



Guidance for water companies: testing customers' views of the acceptability and affordability of PR24 business plans

Version 1.1

Revised 16 03 23

Version Number	Change	Date
1.1	<ul style="list-style-type: none"> 'Research with customers who receive services from different water companies' – under 'Joint procurement option' approach clarified on testing for companies sharing customers on P.12. 	30/01/23
1.1	<ul style="list-style-type: none"> 'Comparative company performance on key performance commitments' - Description of the PC for unplanned supply interruptions amended to >3 hours on P.23, P.40, P.52, P.53 and P.70. 	16/02/23
1.1	<ul style="list-style-type: none"> 'Stimulus for deliberative discussions and in-depth interviews' - water quality contacts per 10,000 customers amended to Water quality contacts per 1,000 customers on P.23. Changed also under 'Comparative company performance on key performance commitments' P.40, P.53 and P.70. 	16/02/23
1.1	<ul style="list-style-type: none"> 'Appendix F: Survey questionnaire' - wording clarified for NHH and HH customers in Q1 and Q2. First response code for Q2 amended to reflect NHH/HH option – see P.83. 	20/02/23
1.1	<ul style="list-style-type: none"> 'Table 1: Qualitative sample segments and minimum sizes to support analysis' updated on P.18 – WaSCs total amended from 98 to 96; WoC total added (n=60). Text in the black box tweaked for clarity. 	23/02/23
1.1	<ul style="list-style-type: none"> 'Treatment of Single Water Affordability Scheme' - section replaced with 'Treatment of company specific social tariff schemes' on P.15 	03/03/23
1.1	<ul style="list-style-type: none"> 'Appendix F Survey questionnaire' Q5 – prescribed text added to Q5 on P.84 	03/03/23
1.1	<ul style="list-style-type: none"> Outputs & deliverable analysis P.30 – deleted bullet point 'bill impacts for respondents with and without the single water affordability scheme' 	06/03/23
1.1	<ul style="list-style-type: none"> Outputs and deliverable analysis P.30 – bullet point starting 'responses to affordability and acceptability questions' has had the following text added: '...showing percentages for those who subsidise social tariff schemes, and those in receipt of social tariffs (accepting that the sample size for those in receipt will be small). 	06/03/23
1.1	<ul style="list-style-type: none"> 'Table 1: Qualitative sample segments and minimum sizes to support analysis' updated on P.18 – WaSCs sample range amended from 48 to 64 to 48 to 72; (72 = 16 per each of AB, C1C2 and DE, plus 24 if future bill payers, boost for health vulnerabilities and low incomes (8 each) are included 	08/03/23

1.1	<ul style="list-style-type: none"> The text for the common performance commitment regarding water supply interruptions has been amended from 'Unplanned water supply interruptions >3 hours' to 'Water supply interruptions >3 hours' on P.23, P.40, P.52, P.70. P.86 	14/03/23
1.1	<ul style="list-style-type: none"> Description of the effect of 'Water supply interruptions' amended in the prescribed wording table for each Performance Commitment on P. 40, P.53 and P.70 	15/03/23
1.1	<ul style="list-style-type: none"> 'Table 1: Qualitative sample segments and minimum sizes to support analysis' updated on P.18. Definition of smaller, medium and larger WoCs and WaSCs added. Column headings amended and footnote added. 	15/03/23

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Guidance for water companies: testing customers' views of the acceptability and affordability of PR24 plans

About this guidance

This guidance has been designed for water and wastewater companies to carry out research with their customers for the upcoming Price Review (PR24). It prescribes how this research should be carried out in key areas to give us confidence that the results will be comparable.

Background and context

CCW and Ofwat have worked together to develop a standardised approach to acceptability and affordability research, building on lessons learnt from the last Price Review (PR19).

In developing the guidance, we have taken account of the findings of CCW's published research 'Engaging water customers for better consumer and business outcomes'¹ and Ofwat's 'Lessons learned from the 2019 price review'.²

In particular, we want to improve the consistency of research approaches across companies, resulting in more comparable research findings. We are also aiming to make sure that companies are seeking customers' views on aspects of business plans where they can have a meaningful influence.³

The approach has been developed in consultation with water companies and with technical support from independent experts in qualitative and quantitative research and communications design.⁴

What this guidance covers and does not cover

The guidance sets out our minimum expectations of what companies should do to research customer views on the affordability and acceptability of their business plans.

Some parts of the guidance are prescriptive, and we expect companies to use the prescribed questions as they are worded, or include specific content or content order, to support comparability and consistency across the industry. This is especially true of the quantitative research. These sections are clearly identified in the appendices as being prescribed questions and/or content.

However, other parts of the guidance do not provide all the material that will be needed to carry out the research. This is especially true of the qualitative research. Each water company will need to develop and test/pilot the material that is needed, in a manner that allows it to demonstrate that it meets the standards for high-quality research, customer challenge and

¹ CCW (2020), Engaging water customers for better consumer and business outcomes. May 2020. Available at: [Engaging water customers for better consumer and business outcomes | CCW \(ccwater.org.uk\)](https://www.ccwater.org.uk/engaging-water-customers-for-better-consumer-and-business-outcomes)

² Ofwat (2020), PR24 and beyond: Our reflections on lessons learnt from PR19. December 2020. Available at: [PR24-and-beyond-Our-reflections-on-lessons-learnt-from-PR19.pdf \(ofwat.gov.uk\)](https://www.ofwat.gov.uk/pr24-and-beyond-our-reflections-on-lessons-learnt-from-pr19)

³ We refer to 'customers' throughout this guidance – in the context of the Affordability and Acceptability research we use customers to refer to all participants/respondents, including a sample of future bill-payers for the qualitative aspect.

⁴ In developing this guidance CCW and Ofwat have been supported by research experts from: Blue Marble Research (Emma Partridge), Moonlight Research (Nick Moon), Savanta (Nick Baker and Oliver Worsfold) and Yonder (Roland Stout and Hannah Kersey). Communication design expertise has also been provided by Luna 9 (Michael Green), a visual communications agency.

assurance of customer engagement, as set out in Ofwat's February 2022 customer engagement policy position paper.⁵

If timings allow, companies may add additional questions to the survey or areas to the discussion guide at the end. Additional questions or themes must not be added where they affect the order or content of the survey or discussion guide in a way that would affect comparability.

In the remainder of this document we use '**Independent Challenge Group**' or '**ICG**' to indicate the company's chosen form of customer challenge and assurance arrangements.

Minimum requirements for testing

The sample sizes set out in in this guidance are the minimum we expect smaller and larger water companies to achieve⁶. For larger water companies (i.e. those with bigger customer bases and/or larger geographic coverage), the sample sizes should be bigger. Any exceptions to the minimum are set out in the relevant sections of the Guidance. We expect companies to work with their ICG and supplier(s) to determine what the sample sizes should be beyond our minimum requirements, or where the minimum should be applied.

Each company's proposed business plan for PR24 must have been tested with customers at least once before it is submitted to Ofwat.

One round of testing should comprise of: (i) a qualitative phase (a combination of deliberative discussions and in-depth interviews across the segments of a water company's customer base); and (ii) a quantitative phase (survey of household and non-household customers). Prior to conducting the quantitative research, a water company should refine its proposed business plan, based on customer views, so that customer views are measured on the refined plan.

If a water company makes a material change to the plan after a round of testing and the change will impact negatively on outcomes for customers, or a require a material increase to the proposed bill, the company should make best and proportionate efforts, in the time available, to test the revised plan prior to submission to Ofwat. We expect re-testing approaches to follow this guidance to the greatest extent possible, always aiming to achieve the standards for high-quality research.

Companies could consider retaining a sample of participants from the 'full scale' household and non-household deliberative research to test the direction of travel of refinements to their proposed business plan where there is insufficient time to conduct fresh recruitment for larger scale testing. The research agency should be responsible for selecting this sample and they should reflect a range of views on the initial testing, i.e. accepting the business plan through to not accepting the business plan and finding proposed bills affordable through to not affordable. The approach would use the same format for the discussion and materials as the initial testing, updated for the changes that have been made, with the rationale for this set. The exact approach would need to be agreed with the ICG.

⁵ Ofwat (2022), PR24 and beyond: Customer engagement policy – a position paper. February 2022. Available at: <https://www.ofwat.gov.uk/publication/pr24-and-beyond-customer-engagement-policy-a-position-paper/>

⁶ For this guidance we define smaller water companies as having not more than 2.5 million customers in total.

If a revised plan is not tested with customers, we expect a company to explain why increases in predicted bills, or changes to the business plan that impact negatively on outcomes for customers, are not considered to be material.

Quality assurance of research (including the role of Independent Challenge Groups)

We expect that companies will meet the standards for high quality research, customer challenge and assurance of customer engagement.⁷ Companies should be transparent and open to scrutiny from Ofwat, CCW and their stakeholders throughout the process of affordability and acceptability testing. CCW and Ofwat may request copies of the research materials at any stage to review how consistently companies are applying the guidance. CCW and Ofwat also reserve the right to require copies of any reporting outputs.

Before conducting research

All companies have an Independent Challenge Group (ICG) or equivalent and these will play a key role in the assurance process for affordability and acceptability testing. Each company should use its customer challenge and assurance arrangements as a platform for presenting their proposed approaches to the research, to show how they have followed this guidance, including responding to any challenges that have been raised.

The ICGs will be provided with this guidance to use as reference when considering companies' research approaches, as will the Challenge Co-ordination Group (which comprises the Chairs of the independent groups).

After conducting research

For PR24, Ofwat will require companies to include an overall board assurance statement with their business plan submission. As part of the assurance statement, companies will be required to provide assurance that their customer engagement meets the standards for high-quality research, and any other relevant statements of best practice, and has been used to inform their business plans and long-term delivery strategies. As part of the assurance statement, companies should explain how their ICG provided scrutiny (and where necessary) challenge in the preparation, delivery and interpretation of this research.

We expect companies to publish the research findings report of their affordability and acceptability testing, as well as the materials used for the research, on their websites. As with the requirement for the publication of business plans, this should include succinct commentary or a summary with the report to allow customers, stakeholders and other readers visibility of the research and its key findings, and how they have responded to any challenges they have received.

Least cost 'must do' plan and proposed plan

One of our goals for the acceptability and affordability research approach is for customers' views to have a meaningful influence on companies' business plans. As such, it is important that research participants understand which parts of the business plan are discretionary and which parts reflect what a company must deliver to carry out its statutory functions. Correspondingly, it is important that customers understand the amount of the proposed bill that relates to discretionary company proposals.

⁷ For information on the minimum standards expected for high quality research see: Ofwat (2022a), PR24 and beyond: Customer engagement policy – a position paper. February 2022. Available at: [PR24-customer-engagement-policy.pdf \(ofwat.gov.uk\)](https://www.ofwat.gov.uk/pr24-customer-engagement-policy.pdf)

We understand that companies may have conducted separate research earlier to seek customers' views on best value enhancement expenditure proposals within their business plans. We also understand that the draft business plan⁸ may include a variety of least cost or best value enhancement proposals.

This guidance sets out an approach that requires a company to provide research participants with clear information about the difference between the 'least cost plan' and the company's 'proposed plan', where these plans are different. There may be instances where a company's proposed plan does not include discretionary or best value enhancement expenditure. In this case, we expect the 'least cost plan' to be the same as the 'proposed plan'. Nonetheless, customers' views of the affordability of the proposed plan remain important and we still expect each company to do all that it can to propose a plan that is affordable for customers and to test its affordability and acceptability with customers.

We understand that the distinction between statutory (least cost) and discretionary elements (proposed plan) can be unclear and it may be difficult for companies to produce a least cost plan with associated estimated bill impacts. We are not expecting companies to interpret 'least cost' too literally and expect them to apply some proportionality and reason in defining their least cost plan. However, companies will be expected to be able to justify their decisions. For example, companies would need to justify why lead pipe replacement or nature-based solutions represent least cost options available to them instead of alternatives.

We are conscious that regulatory terminology can be complex for research participants, so we suggest that companies use phraseology such as:

- Least cost or 'must-do' plan: "this plan allows us to carry out the work that we're required to do by law."
- Proposed plan: "this is the company's proposed plan and may include extra work over and above what we are required to do by law to provide extra benefits to customers, the environment and local communities".

We are not restricting companies to testing least cost and proposed plans. Companies may test at least one further version of the plan, if they maintain a high-quality approach to research i.e. they have enough respondents and/or enough time to gather this extra information.

[Describing statutory programmes in business plans](#)

For some water companies, statutory requirements will drive a significant proportion of proposed increases in bills for 2025-30. The research materials for all water companies will need to include an explanation of what the statutory drivers are within their business plans. An explanation about statutory drivers for proposed bill increases could also be used to support whole bill testing, where it is not possible to show the detail of another company's business plan.

The description of statutory drivers should ideally be consistent across water companies to support comparability. However, some water companies will have more substantial statutory programmes and it may be appropriate to provide a bespoke description.

We propose the following wording as a starting point for water companies and encourage companies to use it. It can be developed in consultation with ICGs where needed:

⁸ By draft business plan, we mean the version used by companies to test with customers prior to being submitted to Ofwat by October 2023.

WINEP and WRMP drivers

For England and Wales:

The services that water companies provide must comply with environmental laws in England/Wales, as well as UK/Welsh Government policy.

Water companies have a programme of work to meet these laws, which includes:

- Reducing pollution of seas and rivers by sewage overflows.
- Not taking too much water from rivers and the ground.
- Making sure there is enough water available to protect the natural environment as well as providing a public water supply.
- Treating water and wastewater to a standard that does not harm the natural environment.

Water companies must also meet legal requirements for the quality and safety of drinking water and protect reservoirs, treatment works and other sites to ensure they are safe and secure.

[Company name] Water has a target in its least cost ('must do') business plan of X for 2025-2030, and this will add £ [amount] to the average household water bill.

Drainage and Wastewater Management Plan drivers

For England and Wales:

The Environment Act will require sewerage companies to produce Drainage and Wastewater Management Plans, which are set over at least 25 years. The plans consider how things like climate change and population growth affect current and future capacity of sewage and rainwater drainage networks.

The plans require a lot of collaboration between sewerage companies and other organisations which work around flood risk, and river management.

[Company name] Water has a target in its least cost 'must do' business plan of XX for 2025-2030, and this will add £ [amount] to the average household water bill.

Storm overflow drivers

For England:

When there is too much rainfall for sewers to handle, storm overflows allow rain water, mixed with sewage, to escape into a separate pipe which eventually flows into a river or the sea. This helps to reduce the risk of properties being flooded with sewage.

There are around 15,000 storm overflows in England, and XX for [wastewater] company.

Each company (in England) has a target set by Government to reduce the use of storm overflows:

- By 2035, water companies will have: improved all overflows discharging into or near every designated bathing water; and improved 75% of overflows discharging to high priority sites

- By 2050, no storm overflows will be permitted to operate outside of unusually heavy rainfall or to cause any adverse ecological harm

To work towards these longer-term targets, [Company name] Water has a target of XX in its least cost 'must do' business plan for 2025-2030. This will increase the average household bill by £ [amount].

For Wales:

As above. This should show that the requirements are driven by the Welsh Government task force. It should be updated as more specific information for companies in Wales becomes available.

Research with customers who receive services from different water companies

Most households in England and Wales get their water and wastewater services from the same company. However, around one in five households get each service from a different provider.

Ideally, affordability and acceptability research would present the whole business plan and the whole bill to customers regardless of their supply arrangements. In previous price reviews, some companies shared indicative bill impacts of their draft plans with other companies, to enable their mutual customers to respond to the (indicative) whole bill. We welcome this collaborative approach between water only companies (WoCs) and water and sewerage companies (WaSCs).

WoCs

For water only companies we expect them, as a minimum, to:

- Conduct research with customers in all areas except those where the wastewater provider supplies less than 10% of the WoCs' overall household customer base
- Test the affordability of the combined bill impact of proposed water and wastewater provider plans
- Test the acceptability of the WoCs proposed business plan (ie covering water services only)

To support this, each of the WaSCs that supplies wastewater services should provide indicative bill impacts for the wastewater component of their company business plans ahead of the WoC research. WoCs will be required to share the results of their affordability testing (for the appropriate subset of customers) with these WaSCs.

Where there is a material change triggered by changes to the business plan for the WaSC, the expectation is that the responsible WaSC makes the changes known to their corresponding WoC. The WoC will then have an opportunity to re-test with customers (however it is not a requirement that they do so).

WaSCs

For water and sewerage companies we expect them, as a minimum, to:

- Conduct research with customers in all areas where they are the provider of both water and wastewater services

- Test the affordability of the whole bill impact of the company's proposed business plan with these customers
- Test the acceptability of the acceptability of the company's proposed business plan with these customers

For most WaSCs, this will enable good, but not complete, coverage of their customer base, particularly in relation to affordability testing where additional results may be available for some customers from research conducted by WoCs. However, where the overall coverage of this research represents less than two thirds of a WaSC's overall customer base, and/or there is an area with a water/wastewater provider combination which covers more than 10% of the company's overall customer base then the WaSC should endeavour to conduct additional research, testing the acceptability of the water or wastewater part of their overall plan with these customers, as appropriate.

Joint procurement option

Companies that share customers are welcome to explore the potential for a joint procurement exercise, where the plan for water services and proposed costs, and the plan for wastewater services and proposed costs are shown to participants, along with an overall plan. This would put these customers on the same footing as those who receive both water and wastewater services from a WaSC.

The research agency would receive the relevant details from each company, and construct research materials for each company that only show their specifics, using dummy data for the other part of the plan if needed. The research agency would be responsible for putting processes in place to prevent parts of the plan being shared with the other company.

This approach would need to ask about the affordability of the whole bill impact and the acceptability of the combined plan before testing the acceptability of the water and wastewater plans individually. Consideration should be given as to whether the water and wastewater plans, when shown individually (after the combined plan), should be rotated across the sample. Affordability testing can, optionally, be conducted on individual service bill impacts, but only as an addition at the end of the research.

For this approach to work, the timings in terms of when business plan information is available for testing need to align. Consideration should be given to how the findings will be reported in respect to views on the whole plan, and views on individual water and waste water plans, so that sensitive business plan information is not made available to other water and waste water companies.

The same principles apply if companies conduct joint qualitative research i.e. views on affordability and acceptability of whole plans, followed by views on water and wastewater acceptability (and, as above, optionally on affordability). The research and reporting process must ensure that business plan information is not visible/shared across different water and waste water companies.

Billing Arrangements

For customers that are billed separately for their water and wastewater services the testing can be modified appropriately so that both the affordability and acceptability testing relate to a single service.

