



Northumbrian Water Group

Pre-acceptability – Part A

Research report

February 2023

Executive summary

Overview of the research

In preparation for submission of their PR24 business plan in October 2023, NWG is required to conduct affordability and acceptability testing which will take place in quarters 2 and 3 of 2023. As part of an iterative process to design the business plan packages that will be presented to customers in the affordability and acceptability testing work, NWG commissioned Explain to conduct pre-acceptability research. Where reasonably possible, this followed the prescribed guidance set out by Ofwat for affordability and acceptability testing.

The aim of the research was to gain an understanding of customers' views in relation to three potential business plan packages – a 'must do' plan, a 'proposed' plan and an 'alternative' plan. Specifically, we sought to understand each of the following objectives for each topic:

- Explore views on the affordability and acceptability of each potential business plan
- Identify high-level views on the costs associated with each business plan package and the trajectory of these
- Identify how to make the company preferred plan more acceptable/affordable to inform options for refinement

A multi-strand qualitative approach to the methodology was taken to achieve the objectives of the research, consisting of the following:

- Deliberative online workshops with NWG customers served by Northumbrian Water (NW) in the North, and those served by Essex & Suffolk Water (ESW) in the Essex and Suffolk regions (January 2023)
- Deliberative online workshops with future 'young' customers, who are part of the ongoing monthly People Panel workshops, living in the Northumbrian Water (NW) and Essex & Suffolk Water (ESW) regions
- One deliberative workshop with stakeholders across both Northumbrian Water (NW) and Essex & Suffolk Water (ESW) regions
- One face-to-face (F2F) deliberative workshop, held in Newcastle (Fenham) in January 2023

Explain worked closely alongside NWG to ensure materials were clear and accurate. All workshops were attended by a NWG representative. However, in accordance with Ofwat guidance, NWG representatives were only permitted to participate if invited by the group facilitator to respond to a technical question and were present without audio or visual on online sessions.

In advance of the deliberative sessions respondents were provided with a pre-read document, closely following the prescribed affordability and acceptability guidance. This pre-task provided important background information on NWG, the water industry, the PR24 process and NWG's performance. It also described investment areas, such as storm overflows, nutrient neutrality, and water environment improvements. The pre-read then went on to describe three potential business plan packages, 'must do' package, 'proposed' package and the 'alternative' package, and highlighted which of these investments was included in each package. The pre-read also detailed the potential annual bill impact of each business plan package.

In the deliberative sessions, respondents took part in a series of discussions and polling exercises in relation to the three packages. At the end of the session, they completed a short survey to determine their thoughts on the affordability and acceptability of each individual package, as well as to choose their preferred package.

The three business plan packages respondents were asked to choose between are summarised in the tables below.

Northumbrian Water packages:

| | Plan 1 (must do) | Plan 2 (proposed plan) | Plan 3 (alternative plan) |
|---|---|---|--|
| *Metering, water efficiency & leakage | ✓ | ✓ | ✓ |
| *Reservoir safety | ✓ | ✓ | ✓ |
| *Storm overflows | ✓ | ✓ | ✓ |
| *Removing nutrients from wastewater | ✓ | ✓ | ✓ |
| *Growth at wastewater treatment works | ✓ | ✓ | ✓ |
| *Security | ✓ | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ | ✓ |
| *Water quality risks | ✗ | ✓ | ✓ |
| *External sewer flooding | ✗ | ✓ | ✓ |
| *Net zero | ✗ | ✓ | ✓ |
| *Lead pipe replacement | ✗ no lead pipe replacement | ✓ doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas | ✓✓ doing more replacement to make sure NW meet the target to be lead free by 2050 |
| Average bill impact by 2029/2030 excluding inflation | +£130 per year or +£10.83 per month on top of the average bill of £365 | +£148.50 per year or +£12.38 per month on top of the average bill of £365 | +£149.85 per year or +£12.49 per month on top of the average bill of £365 |

Essex & Suffolk Water packages:

| | Plan 1 (must do) | Plan 2 (proposed plan) | Plan 3 (alternative plan) |
|---|---|---|---|
| * Securing water supplies | ✓ | ✓ | ✓ |
| * Improving the environment | ✓ | ✓ | ✓ |
| *Metering, water efficiency & leakage | ✓ | ✓ | ✓ |
| *Security | ✓ | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ | ✓ |
| *Water quality risks | ✗ | ✓ | ✓ |
| *Net zero | ✗ | ✓ | ✓ |
| *Lead pipe replacement | ✗ no lead pipe replacement | ✓ doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas | ✓✓ doing more replacement to make sure ESW meet the target to be lead free by 2050 |
| Average bill impact by 2029/2030 excluding inflation | +£28 per year or +£2.33 per month on top of the average bill of £246 | +£43 per year or +£3.58 per month on top of the average bill of £246 | +£44.65 per year or +£3.72 per month on top of the average bill of £246 |

Summary of findings

In the deliberative sessions respondents took part in polls to help understand the context of their later responses. The results of these polls are shown in the table below.

| Question | Overall mean (out of 10) | ESW mean satisfaction | NW mean satisfaction |
|---|--------------------------|-----------------------|----------------------|
| Confidence in understanding of NW/ESW's role | 7.4 | 7.1 | 7.6 |
| Satisfaction with the service received from NW/ESW | 7.8 | 7.8 | 7.8 |
| Satisfaction with value for money received from NW/ESW | 6.8 | 6.7 | 6.9 |
| Level of concern with their finances now | 5.3 | 5.7 | 5.0 |
| Level of concern with their finances in two years' time | 5.1 | 5.2 | 5.0 |

When asked to choose their preferred plan, the large majority of respondents opted for the alternative plan. However, there was a greater propensity to opt for the must do plan in the face-to-face group, with respondents in that session particularly concerned about affordability.

| The options | Voting across regions (Base 106) | Voting split across regions | |
|-------------------------------|----------------------------------|--|---|
| | | | |
| Option 1 – must do | 17 votes | 9 North | 8 Essex & Suffolk |
| | | <i>6 North F2F; 3 North;</i> | <i>5 Suffolk; 2 Essex; 1 Young ESW</i> |
| Option 2-proposed | 18 votes | 7 North | 11 Essex & Suffolk |
| | | <i>4 North; 3 North F2F</i> | <i>11 Suffolk</i> |
| Option 3 - alternative | 71 votes | 36 North | 35 Essex & Suffolk |
| | | <i>25 North; 6 Young NW; 5 North F2F</i> | <i>23 Essex; 9 Suffolk; 3 Young ESW</i> |

For each of the topics discussed, participants highlighted the following, in particular:

Acceptability



Initial increase to plan 1 is high: Across both regions, it was noted that the bill increase within option 1 was high and the the cost difference between plan 1 and 3 is small. Generally, **plan 3 was the most acceptable due to having the best value for money.**



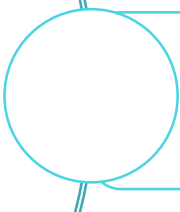
Transparency: Across both regions, customers felt that it would be more acceptable if they were told exactly **where the increases would go**, as well as **how much shareholders would invest**, and how much profit they would receive, to ensure everyone was contributing.

Affordability

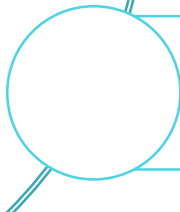


Current finances: 5.3 out of 10 (overall mean, where 1 is very concerned and 10 is not at all concerned)

The overall level of concern with finances within the Northumbrian Water region (5.0) and **Essex & Suffolk Water region (5.7)** showed that all participants were **generally concerned about finances, and slightly more concerned** in Northumbrian Water regions.



Finances in two years: 5.1 out of 10 (overall mean, where 1 is very concerned and 10 is not at all concerned). Whilst Northumbrian groups' mean score remained the same (5.0) **when looking ahead, Essex & Suffolk Water mean scores dropped (5.2)** and became more concerned.



Financially vulnerable face-to-face: The lowest score across both questions revealed the **North face-to-face** participants had the **greatest level of concern** for their finances (4.6 out of 10).

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The logo for 'explain' is located in the top left corner. It consists of the word 'explain' in a lowercase, sans-serif font, with a small square icon containing a white document symbol to its right. The entire logo is contained within a white speech bubble shape with a tail pointing towards the bottom left.

explain

The background of the slide is a photograph of a woman with long, wavy, light-colored hair, smiling and looking towards the left. She is wearing a light-colored, long-sleeved shirt with dark horizontal stripes. The entire image is overlaid with a semi-transparent teal color.

**“Quality is never an
accident it is always the
result of intelligent
effort”**

Introduction

An overview of the project background, objectives, and methodology.

Introduction

Project background

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Objectives

The aim of the research was to gain an understanding of customers' views in relation to three potential business plan packages – a 'must do' plan, a 'proposed' plan and an 'alternative' plan. Specifically, we sought to understand each of the following objectives for each topic:

- Explore views on the affordability and acceptability of each potential business plan
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Methodology

A multi-strand qualitative approach to the methodology was taken to achieve the objectives of the research, consisting of the following:

- Deliberative online workshops with NWG customers served by Northumbrian Water (NW) in the North, and those served by Essex & Suffolk Water (ESW) in the Essex and Suffolk regions (January 2023)
- Deliberative online workshops with future customers, who are part of the ongoing monthly People Panel workshops, living in the Northumbrian Water (NW) and Essex & Suffolk Water (ESW) regions
- One deliberative workshop with stakeholders across both Northumbrian Water (NW) and Essex & Suffolk Water (ESW) regions



- One face-to-face (F2F) workshop in Fenham (North) (January 2023)

A **pre-task** (Appendix C) was provided to each participant at least three days in advance of their session.

The pre-task pack included information on the following:

- an overview of the water industry
- an overview of Northumbrian Water / Essex & Suffolk Water
- an overview of the business plan process
- an outline of the company's existing business plan
- an overview of how the company's performance against their plan is monitored
- an overview of their proposed business plans for 2025 to 2030
- an overview of how bills have changed over time
- a task with two questions around their current ability to pay their water bill.

A slide deck was developed for the deliberative sessions which provided a recap of the contextual information provided in the pre-read, as well as providing more detailed information on the costs of each plan including the impact of inflation and proposed bill profiles for 2025 to 2030. Please find a copy of the slide deck in Appendix A (customers) and Appendix B (stakeholders). During the sessions, respondents participated in a series of polls and in-depth discussions. At the end of the session they completed a short survey to provide their feedback regarding the affordability and acceptability of each business plan package, as well as choosing their preferred package. This survey can be found in Appendix E.

Explain worked closely alongside NWG to ensure materials were clear and accurate. All workshops were attended by a NWG representative. However, in accordance with Ofwat guidance, NWG representatives were only permitted to participate if invited by the group facilitator to respond to a technical question and were present without audio or visual on online sessions.

Overall, the research materials closely followed the prescribed guidance, however there were some omissions due to information not being available at that time, for example information around phasing.

As a thank you for attending each session, participants of each of the deliberative workshops received £75 for attending the 2-hour group.



A slightly different approach was taken for the stakeholder session whereby they were only presented with the ‘proposed’ business plan package as this was felt to be more appropriate given their existing relationship with, and knowledge of, NWG. However, it was made very clear which investments were statutory and which were enhancements.

Attendance at each session

The following table summarises the participation in this research by area and type of research group. NWG’s existing People Panels were involved in the project, as well as newly recruited respondents. Newly recruited respondents were recruited via an opt in process as prescribed in the guidance. NWG sent an email to a proportion of their customer database offering the opportunity to participate and Explain recruited respondents who opted in by telephone to a pre-agreed quota. This ensured representation of NWG’s customer base by Acorn profile. In addition, to ensure reach to digitally excluded customers, respondents for the face-to-face group that took place in Fenham were recruited on-street.

The total number of respondents that engaged in the research is above the minimum samples outlined in the affordability and acceptability guidance. Non-household customers were not included in the research due to time constraints, however an in-depth project around non-household customer priorities has been conducted separately. Non-household customers will be included in all future projects, and there was representation of the business sector in the stakeholder session.

| Group session #10 | Total no. of attendees | People Panellist (PP)* | ‘Defining the Future’ |
|---|--------------------------|-------------------------|-----------------------|
| Northumbrian (online) Monday 9 th January | 32 | 13 PP + 19 other | 2 |
| Essex (online) Wednesday 11 th January | 26 | 14 PP + 12 other | 3 |
| Suffolk (online) Monday 16 th January | 25 | 12 PP + 13 other | 2 |
| Stakeholder (online) Tuesday 17 th January | 8 (5 NW + 3 ESW) | n/a | n/a |
| Fenham (in-person) Wednesday 18 th January | 19 | n/a | n/a |
| Young (online)* Wednesday 18 th January | 10 (6 NW + 4 ESW) | 10 PP | 1 |
| Total attendees: | 120 | 49 PP + 44 other | 8 |



**Please note, the People Panels are regular, monthly online panels, conducted with customers of Northumbrian Water and Essex & Suffolk Water.*

**The Young (online) workshop was held with participants of the monthly Young People Panel. Participants in this group either live in the Northumbrian Water (6 participants) or Essex & Suffolk Water (4 participants) regions.*

A note on reporting results

A topline report of the poll findings has been submitted separately. The detailed feedback from all deliberative workshops is included within this report.

The report thematically presents findings from the customers' and young group sessions. Due to stakeholders being presented with only the plan 2 'proposed' option, the results of the stakeholder session have been reported separately.

Whilst unable to attend the stakeholder group, one stakeholder, representing a Local Authority, shared feedback with their thoughts, which has been listed in Appendix D.



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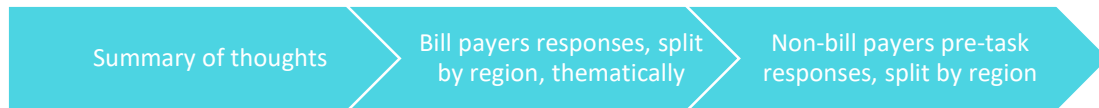
**“The goal is to transform
data into information,
and information into
insight”**

Pre-task results

In-depth findings of results from the pre-task

Pre-task results

This section of the report illustrates pre-task results. The detailed findings of the discussions are presented and organised in the following manner.



Summary of thoughts on pre-task

In no particular order, the themes drawn out from discussions about the pre-task centred on the importance of **public health and removal of lead pipes**, the **higher costs of water bills for Essex & Suffolk Water** customers, and **some unawareness of the water company structure**; such as not meeting targets and the role of Ofwat in rewarding or penalising the companies.



Whilst surprised that lead pipes haven't been removed already, some participants across the regions felt that **lead pipe removal should be treated as a priority** due to the dangers associated with it. They were interested in how the company deals with the dangers **by using phosphates**.

- *"I was staggered to read that the company is still involved with replacing lead... It's been illegal for the best part of 60 years to install lead pipes... I find it quite Dickensian that they have not all been replaced as a matter of total priority" – Online workshop (Suffolk)*
- *"It was interesting to understand... how Northumbria water deals with it as well. In regards to the phosphate itself" – Online workshop (North)*
- *"That there are still pipes made of lead in the system and that we're potentially being poisoned by these... [and] the stuff that they're putting in there to negate the lead. Both [are] very shocking" – Online workshop (Essex)*



- *“I saw in the pre-task they were made illegal in 1969 I think. So, I thought they would have been phased out by now it was 50 years ago, so I think you need to be ambitious to get rid of them if they are causing health issues” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Participants highlighted the importance of public health and of removing lead pipes, however many participants in Suffolk stated they **didn't feel that this should be paid for by customers**.

- *“They're saying they [are] removing lead pipes in customer homes... I don't want to be paying for that. It should be the homeowners responsibility” – Online workshop (Suffolk)*
- *“I don't think money should come before public health... I can't believe we've still got water going down lead pipes... when you go stay in a hotel, or you're in a coffee bar, or you go anywhere to eat. You're going to drink that water then, that affects everyone, and money seems to be taking over rather than public health” – Online workshop (Suffolk)*

Suffolk participants also **wished to be provided with more information about lead pipes**, such as the **percentage in their area**, the progress that has been made so far, and the extent to which it impacts health.

- *“It would be interesting to know... how severely they [lead pipes] do affect your health because if it's been illegal since 1969 and for so long just by pouring phosphates it's still not... taking priority, is that just because it doesn't cause that much damage?” – Online workshop (Suffolk)*
- *“50 years ago, lead pipes were banned... but that was installing. And in the last 50 years, we still have lead pipes around, so it doesn't seem like a lot of progress has been made in that 50 years” – Online workshop (Suffolk)*
- *“I'd like to know the percentage of lead pipes that are still out in my area” – Online workshop (Suffolk)*

Emerging strongly from participant comments was surprise in the degree of variance in water bills nationally, and a sense of shock that customers of **Essex & Suffolk Water pay the highest water bills in the country**.

- *“I might have expected a little bit of a range [in costs], but certainly not the extent of the one that exists” – Online workshop (Suffolk)*



- *“The wide variance in the cost of water by region to region. We’re £246 and the average is £200. And the lower is £142. So, there’s quite a big difference” – Online workshop (Essex)*
- *“I looked at the price comparison between... the south west and the north east. There was a massive, massive difference. Obviously, I do know that London has a higher minimum wage, but still it was quite drastic” – Online workshop (North, Young People Panel)*

Relating to Essex & Suffolk Water customers paying the highest bills, many participants in these regions stated they **would be interested in the reasons for their higher payments.**

- *“What I was interested in was the fact that we’re paying a lot more in Suffolk than people in Northumbrian area, and I want to know the reasons behind that” – Online workshop (Suffolk)*
- *“Before knowing we were paying the most, I would have said yes... I think we need to know a bit more about why, for our region, we are paying more” – Online workshop (Suffolk)*
- *“I thought even Thames Waters... was about £10 less, but... why is ours so dear? ... when some are in the hundreds. I thought ours was quite high and wondered why” – Online workshop (Essex)*

Some Essex & Suffolk participants questioned **how vulnerable groups, such as those living on low-incomes, benefits, or pensions, would be able to pay** these higher water bills.

- *“The price, being the highest, it just made me think... how are people who are living on pensions, how are they affording it?” – Online workshop (Essex)*
- *“I can afford the bills... my water and sewerage bills virtually doubled moving into this area, and I can find no justification for our water and sewerage being so much higher than the national average... I feel very much for those people, pensioners, people on low incomes, who are struggling to pay their bills... there isn’t extra funding for those people... who happen to live in an area where their water costs are more than double” – Online workshop (Suffolk)*
- *“There needs to be some sort of support for those who are vulnerable. Those things are not there” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Participants in the Essex and Suffolk regions highlighted they were **shocked that only some of the targets had been met by the water company.** They felt this made it difficult to justify asking for further bill increases from customers.



- *“We all want cheaper bills... the cost-of-living crisis, we're all concerned about price rises even more, but why are targets not being achieved?” – Online workshop (Essex)*
- *“This business plan gets done every five years, so I'd like to know, information on the last business plan that was done and how it performed, what did business plan customers decide on and whether you actually managed to achieve the goals” – Online workshop (Essex)*
- *“There was five different targets. And they only met three, that's 60%... If you're paying the extra money for a 60% service... is it really justified?” – Online workshop (Suffolk)*

This sentiment was echoed in the face-to-face workshop in the Northumbrian Water region. Participants within this group were **not happy with the idea that customers would need to pay more money** for their bills, and questioned why Northumbrian Water wouldn't pay for these improvements. Some language, such as stating **improvements 'could'** happen also made these participants **question whether improvements would be met in future.**

- *“The whole thing seemed to be geared up towards the bottomless money pit... They can't just go and ask for more money because they failed in their job... The solution is better management of your resources... and they wouldn't have these problems. I think they've got enough money... more than enough” – Face-to-face workshop (North)*
- *“You've got 'improvements could'. Could? I would want to say definite. If I'm giving my money to that, I want to see that happen. Not, oh, it 'could' happen” – Face-to-face workshop (North)*

Participants questioned **how information is shared** between water companies for best practice, **considering water companies operate as private companies**, and felt curious about the synergy between Northumbrian Water and Essex & Suffolk Water.

- *“What learning takes place between the water companies? What sharing of information? And is it that, because of their independence? ... What learning would take place between those two organisations in order to manage those costs?” – Online workshop (Suffolk)*
- *“[I'm] also curious about this synergy... between Northumbria and Essex & Suffolk” – Online workshop (Suffolk)*

Relating to this point, some participants from the Essex and Suffolk regions felt this would be **duplication of departments and costs.**



- *“There’s too many water companies... There’s so much... over duplication of costs... unless Essex & Suffolk can produce good evidence as to why they are, they’re not just above the average, they are very significantly above the average price... I don’t think they have given us any reasons... to be confident in their abilities” – Online workshop (Suffolk)*
- *“I didn’t know there were so many [water companies]. It strikes me that there must be huge duplication with backroom management costs... I don’t understand what the synergy is between Northumbrian Water and Essex & Suffolk Water... I have to pay Anglian Water for my sewerage... I wonder how many other organisations split it like that, there seems to be room for an awful lot of amalgamation here” – Online workshop (Suffolk)*

Other points raised by participants across both regions, **included surprise with the breakdown of where their money went**, as well as being **unaware that water companies made business plans and were regulated by Ofwat**.

- *“I didn’t know there were [business] plans and I had no idea about Ofwat... it just really opened my eyes” – Online workshop (Suffolk)*
- *“When I’m looking at it [in plan 2] and think that ‘£43, oh that’s so much’... but when you look at the breakdown of monthly, it’s actually not as bad as you think” – Online workshop (Essex)*
- *“That’s quite a lot 35.6%. And then these are mandatory increases, made by government presumably that don’t contribute to these increases... it was surprising that the breakdown of the energy for, so it’s 5p per £1. I thought it’d be a lot more” – Online workshop (North)*

Some initial positive comments about the pre-task, from participants living in Essex, related to the pre-work **containing helpful information**, including its visually appealing **presentation in tables** and **easy-to-understand language**.

- *“The length was good; the concept was interesting. I thought it was good how it had tables, and it wasn’t just all text, all that was quite helpful” – Online workshop (Essex)*
- *“Compared to some of the other documents that we’ve read, and you’ve shared, I found this one to be very straightforward, very coherent, and language that was easy to understand. It was good” – Online workshop (Essex)*



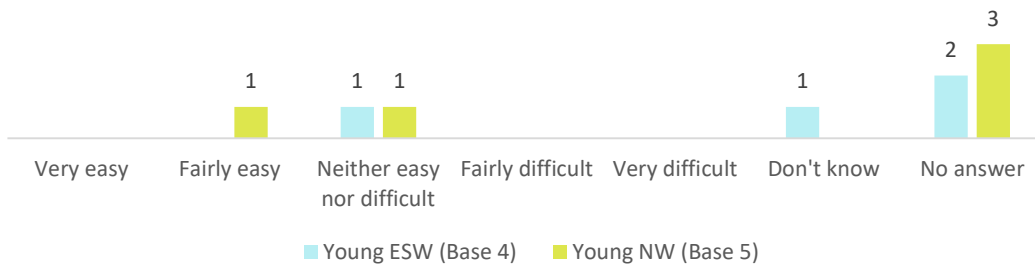
Non-bill payers

Participants attending the Young People Panel were asked to return their answers to the following two pre-task questions in advance of their attendance at the online workshop. Please note that the base sizes are low, therefore mean scores have not been provided.

(1) **Affordability:** How easy or difficult is it for you to afford to pay your current water bill?

Most of the Young panellists gave 'no answer', with one 'don't know', **with three of the nine attendees answering on the scale**; two of which felt this was **'neither easy nor difficult'**.

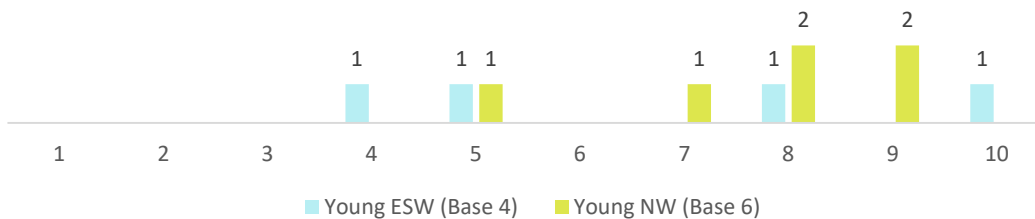
The current average water and sewerage services bill is £246 (the average water bill for Essex & Suffolk Water customers). How easy or difficult is it for you to afford to pay your current water bill?



(2) **Satisfaction with water company:** How are you feeling about your water company?

Of the ten Young panellists (6 Northumbrian Water; 4 Essex & Suffolk Water), both **the highest score (10 – very impressed) and the lowest score (4)** were given by two participants living in the Essex & Suffolk Water regions. The most consistently positive scores came from those in the Northumbrian Water region, with one (5), one (7), two (8) and two (9) out of ten.

The information has probably given you an impression of the water company operating in your area to supply water. If 10 is 'very impressed' and 0 is 'very unimpressed', how are you feeling about your water company?





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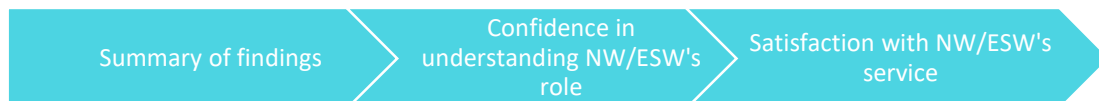
**Results of current levels of confidence
in understanding and satisfaction**

In-depth findings of results of the understanding of the
role of NWG and satisfaction with the level of service

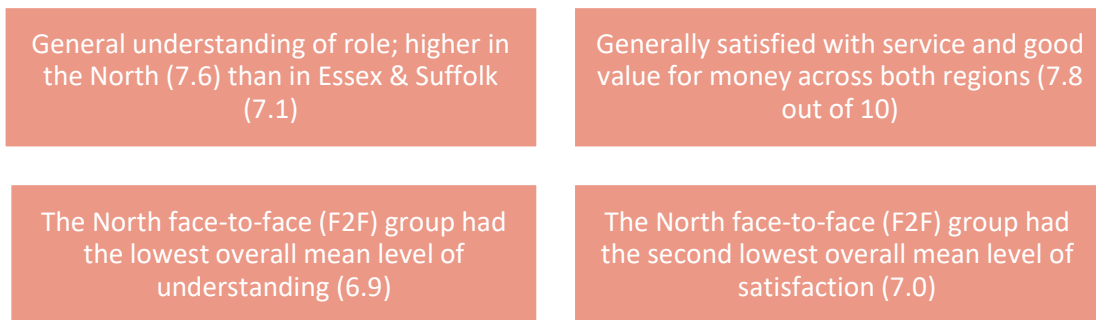
Understanding of NWG's role

This section of the report illustrates findings from the research conducted on customers' understanding of Northumbrian Water and Essex & Suffolk Water.

The detailed findings of the discussions are discussed and organised in the following manner.



Summary of findings



Confidence in understanding of NW/ESW's role

As can be seen in the below table, generally, the overall **mean confidence in understanding the company's role is greater in the Northumbrian region (8.2)** than in Essex (7.0) or Suffolk (7.1)

This value varied between groups. Notably, the face-to-face participants in the North had lower level of confidence (6.9) which was more similar to that of Essex & Suffolk participants. However, caution should be applied when interpreting these differences because for the North, Essex, and Suffolk online workshops both People panellists and non-people panellists were asked to vote on the same poll and their votes cannot be separated. However, we would expect to see People Panellists to score more highly on this measure due to their experience on the panel.

| Overall mean confidence in understanding of NW/ESW's role (7.4) | | | | | | |
|---|-----------------------|-------------|---------------|----------------|-------------|-----------------|
| Mean result split by region | Essex & Suffolk (7.1) | | | North (7.6) | | |
| Mean result split by group | Young ESW (8.5) | Essex (7.0) | Suffolk (7.1) | Young NW (7.2) | North (8.2) | North F2F (6.9) |

Satisfaction with NW/ESW's service

As can be seen in the below table, the overall mean level of **satisfaction was 7.8 out of 10**, on a scale where 10 is 'very satisfied'. This was consistent **across both regions**.

- *"I haven't had the issues with a water supply up here. Since I've moved here, I think we've only had one point where we've had loss of supply, and they certainly haven't made me ill. So that's a big plus" – Online workshop (Suffolk)*

| Overall mean satisfaction with the service received from NW/ESW (7.8) | | | | | | |
|---|-----------------------|-------------|---------------|-----------------|----------------|-------------|
| Mean result split by region | Essex & Suffolk (7.8) | | | North (7.8) | | |
| Mean result split by group | Young ESW (7.7) | Essex (8.0) | Suffolk (7.7) | North F2F (7.1) | Young NW (7.0) | North (8.4) |



explain

**“The goal is to transform
data into information,
and information into
insight”**

**Results of prioritising areas of
investment**

In-depth findings of customers' preferences of prioritising areas which matter most and areas which require the most investment.

