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# PR24

**NORTHUMBRIAN  
WATER** *living water*

**ESSEX & SUFFOLK  
WATER** *living water*

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## **CUSTOMER AND STAKEHOLDER ENGAGEMENT**

**APPENDIX A7  
NES08**

The background features a vibrant green color with a large, white, stylized graphic of water cascading down a hill. The water is depicted with multiple parallel white lines that create a sense of motion and depth. The hill is represented by a smooth, white curve at the bottom of the page.

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## **1. EXECUTIVE SUMMARY**

### **We always want to put customers at the heart of our business.**

One of our core values is ensuring that we retain a 'customer focus' and during our last 'Great place to work' survey 94% of our employees said that we had a strong customer focus. We were delighted to be ranked as the best water company in the country for customer service in 2022/23 – first for C-MeX.

This guiding principle of putting customers at the heart of our business has directed all that we do as a company over many years, including the way in which we have consulted with customers and taken their views into account. Our strategy and approach to PR24 has sought to follow this principle and build a plan that best reflects the preferences of our customers.

### **Our approach to customer and stakeholder engagement on this business plan has learnt from past experiences.**

We reviewed our approach to customer engagement in 2015 and developed our principles for good customer research – and Ofwat scored our customer engagement as 'good' at PR19, following these principles. Since then, we [reviewed our approach again](#) in 2021 to look at what worked well for PR19 and should continue, and what we could have done better. We want to see customer evidence and engagement playing a greater role in price reviews and were disappointed that it was not given greater weight in the last review by regulators.

Based on these findings we decided to continue to place a very strong emphasis on engaging with and understanding our customers for PR24 by embedding the six proposed engagement principles in our approach, adopting the proposed engagement framework in the report, and seeking to engage customers on those topics where ICS (and others) identify customers can meaningfully give views.

### **We have focused on quality of research evidence rather than quantity with a greater role for deliberative research and a more structured approach to triangulation of evidence.**

We decided to use a more deliberative model for customer engagement to tackle the challenges of engaging with customers on difficult topics like the level of ambition in our long-term plan, and the choices we'd need to make between different alternatives. In the context of increasing statutory investment requirements and choices about when to invest to tackle difficult problems, this approach has proven to be necessary and effective. We repeated our 'Your Water, Your Say' session for the customers in our People Panels, and participants showed a much deeper awareness and understanding of the issues and how we might tackle these.

As part of the lessons learnt review and as a consequence of the increasing need to make sure we have the right answer to difficult questions, we looked at our approach to triangulation and how we used customer and stakeholder evidence to make decisions. We developed a new approach to triangulation and line of sight, and shared this with other water companies, CCW, and other customer challenge groups across the sector.

This new approach has been successful in building an understanding of customer preferences and priorities. We've also been able to develop our business plan alongside these discussions, with our operational teams and Board able to be involved in and to listen to customer research sessions – helping us to make sure this reflected customer preferences and priorities alongside other issues.

We have supported and used Ofwat and CCW's centralised research on service incentives and have cross-checked the results of that work with other evidence to triangulate results in developing our business plan. We discuss these issues in [A4 – Outcomes](#) (NES05).

**We have continued to seek challenge from the Water Forum but have sought to strengthen their role and independence.**

We have continued with our existing Water Forum but changed their role to align with CCW's proposals around the creation of a central oversight group. We have also strengthened their independence by giving them their own secretariat and re-examining their terms of reference.

We have provided them with resources and procurement support to seek additional expertise to challenge the cost and service elements of our plans more directly (see our Appendix [A2 – Data and Assurance](#), NES03).

We established a new, independent Customer Engagement Panel as part of the Water Forum with external experts to provide independent assurance of our customer research and engagement, including our approach to making sure that there are clear links between research and engagement outputs, and how they inform our business plan.

**We have followed a structured process of engagement in the development of our plan and met the Ofwat and CCW guidance for quality.**

Our approach to customer and stakeholder engagement has followed four phases starting from our 'business as usual' ongoing activity and what that could tell us about customer preferences for the business plan, then engagement on long-term issues and targets for the plan followed by more detailed engagement to refine the plan and finally the testing of various versions of the plan through affordability and acceptability testing.

We have always sought to undertake high quality research with our customers and have used externally accredited market research experts and followed Ofwat and CCW guidance meeting the challenge of the Customer Engagement Panel.

Around 90% of the business plan is based on statutory requirements so very little of the plan has been discretionary but we have sought to engage customers and formally offer them choices wherever we could. We also gave customers choices around the pace of investment and what should be prioritised now versus later.

Where we could, we pushed back on statutory requirements where customers wanted us to and responded by developing new options and phasing before testing this with customers again.

**Overall, 74% of customers considered that our plan was acceptable (from the quantitative research).**

This approach to developing our plan, including how we reflected this evidence throughout the whole of our decision making, was successful in shaping a plan that customers supported. Our three customer insight summaries show how we triangulated this customer evidence to draw conclusions and understand relative priorities:

- [A7-01 PR24 Customer Research – Common PCs Insight Summaries](#) (NES42)
- [A7-02 PR24 Customer Research – Enhancements and Other Service Area Summaries](#) (NES43)
- [A7-03 PR24 Customer Research – Prioritisation of Common PCs](#) (NES44)

We published all our customer research in our [research library](#), and refer to individual research within our customer insight summaries (and throughout our business plan documents). We have included two research reports within our business plan submission – our Affordability and Acceptability [qualitative](#) and [quantitative](#) research reports (NES49 and NES50).

Our report [A7-04 PR24 Line of Sight](#) (NES45) explains how we used these customer insights, alongside key statutory, regulatory and stakeholder insights, to make our decisions for the business plan.

In our [qualitative Affordability and Acceptability testing](#) (NES49), our customers strongly supported our preferred plan – discussing phasing options for parts of the preferred plan. In our [quantitative Affordability and Acceptability survey](#) (NES50), 74% of customers agreed that they found our plan acceptable (including 70% for households in Essex and Suffolk; and 72% for households in the North East).

In general, many of our customers wanted us to be ambitious – but this was constrained by affordability, in the context of statutory requirements driving increases in bills. We have reflected this balance of ambition and affordability in our performance commitments and decisions about phasing investments beyond 2030 in our business plan and long-term delivery strategy.

**2. BUSINESS PLAN NAVIGATION**

This appendix supports Ofwat in the assessment of the ‘customer engagement, affordability and acceptability’ tests in the Quality and Ambition Assessment, as set out in [the PR24 methodology](#):

**TABLE A2.1 – MINIMUM EXPECTATIONS FOR CUSTOMER ENGAGEMENT, AFFORDABILITY AND ACCEPTABILITY**

Minimum expectations (from Ofwat methodology)	Where is this covered?
The company's plan provides sufficient and convincing evidence that its customer engagement activities meet our standards for research, challenge, and assurance.	Section 4 and 5
The company's plan explains how it has taken account of views on the affordability of its proposals for all customers, including for those who struggle, or at risk of struggling, to pay their bills.	<a href="#">Appendix A1 – Affordability</a> (NES02)
The company's business plan and long-term delivery strategy demonstrates that its proposals are likely to be fair and affordable for both current and future customers.	<a href="#">Appendix A1 – Affordability</a> (NES02) and LTS (NES_LTDS)
The company's plan provides sufficient and convincing evidence that it has followed our guidance for testing customers’ views of the affordability and acceptability of its proposals.	Sections 4 and 5
The company's business plan includes plans for supporting customers to pay their bills using social tariffs and other methods. We expect the company to include plans for the two scenarios we specify in our methodology.	<a href="#">Appendix A1 – Affordability</a> (NES02)  (Which notes that Ofwat asked us not to include both scenarios).

### **3. BACKGROUND**

#### **3.1. LIVING OUR PURPOSE**

Our purpose is: **Caring for the essential needs of our communities and environment, now and for generations to come.**

We do this by providing reliable and affordable water and wastewater services for our customers. We make a positive difference by operating efficiently and investing prudently, to maintain a sustainable and resilient business.

Our vision is to be the national leader in the provision of sustainable water and wastewater services.

We want customers to be at the heart of everything we do, and every decision we make<sup>1</sup>. High quality customer engagement is critical to empower customers and make sure that their voice is heard by everyone involved in developing our long-term strategy and PR24 business plan. Customers should be able to tell us about the things that matter most to them, in the way they want to talk to us.

#### **3.2. PR19**

In 2015, we carried out an extensive review of our approach to customer engagement for PR19. This included:

- A full audit to identify all the opportunities we had for engaging with customers.
- A review of the latest industry guidance from Ofwat, CCW, and others.
- A peer review exercise to identify best practice among other water and wastewater companies.
- Discussions with experts who have a deep understanding of customer engagement, particularly behavioural economics.
- An exercise to explore how we could best use customer segmentation, again drawing on external expertise in the field.
- Best practice discussions and desk research into how leading organisations engage with their customers.
- Reviewing our approach with members of the Water Forums, who represented a broad range of people, organisations, and sectors across all areas of our PR19 business plan.

We used the findings of this review as the basis of our strategic approach, and to inform a set of seven principles, which aligned closely to Ofwat's principles of good customer engagement. We applied these to our research, participation, and engagement programme. These principles at PR19 were:

- Principle 1: Empower customers.

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<sup>1</sup> From our latest 'Great Place to Work' staff survey 94% of our people say we are committed to delivering an unrivalled customer experience for our customers. Being 'Customer focussed' is one of our core values.



- Principle 2: Be led by our people.
- Principle 3: Continuous and on-going.
- Principle 4: Have a deep understanding of customers.
- Principle 5: Be creative and innovative.
- Principle 6: Use multiple sources.
- Principle 7: Provide regular feedback to customers.

We used three phases to triangulate – in phase 1, we reviewed our existing insights, looked at contacts and complaints, comparative and historical information, and the initial research we had done on our strategic themes and bespoke measures. In phase 2, we asked if we had customer support for our strategic themes and bespoke performance measures. In phase 3, we tested acceptability of the plan (bills and performance levels).

Ofwat's [assessment of our customer engagement at PR19](#) was scored a 'B' (or 'green') – with high quality and innovative approaches to customer participation, and evidence of our three-phase approach. The Water Forum (the CCG) confirmed that customer priorities had influenced the plan.

However, it was often difficult to see how our customer evidence had been reflected in the final decisions Ofwat had taken. We considered that evidence on customer preferences was given less weight in decisions than it could have been. As part of our appeal of the PR19 final determinations to the CMA, we said that:

*“Customer engagement was a key building block for Ofwat’s PR19 methodology and we carried out extensive customer engagement alongside robust challenge and scrutiny from the independent Water Forums in developing our [business plan] BP19. That engagement demonstrated that our customers were not singularly focused on short-term bill reductions... [Ofwat’s] FD19’s emphasis on short-term bill reductions ignores other, equally relevant, customer priorities.”*

CMA, [final report](#), 2.413 (quoting Northumbrian Water)

In hearings during the CMA process, the CCGs also ‘strongly argued that Ofwat had not fully taken into account the views of customers that has been obtained by the [companies] and in particular the preference of many customers for stable bills and more investment in issues that deal with climate change, resilience, and growth’.

The CMA [considered that](#) ‘research into customer views can play an important element in informing the price review process, including gaining an understanding of ability and willingness to pay, and views on the balance of priorities’, but thought that this type of research was more limited in addressing some of the more complex issues (such as relating to outcomes).

### **3.3. OUR 2021 REVIEW OF CUSTOMER ENGAGEMENT**

At the same time as our concerns about how customer evidence was taken into account, we recognised that there were important aspects of customer engagement that we could have done better – and some of the challenges raised by regulators were reasonable and fair. For example, Ofwat identified that there was wide variation in the incentive rates that companies proposed for different service levels that was difficult to justify.

We wanted to learn from the experience and improve those approaches for the future. We commissioned a review from ICS to identify what worked well for PR19, what should continue, and what we could have done better. This report is [published in the Ofwat Ideas Lab](#).

Based on that work, we set out our plans to follow the proposals the report sets out, including:

- Continuing to place a very strong emphasis on engaging with and understanding our customers for PR24 by embedding the seven proposed engagement principles in our approach, adopting the proposed engagement framework in the report and seeking to engage customers on those topics where ICS (and others) identify customers can meaningfully give views.
- Supporting and using Ofwat and CCW's centralised research on service incentives and triangulating the results of that work with other evidence in developing our business plan.
- Continuing with the Water Forum that we had in place but changing their role to align with CCW's proposals around the creation of a central oversight group, strengthening their independence through additional recruitment to the forum, and by giving them their own resources to challenge the plans.

We also agree with Ofwat's stronger focus on long-term planning for PR24, which can help to set the business plan in an appropriate long-term context. We know that it can be challenging to engage customers on long-term issues, particularly when these are complex. However, we still considered that it was crucial that we sought to engage with our customers constructively and robustly. Ofwat suggested that this engagement should take place on:

- The level of ambition in the long-term plan including the service levels and statutory requirements that companies will need to meet by 2050.
- The strategy and rationale for the plan including trigger points or choices over a 25-year period that need to be considered and chosen to drive different investment solutions.