There is no requirement for a company to survey customers for whom it does not have access to customer details (eg this can arise where another company or organisation bills its customers), although companies may use an alternative way of sourcing sample for these customers (e. an online panel) and submit findings separately for customers surveyed in this

way. In these circumstances the testing would not be based on actual bill amounts and the questionnaire would need to be modified appropriately.

Treatment of the whole bill amount

Companies must endeavour to include the likely full bill amount when testing customers' views of future bills.

Where companies are aware of specific or potential arrangements that will have a known impact on customer bills, then the likely bill amount should be included in bill estimates shown to research participants.

Examples include, but are not limited to:

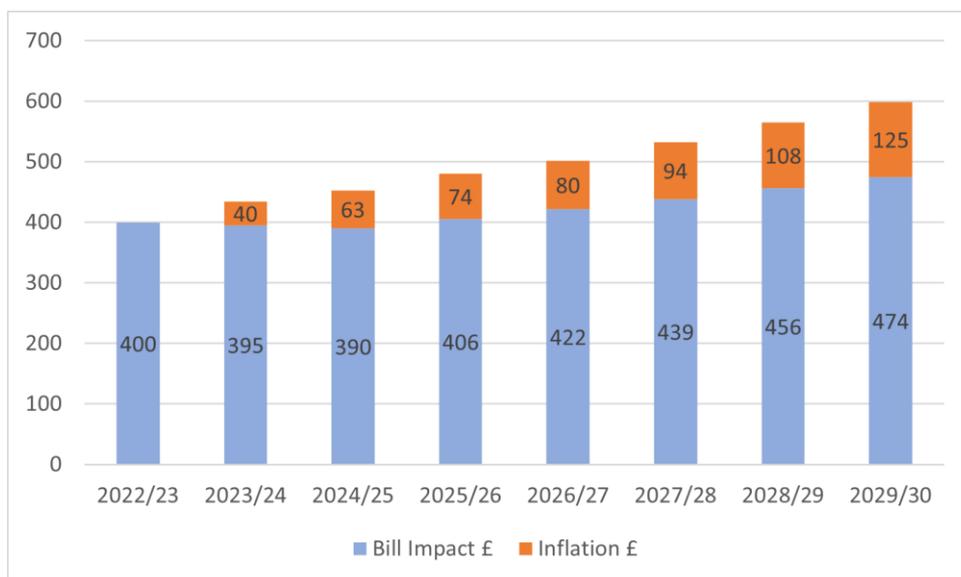
- Some companies are pursuing projects via Direct Procurement for Customers (DPC) or RAPID. Where the timing and potential level of bill impact is known, these amounts should be included in bill amounts and profiles that are tested in research. If the actual customer bill impact is not yet known, then the estimated maximum bill impact should be shown
- The cost of the Thames Tideway Tunnel to customers of Thames Water
- The Government contribution of £50 towards the costs of bills for South West Water customers (and South West Water must follow wider Ofwat guidance on treatment of this subsidy within business plan development)
- Any investment that companies will accelerate for delivery before 2025 (with regulatory approval) where costs will be recovered from customers' bills in 2025-30

Where it is necessary to liaise between water companies to agree the assumptions that need to be made about the likely bill impact of these projects, then we expect companies to do so.

It is not necessary to show customers the specific bill impact of these items, but companies should be able to explain the approach to calculating the full bill to Ofwat, CCW and others involved in assuring implementation of this guidance.

Treatment of inflation

In regard to presenting inflation and future bill proposals from 2025-30, we have carefully considered whether inflation should be included in the bill impacts presented to research participants and have tested presentations with some customers in developing this guidance. We have concluded that the effect of inflation should be shown, but presented in a way which clearly distinguishes it from the bill changes arising from the proposed business plan, using a bar chart in the following form:



Bill profiles should be as accurate as possible and should factor in known inflation at the point of the research. Best estimates should be used for bill changes for the remaining part of the PR19 determination period. For the 2025-30 period, price increases should be based on the business plan being tested.

The following should be used to estimate the cumulative impact of inflation on future bills:

- 2024/25 – 5.6%
- 2025/26 – 1.9%
- 2026/27 – 0.5%
- 2027/28 and subsequent years – 2.0%⁹.

Supporting text should be included to reinforce that this is a forecast. The text below is prescribed to introduce inflation and bills for the affordability part of the survey:

“Water bills change each in year in line with inflation

Inflation is the increase in prices paid for goods and services over time. Household incomes also change over time.

- *If your household income keeps up with inflation (increases at the same rate), then you are likely to notice little difference in what you are paying for things.*
- *If inflation increases by a faster rate than your household income, then you are likely to have less money to go around.*
- *If your household income increases by a faster rate than inflation, then you are likely to have more money to go around.*

The Bank of England aims to keep inflation at 2%, but it has recently been much higher than this.

As well as changing by inflation each year, bills change by an amount set by Ofwat as part of their price review process every five years.

⁹ These figures are in line with the Bank of England's CPI forecasts in its November 2022 Monetary Policy Report. Available at: [Monetary Policy Report - November 2022 | Bank of England](#)

The proposed bills you will see from 2025 to 2030 include the Bank of England forecasts for inflation from 2025 to 2030, and proposed amounts to cover the investment in water and sewerage services needed over the next few years.

Customers should be asked to consider their affordability of the proposed bills over the five-year period (2025-30) within this context of inflation.

Treatment of company specific social tariff schemes

Within the affordability and acceptability research, companies must test bill profiles that reflect their most likely company specific social tariff for 2025-2030. If this is unknown at the time of testing, then the current social tariff should be used as the default.

If a company's social tariff scheme changes, after it has completed its testing, there will be no requirement for companies' affordability and acceptability research of business plans to be repeated because of this. This is because any plans for introducing new social tariff schemes will need to be developed and researched with customers in line with the current Defra (for England) or Welsh Government (for Wales) Guidance.

When testing plans for affordability and acceptability, all customers will be shown the bill profile based on the most likely company specific social tariff for 2025-2030; if not known, the current company specific social tariff would be used as the default. If the scheme is likely to change between 2025-30, the bill profile will reflect the current scheme, up until the proposed start year for the replacement scheme, and then reflect the proposed scheme.

Companies should use their own customer lists to determine if a customer is currently receiving support through the current company social tariff (or ask the research participant in circumstances where the research participant is not recruited from a customer list). Current social tariff recipients must be shown a bill profile which reflects the discount to their bill that the companies' social tariff is currently or will likely provide. If companies are not yet in a position to understand how the eligibility criteria for proposed schemes would impact on current social tariff recipients within the sample, or what the bill reductions will be for these customers, then bill profiles and discounts should be modelled on the current social tariff scheme.

A statement must be shown alongside the bill profile shown to social tariff recipients to explain that this includes an adjustment to reflect either the current social tariff scheme, or the planned scheme. This is prescribed in the Quantitative Appendix within Question 5.

All other customers, not on social tariff schemes, would see a bill profile which includes the subsidy they would fund for the relevant scheme; an explanatory statement around social tariffs is not needed for these customers.

Sourcing sample

The survey and the qualitative research should both use company customers list to draw a sample for the elements of the research that require water bill-payers.

There are several advantages of using company lists compared to the main alternatives, such as:

- having near complete matches with the populations of interest
- enabling representative random samples to be drawn based on appropriate criteria
- enabling information held by companies to be used in the research, including whether they are on the Priority Services Register (PSR), whether they are on a social tariff and

information about their actual bills instead of averages. Wherever possible a bespoke bill profile should be used in the research for each respondent, based on their own current bill.

Where water company records cannot be used for sampling (non-household bill-payers in England and future bill-payers), sample will be sourced in other ways – approaches for this are outlined in more detail in the survey and qualitative sections.

The household component of the survey should be based on a representative sample of household bill payers. All non-household bill-paying customers are in scope.

For household customers, companies should use their domestic customer database as the household sampling frame. Survey exclusions should be kept to a minimum. We recommend that only customers who have explicitly opted out of market research be excluded from the sample. Customers who have opted out of marketing or completed one of the company's other surveys recently are in scope.

Using qualitative research to test affordability and acceptability with household and non-household customers

The qualitative research comprises five components, one of which is optional:

1. Deliberative discussions with household customers
2. Deliberative discussions with non-household customers
3. In-depth interviews with non-household customers
4. In-depth interviews with future bill-payers (if not included in the household deliberative groups)
5. In-depth interviews with vulnerable, household customers (optional)

The approach for each strand – research objectives, pre-task content, discussion or in-depth interview content and post-task content – is set out for each strand in Appendices B to F.

Developing this guidance

In developing this guidance, CCW and Ofwat have considered:

- experience of research at previous price reviews
- advice from a qualitative research expert
- research previously conducted by CCW and Ofwat to understand customer priorities and perspectives on business plan research¹⁰
- testing of company performance information and bill profiles with customers¹¹
- advice from a communications design agency
- engagement with water companies.

Parts of this guidance are prescriptive - that is, we expect water companies to follow the approach outlined (e.g. fulfilling the minimum prescribed numbers for sampling). Some of the content, and the way it is structured (including using specified wording, where applicable) is also prescribed. Prescriptive areas are set out in the qualitative appendices.

A key finding from CCW's 'Engaging water customers for better consumer and business outcomes'¹² project was that business plan research is ideally suited to qualitative research approaches. This allows for the complexity of the subject matter to be managed to derive meaningful views from people. Companies are therefore required to test customer views on their business plans via qualitative research.

The format to use for most of the business plan testing is deliberative discussions, supplemented by in-depth interviews tailored for different audiences. The deliberative discussions will need to, as a minimum, cover the company's least cost plan and the proposed plan. If companies wish to offer another, alternative version of their business plan, the time allotted for deliberation will need to be increased accordingly.

¹⁰ CCW. Understanding customers' preferences for Performance Commitments at PR24. April 2022. Available at: [Understanding customers' preferences for Performance Commitments at PR24 | CCW \(ccwater.org.uk\)](https://www.ccwater.org.uk/understanding-customers-preferences-for-performance-commitments-at-pr24/)

CCW

¹¹ See: <https://www.ofwat.gov.uk/publication/affordability-and-acceptability-testing-engagement-with-information/>

The prescribed minimum expectations for the inclusion of key customer segments in the sample are in Table 1 below:

Table 1: Qualitative sample segments and minimum sizes to support analysis

Customer segment	Approach	Time required	Minimum sample required: medium and larger WaSCs and WoCs* ¹	Minimum sample required: smaller WaSCs and WoCs* ¹
Household customers (bill-payers) – across all demographics* *Consideration should be given to whether to boost low incomes within this.	Deliberative discussion	3+ hours	Range 48 to 72 ^{*2}	Range 24 to 48 ^{*2}
Household customers (future bill-payers – aged 18+)	Deliberative discussion or paired or triad in-depth interviews	3 + hours	8 ^{*3}	8 ^{*3}
Non-household (micro-organisations with less than 10 employees)	Deliberative discussion	3 hours	16	8 ^{*3}
Non-household (small to large organisations with 10 or more employees)	In-depth interviews or paired in-depth interviews or triad in-depth interviews Note: This to allow people in larger businesses with different roles to take part	1 hour	8 ^{*3}	4
<u>Optional</u> : Household customers on low incomes – a mix of those either on a social tariff or eligible for a social tariff	In-depth interviews or paired in-depth interviews or triad in-depth interviews (which can be assisted)	1 hour	8 ^{*3}	8 ^{*3}
<u>Optional</u> : Household customers with health vulnerabilities – a mix of those already on, or eligible for Priority Services Register	In-depth interviews or paired in-depth interviews (which can be assisted) Note: participants can be accompanied by carers or family members as needed	1 hour	8 ^{*3}	8 ^{*3}
TOTAL			96	60

^{*1} Medium and larger WaSCs are defined as having >2.5 million customers, smaller WaSCs and WoCs are defined as having <2.5 million customers.

^{*2} The household deliberative samples increase by 24 if future bill-payers (x8) and customers with vulnerabilities (x8 financial and x8 health) are added in, i.e. when those segments are not researched separately via in-depth interviews. The household deliberative sample is expressed as a range to reflect this. Recruitment of those with health vulnerabilities can include bill-payers from households where other household members have health conditions which could make the household more sensitive to service issues should they happen.

The minimum household deliberative samples of 24 for WoCs and 48 for WaSCs would be allocated to 8 or 16 for SEG AB, 8 or 16 for C1C2 and 8 or 16 for DE. Other segments to be recruited, e.g. metered or unmetered would be built into the recruitment and decided in consultation with the supplier and ICG.

^{*3} The minimum sample sizes of 8 for these key segments are big enough to support individual analysis of each group. Suppliers should ensure that the views of people in those segments are drawn out and then collated for analysis as a group so that the themes, similarities, and differences in views from other segments are understood.

Customer segments

In addition to the outline samples in Table 1, companies should work with their ICG and supplier to consider what other characteristics are important to identify in the sample or quota for recruitment. For example, this could include the basis of charge, ethnicity, business sector, geographic and supplier coverage (where a customer has more than one supplier of services).

Companies should work with their ICG and supplier to define their preferred approach for including future bill-payers in this research. The options are to:

- include them in discussion groups or paired in-depth interviews alongside bill-payers, ensuring the research materials acknowledge the mix of bill-payers and non-bill payers and are suitable for both; and/or
- have discussion groups with future bill-payers only; and/or
- paired in-depth interviews or triad in-depth interviews with future customers

The household deliberative sample must be a good reflection of society. It should include a good sample of those eligible for and/or on the Priority Services Register, eligible for and/or on financial support tariffs, and people with other health vulnerabilities (e.g. high water use for medical reasons). It should include low income households and households which are just about managing.

Companies should show how they have considered this in the construction of their sample. Companies should consider how to make participation as inclusive and accessible as possible, especially considering the barriers that those with physical and/or mental disabilities, or for whom English is a second language, may encounter in being able to take part in research. Companies could, for example consider translating the research materials to target participants in locations where there are known to be higher proportions of ethnic groups speaking English as a second language. Consideration should also be given to Welsh language speakers who are customers of water companies based in Wales.

The supplier should ensure that the views of those in key segments are analysed and presented separately to the views of other customers in the report, while ensuring the MRS Code of Conduct around confidentiality and anonymity is observed.

Hybrid recruitment of bill-payer segments using company customer lists and back-up recruitment agency support - example process

Ideally, we would like to see companies use their customer databases as source for sample in their research. This opens up their whole customer base for inclusion in research, whereas recruitment agencies can sometimes access samples from their own lists – a subset of what would be the water company base. Using the company customer lists also means that groups which can be hard to recruit into water company research – such as those on PSR, on social tariffs, or who have experienced a rare but particular type of service failure (eg sewer flooding) – can be easily identified for research purposes.

We recognise that recruitment from company customer lists is fairly new to the industry, and so propose a hybrid approach – using a combination of company customers lists backed up by traditional recruitment methods where needed.

An example of how this could work is shown below – companies should discuss the detail of this with their suppliers and ICG.

Customer list-recruitment

Most of the participants for the qualitative research are bill-payers on the company customer database and can be recruited from company customer lists. A couple of example approaches for this are below. Companies are welcome to consider alternatives to these with their suppliers that meet GDPR and will deliver the sample requirements.

Both approaches require the water company to draw sample to include:

- customer name
- contact details – address, email
- current bill amount (i.e. the unmetered bill for the current financial year, or metered bills for the previous year, excluding any arrears)
- flags for subscription to Priority Services and social tariffs

Example 1

The water company would contact the customer (either by post or email) to introduce the research, the research/recruitment agency working on their behalf, and provide a freephone telephone number and/or email link for them to respond to, in order to opt in to the research.

The explanation of what the research is about would include the incentive payable to people taking part and how their data would be shared. It would also explain that research participants will be shown how their water bill could change from 2025-30, and that the water company will need to confirm what their current bill is to the research agency for this to be worked out. Their bill amount will only be passed on if they opt in by the date shown (we suggest allowing at least one week).

Those who want to opt in would contact the recruitment agency to confirm this, and provide their details (e.g. contact number, email). After the cut-off date, the recruitment agency would request from companies the bill amount for the most recent 12 months, PSR and social tariff status for those that have opted in, and then contact them to go through the screening questions.

Example 2

An alternative approach would be for the letter to include a code, bill amount, and PSR and social tariff status indicators. Customers opting into the research could then be asked to use these details to access and complete a screener online, or when speaking to the agency (e.g. by calling a freephone number).

Deciding whether additional recruitment is needed

If the sample meets the requirements for the research, i.e. Table 1, plus other criteria that have quotas applied, there is no need for the research agency to recruit. However, if there are gaps in quotas that cannot be targeted via water company list data, e.g. SEG or age profile, or if company lists are exhausted, then traditional recruitment approaches can be used.

Participants recruited like this must either confirm (in advance of the research) to the recruitment/research agency what their bill for the last 12 months is, or agree to the recruitment agency asking the water company to confirm this on their behalf.

The water company and its supplier would need to be explicit about how the final sample they ended up with was recruited – what numbers were recruited free-found vs via lists and how this played out across different segments.

Recruitment of participants that water companies do not have records for

Future bill-payers

Future bill-payers can be recruited in a number of ways. For example, a specialist recruitment agency could source participants using a variety of approaches, which include 'on street' (recruiting people face-to-face), 'off street' (recruiting via desk research, social media networks, panels, databases etc). Specialist recruitment agencies can be used to do this. Future bill-payers could also be sourced from customer households (e. the young people of bill-payers – parent/relative etc).

Companies and suppliers should consider which approach will deliver the high-quality sample they require and discuss the approach with their ICG. If optional in-depth interviews with vulnerable customers are to be conducted, they should cover a mix of customers already on the Priority Services Register and/or on social tariffs, and some who are eligible for either or both these services, but who are not subscribed. The rationale for this is to include the perspective of people who have effectively been 'hard to reach', in terms of understanding their eligibility for these services, as well as those who benefit from the services.

Those who are not subscribed can be recruited by any appropriate method, but most should be recruited from areas in the lower half of the Index of Multiple Deprivation.^{16 17}

Participants of the household and non-household research should receive an incentive commensurate with the time and commitment that participants will put into taking part in the research.

Non-household customers

Recruitment of non-household customers will be from customer lists such as Dunn and Bradstreet in England, and water company lists for customers of companies based in Wales.

Recruitment of non-household customers in England will need to build in a requirement that they are happy to confirm their most recent wholesale water and wastewater charges, in order to take part in the research. In Wales, the bill amount can be drawn from the company list.

Incentives

Participants of the household and non-household research should receive an incentive commensurate with the time and commitment that participants will put into taking part in the research. Indicative incentive levels are around £100 for three-hour deliberative discussions with household customers and one-hour larger business in-depth interviews; £150 for three-hour non-household deliberative groups and £50-60 for one-hour in-depth interviews with future customers. Companies should only take this as a rough guide as these amounts may vary across England and Wales.

