Right deal • Right now •

Supporting document

What we have heard from customers and communities

South West Water
Bournemouth Water
Isles of Scilly Water
Bristol Water

About this document

This document sets out our overall customer engagement strategy, and the activities we have carried out to develop a clear and genuine understanding of our customers' priorities, needs and requirements.

Our engagement with our customers is ongoing and two-way, as we have looked to ensure our customers are informed, whilst also eliciting feedback from a wide range of customers, including those in circumstances that make them vulnerable.

In this document, we evidence the conversations that have taken place with current customers, both household and non-household, customers in vulnerable circumstances, future customers, retailers and wider stakeholder groups across our regions, and how these conversations have influenced our final plan for 2025-2030.

This report also includes how we have engaged on longer term issues, including legal and regulatory targets and requirements, addressing future challenges, and the overall longer-term sequencing of investment, bills and affordability.

In engaging customers for the 2024 Business Plan, we have worked with our independent WaterShare+ Advisory Panel, around engagement and its application to our plan.

We also explain how the outputs from the specific pieces of research and engagement undertaken, along with insight from everyday activities, has fed into the business planning process and impacted the plan.

Finally, we describe the next steps, in terms of our continued engagement with customers following submission of our plan.

30,000 customers and over 1,000 stakeholders engaged

Over 200,000 wider interactions to inform day to day

Contents

Executive Summary

Our New Deal plan involved giving customers a say and a stake, as we looked to change the nature of our engagement with customers and ensured they could hold us to account.

We have delivered this change.

Our business is all about engaging customers and communities, engaging and listening on a continual basis so that we know what matters, what is expected of us, and to ensure that we build the right capability to deliver.

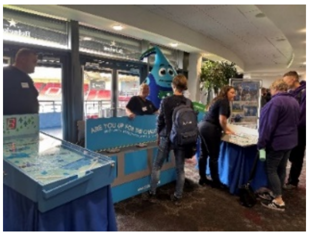
Through focus groups and workshops; telephone, online and face to face surveys; digital channels and social media; through engaging through everyday activities, whether it's paying a bill or ringing to tell us views, we have been listening to customers and communities – and we have used this insight to shape our plans.

Our 2025-2030 business plan retains the step change in engagement with customers

Supported by our WaterShare+ Advisory Panel throughout PR24

Engaging customers – all day, every day

Engaging with our customers and stakeholders is integral to our approach to the successful delivery of our services. It allows us to build stronger relationships, gain valuable insights, and make informed decisions that benefit our operations and outcomes for customers, stakeholders and the region as a whole. It fosters a more sustainable and responsible approach to our business, meeting the needs of customers and stakeholders while driving performance.



We engage with customers and communities in many different ways – it is important to be out in our communities every day, whilst ensuring we are easy to get in touch with, whatever issues and questions people have.

Business as Usual Tracking Surveys allow us to track customer satisfaction, experience and trust. These are key performance metrics that we track – for all customers and vulnerable customers in particular. Combined with tools such as **Rant n' Rave** and **social media sentiment**, which give us instant feedback on how well we are doing, we know where we need to respond better. These tools allow us to capture feedback across multiple touchpoints and multiple channels and we use this insight to drive performance and shape our activities every month.

We are out and about in our communities every day with our **community outreach programme**. In doing so, we ensure that our colleagues who come into contact with our customers and communities have the tools and training to engage and deliver the best service possible.

Our **WaterCare Team** is dedicated to helping vulnerable customers by providing holistic support through our affordability and welfare services. These range from discounting or capping a water bill, to supporting our customers in repaying their outstanding balance. We can also support our vulnerable customers by delivering water in an emergency, send them large print letters or read their meter several times a year - our support can be fully tailored to a customer's needs. Our unique community outreach team can provide support over the phone, online and even through personal home visits where we can review documentation and completed applications on the customers behalf.

We understand how important our partnerships are to help our customers receive the correct support, especially as not every customer is in a position where they feel able to reach out to us. This why we created the WaterCare Hub, enabling our trusted partners to access our support on our customers behalf. Our user-friendly application for support allows you to apply for all available support including the WaterCare and WaterSure Tariffs and debt support through ReStart and FreshStart.

Our **education programme** is a great way to reach out to current and future customers. It has been designed to allow us to tailor bespoke sessions for each individual school and year group – mostly focused on 'The journey of water' - drinking and wastewater, water efficiency, the water cycle and filtration.

Our **community campaigns** are an essential part of our operations, as we look to help customers to change some of their behaviours to deliver the outcomes that matter to customers, building understanding and supporting customers that want to make a difference to the region.

Long running campaigns such as **Love Your Loo and Think Sink!** help customers, businesses, and visitors understand how to look after the environment by keeping unflushables out of the network, preventing flooding and pollution to the environment.

During hot periods we use social media for our campaigns to promote water efficiency and to promote metering.

Our **Neighbourhood Fund** is all about supporting our local community – with funding available for neighbourhood community groups which inspire physical activities, education, health and wellbeing and deliver positive environmental outcomes.

As we work with customers to help them use less water, we have issued over 170,000 water saving devices and started a roll out of water butts, tap inserts, and shower regulators for free to customers around the region. Our **Water-Saving Community Fund** allows us to sponsor any community groups that have an idea that will help communities to use less water – such as rainwater harvesting projects for allotments or wide-ranging education programmes. This sits alongside our **Water-Efficiency Innovation Fund** that allows businesses to get the support needed for water-saving projects.

WaterShare+

Each and every day we focus on operating a socially responsible business that can deliver for colleagues, customers, and the environment. For that reason, we developed the Watershare plus scheme, in line with our Board Pledge to empower customers. This is unique to South West Water and puts customers at the heart of what we do.

WaterShare+ has changed our relationship with customers.

WaterShare+ provides a meaningful route to engage directly with our customers, through our quarterly public meetings and at our customer AGM, so we can hear directly what matters most and reflect what we have heard in what we do. Everyone is invited to our WaterShare+ Meetings – which are always attended by our CEO and the Executive team. These give customers regular opportunities to get involved, speak directly to our Executive team on any topic they wish, and keep us accountable.

For example, during the cost-of-living crisis, we have heard that this has weighed heavily on some customers, so we have ensured annual bill levels increases are well below inflation levels and the 7% annual increases seen across the sector, whilst doubling the number of customers on support tariffs, and taking steps to eradicate water poverty.

The scheme gives customers the option of a financial stake in our business, through our share scheme, as we look to share success. Customers can either opt to take shares in our parent company Pennon Group, as opposed to money off their bill, and we have included Bristol customers for the first time this year. With 1 in 14 households in the South West choosing to become shareholders, we are well on our path to **shifting the dial** – and ensuring that more and more customers have a stake and a say in their water company.

STOP THE DROP
Ordinary steps make an extraordinary difference

WaterShare+

WaterShare+ has changed our relationship with customers

Transforming how we engage customers – with a say and a stake

Since we started the WaterShare+ scheme in 2020, 90,000 customers have become part owners of our parent company

For us, the scheme is a fundamental shift of the dial to a socially responsible business. And now, more than ever, it is essential that we rebuild trust, and for our customers and communities to feel listened to.

WaterShare+ Panel

An important part of WaterShare+ is its Advisory Panel. The Panel works with customers across the region to ensure customers' voices are represented within the business.

The independent Panel has improved the transparency of our performance, how we are held to account, and strengthened the two-way engagement with our customers – making sure that that customers have a say in the business and are more in control than ever.

We believe this has been a major step to greater transparency and openness with our customers and stakeholders, a fundamental requirement for all providers of essential public services.

The Panel consists of an independent group of customer, business and social representatives.

The Panel consists of an independent chair, Lord Matthew Taylor and deputy chair Nick Buckland. Following the merger with Bristol Water, Peaches Golding OBE is deputy chair of the Watershare+ Panel and independent chair of the ongoing Bristol Water Customer Challenge Pane. Carole Theobald, Richard Lacey and Anthony Denham make up the rest of the esteemed Panel.

Set up in 2020 with a role of holding us to account on performance on an ongoing basis, the Panel's remit has included oversight of the PR24 business plan. Consistent with our ambition to ensure that we have a rich and comprehensive understanding of what matters most, for this plan we extended the role of our WaterShare+ Panel to challenge our approach to customer engagement and to ensure that the plan reflects the outcome of that engagement.

The WaterShare+ Panel was well suited to this role – given its extensive Executive and Board level experience.

With direct and unprecedented access to our Executive as well as our Board, the Panel has been essential in developing our plans as the voice of the customer.

PR24 has seen our most diverse engagement programme to date

Engagement is a hugely important part of any business planning process. We use engagement to ensure that we build a plan around what matters to customers, a plan that is achievable, affordable and deliverable.

Building on our 10 years of engagement, we have spent considerable time over the last 18 months talking to customers and stakeholders about where we are right now and how we are getting on with delivering our New Deal.

The last 18 months has been our most diverse engagement programme ever – widening the reach and methods of our engagement. We have engaged a similar number of customers as we did in PR19, but with a wide range of stakeholders alongside, including delivery partners, catchment partners, consumer bodies, NGOs and regulators also engaged.

Stages of research

As we have looked to have structured conversations, our research has been divided into four phases to ensure that the research inputs into the business planning process at the right time. The four phases include specific PR24 research and engagement underpinned by business as usual activities and the wider engagement campaign to encourage customers to have their say.

The stages of research conducted

c.30,000 customers engaged in our most diverse programme ever

Stakeholder Forum established

Continuing our extensive engagement – started over 10 years ago

A new sampling and segmentation strategy to cover all of our regions

How we have engaged

Through an updated sampling strategy, we have ensured that all customer research we have carried out has a wide reach and is representative of the customers we serve, including harder to reach customers and includes:

- Customers in all regions – Isles of Scilly, Bristol and Bournemouth are included in the research
- Future and younger members of the communities
- Vulnerable customers
- Non households and retailers
- Stakeholders

Our research has been developed and delivered by experts in market research, customer engagement, and the water sector. **That ensures it is usable and actionable.**

The Priorities for Investment

Many customers are satisfied with the service they receive but want to see progression every year, some customers look forward and worry about the future and want to see bigger change. Some worry about the health of their family and if they can continue to swim in their favourite river or beach, others worry about the environment and how ready we are for the impacts of climate change and population growth. And a key worry is finances, and what will happen to bills and their ability to afford their water bill as we invest more in the future.

We know customers want high quality water – from the water in the tap to the water at a favourite beach.

Customers' top priorities are unchanged from five years ago: drinking water quality, preventing pollution and flooding, and protecting beaches are just as important today as ever.

VERVE

ICS

BLUE MARBLE

turquoise

Customer number one priority is clean, safe water

Tracking priorities over time to understand trends

The top four priorities are unchanged from five years ago

1 – Clean, safe water supply

Drinking water quality is customers' top priority – as it was in PR19 and PR14. The vast majority of customers tell us they are happy with what they currently receive and are not surprised that 99.97% of water quality meets the stringent standards. Reflecting this, the willingness to pay for improvements has slightly lowered over time - reflecting that many customers are happy to maintain performance. We are expected to fix local issues as we find them, such as discoloured water or lead pipes, and be proactive in protecting what is working well for the future.

2 - Prevent pollution

Pollution is a broad umbrella term for customers, covering wastewater and environmental performance. It's also a growing area of importance for customers – and customers are concerned to hear we are falling behind on our current pollution targets. Reflecting the importance of this measure, there has been an associated slight increase in the willingness to pay to reduce pollution since PR19.

3 – Protect bathing waters

With 36% of England's bathing beaches and 80% of those visiting the region coming specifically to enjoy the coastline, unsurprisingly, beaches are seen as an essential priority for us. The value of improvements to bathing waters is largely unchanged since PR19 – it is just as important to continue to improve beaches as it ever was. Stakeholders also recognise the need for high quality bathing water, noting the impacts on the tourism industry and natural environment.

4 – Prevent sewer flooding

Sewer flooding has not received much media attention, but for customers this remains an area of focus. Customers tell us that they worry about how climate change and population growth will impact on the risk of flooding, so we need to invest to keep our performance at industry leading levels. Despite historic low levels we have seen a slight increase in willingness to pay to avoid sewer flooding since PR19.

5 – Boost nature & wildlife

94% of customers are happy with the way water looks and tastes

Water quality is seen as world class

8 in 10 visitors say they visit the region to enjoy the beaches and coastline

Nature is growing as a priority for customers – as more and more learn how much nature provides gifts every day to all of us, providing solutions to many problems. Customers increasingly understand that nature helps reverse climate change and supports net zero, provides life's essentials and can stimulate our senses, improve our wellbeing, and boost prosperity. This is an important area for stakeholders who want nature-based solutions to be a key strand to our environmental approaches, and for our plans to deliver significant biodiversity and environmental ambitions.

6 – Reduce leakage

Leakage is seen as a waste of water and money. Leakage is also a barrier to water efficiency messages working. It is a big ask to get all people to use less water – even more so when they see visible leaks left for days. Customers are unaware of the leakage reductions that we have made over the last twenty years or that a quarter of leakage is from their pipes and plumbing. With concerns about future water resources, willingness to pay to reduce leakage continues to be high.

7 – Resilience to extreme weather

Customers are concerned about the impact of climate change, and whether we are prepared for the future impacts. Customers consider hot, dry weather the biggest risk we face in the future – and it is essential that we ensure enough water in the future. Our tracking research shows that the impacts of low-level restrictions such as hosepipe bans remains of low concern – there has been low traffic over social media on this issue and the willingness to pay to reduce the frequency of hosepipe restrictions has dropped slightly since PR19 – but with an increase in the appetite for reservoirs to secure the future.

Climate change is the top future pressure we face

8 – Protect rivers

7 in 10 customers believe the water in their local area is good, but that overall water quality across the region must be poor given the widespread media coverage that only 14% of rivers meet good ecological status (RNAGs), and rivers and seas are routinely reported to be impacted by sewage and pollution runoff.

7 in 10 believe the water in their local environment is good

There is considerable surprise among customers when they learn that our water operations are only responsible for 12.6% of the reasons that rivers do not meet good ecological status in our region. For customers, the external media positioning is clearly at odds with these facts and drives an increase in willingness to pay relative to PR19.

Customers want us to focus on improving water quality – more than water availability. The impact of low flow rivers as we take water for drinking water is not seen to be as much of an environmental risk, whereas the impact of sewage in rivers is seen to be very significant. In reality both of these have similar impacts on river health (as measured by RNAGs).

89% of customers agree that overflows should be monitored

9 – Less reliance on storm overflows

Customers think storm overflows are being used too often – although they see the target of 10 spills as arbitrary. Given this is a priority for our customers, we have included this in our programme of willingness to pay for PR24.

Storm overflows that impact bathing waters are considered to be the highest priority and highest value to address as they have public health impacts. This is an area that stakeholders also support investment, with the clear desire to see storm overflow issues addressed, but where storm overflows are not impacting human or environmental health, these are a lower priority than our other statutory duties.

We engage customers on how they can be part of the solution – through Love Your Loo campaigns and more recently, incentive schemes to use less water

10 – Excellent customer service and responsiveness

Customers tell us that they want to be treated as individuals, with clear communications, and show trust and empathy. We need to be accessible to customers, modernising contact channels, providing support 24/7, educating on how to play their part, whilst stepping up support and assistance for those that need it, helping them to budget and manage their water use.

The temperature checks that we have done throughout the research shows we can no longer be seen as an invisible utility, but need to be out there communicating and making sure our customers and communities know that we get their concerns, and we are on with tacking the biggest challenges we face.

The Strategic Priorities

Reflecting what matters most to customers, we have identified four strategic priorities for 2025-2030 based on the most urgent investment needs.

- Water quality and resilience
- Storm overflows and pollution
- Net zero and environmental gains
- Addressing affordability and delivering for customers

These map directly to customer and stakeholder priorities and those areas they want us to take action sooner rather than later.

These are also consistent with our five 2050 ambitions, which set the longer term direction for the plan.

Strategic priorities	Customer top 10 priorities
Water quality and resilience	1 Clean, safe water supply 6 Reduce leakage 7 Resilience to extreme weather
Storm overflows and pollutions	2 Prevent pollution 3 Protect bathing waters 4 Prevent sewer flooding 9 Less reliance on storm overflows
Net zero and environmental gains	5 Boost nature & wildlife 8 Protect rivers
Addressing affordability and delivering for customers	10 Excellent customer service & responsiveness

These are the overarching priorities of our plan, and we have discussed them with customers repeatedly over the last 18 months.

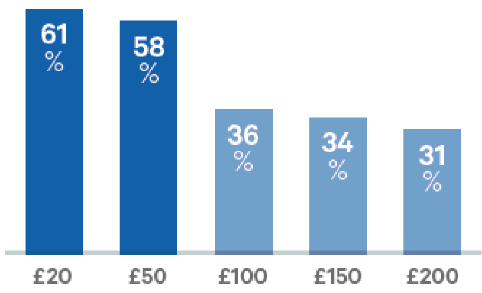
Balancing priorities to develop an acceptable plan

The customer priorities and willingness to pay for service improvements remain largely unchanged since PR19. But looking just at this belies the significant change that has occurred – that is, that customers' overall appetite for a step change in service and outcomes is fundamentally shifted.

As well as the willingness to pay for individual goods and services, we have also engaged customers to understand their overall appetite for a step change in outcomes and investment. This is similar to asking customers to fill a shopping trolley with what they would like to see us deliver in the future.

The value of the individual elements of service that they might put into that shopping trolley is not terribly different than five years' ago – but overall, the size of the basket that customers consider acceptable Is notably bigger than it's ever been before.

Customers willing to pay bill increase



When we asked customers in PR19 their appetite for change the average willingness to pay was £10-£15.

Fast forward to today and that's trebled.

Despite rising concerns around household costs amid the cost-of-living crisis, we have seen a step up in average overall willingness to pay to an average of £50 in PR24, with one third of customers willing to pay £200 or more.

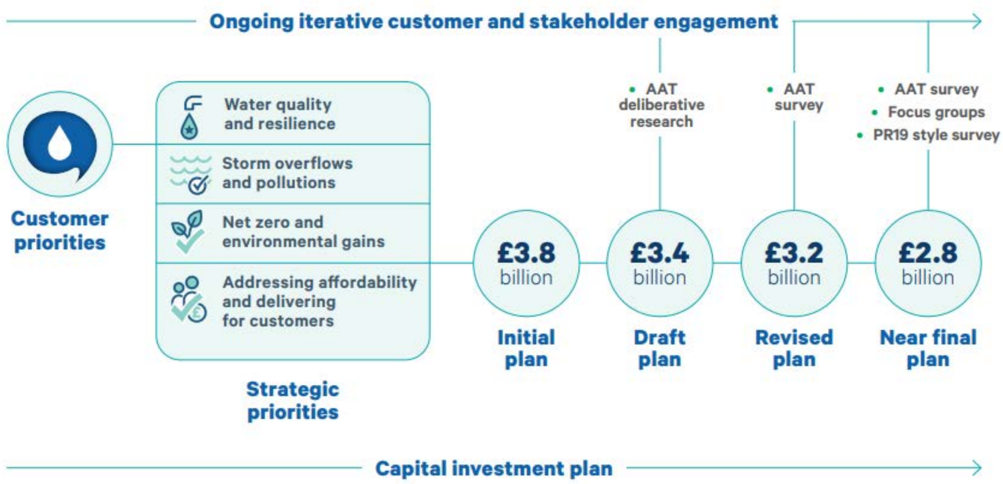
This is levels of willingness to pay for the plan that we have not seen before – and reflects customer views that we need to invest so families can continue to enjoy high quality drinking water, swim in their favourite river or beach, so that they can have confidence that we are ready for the impacts of climate change and population growth.

But in doing so, we need to consider the needs of those who struggle to pay their bills, ensuring that bills are fair and affordable. With customers and stakeholders worried about affordability, we need to have measures in place to maintain our pledge to keep customers out of water poverty. This is an important underpin to accelerating investment.

This is reflected in our **Acceptability and Affordability Testing (AAT).**

We have used a mix of qualitative and quantitative research, and a mix of acceptability and affordability testing as specified by Ofwat and more aligned to the approaches we used in PR19 and PR14 – in a phased and sequenced manner to get to our plans.

Each phase of acceptability has been used to inform the next phase – and helped us to challenge the basis for investment, the value for money provided by individual investments, and the costs and the timing.



Five years ago when we tested affordability we looked at the impact with and without the £50 government contribution being retained. Whilst it was likely that the £50 government contribution would be maintained for at least some of the period 2020-25, it was important to test because if the £50 government was retained then customers would benefit from a large bill reduction, that would effectively be wiped out if the £50 was lost to customers.

The results were quite stark. For South West Water households there was 88% acceptability for the business plan, but without the £50 government contribution, it fell to 59%, reflecting the strength of feeling that customers had around the importance of them not being wholly responsible for paying all of the cost of the beaches for tourists to enjoy.

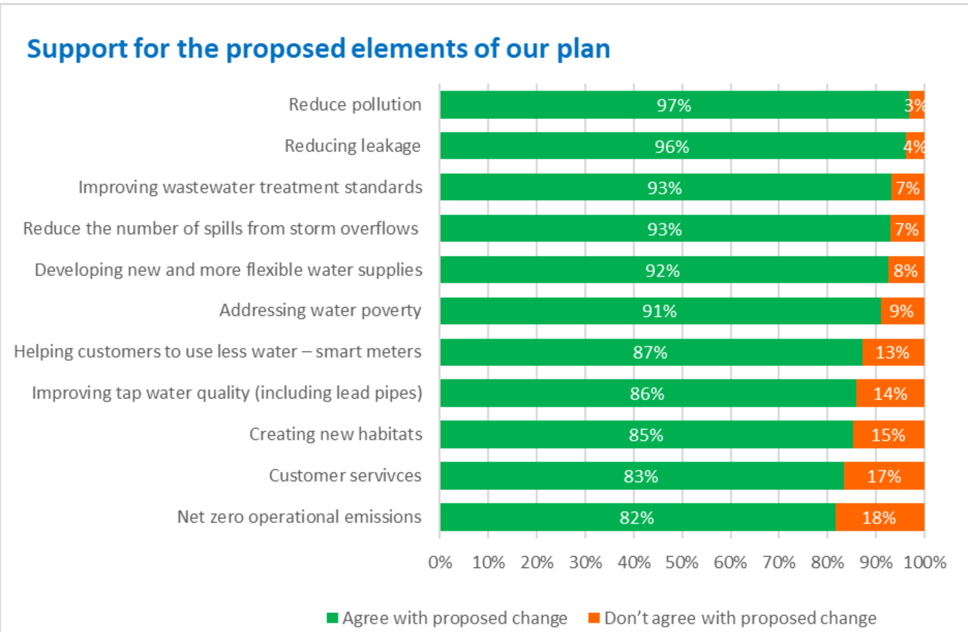
This time, we have tested acceptability with bills increasing. The uncertainty around the £50 government contribution continues so we have tested a gross bill, setting out the £50 benefit that customers get today is uncertain for the future. Therefore, as bills look to rise in the future there may be an additional rise of £50 experienced by customers if the government contribution is removed.

Overall, we can see that willingness to pay for our plans compared to five years ago has increased, on a near like for like basis. Whilst there will be bill increases – in contrast to five years ago – there is a greater appetite for change and that has translated into greater support for our plans.

The overall testing shows that our 2025-2030 plans are acceptable to most customers (excluding don't knows):

- South West Water – combined plan – 67%
- Bristol Water – water plan – 82%
- Bournemouth Water – water plan – 80%
- Overall – 74%

However, this is not due to concerns about what the plan will deliver. The support for the outcomes in the plan is very high – these outcomes will boost the economy, enhance the environment and protect public health, and customers recognise those benefits. There is near universal agreement that the priorities are the right priorities and levels of support for the key initiatives average over 90%.



For one quarter of customers, unacceptability is driven by wider considerations.

For some it is because they worry about affordability. We also have customers that tell us that they worry increases will fuel profits or challenge the financial resilience of the company, or the increases are not likely to be paid for by those that benefit the most.

We know we need to do our best so that customers do not feel that they are being treated unfairly, and our plans offer something for everybody.

We have done out utmost to lessen the impact through delivering efficiency, and recognising that it's not right for customers to pay for everything that's in our plan. We have taken our fair share of costs in developing the plan.

We will continue supporting customers with any affordability issues, through our affordability toolkit, the rollout of smart metering and water efficiency advice, and through new tariffs that will meaningfully support customer bill reductions.

We have also introduced new policies around dividends and executive renumeration, and ensured that we have a plan that is financeable – as we look to address concerns around financial performance.

By addressing all of the concerns raised, we know that we have a plan that delivers for customers and communities.

Our plan:

- Aligns with customer priorities and delivers what matters most first
- Tackles the biggest challenges head on
- Keeps bills as low as possible, as we continue to maintain affordable bills
- Rebuilds trust over time with customers and stakeholders
- Empowers customers, to have their say and continue to shape our plans into delivery
- Supports the regional economy and communities

Key messages

- We have continuous engagement with our customers and stakeholders
- WaterShare+ has strengthened the two-way engagement with our customers positively and ensures that customers can hold us to account and have a say in the business. We believe this has been a major step to greater transparency and openness with our customers and stakeholders
- We have undertaken our largest and most diverse engagement programme ever – widening the reach and methods of our engagement
- As we look to build our plans, we have identified four strategic priorities for 2025-2030 based on the most urgent investment needs
- We have evolved our plans to meet what customers want, in conversation with our regulators – recognising that some aspects of service we are legally required to deliver, but we can do this in the way that best helps our customers
- We have taken considerable steps to ensure an acceptable and affordable plan - addressing concerns around affordability, dividends, executive pay and unfairness in charging
- Our research has been developed and delivered by experts in market research, customer engagement, and the utility sector. This ensures it is usable and actionable
- Our research has been independetly overseen through our WaterShare+ panel, and through external assurance partners. This means it can be used with confidence

Introduction

Engagement is a hugely important part of any business planning process.

Our engagement with our customers and communities hasn't stopped since the last price review; in fact, this has been the springboard to even greater and more diverse engagement with customers and stakeholders – an ongoing research programme based on insight from the past ten years.

It is essential to have continuous engagement with our customers and stakeholders. It is vital to the operation of any top performing company. We have established a truly collaborative approach that goes beyond just engagement and far exceeds the requirements of regulators and government. Pennon Group is committed to playing a leading role in a more holistic and integrated approach to water system management, and to developing our plans in collaboration with customers and stakeholders to deliver cross-sector, mutual benefits for society and the environment.

Engaging with stakeholders allows us to build stronger relationships, gain valuable insights, and make informed decisions that benefit our operations, reputation, and long-term success. It fosters a more sustainable and responsible approach to our business, enabling us to meet the needs of stakeholders while driving performance.

From source to sea, whether they contact us or not, it's important to understand and respond to customers needs and priorities and provide real value. We believe that engagement is everyone's responsibility and not something we do simply in the run-up to a business plan submission.

We have a unique relationship with our customers – 1 in 14 customers are shareholders in the South West region

We have already seen our relationship with customers change as a result of the introduction of our WaterShare+ initiative. This has delivered a transparent and consultative framework, via our independent WaterShare+ Panel, which allows for a more holistic and transparent view of our performance, how we are held to account, and how we empower customers with a say and a stake.

WaterShare+ has strengthened the two-way engagement with our customers positively and ensures that customers can hold us to account and have a say in the business. We believe this has been a major step to greater transparency and openness with our customers and stakeholders.

Alongside WaterShare+, our focus is on exceptional end-to-end customer experiences

All our teams are aware of the importance of good customer engagement in providing our services. We use content that customers are interested in, get a benefit from, and provide strong support that is about delivering more, with the aim of encouraging customers to participate and feel part of the company.

Every day we engage with our customers through the many interactions we have; day to day contacts and complaints, bills, social media, voice of the customer surveys, tracking satisfaction surveys, focus groups, online surveys and more focused community events targeting affordability and vulnerability concerns.

We have also formed strong partnerships with our stakeholders through our formal and informal engagement activities – our relationship with our delivery partners is quite unique. We also undertake a lot of engagement with community groups, local partnerships and networks, social enterprises and NGOs who represent customer and community interests and listen to our customers wants and needs and can speak directly to them (either to criticise us, or, increasingly, as our advocates).

- Every day we engage with our customers through the many interactions we have:
- Day to day contacts
- Bills
- Newsletters
- Social media
- Voice of the customer surveys
- Tracking satisfaction surveys
- Research events and community events
- Public WaterShare+ panel meetings

WaterShare+

We engage customers on how they can be part of the solution – through our Love Your Loo campaigns and more recently, incentive schemes to use less water.

In these changing times, we know that customers and stakeholders want to know more about our business, with the opportunity to feedback their views, and we know that we need to continue to inform them in this way.

Engagement with customers is central to all of our thinking and our plans are grounded in what customers tell us matter most.

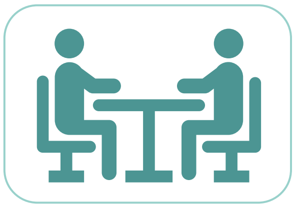
We recognise that the impact of our decisions and actions can be significant and therefore it is important to engage with our customers to make sure they influence our decision-making, drive us to continually perform and hold us to account for our performance. This is recognised from the Board down. Signposting in our publications where customers and stakeholders have directly influenced our decisions is an important step, for example in our revised Water Resources Management Plan we will be including 'You Said, We Did' sections to indicate where customer and stakeholder input has demonstrably shaped, influenced or altered our plan.

Our research has been developed and delivered by experts in market research, customer engagement and the water sector to ensure it is usable and actionable – conducted in line with market research standards as well as Ofwat tests. It has had independent oversight, through our WaterShare+ Panel as well as external assurance partners, meaning it can be used with confidence.

Our Stakeholder Engagement approach has been developed by highly experienced engagement specialists, working in close collaboration with independent experts from across various sectors. Working together, these experts have developed an approach to stakeholder engagement that is broad, robust and effective, ensuring a rolling programme of engagement that is both timely and transparent. This approach has also been informed by the latest industry standard methodologies and guidelines in collaborative governance, co-creation and participatory approaches.

We are confident following our research that we can base our plans around what matters most to our customers and communities.

You said, we did.



The customers and communities we serve

Our customers' and communities' way of life and economy is shaped by water in the South West.

Spanning a large area from Bristol to the Isles of Scilly, this is a region long famous for distinctive regional accents, pasties, the Cornish language, national parks and the ongoing debate about how to eat cream teas – it is also renowned for its hundreds of miles of **scenic and varied coastline.**

The region is an ocean peninsula surrounded by the arms of the Atlantic Ocean.

But the South West is way more than just beaches. The region itself sits atop a large mass of granite rock which creates mountainous peaks across the region. These masses of the granite can be seen across the region, such as at Dartmoor, Bodmin Moor, St Austell, Land's End and the Isles of Scilly.

This geology provides important wildlife habitats across three National Parks, including the UK's first national marine park and ten Areas of Outstanding Natural Beauty

Over many generations, the region's culture and economy has been shaped by the Atlantic Ocean and its Western Approaches – fishing, tourism, and recreation are all supported by this quintessential maritime region.

With 36% of England's bathing beaches and 32 shellfish waters, unsurprisingly, the South West is the nation's most popular tourist destination outside of London. The population swells from a resident 3.5 million, as It accommodates 10 million in the summer - an influx of visitors who come from all across the country to enjoy the coasts and landscapes.

"With all the coastline and all the Moors and everything, it's an area that's perhaps more fragile than others."

