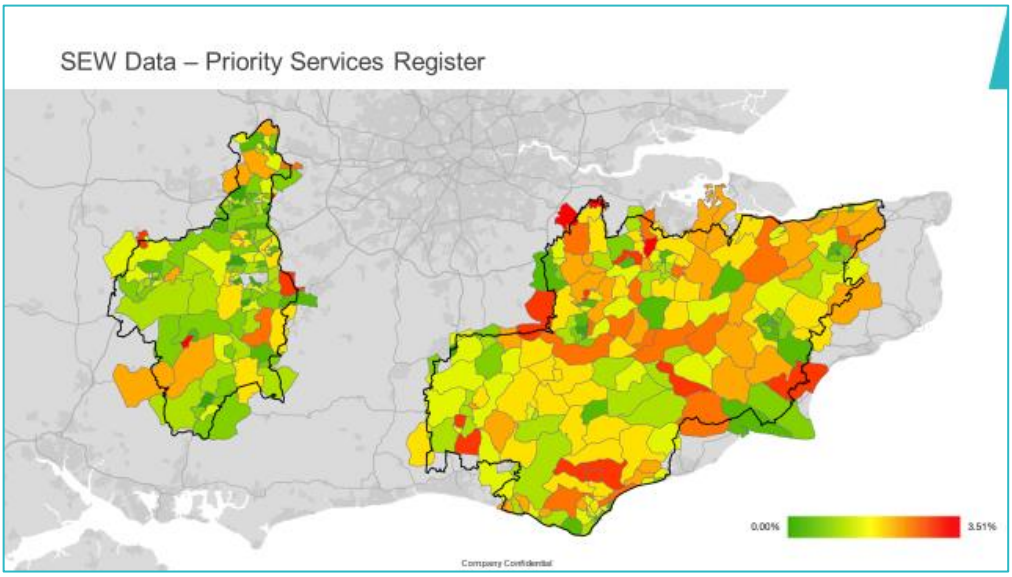
### 2.2.2 What we know from our own data

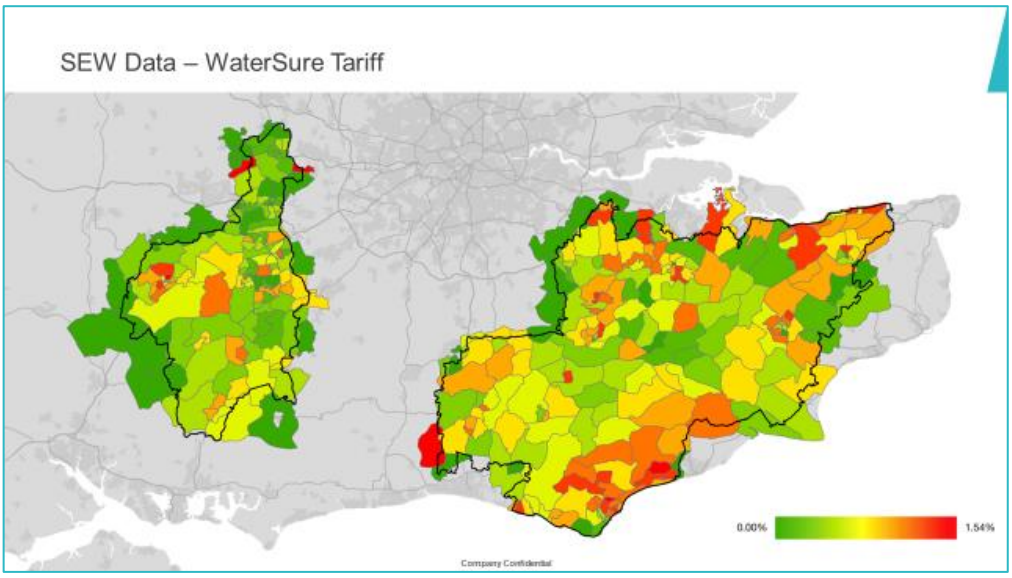
The data we have about our customers has predominantly based around our historic role as a monopoly utility service which undertakes thousands of transactions around water. These transactions give us the following high-level data:

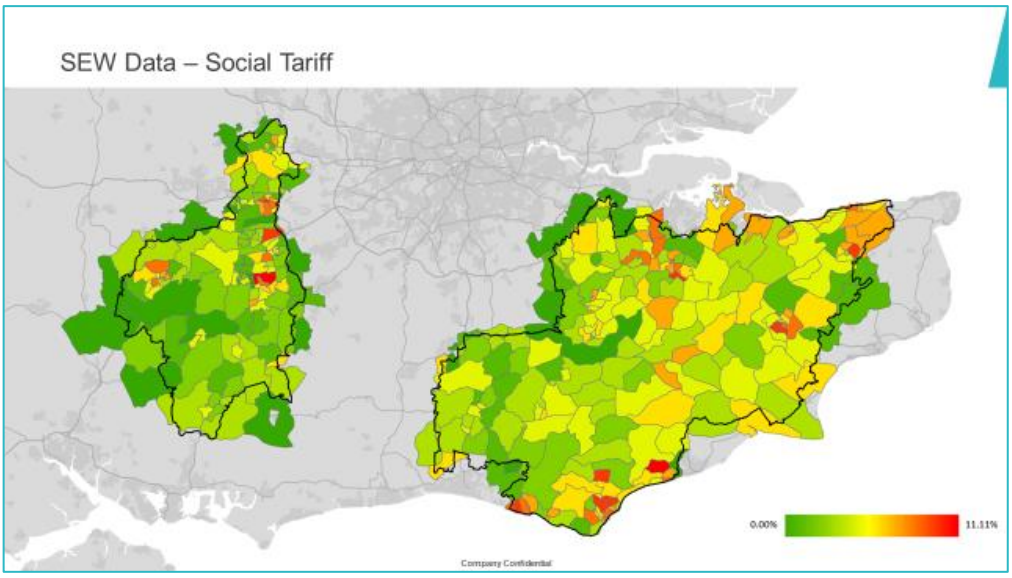
| | |
|---|---|
| No. household properties | 940,826 |
| No. household properties on a meter | 81.67% |
| No. household properties on a budget plan | 445,257 |
| No. household properties paying by Direct Debit | 573,749 |
| No. household customers for who we have an email address | 289,481 |
| No. household customers for who we have a mobile phone number | 496,431 |
| No. customers on social tariff | 12,523 |

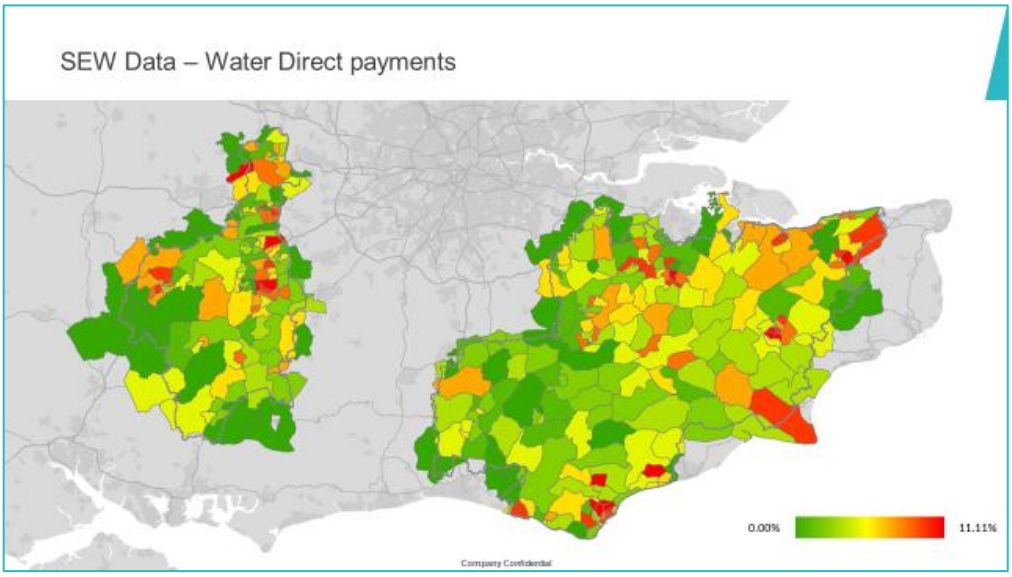
| | |
|---|---|
| No. of customers on WaterSure tariff | 3,440 |
| No. of customers on Priority Services Register | 16,708 |
| Average daily water use for metered customer | 140 litres per day |
| Average daily water use for unmetered customer | 181 litres per day |

In tandem with our efforts to reduce complaints, we have also begun to interrogate the data we have about those customers who receive additional support from us via our Priority Services Register (PSR), those on support tariffs (WaterSure, Social Tariff) or whose water bills are deducted from their benefits (Water Direct), to develop 'heat maps', as shown below:






We are taking this internal data and supplementing it with external data to understand more about vulnerability risks in our supply area – which we cover in the next section.

### 2.2.3 What we know from external data mapping

We are using external data to understand more about the vulnerability risk factors e.g. housing, age, health, mobility etc in our supply area.

The data mapping work is comprised of:

- Insights from external data sets (including those customers potentially at risk of vulnerability) from Experian
- comparing that with insights from our own vulnerability data
- insights from others' vulnerability data e.g. energy companies, other water companies

We are also working with other stakeholders, such as energy companies, local authorities and external data companies, to obtain data from them to support the identification of vulnerable customers in our supply area.

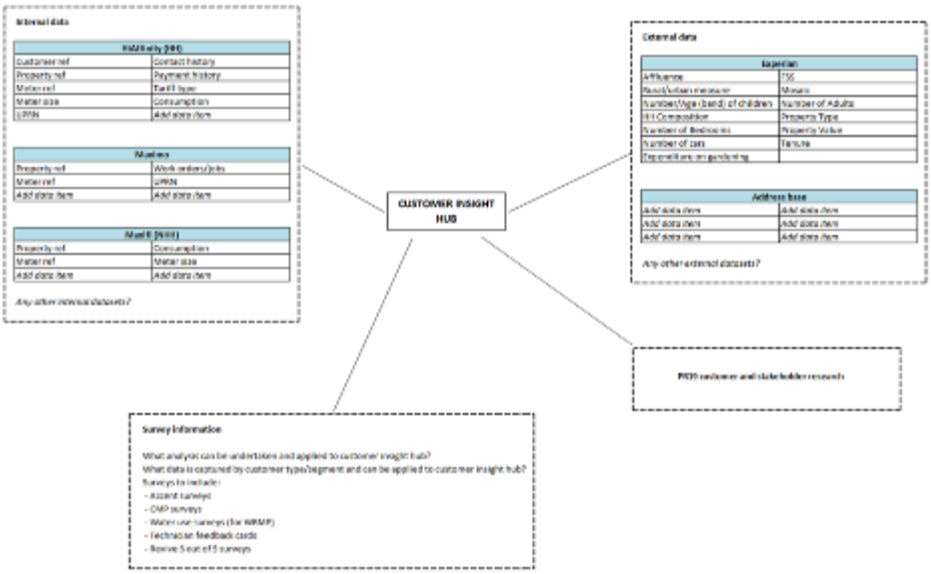
The data mapping project is in its early stages but it is enabling us to identify some key personal and social characteristics of our customer base, such as:

- Economic – the south east region is economically more active than base UK levels
- Ethnicity – the ethnic make-up of the south east region reflects a greater proportion of white people than the national picture
- Health - 83.8 per cent of our customers are in good or very good health, compared to 81.2 per cent across England and Wales. The picture differs from our west to east region though, with the west reporting generally more positive health than the east, although with the east still being more positive than the national trend
- Deprivation - analysis of data provided through the Department for Communities and Local Government's Index of Multiple Deprivations (IMDs) shows our supply area suffers less deprivation than other areas of England and Wales. Although further work is needed to match the IMD areas to our patch, the current analysis shows only 58 areas within our region fall within the lowest IMD decile, all of which are in the eastern region
- Age - there are over 620,000 (20.2 per cent) people aged 65 and older in our supply area, which is higher than the national average of 18.2 per cent.
- Single households - there are 349,474 single-occupancy households in our supply area representing 11.6 per cent of our customer base. Of these, 5.3 per cent are aged over 65

The data mapping of our customer base has given us greater insight into customers' specific characteristics and needs so we can target our services – particularly to customers in vulnerable circumstances – more effectively.

Going forward, this level of data granularity has the potential to significantly enhance the attitudinal segmentation approach we are undertaking (we cover this in more detail in section 2.3.2) and transform our engagement and communications by making them more targeted and relevant. Our engagement and communications can occur in a 'top-down' regional/community way, and also 'bottom-up' on an individual basis.

We are also exploring the development of an 'insight hub' that will facilitate data analysis across multiple different data sources as follows:




## 2.3 How those learnings have shaped our engagement strategy

### 2.3.1 Introduction

Four key issues dominated the 2010 to 2015 period which proved to be the catalyst for us moving towards a more customer-centric business:

- Customer complaints
- the 2011/12 drought and temporary use bans (TUBs)
- the 2014 price review process
- 2015-17 customer conversations

We now summarise each of these issues.

### 2.3.2 Customer complaints – and what we learnt

In 2011-12 we saw written complaints from both business and household customers about our customer service peak at circa 13,000 complaints.

The peak was a consequence of the migration to a single billing system in our customer contact centre. While the migration itself was successful, the productivity of the contact centre agents using the new system was much slower than we'd anticipated.

Complaints centred around transactional delays (particularly around responding to customer billing queries and applications to have a meter fitted); and water supply issues - due to a drought and water restrictions there was an increase in leak complaints, while higher agricultural demand for water in Kent prompted customers to complain about their water pressure.

The work we undertook on complaints was about fixing and improving what we did so customers didn't have cause to complain about our service in the first place.

However, while a substantial amount of effort went into fixing our processes, it was the cultural shift we made towards a customer-centric way of working that delivered the most in terms of our performance. Our work on complaints became the pre-cursor to our "five-out-of-five" initiative and our innovative move to measuring our performance by customer satisfaction.

### 2.3.3 2011-12 drought – and what we learnt

Water supplies across the entire south east region came under intense pressure during 2011-12 when we and other companies experienced a rare type of drought driven by two back-to-back, extremely dry winters.

As a result, our groundwater sources reached historically low levels. To ensure we protected these depleted sources for essential water use, it was necessary in April 2012 to introduce temporary water use restrictions across our entire supply area. We were among seven water companies to impose restrictions.

The experience of the 2011-12 drought provided us with greater insight into the power of proactive communications, showing:

- there was a clear correlation between improved customer understanding of the seriousness of drought and changing behaviours in the short term, with the issue of our own proactive branded communications
- how customers expected to be communicated with during a drought
- the importance of working together with water companies and third-party voices to ensure consistent and strong messages were delivered

- how vital it is that we proactively engage and collaborate with customers, communities, stakeholders and the media about our work to secure and maintain water supplies during “peace time” too

The learnings we made heralded the start of our more proactive communications strategy to engage and inform customers and stakeholders about where their water comes from; the activities we undertake to keep taps flowing; and developed the ways in which we communicate.

#### 2.3.4 2014 Price Review process – and what we learnt

Customer engagement has always been an important element of any business plan process but for the 2014 price review process there was renewed focus on how this should be achieved.

It matched our own ambition to become a more customer-centric business - and the change in Ofwat’s methodology - which saw us develop a business plan that was based around ‘outcomes’. An outcome sets out, in the broadest sense, what we want to achieve in all areas of our performance as opposed to just meeting a list of key performance measures. This reinforced our desire to:

- develop more customer-focused outcomes that moved away from just measuring our own activity
- prioritise the areas we invested in to meet those outcomes, and design and set the performance targets and incentives by which our water supply service and performance would be judged

As a result, our 2015 to 2020 business plan was based on a series of customer outcomes - those directly shaped by what customers have told us is important to them, many of which would use customer satisfaction scores to track our performance.

We believe our engagement for PR14 was innovative and an exemplar of how the industry should benchmark itself for future conversations with customers, as it focused on customers’ views of our service.

Our engagement for PR14 – and the decision to measure many aspects of our performance by customer satisfaction – became the launch pad for many of the engagement and ‘five out of five’ brand initiatives that were developed for, and are being delivered, in the 2015 to 2020 period.

These are focussed on taking customers beyond transaction-based conversations about their water bill by becoming a more visible service that engages, listens and works collaboratively with them and others, and builds trust in the process. We also

developed additional opportunities for conversations that give us greater insights into our customers' priorities, which we explore in the next section.

### 2.3.5 2015-17 customer conversations – and what we have learnt

The following table summarises:

- what our customers' priorities were at the 2014 price review
- what they have told us since from our many transactions and conversations with them.

| Customer priorities | At PR14 | Today | Data source |
|---|---|---|---|
| Water quality | Customers take the quality of their tap water for granted and trust us to provide a water supply that is safe, clean and has an acceptable appearance, taste and smell. | Customers continue to place a high priority on the quality of tap water we supply – particularly around taste, smell and appearance which continue to generate a higher number of operational contacts. | Annual tracker survey<br>SIM surveys<br>Customer satisfaction surveys<br>'Five out of five' surveys (operations)<br>Customer complaints/contacts<br>Stakeholder engagement<br>Community talks and events<br>WTW tour – post event feedback<br>Media coverage (including social) |
| Water supply | Customers generally take the reliability of their tap water for granted but saw it as our role to meet their current and future demands for water – by adopting the twin-track approach of saving water and developing new supplies.<br><br>Customers think leakage levels are too high and waste a valuable resource; it's a problem we need to fix, and certainly before we ask them to conserve water when there are shortages. | Customers take the reliability of water supplies for granted and expect us to ensure there is enough water for everyone. In general they do accept that occasionally things will go wrong; when they do they expect our service recovery – including our communications as well as our repairs – to be quick and effective.<br><br>Leakage remains a priority for customers and their satisfaction at our efforts to inform them on how we find and fix leaks is | Annual tracker survey<br>SIM surveys<br>Customer satisfaction surveys<br>'Five out of five' surveys (operations)<br>Customer complaints/contacts<br>Interruptions/Incident feedback - including post incident surveys<br>Aldershot leakage campaign<br>Leak repair scheme contacts |

| Customer priorities | At PR14 | Today | Data source |
|---|---|---|---|
| | | improving – but we still need to do more. | Stakeholder engagement (EFG)<br>Community talks and events<br>WTW tour – post event feedback<br>Media coverage (including social) |
| Water service | In general, customers were happy with how we operate our business for them, but they expect to be able to choose how and when they do business with us, and want more information around water efficiency advice and water quality. | Customers' expectations about the range of contact channels and transaction methods have increased. We've responded with greater use and promotion of online account management, website information, social media, live chat, SMS alerts. | Annual Tracker Survey<br>SIM surveys<br>Customer satisfaction surveys<br>'Five out of five' surveys<br>Customer complaints/contacts<br>Social media data<br>Advizzo pilot<br>Stakeholder engagement<br>Community talks and events<br>WTW tour<br>Interruptions/incident feedback – including post incident surveys<br>Media coverage (including social) |
| Water bills | A priority for the majority of customers is low, affordable bills. In general, they were not willing to pay for any significant improvements in current levels of service. | Keeping bills low and affordable is important – but so increasingly is customers' perception of whether the bill represents value for money. | Annual Tracker Survey<br>SIM surveys<br>Customer satisfaction surveys<br>'Five out of five' surveys (billing)<br>Billing contacts<br>Tariff take-up<br>Stakeholder engagement<br>Community talks and events<br>WTW tour – post event feedback |

| Customer priorities | At PR14 | Today | Data source |
|---|---|---|---|
| | | | Media coverage (including social) |

In essence, the conversations with customers showed there was a strong focus on the product – especially during the drought and at PR14. This is still important but our customers' views, expressed during normal service and when things go wrong, have also evolved to there being an increased focus on the service and experience they have with us too.

## 2.4 The external influences that have shaped our engagement strategy

### 2.4.1 Introduction

Our leadership team, led by the Board, has a strong ambition to be a leading business in customer engagement (and not just within the water industry).

Our approach to satisfaction has inspired us and we have developed a culture internally of ensuring our employees have a voice in business decisions, we have seen this has been positive and therefore strong customer and stakeholder voices in our business will help us achieve our business vision.

As well as our own ambitions to build on the continuous engagement that has helped our business improve, there are also key external stakeholders who have also set expectations:

- Ofwat
- Our Customer Challenge Group
- Our Environmental Focus Group
- Our stakeholders

### 2.4.2 Ofwat's expectations of engagement

Ofwat has set out the following vision for the water sector:

**"Customers and wider society have trust and confidence in vital public water and wastewater services"**

To achieve this, it has outlined seven key principles of customer engagement which water companies are expected to follow. To ensure our engagement strategy matches regulatory expectations we have mapped Ofwat's principles of engagement to ours:

| Ofwat's engagement principles | Where we address this in our engagement strategy |
|---|---|
| Principle 1: Water companies should deliver outcomes that customers and society value at a price they are willing to pay. | "Your water, your say: developing our plan together" sets out the framework of inputs we will use to ensure our future plans and service are customer-focussed. |
| Principle 2: Customer engagement is essential to achieve the right outcomes at the right time and at the right price. | "Shared know h2ow: our customer centric plan" delivers the investment that meets customers' immediate priorities for their water supply service, and addresses their expectations around what our wider societal role should be through our responsible business commitments. |
| Principle 3: Engagement should not simply take place at price reviews. Engagement means understanding what customers want and responding to that in plans and ongoing delivery. | Our "Shared know h2ow hub" will see continuous engagement learnings and insights monitored and measured, so we can use them to improve our services and performance on a business-as-usual basis.<br><br>The approach to listening and learning that we adopted for our 2014 business and water resources plan, and our daily conversations since, highlight how our engagement has evolved. We are embedding this work with new community engagement and insight teams. |
| Principle 4: It is the companies' responsibility to engage with customers and to demonstrate that they have done it well. | "Your water, your say: developing our plan together" sets out the framework of inputs we will use to ensure our future plans and services are based on the insights and learnings from our multiple channels of engagement. |
| Principle 5: Customers and their representatives must be able to challenge the companies throughout the process. The engagement process should ensure this challenge happens. If this is not done effectively, Ofwat must be able to challenge on customers' behalf. In doing so, Ofwat will fulfil its duty to protect customers. | "Your water, your say: developing our plan together" sets out the framework of inputs we will use to ensure our future plans and services are based on the insights and learnings from our multiple channels of engagement; and allow for sufficient challenge from customers and their representatives too.<br><br>Our Customer Challenge Group has raised over 600 challenges and actions in total to ensure they had the opportunity to challenge the company throughout the process. |
| Principle 6: Engagement is not a 'one-size-fits-all' process, but should reflect the particular circumstances of each company and its various household and businesses customers. | "Your water, your say: developing our plan together" takes account of different customers' needs, expectations and values/attitudes to water and which our engagement has been built around.<br><br>"Count me in: delivering our plan together" uses toolboxes to tap into our customers' specific water values/attitudes - and makes our engagement more targeted and effective in the process. |
| Principle 7: The final decision on price limits is entrusted to Ofwat. Ofwat will use a risk-based | Not applicable |

| | |
|---|---|
| approach to challenge company plans if it is necessary to protect customers' interests. | |

Ofwat also held an event in March 2017 called 'Tapped In' and produced a report that gives examples of best practice customer participation. https://www.ofwat.gov.uk/wp-content/uploads/2017/03/1941_OFWAT_Cust_Participation_Report_final.pdf - it includes a model of four strategic areas of action to increase customer participation.

