

## **APPENDIX 2.2**

# **CUSTOMER ENGAGEMENT SUMMARIES FOR PR19**

**SEPTEMBER 2018**

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## **Wastewater Research (2014)**

### **Objectives**

The objectives of this research were to explore customers' understanding and expectations of their waste water service, and also investigate any service areas that customers prioritise for improvement and investment.

### **Methodology**

An independent market research agency was commissioned by Northumbrian Water to complete six focus groups with domestic customers and 20 in-depth interviews with business customers in relation to their waste water services.

### **Knowledge of waste water services**

A large majority of domestic and business customers agreed that they were aware that Northumbrian Water provided their waste water services. When asked to describe the waste water service that they receive from Northumbrian Water, business and domestic customers referred to the waste water that left their property and some also commented on the sewage treatment process. Both domestic and business customers agreed that removal of their waste water was not something they typically thought about unless there was a problem. The majority of customers agreed that they took their waste water services for granted as 'out of sight, out of mind'.

### **Private drains and sewers**

In terms of ownership of private drains and sewers, the majority of business customers characterised anything on their property and up to the boundary line or to the main sewer pipes as falling into their remit. The majority of domestic customers overestimated the parts that they were responsible for, feeling they were responsible up to the property boundary or into parts of the sewer network. In terms of their responsibilities for these parts, the most common suggestion was ensuring that nothing was flushed down the toilet or drained down the sink that should not be, for example nappies, chemicals, grease and fat. When asked who was responsible for the other parts of the sewerage system that they were not responsible for, customers most often suggested Northumbrian Water, however some Council tenants also mentioned the Council.

### **Satisfaction with current service level**

All business customers and the vast majority of domestic customers were satisfied with their waste water service and largely attributed this to never having experienced an issue. A minority of customers had experienced an issue with their waste water service in the past and in most cases customers had dealt with the issue themselves, or called the council, as opposed to getting in touch with Northumbrian Water.

When asked what a good waste water service looked like, customers identified a range of factors, including:

- Aspects around customer service (communication, timely resolution of problems);

- A reliable waste water service (avoiding issues and emergency planning in advance of an issue occurring);
- Value for money;
- Raising awareness of who to contact if a waste water issue was experienced;
- The environment;
- Educating the public of their responsibilities in relation to the waste water network;
- Keeping up to date with technological advances.

### **Service failure**

When asked how they thought pipes became blocked, customers typically associated this with actions of customers such as flushing inappropriate items down their toilet or draining them down their sink. Other factors highlighted outside of the customers control included tree roots and damage caused by flooding, ground collapses or any works that have been carried out in that area. If they experienced a sewer blockage many customers would try and resolve the issue themselves before calling anyone to investigate.

Some customers would call Northumbrian Water to assist, however the majority provided other suggestions including private drainage companies and the council, typically for council tenants. If they were to get in touch with Northumbrian Water, the majority of customers would expect the issue to be resolved the same day and would want information about the cause of the problem, how and when it would be rectified and how the issue could be avoided in the future.

Sewer flooding was seen to be a more severe problem than a sewer blockage and therefore customers were more likely to contact someone for help straight away. In this instance a faster response was required with someone onsite within two hours. Customers were concerned about the potential damage to properties and so were looking for advice on cleaning up any affected areas and also compensation for any damage outside of their control.

### **Future waste water services**

When asked how they expected Northumbrian Water to invest in their waste water service, customers largely focused on maintenance of equipment. They also suggested factors such as severe weather defenses and future planning around demand.

Domestic customers were asked to prioritise a number of investment areas for the future and investing to reduce the number of properties flooded internally was deemed most important as demonstrated in the list below:

- Investing to reduce the number of properties flooded internally - 30%
- Investing to reduce the number of properties which experience repeat sewer flooding - 23%
- Investing to reduce the number of sewer collapses - 15%
- Investing to reduce the number of properties flooded externally - 15%
- Investing to reduce the number of blockages in sewers - 11%
- Investing to reduce the smell from the sewerage network - 4%
- Something else - 2%

Half of business customers and the majority of domestic customers would be interested to be kept informed of any improvements or investments in their area in relation to the waste water

network, and whilst domestic customers suggested numerous mediums (local press, radio, newspapers, leaflets, etc.), the majority of business customers would prefer to be kept informed via email.

### Service Improvement Research (2014)

In the past when asking customers about maintenance and improvement of services Northumbrian Water Group (NWL) have not always gained clarity on whether customers are voicing a preference for maintaining services at current level or improving service. Further to this NWL have to date not asked customers to compare all possible water and sewerage service improvements and state their preferences in order of priority (high, medium, low).

#### Objectives

This research was therefore commissioned in order to address this gap in existing knowledge as customer research into the prioritisation of service improvements, relative to one-another will enable NWL to begin thinking about which service improvements they put to customers as part of the PR19 willingness to pay research and the scale and ambition of the improvements proposed.

#### Methodology

A door to door / on-street approach was employed for this research in order for visual prompts of the areas of service Northumbrian Water / Essex & Suffolk Water can improve on, to be presented to customers. In total, 975 interviews were conducted with customers in 38 locations across the North East and Essex & Suffolk.

Customers were handed showcards which detailed seven areas of either the water or sewerage service provided by Northumbrian Water / Essex & Suffolk Water and asked if each of these should be either a high, medium or low priority for improvement. The definitions for each of the priority levels were:

- ‘High priority’ meant that it is essential that Northumbrian Water / Essex & Suffolk Water does work to make improvements
- ‘Medium priority’ meant that Northumbrian Water / Essex & Suffolk Water could do some work to improve, but it isn’t
- ‘Low priority’ meant that Northumbrian Water / Essex & Suffolk Water doesn’t need to make the service area any better than it already is.

The table below shows the total responses each of the three priority levels received, cumulatively across all fourteen of the areas for improvement. The most common response was low priority (4,226), followed by high priority (3,610) and medium priority (2,475).

Overall		Northumbrian Water		Essex & Suffolk Water	
Count	%	Count	%	Count	%
s		s		s	

All services	High	3610	35%	2682	38%	928	28%
	Medium	2475	24%	1411	20%	1064	32%
	Low	4226	41%	2900	41%	1326	40%
Water services	High	1958	29%	1030	29%	928	28%
	Medium	1823	27%	759	22%	1064	32%
	Low	3033	45%	1707	49%	1326	40%
Sewerage services	High	1652	47%	1652	47%		
	Medium	652	19%	652	19%		
	Low	1193	34%	1193	34%		

Comparing responses to water services, an almost equal proportion of Northumbrian Water (29%) and Essex & Suffolk Water (28%) responses fell into the high priority category. The major difference was the higher percentage of responses in the medium priority category for Essex & Suffolk Water (32%) compared to Northumbrian Water (22%), meaning that on the whole Essex & Suffolk Water customers were looking for more improvement with regards to water services.

When looking at responses for improvements to sewerage services, which was asked to Northumbrian Water customers only, the most common response was high priority (47%), followed by low priority (34%) and medium priority (19%).

In order to provide a definitive order for prioritising improvements to services mean improvement scores have been calculated using the following weight:

- High priority = 3
- Medium priority = 2
- Low priority = 1.

In addition to this, in order to interpret what the mean improvement scores meant, the following ranking system was used. Medium priority level was split into two sub-levels due to all 14 of the overall mean improvement scores falling within the 1.50 – 2.49 range.

High priority	2.50 - 3.00
Medium priority (greater)	2.00 - 2.49
Medium priority (lesser)	1.50 - 1.99
Low priority	0 - 1.49

	Overall (973-975)	Northumbrian Water (498-500)	Essex & Suffolk Water (471-475)
<b>Reducing leaks</b> Medium priority (greater)	2.06	2.02	2.10
<b>Reducing bursts from water mains</b> Medium priority (greater)	2.03	2.00	2.07
<b>Improving drinking water quality</b> Medium priority (lesser)	1.98	1.86	2.10

<b>Improving the taste and smell of tap water</b> Medium priority (lesser)	1.84	1.78	1.90
<b>Reducing complaints for brown, orange or black coloured tap water</b> Medium priority (lesser)	1.78	1.81	1.75
<b>Improving water pressure</b> Medium priority (lesser)	1.69	1.62	1.75
<b>Reducing the number of times a property's water supply is cut off for more than 3 hours</b> Medium priority (lesser)	1.52	1.56	1.49

As the table above shows, the three improvement areas which received the highest mean scores for Northumbrian Water were:

- **Reducing leaks** (medium priority – greater)
- **Reducing bursts from water mains** (medium priority – greater)
- **Improving drinking water quality** (medium priority – lesser)
- 

Whilst for Essex & Suffolk Water the three improvement areas which received the highest mean scores were:

- **Reducing leaks** (medium priority – greater)
- **Improving drinking water quality** (medium priority – greater)
- **Reducing bursts from water mains** (medium priority – greater)

Using the weighting outlined on page three, the table below shows the definitive order for prioritising improvements to sewerage services (Northumbrian Water only)

	Overall (499-500)
<b>Reduce pollution caused by sewage</b> Medium priority (greater)	2.26
<b>Reduce the impact of sewage on the quality of river water</b> Medium priority (greater)	2.18
<b>Reduce the number of properties flooded by sewage on the outside</b> Medium priority (greater)	2.15
<b>Reduce the number of properties flooded by sewage on the inside</b> Medium priority (greater)	2.15
<b>Reduce the number of properties which are flooded with sewage more than once in a 10 year period</b> Medium priority (greater)	2.11
<b>Reduce the number of sewers which collapse</b> Medium priority (greater)	2.09
<b>Improve the quality of coastal water</b> Medium priority (lesser)	1.98

As the table above shows, the four improvement areas which received the highest mean scores for Northumbrian Water were:

- **Reduce pollution caused by sewage** (medium priority – greater)
- **Reduce the impact of sewage on the quality of river water** (medium priority – greater)



- **Reduce the number of properties flooded by sewage on the outside** (medium priority – greater)
- **Reduce the number of properties flooded by sewage on the inside** (medium priority – greater)

## Conclusions and recommendations

Looking initially at Northumbrian Water customers only, it is clear that they place a higher importance on making improvements to sewerage services over water services. This is due to the mean improvement scores for six of the seven sewerage service areas falling within the range of 2.09 to 2.26 out of 3.00, which are at least 0.07 higher than the top rated water service area of 'reducing leaks' (2.02), as shown in the table below (water services are highlighted in blue whilst sewerage services are in green). It should be noted however, that whilst a higher importance was placed on sewerage services, these areas should still only be considered as a medium priority for improvement.

Northumbrian Water improvement scores	
<b>Reduce pollution caused by sewage</b> (medium priority – greater)	2.26
<b>Reduce the impact of sewage on the quality of river water</b> (medium priority – greater)	2.18
<b>Reduce the number of properties flooded by sewage on the outside</b> (medium priority – greater)	2.15
<b>Reduce the number of properties flooded by sewage on the inside</b> (medium priority – greater)	2.15
<b>Reduce the number of properties which are flooded with sewage more than once in a 10 year period</b> (medium priority – greater)	2.11
<b>Reduce the number of sewers which collapse</b> (medium priority – greater)	2.09
<b>Reducing leaks</b> (medium priority – greater)	2.02
<b>Reducing bursts from water mains</b> (medium priority – greater)	2.00
<b>Improve the quality of coastal water</b> (medium priority – lesser)	1.98
<b>Improving drinking water quality</b> (medium priority – lesser)	1.86
<b>Reducing complaints for brown, orange or black coloured tap water</b> (medium priority – lesser)	1.81
<b>Improving the taste and smell of tap water</b> (medium priority – lesser)	1.78

<b>Improving water pressure</b> (medium priority – lesser)	1.62
<b>Reducing the number of times a property's water supply is cut off for more than 3 hours</b> (medium priority – lesser)	1.56

It is therefore recommended that when Northumbrian Water Group are deciding on which service improvements to put to customers as part of the PR19 willingness to pay research, the focus be weighted to reflect the priority order shown above, this could either take the form of presenting only those which were the most highly rated, or presenting them all but allocating larger budgets for improvements to those most highly rated.

An area to note is 'reduce the number of properties flooded by sewage on the inside', whereby it achieved the joint third highest priority mean score, but the highest literal count when customers were asked to select the most important high priority area. In addition to this, sewer flooding has consistently been selected as the highest priority in other research.

The recommendation remains unchanged for Essex & Suffolk Water, with the focus again being weighted to reflect the priority order shown below.

Essex & Suffolk Water improvement scores	
<b>Reducing leaks</b> (medium priority – greater)	2.10
<b>Improving drinking water quality</b> (medium priority – greater)	2.10
<b>Reducing bursts from water mains</b> (medium priority – greater)	2.07
<b>Improving the taste and smell of tap water</b> (medium priority – lesser)	1.90
<b>Reducing complaints for brown, orange or black coloured tap water</b> (medium priority – lesser)	1.75
<b>Improving water pressure</b> (medium priority – lesser)	1.75
<b>Reducing the number of times a property's water supply is cut off for more than 3 hours</b> (low priority)	1.49

In summary, with the exception of 'reducing the number of times a property's water supply is cut off for more than 3 hours' in the Essex & Suffolk area, all of the mean improvement scores identified the respective areas as being a medium priority for improvement. Meaning that Northumbrian Water / Essex & Suffolk Water could do some work to improve each of these, but no work has been identified as being essential. Should Northumbrian Water / Essex & Suffolk Water choose to make some improvements then it is recommended that focus be on the 'greater' medium priorities.

Finally, when looking at demographic differences, there was little variation in mean improvement scores for sewerage services, whereas when looking at water services, it was

clearly evident that females and those aged under 75, were in the main more likely to identify an area as being a high priority for improvement, therefore making them the most likely to react positively to any improvements being made. This in turn makes males and those aged 75 plus more likely to need more communication regarding the benefits such improvements would bring, should Northumbrian Water Group decide to proceed with any of the medium priority improvement.

## **Leakage, Resilience and the Environment (2014)**

### **Introduction**

Northumbrian Water Limited (NWL) commissioned Explain to conduct six focus groups with customers in Newcastle, Barnard Castle, Alnwick, Redcar, Chelmsford and Southwold. The key objective of the groups was to identify views and priorities in respect of NWL going beyond government requirements in the areas of environment, leakage and rare events whilst providing an indication as to willingness to pay. All groups were audio-recorded and verbatim transcripts produced. Full results are detailed in this report and an executive summary is provided below.

### **The environment**

Customers were asked to rate their agreement with NWL going above and beyond government requirements and spending more of customers money across a number of environmental activities. The number of customers who agreed is summarised below:

- Reducing pesticides and chemicals from river water (94% agreed)
- Protecting wildlife and habitats (87% agreed)
- Educating and supporting customers and children to use water wisely (79% agreed)
- Reducing their carbon footprint (54% agreed)
- Managing moorland to prevent peat getting into rivers (39% agreed) (NB This was relevant in NW only)
- Improving recreational and leisure access to reservoirs (29% agreed).

There were comments from customers that NWL should focus on environmental activities related to water as this was their core business, e.g. protecting wildlife that live in or around rivers and reservoirs.

Some customers also commented that these activities were not purely NWL's responsibility and there was suggestion from several customers of a need for partnership working with other organisations.

Customers in the North East were asked if they would be willing to pay an additional £0.23 to fund an additional six members of staff to engage with farmers, industry and others to encourage them to reduce the amount of pesticides and other pollutants that are released into river water.

Typically customers were split into two camps. One camp felt it was government responsibility to ensure regulation was in place to stop this happening, the other were willing to pay, but needed reassurance that if the costs of treating water were reduced as a result, their bill would reduce too.

### **Leakage**

Before customers were given any background information, the majority were unconcerned about leakage and it was not an issue that was top of mind.

Customers were introduced to NW (21%) and ESW's (14.5%) current level of leakage compared to the best performing UK water company (14.5%), the worst performing UK water company (39%) and the UK average (22%). Customers were also shown how the level of leakage had changed over time. The NW level of leakage had stayed fairly consistent for the last 10 years, whereas the ESW level of leakage had decreased steadily over the years. The economic level of leakage was also explained to customers so they understood that the current level of leakage was the cheapest point for customers. Then customers were asked whether they wanted NWL to bring the level of leakage down.

Findings between the NW and ESW groups were very different. All customers in the ESW groups opted to keep the level of leakage at 14.5%. This figure was in line with the best performing water company in the UK so was felt to be acceptable. Also, it would cost customers an additional £6.17 to bring the level of leakage down half of a percent to 14%, and thus the financial implications for customers were significant.

In NW two thirds of customers opted to bring the level of leakage down to between 16 and 18%. Customers struggled to verbalise why they felt it was important to bring the level of leakage down. It was typically due to the fact that they associated leakage with waste, which they viewed negatively. In addition, the cost to the customer for bringing leakage down several percent was felt to be nominal.

### **Rare events**

When asked to visualise what they would find most difficult if their water supply was cut off for several days the most common concerns (no priority order) were around:

- Drinking – drinking water and teas / coffees
- Personal hygiene – washing hands, having a shower, brushing teeth
- Flushing the toilet.

The majority of customers felt that the minimum response provided by NWL during a rare event (10 litres of water per person per day for the first five days and 20 litres per person per day every day after that, water collected from a local school or supermarket, but delivered to people with a medical condition or mobility problems who had registered with NWL's special assistance register) was acceptable, however there were some suggestions made and concerns raised. Suggestions included:

- Provision of trolleys to help customers transport water home, particularly if they do not have their own car
- Provision of containers to collect water from water tanks as customers may not have appropriate vessels which may mean not all customers will get their fair share
- NWL to provide a facility to recycle bottles after they are used Concerns included:
- Difficulties around collecting large volumes of water for customers who can't drive
- Potential frustration if queuing systems were badly managed
- Whether compensation would be available for businesses who would lose earnings.

Customers were asked if they would be willing to pay additional money on their bill to support works to increase the resilience of the water supply to their home and reduce the likelihood of

the water supply to their home being cut off during a rare event. At this point the amount that customer bills could increase by was not specified.

Customers were not willing to pay more, as it was felt that additional investment should come from NWL profits, the risk was low or even with additional monies the risk could not be eliminated altogether.

Customers were then informed that the proposed amount that their bill would go up by was £2.25 (NW) / £1.29 (ESW). Customers were more likely to be willing to pay on this basis. However, the majority were still reluctant, feeling that NWL should be doing all that they can to reduce the risk of the water supply being cut off and shouldn't need to seek additional customer monies to do so.

When asked where the priority should be for investment to increase resilience, the large majority of customers agreed that NWL should start with works that would increase resilience for the most people first.

### **Overall willingness to pay**

Before the groups closed customers were given 10 notional £1 notes and were asked to imagine it was their own money. They then had to 'spend' that £10 across five areas summarised below:

- Environmental activities
- Reducing leakage
- Preparing for rare events
- Something else NW / ESW should be doing
- Keep the money.

50% of £1 notes were placed on 'Keep the money', 25% on 'Environmental activities', 13% on 'Preparing for rare events', 10% on 'Reducing leakage' and 3% on 'Something else'. As this is qualitative research these results should not be interpreted directly as willingness to pay. However, they do tell us that, in terms of customer priority, environmental activities were at the top of the list in terms of the three investment areas that were under discussion.

## **Unrivalled Customer Experience Strategy Co-creation (2015)**

### **Aim**

To understand customer, employee and supply partners' priorities and co-create our strategy with them.

### **Objectives**

To co-create our Customer Experience Strategy with a cross section of our customers, employees and supply partners, including some who are in circumstances that could make them vulnerable.

### **Methodology**

Independently facilitated, interactive workshops, including 220 employees, 82 customers and 25 supply partners.

### **Customer priorities for excellent service**

The priorities that emerged were:

- Show each customer that they are special (make service extra personal) – i.e. demonstrate NWL knows them, anticipate their need, provide proactive contact.
- Own the customer's problem (make sure it gets sorted; have the personal authority to do what needs to be done)
- Keep our promises (customers should never have to chase us)
- Make it easy (online and other services need to be as fast and simple for customers to use as possible), and customers want a choice of communication channel
- Promote our great work locally (sometimes down to street level, e.g. school engagement, environment projects and charity work) – many customers were unaware of the good things we were already doing and said we were far too modest.

Other suggestions included:

- Improve the suitability of our written communications for customers
- Increase the scope of "Our gift to you"
- Make Live Chat available on our website
- Have more presence on social media, particularly Facebook
- Make the web more customer focused
- Give our supply partners the same image and brand as NWL
- Introduce our vision and values "Our Way" training to our supply partners.

### **Bathing Water Quality (2015)**

#### **Objectives**

- Profile bathing water users and non-users
- Identify motivations and barriers to visiting a bathing water beach in general and particular sites
- Understand users' relationships with bathing water (i.e. frequency of visiting, locations visited, activities undertaken)
- Understand how users and non-users judge the quality of bathing water
- Measure the impact and contribution of bathing water quality against other factors in the decision making process of which beach to visit
- Measure satisfaction with and perceptions of bathing water quality at improving and non-improving bathing waters to compare and determine how bathing water quality influences this
- Measure the support in principle for improving the quality of bathing waters in the selected test locations and across all 34 locations, including the willingness to pay for this.

#### **Methodology**

671 x on the beach face to face quantitative interviews with NWL customers:

- Tynemouth Longsands South (excellent) – 66 (23%)
- Tynemouth Longsands North (excellent) – 154 (10%)
- Saltburn (good) – 227 (34%)
- Seaham (sufficient) – 224 (33%).

Qualitative on the beach interview days.

400 x online panel survey of general domestic customers

- All Northumbrian Water customers
- Minimum quotas on age bands and Local / Unitary Authority to get regional spread
- Beach usage fell out naturally.

The research was undertaken during August and September 2015.

The online survey mirrors the population profile of the North East while the beach survey highlights the audience types more likely to use the beach.

### **Profile of bathing water users and non-users**

North East beaches are used by nearly everyone at least annually.

### **Motivations and barriers to visiting a bathing water beach**

- Distance - Most don't travel more than 20 miles; less than half travel more than 10 miles.
- Reasons to visit are practical and about the general ambiance – bathing water quality is cited by less than a fifth of household customers as a reason to visit, while fresh air is cited by two thirds.

### **Customers' relationships with bathing water**

- Half of beach users enter the water – only a quarter of these actually swim fully immersed.
- But contact with water via feeder streams, pebbles, shells and sand was observed.

### **How customers judge the quality of bathing water**

- Few are aware of the actual water quality rating for the beaches they visit.
- Two thirds are aware of Blue Flag status and information signs on beaches, but less than a fifth are aware of the Surfers against Sewage app or website information, or NW's Beach Aware website.

### **Impact and contribution of bathing water quality on choosing a beach**

- Poor water quality is not a major barrier to visiting a beach (4% cited it) – Cold weather, lack of time and mobility are much more important barriers.
- Water quality is not a major barrier to entering the sea (7% cited it) – Cold water, and dislike of or inability to swim are much more important barriers.

- The cleanliness, attractiveness, safety and amenities of a beach are much more important for deciding which beach to visit than water quality – which is on a par with access and locality.
- Satisfaction with beaches is more influenced by their facilities and general surroundings than by bathing water quality.

### **Satisfaction with and perceptions of bathing water quality**

- A third to a half of household customers are still likely to visit beaches that they know have poor bathing water quality.
- Few (1%) worry about or have experienced illness from bathing water – Those who have, don't blame Northumbrian Water.
- Our customer satisfaction around beaches is driven by other actions, e.g. improved facilities, events, litter and weed clearing.

### **Support in principle for improving bathing water quality and willingness to pay for this**

- Even regular beach users are unclear who's responsible for bathing water quality, but customers expect NW not to pollute and to censure those who do.
- 60-90% want North East bathing water quality to be the best in England, but less than a third are willing to pay more on their bill for this.
- Even when told the beaches they use are not good quality, bathing water quality improvements aren't a priority for household customers.

## **Bill Co-creation (2015-16)**

### **Aim**

Phase One investigated what specifically customers did not understand about their bills and what they would like to see on a new bill.

The second phase tested our proposed new bill design with customers and co-created the final designs for metered and unmetered bills.

### **Method**

For Phase One in September 2015, we held four sessions with 60 customers (two in NW and two in ESW). We used the outputs to come up with several new designs.

For Phase Two, two creative workshops were undertaken with approximately 20 customers in June 2016, including a range of customers in circumstances that could make them vulnerable.

All workshops were independently facilitated, with NWL senior managers presenting material and observing the sessions.

### **Results**



The main themes from Phase One were:

“How much do I need to pay?”

“When do I need to pay?”

“How does my consumption compare to my last bill and other people?”

“I only want the information that is relevant to me.”

On the whole, the new bill designs were well received and minimal changes were suggested by customers.

The bills then went live and we saw a reduction in the amount of customer contact in relation to not understanding their bills/payment plans.

### **Defining the Conversation Part 1 (2016)**

In order to assist with the further development of a customer and stakeholder engagement strategy for the business, NWL commissioned research to engage with both domestic and business customers and also stakeholders. The aim of the research being to explore what matters most to customers about the services provided, which areas of the business they would most like to influence and the best ways for NWL to engage with customers and stakeholders.

#### **Objectives**

- Explore what matters most to customers about the service delivered by NWL under three themes:
  - The home i.e. supply of water and waste water services, customer service, etc
  - Community i.e. corporate social responsibility, etc
  - Environment i.e. river and bathing water quality, etc
- Explore which outcomes and aspects of the PR19 business plan customers would most like to influence and the level of influence they expect to have
- Explore which outcomes and aspects of the PR19 business plan customers would least like to influence (i.e. are there any parts of the plan customers trust NWL to manage without customer input)
- Explore the type and level of information customers feel they would need to feel informed about in the development of the PR19 plan
- Explore the best approaches to engaging customers and their communities in the development of the plan and sharing the mobile vehicle.

#### **Methodology**

In light of NWL's desire to get closer to customers, an engagement led workshop approach was adopted. More specifically four customer sessions split across NWL's two operating areas were held.

Each workshop included four tables of eight customers meaning that 32 customers were in attendance at each event. This approach allowed for both joint activities with customers as a room as well as smaller break-out sessions on each table with interactive exercises to ensure that the session was engaging.

The profile of customers invited to each workshop was agreed at project inception in order to engage with a range of customers both current and future.

Each session lasted for approximately two hours and the running of the event was shared between an independent market research agency and NWL.

### **Appetite for engagement**

In terms of planning towards PR19, customers gave a clear indication of which areas they were most and least interested in influencing which can guide future engagement. Customers considered engagement with customers in such areas as imperative to understanding customer experience and areas for improvement or prioritisation.

There is an appetite from household customers, non-household customers and stakeholders to engage with NWL in line with their individual priorities:

- Household customers' and SMEs' priorities were similar in regards to ensuring that customers received a reliable and good quality product for a fair price. This was because of their comparable relationship with NWL, whereby they had minimal engagement unless they experienced a problem and were generally happy to trust NWL to deliver a reliable service.
- Value for money and how NWL delivered added value was particularly important for Account Managed customers and stakeholders, who had a good awareness of the market changes taking place in 2017. This influenced the areas Account Managed customers wanted to hear about from NWL, and such customers emphasised the importance of the company engaging with them to shape a competitive service in the future.

### **Satisfaction and trust**

The majority of customers, both household and non-household, were happy with the reliable service they received from NWL. They trusted the company to fulfil their role and so were less interested to learn about most aspects of service delivery which they considered to be core offerings.

- Household customers were incredibly financially motivated when categorising NWL's outcomes and were interested to know more about the cost for NWL to distribute water to their homes, how their bill was calculated and a simple and understandable breakdown of these costs
- Non-household customers were similarly motivated, but were also keen to influence service offering in line with their needs for the opening of the market in 2017
- Customers associated trust with key aspects of service delivery, particularly when they experienced a problem or had to contact NWL.
- Customers were keen to understand that their trust in NWL was well placed, yet were also interested in areas of service delivery and the reliability of the service. Given that, customers felt to a certain extent that they had to trust NWL as a monopoly.

### **Areas that customers most want to influence**

Outcomes that were placed in the 'talk to me pot' most often (which were in the main, consistent across all audiences engaged in the research) were as follows:

- Our customers are well informed about the services they receive and the value of water (13 of 15 household tables / 7 of 16 non-household customers and stakeholders)
- Our customers consider the services they receive to be value for money (10 of 15 household tables / 6 of 16 non-household customers and stakeholders)
- Our finances are sound, stable and achieve a fair balance between customers and investors (8 out of 15 household tables)
- We provide excellent service and impress our customers (7 of 15 household tables / 8 of 16 non-household customers and stakeholders)
- We are the retailer of choice for business customers (8 of 16 non-household customers and stakeholders).

Customers may also be interested in discussing trust with NWL.

Customers were happy with the core areas of service they received (i.e. a reliable service, clean and clear drinking water), and trusted NWL to continue to offer this, using internal expertise.

### **Methods of engagement**

For Account Managed customers and stakeholders who dealt with key contacts at NWL on a regular basis, organised face to face methods of engagement were preferred in addition to industry led events and attendance at relevant current meetings. A continuation of established dialogue was felt to be the easiest way for more engaged customers to share their thoughts

Household customers and SMEs favoured more traditional methods for NWL to communicate progress and also allow customers to influence their plans, whilst face to face methods of customer engagement such as roadshows and local meetings were less popular.

However, customers had extremely positive feedback on the enjoyment of the workshops for this research. Although customers were happy to engage with us around NWL's outcomes as a set discussion, it was clear that this wasn't necessarily something they would think about in daily life. In this way, engaging customers in similar events may be a useful way to share information without relying on customers to go looking for this themselves.

### **Areas customers wanted more information about**

For household customers:

- How water is treated and the quality of the water delivered by NWL, especially in the Essex and Suffolk Water region, to provide reassurance
- How customers' bills are calculated, and the costs for NWL to distribute water around the region, to provide transparency in what customers are paying for
- Comparisons to other UK water companies to allow customers to understand whether they are receiving a good service
- Advice and guidance around water saving measures, including how much money they can save and their usage. Customers emphasised that their usage should be presented in a

way that customers understood and could relate to, in order to understand the value of water.

For non-household customers and stakeholders:

- Areas for collaboration to improve efficiency and future-proof services
- Changes in the market in 2017 and what this means for them
- Water saving measures or schemes.

## **Defining the Conversation Part 2 (2016)**

### **Objectives**

The purpose of this research was to quantitatively validate the findings of a qualitative research project, 'Defining the conversation', which looked to understand which areas of the business NWL customers would most like to influence, and which they trust NWL to get on with on their behalf.

### **Methodology**

Eight hall tests were run during April 2017, (five in the Northumbrian Water supply area, and three in the Essex and Suffolk Water supply area) to quantify initial findings.

Overall, 500 customers were engaged in this phase of the research (300 Northumbrian Water, 200 Essex and Suffolk Water). Customers were taken through each of NWL's company Outcomes and asked to decide if they would like NWL to:

- 'Talk to me' - talk to them as customers so they can have a say on what NWL should be providing to offer a great service
- 'Talk to someone' – NWL should talk to expert organisations
- 'Just deal with it' – NWL should get on and deliver the service, using internal expertise.

### **Overall demand for conversation and influence**

Whilst in phase one there was a clear majority of customers expressing a desire for NWL to 'talk to me' about a number of Outcomes, once quantified in this phase of research (phase two) there was no majority demand for conversation across any of the Outcomes.

The majority viewpoint across all Outcomes during phase two, was for NWL to 'just deal with it'. This desire for NWL to 'Just deal with it' ranged from 'Our customers are well informed about the services they receive and the value of water' (61% - 'just deal with it'), to the People Outcomes (84% - 'just deal with it').

There was a greater majority amongst Essex and Suffolk Water customers than Northumbrian Water customers for NWL to 'just deal with it' on a number of Outcomes, most significantly with 'We supply clean, clear drinking water that tastes good' (21% more likely for ESW customers) and 'Our customers are well informed about the services they receive and the value of water' (19% more likely for ESW customers).

### **'Talk to me'**

The majority of Outcomes which customers would like NWL to 'talk to me' about were consistent with findings from the qualitative strand, except for 'We provide excellent service and impress out customers'. 24% of customers stated they would like NWL to 'talk to me' about this outcome.

The Outcomes customers most wanted NWL to 'talk to me' about were as follows:

- 'Our customers are well informed about the services they receive and the value of water' (36%) (consistent with phase one)
- 'Our customers consider the services they receive to be value for money' (34%) (consistent with phase one)
- 'We supply a reliable and sufficient supply of water' (31%) (not a priority in phase one)
- 'Our finances are sound, stable and achieve a fair balance between customers and investors' (30%) (Consistent with phase one).
- Customers belonging to the D/E socio-economic group demonstrated a preference for NWL to 'talk to me', especially for 'our customers consider the services they receive to be value for money' (44%), and 'we supply a reliable and sufficient supply of water' (38%). Customers in the younger age categories (18-24 and 30-44) were most likely to express a preference for NWL to 'talk to me'. Consistently across Outcomes, customers aged 65-74 and 75+ showed a significantly lower preference for NWL to 'talk to me'.
- Customers experiencing a financial or health vulnerability also showed a higher preference than the overall customer base, as well as those identifying with specific or unmet needs, for NWL to 'talk to me', which was most evident with the following Outcomes:
- 'Our customers are well informed about the services they receive and the value of water' (44%)
- 'Our customers consider the services they receive to be value for money' (42%).

### **'Talk to someone'**

Findings for the Outcomes customers would most like NWL to 'talk to someone' about were consistent with those from the customer workshops. These related to the environment:

- 'We help to improve the quality of rivers and coastal waters for the benefit of people, the environment and wildlife', 20% of Northumbrian Water customers wanted NWL to 'talk to someone'. Individuals and organisations that customers suggested NWL 'talk to' included the Environment Agency (18 customers), other environmental organisations (eight customers), the local council (six customers) and specialists in this field (six customers)
- 'We protect and enhance the environment in delivering our services, leading by example' (12%). Individuals and organisations customers suggested NWL 'talk to' included the Environment Agency (11 customers), local council (eight customers) and other organisations with expertise in this area (three customers).

### **'Just deal with it'**

During the customer workshops, the Outcomes most frequently stated by customers which NWL should 'just deal with' were in the most part based around service provision, from providing drinking water that tasted good to ensuring a reliable and sufficient supply. During

this quantitative phase of research, it was evident that a majority of customers across all Outcomes expect NWL to 'just deal with it'.

Outcomes customers expressed most preference for NWL to 'just deal with' were:

- People Outcomes (84%)
- 'Working in partnership towards common goals' (80%)

Across all Outcomes, Essex and Suffolk Water customers showed a higher propensity to want NWL to 'just deal with it' than Northumbrian Water customers.

### **Keeping customers informed about progress**

When it came to keeping customers informed about progress towards Outcomes, the first preference was for on the bill, followed by a letter and then TV. These were consistent across socio-economic groups and vulnerable customer groups. Younger customers (18-29 and 30-44) expressed a preference for email in addition to the main channels (bill, letter and TV).

### **Customers commenting on progress and influencing plans**

Surveys and email were the preferred mediums for allowing customers to comment on progress and influence plans. However, those belonging to the D/E socio-economic group demonstrated a preference for telephone in addition to surveys, and those with specific or unmet needs also demonstrated a preference for surveys and telephone.

## **Resilience (2016)**

In order to give a broad baseline of understanding into customer and stakeholder views on resilience, NWL commissioned an independent market research agency to conduct qualitative, exploratory research with customers and stakeholders. Four customer engagement workshops were completed in the NWL operating areas in North East England, Essex and Suffolk with 125 customers. In addition, 32 stakeholders were engaged in interactive meetings and telephone interviews.

In the main, customers considered resilience to be an important consideration for NWL and trusted that the company had plans in place to manage the effects of certain scenarios, given that they saw resilience as implicit in the current company Outcomes. Customers were confident that NWL had the funding to manage this going forward, but were unaware of specific initiatives relating to resilience.

### **Objectives**

This phase of research into resilience aimed to provide an initial understanding of customer views and expectations in relation to resilience, covering the following objectives:

- Understand what resilience means to customers and stakeholders
- Understand how customers and stakeholders expect NWL to respond to events and prepare for future challenges

- Explore customer and stakeholder trust in NWL to maintain and invest in systems now and in the future
- Explore the level of risk customers are prepared to accept
- Explore whether customers feel that a new outcome is required for resilience
- Understand to what extent customers would be willing to pay more on their bill to fund investment in the resilience of water and waste water systems.

### Methodology

Household customers have a limited understanding of water and waste water services as a whole, and thus their ability to provide informed and reliable responses in regards to resilience through a traditional focus group or survey approach was limited. An events based customer workshop approach was therefore suggested by the independent market research agency as a way for NWL to engage with and get closer to customers. This approach also enabled the incorporation of effective engagement methods such as voting, scenario based videos and brainstorming to keep customers engaged throughout the session.

Four workshops were conducted in total - two in the North East, one in Essex and another in Suffolk. Each workshop included four tables of eight customers and 30-32 customers were in attendance at each event. 125 customers were engaged in total. This approach allowed for both joint activities with customers as a room, as well as smaller break-out sessions on each table.

In order to test the workshop materials before engaging with customers, a staff workshop was also conducted with employees of NWL. Feedback on the session was collected at the close of the group in order to tweak materials to ensure that they were customer friendly and effectively addressed the objectives of the research.

When setting the profile of customers to be recruited at each group it was important to consider behavioural and attitudinal values. In addition to ensuring that a range of customers were engaged in terms of their gender, age and socio economic group, the following profiles were also covered across the workshops:



Each session lasted for approximately three hours and the running of the event was shared between an independent market research agency and NWL.

For stakeholders, the original plan was to replicate the customer engagement approach and, like the customer groups, arrange four in total - two in the North East, one in Essex and another in Suffolk. As professionals are often time poor, issues with scheduling meant that two groups were completed in the North in Newcastle and Middlesbrough and a telephone approach was adopted to engage with stakeholders in the ESW area.

### **The meaning of resilience and its presence in NWL's company Outcomes**

Although customers lacked confidence in their understanding of resilience, the majority of customers had a good uninformed understanding of the meaning of both resilience more generally, and in relation to water industry specifically. For customers, resilience was all about offering a strong, reliable service that could stand the test of time, cope with change and also bounce back from difficult situations.

The reliable provision of clean water was likely to be top of mind for most customers, in addition to NWL planning ahead and learning from past experiences. The vast majority of customers and stakeholders agreed that NWL's current business Outcomes effectively fulfilled their commitment towards resilience, and specific Outcomes about providing a reliable and sufficient supply and delivering services in a changing world were felt to be most symbolic of this.

### **Trust in NWL in relation to resilience**

In the main, customers had a strong level of trust in NWL, both more generally as a company, and when it came to resilience. The placement of customer trust was a very personal and often fragile thing which stemmed from experience and as a result of this, customers with high levels of satisfaction with the services they received were more likely to consider NWL a trusted organisation and also trust them in regards to resilience.

Customers also placed trust in NWL based on the importance of the service provided, and future customers were likely to trust the company, even though their experiences of dealing with NWL were limited.

Those who had experienced service failures, for example issues with flooding, questioned NWL's commitment to ensuring that their service was resilient and that the needs of customers were at the forefront of these plans, given that the company seemed to be failing in this area. Customers in Newcastle noted that flooding could have been reduced if NWL had regularly maintained the drains and in this respect. Previous experience tainted their trust in NWL to manage resilience, but didn't change their expectations in this area. Previous experience of the scenarios in question also changed customers' feelings about the severity of service failures, and customers in Middlesbrough were confident that NWL could cope with a water shortage, given that they had experienced this in the south and so knew what to expect to put this right.

### **Expectations of response and preparation for future challenges**



Throughout discussions around trust, and also the various resilience scenarios presented to customers, it was clear that customers' key focus was not the fact that a problem had occurred, but the way that NWL had prepared for such a problem and how they worked to resolve issues.

Customers had a high level of trust that NWL would have plans in place to manage the effects of certain scenarios and, if not, NWL would have the money to make any changes that were needed. In this way, adequate investment in infrastructure and new technologies were felt to be particularly important to try to stop such issues arising.

Stakeholders had a greater understanding of the progress required in relation to resilience. However, there was a definite interest in partnership working for the development of plans.

Communication with customers was also felt to be key during resilience scenarios to provide information as to why the problem had occurred, what NWL were doing to fix it and how long to expect the affects, in order for customers to deal with the impact. Customers may also show more understanding if provided with a solid reason behind the issue.

Although customers placed a large proportion of the responsibility on NWL to deal with the effects of any damage to their services, partnership working was felt to be key and customers expected NWL to acquire assistance from local government, Ofwat and organisations such as the Environment Agency to assist with the clear up. Many customers also felt that it was partly down to customers to deal with the effects of such scenarios. In this way, educating customers around water efficiency and saving water was felt to be important, both in the event of a break in services and also in day to day life, to try to ensure that issues with supply could be avoided in the future.

### **Acceptable levels of risk**

In terms of the levels of risk that customers were willing to accept, key factors in their decision making were:

- The perceived impact for the customer
- The length of time in which customers would be without services
- Whether the event is planned or unexpected.

Customers were more likely to accept a break in their supply if this was planned, giving them time to prepare, and if the interruption was short. Customers showed understanding that from time to time NWL needed to conduct maintenance to strengthen their infrastructure. However, prolonged interruptions and severe issues such as flooding in the home were felt to indicate a fundamental failure in their system which could cause customers and stakeholders to lose confidence.

### **Vulnerable Customers Research Overview (2016)**

This report gives an overview of the views of our customers in many different vulnerable circumstances. The project builds on the national picture given in recent Ofwat and CCWater

reports about vulnerability, by giving insight into our own customers and unique operating areas, as well as giving some detail about a broad range of different types of customer vulnerabilities. It also brings together some internal information and research completed internally in addition to the research carried out by an independent market research agency (Conversations with Vulnerable Customers) to give a clear view of the current situation.

## Objectives

- Providing insight into the lives of customers in vulnerable circumstances, and what's important to them when they interact with utility companies
- Understanding the drivers and barriers to customers joining existing support schemes
- Understanding customers' experience of NWL's existing Support PLUS schemes
- Investigating reasons why 20% of our customers do not change their payment behaviour following referral for independent financial assessment
- Exploring how customers in vulnerable circumstances would like us to support them in the future, including potential for information sharing with other utilities.

## Methodology

This research has sought insight on the full range of vulnerabilities identified by Ofwat (see diagram below):



Internally we have:

- Reviewed internal and regional statistics around vulnerability indicators – Extra Care Register, Support PLUS programs, debt

- Mapped what NWL already offers customers in vulnerable circumstances and how we work with partners on this issue
- Undertaken a desk top review of support offered by other UK water and energy companies to customers in vulnerable circumstances
- Listened to 20 relevant customer calls (10 recorded; 10 live, including 5 standard customer calls and 15 specific to the debt team)
- Completed 8 in-depth interviews with organisations offering support. This method was particularly used for customer groups that were hardest to reach, e.g. cancer patients, those with mental health issues and the bereaved.
- Shared a draft of this report with the team developing the Vulnerability Strategy and adapted the report in line with their feedback.

The following research was undertaken in partnership with an independent research agency:

- 9 telephone in-depth interviews with organisations offering support from our three operating areas
- 8 conversations with groups of customers in vulnerable circumstances
- 10 telephone in-depth interviews with customers accessing Support PLUS.
- NWL employees attended the customer groups to take part in the conversation and provide information to customers. NWL has reviewed the transcripts from all work undertaken by the independent market research agency.

The independent market research agency have provided a separate report detailing the part of the research that they delivered.

This overall report pulls the information together from all the activity outlined above. The detailed evidence from each part of the project is included in the Appendix and a separate report detailing the external research carried out by the independent market research agency. This report gives conclusions and recommendations based on all this evidence, to assist the formulation of our Vulnerability Strategy.

### **Vulnerability in our operating areas**

All customers are potentially vulnerable to detriment, as at any moment their circumstances could change for the worse.<sup>1</sup> According to the national and regional statistics reviewed, a large proportion – possibly even the majority - of our customers are likely to be experiencing at least one vulnerable circumstance at any time. The Financial Conduct Authority<sup>2</sup> identifies customers with limited mental capacity and mental health problems as particularly vulnerable and therefore in need of quick identification and swift, effective action to avoid significant harm<sup>3</sup>.

**Numeracy:** The low level of numeracy skills in around half of our customers, as shown by the regional statistics, means that a large proportion do not have strong financial management skills.

**Literacy:** Low levels of literacy among up to 1 in 6 of our customers mean that some of our communications may not be successful with them, and may need to be simplified or made less reliant on text.

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<sup>1</sup> Vulnerability: A Guide for Advice Agencies, Money Advice Trust, June 2016

<sup>2</sup> We are not regulated by the FCA, but Ofwat often signposts us towards FCA guidance.

<sup>3</sup> Vulnerability: A Guide for Advice Agencies, Money Advice Trust, June 2016

**Digital exclusion** is improving, but still not eliminated, despite government schemes to address access to the internet and the skills required to use it. The large proportion of customers who are digitally excluded (e.g. 1 in 4 with less than basic internet skills in the North) has implications for our ability to communicate with customers online and implement paperless billing, as offering digital by default or financial incentives for online billing and communication could lead to vulnerabilities or disadvantage for some customers.

**Mental health:** The seriousness of mental health problems, and the length of time they last - is broad, and the ways that they affect customers is varied. We currently only have mental health conditions listed against 1,300 accounts at present – much less than the prevalence of one in 10 people in our areas. While not all common conditions (e.g. low level anxiety and depression) will be relevant, this suggests that there are many more customers with such conditions that we are not aware of. Intermediaries felt that what extra support we would offer these customers would need to be individually agreed.

**Old age:** The proportion of customers aged over 65 and over 75 in our areas is significant (15-23% and 7-11% respectively), and it is commonly known that life expectancy is increasing. Suffolk has a particularly high proportion of over 65s, at 23%. This suggests that vulnerable circumstances such as dementia, caring responsibilities, disability and ill health are very prevalent among our customers and need to be catered for.

**Hearing:** Only a few thousand customers are registered as having a hearing impairment on the Extra Care register, so potentially much more customers need to be given the option of joining this, as there is a prevalence of 1 in 6 customers.

**Language:** Levels of competency with the English language could be a barrier to our services for some customers. 3-7% speak English as a second or other language. We already offer language interpretation and translation services.

**Cancer** affects more than 100,000 of our customers and can have a strong and lasting impact on their finances. Only a small proportion of these are on our Extra Care register.

**Bereavement** only affects a small proportion (1%) of our customers each year, but this can have a large impact on some customers' lives in terms of their finances.

**Cultural sensitivity:** While the proportion of customers with religions other than Christian is fairly small (2-3%) in our areas, this is growing. There is therefore a potential need for field operatives to undertake cultural sensitivity training. For example, some religions/cultures require women to be chaperoned around men so would need to be notified if a male operative was to visit their property.

The prevalence of these vulnerabilities in our operating areas, compared to the proportion of customers registered with these vulnerabilities, shows that we are unaware of many of our customers' vulnerabilities. This is partly due to low awareness of the Extra Care register and the support we offer, and partly due to a lack of communication between NWL and customers. This research has found that customers are usually willing to share their non-financial vulnerable circumstances with us, once they understand how this could improve the service they receive from us. Many – but not all - are willing to share financial information, but a trusting relationship needs to be developed first.

#### **Awareness of our support services**

Awareness of our support for customers in vulnerable circumstances was very low. If NWL wishes to introduce a social tariff cross subsidised by other customers in the future, a key customer concern is that it reaches the right people or it will not get customer support (NWL Social Tariffs customer research, 2014). Customers in vulnerable circumstances are more likely to be dissatisfied with our services than other customers. A recent CC Water report states that “Significant challenges remain in relation to the satisfaction of customers in vulnerable circumstances. In particular social renters, households with members with a disability or long-term illness or those in receipt of benefits consistently rate value for money, fairness and affordability lower than other customers.”<sup>4</sup>

The experience of the project has shown us that identifying and engaging with customers in vulnerable circumstances can be challenging. Many - particularly those in financial difficulty - are hard to reach. Even using support organisations has limited success, as these organisations face similar challenges to reaching those most in need.

The worries and circumstances of these customers are varied. The project has identified many drivers and barriers to joining our support programs. No one approach – to services, communications and marketing - will work for all customers in vulnerable circumstances, as their lives are so varied. Stakeholders suggested developing approaches and materials by vulnerable segment. In addition, many of the approaches identified may be appropriate and economically viable for a wider segment of customers than just those in vulnerable circumstances.

The project has made new contacts and raised NWL’s profile amongst organisations offering support in our operating areas. Support organisations and customers are impressed that we are looking to go beyond what other companies offer and are looking forward to seeing the impact of their involvement. Many are keen to be part of our efforts to inform those most in need of our support services, by distributing leaflets, displaying posters, referring their service users to our schemes or registering on behalf of customers.

### **Describing unrivalled customer service for vulnerable customers**

The overall aim of the project was to inform the Vulnerability Strategy by describing what unrivalled customer service means for customers in vulnerable circumstances. The following conclusions set out the requirements, as described by customers and support organisations, and indicated from observations and background reading.

