APPENDIX SES018

CUSTOMER RESEARCH OUTPUT REPORTS

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Final report

August 2023

ICS

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Objectives for the the research

SES Water is currently developing and testing its PR24 business plan within the context of their longer-term 25-year strategic planning.

SES Water has commissioned ICS Consulting to undertake independent customer research to understand customer views on priorities for investment and improvements in service outcomes over the next 25 years. SES Water wish to understand customers' views and priorities for service and performance outcomes and targets, over both 25 years and the next five-year period to support development of the PR24 business plan and long-term delivery strategy.

The specific objectives for the customer research are:

- Identify customers' relative priorities for overall water service key outcomes and build understanding of the factors influencing their preferences
- Focussing on investment areas where customer preferences may have a material impact on SES Water's investment plans over the next 25 years, determine customers' preferred outcomes for each investment area, including the pace and scale of improvements.
- Understand the factors influencing their choices including the impact of potential bill increases and affordability
- Identify any variances in customer preferences and choices between different groupings (segment) such as age, location or socio-economic group.

A collaborative, iterative approach to the project ensured the research delivers insight to support both the PR24 business plan and the LTDS

Approach to the research

The project has five phases – scoping and research design, quantitative customer research (survey for household and non-household customers), analysis and interim reporting to inform ongoing strategic and business planning, qualitative research and final reporting.

Working with key SES Water colleagues, the project was developed using an iterative approach to focus the customer engagement activities in the areas where customer evidence can provide the most support or make the most difference to the PR24 investment plans and longer-term strategic direction.

The customer research concentrates on understanding customer priorities for eleven key service areas which SES Water considers when developing long-term investment plans and five investment areas where customer preferences may have a material influence on the business plan. The five investment areas are carbon net zero, environmental improvements, lead, leakage and smart metering, with investment options selected to test the ambition (scale) of the outcome and/or the pace of investment as appropriate for each investment area.

Customer views on the research

Respondent views on the survey are positive overall, which is encouraging given the complexity of the subject and length of survey. 40% of customers found the survey interesting, with only 14% of respondents considering the survey to be fairly or very difficult to answer.

Customers responded positively to the focus groups, with a high level of engagement and interest in the topic areas.

The sample provides good representation of the SES Water household customer base

631 household customers fully completed the survey, with an additional 50 household customers completing the key water services section.

41% (45%)
London

59% (55%)
Surrey

ABC1 **70%** (62%)
C2DE **30%** (38%)

Socio-Economic Group

45% (54%)
Women

53% (45%)
Men

7% (25%)
Aged 18-34

60% (52%)
Aged 35-64

33% (23%)
Ages 65+

Key: Sample (target based on SES Water Customer base)

The substantial sample of 631 customers completing the survey is a good representation of the SES Water customer base. It has a good mix of rural, urban and suburban locations, occupations, and a balance of genders. Younger customers are under-represented but all findings have been analysed and adjusted for age as appropriate.

Almost a quarter of respondents have children under 18 years living at home with a similar proportion identifying either themselves or someone in their household as vulnerable. 12% of respondents who were willing to provide data have an annual household income of less than £16,500.

A further 25 customers took part in four focus group sessions, involving in-depth discussions.

Key Findings

High quality water is the highest priority of key water services

Simple analysis of the results demonstrates that customers overall ***prioritise high quality drinking water, leakage reduction and ensuring affordable bills*** when selecting their top five priorities for key water services***.***

Helping customers and businesses to reduce their usage, softening the water supply and customer service were consistently recorded as lower priorities for customers.

1. High quality water that looks, tastes and smells good
2. Reduce the amount of water that is lost through leakage
3. Ensure bills are affordable bills for all
4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
5. Maintain existing infrastructure for current and future customers and prevent bursts
6. Improve the environment and have a positive impact on our local area

7= Ensure properties consistently receive good water pressure

7= Prevent interruptions to water supply

9. Continue to provide a high quality service to all our customers
10. Continue to soften the water supply to 80% of our customers
11. Help customers and businesses to reduce their water use

Discussions indicate all service areas are important and linked, particularly to affordability

Customers participating in the focus group sessions largely endorsed the survey findings.

Discussions give insight into the underlying factors influencing customer priorities. Focus group participants consistently link the different service areas together, often with affordability considerations. For example, an expectation that helping customers reduce their water usage would be a higher priority arises from participants linking being careful with water and keeping bills affordable. Unprompted, metering also triggers polarising views based on personal experience and situation, and the potential bill impacts.

Affordability is flagged by all groups as influencing customers' priorities. Customers primarily consider affordability in terms of the impact on them personally rather than the wider community of SES Water's customer base.

Some participants feel that a customer's priorities are likely influenced by personal experience of service delivery. Others consider that the individual's life stage may be a factor, particularly with respect to improving the environment and affordability.

Presented with SES Water's recent performance, some customers did not expect per capita consumption in SES Water to be high compared to other companies. They feel they are careful with water usage whether to reduce waste or cut costs. Customers feel leakage remains a high priority. Despite SES Water's good performance customers are still annoyed over wastage. Leakage also influences their motivation to reduce their own water usage.

Concern about hardness is the highest reported service issue, although 42% of customers surveyed did not report any service problems over the last 5 years.

Key findings

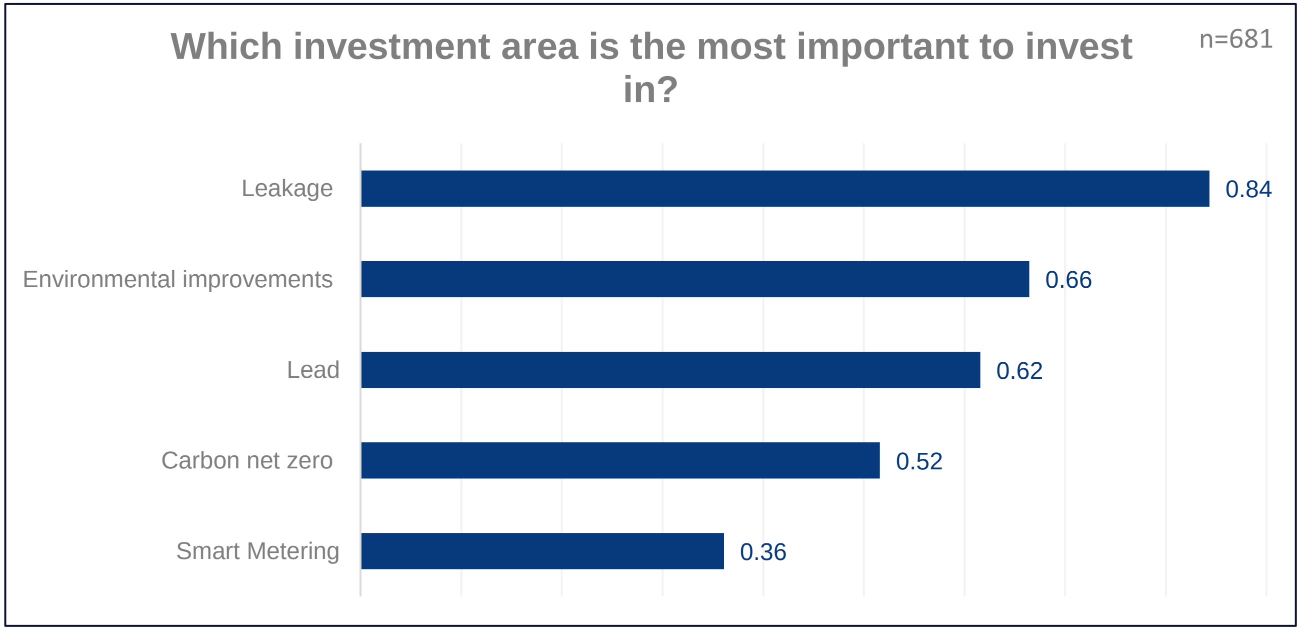
Without knowing bill impacts, of the five investment areas, customers prioritise leakage reduction

Customers rank leakage reduction as the most important area to invest.

Environmental improvements, based on improvements to the local area, rank more highly than Carbon Net Zero, a global environmental issue.

Views on Lead are evenly spread across the priority order.

Most customers do not prioritise investing in smart meters. A clear majority select this as their least important area.



Segmentation analysis shows some differences by age; the older age groups rank leakage reduction higher than the 18-34 years, who show higher levels of support for smart meters. Overall, this only makes marginal differences to the weighted average for leakage (reduces to 0.82) and smart metering (increases to 0.38)

Key findings

Cost and affordability is the main reason for customers' investment choices for all five areas

Leakage reduction

Nearly all customers (91%) feel that investment in leakage reduction over the next 25 years is important, prior to knowing the potential bill impacts. The strength of support for investment increases with age. 53% do not consider that meeting the government target to halve leakage by 2050 is acceptable.

91% of customers place leakage as their highest priority for improvements. When customers were presented with the bill impacts, support reduces to 75% for additional reduction in leakage beyond statutory targets. This support is split regarding the extent of that reduction between faster (by 2040) or reduce further to 60% by 2050.

The focus groups endorsed these findings for leakage reduction.

Environmental Improvements

71% of customers believe that investment in environmental improvements by SES Water is very or somewhat important, prior to knowing the potential bill impacts. Support is strongest amongst both age groups over 35 years but lower for the 18-34 age group.

Overall customers are split 50:50 regarding their awareness of SES Water taking water from underground sources that feed sensitive habitats to be used in supply. Awareness increases significantly with age, rising to 62% for the over 65 years.

Support for investment in environmental improvements is maintained when presented with the bill impacts. 72% of customers support environmental improvements beyond statutory requirements, with support strongest for the greatest level of investment

Key findings

For lower priority investment areas, customers also focus on options that they consider offer a balanced pragmatic approach

Lead pipe removal

Prior to knowing the potential bill impacts, 76% of customers feel investment in removing lead pipes is very or somewhat important over the next 25 years. Support was broadly consistent across age, location and socio-economic groups.

Overall, 66% of customers are aware of lead pipes in water supply, but awareness varies with age, falling to only 31% for the youngest age group (18-34 years).

65% of customers prefer a steady approach to lead pipe replacement over a longer time frame, but do not have a clear preference for either of the two slower options (maintaining the current approach, or increasing to an additional 250 sites every 5 years).

Carbon net zero

64% of customers feel investment in meeting carbon net zero is very or somewhat important over the next 25 years. 86% of customers are aware of the UK Government target to meet carbon net zero by 2050. Awareness amongst customers increases with age.

78% of customers support reaching net zero by 2050, not earlier, of whom 51% opt for investment that achieves statutory obligations to meet net zero by 2050 with a further 27% who support net zero by 2050 but with accelerated reduction in operational emissions by 2030.

Key findings

Customers consistently report that they consider smart meters a low priority for investment

Smart Metering

Customers’ views on the importance of investing in smart meters are mixed.

79% of customers support replacing meters with smart meters when required with minimal support for any accelerated replacement of meters. The findings are consistent across different customer groups (age, location and SEG).

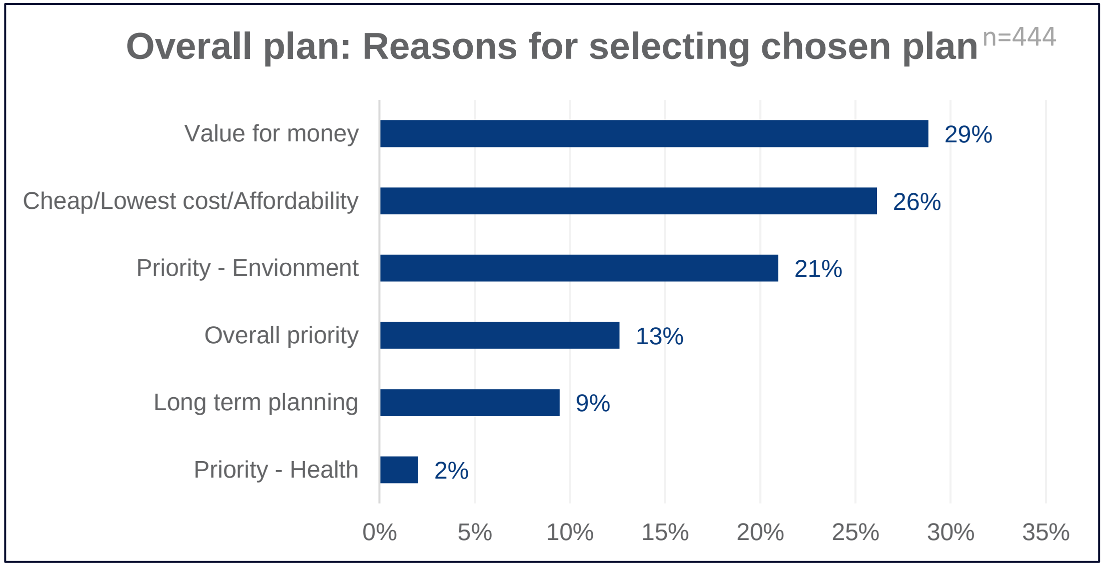
When asked about what factors may drive customers’ views, customers cite cost and affordability concerns, low priority for investment, concerns about smart meters, particularly amongst older customers, and wastage.

To understand barriers to smart meters, the focus groups explored attitudes and perceptions. Participants’ views on smart meters are more positive than expected but remain mixed. The potential barriers to implementation identified are cost to install and who funds the meter, consequential potential impact on charging and tariffs, disputed benefits of smart meters in supporting customers to reduce water usage and save money, security of the technology and understanding the potential for smart meters to help identify and reduce leakage.

Customer preferences do not change when considering the overall bill impact

Less than 5% of respondents made any change to their preferred investment options when presented with the overall impact of their investment choices on the average customer bill. This, together with the consistency in findings with priorities for investment without financial implications, builds confidence that the research truly reflects customer preferences.

Value for money and cost or affordability are stated as the main reason for selecting their chosen plan by 55% of customers. 21% highlighted the environment as a priority for their plan.



59% of customers pay more attention to the scenario description than bill impact when making choices. When considering bill impacts, 51% of customers pay most attention to the total bill impact over 25 years, with 39% focussing on the bill increase in 2030. The focus changes with age - the younger age group pay more attention to the bill impact over 25 years, with 65+ years concentrating on impact in the first 5 years (bill impact in 2030).

Focus groups participants endorsed the survey finding that 69% of respondents agreed that water bill increases are acceptable if financial assistance is available to protect those who need it.

This comprehensive research programme provides valuable customer insight to inform SES Water's PR24 and long-term planning

This report presents the findings from comprehensive quantitative and qualitative research with SES Water's household customers. It explores their priorities and preferences for key service outcomes and the importance of five key investment areas (carbon net zero, environmental improvements lead, leakage and smart metering) for PR24 and the longer-term, including their choices for investment in terms of the pace and scale of improvements.

Customers have consistent views between their long-term priorities and the key investment areas, both with and without knowledge of the bill impacts. Developing understanding during either the survey or focus group session demonstrates that customers recognise and understand the factors behind the need for investment. They consider both the financial impact upon themselves and others, as well as the improvements in performance when making their choices.

The consistency in findings, both within the survey responses, and between the quantitative and qualitative research programmes, builds confidence that the research truly reflects customer preferences. As such the findings are suitable to inform SES Water as they further develop their PR24 investment plans and the intended direction of travel for their long-term delivery strategy.

Customer research on long-term priorities, outcomes and choices

Section 1
Introduction

Customer priorities and choices for long-term investment and outcomes

Background to the research

SES Water is currently developing and testing its PR24 business plan which will be submitted to Ofwat in October 2023. This five-year business plan for the period 2025 to 2030 is developed within the context of their longer-term 25-year strategic planning.

Ofwat's guidance on long term delivery strategies (LTDS) requires that ambition and strategy should be informed by customer engagement. They expect that engagement should support customers to inform the company's long-term ambition for PR24 and beyond, including the phasing of key investments, by focusing on areas which customers can give meaningful input on.

> "Challenge should focus on important and material or urgent issues which companies should incorporate into their strategies. Engagement should support customers to inform the company's long-term ambition and the phasing of key investments."
>
> Ofwat's PR24 & Beyond: Final Guidance on Long-Term Delivery Strategies

Ofwat's Customer Engagement Policy also recommends that companies' research programmes should be continual, including specific and relevant research for informing business plans and long-term delivery strategies, to enable areas of concern or change to be more easily identified and acted on.

SES Water has commissioned ICS Consulting to undertake independent customer research to understand customer views on priorities for investment and improvements in service outcomes over the next 25 years, set specifically within the context of the next business planning period to 2030. This research supports development of the PR24 business plan and long-term delivery strategy, as part of the SES Water programme of customer research.

Customer priorities and choices for long-term investment and outcomes

Objectives of this research

To further develop its long-term strategy and PR24 business plan, SES Water wish to understand customers' views and priorities for service and performance outcomes and targets, over both 25 years and the next five-year period.

The specific objectives for the customer research are:

- Identify customers' relative priorities for overall water service key outcomes and build understanding of the factors influencing their preferences
- Focussing on investment areas where customer preferences may have a material impact on SES Water's investment plans over the next 25 years, determine customers' preferred outcomes for each investment area, including the pace and scale of improvements.
- Understand the factors influencing their choices including the impact of potential bill increases and affordability
- Identify any variances in customer preferences and choices between different groupings (segment) such as age, location or socio-economic group.

Approach to the research

The project has five phases – scoping and research design, quantitative customer research (survey for household and non-household customers), analysis and interim reporting to inform ongoing strategic and business planning, qualitative research and final reporting.

Structure of the report

This report presents the findings from customer research carried out between May and July 2023 and is structured as follows:

Report Appendices

- **Household customer profile** – Appendix A
- **Quantitative research materials** – Appendix B
- **Qualitative research materials** – Appendix C
- **Qualitative customer profile** – Appendix D
- **Qualitative topic guide** – Appendix E
- **Additional information** – Appendix F

Customer research on long-term priorities, outcomes and choices

Section 2
Research Process

A collaborative, iterative approach to the project ensured the research delivers insight to support both the PR24 business plan and the LTDS

Working with key SES Water colleagues, the project was developed using an iterative approach to focus the customer engagement activities in the areas where customer evidence can provide the most support or make the most difference to the PR24 investment plans and longer-term strategic direction.

The project started with a scoping and research design phase, followed by quantitative customer research. Analysis and interim reporting ensured that the 2nd stage of customer research – qualitative focus groups – focussed on the key areas arising from the quantitative survey results and informed by the ongoing development of the PR24 investment plan.

Scoping and research design

Existing customer evidence, and supporting information such as current service performance, proposed investment plans, key targets, outcomes and challenges, were reviewed to identify the key areas where choices exist that would benefit from customer evidence to inform development of the case for investment.

This review identified the scope of the customer research:

- Understand customer priorities for eleven key service which SES Water considers when developing long-term investment plans. This allows customer priorities to be considered when developing the overall PR24 business plan
- Five investment areas where customer preferences may have a material influence on the business plan, and which involve discretionary investment. The five investment areas are carbon net zero, environmental improvements, lead, leakage and smart metering. The strategic asset planning teams identified the options under consideration for each investment area, and three or four options were selected to test with customers. The options were selected to test the ambition (scale) of the outcome and/or the pace of investment as appropriate for each investment area.

Overview of the customer research project on long-term priorities, outcomes and choices

Scoping & research design	Stage 1 – Quantitative survey	Analysis and interim reporting	Stage 2 – Qualitative research	Analysis and final reporting
Identify needs and requirements	Household customers invited to complete online survey	Initial findings from household customers shared with SES Water to inform ongoing strategic business planning	Four online focus groups with household customers	Consolidation of quantitative and qualitative findings
Confirm research areas where customer views may have a material impact	Ongoing review of respondents to identify hard to reach customers	Review of findings used to identify research objectives for Stage 2 research, including feedback from SES Water ELT and the Customer Scrutiny Panel	Research focussed on the key areas identified to build understanding of the survey results and factors influencing customers' views and preferences	Analysis of segmentation between customers to explore patterns and weightings
Design and produce survey materials	Field researchers used to target hard to reach and vulnerable customers and support them to complete survey			
	Non-household customers invited to complete online survey			

Stage 1: Quantitative Research approach

The customer research has been designed using a two-stage approach.

Stage 1 – Quantitative Survey

Stage 1 employs a quantitative approach, using an online customer survey for household and non-household customers. The online survey allows a suitable sample size to enable us to understand customer preferences, including differences between different customer groups such as age, location or socio-economic group (SEG).

Prior to launch, the survey and materials were tested through cognitive interviews to ensure customer understanding. Based on feedback some materials were revised and re-tested. All customers gave positive feedback about the approach, demonstrating understanding of the materials presented and able to make informed, considered decisions. The survey was also subject to a soft launch with review after c.100 completions; following review the option to terminate the survey prior to step two (investment areas) was removed.

Household customers were invited to complete the survey via email. For this type of survey, independent survey panel providers would typically be used to allow specific sampling targets based on factors such as SEG, and age. Given the size of the SES customer base, no panel providers were able to meet the required sample size (500 household customers). Instead, all SES customers who had previously consented to be contacted by email were approached. Individual incentives were not provided, instead customers were given the option of entering a prize draw. Customers responded positively with a larger than required sample size achieved.

However, the sample included more older customers and higher SEG, with some targets difficult to achieve. Infield targeting was adopted to address these gaps; researchers facilitated in-person completion of the survey targeting specific customer groups including younger age groups, households with children and those with a C2DE socio-economic classification. A monetary incentive was offered to encourage participation in the fieldwork.

631 household customers fully completed the survey

681 Household customers

631 household customers fully completed the survey
Additional 50 household customers completed the key water services section*

41% (45%)
London

59% (55%)
Surrey

ABC1 **70%** (62%)
C2DE **30%** (38%)

Socio-Economic Group

45% (54%)
Women

53% (45%)
Men

7% (25%)
Aged 18-34

60% (52%)
Aged 35-64

33% (23%)
Ages 65+

London
67% ABC1
33% C2DE

Surrey
72% ABC1
28% C2DE

9% report restricted mobility or disability

5% report restricted mobility or disability in the home

67% have a water meter

Key: Sample (target based on SES Water Customer base)
* Data from the respondents who terminated the survey prior to step two (investment areas) has been included in the priorities for key water services section

The sample provides good representation of the SES Water household customer base

Household Customers

The substantial sample of 631 customers completing the survey is a good representation of the SES Water customer base. It has a good mix of rural, urban and suburban locations, occupations, and a balance of genders.

- 81% are homeowners
- 23% of respondents have children under 18 years living at home
- 23% of respondents identified either themselves or someone in their household was vulnerable
- 12% of respondents who were willing to provide data have an annual household income of less than £16,500
- 14% of respondents who were willing to provide data stated they always or sometimes find it difficult to pay their water bill

Further information is provided in Appendix A.

Whilst targeted sampling using field researchers addressed some of the observed gaps in sampling from the online survey, the sample does under-represent the younger age group (18-34 years) and SEG C2DE. All results have been reviewed to identify any notable differences between customer preferences due to age, socio-economic group (SEG) or location. All findings are presented are unweighted, but where differences are observed weighted findings to reflect the SES customer base are also included.

Difficulties were experienced in engaging with non-household customers for the research

Non-household Customers

The survey was adapted for non-household customers and launched on-line. As for household customers, independent survey panel providers were not able to meet any sample size, and so the same approach was taken with non-household customers contacted directly by email and invited to complete the survey. Incentives in the form of a donation to charity were offered. Unfortunately, the response rate was poor, despite reminders, with only 9 survey completions.

Alternative options were explored by researchers including alternative business data sources (analysis indicated this would likely yield a further 10 completions at best), or alternative options such as in-depth interviews or focus groups. However, all options were significant additional cost for very small, un-representative sample sizes.

Given that non-household customers account for c.15% of water into supply for SES Water, and other larger water-only companies also report difficulties in engaging their business customers in meaningful research, the recommendation was made to stop non-household research for this project.

The Quantitative survey was structured to take customers through complex topics

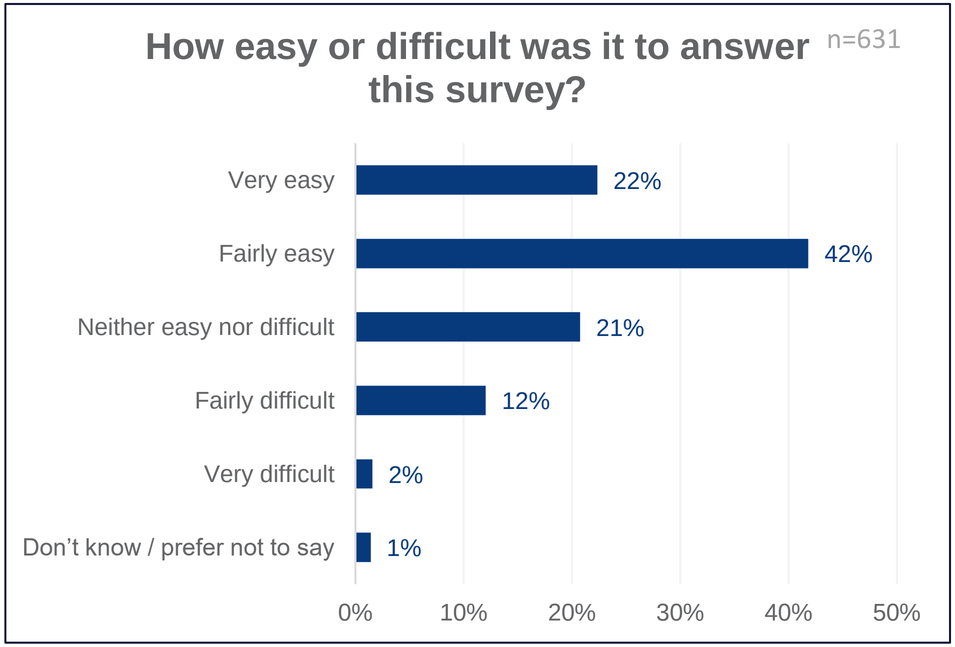
The survey was structured to take customers through the key water services that SES Water provides before focussing on the five investment areas of interest. Background information was provided to build customer understanding through the survey, with the materials designed to be clear and easy to understand; ‘hover-overs’ were available for those customers wanting further information. The full survey is included in Appendix B

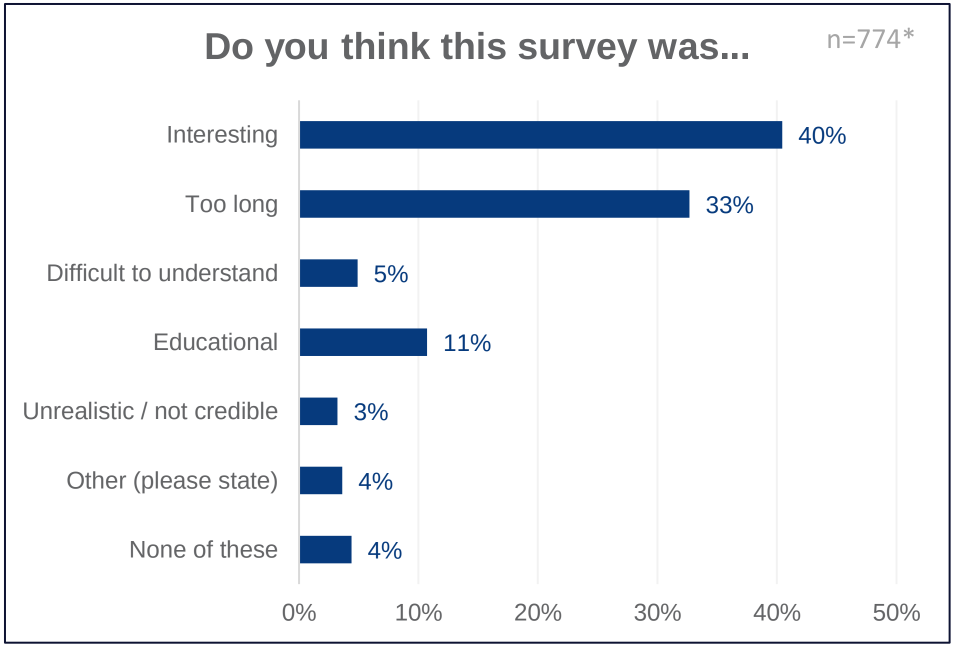
1. Priority services	Customers are introduced to 11 key water services that SES Water considers when developing long-term investment plans. Descriptions are provided for each water service and customers are asked to rank their top 5 of what they believe are the most important or top priority for SES Water to consider.
2. Investment areas	Customers are taken through 5 different investment areas. They are provided with a description of the issue and the benefits and disbenefits of the associated investment. Customers are asked a generic question around the specific area to test understanding and awareness, and then asked to state how important they believe investment in this area to be.
3. Ranking investment areas	All 5 investment areas are shown together, without any financial implications, and customers asked to rank them in order of priority from their “most important” to invest in to their “least important”.
4. Bill impacts (‘What if?’)	Customers consider each of the 5 investment areas in turn. They are presented with a series of investment scenarios, with a description of the proposed investment and outcomes and the associated bill impact for the years 2030 and 2050 together with a total cost over the 25-year period. Customers are asked to select their preferred scenario and state why.
5. Build your own bill	Customers are shown their selected scenarios together indicating a combined “bill” detailing the cost impact of their choices. Customers are asked to review now they can consider the total impact, and to confirm their choices or make changes if preferred.

Respondents are positive about the survey experience

Respondent views on the survey are positive overall, which is encouraging given the complexity of the subject and length of survey. Only 14% of respondents considered the survey to be fairly or very difficult to answer.

40% of customers found the survey interesting, and 11% educational. For this length of survey individual incentives would typically be offered, but this approach could not be employed as independent panel providers were not used. Consequently, 33% considering the survey too long is lower than researchers expected. Less than 8% found it difficult to understand or not credible giving confidence in the findings.





*multiple responses allowed

Stage 2: Qualitative Research approach

Stage 2 research builds understanding of the factors driving customer preferences and choices

Analysis and Interim Reporting

Prior to stage 2 qualitative research, interim findings from the quantitative research were presented to the SES water team, SES Water Executive Leadership Team (ELT) and SES Water's Customer Scrutiny Panel (CSP). This enabled customer views and preferences to be used to inform and support ongoing development of the long-term strategy and PR24 business plan.

Feedback from comprehensive discussions with the ELT and CSP identified those findings that warranted further exploration with customers during the qualitative playback research and were used to confirm the stage 2 research objectives.

Stage 2 Qualitative Research

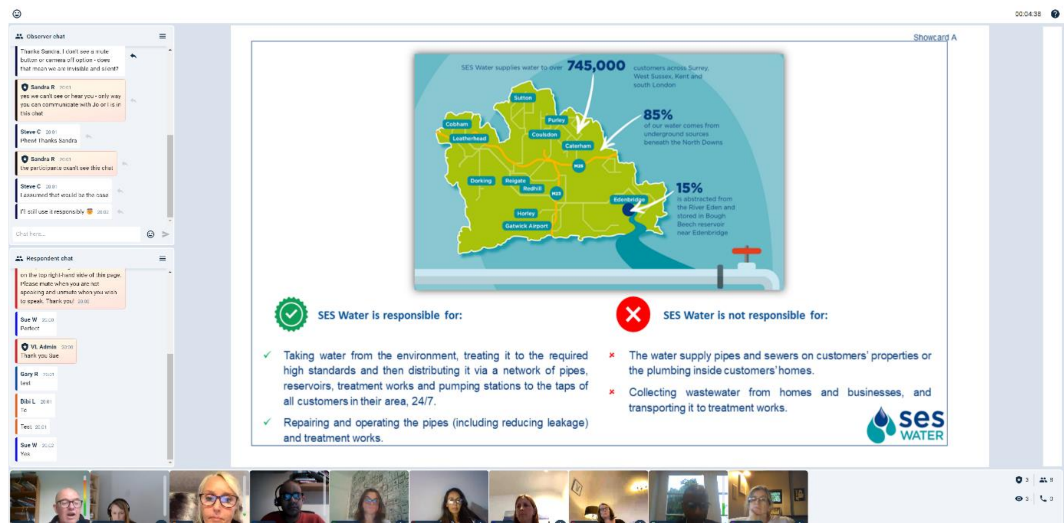
A series of four focus group sessions with household customers shared findings from the survey and allowed further exploration of customer preferences and choices, including the underlying reasons and factors driving views. The agreed research objectives were to:

- Build understanding of customer priorities, including the relative positions of key service outcomes particularly;
  - whether service areas ranked lower are due to current high performance e.g. supply interruptions, low pressure
  - understanding customers' perceptions regarding water availability, efficiency and reductions in usage
- Explore the underlying reasons for customer choices for all investment areas, with specific focus on;
  - carbon net zero, concentrating on the operational glidepath for 2030
  - leakage
  - Smart metering including the link with leakage reduction, and barriers to support amongst customers
- Gather insight into how bill impacts, affordability concerns and the current cost of living crisis impact on customer views.

25 customers took part in online focus groups involving in-depth focussed discussions

SES Water household customers were engaged in four online focus groups which took place in July 2023. The research was implemented online using the Visions Live platform. The online groups support polls and interactive on-screen exercises, to increase engagement and promote discussion. Each focus group was approximately 90 minutes.

The groups were implemented in the same way as conventional in-person focus groups. The online groups were conducted with onscreen video so that all the participants could see each other and the moderators. This allowed them to engage and interact more fully with each other and helped encourage conversation and discussion. It also allowed the moderators to manage the group more effectively by visually monitoring the level of engagement and encouraging those who are quieter to contribute. Group participants were able to use a chat function to share their views and add comments while other participants were speaking, ensuring all could contribute.



As questions were presented, participants were invited to give their direct feedback to questions presented on slides, as well as discuss amongst themselves. All sessions made use of online voting as a way of summarising customer views.

All groups were organised and run by ICS moderators – who are members of the Market Research Society, and thereby adhere to and follow industry standards. The moderators ensure discussions are independent and unbiased; both aspects are extremely important in ensuring a discussion where everyone's views are valid and there are no right or wrong answers.

The Qualitative research followed the same structure as the quantitative survey

Participants were provided with pre-reading to build customer understanding to a similar level as that achieved during the survey. Wherever possible the pre-reading materials were the same as that used in the survey.

The focus groups included two of the exercises used in the survey – prioritisation of key water services and ranking of the five investment areas. This allows researchers to benchmark the focus group participant views against survey findings to account for any differences in views and preferences. See appendix C for all materials.

Pre-reading	To prepare customers for the focus group sessions, pre-reading introduced participants to SES Water, the regulators, business planning, the 11 key service areas and the 5 investment areas under consideration. No bill impacts or investment options were included at this stage.
1. Priority services	Customers are introduced to long term planning and given the context of the session in terms of playback of survey findings. They are introduced to the key water services and complete the same prioritisation exercise. Customers are then shown the survey results including service performance to discuss.
2. Investment areas	Customers are reminded of the investment areas and complete the ranking exercise (prior to knowing any bill impacts). The investment area priority ranking results are then shared to discuss and influencing factors.
3. Bill impacts ('What if?')	Customers consider 3 of the 5 investment areas in turn (Carbon Net Zero, Leakage, Smart Metering). They are presented with the same investment scenarios, including a description of the proposed investment and outcomes and the associated bill impact. Customer choices from the survey are shared and discussed. Perceptions and barriers to smart meters are also considered.
4. Affordability	Finally, customers consider the more general aspects of bill impacts, affordability and the current cost of living and how these factors influence customer priorities and choices. Moderators also explored whether participants had been influenced by information and others' views shared within the session.

Customers responded positively to the focus groups and actively engaged in the exercises and discussions

In total, 25 participants were involved in the in-depth discussions. Groups involved a cross section of SES customers split by age with 18-45 years and those 46+ in different groups as well as a London and Surrey split. All groups were of a mixed socio-economic background. All customers were responsible for their water and sewerage bill.

Participant feedback on the sessions was positive, with a high level of engagement and interest in the topic areas.

25* Household customers

48% (45%)
London

52% (55%)
Surrey

ABC1 **56%** (62%)
C2DE **44%** (38%)

Socio-Economic Group

56% (54%)
Women

44% (45%)
Men

56% (42%)
Aged 18-45

44% (58%)
Aged 46+

London
50% ABC1
50% C2DE

Surrey
62% ABC1
38% C2DE

72% have a water meter

Key: Sample (target based on SES Water Customer base)
* 1 additional customer took part in the initial stages and polls but technology issues prevented further participation.

Analysis of both stages of the research builds understanding of customer preferences and the factors influencing their views and choices

Analysis and final reporting

The final stage for the project is analysis and final reporting. This report presents the findings from customer research carried out between May and July 2023.

Building on the interim findings, all results from the quantitative research have been reviewed to identify any notable differences between customer preferences by segment (age, socio-economic group (SEG) or location). All findings are presented as unweighted, but where differences are observed weighted findings to reflect the SES customer base and any research observations and patterns are also included.

Given the very small number of completed non-household surveys, no results are included. The survey responses have been reviewed but no clear differences identified between non-household and household findings.

Findings from stage 2, qualitative research, are not presented separately. The qualitative research has been analysed and assessed within the context of the quantitative findings. The research findings are consolidated to present the overall insight into customer preferences, priorities and choices both for PR24 and the longer-term for key service outcomes and the five investment areas – carbon net zero, environmental improvements, lead, leakage, and smart metering.

Customer research on long-term priorities, outcomes and choices

Section 3: Key Findings

Service Priorities

Research approach

Customer priorities for key water services

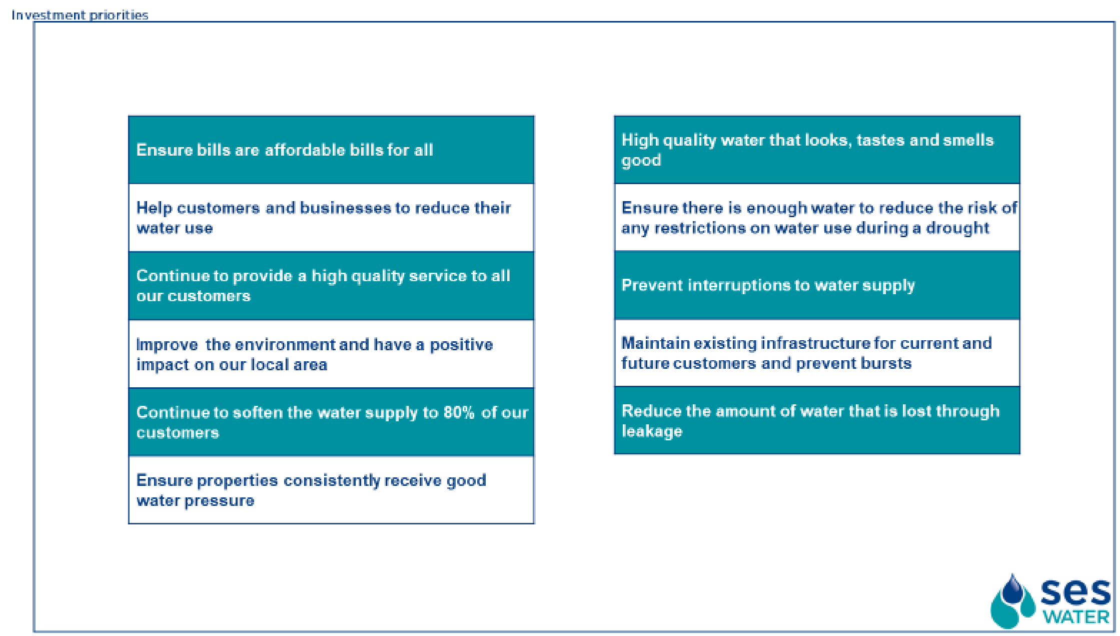
1. Priority services

Customers are introduced to 11 key water services that SES Water considers when developing long-term investment plans. Descriptions are provided for each water service and customers are asked to rank their top 5 of what they believe are the most important or top priority for SES Water to consider.

To inform the overall long-term strategic plan, customers are asked to select their priorities for investment.

Good practice indicates that customers can typically rank up to a maximum of 7 objects. Therefore, respondents are asked to select their top 5 priorities (ranked from 1 to 5) from the list of eleven key service outcomes presented. A description was available by hovering over.

Customers were asked to consider the key water services considering themselves, their household and their community in the future. The survey recognised that SES Water consider all to be important.



Key Findings

High quality water is the highest priority of key water services

Simple analysis of the results demonstrates that customers overall ***prioritise high quality drinking water, leakage reduction and ensuring affordable bills*** when selecting their top five priorities for key water services***.***

Helping customers and businesses to reduce their usage, softening the water supply and customer service were consistently recorded as lower priorities for customers

1. High quality water that looks, tastes and smells good
2. Reduce the amount of water that is lost through leakage
3. Ensure bills are affordable bills for all
4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
5. Maintain existing infrastructure for current and future customers and prevent bursts
6. Improve the environment and have a positive impact on our local area

7= Ensure properties consistently receive good water pressure

7= Prevent interruptions to water supply

9. Continue to provide a high quality service to all our customers
10. Continue to soften the water supply to 80% of our customers
11. Help customers and businesses to reduce their water use

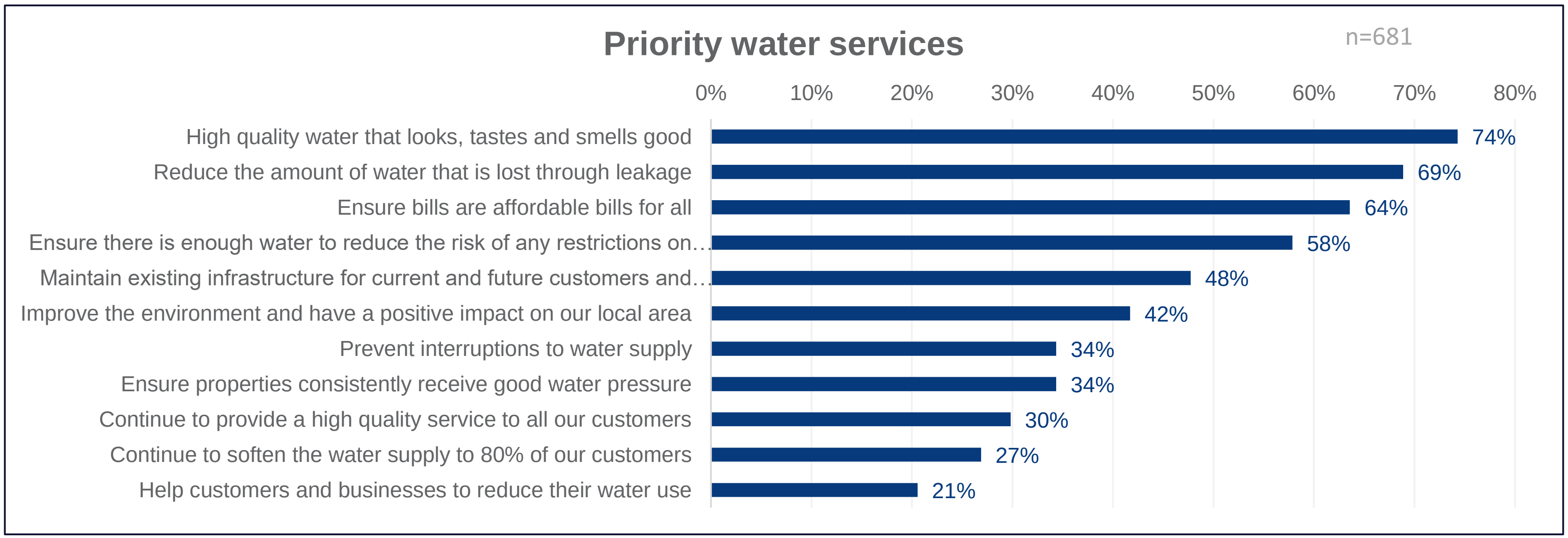
Key Findings

The majority of customers support the top three priorities for key water services

When selecting their top five priorities for investment in key water services

- ***74%*** of household customers selected ***high quality water*** as one of their priorities
- ***69%*** selected reducing the amount of water lost through ***leakage***
- ***64%*** selected ensuring bills are ***affordable for all***

Less than a third of customers selected helping reduce water usage, water softening and customer services as one of their top five priorities.



Graph shows the percentage of respondents who selected the service area in their top 5 (percentages add to 500%)

Key Findings

Customer priorities vary by age particularly for the youngest age group (18-34 years)

Whilst neither location nor SEG had any impact on customer priorities, analysis by age did show some variance.

- **High quality water** is prioritised either first or second for all age groups
- The priority of **affordable bills** drops as age increases with 80% of 18-34 years selecting it in their top five, compared with 68% of 35-64 years and 52% of 65+ years.
- The priority of **improving the environment** also drops as age increases with 51% of 18-34 years selecting it in their top five (3rd priority), compared with 46% of 35-64 years (6th) and only 32% of 65+ years (8th), though the variance is less.
- In contrast **reducing leakage** gained strong support from 65+ years and 35-64 years (prioritised first and second respectively) but was a lower priority for 18-34 years at 7th overall. Similarly, the two older age groups prioritised **ensuring there is enough water to prevent restrictions** in the top four, whereas 18-34 years ranked it 8th.
- Both 65+ years and 35-64 years prioritised **maintain existing infrastructure** as 5th, whereas 18-34 years placed it 10th.
- Only one in five customers selected **helping customers and business to reduce their water usage**, consistent across all age groups.

Customer priorities from the survey were endorsed by the qualitative research

In order to benchmark their views against the survey respondents, the focus group participants completed the same prioritisation exercise for key water service areas as was included in the main survey.

With a few variances, customer priorities align providing confidence that the focus group discussions identifying the factors driving priorities are likely to reflect the wider customer base. The service areas with variability – affordable bills, maintaining the existing infrastructure – also showed some of the greatest variability between different age groups in the survey.

The exception is interruptions to supply which showed little variability in the survey findings but was prioritised higher by the focus group participants. Discussions indicated a higher proportion of focus group customers had experienced supply interruptions or low pressure than reported by the survey respondents.

Qual (n=24)	Quantitative survey (n=681)
1	1. High quality water that looks, tastes and smells good
2	2. Reduce the amount of water that is lost through leakage
7	3. Ensure bills are affordable bills for all
3	4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
8=	5. Maintain existing infrastructure for current and future customers and prevent bursts
5	6. Improve the environment and have a positive impact on our local area
6	7= Ensure properties consistently receive good water pressure
4	7= Prevent interruptions to water supply
8=	9. Continue to provide a high quality service to all our customers
11	10. Continue to soften the water supply to 80% of our customers
10	11. Help customers and businesses to reduce their water use

Participants gave a range of reasons for their priorities

Customers were asked to briefly share the reasons for their priorities, prior to sharing the survey findings.

"It sounds like I'm obsessed with the leakage, but I was just shocked at the pre-reading, you know, two thirds of the water that was lost is lost in the SES pipes. So I thought that was something they could focus on."
Male, C2DE, 18-45

"I think it was just that the previous ones [high quality water and improving the environment], were more important than [leakage ranked 4th]."
Female, ABC1, 18-45

"I thought the other options were more important, in terms of better quality water, it should taste okay, and the affordability of the water bill. I recognise [leakage] as an important aspect but it's just lower down to the others."
Male, ABC1, 18-45

"I just think everyone could be mindful of how much water they use and it could really make a difference – especially businesses, as they can be really careless with their water use."
Female, C2DE, 18-45

"I still think [interruptions to supply] is quite important. I just thought out of the five that was down the list a bit."
Female, C2DE, 18-45

Discussions indicate all service areas are important and linked, particularly to affordability

1	High quality water
	Leakage
2	Enough water to reduce risk of restrictions during drought
	Ensure bills are affordable bills for all
3	Maintain existing infrastructure
	Improve the environment
4	Good water pressure
	Prevent interruptions to supply
5	Soften the water supply to 80% of customers
	High quality service to all our customers
6	Help customers and businesses to reduce water use

Service area descriptions shortened for reporting.

When presented with customers' priorities from the quantitative research, some participants expressed surprise that water quality is a top priority, since they consider it to be a given. Consistent with their own ranking, participants in the focus groups expect interruptions to supply to be a higher priority.

All groups expect that high quality customer service and helping customers and businesses to reduce their usage would be a higher priority. This contrasts with their own prioritisation which also places these service areas as lowest priority, indicating that customers do consider all eleven service areas to be important.

Focus group participants consistently link the different service areas together, often with affordability considerations. For example, the expectation that helping customers reduce their water usage would be a higher priority arises from participants linking being careful with water and keeping bills affordable. This link and expectation of higher priority for reducing water usage however may have been influenced by earlier discussions in the sessions concerning water availability and reducing personal water usage. Unprompted, metering also triggers polarising views based on personal experience and situation, and the potential bill impacts.

Some participants feel that a customer's priorities are likely influenced by personal experience of service delivery. Others consider that the individual's life stage may be a factor, particularly with respect to improving the environment and affordability.

Affordability is flagged by all groups as influencing customers' priorities, despite ranking affordable bills for all 7th themselves. This may indicate customers' vote is more focussed on their personal situation, but changes when considering other customers.

Stage 2: Qualitative Research

"High quality water, I wouldn't have thought that was number 1, because I've always thought of the water to be safe to drink. I don't know about looks and smells. I didn't know water smells."
Female, C2DE, 46+

"For me, if I'd have thought about it 10 years ago, but now that I have a family and I'm in a community, my thought is actually that [the environment] is really important that we look after our area.... I think it's a personal thing and about demographics."
Female, ABC1, 18-45

"I think the older you get, the more you start to think about the environment."
Male, C2DE, 18-45

"Not thinking about the environment; thinking about what's good for them, such as the bills. That's my understanding, it's the priorities for themselves rather than for the environment..... but if I'm thinking about the future, the environment should be higher up."
Female, C2DE, 46+

- High quality water
- Leakage
- Enough water to reduce risk of restrictions during drought
- Ensure bills are affordable bills for all
- Maintain existing infrastructure
- Improve the environment
- Good water pressure
- Prevent interruptions to supply
- Soften the water supply to 80% of customers
- High quality service to all our customers
- Help customers and businesses to reduce water use

"I thought the water bill was the most reasonable out of all my utility and monthly bills."
Female, ABC1, 18-45

"With the cost-of-living crisis and when all the other bills are going up due to inflation, it's really important that as a water utility, which is a necessity, we shouldn't be exorbitantly priced."
Male, C2DE, 18-45

"I've never had an issue with the quality or taste of the water, so that wouldn't be my priority. I live in a village with constant leaks and SES water try to reconnect supplies, so that for me would be higher up the priority list, replacing the old pipes."
Female, ABC1, 18-45

"I'm a bit surprised at how low prevent interruptions to water supply...If I ended up without water supply at my property I wouldn't be too happy."
Male, ABC1, 46+

"There's nothing worse than losing your water and not being able to wash and have clean clothes."
Male, C2DE, 46+

"I assumed high quality service to all customers would be higher, because if I had an issue, I'd want them to be quite on it."
Male, ABC1, 18-45

Help customers and businesses to reduce water use

"I thought helping customers and businesses to reduce their water use would be a higher priority. Because we've said there is enough water if we don't use too much, so I thought they'd want everyone to reduce their water usage."

Female, ABC1, 18-45

"I think if you help customers reduce water, that should reduce the amount of water wasted."

Male, C2DE, 46+

"I was surprised at [helping customers to reduce water use] because to me that reduction in water use would help people ensure their bills are affordable. I would have thought that comes together."

Female, C2DE, 46+

"I'm surprised at how high number [water quality] was, and I was surprised at how [helping customers to reduce water use] is at the bottom, because I think there is a lot of ignorance around reducing water use. I've got a smart meter for my electricity and it's been amazing, a great insight to me, so I thought, you know, helping customers and business to reduce their water use would be slightly higher.."

Female, C2DE, 46+

"I think that especially big businesses, if they were reducing their water usage then there would be more for everybody else, for normal people basically, and it would keep the bills at a level.."

Female, ABC1, 46+

"I think [helping customers to reduce water use] is too far down the list. I think perhaps there should be more indication and incentivising to customers and business to reduce – and not necessarily with water meters, I suspect you're going to come on to that later – but I think certainly big businesses in the area where I live, I would imagine, can really reduce their water consumption."

Female, ABC1, 46+

"I'm the odd one out and I'm not surprised by it, because we've had so much press about reducing water, how to do it and everything, that I'm actually not that surprised by it, and I think businesses as well will also have government targets to reduce water consumption, for utilities and wastage, so I know there's a big focus on that anyway. So I don't agree with everybody else."

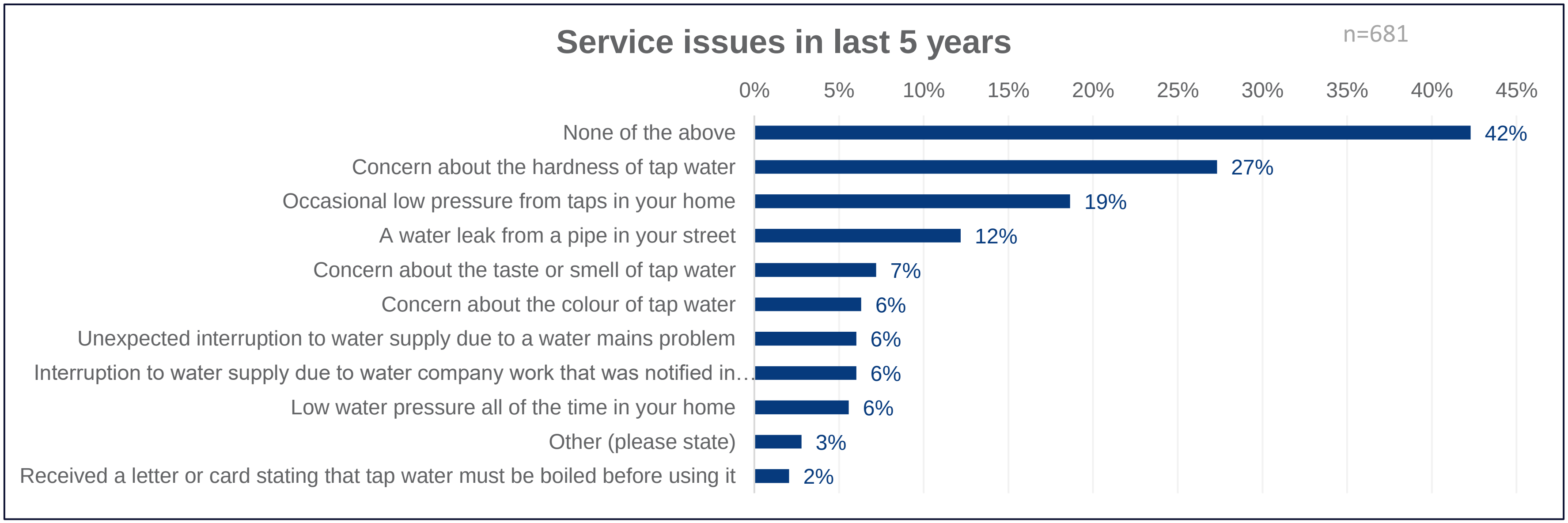
Female, ABC1, 46+

Key Findings

42% of customers surveyed did not report any service problems over the last 5 years

Concern about hardness is the highest reported service issue. Of the 27% of customers who reported an issue during the survey, 60% went on to select water softening in their top 5 priorities.

The overall level of service issues reported are lower than expected, and so were tested further during the qualitative research to better understand the extent to which personal experience influences customers' service priorities.



Customers in the focus groups report a slightly higher rate of service problems than survey respondents

Although still a low number, participants in the focus groups did report slightly more service problems overall. Discussions indicated that personal experience does influence priorities, with those participants citing problems typically ranking the service area as a higher priority, even though they were asked to consider their community as well as their household.

"No problems at all."
Male, ABC1, 18-45

"I'm very surprised that the people who experience none of those things listed is as high as 42%, I would have thought someone would have experienced at least one of them."
Male, ABC1, 46+

"I've had concerns about quite a few of them, the hardness of the water, occasional low pressure, water leaks from the pipe in the street, colour of the tap water and interruptions to water supply due to work they were doing in advance."
Female, C2DE, 46+

"There is actually a leak around the corner from here and you can see it's been there for a couple of days now. And hardness of water is horrific in this area. I had to keep descaling my kettle all the time."
Female, ABC1, 46+

"I've had problems with the pressure of the water, so for instance I have a sprinkler and sometimes the sprinkler just doesn't work at all, there's not enough pressure in the water, that's been one of my issues… I haven't been affected by any of the rest."
Male, ABC1, 46+

"There have been several big leaks in our village where half of the village was cut off from water, perhaps from 6 to 8 hours, and the frustrating thing is that you see the water fountaining out the ground and there is no one round to sort it out. They put their bollards up and the SES signs say that they are looking into it, but you see it all coming out of the ground and you think, who is paying for that water, coming out of the ground."
Female, ABC1, 18-45

Participants support the idea that customer priorities are largely driven by personal experience

Discussing the factors driving priorities, customers typically focus on personal experience. All groups express the view that experiencing issues in the past would influence customers’ priorities.

Some participants feel the influence goes further, with customers impacted by not getting what they have paid for.

“I have worked with a lot of people with medical equipment who need water and that kind of thing, and professionally have seen that interruptions would be a big issue, so I think it is very important.”
Male, C2DE, 18-45

“I think if you have a bad personal experience with things, you will take that to heart. If you have a water leak and get a £500 bill that’s nothing to do with you, you want that sorted as soon as possible.”
Male, C2DE, 18-45

“I think it would have affected their priorities. For me I’m a very happy customer so it doesn’t apply to me – I’ve been very blessed. But if you have had problems you probably won’t focus on what is best for the environment.”
Female, C2DE, 46+

“If you go through things with low water pressure and things like that, which other people will not see, it s a big deal.”
Male, C2DE, 18-45

“if there have been quite high incidence of certain things, they will have felt that they weren’t getting value for money, and therefore that being higher up on the priority list, bills being affordable, would be probably quite a major concern.”
Female, ABC1, 46+

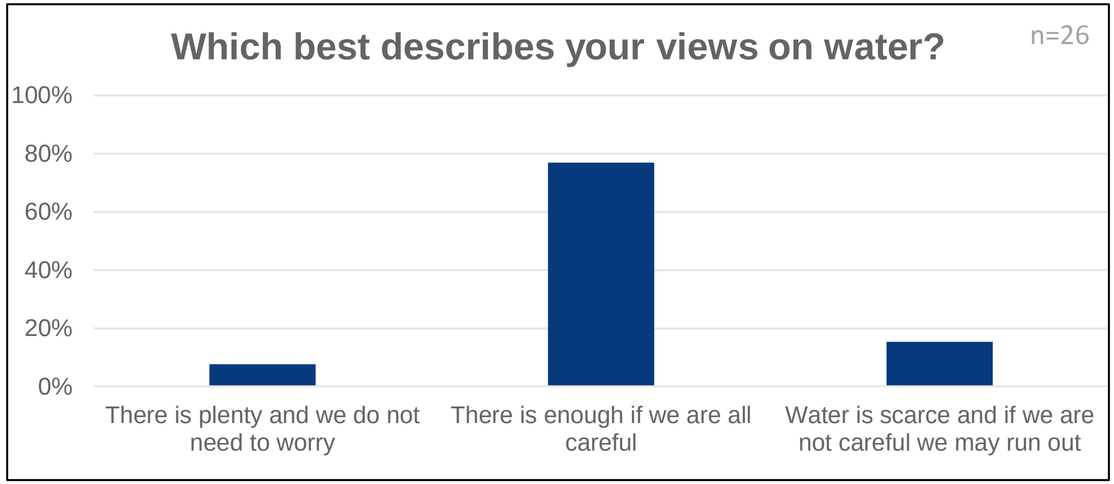
“Looking at the 27% who are concerned about the hardness of their tap water, one would assume that those people are keen on the priority of softening water”
Male, ABC1, 46+

Service Priorities: Customer views on water usage

Most customers believe there is enough water if everyone is careful

Most customers voted that they feel there is enough water as long as we are all careful in a focus group poll.

Discussions indicated an increased awareness of the potential for water shortages following recent media coverage around hosepipe bans and prolonged dry periods. However, some customers show some scepticism of the media, wondering if there is a degree of exaggeration over the issue.



"I remember reading somewhere in a newspaper article that the south east has a big water problem, and the summers are becoming drier and drier and the demand for water is increasing. So it's a very scarce resource nowadays"

Male, ABC1, 18-45

"I just think whenever we have hot weather, droughts come in. I don't know if we over panic but in the media it makes us panic that water is scarce, especially in hot weather"

Female, C2DE, 46+

"Yeah, I feel like there is plenty of water around, I've never had to stop using water myself, so it just seems that there is a lot of water"

Male, ABC1, 18-45

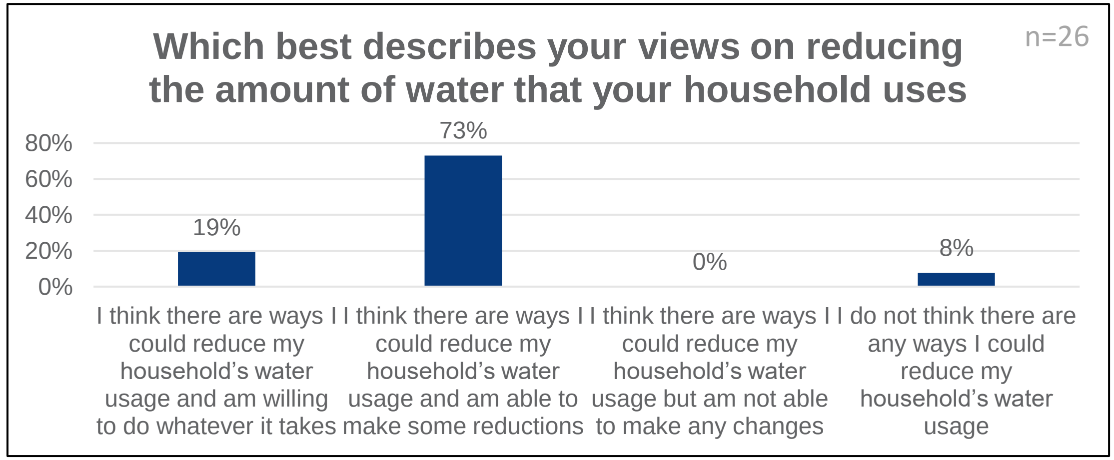
"If we can moderate the amount of water we use,... we should be alright, but the fact that we have to have the hosepipe bans themselves, I don't know whether it's the media, but it makes you believe there is not enough going around, so we have to be careful about what we use"

Male, C2DE, 18-45

Customers consider they are able to reduce their water use but lack motivation

Nearly all customers in the focus groups feel there are ways they could reduce their water usage and are able to make the changes.

Discussions tended to focus on the reasons or barriers that prevent customers from reducing their usage. Most customers recognise they could do more but are either stopped by their personal preferences, or because they are not aware, or mindful, of their usage on a daily basis.



> "If I'm really honest, what's stopping me is watering my garden, enjoying a bath instead of a shower – and it's selfish, I'm aware of that."
>
> Female, ABC1, 46+

> "I'm quite often using my washing machine – and probably not always on a full load. I've been used to this way of living, and changing it takes a bit of effort and I'm just not in the mindset to do it"
>
> Female, ABC1, 46+

> "I think it's just a case of a bit more effort, and it's not that I'm not aware of how to reduce water wastage, because I've been with SES quite a few years now and you're really made aware that you can get these things for taps… it's just a case of putting it in and using it."
>
> Female, ABC1, 46+

> "There are probably some ways I could reduce my water, just being a bit more mindful I guess. Not letting the kids aimlessly run the taps, that sort of thing."
>
> Female, ABC1, 18-45

> "I have two teenage children who … do waste water when they are running the tap to do their teeth and running the water to do their hair….it's stuff like that, perhaps, policing them, and I can be guilty of that sometimes"
>
> Male, C2DE, 46+

Customers are surprised that per capita consumption in SES Water is higher than in other areas

Priority	Compared to other water companies, SES Water performance* is
High quality water that looks, tastes and smells good	Top 3 of water companies
Reduce the amount of water that is lost through leakage	Top 3 of water companies
Ensure properties consistently receive good water pressure	Approx. average performance
Prevent interruptions to water supply	Top 3 of water companies
Continue to provide a high quality service to all our customers	Below average for customer experience**
Help customers and businesses to reduce their water use	Above average water usage per person (SES customers use 6% more than the average customer)

* Based on 2021/22 performance data

**Customer Measure of Experience (C-MeX)

Presented with SES Water's recent performance, some customers did not expect per capita consumption in SES Water to be high compared to other companies. They feel they are careful with water usage whether to reduce waste or cut costs. Most groups also connect high water usage with a lack of water meters or awareness.

Despite above average usage, some customers do not consider it is SES Water's responsibility to help customers reduce usage, viewing it as common sense or advice that should come from elsewhere. A few participants referenced dissatisfaction with water saving devices.

Customers feel leakage remains a high priority, despite SES Water's good performance, assuming customers are still annoyed over wastage. Leakage also influences their motivation to reduce usage.

Some customers are also surprised that customer service performance was below average.

"I don't quite understand how we can be doing very well in those top 3 but then come out below average for the customer experience."

Female, ABC1, 46+

"Surprised below average for customer service, is this because a lot of us don't have issues and needed to contact them?"

Female, ABC1, 18-45

"I think people get annoyed because they'll say there is a hose pipe ban but when so much water is getting wasted anyway, even though they are quite good at not wasting water, I think people get annoyed about that."

Male, C2DE, 18-45

"[Leakage] shocked me the most. That 13% was lost ..... [SES Water] is within the top three which seems like a good thing, but it seems high to me."

Male, C2DE, 18-45

Customers' knowledge of their own water usage varies

Some customers are generally unaware of their water usage often making the link between awareness and having water meters.

"Are there less of us on water meters in SES than the other water companies, and they are more careful?"

Female, ABC1, 18-45

"A lot of customers don't know that they are using more than others – if they were to know that, how their reliability in terms of the future supply of water would be affected, they would do a lot more. So I think awareness has a big role to play in that"

Male, ABC1, 18-45

Other customers believe their water usage is reasonable. Some consider their usage is lower than the average household within the SES Water area through positive actions of their own or due to the current pressures on cost of living.

"my water usage is much lower than your average household, but is it your average household in this particular area compared to somewhere higher, because I wouldn't have known that stat until you showed it to me"

Female, ABC1, 18-45

"I am quite conscious that I feel like I'm using quite a lot when I don't have to be, but we always seem to be quite a good bit lower than what they say is average for our household. So I think it's interesting that [SES Water] we're not one of the better ones"

Female, ABC1, 18-45

"I think a lot of people take water for granted… I'm having a shower in the gym every morning instead of a bath every night, just to cut the costs. But it's not something I really thought about before, and to be honest it's not really about saving water, it's about saving money"

Female, ABC1, 46+

"We stopped having baths, not because I thought of the water saving issues, but because of the heating and hot water costs that were going up. It didn't really occur to me about the water, but it did occur about the heating and the costs of electricity and gas prices."

Female, C2DE, 46+

Customers have different opinions on who should take responsibility for reducing water usage

Customer views are mixed when it comes to who's responsibility it is to save water and also provide guidance to customers, highlighting different approaches, organisations and communication methods. Customers referenced using common sense to reduce water but also the onus on SES Water to reduce leakage before encouraging customers to do their part.

> "[SES Water] have already done everything they can do. When I was at school, they would tell you how to save water and give you things to reduce flow and stuff. I don't see how you can do anything more really. We might just have high usage for a reason. Maybe people have more gardens or hotter summers down south compared to up north, that kind of thing"
>
> Male, C2DE, 18-45

> "People do get advice on how to reduce their water usage from a number of sources, for example Martin Lewis, the money saving expert, provides hints and guidance on that. So it's not just on the water company. I think it should be both, it should be a variety. Certainly it's the responsibility of the water company to help, but you don't depend on them alone"
>
> Male, ABC1, 46+

> "I had somebody round to give water saving advice, and he gave me an egg timer to say how long you've been in the shower and he gave me a thing to put in my toilet which caused the toilet to malfunction so it had to come out. And that was it! And he was here for quite a while and I just thought…is that where the money's going? Why was that necessary, I mean that can be done on an online video. ….I think a lot of people just thought well if you're going to allow loads of leakage, why should we- what's the point in the 4 minute timer?"
>
> Female, C2DE, 46+

Participants feel that customers need to be incentivised to reduce water usage, either individually or by SES Water 'playing its part'

Some customers feel the onus is on SES Water to reduce leakage before encouraging customers to reduce their usage.

"it's not SES's responsibility to tell me how to use my common sense. It's good to make people aware of how you could be inadvertently wasting, but for me it shouldn't necessarily be one of their priorities, because for me they should be focusing on how they waste less, because we should be doing our bit anyway"

Female, ABC1, 18-45

"There is only so much they can advise from their level when it comes down to what you're using personally. You shouldn't be made to feel like bad for what you're doing if they are not practising what their preaching with water"

Male, C2DE, 18-45

Other customers consider that incentives are required to drive attitudinal change to water usage.

"I'm thinking that it should be obvious to everybody that it's better for our planet if we are all saving water, but I think on an individual level if people aren't incentivised to save water, I suspect that many of them won't bother"

Male, ABC1, 46+

"well, possibly something financial [would make customers use less water]. I know someone's already mentioned a water meter, I know if I had a water meter fitted, I'd make sure that I'm using less water. Not that I want a water meter fitted!"

Male, ABC1, 46+

Customer research on long-term priorities, outcomes and choices

Section 4: Key Findings

Investment Areas

Introduction

Five investment areas were explored with customers during the research. These were identified through discussions with SES Water as investment areas where customer preferences may have a material influence on the business plan, and typically involve discretionary, non-statutory, investment.

- Leakage
- Smart Metering
- Lead
- Environmental Improvements
- Carbon net zero

SES Water provided a selection of programmes for each of the investment areas. These programmes represented differing levels of investment which delivered varying levels of service in terms of scale or pace of improvements. The different investment levels were translated into customer friendly language and bill impacts for the average annual bill were calculated for the years 2030, 2050 and a total cost over 25 years. Bill impacts are shown without inflation.

Through previous experience and confirmed through feedback from the cognitive interviews, it is evident that customer preferences regarding the type and form of information presented varies, particularly when asking customers to reflect on complex issues such as investment plans. Though some customers do want less information, many look towards profile graphs, extra descriptions or images to guide their understanding. Hover over text and graphical items were designed to flow and talk through the investment area but were only there if required by the customer.

The materials used in the survey for each investment area, including examples of the hover over information, are included in Appendix B to this report for reference.

Section 4.1: Key Findings

Customer findings - Investment Areas without bill impacts

Research Approach

Five investment areas were explored, initially without any financial implications, to understand the relative importance of improvements for that area

2. Investment areas

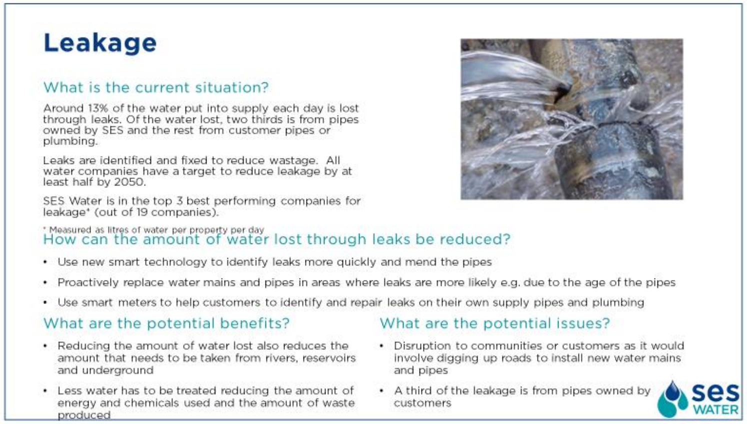
Customers are taken through 5 different investment areas. They are provided with a description of the issue and the benefits and disbenefits of the associated investment. Customers are asked a generic question around the specific area to test understanding and awareness, and then asked to state how important they believe investment in this area to be.

3. Ranking investment areas

All 5 investment areas are shown together, without any financial implications, and customers asked to rank them in order of priority from their "most important" to invest in to their "least important".

Customers are provided with a summary of the issue and asked to score the importance of investment.

They are then asked to rank the importance of the investment areas against each other


Leakage

What is the current situation?

Around 13% of the water put into supply each day is lost through leaks. Of the water lost, two thirds is from pipes owned by SES and the rest from customer pipes or plumbing.

Leaks are identified and fixed to reduce wastage. All water companies have a target to reduce leakage by at least half by 2050.

SES Water is in the top 3 best performing companies for leakage* (out of 19 companies).

* Measured as litres of water per property per day

How can the amount of water lost through leaks be reduced?

- Use new smart technology to identify leaks more quickly and mend the pipes
- Proactively replace water mains and pipes in areas where leaks are more likely e.g. due to the age of the pipes
- Use smart meters to help customers to identify and repair leaks on their own supply pipes and plumbing

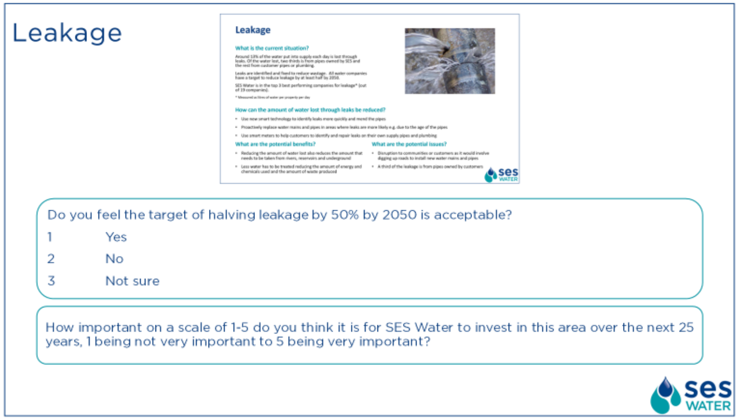
What are the potential benefits?

- Reducing the amount of water lost also reduces the amount that needs to be taken from rivers, reservoirs and underground
- Less water has to be treated reducing the amount of energy and chemicals used and the amount of waste produced

What are the potential issues?

- Disruption to communities or customers as it would involve digging up roads to install new water mains and pipes
- A third of the leakage is from pipes owned by customers

ses WATER


Leakage

Do you feel the target of halving leakage by 50% by 2050 is acceptable?

1 Yes

2 No

3 Not sure

How important on a scale of 1-5 do you think it is for SES Water to invest in this area over the next 25 years, 1 being not very important to 5 being very important?

ses WATER

Key findings

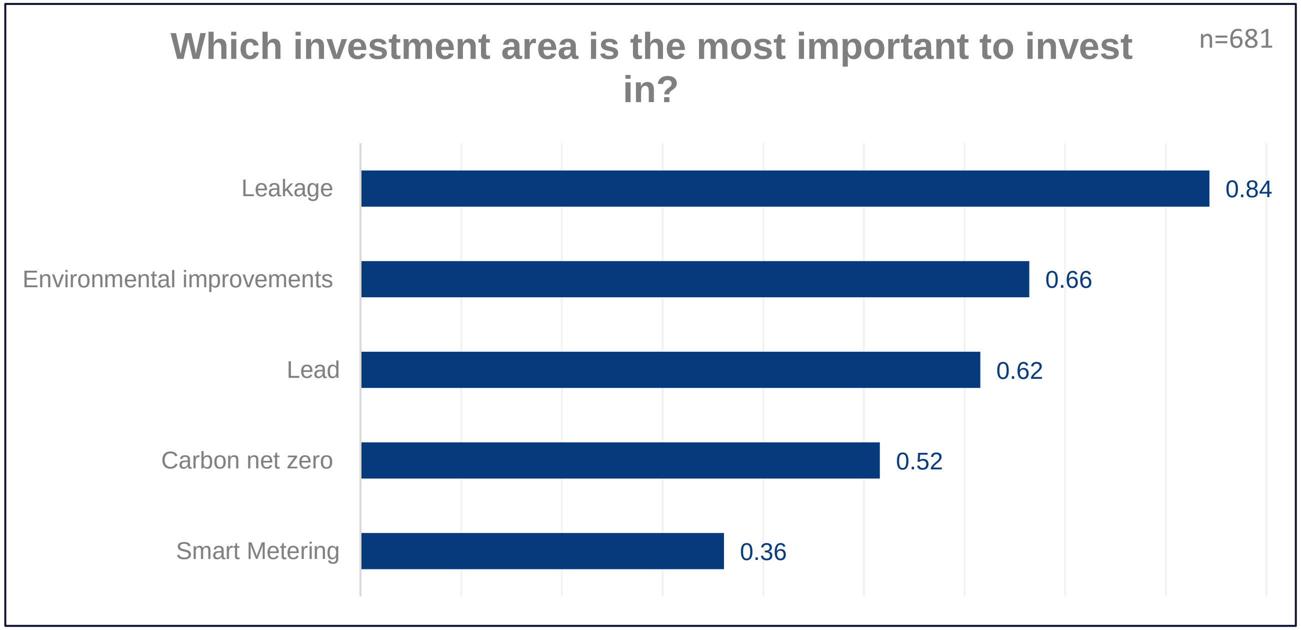
Without knowing the financial impacts, customers prioritise reduction in leakage

Customers rank leakage reduction as the most important area to invest.

Environmental improvements, based on improvements to the local area, rank more highly than Carbon Net Zero, a global environmental issue.

Views on Lead are evenly spread across the priority order.

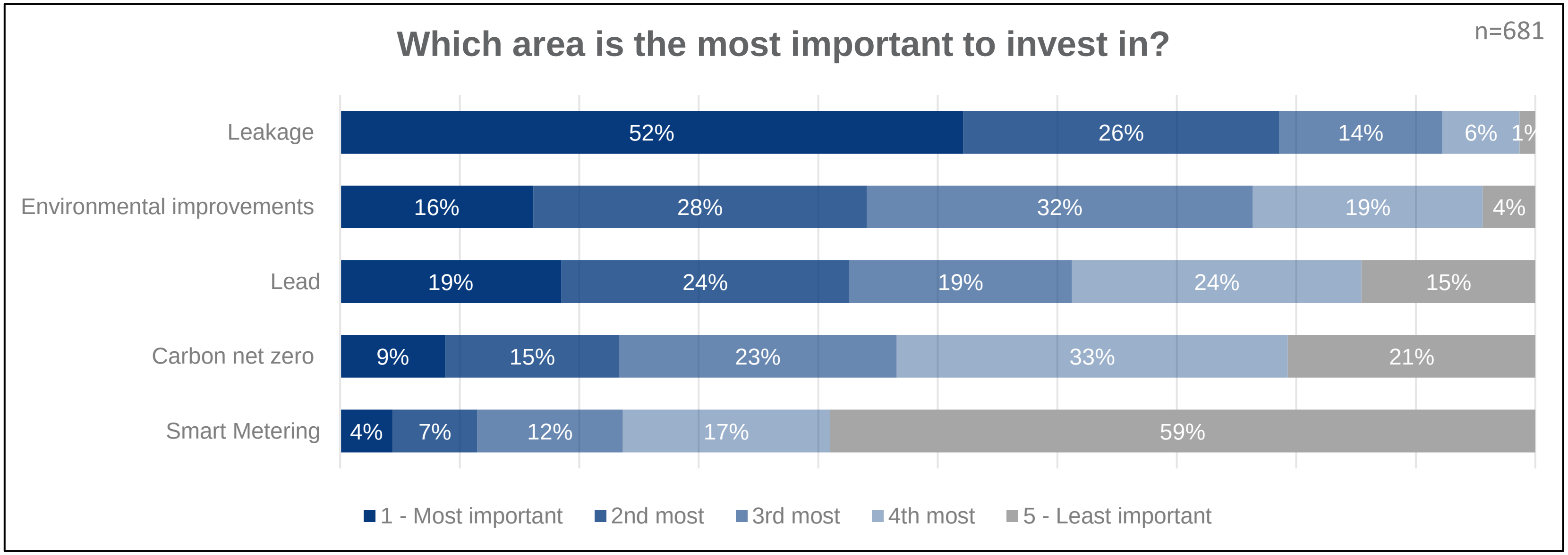
Most customers do not prioritise investing in smart meters. A clear majority select this as their least important area.



Segmentation analysis shows some differences by age; the older age groups rank leakage reduction higher than the 18-34 years, who show higher levels of support for smart meters and the environment. Overall, this only makes marginal differences to the weighted average for leakage (reduces to 0.82) and smart metering (increases to 0.38)

Key findings

Customer views are consistent for the investment areas, except lead



78% of customers select **leakage reduction** as the most or 2nd most important area to invest. Importance for investment increases with customer age.

Environmental improvements rank more highly than lead removal because more customers rank environmental improvements as their 3rd priority. Customers' views on **lead removal** are notably more evenly spread across the full priority order.

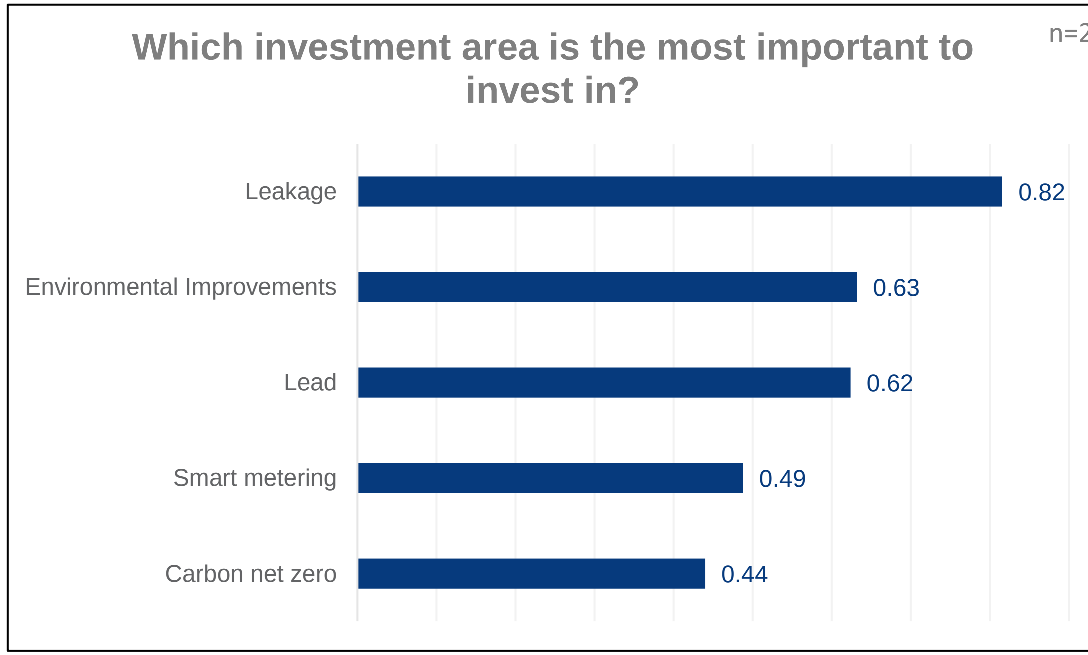
56% of respondents rank **Carbon net zero** as their 3rd or 4th choice. A clear majority select **smart metering** as their least important area. Those that do prioritise meters are the younger age group (18-34 yrs.)

Focus group customers rank investment areas similarly except for smart metering above carbon net zero

To benchmark their views against the survey respondents, the focus group participants completed the same ranking exercise for the five investment areas as was included in the main survey, prior to any bill impacts. Participants were provided with the background information for each investment area prior to the session.

Customer rankings largely align providing confidence that the focus group discussions are likely to reflect the wider customer base.

The exception is smart metering which garnered more support than from the quantitative survey. This is unsurprising given the focus group discussions surrounding water usage and awareness which are likely to have influenced the relative priority. This influence indicates support for smart metering may increase with increasing customer awareness of the issues.



Some participants are influenced by the discussions within the focus group session

Participants were asked to briefly share the reasons for their priorities, prior to sharing the survey findings

"I put [leakage] at the top, because to me it's like spending all that energy creating something and then immediately just throwing it away. So I think if you're not plugging those leaks then a lot of that energy is just being wasted."
Male, ABC1, 46+

"Knowing that there's lead in the water, and I drink a lot of tap water, then that is something that would need to be the top for me."
Female, ABC1, 46+

"I know it's a bit bad, but the environment doesn't affect me directly, whereas smart metering and lead potentially will. It says a lot about me, rather than the correct answer, but I think the leakages are very wasteful and important."
Male, C2DE, 46+

"I'm only really familiar with smart meters in terms of gas and electricity and not water, and it wasn't until I read the information for this that there were smart meters for water. But generally for gas and electricity they have quite a poor reputation, so I'm not supportive of those areas and I was following the same reasoning for this. Obviously they can be useful in terms of identifying leaks rapidly, that would be a plus. But I suspect that the benefit of the householder is going to be negligible to having a non-smart meter."
Male, ABC1, 46+

"Yeh, I guess to reduce the lead they would change the pipes, and that would help with leaks and that sort of stuff, but I've got a filter tap, so for me personally, it doesn't affect me as much."
Male, C2DE, 18-45

"Smart metering I think would make everyone more conscious of water they use."
Female, ABC1, 18-45

"I found it really difficult to rate these. I think they are all really important so I just didn't know. I was really stuck to be honest."
Female, C2DE, 18-45

""I don't think originally I would have put leakage as my number 1. It would have been high, and it is of course bad, but [other customer] highlighting the importance of it, I think it brought it up for me."
Female, ABC1, 18-45

"Smart metering I put this time as 1, but I wouldn't have done that before. It was just because through the discussion tonight, we had discussed the idea of wastage and someone had mentioned are we higher wastage because we're not smart metering? So before I thought smart meters are nice to do but does it really have an impact? But now I'm thinking, maybe it does."
Female, ABC1, 18-45

Smart metering generated the most discussion between focus group participants

1. Leakage
2. Environmental Improvements
3. Lead
4. Carbon Net Zero
5. Smart Metering

When presented with the ranked investment areas from the quantitative research, participants typically express surprise that smart metering was ranked fifth, highlighting the cost saving potential or reducing usage.

> "I've got [a smart meter] and I benefit from it, but I think it's educating people, because if they haven't got one and they think they've got to do something personally to help SES but it's going to cost them money, they'll probably rank it lower, because the other things they can't influence as a customer as such – that's the company's responsibility – but smart metering will affect them directly as a customer."
>
> Female, C2DE, 18-45

> "Smart metering at the bottom is quite surprising. For me, you know, having the knowledge of what you are using makes you more conscious of what you're using so you can save. I'm just surprised it was the last thing for them"
>
> Male, C2DE, 18-45

> "They are probably worried about spending more money on a meter. They are worried about more money on their bills, so they probably don't want one introduced."
>
> Male, ABC1, 18-45

Some customers do not consider that lead pipes affect them or a wide enough group to warrant it as a higher priority.

> "I would imagine that people aren't aware of the lead thing that much, because- especially younger people – they're not gonna know.... It's not something you're thinking about all the time. And then when you see that there, it absolutely should be one of the top one or two"
>
> Female, C2DE, 46+

Recent media coverage appeared to influence some customers

The influence of media coverage generated some debate with some considering it impacted priorities, with others considering personal experience is more likely to dominate views.

"It's really what's in the news. The news is full of stories about water leaks and problems with the environment, although admittedly that relates more to the sewerage than the supply, and smart meters have a bad press, so on that basis I can see why they are where they are."

Male, ABC1, 46+

"There has been a lot of news on the leakage, hasn't there. Maybe that's swayed people. And maybe people have not had water meters."

Female, C2DE, 46+

"I'd like to disagree with what's been said. Where I live, over the past few years, there have been so many leaks that are streets are flooded with water. I've even reported it. So much is being wasted. And when I think about what people are being charged for water when they are wasting all that water, I'm not surprised that it's number 1."

Female, ABC1, 46+

Section 4.2: Key Findings

Customer findings - Investment Areas with bill impacts

Research approach

Priorities for investment were explored in more detail including the bill impacts

4. Bill impacts (‘What if?’)

Customers consider each of the 5 investment areas in turn. They are presented with a series of investment scenarios, with a description of the proposed investment and outcomes and the associated bill impact for the years 2030 and 2050 together with a total cost over the 25-year period. Customers are asked to select their preferred scenario and state why.

Leakage investment scenarios

Scenario	Description	Bill impact: In 2030	Bill impact: In 2050	Bill impact: Total over 25 years
A	SES will halve leakage by 2050 in line with government target* by: • Continuing to react to leakage and repair pipes • Carrying out some proactive replacement of older pipes • Repairing or replacing customer owned supply pipes *The bill impact for statutory improvements is estimated to be £3.80 in 2030 and total £9.85 over 25 years. This investment is mandatory and will be included in the overall impact on customer bills that will be tested separately.	£0.00	£0.00	£0
B	SES will halve leakage by 2040 by carrying out the same activities as scenario A plus: • Carrying out further proactive replacement of pipes.	£8.10	-£12.90	£11
C	SES will reduce leakage by 60% by 2050 by carrying out the same activities as scenario A plus: • Carrying out further proactive replacement of pipes • Investing in and trialling new technology	£6[illegible]	£2.80	£131

This research focuses on testing investment areas where customer views can have a material influence on choices, typically discretionary spend. Where a statutory obligation exists the bill impact has therefore been presented as £zero. Customers are informed of the overall impact of the statutory obligation for leakage reduction and environmental improvements. Further details are given in Appendix B

Hover over explanation

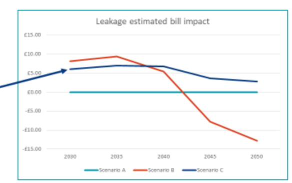
Leakage scenarios hover over

Scenario C:
SES will invest more over 25 years to reduce leakage by 60% by 2050.

More investment is needed than for Scenario B so there is a smaller decrease in bills after 2040.

The average bill is estimated to be:
- £6 higher in 2030 (estimated average bill would be £234 in 2030); and
- £2.80 higher in 2050 (estimated average bill would be £230.80 in 2050).

Over the 25 years, the total additional amount paid on the average customer bill for scenario C is £131.



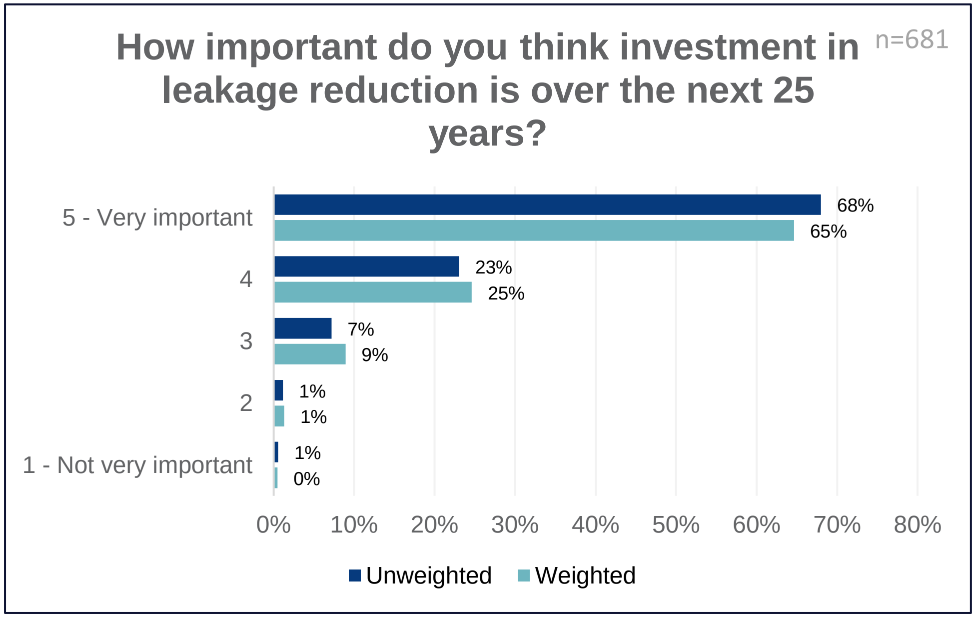
Leakage reduction

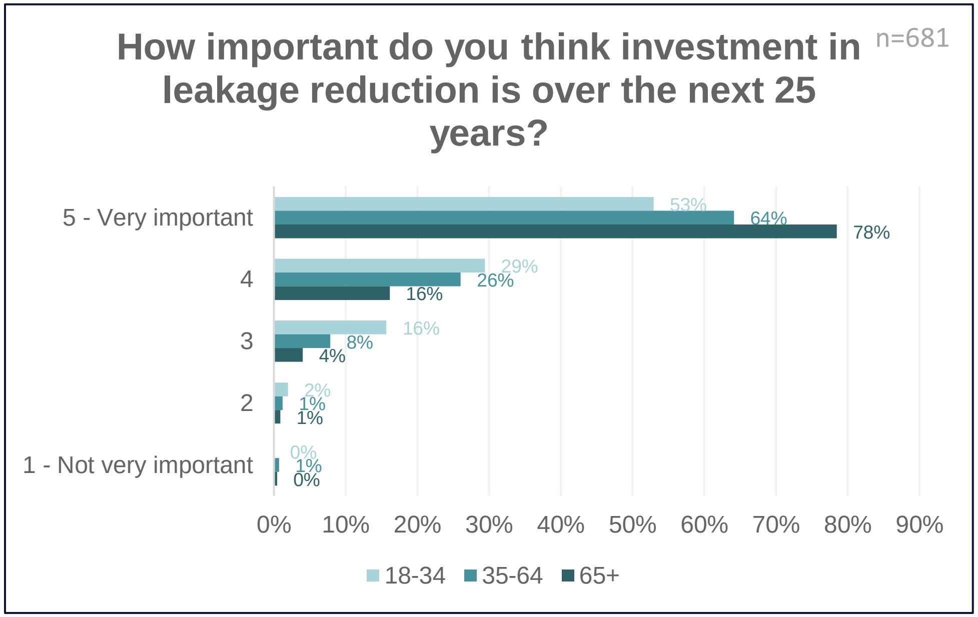
Key findings

Nearly all customers feel that investment in leakage reduction over the next 25 years is important

91% of customers consider that investment in reducing leakage is very or fairly important, prior to knowing the potential bill impacts. The strength of support for investment increases with age.

A negligible proportion of customers think that investment in leakage reduction is not important.





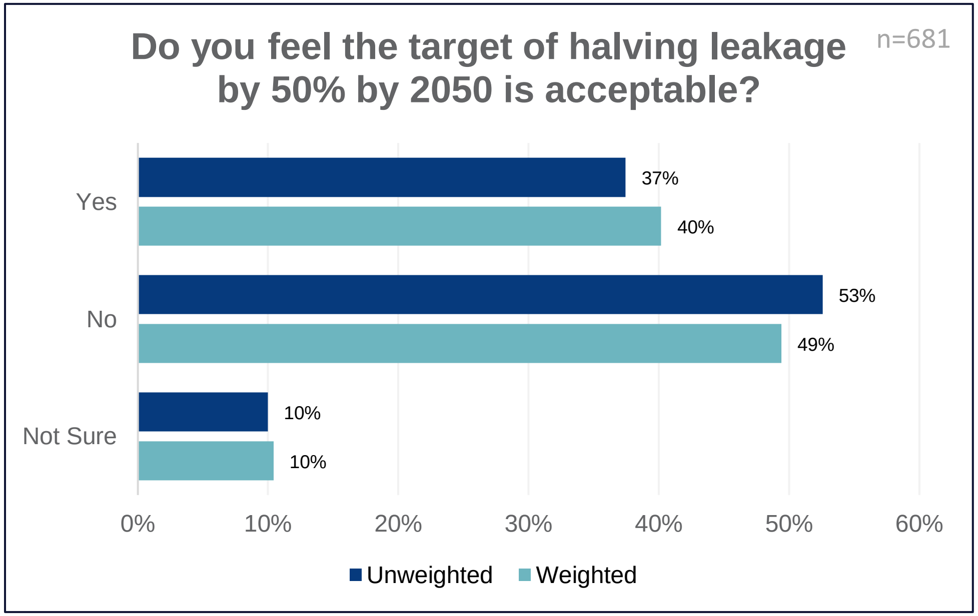
Weighted by age

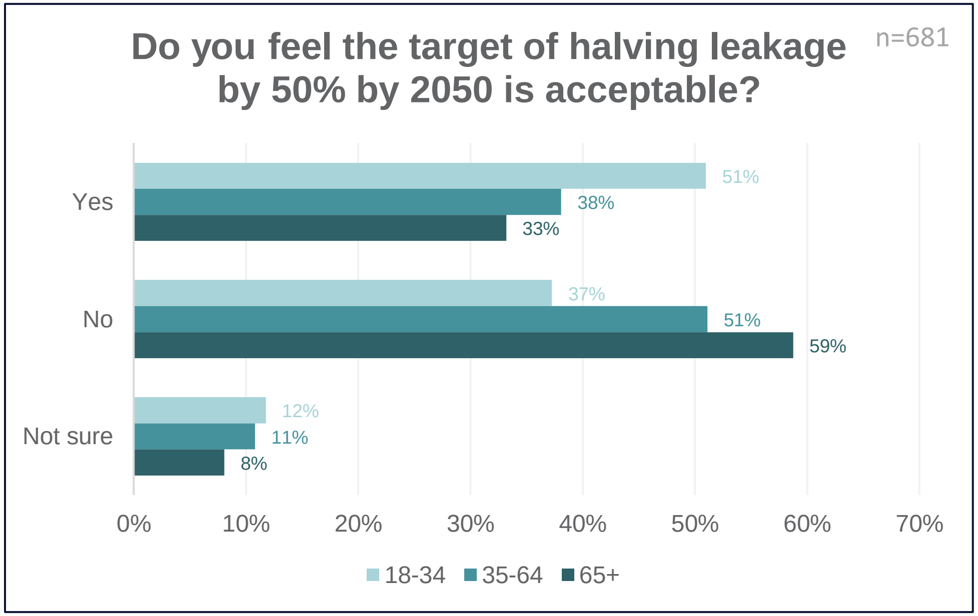
Key findings

53% do not consider that halving leakage by 2050 is acceptable

53% (49% weighted by age) of customers do not consider halving leakage by 2050 is acceptable, with only 37% (40% weighted by age) supporting the target.

Consistent with customer priorities for the key service areas, support for the leakage target varies significantly by age. Half of 18-34 years consider it acceptable compared to only a third of 65+. Findings weighted for the SES Water customer base reduces the gap between views on acceptability from 16% to 9%.





Weighted by age

Key findings

Support for leakage reduction is stronger among older customers

75% of customers support additional reduction in leakage beyond statutory targets. However, despite leakage being customers’ highest priority for improvements, when presented with the bill impacts, customer support reduces (from 91%) and is split regarding the extent of that reduction.

Support for the statutory approach only (halve leakage by 2050) is stronger (38%) for the youngest age group (18-34 yrs) compared to the 65+ (18%). This aligns with their priorities prior to knowing the financial implications.