The ICS report considered the challenges associated with this approach and set out a framework that embeds this into the engagement with customers. In particular, we created 'People Panels' – regional representative groups which include both current and future customers across our operating areas. We used this deliberative model in light of the complexity of the issues and have triangulated this with other evidence including more informed challenge through the Water Forum and independent expert views.

In Section 5 (our strategy for PR24), we explain how we met these proposals.

## 4. OUR STRATEGY AT PR24

For PR24, Ofwat adopted a different approach to customer engagement:

- Ofwat set out **updated principles for customer engagement**, including all aspects of the PR19 customer engagement principles that they considered still relevant and applicable.
- Ofwat and CCW led a **collaborative approach** for some of the customer research that would inform common areas of company business plans and their decisions. This planned to cover research on common performance commitments, outcome delivery incentive rates, and acceptability and affordability testing.
- Ofwat did not define the role of a **customer challenge group** for each company at PR24 and did not require them as at PR19. Instead, it required companies to follow standards for high-quality research, customer challenge and assurance of the quality and use of customer and stakeholder engagement evidence.

Ofwat still expected us to build on and take forward our own engagement with customers for PR24, taking responsibility for our relationship with our customers and best serving the diverse needs of our customers. They expected us to understand customer needs and preferences, and for us to be responsible for research such as customer views on long-term goals and the best way to achieve these, taking account of affordability constraints.

We wanted to continue to put customers at the heart of our plan and build on the routine customer engagement and participation work we already do. We knew it would be important to bring in all sources of evidence both to make sure we had made the right decisions – and to support regulators in assessing our business plan by demonstrating that we had fully taken customer evidence into account.

### 4.1. SUMMARY OF OUR APPROACH

Our strategy was built on three objectives: driving better customer evidence on difficult topics; supporting and improving on the collaborative approach; and creating robust challenge and assurance.

#### Driving better customer evidence on difficult topics

1. We looked for **new methods for engagement** that could address the difficulty of engaging customers on long-term and complex issues. We created 'People Panels' – regional representative groups which include both current and future customers across our operating areas. These allowed us to discuss issues in more depth, and during the whole development of our business plan. This meant that we could spend more time on complex issues and return to People Panels with new options that could help to meet their challenges and questions.
2. We set **four phases for customer engagement**, aligning these with our programme plan for developing our business plan, long-term delivery strategy, WRMP, DWMP, and WINEP. This alignment meant that we could fully consider customer evidence at each stage before moving on to make initial, draft, and final decisions

about our business plan. We discussed the evidence with our operational teams, Water Forum, and Board at each stage (with many people from each of these groups attending customer research sessions to observe).

3. We developed an improved approach to **triangulation of customer evidence**, based on the [CCW guidance](#) and our own further thinking (based on additional work by Sia Partners, not included alongside our business plan). This looked at and scored the evidence to create customer insight summaries, with the line of sight from this evidence to our outcome performance commitment levels and enhancement cases (see [A3 – Outcomes](#) (NES04), and individual enhancement cases). We discussed this evidence throughout, with our operational teams closely working with our engagement team and research partner to explain our choices and to understand customer views at each stage.

### Supporting and improving on the collaborative approach

4. We supported the **collaborative approach** for customer research, providing feedback through engagement with Ofwat and CCW through workshops and individually. This included commissioning an [independent peer review](#) to support Ofwat's work on common ODIs and providing feedback on the impact of the emerging results. This also included providing cognitive testing feedback on affordability and acceptability research guidance. We asked our independent Customer Engagement Panel to comment on all the collaborative research, raising any issues or concerns with both us and Ofwat/CCW.
5. However, we did not want to rely on just a **single source of evidence** in these areas. We set out to test and challenge the collaborative research by using a variety of approaches – including some that were similar to PR19, to allow comparisons to be tested more easily. We carried out research on customer valuations of outcomes, using [two methods](#) including repeating our PR19 exercise. This was designed as a cross-check for Ofwat's ODI research, but in practice became the main source of evidence for assessing best value in our business plan optimisation (as Ofwat had planned to publish these valuations in October 2022, but in practice did not do this until June 2023). We used these valuations to support our assessment of benefits during our business planning, alongside independent valuations. We also introduced 'pre-acceptability' testing to support the development of our business plan through deliberative research, with further testing of more detailed areas following discussions and deep dives with the Water Forum.

### Creating robust challenge and assurance

6. The flexibility for customer challenge groups for PR24 meant that the Water Forum could provide a **more strategic, stronger, and deeper role** in our process for developing our PR24 business plan. We strengthened the Water Forum by adding more knowledge and experience and providing resources so that it could independently seek expert advice. We invited the Water Forum to set out its own role in challenging our business plan and committed to providing more transparent information and access to operational teams and experts across our business than ever before.
7. We established a separate **Customer Engagement Panel** for the Water Forum, with an independent chair as well as independent research experts and representation from the Water Forum. This panel would provide

independent challenge and assurance on our approach to customer engagement and how we used this to develop our business plan.

8. We aligned our customer engagement with **Ofwat's principles**, and met the standards for research, challenge, and assurance. We also met the requirements of the **affordability and acceptability guidance** (meeting with Ofwat and CCW where we had concerns to share our evidence and agree an approach before proceeding). We wanted to make sure that we had met all of the requirements so that everyone could have confidence in our research.

We discuss these objectives in sections 5.2, 5.3, 5.4, and 5.5 below.

#### 4.2. DRIVING BETTER CUSTOMER EVIDENCE ON DIFFICULT TOPICS

We wanted to understand what customers thought about three groups of difficult topics. We published all of our customer research on our website in our [research library](#), and summarise this in our customer insight summaries.

These three groups of questions were:

**What are the priorities for customers? How have these changed? How do customers value different service levels?** We looked at the insights we already had, using our analysis of customer research over the last five years. This allowed us to start our planning work – looking at future threats (including reviewing our resilience framework and risks); identifying the needs for investment to meet customer priorities; and beginning to set our objectives for long-term frameworks.

We continued to review and revise our triangulation of evidence about customer priorities throughout the business planning process, and we have published our final [customer insight summary](#) (NES44) on this topic. This includes Ofwat and CCW research, as well as all of our research which looks at relative priorities. We ranked these customer priorities and used this evidence to set our target performance commitment levels. We also used evidence of customer valuations for our cost-benefit analysis of the options (see [A3 – Costs](#), NES04).

**How ambitious should we be in the long term? What is the right balance between the short term and long term needs for topics such as resilience and asset health? What do customers think about intergenerational fairness?** We explored these topics with our People Panels throughout the business planning process, discussing options on topics such as net zero, climate change resilience, and asset health. This meant we could explore these issues in detail, and panels could deliberate, ask us for more information, and set challenges or criteria for us to consider. We then returned to later sessions to discuss further options and more detailed impacts including, importantly, the bill impacts.

We also asked our customers about our long-term goals and ambition very early in our business planning process and developed our outcome performance commitments to meet these. In many cases, these were consistent with existing long-term goals or statutory long-term obligations – and where they were not, we asked customers about

this in more detail. As part of our WRMP and DWMP customer engagement, we asked customers about the options for planning in the long term, including their priorities and preferences.

Through a carefully constructed series of sessions with our People Panels, we explored customers' levels of ambition to develop our long-term strategy. To do that we:

- Introduced participants to [personas and future scenarios](#) for life in 2050.
- Introduced [areas, themes and measures](#) carrying our prioritisation ranking exercise in relation to importance.
- Discussed participants' level of ambition for each of the long-term measures (two parts, [A](#) and [B](#)).

We asked customers which options they preferred in WRMP (with different supply and demand options) and used the results to inform our draft WRMP. Our [WRMP consultation](#) describes how we used online questionnaires, panel surveys and face-to-face surveys to understand which options for our plan had the most support. We included insights from customer engagement on the importance of preparing for climate change and severe weather, and the benefits of meters, water saving devices, and leakage reduction (which has the highest support). Similarly, our [draft DWMP](#) was shaped based on the views of customers and stakeholders.

We returned to customers to discuss how this had been reflected in our long-term strategy in July 2023, as part of our Innovation Festival customer engagement (this was part of our consultation on our draft strategy with customers and stakeholders).

**What is the right balance of investment and affordability at PR24? Does the plan we have developed match customer priorities and ambition? Is it affordable for customers?** We identified options for tackling the needs and threats we had identified, using our insights from customers about their priorities, expectations, and ambition. In some cases, our work showed that there was a tension on priorities in some areas, and we explored this in more detail for example through our pre-acceptability testing.

The Ofwat affordability and acceptability research was the end point of this, and it helped us to confirm what plan customers would best support. However, we discussed all of these options in detail with customers first, including our research on 'pre-acceptability' testing, where we talked about the options for investments and the impact this would have on service levels compared to statutory 'must do' investments. We used these discussions to shape our final preferred business plan.

The diagram on page 16 shows the **four phases** of our customer engagement, with the alignment to our operational planning and assessment to the right of the diagram. This shows how we developed the answers to these questions over time (moving down through the diagram to a final business plan and long-term strategy).

To make sure that customers were involved in designing our business plan, it was important to take care that our customer engagement was closely linked to our work to identify risks, develop options, and eventually develop the best value plan. This would need to involve our people who were working on the business plan, to help them to make sure that they had a deep understanding of customer views.

These phases were:

- **Phase 1: business as usual** – developing our customer research over the last five years into insights, allowing us to consider what we already know about customer priorities (and start to test how these are changing). We developed insights using **initial triangulation** to address questions from different angles and using different methods, strengthening our conclusions.
- **Phase 2: understanding priorities for the long-term** – we worked to agree long-term goals and ambition at PR19, but attitudes to issues such as the environment and affordability have shifted. We also worked to understand the long-term threats and opportunities, as well as the need for investment, and discussed these as well as other customer and stakeholder priorities. We used these to set objectives for our long-term frameworks such as WRMP, DWMP, and WINEP, and as the early basis for discussions on our long-term strategy. We integrated the priorities from Ofwat, CCW and other stakeholder research as part of our triangulation.
- **Phase 3: refining and valuing priorities** – having worked together to develop our long-term priorities, we focused on the specific priorities for PR24, including the relative value customers place on different benefits. We used these insights to develop our options, and to optimise our plan using customer valuations of benefits. Ofwat carried out its own research to develop customer valuations for ODIs – we did compare this with our own insights about customer valuations, but our primary purpose in carrying out our research was to understand how to reflect customer priorities in optimising the plan.
- **Phase 4: acceptability and affordability** – we tested our initial draft plan with customers through pre-acceptability testing and Your Water, Your Say - and used this to refine our plan. We developed our final plan through working with the Water Forum (through deep dives), stakeholders and partners and independent challenge, we tested our final plan with customers through acceptability testing. This tested if the proposed plan is affordable for all customers, too.

These phases meant that we could work with our customers to develop our plan, understanding and incorporating their views as we filtered a very broad list of priorities, developed these, and created the final business plan. It was critical that our customer engagement activities were aligned with our planning, decision-making and assurance processes, so that we could take customer views into account.

# Our approach to customer engagement at PR24





### 4.3. TRIANGULATION OF CUSTOMER EVIDENCE TO UNDERSTAND OUR CUSTOMERS' PRIORITISATION OF COMMON PERFORMANCE COMMITMENTS

A comprehensive understanding of our customers' priorities is an essential input into the decisions and trade-offs our PR24 business plan is built upon.

#### 4.3.1. What does good triangulation look like?

In 2021 CCW commissioned Sia Partners to review the use of Triangulation at PR19. [This review](#) informed an update to CCW's PR19 principles to enable good practice triangulation for PR24.

CCW recommends that the updated principles are used as criteria against which to assess and assure companies' triangulation approaches and that they should be used as a minimum good standard benchmark by companies to assess whether their triangulation processes meet a minimum level of good practice.

#### CCW's Principles to enable good practice triangulation for PR24



**Engagement should be an ongoing process.** Designed to show how customer opinion has evolved over time and how this impacts decisions. A designed approach will consist of specific phases for triangulation with prescribed outcomes and research questions at each stage.



**Triangulation should make use of a wide range of inputs and these should not be solely engagement insight.** The quality and breadth of data used to drive triangulation help to determine the robustness and transparency of the process.



**Balanced decisions should be at the core of triangulation.** Where information is gathered to identify new research areas or where feedback agrees, triangulation plays a limited role. The triangulation process starts by identifying the conflicting points within the body of evidence where balances between values and opinions need to be made and transparently showing the resulting decisions.



**Validation of findings should make use of a wide range of datasets.** Validation findings are made more robust and transparent through comparison with a range of quantitative and qualitative data. Comparison with findings from other sectors further lends robustness to outputs.



**Triangulation should be informed by a transparent and consistent weighting framework.** A transparent and consistent process to the weighting of disparate insight streams provides a robust process and enables transparency.