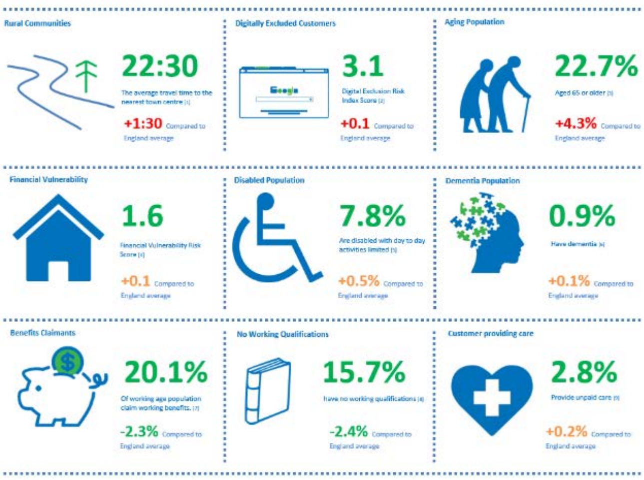
SWW customer, Male, ABC1, Aged 46+

Our region has unique characteristics

To help us understand the demographics of our region further, we use a tool developed by Oxford Consultants for Social Inclusion, called Local Insight. This provides an understanding of the help our customers need from us, from a region level, through to a small community level. We have used it to compare to the national trends as well, to see how we are different to other areas. We have considered this in ensuring our customer care strategy meets the needs of our population, especially when they need additional support.

OCSI

This analysis has highlighted that our plans need to ensure that our customer service can be agile to accommodate a larger than normal ageing population, more digitally excluded and more rural communities. For example, we are mindful that customers may not have online access. This could mean they have less access to information for claiming benefits and financial support. We are responding to this by automatically enrolling customers onto lower tariffs to remove them from water poverty. Our communication to customers on water efficiency and metering to help lower bills also needs to include leaflets and community activities to engage with the customers who need the help the most.



A rural region – mostly

The region is mostly rural in nature, with plenty of pretty villages and towns with history and heritage. Naturally, reflecting the nature of the economy – this is highly concentrated in coastal villages and towns, alongside our urban centres of Bristol, Bournemouth, Exeter and Plymouth.

We have 655 wastewater treatment works in our region – a big number for a relatively small population – reflecting how widespread our population is and the need for services in remote locations.

A rural life is not always a simple life though. Transport and communications in the South West lags the rest of the nation. This is demonstrated by the time to travel to the nearest town centre by foot or public transport - for England this is 21 minutes, for the South West as a whole this is 22.5 minutes, and for Devon and Cornwall this is 24.5 minutes on average – and much longer for the most remote locations.

This is important as we look to deliver services – for example where there are water outages it will be more difficult for our customers to easily collect bottled water especially for the one third that class their home as vulnerable in some way.

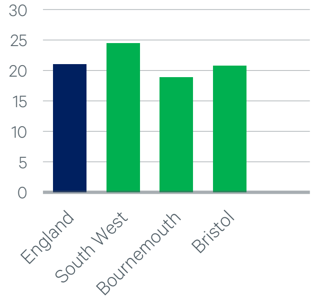
Registering households on our Priority Service Register to make sure they get the services they need – such as who will need bottled water during an outage - is therefore very important to providing a good level of customer service.

Customer demographics

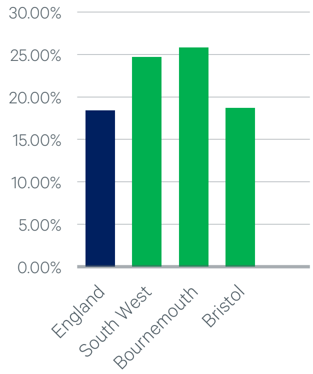
The South West is a perfect and popular place to retire. As a result it has more of an ageing population – with a higher percentage of customers that are 65+ than other regions,

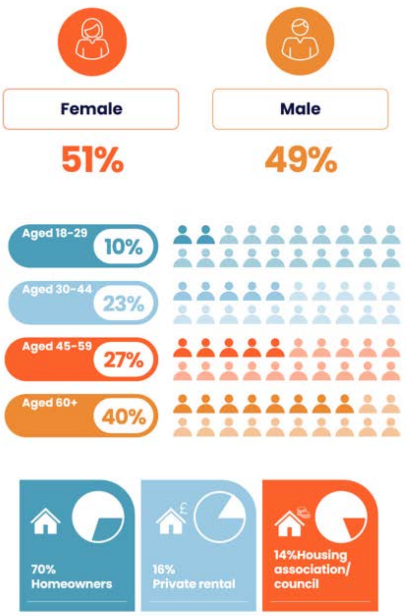
One in three households also say they experience vulnerability some way – with household income in Devon and Cornwall 7.56% below England's average. Households with young children, elderly relatives, with disability or injuries, or who struggle with transport or digital links, can all need extra help from time to time.

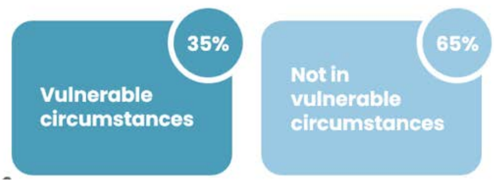
Travel time to the nearest town centre by foot or public transport in minutes



% of population aged 65+







Household incomes in Devon and Cornwall are 7.56% below England's average

Incomes

Given the nature of the employment in the region, we have a higher proportion of households with lower-than-average incomes. For our region – where just 3 percent of the population pay for over one third of the nation's beaches – affordability is a key issue.

Despite many living on lower than average incomes, the number of benefit claimants in our region is lower than the national average – possibly due to barriers to claiming benefit, for example our rural and our digitally excluded communities. People are therefore missing out on benefits they are eligible for, with Policy in Practice estimating that each year £19 billion of support goes unclaimed.

We support our customers by offering benefit entitlement checks to our South West Water and Bournemouth Water customers who need support. They are also able to self-serve through our websites and can request support from our specialist affordability team at any point. Customers can share their benefit entitlement check with us when they have completed it too, and we can engage with the customer to ensure they are receiving all the support we can.

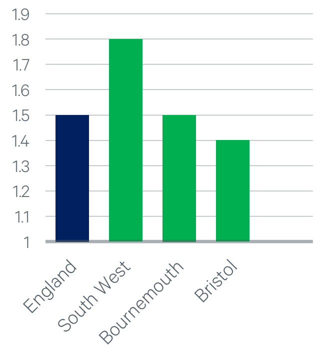
Our Bristol Water customers are supported through the Assist application process, which aims to help customers in extreme financial difficulty who cannot afford their water bill. A full Standard Financial Statement and a benefit entitlement check is completed by one of our funded debt advice organisations.

A growing population, changing the nature of services

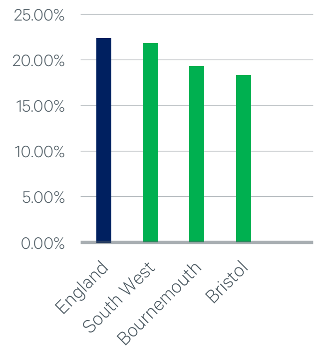
The South West has experienced the second highest level of net migration in the past ten years, dominated by migration from other parts of the UK. The assumption is this has been driven by retirees or following the pandemic, those able to work from home, all or for some of the time. All of this had wide ranging implications on the variability of demand for services. Looking forward, it's estimated that another 530,000 people will be living and or working in the region by 2050.

Furthermore, whilst home-ownership is becoming increasingly out of reach for the young, given the cost of living crisis, it's also becoming doubly difficult in the South West. Whilst the number of second home ownership is known to be notoriously difficult to collate, it's estimated that the number of second homes is as high as 25%-40% in tourist hotspots, and typically 10% in other coastal areas. Additionally, the rise in Airbnb is estimated to have 1 listing for every 5 residential properties in many of the region's tourist hotspots.

Cost of living: vulnerable households indicator



Working age adults claiming benefits



Working with communities to build action and participation

As we seek to transform our relationship with customers and communities, we are being increasingly proactive in engaging and informing them, their children and grandchildren.

We know from our research that younger customers and visitors in particular have less understanding of what we do and how they can shape what we do.

Our focus is on effective messaging about water efficiency and sewer use but also improved engagement on topics such as help with paying bills and how they can get the best out of their service.

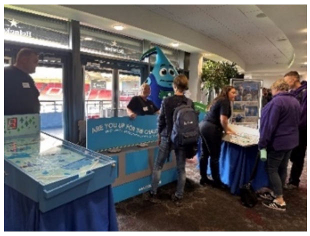
We know that we cannot expect our customers to trust us if we cannot explain or evidence our intent.

Community empowering engagement strategy

We know that we need to work in partnership with the local stakeholder groups across the region to deliver the joint outcomes and wider benefits that our customers and communities want.

We are committed to playing a leading role in a more holistic and integrated approach to water and wastewater management. We are developing our plans in collaboration with customers and stakeholders (including local communities) to deliver cross-sector, mutual benefits for society and the environment (in line with EA guidance on 'Environment and society in decision-making').

We have worked with customers and stakeholders to develop our plans through the end to end process, from taking a step back and testing our purpose and refreshing our long-term ambitions, to discussing detailed plan options, consulting on long term plans, and testing the acceptability of our plans.



Engaging with our customers and stakeholders is integral to our approach to the successful delivery of our services. It allows us to build stronger relationships, gain valuable insights, and make informed decisions that benefit our operations and outcomes for customers, stakeholders and the region as a whole. It fosters a more sustainable and responsible approach to our business, meeting the needs of customers and stakeholders while driving performance

We've engaged with customers and communities in many different ways – as we know that helping customers to change some of their behaviours can deliver the outcomes that matter to customers. For example our Neighbourhood Fund is all about supporting our local community – £100,000 funding available for neighbourhood community groups which inspire physical activities, education, health and wellbeing and deliver positive environmental outcomes.

Our Education Programme

Our new education programme was created in October 2021 and was ready for delivery to schools across Devon and Cornwall by February 2022. Starting out with five core topics but quickly growing to eight, we use them as a foundation to create a bespoke session for each individual school and year group, predominantly teaching KS2/3. Our most popular lesson is 'The journey of water' which covers both drinking and wastewater, water efficiency, the water cycle and filtration.

> "A huge thank you for the amazing visit today! My class loved it"
>
> **Denbury Primary School**

Since the programme started, we have visited 87 schools and taught 127 lessons to 5,358 pupils. Educating the younger generation is extremely important if we want to see change. Pupils will leave the classroom and educate their household on what they have learnt - it's a great way to reach out to our current and future customers. Over the coming years we will look to expand the content to other areas including bill paying and support, matching appropriate content to a larger age range, covering all our service areas.

Our customer research from future customers in the Bristol region in 2022 told us that customers under 30 have more of a preference to drink bottled water over tap water than older customers. Paying for bottled water over tap water costs these future customers more money. Therefore we are targeting our education programme as a way to educate our future customers about the benefit and cost of water to help reduce their financial outgoings in the future.

Communications and Campaigns

Sewer misuse

Every year our wastewater team investigate and clear around 7,000 blocked sewers, costing millions of pounds, which can result in flooding and pollution and impact customer bills.

The misuse of the sewer, such as through the flushing of wet wipes or pouring waste fat, cooking oil, and grease down the sink, contributes towards over half of these blockages.

Customers do have a good awareness of the ability for pipes, drains and sinks to clog and block, and a reasonable understanding that this can cause flooding - with 1 in 3 saying they have experienced some form of blocked drains or sewers. However, customers are less aware of what they can and cannot flush – nearly half of customers think wet wipes can be flushed if they say flushable on them[1]. Younger people in particular are more likely to see it as acceptable to flush waste down the drains.

Customers care deeply about wastewater services and the impact on the environment. They want to see the sewage system be the best it can be – and 69% think that homes and businesses need to do more to protect wastewater networks[2].

That means we need to help customers to better understand the impacts of the things they put down the drains and what needs to be binned instead.

This is why, since 2015, we have been running our Love Your Loo campaign to educate our customers, businesses, and visitors to only flush the 3Ps – pee, paper, and poo – down the loo. Similarly, since 2016, our Think Sink! campaign has provided advice and instruction on how to correctly dispose of waste fats and oils.

43% of customers consider it acceptable to flush wet wipes that are labelled flushable

40% customers don't know that wet wipes can have plastic in them

A quarter of households don't have access to a bin in the bathroom

[1] SBB_CR1.52 Behaviours – sewer misuse and think sink

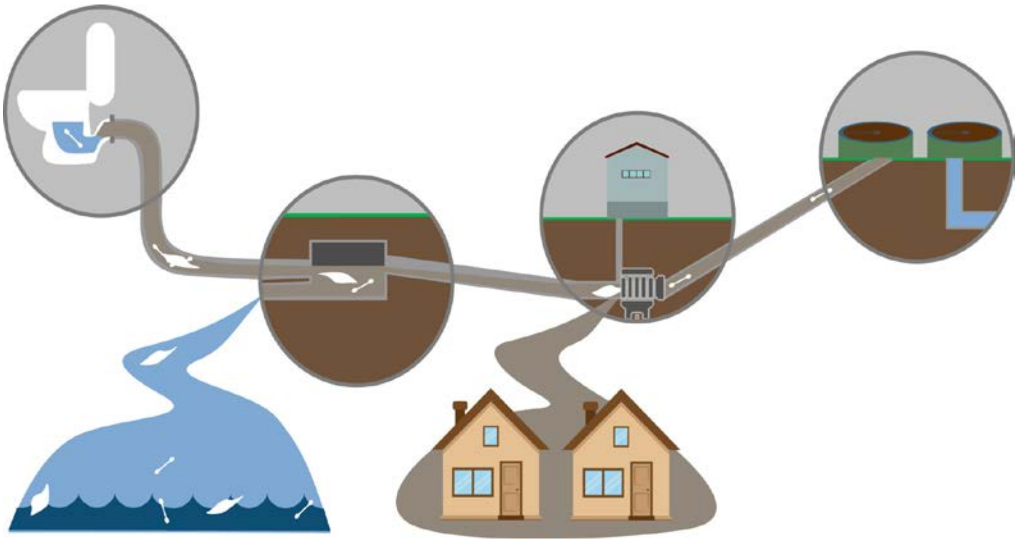
[2] SBB_CR1.52 Behaviours – sewer misuse and think sink

Whilst these campaigns have been effective in reducing the misuse, both us and our customers (with 85% supportive of our campaign)[3] know that more must be done so everyone understands the important role they play in protecting the region. Our continued support for these campaigns, and the role they play in creating a sustainable future and preventing pollution, is one of the fundamental building blocks of WaterFit, our plan for healthy rivers and seas, which launched in April 2022. Since then, we have continued to work hard to promote our campaigns and help people in the region to love their loo by only flushing pee, paper, and poo.

We know that we and our customers can't do it all alone however, which is why we have long supported a ban on non-flushable or plastic containing wet wipes – a stance that our customers (94%)[4] agree with. The Government's announcement of their intention to publicly consult on the measure is a development we welcome and we will be responding positively once it is opened and will be working with and encouraging our stakeholders and partners to do the same.

Journey of a wet wipe

Every time a wet wipe is flushed down the toilet – it has to navigate its way through a complex system – and at all stages the risk of odour, flooding, pollution, and harm to wildlife remains until we remove the wipe – and send it to landfill.



The Sidmouth fatberg was 64 metres – as big as the Leaning Tower of Pisa!

70% of our customers have heard of fatbergs, with those that live nearer to the coastline much more aware of the issue.

Fatbergs can start with a single wet wipe.

It takes just one house to flush a plastic-containing wet wipe down the toilet and for a nearby house to pour the leftover fats from a Sunday roast – gravy, meat juices, and cooking oil – to create a baby fatberg. Then other houses feed the fatberg – with more wet wipes, fats and oils, hygiene products, dental floss, tooth picks and nappies – and a monster fatberg is made.

Wet wipes can do more than cause blockages. They can spill out from storm overflows into rivers and seas. They can block pumps in wastewater pumping stations, causing them to stop working and result in flooding to nearby homes and businesses. And if, ultimately, they make it through this process – and make it all the way to the treatment works – we remove it and dispose of it to landfill with other sources of plastics we find in the network.

By educating our customers on the journey of a single wet wipe – we can help halve wastewater pollution incidents.

[3] SBB_CR.9 – WaterFit Priorities

[4] SBB_CR.9 – WaterFit Priorities

Catchment working

Many of our stakeholders believe that enhancing the environment should be our highest priority.[5] Stakeholders see catchment management and nature-based solutions as key strands to any environmental approach. Stakeholders also want to see specific biodiversity and environmental ambitions added to our plans.

Our stakeholders repeatedly advocate for the adoption of a holistic, evidence-based and collaborative approach to the delivery of catchment and nature-based solutions to deliver water resources and wastewater outcomes. They have also called for cross-sector solutions, collaboration, strategic options at a regional-scale, and nature based solutions to increase environmental resilience.

Since 2010, we have been working, through our delivery partners, with farmers and landowners to deliver our innovative and award-winning land management programme Upstream Thinking. We are well on track to deliver over 120,000 hectares of catchment management by 2025 and we've already planted 220,000 trees, on track to exceed our 250,000 commitment for 2025.

The Upstream Thinking partnership continues to grow in strength and confidence and our collaborative approach to PR24 planning has secured their buy-in and support for our plans to expand the AMP8 Upstream Thinking scheme (and various other natural environment investments).

Throughout our PR24 stakeholder engagement activities, we have proactively sought to adopt a 'catchment approach' and, in line with this, we have also significantly increased our engagement and collaboration with seven catchment partnerships, five local nature partnerships and numerous other environmental groups. This engagement has been through attendance at partnership meetings and through targeted correspondence and meetings with key members of these groups.

This engagement and collaborative approach has allowed us to actively engage with customers and stakeholders at a local or catchment level and helped us to align our water-resources plans with other processes and planning regimes, including river basin management, flood risk management, drainage and wastewater management and drought plans.

These interactions have successfully raised the awareness and understanding of the challenges we face and the possible solutions to them among these stakeholders and have facilitated a genuinely collaborative approach to the development of our plans. They have also allowed us to secure their firm support for the level of our environmental ambition in our Drainage and Wastewater Management Plan (DWMP), WRMP and Business Plan and our proposed approach to achieving it.

We have always had a very close association with fisheries and riparian interest groups across the region, in particular the South West Rivers Association (and the local associations and groups it represents), the West Country Rivers Trust, and fisheries experts from the EA. During the Summer of 2022, this engagement was reinforced through a regular and robust dialogue with these groups in relation to mitigation funding, fish bank releases from reservoirs, the Green Recovery Scheme in the Tamar, the drought response (including drought permit consultations) and through the WRMP and regional plan pre-consultation process.

[5] EQ, Let's Talk Water - Stakeholder Workshop, December 2022

Our £82m investment in Green Recovery also provides us with an opportunity to further expand in the rivers and headwaters of Dartmoor and the surrounding landscapes. We will undertake 10,000 hectares of catchment management activities including:

- Peatland restoration – on areas with some of the most severe damage and degradation on Dartmoor, Exmoor, and Bodmin moor
- Working for landowners and farmers – to protect raw water quality and availability
- Natural flood management and nature recovery – improving biodiversity and enhancing natural habitats

To date we have successfully delivered our target for areas under catchment management across the three workstreams, against a target of 3,000 ha. Thanks to the success of Green Recovery and our Upstream Thinking programme, we have again met the combined performance commitment for new land under active management.

One area of our Green Recovery initiative with which we are directly engaging with our stakeholders to determine the future of the region is at the River Dart, as part of our ongoing pilot project to understand what is needed to secure inland bathing water designation.

To do this we have teamed up with engagement platform Hello Lamp Post to understand who is using the river and why, capture their perceptions of the river, and share information about water quality with the community. The data gathered will be used to support future applications for inland bathing water designations and, if successful, would see a river receive bathing water status in the region for the first time.

Supporting customers with water efficiency

We have been asking customers to use less water, we know that they want to (78% of customers recognised that they could use a little less water[6]), and we are committed to helping them to do so through a variety of services.

We will fix a leaky loo without charge and to date we have issued over 170,000 water saving devices, such as water butts, tap inserts, and shower regulators for free to customers around the region.

With over 25% of leaks being from customers' supply pipes, taking ownership of supply pipes and repairing leaks on customer properties will also make a significant difference. From April 2022, we have successfully found, fixed, and renewed over 18 million litres worth of private leaks for our customers to support water efficiency and lower bills. We are also offering free leak detection visits for customers who believe they may have a leak to ensure that potential leaks can be identified as soon as possible.

As well as assisting our customers with repairs, we are also working with water retailers to offer free water-efficiency audits for business in Cornwall and parts of Devon that could benefit.

SAVE EVERY DROP

[6] SBB_CR1.56 water efficiency messaging

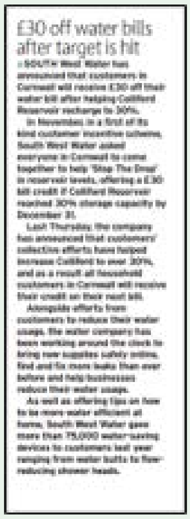
On top of our own direct efforts, we also make funding available for local water efficiency projects through our Water-Saving Community Fund, which launched in 2021. These could be small, like a rainwater harvesting project for allotments, or larger, like a wide-ranging education programme. Since launch, we have provided over £48,000 to over ten different projects and we want to hear from any community groups that have an idea that will help communities to use less water.

Findings from our research reinforce the belief that customers prefer simple, strong messages especially on water saving tips, the environment and saving money. A mix of channels is required and clear images of the amount of water used (e.g. bottles), and the money to be saved, are the most likely to lead to action[7]. The application of the findings from this research is most evident through our Stop the Drop, and subsequently Save Every Drop, campaigns.

[7] SBB_CR1.56 water efficiency messaging

Case study – Stop the Drop

As part of a drive to increase water efficiency and protect our resources in the South West region during the 2022 drought, we launched a first of its kind customer incentive scheme.


£30 off water bills after target is hit

In November we asked everyone in Cornwall to come together to help Stop the Drop in reservoir levels. We provided an incentive, offering £30 off bills if Colliford Reservoir reached 30% storage capacity by 31 December 2022, from a starting point of 15%. The campaign was a success, contributing to a 5% overall reduction in demand, with the most significant reduction in demand (up to 9%) coming from our unmeasured and fixed tariff customers. Customers collective efforts helped to restore Colliford to the 30% target, and as a result all our household customers in Cornwall received a credit on their bill.

Using our online customer panel we undertook a post event research survey[8]. Most customers surveyed were aware of the water saving measures they could make and were already using some water saving devices in their homes. This shows that the messaging around Stop the Drop was effective for customers and we have already used this insight to continue our water efficiency campaigns.

Following the success of Stop the Drop, in February 2023, we launched a new campaign under the banner of Save Every Drop, with messaging broadening to the wider Devon and Cornwall regions.

The wider scope allowed us to shift away from a primarily customer focused campaign to also include businesses, visitors, and other partners and stakeholders. This allows us to target different audiences with different messages to make them relevant and focus messaging for the maximum impact.

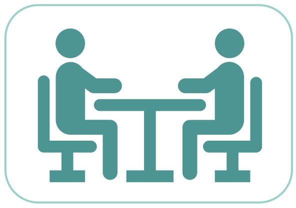
The campaign is still ongoing and significantly contributed towards the lifting of the temporary use ban in the region in late September 2023.

> "I really liked the reward for 'saving' water for Cornish reservoirs recently. There was local advertising that if residents of Cornwall were able to collectively restore an adequate level of Colliford lake, if we would bring it up to the required level, everyone would get a financial reward. And I think it was like £30 or £40 or so, and that was nice."
>
> **Female, 18-45, South West Water**

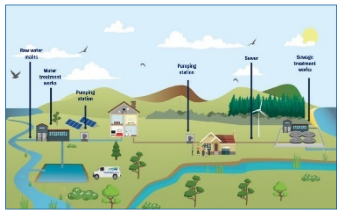
[8] SBB_CR1.63 SWW Customer Board – Save Every Drop

Our engagement strategy

Engagement means understanding what customers want and responding to that in plans and ongoing delivering, ensuring that we build a plan around what matters to customers, a plan that we can deliver.



For PR24 we have undertaken our most diverse engagement programme. It has allowed us to develop the right deal for customers, right now. We have engaged a similar number of customers as we did in PR19, but with a wide range of stakeholders also engaged, including NGOs, delivery partners, catchment partners, consumer bodies, developers, retailers, regulators and local government. Since the pandemic there has also been a huge expansion of local environmental or socio-cultural groups and networks. From this, we have been able to develop a good understanding of the priorities (wants and needs) of our customers, communities and stakeholders. A rapidly growing number of 'communities of interest,' as well as the traditional place-based communities, are also holding us to account.



We continually seek customer views and perceptions on different areas of the business through our long term tracking survey – which for SWW has been in place since 1995 for SWW!

Side by side with customers we have co-create our service journeys, and steps to improve satisfaction and affordability.

We are not shy of engaging with customers on difficult or sensitive topics, including how we are performing, and our WaterShare+ Panel has helped move the conversations on with public meetings that allows every customer to have a voice.

Our objectives

- To engage with customers and stakeholders via a wide-ranging engagement programme, so that we can understand the views of all customers, but with a particular focus on vulnerable customers and those that struggle to pay their bills
- To conduct engagement with representative sets of customers, with high quality research in-line with all good practice standards – including those set out by Ofwat
- To draw together evidence from a range of research activities and channels into synthesised and triangulated insights.
- To understand customers' priorities and to ensure a line-of-sight from customer views to our business plan, demonstrating how insight drives action and decision-making

Raising the Bar on engagement

Fresh views and challenges from the WaterShare+ Advisory Panel

An important part of WaterShare+ is its Advisory Panel. The Panel works with customers across the region to ensure customers' voices are represented within the business.

The independent Panel has improved the transparency of our performance, how we are held to account, and strengthened the two-way engagement with our customers and stakeholders, a fundamental requirement for all providers of essential public services.

The Panel consists of an independent chair, Lord Matthew Taylor and deputy chair Nick Buckland. Following the merger with Bristol Water, Peaches Golding OBE is deputy chair of the WaterShare+ Customer Advisory Panel and independent chair of the ongoing Bristol Water Customer Challenge Panel. Carole Theobald, Richard Lacey and Anthony Denham make up the rest of the esteemed Panel.

The Panel is supported by expert advisors from the Consumer Council for Water (CCW), the EA and Natural England. All provide specialist insight and views to the Company on their areas of expertise.

Set up in 2020 with a role of holding us to account on performance on an ongoing basis, the Panel's remit has included oversight of the PR24 business plan. Consistent with our ambition to ensure that we have a rich and comprehensive understanding of what matters most, for this plan we extended the role of our WaterShare+ Panel to challenge our approach to customer engagement and to ensure that the plan reflects the outcomes of the engagement.

The WaterShare+ Panel was well suited to this role – given its extensive Executive and Board level experience. With unprecedented access to our Executive as week as our Board, the Panel has been essential in developing our plans as the voice of the customer.

The Panel has a wide remit and has fulfilled a number of functions including:

- Seeking customer feedback by holding quarterly meetings in public. The public meetings enable any customer to effectively join the Panel for the day and directly challenge the company's Chief Executive Officer and members of its executive leadership team on its performance and strategy
- Monitoring and reviewing progress on the company's PR19 performance commitments and undertaking 'deep dives' into specific areas of challenge, such as the company's environmental performance, review of its action plan following Ofwat's assessment of performance under its Water Company Performance Report 2021/22 and its response to the 2022 drought
- Reviewing the company's approach to sharing customer benefit, including the timing of sharing any net gain, and that it has been accurately assessed
- Sharing views on behalf of customers on the company's dividend policy and any proposed changes
- Providing an annual performance report statement and overview of the Panel's activities and assessment of the company's performance

Two sub-groups of the Panel have scrutinised our PR24 plans in detail:

Customer engagement for PR24 –

- Providing independent review and challenge of our customer engagement methodologies to confirm they are appropriate to inform the PR24 Business Plan and that the engagement materials are accessible and easily understood

- Fulfilling the specific Ofwat / CCW requirements on Independent Challenge Groups relating to the independent review and challenge of the company's Affordability and Acceptability testing of the PR24 Business Plan

- Confirming that customers' priorities and needs obtained from the engagement have been considered and taken account of in the development of the PR24 Business Plan

- Reviewing the approach to assessing and understanding customer affordability and whether the PR24 Business Plan includes appropriate measures to help those who may struggle to pay their bills

Technical panel for PR24 –

- Providing an independent review and challenge of our PR24 investment programme in the context of customers' needs and wishes, regulatory requirements and current and future levels of service and performance

- Reviewing how the company develops any bespoke PCs and ODIs for PR24 and whether these reflect customer wishes

- Reviewing the relationship between the level of investment and the pace of delivery, including the justification of trade-offs due to affordability constraints

The Panel have written a report on the PR24 business plan, and in doing so engaged Frontier Economics to assure the company's engagement for the business plan.

Following submission of the plan the WaterShare+ Panel will continue to hold the company to account on behalf of customers, and based on the success of the process we will also be launching a new Environmental Advisory Panel, to do the same on environmental matters, from net zero to pollutions.

Enhancing our conversations

Any engagement programme starts with being clear about what is it that we want to know.

Our customers are all individuals – with different needs and wants. Each day our role in our communities means that we can impact their daily lives – their time, health, money and future.

We need to understand these impacts if we are to deliver a plan that:

- Reflects what matters most to our customers and communities

- Delivers environmental and social value for all

- Is grounded in the long term, sequencing investment to get the best value to customers now

- Addresses affordability issues

In developing our plans, everyone can have a voice. By conducting events in public, through consultations, and through our mass communication reach outs – everyone has had the opportunity to engage.

Our phases of research

As we have looked to have structured conversations, our research has been divided into four phases to ensure that the research inputs into the business planning process at the right time.

We established four phases to develop specific PR24 research and engagement underpinned by business as usual activities and the wider engagement campaign to encourage customers to have their say.

Information from customers can come directly from surveys or focus groups which are asking for their opinions on a particular subject matter or their experiences about our services. Another important source of information is our everyday interactions, for instance telephone contacts, complaints or conversations at community events. These all provide us with insights and evidence.

We use engagement to influence our day-to-day operations and our plans.

We have shared insights around engagement through industry forums such as a customer research insight group set up and run by water companies. We have also shared what we have heard from customers through our website - we want customers to see what other customers are saying, and to understand how their views are shaping our plans and our activities.

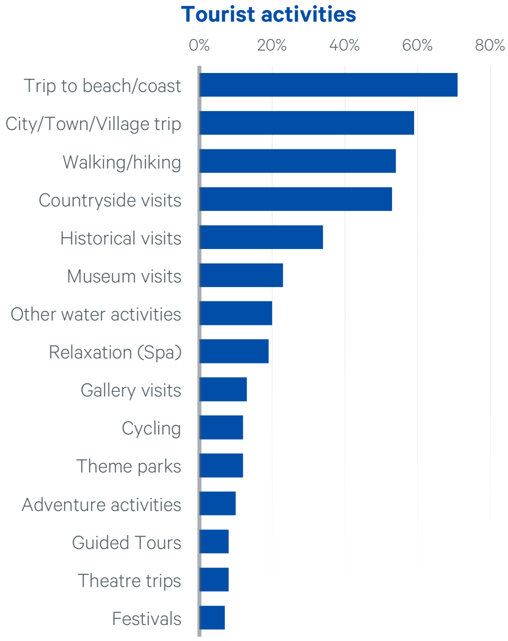
The WaterShare+ panel has been an important part of our engagement. In turn they have engaged Frontier Economics to review, triangulate and synthesise all of the research for their use and to support the WaterShare panel in producing its own report into the way that engagement has been delivered.

In updating our core Willingness to Pay programme, we have drawn on a wider set of data including Ofwat’s own research, to provide ‘triangulated’ values for use in best value planning and incentive setting. All of this work has been peer reviewed by a leading academic in environmental valuation work.