Findings weighted by age indicate that overall the option to halve leakage by 2040 is preferred.

n=631

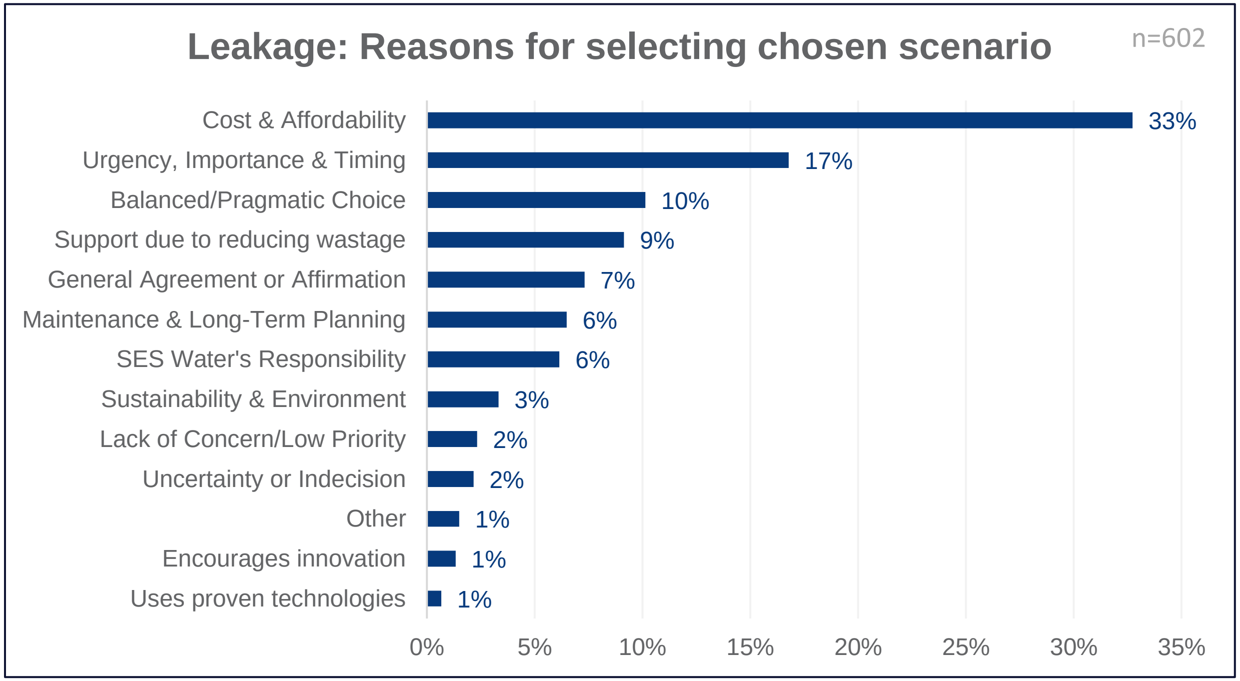
		Bill impact 2030	Bill impact 2050	Bill impact 25 years
Halve leakage by 2050*	25% (28%)	£0.00	£0.00	£0
Halve leakage by 2040	40% (39%)	£8.10	-£12.90	£11
Reduce leakage by 60% by 2050	35% (33%)	£6.00	£2.80	£131

(weighted by age)

*Statutory improvements estimated to be £3.80 in 2030

Key findings

Cost and affordability are the main reasons for customers' investment choices



"Reducing leaks from waste is very important but has to be balanced against impact on bills"

Female, ABC1, 35-64

"Reducing water leaking should be a priority. This is a valuable resource that should not be wasted"

Male, C2DE, 65+

Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Cost and affordability is the main reason given for option selection; this is consistent with the other investment areas given the relatively high bill impact in 2030 of the discretionary options.

Urgency and importance of leakage reduction is the second most cited reason, again consistent with customer ranking leakage reduction most important prior to knowing the bill impacts.

All focus group participants support reducing leakage more or faster than the government target

Presented with the findings from the quantitative research, all participants endorse reducing leakage further or faster than the statutory government target to halve leakage by 2050.

The significant difference in bill impacts between the two options that go beyond statutory requirements is considered by customers to be a key factor driving the overall preference for the option to option is to halve leakage by 2040, ten years earlier than the government target. This aligns with the feedback given by survey respondents.

Reminded of SES Water's high performance on leakage and the relative contribution from company side and customer side leaks, prompted a sense of community and shared ownership of the issue among some customers. Others suggest that if customers are informed of SES's performance on leakage they may change their choice.

"It just surprises me. Don't get me wrong, I understand there are costings involved and they have to pass it on, but they are almost like, we're willing to do this if you're willing to pay this. As a water company, you'd think they have their own responsibilities to be reducing leakage and doing what they can do. It's almost as though they put it down to us, and they're only willing to do the bare minimum of it."

Male, C2DE, 18-45

"I think you should go as fast as you can with leaks because it has knock-on effects on other things like the environment and maintains supply for a growing population."

Male, C2DE, 18-45

"[60% target] was so much more, it did seem to be quite a considerable amount of an increase compared to the other figures … I was just surprised actually, that it was that much more, but over 25 years it probably isn't that much, but it just seemed, when I looked at the other figures, a lot more."

Female, C2DE, 46+

"I think again it's down to personal situations. So for me, my head is initially like, I want to do the right thing but as cheaply as possible, because I have so many outgoings right now. But if I reflect on it, and realise it's worth doing as quickly as possible, I do think it's worth that little bit extra…. I'm thinking, I really want to do it, but do I do it a little bit slower and save that money on it? It comes down to people's personal circumstances."

Female, ABC1, 18-45

All focus group participants support reducing leakage more or faster than the government target

"I think faster is better [halve by 2040], and the overall cost will be better if it's frontloaded. Hopefully it will reduce our bills in the long run. So faster, quicker, in the hope that in the long run it will make my bills more cost efficient."

Male, C2DE, 18-45

"Yeh, I think if people knew that they were performing quite well on leakages, they would probably choose the cheapest option. So maybe if the information wasn't given to them, maybe they wouldn't have gone so far ahead"

Female, C2DE, 18-45

"I thought, if there is going to be the extra cost for smart metering and then the extra cost for leak detection, I'd rather keep middle of the road, because if I went for both suddenly my bill goes up £150 a year so that makes quite a big impact on me. So I think it's about looking at both cost options together rather than separately."

Male, C2DE, 18-45

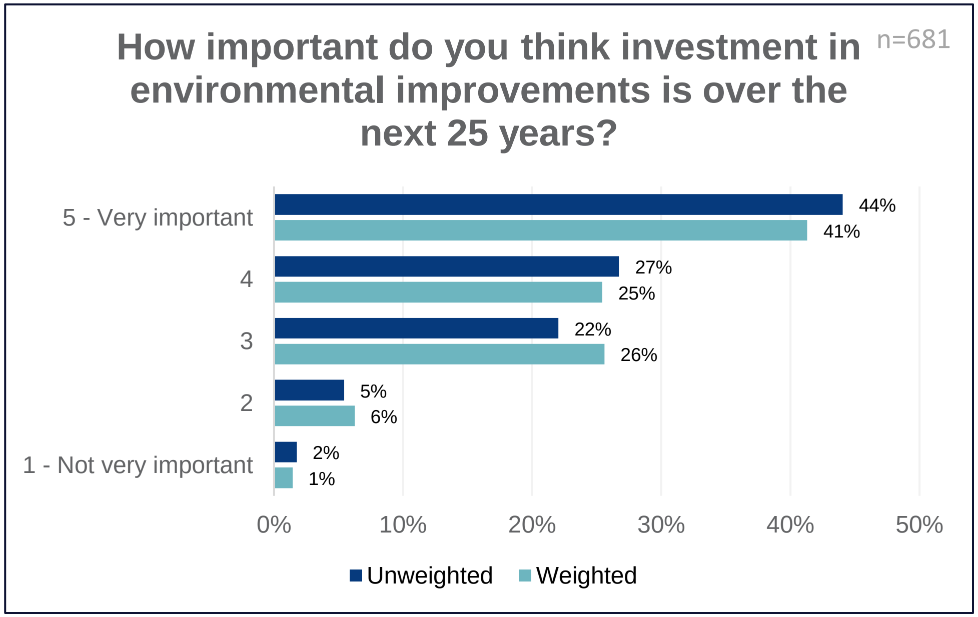
Environmental improvements

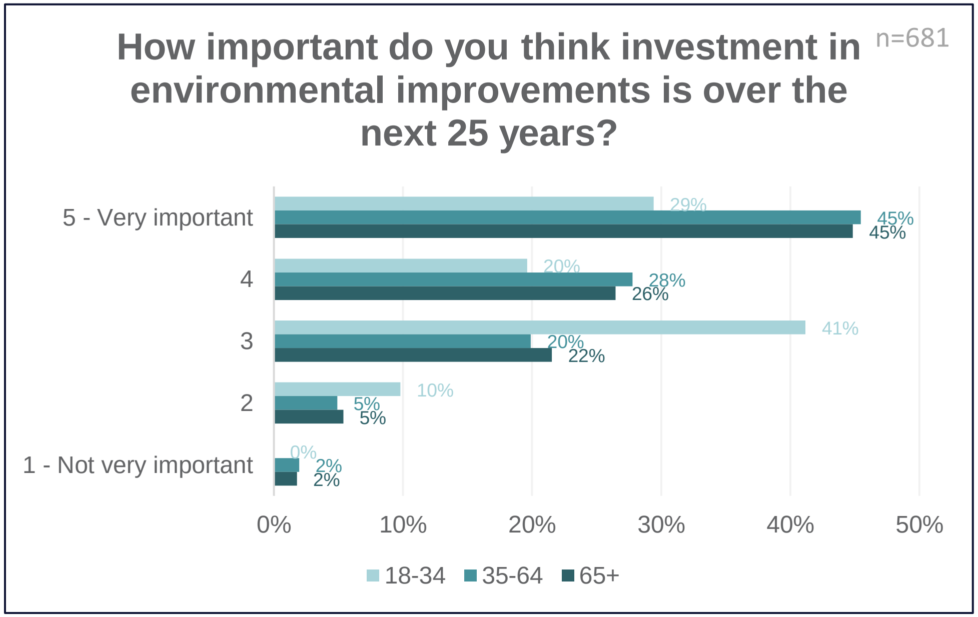
Key findings

71% of customers consider that investment in environment improvements is important

71% of customers believe that investment in environmental improvements by SES Water is very or somewhat important over the next 25 years prior to knowing the potential bill impacts. Only 7% consider that investment is not important.

Support is strongest amongst both age groups over 35 years but lower for the 18-34 age group. A clear majority of 18-34 years rank the importance as 3 (out of 5). This contrasts with findings from research completed previously in other areas by ICS Consulting where support for environmental improvements is stronger among younger groups.





Weighted by age

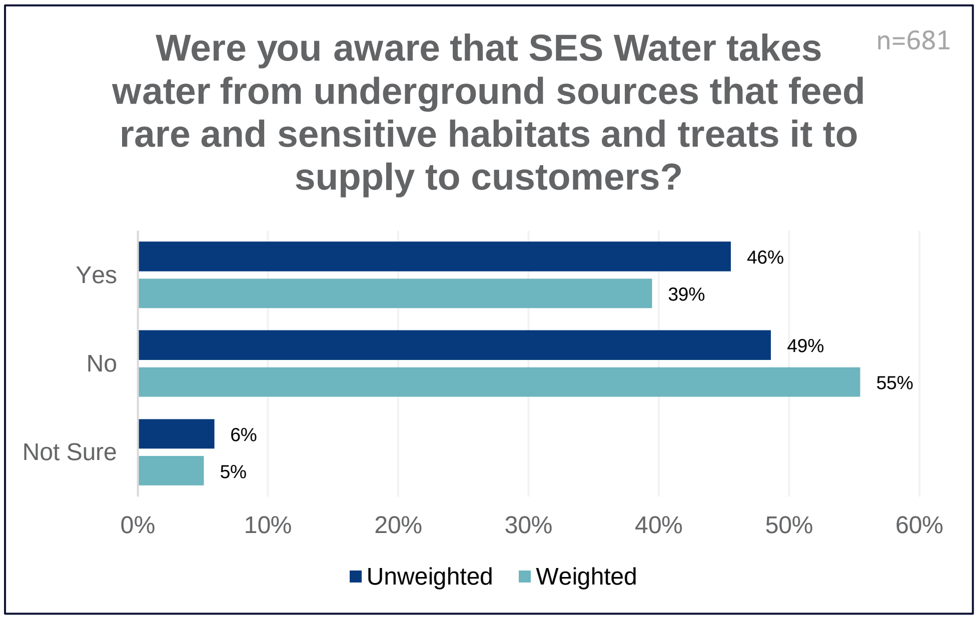
Key findings

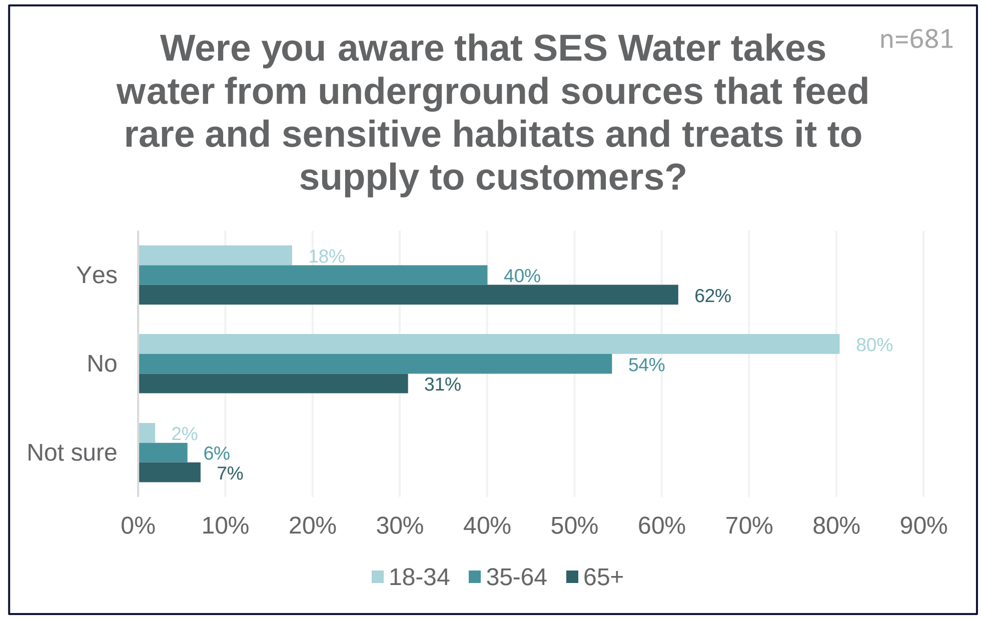
Only 46% of customers are aware of water extraction from sources impacting the environment

Overall customers are split 50:50 regarding their awareness of SES Water taking water from underground sources that feed sensitive habitats to be used in supply. Awareness increases significantly with age, rising to 62% for the over 65 years.

80% of 18-34 years stated they were not aware of the source of water prior to the survey. This lack of awareness may influence their lower level of support for investment in environmental improvements. It may however, also be influenced by the current cost of living challenges.

Weighted results indicate overall more than half of SES Water customers are not aware of the source and potential environmental impact of some of the water extracted for supply.





Weighted by age

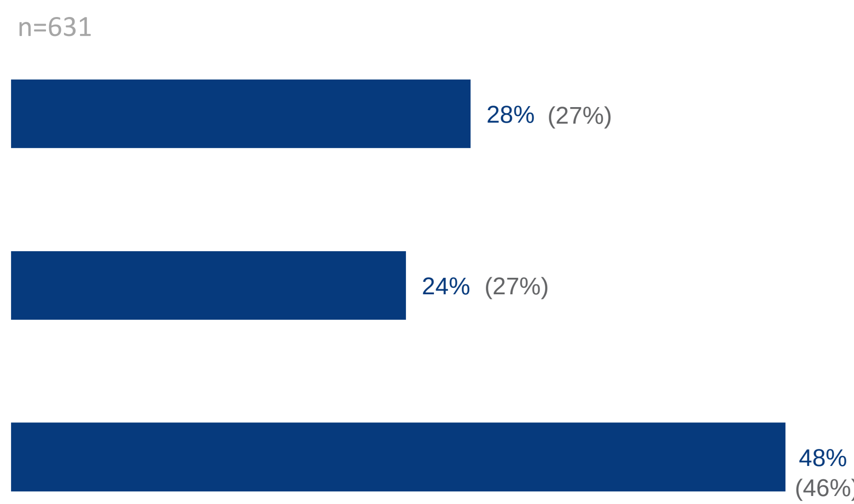
Key findings

72% of customers support environmental improvements beyond statutory requirements, with support strongest for the greatest level of investment

Of those customers who support additional investment, two thirds opt for the highest level of environmental enhancement.

Support for investment in environmental improvements is maintained when presented with the bill impacts. The same proportion of customers who consider investment to be important also support investment that goes beyond statutory requirements. This support may arise from the relatively low bill impacts presented compared to the other investment areas.

Support for environmental improvements is consistent across location and SEG but varies a little by age with 36% of 18-34 years selecting the second option and 42% the third. Overall, the highest level of investment remains the preferred option.



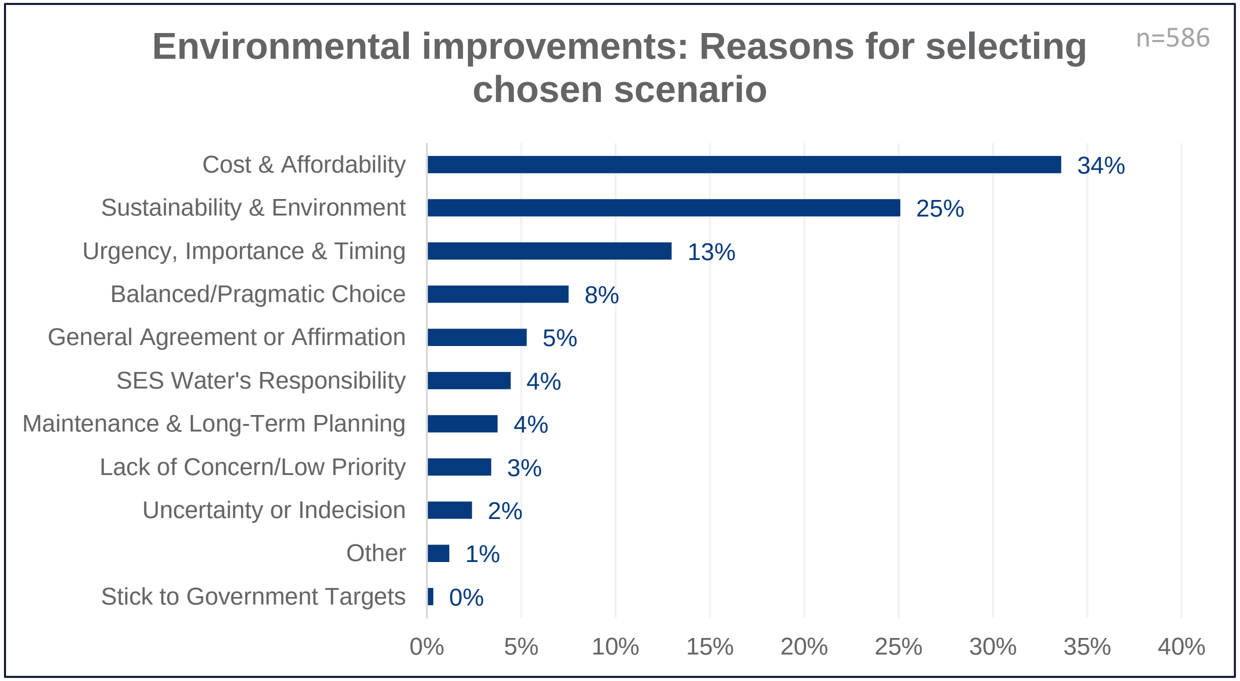
Option	Bill impact 2030	Bill impact 2050	Bill impact 25 years
Deliver improvements required by legislation*	£0.00	£0.00	£0
Further work for River Eden and River Mole	£1.20	£1.80	£40
Further work for Rivers Wandle, Hogsmill and Darent	£2.00	£3.00	£66

*Statutory improvements estimated to be £1.40 in 2030

(weighted by age)

Key finding

Cost/affordability and sustainability/environment are the main reasons given for customers' selected option



"I think this is an acceptable level of improvement without too big an increase in the water bills"

Female, ABC1, 65+

"Environmental issues and sustainability are key. Not investing is not an option."

Male, ABC1, 35-64

Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Cost and affordability is again the main reason given for option selection, despite the relatively low bill impact of the options presented.

25% of customers cite sustainability and the environment as the factor driving their choice, with 13% stating their choice is influenced by urgency and importance of the issue.

Survey respondents' reasons for selecting their preferred investment option

"Small price to pay to improve environment"
Male, ABC1, 65+

"Generally covers what is needed with no impact on bill payers"
Female, ABC1, 65+

"this is an area of high environmental value and so these activities are a priority"
Male, ABC1, 65+

"I like the idea of working with the community and looking at eco friendly ways to assist with water flow"
Female, C2DE, 35-64

"Our natural environment is fragile and needs restoring and protecting- it was here before us and should be protected from negative human impacts"
Male, ABC1, 35-64

"More needs to be done to improve the environmental impact and improve the damage which has already been done"
Male, C2DE, 35-64

"I think its important for SES to continue to maintain the environment areas that they source thier supply from, if this stays in good healthy condition then the supply of water should be protected."
Female, ABC1, 35-64

"Lots of positives and impact to be shown for not an extremely high rise in fees over that time"
Female, C2DE, 18-34

"Keeps cost down. Not sure how necessary improvements to chalk streams are"
Male, ABC1, 65+

"Because I want high quality water and also think it's important to protect natural sources and habitats"
Female, ABC1, 35-64

"It helps the environment a little bit more than the first option but is cheaper than the last option therefore customers won't be affected too much"
Female, ABC1, 35-64

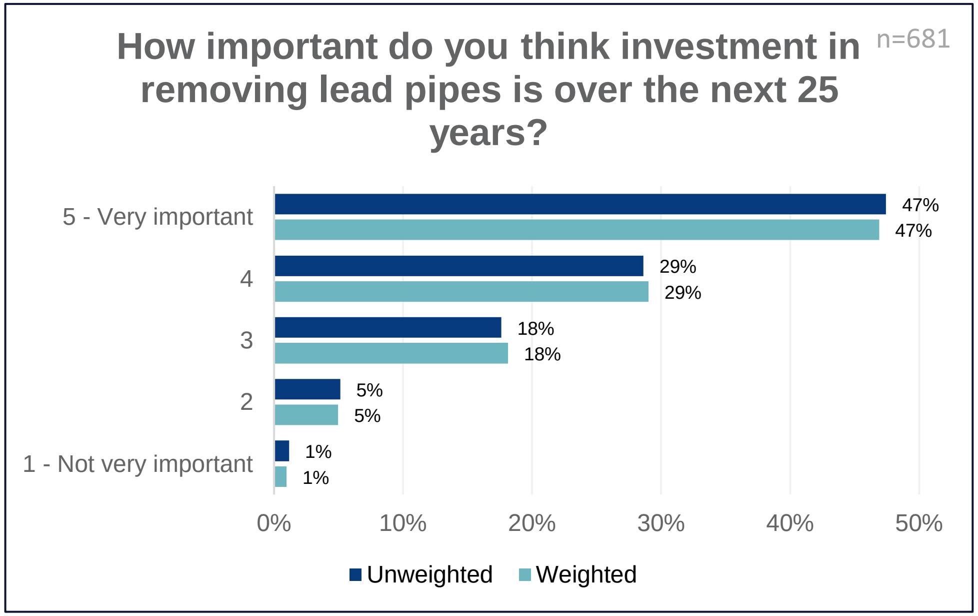
Lead pipe removal

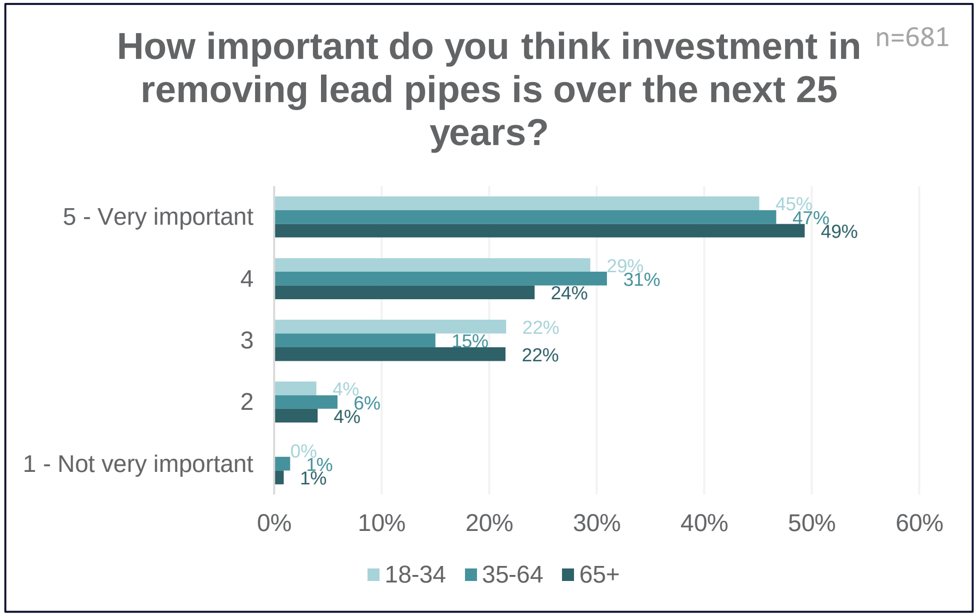
Key findings

76% of customers consider investment to remove lead pipes important

Prior to knowing the potential bill impacts, 76% of customers feel investment in removing lead pipes is very or somewhat important over the next 25 years. Only 6% consider that investment is not important.

Support was broadly consistent across age, location and socio-economic groups.





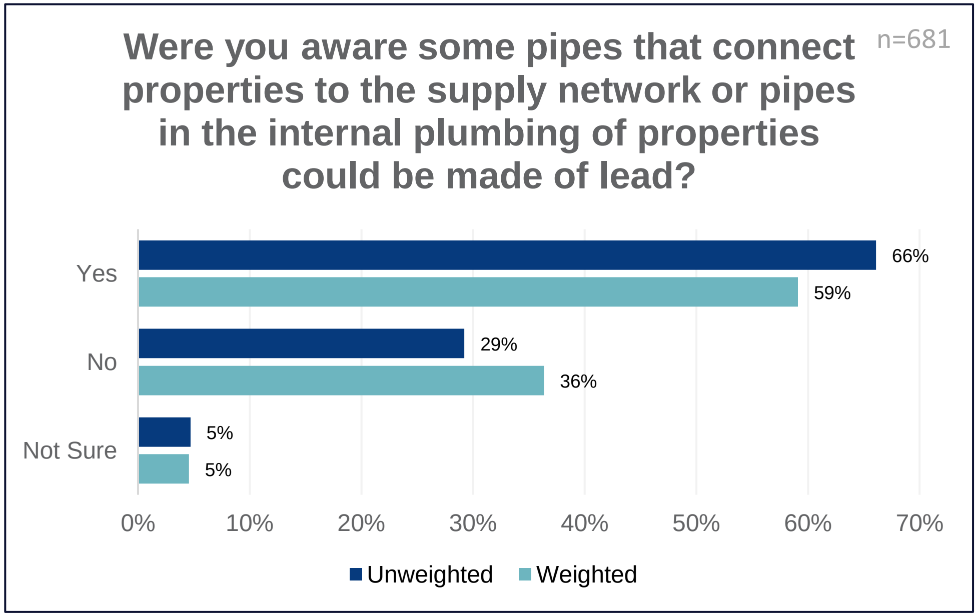
Weighted by age

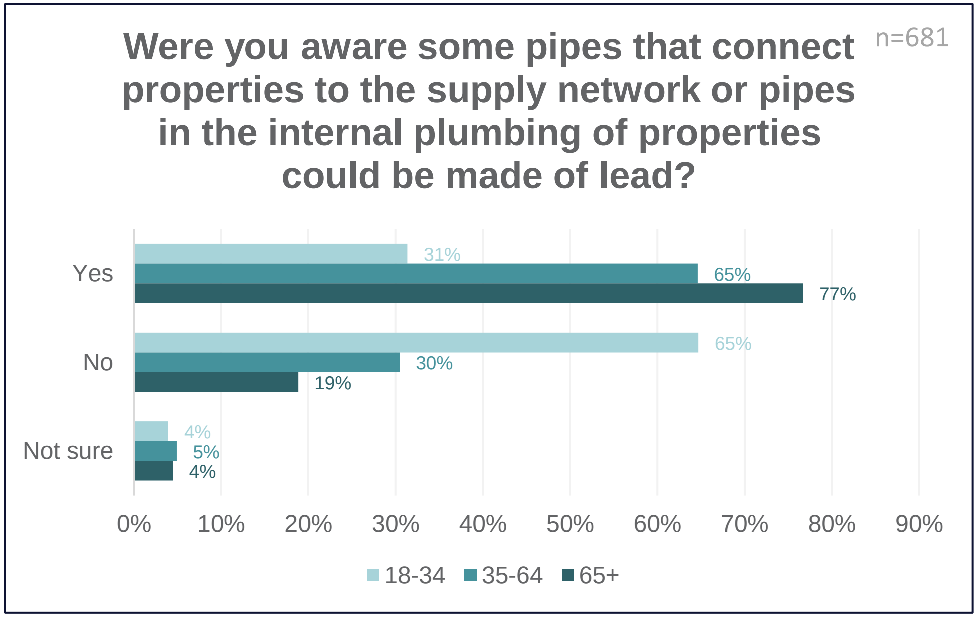
Key findings

66% of customers know about lead pipes but awareness is much lower in the 18-34 years group

Overall, 66% of customers are aware of lead pipes in water supply, but awareness varies with age, falling to only 31% for the youngest age group (18-34 years). Despite the apparent lack of awareness of younger customers, support for investment in the next 25 years is consistent across all age groups.

> "I think the lead surprised me. It's something that I think I'd come across before but I hadn't read it in that depth, and to look into some of the health issues that it could bring along was quite concerning."
>
> Female, ABC1, 18-45





Weighted by age

Key findings

65% of customers prefer a steady approach to lead pipe replacement over a longer time frame.

Customers prefer a steady approach to lead pipe replacement over a longer time period, but do not have a clear preference for either of the two slower options. Taking into account the significant increase in bill impacts by replacing lead pipes more quickly (by 2075 or 2050), the results appear consistent with the overall ranking of the lead investment without bill impacts and the preferred option for environmental improvements which achieved a similar ranked score.

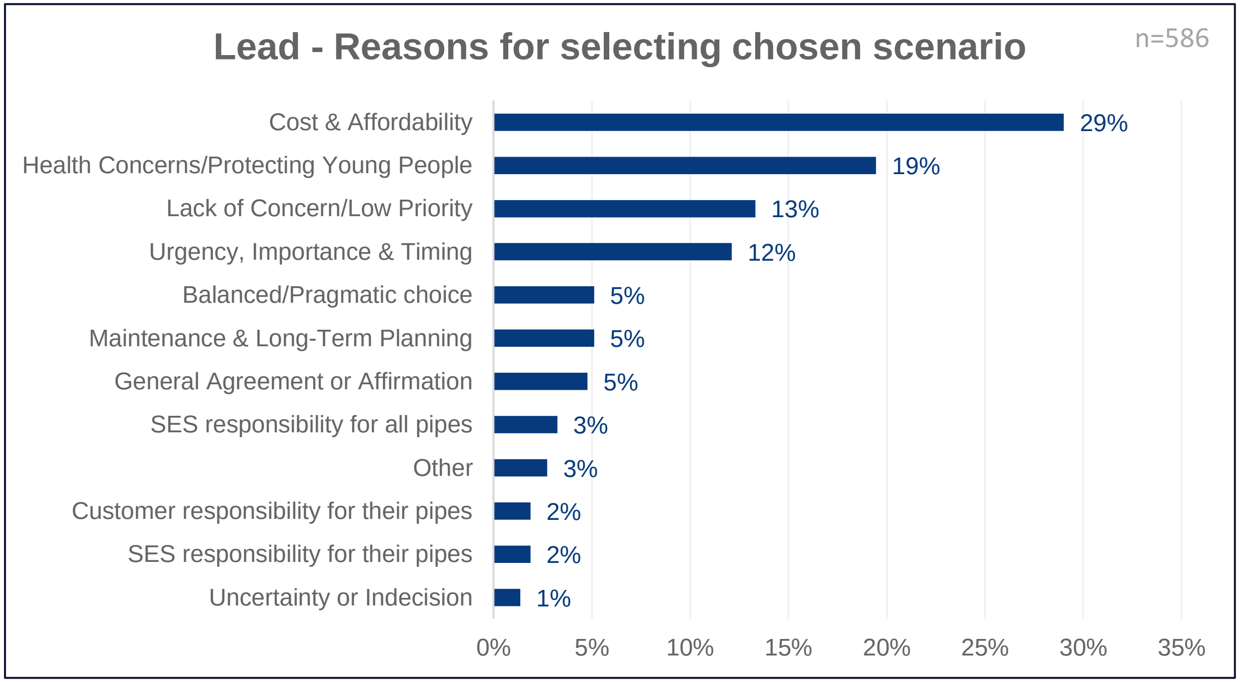
The findings are broadly consistent across different customer groups (age, location and SEG).

	n=631	Bill impact		
		2030	2050	25 years
Current approach	30% (28%)	£0.00	£0.00	£0
c. 250 sites every 5 years	35% (36%)	£2.00	£3.00	£66
All lead replaced by 2075	15% (15%)	£8.15	£12.05	£263
All lead replaced by 2050	20% (21%)	£16.30	£24.10	£528

(weighted by age)

Key findings

Cost and affordability is again the key driver for customer choices for lead pipe investment



Note: Graph excludes no response or responses considered not applicable. Responsibility is reported separately as SES Water responsible for all pipes, customers responsible for their own pipes and SES Water responsible for their own pipes only.

Cost and affordability is cited by 29% of customers as the main reason for their option selection.

19% considered the potential health impact when making their choice; in contrast 13% do not consider the issue to be of concern. This aligns with the mixed views of lead replacement which is spread evenly across the priority order when considered prior to knowing bill impacts.

Survey respondents' reasons for selecting their preferred investment option

"Because our bills are high enough. The company should pay for this"
Female, Prefer not to say, 18-34

"I think replacing lead pipes is essential but the current cost of living crisis means, unfortunately we need to prioritise. Dealing with schools/nurseries etc first seems sensible"
Male, ABC1, 35-64

"It seems to be the best achievement for the price"
Female, ABC1, 65+

"Lead is detrimental to health and should be replaced ASAP"
Male, ABC1, 18-34

"Due to the incredible increase in the cost of energy and the slow rate at which the price is normalising i really couldn't justify a spike in water costs even if the outcome was a good thing"
Male, C2DE, 35-64

"I'm not currently aware of a major problem with lead in our area but it makes sense to try to improve piping in locations where young people congregate"
Male, ABC1, 35-64

"It seems an appropriate balance of cost and impact"
Male, ABC1, 35-64

"I believe it's important to have these changed particularly in areas with young children like nurseries etc. children should be fully protected from lead and a slow increase on bills is likely to be far better for customers than a steep increase"
Female, C2DE, 35-64

"Essential for the health of my children and grandchildren"
Female, C2DE, 65+

"Worthy of some extra investment, but not the prohibitive costs of options C and D"
Male, ABC1, 35-64

"It seemed the most cost effective and meant everyone was supported not just particular groups"
Male, C2DE, 18-34

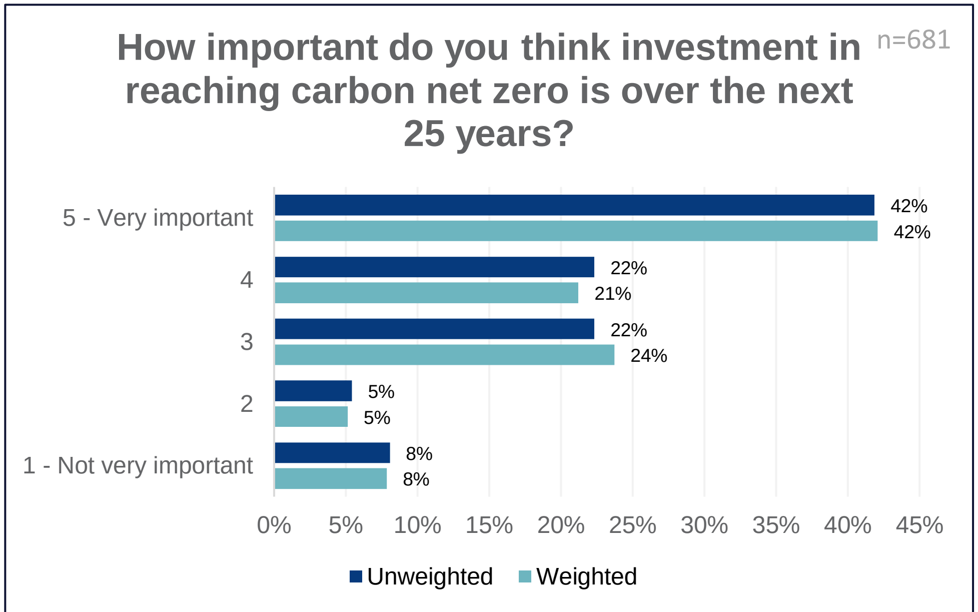
Carbon Net Zero

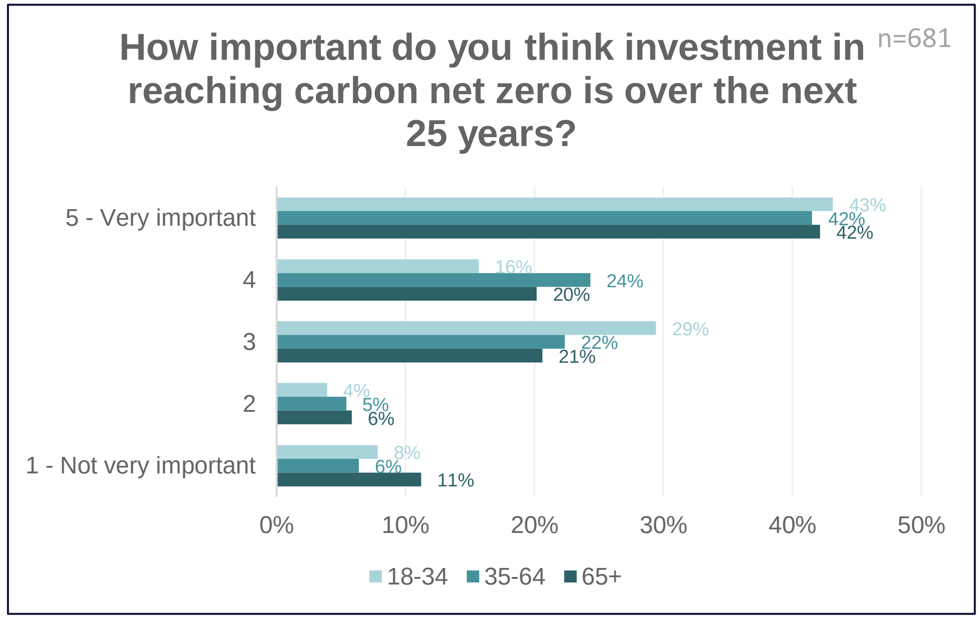
Key findings

64% of customers consider investment in meeting carbon net zero is important

Prior to knowing the bill impacts, 64% of customers feel investment in meeting net zero is very or somewhat important over the next 25 years. 13% consider that investment is not important. These views on the importance of investment to reduce carbon emissions to meet net zero align with the relative importance given to the investment area (ranked 4th).

Support was broadly consistent across age, location and socio-economic groups.





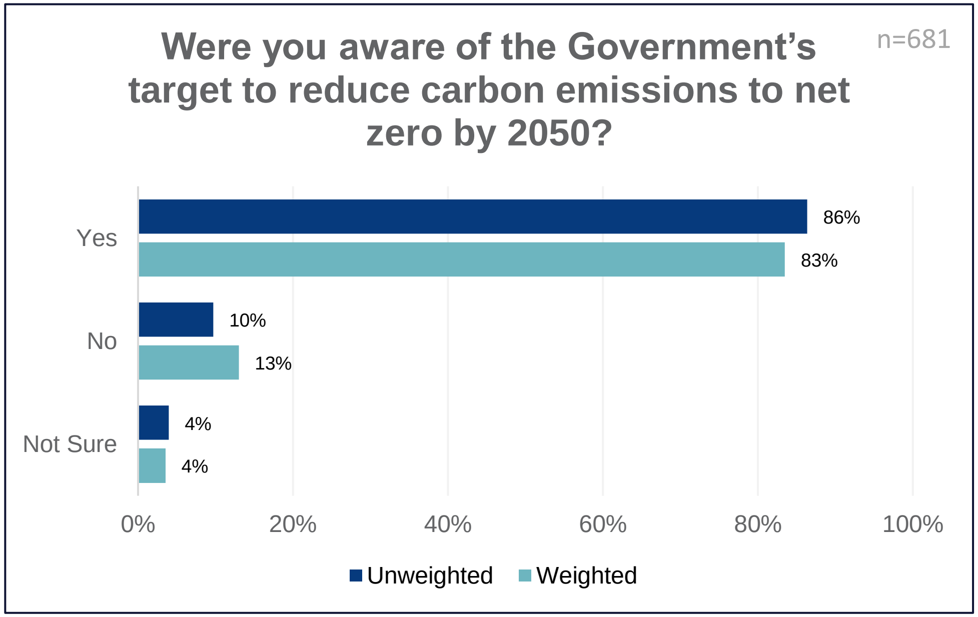
Weighted by age

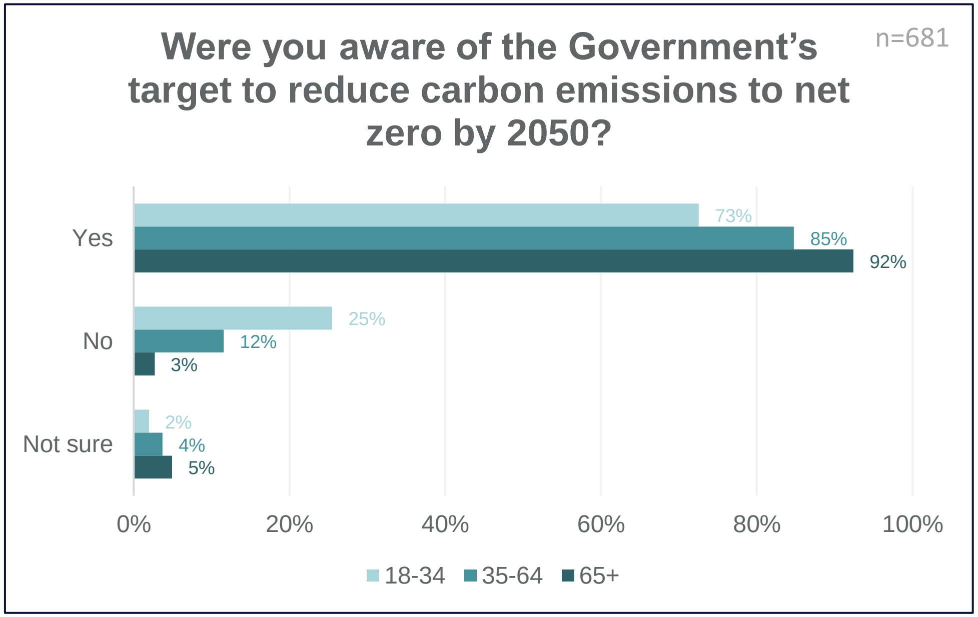
Key findings

A clear majority of customers are aware of the UK Government target of net zero by 2050

86% of customers are aware of the UK Government target to meet carbon net zero by 2050. Awareness amongst customers increases with age, with the highest proportion of customers who are not aware of the target in the 18-34 years group (25%). Despite the high awareness, customers considering investment to be important is almost a quarter lower.

Findings are broadly consistent across location and SEG.





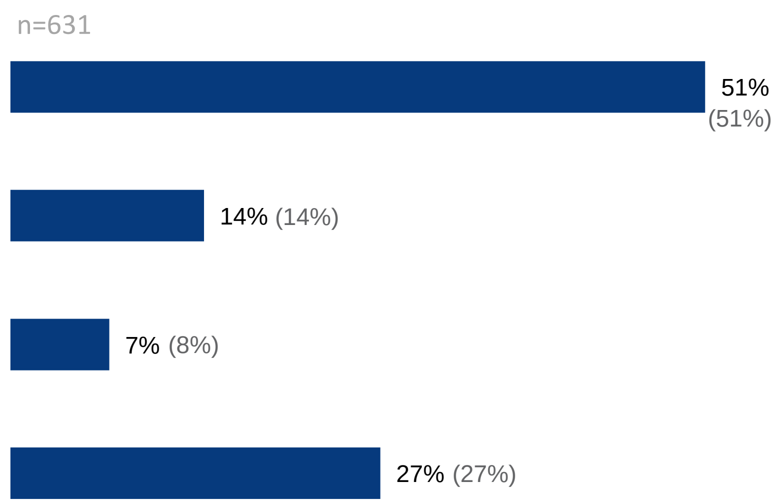
Weighted by age

Key findings

78% of customers support reaching net zero by 2050, not earlier

51% of customers opt for investment that reduce carbon emissions to meet net zero by 2050 with a further 27% who select net zero by 2050 with accelerated reduction in operational emissions by 2030.

There is little variance in support to meet net zero by 2045 or 2040 by segment. Support does vary between the preferred option and the 4th option; support for accelerating operational reductions is stronger amongst ABC1 than C2DE, and customers in Surrey compared to London (but does not impact overall findings). It is notable that preferences of 18-34 years are aligned with the overall findings.

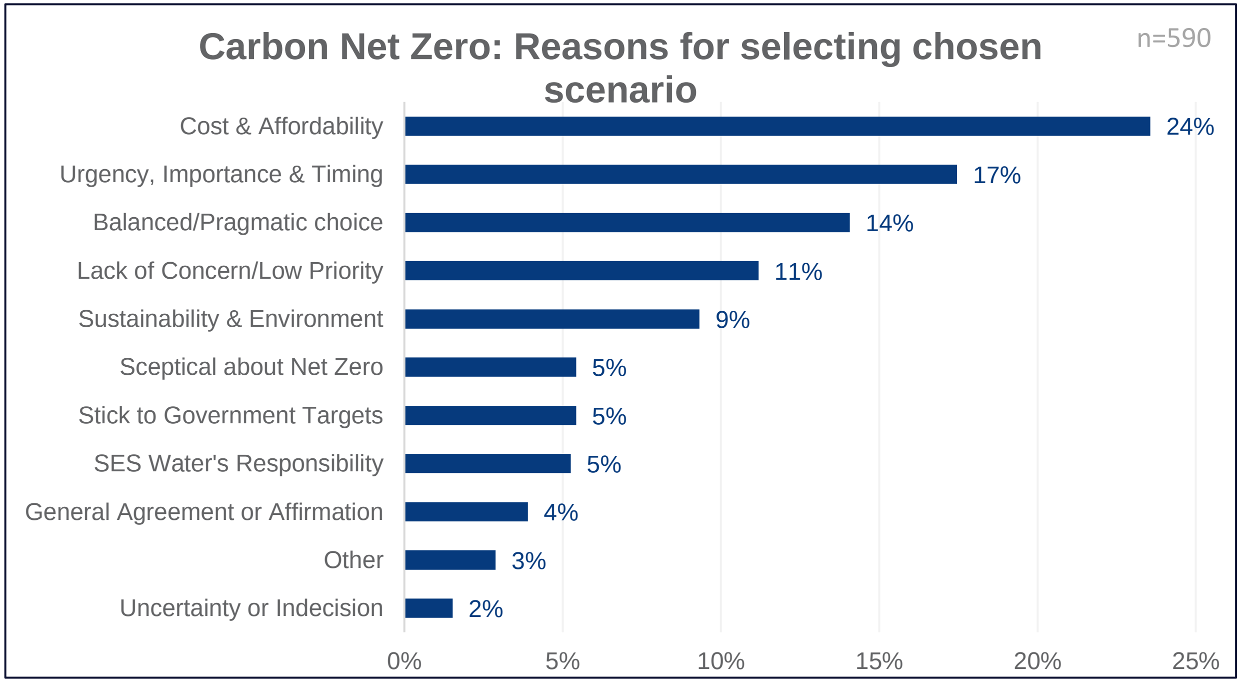


	Bill impact 2030	Bill impact 2050	Bill impact 25 years
Net zero by 2050	£0.00	£0.00	£0
Net zero by 2045	£3.10	£2.20	£76
Net zero by 2040	£4.10	£2.20	£85
Operational net zero by 2030 75% reduction overall by 2035 Net zero by 2050	£5.10	£2.10	£86

(weighted by age)

Key findings

More customers' choices are driven by pragmatic choice and low priority for net zero than for other investment areas



Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Whilst still the main reason, fewer customers cite cost and affordability driving their option selection. Balanced/pragmatic choice and lack of concern/priority are given as the key reason by a higher proportion of customers than for other investment areas. This, together with urgency, importance and timing reflects the preferred option of meeting net zero by the government target.

Only 9% customers highlight sustainability and the environment as the factor driving their choice, in contrast to 25% for environmental improvements.

Focus group participants feel that meeting carbon net zero target by 2050 is a pragmatic approach that balances affordability concerns

Presented with the findings from the quantitative research, only 64% of participants agree with the survey preference to meet carbon net zero by the government target of 2050 (compared to 78% of survey respondents).

Customers who support the preferred option of meeting net zero by 2050 typically highlight a pragmatic approach that balances timing of investment with affordability considerations.

"I think that we're going to be looking to reduce carbon emissions in lots of different areas over the coming years, and so it won't just be water it will be all sorts of things. And once all of those bills are added up overall, I think we'll be back in a position where people are struggling to pay their bills."

Male, ABC1, 46+

"I don't think there should be an immediate rush to do it, although it should be done by that year, certainly"

Male, ABC1, 18-45

"I know it's not a huge amount of money over the years by 2030, but at the moment bills are tight, so anything you can save at the moment is handy at the moment."

Male, C2DE, 46+

"I think everybody has got to try and keep their bills as stable as possible so we can afford to pay everything, and I think that's why I put getting it done in 2050, because I just think everything is so expensive and it's hard enough as it is paying everything than getting it done quicker and bills going up. It doesn't matter how much it is, if it's £1, £5, whatever – it all adds up at the end of the day."

Female, ABC1, 46+

Similarly accelerating operational carbon is considered a feasible option for achieving some reduction more quickly with net zero overall by 2050.

"It's obviously the equipment that they use, with vehicles and so on. A lot of companies are going to go by 2030 anyway to reduce their emissions through the vehicles and through the equipment as well. So obviously that will be good to keep to government guidelines, which has organisations reduce their emissions by then."

Male, C2DE, 18-45

Those customers supporting faster carbon reductions also focus on costs but consider the accelerated options to be affordable

Those participants supporting investment to meet net zero faster than 2050 typically considered the options to be affordable and the issue important enough to require more urgent investment.

> "I haven't got kids or anything, so I don't have so many bills. So I'd rather pay more money and get it done."
> Male, C2DE, 18-45

> "Why procrastinate, just get on with it, in my opinion. It's not costing a huge amount more for the customer."
> Female, ABC1, 46+

> "I'm of the view that the annual bill is pretty small and so on that basis it's worth paying in order to achieve the target sooner."
> Male, ABC1, 46+

> "I think it's so important now, I think 2050 is another 25 years away, it seems quite a long way off if they've got the capability of doing it quicker then yes, why not"
> Female, C2DE, 46+

When questioned about 64% of customers considering investment in meeting carbon net zero to be important, but then the majority selecting to only achieve net zero by 2050, participants feel that the bill impact is the key factor in reducing support for higher levels of investment.

> "That doesn't surprise me. Because I think everyone will want to do the moral thing, which is get it done as quickly as you can, but once you see it actually does have an impact on you personally, I can see people might not be as keen"
> Male, ABC1, 46+

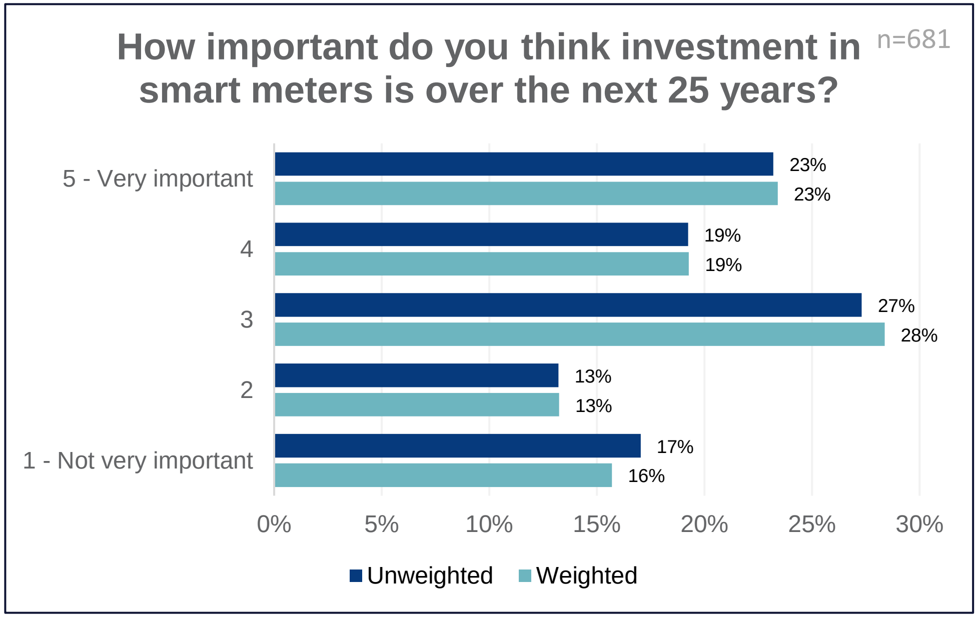
Smart metering

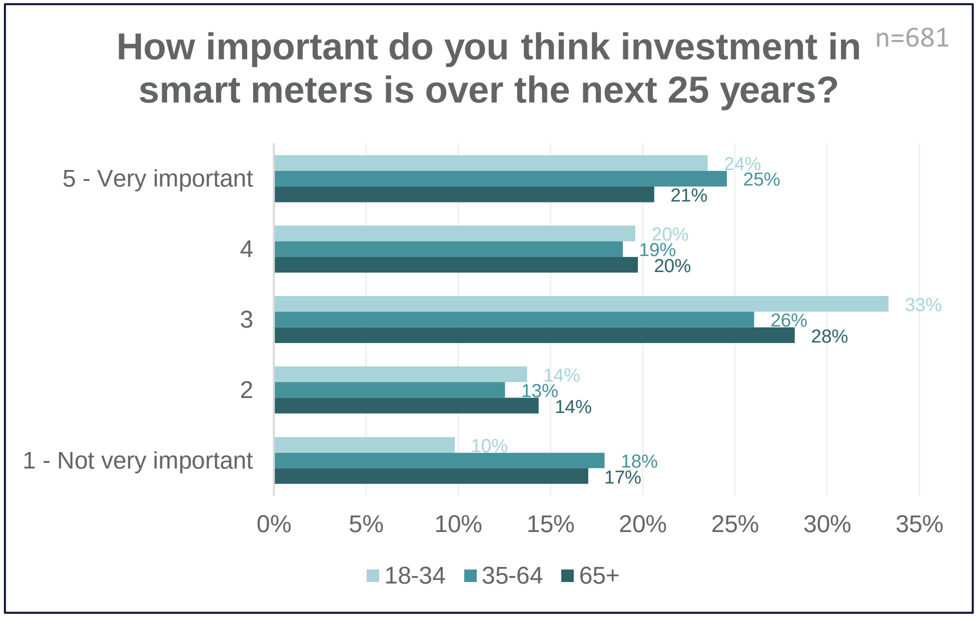
Key findings

Customers' views on the importance of investing in smart meters are mixed

Customer responses for smart meters show a mixed picture with a more even spread across the scale than observed for the other four investment areas.

There is also less variability by age for smart meters.



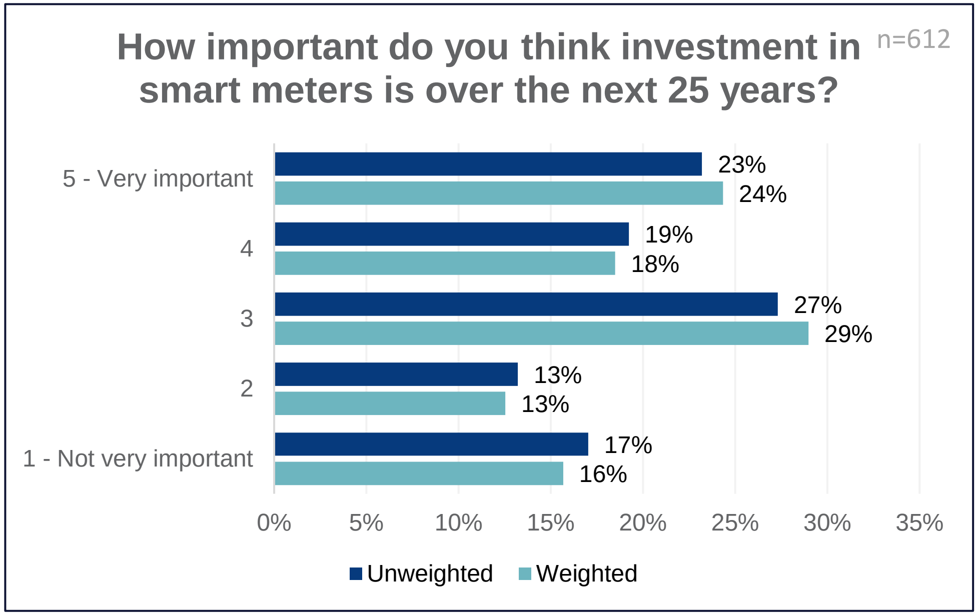


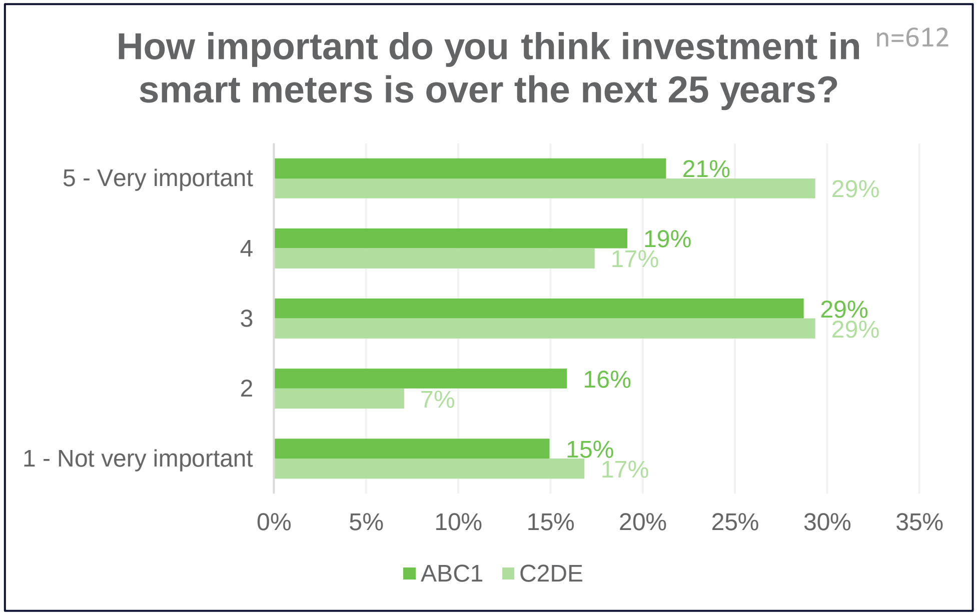
Weighted by age

Key findings

Customer views on the importance of smart meter investment varies by socio-economic group

Smart metering is the only investment area that shows variability by SEG grouping with more C2DEs considering investment to be very important than ABC1s, with a corresponding level of reduction in the percentage of C2DEs who consider it fairly unimportant.



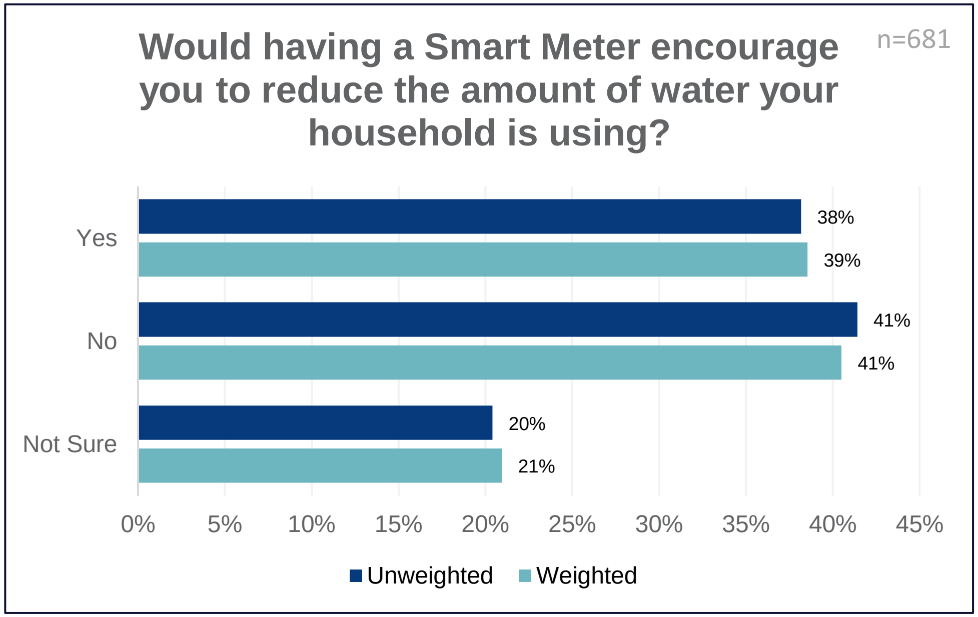


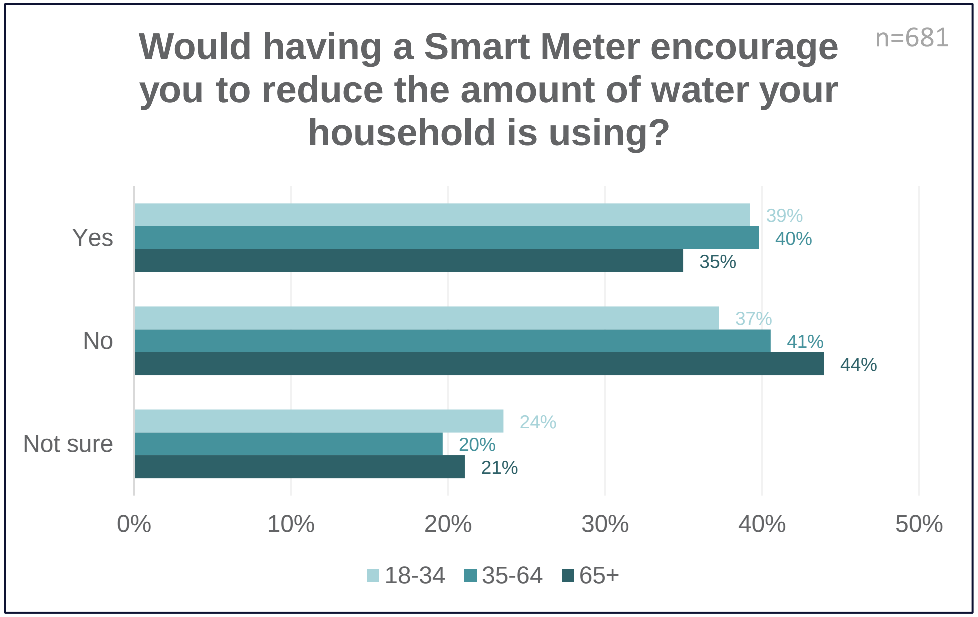
Weighted by SEG

Key findings

Customers are split as to whether a smart meter would encourage them to reduce water usage

Customers are split approximately 50:50 between those who feel a smart meter would encourage them to reduce water usage, and those who consider it won't. A high proportion (20%) are unsure.



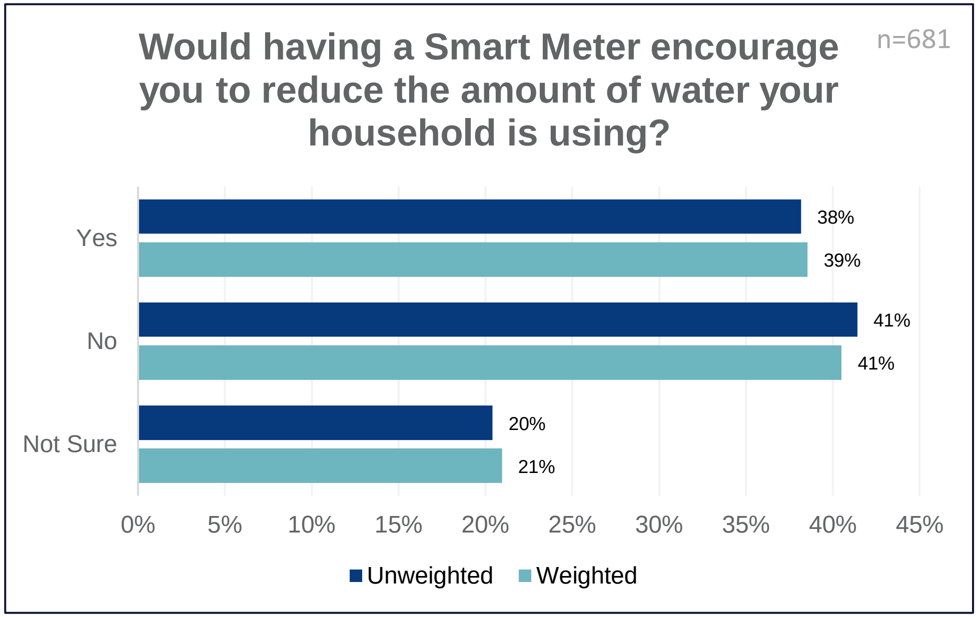


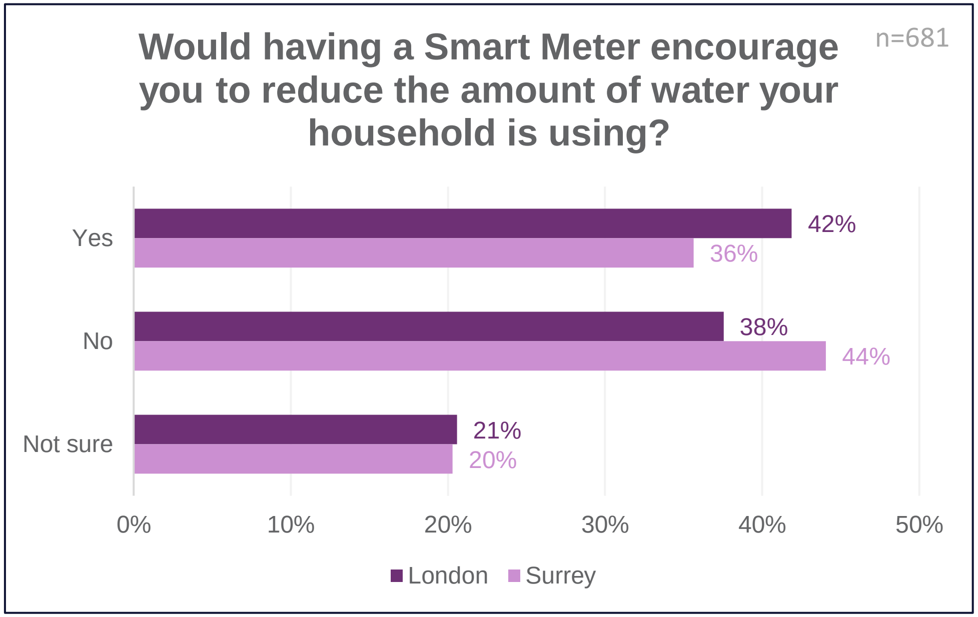
Weighted by age

Key findings

Only 36% of customers from Surrey feel a smart meter would encourage them to reduce water usage

Although findings are broadly aligned for SEG and age, it is notable that those voting no increased to 44% for respondents from Surrey which shows a wider gap compared to customers in London.





Weighted by age

Key findings

79% of customers support replacing meters with smart meters when required

Customer views on smart metering are consistent, with metering being their lowest priority and minimal support for any accelerated replacement of meters.

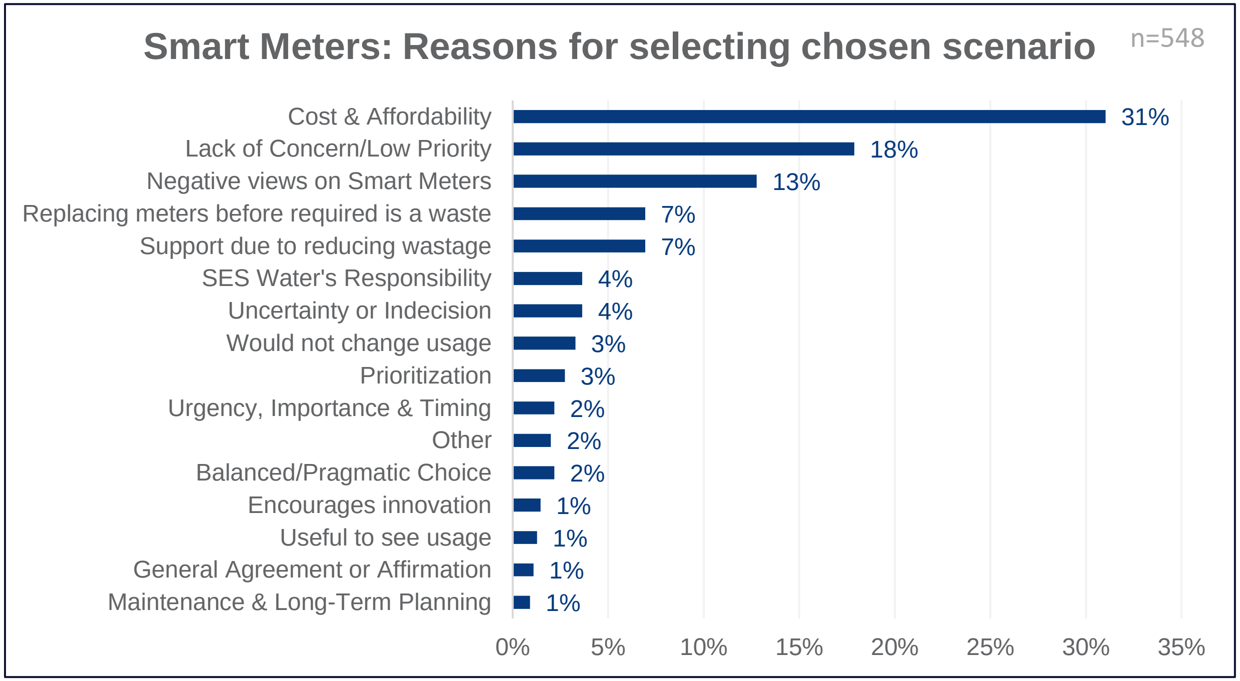
The findings are consistent across different customer groups (age, location and SEG). Despite more 18-34 years customers ranking smart metering a higher priority, when presented with the bill impacts their investment choices align with other age groups.

Option (n=631)	Support	Bill impact 2030	Bill impact 2050	Bill impact 25 years
Replace meters when required	79% (79%)	£2.80	£4.10	£89
Replace all meters by 2038	9% (9%)	£4.40	£5.80	£129
Replace all meters by 2035	3% (4%)	£5.40	£5.90	£144
Replace all meters by 2030	8% (8%)	£9.90	£5.80	£144

(weighted by age)

Key findings

Customers consistently report that they consider smart meters a low priority for investment



Note: Graph excludes no response or responses considered not applicable. SES Water's Responsibility includes responses on improving or maintaining performance and expectations that company profits or shareholders should fund the investment.

Whilst cost and affordability remains the main reason for customers' selected investment option, low priority is the second most common factor.

Customers' preferred option is also influenced by negative perceptions of smart meters, often based on gas and electricity meters.

Focus group participants endorse survey findings to only replace with smart meters when required

Presented with the findings from the quantitative research, 84% of participants agree with the survey preference to replace water meters with smart meters when required which aligns with 79% of survey respondents.

When asked about what factors may drive customers' views, participants cite similar reasons as the survey respondents including cost and affordability concerns, low priority for investment, concerns about smart meters, particularly amongst older customers, and wastage.

"I don't like the feeling of being forced to do something by a certain time… feeling like you're forced to do it by a certain time will probably put peoples' backs up a little bit, even though it's for the best or the better"

Male, C2DE, 18-45

"It's cost. Cost of living is absolutely destroying my pockets."

Male, ABC1, 18-45

"I just think it comes down to being a bit selfish again, like they want the cheapest possible option and don't look too far into it. People just want to spend the minimum amount possible really"

Female, C2DE, 18-45

""It's all new technology, smart technology, us older people, some of us don't understand it but the youngsters are brought up with that technology, so…"

Female, C2DE, 46+

"I mean your comment about younger customers wanting a smart meter because they do everything on mobile phones, that's how they live their lives and they're very much stuck on these things. For me it's not so much of a priority to have a smart meter, I just need a meter"

Female, ABC1, 46+

"It seems added waste if you replace them now, for those who area already on them, if they don't need replacing."

Female, ABC1, 18-45

Despite discussions on water availability and usage, participants did not support investment to accelerate smart meters

Some customers feel that the benefits of smart meters may not be clear which limits acceptability.

> "I just thought it would be higher because there are a lot of benefits and it saves a lot of people money, so it's slightly lower than what I would have expected"
>
> Female, C2DE, 18-45

> "I think if the statement was written differently, as to why it would benefit customers/environment to have new smart meters, the answers could be different"
>
> Female, ABC1, 18-45

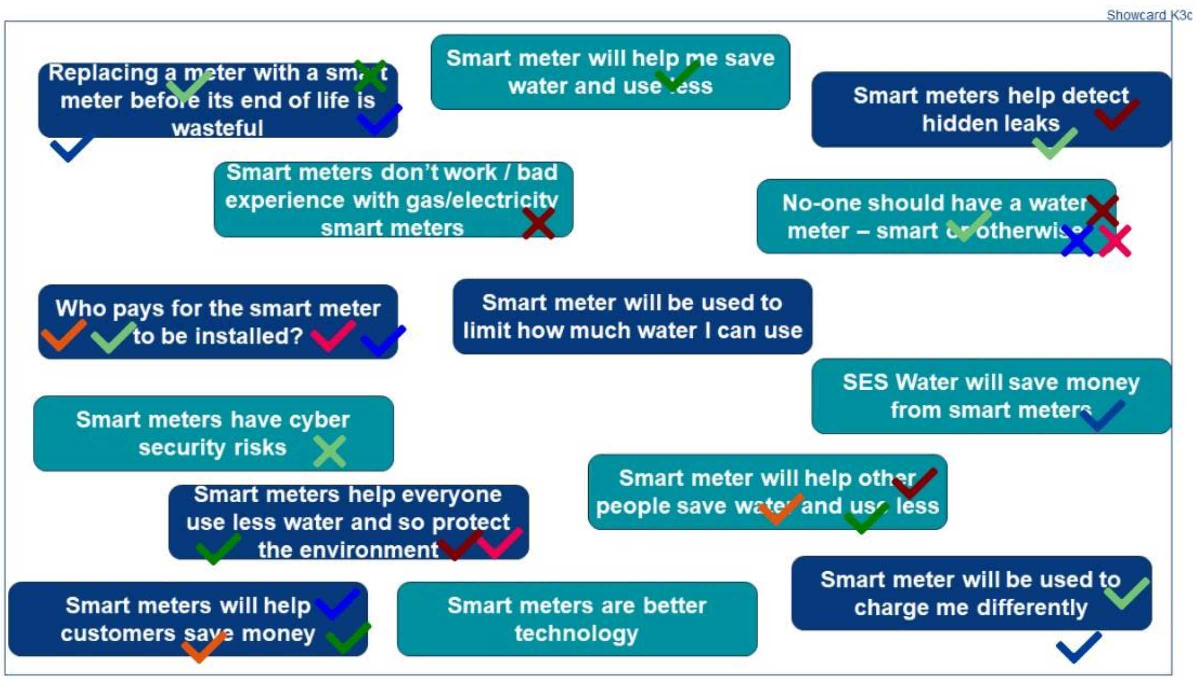
Participant views may be influenced by the focus group discussions exploring water availability and usage. Yet despite these discussions support for accelerated investment in smart meters is no higher amongst focus group customers than survey respondents.

> "Replace them as soon as possible. The stats already show that we use more than everybody else. So that's not going to change unless we take responsibility for it. The other things are long-term plans like lead and environmental. Those are things you can't change overnight, but this is. And the reality is – I know we're in a cost of living, etc. etc. – but it's basically the same whether we do it by 2030 or 2038. I'm sure our other bills are going to escalate massively more than what those percentages are"
>
> Female, ABC1, 18-45

> "I think sooner would be better because then everyone would be aware of what they were using and spending."
>
> Male, C2DE, 18-45

Research Method

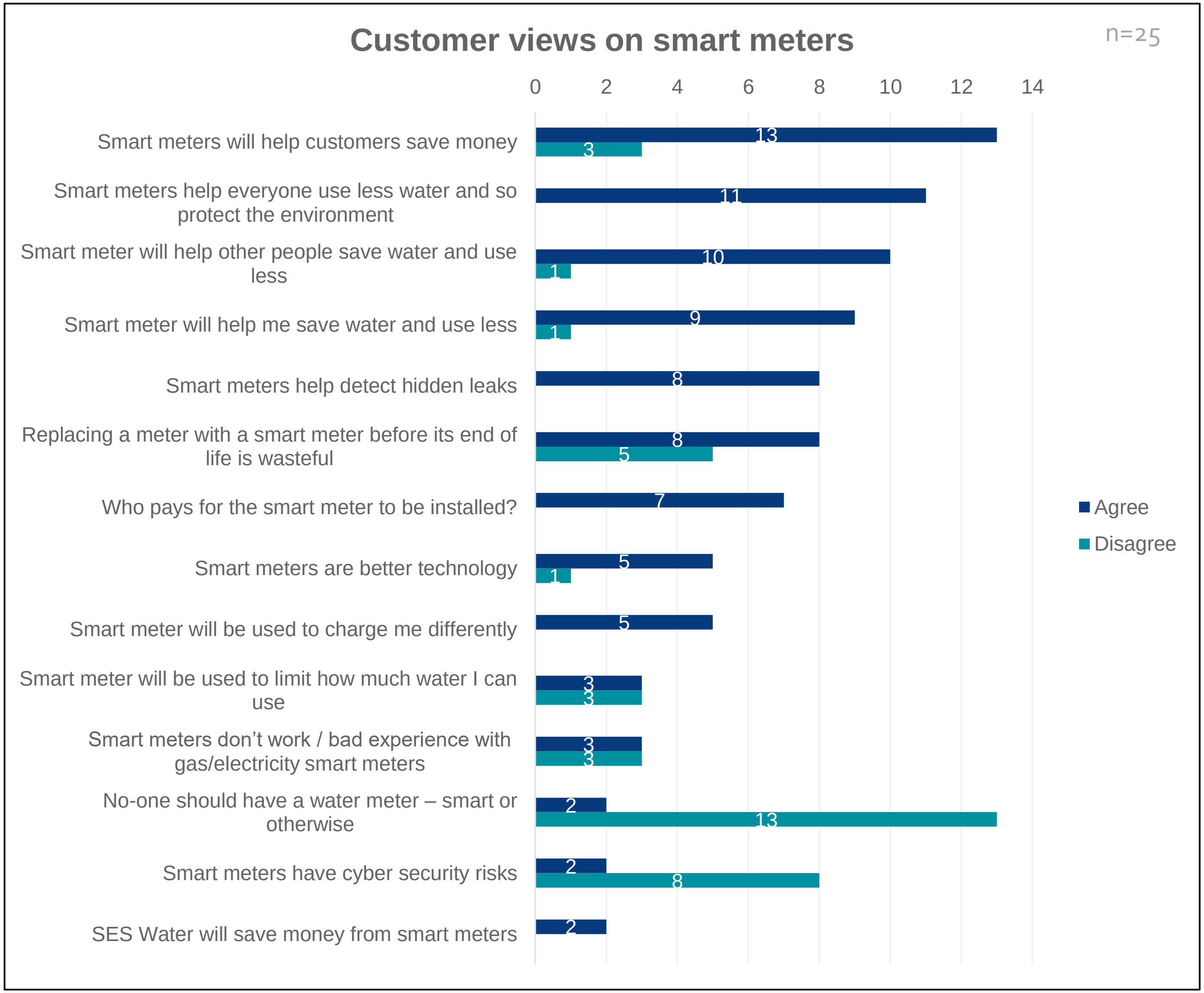
To understand barriers to smart meters, the focus groups explored attitudes and perceptions



To explore attitudes towards smart meters further, a number of messages heard from other customers were shared.

The focus group participants were asked to tick for any statements that they either strongly agreed with or are serious concerns regarding smart meters, or cross those that they did not agree with, or which are not a concern.

Focus group participants' views on smart meters are more positive than expected



What we asked

Participants were encouraged to only agree or disagree with the statements they felt strongly towards. They did not vote on each statement. This resulted in some statements receiving more responses than others.

Customer views on smart meters are varied; discussions focussed on potential barriers to implementation to build understanding

Cost is a factor for some customers, both in terms of the cost to install and who funds the meter, and the consequential potential impact on charging and tariffs

"It would be good to know who does pay for that, whether it's myself or the company or whoever else"
Female, ABC1, 18-45

"I just think that it's an extra cost and if the business and the companies want us to be better with water, it would be better for them to do it rather than charge ourselves."
Male, C2DE, 18-45

"Why should it be an expense to us? We don't own that meter, SES should be paying for it. They own it. I can't come into your house and put something in and charge you"
Male, C2DE, 18-45

"It's just about the tariff, if it's smart, connected to the internet, it's much quicker for them to be like, ah, you're going to be charged a lot more per litre now, because it's the summer, and they can change it if and then they want, maybe. I don't know"
Male, C2DE, 18-45

"They might not do it now, but I think it could be similar to the electricity, during the day you get charged more, and maybe during a period of drought, they might charge you more, and they might be able to do it through the smart meter, and they will say it will cost you 10p per litre, or something. They might do that."
Male, C2DE, 18-45

Others question the benefits of smart meters in supporting customers to reduce water usage and save money.

"I've not found that smart meters have changed my usage and consumption, and so I don't think personally that it's going to help me save anything. It's more of a mindset for me, and I need to change my mindset and do things differently than it is a little box on the wall telling me anything. I don't rate them."
Female, ABC1, 46+

"I've found that with the water meter I'm spending more money, so I would have thought that it was similar to other smart meters. And if you think about it, you're using electricity for the display and also to monitor water use. That's going to go into your electricity bill, so I don't think it's going to help save money."
Male, ABC1, 18-45

Customer views on smart meters are varied; discussions focussed on potential barriers to implementation to build understanding

Security of the technology generates mixed views with some customers dismissing the idea while others believe they do carry potential security risks.

> "I just don't think [security risk] is a major factor, because I've got one on my gas and electric and I haven't experienced any cyber security risks there, I wouldn't expect anything like that for water."
>
> Male, ABC1, 18-45

> "I wasn't overly sure to be honest, but I hadn't heard of any cyber security risks or threats. It isn't something I know a lot about to be honest."
>
> Female, ABC1, 18-45

> "Potentially, yeah, because they could potentially be hacked, or you know, there could be an error that happens, so I'm not confident in the technology and that's one of the reasons I don't have a smart meter for electricity, because I don't feel like there's enough information about the safety of these smart meters."
>
> Male, ABC1, 18-45

The potential for smart meters to help identify and reduce leakage generated mixed responses. For some customers, the potential benefit had no impact on their views at all whilst for others better understanding had increased their support during the session.

> "The leakage was quite low anyway. 13%."
>
> Female, ABC1, 18-45

> "I'm thinking maybe if the meter is on the pavement outside your house, they might be able to tell, you're using a lot more water this month, but if 2/3rds of the leaks are on their side – I don't really know their technology in fairness"
>
> Male, C2DE, 18-45

> "Yeah, because I just see smart meters and think that it's going to cost me; I didn't realise it would help them to find leaks. That's the first I've heard tonight. Yes, it does change my view."
>
> Female, C2DE, 46+

ICS

Customer research on long-term priorities, outcomes and choices

Section 5
Bill impacts and affordability

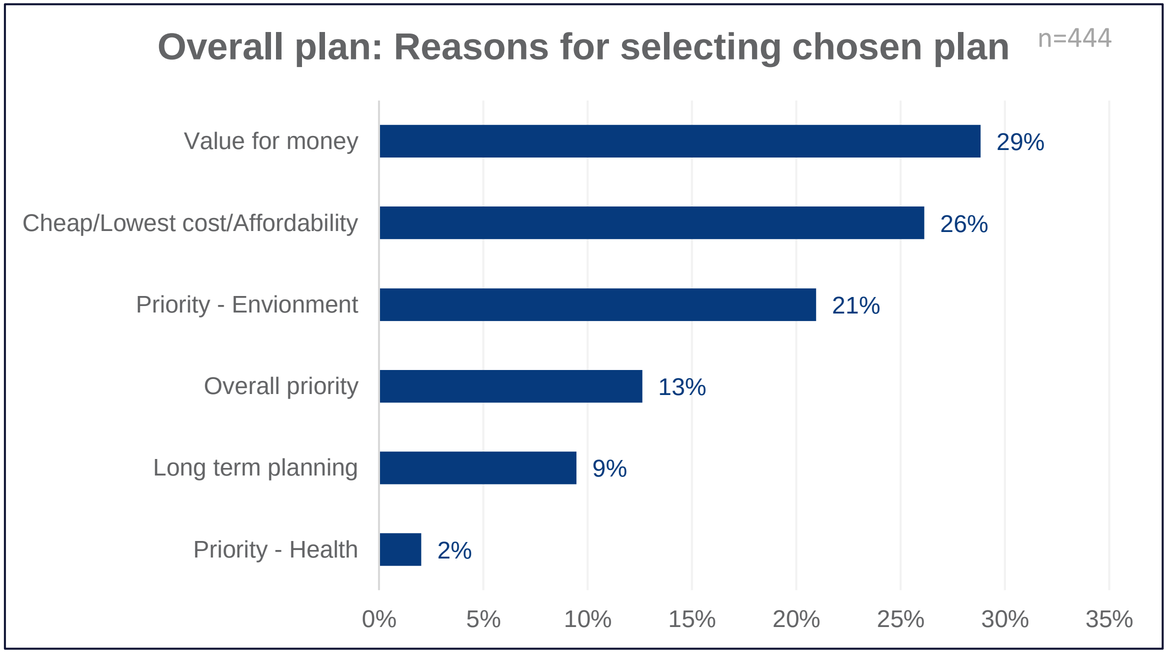
Customer preferences do not change when considering the overall bill impact

5. Build your own bill

Customers are shown their selected scenarios together indicating a combined "bill" detailing the cost impact of their choices. Customers are asked to review now they can consider the total impact, and to confirm their choices or make changes if preferred.

Less than 5% of respondents made any change to their preferred investment options when presented with the overall impact of their investment choices on the average customer bill. This, together with the consistency in findings with priorities for investment without financial implications, builds confidence that the research truly reflects customer preferences.

Value for money and cost or affordability are stated as the main reason for selecting their chosen plan by 55% of customers. 21% highlighted the environment as a priority for their plan.

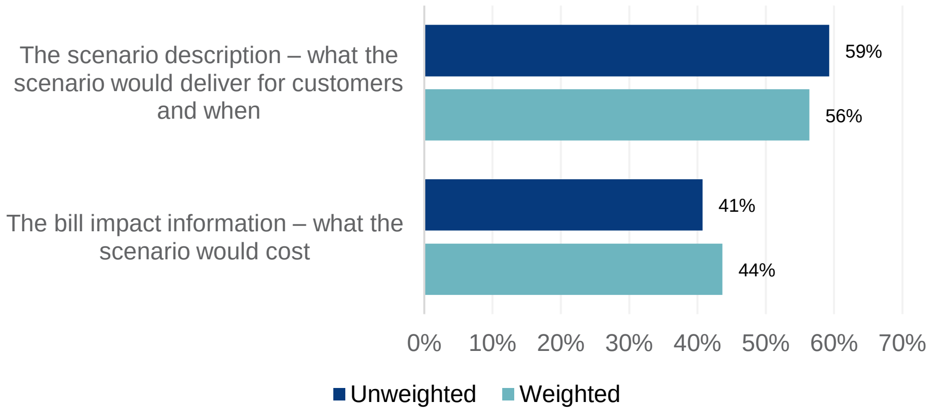


Customers pay more attention to the scenario description than bill impact when making choices

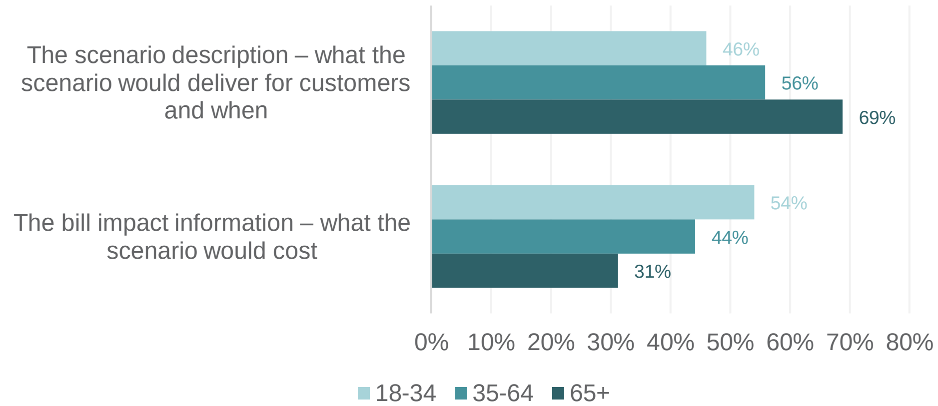
59% of customers state they pay most attention to the scenario description rather than the bill impact when selecting their preferred investment option.

Those paying most attention to the bill impact (41% overall) decreased with age, with 54% of age 18-34 years selecting on bill impact compared to only 31% of 65+ years.

Which piece of information did you pay the most attention to in choosing between the scenarios? n=631



Which piece of information did you pay the most attention to in choosing between the scenarios? n=631

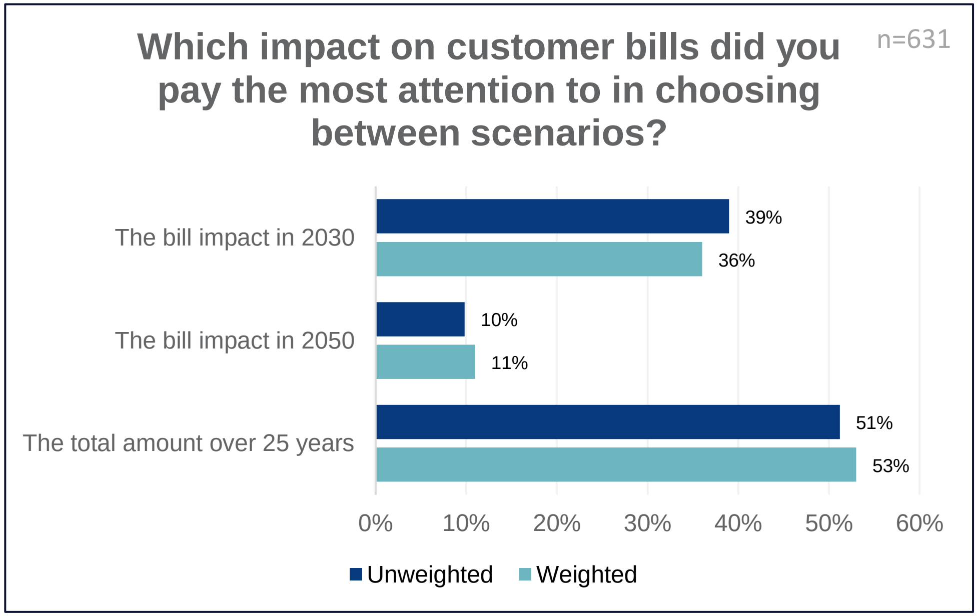


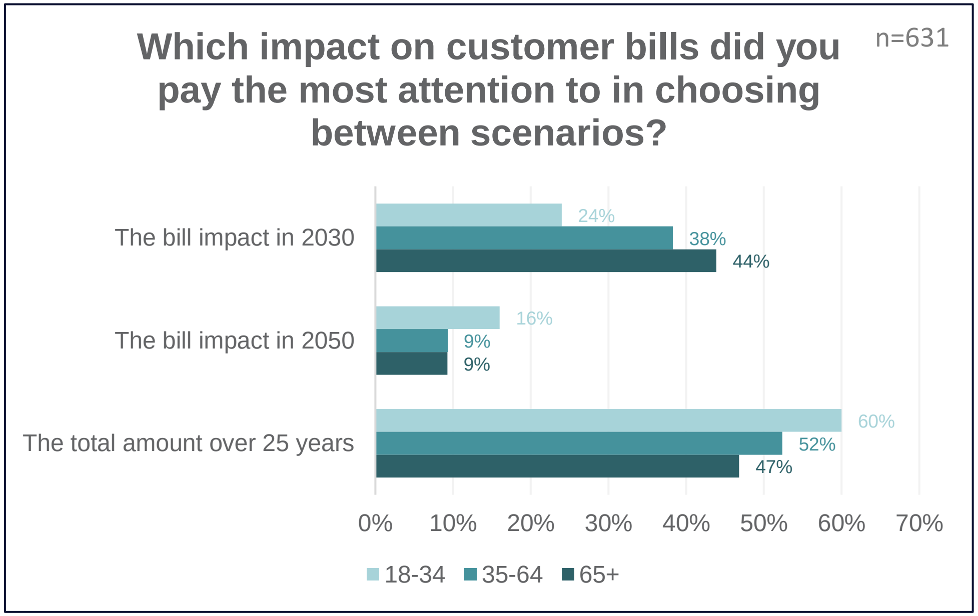
Weighted by age

Customers pay most attention to the total bill impact over 25 years

When considering the bill impacts, 51% of customers pay most attention to the total bill impact over 25 years, with 39% focussing on the bill increase in 2030.

The focus changes with age - the younger age group pay more attention to the bill impact over 25 years, with 65+ years concentrating on impact in the first 5 years (bill impact in 2030). There is no notable difference by SEG or location.

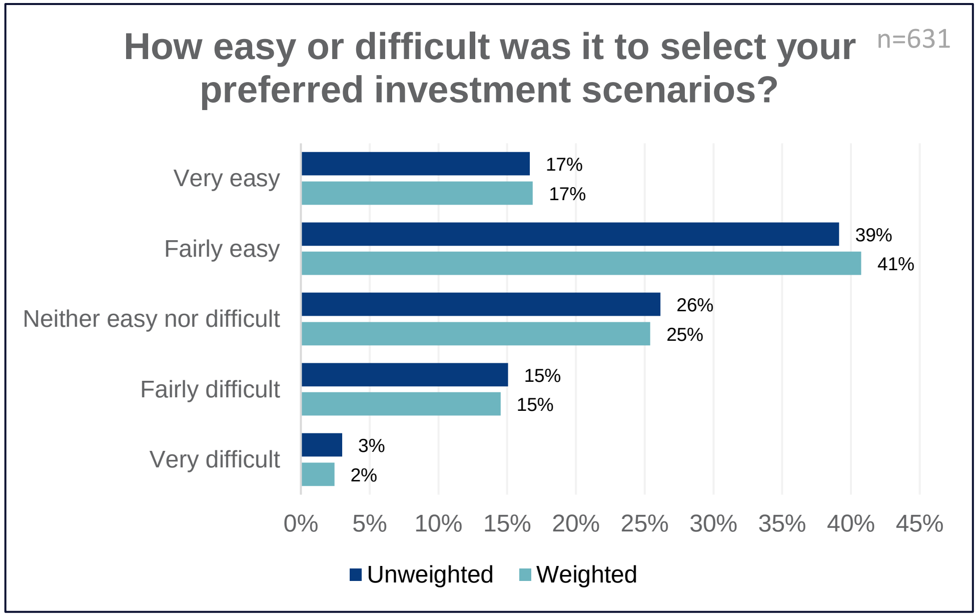


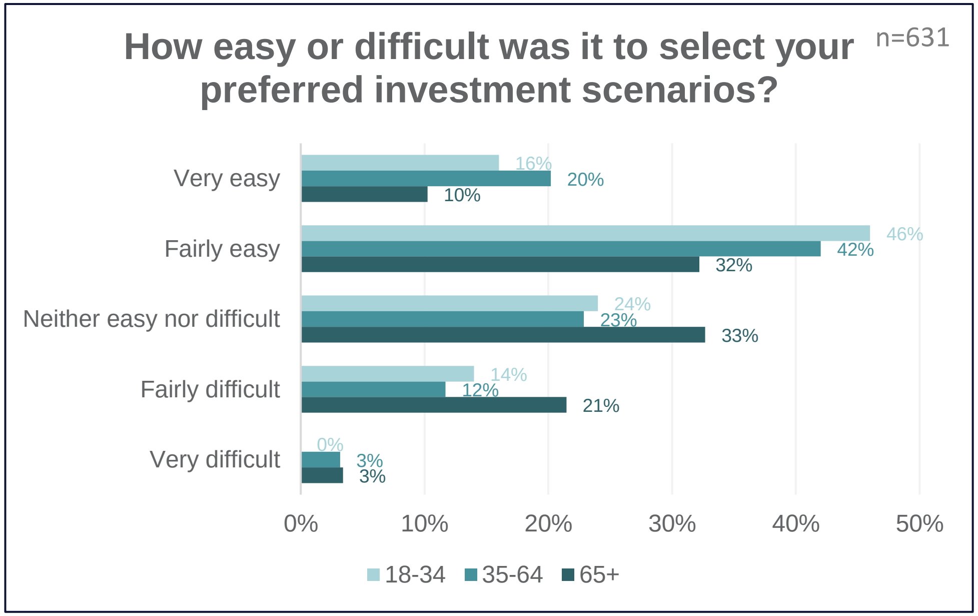


Weighted by age

Only 18% of customers found it difficult to select their preferred investment option

18% of customers consider it difficult to select their preferred investment scenarios. Of these respondents a high proportion are in the 65+ years age group

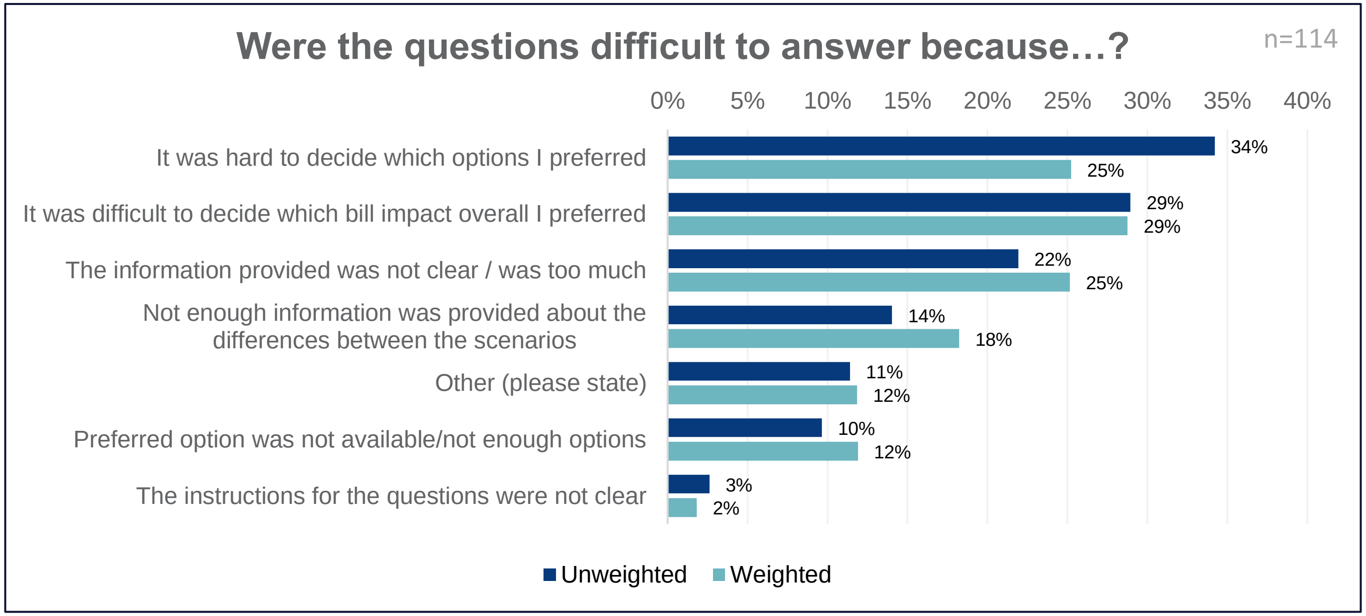




Weighted by age

73% of customers who find it difficult to pick an investment option, struggled to decide which option or bill impact they prefer or wanted a different option

Of the 18% of respondents who experienced difficulties in selecting their preferred option, only 41 customers (6% of the total number of customers completing the survey) said it was due to unclear information or a lack of information. This provides confidence that the research reflects customers views from an informed perspective.