Areas for investment

This section of the report illustrates findings from the research conducted on customers’ perspectives regarding which areas of investment, for Northumbrian Water and Essex & Suffolk Water, matter the most and require most investment.

The findings are presented in detail and organised in the following manner:



Please note the results of the young online workshop have been incorporated into the regional results, either in the Northumbrian Water or Essex & Suffolk Water region results.

Areas for investment outlined

Participants were presented with ‘must do’ and ‘optional’ areas for investment. The ‘must do’ areas for investment are required in order to meet statutory obligations or new regulations. The ‘optional’ enhancements were areas which the company considered to be important but were not required to do by statutory law. They were being proposed because they improve customer service or address future risks.

The areas of investment presented to customers differ between regions and are grouped as follows, with these nine areas making up the ‘**must do**’ areas of investment.

| Both regions – ‘must do’ areas | |
|---|--|
| Metering, encouraging water efficiency and tackling leakage to ensure we have enough water in the future | Ensuring that we can continue to treat water in rivers and reservoirs to make this into drinking water |
| Maintaining and replacing equipment to make sure it is in good working order and to avoid service failures (asset health) | Introducing new security measures at critical sites to ensure services aren't interrupted |

| Northumbrian Water - 'must do' areas | |
|--|---|
| Tackling storm overflows which release heavily diluted wastewater into rivers and seas | Meeting new regulations around reservoir safety |
| Growing wastewater treatment works to respond to population growth | Removing nutrients from wastewater to avoid the environment being disrupted |

| Essex & Suffolk Water - 'must do' area |
|--|
| Investing in new types of water treatment or new water storage (reservoir) to secure water supplies in Suffolk |

The **'optional'** areas of investment were also outlined; five applicable to **both regions**, and the red box applicable to **Northumbrian Water only**.

| Both regions – 'must do' areas | | |
|---|---|---|
| Investment to reduce lead pipes in the network because of the health risk | Investment to make sure that NW/ ESW can supply the highest quality of water to their customers | Improvements to rivers, reservoirs and coastlines that the public can access (e.g., footpaths, wildlife, water quality) |
| Investing in the network to ensure it is resilient to climate change | Investment to reduce carbon emissions and meet net zero | |

| Northumbrian Water – 'optional' area |
|---|
| Investment to minimise how often customers experience sewer flooding to the outside of their property |

Initial views on funding investments

The main theme taken from the discussions related to how the investment areas would be funded. Across both regions, there was a general agreement that the **customers should not be solely responsible for paying for the investments** in the form of increased bills.

Participants living in Essex and Suffolk regions felt that the **increase should not be at the customers' expense** and suggested that the water company should **invest in efficiencies**.

- *“Where's the plan which says you're going to reduce your prices? Why are we starting at this ... highest possible point compared to the rest of the country with three plans, which [all cost] more money? ... Just do the basics and do some efficiencies” – Online workshop (Suffolk)*
- *“I'm not saying that you shouldn't invest, quite the opposite. I think you should also look at your efficiency so that you can invest, but not at your customers' expense” – Online workshop (Suffolk)*
- *“I would like to know how much is being funded by customers and how much is being funded by the company” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Northumbrian Water participants also **suggested the water company make their own savings** to prevent customers' bills from increasing, for instance by **reducing the amount shareholders receive**.

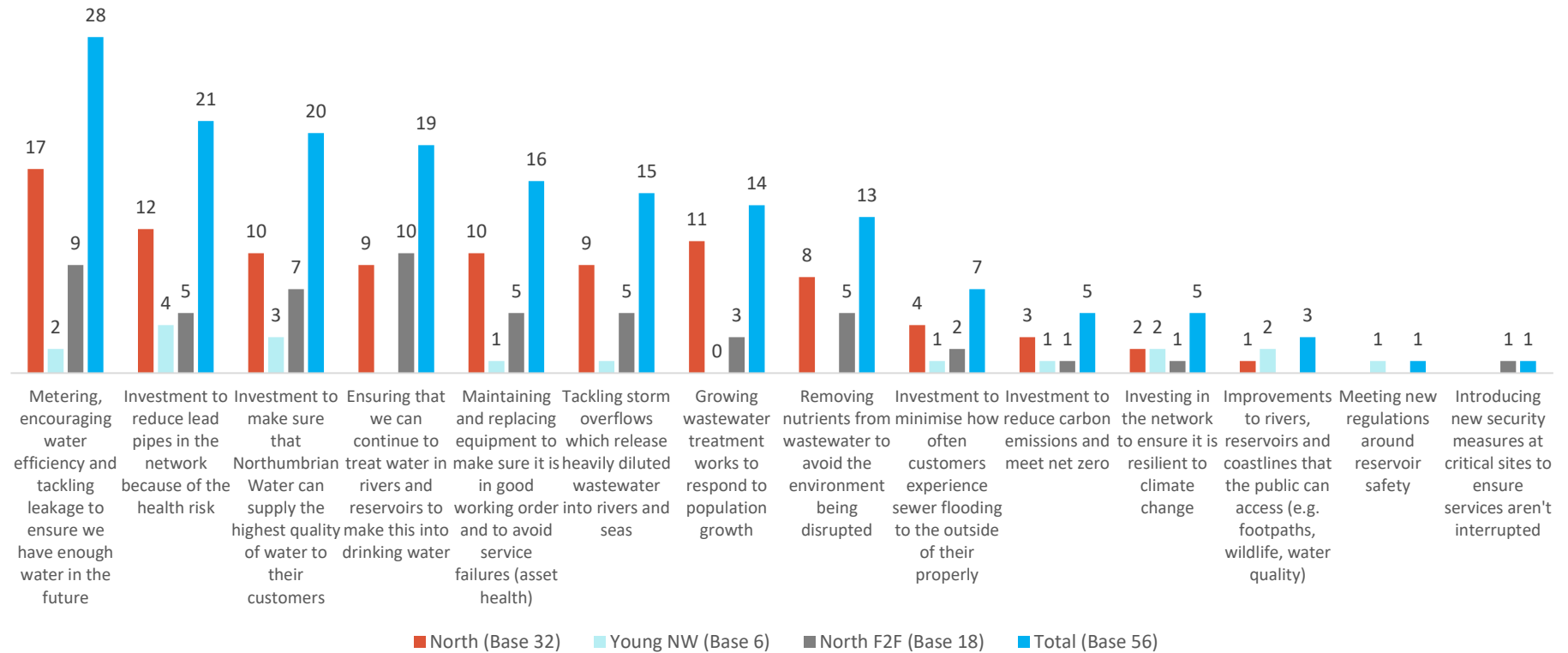
- *“Has there been some work done before for Northumbrian Water to actually make their own savings, so the bills don't have to go up?” – Online workshop (North)*
- *“Where's the profits going? ... They should be using that money to put the situation right, not basically hitting the customer in the pocket” – Face-to-face workshop (North)*
- *“If they have to do it, it's a must do [so] they should pay for it... I still don't even understand why that should then be passed on to the customer if there are things they have to do” – Online workshop (North)*
- *“That surely should be something that the government fund so that water companies can meet that standard instead of bill payers having to pay” – Online workshop (North, Young People Panel)*



Areas which matter the most

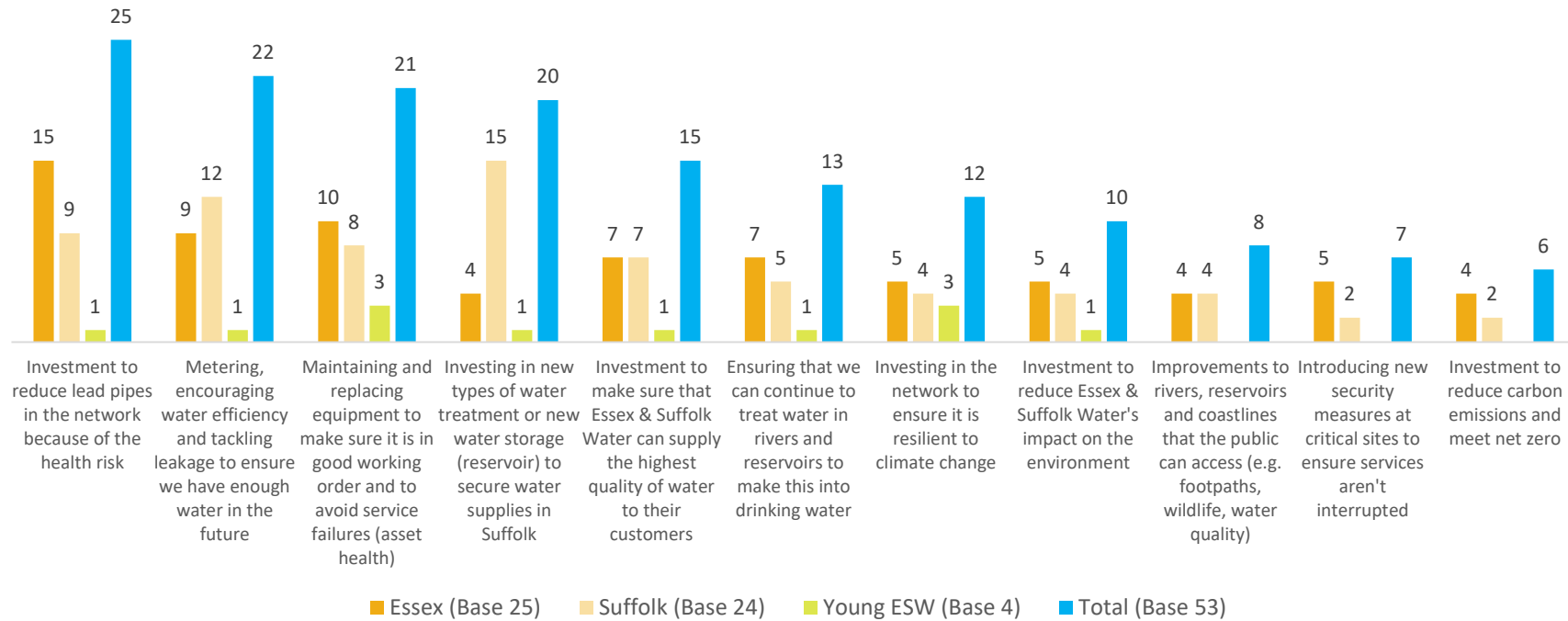
Participants were asked to vote on which three of the areas for investment mattered the most to them. The results are presented below in two graphs, split by region. The reasons underpinning these results are highlighted in the following section.

[Northumbrian Water] Which three of these investment areas matter most to you? (Base 56)





[Essex & Suffolk Water] Which three of these investment areas matter most to you? (Base 53)



The main themes taken from the discussions about which areas of investment matter the most generally related to **the removal of lead pipes**, investing to focus on **climate change** and the **importance of environmental** areas which impact animals.

The **removal of lead pipes** was considered the **most important** area when presented as a mean overall for participants of Essex & Suffolk Water (25 of 159 votes, 16%), and the **second most important** area when presented as a mean overall for Northumbrian Water participants (21 of 168 votes, 13%).

Comments from participants in both regions highlighted this as being important due to the **harm lead can have, especially on younger people**.

- *“It’s the whole thing about the lead pipes... knowing that it can cause harm, especially to younger people, I had to put that as the most important because that’s health at the end of the day... that really stood out” – Online workshop (North, Young People Panel)*
- *“Lead pipes. I don’t think anybody in this world now should have lead pipes. We know it’s dangerous, so that should be a priority above anything else that’s available” – Face-to-face workshop (North)*
- *“I actually put it’s important to invest in the treatment works to remove some risks in the water ... which can damage tissues and cells in the body. I know it says ... more so for children. But I have known adults, you know in the 70s, who had their [tissues] damaged...through the water” - Online workshop (Essex)*

Climate change resilience was felt to be an area which matters the most **participants in the Essex & Suffolk regions (8% of all votes)** more so than those in the Northumbrian regions (3% of all votes). Several young participants in the Essex & Suffolk Water regions explained that this area was of particular importance to them because of **recent global events, and the perceived likelihood of such events happening more frequently in the future**.

- *“Making sure that we are climate resilient. That is quite important because I know that things are getting worse quite quickly. We have seen in the past year that have happened in the U.K, especially extreme weather... then floods and droughts... it’s important that we do move forward and invest in making sure that isn’t an issue as things get worse... that should definitely be a priority for the water companies” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“The climate change one, preparing for the real effects... that is really important... there probably could be a few things that could be done to try and mitigate against the effects of it” – Online workshop (Essex & Suffolk Water, Young People Panel)*

- *“I agree, definitely investment in climate change, so... for the future... you are not suddenly hit with a massive expense, and we have to cover the spending on that” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Making **improvements to rivers, reservoirs, and coastlines** was felt to be an area which mattered the most **to young participants across both regions**. They cited the need to ensure biodiversity, as well as a personal sense that they **enjoy the natural outdoors**. However, this differs to the quantitative results which show this area for investment receiving fewer votes as an area which matters most.

- *“Another one that would be important to me, would be to keep the rivers and the reservoirs nice, the natural areas... On a personal level, that’s [where] I’d interact with water the most outside, so keeping that area nice nature-wise” – Online workshop (North, Young People Panel)*
- *“Keeping coastlines and reservoirs safe and clean is important. I’m a big animal lover and a lot of animals use these places as habitats and for what they can get drinking water, so it’s important that they are kept clean” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“I also said dealing with environment changes is important because that is inevitable to happen eventually, so it’s important that Northumbrian Water can cope with what is going to happen in the environment” – Online workshop (North, Young People Panel)*

In the quantitative results, there were two areas listed as ‘mattering the most’ to participants that were not discussed further in qualitative conversation. These were:

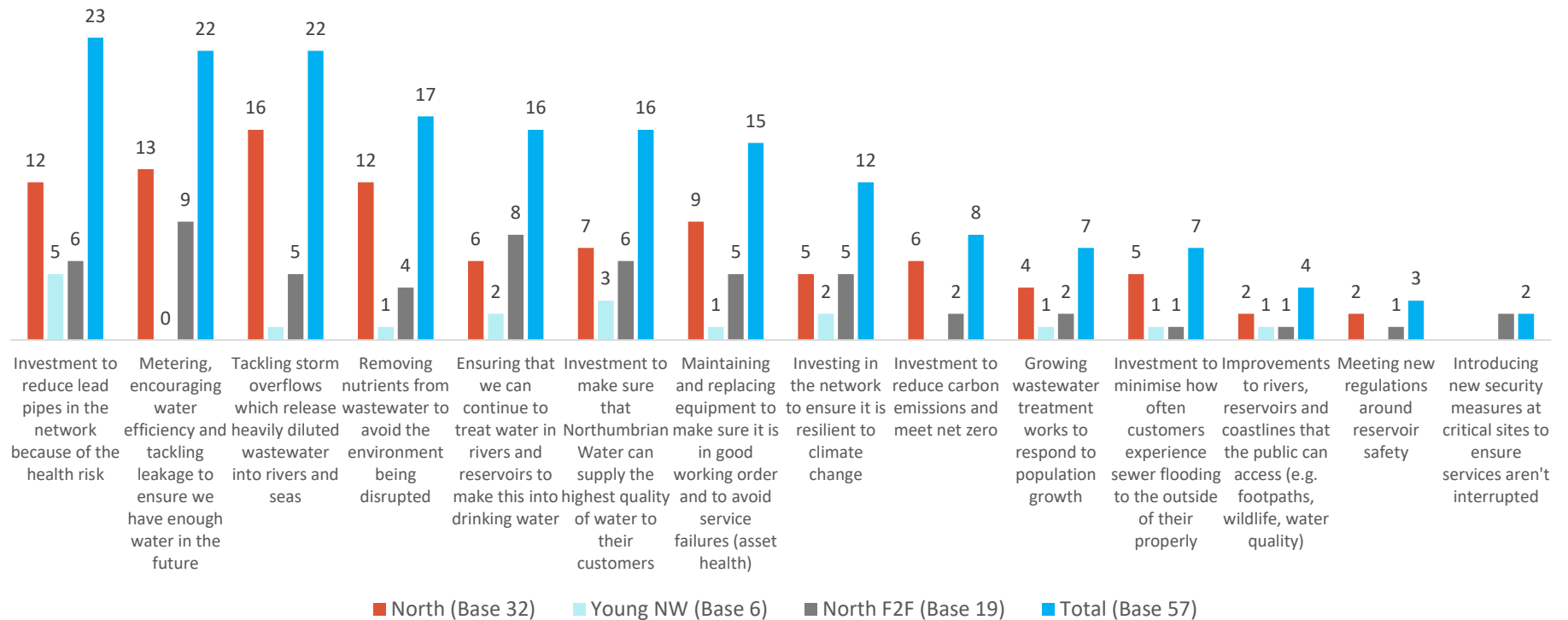
- **Metering, encouraging water efficiency and tackling leakage to ensure we have enough water in the future** (Northumbrian Water, 28 of 168 votes, 17%; and Essex & Suffolk Water, 22 of 159 votes, 14%)
- **Maintaining and replacing equipment to make sure it is in good working order and to avoid service failure** (Northumbrian Water, 16 of 168 votes, 10%; and Essex & Suffolk Water, 21 of 159 votes, 13%)



Areas which require the most improvement/investment

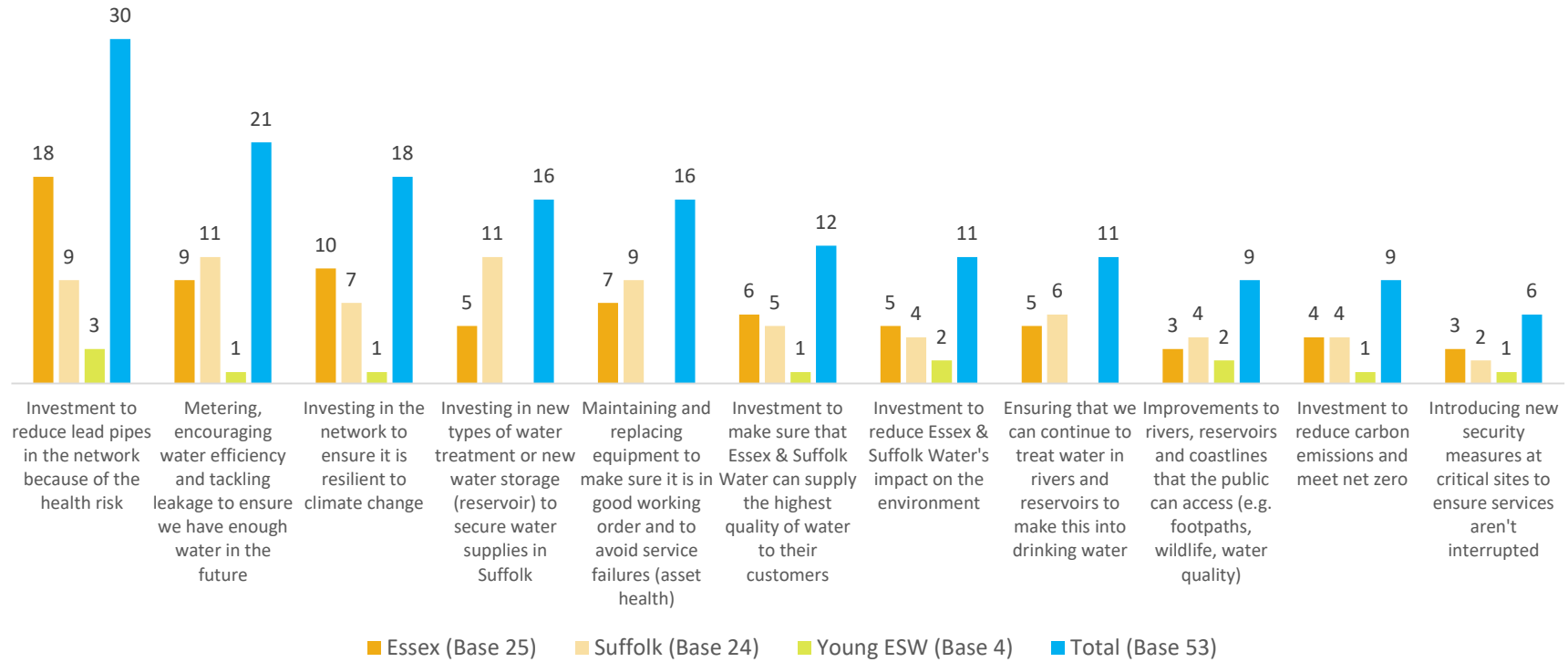
Participants were then asked to vote on which three of the areas for investment they considered would require the most investment. The results are presented below in two graphs, split by region. The reasons underpinning these results are highlighted in the following section.

[Northumbrian Water] Which three of these investment areas requires the most investment? (Base 57)





[Essex & Suffolk Water] Which three of these investment areas requires the most investment? (Base 53)



The main themes taken from the discussions about which areas of investment were thought to require the most investment almost entirely centred around **the removal of lead pipes**. Some participants also highlighted areas for investment which they thought would require the **least investment, such as introducing new security measures**.

Northumbrian Water participants (23 of 168 votes, 14%), highlighted the removal of lead pipes as an area which would require the most investment due to the **extent that lead pipes are in the network**, the necessity to remove all lead pipes due to lead being **harmful to everyone**, as well as the **legal obligation to do so by 2050**.

- *“The most important improvement wise was the lead pipes because I think it’s really important to fix it. Who knows how many people could be getting affected, especially from what you were saying there, people under six, that’s the next generation who could be getting health issues just because of the water they’re drinking” – Online workshop (North, Young People Panel)*
- *“If you have an older property, and you have traces of lead pipes within your property boundary in line, is that something that Northumbrian Water would assist with the replacement as well? Or ...would [that] be just a private issue?” – Online workshop (North)*
- *“It has to be done by 2050. The reasons why [the time frame] it's so long, is because there is minimal damage to the population. I'm a paediatrician, it's under six-year-olds and pregnant women who can be affected by this. And the amount of lead in the water is, very, very rare and small. But it should be zero, it shouldn't be there at all. It's a risk, but it is very limited. The reason there's such a long time period is because we should be going for zero, but that's going to take a while to do. But for the cost of it, it's good value, it's got to be done some time. But for the people who are listening who've got children or are pregnant... should have a very, very small worry for themselves” – Online workshop (North)*

Essex & Suffolk Water participants (30 of 159 votes, 19%) also viewed the removal of lead pipes as an area which would require the most investment. However, they had **mixed views** on how this should happen. Whilst one participant felt that **the sooner this is achieved, the better**, a different participant felt that the **replacement should be gradual**.

- *“The lead pipe thing was quite shocking, I definitely thought money should be invested in that and improvement needs to happen there just because there are still so many still used. Especially because it’s not a long-term solution and phosphate costs money and things, it might be worth while putting some money into that to speed up the process of replacing the pipes” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“The lead piping thing was quite shocking to see but, if they are managing it, I don’t see why such a massive investment should go into it. Perhaps gradually replacing those” – Online workshop (Essex & Suffolk Water, Young People Panel)*



Of the three areas that mattered the most to participants, two were within the ‘must do’ category of investments. These are highlighted in green in the below table and were the same across both regions. One of these investments, ‘metering, encouraging water efficiency and tackling leakage’, was also one of the top three areas considered to require the most investment.

Northumbrian Water participants considered ‘tackling storm overflows’, to require an equal amount of investment and was placed within their top three **areas for requiring investment**. For Essex & Suffolk Water participants, the remaining two areas thought to require the most investment, were both optional enhancements (outlined overleaf).

| | Area of investment which form part of statutory obligations ‘must do’ | Total votes across NW and ESW (Base 109) | | | |
|----------------------|---|--|----------|--------------------------|----------|
| | | Matters the most | | Requires most investment | |
| Must do | Metering, encouraging water efficiency and tackling leakage to ensure we have enough water in the future | 50 votes | | 43 votes | |
| | | (28 NW) | (22 ESW) | (22 NW) | (21 ESW) |
| Must do | Maintaining and replacing equipment to make sure it is in good working order and to avoid service failures (asset health) | 37 votes | | 31 votes | |
| | | (16 NW) | (21 ESW) | (15 NW) | (16 ESW) |
| Must do | Ensuring that we can continue to treat water in rivers and reservoirs to make this into drinking water | 32 votes | | 27 votes | |
| | | (19 NW) | (13 ESW) | (16 NW) | (11 ESW) |
| Must do – North only | Tackling storm overflows which release heavily diluted wastewater into rivers and seas | 15 votes (15 NW) | | 22 votes (22 NW) | |
| Must do – North only | Removing nutrients from wastewater to avoid the environment being disrupted | 13 votes (13 NW) | | 17 votes (17 NW) | |
| Must do – Suffolk | Investing in new types of water treatment or new water storage (reservoir) to secure water supplies in Suffolk | 20 votes (20 ESW) | | 16 votes (16 ESW) | |
| Must do – North only | Growing wastewater treatment works to respond to population growth | 15 votes (15 NW) | | 7 votes (7 NW) | |
| Must do – North only | Meeting new regulations around reservoir safety | 1 vote (1 NW) | | 3 votes (3 NW) | |
| Must do | Introducing new security measures at critical sites to ensure services aren't interrupted | 8 votes | | 8 votes | |
| | | (1 NW) | (7 ESW) | (2 NW) | (6 ESW) |



One ‘optional’ enhancement area for investment accrued the highest number of votes from participants across both regions for both polls. This was the **‘investment to reduce lead pipes in the network because of the health risk’**. For participants in the Essex & Suffolk Water region, the optional enhancement to invest in the network to ‘ensure it is resilient to climate change’ was thought to be an area which would require the most investment, though both ‘lead pipe removal’ and ‘metering, encouraging water efficiency and tackling leakage’ received a higher number of votes. The area of ‘resilience to climate change’ was less of a concern and thought to require less investment, by Northumbrian Water participants.

| | Area of investment which form part of ‘optional’ enhancements | Total votes across NW and ESW (Base 109) | | | |
|---------------------|--|--|----------|--------------------------|----------|
| | | Matters the most | | Requires most investment | |
| Can do | Investment to reduce lead pipes in the network because of the health risk | 46 votes | | 53 votes | |
| | | (21 NW) | (25 ESW) | (23 NW) | (30 ESW) |
| Can do | Investment to make sure that NW/ESW can supply the highest quality of water to their customers | 35 votes | | 28 votes | |
| | | (20 NW) | (15 ESW) | (16 NW) | (12 ESW) |
| Can do | Investing in the network to ensure it is resilient to climate change | 17 votes | | 30 votes | |
| | | (5 NW) | (12 ESW) | (12 NW) | (18 ESW) |
| Can do | Investment to reduce carbon emissions and meet net zero | 11 votes | | 17 votes | |
| | | (5 NW) | (6 ESW) | (8 NW) | (9 ESW) |
| Can do | Improvements to rivers, reservoirs, and coastlines that the public can access (e.g., footpaths, wildlife, water quality) | 11 votes | | 13 votes | |
| | | (3 NW) | (8 ESW) | (4 NW) | (9 ESW) |
| Can do – North only | Investment to minimise how often customers experience sewer flooding to the outside of their property | 7 votes (7 NW) | | 7 votes (7 NW) | |

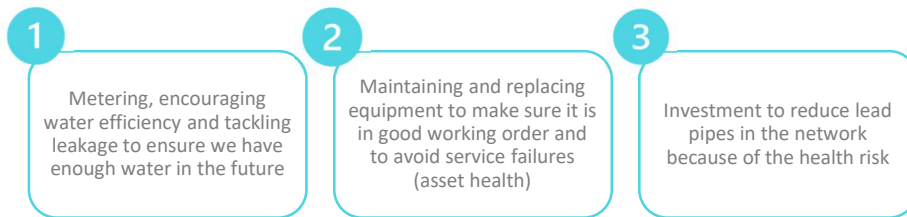
Summary of findings

Areas of investment which matters most

Across both regions, the areas for investment which mattered the most to participants were the same, shown in the below three boxes. The first and second most important areas formed part of statutory obligations, whilst the third area of reducing lead pipes in the network was an optional investment.