- Futures: Customer participation to improve the current and future sustainability of water in the lives of customers
- Action: Customer behaviour change actions, including saving water
- Community: Community ownership of particular aspects of water as an essential resource
- Experience: Increasing customer control of water in their home or of the customer service experience

#### 2.4.3 Our Customer Challenge Group's expectations of engagement

An independent Customer Challenge Group (CCG) was specifically set up to assess both the quality of our customer engagement, and the degree to which the findings of that engagement are reflected in our 2020 to 2025 business plan.

Our CCG has been central to the development of our plan, scrutinising and challenging many of the decisions we have made, ensuring our business plan promises meet current and future customers' needs.

Over the course of 2017 and 2018 the CCG has held 13 main meetings, a total of 24 engagement sub-group and vulnerability sub-group meetings, and three separate sessions on outcome delivery incentives. That has resulted in over 600 challenges and actions as we prepared our 2020 to 2025 business plan.

Its challenges have been broad-ranging, strategic and detailed – from helping shape the co-creation of our Affordable, Accessible and Protective Services Strategy (an area where customer engagement has the capacity to deliver significantly better outcomes) to detailed inputs on our research methodology and materials which we have then incorporated.

In fact, CCG members had extensive involvement in our engagement programme, with members attending 30 of our 64 focus groups and workshops across numerous topics.

The group has written its own report for Ofwat on the quality of our customer engagement, and the degree to which customers' views are reflected in our business plan and has challenged us to produce an engagement strategy so it:

- can be satisfied we are putting our customers and communities at the heart of the way we run our business - both today and in the future
- demonstrate our engagement activity is targeted, effective, cost-efficient and proportionate
- can support the delivery of our company vision

The CCG expects any engagement strategy to:

- be cross-organisational – considering all parts of our business
- include engagement with household and non-household customers, key stakeholders and employees
- demonstrate our understanding of where we are on the journey of embedding customer/community views in our services
- build on the good work undertaken so far (e.g. 'five-out-of-five' initiative in customer services) so we become more customer-centric across all departments

#### 2.4.4 Our Environmental Focus Group's expectations of engagement

Our Environmental Focus Group (EFG) is recognised as industry-leading, as a way of ensuring our long-term engagement planning – through our Water Resources Management Plan (WRMP) process - is appropriately challenged.

Today, the EFG has over 30 members and includes regulators, environmental stakeholders and interest groups. It has met regularly over the last two years and helped us produce a more collaborative 25-year plan to secure our customers' water supplies and is comprised of the following members:

The Environment Agency

Natural England

The Consumer Council for Water

Kent County Council

East Sussex County Council

South Downs National Park Authority

Wealden District Council

Rushmoor Borough Council

Lewes District Council

Basingstoke and Deane Borough Council

Bracknell Forest Council

Ringmer Parish Council

Joint Parishes Group

World Wildlife Fund/Blueprint for Water

Council for the Protection of Rural England

Whitewater Valley Preservation Society

Salmon and Trout Association

Council for British Archaeology South East

South East Rivers Trust

Canterbury and District Angling Association

The Inland Waterways Association

Ouse and Adurs Rivers Trust

National Farmers Union

Anita McNaught, farmer

We have also evolved and built on our EFG engagement as we developed our specific Water Resources Management Plan for 2020 to 2045 in the following ways:

- Improved engagement linkages between the WRMP and our business plan processes
- increased attendance at meetings by the Chair of the CCG
- dedicated sessions on how the technical outputs of the WRMP link to the outcomes and performance commitments in our business plan
- greater scrutiny of the increased customer research that has informed the draft and final WRMP19.

The mix of stakeholders involved with the EFG and levels of attendance throughout the development of WRMP19 has been excellent; so too has the quality of discussion and input by the group which has directly influenced and shaped our WRMP19 and future engagement.

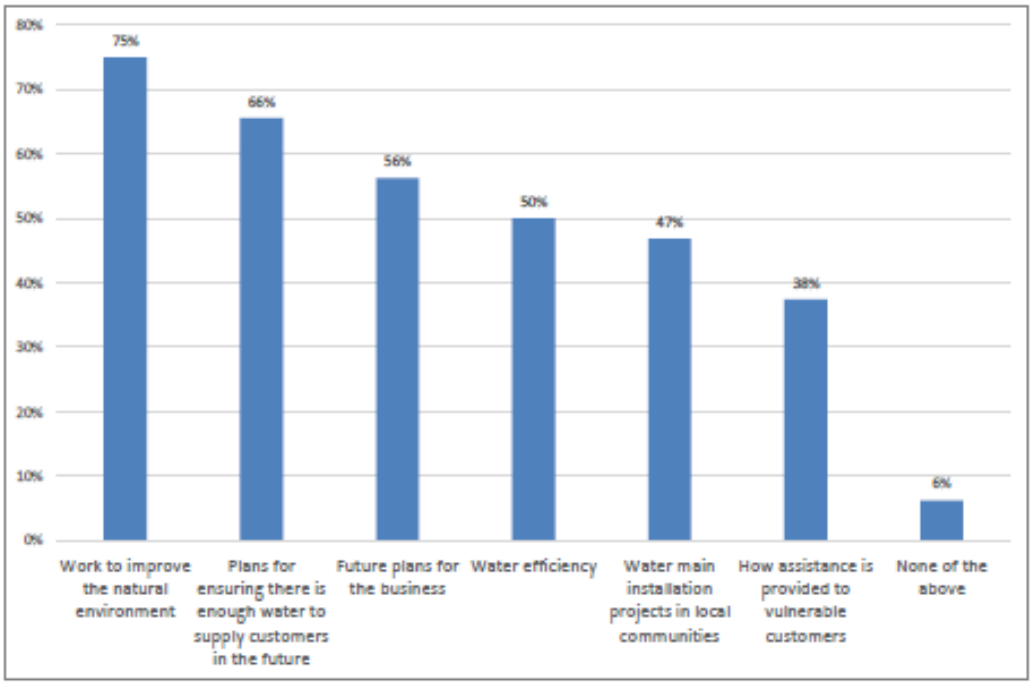
### 2.4.5 Our stakeholders' expectations of engagement

From November 2017 to January 2018 we carried out a stakeholder perceptions audit which included questions about engagement preferences.

The audit questions were developed with feedback from the CCG research sub-group.

The audit shows that those stakeholders who had engaged with us in the development of our work had a positive perception. It highlights the importance of engagement to enhance our reputation.

The graph below shows the areas stakeholders wanted to engage with us in the next 12 months included:




Stakeholders have said they prefer we use email, or face-to-face via workshops and public exhibitions to engage with them.

## 2.5 SWOT analysis for engagement and what we have learnt so far

Collating all the information and insight we've gathered to date, and assessing how we believe we are currently performing, we then created a SWOT analysis – again using the lens of engagement. This provides the framework for the development of our communication strategy:

### 2.5.1 SWOT analysis

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| Sound customer service performance. | Some specific element areas of our customer service lack a defining strategy e.g. vulnerability. | A stronger strategy for engagement, with clear objectives, will realise the customer service performance benefits more effectively. | Engagement can be costly so needs to be effective, targeted and managed by multiple owners. |
| Customer-centric business via innovative satisfaction-based measure of performance. | Development, ownership and co-ordination of activities under a strategic framework not always defined – activity is more 'organic' and responsive. | Engagement strategy, with clear objectives, will provide the framework and tools to improve customer satisfaction with our performance. | Conflicting priorities around multiple measures of performance can be difficult to manage. |
| Strong cultural support from staff for customer-centric ethos - reinforced by strong staff survey results and clarity of purpose and vision. | | Using staff knowledge to build more strategic level relationships (and to support partnership toolbox approach). | Political priorities and economic impacts can influence public opinion more generally which could impact our customer satisfaction scores; this could lead to a skewing of the results (positive or negative) so could threaten the value of the insight gained. |
| Strong Executive and Board interest – and tactical and field-based arrangements – across many service areas e.g. vulnerability, metering. | Customers' individual needs not always identified and/or considered during field-based processes; wider field staff need training support. | An engagement strategy will provide renewed focus for more targeted and appropriate field-based activity and engagement.<br>Will also create increased buy-in from staff as reinforces satisfaction-based approach. | Engagement fatigue – all organisations are trying to engage with consumers and with busy lives and many competing priorities this could reduce the amount of interest shown, especially when seeking two-way dialogue. |
| Good grasp of process improvements and flexibility to adapt/change. | Can be too reactive to change. | Ongoing data mapping, horizon scanning and insight hub will provide lever for more proactive management of process changes and improvements. | Some engagement channels are beginning to be distrusted, for example Facebook. People may actively disengage from these channels which had previously been a cost effective opportunity - we |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| | | | will need to keep up with new and emerging trends. |
| Good stakeholder relations. | Engagement via business as usual not formally recognised as an insight source to drive improvement. | Stakeholder mapping and feedback more formalised (via insight hub).<br>Insight Steering Group to review all potential engagement insight to drive improvements. | Continued budget pressures on all organisations could mean stakeholders have less opportunity to engage with us. |
| Strong Board involvement in engagement. | Engagement not structured into strategy development outside of the price review process. | Engagement Strategy, with clear objectives, will reinforce links between Board aspirations and delivery of activities. | Local media has been an important channel to encourage engagement (36 per cent of our WRMP community events had heard about them via local media) but we are seeing a continued decline in resources for these organisations. |
| Strong but periodic engagement on a wide range of issues. | We do not have clear monitoring and evaluation plan to help us communicate what we do effectively enough. | Engagement Strategy, with clear objectives, will provide lever for more targeted and effective engagement and communications e.g. via partnership toolbox. | More use of digital channels could lead to a "faceless organisation" charge - we will need to work hard to ensure we bring the spirit of our organisation and employees to every channel of engagement. |

What was clear from our SWOT analysis is that while engagement in some areas of our business is good – largely as a result of it having grown organically around operational issues or strategic planning processes – there were areas where engagement is less strategic and/or focussed.

The solution was to create an engagement strategy that filled those areas of weakness – and defined the approaches that would be required to fill those gaps - but which continued to build on our strengths and opportunities.

# 3. Our engagement strategy

### 3.1 Introduction

Using the tools of PESTLE and SWOT, and given the world in which we operate, we have created a clearly-defined engagement strategy to fill areas of weakness and build on our strengths and opportunities.

Our engagement strategy is comprised of the following four key elements:

- ***Our future counts*** – which covers the strategy, governance and leadership we will adopt around engagement
    - our engagement vision
    - our engagement objectives
    - how these objectives support our company vision and strategic commitments
    - governance and board engagement
    - achieving our engagement strategy via communications
- ***Your water your say*** – developing our plan together
    - who we are going to engage with and about what
    - how we will engage
    - how we will learn from others
    - how we will compare engagement results via triangulation
- ***Shared know $h_2$ow*** – our customer centric plan
    - how we will evolve our engagement strategy
- ***Count me in*** – delivering our plan together
    - using toolboxes
    - data mapping
    - feedback and continuous learning.

Section 3.6 shows this, our engagement strategy, in visual form. This has been shared separately and developed with the CCG.

## 3.2 Our future counts – strategy, governance and leadership

### 3.2.1 PESTLE and SWOT reference

| Political | Economic | Social/Cultural | Legal/Regulatory | Environment |
|---|---|---|---|---|
| Political priorities are often generated via public opinion; or driven by the opinions of relevant stakeholder groups.<br><br>Changing political priorities can produce sudden corporate 'impacts' to how we operate - especially if it is accompanied by immediate or sustained media exposure. | Economic impacts on customers and stakeholders are not always evident from our business as usual interactions with them; but the wider health of the UK economy/financial climate will affect our business – whether it's the amount of customer debt or the health/ability of the supply chain to service our contracts. | Expectations around our wider social responsibilities are changing – see 1.2.1. | Expectations of a step change in all areas of our performance and how efficient we are in delivering a water supply service.<br><br>Expectations on how acceptable our customers find our financial structures and other related issues are changing.<br><br>Expectations there will be more transparent risk-sharing around performance between customers and shareholders. | Our environmental activity and obligations are also continually changing – see 1.2.1. |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| Strong Executive and Board interest – and tactical and field-based arrangements – across many service areas e.g. vulnerability, metering | Customers' individual needs not always identified and/or considered during field-based processes; wider field staff need training support. | An engagement strategy will provide renewed focus for more targeted and appropriate field-based activity and engagement. | Engagement fatigue – all organisations are trying to engage with consumers and with busy lives and many competing priorities this could reduce the amount of interest shown, especially when seeking two-way dialogue. |
| Customer-centric business via innovative satisfaction-based measure of performance. | Development, ownership and co-ordination of activities under a strategic framework not always defined – activity is more 'organic' and responsive. | Engagement strategy, with clear objectives, will provide the framework and tools to improve customer satisfaction with our performance. | Conflicting priorities around multiple measures of performance can be difficult to manage. |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| Strong but periodic engagement on a wide range of issues. | We do not have clear monitoring and evaluation plan to help us communicate what we do effectively enough. | Engagement Strategy, with clear objectives, will provide lever for more targeted and effective engagement and communications e.g. via partnership toolbox. | More use of digital channels could lead to a "faceless organisation" charge - we will need to work hard to ensure we bring the spirit of our organisation and employees to every channel of engagement. |

### 3.2.2 Our engagement vision

We are a purpose-led company - we know that it is our purpose to produce and deliver a reliable supply of high quality drinking water that customers consider good value for money.

We have a vision that inspires us to reach this. Although we are a monopoly we want every customer to feel if they had a choice they would want us to be their water supplier. Therefore, our vision is "to be the water company people want to be supplied by and want to work for".

With our company vision and purpose in our minds we set a vision for our engagement plan.

Our experience to date means we know the significant impact excellent engagement can make. We believe that sharing our knowledge and engaging with others to gain theirs will help us ensure our business and those who rely on us for their water will have a sustainable legacy into the future.

Therefore our engagement vision is “Shared know $h_2$ow creates a sustainable legacy”.

### 3.2.3 Our engagement objectives

To help us achieve our engagement vision we have developed a set of engagement objectives to guide our strategy. These are summarised as follows:

- To support and inform the achievement of our company vision and strategic objectives
- to put customers and communities at the heart of the way we run our business today and in the future
- to ensure all groups of customers, including those in potentially vulnerable situations have their voice heard

- to improve two-way communication, to build trust and legitimacy – and ultimately customer satisfaction
- to understand the diverse and changing needs, requirements, priorities and attitudes of our customers
- to understand the different views of our customers and how they relate to our public interest responsibilities
- to ensure we use all insight from our conversations with customers – from specific research, through to our daily interactions and from all areas of our business
- to continually investigate and implement new ways of working with our customers to deliver our shared goals
- to develop a business plan that puts customer needs and satisfaction at the heart of what we do, reflecting what our customers want, when they want it and at a price they are willing to pay
- to evidence how we have collaboratively worked to achieve our vision and strategic objectives
- to embed engagement within business as usual processes so that the strategy is adaptive and changes as we learn and as expectations change.

#### 3.2.4 How these objectives support our company vision and strategic commitments

Our company vision is "to be the water company people want to be supplied by and want to work for". This vision is underpinned by five commitments and a number of strategic objectives:

| Commitment | Objectives |
|---|---|
| Every customer counts<br>Our customers' priorities lie at the heart of everything we do | Increased customer satisfaction – customers score us five-out-of-five |
| | Upper quartile customer satisfaction |
| Everyone counts<br>We inspire and motivate our people and partners | Keeping everyone safe – zero accidents |
| | A great place to work – colleagues and partners recommend us as a good place to work |
| Every action counts<br>Our operational performance is safe, effective and efficient | Top quality drinking water – our water samples will meet current drinking water standards |
| | All our statutory obligations are delivered |
| | Keeping taps flowing – 'Every minute counts' |

| Commitment | Objectives |
|---|---|
| Every drop counts<br>Our infrastructure delivers a reliable service to our customers | Significantly reduce leakage – 'Drive to 85' |
| | Zero water resource deficit – meeting customer demand for water for the future |
| | 90 per cent of customers on a meter – Helping everyone save water |
| Our future counts<br>We plan effectively for the long-term | Zero breaches of environmental obligations |
| | Stakeholders accept our long-term plans |
| | We deliver our Corporate Plan |

These are the commitments we made for our 2015 to 2020 plans. As we develop our commitments for the new business plan we will develop and update these.

### 3.2.5 Governance and board engagement

We plan effectively for the long-term through our corporate governance. We have a strong leadership and governance programme to set our strategy and support the development and delivery of our plans.

The delivery of those plans is assessed through robust internal and external assurance programmes - this includes peer reviews, manager sign off, executive and board oversight, and externally through our assurance partners. We have also improved the reporting of our activities through our Performance, People and Planet Report and the Company Monitoring Framework reports as we believe our customers and stakeholders value the transparency these reports provide.

We have also designed a Board engagement programme, the purpose of which is to allow Board members to:

- Gain a richer and deeper level of insight from customers about their water supply service and any issues they have with their service
- provide feedback and ideas to the Executive Team about how to improve our service to customers; and the insights that could help shape the company's strategic approach for 2020 onwards
- ensure that the Board is proactively engaging with customers to understand their views at a much more personal level

Our Board has translated the insight it has gained from its own engagement programme into a number of targeted areas and priorities for our business. In particular we need to:

- Provide easy access to multiple channels of communications – recognising that customers range from IT and social media savvy to those who do not have mobile phones or internet access and may have hearing and language difficulties
- appoint a vulnerability champion to work across our business, recognising the wider social role we have to ensure our product and services are affordable, accessible and protective for customers whose circumstances make them vulnerable
- attend more vulnerability events to both promote our support tariffs and services; and increase our trusted partner network so we can share best practice
- think differently about how we present our bills in a way that doesn't overwhelm them, and focusses more on what they need to know from us – rather than what we want to tell them
- raise the profile of our activities as a responsible business – particularly around our social and environmental commitments
- undertake more targeted stakeholder engagement and be clear on the benefits
- build on our proactive, real-time updates to customers – especially during planned and unplanned interruptions to their water supply.

#### 3.2.6 Achieving our engagement strategy via communications

Key to achieving our engagement strategy is how we communicate with customers and stakeholders about our work. We know from our experience that both proactive and reactive communications can improve our water supply services and build our corporate and community reputation too.

In 2015 we developed a communications plan to support our new vision and values and help deliver our customer satisfaction targets. The plan was centred on the following key commitments:

- Be visible and be heard
- trusted relationships
- taking action and being advocates
- creative content

Since writing the plan we have continually reviewed and adapted our communication approaches and introduced a number of initiatives to improve how we communicate with customers and stakeholders so that our conversations with them are targeted, relevant and use a range of channels.

Activities include:

- Implementing new channels such as web chat, text messages updates and a new online portal for giving customers more information during a supply interruption
- carrying out an extensive re-branding exercise with the aim of moving us from an invisible service provider and increasing customer satisfaction through more open, transparent communications about the work we do behind the scenes
- raising the company's profile through more involvement in community projects and stakeholder groups
- dedicated leakage campaigns
- customer magazine trial
- new annual reporting, Performance, People and Planet report and financial reporting, aimed at making our performance more transparent and engaging
- improving information via an online portal for updates on engineering schemes and using social media to keep people informed
- working in partnership with organisations to deliver targeted engagement programmes such as with landowners to improve water quality or the NHS on hydration messages
- taking the success of our proactive engineering communications and using a similar approach during our mains flushing to give customers information ahead of time about the possibility of discoloured water and why we are doing the work
- increasing promotion of our catchment management, environmental and biodiversity work
- developing Fishing for Schools Day and trialling "Water Matters" programme in schools in Sussex
- transforming our website to be a fully responsive site for people accessing via mobile and including an online account service

However, we also want to learn from our daily interactions with customers so that it can help feed our longer-term planning and strategic decision making. The development of our Satisfaction and Insight Steering Group and Engagement Dashboard will help us achieve this.