Weighted by age

Customers primarily consider affordability in terms of the impact on them personally

How potential bill impacts, affordability concerns and the current cost of living crisis impact on customer views were explored during the focus group sessions.

The majority of participants shared that during the sessions they largely consider affordability in terms of their own personal circumstances rather than the wider community or SES Water's customer base. Some customers do consider affordability in terms of both themselves and others, but a minority primarily consider everyone.

> "It depends on people's circumstances, but I think most people – especially in hard times – are thinking of themselves and how they survive"
>
> Female, ABC1, 46+

> "I was thinking about myself more than everyone but it seems like the amounts of money we're talking about are relatively small in the scheme of things"
>
> Male, ABC1, 46+

> "I think with the state we're in, with the cost of living crisis, people will tend to look at the price before they look at anything else, but they are not going to ignore the other thing [scenario], it's just at first glance, a lot of people will think about money first"
>
> Female, C2DE, 18-45

Focus groups participants endorsed the survey finding that 69% of respondents agreed that water bill increases are acceptable if financial assistance is available to protect those who need it.

> "I agree, and being in a position with children with disabilities, I'd love to cut down on water but I can't. If there was support to make it more manageable, yeah, I'd love it"
>
> Female, C2DE, 46+

Focus group participants consider the current financial climate drives younger customers to focus on bill impacts

Participants are not surprised that customers aged 18-35 years tend to focus more on the bill impacts of investment options rather than the scenario outcomes. They feel this is driven by the current cost of living crisis having a greater impact on younger people.

Some customers did express surprise that older customers are less concerned, also expecting them to focus on bill impacts rather than scenario descriptions when selecting their preferred investment option.

"It doesn't surprise me about young people, in this climate at the moment money awareness, saving money, is important…. I am surprised though that the much older than me generation are possibly not quite as concerned. I thought that would be, with the energy crisis, a bit more of a priority."

Female, ABC1, 46+

"I think the younger people will have less disposable income, and so they're going to be looking after their bills better. But I also think the younger generation are more concerned about climate change and all the rest of it than many older people. And I know that's quite a sweeping generalisation, but I think that is true, that younger people are more worried about the future."

Male, ABC1, 46+

Customer research on long-term priorities, outcomes and choices

Section 6
Conclusion

This comprehensive research programme provides valuable customer insight to inform SES Water’s PR24 and long-term planning

This report presents the findings from comprehensive quantitative and qualitative research with SES Water’s household customers. It explores their priorities and preferences for key service outcomes and the importance of five key investment areas (carbon net zero, environmental improvements lead, leakage and smart metering) for PR24 and the longer-term, including their choices for investment in terms of the pace and scale of improvements.

Customers have consistent views between their long-term priorities and the key investment areas, both with and without knowledge of the bill impacts. Developing understanding during either the survey or focus group session demonstrates that customers recognise and understand the factors behind the need for investment. They consider both the financial impact upon themselves and others, as well as the improvements in performance when making their choices.

The consistency in findings, both within the survey responses, and between the quantitative and qualitative research programmes, builds confidence that the research truly reflects customer preferences. As such the findings are suitable to inform SES Water as they further develop their PR24 investment plans and the intended direction of travel for their long-term delivery strategy.

Summary of customers' priorities for key water services

Customers overall prioritise high quality drinking water, leakage reduction and ensuring affordable of the eleven key water services considered.

1. High quality water that looks, tastes and smells good
2. Reduce the amount of water that is lost through leakage
3. Ensure bills are affordable bills for all
4. Ensure there is enough water to reduce the risk of any restrictions on water use during a drought
5. Maintain existing infrastructure for current and future customers and prevent bursts
6. Improve the environment and have a positive impact on our local area

7= Ensure properties consistently receive good water pressure

7= Prevent interruptions to water supply

9. Continue to provide a high quality service to all our customers
10. Continue to soften the water supply to 80% of our customers
11. Help customers and businesses to reduce their water use

Summary of the five Investment Areas

Leakage
Ranked highest priority

- Customers support additional reduction in leakage – the extent of that reduction is not clear.
- 53% do not find halving leakage by 2050 acceptable (10% not sure)
- 91% rated it important or very important to invest in

Environmental Improvements
Ranked 2nd

- 72% customers support investment in additional environmental improvements; more opt for greatest level
- 46% aware of water abstraction link to chalk streams
- 71% rated it important or very important to invest in

Lead
Ranked 3rd

- Customers prefer a steady approach to lead pipe replacement over a longer time period
- 66% aware of lead pipes as supply connections or internal plumbing
- 76% rated it important or very important to invest in

Carbon Net Zero
Ranked 4th

- Customers support reaching net zero by 2050, not earlier, and prefer a steady reduction approach.
- 86% aware of government target for net zero by 2050
- 64% rated it important or very important to invest in

Smart Metering
Ranked 5th

- Customers do not support accelerated replacement of meters with smart meters.
- 41% said having a smart meter would not encourage water saving
- 42% rated it important or very important to invest in

Assurance

Version	Author	Approval	Proof Read
Draft	Luke Ferriday	Sandra Randall	Sandra Randall
Final	Luke Ferriday	Sandra Randall	Sandra Randall

File History
20230829 SES Long term priorities_full report v1.0 DRAFT
20230914 SES Long term priorities_full report v1 FINAL

B. Bespoke 1 Report

Customer Priorities Research Presentation

September 2022

Background

What you told us...

SES Water have been on an ambitious journey to define their clear, distinctive company purpose. The company is now looking to turn this purpose into a long-term vision which sets out precisely how they'll achieve it.

This means getting really clear on the customer priorities which align to the purpose, creating the basis of their Long-Term Delivery Strategy and the PR24 customer engagement journey.

Though there will be further research during the PR24 customer engagement journey, the research from this early phase will mark the beginning of that journey, helping to give focus to the conversations that will happen at each stage along the way. Ultimately, this will help SES Water to start to understand how to better serve customers' needs and preferences, beyond the typically functional relationship with water.

Research objectives

- To understand the importance or otherwise of various SES Water priorities in the short (2030), medium and longer term (2050) in the context of different future scenarios the company might face, and identify if any priorities are missing

- To develop an indicative ranking of these priorities

- To explore various scenarios and enhancements for each of the priority attributes and the pace of investment e.g. are some enhancements wanted sooner rather than later?

- To find out how ambitious the company should be in its planning for the long term – e.g. to what extent it should deliver over and above its statutory obligations

- To make sure that the attributes are clear and meaningful to people

Who we spoke to and how*

	Group discussions	Interviews	
Who	Domestic customers	Business customers	Vulnerable customers
What	**4 x 2 hour online focus groups**	**4 x 1:1 45 minute online interviews**	**5 x 1:1 30 minute telephone interviews**
	Pre-family, future customers		
	Young family		
	Wealthy mid-lifers		
	Empty nesters		
	1 x 2 hour face to face group Preference for face to face, less tech savvy		

** Conducted in August 2022*

Overall recruitment criteria

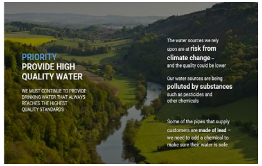
- All to be SES customers
- All to be bill payers (except young pre-family group)
- None to be either very positive or very negative about SES
- Half male/half female
- Mix of ethnicities
- Mix of urban and rural
- Mix of homeowners and renters
- Spread of social class
- Spread of attitudes towards the environment

Specific recruitment criteria:

- Pre-family: 18-25, living with parents or renting, tech savvy, future customers
- Young family: 30-50, children under 10, larger/multi-generational households
- Wealthy midlifers: 40-60, children 12 +
- Empty nesters: 55-80, children no longer living at home, lower water consumption
- Face to face: less tech savvy, preference for f2f communication
- Vulnerable: spread of vulnerability across tiers 1-3
- Business: 4 x SME

Discussion Flow

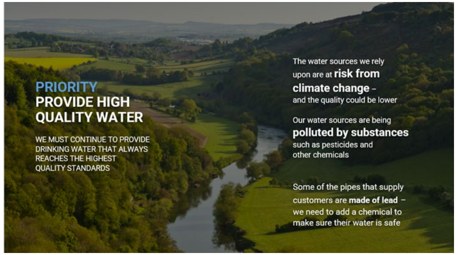
5 key stages to the discussion:

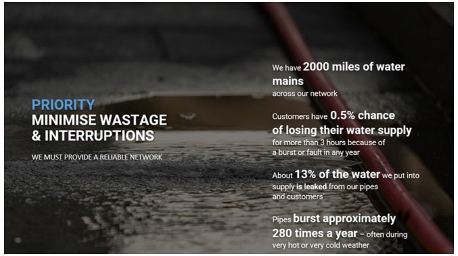


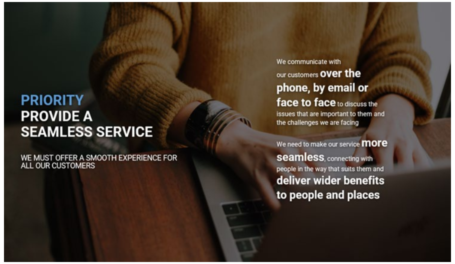
1. Customer context: key concerns current and future	2. SES introduction: company and challenges	3. Priorities: One page summaries	4. Priorities: One page actions	5. Individual exercise: Priority ranking

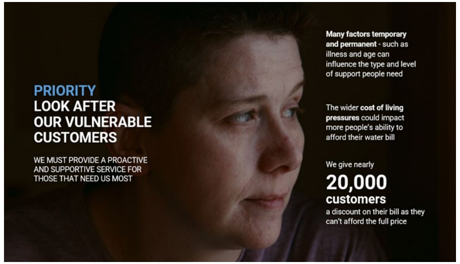
8 different priorities shared with customers

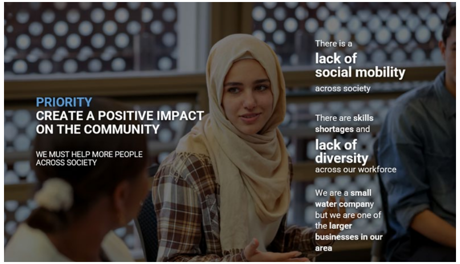
Each priority consisted of a page detailing the nature of the priority and the challenge*

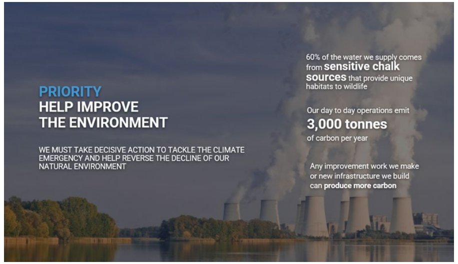






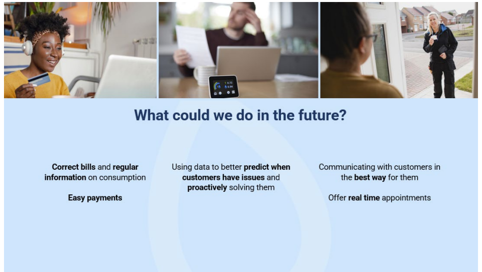






* Priorities were rotated across all groups and depth interviews

Supported by a summary page of potential actions



Key insights

Key insights

- **Cost of living** is the key concern for customers currently – this eclipses all other concerns and makes them reticent to discussing further price increases in other areas of their lives e.g. water.
- Low awareness and knowledge of water issues generally (although heightened in recent weeks due to media coverage of drought, hosepipe bans and sewage leaks) means that the facts and figures shared with people often lacked meaning – they found it hard to contextualise the information.
- Many people believed that SES (along with other water companies) was **behind other sectors in creating a dialogue with its customers**, keeping them informed of the challenges being faced and ways to address.
- They see some of the challenges as **systemic** and are expecting SES to be **think expansively and innovatively** about how they can change the way to build a future which better manages water usage and storage (e.g. new builds)
- When discussing leaks in particular, (spontaneously and prompted) many express **shock and surprise** by a perceived lack of investment in SES' fundamental infrastructure.
- We observed **key differences across and within customer groups** of those with more personal/collective responsibility and more mindful behaviours vs. those that attributed the responsibility for change and investment firmly at the door of SES.

Key insights

Most customers **struggled to articulate which priorities felt most ambitious and to place them in order of importance**. Regardless of this fact, the majority of customers **did not want and did not believe that costs should be passed on to them.**

When pushed, the majority of customers prioritised what they saw as the fundamentals for a well-run water company – namely: **delivering high quality water, reducing wastage/fixing leaks**, and **ensuring a sustainable and resilient supply** for the future.

Two priorities divided opinion across our customer groups:

- Helping customers to reduce their usage – with **varied accountability** across the groups.
- Helping to improve our environment – **a mix of perceived urgency around environmental issues and SES' role in tackling them.**

The remaining priorities were considered to be important but more **internally rather than externally focused** e.g. seamless service, vulnerable customers, benefitting the local community.

Although some customers are more realistic in their expectations, many expect SES to **go beyond regulatory requirements** particularly in the areas of leaks, sustainability and the environment.

Two key missing elements were suggested by customers: the human business aspect (i.e. how will SES' employees help to make the changes needed), and the creation of a broader, deeper educational/communication programme.

Customer Context

ses WATER

Current customers' concerns are being **dwarfed by the cost-of-living crisis**

£↑

Everyone is being impacted to some extent by rising costs – food, utilities, fuel, business supplies

Wages not rising in line with cost increases

Less able to help children/prepare for the future

Starting to change behaviours e.g. take aways vs eating out, small luxuries starting to go

Young people despondent at ever being able to afford to buy their own homes/live independently from their parents

Hidden poverty e.g. rise in dependence on foodbanks

FUTURE

Climate Change: increasing awareness & understanding of the issues and impact, some trying to do their bit, concerns for BRIC countries

Lack of future security/perceived instability: uncertainty of jobs, housing, finances, particularly impacting young people

Internet/AI: the dangers of the internet for children, complacency due to AI

TODAY

Mental Health: concerns around the rise and prevalence of mental health issues particularly amongst the young

Physical Health: concerns of long waiting times, NHS overcrowding

The vulnerable & needy: increase in homelessness, people needing to rely on foodbanks

Compared to previous studies **water concerns are more top of mind** although knowledge is still very limited

The recent context of drought being declared across many parts of the UK, hosepipe bans and significant media coverage about sewage leaks into the sea has heightened awareness

The scale of the challenges facing SES were a genuine surprise for most

Whilst the impact of climate change was largely expected (but not necessarily top of mind), many hadn't thought about the effects of population growth and pollution on water supply

Higher usage was a key focus for discussion with many trying to rationalise the difference - anticipated to be from large gardens, swimming pools, hot tubs and dense population

And although we saw a lack of knowledge generally this did not equate to lack of interest

> *Thank you - I've found the session really enlightening and I've learned so much*

Previously

Never had to think about it, never had an issue, it's not a scarce commodity

Haven't been made aware of issues and challenges (by the water companies) until recently - re drought and sewage

Didn't think that my personal contribution could make a difference

However, we did see a spread of attitudes in terms of accountability for addressing the challenges

Across all our audiences, we saw a sliding scale of perceived responsibility for helping to tackle the water issues of the future

PERSONAL RESPONSIBILITY

Everyone has a part to play, we can all make a contribution – many feeling they were already doing their bit, even in small ways. More mindful overall about many aspects of their life.

COLLECTIVE RESPONSIBILITY

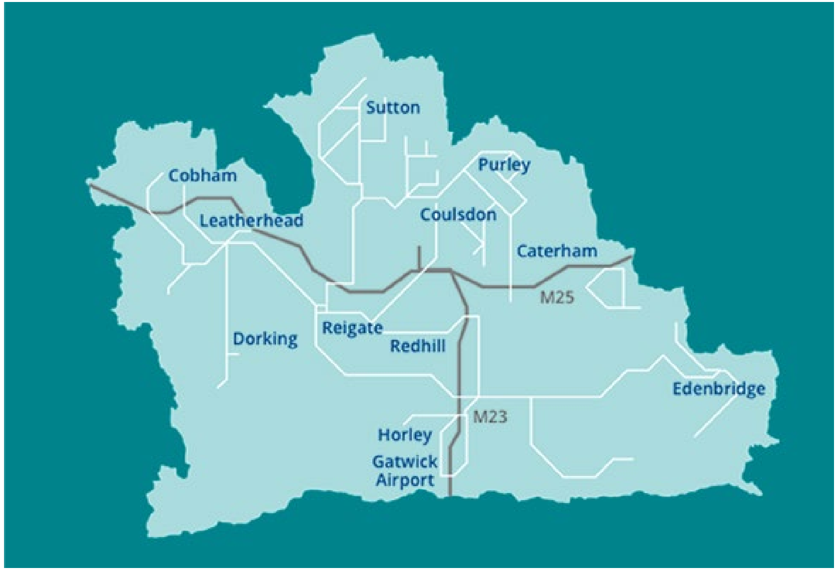
We will play our part only if we see that SES is making inroads into addressing their wastage. Accepting that individuals can play a part.

SES RESPONSIBILITY

SES has to fix wastage first before asking customers to make changes. Reluctant to change their behaviour.

Low awareness and knowledge about SES

Although, very positive experience recounted for those who had contacted SES



- Surprised by the small area that SES covers
- Some children had visited facilities with school, resulting in information being passed on and conservation behaviour
- Good customer service – helpful, supportive, flexible, responsive, timely resolution
- 160 million litres per day is a surprising figure for most
- Groundwater supply surprises people, many hadn't given much, if any, thought as to where their water came from

In their own words

Quite scary when you add up the first 4 challenges. (Young Family)

I'm surprised that they don't have more tech already for customers to help with their usage and for the company to manage their infrastructure. (Wealthy Midlifer)

[Water] has been a problem recently - when you hear on the news about pollution levels and some of the controversies around that. So I certainly I am aware that water companies can can play a really important role and probably should be scrutinised more. (Vulnerable)

It's all a bit of a worry … that's a real problem, but then life carries on and you just carry on as normal. (Business)

The fact that these figures are only for the SES water area not all the UK! How are we using so much more than everyone else? (Future customer)

We just take it for granted … there's a lot of water in the UK (Wealthy Midlifer)

There must be a lot of small leaks that we aren't aware of that all adds up. (F2F)

That's a lot water – hard to visualize what that would look like – not something you really think about how much you use. (Future customer)

The company could do a lot more – they have an awful lot of leakage in the pipes, the pipes are leaking pretty badly in some areas. (Empty nester)

Summary response to SES Priorities

Some consistent themes were observed across the assessment of all priorities and the associated actions

A **lack of ability to prioritise**, determine levels of investment and ambition needed, S/M/L term focus

Most priorities were **well understood** and were considered meaningful (although some actions needed to be more tangible)

More **technical language and concepts** e.g. sustainability, resilience, abstraction were poorly understood

Localisation of examples made priorities more meaningful and relevant

Idealistic vs pragmatic (knowledgeable) attitudes to what was deemed possible/ desirable for SES to do

Reducing waste and delivering high quality water, sustainably
were consistently seen as the most important areas to focus on

Higher Energy

Key Focus
Need to protect the core fundamentals of the business

Fix it
Critical to be seen to be solving this ***unacceptable*** problem

Lower Energy

Maintain

Change

With 2 priorities creating **more divided opinion**

Higher Energy

Key Focus

Must continue investment to maintain high quality and protect future supply

Fix it

Need to invest more to reduce waste and resolve the significant leakage issue

Communicate

Across the groups people we saw some who thought this was highly important and should be prioritized and those that didn't

Lower Energy

Change

And a further 3 priorities considered to be **important but more internally focused priorities**

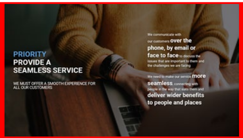
Higher Energy

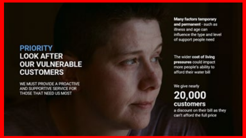
Key Focus
Need to protect the core fundamentals of the business

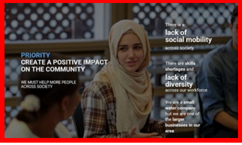
Fix it
Critical to be seen to be solving this ***unacceptable*** problem

Business as usual
Essentials of being a responsible, ethical business

It's a table-stake, not a key customer focus







Communicate

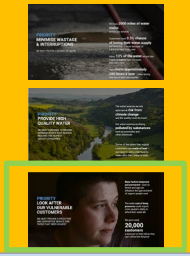
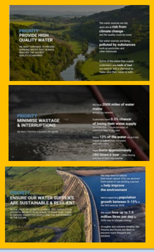
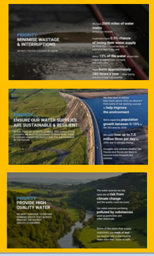
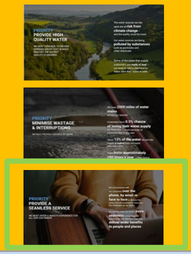
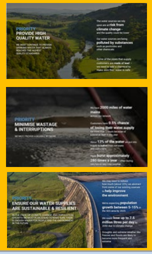
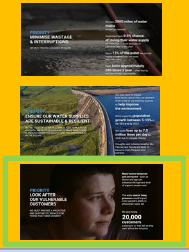
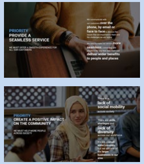
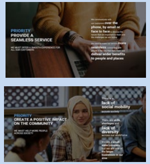
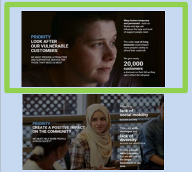
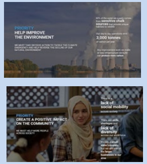
Across the groups people we saw some who thought this was highly important and should be prioritized and those that didn't

Lower Energy

Maintain

Change

Although we did see some prioritization differences by audience

							
Top 3 priorities ranking							
Bottom 2 priorities ranking							

Different investment considerations were suggested for each area

Higher Energy

Lower Energy

Maintain

Change

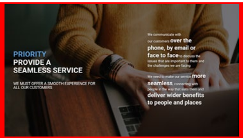
Key Focus

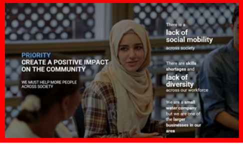
Must continue investment to maintain high quality and protect future supply

Fix it

Need to invest more (the most) to reduce waste and resolve the significant leakage issue

Business as usual





Maintain current investment and activities

Communicate

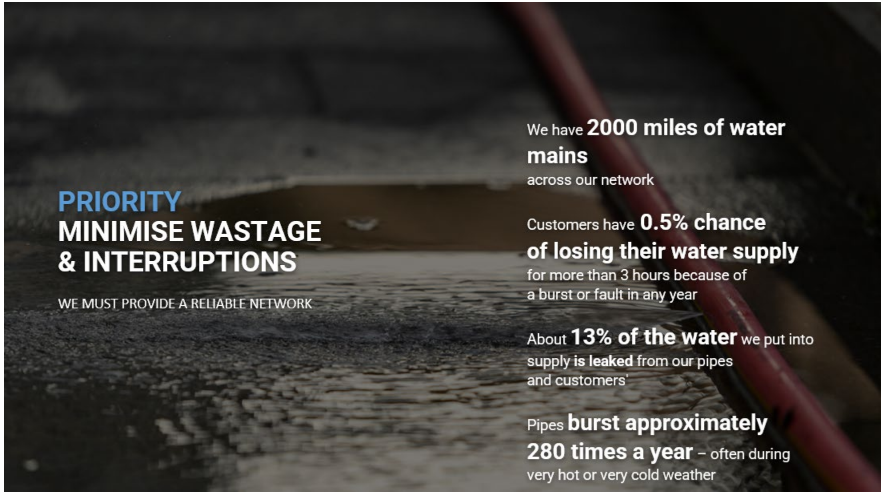
Invest in broad communication and education that is tangible, personal and actionable

Invest in LT projects that will have significant impact

Detailed Response to SES Water Priorities

Minimising wastage was the priority that created the most **shock and frustration** across all our customer groups

Perceived to be a critical priority that needed to be addressed with significant investment and some urgency, largely driven by leakage stats



- A hot topic! The media had just released an article about the hosepipe bans being because of wastage - so this was top of mind.
- All groups were highly vocal about this priority (and half of wealthy midlifers put it as their top priority)
- The stat of 13% leakage - perceived to be incredibly inefficient and wasteful.
- The responsibility to address was seen to lie firmly with SES to fix rather than customers.
- Less concern around bursts and loss of supply due to perceived lack of personal impact.

Many customers believed that SES should **go above statutory obligations to eradicate leaks**

Although the minimising wastage priority focused on more than leaks, this was the key issue to address for everyone

- More pragmatic customers accepted that significant reduction of leakage (halving) felt more realistic and a good target to aim for in the short term vs. others who felt that, given the scale of the problem and amount of wastage, SES had to aim higher.
- Proactivity and prevention, in the form of data and technology, was seen as beneficial and many were surprised that this wasn't already in place.

In their own words

Shocking, such a waste. That's a big volume of water to be wasted. (Future Customer)

They've got to use the technology – to find the leaks before they happen. They need excellent predictive software to run this network. (Empty nester)

The regulator is at fault – they set the target and companies operate to meet the targets. (Wealthy Midlifer)

Not very innovative – it's like they are playing catch up. (Young Family)

I would probably aim for reducing it by half… I think reducing it completely isn't going to happen. Things break and things go wrong, fixing it in a timely manner is the best you can hope for I think. (Business)

It shows how cheap it is to supply the water as if it was expensive they wouldn't let 13% go down the drain. (F2F)

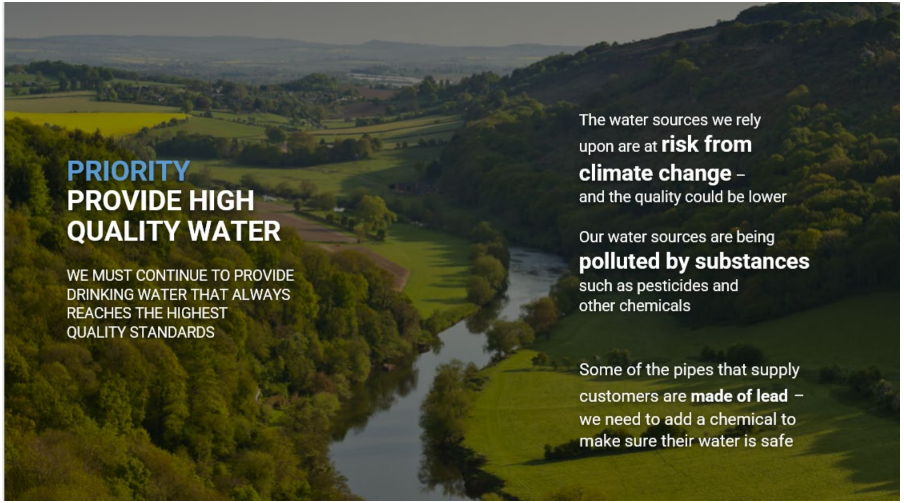
I'm more aware of it at the moment because of the hosepipe ban. I've seen the burst pipes in the road and think what's the point because that is all going completely to waste. So I do think it's a pretty major priority for people's peace of mind as much as anything. (Business)

I mean, I just didn't realise which is so coincidental and ironic - that the reason the hose pipe been scouted today is is because of the leaking pipes. (Vulnerable)

They should be aiming for zero leakage regardless of whether its achievable or not … halving it isn't enough. (F2F)

Providing **high quality water** is perceived to be a **fundamental priority** that should be **maintained**

It is a given and expected priority – no one felt that they should be worried about the quality and safety of their water, either today or in the future



- A basic expectation of a water business – already operating at a high standard with no complaints about water quality historically.
- This was the top priority for 3 of the groups – young families, f2f and emptynesters
- Key focus of discussion was on lead pipes – many were concerned about the age of the pipes and the amount of lead still in the system and the additional chemicals needed to make the water safe as a result.
- Pollution was less well known about and top of mind - considered to be a bigger and more challenging issue to tackle.

Actions to maintain high quality water were considered to be **necessary but not particularly ambitious**

Many felt that all initiatives would be needed to guarantee safe, high-quality water in the future

- The level of cost and disruption to replace all the lead pipes was acknowledged but people still wanted it prioritised to reduce the toxins and/or chemicals in the water supply (they didn't expect the cost to be passed on)

- Pollution was considered to be a more tricky issue to resolve with some feeling that SES would have more impact if they worked in partnership with other businesses to lobby farmers and industry to create change (treatment facilities were deemed a sensible back up in this event)

In their own words

That's what they are there for but you don't want them to de-emphasise it. (F2F)

They can't not do this – it's just something that they need to do. (Future Customer)

Better to work on the supply rather than redoing all the pipes that are a cost to everyone right now … businesses don't have the money for their water bills to go up. (Business)

SES is a small company – they need a bigger impact working with other companies to stop the pollution. (Wealthy Midlifer)

It's a catch 22 because the ideal would be to change all the pipes and make it future-proof but the reality is very different – that's an extremely costly and disruptive thing to do. (Empty nester)

We need to know how much of the network is lead pipes so we know the scale of the problem to know whether it's a priority or not. (F2F)

I don't know enough, don't have the knowledge to know if it's being ambitious enough. (Young Family)

I don't think the cost should be passed down the line. (Empty nester)

Obviously it's really important to have cleaner water, and to have an infrastructure whereby the pipes themselves, let alone the water, are not detrimental to health of humans or animals. (Vulnerable)

Ensuring sustainability and resilience was a more **challenging** priority for many customers to understand

Although most agreed that ensuring there was enough water for future generations was critical to address

- The current drought in much of the country made this priority very real for people.
- Although, some were surprised about the amount of extra water that is going to be needed for a bigger population and to make up the shortfall due to climate change and abstraction reduction.
- Lack of knowledge about measures to tackle sustainability and resilience. As terms they are harder for customers to readily understand and identify actions. Simplicity is key.
- Being interlinked with other priorities is what people felt made this priority particularly complicated to address (e.g. fixing leaks, replacing lead pipes, looking after the environment, reducing pollution).
- Most of the young families and wealthy midlifers placed this in their top 2 priorities

The suggested actions **aided comprehension** about the aims of creating a more sustainable and resilient supply

Although, many customers expected to see more radical or innovative solutions to the problem

What could we do in the future?

Create **new sources** of water such as new or bigger reservoirs, or using flood water to help refill our underground sources

Work with other water companies to **share water supplies** through new pipelines

Invest in the development of new technology to allow customers to retrofit rainwater harvesting/greywater recycling systems in their homes (not suitable for drinking but it can be used to flush the toilet or water gardens)

Always abstract water sustainably from the environment - reducing our abstraction from some (sensitive) sources and using nature-based solutions that will improve those that we continue to rely upon

Continue to use temporary restrictions on usage during drought when we need to (hosepipe bans, non-essential use bans) and **emergency measures** (standpipes) only in the most extreme circumstances

- Some caution around the building of new sources of water given the impact on the local environment, the cost and questions as to whether they would actually solve the problem (e.g. with increased droughts).
- In theory, partnering and sharing water supplies seemed like a good idea but could become a political issue – how to ensure fairness, not pass on price increases, guarantee the same water quality.
- Retrofitting rainwater harvesting/greywater recycling seemed sensible to many – some already taking such measures with water butts but few were prepared to pay and didn't want the disruption in their homes.
- Temporary restrictions were accepted but emergency measures were to be avoided at all costs - focus should be on prevention.
- No mention of factoring in sustainability to new structures - new builds/building regulations and/or byproducts of hydrogen, desalination etc.

In their own words

It's a big concern because things are going to get worse –our summers are going to get hotter and our weather more extreme. They need to be able to put back into the environment to protect animals and nature. (Empty nester)

Doesn't feel very ambitious – it feels like they should be doing all this already – would like to see more innovation and leadership. (Young Family)

The drought announcement was quite a surprise, quite a concern … it's important for SES to work out what they need to do to get water in reserve. (Wealthy Midlifer)

We collect wastewater from our house but I'd be interested to see how I'd do that with my business and how I could re-use it. (Business)

That all sounds quite doable, quite achievable … I think there's loads of ways to be more sustainable and harness water better … I'm not an expert but I feel that there are other things they could do. (Future Customer)

If 13% of your water has been leaked, that's a lot of water … with the different changes in climate, summers getting hotter, water demand is going to be higher. We end up with more bans and stuff like that if water has been wasted. That's a massive concern. (Vulnerable)

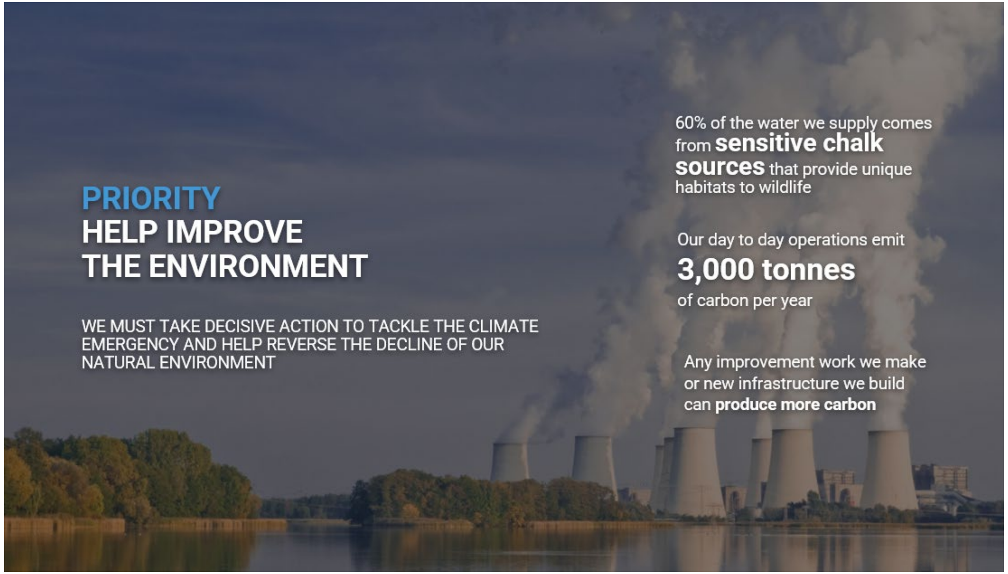
Where will the extra come from – why aren't they talking about desalination? (Empty nester)

Nothing here is new or amazing e.g. hydrogen technology advancements in the next 10 years not even mentioned and the water that will produce. (F2F)

I think maybe making what they already have work more efficiently would be the priority, then education. (Business)

Helping improve the environment was a priority that was expected but **divided opinion**

Perceived to be a highly complex issue that needs immediate attention, multiple strategies and a long time to tackle



- The enormity of the task often leaves people feeling quite removed.
- Carbon emission figures were meaningless for most people – they had no idea whether 3000 tonnes was a large sum relatively or not.
- Increased focus on the more immediate and local environment could elevate its importance and relevance.
- Also, a key difference between protecting and improving – protecting is expected, improving means SES is going above and beyond.
- 16-25 year olds were the only group to consistently place this priority in their top 3 whilst young families and emptynesters placed it in their bottom 2, other groups divided

However, the large number of diverse and ambitious actions were well received

Although many customers wanted SES to go beyond the statutory requirements <u>and</u> deliver against all the actions shared here

What could we do in the future?

Achieve Net Zero operational carbon by 2030 by becoming more energy efficient

Use the land we own to **develop new sources of renewable energy**

Go beyond net zero and capture more carbon than we emit

Invest in environmental projects that will increase carbon capture and reduce CO2 levels

Increase biodiversity across all our sites - developing havens for wildlife to increase the number and nature of species that live on them

Working in partnership to improve the environment we take our water from

Reuse or recycle all the waste products we produce across our operation

- Achieving Net Zero by 2030 felt like a good and stretchy ambition to have but people still wanted SES to go further.
- Using the land SES has for additional purposes - creating renewable sources of energy and increasing biodiversity were both deemed important.
- Working in partnership was too vague, needs examples and greater specificity.
- SES should already be reusing or recycling all waste products.

In their own words

"

Partner up with other businesses because I know when I partner up with other companies in the local area that creates a good strong bond and brings more business. (Business)

I think decarbonizing the company over the next 5-10 years is important. If they could move on to renewable energies rather than relying on fossil fuels that would be mega important. (Empty nester)

For me being carbon neutral doesn't feel ambitious enough, that's what the standard should be… they should be striving to go way past that. (F2F)

I think that's kind of critical. Those things should be kind of at the forefront now. Because it's happening with every organisation looking to, you know, be zero carbon so I think that should be our priority. (Vulnerable)

I personally don't know what impact 3000 tonnes of carbon has. (Future customer)

It's my grandchildren that's my concern – what's going to happen for them, we have to protect the environment for them. (F2F)

I would be looking to offset the carbon footprint by giving back in protecting nature or some visible way. (Business)

It is quite a priority but it's a real balancing act … I think it's better to make what they have run more efficiently rather than putting in all these new fandangle things. (Business)

I think we have to be careful about taking each element in its own silo because so much of this is interlinked. (Wealthy Midlifer)

We have about 80% of the world's chalk rivers in our area so I would imagine they're under quite a lot of pressure to protect it. (F2F)

Got to be a big priority alongside all the other water priorities because of the impact they are having. (Young Family)

"

Helping customers to **reduce their usage** was the most **contentious** of the priorities

Most felt that this was a really big task to get people to accept more responsibility and change their behaviours in the face of SES failings

- Overall surprise at how big the population will grow and the strain this will put on the water system and similarly the higher than average usage in the SES area.
- But, at the same time, a general frustration that there's so much leakage from SES and not enough being done to retain the water we do have.
- Some felt they were trying to do the right thing and do their bit, for others it feels any personal contribution would be inconsequential and a lost cause if the right infrastructure isn't in place.
- This priority created real divide in opinions with all groups rating it high, medium and low priority

Education was believed to be the critical success factor in encouraging **behaviour change to reduce usage**

Practical, timely, personal information that is immediately and easily actionable is considered to be the key focus for helping people reduce their usage

- Many believed that the actions needed a rethink with more attention paid to a broader and deeper education and information programme.
- Customers felt SES is behind other utility companies with sharing information on how to save (both water and money).
- Smart meters had mixed appeal – whilst many thought they were a positive (current metres inaccessible), few thought they actually impacted their behaviour.
- People were resistant to visits from SES.
- Many suggested creating an app so people could see their real time patterns of usage, set targets, see if consumption has gone up or down – in the absence of an app, real-time/virtual notifications is a good idea.
- Suggestion of rewards/incentivization of water reduction rather than different tariffs.

In their own words

I don't know where I can cut back … I don't use a sprinkler, I rarely use a hose to wash the car, I try to keep my usage down as much as possible. (Wealthy Midlifer)

I think there's a lot you can do in schools… I can always remember doing an experiment at school when I was younger, and it was to put a jug under the tap and it was unbelievable how much water was wasted… So they should start at the grassroots. (Vulnerable)

You have to educate your customers, send them literature, give them different devices to save water e.g. shower timers, things to put on your taps to try to encourage people to save water. (Young Family)

Don't put upon people …I'm not interested, I don't want you coming and talking at me. (Wealthy Midlifer)

I like the idea of using rainwater – if I did this and then they'd maybe take 10% off your bill I'd definitely be interested. (Business)

If they had an app, something more visual that could track what people were using - maybe some people would be more responsive to that. (Future Customer)

My garden costs me a fortune so I'm going to continue to water it and not let the plants die. (F2F)

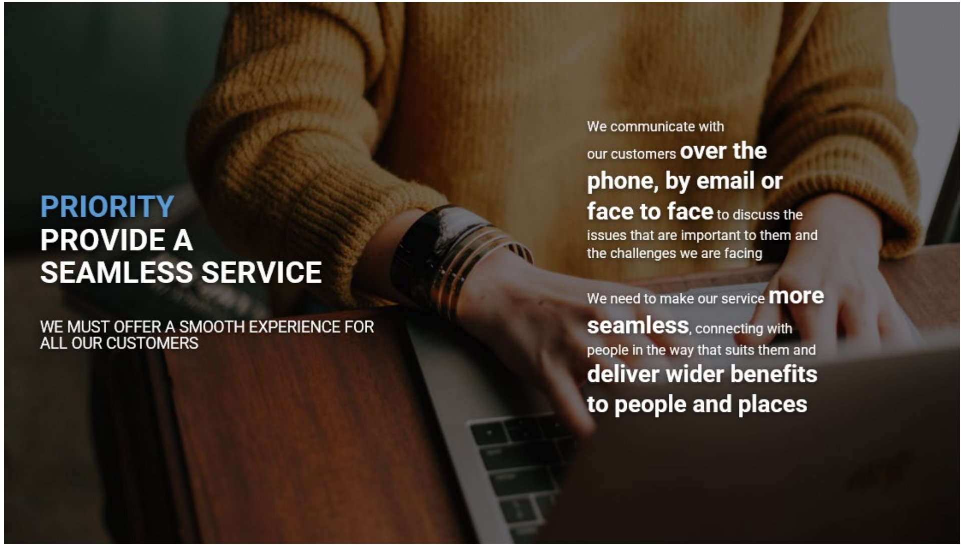
They're missing a massive trick here … actually they need to have a bit more of an educational campaign, news outlets, podcasts, maybe an SES app with examples e.g. 10 minute shower, bath this is how much water it takes and how much it costs. (F2F)

I've already started to implement things in the salon to save water, maybe only a litre here or there but I guess every little helps. (Business)

Everyone has to do their bit and really see the importance of it. (Empty nester)

Providing a seamless service was perceived to be an important but **not customer facing priority**

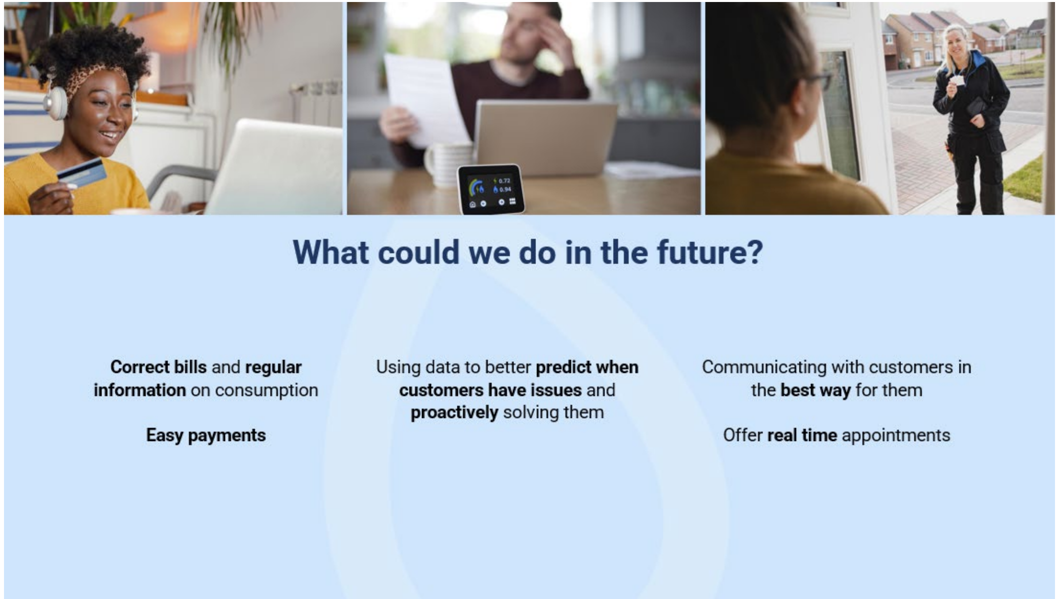
Considered to be a standard requirement for any business – maintaining its current level of focus was perceived to be enough



- Most people have a very functional relationship with SES, as they don't have a choice they don't give it much thought unless they have an issue.
- Although previous interactions are overwhelmingly positive – staff are perceived to be friendly, helpful, responsive, supportive.
- Considered to be of particular importance for more vulnerable people (e.g. the elderly).
- Emptynesters were the only group to rank this as a top 3 priority. For 16-25 year olds, wealthy midlifers and f2f this was consistently in their bottom 3 priorities.

Perceived to be much less ambitious priority and set of actions

And as such nothing presented was seen as particularly new or different



- Generally expected and standard actions, nothing new to consider.
- Some saw this as an opportunity to bring a more human approach into their service.
- Opportunity to streamline comms so don't overload customers.

In their own words

They do this very well - very helpful, clear bills, they're doing exactly what they need to be doing. (Empty nester)

Just get on and do it, nothing really new here. (F2F)

It's important but not a priority, a standard expectation, people need to be empathetic and sympathetic to your situation, no-one wants bad service … but should do this aided by technology. (Young Family)

Your water supply is a necessity … so making sure the company is user friendly, that you're able to contact them with ease, not too complicated to speak to someone … that's important. (Future customer)

I expect it, especially as we don't have a choice to move to another supplier. (Wealthy Midlifer)

I think with any company customer service should be a priority … that being said any time I've needed to get through to them it's been seamless, simple, they've been helpful, easy to get through to … they're there already really. (Business)

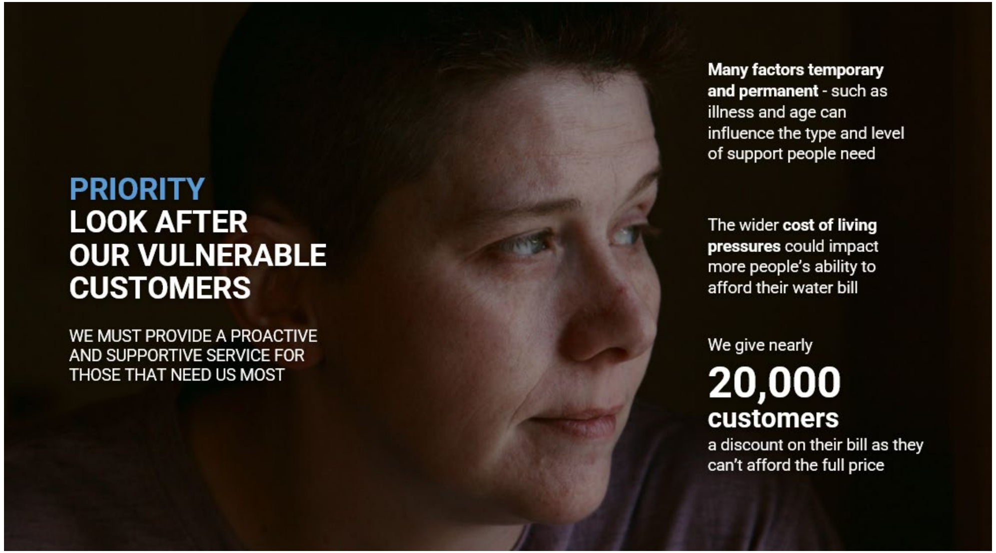
It's one of those things – you'd miss it if it wasn't there. (Wealthy Midlifer)

If a there's a multitude of options, that's absolutely vital. There are lots of especially older customers who won't feel comfortable doing it by email or using technological methods. It's really important to keep the human contact component to have a core set of people that they can talk to. (Vulnerable)

Technology is great but they need to get real some time and have someone at the end of the phone. (F2F)

Looking after vulnerable customers was considered to be **important but not a priority**

The breadth of vulnerability and the desire to end water poverty was highly regarded and created a positive halo effect on the brand



- Many are conscious of the growing divide between those that are well off and those that aren't – the breadth of vulnerability was well regarded.
- A humane and personal priority – going beyond bill support, helping people out of difficult situations.
- 20,000 didn't feel like many people given the scale of vulnerability currently.
- A top 3 priority for 16-25 year olds and vulnerable customers.
- Potential credibility issue with media coverage of shareholder payouts.

Shared accountability and responsibility felt like a **fair and sensible approach**

With SES taking responsibility for bill payment and discounts but working with other charities that understand the audiences best in order to provide all round support

- Broader support beyond bill payment is welcomed.
- Working with other specialist partners who understand the audiences best feels appropriate and will achieve better outcomes.
- Some credibility gap of the thought of utility suppliers working together.

In their own words

“

Need stringent controls/assessments in place to make sure it isn’t abused. (Empty nester)

Not a priority, supply and quality come first. (Young Family)

There is a strain on the government with the scope of vulnerability, the cost of living, mental health issues etc. – if all companies did a little bit it would help and positively influence society. (Wealthy Midlifer)

It’s a necessity … the most necessary thing in your day-to-day life so it’s good to look out for people can’t afford it or who might struggle. (Future customer)

If somebody [could split the bill across utility companies] that would take the edge off. It eases the pressure and certainly ensure that one isn't penalised if the other was falling behind. (Vulnerable)

Even if it doesn’t impact me now, it might do in the future - and can impact others I know who are vulnerable. (Vulnerable)

Working in partnership will mean that they will understand that group of people better. (Future Customer)

I think in the next year or two there is going to be more of a need, more people and businesses that are going to need help. (Business)

Could affect any one of us in the future, covers the bigger picture not just those on benefits. (Wealthy Midlifer)

I do think it’s important that they support customers that aren’t able to afford it…you don’t know what’s round the corner and when you might need it. (F2F)

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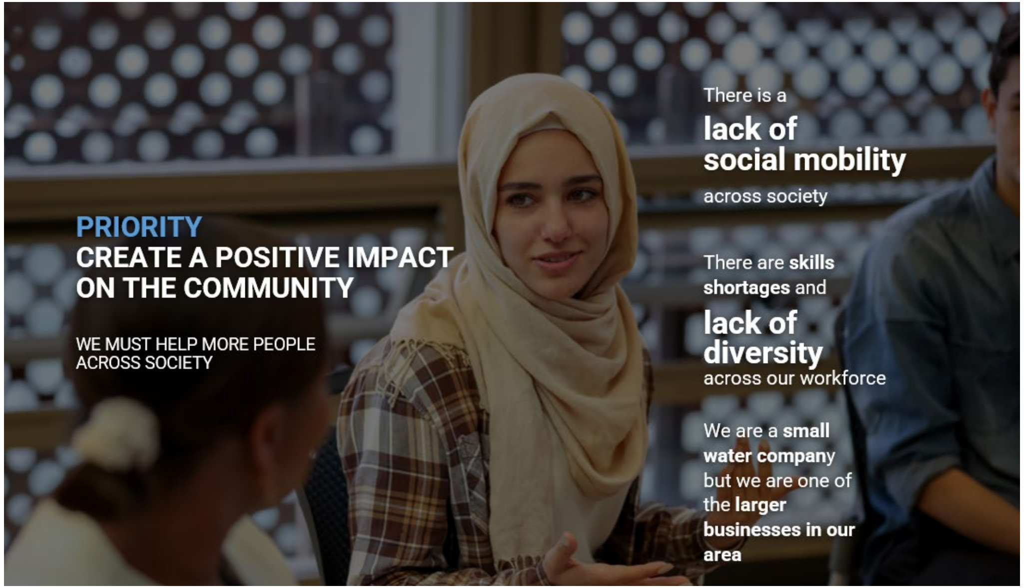
Having a positive impact on the local community was perceived to be **important but not a priority**

A priority with good intention - the focus of a responsible and ethical business but not something that necessarily needs to be customer facing



- Felt harder to link to a water company - with the lines between what a water company should and shouldn't be doing (vs local government) a lot more blurred.
- Sense of responsibility and contribution to the local economy is sound.
- Difficult to deliver if the local area isn't diverse.
- Consistently ranked as one of the bottom priorities for all groups.

The actions did not necessarily show **how SES would tackle the issues identified**

But customers liked and believed that SES should be delivering all the initiatives shared

- Focus on education was a key theme that ran all the way through the discussions regardless of audience – education not just for children and young people but adults too, with a broader and deeper education programme suggested.
- Giving access to land was considered to be a potential quick win if it didn't entail SES having to divert much in the way of resources to make it happen.

In their own words

I don't really care what it does to employ people for the jobs, I care about what they do for me as a customer. (Young Family)

It's important to have a diverse workforce with a range of skills and backgrounds but you can only deliver if the local area itself is diverse. (Wealthy Midlifer)

Any business needs to focus on it but it's not a top priority – the issue we're trying to solve is saving water. (Young Family)

If it is within their capabilities then go for it … don't spread themselves too thin. (Future Customer)

Feels like they've put it on there to be pc – ticking the box, all companies should be doing this. (Young Family)

I think it's hugely important for them to have a diverse range of people, different backgrounds, different experience having diversity in thought will also improve their customer service and the way that they are doing things. (F2F)

I think is really crucial to creating opportunities, apprenticeships, job opportunities in those areas that they're serving, their employees are going to be reflected. If you've got people living in an area you're providing service to they're going to be probably a little bit more invested in making sure the company works and also feeding back what the impact is. (Vulnerable)

Difficult priority to fix – recruitment is hellish. (Business)

If you can show children how they get their water, how much effort goes in, that might have a fundamental impact on how much they use – educating children is vital to the future. (Wealthy Midlifer)

They say they're going to change social mobility but I just don't see how they're going to do that … they're a water company. (Future Customer)

In summary, a broad consensus of the priorities that were deemed important and engaged customers

Higher Energy

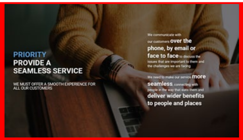
Key Focus

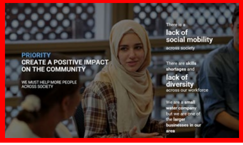
Must continue investment to maintain high quality and protect future supply

Fix it

Need to invest more to reduce waste and resolve the significant leakage issue

Business as usual





Maintain current investment and activities

Communicate

Invest in broad communication that is tangible, personal and actionable

Invest in LT projects that will significantly impact the environment

Lower Energy

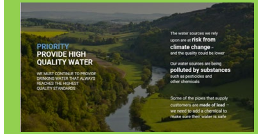
Maintain

Change

Actions that were deemed important for SES to invest/ continue investing in

SES WATER

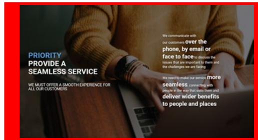
Higher Energy



Eliminate all lead pipes
Work with farmers etc to minimize pollution

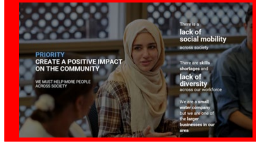
Share water supplies
Retrofit rainwater harvesting/greywater recycling

At least halve leakage <u>or</u> go beyond halving leakage
Aim for no water mains to burst <u>or</u> replace those likely to burst
Use smart technology
Use data to predict problems



Correct bills, regular information on consumption
Easy payments
Communicate in the best way
Real time appointments

Support people struggling to pay
Support vulnerable customers
Create local connecions & social partnerships, work with other utilities



Education
Provide local jobs
Make land accessible

Real-time/virtual notifications
Provide smart meters

Achieve net zero <u>and/or</u> go beyond net zero
Use land for new sources of renewable energy
Invest in environment projects to reduce C02
Increase biodiversity
Reuse or recycle all waste products

Lower Energy

Maintai n

Chang e

Although a large number of actions were deemed important, opinion was often divided as to how far SES should go

1 Necessary actions with majority agreement	2 Polarising actions across and within groups	3 Actions with less interest overall

A number of actions were identified **as necessary (and urgent) SES investments**

Necessary actions for the majority of customers	Rationale
✓ Eliminate all lead pipes ✓ Work in partnership with farmers, industry and other stakeholders to minimize pollutants	Removing toxins and chemicals was deemed an urgent priority to start tackling in the short term - although acknowledged as difficult to achieve and could take considerable time and investment to achieve
✓ Real time/virtual notifications ✓ Work with other water companies to share water supplies ✓ Invest in the development of innovative tech (rainwater harvesting/greywater recycling) ✓ Education and skill development of young people	Perceived to be sensible suggestions that people could see having a tangible impact
✓ Use the land to develop new sources of renewable energy ✓ Make land accessible to local communities	Considered to be highly practical, as leveraging existing SES assets

Longer term

Actions to create a more seamless service, end water poverty and better support vulnerable customers were also considered necessities

Business necessities for the majority of customers

- ✓ Correct bills and regular information
- ✓ Easy payments
- ✓ Communicating in the best way for customers

- ✓ Support vulnerable customers
- ✓ Support people struggling to pay
- ✓ Create local connections and social partnerships (for vulnerable people

- ✓ Jobs for local people

- ✓ Reuse or recycle all waste products

All actions that were considered essential for running an efficient, responsible, ethical business

A more divided response across our groups for a large number of actions who couldn't agree on degree of change or priority

Polarising actions across and within groups	Rationale
- At least halve leakage vs. Go beyond halving leakage and aim for zero-leakage network - Achieve Net Zero by 2030 vs. go beyond Net Zero - Replace water mains that are more likely to burst vs. aim for no water mains to burst	Within every group we observed a split between the 'idealists' and 'pragmatists' but all these actions were deemed highly important and necessary to start to address in the short term
- Use smart technology to flag issues and resolve problems pro-actively - Use data to predict where problems may occur - Using data to better predict when customers have problems - Smart meters	Divided opinion over the use of smart technology and data - some think it is essential and enables SES to be proactive and should be invested in in the short term, others feel it won't change behaviour and outcomes
- Invest in environmental projects to increase carbon capture and reduce C02 - Increase biodiversity	Important for those invested in environmental protection but longer term investment needed

And a number of actions with relatively lower engagement

Less engagement overall

- Build new treatment facilities
- Invest in new water sources

Many didn't agree with new infrastructure being built, preference to make what exists more efficient

- Make our water resources more resilient
- Create new sources of water
- Always abstract sustainably
- Working in partnership to improve the environment

Too vague, not specific enough, more tangible examples needed

- Innovative tariffs
- Regular home visits
- Targeted water efficiency advice

Felt too intrusive

- Continue to use temporary restrictions/emergency measures

Onus should be on SES to address current weaknesses to prevent this becoming a reality

Decreasing appeal

Appendix

SES STIMULUS

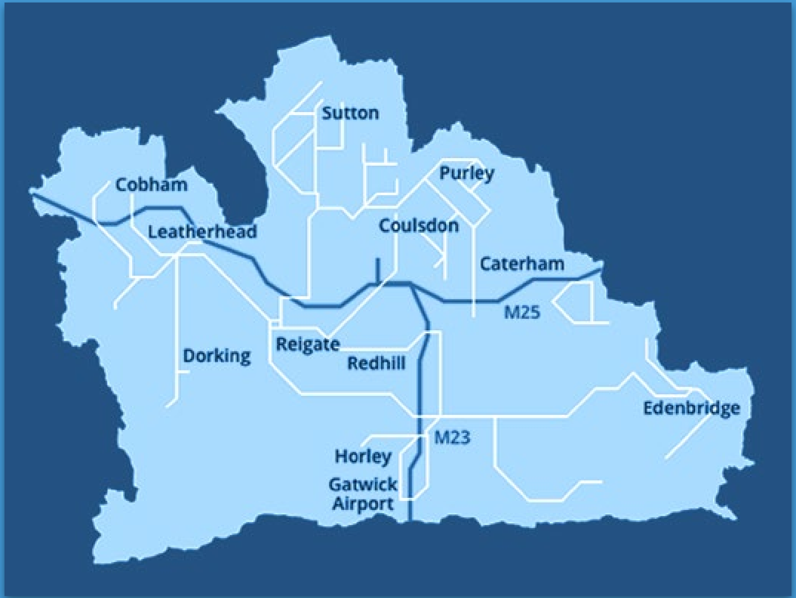
FINAL 220822

Who are SES Water?

SES supply **160 million litres of clean water every day** to over **745,000 people** in parts of Surrey, Kent and South London.

Groundwater supplies 85 per cent of our water.

We maintain over **2000 miles of water** mains and have eight treatment works, 23 pumping stations and 31 operational service reservoirs and water towers.



What challenges & opportunities are we facing?

Climate change

Climate change will affect how much water is available from our water sources.

We could lose up to 7.5 million litres of water per day by 2050

Population growth

We are expecting the population in the SES area to rise between 5 and 15% by 2025.

This rate of growth means we would need to provide up to 9 million litres of extra water each day by 2050.

Environment protection

We rely on unique habitats e.g. the rivers Wandle and Hogsmill which are facing damage from pollutants and climate change.

To help protect and improve them, we may need to leave more water in them in the years to come (losing up to 20% of the water we currently supply).

High water usage

SES customers use more than the national average consumption of water - at an average of 151 litres of water per person per day.

The Government has set a target for household consumption to fall to 110 litres per day by 2050.

Technology & Data

Advances in technology will change how we deliver our service.

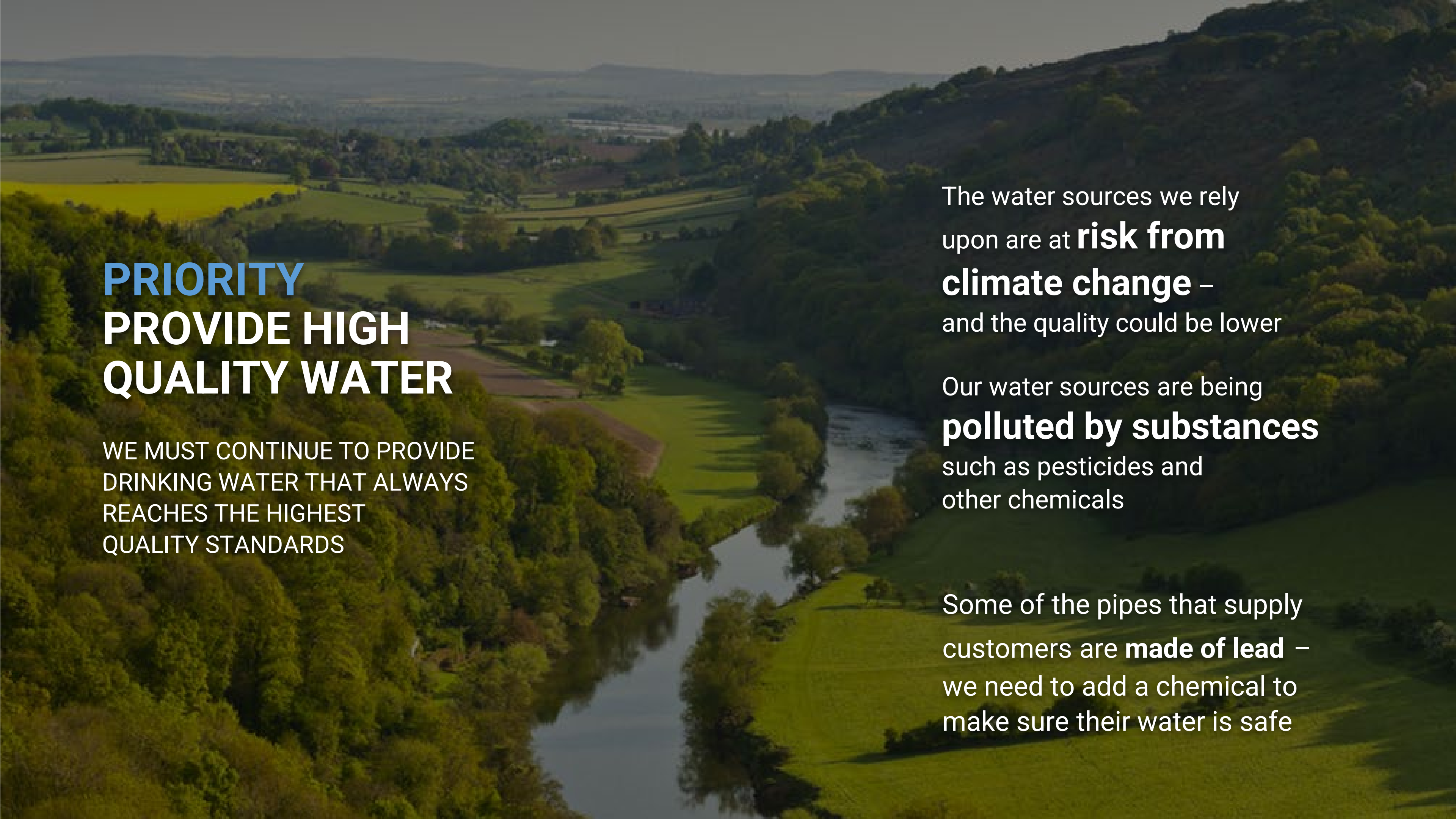
New technology inc. smart meters will need to be resilient and secure.

Data will need to be integrated to deliver a more automated and seamless service.

Planning for a changing world: what are our priorities?

OUR OVERALL PURPOSE:
TO HARNESS THE POTENTIAL OF WATER TO ENHANCE NATURE AND IMPROVE LIVES

1. Continue to provide **high quality** water
2. Ensure our water supplies are **sustainable & resilient**
3. **Minimise wastage &** interruptions
4. Help our customers **reduce their water usage**
5. Provide a **seamless service**
6. Look after our **vulnerable customers**
7. Have a positive impact on the local community
8. Help **improve our environment**



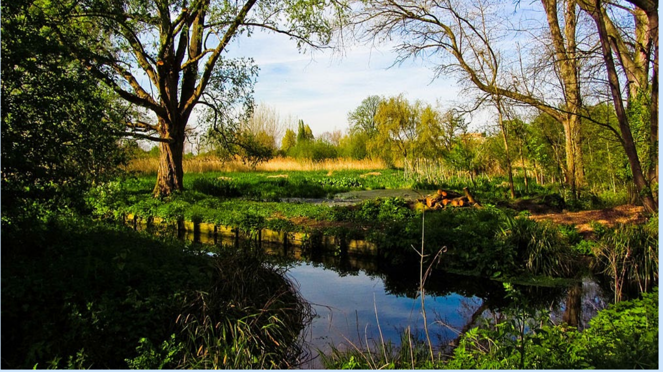
PRIORITY
PROVIDE HIGH QUALITY WATER

WE MUST CONTINUE TO PROVIDE DRINKING WATER THAT ALWAYS REACHES THE HIGHEST QUALITY STANDARDS

The water sources we rely upon are at **risk from climate change** – and the quality could be lower

Our water sources are being **polluted by substances** such as pesticides and other chemicals

Some of the pipes that supply customers are **made of lead** – we need to add a chemical to make sure their water is safe



What could we do in the future?

Work in partnership with farmers, industry and other stakeholders to minimise pollutants that impact the quality of our water sources

<u>or</u>

Build new treatment facilities to remove these substances

Eliminate all lead pipes in our network and subsidise customers to do the same in their homes

Make our **water sources more resilient** to the impact of climate change so water quality is protected

PRIORITY

ENSURE OUR WATER SUPPLIES ARE SUSTAINABLE & RESILIENT

IN THE FACE OF CLIMATE CHANGE AND POPULATION GROWTH WE MUST PLAN AHEAD TO MAKE SURE THERE IS ENOUGH WATER FOR PEOPLE AND THE ENVIRONMENT IN THE FUTURE

We may need to reduce how much (about 20%) we abstract from some of our existing sources to **help improve the environment**

We're expecting **population growth between 5-15%** in the SES area by 2025

We could **lose up to 7.5 million litres per day** by 2050 due to climate change

Droughts and extreme weather like freezes and floods are likely to become more frequent and extreme

What could we do in the future?

Create **new sources** of water such as new or bigger reservoirs, or using flood water to help refill our underground sources

Work with other water companies to **share water supplies** through new pipelines

Invest in the development of new technology to allow customers to retrofit rainwater harvesting/greywater recycling systems in their homes (not suitable for drinking but it can be used to flush the toilet or water gardens)

Always abstract water sustainably from the environment - reducing our abstraction from some (sensitive) sources and using nature-based solutions that will improve those that we continue to rely upon

Continue to use temporary restrictions on usage during drought when we need to (hosepipe bans, non-essential use bans) and **emergency measures** (standpipes) only in the most extreme circumstances

PRIORITY
MINIMISE WASTAGE & INTERRUPTIONS

WE MUST PROVIDE A RELIABLE NETWORK

We have **2000 miles of water mains** across our network

Customers have **0.5% chance of losing their water supply** for more than 3 hours because of a burst or fault in any year

About **13% of the water** we put into supply **is leaked** from our pipes and customers'

Pipes **burst approximately 280 times a year** – often during very hot or very cold weather



What could we do in the future?

Use **smart technology** to flag issues and resolve problems proactively so we reduce the chance of customers losing supplies

Use data to **predict** where problems may occur and warn customers before their service is impacted

Aim for no water mains to burst and impact on customers or local communities

Replace water mains that are more likely to leak or burst

At least halve leakage

<u>OR</u>

Go beyond halving leakage and aim for a **zero-leakage network**

PRIORITY
HELP OUR CUSTOMERS REDUCE THEIR USAGE

WE MUST SIGNIFICANTLY REDUCE HOW MUCH WATER IS USED BY HOUSEHOLDS AND BUSINESSES

We have one of the highest levels of **water consumption** in the country - our household customers use **151 litres** of water per person per day which is

41 litres more per person per day than the government target of 110 litres per day by 2050

As the population grows in our area over the next 25 years, we will need to supply up to **9 million extra litres** of water per day

What could we do in the future?

Provide **smart meters to all customers** to help them understand and reduce water consumption, identify leaks in the home and set personalised water efficiency targets

Innovative tariffs that incentivise efficient water use and discourage high water use

Regular home visits to provide advice on how to save water and fit water-saving devices in homes

Targeted water efficiency advice with extra focus on high-water users in our area

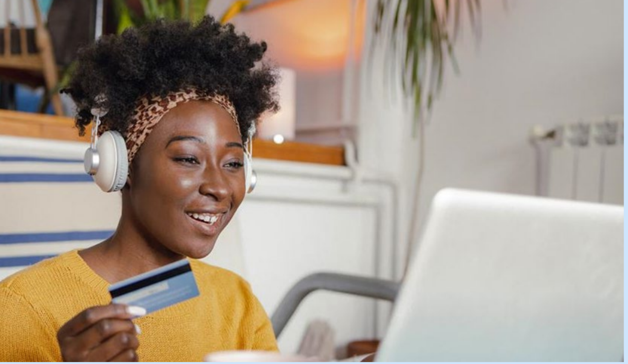
Real-time / virtual notifications if water use is higher than normal

PRIORITY
PROVIDE A SEAMLESS SERVICE

WE MUST OFFER A SMOOTH EXPERIENCE FOR ALL OUR CUSTOMERS

We communicate with our customers **over the phone, by email or face to face** to discuss the issues that are important to them and the challenges we are facing

We need to make our service **more seamless**, connecting with people in the way that suits them and **deliver wider benefits to people and places**



What could we do in the future?

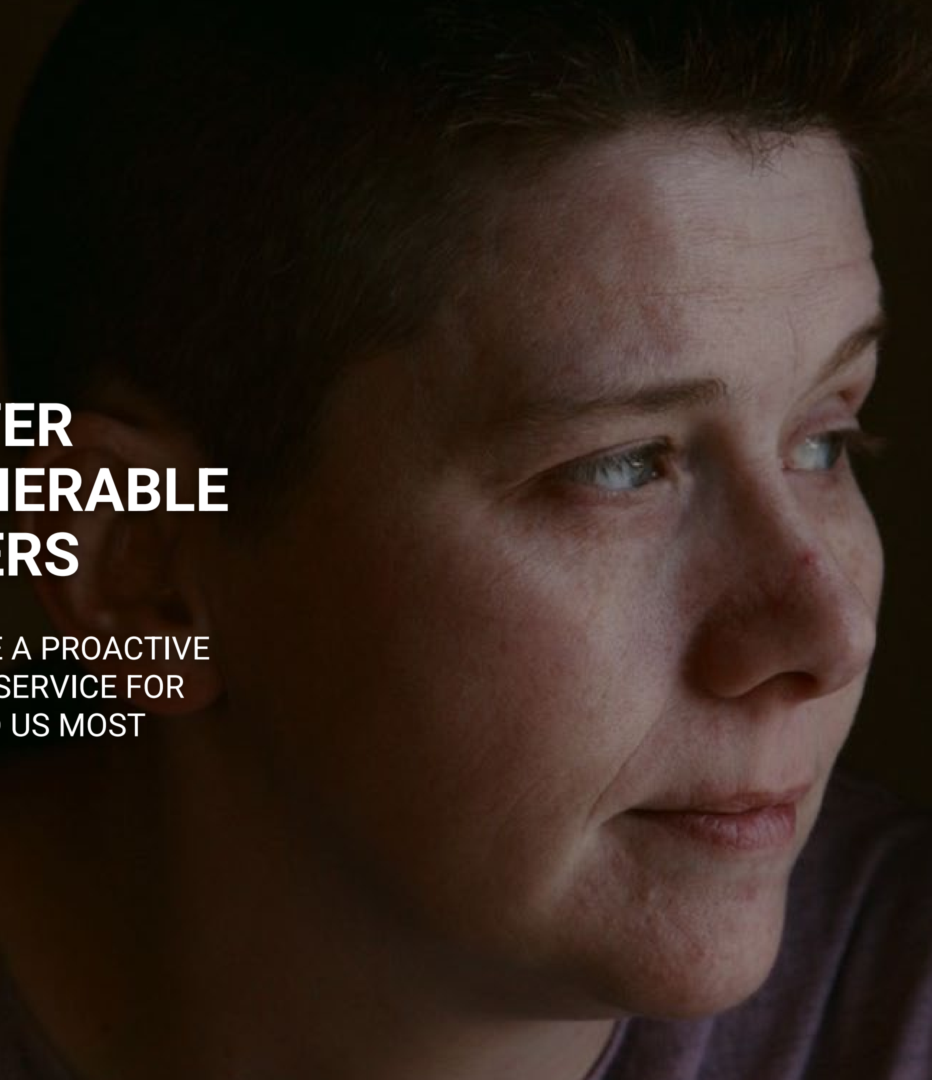
Correct bills and **regular information** on consumption

Easy payments

Using data to better **predict when customers have issues** and **proactively** solving them

Communicating with customers in the **best way** for them

Offer **real time** appointments



PRIORITY
LOOK AFTER OUR VULNERABLE CUSTOMERS

WE MUST PROVIDE A PROACTIVE AND SUPPORTIVE SERVICE FOR THOSE THAT NEED US MOST

Many factors temporary and permanent - such as illness and age can influence the type and level of support people need

The wider **cost of living pressures** could impact more people's ability to afford their water bill

We give nearly

20,000
customers

a discount on their bill as they can't afford the full price

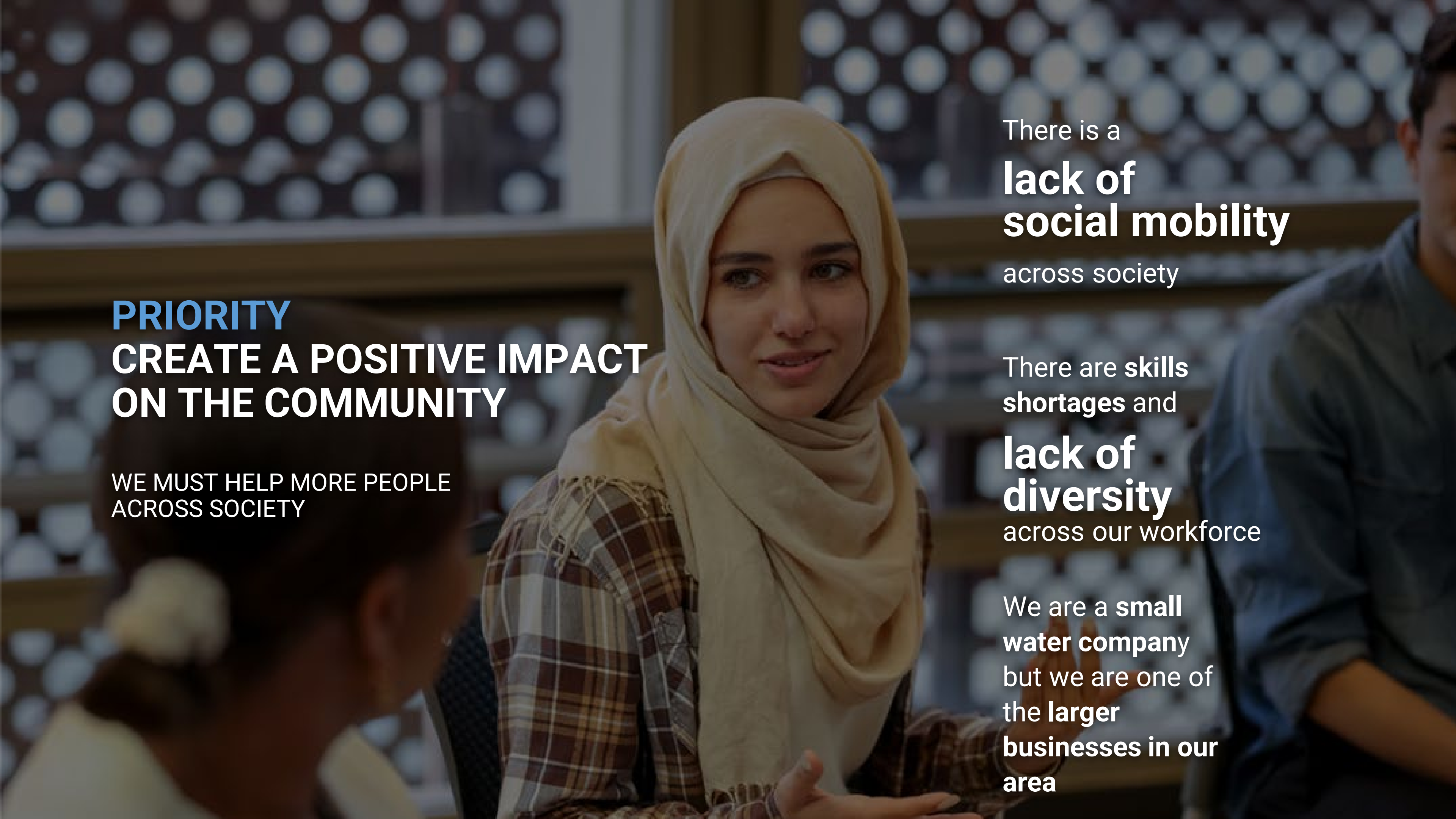
What could we do in the future?

Support **vulnerable customers** - real time responses, flexible payment options, extra help to access services

Create **local connections** and **social partnerships** to better support vulnerable customers (e.g. Age UK)

Work with all other utilities to identify all customers that might need extra help during an emergency such as loss of supply

Support people **struggling to pay by providing wider help** (working in partnership with expert agencies)



PRIORITY
CREATE A POSITIVE IMPACT ON THE COMMUNITY

WE MUST HELP MORE PEOPLE
ACROSS SOCIETY

There is a

lack of social mobility

across society

There are **skills shortages** and

lack of diversity

across our workforce

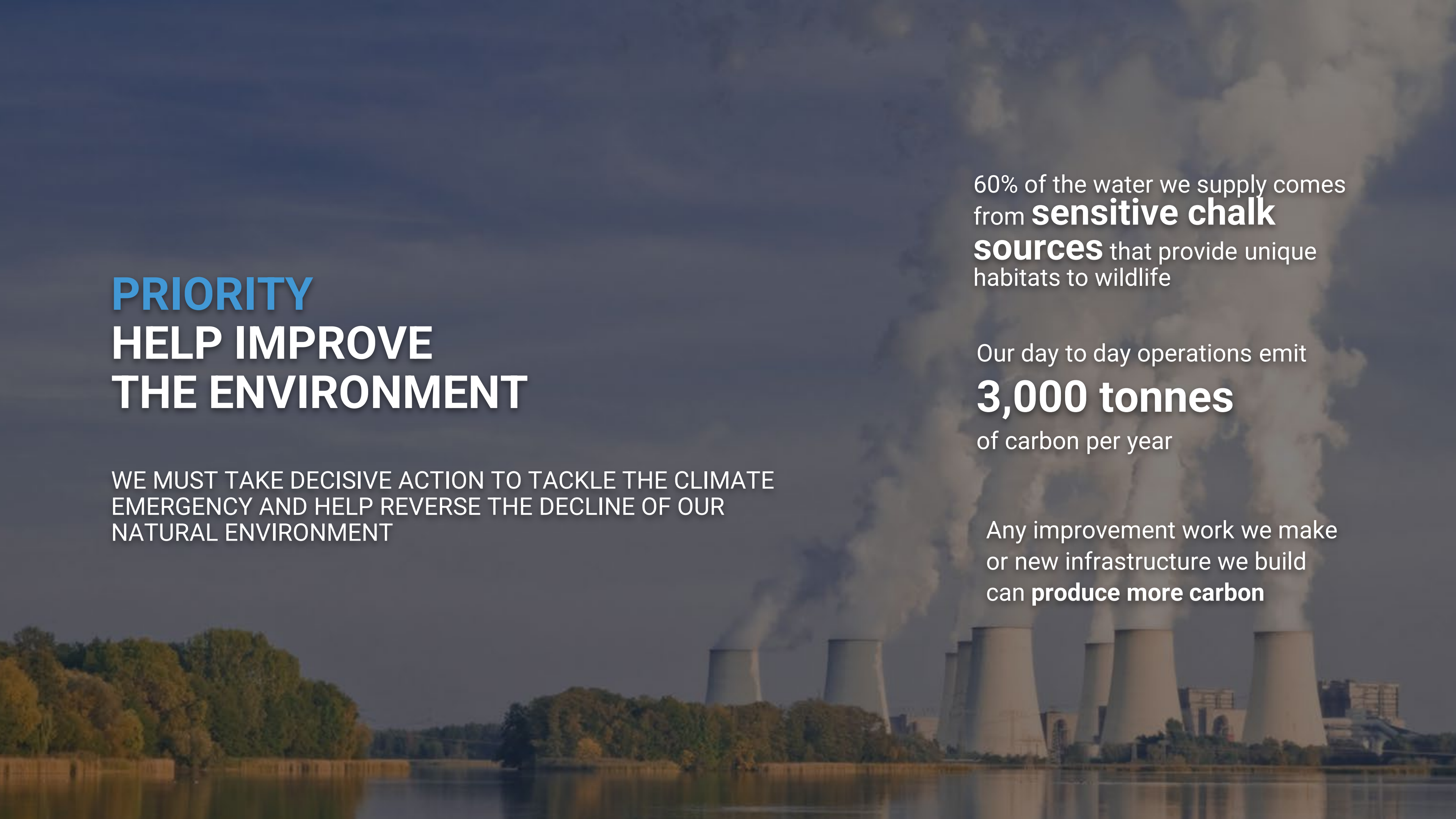
We are a **small water company** but we are one of the **larger businesses in our area**

What could we do in the future?

Contribute more to the **education and skill development of all the young people** across our area to help improve their life chances – an education programme that reaches all primary and secondary schools in our area each year

Continuing to provide jobs for local people with a workforce that represents our customer base a and supply chain that is contributing to the local economy

Improve people's wellbeing by making the majority of our land accessible to our local communities so they have more green space to enjoy on their doorsteps



PRIORITY
HELP IMPROVE THE ENVIRONMENT

WE MUST TAKE DECISIVE ACTION TO TACKLE THE CLIMATE EMERGENCY AND HELP REVERSE THE DECLINE OF OUR NATURAL ENVIRONMENT

60% of the water we supply comes from **sensitive chalk sources** that provide unique habitats to wildlife

Our day to day operations emit

3,000 tonnes

of carbon per year

Any improvement work we make or new infrastructure we build can **produce more carbon**

What could we do in the future?

Achieve Net Zero operational carbon by 2030 by becoming more energy efficient

Use the land we own to **develop new sources of renewable energy**

Go beyond net zero and capture more carbon than we emit

Invest in environmental projects that will increase carbon capture and reduce CO2 levels

Increase biodiversity across all our sites - developing havens for wildlife to increase the number and nature of species that live on them

Working in partnership to improve the environment we take our water from

Reuse or recycle all the waste products we produce across our operation

•having enough water for the future
•always supplying water of the highest quality
•improving the environment we rely upon so it can adapt to climate change but still provide water
•reducing the carbon impact of our service
•reducing waste created through our operations
•charging a fair price for our service
•making a positive impact on our local area (wellbeing, economy, social mobility)
•using technology that will improve our service and make it more efficient
•eradicating leaks and supply interruptions
•ending water poverty
•radically reducing water consumption (a reduced water footprint)
•being the first truly smart utility in the UK


Thank you
ses
WATER

C. Affordability and Acceptability Research Report

IMPACT

FROM INSIGHT TO INFLUENCE

SES Water Acceptability and Affordability Testing

Final Report

Version 2

Prepared for SES Water

Prepared by Impact

29th September 2023

Project No. 1459

All projects are carried out in compliance with the ISO 20252 international standard for market, opinion and social

Table of contents

1 Glossary of terms

Acronym	Explanation
HH	Household customers
NHH	Non-household customers
SES	SES Water

2 Executive summary

2.1 Background

SES Water (SES) is currently in the process of developing its PR24 business plan for 2025-2030, which will contain a framework for SES's future prices, investments and performance commitments.

With this in mind, and in adherence with guidance from Ofwat and CCW, SES commissioned Impact to conduct Acceptability and Affordability testing to be carried out for this price review, and to understand the views of customers on the proposed plan.

2.2 Method

To answer this objective, Impact conducted a qualitative phase of research, made up of two deliberative events, one with household (HH) customers and one with non-household (NHH) customers. In addition, there were 26 in-depth interviews with large businesses and customers unable to participate in online group discussions.

Following the qualitative phase, a quantitative phase was conducted, which contained an online/postal survey of 573 SES customers.

Stimulus materials were created for both phases to help distil information from the must-do and proposed business plan to customers clearly and concisely.

2.3 Key findings

- Knowledge of SES Water (SES) was high, with the majority of respondents knowing they are supplied with clean water by SES, but less knew they were not also responsible for the wastewater element.
- Customers were generally happy with the service received by SES, with few reporting having had issues, and those that have had issues being satisfied with how it was dealt with.
- There were a number of customers that had been impacted by the cost-of-living crisis, with many reporting increased financial strain, linked to higher food and energy bills. In the quantitative survey, 17% of customers reported they were finding it difficult.
- 27% of household (HH) customers and 58% of non-household (NHH) customers reported finding their current water bill easy to afford. This figure reduced to 3% among HHs that were struggling financially.
- Customers were supportive of the must-do plan, particularly around investing to ensure a resilient water supply and to try and reduce leakage.
- Customers were also largely in favour of the additional elements in the preferred plan, with many, again, wanting to see increased investment to reduce leakage, and also mitigate the impact SES were having on the natural environment.
- 66% of HHs in the quantitative survey, and 79% of NHHs reported the proposed plan to be acceptable. The main reasons were: support for what SES is trying to do in the long term and thinking the plan focused on the right areas.
- The preference for some customers was for bills to increase sooner rather than later, spreading the cost more evenly across generations, however, nearly half of HHs and a quarter of NHHs felt they didn't know enough to give an answer.

3 Background and Objectives

3.1 Background

SES Water (SES) is currently in the process of developing its PR24 business plan for 2025-2030 which will include the amount that they can charge their customers in delivering the plan. In adherence with guidance from Ofwat and CCW, Acceptability and Affordability testing with strict conformity to prescribed questions had to be carried out for this price review to maintain consistency across companies.

3.2 Objectives

The overarching objective of the research was the following:

> *"To meet Ofwat's expectations for PR24 plan acceptability and affordability testing, and help create the right business plan for SES's customers and communities."*

With this in mind, the following research objectives were developed:

1. Gather customers' views, feedback and preferences on SES's proposed PR24 business plan
2. Gather customers' views, feedback and preferences on SES's least cost (the 'must do') plan
3. Identify views on both plans from different perspectives i.e., household and non-household bill payers, future bill payers, vulnerable groups

4 Approach

An overview of the approach is given below:

At the beginning of the project, an inception meeting was held between SES and Impact to discuss the project, timelines, and immediate action points to kick off the project.

4.1 Qualitative method

Shortly after the inception meeting, Impact designed the pre-task, discussion guide and stimulus to be used with the qualitative groups and depth interviews. This followed guidance by Ofwat and CCW as well as input from SES, providing appropriate figures to be used in performance commitment charts as well as elements of the PR24 business plan and must-do plan.

The fieldwork then followed the approach laid out above, with the pre-task sent out to customers to familiarise themselves with SES, the price review process, SES's performance commitments, and the proposed business plan. Online focus groups and in-depth interviews then followed, more details of which are given below. The groups aimed primarily to understand the level of support of various customer groups for the PR24 business plan.

4.1.1 Sample

A total of 43 customers attended 2 deliberative events held on May 30th and June 6th 2023, supplemented by 22 in-depth interviews conducted with customers in vulnerable circumstances and 4 with large businesses. One of the events contained household customers (HH) and one non-household customer (NHH).

Participants were invited to attend specific sessions based on their demographic profile. The table below shows the composition of each group.

Table 1: Qualitative sample

Group	Attendees	Customer type	Sub-group
1	34 HH	25 HH billpayers, 9 Future billpayers	Mix of circumstances including location, SEG, tenure and meter
2	9 NHH	Micro-organisations (NHHs with less than 10 employees)	Mix of industry and water dependency
In-depth interviews	22 HH	6 digitally excluded HH bill payers[1], 8 financially vulnerable HH bill payers, 8 bill payers with health vulnerabilities	Mixture of circumstances including location, SEG, tenure and meter
In-depth interviews	4 NHH	Larger organisations (NHHs with 10 or more employees)	Mixture of business size, industry and water dependency level

Due to the sample selection, interviewing methods, and sample size given above, the results are indicative and cannot be projected onto the overall population. This is a limitation of qualitative research in general, not one specific to this

[1] Completed over the phone due to lack of internet access

project, but the methods used are widely recognised and used to understand, in detail, the opinions of a broadly representative sample of customers on complex topics.

4.1.2 Cognitive Interviews

Before the deliberative events and in-depth interviews, three cognitive interviews were carried out to ensure topics and methods were accessible and understood by customers. These were carried out by Impact moderators and had participants run through a pilot version of the pre-task, sent via email as well as the discussion guide and stimulus slides through Zoom. Participants were asked questions concerning their understanding of the information, whether the text was time-consuming and interesting to read, whether graphs and charts were understood, and understanding of the four key investment areas, the must-do plan and the business plan. This process took up to 30-45 minutes.

Feedback from these groups overall was good, and understanding was relatively high, with the only issue concerning the clarity of the must-do plan/business plan information, however, as this was only one of the participants the information was perceived to be fine as it was for the final groups.

4.1.3 Pre-task

Before attending the focus groups or depth interviews, participants were sent a pre-task pack of information to read. This information would later be covered in the focus group or interview. The pre-task had 3 aims:

1. Provide participants with a preliminary understanding of who SES are and what they do, as well as the purpose of the current price review.
2. Provide participants with an understanding of current water company performance and key performance commitments.
3. To provide an intro to SES's proposed plan for 2025 to 2030, as well as the impact of the plan on bills.

The pre-task was emailed to participants a few days before the group or interview. A full copy of the pre-task materials is available in the Appendix.

4.1.4 Deliberative events

Each deliberative lasted 3 hours and was conducted on the platform Zoom. The groups were moderated by two highly-skilled moderators, part of the Impact team, and independent of SES, to ensure the sessions ran smoothly.

The discussion guide for the session covered the following:

- Introductions
- Reactions and recap on the pre-task
- SES and its role
- Long-term picture to 2050
- Household finances and the cost-of-living crisis
- Overall commitments in the PR24 plan and the 'must do' plan
- Deep dive into each area of the plan

4.1.5 In-depth interviews

The 26 in-depth interviews with digitally disengaged household customers and large NHH organisations were conducted primarily over Zoom, with digitally excluded bill-payer interviews being conducted over the telephone. Shortened and slightly altered versions of the discussion guide lasting 45-60 minutes were used in these interviews, tailored to suit the audience and method of each interview.

4.1.6 Stimulus

A stimulus pack used in the qualitative component was designed to complement the discussion in focus groups and in-depth interviews. This contained information, both written and visual, similar to, but more detailed than, the pre-task. This was mainly designed to convey the information more visually than if the moderator simply read the same information aloud. Impact was provided with information on the PR24 and 'must-do' plans, and created information providing readers with a high-level overview of the key information surrounding SES and the PR24 plan. This information was screenshared to individuals by the moderator in focus groups and in-depth interviews via Zoom and emailed or posted in printed form to participants involved in phone interviews.

Figure 1: An overview of the four key areas of investment from the stimulus pack

4.2 Quantitative method

Following on from the qualitative phase, an online and postal survey was conducted.

4.2.1 Sample

The HH sample was provided by SES and was created using IMD data. To ensure areas of higher deprivation were represented in the sample, it was created using the following proportions:

- 25% from the bottom IMD quintile postcodes
- 22% from the second quintile
- 20% from the third quintile
- 18% from the fourth quintile
- 15% from the fifth quintile

The table below shows the sample breakdown achieved across key demographic groups.

Table 2: Quantitative HH sample

Household sample structure	Incidence[2]
Gender	

[2] Rounded figures may not add up to 100%

Female	52%
Male	46%
I identify in another way	1%
Prefer not to say	2%
Age	
18-24	1%
25-34	10%
35-44	18%
45-54	18%
55-64	24%
65-74	21%
75+	8%
Socio Economic Grade	
ABC1	67%
C2DE	33%
Vulnerability status	
Medical vulnerability	23%
Communications vulnerability	17%
Life stage vulnerability	15%
Any vulnerability	43%

All HH customers contacted by email were given a link to the survey to complete. All customers contacted by post were also sent a link, along with the option of completing the survey via post, if they would prefer. Two customers completed a postal survey, with the remainder all completing the online version.

HH customers were contacted either by email or by post, depending on what information SES held for each customer. This was done to ensure customers from all backgrounds were able to respond to the survey, not just those with internet access.

Initially, there were 3,750 customers contacted via email and 1,250 contacted via post, giving a total of 5,000 customers. Around 200 emails bounced back from the emailed list, so an additional 200 emails were sent. The sample was then expanded to a further 1,600 customers, 1,200 of which were contacted by email and 400 by post. This gives a total of 6,800 that were attempted to be contacted in total.

From the total of 506 HHs who took part in this research, 472 customers came from the emailed sample and 34 from the postal sample. All HH customers contacted by email were given a link to the survey to complete. All HH customers contacted by post were also sent a link, along with the option of completing the survey via post, if they would prefer. Two customers completed a postal survey, with the remainder all completing the online version.

In addition, 67 NHH customers took part in the survey and were initially all contacted via phone. The sample was bought from Dun & Bradstreet. If the customer had the time there and then to complete the survey, they did, however, if they did not, they were either sent an emailed link for the survey, or a call-back was scheduled for a time they could do.

Given a low response rate, with many NHH customers unable to spare the time to complete the survey, SES Business Water also sent the survey to their customer list. From the total of 67 interviews, 59 were done over the phone using a bought-in sample and 8 were done via the link sent out by SES Business Water.

4.2.2 Cognitive Interviews

Before the launch of the survey, a sample of eight HH and two NHH cognitive interviews were carried out to ensure topics and methods were accessible and understood by customers. These were carried out by Impact moderators and had participants undertake a pilot version of the survey. This was followed by a number of questions regarding the clarity of the information, how much information was retained, views on the survey's length and interest in the content. This process took between 30 and 45 minutes.

For the most part, participants liked the survey and found the content interesting, most participants did not have any significant issues with the content. There was some confusion over specifics on bill increases, as well as some information being confusing and overly wordy. This feedback was taken into account for the final launch where explanations were simplified and made clearer, and bill increases were personalised, with % and £ increases being made clear.

4.2.3 Quantitative Survey

HH customers were sent an invitation email/letter explaining the purpose of the survey, and how it would be administered. They were provided with a link to take part or told they could request a postal survey if they would like to take part in that way. HH customers were also told what their current bill is, to allow for tailoring of bill questions to make the questionnaire more relevant to them.

The survey covered similar topic areas to the focus groups and in-depth interviews, looking at the affordability of current bills and expectations of future bills, the importance of investments under each aspect of the proposed plan and the acceptability of the proposed plan.

Detailed Information was also provided to participants to ensure that responses were as informed as possible. This information covered: average future bill predictions, inflation predictions, comparative company data against targets on supply interruptions, water quality, leakage, and per capita consumption, as well as information on the four key aspects of the company business plan. An example of this is given below.

Figure 2: Example of company comparison information shown in quantitative survey

Water Supply Interruptions, without warning, for longer than 3 hours

If a water supply is interrupted without warning for greater 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.

Companies with the *lowest* numbers perform best for this service.

SES Water met its target for this metric last year

In 2021-2022 SES Water performed 3rd out of 17 companies overall on this measure.

Water and Sewage Company	Performance against target (%)	
Portsmouth*	-62%	**Better performance**
Bristol*	-59%	
SES Water*	**-52%**	
South Staffs and Cambridge*	-47%	
Affinity*	-39%	
Wessex	-32%	
South West	+11%	**Poorer performance**
United Utilities	+30%	
Southern	+53%	
Anglian	+60%	
Yorkshire	+73%	
Thames	+80%	
Northumbrian and Essex & Suffolk	+92%	
Severn Trent	+106%	
Dŵr Cymru Welsh Water	+164%	
Hafren Dyfrdwy	+511%	
South East*	+1083%	

* Water only company

5 Key findings

5.1 Prior knowledge

During the focus groups and in-depth interviews, knowledge of SES was high. Most participants knew SES supplies clean, drinking water but there was some confusion around waste water, with some people mistakenly thinking SES was also responsible for this. The majority of knowledge came from receiving their bills from SES, although this touchpoint has limited impact, as some participants admitted their water bill was just another Direct Debit and not something they actively looked at regularly.