Northumbrian Water and Essex & Suffolk Water:

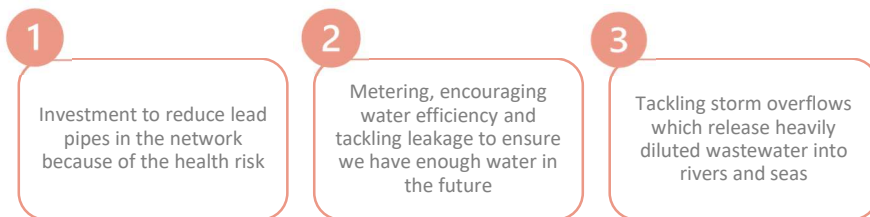
Please note that both Northumbrian Water and Essex & Suffolk Water participants ranked the importance of areas in the same way, as follows:



Areas of investment requiring the most investment

When considering the areas which would require the most investment, there were differences in how participants viewed these areas across the Northumbrian Water and Essex & Suffolk Water region.

Northumbrian Water:



Essex & Suffolk Water:





explain

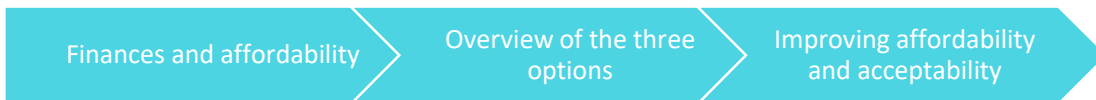
**“The goal is to transform
data into information,
and information into
insight”**

**Overall affordability and acceptability
of the three plan options**

In-depth findings of acceptability of each option

Overall thoughts on affordability and acceptability

After discussing the areas for investment, the three plan options were presented to participants, in the same way they were presented in the pre-task. This section of the report is organised as follows:

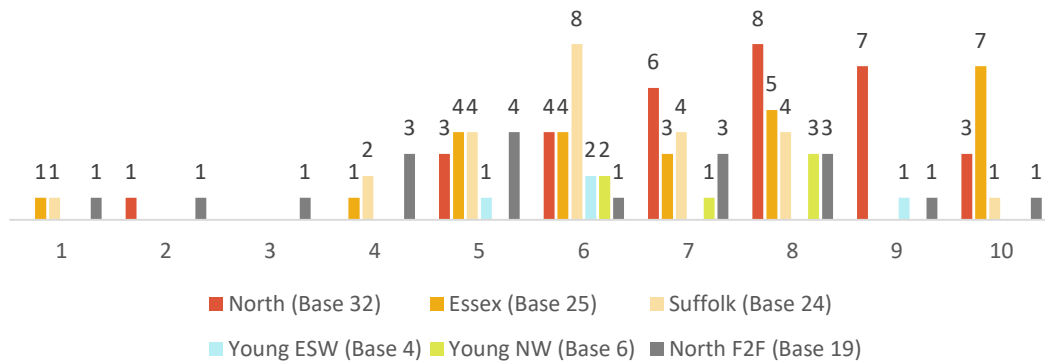


Finances and affordability

Value for money

| Overall mean satisfaction with value for money received from NW/ESW (6.8) | | | | | | |
|---|-----------------------|---------------|-----------------|-----------------|----------------|-------------|
| Mean result split by region | Essex & Suffolk (6.7) | | | North (6.9) | | |
| Mean result split by group | Essex (7.2) | Suffolk (6.1) | Young ESW (6.5) | North F2F (5.7) | Young NW (7.2) | North (7.5) |

On a scale of 1 to 10, overall how satisfied are you with the value for money you receive from Northumbrian Water / Essex & Suffolk Water for your water (and wastewater services)? (1=very dissatisfied, 10=very satisfied)



| | | | | | | | | | |
|------------|------------|-----------|------------|-------------|-------------|-------------|-------------|------------|-------------|
| 3 votes | 2 votes | 1 vote | 6 votes | 16 votes | 21 votes | 17 votes | 23 votes | 9 votes | 12 votes |
|------------|------------|-----------|------------|-------------|-------------|-------------|-------------|------------|-------------|

Northumbrian Water participants referenced their overall feeling of satisfaction with the value for money received from their water company. Relating to this, comparisons were made to **other utilities bills being more expensive**, and **that water, comparatively, is good value for money**.

- *“Water is good value for money ... £140-£150 I think it is... But heating and lighting... I think it's those the utilities that are really having the effect on people and their living” – Online workshop (North)*
- *“If you compare electricity, gas rates... water is the least of our problems” – Online workshop (North)*

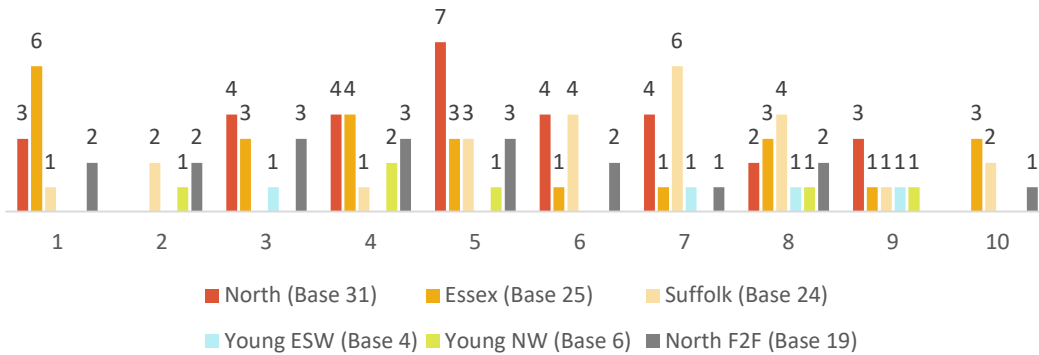
However, Essex & Suffolk Water participants had **mixed** responses when considering the value for money, due to some members seeing good value compared to purchasing bottled water, but others citing **poor value for money due to the region having higher costs** than other regions.

- *“[I] still find it hard to justify the extra cost compared to other areas” – Online workshop (Essex)*
- *“When you take into account the weekly costs, I think it is good value. [I'd] rather spend it this way than on bottled water” – Online workshop (Essex)*
- *“I always get water on demand hassle free and rarely see issues in my community regarding water, so I am satisfied” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Finances now

| Overall mean level of concern with their finances now (5.3) | | | | | | |
|---|-----------------|----------------|-------------|-----------------------|---------------|-----------------|
| Mean result split by region | North (5.0) | | | Essex & Suffolk (5.7) | | |
| Mean result split by group | North F2F (4.6) | Young NW (5.3) | North (5.2) | Essex (4.9) | Suffolk (6.3) | Young ESW (6.8) |

On a scale of 1 to 10 where 1 is very concerned and 10 is not at all concerned, how do you feel about your finances now?



| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------|---------|----------|----------|----------|----------|----------|----------|---------|---------|
| 12 votes | 5 votes | 11 votes | 14 votes | 17 votes | 11 votes | 13 votes | 13 votes | 7 votes | 6 votes |

Some Northumbrian Water participants stated that there wasn't much 'spare money' available, as they were **able to afford current finances but were concerned about the impact of further increases**.

☐ "People are frightened of any more increases because they're barely making ends meet now" – Face-to-face workshop (North)

☐ "There's not a lot of spare money available" – Face-to-face workshop (North)

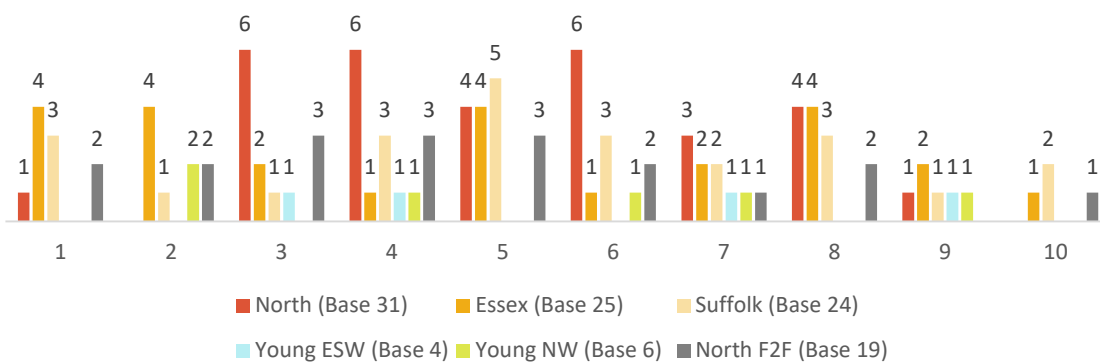
Two Northumbrian Water participants shared that, having worked with vulnerable people, they were able to manage their finances currently, but **they were aware of many people who were struggling and were concerned that their views wouldn't be reflected in this poll**.

- “I work with a lot of people who are quite vulnerable, and work deprived, and the costs are enormous. I feel really unhappy about the phrasing of the poll, ‘am I worried about my finances’... I can afford them, but an enormous amount of people can't... I don't think it's ambitious enough. I think the cost is far, far, far too high. And my understanding is this is coming in from 2025. So, the lady made reference to a five-year lead plan. It's 2023, so that's not a five-yearly plan... there just seems to be lots from a pricing perspective” – Online workshop (North)
- “There's a lot of customers already struggling. People are working and still struggling, and it's just going to get worse” – Online workshop (North)

Finances in two years' time

| Overall mean level of concern with their finances in two years' time (5.1) | | | | | | |
|--|-----------------|----------------|-------------|-----------------------|---------------|-----------------|
| Mean result split by region | North (5.0) | | | Essex & Suffolk (5.2) | | |
| Mean result split by group | North F2F (4.6) | Young NW (5.0) | North (5.2) | Essex (4.9) | Suffolk (5.4) | Young ESW (5.8) |

On a scale of 1 to 10 where 1 is very concerned and 10 is not at all concerned, how do you feel about your finances in two years time?



| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------|---------|----------|----------|----------|----------|----------|----------|---------|---------|
| 10 votes | 9 votes | 13 votes | 15 votes | 16 votes | 13 votes | 10 votes | 13 votes | 6 votes | 4 votes |

Several Northumbrian Water participants shared the reasons why they felt concerned about their finances in two years' time, citing that the **current economic climate was causing a high level of uncertainty**, and this was making them feel more concerned.

- *“What I find concerning is the fact that, there’s uncertainty around what’s actually going to happen with, inflation is happening, and the cost-of-living has gone up a lot and wages have not gone up proportionally. So... is that going to continue or is it going to get better? We don’t know, which is why it’s worrying... Is this just temporary or are we going to have to adjust to this new type of lifestyle?” – Online workshop (North, Young People Panel)*
- *“It’s really difficult for anybody to commit to what has to be the best option when you don’t know about next month’s bills” – Face-to-face workshop (North)*
- *“At the time when inflation is going up, and we don't know what's going to be in the future, is just one more little nail in the coffin, and therefore this happens to be water. But in March, it could be electricity, something else is coming, etc. So, it's just one small bit of a much larger picture, which is the cost of living is going up significantly, salaries, wages, dividends, etc, not going up, and therefore, it's putting the squeeze on people” – Online workshop (North)*
- *“It’s quite uncertain what will be in 2 years’ time, so its concerning” – Online workshop (Essex)*

Two young people panellists referenced they were not concerned about their finances currently, as they **currently don’t pay their bills** due to their household situation. However, they felt **concerned for their financial independence when looking to the future**.

- *“[My] concern [is] about being able to become financially independent and being able move out. But that for me, doesn’t seem possible in the near future just with work and the way things are going in terms of the cost-of-living-crisis and things like that, that’s my main concern” – Online workshop (North, Young People Panel)*
- *“Right now, I’m not paying it so it’s not as much of a concern but with the uncertainty of when it eventually becomes up to me, that is a bit worrying about the uncertainty of whether bills are going to go up” – Online workshop (North, Young People Panel)*

Overview of the three plan options

Northumbrian Water (presented to North, Young NW, North F2F, and Stakeholder NW groups)

| | Plan 1 (must do) | Plan 2 (proposed plan) | Plan 3 (alternative plan) |
|---|---|---|--|
| *Metering, water efficiency & leakage | ✓ | ✓ | ✓ |
| *Reservoir safety | ✓ | ✓ | ✓ |
| *Storm overflows | ✓ | ✓ | ✓ |
| *Removing nutrients from wastewater | ✓ | ✓ | ✓ |
| *Growth at wastewater treatment works | ✓ | ✓ | ✓ |
| *Security | ✓ | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ | ✓ |
| *Water quality risks | ✗ | ✓ | ✓ |
| *External sewer flooding | ✗ | ✓ | ✓ |
| *Net zero | ✗ | ✓ | ✓ |
| *Lead pipe replacement | ✗ no lead pipe replacement | ✓ doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas | ✓✓ doing more replacement to make sure NW meet the target to be lead free by 2050 |
| Average bill impact by 2029/2030 excluding inflation | +£130 per year or +£10.83 per month on top of the average bill of £365 | +£148.50 per year or +£12.38 per month on top of the average bill of £365 | +£149.85 per year or +£12.49 per month on top of the average bill of £365 |

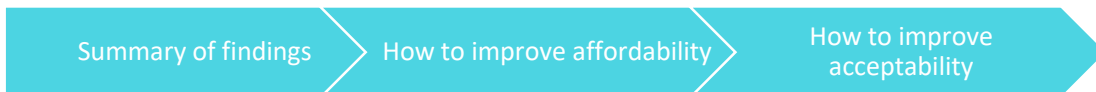
Essex & Suffolk Water (presented to Essex, Suffolk, Young ESW, and Stakeholder ESW groups)

| | Plan 1 (must do) | Plan 2 (proposed plan) | Plan 3 (alternative plan) |
|---|---|---|---|
| * Securing water supplies | ✓ | ✓ | ✓ |
| * Improving the environment | ✓ | ✓ | ✓ |
| *Metering, water efficiency & leakage | ✓ | ✓ | ✓ |
| *Security | ✓ | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ | ✓ |
| *Water quality risks | ✗ | ✓ | ✓ |
| *Net zero | ✗ | ✓ | ✓ |
| *Lead pipe replacement | ✗ no lead pipe replacement | ✓ doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas | ✓✓ doing more replacement to make sure ESW meet the target to be lead free by 2050 |
| Average bill impact by 2029/2030 excluding inflation | +£28 per year or +£2.33 per month on top of the average bill of £246 | +£43 per year or +£3.58 per month on top of the average bill of £246 | +£44.65 per year or +£3.72 per month on top of the average bill of £246 |

Improving affordability and acceptability

This section of the report illustrates overall findings concerning participant’s perspectives of the affordability and acceptability of the plans discussed with them. Please note that findings relating specifically to the affordability and acceptability of each plan have been included in the relevant sections of each plan.

The findings are presented in detail and organised in the following manner:



Summary of findings

Overall findings suggest that participants across both regions had a neutral level of confidence with their current finances and when considering their finances in two years’ time, due to the **rising cost-of-living**. As part of conversation, however, it was generally agreed that they received good value for money for their water service. Themes which arose from discussions in relation to opportunities for the company included their **transparency** as to where profits go, **justifications** for the sharp increase to finance the ‘must do’ plan and ways to limit increases of customers’ bills **by investing the company’s profits into funding**. **Educating** customers about how to save water, and outlining **support available to vulnerable people**, as well as giving as much **advance notice** to enable customers to save money, were all highlighted.

| | | |
|---|--|--|
| NWG to put their own profits into funding investment, rather than increasing customers' bills | The initial increase of £130 for ESW customers' bills was felt to be a sharp increase for the 'must do' plan 1. | Being transparent with customers as to where profits go, where their money from bills is spent |
| Educating customers on how to save water and recycle water | Greatest concern is for more vulnerable people living on pensions, benefits or low incomes. A need for understanding social tariff support available to them | Starting in 2025, two years gives time for customers to start saving in preparation |
| Overall positive mean score (6.8) when considering value for money for their service | Overall mean level of current concern (5.3) is neutral when considering how they feel about finances | Overall mean level of concern with finances decreases (5.1) when considering finances in two years' time |

How to improve affordability

When considering affordability, participants, most frequently from the Northumbrian Water region, generally agreed that they would wish to see Northumbrian Water **put some profits of the company into funding investment**. This was also raised as a **solution to improve affordability**, by one young Essex & Suffolk Water panellist.

- *“We’re feeling the pinch and we want to make sure [NWG] they’re feeling... everybody’s joining in here” – Face-to-face workshop (North)*
- *“I’d like to think Northumbrian Water are going to put a little bit of that profit and make some improvements, do the improvements that have to be made, and back off a little bit with the customers” – Face-to-face workshop (North)*
- *“What about their profit margins, can they not whack a little bit off that and put it into investing like you would do if it was your own business?... I would expect a large chunk of their profit [to go towards] these major changes” – Face-to-face workshop (North)*
- *“I would like to know how much is being funded by customers and how much is being funded by the company” – Online workshop (Essex & Suffolk Water, Young People Panel)*

The **initial increase in water bills by £130 per year, added to the average bill of £365, was felt to be a sharp rise, at almost 40%**, a Northumbrian Water participant highlighted. It was felt that this initial rise will cause the most affordability issues and concerns, rather than the smaller difference of £19 between the cheapest plan 1 and most expensive plan 3.

- *“If you look at if we’re paying £365 now, and it’s an extra, at least £130. Without inflation, it’s getting on to 40%. That’s a massive, massive amount, and the difference between the minimum package, which was the £130, and the maximum, which was £149. That’s barely, barely, barely anything” – Online workshop (North)*
- *“It’s a really significant increase... Given how high inflation has been recently, I can see how that could really negatively impact bills added into all the other things, not just water going up in price, but all of the other utilities and whatnot ... that it almost feels like your hands are tied with that option, because it’s ‘must do’” – Online workshop (North)*

The initial increase in water bills for the plan 1 'must do' option would instead add £28 per year to the average bill of £246 for Essex & Suffolk Water customers. Participants in this region **felt less shocked about the initial increase** for investing in plan 1, however they felt **unhappy that the existing water bill for their region is far higher** than it is for Northumbrian Water customers, as Essex & Suffolk Water customers were being supplied with clean water only. Subsequently, they felt it was **unjust for the company to increase their water bill without explanation**.

- *"I think I could probably find the £4 a month from somewhere, but I think the baseline [existing] bill is quite expensive in comparison to everywhere else. I would like to understand why it's so much more expensive" – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *"Everybody is shocked by the price. And it's very difficult for us to give you a measured response because we know it hasn't been explained why it should be so high. So, we're all kind of responding... why is it so high? And now you're asking for more?" – Online workshop (Suffolk)*

An advantage, recognised by participants in Northumbrian Water region, was that the business plan would come into **effect from 2025**, therefore they viewed this as **time for customers to prepare a budget and save money**, minimise panic, and ensure the rise in bills is managed well, therefore making this more affordable.

- *"The advantage we've got is this is for from 2025. So, you've got the advantage of time to warn your customers so that they can prepare and save if they need to?" – Online workshop (North)*
- *"So, it can be rolled out in a more managed way rather than it's happening next week... it would be if it could be well managed to warn customers, so you don't get that panic. That would be ideal" – Online workshop (North)*

The greatest concern for participants, across both regions, referenced the current cost-of-living crisis, and the **struggle for vulnerable groups, such as those using food banks, or living on benefits**, therefore tightening the purse strings for heating and electricity.

- *"At the moment, there's people who have to use food banks because they can't afford to eat, then any hike... how [are] they going to afford that if they can't even afford food?" – Online workshop (North)*
- *"There are a lot of people at the moment in the current climate, who are struggling with things like their heating bills, etc. And the rising costs of food, who would say, well, maybe those targets*

need to be more modest, because at the moment, we're feeling the pinch in other areas. I mean for people, for example, on benefits, they're not going to be getting more benefits because they live in Essex & Suffolk" – Online workshop (Suffolk)

Across both regions, some participants voiced an interest in ensuring that **education** is available, such as ensuring water companies **share technologies and strategies with customers**, to ensure people understand **how to reduce their water usage** and reduce bills.

- *"There are things you have to give to be able to do other things. You prioritize. So, when it comes to water, I think water is very important and I would give in... considering what we are paying now... if there is much more education, people are told how to manage their water, and then it can be reduced then. Yeah, it should be affordable" – Online workshop (North)*
- *"Are the water companies speaking to each other sharing technologies, sharing strategies for keeping the bills down?" – Online workshop (Suffolk)*
- *"We're also not talking about recycling water as well. There's nothing about that in their ambition. For example, I've seen many places where they use shallow water for flushing the toilet. So, there's nothing about recycling water at all in their ambition, and that should be there to save costs and reduce bill" – Online workshop (Essex)*

How to improve acceptability

When considering acceptability, the main theme in participants' responses across both regions centred around the **importance of providing customers with context and insight as to why the investment is needed**, as well as **the importance of transparency from the company**.

Some participants living in the Northumbrian Water region felt that acceptability could be improved by having a **greater understanding of the information, which would allow for greater acceptance**.

- *"If you had a bit more of an insight to it a bit more background information, you may understand that, and it may not hit you and affect you as much" – Online workshop (North)*
- *"I didn't personally think that that extra amount on my bill per month was that much of a shock. In the long run... I do think that's because we have more information" – Online workshop (North)*
- *"Nobody wants to pay more money for anything. But the understanding of it kind of makes you sit and go... 'it's not that bad. I don't want to pay it, but I understand'" – Online workshop (North)*

Participants across both regions wanted **transparency regarding where their profits are spent**, and whether they are reinvested in the company. They would be **more accepting of bill increases if they understood that, for example, profits would be reinvested in the removal of lead pipes**, rather than to shareholders.

- *"Once they have chosen a plan then money is going somewhere, provide one of those pie charts again with a breakdown of where the money goes again afterwards and how much each proportional part is spent on it and where it is actually going to go... that was really useful information" – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *"We need more communication... Essex [& Suffolk Water], they are beginning to get very customer-care orientated, but that needs to be increased. The general public needs to know... It's just a communication thing... It needs to be generalised so that the general public can appreciate and have the knowledge as to what's going on" – Online workshop (Essex)*
- *"I'd be very interested also to see what Northumbrian Water have actually done with their profits to date, about investing and the lead piping and the net zero, and the water sewage and making things better" – Face-to-face workshop (North)*



explain

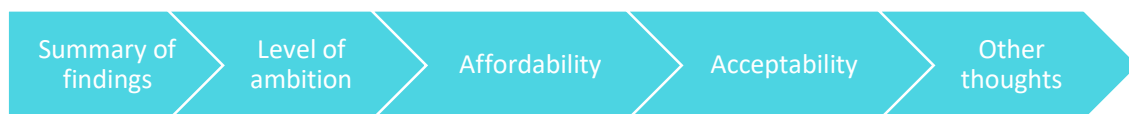
**“The goal is to transform
data into information,
and information into
insight”**

Breakdown of affordability and acceptability of
each plan presented

Breakdown of affordability and acceptability of each plan presented

Plan option 1 ‘must do’

This section outlines the plan 1 ‘must do’ option and is organised according to the following:



Summary of findings

Level of ambition: is not enough without lead pipe removal, in particular

Affordability: is affordable for most, but some who struggle would continue to struggle

Acceptability: somewhat, though more could be done

Level of ambition in option 1

There was an overall agreement from participants **across both regions** that this option 1 ‘must do’ plan was **not ambitious enough**. It was felt that this must do plan was the **bare minimum** that could be done and was essentially **storing up problems for customers in five or ten years**, rather than solving the problems now.

- *“For plan one, I feel like it’s not ambitious enough because they’re just covering what they must do. Not going above and beyond for customers” – Online workshop (North, Young People Panel)*
- *“I don’t think it’s ambitious enough, really... it’s the definition of doing the bare minimum” – Online workshop (North, Young People Panel)*
- *“I see it as a backward step... sticking with a must do. I see it as storing up problems for future generations or for us as customers five or 10 years down the line” – Online workshop (North)*

Examples of **areas for investment which participants felt should be included** in the most basic plan included: lead pipe removal, water quality risks, net zero and climate change.

- *“Yeah, I'm more interested in the climate adapting with climatization, and I think that's a very important aspect. We had a warm weather last year... I'm just looking at plan one must do. Climate change adaptation, that is too slow. We're not meeting [the target], there's a lot of floods and things going on at the moment” – Online workshop (Essex)*
- *“I'm uncomfortable with... water quality risks not being mandatory” – Online workshop (Essex)*
- *“I don't think plan one goes far enough... it seems like the minimal is being done. I know it's less money, but I'd rather pay more money and have the other aspects met and proposed too. I think plan three is good, but I just feel that... the price difference isn't much. So, yeah, two or three” – Online workshop (Essex)*
- *“Yeah. Just to add to that, because in your five must do's at the bottom has got replacing [lead pipe] systems. So, it just doesn't make sense that that wouldn't be put in here, especially as you have a target to meet by 2050” – Online workshop (Essex)*

Of the areas for investment which wouldn't be included in the option 1 'must do' plan, participants across both regions argued that the **removal of lead pipes should be a priority**, due to the damage it can have on people's health.

- *“I know I can pay £148.50 instead of £130 a year but they are doing so much more, and the major issue is they are replacing the lead pipes” – Online workshop (North, Young People Panel)*
- *“For me, it's the lead pipes. Again, I can't emphasise enough how important that is because at the end of the day that's health, isn't it?” – Online workshop (North, Young People Panel)*
- *“The lead is the issue. I think I don't understand why the lead replacement isn't a must...I think if it affects your health, that's a top priority... when it comes to people's health, I think it should be a main priority” – Online workshop (Essex)*
- *“Things that impact our health, etc. should be close to the top of the list at least” – Online workshop (Essex)*
- *“What people must realise is that lead is a poison and it's a cumulative poison. The molecule of lead that you absorb today will be with you for the rest of your life. You do not excrete lead. So, X's children are perfectly healthy... but they're young and it's a cumulative poison and we're*

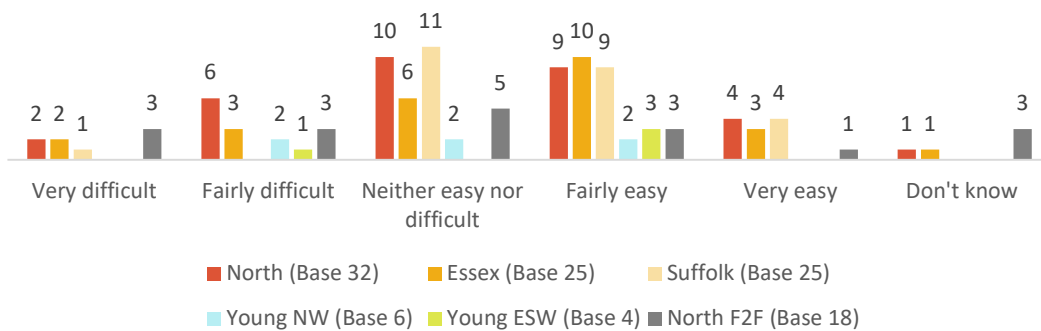
thinking about illness in later life from lead, renal failure in later life, brain failure... everything possible should be done to get rid of it from the environment” – Online workshop (Suffolk)

Affordability of option 1

Participants were asked to vote on a scale of very difficult to very easy, to state how easy or difficult they felt paying for plan 1 would be. The results are shown in the chart below, with the reasons underpinning their vote outlined below.

| Overall mean level of ease of affordability of plan 1 | | | | | | |
|---|--|----------------|-------------|--|-----------------|---------------|
| Mean result split by region | North (3.0) <i>Neither easy nor difficult</i> | | | Essex & Suffolk (3.5) <i>Between neither easy nor difficult and fairly easy</i> | | |
| Mean result split by group | North F2F (2.7) | Young NW (3.0) | North (3.2) | Essex (3.4) | Young ESW (3.5) | Suffolk (3.7) |

Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills? [Plan 1]



| Very difficult | Fairly difficult | Neither easy nor difficult | Fairly easy | Very easy | Don't know |
|----------------|------------------|----------------------------|-------------|-----------|------------|
| 8 votes | 15 votes | 34 votes | 36 votes | 12 votes | 5 votes |

Across both regions, participants felt that the plan 1 ‘must do’ option would be **affordable when considering the monthly breakdown**; with Northumbrian Water participants paying an additional £10 per month, and Essex & Suffolk Water participants paying an additional £2 per month.

- *“I think it would be. But when everything adds up together... that could be an extra how many £100 per month lost on bills? Because everyone’s taken a couple of pounds here and there and then it adds up. I think it potentially would be affordable” – Online workshop (Essex)*
- *“Well, I don’t think that £10.83 is that high of an increase [in plan 1] when you compare it to the rest of the cost-of-living increases. But of course, if we are getting the same services, then I would be happy to pay that personally” – Online workshop (North, Young People Panel)*
- *“Breaking it down, it’s £1.50 a day... people currently pay more than that in a Sky package. If you break it down into that, it seems essential that you have [water] and use it... it seems reasonable” – Online workshop (North)*
- *“With five years notice, yes” – Online workshop (North)*

Whilst in overall agreement that this plan 1 ‘must do’ option would be affordable, participants across both regions stressed that this plan would achieve the bare minimum that was required and therefore offered less value for money. From this, it could be inferred that they **would rather pay more for a plan which would enable targets to be achieved**, thereby **increasing value for money**.