Inclusion of people with vulnerabilities in business plan research

People with vulnerabilities can be involved in qualitative business plan testing in two ways. Firstly, they can take part in household deliberative discussions, and secondly, in-depth interviews.

Where recruited into the household deliberative sample, the supplier should ensure that the views of people, in vulnerable financial circumstances and vulnerable health circumstances, are analysed and presented separately to the views of other customers in the report. The

research materials do not need to be tailored for vulnerable participants of the deliberative discussion. This is because people with vulnerabilities are included in the discussions to make sure the overall sample is a good reflection of society, rather than recruited purposely to understand how the nature of their vulnerabilities affects their experiences and needs for services. This does not however preclude them from expressing views about their services and personal situation should they wish to.

If the company business plan does not contain specific proposals for Priority Services, social tariffs, or other services for people with health and/or financial vulnerabilities, in-depth interviews are not required. Companies can conduct them through choice but should consider what they want to get out of these in-depth interviews that will add value to their understanding of customer views on their business plan, and tailor the materials accordingly.

If there is nothing in the business plan yet, then companies should conduct ad hoc bespoke research when they have a proposal for services aimed at people with health and economic vulnerabilities. It would be good practice to consult with their ICG or equivalent on the development of this research.

Where in-depth interviews are conducted, the materials should be tailored. This is described in Appendix E, Prescribed process for in-depth interviews with vulnerable household customers (optional)

Approach to deliberative discussions

The discussions themselves are not aiming to reach a consensus about business plans. The aim is for a rounded discussion to take place where people consider the relative pros and cons and listen to the views of others. Participants complete a post-task where they give their personal response to each business plan proposal.

Length of deliberative discussions

We advise that deliberative discussions should be a minimum of three hours. WaSC deliberations may need longer than those for WoCs. This is because the business plan will cover options for water and wastewater services, whereas for WoCs the focus will be water services. Additional time will be needed if a company decides to present more than two versions of their business plan; breaks will need to be accommodated in longer deliberative sessions.

Format of deliberative discussions

Discussions can be online or face-to-face. If online, it may be necessary to have more than one session, depending on the overall length of time that will be needed, as concentration spans are usually shorter for online engagement.

The format for deliberation is open to companies, working with their ICG (or equivalent) and their supplier to decide what works best. For instance, it could be a larger scale event, with everyone in the room and deliberating around tables. Or it could be conducted online with groups happening at different times. Or it could be a mixture of both. Companies should consider how to maximise the inclusivity of this research and the robustness of the results through their preferred format.

The prescribed minimum sample size and segments for household and non-household deliberative discussion groups are in Table 1.

Observers

For a face-to-face discussion, a maximum of two water company observers should be in the room with participants, if there are eight or more participants. If fewer than eight, this should be reduced to one observer. Observers are not allowed to interact with the discussion, except to answer questions if directed to by the moderator. If there is a dedicated viewing room, where observers cannot be noticed, the number of observers can be increased.

Similar to above, for online discussions, a maximum of two water company representatives can observe as long as they do not interact with the discussion. The exception to this is when called upon by the moderator to answer a question which the moderator cannot answer, such as something technical or specific to the water company's services. In this case, a representative could provide an answer via the software platform. Additional observers can be present for an online discussion, so long as they are off camera and their sound is muted.

At least one observer from the company's ICG should be invited to attend for reasons of process assurance. Furthermore, CCW/Ofwat also reserve the right to observe any deliberative process, whether held in person or online.

Stimulus for deliberative discussions and in-depth interviews

The deliberation discussions and in-depth interviews rely on the stimulus materials for the pre-task exercise. Any additional supporting stimulus for the discussions themselves needs to be clear and engaging. Two key parts of the pre-task information are:

- An engaging summary of the company proposed business plan, ideally on one page.¹²
- Comparative water company performance data.

These two items will contain six common performance commitments for WaSCs and three for WoCs. Evidence indicates that these are high priorities for customers and they are relatively well known as being issues that water companies manage.¹³ These are:

- Water supply interruptions >3 hours.
- Leakage per property served.
- Water quality contacts per 1,000 customers.
- Internal sewer flooding per 10,000 properties served.
- External sewer flooding per 10,000 properties served.
- Pollution incidents per 10,000km sewers.

In the discussions themselves, the summary business plan can be built on via additional stimulus which may be provided to cover essential context about these performance commitments that was too much detail to include the summary. The content of the additional stimulus should be discussed with the ICG.

CCW and Ofwat commissioned the business consultancy, Yonder, to test how these performance commitments should be communicated and presented. The following findings from this research should be considered in the design of stimulus materials:

¹² This is to be used as a quick reference overview of the business plan, to show people how it all comes together. It should be in a concise and engaging format. Additional information about services will be provided in the discussions and to support in-depth interviews as needed.

¹³ CCW. Understanding customers' preferences for Performance Commitments at PR24. April 2022. Available at: [Understanding customers' preferences for Performance Commitments at PR24 | CCW \(ccwater.org.uk\)](https://www.ccwater.org.uk/understanding-customers-preferences-for-performance-commitments-at-pr24)

- context on how the water company will meet the target, where possible, including how this benefits customers
- [If possible] information on bill impact of each performance commitment target
- background on water company performance so far (i.e. by adding more historical performance data from 2020 – this can help people to decide if the line of travel is what they want to see)

Furthermore, when presenting the proposed business plan and the bill profile, companies need to provide:

- background about why the specific proposal is not already being delivered as part of a performance commitment/day-to-day running (e.g. what is being delivered today is informed by business plans already agreed up to 2025)
- information to understand the increase year-on-year and differentiate it from the increase due to inflation (i.e. relate back to service level changes in the summary of the proposed plan)
- information about the relationship between the proposed bill and new service level targets shown in the business plan summary for 2030

Piloting/testing

Water companies, along with their ICGs, should consider what piloting and testing is needed and allow time in the development of their research for this.

Stimulus materials that support unfamiliar and complex concepts in the business plans should be tested cognitively for comprehension via an in-depth interview, and the materials revised, before the research commences.

Companies may wish to consider a trial run of the deliberative discussion with a small group to identify any issues (e.g. timings) to implement improvements. The results of this would be reviewed with the supplier and the ICG to agree changes to the research materials. The research timetable should build in sufficient time for this review to take place and for refinement of materials to take place.

Outputs and deliverables

The minimum sample sizes of eight, for each of the key groups in Table 1 are big enough to support individual analysis of each group.

Analysis

The analysis outputs will vary slightly across the various elements of the research. Looking across all of the components, thematic analysis of the deliberative and in-depth outputs will show the following:

- What participants most support about each version of the plan they saw
- What they most dislike about each version of the plan they saw
- What the optimal version of the plan would be
- Differences in views between people taking the perspectives of bill payers, consumers and citizens and identify what the preferred plan would be from each perspective
- Differences in views across non-households where there are themes which are consistent as a qualitative scale
- Views on phasing and intergenerational fairness across different segments
- How each plan was viewed in terms of the effect on affordability
- Any clear themes by segments where these are consistent at a qualitative scale

- Acceptability of each version of the plan

This will be supported by analysis of the pre-and post-task questions.

Reporting

For the reporting on the deliberative discussion groups and in-depth interviews, water companies need to provide the following

- A debrief, which ICG members, as well as Ofwat/CCW, should be invited to for assurance purposes
- A detailed report of findings, analysis and conclusions should follow; this should specifically draw out people's overall views in relation to both the affordability and acceptability of the plans

The detailed report of findings should also provide:

- recommendations for how the business plan could be improved on the basis of customers' views
- any considerations for the quantitative survey

The report should be written by the research agency which conducted the research from a neutral and independent perspective; it should include the original research materials and stimulus as an appendix.

Companies should work with suppliers to decide how to structure/order the report. But the report should cover the following:.

- Acceptability of [each version] of the plan
- Affordability of [each version] of the plan
- Comparative acceptability and affordability
- Breakdown of affordability and acceptability by segment (quant)
- Views on phasing and inter-generational fairness
- How acceptability could be improved
- How affordability could be improved
- Anomalies within the data/qualitative analysis
- Recommendations for the proposed business plan

Piloting/testing

Companies, along with their ICGs, should consider what testing of the research materials is needed and allow time in the development of their research for this.

We recommend that stimulus materials that support unfamiliar and complex concepts are cognitively tested before the research.

Companies may wish to consider a cognitive test of the in-depth interviews to identify improvements. The results of this would be reviewed with the supplier and the Independent Challenge Group to agree changes to the research materials.

Using quantitative research to test affordability and acceptability with household and non-household customers

Research objectives

The quantitative research should test the affordability and acceptability of the proposed company plan with a representative sample of household bill payers,¹⁴ with an emphasis on affordability, using a statistical sample survey. We also expect a sample of non-household customers to be surveyed.

Quantitative testing should be undertaken using companies' proposed business plans that have taken account of the qualitative research findings. As such, only one version of the plan should be tested.

Sampling where customers have different service providers

The main complexity arises with those customers who have different water and wastewater suppliers. The principles to be adopted are described above (Research with customers who receive services from different water companies, pp.10-11). As a minimum, companies should include customers they provide with water services and should use indicative bill impacts from wastewater providers for testing the affordability of whole bills.

Sampling requirements for household customers

A minimum sample size of 500 household bill payers is required¹⁵. This is in line with CCW's acceptability testing at PR19 and the ODI Rates Research and gives some scope for analysis of sub-populations. However, companies should think about the different geographical areas they serve and the larger WaSCs, in particular, are encouraged to increase survey larger samples than this.

The sample should be drawn in the following ways:

- The number of customers in the sample should be proportional to each geographical area, where areas are in a different part of the country or have a different water-wastewater combination¹⁶
- In each area, areas of higher deprivation should be proportionally higher in the sample than the population, to ensure representation (given lower response rates in these areas) and their relative importance in the research¹⁷. One way of doing this is to issue sample in the following proportions:
 - 25% from the bottom IMD quintile postcodes for that area (i.e. most deprived)
 - 22% from the second quintile
 - 20% from the third quintile

¹⁴ Just to be clear, future bill-payers are not included within the survey.

¹⁵ Other than Hafren Dyfrdwy, for whom we require a minimum sample size of 300 respondents, but give discretion over the size and composition of their sample beyond this, given the small size of the company and the complexities created by having a small number of customers for wastewater services.

¹⁶ However, we are not requiring the sample to include customers in areas where the geographical boundaries of water and wastewater providers result in only a small number of households being provided by this combination

¹⁷ Note that weighting will ensure that these groups are not over-represented in the final survey results.

- 18% from the fourth quintile
- 15% from the fifth quintile (i.e. least deprived)
- Companies should use any evidence they have of response rates to previous surveys in their areas to tailor these proportions to their local circumstances
- Exclusions should be kept to a minimum, for example, customers who have opted out of marketing communication, but have not explicitly opted out of market research should be regarded as in scope for the purpose of this survey, as should recent participants in other research
- Within the design framework above, the sampling should be random

Sampling requirements for non-household customers

The retail market has made it difficult for companies ('wholesalers' in this context) in England to survey their non-household customers. Companies can sample in any way which is practical for them, including using commercial lists such as Dunn and Bradstreet, as a basis for their sample frames, or online business panels. In Wales, companies can sample from their own customer lists for the research, but may wish to supplement this with known larger companies in their water company area whose water usage is sufficiently large for them to participate in the retail market.

We are not prescribing the mode of data collection for non-household customers and either a single mode or a mix of modes may be used. Given the difficulties of surveying non-household customers¹⁸, we require a minimum sample size of 100 interviews WoCs and 200 for WaSCs (50 for Hafren Dyfrdwy).

Data collection Method

Data collection should be conducted using a push-to-web approach. Under this approach each sampled household is contacted initially by a letter sent to them in the post, except where the company holds a contact email for the sampled household, in which case this initial contact may be by email. The initial contact should explain the purpose of the survey and how the survey questionnaire can be accessed and completed online. The option should be given for customers to request a paper version of the questionnaire to be sent to them in the post. We also encourage companies to include a face-to-face interview option to increase accessibility for those with disabilities, the hard-to-reach and vulnerable customers.

Incentives

A financial incentive should be offered to complete the survey, online or offline. For the ODI Rates Research, a £5 incentive resulted in a response rate of around 10%. Increasing the incentive to £10 increased the response rate slightly. Therefore, we suggest offering £5 as an incentive initially and increasing this to £10 in a reminder.

Recruitment material

The push to web method places additional reliance on the initial communication to convince people to take part in the survey. Materials will need to be inclusive, engaging and accessible

¹⁸ There is no source which easily identifies non-household customers served by each company (or combination of companies for those customers who do not have the same water and wastewater service providers). This is accentuated by the complexities of multi-site customer organisations who may have sites located in different provider areas. Response rates can also be low, and costs consequently high, for surveying non-household customers by telephone or online using a 'push-to-web' method. For the smaller WoCs, the small number of non-household customers overall can be a limiting factor.

to a diverse customer base. Care should be taken not to bias the results of the survey itself in the wording of the introductory letter.

Initial contact letters/email should convey:

- an understanding of why the data is being collected, what it will be used for and by whom
- an understanding of what to expect when completing the survey and how long it will take;
- clarity on the survey mode (online in the first instance), as well as information about how to participate if online is not possible/suitable
- clarity about which types of digital device (laptop, mobile, tablet, PC etc) the survey can be completed on
- clear login details and instructions
- provision of a website address, as well as hyperlinks, to complete the survey
- reassurance about data protection and confidentiality
- provision of a telephone number for participants to call for help or further information - mobile platforms will be important^{19 20}.

In developing communication, companies should:

- ensure that navigation from the letter to the web is as simple and as straightforward as possible to enable those with low digital skills or other accessibility requirements to access the survey independently
- only use URLs and login codes with unambiguous characters (e.g. 'O' and '0' [zero]) where possible
- use bold text in a targeted way to highlight any important messaging in the letter
- adopt plain English, including shorter paragraphs of information that will be easier for a reader to understand

Questionnaire

The survey questionnaire is included in Appendix F: Survey Questionnaire. The questions should be used as worded in the appendix, except where it is necessary to change them (for example where only water or wastewater services are being tested).

The survey questionnaire should have two sections:

1. Affordability – this section will explore customers' household financial situation and the affordability of the proposed bills impacts of their companies' business plans, based on a prescribed suite of questions.
2. Acceptability – this section should introduce the draft plan, including a description of what the benefits will deliver, which will allow customers to provide answers on the overall acceptability of the plan or their willingness to pay for it.

¹⁹ Companies may wish to inform customers that they need to be solely or jointly responsible for paying their household water bill to be eligible for the research.

²⁰ The letter could also include bill amount and social tariff status for the customer to input as part of the start of the survey (eg immediately after entering an access code for the online questionnaire). If letters are sent by companies themselves, this could avoid potential GDPR issues from arising.

Affordability

There is no straightforward definition of affordability in the water sector. Measures of affordability in previous research have ranged from the subjective measure of asking research participants to say whether a bill amount²¹, or a bill increase, is affordable, through to more objective metrics such as measures of water poverty based on thresholds of bill to disposable income ratios for households.

A challenge for affordability definitions is their tendency to treat affordability as a binary concept – a water bill is either affordable or not for a household. This is not necessarily how households experience the impact of their water bills. In practice there will be a welfare consequence for every household of paying their water bill; this may, for the very poorest households, be very high involving reduced expenditure on food or heating or adding to high levels of debt, or for the well off, very low with negligible impact on their quality of life or financial circumstances.

We are prescribing a questionnaire on affordability and acceptability for each company to conduct after qualitative research. This will facilitate some comparability of results across companies. Since different measures give different insights and perspectives on household financial circumstances and the impact of water bills and bill changes on them, we are ensuring that the questions cover a variety of different measures enabling 'affordability' to be viewed through more than one lens.

The prescribed outline structure for the affordability suite of survey questions is:

- questions on current financial situation of the household
- perceptions of how this might change up to 2030
- affordability of current water/sewerage bill;
- affordability of bill under proposed business plan for the period 2025-2030
- impact of bill increases on household finances.

The list of full questions is included in Appendix F: Survey Questionnaire.

Acceptability

For this part of the research customers are introduced to the content of the proposed business plan and the services or benefits it delivers, alongside its impact on bills. Putting the services/benefits alongside the bill/cost implications offers a proxy for customers of their willingness to pay for the services the plan delivers.

This part of the research should not be long and retains an emphasis on affordability and bill impact, rather than exploring in detail customer's preferences for different parts of the plan. Company plans are complex and knowledge of the industry is generally low among the general public and so we consider that detailed views of plans are best obtained through more in-depth qualitative research. The acceptability section of the questionnaire includes a question at the end on the phasing of bill impacts.

For WaSCs, for research with customers it supplies with both water and wastewater services the business plan presented can cover both services and customers can comment on the overall bill impact. For research with customers that it supplies with only one of these services, it will only be able to test the part of its business plan relating to that service.

For WoCs the business plan will only relate to water services and acceptability of the plan should be against the bill impact of that plan, i.e. current water only bill and estimated bill

²¹ An example of this approach is the testing of draft determinations conducted by CCW at PR19.

profile for 2025-2030. This will be different to the affordability testing at the start of the questionnaire which will be based on whole bill impact (i.e. including water and wastewater services).

The acceptability part of the research should include:

- Stimulus material introducing a summary of proposed business plan, including past performance against a list of proposed commitments and bill impact for 2025-2030
- A question on acceptability of company plan
- A prescribed question at the end which asks about the phasing of investment looking beyond the 2025-2030 period

The list of full questions is included in Appendix F: Survey questionnaire.

Outputs and deliverables analysis

A full set of outputs will be required, which should include data tables (cross-tabulations), that analyses each question in the questionnaire. As a minimum this should include:

- geographical area, including those served by different water and wastewater companies
- each of the socio-demographic characteristics (and non-household customer equivalents) in the questionnaire
- responses to affordability and acceptability questions, showing percentages for those who subsidise social tariff schemes, and those in receipt of social tariffs (accepting that the sample size for those in receipt will be small)
- index of multiple deprivation postcodes groups (e.g. in IMD quintiles)
- combinations of these where appropriate (e.g. within different geographical areas)

'Don't know' responses, and the number of missing responses to the question should always be included in tables, enabling a full interpretation of the range of responses.

Data tables should be provided in unweighted and weighted forms. As this is a random sample, weighting should aim to compensate for differential levels of responses so that the estimates derived from the weighted dataset are representative of the population. This weighting should take account of, as a minimum, design weights based on selection probabilities, geographical areas and index of multiple deprivation.