We also need to take into account the views of our visitors

In the summer months, our services scale up to accommodate visitors, given the region is the UK's most popular tourist attraction outside of London. Over 80% of those visiting come specifically to enjoy the coast or a beach.

Covid-19 created seismic shifts in where we live and how we work. Nowhere is that more true than in the South West. Whilst the South West is usually a favoured destination for tourists, for many people and for many months it was the only destination for tourists, and our small villages and hamlets became safe havens for people across the nation – all requiring top quality drinking water and wastewater services on tap.



We undertook research in June and September 2023 to establish why people chose Devon and Cornwall as a holiday destination and looked to find out if the likelihood to visit and importance of the area had changed as a result of the Covid pandemic[9].

Reasons for visiting the South West mainly included the beautiful scenery (60%), the beautiful beaches, waterways and coasts (57%), having plenty of things to do there (39%) and because it supports the UK (28%). Of respondents taking part in water based activities, over three-quarters said they went swimming. Of those that have only visited post-Covid, over half said they will continue to visit the South West now restrictions are lifted (58%).

Protecting our beaches is an essential priority for us as not only is it essential for public health but it also supports tourism and the economy.

Visitors agree – their number one activity in the region is to visit our beaches and coasts. When asked what water environments respondents had had interactions with, four-fifths had interacted with coastal environments such as beaches (81%), whilst two-fifths had some interaction with rivers (37%). Those living in the South West were significantly more likely to have been to a river (46%). One quarter of all respondents had interactions with lakes or reservoirs (27%) and one in seven with canals (16%).

Nearly all respondents agreed that it is important that the beaches have good quality water.

We also looked to understand whether visitors used water differently when on holiday. Similar to water activities undertaken at home, seven in ten respondents would use water for showering (71%) or handwashing (68%) once a day or more often. Watering the garden and washing the car is less prevalent on holiday than at home, but half of visitors say they would use a hot tub.

"Devon/Cornwall is a lovely holiday destination. In order to keep businesses thriving and to keep myself happy, it makes me more enthusiastic to go on holiday there now since Covid."

Travelled to Newquay from Midlands, visited before Covid, Female, aged 18-29

"Cornwall has always been an important destination throughout the years but since covid I appreciate it even more when I visit. It needs protecting. It's a jewel within Britain and should be celebrated"

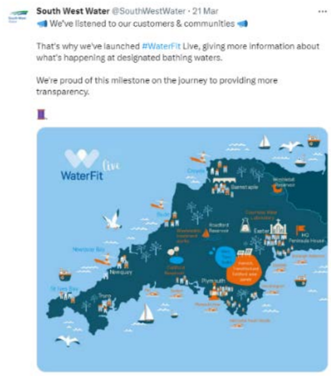
Travelled to Penzance from North West

Half of visitors say they use a hot tub on holiday

[9] SBB_CR1.70 Visitors Survey – post Covid impacts

Digital engagement – embracing the power of social media

There has been a step change in the use of digital engagement since PR19 and we use a range of digital analytics to influence planning of the future customer journey and our engagement activities. For example we have analysed our webpage traffic to highlight pages that do and don't perform well to ensure we are focusing on areas that are important to customers e.g. we can see that most customers access and use the website for transactional purposes and therefore have made the 'MyAccount' section more readily available.



Social media has also been a powerful tool, providing useful insight to us on how customers respond to different types of engagement. Although our channels have a relatively low percentage of our customers and communities engaged with, we find that they are useful in alerting us to localised hot spot insights. Our social media is analysed monthly, reviewing follower numbers, engagement rate, impressions and sentiment across each platform. Common themes in the most and least successful posts are identified and utilised to shape plans and posts that are most engaging with customers for future social media campaigns.

Our channels are in their infancy at present, and we expect more useful insights as our tracking progresses.

During operational incidents, social media is a brilliant way for us to keep communities updated efficiently. We have seen in recent years how regular updates are often well received by the community and help manage an escalation.

We also hear from customers when we don't get the service right, and we are committed to ensuring that we consistently provide this service, with regular updates across our channels.

We review the analysis of what we've heard from our social media channels daily. Colleagues from across the business are aware of what our customers are saying on these channels, as it is public, it is more visible than our other channels to colleagues. We care about improving the trust with our communities and therefore we know that quickly responding to these hotspots is critical and we use our post event feedback on social media and share the findings with colleagues to learn how to improve the service provided.

We find that the sentiment we collect from social media aligns with our continual insight, the areas that are most likely to be mentioned in volume are storm overflows and operational incidents. It is also a great way to hear from tourists, and to let tourists to the area know about key campaigns as they are visiting.

Whilst we offer this wide range of digital communication channels to service our customers, as we move forward we intend to explore using data to understand our hotspots of digitally excluded customers, and ensure we are robustly and efficiently meeting their needs as well such as via community events and leaflets.

Ensuring high standards are met

We have worked with some of the best market research organisations as we have looked to engage our customers through independent, high-quality research.

Each research project has a four-pillar approach – starting from being clear about what the aims of the research are through to using the research effectively in our plans.

1 Set out the aims of the research

What we want to know:

- Customer and stakeholder priorities
- The environmental and social value of investment
- Balance of the plan – long term sequencing of plans
- Protection for customers – ensuring affordable bills and delivery of our plans

2 Understand how to get high quality information

High quality research:

- Clear engagement plan independently reviewed and challenged.
- Research independently undertaken in line with high quality standards and Ofwat quality tests.
- Research consistent with engagement and segmentation strategy and reviewed by WaterShare+ panel.
- Academic peer review of technical elements
- Sharing and learning with other companies across the sector

3 Report what customers & stakeholders say

What was said:

- All research studies independently reviewed, triangulated, and synthesised for use.
- Research assessed overall and by customer segments.
- Comparisons to PR19 research - to build up longitudinal views.

4 Understand how to use the insight to shape plans

How we use it:

- Documenting how we have used the research - You said… We did
- WaterShare oversight of the line of sight from engagement to the plan
- Considering wider sources – social media and trust pilot

Our research has been developed and delivered by experts in market research, customer engagement, and the utility sector. **This ensures it is usable and actionable**.

Our research has been independently overseen through our WaterShare+ panel, and through external assurance partners. **This means it can be used with confidence**.

The research is robust and high quality. In line with the Ofwat tests, and good practice, our research is:

- Useful and contextualised
- Neutrally designed
- Fit for purpose
- Inclusive and representative
- Continual
- Independently assured
- Shared
- Ethical

Our engagement has been delivered by independent experts in water regulation and engagement so that the ‘conversations’ with customers on specific topics are understandable and dispel any myths to ensure that the insights gathered are robust.

The research reflects all customers, including those who struggle to pay.

Through an updated sampling strategy and segmentation analysis, we have ensured that all customer research we have carried out has a wide reach and is representative of the customers we serve, including harder to reach customers and includes:

- future and younger members of the communities
- vulnerable customers
- customers in all regions – Isles of Scilly, Bristol and Bournemouth are included in the research
- Non households and retailers
- Stakeholders

We have worked with ICS Consulting to make sure we fully understand those who may struggle to have an unaffordable bill in the future, and how we may target those with support in the future, building on the support we currently have in place.

We have conducted specific research to understand how we continue to provide affordability support, such as social tariff research, as well as engaging CCW to make sure we are fully supporting customers. We've undertaken research into how we might be more innovative around charging, which has fed into the progressive charging work.

We have tested our plans thoroughly, using both the Ofwat mandated acceptability and affordability research. This complements our own research into what is the right shape and makeup of the business plan. We have had a particular eye on what vulnerable customers and those who struggled to pay their bills have to say about the plan and the outcomes it delivers.

Overall, the WaterShare+ panel has been challenging around affordability recognising that we must maintain affordable bills for all. For the panel, this includes ongoing lobbying to keep the government contribution to bills.

The research follows Ofwat guidance

All of our research partners are independent and experts in the field of market research. All research partners are members of the Market Research Society (MRS) and conduct all research in line with the stringent conditions set out in the MRS Code of Conduct.

Each research partner has conducted research in line with the Ofwat guidance. Each research partner's methodology statement is used to show how the research has been undertaken in line with Ofwat guidance.

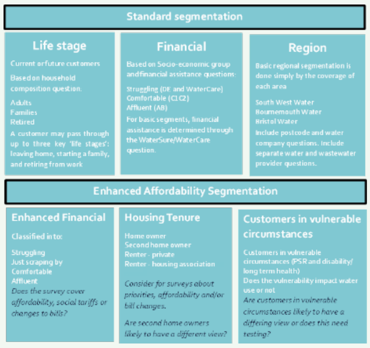
In addition, Frontier Economics have reviewed all of the research and have provided evidence that all research is synthesised and triangulated is in line with offered guidance and reflects the feedback provided by the WaterShare+ panel through the process.

Overall, we are confident that the research is high quality.

Having conducted a comprehensive programme of engagement that is high quality and meets Ofwat's principles, we can be confident that we can base our plans around what matters most to customers and communities. The research is relevant and robust and can be used to inform our AMP8 business plan and long term plans.

Case Study – Engaging the Hard to Reach

Everyone has a voice in our plans.



We are passionate about putting customers at the heart of everything we do and enabling all our customers to engage meaningfully with us – we aim to reach every customer.

We have carefully designed our engagement and research to enable every customer to have a voice, updating our sampling strategy to ensure we reach an inclusive range of audiences and voices. Our standard household segments and quotas cover life stage, financial and regional characteristics as well as gender. And for non-households our quotas are set on business industrial classification to ensure we hear from the range of business types and sizes. We have carefully identified the segments engaged via each piece of research according to its purpose, in line with the segmentation strategy and user guide.

We have undertaken a balance of online and face to face engagement across the research programme – online discussions have been invaluable, not only due to the constraints of undertaking research during a pandemic, but also to increase inclusivity for many participants such as those with disabilities or caring responsibilities that mean they may not wish or be able to travel for face to face research. We have also worked hard to ensure that the voices of digitally disengaged customers are included through face to face and telephone methods.

When we held our **Your Water, Your Say** engagement session in May 2023 we had a wide-reaching campaign to ensure we were engaging with as many customers as possible. Customers were invited via multiple channels of communication, resulting in 912 registering their interest – 170 participants joined the meeting on the day. Emailing our customers directly was the most successful method of the multi-channel communications approach, and we will ensure that direct customer emails are sent for our public WaterShare+ meetings going forward. On the Isles of Scilly we advertised the session in local offices and were pleased that customers from the islands joined the session.

We hosted our event via Zoom, with a studio style format from our head office, ensuring there was a sign language expert available for those who are hard of hearing. The Q&A function was available to participants throughout the session and customers also had the opportunity to submit questions in advance and have a CCW representative ask them on their behalf.

It was encouraging to see so many customers showing an interest in our plans and shows that there is a clear desire for customers to speak to us. We are making information about Your Water, Your Say sessions, WaterShare+ meetings and upcoming events more easily accessible on our websites with a new dedicated webpage being created to make the information publicly available.

Maintaining our core valuation evidence

We have a long history of understanding the environmental and social value of the services we provide, having conducted our largest Willingness to Pay (WTP) programme during PR19.

When making choices between the timing and scope of different potential improvements, we can weigh up the costs and benefits using our set of monetary values that are attributed to each of the 150 aspects of performance and service that we use to assess any solution.

This removes the use of judgement in developing our plans.

By continuing our WTP programme, we have maintained a high quality set of customer valuations. These monetary values are highly robust and are used for developing plans and can be used to set incentive rates for Outcome Delivery Incentives.

Our WTP research[10] [11]has helped us to understand the benefits of investment and the maximum bill increases customers are willing to pay for improvement to service and the environment. Testing these values with customers ensures we can prioritise improvements, apply cost benefit principles to our plans, and ensure we understand the overall envelope of bill increases customers will be willing to pay.

The research shows that overall appetite for bills to increase to deliver more outcomes has increased since PR19. The willingness to pay for specific service changes has stayed broadly similar to levels at PR19, with only minor ups and downs, confirming that customers do expect to see more outcomes from any increased bill.

Highlights from the research include:

- **Sewer flooding** – sewer flooding has not received much media attention, but for customers this remains an area of focus. Customers tell us that they worry about how climate change and population growth will impact on the risk of flooding, so we need to invest to keep our performance at industry leading levels. Despite historic low levels we have seen a slight increase in willingness to pay to avoid sewer flooding since PR19.

- **Bathing water quality** – with 36% of England's bathing waters and 80% of those visiting the region coming specifically to enjoy the coastline, unsurprisingly beaches are seen as an essential priority for us. The value of improvements to bathing waters is largely unchanged since PR19 – it is just as important to continue to improve beaches as it ever was. Stakeholders also recognise the need for high quality bathing water, noting the impacts on the tourism industry and natural environment.

- **Pollution incidents** – pollution is a broad umbrella for customers, covering wastewater and environmental performance. It's also a growing area of importance for customers and they are concerned to hear we are falling behind on our current pollution targets. Reflecting the importance of this measure, there has been an associated slight increase in the willingness to pay to reduce pollution since PR19.

- **Storm overflows** – Customers think storm overflows are being used too often – given this is a priority for them, we have included this in our programme of willingness to pay for PR24. Storm overflows that impact bathing waters are considered to be the highest priority and highest value to address as they have public health impacts. This is an area that stakeholders also support investment, with the clear desire to see storm overflow issues addressed, but where storm overflows are not impacting human or environmental health, these are a lower priority than our other statutory duties.

- **Supply interruptions** – WTP has increased compared to PR19, largely driven by non-households who value any interruptions to supply highly.

[10] SBB_CR1.29 SWW WTP PR24

[11] SBB_CR1.30 BRL WTP PR24

- **Water quality** – the vast majority of customers tell us they are happy with what they currently receive and are not surprised that 99.97% of water quality meets the stringent standards. Reflecting this, WTP for improvements has slightly lowered over time – reflecting that many customers are happy to maintain performance. It's our number one priority to make sure every drop is brilliantly clean and safe and need to ensure that everyone likes the taste and appearance of water.

- **Water resources** – customers are concerned about the impact of climate change, and whether we are prepared for the future impacts. Customers consider hot, dry weather the biggest risk we face in the future – and it is essential that we ensure there is enough water in the future. Our tracking research shows that the impacts of low-level restrictions such as hosepipe bans remains of low concern – there has been low traffic over social media on this issue and the willingness to pay to reduce the frequency of hosepipe restrictions has dropped slightly since PR19 – but with an increase in the appetite for reservoirs to secure the future. Willingness to pay for leakage however continues to be high.

Stakeholder forum

We refreshed the way we engage with our stakeholders through the cornerstone of our Stakeholder Engagement Programme – our Stakeholder Forum – which was established in July 2022 and has been run as a bi-monthly event (either online or hybrid) since December 2022. The Forum meetings combine webinar/presentation and workshop elements and are designed to increase engagement, raise awareness of our work, increase understanding of the challenges we face and the solutions we are planning to overcome them. The Forum is used to listen to stakeholder concerns, answer their questions, gather their ideas and test the veracity and acceptability of our plans.

Over 1,000 stakeholders engaged

The goals of the Stakeholder Engagement Programme are:

- To develop trust and confidence in Pennon (and its subsidiaries) as an organization genuinely committed to protecting and improving the environment, raising awareness of the activities and investments already being delivered. We also want to gather evidence of customer and stakeholder support for our environmental objectives and show how we plan to meet the ambitions of the Government's 25-Year Environment Plan

- Demonstrate effective and early engagement with regulators and stakeholders (including customers and internal stakeholders) through our planning processes, identifying opportunities to benefit multiple water users and the environment, reducing the risk of issues being identified later, and resolving concerns early

- We want to understand the priorities, concerns and 'project pipelines' of our stakeholders in order to reflect and response in our strategic plans, and to identify opportunities for our involvement

- To ensure that Pennon Group continues to be regarded by our delivery partners as a credible and suitable funder, in particular the Farming and Wildlife Advisory Group, Devon and Cornwall Wildlife Trusts, and Westcountry Rivers Trust as we seek to expand our collaboration with them and other trusted delivery partners

- To identify and develop partnership collaboration opportunities to tackle local wastewater, flooding and drinking water challenges, including nature-based solutions, including delivery partners and landowners

- To identify and create new forums where required and to respond positively to invitations to attend local, county and regional groups and partnerships whose objectives and concerns overlap with those of our own remit

- To proactively bring together local communities, councils, businesses, and landowners to co-design solutions for tackling water management issues which are impacting or could impact on local areas. We also want to actively engage with stakeholders at a local or catchment level to take a 'catchment approach', but also make a positive and consistent contribution to strategic planning at a county and/or regional level

- Be transparent in methods, data, assumptions, and decisions, and demonstrate that stakeholders' views have been considered (and acted on) in the development of our plans

- Provide confidence to regulators, stakeholders, and customers that our plans represent 'best value', and that they align with and complement other planning processes, including River Basin Management, flood risk management, local authority plans, drainage and wastewater management, and drought plans

- Ensure that this engagement is a continual process in which the long-term sustainability of the outcomes achieved is maintained through ongoing engagement activities

To manage and coordinate the programme we have formed an internal Stakeholder Insights Group (SIG), which includes a wide array of Pennon staff working on stakeholder engagement on a day-to-day basis. In addition to the Stakeholder Forum, the members of the SIG manage and deliver of a broad programme of both thematic and place-based stakeholder engagement activities. These include activities such as: the Beachwise Forum, project focused engagement (Green Recovery, Upstream Thinking etc), technical working groups (such as the Nature Based Solutions Working Group), consultation events for our various plans and strategies (DWMP, WRMP, WINEP, PR24, Drought Plan, etc), local community engagement (parishes, town councils, Isles of Scilly, Bourne Stream), set-piece 'Show-and-Tell' events with key groups/organisations, etc.

In addition, the engagement specialists provide stakeholder engagement guidance, support and delivery for key programmes and projects across the business – e.g., Green Recovery, WRMP, DWMP, WINEP planning and delivery (AMP7 and AMP8), drought and resilience, etc. Pre-consultations and public consultations are key foundations on which the PR24 stakeholder engagement programme has been built.

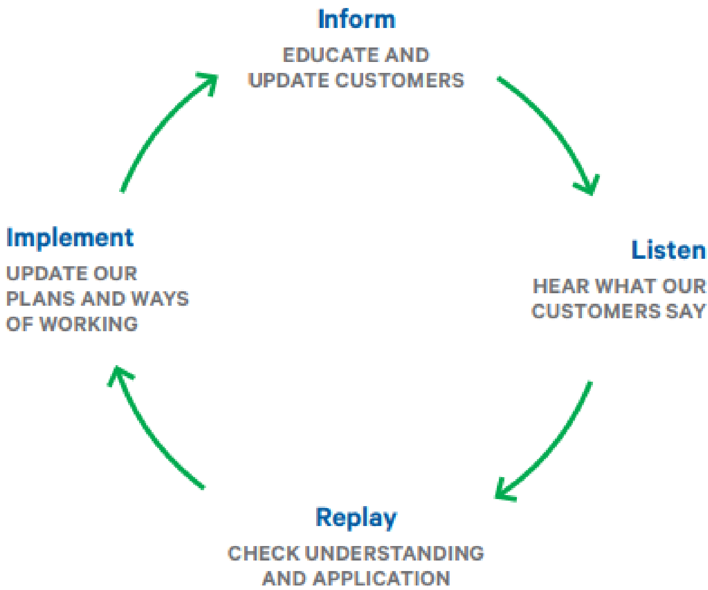
The Group are responsible for the tracking, monitoring and evaluation of stakeholder engagement being undertaken across Pennon Group, to enable reporting of outcomes achieved to key internal and external audiences, and to support an adaptive approach. The SIG reports activities and insights to the Board each month and produce a weekly Stakeholder Insights Report as a briefing to the executive.

Triangulating and assuring the findings

We don't rely on any single piece of information or study to understand customers' views. Within each of these four phases we have used an iterative process: INFORM – LISTEN – REPLAY – IMPLEMENT – to ensure we understand and apply customers' views correctly in our planning process.

We use research to shape our plans and day to day operations.

There is a clear line of sight from what we have heard to what is in our AMP8 plans – as we have adopted the principle of "You Said, We Did" in developing our plans. It can also be used for our longer term plans, as we look to pace and sequence investment in the right way.



In total through our engagement activities, we have listened to and taken account of the views of c. 30,000 customers and stakeholders in developing our plan.

These actions ensure that customers and stakeholders can have confidence that our plans accurately reflect their preferences.

We have used a qualitative triangulation method to assess the wide variety of insight gathered. Each report has been scored using a framework derived from the CCW triangulation approach and developed initially by the synthesis team. Sources are scored according to the grid and an average value determined (the individual scores can be found in the Appendix of this report). Using this scoring approach helps reduce the risk of bias, evidencing sources based on the robustness and relevance of each source. The categorisation is designed to help the author and the reader make judgements about the weight to be given to each source of evidence and where sources conflict where emphasis should be placed. This methodology also aligns with the triangulation used for the valuations.

By cross checking and sense checking evidence, we have drawn on a wide range of engagement techniques and research methods. Our evidence has been used to develop our plans and outcomes, and has been shared externally with the WaterShare+ Panel, to enable each member of the Panel to see the line of sight between customers and the key decisions in the plan.

We have been listening to what matters most

Through focus groups and workshops, online, telephone and face to face surveys, digital channels and social media, through engaging with customers in everyday activities, whether it's paying a bill or ringing to tell us views, **we have been listening**.

PR24 has seen our largest research and engagement programme – matching the large customer engagement programme undertaken at PR19, in addition to Ofwat's centralised research and increased engagement with a wide range of stakeholders including NGOs, delivery partners, catchment partners, consumer bodies and regulators.

Overall, as we listen to customers and communities, we know that we need to:

- Empower customers as a socially responsible business
- Strive for environmental leadership
- Support the economy
- Support local communities
- Be a trusted company

We need to continue to modernise so that the water system is one that future generations can be proud of. We need to think about future generations as much as our current customers today – ensuring that today's service is not at the expense of tomorrow.

We have translated what we have heard from customers into actionable insight – underpinning what we do and how we do it.

Customer priorities

Customers' top priorities reflect the importance of water and wastewater investment.[12]

We know customers want high quality water – from the water in your tap to the water at your favourite beach.

We know that customers worry that there will not be enough water in the future given climate change, and as more houses are built, and that the growth in tourism is not sustainable.

We know customers want to make the most of our region by enjoying the green spaces and spending time at a favourite beach or river.

Our annual customer priority surveys show us that concerns about climate change and the environment have become more important in recent years.

Continuing our extensive engagement – started over 10 years ago

Our 2025-2030 business plan retains the step change in engagement in customers

Stakeholder Forum established

[12] SBB_CR1.10 Priorities research

The issue of our reliance on storm overflows has been widely covered by the media. We agree this practice is unacceptable today, particularly where it causes pollution or stops people going to the beach. It is an area where the majority of customers would like us to accelerate investment to fix the problem and protect bathing waters in particular.

Stakeholder priorities

For many stakeholders the environment is deemed to be the highest priority, followed by resilience and affordability. Stakeholders see nature-based solutions as a key strand to any environmental approach and repeatedly demand to see specific biodiversity and environmental ambitions added to our plans.

They have also been consistently clear that they believe collaborative working is essential to achieve the ambitions set out in our plans, and they want to work in partnership to co-create and develop solutions and strongly support community engagement initiatives. Tailoring engagement to the audience and providing clear responses, avoiding (or explaining) the use of jargon or acronyms is important as well as creating an environment that facilitates open, informed and truthful/honest conversations.

Stakeholders repeatedly advocate that we should adopt a holistic, evidence-based and collaborative approach to the delivery of catchment and nature-based solutions to deliver water resources and wastewater outcomes. They also call for cross-sector solutions, collaboration, strategic options at a regional scale and nature based solutions to be used to increase environmental resilience.

Most stakeholders strongly support an accelerated investment programme for tackling storm overflows and are against deferred spending. However, while there is clearly a desire to see storm overflow issues addressed urgently, many stress that any funding strategy should consider customers' financial concerns as a priority and that storm overflows not impacting human or environmental health are lower priority than our other statutory duties

Many are worried about the impact of poor water quality on the South West's tourism industry and natural environment. However, we have also received praise for our efforts to improve services across the area.

The Strategic Priorities

Reflecting what matters most to customers, we have identified four strategic priorities for 2025-2030 based on the most urgent investment needs:

- Water quality and resilience
- Storm overflows and pollution
- Net zero and environmental gain
- Addressing affordability and delivering for customers

These map directly to our customer and stakeholder priorities and those areas they want us to take action sooner rather than later.

These are also consistent with our five 2050 ambitions, which set the longer term direction for the plan.

Strategic priorities	Customer top 10 priorities
Water quality and resilience	1 Clean, safe water supply 6 Reduce leakage 7 Resilience to extreme weather
Storm overflows and pollutions	2 Prevent pollution 3 Protect bathing waters 4 Prevent sewer flooding 9 Less reliance on storm overflows
Net zero and environmental gains	5 Boost nature & wildlife 8 Protect rivers
Addressing affordability and delivering for customers	10 Excellent customer service & responsiveness

These are the overarching priorities of our plan, and we have discussed them with customers repeatedly over the last 18 months.

Responsible Business – protecting and enhancing nature and the environment

The South West is a place with abundant natural beauty and a wealth of species and habitats ranging from moorland and forest to rivers and beaches. The health of the environment is critical for tourism, recreation, leisure and agriculture. It is also a key aspect of the quality of life enjoyed by those that live here.

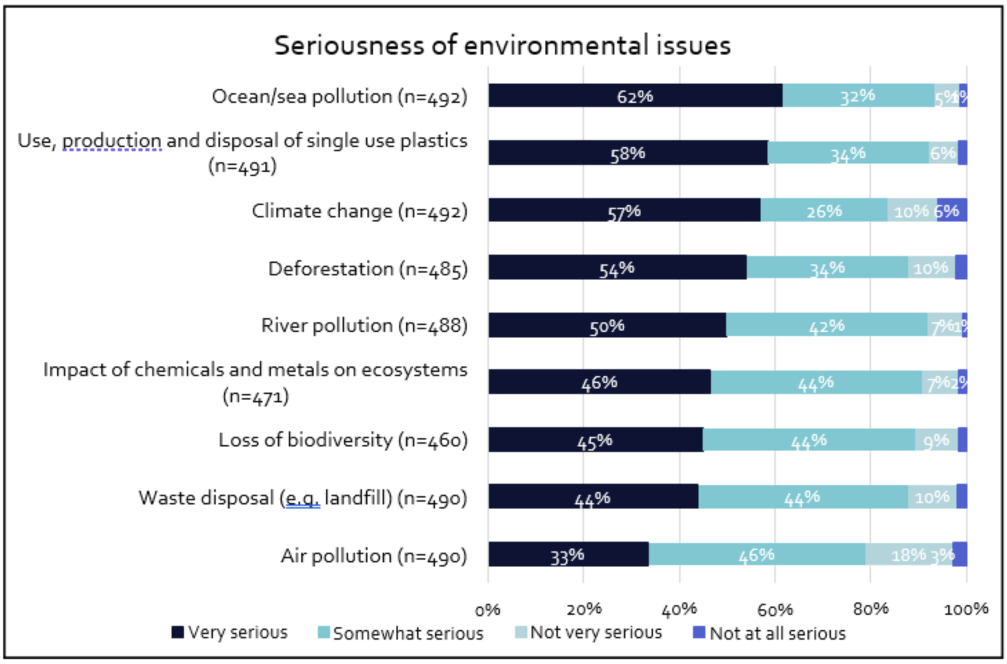
We play a critical role in taking care of the environment and a statutory duty to protect and improve it.

Customers tell us that as a responsible business they expect us to show leadership[13]:

- Delivering leading and stretching performance – going beyond what is expected
- Being a good neighbour – supporting industry and communities across the region
- Taking the initiative, sharing knowledge and innovating
- Supporting national goals, such as addressing climate change and achieving net zero

Our customers tell us that they are increasingly concerned about a range of global issues

The environmental issues that concern them the most are climate change, deforestation, ocean pollution, single use plastics, and air pollution. These are seen as serious global environmental issues that affect us all.[14] [15]



“We all want a greener world.”

SWW customer, Female, SEG B , Aged 56+

Protect our local environment.

You said, we did.

Focus on catchment management to protect water sources and boost biodiversity

“I moved down here nearly 35 years ago, and I've got no intentions of moving back up north. It's too nice down here! You've got fantastic countryside – I know there's fantastic countryside round the whole country, but it's really nice down here. The whole of Devon and Cornwall, you've only got to drive five miles and you see something beautiful”

SEG C2DE, Aged 56+, SWW

[13] SBB_CR1.2 Environmental Leadership

[14] SBB_CR1.9 WaterFit priorities

[15] SBB_CR1.33 WTP – Rivers and coasts

Similarly, when asked to rank the most serious environmental issues, stakeholders identified climate change and the use and production and disposal of single-use plastics as the most serious issues.[16]

Our customers increasingly recognise the impact of climate change – seeing the changes in the weather first hand. Customers do recognise that the difficulties facing the South West are multifaceted, referring to the complexity of the mix of rural and urban environments, the pressure of tourism and second homes on urban development, the contribution of business and agriculture in the region and the rise in population.

Customer ranking of key challenges in the DWMP (2022) consultation.[17]

We are expected to do our bit and protect the environment

Our customers have a good level of understanding that we can impact on the environment. This is clearest when considering our direct impact on rivers and coastal waters.[18]

The water environment underpins the economy, tourism, recreation and the way of life in the South West as well as the unique and precious wildlife of the region - so customers expect us to do our bit to support all of these.

In contrast there is less awareness of the non-core activities – such as our work on biodiversity and habitat protection, and little appreciation of our impact as a consumer of energy. Nonetheless, biodiversity and catchment management plans, alongside waste management and chemicals, are high priority environmental issues for customers, who welcome any positive change we affect.

Although stakeholders often express their desire to hold all polluters to account, in reality it is much harder without there being effective regulation on areas such as the farmed environment. Therefore, a lot of the focus remains on water companies.

Our customers think it's important to further invest in eco initiatives and core infrastructure improvements to protect public health and the quality of the environment.

Improvements to the health of rivers and seas, that boost biodiversity are ranked highest.

We are expected to be ready to cope with the challenges from climate change, more extreme weather impacts, and population (and tourism) growth.

Customers tell us that they are most worried about the challenge we face from climate change. However, this is one of a range of issues that the company is worried about, and to some extent challenges are seen to be interdependent in our region. They are also aware of the difficulties in addressing these challenges in the region, particularly given the pressures of second homes, tourism and the mix of rural and urban environment.

[16] EQ, Let's Talk Water - Stakeholder Forum Report, March 2023

[17] SBB_CR1.37 DWMP preferences and testing

[18] SBB_CR1.2 Environmental Leadership

"Population and household growth not only increases the demand for water services, it also plays a part in urban creep changing climate and customer expectations and awareness."

Male, C2DE, Aged 46+

Our stakeholders and customers want to see us taking environmental leadership

"It's about planning for the future especially given climate change."

Devon 25 to 50

"All businesses should have environmental protection at the heart of what they do."

Higher social grade customer

When testing our WINEP plans, customers told us we need to do more to protect the environment from these future challenges. A particular focus is on boosting nature and improving bathing water quality. Customers noted they were willing to pay for these benefits – seeing it as short term pain for long term gain – and that delaying investment until later just makes it more costly in the long run[19]. In some areas huge investment is required to improve inland bathing quality and we are increasingly hearing stakeholders question why we would be spending to reduce spills in areas where only a few people will actually benefit.