- *“I don’t think it’s too much of a difference but if it was anything over that, I don’t think it would be worth it for just doing the bare minimum of what they have to do” – Online workshop (North, Young People Panel)*
- *“Just for the price, the difference between [plan 1] and [plan 2] from what we’ve really seen, it’s probably not worth just doing those just because [they] are a bare minimum, they don’t really make many improvements... but they should try to reduce it and dissolve that cost in any way possible” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“I do think the water is one of the best value commodities we get. Really, for the amount of water, how much a glass of water probably cost us is next to nothing” – Online workshop (Essex)*
- *“It is affordable, but that’s not value for money” – Online workshop (Essex)*

Several participants across both regions highlighted that, whilst they may personally not struggle to afford this increase, they **felt that other people and more vulnerable groups would struggle**. This was a point mainly raised by young panellists. Within this discussion point, it was also recognised that the **cost-of-living, and increasing inflation**, meant that there was a **possibility that other bills would also increase**.

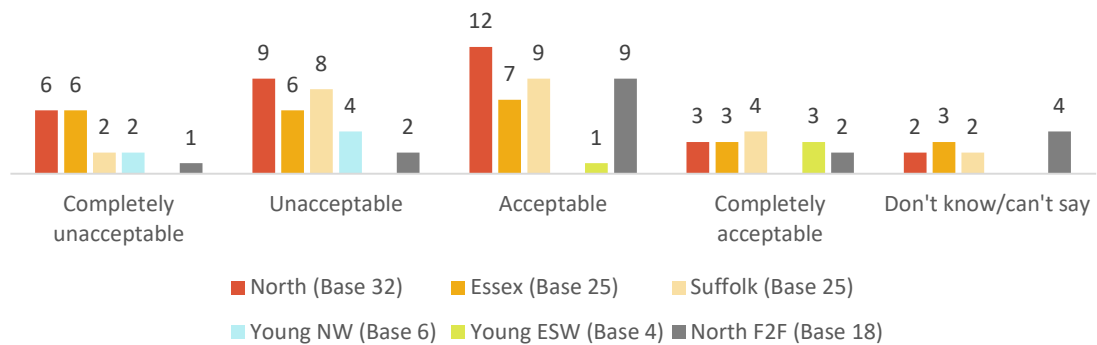
- *“I think they're really expensive... it's quite a big increase... That's still a lot of money a year to find on top of what will be everything else” – Online workshop (Essex)*
- *“I think it's too expensive as for the must-dos... inflation is increasing by a target of 2%, it's just adding to the financial woes of the average person. So, I think it's not very considerate in that respect” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“Yeah, I do think its affordable. Its £2 something a month, but I think we are the wrong group to be asking that. Talking to me personally, I am lucky enough that my parents pay the water bill, and it won't break the bank. But if you interviewed a group of single parents, or elderly folk they would probably have different views on it. So, I think it is affordable but if you look at the prices of everything else going up [but] all taken into consideration, maybe it's not” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“Yes, but if I was living on my own then potentially not. It would really depend on your personal financial situation” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“Let's think about what £10 can actually do for someone who is struggling to pay for their bills.... milk, bread at the shop. The essentials... taking that £10 away from someone to give them similar services. For me, that's like taking food out somebody's mouth... it won't be a problem for every Northumbrian Water customer, [but] it would be a problem for a good percentage because there is a lot of people struggling” – Online workshop (North, Young People Panel)*

Acceptability of option 1

Participants were asked to vote on a scale of completely unacceptable to completely acceptable, to state how acceptable or unacceptable they considered plan 1 to be. The results are shown in the table and chart below, with the reasons underpinning their vote then outlined.

| Overall mean level of acceptability of plan 1 | | | | | | |
|---|---|-----------------|-------------|---|-------------|-----------------|
| Mean result split by region | North (2.3) <i>Leaning towards unacceptable; between unacceptable and acceptable</i> | | | Essex & Suffolk (3.9) <i>Leaning towards completely acceptable</i> | | |
| Mean result split by group | Young NW (1.7) | North F2F (2.9) | North (2.4) | Suffolk (2.7) | Essex (2.3) | Young ESW (3.8) |

Based on everything you have heard and read about this version of Northumbrian Water / Essex & Suffolk Water's business plan, how acceptable or unacceptable is it to you? [Plan 1]



| Completely unacceptable | Unacceptable | Acceptable | Completely acceptable | Don't know |
|-------------------------|--------------|------------|-----------------------|------------|
| 17 votes | 29 votes | 38 votes | 15 votes | 11 votes |

There was a general consensus that the plan 1 'must do' option was **not acceptable to most participants across both regions** due to it being the most basic plan. A Northumbrian Water participant added that they felt this plan would result in **problems being pushed down the line for future generations**.

- *“The must do is a safe option... they should be striving to do everything that they need to do and not kick the can down the road” – Online workshop (North)*
- *“I see it as a backward step... storing up problems for future generations or for us as customers five or 10 years down the line” – Online workshop (North)*
- *“[This] is seeming a very basic plan. And all that we're doing by saying, ‘let's go for the must dos and nothing more’ is we're pushing the problem, five or 10 years down the line, at which point it's going to cost you more than it'll cost you now” – Online workshop (North)*

These sentiments were echoed by participants in Essex & Suffolk Water regions, stating that the plan 1 ‘must do’ option **isn’t acceptable due to it not striving to achieve** more ambitious targets. They noted the relative small increase in costs for plan 2 and 3, and felt that these plans offered better value for money.

- *“Looking at the price difference, there really isn't much of a difference. So, I just feel like plan one shouldn't have been there at all” – Online workshop (Essex)*
- *“I wanted to add that the difference in price is literally a few pence every month, and I don't think us skimping on £1 something between the basic one and the highest level. I don't think it's worth it” – Online workshop (Essex)*
- *“For me, it feels a bit basic... if you're going to do that at a basic level, why not be a bit more ambitious since it's not going to cost us much” – Online workshop (Essex)*

Some **Essex & Suffolk Water participants felt unable to determine the acceptability** of plan 1 ‘must do’ option as, knowing that their water bills were **one of the highest in the country**, they felt it would be **necessary for the company to justify** that issue first and foremost.

- *“I think it will be interesting to see what the other water suppliers are doing, or what they propose to do by way of a comparative. Especially when our costs are already as high as they are... Are they also doing this sort of investment? Or are they just not including that in their forward business plan?... Ultimately, we could be in a better position, but we are all having to pay for it and that's the balance that needs to be achieved” – Online workshop (Essex)*
- *“We're so far out of kilter with all the rest that I think that makes it a bit difficult to judge because we're already paying significantly more than most” – Online workshop (Essex)*

- *“My bill is way, way above the average. If it was of average, then maybe it would be acceptable for me as well, because I'm already paying like £350 or so times a year. So, if it was £246, then maybe we could talk that it's acceptable. But now...” – Online workshop (Essex)*

Plan option 2 ‘proposed’

This section outlines the plan 2 ‘proposed’ option and is organised according to the following:



Level of ambition – thoughts around plan 2

Young participants in Essex & Suffolk Water groups generally agreed that the plan 2 ‘proposed’ option was **well-balanced, by improving on some optional areas for investment**, therefore **reducing issues for the future**.

- *“For the £3.58 extra a month, maybe it affects some people but overall, probably not too bad for what the plan would achieve” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“I think it’s a good level of ambitiousness just because it kind of secures things for the future and that is going to cause more issues in the long run and probably higher prices” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Participants in the Northumbrian Water region felt that the **plan 2 ‘proposed’ option offered better value for money**, as they would **additionally strive to double the pace** of lead pipe replacement for £2 more per month.

- *“Yeah, you’re getting so much more. You’re getting more for what you pay for. You’re only paying an extra £2 a month [£12 in plan 2] to get a lot more, in comparison to paying a little bit less [£10 in plan 1] but not really getting anything” – Online workshop (North, Young People Panel)*
- *“With the extra cost of around £2 a month [£12 in plan 2, compared to £10 in plan 1], it’s a no brainer to go ahead for a more ambitious plan” – Online workshop (North, Young People Panel)*

- *“When you look at, it was the price difference between [plan] 1 and [plan] two. It's not that much more. I know that's based on 2% inflation, and that would increase... a lot more if inflation carries on the way that it is. But just with the two, with a little bit more, you can achieve all those goals”*
– Online workshop (North)

Participants living in the Northumbrian Water region, particularly young panellists, highlighted how they would **prefer the plan 2 ‘proposed’** option as it **took into consideration climate change, environmental aspects such as Net Zero targets, water quality risks, and the removal of lead piping.**

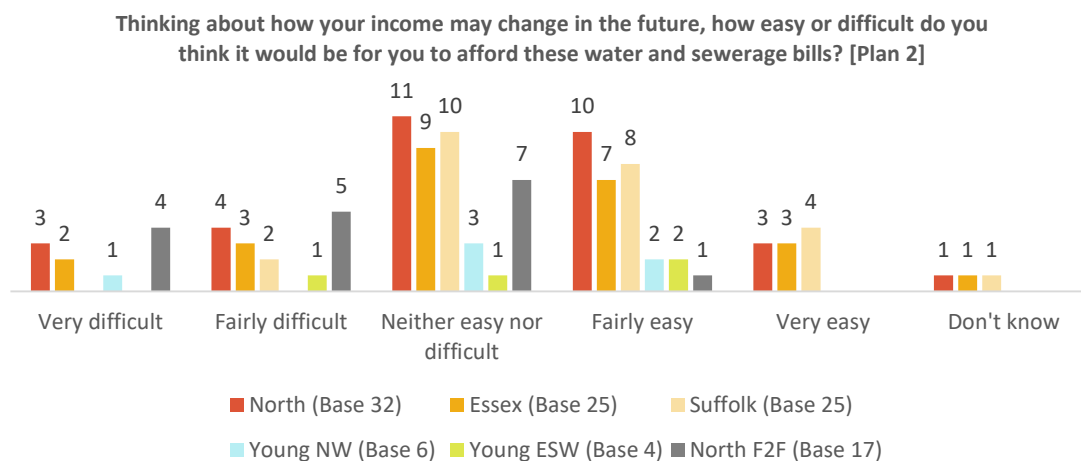
- *“I thought it was good because it's adapting to climate change which... is inevitable... so the company does need to adapt to that”* – Online workshop (North, Young People Panel)
- *“£12.38 per month on top of the average bill [for plan 2]. I'd be much more happy paying that knowing that, not only am I helping the environment be more secure, I'm also helping replace lead pipes and the water I'm getting is going to be of a better quality compared to if I was just paying an extra £10”* – Online workshop (North, Young People Panel)

However, there was a concern that **Essex & Suffolk Water are being too ambitious** in this plan. This was voiced by a few participants, who felt that **priority should be to reduce water leaks, for instance.**

- *“Are you over ambitious on this? Because I mean, can we? ... Essex & Suffolk Water increases the price... but if we don't meet that ambition...because there are still water leaks as we speak now. Even during the rain, there's water leaks, there's been months and months people are not even repairing water leaks. So, we are wasting water and losing water there. If there are statistics shown that water leaks are not being resolved as they should be. And I'm just thinking are we over ambitious if the price goes up and, but the problems and... the company have not met the targets so I'm not sure”* – Online workshop (Essex)
- *“It could be too ambitious in that sense but then it's good to be ambitious in business, maybe it will help the staff if they have a goal to chase”* – Online workshop (Essex & Suffolk Water, Young People Panel)

Affordability of plan 2

| Overall mean level of ease of affordability of plan 2 | | | | | | |
|---|---|----------------|-------------|--|-----------------|---------------|
| Mean result split by region | North (2.8) <i>Between fairly difficult and neither easy nor difficult; leaning towards neither easy nor difficult</i> | | | Essex & Suffolk (3.4) <i>Between neither easy nor difficult and fairly easy; leaning towards neither easy nor difficult</i> | | |
| Mean result split by group | North F2F (2.3) | Young NW (3.0) | North (3.2) | Essex (3.3) | Young ESW (3.3) | Suffolk (3.6) |



| Very difficult | Fairly difficult | Neither easy nor difficult | Fairly easy | Very easy | Don't know |
|----------------|------------------|----------------------------|-------------|-----------|------------|
| 10 votes | 15 votes | 41 votes | 30 votes | 10 votes | 3 votes |

Whilst considering the plan 2 ‘proposed’ option affordable, participants felt that it was important for the company to **be fully transparent** regarding what the increased cost will be spent on, as well as **ensuring that the targets were followed through and met**.

☐ “It’s affordable as long as you tell people what and where the money is exactly going... people are probably more careful of money more than ever ... Anything important is affordable... Clean, health[y], and safe water is definitely important. So, I’m sure people would be happy to pay that little bit more if it meant all the benefits that came with it, where you [NWG] followed through on them” – Online workshop (Essex & Suffolk Water, Young People Panel)

- *“As long as they can prove that the results of the plan are being delivered... if I moved out on that, I might have to look at budgeting elsewhere to be able to afford any sort of increase per-month but that would just be something that I would have to do because water is such a top priority... I can't live without my clean water... for such an essential facility and service then yeah, it's definitely an affordable plan” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“Are [they] going to meet the targets or not? ... If they don't meet the targets, what will be the next step? What sort of things they will let us know about it? ... Maybe they should be reporting back annually on how they're doing towards their targets” – Online workshop (Essex)*

Adding to reasons why the plan 2 'proposed option' is affordable, two young panellists highlighted that there would be a **long-term benefit** in investing in these areas now, as it ensures the **company gets ahead and shapes a sustainable future**.

- *“I think it's perfectly affordable... it makes sense to me, putting money in these areas, and I think the customers would appreciate [it], because they are doing a lot more with just a little more money. They are going to have to pay the £2.50 on something anyway, so maybe if they got an extra £1 and that will save them in the long run perhaps. So, it's good to invest them and get ahead of that” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“They are going to have to pay extra anyways so if you look at the mean comparison you may as well have these extra benefits and have the sustainability in the future” – Online workshop (Essex & Suffolk Water, Young People Panel)*

However, some Essex & Suffolk Water participants **felt that the list of priorities needed to be compromised, enabling a smaller cost increase**.

- *“If there's maybe a compromise on the cost with prioritising the things like the health benefits... and also compromising with things that affect the climate. So, then the price isn't drastically increased. Maybe if there's a way around that so it's not a set a [plan] one, [plan] two... maybe an incremental phase, that kind of takes into consideration what everyone prioritises the most and at a good cost” – Online workshop (Essex)*
- *“There should be investments going into that area, but I don't know if it's a priority at the moment, especially with everything that is going on in terms of cost of living... and how feasible it is to put that much money into that at present, so, maybe just keep funding it but not make it as much of a priority in the list” – Online workshop (Essex & Suffolk Water, Young People Panel)*

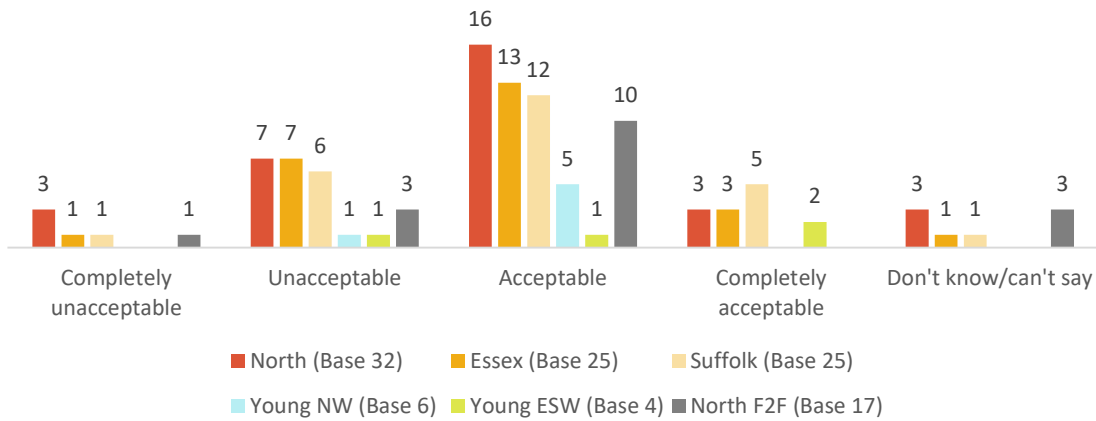
In relation to the area for investment concerning Net Zero targets, a few participants referred **to electric vans not necessarily being a way to achieve Net zero emissions**, and **questioned whether now, in the midst of a cost-of-living crisis, was the best time** to strive for this target.

- *“The electric cars... there's other emissions associated with it, like manufacturing. And I don't know if that's going to be the answer for us, or for the company, reducing carbon emissions” – Online workshop (Essex)*
- *“If they're going to say, ‘we're going to replace our vehicles for electric vehicles in order to reduce emissions and make everything greener’... should they really be doing that at this point? Or in the next, say, three, four years? ... These vehicles are so expensive at this point, and the infrastructure is atrocious... ‘We'll put them on contracts’, and they're paying £600 a month for electric vans, when they could still just buy a diesel for the next three years and pay £300 a month for it” – Online workshop (Essex)*

Acceptability of option 2

| Overall mean level of ease of acceptability of plan 2 | | | | | | |
|---|---|-------------|----------------|--|---------------|-----------------|
| Mean result split by region | North (2.7) <i>Leaning towards acceptable; between unacceptable and acceptable</i> | | | Essex & Suffolk (3.0) <i>Acceptable</i> | | |
| Mean result split by group | North F2F (2.6) | North (2.7) | Young NW (2.8) | Essex (2.8) | Suffolk (2.9) | Young ESW (3.3) |

Based on everything you have heard and read about this version of Northumbrian Water / Essex & Suffolk Water's business plan, how acceptable or unacceptable is it to you? [Plan 2]



| Completely unacceptable | Unacceptable | Acceptable | Completely acceptable | Don't know |
|-------------------------|--------------|------------|-----------------------|------------|
| 6 votes | 25 votes | 57 votes | 13 votes | 8 votes |

Across both regions, participants considered this plan 2 'proposed' option to be **acceptable**, referencing **good value for money** due to being **more ambitious with the inclusion of lead pipe removal**. However, one participant stated the importance of the company **delivering on what they have set out** on in the plan.

☐ *"I think it's more than acceptable; it goes above and beyond what people would expect. It doesn't address the lead pipes problem completely because it's less than the more extreme option..."*

Looking at value for money and how much bills are going to increase anyway, it's not a complete necessity to do that straight away if its already at a safe level" – Online workshop (Essex & Suffolk Water, Young People Panel)

□ *"It's acceptable, but... they have got to deliver on what they are planning, otherwise people aren't going to be best pleased. So, as long as the people making the plan think it's acceptable, they can match what they are promising then yeah, I think its evenly ambitious and acceptable" – Online workshop (Essex & Suffolk Water, Young People Panel)*

□ *"It's much more acceptable than the first plan. I thought the first plan wasn't really acceptable but when you compare it to this plan, this one's better because you get more for what you're paying for" – Online workshop (North, Young People Panel)*

The importance of the company **remaining transparent** as to where the money was being invested, and why it was needed, was also discussed in relation to the acceptability of the plan.

□ *"I think that would be okay as long as they [NWG] fully explained where the money was going and why the increase was happening, and stuff like that just so people are clear on it... More of these government schemes for help with the cost-of-living crisis hopefully... will come out soon, so that would also help people and maybe encourage them to support the plan" – Online workshop (Essex & Suffolk Water, Young People Panel)*

Some Essex & Suffolk Water participants felt that the **plan 2 'proposed' option felt more achievable** compared to the plan 3 'alternative' option.

□ *"Plan B [2] to plan C [3], there's quite a bit of a difference. Surely, I'd be happy if they got plan B [2] right and they did everything that they say they were going to do on the tin, rather than have a little go at everything that they said they were going to in plan [3]" – Online workshop (Suffolk)*

□ *"Somebody said, it's only £2... well yes, it is only £2 but for what, you need more power... equipment, perhaps more specialised... I just feel, get plan B [2] right. Do it all properly. Tick all the boxes, I'm happy" – Online workshop (Suffolk)*

Plan option 2 – stakeholders’ views

This section outlines stakeholders’ views on the plan 2 ‘proposed’ option. Stakeholders were not presented with the plan 1 ‘must do’ option or the plan 3 ‘alternative’ option. Due to the ‘must do’ and ‘optional’ areas for investment differing between the regions, stakeholders were split into a group of Northumbrian Water stakeholders (5 participants) and Essex & Suffolk stakeholders (3 participants).

| | Plan 1 (must do) | Plan 2 (proposed plan) |
|---|-------------------------------|---|
| *Metering, water efficiency & leakage | ✓ | ✓ |
| *Reservoir safety | ✓ | ✓ |
| *Storm overflows | ✓ | ✓ |
| *Removing nutrients from wastewater | ✓ | ✓ |
| *Growth at wastewater treatment works | ✓ | ✓ |
| *Security | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ |
| *Water quality risks | ✗ | ✓ |
| *External sewer flooding | ✗ | ✓ |
| *Net zero | ✗ | ✓ |
| *Lead pipe replacement | ✗ no lead pipe replacement | ✓ doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas |



Summary of findings

| | | |
|--|---|--|
| Importance of all 'must do' and 'optional' enhancements | Importance of partnership working -with local authorities, other utilities groups | A need to increase clarity of threads running throughout, such as Net Zero and vulnerability |
| A need to be transparent in bill impact, breakdown of investments, other funding sources, and tariff support available | A need to educate customers, including those in conduit to the region, on how to save water | Importance of biodiversity value and places of public value |

What stakeholders expect to be in the plan

Before presenting the plan 2 ‘proposed’ option, stakeholders were asked if they had any expectations as to what should be set out in the plan.

One of the expectations referred to including **improvements to water environments**, which is set out in the ‘proposed’ plan 2 as an **optional enhancement**.

□ *“I just want to broaden that [neutrality] out to the wider water environment. So, not just in terms of water quality... but also... in terms of biodiversity value of water... A lot of customers living in urban areas, certainly in somewhere like Stockton, very close to water bodies... Customers [have] highlighted the fact that customers do want to see some investment in that, in those water environments... We all have key roles to play, but I think Northumbrian Water are key partners in all of that” – Stakeholder (Northumbrian Water)*

Other expectations raised were **partnership working**, supporting **employees in work** progression, addressing **how other business plans will fit into the PR24 business plan**, as well as how **supporting vulnerable groups** will be recognised following the reduced focus on incentives and ODI’s from Ofwat.

□ *“[I’m] wondering how the drainage and wastewater management plan (DWMP) will fit into the PR24 business plan moving forward because I think that’s really key to understand that and also the storm overflow discharge reduction plan... the wider picture and how that will be taken forward” – Stakeholder (Northumbrian Water)*

□ *“Plans to continue work with partners... such as the local authorities, environment agency and other stakeholders... For example, we worked really well together on flooding in the past, so is that going to be a key priority moving forward?” – Stakeholder (Northumbrian Water)*

□ *“[I’m] very aware of the fact that Northumbrian Water have always been very particular around ensuring that they’re at the top of the tables for customer service and recently seen that published... what else can Northumbrian Water do keep ahead of the pack? ... Ofwat have said that during PR24 methodology... there isn’t going to be a focus on the incentive or ODI’s for affordability and vulnerability... although it won’t be rewarded in the same way... there should be some recognition [of] what it is that they can do for customers in those circumstances” – Stakeholder (Northumbrian Water)*

□ *“As one of the largest employers in the region, I suppose it is just highlighting Northumbrian Water’s commitment to addressing the skills need in the region and... making sure that’s part of*

the plan in terms of a commitment to lifelong learning and being able to support employees in work progression” – Stakeholder (Northumbrian Water)

Initial reactions to the plan 2 ‘proposed’ option

Once stakeholders were presented with the plan 2 ‘proposed’ option, both the must-do areas and the optional enhancements, initial thoughts from stakeholders generally stated that they were **all areas for investment, which they considered important.**

- *“The other point around what is a ‘must do’... to me, they’re all things that Northumbrian water should be taking forward and focusing on” – Stakeholder (Northumbrian Water)*
- *“I’m surprised that there aren’t statutory drivers for all these things to be honest” – Stakeholder (Northumbrian Water)*

Additionally, some stakeholders highlighted how the **areas intertwine** with one another, and others felt surprised that the optional enhancements weren’t classified as a ‘must do’ statutory obligation.

- *“They’re all really relevant” – Stakeholder (Northumbrian Water)*
- *“They all intertwine with one another... some of them will complement the statutory obligations where those question marks are, for example. In terms of sort of the annual bill impact... Northumbrian Water [need] to think about how that is communicated, [as] we assume that we operate in [a way where] everyone...speak[s] our language. I think it can be complicated for someone who hasn’t been around certain terminology... [so] just try to go into a bit of detail [of] ‘this is why we’re doing what we are doing’. I think [it] is really important to get the general community on board with the bigger scheme/plan” – Stakeholder (Northumbrian Water)*

Stakeholder participants in Northumbrian Water region generally recognised the need to **balance the areas for investment alongside affordability and acceptability, as well as responsibility.**

- *“... We recognise that need to invest in infrastructure, the need to deliver on those environmental agendas, or it brings added costs, and I suppose we have to balance that against the affordability to customers, particularly in some of the more deprived areas... like Stockton... There’s got to be increased investment, but we also have to be wary of what burdens it places on customers” – Stakeholder (Northumbrian Water)*

- *“It’s trying to get that investment right in a way that’s going to deliver those environmental and other benefits, keeping it affordable for customers, but also emphasising the fact that everyone has a role to play, whether it’s an individual household, an organisation, business or whatever” – Stakeholder (Northumbrian Water)*

One Essex & Suffolk Water participant felt that there was **more information needed on the ‘must-do’** areas for investment.

- *“More information [is needed] ... if these are Ofwat must-dos then fair enough. It’s the additional things that Northumbrian Water have decided to do on top of this, that will obviously be interesting as well” – Stakeholder (Essex & Suffolk Water)*

One Northumbrian Water stakeholder participant felt that two areas in particular should have a **higher priority** than on the optional enhancement lists: **Net zero** and **improvements to water environments**. Similarly, **Net zero** was felt to be of higher priority by a Northumbrian Water stakeholder participant, alongside climate change, as well as **areas affecting health** and wellbeing.

- *“Improvements to the water environment... was on the secondary list and I think that is an important area of work... Net zero is another area [that] to me that ought to be a highish priority” – Stakeholder (Northumbrian Water)*
- *“I’m surprised there’s a question mark beside climate change adaptation and net zero, if one of those could have had a tick mark next to it. If it was my opinion, it would have been up there with the others. In terms of the bill impact... highlighting the importance of those in water poverty or those who may fall into water poverty... might grow and being mindful of that. Linked with all of those investment areas that affect the health and wellbeing of the area - as individuals, as a company, and businesses” – Stakeholder (Northumbrian Water)*

Relating to **all areas** of investment, stakeholder participants across both regions viewed **educating customers, consumers in conduit to the region, as well as other companies and venues**, as a significant route to **increasing understanding and awareness**. With awareness of items that can’t be flushed, for instance, external sewer flooding may be reduced. Similarly, with awareness of reducing water usage, water security for the future may increase.