What does it look like?

- Tailored to their needs
- Offering a wide choice of communication methods
- Easy to find
- Familiar
- Transparent
- Giving the right amount of information.

What does it sound like?

- Using their vocabulary

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<sup>4</sup> CC Water (2016) Delivering Affordability Assistance to Water Customers: Cross Sector Lessons

- Encouraging
- Sympathetic
- Sensitive
- Flexible
- Understanding.

What does it feel like?

- Safe
- Fulfilled
- Proactive
- Relevant
- Connected.

### **Satisfaction**

Those who had accessed SupportPLUS rated it very highly and spoke of the enormous impact that both the service and the referral for independent financial advice had had on their lives. The main criticism was that they would have liked to have been aware of it sooner and some thought the eligibility criteria were too narrow.

However, in order to offer unrivalled customer experience, NWL needs to also compare itself with organisations from outside the sector. According to support organisations, financial services are already quite progressed with services for customers in vulnerable circumstances, as are some telecoms companies, retailers and housing associations. NWL is pursuing the adoption of the BSI standard 18477 for identifying and responding to customer vulnerability, as well as drawing upon other sources of good practice such as Money Advice Trust publications, e.g. Debt and Mental Health Guidelines.

### **Other potential services**

There are some additional services or features that other water companies offer for customers in vulnerable circumstances, which NWL does not. In order to offer unrivalled customer experience to customers in vulnerable circumstances, NWL needs to offer at least all of these things. Examples include online flow charts and calculators to help customers determine whether they are eligible for schemes, online application forms, listing support organisations customers can approach, offering up to 90% reductions in bills (against our offer of up to 50%) and using online films to explain bills, and other services.

The project identified many further sources of best practice for further research. Stakeholders and customers suggested a number of organisations as examples of best practice in their support for customers in vulnerable circumstances. These included Gentoo, fire & rescue services in the North, Sky, Scottish Power, and NPower. Many housing associations have very developed diversity strategies, which include approaches to dealing with customer vulnerabilities, due to their regulatory requirements in recent years and being subject to the Equality Act 2010 as quasi-public bodies.

### **Conversations with Vulnerable Customers (2016)**

In order to understand the needs and expectations of customers who may be considered vulnerable and to further inform Northumbrian Water and Essex and Suffolk Waters' Inclusive Strategy, NWL commissioned An independent market research agency to conduct qualitative

research with customers and stakeholders to gain insight into their awareness of NWL's current support provisions and identify possible areas for improvement.

## **Objectives**

Providing insight into the lives of customers in vulnerable circumstances, and what's important to them when they interact with utility companies

- Understanding the drivers and barriers to customers joining existing support schemes
- Understanding customers' experience of NWL's existing Support PLUS schemes
- Investigating reasons why 20% of our customers do not change their payment behaviour following referral for independent financial assessment
- Exploring how customers in vulnerable circumstances would like us to support them in the future, including potential for information sharing with other utilities.

## **Methodology**

The project was conducted across three strands in situ:

- 8 focus groups with vulnerable customers
- 9 telephone interviews with stakeholders
- 10 telephone interviews with SupportPLUS customers

## **What's important to vulnerable customers when they interact with utility companies?**

The lives of customers varied considerably dependent on their circumstances. However, many faced difficulty using traditional communication methods such as telephone, with this then becoming a barrier to customers contacting companies.

Stakeholders also identified embarrassment as a key barrier to customers seeking help. Customers also faced difficulty accessing their bills.

Many customers had financial concerns, with some experiencing financial difficulties in the past. These customers were predominantly carers of those with vulnerabilities.

For elderly customers, their finances was a closed topic that they would not discuss, as they felt it was a matter to be kept private. These customers also found it difficult to envisage themselves in a situation where they had debt.

## **Drivers and barriers to customers joining our support schemes**

Awareness of our support for customers in vulnerable circumstances was very low.

Many customers had negative customer service experiences with utility and other companies, due to customer service advisors not understanding their vulnerabilities and lacking sympathy. These negative experiences acted as a barrier to customers making future contact with these companies. However, some customers had contacted NWL previously and had received good customer service, with friendly and understanding NWL staff. Staff attitude was a key factor in giving the customer a positive service experience. Suggestions were made to tailor customer service to vulnerabilities, such as providing additional training to staff to spot

vulnerable customers, and personal contacts for those who were registered for Priority Services.

Customers anticipated that being on the Priority Services Register would lead to increased communication and support during a water cut off, as well as the inclusion of carers and family for support. Although customers and stakeholders highlighted that additional support would vary dependent on vulnerability.

SupportPLUS customers faced stress and anxiety as a result of debt. This created a barrier to them seeking help during the early stages of debt.

The project made new contacts and raised NWL's profile amongst organisations offering support in our operating areas. Support organisations and customers are impressed that we are looking to go beyond what other companies offer and are looking forward to seeing the impact of their involvement. Many are keen to be part of our efforts to inform those most in need of our support services, by distributing leaflets, displaying posters, referring their service users to our schemes or registering on behalf of customers.

### **Areas for improvement**

No one approach – to services, communications and marketing - will work for all customers in vulnerable circumstances, as their lives are so varied. Stakeholders suggested developing approaches and materials by vulnerable segment.

No focus group customers identified themselves as being registered with NWL's Priority Services, and awareness of the Priority Services Register was absent across customers and stakeholders. Some were aware of other utilities with this register, and had registered for these. This was reflected in financial support, with many customers and stakeholders unaware of the existence of these schemes – only one SupportPLUS customer had learnt of the financial support available from NWL before making contact with them.

Once informed of the financial and Priority Services support available, customers and stakeholders alike felt these would be beneficial to vulnerable customers. There were concerns over the criteria for financial support, with some focus group customers feeling they would not meet the criteria.

Customers in vulnerable circumstances are more likely to be dissatisfied with their water company than other customers.

There are some additional services or features that other water companies offer for customers in vulnerable circumstances, which NWL does not. Examples include online flow charts and calculators to help customers determine whether they are eligible for schemes, online application forms, listing support organisations customers can approach, offering up to 90% reductions in bills (against our offer of up to 50%) and using online films to explain bills, and other services.

According to support organisations, financial services are already quite progressed with services for customers in vulnerable circumstances, as are some telecoms companies, retailers and housing associations.



## **How to reach and engage with vulnerable customers**

Identifying and engaging with customers in vulnerable circumstances can be challenging. Many - particularly those in financial difficulty - are hard to reach.

Preferred contact methods varied dependent on vulnerability and the situation the customer was in – for one missed bill, most customers were happy to communicate via telephone. For arrears, customers were more inclined to request appointments and face to face contact. Many customers and stakeholders also suggested more online contact methods and texting.

Many customers were not comfortable contacting companies directly if support was needed, with some using carers and family for support and others contacting third parties such as Citizen's Advice and StepChange – many SupportPLUS customers had received third party assistance.

Customers were open to seeking third party advice from charities and independent organisations which they were already affiliated with. Stakeholders also suggested these parties should be able to contact NWL on a vulnerable customer's behalf. A key recommendation for improving awareness and encouraging customer registration for additional support was to create relationships with these third parties and provide them with the information to distribute to vulnerable customers.

Customers and stakeholders expected to see more advertisements of the additional services available to vulnerable customers, using mediums such as television, newspaper and online. Language was an important factor in encouraging or discouraging customers, with long words and descriptions off-putting – some words such as 'help' also held negative connotations for some customers.

A centralised register for Priority Services across utilities was also seen as beneficial so vulnerable customers can receive the same level of support across utilities. For data sharing for the Priority Services Register, customers and stakeholders alike felt this would be beneficial. However, in terms of data sharing for a financial assessment, agreement was mixed. There were concerns in relation to consent and data protection.

## **Satisfaction with NWL's Support PLUS schemes**

SupportPLUS customers found the financial support they received to be useful, although some felt NWL should have offered this support earlier. For the SupportPLUS arrears scenario, customers and stakeholders felt NWL should be proactive in identifying and contacting customers who have fallen behind on bills. SupportPLUS customers also did not connect with the name of the financial scheme they were registered with.

## **Social Tariffs (2014)**

NWL was considering introducing a social tariff as dictated by the 2012 Defra published guidance and had begun to consult with stakeholders and customers as to the approach. An initial phase of qualitative research had been conducted, which identified a lack of support for

the introduction of a social tariff, but a wealth of feedback as to how a tariff could be better designed to enable increased levels of acceptability.

The purpose of this phase of the research was to allow NWL to make a decision on whether to introduce a social tariff.

### Objectives

Quantify household customer support for a social tariff. This must include willingness to contribute to a social tariff and willingness to receive a social tariff.

### Methodology

An independent market research agency conducted 2,200 interviews with a representative sample of domestic customers (1,100 in Northumbrian Water and 1,100 in Essex & Suffolk Water areas) to understand customers' acceptance of the social tariff.

### Results

Customers were shown Showcard 1 (which explained how NW/ESW helps customers who are struggling to pay their water bills and how a social tariff could fit into this support offer) and asked in principle, how acceptable they found the introduction of a social tariff by Northumbrian Water/Essex & Suffolk Water. After being shown Showcard 1, overall, 50% of customers found the introduction of a social tariff very unacceptable or quite unacceptable (47% Northumbrian Water and 53% Essex & Suffolk Water). At this stage, only 33% of the sample found the introduction of a social tariff to be quite or very acceptable.

Q7 – Acceptability (showcard 1)	Overall (2196)	Northumbrian Water (1099)	Essex & Suffolk Water (1097)
1 - Very unacceptable	34%	35%	33%
2 - Quite unacceptable	16%	12%	20%
3 - No strong feelings either way	12%	11%	14%
4 - Quite acceptable	18%	18%	17%
5 - Very acceptable	15%	20%	9%
Don't know	5%	4%	6%

Customers were then asked to read Showcard 2 (showing draft eligibility criteria, likely discounts, how the administration would be paid for and estimated numbers of people who could be helped). They were then asked: "Now that you have read this information how acceptable do you find the introduction of a social tariff by Northumbrian Water/Essex & Suffolk Water?" Overall, 53% of customers found the introduction of a social tariff very unacceptable or quite unacceptable (50% Northumbrian Water and 56% Essex & Suffolk Water) and 35% quite or very acceptable at this stage.

Q9 – Acceptability (showcard 2)	Overall (2174)	Northumbrian Water (1093)	Essex & Suffolk Water (1081)
1 - Very unacceptable	38%	38%	38%
2 - Quite unacceptable	15%	12%	18%
3 - No strong feelings either way	8%	7%	10%
4 - Quite acceptable	19%	18%	20%
5 - Very acceptable	16%	21%	10%
Don't know	4%	3%	5%

All customers were next asked if they would be willing to pay something (50p to £5) towards a social tariff. Overall, 58% of customers said that they were not willing to pay something towards a social tariff (56% Northumbrian Water and 59% Essex & Suffolk Water) at this stage. Only those who were willing went on to read Showcard 3 (which showed estimated numbers of customers who could be helped against different average bill contributions). They were then asked to specify how much they were willing to contribute.

Q11 – Willing to pay something	Overall (2194)	Northumbrian Water (1100)	Essex & Suffolk Water (1094)
Yes	33%	34%	32%
No	58%	56%	59%
Don't mind	2%	2%	3%
Don't know	7%	8%	7%

The evidence concluded that a social tariff was not supported in either Northumbrian Water or Essex & Suffolk Water, coupled with the likelihood to apply for the tariff being divided. Further analysis completed for the full report investigated whether there was support by any particular segments, but this did not change the overall conclusion.

All customers were asked if they would apply for the social tariff if they were eligible. Overall, 44% of customers in both Northumbrian Water and Essex & Suffolk Water said that they would not apply for the social tariff and overall 42% said that they would.

### **Social Tariffs (2016)**

An independent market research agency was commissioned by NWL to quantify household customer support for a social tariff.

In contrast to earlier work commissioned by NWL in 2012 and 2014, there appears to have

been a mood shift amongst the NWL customer base and this research has found that there is now an appetite for a social tariff to be implemented by NWL. There is also a marked difference amongst future bill payers in that they are more positive towards the scheme, more willing to contribute and more likely to deem the scheme acceptable than current bill payers.

### **Objectives**

- Measure whether or not customers are willing to fund a social tariff through a cost subsidy charge on their bill and which amount would be acceptable
- Determine the profile of customers that benefactors would be willing to support.

### **Methodology**

In total, 1,948 interviews with current bill payers and 127 interviews with future bill payers were conducted with a representative sample of NWL customers in the Northumbrian Water and Essex and Suffolk Water areas.

Interviews were conducted between 5th December 2016 and the 22nd January 2017. A combination of in home and hall tests utilising computer-assisted personal interviewing (CAPI) was adopted.

Customers initially had their demographic information gathered from them at the beginning of the questionnaire before having the idea of the proposed social tariff explained to them in phases.

The views of different customer segments were compared – particularly by their income group.

### **Willingness to contribute**

Once a thorough introduction had been provided, customers were asked whether they would be willing to contribute a given amount (starting values ranged from £0.50p to £2.00) per year, on top of their current bill to reduce bills for customers who are genuinely struggling to pay their water and waste water bill.

Overall, 59.48% of current bill payers would be willing to contribute something towards the proposed social tariff through an increase in their water bill. The average value customers were willing to contribute was £1.39, although this varied by area:

- £1.17 amongst Northumbrian Water customers
- £1.04 amongst Hartlepool Water customers
- £1.73 amongst Essex and Suffolk Water customers

Overall, willingness to contribute by SEG band breaks down as follows:

- 68% of ABs would be willing to contribute something to a social tariff.
- 62% of C1s would be willing to contribute something to a social tariff.
- 58% of C2s would be willing to contribute something to a social tariff.
- 54% of DEs would be willing to contribute something to a social tariff.

Overall, willingness to contribute by age band breaks down as follows:

- 79% of 18-24 year olds would be willing to contribute something to a social tariff.
- 65% of 25-34 year olds would be willing to contribute something to a social tariff.
- 62% of 35-44 year olds would be willing to contribute something to a social tariff.
- 58% of 45-54 year olds would be willing to contribute something to a social tariff.
- 57% of 55-64 year olds would be willing to contribute something to a social tariff.
- 54% of 65+ year olds would be willing to contribute something to a social tariff.

Amongst future bill payers:

Overall, 81.94% would be willing to contribute something towards the proposed social tariff.

The average value future bill payers were willing to contribute was £2.37, although this varied depending upon region:

- £2.41 amongst Northumbrian Water customers
- £1.92 amongst Hartlepool Water customers
- £2.47 amongst Essex and Suffolk Water customers.

### **Acceptability of the scheme**

Once customers had provided their willingness to contribute to the scheme, they were also asked about how acceptable they deemed this social tariff to be.

Amongst current bill payers:

- When analysing the results, three-fifths (59%) of NWL customers deemed this scheme 'acceptable' with 22% stating that it was very acceptable and 36% stating that it was just acceptable.
- Interestingly, it was found during the desk research phase that some WaSCs had actually decided to combine those saying 'I don't mind' in with those saying that the scheme was 'acceptable'. When this approach is adopted we can say that 71% of customers deem the scheme 'acceptable' – a 12% jump from those saying just 'acceptable' alone.
- Those saying 'don't know' were significantly more likely to be on lower incomes, of Black, Asian or minority ethnic groups or those with a disability (see p.29).
- When analysing acceptability, there were no differences by SEG, age or income.

Amongst future bill payers:

- When analysing the results, just under three-quarters (72%) of future bill payers deem this scheme 'acceptable' with 32% stating that it was very acceptable and 40% stating that it was just acceptable.

### **River Water Quality (2016)**

The main aim of this research was to test views and expectations of Northumbrian Water's customers in relation to managing and improving river water quality.

### **Objectives**

- Understand the relationships that customers have with rivers in the North East
- Explore customers' perceptions of the quality of rivers in the North East region and understand how they are forming such opinions
- Provide insight into the links customers make (if any) between NW operations, their own behaviours and river water quality
- Understand customers' aspirations for rivers in the North East and the specific improvements they expect to see to reach those aspirations
- Explore whether customers expect NW to deliver activities beyond statutory obligations
- Understand, in principle, to what extent customers may be willing to pay more on their bill to fund investment into improving river water quality with a focus on reasons for and against
- Reveal how customers would prefer NW to communicate any improvements or investments in river water quality.

## **Methodology**

The household customer methodology used to conduct the study included:

- Two deliberative consultation events with household customers held in Newcastle (26 attendees) and Bishop Auckland (20 attendees) during June 2016
- Customers included a mix of those who: Regularly used rivers, streams, becks or burns in the North East (NE) for recreation that didn't require getting wet; regularly used rivers, streams, becks or burns in the NE for recreation that did require getting wet; hadn't used rivers, streams, becks or burns for leisure/days out in last 12 months
- Each event was also attended by a mix of NW staff and stakeholders
- Customers took part in an initial discussion revealing their perceptions of RWQ in the NE and their aspirations for RWQ to improve. They then received a presentation from NW focused on how RWQ is impacted and three potential investment levels for improvement. Customers provided their views as to how likely they would be willing to pay to support either one of the investment levels.

The Non Household (NHH) customer methodology used included:

- In-depth telephone interviews with 15 businesses and organisations during July 2016;
- Mix of those with a link or stake in rivers for their main business activity and those who did not;
- Mix of consented and non-consented businesses, sector types, varying levels of water dependency, account managed and non-account managed, rural and urban locations and mix of all NE counties;
- Interviews were conducted using a script that reflected those used in the household customer events. Customers also received a briefing pack from NW which reflected the content presented to household customers at the deliberative events.

## **Customers' relationships with rivers in the North East**

Apart from a small number of non-users from the Newcastle event, the majority of customers across the study saw rivers as an important feature in the North East region. Rivers were an integral part of the history and heritage of the North East, essential for the environment and overall ecosystem to flourish, as well as providing quality experiences for leisure and

recreation purposes.

### **Customers' perceptions of the quality of rivers in the North East**

Customers tended to think of rivers they knew of locally when considering perceptions of RWQ. Household and NHH customers that lived near to or worked alongside the Tyne saw the river as 'dirty' due to litter strewn across the riverbank and 'polluted' due to years of heavy industry. Bishop Auckland household customers and a small number of NHH customers generally perceived rivers such as the Wear to be 'fresh' and 'inviting' but felt certain sections needed to be cleared of litter, debris such as domestic garden tree cuttings and weed within the water that restricted fishing. There was also a shared perception from across the research that the quality of river water tended to get worse nearer to urban locations due to the higher volumes of households and population of people.

### **How customers judge river water quality**

Understanding of the factors that made up poor or good quality river water varied according to the extent that rivers were used for leisure or business purposes. Non-users or businesses who had no link with rivers tended to judge RWQ in a visual sense. If the colour of the water was murky then it was of a poor quality - if it was clear and river banks were free of litter, the quality was assumed to be good. Therefore, if bills are likely to go up as a consequence of RWQ improvements, Northumbrian Water may need to think about how to communicate the difference or change customers can expect to experience and the benefits the results may bring to them and the wider region.

### **Customers' aspirations for improvements to rivers in the North East**

Whilst the majority of customers throughout the research agreed that the quality of NE river water had improved significantly in the last twenty years, aspirations for improvements focused on a desire to see litter free river banks, a growth in wildlife and fish stocks, improvements to the sewage system and an enhancement of the leisure and tourism experience to benefit the region's residents and attract more visitors to help boost the NE economy.

### **Links customers make between RWQ, their own behaviours and NW operations going beyond statutory obligations**

Once informed of the challenges associated with RWQ improvement, household customers and businesses were keen for more work to go into preventing further damage to rivers. Many suggested NW's role could shift more towards prevention of RWQ damage, which in turn would, according to customers, lead to a reduction in the need for intervention and clearing up the mess created by a wide variety of stakeholders. Prevention activities related to cracking down on polluters or improving the sewer network, lobbying to reduce chemicals in products and educating households on what items should not be flushed down the loo or tipped down the sink.

### **Extent that customers may be willing to pay more to support RWQ improvements**

Overall, apart from a small number of household and business customers, there was a willingness to pay to support RWQ improvement in principle. This was because most felt that some level of improvement was needed and therefore they understood that bills may need to go up to reflect this. However customers did not want to be the only ones paying for the initiative. They would be much more likely to support the scheme if they saw other stakeholders doing their bit to contribute. This could be a combination of shareholders taking fewer dividends so that some of NW profits could be used to cover the bill, big businesses reducing certain pollutants in their products, local councils doing more to reduce litter and fly tipping by enforcing penalties. Customers want to see a joint, cross-societal effort to improve RWQ.

**Views towards investment Level 1** (Similar cost to present and would aim to prevent water from getting worse, maintain equipment and performance, foster partnerships and community involvement)

Of the three investment levels presented to customers, Level 1 only received the support of those who were against or did not want to pay any more on their bill, either because they did not have a strong connection with rivers or that any increase in household or business costs were preferred to be avoided. For the majority of customers though, Level 1 was rejected as it was void of any aim to improve rivers and created a fear that if this was implemented RWQ could eventually decline.

**Views towards investment Level 2** (Increase of 1% to 3% on the customer bill and would aim to make limited improvements in areas most certain NW can impact such as removing some nutrients, small increase in variety of plants and wildlife)

Level 2 tended to receive most support from business customers and a large number of household customers as it was seen to be a fair balance between improving RWQ and the associated increase in bills. But for a number of river users and businesses Level 2 did not go quite far enough to offer enough improvements with some wondering whether NW could consider a higher level in between 2 and 3.

**Views towards investment Level 3** (Increase of 13% on the customer bill and would aim to lead to a significant increase in the variety of plants and wildlife, remove nutrients and chemicals but uncertain as to whether some of the techniques will work)

Level 3 was preferred by the majority of household customer river users, as well as a small number of businesses that had a strong link or stake in rivers. Householders in support of Level 3 saw the increase of £1 per week as manageable but wanted reassurance that it would not rise beyond this, and that the investment would lead to some tangible outcomes.

In contrast, a large proportion of business customers felt Level 3 was a step too far. The potential price increase of 13% was a real concern for many businesses, as was the perceived lack of clear outcomes and benefits attached to the proposition. If NW does consider implementing Level 3, thought would need to go in to communicating how household and business customers will benefit in order to minimise a potential backlash and a rise in the



volume of customer complaints.

### **Communicating any changes to RWQ improvement and investment**

Whatever investment level is selected, the key component to getting customers on board is how NW chooses to communicate its plans and how they impact customers, especially if bills are to rise as a result. Informing customers of RWQ improvement plans purely via a letter, leaflet or within the bill is likely to have a limited effect.

In order to be able to explain the rationale behind any investment in RWQ, NW may need to consider a broader communications campaign using multiple channels such as coverage on TV and radio, social media and community meetings and events - perhaps using NW's new customer engagement vehicle. The aim would be to make the initiative something that all residents in the region understand and can buy into.

Key components of the campaign to help get customers on board may be to focus on the medium and longer term benefits that better quality river water would have on the environment and ultimately society across the whole region.

### **Sewer Ownership and Responsibilities (2016)**

In 2011 the responsibility for some specific private sewers and lateral drains was transferred to water and sewerage companies. Despite conducting an awareness campaign prior to this transfer, previous research, and a perceived lack of customer reporting of issues leads Northumbrian Water to believe awareness of this transfer in ownership is still low among customers. Explain were commissioned to carry out research to determine customers' knowledge of sewer ownership and responsibilities.

#### **Objectives**

- Understand awareness of sewer ownership among customers
- Understand if customers think the transferred drains system and public network should be treated equally
- Understand to what extent repairs and maintenance have been undertaken to TDS since the transfer in ownership
- Explore preferred communication methods on sewer ownership education for customers.

#### **Methodology**

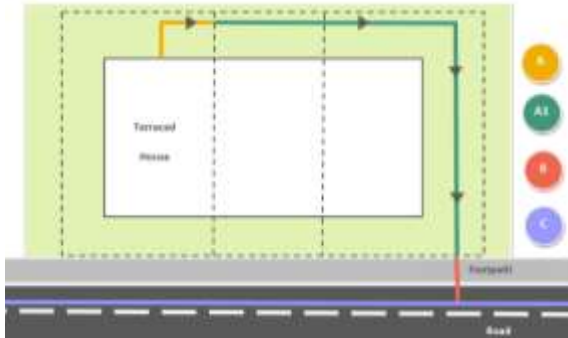
A quantitative methodology was used, in the form of 1,000 on-street interviews with household customers of Northumbrian Water, and an online survey of 32 Non-Household customers.

#### **First point of contact**

When customers were asked who they would contact if they were to experience a problem or issue with the drains or sewers on their property, almost a third of customers (29%) would

contact their local authority. This was especially prominent among social or council housing tenants (67%). Just over a quarter of all customers would contact Northumbrian Water if they were to experience a problem or issue.

### Awareness of responsibility



All customers were shown an image of a property either face to face on-street (household), or on-screen (non-household), depending on the type of property they stated they currently occupy. Customers were then asked to imagine they lived (household) or work (non-household) in the property that connected to the sewer via Section A. This was to ensure NW could compare all answers for that property type. Customers

were then asked to identify, unprompted, who they thought was responsible for each individual section.

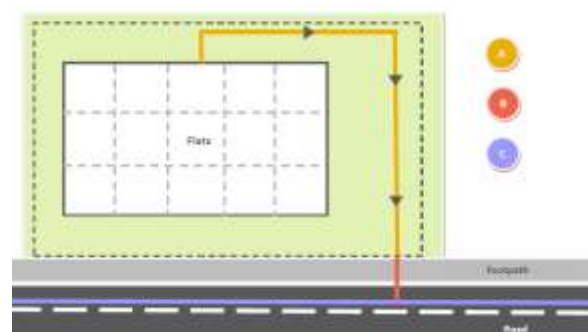
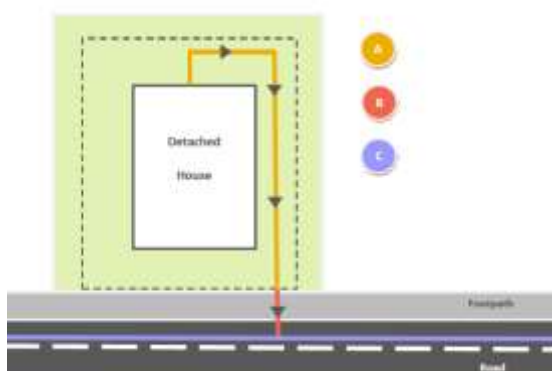
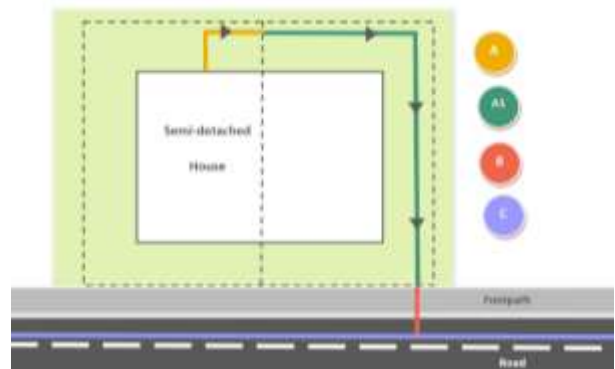
Section A on all show-cards represents the section of drains and sewers either that customer, or the property owner is responsible for.

Section A1 is not present on all show-cards, but represents the section which runs from the customers' neighbours' boundary, to edge of the neighbouring property boundary, typically before it meets a footpath.

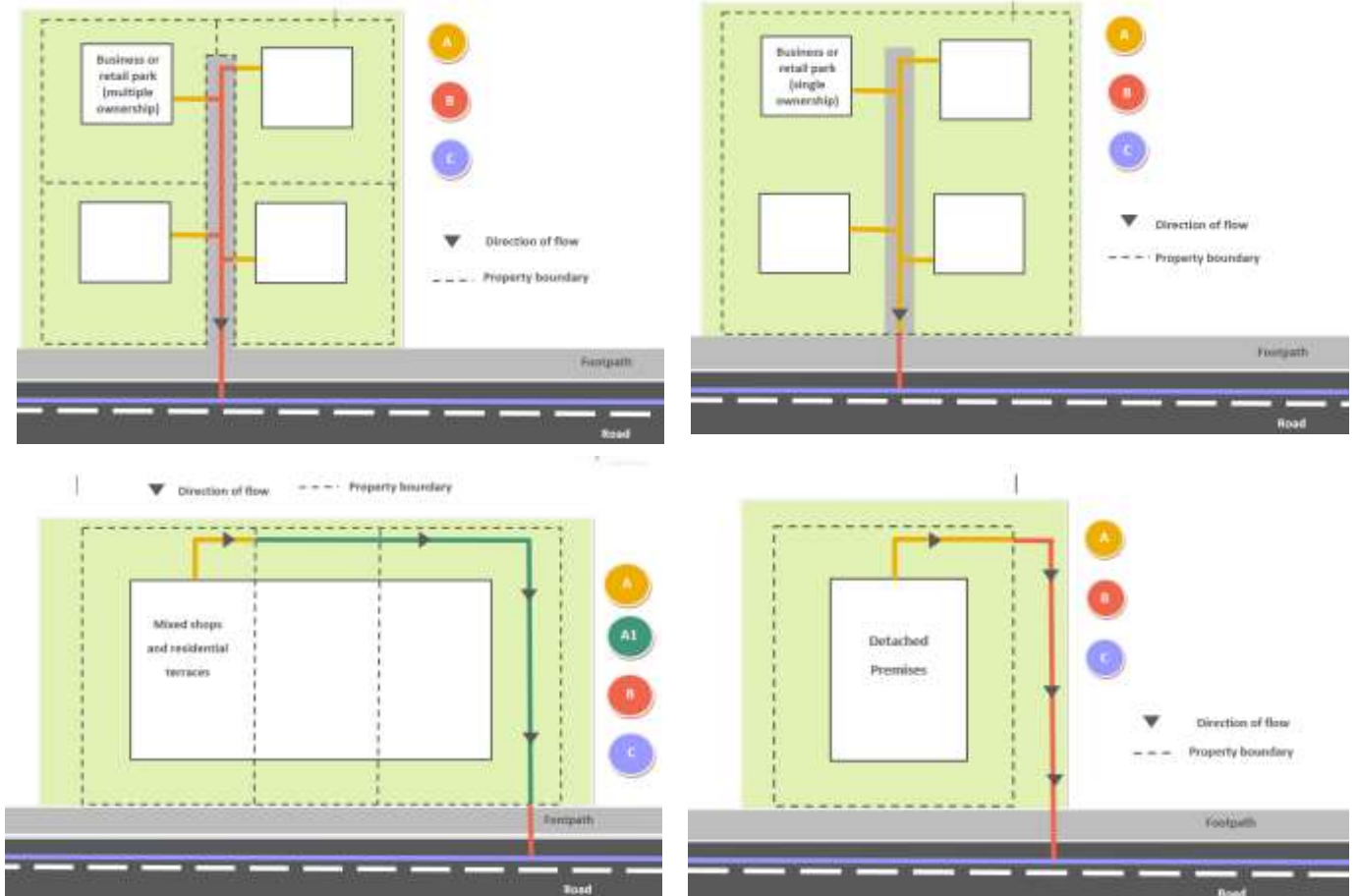
Section B represents the section of drains and sewers which run from footpath to the road.

Section C represents the section of drains and sewers which run underneath the road.

Household customers were shown the following images:



Non-household customers were shown the following images:



## Overall awareness of responsibility

Overall correct identification of ownership amongst household customers was highest for Section A (57%) and lowest for Section A1 (31%):

Section of drains and sewers	% of correct answers
Section A (Owner)	57%
Section A1 (NWL)	31%
Section B (NWL)	41%
Section C (NWL)	48%

Once customers had been asked who they thought to be responsible for each section of the drains and sewers, they were then asked if their answer's had been a guess. Overall nearly three quarters (72%) of household customers stated they had made a guess. Those living in terraced properties were most likely to have guessed (80%), followed by those living in flats (75%).

Those aged 16-24 and 25-44 were the age groups most likely to guess. Customers belonging to the A/B socio-economic grouping were the least likely group to guess their answers, suggesting that awareness of ownership is highest amongst this group.

Of the 32 non-household customers, 23 (69%), stated that their answer had been a guess.

### Awareness of responsibility – Section A (Customer's responsibility on customer's property)

Household customers living in a detached property were most likely to correctly identify that the property owner was responsible for Section A of the drains and sewers (84%), whilst 62% of customers in a semi-detached property correctly identified this. Just over half of customers living in a terraced property (53%) gave correct answers for this section. Customers living in a flat were least likely to correctly identify this less than a third answering correctly (31%).

Typically, across all socio-economic groups, those belonging to A/B were more likely to correctly identify ownership at Section A. The proportion of customer's correctly identifying this section decreased amongst those in the C1/C2 and D/E socio economic groups, with significantly low levels of correct identification amongst customers living in flats and belonging to the D/E socio-economic group.

Customers who stated they are personally affected by a disability or long term illness were less likely to correctly identify correct ownership across all property types, except for Flats, where correct identification was consistent at 31%.

Those who are in receipt of income support or benefits were less likely to obtain a correct answer when identifying responsibility. Customers in receipt of income support or benefits and lived in flats and terraced housing showed lower levels of correct identification (17% and 29% respectively).

The majority of non-household customers correctly identified responsibility at Section A of the drains and sewers either they, or their landlord are responsible for.

### **Awareness of responsibility – Section A1 (Northumbrian Water’s responsibility – on neighbouring property)**

Household customers who lived in semi-detached and terraced properties were asked to identify this section of the drains and sewers on their property; the section which runs from the boundary of their neighbours property, to the overall external property boundary, before it meets the footpath.

Those living in a terraced property were most likely to correctly identify that Northumbrian Water are responsible for this section of the drains and sewers (36%). 31% thought that their local authority were responsible. Over half of those aged 16-25 (52%) thought their local authority was responsible, the age group most likely to incorrectly think this. Those in the D/E socio-economic group were also less likely to correctly identify this section, with just under half (49%) believing this was the responsibility of their local authority.

Just a quarter of customers living in a semi-detached property correctly identified that Northumbrian Water are responsible. Just over a quarter thought that this was the responsibility of their local authority, whilst a further quarter thought that the property owner was responsible for this section, with those aged 64-74 more likely than any other age group to believe this (38%).

Customers suffering from a long term illness or disability were less likely to obtain a correct answer than the overall customer base. This was also consistent for those receiving income support or benefits, with the gap in correct answers greater amongst customers living in a terraced property. 56% of those receiving income support or benefits in a terraced property thought that their local authority was responsible for this section.

Property owners were more likely to correctly identify this section of the drains and sewers, however terraced customers renting with a private landlord showed a higher propensity to correctly identify this section than those in a semi-detached property.

Only terraced non-household customers were asked to identify responsibility of Section A1. 2 of 11 customers correctly identified Northumbrian Water as being responsible. 4 thought that their neighbour was responsible, whilst 3 believed this to be their local authority’s responsibility.

### **Awareness of responsibility – Section B (Northumbrian Water’s responsibility – underneath footpath to road)**

Household customers living in a detached property were most likely to correctly identify this section, with half stating Northumbrian Water were responsible for this section (49%). Around one fifth of detached customers thought that the property owner was still responsible for this section, with those belonging to the C1/C2 socio-economic group most likely to think this (24%).

For semi-detached customers, 42% correctly identified that Northumbrian Water were responsible for Section B, whilst 40% believed this was the responsibility of their local authority. Those aged 16-24 were the age group most likely to believe this (65%), followed by those aged 75+ (55%), whilst those aged 25-44 were most likely to demonstrate correct awareness of responsibility (52%).

45% of customers living in a terraced property correctly identified ownership for Section B. The proportion of customers who thought their local authority were responsible for this section was similar to that of customers in semi-detached properties, with 37% believing this to be the case. Over half of customers aged 16 to 24 incorrectly stated their local authority was responsible for this section (52%), whilst similar levels of incorrect answers were observed amongst customers belonging to the D/E socio-economic group (49%).

Customers living in flats showed the lowest awareness of responsibility for this section of the drains and sewers across all property types with 28% correctly identifying NWL's responsibility. Over half of customers in flats incorrectly thought that their local authority was responsible for this section, with those customers aged 16 to 24 and belonging to socio-economic group D/E most likely to incorrectly believe this was the case (57% and 53% respectively).

The proportion of customers correctly identifying Northumbrian Water as being responsible for section B was lower amongst those identifying as disabled or suffering from a long-term illness for all property types, except those living in flats, where the level of correct identification was 6% higher than the overall customer base. Those in receipt of income support or benefits were also less likely than the overall customer base to correctly identify the responsibility of Section B.

Those who owned their own property were more likely than those renting from a private or social landlord to correctly identify responsibility for Section B of the drains and sewers.

The majority of non-household customers living in a detached property correctly identified that Northumbrian Water are responsible for Section B of the drains and sewers. Responses were more mixed for those in a terraced premises, with 3 believing that a neighbour was responsible, and a further 4 thinking this was the responsibility of the local authority

### **Awareness of responsibility – Section C (Northumbrian Water's responsibility – underneath the road)**

As with other sections, household customers living in detached properties showed a higher level of accurate awareness as to responsibility, with 56% correctly stating Northumbrian Water. 32% thought that their local authority was responsible for this section, with those belonging to the D/E socio-economic group the most likely to think this.

Answers for Section C of the drains and sewers were consistent between customers in semi-detached and terraced properties, with just over half (52%) correctly stating Northumbrian Water are responsible, whilst 39% thought that this was the responsibility of the local authority. As with customers in detached properties, those belonging to the D/E socio-economic group were more likely to incorrectly believe that their local authority was responsible, consistent for both semi-detached and terraced customers (51% and 54% respectively).

Just under a third of customers living in flats correctly identified Northumbrian Water held responsibility for Section C of the drains and sewers, the lowest level of correct identification across all property types. Just over a half thought their local authority was responsible (53%), with those aged 16-24 significantly more likely than other age groups to think this (62%), along with those belonging to the D/E socio-economic group (58%).

There was very little difference in the level of correct identification between detached property customers suffering from a disability or long term illness and the overall base, (-2%). Correct

awareness of ownership was lowest amongst those disabled or suffering from a long term illness living in a semi-detached. Customers living in flats were the only group of disabled customers with higher levels of correct identification than the overall customer base.

Household customers who owned their own property were more likely to correctly identify the responsibility of Section C of the drains and sewers than those renting with a private or social landlord.

A majority of non-household customers in a detached premises correctly identified that Northumbrian Water are responsible for Section C of the drains and sewers.

### **Transferred drains and sewers**

Low awareness levels of the transferred private drains system were observed, with just 14% of customers stating they were aware this transfer had taken place. Awareness was highest in Northumberland (20%), and lowest in Darlington (4%). Property owners had higher levels of awareness compared to the overall customer base (18%), although these customers were still in the minority.

Of the 14% of household customers who were aware that a transfer of the private sewers and drains network had taken place in 2011, the majority (70%) recalled having received information about the transfer.

### **Customer issues with drains and sewers**

Just 15% of household customers stated they had experienced a problem with the drains or sewers on their land in the last five years. 79% of these issues had occurred on the drains and sewers customers are responsible for.

Customers were most likely to experience slow drainage on their section of the drains and sewers (40%), whilst bad smells from the drain was the most frequent issue on Northumbrian Water's section (38%). 81% of the problems which occurred on both customers' and Northumbrian Water's section of the drains and sewers were caused by blockages.

31% of customers contacted the council when the issue occurred on the section Northumbrian Water were responsible for, whilst 50% correctly contacted Northumbrian Water on this occasion. For those who experienced a problem on the section they were responsible for, 24% stated their local authority was the first point of contact, whilst 13% contacted Northumbrian Water.

Where an issue had occurred on the section Northumbrian Water were responsible for, 53% stated that it was Northumbrian Water who ultimately resolved the issue. Where an issue had occurred on the customers' section of the drains and sewers, customers were most likely to fix this issue themselves (21%), whilst 13% had the issue resolved by a private contractor or drains specialist.

When asked if they had carried out any other maintenance on the drains and sewers on their property within the last five years, very few customers stated they had (37 in total). Those in detached properties were most likely to have carried out maintenance (9%).

Overall, nearly a third of non-household customers had experienced a problem regarding the drains or sewers on their land. Seven of these issues were caused by a blockage. A private

contractor or drains specialist was non-household customer's first point of contact when this issue occurred (five customers), whilst just one organisation fixed the issue themselves. Four out of the ten issues were ultimately resolved by a private contractor or drains specialist. All 10 customers who experienced an issue would contact someone if the same issue were to occur in future. Four would contact a private contractor or drains specialist, whilst three would contact the landlord of the premises.

Non-household customers were also asked if their organisation had carried out any other maintenance on the drains and sewers on their premises. Out of the 32 customers, six, or 19% had carried out additional maintenance.

### **Customer insurance policies**

17% of household customers stated they held an insurance policy for the drains and sewers on their land. Those who lived in detached properties were most likely to hold an insurance policy (35%), whilst those in a flat were the least likely to hold a policy (5%). Property owners were most likely to hold an insurance policy on the drains and sewers on their land (31%).

45% stated their policy covered all drains and sewers on their property (both the sections they were responsible for and the sections Northumbrian Water were responsible for). 21% stated they didn't know which section their insurance policy covered.

Just 3 non-household customers held an insurance policy on the drains and sewers on their premises, of these three customers:

- One held a policy which covers the drains and sewers they are responsible for (Zurich)
- One held a policy for all drains and sewers on their property (AXA)
- One was unsure as to which sections of the drains and sewers their policy provided cover for (Weir Insurance Group)

### **Investment priorities**

A majority (74%) of household customers agreed that Northumbrian Water should maintain and invest in all drains and sewers equally, regardless of whether they were part of the TDS or public network. Property owners and tenants were consistent in their view that Northumbrian Water should maintain and invest in the TDS and public system equally.

The majority (75%) of non-household customers also thought all drains and sewers should be maintained and invested in equally. No customers thought that the drains and sewers on their land should be prioritised.

Overall, 81% of household customers agreed that it was important customers like themselves receive information about drain and sewer ownership. Customers in detached properties were most likely to agree (89%), compared to those in flats who were less likely (74%).

Property owners were in higher agreement that customers like themselves should receive information about drain and sewer ownership (91% agreement) than customers who rented their properties. Social / and council housing tenants had lower levels of agreement, however a majority (67%) still felt it was important to receive information from Northumbrian Water on the issue of drain and sewer ownership. 79% of those who thought it important to receive information on sewer ownership would prefer to receive this information now rather than if a future issue were to occur.



The top three methods of receiving information on drain and sewer ownership were leaflets through the door (47%), information within the water and sewerage bill (43%) and an information pack through the door (35%).

When looking at the top three communication methods by age, those aged 16-24 were most likely to prefer a leaflet through the door. Those aged 65-74 were most likely to select information within their water and sewerage bill.

Customers within the socio-economic grouping A/B were most likely to prefer information on sewer ownership within their water and sewerage bill. Those in C1/C2 and D/E were most likely to prefer information via leaflets through the door.

Disabled customers, or those suffering from a long term illness were most likely to prefer information on sewer ownership within their water and sewerage bill. Those in receipt of income support or benefits would prefer leaflets through the door.

Looking at digital channels customers would prefer NWL to use to inform customers about sewer ownership in future, Email was the preferred channel. When looking at digital channel preference by age, customers aged 16-24 were most likely to prefer to be informed in this way, with Email being the preferred channel (22%), followed by social media (19%). Just 3% would prefer this information to be provided on the Northumbrian Water Website. Levels of preference for the Northumbrian Water website were higher for those aged 25-44, however this age group would still prefer Email and social media. Customers aged 65-74 and 75+ were less likely to prefer digital channels, with no customers from either age group stating a preference for social media.

84% of non-household customers thought it was important other customers like them should receive information about drain and sewer ownership. Of the non-household customers who thought customers should receive information, 26% would like to receive information now. The top two methods amongst these customers were Email (15) and within the water and sewerage bill (15).

## **Discolouration (2016)**

One of Northumbrian Water Group's corporate aims is to provide clean, clear drinking water that tastes good. Discoloured water, which is usually brown, orange or black, leads to customer concerns and complaints. This research is intended to inform the development of the company's approaches to discolouration issues and contacts.

### **Objectives**

- Understand to what degree customers share the company's aspiration to reach zero complaints for discolouration
- Understand the consequences of discolouration on household and business customers
- Identify whether discolouration is under-reported and explore customers' motivations for and against reporting discolouration.

### **Methodology**

Telephone interviews with 249 household, 10 landlord and 15 business customers who had reported discolouration in the last 5 years.

966 on-street interviews with a representative sample of current and future customers in NW and ESW areas where recent events of discolouration had occurred. This included customers who had and those who had not experienced discolouration events.

### **Extent to which customers want zero discolouration**

- Household customers would like to see an elimination of discoloured water events (52% rate this a 10/10 importance). The level of importance, of not having discoloured water, is higher for customers who have never experienced it (8.9) than for those who have (7.9). This means that even though our sample was intentionally targeting those who experienced discolouration, those who did not experience it shared their wish to eliminate it. This also means as discolouration events become rarer, the tolerance towards their occurrence may reduce. The majority of customers would like discolouration events resolved within a few hours, less than 5% are willing to wait 5 days.
- Main reasons that customers don't want to experience discoloured water are that they pay NWL to receive clear water at all times (29%), they do not want to have to worry about becoming ill from drinking the water (21%) and they don't want interruptions of their daily activities (13%). Only 12% state that they believe some discoloured water events are unavoidable in order to maintain the system.
- When it comes to eliminating discoloured water for good more than half (51%) expect this to be completed in less than 20 years, 23% would expect it to be done within five years. This is significantly lower than industry estimates.
- Although not having discoloured water was important to people, only 13% would pay the target price of £7 (23% at £5). The main reasons people give for not wanting to pay is that bills are already high (80%) and that the service they pay for is clean water (30%), therefore it makes no sense having to pay to eradicate discolouration. In Essex 25% say they would not be prepared to pay for an event that happens so rarely. This means as discolouration events become rarer, less people may be willing to pay to eradicate them.
- Customers in Suffolk are slightly more likely to pay for the eradication of discoloured water. But even here only 27% would pay the annual estimated costs of £7.
- People who experienced discoloured water and reported it are more likely to be prepared to pay for its eradication, however this is the minority with 19% of the sample.
- The secondary issue with customers paying for the eradication of discoloured water is that 30% of the sample would expect this to mean that from the day they pay they would never experience it again. If it did occur some would ask for refunds.
- Businesses appeared to make zero discolouration a slightly lower priority than households do. Only 6 rate it a 10/10 for importance. Though water is important to the businesses, the complete elimination of discoloured water is not a top priority for most. As a consequence, 7 businesses were not prepared to pay for the elimination of discoloured water at all. Six of the businesses would pay the 2% required bill increase – the maximum one was willing to pay was 10%.
- Main reasons for not being willing to pay were that discolouration does not happen frequently enough, clear water is expected from the service and that NWL make enough profit already.
- What is more important to businesses than complete eradication is a good customer service and fast resolution when discolouration does appear.
- 8 businesses believed elimination of discoloured water should take less than five years, which is a similarly short term view that household customers had.

- Six out of 10 landlords gave a rating of 8 or above with regards to how important it is to them never to experience discoloured water. This is the same score as businesses and slightly lower than households who gave a 9. The most common reason for this is additional workload or hassle for them, with 3 stating this as cause for the rating. Other reasons include worry about health effects, and having clean water is a basic expectation from the service. Although not having discoloured water was important to landlords – only two (out of 10) were willing to pay the target price increase of 2% per year. Those willing to take a guess think discoloured water should be eradicated within 5 years.

### **Consequences of discolouration for customers**

- When discolouration occurs customers experience worry, anger and dissatisfaction. Prior notification significantly reduces the negative emotions people experience and also changes the personal impact they feel about the event from negative to positive (on average).
- For most people, discoloured water events do not have a lasting effect on their likelihood to drink tap water. However, a small proportion of those who experience very high impact of discoloured water may stop drinking tap water altogether.
- For households, discolouration events have a negative effect of on customer satisfaction (with regards to value for money). Therefore, reducing the frequency of discolouration events would have a positive impact on customer satisfaction ratings.
- People who had discoloured water in the past give a 0.46 point lower customer satisfaction rating than those who did not experience it. 32% of those who never had discoloured water rate the company 10/10 whilst only 22% of those who experienced discoloured water give the same high rating.
- Frequency of discoloration has an impact on NPS. Whilst those who experienced discoloration once have virtually the same NPS as those who never had it (33% vs 32%), the group that had discoloration more than once has an NPS of 12 percentage points lower (20%).
- The more negatively customers rate the impact the discoloration event had on them, the lower is their NPS. People who report discoloration have a significantly lower NPS (18%) to those who experience it but do not report (30%).
- Notification can negate the impact of the discolouration event on NPS: Customers who received notification before discolouration events have a NPS similar to those who never experienced it and more than twice as high as those who were not notified (33% vs 16%).
- The vast majority of household customers stated that they 'trust Northumbrian Water to get rid of discoloured water'. 87% of the people who reported discoloured water trust the company to get rid of it vs 96% of people who experienced but did not report it. Also 94% of those who never experienced discoloured water would trust the company to get rid of it.
- Business customers worry, when discoloured water appears, about the health and wellbeing of their staff and customers. The level of worry was rated 8 on average, which is similar to household customers. However, business customers experienced less emotions than household customers. The lower emotional involvement may be due to the fact that the person who makes contact with NWL (and who was interviewed) may not be the same person that has to deal with the effects of the discolouration.
- Notifications work for businesses too – they reduce worry and are likely to reduce the number of contacts. However, only one of the 15 organisations who were interviewed recalled a notification.
- All interviewed business customers said they did 'trust the NWL to get rid of discoloured water' and the vast majority would not give discoloured water to customers, wonder what exactly is inside discoloured water and state discoloured water is disgusting. A large

proportion also believe that running the tap will get rid of discolouration. The average time businesses expected to have to run the tap is 20 minutes, with 4 stating they would run it for at least 30 minutes or more.