"I've lived here for about ten months now and I've just got my first bill, paid it, and cracked on" HH Customer

"I know water companies are in my life, I just pay the bills." HH Customer in a vulnerable circumstance

"I wouldn't say I know much about SES individually. I'd say my broad sweeping comment probably would be about all water companies doing the same thing" NHH Customer

HH and NHHs had relatively similar levels of knowledge, even though not all NHHs receive their bills directly from SES. Future customers had the lowest level of knowledge, supporting the idea that knowledge mainly comes from receiving bills, as these customers would not have directly interacted with anything from SES themselves.

5.1.1 Contact

The majority of customers in the qualitative phase, both HH and NHH, were happy with the service they received from SES. When asked to rank their satisfaction on a scale of one to five, the most common answer was four, with some customers giving five, and very few giving under four.

"I would say a four purely because I think there's always room for improvement. So, I think, are not had anything go wrong. But I would say, yeah, four out of five" HH Customer

"I've lived in a few different places, and I've never really noticed. I guess you would only really notice it when something goes wrong, and how quickly they sort it out. But I've been lucky enough not to have experienced that." Future HH Customer

"It's a reliable, cheap, high-quality service which I've never had to complain about" NHH customers

Only a few respondents had experienced service issues, however, th*ose that had* were generally happy with how SES dealt with these issues.

"They were quite efficient with me, very friendly. Didn't really have any complaints, it was resolved quite quickly. I was on the phone for quite a long time on hold, that was the only downside but I think that's with most companies, kind of, do that. But no, once I got to the other end, it was pretty quick and easy to resolve" HH Customer

After being shown the company's performance comparisons, customers were pleased with how SES was performing. This supported the view of SES providing good service to its customers and a good value for money.

5.2 Current state of affairs

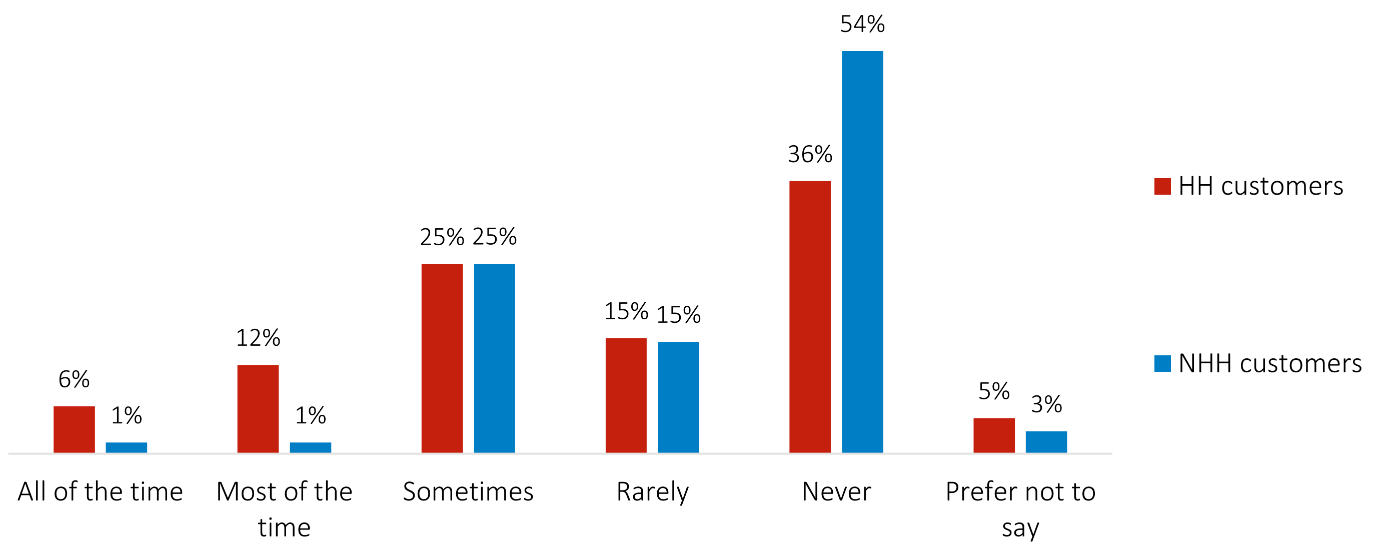
In the qualitative sessions, customers were also asked about their current financial status, and whether or not they had been affected by the current cost-of-living crisis. Whilst few HHs and NHHs reported really struggling, many had faced some increased financial strain, through increased food and petrol prices and energy bills, in particular. Some customers reported making some changes to their daily household spending as a consequence, and some NHHs said they had been impacted by rising costs across the board.

"I say it's impacted. I mean, we've had to cut down on certain things, I suppose. We have to obviously watch, when we go shopping now, we have to watch obviously, how much the bill is coming to. But yeah obviously, everything is, literally everything has gone up, from my broadband, to the electric." HH customer

"I've definitely had an impact over the last year or so since the hike in energy bills and fuel prices went up and stuff. And with my work predominantly being ovens and hobs extractors everyone's gone and bought air fryers, so they're so much easier for people to clean compared to your ovens and stuff like that. So, I have lost work through that although gained it through other sources by expanding my business to end of tenancy cleans, not just carpets but end of tenancy and ovens." NHH customer

Customers from the quantitative survey were asked how they manage their finances and whether or not they had struggled to pay at least one bill in the last year. Around one-third (34%) of HH and just over one-half of NHH customers (54%) said they never struggle, but 47% of HHs and 28% of NNHs said they struggle sometimes or more. The full breakdown is given below.

Figure 3: The extent to which customers struggle to pay one or more bills



Customers were also asked to consider how well financially they were doing now, and 17% of HHs and 12% of NHHs said they were finding it quite difficult or very difficult. The full breakdown of responses is given below.

Table 3: Current financial situation

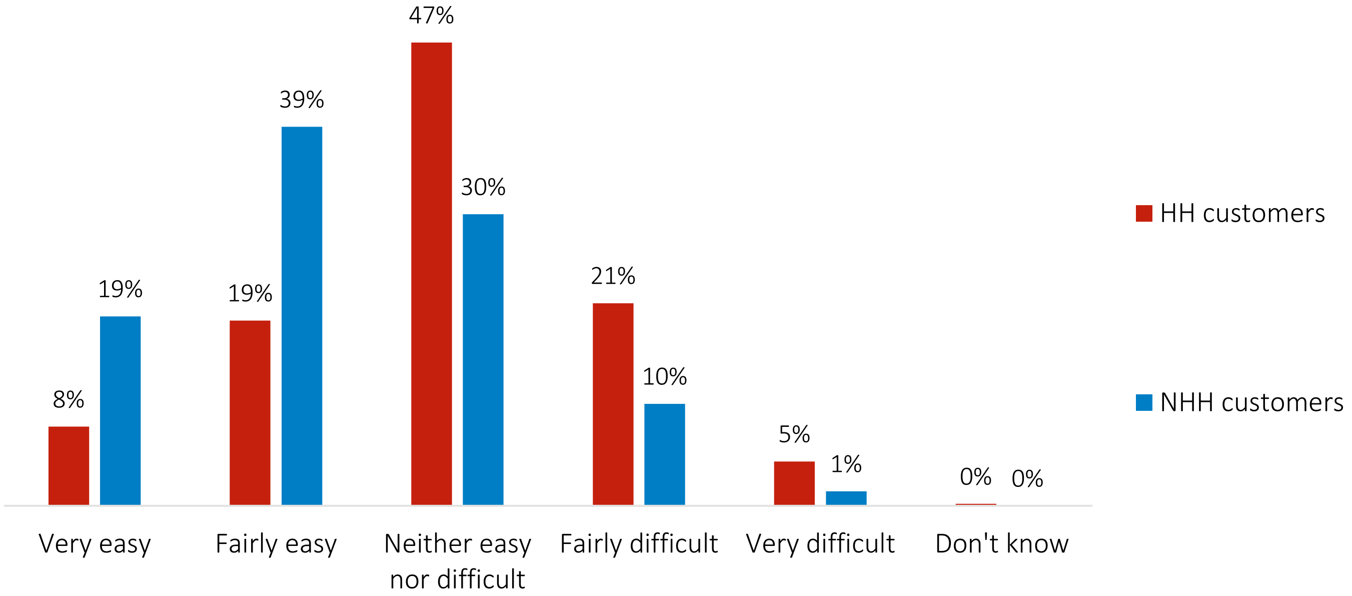
	HH customers	NHH customers
Living comfortably/Doing well[3]	10%	12%
Doing alright	31%	39%
Just about getting by	36%	34%

[3] HH customers were shown 'Living comfortably' and NHH customers were shown 'Doing well'

Finding it quite difficult	12%	9%
Finding it very difficult	5%	3%
Prefer not to say	5%	3%

In the invitation letter/email, customers were told their current bill amount and then asked in the quantitative survey how easy or difficult they find it to afford. Just over a quarter of HHs and 58% of NHHs found it either very easy or fairly easy to afford, with 25% of HHs and 12% of NHHs finding it difficult. The full breakdown is given below.

Figure 3: Ability to pay current water bill



Of the 17% of HH customers who reported to be struggling financially[4], only 3% felt their current water bill was either very easy or fairly easy to afford, with 74% saying it was either fairly difficult or very difficult. The proportion of HH customers struggling financially was even higher among those with a medical vulnerability (34%) and among those on an income lower than £26,000 per year (40%).

During the qualitative phase, customers in vulnerable circumstances were also shown a list of support services offered by SES and were asked whether or not they were aware these existed, and if they had made use of any of them.

Not all customers knew that support schemes existed, even among those eligible to receive support in one, or more, ways, but the majority were pleased to know they did. Customers felt SES could do more to promote these services, to ensure those eligible were aware they could apply for support.

"I don't know if I fall into the criteria for support, because I think I my income is under twenty-one thousand pounds a year, but living on my own and having no mortgage, I actually don't struggle with my bills. I wouldn't be claiming anything and it probably is for a family rather than one person living on their own" HH Customer in a vulnerable circumstance

[4] Determined by either selecting 'finding it quite difficult' or 'finding it very difficult' when asked how they are managing financially now

The schemes relating to financial help were widely supported by customers who felt that a two-year 'audit' period was fair. There were a few questions on the threshold for support (i.e., the qualifying annual income level), but on the whole, it was seen as fair.

Feedback was similar on the non-financial front, with many customers supporting the schemes that were offered. Some customers particularly liked the idea of a joined-up approach across different utility companies (i.e., in the gas and electricity sectors) as this would ensure all customers eligible for support would receive the help they needed, whichever service it was related to.

"Yes, that's a very good idea [The PSR]. I have heard of this scheme, but it hasn't been advertised very much at all. But I have heard of it. I think it's a very good idea." HH Customer in a vulnerable circumstance

"I wish I knew about the LifeLedger, and I don't know whether it's a new game. When I had to do it for a family member, they weren't with SES, but it was an absolute nightmare to try and close an account where I didn't have power of attorney." HH Customer in a vulnerable circumstance

The one area of concern for some customers was the use of third parties to encourage sign-up, due to cynicism that they would be signing up too many customers if incentivised to register as many as possible. These comments were in the minority, however.

5.3 PR24 planning

5.3.1 Must-do plan

Those who attended the qualitative groups largely found the must-do plan acceptable and affordable. There were some questions as to why customers should have to pay for mandatory investments arising from increased government regulation, but on the whole, participants were happy with the levels of investments proposed.

"Personally, I don't think mandatory things that are set by government should be paid by anybody but the company. Why are they making us pay for something they've been told they should do?" HH customer

Across both plans, there was also some desire for increased transparency and for further detail to be shared about the full intentions of the plan, along with specific actions leading to outcomes. Some HH customers noted that it might be more appropriate to quote figures in percentages, rather than pounds if there are likely to be differences in how much additional investment each customer is expected to pay.

The feedback on each element of the plan is given below.

5.3.1.1 Provide you with high-quality water from sustainable sources

Customers were largely very positive about the investment suggestion in the must-do plan. All types of HH customers, including those in vulnerable circumstances, were supportive of investment to meet higher quality water standards and for whatever is needed to meet WINEP laws. They approved of working with farmers and mitigating the impact on the natural environment, where possible.

Customers stressed that the importance of high-quality water was very high for health and well-being and they supported investment to make sure this was delivered.

"They're all must-dos and you've got to be a right scrooge to say I want my one pound twenty-six and the kids can take a risk." HH Customer

"I mean working with the farmers and things can only be a positive thing, or you'd like to think so, especially for the farmers as they want their supplies to be the best quality as they can as well." NHH customer

The only negative mentioned regarding must-do plan investments was whether or not it is necessary to pay for the use of UV treatment to clean the water. NHHs especially asked why this was the case. Overall, however, customers were happy to pay for the extra investments if it was needed.

"Why do they want to install UV, is there a logical reason for it? There must be I should think but I'd hate to think the regulator was insisting on something without any logic in it." NHH Customer

5.3.1.2 Deliver a resilient water supply from source to tap

When customers in the qualitative phase of the research were asked about SES delivering a resilient water supply from source to tap, leakage dominated a lot of the discussion. Customers were supportive of the ambition to reduce leakage by finding and fixing more leaks. Many felt the investment above that referenced in the must-do plan was necessary and some even said reducing leakage should be the number one priority for SES during PR24.

"It has such a knock-on effect with everything doesn't it, it's a waste of water, the environment, it causes traffic issues, so, it's just a huge issue. So, yeah, to replace those, and spend the money on leakage and fixing more leaks, is vital." HH customer

"I think the issue regarding the leakage is relevant for me, because as you can see from what was posted, it's seventy per cent on SES Water's side and thirty per cent from the customer's side, so I think it should be attended to. If we could manage water to a more reasonable degree, I think it will increase sustainability." NHH Customer

Some NHHs also made the point that it was often treated water that is being leaked from the pipes, so this much leakage acts as a double blow, as they would already have paid for the water to be treated before it was lost.

"My other thought with the whole leakage thing was there's probably absolutely not a lot of point in dealing with things like pesticides and all of that in the water and then having this really beautiful, clean healthy water and then just having it leak everywhere." NHH Customer

The other area of the must-do plan covered under delivering a resilient supply was protecting water treatment works through additional work to meet new security regulations. Again, customers were largely supportive of investment in this area, highlighting the importance of security in ensuring a continued water supply.

"I think the security is absolutely vital to protect the supply at all costs, because if anything got into the water supply, as I said, there are some nutters around, you've got to do something about that." HH customer

5.3.1.3 Help you reduce your water footprint and charge a fair price

The third area of the business plan shown to customers was helping them reduce their water footprint and charge a fair price. This was the area customers were least positive about, as many were uncertain about the benefits of the smart meter roll-out. Customers questioned how much of an impact this would have on reducing water consumption and made the point that water was such an essential product, already often only used when necessary, so providing customers with more knowledge on individual consumption would be unlikely to affect usage.

"How does a smart meter reduce water usage compared with a normal meter?" NHH customer

Some customers in vulnerable circumstances were especially negative about water meters, given they often have an increased dependency on water due to a medical condition, and others felt that tracking water usage that closely was 'big brother-like'.

"I'm dead against water meters. The same with electric meters. We do use a lot of water. Being disabled, my wife is disabled as well, we have a lot of baths and showers." HH Customer in a vulnerable circumstance

In addition to the above, using less water was seen to be a wider issue that relates more to societal behaviour change, rather than something that could be fixed with a simple solution, such as smart meters. Customers also felt a clear communication strategy would be key to the success of the roll-out, as they wanted to be informed of the benefits before having smart meters installed in their homes.

"I think the marketing campaign and the way that these businesses, SES and the retailers etc., wholesalers and retailers communicate this to our businesses and the public is key." NHH Customer

Despite these issues and questions, some customers nonetheless were supportive of smart meters, providing the roll-out was 'fair' and the messaging was right. Some did admit to having reduced their energy usage after having a smart meter installed but did still question how much impact people could have individually. Some made the point that their bills could reduce overall if their water consumption were to reduce once smart meters were installed; the argument being that there could be a longer-term saving that offset the cost of the installation.

"I think because it's the highest one we've seen in terms of the increases, but I think it's bound to be more it is investing in smart meters, getting them installed, so I think that will be a higher cost. But as I say, it will pay off because you will have more than an idea about what you are using and if it's detecting the leaks, that will also save water. So, I think, you know, it is important" HH Customer

"I think it would benefit people. I mean, obviously seeing, although obviously, the price itself does look a little bit high, but if we do get the smart meters, and we do reduce our litres per day, that means our bill will be less, our water bill will be less, so, it will kind of level it out. So, the cost, five pounds fifty-one might not even be as high as it looks because we've reduced our water per day anyway. So, it might just level it out, you know, and hopefully, it won't be as high as it's showing." HH Customer

5.3.1.4 Improve the environment and have a positive impact on our local area

For improving the environment and having a positive impact on our local area, the only options given were from the preferred plan, so no feedback was given on the must-do plan.

5.3.2 Preferred plan

During the qualitative phase, respondents generally admired the environmental goals included within the preferred plan and found the associated cost to be acceptable. Measures aimed at protecting the environment, enhancing biodiversity, as well as reducing leakage, were seen as some of the most important benefits of the plan. Some participants were of the view that these goals should be mandatory in the first place.

There was, however, some degree of scepticism from customers as to whether or not the aims of the preferred plan were achievable, highlighting the need for transparency and more information on how it would be done.

"They're very laudable aims, but will they actually happen?" HH customer

Customers in the quantitative survey were shown an overview of the plan and asked how easy they thought it would be to afford. The number that thought it would be either very easy or fairly easy to afford reduced from 27% for their current bill to 13% among HH customers and from 58% to 36% among NHH customers. The full breakdown of responses is given below.

Table 4: Ability to pay water bills

	HH customers		NHH customers	
	Current bill	Projected future bill	Current bill	Projected future bill
Very easy	8%	2%	19%	3%

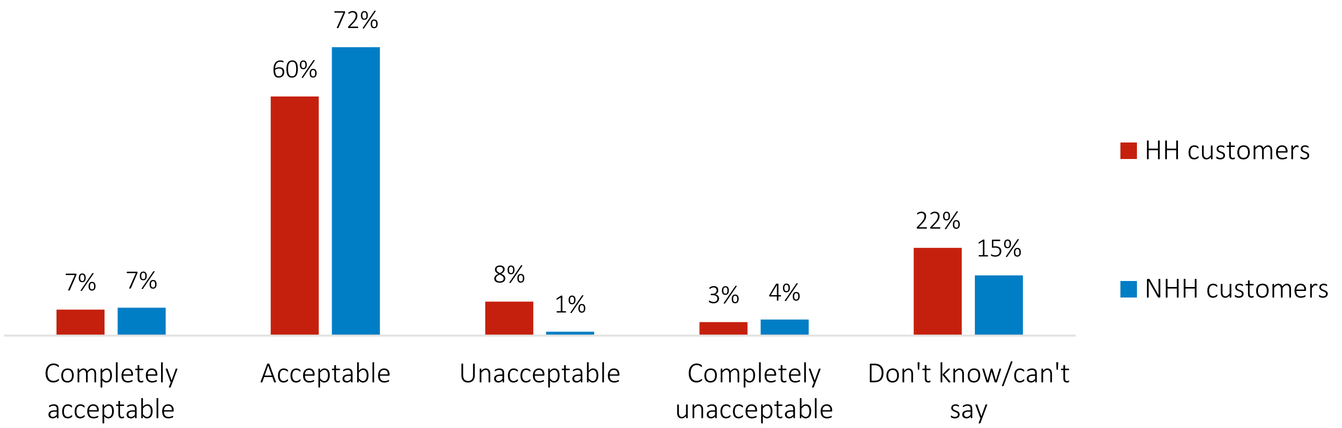
Fairly easy	19%	11%	39%	33%
NET: EASY COMBINED	**27%**	**13%**	**58%**	**36%**
Neither easy nor difficult	47%	35%	30%	34%
Fairly difficult	21%	35%	10%	16%
Very difficult	5%	13%	1%	6%
NET: DIFFICULT COMBINED	**25%**	**48%**	**12%**	**22%**
Don't know	0%	4%	0%	7%

Among HH customers who are struggling financially, only 1% thought the proposed bill would be easy to afford, versus 3% for their current bill. Conversely, 85% thought the proposed bill would be difficult to afford, versus 74% for their current bill.

In addition, 63% of those with an annual income of less than £26,000 thought their projected future bill would be difficult to afford (versus 40% for their current bill), and 57% of those with a medical condition thought their projected future bill would be difficult to afford (versus 34% for their current bill).

Looking more into the proposed plan itself, levels of acceptability were high, with 66% of HHs and 79% of NHHs finding the proposed plan either 'acceptable' or 'completely acceptable'. If those scoring 'don't know' are removed from the scale, then the numbers increase to 85% among HHs and 93%. The full breakdown of the scale is given below.

Figure 4: Acceptability of proposed business plan



Acceptability (completely acceptable/acceptable) reduced to 55% among HHs who are struggling financially and 59% among those with a medical vulnerability.

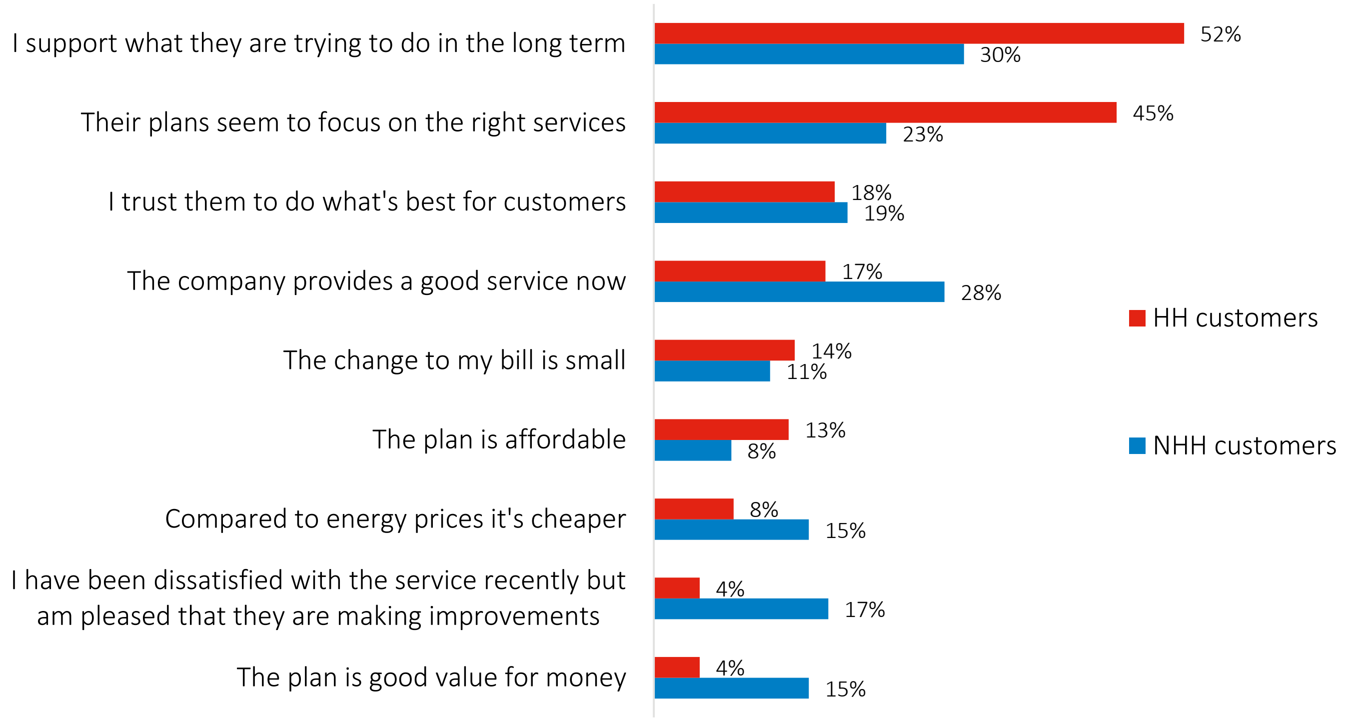
The key reasons given by HHs for why the proposed plan was unacceptable, were thinking companies should pay for service improvements (37% selected this as one of their top two reasons) and thinking company profits are too high (28%). The same proportion (28%) also cited that the proposed bill increases were too expensive and 23% said they wouldn't be able to afford this. The full breakdown of HH responses is given below.

Figure 5: Reasons for finding the proposed plan unacceptable

There were only four NHHs that felt their proposed bills would be unacceptable, but two of those selected expecting better service improvements as one of their reasons.

When asked for the main reasons why the proposed plan was acceptable, over half of HHs (52%) said they support what SES is trying to do in the long term; 30% of NHHs also selected this as a reason. The next most common reason given (by 45% of HHs and 23% of NHHs) was that the plan seemed to focus on the right services. A further 28% of NHHs and 17% of HHs said they thought SES provided a good service now. The full breakdown of HH and NHH responses is given below.

Figure 6: Reasons for finding the proposed plan acceptable



5.3.2.1 Provide you with high-quality water from sustainable sources

During the qualitative groups, participants were shown additional elements of the plan that SES would like to deliver on top of the must-do plan. For providing high-quality water, customers were asked whether or not they support the extra investment to improve water quality by reducing the risk of lead in water supplies. The overwhelming sentiment from customers on this subject was surprise this wasn't done more already, with many asking why this was not a mandatory investment. Overall, customers were very supportive of extra investment to replace as many lead pipes as possible that still supply schools and nurseries, and were happy to pay the extra amount on their bills. This feeling was particularly strong among NHHs, with many questioning why lead pipes were still being used.

"To be honest, if you'd asked me, 'are there schools and nurseries that have still got lead pipes supplying their water?', I'd have probably assumed not. So, to see that there is a lot to do is a bit of a surprise. But yes, absolutely. [that's something they should be doing]." Future HH Customer

"I think anything that's going to reduce young people ingesting lead from water consumption is going to be quite important." NHH Customer

"I'm just staggered that there are still schools within the SES area, wherever it covers, still have that." HH customer

Customers in the quantitative survey were shown the individual elements of the preferred plan and asked which they felt was the most important. Just under half of both HH and NHH customers felt stopping nitrates and pesticides entering our water sources and protecting living species in water sources, was the most important. The breakdown across different elements is given below.

Table 5: Importance of 'Provision of high-quality water from sustainable sources' elements of preferred plan

Topic	Statement	Most important (HH)	Most important (NHH)
Provision of high-quality water from sustainable sources	Installation of UV treatment to protect water quality from contamination. *+£1.73 (HH)/+0.87% (NHH)*[5]	24%	31%
	Stopping nitrates and pesticides entering our water sources and protecting living species in water sources. *+£0.93/+0.47%*	**49%**	**42%**
	Replacing lead pipes within schools and nurseries by 2030. *+£0.97/+0.49%*	15%	19%
	Don't know/can't say	13%	7%

5.3.2.2 Deliver a resilient water supply from source to tap

In addition to the individual elements covered in the must-do plan, customers in the qualitative phase were asked whether or not they supported the extra investment to further increase the resilience of the water supply. When asked about protecting sites from climate change and power cuts, customers were, again, supportive of extra investment. Many customers, particularly NHHs, felt this was a necessity and questioned why standby generators, that switch on automatically, weren't in place already.

"I would have thought the power outages as in standby generators should have been years ago." NHH customer

Customers also liked that the river Mole would be protected further, and felt it showed proactivity from SES, to be ahead of a potential issue before it becomes a wider problem.

"You can't whinge when it happens, and you can't get drinking water because the river Mole has flooded into the works. You've got to do it beforehand" NHH Customer

"They've identified locally the river Mole, so that's where they feel that the money needs to go, more than in line with what they're being told to do by the government, so it seems sensible." HH Customer

Further work to reduce leakage was also included in the preferred plan, and customers were very much in favour of this, to ultimately reduce leakage as much as possible.

The only question raised here was from some HH customers, particularly those in vulnerable circumstances, concerned whether or not investment above any legal requirements was necessary. However, most were happy to pay the additional amount.

During the quantitative survey, customers were again shown the individual elements of the preferred plan and asked which they felt was the most important. Just under half of HH (47%) and 60% of NHH customers chose investing in

[5] £ figures were shown for HHs and % were shown for NHHs

reducing leakage by finding and fixing more leaks, managing pressure and finding leaks on customers' pipes. This was consistent with the feedback from the qualitative groups. The breakdown across different elements is given below.

Table 6: Importance of 'Delivering a resilient water supply from source to tap' elements of preferred plan

Topic	Statement	Most important (HH)	Most important (NHH)
Delivering a resilient water supply from source to tap	Working to make our water treatment works to be more secure and enhance the water quality. *+£2.73/+1.37%*	29%	19%
	Investing in reducing leakage by finding and fixing more leaks, managing pressure and finding leaks on customers' pipes. *+£3.73/+1.88%*	**47%**	**60%**
	Schemes aimed at protecting sites from flooding and power outages. *+£1.78/+0.79%*	9%	16%
	Don't know/can't say	15%	4%

5.3.2.3 Help you reduce your water footprint and charge a fair price

In the qualitative phase, customers were shown the option of rolling out smart meters at a faster rate than what was outlined in the must-do plan. The feedback on smart meters overall did not change. However, those positive about the technology were supportive of the additional investment that would be needed to increase the speed of the rollout.

Customers questioned how the roll-out would be managed though and how SES would decide who would get smart meters first. On an assumption that meters would reduce leakage, and therefore help customers reduce their bills, they wanted to see the rollout to as many customers, as quickly as possible.

"So, I think we would all be a lot more conscious of how much water we are using. So, while it's initially a big investment, I think it would be a positive investment." HH customer

The other element of the preferred plan shown in the qualitative phase was the provision of a social tariff and additional support for customers facing financial difficulties. Customers were largely in favour of this and inclined to pay a small additional amount on their bill if it made water more affordable to those who were struggling financially.

"Eighty-six pence is probably the amount of change that I lost in the bottom of my bag. I would not notice that. And it would make such a big collective difference for so many people." Future HH Customer

Customers in the quantitative survey were also shown the two elements of the preferred plan and asked which they felt was most important. Nearly two-thirds of HHs felt extra water efficiency support would be most important and just over half of NHHs agreed. The full breakdown of the two options is given below.

Table 7: Importance of 'Helping you reduce your water footprint and charge a fair price' elements of preferred plan

Topic	Statement	Most important (HH)	Most important (NHH)
Helping you reduce your water footprint and charge a fair price	Providing smart meters to 192,000 homes and businesses with a customer-friendly way of monitoring their water use. *+£7.94/+3.99%*	20%	39%
	Extra water efficiency support for customers. *+£0.69/+0.35%*	**62%**	**52%**
	Don't know/can't say	18%	9%

5.3.2.4 Improve the environment and have a positive impact on our local area

During the qualitative phase of the research, customers were shown two investment options SES would like to make to improve the environment and make a positive impact on the local area. Given both investment values were small, customers were happy with the additional charge on their bills to allow SES to get on and do the work as described.

"That's the big thing now, the environment, I think bring it on …if that's what they need to do, they've got to meet these targets. If that's what they've got to do, that's what they've got to do. We want a better world, don't we? So yeah, I think we'd just have to take it, accept it." HH Customer in a vulnerable circumstance

"It's very minimal, isn't it, compared to all the other stuff, but it still adds something to the bill. But it's such a minimal amount for improving the environment and biodiversity that I think it's worth it." NHH Customer

Customers were largely surprised at how small the investment levels required would need to be, especially when compared to other areas of the plan. Some questioned whether SES could go even further, not just identifying nature-based solutions, but going ahead and implementing them.

"I think it should be done tomorrow. I think holding back on it is just a recipe for long-term disaster." HH customer

Both HH and NHH customers in the quantitative survey showed a preference for working to enhance biodiversity, but a large number of NHHs also wanted SES to enhance the environment, increasing resilience and biodiversity. The breakdown of responses is given below.

Table 8: Importance of 'Improving the environment and having a positive impact on the local area' elements of the preferred plan

Topic	Statement	Most important (HH)	Most important (NHH)
Improving the environment and having a positive impact on the local area	Enhancing the environment, increasing resilience and biodiversity on the river Eden. *+£0.11/+0.04%*	29%	42%
	Work to enhance biodiversity on 70% of the land SES owns through improving land management. *+£0.12/+0.06%*	**46%**	**48%**

	Don't know/can't say	26%	10%

5.3.3 Phasing the cost of investments

When asked their preference for how bills should increase over time, 40% of HHs felt an increase in bills starting sooner rather than later, would be preferable, so that increases could be spread over time. However, 47% said they didn't know enough to give an answer. The remaining (13%) felt an increase starting later, putting more of the increases onto younger and future bill-payers, would be preferable.

HHs struggling financially were less likely to support bill increases sooner (only 22% felt that was their preferred option) but 62% of this group did not know enough to give an answer. The percentage of those preferring delayed increases was 16%.

Many more NHHs felt the increase should be starting later, with 30% selecting this option. However, opinions were fairly polarised as 46% felt they should start sooner. Only 24% of NHHs selected that they didn't know enough to give an answer.

6 Conclusions

Both HH and NHH customers in the qualitative groups were accepting of the must-do and preferred plans. The element of the must-do plan most liked by customers related to delivering a resilient supply and particularly, reducing leakage where possible. They were also very supportive of increased investment to meet WINEP laws and working with farmers to mitigate the impact on the natural environment. There was less support for the roll-out of smart meters, but overall, customers were on board with the idea, as long as the roll-out was fair and the messaging around why they were necessary was considered.

Customers in the qualitative and quantitative phases were also largely supportive of the preferred plan, with many customers in the focus groups suggesting some of the investment ideas were as important as those in the must-do plan. This sentiment was strongest when related to leakage. Customers were also very supportive of the investment options relating to reducing the impact on the natural environment. In addition, 67% of HHs and 79% of NHHs in the quantitative survey found the proposed business plan to be acceptable. Acceptability was reduced among HH customers who are struggling financially and those with a medical vulnerability, but still over half of those within these groups found it acceptable.

Among customers who felt the proposed plan was unacceptable, most customers cited the reason that companies should pay for these improvements themselves and that the profits were too high. Some customers also felt the bill increases were too high. Meanwhile, those who felt it acceptable, thought the plan focused on the right areas and they supported what SES Water was trying to do over the long term. The key messaging here should, therefore, be to ensure customers are aware of where bill money is being spent, and be as transparent as possible when it comes to the actions SES Water are taking. If there is work done in these areas, then it is likely that acceptability will improve. It might also be advised that providing customers with percentage figures on where bill increases are likely, as well as a number in pounds and pence, might help customers understand the differences a bit more, and therefore perhaps be more accepting. On the affordability front, given the number of customers in vulnerable circumstances who were not aware of the support schemes on offer, there is a clear need to communicate this more. If customers who are struggling, are given the financial support they need, there is likely to be an increase in affordability.

Customers in the quantitative survey felt that investment should be phased evenly over time, starting sooner rather than later. This was the preferred option for both HHs and NHHs. Nearly half of all households, however, felt they did not know enough to answer and 24% of HH said the same thing.

Overall, our recommendation based on the findings of this research is to proceed with the preferred business plan, making the additional investments above the must-do plan.

7 Appendix

7.1 Qualitative materials

7.1.1 Screener questionnaire

INTRODUCTION

Good morning/afternoon/evening. My name is ….. from ….., on behalf of Impact, an independent market research company. We are conducting research on behalf of **SES Water,** to explore customer views on their business plans.

It is important to SES Water that your views form part of their long-term plans moving forward, to help make sure future charges are fair and affordable given the investments planned. So, we would like to invite you to take part in **a 3-hour online deliberative event, or 45 minute depth interview** to explore water charges in detail.

This will also involve completing a short **10-minute task** before the deliberative event.

We are looking for specific types of people to take part in the research to make sure we can gain a wide range of views. If you meet the qualifying criteria, would you be happy to take part in the research?
Yes / No

OE ASK IF NO TO TAKING PART

We are sorry to hear that you are not interested in taking part in this research. Before you go, we are interested in finding out whether there is a specific reason for this? **CLOSE**

This is a genuine market research study and no sales call will result from your participation. The research will be carried out in strict accordance with the Market Research Society's Code of Conduct and GDPR.

If you require any further information about how we securely store and use the data you provide, please see our privacy policy on our website: https://www.impactmr.com/privacy-statement-research

If you have any queries, you can contact Impact Research Ltd on 01932 226 793 and ask for a member of the Utilities team. **PROVIDE OFFICE ADDRESS/EMAIL ADDRESS IF REQUESTED.** You also have the right to withdraw your consent at any time and may do so using the same number.

If you wish, you may also confirm our credentials by contacting the Market Research Society on 0800 975 9596.

In addition, for added security, you can find information on this customer research programme here:
https://www.south-staffs-water.co.uk/about-us/our-strategies-and-plans/business-plan-2020-2025/customer-feedback/customer-feedback-what-to-expect

Group	Customer type	Date and time
1	Households 24 x bill payers (recruit 26 for 24 to show) 8 x future bill payers (recruit 10 for 8 to show)	Wednesday 17th May @ 6-9pm
2	Non-households	Tuesday 16th May @ 6-9pm

	10 x micro-organisations (less than 10 employees)	

Matrix for recruitment – non-household.

Group or Depth	Number needed	Company size	Industry (NHH6)	Town location (NHH7)	Urban/rural location (NHH8)	Water usage (NHH3)
Group	10	NHH2 = 1 to 3 (mix across all)	Mix across all industries	Mix across locations	Mix of urban (NHH8= 1 or 2) and rural (NHH8= 3 or 4)	Mix across small, medium and large
Online/telephone depths	8	NHH2 = 4 to 9 (mix across all)	Mix across all industries	Mix across locations	Mix of urban (NHH8= 1 or 2) and rural (NHH8= 3 or 4)	Mix across small, medium and large

Matrix for recruitment – Household

Group or Depth	Number needed	Vulnerability type	Age (HH5)	Gender (HH4)	SEG (HH8)	Town location (HH6)	Urban/ rural location (HH13)	Housing tenure (HH10)	Meter (HH16)
Group	24	Minimum 8 either vulnerable (QHIDVULNERAVLE) or financially vulnerable	Minimum 6 aged 18-34, 6 aged 35-65 and 6 aged 65+	Minimum 10 male and 10 female	Minimum 10 ABC1 and 10 C2DE	Mix across locations	Minimum 10 urban (HHH13=1 or 2) and 10 rural (HH13=3 or 4)	Minimum 6 home owners (HH10 = 1 or 2) and 6 renters (HH10=4)	Minimum 12 metered
Telephone depths	6	Digitally disengaged (HH7 = 1 to 5)	Minimum 1 aged 18-34, 1 aged 35-65 and 1 aged 65+	Minimum 2 male and 2 female	Minimum 2 ABC1 and 2 C2DE	Mix across locations	Minimum 2 urban (HHH13=1 or 2) and 2 rural (HH13=3 or 4)	Minimum 1 home owners (HH10 = 1 or 2) and 1 renter (HH10=4)	Minimum 3 metered
Online/ telephone depths	16	8 vulnerable (QHIDVULNERAVLE) and 8 financially vulnerable	Minimum 4 aged 18-34, 4 aged 35-65 and 4 aged 65+	Minimum 6 male and 6 female	Minimum 6 ABC1 and 6 C2DE	Mix across locations	Minimum 6 urban (HHH13=1 or 2) and 6 rural (HH13=3 or 4)	Minimum 4 home owners (HH10 = 4 or 2) and 1 renter (HH10=4)	Minimum 3 metered

RECRUITER INCENTIVE INFO:

Household groups:
In return for taking part in this research, you will receive an incentive of £100. To qualify you need to have attended the group and completed the pre-task.

Household depths:
In return for taking part in this research, you will receive an incentive of £50. To qualify you need to have attended the group and completed the pre-task.

Non-Household groups:

In return for taking part in this research, you will receive an incentive of £150. To qualify you need to have attended the group and completed the pre-task.

Non-Household depths:
In return for taking part in this research, you will receive an incentive of £70. To qualify you need to have attended the group and completed the pre-task.

EXCLUSIONS SECTION

M **ASK ALL**
S1 Do you, or anybody in your household, work in any of the following industries?

1. Advertising **CLOSE**
2. Journalism **CLOSE**
3. Utilities **CLOSE**
4. Marketing **CLOSE**
5. None of the Above

S **ASK ALL**
S2 **Have you taken part in a market research group or depth interview in the past?**
PLEASE SELECT ONE OPTION FROM THE LIST BELOW.

	Yes, within the last 6 months	1 **CLOSE**
	Yes, over 6 months ago	2 **ASK S3**
	No, I have never taken part in research	3 **GO TO S5**

S **ASK IF S2 = 1 OR 2**
S3 **Can you tell me how many discussions you have taken part in during the last 3 years?**
PLEASE SELECT ONE OPTION FROM THE LIST BELOW.

	1 – 3	1 **ASK S4**
	More than 4	2 **CLOSE**

S **ASK IF S3 = 1**
S4 **Have you taken part in research for SES Water at any point over the last 5 years?**
PLEASE SELECT ONE OPTION FROM THE LIST BELOW.

	Yes	1 **CLOSE**
	No	3 **GO TO S5**

S **ASK ALL**
S5 Are you currently in paid employment?

1. Yes
2. No **SKIP TO HH1**

NHH SCREENING SECTION

S **ASK IF S5=1**

S6 With regards to dealing with the bills for your organisation e.g., business rates, gas, electricity, water and sewerage, and managing the day-to-day running of the water services, which of the following best describes your role?

1. Solely responsible **CONTINUE WITH NHH SCREENING**
2. Jointly responsible **CONTINUE WITH NHH SCREENING**
3. Have no responsibility **SKIP TO HH1 SCREENING**
4. Bill paid by Landlord **SKIP TO HH1 SCREENING**

S7 Does your organisation operate from an office premises/shop/Industrial unit, or from home?

1. From an office premises/shop/Industrial unit **CONTINUE**
2. From home or other domestic premises **SKIP TO HH1 SCREENING**

S8 Which of the following does your organisation's property have?

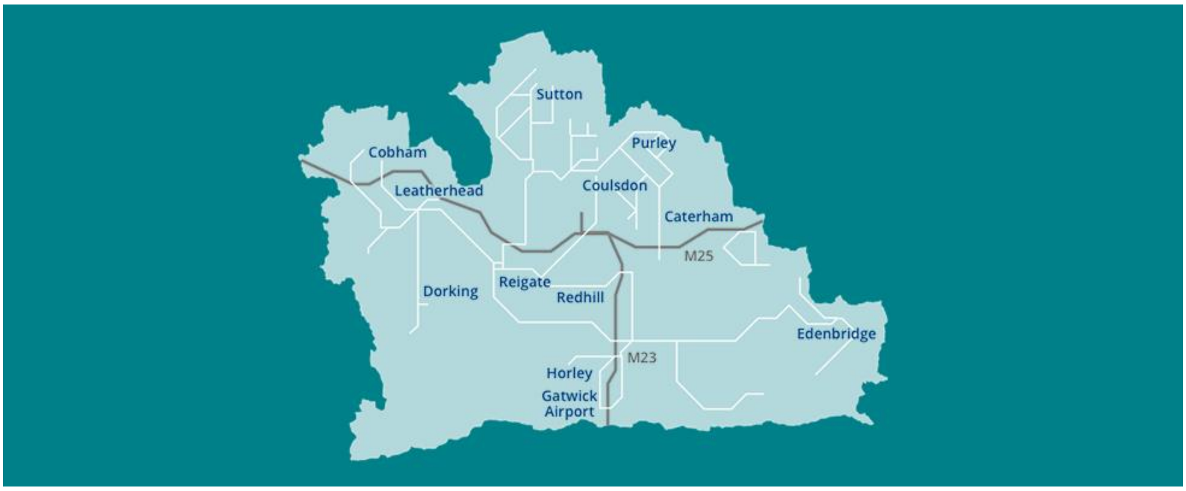
1. Mains Water **CONTINUE**
2. Mains Sewerage
3. Private Water supply **CLOSE, DO NOT RECRUIT**
4. Septic Tank **CLOSE, DO NOT RECRUIT**
5. Don't know **CLOSE, DO NOT RECRUIT**

MUST CODE 1 TO CONTINUE

S **ASK IF NHH**
NHH0 Which company currently supplies drinking water to your business?

Please note, whilst organisations in England are NOT able to choose which supplier provides the water to their organisation, or the one who takes away their waste water, since April 2017 most organisations can choose which company they want to send them their water bills, read their water meter or handle any customer service queries. Therefore, the company you send your bill to, may not be the company that supplies your water.

The map below shows the operating area for Sutton & East Surrey (SES) Water. Please note, if you are a SES Water customer, they are only responsible for providing your clean water, your wastewater will be dealt with by either Thames Water or Southern Water.



CLOSE IF 1. SES WATER ISN'T SELECTED

1. SES Water
2. Thames Water
3. Southern Water
4. South East Water
5. Affinity Water
6. Other
7. Don't know

OE ASK IF NHH

NHH1 What is your job title?

S ASK IF NHH

NHH2 How many full-time permanent employees does your organisation have?

1. Sole trader
2. 2 to 5
3. 6 to 10
4. 2 to 10
5. 11 to 20
6. 21 to 50
7. 51 to 99
8. 100 to 250
9. More than 250

1. S ASK IF NHH

NHH3 Thinking about water consumption, which of the following best describes your organisation?

1. **Low water consumption** - For example, similar to a large household, hairdresser
2. **Medium water consumption** - For example, an office, a car wash, a large business where water is not a key component of the product/service, or a small farmer
3. **High water consumption** – For example, large manufacturing business, a large chemical company, large (arable) farmer. Water is part of our product and/or production process
4. **Don't know** **SKIP TO HH1**

2. S ASK IF NHH

NHH4 In the last 2 years, have you experienced any issues with your organisation's water supply such as an interruption to the supply, a leak or discoloured water?

1. Yes, water supply issues
2. Yes, customer service/ billing issues
3. No issues/ sewerage issues
4. Don't know

3. S ASK IF NHH

NHH5 How much is your organisation's annual bill from your clean water supplier (I.e., Water coming through taps)? If you do not know exactly, please try and give your best estimate.

1. SMALL (Bill <£1,000 pa)
2. MEDIUM (Bill £1,000-£19,999 pa)
3. LARGE (Bill £20,000+ pa)
4. Don't know

4. S ASK IF NHH

NHH6 What industry does your organisation operate in?

1.	Financial Services
2.	IT / Communication services
3.	Media / Publishing
4.	Business Services
5.	Other Services (e.g., Hairdresser/beauty)
6.	Tourism – e.g., hotels, guest houses, campsites
7.	Catering – e.g., restaurants, cafes, pubs
8.	Transport / Distribution
9.	Construction and Property Development (including Plumbing/ Heating/ Electrical)
10.	Manufacturing & Engineering
11.	Government/ Public Sector
12.	Entertainment / Culture / Sport
13.	Wholesale
14.	Retail
15.	Healthcare and Social work – public sector
16.	Healthcare and Social work – private sector
17.	Agriculture / Forestry / Fishing
18.	Energy / Utilities
19.	Education
20.	Other (Please Specify)
21.	I'd rather not say
22.	Don't know

5. S ASK IF NHH

NHH7 Which area is your business office located in? Please note, if you are not located in any of these towns/areas, please select the one closest to you.

1. Sutton
2. Purley
3. Cobham

4. Leatherhead
5. Dorking
6. Reigate & Banstead
7. Redhill
8. Horley/Gatwick
9. Caterham
10. Coulsdon
11. Edenbridge
12. Sevenoaks
13. Epsom
14. Elmbridge
15. Oxted
16. None of the above

S **ASK ALL**

6. **NHH8** Which of the following best describes the area where your organisation is based?
7.

1. City location
2. Other urban location
3. Semi-rural
4. Rural
5. Don't know

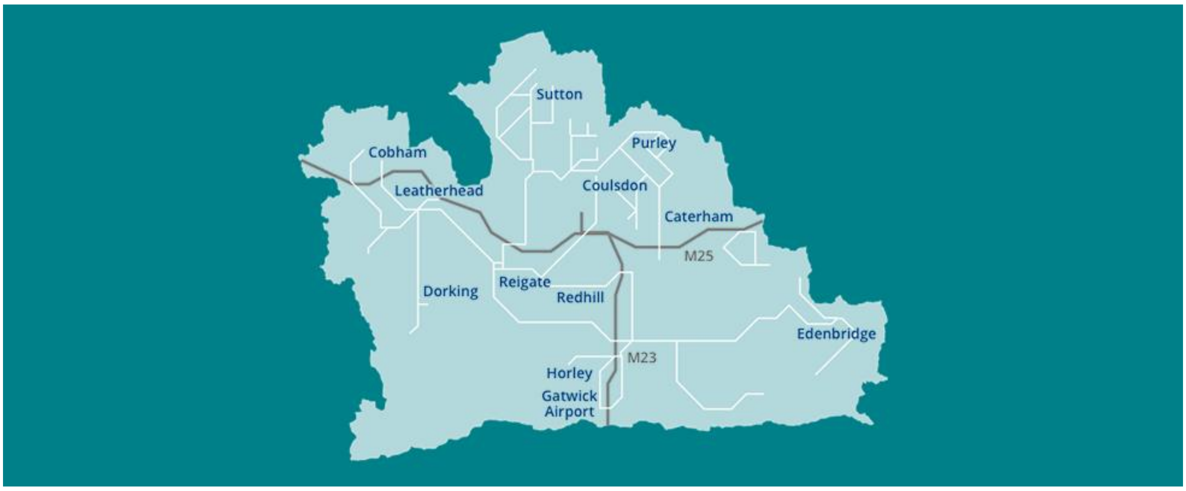
RECRUIT INTO APPROPRIATE GROUP OR INTERVIEW AND SKIP TO END – RECRUITER CHECK AND CLOSING INFORMATION

HH SCREENING SECTION

S **ASK IF NHH**

HH0 Which company currently supplies drinking water to your home?

The map below shows the operating area for Sutton & East Surrey (SES) Water. Please note, if you are a SES Water customer, they are only responsible for providing your clean water, your wastewater will be dealt with by either Thames Water or Southern Water.



CLOSE IF 1. SES WATER ISN'T SELECTED

1. SES Water
2. Thames Water
3. Southern Water
4. South East Water
5. Affinity Water
6. Other
7. Don't know

S **ASK IF HH**

HH1 Which of the following services does your property where you live have?

1. Mains Water supply **CONTINUE**
2. Mains Sewerage
3. Private Water supply **CLOSE, DO NOT RECRUIT**
4. Septic Tank **CLOSE, DO NOT RECRUIT**
5. Don't know **CLOSE, DO NOT RECRUIT**

MUST CODE 1 TO CONTINUE

S **ASK IF HH**

HH2A In terms of dealing with the water bills in your household, can you tell me which of the following best describes your role? (Note: 'dealing with' means paying bills and sorting out any problems or queries that might arise with your water services)

1. Solely responsible
2. Jointly responsible
3. Have no responsibility **go to HH2B**

S **ASK IF HH2A = 3**

HH2B Do you plan on becoming responsible for dealing with household water bills in the next 2-3 years? E.g. might be moving out and will become solely or jointly responsibility for your households' water bill.

1. Yes
2. No **THANK AND CLOSE**
3. Not sure **THANK AND CLOSE**

QHIDCURRENTBILLPAYER: HH2A=1 or 2,
QHIDFUTUREBILLPAYER: HH2B=1

S **ASK IF HH**

HH4 What is your gender?

1. Male
2. Female
3. Other (please specify)
4. Prefer not to say

8.
S **ASK IF HH**

9. **HH5** What is your age?

10.

1. Under 18 years old **CLOSE**
2. 18-24 years old
3. 25-34 years old
4. 35-44 years old
5. 45-54 years old
6. 55-64 years old
7. 65-74 years old
8. 75 years old or over
9. Prefer not to say **CLOSE**

M ASK HH

HH6 Which area do you live in? Please note, if you are not located in any of these towns/areas, please select the one closest to you.

1. Sutton
2. Purley
3. Cobham
4. Leatherhead
5. Dorking
6. Reigate & Banstead
7. Redhill
8. Horley/Gatwick
9. Caterham
10. Coulsdon
11. Edenbridge
12. Sevenoaks
13. Epsom
14. Elmbridge
15. Oxted
16. None of the above

S ASK ALL

HH7 Do any of the following apply to you?

Please select all that apply

1. I do not have internet access
2. I have not used the internet in last six months
3. I have only used the internet in last six months to send emails
4. I have low confidence as an internet user
5. I have internet access but I dislike using it or avoid using it as much as possible
6. None of the above

QHIDDIGITALLYDISENGAGED: HH7=1-5

S ASK IF HH

HH8 Which of the following categories best describes the employment status of the highest income earner in your household?

1. Semi or unskilled manual worker (e.g., caretaker, non-HGV driver, shop assistant, etc.)

2. Skilled manual worker (e.g., bricklayer, carpenter, plumber, painter, bus driver, HGV driver, pub/bar worker, etc.)
3. Supervisory or clerical/ junior managerial/ professional/ administrative (e.g., office worker, salesperson, etc.)
4. Intermediate managerial/ professional/ administrative (e.g., newly qualified (under 3 years) doctor or solicitor, middle manager in large organisation, principal officer in civil service/local government, etc.)
5. Higher managerial/ professional/ administrative (e.g., doctor, solicitor, board director in a large organisation, top level civil servant/public service employee, etc.)
6. Student
7. Casual worker – not in permanent employment
8. Retired
9. Unemployed
10. Prefer not to say

QHIDSEG:

CODE 1	**D**
CODE 2	**C2**
CODE 3 OR 6	**C1**
CODE 4	**B**
CODE 5	**A**
CODE 7 OR 8 OR 9 OR 10	**E**

S **ASK IF HH**
HH9 Which of the following statements, best describes your living situation.

1. Adult currently living at home with parents
2. Living with adult family / friends, including partners and adult non-dependent children
3. Living as a single adult, with dependent children/adult
4. Living with one or more other adults, with dependent children/adult
5. Living on my own

S **ASK IF HH**
HH10 Do you (or your household) rent or own your home?

1. Own home outright
2. Own home with the help of a mortgage or loan
3. Part own and part rent (shared ownership)
4. Rent home (includes being on Housing Benefit or Local Housing Allowance)
5. Live rent-free (including in a relative's/friend's property)
6. Other (please specify)

S **ASK IF HH**
HH11 Which of the following best describes your ethnicity?

Asian or Asian British

1. Indian
2. Pakistani
3. Bangladeshi
4. Chinese
5. Any other Asian background

Black, Black British, Caribbean or African

6. Caribbean
7. African
8. Any other Black, Black British, or Caribbean background

Mixed or multiple ethnic groups

9. White and Black Caribbean
10. White and Black African
11. White and Asian
12. Any other Mixed or multiple ethnic background

White

13. English, Welsh, Scottish, Northern Irish or British
14. Irish
15. Gypsy or Irish Traveller
16. Roma
17. Any other White background

Other ethnic group

18. Arab
19. Any other ethnic group

99. Would rather not say

S ASK IF HH

HH12 There are a wide range of factors that could mean **anyone** might need extra help or support.

Do you feel that any of the following factors apply to **you** or **anyone in your household** at the moment that might mean you need extra support or help during a loss of your water supply or when accessing services provided by your water company – like braille bills, or delivering bottled water to your home if the supply is ever cut off temporarily?

	HH6i You	HH6ii Others in household
1. Chronic/serious illness		
2. Medically Dependant Equipment – e.g. dialysis unit		
3. Oxygen use to manage a condition		
4. Physical Impairment		
5. Unable to answer door		
6. Restricted hand movement		
7. Aged 80 or over		
8. Young children aged 5 or under		
9. Blind		
10. Partially sighted		
11. Hearing /speech difficulties (including deaf)		
12. Unable to communicate in English		
13. Dementia		
14. Developmental condition		
15. Mental Health condition		
16. Temporary life change for example post hospital recovery, unemployment, new-born infant in the house		

17. None of the above **EXCLUSIVE**		

18. Prefer not to say **EXCLUSIVE**

QHIDVULNERABLE:

1 VULNERABLE - IF SELECT CODES 1-16 AT HH12 OR AGED 80+ AT HH5

2 NOT CURRENTLY VULNERABLE – IF SELECT CODE 17 or 18 AT HH12, AND AGED UNDER 80 AT HH5

S ASK HH

11. **HH13** Which of the following best describes the area where you live?

12.

1. City location
2. Other urban location
3. Semi-rural
4. Rural
5. Don't know

S ASK IF HH

HH13a Thinking about your household finances over the last 12 months, how often, if at all, have you struggled to pay at least one of your household bills? Please select one option

1. All of the time
2. Most of the time
3. Sometimes
4. Rarely
5. Never

M ASK ALL WHO CODE 1 – 4 AT HH14a

HH14b Which, if any, of the following statements apply to you when thinking about the past 12 months? Please select all that apply

1. I have asked family/friends to borrow money
2. I have taken out a short-term loan
3. I have taken out more on an existing loan
4. I have used food banks
5. I have spoken to the companies I pay bills to about financial help
6. I have cut back on non-essential spending (e.g. holiday travel, entertainment subscriptions, etc.)
7. I have fallen behind on rent/mortgage payments
8. I have fallen behind on my loan payments
9. I have fallen behind on utility bills
10. I have used credit cards to pay bills
11. I have used my overdraft to pay bills
12. I have used debt charities for financial help (e.g. Stepchange)
13. I have received another type of financial help
14. Other (please specify)
15. None of these

QHIDFINAVULNERABLE:

1 FINANCIALLY VULNERABLE IF SELECT CODES 1 OR 2 AT HH14a OR TWO OR MORE CODES AT HH14b

S ASK HH

HH15 In the last 2 years, have your experienced any issues with your water supply such as an interruption to the supply, a leak or discoloured water?

1. Yes, water supply issues
2. Yes, customer service/ billing issues
3. No issues/ sewerage issues
4. Don't know

S ASK ALL

HH16 Is your property on a water meter?

1. Yes, metered
2. No, unmetered
3. Don't know

7.1.2 HH Pre-task

Pre-task reading for SES Water research

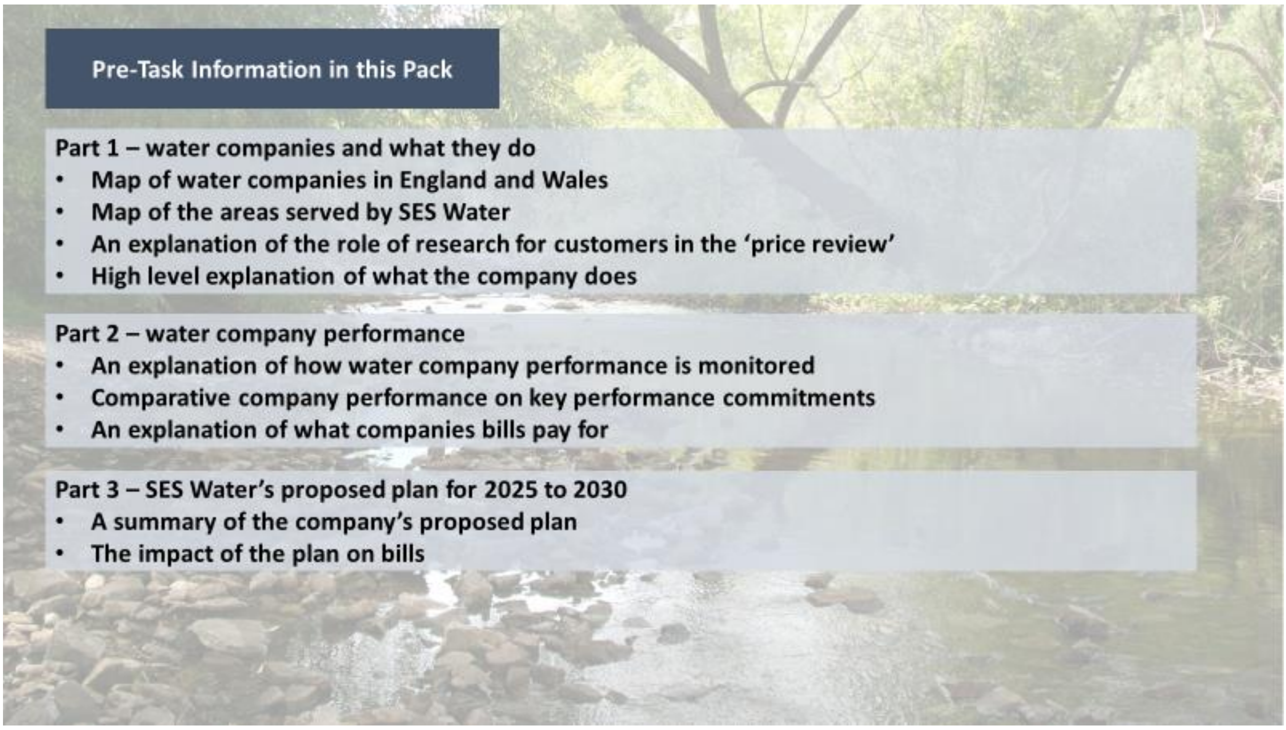
SES WATER

Introduction

Thank you for agreeing to participate in the upcoming focus group on behalf of SES Water.

We are Impact, an independent market research agency. SES Water has commissioned us to set-up and run this research and we will be present at all the online focus group sessions. We are very much looking forwards to hearing your views about water services over the coming weeks.

As mentioned, when we first contacted you about participating, there are also pre-task and post-task activities to complete relating to material that will be discussed in the online focus groups. Please have a browse through this information and think about each step as you read through. Please do not worry if you do not understand or remember all of the information as there will be a recap and time for questions at the outset of the discussion during the focus group. This pre-task should take no more than 10 minutes to complete.



Part 1

Water companies and what they do

Water companies in England and Wales

Water companies are regional: people have to receive water services from the company that covers where they live

- There are 11 water companies that provide **both water and sewerage services**
- There are also 5 companies that provide water services only **– SES Water is a water only company**
- Some households have two separate suppliers:
- e.g. people in SES Water's supply area receive ***water services from SES Water*** and ***sewerage services from Thames Water or Southern Water***

SES Water's supply area

- SES Water supply drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London
- Thames Water supply the wastewater services to the majority of our customers
- Southern Water supply the wastewater services to customers in the Kent area

The role of customers in a price review process

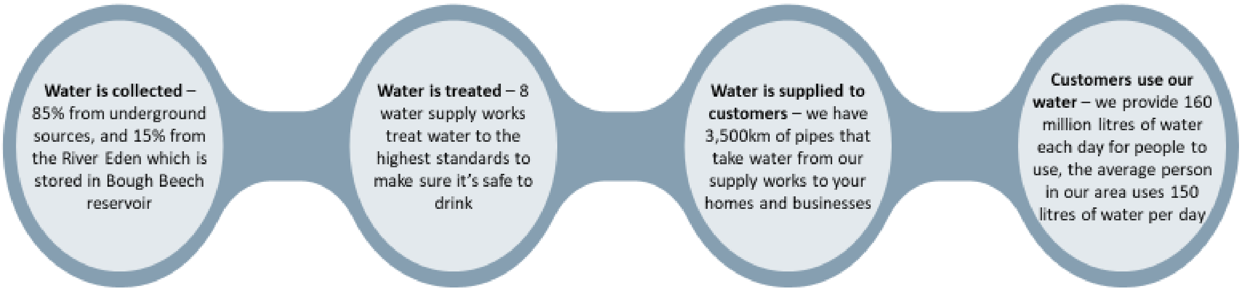
Every five years, water companies develop a ‘business plan’ that sets out how they want to develop their services, and the proposed cost to customers. As customers are not able to choose their water company, water companies must give them a say about what they want from their services and the price they 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.

What SES Water do

Water supply (SES Water):



Wastewater service (Thames Water)

- **Wastewater is removed –** wastewater is taken away from homes through a network of sewers and pumping stations
- **Wastewater is treated –** wastewater treatment works clean the wastewater so that it can be safely returned to the environment

- **Customers are billed –** we bill customers for our water supply service and provide the bills on behalf of Thames Water for their wastewater service (if you are a Southern Water wastewater customer you will receive two bills)

How water companies are monitored

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.

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.

Ofwat

How water companies are monitored continued…

As part of their responsibility to provide clean and safe water to households and businesses, regulators set targets and performance standards for UK water companies. Outcome Delivery Incentives (ODIs) are a part of this framework and act as a system of financial rewards and penalties that are placed to encourage water companies to perform beyond their committed levels of service in order to benefit customers, the environment, and improve overall service.

For example:

A water company will set a target to reduce water leakage in their network by a certain percentage over a specific time period.

The company **exceeds this target** and is able to reduce water leakage

The company is given **a financial reward** by Ofwat, and **customers pay more** on their bills due to **improvements made in areas that are important to customers**

The company **fails to meet this target** and is unable to reduce water leakage

The company is given a **financial penalty** by Ofwat, and **customers pay less** on their bills as **compensation for poorer service**

In 2021/22 SES Water **passed 17** and **failed 8** performance commitment targets, costing them a penalty of £0.3m (equating to a £1.30 decrease on the average household bill)

Part 2

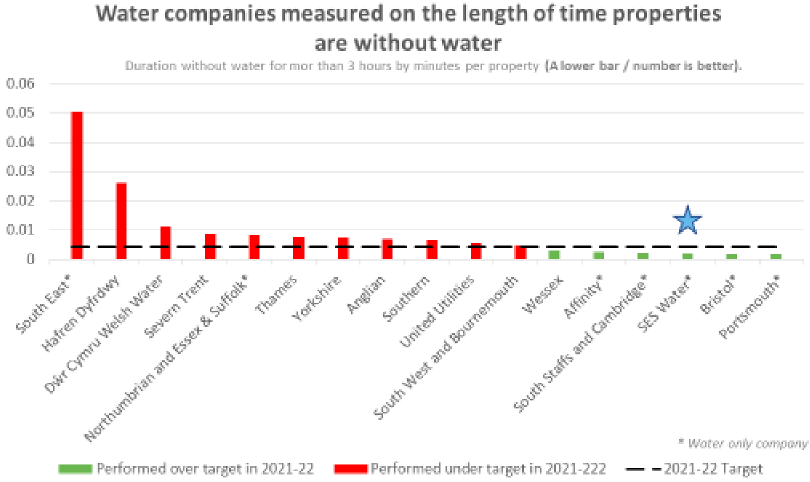
We are now going to show you how well SES Water is doing on some of their performance commitments, compared to other water companies in England and Wales.

These performance commitments are a snapshot 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.

Water supply interruptions

Water supply interruptions, without warning, for longer than 3 hours.

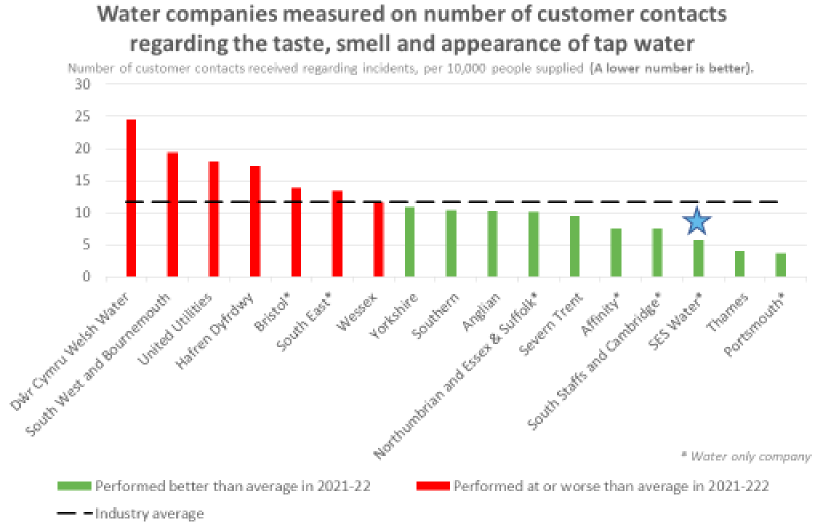
If a water supply is interrupted without warning for greater than 3 hours, it would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water.



Company performance against targets (a lower percentage is better)	
Water and Sewage company	Performance against target
Portsmouth*	-62%
Bristol*	-59%
SES Water*	-52%
South Staffs and Cambridge*	-47%
Affinity*	-39%
Wessex	-32%
South West	+11%
United Utilities	+30%
Southern	+53%
Anglian	+60%
Yorkshire	+73%
Thames	+80%
Northumbrian and Essex & Suffolk	+92%
Severn Trent	+106%
Dŵr Cymru Welsh Water	+164%
Hafren Dyfrdwy	+511%
South East*	+1083%

Taste, smell and appearance of water

Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.

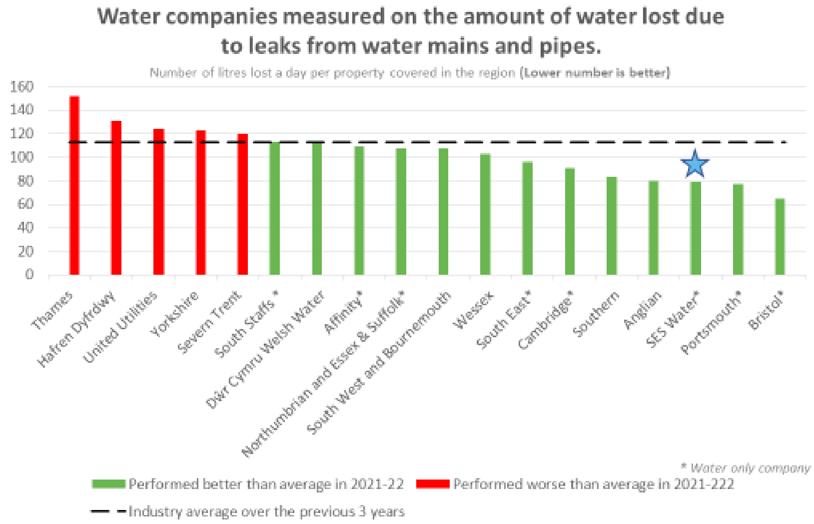


Company performance against industry average (a lower percentage is better)

Water and Sewage company	Performance against industry average
Portsmouth*	-68%
Thames	-66%
SES Water*	-50%
Affinity*	-35%
South Staffs and Cambridge*	-35%
Severn Trent	-19%
Northumbrian and Essex & Suffolk*	-14%
Anglian	-12%
Southern	-11%
Yorkshire	-7%
Wessex	+/-0%
South East*	+15%
Bristol*	+19%
Hafren Dyfrdwy	+48%
United Utilities	+54%
South West	+66%
Dŵr Cymru Welsh Water	+109%

Reducing leaks

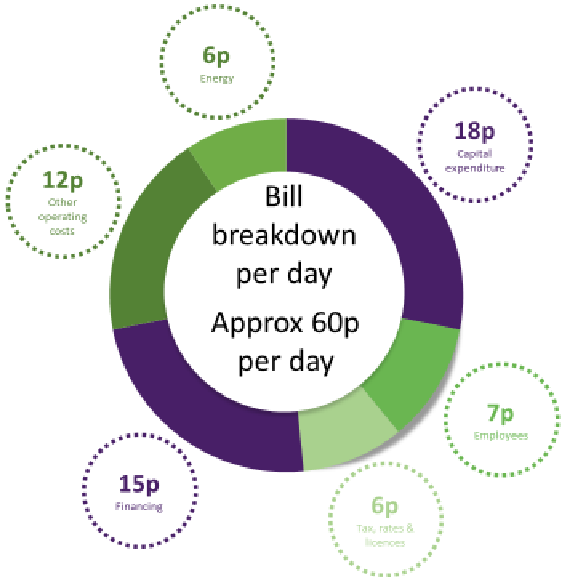
Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.

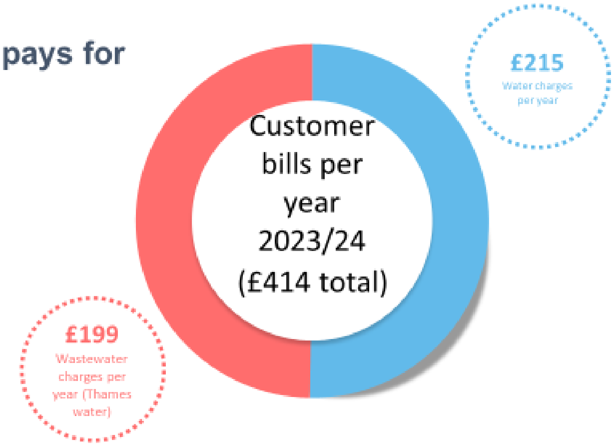


Company performance against the industry average (a lower percentage is better)

Water and Sewage company	Performance against 3 year average
Bristol*	-42%
Portsmouth*	-32%
SES Water*	-30%
Anglian	-29%
Southern	-27%
Cambridge*	-19%
South East*	-15%
Wessex	-9%
Northumbrian and Essex & Suffolk*	-4%
South West	-4%
Affinity*	-4%
Dŵr Cymru Welsh Water	-1%
South Staffs *	+/-0%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dyfrdwy	+16%
Thames	+35%

What the money from customer bills pays for





Our average bill today is **£215 per year – just over 60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

Part 3

SES Water's proposed Business Plan for 2025 to 2030

Provide you with high quality water from sustainable sources

- Continue to meet the highest quality standards by maintaining and investing in our water treatment works
- Work with farmers to stop nitrates and pesticides from entering our water sources
- Replace lead pipes that supply schools and nurseries
- Confirm where we need to reduce how much water we take from the environment to protect the chalk streams in our area

Deliver a resilient water supply from source to tap

- Reduce leakage by 30% (from 2017/18 levels)
- Use our smart network to help us find and fix leaks more quickly
- Use smart meters to find leaks on customers' pipes and help fix them
- Manage the pressure in our water mains so less water is lost
- This investment will also help us reduce supply interruptions and main bursts

Help you reduce your water footprint and charge a fair price

- Reduce our customers' water consumption by 20 litres to 131 litres per person per day
- Provide smart meters to households and businesses
- Use data from smart meters to help us provide customers with help and advice, targeting higher users
- Expand the impact of our education programme to embed the importance of water saving
- Develop our social tariff to help people struggling to pay

Improve the environment and have a positive impact on our local area

- Invest in schemes required by law to protect wildlife
- Work with partners to enhance the River Eden and make our water supplies more resilient
- Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs
- Continue to improve biodiversity on 70% of the land we own
- Make more of our land accessible to the community

Areas of Investment

The average SES Water bill will be, on average, **£19** more per year between 2025 and 2030 if we deliver all the investments in our **preferred plan,** than in 2025

- £12 is to meet the higher standards required by law and regulation (black)
- £7 is to improve our performance over and above this (white) which are optional

The average combined bill when Thames Water's wastewater services are included will rise by **£79 per year** (on average) between 2025 and 2030.

£ **Must do** (black)	These are investments that SES must make.
£ **Preferred plan i.e., could do** (white)	These are discretionary investments. SES proposes these to achieve additional benefits for customers and the environment.

Provide you with high-quality water from sustainable sources

- +1.38 (black): Installation of UV treatment to protect water quality from contamination
- +£0.77 (black): Address nitrates and pesticides entering our water sources and protect living species in water sources
- +£0.37 (black): Investigations into the environmental impact of existing abstractions
- +1.26 (white): Replacement of lead pipes within schools and nurseries by 2030

Deliver a resilient water supply from source to tap

- +£0.66 (black): Work to make our water treatment works more secure
- +£3.47 (black): Investing in reducing leakage by finding and fixing more leaks
- +£1.43 (white): Schemes aimed at protecting sites from flooding and power outages
- +£0.34 (white): Extra investment to reduce leakage

Help you reduce your water footprint and charge a fair price

- +£5.51 (black): Smart meters provided to 112,000 homes and businesses
- +£2.61 (white): Smart meters provided to a further 80,000 homes and businesses
- +£0.86 (white): Extra water efficiency support for customers

Improve environment and have a positive impact on local area

- +£0.07 (white): Enhancing the environment, increasing resilience and biodiversity on the River Eden
- +£0.11 (white): Work to enhance biodiversity on 70% of the land SES owns through improved land management

Figures shown do not include inflation

7.1.3 NHH Pre-task

Pre-task reading for SES Water research

Introduction

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Pre-Task Information in this Pack

Part 1 – water companies and what they do
- Map of wholesale water companies in England and Wales
- Map of the areas served by SES Water
- How the retail market works
- An explanation of the role of research for customers in the 'price review'
- High level explanation of what the company does

Part 2 – water company performance
- An explanation of how water company performance is monitored
- Comparative company performance on key performance commitments
- An explanation of what companies bills pay for

Part 3 – SES Water's proposed plan for 2025 to 2030
- A summary of the company's proposed plan
- The impact of the plan on bills

Part 1

Water companies and what they do

Wholesale water companies in England and Wales

Wholesale water companies are regional: people have to receive water services from the company that covers where they live

- There are 11 water companies that provide **both water and sewerage services**
- There are also 5 companies that provide water services only **– SES Water is a water only company**
- Some households have two separate suppliers:
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SES Water's supply area

- SES Water supply drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London
- Thames Water supply the wastewater services to the majority of our customers
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How the retail market works

Whilst organisations in England are **NOT** able to choose which supplier provides the water to their organisation (the wholesaler), or the one who takes away their waste water, since April 2017 most organisations can choose which company they want to send them their water bills, read their water meter or handle any customer service queries (the retailer). The picture below explains how this arrangement works.

The role of customers in a price review process

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.

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What SES Water do

Water supply (SES Water):

- **Water is collected** – 85% from underground sources, and 15% from the River Eden which is stored in Bough Beech reservoir
- **Water is treated** – 8 water supply works treat water to the highest standards to make sure it's safe to drink
- **Water is supplied to customers** – we have 3,500km of pipes that take water from our supply works to your homes and businesses
- **Customers use our water** – we provide 160 million litres of water each day for people to use, the average person in our area uses 150 litres of water per day

Wastewater service (Thames Water)

- **Wastewater is removed** – wastewater is taken away from homes through a network of sewers and pumping stations
- **Wastewater is treated** – wastewater treatment works clean the wastewater so that it can be safely returned to the environment

- **Customers are billed** – we bill customers for our water supply service and provide the bills on behalf of Thames Water for their wastewater service (if you are a Southern Water wastewater customer you will receive two bills)

How water companies are monitored

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How water companies are monitored continued…

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For example:

A water company will set a target to reduce water leakage in their network by a certain percentage over a specific time period.

The company **exceeds this target** and is able to reduce water leakage

The company is given **a financial reward** by Ofwat, and **customers pay more** on their bills due to **improvements made in areas that are important to customers**

The company **fails to meet this target** and is unable to reduce water leakage

The company is given a **financial penalty** by Ofwat, and **customers pay less** on their bills as **compensation for poorer service**

In 2021/22 SES Water **passed 17** and **failed 8** performance commitment targets, costing them a penalty of £0.3m (equating to a £1.30 decrease on the average household bill)

Part 2

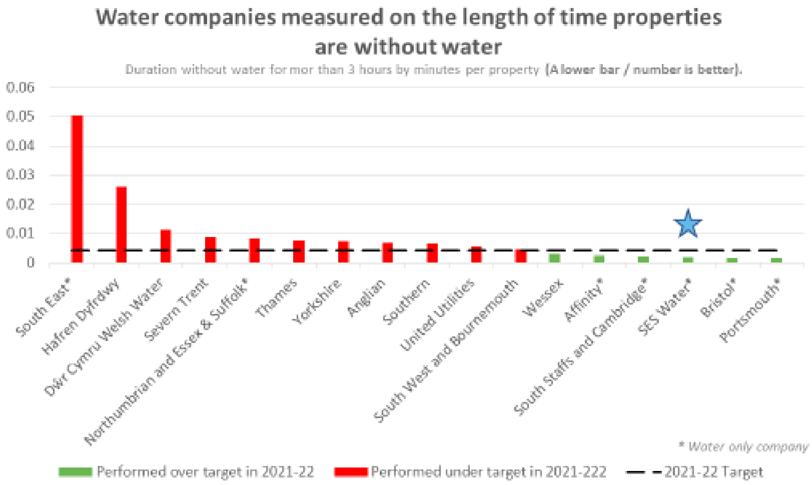
We are now going to show you how well SES Water is doing on some of their performance commitments, compared to other water companies in England and Wales.

These performance commitments are a snapshot 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.

Water supply interruptions

Water supply interruptions, without warning, for longer than 3 hours.

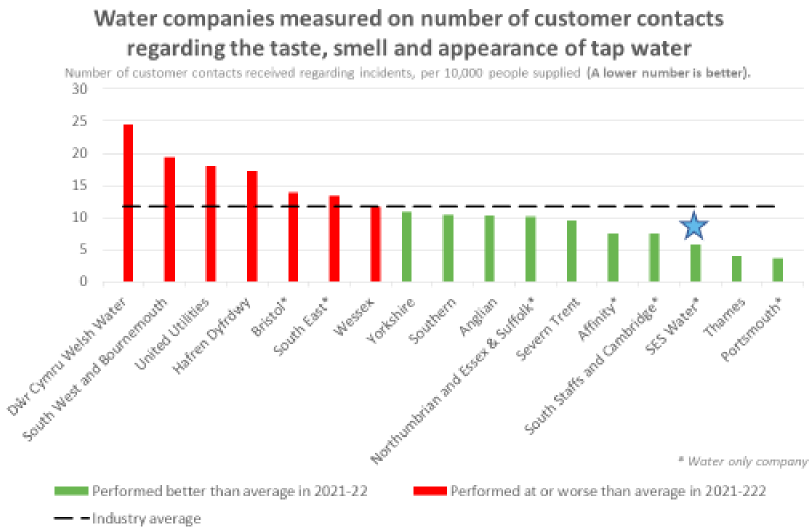
If a water supply is interrupted without warning for greater than 3 hours, it would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water.



Company performance against targets (a lower percentage is better)	
Water and Sewage company	Performance against target
Portsmouth*	-62%
Bristol*	-59%
SES Water*	-52%
South Staffs and Cambridge*	-47%
Affinity*	-39%
Wessex	-32%
South West	+11%
United Utilities	+30%
Southern	+53%
Anglian	+60%
Yorkshire	+73%
Thames	+80%
Northumbrian and Essex & Suffolk	+92%
Severn Trent	+106%
Dŵr Cymru Welsh Water	+164%
Hafren Dyfrdwy	+511%
South East*	+1083%

Taste, smell and appearance of water

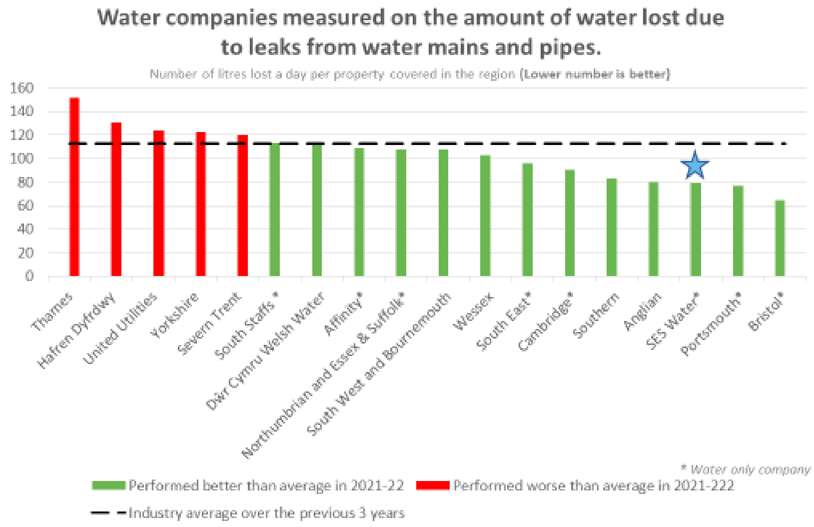
Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.



Company performance against industry average (a lower percentage is better)	
Water and Sewage company	Performance against industry average
Portsmouth*	-68%
Thames	-66%
SES Water*	-50%
Affinity*	-35%
South Staffs and Cambridge*	-35%
Severn Trent	-19%
Northumbrian and Essex & Suffolk*	-14%
Anglian	-12%
Southern	-11%
Yorkshire	-7%
Wessex	+/-0%
South East*	+15%
Bristol*	+19%
Hafren Dyfrdwy	+48%
United Utilities	+54%
South West	+66%
Dŵr Cymru Welsh Water	+109%

Reducing leaks

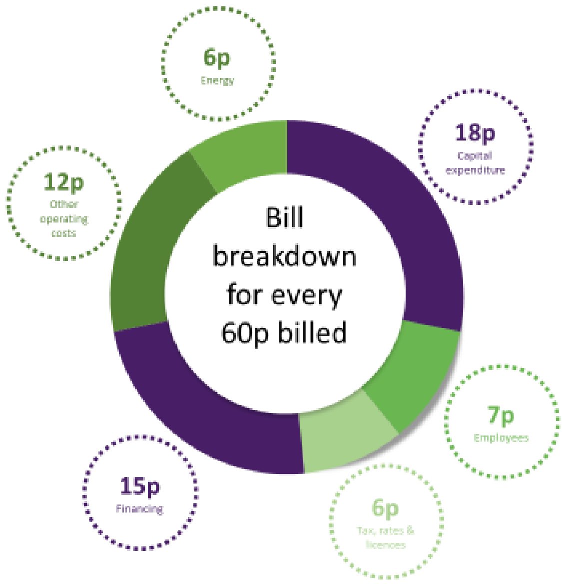
Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.



Company performance against the industry average (a lower percentage is better)

Water and Sewage company	Performance against 3 year average
Bristol*	-42%
Portsmouth*	-32%
SES Water*	-30%
Anglian	-29%
Southern	-27%
Cambridge*	-19%
South East*	-15%
Wessex	-9%
Northumbrian and Essex & Suffolk*	-4%
South West	-4%
Affinity*	-4%
Dŵr Cymru Welsh Water	-1%
South Staffs *	+/-0%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dyfrdwy	+16%
Thames	+35%

What the money from customers bills pays for



Part 3

SES Water's proposed Business Plan for 2025 to 2030

Provide you with high quality water from sustainable sources

- Continue to meet the highest quality standards by maintaining and investing in our water treatment works
- Work with farmers to stop nitrates and pesticides from entering our water sources
- Replace lead pipes that supply schools and nurseries
- Confirm where we need to reduce how much water we take from the environment to protect the chalk streams in our area

Deliver a resilient water supply from source to tap

- Reduce leakage by 30% (from 2017/18 levels)
- Use our smart network to help us find and fix leaks more quickly
- Use smart meters to find leaks on customers' pipes and help fix them
- Manage the pressure in our water mains so less water is lost
- This investment will also help us reduce supply interruptions and main bursts

Help you reduce your water footprint and charge a fair price

- Reduce our customers' water consumption by 20 litres to 131 litres per person per day
- Provide smart meters to households and businesses
- Use data from smart meters to help us provide customers with help and advice, targeting higher users
- Expand the impact of our education programme to embed the importance of water saving
- Develop our social tariff to help people struggling to pay

Improve the environment and have a positive impact on our local area

- Invest in schemes required by law to protect wildlife
- Work with partners to enhance the River Eden and make our water supplies more resilient
- Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs
- Continue to improve biodiversity on 70% of the land we own
- Make more of our land accessible to the community

16. Areas of Investment

The average SES Water bill will be, on average, **9.9%** more per year between 2025 and 2030 if we deliver all the investments in our **preferred plan,** than in 2025

- 6.3% is to meet the higher standards required by law and regulation (black)
- 3.6% is to improve our performance over and above this (white) which are optional

The average combined bill when Thames Water's wastewater services are included will rise by **41.2% per year** (on average) between 2025 and 2030.

£ **Must do** – These are investments that SES must make.

£ **Preferred plan i.e. could do** – These are discretionary investments. SES proposes these to achieve additional benefits for customers and the environment.

Provide you with high-quality water from sustainable sources

- +0.72% – Installation of UV treatment to protect water quality from contamination
- +0.40% – Combat nitrates and pesticides entering our water sources and protect living species in water sources
- +0.19% – Investigations into the environmental impact of existing abstractions
- +0.66% – Replacement of lead pipes within schools and nurseries by 2030

Deliver a resilient water supply from source to tap

- +0.34% – Work to make our water treatment works more secure
- +1.81% – Investing in reducing leakage by finding and fixing more leaks
- +0.75% – Schemes aimed at protecting sites from flooding and power outages
- +0.18% – Extra investment to reduce leakage

Help you reduce your water footprint and charge a fair price

- +2.88% – Smart meters provided to 112,000 homes and businesses
- +1.36% – Smart meters provided to a further 80,000 homes and businesses
- +0.45% – Extra water efficiency support for customers

Improve environment and have a positive impact on local area

- +0.04% – Enhancing the environment, increasing resilience and biodiversity on the River Eden
- +0.06% – Work to enhance biodiversity on 70% of the land SES owns through improved land management

Figures shown do not include inflation

7.1.4 HH in vulnerable circumstance Pre-task

Pre-task reading for SES Water research

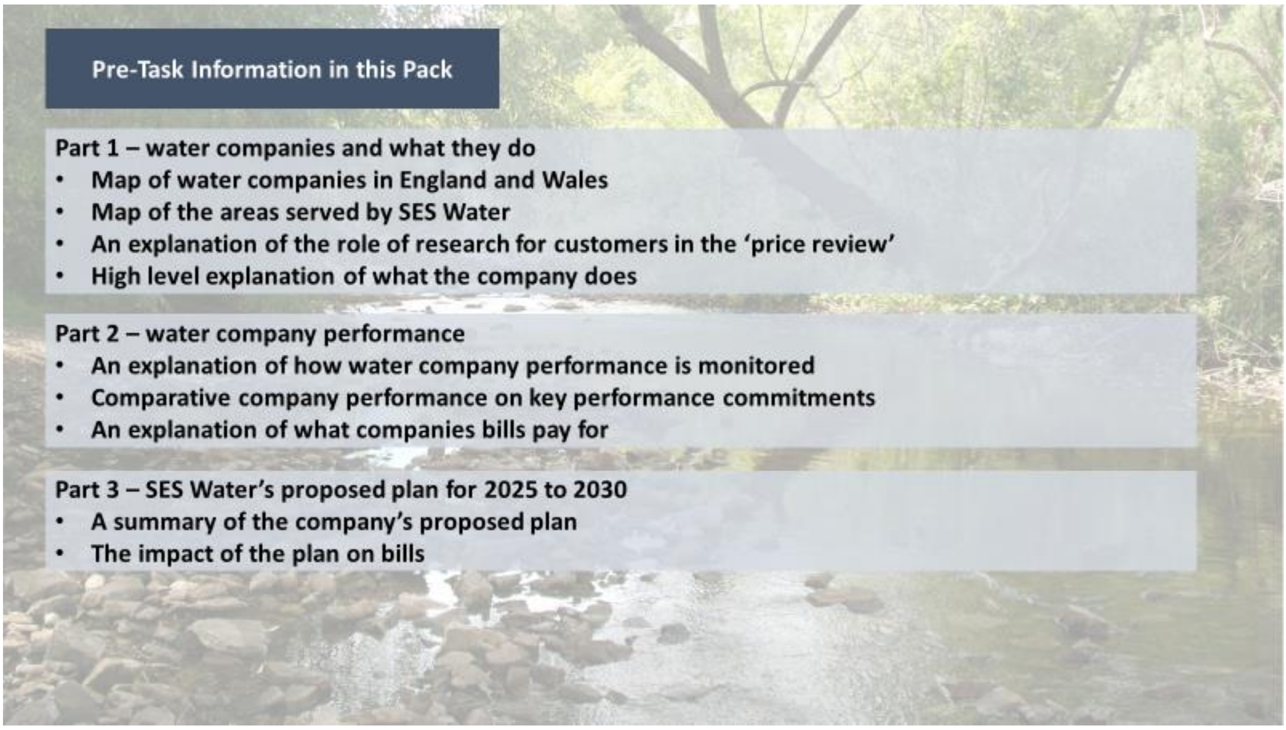
SES WATER

Introduction

Thank you for agreeing to participate in the upcoming focus group on behalf of SES Water.

We are Impact, an independent market research agency. SES Water has commissioned us to set-up and run this research and we will be present at all the online focus group sessions. We are very much looking forwards to hearing your views about water services over the coming weeks.

As mentioned, when we first contacted you about participating, there are also pre-task and post-task activities to complete relating to material that will be discussed in the online focus groups. Please have a browse through this information and think about each step as you read through. Please do not worry if you do not understand or remember all of the information as there will be a recap and time for questions at the outset of the discussion during the focus group. This pre-task should take no more than 10 minutes to complete.



Part 1

Water companies and what they do

Water companies in England and Wales

Water companies are regional: people have to receive water services from the company that covers where they live

- There are 11 water companies that provide **both water and sewerage services**
- There are also 5 companies that provide water services only **– SES Water is a water only company**
- Some households have two separate suppliers:
- e.g. people in SES Water's supply area receive ***water services from SES Water*** and ***sewerage services from Thames Water or Southern Water***

SES Water's supply area

- SES Water supply drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London
- Thames Water supply the wastewater services to the majority of our customers
- Southern Water supply the wastewater services to customers in the Kent area

The role of customers in a price review process

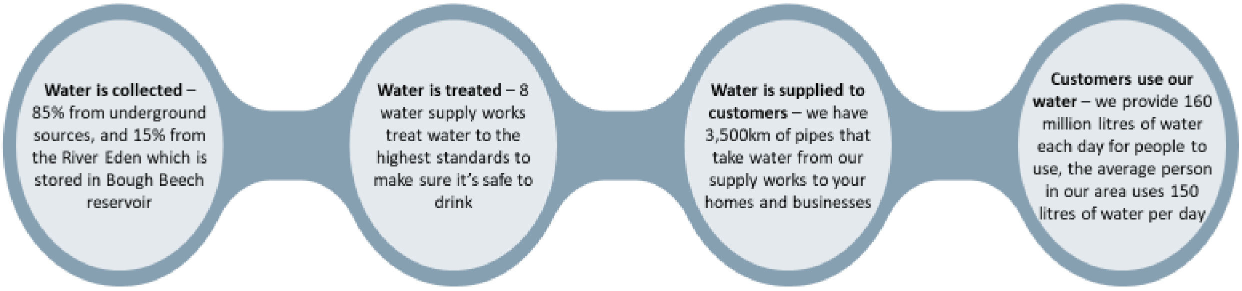
Every five years, water companies develop a ‘business plan’ that sets out how they want to develop their services, and the proposed cost to customers. As customers are not able to choose their water company, water companies must give them a say about what they want from their services and the price they 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.

What SES Water do

Water supply (SES Water):



Wastewater service (Thames Water)

- **Wastewater is removed –** wastewater is taken away from homes through a network of sewers and pumping stations
- **Wastewater is treated –** wastewater treatment works clean the wastewater so that it can be safely returned to the environment

- **Customers are billed –** we bill customers for our water supply service and provide the bills on behalf of Thames Water for their wastewater service (if you are a Southern Water wastewater customer you will receive two bills)

How water companies are monitored

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.

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.

Ofwat

How water companies are monitored continued…

As part of their responsibility to provide clean and safe water to households and businesses, regulators set targets and performance standards for UK water companies. Outcome Delivery Incentives (ODIs) are a part of this framework and act as a system of financial rewards and penalties that are placed to encourage water companies to perform beyond their committed levels of service in order to benefit customers, the environment, and improve overall service.

For example:

A water company will set a target to reduce water leakage in their network by a certain percentage over a specific time period.

The company **exceeds this target** and is able to reduce water leakage

The company is given **a financial reward** by Ofwat, and **customers pay more** on their bills due to **improvements made in areas that are important to customers**

The company **fails to meet this target** and is unable to reduce water leakage

The company is given a **financial penalty** by Ofwat, and **customers pay less** on their bills as **compensation for poorer service**

In 2021/22 SES Water **passed 17** and **failed 8** performance commitment targets, costing them a penalty of £0.3m (equating to a £1.30 decrease on the average household bill)

Part 2

We are now going to show you what SES Water do to help customers that need additional support and then where bill money is spent

What does SES do for their customers

HERE FOR YOU
Support when you need it most

SES remains committed to delivering excellent customer service that is able to meet the needs of all of our customers.
So what are we doing currently?

We carry out regular surveys with customers to understand how helpful our range of extra services are (both financial and non-financial). Last year 81% of customers who were on one of our extra services felt that they were helpful.

We also ask customers who aren't on them if they are aware of the support on offer. Currently, less than 40% of our customer base is aware of what is on offer, so we have more work to do. So what will we do?

- **Community engagement**

Our trained customer care team work in the community promoting the schemes and services on offer. This can be at community events, food banks, over 65 forums, family and children's centres as well as working with stakeholders and partners attending team briefings and open days.

We are also running research and have regular stakeholder sessions to ensure that the schemes design and access to it are suitable.

- **Trusted partnerships**

We have recently signed up our first trusted partner who will accept applications for our schemes on our behalf. Our new approach is intended to make the process of registering for our service and financial support schemes far simpler for our customers and this will also help increase awareness.

We'll work with the industry to share data about customers who require priority services with electricity and gas providers so that those that need extra help are identified and registered automatically with all their suppliers.

- **Promotion**

We will increase the communications we send out to our customers relating to the extra services on offer.

Financial support schemes

We offer a suite of schemes and discounts to support our customers who are struggling financially. Currently we have 20,100 households on one of these schemes and by the end of 2024 we will increase this to over 25,000. These schemes include:

Water Support

Water Support is a 50% bill reduction scheme funded by adding £6 to non-eligible customers' annual bills and underwritten by our shareholders who cover the remaining balance in excess of our customer contributions. Customers' eligibility for the scheme is based on their yearly gross household income. Less than £17,005 before any deductions, if they don't live in a London borough (£21,749 if they do live in a London borough).

Breathing Space

A way to pause payments for customers who need help getting back on their feet if they have experienced a change in certain personal circumstances that has had an unexpected negative impact on income; such as illness, redundancy or bereavement. We will pause payments for up to 3 months.

Direct Water Payments (third-party deductions)

Customers in receipt of certain benefits and have over £50.00 of debit on their account can combine their yearly bill with any other bill arrears into one weekly payment. This payment goes straight from their benefits. Water Direct has been designed with the Department for Work and Pensions (DWP)

Water Sure

A capped tariff for metered customers so they pay whichever bill is lower – the one based on their actual usage, or an average household bill. To qualify for this tariff customers need to be in receipt of certain benefits and have 3 children under 19 living with them or be suffering from or receiving treatment for a qualifying medical condition which means they need to use more water

For those customers who do not meet the qualifying criteria for our financial support schemes we offer flexible repayment plans. We are always willing to look at repayment of debt on an individual basis, depending on our customers financial situation.

Non-financial support schemes

Priority Services Register (PSR)

The PSR is free to join. It helps utility companies like us look after customers who have health, access or extra communication needs and helps us tailor our services to support households who need extra help.

The PSR includes a range of additional services we offer to make managing your account as easy as possible. We also offer extra support in the event of a water supply emergency. They include:

- Individual notification in emergencies
- Braille, large print and audio/CD services
- Text Relay Service
- Home dialysis users and patients convalescing at home
- Password scheme to protect from bogus callers
- Nominated correspondent to speak on your behalf
- Financial assistance depending on different eligibility criteria

Currently we have 20,500 customers on the PSR scheme and anticipate that by the end of 2024 this will have grown to 25,000.