- *“It’s just about understanding that networks exist... your water efficiency is one and your carbon reduction so... linking all the messages up across the broad theme of environmental stability” – Stakeholder (Northumbrian Water)*
- *“We work a lot with the visitor economy so hotels, cultural venues etc. and another point... it was to do with I guess the efficiency of the pipes... with educating visitors as well about what they can and can’t flush... so just that’s it’s not only the consumer - it’s also anyone that’s in the region for a point of time and any conduits through to that audience who might be here for a few days and have a vested interest” – Stakeholder (Northumbrian Water)*
- *“The other part of that equation is then what individuals and households can do themselves in terms of improving things, like dealing with misconnections or measures to reduce water consumption within households” – Stakeholder (Northumbrian Water)*
- *“In that communication piece, it’s all very well doing... We’d get more out of it if we more showcase what you guys do, particularly from a corporate perspective and run these kinds of things again from a B2B perspective, and from a visitor perspective. We’d just like to wheel you out more to talk to businesses more... from more of a corporate comms perspective... Whether its direct action that those other businesses can take... water conservation... putting wet wipes down the loo or whatever it is... doing it is great, but it’s also letting everyone know that you’re doing it and a ‘sharing best practice’ kind of way” – Stakeholder (Essex & Suffolk Water)*
- *“We do have to think about the impact of those bills on the customers but... we also need to highlight the role that individuals and households can play and that links back to... raising awareness about what Northumbrian Water are already doing or what they plan to do and the role that others can play... for our normal customers out there, they won’t be aware of these issues and the inter-relationships between them. I think there’s always more we can do to raise awareness... There will be additional costs, but finding natural solutions to this and the long-term vision working alongside other partners is all part of this package” – Stakeholder (Northumbrian Water)*

Level of ambition

Improvements to water environments

Northumbrian Water stakeholder participants generally considered improvements to water quality and bathing waters be important, particularly due to its coastal position, and felt that there were **opportunities for nature-based solutions to increase biodiversity**. Whilst **costs were questioned**, it

was thought that the long-term benefit and **public value would allow for the attraction of other businesses.**

- *“Water quality and bathing waters; I see those as a really key issue and certainly... on behalf of coastal community, I really do see Northumbrian Water being key within that and making those improvements... [I] see there’s a role with biodiversity enhancements and the nature-based solutions. I just wondered... do these costs include the whole life benefits? ... because if we’re putting these measures in place and they alluded to this, then there might be a high cost initially, but then with time the cost should reduce” – Stakeholder (Northumbrian Water)*
- *“[It’s] understanding what mechanism is being used to calculate these costs kind of over the period of the plan... I’m assuming we have gone out to the public and asked about these... additional enhancements. Or is that what we plan to do? It would just be interesting to know what the public’s thoughts are on that. Is it purely cost-focused? Or is there an appreciation of the bigger picture in terms of those enhancements?” – Stakeholder (Northumbrian Water)*
- *“Sustaining those sites and attracting tourists and that leisure side but also, what role does Northumbrian Water play in attracting businesses? And the business environment as a whole, the cost of doing business, that... larger piece in creating interest in the region with their activities... It’s that communication piece which would be vital in attracting other businesses” – Stakeholder (Northumbrian Water)*

Stakeholder participants from Essex & Suffolk Water were in agreement that improvements to water environments would be beneficial for **protecting the local environment, adding public value** which would heighten the reputation of the company. They also viewed improved healthy and safety concerns to be an intrinsic benefit to improvements in water benefits and commented on the good business sense of this approach.

- *“No, nothing in particular that’s really strong. I think it fits into environmental aspects of protecting the local environment” – Stakeholder (Essex & Suffolk Water)*
- *“I definitely feel that is a key priority for a lot of people ... to have a reservoir and be able to actually have something nearby and enjoy the scenery and wildlife...I think it’s a good priority to have” – Stakeholder (Essex & Suffolk Water)*
- *“It makes good business sense doesn’t it? Because you don’t want unmanaged access to reservoirs for health and safety reasons” – Stakeholder (Essex & Suffolk Water)*

Resilience to climate change

The optional enhancement of resilience to climate change was considered important by Essex & Suffolk Water stakeholders in particular, who referenced **the need to mitigate impacts that may occur as a result of flooding or storms**, for instance. **Working in partnership and collaboration** with local authorities and other utilities companies were thought to be way to achieve the target. By doing so, stakeholders felt that there would be **benefits of improved customer service**.

- *“There has been a number of things over the last few years that fit into this category... the ‘Beast from the East’ for example in 2018 and the outcomes that came with the freeze, from a water perspective... it’s important that any plans that fall in this area are delivered or are agreed with other utility infrastructure. So, we talk about energy, so electricity primarily, to ensure that where they are trying work to get pipes underground is that something that can be done at the same time as the water work to avoid disruption in local areas. I think that is something that is worth considering, and it’s also not just on the actual network itself, it’s also on the response to incidents... how are you going to be able to ensure that impact is mitigated through your preparation? I think it’s important that that would be brought out here as well” – Stakeholder (Essex & Suffolk Water)*
- *“I used to work for Northern Power Grid... I know the plans are there to start thinking about what they can do in the instance of say Storm Arwen... take those high voltage power lines from above ground and trying to find a way to route them underground, so they are less susceptible to the weather. That is going to be a massive piece of infrastructure activity, huge asset management, and to work with the DNO in the area, which I believe is UK Power Networks for Essex & Suffolk, where they are working on similar projects to improve the resilience. Then, that’s something that could be probably cheaper to deliver, so less disruptive to the local residents and for things like road closure... so, there are a lot of benefits of doing that in collaboration and also, I think that the mitigating strategies... actually being able to respond to the incident... that’s something that needs to adapt over time and, as you respond to climate change they are not plans that are just static, they are things that you will have to think, ‘okay, in this situation what can we learn from these incidents and how can we build that into our response, particularly in delivering water to customers’” – Stakeholder (Essex & Suffolk Water)*
- *“I do think that the enhancements are key. I am quite surprised that the reduction of flooding isn’t a statutory function or on that top half of the list. But there are mechanisms that are sort of set up to deal with that kind of Northumbrian Integrated Drainage Partnership (NIDP)” – Stakeholder (Northumbrian Water)*

Water quality risks

Some stakeholder participants highlighted that customer service satisfaction could be negatively impacted if water quality was not prioritised, therefore it was considered to be a high priority.

- *“Your customer service is going to be led by your customers responding to surveys about their water supply, the service that they receive and, if the quality of the water isn’t good enough, then that is going to impact and have knock on affects for many other things - potentially also health impacts... so I do think it’s of high importance” – Stakeholder (Essex & Suffolk Water)*
- *“There’s a massive opportunity for Northumbrian Water to lead in using those [natural] assets, in developing that natural capital to deliver some of these solutions, so I think it can be the market leader in those nature-based solutions. We’ve got peatlands in the uplands which can provide water quality benefits as well as carbon, we’ve got river networks in our part of the world with lots of partners active in working on those that can help with improvements to biodiversity... Doing all that as well can drive down costs to the customer and help with climate change adaptation in the longer run, so investment in the company’s capacity to run those benefits and work in that way I think is important... looking in a more holistic way, lots of these issues we can all say are interrelated in various ways” – Stakeholder (Northumbrian Water)*

Some Essex & Suffolk Water stakeholder participants stated their view that the water quality importance linked to the **need to supply water without interruption** and, particularly in light of climate change adaptation, was important.

- *“I’m obviously interested in supply and demand, particularly from a business perspective. You know you’ve got climate change adaptation; you’ve got increasing population in Essex & Suffolk Water areas, and increased demand for water, but potentially the supply of water will come under pressure, and we have within, just talking about Suffolk... there are a lot of food processing and production businesses that need water and if the supply is constrained in any way it could create issues” – Stakeholder (Essex & Suffolk Water)*
- *“I would probably agree that water supply is important to use in terms of growth across the borough that we are planning for, as well as ensuring our water quality is acceptable and climate change is definitely on the agenda for us as well” – Stakeholder (Essex & Suffolk Water)*

Net Zero

Across both regions, net zero was felt to be important, and one stakeholder felt that **it should be higher up on the list of priorities**. Some stakeholders questioned whether commitment would be expected from those in the supply chain, and whether there would be **opportunities for partnership working**.

- *“In the past, there’s been a surface water reduction plan that we’ve worked with Northumbrian Water on, so taking out surface water out the sewage system which reduces flooding... would that form part of this?” – Stakeholder (Northumbrian Water)*
- *“Does Northumbrian Water sort of expect a net zero commitment from anyone within their supply chain?” – Stakeholder (Northumbrian Water)*
- *“From thinking about what NWG have committed to, particularly in regard to net-zero... I think net-zero needs to move further up the list... I know this is Ofwat saying that this is optional, but I think that is something that is going to be very far away from being a must-have in the plan” – Stakeholder (Essex & Suffolk Water)*

Lead piping replacement

Stakeholder participants of Essex & Suffolk Water highlighted their **shock that lead pipe removal was classified as an optional** enhancement, rather than in the plan 1 ‘must-do’ plan, as they deemed it **important to prioritise health**, and being a legal requirement to be lead-free by 2050.

- *“I didn’t know about this side of [lead pipe] things but the way that it’s been presented sounds like it’s more of a must-do than a could-do” – Stakeholder (Essex & Suffolk Water)*
- *“If there is some form of health risk from it [lead pipes], it seems logical thing to get rectified as soon as possible” – Stakeholder (Essex & Suffolk Water)*
- *“I certainly don’t have any expertise in regard to lead pipe replacements, but I am aware of it being an issue. I like the fact that this is built in, and it is a targeted response, so putting in vulnerability and all the house-stock as a focus... putting that structure in is good, so it’s the worst first response. I do wonder how much this will impact on the quality... if it’s a substantial issue in regard to that Compliance Risk Index for the water inspection, it might be something where they can actually tie the two things together and they are not dealt with as two separate enhancements... If not, and it’s not really impacting that, then I can understand why it’s there as a separate one” – Stakeholder (Essex & Suffolk Water)*

- *“I don’t know what the scale of the issue is, but it’s quite interesting that the target is to be lead-free by 2050 - that seems quite a long time away, particularly compared to some of the other targets, because it’ll be 80 years since the ban on lead pipes came in” – Stakeholder (Essex & Suffolk Water)*
- *“I didn’t realise it was all on the customer side, that does change things slightly, because I think you are right, start sooner rather than later and 2050 does sound a long way away but the identification is going to be a real challenge on the customer side. I would be really interested to know how we are planning on going about that... are there things customer[s] can look out for and almost do a self-report to say that there is lead? Also, when it is identified, is that something that is going to be completely paid for, or is it something that customer are expected to contribute towards? Particularly if they are owners or occupiers of their own home... they are the sorts of questions that would probably come under here, but it does sound like it... does really need to happen because of the health risks associated” – Stakeholder (Essex & Suffolk Water)*

External sewer flooding

An Essex & Suffolk Water stakeholder participant highlighted that external sewer flooding was important and a solution, in their view, was to **communicate with various organisations to raise awareness of different issues**, such as blocking pipes and knowing how to avoid this.

- *“In that communication piece, it’s all very well doing... but I think there’s a lot more value in it and I know in terms of our engagement with Northumbrian Water... as an organisation, it’s brilliant. We’d get more out of it if we more showcase what you guys do, particularly from a corporate perspective and run these kinds of things again from a B2B perspective, and from a visitor perspective. We’d just like to wheel you out more to talk to businesses more... from more of a corporate comms perspective... Whether its direct action that those other businesses can take... water conservation... putting wet wipes down the loo or whatever it is... doing it is great, but it’s also letting everyone know that you’re doing it and a ‘sharing best practice’ kind of way” – Stakeholder (Essex & Suffolk Water)*

Affordability of plan 2

Stakeholders considered some of the **costs presented to be worst-case scenario**, viewed it as **possible to bring costs down**, and also felt it would be beneficial to be provided with the **ranges of the minimum and maximum cost expected** in each region, for each plan.

- *“I do think those costs are likely to go down over time as the solutions get better understood and it’s probably long-term savings from nature-based solutions for some of these things as well and there’s multiple benefits there. It could have a climate change benefit as well... Over time you can probably engineer... some of the costs out of this... I think you’re presenting a worse-case scenario in terms of the economic impact, so I think you’ve got the right partners around the table to help try and smooth some of these problems out” – Stakeholder (Northumbrian Water)*
- *“It’s probably a worst-case scenario at the moment so I can understand completely the cost-of-living issues but if there’s a way [or] an early stage to try and engineer out some of those costs in different ways... I don’t think there’s anything on there that you can’t not do” – Stakeholder (Northumbrian Water)*
- *“I’m clued up on the water poverty aspect of things and that is fine... [it’s] just about managing groups at the moment that are on that precipice that are struggling, and a bill increase here, along with bill increases everywhere else, would tip them over the edge... you’re right in talking about, ‘is this the absolute maximum or the absolute minimum?’. It would be good to see under each of these investment areas that range so, ‘we could do this at this cost, or we could increase it to this at this cost’, and then you would be able to look at it a bit better and a bit more detail and actually say ‘okay those are the things we should be focusing on’... just to know the complete picture instead of it being £43 on everyone’s bill” – Stakeholder (Essex & Suffolk Water)*

Justifying reasons for cost, through the company being transparent as to how money is spent and what it is being spent on, was thought to be necessary by stakeholder participants across both regions.

- *“I think that comes down to that communication again, ‘this is why we’re doing this’ and I think X touched on a point on what we’re putting in [and] what then somebody is getting out... and the message with that” – Stakeholder (Northumbrian Water)*
- *“[Bill increases] would definitely concern me because of many other things that are rising at the moment, that being said I do understand that investment has to happen to improve these aspects. I would want to know I think, in order to satisfy it from an affordability perspective what other contributions are being made that aren’t just coming from bills? Is there profit share, for example, going in from shareholders? That’s something that is always very interesting for people like me that work in the affordability sector, and to understand if that is something that is going to be in place. How Northumbrian Water Group intend to implement those changes to social tariff support and other water affordability support for customers over the next period. Other areas that they are going to stretch further, because they realise, they have got further growth in*

the Essex & Suffolk area in regard to dealing with these investment areas. So, I think that thread that we talked about running through it would be really important to give some background to that” – Stakeholder (Essex & Suffolk Water)

- *“It’s important to have a bit of a breakdown in terms of why those cost have come up as they are, and if there is a leeway between [them]” – Stakeholder (Essex & Suffolk Water)*

Stakeholders were concerned about cost increases for some **vulnerable communities** who may not consider this affordable.

- *“That’s a difficult one for us to sit here as individuals or organisations to judge in some way. I would say yes... but that’s just me with my hat on... Some of the communities that we serve... probably wouldn’t find that acceptable” – Stakeholder (Northumbrian Water)*
- *“Unfortunately, it’s not affordable for some people, but what are the measures the company can provide to help with that? And that’s an important part of the communication part that X just mentioned” – Stakeholder (Northumbrian Water)*

Acceptability of plan 2

Northumbrian Water stakeholder participants felt that acceptability **could be improved by sharing support available** and educating customers about ways to keep costs down.

- *Stakeholder 1 (Northumbrian Water): “It’s the minimum really, when you look at all those headings and we say there’s nothing there that we wouldn’t do. So, we’d all push to do more but, at the current level I’d say yes that’s acceptable and seems to be delivering everything that needs to be developed*

Stakeholder 2 (Northumbrian Water) “Yeah I’d agree with that”

Stakeholder 3 (Northumbrian Water) “Yeah I would as well”

Stakeholder 4 (Northumbrian Water) “Yep I’d agree”

When discussing ways of increasing acceptability, one stakeholder participant suggested that the **targets could be tweaked.**

- *“On lead pipe replacement, you could say ‘we will extend the target out to 2060’ for example. On water quality... it could be moving from 50% to 80% rather than 50% to 100%” – Stakeholder (Essex & Suffolk Water)*

Anything missing from the list entirely

Stakeholder participants in the Essex & Suffolk region highlighted **that some points could be made more explicit in the plan**. In particular, if the company considers there to be a thread running through the plan, such as **addressing customer vulnerability**, then this should be referred to throughout the plan, as to how vulnerability will be addressed within each investment area.

- *“As written there, I don’t think that answer [for Net zero] goes far enough ... I know that there has been a lot of work done in some other areas like the operation of sites for example, across their network in both regions, and I know we talked about some of them must-dos will have some of ... activities that will take place for net zero. But the additional investment under this one, if that is purely down to just electric vehicles, I don’t think that would necessarily be meeting what they would need in order to get to net zero by 2027, as its quite an ambitious goal” – Stakeholder (Essex & Suffolk Water)*
- *“It would be unfair for me to say that it wouldn’t be clear because we are not seeing... the doing and delivery of it [the plan 2]. I think it will become clearer if we saw some of the activity that was underneath that plan. [If] I picked up ‘enhancements for Net Zero’ as a chapter to read it and all I read about was electric vehicles, I would be very disappointed. So, naming it something else would mean that you wouldn’t be likely to do that and putting something up front at the business plan to explain that there are several themes that run through these chapters, and net zero is one of them. Then, you are more likely to get a better understanding of that and better search for the bits you are looking for in each plan, each chapter” – Stakeholder (Essex & Suffolk Water)*
- *“The stuff around metering water efficiency needs to be in there from my perspective, I mean for relevant and justifiable to be in the plan really. So, it’s hard to say between them... For me, the key thing is if when we look at them individually, is how to see they are addressing the vulnerability for all of those because I think that needs... embedded throughout” – Stakeholder (Essex & Suffolk Water)*

Partnership working was thought to be pivotal to stakeholders as well as the need to mention partnership working throughout the plan.

- *“Whilst Anglian Water provide wastewater services, there is nothing about partnership working... when you think about climate change action and net zero. There is partnership working all over the place with governments and businesses and government agents etc.” – Stakeholder (Essex & Suffolk Water)*
- *“Vulnerability partnerships could absolutely be a part of something that threads throughout those. So, it would be interesting to see how they would be approached if they are all under a matrix style approach” – Stakeholder (Essex & Suffolk Water)*
- *“I would also add in two more, I would add in general customer service as a thread and I would also add in innovation, and that Northumbrian Water Group are particularly keen on showcasing innovation and being right up there with that and how does it feature in those things” – Stakeholder (Northumbrian Water)*
- *“[I] already work with Northumbrian water on sustainable drainage, and I would expect them to be a key partner when the new approval body is set up when local councils set this up next year, so I think communicating the benefits associated with SSE. I think the costs...£18.50...for those additional key enhancements – what is the return on investments? ...I don’t think I can prioritise, and I would like to see Northumbrian Water should be leading I those different elements” – Stakeholder (Northumbrian Water)*

Plan option 3 ‘alternative’

This section outlines the plan 3 ‘alternative’ option and is organised according to the following:



Level of ambition

Across both regions, participants felt that the plan 3 ‘alternative’ option was **ambitious, in a positive way** which they felt suggested the company would be striving for improvements. A Northumbrian Water participant stated that **eradicating lead pipes sooner would be the best option**, if possible. In addition to the minimal cost difference, one Northumbrian Water participant viewed it important to strive for the target of eradicating lead pipes in plan 3. They explained that they would rather plan 3 due to it **explicitly outlining that lead pipe removal will be achieved, which offers more commitment** to addressing this issue sooner rather than later.

- *“It is very ambitious, but it should be. Because there is a sense of urgency that this should be tackled quicker. They shouldn’t leave it for any longer... if they can eradicate the lead pipes quicker, then they should. Even though it is ambitious, it is something that they should strive towards to get done more urgently” – Online workshop (North, Young People Panel)*
- *“Let’s say I was going for option two, if I was told I would have to pay 35p extra a month... and they’d say we’ll definitely have all of the lead pipes replaced by 2050, that would be more appealing to me than if they said, ‘we’ll replace the lead pipes, we’re not sure when but we will replace them at some point’. So, I think its ambitious, but I think it’s also quite a good option” – Online workshop (North, Young People Panel)*

This view was echoed by Essex & Suffolk Water participants who considered the plan to be ambitious in a good way; stressing the **importance of eradicating lead pipes and maximising their aims**.

- *“I think its ambitious to a good extent because everyone seems to be weary of the lead pipe issue, so as long as that’s resolved then it’s worthwhile to execute this plan. And if anything, I think most people here, and myself included would have thought the lead pipes... would have been phased out by now. It was 50 years ago, so I think you need to be ambitious to get rid of them if they are causing health issues” – Online workshop (Essex & Suffolk Water, Young People Panel)*

- *“I think they’ve got to aim high and go for everything that’s listed in plan three. I don’t see an awful lot of difference in price between plan two and plan three and I think you’ve got to maximise your aims” – Online workshop (Suffolk)*

The **cost difference between plan 2 and plan 3 was perceived to be a minor** increase for most Northumbrian Water participants, who felt that they would prefer to pay the additional 49p in order to enable NWG to strive to achieve the most ambitious plan.

- *“Plan three is the most ambitious one we’ve talked about so far. But I need to have a look at the price... it is only 49p more. They might as well go ahead and do it” – Online workshop (North, Young People Panel)*
- *“49p... what can you get for 49p nowadays?” – Online workshop (North, Young People Panel)*
- *“The difference between plan two and plan three is 11p in real terms... I’m looking at plan one, to plan three, it’s £1.66 so there’s no decision to make... I would go for plan three... it’s a small amount of money to pay out [and a] really massively long-term benefit” – Online workshop (North)*

Essex & Suffolk Water participants similarly felt that, if this plan 3 ‘alternative’ option was a minor increase, then they would **prefer to strive for the most ambitious plan and gain better value for money.**

- *“Plan two is good, because it includes the lead removal. But in terms of value for money... and comparison with the cost, plan three seems more extensive” – Online workshop (Essex)*
- *“It’s just a small difference between plan two and plan three, so I think it’s doable... It makes more sense to go with plan three than plan two” – Online workshop (Essex)*
- *“I’d pay for plan three because... I want to get everything. I want everything... Because it’s just £2 more, isn’t it?” – Online workshop (Suffolk)*

When comparing the plans, some Essex & Suffolk Water participants suggested **they wouldn’t prefer plan 2 as it was not the most ambitious, nor the cheapest**, therefore the best options to choose between would be plan 1 ‘must do’ or plan 3 ‘alternative’ option.

- *“It’s one or three. I can’t see the point in the one in the middle [plan 2]” – Online workshop (Essex)*

- *“I don't even know what why they put like plan two, plan three. They're totally the same really. Difference in a few pounds. Yeah. I obviously would go for plan three. I mean, of this amount of money” – Online workshop (Essex)*
- *“Plan two was only 14p a month cheaper than plan three but with plan three you are getting the few quite important extra attributes. So, I think even plan one or plan three, there's no point dilly dallying in the middle with plan two because you might as well spend the extra £1.65 and I'm sure most people would be prepared to do that for the extra three or so benefits that come with it. So, I think it's definitely more acceptable than plan two and I'd go for plan three or plan one depending on budgets” – Online workshop (Essex & Suffolk Water, Young People Panel)*

The **more ambitious targets** set out in the plan 3 'alternative' option, **namely doubling the pace of removing lead pipes**, was the reason why many Northumbrian Water participants preferred this plan.

- *“I agree that that would be probably the best one, just because I think it's worth paying the money... it just comes back to the lead pipes really because... that really shocked me as well, and obviously that's people's health so I think that's really important” – Online workshop (North, Young People Panel)*
- *“...they will replace the lead piping and again, I feel strongly about that. So, that for me is probably the best out of them all personally” – Online workshop (North, Young People Panel)*
- *“I think we should go for the full one for the amount of investment that's required and at least we would get rid of the lead pipes as well, which for me is something very important” – Online workshop (North)*
- *“I don't understand why in the year 2022, we still have lead pipes because they do deteriorate, and it does leak into the water” – Online workshop (North)*

Doubling the pace of removing lead pipes was also a reason for many Essex & Suffolk Water participants preferring plan 3 'alternative' option, due to **health being a priority**, and positive impact this could have on other sectors, such as **fewer hospital patients if lead has a lesser impact**.

- *“It all seems, the way these plans have been put together, the monetary side, just from the labour as a layperson, it's this lead business again, isn't it? We need to get on track to get rid of all the lead in our systems” – Online workshop (Essex)*

- *“If they are focusing particularly on lead pipes for obviously health reasons which would then maybe help other areas, or other sectors because if people are not getting ill, then they are not going to hospital and put pressure on the hospital etc. Then they should probably put more funding into that to reduce the cost of the plan in other areas because I think I would say this is a good level of ambition for a plan” (Essex & Suffolk Water, Young People Panel)*

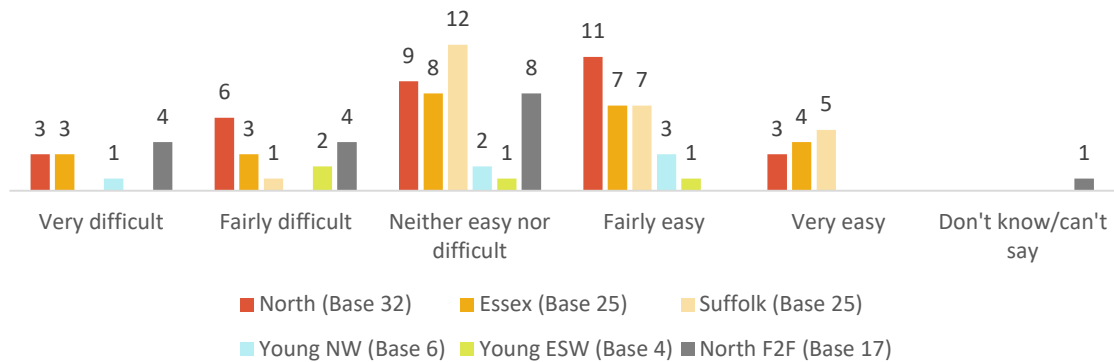
Essex participants favoured the plan 3 ‘alternative’ option as they acknowledged the importance of getting ahead, in order to prevent problems for future generations, particularly as **ignoring the problems could lead to increased costs in the long run.**

- *“I’m taking the view that if we don’t go to plan three, we’re going to end up paying even more long term, because so many more things are going to go wrong and not be dealt with because we haven’t put that investment in. So... whilst some people are going to have to stretch to afford that, it could be a lot worse if it’s left” – Online workshop (Essex)*
- *“We don’t get ahead, and it could end up costing more anyway, for the future” – Online workshop (Essex)*
- *“We’ve got to look long term and I think if you think about a situation in years to come where someone’s totally flooded out, or someone hasn’t got water, and you said to them, if you’d paid £3.50 extra month none of this happens. I’m sure they’d say ‘yeah, why didn’t I do that’, you know, why didn’t anyone put that in place to prevent some massive problem happening” – Online workshop (Essex)*

Affordability of option 3

| Overall mean level of ease of affordability of plan 3 | | | | | | |
|---|---|----------------|-------------|--|-------------|---------------|
| Mean result split by region | North (2.9) <i>Between fairly difficult and neither easy nor difficult; leaning towards neither easy nor difficult</i> | | | Essex & Suffolk (3.2) <i>Between neither easy nor difficult and fairly easy; leaning towards neither easy nor difficult</i> | | |
| Mean result split by group | North F2F (2.3) | Young NW (3.2) | North (3.2) | Young ESW (2.8) | Essex (3.2) | Suffolk (3.6) |

Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills? [Plan 3]



| Very difficult | Fairly difficult | Neither easy nor difficult | Fairly easy | Very easy | Don't know |
|----------------|------------------|----------------------------|-------------|-----------|------------|
| 11 votes | 16 votes | 40 votes | 29 votes | 12 votes | 1 vote |

Overall, participants across both Northumbrian Water and Essex & Suffolk Water felt that the **plan 3 'alternative' plan was affordable**. This was primarily due to the idea that there was a perceived **small difference in cost** between plan 1 'must do' and plan 3 'alternative' options. Therefore, it was argued that, **if someone is able to afford the plan 1 'must do' option, then they would be able to afford the plan 3 'alternative' option**.

“I think all three plans are affordable with the cost of living, I don't think there is much difference with the price points at all” – Online workshop (North, Young People Panel)

- *“I think [I’d choose] option three because the difference between Two and Three is £1 a year. So, if you’re going to do it you might as well go for it” – Face-to-face workshop (North)*
- *“There’s very little difference between [plan] two and three, to be honest, so it would be ridiculous to go Two” – Face-to-face workshop (North)*
- *“If you really can’t afford plan one, you might as well vote for plan three, because you can’t afford that either... The people that are tipped over the edge are not going to be bothered whether it’s plan one or plan three. I personally would say yeah plan three, because I can afford plan one, and therefore I can afford plan three... It’s the people that can’t afford plan one, or are struggling already that I’d be considering” – Online workshop (North)*

Whilst some Northumbrian Water participants felt **unable to say that the plan 3 ‘alternative’ option was affordable**, they acknowledged that they **would prefer plan 3 as they would receive more for the small increase in cost**, compared to the plan 1 ‘must do’ option.

- *“It’s been clear that we have to pay the extra £130 pound and although I would say that that’s not affordable, the increase between the three plans is affordable so... the £130 is affordable, but I would rather pay £140 which is more but there’s bigger issues that are being solved than just paying £130” – Online workshop (North, Young People Panel)*
- *“It’s technically affordable but I imagine if people didn’t have to pay it, they wouldn’t... I think all three plans are affordable, but I’d rather pay a bit more knowing that I’ll get a better quality of stuff. Rather than pay the bare minimum to get the bare minimum” – Online workshop (North, Young People Panel)*
- *“It’s going to tip an awful lot of people over the edge. When you get to plan two and plan three, you seem to get an awful lot more for the extra £18 a year [the cost difference between plan 1 and plan 2 or plan 3]. It just, to my mind, the whole lot doesn’t have any logic to it. Very expensive for the first and not a lot different for two and three” – Online workshop (North)*

Participants in the Essex & Suffolk Water regions viewed plan 3 as offering value for money, due to **gaining the most out of the small cost increase added** onto plan 1 ‘must do’ and plan 2 ‘proposed’.