**Companies should seek independent assurance of their process and outcomes.** This should cover assurance of the whole triangulation process. It should also assure and review the outcomes generated.

### 4.3.2. Our triangulation and line of sight framework

We developed an approach to triangulating based on a model set out by the consultancy Sia Partners. This approach is set out in detail in [PR24 Customer Research – Prioritisation of Common PCs](#) (NES44).

In brief, our approach was:

#### 1. Identifying the Evidence Base

To achieve a robust appreciation of how our customers prioritise common performance commitments we drew upon all available priority ranking exercises, that have taken place within parts of our ongoing tracking research, and bespoke internal and external PR24 customer research.

#### 2. Collating the Evidence

In total we identified 23 customer research sources, including 18 sources produced by NWG. The 22 research sources included 54 ranking exercises (as some sources included more than one ranking exercise). The approach, sample size and details of each prioritisation exercise are summarised in Appendix 1 of the [PR24 Customer Research – Prioritisation of Common PCs](#) (NES44), and full NWG reports can be found in our [Research Library](#).

#### 3. Scoring and Weighting the Evidence

We followed an approach to weighting the evidence adapted from the model set out by the consultancy Sia Partners. Sia's model recommends scoring each source against quality parameters to calculate an overall robustness score. These scores are then used to weight the evidence. The approach to weighting each source is set out in Appendix 4 of the [PR24 Customer Research – Prioritisation of Common PCs](#) (NES41).

#### 4. Prioritisation

The two exercises, collating and weighting the evidence, were fed into our prioritisation model.

This resulted in overall priority levels for common PCs. Further detail on the model can be found in [PR24 Customer Research – Prioritisation of Common PCs](#) (NES41).

#### 5. Comparison to Ofwat and CCW's ranking

The two exercises, collating and weighting the evidence, were fed into our prioritisation model.

This resulted in overall priority levels for common PCs. Further detail on the model can be found in [PR24 Customer Research – Prioritisation of Common PCs](#) (NES41).

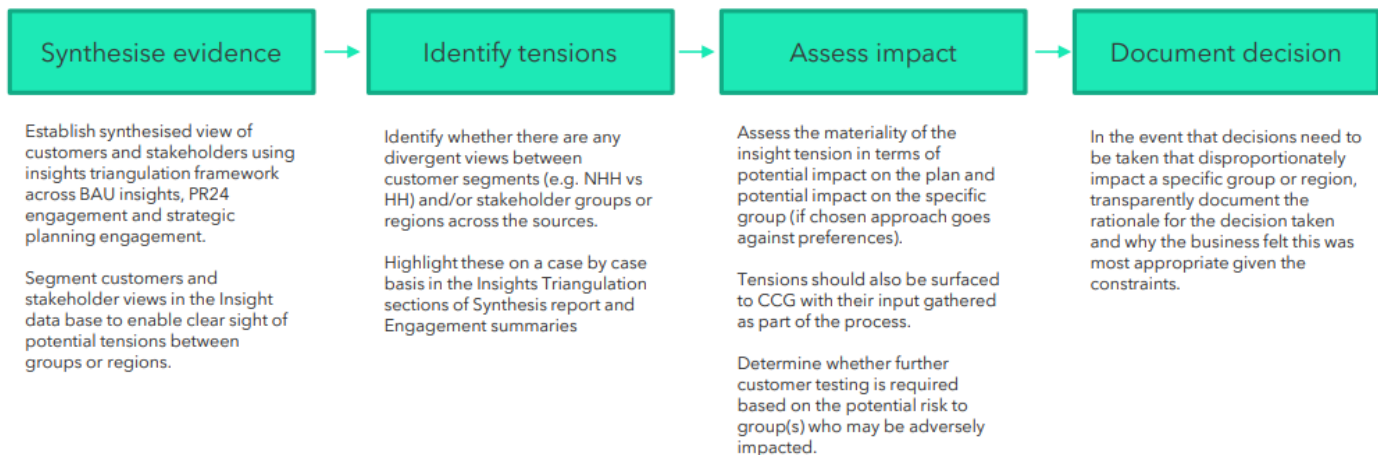
The final collation and insight triangulation are in our customer insight summaries which we have published alongside our business plan. We have published all NWG customer research reports relevant to PR24 in [our research library](#).

Now that our approach and model are established, we will continue to refresh it as new evidence emerges. This will maintain our understanding of customers' priorities over time, information which will be shared with our operational and planning teams.

### 4.3.3. Approach to dealing with insight tensions

We needed to identify conflicting evidence, and deal with this in a transparent and systematic way. Our evidence synthesis shows where trade-offs exist, and where disagreement lies (aligned to the CCW principle for balanced decisions).

We developed a process for aligning to the CCW guidance on this:



Our customer insight summaries identify tensions and provide a score for 'divergence of views'. Throughout our phases of research we used this to determine whether we needed further customer testing – for example, we carried out more testing in a second phase of our 'pre acceptability' research to test some of these views in more detail. This was particularly relevant for issues such as climate change adaptation and asset health, where there are conflicting views about how this should be balanced with affordability.

### 4.3.4. Planning triangulation

Having created our customer insight summaries, we wanted to show how we had used this to make decisions about our business plan proposals alongside other constraints. This includes, for example, statutory requirements, affordability and deliverability.

We explain how we have done this for key topics in our [line-of-sight report](#) (NES45). We also include some more details of this in our appendix [A4 – Outcomes](#) (NES05) (which shows how we have set our performance commitments using

evidence on customer priorities) and in each of our enhancement cases (which show how we have determined the right investments to make using evidence on customer acceptability and priorities, including phasing). This shows the **line of sight** between customer insights and our decision-making process.

These include the following information:

- **Key customer, community, and stakeholder insights** – that is, what we know from our customer and stakeholder engagement. This includes any statutory requirements or regulatory expectations.
- **Rationale for our decision** – how this plan delivers on customer expectations, and the benefits for customers and the environment; how other constraints and evidence have been used to inform proposals; and the rationale for our decision if we have had to go against customer evidence (for example, statutory requirements which could not be changed).
- **How we will measure success in this area** – our performance commitment levels now and expected in the future, and the enhancement investments we will make (with associated price control deliverables).

We have carried out our planning triangulation in both a top-down and bottom-up way:

- **Top-down assessment** from discussions at our Board, Water Forum, and other similar forums – informed by our customer engagement.
- **Bottom-up assessment** from our PR24 planning teams, reviewing a range of insights, and making judgements on the findings to inform decisions throughout the business plan development process. This means that the business plan proposals are continually refined using the full range of insights, not just at limited decision points.

In addition to the line-of-sight document, we have used customer evidence across our plan (such as on bill profiles and affordability in [A1 – Affordability](#) (NES02) and in enhancement cases). Where we do this, we reference the customer insight summaries as well as individual research reports published in our [research library](#), where these are particularly relevant.

#### 4.4. CREATING ROBUST CHALLENGE AND ASSURANCE

We wanted to make sure that that we had robust challenge and assurance of our customer engagement – and how we had used this in developing our business plan. We did this through three lines of assurance:

- Our research partner, Explain, supported us in making sure that we had met our principles for good customer engagement and all the standards for high quality research, customer challenge, and assurance of customer engagement. Section 6 describes how we tested this.
- Our Customer Engagement Panel (see 4.4.1) provided independent assurance and challenge on our customer research, including close involvement as we were developing methodology and carrying out research. Although they

could not assure all the research we used, they looked at key pieces of research (such as affordability and acceptability testing) in much more detail.

- The Water Forum provided independent challenge on our business plan, including assessing and commenting on our business plan. We describe the Water Forum challenge and how we built this into our assurance process in [A2 – Data, Information and Assurance](#) (NES03).

In addition to these three lines, we used independent researchers for some of our research (such as a specialist provider for some elements of non-household research) – and specialist external technical advice for reviewing our approach (such as ICS for reviewing our PR19 approach; Sia Partners for reviewing our approach to triangulation; and Efec for reviewing the Ofwat methodology for the collaborative approach).

#### 4.4.1. Water Forum and customer engagement panel

The Water Forum is the independent challenge group for Northumbrian Water, covering both our operating areas (as explained on [its section on our website](#)). Through the business planning process, the Water Forum has challenged us to create a business plan that provides stretch in its targets, is affordable, provides the best options for customers, and fits with wider societal priorities. We cover these challenges, and our response, in [A2 – Data, Information and Assurance](#) (NES03). We wanted this to be a stronger and broader challenge than at PR19, reflecting the flexibility for increasing the role of independent challenge groups in the PR24 process.

The Customer Engagement Panel (CEP) is an independent subgroup of the Forum, set up in 2022. This group challenged us to make sure that the business plan is grounded in excellent research and engagement. Its expert members have assessed and commented on the extent we genuinely understand its customers’ needs and priorities and reflect this in our plan. The CEP has been part of the Water Forum, joining Forum meetings and taking part in discussions on customer research and engagement, and development of the PR24 plan. In order to maintain independence, the panel members have not taken part in other aspects of the Forum’s work, such as performance monitoring or co-creation activities. This appendix explains the role of the CEP in challenging and assuring our customer engagement activities.

The CEP set seven criteria they would focus on to support assurance:

CEP 1	Research and engagement have a clearly defined underlying strategic purpose and objectives.
CEP 2	Research and engagement activities are proportionate, joined up and not treated in isolation.
CEP 3	Well-designed, timely and unbiased research design using suitable methods and suppliers.
CEP 4	It is inclusive and reflective of different customer groups’ needs and preferences.

<b>CEP 5</b>	Deepens the relationship with customers by being ongoing, two-way and transparent
<b>CEP 6</b>	Evidence of a good understanding of customers' needs, priorities and preferences
<b>CEP 7</b>	Clear links between research and engagement outputs and how they inform the business plan

Source: [CEP report](#) (NES46)

The CEP scrutinised the quality of our customer research to inform the PR24 business plan. Its report is published independently and included in our business plan submission ([CEP report](#), NES46).

In addition to CEP, the Water Forum appointed an independent technical advisor, Martin Silcock, to support them in assessing if our plan was stretching on performance and cost efficiency. As part of this review, Martin looked at our customer evidence and how we had taken this into account in setting performance commitments and developing our enhancement cases. The Water Forum has also [published his report](#) (NES48).

**4.4.2. ‘Your Water, Your Say’**

Owat and CCW asked us to carry out two ‘Your Water, Your Say’ sessions – one during the development of our PR24 business plan (May 2023); and one following submission of our plan (October/November 2023). These sessions allow customers and other stakeholders to pose questions to us about issues that are important to them, including priorities for the future, in a public environment.

We have followed the Ofwat and CCW guidance for these sessions, including [publishing the written record of the first meeting](#) on 12 May 2023. We have made changes to our business plan as a consequence of this meeting, as recorded below.

You said...	We did...
Northumbrian Water is average or below average on leakage reduction, water supply interruptions, and sewer flooding – how will you improve?	<ul style="list-style-type: none"> <li>Published our detailed plans for improvement to meet new targets in <a href="#">A4 – Outcomes</a> (NES05).</li> <li>Met our leakage target in Essex and Suffolk in 2022/23 (and improved in the North East).</li> <li>Met our internal sewer flooding target in 2022/23 and targeting upper quartile (see <a href="#">A4 – Outcomes</a>, NES05); also a steady reduction and targeting further improvements in external sewer flooding.</li> <li>Enhancement investments in climate change adaptation to reduce water supply interruptions in extreme weather.</li> </ul>
How do we tackle uncertainty about	<ul style="list-style-type: none"> <li>WRMP tackles big abstraction reductions for environmental purposes.</li> </ul>

abstraction reductions and make sure our rivers and groundwater don't deteriorate?

- We continue to work with the EA to understand what more is needed – and we've strengthened our water efficiency plans (including non-household) to try to avoid damage or needing new supplies.
- Our long-term strategy includes adaptive pathways, with investigations in our plan to explore the impact of abstraction on rivers.

What can be done about hard water?  
 River bathing waters?  
 Volunteer groups for river monitoring?

- Addressed this with the individual customers.
- Explained the statutory processes/requirements.
- Provided information about our Water Rangers scheme.

What is Northumbrian Water doing to monitor sewage or farm run-off into rivers?

- Very large investment into reducing spills from storm overflows (£1bn).
- Large river water quality monitoring plan to help show where problems are.
- Working with farmers through catchment management to reduce nutrient pollution – we have strengthened our long-term target to improve river water quality to include the actions of third parties too.
- We have included more in our plan about our work with landowners and partners (including Anglian Water) to investigate sources of nitrates – long-term agenda to remove this across the catchment, along with removing nitrates from water treatment works.

What is Essex and Suffolk Water doing to work with landowners to reduce levels of nitrate?

How are you prioritising reductions of sewage discharges at popular recreational locations?

- Prioritisation is set out in legislation, but we will look at what can be done to pick this up.