Recite me Accessibility and Language toolbar

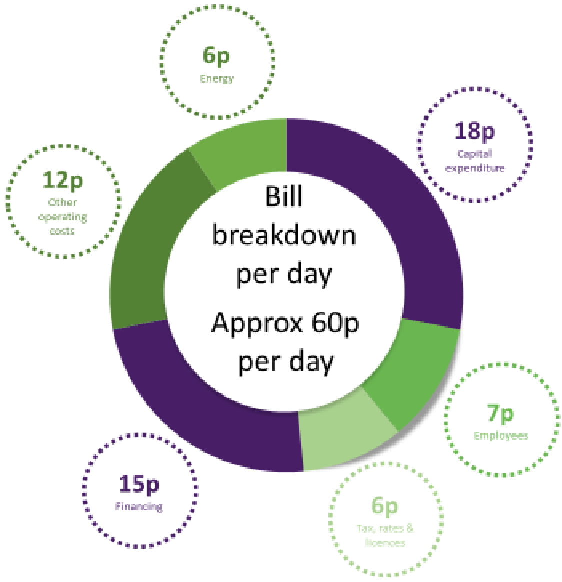
This tool allows customers to change the accessibility settings to help you get the most out of our website. It includes options to adjust the ruler, screen mask, magnifier, margins and a dictionary. The toolbar also quickly and easily translates all our web content into over 100 languages, including 35 text to speech voices.

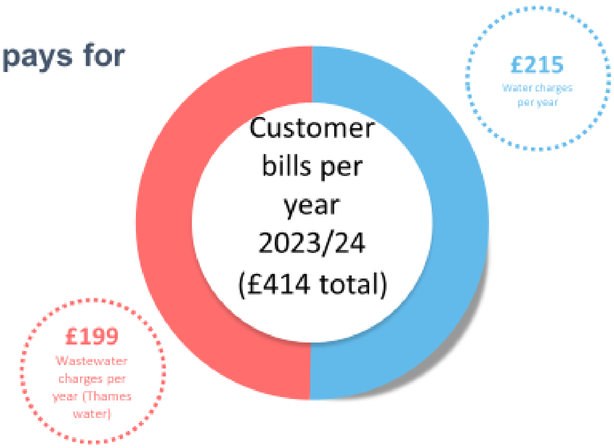
Over 600 customers a month use this tool to help them navigate our website.

Bereavement life ledger

We have partnered with LifeLedger a free service that allows customers to close, freeze, switch or transfer billing and service related accounts following a bereavement quickly and easily and from one place.

What the money from customer bills pays for





Our average bill today is **£215 per year – just over 60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

Part 3

SES Water's proposed Business Plan for 2025 to 2030

Provide you with high quality water from sustainable sources

- Continue to meet the highest quality standards by maintaining and investing in our water treatment works
- Work with farmers to stop nitrates and pesticides from entering our water sources
- Replace lead pipes that supply schools and nurseries
- Confirm where we need to reduce how much water we take from the environment to protect the chalk streams in our area

Deliver a resilient water supply from source to tap

- Reduce leakage by 30% (from 2017/18 levels)
- Use our smart network to help us find and fix leaks more quickly
- Use smart meters to find leaks on customers' pipes and help fix them
- Manage the pressure in our water mains so less water is lost
- This investment will also help us reduce supply interruptions and main bursts

Help you reduce your water footprint and charge a fair price

- Reduce our customers' water consumption by 20 litres to 131 litres per person per day
- Provide smart meters to households and businesses
- Use data from smart meters to help us provide customers with help and advice, targeting higher users
- Expand the impact of our education programme to embed the importance of water saving
- Develop our social tariff to help people struggling to pay

Improve the environment and have a positive impact on our local area

- Invest in schemes required by law to protect wildlife
- Work with partners to enhance the River Eden and make our water supplies more resilient
- Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs
- Continue to improve biodiversity on 70% of the land we own
- Make more of our land accessible to the community

Areas of Investment

The average SES Water bill will be, on average, **£19** more per year between 2025 and 2030 if we deliver all the investments in our **preferred plan,** than in 2025

- £12 is to meet the higher standards required by law and regulation (black)
- £7 is to improve our performance over and above this (white) which are optional

The average combined bill when Thames Water's wastewater services are included will rise by **£79 per year** (on average) between 2025 and 2030.

£ **Must do**	These are investments that SES must make.
£ **Preferred plan i.e., could do**	These are discretionary investments. SES proposes these to achieve additional benefits for customers and the environment.

Area	Investment	Cost	Type
Provide you with high-quality water from sustainable sources	Installation of UV treatment to protect water quality from contamination	+£1.38	Must do
	Address nitrates and pesticides entering our water sources and protect living species in water sources	+£0.77	Must do
	Investigations into the environmental impact of existing abstractions	+£0.37	Must do
	Replacement of lead pipes within schools and nurseries by 2030	+1.26	Preferred plan
Deliver a resilient water supply from source to tap	Work to make our water treatment works more secure	+£0.66	Must do
	Investing in reducing leakage by finding and fixing more leaks	+£3.47	Must do
	Schemes aimed at protecting sites from flooding and power outages	+£1.43	Preferred plan
	Extra investment to reduce leakage	+£0.34	Preferred plan
Help you reduce your water footprint and charge a fair price	Smart meters provided to 112,000 homes and businesses	+£5.51	Must do
	Smart meters provided to a further 80,000 homes and businesses	+£2.61	Preferred plan
	Extra water efficiency support for customers	+£0.86	Preferred plan
Improve environment and have a positive impact on local area	Enhancing the environment, increasing resilience and biodiversity on the River Eden	+£0.07	Preferred plan
	Work to enhance biodiversity on 70% of the land SES owns through improved land management	+£0.11	Preferred plan

Figures shown do not include inflation

7.1.5 HH Deliberative event Discussion Guide

GROUP STRUCTURE (3 HOURS):

AREA OF DISCUSSION	TIME ALLOCATION
1. Moderator introductions	10 minutes
2. Respondents' introduction	5 minutes
3. Reactions to the recruitment process and pre-task	5 minutes
4. Introduction to SES Water	10 minutes
5. Recap on the pre-task information	20 minutes
6. Comfort break	5 minutes
7. Long term picture to 2050	15 minutes
8. Household finances and the cost-of-living crisis	10 minutes
9. Overall commitments	20 minutes
10. Deep dive into different areas	75 minutes
11. Wrap up	5 minutes

Moderator introduction (10 minutes):

- Moderator Introduce yourself
- Explain that the research is part of a study being conducted on behalf of SES Water, who are responsible for operating and maintaining the drinking water network (not the waste water system) in your region.
- The purpose of this discussion is to understand your views and perceptions on SES Water including its performance and the water bills you/your organisation pays for the services it provides in the future. The company will be using your feedback to help **develop their business plan for 2025-2030.**
- Confidentiality is guaranteed, no right/wrong answers, interested in everybody's opinions, in as much detail as possible. **All suggestions are welcome.**
- The discussion will last around **3 hours, including breaks!**
- Explain the moderator's role and set out 'rules' (speak loudly/ clearly/ not all together)
- Explain audio and video recording, and members of the Impact and SES team observing (name individuals)
- Any questions?

Respondents' introduction (5 minutes)

Respondents will be split into five pre-defined groups, one led by lead moderator and the other four by other members of the Impact team.

- Each respondent will be asked to introduce themselves to the group

Reactions to the recruitment process and pre-task (5 minutes):

- As a starting point, how did you find the recruitment process?
  - Was it easy to join the session?
- Did you think this was legitimate research?
  - If no, why not? What else could have been done to reassure you?
- Did you have any concerns about joining?
  - What were they?
- Were you able to complete the pre-task?
  - How did you find it?
  - Was it easy or difficult to read through?
- Is there anything in the material you read which was difficult to understand?
- What surprised you the 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 on SES Water in any way?
  - Probe on how

- Future customers: Did you have knowledge on SES Water before reading the pre-task?
  - What interested you most?
  - Did it raise any queries about how the water industry works?
- What is it you are looking for from a water supplier?
  - How will this change when you come to paying bills?

Introduction to SES Water (10 minutes):

- Had you heard of SES Water before completing the pre-task?
- Is anyone aware what SES does and the role they play?

Moderator: Show stimulus slides 1, 2 and 3 to explain role of SES, ensuring to explain that SES is a water only company and that session will focus on water services.

- Has anyone ever had any contact with SES?

- When was this?
- What did you contact them about?

- What are your "top of mind" perceptions of SES?
- What do you think about the quality of the service you receive from SES. How would you rate the quality of service if asked on a scale of 1-5? Is it good or not?
    - Why or why not
- How do you think they compare to other water companies?
    - Has anyone been served by a different water company in the past? If so, any thoughts on what is different between them and SES? What is the same between them?

Recap on the pre-task information (20 minutes):

Moderator read out: Now we are going to briefly run though the information you were shown in the pre-task

Show slide 4: The role of customers, show video if needed

- Does that make sense to everyone?
- Was anyone aware of this? Have you seen a business plan from SES Water, or another water supplier before?

Show slides 5 and 6: How water companies are monitored

- Does that make sense to everyone?

Show slides 7-9: Performance levels

- Does that make sense to everyone?
- What are your initial thoughts on these industry comparisons?
    - Any surprises?
    - Any concerns – where they need to do better?
    - Has seeing these comparisons change how you feel about SES Water?
    - Anything else you would like to see performance comparisons on?

Show slide 10: Customer bills

- Does that make sense to everyone?
- Is the distinction between clean and waste water bills clear?

- What do you think about value for money – think about how much you pay and what value you get from your water services as a customer? How would you rate value for money if asked on a scale of 1-5? Do they offer good value for money or not?
    - Why or why not?
- Future customers: do you feel that amount of money is good value for the service provided?
    - How do you think that compares to other services provided?
    - Do you think the split between clean water and waste water is fair?
- How does VFM for water services compare to waste water services? Do you think it is right that they are approximately the same?
    - Should one be higher than the other?

Additional information for moderator, if required:

If respondents are getting confused with water and waste water, some examples of services completed by waste water provider are below:

- *Operate wastewater treatment works, where water is cleaned*
- *Release treated water back into lakes, rivers and seas*
- *Monitor rainwater going into sewers, ensure sewers don't overflow and cause flooding*

- Thinking about the pre-task information on the whole, which areas do you feel matter most to you?
    - Why is that?
- Imagine if you were responsible for assigning investments out towards these areas. Where do you think investment is most needed?

Comfort break (5 minutes)

Long-term picture to 2050 (15 minutes):

Moderator read out: SES Water have set out a number of ambitions, that would to have achieved by 2050. These have been set to face various challenges, which are as follows

Show slide 11 and 12:

- Were you aware of any of these challenges facing water supplies in the South East?
    - If so, which?
- Were there any that you weren't aware of?

- Are you surprised by any these challenges and their scale?
- What role do you think technology could play in the future?

Show slide 13: Long term ambitions

- What are your initial thoughts on these long-term ambitions?
- Do you feel they go far enough?
    - Why? What more could they do?
- Are there any areas that you feel are missing?
- How do you think these targets should be phased across the next 25 years?
    - Should some be done before 2050? If so, which?
    - Are some less of a priority?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

Household finances and the cost-of-living crisis (10 minutes):

Moderator read out: Before we move on to further conversations about SES Water and their business plan, we just wanted to quickly touch on the cost-of-ling crisis, and its impact on you. The cost of living started to become a problem for greater numbers of people during the COVID-19 pandemic in 2020-2021, and has been made worse by rising costs in almost every essential sector including energy, food, petrol and other everyday essentials. Average wages are not increasing in line with the rising costs, mortgage rates have increased and many are still recovering from the impacts of the pandemic on their businesses.

- Has the cost-of-living crisis affected you?
    - How?
    - When did you start to feel an impact?
        - Was this after a certain event?

        - Why do you think this is?
- Have you made any changes to the way your household/business is run as a result (focus on last 12 months especially)?
    - Have you stopped doing anything because of worrying about making ends meet?
    - Are the changes enough?
    - How has it affected your household making changes like this? Difficult? Easy?
- Do you worry about your future finances, say in the next 1-2 years? In what sense?
- Do you think it has impacted your ability to pay your water, or other utility bills?
    - How so?
- Future customers: Do you think it has impacted your ability to pay various bills, if you currently pay them?
- Do you plan to make any changes in future to reduce your spending?
    - What do you think these will be?

Overall commitments (20 minutes)

Moderator read out: We are now planning to build on the proposed business plan summary and comparative company data that you read about in the pre-task.

Show slide 10: Customer bills

Moderator read out: Average household clean water bills for 2022-2023 for SES are likely to increase by up to £19 from 2025. This is not to suggest that your own personal bill will increase by this much, just that on average bills will be going up. Once actual inflation and the rewards and penalties are built-in the bill level might change a little.

- What are your initial thoughts on this?

Moderator read out: In the pre-task, we showed you a short summary of the proposed plan for SES Water. Here are the things they would like to complete between 2025 and 2030.

Show slide 14

- What are your initial thoughts on these proposals? (Note they will be covered in more detail later on)

Moderator read out: These have been split out into commitments that SES Water are proposing to do and commitments that they must make, the ones they are required by law to deliver. The proposed commitments include all of the must-do elements, with further spend allocated to make additional improvements.

Show slide 15: Intro to two plans

Show slide 16: Areas of investment

Moderator read out: The final slide you were sent in the pre-task divided these up, the commitments with a black background are those that SES must do, the ones with a white background are additional commitments SES are proposing. Here you can see the assigned bill value for each of the different commitments

- What are your initial thoughts on the split between must do and proposed?
- And the values assigned to each?

Show slide 17 and 18: Bills from 2030

Moderator read out: As we mentioned earlier, once actual inflation has been taken into account, the overall bill level may be different. Here is the difference in overall cost between the must do and preferred plan, both as a clean water bill only and a combined water and waste water bill.

- What are your initial thoughts on this?

Show slide 19: Phasing investment

Moderator read out: In addition, the way that SES deliver against the commitments could be phased in different ways, in the lead up to 2050. These are three examples, with dummy data, of ways this could happen. Please keep these in mind when answering questions in the next section.

Deep dive into different areas (75 minutes)

Moderator read out: Now we will look at each of the areas specifically. First of all, providing high quality water from sustainable sources. Before we talk about this in detail, we wanted to just share some information on WINEP. WINEP is the Water Industry National Environment Program.

Show slide 20: WINEP

- Does that all make sense for customers?

Moderator read out: Let us just remind you how SES are doing in terms of Taste, smell and appearance of water.

Show slide 8: Taste, smell and appearance of water

Show slide 21: Provide you with high quality water from sustainable sources

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

- **Specifically looking at the commitment around lead pipes, how important is it for SES Water to deliver against this target?**

Show slide 22: Lead replacement

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?
- Future customers: Do you think you would be able to afford your water bills with these proposed increases?

Moderator read out: Next we are going to talk about delivering a resilient water supply from source to tap. Let us just remind you how SES are doing in water supply interruptions and leakage.

Show slide 7: Water supply interruptions and slide 9: Reducing leaks

Show slide 23: Deliver a resilient water supply from source to tap

Additional information for moderator, if required:

- *Resilience of supplies*
  - *Schemes driven by legal SEMD (security) requirements – must do (£1.5m)*
  - *Schemes that are aiming to protect sites from climate change and power outage risks – this is a choice (£5m)*
- *Supply interruptions – long term target is no interruptions by 2050*
  - *Already among best in the industry and outperforming our target. Plan is to at least maintain that level of service – no extra investment required*
  - *We will get indirect benefits from our investment in leakage that will contribute to minimising supply interruptions*
- *Leakage – long-term target is to achieve 50% reduction in leakage by 2040 ahead of the Government's target*
  - *Investment to reduce leakage through smart technology, finding and fixing leaks more quickly, replacing old water mains and pressure management. The faster roll out of smart meters will help reduce leakage quicker*
  - *Additional suggestion for leakage to be reduced further by pressure management*

- What are your thoughts on these targets?
  - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

- First looking at the commitment around supply interruption, do you think this is an acceptable target?

Show slide 24: Supply interruptions

- **Moving on to, the commitment of protecting the water treatment works, how important is it for SES Water to deliver against the second target?**

Show slide 25: Resilience

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- **Next, looking at the second commitment, leakage reduction, how important is it for SES Water to deliver against the second target?**

Show slide 26 and 27: Leakage reduction

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**
- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?

- Are these proposals for bill increases acceptable?
- Future customers: Do you think you would be able to afford your water bills with these proposed increases?

Moderator read out: Next we are going to talk about helping you reduce your water footprint and charge a fair price. We have some further information on how SES Water are performing in this rea.

Show slide 28: PPC performance chart

Show slide 29: Help you reduce your water footprint and charge a fair price

Additional information for moderator, if required:

Smart meters allow for easy real-time monitoring of water usage within the home helping customers to understand how they are using water consumption, identify leaks, and help to improve water efficiency.

Using a smart meter also helps your water company to be able to make more informed decisions regarding the identification of peak water usage times, analysis of patterns of water consumption, and areas where water conservation is needed. In addition, it will allow SES to work closer and better with its customers to provide targeted help and advice, based on data provided by the smart meter.

In addition, SES Water has a social tariff that provides a discount to customers that have financial difficulties. There is also another tariff Water Sure that is for customers who are high users of water (medical reasons / large families) who have a meter

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

Show slide 30: Smart meters

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?
- Future customers: Do you think you would be able to afford your water bills with these proposed increases?

Moderator read out: Finally, we're going to talk about improving the environment and having a positive impact on our local area.

Show slide 31: Improve the environment and have a positive impact on our local area

Additional information for moderator, if required:

These commitments go beyond what is mandated by law in WINEP (mentioned above), but SES Water wants to progress as they have multiple environmental and resilience benefits.

There is a long-term Government target to increase biodiversity so SES would be contributing to this

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

Show slide 32: Environmental enhancements

- **Now you have seen this information, have your thoughts changed at all?**

- Do you think this is an important area for SES to focus on?

- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
  - Are they fairly costed?
  - Would you expect them to cost more, less?
  -
- How do you think these targets should be phased across the next 5 years?
  - Should some be achieved before 2030? If so, which?
  - Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?
- Future customers: Do you think you would be able to afford your water bills with these proposed increases?

Wrap-up (5 minutes):

Moderator read out:

Thank you for your time today, we'd just like to re-cap the key points from today's session

- Are there any key learnings SES could take out of the session today?

Introduce post-task, mention it will be sent out shortly and will need to be completed before the full incentive can be given, this will consist of a short task of around 5 minutes

7.1.6 NHH Deliberative event Discussion Guide

GROUP STRUCTURE (3 HOURS):

AREA OF DISCUSSION	TIME ALLOCATION
1. Moderator introductions	10 minutes
2. Respondents' introduction	5 minutes
3. Reactions to the recruitment process and pre-task	5 minutes
4. Introduction to SES Water	10 minutes
5. Recap on the pre-task information	20 minutes
6. Comfort break	5 minutes
7. Long term picture to 2050	15 minutes
8. Business finances and the cost-of-living crisis	10 minutes
9. Overall commitments	20 minutes
10. Deep dive into different areas	75 minutes
11. Wrap up	5 minutes

Moderator introduction (10 minutes):

- Moderator Introduce yourself
- Explain that the research is part of a study being conducted on behalf of SES Water, who are responsible for operating and maintaining the drinking water network (not the waste water system) in your region.
- The purpose of this discussion is to understand your views and perceptions on SES Water including its performance and the water bills you/your organisation pays for the services it provides in the future. The company will be using your feedback to help **develop their business plan for 2025-2030.**
- Confidentiality is guaranteed, no right/wrong answers, interested in everybody's opinions, in as much detail as possible. **All suggestions are welcome.**
- The discussion will last around **3 hours, including breaks!**
- Explain the moderator's role and set out 'rules' (speak loudly/ clearly/ not all together)
- Explain audio and video recording, and members of the Impact and SES team observing (name individuals)
- Any questions?

Respondents' introduction (5 minutes)

Respondents will be split into two pre-defined groups, one led by lead moderator and other by another member of the Impact team.

- Each respondent will be asked to introduce themselves, explain their role within the business they work for and how much their business spends on water

Reactions to the recruitment process and pre-task (5 minutes):

- As a starting point, how did you find the recruitment process?
  - Was it easy to join the session?
- Did you think this was legitimate research?
  - If no, why not? What else could have been done to reassure you?
- Did you have any concerns about joining?
  - What were they?
- Were you able to complete the pre-task?
  - How did you find it?
  - Was it easy or difficult to read through?
- Is there anything in the material you read which was difficult to understand?
- What surprised you the 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 on SES Water in any way?
  - Probe on how

Introduction to SES Water (10 minutes):

- Had you heard of SES Water before completing the pre-task?
- Is anyone aware what SES does and the role they play?

Moderator: Show stimulus slides 1, 2 and 3 to explain role of SES, ensuring to explain that SES is a water only company and that session will focus on water services.

- Has anyone ever had any contact with SES?
  - When was this?
  - What did you contact them about?
- What are your “top of mind” perceptions of SES?

- What do you think about the quality of the service you receive from SES. How would you rate the quality of service if asked on a scale of 1-5? Is it good or not?
    - Why or why not
- How do you think they compare to other water companies?
    - Has anyone been served by a different water company in the past? If so, any thoughts on what is different between them and SES? What is the same between them?

Moderator: Show stimulus slides 40, how the retail market works

- Is this clear to everyone?
- Does anyone use a water retailer?
    - What experience have you had working with them?

Recap on the pre-task information (20 minutes):

Moderator read out: Now we are going to briefly run though the information you were shown in the pre-task

Show slide 4: The role of customers, show video if needed

- Does that make sense to everyone?
- Was anyone aware of this? Have you seen a business plan from SES Water, or another water supplier before?

Show slides 5 and 6: How water companies are monitored

- Does that make sense to everyone?

Show slides 7-9: Performance levels

- Does that make sense to everyone?
- What are your initial thoughts on these industry comparisons?
    - Any surprises?
    - Any concerns – where they need to do better?
    - Has seeing these comparisons change how you feel about SES Water?
    - Anything else you would like to see performance comparisons on?

Show slide 10: Domestic customer bills

Moderator explain this is just used for demonstration purposes, as it is based on a domestic customer bill, not a business.

- Does that make sense to everyone?
- Is the distinction between clean and waste water bills clear?
- What do you think about value for money – think about how much you pay and what value you get from your water services as a customer? How would you rate value for money if asked on a scale of 1-5? Do they offer good value for money or not?
    - Why or why not?
- How does VFM for water services compare to waste water services? Do you think it is right that they are approximately the same?
    - Should one be higher than the other?

Additional information for moderator, if required:

If respondents are getting confused with water and waste water, some examples of services completed by waste water provider are below:

- *Operate wastewater treatment works, where water is cleaned*
- *Release treated water back into lakes, rivers and seas*
- *Monitor rainwater going into sewers, ensure sewers don't overflow and cause flooding*

- Thinking about the pre-task information on the whole, which areas do you feel matter most to you as a business?
    - Why is that?
- Imagine if you were responsible for assigning investments out towards these areas. Where do you think investment is most needed?

Comfort break (5 minutes)

Long-term picture to 2050 (15 minutes):

Moderator read out: SES Water have set out a number of ambitions, that would to have achieved by 2050. These have been set to face various challenges, which are as follows

Show slide 11 and 12:

- Were you aware of any of these challenges facing water supplies in the South East?
    - If so, which?
- Were there any that you weren't aware of?
- Are you surprised by any these challenges and their scale?

- What role do you think technology could play in the future?

Show slide 13: Long term ambitions

- What are your initial thoughts on these long-term ambitions?
- Do you feel they go far enough?
    - Why? What more could they do?
- Are there any areas that you feel are missing?
- How do you think these targets should be phased across the next 25 years?
    - Should some be done before 2050? If so, which?
    - Are some less of a priority?

Business finances and the cost-of-living crisis (10 minutes):

Moderator read out: Before we move on to further conversations about SES Water and their business plan, we just wanted to quickly touch on the cost-of-living crisis, and its impact on you and your business. The cost of living started to become a problem for greater numbers of people during the COVID-19 pandemic in 2020-2021, and has been made worse by rising costs in almost every essential sector including energy, food, petrol and other everyday essentials. Average wages are not increasing in line with the rising costs, mortgage rates have increased and many are still recovering from the impacts of the pandemic on their businesses.

- Has the cost-of-living crisis affected you and your business?
    - How?
    - When did you start to feel an impact?
        - Was this after a certain event?
        - Why do you think this is?
- Have you made any changes to the way your business is run as a result (focus on last 12 months especially)?
    - How has it affected your business making changes like this? Difficult? Easy?
- Do you worry about your future finances, say in the next 1-2 years? In what sense?
- Do you think it has impacted your ability to pay your water, or other utility bills? Or other costs?
    - How so?

Overall commitments (20 minutes)

Moderator read out: We are now planning to build on the proposed business plan summary and comparative company data that you read about in the pre-task.

Show slide 10: Customer bills

Moderator read out: Average business clean water bills for 2022-2023 for SES are likely to increase by up to 9.9% from 2025. This is not to suggest that your own company's bill will increase by this much, just that on average bills will be going up. Once actual inflation and the rewards and penalties are built-in the bill level might change a little.

- What are your initial thoughts on this?

Moderator read out: In the pre-task, we showed you a short summary of the proposed plan for SES Water. Here are the things they would like to complete between 2025 and 2030.

Show slide 14

- What are your initial thoughts on these proposals? (Note they will be covered in more detail later on)

Moderator read out: These have been split out into commitments that SES Water are proposing to do and commitments that they must make, the ones they are required by law to deliver. The proposed commitments include all of the must-do elements, with further spend allocated to make additional improvements.

Show slide 15: Intro to two plans

Show slide 16: Areas of investment

Moderator read out: The final slide you were sent in the pre-task divided these up, the commitments with a black background are those that SES must do, the ones with a white background are additional commitments SES are proposing. Here you can see the assigned bill value for each of the different commitments

- What are your initial thoughts on the split between must do and proposed?
- And the values assigned to each?

Show slide 17 and 18: Bills from 2030

Moderator read out: As we mentioned earlier, once actual inflation has been taken into account, the overall bill level may be different. Here is the difference in overall cost between the must do and preferred plan, both as a clean water bill only and a combined water and waste water bill.

- What are your initial thoughts on this?

Show slide 19: Phasing investment

Moderator read out: In addition, the way that SES deliver against the commitments could be phased in different ways, in the lead up to 2050. These are three examples, with dummy data, of ways this could happen. Please keep these in mind when answering questions in the next section.

Deep dive into different areas (75 minutes)

Moderator read out: Now we will look at each of the areas specifically. First of all, providing high quality water from sustainable sources. Before we talk about this in detail, we wanted to just share some information on WINEP. WINEP is the Water Industry National Environment Program.

Show slide 20: WINEP

- Does that all make sense for customers?

Moderator read out: Let us just remind you how SES are doing in terms of Taste, smell and appearance of water.

Show slide 8: Taste, smell and appearance of water

Show slide 21: Provide you with high quality water from sustainable sources

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

- **Specifically looking at the commitment around lead pipes, how important is it for SES Water to deliver against this target?**

Show slide 22: Lead replacement

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?

- Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator read out: Next we are going to talk about delivering a resilient water supply from source to tap. Let us just remind you how SES are doing in water supply interruptions and leakage.

Show slide 7: Water supply interruptions and slide 9: Reducing leaks

Show slide 23: Deliver a resilient water supply from source to tap

Additional information for moderator, if required:

- *Resilience of supplies*
  - *Schemes driven by legal SEMD (security) requirements – must do (£1.5m)*
  - *Schemes that are aiming to protect sites from climate change and power outage risks – this is a choice (£5m)*
- *Supply interruptions – long term target is no interruptions by 2050*
  - *Already among best in the industry and outperforming our target. Plan is to at least maintain that level of service – no extra investment required*
  - *We will get indirect benefits from our investment in leakage that will contribute to minimising supply interruptions*
- *Leakage – long-term target is to achieve 50% reduction in leakage by 2040 ahead of the Government's target*
  - *Investment to reduce leakage through smart technology, finding and fixing leaks more quickly, replacing old water mains and pressure management. The faster roll out of smart meters will help reduce leakage quicker*
  - *Additional suggestion for leakage to be reduced further by pressure management*

- What are your thoughts on these targets?
  - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

- First looking at the commitment around supply interruption, do you think this is an acceptable target?

Show slide 24: Supply interruptions

- **Moving on to, the commitment of protecting the water treatment works, how important is it for SES Water to deliver against the second target?**

Show slide 25: Resilience

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- **Next, looking at the second commitment, leakage reduction, how important is it for SES Water to deliver against the second target?**

Show slide 26 and 27: Leakage reduction

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**
- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator allow a 10-minute comfort break after the second set of commitments.

Moderator read out: Next we are going to talk about helping you reduce your water footprint and charge a fair price. We have some further information on how SES Water are performing in this rea.

Show slide 28: PPC performance chart

Show slide 29: Help you reduce your water footprint and charge a fair price

Additional information for moderator, if required:

Smart meters allow for easy real-time monitoring of water usage within the home/business helping customers to understand how they are using water consumption, identify leaks, and help to improve water efficiency.

Using a smart meter also helps your water company to be able to make more informed decisions regarding the identification of peak water usage times, analysis of patterns of water consumption, and areas where water conservation is needed. In addition, it will allow SES to work closer and better with its customers to provide targeted help and advice, based on data provided by the smart meter.

In addition, SES Water has a social tariff that provides a discount to customers that have financial difficulties. There is also another tariff Water Sure that is for customers who are high users of water (medical reasons / large families) who have a meter

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

Show slide 30: Smart meters

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?

- Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator read out: Finally, we're going to talk about improving the environment and having a positive impact on our local area.

Show slide 31: Improve the environment and have a positive impact on our local area

Additional information for moderator, if required:

These commitments go beyond what is mandated by law in WINEP (mentioned above), but SES Water wants to progress as they have multiple environmental and resilience benefits.

There is a long-term Government target to increase biodiversity so SES would be contributing to this

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

Show slide 32: Environmental enhancements

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Wrap-up (5 minutes):

Moderator read out:

Thank you for your time today, we'd just like to re-cap the key points from today's session

- Are there any key learnings SES could take out of the session today?

Introduce post-task, mention it will be sent out shortly, this will consist of a short task of around 5 minutes

Thank and close.

7.1.7 HH in vulnerable circumstances Interview Guide

INTERVIEW STRUCTURE (45-60 MINUTES):

AREA OF DISCUSSION	TIME ALLOCATION
1. Introductions	2 minutes
2. Reactions to the recruitment process and pre-task	2 minutes
3. Introduction to SES Water	5 minutes
4. Recap on the pre-task information	5 minutes
5. Explore service needs and experiences of Priority Services and Social Tariffs	5 minutes
6. Household finances and the cost-of-living crisis	5 minutes
7. Focus on areas of support offered in upcoming business plan	5 minutes
8. Deep dive into different areas	15 minutes
9. Wrap up	1 minute

Moderator introduction (2 minutes):

- Moderator Introduce yourself
- Explain that the research is part of a study being conducted on behalf of SES Water, who are responsible for operating and maintaining the drinking water network (not the waste water system) in your region.
- The purpose of this discussion is to understand your views and perceptions on SES Water including its performance and the water bills you/your organisation pays for the services it provides in the future. The company will be using your feedback to help **develop their business plan for 2025-2030.**
- Confidentiality is guaranteed, no right/wrong answers, interested in everybody's opinions, in as much detail as possible. **All suggestions are welcome.**
- The interview will last around **45 minutes to an hour!**
- Explain the moderator's role and set out 'rules'
- Explain audio and video recording
- Any questions?

Respondents' introduction (2 minutes)

- Ask respondent to introduce themselves

Reactions to the recruitment process and pre-task (2 minutes):

- As a starting point, how did you find the recruitment process?

- Was it easy to join the session?
- Did you think this was legitimate research?
    - If no, why not? What else could have been done to reassure you?
- Did you have any concerns about joining?
    - What were they?
- Were you able to complete the pre-task?
    - How did you find it?
    - Was it easy or difficult to read through?
- Is there anything in the material you read which was difficult to understand?
- What surprised you the 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 on SES Water in any way?
    - Probe on how

Introduction to SES Water (5 minutes):

- Had you heard of SES Water before completing the pre-task?
- Were you aware of what SES does and the role they play?

Moderator: Show stimulus slides 1, 2 and 3 to explain role of SES, ensuring to explain that SES is a water only company and that session will focus on water services.

- Have you ever had any contact with SES?
    - When was this?
    - What did you contact them about?
- What are your "top of mind" perceptions of SES?
- What do you think about the quality of the service you receive from SES. How would you rate the quality of service if asked on a scale of 1-5? Is it good or not?
    - Why or why not
- How do you think they compare to other water companies?
    - Have you been served by a different water company in the past? If so, any thoughts on what is different between them and SES? What is the same between them?

Recap on the pre-task information (5 minutes):

Moderator read out: Now we are going to briefly run though the information you were shown in the pre-task

Show slide 4: The role of customers, show video if needed

- Does that make sense to everyone?
- Were you aware of this? Have you seen a business plan from SES Water, or another water supplier before?

Show slides 5 and 6: How water companies are monitored

- Does that make sense to everyone?

Show slide 10: Customer bills

- Does that make sense to everyone?
- Is the distinction between clean and waste water bills clear?
- What do you think about value for money – think about how much you pay and what value you get from your water services as a customer? How would you rate value for money if asked on a scale of 1-5? Do they offer good value for money or not?
    - Why or why not?
- How does VFM for water services compare to waste water services? Do you think it is right that they are approximately the same?
    - Should one be higher than the other?

Additional information for moderator, if required:

If respondents are getting confused with water and waste water, some examples of services completed by waste water provider are below:

- *Operate wastewater treatment works, where water is cleaned*
- *Release treated water back into lakes, rivers and seas*
- *Monitor rainwater going into sewers, ensure sewers don't overflow and cause flooding*

- Thinking about the pre-task information on the whole, which areas do you feel matter most to you?
    - Why is that?
- Imagine if you were responsible for assigning investments out towards these areas. Where do you think investment is most needed?

Explore service needs and experiences of Priority Services and Social Tariffs (5 minutes):

Moderator read out: SES Water have a number of services specifically aimed at those in most need of additional support.

Show slide 37:

- Thinking about the pre-task information concerning what SES Water provide as part of their Priority Services and Social Tariffs, did this information make sense?

        - Was there anything that wasn't clear?
- Were you aware of these support measures prior to reading the pre-task?
    - Have you spoken to SES Water regarding these services at all?
        - If no, why not?
- What sort of support would you like to see given by your water supplier?
    - How should this be delivered?
    - Is this support financial, or health related?

Household finances and the cost-of-living crisis (5 minutes):

Moderator read out: Before we move on to further conversations about SES Water and their business plan, we just wanted to quickly touch on the cost-of-ling crisis, and its impact on you. The cost of living started to become a problem for greater numbers of people during the COVID-19 pandemic in 2020-2021, and has been made worse by rising costs in almost every essential sector including energy, food, petrol and other everyday essentials. Average wages are not increasing in line with the rising costs, mortgage rates have increased and many are still recovering from the impacts of the pandemic on their businesses.

- Has the cost-of-living crisis affected you?
    - How?
    - When did you start to feel an impact?
        - Was this after a certain event?
        - Why do you think this is?
- Have you made any changes to the way your household/business is run as a result (focus on last 12 months especially)?
    - Have you stopped doing anything because of worrying about making ends meet?
    - Are the changes enough?
    - How has it affected your household making changes like this? Difficult? Easy?
- Do you worry about your future finances, say in the next 1-2 years? In what sense?
- Do you think it has impacted your ability to pay your water, or other utility bills?
    - How so?
- Do you plan to make any changes in future to reduce your spending?
    - What do you think these will be?

Focus on areas of support offered in upcoming business plan (5 minutes)

Moderator: Show slides 38 and 39 and read through different areas one by one

- What is your thought on what is offered?
    - Do you think the eligibility criteria is correct?
        - How would you change it?
    - How long do you think a customer should remain on the scheme before their eligibility audited?
        - It is currently 2 years, does that sound appropriate?
        - Are there any circumstances where a customer would be on them for life?
            - (e.g., in receipt of pension credit)
- Do you believe these proposals would help you or your family?
- Is there anything missing that you would expect to see?
- In terms of priority services and social tariffs how would SES rank in comparison to other companies? Think about support given for gas and electricity supply, for example.

Preferred plan (15 minutes)

Moderator read out: We are now planning to build on the proposed business plan summary and comparative company data that you read about in the pre-task.

Show slide 10: Customer bills

Moderator read out: Average household clean water bills for 2022-2023 for SES are likely to increase by up to £19 from 2025. This is not to suggest that your own personal bill will increase by this much, just that on average bills will be going up. Once actual inflation and the rewards and penalties are built-in the bill level might change a little.

- What are your initial thoughts on this?

Moderator read out: In the pre-task, we showed you a short summary of the proposed plan for SES Water. Here are the things they would like to complete between 2025 and 2030.

Show slide 12

- What are your initial thoughts on these proposals? (Note they will be covered in more detail later on)

Moderator read out: These have been split out into commitments that SES Water are proposing to do and commitments that they must make, the ones they are required by law to deliver. The proposed commitments include all of the must-do elements, with further spend allocated to make additional improvements.

Show slide 19: Intro to two plans

Show slide 20: Areas of investment

Moderator read out: The final slide you were sent in the pre-task divided these up, the commitments with a black background are those that SES must do, the ones with a white background are additional commitments SES are proposing. Here you can see the assigned bill value for each of the different commitments

- What are your initial thoughts on the split between must do and proposed?
- And the values assigned to each?

Show slide 21 and 22: Bills from 2030

Moderator read out: As we mentioned earlier, once actual inflation has been taken into account, the overall bill level may be different. Here is the difference in overall cost between the must do and preferred plan, both as a clean water bill only and a combined water and waste water bill.

- What are your initial thoughts on this?

Moderator read out: Now we will look at each of the areas specifically. First of all, providing high quality water from sustainable sources. Before we talk about this in detail, we wanted to just share some information on WINEP. WINEP is the Water Industry National Environment Program.

Show slide 24: WINEP

- Does that all make sense for customers?

Show slide 25: Provide you with high quality water from sustainable sources

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

- **Specifically looking at the commitment around lead pipes, how important is it for SES Water to deliver against this target?**

Show slide 26: Lead replacement

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?

- Are they fairly costed?
- Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
  - Should some be achieved before 2030? If so, which?
  - Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator read out: Next we are going to talk about delivering a resilient water supply from source to tap.

Show slide 27: Deliver a resilient water supply from source to tap

Additional information for moderator, if required:

- *Resilience of supplies*
  - *Schemes driven by legal SEMD (security) requirements – must do (£1.5m)*
  - *Schemes that are aiming to protect sites from climate change and power outage risks – this is a choice (£5m)*
- *Leakage – long-term target is to achieve 50% reduction in leakage by 2040 ahead of the Government's target*
  - *Investment to reduce leakage through smart technology, finding and fixing leaks more quickly, replacing old water mains and pressure management. The faster roll out of smart meters will help reduce leakage quicker*

- *Additional suggestion for leakage to be reduced further by pressure management*

- *Supply interruptions – long term target is no interruptions by 2050*
  - *Already among best in the industry and outperforming our target. Plan is to at least maintain that level of service – no extra investment required*
  - *We will get indirect benefits from our investment in leakage that will contribute to minimising supply interruptions*

- What are your thoughts on these targets?
  - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

- First looking at the commitment around supply interruption, do you think this is an acceptable target?

Show slide 28: Supply interruptions

- **Moving on to, the commitment of protecting the water treatment works, how important is it for SES Water to deliver against the second target?**

Show slide 29: Resilience

- **Now you have seen this information, have your thoughts changed at all?**
  - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- **Next, looking at the second commitment, leakage reduction, how important is it for SES Water to deliver against the second target?**

Show slide 30 and 31: Leakage reduction

- **Now you have seen this information, have your thoughts changed at all?**
  - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**
- What are your thoughts on the bill impacts for each of these?
  - Are they fairly costed?
  - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?

- Should some be achieved before 2030? If so, which?
- Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator allow a 10-minute comfort break after the second set of commitments.

Moderator read out: Next we are going to talk about helping you reduce your water footprint and charge a fair price.

Show slide 33: Help you reduce your water footprint and charge a fair price

Additional information for moderator, if required:

Smart meters allow for easy real-time monitoring of water usage within the home helping customers to understand how they are using water consumption, identify leaks, and help to improve water efficiency.

Using a smart meter also helps your water company to be able to make more informed decisions regarding the identification of peak water usage times, analysis of patterns of water consumption, and areas where water conservation is needed. In addition, it will allow SES to work closer and better with its customers to provide targeted help and advice, based on data provided by the smart meter.

In addition, SES Water has a social tariff that provides a discount to customers that have financial difficulties. There is also another tariff Water Sure that is for customers who are high users of water (medical reasons / large families) who have a meter

- What are your thoughts on these targets?

    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

Show slide 34: Smart meters

SES customers currently use on average 150 litres per person per day, gov target is 110 litres by 2050 and for businesses to reduce by 15%, smart meters allow us to provide more info on how much water is being used and where and can greatly help more targeted water efficiency support.

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator read out: Finally, we're going to talk about improving the environment and having a positive impact on our local area.

Show slide 35: Improve the environment and have a positive impact on our local area

Additional information for moderator, if required:

These commitments go beyond what is mandated by law in WINEP (mentioned above), but SES Water wants to progress as they have multiple environmental and resilience benefits.

There is a long-term Government target to increase biodiversity so SES would be contributing to this

- What are your thoughts on these targets?
  - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

Show slide 36: Environmental enhancements

- **Now you have seen this information, have your thoughts changed at all?**
  - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
  - Are they fairly costed?
  - Would you expect them to cost more, less?
  -
- How do you think these targets should be phased across the next 5 years?
  - Should some be achieved before 2030? If so, which?
  - Are some less of a priority?

Moderator: probe around the idea of intergenerational fairness, i.e., those in the future having equal and fair access to resources like previous generations have? And should customers be charged for it now, if it is customers of the future that are likely to see the benefits?

- Thinking specifically as a customer (i.e., the person that pays the water bill), which do you think are most important?
- Would this be different for a consumer (i.e., a user of the services, but not the bill payer)?
- What about a general citizen (i.e., someone thinking about the wider needs of society and the environment over the long term)?

- Would you be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Wrap-up (1 minute):

Moderator read out:

Thank you for your time today, we'd just like to re-cap the key points from today's session

- Are there any key learnings SES could take out of the session today?

Introduce post-task, mention it will be sent out shortly and will consist of a short task of around 5 minutes

Thank and close.

7.1.8 Large NHH interview guide

INTERVIEW STRUCTURE (45-60 MINUTES):

AREA OF DISCUSSION	TIME ALLOCATION
1. Introductions	2 minutes
2. Reactions to the recruitment process and pre-task	2 minutes
3. Introduction to SES Water	5 minutes
4. Recap on the pre-task information	5 minutes
5. Long term picture to 2050	5 minutes
6. Overall commitments	10 minutes
7. Deep dive into different areas	15 minutes
8. Wrap up	1 minute

Moderator introduction (2 minutes):

- Moderator Introduce yourself
- Explain that the research is part of a study being conducted on behalf of SES Water, who are responsible for operating and maintaining the drinking water network (not the waste water system) in your region.
- The purpose of this discussion is to understand your views and perceptions on SES Water including its performance and the water bills you/your organisation pays for the services it provides in the future. The company will be using your feedback to help **develop their business plan for 2025-2030.**
- Confidentiality is guaranteed, no right/wrong answers, interested in everybody's opinions, in as much detail as possible. **All suggestions are welcome.**
- The interview will last around **45 minutes to an hour!**
- Explain the moderator's role and set out 'rules'
- Explain audio and video recording
- Any questions?

Respondents' introduction (2 minutes)

- Each respondent will be asked to introduce themselves, explain their role within the business they work for and how much their business spends on water

Reactions to the recruitment process and pre-task (2 minutes):

- As a starting point, how did you find the recruitment process?
    - Was it easy to join the session?
- Did you think this was legitimate research?
    - If no, why not? What else could have been done to reassure you?
- Did you have any concerns about joining?
    - What were they?
- Were you able to complete the pre-task?
    - How did you find it?
    - Was it easy or difficult to read through?
- Is there anything in the material you read which was difficult to understand?
- What surprised you the 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 on SES Water in any way?
    - Probe on how

- Do you recall the question asking about which of the following is the most important for the day-to-day operations of the business? Which would you say were the most important?
    - 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

Introduction to SES Water (5 minutes):

- Had you heard of SES Water before completing the pre-task?
- Were you aware of what SES does and the role they play?

Moderator: Show stimulus slides 1, 2 and 3 to explain role of SES, ensuring to explain that SES is a water only company and that session will focus on water services.

- Have you ever had any contact with SES?
    - When was this?

- What did you contact them about?

- What are your "top of mind" perceptions of SES?
- What do you think about the quality of the service you receive from SES. How would you rate the quality of service if asked on a scale of 1-5? Is it good or not?
    - Why or why not
- How do you think they compare to other water companies?

Moderator: Show stimulus slides 40, how the retail market works

- Is this clear to everyone?
- Does anyone use a water retailer?
    - What experience have you had working with them?

Recap on the pre-task information (5 minutes):

Moderator read out: Now we are going to briefly run though the information you were shown in the pre-task

Show slide 4: The role of customers, show video if needed

- Does that make sense to everyone?
- Were you aware of this? Have you seen a business plan from SES Water, or another water supplier before?

Show slides 5 and 6: How water companies are monitored

- Does that make sense to everyone?

Show slides 7-9: Performance levels

- Does that make sense to everyone?
- What are your initial thoughts on these industry comparisons?
    - Any surprises?
    - Any concerns – where they need to do better?
    - Has seeing these comparisons change how you feel about SES Water?
    - Anything else you would like to see performance comparisons on?

Show slide 10: Domestic customer bills

Moderator explain this is just used for demonstration purposes, as it is based on a domestic customer bill, not a business.

- Does that make sense to everyone?
- Is the distinction between clean and waste water bills clear?
- What do you think about value for money – think about how much you pay and what value you get from your water services as a customer? How would you rate value for money if asked on a scale of 1-5? Do they offer good value for money or not?
  - Why or why not?
- How does VFM for water services compare to waste water services? Do you think it is right that they are approximately the same?
  - Should one be higher than the other?

Additional information for moderator, if required:

If respondents are getting confused with water and waste water, some examples of services completed by waste water provider are below:

- *Operate wastewater treatment works, where water is cleaned*
- *Release treated water back into lakes, rivers and seas*
- *Monitor rainwater going into sewers, ensure sewers don't overflow and cause flooding*

- Thinking about the pre-task information on the whole, which areas do you feel matter most to you?
  - Why is that?
- Imagine if you were responsible for assigning investments out towards these areas. Where do you think investment is most needed?

Long-term picture to 2050 (5 minutes):

Moderator read out: SES Water have set out a number of ambitions, that would to have achieved by 2050. These have been set to face various challenges, which are as follows

Show slide 11 and 12:

- Were you aware of any of these challenges facing water supplies in the South East?
  - If so, which?
- Were there any that you weren't aware of?
- Are you surprised by any these challenges and their scale?

- What role do you think technology could play in the future?

Show slide 13: Long term ambitions

- What are your initial thoughts on these long-term ambitions?
- Do you feel they go far enough?
    - Why? What more could they do?
- Are there any areas that you feel are missing?
- How do you think these targets should be phased across the next 25 years?
    - Should some be done before 2050? If so, which?
    - Are some less of a priority?

Overall commitments (10 minutes)

Moderator read out: We are now planning to build on the proposed business plan summary and comparative company data that you read about in the pre-task.

Show slide 10: Customer bills

Moderator read out: Average business clean water bills for 2022-2023 for SES are likely to increase by up to 9.9% from 2025. This is not to suggest that your own company's bill will increase by this much, just that on average bills will be going up. Once actual inflation and the rewards and penalties are built-in the bill level might change a little.

- What are your initial thoughts on this?

Moderator read out: In the pre-task, we showed you a short summary of the proposed plan for SES Water. Here are the things they would like to complete between 2025 and 2030.

Show slide 14

- What are your initial thoughts on these proposals? (Note they will be covered in more detail later on)

Moderator read out: These have been split out into commitments that SES Water are proposing to do and commitments that they must make, the ones they are required by law to deliver. The proposed commitments include all of the must-do elements, with further spend allocated to make additional improvements.

Show slide 15: Intro to two plans

Show slide 16: Areas of investment

Moderator read out: The final slide you were sent in the pre-task divided these up, the commitments with a black background are those that SES must do, the ones with a white background are additional commitments SES are proposing. Here you can see the assigned bill value for each of the different commitments

- What are your initial thoughts on the split between must do and proposed?
- And the values assigned to each?

Show slide 17 and 18: Bills from 2030

Moderator read out: As we mentioned earlier, once actual inflation has been taken into account, the overall bill level may be different. Here is the difference in overall cost between the must do and preferred plan, both as a clean water bill only and a combined water and waste water bill.

- What are your initial thoughts on this?

Show slide 19: Phasing investment

Moderator read out: In addition, the way that SES deliver against the commitments could be phased in different ways, in the lead up to 2050. These are three examples, with dummy data, of ways this could happen. Please keep these in mind when answering questions in the next section.

Deep dive into different areas (15 minutes)

MODERATOR: ENSURE FOCUS OF DISCUSSION IS AROUND THE AREAS THAT ARE MOST IMPORTANT TO EACH BUSINESS, INFORMATION COMING FROM PRE-TASK AND QUESITON AT THE END OF THE RE-CAP SECTION

Moderator read out: Now we will look at each of the areas specifically. First of all, providing high quality water from sustainable sources. Before we talk about this in detail, we wanted to just share some information on WINEP. WINEP is the Water Industry National Environment Program.

Show slide 20: WINEP

- Does that all make sense for customers?

Moderator read out: Let us just remind you how SES are doing in terms of Taste, smell and appearance of water.

Show slide 8: Taste, smell and appearance of water

Show slide 21: Provide you with high quality water from sustainable sources

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?

- How do you feel SES Water could meet these targets?

- **Specifically looking at the commitment around lead pipes, how important is it for SES Water to deliver against this target?**

Show slide 22: Lead replacement

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator read out: Next we are going to talk about delivering a resilient water supply from source to tap. Let us just remind you how SES are doing in water supply interruptions and leakage.

Show slide 7: Water supply interruptions and slide 9: Reducing leaks

Show slide 23: Deliver a resilient water supply from source to tap

Additional information for moderator, if required:

- *Resilience of supplies*
    - *Schemes driven by legal SEMD (security) requirements – must do (£1.5m)*

- *Schemes that are aiming to protect sites from climate change and power outage risks – this is a choice (£5m)*

- *Supply interruptions – long term target is no interruptions by 2050*
  - *Already among best in the industry and outperforming our target. Plan is to at least maintain that level of service – no extra investment required*
  - *We will get indirect benefits from our investment in leakage that will contribute to minimising supply interruptions*
- *Leakage – long-term target is to achieve 50% reduction in leakage by 2040 ahead of the Government's target*
  - *Investment to reduce leakage through smart technology, finding and fixing leaks more quickly, replacing old water mains and pressure management. The faster roll out of smart meters will help reduce leakage quicker*
  - *Additional suggestion for leakage to be reduced further by pressure management*

- What are your thoughts on these targets?
  - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

- First looking at the commitment around supply interruption, do you think this is an acceptable target?

Show slide 24: Supply interruptions

- **Moving on to, the commitment of protecting the water treatment works, how important is it for SES Water to deliver against the second target?**

Show slide 25: Resilience

- **Now you have seen this information, have your thoughts changed at all?**
  - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- **Next, looking at the second commitment, leakage reduction, how important is it for SES Water to deliver against the second target?**

Show slide 26 and 27: Leakage reduction

- **Now you have seen this information, have your thoughts changed at all?**
  - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**
- What are your thoughts on the bill impacts for each of these?
  - Are they fairly costed?
  - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
  - Should some be achieved before 2030? If so, which?
  - Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator read out: Next we are going to talk about helping you reduce your water footprint and charge a fair price. We have some further information on how SES Water are performing in this rea.

Show slide 28: PPC performance chart

Show slide 29: Help you reduce your water footprint and charge a fair price

Additional information for moderator, if required:

Smart meters allow for easy real-time monitoring of water usage within the home/business helping customers to understand how they are using water consumption, identify leaks, and help to improve water efficiency.

Using a smart meter also helps your water company to be able to make more informed decisions regarding the identification of peak water usage times, analysis of patterns of water consumption, and areas where water conservation is needed. In addition, it will allow SES to work closer and better with its customers to provide targeted help and advice, based on data provided by the smart meter.

In addition, SES Water has a social tariff that provides a discount to customers that have financial difficulties. There is also another tariff Water Sure that is for customers who are high users of water (medical reasons / large families) who have a meter

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?
- How do you feel SES Water could meet these targets?

Show slide 30: Smart meters

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Moderator read out: Finally, we're going to talk about improving the environment and having a positive impact on our local area.

Show slide 31: Improve the environment and have a positive impact on our local area

Additional information for moderator, if required:

These commitments go beyond what is mandated by law in WINEP (mentioned above), but SES Water wants to progress as they have multiple environmental and resilience benefits.

There is a long-term Government target to increase biodiversity so SES would be contributing to this

- What are your thoughts on these targets?
    - Do they go far enough? Would you expect to see them go further?

- How do you feel SES Water could meet these targets?

Show slide 32: Environmental enhancements

- **Now you have seen this information, have your thoughts changed at all?**
    - **Do you think this is an important area for SES to focus on?**
- **Is this an area that warrants investment above the mandatory target?**

- What are your thoughts on the bill impacts for each of these?
    - Are they fairly costed?
    - Would you expect them to cost more, less?

- How do you think these targets should be phased across the next 5 years?
    - Should some be achieved before 2030? If so, which?
    - Are some less of a priority?

- Would you and your business be able to afford the additional bill impact?
- Are these proposals for bill increases acceptable?

Wrap-up (1 minute):

Moderator read out:

Thank you for your time today, we'd just like to re-cap the key points from today's session

- Are there any key learnings SES could take out of the session today?

Introduce post-task, mention it will be sent out shortly and will consist of a short task of around 5 minutes

7.1.9 NHH Deliberative event stimulus

1. Water companies in England and Wales

Water companies are regional: people have to receive water services from the company that covers where they live

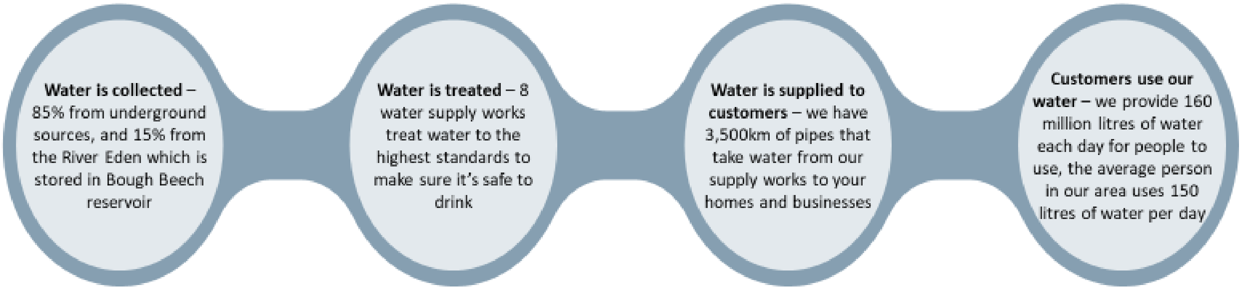
- There are 11 water companies that provide **both water and sewerage services**
- There are also 5 companies that provide water services only **– SES Water is a water only company**
- Some households have two separate suppliers:
- e.g. people in SES Water's supply area receive ***water services from SES Water*** and ***sewerage services from Thames Water or Southern Water***

2. SES Water's supply area

- SES supply drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London
- Thames Water supply the wastewater services to the majority of our customers
- Southern Water supply the wastewater services to customers in the Kent area

3. What SES Water do

Water supply (SES Water):



Wastewater service (Thames Water)

- **Wastewater is removed** – wastewater is taken away from homes through a network of sewers and pumping stations
- **Wastewater is treated** – wastewater treatment works clean the wastewater so that it can be safely returned to the environment

- **Customers are billed** – we bill customers for our water supply service and provide the bills on behalf of Thames Water for their wastewater service (if you are a Southern Water wastewater customer you will receive two bills)

4. The role of customers in a price review process

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.

5. How water companies are monitored

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.

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.

6. How water companies are monitored cont…

As part of their responsibility to provide clean and safe water to households and businesses, regulators set targets and performance standards for UK water companies. Outcome Delivery Incentives (ODIs) are a part of this framework and act as a system of financial rewards and penalties that are placed to encourage water companies to perform beyond their committed levels of service in order to benefit customers, the environment, and improve overall service.

For example:

A water company will set a target to reduce water leakage in their network by a certain percentage over a specific time period.

The company **exceeds this target** and is able to reduce water leakage beyond that percentage

The company is given **a financial reward** by Ofwat, and **customers pay more** on their bills due to **improvements made in areas that are important to customers**

The company **fails to meet this target** and is unable to reduce water leakage

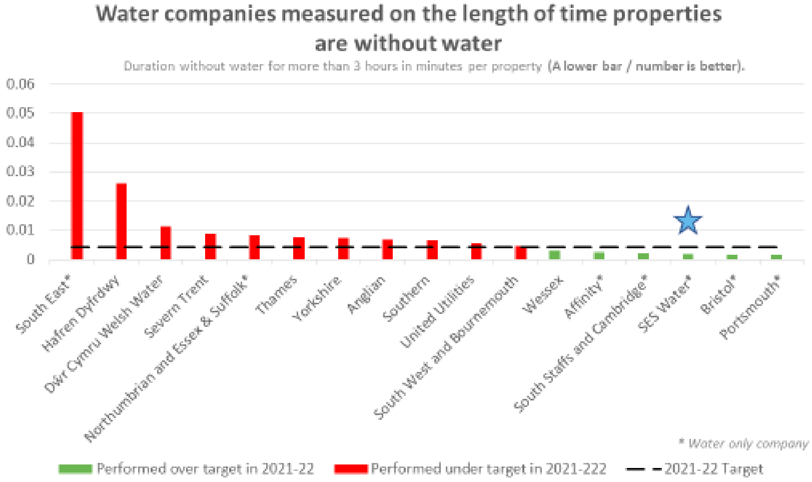
The company is given a **financial penalty** by Ofwat, and **customers pay less** on their bills as **compensation for poorer service**

Last year SES Water **passed 17** and **failed 8** performance commitment targets, costing them a penalty of £0.3m (equating to a £1.30 decrease on the average household bill)

7. Water supply interruptions

Water supply interruptions, without warning, for longer than 3 hours.

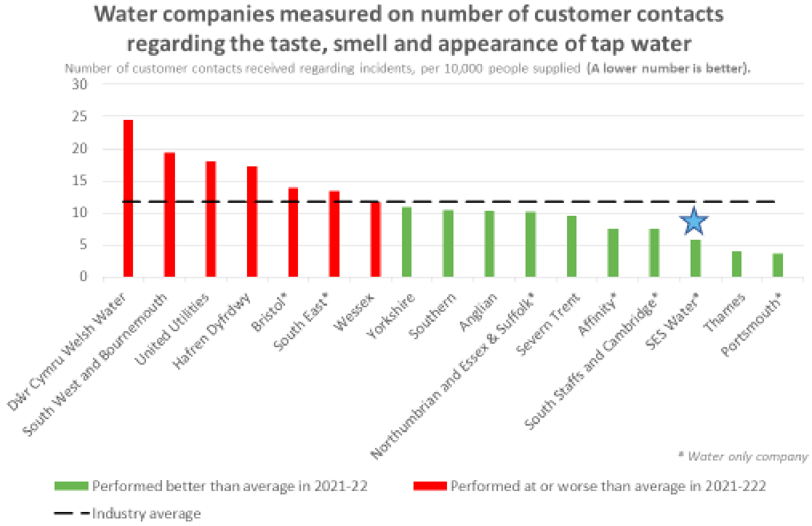
If a water supply is interrupted without warning for greater than 3 hours, it would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water.



Company performance against targets (a lower percentage is better)	
Water and Sewage company	**Performance against target**
Portsmouth*	-62%
Bristol*	-59%
SES Water*	-52%
South Staffs and Cambridge*	-47%
Affinity*	-39%
Wessex	-32%
South West	+11%
United Utilities	+30%
Southern	+53%
Anglian	+60%
Yorkshire	+73%
Thames	+80%
Northumbrian and Essex & Suffolk	+92%
Severn Trent	+106%
Dŵr Cymru Welsh Water	+164%
Hafren Dyfrdwy	+511%
South East*	+1083%

8. Taste, smell and appearance of water

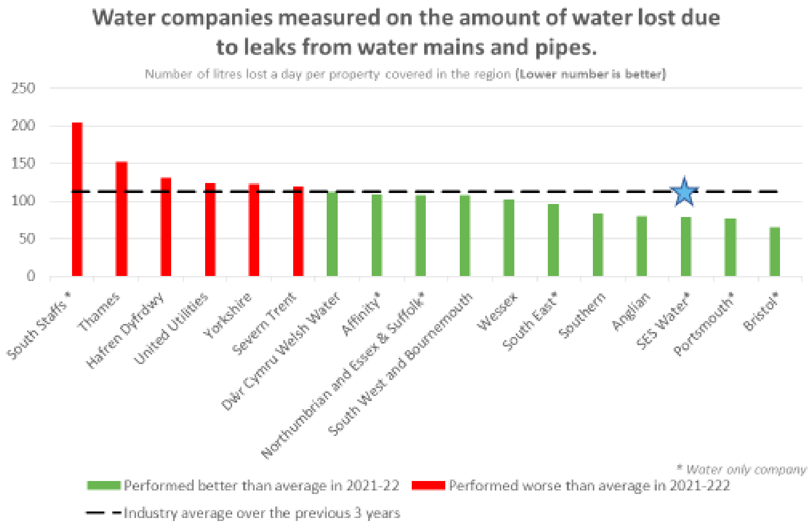
Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.



Company performance against industry average (A lower percentage is better)	
Water and Sewage company	**Performance against industry average**
Portsmouth*	-68%
Thames	-66%
SES Water*	-50%
Affinity*	-35%
South Staffs and Cambridge*	-35%
Severn Trent	-19%
Northumbrian and Essex & Suffolk*	-14%
Anglian	-12%
Southern	-11%
Yorkshire	-7%
Wessex	+/-0%
South East*	+15%
Bristol*	+19%
Hafren Dyfrdwy	+48%
United Utilities	+54%
South West and Bournemouth	+66%
Dŵr Cymru Welsh Water	+109%

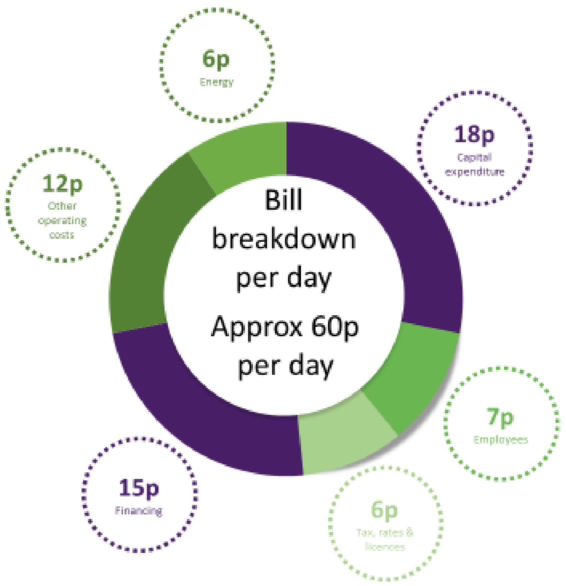
9. Reducing leaks

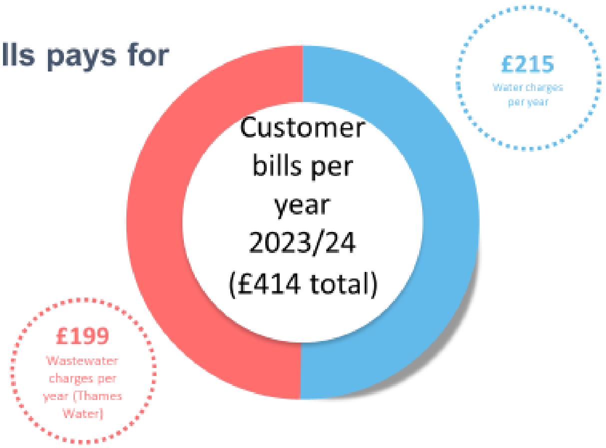
Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.



Company performance against the industry average (a lower percentage is better)	
Water and Sewage company	**Performance against 3 year average**
Bristol*	-42%
Portsmouth*	-32%
SES Water*	-30%
Anglian	-29%
Southern	-27%
South East*	-15%
Wessex	-9%
Northumbrian and Essex & Suffolk*	-4%
South West and Bournemouth	-4%
Affinity*	-4%
Dŵr Cymru Welsh Water	-1%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dyfrdwy	+16%
Thames	+35%
South Staffs & Cambridge*	+91%

10. What the money from customer bills pays for





Our average bill today is **£215 per year** – just over **60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

11. Company challenges

- South East England is classified by Government as being in serious water stress
- Climate change and a growing population = future shortfall in water supplies
- SES Water and its neighbouring companies rely on rivers and chalk streams to provide your water which are sensitive habitats which need to be protected
- Water companies will have to reduce how much water they take from some of their existing sources
- These sources will need to be replaced by
  - reducing leakage and water consumption
  - companies building new sources of water such as reservoirs and desalination plants
  - transferring more water between companies
- SES Water's **Water Resources Management Plan (WRMP)** sets out how the company will secure its water resources in the future and meet its legal obligations.

Potential regional shortfall in water – 1 billion litres per day by 2035

12. Company challenges

Climate change	New statutory requirements	Population growth	Economic factors
• Climate change means we could see hotter, drier summers and wetter winters • This could result in less water in the environment in summer, but more pressure on the water system in the winter. • There could be between 3 and 7.5 million litres less water available from our existing sources by 2050	• Improving the quality of the water sources we use • Protecting rivers and chalk streams – we may need to reduce how much water we take from our existing sources by up to 30 million litres per day • Reducing leakage by 50% by 2050 • Reducing household consumption to 110 litres per person per day by 2050 • Reducing non-household consumption by 15% by 2050	• As the population in the area increases, so does the demand for water • Current forecasts predict population growth of between 5 and 15% by 2050, resulting in between 2.6 and 9 million litres of water extra being needed each day	• Cost of living crisis is making some people's bills unaffordable • Investment to meet new statutory requirements and further improve service will cost more • Rising inflation will increase bills further

There are also opportunities……

- Advances in technology is changing how SES Water deliver their service – fully smart pipe network
- Smart meters will help detect more leaks and help customers manage their own consumption
- Other technological advances could help reduce leaks and supply interruptions further, reduce carbon emissions and help protect water quality

13. 2050 ambitions

Provide you with high quality water from sustainable sources

- To have always provided you with high-quality water that meets the highest standards
- To only use sources where we can take water without harming the environment

Deliver a resilient water supply from source to tap

- For our water supplies to be resilient to climate change – including severe droughts
- For no-one to have their water supply interrupted for more than 3 hours
- For less than 5% of water we produce to be leaked from our pipes and yours

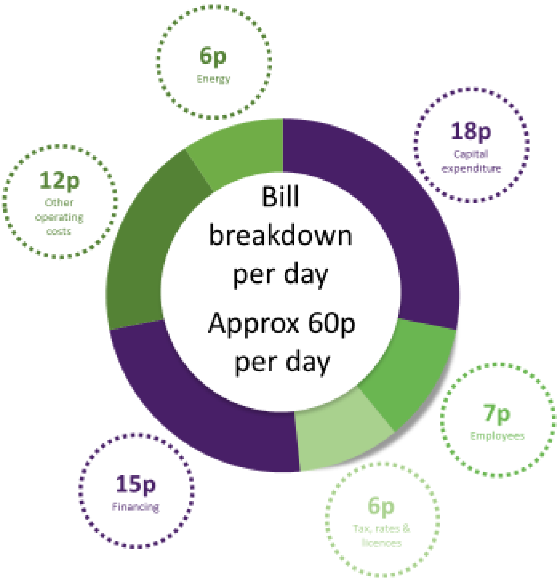
Help you reduce your water footprint and charge a fair price

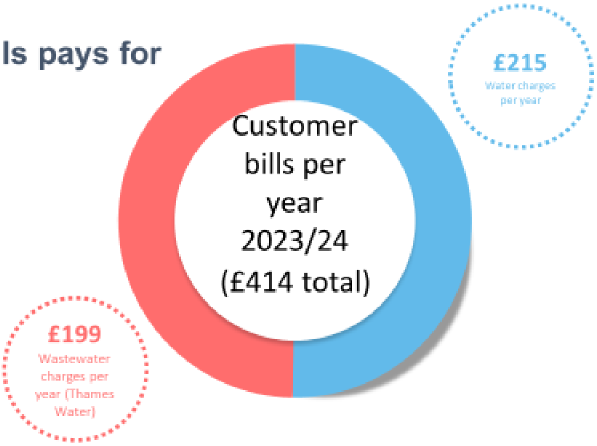
- To reduce household water consumption to 110 litres per person per day and business consumption by 15%
- To eliminate water poverty so no customers spend more than 5% of disposable income on water

Improve the environment and have a positive impact on our local area

- To achieve net zero carbon emission (operational and embedded carbon)
- To enhance the environment and increase biodiversity on our sites and areas we work by up to 50%

10. What the money from customer bills pays for





Our average bill today is **£215 per year** – just over **60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

Provide you with high quality water from sustainable sources

- Continue to meet the highest quality standards by maintaining and investing in our water treatment works
- Work with farmers to stop nitrates and pesticides from entering our water sources
- Replace lead pipes that supply schools and nurseries
- Confirm where we need to reduce our existing abstractions to protect and enhance the chalk streams in our area

Deliver a resilient water supply from source to tap

- Reduce leakage so only 9.5% of the water we supply is leaked - a 28% reduction since 2019/20
- Use our smart network to help us find and fix leaks more quickly
- Target the replacement of old water mains
- Use smart meters to find leaks on customers' pipes and plumbing and help fix them
- This investment will also help us to maintain and reduce supply interruptions and main bursts

Help you reduce your water footprint and charge a fair price

- Reduce our customers' water consumption by 20 litres to 131 litres per person per day
- Provide smart meters to households and businesses
- Use data from smart meters to help us provide customers with help and advice, targeting higher users
- Expand the impact of our education programme to embed the importance of water saving
- Develop our social tariff to help people struggling to pay

Improve the environment and have a positive impact on our local area

- Invest in schemes required by law to protect wildlife
- Work with partners to enhance the environment, increase resilience and improve biodiversity
- Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs
- Continue to improve biodiversity on 70% of the land we own
- Make more of our land accessible to the community

15. We will be showing you two plans

Preferred plan

- This is the water company's proposed plan and includes extra work over and above what they are required by law to provide extra benefits to customers, the environment and local communities

Must do plan

- This plan allows water companies to carry out the work that they are required to do by law
- This is also the least cost plan

16. Areas of Investment

£ **Must do** — These are investments that SES must make.

£ **Preferred plan i.e. could do** — These are discretionary investments. SES proposes these to achieve additional benefits for customers and the environment.

The average SES Water bill will be, on average, **£19** more per year between 2025 and 2030 if we deliver all the investments in our **preferred plan,** than in 2025

- £12 is to meet the higher standards required by law and regulation (black)
- £7 is to improve our performance over and above this (white) which are optional

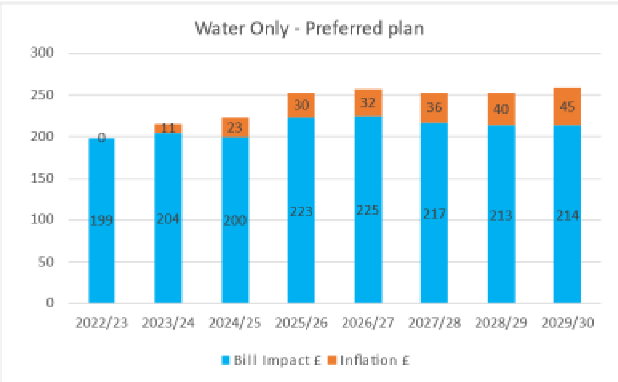
The average combined bill when Thames Water's wastewater services are included will rise by **£79 per year** (on average) between 2025 and 2030.

Area				
Provide you with high-quality water from sustainable sources	+1.38 Installation of UV treatment to protect water quality from contamination	+£0.77 Combat nitrates and pesticides entering our water sources and protect living species in water sources	+£0.37 Investigations into the environmental impact of existing abstractions	+1.26 Replacement of lead pipes within schools and nurseries by 2030
Deliver a resilient water supply from source to tap	+£0.66 Work to make our water treatment works more secure	+£3.47 Investing in reducing leakage by finding and fixing more leaks	+£1.43 Schemes aimed at protecting sites from flooding and power outages	+£0.34 Extra investment to reduce leakage
Help you reduce your water footprint and charge a fair price	+£5.51 Smart meters provided to 112,000 homes and businesses	+£2.61 Smart meters provided to a further 80,000 homes and businesses	+£0.86 Extra water efficiency support for customers	
Improve environment and have a positive impact on local area	+£0.07 Enhancing the environment, increasing resilience and biodiversity on the River Eden	+£0.11 Work to enhance biodiversity on 70% of the land SES owns through improved land management		

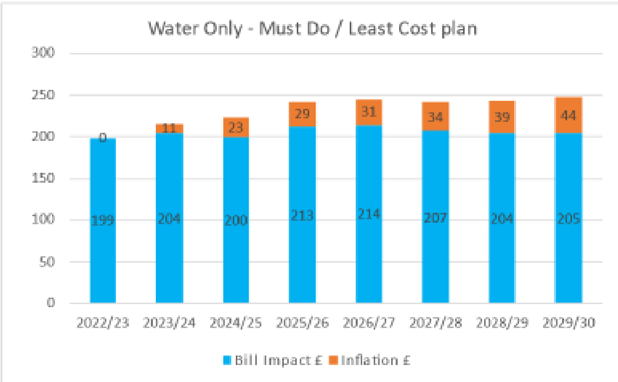
Figures shown do not include inflation

17. BILLS FROM to 2030 – SES Water only

SES Water – water only bill impact

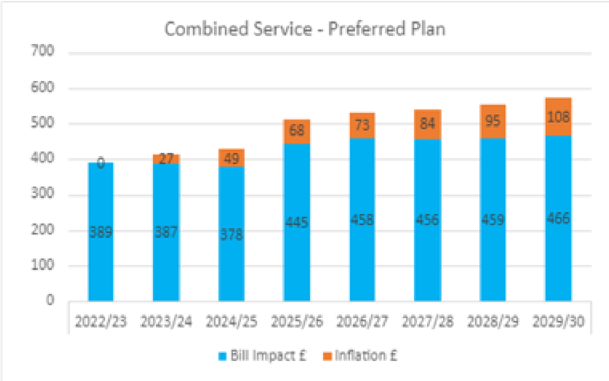


SES Water – water only bill impact

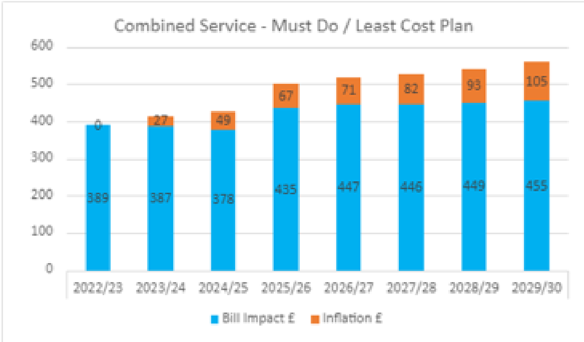


18. BILLS FROM to 2030 – Combined plan

SES Water/Thames Water – combined bill impact



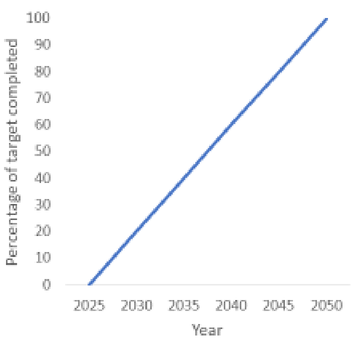
SES Water/Thames Water – combined bill impact



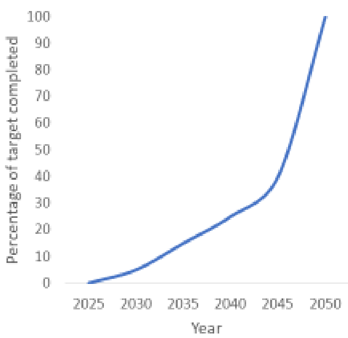
19. Phasing investment

You are about to see SES Water's long-term ambitions but in some cases there are options for how we deliver them and at what pace – this could change the impact on customer bills. This can be done in three different ways

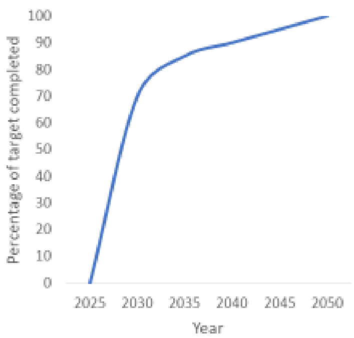
Steady progression



Slow start and the ramped up to 2050



Fast start and then steady to 2050



20. Water Industry National Environment Program

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

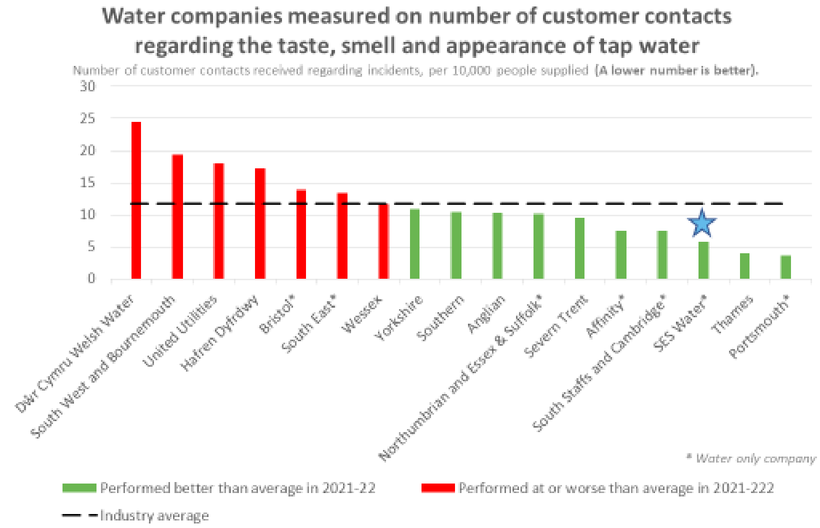
Water companies have a programme of work to meet these laws, which includes:

- 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.

8. Taste, smell and appearance of water

Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.



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United Utilities	+54%
South West and Bournemouth	+66%
Dŵr Cymru Welsh Water	+109%

21. Provide you with high quality water from sustainable sources

By 2050 our ambition is:

- To have always provided you with high-quality water that meets the highest standards
- To only use sources where we can take water without harming the environment

Between 2025 and 2030 we will:

Continue to meet the highest quality standards by maintaining and investing in our water treatment works and installing UV treatment → **Must do** investment to meet water quality standards. **£1.38**

Work with farmers to stop nitrates and pesticides from entering our water sources, protect habitats and reduce the risk of non-native species → **Must do** investment to meet environmental laws (WINEP) **£0.77**

Confirm where we need to reduce our existing abstractions to protect and enhance the chalk streams in our area → **Must do** investment to meet environmental laws (WINEP) **£0.37**

Replace circa 175 lead pipes that supply schools and nurseries → **Could do** investment to improve water quality by reducing the risk of lead in water supplies **£1.26**

22. Lead replacement

Drinking water containing high levels of lead can impact on health – particularly of young people

We add a chemical to water to protect water quality

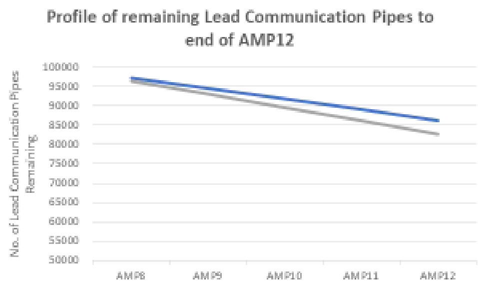
We are required by law to replace leads pipes when high levels of lead are detected and we will replace SES lead pipes that supply customers' homes when customers replace their own supply pipes, and where supplies are shared with other properties

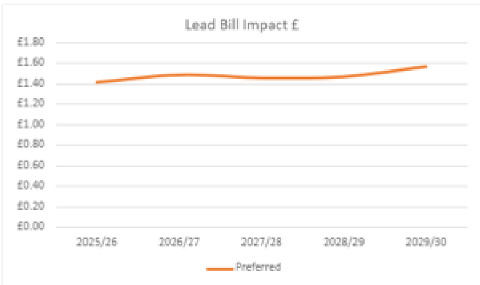
Our preferred plan is:

- To replace circa 175 lead pipes that supply colleges, schools and nurseries between 2025 and 2030
- After 2030 we will continue to proactively replace the lead pipes in our network and help customers to replace theirs

Our must do plan is:

- To continue with our current approach to replace lead pipes where high levels of lead are detected





7. Water supply interruptions

Water supply interruptions, without warning, for longer than 3 hours.

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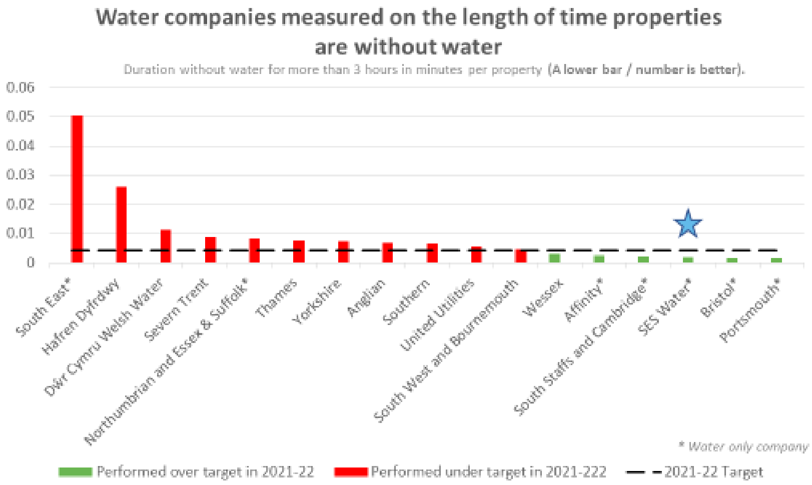

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Hafren Dyfrdwy	+511%
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9. Reducing leaks

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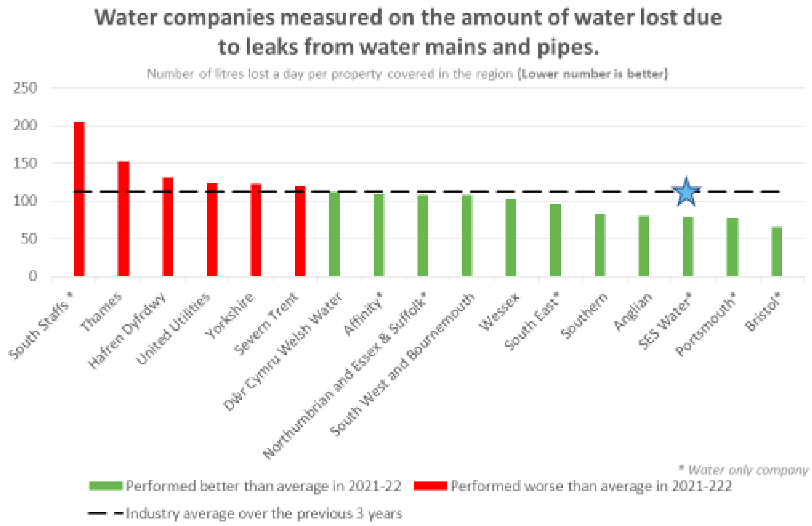

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Affinity*	-4%
Dŵr Cymru Welsh Water	-1%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dyfrdwy	+16%
Thames	+35%
South Staffs & Cambridge*	+91%

23. Deliver a resilient water supply from source to tap

By 2050 our ambition is:

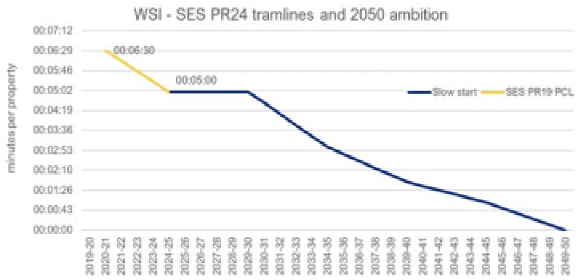
- For our water supplies to be resilient to climate change – including severe droughts
- For no-one to have their water supply interrupted for more than 3 hours
- For less than 5% of water we produce to be leaked from our pipes and yours

Between 2025 and 2030 we will:

	Must do	Could do
Protect our water treatment works from climate change and other external threats and events	**Must do** – to meet new security regulations **£0.66**	**Could do** – to protect sites from climate change and power outages **£1.43**
Reduce leakage by 19% by finding and fixing leaks more quickly, replacing old water mains and using smart meters to find leaks on customers' pipes and plumbing	**Must do** – reduce leakage by finding and fixing more leaks **£3.47**	**Could do** – manage pressure to reduce leaks further **£0.34**
Maintain our current performance for supply interruptions at less than 5 mins per year	**No bill impact**	

24. Supply interruptions

- SES Water currently perform well in this area (less than 5 minutes of supply interruptions per household per year)
- Our preferred plan is to maintain performance over the next 5 years
- Beyond 2030 we will continue to invest in this area through replacing old water mains
- Our long-term target is for there to be no supply interruptions longer than 3 hours
- There will be no impact on bills between 2025 and 2030



Produced by Impact Research Ltd in strict confidence

25. Resilience

External factors can impact on our service.

We must meet statutory security requirements to make sure our drinking water sources are protected.

Other factors such as climate change and interruptions to power supplies could result in water treatment and production temporarily being stopped.

Our preferred plan:

- Increase the security of our sites in line with statutory requirements
- Carry out work to protect one of our water supply sites from flooding from the nearby River Mole – this has been identified by our work to look at the long-term impact of climate change
- Protect our sites from short term power outages by installing equipment that will automatically switch to standby generators to stop sites from shutting down

Our must do plan:

Increase the security of our sites in line with statutory requirements

26. Leakage reduction

22 million litres water per day is currently leaked from SES Water's pipes (70%) and customers' pipes (30%)

This is 13% of the water that is treated and put into supply each day.

The Government target is to reduce leakage by 50% by 2050 (from 2017/18 levels)

SES Water want to achieve the 50% reduction ahead of the Government target

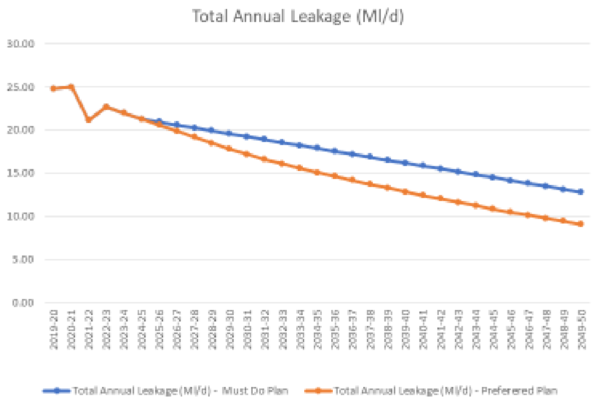
Our preferred plan is:

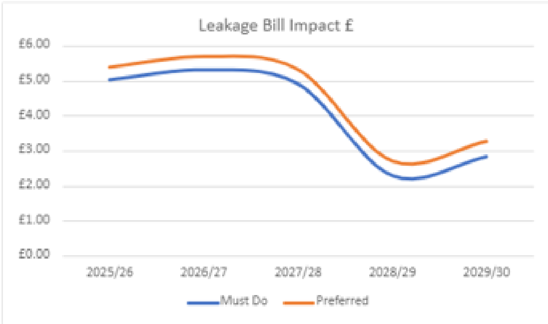
- To use our smart network to help find more leaks and repair them more quickly
- Roll out smart meters to all our customers to help us detect customer-side leaks and help fix them
- From 2030 we will start replacing old water mains to reduce the risks of leaks occurring
- **50% leakage reduction will be achieved by 2040**

Our must do plan is:

- To use our smart network to help find more leaks and repair them more quickly
- Roll our smart meters help us detect customer-side leaks and help fix them – fewer meters will be installed under our must do plan so leakage will not fall as quickly
- **50% leakage reduction will be achieved by 2050**

27. Leakage reduction



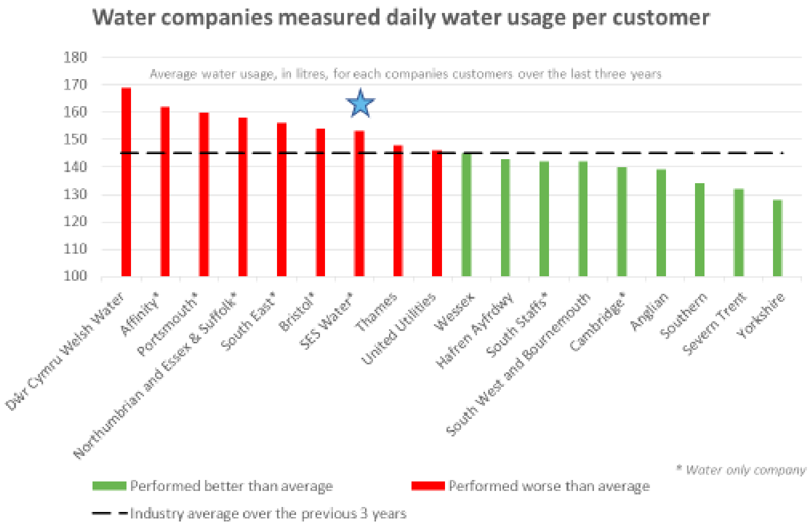


Preferred plan – 65% leakage reduction by 2050

Must do plan – 50% leakage reduction by 2050

28. Per Capita Consumption

An increasing population means extra demand for water while increasingly erratic weather patterns could lead to more droughts in the future. It is more important than ever for everyone to take care how they use water.



Company performance against the industry average (a lower percentage is better)	
Water and Sewage company	Performance against 3 year average
Yorkshire	-17
Severn Trent	-13
Southern	-11
Anglian	-6
Cambridge*	-5
South Staffs*	-3
South West and Bournemouth	-3
Hafren Ayfrdwy	-2
Wessex	0
United Utilities	1
Thames	3
SES Water*	8
Bristol*	9
South East*	11
Northumbrian and Essex & Suffolk*	13
Portsmouth*	15
Affinity*	17
Dŵr Cymru Welsh Water	24

29. Help you reduce your water footprint and charge a fair price

By 2050 our ambition is:

- To reduce household water consumption to 110 litres per person per day and business consumption by 15%
- To eliminate water poverty so no customers spend more than 5% of disposable income on water

Between 2025 and 2030 we will:

Help reduce household water consumption to 131 litres per day by Installing more smart meters (15,000 will be in place by 2025) and provide customers with help and advice, targeting higher users

Reduce non-household water consumption by 15% by providing smart meters

We will continue to provide a social tariff and additional support to customers with financial difficulties

Must do – we will provide 112,000 smart meters to homes and businesses
£5.51

Could do – we will provide an extra 80,000 smart meters to homes and businesses and provide extra water efficiency support
£2.61
£0.86

30. Smart meters

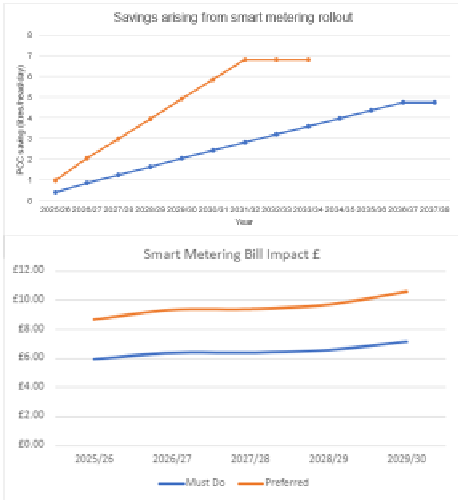
SES Water customers currently use circa **150 litres** of water per person per day
The Government target is:

- For household customers to use **110 litres per person per day by 2050** – a reduction of 40 litres per person
- For business customers to reduce their usage by 15% by 2050

Smart meters provide more information on how much water is being used and where. The data they produce will enable more targeted water efficiency support to be provided to customers.

Our preferred plan is:

- To provide smart meters to all our household and business customers by 2032 – 192,000 meters between 2025 and 2030 with enhanced technology
- To provide extra water efficiency advice to help target the highest users
- It will also contribute to greater leakage reduction



Our must do plan is;

- To provide smart meters to all our household and business customers by 2037 – 112,000 between 2025 and 2030
- The remaining 80,000 meters will be installed between 2030 and 2037.

31. Improve the environment and have a positive impact on our local area

By 2050 our ambition is:

- To achieve net zero carbon emission (operational and embedded carbon)
- To enhance the environment and increase biodiversity on our sites and areas we work by up to 50%

Between 2025 and 2030 we will:

Work with partners in the River Eden to enhance the environment, increase the resilience of our water supplies and improve biodiversity	**Could do** – investigations to identify nature-based solutions to improve water quality and water-based habitats **£0.07**
Continue to improve biodiversity on 70% of the land we own	**Could do** – carry out work on or at our main sites to improve the way we manage the land to attract a wider range of species and wildlife **£0.11**
Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs	**No bill impact**

32. Environmental enhancement

We could take action to go beyond our statutory requirements (identified in the WINEP) and further enhance the environment and increase biodiversity.

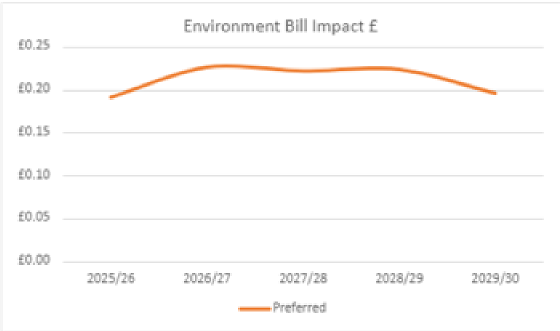
The Government has set a long-term target to increase biodiversity and support nature recovery.

Our preferred plan is:

- To investigate opportunities for nature-based solutions in the River Eden catchment during 2025 to 2030
- To deliver the solutions from 2030 onwards
- To carry out work on our own sites to increase biodiversity

Our must do plan is:

- No additional investment in this area



7.1.10 NHH Deliberative event stimulus

Wholesale water companies in England and Wales

Wholesale water companies are regional: people have to receive water services from the company that covers where they live

- There are 11 water companies that provide **both water and sewerage services**
- There are also 5 companies that provide water services only **– SES Water is a water only company**
- Some households have two separate suppliers:
- e.g. people in SES Water's supply area receive ***water services from SES Water*** and ***sewerage services from Thames Water or Southern Water***

2. SES Water's supply area

- SES supply drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London
- Thames Water supply the wastewater services to the majority of our customers
- Southern Water supply the wastewater services to customers in the Kent area

3. What SES Water do

Water supply (SES Water):

Water is collected – 85% from underground sources, and 15% from the River Eden which is stored in Bough Beech reservoir

Water is treated – 8 water supply works treat water to the highest standards to make sure it's safe to drink

Water is supplied to customers – we have 3,500km of pipes that take water from our supply works to your homes and businesses

Customers use our water – we provide 160 million litres of water each day for people to use, the average person in our area uses 150 litres of water per day

Wastewater service (Thames Water)

- **Wastewater is removed** – wastewater is taken away from homes through a network of sewers and pumping stations
- **Wastewater is treated** – wastewater treatment works clean the wastewater so that it can be safely returned to the environment

- **Customers are billed** – we bill customers for our water supply service and provide the bills on behalf of Thames Water for their wastewater service (if you are a Southern Water wastewater customer you will receive two bills)

40. How the retail market works

Whilst organisations in England are **NOT** able to choose which supplier provides the water to their organisation (the wholesaler), or the one who takes away their waste water, since April 2017 most organisations can choose which company they want to send them their water bills, read their water meter or handle any customer service queries (the retailer). The picture below explains how this arrangement works.

4. The role of customers in a price review process

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.

5. How water companies are monitored

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.

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.

6. How water companies are monitored cont…

As part of their responsibility to provide clean and safe water to households and businesses, regulators set targets and performance standards for UK water companies. Outcome Delivery Incentives (ODIs) are a part of this framework and act as a system of financial rewards and penalties that are placed to encourage water companies to perform beyond their committed levels of service in order to benefit customers, the environment, and improve overall service.

For example:

A water company will set a target to reduce water leakage in their network by a certain percentage over a specific time period.

The company **exceeds this target** and is able to reduce water leakage beyond that percentage

The company is given **a financial reward** by Ofwat, and **customers pay more** on their bills due to **improvements made in areas that are important to customers**

The company **fails to meet this target** and is unable to reduce water leakage

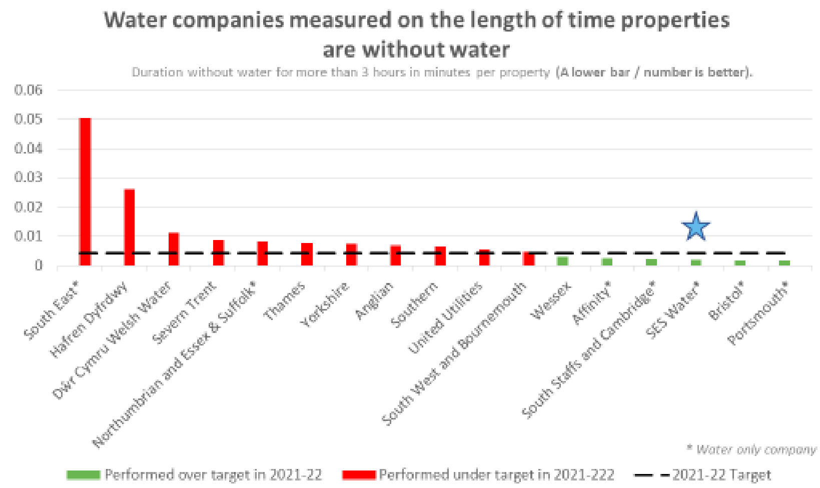
The company is given a **financial penalty** by Ofwat, and **customers pay less** on their bills as **compensation for poorer service**

Last year SES Water **passed 17** and **failed 8** performance commitment targets, costing them a penalty of £0.3m (equating to a £1.30 decrease on the average household bill)

7. Water supply interruptions

Water supply interruptions, without warning, for longer than 3 hours.