- *“For the difference and you’re getting so much more done, I think it is affordable. Value for money if you like” – Online workshop (Essex)*

- *“If you’re just going to bite the bullet and do the whole lot, get all aspect covered then you might as well go for plan three” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“If you can afford number two, you can afford number three. I think people would be willing to pay the extra little bit of money and it’s all important so they can find a space in their budget for the extra 14p a month” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Across both regions, some participants felt that, whilst the plan 3 ‘alternative’ option was personally affordable to them, they recognised that it **may not be affordable for everyone**.

- *“It might be affordable for some of us. But there are other people out there that won't be able to afford it” – Online workshop (Essex)*
- *“I think the level of affordability might just outweigh the ambition of the plan... we would all love to pay out for everything to be sorted as soon as possible, but if they are going to put a lot of money into... removing...all the lead pipes then they would have to reduce the funding in other areas” – Online workshop (Essex & Suffolk Water, Young People Panel)*

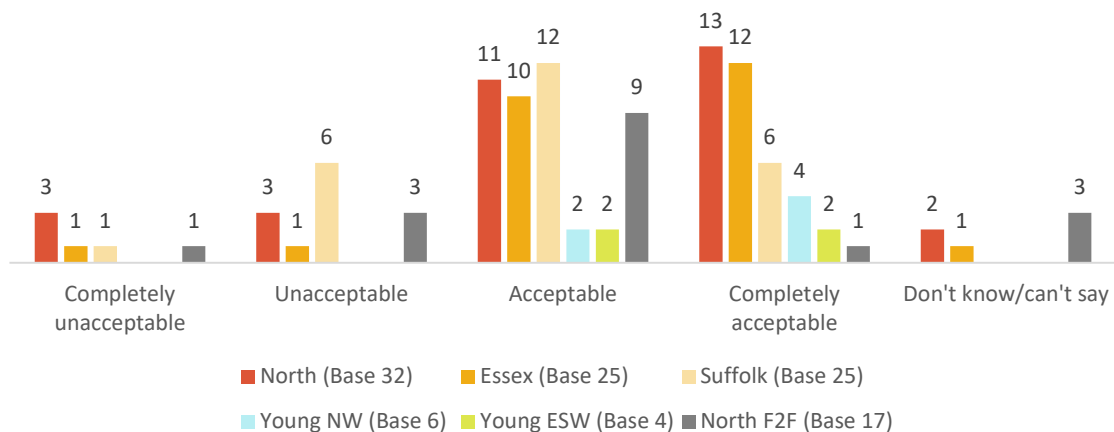
The cost-of-living crisis was referred to **by Northumbrian Water participants attending the face-to-face** workshop, who preferred the ambitions of option three, but they **lacked the confidence and certainty of their financial situation to vote for plan 3** as their preferred option. Most (6 participants) in this face-to-face workshop stated an overall preference for option 1, out of the three options presented, whilst also highlighting that they would prefer there to be no increase at all. However, several (5 participants) preferred option 3, showing a mixed view from this group.

- *“People haven’t got the confidence in their finances to look at these and think, do you know what, option three might be the best plan, but I can’t afford it” – Face-to-face workshop (North)*
- *“I’d love to say option three... I’d like to say let’s get rid of the lead, go for option three, just get it done... I don’t think... I don’t have the confidence to say that” – Face-to-face workshop (North)*
- *“If money wasn’t the contributing factor... everybody would agree option three, but financially, your purse in your wallet tells you something different” – Face-to-face workshop (North)*
- *“Is this the straw that breaks the camel's back? with all the other costs going up... I think that putting prices up to this extent hurts people's pockets” – Online workshop (North)*

Acceptability of option 3

| Overall mean level of ease of acceptability of plan 3 | | | | | | |
|---|---|----------------|-------------|--|-----------------|---------------|
| Mean result split by region | North (2.8) <i>Between fairly difficult and neither easy nor difficult; leaning towards neither easy nor difficult</i> | | | Essex & Suffolk (3.4) <i>Between neither easy nor difficult and fairly easy; leaning towards neither easy nor difficult</i> | | |
| Mean result split by group | North F2F (2.3) | Young NW (3.0) | North (3.2) | Essex (3.3) | Young ESW (3.3) | Suffolk (3.6) |

Based on everything you have heard and read about this version of Northumbrian Water / Essex & Suffolk Water's business plan, how acceptable or unacceptable is it to you? [Plan 3]



| Completely unacceptable | Unacceptable | Acceptable | Completely acceptable | Don't know |
|-------------------------|--------------|------------|-----------------------|------------|
| 6 votes | 13 votes | 46 votes | 38 votes | 6 votes |

Some participants living in the Essex & Suffolk region felt that plan 3 'alternative' option was the **most acceptable option when considering all three options** presented.

□ “[Plan] 3 is acceptable over the other two [plan 1 and plan 2] ... why wouldn't you want to do all those things as fast as you can?” – Online workshop (Essex)

□ “It's an extra £1.65 a year I think it's definitely well worth doing if you're going to do plan two anyway. However, I would like to see how much the cost of these things is actually being put onto customer bills and how much of the cost is perhaps being dissolved by the company and how much is coming from the company, because I don't see why the customer should have to be paying for everything” – Online workshop (Essex & Suffolk Water, Young People Panel)

Lead replacement, Essex participants argued, should have **been in the plan 1 ‘must do’ option** due to its importance. Reasons included reducing phosphate dosing, reducing water risks, improving resilience, and having the potential to reduce consumer costs by saving on phosphates.

- *“It would be to get rid of all the reduce the risks in the water with the lead and everything else ... I think it would be a good thing” – Online workshop (Essex)*
- *“They spend a lot of money on phosphates to remove the dangerous metals from the lead in the water... If they put a lot of money into that now... they wouldn’t have to spend on those chemicals to go into the water” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“Not only lead replacement, you know what I mean? The phosphate dosing, you know, unnecessarily consuming all the phosphate” – Online workshop (Essex)*

Essex participants additionally felt it was **important to focus on supply maintenance, environmental and security aspects**.

- *“It’s not just the safety. It’s the environment aspects of it, and security and maintaining a supply” – Online workshop (Essex)*
- *“I mean, all those things... eventually will have to be addressed and improved on. So, it seems for the price... you should get them done now or starting them as soon as possible, right” – Online workshop (Essex)*

When considering whether the environmental benefits that come with the plan 2 ‘proposed’ and plan 3 ‘alternative’ options were just as important to them as the removal of lead pipes, several participants across both regions were in agreement that the **environment held equal significance**.

- *“People make their own choices with their own income, but the environment and the water is a shared one that we all have to contribute to” – Online workshop (North)*

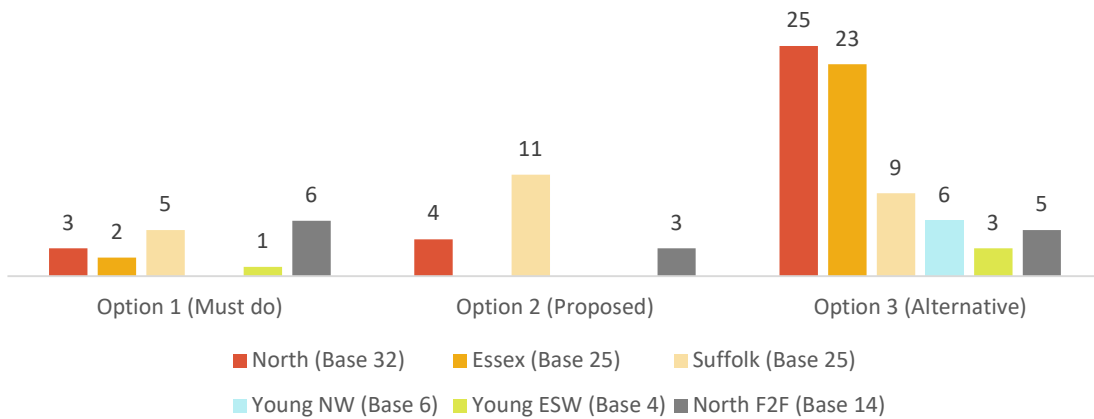
Overall thoughts on the three options



Summary of findings

Plan 3 'alternative' option was preferred by 71 of 106 participants (67%)

Of the business plans you have seen today, which one do you prefer overall?



| | | |
|------------------------------------|-------------------------------------|-------------------------------------|
| 17 votes (option 1) | 18 votes (option 2) | 71 votes (option 3) |
| 9 votes North | 7 votes North | 36 votes North |
| 8 votes Essex & Suffolk | 11 votes Essex & Suffolk | 35 votes Essex & Suffolk |

Reasons underpinning preferences of each of the three plan options:

| | | |
|--|--|---|
| <p>Plan 1 'must do'</p> <ul style="list-style-type: none">-To keep bills as cheap as possible- Optional areas viewed as lower priority | <p>Plan 2 'proposed'</p> <ul style="list-style-type: none">- Priority of lead pipe removal- Protects vulnerable groups | <p>Plan 3 'alternative'</p> <ul style="list-style-type: none">- Doubles pace of lead pipe removal- Best value for money; achieving most for small cost increase |
|--|--|---|

Reasons underpinning a preference of plan 1 'must do'

In favour of Northumbrian Water following the plan 1 'must do' option, participants highlighted the need **to keep bills as low as possible** and, eventually, **when customers' financial situations may be better, then considering a move to following the plan 2 'proposed'** or plan 3 'alternative' plan.

- *"I'd go with plan one. Just try and keep the bills as low as possible. Especially your vulnerable people, the elderly, they're all struggling. They've taken a decrease in pensions and all sorts, so it's pretty rubbish for them" – Face-to-face workshop (North)*
- *"I think Northumbrian Water should stick to plan one, and also maintain the price, as in the £365, with the hope that by 2025, those objectives that were not [previously] met, will be met... because look at the current economy situation. I think we should go with plan one. Stick to the price as well" – Face-to-face workshop (North)*
- *"Yeah, I'd probably stick with option one as well, just simply because of the cost... how they would help people who were financially struggling, I think eventually they could go up to three. Because obviously they will come in at some stage" – Face-to-face workshop (North)*

One young panellist living in the Essex & Suffolk Water region stated they would prefer the plan 1 'must do' option to be followed, similarly due to it being the **cheapest option**, as well as their **personal view of Net Zero, and other optional areas for investment, were of lower priority.**

- *"It's the cheapest... I don't understand why the net-zero, as an example, is as important as it's made out to be, and I think [I] get decent water service in my area. We have got quite hard water I think, which is in terms of limescale, but it's not like there are many leaks, or we struggle to get hot water at certain times or whatever... I am satisfied anyway, so I don't feel the implication to*

spend a great deal more that I'm living perfectly fine without... it just seems more money for stuff I don't really need" – Online workshop (Essex & Suffolk Water, Young People Panel)

Reasons underpinning a preference of plan 2 'proposed'

Some participants in the Suffolk region, and one in the Northumbrian Water region, preferred the plan 2 'proposed' option. Reasons underpinning this referred to **ensuring lead pipe removal, looking after vulnerable groups**, and also by going for the **'middle-ground'** option, which balances ambition with cost.

- *"I would go for plan B [2]. I know that that seems a little bit like sitting on the fence but, with regards with the lead piping issue, I cannot see more than a vague promise to do more than plan two, in plan three. I like the ethos in plan two that says they will look after vulnerable groups and older properties which is where the problem lies. Less so where I am, I'm in a new build, well a 20-year-old house and I think that's critical" – Online workshop (Suffolk)*
- *"I think option two is a minimum. I think that should be the minimum and can't see the point still of option three, was an extra tick and 14p. I'm thinking of them both the same at the moment as because effect they are. I know there's a bit about... doing more replacement to make sure the target is met to be lead free by 2050" – Online workshop (Suffolk)*
- *"Our house was built in 1850 and I just wonder... what are [our] pipes are like? But I still think I would go for option two... that's what I usually do... don't get the cheapest, don't get the dearest, but go in between" – Online workshop (Suffolk)*

Reasons underpinning a preference of plan 3 'alternative'

In stating their preference for the plan 3 'alternative' option, several Northumbrian Water participants referenced their **disapproval of the plan 1 'must do' option**, due to the **minimal cost difference and lack of ambition** in addressing the optional areas for investment.

- *"Plan one [is] unacceptable just because it's the bare minimum... when you look at the difference in price between that and plan three, which... does pretty much everything, it's not worth paying an extra £10 when you could pay just the extra £12 a month and have all of that, which is better quality for the customer as well" – Online workshop (North, Young People Panel)*

- *“£12.49 [plan 3] is far better value for money over the £10.83 [plan 1] on top of the average bill seeing as they’re doing everything, and they try to do everything quicker as well. The lead pipes are going to [be] replace[d] by 2050 instead of just saying we’ll replace them, we just don’t know how long it’ll take” – Online workshop (North, Young People Panel)*
- *“[Plan 1] wasn’t acceptable and then the difference between the... second and the third is very minimal so, I said that [plan] three would be the better all-rounder” – Online workshop (North, Young People Panel)*

Northumbrian Water participants generally agreed that **plan 3 would offer the best value for money** due to being the most ambitious.

- *“There’s not much difference between the packages and cost, yeah, so why not go for the third option and get all the things done” – Face-to-face workshop (North)*
- *“The jump is not mega between one and two. But between two and three, it’s pence. If you take the numbers at face value... If you’re happy with two, go with three. I heard what the paediatrician said fine, but the quicker the vessel in my point of view” – Online workshop (North)*
- *“I think it’s worth every penny for the environmental changes and also for the lead... and being a father as well... I do think that’s it [the priority], alongside obviously environmental benefits. I personally do feel as though it’s worth it” – Online workshop (North)*

The view of **plan 3 offering the best value for money**, and the **poor value for money in plan 1** ‘must do’ option, was shared by Essex & Suffolk Water participants.

- *“The price difference is so minimal I’d probably for plan three” – Online workshop (Essex)*
- *“You pay 15p more per month and if they can just replace the lead as soon as possible. It will be great. You know?” – Online workshop (Essex)*
- *“I picked option three as I don’t think option one could necessarily go far enough but obviously the difference between option two and option three in terms of money is not very much, so you may as well get the most benefit” – Online workshop (Essex & Suffolk Water, Young People Panel)*

Essex & Suffolk Water participants additionally felt that, overall, whilst **not being the most affordable** option if implemented now, the **ambition to support long-term future goals makes it their preferred**

choice, and having advance notice would ensure customers would be able to save and budget for this rise.

- *“I went for option three... the proposed actions in two are really useful and I think they are worth investments in terms of looking at climate resilience... just adding a little bit extra to get us up to option three would make sense” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“I went with option three as it might not be the most affordable option... I probably wouldn’t be able to afford it straight away... but for the long-term future goals that’s the best plan, I would have said option one for right now to be implemented right now if they need to make a decision today. But, for option three... you get what you are paying for... especially for the removal of lead pipes... especially for children” – Online workshop (Essex & Suffolk Water, Young People Panel)*
- *“They are very similar and really option three only includes the removal of lead pipes by 2050 I think, where they’re illegal now anyway” – Online workshop (Suffolk)*

Other thoughts

Having been presented with the three plan options, some participants mentioned their preference would be to have other options, as follows.

One Northumbrian Water participant felt that all plans presented were **not ambitious enough**. This participant stated that the increase to plan 1, with a **rise in costs by approximately 40%, was too high** for them to consider and, ultimately, they would prefer to see a plan **‘option 0.5’ which was a 10-15% increase** to their current bill.

- *“For all three of these plans, I don’t think they go...far enough, particularly looking to the future for the climate change... If it was genuinely ensuring our future against the likely things that we all know are going to happen, then I might be prepared to pay for it... I think these increases are at least double the amount that should be contemplated. Nowhere have we seen what will be a reasonable increase, maybe 10 or 15%. What could we have for 10 or 15%? And I just don’t see that 35.6%, which is the smallest one here, going up to 40 and 41%. It’s just not right ... it’s not value for money” – Online workshop (North)*

Several Northumbrian Water participants in the face-to-face workshop, as well as some Suffolk participants, considered it necessary to have a plan which met the statutory obligations of **the plan 1**

'must do' option, which additionally included lead pipes but did not include some of the lower priority options which had been included as optional enhancements in the plan 2 'proposed' option. In this instance, it can be recognised that a plan 'option 1.5' would be the preference of some participants.

- *"If I was going to go for two, then I'd go for three... could there not have been another [plan] one and a half with some of the options in there like lead pipes? ... It's horrific that we're contemplating a 30% increase on the bill and just accepting it" – Face-to-face workshop (North)*
- *"I'd still like to see this changed around just a little bit. If it's 14p for lead pipes, couldn't we add 28p to plan one, because it's such a little investment for such a big benefit? And add the resilience in and maybe let's make it a £30 increase over the year. So, there's more choices involved there" – Online workshop (Suffolk)*
- *"There's a big difference between one and two. So somewhere in the middle there, maybe there's a couple of other plans we could add in gives people more choice" – Online workshop (Suffolk)*

A plan 'option 1.5' was also felt to be a preference for some Northumbrian Water face-to-face workshop participants, who felt that **some optional enhancements from plan 2 should be included in plan 1, but not all of them.**

- *"I think they should... whether it be public service announcements or leaflets, tell the public what they've done and why they've done it to basically... justify their existence and justify the costs. We're paying for it so, at the end of the day, we'd like an update as regards... It's no good waiting five years until their next business plan, it costs not a lot of money in the scheme of things to do a public service announcement" – Face-to-face workshop (North)*
- *"The net zero shouldn't be passed on to customers. That should be something that [Northumbrian Water] are doing anyway. Even businesses, that's coming down to on a personal level with your [cars], that's happening, so I don't understand why that's even part of a business thing. That shouldn't be passed on, that should just be happening" – Face-to-face workshop (North)*
- *"Water quality risks should be in plan one" – Face-to-face workshop (North)*

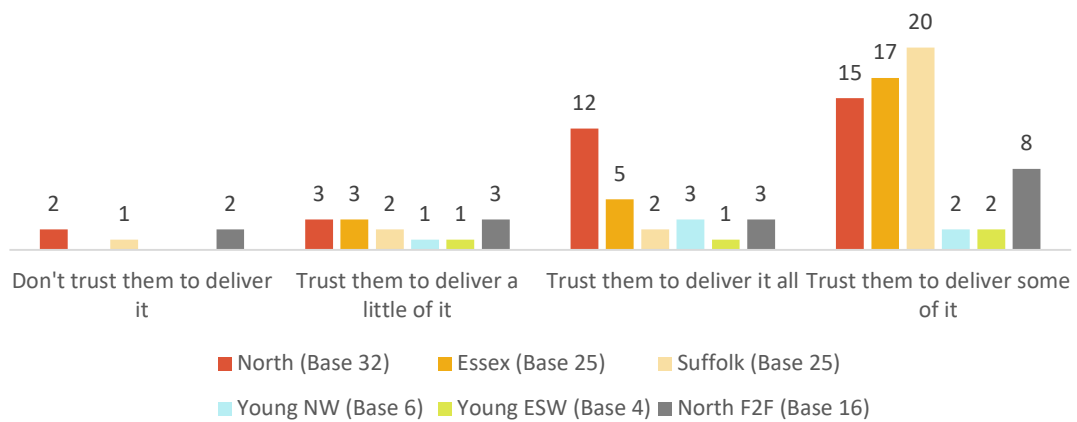
Some participants from the Northumbrian Water region stated they **would have preferred to have a significantly different plan 3 'alternative' option presented** to them, which would be **more ambitious**, and understandably cost more money. Reasons referred to the **minimal difference in proposed costs** between plans 2 and 3, as well as the view that many customers waste water, **therefore more expensive water bills may help in reducing water usage.**

- “I’d probably go beyond to the next tier if that was my choice. I think that a lot of people waste water. So maybe, with the bills a little bit higher, they might think about saving a little bit more” – Online workshop (North)
- “What I would have preferred... was actually a third option, which was... significantly different in price, difference in terms of what they were offering. But at the moment, we have option A and B, and B plus a little bit” – Online workshop (North)

Trust in delivering plan 2 ‘proposed’ by 2030

Participants were asked about the extent to which they trust Northumbrian Water and Essex & Suffolk Water to deliver their proposed plan by 2030. The results, presented in the chart below, show that the response most frequently voted for **across most regions** was that they **‘trust them to deliver some of it’**. The only region where this was not the most frequently voted for response was the **‘Young NW (Northumbrian Water)’ group, who trusted them to ‘deliver it all’**.

To what extent, if at all, do you trust Northumbrian Water / Essex & Suffolk Water to deliver their proposed plan by 2030?



| 5 votes (don't trust) | 13 votes (trust to deliver a little) | 26 votes (trust to deliver all) | 64 votes (trust to deliver some) |
|------------------------|--------------------------------------|---------------------------------|----------------------------------|
| 4 votes North | 7 votes North | 18 votes North | 25 votes North |
| 1 vote Essex & Suffolk | 6 votes Essex & Suffolk | 8 votes Essex & Suffolk | 39 votes Essex & Suffolk |

Other findings (anomalies)

Unrelated to each of the plans, a common point raised by participants, most frequently at Northumbrian Water's face-to-face workshop, was the view that the **privatisation of water companies was illustrative of a bad business model**.

- *"We're stuck with a bad business model here. They're still a private company beholden to shareholders and making them their priority instead of their customers. I think it should be publicly run for the good of the customers entirely"* – Face-to-face workshop (North)
- *"The regulation needs to be looked at... if you're taking from something and reaping benefits from that and pumping something back into it, then morally, do you not have a responsibility to make sure that that's safe for people to access?"* – Face-to-face workshop (North)
- *"Why did they decrease the money in the last plan if they knew that they would need money for the lead pipe replacement?"* – Face-to-face workshop (North)
- *"Within the world, there are only 12 [water] companies that are privatized, and they all happen to be in England and Wales... what I did object to was the fact that the money that goes to Dividends ends up in the Cayman Islands and isn't reinvested in the Northeast"* - Online workshop (North)

In relation to this, some participants, across both regions, **questioned why there was no government support**, as well as whether lobbying the government would be an option in order to ensure the regulations are fair to customers.


- *"The government are helping... people who can't pay their energy bills... is there a reason why they don't do that with water? Is there any incentive for water companies? Because energy companies are private companies as well, so the government are incentivising them to help their customers...I don't know why there's no support"* – Face-to-face workshop (North)
- *"They've got raised costs to put the extra infrastructure and other things into make it more sustainable for the future, is there any government funding that goes with that? Or have Essex and Suffolk Water got to fund that completely themselves?"* – Online workshop (Essex)
- *"If it's the national infrastructure problem, should there not be some input towards rectifying this at government level?"* – Online workshop (Suffolk)

A minority view, held by two participants, a customer of Northumbrian Water and Essex & Suffolk Water, respectively, felt that the **'removal of lead pipes' was not needed**. Whilst one participant explained that the roadworks requirements would be off-putting for them, the other participant explained that lead pipes have been around for a long time, suggesting that there was no urgent need to replace lead pipes.

- *"I've lived here for 25 years, so I've [lived] with lead pipes for 25 years... It's the traffic, the road works outside of my house that would put me off" – Online workshop (Suffolk)*
- *"The thing is people have been living with lead pipes since the year dot" – Face-to-face workshop (North)*

The logo for 'explain' is located in the top left corner. It consists of the word 'explain' in a lowercase, sans-serif font, with a small icon of a document with a speech bubble above the 'i'. The logo is white and set against a teal background.

explain

The background of the slide is a teal-tinted photograph of two women sitting at a table, engaged in conversation. The woman on the right is in the foreground, looking towards the woman on the left. The woman on the left is smiling and looking down at something on the table. The background shows a window with string lights and a shelf with two water bottles.

**“Research should never
be just for knowledge – it
should be for progress”**

Conclusions


A holistic review of the actionable insights.

Conclusions

The purpose of this research was to understand which plan participants preferred and how affordable it was. When taking all factors into consideration, **most participants (67%) preferred the plan 3 'alternative' option**. Reasons underpinning this were primarily due to the **greater level of ambition in removing lead pipes**, due to the importance of **prioritising health** and investing more in other areas of optional enhancement; as well as the minimal cost difference between plan 1 and plan 3, therefore a belief that plan 3 offered **better value for money** overall.

Overall, participants felt that any form of bill increase should come into effect alongside various factors being in place **to improve affordability and acceptability**. Participants generally felt that the bill impact for customers should be minimised, and suggested ways to do so would be to have the **company allocate some profits** into funding investment. Both affordability and acceptability were felt to increase with **advance warning** of changes, which would allow customers to prepare a budget and save money.

For those living in the Essex & Suffolk Water regions, it was felt that **transparency** was needed in terms of justification as to why customers' existing bill was higher compared to other regions. Furthermore, **communicating with customers** as to why investment is needed in certain areas would be needed, as well as **educating customers** regarding ways to recycle water or save water, to reduce their bills. Participants also felt **concern for vulnerable groups, therefore support** for these groups would make plans more acceptable.

- 
- Essex & Suffolk Water customers wanted justification for why their existing water bill was at a high cost; many felt that this **information would be needed before accepting further bill increases**.
 - Across both regions, most participants considered the **removal of lead pipes to be of the highest priority** due to health impacts this could have. To young participants, it was also important to prioritise climate change, net zero and the environment.
 - It was thought to be most affordable and acceptable **for shareholders to be transparent with what they were investing** into these areas, in order to keep customer bill increases to the lowest possible increases.
 - The **initial increase of bills to plan 1 was considered to be high**, whereas the increases between plan 1 and plan 3 were felt to be small, which participants felt led them to having little choice, and other options should be made available.
 - Education was considered to be a solution to improving affordability and acceptability**, reasoning that individuals and households, consumers in conduit through the region, and businesses, can take action to save water and reduce bills.
 - The cost of living crisis, uncertainty of the future, and whether other bill increases will occur, made it **difficult for customers to be confident in their ability to finance** increases. **Concern for vulnerable groups** and the extent of support available was discussed.

The logo for 'explain' is located in the top left corner. It consists of the word 'explain' in a lowercase, sans-serif font, with a small square icon containing a white document symbol to its right. The entire logo is contained within a white speech bubble shape with a drop shadow.

explain

The background of the page is a photograph of a woman with long, wavy hair, smiling warmly at the camera. She is sitting at a desk with a laptop in front of her. The entire image is overlaid with a semi-transparent teal color. The quote is centered over the woman's face.

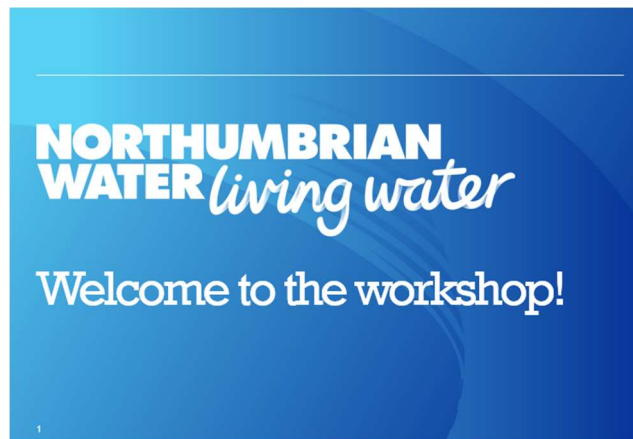
**“Quality is not an act; it is
a habit”**

Appendices

Supporting documentation can be found in this section.

Appendices

Appendix A: PPT for Northumbrian Water and Essex & Suffolk Water customers

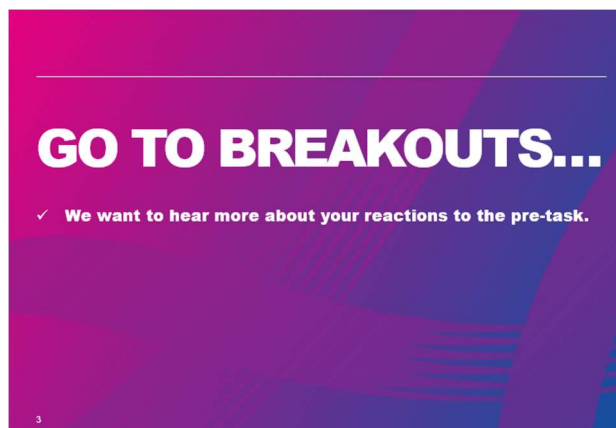


TODAY WE WILL...