How will you help your customers to prepare to be more resilient to climate change impacts?

- Strengthened our investment in power and flooding resilience to reduce pollutions/supply interruptions.
- Investing to increase resilience of water supplies to drought.
- Introduced more advice and support for non-household water efficiency, as well as increasing household water efficiency.

How are you mitigating algae blooms in your reservoirs?

- Investigations and monitoring for algae blooms.
- Resilient supplies of water in Suffolk – to allow water to be moved about rather than needing to switch to sensitive supplies such as the Trinity Broads.

Why are dividends not being stopped to pay for improvements?

- Dividends are likely to be still needed to attract investment (as this is the return on the investment that investors would expect).
- Direct equity injection from shareholders to pay for our plan – this will be much more than any dividends paid out.

How much support will you make available to customers struggling to pay

- We looked at this in more detail at a subsequent Board meeting, and our plans for greatly increased support (including from shareholders)

their water bills? What proportion will come from shareholder profits?

are set out in [A1 – Affordability](#) (NES02), including explaining these statistics better.

What considerations are there for water security?

- Our WRMP sets out our plan for improving security of supplies.



## 5. MEETING STANDARDS FOR RESEARCH, CHALLENGE AND ASSURANCE

In this section, we explain how we have made sure that:

- We have met the Ofwat principles for [good customer engagement](#).
- Our customer engagement activities meet the [Ofwat standards for research, challenge, and assurance](#).
- We have followed the [Ofwat and CCW guidance](#) for testing customers' views of the affordability and acceptability of its proposals.

This provides evidence for **two** of Ofwat's 'minimum expectations for customer engagement, affordability and acceptability'. The other minimum expectations in this category, which relate to affordability, are covered [in Appendix A1 – Customer Affordability](#) (NES02).

We provided all the standards for high quality research to our research partners in full, requiring them to explain how they would meet these standards when they bid for this work. Given the need for high quality research and considering the complexity of issues, we used a single provider ([Explain Research](#)) for the majority of our customer engagement research at PR24. This allowed us to engage our research partners more closely in the development of the business plan, building their understanding of the issues and allowing them to build relationships with those across our company who have developed the options, costs, and benefits. We used a different provider where we wanted challenge to this approach (such as [SIA Partners](#) for advice on our strategy) or where we conducted research into specialist audiences (such as [Yonder](#) for our research with non-household customers and retailers).

### 5.1. PRINCIPLES FOR GOOD CUSTOMER ENGAGEMENT

We remain committed to our principles for good customer engagement, which have been established since 2015. All of our customer research is designed and conducted with our principles in mind.

In addition to meeting these principles, our research must be high quality. We have met the [standards for high quality research, customer challenge and assurance](#) set out by Ofwat, and explain this in section 6.2, 6.3, and 6.4. We have also engaged with and followed guidance for the [PR24 collaborative customer research](#), including using guidance on acceptability testing for our own research where possible (we explain this in section 6.5). This supports consistency and comparability across companies.

The sections below show how we have met the Ofwat and CCW principles and integrated these into our own principles that we have used for all of our customer engagement (both ongoing, and for the price review).

### **5.1.1. Principle 1: empower customers**

We want to empower customers so that they are involved in designing our plan and co-creating and shaping our services. It is critical that our customer engagement activities are aligned with our planning, decision-making and assurance processes, so that we can take customer views into account.

This is similar to the Ofwat principle ‘the right outcomes at the right place, at the right time’. Customer engagement is essential to allowing water companies to deliver outcomes that are important to customers, society, and the environment, at the right time, at a price they are willing to pay.

### **5.1.2. Principle 2: be led by our people**

Our engagement with customers is led by our people, rather than by third party research agencies. This engagement takes many forms: co-creation events, design sprints and workshops, our online Have Your Say forums, social media, and the thousands of conversations we have with customers who call our contact centres every year. Our Board members are very active, attending customer events, stakeholder workshops, and our Innovation Festivals. Our Executive Leadership Team and senior managers meet our customers face-to-face and through video calls on a regular basis too, which our customers are particularly responsive to.

This is important because it creates a much clearer line of sight from our customer research to our decision making – allowing decision makers to hear directly from customers, to explain their plans directly and understand the concerns and questions from customers, and to be able to experience this face-to-face. We do still use third party research agencies to help design and facilitate research, particularly where this is needed to drive consistency and robust research, but this is co-created rather than the responsibility simply being handed to a third party.

### **5.1.3. Principle 3: continuous and on-going**

Customer engagement is part of what we do every day, not something we focus on at price reviews alone. Our insights are used on a daily basis to enhance the customer experience – from tracking surveys to operational data, analysing our daily interactions to develop insights. These help us to improve our services.

These ongoing insights have been used for PR24, using our additional PR24 research to triangulate with existing insights and create new insights.

### **5.1.4. Principle 4: have a deep understanding of customers**

We know that the majority of our customers are not interested in, or do not understand, the details of the water and wastewater industry, so it is our responsibility to create engagement opportunities that motivate people to take part.

As well as using multiple methods of engagement, we seek to understand our customers’ interests and motivations for engaging with us. To explore attitudes and behaviours, we go beyond traditional segmentation approaches such as socio-

economic grouping or age. For example, when we talked about coastal water quality, we engaged with customers who did not visit beaches, as well as those who did visit them and those who walked along the beach or swam in the sea.

Another technique we use is to develop customer pen portraits and 'journeys', which help us improve our service channels and the ways in which we communicate. A pen portrait delves further than traditional Acorn profiling, enabling us to consider attitudes and lifestyle by putting ourselves in our customers' shoes. This work is 'story driven', with a focus on what we can do to make dealing with us easy, personal, and positive for customers. Throughout all of our customer engagement, we make sure that we understand what matters most to customers who may need additional help and support, and how that need might manifest itself. For PR24 research, we have developed an approach to segmentation that will ensure that 25% of customers who take part in our projects will be experiencing vulnerable circumstances, either physical or financial.

It is important that we have a deep understanding of our future customers too, and through our education programmes we engage with young people from ages five to 19. For our PR24 research, we have used a People Panel made up of future customers to make sure that these voices are heard.

Finally, we explore intergenerational equity with our customers to understand what is considered fair in the short, medium, and longer term. For PR24, we have considered the balance between the short term and long term throughout (and will do so for long-term affordability, too).

#### **5.1.5. Principle 5: be creative and innovative**

We use creative, innovative, and accessible approaches because this stimulates easy discussion and allows customers to express themselves in ways that they would perhaps not otherwise do. It also helps us to reach customers who may not usually choose to get involved with more traditional forms of engagement.

To make our engagement more accessible for customers, we look at a range of different methods. For example, we might run an online survey in parallel with face-to-face interviews. We also use Flo, our mobile customer engagement vehicle, to reach out to customers on their own turf. Since the Covid-19 pandemic, we have used video calls to run workshops and focus groups, which have been more accessible for customers who are more able to engage with shorter time commitments – along with in-person workshops for those without access to technology.

#### **5.1.6. Principle 6: use multiple sources**

In developing our plan, we will make sure that we use all of the qualitative and quantitative information in a detailed and balanced way. This process, called 'triangulation', is about developing a deep and broad understanding of our customers' needs and expectations from multiple standpoints.

We developed a triangulation framework for PR19. For PR24, we have commissioned SIA Partners to update this triangulation framework and scoring method, taking account of good practice across other sectors.

By drawing on all available sources of insight, we can make sure that we use these in a proportionate way when making decisions, taking the quality of evidence and divergence of customer views into account. As a result, our plan can be founded on a more complete understanding of our customers' priorities.

This is consistent with Ofwat's principle to use multiple sources of customer data. We agree with Ofwat that this should support companies having a genuine understanding of their customers' priorities, needs, requirements, and behaviours.

### 5.1.7. Principle 7: provide regular feedback to customers

The final element of our strategic approach is to highlight to customers how their views have made a difference to decision making. We will publish all our research at PR24 (where this does not include personal information) and provide summaries to customers who want them after engagement projects.

We also invite customers who have taken part to keep the conversation going by signing up to be contacted about future research. We invited participants in our PR24 People Panels at PR24 to further open customer sessions to ask questions and see how the plan has been shaped by their views (alongside other engagement).

## 5.2. HIGH QUALITY RESEARCH

Ofwat sets eight standards for high quality research in its [customer engagement policy](#):

- Useful and contextualised
- Neutrally designed
- Fit for purpose
- Inclusive
- Continual
- Shared in full with others
- Independently assured
- Ethical

We explain how we have met each of these standards under the sub-headings below.

### 5.2.1. Useful and contextualised

*'Research should have practical relevance. It should be clear why the research has been undertaken, to what it will contribute and how. The research should be designed with quality rather than quantity as a priority (in other words, a better quality of research, rather than a larger quantity of research). As much as possible, research findings should be presented alongside a wider evidence base – including research conducted by others.*

*The analysis should contextualise the findings and explain how they will be used.'*

Our customer engagement strategy describes the questions we are seeking to answer at each stage, with our single research provider allowing us to take a more strategic view on how these questions are asked and how they evolve over time through conversation with customers.

**TABLE A2.1 – USEFUL AND CONTEXTUALISED**

**Ofwat’s standard**

*Research should have practical relevance. It should be clear why the research has been carried out, to what it will contribute and how. The research should be designed with quality rather than quantity as a priority (in other words, a better quality of research, rather than a larger quantity of research). As much as possible, research findings should be presented alongside a wider evidence base – including research conducted by others. The analysis should contextualise the findings and explain how they will be used.*

**Our approach**

Research should have practical relevance.

Our PR24 research and engagement research comprises a number of individual projects, each designed to respond to specific regulatory or business need. The majority of our research projects begin with the production of a specification which sets out the purpose of the research and how the outputs will inform a business decision.

Designed with quality rather than quantity as a priority

Our research is always conducted in line with Market Research Society professional standards; the highest ethical, commercial, and methodological practices in research. Both our in-house research team and the agencies we work with abide by these standards. This means that when designing projects and making tactical decisions about aspects such as methodologies or sampling frames we consider the quality of what we will produce first and foremost. For example, we will often forego a large sample size in favour of discussing the detail of a potential service improvement with a smaller number of customers so that we can feel confident they have all the information they require to make an informed decision.

Presented alongside a wider evidence base

Our extensive research library, which is held and managed in Nvivo, contains research carried out by ourselves, and the wider industry, dating back to PR14. All new insight is carefully compared to relevant older evidence to identify and track changes over time. Our customer insight summaries for PR24 (NES42, NES43, and NES44) set out this evidence.

We have published our [PR24 research](#) on our website.

**5.2.2. Neutrally designed**

Our research agencies design research on our behalf, and we use their expertise and independence to minimise bias. For our key pieces of research (such as affordability and acceptability testing), we asked our Customer Engagement Panel to review and challenge the materials directly to check that we were doing everything we could to avoid unconscious bias. We followed the Ofwat and CCW guidance on presenting materials including comparative performance and discussed with them our findings from cognitive testing before agreeing any changes – to make sure that we were not introducing bias.

**TABLE A2.2 – NEUTRALLY DESIGNED**

**Ofwat’s standard**

*Research should be designed and delivered in a way that is neutral and free from bias. The potential for bias and the ways to negate this should be considered at every stage of a project, and evidenced – including set up, question wording, question ordering, stimulus materials, selective use of quotes or data in reporting and interpretation of findings. If there is some inherent bias that is unavoidable or was an unintentional outcome of the research, this should be acknowledged and explained in the research findings.*

**Our approach**

Research should be designed and delivered in a way that is neutral and free from bias.

We fully understand the potential for unconscious biases to be introduced into our research and have tools in place to minimise it. Some examples:

- **Set-up:** Our research specifications invite providers to recommend the best value approach (or approaches) to obtaining accurate and clear views. A part of our WRMP24 research our chosen research provider recommended individually completed pre- and post- MaxDiff exercises to overcome the potential of asking focus group participants to state their preferences in a group setting.
- **Question wording and ordering:** We ask research agencies to design strategic research on our behalf and rely on their expertise and independence to minimise bias. As a further ‘safety net’ we invite independent experts to review draft materials and share their feedback. For example, as part of their review of our 2023 social tariffs survey a member of CCW flagged concerns that a particular question may be leading, and we were happy to re-word this based on their recommendation.
- **Stimulus material:** Early in our PR24 research programme we produced a suite of five videos to explain key concepts to research participants; about us, what is a business plan, long-term resilience and asset health, net zero and environmental sustainability and cost of living. These videos are played to research participants, when appropriate, to ensure that everyone has the same information on which to base their thinking.
- **Quotes and data:** We take care to always present data in context with appropriate caveats in place and perform a

number of sense checks on data to make sure it is robust.

- Interpretation of findings: Members of our independent Water Forum and customer engagement panel were invited to take part in de-brief sessions for our social tariffs and affordability and acceptability research. Members were encouraged to freely challenge any interpretation of the research that they felt couldn't be evidenced by the available data.