We are in the process of updating our communications plan based on this engagement strategy with particular emphasis on the following areas:

- Using technology to support multi-channel communications based on the customer's choice
- utilising a campaign approach so that we can monitor feedback allowing us to adapt and learn to improve our communications
- being transparent with our communications – increased use of social media and our website to be upfront and open about our performance and service
- increasing the use of technology for internal communications (such as our intranet 'Gurgle') to encourage employees to get involved and learn from their feedback
- developing campaign material using our new attitudinal based segmentation to encourage customer participation and ensure our communications are as effective as possible
- working with customers and stakeholders to co-create our campaigns where possible and aim to develop creative content that encourages participation and co-delivery of our solutions
- agreeing a measurement and evaluation plan for our campaigns so we can learn from what works well and stop doing work that is not effective if it is not successful
- ensuring we find new ways of communicating with customers in vulnerable situations or are harder to reach, and utilising our relationships with stakeholders to help achieve this
- using two-way channels giving people the opportunity for a conversation with us
- involving the Board throughout following the introduction of our Board Engagement Programme
- using comparative information more effectively – promoting the Discover Water website

- developing our stakeholder engagement plan – including improving our database stakeholder mapping

## 3.3 Your water your say – developing our business plan through engagement

### 3.3.1 PESTLE and SWOT reference

| Political | Social/Cultural | Technological | Legal/Regulatory | Environment |
|---|---|---|---|---|
| Political priorities are often generated via public opinion; or driven by the opinions of relevant stakeholder groups. | Expectations around our wider social responsibilities are changing – see 1.2.1. | Customers' expectations on how we will use technology in our water supply operations, and our engagement/communication with them on water is also changing – they often perceive that we are lagging behind. | Expectations of a step change in all areas of our performance and how efficient we are in delivering a water supply service.<br><br>Expectations on how acceptable our customers find our financial structures and other related issues are changing.<br><br>Expectations there will be more transparent risk-sharing around performance between customers and shareholders. | Customers' and stakeholders' expectations are that the environment isn't adversely impacted by our activities – in fact they expect biodiversity and wildlife will be enhanced by our work.<br><br>Water companies are encouraged to be active influencers in the plastics and bottled water debate.<br><br>Customers expect us to minimise our carbon impact.. |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| Sound customer service performance. | Some specific element areas of our customer service lack a defining strategy e.g. vulnerability. | A stronger strategy for engagement, with clear objectives, will realise the customer service performance benefits more effectively. | Engagement can be costly so needs to be effective, targeted and managed by multiple owners. |
| Customer-centric business via innovative satisfaction-based measure of performance. | Development, ownership and co-ordination of activities under a strategic framework not always defined – activity is more 'organic' and responsive. | Engagement strategy, with clear objectives, will provide the framework and tools to improve customer satisfaction with our performance. | Conflicting priorities around multiple measures of performance can be difficult to manage. |
| Good grasp of process improvements and flexibility to adapt/change. | Can be too reactive to change. | Ongoing data mapping, horizon scanning and insight hub will provide lever for more proactive management of process | Some engagement channels are beginning to be distrusted, for example Facebook. People may actively disengage from these channels which had previously been a cost |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| | | changes and improvements. | effective opportunity - we will need to keep up with new and emerging trends. |

### 3.3.2 Who we are going to engage with and about what?

#### Household customers and businesses

We will engage with household businesses to understand:

- their priorities for their water supply service
- the level of service they would like (now and in the future)
- the cost they are prepared to pay for that service (now and in the future)
- our 2020 to 2025 business plan, specifically:
    - how acceptable is the overall business plan?
    - how they could help us deliver it?
- our societal impact, specifically:
    - what do customers think our impact on society and local communities is and should be?

#### Household customers in vulnerable circumstances

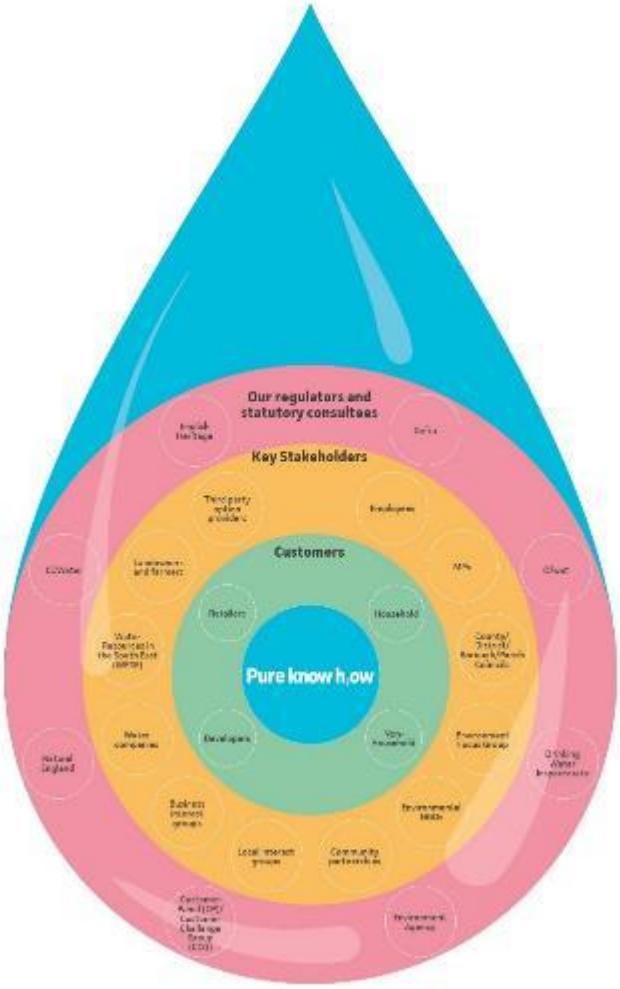
We will engage specifically with household customers and vulnerable customers to:

- seek their views on our future plans e.g. their priorities, preferred levels of service, cost and affordability impacts, and the overall acceptability of what we want to deliver
- gain greater insight from them and ‘bring to life’ the issues they face with our:
    - processes
    - performance
    - services
- this will ensure:

- our services are inclusive to all our customers
- our services are developed with vulnerable customers' needs and expectations at their core
- our activities are targeted, effective and efficient and continuously reviewed to make sure they remain so for future customers who may find themselves in vulnerable circumstances
- we go beyond service-led activity to take account of our social responsibilities to these customers as part of our long-term plans

## Our stakeholders

Our stakeholders are broad ranging and varied in terms of their interest in our water supply service. We have summarised many of them in the following graphic:



Understanding the views of all our stakeholders is important as they can play a key part in shaping and delivering our services. We will engage with stakeholders to understand:

- their priorities for their water supply service
- the level of service they expect (now and in the future)
- the cost they are prepared to pay for that service (now and in the future)
- our 2020 to 2025 business plan, specifically:
    - how acceptable is the overall business plan?
    - how they could help us deliver it?
- the services we are offering/should be offering to customers in vulnerable circumstances
- our societal impact, specifically what do stakeholders think the key issues for society are? How will these issues impact South East Water and how can we make a positive difference for society?

#### 3.3.3 How we will engage

##### Engaging household customers and businesses customers

Our engagement used tried and tested qualitative and quantitative research methods complemented by more innovative techniques.

For household customers specifically we have moved away from the notion of a business plan for the ‘average customer’ and evolved an approach that is more tailored to individual customers’ needs and expectations.

We are using segmentation - based on customers’ attitudinal and emotional responses to water - to help develop our outcomes, performance commitments and outcome delivery incentives.

Segmentation also allows us to understand the diverse and changing needs, requirements, priorities and values of our customers, meaning we can:

- tailor our engagement and research to improve its effectiveness
- tailor our services to support all our customers - there being no such thing as an ‘average’ customer
- evolve our outcomes to reflect this approach

Our attitudinal segmentation has been complemented by other innovative research such as the use of a futurologist to create future world scenarios to test how customers' water priorities may change; and our custom-made "the future" website (developed with Supercharge) to test and triangulate customers' views on their water service priorities, levels of service, risk and bill impacts.

The research programme for the 2020 to 2025 business plan sets out:

- What we need to know (and why)
- defines who we want to know this from
- defines how we will find this out
- explains why the research approach was taken
- explains why the research method was chosen
- clarifies what part of the business plan the research is influencing.

### Engaging with household customers in vulnerable circumstances

For each piece of research for the 2020- 2025 business plan we made sure we were reaching enough customers who are considered to be in vulnerable circumstances; this ensures we are looking at all the key issues and topics we need to explore through a 'vulnerability lens'.

Our vulnerability strategy and services have been shaped and influenced by:

- those who are experiencing the services we offer – whether their exposure to vulnerability issues is temporary or permanent
- those who want greater protection when we deliver our water services so they can be (and feel) safe and cared about
- those who want greater protection when we deliver our water services so they feel safe and cared about
- those who we can empower to be able to access more easily the benefits of our water service

We designed the following specific engagement activities with vulnerable customers to inform our future strategy (see Appendix 8 Vulnerability: Affordable, accessible and protective services).

| Engagement activity | Engagement objective |
|---|---|
| 33 x telephone interviews with customers in vulnerable circumstances. | To gain greater insight from customers and `bring to life' the issues/barriers they face with our processes, performance and/or services. |
| 5 x case study interviews with customers in vulnerable circumstances. | To gain greater insight from customers and `bring to life' the issues/barriers they face with our processes, performance and/or services. |
| 25 x interviews with customers in vulnerable circumstances directly affected by freeze-thaw incident. | To `bring to life' the issues/barriers they face with our communications and services during an incident. |
| 5 x face-to-face case study interviews with customers in vulnerable circumstances directly affected by freeze thaw incident. | To `bring to life' the issues/barriers they face with our communications and services during an incident. |
| 9 x telephone interviews with stakeholder agencies representing customers in vulnerable circumstances. | To share data, knowledge and experiences.<br>Scrutinise, challenge and cross-reference if we and third party agencies and organisations have the same understanding of vulnerability in the supply area today and in the future.<br>Share development of the vulnerability strategy and proposed actions to be included. |
| 6 x stakeholder workshops with representatives of third party organisations that work with customers in vulnerable circumstances. | To share data, knowledge and experiences.<br>Scrutinise, challenge and cross-reference if we and third party agencies and organisations have the same understanding of vulnerability in the supply area today and in the future.<br>Share development of the vulnerability strategy and proposed actions to be included. |

## Engaging with stakeholders

We have significantly developed our stakeholder communications and engagement and recognise the importance of how this activity can help us achieve our vision and objectives and many of our outcomes for 2015 to 2020.

Proactive stakeholder engagement also improves satisfaction with our services too. For example, our surveys of stakeholders who have toured our water treatment works often reveals an increase in satisfaction scores around leakage, value for money and overall satisfaction once they have a greater understanding of the work we do in their communities.

Our stakeholder engagement is evolving further and is seeking to answer the following key questions by the following methods:

| What do we want to know? | How will we find this out? |
|---|---|
| Who are our stakeholders and where do they operate? | Data mapping project |
| What are their needs and priorities for water? | Priority workshops |
| What is their interest and influence in water? | Influence mapping exercise |
| What is their perception of our business? | Stakeholder perceptions audit |
| What more can we do to support customers in vulnerable circumstances? | Vulnerability interviews and workshops and stakeholder workshops |
| What is their view of the societal role we should play in their communities? | Responsible business workshops |

This evolving stakeholder engagement will not only help shape our future plans and services, but will provide greater opportunity for us to work more collaboratively with our stakeholders on a wide range of future challenges and opportunities.

That work will be overseen by our Community Engagement team which has overall responsibility for managing our stakeholder knowledge database and developing the management processes to ensure its accuracy and relevance.

This element of work will be expanded into the newly created Customer Insight Team (see Appendix 8 Vulnerability: Affordable, accessible and protective services) where the intention is to develop a new insight hub that systematically captures all our engagement activities and the insight we learn from them, so these can be fed back into the business.

#### 3.3.4 How we will learn from others

In devising our engagement strategy, we want to make sure we capture the learnings from others too.

We will be undertaking ‘horizon scanning’ exercises as follows:

- A scan of future trends and activities to inform our strategic plans and services
- a review to see what wider research and insight is available for use in the triangulation process.

We’ve agreed with the CCG that our scan of future trends and activities will initially focus on vulnerability issues.  Once this work is completed we will review the

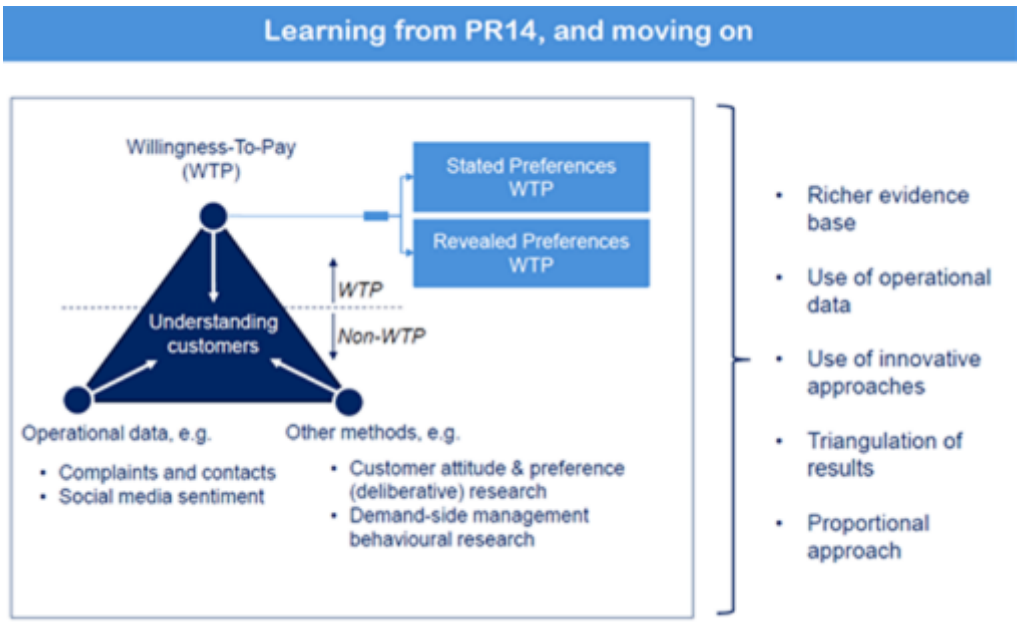
effectiveness of this activity and look to expand the horizon scanning remit to other priority areas of our business.

### 3.3.5 How we will compare engagement results via triangulation

Undertaking a wide range of research and engagement will undoubtedly lead to different views being expressed by customers and stakeholders. Insight and intelligence may also be available in research undertaken by other organisations too.

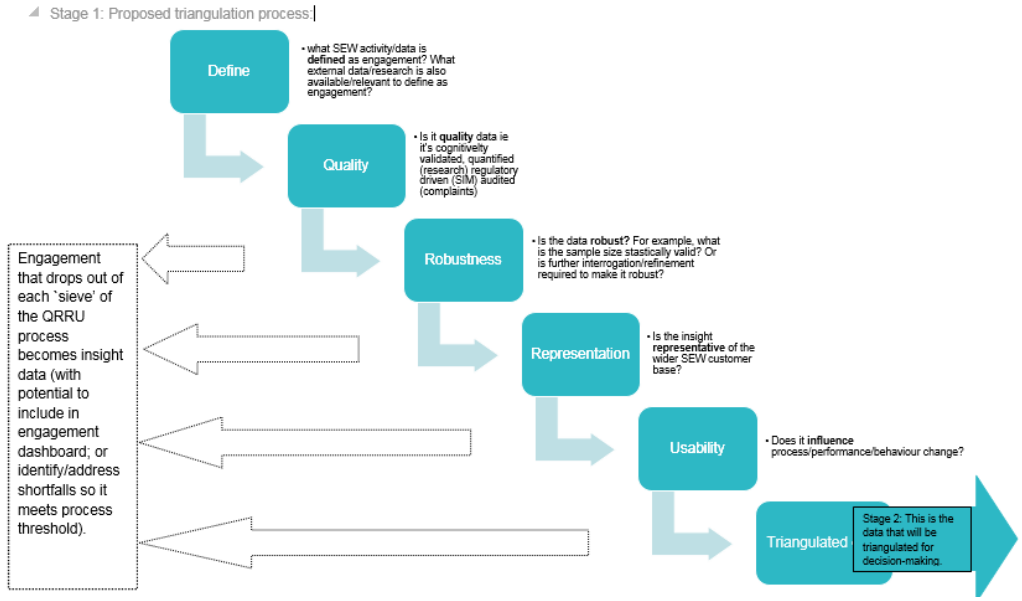
We are developing an approach on how we will 'triangulate' these different views so there is a strong evidence base about what our customers' priorities, needs and requirements are.

Triangulation is represented in the following diagram:



We have developed a two-stage process to triangulation:

**Stage 1: What should we triangulate?**




The Stage 1 element of the triangulation process applied a series of 'sieves' to try and determine a minimum threshold of quality, robustness, representation and usability of the engagement data or evidence.

For engagement data or evidence that successfully passes through each 'sieve', we will use this for triangulation. We can then see if there are any common themes emerging, or if there is any data (in)consistency from the triangulation process.

For engagement that drops out of each 'sieve' stage, we will determine if it can remain/become 'insight' for capturing in the Engagement Dashboard; or if we need to address shortcomings in how the engagement is collected/tested/validated etc to ensure it meets the minimum threshold around quality, robustness, representation and usability.

We have undertaken Stage 1 with an initial 40 separate pieces of engagement data/evidence, of which 15 have been identified for further triangulation.

**Stage 2: How to triangulate the evidence**

The Stage 2 process is focussed on the approach needed to make judgements and decisions from all the engagement data, evidence and insight gathered to inform our future plans and services.

We asked ICS Consulting to assist us with overseeing the Stage 2 process and devise a triangulation database which:

- would use the agreed inputs from Stage 1

- weight the findings using pre-determined questions to provide a high degree of rigour
- show how the impact of those findings are mapped to key elements of our business plan e.g. priorities, levels of services, costs and overall acceptability.

We explore the outputs of our triangulation work in more detail in PR19 Supporting Appendix 1 Engagement.

## 3.4 Shared know $h_2$ow – our customer centric business plan

### 3.4.1 PESTLE and SWOT reference

| Political | Economic | Social | Legal/Regulatory | Environmental |
|---|---|---|---|---|
| Political priorities are often generated via public opinion; or driven by the opinions of relevant stakeholder groups.<br><br>The public sector austerity programme has indirectly resulted in greater public scrutiny of private sector companies | Economic impacts on customers and stakeholders are not always evident from our business as usual interactions with them; but the wider health of the UK economy/financial climate will affect our business – whether it's the amount of customer debt we carry or the health/ability of the supply chain to service our contracts. | Expectations around our wider social responsibilities are changing - – see 1.2.1. | Expectations of a step change in all areas of our performance and how efficient we are in delivering a water supply service.<br><br>Expectations on how acceptable our customers find our financial structures and other related issues are changing.<br><br>Expectations there will be more transparent risk-sharing around performance between customers and shareholders. | Our environmental activity and obligations are also continually changing – see 1.2.1. |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| Customer-centric business via innovative satisfaction-based measure of performance. | Development, ownership and co-ordination of activities under a strategic framework not always defined – activity is | Engagement strategy, with clear objectives, will provide the framework and tools to improve customer | Conflicting priorities around multiple measures of performance can be difficult to manage. |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| | more ‘organic’ and responsive. | satisfaction with our performance. | |
| Strong Executive and Board interest - and tactical and field-based arrangements – across many service areas e.g. vulnerability, metering. | Customer’s individual needs not always identified and/or considered during field-based processes; wider field staff need training support. | An engagement strategy will provide more targeted and appropriate field-based activity and engagement.<br>Will also create increased buy-in from staff as reinforces satisfaction-based approach. | Engagement fatigue – all organisations are trying to engage with consumers and with busy lives and many competing priorities this could reduce the amount of interest shown, especially when seeking two-way dialogue. |

### 3.4.2 Preparing our 2020 to2025 business plan

Our business plan for 2020 to2025 will be informed by the insight we have gained during our development phase. This will be published in September 2018.

The plan itself will detail:

- How we have translated customer and stakeholder priorities into 12 outcomes and 35 performance commitments
- the investment we will make to meet those priorities
- the levels of service customers will receive for their bills

We will also include in our plan 10 specific responsible business commitments for key areas that customers and stakeholders have told us represent what being a responsible business is.

## 3.5 Count me in – delivering our plan together

### 3.5.1 PESTLE and SWOT reference

| Political | Social | Technological | Legal/regulatory |
|---|---|---|---|
| Political priorities are often generated via public opinion; or driven by the opinions of relevant stakeholder groups.<br><br>Changing political priorities can produce sudden corporate 'impacts' to how we operate - especially if it is accompanied by sudden or sustained media exposure. | We are seeing greater expectations from customers, stakeholders and investors around:<br>• our customers are individuals and we need to understand their individual needs<br>• that we provide advice as well as services<br>• that vulnerable customers are provided, supported and cared for by utilities<br>• from staff on how we should operate<br>• | Customers' expectations on how we will use technology in our water supply operations, and our engagement/communication with them on water, is also changing – they often perceive that we are lagging behind. | Expectations of a step change in all areas of our performance and how efficient we are in delivering a water supply service.<br><br>Expectations there will be more transparent risk-sharing around performance between customers and shareholders. |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| Good grasp of process improvements and flexibility to adapt/change. | Can be too reactive to change. | Ongoing data mapping, horizon scanning and insight hub will provide lever for more proactive management of process changes and improvements. | Some engagement channels are beginning to be distrusted, for example Facebook. People may actively disengage from these channels which had previously been a cost effective opportunity – we will need to keep up with new and emerging trends. |
| Good stakeholder relations. | Engagement via business as usual not formally recognised as an insight source to drive improvement. | Stakeholder mapping and feedback more formalised (via insight hub).<br><br>Insight Steering Group to review all potential engagement insight to drive improvements. | Continued budget pressures on all organisations could mean stakeholders have less opportunity to engage with us. |
| Strong Board involvement in engagement. | Engagement not structured into strategy development outside of the price review process. | Engagement Strategy, with clear objectives, will reinforce links between | Local media has been an important channel to encourage engagement (36 per cent of our |

| Strength | Weakness | Opportunity | Threat |
|---|---|---|---|
| | | Board aspirations and delivery of activities. | WRMP community events had heard about them via local media) but we are seeing a continued decline in resources for these organisations. |
| Strong but periodic engagement on a wide range of issues. | We do not have clear monitoring and evaluation plan to help us communicate what we do effectively enough. | Engagement Strategy, with clear objectives, will provide lever for more targeted and effective engagement and communications e.g. via partnership toolbox. | More use of digital channels could lead to a "faceless organisation" charge - we will need to work hard to ensure we bring the spirit of our organisation and employees to every channel of engagement. |

### 3.5.2 Evolving our engagement strategy

#### Introduction

An effective engagement strategy is one that can evolve, flex and adapt as we learn more from what our customers and stakeholders are telling us; and are exposed to new engagement approaches and techniques.

Once we have defined our 2020 to 2025 business plan we will begin to deliver it through our “Count me in” programme – but, as we have over the last five years, we intend to continually test, learn and adapt.

Our engagement strategy will be continuously reviewed, challenged and improved. Our Satisfaction and Insight Steering Group has been tasked with being responsible for this to ensure our engagement strategy is reflective of what we learn, keeps abreast of innovative techniques and activities and is fit for purpose.