When our customers were asked how they would invest £50 across different environmental areas, customers chose to invest 39% to boost nature. Of this amount, 17% was invested in catchment management / partnership with landowners / farmers, 15% was invested in tree planting / habitat creation and 7% in peatland restoration[20].

Getting WaterFit

Last year we launched WaterFit – based on our engagement with customers.

Customers want us to protect habitats, rivers and seas; and ensure sufficient water for household supplies without harming the environment commitments. Customers are particularly supportive of the measurable commitments related to 'creating and restoring habitats and 'putting people in control'[21].

We tested the WaterFit commitments with customers in a series of focus groups - 100% of participants said they support WaterFit!

- All customers considered WaterFit to be acceptable, with two thirds finding it very acceptable.
- Customer support was strongest for the commitments on coastal bathing water and reducing spills from storm overflows.
- Customers considered WaterFit to be comprehensive – and whilst customers were particularly interested and focused on the coastal water improvements that would be delivered, they welcomed the focus on rivers and lakes.
- Most customers recognised the wide benefits that will be delivered from the plan, including the impact on the economy and jobs, and the impact on health and wellbeing
- Customers want to see WaterFit communicated widely across customers and communities.

Many stakeholders also welcome the WaterFit Live website as a good starting point and acknowledge its potential to go further and become a useful tool for customers and those visiting the area. Many also point out that the information it contains must remain up to date if the tool is to be fully embraced and trusted.

"The most urgent threat to humanity is climate change in my opinion, action needs to be taken now even if that requires higher prices

Male, 18-29, SWW

100% of participants said they support **WaterFit**

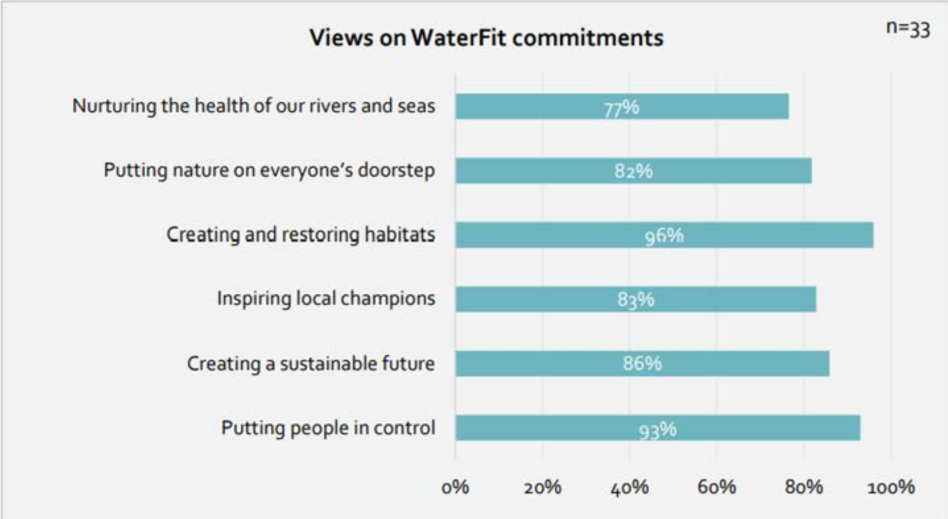
"I do go in the sea, no issues whatever, jump in, go under, and I love it"

SWW customer, Female, ABC1 Aged 56+

[19] SBB_CR1.38 WINEP priorities and testing

[20] Report 3.2-Turquoise, SWW Environmental Research, September 2022

[21] SBB_CR1.1 Green Recovery: confirming customers views



Percentage of customers voting positive across the individual measurable commitments

Getting to Net Zero

Achieving a zero-carbon footprint is ranked lower for us to deliver as this is seen as a national issue to address.[22] When thinking about net zero 49% of our SWW customers say they would support an additional bill increase on top of statutory improvements that could cost £50 or more on bills.[23]

Going Green

Where reliable and cost effective our customers support green solutions. A premium is attached to options that prevent flooding and pollution whilst also creating habitats and supporting wildlife. Initiatives like rain gardens and wetland construction are highly welcome[24]. You can find out more on our approach to nature-based solutions and the principles of 'Green First' in 'Our Green First' Framework.

River water quality

River water and the 'ecological health of rivers' is important for many customers - and especially for households who see river health quality as an important measure of environmental performance. It is ranked as one of the top ten priorities and is aligned with their views and priorities in other areas for environmental improvement[25].

Customers want rivers to be clear, healthy-looking, free of chemicals, sewage, pesticides and slurry[26]. The presence of debris and non-native species is seen as less of an issue for us to be addressing in our plans even though loss of biodiversity and nature recovery is an important aspect of establishing a healthy river environment.

Customers value the river environment in the South West, but think it is at risk from pressures such as climate change[27].

"It's a worldwide problem...everyone needs to be upping their game and doing the same thing."

BRW Bristol, 46-70

[22] SBB_CR1.10 Priorities research

[23] SBB_CR1.44 Net zero

[24] SBB_CR1.1 Green Recovery: Confirming customers views

[25] SBB_CR1.10 Priorities research

[26] SBB_CR1.38 WINEP priorities and testing

[27] SBB_CR1.7 River water quality

Our customers are not surprised that agriculture and rural land management makes up more than half of the sources of pollution, given the rural nature of the region. Even where we are responsible for a smaller proportion of river pollution, many customers think we need to do our bit, and address this[28].

When customers were asked how they would invest £50 across different environmental areas, customers chose to invest 23% of this amount on average to improve river water quality. Of this amount, they chose to invest 5% of the amount to reduce nutrients in rivers (i.e. phosphorous removal), 6% to introduce new bathing waters (Dart and Tavy Pilots) and 11% to improve water resource resilience (i.e. for new reservoirs and less harmful abstraction from rivers)[29].

[28] SBB_CR1.7 River water quality

[29] Report 3.2 - Turquoise, SWW Environmental Research, September 2022

Case study – Inland Bathing Waters at Dart and Tavy

The South West is already home to 150 designated coastal bathing waters. This pilot will explore how we might begin taking the same approach to river bathing waters, starting with two rivers that we know are popular for recreation.

In recognition of the significant value of our rivers and inland waters to communities across the region, as part of our Green Recovery Programme, South West Water are undertaking a £3.9m, three-year Pilot Project on the Rivers Dart and Tavy.

The popularity of our rivers and inland waters as places for recreation has grown significantly over the last 20 years, with people's desire to connect with the natural environment strengthening. The Dart and Tavy Inland Bathing Waters Pilot aims to increase our understanding of the water quality of these two iconic rivers, helping us to target investment on our own impacts and to support changes in agricultural land use where an impact becomes clear.

This pilot also gives us the opportunity to develop how we provide water quality information direct to the public, and how we make sure it is timely and useful. We are pleased to have been able to share the water quality data in advance of significant stakeholder events on the river, including the 10K swim on the Dart.

To support the community-led designation process, we have commissioned detailed investigations to assess where and when SWW assets and activities, and assets outside of SWW, may influence the water quality around these candidate locations. The monitoring programme has included the use of near real-time river monitors and 'spot-samples' across both catchments and the data gathered is being combined with the results of the water quality modelling work also underway.

To support local stakeholders further we have designed and launched a communication and engagement campaign using the 'Hello Lamp Post' platform. This approach will be used at the candidate inland bathing sites and in other riverside locations to assess how people are using the river, raising awareness of river water quality issues and capture people's perceptions of the river throughout the year. The pilot is also helping us determine how we can provide water quality information direct to the public, and make sure this is timely and useful.

This is an exciting opportunity for South West Water, the local community and ultimately the whole region. We are looking forward to working with partners and the community on our ambitious plan.

Addressing overflows and pollution

Our customers consistently rank reducing pollution and flooding as high priorities.

At PR19, we saw the importance of wastewater improvements with a shift in the importance of reducing sewer flooding and pollution, and an increase in the need to protect beaches and coastlines. Since PR19, storm overflows have become much more of a priority.

Storm overflows

Our customers think storm overflows are being used too often – and they find this unacceptable. They believe these are having a large impact on public health and the environment, and want to see investment. Ideally, they would prefer storm overflows to be not used at all, although they understand why they are needed[30].

Hence customers view the reduction of storm overflows as an increasingly important area for improvement, where it results in pollution or impacts on beaches.

Stakeholders have mixed views on overflows. At our Stakeholder Forum, many local stakeholders consider overflows of untreated sewerage into beaches caused by heavy rain or blockages of sewers as a big problem for their local areas. More environmentally focused stakeholders want to see an evidence based approach and to prioritise cost-effective environmental improvements – and it is not always storm overflows that they see as the priority[31].

Overall, customers see the need to reduce reliance on storm overflows that are not causing issues as a lower priority relative to other environmental and infrastructure investment areas, such as reducing pollution, sewer flooding, leakage or boosting infrastructure resilience. They also consider the target of 10 spills arbitrary[32].

Storm overflows that impact bathing waters and therefore public health are considered to be the highest priority to address, and more important to overflows that impact on the river environment in general. Some customers consider storm overflows, bathing waters and river water quality to potentially be interconnected issues – so improvements in rivers will turn into benefits for beaches[33]. Hence the exception is rivers used for recreation or that link to a bathing water. Our customers state that improvements to top spilling overflows is a lower priority than resolving those that can impact on health or the environment. In ranking these outcomes, bill impacts are an important consideration[34].

Stakeholders are generally more knowledgeable about the impacts of overflows and want to see year-round reductions in environmental harm to beaches and rivers – and are less focused on what is used for recreation – which is the focus of customers[35].

Customers views are influenced by an understanding of whether existing spills are within permitted levels or not. Customers prioritise reductions in risk of serious pollution events and storm overflow spills the most, over and above minor pollution events[36].

Our willingness to pay programme has updated the valuation of overflows and pollution incidents. This indicated that over half the customers in the sample believed storm overflows are a large problem, showing high levels of awareness of the issue.

Protecting beaches is a public health issue

You said, we did.

We are prioritising beaches in our storm overflow plans

89%

Customers agree overflows should be monitored

"..we might be a tiny island but we still need the same quality as they do on the mainland so I'm glad they are prioritising that and seeing what they can do to bring us up to standard."

Isles of Scilly, Household, Female, 25-50

[30] Report 3.2- Turquoise, SWW Environmental Research, October 2022
[31] EQ, Let's Talk Water - Stakeholder Forum Report, March 2023
[32] SBB_CR1.10 Priorities research
[33] Report 3.2- Turquoise, SWW Environmental Research, October 2022
[34] SBB_CR1.37 DWMP preferences and testing
[35] EQ, Let's Talk Water - Stakeholder Forum Report, March 2023
[36] SBB_CR1.33 WTP – Rivers and coasts

Our customers support investment in preventative measures as opposed to measures reducing the impact after an event. Investment in monitoring to allow for earlier alerts is welcomed. But customers have mixed views as to whether they wanted us to use a best value approach to investment or to go above and beyond what was statutorily required. Additionally, customers often said that they wanted more of a guarantee that improvements will happen if they pay more and that there should be accountability or a penalty otherwise. Finally, some respondents suggested that the difference in cost between packages was too high and that a middle ground option would be more beneficial[37].

Customers on the Isles of Scilly support reducing the number of spills from storm overflows. They also reacted positively to our plans to bring sewage treatment standards up to those of the mainland as it made them feel less of a 'poor relation' in this regard. Nobody was surprised that sewage treatment standards on the Isles of Scilly lag the rest of the UK by 20-30 years.[38]

The EPA is a framework used by the Environment Agency to compare certain elements of water companies' environmental performance.

Pollution Incidents

Customers consider themselves to be much more aware of pollution given recent media coverage, albeit there is some confusion between pollution and permitted overflow spills[39].

Our customers see reducing pollution incidents as a high priority (second only to a clean, safe supply of water). Customers do care about the type and severity of events – with pollution stemming from storm overflows or pollution that impacts on bathing water quality particularly important to avoid. Views also differ across customer type. Those on higher incomes tend to value reductions in pollution higher[40].

We have tested our performance with customers, and they are concerned with our Environmental Performance Assessment (EPA) assessment, with deviations from pollution targets, especially serious pollution incidents, considered to be especially concerning. We know that there is trust in the assessment from the EA, and our performance on this scale is not satisfactory. Customers are highly supportive of plans to achieve a target of a 4-star rating[41].

Sewer flooding

Sewer flooding has not received as much stakeholder and media attention as pollution and spills. But for our customers this is consistently noted as an area of focus. They are particularly worried about the impact of climate change on the risk of flooding. Internal flooding continues to be the worst service failure for a customer[42], and it is essential that we keep our performance at industry leading levels. The overall willingness to pay to avoid sewer flooding has increased from PR19, showing that this is an area of continued focus.[43] These views are strongly held by all customers, and we do not see significant changes across the segmentation around the strength of feeling.

Preventing internal flooding and restricted toilet use are the most important failures to avoid, as well as ensuring there is no repeat flooding and flooding to sensitive customers should be prioritised in our customers' view. When testing our performance in this area, customers acknowledge that we perform well, particularly on internal flooding in relation to other companies. However, most customers say we can do more on external flooding to bring this more in line with the sector leading levels.[44]

[37] Report 3.2- Turquoise, SWW Environmental Research, October 2022

[38] SBB_CR1.49 PR24 Business Plan Testing

[39] Report 3.2- Turquoise, SWW Environmental Research, September 2022

[40] SBB_CR1.10 Priorities research

[41] Report 3.2- Turquoise, SWW Environmental Research, September 2022

[42] SBB_CR1.34 Customer playback

[43] SBB_CR1.29 SWW WTP PR24

[44] SBB_CR1.34 Customer playback

Solutions

Customers want to see investment in separate sewer system and nature-based solutions. These are seen as more sustainable and a more integrated planning approach to increasing the capacity of the existing combined wastewater network. However, customers also want to see results quickly, and this creates a conflict. Overall, customers are happy with current environmental standards and any improvements should be made to the areas where most people visit.

Our customers support green solutions to flooding, recognising the biodiversity, amenity, and recreational benefits of creating habitats and green spaces. Customers support the view that new developments should include sustainable drainage systems (SUDs) and that we should work with builders to ensure that sustainable solutions are in place[45].

Our customers view information and communication campaigns (for example 'don't flush' campaigns to reduce blockages) as effective in highlighting the risks and consequences of flooding, and how this could change their own behaviours in reducing these risks. However, feedback from playback sessions noted that there was little awareness of the campaigns – so we need to do more in this area.

> "Instead of doing all the sites in one hit look at the ones that have flooding before."
>
> **Cornwall 25 to 50**

[45] SBB_CR1.37 DWMP preferences and testing

Case study: Spotlight on bathing waters

The quality of the bathing waters in the South West is linked to the regional economy, providing jobs and supporting local businesses with the increasing number of tourists.

Over 20 years ago, over £2 billion was invested in improving the water quality of the region's bathing areas, making it the largest environmental programme of its kind in Europe at the time. As a result of Clean Sweep, 250 crude sewage outfalls have been closed and 140 projects have been completed.

The success of the programme was evident in 2006, when for the first time all 144 bathing sites in South West Water's region achieved 100% compliance with the EU mandatory standard.

Despite this success, protecting and improving bathing waters has continued to be an important priority for the region. For example, in 2012 it was ranked as our 5th highest priority.

After Clean Sweep, based on customer evidence we have continued to invest to ensure bathing waters reach newer more stringent standards.

Our large scale on-site survey of beach users in 2018/19 showed us that customers regularly use the beaches and enjoy the environment we live in, many making lifestyle choices to move to the region because of the beautiful coastline and way of living. Visitors and customers alike said that they had a generally low awareness of bathing water quality – they took it as a given that the water quality would be high at the site they visited.

The study also established that there is a significant value associated with the recreational use of beaches in the South West. On average our customers visit the beach or coastline 56 times a year, for the most part visiting beaches near their homes. In contrast other beach users (visitors to the region) visit beaches up to four times a year on average, typically visiting coastal towns and major resorts. Overall, direct visitor expenditure (local business turnover) ranged from c. £8m per year for coastal villages to c. £51m per year for major resorts, with full time equivalent (FTE) jobs supported between c. 150-1000 per resort.

Future customers also considered bathing waters to be an important area to continue to invest in, with the majority of groups placing it within their top three priorities. Bathing waters were also considered to be a high priority by our Stakeholders, with c. 90% of stakeholders requiring SWW to continue to invest to improve the quality of the bathing waters.

Our current plans see investment at 49 beaches – most of which have already been completed. For example, our Water Industry National Environment Programme includes investments to both improve and to ensure no deterioration in bathing water quality as a result of our assets. As part of this programme we have already completed schemes at sites in Bude, Cornwall, and Galmpton, Devon. There has also been an improvement in classification for nine bathing beaches, including Combe Martin, where our investment and interventions have helped achieve a 'Good' rating up from a 'Poor' rating in 2020.

Last year we achieved 100% bathing water quality for the first time – and this year this has been awarded for the second year running in line with what matters to customers.

There has been a lot of scrutiny since we put forward our plans for PR19. Bathing water quality has been a key area of concern from stakeholders and has received much media attention.

We have nearly one third of the designated bathing waters in England

"As a tourist economy, the bathing water has to be perfect."

Devon stakeholder workshop

Today, 69% of customers feel their local water environment in the South West is good, with high proportions of customers visiting beaches, reservoirs and rivers for a range of activities. But for those that do not, half think that storm overflows and wastewater pollution is an issue, and 91% of customers want to see further investment to improve the marine environment.

Our customers generally state that storm overflows that impact bathing waters are viewed as a priority relative to those impacting on the river environment[46].

On that basis we need to continue with programmes to improve bathing water quality to excellent around the region, all year around, so that we meet not just our own customer expectations but of those that visit the South West.

[46] SBB_CR1.37 DWMP preferences and testing

Water quality and resilience

Customers' number one priority is to ensure the basic requirement of a clean, safe drinkable water supply is protected and maintained. If nothing else, customers want their basic needs met – and should always receive clean and safe water when they need it.

However, according to our priorities research, this is an area that overall we need to maintain current performance. We need to address local issues as they arise.

Customers do not consider there to be an urgent need to improve the cleanliness of their drinking water but want us to ensure enough is invested to maintain and protect the element that is most important to them.

Water quality

Low water pressure

Very few of our customers experience low water pressure with most happy with the levels of performance and few seeing the need for any improvement.

Overall, our customers feel that priority should be given to persistent events rather than isolated incidents.

Recent WTP research carried out in 2022 indicated that our Bristol Water customers place a consistently high value on improvements to low water pressure and were willing to pay to reduce the number of properties (per 10,000) at risk of experiencing low water pressure. Non-households were willing to pay a 2% increase in their bill per year for the same reduction.[47]

Our customers think low pressure in the morning (i.e. while getting ready for school or work) is the worst time of the day to experience issues. Customers recognise that some customers (e.g. priority customers) or properties (e.g. schools) might be more adversely affected and therefore should also be prioritised.

Our customers in the Bristol region and business customers put a higher priority on this area.

Taste, smell, and discolouration

In customers minds, taste, smell and discolouration are significantly linked to overall water quality and our customers think that 'maintaining a safe water supply, which looks and tastes good to drink' should be our main priority[48]. Overall though, 94% of customers are happy with the way water looks and tastes.

When looking at areas for improvement our customers tell us that removal of lead pipes, smart metering and water re-use and recycling are more of a priority than improving the taste and colour of water, with only 19% and 9% respectively believing these should be a priority for us to include in our plans[49].

Persistent localised taste, odour and discolouration issues were considered the highest priority and are where we should focus any improvements. A high concern seems to be that they will miss notices and drink water when they should not. Communication is a key factor in minimising an erosion of trust and ensuring confidence in water supplies.

In a study to investigate reasons for dissatisfaction with overall service among young customers (under 30), the taste and quality of tap water turned out to be a key issue[50].

"I think water quality through restoration is the best way forward."

Female, SEG ABC1, Aged 46+

Clean water is the top priority

You said, we did.

Addressing CRI risk – especially in the Bristol region. Tackling lead and water contacts

[47] SBB_CR1.30 BRL WTP PR24

[48] SBB_CR1.10 Priorities research

[49] SBB_CR1.43 Smarter, healthier homes

[50] SBB_CR1.26 Under 30s water quality perception (BRL)

Lead

Customers in all of our regions are surprised to learn about the number of lead pipes still in use. It raises concerns surrounding the health effects, such that customers feel they would ideally have all lead pipes removed from the network[51]. This supports historic views from engagement with our Bristol Water customers who told us that lead pipe replacement is high on their priorities, mainly because people were unsure if lead pipes had harmful side effects. Customers stressed the importance of safety. Replacing customer pipes was also seen as important to reduce leakage and to protect public health.

Recent research has shown over half of our customers fully or partially supported the cost of customer lead pipe replacement being paid for by us with the expectation that water companies would pick up at least some of the cost[52]. There was also recognition that changing pipes may lead to issues such as customers being reluctant to having their driveways and gardens dug up.

Resilient water supplies

Resilient water supplies are a high priority for our customers and stakeholders.

There is low awareness of the impact of how much water customers use and how much water is left in rivers for wildlife to thrive. Customers do not want us to harm rivers by leaving them too short of water. But the connection between water resources and customer behaviour is not obvious in many of our customers minds.

Our priorities research shows that investing to reduce the risk of hosepipe ban restrictions is low – dropping out of the top 10 priorities for PR24 despite the ongoing drought at the time of the research.

Work to reduce water demand was also seen as a lower priority relative to other investment areas, indicating that they would deprioritise investment in the area relative to other initiatives covered in the research[53].

This is despite customers saying they do prefer demand options to supply options, with 87% of customers considering that we should all do our bit and 86% of customers saying we need to do more to make homes more water efficient. However, in reality customers have little confidence that we should rely on people changing behaviours to reduce demand as a sufficient and sustainable solution to future water resource issues. In contrast supply options are seen as reliable. So whilst demand management is part of the solution for water resources, customers expect our future water resource plans to focus on a mix of options with reservoirs, pumped winter storage and desalination also in the mix.

Rather than rely on a single approach or solution customers want to see a portfolio of supply options in our water resource plans, with storage solutions and repurposing existing bodies of water considered to be the right solution to address future droughts. There is strong support for improving the environment in the context of water resources. Support is strongest for reducing leakage and bringing in new supplies. Reservoirs are seen as the best supply option for customers, but a portfolio is required and all solutions have a place[54].

Most of our stakeholders want water resource activity to happen sooner than we are currently planning, feeling that that there could be more contingency in our plans, with fear that demand could easily exceed capacity[55].

Recycling and reusing water are viewed as a priority by our stakeholders relative to other supply-side options (such as desalination)[56].

Taking water for drinking water should minimise harm to rivers

You said, we did.

More non river sources and more reservoirs

86% of customers think more needs to be done to make homes more efficient

"We don't want a lifetime of hosepipe bans. Not being able to use water when it gets hot."

Cornwall customer, 35 to 50

[51] SBB_CR1.34 Customer playback

[52] SBB_CR1.43 Smarter healthier homes

[53] SBB_CR1.10 Priorities research

[54] SBB_CR1.38 WINEP priorities and testing

[55] EQ, Let's Talk Water - Stakeholder Workshop, March 2023

[56] EQ, Let's Talk Water - Stakeholder Workshop, March 2023

There are mixed views on desalination, with some seeing it as too energy intensive, though we have seen indications that most customers would support the use of desalination in some form on an ad-hoc basis, for example in drought conditions as a last resort[57]. Initial awareness and understanding of desalination is low, and the most pressing concern for customers is how this would impact their bill, with concerns also on how this would affect the taste of water and the safety of drinking water.

Stakeholder and customer views generally align. The main difference in views is regarding timing – with stakeholders more aware of the issues they have a stronger sense of urgency for plans and solutions to be developed.

There are differences seen between household and non-household customers in this area – with more reluctance from non-households regarding water saving due to concerns regarding impacts on their business. Younger/future customers favour the idea of recycling. Compulsory metering for more vulnerable/customers of lower socio-economic grade is a concern in case it leads to higher bills.

Restrictions

We understand why customers can sometimes be surprised that we plan for a level of risk around severe restrictions. Whilst customers may not be readily familiar with planning terminology such as a risk of 1 in 200 years, they do support reductions in the risk of severe restrictions. Customers overwhelmingly would struggle to cope – and those that thought they could cope would only be for a limited period[58]. Non-household customers recognised that severe water restrictions would mean their businesses would be seriously detrimented.

Customers also ask why we don't build more reservoirs as there is enough water that falls across the year so we shouldn't be talking about running out of water. It is not understood by customers why it is difficult for the sector to build reservoirs, but we must start to build that understanding.

> "Shouldn't we build reservoirs. Why not open another one if we get a lot of rainfall here?"
>
> **Cornwall customer 25 to 50**

Protecting rivers

Customers have mixed views about river abstraction. It is popular among some because of its reliability and due to a lack of understanding as to the impact on wildlife and the environment. Other customers do not want to see us using rivers and potentially damaging the environment. Other activities supported by stakeholders include catchment management and water-sharing. In more recent stakeholder workshops, participants favoured nature-based solutions which increased the water supply while diversifying and expanding the existing water storage options[59].

[57] SBB_CR1.41 WRMP – Desalination testing

[58] SBB_CR1.34 Customer playback

[59] EQ, Let's Talk Water - Stakeholder Workshop, March 2023

Tackling Leakage

Some customers feel that leakage impacts value for money and so reducing it could reduce long-term bills. Others believe there is a risk of damage to habitats due to leakage. There are views expressed across our engagement that although leakage is a high priority for investment, customers don't think they should have to pay as they regard it as our issue. When asked about reducing leakage purely from a future demand reduction and environmental perspective, customers have indicated a preference for stretching leakage targets to help improve our environmental performance[60]. We also hear very similar views from our stakeholders and non-households customers[61].

Customers view the need to reduce leakage as a fairly high priority relative to other areas of service. Leakage is ranked as 6th in relative importance (after other environmental investment areas), and 2nd in the Bristol and Bournemouth regions (after the provision of clean water) when comparing 17 priority areas[62]. Bristol Water customers rated leakage of the highest importance relative to the bills, showing that its importance has grown from PR19[63].

Further views sought from stakeholders provide a consistent view, that leakage was the most pressing priority[64].

Customers when presented with two options, a base option and an enhanced option (the base option reflecting a 25% reduction in leakage by 2050, and the enhanced option 50% reduction in leakage by 2050) were willing to pay to see an enhanced level of leakage reduction. However, non-households opted more for the lower leakage of leakage reduction[65]. Our customers stated a willingness to pay for leakage reductions, noting that as leakage has improved the willingness to pay for increments of leakage reductions has fallen slightly[66]. Research specifically carried out with our Bristol region in 2022 indicates a similar result – with customers willing to pay to reduce the amount of water lost to leakage each year by 1%. Non-household respondents indicated they would be also be willing to accept an c.1% increase in their bill to reduce the amount of water lost to leakage each year by 1%[67].

Leakage reduction is supported by 82% of customers, even if this causes disruption. 64% of customers want to see companies fixing leaks for households, expressing concern about these costs being borne by a household. 96% of customers support our proposals for reducing leakage in our plan[68].

When SWW customers were asked about leakage targets and current performance, customers said to ensure leakage targets are met and we should account for the lack of progress made during the Coronavirus pandemic. However, when asked about reducing leakage purely from a future demand reduction and environmental perspective, customers have indicated a preference for stretching leakage targets to help environmental performance even if it causes bills to rise or is more costly than other alternatives[69].

Customers in the Isles of Scilly supported the priority to reduce leakage, feeling that reducing leaks can only be a good thing and would be an important part of the overall aim of increasing water supplies[70].

Leakage is wasteful

You said, we did.

On track for 50% reduction by 2050 – helping customers with their leaks

"I see leaks everywhere and they are there for months. So perhaps they should focus on leaks."

Cornwall customer 25 to 30

"I think we have a very archaic water system on Scilly and loads and loads of leaks which has been going for years. The ageing pipeworks and the leaks are the main issues."

Isles of Scilly, Household, Female, 50+

[60] SBB_CR1.2 Environmental Leadership
[61] SBB_CR1.40 – NHH WRMP options
[62] SBB_CR1.10 Priorities research
[63] SBB_CR1.30 BRL WTP PR24
[64] EQ, Let's Talk Water - Stakeholder Workshop, March 2023
[65] SBB_CR1.35 Second stage WTP – water resources post drought
[66] SBB_CR1.29 SWW WTP PR24
[67] SBB_CR1.30 BRL WTP PR24
[68] SBB_CR1.45 AAT September 2023
[69] SBB_CR1.2 Environmental Leadership
[70] SBB_CR1.49 Business Plan Testing

Metering

75% of our customers say they would reduce water use if they were given recommendations on changes they could make. This is backed up by the Stop the Drop Campaign, which delivered a 4.6% reduction in water – with unmeasured customers saving the most. However, over half of non-household customers say they would struggle to use less water, and this is often not seen as a priority.

STOP THE DROP
Ordinary steps make an extraordinary difference

Our customers think water recycling is a good idea as they would help save money and prevent water wastage. Some customers indicated they were already taking steps to recycle rainwater through water butts, while a majority of customers indicated they would 'fully support' incentive schemes aimed towards developers. Many customers believe we have a role in educating customers about this issue and also in providing routes to obtain the necessary equipment to be able to reuse and recycle water more than is currently possible. Half of our customers felt that 'helping homes recycle water by providing water butts' should be a priority for us to include in our plans[71].

Metering is seen as a solution to reducing demand. Our customers increasingly support compulsory smart metering. They feel that accurate billing and having the ability to detect leaks and 'putting the customer in control of their own usage' would be beneficial to both customers and us[72].

> "All houses should be metered...we can all save water if we wanted."
>
> **Higher social grade customer**

Despite this there are some reservations around metering, with some questioning if they work – based on experiences in the energy sector. Whilst some note that they could be effective in tackling leaks, there is a need to ensure that the problems encountered with them in the energy industry would be avoided[73].

Our customers view education as important in encouraging and achieving lower water usage. They suggest that the focus of education programmes should be on water efficiency devices and metering. Until more recently, most customers said they were not aware of our messaging or campaigns on water efficiency. But customers do see 'helping homes save water with water saving devices, home audits and education' something that should be an important part of our plans[74].

Customers on the Isles of Scilly support the priority of helping customers to use less water and most felt that water meters were a good idea as they would make people more conscious of their water usage[75].

Tariffs

Customers feel that tariffs can also play a role in ensuring everyone has access to sufficient water resources, although some customers expressed concern about the impact of additional spending on customers' bills.

[71] SBB_CR1.43 Smarter healthier homes

[72] SBB_CR1.43 Smarter healthier homes

[73] EQ, Let's Talk Water - Stakeholder Workshop, March 2023

[74] SBB_CR1.43 – Smarter healthier homes

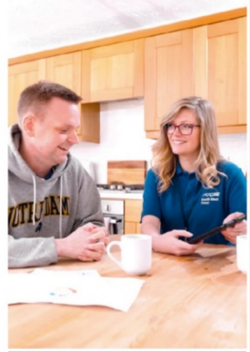
[75] SBB_CR1.49 Business Plan Testing

Addressing affordability and delivering for customers

Affordability is a key focus for us.

We provide a critical service to customers across our region and our plans for the next five years reflect a significant step forward in meeting the expectations, needs and priorities of all our customers across our region. We know that with the scale of investment at an all time high, as well as the cost of living crisis, it is more important than ever to ensure that our plan is efficient and affordable, representing the priorities and expectations of our customers.

We have carefully considered the views on affordability of all our customers, particularly those who are at risk of struggling to pay their bills.



One of our customer service advisors discussing the benefits of smart meters and affordability initiatives with a customer

Targeting affordable bills for all by 2025

In line with customer views, we are targeting 100% affordable bills for all our customers by 2025.