Glossary of terms

Affordability	Affordability in this document is referred to as the ability of households to pay their water bills and the increases implied by the proposed business plan.
Bespoke performance commitment	Performance commitments that do not apply to all water companies but are not always unique. Some companies may have the same bespoke performance commitments as other companies.
Collaborative customer research	Ofwat is working collaboratively with CCW and companies to do research that will inform our assessment of business plans, including to determine overall customer priorities, to inform setting of initial ODI rates (see below) and a common approach for companies to test customer views of the affordability and acceptability of business plans and our draft determinations.
Customer	<p>For households, this is the member of the household who pays the water bill. They may be solely responsible for bill payment or pay jointly with someone else. Or it could be someone who contributes toward the water bill (e.g. such as part of their rent contribution).</p> <p>For non-households, this is the representative of the organisation who is solely or jointly responsible, as the decision maker, for the organisation's water and wastewater service(s).</p>
The Consumer Council for Water (CCW)	The Consumer Council for Water, known as CCW, is the independent representative of household and business water consumers in England and Wales.
Deliberative discussion groups	As part of the qualitative testing, deliberative discussion groups are required to be held for household and non-household customers. This approach has been developed from focus groups to enable in-depth, informed discussion with a deliberative element. Its purpose is to bring participants together to consider an issue 'in depth'. As part of this they can engage in dialogue with others to develop their views to reach an informed position, which may or may not be different to participants' views from the outset.
CCW's 'challenge oversight group' (COG)	The COG brings together representatives of each company's customer challenge arrangements, aiming to improve standards of customer engagement and customer challenge across the sector, led by CCW.

Direct procurement for customers (DPC)	Direct procurement for customers is an alternative approach, through competitive tendering, for water companies to deliver large scale, discrete programmes of work by means of a third party. This potentially may include the design, construction, financing, ownership, operation and maintenance of an asset.
Enhanced incentives	<p>First introduced at PR19, they are designed to encourage companies to innovate to deliver major performance improvements beyond the best level currently achieved by any company.</p> <p>Companies with enhanced incentives start to earn higher payments if their performance exceeds stretching enhanced thresholds that have been set for specific performance commitments.</p>
Future bill-payer	Consumers who have never had responsibility for a water bill but who may have responsibility in the future. For this research they are defined as being aged 18 and above; most will fall in the age-group 18-30.
Independent challenge group (ICG)	Ofwat required each company to have a Customer Challenge Group (CCG) during preparation for PR14 and PR19. For PR24 we have set standards for high-quality research, customer challenge and assurance of customer engagement that we expect all companies to meet. Each company is determining its own solution to meeting these standards – some companies have decided to retain their CCG, which brought together stakeholders who challenge companies on the quality of their customer engagement, and how well the company’s proposed outcomes, associated commitments and outcome delivery incentives reflect their customer engagement and wider consumers’ views and priorities. Given the variety of arrangements that companies have put in place for PR24, we have used the term Independent Challenge Groups instead of CCG in this document.
In-depth interviews	In-depth interviews, as part of qualitative testing, enable researchers to get a deeper understanding of issues using open-ended questions. For this research, in-depth interviews can be conducted with one, two (dyads or paired) or three research participants (a triad). The latter two formats can be used to accommodate the needs of

	specific customer segments. For example, dyads and triads can provide a supportive environment for vulnerable customers to air their views. Or they could be used to enable more than one decision-maker, in a large organisation, to provide a better corporate view of affordability and acceptability issues.
Index of Multiple Deprivation	A relative measure of deprivation for small areas in England (and in a separate Index for Wales) combining metrics relating to several domains, such as Income, Education and Health and Disability.
Long-term delivery strategies (LTDS)	With a focus on the 'long-term' for PR24, companies now need to submit, alongside their business plans, a long-term (25-year) delivery strategy that outlines the long-term outcomes the company aims to deliver, and the key investments and activities behind adaptive pathways to achieving them.
Nominal bills	Nominal bills are bills that capture the impact of inflation or the amount prices rise year-on-year. Customers pay bills in nominal terms.
Outcome delivery incentive (ODI)	Outcome delivery incentives are the financial consequences for companies associated with their performance commitments. Incentive payments are determined by multiplying a company's performance relative to its performance commitment level by an incentive rate.
Performance commitment (PC)	Performance commitments are the measures of performance that we hold companies to account for when delivering outcomes for customers and the environment.
Post-task	In the qualitative research, after taking part in a deliberative discussion or an in-depth/paired/triad interview, participants will be asked to complete a quantitative survey before they finish.
Pre-task	In the qualitative research, prior to taking part in a deliberative discussion or an in-depth/paired/triad interview, participants will be provided with information about the purpose of the affordability and acceptability research, an explanation of role of the water sector and the services provided by their water company. The aim is to familiarise people with what might be an unfamiliar, complex area before seeking their views on affordability and acceptability of a company's business plan. This exercise may also include asking a question on affordability to a participant.

UK government Strategic policy statement	The Strategic policy statement sets out the government's priorities for Ofwat's regulation of English water companies.
Vulnerable customer	A customer who, due to personal characteristics, their overall life situation or broader market and economic factors, is not having reasonable opportunity to access and receive an inclusive water or wastewater service - which may have a detrimental impact on their health, wellbeing or finances.
Welsh Government's strategic objectives and priorities	The Strategic policy statement sets out the government's priorities for Ofwat's regulation of Welsh water companies.

Appendices

Appendix A: Prescribed process for deliberative discussions for household customers

Appendix A provides the prescribed pre-task content and structure for the deliberative discussions with household customers.

Defining deliberative research

For the main household research and also a large part of the non-household sample, the research will use deliberative discussions to understand views on proposed business plans and bills.

The Association for Qualitative Research defines deliberative research as an approach which:

“.. focuses upon participants' viewpoints after they have been presented with the opportunity to 'deliberate' the issue(s) in question (as opposed to traditional qualitative methods that seek to understand current viewpoints). The sessions which usually take the form of an extended workshop, present a range of information and encourage differing points of view and perspectives to be presented, before considered decisions are finally sought.”²²

For business plan testing, a deliberative approach is required to:

- inform people well enough to be able to have a personal view about business plans
- listen to and discuss the views of others, to consider different perspectives (bill-payer, consumer, citizen, different business perspectives)
- arrive at a final view and be able to say why reached this.

Prescribed process for household deliberative discussions

The prescribed process is:

Pre-task

- Deliberation: consider and evaluate business plans and bills for:
 - Company proposed business plan including enhancements, discretionary options and bespoke performance commitment that have the biggest bill impacts and
 - where there is scope for customer views to influence these things
 - Least cost 'must do' version
 - Optional alternative version of the business plan

Post-task

- Prescribed questions
 - Affordability (for the bill-payer only)
 - Acceptability of business plan

²² The Association for Qualitative Research. Deliberative research. Available at: [Definition: Deliberative research \(agr.org.uk\)](http://agr.org.uk)

Quality assurance – briefing and running the deliberative discussions

The household deliberative sample (see Table 1) can be split into smaller groups for both face-to-face and online deliberation, with at least one moderator from the supplier, per group. The moderator will take each group through the discussion guide and stimulus materials.

Briefing for moderators will cover the areas in the pre-read task (the pre-task), with more detail as needed. Briefing should equip moderators to be able to answer the most common questions that people may ask about the water company, wider sector and the business planning process. Water company representatives should only help where questions are too specialised for moderators to be able to answer.

Before taking part in the deliberative discussion, people will have been sent a pre-task of reading (i.e. to provide information about the purpose of the research and the roles of water industry and water company to read through beforehand). The pre-task will also inform people about the business planning process and company performance.

The moderator will take an independent and neutral position throughout the deliberation. They should not represent the views of the company or its customers. Their role is to facilitate a fair and balanced discussion of business plan options and preferences.

Where the moderator is unable to answer a key question from a participant, a water company representative can respond following a request from the moderator. The supplier should record the question and response given by water company representatives. These responses should be available to the ICG for process assurance and be added to the briefing for any future group discussions. A record of the questions and answers should be included as an appendix to the published research findings report.

Prescribed research coverage and objectives for household customers

These are included as a point of reference for companies to use with their suppliers.

Deliberation should elicit household customers' responses to:

- the proposed business plan
- least cost (the 'must do') plan
- An optional alternative version of the plan

The deliberation should draw out and explore views around business plan options from different perspectives – bill-payers, future bill-payers (if included), consumers and citizens. The aim of this is to expose participants to different ways of thinking about the implications of business plans for bills and services, as many water company services have long lasting implications for the environment and society, as well as, more immediately, for bill-payers.

The deliberation should cover the following.

- Explore responses to the information in the pre-task
 - What interested them most or surprised them?
 - Did they know much about this beforehand?
 - Do they have any questions?
- Identify high-level views on household finances.

- Identify views around business plan options from different perspectives – bill payers, future bill payers (if included), consumers and citizens on:
 - the water company's proposed business plan;
 - least cost (the 'must do') business plan
 - an optional alternative version of the business plan
- Identify and understand views and preferences around:
 - individual and bespoke PCs
 - enhancement options
 - phasing of enhancement options (service levels, bills and timing); and inter-generational fairness of phasing
- Identify preferences for:
 - the affordability of each plan and phasing options
 - acceptability of each plan
- Identify how to make the company preferred plan more acceptable to inform options for refinement

Prescribed pre-task

The pre-task for deliberative discussion group consists of participants taking in information and answering a question on affordability. The role of the pre-task is to provide a lot of the background information to help people decide how acceptable and affordable their water company business plan proposals are. Participants can take their time as needed, and refer to the material again, either before or during the deliberative discussion.

The pre-task reading material contains several pieces of information. This and the question task should be designed so that most participants can complete the pre-task in under 20 minutes.

The reading material should include a reassuring introduction, asking people to browse through it, and have a think about it, but not to worry if they do not understand or remember all the information. There will be a recap and time for questions at the outset of the discussion.

Sometimes people can find it easier to listen to information rather than read it. For example, those with learning difficulties can have challenges in reading (e.g. those living with dyslexia) or remembering 'basic' facts (e.g. those living with dyscalculia). To help make the pre-task more accessible, companies should also offer an audio-recorded version of the pre-task information. This would 'talk' people through the information.

Prescribed pre-task content for household deliberation

The content of the pre-task (A to I) is prescribed. People should have at least three days to read it and complete and return the pre-task question before they attend the discussions.

The pre-read task should be an engaging document. It should use visuals, brief sentences and bullet points wherever possible.

The following content is prescribed:

A. A map of water companies in England and Wales

The aim of presenting this to participants is to make them aware:

- about how many companies there are in the water sector
- that some provide water services only (WoCs) and some provide water and water wastewater services (WaSCs)
- that some households will have two separate suppliers (i.e. a WoC and a WaSC)
- where their company/companies fit into this, e.g. if they provide one or both services

B. A map of the area(s) served by the commissioning water company

The aim of presenting this to participants is to make them aware:

- of the scale of a water company's services; the map should include the number of household water/wastewater connections and/or the size and diversity of the population (household and non-household) served in the water company area.

C. An explanation of the role of research with customers in PR24 (ie price review submissions should reflect an understanding of customers' and communities' needs, priorities and concerns)

The aim of this is to give readers an understanding of why water companies are conducting research with them and what it will achieve for them, as customers.

The text below is prescribed. It includes a link to a film which is not prescribed in the event that companies wish to use a company specific alternative which their ICG agrees is informative, relevant and neutral information.

Prescribed wording is:

“Every five years, water companies develop a ‘business plan’ that sets out how they want to develop their services, and the proposed cost to customers. As customers are not able to choose their water company, water companies must give them a say about what they want from their services and the price they pay. Talking to customers also helps water companies prioritise what to do first or what to do most of – because they are not able to fund everything they would like to do or do all of the things that customers might want them to do.

The business plan and prices are then finalised by Ofwat in a process known as the Price Review. There is more information about this here: 'All about the price review'. Available at: <https://www.youtube.com/watch?v=OWmivC93AF8>

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

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

D. A high-level explanation of what the water company does.

This prescribed content aims to make participants aware of:

- the various services provided by their water company

- the framework within which these services are provided, such as environmental and other statutory requirements

E. An explanation of how water company performance is monitored.

This prescribed explanation will give participants an understanding of how water companies are regulated. The prescribed text to use for this is below:

“Water companies are currently part way through their five-year business plan for 2020 to 2025. They have service level targets, called ‘performance commitments’, in every five-year business plan. These targets are based on what customers have previously told companies they would like them to do, and on Ofwat’s assessment of what companies should deliver. These targets cover a wide range of the different services that water companies provide.

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

We are now going to show you how well your water and/or sewerage company is doing on some of their performance commitments, compared to other water companies in England and Wales.

These performance commitments are a snapshot of out of the wide range of services companies provide. We are showing these examples as customers have told us they are particularly important to them.”

This section must also explain (prescribed content):

- what happens if companies do not perform as they should (penalties);
- what happens if companies perform over and above (rewards);
- how the company performed in Ofwat’s most recent assessment of penalties and rewards (included to show participants that there are consequences if companies do not deliver).

This section must also give examples to explain why water companies can miss their targets or exceed them to help customers understand how this can happen. Example text for this is below; companies can use their own text to cover the same content:

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

F. Comparative company performance on key performance commitments

The aim of this is to create an understanding of how their water company's performance compares to other water companies across the sector, and whether they are meeting current targets or not.

Following the guidance in the [accompanying ‘showing comparable information’](#) document:

- Companies should provide the latest full year of comparative performance data on the following common performance commitments, which are either known to be high priorities for customers²¹ or are in the public consciousness as a water company responsibility:
 - Water supply interruptions >3 hours
 - Leakage per property served
 - Water quality contacts per 1,000 customers
 - Internal sewage flooding per 10,000 properties
 - External sewage flooding 10,000 properties
 - Pollution incidents per 10,000km sewers

The wording for each performance commitment below is prescribed to create consistency across the industry:

Water supply interruptions lasting longer than 3 hours	It would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water. Sometimes business operations may be affected.
The appearance, taste and smell of tap water	Tap water may look discoloured or taste/smell different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.
Sewage flooding of properties	An escape of sewage inside properties is highly inconvenient, disruptive and a potential health risk. In bad cases, people need to move out of their properties while things are put right.
Sewage flooding of properties	An escape of sewage into gardens or access points to peoples' properties is inconvenient and unpleasant and can restrict access.
Reducing leaks	Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.
Pollution of rivers and bathing waters	Discharges from sewage treatment or networks can affect rivers and bathing waters. This can have a minimal effect on the river ecology or a major effect depending on the scale.

Companies should use data published on CCW's website for their comparative data:

[How is my water company performing? | CCW \(ccwater.org.uk\)](https://www.ccwater.org.uk)

The Company Performance Appendices are downloadable from the 'operational performance' link.

G. An explanation about what customers' water bills pay for

The aim is to give participants an understanding about how their water company spends their payment contributions.

Stimulus should provide a visual breakdown of what the current average household water bill pays for. Two levels of stimulus should show:

- Prescribed: a breakdown of business costs/finances based on what £1 of the average household bill covers, so people can understand what they get for their money. This should include what is spent on delivering water and wastewater services out of the £1 spend.
- Optional: a breakdown of how money currently spent on water and/or wastewater services splits out across different aspects of service. Ideally – though we recognise this may be challenging – it would be split against key performance commitments, however any breakdown of the water and wastewater services would be helpful to help give participants some perspective on this.

H. An engaging summary of the company's proposed business plan, ideally on one page

This should be in an engaging and accessible format.

It will show the proposed business plan performance levels for the common performance commitments set out in the comparative company performance at F, above. Where the discretionary proposals are in addition to a statutory 'must do' requirement, it should be as clear as possible where the dividing line between the two is.

It will also include up to six proposed service enhancements that are the biggest drivers of changes in bills and where there is flexibility in when and/or how they are delivered so that the bill impact can be spread in different ways from 2030 – 2050.

The enhancements included in this summary will be subject to deliberation about phasing and inter-generational fairness.

I. Prescribed questions

Household bill-payers must complete and return the following prescribed question.

Time must be allowed for the supplier to review responses should they wish to reflect them in the mix of participants seated at each table for a face-to-face deliberative event, or within online discussion groups:

Q: Your current water and sewerage services bill is x (x = current years bill amount pulled through from water company sample). How easy or difficult is it for you to afford to pay your current water and sewerage bill?

Please answer one only

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

Future bill-payers, where included in the household deliberation, must complete and return their response to the question below:

Q: The information has probably given you an impression of the water company operating in your area to supply water and/or to manage the removal of wastewater. If 10 is 'very impressed' and 0 is 'very unimpressed', how are you feeling about your water company. Please write a sentence or two explaining your view.

And both groups should be asked to respond to the question below which they will reference at the discussion – there is no need to return this:

Q: We will start the session discussing your reactions to the information. As you read through it, please list the 3 or 4 things that are new/ interesting/ surprising to you? Please have these to hand during the research group discussion.

Prescribed structure for household deliberative discussion

Following the pre-task, the deliberative discussion must cover the following prescribed content:

1. Welcome and introductions

2. Reactions to the pre-task

Once participants are settled, and with reference to the pre-task question about what was new, surprising or interesting, the moderator should explore whether there are questions or points of clarifications required by members of the group.

The questions are to help ensure that people read as much of the information as possible, and can be used as part of the warm-up/ice-breaker for the discussion:

- Is there anything in the material you read which was difficult to understand?
- What surprised you most out of the things you have read?
- What would you most like to find out more about?
- Has any of the information you have seen changed your opinion of your water company in any way?
 - [Probe] How?

3. An introduction to the water company

Prescribed content is:

- What it does
- Awareness and experience of the water company
- Exercise in WOC areas to ensure respondents understand the sessions will focus on the water services
- Participants' sentiment towards their water company

4. Recap on the pre-task information

Prescribed exploration of pre-task information on business plans, performance and monitoring, to test:

- What areas matter most to customers?

- Where do people think investment/improvement is most needed?
- Perceived value for money 'for your water / waste services'

5. Focus on explaining the long-term picture to 2050

Prescribed to help set the context for the 25-30 business plan options.

Introduce the longer-term strategic direction and explore views on what the company is aiming for, including challenges, longer-term services, and direction of travel for bills.

Introduce the concept of phasing – that the timing and delivery of some of the things in water company plans can be phased in different ways – to return to this later.

- Response to long-term plans: do they go far enough / too far / just right?
- Introduce ways of looking at services and bills – thinking as a customer (bill-payer), consumer (user of services) and a citizen (thinking of the wider needs of society and the environment over the longer term).
- Consider whether/how different perspectives (customer/bill-payer, consumer/user, citizen and society) affect their initial response to longer term plans and why.

6. Temperature check - household finances/cost of living.

Prescribed to get a sense of participants' circumstances – how positive are people feeling about their finances at the moment and in the future?

7. Focus on the shorter-term picture (proposed business plan)

Prescribed focus on the proposed business plan, to build on the proposed business plan summary sent in the pre-task (pre-task item H) and the comparative company data (pre-task item F).