- Main worries of landlords with regards to discoloured water is that tenants (sometimes vulnerable) are unable to use water and that some people may get ill.
- All landlords who replied to this question (9) trusted NWL to get rid of discoloured water. Half believed discoloured water is disgusting and thought it is not safe to touch. Only 3 thought running the tap is enough to get rid of discolouration. Only one landlord agreed that discoloured water is natural and inevitable and none of the landlords believed it is safe to drink.
- Landlords believe that notifications will lead to fewer tenants contacting their landlord about water discolouration. There were a lot of incorrect perceptions of discoloured water amongst landlords. Although Landlords requested not to be sent information, maybe they would benefit from it.
- Receiving advance notice for discolouration is the only action landlords would like to see to help them deal with this issue in future. However, the lack of knowledge they have around the subject and the absence of clear strategies how to deal with discolouration events indicate they may benefit from education. The challenge will be to get them to engage with the subject.

### **Is discolouration under-reported?**

- Only 25% of people who experience discolouration report this. Almost twice as many (47%) run the tap first. However, as 90% run the tap for less than the recommended 30 minutes, many still end up contacting the company.
- People who make contact about discolouration have a specific personality profile – they have a sense of justice (I pay for this so it should be delivered) and worry more. Tapping into their language when the calls come into the contact centre may help calm and reassure customers more quickly.
- The likelihood of contacts increases with frequency of discoloured water occurrences.
- Those who feel a more negative impact on them and those who are with children at the time of impact are more likely to call.
- People over 65 are twice as likely to contact the company about discolouration. This could be due to the fact that they spend a higher proportion of their time in the home.
- Customers who understand that discoloured water is natural and inevitable, that it is safe to touch / drink and that running the tap gets rid of discoloured water are less likely to make contact. Therefore, educating customers in those respects could reduce contacts.
- Contacting the company is a habit and many customers fall back on this behaviour as standard response. Those who have called before are 8 times more likely to make contact to complain than those who had discoloured water and did not call. A large proportion of contacts are actually not calling to complain – household customers mainly call to find out what is happening, get advice on whether the water is safe and to check whether NWL is aware of the issue. Maybe these types of contacts could be dealt with in a different way, which could reduce call volume.
- Surprisingly, only 2% think of the internet as a potential form of gaining information / contacting the company.
- Many see contacting the company as their 'civic duty' and do this not only for their own benefit but for society as a whole.
- People who have not called the company about discolouration on previous occasions may do so if: it happens repeatedly, discolouration levels get worse, they were not notified even though they usually get a notice, because they received helpful advice before or they want

to request a discount because they are on a meter and had to flush the system. People who have called about discolouration before would not do so next time because they now know to flush the system first or because they were notified of the discolouration event beforehand.

- For business and landlord customers, we are unable to assess whether discolouration is under-reported as all contacts were sourced from a database of customers who had made contact about discolouration events in the past.

### **What drives contacts?**

- The colour of discoloured water\* has an impact on how severe the event is being felt, on their confidence in the water and on how likely it is people will call. The majority of household customers are also not aware of the 30 minute tap running time required to clear pipes. Education and awareness may decrease call levels. Lower incident levels may mean that fewer people are educated and contacts increase.
- Worry, anger, annoyance and dissatisfaction drive contacts about discoloured water – notifications can significantly reduce those negative emotions and help reduce contacts as well as manage customer satisfaction levels.
- Frequency of discolouration is a key driver for contact – after three occurrences anger and contact levels increase. Therefore getting issues resolved within 2-3 incidents is ideal.
- Customers in Suffolk appear to experience higher levels of worry about discoloured water and this may be one of the reasons for their higher likelihood to complain. We have to be careful with interpretation due to the smaller sample size, but this could be driven by the fact that in rural areas of Suffolk there is a larger proportion of older couples – who are more prone to worry.
- Customers who have not experienced discolouration estimate a higher likelihood to contact the company than is the case with current customers who made contact (37% vs 25%). It could be that customers overestimate their likelihood to call as it is a projection of future behaviour. Only 27% state they would run the tap (vs 47% amongst those who have experience with discoloured water), probably because they have not been given that advice.
- Many business customers do not call NWL to complain, but to get reassurance the water was OK to use and get advice on how to clear it. Contacting NWL is a habitual behaviour for businesses too, with 12 out of 15 stating this what they would usually do.
- Reasons for a change in call behaviour follow similar patterns to the household replies:
- Some people have now learned to flush the tap first, some will call only if it does not clear, and some will only call if it happens repeatedly without notice. Businesses that operate on the weekend may be less likely to call as they expect nothing can be done.
- Similar to household customers, landlords immediately wonder what the cause is. Some then looked for notifications or called Northumbrian/Essex and Suffolk Water to find the source. Some first checked with other tenants to find out how widespread the issue was. The main reasons landlords who experienced discolouration contacted NWL was because the tenant was vulnerable or not able to. Those who did other actions were following company procedure to report to HQ or inform a certain staff member. Landlords were the only customer group who call the company primarily to complain, rather than to get advice or to inform.

## Lead Supply Pipes (2016)

One of Northumbrian Water's aims is to provide clean, clear drinking water that tastes good. When a water sample fails due to lead levels exceeding safe levels, it leads to customer concern and complaints. Drinking water quality compliance is one of the company's measures of success and NWL are committed to reducing the number of failed samples for lead to zero by 2025.

### Objectives

- Measure customers' understanding of water supply pipe ownership and responsibilities, and the presence and impact of lead pipes in their property.
- Understand the impact that making customers more aware of the dangers and presence of lead has on their perceptions of the quality of drinking water and the knock on effects of this.
- Explore customers' likelihood to replace lead pipework.
- Understand customers' drivers and barriers to replacing or lining lead pipes .
- Present a range of arguments/incentive schemes to customers in favour of lead pipe removal to gauge the appeal and persuasiveness of each.
- Understand the best way to communicate such messages.

### Methodology

- Telephone interviews with household customers and with businesses that serve drinking water and live in / are based in properties that may have lead supply pipes.
- Deliberative events with 38 customers who live in properties that may have lead supply pipes.
- During both interviews and deliberative events customers were initially asked their current perceptions before disclosure of more information about the health effects of lead and available solutions from NWL.

### Customers' understanding of water supply pipe ownership and responsibilities, and the presence and impact of lead pipes in their property

- Overall, this subject is not on the mind of household or business customers and many are unsure of who is responsible. The sample includes customers who had been in touch with NWL regarding lead pipes or live in neighbourhoods of confirmed high lead presence. If levels of awareness and engagement are low in this sample, who have been selected due to their closer proximity to the subject, we may be able to reasonably assume the levels will be similar in the general population.
- The telephone survey demonstrated that household customers, before being educated, tended to have low awareness of their ownership of lead water supply pipes and only 15% saw it as their responsibility to change them.
- Household customers were not very engaged with the subject. Before being educated about the health effects, lead was rated in the bottom 3 of the tested 10 health factors (lower than stress or air pollution) and the level of concern about lead was moderate with a mean score of 6.2 (out of 10). This low level of concern was confirmed by the deliberative events, as customers (before being educated about the health effects) showed an indifferent attitude towards lead water supply pipes.



- The majority of customers were not sure about the presence of lead pipes on their property and had (prior to the research) never really thought about the subject. Although they knew in general that 'lead is not good' they had, prior to education, no awareness of the risks and presence of lead water supply pipes on their properties. Consequently, testing their water for lead levels or taking any action about lead pipes never crossed their mind.
- Only a few customers knew the exact responsibilities for households (responsibility for the supply pipe up to the outside stop valve) – the majority had never thought about it before the workshop. When prompted, most thought they would be responsible for the pipes within their property boundaries – but were not happy about it, as they had not chosen to have lead pipes in the first place.
- Before customers were educated about the health effects, lead water supply pipes were rated as a low risk with regards to health effects (similar to missing dental check-ups) in the deliberative events.
- The telephone survey with businesses who serve water to customers or staff showed they feel more strongly about lead pipes than household customers do. The feeling they are most likely to experience is worry.
- Before being informed about the health effects, businesses that serve drinking water rated lead in the drinking water in the bottom three in the list of health factors – lower than air pollution and discoloured water.

#### **Impact of making customers more aware of the dangers and presence of lead on their perceptions of the quality of drinking water and their behaviour**

- We need to consider that the sample consisted of customers who had been in touch with NWL regarding lead pipes or live in neighbourhoods of confirmed high lead presence. Some of them may, due to their previous contact with the company, be already more aware of effects than the general public. Therefore the results may not be representative of the wider population.
- The telephone survey indicated that telling household customers minimal information about health effects of lead pipes does not cause alarm but does increase the likelihood they will look into / replace their pipework. Customers who are advised of lead pipes and their health effects are almost three times more likely (28% after vs 1.5% before) to definitely look into replacing their pipework.
- At the end of the deliberative events, the vast majority of customers stated they now want to get their water tested for lead levels, confirming that education had changed their perceptions around the subject and made it more of a priority.
- The deliberative events gave deeper insight into how the education process works. When told initially that they may have lead water pipes, customers seemed unperturbed or were in denial, convincing themselves it is not really a big problem. Lead water pipes were rated to have a low effect on health. Customers were vaguely aware that lead was not good for health but did not have any precise perceptions around it. It was seen as a low risk factor (prior to education) and in the Northumbrian groups was even chosen as one of the factors they are OK to live with long-term. Replacement of lead water pipes was seen as a low priority initially.
- When they were presented with some facts about health effects, the initial reactions were shock and anger. Customers were wondering why there was not more publicity around the subject. But even though the ratings of lead water pipes as a health hazard increased after the presentation, a large proportion of customers were still sceptical how much of an issue it really was.

- During the workshop, when informed of the costs and inconvenient issues, customers were looking for easier solutions than replacement. There was a proportion of people who believed that boiling water removes lead, whilst others looked to bottled water and water filters as more manageable solutions. There is no measurable impact on water quality perception. Even though the initial reaction was 'so the water is not as good quality as I thought' – this idea was fleeting, and by the end of the session the vast majority would still drink the water and some would even give it to their children. This is mainly due to the fact that the water looks and tastes fine.
- We have to consider that, through the sampling method, customers who were approached may already have been in touch with NWL about lead pipes. This could have reassured them. Therefore, reactions amongst the general public could differ from the findings.
- Education of customers about lead pipe risks is unlikely to have a strong negative effect on customer satisfaction scores or Net Promoter Score. In the household telephone survey, customers who were aware of lead pipes actually had higher customer satisfaction ratings than those who weren't. In the deliberative workshops, some customers lowered their customer satisfaction scores after being educated about the potential risks of lead pipes, whilst others raised theirs – leading to a mild negative effects on customer satisfactions scores.
- There was some indication that the effect may be slightly stronger for customers with children.
- With regards to business customers, who serve drinking water, minimal information on health effects of lead had no clear effect – whilst some increased the level of importance of replacing pipes after the health statements – others downgraded. The effects are highly industry specific.
- However, even though efforts were made to conduct the research under neutral circumstances, we need to consider that the effects on customer satisfaction and NPS were measured as part of a research study and effects in real life may differ.

### **Customers' likelihood to replace lead pipework**

- It was very difficult to find any customers who had replaced their water supply pipe during the telephone survey. The number of contacts to NWL also indicate a low incident rate. In the telephone sample only eight customers had replaced their pipes.
- The household customer most likely to have replaced pipes is an owner of a detached house, degree educated, earning £20-30K who bought an old property and believes that pipe removal is part of the renovation process (like rewiring).
- Tests for lead do not necessarily lead to pipework replacement –only two out of the eight who replaced their pipework did so after a test. None of the seven customers who were aware they had lead pipes in the deliberative events had had their supply pipes replaced, though one had some of his old lead piping replaced inside the home.
- Even after the presentation of the health effects, replacement of pipes is still a low priority. Customers still wanted more evidence and needed confirmation they have high lead levels in the water. At the end of the sessions, only a minority were seriously considering lead pipe replacement – with others wanting to test the water and needing to see more convincing arguments before taking any action.
- Overall, nine (out of 20) businesses, who serve drinking water, were prepared to invest in pipe replacement and two would consider it, but only want to cover 50% of the costs.



## **Customers' drivers and barriers to replacing or lining lead pipes**

- Key drivers identified by the household telephone survey are, keeping the family healthy and safe, and making home investments that have longevity and represent value for money.
- The main barriers against pipe replacement in households are the lack of priority and lack of affordability. Household customers prefer to make more enjoyable purchases or would like more information about why lead pipes should be replaced.
- The deliberative workshops shed more light on the underlying reasons. When customers were asked (hypothetically) to choose three negative health factors to live with long-term they choose elements they seemingly have less control of, factors that could be managed or balanced out and those where health impact was not exactly clear. Lead water supply pipes conform with all three of those and therefore give customers a lot of reasons not to take action:
  - Lack of control: Even if customers replace their pipes, lead (or other pollutants) can still be in the water from other sources
  - Coping mechanisms: Bottled water, water filters and flushing pipes can reduce the impact of lead
  - Health advice is not clear: Customers are not aware of any clear national government guidelines about lead water supply pipes.
- The main drivers identified in the workshops towards lead pipe replacement were the potential health effects. Messages about home renovation or water pressure did not have anywhere near the conviction levels of health messages.
- The main stated barriers are cost and inconvenience. Most customers estimate the price of pipe replacement at £2,000, and when the actual price ranges are mentioned they state it is less than they expected. However, for many the cost is still prohibitive. It is also likely the three factors mentioned above (lack of control, coping mechanisms and unclear advice) are standing in the way of action, and cost is used as a scapegoat. This should be considered when designing the campaign.
- For business customers who serve drinking water, the key drivers towards pipe replacement are concern for the health and wellbeing of staff and customers (especially if those are children). Barriers include that the businesses do not feel they are responsible, that there are no other issues with the pipes and they have not been advised by an inspector to do so. Also, to some, water is simply not that important - they would need proof it made people ill or they prefer easier options (water cooler).
- Lining pipes was not seen as a viable alternative during the telephone research— only 12% of households and two out of 20 businesses said they may consider it. This is mainly due to the fact that the cost is only 20% less, whilst it is only a temporary solution. This is low compared to the 43% of households and 11 (out of 20) businesses that serve drinking water who would consider replacement. The deliberative events supported this finding.
- Moleing, on the other hand, could increase take-up for some people, as it reduces the inconvenience of the process.

## **Present a range of arguments/incentive schemes to customers in favour of lead pipe removal to gauge the appeal and persuasiveness of each**

- For household customers taking part in the telephone survey, subsidies, more information about why pipes should be replaced, finance plans to spread the costs, and a one-stop-shop with NWL managing the entire process are appealing. However, there were some concerns that, as the company financially benefits from undertaking pipe replacement, it

may not be completely neutral. Therefore the process would need to be managed carefully.

- More convincing arguments about why lead pipes should be replaced were also the key thing customers were asking for near the end of the deliberative sessions. This is closely followed by subsidies or interest free loans to spread the costs. Help with finding a reliable contractor would also be useful for a minority.
- Subsidies are also popular with business customers, and they would also like more information about why to replace lead pipes. However, none of these options are as persuasive as being informed of the health effects of lead, which had the biggest impact on people changing their mind.
- Though the practical elements (cost, inconvenience) need to be tackled in communication – the key motivator is a convincing argument that this is a real issue and not just the latest in a long line of media scares.

### **Understand the best way to communicate such messages**

- Customers expect NWL to inform them about the risks of lead water supply pipes and were surprised that this had not already taken place. There is a risk that if the company does not act, and the information is made public another way this could lead to a media scare and customers may feel deceived, which in turn may affect customer satisfaction. Some customers also suggested presence of lead pipes on a property should be part of the standard homebuyer surveys.
- Communication was not tested widely in the telephone survey, due to the restrictive format. However, there were some indications that household customers should be targeted with messages about renovating old properties, as well as being educated about the health reasons for replacing lead pipes. Customers are more likely to respond to expert voices, or those seen as not financially benefitting from the replacement.
- During the deliberative events it became clear that official government communication (similar to anti-smoking or drink driving campaigns) are the most likely to get a response. Lead pipes are seen as low risk and manageable – so it will take effort to break through this barrier.
- Communication should show a clear link between water supply pipes and lead, focus on the negative health effects and feature people (especially children). Words should centre on 'safe' and 'safety' and stay away from scaremongering.
- Cost and inconvenience should be tackled as secondary messages but must feature in communication in order to remove secondary barriers.
- For business customers, communication through a water quality inspector or health and safety professional may be useful.

### **Taste and Odour (2015)**

An independent market research agency was commissioned by NWL to conduct four strands of research into taste and odour of tap water.

#### **Objectives**

- Quantify how many customers are dissatisfied with the taste and odour of their tap water.
- Quantify the proportion of dissatisfied customers who make contact with NWL to report their T&O issue.

- Gain thorough descriptions of the T&O issues customers experience and its impact
- Understand the underlying cause for the contact, is it the property plumbing (customer asset) or the water supplied (company asset).
- Understand the response customers expect from us.

## Methodology

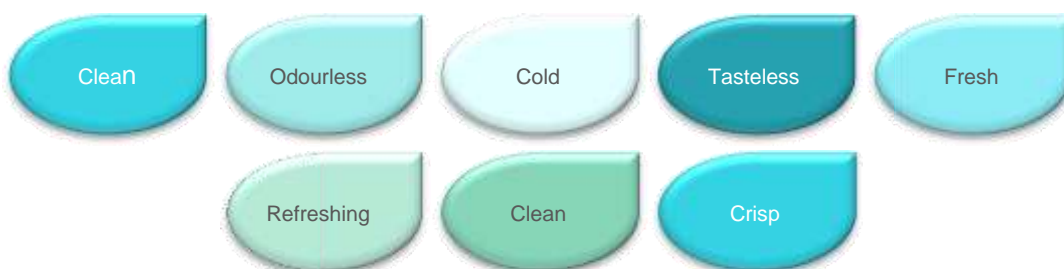
- A review of 10 call recordings of customers reporting taste and odour issues to the contact centre.
- A staff workshop with representatives from across Northumbrian Water and Essex & Suffolk Water who were involved in dealing with taste and odour issues.
- 60 semi-structured interviews with customers who had experienced a taste and odour issue and reported it to NW / ESW.
- 494 telephone interviews with Northumbrian Water and Essex & Suffolk Water customers in regards to satisfaction with their tap water as well as their water drinking behaviour.

## Results

The majority of customers were satisfied with the taste and odour of their tap water rating taste 8.4 out of 10 and odour 8.9 out of 10. Of those who were dissatisfied with the taste of their tap water (rated 1 to 6), only 16% had reported this issue to Northumbrian Water/Essex & Suffolk Water. Similarly, of those who were dissatisfied with the odour of their tap water (rated 1 to 6) only 6% had reported this issue to Northumbrian Water/Essex & Suffolk Water, providing evidence that taste and odour issues were widely unreported.

These customers hadn't reported their issue because of apathy or a belief that little could be done.

Customers were asked to describe a really good glass of tap water and the following words were used most often:



Although taste and odour was identified as a niche issue rather than a widespread problem, improvements were still required to the proactive and reactive response in order to meet company targets.

The following insights and recommendations were captured in relation to the proactive response from staff engaged in the internal workshop:

- It was identified that taste and odour of tap water is not considered in terms of how the network is run. This means that one area could have their water source changed multiple

times every day leading to variability in experience and leading to customer concern. Going forward it was recommended that taste and odour needed to rise up the agenda of the business and influence how the network was managed to ensure customers have a positive experience of their tap water

- Following on from the point above there was a need to conduct root cause analysis in order to identify network management practices that lead to taste and odour reports so that these can be avoided in the future
- A water quality wheel was in development which clearly links common taste and odour concerns, to causes and actions and it is recommended that this sits at the centre of all communication and training around taste and odour to ensure consistency of messages in customer language
- There was a requirement to improve customer awareness in hotspot taste and odour areas around how the water network is managed, the factors that might influence how their water tastes and the need for chlorine to be added to their water to make it safe to drink. This is intended to reduce customer reports of taste and odour issues which are resolved with an explanation from the advisor as to why, for example, chlorine is added to the water
- Keeping customers informed of network changes via social media and the website was recommended in order to remove the need for the customer to get in touch
- Improvements to the website were felt to be required in order to provide customers with information around the possible causes of taste and odour issues alongside the action required. This will enable customers to take a self-help approach as opposed to telephoning Northumbrian Water/Essex & Suffolk Water with a query.

Improvements around the reactive response to taste and odour issues were identified as follows:

- It was recommended that the initial call a customer makes when they report a taste and odour issue needed to be more clearly defined with the advisor empowered to explore possible reasons for the issue, ask the customer to do some investigations of their own, contact the customer back and request a site visit when needed.
- As taste and odour is a niche issue it was recommended that a team of specialists in the contact centre be allocated responsibility in this area and receive in-depth training to provide first-hand experience of taste and odour issues and how they were dealt with in the business.
- The most commonly cited improvement from customers when reporting a taste and odour issue was the availability of a site visit to investigate the problem thoroughly, provide customers with reassurance that their water was okay and identify any action required. Many customers who didn't receive a site visit to test their water would have found this useful to get to the bottom of their problem. Currently the contact centre were felt to be acting as gatekeepers to offering a site visit and it is important that going forward there are no barriers to a customer being offered a site visit.
- Improvements to the tone and wording of the letter that was sent to customers following a site visit.
- Throughout the various strands of research it was clear that the focus from Northumbrian Water/Essex & Suffolk Water was tests regarding the safety of the water to reassure customers that it was okay to drink; however customers were ultimately more concerned about the actual taste of the water and what could be done to improve that aspect. This means that there is a significant proportion of customers who have reported a taste and odour issue, been told their water is safe, however have continued to be unhappy with the taste and odour of their tap water as no action has been taken. For this reason just under

half of taste and odour reporters interviewed didn't feel that their taste and odour issue had been resolved.

- There was a need to shift the focus of the response provided by Northumbrian Water/Essex & Suffolk Water to a taste and odour report in addition to safety testing to ensure that further consideration is given to customers who aren't happy with their tap water, although it has been confirmed as safe to drink. These customers require further attention to demonstrate that Northumbrian Water/Essex & Suffolk Water care. Service improvements that we recommend are shown below, but this is an area that requires further work internally to determine how customers whose water is confirmed as safe to drink but not satisfactory in their eyes in terms of taste and odour can be looked after better:
  - Implementing an ongoing communication plan with customers who have been told that their water is safe, checking back in with these customers to see if their situation has improved and keeping these customers up to date with proactive work in their area.

## **Taste and Odour (2016)**

This research tested satisfaction scores across customers who had not reported Taste and Odour (T&O) issues to NWL, comparing them with the 2015 survey.

### **Objectives**

- Quantify how many customers are dissatisfied with the T&O of their tap water.
- Quantify the proportion of dissatisfied customers who make contact with NWL to report their T&O issue.
- Gain thorough descriptions of the T&O issues customers experience and its impact.
- Understand the triggers for customer contact, with focus on what, if anything could be done to prevent contact.
- Understand the response customers expect from our service in relation to T&O calls.
- Understand the length of time and costs customers were willing to face to avoid any perception of poor water taste and odour.

### **Methodology**

An independent market research agency conducted 500 telephone surveys in NW and ESW, with a quote of 25% of surveys with customers who had reported a T&O issue to us.

### **Satisfaction, descriptions and triggers for contact**

Satisfaction scores across both taste and odour had fallen since the 2015 survey. However, odour satisfaction scores remained better than for taste, a trend which was also seen in 2015.

Trends in the description of what bad tasting and smelling water were common across both reporters and non-reporters. Words like chlorine and bleach were most commonly used.

When describing what makes a good glass of water, the top four descriptors of “clear”, “no smell”, “cold” and “no taste” were the same across both reporters and non-reporters. However, no taste and no smell were the most important for reporters, whereas clear and no smell were most important for non-reporters.

### **Barriers to reporting**

A group of dissatisfied non-reporters continues to exist. Reasons for not reporting include:

- The customer did not believe there was anything that could be done
- They modify the water to mitigate the taste or smell
- They believed it was simply how the water was in their area.

### **Drinking of tap water**

Non-reporters mostly consume water straight from the tap because they saw this as cost effective, healthy and tasting as good as or better than bottled water. These reasons matched those given in the 2015 research.

However, once a customer had reported an issue to us, the most consumed water changed to spring or mineral bottled water. Reasons for doing so included poor quality of tap water, tastes better and chlorine and sulphides in tap water.

### **Expectations of our response**

Reporters were asked what happened as a result of their call to NW/ESW. The top two answers accounted for 62% of all the surveys. These were NW / ESW advice and attending the premises to take samples, the results of which showed the water was within guidelines. Diving deeper into these top two categories showed that the majority of customers scored us one out of ten in the survey after we responded in this manner. In fact, testing a customer’s water and indicating that it was within guidelines resulted in 42% of the sampled customers scoring us one out of ten (N.B. We did not have customers who scored us seven or above out of ten within this survey). This suggests that although water is within safety limits, our customers are not satisfied with our response.

### **Campaign recall**

A campaign was undertaken in the NW area to improve customers’ perceptions of their drinking water. The review of the survey across the customers indicates that customers are aware of messages linked to the campaign, but the method of delivery that customers recalled were not those used within the marketing. These results may have been affected by the segmentation of those within the survey.

### **Value of improving taste and odour**

From the survey we were able to gain some understanding, albeit from a small sample, of the value the customers placed on improving the T&O of their water. There was some support to increase customer bills to improve T&O from both those who used filters (32% of those using filters) and drinking spring / bottled water (33%). Customers using filters were willing to

contribute between £10.53 and £14.12, whilst those drinking bottled / spring water were willing to contribute between an extra £3.74 and £8.33.

## **Flooding Response (2016)**

In 2016, Northumbrian Water commissioned an independent market research agency to conduct research with customers into their views on their approach to flood reduction in local communities, with specific focus on some of the sustainable approaches being undertaken.

### **Objectives**

- Explore customer views on Northumbrian Water working in partnership to deliver flood reduction schemes
- Explore customer views on Northumbrian Water's sustainable approach to flood risk reduction
- Explore customer views and preferences to Northumbrian Water taking a proactive approach to flood risk reduction
- Explore customer perceptions of additional benefits from all these approaches.

### **Methodology**

Due to the exploratory nature of the research objectives, a qualitative methodology was selected in the form of two focus groups with household customers, one in Gosforth and one in Killingworth. Six in-depth telephone interviews were also conducted with non-household customers in these areas.

15 future customers were also engaged as part of the research through an activity day at Howdon Sewage Treatment Works.

### **Priority flood types**

Overall, household and future customers felt that flooding on major transport routes and to customer's homes and properties were the most important flood types Northumbrian Water should tackle. Many felt that flooding on major transport routes was a key priority due to the need for emergency access to hospitals.

Flooding to people's homes and business were considered to be the next most important, and most important for non-household customers. This was due to a perception that homes are integral to individual's lives. The severity of financial and emotional impacts from a flooding incident were central to this view.

In terms of flood types customers felt were less of a priority for Northumbrian Water to tackle, several highlighted flooding to people's gardens as being less important due to the associated impacts being less long term.

### **Traditional and sustainable approaches**

Customers were positive to hear about the traditional approach Northumbrian Water are taking to flood risk reduction with many being able to recall the specific advantages. Interestingly, many customers in Killingworth stated that they would not have thought there

was any alternative to the traditional schemes currently in place, showing little unprompted awareness of the sustainable schemes. In terms of identifying the disadvantages, some customers acknowledged that it is difficult to implement these traditional schemes everywhere, and that there are land ownership issues to overcome.

Another disadvantage identified around traditional schemes was the lack of ability to extend or increase capacity once things like underground storage tanks have been installed.

Household and future customers felt that Sustainable Urban Drainage Systems (SuDS) would be cheaper for NWL to deliver, particularly when compared to the traditional methods, which many thought would be more expensive.

Overall, customers were extremely positive when discussing the sustainable approaches, immediately referencing the range of additional benefits that arise from such schemes rather than just those which impact on flood reduction. Non-household customers viewed sustainable schemes as a more long-term approach.

Seven customers in Gosforth stated they preferred the sustainable approach, whilst three preferred the traditional. One stated that they would not prefer the traditional approach due to the difficulties in retro-fitting schemes. Customers in Killingworth were unable to decide between approaches, as they recognised both were necessary for Northumbrian Water to deliver. Although some expressed preference towards sustainable methods, there was general acknowledgement that both are necessary.

When talking about allocating funding between sustainable and traditional approaches, there was a slight majority of preference for household customers towards sustainable approaches in both Killingworth and Gosforth. Some in Gosforth decided individually to split their money between both as they felt both approaches were equally important.

Despite positive views on sustainable approaches, a majority of future customers would allocate more money to the traditional approach, as they felt that this was the main way to address more severe flooding. Future customers were also aware of the limitations of each scheme within their geographical surroundings.

Non-household customers were in agreement that sustainable schemes should receive more funding than traditional schemes, because of the perception these would have a greater impact on long-term flood reduction, and because of the additional benefits in enhancing natural environments.

### **Working alone and working in partnership**

Whilst positive about the approaches Northumbrian Water were taking alone, customers started to explore instances where it would not be beneficial to work alone, and begun to discuss unprompted examples where they would expect to see Northumbrian Water work in partnership with other organisations prior to being given this information during the group.

Some future customers also felt that as long as there was no competition amongst UK water and sewerage companies in the household retail market, working alone was fine, however there may be difficulty in the future if this were to change.



All customers expressed positive views around organisations working in partnership to achieve a common goal. Household customers in Gosforth felt that working in partnership would add efficiencies that could not be achieved through working alone. Those in Killingworth felt that one of the key benefits of partnership working was the ability to combine resources and expertise which would result in a positive outcome for the scheme. The financial benefits of working in partnership were also highlighted as a key advantage among customers.

In terms of disadvantages of working in partnership, some felt that this would have a negative impact on the timescale of scheme delivery. Non-household and future customers acknowledged some of the disadvantages of partnership working, particularly around some of the issues involved in ensuring each organisations' project objectives are met.

All customers in Gosforth were in agreement that if there were a flood risk in their local area, Northumbrian Water working in partnership with other organisations to address this would be their preferred approach.

Customers in both Killingworth and Gosforth chose to allocate a majority of funds towards schemes which involved working in partnership, with many citing the advantages as a reason for doing so.

Non-household customers expressed a slight preference of allocating more money to the schemes in which Northumbrian Water work alone. Their views on funding distribution were less based on a preference of approach, but rather of necessity to do both in delivering flood reduction schemes.

Some customers also held a perception that because partnership working would help increase the available budget for a scheme, more money should be allocated to instances where NWL have to work alone as they would have sole financial responsibility for these schemes.

Despite the majority of future customers favouring a partnership approach, collectively they allocated equal funding towards schemes which involve Northumbrian Water working alone, and schemes involving working in partnership. Those who felt that there should be an equal distribution between approaches, thought that working in partnership would only be necessary for larger scale projects, like the Brunton Park project referenced in the presentation materials. Future customers held a perception that working alone would be something NWL need to do on a day-to-day basis.

### **Reactive and proactive approaches**

After hearing about the reactive approach Northumbrian Water take when flood incidents occur, customers acknowledged that this was an essential step in managing flood incidents. Customers felt that the description of the approach Northumbrian Water take was positive, as it meant the issue is being dealt with promptly. When asked what their expectations were around the response Northumbrian Water should make in a flooding situation, a responsive and knowledgeable contact centre was highlighted as an area of importance.

When discussing the proactive approach Northumbrian Water are taking to flood risk reduction, household customers felt that customers had an important part to play in this, with several stating that they would like and expect Northumbrian Water to provide more education around how customers can make changes to their homes and gardens with consideration to flood reduction. There was a dispute between customers in Killingworth around the impact some of the sustainable methods would ultimately have on the proactive approach to flood risk reduction, with one feeling that these did not go far enough to address the issue or make a change, whilst another stated that if all customers used these methods, it would make a difference.

Customers were asked to consider if there was a flood risk in their local area, whether they would prefer to see Northumbrian Water take a reactive or proactive approach. Six of the ten customers in Gosforth would prefer a proactive approach, whilst the remaining four were undecided. Responses in Killingworth were mixed as to which approach they would prefer Northumbrian Water to take, with several feeling that both approaches are necessary.

Customers in Killingworth were more likely to allocate more funding towards the reactive approach than those in Gosforth. One who allocated their money towards reactive did so because of schemes like Brunton Park, which they viewed as a reactive approach from Northumbrian Water, whilst another would allocate more towards reactive due to the immediate trauma customers face when flooding incidents occur. Customers in Gosforth who allocated more towards a proactive approach, felt that once a flood incident has happened, it is too late, and prioritisation of proactive scheme would reduce the need for a reactive approach.

When it came to allocating funding, non-household customers were collectively in favour of a split between approaches, despite their overall views of valuing a proactive approach. This was an acknowledgement that both schemes would be necessary in addressing flood risk.

There was a slight preference amongst future customers to allocate more funding towards proactive schemes, due to this approach ensuring that some of the impacts are prevented. However all future customers were in agreement that the reactive approach was still an important aspect in Northumbrian Water's approach to flooding incidents:

- Offering financial compensation to customers who have switched to bottled water as they find their tap water unsatisfactory
- Providing customers with water filters or other equipment which could improve the taste and odour of their tap water.

### **Combined Sewer Overflows (2016)**

To explore customer awareness, understanding and tolerance of Combined Sewer Overflows (CSOs), Northumbrian Water Limited (NWL) commissioned. An independent market research agency to conduct qualitative research with customers to gain insight into their views and opinions.

On the whole, customers were accepting of CSOs as part of NWL's strategy for addressing issues which impact the delivery of an effective water and sewerage service. Customers are in agreement that NWL should be working to reduce the number of CSOs which frequently operate, and to increase the number that never operate.

### **Objectives**

- Explore customers' awareness and understanding of CSOs, with a focus on how their own behaviour in the home contributes to CSO spills (e.g. water efficiency and use of the sewerage network in causing blockages)
- Explore customers' tolerance of CSOs – specifically the trade-off between protecting homes and businesses from flooding, against the potential consequence of harm to the environment caused by spills
- Understand customers' aspirations for future use of CSOs, in relation to the economics of reducing spills towards zero.

### **Methodology**

47 household customers were recruited to participate in deliberative customer workshops where they were informed and educated on the topic of NWL's waste water services and use of CSOs. Customer's views were elicited through group discussions, with customers segmented by river/sea water user, non-user and highly environmentally engaged.

11 non-household customers (SMEs) were recruited to participate in a 30 minute telephone interview, before which, a pre-interview information pack was issued to ensure an informed response was obtained.

15 future customers, all students at Gateshead College - aged 16-17- were invited to attend an activity day at NWL's sewage treatment works at Howdon, in North Tyneside where they were educated on the topic of water and waste water services, and CSOs using materials adapted for this customer group.

### **Awareness of sewerage services and factors impacting delivery**

Household customers were able to demonstrate the main responsibilities NWL have for dealing with sewage and rainfall, although they expressed low awareness of the actual process involved. These customers also expressed some confusion over ownership of different aspects of services, with some demonstrating limited awareness of the role of their local authority in the delivery of services. Future customers were understandably largely uninformed about water and wastewater services, and the responsibility NWL has for delivering them.

When considering factors which could impact NWL's ability to deliver an effective sewerage service, customer misuse was the most frequently cited factor, with four of six tables discussing this as an impact.

## **Expected approaches**

In the main, customers expected NWL to be taking a largely preventative, proactive approach towards the things that would have an impact on the delivery of an effective sewerage service. There was also a strong expectation that they should be continuing to invest in the system to reduce and minimise service disruption. Customers felt that in the case of customer misuse of the drainage and sewerage network, NWL should educate and inform customers. This would help them make the right decisions towards reducing blockages and the pressure on the system.

Whilst customers thought a long-term, preventative approach should be taken to reduce things which could impact an efficient sewerage service, they also recognised the need for a reactive response to immediate issues.

## **Awareness and perceptions of CSOs**

The majority of customers had previously not heard of Combined Sewer Overflows (CSOs) before attending the workshop. Just five customers out of forty seven having heard of CSOs previously, whilst four out of eleven non-household customers aware. No future customers were aware of CSOs prior to attending the activity day.

Overall, customers initially had expressed positive views towards NWL's use of CSOs, with many feeling that they were an essential solution to tackling a problem. However many expressed low awareness of any alternatives to using CSOs to manage flood risk and flows.

## **Acceptance of CSOs operating**

Whilst customers felt CSOs were an acceptable solution to a problem, the majority did feel that NWL should continue to explore other methods to relieve pressure on the sewerage system, primarily through investment to increase capacity. However many did recognise the financial implications this investment would incur, and saw this as a barrier.

In their acceptance of CSO use, customers expected that they were only used during times of heavy rainfall to ensure dilution of sewage and that litter screens were in operation. This was intrinsic to customer's acceptance, and something which was strongly evident amongst water users and environmental customers. Initial perceptions and levels of tolerance were linked to the frequency of spills, with customers assuming that CSOs would operate infrequently, in extreme circumstances and as a last resort.

## **Concerns about CSOs operating**

On the whole, customers did not have many specific concerns about CSOs operating. Those who did, spoke of a trust that NWL were only allowing CSOs to operate under the right circumstances and that sewage was highly diluted. Customers also felt that CSO operation and use by water and sewerage companies, would be heavily regulated, and this would help to alleviate any concerns they might have.

## **Responsibilities and expected response to causes**

In considering who was responsible for the things which cause CSOs to operate, customers felt that they expect NWL to take responsibility for heavy rainfall and snow melt. However NWL should work with local authorities in tackling this issue. Many customers felt that their local authority should take responsibility for blockages from silt. The majority of customers were unable to conclude as to who they thought should have ultimate responsibility for tree roots and collapses that could cause a CSO to operate. They thought that there should be a shared responsibility between NWL, landowners, local authorities and other organisations such as the Environment Agency and Forestry Commission.

Water users and future customers in particular felt that the government should play a key role in helping to educate customers on system use. This should be through provision of legislation and guidance to ensure that products carry the relevant warnings, to inform customers about what they should or shouldn't put into the sewerage system.

## **Approaches to prevention**

Concerning the preventative approaches that customer's valued NWL taking when addressing the things that cause a CSO to operate, it is worth noting customers valued all approaches they had been informed about during the research. When ranking their preferred approach, investment in pipes and treatment works was consistently cited as a priority amongst household customers. Customers felt that this was an essential and central part to the overarching approach, and without this other approaches would be redundant.

Non-household customers were the only customer group to collectively value creating and encouraging use of a sustainable approach as their preferred approach to preventing CSO operation

## **Views on impact of spills**

Customers were typically most concerned about the impacts to human and eco-system health, alongside the impact a CSO spill would have on tourism.

In terms of the expected response from NWL to these impacts, customers thought it was important that NWL attend a spill and cleaned up watercourses impacted by visible debris and pollution, communicating directly with those impacted and affected.

Protecting homes and businesses versus the environment.

All household and future customers, and a majority of non-household customers were in agreement that it was more important for NWL to protect homes and businesses from flooding, than preventing CSOs operating. One of the key reasons for accepting CSO operation as opposed to risk flooding to customers' properties, was around the potential financial impacts that could occur. A small minority of non-household customers (2/11) felt it more important to protect the environment. However, they still expressed an overall acceptance of CSO use.

Whilst customers expressed a preference for preventing flooding to homes and properties, they would still be less accepting if the spill were occurring when it was not completely essential - or if the circumstances around the spill were not relating to extreme weather.

### **Performance and monitoring of CSOs**

Customers largely expressed positive views of the monitoring and planning NWL were taking around CSOs. They felt that this was a positive step in working towards the long-term reduction on the reliance CSOs as a system relief. They also spoke positively of the knowledge NWL have about the performance and spill frequency of their CSOs, especially in comparison to other UK water and sewerage companies. Customers were surprised, once informed of the actual frequency of CSO spills. This led to the majority wanting NWL to increase the number of CSOs that never operate, and move to reduce the number of frequently spilling CSOs.

### **Digital Engagement Research (2016)**

Aim: To understand our customers' preferences for digital channels, including social media, research was needed into current customer online habits.

#### **Objectives**

- Understand which digital channels domestic customers are currently using and which organisations they follow and interact with.
- Understand how often domestic customers interact with organisations.
- Understand which channels customers want to use to contact NWL for key customer journeys.
- Investigate how NWL could attract more customers to interact digitally and what type of content they would like to receive.

#### **Methodology**

Online survey of 15,524 customers across our areas carried out internally in Autumn 2016, and representative telephone survey of 650 customers and 20 stakeholders was carried out by an independent market research agency.

#### **Channels used and organisations interacting with**

- Across NWL and ESW the majority of customers had access to a laptop, tablet, or Smartphone to go online. Of those aged 75 and over, 66% of NWL and 61% of ESW customers did not have access to any devices for online use.
- Reflecting the devices that customers had access to, the most frequently used devices at home were; Laptop, Smartphone, and Tablet. Those aged 35-49 used a Smartphone most frequently at home; NW – 50%, ESW – 68%.
- At work half of customers were not likely to use any devices to access online services for personal use.
- The majority of customers access the internet or online services for personal use at least once a day. Although again, for those aged 75 and above, the majority never access the internet or online services.

- Of 12 personal uses for the internet and online services, seven key uses were visible across NWL and ESW customers (sending emails, goods and services information, news/articles, online shopping, travel/leisure, banking and maps/directions) – in addition to this, social media for apps.
- The majority of customers did not use the internet or online services for other purposes, those who did use the internet for other purposes were most likely to watch TV and film, buy or sell online, or find information on the news and weather.
- On the go, customers were not likely to access online services for personal use
- For those who did access online services, a Smartphone device was most likely to be used. Customers aged 49 and under were most likely to access online services on the go
- The vast majority of customers had apps downloaded to their device(s)
- The most regularly used app by customers across NWL and ESW was Facebook (92% and 86% respectively), then YouTube and WhatsApp. Twitter, Instagram and Pinterest were used by less than 20%
- The vast majority of customers used Facebook to interact with friends and family members
- Twitter was also mainly used to interact with friends and family members
- Customers used LinkedIn to interact with work colleagues and businesses
- Other social media platforms were used to mainly interact with friends
- Those who interacted with organisations and groups on social media were most likely to interact with groups in the local community
- Those who followed organisations or groups on Facebook were most likely to do so in order to receive information, news and updates.

#### **Frequency of interaction with organisations**

- Managing utilities came out as the service that customers in both NWL and ESW were most likely to access via telephone.

#### **Preferred channels for contacting NWL**

- Customers who did not engage with NWL did not feel the need to, or hadn't given it any consideration.
- Domestic customers are most likely to engage online with organisation and groups that impact their local area.
- Domestic customer engagement with NWL via online and social media channels is low.
- Literal responses show that awareness and interest in NWL content is impacting upon engagement levels.

#### **How to shift more customers onto digital channels and what to share there**

- Increased awareness through advertising was most likely to encourage engagement with NWL via social media. With customers also wanting to receive discounts and offers.
- A number of customers were interested in engaging with NWL, but through other channels, such as in person or via telephone
- The majority of customers would not be interested in engaging with NWL about any additional topics via digital channels
- Of those who were interested in engaging on other topics, these included problems and issues with supplies and bill queries.

## **Our Finances Explained (2017)**

As part of the NWL corporate reporting suite of literature, there was a need to produce a document titled 'Our Finances Explained' (OFE), with the objective to provide customers with a simple and easy to understand document detailing how the company is financed

To ensure this document is created in line with customer needs and requirements, research was conducted with Northumbrian Water customers in April 2017.

### **Objectives**

- Understand which elements of NWL finances customers are most interested in knowing about
- Understand the level of detail required by customers on each topic relating to NWL's finances
- Determine if customers would proactively seek out financial information, or if customers expect NWL to proactively provide them this information
- Understand preferred channel and format for communication on this topic.

### **Methodology**

31 Northumbrian Water customers attended a customer workshop in Newcastle in April 2017. Customers were taken through a presentation by the Finance Director from NWL, and educated on different topics relating to the company's finances, before participating in a discussion facilitated by an independent market research agency.

### **An introduction to NWL's finances**

Customers were taken through an introductory overview presentation on the financing and funding of NWL on the following topics:

- Revenue generated from customer bills
- Capital investment
- Debt markets and borrowing
- Interest
- Taxation
- Profit
- Reinvestment
- Shareholder dividends.

Overall, customers expressed positive views about the information presented, with many finding it interesting to learn of the funding and financing of NWL. Customers noted that this is information they would not have proactively sought out prior to attending the workshop, and felt this wasn't something they had previously paid any interest in.

Although only provided with a brief overview of borrowing and debt markets, at this point during the workshop a majority of customers expressed surprise and confusion in relation to the discussions around profits and debt:

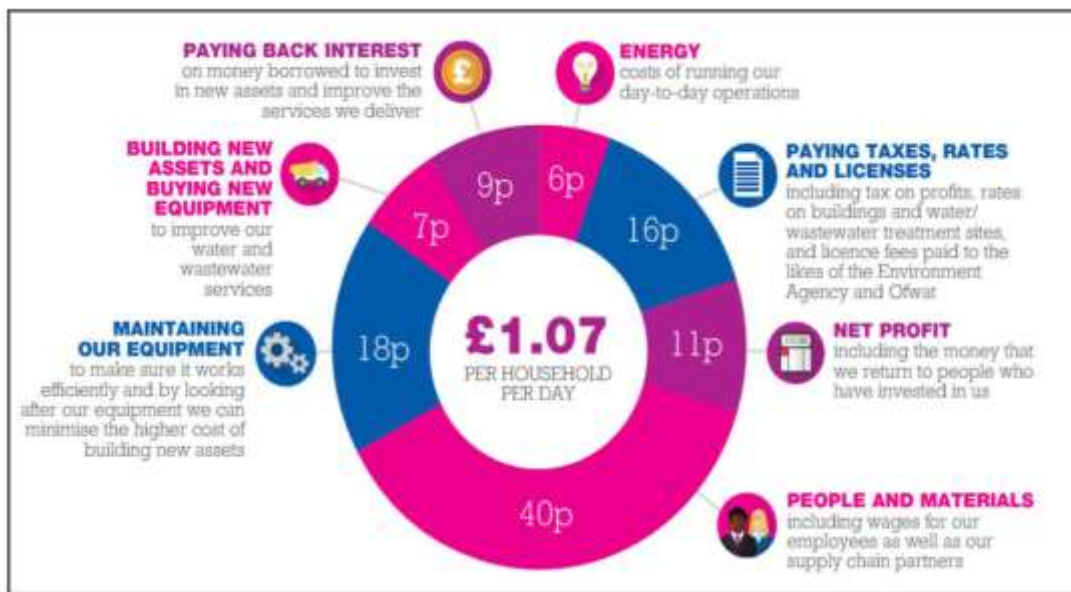
- A majority demonstrated low awareness that debt was something which is involved in NWL's financial operations



- Customers were confused to learn NWL made a profit, yet were still borrowing money, with a widely held perception that profit negates the need to borrow money amongst customers.

### Average household bill

Customers were taken through the efforts NWL makes to ensure that customer bills are set at the right level; balancing affordability and sustainability and educated on Ofwat’s five year price reviews, before being shown the following diagram:



Customers stated they were interested in finding out this information from NWL. They liked the presentation of this information in the above format, feeling this was clear, easy to understand and not too complex; something which was important to them.