We regularly track and assess the affordability of our services to ensure that all customers can afford to pay their bill as part of our commitment to eliminate water poverty across our regions.

We measure affordable bills by the ratio of equivalised income (after housing costs) to bill, with households that spend less than 5% of their equivalised household income on their water and/or wastewater bill classified as having an affordable bill.

Our research has shown that most customers have an affordable bill. Bills in both our Bournemouth and Bristol regions have been assessed as 100% affordable, with bills in our South West region only slightly behind at 96.1%[76]. Moreover, the majority of customers (99% across the South West and Bournemouth regions[77]) have no problems or rarely have problems paying their bill. This is a stable position from which to build on and achieve our ambitions.

Social tariffs and support schemes

Social tariffs are already in place to support affordability, in line with customer views.

Our customers across the regions are largely supportive of support schemes and social tariffs – those who are not supportive cite the main reason being it is not their role to support those on lower incomes.

At PR19, the average willingness to pay for social tariffs in the SWW region was £10.24 (in today's prices - £9.34 at the time) per household per year[78]. In the Bristol region, no customer valuations for social tariffs was derived, but the customer forum 2018 reported that customers would support social tariffs in principle for those struggling with their bills.

Few customers are aware of financial assistance measures – with just over half not aware of any forms of support[79]. This reflects that the targeting of support is at those that show signs of being at risk of having problems paying their bills. Moreover, our customers overall find a range of affordability tariffs and charges to not be a top priority – however this is a priority for those on lower incomes and who may struggle to pay their bills[80].

I didn't realise there was so much help available

You said, we did.

We identify partnerships that help spread awareness of our support

[76] SBB_CR1.5 Long term tracking survey (Affordability)

[77] SBB_CR1.5 Long term tracking survey (Affordability)

[78] ICS Consulting and eftec, *Customer support for long-term affordable investment in services research*, 2017. This reflects an increase on the willingness to pay compared to the earlier 2012 South West Water study and the 2016 Bournemouth Water study

[79] Report 1.3- ICS Consulting, *Affordability Customer Research*, July 2022,

[80] SBB_CR1.10 Priorities research

Customers consider the £50 Government Contribution as an important mechanism to improve unfairness and support affordability. 8 in 10 customers are aware of this mechanism, and 88% of those surveyed agreed that the contribution should continue[81].

Customers care about the balance of future investment and affordability

We have engaged customers further as we have looked to understand the affordability of bills today, and how that changes with our proposed plan. We have also discussed other elements that drive bills, such as incentives around the outcomes, and to what extent we should profile bills across the years and generations.

Our priorities research shows that customers are willing to see an investment programme suitably paced to achieve a steady programme of investment. This is preferable to front or back-end programmes. However, the cost of living crisis is impacting on customer affordability and whilst investment in the environment is required, bill increases need to be reasonable[82].

Getting charges right – Innovative tariffs

We want to ensure fair charging through innovative new ways of charging customers, to keep bills for average households as low as possible, whilst ensuring we are making the right investment to continue our ongoing programme of improvement. One of the reasons that customers do not find our plans acceptable is because they have concerns around who is paying for improvements, therefore it is an area we must address.

Our innovation with our charges and modernising the tariffs we set, is intended to improve cost reflectivity, sending the right price signals to those who use capacity at peak times and who need to contribute to the solution (to demonstrate the value of water). This is a cornerstone of our future plans incentivising careful use, ensuring affordable water for life, for all.

We have found that there are a range of progressive charge options, including:

- Environmental tariffs – which reflect the higher cost of peak summer demand, and encourage customers to use less water in the summer months, but provide discounts over the winter where there is less pressure on water resources

- Eco-tariffs – where customers who have low consumption levels are rewarded by discounted tariffs for using only the water they need

- Rebalancing of charges – to reflect some of the unique challenges we face as a region and ensure the costs associated with sewerage and surface water drainage are spread fairly across those who use the service. For example, the need to additional capacity in the summer months is reflected in properties which may not be occupied all year round

In May 2023, we tested our ideas with customers through online interactive focus groups[83]. We found participants were supportive of our charging principles, with the majority of participants believing that fairness means paying for what you use, with charges reflecting the costs of delivering that water. Overall though attendees were cautious about changes to charging – few respondents paid much attention to their bills (other than to note the amount payable) – which indicates that we need to make the case for change clearly and carefully.

Both value and price are important to customers. Our focus groups were most supportive of the candidate tariffs that meet their view of fairness, are simple and clear, and reward changes in behaviour.

"I feel it's a much fairer system; if you consider the fact that you are by chance a second-home owner, you are incredibly affluent, especially in Cornwall, so you can afford a little bit more."

Male C2DE, 46+, SWW

[81] ICS Consulting, Government Contribution to Water Bills: Understanding the impact of its removal and potential replacement, 2021

[82] SBB_CR1.10 Priorities research

[83] SBB_CR1.73 Tariffs and progressive charging

Recognising a range of views on tariffs a package of measures is required – to offer choice for consumers on service offerings, social provision (such as our lead and supply pipe replacement proposals), and to align water, energy efficiency and carbon messages and promotion (with Government support). We have recently started discussions on how West Country energy retrofit consumer platforms could be expanded to include water efficiency – this can link to the provision of progressive tariff options.

Communications and messaging were identified through our focus group research as an important factor in the success (or otherwise) of new tariffs so we are engaging the right expertise to make sure that the materials provided to stakeholders and customers reflect the challenge an opportunity in changing tariffs progressively.

> "I think it comes down to, for some people they can't change how much they use...I couldn't just change what I used because the tariffs changed."
>
> **Female, C2DE, 18-45, SWW**

Engagement with customers will be ongoing as we need to understand whether a new tariff is having a positive or negative effect on customer behaviours (as measured, for example, by consumption data (PCC), bills and revenues). This requires that we collate data and review it regularly, and make changes as required. We will share the learnings of this analysis with our regulators and with other companies to enable a better understanding across the industry of progressive charging.

Delivering for customers

Customers and stakeholders play a fundamental part in challenging our performance. We are committed to delivering this programme and making a difference in our region. Day to day we must ensure that customers get the best possible service every time they need us, improving our customer experience and ensuring we deliver an easy, effortless customer experience.

We want to provide all of our customers and communities with open and transparent information, tailored to their specific needs.

Outcomes

Our outcomes framework is customer-driven and linked to our customer priorities. Every stage of our planning process has been based upon what our customers have told us they want us to deliver, and what they are willing to pay for – with a customer engagement process that has been thoroughly tested by our independent WaterShare+ Advisory Panel.

Our performance commitments and Outcome Delivery Incentives (ODIs) draw on a rich source of evidence gathered from extensive research and customer engagement. Overall, our package of ODIs achieves a balance of risk and return in line with customers views, offering protection to customers for poor service whilst providing incentives to further sector leading service where our customers value it most.

We have reflected on our customers' top 10 priorities in the design of our incentives and our ambitious target levels of performance and are confident that the extensive programme of engagement undertaken has ensured that our outcomes and performance commitments are well evidenced.

Throughout the business planning process we have tested the principle of ODIs with our customers and found that customers support our balanced and symmetrical package. We have set stretching but achievable performance commitment levels and we have reflected our customer preferences in our decisions over our investments and service improvements.

Ensuring resilient services

Customers tell us that performance commitments for supply interruptions are an area they care about.

Customer satisfaction tends to be lower among those that have experienced a recent interruption – especially where there is any frustration regarding the communications around when to expect support or a return of service – rather than the actual incident[84]. The impact of such events is noticeably increased for vulnerable groups.

> "[Water companies should] provide clean, safe water for local residents – a water source suitable for drinking"
>
> **Female, 45-59 SWW, residential**

[84] ICS Consulting Post-Event Carland Cross report, 2022

Most customers are happy with the current level of service, across of the regions we serve.

When asked to prioritise areas where they would like to see further service improvements, our customers categorise supply interruptions as a lower priority for improvement, preferring to maintain current service.

Slight differences occur across customer types. Household valuations to reduce supply interruptions further has fallen since PR19, whereas business customers have a very slight increase in willingness to pay for further reductions. Households of higher socio economic groups (SEGs) are willing to pay more[85].

Overall, other aspects of service should be improved ahead of improving the supply interruption level of service further overall[86][87].

We consider smaller scale investments and process changes that allow us to improve long-term service levels without the need to interrupt supply likely to be a win-win (such as additional tankers to ensure continuous supply whilst work is undertaken).

However, durations of a longer nature are an issue.

Even during major events causing interruptions to supply, customer satisfaction overall is minimally impacted. However, our customers tell us improvements could be made around keeping customers affected by an interruption updated with information, such as how long the outage would last[88].

2022 Freeze Thaw

In March 2018, large parts of the UK experienced extreme weather, which was termed the 'Beast from the East'. The extreme cold followed closely by a rapid thaw placed significant strain on national infrastructure and the delivery of critical services was seriously impacted in some areas. In the South West, the weather was so extreme that the first ever red weather warning was issued by the Met Office, which in turn put a significant strain on our assets, systems, people and processes. Ofwat assessed our response to the 2018 freeze-thaw event and concluded that we performed well and largely met customers' expectations, but noting room for improvement, we have since been focused on embedding change across the previously identified for improvement.

In December 2022, there was a similar period of weather - where temperatures changed rapidly and considerably from below freezing to moderate. Indeed, in some parts of our region there was a greater and more rapid temperature swing than was even experienced than in 2018, as the Met Office issued a further weather warning. This rapid change in temperatures placed abnormal pressure on pipes and led to an increased incidence of pipes bursting. In our Bournemouth area, the sudden change in temperature was also combined with a period of heavy rainfall which caused turbidity within the River Avon, creating a secondary resilience issue in this region.

Despite the pressures, we managed these impacts well.

Due to the steps taken post 2018, our preparatory work and our response to the event meant that the impact on customers was far less severe than the 2018 event despite the similar nature of the weather in terms of temperature swings. In total 2022 was less than one eighth of the 2018 impacts. The extent of the impact was localised - largely in North and East Devon. There was no widespread or significant impact for customers in Bristol Water, Bournemouth Water and other areas in Devon and Cornwall.

[85] SBB_CR1.29 SWW WTP PR24

[86] SBB_CR1.10 Priorities research

[87] CCW, Water Matters: Household customers' views on their water & sewerage services 2022, April 2023

[88] SBB_CR1.55 Post event research

Following the cold snap, the thaw materially began on the 18th December 2022. We had already set up our incident room in readiness for the event. Our Engineering Director was established as the primary lead for the management of the event; with support with managing the incident from our Clean Water Operations Directors, and communications and support to customers led by our Chief Customer and Digital Officer. The CEO and wider Executive were engaged and present to support to the teams.

Customer communications and keeping customers up to date was a priority throughout.

Our response to the event built on the lessons learned from the 2018 freeze-thaw. Following the event in 2018, customers told us that the targeting of messaging did not work in all cases. On that basis, we have established dedicated contact teams, dedicated social media teams and new processes to ensure we are able to proactively keep our customers informed regarding progress with any issues in their area. During December 2022, we proactively updated social media and our website, and contacted customers directly – through 8,384 texts and voicebursts.

We also previously recognised that more could have been done with business customers, and that the Priority Services Register (PSR) did not adequately capture all customers that needed additional support. We have made significant progress with our PSR and are currently outperforming our PSR performance commitment.

We undertook post event customer research to confirm our understanding of how well we performed[89].

Using an independent research agency, customer research confirmed that overall, the impacts on customers were much lower than in 2018. The research showed:

- 90% of customers reported they were unaffected or that the impacts were negligible.
- 95% of customers reported being satisfied or unaffected by our handling of the event – in the worst affected areas.
- Customers reported low awareness of the severe weather in advance, and were less prepared than in 2018, with only half of those affected saying they felt they had sufficient supplies in advance of the interruptions.
- 7 in 10 customers contacted us during the event, and one third used our website and social media for updates.
- Customers provided useful feedback for how we communicate in events in the future, particularly around the importance to customers of being able to speak to our call centre teams when they want the latest information and updates.
- We made compensation payments to all customers who experienced a supply interruption of greater than 12 hours during the incident period. 80% of customers affected by the freeze thaw said they were happy with the compensation arrangements – with 20% noting they would have preferred the payments to be sooner, more clearly understood in advance, or larger for large sized households.

Addressing third party impacts – Carland Cross

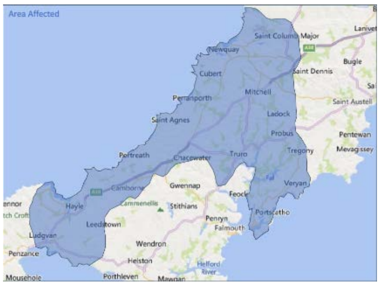
An important part of what we do is addressing third party impacts. Sometimes third parties can have serious impacts on our services.

We do what we can to stop these – and where we can't we need to act quickly.

On an August Bank Holiday in 2021, a third-party contractor damaged two water mains pipes near Carland Cross in Cornwall.

[89] SBB_CR1.55 Post event research

During the installation of cables to connect renewables to the grid, the strategic main and the duplicate that is installed to provide resilience to Cornwall were both damaged in quick succession, leaving the water supply seriously disrupted. As well as low or no pressure, some people received discoloured water from their supply due to the unsettling of deposits within the mains on restoration of supplies.



In total, 218 members of staff were involved in our response, including many who had cancelled their Bank Holiday leave to provide essential support. – providing support and information to our customers, taking calls in our call centre; helping customers on the PSR; updating the website and media channels; and delivering bottled water supplies. Prior to this we had never had more than 55 people assigned to an incident, showing the magnitude of the outage.

Supply was restored to over 80% of affected customers within 12 hours and to more than 95% within 24 hours.

- 90% thought that our handling of the situation was acceptable
- 84% of customers thought the time taken to restore supplies was acceptable – given how circumstances of the event

The way that the event unfolded meant there was nothing we could do to prevent this event. But we know from customers that we had the right level of resilience in place and further duplication of the mains is not a priority, given the uniqueness of the event. This reinforces that there needs to be a balance between bill levels and investment, to ensure we get the investment priorities right.

Asset health

Our customers have limited prior knowledge about how we measure and monitor assets but once explained they agree that it is very important.

Customers are strongly of the view that it was important for asset health to be maintained to protect the service of present and future customers. Our priorities research shows that customers rank the need to 'ensure infrastructure resilience' as a high priority area for investment across all of our regions[90]. They are clear that they want to pass on a healthy asset base to future customers and don't find it acceptable to allow assets to deteriorate, even if service was maintained, as they feel this will impact on service in the longer term[91].

I'm satisfied with the service on the PSR – but not everyone is aware

You said, we did.

We data share with organisations so you only have to tell one company

There is strong support for gradual improvements in asset health over time. However, there were mixed views about whether this should be undertaken within current bill levels or whether a faster pace is required to address future issues, causing bills to rise. Bristol Water customers wanted asset health to be "measured and targeted" to ensure service targets are met in the short term while maintaining the network over the long term.

Supporting Vulnerable Customers

Vulnerable customers can be those in poor health, with cognitive impairment, those dealing with new caring responsibilities such as a young family or elderly relatives, those with low resilience to cope with financial or emotional shocks, or those with poor literacy or numeracy skills.

We can and do go through difficult times. With an ever-changing world anyone can find themselves needing extra support. Vulnerability is therefore on a spectrum, and all customers can become vulnerable at some stage. One in three of our households say they are experiencing some form of vulnerability at any point in time.

[90] SBB_CR1.10 Priorities research

[91] SBB_CR1.10 Priorities research

We capture vulnerable customers on our PSR. But recognizing that customers may not want to be labelled as vulnerable, we don't believe there needs to be a checklist or specific criteria to decide if a customer is vulnerable. What we do need to do, is to understand each of our customers' needs – how our services can affect their health and wellbeing, and ensure that we have tailored experience and the right overall customer outcomes.

Customers on the PSR are overwhelmingly elderly and/or live with health issues. 87% have a member of the household aged 60 or over, and half have a member of the household over the age of 75. The proportion of customers in the different socio-economic groups is close to the general population.

We currently offer 10 different services for customers requiring additional support, ranging from a braille bill to water deliveries in an emergency. Customers can register for as many of these services as they require with a water delivery in an emergency being the most prevalent additional support required with 84% of customers on the PSR registered for this service[92].

Our PSR customers have told us that they are well looked after and supported during events. Our annual tracker of vulnerability support shows high levels of satisfaction with the service we provide. 83% indicated they are satisfied with the PSR services they received, above the target for 2020/21 of 78%.

We also know from our post event surveys that large numbers of customers that could be classified as being in vulnerable circumstances are still not aware of the PSR. Whilst we are doing more to promote the PSR better – there is more to do.

The most common reasons to why we contact our PSR customers:

- To explain why the water has gone off
- Provide warnings of potential interruptions to supply
- Provide bottled water at home
- To check their details and check they are on the right tariff to make services affordable

Proactively enrolling customers on to tariffs and schemes

We are continuously looking for new and creative solutions to address affordability – this is reflected in our drive to use data and partnerships to proactively enrol customers onto our support tariffs.

We use ONS Data, and data purchased from CACI to understand customers struggling to pay. We have worked with CACI to develop the method to calculate equivalized income at a 6/7-digit post code level. This is an industry and cross sector first. This data has allowed us to map the geographical areas that have highest concentration of customers and at a customer level those who are in most need of and are eligible for our support.

We are then able to proactively enrol them onto our WaterCare tariff, which helps those on a really low income, offering a percentage off a customers standard metered charge. Customers are notified by letter of their auto enrolment and are encouraged to contact us if they believe they are entitled to more support.

Whilst auto-enrolment is the right thing to do, it does mean that some PSR customers are not clear on what services they are who are signed up to, and that they can receive help during an emergency. Customers on the PSR support having more contact from us so that they remain clear on what services they are signed up for[93]. Overall, 68% are satisfied with how we run our overall PSR process with 6% dissatisfied.

"I recently phoned South West Water and asked is there a way I can reduce my bill, and they sent me a little pack with, it looks like a little swimming pool that goes inside your toilet, as well as little connecters to go to your shower so that you use less water, which has helped reduce my bill, but also in regards to the environment as well."

SEG C2DE, Aged 18-30, SWW

[92] South West Water APR

[93] SBB_CR1.6 Long term tracking survey (PSR)

Customer satisfaction, trust and value for money

South West Water

Most of our customers have consistently stated they are happy with the level of service they receive from us. In our quarterly tracking surveys, the overwhelming majority of customers report that they have not experienced problems with customer service – across any of our regions.

Research shows that customers want to be treated as individuals, with clear communications, and show trust and empathy. Our 2023 priorities study showed that delivering outstanding customer service is a top priority – ranked 10th overall[94].

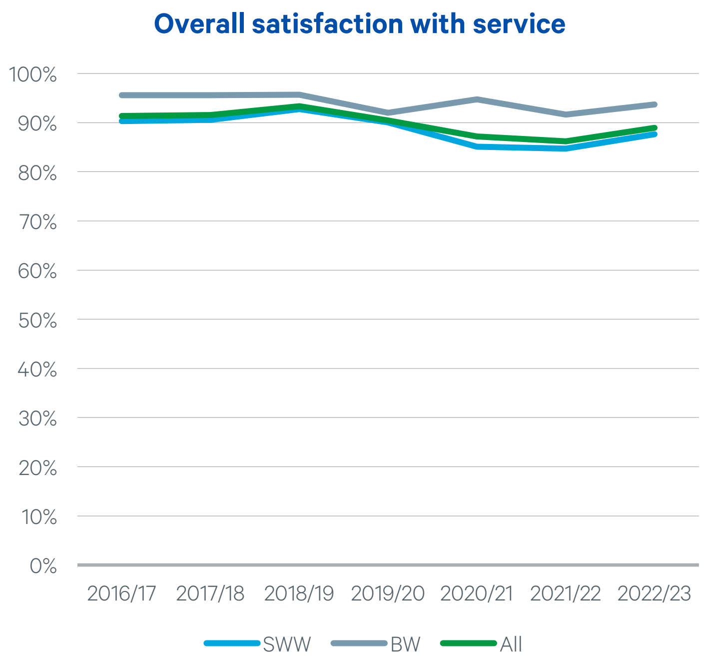
Our WTP programme shows a slight increase in what customers would be willing to pay to prevent dissatisfied customers, underlying the importance of delivering for customers.[95]

Overall annual value for money continues to increase with the average for 2022/23 (76%) higher than 2021/22 (73%)[96]. Customers are satisfied with the service they receive but worry about the environment and future risks.

[94] SBB_CR1.10 Priorities research

[95] SBB_CR1.29 SWW WTP PR24

[96] ICS – Long term trends September 2023



For 2022/23 satisfaction with service improved slightly compared to 2021/22. As satisfaction is mostly stable we know that we need to maintain our services to customers, addressing local issues. The focus of our plans needs to be on other aspects such as water resource resilience and storm overflows to ensure that customers remain satisfied.

Bristol

Bristol Water stakeholder engagement is consistent with these findings, with recent research indicating that the majority of customers (80%) would report the service received as good or very good[97]. Similarly, most customers (68%) rated the value for money of that service as either good or very good[98]. The focus of our plans here needs to be on water quality and water resources.

Non households

Retailers have historically seemed positive regarding their relationship with us, and this continues to be true[99]. It is a relationship where they feel they are able to openly discuss things, raise issues if necessary and collaborate.

We were keen to engage with our Retailers on our PR24 plans and be open to collaborative working partnerships.

Their hopes for PR24 are quite simple:

- Continued improved data / data correction – accurate data and thus accurate billing are seen to be paramount and key in the next phase of the market maturing
- Smart meter rollout – a necessity to help with improved data and water demand reduction

"To be honest from a Retailer – Wholesaler perspective all you need is communication"

[97] SBB_CR1.17 Annual satisfaction surveys

[98] SBB_CR1.17 Annual satisfaction surveys

[99] SBB_CR1.12 Retailers Priorities

- Water demand reduction – Retailers and Wholesalers working collaboratively for this to happen

Overall, what would help Retailers to continue to give the best service to their end customers is a “continued drive from Wholesalers to improve *their* service to their customers.[100]” Ways to do this are:

- A security of supply so there can be confidence in the network
- Continued good communication
- Investment in smart technology
- An openness to work collaboratively with Retailers
- Using innovative approaches to tackle issues

“We want confidence in their network, we want good, clear communication when there’s planned outages.”

Developers

We are one of the fastest growing regions in the country, therefore it is important that we engage with developers to understand their priorities for the future. Customers undertaking development work range from large developers building new housing or commercial/industrial sites to household customers that are looking to build an extension to their home. Customers also include self-lay providers who can undertake work (making connections and laying pipes) for developers in place of our own teams.

Overall, this group believe that fairness and affordability should be a top priority, consistent with other stakeholder groups, and that there is scope to incentivise environmental benefits.

Developers are positive about environmental improvements but for them to deliver them they need to be commercially viable. It would also be beneficial if we aligned more with local authorities. Working in partnership with local authorities has been a key focus of our recent plans, and we are always looking to identify partnership opportunities where we can work together for mutual outcomes and share resource.[101]

“If you and the lead local flood authority were on the same page, that would be ideal...if you could be more in line with adoptable SUDs and the environmental agenda that’s coming through that would be great.”

Developer

[100] SBB_CR1.12 Retailers Priorities

[101] Developer services customer research – January 2022

Empowering customers

Giving customers a stake and a say

Our WaterShare+ initiative launched in 2020 is a sector first, giving customers the option of owning shares in Pennon Group (our parent company). This is funded by the company through delivering outperformance. This unique approach saw us develop a way that customers could easily sign up to own these shares and increase their shareholding if they wanted to.

Our first issuance in 2020, gave each customer either £20 off their next bills or shares. The take up of this offer was high with 1 in 16 customers becoming a Pennon shareholder.

In 2022/23 we launched our second WaterShare+ issuance which was also made available to Bristol customers. Whilst take up was strong, the current cost of living crisis resulted in more customers choosing to take a £13 bill reduction – however 90,000 customers now have a direct say in how South West Water is run. This is the equivalent of 1 in 14 households in the South West.

Overall, this innovative voluntary scheme has resulted in c.£40m being returned to customers over the last three years.

WaterFit Live

We launched WaterFit Live on our website in March 2023 as part of our plans to boost transparency to customers and visitors. This provides information on our designated bathing waters, general beach information and our plans for improvement.

Shortly after the WaterFit Live webpage went live we issued a survey to our online customer panel asking for their views on the site. 95.6% of customers who responded rated the site as easy or somewhat easy to use, with only one finding it unclear and not easy to understand. 91% felt better informed as a result of WaterFit Live and 78.3% felt they would use it before visting a beach in the area. Reliability and trust in the information being presented was key to customers[102].

Feedback was shared with our communications team so they could make revisions based on the feedback.

Many stakeholders have also welcomed the WaterFit Live website, considering it to be a good starting point, whilst acknowledging its potential to go further and continue to be a useful tool for customers and those visiting the area. Many also point our that the information it contains must remain up to date if the tool is to be fully embraced and trusted. They also felt that it might not reach its full potential because it only presents part of the information for water users.

We are currently delivering WaterFit Live in a three phase arrangement to progressively deliver the requirements whilst maintaining data integrity and providing key contextual information for each overflow.

Phase 1 of the WaterFit Live delivery was completed in March 2023 and included a near real time view on each of the 95 bathing waters where storm overflows discharge (there are 150 Bathing Waters in the region, 55 of which do not have any storm overflows discharging to them). This triggers a warning based upon the Bathing Water alone.

Phase 2 was completed in May 2023 and included near real time views on each of the 96 bathing waters (including newly added Firestone Bay) and each of the individual storm overflows which discharge to these bathing waters.

Phase 3 of WaterFit Live will be delivered progressively between October and December 2023. This will include all of the remaining storm overflows across the region, providing near real time information on all of the remaining 1000+ inland storm overflows across the region.

96%

customers think WaterFit Live is easy and clear to use

76%

consider the site important to view before visiting their local beach – SWW Customer Forum

[102] SBB_CR1.14 SWW Waterfit Live – Customer Board

Alongside this information we are also publishing our individual investment plans for each storm overflow between now and 2040.

Maintaining our commitment to responsible investment

There is growing focus on the water sector to clearly demonstrate it is acting in the best interests of customers, communities and the environment, and to rebuild trust and confidence in the sector, in the matter of Executive Pay and shareholder dividends.

We have a loyal investor base, where two thirds of our investors are customers, charities, employees and pension funds in the UK. Our commitment to responsible investment, dividends and executive pay, with revised bonus levels reducing the amount executives can earn, are all important features of running a socially responsible business and the business plan. Internally, we have also spent time looking at our culture and leadership capacities focused on delivering how we CARE, how we ACT and how we LOOK FORWARD, and will implement a new set of values to reinforce how we operate.

As a listed business, we already have strict policies around dividends and bonuses – so customers can be assured that payments are only made when we deliver on our commitments. We continue to discuss our dividend policy with the independent WaterShare+ Panel and seek endorsement from them for any changes proposed. We have also stated in our new Executive Pay policy the potential for the Panel to have a role in monitoring this policy as well.

You said… we did The line of sight – how our customer research has shaped our plans

The feedback we have received from our extensive customer research has shaped our strategic priorities.

Strategic priorities	Customer top 10 priorities
Water quality and resilience	1 Clean, safe water supply 6 Reduce leakage 7 Resilience to extreme weather
Storm overflows and pollutions	2 Prevent pollution 3 Protect bathing waters 4 Prevent sewer flooding 9 Less reliance on storm overflows
Net zero and environmental gains	5 Boost nature & wildlife 8 Protect rivers
Addressing affordability and delivering for customers	10 Excellent customer service & responsiveness

Water quality and resilience

Customers' number one priority is to ensure the basic requirement of a clean, safe drinkable water supply is protected and maintained. They want to ensure their basic needs are met and ensure they always receive clean, safe water.

Customers want us to ensure enough is invested to maintain and protect the element that is most important to them. Whilst they are broadly content with the cleanliness of their drinking water, they want us to prevent any emerging challenges to prevent deterioration of drinking water quality.

Customers want us to ensure we have plentiful water supply while protecting the rivers and oceans.

- Resilient water supplies are a high priority for our customers and stakeholders. They want us to focus our efforts on ensuring our infrastructure is resilient.
- They recognise the pressures on water resources from climate change, changing weather patterns and population growth and want us to protect services and the environment for future generations.
- They want resilient services able to adapt to climate change whilst keeping bills affordable and protecting those who struggle to pay. They tell us they think it is more efficient to focus activity on prevention of problems before they arise where possible rather than remedy them later.

- While they are pragmatic about the costs there is a general view across customers and stakeholders that more environmentally friendly water supply resilience could be accelerated.
- Customers want to see a balanced portfolio of options and do not want us to rely on any single approach or solution. Customers and stakeholders would like us to explore more innovative and collaborative solutions, such as using existing water bodies for storage as well as using more tried and tested approaches
- In principle, customers prefer water efficiency to new resources, but are sceptical that everyone can make the behaviour changes required and view supply options as more reliable

How has this informed the plan?

Delivering clean safe drinking water that our consumers can trust is at the heart of our business. By continuing to put quality first in our ambitious plans, we will ensure our customers and visitors to our regions can enjoy our drinking water now and in the future.

We are committed to boosting water supply resilience to balance the needs of people and the environment. Our ambition is to protect and enhance the environment at every stage of our operations. We will deliver reliable, high quality water through investing in smart resilient networks and careful management catchments, cutting leakage and water wastage by harnessing AI, data analytics and smart meters.

Our plans will focus on ensuring every drop of water supplied looks great and tastes great – whatever the water is used for and wherever they are in the region.

Our journey to delivering world class water starts with protecting rivers that are important sources of drinking water. We are looking forward and acting now to manage the potentially serious consequences of the onset of climate change and the increasing volumes of new housing and tourists in the region could have serious consequence for water availability.

Last year's drought shows what could be commonplace in the future – as the likelihood of hotter, drier summers, and more heatwaves increases. As our region is still officially in drought, we are already developing and delivering substantial investment in water resilience measures now so will deliver a fundamentally different supply position by 2025. This includes investment in new sources and desalination, alongside a step change in investment to tackle leakage and support to help customers to use less water.

There is more to do, and our plans see us go further. We will work with our partners in harmony with nature to protect rivers and in doing so protect drinking water sources. We will fix more leaks than ever, including leaks at customer properties. We will install smart meters to allow consumers to control their usage, as we provide rainwater butts for free for any household that wants one. And because we know the importance of preparing for the long term, we will invest in new water resources, including working with our neighbours in Wessex Water to support the wider region for the benefit of all.

In order to ensure that our customers always receive clean, safe water supply we have considered the future water quality risk across all aspects of our water supply, including tackling raw water deterioration, understanding how our treatment processes and networks need to be enhanced to mitigate population growth and changing nature of water supplies in our region, securing greater asset resilience to extreme events and being forward looking in our approach to understanding the risks of 'forever chemicals' and emerging contaminants.

Our ambitious proposals commit to an increase in spending on water quality in AMP8. We will continue to invest to improve our performance across all metrics. We have identified initiatives to update six treatment works to respond to our customers priorities to maintain drinking water quality and will undertake increased cleaning and inspection of our assets to respond to our customers preferences for healthy, resilient infrastructure.

We will work collaboratively with our regulators, stakeholders and customers.

We will focus on addressing issues in source waters and therefore allow us to promote the most sustainable level of treatment in the future. We plan to continue to innovate in our water treatment processes to provide the best possible performance and fit with our low carbon future. We will work to identify water quality issues quickly to prevent small issues escalating into persistent ones.

Our best value Water Resources Management Plan (WRMP) sets out how we will invest through to 2050 to ensure there continues to be a secure supply of water to customers whilst also protecting and enhancing the environment.