It should identify what is statutory (must do) and what is discretionary and any grey areas on this.

It should present the proposed bill change based on the average household bill but explain that people will see a personal bill prediction later on for them to respond to. The prediction is a ball-park guide to what their bill will be – once actual inflation and rewards and penalties (refer to pre-task item E) are built-in their bill is likely to be a bit different. It should present the phasing of enhancements, to gauge the following:

- Response to targets: do they go far enough / too far / just right?
- Response to proposals for how targets are met – how far do the approaches reflect how people would like companies to go about this?
- Response to proposed bill change
- Explore preferred phasing options and service level choices, in the context of how these affect proposed bills, how different phasing affects service delivery and inter-generational fairness.
- Consider whether/how different perspectives (customer/bill-payer, consumer/user, citizen and society) affect their initial response to longer term plans and why.
- Explore views on acceptability and affordability.

Prescribed content for phasing

Water companies should expand on the enhancements they outlined in the engaging summary of their business plan in pre-task item H.

Phasing options should run from 2030-2050, unless there is sufficient flexibility in the proposed 2025-2030 business plan to be able to offer different bill profiles over that time, in which case this should be explored.

For each enhancement, visual stimulus should show different phasing over time, the effect of different phasing on service delivery (e. what benefits are delivered and when, or any risks in delaying delivery) and the effect of different phasing on longer-term bills, eg paying more in the shorter term, spreading bill increases evenly overtime, or pushing bill increases back.

Participants should consider phasing options in the context of inter-generational fairness.

8. Shorter-term picture (the least cost 'must do' business plan 25-30)

Prescribed focus on the least cost 'must do' business plan, i.e. a business plan based on statutory elements to meet statutory requirements, where it is possible to isolate these from discretionary elements and enhancements. If there are grey areas where it is not possible to show statutory equivalents to the proposed plan, explain this to participants so it is transparent to them.

It should present the proposed bill change based on the average household bill but explain that people will see a least cost personal bill prediction later on for them to respond to. The prediction is a ball-park guide to what their bill will be – once actual inflation and rewards and penalties (refer to pre-task item E) are built in their bill is likely to be a bit different.

Ask them to consider the following:

- Response to targets: do they go far enough / too far / just right?
- Response to proposals for how targets are met – how far do the approaches reflect how people would like companies to go about this?
- Response to short-term plans: do they go far enough / too far / just right?
- Response to proposed bill change
- Consider whether/how different perspectives (customer/bill-payer, consumer/user, citizen and society) affect their initial response to longer term plans and why.
- Explore views on acceptability and affordability

If there are phasing options related to the least cost plan, participants should be asked about these in the same way as for the proposed business plan.

9. Option to present another version of the business plan

This is the company choice of an alternative version. The same approach should be used as for the proposed and least cost 'must do' versions. Participants should be able to make comparisons between the three plans.

10. Wrap-up including the post-task

A payment of part of the incentive will be made when the post task exercise is completed/submitted at the end of the session.

The prescribed post task will consist of prescribed questions and should take around 5 minutes. The affordability question should only be asked of bill-payers.

Prescribed approach and questions

Affordability

Present bill increases for proposed plan, least cost 'must do' and (if applicable) alternative version in turn. These will be based on the customer's current bill. This will be a bar chart with amounts for each year, showing the effect of inflation each year separately on each bar]

Q1: Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills?

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

Q2: Based on everything you have heard and read about the [COMPANY's] [proposed/least cost 'must do'/alternative] business plan, how acceptable or unacceptable is it to you?

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

[IF ANSWER TO Q2 is UNACCEPTABLE OR COMPLETELY UNACCEPTABLE]

Q3: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be unacceptable or completely unacceptable:

- Too expensive
- Water company profits too high
- The plan won't improve things enough/improvements too small
- Water companies should pay for more of these service improvements out of their profits
- The plan is poor value for money – it's not doing enough for the cost
- The plan doesn't focus on the right things
- I won't be able to afford this
- I don't trust them to make these service improvements
- Plan isn't good enough for future generations
- I don't trust them to do what's best for their customers
- Plan is not environmentally friendly enough
- Other 1 – (please specify)
- Other 2 – (please specify)

[IF ANSWER TO Q2 is ACCEPTABLE OR COMPLETELY ACCEPTABLE]

Q3: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be acceptable or completely acceptable:

- It's not too expensive
- The plan is good value for money – it's doing a lot for the cost
- Their plan focuses on the right things
- I trust them to do what's best for their customers
- The plan will make big/good improvements to things
- I trust them to make these service improvements
- Plan is environmentally friendly
- I will be able to afford this
- Plan is good for future generations
- Other 1 – (please specify)
- Other 2 – (please specify)

Q4: Of the business plans you have seen today, which one do you prefer overall?

- Proposed
- Least cost 'must do'
- Alternative business plan option

Q5: Why do you say that? [OPEN]

Q6: Long term investment by [COMPANY] will require an increase in customer bills. Bills could increase in different ways over time. For example, there could be increases now for current bill payers, or bigger increases in the long term for future generations. Which one of the following options would you prefer?

- An increase in bills starting sooner, spreading increases across different generations of bill-payers
- An increase in bills starting later, putting more of the increases onto younger and future bill-payers
- I don't know enough at the moment to give an answer

Q7: To what extent, if at all, do you trust [COMPANY] to deliver their proposed plan by 2030?

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

Q8: Why do you say that?

Select two [present in a different order across the post-tasks]

- They give me a good service
- Their services are good value for money
- They keep their service promises to their customers
- They don't update their customers on how they are delivering
- They don't give me a good service

- Their services are poor value for money
- Shareholders are more important to them than customers
- They will want to put their bills up by more than this
- Their customers are their top priority

Q9: How easy, or otherwise, was it for you to decide which plan you preferred?

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult

Appendix B: Prescribed process for deliberative discussions with non-household customers

Defining deliberative research

For the main household research and also a large part of the non-household sample, the research will use deliberative discussions to understand views on proposed business plans and bills.

The Association for Qualitative Research defines deliberative research as an approach which:

“.. focuses upon participants' viewpoints after they have been presented with the opportunity to 'deliberate' the issue(s) in question (as opposed to traditional qualitative methods that seek to understand current viewpoints). The sessions, which usually take the form of an extended workshop, present a range of information and encourage differing points of view and perspectives to be presented, before considered decisions are finally sought.”¹³

For business plan testing, a deliberative approach is required to:

- inform people well enough to be able to have a personal view about business plans
- listen to and discuss the views of others, to consider different perspectives
- arrive at a final view and be able to say why reached this

This research will consider and evaluate water company business plans and proposals for water bills.

The deliberation will consider each plan from the perspectives of non-household bill-payers and decision makers of micro and small businesses with up to 10 employees.

One of the conditions for recruitment is that participants must agree they are happy to confirm how much their organisation has been charged for wholesale water and where applicable wastewater services for the most recent 12 months they have been billed. It should be explained why this is essential for this research - so they can be shown individually how the proposals would affect the bills for their business – and how this information will not be shared onwards.

Participants will consider the company's proposed business plan, a least cost 'must do' version of this, and an optional alternative business plan.

The company's least cost 'must do' business plan should, as closely as possible, reflect what the company must do to meet their legal obligations. The company's proposed business plan will go beyond legal obligations. It will include the enhancements, discretionary options and bespoke performance commitments that have the biggest bill impacts and where there is discretion for consumer views to have real influence. Companies can test one further alternative version of the plan, if they wish.

Quality assurance – briefing and running the deliberative discussions

The non-household deliberative sample (minimum 16 participants as set out in Table 1) can be split into smaller groups for both face-to-face and online deliberation, with at least one moderator from the supplier, per group. The moderator will take each group through the discussion guide and stimulus materials.

Briefing for moderators will cover the areas in the pre-read task (the pre-task), with more detail as needed. Briefing should equip moderators to be able to answer the most common questions that people may ask about the water company, wider sector and the business planning process. Water company representatives should only help where questions are too specialised for moderators to be able to answer.

Before taking part in the deliberative discussion, people will have been sent a pre-task of reading (i.e. to provide information about the purpose of the research, the roles of water industry and water company to read through beforehand). The pre-task will also inform people about the business planning process and company performance.

The moderator will take an independent and neutral position throughout the deliberation. They should not represent the views of the company or its customers. Their role is to facilitate a fair and balanced discussion of business plan options and preferences.

Where the moderator is unable to answer a key question from a participant, a water company representative can respond following a request from the moderator. The supplier should record the question and response given by water company representatives. These responses should be available to the ICG for process assurance and be added to the briefing for any future group discussions. A record of the questions and answers should be included as an appendix to the published research findings report.

Prescribed coverage and research objectives for non-household customers

The deliberation should elicit non-household customers' response to the proposed business plan, least cost and an alternative version, as a whole, and when considered in detail.

The deliberation should cover the following:

- Identify and explore responses to the information in the pre-task
 - What interested them most or surprised them?
 - Did they know much about this beforehand?
 - Do they have any questions?
- Identify and explore the business needs within this group for water and wastewater services, where their service priorities lie and what their expectations are for services in the future, e.g. where they would like improvements.
- Identify high-level views on business costs and trajectory of these.
- identify views around different business plan options, from the perspective of their needs as businesses:
 - the water company's proposed business plan
 - least cost 'must do' business plan
 - an optional alternative version.
- Identify and understand views and preferences around:
 - individual and bespoke PCs
 - enhancement options
 - phasing of enhancement options (service levels, bills and timing).
- Identify and explore views on:
 - the affordability of each plan and phasing options

- acceptability of each plan
- Identify how to make the company preferred plan more acceptable/affordable to inform options for refinement

Tailoring of research materials

The research materials describing the plan need to be relevant to the audience in question and fit the methodology being used (whether deliberative discussion or in-depth interview). Companies should consult with their chosen supplier and ICG on the tailoring of research materials. The areas where companies and their suppliers need to consider adapting the research materials are below.

The research materials should establish the operating context for participants to see where similarities and differences lie between them; this will help to inform the analysis.

The stimulus shown in the group discussions should reflect bill changes in percentage terms; participants will see a business specific bill profile for each plan in the post-task. An engaging summary should allow non-household respondents to understand each version of the business plan they are deliberating on.

Pre-task

The content of the pre-task (A to I) is prescribed. People should have at least three days to read it, complete and return the pre-task questions before they attend the discussions.

The pre-read contains several pieces of information and allows people to take this in in their own time. It should be accompanied by a reassuring introduction asking people to browse through it, and have a think about it, but not to worry if they do not understand or remember it all as there will be a recap and time for questions when the discussion takes place.

Sometimes people can find it easier to listen to information rather than read it. For example, those with learning difficulties can have challenges in reading (e.g. those living with dyslexia) or remembering 'basic' facts (e.g. those living with dyscalculia). To help make the pre-task more accessible, companies should also offer an audio-recorded version of the pre-task information, where someone talks through the information which people can dial into.

Prescribed pre-task content for non-household deliberation

The pre-read task will be an engaging, visual, document. Much of this is the same as for the household deliberative pre-task – differences are in italics:

A. A map of wholesale water/sewerage companies in England and Wales

The aim of presenting this to participants is to make them aware:

- about how many companies there are
- that some provide water services only (WoCs) and some provide water and water wastewater services (WaSCs)
- that some non-households will have two separate suppliers
- show where their water company/companies fit into this
- *explain the relationship with retailers*

B. A map of the area(s) served by the commissioning water company

The aim of presenting this to participants is to make them aware:

- of the scale of a water company's services; the map should include the number of household and non-household water/wastewater connections and/or the size and diversity of the population (household and non-household) served in the water company area
- re-enforce the distinction from retailers

C. An explanation of the role of research with customers in PR24 (ie price review submissions should reflect an understanding of customers' needs, priorities and concerns)

The text below is prescribed. It includes a link to a film which is not prescribed in the event that companies wish to use a company specific alternative which their ICG agrees is informative, relevant and neutral information.

Prescribed wording is:

“Every five years, water companies develop a ‘business plan’ that sets out how they want to develop their wholesale services, and the proposed cost to customers. As customers are not able to choose their wholesale water/sewerage company, water companies must give them a say about what they want from these services and the price they pay. Talking to customers also helps companies prioritise what to do first or what to do most of – because they are not able to fund everything they would like to do or do all of the things that customers might want them to do.

The business plan and prices are then finalised by Ofwat in a process known as the price review. There is more information about this here: 'All about the price review'. Available at: <https://www.youtube.com/watch?v=OWmivC93AF8>

One of the ways that organisations and businesses have their say is through this research, which will explain what the plans are for where your organisation operates, and ask what you think – whether the plans are ‘acceptable’ for your organisation and whether the proposed bills from 2025 to 2030 are affordable.

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

D. A high-level explanation of what the wholesale water company does.

Prescribed content, aiming to make participants aware of:

- the various services provided by their wholesale water/wastewater company
- the framework within which these services are provided, such as environmental and other statutory requirements

E. An explanation of how wholesale water company performance is monitored.

Prescribed content, aiming to give participants an understanding how water companies are regulated. The prescribed text to use for this is below:

“Water companies are currently part way through their five-year business plan for 2020 to-2025. They have service level targets, called ‘performance commitments’, in every five-year business plan. These targets are based on what customers, including businesses and organisations, have previously told companies they would like them to do, and on Ofwat’s assessment of what companies should deliver. These targets cover a wide range of the different services that water companies provide.

Ofwat monitors water company performance against each performance commitment every year to see if they have met the service level in their business plan. We are now going to show you how well your water and/or sewerage company is doing on some of their performance commitments, compared to other water companies in England and Wales.

These performance commitments are a snapshot of out of the wide range of services companies provide. We are showing these examples as customers have told us they are particularly important to them.”

This section must also explain (prescribed content):

- what happens if companies do not perform as they should (penalties)
- what happens if companies perform over and above (rewards)
- how the company performed in Ofwat’s most recent assessment of penalties and rewards (included to show participants that there are consequences if companies do not deliver).

This section must also give examples to explain why water companies can miss their targets or exceed them to help customers understand how this can happen.

Example text for this is below - companies can use their own text to cover the same content:

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

F. Comparative company performance on key performance commitments

Prescribed content, to create an understanding of how the water company's performance compares to other water companies across the sector, and whether they are meeting current targets or not.

Following the guidance in in the accompanying [‘showing comparable information’](#) document:

- Companies should provide the latest full year of comparative performance data on the following common performance commitments, which are either known to be high priorities for customers²¹ or are in the public consciousness as a water company responsibility:
 - Water supply interruptions >3 hours

- Leakage per property served
- Water quality contacts per 1,000 customers
- Internal sewage flooding per 10,000 properties
- External sewage flooding 10,000 properties
- Pollution incidents per 10,000km sewers

The wording for each performance commitment below is prescribed to support consistency across the industry:

Water supply interruptions lasting longer than 3 hours	It would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water. Sometimes business operations may be affected.
The appearance, taste and smell of tap water	Tap water may look discoloured or taste/smell different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.
Sewage flooding inside properties	An escape of sewage inside a property is highly inconvenient, disruptive and a potential health risk. In bad cases, business operations may be affected while things are put right.
Sewage flooding outside properties	An escape of sewage into gardens, adjoining car parks or land is inconvenient and unpleasant and can restrict access to premises.
Reducing leaks	Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media, adds to bills and a cost to the environment.
Pollution of rivers and bathing waters	Discharges from sewage treatment or networks can affect rivers and bathing waters. This can have a minimal effect on the river ecology or a major effect depending on the scale.

Companies should use data published on CCW's website for their comparative data:

[How is my water company performing? | CCW \(ccwater.org.uk\)](https://www.ccwater.org.uk)

The Company Performance Appendices are downloadable from the 'operational performance' link.

G. An explanation about what customers' wholesale water bills pay for

Prescribed content aiming to give participants an understanding about how their water company spends their payment contributions.

Stimulus should provide a visual breakdown of what non-household bills for wholesale water and wastewater services cover.

H. An engaging summary of the company proposed business plan, ideally on one page

This should be in an engaging and accessible format, and it will be adapted for a business audience wherever possible e.g. refer to properties or organisations.

It would show the proposed business plan performance levels for the common performance commitments set out in the comparative company performance at F, above.

It would also include up to six proposed service enhancements that are the biggest drivers of changes in bills and where there is flexibility in when and/or how they are delivered so that the bill impact can be spread in different ways from 2030 – 2050.

The enhancements included in this summary will be subject to deliberation about phasing.

I. Prescribed questions

The following questions are to be included within the pre-task, and part of the incentive or a donation to charity will be payable for the completion and return of questions 1 to 3 before the event:

Prescribed approach and questions

Affordability

The pre-task will need to explain that it is looking for the amount billed for the most recent 12 months for water and wastewater services, including site area (surface water) drainage where relevant.

Q1: Your current water and sewerage services bill is [organisation to write in]. How easy or difficult is it for you [NHH: your company/organisation] to afford to pay your current water and sewerage bill:

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

Priorities

Q2: Which of the following aspects of service is most important for the day-to-day operation of your business?

Please rank in order of importance with 1 being most important. Equal rankings are allowed.

[customer service and accurate bills have been included as an opening to allow the moderator to explain this is not provided by the wholesaler]

- A reliable water supply service – not prone to interruptions
- Consistent water pressure
- Reliable and consistent water supply quality (taste, smell, appearance of water)
- Responsive customer service when there is a problem
- Accurate bills
- Reliable removal and treatment of water used at the business premises
- Reliable removal of rainwater from the site
- Other - specify

Expectations

Q3: What are your business's expectations for future water and sewerage services – what would you most like to see improved?

[customer service and accurate bills have been included as an opening to allow the moderator to explain this is not provided by the wholesaler]

- A reliable water supply service – not prone to interruptions
- Consistent water pressure
- Reliable and consistent water supply quality
- Responsive customer service
- Accurate bills
- Reliable removal and treatment of water used at the business premises
- Reliable removal of rainwater from the site

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- A reliable water supply service – not prone to interruptions
- Consistent water pressure
- Reliable and consistent water supply quality
- Responsive customer service
- Accurate bills
- Reliable removal and treatment of water used at the business premises
- Reliable removal of rainwater from the site

Q4: We will start the session discussing your reactions to the information. As you read through it, please list the 3 or 4 things that are new / interesting / surprising to you. Please have these to hand during the research group discussion.

[Prescribed structure for non-household deliberative discussion](#)

Following the pre-task, the deliberative discussion must cover the following prescribed content:

1. Welcome and introductions

2. Reactions to the pre-task

Once participants are settled, and with reference to the pre-task question, the moderator should explore whether there are questions or points of clarification required by members of the group.

The questions are to help ensure that people read as much of the information as possible, and can be used as part of the warm-up/ice-breaker for the discussion:

- Is there anything in the material you read that was difficult to understand?
- What surprised you most out of the things you have read?
- What would you most like to find out more about?
- Has any of the information you have seen changed your opinion of your water company in any way?
 - [Probe] How?