We will also share our evolving engagement strategy and approach with key stakeholders so their views on how we can best reach all our customers can also be incorporated – this includes our Customer Challenge Group and the Consumer Council for Water.

#### Encouraging customer participation

A key aspect of our engagement strategy is to achieve the active participation of our customers in shaping and influencing their water supply service to give them greater control and choice over what is delivered, when and how.

This is a natural iteration of us becoming a more customer-centric business – from one where we have developed our own ideas and preferred solutions and then

consulted with customers on those, to one that works with customers to understand the challenges and opportunities and to design solutions together.

We can evolve our customer participation further so that it doesn't just shape and influence customers but empowers them to change their relationship with water - and us.

Specific activities we are undertaking to ensure customers are involved in a more participative way include:

| Strategic areas of action | Examples of our approach |
|---|---|
| Futures: Customer participation to improve the current and future sustainability of water in the lives of customers. | Our futurologist focussed customer focus groups and resilient customer research.<br><br>Societal impacts workshops.<br><br>Co-creation of our vulnerability strategy (a separate paper is available that outlines our proposed approach for this). |
| Action: Customer behaviour change actions, including saving water. | "My Water Use" report and online portal (see detailed case study below).<br><br>Water wishes pledges made at family festivals.<br><br>Award winning catchment management engagement. |
| Community: Community ownership of particular aspects of water as an essential resource. | Evolving our community chest fund into a community innovation fund - with the community as the owners.<br><br>Broad Oak Water Community Panel to work with us as we develop plans for the new reservoir. |
| Experience: Increasing customer control of water in their home or of the customer service experience. | Fully responsive website and developing our online review options to give customers a voice and share experiences.<br><br>Potential to create "know $h_2$ow genius" status for customers who provide regular feedback in to forums with potential benefits (e.g. discount of water saving products, freebies, invite to events).<br><br>Trialling technology in collaboration with Hive to alert customers to high consumption or leaks. |

We are developing our approach so that we can clearly demonstrate how we have worked together with customers both to develop and then implement solutions through the toolbox activities.

**Case study: Advizzo water efficiency project**

Our 2015 to 2040 Water Resources Management Plan set out ambitious water efficiency and per capita consumption targets, with customers' use of water reducing by over 10 per cent from 166 litres per person per day to an average of 149 litres per person per day.

Persuading our customers to use less water – and making that behaviour change permanent and sustainable so that we can maintain with confidence the supply demand balance – requires more than just a `fit and forget' approach to the issuing of water efficiency devices.

We joined forces with behavioural science experts Advizzo to develop an innovative approach to demand management based on `nudge theory'. In essence, customers are empowered with smarter data and information so they can better control the water they use and their bill – while helping us meet our ambitious demand management targets.

Taking data from customer meter reads, third-party data, customer metering surveys and micro component data analysis, we created individual six-monthly "My water use" reports for 22,000 customers and compared their usage to similar households in their communities.

Early results from the pilot suggest a reduction in per capita consumption of between 1 to 2 per cent in the medium term is achievable. And by understanding our customers water usage we have been able to improve the engagement take up and satisfaction among customers - with 63 per cent completing the home survey and 84 per cent satisfied with the project.

Our Advizzo pilot is also aligned with three core themes of Ofwat's expectations around active customer participation:

- Futures – customer participation to improve the current and future sustainability of water services.
- Action – customer behaviour change, including saving water and helping to reduce sewer blockages.
- Experience – increasing customers' control of water in their home and of the service experience.

### 3.5.3 Using toolboxes

The Engagement Strategy graphic (section 3.6) shows three toolboxes we are developing so that we can build on our engagement, customer participation and innovation for PR19 and beyond. These have been the subject of separate discussions with the CCG.

The three toolboxes shown are:

- Customers – the behavioural change toolbox
- Stakeholders – the partnership toolbox
- Our business – the innovation toolbox

All three have the ability to drive increased customer participation in water but it is the behavioural change toolbox that drives our resilient customer concept so that shared goals are achieved; in essence customers are empowered to have greater control and choice over water in their daily lives, while we can benefit from sustained, positive changes around their behaviour in key areas such as leakage, water use and water quality.

#### 3.5.4 Data mapping

The data mapping work we have undertaken so far has the potential to transform our engagement by making it more targeted and relevant to those we want to engage with. Having identified who and where they are, and/or the stakeholder groups or bodies that represent their interests, we can drive more customer participation in the creation and delivery of our services.

#### 3.5.5 Feedback and continuous learning

To ensure we continue to learn from the engagement we are undertaking we have set up a number of different review mechanisms as set out below.

##### Satisfaction Steering Group and its evolution

A dedicated steering group of business-wide representatives was formed to review performance against our customer satisfaction targets. They were informed by the work undertaken by our Customer Satisfaction Analyst who interrogates the data to gain further insight from our satisfaction scores.

As well as analysing the results numerically we also review the verbatim comments provided by customers to identify common themes that express either positive or negative sentiment.

Using the scores and comments we have been able to identify areas of our business – be it around our processes, performance or people – that require further investigation. This has involved specialists from across the business to discuss in more detail the areas identified. By reviewing the customer feedback in such detail, we have been able to implement improvements as well as identify areas for investment and customer education.

This approach has given us more opportunity to understand the feedback we are gaining from our customers and ensure any lessons are learned and embedded into our ‘business as usual’ processes.

We have decided to further the scope of the Steering Group to review all potential customer insight, rather than just focussing on the insight we gain around our satisfaction measures and performance.

The reformed steering group will collectively review customer satisfaction, customer vulnerability, customer engagement through BAU transactions, survey feedback, social media sentiment as well as the findings from any research activities and horizon scanning work.

The scope of the role of our Customer Satisfaction Analyst has also been widened to become a dedicated Insight Advisor role supporting all departments on sharing insight and feedback into all areas of the business.

Our newly developed “Engagement Dashboard” will be used to report on this activity.

### ‘Pure know $h_2$ow works’

We have developed a new concept called ‘Pure know $h_2$ow works’.

‘Pure know $h_2$ow works’ is a visual map in the form of a water treatment works that aids our people and partners when undertaking projects and validating innovative ideas. It is intended to prompt people to consider the purpose of the project, who to engage with (internally and externally), how they should engage and the impact of their proposed innovation.

The process is customer centric and engagement is prompted throughout – it stimulates thinking about how we listen to customers’ and stakeholders’ views within the planning and delivery processes.

The concept is still in an early development phase but initial feedback from the internal workshops we have held has been positive so far.

### ‘Shared know $h_2$ow hub’

Our experience of engagement is it works and makes a positive difference to our business.

Internally our employee intranet was relaunched in 2016 and provides a social platform for colleagues to share ideas and ‘work out loud’; blogs, online teams and forums enable people to work together in a more open and transparent approach.

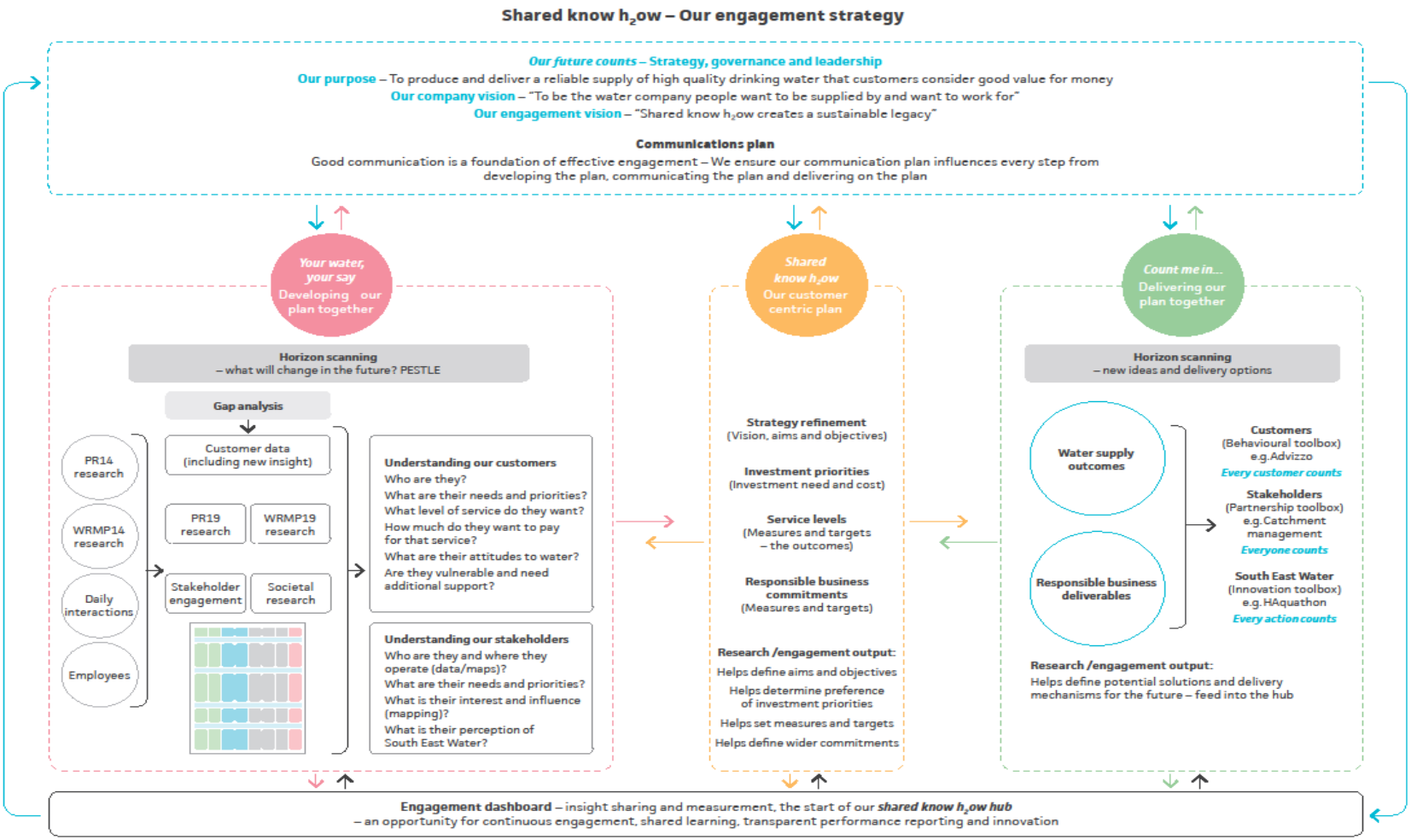
We want to build a similar platform that is open for all, so we can encourage customers, stakeholders and employees to ‘engage out loud’ together in the future too. It will be a hub for sharing early ideas and innovations; and to seek others with similar interests so we can build collaborative teams and partnerships based on a completely transparent approach to engagement.

It also gives an opportunity for people who have decided not to use social media to join in shared conversations with us and the communities we serve.

Our intention is to develop this platform over the next couple of years, so we can use it as a hub for our ongoing engagement, developing an approach which will fully embed participatory engagement into our business.

It's an exciting approach that will help us realise our vision and see 'Shared know $h_2$ow' create a sustainable engagement legacy.

## 3.6 Our engagement strategy in visual form



south east water

Pure know $h_2$ow

# Annex B Insight database findings

## Annex B

## 1 Vulnerability

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| Key impacts of outage<br>• Stress and anxiety<br>• Not having water to drink<br>• Not having water for pets<br>• Lack of toilet facilities<br>• Being unable to wash or bathe<br>• Being unable to cook / wash up. | Interviews with PSR customers who were unaffected by the outage | Customer priority and levels of service, especially co-creation | **Outcome** - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br>**PCs** - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – number of customers on PSR<br>2b) Satisfaction of stakeholders in relation to assistance schemes offered by SEW | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| Only 2 people contacted by SEW. this indicates that a large proportion of customers on the PRS would not have received any contact | | | | |
| Those who contacted:<br>• There were comments that the pre-recorded phone messages were unhelpful<br>• Some who checked the website found the information provided there to be too vague to be helpful • Others registered for text updates from the website but found they got inaccurate or insufficiently detailed information | | | | |
| Some said the only time they heard from South East Water was after the water was back on, with a letter telling them they'd get money off their bill as compensation. Some felt that this compensation was inadequate for the inconvenience they'd been caused. | | | | |
| Strengths of SEW comms during incident<br>• Customers could 'get through quickly'<br>• Staff were helpful, despite working in challenging circumstances<br>• The delivery service was high quality | | | | |
| Criticisms of SEW comms during incident:<br>• A perception that there had been no communication from South East Water at all. Some customers highlighted that they did not have internet access so were unable to check the company website for updates<br>• The view that communication had been vague or misleading<br>• Concerns from customers on (what they referred to as) the priority list (presumably the Priority Services Register), who felt that they did not get any priority treatment<br>• A perception that people handing out the water had been rude. (It is unclear whether these were South East Water employees or not.) | | | | |
| Other useful sources of info included: Radio Kent, the local BBC radio station, ITV South East News, the Kent Live website and Facebook community pages | | | | |
| Three customer types in terms of support<br>• Those who said they had water delivered to them by SEW<br>• Those who said water was brought to a local collection point for them to access<br>• Those who said that no support was received | | | | |
| Water delivered direct - Some were happy with this; others felt they had to wait too long | | | | |
| Water to collection point - some said not very local, 30 miles away. Some were happy with this; others felt they had to wait too long and/or that it wasn't enough for their needs | | | | |
| Good points about SEW service:<br>• The quality of customer service and level of phone or in-person support during the outage<br>• The delivery of water (whether to a collection point in their community or to their home) and the effort that went in to getting this to vulnerable customers<br>• The hard working staff, who it was recognised were working<br>• The quick payment of compensation very hard in difficult circumstances | | | | |
| Bad aspects of SEW service delivery:<br>• A perceived lack of any support<br>• Delivery of water too late<br>• Issues with information about water being delivered to collection points<br>• Bottled water being promised but not delivered<br>• Nobody coming to check on customers<br>• Inadequate levels of compensation | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| Comms - Get in touch with customers to let them know the water is off and be open and honest about what the causes and the likely timeframe for rectifying the outage. This could be communicated by phone, a card through the door or (for some customers only) by text or email | Interviews with PSR customers who were unaffected by the outage | Customer priority and levels of service, especially co-creation | Relevant outcomes & PCs as noted above plus customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| Comms - Provide regular, accurate, detailed, location specific, updates on progress to fix the situation and when the water should be back on, as well as where water is being made available in the meantime. This could include via the company's website and on social media, although other communication methods should be used for customers who do not have internet access. Updates could be provided via a van with a loudspeaker. | | | | |
| Comms - Establish a network of key people in affected communities with whom South East Water communicates, who can then cascade important information to everyone in the community. For example, sending a daily email with a short update. | | | | |
| Target - Effectively identify customers who would struggle during a water outage (e.g. those who are disabled, who require a lot of water or who are housebound) so that support can be prioritized for this group | | | | |
| Earlier provision of bottled water (and water tanks for those with animals) - Give vulnerable customers priority for reconnection to the water supply if it is cut-off<br>• Work with local organisations to get water delivered to those in need<br>• Give people an option for people to fill their own bottles rather than having to take a plastic bottle<br>• Offer more water to those who need more e.g. those with a new baby or with particular medical conditions<br>• Offer to open the bottles of water when it is delivered so that people are not stuck with bottles they cannot open.<br>• Visit everyone on the priority list with bottled water if the outage lasts longer than two days. | | | | |
| **Has the water outage made customers think differently about water?**<br>• Recognising the value of water. Customers said they realised how valuable their water is and how essential it is for everyday life Improving awareness of water use. Some said it has made them aware of how much water they use and they are more committed now to not wasting it.<br>• Keeping stocks in water for emergency use<br>• Recognising that the water infrastructure is old and needs more investment<br>• Viewing South East Water more favourably than before | | | Customer / behavioural toolbox | |
| **What sort of issues have customers experienced and what things most concern customers?**<br>Billing<br>• Getting into arrears<br>• Having an incorrect bill<br>• Confusion over Southern Water bills and South East Water bills<br>Access to water:<br>• Needing to have access to water at all times for medical reasons<br>• Needing to have access to water at all times for anxiety/mental health reasons<br>• Fear of water supply stopping – huge impact on those with certain medical issues | Interviews with PSR customers who were unaffected by the outage | Customer priority and levels of service, especially co-creation | **Outcome** - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>**PCs -** 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| What might trigger or exacerbate these issues?<br>• Visual impairment can make it difficult to read bills, which can make it complicated to resolve any billing issues<br>• Physical or mental health, e.g. being housebound due to poor mobility<br>• Old age, e.g. struggling to understand bills which they used to have no problem understanding<br>• Medical issues, leading either to lack of work and consequent financial problems, and/or high water consumption<br>• Bereavement, e.g. this might involve taking on a parent's water debt | | | | |
| **For those customers who hadn't experienced any issues, could they imagine any potential issues?**<br>• Some interviewees said this could be very difficult for them, particularly if there was little or no notice<br>• For some, lack of water could result in hospitalisation<br>• For others, lack of water would cause extreme anxiety | | | | |
| **What prompted customers to contact South East Water?**<br>Concerned about water meter; Requesting a water meter; Billing problems or confusion; An agency suggested they; Read about other tariffs; enquire about cheaper tariffs; in debt; Asked to get in touch about excessive water use | | | | |
| **How did South East Water respond to the customers?** Put them on a Social Tariff; Put them onto Water Sure; Corrected an incorrect bill; Helping Hands grant; Sent a goodwill payment; Set up a payment plan | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **What was good about SEW's response?**<br>• Compassionate staff<br>• People centred approach<br>• Efficient service<br>• Appropriate solutions | Interviews with PSR customers who were unaffected by the outage | Customer priority and levels of service, especially co-creation | **Above outcomes & PCs plus** deliveing responsible business through customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **What was not good about SEW's response?**<br>• Failing to apologise for incorrect billing<br>• Failing to offer a goodwill gesture in response to incorrect billing until pushed<br>• Taking a long time to resolve incorrect billing<br>• Having to hold on the phone for a long time sometimes, which may take up most or all a customer's minutes allowance when they're on a fixed phone tariff<br>• Suggesting that bills would go down after a water meter is installed but sometimes they go up<br>• Bills not being very clear<br>• Causing anxiety by telling someone they are using too much water | | | | |
| **What things do customers feel that South East Water could do better? General**<br>• Information and support on saving water, particularly for those who are being put on to a water meter.<br>• Provide certainty (or at least an estimate) to those going on to a water meter of what their bill will be in the next year so that they can budget accordingly<br>• Offer support/equipment on descaling equipment; the water is very hard<br>• Offer a goodwill payment if someone has been incorrectly billed, without having to be asked for this<br>• Provide separate meters for a cluster of properties | | | | |
| **Comms** -<br>• Provide a Freephone number or offer to ring back<br>• Apologise immediately when someone has been incorrectly billed<br>• Provide a call-back service if they need to contact SEW (currently offered via the South East Water website, but many vulnerable customers do not have internet access so it also needs to be offered when someone calls up)<br>• Don't mislead people over the impact of a water meter<br>• Provide a single point of contact until the issue is resolved<br>• Provide follow up letters to explain any change in tariff; what it was, why they were getting it, what the impact would be on the bill<br>• Provide plain English information about how Watersure works<br>• Tell customers about the Helping Hands grant when they ring about their problems with arrears (the interviewee only found out about it through their own research)<br>• Verbal (ideally face to face) contact when raising the issue of high water use, rather than a letter, which customers can find alarming | | | | |
| **In event of water outage**:<br>• Give vulnerable customers priority for reconnection to the water supply if it is cut-off<br>• Delivery of bottled water – for some customers this would need to be to their door (rather than to a local collection point) as they can't get out of the house, particularly in poor weather<br>• Provide information and updates, but not just via social media; some customers would really appreciate a phone call<br>• For longer water outages (more than a couple of days), offer a laundry service to certain vulnerable customers or work with other agencies who may be able to offer this service | | | | |
| **Mental or physical health issues** - Dialysis; araplegic<br>Disability; Blind; Deaf; Mute; Physical health<br>Medical (could be temporary); Mental health<br>hoarders | Two focus groups with customer care team | Customer priority and levels of service, especially co-creation | **Outcome** - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>**PCs -** 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Age -** elderly & young people | | | | |
| **Low income -** financial issues; poverty; debt | | | | |
| **Education -** Lack of education; Lack of financial knowledge; Illiterate | | | | |
| **Family circumstances -** Divorced; Bereaved; Single parents; Domestic violence; Relationship breakdown | | | | |
| **Language -** Language barriers; Non-English speakers | | | | |
| **Other circumstances** - Poor living conditions; Zero hours contract; Unemployed;<br>Seasonal work; Homelessness<br>Ex-prisoner; Ex-military; Partner in prison | | | | |
| **How do staff identify vulnerable customers reactive / inbound- t**echnician referrals - eg leaks; field team referralls - eg. meter reads, debt visits; CAB; applicatuons for Watersure, social tariff & HH; outbaound calls by credit control to review payment plans; CS & CC refer customers based on low income, disability, concern about meter etc | | | | |
| **Praoctive customer engagement -** compulsory metering programme; coffee mornings eg sheltered housing, presence at supermarkets; Treasure Chest applications from agencies with vulnerable customers | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **Identification of customers in vulnerable circumstances:**<br>• Often, customers are identified as being vulnerable before they reach the office based staff.<br>• [Vulnerability] is largely based on income or medical conditions.<br>• Staff put them on the Priority Services Register – eventually this will cover all vulnerable customers.<br>• All identified customers go on the priority services register but some are prioritised in terms of need<br>• There is a dedicated e-mail for support workers, e.g. for Citizens Advice Bureau<br>• Word of mouth 'on the street' is very effective - at events and at times of crisis when the field officers are out delivering water.<br>• There is a stand by rota to deal with incidents and deliver water to vulnerable customers at times of crisis.<br>• Website links – only applies if the customer is struggling to pay, including 'anything you'd like to tell us' – but they work really well. It is easier than talking to someone, so good for those who don't want to talk.<br>• Attendance at events throughout the year is very good for identifying vulnerable customers – coffee mornings, fun days, fetes etc; which make SEW more visible and then customers may come to them. Leaflets are provided with all the information regarding services. | Two focus groups with customer care team | Customer priority and levels of service, especially co-creation | **Outcome** - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>**PCs -** 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Identification of customers as vulnerable:**<br>• Identifying a customers as vulnerable may largely be based on instinct. There are clues at every home – décor, bins, alcohol.<br>• The team have android tablets and use the High Affinity system; this has a DV (debt vulnerable) indicator on it, which will include information on things like cancer and dementia. It's a free text box (not a drop down list). You often have to scroll to a second screen to see this (the tablets are quite small).<br>• And/or, when asked to visit a customer, notes may be added to give them some information e.g. customer may take some time to answer the door.<br>• Debt team and leak fixing team will have a list to tick off, and where vulnerability is identified they will pass the customer to CCS or credit control. But it's a bit sporadic – some will be falling through the gap. | | | | |
| **Challenges -**<br>• Often for meter readers, there is no prior information. One meter reader gave the example of arriving at a property to read the meter; the home was occupied by 3 elderly people (sisters in their 90s plus a daughter in her 70s) and the whole house was used as a toilet.<br>• When visiting to correct leaks, field officers may not be allowed in (often when the occupant is an 'ostrich' or a hoarder) e.g. a case of a leaking fish pond; the customer was in massive debt but continued to fill their leaking pond up continually rather than getting the leak fixed.<br>• Field officers may ask customers if they are vulnerable to enable them to get a leak fixed for free; but usually they would not ask this outright.<br>• Example of challenges: terminal illness | | | | |
| **General comments -**<br>• The team has no idea whether the priority services register contains just a small proportion of their vulnerable customers or the majority of them.<br>• The 5/5 scheme (based on customer surveys) - if SEW scores 5/5 it gets more money from the regulator. Some of the field team feel under pressure from this (e.g. they have to provide a fantastic service even when the customer is being very difficult or "taking the mickey"). It was suggested that SEW may be too focused on their budget in relation to this. | | | | |
| **General barriers to identification**<br>• Be careful with use of language - don't use the word vulnerable (though young people may quite like being thought of as vulnerable – but older people really don't want to).<br>• No one wants to say they are vulnerable or have anyone suggest that they may be vulnerable.<br>• Pride – customers don't want to discuss it or won't open up.<br>• It's hard to bring up the PSR; there are different ways to bring it up (some don't refer to it as the PSR and just refer to the extra services they can offer). But you have to ask the customer's permission (technically; some indicated that they may use their judgement on this sometimes and will just put a customer onto the Register).<br>• SEW doesn't know where all their vulnerable customers are; it would be impossible to map them all, and even if they could some of them are transient, as is their vulnerability, so managing the system would be impossible. | | | | |