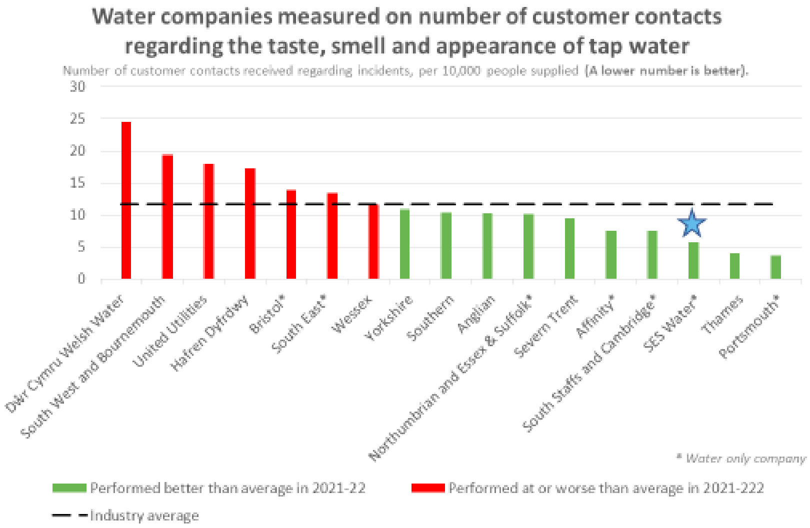
If a water supply is interrupted without warning for greater than 3 hours, it would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water.



Company performance against targets (a lower percentage is better)	
Water and Sewage company	**Performance against target**
Portsmouth*	-62%
Bristol*	-59%
SES Water*	-52%
South Staffs and Cambridge*	-47%
Affinity*	-39%
Wessex	-32%
South West	+11%
United Utilities	+30%
Southern	+53%
Anglian	+60%
Yorkshire	+73%
Thames	+80%
Northumbrian and Essex & Suffolk	+92%
Severn Trent	+106%
Dŵr Cymru Welsh Water	+164%
Hafren Dyfrdwy	+511%
South East*	+1083%

8. Taste, smell and appearance of water

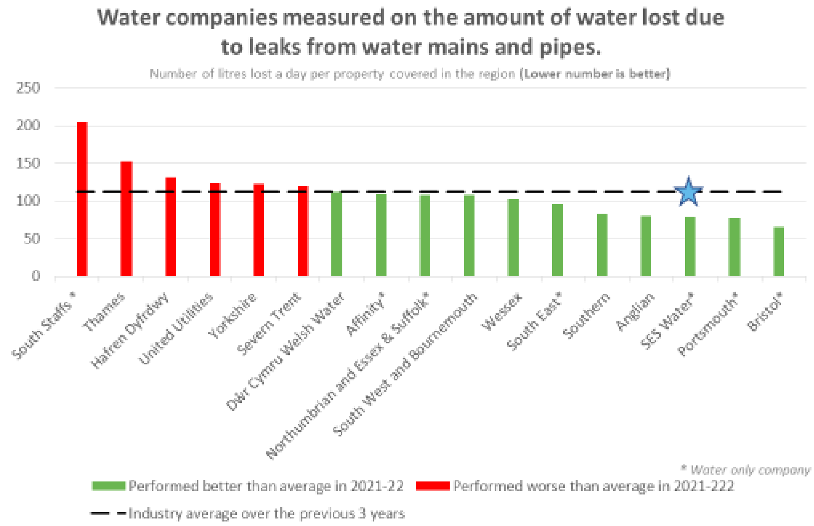
Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.



Company performance against industry average (A lower percentage is better)	
Water and Sewage company	**Performance against industry average**
Portsmouth*	-68%
Thames	-66%
SES Water*	-50%
Affinity*	-35%
South Staffs and Cambridge*	-35%
Severn Trent	-19%
Northumbrian and Essex & Suffolk*	-14%
Anglian	-12%
Southern	-11%
Yorkshire	-7%
Wessex	+/-0%
South East*	+15%
Bristol*	+19%
Hafren Dyfrdwy	+48%
United Utilities	+54%
South West and Bournemouth	+66%
Dŵr Cymru Welsh Water	+109%

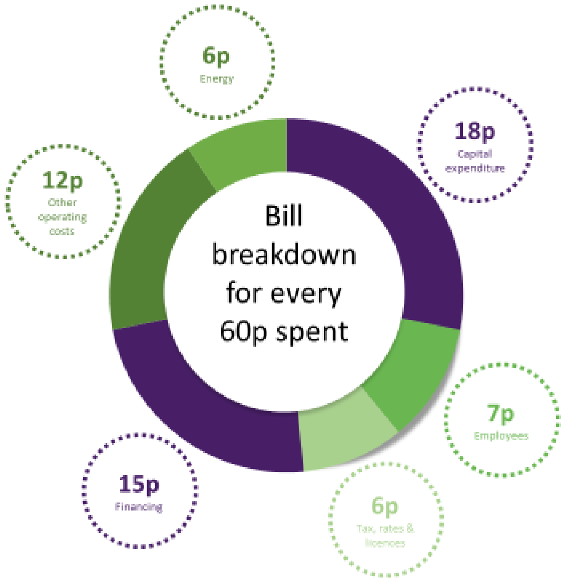
9. Reducing leaks

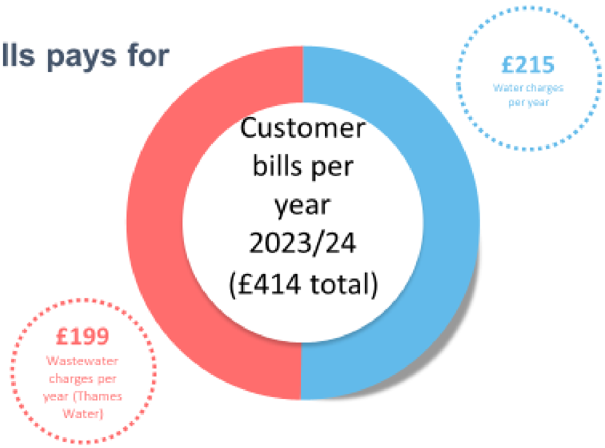
Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.



Company performance against the industry average (a lower percentage is better)	
Water and Sewage company	**Performance against 3 year average**
Bristol*	-42%
Portsmouth*	-32%
SES Water*	-30%
Anglian	-29%
Southern	-27%
South East*	-15%
Wessex	-9%
Northumbrian and Essex & Suffolk*	-4%
South West and Bournemouth	-4%
Affinity*	-4%
Dŵr Cymru Welsh Water	-1%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dyfrdwy	+16%
Thames	+35%
South Staffs & Cambridge*	+91%

10. What the money from customer bills pays for





Our average domestic customer bill today is **£215 per year –** just over **60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

11. Company challenges

- South East England is classified by Government as being in serious water stress
- Climate change and a growing population = future shortfall in water supplies
- SES Water and its neighbouring companies rely on rivers and chalk streams to provide your water which are sensitive habitats which need to be protected
- Water companies will have to reduce how much water they take from some of their existing sources
- These sources will need to be replaced by
  - reducing leakage and water consumption
  - companies building new sources of water such as reservoirs and desalination plants
  - transferring more water between companies
- SES Water's **Water Resources Management Plan (WRMP)** sets out how the company will secure its water resources in the future and meet its legal obligations.

Potential regional shortfall in water – 1 billion litres per day by 2035

12. Company challenges

Climate change	New statutory requirements	Population growth	Economic factors
• Climate change means we could see hotter, drier summers and wetter winters • This could result in less water in the environment in summer, but more pressure on the water system in the winter. • There could be between 3 and 7.5 million litres less water available from our existing sources by 2050	• Improving the quality of the water sources we use • Protecting rivers and chalk streams – we may need to reduce how much water we take from our existing sources by up to 30 million litres per day • Reducing leakage by 50% by 2050 • Reducing household consumption to 110 litres per person per day by 2050 • Reducing non-household consumption by 15% by 2050	• As the population in the area increases, so does the demand for water • Current forecasts predict population growth of between 5 and 15% by 2050, resulting in between 2.6 and 9 million litres of water extra being needed each day	• Cost of living crisis is making some people's bills unaffordable • Investment to meet new statutory requirements and further improve service will cost more • Rising inflation will increase bills further

There are also opportunities……

- Advances in technology is changing how SES Water deliver their service – fully smart pipe network
- Smart meters will help detect more leaks and help customers manage their own consumption
- Other technological advances could help reduce leaks and supply interruptions further, reduce carbon emissions and help protect water quality

13. 2050 ambitions

Provide you with high quality water from sustainable sources

- To have always provided you with high-quality water that meets the highest standards
- To only use sources where we can take water without harming the environment

Deliver a resilient water supply from source to tap

- For our water supplies to be resilient to climate change – including severe droughts
- For no-one to have their water supply interrupted for more than 3 hours
- For less than 5% of water we produce to be leaked from our pipes and yours

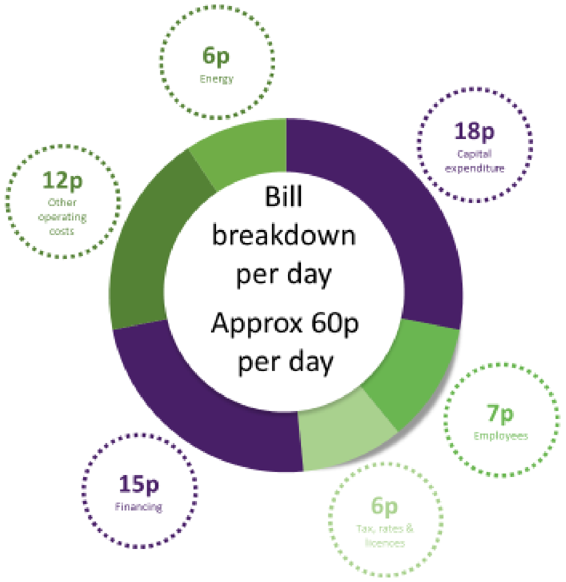
Help you reduce your water footprint and charge a fair price

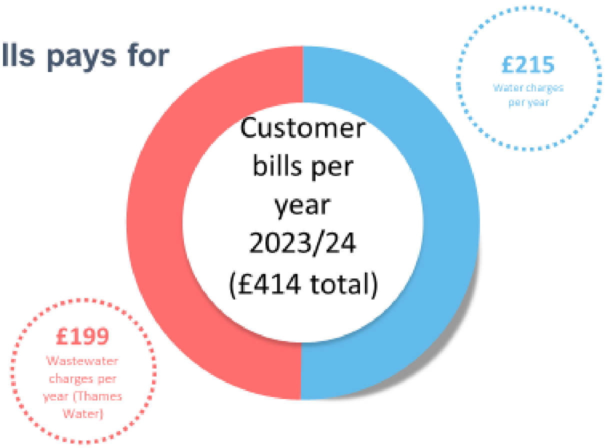
- To reduce household water consumption to 110 litres per person per day and business consumption by 15%
- To eliminate water poverty so no customers spend more than 5% of disposable income on water

Improve the environment and have a positive impact on our local area

- To achieve net zero carbon emission (operational and embedded carbon)
- To enhance the environment and increase biodiversity on our sites and areas we work by up to 50%

10. What the money from customer bills pays for





Our average bill today is **£215 per year – just over 60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

Provide you with high quality water from sustainable sources	Deliver a resilient water supply from source to tap	Help you reduce your water footprint and charge a fair price	Improve the environment and have a positive impact on our local area
• Continue to meet the highest quality standards by maintaining and investing in our water treatment works • Work with farmers to stop nitrates and pesticides from entering our water sources • Replace lead pipes that supply schools and nurseries • Confirm where we need to reduce our existing abstractions to protect and enhance the chalk streams in our area	• Reduce leakage so only 9.5% of the water we supply is leaked - a 28% reduction since 2019/20 • Use our smart network to help us find and fix leaks more quickly • Target the replacement of old water mains • Use smart meters to find leaks on customers' pipes and plumbing and help fix them • This investment will also help us to maintain and reduce supply interruptions and main bursts	• Reduce our customers' water consumption by 20 litres to 131 litres per person per day • Provide smart meters to households and businesses • Use data from smart meters to help us provide customers with help and advice, targeting higher users • Expand the impact of our education programme to embed the importance of water saving • Develop our social tariff to help people struggling to pay	• Invest in schemes required by law to protect wildlife • Work with partners to enhance the environment, increase resilience and improve biodiversity • Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs • Continue to improve biodiversity on 70% of the land we own • Make more of our land accessible to the community

15. We will be showing you two plans

Preferred plan	Must do plan
• This is the water company's proposed plan and includes extra work over and above what they are required by law to provide extra benefits to customers, the environment and local communities	• This plan allows water companies to carry out the work that they are required to do by law • This is also the least cost plan

16. Areas of Investment

The average SES Water bill will be, on average, **9.9%** more per year between 2025 and 2030 if we deliver all the investments in our **preferred plan,** than in 2025

- 6.3% is to meet the higher standards required by law and regulation (black)
- 3.6% is to improve our performance over and above this (white) which are optional

The average combined bill when Thames Water's wastewater services are included will rise by **19.1% per year** (on average) between 2025 and 2030.

£ **Must do** – These are investments that SES must make.

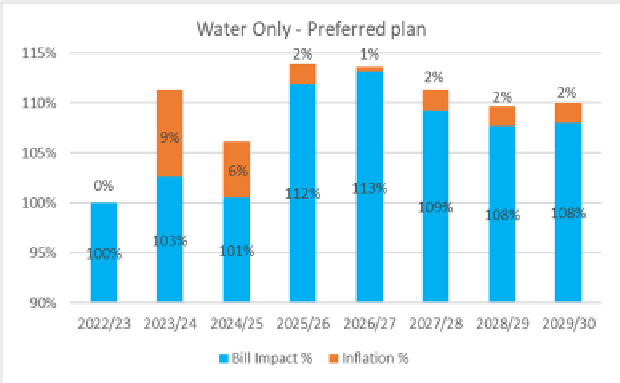
£ **Preferred plan i.e. could do** – These are discretionary investments. SES proposes these to achieve additional benefits for customers and the environment.

Provide you with high-quality water from sustainable sources	+0.72% Installation of UV treatment to protect water quality from contamination	+0.40% Combat nitrates and pesticides entering our water sources and protect living species in water sources	+0.19% Investigations into the environmental impact of existing abstractions	+0.66% Replacement of lead pipes within schools and nurseries by 2030
Deliver a resilient water supply from source to tap	+0.34% Work to make our water treatment works more secure	+1.81% Investing in reducing leakage by finding and fixing more leaks	+0.75% Schemes aimed at protecting sites from flooding and power outages	+0.18% Extra investment to reduce leakage
Help you reduce your water footprint and charge a fair price	+2.88% Smart meters provided to 112,000 homes and businesses	+1.36% Smart meters provided to a further 80,000 homes and businesses	+0.45% Extra water efficiency support for customers	
Improve environment and have a positive impact on local area	+0.04% Enhancing the environment, increasing resilience and biodiversity on the River Eden	+0.06% Work to enhance biodiversity on 70% of the land SES owns through improved land management		

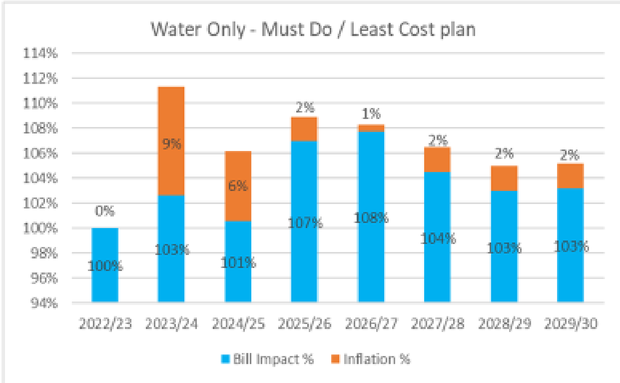
Figures shown do not include inflation

17. BILLS FROM to 2030 – SES Water only

SES Water – water only bill impact

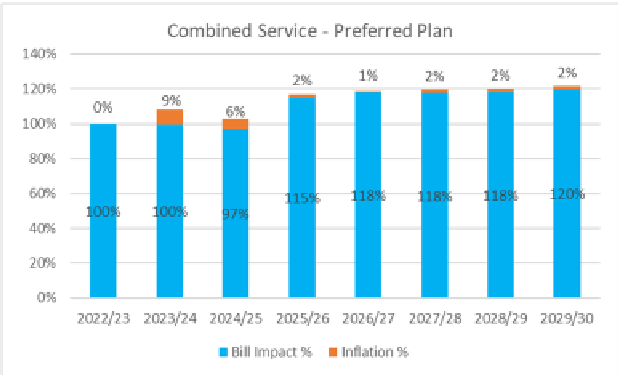


SES Water – water only bill impact

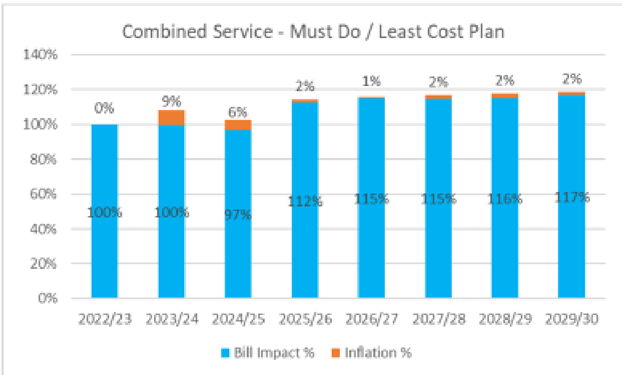


18. BILLS FROM to 2030 – Combined plan

SES Water/Thames Water – combined bill impact



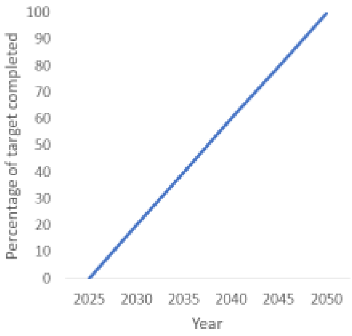
SES Water/Thames Water – combined bill impact



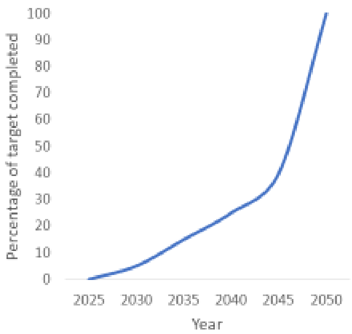
19. Phasing investment

You are about to see SES Water's long-term ambitions but in some cases there are options for how we deliver them and at what pace – this could change the impact on customer bills. This can be done in three different ways

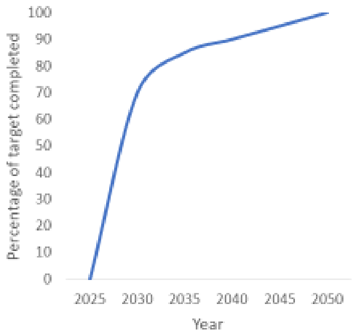
Steady progression



Slow start and the ramped up to 2050



Fast start and then steady to 2050



20. Water Industry National Environment Program

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:

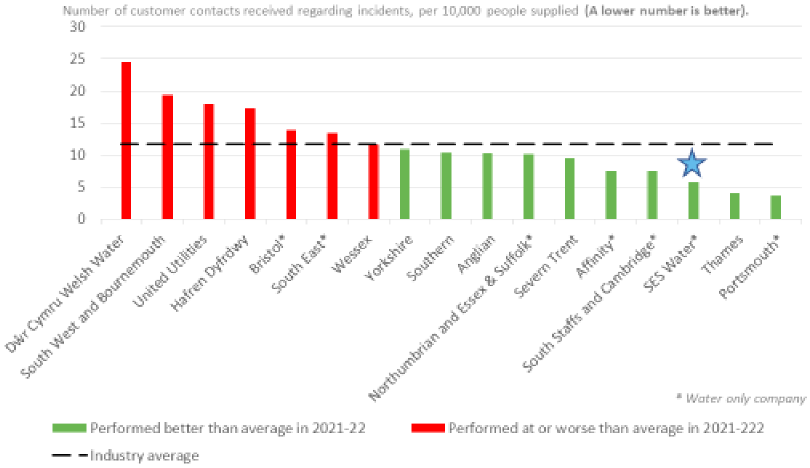
- Reducing pollution of seas and rivers by sewage overflows.
- Not taking too much water from rivers and the ground.
- Making sure there is enough water available to protect the natural environment as well as providing a public water supply.
- Treating water and wastewater to a standard that does not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

8. Taste, smell and appearance of water

Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.

Water companies measured on number of customer contacts regarding the taste, smell and appearance of tap water



Company performance against industry average (A lower percentage is better)	
Water and Sewage company	**Performance against industry average**
Portsmouth*	-68%
Thames	-66%
SES Water*	-50%
Affinity*	-35%
South Staffs and Cambridge*	-35%
Severn Trent	-19%
Northumbrian and Essex & Suffolk*	-14%
Anglian	-12%
Southern	-11%
Yorkshire	-7%
Wessex	+/-0%
South East*	+15%
Bristol*	+19%
Hafren Dyfrdwy	+48%
United Utilities	+54%
South West and Bournemouth	+66%
Dŵr Cymru Welsh Water	+109%

21. Provide you with high quality water from sustainable sources

By 2050 our ambition is:

- To have always provided you with high-quality water that meets the highest standards
- To only use sources where we can take water without harming the environment

Between 2025 and 2030 we will:

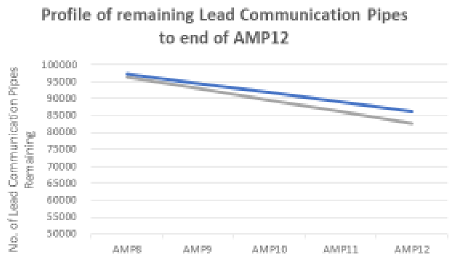
Continue to meet the highest quality standards by maintaining and investing in our water treatment works and installing UV treatment	**Must do** investment to meet water quality standards. **0.72%**
Work with farmers to stop nitrates and pesticides from entering our water sources, protect habitats and reduce the risk of non-native species	**Must do** investment to meet environmental laws (WINEP) **0.40%**
Confirm where we need to reduce our existing abstractions to protect and enhance the chalk streams in our area	**Must do** investment to meet environmental laws (WINEP) **0.19%**
Replace circa 175 lead pipes that supply schools and nurseries	**Could do** investment to improve water quality by reducing the risk of lead in water supplies **0.66%**

22. Lead replacement

Drinking water containing high levels of lead can impact on health – particularly of young people

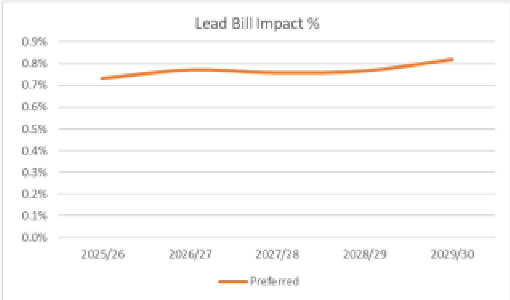
We add a chemical to water to protect water quality

We are required by law to replace leads pipes when high levels of lead are detected and we will replace SES lead pipes that supply customers' homes when customers replace their own supply pipes, and where supplies are shared with other properties



Our preferred plan is:

- To replace circa 175 lead pipes that supply colleges, schools and nurseries between 2025 and 2030
- After 2030 we will continue to proactively replace the lead pipes in our network and help customers to replace theirs



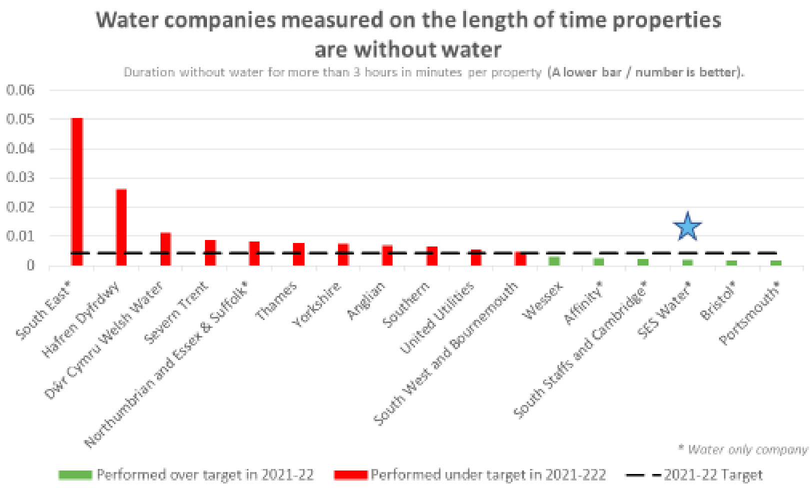
Our must do plan is:

- To continue with our current approach to replace lead pipes where high levels of lead are detected

7. Water supply interruptions

Water supply interruptions, without warning, for longer than 3 hours.

If a water supply is interrupted without warning for greater 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.



Company performance against targets (a lower percentage is better)	
Water and Sewage company	Performance against target
Portsmouth*	-62%
Bristol*	-59%
SES Water*	-52%
South Staffs and Cambridge*	-47%
Affinity*	-39%
Wessex	-32%
South West	+11%
United Utilities	+30%
Southern	+53%
Anglian	+60%
Yorkshire	+73%
Thames	+80%
Northumbrian and Essex & Suffolk	+92%
Severn Trent	+106%
Dŵr Cymru Welsh Water	+164%
Hafren Dyfrdwy	+511%
South East*	+1083%

9. 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.

Water companies measured on the amount of water lost due to leaks from water mains and pipes.

Company performance against the industry average (a lower percentage is better)	
Water and Sewage company	**Performance against 3 year average**
Bristol*	-42%
Portsmouth*	-32%
SES Water*	-30%
Anglian	-29%
Southern	-27%
South East*	-15%
Wessex	-9%
Northumbrian and Essex & Suffolk*	-4%
South West and Bournemouth	-4%
Affinity*	-4%
Dŵr Cymru Welsh Water	-1%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dyfrdwy	+16%
Thames	+35%
South Staffs & Cambridge*	+91%

23. Deliver a resilient water supply from source to tap

By 2050 our ambition is:

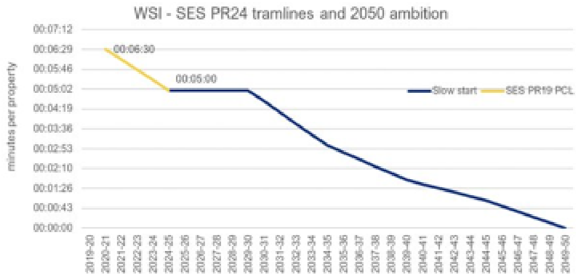
- For our water supplies to be resilient to climate change – including severe droughts
- For no-one to have their water supply interrupted for more than 3 hours
- For less than 5% of water we produce to be leaked from our pipes and yours

Between 2025 and 2030 we will:

Protect our water treatment works from climate change and other external threats and events	**Must do** – to meet new security regulations **0.34%**	**Could do** – to protect sites from climate change and power outages **0.75%**
Reduce leakage by 19% by finding and fixing leaks more quickly, replacing old water mains and using smart meters to find leaks on customers' pipes and plumbing	**Must do** – reduce leakage by finding and fixing more leaks **1.81%**	**Could do** – manage pressure to reduce leaks further **0.18%**
Maintain our current performance for supply interruptions at less than 5 mins per year	**No bill impact**	

24. Supply interruptions

- SES Water currently perform well in this area (less than 5 minutes of supply interruptions per household per year)
- Our preferred plan is to maintain performance over the next 5 years
- Beyond 2030 we will continue to invest in this area through replacing old water mains
- Our long-term target is for there to be no supply interruptions longer than 3 hours
- There will be no impact on bills between 2025 and 2030



25. Resilience

External factors can impact on our service.

We must meet statutory security requirements to make sure our drinking water sources are protected.

Other factors such as climate change and interruptions to power supplies could result in water treatment and production temporarily being stopped.

Our preferred plan:

- Increase the security of our sites in line with statutory requirements
- Carry out work to protect one of our water supply sites from flooding from the nearby River Mole – this has been identified by our work to look at the long-term impact of climate change
- Protect our sites from short term power outages by installing equipment that will automatically switch to standby generators to stop sites from shutting down

Our must do plan:

Increase the security of our sites in line with statutory requirements

26. Leakage reduction

22 million litres water per day is currently leaked from SES Water's pipes (70%) and customers' pipes (30%)

This is 13% of the water that is treated and put into supply each day.

The Government target is to reduce leakage by 50% by 2050 (from 2017/18 levels)

SES Water want to achieve the 50% reduction ahead of the Government target

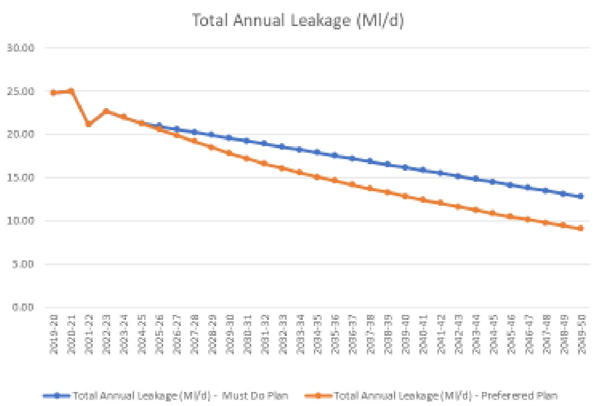
Our preferred plan is:

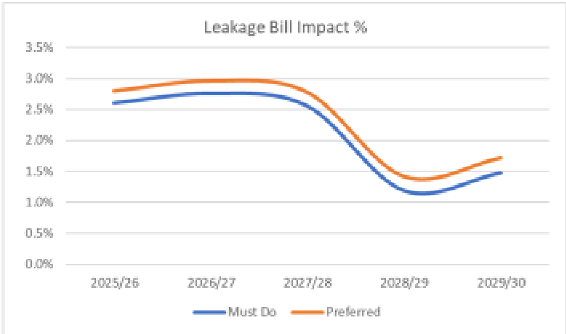
- To use our smart network to help find more leaks and repair them more quickly
- Roll out smart meters to all our customers to help us detect customer-side leaks and help fix them
- From 2030 we will start replacing old water mains to reduce the risks of leaks occurring
- **50% leakage reduction will be achieved by 2040**

Our must do plan is:

- To use our smart network to help find more leaks and repair them more quickly
- Roll our smart meters help us detect customer-side leaks and help fix them – fewer meters will be installed under our must do plan so leakage will not fall as quickly
- **50% leakage reduction will be achieved by 2050**

27. Leakage reduction





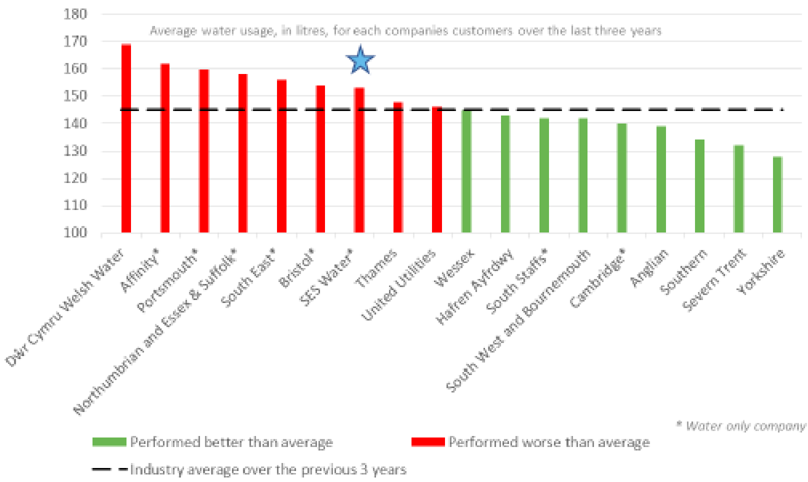
Preferred plan – 65% leakage reduction by 2050

Must do plan – 50% leakage reduction by 2050

28. Per Capita Consumption

An increasing population means extra demand for water while increasingly erratic weather patterns could lead to more droughts in the future. It is more important than ever for everyone to take care how they use water.

Water companies measured daily water usage per customer

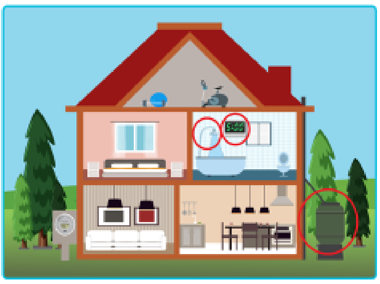


Company performance against the industry average (a lower percentage is better)	
Water and Sewage company	Performance against 3 year average
Yorkshire	-17
Severn Trent	-13
Southern	-11
Anglian	-6
Cambridge*	-5
South Staffs*	-3
South West and Bournemouth	-3
Hafren Ayfrdwy	-2
Wessex	0
United Utilities	1
Thames	3
SES Water*	8
Bristol*	9
South East*	11
Northumbrian and Essex & Suffolk*	13
Portsmouth*	15
Affinity*	17
Dŵr Cymru Welsh Water	24

29. Help you reduce your water footprint and charge a fair price

By 2050 our ambition is:

- To reduce household water consumption to 110 litres per person per day and business consumption by 15%
- To eliminate water poverty so no customers spend more than 5% of disposable income on water



Between 2025 and 2030 we will:

Help reduce household water consumption to 131 litres per day by Installing more smart meters (15,000 will be in place by 2025) and provide customers with help and advice, targeting higher users

Reduce non-household water consumption by 15% by providing smart meters

We will continue to provide a social tariff and additional support to customers with financial difficulties

Must do – we will provide 112,000 smart meters to homes and businesses
2.88%

Could do – we will provide an extra 80,000 smart meters to homes and businesses and provide extra water efficiency support
1.36%
0.45%

30. Smart meters

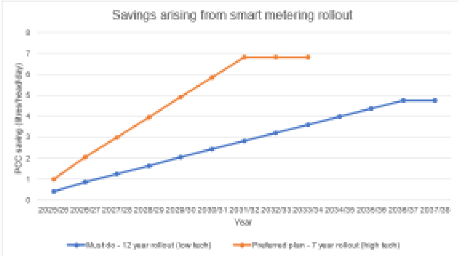
SES Water customers currently use circa **150 litres** of water per person per day
The Government target is:

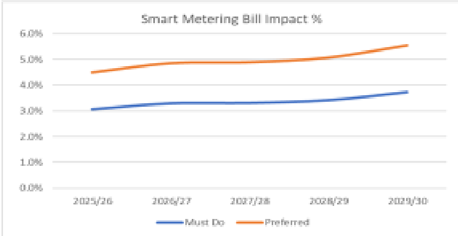
- For household customers to use **110 litres per person per day by 2050** – a reduction of 40 litres per person
- For business customers to reduce their usage by 15% by 2050

Smart meters provide more information on how much water is being used and where. The data they produce will enable more targeted water efficiency support to be provided to customers.

Our preferred plan is:

- To provide smart meters to all our household and business customers by 2032 – 192,000 meters between 2025 and 2030 with enhanced technology
- To provide extra water efficiency advice to help target the highest users
- It will also contribute to greater leakage reduction





Our must do plan is;

- To provide smart meters to all our household and business customers by 2037 – 112,000 between 2025 and 2030
- The remaining 80,000 meters will be installed between 2030 and 2037.

31. Improve the environment and have a positive impact on our local area

By 2050 our ambition is:

- To achieve net zero carbon emission (operational and embedded carbon)
- To enhance the environment and increase biodiversity on our sites and areas we work by up to 50%

Between 2025 and 2030 we will:

Work with partners in the River Eden to enhance the environment, increase the resilience of our water supplies and improve biodiversity → **Could do** – investigations to identify nature-based solutions to improve water quality and water-based habitats **0.04%**

Continue to improve biodiversity on 70% of the land we own → **Could do** – carry out work on or at our main sites to improve the way we manage the land to attract a wider range of species and wildlife **0.06%**

Continue to become more energy efficient and where possible more to fully renewable sources for our energy needs → **No bill impact**

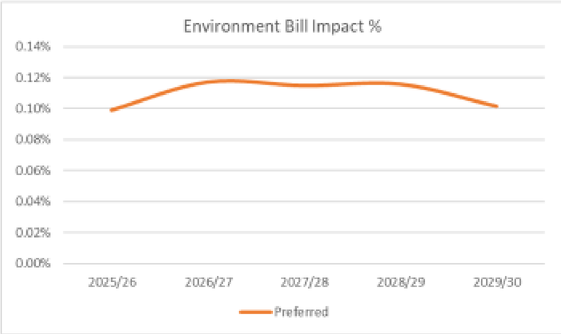
32. Environmental enhancement

We could take action to go beyond our statutory requirements (identified in the WINEP) and further enhance the environment and increase biodiversity.

The Government has set a long-term target to increase biodiversity and support nature recovery.

Our preferred plan is:
- To investigate opportunities for nature-based solutions in the River Eden catchment during 2025 to 2030
- To deliver the solutions from 2030 onwards
- To carry out work on our own sites to increase biodiversity

Our must do plan is:
- No additional investment in this area



7.1.11 HH in vulnerable circumstance stimulus

1. Water companies in England and Wales

Water companies are regional: people have to receive water services from the company that covers where they live

- There are 11 water companies that provide **both water and sewerage services**
- There are also 5 companies that provide water services only – **SES Water is a water only company**
- Some households have two separate suppliers:
- e.g. people in SES Water's supply area receive ***water services from SES Water*** and ***sewerage services from Thames Water or Southern Water***

2. SES Water's supply area

- SES supply drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London
- Thames Water supply the wastewater services to the majority of our customers
- Southern Water supply the wastewater services to customers in the Kent area

3. What SES Water do

Water supply (SES Water):

Water is collected – 85% from underground sources, and 15% from the River Eden which is stored in Bough Beech reservoir

Water is treated – 8 water supply works treat water to the highest standards to make sure it's safe to drink

Water is supplied to customers – we have 3,500km of pipes that take water from our supply works to your homes and businesses

Customers use our water – we provide 160 million litres of water each day for people to use, the average person in our area uses 150 litres of water per day

Wastewater service (Thames Water)

- **Wastewater is removed** – wastewater is taken away from homes through a network of sewers and pumping stations
- **Wastewater is treated** – wastewater treatment works clean the wastewater so that it can be safely returned to the environment

- **Customers are billed** – we bill customers for our water supply service and provide the bills on behalf of Thames Water for their wastewater service (if you are a Southern Water wastewater customer you will receive two bills)

4. The role of customers in a price review process

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.

5. How water companies are monitored

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.

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.

6. How water companies are monitored cont…

As part of their responsibility to provide clean and safe water to households and businesses, regulators set targets and performance standards for UK water companies. Outcome Delivery Incentives (ODIs) are a part of this framework and act as a system of financial rewards and penalties that are placed to encourage water companies to perform beyond their committed levels of service in order to benefit customers, the environment, and improve overall service.

For example:

A water company will set a target to reduce water leakage in their network by a certain percentage over a specific time period.

The company **exceeds this target** and is able to reduce water leakage beyond that percentage

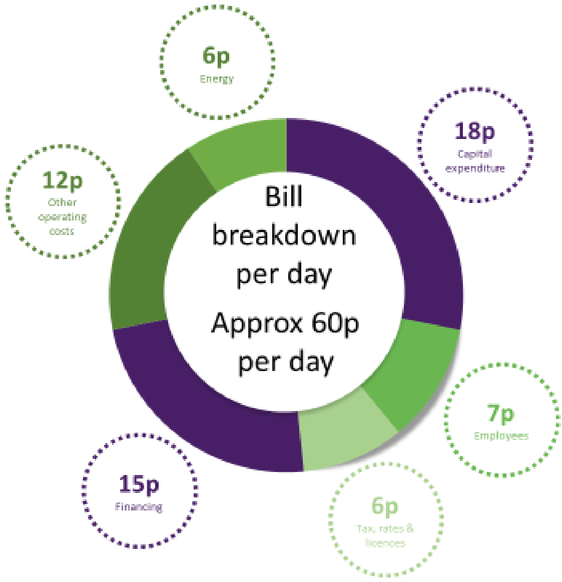
The company is given **a financial reward** by Ofwat, and **customers pay more** on their bills due to **improvements made in areas that are important to customers**

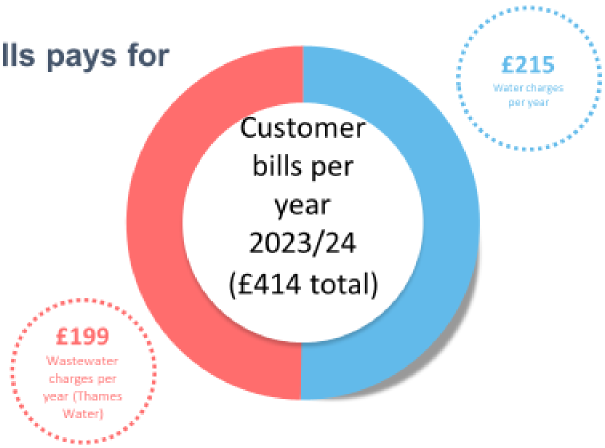
The company **fails to meet this target** and is unable to reduce water leakage

The company is given a **financial penalty** by Ofwat, and **customers pay less** on their bills as **compensation for poorer service**

Last year SES Water passed 17 and failed 8 performance commitment targets, costing them a penalty of £0.3m (equating to a £1.30 decrease on the average household bill)

10. What the money from customer bills pays for





Our average bill today is **£215 per year – just over 60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

37. What does SES do for their customers

SES remains committed to delivering excellent customer service that is able to meet the needs of all of our customers.
So what are we doing currently?

We carry out regular surveys with customers to understand how helpful our range of extra services are (both financial and non-financial). Last year 81% of customers who were on one of our extra services felt that they were helpful.

We also ask customers who aren't on them if they are aware of the support on offer. Currently, less than 40% of our customer base is aware of what is on offer, so we have more work to do. So what will we do?

- **Community engagement**

Our trained customer care team work in the community promoting the schemes and services on offer. This can be at community events, food banks, over 65 forums, family and children's centres as well as working with stakeholders and partners attending team briefings and open days.

We are also running research and have regular stakeholder sessions to ensure that the schemes design and access to it are suitable.

- **Trusted partnerships**

We have recently signed up our first trusted partner who will accept applications for our schemes on our behalf. Our new approach is intended to make the process of registering for our service and financial support schemes far simpler for our customers and this will also help increase awareness.

We'll work with the industry to share data about customers who require priority services with electricity and gas providers so that those that need extra help are identified and registered automatically with all their suppliers.

- **Promotion**

We will increase the communications we send out to our customers relating to the extra services on offer.

38. Financial support schemes

We offer a suite of schemes and discounts to support our customers who are struggling financially. Currently we have 20,100 households on one of these schemes and by the end of 2024 we will increase this to over 25,000. These schemes include:

Water Support

Water Support is a 50% bill reduction scheme funded by adding £6 to non-eligible customers' annual bills and underwritten by our shareholders who cover the remaining balance in excess of our customer contributions. Customers' eligibility for the scheme is based on their yearly gross household income. Less than £17,005 before any deductions, if they don't live in a London borough (£21,749 if they do live in a London borough).

Breathing Space

A way to pause payments for customers who need help getting back on their feet if they have experienced a change in certain personal circumstances that has had an unexpected negative impact on income; such as illness, redundancy or bereavement. We will pause payments for up to 3 months.

Direct Water Payments (third-party deductions)

Customers in receipt of certain benefits and have over £50.00 of debit on their account can combine their yearly bill with any other bill arrears into one weekly payment. This payment goes straight from their benefits. Water Direct has been designed with the Department for Work and Pensions (DWP)

Water Sure

A capped tariff for metered customers so they pay whichever bill is lower – the one based on their actual usage, or an average household bill. To qualify for this tariff customers need to be in receipt of certain benefits and have 3 children under 19 living with them or be suffering from or receiving treatment for a qualifying medical condition which means they need to use more water

For those customers who do not meet the qualifying criteria for our financial support schemes we offer flexible repayment plans. We are always willing to look at repayment of debt on an individual basis, depending on our customers financial situation.

39. Non-financial support schemes

Priority Services Register (PSR)

The PSR is free to join. It helps utility companies like us look after customers who have health, access or extra communication needs and helps us tailor our services to support households who need extra help.

The PSR includes a range of additional services we offer to make managing your account as easy as possible. We also offer extra support in the event of a water supply emergency. They include:

- Individual notification in emergencies
- Braille, large print and audio/CD services
- Text Relay Service
- Home dialysis users and patients convalescing at home
- Password scheme to protect from bogus callers
- Nominated correspondent to speak on your behalf
- Financial assistance depending on different eligibility criteria

Currently we have 20,500 customers on the PSR scheme and anticipate that by the end of 2024 this will have grown to 25,000.

Recite me Accessibility and Language toolbar

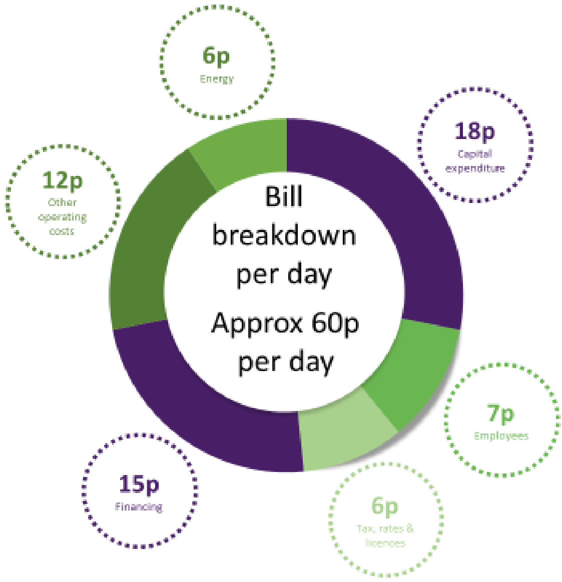
This tool allows customers to change the accessibility settings to help you get the most out of our website. It includes options to adjust the ruler, screen mask, magnifier, margins and a dictionary. The toolbar also quickly and easily translates all our web content into over 100 languages, including 35 text to speech voices.

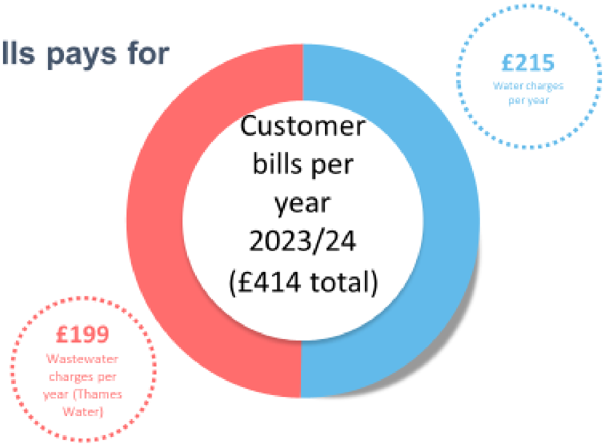
Over 600 customers a month use this tool to help them navigate our website.

Bereavement life ledger

We have partnered with LifeLedger a free service that allows customers to close, freeze, switch or transfer billing and service related accounts following a bereavement quickly and easily and from one place.

10. What the money from customer bills pays for





Our average bill today is **£215 per year –** just over **60p per day.**

The average bill when combined with wastewater charges is **£414 per year** (Thames Water customers)

Provide you with high quality water from sustainable sources

- Continue to meet the highest quality standards by maintaining and investing in our water treatment works
- Work with farmers to stop nitrates and pesticides from entering our water sources
- Replace lead pipes that supply schools and nurseries
- Confirm where we need to reduce our existing abstractions to protect and enhance the chalk streams in our area

Deliver a resilient water supply from source to tap

- Reduce leakage so only 9.5% of the water we supply is leaked - a 28% reduction since 2019/20
- Use our smart network to help us find and fix leaks more quickly
- Target the replacement of old water mains
- Use smart meters to find leaks on customers' pipes and plumbing and help fix them
- This investment will also help us to maintain and reduce supply interruptions and main bursts

Help you reduce your water footprint and charge a fair price

- Reduce our customers' water consumption by 20 litres to 131 litres per person per day
- Provide smart meters to households and businesses
- Use data from smart meters to help us provide customers with help and advice, targeting higher users
- Expand the impact of our education programme to embed the importance of water saving
- Develop our social tariff to help people struggling to pay

Improve the environment and have a positive impact on our local area

- Invest in schemes required by law to protect wildlife
- Work with partners to enhance the environment, increase resilience and improve biodiversity
- Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs
- Continue to improve biodiversity on 70% of the land we own
- Make more of our land accessible to the community

19. We will be showing you two plans

Preferred plan	Must do plan
• This is the water company's proposed plan and includes extra work over and above what they are required by law to provide extra benefits to customers, the environment and local communities	• This plan allows water companies to carry out the work that they are required to do by law • This is also the least cost plan

20. Areas of Investment

The average SES Water bill will be, on average, **£19** more per year between 2025 and 2030 if we deliver all the investments in our **preferred plan,** than in 2025

- £12 is to meet the higher standards required by law and regulation (black)
- £7 is to improve our performance over and above this (white) which are optional

The average combined bill when Thames Water's wastewater services are included will rise by **£79 per year** (on average) between 2025 and 2030.

£ **Must do** — These are investments that SES must make.

£ **Preferred plan i.e. could do** — These are discretionary investments. SES proposes these to achieve additional benefits for customers and the environment.

Provide you with high-quality water from sustainable sources	+£1.38 Installation of UV treatment to protect water quality from contamination	+£0.77 Combat nitrates and pesticides entering our water sources and protect living species in water sources	+£0.37 Investigations into the environmental impact of existing abstractions	+1.26 Replacement of lead pipes within schools and nurseries by 2030
Deliver a resilient water supply from source to tap	+£0.66 Work to make our water treatment works more secure	+£3.47 Investing in reducing leakage by finding and fixing more leaks	+£1.43 Schemes aimed at protecting sites from flooding and power outages	+£0.34 Extra investment to reduce leakage
Help you reduce your water footprint and charge a fair price	+£5.51 Smart meters provided to 112,000 homes and businesses	+£2.61 Smart meters provided to a further 80,000 homes and businesses	+£0.86 Extra water efficiency support for customers	
Improve environment and have a positive impact on local area	+£0.07 Enhancing the environment, increasing resilience and biodiversity on the River Eden	+£0.11 Work to enhance biodiversity on 70% of the land SES owns through improved land management		

Figures shown do not include inflation

24. Water Industry National Environment Program

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.

25. Provide you with high quality water from sustainable sources

By 2050 our ambition is:

- To have always provided you with high-quality water that meets the highest standards
- To only use sources where we can take water without harming the environment

Between 2025 and 2030 we will:

Continue to meet the highest quality standards by maintaining and investing in our water treatment works and installing UV treatment	**Must do** investment to meet water quality standards. **£1.38**
Work with farmers to stop nitrates and pesticides from entering our water sources, protect habitats and reduce the risk of non-native species	**Must do** investment to meet environmental laws (WINEP) **£0.77**
Confirm where we need to reduce our existing abstractions to protect and enhance the chalk streams in our area	**Must do** investment to meet environmental laws (WINEP) **£0.37**
Replace circa 175 lead pipes that supply schools and nurseries	**Could do** investment to improve water quality by reducing the risk of lead in water supplies **£1.26**

26. Lead replacement

Drinking water containing high levels of lead can impact on health – particularly of young people

We add a chemical to water to protect water quality

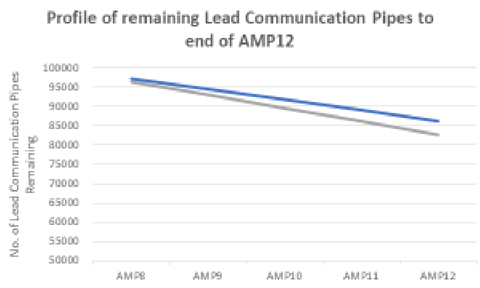
We are required by law to replace leads pipes when high levels of lead are detected and we will replace SES lead pipes that supply customers' homes when customers replace their own supply pipes, and where supplies are shared with other properties

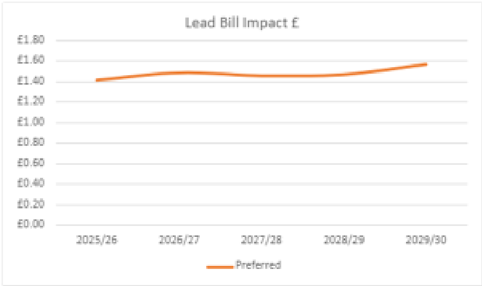
Our preferred plan is:

- To replace circa 175 lead pipes that supply colleges, schools and nurseries between 2025 and 2030
- After 2030 we will continue to proactively replace the lead pipes in our network and help customers to replace theirs

Our must do plan is:

- To continue with our current approach to replace lead pipes where high levels of lead are detected





27. Deliver a resilient water supply from source to tap

By 2050 our ambition is:

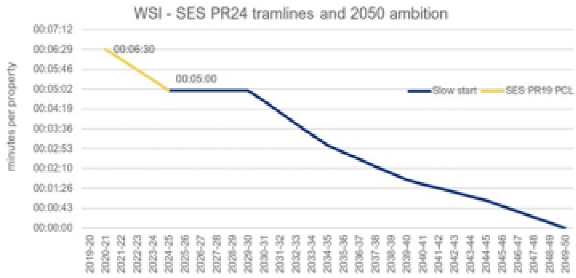
- For our water supplies to be resilient to climate change – including severe droughts
- For no-one to have their water supply interrupted for more than 3 hours
- For less than 5% of water we produce to be leaked from our pipes and yours

Between 2025 and 2030 we will:

Protect our water treatment works from climate change and other external threats and events	**Must do** – to meet new security regulations **£0.66**	**Could do** – to protect sites from climate change and power outages **£1.43**
Reduce leakage by 19% by finding and fixing leaks more quickly, replacing old water mains and using smart meters to find leaks on customers' pipes and plumbing	**Must do** – reduce leakage by finding and fixing more leaks **£3.47**	**Could do** – manage pressure to reduce leaks further **£0.34**
Maintain our current performance for supply interruptions at less than 5 mins per year	**No bill impact**	

28. Supply interruptions

- SES Water currently perform well in this area (less than 5 minutes of supply interruptions per household per year)
- Our preferred plan is to maintain performance over the next 5 years
- Beyond 2030 we will continue to invest in this area through replacing old water mains
- Our long-term target is for there to be no supply interruptions longer than 3 hours
- There will be no impact on bills between 2025 and 2030



29. Resilience

External factors can impact on our service.

We must meet statutory security requirements to make sure our drinking water sources are protected.

Other factors such as climate change and interruptions to power supplies could result in water treatment and production temporarily being stopped.

Our preferred plan:

- Increase the security of our sites in line with statutory requirements
- Carry out work to protect one of our water supply sites from flooding from the nearby River Mole – this has been identified by our work to look at the long-term impact of climate change
- Protect our sites from short term power outages by installing equipment that will automatically switch to standby generators to stop sites from shutting down

Our must do plan:

Increase the security of our sites in line with statutory requirements

30. Leakage reduction

22 million litres water per day is currently leaked from SES Water's pipes (70%) and customers' pipes (30%)

This is 13% of the water that is treated and put into supply each day.

The Government target is to reduce leakage by 50% by 2050 (from 2017/18 levels)

SES Water want to achieve the 50% reduction ahead of the Government target

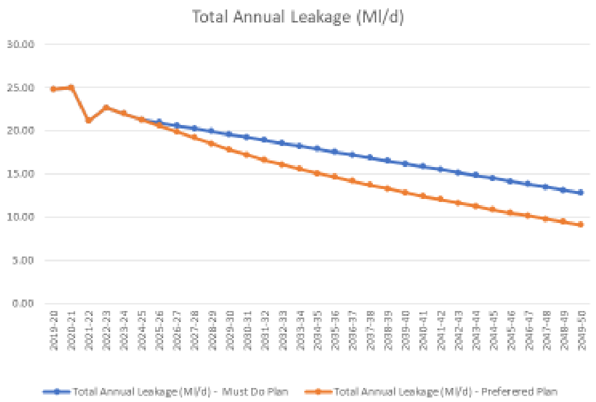
Our preferred plan is:

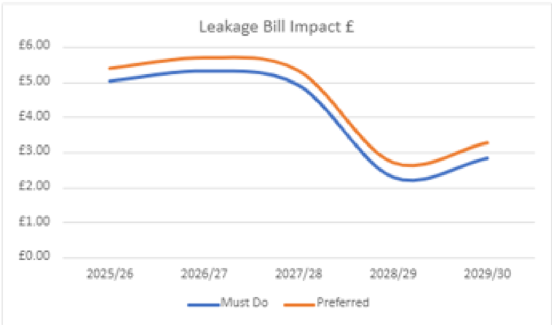
- To use our smart network to help find more leaks and repair them more quickly
- Roll out smart meters to all our customers to help us detect customer-side leaks and help fix them
- From 2030 we will start replacing old water mains to reduce the risks of leaks occurring
- **50% leakage reduction will be achieved by 2040**

Our must do plan is:

- To use our smart network to help find more leaks and repair them more quickly
- Roll our smart meters help us detect customer-side leaks and help fix them – fewer meters will be installed under our must do plan so leakage will not fall as quickly
- **50% leakage reduction will be achieved by 2050**

31. Leakage reduction





Preferred plan – 65% leakage reduction by 2050

Must do plan – 50% leakage reduction by 2050

33. Help you reduce your water footprint and charge a fair price

By 2050 our ambition is:

- To reduce household water consumption to 110 litres per person per day and business consumption by 15%
- To eliminate water poverty so no customers spend more than 5% of disposable income on water

Between 2025 and 2030 we will:

Help reduce household water consumption to 131 litres per day by Installing more smart meters (15,000 will be in place by 2025) and provide customers with help and advice, targeting higher users

Reduce non-household water consumption by 15% by providing smart meters

We will continue to provide a social tariff and additional support to customers with financial difficulties

Must do – we will provide 112,000 smart meters to homes and businesses
£5.51

Could do – we will provide an extra 80,000 smart meters to homes and businesses and provide extra water efficiency support
£2.61
£0.86

34. Smart meters

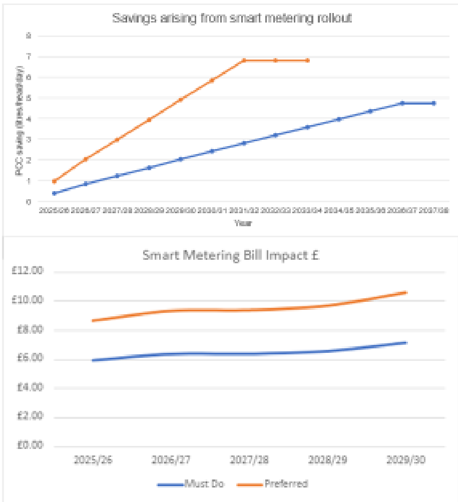
SES Water customers currently use circa **150 litres** of water per person per day
The Government target is:

- For household customers to use **110 litres per person per day by 2050** – a reduction of 40 litres per person
- For business customers to reduce their usage by 15% by 2050

Smart meters provide more information on how much water is being used and where. The data they produce will enable more targeted water efficiency support to be provided to customers.

Our preferred plan is:

- To provide smart meters to all our household and business customers by 2032 – 192,000 meters between 2025 and 2030 with enhanced technology
- To provide extra water efficiency advice to help target the highest users
- It will also contribute to greater leakage reduction



Our must do plan is;

- To provide smart meters to all our household and business customers by 2037 – 112,000 between 2025 and 2030
- The remaining 80,000 meters will be installed between 2030 and 2037.

35. Improve the environment and have a positive impact on our local area

By 2050 our ambition is:

- To achieve net zero carbon emission (operational and embedded carbon)
- To enhance the environment and increase biodiversity on our sites and areas we work by up to 50%

Between 2025 and 2030 we will:

- Work with partners in the River Eden to enhance the environment, increase the resilience of our water supplies and improve biodiversity → **Could do** – investigations to identify nature-based solutions to improve water quality and water-based habitats **£0.07**
- Continue to improve biodiversity on 70% of the land we own → **Could do** – carry out work on or at our main sites to improve the way we manage the land to attract a wider range of species and wildlife **£0.11**
- Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs → **No bill impact**

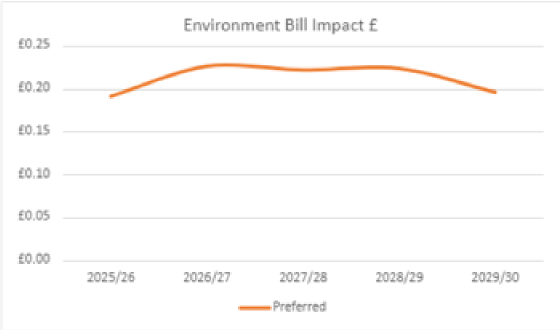
36. Environmental enhancement

We could take action to go beyond our statutory requirements (identified in the WINEP) and further enhance the environment and increase biodiversity.

The Government has set a long-term target to increase biodiversity and support nature recovery.

Our preferred plan is:
- To investigate opportunities for nature-based solutions in the River Eden catchment during 2025 to 2030
- To deliver the solutions from 2030 onwards
- To carry out work on our own sites to increase biodiversity

Our must do plan is:
- No additional investment in this area

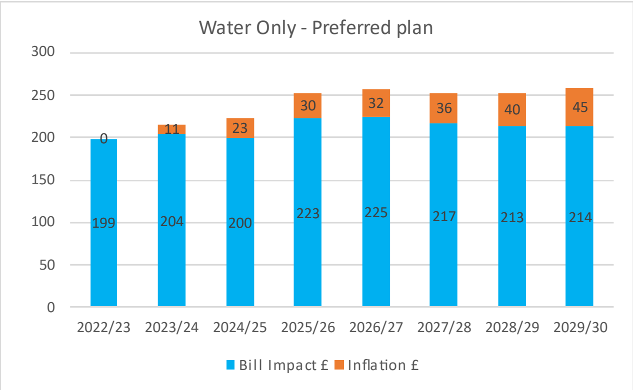


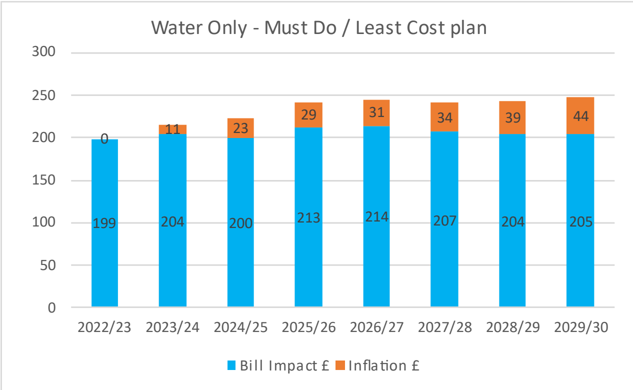
7.1.12 Post task

SES Water Workshop Post-task

Thank you for your participation in this focus group for SES Water. Before we finish, we have a few more questions to ask you, as was mentioned when we first contacted you about participating. This post-task should take around 5 minutes to complete.

Affordability





S ASK BILL-PAYERS

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 bills?

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

S ASK BILL-PAYERS

Q2. Based on everything you have heard and read about SES's proposed business plan, how acceptable or unacceptable is it to you?

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

M ASK IF Q2 = 3 OR 4, RANDOMISE, SELECT 2

Q3. Why do you say that? Please select the **TWO** main reasons from the list below or write your own reason(s) if they are not on the list.

1. Too expensive
2. Water company profits too high
3. The plan won't improve things enough/improvements too small
4. Water companies should pay for more of these service improvements out of their profits

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

M ASK IF Q2 = 1 OR 2, RANDOMISE, SELECT 2

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

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

S ASK ALL

Q5. Of the business plans you have seen today, which one do you prefer overall?

1. The preferred plan
2. The least cost "must do" plan

O ASK ALL

Q5. Why did you say that?

S ASK ALL

Q7. Long-term investment by SES 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?

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

S ASK ALL

Q8. To what extent, if at all, do you trust SES to deliver their proposed plan by 2030?

1. I trust them to deliver it all
2. I trust them to deliver some of it
3. I trust them to deliver a little of it

4. I don’t trust them to deliver it

M **ASK IF Q8 = 1 OR 2, RANDOMISE, SELECT 2**

Q9. Why do you say that? Please select the TWO main reasons from the list below:

1. They give me a good service
2. Their services are good value for money
3. They keep their service promises to their customers
4. They don’t update their customers on how they are delivering
5. Their customers are their top priority
6. Other 1 – (please specify) **FIXED**
7. Other 2 – (please specify) **FIXED**

M **ASK IF Q8 = 3 OR 4, RANDOMISE, SELECT 2**

Q10. Why do you say that? Please select the TWO main reasons from the list below:

1. They don’t give me a good service
2. Their services are poor value for money
3. Shareholders are more important to them than customers
4. They will want to put their bills up by more than this
5. Other 1 – (please specify) **FIXED**
6. Other 2 – (please specify) **FIXED**

S **ASK ALL**

Q11. How easy, or otherwise, was it for you to decide which plan you preferred?

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

7.2 Quantitative materials

7.2.1 Invitation letter

Dear [customer_name],

SES Water needs your help with some important decisions that they will be making, which will affect your household/business and the bills you pay for your clean water services from 2025 to 2030.

All water companies are making plans for what investments are needed to make sure customers have secure, reliable, and high-quality water services for today and in the future.

It is conducting a survey to understand your views on potential future investments, and is important because all investment is paid for through customer bills. Your feedback will be used by SES Water to inform its business plan for the five years, 2025-2030.

It will take about 10 minutes to complete the survey, and as a thank you for your time, you will receive a £5 Amazon gift voucher, or charity donation if you would prefer. Full details of how to redeem this incentive are given in the survey. Please note the incentive will be paid once the survey when the survey is closed, no later than the end of August 2023.

The survey can be completed online, by clicking the following link, or alternatively copying and pasting it into your web browser. This can be done using a laptop, PC, tablet or mobile device.

[WEB LINK]

Alternatively, if you do not have internet access, but would still like to participate in the research, we can offer a postal survey. To do this, please reply to this letter stating you would like to take part, with your full name and address to the address below. You will then be sent a paper version of the survey with instructions on how to complete and send it back.

Steve Morley
Impact Research Ltd
3 The Quintet
Churchfield Road
Walton-on-Thames
Surrey
KT12 2TZ

When completing the survey, you will be prompted to enter your annual bill amount. For you, this is: £x.

Further information

This study is being carried out by Impact Research, an independent market research company, working in partnership with SES Water.

This is a genuine market research study and no sales call will result from our contact with you. The survey will be carried out in strict accordance with the Market Research Society's Code of Conduct and GDPR.

If you require any further information about how Impact store and use the data you provide, please see their privacy policy: https://www.impactmr.com/privacy-statement-research

If you have any queries, you can contact Impact Research Ltd on 01932 226 793 and ask for a member of the Utilities team. If you wish, you may also confirm their credentials by contacting the Market Research Society on 0800 975 9596.

Thank you in advance.

Kind regards,

Steve Morley

Associate Director
Impact Research Ltd
3 The Quintet, Churchfield Road, Walton-on-Thames, KT12 2TZ, UK

7.2.2 Invitation email

Dear [customer_name],

SES Water needs your help with some important decisions that they will be making, which will affect your household/business and the bills you pay for your clean water services from 2025 to 2030.

All water companies are making plans for what investments are needed to make sure customers have secure, reliable, and high-quality water services for today and in the future.

It is conducting a survey to understand your views on potential future investments, and is important because all investment is paid for through customer bills. Your feedback will be used by SES Water to inform its business plan for the five years, 2025-2030.

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Thank you in advance.

Kind regards,

Steve Morley

Associate Director
Impact Research Ltd
3 The Quintet, Churchfield Road, Walton-on-Thames, KT12 2TZ, UK

7.2.3 Quantitative survey

Online survey **July 2023**

HIDSAMPLE - separate links

1. **HH (Online)**
2. **NHH (RTO)**

SHOW ALL, INTRODUCTION TO THE RESEARCH AND ADHERENCE TO MRS CODE OF CONDUCT AND GDPR
IF ONLINE SURVEY:

Thank you again for being part of this survey.

This short research survey is being run by Impact, an independent market research agency on behalf of SES Water. This survey will cover questions concerning your water service and bills.

This is a genuine market research study. No sales call will result from our contact with you and your details will not be forwarded or used by anyone else as a result of your participation. The interview will be carried out in strict accordance with the Market Research Society's Code of Conduct.

By clicking the Next button, you confirm that you have read the information below and agree to participate in this survey.

Start survey

If you require any further information about how we store and use the data you provide, please see our privacy policy on our website: https://www.impactmr.com/privacy-statement-research

Would you like to write down our telephone number should you have any queries?
You can contact us on 01932 226 793 and ask for a member of the Utilities team.

SCREENER HH ONLINE

S **ASK ALL HH, NUMERICAL, MAX 115**
S1 How old are you?

1. Please enter your age: **[OPEN RESPONSE]**
2. Prefer not to say **THANK AND CLOSE**

IF S1<18 THANK AND CLOSE

AUTOMATICALLY CODE INTO AGE BRACKETS AS FOLLOWS:

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

S **ASK ALL HH**
S2 Are you solely or jointly responsible for paying your household's water bill?

1. Yes

2. No, I am not responsible for paying the bill **THANK AND CLOSE**
3. Don't know **THANK AND CLOSE**

S **ASK ALL HH**

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

Please select one answer only

1. Yes
2. No
3. Don't know

S **ASK ALL HH**

S4 SES is your water company and either Thames Water or Southern Water is responsible for your sewerage services. Does this sound right?

Please select one answer only

1. Yes
2. No **THANK AND CLOSE**
3. Don't know

SCREENER NHH

S **ASK ALL NHH ONLY**

NS1 Are you solely or jointly responsible as the decision maker for your organisation's water and sewerage service at any of its premises?

1. Yes
2. No **THANK AND CLOSE**

S **ASK IF NS1=1 NHH ONLY**

NS2 Is this business run from a business premises or from somewhere else, e.g., a home residence or a mobile business?

1. Business premises
2. No fixed business premises (e.g., van/home residence)

S **ASK IF NS2=2 NHH ONLY**

NS3 Just to clarify, so your organisation DOESN'T have ANY OTHER main premises?

1. No other main business premises **THANK AND CLOSE**
2. There are other main business premises other than my/someone else's home

S **ASK IF NS2=2 NHH ONLY**

NS3 Can I check whether your organisation is responsible for making decisions about and paying for water utilities, or whether someone other than the organisation, such as the landlord or management company, is responsible for this?

1. Organisation makes its own decisions about utilities
2. Decision about utilities are made by a third party, e.g. landlord **THANK AND CLOSE**

O **ASK ALL NHH ONLY**
NS5a Please enter your name.

Please note this, and the two subsequent, questions are asked to ensure this survey is only completed by no more than one employee from within each organisation. Your response will not be tied to you personally in any way.

1. Refused **THANK AND CLOSE**

O **ASK ALL NHH ONLY**
NS5b Please enter your job title.

1. Refused **THANK AND CLOSE**

O **ASK ALL NHH ONLY**
NS5b Please enter the name of your organisation.

1. Refused **THANK AND CLOSE**

BILL ROUTING

O **ASK HH ONLY, NUMBER ONLY, ALLOW 0-99999**
B1 In the email/letter you were sent inviting you to take part, we included a figure for your individual annual water and wastewater bill. Please could you input this figure into the field below. This is important as it will allow us to personalise the questionnaire so it is most relevant to you.

£ **[OPEN RESPONSE]**

O **ASK NHH ONLY, NUMBER ONLY, ALLOW 0-99999**
B2 Are you aware of your current organisations annual water and wastewater bill. If so, please could you input this figure into the field below. This is important as it will allow us to personalise the questionnaire so it is most relevant to you.

£ **[OPEN RESPONSE]**

1. Don’t know

AFFORDABILITY

INFO SCREEN: Thank you. We are now going to ask you some questions about your **[HH:** household's, **NHH:** organisation's**]** financial situation.

S **ASK ALL RANDOMISE REVERSING ORDER OF CODES 1-5 (KEEP ORDER THE SAME BUT REVERSE LIST FOR HALF OF SAMPLE, EXPECT CODE 6)**
A1 Thinking about your **[HH:** household's, **NHH:** organisation's**]** finances over the last year, how often, if at all, **[HH:** have you, **NHH:** has your organisation**]** struggled to pay at least one of **[HH:** your household bills, **NHH:** its bills**]**?

Please select one answer only

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

S ASK ALL , RANDOMISE REVERSING ORDER OF CODES 1-5

A2 Overall, how well would you say [HH you are] [NHH your organisation is] managing financially now?
Please select one answer only

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

S ASK ALL, RANDOMISE REVERSING ORDER OF CODES 1-5

A3 Thinking about your [HH household's] [NHH organisation's] financial situation over the next few years up to 2030, do you expect it to get:
Please select one answer only

1. A lot worse
2. A bit worse
3. Stay the same
4. A bit better
5. A lot better
6. Prefer not to say FIXED
7. Don't know FIXED

S ASK ALL, RANDOMISE REVERSING ORDER OF CODES 1-5

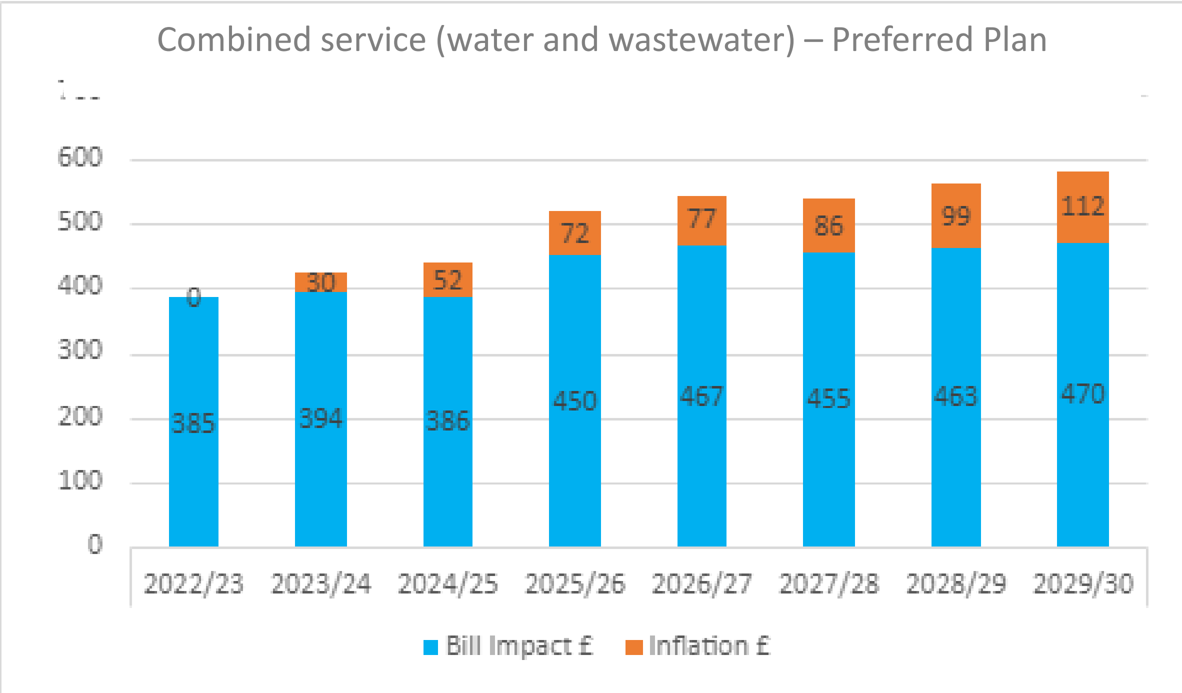
A4 THIS LINE HH ONLY Your current water and bill is [ROUTE ANSWER FROM B1]
How easy or difficult is it for [HH you] [NHH: your company/organization] to afford to pay your current water bill:
Please select one answer only

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know FIXED

[HH ONLY] ADD TIMESTAMP, ADD ZOOM FUNCTION

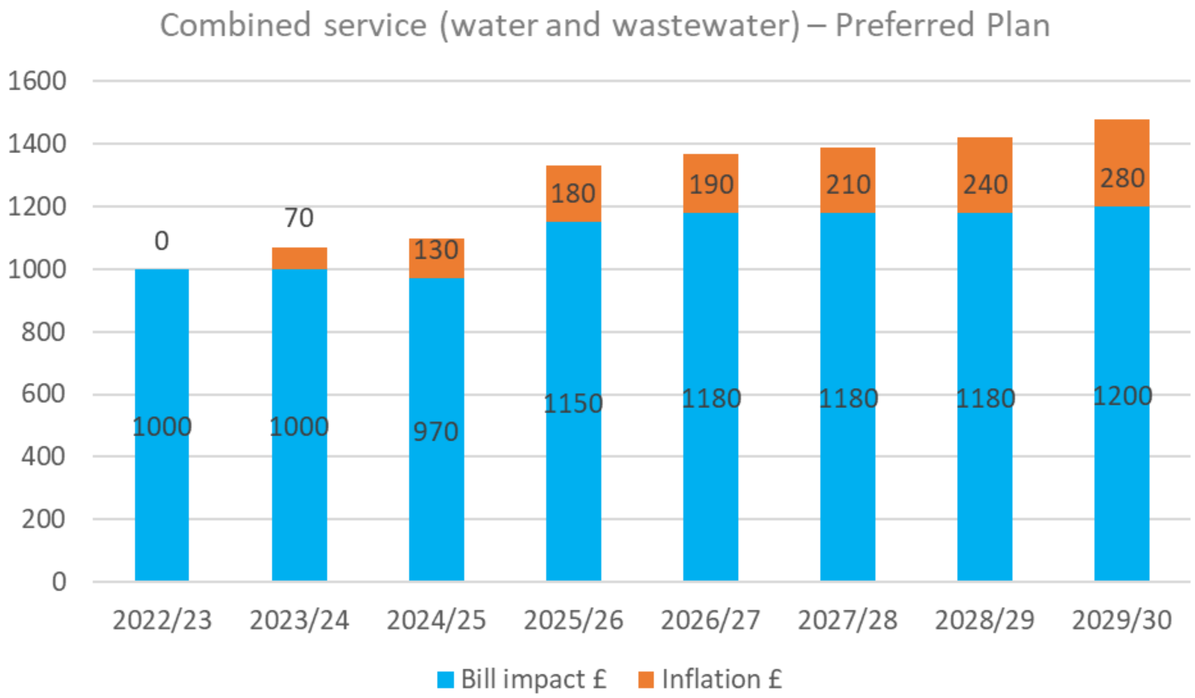
INFO SCREEN: The next set of questions are about proposed changes to your water and sewerage bills (i.e., your combined bill from SES Water for your clean water and from Thames Water for your wastewater bill) for the years 2025-2030. The chart below shows these changes. It also shows how inflation may impact on your bill, based on the Bank of England's inflation forecasts.

Please note the chart shows the figures for an average annual bill for a customer in SES's region, but please consider your own bill of **[ROUTE ANSWER FROM B1]** when answering this question. If your bill is currently above the average bill of £414 for 2023/2024, it is likely that your bill will increase by a larger value than is shown on screen, but if it is lower, then it is likely to increase by a smaller value.



NHH ONLY: ADD TIMESTAMP, ADD ZOOM FUNCTION

Please note the chart shows the figures for an example annual bill of £1,000 in SES's region. If your bill is currently above £1,000 per year, it is likely that your bill will increase by a large value than is shown on screen, but if it is lower, then it is likely to increase by a smaller value.



S ASK ALL, RANDOMISE REVERSING ORDER OF CODES 1-5

A5 How easy or difficult do you think it would be for [HH:you] [NHH: your company/organisation] to afford these water bills?

IF NHH & BILL IS NOT KNOWN B2=1: How easy or difficult do you think it would be for your organization to afford its water bills if they went up at the same rate?

Please select one answer only

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know FIXED

M ASK IF HH & A5=3, 4 OR 5, RANDOMISE

A6 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?

Select all that apply

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

Acceptability

INFO SCREEN, SHOW ALL: Thank you. We are now going to ask you some questions about your views on **[HH:** your water company's business plan, **NNH:** the business plan of the water wholesaler SES Water]. Water companies are required to put together business plans for each five-year period. The plan we are showing you is for 2025- 2030.

First, we have a number of tables showing SES Water's performance levels on a number of areas compared to other water companies in England and Wales. Please look through this data, taking note of SES Water's (highlighted in a different colour) performance in relation to other water companies. In all instances, those marked in green are performing at or better than their target, or the industry average.

Please take your time to read through the information carefully, making sure you understand what is being shown before moving on to the next screen. Please use the zoom function to view the tables, if you are having trouble reading them.

NEXT PAGE, TABLE1, ADD 20 SECOND TIME DELAY, ADD ZOOM FUNCTION

This table shows the **number of times [HH: houses, NHH: premises] have had their water interrupted without warning for longer than 3 hours** over the 2021-2022 period. **Minus numbers on the table are better** as they show that fewer interruptions without warning are occurring. **SES Water is performing 3rd** for least interruptions without warning compared to other companies on this graph.

Water Supply Interruptions, without warning, for longer than 3 hours		
If a water supply is interrupted without warning for greater 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.		
Companies with the *lowest* numbers perform best for this service.		
SES Water met its target for this metric last year		
In 2021-2022 SES Water performed 3rd out of 17 companies overall on this measure.		
Water and Sewage Company	Performance against target (%)	
Portsmouth*	-62%	**Better performance**
Bristol*	-59%	
SES Water*	**-52%**	
South Staffs and Cambridge*	-47%	
Affinity*	-39%	
Wessex	-32%	
South West	+11%	
United Utilities	+30%	
Southern	+53%	
Anglian	+60%	
Yorkshire	+73%	
Thames	+80%	
Northumbrian and Essex & Suffolk	+92%	
Severn Trent	+106%	
Dŵr Cymru Welsh Water	+164%	
Hafren Dyfrdwy	+511%	
South East*	+1083%	**Poorer performance**
	* Water only company	

NEXT PAGE, TABLE2, ADD 20 SECOND TIME DELAY, ADD ZOOM FUNCTION

The next table shows the **number of times customers have contacted SES concerning water taste, smell or appearance issues** over the 2021-2022 period. **Smaller numbers on table are better**, as that means less customers are contacting SES water concerning their water taste, smell and appearance.

While SES Water are not meeting their target for this measure, they are still performing 3rd overall for the least number of contacts compared to other companies.

Taste, smell, and appearance of water		
Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.		
Companies with the *lowest* numbers perform best for this service.		
SES Water did not meet its target for this metric last year		
In 2021-2022 SES Water performed 3rd out of 17 companies overall on this measure.		
Water and Sewage Company	Contacts per 1,000 population	
Portsmouth*	0.41	**Better performance**
Thames	0.49	
SES Water*	**0.58**	
Affinity*	0.73	
South Staffs and Cambridge*	0.76	
Severn Trent	0.93	
Northumbrian	0.97	
Anglian	1.03	
Yorkshire	1.09	
Southern	1.1	
Wessex	1.17	
South East*	1.34	
Bristol*	1.38	
South West	1.55	
Hafren Dyfrdwy	1.71	
United Utilities	1.79	
Dwr Cymru Welsh Water	2.38	**Poorer performance**
	* Water only company	

NEXT PAGE, TABLE3, ADD 20 SECOND TIME DELAY, ADD ZOOM FUNCTION

This table shows the **number of litres lost from water mains or pipe leaks** over the previous 3 year period. **Minus numbers on the table are better** as they show that less leakage. **SES Water is performing 5th** for least amount of water lost due to leakages.

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.		
Companies with the *lowest* numbers perform best for this service		
SES Water met its target for this metric last year		
In 2021-2022 SES Water performed 5th out of 17 companies overall on this measure.		
Water and Sewage Company	Performance against target	
Cambridge*	-9%	**Better performance**
Wessex	-7%	
Portsmouth*	-6%	
Hafren Dfrdwy	-5%	
SES Water*	**-3%**	
South east	-3%	
United Utilities	-3%	
South Staffs	-2%	
Dŵr Cymru Welsh Water	-1%	
Severn Trent	-1%	
Yorkshire	-1%	
Anglian	+/-0%	
Bristol	+/-0%	
South West & Bournemouth	+/-0%	
Thames	+/-0%	
Affinity	+1%	**Poorer performance**
Southern	+1%	
Northumbrian and Essex & Suffolk	+3%	
	* Water only company	

NEXT PAGE, TABLE4, ADD 20 SECOND TIME DELAY, ADD ZOOM FUNCTION

The final table shows the **daily water usage from each water company per customer served**. **Minus numbers on the table are better** as they show that less water is being used. **SES Water is performing 12th** in terms of daily water usage per customer.

Per Capita Consumption		
An increasing population means extra demand for water while increasingly erratic weather patterns could lead to more droughts in the future. It is more important than ever for everyone to take care how they use water.		
Companies with the *lowest* numbers perform best for this service.		
SES Water performed worse than the industry average over the previous 3 years		
In this period SES Water performed 12th out of 18 companies overall on this measure.		
Water and Sewage Company	Performance against target (litres)	
Yorkshire	*-17*	**Better performance**
Severn Trent	*-13*	
Southern	*-11*	
Anglian	*-6*	
*Cambridge**	*-5*	
South Staffs	*-3*	
Southern west and Bournemouth	*-3*	
Hafren Dfrdwy	*-2*	
Wessex	*+/-0*	
United Utilities	*+1*	
Thames	*+3*	
SES Water*	***+8***	
*Bristol**	*+9*	
*South East**	*+11*	
*Northumbrian and Essex & Suffolk**	*+13*	
*Portsmouth**	*+15*	
*Affinity**	*+17*	**Poorer performance**
Dŵr Cymru Welsh Water	*+24*	
	* Water only company	

NEXT PAGE, TABLE 5, ADD 30 SECOND TIME DELAY, ADD ZOOM FUNCTION

SES Water is currently developing its 2025-2030 business plan. This has been developed in line with the company's current performance on the key metrics laid out above. If all of the preferred investments are delivered upon, the average SES Water bill can be expected to be **[HH:** £14, **NHH:** 7.04%**]** more per year, on average, between 2025 and 2030.

Below are the four key investment areas which SES Water will be basing its 2025-2030 investments on, as well as its specific aims within these investment areas.

Provide you with high quality water from sustainable sources

- Continue to meet the highest quality standards by maintaining and investing in our water treatment works
- Work with farmers to stop nitrates and pesticides from entering our water sources
- Replace lead pipes that supply schools and nurseries
- Confirm where we need to reduce our existing abstractions to protect and enhance the chalk streams in our area

Deliver a resilient water supply from source to tap

- Reduce leakage so only 9.5% of the water we supply is leaked - a 28% reduction since 2019/20
- Use our smart network to help us find and fix leaks more quickly
- Target the replacement of old water mains
- Use smart meters to find leaks on customers' pipes and plumbing and help fix them
- This investment will also help us to maintain and reduce supply interruptions and main bursts

Help you reduce your water footprint and charge a fair price

- Reduce our customers' water consumption by 20 litres to 131 litres per person per day
- Provide smart meters to households and businesses
- Use data from smart meters to help us provide customers with help and advice, targeting higher users
- Expand the impact of our education programme to embed the importance of water saving
- Develop our social tariff to help people struggling to pay

Improve the environment and have a positive impact on our local area

- Invest in schemes required by law to protect wildlife
- Work with partners to enhance the environment, increase resilience and improve biodiversity
- Continue to become more energy efficient and where possible move to fully renewable sources for our energy needs
- Continue to improve biodiversity on 70% of the land we own
- Make more of our land accessible to the community

NEW PAGE

We will now ask you which elements of the current business plan are the most important to you relating to current investments and intended future investments in the next business plan.

You will be asked one question relating to each area of the business plan, as shown on the previous screen. Please take your time to read through the information carefully, before selecting which part of the business plan is most important to you. For each option, you will see how much, on average, it will add to your overall annual bill. Please use the hover over text provided for each option, which gives further explanation about the work SES Water would do.

S **ASK ALL, RANDOMISE**

Q7a Based on what you have seen up until this point, which of these three parts of the business plan is the most important to you relating to the *provision of high-quality water from sustainable sources*?
Please select one answer only

1. **Installation of UV treatment to protect water quality from contamination.** Estimated annual cost to the average customer bill: **[HH:** +£1.73, **NHH:** +0.87%**]** to the average customer bill *Hover over text: Continue to meet the highest water quality standards by maintaining and investing in our water treatment works and installing UV treatment*

2. **Stopping nitrates and pesticides entering our water sources and protecting living species in water sources.** Estimated annual cost: **[HH:** +£0.93, **NHH:** +0.47%**]** to the average customer bill *Hover over text: Work with farmers to stop nitrates and pesticides from entering our water sources, protect habitats and reduce the risk of non-native species spreading*
3. **Replacing lead pipes within schools and nurseries by 2030**. Estimated annual cost: **[HH:** +£0.97, **NHH:** +0.49%**]** to the average customer bill *Hover over text: To replace circa 175 lead pipes that supply colleges, schools and nurseries between 2025 and 2030 to target places where customers who could be most impacted by lead in drinking water are*
4. Don't know/can't say **FIXED**

S **ASK ALL, RANDOMISE**

Q7b Based on what you have just read, which of these three parts of the business plan is the most important to you relating to *delivering a resilient water supply from source to tap*?
Please select one answer only

1. **Working to make our water treatment works to be more secure and enhancing the water quality**. Estimated annual cost: **[HH:** +£2.73, **NHH:** +1.37%**]** to the average customer bill *Hover over text: Increase the security of and improve the water quality from our sites in line with statutory requirements*
2. **Investing in reducing leakage by finding and fixing more leaks, managing pressure and finding leaks on customers pipes**. Estimated annual cost: **[HH:** +£3.73, **NHH:** +1.88%**]** to the average customer bill *Hover over text: To use our smart network to help find more leaks and repair them more quickly, achieving 50% leak reduction by 2040*
3. **Schemes aimed at protecting sites from flooding and power outages**. Estimated annual cost: **[HH:** +£1.78, **NHH:** +0.79%**]** to the average customer bill *Hover over text: Protect our sites from short-term power outages by installing equipment that will automatically switch to standby generators to stop sites from shutting down and protect one site at risk from river flooding during periods of heavy rainfall*
4. Don't know/can't say **FIXED**

S **ASK ALL, RANDOMISE**

Q7c Based on what you have just read, which of these two parts of the business plan is the most important to you relating to *helping you reduce your water footprint and charge a fair price*?
Please select one answer only

1. **Providing smart meters to 192,000 homes and businesses with a customer friendly way of monitoring their water use**. Estimated annual cost: **[HH:** +£7.94, **NHH:** +3.99%**]** to the average customer bill *Hover over text: Smart meters provide more information on how much water is being used and where. The data they produce will enable more targeted water efficiency support to be provided to customers.*
2. **Extra water efficiency support for customers**. Estimated annual cost: **[HH:** +£0.69, **NHH:** +0.35%**]** to the average customer bill *Hover over text: provide extra water efficiency advice to help the highest users reduce their water consumption*
3. Don't know/can't say **FIXED**

S **ASK ALL, RANDOMISE**

Q7d Based on what you have just read, which of these two parts of the business plan is the most important to you relating to *improving the environment and having a positive impact on the local area?*
Please select one answer only

1. **Enhancing the environment, increasing resilience and biodiversity on the River Eden**. Estimated annual cost: **[HH:** +£0.11, **NHH:** +0.04%**]** to the average customer bill *Hover over text: Work with partners in the River Eden to enhance the environment, increase the resilience of our water supplies and improve biodiversity (i.e., the variety and amount of wildlife present)*

2. **Work to enhance biodiversity on 70% of the land SES owns through improving land management.** Estimated annual cost: **[HH:** +£0.12, **NHH:** +0.06%**]**to the average customer bill *Hover over text: Biodiversity is the variety and amount of wildlife present which can be improved by how land is used and managed*
3. Don't know/can't say **FIXED**

S **ASK ALL, RANDOMISE REVERSING ORDER**

Q8 Based on everything you have seen and read about SES's proposed business plan, how acceptable or unacceptable is it to you?
Please select one answer only

1. Completely acceptable
2. Acceptable
3. Unacceptable
4. Completely unacceptable
5. Don't know/can't say **FIXED**

M **ASK IF Q8=3 OR 4, RANDOMISE, MAX 2**

Q8a What are the two main reasons that you feel the proposals for your water services are unacceptable?
Please choose up to two answers only

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

M **ASK IF Q8=1 OR 2, RANDOMISE, MAX 2**

Q8b What are the two main reasons that you feel the proposals for your water services are acceptable?
Please choose up to two answers only

1. The plan is good value for money
2. The plan is affordable
3. Compared to energy prices it's cheaper
4. Their plans seem to focus on the right services
5. The company provides a good service now
6. I support what they are trying to do in the long term
7. The change to my bill is small
8. I trust them to do what's best for customers
9. I have been dissatisfied with the service recently but am pleased that they are making improvements
10. Other 1 – *Please specify* **FIXED**
11. Other 2 – *Please specify* **FIXED**

12. Don't know/can't say FIXED

S ASK ALL

Q9 Long-term investments by SES 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

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

HOUSEHOLD DEMOGRAPHICS

S ASK ALL HH ONLINE, RANDOMISE

Q10 In which of the following ways do you identify?
Please select one answer only

1. Female
2. Male
3. I identify in another way FIXED
4. Prefer not to say FIXED

S ASK ALL HH ONLINE, RANDOMISE

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

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

S ASK IF Q11 = 9, RANDOMISE

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

1. High managerial, administrative or professional e.g., doctor, lawyer, medium/large company director (50+ people)
2. Intermediate managerial, administrative or professional e.g., teacher, manager, accountant
3. Supervisor, administrative or professional e.g., police officer, nurse, secretary, self employed

4. Skilled manual worker e.g., mechanic, plumber, electrician, lorry driver, train driver
5. Semi-skilled or unskilled manual worker e.g., waiter, factory worker, receptionist, labourer
6. Housewife/househusband
7. Unemployed
8. Student

AUTOMATICALLY CODE QUESTIONS Q11 AND Q12 INTO SEG AS FOLLOWS:

CODE 1	A
CODE 2	B
CODE 3 OR 8	C1
CODE 4	C2
CODE 5	D
CODE 6 OR 7	E

M **ASK ALL HH ONLINE, RANDOMISE**

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

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

AUTOMATICALLY CODE Q13 INTO VULNERABILITY AS FOLLOWS:

CODE 1 OR 2 OR 3	MEDICAL VULNERABILITY
CODE 4 OR 6 OR 7	COMMUNICATIONS VULNERABILITY
CODE 5 OR 8	LIFE STAGE VULNERABILITY
CODE 1,2,3,4,5,6,7,8	ANY VULNERABILITY

S **ASK ALL HH ONLINE, RANDOMISE GROUPS, OPTIONAL**

Q14 What is your ethnic group? Choose one option that best describes your ethnic group or background.
Please select one answer only

White
1. English/Welsh/Scottish/Northern Irish/British
2. Irish
3. Gypsy or Irish Traveller
4. Any other White background, *please describe:*

Mixed/Multiple ethnic groups
5. White and Black Caribbean
6. White and Black African
7. White and Asian

8. Any other Mixed/Multiple ethnic backgrounds, *please describe:*
Asian/Asian British
9. Indian
10. Pakistani
11. Bangladeshi
12. Chinese
13. Any other Asian background, *please describe:*
Black/African/Caribbean/Black British
14. African
15. Caribbean
16. Any other Black/African/Caribbean background, *please describe*:
Other ethnic groups
17. Arab
18. Any other ethnic group, *please describe*:

19. Prefer not to say

S **ASK ALL HH ONLINE**

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

G **ASK ALL**

D1 On a scale of 1 to 5, where 5 is very good and 1 is very bad, Using the rating please let us know how you would rate each of the following:

	1 Very Bad	**2**	**3**	**4**	**5 Very Good**
Length of survey					
Ease of completion					
Ability to express my true opinion					
Overall experience					

O **ASK ALL**

D2 Do you have any other comments regarding the content of this survey or your experience with it?

S **ASK ALL**

D3 Thank you for taking the time to give your feedback. As a further thank you for taking part, you are eligible to receive a £5/£10 incentive. Please select how you would like to receive your incentive. Please note if you select an Amazon gift voucher, you will need to confirm your email address again, so it can be sent to you.

1. Amazon voucher
2. Donation to charity

O **ASK IF D3=1, ADD EMAIL VALIDATION**

D4a Please provide your email address so the voucher can be emailed to you.

O **ASK IF D3=2**

D4b Please provide the name of the charity you wish to make your donation to.

INFO

Thank you, you have reached the end of this questionnaire, your feedback has been greatly appreciated! 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 **[EMBEDDED HYPERLINK:** https://seswater.co.uk/your-account/paying-your-bill/help-paying-your-bill**]**

D. Social Tariff Research Report

SES WATER

Social Tariff Research:
SES Water

September 2023

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djs research

Contents

Background, objectives and methodology

Background and objectives

As part of the business planning process for PR24, SES Water (SES) are consulting with their customers on a number of topics, including social tariffs. SES wishes to eradicate water poverty across their region, with the aim of no customer's bill being more than 5% of their disposable income.

To achieve this aim, it is likely to be necessary for SES to increase its social tariff charge to customers' bills.

To understand customers' willingness to contribute to an increased cross subsidy, DJS research were commissioned to undertake acceptability and willingness to contribute research with customers to explore and understand:

Financial confidence
The extent to which customers are confident they will be able to afford their water and other household bills over the next 12 months.

Acceptability of the principle of social tariffs
Measure the proportion of customers who find the principle of social tariffs acceptable/unacceptable and why.

Acceptability of proposed changes to the social tariff
Inform customers about plans for the future of the scheme (partly) funded through social tariffs and understand how acceptable or unacceptable this is to customers.

Willingness to contribute
Assess customers' willingness to contribute (WtC) to a social tariff through their water bill, and the amount that they would be willing to contribute each month as part of their bill to support this.

Methodology

Quantitative and qualitative fieldwork was conducted during August and September 2023

Sample size:

869

Quantitative: online:

Quantitative customer interviews were conducted from email contacts provided by SES Water.
From a sample of 42,000, 869 interviews were achieved – a response rate of 2%.
Interviews lasted 11½ minutes on average, and respondents were shown a number of pieces of stimulus during the interview (as shown throughout the report and in the appendix) to provide information relating to the proposed social tariff and other elements of SES Water's existing programmes and schemes to support customers.

Qualitative: tele-depths:

Five qualitative in-depth interviews were conducted on Teams/telephone with respondents from the quantitative stage. The purpose of the in-depth interviews, was to explore customers' reasons for their willingness or unwillingness to contribute more to SES Water's social tariff. Interviews were split by the additional amount they were willing to contribute, ranging from £0 to more than £3 per month.