To build system resilience, it is also important to continually review our ability to move the available water to where it is needed. Our network has fair levels of interconnectivity, however there are still restrictions on how we move water through our region. These restrictions become critical in the event of a significant asset failure (e.g., a strategic main failing or an unplanned water treatment works outage), during periods of highest demand, or during drought when there is a greater requirement to optimise the balance between scarce water resources.

In response we have developed interconnector schemes to improve resilience to extreme event. We have developed these investment schemes alongside but in addition to our statutory WRMP so that we understand how these schemes will interact with our current and future water supply investment in order to achieve maximum value from interventions

Our plan goes beyond the significant statutory investments agreed with our regulators. To ensure that we deliver what matters most to our customers and communities our best value plan includes investments directly responding to customer priorities to:

- replace lead pipes faster and more efficiently than required by the Drinking Water Inspectorate
- respond to customer contacts about the taste or colour of their drinking water by replacing iron mains to target Improvements to those who need them most
- deliver significant Improvements In regional resilience through our interconnector Investment.

Overall, through our plan we will:

- ensure leading water quality compliance performance levels – bringing our Bristol region up to Devon and Cornwall levels
- maintain our upper quartile performance for unplanned outages, ensuring all assets can be removed from service for maintenance without hindering our ability to meet customer demand
- achieve a completely lead free supply network by 2050 which demonstrates our willingness to go further for customers to deliver their priorities
- Nurture the environment:
    - Increase our work to restore uplands and moorlands to make the water environment more resilient
    - Address abstractions at sensitive locations to protect river flows
- Provide water resources to meet all needs:
    - Develop a diversified mix of water resource solutions, reduce leakage, and build greater capacity
- Champion recycling and reuse:

- o Working with stakeholders to encourage home improvement grants that allow properties to harvest rainwater and grey water
  - o Work with customers to reduce their consumption
  - o Building processes to recycle used water for household and industrial purposes
- Commit to resilient infrastructure:
  - o Meet the challenge of climate change and Net Zero through the use of nature-based solutions
  - o Identify water-trading opportunities with other parts of the country to ensure long-term water supplies
- Working with customers and stakeholders:
  - o Working with local partners to deliver shared objectives
  - o Work with local schools and communities to inspire people to use water wisely

Storm overflows and pollutions

What have we heard?

Customers value the environment in the South West highly, particularly the water environment. Most of our customers actively experience the rivers and beaches in the region, with nearly two thirds visiting beaches regularly.

Our customers and stakeholders want us to be a good neighbour; they want us to demonstrate environmental leadership by controlling and treating wastewater flows to protect the environment. They recognise how the environment underpins our way of life in the South West as well as the tourism economy and they want us to reduce pollution incidents and storm overflow spills. They want us to maintain our high-quality bathing waters and they do not want to see homes and business flooded.

Our customers and stakeholders expect us to control and treat wastewater flows through a healthy, resilient sewerage system. Customers want us to pass on a healthy asset base to future customers and don't find it acceptable to allow assets to deteriorate. They want us to do more to invest in the region's sewerage infrastructure to reduce its current impacts on the environment.

While 3 in 4 of our customers agree investment in the environment is required, they are conscious of the impact on affordability of their bills. They want bill rises to be smooth, with protections and support for those less able to pay.

Storm overflow spills are unacceptable, especially where people swim In the water

You said, we did.

We will tackle storm overflows at bathing beaches by 2030

How has this informed the plan?

We need to do things differently. The current system relies too much on storm overflows and this is no longer acceptable.

Our wastewater system is the culmination of investment over many generations. Little changed from the original Victorian systems until we inherited this system in the South West over 30 years ago. At that time, 30% of sewage was discharged untreated straight into the sea, bathing water quality was low with only 28% passing stringent tests.

Since then, we have been on a journey to modernise and transform, investing £8 billion in improving how we collect and treat sewage as we look to protect people, homes and the environment. Upgrades like Operation Clean Sweep mean that all households' and businesses' sewage is now treated through over 650 treatment works and that 100% of bathing waters meet all stringent standards.

But the system continues to rely too much on storm overflows, we estimate that over 97% of flows are treated at our treatment works with the remaining 3% discharging through overflows. Whilst this is a significant improvement from the position 30 years ago, our customers want to make the most of the environment and this region, to utilise its outside spaces and they want storm overflows, a feature of our Victorian sewage system, to reduce and eventually stop.

Our customers and stakeholders want a step change in our reliance on storm overflows – and our current and future plans set out to do just that.

We want everyone in the South West to feel confident about the recreational waters at their favourite beach, or river and to know we are serious about reducing pollution, our impact on water quality in the river and sea and the use of storm overflows. So, in April 2022 we published our plan for healthy rivers and seas – WaterFit – which outlines how we will protect and enhance our precious water environment, working with partners, customers, visitors and local communities so that we all play our part.

With 100% monitoring of all storm overflows in place a year ahead of plan, we have launched WaterFit Live, giving customers and visitors live information about the region's bathing beaches, storm overflows and our investments. WaterFit Live is our way of giving customers and visitors the information they need when they want to visit their favourite beach.

Being WaterFit means…

- Customers and visitors can use their favourite beach or river all year around knowing that storm overflows are minimal if at all – using natural solutions where possible
- Customers and visitors have the information they need to make informed decisions around recreation

We are investing to rebuild trust and confidence with our customers on the issues of storm overflows.

Our 'Green First' approach will look for the opportunities to work with nature, our stakeholders and communities to reduce the amount of water entering our drainage network by slowing the flow in our catchments. At least 10% of our activities will be nature-based (such as SuDs and rain gardens) by 2030 and we'll develop our skills, understanding and capacity to deliver more nature-based solutions over this first five-year DWMP.

Customers are a really important part of our plan to help us to deliver environmental improvements. We'll be leading campaigns such as Love your Loo and Think Sink to reduce sewer blockages and the creation of fat burgs whilst also slowing the flow of water into drains.

We have been working with our customers and stakeholders to develop our plans for the wastewater system and storm overflows, as we ensure we continue to evolve and enhance our wastewater recycling processes and protect the environment.

Our ambition is to evolve the water recycling system into one that future generations can be proud of and will:

- Protect people, homes and businesses from flooding
- Support tourism and the long-term economic health of the region
- Increase the use of nature-based solutions, innovating to protect our unique environment and reducing our carbon footprint
- Eradicate pollutions and the damage caused by plastics, fats and wet wipes for the long-term benefit of all.

- As we look to reduce the reliance on storm overflows, we face extreme pressures from climate change, growth and plastic pollution. Our plans aim to deliver at pace and deliver our storm overflow programme by 2040.

Net zero and environmental gains

What have we heard?

Our customers and stakeholders expect us to demonstrate environmental leadership. They want us to play our part innovatively to support the local environment which both tourism and our local way of life in the region depends on.

Our customers strongly agree that all environmental issues are high priority (including deforestation, ocean pollution, single use plastics, air pollution, river pollution, climate change, waste disposal, impact of chemicals and loss of biodiversity).

Our customers highlight climate change as one of their key priorities. They recognise changes in the weather. They acknowledge the stress that climate change can have on water company infrastructure in the future and recognise the importance of protecting works as the effects of climate change may worsen over time. However, whilst customers support our plans overall, a significant minority are less comfortable seeing bills rise to pay for investment to deliver net zero – seeing this as something the company should 'just do.'

Our customers want us to work with others to explore new approaches to delivering our vital services in harmony with nature and tell us they think it is more efficient to prevent problems before they arise rather than just remedy them.

Biodiversity and catchment management plans, alongside waste management and chemicals, are high priority environmental issues for customers, who welcome any positive change we can achieve.

How has this informed the plan?

We recognise that a healthy environment is vital to the long term sustainability of the planet. It underpins the resilience of our water and sewerage services and our way of life.

We understand that there is no time to lose: we need to step up action to mitigate against changing weather patterns and biodiversity and nature loss by reducing water usage, enhancing environmental protection and nurturing the circular economy.

We know that we need to do more. We need to work together. Collaboration and partnership working is essential to address these challenges. As we recycle water across the region, we know we need to support water efficiency, store more water in the landscape and play our role in reversing the decline of biodiversity

We've worked with our regulators to build a programme of environmental compliance and because of the importance of the environment in the South West, we are going over and above to support the Government target to reverse the decline in biodiversity.

So, we are going beyond the minimum required. We will step up to our responsibilities and, given the importance of the environment to our customers and communities, we will deliver more. At the heart of our plans are powerful actions to lower emissions, boost renewables, promote nature, protect and enhance species, improve waste management, and embrace innovation and creativity. This is the only way forward as we look to secure a clean and biodiverse future.

We have worked with and consulted our local communities and catchment partners so that we have developed the right solutions in the right location, right now to deliver multiple benefits across the region.

This includes planting an additional 300,000 trees, adding to the 250,000 that we will have planted by 2025. We will implement a wider programme of nature recovery, as part of our Biodiversity Strategy, aligning our investment with partners and priorities across the areas we serve.

Protect our local environment.

You said, we did.

Focus on catchment management to protect water sources and boost biodiversity

We are taking meaningful action to reduce emissions and our carbon footprint, and to adapt to climate change. We are reducing and decarbonising how we manage and move water throughout our operations, switching to renewable energy sources, and investing in carbon sequestration through native habitat creation and restoration.

Addressing affordability and delivery for customers

What have we heard?

Research shows customers want to be treated as individuals and want their water company to better manage their expectations and provide clearer communication, show trust and empathy.

Our customers consider fair and affordable bills to be essential.

Since 2020 most of our customers have consistently stated that they are happy with the level of service they receive. The relative priority to customers to improve services across 17 of our investment areas indicates that customers rank 'outstanding customer service' as a lower priority for investment, believing it is good enough.

How has this informed the plan?

We are committed to excellent customer service, eradicating water poverty in our region and keeping bills fair and affordable for all.

Day to day, we will ensure that customers get the best possible experience every time they need us, improving our customer experience and ensuring we deliver outstanding performance against both the utility sector and other sectors.

The South West Water region is unique. Our region has a higher proportion of households with lower-than-average incomes. The far South West is particularly affected with Cornwall having the lowest productivity of any UK subregion at 32% below the national average. This, coupled with the size of customer's water bills not being uniform across England and Wales, means that nowhere has the effect of the cost-of-living crisis been more acutely felt than in the South West.

We are already committed to zero water poverty in our region – we are leaders in developing support for customers and we are committed to promoting progressive charging so that every customer has a fair and affordable water bill.

We will boost active participation of customers and communities in the sector and make it easy for customers to reduce their water consumption and manage their water bills.

We will achieve this by:

- Improving our digital and self-serve functionality to make it flexible and tailored, with a greater range of functionality available.
- Improving our customer systems to make them flexible and easy to use
- Providing insight and engagement on water usage and supporting water efficiency across all our customers
- Helping retailers engage and support businesses across the South West
- Improving our relationships and engagement with developers
- Helping all our customers understand the value of water

We have built a five-step approach to ensure our bills are affordable:

1. Balancing investment needs over the current and future periods to ensure we meet customer expectations and legal and regulatory requirements, whilst considering the impact on bills

2. Challenging our delivery to be as efficient as we can, both in delivering the investment programme as well as underlying base expenditure

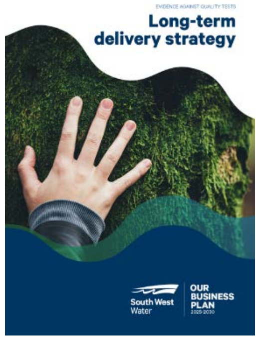
3. Proposing new charging mechanisms, to deliver fairer bills

4. Ensuring customers are empowered to use only the water they need, through smart metering and water efficiency; and

5. Supporting those that may have financial vulnerabilities to ensure they have an affordable bill.

Getting the balance and timing right

Right now, many customers tell us that they are struggling financially in these challenging economic times. The cost-of-living crisis is weighing heavy on many, with significant increases to all household bills. Stepping up investment cannot be at the expense of eradicating water poverty.



Our customers are aware that our region already has more than its fair share of socio-economic challenges, with earning, employment, skills and productivity of the South West set apart from the rest of the UK.

Customers want us to support growth and economic recovery, with balanced investment across the regulatory periods. Two thirds of customers tell us that they would prefer us to front load investment to deliver outcomes earlier. But whilst in the minority, we know some customers cannot afford to pay anything else. We need to balance investment and bills.

We have thought carefully about the balance of our plan.

We have thought to balance the investment needed, to ensure that whilst making record levels of investment in the region, bills do not rise unnecessarily, and are kept as low as possible. We are working closely with Defra, Ofwat, the DWI and the EA to ensure we consider the legislative and regulatory requirements and have reviewed our plans with Wessex Water, given that for Bristol and Bournemouth customers we jointly provide water and wastewater services.

In all our research the availability of clean drinking water consistently remains the number one priority for customers. We therefore plan to build on our reputation for water quality, expanding this across all the regions we now support; with new treatment works, and new water resources, and strengthening water resilience to break the cycle of drought. This sits alongside our commitment to reduce the use of storm overflows and eliminate pollution incidents.

As a socially responsible business, responding to climate change and delivering on Net Zero, and supporting customers through the cost of living crisis are equally critical. As we look forward, it's these four priorities that will remain at the core of our next business plan and beyond, given it's a multigenerational challenge.

It is critical that we always look to balance investing in our network infrastructure with ensuring bills are affordable.

Our plan more than ever needs to strike the right balance between the level of investment now versus the future, balancing the level of returns to shareholders to continue to attract high levels of investment, with ensuring affordable bills for customers.

A priority remains to help those most in need with over 110,000 customers benefiting from our broad range of affordability initiatives. We have balanced this aspiration with the need to manage near term bill increases within the context of the current cost of living increases.

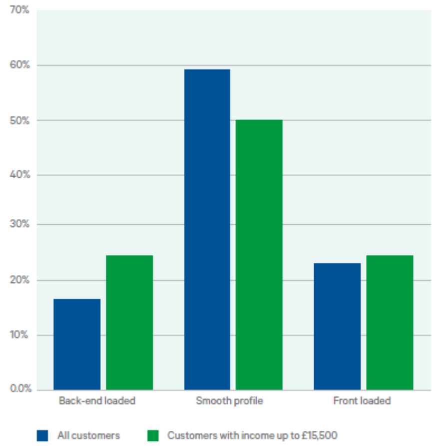
That is why we have worked hard through our iterative testing processes to challenge our developing plans to ensure we have the right balance for current and future generations.

Customer priorities

From our extensive customer research and engagement our customers, stakeholders and communities have told us that areas for future investment should be focused around supporting the local environment (e.g. preventing pollution and protecting plants and wildlife) and improving infrastructure (e.g. reducing leaks, failures and blockages). However, affordability does weigh heavily on customes' minds, and they emphasise the need to ensure bills remain fair and affordable to customers.

Our priorities research demonstrates that our customers want to see our investment programme smoothly paced to achieve fair and affordable bills – overall 59% consider a steady programme of investment to be preferable to front or back end loaded programmes. Amongst those with the lowest incomes, 50% prefer a smooth programme, 25% front ended and 25% back ended.

Preferred investment approach by household income



How has this informed the plan?

We have developed and refined our proposals to ensure that they reflect the priorities on outcomes and affordability of all customers.

We developed our investment needs based on asset modelling, legal and regulatory requirements and extensive testing of customer and stakeholder views. We incorporated outputs from our strategic frameworks (WRMP, WINEP, DWMP and drinking water quality requirements).

We have paced our investment smoothly to reflect these preferences and ensured that investments to deliver against the highest customer priorities are delivered first. This smoothed profile approach to investment strikes the best balance between environmental improvements and affordability.

We have used our long-term planning tools to explore the sequencing and pace of investment over the next 25 years to meet targets, to reflect the urgency of improvements and the need to keep bill impacts as low as possible and deliver the intergenerational fairness our customers have told us they want. Our scenario modelling has enabled us to do this against the backdrop of a range of different possible future scenarios, to ensure our planning is resilient to a range of likely possible 'futures'.

In order to deliver our customers' preferences for a smooth plan we have challenged plans and sequencing to make investments over the next 25 years as smooth as possible. We have considered the impacts on outcomes and bills of different strategies. We have profiled investments in line with what we have heard from customers about where they want to see benefits sooner, for example by profiling our storm overflow investment to reduce storm overflow spills in the locations that matter most first.

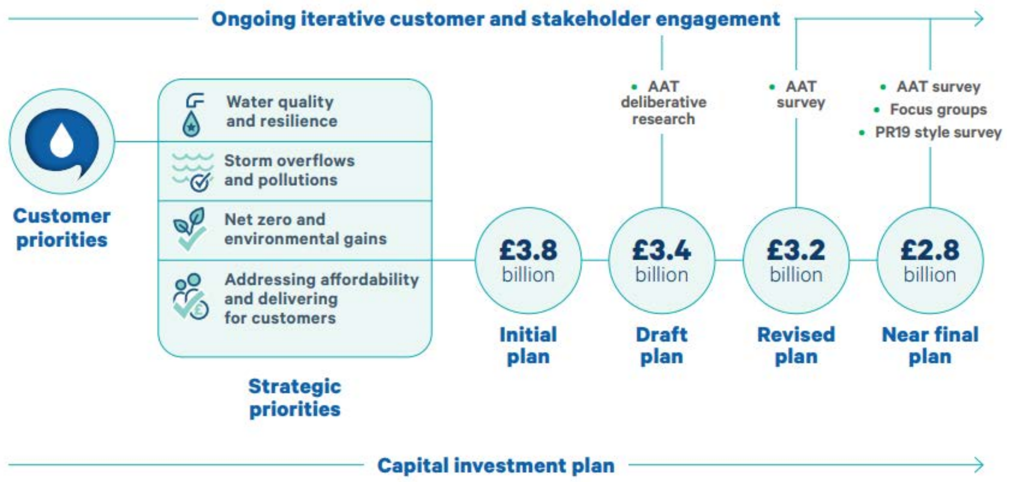
Developing our plan with our customers

Our journey to understand what customers want by 2030 and over the long term commenced in 2021. We undertook a range of testing with customers around potential future strategies to shape our plans and understand customer views on the most important long term challenges and investments shaping our long term delivery strategy and PR24 proposals.

We have continued to engage customers on priorities and the sequencing of investment as we have developed and refined our plans. We used the findings from each customer segmentation proect to challenge and further developer our plan.

We have used a mix of qualitative and quantitative research, and a mix of acceptability and affordability testing (AAT) as specified by Ofwat and more aligned to the approaches we used in PR19 and PR14 – in a phased and sequenced manner to get to our plans.

Each phase of acceptability has been used to inform the next phase – and helped us to challenge the basis for investment, the value for money provided by individual investments, as well as the costs and the timing.



We built our initial programme from the bottom up based on all the investment needs identified by our investment planners to deliver our statutory requirements and customer priorities. At 3.8bn we recognised that, reflecting earlier phases of customer feedback, this programme would challenge affordability. We undertook a detailed review of our programme to test the urgency of investment against statutory requirements and customer priorities, the value for money provided by individual investments, and overall costs.

This resulted in a net reduction to the programme of £400m and a draft plan that we tested with customers as a next step.

Views on our draft plan

We heard from our customers in our deliberative AAT research in May 2023 that they were generally highly supportive of the need for investment and the pace of our proposals, saying it was a good plan for future generations and focuses on the right things. We also heard that customers are concerned about affordability and company profits.

We undertook specific research to inform our PR24 plan and Long Term Delivery Strategy in our Alternative business plan testing and long term plans (Qualitative/deliberative research) This customer research undertaken in May 2023, tested a range of alternative business plans covering PR24 and the longer term.

Customers told us that growing numbers of people living in and visiting the region is the biggest issue that the region faces, followed closely by the hotter, drier summers that we will experience due to climate change. These have the biggest impact on the services we provide and customers told us that we need to invest in our infrastructure to meet these future challenges.

Overall, customers told us they prefer a medium to fast pace of improvement in our LTDS, with an early focus first on storm overflows and water resources.

In response to these customer views, we revisited our plan and challenged the investment need down again. We have reflected priorities for improvements in our long-term plans around wastewater discharges and water resources, as these are ranked as the most urgent areas of investment – accelerating new water sources and new reservoirs in our WRMP and putting forward plans to address storm overflow discharges by 2040.

We have heard that our customers consider environmental improvements that directly impact their locality and experience (such as local beaches and local habitats) are more urgent for us to deliver than wider environmental improvements, that should be driven at least in part by national or global programmes (such as net zero). We have reflected this in our plans to prioritise improvements to storm overflows where we have heard they matter most to our customers.

To achieve this balance we have brought forward enhancement investments, going further than legislative requirements and reflecting our customers priorities. We have profiled enhancements over the longer term where uncertainty is high or where we can manage risks through more cost-effective means.

This resulted in a revised plan of £3.2bn which we tested with customers in our quantitative AAT survey.

Acceptability testing of our plans

Five years ago, when we tested affordability, we looked at the impact with and without the £50 government contribution being retained. Whilst it was likely that the £50 government contribution would be maintained for at least some of the period 2020-25, it was important to test because if the £50 was retained then customers would benefit from a large bill reduction, that would effectively be wiped out if the £50 was lost to customers.

The results were quite stark. For South West Water households there was 88% acceptability for the business plan, but without the £50 government contribution, it fell to 59%, reflecting the strength of feeling that customers had around the importance of them not being wholly responsible for paying all of the cost of the beaches for tourists to enjoy.

This time, we have tested acceptability with bills increasing. The uncertainty around the £50 government contribution continues, so we have tested a gross bill, setting out the £50 benefit that customers get today is uncertain for the future. Therefore, as bills look to rise in the future there may be an additional rise of £50 experienced by customers if the government contribution is removed.

Overall, we can see that willingness to pay for our plans compared to five years ago has increased, on a near like for like basis. Whilst there will be bill increases – in contrast to five years ago – there is a greater appetite for change and that has translated into greater support for our plans.

Quantitative AAT findings

We heard that the majority of our customers (74%) support this proposed plan.

The overall testing shows that our 2025-2030 plans are acceptable to most customers (excluding don't knows):

- South West Water – combined plan – 67%
- Bristol Water – water plan – 82%
- Bournemouth Water – water plan – 80%
- Overall – 74%

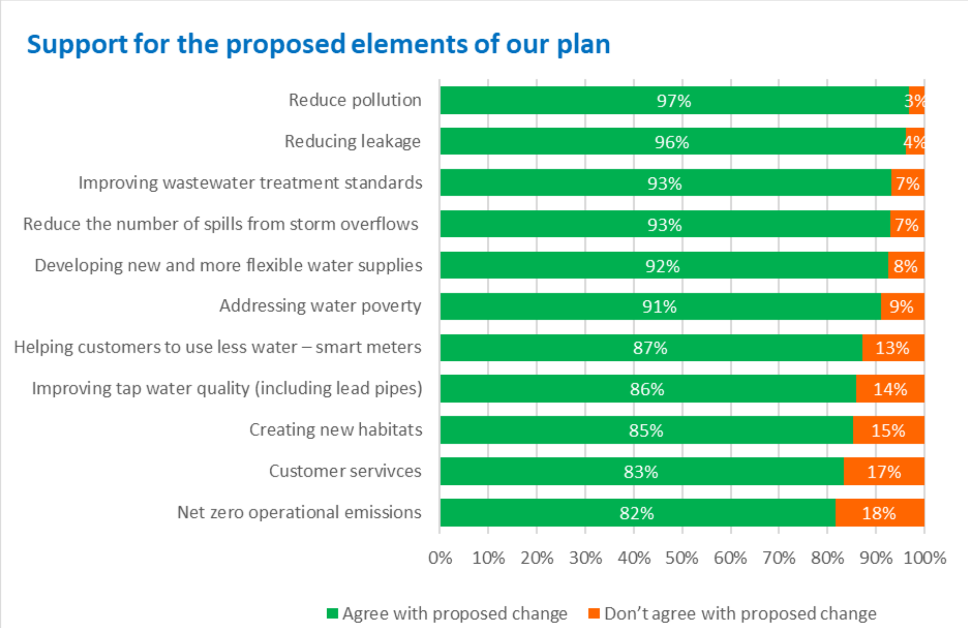
Customers told us they support the plan because they think it focuses on the right things, and they support what we are trying to do in the long term.

We also heard that customers were still conscious of the impact on their bills. We heard that they want to know that water companies are paying their fair share. Customers who did not support the plan didn't do so because they didn't like the plan itself, but because they believe companies' profits are too high or companies should pay for service improvements. This is why we are working hard to drive increased efficiency and ensure the outcomes we deliver are value for money.

Recognising remaining customer concerns about affordability (with 46% of customers feeling it could be difficult to afford) we challenged our programme down again to our near final plan of £2.8bn and tested this again though further quantitative and qualitative research.

Enhanced testing

Our additional testing enabled us to understand the support for the outcomes in our near final plan in more detail. The outcomes from our plan will boost the economy, enhance the environment and protect public health. We heard that customers recognise those benefits. There is near universal agreement that the priorities are the right priorities and levels of support for the key initiatives average over 90%.



Our final balanced plan

Our final plan reflects the best balance of statutory requirements and customer priorities. Statutory requirements make up 90% of our investment plan to 2030 and we will deliver these requirements in the ways that our customers have told us they want them delivered:

- Our 'Green First' approach will look for the opportunities to work with nature, our stakeholders and communities to reduce the amount of water entering our drainage network by slowing the flow in our catchments. At least 10% of our Drainage and Wastewater Management Plan activities will be nature-based (such as SuDs and rain gardens) by 2030 and we will develop our skills, understanding and capacity to deliver more nature-based solutions over this first five-year DWMP

- We will deliver improvements where they make the most difference first – tackling persistent issues and hotspots in locations that matter most to our customers first

- We will deliver improvements efficiently, by challenging ourselves to ensure our plans represent the least cost option

Our plan goes beyond the statutory investments required by our regulators. To ensure that we deliver what matters most to our customers and communities, our best value plan includes investments directly responding to customer priorities. These form around 10% of our plan to 2030. These key investments responding to customer priorities include those to:

- Improve water supply resilience by investing in regional interconnectors to provide additional flexibility to move water around our regions

- Replace lead pipes faster than required by the DWI and more effectively by addressing customer lead pipes as well as our own.

- Respond to hotspots of customer concerns about the taste or colour of their drinking water by replacing iron mains – efficiently targeting improvements to deliver the most benefits in line with our customers preferences to focus on hotspots and those who need them most

- Address storm overflow spills at all bathing beaches, not only those required by our statutory schemes.

Addressing remaining customer concerns

One quarter of customers do not find our plans acceptable – the reasons around this include:

- Concerns around affordability
- Concerns around dividends and profits
- Concerns around who pays

We know we need to do our best so that customers do not feel that they are being treated unfairly, and our plans offer something for everybody.

We have done our utmost to lessen the impact through delivering efficiency and recognising that it's not right for customers to pay for everything that's in our plan. We have taken our fair share of costs in developing the plan.

We will continue supporting customers with any affordability issues, through our affordability toolkit, the rollout of smart metering and water efficiency advice. We will also introduce progressive charges and lobby to keep the £50 government contribution.

We have also introduced new policies around dividends and executive renumeration, and ensured that we have a plan that is financeable – as we look to address concerns around financial performance.

By addressing all of the concerns raised, we know that we have a plan that delivers for customers and communities.

Our plan:

- Aligns with customer priorities and delivers what matters most first
- Tackles the biggest challenges head on
- Keeps bills as low as possible, as we continue to maintain affordable bills
- Rebuilds trust over time with customers and stakeholders
- Empowers customers, to have their say and continue to shape our plans into delivery
- Supports the regional economy and communities

Continuing engagement

Our New Deal plan involved giving customers a say and a stake, as we looked to change the nature of our engagement with customers and ensured they could hold us to account.

We delivered this change and know what matters most.

It is now essential to have continuous engagement with our customers and stakeholders – this is vital to the operation of any top performing company. Customers, communities and stakeholders are at the heart of what we do, and our engagement with them won't stop once we submit our business plan for 2025-2030.

We know that communication is key.

We will ensure that we continue to have the right communication channels in place to meet our customers needs and ensure that we are always listening to their views and priorities, reaching a diverse array of customer groups including those that are hard to reach. Our customer and stakeholder forums will enable us to proactively continue this engagement.

WaterShare+ will also continue to provide a meaningful route to engage directly with our customers, through our quarterly public meetings and at our customer AGM, so that we can hear directly what matters most and reflect what we have heard in what we do. These give customers regular opportunities to get involved, speak directly to our Executive team on any topic they wish, and keep us accountable.

We know that for one quarter of customers, unacceptability of our plans was driven by wider considerations such as affordability, and dividends – and we need to address these going forwards.

We will continue supporting customers with any affordability issues, through our affordability toolkit, the rollout of smart metering and water efficiency advice, and through new tariffs that will meaningfully support customer bill reductions.

We have also introduced new policies around dividends and executive renumeration, and ensured that we have a plan that is financeable – as we look to address concerns around financial performance.

To ensure that we are reporting our performance transparently we will be keeping customers updated on our action plans and how we are addressing inadequate performance, gaining their feedback on areas they want to see improvement.

Appendix - Engagement summaries

Annual satisfaction survey - local community (Bristol Water)

South West Water

Objectives

This is an annual survey to track the views of stakeholders who have projects listed in Bristol Water's Social Contract. The survey asks how satisfied they are with the impact Bristol Water has had in their community.

Format	**Quantitative online survey**
Households (number)	
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	**28**
South West Water	
Bournemouth Water	
Bristol Water	✓

Impact on our plan and ways of working

As previous years, we continue to work to increase the engagement on this survey to get a bigger sample size

Topics

Storm overflow		Drinking water quality	
Water resources		Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

• An online survey was sent to stakeholders who the initiatives in the social contract are supporting their community.

What matters most

- 92% agreed that Bristol Water makes a positive contribution to the communities it serves, through the projects undertaken in the social contract.
- When asked regarding additional social contract projects Bristol Water could work with, many were individually tailored to the individual respondents

Are there differing views?

- Segmentation data not captured for stakeholders.

Next steps

The individual feedback was provided to the social contract project leads to make any relevant improvements for the year ahead.

Date	March 2023	**Supplier**	Future Focus

Long-term tracking surveys

South West Water

Objectives

Our quarterly long-term tracking survey enables us to understand customers' views and priorities over time.

Format	**Focus Groups**
Households (number)	C. 1200 per year
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

Our long-term tracking research allows all parts of the business to understand trends in customers' views over time and helps us to understand what is important for our customers.
We have a detailed and comprehensive understanding of what matters to our customers, and we have used this information to shape our plans and inform two Performance Commitments. In 2023 we launched WaterFit Live, enabling customers to see if any of our storm overflows have been in operation at their local beach, bringing greater transparency to this important aspect of our operation.

Topics

Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Each quarter we engage c. 300 customers across the South West and Bournemouth Water area to understand their views. We use the same survey variant to understand trends in customer views over time
- Customers are asked their views on: customer satisfaction with overall service; and by service area: sewage treatment and disposal, drinking water quality, quality of bathing waters, leakage, metering and billing, communications, value for money and affordability
- Customers are not provided with any information on which to base their views – the findings are the uninformed views on how we are performing.

What matters most

- Overall satisfaction with service remains high with over 89% of customers satisfied with the service they receive.
- 76% of customers are satisfied with value for money, showing an upward trend over the last two years
- Satisfaction with drinking water quality and frequency of interruptions is consistently high with 9 in 10 customers satisfied in this area
- Customer satisfaction with sewage treatment and disposal, care about the environment and bathing water quality have declined since 2020/21.
- Satisfaction with affordability support has increased by 10% over the last year.
- Our priority tracking has shown that providing a clean, safe water supply remains the top priority, followed by preventing pollution. Customers are also putting a higher priority on sewer resilience in extreme conditions, catchment management / partnership working and safeguarding bathing waters
- 89% of customers state they have trust and confidence in SWW overall, this is lower than 2021/22 of 93%. Satisfaction with openness and transparency has declined from 77% to 64%

Are there differing views?