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| **Field officer team - barriers**<br>• Access to the property for any reason (this can especially be a problem with hoarders).<br>• The customer may not realise they have a problem (particularly if living alone).<br>• The customer doesn't care (this is not necessarily linked to vulnerability); some will play the system.<br>• Language barriers (particularly around Aldershot).<br>• For some tenants, water may be included in their rent (often the case for the Nepalese community), but the default for SEW is that they will bill the occupier; this can cause problems when tenants say their landlord pays the water (and then may refuse to provide details for their landlord).<br>• People from other countries where they haven't had to pay their water (e.g. Poland, Scotland); are not used to having to pay for it. | Two focus groups with customer care team | Customer priority and levels of service, especially co-creation | **Outcome** - 1) Our customers are happy with the service we provide 2) We give customers extra help when they need it<br><br>**PCs -** 1a) Vulnerable customer satisfaction with our service 1b) Vulnerable customer satisfaction with our service during a supply interruption 2a) Non-Financial vulnerability – no. of customers on PSR 3) Non-Financial vulnerability – number of customers on PSR Satisfaction of stakeholders in relation to assistance schemes offered by SEW In addition, deliveing responsible business through customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Office based team - barriers**<br>• Lack of knowledge on the part of the customers<br>• 'Burying their head in the sand' – ignoring SEW.<br>• Worried, especially if they have large debts<br>• Some people will never make contact<br>• Confusion between Southern Water and SEW – customers think they're paying SEW but are actually paying SW (all bills will be combined soon | | | | |
| **What would make identification easier? Office based team**<br>• At account set up - include key questions that might indicate vulnerability<br>• At the point of moving in – advertise SEW services<br>• Sharing information between utilities<br>• Data mapping – better targeting<br>• Increased staff resources<br>• Advertising SEW services for vulnerable customers<br>• Working with other agencies | | | | |
| **Field office barriers**<br>• A vulnerability marker on the account could be better; they have the 'DV' on the first screen; get it to pop up (as per debt) and then disperse (so the customer doesn't see it) once clicked on<br>• Could the CCT go through the categories, tick relevant ones and give a level of priority? But this can be hard to set up<br>• PSR – technically have to get their permission. Is there any flexibility on this? Can they just use their judgement? Field officers would prefer this. | | | | |
| **Office team positives -** Online button – 'I am struggling' - quick and easy<br>- Help for priority customers – particularly those with medical conditions<br>- The link between office and field team<br>- The field officers are really good<br>- If something comes up, the office team know that the field team will deal with it<br>- Relationships with the customers – building trust<br>- Community events – staff are able to spread the word to lots of people<br>- Problems are dealt with quickly and efficiently | | | | |
| **Office team negatives** - Not reaching all the vulnerable customers | | | | |
| **Possible Office team Improvements -** Bill nominations – when the bill goes to 2 people; it is very time consuming and there are data protection issues. We need to automate the process.<br>- Process of applying for DWP – contacting DWP is difficult for SEW customers; need automated process; still sending forms by hardcopy – it needs improved process. Any manual process has a risk of error<br>- Training – for new and existing staff. - Old staff are stuck in their ways.<br>- Not everyone following the process – but it is confusing<br>- PSR – we can get people on it but how do you keep on top of it and eventually get people off it? | | | | |
| **Field Office positives** Free leak repairs – it's a quick process, and can be done at their discretion – they are trusted to use their judgement<br>- Noting up live onto the tablets works well.<br>- Customer visits work well; face to face is great for building rapport; customers often say 'Thank you for coming – I didn't want to ring you'<br>- Staff are seen as a friend; customers can request the same person to visit, and can state if they prefer a woman for example.<br>- Communication with the office staff is very good<br>- The staff make our jobs good<br>- Other water companies are learning from SEW; SEW are leaders in working with vulnerable customers - strengths include, flexibility, prioritising, communicating, attentive (24 hours)<br>- The processes are improving; the organisation is trying harder. | | | | |
| **Field Office negatives** - Use of tablet; staff don't like losing face to face contact (they can't look at someone when typing); it would be good if it was voice activated | | | | |

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| **Possible Office team Improvements -** Offline usage; tablets only work online which can create problems and can seem unprofessional or even affect trust. They need to be able to work offline.<br>- Debt vulnerable marker - have it on the first screen and have it for all visits (including meter reads which operate off a different system – Nomad)<br>- Different systems; Nomad, High Affinity, Nexum – creates complications<br>- The password system for vulnerable customers exists in practice but doesn't really work or isn't known (e.g. meter readers don't see the password that customers have requested)<br>- 5/5 is a bad way of doing things; it's bribery. Though it may be improving services in the office<br>- Lack of communication between departments.<br>- If SEW keep advertising services for vulnerable customers, there won't be enough staff to meet the needs of them all.<br>- PSR - staff are trying to advertise it but there are no clear guidelines. Need to add extra services (bottled water?). There should be clear priorities | Two focus groups with customer care team | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **What more could the Customer Care Team do?**<br>- More language interpretation<br>- Improve communication between teams<br>- More water saving resources available for tech's and meter reader, e.g. hippo bags etc.<br>I- deal world: one person contact for customer<br>- More staff (this was contentious, not everyone agreed, but the majority did)<br>- Tariff<br>- Water sure<br>- Review eligible benefits – Company policy, e.g. that anyone with terminal illness can be on water sure (e.g. cancer – not eligible)<br>- Qualifying elements for tariff – -WaterSure<br>Income cut off should be higher - possibly £26,000<br>Base it on circumstances and not just the customer's financial situation for tariffs | | | | |
| **Tools/support/systems for CC team**<br>- System drop down tabs on tablet<br>- Talk type software – so officers can maintain eye contact with customers and for when driving<br>- Voice activated tablet<br>- PSR in big print and brail given to field<br>- Get more feedback from customers about what they'd like in general<br>- Single person point of contact – key worker<br>- More staff = more face to face visits & more time spent with customers | | | | |
| **What more could SEW offer?**<br>- Pay matching (Southern) – for those in debt, Sothern match what the customer pays<br>- One simplified tariff<br>- Watersure tariff refined (remove/benefit extend) – too stringent at the moment (exception for dialysis)<br>- Tariff (tier) level – not yes/no – wide range of opinions<br>- Higher threshold for low income - £18-20,000<br>- Help for those working over £16,105 – overheads, childcare, no benefit = those on the threshold<br>- Online tariff<br>Work with plumbers on WaterLink<br>- Helping Hand applications streamlined for field staff<br>- Normally leave booklet as very long – the office can do it for them – or ring in office to ask them to help<br>- Provide push taps for dementia customers | | | | |
| **What would make you more able to support vulnerable customers?**<br>• Change WaterSure so that it's not just benefits based<br>• Standardise tariffs between different companies<br>• Have just one tariff:<br>• Push taps for dementia customers | | | | |
| **Key wishes: service for customers, information plus enhancements on existing services**<br>• Tariffs<br>• Support<br>• Additional help<br>• Services we can offer<br>• PSR<br>• Simplify tariffs and process | | | | |
| **Communication and awareness key wishes**<br>• Communication/awareness<br>• Contact points for customers<br>• Language support<br>• Communication training | | | | |
| **Customer service** key wishes<br>• Customer care management<br>• New team for development<br>• Training – asking the right questions | | | | |
| **Other key wishes**<br>• Support for field officers working on their own<br>• Identifying vulnerable customers and why they are vulnerable<br>• Tablets with offline capability<br>• Multi agency working<br>• The leader in promoting our work with vulnerable customers | | | | |

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| **Key concerns:** - Staff will end up doing too much:<br>• I feel we do a lot for vulnerable people, too much sometimes. When do you draw a line? We're only a water company<br>• We have no back bone to say no<br>• Workload – lots of work the team have to do – with only a small team to do it | Two focus groups with customer care team | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Key concerns - That communication may be:**<br>• **I**ncorrect (communicating the wrong message)<br>• Misleading<br>• Over complicated | | | | |
| **Other concern**s -<br>• Data protection – used as a stumbling block<br>That it needs to focus on those who most need help | | | | |
| **Vulnerability categories: At a high level onsideration should be given to•** The scale of severity within the category should be considered<br>• The transient nature of vulnerability e.g. a bereavement or a change in employment could move someone in or out of vulnerability<br>• Customers on the brink of vulnerability, as it is important to try to get to customers as quickly as possible. | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during March | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through stakeholder and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Specifiacally** - Carers<br>Those who are being moved on to Universal Credit<br>Those who are isolated<br>Ex-offenders<br>Lack of access to the internet or online access.<br>Dementia clients<br>Language issues<br>Learning difficulties and autism<br>Illiteracy and dyslexia<br>In terms of ageit was suggested that it: be more specific;, be less discriminatory; is known that at a certain age there is an increased chance of vulnerability; lower ages be included, e.g. those with literacy issues, teenage parents, learning disabilities | | | | |
| **Other vulnerable cirrcumstances**: It is not possible to rely on deprivation being identified by postcode to ascertain vulnerability; South East Water should work with partners to identify vulnerable customers;<br>people don't want to identify as being vulnerable.<br>• Everyone should be considered vulnerable, and then work backwards from there.<br>Vulnerability can be affected by company policy and practice and developments in the market,<br>Is it just about the impact of no water? Or is it also about the knock-on effects?<br>• Need to make clear that immigration status of customers is irrelevant.<br>• People with medical conditions need to know they can use enough water for their condition.<br>how to reach those who don't have internet<br>Be aware of the cumulative burden of cognitive and emotional difficulties | | | | |
| **Addittional experiences to thosed by customers -**<br>Lots of local libraries are closing which adds to peoples' isolation<br>• There have been a lot of scams locally which may make people wary of any contact.<br>- Does South East Water have a customer segmentation system in place<br>• Consider people in households with additional water needs (tariffs are currently based on affordability not disability) | | | | |
| **Gaps in servic**e - Partnership working and signposting<br>Cross-referrals<br>Billing<br>Access to services<br>Debt advice / dealing with customers in arrears<br>Information for people moving home<br>Awareness raising<br>Name of schemes<br>Data protection issues<br>Relationship building<br>Working with Southern Water<br>Resourcing<br>Finding vulnerable people | | | | |

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| **Filling the gaps** • 68% currently on direct debit – could this be increased?<br>• Quicker billing for people when they move in<br>Problem with not knowing what it costs; how much to have a bath, etc<br>Most commonsuggestions were - More publicity of services through leaflets, social media, radio and via agencies<br>More engagement with agencies to include:<br>• Information pack provided to support agencies (see also first bullet under awareness of services)<br>• Newsletter<br>• Agencies to do key checks<br>Signposting/cross referral (including those who are isolated)<br>Earlier alerts as customer goes into arrears – embedded in the system<br>Freephone or call back service | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during March | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through stakeholder and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Monitoring and evaluation ideas**<br>Partnership working<br>Reduction in debt<br>Uptake of tariffs and support<br>PSR<br>Updates to stakeholders<br>Working with other water companies<br>Updated information<br>Updated action plan<br>Smart meters<br>Information<br>Mapping of vulnerability<br>Work with partners to measures progress<br>Customer satisfaction | | | | |
| **What does partnership working look like? The development of the vulnerability strategy -**<br>• Vast majority of participants are keen to attend another workshop<br>• However, consideration is needed about what agencies are going to get out of it?<br>• Could others host this (possibly even for multiple water companies?)<br>**Who should be involved?** Small organisations with a network of vulnerable people are key<br>• Rotherfield St Marti, one of the affected areas, did an exercise to identify vulnerable people in their parish and would be able to reach the right people.<br>• Solicitors are very hands-on in terms of going and visiting people in their homes;<br>**How should they be involved (beyond the next workshop)?**<br>Could there be a 6-monthly working group?<br>An online forum, but limit what you ask for; drip feed specific asks for information<br>Champions at South East Water<br>Review practice by other water companies | | | | |
| **Opportunities for joint working** - Joint working to support those in debt<br>Referrals and signposting<br>Data sharing<br>Talks to staff<br>Awareness raising<br>Share information<br>Stakeholder mapping<br>Other suggestions included: field team having access to the CCT,<br>• Supporting practitioners who are working with vulnerable customers every day:<br>• Agencies should have access to succinct information on South East Water tariffs and services<br>• There should be a system for flagging people who are temporarily vulnerable | | | | |
| **Horizon Scanning - Do vulnerable customers feel more or less visible in the non-vulnerable society?** There is greater awareness of vulnerability BUT fewer services, the result being that vulnerable people are less likely to come onto anyone's radar and GDPR will make it all much worse (harder to advertise the services of others)<br>Generally public are more aware, but only for specific vulnerabilities<br>• Mental health has had a lot of media coverage recently so people are much more aware of it<br>• Disability has changed significantly over the last few years, and most places now are expected to have disability access<br>• More families are accessing food banks, even families<br>Vulnerability' conjures up different things in different minds<br>South East Water needs to do some things as a matter of course, but reality is that organisations don't do these things because of cost. | | | | |