Every Water Forum meeting has a customer research and engagement update paper, letting members know what we're doing and sharing latest results. Water Forum members can make queries and challenge. Water Forum publishes [its minutes](#).

### 5.2.3. Fit for purpose

TABLE A2.3 – FIT FOR PURPOSE

#### Ofwat's standard

*The research sample and methodology should be appropriate for the research objectives. Participants should be able to understand the questions they are being asked and surveys should limit the use of forced choice options. A research approach that has previously been challenged should not be repeated unthinkingly. Innovation is welcome if it is likely to lead to meaningful and trusted insight and learning.*

#### Our approach

The research sample and methodology should be appropriate for the research objectives.

Unique sampling frames are designed for each individual project, in line with its objectives. For example, in our Affordability and Acceptability research we purposively sampled participants who have experienced a rare but particular type of service failure (for example, sewer flooding) in line with [CCW's guidance](#). In our WRMP24 research we purposively sampled customers living in Berwick as three of the schemes we had to test were specific to that area.

When using our company data, we build samples proportionately to the areas and customer bases we serve using flags on our system and [Acorn classifications](#).

In addition, our sampling frames are always designed to be representative of the diversity of people we serve with at least 25% of those consulted needing extra financial or non-financial support.

In most of our formal customer research, we source participants from our customer data. Where this is not the case, the source is clearly stated within specific customer research reports.

Participants should be able to understand the questions they are being asked.

We encourage research suppliers to pilot research materials with a cross-section of customers as part of their project plan, and this is something we score proposals against as part of our procurement process. Where a customer-facing pilot is not possible due to time or budget restraints we will ask research agencies to conduct internal pilots with colleagues not involved in the research.

Our 2023 Social Tariffs research survey was tested with customers for comprehensibility and amends made to its design on the basis of their feedback.



Surveys should limit the use of forced choice options.

We abide by the [MRS Code of Conduct](#) and follow rules on data collection and [questionnaire design](#). Where a quantitative question has forced response options, we always include make sure that 'participants are able to provide information in a way that reflects the view they want to express, including don't know/prefer not to say' (MRS Code of Conduct, 28c).

A research approach that has previously been challenged should not be repeated unthinkingly.

We used a single strategic research partner for PR24 to manage our research process as well as carrying out the research. This helps us to make sure that our learning from previous research (including challenges from, for example, the CEP) is carried forward to future research projects.

Innovation is welcome if it is likely to lead to meaningful and trusted insight and learning.

We deployed the decision analytics solution, Copperleaf, to define a best value PR24 business plan based on a range of inputs. One of the inputs required by Copperleaf was customer valuations for service improvements across all measures that were to be included in the plan. There were 24 measures to test in the Northumbrian Water region and 14 in the Essex & Suffolk Water region.

It was important that customers were able to consider all measures collectively, making trade-offs where needed and identifying those measures where they would like to the most ambition. It was also key that the methodology made certain the cognitive validity of results and that customers were able to make informed choices and trade-offs without being overwhelmed with information and choices.

Traditionally customer valuations for business planning are derived using stated preference methodologies which use choice modelling; however, these methodologies only allow respondents to consider a limited number of measures (usually up to around eight) so this method would not meet the objective of allowing respondents to consider all measures as a whole. In addition, this methodology can be difficult for respondents to engage with, given the need to make repeated choices about different packages.

A further requirement was for face-to-face engagement, to enable participants to easily view all of the investments in one go without the restrictions of screen dimensions. The face-to-face approach also enabled the exercise to be tactile bringing to life the decisions that were being made and allowing respondents to easily 'play around' with their choices.

On this basis an innovative board game methodology was developed, and 2,000 surveys completed using a series of hall tests.

#### 5.2.4. Inclusive

In Table A2.4, we explain our approach to considering all of our many different types of customers, including future generations, and especially customers who are vulnerable. We committed to 25% of all the customers who get involved in shaping our services and plans for the future being those who need extra help.

TABLE A2.4 – INCLUSIVE

##### Ofwat's standard

*Research should include different audiences and socio-demographics, considering local or regional or national populations, business customers and business retailers. Where possible, research findings should identify and report on variances by socio-demographics and consumer types (for example, bill payers, future customers).*

*Research findings should provide details of those who may have been excluded or under-represented in the research. Where possible, research should use mix-method approaches to provide a more inclusive set of findings. While the range of representation may vary from project to project, the research programme as a whole should be demonstrably inclusive.*

##### Our approach

Research should include different audiences and socio-demographics, considering local or regional or national populations, business customers and business retailers.

At each successive price review the water industry has placed increased emphasis on giving a voice to all customers. Our PR19 business plan introduced a new, ambitious goal to 'give every single customer the opportunity to have a strong voice and engage with us, with at least two million customers participating by 2025.'

The starting point for the design of our sampling and segmentation approach comes from two specific commitments we made in our PR19 business:

At least 25% of all of the customers who get involved in shaping our services and plans for the future will be those who need extra help.

We will make sure that the customers who actively participate will be representative of the diversity of people we serve.

One of the ways we make sure our research is targeted to different audiences is by working with CACI to bring together our CC&B database with [Acorn](#), a powerful consumer classification that segments the UK population.

Acorn draws on a wide range of data sources, both commercial and public sector open data and administrative data. These include the Census, Land Registry and large-volume lifestyle surveys as well as commercial sources of information on age of residents, ethnicity profiles, benefits data, population density, and data on social housing and other rental property.

Acorn uses this data to segment postcodes and neighbourhoods in the UK into six Categories, 18 Groups and 62 types. Each household we serve has been allocated to an Acorn Category, Group and Type in CC&B. This enables us to target opportunities to take part in research to a representative sample based on Acorn proportions, or to over sample where we wish to hear the views of a particular category, group or type; for example, in a project concerned with financial vulnerability we may want to target customers falling into the Acorn category 'financially stretched' or any of the four groups or 15 types that sit within this category.

Where possible, research findings should identify and report on variances by sociodemographic and consumer types (for example, bill payers, future customers).

We require the research agencies we work with to present cross-tabulated results in their reports. For example, in our Affordability and Acceptability research we closely followed CCW's guidance and required a full set of outputs from our research provider, including data tables (cross-tabulations) for each question. Our tables include data cut by:

- The geographical areas we serve; the North East, Essex and Suffolk with results from customers served by Thames Water and Anglian Water set out collectively and separately.
- Socio-demographic characteristics.
- Different sized non-households (small, medium and large), plus retailer's views.
- Participants who are/are not in receipt of financial and/or non-financial support.
- Index of multiple deprivation postcodes groups.
- Combinations of these where appropriate.

Research findings should provide details of those who may have been excluded or under-represented in the research.

In its [PR19 report to Ofwat](#), the Water Forum challenged us to 'further develop our plans for customers who do not want to engage' post PR19.

We are acutely aware of nonresponse bias (when participants included in the sample do not take part) and seek to overcome it in our research projects by offering participants multiple routes in and plenty of time to engage. Some examples:

- Online and face-to-face discussion groups held during the day and evening.
- Recruitment using our CC&B data and on-street approaches to reach out to people in their communities.
- Mobile first approach to survey design: All surveys are tested on mobile devices to make sure that participants clicking

through on a small screen have a good experience (such as rendering to small screen sizes).

- Where time allows, we keep a survey 'live' for two weeks to maximise the chances that all participants will be able to find time to take part.
- Use of incentives and prize draws to motivate participation.

To further help us understand the potential impact(s) of non-response bias, we conducted further analysis of data gathered as part of our Bespoke Measures survey (March, 2023) to identify which categories of customers (Acorn, PSR, geography) were more or less likely to take part. We will use this data to identify areas of non-response which we can then over-sample for in future surveys.

Where possible, research should use mix-method approaches to provide a more inclusive set of findings.

The majority of our research projects have multi-strand approaches. This is to make sure that a wide range of voices are heard and as many customers as possible have the opportunity to take part. For example our [Retailer and Non-Household Research \(2022\)](#) took a range of approaches to engagement:

- Site visits.
- In-depth interviews using Microsoft Teams.
- A four-day online community.
- Online focus groups.

While the range of representation may vary from project to project, the research programme as a whole should be demonstrably inclusive.

Our research projects engage participants who represent the diversity of customers we serve. Across our full programme this has included:

- Household customers.
- Customers with health and financial vulnerabilities, future customers.
- Customers who speak English as a second language.
- Young people (future customers).
- Non-household customers.
- Business decision makers representing small, medium and large non-households.

Retailers:

- CEO, CFO, Head of Operations, and Account Managers representing three retailers.

We have also engaged with developers, self-lay providers, and new appointees (NAVs).

### 5.2.5. Continual

For PR24, it was important to us that we included our existing research – and continually triangulated and refined our understanding of customer views through the process. This allowed operational and planning teams to develop further options and return to test these with customers.

#### TABLE A2.5 – CONTINUAL

##### Ofwat's standard

*Companies' research programmes should be continual, enabling day-to-day insight gathering, as well as specific and relevant research for informing business plans and long-term delivery strategies. This will allow areas of concern or change to be more easily identified and acted on.*

##### Our approach

We manage an ongoing programme of bespoke research projects designed to deepen and broaden our understanding of customers' expectations in relation to specific service areas. Our PR24 and long-term delivery strategy customer research strategy took place over four iterative phases:

- **Phase 1: business as usual** – developing our customer research over the last five years into insights, allowing us to consider what we already know about customer priorities (and start to test how these are changing). We can develop insights using **triangulation** to address questions from different angles and using different methods, strengthening our conclusions.
- **Phase 2: understanding priorities for the long-term** – we worked to agree long-term goals and ambition at PR19, but attitudes to issues such as the environment and affordability have shifted. We will work to understand the long-term threats and opportunities, as well as the need for investment, and discuss these as well as other customer and stakeholder priorities. We will use these to set objectives for our long-term frameworks such as WRMP, DWMP, and WINEP, and as the early basis for discussions on our long-term strategy. We will need to integrate priorities from Ofwat, CCW and other stakeholder research.

- **Phase 3: refining and valuing priorities** – having worked together to develop our long-term priorities, we will need to focus on the specific priorities for PR24, including the relative value customers place on different benefits. We will use these insights to develop our options, and to optimise our plan using customer valuations of benefits. Ofwat will carry out its own research to develop customer valuations for ODIs – we will also be able to use this to compare with our own insights about customer valuations, but our primary purpose in carrying out our research is to understand how to reflect customer priorities in optimising the plan.
- **Phase 4: acceptability and affordability** – we will test our initial draft plan with customers through pre-acceptability testing and an open challenge session and use this to refine our plan. Once we have developed our final plan through working with the Water Forum, stakeholders and partners and independent challenge, we will test our final plan (or options if applicable) with customers through acceptability testing. This will need to test if the proposed plan is affordable for all customers, too.

This is underpinned by our continuous programme of tracking research which focus on brand, trust, satisfaction and campaign monitoring and evaluation.

#### 5.2.6. Shared in full with others

We [published our PR24 research](#), adding to our research library through the process of developing our business plan, and we publish our customer summaries alongside this appendix.

#### TABLE A2.6 – SHARED IN FULL WITH OTHERS

##### Ofwat's standard

*Research findings should be published and shared in full, as early as possible with as wide an audience as possible. This will add value to the evidence base on customers:*

- *by allowing research approaches to be understood and improved on;*
- *by building the shared knowledge base about customers' views, preferences, and experiences; and*
- *by allowing research findings to be considered in a comparative way – meaning water companies can better understand their own customer base, by comparison with the findings from other areas.*

*Research findings should always be accompanied by clear and detailed information on the methodology for the research. This should include, for example, recruitment screeners, questionnaires, and discussion.*

### Our approach

Our full body of research outputs, from 2020 to date has been published on our [website](#) and is freely available for anyone to view. These reports include the approaches we took (including stimulus materials), the sample engaged, and full findings.

We have compared our research findings with wider industry research to compile customer research summaries for common performance commitments, enhancements and other service areas. These are summarised in our customer insight summaries ([NES42](#), [NES43](#), and [NES44](#))

### 5.2.7. Independently assured

#### TABLE A2.7 – INDEPENDENTLY ASSURED

#### Ofwat's standard

*Research should be reviewed by individuals or groups that are independent of water companies. Those reviewing research should have a range of relevant skills and experience and feel confident and able to challenge on all elements of research. Information shared with them should be relevant and timely. Water companies should be transparent about the research findings and whether, and in what ways, it has been used.*

#### Our approach

In late 2022, our Customer Engagement Panel was (CEP) established. The panel comprises of three independent experts who bring a wealth of knowledge and experience in research and engagement.

The CEP's role is to scrutinise the quality of the customer research we conduct to inform the PR24 business plan. The panel evaluates our research based on assurance criteria provided by Ofwat, CCW and previous work of the Water Forum.