- None

Next steps

- We will evolve to incorporate sentiment tracking questions around environmental issues into the survey and will be using this for the development of our long-term strategies.

Date	2020-2023	**Supplier**	ICS

Engagement summary

Environmental leadership

South West Water

Objectives

This research aims to underpin how customers consider that SWW can best meet its pledge to be an environmental leader in the South West. We wanted to know what our customers think it means to be an environmental leader and how a regional business like SWW demonstrates environmental leadership.

Format	**Focus Groups**
Households (number)	46 (6)
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

It highlighted the importance of explaining and demonstrating SWW's performance on environmental measures, as well as communicating clearly and consistently about SWW's commitment to improving its performance on the environment. Feedback led to development of the WaterFit engagement campaign that sets out how we protect and enhance the natural beauty of the South West.

Topics

Storm overflow		Drinking water quality	
Water resources		Net zero/ climate change	✓
Nature	✓	Affordability	

Key messages – what matters most

What we did

- The qualitative groups were used to investigate how customers currently perceive SWW and its position on environmental issues and what being an environmental leader means to customers
- The key questions explored were: What makes an environmental leader? and; Is SWW seen by customers as an environmental leader, and if not, how is SWW's environmental leadership best demonstrated.

What matters most

- Being an environmental leader was described by customers in terms of:
  - Having the right environmental behaviours and culture in place within the business
  - Targeting and delivering stretching performance on environmental measures (including leakage)
  - Being a good neighbour in the region, helping to support tourism and recreation by improving bathing waters and river quality
  - Supporting national environmental challenges
  - Innovating and pioneering environmental changes – and sharing knowledge with others
- There was a good level of understanding about SWW's impacts on the environment. This was clearest in respect of its direct impacts on rivers and coastal waters
- There was however less awareness of the 'non-core' activities that SWW takes leadership on (e.g., habitat protection) and less appreciation of SWW's impact as a consumer of energy
- The groups increased customer views of SWW as an environmental leader following the discussions about our non-core activities
- For a position as an environmental leader to be credible with customers there are two foundations:
  - Demonstrating action – Doing what you say
  - Communicating effectively – Saying what you do.

Are there differing views?

- No significant differences

Next steps

- The changing priorities will continue to be tracked via our BAU research.

Date June 2021 **Supplier** ICS

Engagement summary

Developing future long-term strategies

South West Water

Objectives

This customer research project builds on current customer insight to start to develop the evidence base specifically for PR24 in the context of SWW's longer term investment needs.

Format	Focus Groups
Households (number)	31 (4)
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

The results from this engagement helped to understand views on emerging topics such as the reduction or elimination of storm overflows and the need to protect assets from climate change.
It showed that customers want to see further improvements, but are mindful of affordability, and those that can least afford to pay need to be protected.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Online focus groups explored customers' priorities for the pace, scale and profile of potential investment around the Board strategy themes:
  - Connecting properties served by private supplies to the public water mains supply
  - Reducing the impact of storm overflows on rivers and the sea
  - Working in partnership with others to manage land use
  - Addressing the impacts of climate change
  - Replacing customer supply pipes
  - Reducing carbon emissions from SWW's operations
- This included activities to understand appetite for bill changes over the25-year time frame up to 2050.

What matters most

- Climate change and protecting the environment are viewed by customers as the most significant issues requiring change.
- Customers fully support investment around land management, implying that it should be feature of any SWW plan. Many customers held views that this area was not just South West Water's responsibility and that others should also be contributing to the costs (such as the government).
- Customers think that investment in addressing the impacts of climate change and storm overflows are essential.
- Investment should be targeted to deal with the highest priorities first (high spills) or, in the case of climate change, as the needs arise to manage the affordability impacts and realise the greatest benefits upfront.
- Reducing company contributions to climate change by achieving net zero is viewed as important, urgent and good value for money. Many customers insisted that changes should be made as soon as possible.
- Bill increases to pay for improvements are acceptable as long as the needs of those who struggle to pay their bills is considered.

Are there differing views?

None

Next steps

The research is the first step in an ongoing programme of customer engagement that will develop understanding of the acceptability of future bill pressures as the business plan is developed.

Date	December 2021	**Supplier**	ICS

River water quality

South West Water

Objectives

To gain customer insight to understand their views on river water quality, how these views have been affected by recent media coverage and whether that has impacted their views on future investment. This research builds on previous research into environmental investment and ambition to allow SWW to track customer sentiment in the context of recent media coverage.

Format	**Focus Groups**
Households (number)	4(n30)
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	
Bournemouth Water	
Bristol Water	✓

Impact on our plan and ways of working

This work builds on previous research and looks to see if these external influences are changing customers views. The conclusion is there was limited impact of media messages at the time, but customers do want to see investment in their local rivers and it is a priority area for them.

Topics

Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	
Nature		Affordability	✓

Key messages – what matters most

What we did

- In-depth discussions were undertaken with 30 participants spread across 4 focus groups in February 2022. Groups involved a cross section of SWW customers - all of whom were responsible for their water and sewerage bill
- The research was implemented online using the Visions Live platform. The online groups support polls and interactive onscreen exercises, to increase engagement and promote discussion. Each focus group was approximately 90 minutes
- 6 topic areas were covered: views on river water quality and its priority within wider issues, view on the impacts of SWW's activities, understanding how customers are gaining or seeking information on river quality, understanding views on combined storm overflows, communications and general feedback.

What matters most

- Customers value the environment in the South West highly and feel it is under pressure - environmental issues are recognised as a high priority and overall, customers are positive about river water quality, with many basing their views on their direct experience of rivers In the region.
- Three quarters feel river quality has improved or stayed the same in the last 5 years. Half of customers are content with the current state of rivers in the region and the majority of participants actively experience rivers.
- The majority of customers had received information on river water quality within the two weeks prior to the research and want to hear more about SWW's environmental activities.
- Most customers want more investment on combined storm overflows without removing them, there seems a growing appetite for investment and designated inland bathing waters were welcomed by some, but not at the expense of other rivers.
- There is growing concern over population increase and the impact that new housing is going to have on our water systems.
- Customers are far less concerned about the target for overflow spills, and instead are focused purely on the impact those spills are having on the environment.

Are there differing views?

- None

Next steps

This research fed into work being conducted by the Environment team for DWMP, as well as being important for the long-term delivery strategy.

Date June 2022 **Supplier** ICS

Sentiment tracking

South West Water

Objectives

This research tracked customer views on a range of range of environmental issues across the South West and the UK overall, including awareness and attitudes towards issues such as river health, pollution and climate change.

Format	**Quantitative (mix of CATI and online)**	
Households (number)	2,000 online 1,000 CATI	
Non households (number)		
Vulnerable customers	✓	
Future customers	✓	
Retailers		
Stakeholders		
South West Water	✓	
Bournemouth Water	✓	
Bristol Water		

Impact on our plan and ways of working

We engaged YouGov and Ipsos to carry out weekly tracking on a national omnibus to test customer sentiment on river water quality.
Online surveys were run by YouGov, targeting around 2,000 respondents from across the UK.
We have also run telephone surveys of around 1,000 per week using the same questions as online to check for any difference in survey methods.
We launched WaterFit in part due to this research.

Topics

Storm overflow	✓	Drinking water quality	
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	

Key messages – what matters most

What we did

- We engaged YouGov and Ipsos to carry out weekly tracking on a national omnibus to test customer sentiment on river water quality
- Online surveys were run by YouGov, targeting around 2,000 respondents from across the UK
- We have also run telephone surveys of around 1,000 per week using the same questions as online to check for any difference in survey methods.

What matters most

- When asked directly about river quality people seem to be concerned, with over half of people worried about it at the time
- Over a quarter of people had thought about river water quality in the previous week and had heard about river water quality from family, friends and news or social media in the same period
- Concern and awareness trended downwards throughout the tracking period as the media coverage reduced
- When ranked against other environmental issues, river water quality is seen to be less of a priority, with deforestation and ocean pollution viewed as the more serious issues
- Water companies are seen as one of the major contributors to river water pollution nationally, but in the South West it is recognised that other sources such as agriculture are responsible to the same or higher levels
- The majority of people think that water companies should be responsible for funding investments to improve water quality, ahead of the Government and river users
- People in the South West show higher levels of concern about environmental issues than the national average and across individual regions
- Those who regularly use social media, especially Facebook and Twitter have higher levels of personal engagement with these topics and are more likely to have heard and thought about the issues.

Are there differing views?

- None

Next steps

Questions from the sentiment trackers have been incorporated into our quarterly business as usual tracking surveys.

Date	February 2022	**Supplier**	YouGov/Ipsos

Engagement summary

WaterFit priorities

South West Water

Objectives

To collect customers' overall views on the WaterFit plan, including level of ambition and acceptance of the six commitments set out in the WaterFit plan.

Format	**Focus Groups and survey**
Households (number)	33
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

Customers are supportive of the WaterFit plan and the focus on rivers and coastal bathing waters. These views will inform our WaterFit plan.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources		Net zero/ climate change	✓
Nature	✓	Affordability	

Key messages – what matters most

What we did

- Customers were engaged in four online focus groups. The online platform supported polls and interactive on-screen exercises to increase engagement and promote discussion.
- Groups involved a cross section of SWW customers (including a range of ages, socio-economic groups and locations).

What matters most

- All customers considered the overall WaterFit plan to be acceptable, with almost two-thirds finding it very acceptable.
- The majority of customers support the six WaterFit commitments and the individual measurable commitments which under pin them.
- Customers support the focus on rivers and coastal bathing waters and recognised the need for further improvements to water quality in these areas.
- Customers value the environment in the South West highly. Most participants actively experience rivers in the region with almost two thirds reporting activities like swimming and paddling.

Are there differing views?

- None

Next steps

- This was used to directly develop our WaterFit plans and provided insight into customers' views on the important of rivers and coastal bathing water. The findings informed our wider business plan for PR24.

Date April 2022 **Supplier** ICS

Engagement summary

Priorities research

South West Water

Objectives

To gain quantitative insight across the newly combined customer base (South West, Bournemouth and Bristol Water) to understand joint priorities as well as any differences. Customer priorities form the base of business plans and shape the direction of other areas such as the development of the Green Recovery, Drainage and Wastewater Management Plan (DWMP), Water Resource Management Plan (WRMP) and WaterFit plans.

Format	Online Survey
Households (number)	1,002
Non households (number)	**200**
Vulnerable customers	✓
Future customers	✓
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

Customers show support for investment in the environment and improving infrastructure. However there is concern over affordability – we need to communicate the reasons behind any price increase in a compelling way (e.g. with specific reference to how it will help the local environment) to increase acceptance amongst those less willing to pay.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- 15-minute online survey, speaking to 1,202 customers (including a spread of age, gender and social economic groups)
- The survey included a MaxDiff exercise and a ranking task to understand importance and priority of investment areas, as well as a range of other questions to better understand customer attitudes towards future investment, including affordability.

What matters most

- Customers' priority for investment is to ensure a clean, safe drinkable water supply is protected and maintained.
- Customers already think that water quality Is very high.
- Customers welcome a step change in investment to support the local environment (e.g. preventing pollution and protecting plants /wildlife) and improving resilience (e.g. reducing leaks, failures and blockages).
- While 3 in 4 customers agree investment in the environment is required, they are conscious of the impact on affordability of their bills. However, average bill increase willingness to pay is £50, and £200 for a third of customers.
- Customers prefer a smoothed profile approach to investment in the environment, as it strikes balance between environmental improvements and affordability.

Are there differing views?

- Non- household customers significantly prefer a more front-end loaded profile to investment Residential customers are motivated to pay a bill increase to help the environment directly, whereas businesses are more likely to be motivated by benefits to the local economy.

Next steps

- This key quantitative research feeds into the PR24 business plan and the long-term delivery strategy directly in regard to understanding overall priorities for investment – it will be used as a key piece to triangulate against other research.

Date February 2023 **Supplier** Verve

Engagement summary

Customer priorities (Bristol Water)

South West Water

Engagement summary

Future ambition testing

Objectives

To gain qualitative insight into customer priorities and how they differ across different audiences.
To understand which priority areas identified in our engagement strategy customers prioritise and why.

Format	Focus groups
Households (number)	3 (n31)
Non households (number)	
Vulnerable customers	✓
Future customers	✓
Retailers	
Stakeholders	
South West Water	
Bournemouth Water	
Bristol Water	✓

Impact on our plan and ways of working

This research was completed in Bristol after COVID-19, it confirmed that customer priorities have not changed significantly over the period. In South West Water and Bournemouth Water we have this insight through the long term tracker survey.

Customers expect an additional focus on the importance of affordability and vulnerability in the context of the cost-of-living crisis.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	
Nature		Affordability	✓

Key messages – what matters most

What we did

- Held three focus groups in July and August 2022 which included hard to reach customers including the financially vulnerable, future customers, vulnerable customers and mixed domestic customers. 1-2-1 online depth interviews were held for customers in vulnerable situations
- Participants were provided with key information about nine different priority areas and were asked to discuss and reflect on their priorities. They were also asked to consider if there were any issues not covered by the priority areas.

What matters most

- Participants found all priorities important, but particularly: affordability and vulnerability, water quality, resilience and leakage, and reliability
- Working with communities was seen as important, but least favoured because it was considered outside of BRL's core responsibilities
- Affordability and vulnerability were both considered 'must have' priorities by all groups, to ensure clean water is accessible for all
- Water quality, reliability, and resilience and leakage were felt to be core activities, so maintaining current levels of service should be a priority
- Climate change, biodiversity and environmental concerns were seen as important priority areas, but the impact a water company could have in these areas was debated and therefore how important they should be for BRL
- Perception and performance were generally categorised as 'must have' but participants debated that perception is a 'nice to have' while performance is a 'must have'.

Next steps

- This has been used to inform the quantitative priorities survey and shape the PR24 customer priorities.

Date	August 2022	Supplier	Traverse

South West Water

Objectives

This research aims to improve understanding of customer preferences between South West Waters five ambitions and to provide insight Into how investment levels and bill levels impact these preferences.

Format	**Online Focus groups**
Households (number)	47
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

This study provided insight Into what customers think our priorities should be, as well as their preferences towards the time and monetary costs of acting on these priorities.

This has shown us that moderating the speed and scale of planned changes In Important to customers.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Focus groups were conducted online with 47 customers In June 2023
- Customers were invited to give direct feedback to questions, and online voting was used to summarise the groups overall preferences between the five ambitions

What matters most

- Customers view 'a growing population' (43%) and 'hotter and drier summers' (34%) as the biggest challenges to services in the South West.
- Customers recognise the need for investment to meet future challenges, but a desire for rapid action is tempered by a preference for slower bill increases.
- Of the five ambitions, increasing water resource resilience and controlling wastewater flows are the most important to customers right now.
- Customers prefer a medium-term plan to a faster plan, except for on public health-related issues, such as removing lead and improving beaches water quality.
- The majority of customers find South West Waters proposed plans to be reasonable

Are there differing views?

- Customers are split on smart meters, with favourable/non-favourable views depending on personal preferences.
- Customers are not in agreement on who should pay for investment between bill payers, government, charity/third sector, or South West Water.

Next steps

- The majority of customers find our plans reasonable, but all want us to keep bills low while we Invest. Consequently, we shall continue innovating new ways to keep bills low, such as our WaterShare+ scheme.

Date July 2023 **Supplier** ICS

Engagement summary

Youth Board – future customers

South West Water

Objectives

To understand the thoughts of future customers on water, bills, the environment, sector challenges, and their plans for the future.

Format	**Quantitative online survey**
Households (number)	274 online survey 46 in workshops
Non households (number)	
Vulnerable customers	✓
Future customers	**274**
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

This gives a broad insight into future customer perceptions of the water industry and will be used in our digital customer experience strategy.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	
Nature		Affordability	✓

Key messages – what matters most

What we did

- Hosted 46 sixth formers from 27 schools across four events in person across Pennon Group's regions alongside a post-event school survey completed by 274 students.

What matters most

- Students preoccupied with exams, balancing their time commitments, the impacts of Covid and the cost of living crisis
- University was the most popular short-term future plan, with more worried about the long-term (financial prospects, housing ladder)
- Students collectively saw themselves as more environmentally conscious as their parents however this did not always impact their actions
- Students were more likely to worry about saving energy than they were water, largely due to the greater cost of energy
- Sewage and water quality were the key concern for most students, alongside the cost of bills.
- Apps and websites are compatible with phones and easy to navigate
- General support for helping customers understand consumption and water conservation
- Bills should be presented in a clear, signposted manner – found current bill fronts to be unintuitive.

Are there differing views?

- Students in more remote areas such as Truro were the most pessimistic about the next 10 years, with 61% negative of their chance of getting on the housing ladder, 42% negative about financial prospects, and 13% negative about employment prospects. Truro respondents worried about being priced out of the area on housing, having to move away to find higher paying jobs
- Those who lived closer to water e.g., Truro and Exeter were more likely to see water quality as a key challenge and therefore more open to changing their behaviour
- Cornish respondents were more receptive to encouraging responsible tourism given higher volume of tourists visiting Cornwall compared to the other locations.

Next steps

- The priorities helped our plans for our customer strategy for Pr24.

Date	March 2023	**Supplier**	Blue Marble

Engagement summary

Retailer priorities

South West Water

Objectives

To explore our Retailers' views on how the market currently works, their experiences with South West Water, and their priorities for business planning with regard to PR24.

Format	**Qualitative Interviews**
Households (number)	
Non households (number)	**9**
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	✓
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

This study provides Insight Into how retailers perceive both South West Water and the wider retail water market. It also highlights areas where retailers want South West Water to change and Improve.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Qualitative interviews with 9 retailers In July 2023

What matters most

- Retailers felt the market was improving but could go further still
- Retailers felt that wholesalers could be more proactive at dealing with issues important to them, such as protecting the environment and securing water resources
- Retailers want to see improvements with data quality and unread, they are better in some regions and worse in others
- Overall, retailers are telling us that their customers want low prices, accurate and timely bills, and a good quality service with minimal hassle and good customer service
- Due to a lack of price competition, Retailers are competing on service quality
- They all felt they had a good working relationship with South West Water.
- Retailers want improved data, continued smart meter rollout, and collaboration to reduce in water demand

Are there differing views?

- There were mixed reactions to the new Br-Mex measure, with concerns raised around the subjectivity of the measure

Next steps

- We will continue to ensure a good relationship with our Retailers, continued focus on accurate data and meter reads. We are planning to roll out smart metering to all regions from 2025.

Date July 2023 **Supplier** Turquoise

Engagement summary

Water Quality Perception

South West Water

Objectives

To gain qualitative and quantitative insight into under 30s customers views on the taste and quality of their drinking water as our insights showed that this customer segment have low satisfaction scores with this.

Format	Focus groups and survey
Households (number)	122
Non households (number)	
Vulnerable customers	
Future customers	✓
Retailers	
Stakeholders	
South West Water	
Bournemouth Water	
Bristol Water	✓

Impact on our plan and ways of working

This research has changed our customer strategy with a need to target events and be bolder with our messaging to this customer segment. We are also focusing on the environmental benefit of using less plastic.

We have used festivals such as Glastonbury to do this have more events planned such as freshers week events.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature		Affordability	✓

Key messages – what matters most

What we did

- Held four online focus groups each lasting 90 minutes and then conducted a quantitative survey of 100 young customers
- Four online focus groups captured the views of 22 young customers, all reported being dissatisfied with the taste or quality of their drinking water.

What matters most

- The majority of under 30s are happy with the water that Bristol Water provides and report no issues
- There are very few reports of any changes to the taste and quality in the last 12 months
- Dissatisfaction with water driven most prominently by taste, followed by appearance and lastly smell
- Almost 90% drink tap water at home but over half also drink bottled water
- In focus groups there was little understanding about hard and soft water. There was a misconception that hard water was of lesser quality
- There were big gaps in knowledge about where the water comes from, how its treated and safety tests that its subject to
- There is a dissatisfied minority who have strong opinions about taste, smell and appearance.

Are there differing views?

- This research was specific to the under 30's segment.

Next steps

- This research feeds into plans for future community engagement and education
- We are using our community outreach events to listen and educate our customers, especially in this age group about the water quality and how to save money by drinking Bristol Water over bottled water.
- This has feed into our plans for Improving water quality In the Bristol area in PR24.

Date February 2023 **Supplier** Blue Marble

Engagement summary

Visitors Surveys

South West Water

Engagement summary

Willingness to Pay

Objectives

To understand the attitudes, motivations, and behaviours of individuals who did a 'staycation' in the South West of England. This includes activities they partook in, their attitudes to water usage, and relative importance of different investment priorities.

Format	Online Survey
Households (number)	2,600
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

This study provides Insight Into the views of 'staycationers' In Devon and Cornwall, demonstrating that high quality water resources are Important to tourism in the region. It also highlights how and why 'staycationers' use water resources.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Surveys on UK (excluding Northern Ireland) adults who have travelled to Devon or Cornwall for a staycation in the past 5 years.

What matters most

- Reasons for 'staycationing' in the South West include the beautiful scenery (60%) and the beautiful beaches, waterways, and coasts (57%).
- While in the South West 81% visited the coast and 76% went swimming.
- 56% of respondents travelled between 101 and 300 miles to visit Cornwall or Devon, and 64% stayed in a hotel or holiday cottage
- Respondents claim to use more water when on holiday because they take more showers/baths and because they drink more water
- Nearly all respondents agree that maintaining high quality coastal waters is important
- More respondents believe it is fair than unfair that residents pay the costs of maintaining the area, citing reasons including that if tourists have to pay it could discourage tourism.
- The most important investments people want to see is on clean and safe water supplies, prevention of pollution, reducing sewer flooding and leakage, and supporting river health.

Are there differing views?

- 3/5ths of respondents feel different charges for holiday experiences are fair.
- Lower additional (£0.10/day) charges for staying in a hotel etc. are most acceptable however, higher charges (£1/week) for car parking etc. are not acceptable.

Next steps?

- We are piloting from 2024 new innovative charging, which Is due to include trials that will address these points.

Date June and September 2023 **Supplier** DJS

South West Water

Objectives

This is part of a large programme to keep the Willingness to Pay values understood and accurate. When making choices between the timing and scope of different potential improvements, we can weigh up the costs and benefits using our set of monetary values that are attributed to each of the 150 aspects of performance and service that we use to assess any solution.

Format	Customer survey online, telephone and face to face
Households (number)	1,752
Non households (number)	**202**
Vulnerable customers	170
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

The research has helped us to understand the benefits of investment and the maximum bill increase that customers are willing to pay for improvements to service and the environment.

Testing these values with customers ensures that we can prioritise improvements, apply cost benefit principles to our plans and ensure we understand the overall envelope of bill increases customers will accept.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- We completed a multi staged approach to testing the Willingness to Pay this included:
- The main stage of 1,248 customers in 2022, with the purpose to repeat the Stage 1 Willingness to Pay (WTP) survey completed at PR19 to test if customers value for the service levels improvements have changed significantly from 2017.
- Combined storm overflows and pollution in 2023, to update the societal valuation of Combined Storm Overflows.
- They were survey based stated preference (SP) approach with representative sample of household and non-household customers.
- Our WTP research has helped us to understand the benefits of investment and the maximum bill increases customers are willing to pay for improvement to service and the environment. Testing these values with customers ensures we can prioritise improvements, apply cost benefit principles to our plans, and ensure we understand the overall envelope of bill increases customers will be willing to pay.

What matters most

The research shows that overall appetite for bills to increase to deliver more outcomes has increased since PR19. The willingness to pay for specific service changes has stayed broadly similar to levels at PR19, with minor ups and downs only, confirming that customers do expect to see more outcomes from any increased bill.

Highlights from the research include:

- Sewer flooding – internal and external sewer floodings remain a high priority for customers with WTP at similar levels to PR19, reflecting that customers continue to receive sector leading performance but this is an area where failures are seen as particularly egregious and we need to at least maintain the current performance
- Bathing water quality – similar to incidents of sewer flooding, bathing water quality remains a high priority for customers, with levels of WTP that have remained similar to PR19
- Pollution incidents – pollutions is a growing area of importance, and we have seen slight WTP increases since PR19. Pollution is seen as a broad umbrella for wastewater, environmental performance and storm overflows
- Supply interruptions – WTP has increased compared to PR19, largely driven by non-households who value any interruptions to supply highly
- Water quality – WTP has slightly lowered reflecting how good customers tend to find service and that most customers want to see their service maintained and that we already provide a good service in this area
- Water resources – WTP to reduce leakage has continued to be high. The WTP to avoid hosepipe bans has reduced, as customers have experienced this in 2022 and fond it mostly manageable, and do not have high WTP to improve the frequency from the current level of once every c.20 years

Are there differing views?

- The WTP of those on higher incomes (Affluent segment) is significantly higher than for the other groups.
- In the storm overflows and pollutions stage the segmentation analysis found willingness to pay to achieve further reductions in pollutions and overflow spills as higher in the SEG AB group. There were no differences found between Cornwall/Devon or Coastal/Non-Coastal.

Next steps

- These monetary values are highly robust and are used for developing our business plan.

Date	2022 2023	**Supplier**	ICS

Willingness to Pay - WCWRG

South West Water

Objectives

To support the West Country Water Resource Group (WCWRG) in formulating the best value regional plan for the South West. The aim was to develop the evidence base on customer and stakeholder preferences for the various outcomes associated with the planning objectives.

Format	**Focus Groups and Online Survey**
Households (number)	1,570
Non households (number)	**312**
Vulnerable customers	
Future customers	✓
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

This research provided key insight into customer water use, and expectations and preferences for investment, which was used in support of the regional Water Resource Management Plan and individual company Water Resource Management Plans.

Topics			
Storm overflow		Drinking water quality	
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- The study used a combination of qualitative (deliberative groups) and quantitative research (online survey) methods - carried out between June 2021 and March 2022.
- Customers were from areas supplied by Bristol Water, Bournemouth Water, South West Water and also Wessex Water
- Areas of focus were: supply resilience, best value planning, supply and demand options, sharing water, and policy issues and constraints

What matters most

- Participants recognised water resources are limited but perceived severe water restrictions as difficult to cope with. Majority of customers supported higher frequency of less severe restrictions if this would contribute to keeping more water in the environment and protecting sensitive habitats.
- There is a strong preference for the plan to go beyond the minimum requirements for environmental protection.
- Customers favoured earlier investment in supply options, even if this was associated with greater risk of going wrong.
- There's overall support for reduction in severe restrictions' level of risk, but no clear preference for the extent of risk reduction
- Supply resilience was ranked highest priority out of the factors for best value planning, with benefitting and affordable for society ranking the lowest
- No supply or demand options were considered unacceptable for customers, with the strongest support being for reducing leakage, closely followed by reservoirs. In general, supply options were favoured over demand options
- Sharing water was generally supported, with it being strongly supported to protect the environment
- Participants were in agreement that affordability should be considered, however views were mixed as to how this should be achieved – external support via government, means tested bills, national pricing etc.

Are there differing views?

- Over half of NHH participants stated their business would struggle to use less water, compared to the majority of HH customers considering they could use less.

Next steps

- This research feeds into work being conducted by the Environment team for the WRMP, as well as being important for the long-term delivery strategy.

Date	June 2022	**Supplier**	Eftec

Engagement summary

Performance Commitments & Outcome Delivery Incentives

South West Water

Objectives

To gather customer views on identified options for bespoke PCs and their preferences on allocation of financial incentives across both common and potential bespoke PCs, as part of PR24 outcomes framework.

Format	Focus groups and survey
Households (number)	49 in focus groups 1,001 via survey
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

This study provided valuable customer insight on bespoke Performance Commitments (PCs) and Outcome Delivery Incentives (ODIs).

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- The study used both qualitative research (focus groups) and quantitative research (surveys) and was conducted over March to August 2023.
- During qualitative research, 49 participants across 6 focus groups were engaged in in-depth discussions.
- The quantitative research was conducted through 3 surveys to allow views of SWW (602 participants) and BRL (300) customers to be compared with national customers (1,001).

What matters most

- Customers in SWW region prioritise ODIs for bathing waters more highly than nationally, suggesting ODI level for SWW should be higher than Ofwat's previous rating of low.
- Customers want to see a focus on delivery of regional priorities in a balanced package of performance commitments and incentives
- They see value in standardised measures to compare companies (for core/basic services), but also want bespoke measures to reflect local priorities and needs
- Top customer priorities for additional bespoke PCs are options that support resilient infrastructure, tap water quality, and protect the environment
- Customers want focus on prevention of problems and to be open to new, non-traditional infrastructure ways of doing this
- Majority of customers consider the £50 government contribution as vital.
- For certain PCs, support for exemptions is strongest for third party damage and extreme weather.

Are there differing views?

- Majority prefer an even split of ODIs across common and bespoke commitments (reflecting local factors) while some prefer higher financial weighting for bespoke compared to common PCs
- Customers are more supportive of penalties for failure than payments for outperformance. Some prefer to see money reinvested to ensure future target is met rather than receive bill reductions for underperformance.

Next steps

- This research had fed into the development of the bespoke PCs and ODI design. The findings will enable the development of customer-informed ODIs for PR24 plan.

Date April and Sept 2023 **Supplier** ICS

Engagement summary

DWMP - preferences and testing

South West Water

Objectives

To review the schemes in our DWMP with customers to test the direction and focus of our plans through to 2050.

Format	**Focus Groups**
Households (number)	4 (n28)
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

Outputs from the groups enabled us to understand the right pace and scale for investments, confirm the ambition for partnership working, and gain assurance from customers that our plans focus on the right things.

Topics

Storm overflow	✓	Drinking water quality	
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Four qualitative focus groups with South West Water customers to collect feedback on the draft DWMP
- This included testing the priority and acceptability of storm overflow targets, opinions on responsibility and collaboration and customers' appetite for trialling new approaches.

What matters most

- Climate change and the environment are the most significant pressures we face, requiring transformational change, along with population and housing growth
- Storm overflows that impact bathing waters are the priority for investments with the need to protect public health greater than river environments
- Customers recognise coastal and recreational river waters as a priority for the South West due to their impact on wellbeing, tourism and their enjoyment of the local area
- Base maintenance scenarios are not acceptable and there needs to be a step change in investment to meet the future pressures
- Customers recognise we cannot achieve this alone, and partnership working is a must
- Customers see there is a need especially to get developers on board as new housing developments are seen to be a problem across the region affecting all infrastructure and essential services
- With the current cost of living crisis, large bill increases that reduce affordability would be an issue at this time – and plans need to be mindful that they start when we will likely just be exiting a difficult economic period
- Nature-based solutions were popular with attendees, but they also recognised that they would not be quick
- Customers said that we had not invested enough in this in the past.

Are there differing views?

No differences noted.

Next steps

- We followed up the plans with a 12-week online consultation, supported by stakeholder events to test acceptability of our detailed plans and explore opportunities for collaborative working.

Date June 2022 **Supplier** ICS

Engagement summary

WINEP - priorities and testing

South West Water

Objectives

To review test customer attitudes and opinions towards SWW's current environmental performance and future plans.

Format	Focus Groups
Households (number)	125 (14)
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

Outputs from the groups enabled us to understand customer support for and desired pace and scale for investments for the Water Industry National Environment Programme (WINEP) plans.