3. An introduction to the water company

This prescribed content must include:

- What it does.

- Awareness and experience of your water company.
- Exercise in WOC areas to ensure respondents understand the sessions will focus on the water services.
- Participants' sentiment towards their water company.

4. Recap on the pre-task information.

Prescribed exploration of pre-task content on business plans, performance and monitoring, to test:

- What areas matter most to their business?
- Where do people think investment/improvement is most needed?
- Perceived value for money 'for your water / waste services'

5. Focus on explaining the long-term picture to 2050

Prescribed content to help set the context for the 2025-2030 business plan options.

- Introduce the longer-term strategic direction and explore views on what the company is aiming for, including challenges, longer-term services, and direction of travel for bills.
- Introduce the concept of phasing – that the timing and delivery of some of the things in water company plans can be phased in different ways – to return to this later.
- Response to long-term plans: do they go far enough / too far / just right?

6. Temperature check – finances in an uncertain economy

For context, get a sense of how organisations feel about the current economy and how their organisation sits in this - how positive are organisations feeling about their finances at the moment and in the future?

7. Focus on the shorter-term picture (proposed business plan).

Prescribed focus on the proposed business plan, to build on the proposed business plan summary sent in the pre-task (pre-task item H) and the comparative company data (pre-task item F).

It should identify what is statutory 'must do' and discretionary and any grey areas on this.

It should present the proposed bill change based on % changes, but explain that an organisation specific bill prediction will be shown later on for them to respond to. The prediction is a ball-park guide to what their bill will be – once actual inflation and rewards and penalties (refer to pre-task item E) are built-in their bill is likely to be a bit different.

It should present the phasing of enhancements, to gauge the following:

- Response to targets: do they go far enough / too far / just right?
- Response to proposals for how targets are met – how far do the approaches reflect how participants would like companies to go about this?

- Response to bill change
- Explore preferred phasing options and service level choices, in the context of how these affect proposed bills, how different phasing affects service.
- Consider their preferences from the perspective of their business needs.
- Explore views on acceptability and affordability.

Prescribed content for phasing:

Water companies should expand on the enhancements they outlined in the engaging summary of their business plan in pre-task item H.

Phasing options should run from 2030-2050, unless there is sufficient flexibility in the proposed 2025-2030 business plan to be able to offer different bill profiles over that time, in which case this should be explored.

For each enhancement, visual stimulus should show different phasing over time, the effect of different phasing on service delivery (e.g. what benefits are delivered and when, or any risks in delaying delivery) and the effect of different phasing on longer-term bills, e.g. paying more in the shorter term, spreading bill increases evenly overtime, or pushing bill increases back.

8. Shorter-term picture (the least cost ‘must do’ business plan 2025-2030).

This should focus on the least cost ‘must do’ business plan, i. a business plan based on statutory elements to meet statutory requirements, where it is possible to isolate these from discretionary elements. If there are grey areas where it is not possible to show statutory equivalents to the proposed plan, explain this to participants so it is transparent to them.

It should present the proposed bill change as a %, but explain that people will see a business specific least cost ‘must do’ bill prediction later on for them to respond to. The prediction is a ball-park guide to what their bill will be – once actual inflation and rewards and penalties (refer to pre-task item E) are built-in their bill is likely to be a bit different.

Ask them to consider the following.

- Response to targets: do they go far enough / too far / just right?
- Response to proposals for how targets are met – how far do the approaches reflect how people would like companies to go about this?
- Response to short-term plans: do they go far enough / too far / just right?
- Response to bill change
- Consider their preferences from the perspectives of their needs as a business customer
- Explore views on acceptability and affordability

9. Option to present another version of the business plan.

This is the company choice of an alternative version. The same approach should be used as for the proposed and least cost ‘must do’ versions. It should be possible for organisations to make comparisons between the three plans.

10. Wrap-up including the post-task.

A payment of part of the incentive will be made when the post task exercise is completed/submitted at the end of the session.

The post task will consist of prescribed questions and should take around 5 minutes.

The prescribed post task questions are:

Prescribed approach and questions

Affordability

Using the bill amount confirmed by the participant, present business specific bill increases for proposed plan, least cost 'must do' and (if applicable) alternative version in turn.

This will be a bar chart with amounts for each year, showing the effect of inflation each year separately on each bar.

Q1: Thinking about how your organisation's income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills:

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

Q2: Based on everything you have heard and read about the [COMPANY's] [proposed/least cost/alternative] business plan, how acceptable or unacceptable is it to you?

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

[IF ANSWER TO Q2 is UNACCEPTABLE OR COMPLETELY UNACCEPTABLE]

Q3: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be unacceptable or completely unacceptable:

- Too expensive
- Water company profits too high
- The plan won't improve things enough/improvements too small
- Water companies should pay for more of these service improvements out of their profits
- The plan is poor value for money – it's not doing enough for the cost
- The plan doesn't focus on the right things
- My organisation won't be able to afford this
- I don't trust them to make these service improvements
- Plan isn't good enough for future generations
- I don't trust them to do what's best for their customers
- Plan is not environmentally friendly enough
- Other 1 – (please specify)
- Other 2 – (please specify)

[IF ANSWER TO Q2 is ACCEPTABLE OR COMPLETELY ACCEPTABLE]

Q3: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be acceptable or completely acceptable:

- It's not too expensive
- The plan is good value for money – it's doing a lot for the cost
- Their plan focuses on the right things
- I trust them to do what's best for their customers
- The plan will make big/good improvements to things
- I trust them to make these service improvements
- Plan is environmentally friendly
- My organisation will be able to afford this
- Plan is good for future generations
- Other 1 – (please specify)
- Other 2 – (please specify)

Q4: Of the business plans you have seen today, which one do you prefer overall?

- Proposed
- Least cost 'must do'
- Alternative option

Q5: Why do you say that? [OPEN]

Q6: Long term investment by [COMPANY] will require an increase in customer bills. Bills could increase in different ways over time. For example, there could be increases now for current bill payers, or bigger increases in the long term for future generations. Which one of the following options would you prefer?

- An increase in bills starting sooner, spreading increases across different generations of bill-payers
- An increase in bills starting later, putting more of the increases onto younger and future bill-payers
- I don't know enough at the moment to give an answer

Q7: To what extent, if at all, do you trust XX Water to deliver their proposed plan by 2030?

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

Q8: Why do you say that? Select 2 (present in a different order across the post-tasks)

- They give me a good service
- Their services are good value for money
- They keep their service promises to their customers
- They don't update their customers on how they are delivering
- They don't give me a good service
- Their services are poor value for money
- Shareholders are more important to them than customers
- They will want to put their bills up by more than this
- Their customers are their top priority

Q9: How easy, or otherwise, was it for you to decide which plan you preferred?

- Very easy

- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult

Appendix C: Prescribed process for in-depth interviews with non-household customers (10+ employees)

Appendix C provides the prescribed process for in-depth interviews with non-household organisations employing 10 more staff. This includes tailoring the research material to this customer segmentation, information on the required pre-task and the structure of the interview.

This research will consider and evaluate water company business plans and proposals for water bills.

Participants will consider the proposed and least cost 'must do' plans, and if time allows an optional alternative version of the plan, from the perspectives of non-household bill-payers and decision makers businesses with more than 10 employees.

One of the conditions for recruitment is that participants agree to confirm their organisation's bill for wholesale water and, where applicable, wastewater services for the most recent 12 months they have been billed. It should be explained why this is essential for this research - so they can be shown how the proposals would affect the bills for their business – and how this information will not be shared onwards.

The company's least cost 'must do' business plan should, as closely as possible, reflect what the company must do to meet their legal obligations. The company's proposed business plan will go beyond legal obligations. It will include the enhancements, discretionary options and bespoke performance commitments that have the biggest bill impacts and where there is discretion for customer views to have real influence. Companies can test one further alternative version of the plan, if they wish and if there is time.

Prescribed coverage and research objectives for non-household customers

The in-depth interviews should elicit non-household customers' response to a high-level view of the proposed and least cost 'must do' business plan and an optional alternative if time allows. The in-depth interviews should specifically explore organisation priorities and how these are being met.

- Identify and explore their response to the information in the pre-task – what interested them most or surprised them, did they know much about this beforehand, any questions?
- With reference to the pre-task service priorities question they will have returned, confirm and explore their business needs for water and wastewater services
- Discuss and identify preferences around the engaging summary of the water company's proposed business plan, included in the pre-task
- Identify preferences for phasing of enhancements from 2030-2050, considering how different options affect service levels, timing of service delivery and bill impacts
- Repeat for the least cost business plan and as time allows, for an optional alternative plan
- Identify and explore the overall affordability and acceptability of each plan
- Identify what would make the proposed business plan more acceptable

Tailoring of research materials

The research materials describing the plan need to be relevant to the audience in question and fit the methodology being used (whether deliberative discussion or in-depth interview).

Companies should consult with their chosen supplier and ICG on the tailoring of research materials.

For in-depth interviews with larger/critical or high user non-households, the discussion guide should establish their operating context and how water and wastewater services fit in.

The pre-task for non-households will support the tailoring of materials for in-depth interviews and discussions by including a prescribed question about their priorities for water and wastewater services, and expectations for improvements. Suppliers should ensure that there is time for the pre-task to be returned in advance for the in-depth interviews/deliberative discussions to flex around service priorities as needed. The discussion guide should, wherever possible, build on the responses to the priorities and expectations questions.

For example, a way into the discussion would be to prioritise the parts of the business plan that are most relevant to the business. Areas such as resilience and demand management can also be particularly relevant to large users. The discussion guide should not include topics that are only relevant to households.

The bill profile stimulus should be based on the current bill as confirmed by the participant. This will also be included in the post-task affordability question.

An engaging summary should allow non-household respondents to understand each version of the business plan they are deliberating on.

Prescribed pre-task

The content of the pre-task (A to I) is prescribed. Participants should have at least three days to read it, complete and return the pre-task questions before they attend the discussions.

Prescribed pre-task content for non-household in-depth interviews

This is the same as for the non-household deliberative pre-task.

1. Welcome and introductions

2. Reactions to the pre-task

Once participant(s) are settled, and with reference to the pre-task question, the interviewer should explore any questions or points of clarification about the pre-task information.

The questions below will help identify the participant(s) familiarity with the information, and can be used as part of the warm-up for the discussion:

- Is there anything in the material you read which was difficult to understand?
- What surprised you most out of the things you have read?
- What would you most like to find out more about?
- Has any of the information you have seen changed your opinion of your water/sewerage service company in any way?
 - [Probe] How?

3. An introduction to the wholesale water/sewerage service company

Prescribed content must include:

- What it does
- Awareness and experience of your water company
- Exercise in WOC areas to ensure respondents understand the sessions will focus on the water services
- Participants' sentiment towards their water company
- Explanation of the relationship with retailers

4. Recap on the pre-task information

Prescribed exploration of the business plan, performance and monitoring, to test:

- Relating back to the service priorities and expectations questions in the pre-task, what areas matter most to their organisation?
- Where do they think investment/improvement is most needed?
- Perceived value for money 'for your wholesale water / sewerage services'

5. Focus on explaining the long-term picture to 2050

Prescribed to help set the context for the 25-30 business plan options.

Introduce the longer-term strategic direction and explore views on what the company is aiming for, including challenges, longer-term services, and direction of travel for bills. Introduce the concept of phasing – that the timing and delivery of some of the things in water company plans can be phased in different ways – to return to this later.

- Response to long-term plans: do they go far enough / too far / just right?

For context, get a sense of how organisations feel about the current economy and how their organisation sits in this - how positive are organisations feeling about their finances at the moment and in the future?

7. Focus on the shorter-term picture (proposed business plan).

Prescribed focus on the proposed business plan, to build on the proposed business plan summary sent in the pre-task (pre-task item H) and the comparative company data (pre-task item F).

It should identify what is statutory 'must do' and discretionary and any grey areas on this.

It should present the proposed bill change based on the billed amount for the last 12 months as confirmed by the participant in the returned pre-task. It should explain that the prediction is a ball-park guide to what their bill will be – once actual inflation and rewards and penalties (refer to pre-task item E) are built-in their bill is likely to be a bit different.

It should present the phasing of enhancements, to gauge the following:

- Response to targets: do they go far enough / too far / just right?
- Response to proposals for how targets are met – how far do the approaches reflect how participants would like companies to go about this?
- Response to bill change

- Explore preferred phasing options and service level choices, in the context of how these affect proposed bills, how different phasing affects service
- Consider their preferences from the perspective of their business needs
- Explore views on acceptability and affordability.

Prescribed content for phasing:

Water companies should expand on the enhancements they outlined in the summary of their business plan in pre-task item H.

Phasing options should run from 2030-2050, unless there is sufficient flexibility in the proposed 2025-2030 business plan to be able to offer different bill profiles over that time, in which case this should be explored.

For each enhancement, visual stimulus should show different phasing over time, the effect of different phasing on service delivery (e.g. what benefits are delivered and when, or any risks in delaying delivery) and the effect of different phasing on longer-term bills, eg paying more in the shorter term, spreading bill increases evenly overtime, or pushing bill increases back.

Participants should consider phasing options in the context of inter-generational fairness.

9. Option to present another version of the business plan

This is the company choice of an alternative version. The same approach should be used as for the proposed and least cost ‘must do’ versions. Participants should be able to make comparisons between the three plans.

10. Wrap-up including the post-task

A payment of part of the incentive will be made when the post task exercise is completed/submitted at the end of the session.

The post task will consist of prescribed questions and should take around 5 minutes.

The prescribed post task questions are:

Prescribed approach and questions

Affordability

Using the bill amount confirmed by the participant, present business specific bill increases for proposed plan, least cost and (if applicable) alternative version in turn.

This will be a bar chart with amounts for each year, showing the effect of inflation each year separately on each bar.

Q1: Thinking about how your organisation's income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills:

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult

- Very difficult
- Don't know

Q2: Based on everything you have heard and read about the [COMPANY's] [proposed/least cost/alternative] business plan, how acceptable or unacceptable is it to you?

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

[IF ANSWER TO Q2 is UNACCEPTABLE OR COMPLETELY UNACCEPTABLE]

Q3: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be unacceptable or completely unacceptable:

- Too expensive
- Water company profits too high
- The plan won't improve things enough/improvements too small
- Water companies should pay for more of these service improvements out of their profits
- The plan is poor value for money – it's not doing enough for the cost
- The plan doesn't focus on the right things
- Organisation won't be able to afford this
- I don't trust them to make these service improvements
- Plan isn't good enough for future generations
- I don't trust them to do what's best for their customers
- Plan is not environmentally friendly enough
- Other 1 – (please specify)
- Other 2 – (please specify)

[IF ANSWER TO Q2 is ACCEPTABLE OR COMPLETELY ACCEPTABLE]

Q3: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be acceptable or completely acceptable:

- It's not too expensive
- The plan is good value for money – it's doing a lot for the cost
- Their plan focuses on the right things
- I trust them to do what's best for their customers
- The plan will make big/good improvements to things
- I trust them to make these service improvements
- Plan is environmentally friendly
- Organisation will be able to afford this
- Plan is good for future generations
- Other 1 – (please specify)
- Other 2 – (please specify)

Q4: Of the business plans you have seen today, which one do you prefer overall?

- Proposed
- Least cost 'must do'
- Alternative option

Q5: Why do you say that? [OPEN]

Q6: Long term investment by [COMPANY] will require an increase in customer bills. Bills could increase in different ways over time. For example, there could be increases now for current bill payers, or bigger increases in the long term for future generations. Which one of the following options would you prefer?

- An increase in bills starting sooner, spreading increases across different generations of bill-payers
- An increase in bills starting later, putting more of the increases onto younger and future bill-payers
- I don't know enough at the moment to give an answer

Q7: To what extent, if at all, do you trust [COMPANY] to deliver their proposed plan by 2030?

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

Q8: Why do you say that?

Select two answers

[present in a different order across the post-tasks]

- They give me a good service
- Their services are good value for money
- They keep their service promises to their customers
- They don't update their customers on how they are delivering
- They don't give me a good service
- Their services are poor value for money
- Shareholders are more important to them than customers
- They will want to put their bills up by more than this
- Their customers are their top priority

Q8: How easy, or otherwise, was it for you to decide which plan you preferred?

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult

Appendix D: Prescribed process for in-depth interviews with future bill-payers

The approach set out below is prescribed where companies decide not to include future bill-payers within the sample for the household deliberative discussion groups.

They will consider the company's proposed business plan, and if time allows a least cost version of this, and an optional alternative business plan.

The company's least cost 'must do' business plan should, as closely as possible, reflect what the company must do to meet their legal obligations. The company's proposed business plan will go beyond legal obligations. It will include the enhancements, discretionary options and bespoke performance commitments that have the biggest bill impacts and where there is discretion for consumer views to have real influence. Companies can test one further alternative version of the plan, if they wish.

Prescribed research coverage and objectives for future bill-payers

They will only consider one version of the business plan (the proposed plan) to reflect the shorter time of an in-depth interview (an hour). However, if suppliers are confident that other versions of the plan can be covered in that time, they should do so, starting with the least cost 'must do' version and then any alternative version.

A key objective for future bill-payers is to consider inter-generational fairness. This takes priority over exploring the least cost 'must do' plan and optional alternative version – though these should be explored if time allows.

The research should cover the following:

- Identify their baseline awareness of the water industry by exploring their response to the information in the pre-task:
 - What interested them most or surprised them?
 - Did they know much about this beforehand?
 - Did they have any questions?
- Identify their personal perspective as future customers - identify what they will want from a water company when the time comes that they are paying water bills.
- Identify their views on the summary version of the water company's proposed business plan included in the pre-task.
- Identify views on ways in which the delivery of services and enhancements could be phased to 2050, considering inter-generational fairness, and the effect on service levels and bills
- If time allows, explore views on the least cost 'must do' plan and any alternative version
- Identify what future bill-payers think about the kind of bill levels they may experience in the future based on water company projections and how bills might compare to charges for other services – what would be fair, what would value for money look like, and what would be acceptable.
- Identify acceptability of the company proposed plan (and if time allows, the least cost 'must do' and any alternative version).
- identify what would make the proposed business plan (more) acceptable to future bill-payers.

Prescribed pre-task

The content of the pre-task (A to H) is prescribed. People should have at least three days to read it, complete and return the pre-task questions before they attend the discussions.

The pre-read contains several pieces of information and allows people to take this in in their own time. It should include a reassuring introduction asking people to browse through it, and have a think about it, but not to worry if they do not understand or remember it all as there will be a recap and time for questions when the discussion takes place.