1. Learn about Northumbrian Water's role and responsibilities
2. Learn about the business plan that Northumbrian Water is developing
3. Consider some options for the Northumbrian Water business plan
4. Provide your feedback to help shape Northumbrian Water's final plan

2



LET'S GO BACK TO THE BEGINNING...

**WHO IS NORTHUMBRIAN WATER, AND
WHAT DO THEY DO?**

VIDEO

INTRO TO NORTHUMBRIAN WATER



POLL:

**On a scale of 1 to 10, how confident
are you in your understanding of
Northumbrian Water's role? (1=not at
all, 10=very confident)**

7

POLL:

On a scale of 1 to 10, overall how satisfied are you with the service you receive from Northumbrian Water? (1 very dissatisfied, 10 very satisfied)

8

WHAT IS THE NORTHUMBRIAN WATER BUSINESS PLAN?

INTRO TO THE PLAN VIDEO



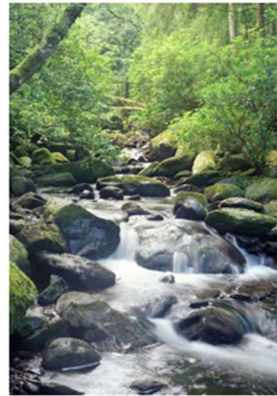
WHAT IS A BUSINESS PLAN?

▶ ◀ ▶▶ 00:05.77 🔊



**INTRO TO THE PLAN
THE INVESTMENTS**

- In the pre-task we outlined three potential business plan packages.
- Within each package were a number of different investment areas.
- Some of these were 'must do' to meet statutory obligations or new regulations, others were optional but Northumbrian Water think are important.
- Some of these were to address challenges during 2025 to 2030, some were about addressing future challenges brought about by issues such as climate change.



12

**INTRO TO THE PLAN
THE MUST DO'S**

- There are 8 investment areas in the plan that appear in each of the three packages, these are the things that Northumbrian Water 'must do'

| | | |
|---|---|--|
| Metering, encouraging water efficiency and tackling leakage to ensure we have enough water in the future | Meeting new regulations around reservoir safety | Removing nutrients from wastewater to avoid the environment being disrupted |
| Growing wastewater treatment works to respond to population growth | Introducing new security measures at critical sites to ensure services aren't interrupted | Ensuring that we can continue to treat water in rivers and reservoirs to make this into drinking water |
| Maintaining and replacing equipment to make sure it is in good working order and to avoid service failures (asset health) | Tackling storm overflows which release heavily diluted wastewater into rivers and seas | |

13

INTRO TO THE PLAN
THE OPTIONAL INVESTMENTS

- There are six investments in the plan which Northumbrian Water are proposing because they improve customer service or address future risks. These are:

Improvements to rivers, reservoirs and coastlines that the public can access (e.g. footpaths, wildlife, water quality)

Investing in the network to ensure it is resilient to climate change

Investment to make sure that Northumbrian Water can supply the highest quality of water to their customers

Investment to minimise how often customers experience sewer flooding to the outside of their property

Investment to reduce carbon emissions and meet net zero

Investment to reduce lead pipes in the network because of the health risk

14

POLL:

Based on what you have read and heard which three of these investment areas matter most to you?

15

POLL:

Based on what you have read and heard which three of these investment areas require the most improvement?

16

SHARE YOUR THOUGHTS...

✓ Would anyone like to share what they voted for and why?

17

POLL:

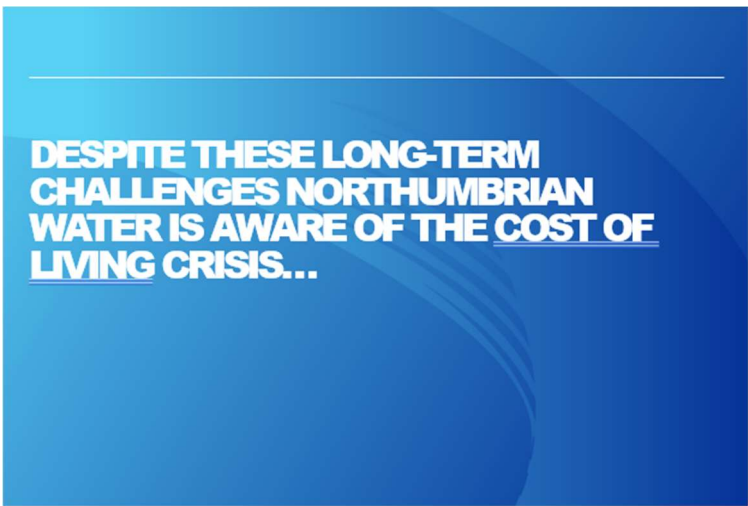
On a scale of 1 to 10, overall how satisfied are you with the value for money you receive from Northumbrian Water for your water (and wastewater services)? (1 very dissatisfied, 10 very satisfied)

18

**THIS BUSINESS PLAN MUST ADDRESS
A NUMBER OF LONG-TERM
CHALLENGES...**

THE LONG-TERM PICTURE
VIDEO

- Although Northumbrian Water is developing their business plan for 2025 to 2030, this is in the context of their long-term plan up to 2050
- This video explains some of the long-term challenges that Northumbrian Water must address now and in the future



AFFORDABILITY
VIDEO



POLL:

- ✓ **On a scale of 1 to 10 where 1 is very concerned and 10 is not at all concerned, how do you feel about your finances now?**
- ✓ **On a scale of 1 to 10 where 1 is very concerned and 10 is not at all concerned, how do you feel about your finances in two years time?**

23

SHARE YOUR THOUGHTS...

- ✓ **Would anyone like to share how you the cost of living crisis has changed your spending behaviour?**

24

LET'S GET TO THE POSSIBLE BUSINESS PLAN PACKAGES...

BUSINESS PLAN PACKAGES INTRO

- We will be presenting you with three different possible business plans.
- These business plans include:
 - Investment Northumbrian Water **must do** because of statutory obligations or regulations
 - Investment to improve service to customers or address future challenges like climate change
- In all three proposed business plans, the average customer water and wastewater bill is expected to increase from the current bill of £365 per year starting from 2025.
- This is largely because of investment Northumbrian Water **must do** by law, for example to meet new environmental standards.
- Northumbrian Water do not have a choice and **must** make these investments and bill all their customers accordingly.



26

BUSINESS PLAN PACKAGES WHY CAN'T BILLS STAY THE SAME?

- If Northumbrian Water did not increase bills they would not be able to meet their legal obligations to maintain current water and wastewater services.
- For example:
 - Not meeting industry requirements for reducing leakage, providing meters to those who ask for them, or water efficiency, meaning that water would be in shorter supply.
 - They would not be able to tackle raw water quality or replace aging concrete equipment at treatment works, meaning a greater risk of poor water quality (meaning interruptions in supplies).
 - They would not be able to meet legal requirements for reservoir safety.
 - Almost all of the environmental programme would be unaffordable, including most of the work to tackle storm overflows, dealing with nutrients in rivers and seas, or reducing sewer flooding.
 - They would have to accept more risk from climate change, including more interruptions in storms from power cuts and flooding.
 - They would not be able to work with local partners to reduce flooding risk, or continue to meet their Net Zero obligations.



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BUSINESS PLAN PACKAGES HOW HAS MY BILL CHANGED OVER TIME

- Northumbrian Water bills are currently 11% lower than they were three years ago and are lower than almost all water and wastewater companies.

2019/2020
£412 in real
terms
(without
inflation)



2022/2023
£365 in real
terms (without
inflation)

28

| Water and wastewater company | Average customer bill for 2022/2023 |
|------------------------------|-------------------------------------|
| South West Water | £472 |
| Wessex Water | £470 |
| Welsh Water | £463 |
| Anglian Water | £452 |
| Thames Water | £423 |
| United Utilities | £422 |
| Yorkshire Water | £419 |
| Southern Water | £402 |
| Severn Trent Water | £389 |
| Northumbrian Water | £365 |
| Hafren Dyfrdwy | £334 |
| Industry average | £419 |

BUSINESS PLAN PACKAGES SUMMARY OF THE THREE PACKAGES

| | Plan 1 (must do) | Plan 2 (proposed plan) | Plan 3 (alternative plan) |
|--|--|--|---|
| *Metering, water efficiency & leakage | ✓ | ✓ | ✓ |
| *Reservoir safety | ✓ | ✓ | ✓ |
| *Storm overflows | ✓ | ✓ | ✓ |
| *Removing nutrients from wastewater | ✓ | ✓ | ✓ |
| *Growth at wastewater treatment works | ✓ | ✓ | ✓ |
| *Security | ✓ | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ | ✓ |
| *Water quality risks | ✗ | ✓ | ✓ |
| *External sewer flooding | ✗ | ✓ | ✓ |
| *Net zero | ✗ | ✓ | ✓ |
| *Lead pipe replacement | ✗ | ✓ | ✓ |
| | no lead pipe replacement | doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas | doing more replacement to make sure NVV meet the target to be lead free by 2050 |
| Average bill impact by 2029/2030 excluding inflation | +£130 per year or +£10.83 per month on top of the average bill of £365 | +£148.50 per year or +£12.38 per month on top of the average bill of £365 | +£149.85 per year or +£12.49 per month on top of the average bill of £365 |

29

BUSINESS PLAN PACKAGES AVERAGE BILL IMPACTS

- The costs we have shared with you so far are a **ball park guide** as to how the average customer bill would be impacted by each package
- They do not take into account:
 - The rewards or penalties Northumbrian Water might receive based on whether they miss or achieve their targets
 - Inflation
 - That increases wouldn't happen overnight on the 1st of April 2025, they would be introduced gradually from 2025 to 2030



30

BUSINESS PLAN PACKAGES INFLATION

- Water bills change each in year in line with inflation
- Inflation is the increase in prices paid for goods and services over time. Household incomes also change over time.
 - If your household income keeps up with inflation (i. increases at the same rate), then you are likely to notice little difference in what you are paying for things.
 - If inflation increases by a faster rate than your household income, then you are likely to have less money to go around.
 - If your household income increases by a faster rate than inflation, then you are likely to have more money to go around.
- The Bank of England aims to keep inflation at 2%, but it has recently been much higher than this.
- The proposed bills you are now about to see include the Bank of England forecasts for inflation from 2025 to 2030, and proposed amounts to cover the investment in water and sewerage services needed over the next few years.

31

+£130 per year / +£10.83 per month
Average bill £495 per year/ £41.25 per month

OPTION 1 – “MUST DO”
ONLY STRICT LEGAL OBLIGATIONS

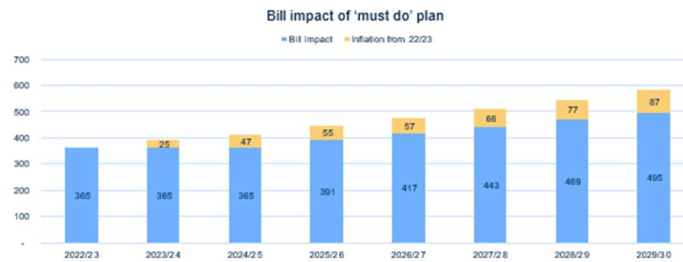
- ✓ Reducing leaks, installing smart meters, and water efficiency to meet legal obligations and meet national targets.
- ✓ Legal obligations for the environment, as set by the Environment Agency – storm overflows, removing nutrients, monitoring pollution. These ‘must do’ investments account for 80% of the proposed bill increase.
- ✓ Tackling the quality of water coming into treatment works, so protecting water supplies from increasing chemical pollution and pollution from agriculture.
- ✓ Replacing oldest equipment in poor condition at water and wastewater treatment works where it is most efficient to do so now, allowing more resilient water supplies and lower risk of pollution
- ✓ Repairing and replacing service reservoirs where these are old and at risk of failing, reducing the risk to customers of poor water quality.
- ✓ Improving security at water treatment works to meet new standards, protecting customers from interruptions to supply and water quality risks.

✗ This option would still mean a high risk from climate change to interruptions to supply and water quality. NW would be unable to meet regulatory expectations on water quality risks, resilience to extreme weather, replacing lead pipes, or reducing the risk of sewer flooding.

32

OPTION 1 – “MUST DO”
ONLY STRICT LEGAL OBLIGATIONS

- The average bill of £495 a year is what bills would need to be by 2029/2030 to fund the investment needed to deliver the ‘must do’ plan
- The blue bars on the graph show the average bill year on year as bills gradually increase
- The yellow bars on the graph show the impact of inflation year on year



33

BREAKOUT ROOMS

- ✓ Tell us what you think of this package.

35

OPTION 2 – “PROPOSED PLAN”

+£148.50 per year / +£12.38 per month
Average bill £513.50 per year / £42.80 per month

OPTION 1 PLUS INVESTMENT TO IMPROVE PERFORMANCE AND TACKLE FUTURE THREATS

This plan aims to tackle future threats before they become a problem. There are also two areas (water quality and sewer flooding) where we are below the sector average and could improve performance with additional investment.

- ✓ Improving **water environments** for everyone.
- ✓ Ensuring sites are **resilient to extreme weather** including protection from flooding and protecting power supplies.
- ✓ Climate change adaptation – tackling algae growth that threatens water treatment works, and other threats from climate change.
- ✓ Water quality risks – improving performance on water quality.
- ✓ Become sector leading in minimising sewer flooding and making progress towards eliminating sewer flooding completely.
- ✓ Replacing most vans with electric vehicles, to reduce carbon emissions and make progress towards Net Zero.
- ✓ Lead replacement – NW currently replace lead pipes in customer homes, as part of a national programme to reduce lead in water supplies (a serious health risk, particularly to children). They could maintain their existing programme and increase their work with vulnerable groups and areas with old housing with lead pipes.

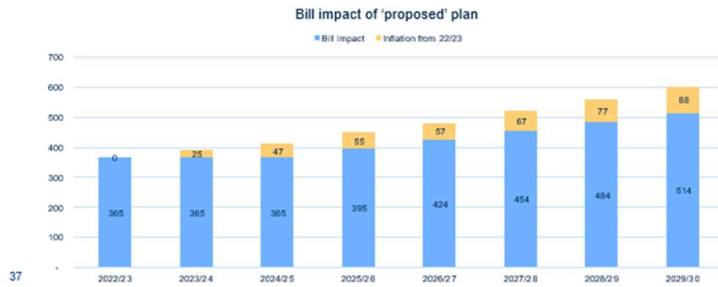
✗ NW has a target to eradicate lead pipes by 2050, this option would mean they had more work to do in between 2030 and 2050 to "catch up."

36

OPTION 2 – “PROPOSED PLAN”

OPTION 1 PLUS INVESTMENT TO IMPROVE PERFORMANCE AND TACKLE FUTURE THREATS

- The average bill of £513.50 a year is what bills would need to be by 2029/2030 to fund the investment needed to deliver the 'proposed' plan
- The blue bars on the graph show the average bill year on year as bills gradually increase
- The yellow bars on the graph show the impact of inflation year on year



37

BREAKOUT ROOMS

✓ Tell us what you think of this package.

39

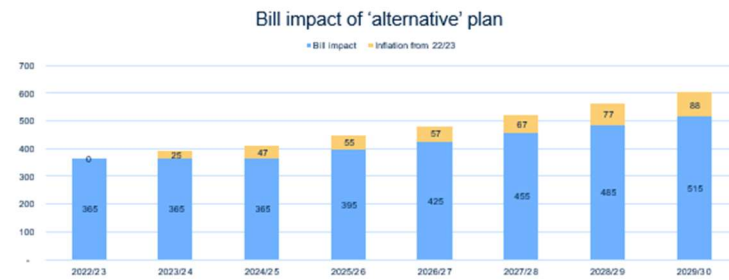
OPTION 3 – “ALTERNATIVE PLAN” +£149.85 per year / +£12.49 per month
OPTION 2 PLUS DOING MORE REPLACEMENT TO MAKE SURE Average bill £514.85 per year/ £42.90 per month
NORTHUMBRIAN WATER MEET THE TARGET TO BE LEAD FREE BY 2050

- ✓ This plan delivers everything that is included in the proposed plan, but it also goes further on eradicating lead pipes.
- ✓ There is a target to eradicate all lead pipes by 2050, and this plan would make sure Northumbrian Water is on track to achieve that.
- ✗ Otherwise this investment will need to be made in future years.

40

OPTION 3 – “ALTERNATIVE PLAN”
OPTION 2 PLUS GOING FURTHER ON LEAD PIPES

- The average bill of £514.85 a year is what bills would need to be by 2029/2030 to fund the investment needed to deliver the 'alternative' plan
- The blue bars on the graph show the average bill year on year as bills gradually increase
- The yellow bars on the graph show the impact of inflation year on year



41

BREAKOUT ROOMS

✓ Tell us what you think of this package.

43

WE NOW WANT TO UNDERSTAND YOUR PREFERRED BUSINESS PLAN PACKAGE...

PREFERRED BUSINESS PLAN PACKAGE A REMINDER OF THE THREE PACKAGES

| | Plan 1 (must do) | Plan 2 (proposed plan) | Plan 3 (alternative plan) |
|---|---|--|--|
| *Metering, water efficiency & leakage | ✓ | ✓ | ✓ |
| *Reservoir safety | ✓ | ✓ | ✓ |
| *Storm overflows | ✓ | ✓ | ✓ |
| *Removing nutrients from wastewater | ✓ | ✓ | ✓ |
| *Growth at wastewater treatment works | ✓ | ✓ | ✓ |
| *Security | ✓ | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ | ✓ |
| *Water quality risks | ✗ | ✓ | ✓ |
| *External sewer flooding | ✗ | ✓ | ✓ |
| *Net zero | ✗ | ✓ | ✓ |
| *Lead pipe replacement | ✗ | ✓ | ✓ |
| | no lead pipe replacement | doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas | doing more replacement to make sure NW meet the target to be lead free by 2050 |
| Average bill impact by 2029/2030 excluding inflation | +£130 per year or +£10.83 per month on top of the average bill of £365 | +£148.50 per year or +£12.38 per month on top of the average bill of £365 | +£149.85 per year or +£12.49 per month on top of the average bill of £365 |

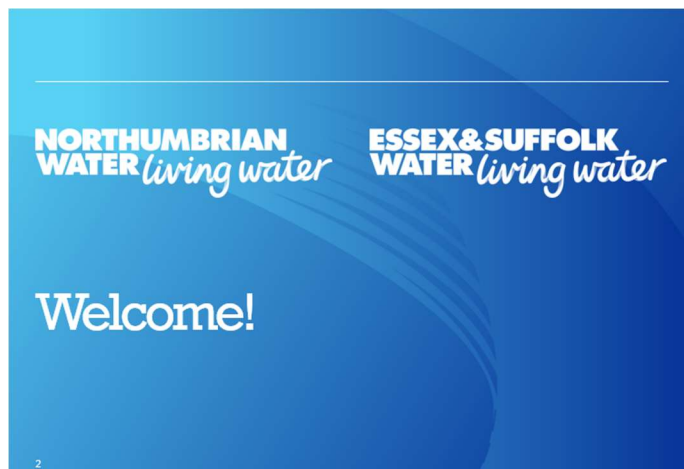
45

SURVEY:

Please complete all the questions in
this survey [LINK].

46

Appendix B: PPT for stakeholders (NW and ESW)



BACKGROUND INTRO TO NWL



- Northumbrian Water Limited (NWL) operates in the north east of England, where it trades as Northumbrian Water, and in the south east of England, where it trades as Essex & Suffolk Water.

- Northumbrian Water provides water and sewerage services to **2.7 million** people in the north east of England.
- Essex & Suffolk Water provides water services **1.5 million people in Essex and 0.3 million** in Suffolk.

3

BACKGROUND THE PRICE REVIEW PROCESS

- Every five years, water and wastewater companies like Northumbrian Water and Essex & Suffolk Water develop a 'business plan' that sets out how they want to develop their services, and how much it would cost customers.
- The business plan and prices are finalised by Ofwat in a process known as the Price Review.
- NWL will submit their PR24 business plan to Ofwat in October and are committed to ensuring this is underpinned by customers and stakeholder views.
- This business plan will run from 2025 to 2030.



4

BACKGROUND
THE PLAN

- **NWL has been working on the business plan for a number of years and has conducted extensive customer research and engagement to understand what customers want from future services**
- There are also a number of drivers and challenges that have shaped the plan:



5

BACKGROUND
YOUR VIEWS

- **This engagement activity and this range of drivers has enabled NWL to develop a draft business plan package that they would like to share with you today to capture your feedback**
- First of all, over to you:
 - What would you expect to see in the plan?
 - Where would you like to see NWL be the most ambitious?



6

BACKGROUND
YOUR VIEWS

- **Before we move into breakouts to share some detail of the proposed plan, do you have any questions?**



7

BREAKOUT ROOMS

- ✓ NEXT WE WANT TO SHARE WITH YOU THE DETAIL OF THE PLAN
- ✓ THERE IS A SEPARATE PLAN FOR NW AND ESW AND SO WE WILL NOW MOVE INTO TWO BREAKOUT ROOMS

8

THE PLAN SUMMARY

| Investment area | Must do? |
|--|-----------------------------|
| Metering, water efficiency & leakage | ✓ |
| Reservoir safety | ✓ |
| Storm overflows | ✓ |
| Removing nutrients from wastewater | ✓ |
| Growth at wastewater treatment works | ✓ |
| Security | ✓ |
| Raw water deterioration | ✓ |
| Improvements to asset health | ✓ |
| Improvements to water environments | ? |
| Resilience – climate change adaptation | ? |
| Water quality risks | ? |
| External sewer flooding | ? |
| Net zero | ? |
| Lead pipe replacement | ? |
| Average bill impact by 2029/2030 excluding inflation | +£148.50 annual bill impact |

The must dos account for £130 of the increase 80% of this is on storm overflows and nutrient neutrality.

The optional investments account for a total of £18.50 of the increase.

10

THE PLAN WASTEWATER

- In the Essex & Suffolk Water region, wastewater services are provided by either Anglian Water or Thames Water
- Wastewater bills are also expected to increase from 2025 due to environmental statutory obligations like reducing the use of storm overflows
- The current average wastewater bill for customers in England and Wales is £219 per year

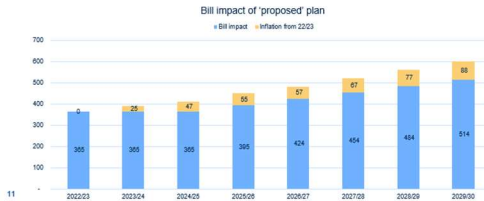


25

(Northumbrian Water breakout group)

THE PLAN
MORE ON COST

- The graph below shows more detail on cost
- The current average Northumbrian Water customer bill is £365 per year
- The graph below shows how this would increase over time to 2030 if this plan was implemented – bills would increase gradually and inflation forecasts have also been included

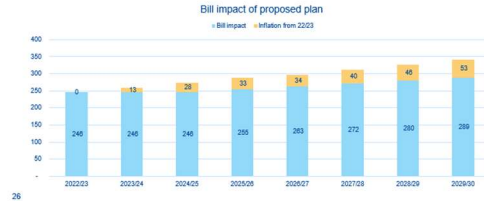


11

(Essex & Suffolk Water breakout group)

THE PLAN
MORE ON COST

- The graph below shows more detail on cost
- The current average Essex & Suffolk Water customer bill is £246 per year
- The graph below shows how this would increase over time to 2030 if this plan was implemented – bills would increase gradually and inflation forecasts have also been included



26

THE PLAN
YOUR VIEWS

- Before we get into the detail of the plan, what are your initial reactions to what we have shared with you?



12

(Northumbrian Water breakout group)

THE PLAN
THE MUST DO'S

| | | |
|---|---|--|
| Metering, encouraging water efficiency and tackling leakage to ensure we have enough water in the future | Meeting new regulations around reservoir safety | Removing nutrients from wastewater to avoid the environment being disrupted |
| Growing wastewater treatment works to respond to population growth | Introducing new security measures at critical sites to ensure services aren't interrupted | Ensuring that we can continue to treat water in rivers and reservoirs to make this into drinking water |
| Maintaining and replacing equipment to make sure it is in good working order and to avoid service failures (asset health) | Tackling storm overflows which release heavily diluted wastewater into rivers and seas | |

13

(Essex & Suffolk Water breakout group)

THE PLAN
THE MUST DO'S

| | | |
|--|--|---|
| Investing in new types of water treatment or new water storage (reservoir) to secure water supplies in Suffolk | Investment to reduce Essex & Suffolk Water's impact on the environment | Metering, encouraging water efficiency and tackling leakage to ensure we have enough water in the future |
| Introducing new security measures at critical sites to ensure services aren't interrupted | Ensuring that they can continue to treat water in rivers and reservoirs to make this into drinking water | Maintaining and replacing equipment to make sure it is in good working order and to avoid service failures (asset health) |

28

**THE PLAN
YOUR VIEWS**

- Do you have any questions or comments on the 'must dos'?



14

**THE ENHANCEMENTS
IMPROVEMENTS TO WATER ENVIRONMENTS**



- This is investment Northumbrian Water would like to continue to do to improve rivers and coastlines for their customers' enjoyment.
- This involves improvements at rivers, reservoirs and coastlines that the public can access.
- Improvements could be made to facilities and recreation, wildlife and biodiversity and the quality of water.
- Customers have previously told Northumbrian Water this investment is important to them.

15

**THE ENHANCEMENTS
IMPROVEMENTS TO WATER ENVIRONMENTS**



- This is investment Essex & Suffolk Water would like to continue to do to improve rivers and coastlines for their customers' enjoyment.
- This involves improvements at rivers, reservoirs and coastlines that the public can access.
- Improvements could be made to facilities and recreation, wildlife and biodiversity and the quality of water.
- Customers have previously told Essex & Suffolk Water this investment is important to them.

30

**ENHANCEMENTS
CLIMATE CHANGE ADAPTATION**

- This is investment Northumbrian Water would like to do to ensure their network can meet the challenges of climate change in the future.
- In the future there is expected to be more severe weather incidents such as floods, higher temperatures and wind storms.
- Without any investment Northumbrian Water expects that these weather incidents would have impacts on services over time, meaning more interruptions to water supplies, risks to water quality and pollution incidents.



16

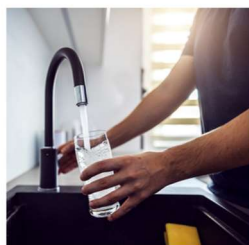
**ENHANCEMENTS
CLIMATE CHANGE ADAPTATION**

- This is investment Essex & Suffolk Water would like to do to ensure their network can meet the challenges of climate change in the future.
- In the future there is expected to be more severe weather incidents such as floods, higher temperatures and wind storms.
- Without any investment Essex & Suffolk Water expects that these weather incidents would have impacts on services over time, meaning more interruptions to water supplies, risks to water quality and pollution incidents.



31

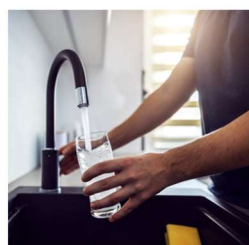
**ENHANCEMENTS
WATER QUALITY RISKS**



- This is investment Northumbrian Water would like to do in order to ensure they can supply the highest quality water to their customers.
- This would involve investments at their Water Treatment Works to remove risks that might impact on the quality of water or cause interruptions to the water supply.
- This will improve NW performance on water quality, as measured by the Drinking Water Inspectorate's "Compliance Risk Index".
- They are currently performing below industry average and have identified a number of improvements that could be made.

17

**ENHANCEMENTS
WATER QUALITY RISKS**



- This is investment Essex & Suffolk Water would like to do in order to ensure they can supply the highest quality water to their customers.
- This would involve investments at their Water Treatment Works to remove risks that might impact on the quality of water or cause interruptions to the water supply.
- This will improve ESW performance on water quality, as measured by the Drinking Water Inspectorate's "Compliance Risk Index".
- ESW is currently performing below industry average and have identified a number of improvements that could be made.

32

ENHANCEMENTS
EXTERNAL SEWER FLOODING



18

- This is investment Northumbrian Water would like to do to minimise the number of times their customers experience sewer flooding.
- External sewer flooding is flooding to the outside of a property caused by sewage escaping from the sewerage pipes. It can be caused by things like blockages and heavy rainfall.
- The flooding could occur, for example in a garden, yard or driveway. Customers have told Northumbrian Water that reducing sewer flooding is important to them.
- Northumbrian Water is performing strongly in terms of internal sewer flooding (inside the home).