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| **Do vulnerable customers feel more or less supported by their local community /neighbours in recent years**?<br>• More opportunity for non-geographical communities of interest / self-organising • BUT geographic communities are less cohesive and supportive • Engagement via shopping centres and advertising in the paper is great<br>• Not as much community support as there used to be<br>• So many out at work all day; a lot of people don't know their neighbours<br>• Inconsistencies, certain areas where there is more support/community spirit, yet other areas where no-one knows their neighbour<br>• Dispersed families mean more need for support of vulnerable individuals<br>• Change in benefits have changed living circumstances<br>• Families are not supporting their children as much; conversely, some children stay living at home longer<br>• New housing devtments often soulless; no sense of community<br>• A lot of pubs are closing, which leads to a loss of community life.<br>• It depends on your community; if everyone is full-time, you sometimes only see your neighbours a few times a year • It's changed from years back, when you could name everyone in your street • But the community helped a lot last week, in the freeze-thaw 'emergency'<br>• More transience - people are rating more, moving around more<br>• Fewer families, more small households<br>• Tenancies tend to be shorter now, not lifelong<br>• Right to buy tends to fragment communities | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during March | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through stakeholder and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **In the event of loss of water supply do vulnerable customers find it easier or harder to track progress on the problem being resolved? F**elt to be harder. In a water outage, support used to be offered by the housing provider but now they would just be referred to the water company.<br>• In some villages, there is a 'telephone tree' to cascade info through down<br>• Some people struggled to access the water stations.<br>• Could there be an automated call for customers who don't/can't access the internet?<br>• Scope for private sector partnerships e.g. with supermarkets.<br>• Depends on the customer & the quality of service<br>• Social media doesn't work for elderly people; there are cost, sight and fear implications<br>• Most people use the local news<br>• Need more information via the radio for non-TV users<br>• Use telephone, most people have one<br>• Communicate via agencies; issues with data protection<br>• If not on South East Water PSR, how does South East Water know they are vulnerable?<br>• If there is a power cut, neighbours can tell that the lights are out, but lack of water supply is invisible | | | | |
| **Re ageing population, what are the most common concerns they express regarding accessing information online about utilities?** As people get older they get more muddled • Younger generations are forced online with Universal Credit.• Vulnerable customers are frightened of technology • Forgetting to pay their bills • Lack of awareness • Lots of scary stories, e.g. about managing money online • A lot of people don't have any ID – DWP to pay for people to get provisional driver license so they have ID • People are living longer but not necessarily having better quality of life • As pension age is pushed higher, how does this affect people • Pension amounts are going down – pegged to CPI, not RPI, so will gradually be worth less<br>• If develop disability in early 60s, later retirement will mean that you are on ESA for longer • Gov't is paying less out in pensions (because of later retirement age) • Will see more chronic illness and financial stress • Social tariffs are based on benefits<br>Could tie social tariffs to a disability allowance | | | | |
| **For people with visual impairments or that are blind, do they report a better quality of life due to the use of assistive smart phone apps?**<br>• Autistic people often very good with technology<br>• I phone has app for read out loud, amazing for people who are visually impaired<br>• You can get energy supplier apps<br>• It could improve quality of life if they knew about it<br>• Buses are really good – and at the bus stop – press button to tell you where the bus is | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
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| **With more ways to monitor and track where people go (such as CCTV, or phone tracking apps), do vulnerable people (ageing/mobility issues) feel safer or less safe when leaving their house?**<br>Participants felt that it's the view of society that's the key issue. They did not think it's an age thing; e.g. staff are given devices that track their GPS for safety; some love it and feel secure; others feel it's an invasion of their privacy.<br>• Tracking devices = human rights issues<br>• Why track vulnerable/innocent people and not the criminals themselves?<br>• Older people are scared of technology – they don't want to use a tracking app<br>• Knowing where someone is doesn't keep them safe<br><br>**Have you noticed if vulnerable customers are more or less concerned about climate change, or is the environment not typically discussed as part of their everyday conversations**<br>• Climate change likely to bring more variable weather and extremes (e.g. hotter summers, more cold snaps)<br>• Growing population in South East England, with high house building, and South East England is water stressed already<br>• Demand for water is going up, but supply is flat or uncertain<br>• Will tariffs end up higher in water-stressed areas – this could increase vulnerability<br>• Future demand/supply is being looked as part of PR19 review<br>• Could be looking at more service disruption, which will affect vulnerable people<br><br>**Other possible horizon scanning issues**<br>• People are drinking more water now because they are more health conscious<br>• No obligation for social landlords to provide showers. Social housing properties have baths as standard. This is a requirement from government which doesn't make sense from a water conservation/bill point of view. But tenants have to bear the cost of installing a shower themselves.<br>• Need to 'vulnerability-proof' every decision – or make every decision 'inclusive'<br>• What will the impact of Brexit be on vulnerable customers<br>• What will the impact of wider competition in water market be on vulnerable customers? | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during March | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through stakeholder and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Horizon Scanning - What current issues are affecting your clients?**<br>- Criteria for vulnerability - we need to be sure we are using the definition in the right way<br>Universal credit is having a huge financial impact on people<br>Funding cuts are having a massive impact on council services<br>Decline in health and well-being<br>The coastal economy is having an impact on people (zero hous contracts, seasonal labour)<br>• Increased population means increased strain on infrastructure<br>Increasing inequality / poverty is resulting in increased vulnerability<br>• an aging population, which leads to an increase in long term health conditions<br>Young people<br>Climate impacts<br><br>**Accessibility issues**<br>Identifying vulnerability<br>Increase awareness of services<br>Communication<br>Privacy permissions<br>Meter reading<br>Priority Services Register<br>Working with agencies<br>New customers<br>**Priorities**<br>• Freephone number<br>• Access for agencies<br>• More support for agencies<br>• More visual information - easy read, infographics, clear language<br>• App<br>• Simplify communications - in a way that is appropriate for the people we're trying to reach<br>• Working with agencies with more trust and transparency<br>• The website<br>• Communication<br>• Use of videos - case studies of how services have helped customers (with subtitles for hard of hearing)<br>• Access to information locally | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during March | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through stakeholder and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
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| **Protection issues**<br>Communication<br>Data protection<br>Working with agencies<br>Priority Services Register<br>Water distribution<br>Increased resilience of customers<br>Better planning<br>**Priorities**<br>• Communication is the key during an incident<br>• Mixed methods communication essential<br>• Tell stakeholder agencies immediately<br>• Smart use of communication channels - use mixed methods approach - social media; texting<br>• Informal support - ask over social media - do you have neighbours, do you know if they are ok, can you check on them<br>• Remove barriers to support neighbours and local groups to collect water<br>• Buddy stem<br>• Priority Services Register needs to be as accurate /up to date as possible<br>• Harvesting water - more info on how to do it, educate customers, better use of grey water systems | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during March | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through stakeholder and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Strategy/policy development - What can South East Water do to help the agencies?**<br>Coordination<br>Communication / sharing information<br>Collaborative meetings<br>Delivering the strategy<br>**What can the agencies do to help South East Water?**<br>Review the strategy<br>Communication / sharing information<br>Delivering the strategy | | | | |
| **Day to day operations - What can South East Water do to help the agencies?**<br>Coordination<br>Communication / information<br>Skills sharing<br>Customer billing<br>Cross referrals<br>**What can the agencies do to help South East Water?**<br>Raising awareness of services<br>Cross referrals<br>• Data sharing agreements | | | | |
| **In the event of an incident, jointly agree a contingency plan**<br>**What can South East Water do to help the agencies?**<br>Coordination<br>Communication / information sharing<br>What can the agencies do to help South East Water?<br>Communication / information sharing<br>Customer identification<br>**Other recommendations**<br>• Carry out effective stakeholder mapping to identify the most appropriate stakeholders to work with;<br>• Appoint a liaison officer who can link all the relevant organisations and information and act as a single point of contact;<br>• Allow time to get everything in place for better partnership working;<br>• Develop effective communication systems between South East Water and the stakeholder agencies. | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
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| **Potential circumstances leading to vulnerability** Difficulty understanding their bill<br>Carers looking after vulnerable people<br>Isolation<br>Physical and mental health issues<br>Any circumstances can lead to vulnerability | Depth interviews with various agencies | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br>In addition, deliveing responsible business through stakeholder and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Awareness of services**<br>Most of the interviewees were not aware of the services that South East Water offers its vulnerable customers<br>• Not as aware of services as they would like to be.<br>• Trying to keep up with all the services that the different utilities offer is difficult.<br>• Not aware of services until the water outage, have become aware since then.<br>• Someone from South East Water had been to give a talk to their organisation a few years ago, but they would appreciate an update on services etc. as their knowledge is probably out of date now. | | | | |
| **Perceived gaps in services**<br>Access to information<br>Change in use of enforcement officers | | | | |
| **Customer challenges in accessing SEW services**<br>• Some would struggle to understand the change to a meter for example. They would need access to a support service.<br>• Some people need some face to face advice and support.<br>• Lack of financial awareness & ability to budget when it comes to their bills.<br>• Some with mental health issues won't know how to ask for assistance, they wouldn't do anything about it.<br>• Language issues • Lack of internet access • Emotional stress • Confusion over bills • Anxiety.<br>• Those most in need of social tariffs don't know that they are entitled.<br>• The most vulnerable don't leave home they may be in debt, but aren't able to ring SEW o ask for help - they can't self-serve in that way.<br>• Disruption to services could lots confusion for someone with dementia, they would not necessarily know who to call or how to find information.<br>• People with speech impediments can't just call South East Water.<br>• Lack of understanding about tariffs.<br>• Some people with dementia a& mental health issues suffer from self-neglect; they may not even notice their water has gone off, they may not be drinking enough water. | | | | |
| **Suggestions for improving access to services**<br>• Make customers aware of how to get in touch.<br>• Do a leaflet drop about services.<br>• Work with other agencies.<br>• Simplify bills and use big print and plain English.<br>• Include a very large and clear sign indicating help with a phone number to call.<br>• Dedicated phone line to resolve issues.<br>• Telephone is always best for communication, not everyone is online.<br>• Make customers aware of what they are entitled to. | | | | |
| **How could South East Water improve their support for customers in vulnerable circumstances?**<br>• Some additional value for customers that might tie into their health and wellbeing, e.g. an app or a tool.<br>• South East Water's water saving devices are great, but could they offer a service to fit them too, for vulnerable customers.<br>• Make the bills simple and in plain English.<br>• An easily accessible helpline for support and advice.<br>• Chase unpaid bills much sooner, before the debt gets too big.<br>• Don't use enforcement officers.<br>• Fridge magnets with a number to call if in need of help.<br>• It would be much easier if they had standard tariffs.<br>• A dedicated person dealing with vulnerable customers.<br>• Increased awareness of water saving devices<br>• Better promotion of tariffs.<br>• Make contact with customers whose bills are unusually high. | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
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| **How could South East Water engage better with hard to reach groups?**<br>• Work with the agencies that work with vulnerable people.<br>• Have a physical presence at events and venues.<br>• Employ a community liaison officer.<br>• Provide drop-in sessions at CAB and other agencies.<br>• Do as much as possible face to face with vulnerable customers. The phone is an enormous barrier to people, financially and emotionally.<br>• Text messaging is more reliable than phoning.<br>• Engage with vulnerable people through the people who work with them.<br>• Letters don't work as a form of communication for a lot of people. | Depth interviews with various agencies | Customer priority and levels of service, especially co-creation | **Outcome** - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>**PCs -** 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Top 3 things that you would want to see in South East Water's vulnerability strategy?**<br>• Evidence of having done a survey. They should reach out and ask those affected.<br>• A plan for implementing the strategy - a proper long-term plan.<br>• A way of follow up and evaluation.<br>• Flexibility - look at individual circumstances, do not be so rigid that they don't fit in the box.<br>• Work with the agencies. It is not a quick fix; South East Water need to allow time to get everything in place.<br>• Grants and financial support to help people. It is great to help with arrears but there needs to be flexibility to help with financial sustainability. If you just pay off the debt, are they going to get into debt straight away again.<br>• Comms is very important, it is important that agencies understand what is available to help people.<br>• Something about mental health and recognising it as a medical condition, it's a huge barrier for people in day to day lives. Something about customers with language barriers.<br>• A clear commitment to encouraging people to get help and advice when they need it. | | | | |
| **Top 3 things continued** • A clear commitment to working with people who are providing the advice.<br>• Find out the client's financial circumstances before getting a court order for a particular amount.<br>• Recognise the clients are not engaging because they are mentally incapable, they have reached a point where they can't engage, it's not that they don't want to.<br>• Make every effort to find some way of talking to the client, either by phone or face to face.<br>• Try to get all those entitled to be on a tariff, on one<br>• Write off arrears for those who are really struggling to pay and have other debts - have a pot of money for the most vulnerable.<br>• Being socially responsible.<br>• Having a key point of contact - you call up and someone answers the phone, not a series of keypad options and an automated message - easy access<br>• Make contact with all vulnerable customers during a water outage - phone call and/or text, really it needs a mixed methods approach.<br>• Educating vulnerable people - information gives them power.<br>• Making sure going forward that the communication stays strong with the groups that South East Water might work with; that it's not tokenistic that is' really imbedded into practice.<br>• Not coming across as a utility , but someone who cares for older people, so it's not scary for older people.<br>• Large print for those who need it | | | | |
| **What things are you worried may not be in the strategy?**<br>Make it very inclusive. Sometimes when things are aimed at disabilities for example, some things get forgotten<br>Remember temporary vulnerability, particularly at times of crisis.<br>• Customers could have such bad anxiety they can't answer the phone.<br>Allow for flexibility and a broad approach to vulnerability.<br>Be aware just how many people they might have who are struggling with life generally, and are not in a position, either because of learning difficulties or mental health issues, to deal with things<br>• Ensuring their staff are knowledgeable, aware of different issues and dementia-friendly. | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
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| **How can the agencies and SEW work better together in order to improve the situation for vulnerable customers?**<br>• Agencies can let their clients know if SEW are doing something or want to trial something.<br>• Provide information for agencies to disseminate amongst their clients.<br>• Engage organisations who have a lot of links with other/smaller orgs<br>They want to engage with the water industry to be able to find out for their customers who is eligible for what.<br>Would SEW commit to becoming a dementia friendly business, or take part in community/dementia activities<br>• Share information with each other about customers' needs.<br>• Alzheimer's Society could support SEW to become a dementia friendly company.<br>• SEW deliver workshops to groups to agencies and give talks at weekly meetings.<br>• Good communication<br>• If a vulnerable person is at risk of being harmed, we need over-written permission to share details in order to help them.<br>• Two-way communication - how do we become aware of each other | Depth interviews with various agencies | Customer priority and levels of service, especially co-creation | Outcome - 1) Our customers are happy with the service we provide<br>2) We give customers extra help when they need it<br><br>PCs - 1a) Vulnerable customer satisfaction with our service<br>1b) Vulnerable customer satisfaction with our service during a supply interruption<br>2a) Non-Financial vulnerability – no. of customers on PSR<br>3) Non-Financial vulnerability – number of customers on PSR<br>Satisfaction of stakeholders in relation to assistance schemes offered by SEW | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| **Were there any issues/problems in relation to South East Water's service that you were aware of?**<br>• Elderly people did not know what to do with their toilets and commodes, which were overflowing.<br>• There was a significant risk of customers becoming dehydrated.<br>• Some people had water delivered to their doorstep but did not know it was there because they were unable to leave the house.<br>• Size of bottles was an issue for some people - too big and heavy to lift.<br>• Some people struggled to open the bottles.<br>• No rationing, so people took more than their share of water.<br>• It took a long time to get information from South East Water. | | | | |
| **What could have improved the situation?**<br>• If South East Water could make contact and give a heads up about the situation, agencies would know what they are dealing with and be more able to take effective action.<br>• Provide volunteers - understand some staff were volunteering out of office hours.<br>• Being instantly prepared and ready to share data, so we could have got to customers much quicker.<br>• Data sharing is biggest issue. In an ideal world there would be a vulnerability utilities site, anyone vulnerable in terms of water, power etc. would be on it.<br>• There was an issue during the outage with people leaving hospital, and being sent home to houses with no water, making them vulnerable.<br>• Issue around communication about exactly what areas didn't have water.<br>• Need to link to voluntary sector and community organizations who know the people. | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
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| Early family are definitely more acutely aware of the value of water and definitely fall into classification for extra help, if not necessarily seeing themselves as vulnerable | 8 Bespoke Service FGs | Customer priority and levels of service, especially co-creation | **Outcome** - 1) Our customers are happy with the service we provide 2) We give customers extra help when they need it<br><br>**PCs -** 1a) Vulnerable customer satisfaction with our service 1b) Vulnerable customer satisfaction with our service during a supply interruption 2a) Non-Financial vulnerability – no. of customers on PSR 3) Non-Financial vulnerability – number of customers on PSR Satisfaction of stakeholders in relation to assistance schemes offered by SEW In addition, deliveing responsible business through customer and employee toolboxes | Section 4.2 of business plan - Our customer are happy with the service we provide; and section 4.2.1. on what we will do.<br><br>Section 5.4.5 of business plan - what we will do to provide accessible services<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Chapter 9 of business plan - innovation and partnership toolboxes<br><br>Section 3.3. Responsible business measures |
| less confident and capable in many instances so they're naturally cautious. They want clear and simple info and need to know exactly where they stand (who owns pipes etc). Making time to explain and reassure things has huge value | | | | |
| Tone of voice is very important (can easily extrapolate big problems from small issues) so empathy/reassurance within communication is crucial | | | | |
| People and personality matter most of all (hate automation in the main) and they like pro-activity (not justice seekers so unlikely to chase you for things but you offering has a massively positive effect) | | | | |
| Community and support networks (locally and farther afield) are really important – the communication might not always be with this person and recognising this is of value | | | | |
| Contact preferences a massive thing | | | | |
| Also thinking about those less well off than themselves so influenced by services that improve things for the vulnerable and want discounts for pre-payment on the part of the less well off etc | 2 Bespoke Services FGs - Global advocates & Mindful optimists | | | |
| "Vulnerable" isn't a term that those who fit the bill, would necessarily recognise themselves in or want to be classified as eg. Elderly ladies living alone may think of themselves as very capable – but may be extremely vulnerable should they have a fall and/or a service failure | 7 Service recovery FGs | | | |
| Lots of people who had different needs but on many different levels – long term versus transient, living alone versus dealing with partners, preparing for the future versus dealing with today | | | | |
| Interesting to note that the vast majority of the "vulnerable" had little knowledge of the PSR | | | | |
| Much of the Social stuff was unknown and seen positively eg policy for dealing with vulnerable customers, care for employees etc<br>Also interesting was how respondents apply a lens of "fairness" to many of these things eg It wasn't just about having a policy for child poverty… many respondents felt that it may not be fair to everyone else if someone choses to have a large family and then gets their water paid as a benefit | 2 Responsble Business workshops | | | |
| Some really surprising stuff around vulnerable people and the PSR again came through as a really ethical and principled thing to be doing | | | | |

## 2 Affordability

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
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| **What sort of issues have customers experienced and what things most concern customers?** Concern about cost<br>• Generally finding their bills unaffordable<br>• Transferring to a water meter and finding (or worrying) that bills go up, or not knowing what the price difference is likely to be<br>• Being on a water meter and having to use more water for a medical reason and thus having to pay more<br>• Fear of the water meter – needing the water for medical reasons, but fearful of the cost | Tele-depth interviews with PSR customers who experienced outage | Customer priority & cost | **Outcomes: 1** - We help customers out of water poverty **2** - We give customers extra help when they need it<br><br>**PCs: 1 - F**inancial vulnerability – number of customers on social tariff **2** - Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br><br>Customer & Employee toolboxes are also key in wider commitments of being a reposnsible business. | Cost of capital lowest ever at 2.4% (section 7.5.2 The rate of return)<br><br>Section 5.4.1 of business plan - our bills for 2020 to 2025<br><br>Section 5.4.2 of business plan - our bills for 2025 to 2030<br><br>Section 5.4.3 of business plan - what we will do to address affordability generally<br><br>Section 5.4.4 of business plan - what we will do to address affordability for the financially vulnerable<br><br>Linkages to Chapter 7 of business plan - what this plan will cost, specifically section 7.3 and 7.4 and the efficiencies applied to wholesale and retail costs to keep bills affordable<br><br>Linkages to Chapter 8 Our whole risk reward package specifically section 8.4.1 |
| **What is the impact?**<br>Couple are very anxious about their water bills; this is exacerbated by their background and the journey they have been on to come to the UK. They are having to learn a whole new way of life and do not understand what is 'normal' or 'common practice' in the UK, so do not realise they can call South East Water about their situation.<br>They worry about their water use, both because of the cost and because they recognise that there is a limited supply to go around. Since the water meter was fitted, they are trying to reduce their water use , but they are extremely worried because they don't know how much it is going to cost being on the meter. They say they are scared and anxious.<br>They are frustrated because they want to be independent, and Mr A has the skills and experience to earn a decent living but cannot afford to get the certificates he needs to be able to secure work. | Five follow on deep dive interviews with customers who had taken part in the the tele-depth interviews. | | | |
| **What has South East Water done to help?**<br>Mr and Mrs A have had very little contact with South East Water and they have not tried to contact them. This is largely because they do not understand what is 'normal' in the UK. They received a leaflet through the door about the meter, most of which they can read.<br>Since this interview, South East Water have called Mr and Mrs A and explained everything about the bill.<br>**What could improve their circumstances?**<br>Mr and Mrs A need to be able to budget for all bills. This would be made easier by:<br>• Receiving monthly bills<br>• Getting an estimate of the cost for a family of four on a meter, and<br>• Receiving a breakdown of costs for different water uses. | | | | |
| The fact that he is blind means Mr B cannot read his bills, and relies on his carer to read them. This becomes particularly difficult if there is an issue with his bills, and he has to get every bill checked by his support guide.<br>He believed when he first moved into the house, and notified South East Water of his situation, that they had taken it into account and were charging him accordingly. He had offered proof of his disability but they had not taken it up. As a result, Mr B had hoped to change water provider; he did not realise that this is not an option.<br>His accident has also had an enormous financial impact on him, and he constantly worries about being able to pay the bills. He worries that if he is unable to pay his bills he will be evicted from his home. This impacts on his anxiety.<br><br>As a result of the kidney loss Mr B has to drink a lot of water every day. However, his loss of sight has also meant his other senses are heightened and he finds the taste of the water unbearable, so now filters all of his drinking and cooking water, which incurs additional cost.<br><br>He found the situation with overcharging incredibly stressful, and it impacted on his anxiety and depression. He only felt able to deal with it when his support guide was with him, and because they are available for such limited periods of time, he often had to wait a week to take the next step towards resolving the situation, adding to the anxiety. | | | | |
| **What has South East Water done to help?**<br>When South East Water initially received the query from Mr B, they asked to see proof of his disability. Mr B found this frustrating as he had offered to provide this when he first set up the account.<br><br>South East Water have informed Mr B recently that all discounts have now been applied. He received a full refund for the amount of money he had been overcharged and received £20 compensation.<br><br>However, Mr B believes that South East Water took far too long to resolve the situation, and did not take on board the difficulty he has in dealing with these matters, and the level of anxiety doing so causes.<br><br>Mr B has just received his latest bill, and whilst he can see it has been reduced by approximately £20, he still feels this is too much. | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **Additional experiences to thosed by customers -** clients worry about cost and also struggle to understand bills; and may have high water use<br>Someone caring for someone may not have dealt with the bills before<br>There is a misunderstanding about water meters; people think they are pre-pay and can be fearful | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during March | Customer priority & cost | **Outcomes: 1** - We help customers out of water poverty **2** - We give customers extra help when they need it<br><br>**PCs: 1 - F**inancial vulnerability – number of customers on social tariff **2** - Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br><br>Customer & Employee toolboxes are also key in wider commitments of being a reposnsible business. | Cost of capital lowest ever at 2.4% (section 7.5.2 The rate of return)<br><br>Section 5.4.1 of business plan - our bills for 2020 to 2025<br><br>Section 5.4.2 of business plan - our bills for 2025 to 2030<br><br>Section 5.4.3 of business plan - what we will do to address affordability generally<br><br>Section 5.4.4 of business plan - what we will do to address affordability for the financially vulnerable<br><br>Linkages to Chapter 7 of business plan - what this plan will cost, specifically section 7.3 and 7.4 and the efficiencies applied to wholesale and retail costs to keep bills affordable<br><br>Linkages to Chapter 8 Our whole risk reward package specifically section 8.4.1 |
| **Gaps in service** - Cost of water and range of tariffs | | | | |
| **Filling the gaps** - Problem with not knowing what it costs; how much to have a bath, etc | | | | |
| **In wider context of paying utility bills, and customers in financial deprivation, is there more, less or about the same number of concerns from vulnerable customers with respect to paying the water bill?** • In general, participants are seeking an increase in customer operating on a deficit budget (HA tenants) – something has to give and often it's water - Research is being undertaken in Universal Credit area, where people on average have 6 debts, 2 of which are priority • Water is not a priority, in terms of bills for customers. • It has the least consequences if you do not pay • People believe they have a human right to water • Some people don't think you should pay for water<br>• People are paying more for council tax • Welfare reforms are also hitting now So, benefits are coming down while their costs are going up • Universal Credit is forcing people to budget monthly (need to teach people) • More people will need social tariffs • Higher tariffs pull more people into financial vulnerability • See more people who are in work and financially stressed | | | | |
| **Affordability issues -** Raising awareness of services<br>Engaging new customers<br>Clearer communication<br>Digital communication<br>Billing/Arrears<br>Identifying vulnerable customers<br>Education<br>Data protection/data sharing<br>Meters<br>Services<br>Threshold<br>Universal Credit roll out<br>Size of household<br>Private rented sector<br>Working with agencies<br>**Priorities**<br>• Getting to customers before going into debt<br>• Increased awareness of services<br>• Communication using a mixed methods approach<br>• Raising awareness of services | Three stakeholder worshops in Basingstoke, Maidstone and Eastbourne during June | | | |
| Qualitative differences observed between more affluent ABC1 and less affluent C2DE -<br>C2DEs more likely to be weekly budgeters<br>C2DEs more likely to include health insurance<br>ABC1 more likely to have high broadband/sky packages | Social Tariff research - 4 focus groups and quabt survey | Customer priorities, cost & acceptability | Outcomes: 1 - We help customers out of water poverty<br>2 - We give customers extra help when they need it<br><br>PCs: 1 - Financial vulnerability – number of customers on social tariff<br>2 - Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br><br>Customer & Employee toolboxes are also key in wider commitments of being a reposnsible business. | Cost of capital lowest ever at 2.4% (section 7.5.2 The rate of return)<br><br>Section 5.4.1 of business plan - our bills for 2020 to 2025<br><br>Section 5.4.2 of business plan - our bills for 2025 to 2030<br><br>Section 5.4.3 of business plan - what we will do to address affordability generally<br><br>Section 5.4.4 of business plan - what we will do to address affordability for the financially vulnerable<br><br>Linkages to Chapter 7 of business plan - what this plan will cost, specifically section 7.3 and 7.4 and the efficiencies applied to wholesale and retail costs to keep bills affordable<br><br>Linkages to Chapter 8 Our whole risk reward package specifically section 8.4.1 |
| Even though their South East Water bill is not always the cheapest bill, majority think their current bill is affordable.<br>Just over 1 in 10 of total sample say their bill is unaffordable/not at all affordable<br>20% of those whose HI is under £15k say their bill is unaffordable/not at all<br>19% of those on state benefits say their bill is unaffordable/not at all affordable | | | | |
| Baseline VFM quantitative figures reflect mixed mood of qualitative discussions - Almost half have starting point of very/good VFM<br>Significant proportion of neither/nor (37%) could show difficulty of assessing VFM in this non competitive world<br>12% say poor/very poor VFM | | | | |
| Qualitative conversation helps us understand that VFM is more than just the cost of the bill. Weekly/montly cost of bills = quality of water + continuous supply + trust in SEW | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| Regardless of VFM perspective, majority in qualitative work felt they would be benefactors vs. recipients of any 'social tariff'. MAJORITY - Benefactors<br>Not all ABC1<br>Not all affluent<br>Current financial position ranges from:<br>Happy and managing household income<br>Comfortable and stable but could always do with more money<br>Just about coping but don't qualify for benefits<br>MINORITY - Recipients<br>All were C2DE<br>Paying bills but…….<br>Low household income<br>Likely to be within threshold<br>Limited knowledge of any schemes | Social Tariff research - 4 focus groups and quabt survey | Customer priorities, cost & acceptability | Outcomes: 1 - We help customers out of water poverty<br>2 - We give customers extra help when they need it<br><br>PCs: 1 - Financial vulnerability – number of customers on social tariff<br>2 - Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br><br>Customer & Employee toolboxes are also key in wider commitments of being a reposnsible business. | Cost of capital lowest ever at 2.4% (section 7.5.2 The rate of return)<br><br>Section 5.4.1 of business plan - our bills for 2020 to 2025<br><br>Section 5.4.2 of business plan - our bills for 2025 to 2030<br><br>Section 5.4.3 of business plan - what we will do to address affordability generally<br><br>Section 5.4.4 of business plan - what we will do to address affordability for the financially vulnerable<br><br>Linkages to Chapter 7 of business plan - what this plan will cost, specifically section 7.3 and 7.4 and the efficiencies applied to wholesale and retail costs to keep bills affordable<br><br>Linkages to Chapter 8 Our whole risk reward package specifically section 8.4.1 |
| Only one fifth of customers are aware of any support scheme offered by South East Water. Unprompted awareness of what these schemes are amongst customers is extremely low. In wider qualitative work (PR19), support for vulnerable customers has been important and there was a desire for increased communication from South East Water for those who are in need<br>More proactive identification of those who could benefit<br>Greater partnerships with key support organisations | | | | |
| Even amongst the core target audience, awareness of assistance schemes is low. Awareness is low amongst those who might be eligible for support e.g. those on state benefits (27%) and low household incomes (24%)<br>Highest awareness is for flexible payment plans which are helpful but more generic | | | | |
| High qualitative support for the PSR: Water is a basic need and customers feel that South East Water have a responsibility to look after their most vulnerable customers thus strong support/wtp to improve numbers on the PSR. Even the most hardline customers feel that a PSR should be in place and that South East Water should be proactive in communicating this<br>Key areas of support were felt to be:<br>Bottled water in an emergency outage<br>Appropriate communication e.g. braille, large print<br>Information on adaptations to water fittings and appliances<br>Customers recognise that South East Water have other priorities so would like a partnership approach with other utilities to minimise costs | | | | |
| Despite low awareness of PSR, support is very high (90%) | | | | |
| When linked to cost, three quarters support £2 option. Those on low household income (less than £15K significantly more supportive of the £2 option) – 36% vs 25% for the total | | | | |
| Spectrum of responses to the principle of social tariff that cuts across age/SEG. | | | | |
| Hardliners of Social Tariff feel support should only be provided to those who have 'no choice' in their personal hardship. Support for social tariff is elevated when potential benefactors believe that recipients lack choice ie. terminal illness/ disability | | | | |
| Qualitative scores increase when customers understand the relatively low level financial commitment. Important that customers see SEW: giving customers advice on water usage and monitoring excessive usage<br>contributing to the social tariff pot e.g. admin/match funding<br>have processes to ensure the money goes to the right people<br>have stringent scheme criteria<br>work with 3rd parties e.g. CAB | | | | |
| Quantitative acceptability scores are much stronger but reflect the qualitative spectrum e.g. drop when customers understand the cross subsidy principle from 91% perfectly acceptable/acceptable to 70%. Generally very strong support (82%) for customers bills being capped – reinforces qualitative insight that Benefactors want to see Recipients contribute vs. have everything paid | | | | |
| Some frustration during the qualitative work that a social tariff cross subsidy was already in operation | | | | |
| Quantitative results show that 77% accept £2 (on top of the current £1.50 commitment) and 72% accept £4 | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| Afforability of bills | 6 current customer priority deliberative workshops - c**urrent hygiene** | Customer priorities, cost & acceptability | Outcomes: 1 - We help customers out of water poverty 2 - We give customers extra help when they need it<br><br>PCs: 1 - Financial vulnerability – number of customers on social tariff 2 - Satisfaction of stakeholders in relation to assistance schemes offered by SEW<br><br>Customer & Employee toolboxes are also key in wider commitments of being a reposnsible business. | Cost of capital lowest ever at 2.4% (section 7.5.2 The rate of return)<br><br>Section 5.4.1 of business plan - our bills for 2020 to 2025<br><br>Section 5.4.2 of business plan - our bills for 2025 to 2030<br><br>Section 5.4.3 of business plan - what we will do to address affordability generally<br><br>Section 5.4.4 of business plan - what we will do to address affordability for the financially vulnerable<br><br>Linkages to Chapter 7 of business plan - what this plan will cost, specifically section 7.3 and 7.4 and the efficiencies applied to wholesale and retail costs to keep bills affordable<br><br>Linkages to Chapter 8 Our whole risk reward package specifically section 8.4.1 |
| Diversify into other utilities to keep costs down | 6 customer priorities deliberative workshops - **future delight** | | | |
| Effective debt recovery systems | Resilience research - 2 qual workshops with 40 people in each - context is managing debt | | | |
| Proactive debt recovery e.g. look for missed payments | | | | |
| Offering customers budgeting options | | | | |
| Offer tariffs for vulnerable customers | | | | |
| Encourage discussion and offer F2F visits | | | | |
| Introducing meters to manage usage and control bill size | | | | |
| Water suplply at a price that's fair and affordable | 8 Bespoke Services FGs | | | |
| Majority customer support for SEW rewards in relation to supporting customers in vulnerable circumstances within the context of a modest maximum bill increase (of £1) and monies raised being ring-fenced. | ODI research | | | |
| Combined bill affordability:<br>Flat bill: 39% found the proposed combined bill affordable (uninformed). This increased to 46% informed | Acceptability and affordability | Customer priorities, cost & acceptability | Outcomes: 1 - We help customers out of water poverty 2 - We give customers extra help when they need it<br><br>PCs: 1 - Financial vulnerability – number of customers on social tariff 2 - Satisfaction of stakeholders in relation to assistance schemes offered by SEW | Cost of capital lowest ever at 2.4% (section 7.5.2 The rate of return)<br><br>Section 5.4.1 of business plan - our bills for 2020 to 2025<br><br>Section 5.4.2 of business plan - our bills for 2025 to 2030<br><br>Section 5.4.3 of business plan - what we will do to address affordability generally<br><br>Section 5.4.4 of business plan - what we will do to address affordability for the financially vulnerable<br><br>Linkages to Chapter 7 of business plan - what this plan will cost, specifically section 7.3 and 7.4 and the efficiencies applied to wholesale and retail costs to keep bills affordable<br><br>Linkages to Chapter 8 Our whole risk reward package specifically section 8.4.1 |
| Flat bill:<br>Highest scores - Busy Jugglers (42% uninformed and 73% informed) and Living For Today (52% uninformed and 49% informed)<br>Lowest scores - Just Me & Mine (22% uninformed and 28% informed) and Careful Neighbours (27% uninformed and 27% informed) | | | | |
| Flat Bill Combined Bill Affordability: regional differences<br>Thames Water customers significantly more likely to find the bill affordable (informed)<br><br>Uniformed = Thames 47% Southern 34%, Informed = Thames 46%, Southern 46%<br><br>Uninformed:<br>Southern customers significantly more likely to find the plan "not very affordable" | | | | |