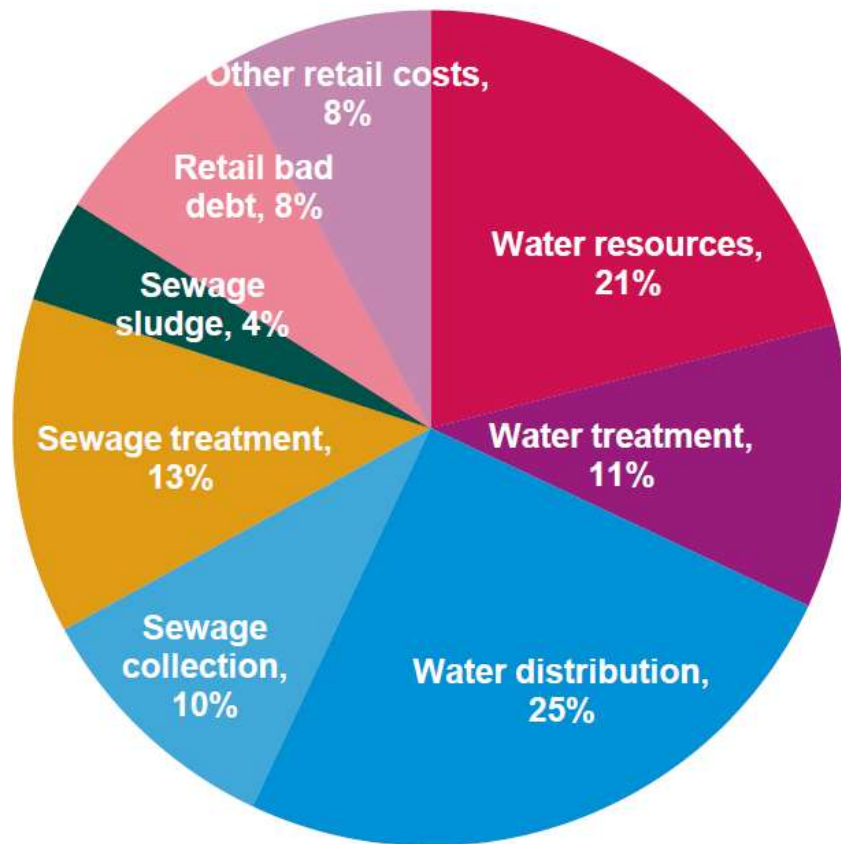
Key improvements to this format included:

- Providing each individual segment with its own separate colour coding to differentiate between different areas of the business
- Providing more clarity around ‘net profit’, echoing earlier confusion around profit and debt
- Tailor the ‘average’ amount to better reflect customer’s own water and sewerage bill amounts, as many felt that £1.07 per day was not an amount which reflected their own bill

Customers’ preference for providing this information was within or on the annual water and sewerage bill, with ABC1 customers stating this should also be provided on the NWL website.

### What does money from customers’ bills deliver?

Customers were provided with an overview of the percentage breakdown of the different areas the money from customer bills delivers, and taken through the following charts:



Interest levels and information requirements were mixed amongst customers for this section:

- Those aged 18-30 and ABC1 and those aged 65+ and C2DE expressed little interest in this information especially in comparison to the previous section detailing the breakdown of the customer bill
- Those aged 18-30 didn't feel in a position to comment on the figures provided, and trusted that NWL know what they are doing in this area
- Although they expressed positive views towards the pie chart, C2DE customers (aged 31-50) felt that NWL should provide more context around the areas each segment related to (e.g. bad debt should provide detail that this includes customers' experiencing financial hardship)

Customers interested in receiving this information would expect to find the overview charts within the water and sewerage bill. Any further detail supporting should be provided on the NWL website.

## Financing

Customers were provided with the following overview of operational and capital investment, in addition to interest paid on borrowings:

Day-to-day operations (OPEX)	Financing	Long-term investments (CAPEX)
For c.£1 a day we provide fantastic quality water to our c4.5m customers. We then take it away, clean and treat it and return it back into the environment. We have a network of nearly 26,000 km of water mains and nearly 30,000 km of sewers.	We pay interest on our debt and, as mentioned above, we keep customer bills low by spreading these costs over a long period. We also pay a dividend to our shareholders when the company meets its targets.	Net of any large capital contributions we spend around £1m per business day improving our assets and equipment. We plan and phase our investment programme in such a way as to try and maintain low customer bills.
£353m	£303m	£181m

Customers all stated that they understood this information, however it was an area they were less interested to learn about. It was felt anyone requiring this information should be clearly signposted by NWL to either seek this out online, or in a local library.

There was further confusion relating to profit and debt at this point, with customers unsure about information relating to long term capital investments whilst knowing that the organisation is continually in debt and borrowing money to enable this.

## NWL ownership and returns

Customers were informed that the profit generated is driven by how efficiently NWL run the business and whether they deliver key regulatory targets. They were also informed of the company ownership structure, and given background on the capital and financial backing shareholders provide.

In the main, customers were surprised to learn of the ownership structure of NWL, and found this to be the most interesting topic covered within this section.

- This did cause some concerns for some C2DE customers, who thought of NWL as a local company, and expressed concerns around their perception of an increasing number of organisations in the utility sector being owned by companies outside the United Kingdom.
- ABC1 customers in particular viewed NWL in a positive light when learning of the charitable activity of some of the ownership consortium.

## **Thames Water 'Our finances explained' document**

In order to put the information customers had learnt and discussed during the event into context, they were shown the 'Our finances explained' document produced by Thames Water and asked to spend some time looking over this document, highlighting areas they liked and disliked within the document, with a focus on:

- The level of detail provided within the document;
- The format and presentation used within the document.

Customers felt this document was too long and went into too much detail. It was felt the imagery used within the document was often unrelated to the content it was placed next to and took up unnecessary room within the document.

Customers preferred the info-graphics within the document and thought this was the right level of detail they would require in a similar document themselves. It was felt that the document had been produced for shareholders or employees of Thames Water, rather than customers.

In the main, customers wouldn't like to see NWL produce a similar document, with some expressing concerns around the financial and environmental impacts of producing a printed document like this.

## **Overall interest in information**

Overall, customer's spoke positively of all information provided, and stated this gave them a positive perception of NWL. Despite this, customers felt the majority of this information would be of little interest to them outside of the workshop, and that they would be unlikely to proactively seek out this information independently.

The section which customers were most interested in, related specifically to where money from customer's water and sewerage bill goes.

Whilst topics not relating to the customer bills didn't hold customer's interest in the same way, it was still felt that this information should be available for customers who required it, with a majority feeling that this should be provided online.

## **Trust and Value (2017)**

As part of business planning, it is important that NWL have a clear understanding of customer views on trust and value for money. An independent market research agency was commissioned to conduct research with customers to understand what forms and drives perceptions of trust and value for money and where customers get these perceptions from.

### **Objectives**

- Define what value and trust mean to NWL customers.
- Do household customers have trust and confidence in their water and wastewater services?
- What are customers' top reasons for trust/mis-trust?

- What does trust mean to customers?
- How can trust be gained or lost?
- Once trust is gone how can it be repaired?
- What is the impact of increased bills on trust?
- Do customers think their water and wastewater services are good value?
- How does water compare to other household bills?
- What does good value look like?
- Which companies do customers trust/value and why?
- What are the effects of service failures on trust and value?

## **Methodology**

Initial desk research was conducted investigating research already available into trust and value for money. This provided a basis on which to refine the areas of focus in the customer workshops; focusing on areas of interest and gaps in knowledge.

Four customer workshops were conducted across the two NWL supply areas. Each workshop consisted of 16 customers, of varying age category and SEG ensuring a variety of NWLs customers were engaged in the research. Overall, 60 customers were engaged in the research.

## **Results**

Key conclusions of the desk research were as follows:

- Trust and value are based much more on aspects of customer service than simply on the price paid by customers, which suggests that there is a real opportunity to excel in these areas.
- There is a consistent link between high overall satisfaction and high trust ratings.
- There is a link between good customer service and perceptions of value for money.
- There is an impact of consumer choice on perceptions of value.
- The impact of data collection and sharing is also something that could be explored further.
- It is important to contextualise the abundance of scores and ratings surrounding the concepts of trust and value for money, as this will lead to more actionable recommendations for NWL.

In general, customers did trust Northumbrian Water / Essex & Suffolk Water, and their water company was commonly cited as an organisation they felt they could trust along with the NHS and banks, however this propensity was less so in the Essex & Suffolk Water area.

The research demonstrated that trust is something that is built up over time but can be broken quickly by a service failure. Customers who had experienced a service failure were likely to provide a lower rating for money and trust perceptions. However, the risk of lowered perceptions can be mitigated and trust retained through a number of factors:

- Ensuring the incident / issue is a one off and demonstrating change or investment to evidence this;
- Demonstrating extenuating circumstances as to why the problem has occurred;
- Keeping the customer informed and closing the loop, bring transparent;
- Dealing with issues promptly and apologizing;

- Offering compensation;
- Continuity in the person you deal with and personal accountability of that person to resolve your issue;
- Being proactive in communication e.g. proactive contact about a water cut off;
- Ensuring information is readily available on social media, websites, telephone lines, etc.

The link between service failure and value for money was more tenuous and dependent on whether the issue was seen as a degradation of service and as a result customers were getting less for their money going forward. However, again, ensuring the incident or issue was a one off was key.

A factor throughout discussions particularly relating to value for money was that it was difficult to determine this without a choice of supplier. Whereas for supermarket shopping and mobile phone contracts, customers can take an active role in ensuring they are getting value for money, they are unable to do this for their water (and sewerage) bill. So although value for money perceptions were fair, there is room for improvement.

There was also cynicism around whether value for money and trust matter to Northumbrian Water / Essex & Suffolk Water since customers couldn't switch supplier anyway.

At a high level, customers cited the following factors as contributing to trust and value perceptions:

- Customer service;
- Communication;
- Reasonable price;
- Reliable service;
- Quality of product;
- Updating infrastructure;
- Environmental consideration;
- Charitable work / CSR;
- External verification from an independent body - awards and accreditations;
- External verification from respected professionals - relevant social influencers;
- Measurable facts and figures;
- Looking after people in vulnerable circumstances.

Customer views on trust, value for money and overall satisfaction can be changed with experiences. Involvement in the workshop sessions themselves elicited an uplift in perceptions in Northumbrian Water / Essex & Suffolk Water. This demonstrates the positive impact that engagement and participation have on perceptions of Northumbrian Water / Essex & Suffolk Water.

## **Wastewater Co-creation, 2017**

### **Objectives**

Sharing and refining the outputs from our Wastewater Sprint with customers.

### **Methodology**

Four groups of six customers from the local area (Newcastle) at our 2017 Innovation Festival. 1:15 hours, recruited and facilitated by NWL. NWL introduced the concept of a sprint and talked briefly through the water cycle so that customers understood the scale and variety of their operations. Senior managers from NWL facilitated the focus groups, which were audio recorded and analysed internally. They asked the following questions:

#### **What do you like about living in North East England?**

Landscape, access to coast and nature, family, friendly people, small scale, arts, transport links

#### **What does the wastewater part of your bill go towards?**

- Cleaning water and returning it to environment.
- Surprised by large number of treatment works and pumping stations.
- Maintenance.
- Flooding.
- Mending blockages and collapsed sewers.

#### **To what extent would you be willing to pay more for an improved service? (Green fund concept introduced)**

- Would want more information about the impact of the investment.
- Would expect big news stories on our progress.
- Expect low cost information campaigns.
- Should oblige people to be green.
- Mixed views on green tariffs.
- Want more collaboration, e.g. at catchment level.

The facilitator then asked customers' views on elements of the outputs from the wastewater sprint, as follows:

### **Efficiency**

Plan for the long term – beyond five years.

#### **Supporting the local economy – Who else should we speak to?**

- Understand local needs.
- Wildlife groups.
- Involve and educate customers on their impact.
- Clear responsibilities.



- Developers – separate surface water.
- Fishing and farming organisations.

### **Customer Service**

- Water bills are low compared to other utilities.
- Replace drains so can cope with more.
- No back charges for an issue.
- Need local knowledge.
- Want to talk to a person and not get transferred.

### **Commercial Enterprise**

- Offer a plumbing service.
- Charge more for organisations more likely to block drains e.g. oils.
- Very supportive of power from poo and treating others' sludge.
- Want to see where profits invested from this – see that it brings income to the area while not having a bad impact on locals.

### **Being a good neighbour**

- Invisible? No smell but want to know what we do, e.g. tours of works, where works are.
- Only know us if they have a problem.
- Want to see our powerful impact.

### **Continuous improvement culture – Good role models for customer care**

- Work with universities and Environment Agency.
- Work with developers.
- Be cutting edge – but conflict with Value for Money?
- Show how we are being more efficient and the impact on bills
- More meters and water efficiency (e.g. water butts) in new builds.
- Wetherspoons – minimum spend, maximum profit.

### **Education**

- Water efficiency and drain care for customers.
- Top tips – bite sized snippets.
- Pubs and clubs.
- Seasonal campaigns.
- Text messages.
- Made in Tyne & Wear local TV.
- Water is precious.
- Computer games/comics.
- YouTube.
- Radio jingles.
- Water cycle.
- Apps.



## **Inclusivity Strategy Co-creation (2017)**

Aim: Understand what great support for customers in difficult health, communication and financial circumstances would be and co-create our inclusive strategy with vulnerable customers.

### **Objectives:**

- Examples of great customer service/support from other organisations for people in these circumstances.
- How we can inform more customers in these circumstances to help them more.
- Testing ideas i.e. referring customers in and outwards, data sharing, simpler processes for financial support, having a specialist, dedicated team for them and offering home/face to face appointments.
- How we can help and hinder customers in different service failure situations.

### **Methodology**

Three workshops were held in Newcastle with eight customers at each:

- One with customers who had health related vulnerabilities;
- One with customers who were in difficult financial circumstances;
- One with stakeholders representing a range of customers in varying vulnerable circumstances.

Stakeholders were recruited by VONNE, a membership organisation for the voluntary and community sector. Customers were recruited by telephone by an independent market research agency. The sessions were independently facilitated and raw data was delivered to NWL.

### **Great customer service/support**

- Customers want us to proactively promote our support services to them.
- They don't want to feel "singled out" or have to make extra effort.
- Different methods of communication for customers who need extra support.
- A wide choice of communication methods, including times of day.
- Flags for carers/nominated people.
- Billing breaks for hospital stays, benefit delays, separation etc.
- Overcoming embarrassment of talking about circumstances.

### **How we can inform customers of our support**

- Proactively identifying extra needs on the phone/in person/based on usage etc. Customers want more proactive eliciting of circumstances by us, using sensitive language.
- Promoting support schemes through the voluntary and community sector, as well as public places like libraries and doctors' surgeries and charity shops.

### **Testing ideas**

- Customers are happy for us to share details of their vulnerability with our relevant partners when this will benefit them – with safeguards and their consent.

- They want simple processes to access financial support.
- Customers would like us to have a dedicated team or contacts to communicate with, who have great patience and understanding.

### **How we help and hinder**

- Advice and help to save water and money, and on plumbing repairs.
- Keeping bills predictable and affordable.
- Extra communication during a crisis.
- Being inclusive rather than labelling.
- Alert system by text or e-mail, if you were for example watering the garden, to notify if you are going over normal usage.
- Promoting the benefits of water meters more.
- Payment holidays and bills that can change with your circumstances.

### **Future Customer Service Co-creation (2017)**

Aim: The future 2020-2025 - How we can get as many of our customers to engage with us as possible.

#### **Objectives**

- Perceptions of value of water, how these are likely to change in the future, and what helps and hinders awareness and appreciation of our services and water.
- What interests customers and how we can capture their imagination.
- How we could have customers of all ages and backgrounds actively participating in developing our products and services and aware of what we do.
- What does active participation mean to our customers? How could it be valuable and meaningful to our customers?
- What does collaborative communities mean to our customers? What could help or hinder their creation?
- Future trends – What these mean for our customers and how we could adapt our services to meet their needs.
- Co-creating the smart home of the future.
- Defining future unrivalled customer service.

#### **Methodology**

50 customers were recruited by an independent market research agency. The six, 2.5 hour co-creation workshops were independently facilitated and raw data was delivered to NWL. Different customer segments included: Small geographical area to talk about collaborative communities; three segments to talk about unrivalled customer experience (Technology savvy professionals, millennials, and those in the family life stage) and professional and retired customers to talk about participation. Results were segmented by generation (Baby boomers, X, Y and Z).

#### **Value of water**

- Automatic switch off taps/showers, etc.
- Water scarcity/climate change.

- Survival/essential.

### **What interests customers?**

- Keeping plants alive, moving water around, how it is everywhere, for wildlife, leaks, shortages, wasting water, flooding, how tap water differs from bottled, recycling water, agriculture.
- Being on a water meter makes them more aware of what they use.
- Helping customers capture and recycle their water at home.

### **How to get more (and more diverse) customers participating**

- Include water management in the school curriculum or provide educational resources to schools, e.g. story books.
- Competitions for money saving inventions/initiatives.
- Ensuring everyone knows WHY to save water.
- Trips to reservoirs and works for the public/teens.
- Rewards and fines for saving water.
- For older people, getting them to think about the kind of world they want for their grandchildren.
- Meters in every house so people can see how much they're using.

### **What is active participation?**

- Smart meters.
- Nanotechnology.
- Climate focus.
- Recycling rainwater/grey water.
- Incentives, e.g. bill reductions.
- Taking a part.
- Information/education for consumers.
- Feedback.
- Interaction.
- Encouraging, training and employing local young people.
- Community fun days.
- Engage holiday clients to save water.
- More understanding for different/vulnerable customers.
- Engaging technology e.g. Facebook/Twitter.
- Promoting drinking water in colleges/schools to young people – maybe become a brand of bottled water.
- Water machine stickers saying “excellent water provided by NW”.
- After school/extra-curricular activity about water – young people creative sessions to invent a new theory/process/product which is named after them.
- Filter for floodwater and rainwater to save people's homes.
- Water fountains at airports to refill water bottles.
- Visitor centre with demonstrations of how water is processed and opportunities to try out innovative technology/ideas – idea generator too – Science Technology Engineering and Maths focus.
- Customers could see the inside of water and sewage treatment works.
- Human contact e.g. pop up live chat on website for reassurance.

- Reaching out through specialist groups e.g. MumsNet, pre natal classes, parent groups, swimming pools, beauty salons.
- Offering insight before questions are asked “If you have had to ask the question it is almost too late”.
- Monitoring social media for water scare stories and intervening.
- Journey of the raindrop as a YouTube video ad.
- Lego treatment works toy.
- Water safety.

### **What are collaborative communities?**

- Working together; partnership, voluntary, associations, government, residents and utilities and businesses, bringing together difference (diversity), alliance, local, opposite to bunker mentality, mutual benefit.
- Hinder: Isolation, bad neighbours, low income, age of technology, faceless services, segregation (physical e.g. A road through village, political, technological, social).

### **Future trends**

- Generations living together = More forms of communication needed per household, bigger bills, higher stress on network to those homes, higher urgency when customers have an issue, age related issues, greater water usage per person, lack of privacy.
- Students house sharing need more capacity for the house needed; paperless; price comparisons and switching.
- Technology = Sensors for older people needing care; 24/7 access; smart meters; apps (latest news, billing, home controls, customer services using cameras; social media (marketing); smart booking systems (resource management); systems where customers can see where engineers are and book them; live meter readings; increased vulnerability to cyber-attack so more secure systems needed; texts and social media to inform of work in their area.
- Economic (affordability challenge) = Increase of debt in early life (university fees); people moving home more frequently; people not buying homes; lack of job security (support when it goes wrong; reduced billing); affordability issues (brexit, house prices high).
- Environmental (extreme weather; conservation, water scarcity) = flooding/drought (storage; capture/retain water; flood prevention schemes – taking ownership of surface water drainage, working with house builders to ensure risk minimised; water efficiency) solar power; more building/urban land use challenging for drainage/flooding; actively helping customers use less e.g. purchase schemes for newer appliances; working with appliance manufacturers (e.g. dishwasher retains final rinse for next first wash); greater need for water treatment.

### **Smart home of the future**

- Smart meters and incentives to save water, e.g. money to third world water charities.
- Water neutral property.
- Water catchment device and storage tank next to property.
- Solar panels to power filtration; hydroelectric power.
- Grey water captured and reused, maybe twice.
- Clean grey water so drinkable? (already can in space and submarines).
- Treatment on site.

- Growing your own vegetables efficiently in the garden.
- Regulation for new builds to have these systems.
- Joined up approach with gas and electricity cos, e.g. grey water for heating radiators.
- Sensors throughout house so water, heating and lights turns off if no one there.
- Luxury spa experience bathrooms mean more consumption.

### **Future unrivalled customer service**

- Alexa/voice services, e.g. bill payment, automation, feedback questions, one phone call only, more efficient appliances; grey and rainwater collection; current and historical usage; problem reporting with pictures; ability to update your details yourself (Generation X).
- Offer to round up bills for charity; options to leave reviews after served; simplicity, clear guidance on all pricing issues, incentives for greater efficiency and penalties for excess usage, encourage more to have meters, smart meters go with you when you move, fingerprint security to pay bills, saves money, grey and rain water collection, when move home app auto connects to wifi and retrieves new property details and eliminates former tenants; billing issues; vulnerable customers automatically fitted with money saving options and water saving devices; control of/timed water for kids, community events e.g. experiments for kids (Generation Y).
- Choices, education, still being able to talk to someone/not all online; simple flowcharts for processes e.g. moving home, simple meter reading; little disruption for installs; review sites, TV shows, meters for downsizing families; increase reuse, cost aware, reduce consumption, more feedback, more patience (Baby boomers).
- Voice AI assistant; data breakdown available; all available through all mobile device types; utilities following the person not the property; IOT water appliances communicate with app to monitor and compare usage with similar people/lifestyle; Live bills linked to water meter to show how much appliances use; if have a problem, live-chat linked to callbacks and email; notifications via app; touch to pay via Apple or direct debit; less than 3 clicks; links to information (Generation Z).

### **Domestic Tracking (2017)**

Aim: General tracking research to understand perceptions, awareness, contact and satisfaction metrics over time.

#### **Objectives**

- Customer perceptions of NW/ESW.
- Contact with NW/ESW.
- Preferred channels for contact.
- Satisfaction.
- Priorities.
- Importance of factors to make customers think of changing to a new utility supplier.

#### **Methodology**

Independent quarterly telephone survey of 300 domestic customers every quarter by an independent market research agency.

## Perceptions

Question	2017 (Out of 10)
Supplying clean and clear drinking water	9.1
Supplying drinking water that tastes and smells good	8.9
The quality of seawater in bathing areas	8.4
The quality of river water	7.9
Customer service	9.0
Providing a reliable supply of water	9.4
Providing sufficient pressure	9.0
Providing a sewerage service that deals effectively with sewage in heavy rainfall	8.6
Providing a clear explanation of what charges cover	8.7
NWL maintain the quality of rivers, lakes and coastal waters for the benefit of people, the environment and wildlife	8.7
NWL enhance the quality of rivers, lakes and coastal waters for the benefit of people, the environment and wildlife	8.7
Customers are aware that NWL work in partnership with other organisations and together they improve...(as above)	8.3
NWL is a company that is an important part of the community	8.9
NWL is a company that looks after the environment	8.8
NWL is an innovative company	8.6
NWL is an efficient company	8.7
I trust NWL to respond well in times of adversity (e.g. severe weather)	8.7
NWL provide the best quality water	8.8
NWL provide the best value for money	8.4
NWL is best prepared for the future	8.6
That the customer service provided by NWL is the best	8.7
NWL is a company that I trust	8.8

## Contact

Last had contact with us in the last...	Proportion of sample Q3 2017
3 months	12%
3-6 months	8%
7-12 months	6%
12 months plus	30%
Don't know	7%
No contact	37%

## Preferred channels

Preferred contact method	Make contact	Receive contact
Telephone (to/from a person)	89%	62%
Email	6%	13%
Post	2%	21%

## Satisfaction

- Overall Satisfaction =8.7/10.
- Net Promoter Score (from -50 to +50) = 49 in 2017.
- Customers who think we offer good value for money = 86% scored 6 or more out of 10.
- Provided with all the information they wanted to feel informed = 94%.
- Likelihood of staying with NWL (out of 10) = 9.8 (Q3).

## Priorities

Importance of being informed of changes to charges = 95% important (26% extremely important).

## Why customers consider switching utility supplier

Factor	2017 Q3
Price/cost	9.2
Reputation of supplier	8.7
Quality of customer service	9.2
Relationship you would expect with the supplier	9.1
Ability to manage your account online (e.g. submit meter readings and view bills)	7.2
Accuracy, flexibility and frequency of bills	8.9
Ease of switching supplier	8.6

## Metering, Supply and Demand (2017)

### Objectives

- Uninformed customer perceptions: What customers think metering is for, the benefits and disadvantages associated with it, and who they believe it benefits.
- Customer drivers and barriers: Which drivers and barriers are most important for different types of customer?
- Customer expectations and attitudes towards choice; views on optant, selective, and compulsory metering.
- Customer expectations of how proactively NWL promote meters and especially to customers in vulnerable circumstances.
- Installation, reading and billing timescales. Is 90 days the right installation standard? How often do customers expect meters to be read? When do they expect bills? Attitudes to methods of bill delivery: apps, online, paper etc?

- Attitudes towards meter reversion: Whether customers support the idea of customers who opted for a meter to revert back to unmeasured billing.
- Information requirements: What customers would like, and what they expect NWL to provide, including a consideration of SMART metering and customers' experiences with the energy industry.
- Meter location: Customers' preferences on internal vs external metering.
- Tariffs: What customers think of the tariffs NWL currently offer and what opportunities do meters create for new tariffs? Opinions of rising block/seasonal tariffs.
- Prejudicial impact: Concerns customers may have about metering. How they expect NWL to manage the impact on lower income families and vulnerable customers
- How customers want NWL to choose between options to manage the supply demand balance? Can they rank their preferences or do they support NWL taking the most cost effective option available at the time?
- Customer opinion on leakage: How concerned are customers about leakage (scale 1-10)? Why are customers concerned about leakage? What do customers think is a tolerable level of leakage? What are customers' views of how NWL set leakage levels on the sustainable economic basis? How should NWL address the significant issue of customer-side leakage? Location of meter affects whether customer side leakage is picked up: Does this affect customers preference on location of meter?
- Consumption: Do customers want to reduce their own consumption? Do customers want NWL to help them reduce their water use? Do customers want NWL to play a leading role in reducing consumption more widely? Views on targets for water usage. Do they feel NWL are doing enough (provide information, smart metering, water efficiency app etc)? Following an explanation of the methods NWL use, ask what methods customers find most acceptable?
- Bills: methods of delivery/payment of bills, explore use of apps/online in energy market.

## **Qualitative Stage and ESW Quantitative Survey**

### **Methodology**

An independent market research agency conducted nine deliberative workshops (seven in the Essex and Suffolk region and two in the Northumbrian Water region, with more than 200 customers) and eight face-to-face in-depth interviews with vulnerable customers (in the ESW region).

This was followed by an online survey via online panel, Facebook and Computer Aided Personal Interviewing. This quantitative phase consisted of 687 surveys, conducted in May and June 2017 with a representative sample of Essex and Suffolk Water customers.

### **Uninformed understanding of and support for water meters**

Whilst not everyone knew what a meter may look like, almost all customers had heard of a water meter and understood what water meters are – even if they themselves were not on a meter or were future bill payers.

The only slight area of confusion that was apparent, most often found amongst the lower SEG groups, came from a handful of customers who thought that water meters may work on a pay-as-you-go basis (i.e. similar to pre-payment meters), whilst a minority immediately thought this may refer to Smart Meters (which were discussed but much later in the discussion) rather



than dumb/standard meters. However, once other customers clarified this everyone understood how water metering does/would work.

#### Advantages and disadvantages

A number of perceived advantages and disadvantages accompanied any discussion of water metering, although some were seen as more important than others:

##### Advantages:

- Could work out cheaper (depending on household make up).
- Fairer (everyone will pay for what you use).
- Make people more mindful of what they're using.
- Accurate billing.
- Could inform NWL's planning.
- Could help detect leaks.
- Provide environmental benefits by decreasing usage.

##### Disadvantages:

- Could work out more expensive (depending on household make up).
- Could modify behaviour to the point where people are worrying too much about usage.
- Could cause arguments in the home.
- Less freedom in how much water you use.
- May take a long time to install.
- May cost the customer to install.
- Once you go on a meter you can't go back.
- Readings may be inaccurate.

In the quantitative survey, experience to date of being on a meter is interesting to examine in this context, as well as for those who were on a meter but didn't ask to be put on one (58% of the metered base). Nearly half (48%) claim they like being on a meter, whilst a further 38% claim it doesn't bother them either way. Only one in ten (11%) claim not to like it.

#### **Promotion of water meters**

There was a general consensus that water meters aren't widely promoted at the moment, with many people across the workshops commenting on how informed they felt by the time they left.

Interestingly, before we got into the specifics of how meters should be promoted and who they should be promoted to, there was agreement that customers should be better informed, specifically around whether meters could/would save individuals money. This was particularly strong amongst unmetered customers. This should not however cross over into 'pushing' people onto meters which is very much different to 'promotion'.

With promotion comes information, and people felt that if they had all the information on meters (i.e. who they can work out best for, etc.) they could make the decision that is best for them.

When information was presented to customers highlighting how ESW/NW currently promotes meters and/or provides support to its more vulnerable customer base, this was greeted by a largely positive reaction, with the feeling still being that, if all the information is provided then vulnerable customers too can make a decision that is best for them.

This degree of positivity towards such schemes was reflected in the quantitative survey with two-thirds (66%) of customers feeling that NWL's financial support offered enough protection for people who might struggle to pay their bill if they were on a water meter and a further one in ten (13%) feeling this still wasn't enough. The fact that one-fifth (21%) didn't know how they felt on this however, reflects the qualitative findings, as queries were brought up that tended to centre on a) the question of fairness and b) whether such schemes can truly be accurate in terms of monitoring who is and who is not eligible.

### **Meter installation**

In the quantitative research, customers were asked how long they would expect it to take from the day they requested to go on a meter to the day of a meter actually being installed. Unprompted, the average (median) expected number of days given was 14 days.

When prompted, the qualitative and quantitative research supported each other, as it was found that 90 days was too long a time period, with many being surprised it could currently take this long; whereas 30 days on the other hand chimed with other ways that people live their lives (i.e. they often pay for things in monthly instalments or on a monthly basis) which made it seem a much more acceptable period of time.

### **Meter location**

Customers were also asked about meter location and where they would prefer to have a meter installed (i.e. internal or external to their property).

In terms of preferences, when examining customers as a whole, for almost one third (30%) there was a preference for a meter to be located close to the property boundary in the driveway or lawn (Location B).

After this, 26% opted for Location A (outside the property boundary on a public path or road), 19% opted for Location C (on the outside wall in a plastic cabinet) and 15% opted for Location D (inside their home). One in ten (9%) didn't know.

Interestingly, the views of metered and unmetered customers differed significantly, with those currently on a meter being more inclined to choose either Option A (33% metered cf. 17% unmetered) or Option B (34% metered cf. 24% unmetered) over their unmetered counterparts, who in contrast were significantly more likely to choose Option C (23% unmetered cf. 17% metered) and Option D (19% unmetered cf. 12% metered).

### **Meter location: Incentivising based on meter location**

It would appear that the principle of the idea was appealing, as over half (53%) from the quantitative survey agreed with ESW offering customers a payment to have their water meter installed inside their house rather than under the pavement or road, with a further quarter (23%) neither agreeing or disagreeing. Only 16% disagreed with the idea, whilst 7% didn't know.

### **Meter location: Charging based on meter location**

This idea seemed to garner a greater degree of negative sentiment, with 42% disagreeing. However, there was a significant minority (32%) that agreed with the idea in principle, and a further 21% that neither agreed nor disagreed.

### **Metered tariffs: Stepped and seasonal tariffs**

Across qualitative research there was a clear lack of support for either stepped or seasonal tariffs, with the current one-rate tariff being preferred.

### **Meter reversion**

In the quantitative work, it is interesting to find that nearly two-thirds (64%) supported the idea of reversion:

- Unmetered customers were much more likely to feel that reversion should be allowed up to a year after installation (49% cf. 36%)
- Metered customers were more likely to think that customers shouldn't be allowed to switch back after requesting a meter (30% cf. 18% unmetered).
- When this idea did appeal, it was largely due to the fact that it acted on the same basis as a 'try before you buy' scheme.

### **Meter reading and billing**

In relation to water meters and how frequently customers would want to read their own meters or have their meters read, there was a spread of responses given, ranging from monthly to yearly. For most, this was an issue of managing their outgoings and customers are much better equipped to do this if readings are required and bills are given out on a quarterly basis, particularly those less well off.

### **Smart Meters**

Perceived awareness of Smart Meters was high across all groups and more often than not customers' understanding of what Smart Meters are was correct.

There was significant appeal in the quantitative survey towards getting a Smart (water) Meter with around three-fifths (57%) being in favour of getting one and a further fifth (21%) being neither for nor against. Only 16% were against the idea whilst 6% didn't know.

- Few concerns over the fact the tech can and does go wrong
- Will it lead to redundancies for meter readers?
- Will the in-home display lead to 'over-worrying' about usage?
- Is there a cost to the customer for installation/using a Smart Meter?

The majority of customers (66%) would not be willing to contribute to this cost with 14% being willing and a further 20% being unsure.

It was perceived that Smart Meters may be a novelty item that after a certain period of time gets put in a drawer and not looked at again.

## Consumption

Estimates of how much water consumers use per day varies hugely – with answers as to the average consumption ranging from as little as 10 litres to as much as 900 litres. The mean average estimate of per person, per day consumption is 78 litres – only just over half of the actual average daily consumption for the ESW region.

At an overall level, customers largely consider water saving to be important to them, with a mean average score of 7.52 out of 10, and two fifths (42%) providing a score of 9 or 10 out of 10. Just over a quarter (28%) provide a score of 0-6 (17% of which is made up of responses of 5 or 6).

In the quantitative phase, customers were provided with a list of five statements to do with water saving and asked to rate the extent to which each would motivate them to save water. The two statements that customers were most likely to say would motivate them were, saving money (mean average 4.41 out of 5) and if there was a shortage of water (4.23). Less likely to motivate are; points towards shopping vouchers (3.90); information about how to save water (3.79); information about the environmental benefits of saving water (3.76).

Customers were asked how they felt about ESW doing more to help customers reduce their consumption in future; just under two-thirds (63%) said that it is something they would expect from ESW. Only 4% said that it is not something that they think ESW should be doing at all.

When we asked who they feel is most responsible for the amount of water used by ESW customers, only 12% say that ESW bear the brunt of responsibility. Customers themselves are seen by 45% to be most responsible whilst 37% believe that the balance of responsibility is equal. Only 1% say that neither is responsible.

- Getting the early generations at school and teaching them about the importance of water saving is seen as crucial and is something there isn't seen to be enough of.

## Views towards water leakage

In the qualitative research, customers' views were generally guided by either personal experience or a general feeling that wasting water isn't a good thing and therefore leaks need to be fixed as and when they occur.

In this context, when customers were asked how much leakage (in percentage terms) is acceptable on a daily basis, there were numerous occasions when a knee jerk (and uninformed) reaction was to say 0%, although figures did tend to hover around the 5-10% mark. These figures however, were quoted prior to being informed of NWL's vast network of pipes along with the fact that all pipes leak, even brand new ones, which served to soften many customers' views.

When asked how much leakage customers think is acceptable in the quantitative (after being told about the amount of pipes involved in the network), as a percentage of all treated water the average (mean) percentage given was 9%.

## **Sustainable economic level of leakage**

Just over two-fifths (43%) of those surveyed agreed that this approach was a reasonable way for ESW to tackle leakage. However, a further 29% neither agreed nor disagreed. Less than one-fifth (18%) disagreed, whilst 10% didn't know.

However, this level of agreement is somewhat lower than that which was observed during the qualitative workshops. Indeed, after being taken through the rationale behind it, customers in the workshops tended to be much more agreeable to this approach.

## **Investment priorities**

Customers were given £10 to spend across 5 potential investment options. Once all customers' amounts are totted up, priorities show that customers are going for increased supply rather than reduced demand but significantly, choice (i.e. simply being informed about metering but not having it forced upon them) isn't necessarily the deciding factor – something that seemed to be of paramount importance at the beginning of the research.

- Building more reservoirs water treatment works and pipes - £2,074.
- Reduce leaks - £1,966.
- Compulsory water meters at all customers' homes - £1,064.
- Installing water meters whenever someone moves house - £694.
- Inform customers about water meters (for optional meters) - £637.

## **Quantitative Survey in NW region**

### **Methodology**

An independent market research agency conducted an online survey distributed to 500 customers through an online research panel, to Northumbrian Water customers responsible for paying their water and wastewater bill. The survey was live between November 2017 and December 2017.

### **Views on metering**

Half of metered customers had requested a meter to be fitted (optant), whilst 47% had moved into a property where a meter had previously been fitted (inherited). Just 2% had involuntarily had a water meter fitted at their property by Northumbrian Water.

43% of inherited metered customers said they liked having one, whilst 36% stated it doesn't bother them either way and 15% don't like having one.

Just under three quarters (72%) of optant metered customers thought that their bills were lower as a result, whilst 43% of customers who had inherited their meter thought their bills were lower.

- Customers aged 30-44 were most likely to think their bills were higher as a result of being on a water meter.
- Customers aged 65-74 and 75+ were most likely to think that their bills were lower as a result (79% and 80% respectively).

An almost equal proportion of unmetered customers were in favour of having a water meter installed (29%), as those against (30%). 37% were neither for nor against installation (37%).

### **Views on choice**

The majority (82%) of all customers agreed that people should be able to choose whether they have a water meter.

- Unmetered customers were more likely to be in favour of choice (89%) than metered customers (72%). Optant metered customers were more likely than those who had inherited their meter to be in favour of choice (78% optant vs 66% inherited).
- Those on lower SEGs were more likely to want choice (88%).

### **Meter installation**

Selective metering was not very popular. Metered customers were most likely to agree that Northumbrian Water should “continue” to install water meters whenever a customer moves house (selective metering), with just under half (49%) agreeing this, whilst just 21% of unmetered customers agreed. 70% of all customers agreed (37% strongly, 33% slightly) that Northumbrian Water need to do more to inform customers about water meters.

- Customers aged 18-29 were the most likely age group to agree that Northumbrian Water need to do more to inform customers (78%).

### **Compulsory metering**

Only 27% of all customers agreed that Northumbrian Water should make water meters compulsory for all customers and 48% disagreed.

- Agreement with compulsory was higher for metered (44% - 31% disagree) than unmetered customers (14% - 11% disagree).
- Inherited metered customers were in higher agreement (52%) than optant (39%).

### **Support schemes for vulnerable customers**

67% agree that NW should do more to inform customers about water meters. Overall, just over half (54%) agreed that WaterSure and independent financial assessments for customers offered enough protection for those with affordability issues. 22% disagreed.

Metered customers were significantly more likely to agree that these schemes offer the right protection (72% - 15% disagreed) than unmetered customers (42% - 28% disagreed). Customers belonging to the C1/2 and DE socio-economic groups, and therefore most likely to be impacted by affordability had the lowest level of agreement (51%).

### **Installation of meters**

Overall just 35% felt that 90 days was an acceptable time period from their request to installation with no significant difference between metered status. Of those that didn't feel 90 days were acceptable, just 11% felt that 60 days was an acceptable time period. Of those

who felt that 90 and 60 days were not an acceptable time period, 66% agreed that 30 days was an acceptable time period.

Overall the preferred position for meter installation was close to the property boundary on a driveway or lawn (28%), followed by outside the property in the path or road (26%). 58% were in agreement that Northumbrian Water should offer customers a payment to have their meter installed inside their house or under their garden/yard/drive instead of under the pavement or road. 28% were in agreement with Northumbrian Water charging customers who would prefer to have their water meter fitted under the pavement rather than on their property.

### **Meter reversion**

Just over a third (34%) of all customers thought that Northumbrian Water should allow a customer up to a year to switch back to an unmetered bill. Less than a quarter (23%) thought that customers should have the current two year window period to revert back to an unmeasured bill.

Metered customers were most likely to state they didn't think customers should be allowed to revert (26%) compared to unmetered customers (14%).

- 33% of inherited customers were against reversion, compared to 21% of optant customers.

### **Water usage**

Using a standard two litre bottle of water as a measure of volume, customers were asked how many two litre bottles they thought they used each day. The mean number of bottles customers thought they used each day, was 23 bottles, approximately a third of the average Northumbrian Water customer usage (76 bottles).

- Customers belonging to the DE socio economic group thought they used a significantly less amount of water each day (13 bottles).
- Customers aged 18-29 thought they used significantly less water each day (10 bottles).

When asked to rate the importance of saving water, a mean score of 6.9 out of 10 was observed amongst all customers.

- Saving water was more important to metered customers than unmetered customers (7.4 and 6.6 out of 10 respectively).
- Saving water was less important to those aged 18-29 (6.3).

The majority of metered customers (71%) stated that they, or the people they lived with made more of an effort to save water because they were on a meter.

- The proportion of customers making more effort was higher amongst optant customers (80%) than inherited (62%).

In terms of key motivations for reducing usage, metered customers rated 'Saving money' (mean score of 4.4 out of 5) and 'if there was a shortage of water' (4.2) as the areas most likely to motivate them. 45% of customers thought that Northumbrian Water did enough to encourage customers to use less water, and 58% of customers stated that Northumbrian

Water doing more to help reduce water consumption in the future was something they expect them to do.

- Expectation was higher amongst metered customers (62%) than unmetered (54%).

Just over half (51%) of all customers thought customers were most responsible for the amount of water used by Northumbrian Water customers, and 36% thought that both NW and customers were equally responsible.

### **Smart meters**

37% of customers had a smart energy meter, with those on a water meter more likely to have a smart meter for their gas or electricity than those without (41% and 34% respectively). Three quarters (75%) of customers on a water meter would be in favour of having a smart water meter, whilst 37% of unmetered were in favour.

- Those belonging to AB socio-economic group were most in favour of a smart water meter.

Just 9% of customers stated they would be willing to pay anything towards installation of a smart meter.

### **Leakage**

When asked to consider an acceptable level of leakage as a percentage of all treated water, 9% stated that 0% of leakage was acceptable, whilst 3% didn't know.

Of the 87% of customers who stated the percentage of leakage they felt to be acceptable, a mean score of 11% was observed.

- Those aged 18-29 and those belonging to the DE socio-economic group demonstrated a higher acceptance for leakage than the overall base (18% and 16% respectively).

Customers were informed of Ofwat's requirement for water and wastewater companies to find and repair leakage until this costs more than the value of water lost.

- 45% agreed that this was a reasonable way for Northumbrian Water to tackle leakage and 14% disagreed.
- Metered customers were in stronger agreement that this was acceptable (52%) than unmetered (40%).

### **Supply and demand investment priorities**

Customers were asked how they would allocate Northumbrian Water's budget across a number of priority areas including:

- Building more reservoirs, water treatment works and pipes
- Reduce consumption with compulsory water meters at all customers' homes
- Inform customers about water meters for optional meters
- Reducing leaks
- Installing water meters whenever someone moves house.



In percentage terms, building more reservoirs, water treatment works and pipes was the area of highest priority for investment, followed by reducing consumption through compulsory water meters at all customers' homes (29% and 26% respectively).

- Interestingly support for compulsory water meters at all customers' homes was consistent amongst metered and unmetered customers (26%).

Areas of lower importance were informing customers (17%), reducing leaks (14%), and installing water meters when someone moves home (14%).

### **Communicating Risk (2017)**

As part of the research underpinning PR19 and to help inform the development of an appropriate and user-friendly willingness to pay (WTP) survey, Northumbrian Water Limited (NWL) commissioned an independent market research agency to study customers' attitudes and preferences towards communicating risk and find the most customer-friendly (albeit robust) metric of risk to be used in the design of WTP questionnaires.

The aim of the research is to help NWL improve the WTP survey instrument and ensure customers' better understand the information presented to them, allowing customers to provide a more informed response.

This will be particularly important in later projects NWL expects to conduct that explore customers' WTP for changes in their water and wastewater service, including changes in the risk of experiencing different types of service failure.

#### **Objectives**

- Explore levels of understanding of the long-term challenges that the water industry faces and determine how well domestic customers can evaluate these
- Explore in detail how well customers understand levels of risk/probability, based on different approaches to presenting this
- Establish how customers interpret each approach to presenting risk/probability and understand which works best, both overall and for different audiences
- Evaluate whether customers' interpretation of risk/probability aligns with what each means to the industry and establish whether any differences in understanding may cause customers to value levels of service differently
- Determine the most appropriate way to present risk/probability in the WTP study, based on an acceptable balance between customer understanding and the robustness of the valuations for the purpose of the cost-benefit analysis.

#### **Methodology**

An independent market research agency conducted qualitative research using eight focus groups in both of our regions lasting 90 minutes. 66 customers were segmented by life stage, educational attainment and area. Future customers, those who had experienced service failures and those with below average numeracy were included. In addition, 13 in home depth interviews were conducted with customers in circumstances that could make them particularly vulnerable if there was a service failure.

The research was conducted between w/c 17<sup>th</sup> April and 1<sup>st</sup> June 2017.

### **Experiences of Northumbrian Water or Essex & Suffolk Water**

The relationship most customers have with their water company is positive, but passive and rather distant. Most customers have not experienced, nor do they expect to experience, any issues or problems. Therefore any risks are not 'top of mind'.

### **Awareness of challenges the water industry faces**

The work behind the scenes to provide drinking water and take away wastewater, and the challenges to achieving and maintaining this, are not appreciated. Hence, the potential risks to the service customers currently receive are not known or recognised by them.

### **Understanding of risk in the water industry**

Perceived risks tend to be based on what customers have seen or heard. Hence, bursts and leakage was seen as more likely and a higher priority than addressing longer term strategic issues.

As most had no personal experience of service failures, or knew anyone who had, the risks of most water related events happening to customers are assumed to be very low. It is very difficult for customers to perceive the level of risk to them and others of the water company not tackling some of the issues they were prompted about, as they had never thought about it, or what the potential impacts could be.

Many issues to tackle (the most often cited were population increases, climate change and ageing infrastructure) were perceived to be part of what the water company should be managing and planning for anyway. Therefore, these challenges are seen as things the water company should be addressing as a matter of course, rather than being a risk per se to customers.

The findings show that when conducting willingness to pay research, NWL need to educate and inform customers about the service failures that can occur, and the levels of risk they face. Similarly, because some customers think these are things water companies should be taking care of, NWL must explain to customers that there is a trade-off between the size of the bills they pay and the service levels they receive.

### **Understanding and interpretation of probability, chance or risk**

A large minority demonstrated either little confidence when dealing with numbers or clear misunderstandings of numeric probability figures.

In terms of how best to communicate risk, one size does not fit all, but customers generally prefer either percentages or ratios. However, the risk must be presented in a way that customers can easily visualise the likelihood of it happening to them (i.e. x number of people out of 100 or 1,000 will experience this in a year) and make a quick judgment whether that is a very small risk or not.

Numbers are commonly presented as percentages, so this format was liked by many and seemed to provide the easiest platform for customers to make their own assessment on whether the level of risk is worth taking.

Probability ideally needs to be expressed consistently throughout surveys or workshops (including timeframes) and require no extra thought or mental processing to understand. Most customers found it easier to think about percentages or easily understandable ratios. They often converted fractions or other expressions into a percentage before making a comment on the level of risk.

Visual expressions are on the surface perceived to be easier to understand. However, the interpretation and actual understanding of these can vary hugely between different customers and can have the potential to cause confusion.

### **Interpretation of risk metrics**

In general, numbers give an impression of risk, and it is this impression that stays with customers, rather than the specific number. Customers group probabilities into low, medium or high chance, rather than thinking in detail about small differences between the figures.

When showing the same probability expressed in different formats, the different expressions generated very different emotional responses and perceptions of risk. Most people are reacting emotionally, rather than thinking about any numbers shown in a detailed mathematical sense. The ways chosen to express a number often have an impact on the impression of risk it conveys.

The approach to how numbers are expressed may depend on whether the communication is intended to convey a sense that the risk is very small or something that customers should be worried about.

The words 'risk', 'chance' and 'probability' convey different impressions and create different emotional responses. There is no universal preference, so the ideal word will depend on what impression NWL wishes to portray. However, the same word should be used consistently for clarity.

### **Service Measures (2017)**

As part of the research underpinning its PR19 business plan, Northumbrian Water Limited (NWL) commissioned an independent market research agency to undertake research amongst domestic customers to better understand what they feel is important for NWL to perform well in, how they would like NWL to measure its performance and whether customer perception measures should be included alongside factual service levels.

The ultimate goal is to aid the co-creation of NWL's business plan with their customers, with the results of this research providing insight into the development of the way NWL measure performance and success and present improvement options to customers.

### **Objectives**

- Understand how uninformed domestic customers view NWL's performance and explore how they judge success of a water company and companies in other sectors.
- Determine preferences for NWL's Measures of Success, exploring the role of factual service measures vs. customer perception measures in detail.

- Establish customer views on NWL's Measures of Success and how they prioritise these.
- Understand in detail how being informed about NWL's performance influences customer views.
- Explore how comparative information about NWL's performance influences customers views about which measures NWL should focus on.
- Establish a list of recommended Measures of Success.

## **Methodology**

The research was conducted in April and May 2017.