Sometimes people can find it easier to listen to information rather than read it. For example, those with learning difficulties can have challenges in reading (e.g. those living with dyslexia) or remembering 'basic' facts (e.g. those living with dyscalculia). To help make the pre-task more accessible, companies should also offer an audio-recorded version of the pre-task information, where someone talks through the information which people can dial into.

A. A high-level explanation of what the water company does

This prescribed content aims to make participants aware of:

- the various services provided by their water company
- the framework within which these services are provided, such as environmental and other statutory requirements

B. A map of the area(s) served by the commissioning water company.

This prescribed content aims to make participants aware:

- of the scale of a water company's services; the map should include the number of household water/wastewater connections and/or the size and diversity of the population (household and non-household) served in the water company area, and the length of pipework/sewers/coastline.

C. A brief explanation of the role of research with customers in PR24 (ie price review submissions should reflect an understanding of customers' and future customers' needs, priorities and concerns)

The aim of this is to give readers an understanding of why water companies are conducting research with them and what it will achieve for them. The text below includes a link to a film which could be used at the discussion, or people could view it as part of the pre-task should they wish to.

The text below is prescribed. It includes a link to a film which is not prescribed in the event that companies wish to use a company specific alternative which their ICG agrees is informative, relevant and neutral information.

Prescribed wording is:

“Every five years, water companies develop a ‘business plan’ that sets out how they want to develop their services, and the cost to customers. As their customers are not able to choose their water company, water companies must give them a say about what they want from their services and the price they pay. This includes people who are likely to pay water bills in the future, but who are not current bill payers. This is important because things that are decided in business plans now, will affect how services are provided way into the future, and also feed into the level of bills that those who don’t yet pay will inherit.

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

The business plan and prices are finalised by Ofwat in a process known as the Price Review. There is more information about this here: 'All about the price review'.

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

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

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

D. An explanation of how water company performance is monitored.

This prescribed explanation will give participants an understanding of how water companies are regulated. The prescribed text to use for this is below:

“Water companies are currently part way through their five-year business plan for 2020 to 2025. They have service level targets, called ‘performance commitments’, in every five-year business plan. These targets are based on what customers have previously told companies they would like them to do, and on Ofwat’s assessment of what companies should deliver. These targets cover a wide range of the different services that water companies provide.

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

We are now going to show you how well your water and/or sewerage company is doing on some of their performance commitments, compared to other water companies in England and Wales.

These performance commitments are a snapshot of out of the wide range of services companies provide. We are showing these examples as customers have told us they are particularly important to them.”

Prescribed content for this section must also explain:

- what happens if companies do not perform as they should (penalties)
- what happens if companies perform over and above (rewards)
- how the company performed in Ofwat’s most recent assessment of penalties and rewards (included to show participants that there are consequences if companies do not deliver)

This section must also give examples to explain why water companies can miss their targets or exceed them to help customers understand how this can happen. Example text for this is below, however, companies can use their own text to cover the same content:

“Water companies have to provide reliable services, and plan for their services to be resilient to changing weather patterns and demand from consumers. Companies can miss or exceed performance commitment targets for a number of reasons. For example, leaks from

pipes happen more often after very cold weather which can contribute to a company not meeting the target, and flooding from sewers is less likely in dry weather which can lead to higher performance for sewer flooding service targets.”

Comparative company performance on key performance commitments

Prescribed content to create an understanding of how their water company's performance compares to other water companies across the sector, and whether they are meeting current targets or not.

Following the guidance in the accompanying '[showing comparable information](#)' document::

- Companies should provide comparative performance data for the last full year on the following common performance commitments, which either known to be high priorities for customers²¹ or are in the public consciousness as a water company responsibility:
 - Water supply interruptions >3 hours
 - Leakage per property served
 - Water quality contacts per 1,000 customers
 - Internal sewage flooding per 10,000 properties
 - External sewage flooding 10,000 properties
 - Pollution incidents per 10,000km sewers

The prescribed wording for each performance commitment is below to support consistency across the industry:

Water supply interruptions lasting longer than 3 hours	It would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water. Sometimes business operations may be affected.
The appearance, taste and smell of tap water	Tap water may look discoloured or taste/smell different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.
Sewage flooding of properties	An escape of sewage inside properties is highly inconvenient, disruptive and a potential health risk. In bad cases, people need to move out of their properties while things are put right.
Sewage flooding of properties	An escape of sewage into gardens or access points to peoples' properties is inconvenient and unpleasant and can restrict access.
Reducing leaks	Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.
Pollution of rivers and bathing waters	Discharges from sewage treatment or networks can affect rivers and bathing waters. This can have a minimal effect on the river ecology or a major effect depending on the scale.

Companies should use data published on CCW's website for their comparative data:

[How is my water company performing? | CCW \(ccwater.org.uk\)](#)

The Company Performance Appendices are downloadable from the 'operational performance' link.

G. An explanation about what customers' water bills pay for

This prescribed content aims to give participants an understanding about how the water company in their area spends their payment contributions.

Stimulus should provide a visual breakdown of what the current average household water bill pays for. Two levels of stimulus should show:

- Prescribed: A breakdown of business costs/finances based on what £1 of the average household bill covers, so people can understand what they get for their money. This should include what is spent on delivering water and wastewater services out of the £1 spend.
- Optional: A breakdown of how money currently spent on water and/or wastewater services splits out across different aspects of service. Ideally – though we recognise this may be challenging – it would be split against key performance commitments, however any breakdown of the water and wastewater services would be helpful to help give participants some perspective on this.

H. An engaging summary of the company proposed business plan, ideally on one page

This prescribed content should be in an engaging and accessible format.

It will show the proposed business plan performance levels for the common performance commitments set out in the comparative company performance at F, above.

It will also include up to six proposed service enhancements that are the biggest drivers of changes in bills and where there is flexibility in when and/or how they are delivered so that the bill impact can be spread in different ways from 2030 – 2050.

The enhancements included in this summary will be subject to discussion about phasing and inter- generational fairness.

I. Prescribed questions

The following questions are to be included within the pre-task, and part of the incentive will be payable on the return of question 2:

Approach and prescribed questions

Q1: We will start the session discussing your reactions to the information. As you read through it, please list the 3 or 4 things that are new/ interesting/ surprising to you. Please have these to hand during the research group discussion.

Q2: The information has probably given you an impression of the water company operating in your area to supply water and/or to manage the removal of wastewater. If 10 is 'very impressed' and 0 is /very unimpressed', how are you feeling about your water company? Please write a sentence or two explaining your view.

Prescribed structure for future bill-payer in-depth interviews

Following the pre-task, the in-depth/deliberative discussion must cover the prescribed content below – this is drawn from the house deliberative structure set out in Appendix A.

1. **Welcome and introductions**
2. **Reactions to the pre-task**
3. **An introduction to the water company**
4. **Recap on key pre-task information**
5. **Focus on explaining the long-term picture to 2050 to help set the context for 2025-2030**
6. **Temperature check – how are they finding things financially themselves/how do they think others are finding things/are they noticing anything?**
7. **Focus on the shorter-term picture (proposed business plan) using a bill profile based on average household bills**
 - a. **This includes prescribed content to explore phasing, including inter-generational fairness**
8. **Focus on how the level of water bills sits with them in terms of fairness and value, and comparisons with other bills and costs they know of**
9. **Wrap-up including the post-task**

Prescribed post-task for future bill-payers

The post-task will be a short survey for individual completion at the end of the discussion. This will give people a chance to say on an individual basis, having explored a range of views and perspectives, their views on the plan and inter-generational fairness.

Following the pre-task, the discussion must cover the following prescribed content:

- A payment of part of the incentive will be made when the post task exercise is completed/submitted at the end of the session.
- The post task will consist of prescribed questions and should take around 5 minutes. The prescribed post task questions are:

Q1: Based on everything you have heard and read about the [COMPANY's] [proposed/least cost 'must do' /alternative] business plan, how acceptable or unacceptable is it to you?

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

[IF ANSWER TO Q1 is UNACCEPTABLE OR COMPLETELY UNACCEPTABLE]

Q2: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be unacceptable or completely unacceptable:

- Too expensive
- Company profits too high
- The plan won't improve things enough/improvements too small
- Companies should pay for more of these service improvements out of their profits

- The plan is poor value for money – it's not doing enough for the cost
- The plan doesn't focus on the right things
- I won't be able to afford this
- I don't trust them to make these service improvements
- Plan isn't good enough for future generations
- I don't trust them to do what's best for their customers
- Plan is not environmentally friendly enough
- Other 1 – (please specify)
- Other 2 – (please specify)

[IF ANSWER TO Q1 is ACCEPTABLE OR COMPLETELY ACCEPTABLE]

Q2: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be acceptable or completely acceptable:

- It's not too expensive
- The plan is good value for money – it's doing a lot for the cost
- Their plan focuses on the right things
- I trust them to do what's best for their customers
- The plan will make big/good improvements to things
- I trust them to make these service improvements
- Plan is environmentally friendly
- I will be able to afford this
- Plan is good for future generations
- Other 1 – (please specify)
- Other 2 – (please specify)

Q3: Of the business plans you have seen today, which one do you prefer overall?

- Proposed
- Least cost 'must do'
- Alternative option

Q4: Why do you say that? (OPEN)

Q5: Long term investment by [COMPANY] will require an increase in customer bills. Bills could increase in different ways over time. For example, there could be increases now for current bill payers, or bigger increases in the long term for future generations. Which one of the following options would you prefer?

- An increase in bills starting sooner, spreading increases across different generations of bill-payers
- An increase in bills starting later, putting more of the increases onto younger and future bill-payers
- I don't know enough at the moment to give an answer

Q6: How easy, or otherwise, was it for you to decide which plan you preferred?

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult

Appendix E: Prescribed process for in-depth interviews with vulnerable household customers (optional)

Appendix E provides the prescribed process for conducting in-depth interviews with vulnerable household customers. This includes tailoring the research materials for this customer segment, pre-task and post-task content, as well as structure of the interview.

Where there is something substantive in the company proposed business plan around Priority Services and/or support for low-income households, companies should conduct in-depth interviews with these customers to gauge their views on these specific proposals, and the proposed business plan.

Participants will consider the proposed business plan, but only consider other business plans if there is time. The views of those in vulnerable circumstances on the least cost 'must do' plan and an optional alternative version will be understood from the household deliberative discussions so are less essential to cover in the optional in-depth interviews.

The company's proposed business plan will go beyond legal obligations. It will include the enhancements, discretionary options and bespoke performance commitments that have the biggest bill impacts and where there is discretion for consumer views to have real influence.

The prescribed process is:

Pre-task

In-depth interview:

- Consider and evaluate business plan proposals for vulnerable customers.
- Consider and evaluate the company proposed business plan including enhancements, discretionary options and bespoke performance commitment that have the biggest bill impacts and where there is scope for customer views to influence these things.
- If time allows consider least cost 'must do' version.

Post-task

- Prescribed questions
 - Affordability (for the bill-payer only)
 - Acceptability of business plan

Prescribed research coverage and objectives for vulnerable customers (optional)

The primary objective is to explore how vulnerable customers respond to aspects of the proposed business plan to develop/enhance Priority Services, social tariffs or other additional services for people in vulnerable groups.

A secondary objective is to contextualise these specific proposals within the proposed business plan.

The in-depth interviews will explore views on the business plan's proposals to develop/enhance Priority Services, social tariffs or other additional services for people in vulnerable groups:

- Identify and explore perceptions and experiences of additional services and/or social tariffs
- Identify and explore views on business plan proposals for these services – do they go far enough or not, or are they just about right – why?
- Identify whether, and if so how these proposals could be improved (to inform potential options for refinement)
- Identify their views on the information in the pre-task – what interested them most or surprised them, did they know much about this beforehand
- Identify their response to the high-level version of the water company's proposed business plan
- Identify which services are most important to them and why
- Identify response to different phasing, service delivery and longer-term options
- Identify and explore affordability and acceptability of the proposed plan, and how it could be improved.

Tailoring of research materials

The research materials describing the plan need to be relevant to the audience in question and fit the methodology being used (whether deliberative discussion or in-depth interview). Companies should consult with their chosen supplier and ICG on the tailoring of research materials for in-depth interviews with vulnerable customers.

Vulnerable customers (optional in-depth interviews)

Tailored research materials for in-depth interviews should explore the service needs and experiences of the participant. This would start from any additional services they receive such as via Priority Services Register or social tariffs. It would then explore business plan proposals for these services, for example, if there is a bespoke Performance Commitment, or other plans to develop services for people with vulnerabilities.

The need for simplicity and clarity is particularly important for these audiences. The materials should be as accessible as possible, and alternative formats to make participation possible or easier for people with visual or hearing impairments should be considered. Paired in-depth interviews with a carer or family member should be offered along with face-to face or online options offered to make these as inclusive as possible.

The focus of the interview should be on services which the participant identifies as a priority and parts of the plan that are or could be most relevant to their circumstances, for example, support services, metering, lead replacement. This is because metering and lead replacement can have a bigger impact on households on social tariffs as they affect bills and household costs by proportionally more.

An engaging summary should allow in in-depth interview participants to understand the business plan they are considering.

Prescribed pre-read task

The content of the pre-task (A to I) is prescribed. People should have at least three days to read it, complete and return the pre-task questions before they attend the discussions. Items E and F are specific to vulnerable in-depth interviews. The others are as per the items in the deliberative discussion appendix for household customers (Appendix A).

Prescribed pre-task content for optional vulnerable in-depth interviews

Water companies that conduct in-depth interviews with vulnerable customers should discuss with their ICG how they have considered making the delivery of the pre-read content and taking part in the in-depth interview as accessible as possible.

This pre-task is tailored to focus on Priority Services, social tariffs, or the specifics of the water company proposals in the business plan for services aimed at people with health and financial vulnerability.

- A. A map of the area(s) served by the commissioning water company
- B. An explanation of the role of research with customers in PR24 (ie price review submissions should reflect an understanding of customers' and communities' needs, priorities and concerns)
- C. An explanation of what the water company does
- D. An explanation of how water company performance is monitored
- E. Where available, comparative company performance on the aspects of Priority Services, social tariffs as relevant to the proposal for services for vulnerable customers, for example, awareness or uptake, as relevant to the proposal; if comparative company performance data is not available, the company should provide the relevant company service context which has informed the development of the business plan proposal
- F. The business plan proposal for services aimed at people with health and financial vulnerabilities
- G. An explanation about what customers' water bills pay for
- H. A engaging summary of the company proposed business plan, ideally on one page
- I. Prescribed questions – these are set out below:

Prescribed questions:

Q: Your current water and sewerage services bill is x (x = current years bill amount pulled through from water company sample). How easy or difficult is it for you to afford to pay your current water and sewerage bill?

Please answer one only

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

Q2: Please indicate from the following list, which things you receive from your water company:

- A bill in your preferred format:
 - Braille
 - Large print
 - A talking bill
 - Other – specify
- Password used by meter readers and other water company staff who may visit
- Delivery of bottled water to your home if your water supply is disrupted for more than a few hours

- A reduced water bill as your household is on a low income
- Other – specify
- None of these

Prescribed structure for optional vulnerable in-depth interviews

The interview should cover the following. Numbers 5 and 7 are tailored for vulnerable audiences, the rest use the same approach as set out in the Appendix A (Prescribed process for deliberative discussions for household customers):

1. **Welcome and introductions**
2. **Reactions to the pre-task**
3. **An introduction to the water company**
4. **Recap on the pre-task information**
5. **Explore their service needs and experiences of Priority Services and/or social tariffs**
6. **Temperature check - household finances/cost of living**
7. **Focus on the proposals in the proposed business plan for services aimed at people with health and financial vulnerabilities**
8. **Focus on the shorter-term picture (proposed business plan)**
9. **Explore views on affordability and acceptability**
10. **Wrap-up including the post-task**

Prescribed post-task for optional vulnerable in-depth interviews

This includes prescribed questions to confirm views on the proposal for Priority Services /social tariffs in the company proposed plan, affordability of the bill for the proposed business plan, and acceptability of the proposed business plan.

Using the bill amount confirmed by the participant, present business specific bill increases for proposed plan.

This will be a bar chart with amounts for each year, showing the effect of inflation each year separately on each bar.

Q1: Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills ?

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

Q2: Thinking about the company's proposals for [insert description of the business proposal for vulnerable services] how acceptable or unacceptable are these to you?

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

Q3: Based on everything you have heard and read about the [COMPANY's] [proposed/least cost/alternative] business plan, how acceptable or unacceptable is it to you?

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

[IF ANSWER TO Q3 is UNACCEPTABLE OR COMPLETELY UNACCEPTABLE]

Q4: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be unacceptable or completely unacceptable:

- Too expensive
- Water company profits too high
- The plan won't improve things enough/improvements too small
- Water companies should pay for more of these service improvements out of their profits
- The plan is poor value for money – it's not doing enough for the cost
- The plan doesn't focus on the right things
- I won't be able to afford this
- I don't trust them to make these service improvements
- Plan isn't good enough for future generations
- I don't trust them to do what's best for their customers
- Plan is not environmentally friendly enough
- Other 1 – (please specify)
- Other 2 – (please specify)

[IF ANSWER TO Q3 is ACCEPTABLE OR COMPLETELY ACCEPTABLE]

Q4: Why do you say that? Please select the TWO main reasons from the list below or write in your own reason(s) if not on the list: ROTATE

Reasons for why it might be acceptable or completely acceptable:

- It's not too expensive
- The plan is good value for money – it's doing a lot for the cost
- Their plan focuses on the right things
- I trust them to do what's best for their customers
- The plan will make big/good improvements to things
- I trust them to make these service improvements
- Plan is environmentally friendly
- I will be able to afford this
- Plan is good for future generations
- Other 1 – (please specify)
- Other 2 – (please specify)

Q5: To what extent, if at all, do you trust XX Water to deliver their proposed plan by 2030?

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

Q6: Why do you say that?

Select up to two answers

[present in a different order across the post-tasks]

- They give me a good service
- Their services are good value for money
- They keep their service promises to their customers
- They don't update their customers on how they are delivering
- They don't give me a good service
- Their services are poor value for money
- Shareholders are more important to them than customers
- They will want to put their bills up by more than this
- Their customers are their top priority

Q7: How easy or difficult was it for you to make up your mind about whether the proposed business plan was acceptable or not to you?

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult

Appendix F: Survey questionnaire

SCREENER: HOUSEHOLD

ASK ALL

AGE

S1. How old are you?

Please enter your age	1	
Please specify [OPEN RESPONSE]		
Prefer not to say	96	[THANK AND CLOSE]
If under 18 years	2	[THANK AND CLOSE]

DUMMY VARIABLE

RECODE AGE INTO SINGLE CODE

18-24	1	
25-34	2	
35-44	3	
45-54	4	
55-64	5	
65-74	6	
75+	7	

ASK ALL

BILL-PAYER STATUS

S2. Are you solely or jointly responsible for paying your household's water and sewerage bill?

