

1. PURPOSE OF PAPER

The purpose of this paper is to provide an update on our evolving plans for PR19 Acceptability research and engagement.

2. BACKGROUND TO ACCEPTABILITY RESEARCH

In the methodology for the 2019 price review, Ofwat state that one of the areas that they will test companies' plans is "the overall acceptability of the package of performance commitments and ODIs to customers".

3. OUR APPROACH

We have developed a three step approach to Acceptability research and engagement: piloting, quantitative and qualitative. We are working with Explain Market Research to deliver this customer engagement, and with Frontier Economics, as a critical friend, to make sure that the principles of Behavioural Economics are applied.

The context for the design of our customer engagement (regardless of the detail of the final package) will be a combination of improved service, lower bills and reduced risk that is offered to customers. This is a strong basis from which to conduct Acceptability research and effective communication of it is critical, which is why piloting is important.

The aspects of our plan to be tested are:

- service levels;
- ODI penalties and rewards;
- discretionary enhancements (eg resilience); and
- the bill.

An additional aspect of the bill context that we will include in the positioning of our plan is any uplift due to rewards gained from ODIs in AMP6.

In our Essex and Suffolk area, we will include information on Anglian Water or Thames Water proposals for customers' waste water bills.

We are developing our information brochure for customers, and will share this in draft format with Water Forum members at the meeting on 16 May 2018.

Our acceptability research will consider the views of our customers, both Household and Non-household, and we will also look to engage with Retailers.

The fieldwork for acceptability will be carried out in June 2018.

4. PILOTING

We have completed some early customer engagement to explore the wording for the quantitative research and the depth of the context that we will need to place on bills in the main phase of Acceptability research. This was done through 200 sample telephone interviews with our customers.

Four wording options were explored to understand the response to whether customers "support", "accept", "agree" or are "happy to accept" the plan. We also explored what difference the level of context could have on results. 50% of customers were given no comparative information whilst 50% were provided with comparative information relating to the level of their bill. In ESW, half of those provided with comparative information were told that their bill was highest in England and Wales.

A large majority of customers accepted the plan, with some variation depending upon the question asked:

I am happy to accept the plan	82%
I accept the plan	92%
I support the plan	94%
I agree with the plan	94%

Our proposal is to use “I accept the plan”.

The provision of comparative information had little impact on acceptability when customers were asked if they ‘accept’ the plan:

NW – no comparative information	92%
ESW – no comparative information	92%
NW – average bill	92%
ESW – above average bill	83%
ESW – highest bill	100%

Our proposal is to be transparent and provide comparative information.

We will pilot our final approach to Acceptability research and engagement at the beginning of our fieldwork in June 2018.

5. QUANTITATIVE APPROACH

This is our representative sample engagement. It will include:

- 1,000 telephone surveys, with follow up interviews for customers who want more information;
- 900 on-line surveys (via a panel);
- 100 face to face surveys (on-street interviews);
- 200 future customer surveys;
- 20 in-depth interviews with non-household customers;
- 500 telephone interviews with non-household customers (via an on-line panel); and
- Engagement with Retailers.

To supplement the formal fieldwork, Flo will be on tour for three weeks with our Customer Heroes talking with customers about our plan.

6. QUALITATIVE

We will hold five deliberative workshops, with 30 customers at each. We believe that this is an innovative approach to acceptability and it will allow us to give customers additional detail about our Plan and explore the reasons behind customers’ choices.

We will invite some of our customers who attended our initial Defining the Conversation engagement to the events. This will allow us to demonstrate how from our initial engagement, customers’ views have shaped our plan – you told us, this is what we have done. It will show how our customers have participated in the creation of our Business Plan.

The workshops will be held in Chelmsford, Great Yarmouth, Middlesbrough, Hexham and Newcastle.

7. NEXT STEPS

Our draft materials for Acceptability research and engagement will be shared with Water Forum members on 16 May, for comment.

Members will be invited to attend the deliberative workshops for our qualitative engagement when the locations, dates and times have been confirmed. We will also share Flo’s schedule.

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

ELAINE ERSKINE
Strategic Research and Assurance Manager

30 April 2018