We conducted qualitative research using six deliberative events including 137 household customers, with sessions in the Essex & Suffolk NWL operating area (which covers water only services) lasting 2.5 hours, and sessions in the Northumbrian Water region (which covers water and waste water services) lasting 3 hours.

Customers were segmented by life stage, SEG, and area. Customers who had experienced service failures and future customers were included.

In home depth interviews were also carried out with 13 customers whose circumstances could make them particularly vulnerable during a service failure.

Customers were first asked for their evaluation of NW/ESW's performance before being shown any information. They were then told why and how performance is measured and shown the range of measures used. Customers were next shown a score card with NW/ESW's performance data for the most recently completed financial year, and asked for their views. They were later shown comparative data for all water and sewerage companies from the Discover Water website and fed back on this.

### **Initial views on NWL performance before being shown measures and actual data**

Before being shown any performance measures, company performance data or comparative data, most customers gave a positive opinion rating of the service they receive from Northumbrian Water or Essex & Suffolk Water. The ratings given show a high degree of satisfaction with perceived performance. This is mainly because most have never experienced a problem, and those who have had received a prompt response to sort out the issue.

Perceptions of performance are based on what customers see, experience, or hear from others, rather than any scientific, technical or corporate measures.

Customers generally consider their water bill to be reasonable, especially compared with other utilities. The vast majority of customers have had no need to contact NWL, nor had any interaction with NWL beyond receiving bills. The relationship is typically passive, but positive given that they perceive the product / service to be high quality.

### **How customers judge the success of water companies and other companies**

Customers evaluate companies they have a choice over using, via the interactions and experiences they have with the company. Customers frequently judge performance based on value for money, the quality of the product (with a trade-off between price and quality,

depending on what they are buying), customer service, other customers' reviews and ratings, and treating customers well.

However, customers do not tend to think much about how their water company is performing, or how it compares to others within or outside the sector. This is because there is no option to switch providers, and they also generally think they are getting a high quality product, with few reasons to contact NWL.

### **Most important performance measures, before seeing NWL's performance data**

Customers base their judgments and perceptions of performance on the aspects that make the most difference to them. These are not corporate indicators, but instead revolve around quality, value and customer service experiences.

The most important performance measures customers chose, when shown NWL's Measures of Success, were all considered factual, objective numbers. These included drinking water quality, bathing water quality, occurrences of discoloured water, leakage, bursts, pollution incidents, flooding and sewerage problems.

Customers saw overall customer satisfaction as a useful measure to see whether the water company is in line with or exceeding customer expectations. However, they generally saw the additional measures shown (i.e. customer recommendation scores, how well informed customers feel, scores for trust, and perceptions over value for money) as less important.

Customers categorised measures as most important if they were: Easy to understand (e.g. quality of the product; an overall customer satisfaction score), perceived to make a difference to customers (e.g. comparative bill levels, decreasing leakage, bathing water quality) and deemed crucial to minimise for the general good (e.g. sewer flooding, pollution). For customers in vulnerable circumstances, an uninterrupted water supply was the most important measure for a water company to do well in, because many relied on water to manage their medical conditions.

Customers were generally reluctant to categorise many of the measures shown as unimportant or irrelevant. This was partly because many measures sounded technical and therefore serious to customers. How customers prioritise performance measures is often a reflection of the measures customers feel confident or qualified to make a definite judgment over.

Customers expected key measures to be communicated via the bill. However, many acknowledged that they are highly unlikely to read this in detail. No-one had previously sought out performance information about their water company.

### **How being informed about NWL's performance influences customer views**

Customers saw most of NWL's current scorecard performance data they were shown as designed for a corporate audience, rather than the customer-friendly information they were seeking. The performance data shown, and how the information is presented, stimulated a lot of questions for customers.

Customers often wanted to see how figures compared to previous years. This is because they wanted to know whether issues were getting worse or better.

After Northumbrian Water customers were shown the scorecard data, their overall performance ratings for NW remained similar to the generally high ratings they had given when uninformed of NW's performance or measures. However, there was a significant decrease in ratings amongst Essex & Suffolk Water customers after seeing ESW's scorecard data - predominately influenced by the level of leakage.

### **How comparative information influences customer views**

When reviewing the comparative data from the Discover Water website for all water and sewerage companies, customers mostly commented on the performance measures where NW/ESW is performing considerably better or worse than other water companies. Some customers in vulnerable circumstances struggled to interpret the comparative data without their interviewer explaining how to read the information to them.

Comparing the average bill is a key measure for customers. They can easily understand it, but it also raises questions about other areas of performance if it is higher than most of the country. There was a marked difference between sessions in the North East and Essex and Suffolk.

In the North East, customers were generally satisfied with NW's comparative performance. NW customers broadly saw NW's performance as average, with bills (positively) being the third lowest.

In Essex & Suffolk, many customers were very focussed on the fact that their average annual water bill was the most expensive in the country. This meant that they were looking for reasons to justify these higher bills with the performance in other measures. They did not perceive that they were getting a better service/product, or more infrastructure investment, than elsewhere. Before being shown comparative average bills, the level of the bill had not been raised as a major concern.

### **Key performance measures customers suggested using to judge NWL**

Customers rarely chose specific technical and scientific measures on the scorecard and in the comparative data as their most important measures for NW/ESW to do well in. Customers suggested measures that they can easily understand and they feel have a direct impact on them.

After being shown all the comparative information, the measures that are most important for customers are:

- Cost or price (via the average bill, shown in comparative terms to other water companies)
- Quality of drinking water (i.e. a reliable and clean water supply)
- Level of leakage (including reducing the number of bursts and quickly repairing any water wastage that occurs)
- Whether NW/ESW is meeting or exceeding government targets / standards
- Customer service (based on attitude, helpfulness, honesty, response and resolution times), measured by a single, overall customer satisfaction rating
- Response times to complaints, instead of the number of complaints. If the number of complaints is used, customers prefer this to be shown as a percentage of properties served

- For some customers, green and environmental indicators (although they did not always understand how some of the current score card measures relate to this)
- For some customers in vulnerable circumstances, where water was vital for their medical circumstances, the percentage of (and reduction in) properties affected by service interruptions.

## Wholesale Research (2017)

### Objectives

- Awareness and understanding among businesses in the NW/ESW regions, of the changes that have taken place in the market.
- Satisfaction with the service provided by their wholesaler (regardless of who their retailer is).
- Identification of any aspects of the service felt to need improvement.
- Where they have contacted NW/ESW as their wholesaler since April, what happened and how satisfied they were with the service received.
- Perceived performance against softer relationship/ reputation factors and corporate brand values (trust, expertise, ethics etc).
- Ways in which NW/ESW can improve, as the wholesaler for non-household customers in these regions.

### Methodology

502 telephone interviews with non-household customers by an independent market research agency. We avoided sole traders and boosted the coverage of larger organisations and heavy industrial businesses where water usage is likely to be highest and/or integral to business operations.

Initially, our target customer within each organisation was the person most responsible for managing the company's dealings with their water company.

### Results

Just under two thirds of customers say they are aware that they can now choose their water and wastewater supplier – meaning that over a third have not yet taken this on board. Even among those aware of the new market arrangements, though, understanding of how the wholesale and retail split works is quite low (nearly half of all customers, and a fifth of those aware they can now choose supplier, gave low scores of 0-4 out of 10 on how well informed they feel about how the market now works). This has implications for NW/ESW in terms of communicating performance against their wholesale service – many non-household organisations simply don't 'get' who is now responsible for what, and concerns over costs, billing and customer service may often still be laid at the company's door rather than that of NWL Business or any other retailer.

Overall satisfaction with NW/ESW as the wholesaler, however, is positive, with 46% giving a 9-10 out of 10 whilst just 5% give 0-4; the 'NPS equivalent' for overall satisfaction (9-10s minus 0-6s) is 28.7

2% say their overall satisfaction has increased over the last year, often explaining that this is because a problem or issue was handled particularly well. 4% say it has decreased (as many as 10% in Suffolk), with water quality and the way repair works have been handled the main areas of concern; others referred here to billing issues, though, with some of these mentioning that billing problems have arisen as a consequence of the changeover to the new retailer.

70% rated water supply reliability as 9-10 out of 10, with very few giving low scores on this point. Clean and clear drinking water and sufficiency of water pressure also scored well, with 59% and 56% respectively giving these a 9-10 and just 3% and 2% giving 0-4s – although ESW scored significantly lower than NW on these two measures. While 54% gave a 9-10 for taste and odour, the proportion of low scores of 0-4 was higher on this point, at 7%.

In the North East, the effectiveness of the sewerage service was accorded 9-10s by 46%, but 6% gave a 0-4. As far as seawater and river water quality were concerned, quite high proportions (46% and 41% respectively) had no opinion, and many of those who did, gave a rating in the middle ground; in Suffolk, though, scores given on river water were significantly lower than elsewhere.

A quarter of those in the North East say that the sewerage service needs improving. A fifth of all customers want to see taste and odour improved (particularly in Suffolk); a fifth would also like to see the quality of seawater and river water improved. Clean and clear drinking water and water pressure sufficiency should be improved according to 16% and 13% respectively, but the great majority say that the reliability of the supply is fine as it is, with only 5% saying that improvement is necessary here.

Asked to what extent they feel they would know who to contact if they needed to get in touch with someone about anything to do with their water service, around a third indicated they would be quite confident about this, but a similar proportion clearly would not be. Given the fairly low level of understanding of the new wholesaler/retailer market split discussed above, this is probably not surprising.

17% of customers say they have personally contacted NW/ESW as their wholesaler. This seems high to us (?), which makes us wonder if this is further evidence of confusion over which company is responsible for what.

Contact handling scores are reasonable, although between 10% and 20% gave low ratings of 0-4 on each of the measures asked about; we just cannot be sure that these are a true reflection of the wholesale contact centre performance rather than that of NWL Business. Asked specifically about any cases where they had contacted their wholesaler and been referred to their retailer instead, most of these 18 instances appear to have been handled appropriately, in the customer's eyes.

In terms of NW/ESW softer brand values, non-household customers score the company positively on trust and responsible site management, followed by ethical business practices, being organised/efficient, engineering/technology expertise and nature conservation. There is greater scope to improve perceptions of the contribution that the company makes to the local economy, future planning, getting things right first time and community consideration in how works are carried out.



Asked what one thing they thought their wholesaler could do to improve, 42% had any suggestions to make. Drinking water quality was the top concern, and water pressure and the maintenance of drains/sewers were of relevance to some. While 5% referred to lowering prices, more had comments to make about clarifying how the market now works and promoting exactly what it is that the wholesaler is now responsible for.

Throughout the survey, we have looked for evidence of perceptions varying by industry sector and/or company size. Interestingly, there are few statistically significant differences here, indicating that experience of water supply and wastewater service is fairly consistent across the non-household market. (Organisations that use water for purposes other than just domestic-type uses are more likely than the rest to say their satisfaction with their wholesaler has decreased over the last year, but there are no other indicators of sector or size difference).

Service scores are generally higher in the North East and lower in Suffolk, where there were a number of mentions of concerns over water quality.

The main way in which perceptions can be seen to vary significantly across the sample, though, is in relation to understanding of the new market set-up - those who say they feel well informed about this typically give NW/ESW higher scores on everything. Is this cause or effect? Either way, it may be that clear communication of the wholesaler's roles and responsibilities would help focus non-household users' attention on what the company does well, unhampered by any cost, billing and customer service issues they may have. The company will then need to clearly demonstrate its commitment to its core purpose of maintaining and improving the service infrastructure, as well as strengthening its reputation.

## **Brand Values (2017)**

### **Objectives**

Understand what drives NPS (recommendations), brand loyalty and interest in NW/ESW among domestic customers.

### **Methodology**

1,503 phone interviews in two phases with a representative sample of home owners, via an independent market research agency.

### **Net Promoter Score**

53% of this representative sample of home-owner customers score their likelihood to recommend NWL at 9-10 out of 10; 15% score 0-6 and 5% give the lowest ratings of 0-4. The overall NPS measure comes out at +36.1.

NPS is significantly higher among customers in the North and Suffolk, women, those aged 65+, socio groups C2/DE, those on benefits, and those who pay by card. Where they find bills difficult to understand, struggle to afford their bills and/or feel their water/sewerage bills are higher than average, likelihood of recommending NWL is significantly lower than the rest.

### **Choosing providers**

Three quarters of customers believe that consumers should be able to choose their water and sewerage provider, in the same way as they can for energy. This is particularly likely to be the case where bills are higher than average and/or the customer struggles to be able to afford their bills, and also among younger consumers.

Asked how likely they are to remain with NW/ESW if they could switch, 60% score this positively at 9-10 out of 10; 5% rate this at 0-4. Propensity to switch is much higher among those thinking their bills are higher than average and/or struggle to afford their bills, indicating that response to this question is driven far more by price perception than issues relating to views about the company itself.

There is a close correlation between NPS and likelihood to remain, indicating that work done to improve NPS will have a positive knock-on effect on retention. The drawback to using NPS as the base measure of overall perception, however (particularly at the moment, while household consumers have no choice), is that many customers find the likelihood to recommend question difficult to answer. This survey has been designed to understand more about how brand values affect overall perception, and we have found that a more specific attribute, being seen as 'a company with good business principles and values', is an even better predictor of likely retention than NPS; increase the extent to which customers see NW/ESW in this light, and more will feel inclined to stay with the company even when there could be price savings to be gained from switching.

On this issue, though, a little over one in 10 do not feel they know enough about NW/ESW to judge either way. Proactive communication of stories and messages that support the company's role in the community and its business ethics will help address this.

### **Interest in our activities**

Asked if they are personally interested in hearing about specific aspects of NW/ESW's business activities, nearly 9 in 10 expressed appetite for this – how charges are arrived at, flood/drought protection plans, environmental performance, customer service and water resource management, are all of particular relevance.

In feeding this interest, NWL's activities should be promoted in such a way as to reinforce the specific soft brand values that are most important in influencing likely customer retention (ethical in the way it does business, organised and efficient, treats customers fairly, contributes to the local economy, plans for the future, helps to conserve nature, considerate of the community, etc.).

Of these, key messages should focus particularly on those brand values that have greatest influence on overall perceptions and at the same time show lower recognition for NW/ESW. These are:

- Makes a significant contribution to the local economy.
- Forward-looking and plans for the future.
- Considerate of the community.
- Ethical.
- Experts in engineering and technology.

### **How to improve brand values**

Work on reinforcing brand values can be used to target customer groups where perceptions are generally weaker. The data shows that an emphasis on nature conservation work and the promotion of water efficiency in Essex, and the company's contribution to the local economy and consideration of the community in ESW as a whole, could raise scores here to the higher level seen in the north

To improve ratings given by men compared to those from women, a focus on ways in which the company is organised and efficient, gets things right first time and forward-looking (e.g. around infrastructure projects and investment plans) may help.

As far as younger customers are concerned, there are no obvious clues in the brand value scores as to how their opinions could be raised to the level of those seen in the 65+ age group. It seems they may be more price-driven, and indeed they are more interested than their older counterparts in seeing information on how water charges are arrived at.

Again there are no obvious clues in the brand values data as to how perceptions among socio groups AB/C1 can be raised. They at least have a particular appetite for any information at all on what the company is doing and how they are performing, so it may be that any communication would be good communication for this group. Given that the second most common suggestion for improvement (after price reductions) is more promotion of NW/ESW's activities and priorities, this can only benefit.

For those who struggle to afford their bills, it is possible that no improvement in views on the company's brand values would make a great deal of difference. Here, only operational help such as the SupportPlus scheme and possibly the offer of a meter would have any real impact.

## **Omnibus (November 2017)**

### **Objectives**

To understand customer behaviour change and awareness/impact of several of our marketing campaigns.

### **Methodology**

501 on street interviews by an independent market research agency with a representative sample of NW and ESW household customers.

### **General campaign awareness**

The proportion of customers who could think of anything they have seen or heard about NWL in the last 6 months or so is 20% this wave, compared to 19% in the summer. Of the company's specific awareness campaign activities, water efficiency is the one mentioned most frequently; insurance and home emergency cover is the top message recalled overall, though.

### **Blockages (NW only)**

- 17% admitted to flushing any specific items down the toilet or sink in the last 6 months (most commonly cooking oil/grease); this result is similar to that seen last wave (at 19%);
- 30% have seen or heard anything saying what you should and shouldn't put down the toilet or sink; this is moving in the right direction compared to last wave's result of 27%;
- Younger consumers are still more likely to have flushed items down the sink/drain, and older ones more likely to have noticed the campaign messages on this subject.

### **Our websites**

- 18% have ever visited our website, similar to the 19% level recorded last wave;
- Website visitors had been looking for information on a fairly wide range of topics, with billing and payment, contact details and water meters the most common subjects of interest. The great majority had found what they had been looking for;
- Asked under what circumstances they might visit the website, many (71%) of those who never have done so often could not think of anything. The most frequent suggestions given by those who could think of a reason why they might visit related to billing and payment. In addition, 5% commented they might look for information on the company's spending and investment activities and plan;
- Awareness of the 'we live water' site was low – 3% unprompted, and 6% when shown an image of the front screen.

### **SupportPlus**

- 15% have seen or heard anything saying about how NWL can help people who may be struggling to pay their household bills, similar to the 14% result in the summer. 11% recalled the campaign when shown the materials, down slightly from 14% last wave.

### **Taste and odour**

- 78% agree that tap water is clean, clear and great tasting, and 80% that drinking it is good for your health (on this count, the results are more positive in NW, where the Taste & Odour campaign has been running, than in ESW. 62% agree they would choose tap water over other soft drinks;
- 12% have seen or heard anything about the quality of NWL tap water and staying hydrated, the same result as seen in the Summer.

### **Customer engagement**

- 15% said they have seen Flo, rising to 20% when prompted with a picture – both results slightly up on last wave;
- A majority, 75%, think the vehicle is a good way for the company to communicate with customers (although this has dropped from 83% last wave), and 63% say they would like to see Flo in their area. Women and younger customers express more interest in Flo as an engagement mechanism than the rest;
- 5% recall having seen anything about the 'Have Your Say' campaign. When prompted with an image of the logo from the online registration screen, recognition fell to 3%.

## **Behaviour Change and Funds (2017)**

Northumbrian Water / Essex and Suffolk Water are considering the development and launch of a behaviour change scheme which would reward customers for adopting behaviours that NW / ESW would like to encourage, and penalise customers for behaviours that cost the organisation additional maintenance or administrative costs.

Currently NW / ESW does not strongly incentivise such behaviours and would like to move to a more impactful model to achieve a step change in action.

Prior to full development of this scheme, NW / ESW would like to explore customer attitudes towards incentives for behaviour change (like conducting more interactions online, diverting surface water and rain water harvesting), as well as response to the concept of attaching penalties to less desirable behaviours.

This research was also thought appropriate to explore customer response to a potential 'Green Fund' which would encourage altruistic, voluntary contributions to a fund which could invest in projects to benefit the environment or local communities.

## **Objectives**

To use feedback from customers to inform the development of a behaviour change scheme and to input into development of the concept of a green fund.

- Define customer attitudes to and level of support for financial or other incentives should they maintain or adopt a certain set of behaviours;
- Explore customer view of incurring penalties for certain behaviours;
- Define the ideal incentive/penalty scheme which would positively change customer behavior;
- Understanding the level of enthusiasm for a green/community fund to fund environmental or community improvements beyond NW / ESW regulatory commitments, assessing how to optimise customer involvement.

## **Methodology**

The research programme was comprised of a series of nine, 90 minute collaborative workshops with 65 NW and ESW household customers.

These workshops were deliberative in nature, with key information being released to customers when they asked questions or showed poor understanding, thus enabling the group to provide a more in-depth response to the reward scheme and green fund concepts.

Customers also participated in an exercise to create the ideal concept during the workshops.

## **The reward scheme**

The concept of a reward scheme was positively received, especially by more affluent customers and those who were more environmentally engaged (who felt this was a positive way to encourage water saving, thus protecting the environment)

Key hooks:

- Gives something back to the customer;
- Will save money for NW / ESW and the customer;
- Feel good factor.

Key barriers:

- Hate the idea of being penalised for actions – feels punitive, could be unfair ;
- Raised questions around how problems could be traced back to households;
- Could be lots of hassle (this dampens intent to participate);
- Might involve actions they don't feel in control of (i.e.: how much paving customers have in their gardens if in rented accommodation is up to the landlord).

The penalty element of the scheme was very negatively received and most would prefer to exclude this element, if possible. It feels like a roundabout way to charge customers extra, with the most cynical perceiving it as “a price hike by the back door”.

The option to reward/penalise a community instead of individuals was actively disliked, even by the most altruistic in our sample. Most felt that actions would be out of their individual control, therefore they would be penalised by the negative behaviour of others in their community, making the programme feel unfair, and demotivating



## Implications – reward scheme

Develop the concept of a Reward Scheme, bearing in mind the guidelines customers have given as to how to optimise appeal and likely involvement:

- A scheme based on individual household actions;
- A clear set of 'rules' upfront that the householder signs up to;
- A tick list of between five and ten behaviours that the householder would receive a reward 'credit' for, including:
  - Register for paperless bills;
  - Report leaks, pollution and meter readings online;
  - Change address online;
  - Pay via Direct Debit;
  - Divert rainwater into a water butt (if free);
  - Dispose of fats, oils and greases responsibly;
  - Have a home water audit;
  - Request water saving products;
  - Request a smart water meter;
  - Request a water meter to be fitted;
  - Recommend a friend for the Reward Scheme;
  - Use less water – for metered customers, measured by a reduction in the volume of water used compared to the previous year.
- Reward credits attained over the year would add up to a discount off the customer's end water bill;
- Would include an option to voluntarily give up to 50% of the discount to charity / the Green Fund if the customer consented at year end (with the remaining 50% discount being taken off the customers' bill);
- There would be no penalties applied to the scheme.

## The green fund

The response to the green fund improved from 'initially lacking enthusiasm' (when customers first read about the concept) to 'quite enthusiastic' once customers were aware of the voluntary nature of the contribution and the option for a low value contribution like 'rounding up' their monthly bill to the nearest £1.

The green fund concept was received most positively by the most environmentally engaged customers.

Financially stretched customers were unhappy at being asked to pay more, so it must be clear that this is a voluntary payment.

Some older customers were cynical about the green fund and believed that tackling environmental concerns should be a commitment made by a privately-owned water company that operates commercially and generates profit. It was not felt to be the customers' responsibility.

The voluntary nature of the contribution was well liked, and most imagined being asked to contribute around £5. If the scheme involved 'rounding up' their monthly bill to the next £1, appeal of the scheme grew significantly and far more customers claimed they would voluntarily donate.



There were some significant barriers that would deter customers from wanting to participate in the green fund, if it were launched:

- Unwillingness to pay more on top of their water bill.
- Lack of evidence that the fund would actually be spent on environmental issues/projects – most didn't believe the money would go to these projects, so would need a significant level of communication to prove the impact of the spending.
- Perceived funding of community or environmental issues which would not impact on their day to day lives. If the projects funded weren't local to customers, they feel it's not worth funding.
  - Customers assumed that environmental projects supported by the green fund would ideally be relevant to water;
  - There was a need for the projects supported to touch the everyday lives of the majority of customers (by majority, we mean approximately ¾ of the sample we researched). If the projects didn't feel local, beneficial to their family and relevant to their lives, customers were less willing to contribute to the green fund.

### **Implications – The green fund concept**

There is opportunity to develop the concept of the green fund, bearing in mind the guidelines customers have given as to how to optimise appeal and likely involvement:

- Ask customers to opt in annually, but take contributions monthly. Make it clear that contributions are voluntary.
- Round up the customers' monthly bill to the nearest £1. More environmentally engaged customers would like the option to round up to the nearest £5 also.
- Ask local businesses to also contribute to the fund through the same rounding up approach.
- Support customer nominated local projects and offer the customer the chance to choose which projects their money funds. This could include environmental projects, conservation projects, providing better accessibility to NW / ESW land, funding toilet blocks, picnic spots, walking footpaths, beach and river recreation cleans, and local community projects including those aimed at children, the elderly, those with life-limiting conditions and local amenities.
- Provide evidence of the impact of the money received by each project – showing how it was spent and the benefit it gave to people locally. This could ideally be received with their bill or as an email.

### **Outcomes Review Phase 1 (2017)**

As part of NWL's PR19 business plan, an enhanced research and engagement programme is currently being undertaken, to ensure customers are involved in shaping the final business plan.

As part of this larger plan, this Outcomes review was commissioned with the intention to investigate if customers understand the language used in the Outcome statements and if not, what should be clarified and how NWL can communicate to customers in a clear and informative manner.

## **Objectives**

- Measure customer's understanding of what the current Outcome statements mean to them;
- Ascertain whether there are any particular word or phrases they wouldn't use or don't understand;
- Break down each Outcome statement to see exactly what each section means to them.

Outputs of the research will allow NWL to draft a revised set of Outcomes in a customer friendly language by May 2017.

## **Methodology**

A qualitative approach was adopted for this research. Five focus groups were conducted across NWL's two operating areas. Two focus groups were held in the Essex & Suffolk Water regions (Chelmsford and Framlingham) and a further three focus groups were held in the Northumbrian Water regions (Redcar, Hexham and Whickham).

Each focus group consisted of 10 customers of varying age category and SEG, ensuring a variety of NWL's customers were engaged in the research. Overall 49 customers were engaged.

## **Results**

Customers gave a clear indication as to which Outcomes they felt needed re-wording to improve understanding. Although there were a number of Outcome statements, which did not require modification from the majority of customers, customers considered some of the Outcome changes imperative to ensure the unrivalled understanding of the Outcome in future.

The diagram below shows a summary of the number of changes suggested and the priority of making alterations to the wording. The number of locations suggesting an alteration in wording for the Outcome to be easier to understand is shown:



\*\*Northumbrian Water statement only, please note only researched in three locations

The four Outcome statements ranked as highest priority are:

- 'We provide excellent service and impress our customers';
- 'Our customers are well informed about the services they receive and the value of water';
- 'We work in partnership towards common goals';
- 'We are a company that customers can trust'.

The Outcome statements ranked as lowest priority are:

- 'Our finances are sound, stable and achieve a fair balance between customers and investors';

- 'We help to improve the quality of rivers and coastal waters for the benefit of people, the environment and wildlife';
- 'We provide a sewerage service that deals effectively with sewage and heavy rainfall'.

## High Priority

*We provide excellent service and impress our customers*

- All customers questioned if there was evidence to support the Outcome.
- The phrase 'impress our customers' did not sit well with the majority customers. The word 'impress' was seen as too strong by most customers.
- The word 'provide' seemed straightforward to most customers.
- The phrase 'excellent service' translated to a quick service for most along with mentions of going above and beyond.

All locations chose to amend the wording of this Outcome statement. The majority chose to retain the initial statement 'We provide'. The description of service split opinion with three locations choosing to keep the descriptor 'excellent' and two locations changing the descriptors to 'quality service' and 'dependable and reliable service' in turn. The high majority of locations agreed to replace the phrase 'and impress our customers'. A popular replacement was 'for our customers'.

### Key considerations

- Retain the initial statement 'We provide'.
- Consider modifying the description of service from 'excellent' to 'quality service' or 'dependable and reliable service'.
- Replace the phrase 'and impress our customers' with 'for our customers'.

*Our customers are well informed about the services they receive and the value of water*

- Most customers felt this Outcome meant that customers were informed about what NWL do.
- The phrase 'well informed' meant NWL are providing information to customers to educate them and keep them up to date.
- 'The services' meant all of the things NWL deliver including customer services, billing, and water and sewerage (in the North East) provisions.
- The phrase 'value of water' had two meanings for customers, one being the preciousness of the commodity and another being the monetary cost of water.

All locations chose to re-word this Outcome to make it easier to understand. The majority of locations chose to retain the initial phrase 'Our customers are well informed about the services they receive'. The end of the Outcome split opinion with two of the locations choosing to end the Outcome with the 'and the importance of water' and three locations choosing to end the Outcome with the original 'the value of water'. Customers felt the addition of the words 'importance' and 'respect' in this Outcome demonstrated the message that water is precious.

### Key considerations

- Retain the initial phrase 'Our customers are well informed about the services they receive'
- Consider changing the end of the statement from 'the value of water' to 'and the importance of water'

- Consider the addition of the words 'importance' and 'respect' in this Outcome to convey the message about the preciousness of water.

*We work in partnership towards common goals*

- Customers felt that this Outcome meant that NWL team up with others, however the people NWL team up with was not clear.
- Many felt that this Outcome was very vague and needed more detail to understand what it meant.
- Customers in all locations felt that the phrase 'working in partnership' meant working in collaboration with someone or something else.
- The majority felt that the phrase 'common goals' meant achieving conclusions which are in the interests of all parties involved.

Overall four of the five locations chose to modify the wording of this Outcome. The majority of customers retained the original start of the Outcome 'We work in partnership'. The majority of customers added in clarification of who NWL work in partnership with. References to common goals were retained by the majority. Many locations also added in references to the work being conducted within the community for clarification.

Key considerations

- Retain the original start of the Outcome 'We work in partnership'.
- Add in clarification of who NWL work in partnership with.
- Retain references to common goals.
- Add in references to the work being conducted within the community for clarification.

*We are a company that customers can trust*

- Most felt that the Outcome referred to honesty as well as the accuracy and fairness of billing.
- Some noted that the Outcome referred to the safety and quality of products provided by NWL.

Overall four out of the five locations made changes to this Outcome. The changes made were minor, with the original beginning wording 'We are a company' remaining the same for all locations. Three locations added personal pronouns to soften the statement with two locations adding in the word 'our' in front of 'customers' and one location adding in 'you' in front of 'trust'

Key considerations

- Retain original beginning wording 'We are a company'.
- Add personal pronouns to soften the statement for example adding 'our' in front of 'customers' or adding 'you' in front of 'trust'.

**Medium priority**

*We supply clean, clear drinking water that tastes good*

- The majority of customers felt this Outcome emphasised the safety of water.
- The phrase 'clean and clear' reinforced the feeling that water is safe as well as making customers think the water had been treated properly.
- The phrase 'Drinking water' further reinforced the feeling that the water was safe.

- The phrase 'Tastes good' meant that the experience of drinking water should be a positive one with a lack of taste.

Overall the majority of customers chose to change the wording of this Outcome in three locations. All of these customers were socio-economic group C1, C2, D and E. The majority of customers were content with the Outcome beginning 'We supply clean' and including the phrase 'drinking water' however some customers added descriptors such as 'fresh' to describe the drinking water. The slight majority of customers retained the phrase 'that tastes good' however this phrase did split opinion.

Key considerations:

- Retain the original Outcome beginning 'We supply clean';
- Continue to include the phrase 'drinking water';
- Consider adding descriptors such as 'fresh' to describe the drinking water;
- Consider retaining the phrase 'that tastes good' despite it splitting opinion.

*Our customers consider the services they receive to be value for money:*

- Most felt that this Outcome meant that the service received was worth the money that they pay on their bills.
- Some customers felt that this should be measured in some way with a customer satisfaction survey to back up the Outcome with facts.
- The phrase 'value for money' meant being happy with the service received for the money paid.
- The phrase 'the services' meant more than just providing water to customers. Customers mentioned services to include customer service on the phone and pipe maintenance.

Overall three out of the five locations chose to reword the Outcome. Customers suggesting these changes were aged 31+. Changes suggested by two of the locations (Framlingham and Wickham) involved the addition of a phrase relating to how customer satisfaction with value for money might be checked, for example in a survey: 'We check for our customers', 'Surveys show'. A number of locations also chose to add 'good' in front of the phrase 'value for money'.

Key considerations;

- Customers asked to consider the addition of a phrase relating to how customer satisfaction with value for money might be checked, for example in a survey: 'We check for our customers'.
- 'Surveys show' although we acknowledge that this suggestion does not fit with NWLs Outcome objectives.
- Consider adding the word 'good' in front of the phrase 'value for money'.

*We are proud to contribute to the success of local communities*

- Overall, customers felt that this statement meant that NWL were giving to the local community in some way, however there was some confusion noted among Essex & Suffolk Water customers regarding what these contributions were;
- The word 'contribute' was confusing to customers in all locations, with uncertainty expressed as to whether the contribution was monetary or giving time;
- Customers felt that 'the success of local communities' referred to helping community members in a number of different ways.

Overall three of the five locations chose to update the wording of the Outcome. The majority of locations added reference to the body of staff/ employees/team contributing to the local community to add clarification of who completes what sort of work. Just under half of the locations removed the concluding phrase 'to the success of local communities' and rephrasing with 'community projects'.

Key considerations:

- Add a reference to the body of staff/ employees/team contributing to the local community to add clarification of who completes what sort of work;
- Consider removing the concluding phrase 'to the success of local communities' and rephrasing with 'community projects'.

*We protect and enhance the environment in delivering our services, leading by example*

- Essex & Suffolk Water customers felt that this Outcome meant Essex & Suffolk Water were considering the environment in their business decisions;
- The phrase 'leading by example' meant that other companies would look to NWL for the optimal action and follow their example;
- Customers felt the phrase 'protect and enhance' meant NWL were ensuring no damage is made to the environment and any alterations to the environment are rectified to a better state than before NWL's involvement;
- 'Delivering our services' was interpreted as the provision of water including dealing with additional duties such as pipe maintenance and sewerage treatment (Northumbrian Water).

Overall three locations with customer's aged 31+ chose to re-word this Outcome. The majority chose to start the Outcome with the original wording 'We protect'. References to maintain the environment were retained by all locations. There were however some elements of the re-worded Outcomes, which split opinion: Two of the modified Outcomes included a change to the word preceding 'delivering our services'. Changes suggested were 'whilst' and 'through'. Two of the locations also chose to remove the phrase 'leading by example', instead replacing with 'setting a good example' and 'to the best possible standard'.

Key considerations:

- Consider retaining the original wording 'We protect';
- Retain references to maintaining the environment;
- Consider a change to the word preceding 'delivering our services' to 'whilst' or 'through';
- Consider removing the phrase 'leading by example' and instead replacing with 'setting a good example' or 'to the best possible standard'.

### **Low priority**

*We are an efficient and innovative company*

- The majority of customers felt this statement meant NWL are continually improving and moving with the times;
- Most felt the word 'efficient' meant an overall lack of waste. Essex & Suffolk Water customers noted that 'efficient' also meant at a low cost;
- The word 'innovative' meant looking to the future for most, as well as being associated with the investment in new technologies.



Overall just the two Essex & Suffolk Water locations of social class grade A, B, C1 and C2 chose to modify the wording of this Outcome. Changes made to both re-worded Outcomes included altering the phrases at the beginning of the Outcome although these did not follow the same theme. One location focused on referencing an evidenced base to the Outcome and the other location mentioned the longevity of the Outcome. Overall the majority of customers were content with the original Outcome.

Key considerations:

- No changes necessary

*We provide a reliable and sufficient supply of water*

- Customers felt this Outcome meant NWL provided a constant supply of water;
- The word 'reliable' meant that water would always flow if the tap was on;
- The word 'sufficient' meant that the water would be unrestricted for the majority of customers.

Overall just two Northumbrian Water locations chose to re-word this Outcome with the majority choosing to keep the original wording. Those that did alter the wording of the Outcome statement retained the initial part of the statement 'we provide a reliable'. The majority of all customers also chose to keep 'and sufficient supply of water'.

Key considerations:

- No changes necessary.

*We deliver water (and sewerage) services that meet the needs of current and future customers in a changing world.*

- Customers felt that this Outcome meant NWL was staying one step ahead of the game;
- The phrase 'In a changing world' was seen as vague by Essex & Suffolk Water customers however some Northumbrian Water customers felt the phrase referred to a growing population requiring more water;
- The phrase 'meet the needs of current and future generations' was seen as confusing, with the majority of customers questioning how future needs could be met which do not yet exist.

Overall two locations of class C2DE chose to amend the Outcome statement, with the majority of customer's content with the original wording. Both changes made included adding the word 'clean' before describing the 'water (and sewerage) services'. Despite initial confusion over what the phrase 'in a changing world' meant, the majority of customers chose to retain this phrase.

Key considerations:

- Although no changes are necessary, consider ways to improve understanding.

*We provide a reliable and sufficient supply of water*

- Customers felt this Outcome meant NWL provided a constant supply of water;
- The word 'reliable' meant that water would always flow if the tap was on;



- The word 'sufficient' meant that the water would be unrestricted for the majority of customers.

Overall just two Northumbrian Water locations chose to re-word this Outcome with the majority choosing to keep the original wording. Those that did alter the wording of the Outcome statement retained the initial part of the statement 'we provide a reliable'. The majority of all customers also chose to keep 'and sufficient supply of water'.

Key considerations:

- No changes necessary.

*We deliver water (and sewerage) services that meet the needs of current and future customers in a changing world*

- Customers felt that this Outcome meant NWL was staying one step ahead of the game;
- The phrase 'In a changing world' was seen as vague by Essex & Suffolk Water customers however some Northumbrian Water customers felt the phrase referred to a growing population requiring more water;
- The phrase 'meet the needs of current and future generations' was seen as confusing, with the majority of customers questioning how future needs could be met which do not yet exist.

Overall, two locations of class C2DE chose to amend the Outcome statement, with the majority of customer's content with the original wording. Both changes made included adding the word 'clean' before describing the 'water (and sewerage) services'. Despite initial confusion over what the phrase 'in a changing world' meant, the majority of customers chose to retain this phrase.

Key considerations:

- Although no changes are necessary, consider ways to improve understanding.

*Our finances are sound, stable and achieve a fair balance between customers and investors.*

- Customers in all locations felt that this Outcome meant that costs will remain stable and customers will not be charged too much;
- Most felt that the Outcome meant that customers should feel they are in safe hands;
- The majority felt the phrase 'sound and stable' translated to a lack of fluctuation in finances and no/low risk;
- Customers in all locations felt that the phrase 'fair balance' meant that both customers and investors were getting a fair deal;
- The term 'our finances' was thought to refer to a number of things regarding NWLs accounts.

Overall only one location chose to modify this Outcome wording. This location was made up of younger customers in the 18-30 age category. This proposed change consisted of a small tweak at the start of the Outcome. In conclusion the majority of customers were happy with the original Outcome.

Key considerations:

- No changes necessary.

*We help to improve the quality of rivers and coastal waters for the benefit of people, the environment and wildlife.*

- Northumbrian Water customers felt that this Outcome hinted NWL are part of a bigger picture.
- All Northumbrian Water customers referenced that this Outcome meant NWL are environmentally conscious, taking actions to reduce their impact on the environment.
- Most felt that 'Quality of rivers and coastal waters' referred to the effective treatment of waste water before it is released.
- Customers in all Northumbrian Water areas noted that 'For the benefit of the people, the environment and wildlife' meant that everyone benefits.

Overall only one of the three locations chose to amend the wording for this statement. These customers belonged to age category 31-50 and socio-economic groups A, B and C1. The change made affected the middle of the Outcome adding in reference to the quality of water returned. The majority of locations were happy with the original wording of this Outcome.

Key considerations:

- No changes necessary

*We provide a sewerage service that deals effectively with sewage and heavy rainfall.*

- Northumbrian Water customers felt that this Outcome meant NWL were able to deal with varying demands for waste water without any problems;
- The majority mentioned that the phrase 'provide a sewerage service' meant providing a comprehensive sewerage service which is prompt; and deals with waste in the correct manner;
- 'Effectively' was seen as dealing with the waste in a proper and correct manner by most;
- Northumbrian Water customers felt that 'deals with heavy rainfall' meant that flooding would be minimised with the implementation of certain provisions including increased drainage.

All customers were content with this Outcome with no suggested changes made.

Key considerations:

- No changes necessary.

## **Service Valuation (2017)**

### **Context and objective of research**

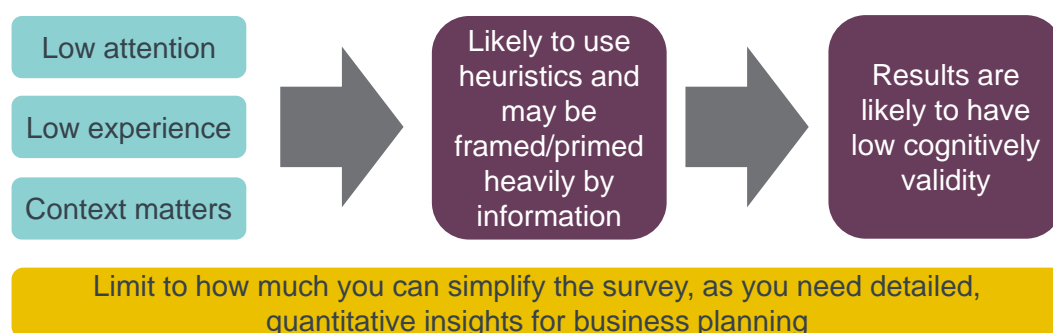
Northumbrian Water Limited (NWL) is required to publish its five-year business plan for the upcoming price control review (PR19) in September 2018. This business plan should be supported by customer research in a number of areas. In addition to that, Ofwat has challenged NWL and other companies to design more innovative research than the approaches that were used at the previous price control review. NWL has responded to this challenge from Ofwat, and decided not to carry out traditional WTP research for PR19. Instead, NWL commissioned a consortium (Frontier Economics, Explain Research, and Supercharge) to design an online research tool that delivers results that are tailored to Ofwat's PR19 methodology, while improving cognitive validity.

The overall objective of this research was to provide NWL with customer insight on its key services, to inform how PCs and ODIs are set on those services. The aim was to develop an innovative research approach to achieve this objective, and to meet Ofwat's challenge of carrying out frontier-shifting research.

### Overall design challenge

It is challenging to carry out customer research in the water sector for a number of reasons, which are summarised in the figure below:

**Figure 1: Challenges in designing customer research**



Customers generally have limited experience in the service failures that NWL works to avoid and customers generally do not pay much attention to their water and wastewater services. This means that they will find it hard to relate to the issues presented in any surveys on water and wastewater services. As a result, survey respondents are much more likely to be affected by the context that is presented.

As a result of these factors, customers are quite likely to use heuristics to answer the questions presented to them. They may use a rule of thumb such as always picking the status quo, or always picking the cheapest option.

This means that although people may complete the survey and there are results to analyse, the cognitive validity of those results is likely to be relatively low.

Underlying all of these challenges is the fact that it is not straightforward to simplify the questions that are posed to customers, in attempt to increase the cognitive validity of the research. This is because NWL needs relatively detailed, quantitative insights from its customers to inform its business plan, and simplified questions would not provide this necessary insight.

### How we designed our research to address those challenges

It is not straightforward to address the challenges associated with carrying our customer research in the water sector. This means that there is a need to come up with new, innovative ways of designing research that directly address these challenges. We decided to separately design PCs and ODIs research as follows:

- Getting customer valuations that are not necessarily maximum WTP values for PCs;

- Getting customer valuations for high levels of service to inform how ODIs are set.

Our innovative approach is focused on presenting service options to customers at cost, and asking them to choose between those service options, based on how much they value those services. This approach is innovative as it reduces the amount of information that customers are presented with, simplifies the questions that are posed to them, while still delivering NWL with the insights that it needs to develop its business plan.

Our design therefore strikes the right balance in designing research that has a high cognitive validity, while still delivering NWL with the detailed insights that it needs. We believe this is the best way to address the challenges that NWL faces.

We provide further details on our innovative design in the following section.

### **How we designed the PCs research**

We gave customers a certain proportion of their bill to spend on the services included in the tool. The concept was that the customers had to spend (almost exactly) the amount that they have been given, and the more they chose to spend on each service, the higher level of service they would receive in that area. The results from this part of the research will show us customers' relative priorities across the service attributes included in the tool, and provide a relative strength of that prioritisation, as the tool is framed in monetary terms.

There are a number of advantages of this approach:

- It is based on prioritisation across services, but as it is framed in the context of customers' bills and the cost of delivering service improvements, it will deliver the quantitative insights that NWL needs for PR19, as explained in the next section;
- It is framed in the context of each customer's own bill, which is an amount of money that they should relate to (as opposed to the average bill, which may be quite different to the amount they actually pay);
- As we have included a separate piece of research relating specifically to ODIs, this piece of the research could be focused on realistic service levels that NWL could commit to and does not need to present higher levels of service performance or the higher levels of cost it would take to get there;
- It only includes one choice question, rather than the many questions you would typically find in a traditional WTP survey, as we were not attempting to estimate the maximum WTP; and
- As the monetary amounts shown in the research relate to the costs of delivering service improvements, the results can be directly to inform NWL's CBA.

Overall, this approach strikes the right balance between delivering results that have a higher cognitive validity, and also providing NWL with the insights that it needs to develop its business plan.

### **How we designed the ODIs research**

Given Ofwat is expecting that NWL will include some rewards in its PR19 plan, we needed to design an approach that on the one hand offers customers the chance to provide their views on rewards (including saying they would prefer zero rewards), but that also delivers NWL with

some non-zero valuations on high service levels. To directly address this challenge, we decided to design the research so that the ODIs research would include two distinct parts:

- One part would present customers with a fixed amount of money to allocate across the services attributes, based on how much they value the “best level of performance”<sup>5</sup>;
- Another part would first ask customers how much money they would be prepared to pay in total for rewards, and then ask customers to allocate their chosen amount of money across the service attributes, again based on how much they value the best level of service.

The advantages of this approach are as follows:

- It strikes the right balance between getting customer views on how large rewards should be and also ensuring that NWL will get the valuation evidence that it needs to set non-zero rewards, even if customers would in principle prefer not to have rewards;
- As all customers will complete the two parts, NWL will be able to triangulate between both pieces of evidence when it is setting its ODIs;
- As some customers saw the constrained part first and others saw the unconstrained part first, we can explore whether the ordering of the two parts tended to affect customers’ choices;
- Presenting the choice in terms of how much customers value the best level of service in England and Wales is a simpler, clearer question for customers to consider than being asked more directly about rewards and penalties (which can be confusing concepts for customers);
- Framing the choice in terms of how much customers value the best level of service in England and Wales includes some comparative context in the research, which therefore meets one of Ofwat’s expectations for PR19 customer research.

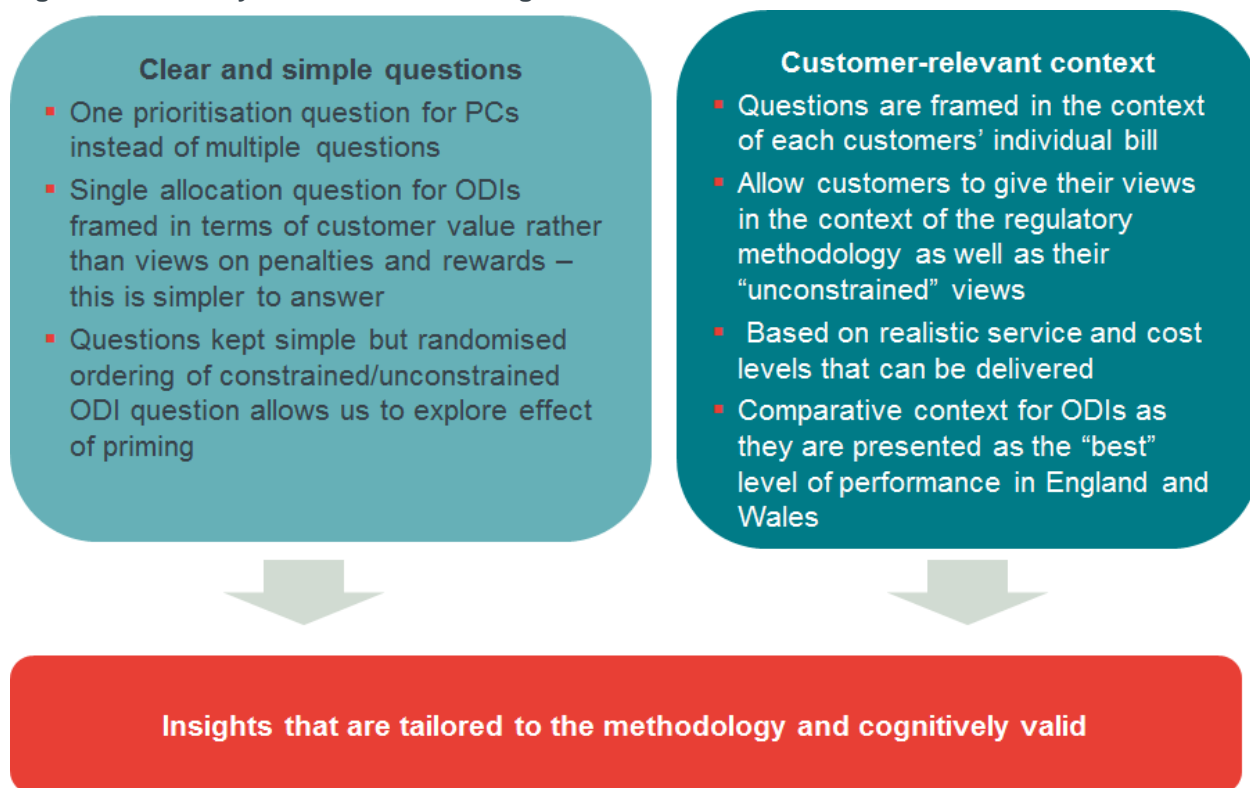
### **Overall summary of our research design**

We provide below an overall summary of our research design.