## 3 Resilient supply

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| | | | | |
| Security of supply at all times | 6 Current customer priority FGs - **current hygiene** | Customer priority | **Outcome** - Our water supplies are maintained during more severe droughts ; **PC** - Risk of severe restrictions in a drought | Section 4.7 of business plan - summary of supply demand balance programme that will maintain levels of service for TUBs and NEUBs; and deliver greater reslience to droughts and prevent more severe restrictions e.g 1 in 200 year event.<br><br>Section 4.9 of business plan - our water supply network is resilient for this generation and the next<br><br>Section 6.3.3. of business plan - summary of 6 strategic mains and 1 WTW resilience schemes to maintain supplies, protect further 95 production sites from flooding, adopt lessons learnt from incidents, operational risk model.<br><br>Links to Section 6.2 The resilient customer - household, business, developer - and use of toolboxes to deliver shared goals<br><br>Section 7.1.7 of business plan - resilience expenditure |
| Enough supply to meet demand (new water sources e.g. desalination vs. population demand) - future hygiene | 6 Future customer priority FGs - **future hygiene** | | | |
| A constant supply of water that's clear, healthy and palatable | 8 Bespoke Services FGs | | | |
| Invest in /find new water sources | Resilience research - 2 qual workshops - 2 contexts of **managing drought & poulation growth** | | | |
| Develop contingency sources | Resilience research - 2 qual workshops - context is **natural disaster** | | | |
| Invest in ageing pipes network/leakage | Resilience research - 2 qual workshops - looking for SEW proactivity & innovation to **manage and protect life of assets** | Customer priority & cost | **Outcome** - Our water supply network is resilient for this generation and the next; **PCs** - Water supply interruptions; Water mains bursts | |
| Proactive pipe renewal/replacement based on network data analysis | | | | |
| Innovative R&D, new sustainable materials, new detection methods, intelligent valves | | | | |
| Secure land to build new resources e.g. reservoirs | Resilience research - 2 qual workshops - context is **managing drought** | | Wider commitment - Stakeholder toolbox | |
| Capture flood water | Resilience research - 2 qual workshops - context is **flooding incidents** | | | |
| Work with housebuilders to capture at source | Resilience research - 2 workshops - context is **population growth** | | | |
| Monitor rainfall | Resilience research - 2 qual workshops contexts of **managing drought** | Customer priority | **PCs** - Risk of severe restrictions in a drought; Water supply interruptions; Water mains bursts | |
| Have the ability to redivert water | Resilience research - 2 qual workshops - context is **asset health (works failure)** | | | |
| Scheduled and timely maintenance | | | | |
| Nationalisation could put continuity of supply at risk | Resilience research - 2 qual workshops - context is **political intervention** | | Wider commitment | |
| People understand HPBs and that extended period of low rainfall causes drought | **Hosepipe bans** WRMP qual research - Part A | Customer priority & acceptability | **Outcome** - Our water supplies are maintained during more severe droughts ; **PC** - Risk of severe restrictions in a drought | |
| HPBs NOT seen as linked to resilience, but just a temporary prevention measure | | | | |
| Seen as ban on luxury water use, but some impact on keen gardeners & young families | | | | |
| HPBs seen as inconvenient, but not a disaster | | | | |
| 10% chance of HPBs pa is acceptable | | | | |
| Inconvenient vs major problem | | | | |
| Mixed response | **River abstraction** WRMP qual research - Part A | Customer priority & acceptability | **Outcome** - Our water supplies are maintained during more severe droughts ; **PC -** Risk of severe restrictions in a drought **Outcome** - Our environment thrives, now and into | |
| Others less aware of the impact of abstraction | | | | |
| Concerns environmentally engaged but even these folk feel that 2% is low | | | | |
| High impact but mixed response | **Stanpipes / rota cuts** WRMP qual research - Part A | Customer priority & acceptability | **Outcome** - Our water supplies are maintained during more severe droughts ; **PC** - Risk of severe restrictions in a drought | |
| Fine - still have water at home at some points; 3rd world countries context | | | | |
| Terrible, stressful & concerns about mutiny on the street | | | | |
| Shouldn't happen in the UK | | | | |
| SE Water would be negligent | | | | |
| Two dry winters dismissed as very low chance | | | | |
| 1% chance a year of standpipes is extremely low and therefore acceptable - low probability of happening | | | | |
| Increased standpipes is a concern for minority but no WTP £10-20 on average bill to reduce this by .5% | | Customer priority, cost & acceptability | | |
| 1 in 100 years is understood | | | | |
| **Reducing the risk of hosepipe bans** was the 10th priority for investment in WtP research (zero WtP for 1:15 & 1:20) - unit was chance per year | WtP quant survey | Customer priority, cost, levels of service & acceptability | Outcome - Our water supplies are maintained during more severe droughts ; **PC** - Risk of severe restrictions in a drought; **Investment option** | |
| 8th highest stated priority, non SP | | | | |
| In WRMP research, **WtP for reducing risk of hosepipe bans** was £1.52 /HH for 1:15 & £2.28/ HH for 1:20 - unit was frequency eg. every 15 years | WRMP quant survey - part A | | | |
| **Reducing risk non essential use ban**s ranked 10th (out of 11) in WtP research - zero WtP | WtP quant survey | | | |
| 9th highest stated priority, non SP | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **Reducing the risk of standpipes & rotas to 1 in 200 yrs (**from 1 in 100) was the 7th priority (out of 11) for investment in WtP research (£1.23 / HH) - unit was chance per year | WtP quant survey | Customer priority, cost, levels of service & acceptability | **Outcome** - Our water supplies are maintained during more severe droughts ; **PC** - Risk of severe restrictions in a drought; **Investment option** | Section 4.7 of business plan - summary of supply demand balance programme that will maintain levels of service for TUBs and NEUBs; and deliver greater reslience to droughts and prevent more severe restrictions e.g 1 in 200 year event.<br><br>Section 4.9 of business plan - our water supply network is resilient for this generation and the next<br><br>Section 6.3.3. of business plan - summary of 6 strategic mains and 1 WTW resilience schemes to maintain supplies, protect further 95 production sites from flooding, adopt lessons learnt from incidents, operational risk model.<br><br>Links to Section 6.2 The resilient customer - household, business, developer - and use of toolboxes to deliver shared goals<br><br>Section 7.1.7 of business plan - resilience expenditure |
| 11th highest stated priority, non SP | | | | |
| In WRMP research, WtP for **reducing the risk of standpipes & rotas** to 1 in 200 yrs (from 1 in 100) was 0.46p/HH - unit was frequency eg. every 200 years | WRMP quant survey - part A | | | |
| Ranked 11th (out of 11) in WtP reseach - zero WtP | WtP quant survey | | | |
| 11th highest stated priority, non SP | | | | |
| **Reducing water supply interruptions longer than 3 hours** - 2nd highest WtP priority (out of 11); £6.21 | WtP quant survey | Customer priority, cost, levels of service & acceptability | | |
| 4th highest stated priority, non SP | | | | |
| **Supercharge WtP** for reducing water supply interruptions longer than 3 hours - £2.44 (2nd priority out of 9) | Supercharge WtP survey | | | |
| 3rd highest WtP prioirity (out of 11),£17.17 | WtP quant survey | | | |
| 4th highest stated priority, non SP | | | | |
| **Single source of supply** - Lowest = WtP priority (out of 11); zero WtP | WtP quant survey | Customer priority, cost & acceptability | | |
| 9th highest stated priority, non SP | | | | |
| 7th highest WtP prioirity (out of 11),£5.53 | WtP quant survey | | | |
| 47h highest stated priority, non SP | | | | |
| **Water pressure solutions** 4**th ranked added value service**: of huge interest to people who have the problem as can really restrict when/how they wash etc but of marginal interest to people who don't. Solving the proiblems for sufferers would create huge advocacay, but ingrained acceptance as to that's just how things are. Customers would be happy to pay for this. | 8 Bespoke Services FGs | Customer priority & levels of service | **Outcome -** Our water supply network is resilient for this generation and the next **PC** - No. of properties at risk of low pressure (per 10,000 connections) | Section 4.9 of business plan - summary of water pressure interventions<br><br>Section 5.4.6. of business plan - what we will do to provide protective services<br><br>1) Use vulnerability mapping tool for all water supply interruptions<br>2) Make our PSR services and promises credible - doubling size of Customer Care Team and early warning system for trusted partner network<br>3) Help our customers to become more reslient - link to section 6.2 of business plan and use of toolboxes (chapter 9) |
| **Fast track water delivery (during emergency supply interruptions): 9th ranked added value service:** Appeals in principle but clear recognition that it would be impossible to administer company-wide so would need to prioritise. The idea of paying for this service splits customers too - some see it as the wealthy lording it over people in need. offering preferential treatment to those who NEED it is a much biiger win than to selling to those WHO CAN AFFORD it | | | **Outcome** - Our customers are happy with the service we provide; We give customers extra help when they need it; **PCs** Vulnerable customer satisfaction with our service; Vulnerable customer satisfaction with our service during a supply interruption; our stakeholders are happy with the service we provide to customers who need extra support | |
| People almost always claim to want more notice than detailed in the service commitment, as it's reasonable to assume that an efficient and effective (and considerate) company will know more than two weeks in advance what's required | 7 Service Recovery FGs - **Planned interruptions** | Levels of service | Wider commitment | Section 4.2 of business plan - summary of approach to achieveing customer satisfaction commitments<br><br>Section 10.4 - the lessons we have learned and how they have shaped this plan<br><br>Section 4.9.1 of business plan - summary of unplanned outage interventions<br><br>Section 6.3.3 of business plan - learnings from incidents and planning for extreme weather impacts<br><br>Section 5.4.6 of business plan - what we will do to provide protective services<br><br>Section 7.1.7 of business plan - resilience expenditure |
| Tell people why it's happening and what the "win" will be at the end of the works, works (in a very visible and front foot way – making information available isn't the same as effective communication) | | | | |
| Plan the interruption to have minimal impact eg at night | | | | |
| Be absolutely clear re when the work will start and finish and stick to the schedule (traffic lights going up 3 days before any work takes places drives people mad) | | | | |
| The commitments to timeframes and compensation are acceptable but are seen to be quite ambiguous and people assume asterisks and conditions will apply | | | | |
| Knowing that you are on the case and taking decisive action is the biggest single requirement – visibility has a disproportionate impact | 7 Service Recovery FGs - **Unplanned interruptions** | Levels of service | Wider commitment | |
| Expectations around efficiency soon give way to a need for empathy (human face and interaction, imparting information and providing reassurance) | | | | |
| Things like bottled water and the PSR are really valued and seen to reflect a caring, considerate and action orientated company, but there's a communication vacuum (even people who've experienced failures are surprised to learn that there might have been a bottled water option) | | | | |
| Real time updates are required but without effective signposting, things like "In Your Area" aren't optimised | | | | |
| Real time, in the real world is the biggest win – engaging with the local community F2F has a huge value | | | | |
| Post event communication to explain the cause, action and outcome would be valued by many and head negativity off at the pass | | | | |

# 4 Water efficiency

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **General water efficiency** | | | | |
| Comparable HH data to help manage water use | Resilience qual 2 workshops - general | Customer priority, levels of service & acceptability | **Outcome -** Customers are empowered to reduce their water use **Performance commitment** (PC) per capita consumption; **Responsible Busness -** Behavioural toolbox; Innovation toolbox | Section 4.2.1 of business plan - tailored and targeted communications to drive behavouir change and helping in a more holistic way on water usage (household customers) and retailers/businesses in section 4.2.2<br><br>Section 4.6 of business plan - PCC reduction to 140 litres per head per day by 2025 - down 8%<br><br>Section 6.2 - the resilient houshold, business and developer<br><br>Section 9.1.3 - the toolboxes<br><br>Section 7.1.6 of business plan - water efficiency expenditure<br><br>Section 4.8.1 of business plan - licence trading at Aylesford Newsprint site<br><br>Section 9.2 of business plan - promoting markets through water trading |
| Support/incentives for for HH to collect/store rainwater | | | | |
| Change HH usage behaviour | Resilience qual 2 workshops - context is **planning/managing future needs** | | | |
| Strategies to change consumer behaviour | Resilience qual 2 workshops - **customer demand & managing HH use** | | | |
| Combined strategy of advice and devices | | | | |
| Fiancial incentives for using less water | | | | |
| Scrapage schemes for white goods | | | | |
| Effluent reuse/recycling | | | | |
| Invest in smart meters/smart data to help customers manage and control water use, including monitoring leakage. **Ranked as the No.1 'added value service service** | 6 customer priorities deliberative workshops - **current enhancing & future hygieine priority** | | | |
| | Resilience qual 2 workshops (4 different contexts - assets, HH use, bad debt & customer data) | | | |
| | 8 Bespoke Services FGs | | | |
| A device to track your water usage so you can adjust it if necessary | 8 Bespoke Services FGs | | | |
| **Tariffs for essential/premium use, 3rd ranked added value service:** This makes sense as some uses are seen to be ignorant, indulgent and/or unnecessary and so usage patterns should be reflected in tariffs. The notion of higher tariffs for non-essential uses & discounts for using responsibly is appealing & positions SEW as ana advocate of fairness. Enthusiasm for the idea was tempered by real scepticism re how it would be monitored. | | | | |
| **Advizzo trial (water usage reports) - 6th ranked added value suggestion**: the idea of clear and engaging water reports to compare usage is really powerful; customers want to know what someone like them uses so they have a context to judge their consumption against | 8 Bespoke Services FGs | | | |
| Managing water use has medium appeal | Part A - WRMP qual - 6 community groups | | | |
| This is about shared responsibility – customer and water company | | | | |
| Future focus is important – people need to control usage | | | | |
| Smart meters feel like positive impact here VS. devices which are not that effective | | | | |
| Promoting water efficiency measures | 6 customer priorities deliberative workshops - **future hygieine** | | | |
| Rewards and credits for efficient water usage | 6 customer priorities deliberative workshops - **future delight** | | | |
| **Water us**e - 5th highest WtP priority (out of 11); £3.21 | WtP quant survey | Customer priority & cost | | |
| 10th highest stated priority, non SP | | | | |
| Supercharge WtPfor reducing water use - 0.94p (5th equal highest priority out of 9) | Supercharge WtP survey | | | |
| **2nd** highest WtP priority (out of 11); £3.21 | WtP quant survey | | | |
| 11th highest stated priority, non SP | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **Education** | | | | |
| Educate customers re useage | Resilience qual 2 workshops - **pouplation growth** | Customer priority | **Outcome -** Customers are empowered to reduce their water use **Performance commitment** (PC) per capita consumption; **Responsible Business** Behavioural Stakeholder & Innovation toolboxes | Section 4.2.1 of business plan - tailored and targeted communications to drive behavouir change and helping in a more holistic way on water usage (household customers) and retailers/businesses in section 4.2.2<br><br>Section 4.6 of business plan - PCC reduction to 140 litres per head per day by 2025 - down 8%<br><br>Section 6.2 - the resilient houshold, business and developer<br><br>Section 9.1.3 - the toolboxes<br><br>Section 3.3 of business plan - responsible business metrics |
| Better communication and education for schools and families | Resilience qual 2 workshops - **HH consumption** | | | |
| Work with education centres/schools to reduce water consumption | Resilience qual 2 workshops - **recruitment & retention** | | | |
| Education for current/future generations aboutrbecoming more water efficient | 6 customer priorities deliberative workshops - **current enhancing** | | | |
| **Smart Meters** | | | | |
| Invest in smart meters/smart data to help customers manage and control water use, including monitoring leakage | 6 customer priorities deliberative workshops - **current enhancing & future hygieine priority** | Customer priority levels of service & acceptability | **Outcome -** Customers are empowered to reduce their water use **Performance commitment** (PC) per capita consumption; **Responsible Business** Behavioural toolbox; Innovation toolbox | Section 4.2.1 of business plan - tailored and targeted communications to drive behavouir change and helping in a more holistic way on water usage (household customers) and retailers/businesses in section 4.2.2<br><br>Section 4.6 of business plan - PCC reduction to 140 litres per head per day by 2025 - down 8%<br><br>Section 6.2 - the resilient houshold, business and developer<br><br>Section 9.1.3 - the toolboxes<br><br>Section 3.3 of business plan - responsible business metrics |
| | Resilience qual 2 workshops (4 different contexts - assets, HH use, bad debt & customer data) | | | |
| | 8 Bespoke Services FGs | | | |
| Preferred over devices in terms of water efficiency | Part A - WRMP qual - 6 community groups | | | |
| **Smart meter/app/gadget, 1st ranked added value suggetsion:** giving people an ability to track, monitor and change usage patterns - not about the kit, but what it enables to do. Fertile territory but needs a little more than just the "smart" angle | 8 Bespoke Services FGs | | | |