We engage the CEP at project stages to enable members to have full oversight of our work and to make sure that they are in a robust place to assure it. For example, during our Affordability and Acceptability research, CEP members were invited to:

- Observe our weekly Affordability and Acceptability progress meetings. This gave CEP members the opportunity to share any feedback or raise any concerns as the project progressed. A written progress update was shared with members each week during the project.
- Review and sign-off qualitative and quantitative research materials.

- Attend the project debrief.

The [Customer Engagement Panel report](#) (NES46) is published on our website as well as the Water Forum pages.

### 5.2.8. Ethical

#### TABLE A2.8 – ETHICAL

##### Ofwat's standard

*Research should be conducted in line with the ethical standards of a widely recognised research body – such as the Market Research Society or the Social Research Association.*

##### Our approach

All members of our strategic research team are members of the Market Research Society at either the Member (MMRS) or Certified (CMRS) levels. This demonstrates our commitment to research excellence. As members the team abides by the MRS Code of Conduct and also has access to events, webinars, continuous professional development, and the MRS's online research hub, including the International Journal of Market Research.

Our researchers work closely with the Data Protection team to meet our responsibilities under GDPR when personal data is collected and managed as part of all customer research projects. This covers all parts of the research project:

- Project set-up (specification, proposals, procurement, and project documentation).
- Completion of a privacy impact assessment.
- Recruitment and sharing customer data with third parties.
- Collecting and recording personal data (privacy information notices, consent, incentives, and prize draws).
- Processing personal data (anonymisation and limiting access).

Data retention and destruction (retention periods and permanently deleting data).



**5.3. CUSTOMER CHALLENGE**

Ofwat set eight standards for customer challenge in their [customer engagement policy](#):

- Independence
- Board accountability
- Ongoing
- Informed
- Transparent
- Representative
- Comprehensive
- Timely

We explain how we meet each of these standards in the sections below.

The Water Forum’s role is to provide expert comment and challenge during business planning to make sure we deliver for our customers. A crucial part of this role is in considering the quality of our customer research and engagement, and the extent to customers’ views are reflected in our business plan. A subgroup of the Water Forum; the Customer Engagement Panel (CEP) was established in 2022 to provide expert insight on the engagement process, interpretation of results, and their application in business planning.

**5.3.1. Independence**

**TABLE A2.10 – INDEPENDENCE**

Ofwat’s standards	Our approach
<p><i>The people involved in customer challenge, and the process of challenge, are independent of the company.</i></p>	<p>The Water Forum is the independent challenge group for NWL and covers both its operating areas. This group champions on behalf of customers and challenges the Company to understand the impact of decisions before they’re taken across all activities.</p> <p>The Water Forum sets out to challenge the Company to create a business plan that provides stretch in its targets, is affordable, provides the best options for customers, and fits with wider societal priorities.</p> <p>The Water Forum’s Nominations and Review Committee, a formal subgroup of the Forum, independently managed the CEP recruitment process – which sought a chair and one panel member. Once the chair and panel member were recruited and established, they were joined by a</p>

	<p>consumer advocate from CCW with a specific focus on vulnerable consumers and those struggling with debt.</p> <p>To maintain its independence, Customer Engagement Panel members do not take part in come other aspects of the Forum’s work, where it involves specific performance monitoring, or are invited to take part in any co-creation activities.</p>
<p><i>It is of primary importance that the mechanism for customer challenge is truly independent of the company and makes sure that the company listens to representative voices.</i></p>	<p>We actively welcome challenge while acknowledging that it may at times feel uncomfortable. Our executive leadership team and Board agree that Water Forum challenges present useful perspective and lead to positive change. The whole of our management structure is encouraged to listen to and appropriately respond to Water Forum challenge.</p>
<p><i>This means that challenge solutions should:</i></p> <ul style="list-style-type: none"> <li><i>Be at arm’s length from the company, with no restrictions or expectations placed on it which would compromise its independence. Any conflicts of interest or links between the source of the challenge and the company should be clearly explained and justified.</i></li> </ul>	<p>The independence of the Water Forum is carefully guarded and measured as follows:</p> <ul style="list-style-type: none"> <li>The Water Forum Chair does not represent any particular organisation.</li> <li>The Chair is able to provide appropriate amount of time to process.</li> <li>Members consider the Chair to be confident and effective.</li> <li>Members feel able to exercise their independence.</li> <li>Members take control of agenda setting.</li> <li>Members only and in camera discussions are held.</li> <li>Water Forums has a separate brand.</li> <li>Independent Author takes responsibility for publications.</li> <li>Independent Secretariat manages meetings and other activity.</li> </ul>
<ul style="list-style-type: none"> <li><i>Minimise company contribution to, and review of, any outputs from the customer challenge before it is shared publicly. The public sharing of all outputs from the customer challenge is a key must of companies, to ensure transparency. Companies should check for factual accuracy of outputs but should avoid any undue influence.</i></li> </ul>	<p>All outputs from the Customer Engagement Panel are shared publicly on the <a href="#">Water Forum section of our website</a>. This process is managed independently by the Water Forum’s own secretariat.</p>

### 5.3.2. Board Accountability

TABLE A2.11 – BOARD ACCOUNTABILITY

#### Ofwat's standard

*The company board is accountable for having in place a mechanism for, and listening to, customer challenge.*

*Company Boards should be able to demonstrate how business plans and wider decision-making take account of matters that are important to customers, including those highlighted through the customer challenge process.*

#### Our approach

Our 'business as usual' governance and assurance arrangements cover all areas of the business, including operations, planning, and regulatory reporting. These are overseen by the Board and its Committees and Sub-Committees. This takes advantage of existing processes, structures, and culture – which have been tested over time through an annual assessment of risks, strengths, and weaknesses.

In addition to this, we have put additional management and assurance in place for PR24. This is designed to help answer the high-level assurance questions set by the Board:

1. Does the plan allow us to meet our obligations and the expectations of our customers and stakeholders?
  - a. Is our plan consistent with our purpose, vision, and values? (Section 6.1)
  - b. Are we confident that we can meet our statutory obligations, now and in the future?
  - c. Are we confident that we will deliver operational, corporate, and financial resilience?
  - d. Do we understand where the risks and decision points are in delivering the plan?
  - e. Is our plan deliverable?
  - f. Does the business plan have a fair balance of risk and reward?
2. Is our plan supported by customers and stakeholders?
  - a. Is our plan really supported by customers, and is it acceptable and affordable in the long-term?
    - a. Does our plan consider the impact on stakeholders and shared objectives with them in our supply areas?
3. Do we understand where the risks are likely to be in the regulatory process – and do we understand the impact on our long-term plan?

The assurance framework for the development of the plan has built on the 'business as usual' assurance framework. It is overseen by the Board and its Committees and Sub-committees, and supported by three lines of assurance:

- management;

- business; and
- independent challenge and assurance, including the Water Forum and Customer Engagement Panel

Our approach to assurance including board responsibilities for listening to customer challenge at PR24 is described in detail in [Appendix A2 – Data, Information and Assurance](#) (NES03). This includes how our Board has in place mechanisms to listen to customer challenge. One of the Independent Non-Executive Directors (INED) has specific responsibility for leading in this area. He attends the Water Forum meetings to hear the challenge members make on customers’ and stakeholders’ behalf. INEDs also observe in-person, or using recordings, research and engagement sessions that we hold with our customers. All INEDs observed at least one of the qualitative Affordability and Acceptability deliberative events.

One of our INEDs attends Water Forum meetings to observe and provide insight from Board perspective.

All research outputs are made available to our Board members, as well as being published on the website. Our Board has clear line of sight from customer engagement to the strategic decision making for our long-term strategy, DWMP, WRMP, WINEP, and the 2025-30 business plan.

**5.3.3. Ongoing**

**TABLE A2.12 – ONGOING**

Ofwat’s standard	Our approach
<p><i>Customer challenge is ongoing, addressing both development and delivery of business plans.</i></p>	<p>Water Forum and CEP members are provided with many and varied opportunities to have honest conversations with us, observe the development and delivery of business plans and challenge.</p> <ul style="list-style-type: none"> <li>• Bi-Monthly whole Water Forum meetings.</li> <li>• Exceptional Water Forum meetings.</li> <li>• Monthly meetings between the Water Forum Chair, Vice Chairs and CEP chair.</li> <li>• Monthly meetings between our Regulation and Assurance Director and the Water Forum and CEP chairs.</li> <li>• Water Forum task and finish groups. There are six task and finish groups which take a deep interest in the areas of:               <ul style="list-style-type: none"> <li>○ Environment.</li> <li>○ Affordability and inclusivity.</li> <li>○ Resilience.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Water resources.</li> <li>○ Costs and outcomes.</li> <li>○ Net zero.</li> </ul> <p>The Water Forum regularly reviews whether each subgroup is still needed, and whether its purpose, remit or membership should be updated.</p>
<p><i>Companies should be able to provide evidence of welcoming and responding to challenges on their day-to-day performance as well as during the development of their business plans for price reviews and long-term delivery strategies.</i></p>	<p>All challenges, regardless of the mechanism through which they were made are logged in either the Water Forum or CEP challenge logs. Challenges are recorded against either the Water Forum’s PR24 assurance questions or CEP assurance criteria.</p> <p>The company’s response to each challenge is recorded in the challenge log.</p>

**5.3.4. Informed**

**TABLE A2.13 – INFORMED**

Ofwat’s standard	Our approach
<p><i>The challenge process is informed by high-quality, comparative information and trends over time.</i></p> <p><i>This includes:</i></p> <ul style="list-style-type: none"> <li>• <i>The company and others providing access to, and explanation of, all relevant and helpful information, data and evidence with which to compare performance with other companies and over time, to enable meaningful and effective challenge.</i></li> </ul>	<p>We make sure that Water Forum members have access to relevant and timely information, which is accessible for all members, regardless of expertise and background. Where practical and appropriate comparative data is provided to set our performance in context.</p> <p>In 2023 Water Forum members participated in a series of deep dive sessions. Where technical experts shared information on key business plan areas.</p>

<ul style="list-style-type: none"> <li><i>Information being provided freely by the companies when requested, with nothing deliberately withheld, and no limitations on sharing (unless justified due to customer data protection or commercial sensitivities).</i></li> </ul>	<p>Our Water Forum notes in their report that they ‘commend the company for the open and transparent way in which it has approached challenge and scrutiny’ and notes the ‘company has taken time and invested resource in this area in an endeavour to create a better business plan’. We provided full and open access to our draft business plan documents at the same time that these were provided to our Board and provided open challenge sessions (‘deep dives’) to share information freely.</p> <p>CEP members were invited to attend and observe weekly operational update meetings as the Affordability and Acceptability research progressed. These meetings were held between our strategic research team and the agency commissioned to deliver the research to review progress from the previous week and plan for tasks ahead. By attending these meetings CEP members were afforded full oversight of the project putting them in a robust place to challenge and assure. Meetings were followed by a written progress update which was shared with all CEP members.</p>
<ul style="list-style-type: none"> <li><i>Those challenging should have the time, resources, and expertise to do so effectively.</i></li> </ul>	<p>Broadly there are three categories of Water Forum member:</p> <ul style="list-style-type: none"> <li>• Representative members: for example, from CCW, the Environment Agency and Drinking Water Inspectorate. These expert members are provided with the time and resource to take part in the Water Forum as part of their regulatory roles.</li> <li>• Independent members with broad interests in society, customers and communities, the environment, the charitable and voluntary sectors, and business, commerce, and industry. Independent members are remunerated for their time and expenses.</li> <li>• Customer Engagement Panel (CEP) members: these members were selected based on an appropriate balance of expertise and experience in customer research and engagement, such as strategy development; project oversight; peer review; and triangulation. CEP members are remunerated for their time and expenses.</li> </ul>

5.3.5. Transparent

TABLE A2.14 – TRANSPARENT

Ofwat’s standard	Our approach
<p>The company is transparent about the nature of challenges raised, the company response to each challenge and the company’s relative performance.</p>	<p>The <a href="#">Water Forum report</a> (NES47) and <a href="#">Customer Engagement Panel</a> (NES46) commented on our transparency. They also intend to publish the challenge logs from both groups, including our responses.</p>
<p>Companies should be able to demonstrate that they have been transparent with customers about their relative performance levels by using information with definitions wherever possible that are consistent across the industry. Companies should be able to provide evidence to demonstrate how they are listening to customers.</p>	<p>Our affordability and acceptability research closely followed <a href="#">CCW and Ofwat’s guidance for water companies acceptability and affordability of PR24 business plans</a>, which was designed to make sure that Affordability and Acceptability research was carried out in consistent and comparable manner across England and Wales. This included sharing comparative company performance data, which was independently compiled and provided by CCW, with research participants.</p>
<p>This should include:</p> <ul style="list-style-type: none"> <li>An explanation of how evaluations of different business plan options have taken account of customer views, with a focus on the options which provide the greatest benefit for customers and the environment.</li> </ul>	<p>Our qualitative Acceptability and Affordability research engaged household, non-household and future customers in re-convened deliberative discussions to understand their views on two proposed business plans (least cost ‘must-do’ and alternative) and bills.</p> <p>Both plans were considered acceptable, however the preference in post-task polling and the deliberation was for the proposed plan. The must do plan was considered to lack ambition and there was a sense that it did not offer enough security for water / water and wastewater supply in the future. Further, the relatively small bill increases between the two plans led to a conclusion that the proposed plan offered better value for money.</p> <p>The full report for our <a href="#">qualitative Acceptability and Affordability research</a>, was independently produced by our expert research partner, Explain, is included in our business plan submission (NES49).</p>
<ul style="list-style-type: none"> <li>Timely publication of evidence of customer views gathered through research or engagement exercises</li> </ul>	<p>In 2023, we published all our strategic research in a new <a href="#">‘Research Library’</a> section of our website. This makes our research freely available to all customers and stakeholders. All reports are comprehensive and include</p>