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<sup>5</sup> The levels of service that were shown in the ODIs research reflected NWL’s best estimate of what the best level of service will be on those service attributes in 2025 across England and Wales. This was either NWL’s estimate of where the industry frontier will be at that point in time, or what they believe they could do if they pushed themselves in the areas where they expect to maintain their industry leading position.

Figure 2: Summary of how we have designed the research



Overall, our research provides NWL with insights that are tailored specifically to Ofwat's PR19 expectations, and also delivers results that are cognitively valid. In addition, as the research is based on a more simple design, the research is more transparent than some other more complex approaches, such as traditional WTP. This means that it will be easier for internal and external stakeholders to review our design approach and to interpret our results, and to engage with NWL on this matter.

## **Headline results**

In this section we present the results from the PCs and ODIs research. We summarise in the boxes below how the PCs and ODIs results should be interpreted.

### **Interpretation of PCs research results**

We asked customers to allocate a certain proportion of their bill across a range of services. The results from the PCs research therefore show customers' relative preferences and how they would prioritise the amount of money that they already pay. Also, as the monetary amounts shown on the sliders were related to NWL's costs, the PCs results show where customers value service levels at least as much as the cost of providing them.

As customers were allocating a proportion of their bills, the results do not provide any evidence that customers would be prepared to pay more for these levels of service.

We present two pieces of information below: the mean % of bills that customers allocated to each of the measures; and the point on the slider that this relates to (which is between 0% and 100%, where 0% is the bottom of the slider and 100% is at the top of the slider). This second piece of information helps us to get a better sense of which services were prioritised by customers, as the mean % of bill allocated to each service will be affected by customers' preferences and also the cost of delivering service improvements.

### **Interpretation of ODIs research results**

There are two elements to the ODIs research: the constrained task; and the unconstrained task. For the constrained task, customers had 6% of their bill to allocate across services, reflecting how much they would value the best level of performance on those service attributes. The results from the constrained task therefore show how customers would value this higher level of service, given they have been asked to allocate 6% of their bill in total. Whereas in the unconstrained task, customers could choose between 0% and 10% to allocate across the service attributes. The unconstrained task therefore gives us an indication as to how much customers would value the best level of service in total across all service attributes included in the online tool.

**Figure 3: PCs research results – households**

Service	Northumbrian Water				Essex and Suffolk Water			
	Mean bills	% of	% point on the slider		Mean bills	% of	% point on the slider	
Discoloured water (number of contacts)	0.63%		62%		1.36%		49%	
Interruptions to supply (average interruption over 3 hours)	0.02%		70%		0.05%		74%	
Leakage (Mega litres)	0.76%		64%		0.21%		53%	
Per capita consumption (litres per person per day)	0.51%		67%		1.09%		65%	
Wider catchment (% of customers who can access improved rivers, coasts and lakes)	0.37%		76%		0.25%		74%	
Pollution (number of incidents)	0.09%		81%					
Internal sewer flooding (number of incidents)	0.87%		51%					
Response time (average time to respond to sewer flooding incidents)	0.12%		62%					
Response times (average time to respond to a reported leak)					0.21%		62%	



**Figure 4: PCs research results – non-households**

Service	Northumbrian Water				Essex and Suffolk Water			
	Mean bills	% of	% point on the slider		Mean bills	% of	% point on the slider	
Discoloured water (number of contacts)	0.61%		50%		1.30%		47%	
Interruptions to supply (average interruption over 3 hours)	0.03%		85%		0.06%		80%	
Leakage (Mega litres)	0.81%		69%		0.22%		64%	
Per capita consumption (litres per person per day)	0.47%		63%		1.07%		64%	
Wider catchment (% of customers who can access improved rivers, coasts and lakes)	0.35%		71%		0.26%		78%	
Pollution (number of incidents)	0.08%		68%					
Internal sewer flooding (number of incidents)	0.89%		53%					
Response time (average time to respond to sewer flooding incidents)	0.11%		62%					
Response times (average time to respond to a reported leak)					0.23%		62%	

These results show that household and non-household customers from the same region have similar relative priorities. Customers in the Northumbrian region prioritised service improvements in pollution and wider catchment, while customers in Essex & Suffolk prioritised improvements in wider catchment and supply interruptions. We note that improvements in supply interruptions and pollution were relatively less costly, so this may be one of the reasons why service improvements in those areas were prioritised.



**Figure 5: ODIs research results – constrained**

Service	Mean % of bills – households		Mean % of bill – non-households	
	Northumbrian Water	Essex and Suffolk Water	Northumbrian Water	Essex and Suffolk Water
Discoloured water (number of contacts)	1.33%	1.59%	0.95%	1.35%
Interruptions to supply (average interruption over 3 hours)	0.47%	0.64%	0.69%	0.77%
Leakage (Mega litres)	0.75%	1.03%	0.82%	1.18%
Per capita consumption (litres per person per day)	0.62%	0.89%	0.66%	0.86%
Wider catchment (% of customers who can access improved rivers, coasts and lakes)	1.03%	1.20%	0.81%	1.08%
Pollution (number of incidents)	0.97%		0.72%	
Internal sewer flooding (number of incidents)	0.52%		0.52%	
Response time (average time to respond to sewer flooding incidents)	0.48%		0.66%	
Response times (average time to respond to a reported leak)		0.61%		0.76%

In the constrained ODIs research, customers from all samples valued the best level of service most on discoloured water. The best level of service on environmental issues and leakage are also valued highly across all of the samples. Northumbrian Water customers value the best level of service on internal sewer flooding and response time to flooding incidents least. This compares to the PC research which showed Northumbrian Water customers prioritising

internal sewer flooding. For Essex & Suffolk Water customers, the best level of service on response to a reported leak would be valued least.

**Figure 6: ODIs research results – unconstrained**

Service	Mean % of bills – households		Mean % of bill – non-households	
	Northumbrian Water	Essex and Suffolk Water	Northumbrian Water	Essex and Suffolk Water
Discoloured water (number of contacts)	0.52%	0.71%	0.32%	0.21%
Interruptions to supply (average interruption over 3 hours)	0.20%	0.32%	0.16%	0.19%
Leakage (Mega litres)	0.30%	0.46%	0.22%	0.17%
Per capita consumption (litres per person per day)	0.27%	0.35%	0.18%	0.08%
Wider catchment (% of customers who can access improved rivers, coasts and lakes)	0.38%	0.54%	0.14%	0.17%
Pollution (number of incidents)	0.37%		0.17%	
Internal sewer flooding (number of incidents)	0.23%		0.14%	
Response time (average time to respond to sewer flooding incidents)	0.20%		0.16%	
Response times (average time to respond to a reported leak)		0.27%		0.09%

In the unconstrained ODIs research, customers also valued the best level of service most on discoloured water. Environmental issues and leakage also remained important across the samples. The biggest change between the constrained and unconstrained research is the

overall percentage of the bill contributed to the services. The unconstrained research suggests that customers would prefer to contribute less than 6% of their bill to the best levels of service.

## Resilience, Asset Health and Long Term Affordability (2017)

### Objectives

- Understanding attitudes to water and customers' propensity to act when seeing water and wastewater leaks;
- Resilience: Explore customers' appetite for minimising risk. This was achieved through the following objectives:
  - Engaging customers in a conversation on their preference between accepting the current level of risk and doing no additional work to mitigate it, or investing in schemes and other activities to lower the risk of a serious service failure.
  - Understanding customers' views on what an acceptable level of risk is - based on the likelihood of long-term service failures vs. the potential size of population affected. This was to enable NWL to create a set of rules to identify tolerable and intolerable levels of risk.
  - These risks vary from community to community. With some communities deemed to be at a higher risk than others. NWL can further reduce risk to specific communities and the cost would be shared across all customers, whether they directly benefit or not. NWL wanted to understand, in principle, whether customers feel this is fair and if they feel willing to fund improvements on a potentially altruistic basis (e.g. all customers pay the same but would get differing levels of protection.)
  - If customers are supportive of the schemes, NWL wanted to explore whether customers would be willing to either fully fund the schemes (individually and/or as a package), or make a fair contribution as part of a wider capital investment scheme, through an increase to their bill.
    - 1) NWL also wanted to understand more about their customers' views on these areas of asset health:
      - The costs of maintaining assets can be spread differently over time. We wanted to understand their customers' preferences for intergenerational fairness when it comes to asset health. Specifically if they want future generations to inherit assets which are in the same, better or worse condition than they are today. This choice will be given within the assumptions that:
        - Assets in better condition lead to improved service, higher short-term bills and lower longer-term bills.
        - Assets in the same condition lead to short-term stable performance, short-term stable bills and increased future bills (assuming costs stand still).
        - Assets in worse condition lead to worse performance and fluctuating future bills.
- Understand our customers' decision making process and the rationale behind their choices. If customers believe we should leave assets in a better condition for future generations, we wanted to understand whether this stems from an underlying dissatisfaction towards service levels in general and exactly what aspect of asset health they would expect to be 'better'.

- To what degree our customers care about the condition of assets – if this is important or if the end outcome is what matters most
- If customers care about the condition of assets, we wanted to know whether or not customers want them to invest in better monitoring of assets, on the basis that better understanding of the performance and condition of assets would result in more cost-efficient decision making.

2) Long-term affordability:

- How willing customers are to be altruistic and pay towards reducing risk of service failure for all customers
- Seek endorsement from their customers that long-term planning is the right thing to do.

## **Methodology**

- Five deliberative workshops with a total of 120 diverse household customers;
- Two focus groups with a total of 12 future customers;
- 12 interviews with vulnerable customers;
- Eight interviews with businesses.

Customers were shown a number of scenarios and for each one, they were then shown a potential solution or scheme that NW/ESW could undertake in order to reduce the risk of some of these events impacting on customers.

Schemes included:

- a. Increasing reservoir storage capacity at a major water treatment works to decrease the risk of interruptions to supply;
- b. Building a single new, large reservoir and laying some new pipes to replace an old supply system that is expensive to maintain and near the end of its life;
- c. Making NW's sewerage network smart using sensors to monitor pipes;
- d. Educating customers on what can go down the toilet and sink to change behaviours and reduce the risk of blockages in the sewerage network, and working with communities to manage the amount of surface water entering the sewer network to help reduce the risk of sewer flooding and pollution.

Customers' views on each were then gathered in order to understand:

- Whether this represented a tolerable level of risk;
- What they wanted NW/ESW to do about the issue;
- What they thought of a range of potential solutions/schemes.

Customers were then asked how much, if any, of our anticipated potential reduction in the average household water (and wastewater) bill (£39 in NW and £24 in ESW and 10% for business customers) they would be willing to invest to fund these schemes.

## **Attitudes to water and propensity to act on leaks**

NWL customers have a good grasp on what the basic services are that they are receiving from either NW or ESW. With the ESW cohort however there is possibly room for education should it be deemed necessary due to a small degree of confusion over who provides sewerage services.

Despite claiming that customers themselves would only tend to jump into action and contact NWL about a leak in the road or a sewage leak if it began to become a problem for them, this wasn't illustrative of a 'laissez faire' attitude towards asset health and risk. Indeed, customers want NWL to be working hard to either maintain current levels of asset health and service or push to improve them, a view particularly held amongst NHH customers.

There is a propensity to over or under estimate water usage amongst the household customer cohort and an admission of uncertainty amongst their non-household counterparts reflecting a complete lack of awareness of how much water they are using on a daily basis, raising the need for more water efficiency education.

## **Attitudes to risk**

When understanding the issue of risk, whilst there is a realisation that with some of the scenarios shown these might represent 'perfectly normal' levels of risk for the water industry, customers just felt that they shouldn't have been allowed to come into being in the first place and that steps should already have been taken to rectify each one already.

Vulnerable customers may be more fearful of events that could impact on their water supply with it seeming to be a much more emotive topic than for the wider customer base.

### **Asset health**

The health of a water company's assets is a little thought about concept for the majority of the public. Not a single customer felt it would be ok for a water company to be 'reactive' in the same way that HH and NHH customers felt they themselves are forced – often due to a lack of time – into a more reactive and/or mid-ground maintenance position. In fact, customers expected a mid-ground to proactive investment position to be adopted by NW/ESW, as did the majority of future bill payers.

- Reinforcing the preference for a 'mid-ground to proactive' service is the fact that NW/ESW are seen to be providing an essential service and so to adopt a reactive investment position just wasn't deemed acceptable. It was recognised that to do so would lead to a spiral of assets falling into disrepair that would eventually impact on all customers.
- Whilst many like the idea of NWL improving the condition of its assets, the preference was for water companies to be mid-ground due to the fact that they were wary of the potential impact on bills that a purely proactive stance could lead to.
- There is also a strong feeling that as things work currently, it is fine, which led to a feeling of 'if it isn't broke don't fix it' – in other words, maintaining assets is the best position to take.
- This preference for a mid-ground to proactive position was noticeably more palpable amongst those who had experienced a service issue in the past. For these customers, their experiences had served to colour their views and strengthened the desire to ensure that assets are maintained as far as is possible and even led to some spontaneous mentions of being willing to pay something on top of their current bills in order to ensure a resilient and reliable service is in place.
- However, there were mentions (mostly from those who deemed themselves proactive) that adopting a proactive investment position may be preferable in order to invest for the future in research and new and more efficient pipes and technology.

### **Long-term affordability**

There is a near unanimous consensus across customer sub-groups around being willing to invest 'something,' with the majority opting to re-invest all of the proposed savings in order to facilitate a more stable long-term bill profile (i.e. that they're used to) which would enable projects to take place on a rolling basis.

For some, there was difficulty in understanding how the schemes discussed can fall outside of 'business as usual' costs. Once explained, all but five customers (four in Jesmond, one in Great Yarmouth, one in Morpeth) would be willing to invest 'some' of their potential reduction to fund the aforementioned schemes.

With regards to the investment, the same principle of not being able to miss what you never had came up, even amongst those who are a little more financially stretched. Contributors



would want everyone to be contributing in order for them to feel it is fair, and customers had a preference for a steady and stable bill profile both now and into the future.

There was a clear preference for a flat bill profile as this chimed with everything that customers had been saying they wanted throughout the discussions, which were:

- A programme of continuous maintenance;
- No surprises (i.e. a higher bill all of a sudden);
- Easier to budget (particularly key for businesses);
- More comforting & reassuring.

### **Future Customer Priorities (2018)**

Infrastructure North Partners (Northern Gas Networks, Northern Powergrid, Yorkshire Water and Northumbrian Water) are regulated by Ofgem/Ofwat and must agree a business plan every 5-8 years, known as a price control.

There are a number of shared issues which will impact or be of interest to future customers (those who will imminently be future bill payers) and, as such, the partners wish to better understand the priorities of future customers.

#### **Objectives**

To explore future customers':

- Knowledge of the water and energy market;
- Understanding and interest in future issues, changes and developments in the energy and water sector and how these may affect them;
- Priorities with regards to a number of existing and future utility strategies including affordability, innovation and environment;
- Expectations, wants and needs in terms of communication, engagement and updates from energy and water providers.

#### **Methodology**

Five, 90 minute focus groups with 18-21 year olds across the partner areas (North East, Yorkshire and North West), followed by quantitative online survey with 300 18-21 year olds.

#### **Perceptions of the partners**

Information of partner roles and responsibilities were positively received.

NW and Yorkshire Water were associated with reservoirs; some had seen the names on signage when out walking. Some didn't think about wastewater and it being treated - they would just think of water as 'out of the tap'.

#### **Insular mindset**

- As future consumers become more focused on home owning, their careers and responsibilities, the inward focused mindset increases. Their priorities therefore become centred around 'what is best for me'.

- There is a low level knowledge of issues and challenges for the energy sector, but for most it is not on their radar.

### **Understanding of utility providers**

- There is low engagement and any relationship that does exist is with the Retail Supplier, as this is where the majority of contact (i.e. bill paying) occurs.
- However, there was positivity towards the Provider information presented in the research, therefore an opportunity to increase greater brand awareness and warmth with this audience.

### **Priorities for Infrastructure North partners**

- Future consumers prioritise first and foremost safety, affordability and elements of service that have a direct impact upon them.
- Although these hygiene factors are key, there is a feeling innovation underpins these factors, and therefore should not be overlooked.
- They also agree Utility Providers should be focusing on Environmental issues in the longer term.

### **Communications and engagement needs**

- Needs are primarily responsive.
- Consumers expect little contact from Utility Providers other than dealing with problems quickly and efficiently, providing clear information about timings for resolution.
- However they open to hearing from Providers, particularly if it could save them money on utility bills (e.g. energy saving tips).

## **Draft Assurance Plan (2018)**

### **Methodology**

In January 2018 NWL designed and sent an online survey directly to customers via an email link. 3,981 responded – a response rate of 54%. Customers were directed to an online version of a customer focused summary of the draft plan and then asked to give their opinions on it. NWL analysed the results internally.

### **Objectives**

Understand what customers think about:

- The clarity of the draft Assurance Plan for 2017/18;
- Whether there is anything missing from the plan, and if so, what;
- Whether the plan gives them trust and confidence in us, and if not, what would;
- Whether it is important to customers that we spend money with local suppliers.

### **Clarity**

81% found the plan clear.

### **Anything missing**

86% said there wasn't anything missing from the plan.

**Trust and confidence**

86% said the draft plan gave them trust and confidence in us.

**Local economy**

94% said it was important to them that we spend money with local suppliers.

## **Developer Services (2018)**

Northumbrian Water has a long term strategy to deliver an excellent customer experience across the most diverse range of its developer customers. This includes: major volume house builders; SMEs and one-off developers; commercial development companies; builders; New Appointment and Variations (NAVs) and Self-Lay Organisations (SLOs).

Providing a high standard of customer experience to developer customers reflects national focus on providing infrastructure to support the delivery of housing, and enables Northumbrian Water to support regional economic growth.

### **Methodology**

Two workshops were held in Durham in February 2018. They were designed and facilitated by an independent facilitator to ensure an independent and unbiased approach, and to provide freedom for the developer businesses to give their views in a frank and honest way. For the same reason, representatives from the Northumbrian Water team did not attend.

Representatives from the following companies attended: Gen2; Storey Homes; Keepmoat Homes; Miller Homes; Teesside; Bellways; Gleeson; Barratt.

Customers were made aware that all their individual views would remain confidential, and that a summary of insights from the day would be presented back to the business.

In addition, where customers had individual or specific queries that they wanted us to address, with their permission details of these queries were shared with the Developer Services Manager, who made personal contact with each of them within the following 24-48 hours.

### **Objectives**

The events focused on the needs and aspirations of the major volume house builders.

The objectives were to gain insight into:

- How major developers perceive their customer experience with Northumbrian Water;
- How they believe that the service they receive could be improved to support their own business goals, as well as the regional development goals with regard to housing.

### **Recommendations**

Feedback forms completed by delegates show that the events were very well received. Customers really appreciated the opportunity to get proactively involved in making suggestions and sharing their views. All said they would like to be kept informed of progress and invited to future sessions.

As a result of the feedback from the developer customers, consideration of the following management actions is recommended:

1. Introduce key account management resource.
2. Re-institute the quarterly man-marking meetings.
3. Work through the processes and issues that developers perceive to be 'internal politics'.

4. Work with developers to better forecast work volumes, and add in much-needed resource now that the market has changed.
5. Review processes and, along with additional resource, commit to achieving a set percentage of work (e.g. 50%) in timescales that align with what the developers have proposed, i.e.:
  - Predevelopment enquiry - reduce from 21 to 14 days.
  - S45 connection - reduce from 21 to 14 days.
  - Reduce mains construction from 90 to 60 days.
  - Reduce mains design for up to 500 plots from 28 to 21 days.
  - Reduce S185 mains diversion quotes from 42 to 30 days, and even fewer days for small quotes.
  - Sewer requisition design - make a maximum of 60 days rather than 'by agreement' , and provide a breakdown of costs.
  - Sewer requisition construction - reduce from 180 to 90 days and stage payments.
  - Adoption and developer delivered technical vetting - reduce from 28 to 14 days.
  - S106 approval / rejection - reduce from 21 to 15 days, or 5 days if the application is incomplete.
6. Improve the management and communication triangle between Northumbrian Water, Fastflow and the developers, and provide clear timescales for re-visits.
7. Explore the introduction of more contemporary invoicing options for developers.
8. Work on customer experience learning and development for the asset delivery team.
9. Continue with plans to enhance the digital / online experience for developers.
10. Improve cost efficiency and competitive pricing to drive better value from framework partners. Complement this with clear, transparent costings.
11. Keep the developers updated and involved with changes and progress, and invite them to future sessions.
12. Continue with the added value work that developers say is greatly appreciated, such as attending HBF meetings, and providing expertise and weight at planning meetings.

This section of the report provides a summary of the insights generated from each agenda item.

### **Services that 'Wow'**

Customers were asked to give examples of how Northumbrian Water could create an exceptional customer experience for developers, including examples of great customer service that they encounter from elsewhere. They were asked to be bold and creative.

Customers felt very strongly that a key account manager function is needed. This would assist enormously with future planning and jointly prioritising workload.

They were also very keen to re-introduce the 'man-marker' meetings that used to happen quarterly.

These really helped the developers make progress, and to work in collaboration with Northumbrian Water to overcome any delays or obstacles.

The developers also said that they wanted greater flexibility in planning and delivering workload with Northumbrian Water.

They also pointed out that it would help Northumbrian Water to forecast work volumes and required staffing levels if a key account manager was in place.

Design times are an area that the customers feel takes much too long, reducing them from 3 months to 4 weeks.

They also want much greater cost transparency in terms of diversions and requisitions.

Developers also expressed a strong view that there is a great deal of internal politics within Northumbrian Water that adds significant cost and time into their processes.

They would also appreciate the ability to request modelling of Northumbrian Water's network, and the facility to carry out pre-development modelling.

Customers expressed a strong perception that the Northumbrian Water team is significantly under-resourced. They think that Northumbrian Water downsized when the construction downturn happened, and has not increased its resources since then, even though demand is growing significantly. They perceive that the business is behind the curve.

The attendance of the Developer Services Manager at HBF and planning meetings is greatly appreciated.

Developers are currently dissatisfied with the service provided by the asset delivery team.

There were a number of other areas that they wanted to see improved. These include:

- A staged bond reduction - similar to the one used by councils - for SUDs.
- A capped or 'group' bond that could be used across a business, rather than bonds on a project-by-project basis.
- The ability to sign a 'mini-agreement' on S185 diversions, to enable the turning of flows prior to the final formal agreement.
- A snagging list to be provided by Northumbrian Water post inspection, to accelerate sewer adoption.
- Northumbrian Water and their contractors could work better with developers - and vice versa- to avoid abortive site visits. Developers also wanted a single escalation process and for Northumbrian Water to manage Fastflow much more effectively, and a single reference for one development.
- Developers perceive that processes such as legals, adoption and chlorination take too long.
- The requisition process is seen as being much too long and expensive.

## **Water Connections – Mains and Services**

Developer representatives were asked to identify strengths and improvement areas regarding how well Northumbrian Water delivers its Water Connections- Mains and Services, using the following prompts:

- Process;
- People;
- Pace;
- Payment.

The summary outputs for Mains were:

<b>Theme</b>	<b>Strength</b>	<b>Improvement Area</b>	<b>Additional Thoughts</b>
<b>Process</b>	Well established; staff have a good understanding & knowledge – other than out of the ordinary schemes	No flexibility – conflicting advice on design Quotation process (up to 3 months too long). Simple quotations take as long as one for a complex roundabout Chlorination times (testing results) Abortive visits There is an 8 week wait currently to book Fastflow There should be electronic booking in for on site visits and programmes	Existing records – online access? Would be helpful. Gas provide this free of charge Pipes could be pre-chlorinated Could drawings be issued in DWG format
<b>People</b>	Everyone is approachable, professional & knowledgeable. Always someone available to speak to – if you have a direct contact	Understaffed NWL don't understand housebuilder priorities More designers needed More direct labour (rather than Fastflow). Points of contact regarding Fastflow - developers says this needs to be NWL	
<b>Pace</b>	Quotes in general arrive on time Pre-chlorinated pipework	NWL needs to understand programme with housebuilder, but this could be a two way issue? (on site) The lead-in with Fastflow is too long Chlorination takes too long The diversion quotes process for dropping mains takes 25 days Shorten the amendment process Main laying takes too long – 6-8 weeks	
<b>Payment</b>	We like the reduced connection charges Good that the re-enforcement charges are coming out	We don't appreciate the online costs, and lack of certainty NWL should be able to invoice us	Could there be a reduction in the connection charge if the developer undertakes WIAPS?



The Services feedback was:

Theme	Strength	Improvement Area	Additional Thoughts
Process	Established & followed WIAPS certified	Technical – for example having to get F P McCann signed off every time as 'innovative products' Low flexibility, conflicting advice on design	Are adoptable pre-chlorinated pipes an option?
People	People are helpful	Metering times (CHLs) Connection times Shortage of labour No direct point of contact with the contractor	
Pace		If there is an error on site, having to wait again for NWL for it to re-enter workload Call off times need reducing - it is a Health & Safety issue The lead-in time is too long	We understand that the issue has been caused by housebuilders
Payment	Set payments, they are as you expect	The payment process delays the timescales for the build NWL should be able to invoice us	

### 3. Sewer Adoption

Customers identified strengths and improvement areas from a customer experience perspective for each key stage of Northumbrian Water's sewer adoption process. These key stages are:

- Design approval;
- Legal;
- Construction;
- Final adoption.

#### Design approval

Strengths:

- Timing, quick responses, the team are approachable, and there is a degree of flexibility.
- The process is clear.
- Good regional project managers.

Areas for improvement:

- Speed up the use of innovative products. Use a selection of what has been approved on previous sites and roll it out to developers through regular dialogue.
- Remove the arguments with manufacturers about what has or has not been signed off by Northumbrian Water.

#### Legal

Strengths:

- There is standard agreement.

- The 10% bond, which is different to the Highways, which is 100%. This helps developers' cash flow.

Areas for improvement:

- Weak forecasting and workload planning. The Developer Services team works on the master plan with local authorities, but that is longer term. Developers want key account management to enable planning of the immediate future.
- Developers perceive that Northumbrian Water dislikes pumping stations, and so design them out of their plans.

### Construction

Strengths:

- Developers can usually get the clerk of works on the phone quickly when needed.

Areas for improvement:

- Developers are having occasional problems with the sign off process due to the number of people involved.
- They strongly dislike having to accept one price from a single Northumbrian Water contractor, and say they could do the same themselves much more cheaply, especially lower risk items such as connecting to a public sewer.
- Northumbrian Water does not provide developers with any paperwork to say that the initial installation has been approved. This does not arrive until the maintenance inspection phase. No snagging lists are provided to confirm changes that the developer needs to make.

### Final adoption

Areas for improvement:

- Again, developers are having to work with different departments at Northumbrian Water, and want one point of contact.
- Sometimes final certificates for adoption require a lot of chasing up by the developers.

## **4. Major Diversions and Sewer Acquisitions**

Attendees were asked what they wanted Northumbrian Water to start, stop and continue doing to improve the customer experience with regard to major diversions and sewer acquisitions.

There was a general strong negativity about the process and developers perceive that both major diversions and sewer requisitions are very hard work for everyone involved. As a matter of course everyone tries to avoid them. Us as developers, clients try to avoid them. Diversions and requisitions involve a lot of different parties, both within Northumbrian Water and with external bodies. These projects cause disruption and more work for all involved, and so developers say they are 'fairly rare'.

When major diversions and sewer acquisitions are necessary, developers say that they need fixed timescales from Northumbrian Water that they can work to. These timescales will be very site-specific.

Also, there is a perception amongst developers that Northumbrian Water is complacent about its monopoly position and framework agreements with suppliers, which developers say adds at least 25% to their costs. They feel that the charges for requisitioning and asset protection

processes, as well as feasibility studies and management costs are all expensive. Developer also say they would expect to be invoiced for the work, rather than expected to use the current 'big cheque' approach.

## 5. Self-Lay

Developers were asked what they think Northumbrian Water could do to help increase the uptake of self-lay in the north east. Their responses are as follows:

- Treat a self-lay enquiry as the same as a new development enquiry, in terms of POC timescales.
- Clarify the process for house builders/clients from initial process through to design. Change sign offs and overall 'adoption'.
- Improve the technical approval process.
- The transfer back to NWL (adoption process) is complicated - simplify it.
- Promote the self-lay companies and benefits to developers.
- Be open about which companies are signed up to an SLA.
- There are only two self-lay providers in the region, Clancy and Aptis, so there is not much choice for developers.
- Work on how to mitigate the risk of an issue at the final adoption / inspection phase that could lead to the self-lay providers invoicing the developers.

## 6. Developers' Charter

The developers who attended were not very familiar with the content of the Developers' Charter.

This was displayed on the wall for the customers to study and comment on. The most important areas that developers wanted to improve upon in the current Developers' Charter are:

- Predevelopment enquiry - reduce from 21 to 14 days.
- S45 connection - reduce from 21 to 14 days.
- Reduce mains construction from 90 to 60 days.
- Reduce mains design for up to 500 plots from 28 to 21 days.
- Reduce S185 mains diversion quotes from 42 to 30 days, and even fewer days for small quotes.
- Sewer requisition design - make a maximum of 60 days rather than 'by agreement', and provide a breakdown of costs.
- Sewer requisition construction - reduce from 180 to 90 days and stage payments.
- Adoption and developer delivered technical vetting - reduce from 28 to 14 days.
- S106 approval / rejection - reduce from 21 to 15 days, or 5 days if the application is incomplete.

## Stakeholder Tracking (2018)

### Objectives

To understand perceptions of media, non-government organisations and public affairs stakeholders on a quarterly basis to feed into a new measure for our scorecard. In particular, we wished to measure:

- Likelihood to recommend NW/ESW;
- Suggestions for improvement;
- Contact with NW/ESW;

- Value for Money;
- Satisfaction (overall and with specific measures);
- Trust;
- Image (specific measures).

This research provides us with a tracker of stakeholder views to include in our balanced scorecard.

### **Methodology**

This report is based on research undertaken from 13th to 30th June 2018. It draws comparisons with wave 1 undertaken in March 2018 as well as with the Year 1 total undertaken in April, June, October and November 2017.

50 telephone interviews were completed for this wave; 30 in Northumbrian Water area, 20 in Essex & Suffolk Water area. The interviews lasted 12 minutes on average.

Some of the base sizes shown are small, so caution must be used when interpreting these results.

### **Results**

As in all previous waves, most stakeholders are strong advocates of NWL, with a mean score of 9 out of 10 for recommendation. The NPS of 25 is positive overall, though down on the previous wave, with more customers able to provide a score.

The main reasons for recommendation are good customer service and either no problems or speedy problem resolution.

Those who did not give a recommendation score of 10 suggested a range of improvements which would increase their score, which included better communication, more investment and improved resilience.

While almost 40% have had recent contact with their water company, a quarter of customers claim contact has been over a year ago and 10% (rising to 15% in ESW) say they have never had contact.

Satisfaction that they are supplied with all the information they need to feel informed remains high.

More customers were able to provide a score for Value for Money, and this remains high at over 8 out of 10.

Overall satisfaction is still high but slightly down after peaking in the last wave, though most claimed their own satisfaction has not changed in the last year.

Satisfaction with quality of water and reliability of supply remains high.

NW/ESW are seen as companies who respond quickly in times of adversity and NW is particularly seen as an important part of the community.

Customers are less likely to see us as innovative, based primarily on lack of information.

Scores in Year 2 Wave 2 are fairly consistent with the previous wave.

## Outcomes Review Phase 2 (2018)

### Objectives

Research was required to test the degree to which the meaning of each of the company's 14 Outcomes (13 Outcomes for Essex & Suffolk Water customers) is understood by customers (both household and non-household).

### Methodology

In total, 1,100 online surveys were completed, made up of 600 surveys with a representative sample of household customers of Northumbrian Water (NW), 400 surveys with household customers of Essex & Suffolk Water (ESW) and 100 surveys with non-household customers.

A summary of findings for each Outcome is as follows. Overall, the research identified that there are four Outcomes that may benefit from some small adjustments to the wording, in order to add greater clarity. These are highlighted in the summaries below.

*We are resilient and provide clean drinking water (and effective sewerage services) now, and for future generations*

N.B. The words in brackets were not included for ESW customers.

- The majority of customers were able to summarise in their own words what this Outcome means that NWG will achieve, with 68% of household customers providing an explanation that either fully or partially aligns with its intended meaning.
- Supporting this, 88% of household customers indicated that they felt either 'very confident' or 'quite confident' with their understanding of this outcome, as did 94% of non-household customers.
- In addition, the majority of both household and non-household customers either 'agree strongly' or 'agree slightly' that NWG should focus on delivering this outcome.
- there is evidence that one word in particular within the Outcome could cause confusion amongst some customers, as 21% of household customers and 23% of non-household customers highlighted the word 'resilient' as one that they felt 'doesn't make sense'. However, this doesn't seem to prevent customers from understanding the overall meaning of this Outcome, so the case for changing this word is not strong.

*Our drinking water is clean, clear and tastes good*

- Customers felt very confident that they understood the meaning of this Outcome, with 93% of HH customers and 97% of non-household customers indicating that they felt 'very confident' or 'quite confident'.
- The majority of customers were able to provide a description which encapsulated either a full or partial understanding of its intended meaning.
- There were high levels of support for NWG to focus on delivering this Outcome, with 70% of HH customers and 72% of NHH customers indicating that they 'agree strongly' that NWG should focus on delivering this Outcome.

- There were some customers who felt parts of the Outcome might not 'make sense', with most focus on the phrase 'clean, clear and tastes good'. Concerns were generally related to this being a 'subjective' assessment that's difficult to measure. However, it would be unreasonable to include further detail within the Outcome to explain how these aspects of water quality are evaluated.
- Given this, and the high level of confidence in this Outcome generally, there's little compelling evidence to suggest it needs to be changed.

*We always provide a reliable supply of water*

- This is one of the most well understood Outcomes, with 49% of HH customers and 51% of NHH customers providing a description in their own words which conveyed the full meaning of the Outcome.
- Additionally, customers felt confident that they were able to correctly interpret the Outcome's meaning, with 93% of HH customers indicating that they were either 'very confident' or 'quite confident' about this, along with 95% of NHH customers.
- In line with this, 89% of HH customers either 'agree strongly' or 'agree slightly' that NWG should focus on delivering this Outcome.
- There is generally nothing in these findings which suggests the wording of this Outcome needs to be amended.

*Our customers tell us we provide excellent customer service and resolve issues quickly*

- Evidence suggests this is relatively easily understood Outcome. In total, 71% of HH customers and also 71% of NHH customers provided an explanation of the meaning of this Outcome (in their own words) which either fully to partially conveyed the correct meaning of it.
- Customers also expressed confidence in their own interpretation of this Outcome, with 89% of HH customers and 93% of NHH customers indicating that they were either 'very confident' or 'quite confident'.
- Therefore, it's not surprising that a comparatively small proportion highlighted any words within the Outcome that they felt 'don't make sense'. Where highlighting was made, some expressed a desire for further detail on how the claims in the Outcome are arrived at and what evidence supports them.
- Given the deliberately concise nature of Outcomes, it's unreasonable to expect to include this detail within the wording, but it needs to be recognised that the current wording generated additional questions amongst some customers.

*Our customers say our services are good value for money and we work hard to keep water and **wastewater** services affordable for all*

- Customers said that they felt confident that they understood this Outcome, with 85% of HH customers and 86% of NHH customers indicating that they felt either 'very confident' or 'quite confident' in their understanding of it.
- Additionally, 74% of HH customers provided an explanation in their own words which either fully or partially conveyed the correct meaning of this Outcome. This was even higher amongst NHH customers, at 83%.
- Despite this, 20% of HH customers and 22% of NHH customers did highlight at least one word from the Outcome that they felt doesn't 'make sense', but this was most often driven by a desire to see evidence to support the claims made in the Outcome - both around how

customers have their say and how services are judged to be 'good value for money' and 'affordable'.

- Consequently, it's not that customers don't understand what the Outcome means - they just have a desire for evidence to support it, which is something that couldn't realistically be included in the text of the Outcome.
- While the majority either 'agree strongly' or 'agree slightly' that NWG should focus on delivering this outcome (79% of HH customers and 79% of NHH customers), a comparatively high proportion, said they 'neither agree nor disagree,' which could reflect concerns around the supporting evidence detailed above.

*Our customers help shape our services and say they feel informed about the importance of water*

- Of the 14 Outcomes tested in this research, this is one of the two with the lowest levels of confidence in customers' understanding of what the Outcome means - 73% of HH customers and 73% of NHH customers indicated that they were either 'very confident' or 'quite confident'. In addition, 23% of HH customers and 26% of NHH customers actively indicated that they were either 'not very confident' or 'not at all confident'.
- Reflecting this, while the majority of HH customers (56%) and NHH customers (55%) provided an interpretation in their own words of the meaning of this Outcome which partially conveyed its correct meaning, both customer types were more likely to do this than offer an explanation which encapsulated its full meaning (15% and 13% respectively).
- This is reflected in the proportion that indicated they either 'agree strongly' or 'agree slightly' that NWG should focus on delivering this Outcome, with 67% of HH customers giving these responses and 69% of NHH customers.
- This was one of the Outcomes in which customers most readily highlighted words that they felt 'don't make sense' - 24% of HH customers and 28% of NHH customers did so.
- In particular, customers expressed concern about how customers help to 'shape services', with further explanation requested by some customers.
- Additionally, the inclusion of the phrase 'importance of water' caused confusion amongst some, and in some cases customers felt this was superfluous or meaningless.
- Consequently, while it should be stressed that most customers felt confident they understood it, the evidence suggests that there may be value in exploring options for adding greater clarity to this Outcome.

*Our sewerage service deals with sewage and heavy rainfall effectively*

N.B. Only tested amongst customers of Northumbrian Water.

- This Outcome was comparatively well understood by customers, with 72% of NW HH customers providing an explanation that either partially or fully aligned with its intended meaning, and 85% stating that they were either 'very confident' or 'quite confident' that they could correctly understand it's meaning.
- Furthermore, 82% agreed (either 'strongly' or 'slightly') that NW should focus on delivering this Outcome.
- Aligning with this, the proportion that highlighted any words that they felt 'don't make sense' was comparatively low (17% amongst all NW customers).
- Consequently, there is little to suggest that changes to this Outcome are required.

*We help to improve the quality of rivers and coastal waters for the benefit of people, the environment and wildlife*



- This Outcome generated a comparatively high proportion of customers who were able to offer an explanation in their own words that fully aligns with the Outcome's meaning - 61% of HH customers and 63% of NHH customers.
- Additionally, 87% of HH customers and 86% of NHH customers felt confident that they understood the meaning of this Outcome by saying that they were 'very confident' or 'quite confident' that they did
- This is a well supported Outcome, with 84% of HH customers and 79% of NHH customers indicating that they either 'agree strongly' or 'agree slightly' that it should be a focus for NWL.
- Some customers highlighted words within the Outcome that they felt 'don't make sense,' with 15% of HH customers and 24% of NHH customers doing so. But, there is no compelling evidence in this research that the wording of this Outcome needs to change.

*We take care to protect and improve the environment in everything we do, leading by example*

- A comparatively high proportion didn't provide any interpretation in their own words of what this Outcome means (31% of HH customers and 31% of NHH customers).
- However, the level of confidence customers had in their understanding of this Outcome was around average, as 85% of HH customers and 87% of NHH customers felt either 'very confident' or 'quite confident'.
- Also, customers either 'agree strongly' or 'agree slightly' that this Outcome should be a focus for NWG, with 79% of HH customers and 77% of NHH customers agreeing with it.
- The proportion that highlighted any words from this Outcome that concerned them was around average amongst HH customers (18%) but comparatively high amongst NHH customers (27%).
- In particular, customers expressed concern about 'leading by example,' as this confused some customers about who NWL is leading.
- Therefore, although there isn't an overwhelming case for doing so, if any amends were made to the wording of this Outcome, there may be value in explaining who NWG is leading by example as this might help more customers to understand the aims of this Outcome

*We are a leading, efficient and innovative company that is always ready for change*

- This is an Outcome that a comparatively high proportion of customers felt unwilling or unable to offer an interpretation of in their own words, with 44% of HH customers and 49% of NHH customers declining to do so.
- Those that did, tended to offer an interpretation that partially encapsulated the Outcome, rather than one that did so fully.
- However, the level of confidence customers expressed in their own understanding of it was about average, with 80% of HH customers and 80% of NHH customers indicating that they felt 'very confident' or 'quite confident' about the meaning of this Outcome.
- Nor was the proportion who highlighted any words that they felt 'don't make sense' particularly exceptional, with 20% of HH customers and 19% of NHH customers doing so.
- Where customers had concerns they tended to cover different aspects of the wording, including how 'innovation' could be proved, what a 'leading company' would be, and a desire for evidence to support the Outcome.
- Perhaps because of these various questions, there was comparatively low agreement that NWG should focus on delivering this outcome for customers from 2020 to 2025, with 68%

of HH customers and 70% of NHH customers responding that they either 'agree strongly' or 'agree slightly' with this.

- Consequently, the picture for this Outcome is quite subtle, with customers generally claiming that they understood its meaning but also some suggestion that some may actually not. Despite only few words, this Outcome covers a lot, so there may be value in expanding it to add clarity around how or what NWG leads.

*Our finances are sound, stable and achieve a fair balance between customers and investors*

- The majority of customers felt unwilling or unable to provide a summary (in their own words) of the meaning of this Outcome, with 58% of HH customers and 66% of NHH customers offering no interpretation.
- The majority said they were either 'very confident' or 'quite confident' that they understood what it means (79% of HH customers and 86% of NHH customers), which may suggest that they simply didn't feel capable of writing a short description to summarise this Outcome.
- A comparatively high proportion responded to the invitation to highlight any words in this Outcome that they had concerns about, with at least one word highlighted by 23% of HH customers and 24% of NHH customers.
- The phrase 'fair balance' was chosen most often. This was mainly driven by concern about how a fair balance between customers and investors can be achieved.
- Perhaps because of this, a comparatively low proportion said they agree that NWL should focus on this Outcome (64% of HH customers and 71% of NHH customers).
- While it's important not to over-state customers' unwillingness to provide a description for this Outcome (as many may have simply considered it too complex to do so) it's evident that some concerns are raised by it, but these tend to reflect customers' desire to better understand how a 'fair balance' can be achieved.
- Consequently, there may be value in expanding on how a 'fair balance' is achieved, if any changes are made to the wording of this Outcome.

*We are proud to support our communities by giving time and resources to their important causes*

- The majority were able to provide at least a partially accurate summary (in their own words) of the meaning of this Outcome, with 69% of HH customers and 63% of NHH customers providing one.
- In addition, the proportion that said they were either 'very confident' or 'quite confident' about its meaning was around average for the Outcomes tested in this research (78% amongst HH customers and 79% amongst NHH customers).
- There is no strong evidence that this Outcome needs to be amended.
- That said, only 65% of HH customers and 66% of NHH customers said they agree that NWG should focus on delivering this outcome - a comparatively low proportion.
- A comparatively high proportion said they 'neither agree nor disagree' that this Outcome should be a focus (24% of HH customers and 21% of NHH customers).
- Consequently, while the Outcome is generally understood, customers seem less certain about the importance of focusing on it.

## **Bespoke Measures (2018)**

The aim of this research was to test whether the draft list of Bespoke Measures of Success developed by NWG was understandable to customers and in line with their preferences.

### **Objectives**

- Whether NWG customers understand each measure;
- If there is anything they do not understand, what that is and how NWG could improve those measures to make them easier to understand;
- Whether customers agree with our proposed Bespoke Measures of Success;
- If there is anything customers do not think we should be measuring, why this is;
- Are particular customer segments more or less supportive of each measure;
- Whether customers think there should be any other Bespoke Measures of Success that are not included in the current list.

### **Methodology**

Ten separate qualitative focus groups, each lasting two hours, were conducted with a total of 60 customers. Six focus groups were conducted in the North East involving a mix of Northumbrian Water customers, with two focus groups undertaken in Essex and the same in Suffolk with Essex & Suffolk Water customers.

### **Reoccurring themes when evaluating different measures**

Although each potential Bespoke Measure of Success was evaluated in detail, there were broad recurring themes and principles as to what will help make any performance measures more comprehensible to customers:

- Overall it is easy to skip over measures on a long list which are not immediately understood or deemed relevant. A considerably shorter list of 5-6 key performance indicators is likely to be more digestible to customers, with an option to dig down and read about more detailed measures, should customers so desire.
- Wordy and technical titles and descriptions are off-putting. If a measure is not easily understood, it is likely to be skipped over by customers.
- Sometimes the words in the titles of the measures were easy to understand, but when customers discussed these in more detail misunderstandings arose.
- A quantifiable technical, scientific or actual measure of experience is preferred over a perception score which is open to interpretation.
- In order to increase clarity, industry jargon and acronyms need to be avoided.
- There is a difficult balancing act between providing a short, simple and clear explanation and sufficient information so customers are able to understand the measure, easily interpret what any figure means and know why it is useful for them to know this.
- Short explanations or examples in brackets may be needed to clarify some measures.
- There is confusion over where the responsibility of the water (and wastewater) company for pipes, performance and leaks stops and the responsibility of the property owner begin. To avoid confusion this needs clarifying in relevant measures.
- There was a split in opinions about whether a number or a percentage would be the most useful way to present information. Customers who expressed a preference for percentages wanted these to be rounded up (e.g. 'less than 1%' ) rather than using

decimal places as they only wanted an indication of whether there was a problem or not. Those who preferred numbers recognised that these would need to be put into a wider context of the overall number of properties served before they would make any sense.

- They felt this overall number could be given at the top of any list of performance measures, rather than specified in the text for each measure.
- Either way, a consistent approach is recommended to be used across all the performance measures to make it easier for customers to digest the information and compare different metrics.
- If the number for a measure is expected to be very low, the usefulness for customers knowing this was questioned.
- Often a number or percentage is not enough, and may in fact raise more questions. Customers may struggle to know whether some numbers or percentages should be interpreted as positive or negative. Where performance is poor, customers are likely to want to know (in a few short sentences) the reasons for this and what the water (and wastewater) company is doing to change things.
- To make a real judgment of performance, more detail is often needed. A year on year comparison or a figure in comparison to other water companies provides additional context, but also adds to the complexity of understanding the measure.
- For many measures which have a direct impact on individuals, the desire was for more localised data rather than for the whole region. However, despite this request, it is uncertain whether customers would actually read it.
- Some measures may better lend themselves to a good news story rather than numeric data. This was felt to provide more scope to explain what the water (and wastewater) company has done, supported by images and case studies to illustrate the impact of any changes / improvements made.

#### **Review of each individual Bespoke Measure (level of understanding and agreement with how to measure this)**

*Vulnerable Customers: Perceptions of our services by customers in circumstances that may make them vulnerable (non-financial)*

Customers could generally have a good guess at some of the people who may be classed as a non-financial vulnerable customer. However, no-one provided a comprehensive list of who would be included in this category. The term 'vulnerable customer' may be understood within the water sector but is not common parlance and so may need a short explanation or examples in brackets, so readers are not left guessing who is being referred to.

For some, especially in the sessions held in Essex & Suffolk, this measure was seen to be very similar to the customer experience score in the list of common measures.

Measuring specific service experiences rather than having a 'perception' rating was felt to be more specific and tangible. Even then interpreting whether a percentage score should be seen as an indication of good or bad performance is likely to be difficult for customers.

*Value for Money: Customers' perception about whether the services we provide are good value for money*

Customers found the description of this measure on the surface easy to understand. However, as they have no choice over providers, and are unaware of what is required to provide water and treat wastewater, it is difficult for them to make any more than an

uninformed judgment. Having a rating for something definite and tangible was preferred to measuring a 'perception'.

*A Company You Can Trust: Customers' perceptions about whether we are a company that they trust*

This wording is commonly used by companies operating within competitive markets, especially by online retailers to provide reassurance over their products, delivery and returns. So in itself it is easy to understand. However, customers had never previously thought about their water company in terms of whether they could trust them or not making it difficult to give an answer.

The word reliable was considered to be a more definite, tangible word to rate their water (and wastewater) company against than trust.

As the spirit of this measure is already included in the customer satisfaction score in the common measures, the value of having this additional score was questioned.

*Repeat Failures: Number of customers with more than one service failure in 12 months*

Initially this performance measure was considered to be easy to understand. However, when probed what 'service failure' means it was not always clear. This is more of a water industry term than a common expression.

There was a split in opinions whether a number or a percentage would be the most useful way to present the numeric information. Percentages were considered easy to understand, but may, in this case, be less relevant if the figures are so low. Additional context showing changes over time may be required in order to better understand performance levels.