Please select one answer only

SINGLE CODE

Yes	1	
No, I am not responsible for paying the bill	2	[CLOSE]
Don't know	97	[CLOSE]

ASK ALL

S3. Are you currently charged for water through a water meter?

Please select one answer only

SINGLE CODE

Yes	1	
No	2	
Don't know	97	

ASK ALL

S4. [Water company name] is your water company and [name of wastewater company, if different] is responsible for your sewerage services. Does this sound right?

Please select one answer only

SINGLE CODE

Yes	1	
No [THANK AND CLOSE]	2	
Don't know	97	

SCREENER: NON-HOUSEHOLD

ASK ALL

S1. Are you solely or jointly responsible as the decision maker for your organisation's water and sewerage service at any of its premises?

Yes	1	
No [THANK AND CLOSE]	2	

Subsequent non-household screener questions: these are not prescribed but should ensure that the respondent only answers questions relating to those sites in their company/organisation that are supplied with water and sewerage services by the company or companies for whom the affordability of bill impacts and acceptability of a business plan are being tested.

[Reference Water Matters and Ofwat BMG reports as examples].

AFFORDABILITY

INFO SCREEN: Thank you. We are now going to ask you some questions about your household's financial situation.

ASK ALL

Q1. Thinking about your [if HH: household's/if NHH: organisation's] finances over the last year, how often, if at all, [if HH: have you/ if NHH: has your organisation] have you struggled to pay at least one of [HH: your household bills/NHH: its bills]?

Please select one answer only

SINGLE CODE, RANDOMISE WITH REVERSE ORDER

All of the time	1	
Most of the time	2	
Sometimes	3	
Rarely	4	
Never	5	
Prefer not to say	96	

ASK ALL

Q2. Overall, how well would you say [if HH: you are/ if NHH: your organisation is] managing financially now?

Please select one answer only

SINGLE CODE, RANDOMISE WITH REVERSE ORDER²³

HH: Living comfortably/NHH: Doing well]	1	
Doing alright	2	
Just about getting by	3	
Finding it quite difficult	4	
Finding it very difficult	5	
Prefer not to say	96	

ASK ALL

Q3. Thinking about your [household/organisation's] financial situation over the next few years up to 2030, do you expect it to get:

Please select one answer only

SINGLE CODE, RANDOMISE WITH REVERSE ORDER

A lot worse	1	
A bit worse	2	
Stay the same	3	
A bit better	4	
A lot better	5	
Prefer not to say	96	

²³ Here and elsewhere this is to be interpreted to mean that a random half of the sample should be presented with the response options in the order listed and the other half with the responses (other than 'Prefer not to say') in the reverse order.

Don't know	97	
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ASK ALL

Q4. Your current water and sewerage services bill is x. [NHH: omit this line]

How easy or difficult is it for you [NHH: your company/organisation] to afford to pay your current water and sewerage bill:

Please select one answer only

SINGLE CODE, RANDOMISE WITH REVERSE ORDER

Very easy	1	
Fairly easy	2	
Neither easy nor difficult	3	
Fairly difficult	4	
Very difficult	5	
Don't know	97	

ASK ALL

The next set of questions are about proposed changes to your [water/water and sewerage/sewerage] bill for the years 2025-2030. The chart below shows these changes. It also shows how inflation may impact on your bill, based on the Bank of England's inflation forecasts.

Q5. Household: Present text on inflation and bar chart as described in 'Treatment of inflation' earlier in this document using bill increases under your proposed plan and using the household's actual bill amount in 2022/2023].

One of the following statements must be shown alongside the bill profile chart for all current recipients of social tariffs (each is prescribed text):

Either:

- This bill profile is based on the financial support scheme you are currently on .

Or, where a bill profile can be calculated for the scheme likely to be in place before 2030:

- This bill profile is based on the financial support scheme you are currently on until 202x and a new financial support scheme which will apply from 202x .

[Non-household: use the same approach as for household respondents where the actual bill amount is known. Where not known, insert questions, as appropriate for the billing of non-household customers for your company. The bill amount should relate to the final bill (e.g. paid to the retailer) for the services that you provide to the customer. Where bill amount is not known, an example bill of £1000 (£500 for a single service) should be shown.]

How easy or difficult do you think it would be for you [NHH: your company/organisation] to afford these [water/water and sewerage/sewerage bills]:

[If NHH bill not known: How easy or difficult do you think it would be for your organisation to afford its water/water and sewerage/sewerage bills if they went up at the same rate].

Please select one answer only

SINGLE CODE, RANDOMISE WITH REVERSE ORDER

Very easy	1	
Fairly easy	2	
Neither easy nor difficult	3	
Fairly difficult	4	
Very difficult	5	
Don't know	97	

ASK ALL HOUSEHOLD RESPONDENTS WHO ANSWER CODE 3, 4 OR 5 AT A5

Q6. Which of the following do you think you would need to do to pay for the increase in your water bills between 2025 and 2030?

Please select all that apply

MULTI CODE, RANDOMISE ORDER

Shopping around more	1	
Spending less on food shopping and essentials	2	
Spending less on non-essentials	3	
Cutting back on non-essential journeys in my vehicle	4	
Eat out less	5	
Using less fuel such as gas or electricity in my home	6	
Using less water	7	
Using my savings	8	
Using credit more than usual, for example, credit cards, loans or overdrafts	9	
Ask family and friends for financial support	10	
Other	11	
<i>Please specify</i> [OPEN RESPONSE]		
Don't know	97	

ACCEPTABILITY

INFO SCREEN: Thank you. We are now going to ask you some questions about your views on your water company's business plan. Water companies are required to put together business plans for each five year period. The plan we are showing you is for 2025- 2030.

Guidance on the Presentation of Business Plans

Water Services

The following three common PCs should be presented for water services using the design principles in the accompanying '[showing comparable information](#)' document:

- Water supply interruptions
- Leakages
- Water quality contacts

The following three common PCs should be presented for wastewater services using the design principles in the accompanying '[showing comparable information](#)' document:

- Internal sewer flooding
- External sewer flooding
- Pollution incidents

And up to 3 for a single service (water or wastewater), or up to 6 for water and wastewater (additional business plan components, eg programmes such as WRMP, bespoke PC, enhancement), chosen as those having the largest impact on bills. Descriptions of statutory programmes should follow the wording set out earlier in this guidance.²⁴ Descriptions of each of these additional components of the business plan should be concise, accessible, meaningful and presented in a balanced way and should fit onto a single mobile phone screen.

Companies have the option of providing additional contextual information about services, where this is important for comprehension and understanding of the plan, via a 'hover' over information button leading to additional screens which expand on the service.

After each block of three business plan components (eg prescribed PCs or additional components) the following question should be asked:

ASK ALL

Q7a, b, [c,d]. Based on what you have just read, which of these three parts of the business plan is the most important to you?

Please select one answer only

SINGLE CODE, RANDOMISE WITH REVERSE ORDER

[Component 1]	1	
[Component 2]	2	
[Component 3]	3	
Don't know/can't say	97	

ASK ALL

²⁴ See 'Stimulus for deliberative discussions and in-depth interviews'.

Q8. Based on everything you have seen and read about [COMPANY]'s proposed business plan, how acceptable or unacceptable is it to you?

Please select one answer only

SINGLE CODE, RANDOMISE WITH REVERSE ORDER

Completely acceptable	1	
Acceptable	2	
Unacceptable	3	
Completely unacceptable	4	
Don't know/can't say	97	

ASK RESPONDENTS WHO CODE 3 or 4 at A7, RANDOMISE

A8a. What are the two main reasons that you feel the proposals for your water services are unacceptable?

Please choose up to two answers only

The bill increases are too expensive	1	
Company profits are too high	2	
Companies should pay for service improvements	3	
I expect better service improvements	4	
The plan is poor value for money	5	
Compared to energy prices it is more expensive	6	
I am dissatisfied with current services	7	
The plans don't focus on the right services	8	
I won't be able to afford this	9	
I don't trust them to make these service improvements	10	
Other 1 –	45	
Please specify [OPEN RESPONSE]		
Other 2 –	46	
Please specify [OPEN RESPONSE]		
Don't know/ can't say	97	

ASK RESPONDENTS WHO CODE 1 or 2 at A7, RANDOMISE

Q8b. What are the two main reasons that you feel the proposals for your water supply are acceptable??

Please choose up to two answers only

The plan is good value for money	1	
The plan is affordable	2	

Compared to energy prices it's cheaper	3	
Their plans seem to focus on the right services	4	
The company provides a good service now	5	
I support what they are trying to do in the long Term	6	
The change to my bill is small	7	
I trust them to do what's best for customers	8	
I have been dissatisfied with the service recently but am pleased that they are making improvements	9	
Other 1 –	10	
Please specify [OPEN RESPONSE]		
Other 2 –	11	
Please specify [OPEN RESPONSE]		
Don't know/ can't say	97	

ASK ALL

Q9. Long term investment by [COMPANY] will require an increase in customer bills. Bills could increase in different ways over time. For example, there could be increases now for current bill payers, or bigger increases in the long term for future generations. Which one of the following options would you prefer?

Please select one answer only

SINGLE CODE

An increase in bills starting sooner, spreading increases across different generations of bill-payers	1	
An increase in bills starting later, putting more of the increases onto younger and future bill-payers	2	
I don't know enough at the moment to give an answer	3	

HOUSEHOLD DEMOGRAPHICS

ASK ALL

GENDER

Q10. In which of the following ways do you identify?

Please select one answer only

SINGLE CODE

Female	1	
Male	2	

I identify in another way	3	
Prefer not to say	96	

ASK ALL

OCCUPATION

Q11. Please indicate which one of the following best describes the profession of the chief income earner in your household

Please select one answer only

SINGLE CODE

High managerial, administrative or professional eg doctor, lawyer, medium / large company director (50+ people)	1	
Intermediate managerial, administrative or professional e.g. teacher, manager, accountant	2	
Supervisor, administrative or professional eg police officer, nurse, secretary, self-employed	3	
Skilled manual worker eg mechanic, plumber, electrician, lorry driver, train driver	4	
Semi-skilled or unskilled manual worker eg waiter, factory worker, receptionist, labourer	5	
Housewife / househusband	6	
Unemployed	7	
Student	8	
Retired	9	

ASK IF OCCUPATION = RETIRED [CODE 9]

OCCUPATION RETIRED

Q12. Which of the following best describes the previous occupation of the chief income earner in your household before retirement?

Please select one answer only

SINGLE CODE

High managerial, administrative or professional e.g. doctor, lawyer, medium / large company director (50+ people)	1	
Intermediate managerial, administrative or professional e.g. teacher, manager, accountant	2	
Supervisor, administrative or professional eg police officer, nurse, secretary, self-employed	3	
Skilled manual worker eg mechanic, plumber, electrician, lorry driver, train driver	4	
Semi-skilled or unskilled manual worker eg waiter, factory worker, receptionist, labourer	5	
Housewife / househusband	6	

Unemployed	7	
Student	8	

DUMMY VARIABLE

RECODE OCCUPATION INTO SINGLE CODE

A	1	OCCUPATION/OCCUPATIONRETIRED = 1
B	2	OCCUPATION/OCCUPATIONRETIRED = 2
C1	3	OCCUPATION/OCCUPATIONRETIRED = 3 or 8
C2	4	OCCUPATION/OCCUPATIONRETIRED = 4
D	5	OCCUPATION/OCCUPATIONRETIRED = 5
E	6	OCCUPATION/OCCUPATIONRETIRED = 6 or 7 or 9

ASK ALL

VULNERABLE CUSTOMERS

Q13. Which of the following apply to you? We would like to collect this to ensure that a variety of particular needs are represented in the study, but you do not need to answer if you do not wish to. This information will not be shared with any third party and will be destroyed within 12 months of project completion.

Please select all that apply

MULTICODE

I or another member of my household is disabled or suffer(s) from a debilitating illness	1	
I or another member of my household have/has a learning difficulty	2	
I or another member of my household relies on water for medical reasons	3	
I or another member of my household is visually impaired (ie struggles to read even with glasses)	4	
I or another member of my household am/is over the age of 75 years old	5	
I or another member of my household speaks English as a second language	6	
I or another member of my household is deaf or hard of hearing	7	
I or another member of my household is a new parent	8	
None of these apply to me	9	
Prefer not to say	96	

DUMMY VARIABLE

RECODE VULNERABLE CUSTOMERS INTO SINGLE CODE

Medical vulnerability	1	VULNERABLECUSTOMERS = 1, 2 or 3
Communications vulnerability	2	VULNERABLECUSTOMERS = 4, 6 or 7
Life stage vulnerability	3	VULNERABLECUSTOMERS = 5 or 8
Any vulnerability	4	VULNERABLECUSTOMERS = 1, 2, 3, 4, 5, 6, 7, 8

ASK ALL ETHNICITY (ENGLAND ONLY)²⁵

ETHNICITY (Optional)

Q14a. What is your ethnic group? Choose one option that best describes your ethnic group or background

Please select one answer only

SINGLE CODE

White		
English/Welsh/Scottish/Northern Irish/British	1	
Irish	2	
Gypsy or Irish Traveller	3	
Any other White background, please describe	4	
<i>Please describe</i> [OPEN RESPONSE]		
Mixed/Multiple ethnic groups		
White and Black Caribbean	5	
White and Black African	6	
White and Asian	7	
Any other Mixed/Multiple ethnic background, please describe	8	
<i>Please describe</i> [OPEN RESPONSE]		
Asian/Asian British		
Indian	9	
Pakistani	10	
Bangladeshi	11	
Chinese	12	

²⁵ This ethnic group question structure is the recommended country-specific survey question for use in England, as per the ONS guidance on the collection and classification of ethnic group in the UK. A tailored question for surveying in Wales is also provided. See: ONS, Ethnic group, national identity and religion. Available at: [Ethnic group, national identity and religion - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/ethnic-group-national-identity-and-religion)

Any other Asian background, please describe	13	
<i>Please describe</i> [OPEN RESPONSE]		
Black/ African/Caribbean/Black British		
African	14	
Caribbean	15	
Any other Black/African/Caribbean background, please describe	16	
<i>Please describe</i> [OPEN RESPONSE]		
Other ethnic group		
Arab	17	
Any other ethnic group, please describe	18	
<i>Please describe</i> [OPEN RESPONSE]		
Prefer not to say	96	

ASK ALL ETHNICITY (WALES ONLY)

ETHNICITY (Optional)

Q14b. What is your ethnic group? Choose one option that best describes your ethnic group or background

Please select one answer only

SINGLE CODE

White		
Welsh/English/Scottish/Northern Irish/British	1	
Irish	2	
Gypsy or Irish Traveller	3	
Any other White background, please describe	4	
<i>Please describe</i> [OPEN RESPONSE]		
Mixed/Multiple ethnic groups		
White and Black Caribbean	5	
White and Black African	6	
White and Asian	7	
Any other Mixed/Multiple ethnic background, please describe	8	
<i>Please describe</i> [OPEN RESPONSE]		
Asian/Asian British		
Indian	9	
Pakistani	10	
Bangladeshi	11	
Chinese	12	
Any other Asian background, please describe	13	
<i>Please describe</i> [OPEN RESPONSE]		

Black/ African/Caribbean/Black British		
African	14	
Caribbean	15	
Any other Black/African/Caribbean background, please describe	16	
<i>Please describe</i> [OPEN RESPONSE]		
Other ethnic group		
Arab	17	
Any other ethnic group, please describe	18	
<i>Please describe</i> [OPEN RESPONSE]		
Prefer not to say	96	

ASK ALL

HOUSEHOLD INCOME

Q15. Which of the following bands does your household income fall into from all sources *before* tax and other deductions?

Please select one answer only

SINGLE CODE

Up to £199 a week/Up to £10,399 a year	1	
From £200 to £299 a week/From £10,400 to £15,599 a year	2	
From £300 to £499 a week/From £15,600 to £25,999 a year	3	
From £500 to £699 a week/From £26,000 to £36,399 a Year	4	
From £700 to £999 a week/From £36,400 to £51,999 a year	5	
From £1,000 to £1,399 a week/From £52,000 to £72,799 a year	6	
From £1,400 to £1,999 a week/From £72,800 to £103,999 a year	7	
£2,000 and above a week/£104,000 and above a Year	8	
Don't know	97	
Prefer not to say	96	

NON-HOUSEHOLD DEMOGRAPHICS

ASK ALL (CONTINUES FROM Q8)

SERVICE USE

Q10. How does your organisation mainly use water at its premises?*Please select all that apply*

MULTICODE

For the manufacturing process which is essential to the running of your organisation (eg to power machinery, agricultural production etc)	1	
For the supply of services your organisation provides (eg cleaning services etc)	2	
For an ingredient or part of the product or service your organisation provides (eg food or drink, chemical, cosmetics manufacturer etc)	3	
For normal domestic use for your organisation's customers and employees (eg customer toilets, supply of drinking water)	4	
None of the above	5	
Don't Know	97	

ASK ALL

NUMBER OF SITES (IF NOT ALREADY ASKED IN THE SCREENER)

Q11. How many sites in the UK does your organisation operate from?*Please select one answer only*

SINGLE CODE

1	1	
2	2	
3	3	
4	4	
5-10	5	
11-50	6	
51-250	7	
250+	8	
Prefer not to say	96	

ASK ALL

SIZE

Q12. How many employees does your organisation have in the UK?*Please select one answer only*

SINGLE CODE

0 (sole trader)	1	
1 to 9 employees (micro)	2	

10 to 49 employees (small)	3	
50 to 249 employees (medium)	4	
250+ employees (large)	5	
Prefer not to say	96	

ASK ALL

SECTOR

Q13. Which of the following best defines the core activity of your organisation?

Please select one answer only

SINGLE CODE

Agriculture, forestry and fishing	1	
Mining and quarrying	2	
Energy or water service & supply	3	
Manufacturing	4	
Construction	5	
Transport and storage	7	
Hotels & catering	8	
IT and Communication	9	
Finance and insurance activities	10	
Real estate activities	11	
Professional, scientific and technical activities	12	
Administrative and Support Service Activities	13	
Public administration and defence	14	
Education	15	
Human health and social work activities	16	
Arts, entertainment and recreation	17	
Other service activities	18	
Other	19	
<i>Please specify</i> [Open response]		
Prefer not to say	96	

Companies may insert additional questions at the end of the survey for the purpose of aligning customer segmentation analyses with other research they may be undertaking.

Prescribed content at the end of each survey:

Water companies offer help to qualifying low-income households that are struggling to afford their water and wastewater bills.

More information about this can be found [here](#): add link to the financial support area of water company website.