

1. EXECUTIVE SUMMARY

This paper covers specific customer research, engagement and participation initiatives undertaken since our last update (paper written on 15 February 2018 and presented to Water Forums on 19 March 2018), to develop policy or for business planning.

We have engaged with customers in relation to our proposed discretionary enhancements, seeking their support for them.

Engagement with customers has been carried out to gain valuations for ODIs on our bespoke measures of success.

A series of working group sessions have been held with Water Forum members to discuss discretionary enhancements, triangulating evidence to define our Performance Commitments (PCs) and how we have developed our package of Outcome Delivery Incentives (ODIs).

We are continuing to develop our approach for Acceptability research and engagement. A separate paper has been prepared for Water Forums.

2. DISCRETIONARY ENHANCEMENTS

Ten focus groups were held with customers to understand their acceptance of a range of discretionary enhancement schemes that we have developed to include in our business plan. They covered a number of water and waste water enhancements, as well as schemes for smart water meters and improving cyber resilience.

Results for overall acceptance for each scheme area, plus overall acceptance for the whole package is as follows. Eighty percent of Northumbrian Water customers and ninety six percent of Essex & Suffolk Water customers accept the overall package of investments. The overall results are shown in the tables below and a breakdown of the results can be found in the appendix at the end of this paper.

Acceptability overall	Northumbrian Water	Essex & Suffolk Water
Water schemes	94%	96%
Waste water schemes	61%	n/a
Smart water meters	62%	64%
Cyber resilience	84%	85%
Overall package	80%	96%

We will be holding some additional customer engagement on 9 and 10 May to understand why customers said they were unsure on a number of the schemes. An additional package of discretionary enhancements concerning lead water pipes has also been developed and will be tested with customers during that engagement.

3. BESPOKE ODIS

Following on from our initial Service Valuation engagement, where we used our innovative tool to gain customers' valuations for ODIs, we needed to gain values for a number of our bespoke Measures of Success (MoS). Our engagement was designed as an extension to our interactive tool, with customers making decisions using coins on a 'table top board game'.

NORTHUMBRIAN WATER living water

Asset Health

Water mains bursts

A water main is a large underground pipe used for supplying water to houses, businesses and other properties.

Sometimes water mains burst. This can cause the surrounding area to flood, local homes and businesses to be without their water supply for a period of time and depending on where the burst is it can result in road delays to traffic, due to roadworks, while the water main is fixed.

Sewer collapses

Sewers can collapse due to changes in ground movement or things like tree roots pushing their way into the pipe. A sewer collapse can cause local flooding and road delays to traffic, due to roadworks, while the sewer is fixed.

Sewer blockages

Sewer blockages are typically caused when people flush items down the toilet which are not designed to be flushed or wash food and oil down the sink.

Amongst other things blockages can be caused by sanitary products, tissues, cotton buds and nappies, oil and grease. This can build up in the sewer and cause a blockage. This could mean you are unable to flush your toilet or that your bath or sink would drain slowly.

Sewer flooding

Repeat sewer flooding

Internal sewer flooding is flooding to the inside of a property caused by sewage escaping from the sewerage pipes. It can be caused by things like blockages and heavy rainfall.

Repeat flooding is where the same property is flooded internally by sewage more than once in five years.

Sewer flooding risk

Northumbrian Water has used specialist software to understand which communities in the North East, which have not flooded before, are at most risk of flooding. We would like to invest in these communities to lower the risk of them flooding before they experience a flood. This would include doing things like:

- Re-routing rainwater into rivers
- Capturing rain water in ponds and lakes
- Giving customers water butts

This does not mean that these communities will not flood, just that the risk of them flooding will be reduced.

The environment

Coastal waters

The Environment Agency tests the coastal water at 34 beaches in the North East each week from May to September every year. Their test measured the quality of sea water. If the Environment Agency detect pollution in the water they can alert people who may be thinking about going into the sea.