*Habitat and Biodiversity Improvements on Landholdings: A measure about the habitats / environmental improvements that we make on our own land*

The words habitat and biodiversity were considered to be technical jargon. These words are not directly related to water or wastewater services so it was not immediately obvious to customers why this measure has been included as customers do not automatically recognise that NWL owns a lot of land.

To be valid any rating would need to be independent and credible, with organisations such as the RSPB, Woodland Trust or Regional Wildlife Trust being mentioned as potential assessors. To fit in a table of measures a simple five star award or a gold, silver, bronze medal approach was suggested. Although, for those interested, being told what has been done and the impact this has made (via case studies type stories) was deemed more useful than having a simple rating.

*Interruptions to Supply: Average minutes that customers are without water supply for more than 1 hour OR 2 hours*

The words are easy to understand, it simply refers to having no usable water. There was an appetite for having two figures, one for planned interruptions and another for unplanned.

The reference to average minutes and how this is calculated was not understood. From the description given, the assumption was the average would be the typical length of time without

water among those properties (not customers as stated in the description) affected by an interruption, giving a sense of how long you may typically be without water if an interruption happened to them.

Knowing the percentage of customers who have experienced a planned or unplanned interruption would be an easier figure for customers to understand.

*Low Pressure: Number of properties with poor pressure OR CCWater satisfaction with pressure*

The title and first part of the description were considered to be self-explanatory. Given that no-one knew who CCWater is, this reference caused more confusion than clarity.

When customers talk about water pressure they are referring to what happens in their home when they run a tap, have a shower or take a bath. Poor pressure was seen as a very personal judgment and may be down to their plumbing or the performance of their equipment rather than the pressure delivered to their property. Therefore, asking people about their satisfaction with pressure may not provide a real or accurate indication of what the water (and wastewater) company is providing. An unambiguous technical measure was deemed more accurate than people's perceptions.

*Appearance of drinking water: Drinking Water Inspectorate measure of customers contacting us about the appearance of their drinking water, including discoloured water*

The title and description made sense to customers as the words themselves were understandable even if it came across as rather wordy.

There is an expectation that any water company will regularly take and test water samples and that a scientific metric was better to use than counting the number of customer contacts.

Having this bespoke measure, as well as one in the common measures on water quality compliance seemed to be duplication.

*Taste & Odour of drinking water: Number of customers contacting us about the taste and smell of their drinking water*

The words themselves are understandable, even though some suggested using smell rather than odour. However, when the measure was shown directly after the appearance of the drinking water measure, many struggled to clearly discern a difference between the two measures.

As with all measures based on customer contacts, questions were raised over the reliability of a measure based on personal opinions and customer comments.

*Leakage: % of visible leaks repaired within 24 hours OR average response time*

The title itself and description was considered to be easy to understand but there may be confusion over what is being measured as some customers talked about leaks in their own homes, which reflected the misunderstanding of what aspects of the water supply the water (and wastewater) company is responsible for and where it becomes the responsibility of the home owner.

There was a split over how to measure this, between showing 'percentage repaired' or average response times. For either measure, customers were unclear what a good (or bad) figure would be.

A number of Bespoke Measures were only applicable to Northumbrian Water customers as they involved wastewater. These were only explored in the focus groups conducted in the North East:

*Wider Water Environment Improved in Partnership: Kilometres of land next to rivers and beaches improved in partnership*

The wider water environment is very much 'industry speak' rather than how customers would normally talk about river banks and beaches. Many had to read the title several times and still struggled to understand what it meant.

This measure was difficult to comprehend given the low comprehension that Northumbrian Water had any responsibility for certain quality aspects of rivers and beaches. Therefore, if used, some customer education or additional explanation may be needed.

This measure was one that many felt better lent itself to a good news story or case studies to illustrate the impact of any changes / improvements made, rather than the metric proposed.

*Bio-resources Measure: The amount of sludge we recycle*

Customers were guessing what this actually meant, as it was seen as 'industry jargon'. In context of the water (and wastewater) company, customers did not know what sludge referred to. Recycling is viewed as a more positive word to use, although more explanation and detail is required to explain what sludge is reused for.

A percentage figure was seen as more understandable for customers rather than the amount recycled. However, even this will be difficult for customers to interpret whether a figure should be seen as a positive or a negative.

*Sewer Blockages: Number of sewer blockages*

The title and description are short, straightforward, and on the surface easy to comprehend. However, there was no distinction made between what was the responsibility of NWL and individual household. This may cause a misunderstanding when looking at the figures for this performance measure.

*Sewer Flooding Outside: Number of sewer flooding incidents outside of properties*

On the surface, the words were easy to understand, but when the measure was discussed there was confusion over what 'outside' or 'externally' referred to. If this measure is used, what it refers to will need to be clearly explained.

Without any additional context, it is likely to be difficult for customers to be able to evaluate whether any number given should be seen as a positive or not. The number may be less important for customers to be told about than them knowing that action is being taken to improve the situation.

*Sewer Flooding Risk Reduction: Number of properties that have benefitted from flooding risk reduction in terms of construction or education projects*

It was unclear from the title what the measure actually covered. Without further explanation, the references to 'construction' and 'education' in the description are not readily understood. Many simply saw it as yet another sewer measure, without recognising a clear difference between this and the previous ones shown.

This was a measure that might not need a metric but may be better explained through a case study story. Customers may relate more to the knowledge of what sort of things are being done to improve things than being presented with a number that they don't understand.

*Bathing Water Quality: The number of bathing waters at beaches assessed as "good" by the Environment Agency*

There is very low awareness that Northumbrian Water have any responsibility for the quality of bathing water in the region. The term 'bathing water' caused confusion with customers using the word beaches instead.

Once aware of NW's role and responsibilities in this area, customers may also need further explanation as to the rating scale used, how many beaches the number is out of, and what is being done to bring any which fall below standard up to the required level, before the level of performance is fully understood.

*Combined Sewer Overflows - Reducing Operation: The number of Combined Sewer Overflow discharges that we prevent*

The words themselves were recognised and understood. However, when quizzed about what combined sewer overflows and discharges were, it was clear that customers did not really understand what this measure was referring to.

Without any context, seeing the number of discharges prevented is unlikely to mean much to customers in terms of if the performance in this area is improving or getting worse.

*Sewage System Assessment: Number of assessments of resilience undertaken on sewage treatment works and sewage pumping stations (Redundancy, Reliability, Resistance, Respond & Recover)*

Neither the title nor the description was very clear to customers as to what was being measured. The initial reaction was simply that it is too wordy and technical, which in itself was off-putting. The word 'resilience' was seen as industry jargon.

*Sewage System Capacity in Severe Weather: The ability of our sewer network to deal with severe weather*

The description (after the colon above) was seen as a better and clearer title to use. The phrase severe weather is open to individual interpretation and often means something different and more frequent than the water industry might understand by this term.

Customers were unsure what a good or bad percentage score would be. Would a high percentage under capacity be positive or the opposite?

Rather than the numerous sewer related measures, one overarching assessment of the robustness of the sewage system may suffice, to provide reassurance that the infrastructure is regularly monitored, that any issues identified are addressed and relevant improvements are constantly being made.



### **Additional suggestions for measuring performance**

After being shown the list of common measures and then reviewing the list of bespoke measures there were very few additional suggestions given.

- For some, the main element that was missing was having the data presented on a much more local level, often down to Borough Council area, in order to be relevant.
- A few suggested having more financial measures around profits made or how their bill is allocated / spent.
- With two customers asking for details of the level of fluoride and other chemicals in the water supply and how this compared to elsewhere.

### **Variations by segment**

Only a few differences in opinions emerged by life-stage and geographic location.

- Having a bespoke measure about vulnerable customers had stronger support in the North East and amongst the senior / retired session in Essex & Suffolk who liked to think that vulnerable customers were being helped. Others felt this measure was already included in the general customer satisfaction measure.
- Having a measure for 'a company you can trust' appears to be more relevant to and easier to answer amongst customers from the North East who seem to have a stronger affinity with the 'brand'.
- All environment measures had more support and resonated more strongly amongst older customers (family life stage, empty nesters and seniors / retired) than pre-family and future bill payers.

### **Support Services Benchmarking (2018)**

In January 2018, an independent market research agency was commissioned by NWG to conduct research with customers who receive support services. This research is a pilot designed to gain an insight into how satisfied customers who receive support services are, and how they have found the support services that they have accessed or received. Key measures have been benchmarked against scores achieved with the full customer base during Domestic Tracking.

A representative sample of 501 telephone interviews were conducted in February 2018, in order to gain a direct comparison with the quarterly Domestic Tracking survey.

### **Results**

- The net promoter score (NPS) was +47 overall, with +48 obtained in the Northumbrian Water supply area and +44 in the Essex & Suffolk Water region.
- Customers who had contact with NWG in the last 12 months were asked how easy they found it to get in touch. An overall mean score of 8.5 was obtained. Northumbrian Water had a higher score (8.7) than Essex & Suffolk Water (8.2).
- Telephone was the overwhelming preference (85%) when it came to how customers preferred to make contact with NWG
- Overall a mean score of 8.4 was obtained for value for money. This was consistent between both supply areas.

- A mean score of 8.7 was obtained for overall satisfaction, and again this was consistent between both Northumbrian Water and Essex & Suffolk Water regions.
- Overall, 93% of customers felt they had all the information they wanted to feel informed about their water (and sewerage) services. This was slightly higher for Northumbrian Water (96%) than for Essex & Suffolk Water (90%).
- Half (50%) of customers were aware that NWG offered support to customers who may find themselves in a difficult financial situation, with a higher percentage of customers for Northumbrian Water being aware of this (52%) than for Essex & Suffolk Water (46%).
- Customers were asked whether or not they had used a variety of support services before. The most common service they had used was the meter reading service (14%). This was followed by financial support services (13%). The majority of customers said they had received none of these services (57%).
- Customers gave a mean score of 8.3 for the services being easy to access, with Northumbrian Water scoring slightly higher (8.4) than Essex & Suffolk Water (8.3).

### **Tariff Structures (2018)**

NWG commissioned an independent market research agency to conduct research with their household customers, to understand their views on how charges for water and wastewater services are calculated.

#### **Objectives**

- Exploration of uninformed and informed customer views on how water (and wastewater) bills are calculated;
- Gain an understanding of customer views on Rateable Value (RV) as a method of calculating an unmeasured bill, with a focus on how relevant and fair this is
- Understand the appetite for alternative structures which move away from RV, based on other measures such as affordability;
- Exploration around customer views on tariff structures for other aspects of their household finances, such as energy bills, mobile telephone contracts and council tax

#### **Methodology**

In January 2018, a total of 106 household customers participated in deliberative workshops:

- Two workshops in the Northumbrian Water supply area (Stanley and Cramlington);
- Two workshops in the Essex & Suffolk Water supply area (Barking and Lowestoft).

Each workshop included three tables of household customers, with an additional table of future customers at one Northumbrian Water location (Stanley) and one Essex & Suffolk Water location (Barking).

Between six and eight customers were seated at each table, and they were initially segmented by socio economic group, life stage and metered /unmetered status. Part way through the workshops, metered and unmetered customers were mixed together, to see whether understanding each other's views changed their opinions.

In March 2018, a total of 49 household customers participated in second phase of deliberative workshops:

- One workshop in the Northumbrian Water supply area (Newcastle);
- One workshop in the Essex & Suffolk Water supply area (Chelmsford).

Customers at the second phase of workshops were segmented by socio economic group, those who live in a single or two person household, or those who live with 5 or more occupants in their household (large family). Views and findings from the second phase of workshops were largely consistent with phase one.

### **Views on household bills (phase one and two)**

The majority of customers said that low prices were the key driver for selecting products and services. Many customers stated they regularly used price comparison websites to compare the price of services. Recommendations from friends and family and online reviews also contributed to their choice of service suppliers. Most customers viewed the way energy bills are currently calculated (based on usage) as fair and relevant:

Customers liked having direct control over their energy bill amount via their usage – this was confirmed with customers during phase two.

Customers liked the way that mobile telephone bills are based on their individual preferences. However, many felt that because charges for extra usage beyond their contracted plan are so high, they are often paying more for packages that they would not need. Most customers knew that council tax is based on the value of a property, and that these valuations are grouped into bands. However, few customers knew how out of date the valuations are:

This led many to think that, because of the increase in house prices over the last 20 years, and changes made to properties since 1991 such as extensions, council tax is neither fair nor relevant. This was confirmed during phase two.

Customers during phase two were asked to consider the priorities of their household expenditure as a warm up task. Water was cited as the second most important day to day expense, with energy being the most important.

### **Uninformed views on water and wastewater charges (phase one and two)**

Customers in both phases knew that customers are charged for water and wastewater services in different ways.

Most knew that measuring consumption is one method used to calculate charges, and whilst aware that some customers are unmeasured, there was extremely low awareness of what non-measured charges are based on. Many assumed that these are based on the size of property, number of bedrooms or number of occupants.

Future customers demonstrated little awareness of how water and wastewater bills are calculated and had no unprompted awareness of water meters.

After being told what measured and unmeasured charges are based on, customers were surprised that unmetered charges are based on the value of a property. The majority thought household makeup, such as the number of occupants in a property, or size of the property was a more relevant factor to use to calculate water and wastewater bills.

Only a minority of customers were aware of any discounts or reductions for customers offered by Northumbrian Water / Essex & Suffolk Water.

Those who were aware recalled schemes to address affordability for customers on lower incomes.

Most customers thought it was important that Northumbrian Water / Essex & Suffolk Water has schemes in place to support customers who need extra support. This included support for those in difficult financial circumstances, and those with care needs if suffering from a physical disability or illness.

### **Informed views on unmetered charges (phase one and two)**

Once informed of the way unmetered customers are charged for their water and wastewater services and the use of Rateable Value, most customers stated that this is a largely unfair and irrelevant way of calculating bills.

Unprompted, very few customers made the link between Rateable Value as a method of calculation and affordability.

Customers thought that unmetered bills would be most beneficial to larger families because they have higher water usage, and least beneficial to smaller households because they use less water.

Customers suggested the following alternative ways of calculating unmetered bills:

- Updated property valuations;
- Using the average metered bill for a certain household size/property size/area;
- Number of people living at a property;
- Property size;
- Number of sinks/bathrooms/toilets.

During phase two, those belonging to single or two person households were more likely to suggest a method of counting the actual number of occupants per household as an alternative to Rateable Value, whereas those with larger families often suggested a series of averages as an alternative (e.g. average number of occupants in a property type).

Many customers did not agree with the idea of using council tax bands instead of RV, as most felt that this did not resolve issues of relevance, as like RV, their views were that Council Tax calculations are outdated and therefore no longer relevant.

### **Informed views on metered bills (phase one and two)**

Most customers agreed that metering is the fairest way to calculate bills. However, many unmetered customers preferred to stay unmetered because they feared that moving to a measured charge would increase their bill.

During phase two those belonging to larger families also expressed a fear that metered charges would result in higher bills.

When informed how a measured bill is calculated, customers were surprised that a proportion of the bill is made up of a fixed charge. They assumed that metered bills are entirely based on usage.

When informed how measured bills are calculated, customers considered measured billing to be least suitable for larger families and those with higher usage.

Customers, particularly those on lower incomes, saw having more control over their water bill through measured charges as a benefit because they can then change their behaviour to influence their bills.

### **Choice and meter reversion (phase one and two)**

Customers overwhelmingly supported choice over whether to receive measured or unmeasured bills. This preference for choice was linked to changing customer circumstances. This included being able to revert to unmeasured bills at any time, even when moving into a new home that is metered. Many customers felt it is unfair that customers are unable to revert to an unmeasured bill when they move into a metered property.

### **Affordability (phase one and two)**

Customers agreed that water and wastewater bills should be affordable for all, because they thought that water is essential for everyday life, and were therefore supportive that there should be schemes in place to facilitate affordable water bills.

### **Affordability (phase two)**

Customers in phase two defined circumstances around how customers would be eligible to receive support as:

- Illness or medical conditions;
- Loss of income through redundancy or death of main wage earner;
- Changing families (e.g. divorce);
- Elderly (i.e. on a fixed income).

Customers thought Northumbrian Water / Essex & Suffolk Water should talk to customers more, in order to understand their changing circumstances. Most expected Northumbrian Water / Essex & Suffolk Water to proactively contact customers to identify those who would be eligible for affordability and support schemes.

Customers expected that help offered to customers with affordability issues was short term and focused on bill reduction or greater flexibility, as opposed to the wiping or clearing debt.

Customers in phase two were asked if they would be willing to pay more to support customers with affordability issues. The majority of customers across all socio-economic groups supported the principle that they pay more to support customers who are struggling to pay their bill.

Those belonging to the C2DE group were more likely to discuss a cap on how much extra they would be willing to pay, and held the expectation that this would only be a small amount on their own current bill.

### **Create your own tariff structure (phase one)**

Customers were asked to imagine they worked at Northumbrian Water / Essex & Suffolk Water as Head of Income. They were informed that it was their role to decide on the best way of charging for water and wastewater services. Working as a group, they were asked to decide which ways they would like Northumbrian Water / Essex & Suffolk Water to charge customers.

The majority of customers chose to continue with a mix of measured and unmeasured bills. However, Rateable Value was replaced with a number of alternatives, including household size.

- Customers in Barking (ABC1) were more likely to suggest compulsory metering;
- Affordability featured heavily in all customer conceived tariff structures;
- Customers suggested reduced rates and capping bills as ways to deliver discounts;
- Customers wanted those with physical and mental health issues, low incomes and in financial hardship, the elderly and those in vulnerable circumstances to be eligible for such schemes;
- Customers with higher incomes were most likely to propose that those on “higher incomes” should pay more to support customer affordability schemes.

Across all the customer conceived tariff structures, charges were heavily influenced by circumstances, especially when considering eligibility for discounts and reductions.

### **Innovative Tariffs Co-creation (2018)**

Aim: Test and further develop a limited portfolio of potential innovative customer-focused tariff, incentive and payment options for PR19. These are being designed to support our affordability and value-for-money outcome in our business plan. Our social tariffs and water poverty proposals were out of scope for this project.

#### **Objectives**

- Understand customers’ views on our tariffs – their affordability and Value for Money;
- Great examples of payment options customers have experienced;
- How we could help our customers to budget;
- Potential customer incentives and rewards to drive behaviour that helps us achieve efficiency, sustainability and reliability of our services;
- Exploring and shaping new ideas we have been developing for tariffs, including:
  - Interactive digital tariff;
  - ‘Pay your own way’;
  - New home package;
  - Self-serve / Bare necessities;
  - Fixed / capped tariff;
  - Loyalty / reward.

#### **Methodology**

35 household customers were recruited by an independent market research agency to four co-creation workshops, segmented by generation. The sessions were independently facilitated and raw data was delivered to NWL.

#### **Affordability and VFM**

Water’s got to be affordable. Value for money is a good deal; not wasting anything and being rewarded.

#### **Payment options**

Customers suggested various incentives, rewards and tariff ideas from other organisations. They stressed the importance of tailoring benefits to the customer segment, e.g. not offering pop concert tickets to elderly people.

## **Helping customers to budget**

Our customers wanted choices of tariff, and within tariffs, and the freedom and control to switch tariffs. Many wanted stable, predictable bills, and some suggested more forecasting e.g. what their next estimated bill will be.

Customers also wanted flexibility, to switch, when to pay, how frequently to have communication/pay, payment holidays and overpayments.

Most wanted more communication from us, i.e.:

- More meter readings;
- Frequent billing;
- Visibility of their usage;
- Visibility of the usage of others/average/neighbours;
- Reminders to pay/read;
- Alerts for high/increased usage.

## **Incentives and rewards for customer behaviours**

A benefit of many of the tariffs was increasing customers' awareness of the value of water and how they can contribute to society (the environment), as well as saving money.

## **Our new tariff ideas**

Customers were mostly positive about all six of our new tariff ideas – although they identified that some will be more appropriate for certain customer segments (e.g. Families vs smaller households; tech savvy vs not; high income vs tight budget).

Any technology or service needs to be clear, easy to use/navigate and quick. For charitable donations or community initiatives, customers want to be shown the proven impact of their contributions – some wanted this to be on their local area while others were happy to support overseas water related charity work.

## **Think Digital Co-creation (2018)**

### **Methodology**

Two days in Durham to create a digital roadmap for NWL.

17 NWL employees, nine external experts and six customers, recruited by NWL, attended.

Five idea squads formed, which came up with the following ideas:

### **Connected home**

'Peace of mind promise' through...

- Leak detection alerts to your phone – with the ability to switch your water off remotely
- Real time billing – no shock bills!
- Certified products – with water efficiency rating – “NWL recommended”;
- Extend to other products & services – to show water efficient businesses.



## **Self Service**

MyNWL app – Get help, earn rewards, stay in control

The app that puts you in control...

- Stay in control – No more shock bills, keeping you informed - with early warnings for higher than average water use.
- It's personal – Tailored to your needs – e.g. metered or unmetered, or by area of interest such as saving money, environment, leisure, etc.
- Get help 24/7 – Find answers and support when you need it.
- Earn rewards – Everything you do in the app earns you points, which can be exchanged for rewards – e.g. £5 off your bill, Kielder lodge discount.

## **Additional insights**

- Choice of rewards – Customers love the idea of choice of rewards and not just getting the reward we want to give them.
- Apps are in – All customers regularly used apps and felt an app was a good choice for this system.
- Monthly meter readings – All metered customers would be happy to take their own monthly readings if it put them more in control of their account.
- Customers want help to save water – All customers wanted to save water but didn't necessarily know how.

## **Educate now – influence the future...**

Kids app for 2+ years...

- For home and school – Focused on games and fun with an education angle – e.g. water use, brushing teeth, washing hands, where water comes from.
- Earn points and get prizes – Points mean children can get rewards such as water bottles, t-shirts, sun hats, school trips (for school version) etc.
- Dwaine TV – Fun/educational videos featuring Dwaine
- Link in with community activity.

## **Data and Preferences**

Customer choice and pro-active communication...

- Personalisation saves customers time – By offering a more personal service we can save customers time and effort;
- Request call backs at a specific time – So you don't need to wait;
- Choice of contact channels – E.g. Facebook, app, Alexa;
- Keeping customers informed – Get notified when issues will be fixed, pro-active notifications / job tracker;
- Your local engineer – You deal with the same engineer each time;
- Feedback loop – Always ask 'Were you happy with our service?' which feeds back into your profile and preferences.

## **Welcome to NWL**

Building personal (not transactional) relationships with our customers...

- Welcome letter – Scan this code to help get you setup, tea and coffee included, call to action to complete your personalised profile...
- Profile setup – Do you need water for medical purposes? Rank your priorities – environment, money saving, leisure, etc. – leads to...
- Personalised welcome pack – Voucher for Harvey Nichols, stop tap location, credit card size contact card, point to help and advice resources, personal welcome video – welcome to the NWL family!
- Digital helpers – Someone who will come to your house and help you get setup online, plus explain how to read meter, show where stop tap is;
- Friends of NWL – Incentivises you to support your own neighbours get setup online – the more people you help, the more rewards you can earn.

### Alexa Co-creation (2018)

In July 2018 an independent technology consultancy ran and facilitated three focus groups in Durham, each with nine customers who had been recruited by Northumbrian Water.

#### Objectives

The exercise was to prove in which direction the Northumbrian Water Proof of Concept Alexa Water Skill could be taken as an MVP or BETA product following initial build by Hedgehog Lab.

Secondly, we required to pinpoint in which direction any marketing based signposting was pointing us to align future marketing activity for launch. E.g., if users were prioritising money saving as a driver, then signpost them to the Alexa Skill product from the relevant parts of NWL's existing omni-channel marketing and reach.

#### Personas activity

The first activity of each session was a card sorting exercise which asked the customers to prioritise which of the five personas they identified with, from most to least. The personas were created by an independent creative agency for NWL and describe personas with different values and interests, such as being eco-friendly, saving money, independence, saving time and being supported to make the right decision. After they had been placed in order, the customers were asked to tick or cross their top two the ways they felt like they would be most likely reached by NWL.

The persona Time Starved Tanya was chosen five times first and eight times overall. There was a mix of online and offline ways to reach the people who identified with this persona. Customers chose social media and infographics as top, National Trust, English Heritage, leisure centres, family attractions and cinema and radio ads followed as second most popular.

The second most popular persona was Money Saving Martin which was chosen first four times and nine times overall. Those who felt saving money was most important stated they would be most likely reached by online media such as influencers' websites, price comparison websites, online advertising and social channels.

Eco-Friendly Ed was chosen first twice. Customers said they could be reached through locations they may visit such as near rivers or by the sea, Eco friendly websites, publications and bloggers and Facebook and twitter eco ads.

Independent Isabella was chosen once as the persona a customer identified with most and 4 times overall. This persona chose a more person centric way of being reached, through charities and support groups, carers and family members but also through film content.

### **Features activity**

The second activity involved sense checking the chosen features of In My Area, Metering, and My Account. [See section 2] We did this by asking the customers to role play what they would ask Alexa on each section of these features. This helped us understand what sort of utterances the customers would be likely to use, if at all.

### **Feature set 1: In My Area**

In the In My Area section, the Events and Roadworks features were deemed the most useful. The customers said they would most likely use these features as a reaction to something happening (something going wrong with the water in their house or a burst pipe/roadworks on their street that directly affect them), and as a source of direction and information to inform them of an issue or to help them solve it. They would expect to be told information rather than have to ask for it.

The Water Quality feature was seen as a 'nice to have' - questions asked in this topic would be more out of curiosity, comparing water quality around the UK and as a reaction to something unusual with their water - in this case this would be seen more as an Event (or problem).

The customers didn't see much value in the Improvements section for Alexa, but would be interested in a bulletin breakdown of improvements through other forms of media.

### **Suggestions for In My Area section**

- Customers felt that words such as "problem", "maintenance" or "issue" would better describe the Events section; so ensure these words are able to be used when describing an 'event'.
- Customers may only feel the need to use the Alexa Skill in a reactionary situation - advice from NWL via Alexa would be well received.
- They would appreciate being alerted of any planned works or arising issues; asking Alexa for a general update should provide this information - ideally being linked to a general morning update if and water related issues will affect their journey to work etc.
- The Water Quality section could become more of a general information feature; asking Alexa.
- FAQs about water and comparisons on water areas could be utilized by kids as well as adults.

**Feature set 2: Metering** - *Additional research needs to be done by talking to those who use a water meter.*

**Submitting a new reading or retrieving a last reading** was something the customers were unfamiliar with; they saw the value of being able to do so if it meant they could lower their bill or moving house.

Again, this was seen as a reactive feature - only to be used when needed. Many referred to reading the water meter as just 'meter'.

### **Suggestions for Metering section**

- Alexa could suggest to its users that they could save money by submitting a more up to date reading.
- Receiving a last meter reading is a feature that should stay, even though it may not be frequently used.
- Alexa being able to recall and compare the last and current reading would be of interest to these customers if their water usage had changed.

### **Feature set 3: My Account**

**Submitting an issue** was the feature the customers saw the most value in, though they stated they were likely to only get in contact when something that directly affected them happened - and that they would appreciate more information on the problem or advice on how to solve the problem if it was possible.

If they did submit an issue they would want confirmation that their problem had been heard - customers would be happy with verbal confirmation, a text or email. As long as they felt confident that their problem was heard and would result in an action from NWL to put it right.

The **Current Balance/Next Payment** feature was seen as useful if they wanted to check or compare their usage over a period of time. A lot of the focus group customers pay NWL using a direct debit and therefore said they would put trust in their bill to be correct, but if they were on a meter would be more conscious, therefore would only want to check their current balance or next payment if there was a significant change in their bill.

It was clear from the sessions that users did not regularly check their **previous bills**, unless they need to or to check discrepancies.

- “Submitting an issue” was not a phrase that naturally came up for the users, they more commonly use problem or directly saying what was currently going wrong with their water so Alexa should be able to log that use.
- If a bill amount had changed from the previous month, users would be interested in knowing this - regardless of if it went up or down.
- Alexa being able to recall bill amounts from previous months and comparing costs would be of interest to the customers.

### Roadmap activity

The most popular roadmap feature was **Helping Move Property**; this may not be a frequently used, but a valuable one to have. Customers were most keen on being able to ask simply, “I’m moving house, what do I do” and Alexa being able to relay some helpful information - the **Last Meter Reading** feature could fit in well here. **Apply For Smart Meter** was of interest but as it was unfamiliar with the customers they would like to be able to access more information about it so they can make an informed decision on whether to order one or not. **Request DWP Water Direct Scheme and Payment card** was not relevant to the customers but they saw value in Alexa helping people in that situation by giving them options to pay over the phone and to receive helpful information.

- We suggest more research is done by speaking to customers who have experience in Payment Cards or use a DWP Scheme.
- Helping Move Property may be the best feature to work on next if we don't do further research on the above.
- Applying for a Smart Meter should start with Alexa sharing information about it first rather than asking the customer to apply for it.

### Utterances

During Activity 2 we got customers to talk aloud, giving us examples of how they would address Alexa verbally regarding each section. This provided us with a better understanding of the predicted utterances NWL customers may use. When looking at the utterances from all sections, a common theme emerged. Customers focused on asking questions on what would impact them directly in their daily life. Examples of this are in the **roadworks section**, as one of the main topics was how it would affect their daily commute to work. Also, in **events**, there

was a concentration on things happening in their homes and issues they find there, with little talked about in their local area.

Something that was brought up in a few feature areas was the need for responses and an acknowledgement from Alexa showing what they've said was understood and will be dealt with. That way, it gives similar clarity to talking to someone from the company directly.

Throughout there is a mix of one question utterances which the Alexa would respond to, as well as two part questions where the user first asks to do something, gains feedback then continues.

## **Discretionary Enhancements Phase 1 (2018)**

In March 2018, Northumbrian Water Group (NWL) commissioned Explain Market Research to consult household customers on several potential discretionary enhancement schemes that could be included in NWL's PR19 business plan, if customers support the work.

In order to deliver these schemes, it was essential NWL sought customer acceptance on each to ensure that they have their support in delivering them. At PR14, CCWater set a threshold of acceptability of 70%, a level NWL wish to maintain during PR19 as a benchmark of acceptance for these schemes.

### **Objectives**

To measure customer acceptance of water, wastewater, smart water metering and cyber resilience schemes, and explore the reasons behind this,

### **Methodology**

10 focus groups were conducted with a total of 78 household customers across the North East, Essex and Suffolk. It was imperative to use a qualitative setting to ensure that complex and lengthy information was conveyed meaningfully to customers, however please note that due to this, relatively small sample sizes are involved in the quantitative voting results, so caution should be taken with interpretation.

Customers were taken through a range of water and wastewater (Northumbrian Water only) packages, in addition to proposed schemes for both smart water metering and cyber resilience. After each individual scheme was introduced and explained to customers, a vote to test their acceptance of each was taken, with an overall acceptance to accept the package in its entirety conducted at the culmination of the session.

Customers were made aware that to deliver these schemes, they would have to return a proportion of the 10% bill reduction that NWL have committed to delivering to customers in 2019.

### **Water schemes**

The water scheme package achieved high levels of acceptance from customers across the Northumbrian Water and Essex & Suffolk Water supply areas (94% and 96% respectively).

All individual water schemes achieved acceptability of between 84% and 100%, all significantly above the 70% acceptability level recommended by CCWater in PR14. On this basis, it is concluded that there is strong support for these schemes to be included in the draft PR19 business plan.

Scheme and bill impact	Votes for "yes"	Votes for "no"	Votes for "unsure"
<b>Northumbrian Water schemes</b>			
Plans for the Tyne area (£0.03)	84% (42 votes)	6% (3 votes)	10% (5 votes)
Plans for the Tees area (£1.59)	90% (45 votes)	6% (3 votes)	4% (2 votes)
Plans for the Durham area (£2.57)	92% (46 votes)	2% (1 vote)	6% (3 votes)
Too critical to fail (£0.27)	90% (45 votes)	0	10% (5 votes)

Scheme and bill impact	Votes for "yes"	Votes for "no"	Votes for "unsure"
<b>Essex &amp; Suffolk Water schemes</b>			
Plan for the Essex area (£3.63)	89% (25 votes)	7% (2 votes)	4% (1 vote)
Plan for the Suffolk area (£1.24)	100% (28 votes)	0	0
Too critical to fail (£0.45)	100% (28 votes)	0	0

### **Wastewater schemes (Northumbrian Water only)**

The wastewater package in Northumbrian Water achieved the lowest level of support across the research at 61%. When looking at the breakdown of individual schemes, there were four wastewater schemes that didn't achieve the 70% acceptability threshold, as highlighted in red below. On the basis of the feedback collected and the results of the votes, including the level of "unsure", it is recommended that the wastewater package is reviewed and further research conducted with customers on a revised package.



Scheme and bill impact	Votes for "yes"	Votes for "no"	Votes for "unsure"
Multi-agency response co-ordinator (£0.01)	88% (45 votes)	6% (3 votes)	6% (3 votes)
Howdon sewage treatment works (£4.31)	55% (28 votes)	18% (9 votes)	27% (14 Votes)
Development sites (£0.18)	47% (24 votes)	37% (19 votes)	16% (8 votes)
Overall flood risk reduction (£5.04)	71% (36 votes)	20% (10 votes)	10% (5 votes)
Smart wastewater network (£1.34)	59% (30 votes)	18% (9 votes)	24% (12 votes)
A resilient wastewater network (£2.76)	67% (34 votes)	18% (9 votes)	16% (8 votes)

### Smart water meters

For the smart water meter scheme, 62% of Northumbrian Water customers and 64% of Essex & Suffolk Water customers voted to accept the smart water meters scheme. This is below the 70% acceptance threshold. On the basis of this feedback, it is suggested that this scheme is reviewed and not included in the PR19 business plan in its current form, but revised and re-tested with customers.

Supply area	Votes for "yes"	Votes for "no"	Votes for "unsure"
Northumbrian Water	62% (31 votes)	22% (11 votes)	16% (8 votes)
Essex & Suffolk Water	64% (18 votes)	7% (2 votes)	29% (8 votes)

### Cyber resilience

A high level of acceptance was achieved in both Northumbrian Water and Essex & Suffolk Water for the cyber resilience scheme with this seen as an important investment. Given the fact that this scheme achieved levels of acceptance significantly higher than the 70% threshold, it is suggested that this scheme goes ahead and forms part of the PR19 business plan.

Supply area	Votes for "yes"	Votes for "no"	Votes for "unsure"
Northumbrian Water	84% (41 votes)	10% (5 votes)	6% (3 votes)
Essex & Suffolk Water	85% (23 votes)	4% (1 vote)	11% (3 votes)



## Recommendations in summary

Based on the findings of this report, our recommendations for the investment packages presented to customers are shown below:

Package	Outcome	Action
Water schemes	High acceptability	Progress schemes in PR19 business plan
Wastewater schemes	Moderate acceptability	Review – further consideration and research needed
Smart meters	Moderate acceptability	Review – further consideration and research needed
Cyber resilience	High acceptability	Progress schemes in PR19 business plan

## Discretionary Enhancements Phase 2 (2018)

### Objectives

In April 2018, Northumbrian Water Group (NWL) commissioned an independent market research agency to consult household customers on several discretionary enhancement schemes that NWL proposed to include in their PR19 business plan. This was a second phase of research, to build on previous engagement conducted in March 2018.

### Methodology

Three deliberative workshop events were held – two in the Northumbrian Water area (Durham and Newcastle) and one in the Essex & Suffolk Water area (Chelmsford), with a total of 115 household customers. Following detailed information and discussion with NWL representatives to ensure customers felt comfortable to make an informed decision, customers were asked to vote to indicate their acceptance of each discretionary scheme.

### Smart wastewater network

Based on informed voting, Northumbrian Water customers demonstrated 80% acceptance of the proposal for a smart wastewater network, above the 70% acceptability level recommended by CCWater in PR14. This is an increase in support compared to the proposal put to customers in the first phase of engagement.

	Informed vote		
	Yes	No	Unsure
Northumbrian Water	80% (66 votes)	6% (5 votes)	13% (11 votes)

The scheme was typically well received, with flood prevention and improvements to drainage seen as key benefits. However, some customers questioned why the costs should be taken

from customers rather than paid for through NWL profits. Customers in Durham were also keen to understand if and when the proposed changes would be rolled out across the Northumbrian Water region, as their area was not set to benefit directly from the initial work. Based on votes achieved, it is suggested that this scheme does form part of the PR19 business plan.

### Smart Water Meters

Smart water metering was received less favourably by customers in both patches this phase. Highest acceptance was amongst Essex & Suffolk Water customers, for delivery of smart meters by 2030 (61%).

Concerns were around enforced metering for all customers, and accessibility of meter data for those who did not use apps, such as older age groups and non-digital. Customers across the groups engaged struggled to understand the benefits of smart meters for domestic customers.

	Informed vote		
	Yes	No	Unsure
<b>Smart water meters (delivery by 2035)</b>			
Northumbrian Water	40% (33 votes)	44% (36 votes)	16% (13 votes)
Essex & Suffolk Water	39% (13 votes)	48% (16 votes)	12% (4 votes)
<b>Smart water meters (delivery by 2030)</b>			
Northumbrian Water	43% (35 votes)	40% (33 votes)	17% (14 votes)
Essex & Suffolk Water	61% (20 votes)	30% (10 votes)	9% (3 votes)

### Lead pipe schemes

Four schemes for mitigating the impact of lead pipes were tested with Northumbrian Water customers, with two of these also tested with customers in the Essex & Suffolk patch. In each area, the research sought to determine customer acceptance to the lead pipe schemes as a package.

	Informed vote		
	Yes	No	Unsure
<b>Northumbrian Water schemes</b>			
Hot spot replacement	79% (65 votes)	12% (10 votes)	9% (7 votes)
Replacing lead pipes at buildings children aged six and under visit regularly	93% (76 votes)	6% (5 votes)	1% (1 vote)

Increasing the amount of phosphate added to drinking water*	58% (47 votes)	28% (23 votes)	14% (11 votes)
Replacing lead pipes in some rural areas	89% (73 votes)	6% (5 votes)	5% (4 votes)
<b>OVERALL LEAD PACKAGE</b>	76% (62 votes)	20% (16 votes)	5% (4 votes)
<b>Essex &amp; Suffolk Water schemes</b>			
Hot spot replacement	91% (30 votes)	3% (1 vote)	6% (2 votes)
Replacing lead pipes at buildings children aged six and under visit regularly	94% (31 votes)	3% (1 vote)	3% (1 vote)
<b>OVERALL LEAD PACKAGE</b>	85% (28 votes)	3% (1 vote)	12% (4 votes)

\*NB one respondent was absent from this vote

Lowest acceptance was demonstrated for the scheme to increase the amount of phosphate added to drinking water. At 58%, customer support was below the CCWater suggested threshold.

Highest acceptance in both patches was seen for the proposal to replace pipes at buildings children visited regularly. Where customers voted “no” to this plan, this was typically because although they agreed with the need for lead pipes to be replaced, they felt this should be paid for by the institutions impacted, rather than by NWL customers.

### Recommendations in summary

Based on the findings of this phase of research, our recommendations for the investment schemes presented to customers are as follows:

Schemes	Outcome	Action
Smart wastewater scheme	High acceptability	Progress schemes in PR19 business plan
Smart water meters	Low acceptability	Review – further consideration and research needed
Lead pipe schemes	High acceptability	Progress schemes in PR19 business plan

## **Bespoke ODI Research (2018)**

### **Objectives**

Our fourth phase of service valuation engagement in 2018 was concerned with gaining customer valuations for a number of bespoke measures. Our first priority in developing bespoke measures was to make sure that our measures cover all of the things that matter the most to our customers. Ofwat's methodology also included some areas where all companies were required to have bespoke PCs, including in the areas of resilience, asset health, the environment, and vulnerable customers.

### **Methodology**

The engagement took place in hall tests across five locations, and 500 household customers participated. Quotas were set by gender, age and socio-economic group to be representative of our operating areas. We also conducted an online survey with 58 non-household customers, asking them to consider the wholesale portion of their charges in relation to ODIs.

All customers were first shown a video where we set the scene around our PR19 customer engagement, the 10% potential bill reduction, and our plan development. We then introduced customers to potential areas for rewards and penalties. These were around asset health, repeat sewer flooding and flood risk reduction (NW only), the environment and interruptions to water supply lasting 12 hours or more.

The video explained that some potential rewards had already been decided by other customers – the common measures tested as part of our service valuation research. For context, these amounts were shared with customers, but it was made clear that they would not be able to influence or alter those amounts in any way.

Hall test customers were then taken to an individual table, with a board showing the potential areas for ODIs. They were asked to allocate some plastic coins to the measures they felt we should receive a reward for if we became the best company for delivering that service. It was made clear to customers that they could allocate as much or as little as they liked (including nothing) to each measure.

Our researchers were on hand to offer support and to give customers a gentle reminder that they could continue to allocate coins beyond the 10% potential saving if they wanted to. Non-household customers conducted the same activity using an online survey.

This approach allowed us to gather bespoke measures valuations that stand up alongside those from our service valuation tool in a way that is robust.

The following tables give a summary of the research results.

**Reward amount allocated to measures by NW hall test customers for becoming the best company for delivering that service**

		Water Mains Bursts	Sewer Collapses	Sewer Blockages	Repeat Sewer Flooding	Sewer Flooding Risk	Sea Water Quality	Carbon	Interruptions lasting more than 12 Hours
Household	Mean Value	£1.72	£1.24	£1.32	£1.14	£1.68	£2.43	£1.21	£1.17
	Mean % of average bill	0.44%	0.32%	0.34%	0.29%	0.43%	0.62%	0.31%	0.30%
	<b>Total</b>	<b>£11.92</b>							
Non-household	Mean Value	£3.96	£2.97	£2.34	£2.48	£2.02	£2.16	£2.07	£2.63
	Mean % of average bill	0.18%	0.14%	0.11%	0.12%	0.09%	0.10%	0.10%	0.12%
	<b>Total</b>	<b>£20.63</b>							

**Reward amount allocated to measures by ESW hall test customers for becoming the best company for delivering that service**

		Water mains bursts	Carbon	Interruptions lasting more than 12 hours
Household	Mean value	£3.49	£3.34	£1.90
	Mean % of average bill	1.42%	1.36%	0.78%
	<b>Total</b>	<b>£8.72</b>		
Non-household	Mean value	£12.41	£4.68	£6.40
	Mean % of average bill	1.32%	0.50%	0.68%
	<b>Total</b>	<b>£23.49</b>		





## Long Term Strategy (2018)

In May 2018 an independent market research agency was commissioned to test customers' views on NWL's long term strategy "Shaping Our Future 2018-40" with a diverse range of customers, to ultimately understand whether customers support NWL's strategy.

### Objectives

The objectives of the research were:

- Understand whether customers supported the 14 ambitions within the long term strategy plan;
- Capture positive and negative feedback on the ambitions;
- Consider suggested changes to the long term strategy.

### Methodology

The document was simplified and delivered in bite-sized sections via a PowerPoint presentation by NWL employees.

Five deliberative focus groups were held with a total of 34 customers across NWL areas, including two in the ESW area, and one group of future customers at studying Business Management at Gateshead College.

Once the background information was presented to customers by the NWL representative, the moderator took an independent vote for each ambition. The customers were asked to vote 'yes', 'no' or 'unsure' in relation to whether they supported each ambition. Following each vote, the moderator began the facilitated discussion within the group, to uncover reasons for customers' attitudes and opinions for their voting responses.

### Results

In general, the ambitions within the long term strategy were perceived positively. The majority of customers voted 'yes' for each of the 14 ambitions. For five ambitions, all customers voted 'yes' when asked if they agreed with the ambition proposed by NWL. There were only two ambitions that achieved acceptance from less than three quarters of customers (both achieved two thirds nevertheless): "Give greater control to customers in decision making" and "Offer wide packages of services with other businesses".

Based on the themes that emerged from the research, the following recommendations were suggested:

- Offer further communication and information relating to NWL's work more broadly, as well as transparency in relation to how customers' money is used;
- Provide further education to prevent water waste, for both current and future customers;
- Offer further advice to customers on water saving methods.

## Additional ODI Research (2018)

This research was to test whether NWL bill payers would reward us more if a ceiling amount for rewards was not included in the text of our Service Valuation survey.

### Method

During March 2018, NWL sent an email invitation with a link to the survey to all domestic customers who took part in our previous Service Valuation research in Autumn 2017, for whom we had email addresses for, and who were open to receiving marketing communications from us.

The questionnaire included part of our online survey service valuation tool relating to ODIs and also asked for reasons why amounts were rewarded. 1,013 customers replied. Extreme (more than £60 for each region) and blank values were removed from the data.

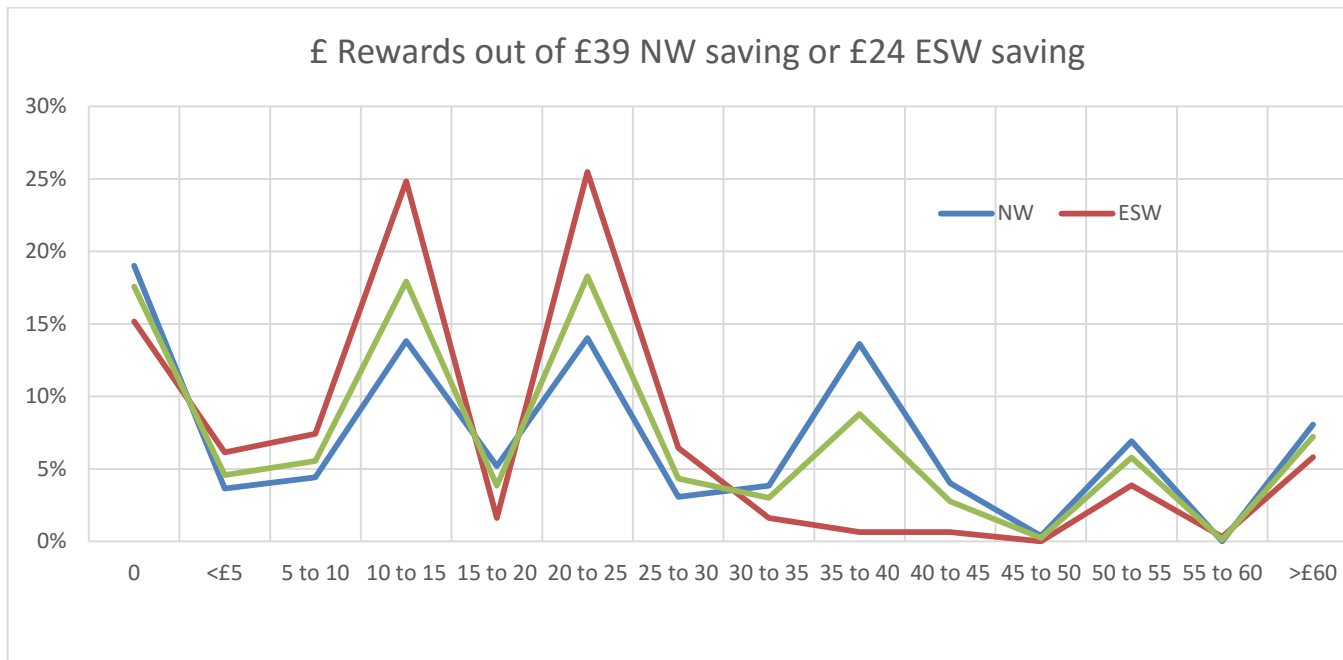
### Average rewards

Rewards were slightly higher than those awarded in our Service Valuation tool which had a ceiling amount.

Approximately a fifth (19%) of all customers selected zero reward. Slightly more did so in the NW region (21%) than in the ESW region (16%).

There are peaks of rewards around £0, 50% of the average annual saving and 100% of the average annual saving. There also seems to be a trend of going for round numbers like £10, £20, £50 etc.

Average value awarded	NW	ESW	NWL
Mean (excludes extreme values)	£19.61	£14.93	£17.83
Median (includes extreme values)	£20	£12	£13
Mode	£0	£10	£0
Mode (excluding £0s)	£20	£10	£10



### Reasons for amounts rewarded

The main reasons for awarding higher amounts were fairness (16%) and sharing the benefits of bill reductions and better services (11%). However, just as many customers cited affordability (11%) and expecting the best as standard (11%) as their reasons for awarding low amounts. A minority cited worries that the reward would go straight to shareholders rather than be reinvested in the business.

### Comparison of results between financially vulnerable and non-vulnerable

Only 43 customers out of 777 ticked the box to say that they sometimes struggle to pay their bills. This was towards the end of the survey. However, only five of these opted to not reward us at all, the mean value awarded was £19.54 (even including zero values) and the median and mode were both £10. This suggests that even customers on low incomes value better water services enough to reward top performance.

Customers in higher socio-economic groups (which can be used as an approximate proxy for income) tend to award us a higher reward.

## Acceptability (2018)

### Objectives

NWL's plan for 2020-25 has been shaped by the views of over 400,000 customers. An independent market research agency was commissioned to conduct research with Northumbrian Water and Essex & Suffolk Water customers to measure if they accepted the overall plan.