## 5 Leakage

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| 2nd stated priority for improvement, non SP (out of 11 attributes) | WtP quant survey | Customer priority | **Outcome** - Leakage levels are sustainable and supported by customers<br><br>**Performance commitmen**t (PC) - Leakage target | Section 4.5 of business plan - leakage reduced by 15% to 75 ml/d by 2025<br><br>Section 9.1.1, 9.1.2 and 9.1.3 - innovative leakage work e.g. drones, where focus is next, and innovation toolbox ideas<br><br>Section 7.1.6 of business plan - water efficiency expenditure<br><br>Section 4.8.1 of business plan - licence trading at Aylesford Newsprint site<br><br>Section 7.1.6 of business plan - water resources expenditure<br><br>Section 9.2 of business plan - promoting markets through water trading |
| Top priority for investment in WtP research | WtP quant survey | Customer prioirity & cost | | |
| Most preferred resource option using simple preference in WRMP | Part A - WRMP quant survey | Customer priority | | |
| Top priority for investment in WRMP research | Part A - WRMP quant survey | Customer prioirity & cost | | |
| Most preferred resource option using simple preference in WRMP | WtP quant survey | Customer priority | | |
| Top priority for investment in WRMP research | WtP quant survey | Customer prioirity & cost | | |
| **Supercharge WtP** for reducing leakage - £3.77 (highest priority out of 9 attributes) | Supercharge WP survey | Customer prioirity & cost | | |
| Top stated priority for improvement, non SP (out of 11 attributes) | WtP quant survey | Customer priority | | |
| Top priority for investment in WtP research | WtP quant survey | Customer prioirity & cost | | |
| Immoral, but question VFM & ROI given SEW's progress, so as a water resource option it had medium appeal | Part A - WRMP qual - 6 community groups, | Customer priority | | |
| Reducing leakage is a hygiene factor, failure to deliver leads to customer dissatisfaction | 6 current customer priorities deliberative workshops | Customer priority & levels of service | | |
| Leakage to be a thing of the past in 2050 | 6 future customer priorities deliberative workshops | Customer priority | | |
| Looking for SEW proactivity & innovation to deal with aging pipes and fix leakage | 2 resilience qual workshops | Customer priority | | |
| SEW needs to manage leakage as part of saving water and managing thesupply demand balance | 2 resilience qual workshops | Customer priority | | |
| Provide leakage data to customers to help monitor leaks | 2 resilience qual workshops | Customer priority | **PC** - Leakage target; Behavioural toolbox | Section 4.5 of business plan - leakage reduced by 15% to 75 ml/d by 2025<br><br>Section 6.2.2 - the resilient customer and what support customers expect e.g. smarter data/meters to remind them of usage<br><br>Section 6.2.3 - assisting businesses to identify leaks<br><br>Section 6.3.3 - preparing for extreme weather impacts and water supply incidents |
| Leaks increase concerns around infrastructure issues and lack of sufficient investment, especially as leakage is a very emotive topic for - this is also related to unfairness | 6 Focus groups for Water UK on Nationalisation | Customer priority | **PC** - Leakage target; Responsible business; Wider commitment | Section 3.3 of business plan - our responsible business measures<br><br>Section 4.5 of business plan - leakage reduced by 15% to 75 ml/d by 2025 |
| Leakage is supported as part of the nationlisation debate, but is not the most persuasive argument | 6 Focus groups for Water UK on Nationalisation | Customer priority | | |
| Customers think leakage levels are too high and waste a valuable resource; it's a problem we need to fix, and certainly before we ask them to conserve water when there are shortages | PR14 customer engagement | Customer priority | **PC** - Leakage target | N/A |

# 6 Water quality

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| Provide good quality, clean and safe drinking water (quality product) | 6 current customer priorities deliberative workshops - **current hygiene** | Customer priority | **OUTCOME** - Our customers trust the safety and quality of their tap water<br><br>**PC** - Number of customer contacts about tap water appearance; Number of customer contacts about tap water taste and odour | Section 4.4 of business plan - summary of activities around discolouration, taste and odour and Compliance Risk Index |
| Water softening products | 6 current customer priorities deliberative workshops - **current enhancing** | Customer priority & service levels / provision | Wider commitment | Section 3.3 of business plan - our responsible business measures |
| Better science to progress water treatment process - eg solar powered purification | 6 future customer priorities deliberative workshops -**future enhancing** | | | |
| Tailored product to your door e.g. softer, flavoured water, health benefits, two grades of water | 6 future customer priorities deliberative workshops -**future delight** | | | |
| Helpful suggestions included: supply goods that would help with hard water, | 8 Bespoke Service FGs | Service levels / provision | | |
| **Added value No 5 suggestion** Water softeners: making kit available to people should they want it is seen as a real plus; customers don't necessarily expect them free either. SEW woul be seen in a positive light, in touch with customers' needs and aware of the product flaws. Discount on RRP and delivery/fittingwould help drive engagement | | | | |
| A constant supply of water that's clear, healthy and palatable | 8 Bespoke Service FGs | Customer priority, cost & levels of service | **PC** - Number of customer contacts about tap water appearance; Number of customer contacts about tap water taste and odour | Section 4.4 of business plan - summary of activities around discolouration and taste and odour and Compliance Risk Index<br><br>Section 4.9 of business plan - summary of 'serviceability' activities to meet Event Risk Index performance commitment<br><br>Section 6.2 of business plan - the resilient houshold and business customer (water quality/contamination) |
| **Discoloured water** - 8th highest WtP priority (out of 11); 0.47p | WtP quant survey | | P**C -** Number of customer contacts about tap water appearance | |
| 7th highest stated priority, non SP | WtP quant survey | | | |
| Supercharge WtP for improving discoloured water - £1.08 (4th top priority out of 9) | Supercharge WtP survey | | | |
| **Discoloured water** - 8th highest WtP priority (out of 11); 0.24p | WtP quant survey | | | |
| 8th highest stated priority, non SP | WtP quant survey | | | |
| **Taste & smell not ideal** - 9th highest WtP priority (out of 11); 0.30p | WtP quant survey | | **PC -** Number of customer contacts about tap water taste and odour | |
| 3rd hghest stated priority, non SP | WtP quant survey | | | |
| Supercharge WtP for tatse & smell - £2.248 (3rd top priority out of 9) | Supercharge WtP survey | | | |
| **Taste & smell not ideal** - 9th highest WtP priority (out of 11); 0.16p | WtP quant survey | | | |
| 6th hghest stated priority, non SP | WtP quant survey | | | |
| Protect network from contamination | Resilience qual 2 workshops (2 different contexts - **assets & water terrorism**) | Customer prioirity & cost | **PC** - Water quality compliance (CRI); Innovation toolboxes | |
| Ongoing pipe maintenance to provide good water quality | Resilience qual 2 workshops (2 different contexts - **assets & water terrorism)** | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **Catchment management** has high appeal partly due to positive impact on water quality | Part A - WRMP qual - 6 community groups | Customer prioirity & cost | **Outcome** - Our customers trust the safety and quality of their tap water **PC** - Water quality compliance (CRI)<br>**Outcome** - Our environment thrives, now and into the future; **PC** - Engaging and working with abstractors to improve catchment resilience to low flows | Section 4.4 of business plan - summary of activities around discolouration and taste and odour and Compliance Risk Index<br><br>Section 4.10 of business plan - summary of activities e.g. carbon reduction, WINEP, AIM, biodiversity, engagement.<br><br>Section 6.4.3 - environmental resilience strategy areas of focus and changing behaviours to drive shared environmental resilience outcomes<br><br>Chapter 7.1.5 of business plan - water quality expenditure |
| 5th rated resource option using simple preference in WRMP | Part A - WRMP quant survey | | | |
| 8th priority for investment in WRMP research | Part A - WRMP quant survey | | | |
| **Catchment management -** 4th rated resource option using simple preference in WRMP | Part A - WRMP quant survey | Customer prioirity & cost | | |
| 9th priority for investment in WRMP research | Part A - WRMP quant survey | | | |
| For less engaged and knowledgeable segments, water quality issues are more concerning than supply failures, due to concerns about health & safety. | 7 Service Recovery qual focus groups | | **PCs** - Number of customer contacts about tap water taste and odour; Number of customer contacts about tap water appearance | Section 4.4 of business plan - summary of activities around discolouration and taste and odour and Compliance Risk Index<br><br>Section 6.2.2 and 6.2.3 of business plan - the resilient customer and toolbox approach for protecting water quality in home |
| 89% satisfied with colour and appearance of tap water (cf 91% industry average) | CCW Water Matters quant survey | Customer priority & levels of service | **PC** - Number of customer contacts about tap water appearance; Number of customer contacts about tap water taste and odour | Section 4.4 of business plan - summary of activities around discolouration and taste and odour and Compliance Risk Index |
| 84% satisfied with taste and smell (cf 86 industry average) | | | | |
| 54% satisfied with hardness/softness (cf 55% industry average) | | | | |
| 92% satisfied with safety (cf 91% industry average) | | | | |
| Clean water - customers take the quality of their tap water for granted and trust us to supply a water supply that is safe, clean and has an acceptable appearance, taste and smell | PR14 SEW customer engagement | | | |

# 7 Natural environment

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| Look after & protect the natural environment | Current priorities qual - 6 deliberative workshops; **current enhancing** | Customer priority | **OUTCOME** - Our environment thrives, now and into the future **Performance Commitmen**t (PC) - Greenhouse gas emissions | Section 4.10 of business plan - summary of activities e.g. carbon reduction, WINEP, AIM, Biodiversity, engagement.<br><br>Section 6.4 - environmental resilience strategy areas of focus and changing behaviours to drive shared environmental resilience outcomes |
| Reduce the risk of pollution (to zero by 2050) | Current & future priorities qual - 12 deliberative workshops; **current enhancing & zero is future enhancing** | Customer priority | | |
| Reduce the carbon footprint | Future priorities qual - 6 deliberative workshops; **future hygiene** | Customer priority | | |
| Develop environmentally sustainable practises & policies eg reducing waste | Future priorities qual - 6 deliberative workshops; **future hygiene** | Customer priority | | |
| Tacking the effects of climate change | Current priorities qual - 6 deliberative workshops; **current enhancing**<br>Resilience resesearch - 2 qual workshops | Customer priority | | |
| Explore other sources of power to protect the environment | Resilience resesearch - 2 qual workshops - context is **mitigating power outages** | Customer priority | | |
| Proactive clearing ditches/trees | Resilience resesearch - 2 qual workshops - context is **pollution management** | Wider commitment | | Section 3.3 - Our responsible business metrics |
| Stricter fines for polluters | | | | |
| Mixed response | **River abstraction -** WRMP qual research; Part A | Customer priority | **Outcome - W**ater supplies are maintained during more severe droughts **; PC -** Risk of severe restrictions in a drought; **OUTCOME** - Environment thrives, now and into the future **PC** - AIM | Section 4.8 of business plan - summary of supply demand balance programme that will maintain levels of service for TUBs and NEUBs; and deliver greater reslience to droughts and prevent more severe restrictions e.g 1 in 200 year event.<br><br>Section 4.10 of business plan - AIM commitment |
| Others less aware of the impact of abstraction | | | | |
| Concerns environmentally engaged but even these folk feel that 2% is low | | | | |
| No 'silver bullet' resilience option of low cost, low environmental impact and high impact on droughts | **Overall solutions** - WRMP qual research; Part A | Customer priority | **PC** - Greenhouse gas emissions | Section 4.10 of business plan - summary of activities e.g. carbon reduction, WINEP, AIM, Biodiversity, engagement |
| Water resource options that have ***positive environmental impact have high appeal*** / ie. catchment management & more efficent WTWs | | | | |
| Water resource options that *have* ***negative environmental impact have low to medium appeal*** - ie. increasing groundwater use, desalination, re-using wastewater & underground storage | | | | |
| **License trading** - no impact on the environment as this level of abstraction is already planned for | WRMP qual research - part A | Customer priority | | Section 4.8.1 of business plan - licence trading at Aylesford Newsprint site<br><br>Section 7.1.6 of business plan - water resources expenditure<br><br>Section 9.2 of business plan - promoting markets through water trading |
| **Catchment management / land use** - positive impact on environment is key driver of appeal | WRMP qual research - part A | | **PC** - Proportion of landowners actively engaged; Engaging and working with abstractors to improve catchment resilience to low flows; **Investment option** | Section 4.10 of business plan - summary of activities e.g. carbon reduction, WINEP, AIM, Biodiversity, engagement<br><br>Section 6.4 - environmental resilience strategy areas of focus and changing behaviours to drive shared environmental resilience outcomes |
| 5th most preferred WRMP investment option, non SP (out of 10) | WRMP quant survey - part A | Customer priority & cost | | |
| 8th most preferred WRMP investment option, using WtP (out of 10) - £4.18 | | | | |
| Supercharge WtP for partnering with landowners - 0.94 p (5th equal priority out of 9 priority) | Supercharge WtP survey | | | |
| **Catchment management -** 4th rated resource option using simple preference in WRMP | Part A - WRMP quant survey | Customer priority & cost | | |
| 9th priority for investment in WRMP research | Part A - WRMP quant survey | | | |
| **Partnering with landowners to improve the environmen**t - 4th highest WtP priority (out of 11); £3.62 | WtP quant survey | Customer priority & cost | **Outcome** - Our environment thrives, now and into the future; **PC** - Proportion of landowners actively engaged | |
| 5th highest stated priority, non SP | | | | |
| 4th highest WtP priority (out of 11); £14.23 | WtP quant survey | Customer priority & cost | | |
| 5th highest stated priority, non SP | | | | |

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **Make WTW's more efficient** - positive impact on the environment is a good thing | WRMP qual research - part A | Customer priority | **PC** - Greenhouse gas emissions; **Investment options** | Chapter 7 of business plan - the wholesale cost of our 2020-2025 plan<br>Section 7.1.6 of business plan - water resources expenditure<br>Section 7.1.8 of business plan - environmental expenditure<br>Section 4.9 of business plan - carbon reduction commitment<br>Chapter 7 of business plan - the wholesale cost of our 2020-2025 plan |
| 6th most preferred WRMP investment option, non SP (out of 10) | WRMP quant survey - part A | Customer priority & cost | | |
| 4th most preferred WRMP investment option, using WtP (out of 10) - £9.21 | | | | |
| **Desalination** - dissuaded by the very high costs and negative environmental impact | WRMP qual research - part A | Customer priority | | |
| 8th most preferred investment option, non SP (out of 10) | WRMP quant survey - part A | Customer priority & cost | | |
| Least preferred investment option, using WtP (out of 10) - £1.69 | | | | |
| **Re-using treated waste water** - uncomfortable with negative environmental impact | WRMP qual research - part A | Customer priority | | |
| 9th most preferred investment option, non SP (out of 10) | WRMP quant survey - part A | Customer priority & cost | | |
| 9th most preferred investment option, using WtP (out of 10) - £2.32 | | | | |
| **Increase Groundwater use** - uncomfortable with negative environmental impact | WRMP qual research - part A | Customer priority | | |
| 7th most preferred WRMP investment option, non SP (out of 10) | WRMP quant survey - part A | Customer priority & cost | | |
| 6th most preferred iWRMP nvestment option, using WtP (out of 10) - £6.73 | | | | |
| **Underground storage** - collecting underground makes sense but uncomfortable with environmental impact | WRMP qual research - part A | Customer priority | | |
| 4th most preferred investment option, non SP (out of 10) | WRMP quant survey - part A | Customer priority & cost | | |
| 3rd most preferred investment option, using WtP (out of 10) - £10.54 | | | | |
| **Reducing carbon emissions -** 3rd highest WtP priority (out of 11); £6.04 | WtP quant survey | Customer priority & cost | **PC** - Greenhouse gas emissions; Investment options | |
| Highest stated priority, non SP | | | | |
| Supercharge WtP for reducing carbon emissions 0.67p - (7th out of 9 priority) | Supercharge WtP survey | | | |
| 4th highest WtP priority (out of 11); £14.23 | WtP quant survey | Customer priority | | |
| 2nd highest stated priority, non SP | | | | |
| **Protecting wildlife and increasing biodiversit**y - 6th highest WtP priority (out of 11); £2.11 | WtP quant survey | Customer priority & cost | **PC** - Number of hectares of land enhanced to increase biodiversity; **Investment option** | Section 4.10.1 of business plan - increase biodiversity enhancements on company-owned land from 54% to 67% by 2025 and to 84% by 2040 |
| 6th highest stated priority, non SP | | | | |
| Supercharge WtP for improving biodiversity - 0.34p (8th out of 9 priority) | Supercharge WtP survey | | | |
| 5th highest WtP priority (out of 11); £13.01 | WtP quant survey | Customer priority | | |
| 3rd highest stated priority, non SP | | | | |
| Grey water harvesting | 8 Bespoke Services FGs | Wider commitment | | Section 3.3 - Our responsible business metrics |
| **Not on my radar** segment can actually be engaged around ethics and environmental issues (more than say, In The Dark or Me Myself and I) | | | | |

# 8 Resilience in the round

| Research Finding | Data source | Business plan impact - 4 x pillars | Business plan -specific | SEW action |
|---|---|---|---|---|
| **Collaboration** | | | | |
| Have closer collaboration with customers | Resilience qual 2 workshops - context is **asset health** | Wider commitment | **Responsible Business -** Stakeholder toolbox | Section 3.3 of business plan - responsible business measures<br><br>Chapter 9 of business plan - toolboxes<br><br>Also linked to Chapter 7 (Our investment plan) Chapter 5 (affordable, accessible and protective services) and Chapter 6 (resilience in the round)<br><br>Section 7.1.7 of the business plan - resilience expenditure |
| Develop & work with 3rd parties | Resilience qual 2 workshops - **asset health (works & IT failure) & data theft** | | | |
| Work with housebuilders to capture at source | Resilience qual 2 workshops - **drought prevention** | | | |
| Cooperation with other agencies including housebuilders/developers | Resilience qual 2 workshops - **pollution management** | | | |
| Work with housebuilders to install better soakaways | Resilience qual 2 workshops - **preventing flooding incidents** | | | |
| Partnership with farmers e.g. catchment management | Resilience qual 2 workshops - **pollution management** | | | |
| Higher profile and involvement with 3rd parties e.g. housebuilders & councils | Resilience qual 2 workshops - **population growth & preventing flooding incidents** | | | |
| Work with developers /builders to introduce new storage systems, efficient usage and recycling | Resilience qual 2 workshops - **population growth** | | | |
| Working with 3rtd party groups e.g CAB, Drs | Resilience qual 2 workshops - **bad debt** | | | |
| Work closely with local counsellors | Resilience qual 2 workshops - **land availability** | | | |
| **Information Technology** | | | | |
| **IT failure** - work with experts/3rd parties; have back upsystems; invest in skilled employees | Resilience qual 2 workshops | Wider commitment | **Responsible business** - Innovation toolbox | Section 3.3 of business plan - responsible business measures<br><br>Chapter 6 - resilience in the round |
| Investing in new technology | 6 customer priorities deliberative workshops - **current enhancing** | | | |
| Artificially intelligent customer service | 6 customer priorities deliberative workshops - **future hygieine** | | | |
| **Good corporate citizen** | | | | |
| **Good employer** | | | | |
| **Recruitment & retention:** work with education centres/ schools; clear career paths; management schemes; apprenticeships; | Resilience qual 2 workshops | Wider commitment | **Responsible business** - Employee toolbox | Section 3.3 of business plan - responsible business measures<br><br>Chapter 6 - resilience in the round |
| **Good pay & conditions**: holiday & sickness policy; flu jab for workforce; fair pay | | | | |
| **Appropriate skill sets:** effective training programmes; apprenticeships; work with colleges | | | | |
| **Financial governance** | | | | |
| **Management incompetence**: best people; best practices; checks and balances | Resilience qual 2 workshops | Wider commitment | **Responsible business** | Chapter 6 - resilience in the round<br><br>Section 3.3 of business plan - responsible business measures<br><br>Chapter 11 of business plan - Our assurance |
| **Bad debt:** effective & proactive debt recovery systems, e.g. look for missed payments; offering customers budgeting options; offer tariffs for vulnerable customers; working with 3rd party groups eg CAB; introduce meters to manage usage and control bill size | | | **Outcome**: We help customers out of water poverty | Section 5.4.3 and 5.4.4 of business plan - what we will do to address affordability<br><br>Section 5.4.5 of business plan - trusted partner network |
| **Uncontrollable interventions** | | | | |
| **Asset security** - emergency procedures; security staff & processes | Resilience qual 2 workshops - **criminal/terrorist acts** | Wider commitment | **Responsible Business** - Stakeholder, Customer & Innovation/SEW toolboxes | Chapter 6 of business plan - resilience in the round<br><br>Section 3.3 of business plan - responsible business measures |
| **Water poisoning** - regular contamination testing, pipe maintenance; contingency sources | | | | |
| **Data theft** - focus on prevention eg. secure networks, ransom software, firewall; regular back-ups; password protection; working with leading 3rd parties eg. GCHQ | | | | |
| **Power attack/failure** - back up generators; invest in other power sources eg.hydro/solar | | | | |
| Protection against terrorism seen as 2050 hygiene priority | 6 customer priorities deliberative workshops - **future hygieine** | | | |
| **Natural disaster -** need contingency plans; some suggestion of cross industry resourcing | Resilience qual 2 workshops - **natural disasters** | | | |
| **Nationalisation** - need contingency plans; concern about continuation of supply for customers | Resilience qual 2 workshops - **political interference** | | | |
| **Government intervention** - changes to water policy | | | | |
| **Fracking** - manage potential structural impact; research into impact for water | | | | |

south east water

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