Notes on this report:

To understand customers' willingness to contribute (WtC) to the social tariff, a **contingent valuation** exercise was conducted. Contingent valuation is used to establish the amount customers are willing to pay (if anything) towards a scheme/service. Respondents were presented with a randomised starting price point and asked if they would or would not be willing to pay this amount each month to contribute towards the social tariff. If customers answered 'no' they were asked again at the next lowest price point – repeated up to three times. If customers answered 'yes' they were asked at the next highest price point - repeated up to three times. From this we established the maximum amount customers were willing to contribute based within the range established in the previous questions, providing us with a final amount they were willing to contribute.

Sample breakdown: online

869

Age

18-29: 30
30-44: 244
45-59: 267
60-74: 207
75+: 109

Gender*

Male: 374

Female: 476

Social Grade

ABC1: 494

C2DE: 258

Meter status*

Yes: 181

No: 647

Illness and Disability*

Yes: 309

No: 479

Note: question asked about self and others in the household: Do you or anyone in your household have a long-term illness, health problem or disability which limits their daily activities or the work you can do?

Ethnicity*

White: 698

Mixed/multiple ethnicity: 25

Asian/Asian British: 40

Black/African/Caribbean / Black British: 19

Other ethnic group: 12

Note:
Desired quotas were provided for age, gender and SEG. As this information was not included within the sample file provided, we could not target specific groups of individuals.

The total sample matches well with the local profile in terms of age, gender, SEG and Local Authority area. However, we see some deviation from the local profile which has been corrected through weighting.

A weight has been applied to the respondent data to ensure profiles match within the region and therefore reflect the views of a representative sample.

All data reported on in this report is weighted data.

A further explanation of weighting and the weighting profiles can be found in Appendix 2 of this document.

*remainder don't know/prefer not to say. Please note: weighted sample profile shown.

Sample: In-depth interviews

n=5

Age

18-29: 1
30-44: 1
45-59: 2
60-74: 1

Gender

Male: 3
Female: 2

Social Grade

ABC1: 3
C2DE: 2

Meter status

Yes: 3
No: 2

Illness and Disability

No: 4
Prefer not say: 1

Note: question asked about self and others in the household: Do you or anyone in your household have a long-term illness, health problem or disability which limits their daily activities or the work you can do?

Water Bill Confidence

Very confident: 3
Quite confident: 1
Not at all confident: 1

Willing to contribute

No more: 1
Less than £1: 1
Between £1-£2: 2
£3 or more: 1

Executive summary

Executive summary

Headline finding:
Over half are willing to contribute towards an additional cross-subsidy for social tariffs for the period 2025-30, however, customers do express concerns around the cost of living and bill affordability both now and in the future.

Key findings:

1. One third of customers would be willing to contribute (WtC) at least an additional 50p per month towards an additional cross-subsidy for social tariffs each year from 2025-30. The mean WtC is 38p extra per month.

2. However, there are significant sub-group differences, with females, and those in lower SEG groups and with lower household incomes typically having a lower WtC threshold.

Household bills and the cost of living:

Just over two-thirds of customers feel confident they will be able to afford their water bills over the next 12 months. This is broadly in-line with perceived affordability of mobile phone, council tax and internet/broadband. As might be expected, gas and electric bills are where customers are least confident they will be able to afford their bills – with one quarter (26%) not being confident they will be able to afford.

Mortgages aren't applicable to three-fifths of customers participating (62%).

Awareness of support services:

Over two-thirds say they have heard of Priority Services. In addition, around one in ten (9%) say they are not aware but would like to know more.

Less than half (47%) are aware of financial support for customers who are struggling to pay, with one in seven either previously having support or currently receiving support (15%).

Perceptions of social tariffs:

Over two fifths (44%) disagree with the principle of contributing to support customers who are struggling to pay, with three in ten (29%) agreeing. After being informed of plans for increasing the support on offer to customers from 2025-2030, 42% find the changes unacceptable, and 34% acceptable.

Among customers who find it unacceptable the main reasons focus on wanting the company to do more / cut profits to help fund, feeling that it is not a customer's responsibility and a feeling that funding should come from the government.

Willingness to Contribute (WtC)

Customers are willing to contribute towards additional cross-subsidy for social tariffs. The mean WtC among customers is 38p extra per month – suggesting broad support for an enhanced social tariff from 2025-2030.

Priority services

Over two-fifths (44%) are aware of priority services at a total level

Awareness and usage of priority services

	Total
Yes – I have heard of them but do not need these services	26%
Yes – I have signed up to them	10%
Yes – I have heard of them, may need them, but haven't done anything	5%
Yes – I have signed up on behalf of someone else	3%
No – but I would like to know more	13%
No – but I do not need them	33%
Don't know	10%

Sub-group differences:

Customers who are **aware of financial support are significantly more likely to be aware** (at any level) than those who are not (59% cf. 31%)

Respondents who **agree with the general principle of social tariffs are significantly more likely to be aware** than those who disagree (53% cf. 36%)

Customers who say **the level of support provided is acceptable are significantly more likely to be aware** than those who say it's unacceptable (56% cf. 36%)

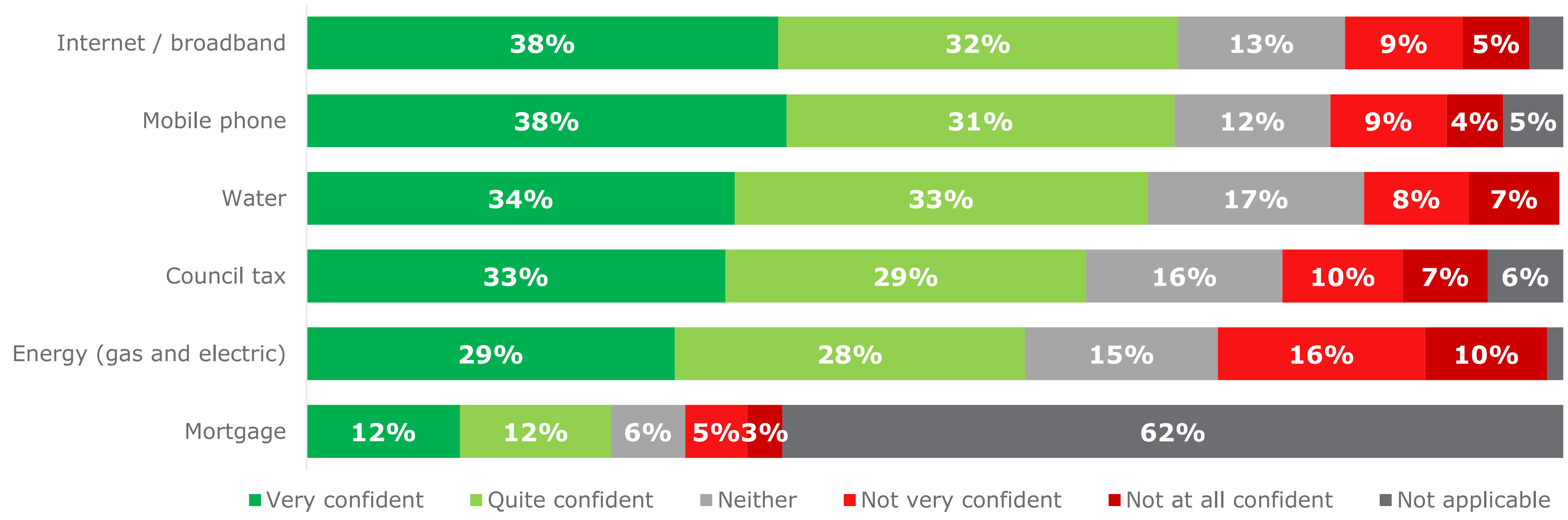
Base: all respondents (869). **Q01**. Are you aware of the Priority Services Register (PSR) offered by SES Water which assists customers with specific and/or priority needs. The PSR is free to join, and helps utility companies like us look after customers who have health, access or specific communication needs to tailor our services to support households who need extra help.

Household bills

Just over two-thirds are confident in being able to afford their water bill over the next 12 months

A quarter of customers are not very / not at all confident they will be able to afford their energy bills over the next 12 months (26%)

Confidence in being able to afford household bills over the next 12 months



Note: data labels <4% not shown
Base: all respondents (869). Data is weighted to facilitate comparison. **Q02**. Which of the following best describes how confident you feel in being able to afford the following bills over the next 12 months; please answer on a scale of 1 to 5 where 1 is not at all confident and 5 is very confident? Please note that totals may not add up due to rounding.

The general increase in the cost of living is the key factor for lack of confidence in being able to afford water bills over the next 12 months

Cost of living increases

"I am on a very low income. A son with disabilities. The cost of living is making our life unbearable. We don't live we just exist."

Female, aged 45-59

42%

Wages aren't going up/low income/no income security

"Because everything is so expensive, and it is impossible to survive on our wages anymore. Companies like yours and all other utilities are still happy to give out huge bonuses whilst we struggle."

Prefer not to say, aged 45-59

38%

Other codes include:

- SES have the highest bills in the country/too expensive (13%)
- Retired/relying on pension (7%)
- Other/something else (25%)

Base: all not confident they will be able to afford their water bill over the next 12 months (109). Data is weighted to facilitate comparison.
Q03. You said you are not confident that you will be able to afford your water bill over the next 12 months. Why do you say that?

Cost of living

In the context of rising costs across the board, participants are concerned about their ability to cope with the accumulation of their household bills.

Some key themes:

Increases felt in all aspects of life – various bills are increasing, along with day-to-day expenses such as fuel making the overall cost of living much less manageable.

Concern for loved ones – with the rise in cost of living, people are worried about their elderly family who live off single incomes / pension, as well as parents worrying for their adult children who are living independently with some having to help their child/children afford to live, particularly in London.

Adjustments made – people are making changes to the way they live and how they spend their money in order to make life more affordable.

Everything is going up

"The cost of living is going up massively. Everything's going up in price and then the people around you are doing everything they can just to get by."

Male, aged 45-59, not on a water meter, willing to pay £3+

Many aspects of life getting more expensive

"Even petrol has gone up. It's just another thing you're having to put on your credit card, so then your credit card bills are going up and then the interest rates are going up and it just got to a point where it is a worry and I worry about my friends and family managing."

Female, aged 30-44, not on a water meter, willing to pay £1-£2

Being more careful with income

"We're in a good position in the sense of pension coming in. But as everyone in the country knows, even with a pension coming in and being sensible in your life, you've just got to watch the spending a little bit more carefully."

Male, aged 60-74, on a water meter, willing to pay less than £1

Helping those who are struggling to pay

Under half (47%) are aware of support for customers who are struggling to pay

Respondents aware of priority services are significantly more likely to be aware of financial support.

Awareness and usage of financial support

	Total
Yes – I have had support with my bill in the past	6%
Yes – I am currently receiving support with my bill	9%
Yes – I am aware, may need this, but haven't done anything	7%
Yes – I have organised this on behalf of someone else	1%
Yes – but I do not need it	25%
No – but I think I might need it	7%
No – but I would like to know more	12%
No – but I do not need it	28%
Don't know	6%

Base: all respondents (869). Data is weighted to facilitate comparison.
Q04. And, were you aware that SES Water offers support for customers who are struggling to pay their water bills?

Of those previously or currently in receipt of support, reduced bills through Water Support / WaterSure is the most common service received

Support services in receipt of/previously in receipt of

	Total
Reduced bill by 50% - Water Support / WaterSure	73%
Flexible payment plan	5%
Water Direct (using benefit payments)	5%
Payment match scheme for customers in debt to help them get out of it. – Clear Start	4%
Breathing space – temporary pause on payments (maximum of 90 days)	1%
Water Sure – Allows customers to cap their bills in certain circumstances	0%
Other (please specify)	4%
Don't know	14%

Base: all respondents previously or currently in receipt of support (98). Data is weighted to facilitate comparison.
Q05. Which of the following support services were you using/in receipt of?

Information for participants

Respondent information

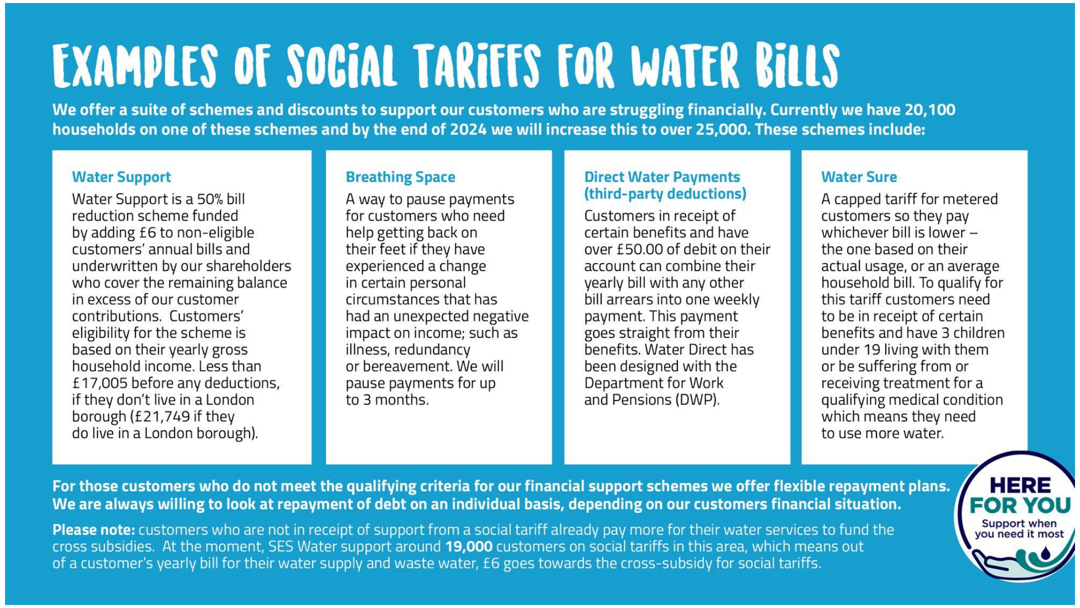
Before being asked about social tariffs, including their general support or opposition and then their willingness to contribute, respondents were shown the following information screen:

"All water companies in England and Wales have schemes to give lower bills to some customers who might otherwise struggle to pay. These are called social tariff schemes. In line with Government rules these schemes are mostly funded by charging other households a bit more on their bills.

This is what's also known as a cross-subsidy. There are a number of examples of cross subsidies in day-to-day life. For example, concessionary tickets for children or pensioners to attractions (e.g. the cinema, theme parks etc.). Another example is the price of a stamp which is the same within the UK whatever distance the letter or parcel travels. At different points in our lives, we are all likely to have helped fund cross-subsidies, and to have received help from them.

The image below gives you some more information about social tariffs and cross-subsidies in the water sector, please review this image before continuing."

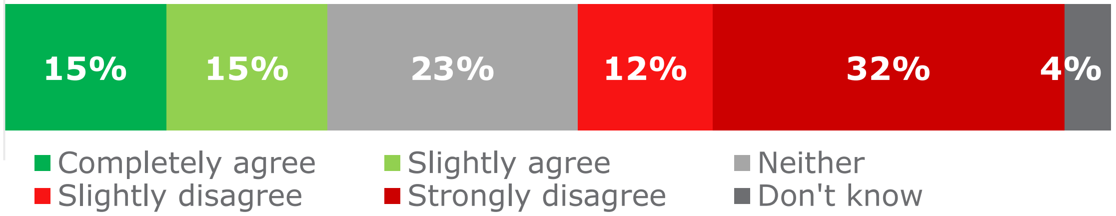
STIMULUS 1



Note: full page stimulus shown in appendix

One in three agree with the principle of contributing towards supporting customers struggling to pay

Agreement with the principle of contributing towards supporting customers struggling to pay…



29%
agree with the principle of contributing towards supporting customers struggling to pay

44%
disagree with the principle of contributing towards supporting customers struggling to pay

a/b: denotes significantly higher (at 95% confidence level) than comparator on % acceptable. *Only sub-groups where significant differences occur are shown

Significant sub-group differences

	% agree	% disagree
Aware of priority services		
Yes (a)	37%[b]	34%
No (b)	24%	51%[a]
Aware of financial support		
Yes (a)	37%[b]	38%
No (b)	23%	49%[a]
Acceptable on level of help provided		
Acceptable (a)	62%[b]	22%
Unacceptable (b)	20%	55%[a]
Supporting customers in financial need		
Acceptable (a)	61%[b]	19%
Unacceptable (b)	10%	75%[a]
Receiving benefits		
Yes, at least one (a)	35%	31%
None (b)	27%	51%[a]

Base: all respondents (869). Data is weighted to facilitate comparison. **Q06**. As an SES Water customer, to what extent do you agree or disagree with paying a contribution towards supporting customers who are struggling to pay their bill? Please answer on a scale of 1 to 5 where 1 is completely disagree and 5 is completely agree?

Conflicting feelings about contributing

A range of customers were consulted in terms of their willingness to contribute to social tariffs.

Most customers are willing to contribute in principle, however, a reoccurring concern is wanting to know how SES Water are contributing before they opt to pay more.

Some key themes:

Concern about profits – some were concerned about the amount of profit being made by SES Water and the amount being paid to shareholders / people higher up at SES.

More information needed – customers want to know exactly how the money is used and who is being helped. Many are unaware that they're contributing and want more information for both contributors and possible applicants.

Unfair to ask the customer – many feel it is unfair to ask customers to pay when SES seemingly haven't taken a hit in profits. People would be more inclined to help if SES matched its customers' contribution or demonstrated how much SES contribute before asking its customers.

Concern about profits being made

"I don't expect the water company to personally subsidise people who can't pay for the product that they're provided. But I do expect companies to stop making such massive profits and start bringing the bills down."

Male, aged 45-59, not on a water meter, willing to pay £3+

Want to see more transparency

"I worry about the transparency of water companies as a private company making it really clear this is how many people we think need support for what reasons and this is how much money is required. This is the impact of it on your bill and how much is that people in the borough or in the area that are paying for that and how much is it coming out of dividends."

Female, aged 18-29, on a water meter, willing to pay £1 - £2

Want more input from SESW

"I'm totally against it. I don't see why the customer has to pay when the water companies are making millions and paying their shareholders millions."

Male, aged 45-59, on a water meter, willing to pay no more

Willingness to contribute

Information for participants

Respondent information

Before being asked about social tariffs, including their general support or opposition and then their willingness to contribute to their water company's proposed social tariff, respondents were shown various pieces of information and stimulus as shown over the next 2 pages

STIMULUS 2 & 3: INFORMATION

"SES Water want to eradicate water poverty in the region. Water poverty is defined as when a household spends more than 3% of their disposable income, after housing costs i.e., mortgage / rent, on their water and sewerage bills.

SES Water anticipate that more customers may find themselves in financial difficulty as the cost-of-living increases and would like to respond by providing help for more customers, now and into the future."

Note: full page stimulus shown in appendix

ADDITIONAL HELP AVAILABLE

Priority Services Register (PSR)

The PSR is free to join and helps utility companies like us look after customers who have health, access or specific communication needs to tailor our services to support household who need extra help. The PSR includes a range of additional services to make managing your account as easy as possible. We also offer extra support in the event of a water supply emergency.

This includes:

- Individual notification in emergencies
- Braille, large print and audio/CD services
- Text Relay Service
- Priority support for home dialysis users and patients convalescing at home
- Password scheme to protect from bogus callers
- Nominated correspondent to speak on your behalf
- Financial assistance depending on different eligibility criteria
- Currently we have 20,500 customers on the PSR scheme and anticipate that by the end of 2024 this will have grown to 25,000.

Recite me Accessibility and Language toolbar

This tool allows customers to change the accessibility settings to help you get the most out of our website. It includes options to adjust the ruler, screen mask, magnifier, margins and a dictionary. The toolbar also quickly and easily translates all our web content into over 100 languages, including 35 text to speech voices.

Over 600 customers a month use this tool to help them navigate our website.

Bereavement life ledger

We have partnered with LifeLedger a free service that allows customers to close, freeze, switch or transfer billing and service related accounts following a bereavement quickly and easily and from one place.

HERE FOR YOU
Support when you need it most

SUPPORT+ SERVICES PROVIDED BY WATER COMPANIES

SES remains committed to delivering excellent customer service that is able to meet the needs of all of our customers. So what are we doing currently? We carry out regular surveys with customers to understand how helpful our range of extra services are (both financial and non-financial). Last year 81% of customers who were on one of our extra services felt that they were helpful. We also ask customers who aren't on them if they are aware of the support on offer. Currently, less than 40% of our customer base is aware of what is on offer, so we have more work to do. So what will we do?

Community engagement

Our trained customer care team work in the community promoting the schemes and services on offer. This can be at community events, food banks, over 65 forums, family and children's centres as well as working with stakeholders and partners attending team briefings and open days.

We are also running research and have regular stakeholder sessions to ensure that the schemes design and access to it are suitable.

Trusted partnerships

We have recently signed up our first trusted partner who will accept applications for our schemes on our behalf. Our new approach is intended to make the process of registering for our service and financial support schemes far simpler for our customers and this will also help increase awareness.

We'll work with the industry to share data about customers who require priority services with electricity and gas providers so that those that need extra help are identified and registered automatically with all their suppliers.

Promotion

We will increase the communications we send out to our customers relating to the extra services on offer.

HERE FOR YOU
Support when you need it most

Information for participants

STIMULUS 4: INFORMATION

"When answering the next set of questions, please be aware that over the next few years many household costs may increase due to inflation. These household costs include energy, food and fuel prices. It is currently expected that the rate of increase in prices will slow from the middle of this year.

Your water bill may also be affected by how much other costs increase each year such as the company's running costs e.g., energy, wages etc, money invested to improve day to day water services and long-term investments."

THE EXISTING SOCIAL TARIFF SCHEME...

The current position

19,000 customers supported

£6 (£0.50 per month) bill contribution

Please note: customer bills currently include a contribution towards supporting customers through social tariffs.

This information details the current level of contribution to social tariffs by each customer per year.

STIMULUS 5: INFORMATION

"In order to support more customers who are struggling to pay through social tariffs in future, SES Water would need to increase the contributions made by other customers to pay for this. Customers already pay an amount on their bills as a cross-subsidy to support those on a social tariff.

We'd now like to ask you about the additional amount you would be willing to contribute – if anything - in order to make the proposed changes to expand the number of customers on social tariff schemes.

Please also note that if SES Water want to help more customers, or increase this discount in the future, they would have to consult with customers again."

HOW THE SOCIAL TARIFF SCHEME WOULD WORK...

Here are some examples of how the expanded social tariff scheme would work in future.

The information relates to the number of additional customers that would be supported through customer contributions through social tariffs. At each level of additional support outlined, an additional yearly contribution amount is stated, alongside a per month figure.

Example 1

6,333
additional customers supported

Extra £2 (£0.17p per month)
bill contribution

Example 2

12,667
additional customers supported

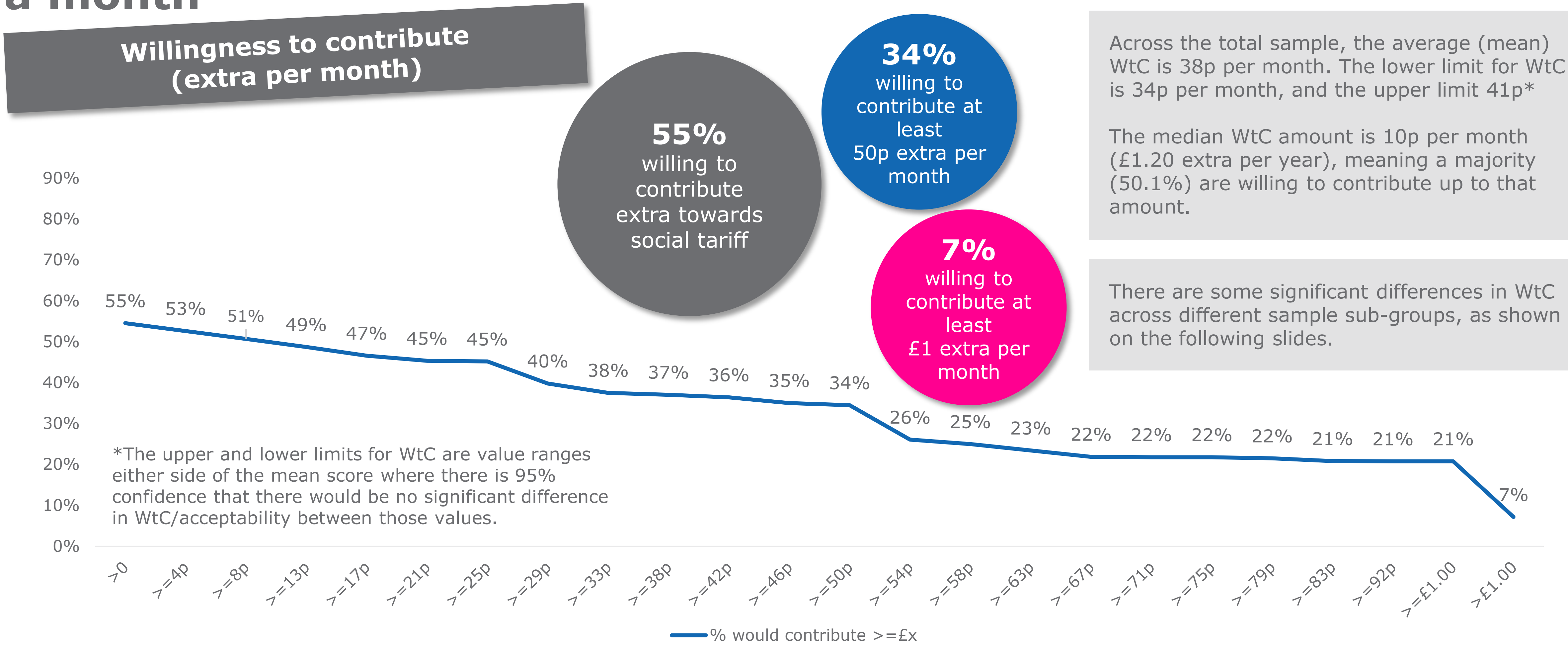
Extra £4 (£0.33p per month)
bill contribution

Example 3

22,169
additional customers supported

Extra £7 (£0.58p per month)
bill contribution

Overall, over half are willing to contribute at all (55%), and one third (34%) are willing to contribute 50p extra a month



*The upper and lower limits for WtC are value ranges either side of the mean score where there is 95% confidence that there would be no significant difference in WtC/acceptability between those values.

Across the total sample, the average (mean) WtC is 38p per month. The lower limit for WtC is 34p per month, and the upper limit 41p*

The median WtC amount is 10p per month (£1.20 extra per year), meaning a majority (50.1%) are willing to contribute up to that amount.

There are some significant differences in WtC across different sample sub-groups, as shown on the following slides.

Base: all respondents (869). **Q07**. Would you be willing to contribute [INSERT RANDOM FIGURE HERE… FROM STARTING POINTS TABLE BELOW] extra per month moving forward, in order to increase the number of customers helped on social tariff schemes?

Reason(s) for willingness to contribute figure: £0

Affordability is the main issue for customers who aren't willing to contribute to the proposed changes, followed by them feeling that the government or their water company should be responsible for this

Because I can't afford it

"I can barely afford to live with the inflation let alone add more onto my bill!!! Everything is too expensive!! And just getting worse how can I contribute when every penny goes to trying to survive myself and yes survive!! Not live!"

Female, aged 30-44

36%

Profit / shareholder dividends need be reduced first

I completely support the principle of the social tariff, I simply believe the cost should be met by the company, just as I believe costs for new infrastructure should be covered by the not inconsiderable profits the company already makes from its customers who have no choice in which supplier to choose. What about reducing the money the shareholders make?"

Female, aged 45-59

10%

Not our responsibility – water company/government

"The tax-payer is already subsidising those in need via the benefit system. This is the governments job, it is not the job of the water companies to allocate customers money to subsidise others. You could use the water company's already considerable profits to subsidise others rather than pay dividends to the shareholders or better still reduce the cost for everyone which would reduce the need for a social tariff. Every customer should pay the same for this essential service. Let the elected government decide how to allocate funds to those in need. It is not the water company's business."

Female, aged 60-74

23%

Base: all with a willingness to contribute of £0 (395).
Q10. You said that you aren't willing to contribute anything towards the proposed changes to the social tariff. In as much detail as possible, please tell us why you say that?

Case Study 1: Willing to contribute £0

Simon is strongly opposed to the social tariffs. Although he is happy to help and is able to help, he is against SES Water asking customers to subsidise money without first explaining what SES are doing to help before asking customers to help.

He feels SES Water should be subsidising the money.

He wants to see more communication from SES describing how they're helping.

He is concerned about how well SES seem to be doing despite the cost-of-living crisis and feels it is unfair asking customers to pay whilst SES make profits and are able to give stakeholders so much money.

About Simon:

- Simon is 45-59 and lives with his wife. He has 2 children who no longer live at home.
- He works part time and he and his wife share responsibility for paying the bills.
- He has felt the impact of the rise in cost of living; however, he is in a good position financially.
- He is confident about being able to afford his bills.
- He has been helping his children financially as they have been affected by the cost-of-living crisis.

"I disagree with any customer paying extra money when the profits are sky-high. There's mention of how much is helping with water bills, but no 'why?'. There's nothing about the money they're putting in. Where's their money coming into this? I personally wouldn't mind paying, but I'm strongly against it while they're not."

"So, my stance is we shouldn't pay if they're not paying. Yeah, I've got no problem paying extra, but we've all got a chip in and if they're not putting anything in, then I'm not. I didn't even know I was doing this."

QUALITATIVE

Reason(s) for willingness to contribute figure: £0.01-£0.49

Not feeling able to afford more is the key reason provided by those with a WtC between £0.01 and £0.49.

Lack of affordability/can't afford more

"I would not be willing to pay more than ten pence on my water bill per month because I'm now disabled and live on state benefits and PIP I am probably therefore eligible for the social tariff benefit, myself let alone contribute financially towards other people's water bills. While I can see the benefit of such a scheme. I'm one of the least financially able to help support others as I would place myself in the category who probably needs to be on the scheme myself due to personal injury and my poor medical health with several chronic illnesses which are with me for the rest of my life now and preventing me from working in my profession or any other field. So to pay towards, someone else's water bill sadly, simply isn't an option for me to do personally."

Male, aged 60-74

23%

I can afford it

"Because it feels negligible and won't affect me."

Female, aged 45-59

9%

Important to help others

"£1 a year, I think is reasonable and would make a difference if all customers were involved. An opt-in higher amount could be offered for those with higher incomes."

Female, aged 30-44

9%

Base: all with a willingness to contribute of £0.01-£0.49 (156).
Q10. You said that you are willing to contribute [£xx.xx] towards the proposed changes to the social tariff. In as much detail as possible, please tell us why you say that?

Reason(s) for willingness to contribute figure: £0.50-£0.99

It is important to help others is the key reason provided by those with a WtC between £0.50 and £0.99, followed by not feeling able to afford more.

Important to help others

"I am fortunate to have adequate money to live comfortably. It is only fair that those who can afford it support those who cannot."

Female, aged 60-74

19%

Lack of affordability/can't afford more

"Because I assume you included that figure as a viable sum. There are very many people better off than me. Therefore, you could make the contribution incremental on financial income etc. That would be fairer, otherwise people near the limit might be pushed below it."

Male, aged 60-74

15%

Because I can afford it

"Because at this time, and hopefully, going forward, I should be able to afford this amount and, as I have been helped in the past by others' contributions to various things it would be my way of returning the favour."

Female, aged 60-74

11%

Base: all with a willingness to contribute of £0.50-£0.99 (120).
Q10. You said that you are willing to contribute [£xx.xx] towards the proposed changes to the social tariff. In as much detail as possible, please tell us why you say that?

Case Study 2: Willing to contribute £1-£2

Connie is supportive of the social tariffs. She understands that some people struggle more than others, and anyone could need help with their bills if they have a change of circumstance. She is happy to pay extra, however she believes there should be the option to choose how much you can pay.

She likes the social tariffs and how comprehensive they are as she agrees it covers a good amount of people.

She had concerns about the scheme being taken advantage of by people who may claim certain benefits but don't necessarily need help.

She agrees the contribution amount is reasonable and she's happy to pay extra.

About Connie:

- Connie is 30-44 and lives alone.
- She works full time and owns her home. She recently moved into a smaller home to make finances more manageable.
- She is quite confident about being able to afford her bills, however, she is worried about her friends and family being able to pay for their bills.
- She has felt the effects of the cost of living crisis as all aspects of billing paying and day to day expenses have become much more expensive.

"£7.00 a year to help that many people, personally it's a no brainer. But I know several people that would say it isn't my responsibility SES Water must make enough money to handle that themselves."

"I think a lot of people will say it's not my problem; 'people can't pay their bills, it's not my problem.' But I always think, well, what if I did lose my job? Or what if something happened? Or what if I was struggling, you know?"

"The tariffs all look sensible; you can tell someone has sat and really thought about how best to cover all different people."

Reason(s) for willingness to contribute figure: £1.00-£2.00

Customers felt it is important to help others and this is the key reason provided by those with a WtC between £1.00 and £2.00, others say it's an amount they can afford to pay.

Important to help others

"Those of us who can should all be willing to help our less well off neighbours (in widest sense). I only put £2 as a figure significantly above your present suggestions but could possibly go higher. But SES should contribute as well by not polluting our waterways even if our ridiculous Government allows that pollution."

Male, aged 75+

34%

Because I can afford it

"It's a random figure. However, as someone who (at the moment) is relatively secure financially, I feel responsibility to help others in a difficult situation. With this kind of support, at least I know the money is going somewhere it will do good. It would be even better if water companies could set up some kind of charitable body to administer funds to support the social tariff, so voluntary donations could attract Gift Aid and thus have greater value."

Female, aged 60-74

25%

Lack of affordability/can't afford more

"I'm already on a social tariff and have no extra money to give. If I were financially better off, I would pay more."

Female, aged 45-59

15%

Base: all with a willingness to contribute of £1.01-£2.00 (158).
Q10. You said that you are willing to contribute [£xx.xx] towards the proposed changes to the social tariff. In as much detail as possible, please tell us why you say that?

Case Study 3: Willing to contribute £3+

Gregg is supportive of the social tariff scheme and doesn't think it should be the water companies' responsibility to subsidise the costs. However, he is concerned about SES Water asking for people to pay whilst it is making profits, he expects SES to match his contribution.

Gregg is concerned about people claiming benefits who do not necessarily need them gaining access to the social tariff and taking advantage.

He is happy to help, however he believes that if people can't afford their water bill, they need help with the deeper issue to aid them long term.

About Gregg:

- Gregg is 45-59 and lives at home with his wife.
- He is self-employed and has 3 grown up children who have all moved out.
- He has noticed an impact from the cost-of-living crisis; however, he is very confident about being able to pay his water bills.
- He feels OK about his finances in the short term due to freezing his mortgage. He is hoping that the cost of living will have settled down in the next couple of years.
- He is mainly concerned about his energy bills which have spiked massively.

"I think if it comes down to it, then it should be a case of, well, if we're asking our customers to spend another £6 a year, then what we will do is we will match it to make it fair."

"There needs to be a time period where they turn around and say 'these guys have had issues paying for 12 months. We can't keep doing this.' And get them real help."

"You've got billions of pounds in the bank that you're just giving to all your rich shareholders, but you want us to subsidise people that need help? No. You come away from that and we will help. But you match us on that help."

Reason(s) for willingness to contribute figure: £2.01+

Being able to afford it is the key reason provided by those with a WtC over £2.00, followed by it being important to help others. However, some customers think that it's not their responsibility – but that of SES Water / the government

Because I can afford it

"I am fortunate in that I can afford to pay my bills with money to spare. I would like to help others avoid the stress of not being able to pay their bills."

Female, 60-74

42%

Important to help others

"Being in a relatively secure financial position, and also aware that many are not, I feel that a modest contribution to help those others is in order. I wish I did not live in a country where the state allows people to get into such difficulties through no fault of their own. But, as I do not, such non-state schemes must be supported by those able to do so."

Male, aged 60-74

36%

Not our responsibility – water company/government

"We're in a position where we could afford to pay a bit extra each month if that means helping others who can't then great. I think this is a great idea/scheme, but I also think that the government should be working to make household bills more affordable for everyone and to provide support for those who are struggling. Whilst a great initiative it shouldn't be down to private companies to make that change."

Female, aged 30-44

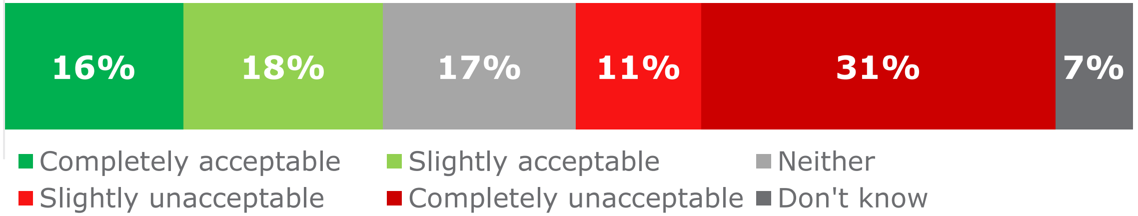
27%

Base: all with a willingness to contribute of £2.01+ (31).
Q10. You said that you are willing to contribute [£xx.xx] towards the proposed changes to the social tariff. In as much detail as possible, please tell us why you say that?

Acceptability of proposed changes

One third (34%) find the proposed increase to the social tariff using customer funding acceptable

Overall acceptability of using customer funding to increase support for customers



34% acceptable

42% unacceptable

a/b: denotes significantly higher (at 95% confidence level) than comparator on % acceptable
*Only sub-groups where significant differences occur are shown

Significant sub-group differences (total sample)*

	% acceptable	% unacceptable
Ethnicity		
White (a)	38%[b]	40%
Non-white (b)	18%	49%
SEG		
ABC1 (a)	34%	48%
C2DE (b)	36%	35%[a]
Aware of priority services		
Yes (a)	44%[b]	36%
No (b)	28%	48%[a]
General principle		
Agree (a)	70%[b]	15%
Disagree (b)	14%	72%[a]
Aware of financial support		
Yes (a)	38%	36%
No (b)	32%	47%[a]

Base: all respondents (869). Data is weighted to facilitate comparison. **Q11**. Overall, based on all the information you have seen about the changes to the social tariff, how acceptable do you think it is for SES Water to use customer funding to increase the support to customers?

Reasons for finding the use of customer funding to increase support to customers acceptable

We should help the vulnerable and those struggling

"If there is only a small amount added to customers direct debit that can afford this small donation then it is helping those that struggle. Also, if it was to go to a charity account within SES then the gift aid could be added and help even more people in need."

Female, aged 60-74

17%

Scheme is a good idea

"From a personal perspective, if I had to ask for financial assistance from SES, I would be grateful knowing that their customers were able to help support me and others in their time of need. I for one would be very grateful for their support."

Female, 45-59

15%

Other codes include:

- Company should cut profits to fund this/water companies make too much profit (8%)
- Everyone needs help/is already struggling (7%)
- Not customers responsibility to help people (4%)
- Funding should come from the Government (4%)
- Should be a choice - Not everyone would be willing to contribute (3%)
- Unsure about my future financial situation/may need this in the future (3%)
- People cannot afford bill increases/bills already high (3%)

Note: only codes 3%+ shown.

Base: all respondents who consider it acceptable for SES Water to use customer funding to increase the support to customers (281). Data is weighted to facilitate comparison.
Q12. Why do you find it...?

Reasons for finding the use of customer funding to increase support to customers unacceptable

Company should cut profits to fund this/water companies make too much profit

25%

"They can help from their profit. Why shift the bill to the customers. People are already paying a lot for other things. All bills are going up."

Male, aged 60-74

Funding should come from Government

13%

"Why do customers have to support other customers? Isn't this the role of government? What is the water company doing about leaks and sewage discharges?"

Female, aged 45-59

It's not customers' responsibility to help people

15%

"As said before, this should be funded from company profits. It's your business, from which you make money. I don't see why customers should pay extra to meet a cost that should be part of your business considerations. You should make it your social contribution to address, not pass the buck and cost to your other customers."

Male, aged 60-74

Other codes include:

- I pay enough already / don't want to add any more costs (9%)
- Everyone needs help / is already struggling (8%)
- Shareholders need to contribute more/ match customers contributions (6%)
- The water company needs to improve the system (e.g., sort out leaks/wastage etc.) (5%)
- People cannot afford bill increases / bills already high (4%)
- Against the scheme (4%)

Note: only codes 4%+ shown.

Base: all respondents who consider it unacceptable for SES Water to use customer funding to increase the support to customers (404). Data is weighted to facilitate comparison.
Q12. Why do you find it...?

Feelings on social tariffs

A quarter feel the social tariffs they were provided with information about are a good or fair idea. However, there is some concern whether help is properly directed towards those who really need it

Feelings towards social tariffs

	Total
Good / fair / helpful idea	24%
Needs to go to the right people	8%
Negative opinion of scheme	5%
Everyone is struggling, not just low-income families/should be available to more people	4%
Water company profits should cover this	4%
Wary of scroungers	3%
Not only the customers responsibility to help people	3%
Government should cover cost	3%

Note: only codes 3%+ shown

"Fine if they are properly targeted. But often those most in need will not apply, especially the elderly. Will it all be done online, which excludes many eligible people? And how can you justify subsidising those who choose to spend their income on Sky subscriptions, cigarettes etc. rather than paying their water bill?"

Female, aged 60-74

"They seem to be well targeted and to have different types of support tailored to different circumstances. I had not been aware of the range of actions SES was taking and am very impressed. If it works as it seems to intend to do, this is a great service."

Female, aged 60-74

"I would be prepared to pay £5 a month extra if the water companies matched that amount and put it in a fund to help people struggling with their bills."

Male, aged 45-59

Base: all respondents (869). Data is weighted to facilitate comparison. **Q13**. Based on what you have seen about the social tariffs in place today. What are your feelings towards them in terms of the help they offer and to whom? Please provide as much detail as possible

Conclusions and recommendations

Conclusions

Although the majority (67%) **of customers are confident they will be able to afford their water bills over the next 12 months, confidence in being able to afford other bills is significantly lower, with one quarter** (26%) **not being confident they will be able to afford their energy bills.**
As might be expected, the cost of living is a significant factor in uncertainty around bill affordability, with almost two-fifths of those who are not confident they will be able to afford their water bill citing the cost of living as a factor when asked why.

Over two-fifths (44%) are aware of priority services, and less than half (47%) are aware of financial support for water bills. In addition, 12% are unaware of priority services but would like to know more, and 6% are unaware of financial support but feel they might need it. This points towards a customer base that is largely aware of their water company's activity, and mindful of support services that might be available to them.

Three in ten (29%) agree with the principle of contributing towards customers who are struggling to pay. And after having viewed all the information, one third (34%) think it's acceptable to use customer funding to increase support to customers.

When customers are asked to consider how much they would be willing to contribute to the social tariff in future (if anything), around two thirds would be willing to contribute in some form. However, significant differences between customer groups are evident, with female customers having a lower WtC threshold and C1C2 SEGs compared to AB. Additionally, those from higher income households tend to have a higher WtC.

Qualitative conclusions

- Generally, people support the tariffs. People want to help others and are aware of other's needs.
- A recurring theme is people's concern for the lack of input, or lack of awareness of input, from SES Water. Some people are not happy about paying for the subsidies whilst SES seemingly are making a lot of profit and are able to pay shareholders a lot of money.
- Customers want to see more from SES. Suggestions include matching customers' contributions and increasing awareness around how SES supports its customers.
- Customers want to have more information about the tariffs – there needs to be clear communication about how much is being taken for the social tariff, and exactly how the money is split and shared to help others.
- Most are happy to help as they agree everyone who is capable should contribute towards helping those who are struggling. However, of those who are happy to help, some are not willing to contribute until they see more input from SES Water.
- Suggested improvements include looking more at 'why' people are struggling – one respondent queried whether the tariffs are really benevolent as they may serve as a 'band-aid' rather than helping solve the long-term issue at heart.
- There was also concern surrounding the criteria for social tariffs and whether there was the potential for the scheme to be taken advantage of. Concern was expressed towards the minority that may claim certain benefits, granting them access to social tariffs when they may not really *need* them. Are some customers benefiting from the scheme when they don't really need it.
- Most are in agreement that the amount being taken currently to help towards the tariff is very manageable and they would be able to pay more, however, they are not happy about paying any more until they feel SES Water is matching their contribution – much more evidence needs to be made public as to how SES are helping and why they also need their customers help.

Recommendations and considerations

Despite the significant pressures many are feeling on their household finances, there is adequate support to indicate that a majority of customers are willing to contribute towards additional cross-subsidy for social tariffs for the period 2025-30. The mean average WtC is 38p extra per month.

Nevertheless, although more individuals are willing to participate than not, apprehension regarding the future financial stability of households and the ability to manage bills is evident. This concern is prevalent even among those who generally enjoy more favourable economic conditions. In light of this, SES Water should be aware that customers are becoming more focussed on their monthly expenses and may resist substantial bill hikes that could impact their ability to allocate funds for other necessities like food, rent, or mortgages.

In addition, even among those who are supportive of the principle of social tariffs there remains some scepticism about how it is operated and who is eligible. Therefore, it is crucial for SES Water to maintain transparent communication about its social tariff eligibility criteria and to demonstrate that assistance is being extended to those genuinely in need. Equally important is the need to communicate the contributions made by the water company and its shareholders.

Those who are aware of Priority Services and/or financial support are more likely to find the proposals acceptable than those who are unaware. Continuing to promote these services to as many customers as possible could help understanding and acceptance of social tariffs.

Appendix 1: Customer classification

Customer classification

Do you pay directly for your water and wastewater?	Total
Yes	96%
No, it is covered by my rent	0%
I pay in another way	2%
Don't know	2%

Household Income	Total
Up to £539 per month/Up to £6,499 per year	4%
£540-£789 per month/£6,500-£9,499 per year	3%
£790-£1,289 per month/£9,500-£15,499 per year	11%
£1,290-£2,079 per month/£15,500-£24,999 per year	13%
£2,080-£3,329 per month/£25,000-£39,999 per year	12%
£3,330-£4,999 per month/£40,000-£59,999 per year	11%
£5,000-£7,499 per month/£60,000-£89,999 per year	7%
£7,500+ per month/£90,000+ per year	6%
Don't know	6%
Prefer not to say	27%

Ethnicity	Total
White	80%
Non-white	11%
Prefer not to say	9%

Working status	Total
Employed full time (30 hours or more per week)	33%
Retired	27%
Employed part time (under 30 hours per week)	12%
Self-employed	8%
Unable to work due to sickness or disability	9%
Looking after home/children full time	3%
Unemployed – seeking work	2%
Unemployed – other	1%
Student	0%
Other	2%
Prefer not to say	3%

Customer classification

Bill amount	Total
<£13 per month (<£150 per year)	2%
£13-£16 per month (£151-£200 per year)	3%
£17-£20 per month (£201-£250 per year)	3%
£21-£24 per month (£251-£300 per year)	5%
£25-£28 per month (£301-£350 per year)	6%
£29-£32 per month (£351-£400 per year)	7%
£33-£37 per month (£401-£450 per year)	8%
£38-£41 per month (£451-£500 per year)	9%
£42-£45 per month (£501-£550 per year)	6%
£46-£50 per month (£551-£600 per year)	8%
£51-£54 per month (£601-£650 per year)	4%
£55-£58 per month (£651-£700 per year)	4%
£59-£63 per month (£701-£750 per year)	4%
£64-£67 per month (£751-£800 per year)	1%
£68-£71 per month (£801-£850 per year)	2%
£72-£75 per month (£851-£900 per year)	1%
£76-£79 per month (£901-£950 per year)	1%
£80-£83 per month (£951-£1,000 per year)	2%
>£83 per month (>£1,000 per year)	4%
Don’t know	15%
Prefer not to say	4%

Long-term illness, health problem or disability	Total
Yes (self or others)	36%
No	55%
Prefer not to say	9%

Illness, health problem or disability require the use of extra water (only asked to those who say they or someone in their household has a long-term illness, health problem or disability)	Total
Yes	32%
No	60%
Prefer not to say	8%

Customer classification

In receipt of benefits	Total
Universal Credit	16%
Disability living allowance/Personal Independence Payments	15%
Housing benefit	11%
Child tax credits	5%
Carers allowance	5%
Employment and Support Allowance/Incapacity benefit	4%
Working tax credits	3%
Pension Credit	2%
Attendance allowance	2%
Income support	1%
Jobseekers allowance	<1%
Don’t know	1%
Prefer not to say	5%
None of these	61%
NET: at least one	**34%**

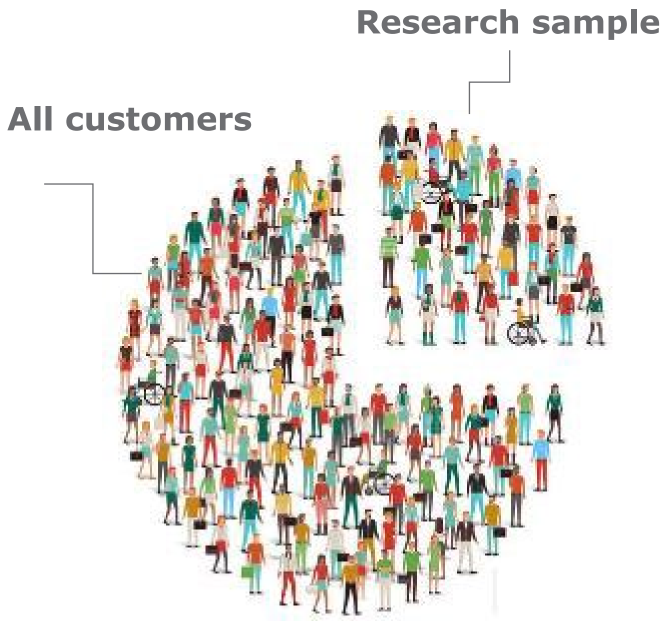
No of adults in household	Total
1	31%
2	47%
3	10%
4	6%
5+	<1%

Number of children in household	Total
Yes – dependent children (under 18)	30%
No dependent children	67%
Prefer not to say	3%

Appendix 2: Explanation of weighting

Explanation of 'weighting'

When we conduct research we speak to a sample of customers and we use their responses as an **estimate** of the views of all customers. We interview a wide range of customers, from different regions, different ages and different socio-economic groups. As far as possible, we aim to interview a **representative sample** of customers so that the profile of the sample matches the profile of all customers but sometimes these profiles may have differences.



In order to mitigate the effects of any sample imbalances, we use **survey weighting**. This makes sure that we don't over or under-represent the views of certain groups of customer.

How does weighting work?

Suppose we spoke to 200 customers and found that 45% of this sample were 'very satisfied' – could we be sure that 45% of all customers were very satisfied?

Suppose 150 of our sample were women (50% of whom were very satisfied) and 50 were men (30% very satisfied) making 45% very satisfied overall . BUT if we want a **representative** sample with half men and half women then we need to weight the sample so we have the equivalent views of 100 men and 100 women. We **up**-weight the views of the men (by doubling their responses) and **down**-weight the views of women. The weighted sample of 100 men and 100 women has 40% very satisfied which reflects the views of all customers.

The **advantages** of using weighted data are that the results more accurately represent the views of the typical customer and we ensure the views of hard-to-reach customers are still considered at an equal proportion within the total sample.

Explanation of ‘weighting’

A sample of customers’ email addresses was provided by SES Water. There was no demographic information included, although Local Authority was included.

The total sample matches well with the local profile in terms of age, gender, SEG and Local Authority.

However, we see some deviation from the local profiles which are corrected through weighting.

A RIM weight is applied to the respondent data to ensure profiles match in terms of age, gender and SEG within the region and therefore reflect the views of a representative sample.

The weights applied to the data collected are checked through our best practice criteria.

The overall weighting efficiency of the Social Tariff data is **71.3%** - (efficiency runs from 0 to 100% - with 100% meaning that the sample matched the population completely in all measures – values **above 70%** mean that the weighting is fit for purpose). The efficiency here is above our cut off for fit for purpose.

- We also check that there are no extreme weights >5 (the largest weight=3.02 so we don’t have any extreme weights >5).
- We also require that the system has less than 5% of weights>3 and here we also have 0% of weights >3.
- Finally, we require that the average weight value for any outlier weight (over 2) is less than 3. And here, there are no outlier weights.

So, the weighting system meets all of our requirements and is fit for purpose.

Explanation of 'weighting'

Weighting by Local Authority area

LA	SES Customers	Sample
Sutton	28%	27%
Reigate & Banstead	21%	22%
Tandridge	12%	12%
Mole Valley	12%	12%
Croydon	12%	14%
Epsom & Ewell	5%	5%
Other	10%	7%

Sample matches well in terms of LA – a very slight corrective weight is applied

Weighting by gender

Gender	SES Customers	Local profile
Male	46%	51%
Female	54%	47%

Sample matches well in terms of gender – slight corrective weight applied

Weighting by age

Age	SES Customers	Sample
30-44	37%	13%
45-59	29%	30%
60-74	22%	44%
75+	12%	13%

Sample is older than the SES profile – a corrective weight is applied

Weighting by SEG

SEG	SES Customers	Local profile
AB	36%	52%
C1C2	48%	25%
DE	16%	10%

Sample is broadly in line with the SES profile – a corrective weight is applied

Appendix 3: Research guidance information

Research guidance (I)

Ofwat have set out requirements for High Quality Research in their Customer Engagement Policy. All water company research and engagement should follow best practice and lead to a meaningful understanding of what is important to customers and wider stakeholders.

Useful and contextualised
This research was conducted to consult customers to ascertain how much extra, if anything, they are prepared to pay on their water bill to help pay the bills of struggling customers during the next 5-year period.

Fit for purpose
Pilot interviews were carried out prior to the full launch of fieldwork and pilot interviews included additional questions to check customer understanding of the materials and questions.

Ethical
This research was conducted by DJS Research who are a member of the Market Research Society. Customers were reminded that they could be open and honest in their views due to anonymity and DJS and SES Water were subject to strict data protection protocols.

Continual
Customer views will be directly fed into the plans for AMP8 which covers the next five-year period (2025-2030).

Neutrally designed within the confines of the guidance
Every effort has been made to ensure that the research is neutral and free from bias. Where there is the potential for bias, this has been acknowledged in the report. Participants were encouraged to give their open and honest views and reassurances were given that SES Water were open to hearing their honest opinions and experiences.

Independently assured
All research was conducted by DJS, an independent market research agency. SES Water reviewed all research materials ahead of fieldwork and prior to the survey being scripted and provided a check and challenge approach on the method and findings.

Shared in full with others
The full final report and research materials will be shared internally with SES Water colleagues along with CCW.

Appendix 4: Stimulus

EXAMPLES OF SOCIAL TARIFFS FOR WATER BILLS

We offer a suite of schemes and discounts to support our customers who are struggling financially. Currently we have 20,100 households on one of these schemes and by the end of 2024 we will increase this to over 25,000. These schemes include:

Water Support

Water Support is a 50% bill reduction scheme funded by adding £6 to non-eligible customers' annual bills and underwritten by our shareholders who cover the remaining balance in excess of our customer contributions. Customers' eligibility for the scheme is based on their yearly gross household income. Less than £17,005 before any deductions, if they don't live in a London borough (£21,749 if they do live in a London borough).

Breathing Space

A way to pause payments for customers who need help getting back on their feet if they have experienced a change in certain personal circumstances that has had an unexpected negative impact on income; such as illness, redundancy or bereavement. We will pause payments for up to 3 months.

Direct Water Payments (third-party deductions)

Customers in receipt of certain benefits and have over £50.00 of debit on their account can combine their yearly bill with any other bill arrears into one weekly payment. This payment goes straight from their benefits. Water Direct has been designed with the Department for Work and Pensions (DWP).

Water Sure

A capped tariff for metered customers so they pay whichever bill is lower – the one based on their actual usage, or an average household bill. To qualify for this tariff customers need to be in receipt of certain benefits and have 3 children under 19 living with them or be suffering from or receiving treatment for a qualifying medical condition which means they need to use more water.

For those customers who do not meet the qualifying criteria for our financial support schemes we offer flexible repayment plans. We are always willing to look at repayment of debt on an individual basis, depending on our customers financial situation.

Please note: customers who are not in receipt of support from a social tariff already pay more for their water services to fund the cross subsidies. At the moment, SES Water support around **19,000** customers on social tariffs in this area, which means out of a customer's yearly bill for their water supply and waste water, £6 goes towards the cross-subsidy for social tariffs.

HERE FOR YOU
Support when you need it most

SUPPORT+ SERVICES PROVIDED BY WATER COMPANIES

SES remains committed to delivering excellent customer service that is able to meet the needs of all of our customers. So what are we doing currently? We carry out regular surveys with customers to understand how helpful our range of extra services are (both financial and non-financial). Last year 81% of customers who were on one of our extra services felt that they were helpful. We also ask customers who aren't on them if they are aware of the support on offer. Currently, less than 40% of our customer base is aware of what is on offer, so we have more work to do. So what will we do?

Community engagement

Our trained customer care team work in the community promoting the schemes and services on offer. This can be at community events, food banks, over 65 forums, family and children's centres as well as working with stakeholders and partners attending team briefings and open days.

We are also running research and have regular stakeholder sessions to ensure that the schemes design and access to it are suitable.

Trusted partnerships

We have recently signed up our first trusted partner who will accept applications for our schemes on our behalf. Our new approach is intended to make the process of registering for our service and financial support schemes far simpler for our customers and this will also help increase awareness.

We'll work with the industry to share data about customers who require priority services with electricity and gas providers so that those that need extra help are identified and registered automatically with all their suppliers.

Promotion

We will increase the communications we send out to our customers relating to the extra services on offer.

HERE FOR YOU
Support when you need it most

ADDITIONAL HELP AVAILABLE

Priority Services Register (PSR)

The PSR is free to join and helps utility companies like us look after customers who have health, access or specific communication needs to tailor our services to support household who need extra help. The PSR includes a range of additional services to make managing your account as easy as possible. We also offer extra support in the event of a water supply emergency.

This includes:

- Individual notification in emergencies
- Braille, large print and audio/CD services
- Text Relay Service
- Priority support for home dialysis users and patients convalescing at home
- Password scheme to protect from bogus callers
- Nominated correspondent to speak on your behalf
- Financial assistance depending on different eligibility criteria
- Currently we have 20,500 customers on the PSR scheme and anticipate that by the end of 2024 this will have grown to 25,000.

Recite me Accessibility and Language toolbar

This tool allows customers to change the accessibility settings to help you get the most out of our website. It includes options to adjust the ruler, screen mask, magnifier, margins and a dictionary. The toolbar also quickly and easily translates all our web content into over 100 languages, including 35 text to speech voices.

Over 600 customers a month use this tool to help them navigate our website.

Bereavement life ledger

We have partnered with LifeLedger a free service that allows customers to close, freeze, switch or transfer billing and service related accounts following a bereavement quickly and easily and from one place.

HERE FOR YOU
Support when you need it most

THE EXISTING SOCIAL TARIFF SCHEME...

The current position

19,000 customers supported

£6 (£0.50 per month)
bill contribution

Please note: customer bills currently include a contribution towards supporting customers through social tariffs.

This information details the current level of contribution to social tariffs by each customer per year.

HOW THE SOCIAL TARIFF SCHEME WOULD WORK...

Here are some examples of how the expanded social tariff scheme would work in future.

The information relates to the number of additional customers that would be supported through customer contributions through social tariffs. At each level of additional support outlined, an additional yearly contribution amount is stated, alongside a per month figure.

Example 1

6,333
additional customers supported

Extra £2 (£0.17p per month)
bill contribution

Example 2

12,667
additional customers supported

Extra £4 (£0.33p per month)
bill contribution

Example 3

22,169
additional customers supported

Extra £7 (£0.58p per month)
bill contribution

Appendix 5: Questionnaire

Questionnaire:

Client name:	SES Water
Project name:	Social Tariffs Research
Job number:	9263
Methodology:	Online (email invite survey)
Version	3

Notes on this document

- Instructions in CAPS are for computer programming
- Instructions in *italics* are for interviewers
- **Bold** or underlined words are for emphasis within a question
- Different question types have different numbers:
  - Screener questions are labelled S01, S02, S03 etc.
  - Main survey questions are labelled Q01, Q02, Q03 etc.
  - Further demographic / classification questions are labelled C01, C02, C03 etc.
  - Number codes are included on each question for data processing purposes

QUOTAS

Male	235	S03/1
Female	265	S03/2
AB	230	S04/1,2
C1	125	S04/3
C2	90	S04/4
DE	55	S04/5,6
18-29	45	S02/2
30-44	140	S02/3
45-59	145	S02/4
60+	170	S02/5,6

Introduction

This survey is being conducted on behalf of SES Water. They are looking to consult a range of customers in order to understand their views about schemes to help people who are struggling to afford their water and wastewater bills; otherwise known as social tariffs.

This survey is being conducted by DJS Research, an independent market research company that follows the Market Research Society rules. Your responses are confidential and won't be attributed to you. Any personal information we ask for is only for statistical purposes and will not be passed back to our client or third parties for research, marketing or sales purposes, unless you give your express permission.

The survey will take around 10 minutes to complete.

DJS Research is a member of the Market Research Society and complies fully with the Data Protection Act and the Market Research Society's code of conduct. This ensures that your contact details are never passed on to any third parties without your permission. All data is aggregated and treated as private and confidential.

Would you be willing to take part?

SCREENER QUESTIONS

INFO1.
Thank you for taking part in this survey. First of all, we just need to check that you fit the criteria for the study.
Please click 'Next' to continue with the survey.
INFO PAGE

S01. HIDE
Base: All respondents
Who is your water services provider?
Please choose one answer only.
SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Affinity Water		SCREEN OUT
2	Anglian Water		SCREEN OUT
3	Bristol Water		SCREEN OUT
4	Dŵr Cymru Welsh Water		SCREEN OUT
5	Essex & Suffolk Water (part of Northumbrian Water)		SCREEN OUT
6	Northumbrian Water		SCREEN OUT
7	Portsmouth Water		SCREEN OUT
8	Bournemouth Water (part of South West Water)		SCREEN OUT
9	SES Water		S02
10	South Staffs/Cambridge Water		SCREEN OUT
11	South East Water		SCREEN OUT
12	Southern Water		SCREEN OUT
13	South West Water		SCREEN OUT
14	Thames Water		SCREEN OUT
15	Wessex Water		SCREEN OUT
16	United Utilities		SCREEN OUT
17	Yorkshire Water		SCREEN OUT
18	Not connected to mains water		SCREEN OUT
85	Don't know		SCREEN OUT

S02.
Base: All respondents
Are you responsible, either jointly or solely, for paying your household water and wastewater bill?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Yes		
2	No		CLOSE
85	Don't know		CLOSE

S03.
Base: All respondents
Which of the following age groups do you fall into?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Under 18		CLOSE
2	18-29		
3	30-44		
4	45-59		
5	60-74		
6	75+		
86	Prefer not to say		

S04.
Base: All respondents
Please select your gender.
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Male		
2	Female		
3	Other		
86	Prefer not to say		

S05.
Base: All respondents
Which of the following best describes the main income earner's occupation in your household? (If the main income earner is now retired, please select the category that best reflects their occupation **before** they retired.).
Please choose one answer only. SINGLE RESPONSE

Code	Answer list	Scripting Notes	Routing
1	Higher managerial, administrative or professional		
2	Intermediate managerial, administrative or professional		
3	Supervisory or clerical and junior managerial, administrative or professional		
4	Skilled manual worker		
5	Semi or unskilled manual worker		
6	Casual worker, or dependant on state welfare		
86	Prefer not to say		

S06.
Base: All respondents
Do you have a water meter?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Yes		
2	No		
85	Don't know		

Priority Services

Q01.
Base: All respondents
Are you aware of the Priority Services Register (PSR) offered by SES Water which assists customers with specific and/or priority needs. The PSR is free to join, and helps utility companies like us look after customers who have health, access or specific communication needs to tailor our services to support households who need extra help.
The PSR includes a range of additional services to make managing your account as easy as possible. We also offer extra support in the event of a water supply emergency. This includes:

- Individual notification in emergencies
- Braille, large print and audio/CD services
- Text Relay Service
- Priority support for home dialysis users and patients convalescing at home
- Password scheme to protect from bogus callers
- Nominated correspondent to speak on your behalf
- Financial assistance depending on different eligibility criteria

Please choose one answer only. SINGLE RESPONSE

Code	Answer list	Scripting notes	Routing
1	Yes – I have heard of them but do not need these services		
2	Yes – I have signed up to them		
6	Yes – I have signed up on behalf of someone else (e.g. in the role of carer)		
3	Yes – I have heard of them, may need them, but haven't done anything		
4	No – but I would like to know more		
5	No – but I do not need them		
85	Don't know		

Household bills

INFO2
Base: All respondents
The next set of questions are about household bills.
INFO PAGE

Q02.
Base: All respondents
Which of the following best describes how confident you feel in being able to afford the following bills over the next 12 months; please answer on a scale of 1 to 5 where 1 is not at all confident and 5 is very confident?
Please choose one answer only per statement.
SINGLE CODE PER STATEMENT. ROTATE STATEMENT LIST

Code	Answer list	Scripting Notes	Routing
1	1 - Not at all confident		
2	2 - Not very confident		
3	3 - Neither/nor		
4	4 - Quite confident		
5	5 - Very confident		
87	Not applicable		

Code	Statement list	Scripting Notes	Routing
1	Water bill		
2	Energy bill (gas and electric)		
3	Mobile phone bill		
4	Council tax		
5	Internet / broadband bill		
6	Mortgage		

Q03.
Base: all not confident for water bill (Q02_1/1,2)
You said you are not confident that you will be able to afford your water bill over the next 12 months. Why do you say that?
Please provide as much detail as possible. OPEN RESPONSE

Code	Answer list	Scripting Notes	Routing
85	Don't know		

Helping those struggling to pay water and wastewater bills

Q04.
Base: All respondents
And were you aware that SES Water offer support for customers who are struggling to pay their water bills?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting notes	Routing
1	Yes – I have had support with my bill in the past		
2	Yes – I am currently receiving support with my bill		
8	Yes – I have organised this on behalf of someone else (e.g. in the role of carer)		
3	Yes – I am aware, may need this, but haven't done anything		
4	Yes – but I do not need it		
5	No – but I think I might need it		
6	No – but I would like to know more		
7	No – but I do not need it		
85	Don't know		

Q05.
Base: All code 1 or 2 at Q04
Which of the following support services [IF CODE 1 AT Q04: were you using / in receipt of?] / [IF CODE 2 AT Q04: are you using / in receipt of]?
Please select all that apply. MULTI CODE

Code	Answer list	Scripting notes	Routing
1	Reduced bill by 50%– **Water Support** (Applies to both Thames and SES bills) Thames version is called Water sure		
2	Payment match scheme for customers in debt to help them get out of it. – **Clear Start**		
3	**Breathing space** – temporary pause on payments (maximum of 90 days)		
4	Flexible payment plan		
5	**Water Direct** (using benefit payments)		
6	**Water Sure** – Allows customers to cap their bills in certain circumstances		
80	Other *(please specify)*	OPEN	
85	Don't know		
86	Prefer not to say		

INFO3
Base: All respondents
All water companies in England and Wales have schemes to give lower bills to some customers who might otherwise struggle to pay. These are called social tariff schemes. In line with Government rules these schemes are mostly funded by charging other households a bit more on their bills.

This is what's also known as a cross-subsidy. There are a number of examples of cross subsidies in day-to-day life. For example, concessionary tickets for children or pensioners to attractions (e.g. the cinema, theme parks etc.). Another example is the price of a stamp which is the same within the UK whatever distance the letter or parcel travels. At different points in our lives, we are all likely to have helped fund cross-subsidies, and to have received help from them. The image below gives you some more information about social tariffs and cross-subsidies in the water sector, please review this image before continuing.
INFO PAGE

INSERT STIMULUS 1

Q06.
Base: All respondents
As an SES Water customer, to what extent do you agree or disagree with paying a contribution towards supporting customers who are struggling to pay their bill? Please answer on a scale of 1 to 5 where 1 is completely disagree and 5 is completely agree.
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	1 - Completely disagree		
2	2 - Slightly disagree		
3	3 - Neither agree/nor disagree		
4	4 - Slightly agree		
5	5 - Completely agree		
85	Don't know		

Proposed support

INFO4
SES Water want to eradicate water poverty in the region. Water poverty is defined as when a household spends more than 3% of their disposable income, after housing costs ie mortgage/rent, on their water and sewerage bills.

SES Water anticipate that more customers may find themselves in financial difficulty as the cost-of-living increases and would like to respond by providing help for more customers, now and into the future.

INSERT STIMULUS 2 and 3

INFO5
Base: All respondents
When answering the next set of questions, please be aware that over the next few years many household costs may increase due to inflation. These household costs include energy, food and fuel prices. It is currently expected that the rate of increase in prices will slow from the middle of this year.

Your water bill may also be affected by how much other costs increase each year such as the company's running costs e.g., energy, wages etc, money invested to improve day to day water services and long-term investments.
INFO PAGE

HOW THE SCHEME WOULD WORK

INFO6
Base: All respondents
In order to support more customers who are struggling to pay through social tariffs in future, SES Water would need to increase the contributions made by other customers to pay for this. Customers already pay an amount on their bills as a cross-subsidy to support those on a social tariff.
INFO PAGE

INSERT STIMULUS 4&5 – Current and future contributions

We'd now like to ask you about the additional amount you would be willing to contribute – if anything - in order to make the proposed changes to expand the number of customers on social tariff schemes.

Please also note that if SES Water want to help more customers, or increase this discount in the future, they would have to consult with customers again.

Base: Online respondents:
Please click 'Next' to continue with the survey.

Q07.
Base: All respondents
Would you be willing to contribute **[INSERT RANDOM FIGURE HERE… FROM STARTING POINTS TABLE BELOW]** extra **per month moving forward**, in order to increase the number of customers helped on social tariff schemes?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Yes		
2	No		

DP NOTE: IF 'YES' RESPONSE TO Q07, REPEAT QUESTION USING CONTINGENT VALUATION SPREADSHEET UNTIL RESPONDENT EITHER ANSWERS NO OR YES 3 TIMES.

IF 'NO' RESPONSE TO Q07, REPEAT QUESTION AND DECREASE IN xxp INCREMENTS UNTIL RESPONDENT ANSWERS YES OR NO 3 TIMES.

RANDOMISE STARTING POINT EVERY INTERVIEW

IF RESPONDENT SELECTS YES 3 TIMES, ASK THEM WHAT THE MAXIMUM THEY WOULD BE WILLING TO CONTRIBUTE PER YEAR IS: SEE Q08

IF RESPONDENT SAYS NO 3 TIMES OR SAYS NO TO [LOWEST AMOUNT], ASK THEM WHAT WOULD THE MAXIMUM YOU WOULD BE WILLNG TO CONTRIBUTE PER MONTH BE, IF ANYTHING: SEE Q09

Q08.
Base: All respondents who reach a maximum or minimum in bidding process at Q07
We understand that you would not be willing/would be willing to contribute [pull through last amount from Q07] **per month** towards the proposed changes to the social tariff. What is the maximum additional amount **per month** you would be willing to contribute?
Please enter the additional amount you would be willing to pay in the box below.
OPEN TEXT RESPONSE WITH LOGIC FUNCIONS FOR MONETARY AMOUNTS.

Code	Answer list	Scripting notes	Routing
85	Don't know *(do not read out)*	-	

Q09.
Base: All respondents who have not reached a maximum or minimum amount
We understand that you would be willing to contribute [pull through last amount from Q07] **per month** towards the proposed changes to the social tariff but not as much as [pull through last amount said 'no' to]. What is the maximum additional amount **per month** you would be willing to contribute?
Please enter the additional amount you would be willing to pay in the box below.
OPEN TEXT RESPONSE WITH LOGIC FUNCIONS FOR MONETARY AMOUNTS.

Code	Answer list	Scripting notes	Routing
85	Don't know *(do not read out)*	-	

Q010.
Base: All respondents who give valid numeric answer at Q08 or Q09 (Q08_1>=0 OR Q09_1>=0).
If zero: You said that you aren't willing to contribute anything towards the proposed changes to the social tariff. In as much detail as possible, please tell us why you say that.

If an amount is stated: You've said that you would be willing to contribute [insert stated amount] extra per month. In as much detail as possible, please tell us why you say that.
Please include as much detail as possible. OPEN TEXT RESPONSE.

Code	Answer list	Scripting notes	Routing
85	Don't know *(do not read out)*		

Q011.
Overall, based on all the information you have seen about the changes to the social tariff, how acceptable do you think it is for SES Water to use customer funding to increase the support to customers?
Please answer on a scale of 1 to 5 where 1 is completely unacceptable and 5 is completely acceptable.
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	1- Completely unacceptable		
2	2 - Slightly unacceptable		
3	3 - Neither acceptable/nor unacceptable		
4	4 - Slightly acceptable		
5	5 - Completely acceptable		
85	Don't know		

Q012.
Base: All respondents who coded 1-5 at Q011
Why do you find it INSERT ANSWER FROM Q011?
Please include as much detail as possible. OPEN RESPONSE

Code	Answer list	Scripting Notes	Routing
85	Don't know		

Q013.
Base: All respondents
Based on what you have seen about the social tariffs in place today. What are your feelings towards them in terms of the help they offer and to whom?
Please provide as much detail as possible. OPEN RESPONSE

Code	Answer list	Scripting Notes	Routing
85	Don't know		

AND FINALLY...

INFO7
Base: All respondents
We'd now like to find out a little more about you.

The following questions ***help*** SES Water to understand how views vary between people in different circumstances.

Base: Online only
Please click 'Next' to continue with the survey.
INFO PAGE

C01.
Base: All respondents
Do you pay SES Water directly for your water?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Yes		C02
2	No, it is covered by my rent		C03
80	I pay in another way *(specify)*	OPEN	C03
85	Don't know		C03

C02.
Base: ASK IF C01=1
What is the total amount your household pays for both water and sewerage services?
Please ensure you pick the band that reflects your household bill only. Please do not include any water costs relating to a commercial business. Water and sewerage bills are typically £300-£800 a year. Please note your answer is only used to check that we have spoken to a range of customers with different bill amounts.
Please choose one answer only. SINGLE CODE

Code	Answer list		Scripting Notes	Routing
1	Less than £13 per month	Less than £150 per year		
2	£13 - £16 per month	£151 - £200 per year		
3	£17 - £20 per month	£201 - £250 per year		
4	£21 - £24 per month	£251 - £300 per year		
5	£25 - £28 per month	£301 - £350 per year		
6	£29 - £32 per month	£351 - £400 per year		
7	£33 - £37 per month	£401 - £450 per year		
8	£38 - £41 per month	£451 - £500 per year		
9	£42 - £45 per month	£501 - £550 per year		
10	£46 - £50 per month	£551 - £600 per year		
11	£51 - £54 per month	£601 - £650 per year		
12	£55 - £58 per month	£651 - £700 per year		
13	£59 - £63 per month	£701 - £750 per year		
14	£64 - £67 per month	£751 - £800 per year		
15	£68 - £71 per month	£801 - £850 per year		
16	£72 - £75 per month	£851 - £900 per year		
17	£76 - £79 per month	£901 - £950 per year		
18	£80 - £83 per month	£951 - £1,000 per year		
19	More than £83 per month	More than £1,000 per year		
85	Don't know			
86	Prefer not to say			

C03.
Base: All respondents
Which of the following best describes your current working status?
Please choose one answer only. SINGLE CODE ONLY

Code	Answer list	Scripting notes	Routing
1	Self-employed		
2	Employed full time (30 hours or more per week)		
3	Employed part time (under 30 hours per week)		
4	Student		
5	Unemployed – seeking work		
6	Unemployed – other		
7	Looking after home/children full time		
8	Retired		
9	Unable to work due to sickness or disability		
80	Other (*please write in)*	OPEN	
86	Prefer not to say		

C04.
Base: All respondents
Does anyone in your household currently receive any of the following benefits?
Please choose all that apply. MULTI CODE

Code	Answer list	Scripting Notes	Routing
1	Housing benefit		
2	Jobseekers allowance		
3	Working tax credits		
4	Child tax credits		
5	Employment and Support Allowance/Incapacity benefit		
6	Pension Credit		
7	Universal Credit		
8	Disability living allowance/ Personal Independence Payments		
9	Income support		
10	Attendance allowance		
11	Carers allowance		
87	None of these	EXCLUSIVE	
85	Don't know	EXCLUSIVE	
86	Prefer not to say	EXCLUSIVE	

C05.
Base: All respondents
Including yourself, how many adults aged 18 and over are there in your household?
Insert the number of people aged over 18 in your household in the box below.
SINGLE RESPONSE.

Code	Answer list	Scripting notes	Routing
1		NUMERIC. MAX 10.	
86	Prefer not to say		

C06.
Base: All respondents
And, do you have any dependent children (under 18) living at home with you?
Please choose one answer only
SINGLE RESPONSE.

Code	Answer list	Scripting notes	Routing
1	Yes – dependent children (under 18 in the household)		C07
2	No – dependent children under 18 in the household		C08
86	Prefer not to say		C08

C07.
Base: Code 1 (yes) at C06
How many children do you have living at home with you in the following age ranges?
Please include the number of dependent children in each of the age ranges below. For any that are not applicable, please enter '0'.
MULTI RESPONSE - NUMERIC.

Code	Answer list	Scripting notes	Routing
1	Pre-school age (not yet started primary school)	NUMERIC	
2	Primary school age	NUMERIC	
3	Secondary school age	NUMERIC	
4	Post secondary school age (post GCSEs)	NUMERIC	

C08.
Base: All respondents
Could you tell me which of the following ANNUAL income bands your household falls into? Please take account of the income of all those in the household (before tax and national insurance) and include any pensions, benefits, or extra earnings.
Please choose one answer only
SINGLE CODE

Code	Answer list		Scripting notes	Routing
	Per month	Per year		
1	Up to £539	Up to £6,499		
2	£540 - £789	£6,500 - £9,499		
3	£790 - £1289	£9,500 - £15,499		
4	£1290 - £2079	£15,500 - £24,999		
5	£2080 - £3329	£25,000 - £39,999		
6	£3330 - £4999	£40,000 - £59,999		
7	£5000 - £7499	£60,000 - £89,999		
8	£7500 and over	£90,000 and over		
85	Don't know *(do not read out)*			
86	Prefer not to say *(do not read out)*			

INFO8
The following questions help SES Water to ensure that their research is accessible and inclusive for all their customers.
INFO PAGE

C09.
Base: All respondents
How would you describe your ethnicity?
Please choose one answer only
SINGLE CODE

Code	Answer list	Scripting notes	Routing
1	White (this includes English, Welsh, Scottish, Northern Irish, British, Irish and any other White background)		
2	Mixed/Multiple (this includes White and Black Caribbean, White and Black African, White and Asian and any other mixed/multiple ethnic background)		
3	Asian/Asian British (this includes Indian, Pakistani, Bangladeshi, Chinese and any other Asian background)		
4	Black/African/Caribbean/Black British (this includes African, Caribbean and any other Black/African/Caribbean background)		
80	Other ethnic group		
86	Prefer not to say		

C010.
Base: All respondents
Does anyone in your household have a long-term illness, health problem or disability which limits their daily activities or the work they can do?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Yes		
2	No		
86	Prefer not to say		

C011.
Base: ASK IF CODE 1 AT C010
And does this require them to use extra water?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Yes		
2	No		
86	Prefer not to say		

C012.
Base: All respondents
Depending on the results of this survey we may want to recontact some customers to conduct a telephone interview lasting 20 minutes about some of their answers. We'd pay respondents £35. Would you be happy to be contacted?
Please choose one answer only. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Yes		
2	No		

C014. If yes at qnREC (C12/1)
Thank you for agreeing to be recontacted. Depending on the level of interest we cannot guarantee that everyone who expresses an interest will be contacted. In the space below, please provide your preferred contact details
Please enter your name, email address and telephone number in the boxes below. SINGLE CODE

Code	Answer list	Scripting Notes	Routing
1	Name	OPEN	
2	Email address	OPEN	
3	Telephone number	OPEN	

C015.
Base: All respondents
Thank you for taking part in this survey. If you would like more information about the support available to customers please visit https://seswater.co.uk/your-account/paying-your-bill/help-paying-your-bill

You've now reached the end of the survey - thank you very much for your time.

Appendix 6: Discussion guide

9263_ SES Water
Follow up Depth Discussion Guide (30 mins)
Version 1

(I) Introduction		7 mins
Brief explanation of the purpose of the research	*Moderator to explain the nature of the research.* • I work for a company called DJS Research, we are an independent market research company and today we are working on behalf of [SES Water] • Following on from your participation in an online survey about SES Water's plans for social tariffs for customers in the period 2025-2030, we would like to conduct some follow up research with customers to understand more about your current circumstances, and your associated opinions and attitudes towards social tariffs for water customers. • *Moderator to reassure respondents about confidentiality / GDPR compliance.* • Feedback will be summarised into a report along with other research, we won't pass names/specific details of who we have spoken to back to our client. • There are no right and wrong answers; we are just interested in your views, opinions and ideas. • Brief explanation about audio/video recording information – we may use anonymised quotes &/or video clips in our report to illustrate the research findings for our client, but these will not be attributed to you personally.	
Introductions	*Moderator to invite respondent(s) to introduce themselves.* *I'd first of all like to spend some time understanding more about you…* • Tell me a bit about yourself; who you live with; working status; hobbies • What are your main concerns in life at the moment? • How are you feeling about your household finances currently and what's coming in versus what's now going out? [MODERATOR: refer to response from quant in relation to affordability of water bills, e.g. in the survey you took part in you mentioned that you are [CONFIDENCE LEVEL] in being able to afford your water bills over the next 12 months. Is that still the case?] o How has your outlook of your finances changed over the past 6 to 12 months or so? Better? Worse? How so? o [IF CUSTOMER HAS CONCERNS] Which bills or expenses are of most concern/have impacted you most?	

(II) Re-cap on social tariffs		8 mins
Re-cap on social tariffs	Thank you for your responses so far. I'd now like to move on to talk about social tariffs and cross-subsidies. In your own words, could you briefly tell me a bit about your understanding of what social tariffs and cross-subsidies are? (MODERATOR: If necessary, stress that there are no right or wrong answers) MODERATOR, IF REQUIRED, READ OUT: All major water companies in England and Wales have schemes to give lower bills to some customers who might otherwise struggle to pay. These are called social tariff schemes. In line with Government rules these schemes are mostly funded by charging other households a bit more on their bills. This is what's also known as a cross-subsidy. There are a number of examples of cross subsidies in day-to-day life. For example, concessionary tickets for children or pensioners to attractions (e.g. the cinema, theme parks etc.). Another example is the price of a stamp which is the same within the UK whatever distance the letter or parcel travels. At different points in our lives, we are all likely to have helped fund cross-subsidies, and to have received help from them. Before you took part in the survey on behalf of SES Water, were you aware of the support available to customers who are struggling to pay their bills? IF SO: what were you aware of? How did you become aware of it? • Generally speaking, to what extent do you support the principle of social tariffs and cross-subsidies? Are there any areas / aspects of life where you think social tariffs are not appropriate? (PROBE ON WHAT ANY WHY). And, any areas where you think social tariffs and cross-subsidies are particularly beneficial? (PROBE ON WHAT AND WHY) I'd now like to spend a minute or so going over some of the information you were presented with in the online survey you completed. **MODERATOR: If conducting over Zoom/Teams show slide. If conducting over the phone read out info on slide.** MODERATOR: Show or read out from slide: • SLIDE 1 examples of social tariffs for water bills • SLIDE 4 the existing social tariff scheme • Having reviewed this information again, how do you feel about the social tariff that is currently in place for SES Water? PROBE ON: o Number of customers supported (is it too many, not enough or about right?). Why? o Eligibility criteria (does it include the right people? Are there any groups that are included but shouldn't be? Any groups that aren't included but should be?) o Amount paid by customers (is it too much, not enough or about right?). Why? o Level of support for customers in receipt of social tariffs (is it too much, not enough or about right?) • To what extent do you support or oppose SES Water including a charge in bills to contribute towards supporting customers through social tariffs? o Why do you say that? (PROBE FULLY) o IF DON'T FULLY SUPPORT: what, if anything, would make you more supportive of a social tariff on your water bill? (PROBE ON: communication / information / detail on who is supported / safeguards in place to avoid abuse of the scheme(s) etc.)	

(III) Social tariffs 2025-2030		12 mins

Social tariffs 2025-2030	Still thinking about social tariffs, I'd like to spend some time now thinking about SES Water's future plans for supporting customers who are struggling to afford their water bills through a social tariff
	
	MODERATOR: If conducting over Zoom/Teams show slide. If conducting over the phone read out info on slide.
	
	MODERATOR: Show or read out from slide:
	• SLIDE 5 how the social tariff scheme would work
	
	MODERATOR: For next section refer to WtP figure from sample
	
	When responding to the survey, you said [IF WtP is £0: you would not be willing to contribute to the social tariff] / [IF WtP =>£0.01: you would be willing to contribute [WtP amount from sample per month to the social tariff]
	
	• IF WTP is £0: why wouldn't you be willing to contribute anything extra to the social tariff? PROBE ON:
	  o To what extent do your own financial circumstances affect your response?
	  o Are there any circumstances in which you would be willing to contribute more? IF SO; What/when?
	  o What, if anything could [SES Water] do to make you more likely to be willing to contribute something to a social tariff in future? PROBE ON:
	    ▪ Need to improve other areas of service first (e.g. water quality, customer service etc)
	    ▪ Lack of trust in [SES Water] generally... anything they could do to build / develop trust?
	    ▪ Lack of knowledge on what bills contribute to
	    ▪ More investment / money should come from [SES Water] before they ask customers to contribute
	    ▪ The groups / people that the social tariffs are targeting / supporting aren't right. Help should be focused elsewhere / on other groups
	
	• IF WTP is =>£0.01: why would you be willing to contribute up to WtP amount from sample extra per month to the social tariff?
	  o Do you support the principle of social tariffs generally? IF SO; why do you support social tariffs in principle? Any circumstances which haven't been mentioned previously when you wouldn't be willing to contribute? (MODERATOR PROBE FULLY)
	  o To what extent do your own financial circumstances affect your response?
	  o What, if anything could [SES Water] do to make you more likely to be willing to contribute more to a social tariff in future? PROBE ON:
	    ▪ Need to improve other areas of service first (e.g. water quality, customer service etc)
	    ▪ More information/knowledge of what bills contribute to
	    ▪ More investment / money should come from [SES Water] before they ask customers to contribute
	    ▪ The groups / people that the social tariffs are targeting / supporting aren't right. Help should be focused elsewhere / on other groups
	
	As a customer, how important is it for you to know / be aware of the amount you are contributing to social tariffs in your water bills? Please answer on a scale of 1-5 where 1 is not important at all and 5 is extremely important?
	▪ Why do you say that?
	
	What else, if anything, would you like to hear / know from [SES Water] in relation to social tariffs? Where / how should they deliver this information?	

(IV) Experience and perceptions of water supplier.		5 mins

Experience and perceptions of water supplier	For the final section, I'd like to spend a bit of time talking about your experience and perception of [SES Water]
	
	• What are your main expectations of [SES Water] as your water provider?
	  o IF NEEDED: e.g., Service, reliability, value for money, environment
	• What experience do you have of them?
	• Is there anything about the service [SES Water] provides that you would like to see them improve?
	• How would you describe your relationship with SES Water?
	• Do you feel like a valued customer of SES Water?
	  o Why/why not?
	• What words would you use to describe how you feel about [SES Water]?
	• And how would you rate the value for money you receive for your water services provided by SES Water? Please do this on a scale from 1-10 with 1 being the lowest value for money and 10 the highest.
	  o Why did you give this rating?	

Any final questions

Thank & Close. Remind participant they will receive their 'thank you' for taking part within 1 working week (£35 giftpay voucher to be sent via email)

For more information

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E. Small Company Premium Research Report

SES Water

Small Company Premium Acceptability

Report: September 2023

Executive summary

Project background

SES Water are in the process of developing its PR24 business plan which will be submitted to the regulator (Ofwat) in October 2023. In this business plan, SES Water would like to pursue a small company premium (SCP). In order to do this, it is required by Ofwat that evidence be provided regarding customer support for the SCP. Therefore, SES Water commissioned Explain to conduct independent research with the overarching aim of understanding customer support, and ultimately, their willingness to pay the premium.

Specifically, the research has the following objectives:

- To explore customer thoughts on being supplied by a small, local water company
- The support for a specific company adjustment (to the cost of capital)
- The adjustment of the pay as you go ratio to ensure SES Water remains financeable
- The acceptability of the resultant bill profile
- Customer willingness to pay the £2 premium on their water bill per year

Methodology

In order to achieve the objectives, research was undertaken across two phases.

Phase one: Three online focus groups via Zoom, with the aim of 24 respondents, to collect in their own words the advantages and disadvantages of having their water supplied by a small local company.

Phase two: An online survey distributed to 24,478 SES Water customers via email, with the aim to achieve 700 responses. In addition to this, on street fieldwork was undertaken to include digitally excluded customers in the completion of the survey. On street fieldwork was conducted in the following local authority district areas with the aim of achieving 100 responses: (1) Sutton; (2) Reigate and Banstead; (3) Merton; (4) Mole Valley; and (5) Tandridge.

Notes on analysis

All qualitative data emanating from phase one was thematically analysed.

Quantitative data was analysed after cleansing and weighting had been performed on the data set. Weighting was performed to ensure that the sample was representative of the overall customers database provided by SES Water. Cross tabulations of key survey findings were performed to determine if answers varied according to respondent demographics. Only the cross-tabulations reaching statistical significance are shown within this report.

Summary of results

Respondent numbers

Overall, the following numbers of SES customers took part in the research:

Phase one: focus groups	**16 respondents**	
Phase two: survey respondents	**922 respondents overall**	**849 online survey respondents**
		73 on-street survey respondents

Customer satisfaction with, and value for money from, SES Water

Overall satisfaction with the service provided by SES water was high, with a mean average score of 6.92 out of ten and with 51% giving an overall satisfaction score of eight or more.

Respondent perceptions of the value for money they received from SES were slightly lower, with a mean score of 6.27.

Customer awareness of SES Water and perceptions of company performance

Lack of awareness in the size of SES Water was high, with 72% of respondents reporting a lack of awareness that SES Water were one of the smallest water only companies.

Respondents viewed the comparative performance of SES Water favourably, with a mean score of 3.7 out of five on a scale of 1 (very poor) to 5 (very good).

Perceived advantages of being supplied by a small, local water company

Open responses revealed that the key advantages in having a small, local company as their water provider were quicker response time, a more personal service and local knowledge.

Within the survey, there was a reasonable level of agreement in the advantages cited by fellow customers (from the focus groups) with means ranging from 3.51 for 'ability to innovate and adapt to new technology' to 3.95 for 'local area knowledge'.

Perceived disadvantages of being supplied by a small, local water company

Most survey respondents felt that there were no disadvantages of being supplied by a small, local water company. Some reported concerns that the service would be more expensive or that smaller companies could be less well-resourced to deal with problems.

Within the survey, there was less agreement in the disadvantages cited by fellow customers (from the focus groups) with means ranging from 2.53 for 'lack of expertise' to 3.45 for likeliness of being 'taken over by another company'.

Overall thoughts on being supplied by a small, local water company

A high sense of positivity about being supplied by a small, local water company was felt amongst survey respondents, with a mean score of 4.03 out of five achieved.

Thoughts on SCP as a concept: Willingness to pay a nominal additional amount

At this stage in the survey, the majority of respondents (62%) said they would not be prepared to pay a small charge on top of their bill to enable them to be served by a small, local water company.

Of those who were willing to pay something, over half (51%) stated they would be prepared to pay £2.51 to £3 on top of their yearly bill. Comments supporting this amount revealed that respondents felt that this was a small amount of money, that they wished to support a local business and reflected a sense satisfaction with the service provided by SES Water.

Thoughts on SCP as a concept: Acceptability

To calculate a mean score, completely unacceptable was given the value of one and completely acceptable was given the value of five. An average of 3.85 out of five was achieved when asked how acceptable respondents found the SCP as a concept with 43% stating that it was either somewhat or completely unacceptable.

Acceptability of the SCP was underpinned by a desire to improve or maintain the service, to support smaller companies. Conversely, unacceptability of the SCP was founded in a sense that respondents already pay enough and don't want to pay more during a cost-of-living crisis. Respondents also argued that the SCP is not appropriate when customers have no choice in supplier, and they reported concern around profits paid by shareholders.

Willingness to pay the proposed SCP for the PR24 bill period

Overall, this research has revealed a mixed level of customer support regarding the SCP for the PR24 bill period, as shown below. More (47%) are supportive than find it unacceptable (34%), however no strong consensus was achieved.

47% of survey respondents felt that the £2 annual SCP was either completely or somewhat acceptable	**19%** of survey respondents felt that the £2 annual SCP was neither acceptable or unacceptable or did not have enough information to make a decision	**34%** of survey respondents felt that the £2 annual SCP was either completely or somewhat unacceptable

Content page

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

Introduction

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

Introduction

Project background

SES Water are in the process of developing its PR24 business plan which will be submitted to the regulator (Ofwat) in October 2023. In this business plan, SES Water would like to pursue a small company premium (SCP). In order to do this, it is required by Ofwat that evidence be provided regarding customer support for the SCP. Therefore, SES Water commissioned Explain to conduct independent research with the overarching aim of understanding customer support, and ultimately, their willingness to pay the premium.

Specifically, the research has the following objectives:

- To explore customer thoughts on being supplied by a small, local water company
- The support for a specific company adjustment (to the cost of capital)
- The adjustment of the pay as you go ratio to ensure SES Water remains financeable
- The acceptability of the resultant bill profile
- Customer willingness to pay the £2 premium on their water bill per year

Methodology

In order to achieve the objectives outlined above research was undertaken across two phases, summarised below.

Phase one: Qualitative focus groups

To explore customer thoughts on the advantages and disadvantages of being supplied by a small, local company.

Phase two: Quantitative survey

To understand customer support for, and willingness to pay, the SCP.

Recruitment

In order to recruit SES Water customers for both phase one and phase two of this research, a database of customer contact details was made available, with a total of 91,808 contact details provided.

For phase one, customers from this database were contacted via telephone, offering them the opportunity to take part in one of the three focus groups. This process was continued until all focus groups were fully recruited. In total, 291 customers were contacted in this way.

For phase two, all customers who had been contacted about phase one of the research were excluded from the database. A sequential process was then undertaken for survey recruitment, with the aim of achieving 700 responses overall. Emails were sent to approximately 5,000 customers per day inviting them to take part in the survey. Responses were then closely monitored to identify the demographic profile of respondents. Overall, 24,478 SES Water customers were contacted in this way to ensure quotas were met as closely as possible.

Phase one: Focus groups with customers

In the first phase, a total of three online focus groups via Zoom were conducted with the aim of 24 SES Water customers participating across the sessions. The full discussion guide for the focus groups can be found in Appendix C of this report.

The purpose of the focus groups was to collect in respondent's own words the advantages and disadvantages of having their water supplied by a small local company. This was of relevance to ensure the research complied with Ofwat guidance concerning the need to use customers' own words in the subsequent survey design for Phase two.

The focus groups also provided an opportunity to explore and understand the following:

- How customers felt about SES Water as a small, local company
- SCP as a concept generally
- The acceptability of the additional £2 on their yearly bill that would be required for the SCP

Following completion of all three online focus groups, respondent narratives regarding the perceived advantages and disadvantages of being supplied by a small, local water company were analysed to produce a list of unbiased advantages and disadvantages, articulated in respondents' own words.

This list was then used to feed into the development of the quantitative online survey. This in turn provided online survey respondents the opportunity to express how much they either agreed or disagreed with the pros and cons outlined by fellow customers. Designing the research across two phases, in this way, ensured compliance with the Ofwat recommendations for SCP research.

Phase two: Quantitative survey with customers

The second phase of the research was an online survey distributed to 24,478 SES Water customers, via email, with the aim of achieving 700 responses.

In addition to the online survey, we undertook on-street fieldwork to ensure the views of digitally excluded customers were incorporated into the research.

Research was conducted by our team of on street fieldwork researchers in the following areas, over a five-day period, with the aim of achieving 100 responses overall:

- Sutton
- Reigate and Banstead

- Merton
- Mole Valley
- Tandridge

Responses were closely monitored to ensure the sample was reflective of SES Waters customer base in the key demographics of age, gender, socio-economic groups, and local authority areas.

The full survey can be found in Appendix D.

Notes on analysis

All qualitative data emanating from phase one of the research was analysed thematically. Throughout the focus groups, respondents were asked to partake in poll votes and the results of these are displayed graphically. Please note, base sizes may vary as not all participants took part in the votes.

Quantitative data was analysed after cleansing and weighting had been performed on the data set, which merged data from on street and online surveys together.

Weighting of the data was performed to ensure that the sample composition was representative of the overall customer database provided by SES Water. Age weighting is not wholly reflective of the quotas due to the large underperformance of 18–24-year-olds. As a result, others have had to appear over target. Explain have attempted to mitigate this as closely as possible while abiding by weighting methodologies.

Cross- tabulations of key survey findings was performed to determine if answers varied according to respondent demographics. Only the cross-tabulations reaching statistical significance are shown within this report.

Percentages may not add up to 100% due to rounding of figures, weighting, and the removal of “prefer not to say” responses.

“The best vision is insight”

Respondent profile

An overview of the profile of respondents who participated in the research.