ENHANCEMENTS
NET ZERO

- This is investment Northumbrian Water would like to do to achieve their goal of meeting net zero by 2027.
- Northumbrian Water is a leading water and wastewater company at reducing carbon emissions from their operations and are committed to reducing carbon footprint and greenhouse gas emissions further.
- This investment would involve replacement of their fleet with electric vehicles.



19

ENHANCEMENTS
NET ZERO

- This is investment Essex & Suffolk Water would like to do to achieve their goal of achieving net zero by 2027.
- Essex & Suffolk Water is a leading water company at reducing carbon emissions from their operations and are committed to reducing carbon footprint and greenhouse gas emissions further.
- This investment would involve replacement of their fleet with electric vehicles.



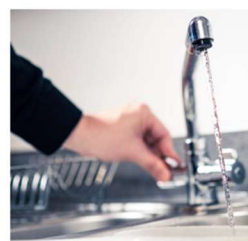
33

ENHANCEMENT
LEAD PIPE REPLACEMENT



20

- This is investment Northumbrian Water would like to do to remove lead pipes from their network and meet a target to be lead free by 2050.
- Northumbrian Water currently replaces lead pipes in customer homes, as part of a national programme to reduce lead in water supplies, which is a serious health risk, particularly to children that is mitigated through adding phosphate to water.
- They would like to expand this programme with a particularly focus on vulnerable people and old housing stock.
- This is to eradicate lead pipes by 2050 and remove the environmental impact of phosphate dosing.



34

- This is investment Essex & Suffolk Water would like to do to remove lead pipes from their network and meet a target to be lead free by 2050.
- Essex & Suffolk Water currently replaces lead pipes in customer homes, as part of a national programme to reduce lead in water supplies, which is a serious health risk, particularly to children that is mitigated through adding phosphate to water.
- They would like to expand this programme with a particularly focus on vulnerable people and old housing stock.
- This is to eradicate lead pipes by 2050 and remove the environmental impact of phosphate dosing.

THE PLAN
YOUR VIEWS

- Does anyone have any comments or questions about any of those before we ask for your views in more detail?



21

THE PLAN SUMMARY



| Investment area | Must do? |
|--|-----------------------------|
| Metering, water efficiency & leakage | ✓ |
| Reservoir safety | ✓ |
| Storm overflows | ✓ |
| Removing nutrients from wastewater | ✓ |
| Growth at wastewater treatment works | ✓ |
| Security | ✓ |
| Raw water deterioration | ✓ |
| Improvements to asset health | ✓ |
| Improvements to water environments | ? |
| Resilience – climate change adaptation | ? |
| Water quality risks | ? |
| External sewer flooding | ? |
| Net zero | ? |
| Lead pipe replacement | ? |
| Average bill impact by 2029/2030 excluding inflation | +£148.50 annual bill impact |

- What do you think of the level of ambition under this plan? Does it go far enough? Are there some areas where you would like to see Northumbrian Water do more or less?
- How do you feel about the bill impact associated with this plan?
- Do you find this plan acceptable? Why/why not?
- Do you find this plan affordable? Why/why not?

THE PLAN SUMMARY

| Investment area | Must do? |
|--|-------------------------|
| Securing water supplies | ✓ |
| Meeting legal obligations to the environment | ✓ |
| Metering, water efficiency & leakage | ✓ |
| Security | ✓ |
| Raw water deterioration | ✓ |
| Improvements to asset health | ✓ |
| Improvements to water environments | ? |
| Resilience – climate change adaptation | ? |
| Water quality risks | ? |
| Net zero | ? |
| Lead pipe replacement | ? |
| Average bill impact by 2029/2030 excluding inflation | +£43 annual bill impact |

The must dos account for £28 of the increase

The optional investments account for a total of £15 of the increase

POLL VOTE

Do you find this plan acceptable?

Do you find this plan affordable?

Appendix C: Pre-work task (NW example)

NORTHUMBRIAN WATER LIMITED (TRADING AS NORTHUMBRIAN WATER) PRE-TASK FOR ONLINE DISCUSSION GROUP

Thank you for agreeing to take part in the discussion group on 18 January, we look forward to meeting you then. The group will be a relaxed discussion about your views. Remember, there are no right or wrong answers.

This document contains some information that will be useful for you to know before coming along. Don't worry if you don't understand or remember all of the information, we'll also recap this with you in the session itself and you'll be given time to ask questions at the start.

When you get to the end of this document, there's a short task for you to complete before you come along to the discussion group.

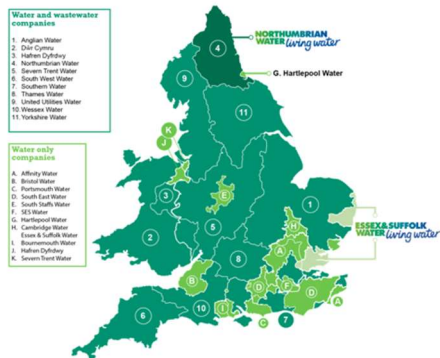


1

Northumbrian Water is one of 20 water and/or water and wastewater companies in England and Wales.

Northumbrian Water provides you with both your water and wastewater services. In some areas, these are provided by two separate suppliers.

The map below shows that Northumbrian Water supplies the north east of England. There are 11 other companies that provide both services in England and Wales. There are also nine smaller water companies who only provide water services. For example, on the map below in the Northumbrian Water operating region you can see Hartlepool Water who supply water only services in that area.



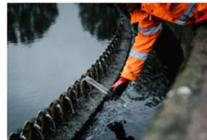
3

Overview of the water industry

Northumbrian Water and Essex & Suffolk Water are part of Northumbrian Water Limited, a company registered in England and Wales. In the north east of England, Northumbrian Water Limited trades as Northumbrian Water. Northumbrian Water is the company that provides clean drinking water to your home and takes your wastewater away.

Every day, they supply **1,104 megalitres (1.1 billion litres)** of water – equal to 441 Olympic size swimming pools.

This water is taken from reservoirs (where it is collected and stored), rivers and groundwater sources. It is treated at their water treatment works before it is delivered through a network of pipes to homes and businesses.



Wastewater is then collected from properties via the sewerage network and treated at their wastewater treatment works before it is returned to the environment as clean water. The sludge remaining after the wastewater treatment process is recycled as fertiliser or used to generate energy.

2

In the north east, Northumbrian Water serves 1.3 million properties including households and businesses.



4

Overview of the business plan process

Every five years, water and wastewater companies like Northumbrian Water develop a 'business plan' that sets out how they want to develop their services, and how much it would cost customers.

As their customers are not able to choose their water company, water and wastewater companies must give their customers a say about what they want from their services and how much they are willing to pay for the services they receive.

Talking to their customers also helps water companies prioritise what to do first or what to do the most of – because they are not able to fund everything they would like to do or do all of the things that customers might want them to do.

The business plan and prices are finalised by Ofwat in a process known as the Price Review. Ofwat is the regulator for the water sector in England and Wales and stands for 'Office of Water Services'. There is more information about Ofwat here: <https://www.ofwat.gov.uk/>. There is more information about the Price Review here: 'All about the price review'. Available at:

<https://www.youtube.com/watch?v=OWmivC93AF8>

One of the ways that people have their say is through this customer research and engagement, which will explain what the plans are for where you live, and ask what you think – are the plans 'acceptable' to you and can you afford the proposed bills from 2025-2030?

Companies also have to show Ofwat that their plans reflect what their customers want – that means refining the plans based on what customers tell them.

What does the Northumbrian Water business plan include?

The Northumbrian Water business plan covers all aspects of the services that they provide.

As you know, Northumbrian Water is responsible for getting clean, clear drinking water that tastes good to your tap. They also take away wastewater through their sewer network, treat it to make it safe and clean enough to release it into the environment, putting the clean water back into rivers and the sea.

As well as this Northumbrian Water strives to:

- Deliver an unrivalled customer experience, for example when you need to speak to them about an issue or query
- Deliver affordable and inclusive services, for example offering a range of financial support to customers struggling with their bills
- Deliver reliable and resilient services, for example making sure you can be confident that your water supply is not interrupted
- Be leading on innovation, for example their 'Bin the wipe' campaign that encourages customers not to flush wipes down the toilet because this can cause blockages

5

6

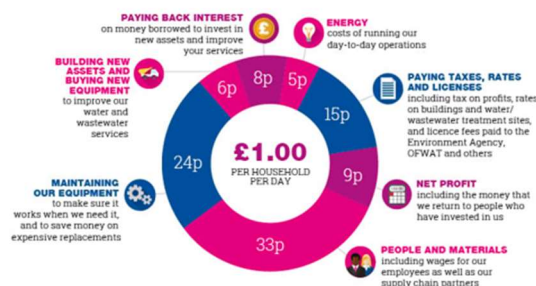
- Improve the environment, for example keeping rivers and seas clean
- Building strong economies, for example making sure we work with local suppliers

Northumbrian Water must also meet a number of statutory requirements such as drinking water quality standards and environmental standards. They must also meet a range of targets imposed by Ofwat to ensure customers receive high standards of service.

The business plan will also confirm how much customers pay Northumbrian Water for their water and wastewater services.

The average customer bill for Northumbrian Water customers is £365 per year. The image below shows where this money goes.

Where the money that you pay to us (Northumbrian Water) goes (image from Northumbrian Water)



8

How Northumbrian Water's performance against their plan is monitored

Ofwat monitor Northumbrian Water's performance against their business plan each year.

Northumbrian Water is developing their business plan for 2025 to 2030. However, water and wastewater companies are currently part way through their five-year business plan for 2020-2025.

In every five-year business plan there are service level targets, called 'performance commitments'. These targets are based on what customers have previously told companies they would like them to do, and on Ofwat's assessment of what companies should deliver. These targets cover a wide range of the different services that water companies provide.

Ofwat monitors water and wastewater company performance against each performance commitment every year to see if they have met the service level in their business plan.

Water and wastewater companies can receive financial payments from customers, in the form of increased bills, for performing beyond their committed levels of service (outperformance payments). On the other hand, water and wastewater companies can make payments to customers, in the form of reduced bills, for performing below their committed levels of service (underperformance payments).

9

Northumbrian Water's proposed business plan for 2025 to 2030

Now you have learnt about Northumbrian Water, the business plan process and their performance to date, we want to share some options for Northumbrian Water's business plan for 2025 to 2030. This is what we will be talking about more in the online discussion.

In the discussion we will be presenting you with three different possible business plans.

These business plans include:

- Investment Northumbrian Water **must do** because of statutory obligations or regulations
- Investment to improve service to customers or address future challenges like climate change

In all three proposed business plans, the average customer water and wastewater bill is expected to **increase from £365 per year**.

All plans will result in bills rising. This is largely because of investment Northumbrian Water **must do by law**, for example to meet new environmental standards. Northumbrian Water do not have a choice and must make these investments and charge all their customers accordingly.

Each proposed business plan includes investments in the areas described overleaf.

12

If Northumbrian Water don't meet some of their performance commitments, they may receive a financial penalty and they will reduce customer bills because they aren't providing the promised service.

If Northumbrian Water exceed some of their performance commitments, they may receive a financial reward and they will increase customer bills because they are providing better than the promised service.

Water companies have to provide reliable services, and plan for their services to be resilient to changing weather patterns and demand from consumers. Companies can miss or exceed performance commitment targets for a number of reasons. For example, leaks from pipes happen more often after very cold weather, which can contribute to a company not meeting the target, and flooding from sewers is less likely in dry weather, which can lead to higher performance for sewer flooding service targets. Severe weather events like Storm Arwen in 2021 can also have an impact.

10

Here is a snapshot of some of the targets Northumbrian water achieved and did not achieve in the year 2021/2022 (you can read the full report here if you wish - https://www.nwg.co.uk/globalassets/annual-performance-report-2022_final.pdf):

| | |
|--|----------------|
| Delivering high quality customer service | ACHIEVED ✓ |
| Fixing visible leaks quickly | ACHIEVED ✓ |
| Ensuring customers are satisfied with the clarity, taste and odour of drinking water | ACHIEVED ✓ |
| Reducing greenhouse gas emissions | ACHIEVED ✓ |
| Minimising interruptions to customer water supplies | NOT ACHIEVED ✗ |
| Reducing leakage from the water network | NOT ACHIEVED ✗ |
| Minimising sewer flooding | NOT ACHIEVED ✗ |

Northumbrian Water's business plan for 2025 to 2030 will include a new set of targets to continue to deliver improved service and respond to future challenges like population growth and climate change.

11

| | | |
|---|---|--|
| Metering, water efficiency & leakage | This is the work Northumbrian Water must do to make sure that they always have enough water and meet new targets around this. | This includes encouraging homes and businesses to reduce the amount of water they use by fitting water meters, sharing advice, providing support to choose water efficient white goods, retrofitting devices such as water efficient shower heads and repairing leaking toilets, etc. This also includes the work Northumbrian Water does to reduce the amount of water that passes through Northumbrian Water pipes and network that is lost to leakage. |
| Reservoir safety | This is work Northumbrian Water must do to meet new guidance around the safety of reservoirs and dams | This is about being able to lower the water level of reservoirs quickly in an emergency if there is a problem that might cause the dam to break. |
| Storm overflows | This is work Northumbrian Water must do to reduce their impact on the environment and meet new regulations. | Storm overflows act as safety valves in the sewage system. Heavy rainfall can cause the sewage system to reach full capacity. In these cases, heavily diluted wastewater is spilled through storm overflows into rivers and seas. This is to avoid wastewater backing up the system and entering customer properties. |
| Removing nutrients from wastewater | This is work Northumbrian Water must do to reduce their impact on the environment and meet new regulations. | Nutrients such as phosphorus and nitrogen are naturally contained in human waste. Northumbrian Water remove some nutrients from wastewater when they clean it before it is released back into the environment – to rivers or the sea. However, there is more work to do to meet new standards. This is because nutrients like phosphorus and nitrogen are natural fertilisers and too much in the water can cause algae which interrupts the environment. This is also caused by farmers fertiliser washing into rivers and seas. This has a bigger impact than nutrients that enter the wastewater system as human waste. |

13

| | | |
|---|--|--|
| Growth at wastewater treatment works | This is work Northumbrian Water must do to make sure their wastewater services respond to population growth. | Northumbrian Water looks at national and local statistics about population growth and house building in the future , and have identified eight sewage treatment works which will need upgrading by 2030 to deal with the additional load from population growth in their areas. And six more small ones that might depending on future developments. They will install monitoring for these , and tackle the issue if needed. |
| Security | This is work Northumbrian Water must do to meet new regulation to ensure that their sites which are now considered national infrastructure are secure | This means keeping plans, people, skills, and facilities to be able to respond to security issues – but also identifying and mitigating any security risks through physical security such as fences and locks. |
| Raw water deterioration | This is work Northumbrian Water must do to ensure that the water that is supplied to customers continues to be high quality now and in the future. | Raw water is the water that Northumbrian Water take from rivers and reservoirs and then process it in the Water Treatment Works to make it safe to drink. There is a future risk that outside factors like climate change impact on the quality of the raw water. This would mean that more work is needed at Water Treatment Works to ensure that drinking water can be produced from it. Northumbrian Water has identified three sites where work is needed to improve the quality of raw water (in the rivers, reservoirs, etc) to make sure it can be processed into drinking water in the future. |
| Improvements to asset health | This is work Northumbrian Water considers necessary to make sure their equipment like pipes and treatment works continues to work well, avoiding service failures like water supply | In previous business plans, Ofwat has limited the amount Northumbrian Water can invest in their network, to help keep bills down for customers. The amount Northumbrian Water has been able to invest doesn't take into consideration how long their equipment is likely to last before it needs to be replaced. |

14

| | | |
|---|---|---|
| | interruptions and pollution incidents. | Without investing more between 2025 and 2030, the risk of a service failure happening will increase, particularly considering future challenges such as climate change. |
| Improvements to water environments | This is investment Northumbrian Water would like to do to improve rivers and coastlines for their customers' enjoyment. | This involves improvements at rivers, reservoirs and coastlines that the public can access. Improvements could be made to facilities and recreation, wildlife and biodiversity and the quality of water. Customers have previously told Northumbrian Water this investment is important to them. |
| Resilience – climate change adaptation | This is investment Northumbrian Water would like to do to improve rivers and coastlines for their customers' enjoyment. | In the future there is expected to be more severe weather incidents such as floods, higher temperatures and wind storms. Without any investment Northumbrian Water expects that these weather incidents would have impacts on services over time, meaning more interruptions to water supplies, risks to water quality and pollution incidents. |
| Water quality risks | This is investment Northumbrian Water would like to do to in order to ensure they can supply the highest quality water to their customers. | This would involve investments at their Water Treatment Works to remove risks that might impact on the quality of water or cause interruptions to the water supply. For example, making sure that pathogens, which could make customers ill, are removed. |
| External sewer flooding | This is investment Northumbrian Water would like to do to minimise the number of times their customers experience sewer flooding. | External sewer flooding is flooding to the outside of a property caused by sewage escaping from the sewerage pipes. It can be caused by things like blockages and heavy rainfall. The flooding could occur, for example in a garden, yard or driveway. Customers have told Northumbrian Water that reducing sewer flooding is important to them. |

15

| | | |
|------------------------------|--|--|
| Net zero | This is investment Northumbrian Water would like to do to do to make sure that they make net zero targets set by the government. | Net zero is about balancing the amount of harmful greenhouse gases being put into the atmosphere with those being taken out. Northumbrian Water is a leading water and wastewater company at reducing carbon emissions from their operations and are committed to reducing carbon footprint and greenhouse gas emissions further. |
| Lead pipe replacement | This is investment Northumbrian Water would like to do to remove lead pipes from their network and meet a target to be lead free by 2050. | Up to 1969, many supply pipes in the UK were constructed with lead – in 1969 this was made illegal. The reason for this is because water that passes through lead supply pipes can pick up small traces of lead, and lead is a known health risk. Exposure to lead in drinking water most affects younger people the most, particularly those under 6. Water companies mitigate against this risk by adding the safe chemical phosphate to water at its treatment works. While phosphate dosing protects against some of the risk, it does not prevent all of the risk – some lead can still find its way into drinking water. Furthermore, phosphate dosing is not environmentally friendly and is an expensive solution. Northumbrian Water currently replaces lead pipes in customer homes, as part of a national programme to reduce lead in water supplies (a serious health risk, particularly to children). |

The three plans we will discuss in the group are:

| | Plan 1 (must do) | Plan 2 (proposed plan) | Plan 3 (alternative plan) |
|---|---|---|--|
| *Metering, water efficiency & leakage | ✓ | ✓ | ✓ |
| *Reservoir safety | ✓ | ✓ | ✓ |
| *Storm overflows | ✓ | ✓ | ✓ |
| *Removing nutrients from wastewater | ✓ | ✓ | ✓ |
| *Growth at wastewater treatment works | ✓ | ✓ | ✓ |
| *Security | ✓ | ✓ | ✓ |
| *Raw water deterioration | ✓ | ✓ | ✓ |
| *Improvements to asset health | ✓ | ✓ | ✓ |
| *Improvements to water environments | ✗ | ✓ | ✓ |
| *Resilience – climate change adaptation | ✗ | ✓ | ✓ |
| *Water quality risks | ✗ | ✓ | ✓ |
| *External sewer flooding | ✗ | ✓ | ✓ |
| *Net zero | ✗ | ✓ | ✓ |
| *Lead pipe replacement | ✗ no lead pipe replacement | ✓ doubling the pace of lead pipe replacement with focus on vulnerable groups and older housing areas | ✓✓ doing more replacement to make sure NW meet the target to be lead free by 2050 |
| Average bill impact by 2029/2030 excluding inflation | +£130 per year or +£10.83 per month on top of the average bill of £365 | +£148.50 per year or +£12.38 per month on top of the average bill of £365 | +£149.85 per year or +£12.49 per month on top of the average bill of £365 |

*Please note the definition for each area is detailed on the previous pages

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How bills have changed over time

Northumbrian Water bills are currently 11% lower than they were three years ago and are lower than any other water and wastewater company.

The average Northumbrian Water customer bill in 2019/2020 was £412 and has since reduced to £365 in 2022/2023. This is because Northumbrian Water's business plan for 2020 to 2025 **reduced customer bills**.

Northumbrian Water customers also currently have one of the **lowest average bills** of any combined water and wastewater company in England and Wales. All water and wastewater companies must make the same investment related to statutory obligations or regulations and so bills are expected to increase across England and Wales.

| Water and wastewater company | Average customer bill for 2022/2023 |
|------------------------------|-------------------------------------|
| South West Water | £472 |
| Wessex Water | £470 |
| Welsh Water | £463 |
| Anglian Water | £452 |
| Thames Water | £423 |
| United Utilities | £422 |
| Yorkshire Water | £419 |
| Southern Water | £402 |
| Severn Trent Water | £389 |
| Northumbrian Water | £365 |
| <u>Hafren Dyfrdwy</u> | £334 |
| Industry average | £419 |

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Your task to complete before the session

Please answer the following questions before attending the session.

Q: The current average water and sewerage services bill is £365 (the average combined water and sewerage bill for Northumbrian Water customers). How easy or difficult is it for you to afford to pay your current water and sewerage bill?

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know

Q: We will start the session discussing your reactions to the information. As you read through it, please list the three or four things that are new / interesting / surprising to you? Please have these to hand during the research group discussion.

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Appendix D: Pre-task feedback

Stakeholder (council representative)

- A **balance** needs to be struck between providing customers with an **affordable, resilient water supply and wastewater services**, whilst meeting **increasing demands** in a **sustainable way**. The business plan must meet the challenges of **adapting to climate change** ensuring our critical infrastructure networks are resilient in the future whilst **protecting our natural environment**. Northumbrian Water has a responsibility to protect the environment, and funding for additional investment should come from NWL's **shareholders**. Customer bills should not bear the burden of generating revenue required to invest in NWL's assets to deliver necessary environmental improvements required to meet **new statutory requirements of the Environment Act** e.g. Drainage Wastewater Management Plan's stormwater overflow reductions and targets for nutrient loads from treated wastewater.
- Gateshead Council (LLFA) values the **collaborative working** arrangements with NWL such as on Northumbria Integrated Drainage Partnership which delivers drainage/flood alleviation schemes. The Council would like to see NWL's long term commitment and support for **catchment management partnerships** and delivery of **nature-based solutions & landscape resilience measures** recognising the multiple benefits: enabling new development through appropriate blue/green infrastructure - including retrofit SuDS e.g. TVTE and natural flood management measures, reducing pressure on existing drainage assets, and providing wider environmental benefits in terms of flood management, amenity and biodiversity.
- The Council will be engaging with NWL on the preparation of a **new evidence base for Local Plan** - Core Strategy Review including SFRA, Water Cycle Study, SHLAA and Infrastructure Delivery Strategy, to ensure the next local plan is deliverable and will be supported by necessary water and wastewater infrastructure.
- The business plan needs to be flexible enough to accommodate possible future policy and legislative changes which may be implemented between 2025-2030 including: review of implementation of schedule 3 of Flood and Water Management Act – NWL should anticipate supporting local authorities with the probable introduction of the **SuDS Approval Body (SAB) from 2024**; consider the recommendations of the National Infrastructure Commission Nov report 2022 for reducing the risk of surface water flooding: such as managing urban creep and introduction of delivery of **joint surface water investment plans with local authorities by 2026**; and **planning reform's Levelling-up and Regeneration Bill: reforms to national planning policy** - GOV.UK (www.gov.uk).
- All flood risk management authorities should work collaborative on **holistically managing all sources of flooding** (surface water, sewer, groundwater, river, tidal and artificial) (i.e. the business plan focus should go beyond the narrow remit of 'sewer flooding' especially consider surface water management particularly given the NIC Report) and adapting to climate change. We should all start to consider the long term economic benefits of funding and investing in **adaptations to our critical infrastructure network to build future resilience**.
- We must address the **skills and capacity shortages** in the water & flood management industry to support the green economy and to deal with the challenges of adapting to climate change. NWL may seek to engage with the Green Jobs Delivery Group to ensure the North East has the necessary future professional expertise, capabilities, and leadership.

Appendix E: Survey completed at the end of the session

Option 1: Must do

1. What is your full name? *

OPTION 1 – “MUST DO” ONLY STRICT LEGAL OBLIGATIONS

+£28 per year / +£2.33 per month
Average bill £274 per year/ £22.83 per month

- ✓ Reducing leaks, installing smart meters, and water efficiency to meet legal obligations and meet national targets.
- ✓ Building new water supplies in time so that they don't negatively impact rivers by taking too much water, whilst also being able to continue reliably supplying customers with water.
- ✓ Meeting legal obligations for the environment, as set by the Environment Agency.
- ✓ Tackling the quality of water coming into treatment works, so protecting water supplies from increasing chemical pollution and pollution from agriculture.
- ✓ Replacing oldest equipment in poor condition at water treatment works where it is most efficient to do so now, allowing more resilient water supplies and lower risk of pollution
- ✓ Repairing and replacing service reservoirs where these are old and at risk of failing, reducing the risk to customers of poor water quality.
- ✓ Improving security at water treatment works to meet new standards, protecting customers from interruptions to supply and water quality risks.

✗ This option would still mean a high risk from climate change to interruptions to supply and water quality. ESW would be unable to meet regulatory expectations on water quality risks, resilience to extreme weather, or replacing lead pipes.

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2. Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water bills? *

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know

3. Based on everything you have heard and read about this version of Essex & Suffolk Water's business plan, how acceptable or unacceptable is it to you? *

- Completely acceptable
- Acceptable
- Unacceptable
- Completely unacceptable
- Don't know/can't say

Option 2: Proposed Plan

OPTION 2 – “PROPOSED PLAN” **OPTION 1 PLUS INVESTMENT TO IMPROVE** **PERFORMANCE AND TACKLE FUTURE THREATS**

+£43 per year / +£3.58 per month
Average bill £289 per year / £24.08 per month

This plan aims to tackle future threats before they become a problem. There is one area (water quality) where we are below the sector average and could improve performance with additional investment.

- ✓ Improving the **environment** and **water environments** for everyone.
- ✓ Ensuring sites are **resilient to extreme weather** including protection from flooding and protecting power supplies.
- ✓ Climate change adaptation – tackling algae growth that threatens water treatment works, and other threats from climate change.
- ✓ Water quality risks – improving performance on water quality.
- ✓ Become sector leading in minimising sewer flooding and making progress towards eliminating sewer flooding completely.
- ✓ Replacing most vans with electric vehicles, to reduce carbon emissions and make progress towards Net Zero.
- ✓ Lead replacement – ESW currently replace lead pipes in customer homes, as part of a national programme to reduce lead in water supplies (a serious health risk, particularly to children). They could maintain their existing programme and increase their work with vulnerable groups and areas with old housing with lead pipes.

✗ ESW has a target to eradicate lead pipes by 2050, this option would mean they had more work to do in between 2030 and 2050 to “catch up.”

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4. Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water bills? *

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know

5. Based on everything you have heard and read about this version of Essex & Suffolk Water's business plan, how acceptable or unacceptable is it to you? *

- Completely acceptable
- Acceptable
- Unacceptable
- Completely unacceptable
- Don't know/can't say

Option 3: Alternative Plan

OPTION 3 – “ALTERNATIVE PLAN”

+£44.65 per year / +£3.72 per month
Average bill £290.65 per year/ £24.22 per month

OPTION 2 PLUS DOING MORE REPLACEMENT TO MAKE SURE ESSEX & SUFFOLK WATER MEET THE TARGET TO BE LEAD FREE BY 2050

- ✓ This plan delivers everything that is included in the proposed plan, but it also goes further on eradicating lead pipes.
- ✓ There is a target to eradicate all lead pipes by 2050, and this plan would make sure Essex & Suffolk Water is on track to achieve that.

- ✗ Otherwise this investment will need to be made in future years.

6. Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water bills? *

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know

7. Based on everything you have heard and read about this version of Essex & Suffolk Water's business plan, how acceptable or unacceptable is it to you? *

- Completely acceptable
- Acceptable
- Unacceptable
- Completely unacceptable
- Don't know/can't say

8. Of the business plans you have seen today, which one do you prefer overall? *

- Option 1 (Must do)
- Option 2 (Proposed)
- Option 3 (Alternative)

9. Why do you say that? *

10. To what extent, if at all, do you trust Essex & Suffolk Water to deliver their proposed plan by 2030? *

- Trust them to deliver it all
- Trust them to deliver some of it
- Trust them to deliver a little of it
- Don't trust them to deliver it

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Submit



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