### Methodology

NWL's customer research, participation and engagement strategy for PR19 has been to consult with customers on every aspect of their business, therefore they were confident that their plan would closely reflect their customers' preferences. In designing the approach for this research, NWL and the research agency reflected on the findings of early PR19 research and engagement, where customers had said they don't always want to be consulted on every detail of their water and wastewater services. On this basis, NWL decided that measuring both uninformed and informed acceptability, using different levels of information, would be appropriate.

The research agency recommended a mix of quantitative and qualitative methodologies. It was also essential that a representative sample of household customers receiving water and wastewater services, and non-household customers receiving wholesale services, were consulted in the research.

Representatives from three retailers and one New Appointments and Variations (NAVs) also participated in the research.

As part of the research, a "killer question" was developed to test acceptance with customers across all methodologies:

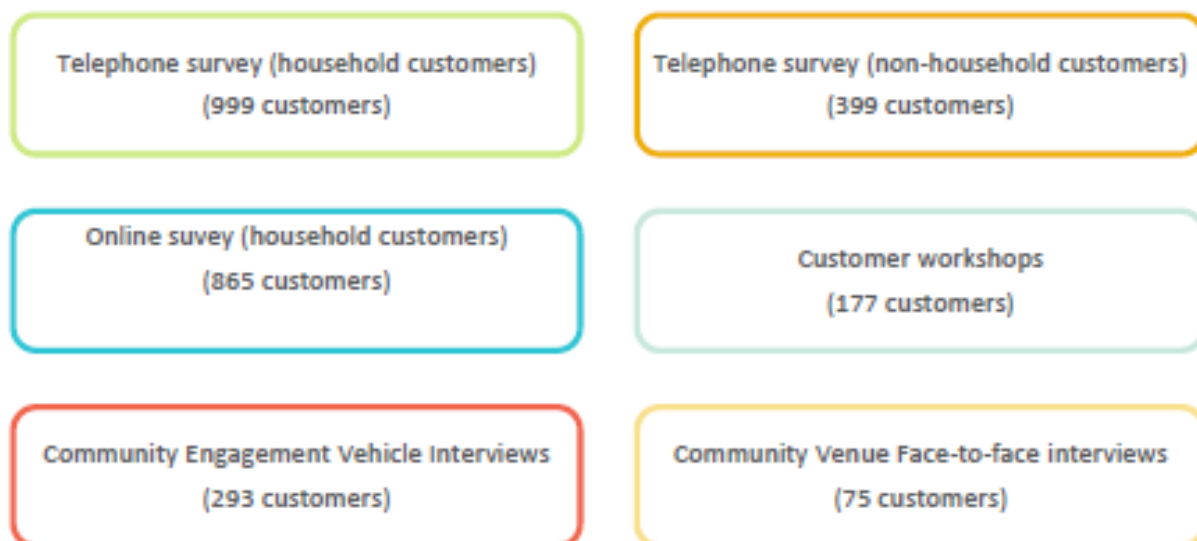
"In their proposed plan, Northumbrian Water /Essex & Suffolk Water will make improvements to the services you receive between 2020 and 2025, and they will also reduce the risk of more serious problems happening in the future. This plan is built on what customers have already said is important to them and will be delivered for a lower bill than you pay today."

"On this basis of this information, do you accept Northumbrian Water's / Essex & Suffolk Water's plan?"

Customer-friendly household, non-household and retailer focused summaries of NWL's 2020-25 plan were developed into brochures. The household and non-household brochures had tailored Northumbrian Water and Essex & Suffolk Water versions. These brochures were used as the main stimulus when measuring informed views.



Fieldwork took place in June and July 2018. In total, 2,808 customers were consulted. The methodologies used were:



In addition, in-depth telephone interviews were conducted with three retailers and one New Appointment and Variation (NAV). Details of the customers and the organisations they were representing are as follows:



Both the qualitative and quantitative research materials were piloted with customers prior to the main fieldwork, to ensure cognitive validity.

### Overall acceptability of the plan

At PR14, CCWater set a threshold of acceptability of 70-75%, a level NWL set out to maintain during PR19 as a benchmark of acceptance for the 2020-25 business plan. There was overwhelming acceptance of the plan from customers, significantly exceeding the 70-75% threshold, with 91% stating that they accepted the plan. Despite differences in acceptance levels between supply areas, it was clear that high majorities of Northumbrian Water and Essex & Suffolk Water customers accepted the plan.

Acceptance by customer type	Overall	Northumbrian Water	Essex & Suffolk Water
Overall acceptance (2808)	91%	93%	89%
Household customers (2409)	92%	94%	90%
Non-household customers (399)	87%	88%	85%

Customer acceptance of the business plan was high regardless of the methodology used. This further demonstrates that there is extremely strong customer support for NWL's 2020-25 business plan.

Acceptance by methodology	Overall	Northumbrian Water	Essex & Suffolk Water
Overall acceptance (2808)	91%	93%	89%
Telephone (household) (999)	88%	91%	84%
Telephone (non-household) (399)	87%	88%	85%
Customer workshops (177)	88%	91%	85%
Online panel (865)	96%	97%	95%
Flo (293)	96%	95%	97%
Community venues (75)	96%	98%	93%

Those belonging to the AB socio-economic group had slightly lower levels of acceptance of the plan (89%). They were slightly more likely to request further information. The minority who didn't accept the plan were typically dissatisfied with their bill and lack of choice of water (and wastewater) supplier, however it important to note that this was a very small minority of customers.

	Overall	Northumbrian Water	Essex & Suffolk Water
Overall sample (2195)	91%	93%	89%
AB (417)	89%	91%	88%
C1 (847)	94%	96%	90%
C2 (369)	91%	93%	88%
DE (306)	91%	91%	89%

Customers who accepted the plan stated that improved service levels and a reduced bill, were intrinsic to acceptance. Positive service experience and interactions with Northumbrian Water / Essex & Suffolk Water were also drivers for customer acceptance.

The small minority who didn't accept the plan had typically had a negative service experience or thought bills were too expensive. In the customer workshops, customers suggested they would like to greater clarity on how the plan will be delivered as opposed to what the outcomes will be.

All four retailer and NAV customers stated that they accept NWL's plan for 2020-25. They stated this was because it was clear the plan had been underpinned by the view of NWL's customers. It was also clear from the qualitative discussion that the plan was felt to be comprehensive, addressing the right areas, and none of those customers suggested any areas were missing from the plan.

**Trust the plan has been built based on customer views**

Customers who participated in the telephone research, online survey and at community venues were asked if they trusted that the plan has been built based on the views of customers. Two thirds of customers (66%) stated that they did trust the plan has been built based on customer views. It is important to note that the majority of those who didn't answer 'Yes' to this question, stated they 'didn't know', as opposed to not trusting the plan has been built based on customer views.

Levels of trust were higher amongst non-household customers than household customers (71% and 65% respectively), due to a slightly higher proportion of household customers (+8%) stating they didn't know when asked this question.

Do you trust that the plan has been built based on customer views?									
	Overall			Northumbrian Water			Essex & Suffolk Water		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
Overall sample (2195)	66%	8%	27%	69%	7%	24%	60%	9%	32%
Household customers (1838)	65%	7%	28%	68%	7%	26%	59%	8%	32%
Non-household customers (357)	71%	9%	20%	74%	8%	18%	64%	10%	27%

Looking at results by socio-economic group, those belonging to the DE socio-economic group had the highest level of trust (73%) overall the plan had been built based on customer views. As with the distinctions between household and non-household customers, those with lower levels of trust (AB and C1 SEG) were more likely to state they didn't know for this question.

Do you trust that the plan has been built based on customer views?									
	Overall			Northumbrian Water			Essex & Suffolk Water		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
AB (389)	60%	10%	30%	62%	12%	27%	57%	8%	35%
C1 (815)	62%	7%	31%	66%	6%	28%	55%	9%	36%
C2 (346)	70%	6%	25%	71%	5%	25%	68%	8%	24%
DE (288)	73%	6%	22%	78%	6%	17%	64%	6%	30%

Those who stated they had experienced a service failure had slightly lower levels of trust that the plan has been built based on customer views (61%) compared to those who hadn't experienced a service failure (67%). Those who had experienced a service failure were more likely to state that they didn't trust the plan had been built based on customer views (13%), suggesting there is a relationship between their service failure and trust. It is worth noting, however, that this is not the majority view point of those who had experienced a service failure.



Do you trust that the plan has been built based on customer views?									
	Overall			Northumbrian Water			Essex & Suffolk Water		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
Service failure (279)	61%	13%	25%	64%	11%	25%	57%	17%	26%
Non-service failure (1475)	67%	6%	27%	69%	6%	25%	62%	7%	31%

### Belief the plan will be delivered

Customers who participated in the telephone research, online survey and at community venues were also asked if they believed that the plan would be delivered. Overall, 63% of customers stated they believed the plan will be delivered, with belief higher among Northumbrian Water customers (67%) than Essex & Suffolk Water customers (57%).

Non-household customers were more likely to believe the plan will be delivered (70%), compared to household customers (62%). It is important to note only a very small majority believed it wouldn't be delivered; with just under a third overall (31%) stating they didn't know.

Do you believe Northumbrian Water / Essex & Suffolk Water will deliver the plan?									
	Overall			Northumbrian Water			Essex & Suffolk Water		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
Overall sample (2195)	63%	6%	31%	67%	5%	29%	57%	8%	36%
Household customers (1838)	62%	6%	33%	65%	4%	30%	56%	8%	37%
Non-household customers (357)	70%	6%	24%	73%	5%	23%	63%	9%	28%

Customers belonging to the C2 socio-economic group were most likely to state that Northumbrian Water / Essex & Suffolk Water will deliver the plan (70%), whilst those belonging to the C1 socio-economic group were the least likely (58%).

Do you believe Northumbrian Water / Essex & Suffolk Water will deliver the plan?									
	Overall			Northumbrian Water			Essex & Suffolk Water		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
AB (389)	60%	7%	33%	63%	6%	31%	57%	8%	35%
C1 (815)	58%	6%	36%	62%	5%	33%	51%	8%	41%
C2 (346)	70%	4%	26%	72%	2%	26%	67%	6%	28%
DE (288)	64%	5%	32%	69%	3%	28%	54%	8%	39%

Those who have experienced a failure were slightly less likely to believe that Northumbrian Water / Essex & Suffolk Water will deliver the plan (58%) compared to those who had not experienced a service failure (63%).

Do you believe Northumbrian Water / Essex & Suffolk Water will deliver the plan?									
	Overall			Northumbrian Water			Essex & Suffolk Water		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
Service failure (279)	58%	10%	32%	60%	10%	31%	53%	12%	35%
No service failure (1475)	63%	5%	32%	67%	3%	30%	57%	7%	37%

### Customer insight on the detail of the plan

The research agency led the deliberative workshops, with a team from NWL in attendance at them all to answer questions from customers. The NWL team included two members from Strategic Research who attended every session, alongside NWL Independent Non-Executive Directors, members of the Executive Leadership Team including the Chief Executive Officer, Senior Managers and Water Forums members.

Household customers who participated in the deliberative workshops were each given a brochure which provided a summary of the 2020-25 business plan. This brochure included:

- Who NW / ESW are and what they do;
- How customers have shaped the 2020-25 plan;
- What average bills are now and how they compare to the rest of the industry;
- How customers' bills will change – a 10% reduction;
- How customers' money is spent now and how it will be in 2020-2025;
- Rewards and penalties, and how they could change the 2020-2025 bill;

- Inflation and other considerations (including Anglian Water's and Thames Water's proposed wastewater bills in the Essex & Suffolk water supply area).
- What the plan includes – unrivalled customer experience, affordable and inclusive services, reliable and resilient services, leading in innovation, improving the environment, and building stronger economies in our regions.



Where appropriate, information included what Northumbrian Water / Essex & Suffolk Water plan to do, how they will measure success, and how performance compares within the industry. The purpose of this context was to make sure that customers were fully informed and given the full picture when it came to making their decision on accepting the business plan.

A member of the research agency team took customers through each section of the brochure during the workshop, pausing for discussion and to ask the team from NWL to answer questions and clarify key points as required. The team from NWL. Insights from customers at the household customer workshops can be summarised as follows:

Customers were positive about the 10% reduction to the average water (and wastewater) bill for 2020-25

Customers were impressed that Northumbrian Water / Essex & Suffolk Water would be able to reduce customers' water and wastewater bills, especially in comparison to other utility bills which continue to rise

It was agreed a reward and penalty system should be in place to ensure a good quality of service, and that customers should pay more to receive the best service in England and Wales.

For the theme 'unrivalled customer service', customers felt this was an integral part of the plan and they welcomed and expressed positive views on the focus on this within the plan. However, some customers did say there should be a greater emphasis on the specifics of how this aspect of the plan is going to be delivered.

Trust was a complex issue when it came to discussing water and wastewater services, as typically customers stated they find it difficult to establish trust without choice. Customers supported the Outcome to make customers feel informed about the services provided and the importance of water, and thought the work being delivered in schools to be positive and of continued importance.

For 'providing affordable and inclusive services', customers supported the principle that water should be affordable for all but had some concerns around how identifying customers in water poverty would be carried out in practice.

Providing a reliable and resilient water and wastewater service was seen to be an important aspect of service delivery and an area customers expected to see stretching performance in.

Customers welcomed NWL's plan to be a leading, efficient and innovative company, and recognised the link between these values and improvements to efficiency, expertise and performance.

The environment was of great importance to customers when discussing the plan and customers felt this should be a high priority for NWL. The plans presented were felt to be ambitious, however customers would like to know more about how these plans will be achieved and measured, demonstrating a need to communicate progress in these areas through the delivery of the plan.

For building successful local economies, the work NWL are doing with schemes like 'Just an Hour' was met with an extremely positive response by customers. Customers also responded positively to the Refill campaign, which tapped into the personal values held by many on aiming to reduce single use plastics for the benefit of the environment.

### **Retailer and NAV insight on the plan**

Overall views of the plan were positive, and it was clear that customers felt NWL had engaged with their customers extensively on the plan.

All customers expressed positive views around the reduction in net profit for the 2020-25 period. One commented that the presentation of the average bill percentage breakdown was good, and that this would be very reassuring to customers, especially the way that profit is transparently presented to customers.

For an 'unrivalled customer experience', overall views on this section of the plan were positive, although there was a feeling that this was very much aimed at domestic customers as opposed to retail customers.

All customers stated that providing 'affordable and inclusive services' was an important aspect to the plan, but less relevant and significant for them and their organisation. When discussing the current water poverty rates of 21%, all expressed surprise that this was the current level, and whilst in agreement that NWL should be working to reduce this, the goal of 7% was ambitious and potentially difficult to achieve.

For 'providing reliable and resilient services', all customers felt it was the most important section for them, as this was subsequently of high importance for their own customers.

All customers were positive that the plan contained a specific focus on innovation. It was noted by many that this was an area of importance across the sector, and so understood why this was an area of focus. All customers made specific positive comments on the app Utileyes.

For the 'environment' section of the plan, all customers stated this important. They felt the Outcomes within this section were the right ones, but several commented that the ambitious goals and targets within these were extremely stretching and had some concerns around NWL meeting these; especially the reduction of carbon consumption.

## Social Tariffs (2018-19)

A research agency were commissioned to quantify customer support for a social tariff. In total, 1,815 surveys were conducted with bill paying household NWG customers in the Northumbrian Water, Hartlepool Water and Essex & Suffolk Water operating areas.

Surveys were conducted between 28<sup>th</sup> November 2018 and the 20<sup>th</sup> January 2019. A combination of in-home interviews and hall tests using computer-assisted personal interviewing (CAPI) supplemented an online survey using panels.

Social Tariffs customer research had been undertaken for NWG in 2016, following which NWG successfully implemented its first customer cross subsidised social tariff. This new research was designed to inform customers of the current social tariff, and assess their willingness to contribute additional cross subsidy towards a new social tariff specifically for low income pensioners.

### Awareness of the scheme

As in the 2016 Social Tariffs research, educating and informing customers was key to the success and validity of the research. Customers were initially provided with background on the scheme and the current level of contribution and were asked whether they were aware of the scheme already in place.

- Overall, 15% of customers were aware of the current social tariff.
- There was some variation between regions:
  - 11% of Northumbrian Water customers were aware of the current social tariff.
  - 18% of Hartlepool Water customers were aware of the current social tariff.
  - 20% of Essex & Suffolk Water customers were aware of the current social tariff.

### Assessing who the scheme *should* support

Customers were then presented with five types of customer that the scheme currently supports, including some context on why they would be eligible:

- **Previously working couple in their 50s:** One of the couple has had a stroke and the other has had to give up work to care for them.
- **Widow or widower:** with no savings, receiving the minimum state pension;
- **Young person living alone:** receiving the minimum wage, with no family support;
- **Couple with two pre-school children:** One is in a low-income job and the other stays at home because childcare would cost more than they could earn.
- **Single working parent whose children are at school:** No child support is received from their ex-partner.

Customers were then asked to rank these five types of customer in terms of who they would most strongly support receiving help from a social tariff versus those they would least strongly support.

Mean scores calculated below show the preferential ranking of customer types in total (most supported = 1, least supported = 5)

	<b>TOTAL (n=1815)</b>
1. Widow / Widower on minimum state pension, with no savings	2.3
2. Recently disabled person and carer spouse in their 50s, previously working	2.5
3. Single working parent of school aged children, not receiving child maintenance	3.1
4. Low income couple with two pre-school children	3.3
5. Young person living alone, on minimum wage, with no family support	3.7

Overall, customers are most in favour of supporting 'widow / widower on minimum state pension'. This fits well with NWG's intentions for a new social tariff specifically for low income pensioners, and gives an indication of customer groups that have relatively most support for social tariffs.

### **Willingness to contribute**

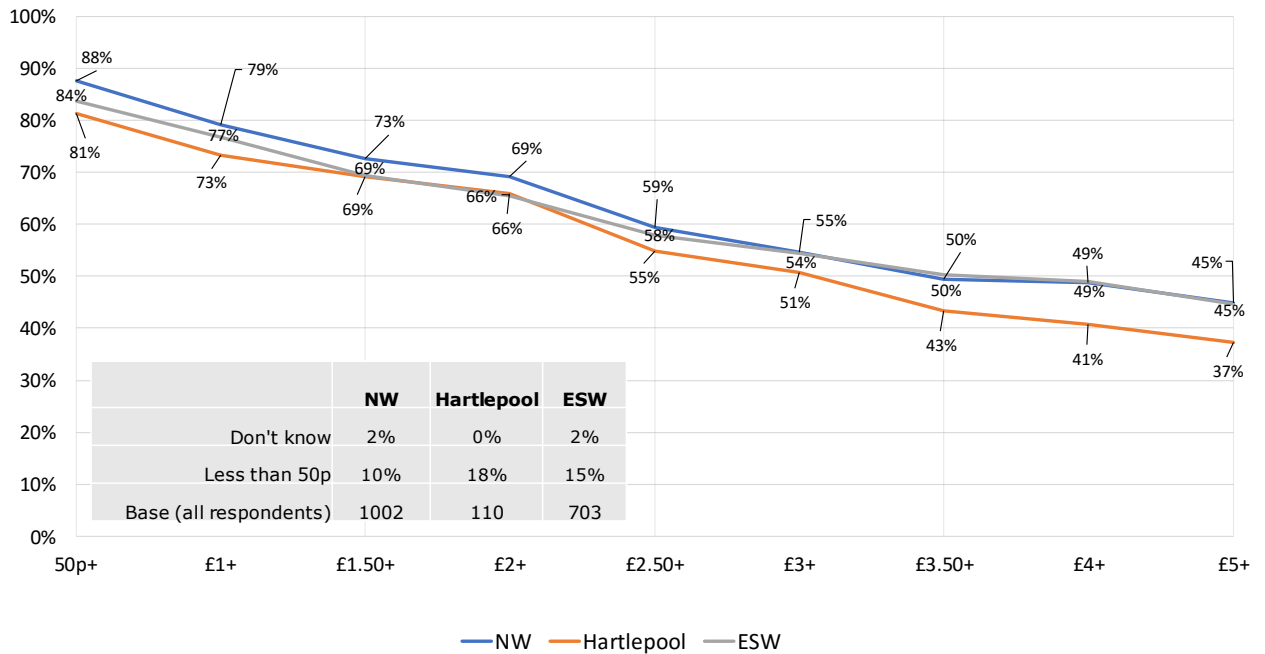
Next, a thorough explanation of the proposed new social tariff for low income pensioners was provided. Then customers were asked whether they would be willing to contribute a given amount per year on top of their current bill to reduce bills for low income pensioners who are genuinely struggling to pay their water and wastewater bills. Starting values were between 50p and £5.

- Overall, 88% of bill payers would be willing to contribute something towards the low income pensioner social tariff through an increase in their water and/or wastewater bills.
- Half of customers support contributing an additional £3.50 towards this tariff in NW and ESW, and half support a contribution of £3 in Hartlepool.
- At the 66% level, NW customers support an additional £2 contribution and Hartlepool and ESW customers also support an additional £2 contribution.

The main reasons given for refusing to contribute were:

- Not being well-off enough to contribute (36%);
- Water companies make enough profit (12%);
- Don't want to pay for other people's bills (11%);
- They have survived without support (11%).

Maximum WtC (weighted), including 'don't know' and <50p responses in base



Customers on higher incomes and younger customers were willing to contribute significantly more than customers on low incomes and older customers.

**Attitudinal feedback**

The final section of the social tariff research survey was designed to gather some attitudinal feedback from customers.

10% of customers stated they had seen stories in the news over the past couple of months concerning water and wastewater companies. Half (49%) stated the news stories they'd seen were of a negative nature. 30% said the stories were positive and a further 21% were unsure of the stories' nature.

Customers were asked the extent to which they agreed or disagreed with 8 statements relating to the scheme and the water industry broadly. Statements have been divided into positive and objector attributes. The NET agreement for each can be seen below:

	NET agree TOTAL (n=1815)
I believe that water and wastewater charges should be affordable for all.	95%
I think it's important to ask customers how much they are willing to contribute towards social tariffs in this way.	83%
This scheme is good because it targets low income pensioners that I think are most deserving.	71%
This scheme shows that this water company is a responsible company.	71%



I trust the water company to administer this social tariff.	61%
I object to paying anything through water bills to help other customers financially.	30%
Funding this scheme would make my own water bills unaffordable.	28%
I don't agree with the idea of social tariffs for water services.	24%

### **Key conclusions**

Following on from NWG's last social tariffs research in 2016, there continues to be broad support for a social tariff among their customers. Overall, most (88%) of bill payers would be willing to contribute something towards the proposed new social tariff specifically for low income pensioners through an increase in their water and/or wastewater bills. There is broad customer support for an additional £2 contribution in Hartlepool and ESW, and for an additional £2 contribution in NW.

Those on low household incomes (less than £16,500 a year) are significantly less likely to be willing to contribute anything towards the new tariff (85%) than those on high household incomes (£30,000pa or more) – 97%. Those on high incomes are also likely to be willing to contribute significantly more (a mean of £5.23) than those on low incomes (£3.15). However, 70% of low income customers would still be willing to contribute £1 to this tariff, and half would be willing to contribute £2.50 to this tariff.

While almost a third of bill paying customers object to the principle of cross subsidising social tariffs when prompted, this is likely to be because they are concerned about the affordability of their own bills.

Awareness of social tariffs is low, and lowest in the low income and elderly groups it is trying to target. Therefore there is work to do to ensure that the customers who need bill reductions are aware of their eligibility for social tariffs.

## IABP Additional Engagement (2019)

Following the public release of Ofwat's initial assessment of the Northumbrian Water Group (NWG) business plan, a research agency was commissioned to conduct independent research to gather further customer evidence on key areas of the plan.

The key areas explored were:

- Enhanced multiplier rates used for rewards and penalties
- Discoloured water
- Interruptions to customers' water supplies
- External sewer flooding
- Properties falsely registered as empty and a 50/50 sharing mechanism
- Future bill profiles for 2025-2030.

Due to the exploratory nature of the research, a qualitative methodology in the form of deliberative workshops was selected, aligned to the Acceptability research conducted in 2018. Six workshops, consisting of four tables at each workshop, were conducted in the following locations:

Northumbrian Water	Essex & Suffolk Water
Middlesbrough	Great Yarmouth
Hexham	Chelmsford
Newcastle	Barking

In the research we engaged with customers from a range of ages (18+) and different socio-economic profiles, and all fieldwork was conducted in line with the Market Research Society (MRS) Code of Conduct, which follows social research best practice.

A member of the research agency took customers through the different sections of the brochure during the workshop, pausing for discussion and to ask the NWG team to clarify points as required. The discussions on individual tables were facilitated by an independent moderator and throughout the workshops customers were asked to complete questions in individual brochures. Closed and open responses were collected through questions in the brochure, which were further discussed on each table.

### Performance commitments

Customers were positive about the idea of a bill reduction, but a large proportion were curious about how Northumbrian Water/Essex & Suffolk Water could reduce the bill whilst maintaining high levels of service.

Water usage reduction was the performance commitment that customers thought was least

important for the company to strive to be the best at in England and Wales, as they were unsure how far NWG could influence this with customers. Interruptions to water supply (>3 hours) were considered one of the most important performance commitments for Northumbrian Water/Essex & Suffolk Water to strive to be the best at, primarily due to the difficulty long interruptions would pose to families with young children and vulnerable customers. Customers raised concerns about the environment as a reason that pollution incidents and leakage were considered important.

### Rewards and penalties

A proportion of customers did not agree with the rewards and penalties framework as they felt that the company should be providing the best service they can without the need for incentives. During the research it emerged that some customers felt the multiplier rate for penalties should be higher than that of rewards. Typically, customers should not be expected to pay more for better service but that the company should take responsibility for poor service.

Two thirds of customers (66%) across the Northumbrian Water and Essex & Suffolk Water region accepted the proposed rate of five times the standard rate for enhanced rewards and penalties. Customers tended to be positive about the proposed rate as they would still have a reduced bill in the future, which would be beneficial for them as a paying customer. Acceptance was higher amongst Essex & Suffolk Water customers (70%) than Northumbrian Water customers (61%).

Acceptance of proposed multiplier rate	Overall	Northumbrian Water	Essex & Suffolk Water
Overall acceptance (163)	66%	61%	70%

### Discoloured water

There was low awareness (31%) that Northumbrian Water/Essex & Suffolk Water offered customers free help and advice with water quality issues in their home. The majority of customers (99%) thought the offering was a good idea.

Customers were asked whether the water company should measure water quality issues caused by the quality of water entering homes and those caused by internal plumbing fixtures jointly or separately. Almost two thirds of customers (64%) thought that the two water quality issues should be measured separately as separate measurement could help identify issues more accurately. Customers also mentioned that the two issues are distinct from one another, with Northumbrian Water/Essex & Suffolk Water being responsible for the quality of the water entering the homes and the customer being responsible for internal plumbing issues. However, some customers suggested that measuring the water quality issues jointly could be more time efficient and could save resources.

Measuring water quality issues	Overall (146)	Northumbrian Water (71)	Essex & Suffolk Water (75)
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Jointly	36%	28%	44%
Separately	64%	72%	56%

### Interruptions to customers' water supply

The majority of customers (82%) preferred option A if they were to have an interruption to supply. Customers said they would not mind if there were short one-hour interruptions, whereas a three-hour interruption was perceived as very inconvenient, particularly for families and vulnerable customers.

Interruptions to customers' water supplies	Overall (163)	Northumbrian Water (77)	Essex & Suffolk Water (86)
Option A – three water supply interruptions lasting one hour each	82%	86%	78%
Option B – one water supply interruption lasting more than three hours	18%	14%	22%

### External sewer flooding

61% of customers agreed that Northumbrian Water should earn a reward if they exceed their performance commitment to reduce the number of properties which suffer from external sewer flooding by 35% by 2025. Some customers thought that this was acceptable as it was an ambitious aim, so would deserve a reward. Those that disagreed with the reward had expectations of the company to provide good service without the need for a reward system.

Acceptance of the external sewer flooding performance commitment	Overall (75)
Yes	61%
No	39%

### Properties falsely registered as empty

The majority of customers (90%) felt the idea of a sharing mechanism was good. Those that accepted the mechanism thought that finding the properties would ultimately be beneficial for their bill in the long term, bringing costs down for all customers.

Acceptance of the sharing mechanism	Overall	Northumbrian Water	Essex & Suffolk Water
Overall acceptance (152)	90%	88%	92%

### Future bill profile

Overall, option B (gradual increase) was the preferred option for 69% of customers, versus a steep increase then flat rate. The gradual increase was considered more manageable for customers, particularly those on lower incomes or collecting a pension.

Longer term bill profile	Overall (162)	Northumbrian Water (75)	Essex & Suffolk Water (87)
Option A – steep increase then flat rate	31%	35%	28%
Option B – gradual increase	69%	65%	72%

## Appendix: Service Valuation Usability Testing by SuperCharge (2018)

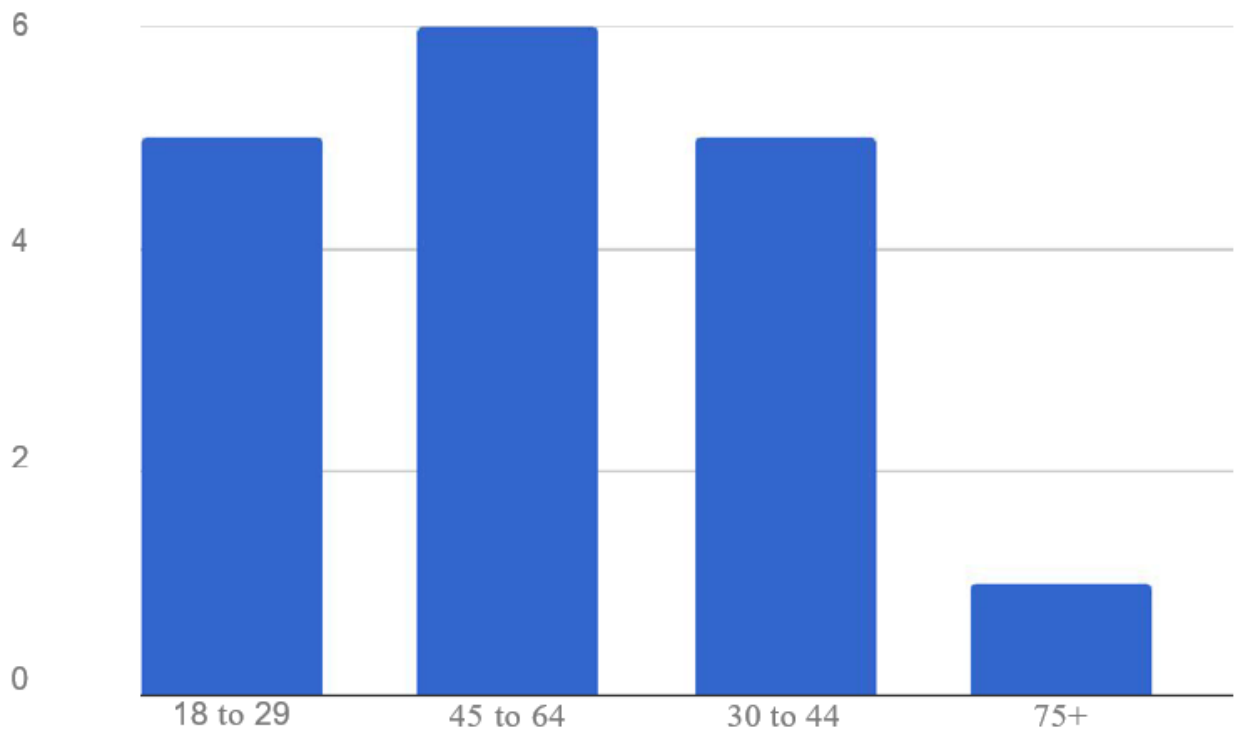
### Background:

- Usability Testing (not user testing) for the NWG - PR19 project
- Simulated the hall test for this experiment
- Customers received minimal context and information up front
- After completion we asked control questions.

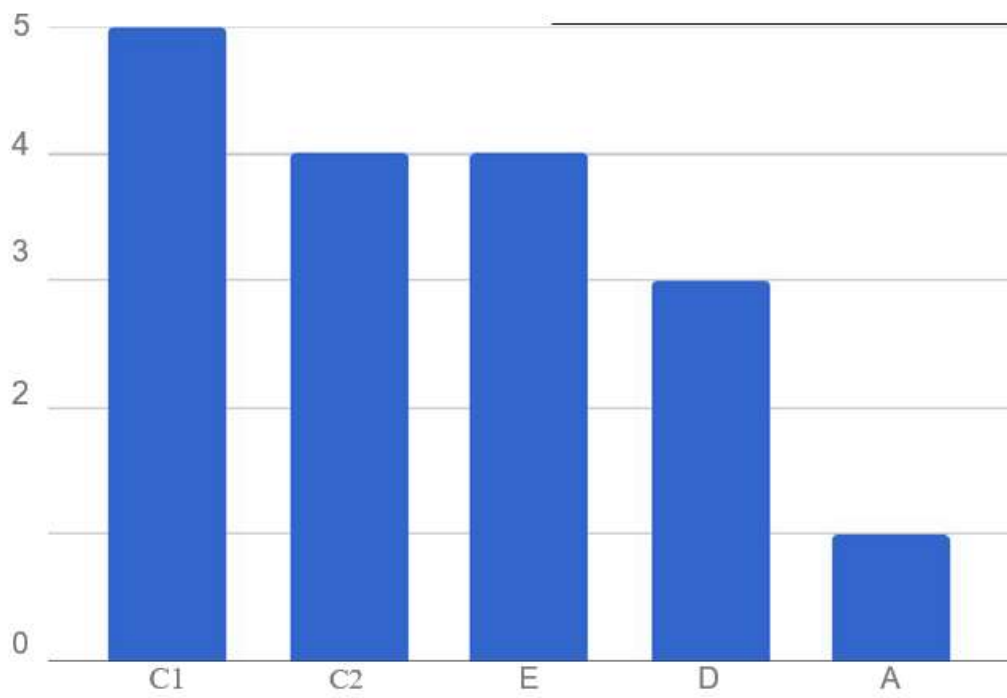
### Users & demographics:

17 customers took part over two days.

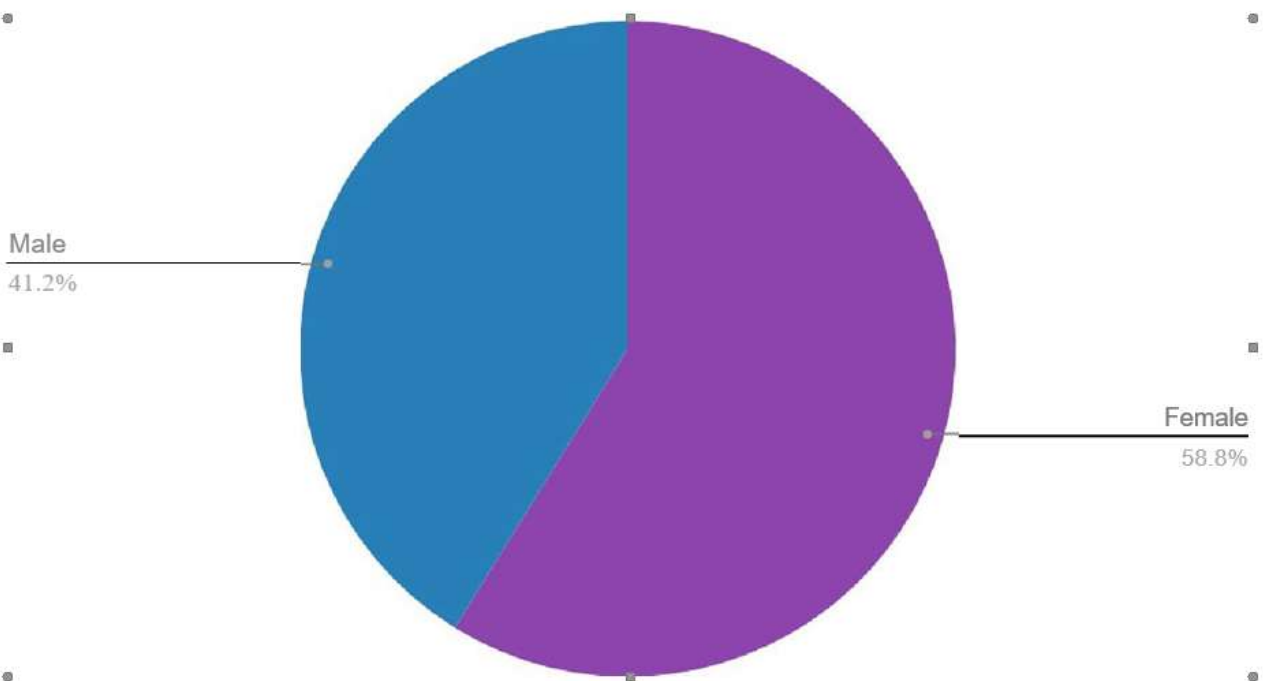
### Count of age



### Count of Socio Economic Group



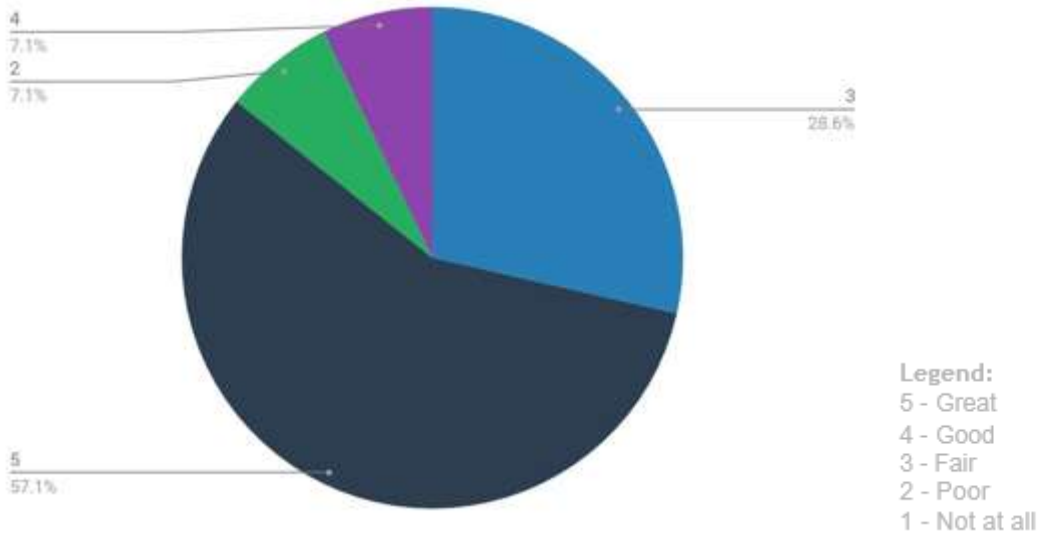
### Gender:



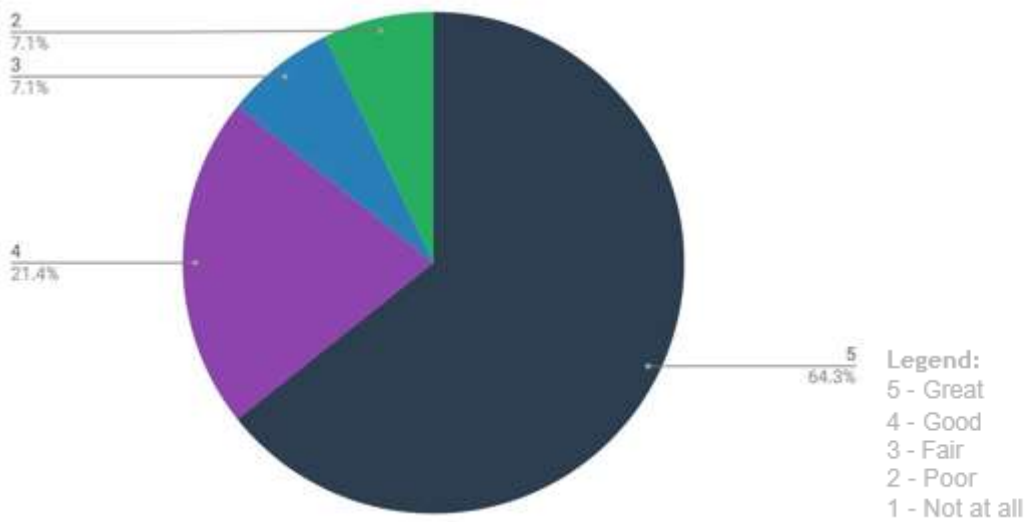
## Survey Results

### UAT Questions:

Did you immediately understand the concept?

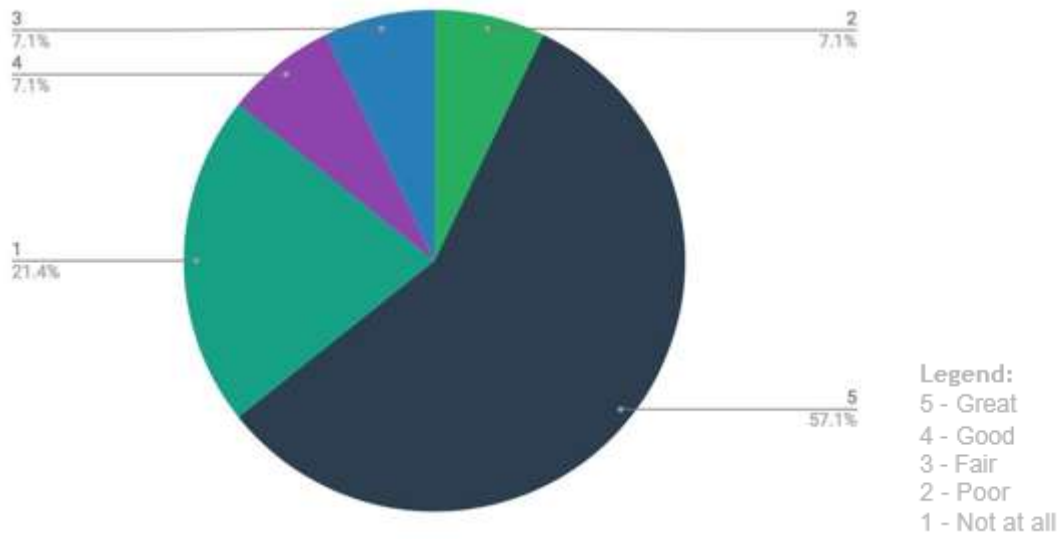


Was it clear, what you have to do at the first part of the screen?

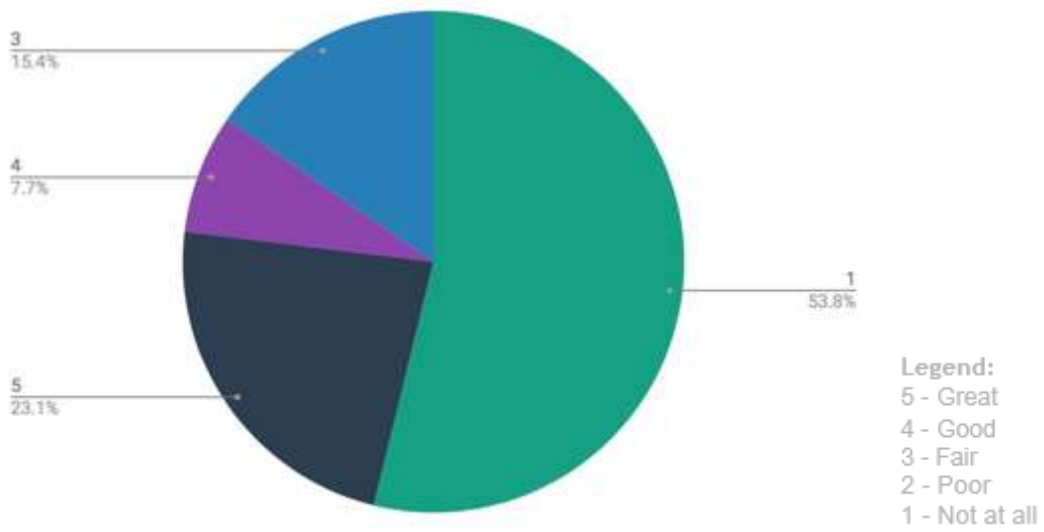




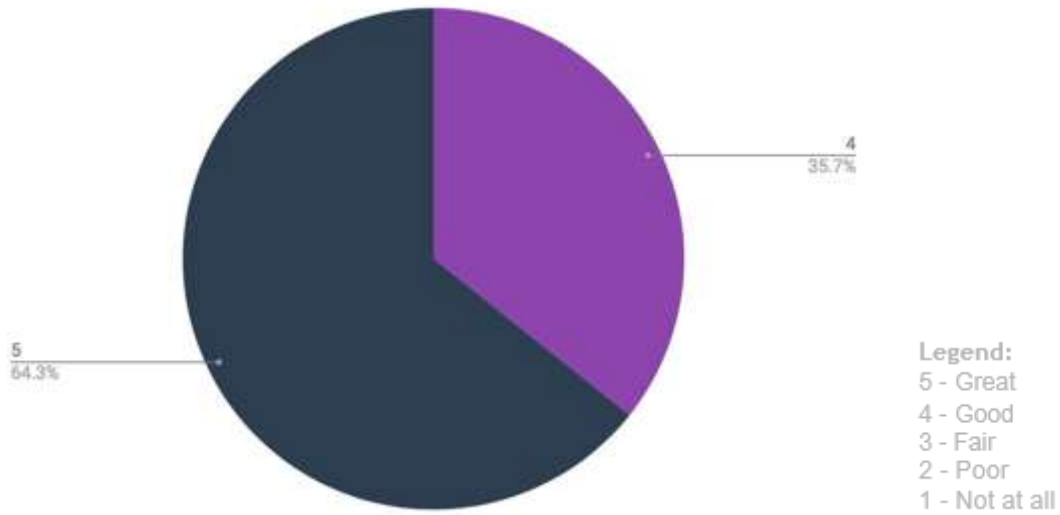
Did you notice things changing on the image?



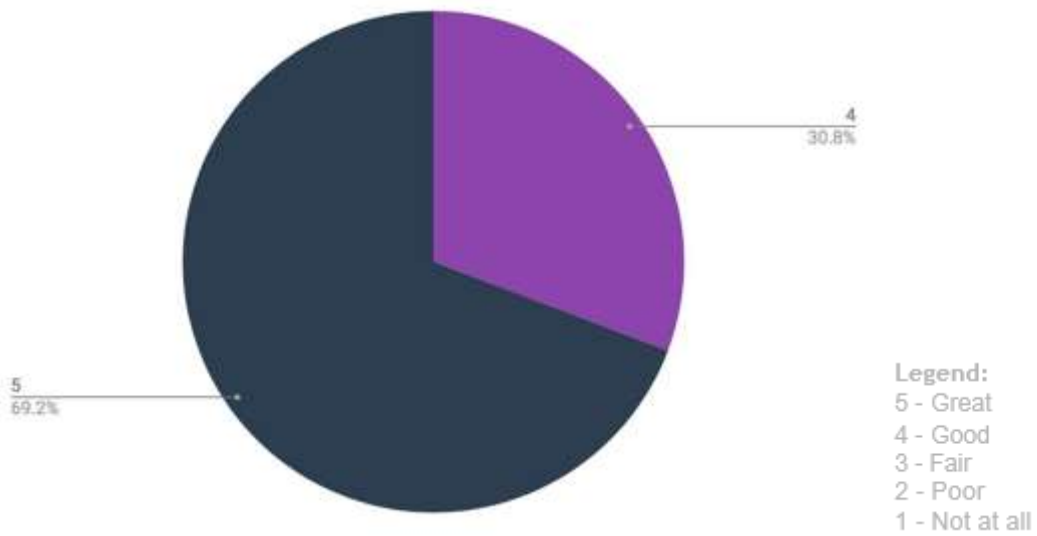
Was it clear that you can click on the "i" for more information?



Was it clear what you have to do on the second screen?



Was it clear how you can allocate the money?



## UAT feature ideas

- Trim down the text on the site. Condense it. Too much to go through for the users.
- When hitting Finish whilst all the money is not allocated, have a toast message appear explaining that the user has to allocate all the money before hitting Finish.
- Make it clear that on the PC screen, the amount is not extra on top of their current bill, but allocation of their current one.
- On the PC on-boarding second step, when we highlight the slider, make sure that it's not an action, but more of an explanation, so people do not start to fiddle around with the slider itself at that point.
- Remove the middle point from the slider - it was confusing for multiple users.
- Remove the third PC on-boarding where we highlight the mid-tier. People didn't get that.
- No one have understood the ODI part - they thought it's the same exercise differently.
- Work out a way how to on-board uneducated vulnerable customers so they understand the concept. Once they understand that they are fully capable of using the tool and moving the sliders.
- Anytime they had to enter a bill it was confusing for them. Change it to the simple and traditional number entry field.

*\* these are the suggested feature sets by Supercharge, the final backlog might differ.*