Sometimes, during times of heavy rainfall, Northumbrian Water has to discharge untreated sewage directly into the sea. This is necessary to help protect customers' homes and businesses, and surrounding land, from flooding, but this does have a negative impact on sea water quality.

Carbon

We are a leading water and wastewater company at reducing carbon emissions and are committed to reducing our carbon footprint and greenhouse gas emissions further.

Water

An interruption to your water supply lasting more than 12 hours

In very rare and extreme cases your water supply could be cut off, without notice, for 12 hours or more. This can be caused by things like a burst water main which can take a long time to repair.

In an incident like this we would tell you where you could collect an alternative water supply from (or bring it to) if you were unable to collect for health reasons) and keep you informed about when we expect to restore your supply.

Summary: Almost 1,000 of our customers have already told us that they want us to put £18.17 towards some potential rewards. These are for: Reducing internal sewer flooding, Pollution, Leakage, The number of customers who call us because they have discoloured tap water, The average time a customer's water supply is cut off for more than three hours, Improving rivers and bathing waters and Reducing the amount of water customers use.

We engaged with 500 customers during ten hall tests, at which customers were shown a short video about our journey so far and then were asked to provide values for a number of our bespoke measures. The results have been fed into our work on developing our ODI package.

4. WORKING GROUP SESSIONS

Three working group sessions with Water Forum members were held during April, with members providing welcomed and valued challenge on our proposals for discretionary enhancements, PCs and ODI package.

On 17 April, we explored our proposed enhancement schemes including statutory enhancements such as the Water Industry National Environment Programme (WINEP), along with discretionary enhancements such as those relating to resilience. As part of this session, we shared the approach used to engage with customers to understand the extent to which they support investment in these areas, along with the headline results from the recent engagement.

A session on 20 April continued the discussion on triangulation of customer evidence which we started in February. The session paid particular attention to our proposed Performance Commitments and gave Water Forum members the opportunity to challenge our proposals. The discussions went beyond customer evidence, examining other drivers for PC levels, particularly comparative information and the industry upper quartile position.

Finally on 26 April, Water Forum members explored our proposals for incentivising the delivery of our PCs, through a combination of rewards for out-performance and penalties for under-performance.

5. NEXT STEPS

We are finalising our business plan proposals and will be carrying our Acceptability research and engagement at the beginning of June. Water Forum members will be invited to events in due course.

If members have any questions relating to our customer research, engagement and participation, please contact Elaine Erskine via email (elaine.erskine@nwl.co.uk) or phone 07792 835724.

ELAINE ERSKINE
Strategic Research and Assurance Manager

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BREAKDOWN OF DISCRETIONARY ENHANCEMENTS ACCEPTABILITY RESULTS

Acceptance of water schemes (NW)	Yes	No	Unsure
Tyne area	84%	6%	10%
Tees area	90%	6%	4%
Durham area	92%	2%	6%
Too critical to fail	90%	0%	10%
All water schemes	94%	0%	6%

Acceptance of water scheme (ESW)	Yes	No	Unsure
Essex area	89%	7%	4%
Suffolk area	100%		
Too critical to fail	100%		
All water schemes	96%		4%

Acceptance of wastewater schemes	Yes	No	Unsure
Multi-agency response coordinator	88%	6%	6%
Howdon Sewage Treatment Works	55%	18%	27%
Development sites	47%	37%	16%
Flood risk reduction	71%	20%	10%
Smart wastewater network	59%	18%	24%
Resilient wastewater network	67%	18%	16%
All wastewater schemes	61%	25%	14%

Acceptance of Smart meters	Yes	No	Unsure
Smart water meters – Northumbrian Water	62%	22%	16%
Smart water meters – Essex & Suffolk Water	64%	7%	29%

Acceptance of cyber resilience	Yes	No	Unsure
Cyber resilience – Northumbrian Water	84%	10%	6%
Cyber resilience – Essex & Suffolk Water	85%	4%	11%