Topics			
Storm overflow		Drinking water quality	
Water resources	✓	Net zero/ climate change	✓
Nature		Affordability	✓

Key messages – what matters most

What we did

- Three qualitative research were undertaken from September 2022 - January 2023, where a total of 125 customers took part in focus group discussions.
- To gain feedback on a range of topics linked to environmental performance and long-term plans, a mix of customers were recruited.

What matters most

- Customers are very concerned about the environment and therefore have high expectations in terms of how they want SWW to care for it
- Living in the South West, irrespective of whether they live on the coast or not, the cleanliness of the bathing waters and beaches is a key priority that requires focus
- Customers want SWW to do better and to push themselves with the targets they are setting
- Customers would like SWW to apply best value options wherever possible across their entire environmental programme
- The vast majority do not think 'sufficient' as a bathing water quality standard was acceptable and want the push to focus on eliminating 'sufficient' and moving more from 'good to excellent' wherever possible
- With the rise in cold water swimming there should be more focus on maintaining quality standards year-round not just in the bathing water season and improving rivers for recreational purposes
- There is support and understanding for investment now for future environmental benefit and they appreciate that time is running out with regards the environment so we cannot just sit around and do nothing
- Customers are happy to pay extra for environmental improvements, they would prefer bills to rise within reason sooner rather than later due to current financial uncertainty.

Are there differing views?

No differences noted.

Next steps

- We will test some of the emerging themes identified in these sessions through upcoming customer priorities research.

Date September 2022 **Supplier** Turquoise

Engagement summary

WRMP – metering and alternative supply options

South West Water

Objectives

To understand customer views on the balance of supply and demand, views on options and their priority for the WRMP for the Bournemouth Region, which is a water stressed region.

Format	Focus groups
Households (number)	32
Non households (number)	
Vulnerable customers	10
Future customers	
Retailers	
Stakeholders	
South West Water	
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

The research fed into the draft WRMP. The region faces significant challenges on resources and wanted to understand customers views and support and address any concerns.

As Bournemouth is a water stressed region, metering is compulsory in the SWW WRMP.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- We held four focus groups of 32 customers. We used polls and interactive on screen exercises to increase engagement and promote discussion.

What matters most

- Support for compulsory metering and reducing usage increases when customers are informed of supply challenges
- When informed, 66% of customers agree that compulsory metering is acceptable and should be implemented in the next 1-2 years
- When informed, 74% of customers would find it very acceptable to be asked to reduce their daily use by 10 litres
- 66% of participants currently have a meter, and most like it
- There was a concern that compulsory metering would disproportionately impact vulnerable customers
- In terms of supply options, of those presented, a new reservoir is customers preferred option
- 69% felt a new reservoir was acceptable, seeing them as a more natural and sustainable supply solution, though short term affordability is a concern
- Customers were less accepting about effluent recycling either direct or indirect, with the highest score being only 45% seeing direct effluent recycling as acceptable
- Sharing water with other regions is seen as a fair option, as long as the other area is not left lacking, and that there's no financial burden on the supplier company
- Customers support a balance between supply and demand solutions, wanting Bournemouth Water to invest and plan asap.

Are there differing views?

The sample was a good mix of ages and occupations/socio-economic groups. 21 were metred and 11 unmetered.

Next steps

- This research feeds into our WRMP and plans for compulsory metering in the Bournemouth region.

Date July 2022 **Supplier** ICS

Engagement summary

WRMP - non-household need and options

South West Water

Objectives

The objective of the research was to explore non household customer views of demand side options and water efficiency measures.

Format	**Qualitative Interview**
Households (number)	
Non households (number)	**41 (4)**
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

Findings from this research has helped us to understand the views and concerns for our business customers in the South West and our Water Resource Management Plan.

This will help to tailor our offerings and take the best approach to develop initiatives and support to help reduce usage.

Topics

Storm overflow		Drinking water quality	
Water resources	✓	Net zero/ climate change	✓
Nature		Affordability	✓

Key messages – what matters most

What we did

- Four online focus groups were undertaken in August 2022 to understand business customer views on
- A range of business types were represented within the groups– farmers, developers, restaurant owners, café owners, schools, hoteliers, bed and breakfast owners, bar owners and healthcare.

What matters most

- Many non household customers believe that they are doing all that they can, but would welcome help and advice to save more water
- Although water is taken for granted by the majority steps have been taken to ensure water is not wasted, dual flush toilets, more economical taps etc. Many believe that they are doing all that they can but would welcome help and advice to save more
- Money saving would be the biggest motivator to be more efficient but there is a growing sense of social responsibility to be more conscientious and use water sparingly.
- Participants were familiar with the idea of smart water metering and experience with other smart meters made them more conscious of their usage. A customer noted that it is good smart meters can help identify leaks quicker.
- They hope that we are doing all we can to ensure supply can meet demand in the future and believe if they are being asked to take steps themselves to help get demand down. We should be leading by example and doing all they can to preserve supplies / fix leaks themselves
- Education and guidance is needed to help businesses reduce their water consumption but education is also required to change consumer attitudes and behaviour towards water usage in general
- Non household customers welcome plans to increase rainwater harvesting and recycling and are pleased that SWW/BW are looking at doing more things like this.

Are there differing views?

No differences noted between the different business types.

Next steps

- The research aids with the development of the SWW Water Resource Management Plan.

Date	August 2022	**Supplier**	Turquoise

Engagement summary

WRMP - views on desalination versus other options

South West Water

Objectives

To explore the extent to which customers agree with the pursuit of alternative water sources, the circumstances under which they believe desalination is appropriate, and the specific concerns customers have about the desalination process.

Format	**Pop-up community**	
Households (number)	33	
Non households (number)		
Vulnerable customers		
Future customers		
Retailers		
Stakeholders		
South West Water	✓	
Bournemouth Water	✓	
Bristol Water		

Impact on our plan and ways of working

The research insights will be used to inform future communication strategies, ensuring effective addressing of customer concerns and fostering informed decision making about sustainable water resource management.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- A 1-day pop-up community was conducted on the customer board platform.
- Customers were informed how the water cycle works and how water is extracted from rivers and groundwater. They were provided with a brief explanation of what desalination is and why it is used
- Customers' awareness of water scarcity issues was assessed and then they were asked to review the consequences of abstraction and the desalination process. They were also asked to raise any concerns they have
- Finally, their vote was taken on whether they support desalination for clean water and the circumstances they consider appropriate for its use.

What matters most

- Desalination raises some concerns but overall, customers believe It Is a viable means of obtaining water as part of a portfolio.
- The biggest concern about desalination is cost for the customers, who wanted clarity on how this will affect their bills
- Customers also wanted reassurance that desalinated water won't taste differently to their current drinking water. They opted for desalinated water to be mixed with river water to mitigate the possibility of unpleasant taste
- Some customers wanted more clarity on how desalination would affect sea life and its role alongside alternative means of water collection
- Majority of customers said that while desalination isn't optimal, it is an important part of a portfolio of sources.

Are there differing views?

- While 27 customers support desalination in some form, six oppose it due to cost and energy concerns.

Next steps

- This was a small sample but the findings were considered in our forward plans in this and how we have progressed desalination.

Date December 2023 **Supplier** Verve

Engagement summary

WRMP - drought management (Bristol Water)

South West Water

Objectives

To test the new Drought Management Plan to the Customer Forum and gather insight to inform demand-side action. To discuss how Customer Forum members think Bristol Water should manage drought, and the perception of our operations during the dry hot summer of 2022.

Key messages – what matters most

What we did

- A 90-minute Zoom session was conducted with a mix of Bristol Waters's customer segments
- The online session had a mix of presentations and breakout groups to discuss different aspects of drought management

Format	Focus Groups
Households (number)	27
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	
Bournemouth Water	
Bristol Water	✓

Impact on our plan and ways of working

The research insights will be used to inform future communication strategies, ensuring effective addressing of customer concerns and fostering informed decision making about sustainable water resource management.

The BRL region was different to SWW where TUBS were in place in 2022/23. We also did research in SWW to ask customers about the impact of the drought.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature		Affordability	

- During the session, participants were asked how they think BRL managed the effects of heat wave in summer and what actions they took to reduce their water use.
- Their opinions on specific demand-side measures that are taken at different stages of drought management were recorded and they were asked whether BRL should take further measures to reduce demand.

What matters most

- Participants were positive about Bristol Water's management of water during summer heat wave. Some felt there could have been more communication about the topic.
- Members were knowledgeable about conserving water, and most were already taking steps to reduce water use
- Members were largely supportive of demand side measures, particularly restraint measures, and more formal bans were also supported to an extent
- Participants said more education should be prioritised to avoid bans and conserve water more generally
- Most participants felt that leakage was important and should be prioritised in times of 'business as usual'

Are there differing views?

- A few participants questioned why domestic customers would need to change behaviour before businesses. Others could see the economic advantages of businesses being able to operate as usual
- Some acknowledged the significance of conserving water during severe droughts, but concerns were raised that people might still waste water by running taps until clear.

Next steps

- We used the feedback that we need to improve our communication on how scare water is, and not wait to enhance this when water resources are more at risk due to dry weather. Our Every Drip, Every Drop campaign is in place and is the strategy we have to help educate customers to reduce their water usage.

Date November 2022 **Supplier** Traverse

Engagement summary

WRMP - testing water efficiency messaging

South West Water

Objectives

To understand how customers can be encouraged to change their habits and behaviours around water use – informing our 2021 water efficiency campaign.

Format	Focus Groups and survey
Households (number)	41
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	✓

Impact on our plan and ways of working

Customers were found to prefer simple, strong messages, delivered through a mix of channels. The findings informed our 2021 water efficiency campaign and our wider understanding of effective messaging and communication channels.

Topics		
Storm overflow		Drinking water quality
Water resources	✓	Net zero/ climate change
Nature		Affordability

Key messages – what matters most

What we did

The qualitative research consisted of six online focus groups and built on research from the previous summer (also consisting of six online focus groups).

The first four groups tested materials that were used during the previous research alongside new example materials. Following these groups, the materials were revised further based on customer feedback and suggestions. The latter two groups tested these.

Each of the SWW groups focused on a specific age group and socioeconomic group. All groups included a mix of gender.

What matters most

Customers prefer simple, strong messages - water saving tips, the environment, and saving money are key hooks.

Discussions highlighted low levels of awareness, suggesting that we will have to work hard to convey our messages effectively.

A mix of channels is required and clear images of the amount of water used (e.g. bottles) are most likely to lead to action.

Most customers recognised that they could use a little less water (78%), indicating that campaigns that target smaller reductions may be successful.

Customers preferred regular communication throughout the year, but not constant.

Are there differing views?

Messages linked to protecting the environment resonated most with younger customers - messages need to clearly show how saving water helps protect the environment.

Next steps

The study successfully engaged customers and gained an understanding of the effectiveness of water efficiency messaging, highlighting how best to reach customers through the 2021 water efficiency campaign.

Date	May 2021	Supplier	ICS

Smarter healthier homes

South West Water

Objectives

To understand customer attitudes to and perceptions of South West Water, Bristol Water and Bournemouth Water identifying and fixing issues sooner through the use of smart technology.

Format	**Focus Groups**
Households (number)	58 (8)
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

Alongside PR24 business plans, SWW is developing its long-term delivery strategy. Included are plans to extend elements of the 'Smarter, healthier homes' initiative, which was part of the Green Recovery plan.

Topics			
Storm overflow		Drinking water quality	
Water resources	✓	Net zero/ climate change	
Nature		Affordability	✓

Key messages – what matters most

What we did

- Eight online focus groups were conducted, two per evening, over four dates in March via Zoom
- As well as attitudes towards smart technology, the aim was to also understand preferences in terms of delivery, priorities and charging and tariff options.

What matters most

- When shown a summary of the initiatives, many customers felt that they were things that water companies should be doing to help Its customers.
- Customers were interested in the topics water reuse and recycling and water saving.
- The idea of linking smart meters to apps was liked by a good proportion of customers. This appeared to be driven by experiences with other utilities.
- Just over half of customers supported the cost of customer lead pipe replacement being paid for by customers regardless of whether they have lead pipes or not.
- There was no tolerance for lead in our networks, and lead at customer properties needs to be addressed, with most customers of the view that water companies are best placed to deliver this investment.
- The most appealing elements of the Smarter Healthier Homes initiatives to customers are support with the reuse of recycled water and water saving (smart meters) - often because these were areas that customers perceived they could help to recue their own water usage and their bills.
- The majority of customers expressed positivity towards smart meters, feeling that accurate billing, the ability to detect leaks and putting the customer in control would be beneficial to all.

Are there differing views?

- Older customers in the Bristol area, expressed a slight preference for smart metering as the most important pillar.
- For younger customers in the South West and Bristol aeras, this was the least important.

Next steps

- The conclusions helped feed into our plans for smart metering, progressive charging and helping to keep customer bills affordable.

Date	April 2023	**Supplier**	Turquoise

Net zero

South West Water

Objectives

To understand customer attitudes and perceptions of our current plans to achieve Net Zero, in light of the cost of living crisis and new environmental standards

Format	**Focus Groups**
Households (number)	61 (n8)
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

With the large scale of investment required for PR24 to meet strict new targets for environmental improvements and the current cost of living crisis, SWW was able to test through this research if these plans are supported by customers.

Topics

Storm overflow		Drinking water quality	
Water resources		Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Eight online focus groups were conducted via zoom .
- The participants were a mix segment from across three companies.
- Each session lasted for 90 minutes and were conducted across four days in March.

What matters most

- Customers agreed with the Net Zero ambition and that SWW should have ambitious targets with regard to the environment.
- Across all groups, the priority for SWW was stated as 'address its own emissions through sustainable/low carbon operations'.
- Most customers felt that all three key areas of the Net Zero Plans should be progressed concurrently if possible.
- When shown Information about the WINEP environmental programme, most customers agreed with the programme, despite Its Increase In carbon.

Are there differing views?

- Most age groups prioritised 'sustainable low carbon operations' over both 'renewing/storing carbon' and 'creating renewables', however younger BW customers showed marginal preference for 'creating renewables'.
- Some customers mentioned they became more aware of the environment over last few years due to media coverage while others felt it can be more expensive to be greener in daily lives.

Next steps

- This has been used to inform our PR24 business plan.

Date March 2023 **Supplier** Turquoise

Post event research

South West Water

Objectives

To understand how customers were impacted by the December 2022 cold weather event and the Carland Cross water main damage event. Also, to measure customer views of South West Waters reaction to these events.

Format	Survey
Households (number)	302
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

These reports provided useful feedback on what South West Water had done well, and how we can Improve In response to future events.

Topics			
Storm overflow		Drinking water quality	✓
Water resources	✓	Net zero/ climate change	
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Surveys of households effected by freeze-thaw events in Seaton 9 (Devon) and Westcliffe (Bournemouth) during the December 2022 cold weather event
- Surveys of households effected by a damaged water main and backup water main in Carland Cross (Cornwall)

What matters most

- Westcliffe:
  - No customers completed the survey, with many claiming to have not been effected enough to provide a comment
- Seaton:
  - 52% of customers were aware of the severe weather in advance. 56% of these customers took no action to prepare.
  - 94% of customers reported they had no tap water for an extended period of time, and 38% had issues with how the water looked once supply was resumed.
  - Most customers bought bottles water during the event
- Carland Cross:
  - 90% of customers reported being effected, 32% seriously
  - Collecting bottled water was considered easy
  - Communication had improved since the 2018 cold snap and customers felt that South West Water performed well, with those that did think South West Water could improve wanted more contact during the event, including timely localised updates and advice via multiple channels.
  - 97% of customers that received compensation were satisfied

Are there differing views?

- During the Seaton event customers had a mixed experience of getting water delivered, and there Is a 55/45 split between whether the wait time was acceptable/unacceptable

Next steps

- The feedback has been shared with our Customer Services team and we are continuing to improve how we proactively communicate with customers during incidents.

Date December 2021 & February 2023 **Supplier** ICS

Your water, your say

South West Water

Objectives

To provide an overview of the first Your water, Your say meeting and the key customer insights and challenges that arose from It.

Format	Meeting
Households (number)	170
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

This report Is designed to be used by the PR24 team to create a clear plan for the 'You said, we did' section of the PR24 submission, allowing us to evidence what challenges have been raised and which are addressed in the business plan

Topics

Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- We invited customers via a range of communication methods to a studio-style online meeting
- The session was independently chaired, both the Chair and SWW did a presentation, this followed with a question and answer session.
- Questions were structured around four key themes:
  - A clean and reliable supply of water (6.8%)
  - Protecting beaches and rivers (28.6%)
  - Adapting to climate and population challenges (25%)
  - Affordability and trusted customer service (39.6%)

What matters most

- There was general support for the business plan
- Key insights from customers relate to the following areas:
  - Trust - customers understand we pay dividends but are displeased with this whilst bills are increasing, and the cost-of-living Is high and rising
  - Drought preparedness for future demand challenges
  - Securing future water supplies and resilience
  - The use of grey water, including partnerships with local councils to install water butts and other water saving devices in council homes
  - Eliminating the use of storm overflows
- The high quantity of questions receives under 'Affordability and trusted customer service' Illustrates that trust and transparency needs to Improve across the company, particularly with regards to pay, bonuses, dividends, and bill Increases

Are there differing views?

- Segmentation data was not available, we did have stakeholders and business customers register for the session. We had customers from all of our regions join the same session.

Next steps

- The key themes from the questions were used to shape the business plan. All questions were answered, either directly or on our website, along with the transcript from the session.
- The follow-up Your water, your say event will take place after the submission of the PR24 business plan on November 6th 2023.

Date	July 2023	**Supplier**	In-house

Affordability & Acceptability Testing

South West Water

Objectives

To test the affordability and acceptability of our PR24 business plan with a cross-section of customers.

Format	**Quantitative online survey & qualitative focus groups**
Households (number)	2,910 online survey 167 in focus groups
Non households (number)	**416 online survey** **84 in focus groups**
Vulnerable customers	✓
Future customers	✓
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

This process has been vital at informing us what customers think about the plan, and we've adjusted the plan and investment and retested throughout the process.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- A mix of qualitative and quantitative research techniques in six projects that formed our iterative programme, with each phase being used to inform the next phase.
- This included the AAT projects specified by Ofwat, as well as focusing on pace of investment within our Long-Term Delivery Strategy, repeating the Ofwat style survey for customers in the South-West region, and undertaking more detailed testing of the final plan in an approach aligned to our PR19 and PR14 acceptability research.

What matters most

- Of those expressing a preference the overwhelming majority of customers support our business plan
- 74% of customers tell us our proposed business plan is acceptable
- Almost a third of households say they struggled to pay at least one of their household bills in the last year
- 46% of all customers felt the combined water and wastewater bill increases included in the near final plan of £3.2bn would be difficult to afford, so we have reduced this
- Affordability of the near final plan is 54% and was relatively consistent across all regions
- The final £2.8bn plan was also tested and showed 57% affordability

Are there differing views?

- Level of support for the business plan is higher amongst non-household customers at 76% (73% amongst household customers)
- Support for the plan is strong in the Bournemouth region at 80% for our water plan, and 82% in the Bristol region for our water plan
- Affordability for struggling and vulnerable households did not significantly improve from the £3.2bn plan to the £2.8bn plan

Next steps

- This research has continued up to the final stages of the plan. As we communicate our plans for 2025-30 we will use this to help address the important issues.

Date	September 2023	**Supplier**	Blue Marble, ICS Consulting & Turquoise

Social tariff research (Bristol Water)

South West Water

Objectives

To understand customer views on their willingness to contribute to an increased level of cross subsidy.

Format	Focus groups
Households (number)	358
Non households (number)	
Vulnerable customers	102
Future customers	
Retailers	
Stakeholders	
South West Water	
Bournemouth Water	
Bristol Water	✓

Impact on our plan and ways of working

The findings of this study provided us with an insight into customers' willingness to contribute to increased cross subsidy which will help shape our plan of eradicating water poverty across the region.

Date	June 2023
Supplier	DJS

Key messages – what matters most

What we did

- Quantitative interviews were conducted with 358 customers - 300 online and 58 face to face in April 2023.
- A contingent valuation exercise was conducted to understand customers' willingness and their extent to contribute to the social tariff.

What matters most

- Almost three-quarters are willing to contribute towards an enhanced social tariff for the period 2025-2030, however, customers expressed concerns around the cost of living and bill affordability both now and in the future.
- Over half of customers would be willing to contribute at least £1.00 per month to help others.
- There are significant sub-group differences, with older customers, and those in lower SEG groups and with lower household incomes typically having a lower WtC threshold.
- Around 1/3rd customers feel confident they'll be able to afford water bills over the next 12 months, however, customers are least confident about being able to pay gas and electric bills.
- Over 2/3rd have heard of priority services and around 1 in 6 say they are not aware but would like to know more.
- Around 3 in 5 are aware of financial support for customers struggling to pay, with BRL customers being most likely to have had support previously.
- After being informed of plans for increasing the support on offer to customers from 2025-2030, 47% find the changes acceptable and 32% unacceptable as they want company to cut profits to fund, feel it's not customers' responsibility, and that it's not affordable to pay more.

Are there differing views?

- Half of the customers agree with contributing to support customers who are struggling to pay, and just over a quarter disagree.

Next steps

- We are taking this insight into our Customer Care Strategy, as it shows we need to do more to increase awareness of the support available.

Social tariff research (South West Water)

South West Water

Objectives

To understand customers' willingness to contribute to an increased social tariff charge.

Format	**Online interviews, face to face interviews and in-depth interviews**
Households (number)	Online: 500 Face to face: 100 In-depth: 10
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

This study provided insight into customers' willingness to contribute to increased cross subsidy, helping to shape our plans for eradicating water poverty across the region.

Topics		
Storm overflow	Drinking water quality	
Water resources	Net zero/ climate change	
Nature	Affordability	✓

Key messages – what matters most

What we did

- 500 online interviews and 100 face to face (via Computer Assisted Personal interviews - CAPI) were conducted. CAPI interviews ensured participants with no internet access were included.
- 10 in-depth interviews were conducted with respondents from the quantitative stage, further exploring customers' reasons for willingness, or unwillingness, to contribute to a social tariff.
- Quotas were set to ensure a representative sample by age, gender and socio-economic group.

What matters most

- Two-thirds are willing to contribute towards additional cross-subsidy for social tariffs. Over half would be willing to contribute 50p per month extra on top of the current subsidy. The mean willingness to contribute is £1.09 per month extra on top of the current subsidy.
- However, customers do express concerns around the cost of living and affordability.
- Around three quarters feel confident they will be able to afford their water bills over the next 12 months. Gas and electric bills are where customers are least confident – with 21% not being confident they will be able to afford.
- Over two-thirds say they have heard of Priority Services. In addition, around 9% say they are not aware but would like to know more.

Are there differing views?

- There are differences across customer segments, with older customers, and those in lower SEG groups and with lower household incomes, typically having a lower willingness to contribute threshold.

Next steps

- This insight will inform our Customer Care Strategy. It shows customers broadly support additional cross-subsidy for social tariffs and that we should do more to promote access to our Priority Services.

Date	September 2023	**Supplier**	DJS

Understanding behaviours - water efficiency co-creation

South West Water

Objectives

To understand the drivers of different customer behaviours to help deliver a reduction in water usage in line with our targets.
To better understand how to create sustainable behavioural change to reduce per capita consumption and jointly design/create a programme of actions to drive the required change.

Format	Co-creation workshop
Households (number)	24
Non households (number)	0
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	

Impact on our plan and ways of working

Water efficiency is not something our customers focus on so to ensure targeted communication, highlighting the money saving and environmental benefits, to our customers, communities and tourists.
We need to consider the ability to introduce tariffs that encourage less water use: seasonal, volume-based linkages to a smart meter providing instant water use feedback are options that seem to have support.

Topics			
Storm overflow		Drinking water quality	
Water resources	✓	Net zero/ climate change	✓
Nature		Affordability	✓

Key messages – what matters most

What we did

- Three co-creation sessions were each completed by two parallel customer groups held near Newton Abbot in January 2019. Each set of participating customers was engaged to attend three workshops – each a week apart. We recruited 24 customers – 12 for each group
- The customers were joined by three employees from South West Water, representing three distinct parts of the business: regulation, water asset and investment planning and communications/marketing.

What matters most

- The key finding is that blanket messages are not heard, and mistargeted messages can also lead to complacency
- Targeting is vital and communications should be targeted to four
- segments (teens, gardeners, bill payers and tourists)
- Education has to be at the heart of the strategy. Overall awareness of issues around water efficiency is low, and people are quick to dismiss and filter many messages. Finding ways to get through this and capture customers' interest particularly important. Potential hooks discussed were protecting the environment and helping households to save money
- The most attention-grabbing and effective options to encourage water efficiency are typically those that involve changes in prices, such as different bill tariffs, compulsory metering, smart metering, and rebates-participants noted that tariffs could be extended further, such as introducing tariffs that penalise heavy water use: e.g. the use of a sprinkler left on for hours
- As part of getting the message out there, SWW needs to show how it is making its own contribution to demonstrate the commitments that SWW have made to save water too
- SWW to endorse manufacturer products that are water efficient, and lobby for mandatory water efficiency rating label.

Are there differing views?

None noted.

Next steps

- This research helped inform our strategy to achieve our Per Capita Consumption (PCC) target by reducing water consumption.

Date February 2019 **Supplier** ICS

Understanding behaviours - sewer misuse

South West Water

Objectives

A large part of pollution and storm overflows is linked to sewer blockages and this is a focus for SWW. A part of taking action is to understand customer behaviour, what they put down the drains, their understanding of the impact of flushing certain items down the drains, and the impact of educational campaigns as well as other initiatives, such as providing bathroom bins.

Format	**Online survey**
Households (number)	401
Non households (number)	
Vulnerable customers	✓
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

SWW has the Stop the Block campaign which addresses the need for more education.

We will streamline messaging further going forward as customers did say It was at times a bit cluttered.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- An online survey of 401 South West Water customers looking to understand customer behaviour around what they flush down their drains

What matters most

- Customers have good awareness of the possibility of pipes, drains and sinks getting blocked they don't completely understand what's flushable and what isn't.
- One in five customers use 'flushable' wipes, with the 'flushable' label making it seem more acceptable to do so.
- Its widely understood that more viscous liquids and solids are not acceptable for disposal in toilets and drains.
- More than one in three customers have experienced a block sink or toilet in the home in the past 12 months. Seven in 10 are aware of 'fatbergs'
- Lack of education is seen as the main barrier to behaviour change.
- Many customers already use a bin to dispose of bathroom items but 1 in 4 don't have a bathroom bin
- Reception to all of the campaign creatives are positive, with customers finding the creatives informative.

Are there differing views?

- Younger customers are less likely to see an issue with flushing wipes and less likely to attribute problems to inappropriate disposal.

Next steps

- Education is still needed about what should and shouldn't be flushed down the toilet or poured down the sink.
- SWW has the Stop the Block campaign which addresses the need for more education and will continue to work with others In and outside the sector to raise awareness of this issue.

Date	March 2023	**Supplier**	Verve

Understanding behaviours – Save Every Drop

South West Water

Objectives

To gain qualitative insight into customer views on our Save Every Drop campaign and saving water in their homes.

Format	Customer Board
Households (number)	22
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

This research showed that customers had a good understanding of the Save every Drop campaign and the purpose of the messaging.

Topics			
Storm overflow		Drinking water quality	
Water resources	✓	Net zero/ climate change	
Nature		Affordability	

Key messages – what matters most

What we did

- We held a Customer Board online survey where we invited South West Water customers to express their views on our Save Every Drop campaign and the temporary use ban (TUB).
- Customers were asked for their views on TUBs based on key infographics on rainfall and reservoir levels and their own experience.
- Customers asked what if any measures they were already taking to save water in the home.

What matters most

- On TUBs, views were split between customers who understood the need and customers who didn't understand in light of the recent high rainfall
- Many customers felt that additional resources or enhanced infrastructure was needed in the future
- All responding customers were already aware of the campaign through friends and family, email, news or social media
- There was good awareness among respondents of what could be done in the home to save water, with use of water butts very common
- The most popular of the water saving devices was a water butt with an efficient shower head a close second
- There was a small amount of customers surveyed who said they didn't use any water saving devices in their home.

Are there differing views ?

- None

Next steps

- This research feeds into our communication strategy in terms of
- getting important messaging out to customers around how we manage our resources and how they can positively impact.

Date June 2023 **Supplier** Verve

Isles of Scilly testing

South West Water

Objectives

To test and understand the views of Isles of Scilly customers by gathering insight in response to our PR24 business plan, four key priorities, and proposed bill impacts.

Format	In-depth interviews
Households (number)	4
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	
Bristol Water	

Impact on our plan and ways of working

This study provided insight into the views and priorities of customers' based in the Isles of Scilly to help inform our business plan.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources		Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- One-on-one in depth interviews were conducted with customers based in the Isles of Scilly.
- The interviews (120-150 minutes) utilised topic guides designed and tested to inform participants of the key elements of the PR24 business plan, four key priorities and average bill increases.

What matters most

- There was broad support for the four key priority areas, which were seen as the right goals to strive for. Customers both understood and supported the proposed bill impacts for the four priorities.
- Customers supported reducing the number of spills from storm overflows. They also reacted positively to plans to bring sewage treatment standards up to those of the mainland as it made them feel less of a 'poor relation'.
- Customers supported the priority to reduce leakage, feeling that reducing leaks can only be a good thing and would be an important part of the overall aim of increasing water supplies.
- Customers supported the priority of helping customers to use less water, and most felt that water meters were a good idea as they would make people more conscious of their water usage.

Are there differing views?

- Customers on the Isles of Scilly felt that the main problem regarding water and wastewater services in their area was sewage spills/dumping.
- They tended to be most concerned about their finite water supply, a perception of an archaic water system and the demands on the water supply in the summer/tourism months.
- Compared to other customer groups, they were the most likely to find bill increases acceptable. However, they based their answers on the assumption that all of the benefits would be realised – they would like to see the evidence of the benefits while the plan is being implemented.

Next steps

- This research shows that Isles of Scilly customers broadly support the proposed business plan for PR24. They agree that the four priorities are the right ones and are supportive of the bill impacts. This insight will inform our plan.

Date September 2023 **Supplier** Turquoise

Engagement summary

Customer playbacks - business plan testing

South West Water

Objectives

To validate the findings of the valuation research programme for PR24 via a series of customer workshops, as part of the agreed triangulation process. Also, to assess levels of customer support for the 2025-2030 business plan.

Format	**Workshops, focus groups, and Interviews**
Households (number)	58
Non households (number)	**32**
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

These studies provided insights into the level of customer support for the 2025-2030 business plan, and whether customers support the valuations that underpin this plan.

Topics			
Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- Invited 30 household and 16 non-household (NHH) customers to workshops to ensure that, in the views of customers, the findings of key valuation studies are appropriate for business planning
- Invited 28 household and 16 NHH customers to focus groups to assess levels of customer support for the business plan for 2025-2030. Including customers from the Isles of Scilly were Interviewed.

What matters most

- Customers view the value of water company services in terms of their impact on all that use them, including bill payers, communities, and the environment.
- Customers emphasised that environmental impacts are a key concern.
- Generally, customers support valuations, but they feel that valuations of supply interruptions over two days and 'Do not use' notices do not reflect the severity of the impact on customers
- Household customers expressed little support for bill impacts, but this varied slightly between regions
- Customers were broadly in support of the overarching priorities and investment when individual priorities and investment areas were considered in isolation alongside associated bill impacts
- 'Maintaining High Quality, Resilient Water Supplies' is generally viewed as the most important priority area

Are there differing views?

- NHH customers expressed more support for bill impacts than household customers

Next steps

- We used this research to triangulate our willingness to pay research, which we are now using to develop our plan.

Date	July & September 2023	**Supplier**	ICS & Turquoise