<p>(with consideration of customer data protection and commercial sensitivities).</p>	<p>details of the approach taken, the sample engaged and full findings.</p> <p>Our customer engagement summaries contain all insight from customer research organised by measures and other key business plan areas.</p>
<ul style="list-style-type: none"> <li>• A published record of all challenges raised by customers or their representatives.</li> </ul>	<p>The Water Forum and CEP challenge logs will be <a href="#">published on our website</a>.</p> <p>Our draft Water Resource Management Plan (WRMP24) and Drainage and Wastewater Management Plan (DWMP24) were open for stakeholders and customers to share their views on our draft options and levels of investment.</p> <p>Our customers and stakeholders were invited to join a public ‘Your water, your say’ online meeting in May 2023. At the session attendees had the opportunity to ask our Chief Executive and other senior directors and managers questions. The presentation and written record of this meeting are published <a href="#">on our website</a>.</p>
<ul style="list-style-type: none"> <li>• Published evidence of the company’s responses to these challenges, including reasons for why no action is required.</li> </ul>	<p>The <a href="#">Water Forum report</a> (NES47) and <a href="#">Customer Engagement Panel</a> (NES46) commented on our transparency. They will also publish the challenge logs from both groups, including our responses.</p> <p>Section 5.4.2 of this plan sets out how we have addressed the issues raised at the ‘Your Water, Your Say’ meeting. A second session will be held in the autumn where we will demonstrate how customers’ and stakeholders’ views helped build this plan.</p>
<ul style="list-style-type: none"> <li>• Clear identification of areas of disagreement</li> </ul>	<p>The <a href="#">Water Forum report</a> (NES47) and <a href="#">Customer Engagement Panel</a> (NES46) commented on our transparency. They will also publish the challenge logs from both groups, including our responses.</p>



**5.3.6. Representative**

**TABLE A2.15 – REPRESENTATIVE**

Ofwat requirement	Our approach
<p>Challenge comes from a representative range of customers and is open to all relevant local or national stakeholders.</p>	<p>At each successive price review the water industry has placed increased emphasis on giving a voice to all customers. Our PR19 business plan introduced a new, ambitious goal to ‘Give every single customer the opportunity to have a strong voice and engage with us, with at least two million customers participating by 2025.’</p> <p>The starting point for the design of our sampling and segmentation approach comes from two specific commitments we made in our PR19 business:</p> <ol style="list-style-type: none"> <li>1. At least 25% of all of the customers who get involved in shaping our services and plans for the future will be those who need extra help.</li> <li>2. We will make sure that the customers who actively participate will be representative of the diversity of people we serve.</li> </ol> <p>We have carried out extensive stakeholder engagement on our PR24 plan and a number of individual elements, including our WRMPs, DWMP, WINEP and Long-Term Delivery Strategy. These have included online and in-person workshops, one-to-one meetings and written opportunities to respond. A large number of local and national stakeholder representing a wide range of interests have been directly engaged with these opportunities.</p>
<p>The challenge process should ensure that the company takes into account the views and experiences of the broad range of customers they are serving. This could include experienced, technical specialists in customer research and water and wastewater services, and members of the general public</p>	<p><u>Experienced technical specialists in customer research</u></p> <p>The Water Forum’s membership is expert and broad appropriate with regard to our operations. Members and their networks coverage reflect our Customers, Communities, Environment, People and Commercial themes. Over time members have developed a great understanding of the water industry and its issues. This collectively enables members to provide quality and constructive challenge.</p> <p>Broadly there are three categories of Water Forum member:</p> <ul style="list-style-type: none"> <li>• Representative members: for example, from CCW, the Environment Agency and Drinking Water Inspectorate. These expert members are</li> </ul>

(customers).

provided with the time and resource to participate in the Water Forum as part of their regulatory roles.

- Independent members: with broad interests in society, customers and communities, the environment, the charitable and voluntary sectors, and business, commerce, and industry. Independent members are remunerated for their time and expenses.
- Customer Engagement Panel (CEP) members: These members were selected based on an appropriate balance of expertise and experience in customer research and engagement, such as strategy development; project oversight; peer review; and triangulation. CEP members are remunerated for their time and expenses.

The Water Forum has also commissioned an independent expert on economic regulation in the water sector (Martin Silcock) to provide independent analysis and opinion on the more technical regulatory issues.

Experienced technical specialists in water and wastewater services

The Water Forum appointed its own independent assurance advisor who is a technical expert in the water and wastewater industry.

Members of the general public (customers)

Our customer research projects engage participants who represent the diversity of customers we serve. This includes customers with health and financial vulnerabilities, future customers, customers who speak English as a second language and young people (future customers).

We make sure that where possible, research findings identify and report on variances by socio-demographics and customer types. We require the research agencies we work with to present cross-tabulated results in their reports. For example, in our Affordability and Acceptability research we will closely follow CCW's guidance and required a full set of outputs from our research provider, including data tables (cross-tabulations) by:

- The geographical areas we serve; the North East, Essex and Suffolk with results from customers served by Thames Water and Anglian Water set out collectively and separately.

	<ul style="list-style-type: none"> <li>• Socio-demographic characteristics.</li> <li>• Different sized non-households (small, medium and large), plus retailer’s views.</li> <li>• Participants who are/are not in receipt of financial and/or non-financial support.</li> <li>• Index of multiple deprivation postcodes groups.</li> </ul>
<p>Customer challenge should make sure that the views of the range of end user customers (including household, business, hard to reach, vulnerable and future customers) are understood by the company and taken account of in decision-making.</p>	<p>One of the ways we make sure our research is targeted to different audiences is by working with CACI to bring together our CC&amp;B database with <a href="#">Acorn</a>, a powerful consumer classification that segments the UK population.</p> <p>Acorn draws on a wide range of data sources, both commercial and public sector open data and administrative data. These include the Census, Land Registry and large-volume lifestyle surveys as well as commercial sources of information on age of residents, ethnicity profiles, benefits data, population density, and data on social housing and other rental property.</p> <p><a href="#">Acorn</a> uses this data to segment postcodes and neighbourhoods in the UK into six Categories, 18 Groups and 62 types. Each household we serve has been allocated to an Acorn Category, Group and Type in CC&amp;B. This enables us to target opportunities to take part in research to a representative sample based on Acorn proportions, or to over sample where we wish to hear the views of a particular category, group or type; for example. in a project concerned with financial vulnerability we may want to target customers falling into the Acorn category ‘financially stretched’ or any of the four groups or 15 types that sit within this category.</p> <p>We require the research agencies we work with to present cross-tabulated results in their reports. For example, in our Affordability and Acceptability research we closely followed CCW’s guidance and required a full set of outputs from our research provider, including data tables (cross-tabulations) for each question. Our tables include data cut by:</p> <ul style="list-style-type: none"> <li>• The geographical areas we serve; the North East, Essex and Suffolk with results from customers served by Thames Water and Anglian Water set out collectively and separately.</li> <li>• Socio-demographic characteristics.</li> <li>• Different sized non-households (small, medium and large), plus retailer’s views.</li> </ul>

	<ul style="list-style-type: none"> <li>• Participants who are/are not in receipt of financial and/or non-financial support.</li> <li>• Index of multiple deprivation postcodes groups.</li> <li>• Combinations of these where appropriate.</li> </ul>
<p>Insight provided by intermediate customers (for example, business retailers) should also be considered.</p>	<p>Our <a href="#">Retailer and Non-Household Research (2022)</a> engaged three retailers. Our research provider engaged three retailers visiting them ‘on-site’ and hosting online interviews. The aims of this research were to understand non-household customer experience, views on non-household (smart) metering, affordability, and priorities for business planning. The research agency delivered a de-brief presentation to our people in December 2022 covering headline findings from the research.</p>

**5.3.7. Comprehensive**

**TABLE A2.16 – COMPREHENSIVE**

Ofwat requirement	Our approach
<p>Challenge is focused on the full range of areas where customers can have meaningful views, including:</p> <ul style="list-style-type: none"> <li>• Water and wastewater services (where applicable to the company).</li> <li>• Customer services.</li> <li>• Significant investment (large one-off schemes).</li> <li>• Performance levels.</li> <li>• Bill impacts.</li> </ul>	<p>Our research programme has covered all areas listed, informing customers, and enabling them to provide meaningful views:</p> <ul style="list-style-type: none"> <li>• Water and wastewater services (where applicable to the company): <ul style="list-style-type: none"> <li>○ <a href="#">Our Purpose</a></li> <li>○ <a href="#">Defining the future</a></li> <li>○ <a href="#">Water environment improvements</a></li> </ul> </li> <li>• Customer services: <ul style="list-style-type: none"> <li>○ <a href="#">Retailer and non-household research</a></li> <li>○ <a href="#">Our Promise to You – customer views and synthesised recommendations</a></li> <li>○ <a href="#">Developers, SLPs and NAVs</a></li> </ul> </li> <li>• Significant investment (large one-off schemes): <ul style="list-style-type: none"> <li>○ <a href="#">Customer valuations for service improvements</a></li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>○ <a href="#">Projects 2a and 2b</a></li><li>● Performance levels:<ul style="list-style-type: none"><li>○ <a href="#">Bespoke performance commitments</a></li><li>○ <a href="#">Bespoke performance commitments phase 2</a></li></ul></li><li>● Bill impacts:<ul style="list-style-type: none"><li>○ <a href="#">Social tariffs 2020</a></li><li>○ <a href="#">Social tariffs 2023</a></li><li>○ <a href="#">Pre-Acceptability Research Phase 1</a></li><li>○ <a href="#">Pre-Acceptability Research Phase 2</a></li><li>○ <a href="#">Affordability and Acceptability Research</a></li></ul></li></ul> <p>Our monthly <a href="#">People Panel</a> sessions bring together customers from our Northumbrian Water and Essex &amp; Suffolk Water areas, plus future customers, to share their views on all aspects of our developing business plan.</p>
<p>Challenge should focus on important and material or urgent issues which companies should incorporate into their business plans and long-term delivery strategies for price reviews or wider decision-making.</p>	<p>In 2023, Water Forum members participated in a series of deep dive sessions. Where technical experts shared information on key business plan areas.</p> <p>The Water Forum has appointed an independent assurance advisor, reporting to the chair, whose role is to review our developing business plan on behalf of the forum, utilising their expert background in the water and wastewater industry to draw the Forum's attention to important, material, and urgent issues.</p>

**5.3.8. Timely**

**TABLE A2.17 – TIMELY**

Ofwat requirement	Our approach
<p>Customers are able to challenge on a timely basis, with companies responding within a reasonable time period. Companies’ challenge arrangements should allow sufficient time for effective challenge.</p>	<p>Our People Panels were established in March 2022. Four groups of customers (Northumbrian, Essex, Suffolk, and futures) and one group of employees meet on a monthly basis to give their views on a developing aspect of our PR24 business plan. This approach empowers members to build their knowledge and offer confident challenge overtime. In a typical People Panel session, panellists will be joined by at least one of our technical experts who is able to respond to queries and challenges ‘on-the-spot’. This approach demonstrates our openness and willingness to engage directly with our customers.</p> <p>Similarly technical experts join our ad-hoc focus groups and deliberative events. Depending on the project this may be to present information and respond directly to participants or, as in the case of our Affordability and Acceptability research, to silently observe, offering response to challenge only if invited to do so by the independent moderator.</p> <p>Our customers and stakeholders were invited to join a public ‘Your water, your say’ online meeting in May 2023. At the session attendees had the opportunity to ask our Chief Executive and other senior directors and managers questions. The presentation and notes from this meeting are on our website.</p>

**5.4. ASSURANCE OF CUSTOMER ENGAGEMENT**

Ofwat sets five standards for assurance of customer engagement in their [customer engagement policy](#):

- Independent.
- Transparent.
- Expert.
- Comprehensive.
- Board ownership.

**5.4.1. Independent**

**TABLE A2.18 – INDEPENDENT**

Ofwat requirement	Our approach
<p>Assurance of the quality of customer engagement, and how the companies have used the findings in their business plans and long-term delivery strategies, should be provided independently of the companies with no restrictions on reporting.</p> <p>This means:</p> <ul style="list-style-type: none"> <li>• Companies should not input to, or review, the assurance before it is issued, other than to check for factual accuracy.</li> <li>• Assurance should contain clear statements and evidence that the process was conducted independently of the company.</li> </ul>	<p>Agreeing the purpose of the ICG’s challenge is particularly important in the new environment where it is not mandatory to have an ICG and companies have the freedom to set their ICG’s remit.</p> <p>Now that challenge groups are no longer mandated by the regulator, Terms of Reference take on greater importance in setting out the ways of working that are expected to lead to effective delivery. The Water Forum and CEP have set their own terms of reference and describe their independence in their reports.</p>

**5.4.2. Transparent**

**TABLE A2.19 – TRANSPARENT**

Ofwat requirement	Our approach
<p>Companies should share all relevant customer engagement and research evidence to enable whoever is</p>	<p>In 2023 we published all our strategic research in a new <a href="#">‘Research Library’</a> section of our website. This makes our</p>

<p>providing assurance to reach a fully informed, independent view of how the company has taken account of customers' views.</p>	<p>research freely available to customers and stakeholders. All reports are comprehensive and include details of the approach taken, the sample engaged and full findings. Any party assuring the quality of our research may access this library, any additional evidence they require will be provided (with consideration of customer data protection and commercial sensitivities).</p> <p>Our customer engagement summaries contain all insight from customer research organised by measures and other key business plan areas.</p>
<p>Information shared should be factual, objective, and comprehensive, not selective or interpreted. This may include data and information from day-to-day operations, and materials related to specific engagement exercises.</p>	<p>We work with independent research agencies on all major projects. The agencies on our research framework are all company partners of the Market Research Society. This status assures that companies agree to uphold the standards of excellence laid out in the MRS Code of Conduct and the MRS Quality Commitment Form. This means that when reporting on research the agencies we work with must make sure that:</p> <ul style="list-style-type: none"> <li>• Reports include sufficient information to enable reasonable assessment of the validity of results.</li> <li>• Outputs and presentations clearly distinguish between facts, opinion, and interpretation.</li> <li>• Findings disseminated are clearly and adequately supported by the data.</li> </ul>
<p>Companies should be able to demonstrate how they have taken account of evidence from customer engagement. Companies should be able to explain why they have not taken account of evidence from customer engagement or research wherever this is the case</p>	<p>We have demonstrated in our line-of-sight report, customer insight summaries, individual enhancements cases and appendices how we have taken account of evidence from customer engagement. The CEP assessed this and discusses this in their report.</p>



**5.4.3. Expert**

**TABLE A2.20 – EXPERT**

Ofwat requirement	Our approach
<p>Assurance of customer engagement should be carried out by people or organisations that have relevant expertise and are appropriately resourced to complete the assurance exercise.</p>	<p>Our Customer Engagement Panel is chaired by Nikki Stopford. Nikki is an experienced leader with over 20 years’ experience in research. Nikki is highly experienced in using rigorous, innovative, and impartial research, engagement, and advocacy techniques to educate and empower people and improve society.</p> <p>Nikki is supported by Karen Cooper and Barbara Leech. Karen is a brand and insight consultant who is passionate about helping organisations and brands be customer-focused and successful. Barbara is a CCW consumer advocate with a specific focus on vulnerable consumers and those struggling with debt.</p> <p>As independent members Nikki and Karen are remunerated for their time. As a CCW consumer advocate, Barbara is remunerated by CCW and engages through the Water Forum and CEP as part of her role.</p> <p>The CEP report provides details from the CEP about their experience and expertise.</p>

**5.4.4. Comprehensive**

**TABLE A2.21 – COMPREHENSIVE**

Ofwat requirement	Our approach
<p>Assurance needs to assess the extent to which the company’s customer engagement meets the standards for high-quality research and any other relevant statements of best practice, including how it has applied the best practice for triangulation of customer data from alternative sources.</p>	<p>The CEP report assesses this. We have also provided this appendix which explains how we have applied the approach set out in <a href="#">CCW’s triangulation report</a>. We presented on our approach to triangulation at CCW’s workshop in 2023 to share our learning.</p>

Question 8 of the Water Forum's PR24 assurance questions specifically relates to customer engagement:

8. Does the plan listen to and meet customers' needs by building on high-quality and effective customer research and engagement?

The CEP's objective is to assure that we have a plan that listens to and meets the needs of our customers by building on high quality and effective research and engagement throughout the PR24 process. To assess this, CEP measures our research and engagement against seven comprehensive questions:

- CEP1. Engagement has a clearly defined underlying strategic purpose and objectives.
- CEP2. Well-designed, timely and unbiased research design using suitable methods.
- CEP3. Proportionate, joined up and not treated in isolation.
- CEP4. Deepens relationship with customers by being ongoing, two-way, and transparent.
- CEP5. Inclusive and reflective of different customer groups' needs and preferences.
- CEP6. Evidence of a good understanding of customers' needs, priorities, and preferences.
- CEP7. Clear links between engagement outputs and how they inform the business plan.

**5.4.5. Board ownership**

**TABLE A2.22 – BOARD OWNERSHIP**

Ofwat requirement	Our approach
<p>Company Boards should demonstrate oversight of the customer engagement assurance process.</p>	<p>Our approach to assurance including our Board responsibilities for listening to customer challenge at PR24 is described in detail in Appendix <a href="#">A2 – Data, Information and Assurance</a> (NES03). This includes how our Board has in place mechanisms to listen to customer challenge. One of the Independent Non-Executive Directors has specific responsibility for leading in this area. He attends the Water Forum meetings to hear the challenge members make on customers’ and stakeholders’ behalf.</p>
<p>This means that company Boards:</p>	
<ul style="list-style-type: none"> <li>Should be shown, and review, evidence from customer engagement and research.</li> </ul>	<p>Our Board received regular summaries of our customer research at every PR24 Board sub-group meetings, as well as full results from our affordability and acceptability testing (NES 49 and NES50). The group discussed summaries of research looking at priorities, long-term targets, and pre-acceptability testing as part of our decisions about the business plan.</p>
<ul style="list-style-type: none"> <li>Should develop confidence that company decisions take account of customers’ views, preferences, and experiences.</li> </ul>	<p>All research outputs are made available to our Board members, as well as being published on the website. Our Board has clear line of sight from customer engagement to the strategic decision making for our long-term strategy, DWMP, WRMP, WINEP, and the 2025-30 business plan.</p>
<ul style="list-style-type: none"> <li>Should satisfy themselves that company business proposals and long-term delivery strategies are based on high quality research and engagement.</li> </ul>	<p>INEDs also observe in-person, or from recordings, research and engagement sessions that we hold with our customers. All INEDs observed at least one of the qualitative Affordability and Acceptability deliberative events. Our PR24 Board sub-group reviewed this appendix and the draft CEP report to satisfy themselves that this was the case.</p>
<ul style="list-style-type: none"> <li>Should be prepared to provide a statement that the company’s customer engagement and research meets the standards for high-quality research and any other relevant statements of best practice.</li> </ul>	<p>We describe our statement and how we tested this in Section 6.10 of <a href="#">A2 – Data, Information and Assurance</a> (NES03).</p>

## 5.5. ALIGNMENT WITH AFFORDABILITY AND ACCEPTABILITY GUIDANCE

This is a link to the series of four documents published by Ofwat/CCW in relation to affordability and acceptability testing.  
[Guidance for water companies' acceptability and affordability of PR24 business plans - CCW](#)

We have followed the Ofwat and CCW guidance for testing customers' views of the affordability and acceptability of our proposals. The guidance has been strictly adhered to, or exceeded, except in circumstances where there was a strong degree of challenge from cognitive testing or the Customer Engagement Panel, or where difficulties were encountered despite best endeavours to follow the guidance.

In each of our Affordability and Acceptability testing reports (qualitative research and quantitative testing), we detail any instances where the guidance has not been strictly adhered to. In the [Affordability and Acceptability testing qualitative research report](#) (NES49), this can be found in the Methodology section – pages 20 to 38. In the [Affordability and Acceptability testing quantitative report](#) (NES50), this can be found in the Survey development, Sample design and Outputs and deliverables sections – pages 11 to 26.

We also tested the guidance as much as practicably possible broadly applying it for our pre-acceptability testing, which we carried out in January to March 2023, as the final guidance was being developed. This helped to provide consistency with acceptability testing as much as possible.

The [Customer Engagement Panel report](#) (NES46) provides their independent view and assurance on this, and we show how our approach complies with each of the detailed requirements in section 6.5.1 below.

### 5.5.1. Areas where we did not comply with the guidance

#### Qualitative research

Despite best endeavours, the guidance's minimum requirement number of interviews with non-household customers with more than ten employees was not achieved.

In the guidance it is prescribed that comparative performance information for the three water and three wastewater common performance commitments should be presented in a graph with an accompanying table. During piloting of this material, it was found that customers found the presentation of the graph and table side by side confusing. In particular, they reported difficulty in interpreting the data within the tables. Consequently, with the support of the CEP, a decision was made to show the graphs only in the final materials.

#### Quantitative research

In the screening questions for household customers, the guidance stated that respondents that refused to provide their age should be screened out. This was discussed with the CEP and it was agreed that this was unnecessary and had

potential to cause complaint, so the question was adapted to collect respondent age in bands and there was no screen out if the respondent refused to provide that information.

**5.5.2 Shaping the final plan to test with customers**

We shaped our final plan using two major qualitative pieces of customer research and engagement – our pre-acceptability research Part B, where we discussed each proposed investment in detail; and our [affordability and acceptability qualitative research](#) (NES49), where we discussed our proposed plan in detail.

We describe these issues and how we used these discussions to shape our final plan (before testing this in our [quantitative affordability and acceptability research](#), NES50) in Table A2.23 below. These issues are discussed in more detail in our [line-of-sight report](#) (NES45), which explains how we made our decisions using this evidence.

**TABLE A2.23 – SHAPING THE FINAL PLAN TO TEST WITH CUSTOMERS**

Our customers told us...	We responded by...
We should prioritise areas of higher environmental risk in addressing storm overflows, and we should invest half now and half later.	Adjusting our storm overflows phasing, including assessing and proposing new options to customers for the phasing of storm overflows in our qualitative affordability and acceptability research. We used higher environmental risk for these new options too.
External sewer flooding is somewhat important and we should continue at our current rate of work.	We dropped some planned enhancement expenditure on external sewer flooding (to bring this to beyond the upper quartile in the sector) as customers did not support this.
They substantially support natural solutions when it comes to removal of nutrients from wastewater.	We continued with our Advanced WINEP plan, including pushing back to the Environment Agency and others to make sure customer views were represented.
Asset health is important and we need to be transparent about how we minimise costs.	We used the criteria customers discussed and set for asset health and climate change adaptation investments in 2025-30 in our decision making. We describe this in our <a href="#">line-of-sight report</a> (NES45) and the relevant enhancement cases.
Non statutory environmental improvements are of lower priority but are a ‘nice to have’ in the future.	We reviewed our non-statutory programme to include only investments in NIDP, Bluespaces and some small schemes. We tested support again in more detail for NIDP in the qualitative A&A research.
Investment in electrical vehicles is not a	We dropped our proposed enhancement case for net zero – which would have moved to replace our vans with electric vehicles. Instead,

priority and could be pushed back.	we have adopted a slower and more exploratory approach through base expenditure, including considering customer and stakeholder views about possible alternatives to electric vehicles.
Replacement of lead pipes is important due to potential health risks.	Our business plan includes a much higher investment than in 2020-25, and we have extended this further after discussion at the Water Forum.
Water quality is an important issue.	We have set a CRI target of zero and will continue with our hazard review programme for water quality from base expenditure.
The performance commitment proposed for pollution didn't feel right – 54% thought that wasn't ambitious enough.	We set a higher target in line with WISER requirements and included an enhancement case to meet new regulatory requirements about monitoring (as well as tackling immediate issues that came from this).
Reducing leakage to the proposed level is not ambitious enough.	We increased our long-term ambition in the North East to a reduction of 55%.
Investing in storm overflows is of paramount importance.	We used the profile for storm overflows that customers supported. Some customers wanted to invest more quickly, but others were concerned about affordability – we discuss this in more detail in our <a href="#">line-of-sight report</a> (NES45).
Investing in asset health is important.	We used the criteria customers discussed and set for asset health and climate change adaptation investments in 2025-30 in our decision making. We describe this in our <a href="#">line-of-sight report</a> (NES45) and the relevant enhancement cases.
Shareholders should also bear some of the burden.	We introduced £20m of shareholder funding to tackle affordability through a new hardship fund and challenged ourselves to deliver more from base expenditure, including c.£400m of efficiencies.
They preferred our 'proposed' plan as opposed to the 'must do' plan.	Testing our refined 'proposed' plan with customers in the quantitative phase of <a href="#">Affordability and Acceptability Testing</a> (NES50).