Respondent profile

Online focus group profiles

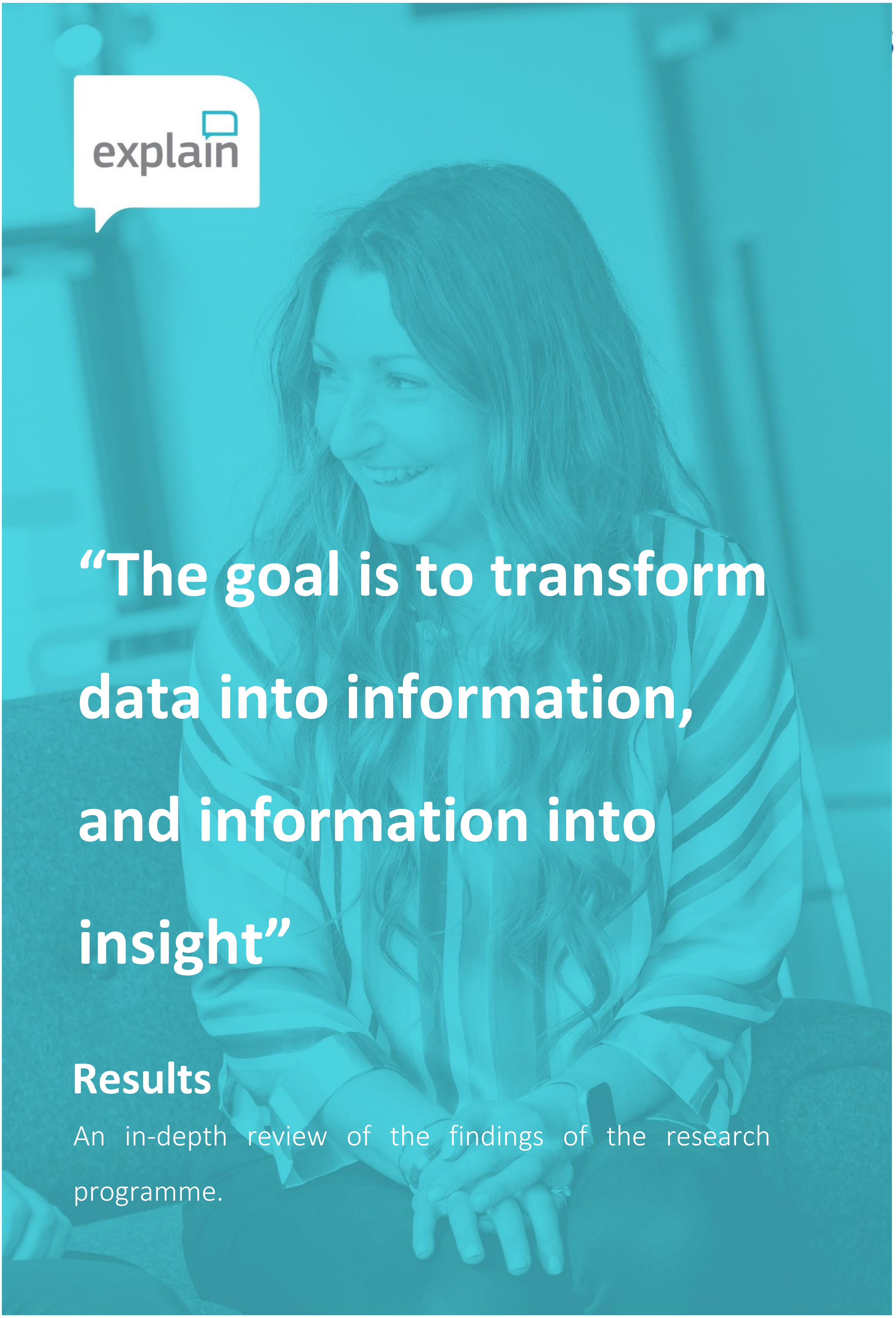
	Group 1	Group 2	Group 3	Overall
Number of respondents	3	7	6	**16**
Age range (years)	25 to 74	35 to 54	25 to 64	**25 to 74**
Gender split	2 Male 1 Female	3 Male 4 Female	4 Male 2 Female	**9 Male** **7 Female**
SEG split	A = 0 B = 2 C1= 0 C2= 0 D = 0 E = 1	A = 0 B = 5 C1 = 1 C2= 1 D = 0 E = 0	A = 1 B = 4 C1 = 1 C2 = 0 D = 0 E = 0	**A = 1** **B = 11** **C1 = 2** **C2= 1** **D = 0** **E = 1**

Online survey and on-street fieldwork profiles

In total, there were 922 responses to the second phase of the research, 849 (92%) were received online and 73 on street. The overall demographic splits achieved in the survey responses are shown below.

Gender	
Female	54%
Male	46%
Other – please specify	0%
Age	
18-24	0%
25-34	15%
35-44	17%
45-54	18%
55-64	20%
65-74	19%
75+	11%
SEG	
A	5%
B	28%
C1	29%
C2	19%
D	12%
E	7%
Local authority area	
Sutton	29%
Reigate and Banstead	21%
Tandridge	12%
Mole Valley	12%
Croydon	12%
Epsom and Ewell	5%
Merton	4%
Elmbridge	3%
Sevenoaks	2%
Guildford	0%
Mid Sussex	0%
Water meter	
Yes	26%
No	68%
Don't know	6%

explain



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

Results

An in-depth review of the findings of the research programme.

Results

Phase one: Online focus groups results

The following thematic analysis presents the main findings of the conversations held within the focus groups. They have been organised according to the key discussion segments within the focus groups, following the structure outlined below:

Initial thoughts on SES Water

↓

Thoughts on the value for money offered by SCP

↓

Perceived advantages of being supplied by a small water company

↓

Perceived disadvantages of being supplied by a small water company

↓

The acceptability of the concept of the SCP

↓

Willingness to pay the SCP

Initial thoughts on SES Water

To begin the groups, respondents were asked to share their initial thoughts on SES Water. A strong theme was that SES Water, and the provision of clean water in general, was taken for granted by customers and therefore not something that they gave much active consideration to.

- *"'Well not really any more than the basics of providing me with water to be honest with you, any more responsibilities than that I really wouldn't know about, no. It's not something I have looked into very much and I take it for granted that we turn on the tap and there will be some water.''*
- *'Not much more than they provide me with water to be honest."*
- *"It's difficult to gauge it. I think about water companies, I don't really think about them that much in terms of my day-to-today life. It's not like gas and electric, you just expect the tap to run. There's not much fluctuation with prices. Your bills are more or less consistent not like gas and electric. I rarely ever think about the water company"*

However, it is notable that those customers with prior experience of SES Water's customer services expressed receiving a positive experience through good communications, ease of contact and the ability to resolve issues.

- *"Everything we've received so far in terms of letters that have been sent out, or if there are any changes. We pay by direct debit, we got all of that done and there has never been a problem with that. I can't say I know about the customer service side as we've never had a problem with anything such as water or direct debit. The service we receive at the moment has been excellent because I can't comment on the customer service side of thing"*
- *"SES Water is my water supply company and I think it's good if I have any problem. I reach out to them and they have a good customer service"*

One responded praised SES Water's free lead pipe replacement scheme, mentioning that it helped put their minds at ease when moving into their new property.

- *"I was with Thames Water for about 42 years, I moved into a property in Sutton. The service we've been given so far from SES Water is really good because the property we've moved into is really old. It's one of those old Victorian houses and the surveyor picked up that we might have lead piping. So, SES Water were really good. They said, don't worry, we can test your water for you. He dropped off a couple of little sample bottles and he said to fill it up first thing in the morning before anyone uses any water. Fill up another sample at lunchtime where it's been heavily used, so they can measure the lead sampling in the water. So, that was good that they put our mind at rest that we didn't have too much lead in our water. Yeah, we're just waiting now for them to- they do another really good thing, they're doing through their website, they're doing a free lead pipe replacement scheme. So, they replace the pipework in the street and as long as you replace the pipework in your boundary. So, I've done my boundaries, I'm just waiting for them to get planning permission through the Council to dig up the roads to replace their old Victorian pipes. Having this free lead piping replacement scheme is amazing"*

In contrast, some respondents shared that they had concerns over their water quality, in particular the smell and taste of their water.

- *"In the last five years we've probably had three or four water outages, only to do with the fact they were overlaying mains. Therefore, they had to transfer, so they said, you've got to start running your water once it comes on. And all this brown stuff was coming out because obviously where they had disturbed the pipes and put new connections in. So, that was interesting in a way that we had to run the water until it was clear. I also went out and spoke* *to a couple of the guys and I said, we haven't had water and you've turned it off late at night, but you didn't tell us you were turning it off. So, they gave me a couple of bottles of reserve water they carry around. But it was the teams in the field that I interacted with, I never really had any involvement with the offices or ever complain. Up until this year, I've complained about the fact that the water smell like pond water. And they said, ah, that's interesting. They did say they would do some testing. The lady came back to me and said, we've done some testing on the local water and we don't think there are any problems. But now, we have to run the water for probably two minutes in the morning to get what smells like, well, my wife describes it as pond water. It's quite a good description"*

- *"I don't like the taste of our water. It's not just the reason I've never said anything because my Mum and brother are in the same area and the water that comes out the tap doesn't taste great. We've all got filtered so will only drink if it is filtered and cold"*
- *"It tastes like the pipes dirty; I don't know what the taste is, but it doesn't taste like you pick up a bottle of water in the supermarkets in the shops"*

Thoughts on the value for money offered by SCP

When asked if respondents felt they received good value for money for the service received from SES Water, the majority felt they did, more so when comparing it against other utility bills.

- *"I think I get excellent value for money because we are on a standard rate"*
- *"Compared to the gas and electric it's very reasonable"*
- *"We get very good value for money. I think I'm in a block of marionettes and I presume they are all on a fixed rate. Our bill, compared to the gas and electric is not even a quarter of what we pay"*
- *"I'm happy on just a standard rate, I am, as X was saying, I do wonder what it would be like compared to other people with a family of five in the house. Everyone washes once or twice a day at least, so it would be interesting to know what we would pay compared to someone else. I'm happy to stay on a standard rate. Obviously, it would benefit X, but getting a standard rate, we are getting really good value for money"*

However, one respondent did share that due to a lack of competition and how SES Water supplies water using reservoirs, they don't feel they receive value for money.

- *"Do they offer value for money? It's difficult to tell as its uncompetitive and they are only small, they only have a reservoir and a network, and they have just put up the prices by* *above inflation just before they changed shareholders which is a bit suspicious for me and being a pensioner I don't like above inflation increase because it's the base on which I will be paying for water for the rest of my life. …So, they are not competitive, and I am concerned whether they are value for money''*

Perceived advantages of being supplied by a small water company

Respondents felt that there were seven potential advantages to being supplied by a small, local water company. These are listed below and then explained in more detail.

- A personalised service
- Ease of contact
- Local area knowledge
- Consideration for the local environment and community
- Investment in technology
- More knowledgeable employees
- Proactive communication about changes

A personalised service

Respondents shared they felt it was easier for SES Water to keep track of what's happening in the local area and within their customer base. As such, they felt that SES Water would be well equipped to offer a more personalised, and thus responsive, service.

- *"I think it's a good thing, I don't know why. I can't explain why. I think when it's smaller you think you're more connected to the company in a way. Thames Water have such a huge customer base they don't really care about you and don't take on your feedback."*
- *"So, I think the smaller area, you do get a more personalised service and I just like the way SES manages really."*

In line with this, felt that covering a smaller area would mean that SES Water is more likely to be able to offer a responsive service to customers.

- *"I think it's better because SES Water covers such a smaller geographical area in comparison to other companies. I would assume their response times would be quicker, they don't have to cover as much ground to sort something out"*
- *"So, I think that's a positive for customers because you're likely to get better service, especially comparing it with all the bigger companies. It's better service overall with a smaller place. They've got less to look after"*

Local area knowledge

Linked with the idea of a personal service, it was shared that a smaller company having knowledge of the local area could help, which could subsequently aid with response time.

- *"I think the pros of being supplied by a smaller company, as someone said before, is more personal. Although they are not going to know all of the customers, they are going to know the area well or going to know what is happening quickly."*

Ease of contact

It was shared that bigger companies were more difficult to speak to, and often pushed customers to websites for answers. It was felt smaller companies were easier to speak to.

- *''Yeah, and you are aware of companies that are difficult to contact, and you will phone someone, and they will say it's quicker and easier to use the website and you don't get that feel like a smaller and smaller customer compared to a bigger and bigger organisation."*

Consideration for the local environment and community

Respondents also articulated a sense that a smaller water company would be more able to maintain a focus on the local environment and community.

- *"Also, I like the fact they have the community and environment in mind when looking at their areas. I think that is something that would be harder for a larger company just by the fact they have a bigger area to manage."*
- *"They are actually doing what they are doing to help with the environment and community and all of that. They've, for a little company for want of a better word, compared to others who have thousands of employees. They are doing a really good job"*

Investment in technology

One respondent did raise that during their experience as an engineer, they have found that small companies are more likely to innovate than larger companies.

- *"I'm an engineer myself, smaller companies actually are more likely to innovate and actually they are not (inaudible) adapt new technology like smart technology. Bigger companies tend to be inflexible."*

Other respondents were pleasantly surprised by SES Water's level of investment in technological innovation.

- *"As it's a smaller company, I'm surprised they use good technology (inaudible) smart technology (inaudible) that really struck me."*
- *"I was surprised to know they had the technology monitoring the pipes. I would have thought that is something a bigger company would have done because they to invest in that sort of thing as part of their remit. So, I was quite surprised to learn such a small company had smart management of the pipes. That's a really good thing."*

More knowledgeable employees

As SES Water has fewer employees than other water companies, respondents felt their customer service employees will deal with a wider range of issues. As a result, they will be able to utilise a broader experience and knowledge base in their work.

- *"First, customer service is hopefully more knowledgeable because they are dealing with more or wider range of issues. It's a smaller team so they may know more so that is a benefit."*
- *"The fact that there is only 301 employees, the chances are if you have any interaction or see them locally, more chance it's going to be the same person and they will be more invested in their local areas."*

Proactive communication about changes

Respondents also noted favourably that SES Water provides proactive communication, including around potential increases in prices.

- *"I get all the time letters, emails. I'm so happy, I don't mind if it's a small company. But when I deal with the larger companies, when I deal with the internet and things, they increase the* *price for me every single year, it's a jump without asking me, without an email. I believe my water company respects me, respects my needs."*

Perceived disadvantages of being supplied by a small water company

Conversely, respondents were then asked if they felt there were any disadvantages to having their water supplied by a small, local company and if so, what they are. Responses revealed six key disadvantages, listed below and then explained in more detail.

- **Slower response times**
- **Risk of being taken over**
- **Less flexibility in costs**
- **Less experience and opportunities to innovate**
- **Less funding and access to investment**
- **Smaller employee resource**

Slower response times

There were concerns that response time may be slower from a smaller company when comparing to a larger company as they have less resources and manpower.

- *''Well, yeah, I mean as you mentioned it simply could be the fact there is less ability to sort out, I don't know, a problem quickly due to manpower the lack of resources there if and when it comes to it. I appreciate "x" saying that the neighbour's needed to do something and it's taking a lot longer, and that well could be that they don't have the teams there or the teams are elsewhere doing more, let's say, emergency work.''*

Smaller employee resource

Another potential disadvantage mentioned was that smaller companies may be less established than bigger companies, resulting in the possibility of having less resources.

- *"I think something similar, yes the downside is a smaller company may have less resources and actually may be less established compared to a bigger one."*

Risk of being taken over by another company

A disadvantage raised by a respondent was that there could be a potential financial risk if SES Water were to be acquired by a larger company or if there was a surge in price.

- *"A concern would be, the smaller suppliers went under and there had to be a supplier of last resort, that took over the companies. Where you explain SES Water, where water companies have monopolies in regions. Worst case scenarios, if something happened to this smaller company, SES because water prices or rates surged or something and they went under. How would we be supplied or is there a business risk because it is so small? I don't know how the water industry works, but that is what happened in the energy industry somewhat recently."*

Less flexibility in the cost to the customer

Another disadvantage raised by a respondent was they felt they have less, financial resources, and SES Water have less flexibility on the price they charge.

- *"Maybe flexibility to the price they charge. Maybe they have less discount, more flexibility to increase or reduce sometimes."*

Less experience and opportunities to innovate

They also shared that they feel a larger company has more experience and has more opportunities for innovative solutions.

- *''I think I have covered it, but in a large company there is more expertise and in a small company you may not be able to find the most innovative, cost-cutting, cost-saving solutions. Epsom is a very small town and so I am aware of the disadvantages of that, Surrey has a small police force, and we are aware of the resources there."*

Less funding and access to investment

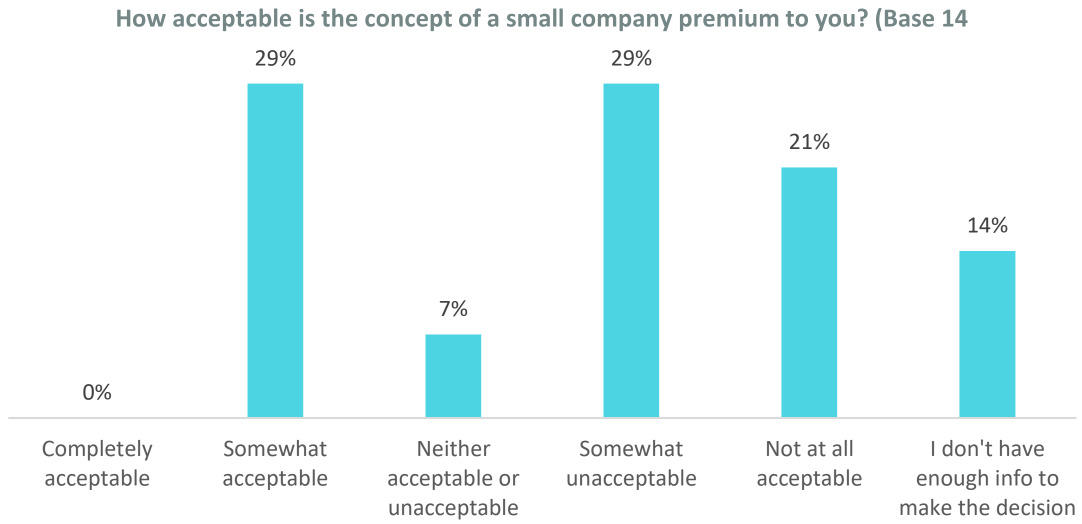
One respondent shared concerns that as a small, local company SES Water would have less access to funding or investment they need to upgrade the system.

- *"Putting up pricing to continue giving a good service or to improve the service in some way maybe. Something they have to apply, maybe. If they can't access the funding or access the investment, they need to upgrade their system and the water network and everything else, how else can they do it? Because I don't think they can get any from the government with companies being privatised."*

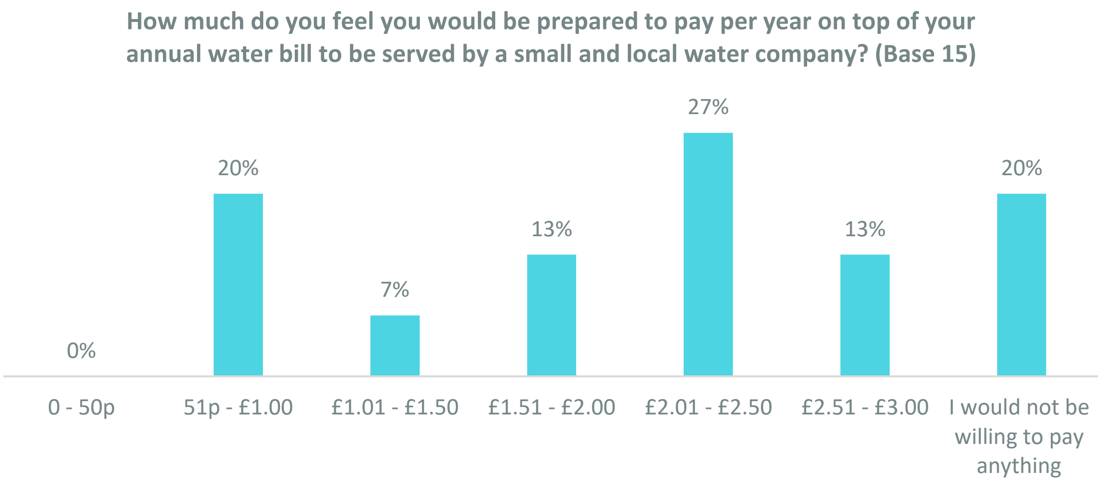
The acceptability of the concept of the SCP

After being given context of what a small company premium is, respondents were then asked in a poll how acceptable they found the premium as a concept. The results are shown in the graph below.

The results of the polling were somewhat mixed. No respondents found the concept to be completely acceptable, and half found it to be either somewhat or not at all acceptable. However, 29% felt it to be somewhat acceptable.



Respondents were then asked in a poll how much they would be prepared to pay per year on top of their annual water bill to be served by a small and local water company, results overleaf. Again, the findings did not show a strong consensus. The largest percentage of respondents (27%) would be willing to pay between £2.01 and £2.50. In contrast, 20% were not willing to pay anything extra at all and the same percentage were willing to pay between 51p and £1.



Respondents were then asked to explain their votes. The most commonly articulated reasons in favour of the SCP was that the suggested amounts were very small compared to their annual bill. Respondents were also happy with the service they received from SES Water, including improved customer service.

- *"Actually, because the number you are putting there is so small, either of them would actually be fine. I think it would be nice actually, the question would be how much would be willing to pay the next time for improvements? The thing is, it's a small company and it seems that most of us are happy. I am one of the people who hasn't actually got a water meter but would like one. This number is very small so I would be willing to pay it."*
- *"The higher one, because if there is a line in my bill that says you are paying £10, but it means I don't have to go to water metered robots be on hold to someone to speak to someone because it is a smaller company. Like I suppose it is such a small amount in comparison to annual bill. I'd pay more than a few pounds for the convenience of being able to speak to a real person in an instant when I call up, if there is an issue."*
- *"Yeah, but I just thought if they can carry on giving a good service and that local focus and that sort of way of doing their sort of business, a couple of quid extra a year is nothing huge for me."*
- *"I think I put somewhat acceptable just because of the background really, I saw about the investment. To ensure sustainable resources and reduce leakage and things like that. In a way, we're compelled really by they're saying they can't do these things without the money then we don't really have much of a choice, do we? With the top one, I can see both sides of the argument in a way. If it's going to create a better service and long-term sustainability of resource and things like that then it's worth it."*

Conversely, less favorable votes were underpinned by a sense of frustration in the lack of choice available to customers in their water company. They also questioned why customers should be responsible for paying the premium.

- *''Well, I voted that way because I can understand the necessity for maintaining infrastructure and so forth, but on the other hand it's not up to us to pay the premium for you being a small company. I can understand why there is a necessity to have that but that is not the customer's problem or fault and it's not that the customer has a choice about that so asking the question would you be willing to do it is kind of irrelevant.''*
- *"I can say, I mean I think it is like the conversation we had earlier about the benefits of a smaller company. I would have said totally acceptable if it would be my choice to select SES over another one. As people have said it is not my choice so that is why it is somewhat acceptable. Overall, I would pay something extra for a smaller company, that is more personable. So that is why the positive, somewhat is not my choice I don't have the choice to select you or someone else."*
- *"That was myself, I feel like it's a business cost that they should swallow and not pass onto the customer."*
- *''I don't think I can see why they can justify wanting us to pay more money for them to borrow, I appreciate it's going to cost them more, but I don't see how that's our problem. You know, we already pay, it already seems like we are paying weirdly bang on average across the board.''*
- *''Grow up SES Water, stop thinking you're a cute little local company and therefore you can charge more, and we expect you to be as grown up as the rest of them.''*

One respondent discussed that, in light of the cost-of-living crisis, SES Water's focus should be on decreasing bills for customers.

- *''I would like to tell you, please try your best to decrease our bills as soon as possible because a lot of people are really struggling, it's not just me, its lots of other bills, you know like disability funds, pensions persons and the child ones and single mothers and fathers. It's a crisis everywhere, we must try our best to give help, they are a small company, but they are earning more than us they have to help.''*

Suggestions were also made for the SCP to be covered by shareholders.

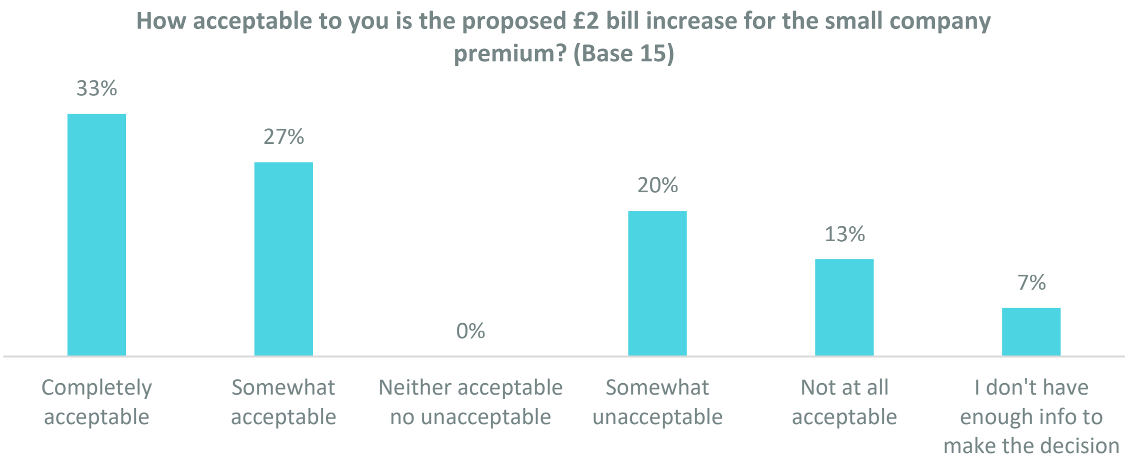
- *"As being a fair return for what they offer, and they are still rewarding their shareholders handsomely. So, why should I pay more?"*

- *"I think if anybody should be contributing it should be the shareholders. They get enough premium. I bet they won't be asking the shareholders to take less dividend."*
- *"My point of view has kind of changed. For such a small company the chief executive gets paid a lot and so I'm like, hmm for 345 employees, yeah. So, my point of view has changed a little bit on that because why should we cough up an extra £2 a year for somebody who is getting more than six, a lot more than six figures a year salary, when all of us are struggling?"*

Willingness to pay the SCP

To understand customers' willingness to pay, respondents were first shown information about SES Water's higher cost of borrowing as a small, local company. This can be viewed in Appendix B. Respondents were also introduced to Ofwat and their involvement, as a regulator, in the SCP.

Following this, respondents were asked in a poll, "How acceptable to you is the proposed £2 bill increase for the small company premium?" (below). Importantly, the majority of respondents (60%) found it either completely acceptable or somewhat acceptable. 33% felt it was either somewhat unacceptable or not at all acceptable.



Those who found the £2 addition on their bill acceptable discussed, feeling that this was an affordable, reasonable amount.

- *"I don't think £2 is a lot to pay for the services they are offering. They are investing in technology; they are investing in sustainability and the environment so you can't ask for anymore than that I don't think. £2 is a small price to pay and I am happy to pay it."*

- *"With everything else that is going on in the world, like an extra £1 or £3 on an annual bill, that's a coffee from Costa. So, it doesn't faze me."*
- *"Yeah, I mean £2 or £3 a year is not going to- I'd be happy to pay that to a smaller company to do that and a few pounds more is not going to make a difference to me."*
- *"I just thought it was a reasonable amount. It doesn't seem to be a lot of money, £2, £2.50 is in a range of being affordable. I thought to pay to have a smaller company, to me personally that would be worth it. The way the small company deals with things. Certainly, the dealings I've had with them, I've liked. So, I think that would be worth it."*

Respondents also felt that the premium would enable SES Water to provide the same standard of service and continue to invest in technology and the environment.

- *"I think I said earlier that I don't mind paying more if I get the same service. I'm happy with the service now. If this service is going to be improved and I'm willing to pay the £2, I'm going to see it, as I mentioned before, some companies who you have to get services from, you pay over £20 per year and yet sometimes, yes there is lots of companies or providers but you don't have the time, or the energy or this or that to try new things. I believe for SES Water to respect us, ask us about £2 in the total of it all, £10. This I think is affordable, which if I'm going to go and have a coffee and a muffin it's going to be nearly the same. (inaudible) good service and I want to say thank you to them, does that make sense? I want to say thank you, I'll give you the £10 or £5 or whatever if I'm getting the same service. This is how I see it."*
- *"I don't think £2 is a lot to pay for the services they are offering. They are investing in technology; they are investing in sustainability and the environment so you can't ask for anymore than that I don't think. £2 is a small price to pay and I am happy to pay it."*

Some respondents also argued that the SCP was acceptable, as long as the money was used to support investments that would be beneficial for customers.

- *"Yeah, I said it's completely acceptable because it's like everything else seems to go up. As long as they invest that money wisely, then I can't see why not. They need to invest it for the future benefit of* the customers, so *a couple of pounds makes- especially if they are only looking after a smaller number like 745,000 compared to Thames Water. They need that little bit of extra money to hopefully keep up with investments."*
- *"I think I put somewhat acceptable just because of the background really, I saw about the investment. To ensure sustainable resources and reduce leakage and things like that. In a*

way, we're compelled really if they're saying they can't do these things without the money then we don't really have much of a choice, do we? With the top one, I can see both sides of the argument in a way. If it's going to create a better service and long-term sustainability of resource and things like that then it's worth it."

In contrast, respondents that voted "somewhat" or "not at all acceptable" also articulated the reasons why they would not support the SCP. Some argued that they did not believe that the SCP should be the responsibility of customers.

- *"That was myself, I feel like it's a business cost that they should swallow and not pass onto the customer."*
- *''Well, I voted that way because I can understand the necessity for maintaining infrastructure and so forth, but on the other hand it's not up to us to pay the premium for you being a small company. I can understand why there is a necessity to have that but that is not the customer's problem or fault and it's not that the customer has a choice about that so asking the question would you be willing to do it is kind of irrelevant.''*

Another respondent articulated concern about any bill increases during the wider cost-of-living crisis.

- *"I could afford it; I have no issue with it. But they're just quoting average bills. It is a bit misleading. I do think that at a time when people are struggling, I know it's not the extremes with which the electricity and gas bills have gone up, but that's another issue!"*

Finally, two respondents questioned the legitimacy of the SCP, feeling that they did not understand why they should be required to pay more to be provided with the same service.

- *''Yeah, I mean it sounds like they keep asking us whether we are happy to keep paying more money and no one is happy to pay more money for a service they're already getting, it seems a strange question.''*
- *"Why would I want to pay more for a service that they are providing and have provided for many, many years at a price that's been agreed with the regulator?"*

Phase two: Survey results

For ease of reading, the findings from the survey have been organised as follows:

Customer satisfaction with, and value for money from, SES Water

Customer awareness of SES Water and perceptions of company performance

Customer thoughts on being supplied by a small, local water company

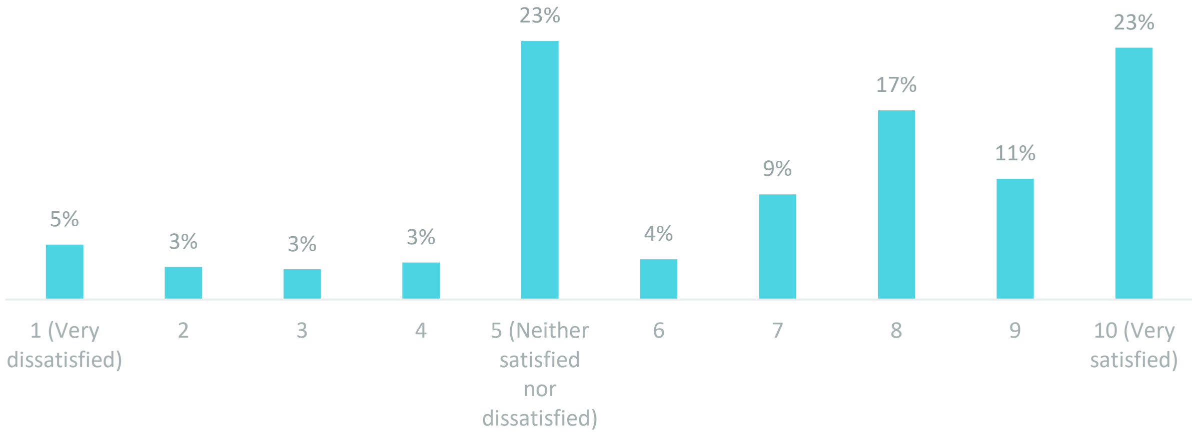
Thoughts on SCP as a concept

Willingness to pay the proposed SCP

Customer satisfaction with, and value for money from, SES Water

To begin the survey, respondents were asked to rate their satisfaction with the service they receive from SES Water on a scale of one very dissatisfied, to 10, very satisfied. The results are shown below. A mean score of 6.92 was achieved for overall satisfaction, with over half of respondents (51%) giving an overall satisfaction score of eight or more.

How satisfied do you feel about the full service you receive from SES Water? (922)



Cross-tabulation analysis revealed significant differences across the following demographic factors.

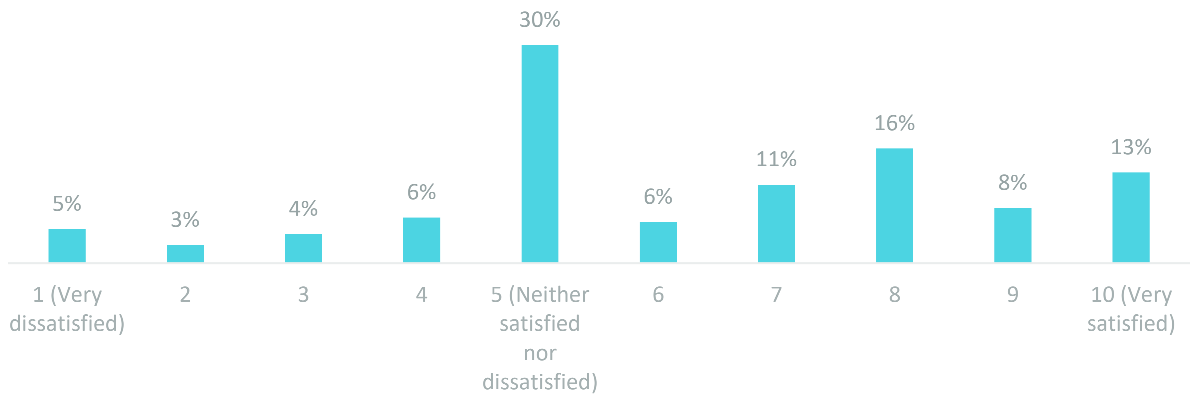
Those aged 75+ (7.69) were increasingly likely to score higher than those aged 25 to 34 (6.81), 35 to 44 (6.76), 45 to 54 (6.46) and 55 to 64 (6.67).

Those from SEG D (7.73) had displayed an increased likelihood of feeling satisfied when compared with those from SEG group A (6.71), B (6.53) and C2 (6.71).

Croydon customers (5.89) were less likely to be satisfied with feeling satisfied about the full service from SES when compared to most other areas (e.g. Sutton 7.16 and Reigate and Banstead 6.83)

Respondents were also asked to rate their satisfaction, on the same scale, with the value for money they receive from SES Water. The results indicated an intermediate sense of satisfaction, with a mean of 6.27 and the highest percentage of respondents (30%) felt they were neither satisfied nor dissatisfied. However, it's notable that just over a third of respondents (37%) gave a high score, of eight or above.

How satisfied are you with the value for money you receive from SES Water only (and not your wastewater company)? (Base 922)



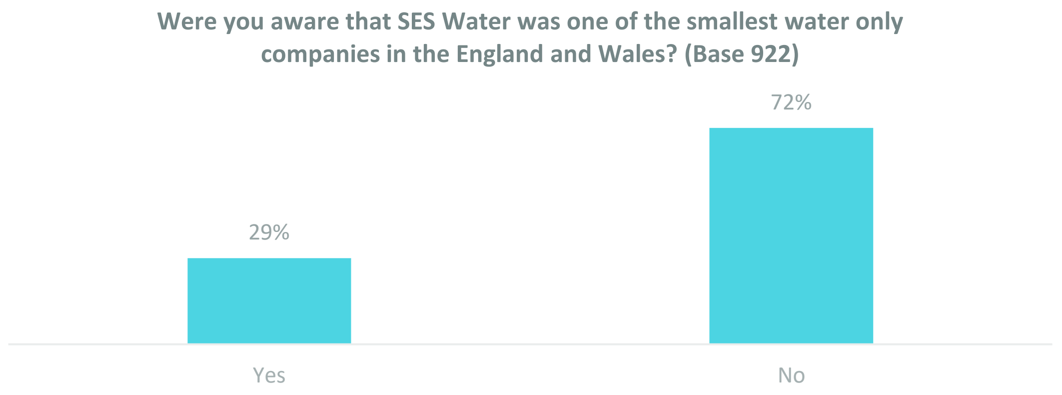
Cross-tabulation analysis revealed significant differences across the following demographic factors.

Female respondents had an increased likelihood of reporting higher satisfaction than males (6.45 versus 6.05)	Those aged 45-54 years old (5.8) were more likely to be less satisfied with the value of money from the service they received when compared with 35-44, 65-74 and 75+ years old (6.44, 6.45, 6.93).
Those from Croydon (5.69) were less likely to be satisified with the value for money they recieved from SES Water.	Those within SEG E (7.10) were more likely to be satisfied with the value for moneyfrom SES Water than those within SEG A (5.90), B (5.97), C1 (6.38) and C2 (5.96).

Customer awareness of SES Water and perceptions of company performance

Respondents were then provided with the same contextual information regarding SES Water as was shown in the focus groups within phase one of the research. This information (shown in Appendix D) included the size of SES Water, the number of customers they serve, and the number of employees compared to other water companies.

They were then asked about their awareness of the relatively small size of SES water. The vast majority of respondents (72%) reported that they were not aware of this.



Cross-tabulation analysis revealed significant differences in the following demographic factors.

Females were less likely to know that SES was one of the smallest water company when comapred with Males.

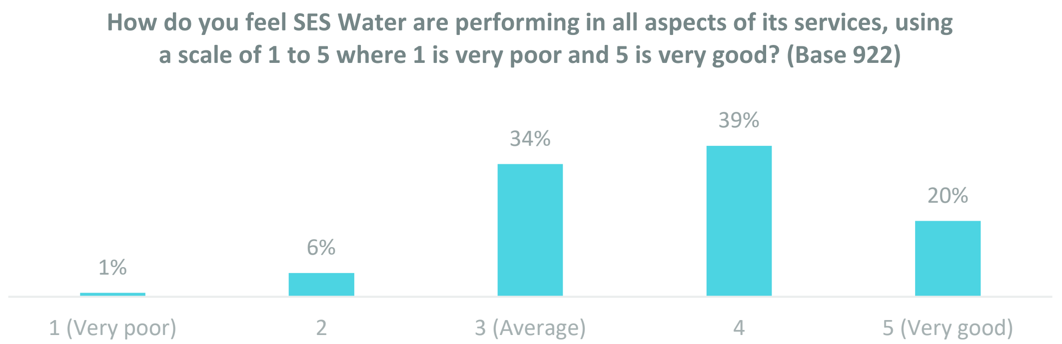
Those aged 65-74 were more likely know this characterisitc about SES water when compared with most of ages including 18-24, 25-34 and 35-44 years old.

Customers from Epsom and Ewell tended to have less of understanding that SES were one of the smallest when compared to all other areas.

Survey respondents were then also shown the same information (Appendix D) as focus group respondents about how SES Water performs in relation to other water companies across four key areas:

1. The frequency of water supply interruptions
2. The number of litres of water lost from water mains or pipe leaks
3. The amount of water used by customers (in litres per customer per day)
4. C-Mex (customer experience satisfaction)

After reviewing this information customers were then asked to state how well they would rate SES Water on its performance in all aspects of its services, with a score of 1 being very performance and 5 being very good performance. A favourable response was received, with a mean score of 3.7 and 59% of respondents scoring 4 or higher.



Cross-tabulation analysis indicated significant differences in the following key demographic areas.

Males were less likely to score high for this question when compared to Females (3.63 versus 3.77)	Respondents within SEG D (4.00) were more likely to score higher than most other SEG categories (e.g. SEG A 3.59 and SEG C1 3.63).

Customer thoughts on being supplied by a small, local water company

This section of the survey results consists of three areas: (1) perceived advantages of being supplied by a small, local water company; (2) perceived disadvantages of this; and (3) customer thoughts on being served by a small local water company.

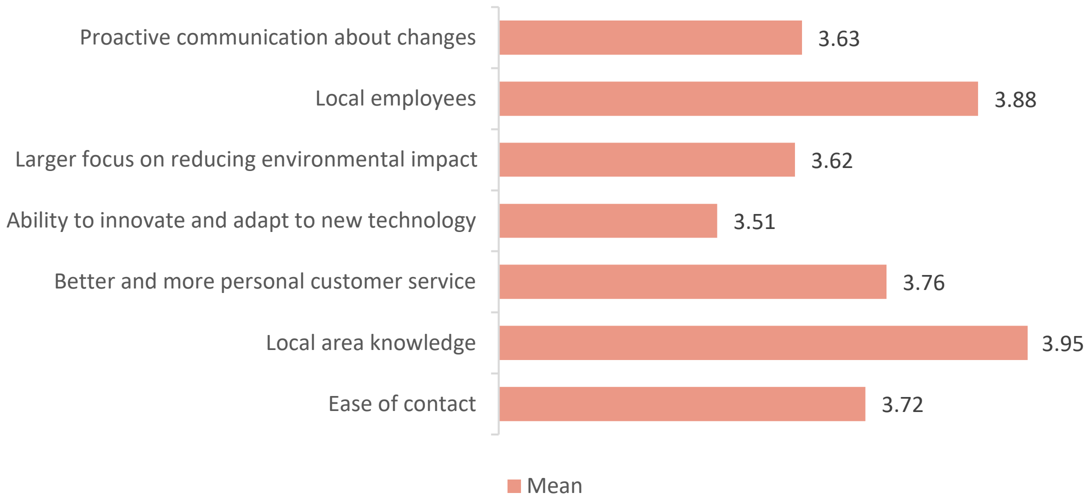
Perceived advantages of being supplied by a small, local water company

Respondents were asked to share, within open responses, whether they felt there were any advantages in having their water supplied by a small local company. The key themes identified were quicker response times (165), a more personal service (125) and local knowledge (118).

Response times would be quicker (Leaks. Issues etc) (165)	It would have a more personal service/understand customers (125)	Better community/local interaction and knowledge (118)
"Can be more reactive in a crisis." *"Problems should be solved quickly as there are less customers requiring assistance."* *"Quicker response time for any issues."*	*"More personal, not a small fish in a large pond."* *"Personal service, focus on customer."* *"A small local company supplying water feels more personal, they can provide local jobs and serve their community well."*	*"Local knowledge and more likely to want to engage with local community"* *"A local company is better to deal with local issues, leaks and environmental impact. It cares more about these issues and customer service is usually better from a smaller company."* *"In theory they should be better, more nimble and in touch with the community."*

Using respondent's own words from the focus groups, survey respondents were then presented with potential advantages of having their water supplied by a small company and asked to rate their agreement with each one on a scale of one (strongly disagree) to five (strongly agree). The results show a reasonable level of agreement, with means ranging from 3.51 for 'ability to innovate and adapt to new technology' to 3.95 for 'local area knowledge'. The results are shown in full below.

Please rank how much you agree the following are advantages of being served by a small water company (Base 922)



Perceived disadvantages of being supplied by a small, local water company

Respondents were then asked to share if they felt there were any disadvantages to having their water supplied by a small local company. Importantly, the most commonly stated finding was that respondents did not feel there would be any disadvantages (268). Despite this, some did state concerns that the service would be more expensive (70) or that a smaller company would be less well-resourced to deal with emergencies or problems (69).

Nothing/None (268)

"None, as long as the services are cost effective, and use is made of economies of scale where this is possible"

"None - small is good and big is often not better"

"None. Depends on how well the company is run, large or small"

It will be more expensive (70)

"Higher cost to consumer"

"Possibly expense, could make bills higher"

"Expect it to be more expensive, with less economies of scale and less resources for major upgrades"

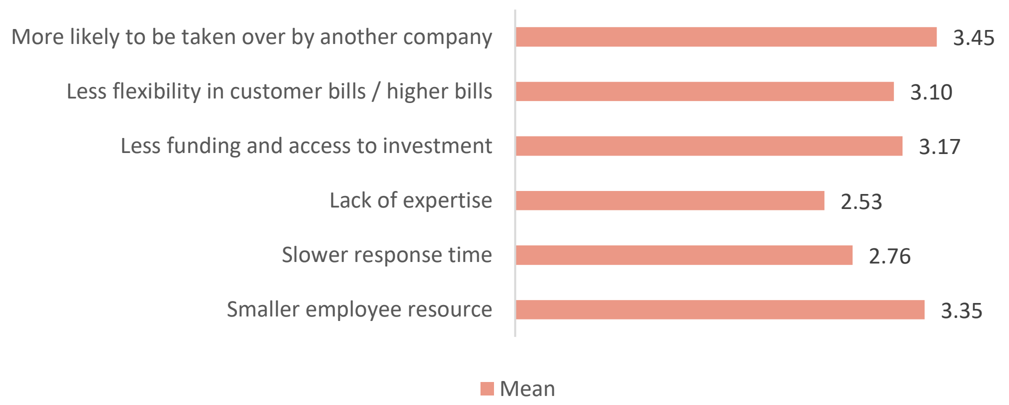
Less resources to deal with emergencies or problems (repairs, leaks) (69)

"Do not have the resources to deal with major problems"

"A small company may lack the financial resources to cope with a sudden unexpected crisis requiring a lot of capital expenditure"

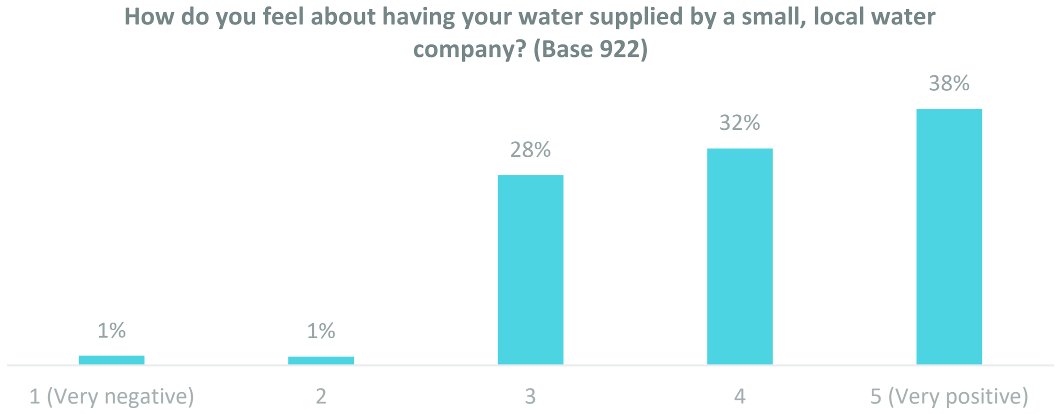
Respondents were then again presented with a list of potential disadvantages to being served by a small, local water company that were derived from the words used by focus group respondents in phase one of the research. They were then asked to rate their agreement with each potential disadvantage on a scale of one (strongly disagree) to five (strongly agree). The results are shown in full below. Overall, there was less agreement in the disadvantages than was apparent in the advantages. In particular, 'lack of expertise' and 'slower response times' scored below 3 (2.53 and 2.76 respectively). However, there was stronger agreement in both the likelihood of being 'taken over by another company' (3.45) and 'smaller employee resource' (3.35).

How much do you agree that the following are disadvantages of being served by a small water company? (Base 922)



Overall thoughts on being supplied by a small, local water company

Respondents were then asked to score on a scale of 1 (very negative) to 5 (very positive), how they feel about having their water supplied by a small, local water company. Importantly, there was a high sense of positivity, with a mean score of 4.03 and 70% of respondents scoring 4 or higher.



Cross-tabulation analysis revealed significant differences across the following demographic factors.

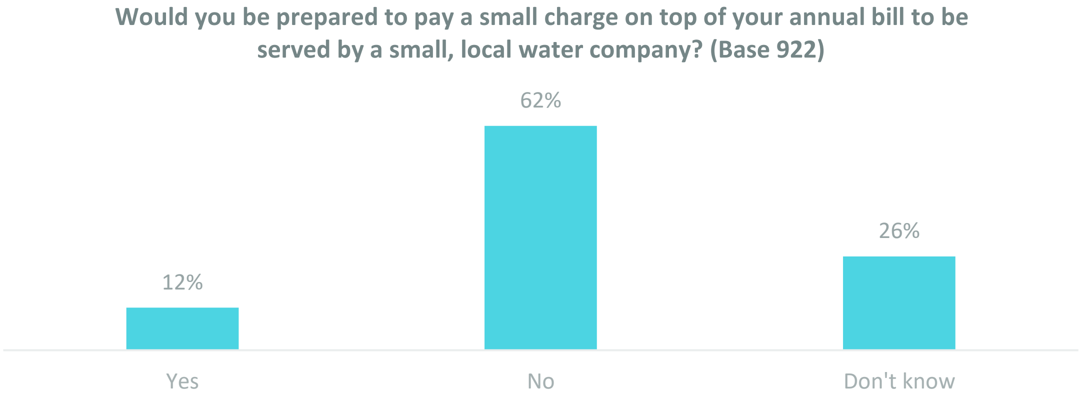
Those aged 75+ years old (4.35) were more likely to score higher than all ages apart from those aged 18-24 years old (4.04).	Sutton customers were more likely to score higher than those within Mole Valley (3.94), Croydon (3.84) and Epsom and Ewell (3.82).	SEG D (4.00) was increasingly likely to score higher than most other areas (e.g. SEG A 3.59 and SEG C1 3.63).

Thoughts on the SCP as a concept.

This section has been organised into two sections: (1) willingness to pay a nominal additional amount on their bill to be served by a small water company; and (2) overall acceptability of the SCP as a concept.

Willingness to pay a nominal additional amount to their bill to be served by a small, local water company

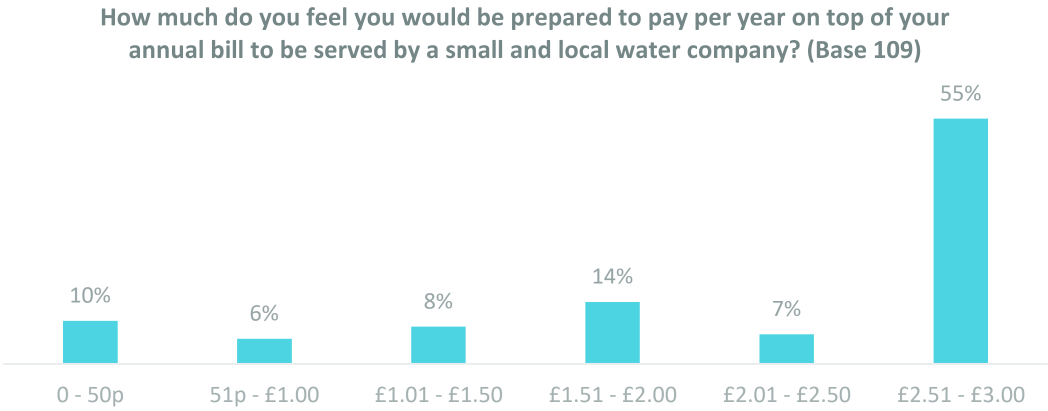
Respondents were asked whether they would be prepared to pay a small charge on top of their annual bill to be served by a small, local water company (in the context of the advantages and disadvantages of this). The majority (62%) stated they were not willing to pay a small charge on top of their annual bill, followed by (26%) who were unsure and finally only 12% were willing to pay an extra charge.



Cross-tabulation analysis revealed significant differences in the following demographic factors:

Respondents from the Sevenoaks Local Authority district area were more likely to vote no or don't know.	Respondents from SEG D were more likely to vote no or don't know.

The 12% (109) who were willing to pay an extra charge were then asked how much they would be willing to pay. Over half of respondents 55% were willing to pay £2.51- £3 on top of their annual bill.



Cross-tabulation analysis revealed significant differences in the following demographic factors:

Respondents in SEG E were less likely to pay the higher amount (£2.51-£3.00) when compared with those from SEG B and C1.	Respondents aged 65-74 years old were more likely to pay the higher amount (£2.51-£3.00) than those aged 25 to 34 and 35-44 years old.

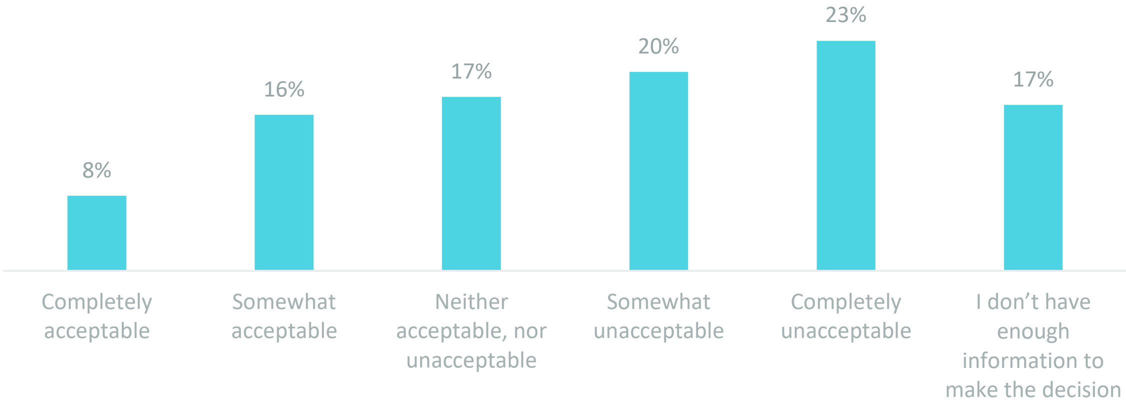
Respondents were then asked to explain their answer in as much detail as possible. The most common themes amongst those who were willing to pay £2.51 - £3.00 were feeling that this is a small amount of money (37), a desire to support a local business (15) and satisfaction with the service they receive from SES Water (14). Quotes illustrating each of these themes are shown below.

It is a small amount of money (37)	They want to support a business that supports local (15)	Happy with the service they receive from SES Water and want to support(14)
"I like the idea of a smaller company, and £2.50-£3.00 is nothing in today's money" *"It's a tiny amount of money"* *"It's an insignificant amount to secure the advantages of being supplied by a small local company"*	*"I much prefer a local company that has the local community welfare in its consideration"* *"It's better to have this small local company than yet another big faceless corporation that couldn't give a toss about the local area"* *"This would hopefully be sure the company stayed small and responsive to local people. Across the board this may mean more staff could be employed to boost the maintenance and repairs team"*	*"As long as we continue to get the standard of water and service, I'm happy to increase my funds. People don't mind what they pay if they get the quality and service, they deserve for paying that amount"* *"I feel most happy with SES Water and why would I wish to change for that small amount per annum"* *"I agreed I pay £3 a year extra because I am very happy with the service I receive"*

Acceptability of the SCP as a concept

After being given some context around what a small company premium is, all respondents were asked how acceptable they found the concept of the premium. In order to calculate a mean average result, the response 'completely unacceptable' was given the value of one and 'completely acceptable' the value of five. Respondents tended to view the concept less favourably, with an average of 3.85 out of five and the largest percentage (43%) stating either somewhat or completely unacceptable.

How acceptable do you find the concept of a small company premium? (Base 922)



Cross-tabulation analysis was conducted and revealed significant differences across the following demographic factors.

Females were less likely to find the concept of a small company premium either 'somewhat unacceptable' or 'completely unacceptable' (4.07 versus 3.60).

Those aged 75+ years old (3.46) were more likely to have 'neither acceptable, nor unacceptable' when compared with age groups 25-34 (4.12), 35-44 (4.01) and 45-54 (3.89) years old.

Customers from Elmbridge (4.57) were more likely to believe that the concept of the SCP was 'completely unacceptable' when compared with almost all other areas (e.g. Croydon 3.89, Epsom and Ewell 4.07 and Merton 3.83).

SEG D were more likely to believe that this concept was 'neither acceptable, nor unacceptable' (4.16) when compared to SEG C1 (3.76) and C2 (3.62)

When asked to explain their answer, improving/maintaining the service (20) helping support small businesses (17) and more support for smaller companies (15) were the key themes for those who felt the concept was either somewhat or completely acceptable.

As long as it improves/maintains the service (20)	To help support small businesses (funding, growth etc) (17)	Smaller companies need more support (15)
"I prefer the smaller local companies and accept that sometimes you pay a premium. Providing the customer service levels are maintained I am comfortable with a small levy" *"If they give a good service and respond in a quicker time as regards problems to be fixed in a quick time compared to larger companies then it makes it acceptable"*	*"If a smaller company finds it harder to find funding, then it seems fair to compensate in thus way"* *"To balance the advantage between big company and small company, it is somewhat acceptable"* *"It is a good idea to be able to help a smaller company with their finances, though I wonder if there are other ways such as grants that SES could look into so that the customer does not have associated rises in their bills"*	*"I don't want SES to be taken over by a bigger company. If this would ensure it doesn't happen then I find it acceptable"* *"Because if they can't raise investment from their shareholders and they are giving a good service and that is to continue I don't mind paying a premium. You get what you pay for!"* *"I believe that a smaller company needs support"*

Those who found the concept neither acceptable nor unacceptable did so because of a requirement to know more about the SCP (24); alongside a desire for assurances regarding how the SCP would be used (13) and concern about bill increases considering the cost-of-living crisis (13).

Desire to know more about the SCP (24)	Would like assurance on how SCP would be used(13)	Concern about bill increases in cost of living crisis (13)
"Don't have enough knowledge to make a judgement" *"I would need to have more information about why and the extra cost"*	*"It all depends on how it is used. We have all seen companies indulge in poor financial management and excessive borrowing - then interest rates rise. Our hard-earned money should be used wisely and well"* *"It depends how much the premium is. Are shareholders profits going to be reduced so they help with the extra premium payments. If not it's unacceptable that the customer takes the hit"*	*"Because cost of living is so high It is difficult to pay more"* *"Not sure how I would feel about paying extra in such a tough economic time"* *"I understand the concept and the need from borrowing as it is explained here. Just that at the moment with the crisis of inflation and the seemingly ongoing "cost of living crisis" I would prefer not to pay more for water."*

Those who felt the concept was somewhat or completely unacceptable most frequently argued that they already pay enough and did not want to pay more during a cost-of-living crisis (221), they also felt that the SCP is not appropriate when customers have no choice in their water supplier (109) and reported concern around profits paid to shareholders (59).

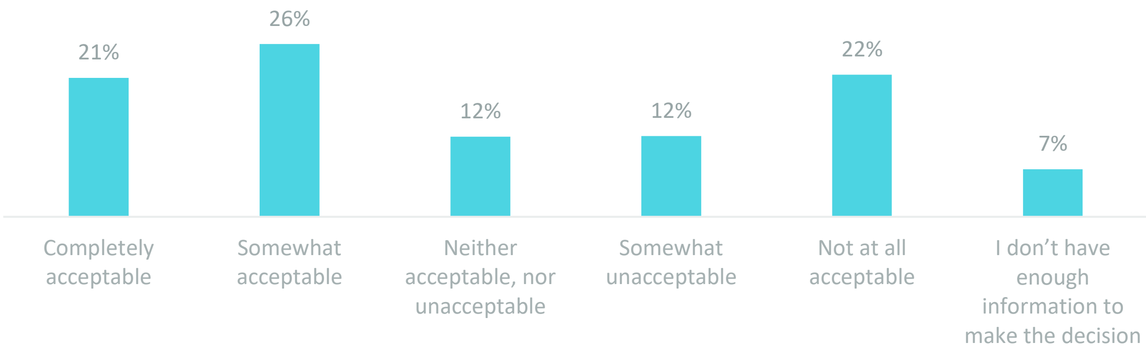
Pay enough/don't want to pay more/cost of living (221)	No choice of water supplier/they are a monopoly (109)	Pay shareholders less (59)
"Costs of everything are just exploding, I struggle to just keep my head above water, I'm sick of everything getting more and more expensive" *"I can't afford any of my bills to increase, SES might be a smaller water company, but it is NOT a small business"* *"Bills are already too high, so I'm not willing to pay more!"*	*"As I do not have a choice as to which company I am with. I pay enough already"* *"I have no choice as to who I have as my water supplier so an extra bill on top of what is already too much is just unacceptable"* *"Not my fault that SES supply my water."* *"Why should we be penalised and pay more for a smaller company"*	*"All water companies have been making too much profit and not ploughing it back into infrastructure. Stop paying the shareholders such large dividends"* *"People just want water supplied at the lowest price without shareholders getting obscene dividends"* *"Can't see why I should be penalised - if you are a smaller company, lower overheads / fewer shareholders therefore should be cheaper!"*

Willingness to pay the proposed SCP for the PR24 bill period

Respondents were then provided with information on what areas SES Water plan to deliver improvements to in its proposed business plan for the PR24 period (2025 to 2030), how much the average bill is currently and projections regarding how much the average bill is anticipated to increase over the PR24 time frame (including the addition of the SCP).

They were then asked how acceptable they found the proposed addition of £2 to the annual water bill for the SCP. Results did not achieve a strong consensus with just under half of respondents (47%) feeling that the £2 increase was either completely or somewhat acceptable. However, 34% felt the £2 increase was not at all acceptable or somewhat unacceptable.

How acceptable to you is the proposed £2 bill increase for the Small Company Premium? (Base 922)



Cross-tabulation analysis indicated significant difference across the following demographic factors.

Both respondents aged 65-74 and 75+ years old (2.68 and 2.70) were more likely to find the £2 price increase either 'somewhat unacceptable' or 'completely unacceptable' in comparison to most other age groups (e.g. 25-34 (3.43) and 35-44 (3.21))

Across all SEGs, customer within SEG D had a higher likelihood of reporting either 'somewhat unacceptable' or 'completely unacceptable' when compared to SEG C1 (3.02) and C2 (2.78).

Those who found the proposed £2 increase either somewhat or completely acceptable explained their reasons for this. The key theme was that they felt that this is a small, reasonable price to pay (252), followed by 121 respondents stating that the SCP is acceptable if it helps maintain a good service. Importantly, (27) respondents felt that although the SCP was acceptable, they would prefer not to pay more.

It's a small or reasonable amount to pay (252)	If it helps service improvements/if it helps SES Water (121)	Cost of living/don't want to pay more (27)
"It's only a small additional cost" *"The amount being proposed would not adversely affect any payments that I would need to make"* *"£2 is not much money"* *"Such a small amount is completely acceptable"*	*"A small cost is acceptable to achieve a good and improved service"* *"I understand they need to make money to implicate changes proposed"* *"I feel that smaller local companies should not be disadvantaged in investment opportunities"*	*"The amount is small and so more able to fit in with my budget. But I already feel I pay a lot for my water supply so don't readily accept that I should pay more"* *"I understand the reasoning and am keen on any care for the environment. However, I am a pensioner, so money is tight"* *"It's not a large amount in the scheme of things, but with the current situation, anything counts. It's a catch 22 situation"*

Finally, those who thought the £2 increase was either somewhat or completely unacceptable reported that bill increases during the current cost-of-living crisis are unacceptable (195). They also felt that profits should be used to fund the investments (51) and that the SCP is unacceptable when customers have no choice in supplier (25).

Why should I pay more/cost of living crisis (195)	Use profits/pay shareholders less (51)	I have no choice of water supplier (25)
"Inflation is already hitting us hard."	*"Water companies make far too much profit on a natural resource already"*	*"Currently we have no choice so to add additional costs is not acceptable"*
"It is already overpriced. I find your average figure is less than half what I have been made to pay. If the job cannot be done effectively by a small company, they should lose the contract. The shortcomings are not mine"	*"The shareholders could take a reduction in payouts and there by release funds for you to complete your plans"*	*"Water suppliers are a monopoly, there is no choice who supplies each household's water. Therefor there is no competition"*
"As previously stated, not affordable at this time when all other bills have increased"	*"We are paying the average price, why should we pay more. Bills are crazy. What are your company executives on salary wise?"*	*"The customer should not be liable for subsidising their supplier when they have no other option of supply"*
	"Because I don't believe the customer should fund the shareholders dividends"	

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

Summary of Results

Summary of results

Customer satisfaction with, and value for money from, SES Water

Overall satisfaction with the service provided by SES water was high, with a mean average score of 6.92 out of ten and with 51% giving an overall satisfaction score of eight or more. Respondent perceptions of the value for money they received from SES were slightly lower, with a mean score of 6.27.

Customer awareness of SES Water and perceptions of company performance

Lack of awareness in the size of SES Water was high, with 72% of respondents reporting a lack of awareness that SES Water were one of the smallest water only companies.

Respondents viewed the comparative performance of SES Water favourably, with a mean score of 3.7 out of five on a scale of 1 (very poor) to 5 (very good).

Perceived advantages of being supplied by a small, local water company

Open responses revealed that the key advantages in having a small, local company as their water provider were quicker response time, a more personal service and local knowledge.

Within the survey, there was a reasonable level of agreement in the advantages cited by fellow customers (from the focus groups) with means ranging from 3.51 for 'ability to innovate and adapt to new technology' to 3.95 for 'local area knowledge'.

Perceived disadvantages of being supplied by a small, local water company

Most survey respondents felt that there were no disadvantages of being supplied by a small, local water company. Some reported concerns that the service would be more expensive or that smaller companies could be less well-resourced to deal with problems.

Within the survey, there less agreement in the disadvantages cited by fellow customers (from the focus groups) with means ranging from 2.53 for 'lack of expertise' to 3.45 for likeliness of being 'taken over by another company'.

Overall thoughts on being supplied by a small, local water company

A high sense of positivity about being supplied by a small, local water company was felt amongst survey respondents, with a mean score of 4.03 out of five achieved.

Thoughts on SCP as a concept: Willingness to pay a nominal additional amount

At this stage in survey, the majority of respondents (62%) said they would not be prepared to pay a small charge on top of their bill to enable them to be served by a small, local water company. Of those who were willing to pay something, over half (51%) stated they would be prepared to pay £2.51 to £3 on top of their yearly bill. Comments supporting this amount revealed that respondents felt that this was a small amount of money, that they wished to support a local business and reflected a sense satisfaction with the service provided by SES Water.

Thoughts on SCP as a concept: Acceptability

To calculate a mean score, completely unacceptable was given the value of one and completely acceptable was given the value of five. An average of 3.85 out of five was achieved when asked how acceptable respondents found the SCP as a concept with 43% stating that it was either somewhat or completely unacceptable.

Acceptability of the SCP was underpinned by a desire to improve or maintain the service, to support smaller companies. Conversely, unacceptability of the SCP was founded in a sense that respondents already pay enough and don't want to pay more during a cost-of-living crisis. Respondents also argued that the SCP is not appropriate when customers have no choice in supplier, and they reported concern around profits paid by shareholders.

Willingness to pay the proposed SCP for the PR24 bill period

Overall, this research has revealed a relatively mixed level of customer support regarding the SCP for the PR24 bill period, as shown below. More (47%) are supportive than find it unacceptable (34%), however no strong consensus was achieved.

47% of survey respondents felt that the £2 annual SCP was either completely or somewhat acceptable	**19%** of survey respondents felt that the £2 annual SCP was neither acceptable or unacceptable or did not have enough information to make a decision	**34%** of survey respondents felt that the £2 annual SCP was either completely or somewhat unacceptable

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

Appendices

Appendix A – Slide Deck:

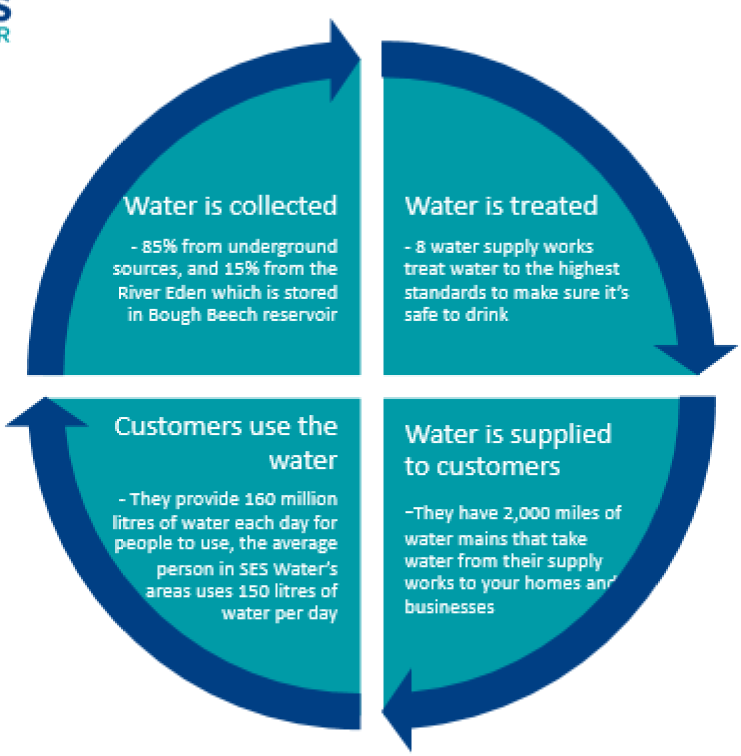
Background on SES Water

All water companies are regional monopolies, meaning you have no choice about who supplies your water

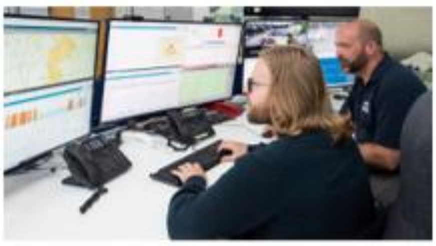
Because of where you live, you are supplied by SES Water, it's one of the smallest water companies compared to many other water and sewerage companies operating in England and Wales

They are one of six companies that provide a **water only** service.

Thames Water supply the wastewater services to the majority of SES Water customers, while Southern Water supply the wastewater services to customers in the Kent area



- SES Water supply drinking water to **745,000** people and **8,000** businesses in parts of Surrey, West Sussex, Kent and South London.
- For comparison, Anglian Water supply 4.3 million people with drinking water and over 6 million with wastewater services.
- Thames Water supply water and wastewater services to 15 million customers.
- Portsmouth Water supply water only services to 698,000 customers.



- SES Water employ 345 people
- Anglian employ 4,000
- Thames employ 7,000
- Portsmouth Water employ 259

Water supply interruptions

without warning, for longer than 3 hours.

Water and Sewerage Company	Performance against target (%)
Portsmouth*	-62%
Bristol*	-59%
SES Water*	-52%
South Staffs and Cambridge* Affinity*	-47%
Affinity*	-39%
Wessex	-32%
South West	+11%
United Utilities	+30%
Southern	+53%
Anglian	+60%
Yorkshire	+73%
Thames	+80%
Northumbrian and Essex & Suffolk	+92%
Severn Trent	+106%
Welsh Water	+164%
Hafren Dyfrdwy	+511%
South East*	+1083%

Better vs industry average over the previous 3 years

Worse vs industry average over the previous 3 years

* Water only company

This table shows the number of times houses have had their water interrupted without warning for longer than 3 hours over the 2021-22 period.

Minus numbers on the table are better as they show that fewer interruptions without warning are occurring

SES Water is performing 3rd out of 17 for least interruptions without warning compared to other water companies on this table

Taste, smell and appearance of water

Water and Sewerage Company	Performance against average
Portsmouth*	-68%
Thames	-66%
SES Water*	-50%
Affinity*	-35%
South Staffs and Cambridge	-35%
Severn Trent	-19%
Northumbrian and Essex & Suffolk*	-14%
Anglian	-12%
Southern	-11%
Yorkshire	-7%
Wessex	+/-0%
South East*	+15%
Bristol*	+19%
Hafren Dyfrdwy	+48%
United Utilities	+54%
South West and Bournemouth	+66%
Welsh Water	+109%

Better vs industry average over the previous 3 years

Worse vs industry average over the previous 3 years

* Water only company

This table shows the number of times customers have contacted SES Water concerning taste, smell or appearance issues over the 2021-22 period

Minus numbers on the table are better as they show that less customers are contacting SES Water concerning their water taste, smell and appearance

Similarly, to the previous table, SES Water is performing 3rd for least number of contacts to other companies

Reducing leakage

Water and Sewerage Company	Performance against target
Bristol*	-42%
Portsmouth*	-32%
SES Water*	**-30%**
Anglian	-29%
Southern	-27%
South East*	-15%
Wessex	-9%
Northumbrian and Essex & Suffolk	-4%
South West and Bournemouth	-4%
Affinity*	-4%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dfrdwy	+16%
South Staffs and Cambridge*	+19%
Thames	+35%
Welsh Water	+40%

* Water only company

Better vs industry average over the previous 3 years

Worse vs industry average over the previous 3 years

This table shows the number of litres lost from water mains or pipe leaks over the previous 3-year period.

Minus numbers on the table are better as they show less leakage

SES Water is performing 3rd out of 17 for least amount of water lost due to leakage

The number of litres of water used per customer per day

Water and Sewerage Company	Performance against target (litres)
Yorkshire	*-17*
Severn Trent	*-13*
Southern	*-11*
Anglian	*-6*
Cambridge*	*-5*
South Staffs	*-3*
South West and Bournemouth	*-3*
Hafren Dfrdwy	*-2*
Wessex	*+/-0*
United Utilities	*+1*
Thames	*+3*
SES Water*	***+8***
Bristol*	*+9*
South East*	*+11*
Northumbrian and Essex & Suffolk*	*+13*
Portsmouth*	*+15*
Affinity*	*+17*
Welsh Water	*+24*

* Water only company

Better vs industry average over the previous 3 years

Worse vs industry average over the previous 3 years

This table shows the daily water usage from each water company per customer served

Minus numbers on the table are better as they show that less water is being used

SES Water is performing 12th in terms of daily water usage per customer and is performing less than the 3-year average in this area

Customer measure of experience

2021-22

	YTD C-MeX Score	Rank
Industry average	79.60	-
Affinity Water	76.57	14
Anglian Water	80.43	9
Bristol Water	82.86	6
Hafren Dyfrdwy	78.78	11
Northumbrian Water	84.46	2
Portsmouth Water	83.76	3
Severn Trent Water	80.61	8
South East Water	76.59	13
Southern Water	72.00	16
South Staffs Water	83.38	4
South West Water	78.48	12
Sutton & East Surrey (SES) Water	76.35	15
Thames Water	68.86	17
United Utilities	82.01	7
Welsh Water	82.93	5
Wessex Water	84.82	1
Yorkshire Water	80.41	10

2022-23

	YTD C-MeX Score	Rank
Industry average	78.14	-
Affinity Water	74.59	14
Anglian Water	78.77	10
Bristol Water	80.68	6
Hafren Dyfrdwy	80.03	7
Northumbrian Water	83.74	1
Portsmouth Water	83.17	2
Severn Trent Water	79.08	9
South East Water	73.47	15
Southern Water	69.77	16
South Staffs Water	79.87	8
South West Water	76.45	12
Sutton & East Surrey (SES) Water	76.03	13
Thames Water	67.06	17
United Utilities	81.26	5
Welsh Water	82.92	4
Wessex Water	82.99	3
Yorkshire Water	78.25	11

The tables show how SES Water ranked against other water companies in both 2021-22 and 2022-23

In 2021-22, SES Water ranked 15th

They ranked 13th in 2022-23

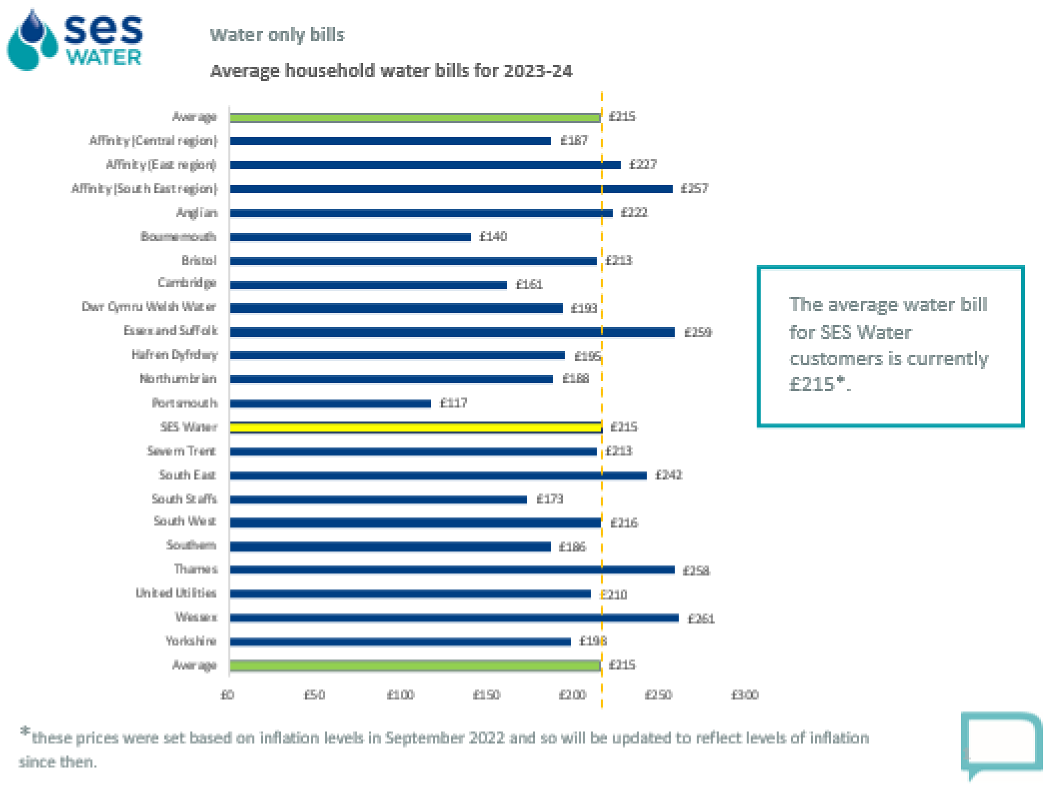
In the last 3 years SES Water has...

...Become the first water company in the UK to roll out smart technology across all its pipes, helping them to detect leaks more quickly, speed up repairs and reduce how much water is lost

...Used smart technology to locate the position of burst water mains more quickly and accurately so they can repair them more quickly and reduce any interruptions to customers' water supplies

...Improved the way they manage the land they own to make it more attractive to a variety of plants and animal life to help increase biodiversity. As a result, they are the first water company to achieve the Wildlife Trust's Biodiversity Benchmark accreditation at two of its largest sites

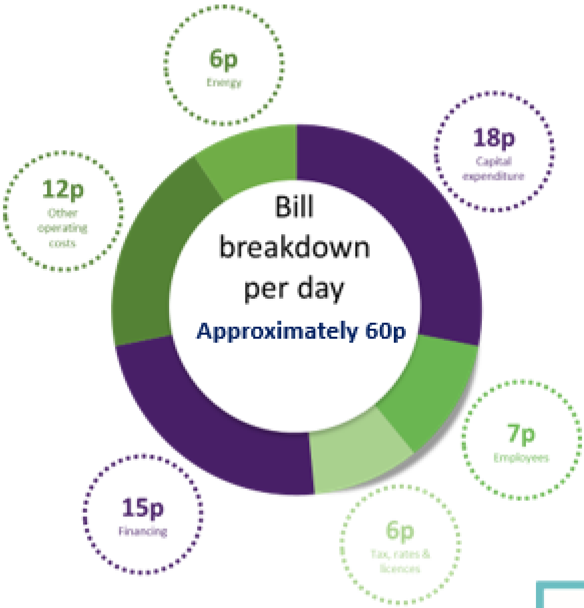
Appendix B – Slide Deck: Bills today and how SES Water wants to invest in the future.



The average SES Water bill today

Approximately 15p per day is currently spent on costs relating to financing.

This includes:
- Obligations to existing lenders who we borrow money from
- Interest rates on loans
- Dividends to our shareholders who have equity in the company.



The higher cost of borrowing for a small company

- All water companies fund their improvement plans through a combination of borrowing, income from customer bills and equity from shareholders
- SES Water pays a higher rate to borrow money than a larger water company as it has less influence in the financial market and it doesn't need to borrow money as often
- This rate is approximately +0.4% higher - or for every £1,000 SES Water borrows, it pays £4 more.
- SES Water customers currently do not pay any extra to make up this shortfall in borrowing costs.

SES Water business plan for 2025 to 2030

SES Waters purpose is:
To harness the potential of water to enhance nature and improve lives

Provide you with high quality water from sustainable sources

Customers said…..

- High quality drinking water is most important to them
- They want water sources to be clean and safe and the environment protected

Over the next 5 years SES Water will…

- Continue to meet the highest quality standards by maintaining and investing in its water treatment works
- Work with farmers to stop nitrates and pesticides from entering water sources
- Replace lead pipes that supply schools and nurseries
- Investigate where they need to reduce existing abstractions to protect and enhance the chalk streams in its area

Deliver a resilient water supply from source to tap and minimise wastage

Customers said…..

- SES Water must do more to reduce leakage more quickly
- They expect SES Water to be resilient to climate change, particularly as it's in an area of water stress and droughts are becoming more common

Over the next 5 years SES Water will…

- Reduce leakage by more than 26% from 2019/20 levels
- Use its smart network to help find and fix leaks quicker
- Use smart meters to find leaks on customers' pipes and plumbing to help fix them
- Reduce supply interruptions and main bursts
- Invest to make our water treatment works more resilient to climate change

SES Water business plan for 2025 to 2030

SES Waters purpose is:
To harness the potential of water to enhance nature and improve lives

Help you reduce your water footprint and charge a fair, affordable price for what you use

Customers said…..

- They are worried about the cost of living and want bills to be affordable
- They have a role to play in saving water, but they expect SES Water to do their bit first

Over the next 5 years SES Water will…

- Help customers reduce their consumption by around 20 litres per day
- Use smart meters to find leaks and plumbing losses on customers pipes and help fix them
- Use smart meters to provide targeted help and advice to customers about how to reduce consumption
- Expand its education programme to help embed the importance of saving water
- Help more people afford their bill with its social tariff and customer support schemes

Improve the environment and have a positive impact on the local area

Customers said…..

- They expect SES Water to go beyond protecting the environment and help enhance our local rivers and streams
- Reduce its environmental impact

Over the next 5 years SES Water will…

- Invest in schemes to protect wildlife, work with partners to enhance the environment, increase resilience and improve biodiversity
- Continue to become more energy efficient and use fully renewable sources when possible
- Continue to improve biodiversity on 70% of the land it owns
- Make more of its land accessible to the community

Bills between 2025 and 2030

Projected future bills are expressed in today's prices and exclude future inflation.

2023/24 bills at today's prices	**£225 per year**
Changes:	
Maintaining and improving services	+£34.5 per year
Financing costs:	
Changes being made by Ofwat to the rate at which water companies can recover costs from customers	-£24.5 per year
Small company borrowing premium	+£2
Average bills between 2025 and 2030 at current prices	**£237 per year**

Appendix C – Discussion Guide for Focus Groups

SES Water Small Company Premium

Preliminary interview discussion guide

Notes about this document

- This guide has been developed based on your research objectives, to help our interviewers get the most from each qualitative conversation
- As such, it's designed to give our interviewers guidelines around the structure, timing and content of their discussions
- However, we want to ensure that conversations feel natural and engaging for participants allowing them to flow and evolve as participants move through the conversations. We will ensure all key areas are covered, and will also explore new, interesting but relevant tangents if they arise
- Content won't necessarily be covered in the exact order it appears in this document, dependent on natural conversation flow
- Language will be adapted to suit the participants, as appropriate, determined by the moderator
- We find that the deepest insights often aren't found by asking direct questions, but by prompting and probing initial responses
- All interviewers have been well briefed on the project context and objectives, so will be able to probe into topics that come up and ask additional questions to reveal other relevant tangents as and when appropriate, and delve beneath initial reactions

6pm - Introduction [5 minutes]

Thank you for agreeing to take part in today's focus group. My name is X, I also have X here as tech support and we work for a company called Explain, we're an independent research agency and have been commissioned on behalf of SES Water. As water companies are a monopoly and customers cannot choose who supplies their water, your feedback as customers on SES Water and its business plan are valuable.

There are no right or wrong answers in this, I'm just hoping to understand your thoughts and opinions.

- MRS Guidelines - Right to refusal / anonymity
- Okay to record?

6.05pm– Spontaneous Perceptions of SES Water [10 minutes]

Just to start, I would like to initially get your thoughts on SES Water.

- What do you know about SES Water? What do you think their key responsibilities are?
- Does anyone know of other water companies that operate in England and Wales? If so, what you have seen or heard?

How do you feel SES Water compares to them? [Interviewer prompt – cost, size, level of service]

Thinking about the service you currently receive only from SES Water and not your wastewater company; do you feel you get good value for money?

- Why/why not?
- How does this compare to other household bills?

Generally, how do you feel about the full service you receive from SES Water?

- [Interviewer prompt if needed, customer service, water supply/quality, cost]

06.15pm – Perceptions of small companies [10 minutes]

First of all, we want to understand more about the types of businesses you choose to buy products or services from generally.

Thinking of international or national companies you have used, which would you say you've received the best service from? (Interviewer info – Amazon/Apple/Microsoft/Shell/Tesco/JD sports etc)

- Why?
- What stood out the most with their service?

Thinking local now, which local companies have you received the best service from? (Interviewer info – local bakery/bookshop etc)

- Why?
- What stood out the most with their service?

Now if I was to ask you to compare the international or national companies to those local, do you feel the service differed at all?

- If yes, why?

  [Interviewer to allow unprompted responses first then customer service, cost/bills, accessibility, environmental impacts]

6.25pm – Prompted Perceptions of SES Water [30 minutes]

Moving on, I'm now going to show you a few slides that tell you a little bit more about the background of SES Water, some of you may already know this but it will help make sure we're all on the same level of understanding to help us with the next topic of conversation.

[Interviewer to show and read through slide deck 1 - 12]

Does anyone have any questions on any of the information on those slides?

Were the tables included in the slides clear? If not, what needs to be clearer?

Did anything surprise you? Why?

- Was anyone surprised by the size of SES Water? Why?

As you saw in the presentation, SES Water is a small local water company. In some other parts of England and Wales customers are served by much larger companies.

What are your initial thoughts about having your water supplied by a small, local company?

What do you feel are the pros of having your water supplied by a small, local company? Also think about the pros of being served by a larger company to help your thinking.

[Interviewer to probe how pros compares to a large company in respondents' own words]

Unprompted, then probe with:

- Customer service
- Response to leaks

- Cost of bills
- Response time
- Area knowledge
- Employment
- Environmental schemes
- Investments
- Brand/ Profile
- Resources
- Resilience in crisis or disaster

What do you feel are the **cons** of having your water supplied by a **small, local** company? Again, think about the **cons** of being served by a larger company to help your thinking.

[**Interviewer to probe how cons compares to a large company in respondents' own words**]

Unprompted, then probe with:

- Customer service
- Response to leaks
- Cost of bills
- Response time
- Area knowledge
- Employment
- Environmental schemes
- Investments
- Brand/ Profile
- Resources
- Resilience in crisis or disaster

- POLL – How much do you feel you would be prepared to pay per year on top of your annual water bill to be served by a small and local water company?

  - 0 – 50p
  - 51p - £1.00
  - £1.01 - £1.50
  - £1.51 - £2.00
  - £2.01 - £2.50
  - £2.51 - £3.00
  - I would not be willing to pay anything

I would like to understand your thoughts on what you're prepared to pay. Can you explain what you voted for and why?

7.00pm – Future bills and the level of support for the Small Company Premium [20 minutes]

I'm now going to show you some more information slides, these slides show you how much you currently pay to be served by SES Water and what your money pays for.

[Interviewer to show and read through slide deck 14 and 15 (showing comparative bills and the average bill breakdown)

As well as costs associated with maintaining and improving services, paying its employees and power, SES Water has costs associated with its financing.

All water companies like SES Water need to borrow money to spread out the cost of big investments over time and help to keep customer bills low. The same way you spread the cost of your house over time with a mortgage.

Water bills include costs associated with the repayment of these loans, which are impacted by inflation, and payments to shareholders who put equity into the business.

For smaller water companies, the cost of borrowing money is higher compared to a larger company. As they don't have as much leverage with the banks to access as favourable terms. A bit like the differences in interest rates you might be offered for a mortgage dependent on your circumstances.

Show and read slide 16 – the higher cost of borrowing

For this reason, Ofwat, the economic regulator for the water industry who are there to ensure customers' interests are protected, can allow small companies like SES Water to apply for something called a small company premium. This is an extra amount on customers' water bills to take into account that it costs SES Water more to borrow the money they need to invest. SES Water customers currently don't pay any more to be served by a small company.

What are your initial thoughts on paying a small company premium to be served by a small and local water company like SES Water?

POLL – How acceptable do you find the concept of a small company premium?

- Completely acceptable
- Somewhat acceptable
- Neither, or
- Somewhat unacceptable
- Not at all acceptable
- I don't have enough info to make the decision

[**Interviewer to share results and go through options**] Can anyone tell me why you voted for X?

SES Water is currently preparing its business plan for 2025 to 2030. This plan will determine how your bills will change over that period and the plan will have to be agreed by the water regulator Ofwat in 2024.

The plan will deliver improvements to services – **show and read slides 17 and 18 –** some of which are summarised here.

There are lots of things that influence how bills will change between 2025 and 2030 but the main factors are summarised in the table. **Show and read slide 19.**

You can see that SES Water wants to increase investment to improve its services that will increase bills.

There are also changes being made by Ofwat that will help keep bills lower for customers.

SES Water needs to balance the improvements it delivers to services and its financing costs with keeping bills affordable for customers.

Between 2025 and 2030 SES Water would like to add £2 on the average bill per year to make up some of the additional cost it incurs to borrow money, the higher costs it incurs to borrow money to help fund its investment programme, deliver improvements to customers' and help maintain its strong financial position.
Now that you know a how much SES Water would like add on and what it will go towards…

POLL – How acceptable to you is the proposed £2 bill increase for the Small Company Premium?

- Completely acceptable
- Somewhat acceptable
- Neither or
- Somewhat unacceptable
- Not at all acceptable
- I don't have enough info to make the decision

- What are the reasons for your choice? [Unprompted]

Prompted if needed

- Affordability of bills
- Funding investment programmes
- Investment into services
- SESW remaining a local water company
- Credit ratings with lenders

7.25pm - Close [5 minutes]

That’s the questions I have, does anyone else have any final thoughts or comments they would like to say before we finish up?

Thanks again for taking out the time to take part in this research, a member of Explain will be in touch in the next few days to get some details for your incentive.

Thanks very much for taking part in our research today, we appreciate it.

Appendix D – Survey

SES Water – Small Company Premium

Introduction

Thank you for agreeing to take part in today's survey.

This survey is being conducted by Explain Market Research on behalf of SES Water. All answers you give will be kept anonymous in line with Market Research Society guidelines, any data collected that can be used to identify you will be held securely and not shared with any third party.

At the end of the survey you will be given the option to enter into a prize draw to win 1 of 5 x £100 Amazon vouchers. Explain will administer the prize draw independently.

Further details on how we process your data can be found here: https://www.explainresearch.co.uk/privacy-policy/

The prize draw will be conducted in line with the Market Research Society's Code of Conduct. The prize will be 5 x £100 Amazon vouchers, each winner will be drawn at random from all who complete the survey in full and provide contact information.

Contact information will be used solely for the purpose of notifying the prize draw winner. The closing date to be entered into the prize draw is 28th August 2023. There is no cash alternative available. Only winners will be notified, this notification will come from Explain Market Research.

Explain must either publish or make available information that indicates that a valid award took place. To comply with this obligation, Explain will send the surnames and county of prize draw winners to anyone who emails lauren.robinson@explainresearch.co.uk within one month of the closing date of the prize draw. If you object to any or all of your surname and county being published or made available, please contact info@explainresearch.co.uk. In such circumstances, Explain must still provide the information and winning entry to the Advertising Standards Authority on request.

SES Water is a water only company supplying drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London. Today, we would like to understand your views on SES Water and areas of its business plan.

Eligibility

We just need to check you are eligible to take part in our survey.

Please click 'Next' to continue.

Is SES Water your water supplier?

- Yes
- No (thank and close)
- Don't know (thank and close)

Are you either solely or jointly responsible for paying your household water bill?

- Yes
- No (thank and close)
- Prefer not to say (thank and close)

Profiling information

We'd now like to know a little more about you.

The following questions are to check we are speaking to a range of customers and allow SES Water to understand how views of different customers differ from each other.

Please click 'Next' to continue

Which of the following best describes how you identify?

- Male
- Female
- Other – please specify
- Prefer not to say

Which of the following age groups do you fall into?

- Under 18
- 18 – 24
- 25 – 34
- 35 – 44
- 45 – 54
- 55 – 64
- 65 – 74
- 75+
- Prefer not to say

Which of the following local authority areas do you live in?

- Sutton
- Reigate and Banstead
- Tandridge
- Mole Valley
- Croydon
- Epsom and Ewell
- Merton
- Elmbridge
- Sevenoaks
- Guildford
- Mid Sussex

Which of the following best describes the main income earners occupation in your household?

If retired, please select the category that best reflects their occupation before they retired.

- Higher managerial/professional/administrative (e.g., Doctor, Solicitor, Board Director in a large organisation 200+ employees, top level civil servant/public service employee etc)

- Intermediate managerial/professional/administrative (e.g., Newly qualified (under 3 years) Doctor, Solicitor, Board director of small organisation, middle manager in a large organisation, principal officer in civil service/local government etc)

- Supervisory or clerical/junior managerial/professional/administrative (e.g., Office worker, Student Doctor, Foreman with 25+ employees, salesperson etc)

- Skilled manual worked (e.g., Bricklayer, Carpenter, Plumber, Painter, Bus/Ambulance driver, HGV driver, Pub/Bar worker etc)

- Semi or unskilled manual worker (e.g., Caretaker, Park keeper, non-HGV driver, Shop assistant etc)

- Student

- Casual worker or dependant on state welfare

- Prefer not to say

Do you have a water meter at your property?

- Yes
- No
- Don't know
- Prefer not to say

Spontaneous Perceptions of SES Water

As previously mentioned, we are conducting this research on behalf of SES Water. To start, I would like to get your initial thoughts on SES Water as your water company.

How satisfied do you feel about the full service you receive from SES Water, on a scale of 1 – 10, where 1 is very dissatisfied and 10 is very satisfied?

- 1 (Very dissatisfied)
- 2
- 3
- 4
- 5 (Neither satisfied nor dissatisfied)
- 6
- 7
- 8
- 9
- 10 (Very satisfied)

How satisfied are you with the value for money you receive from SES Water only (and not your wastewater company), on a scale of 1 – 10, where 1 is very dissatisfied and 10 is very satisfied?

- 1 (Very dissatisfied)
- 2
- 3
- 4
- 5 (Neither satisfied nor dissatisfied)
- 6
- 7
- 8
- 9
- 10 (Very satisfied)

To give you a little bit more information, you will now be shown some facts and figures on SES Water including the size, who they serve and how they compare against other water companies in England and Wales.

All water companies are regional monopolies, meaning you have no choice about who supplies your water

Because of where you live, you are supplied by SES Water, it's one of the smallest water companies compared to many other water and sewerage companies operating in England and Wales

They are one of six companies that provide a **water only** service.

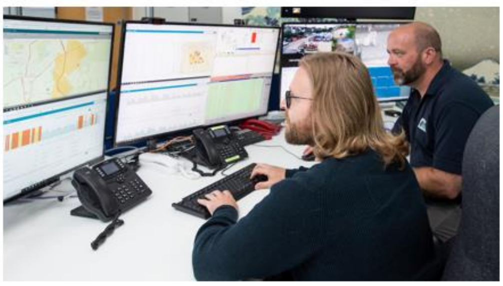
Thames Water supply the wastewater services to the majority of SES Water customers, while Southern Water supply the wastewater services to customers in the Kent area

- SES Water supply drinking water to **745,000** people and **8,000** businesses in parts of Surrey, West Sussex, Kent and South London.

- For comparison, Anglian Water supply 4.3 million people with drinking water and over 6 million with wastewater services.

- Thames Water supply water and wastewater services to 15 million customers.

- Portsmouth Water supply water only services to 698,000 customers.



- SES Water employ 345 people
- Anglian employ 4,000
- Thames employ 7,000
- Portsmouth Water employ 259

Were you aware that SES Water was one of the smallest water only companies in the England in Wales?

- Yes
- No

We're now going to show you how SES Water's service compares against that of other companies in five key areas.

1. Water supply interruptions – which measures how long customers have had their water supplies interrupted without warning for longer than 3 hours.

Water Supply Interruptions, without warning, for longer than 3 hours		
If a water supply is interrupted without warning for greater 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.		
Companies with the *lowest* numbers perform best for this service.		
SES Water met its target for this metric last year		
In 2021-2022 SES Water performed 3rd out of 17 companies overall on this measure.		
Water and Sewage Company	Performance against target (%)	
Portsmouth*	-62%	**Better performance**
Bristol*	-59%	
SES Water*	-52%	
South Staffs and Cambridge*	-47%	
Affinity*	-39%	
Wessex	-32%	
South West	+11%	**Poorer performance**
United Utilities	+30%	
Southern	+53%	
Anglian	+60%	
Yorkshire	+73%	
Thames	+80%	
Northumbrian and Essex & Suffolk	+92%	
Severn Trent	+106%	
Dŵr Cymru Welsh Water	+164%	
Hafren Dyfrdwy	+511%	
South East*	+1083%	
	* Water only company	

2. Taste, smell and appearance – which measures the number of times customers have contacted SES Water about the taste, smell or appearance of their water.

Taste, smell, and appearance of water		
Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.		
Companies with the *lowest* numbers perform best for this service.		
SES Water did not meet its target for this metric last year		
In 2021-2022 SES Water performed 3rd out of 17 companies overall on this measure.		
Water and Sewage Company	Contacts per 1,000 population	
Portsmouth*	0.41	**Better performance** ↑
Thames	0.49	
SES Water*	**0.58**	
Affinity*	0.73	
South Staffs and Cambridge*	0.76	
Severn Trent	0.93	
Northumbrian	0.97	
Anglian	1.03	
Yorkshire	1.09	
Southern	1.1	
Wessex	1.17	
South East*	1.34	
Bristol*	1.38	
South West	1.55	
Hafren Dyfrdwy	1.71	
United Utilities	1.79	
Dwr Cymru Welsh Water	2.38	↓ **Poorer performance**
	* Water only company	

3. Reducing leaks – which measures the number of litres lost from water mains or pipe leaks.

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.		
Companies with the *lowest* numbers perform best for this service		
SES Water met its target for this metric last year		
In 2021-2022 SES Water performed 5th out of 17 companies overall on this measure.		
Water and Sewage Company	Performance against target	
Cambridge*	-9%	**Better performance** ↑
Wessex	-7%	
Portsmouth*	-6%	
Hafren Dfrdwy	-5%	
SES Water*	**-3%**	
South east	-3%	
United Utilities	-3%	
South Staffs	-2%	
Dŵr Cymru Welsh Water	-1%	
Severn Trent	-1%	
Yorkshire	-1%	
Anglian	+/-0%	
Bristol	+/-0%	
South West & Bournemouth	+/-0%	
Thames	+/-0%	
Affinity	+1%	**Poorer performance** ↓
Southern	+1%	
Northumbrian and Essex & Suffolk	+3%	
	* Water only company	

4. Number of litres of water used per customer per day – which measures average daily water usage from each water company per customer served.

Per Capita Consumption

An increasing population means extra demand for water while increasingly erratic weather patterns could lead to more droughts in the future. It is more important than ever for everyone to take care how they use water.

Companies with the *lowest* numbers perform best for this service.

SES Water performed worse than the industry average over the previous 3 years

In this period SES Water performed 12th out of 18 companies overall on this measure.

Water and Sewage Company	Performance against target (litres)	
Yorkshire	*-17*	**Better performance**
Severn Trent	*-13*	
Southern	*-11*	
Anglian	*-6*	
*Cambridge**	*-5*	
South Staffs	*-3*	
Southern west and Bournemouth	*-3*	
Hafren Dfrdwy	*-2*	
Wessex	*+/-0*	
United Utilities	*+1*	
Thames	*+3*	
SES Water*	***+8***	
*Bristol**	*+9*	
*South East**	*+11*	
*Northumbrian and Essex & Suffolk**	*+13*	
*Portsmouth**	*+15*	**Poorer performance**
*Affinity**	*+17*	
Dŵr Cymru Welsh Water	*+24*	

* Water only company

5. C-MeX – which measures customer experience satisfaction.

These tables show how SES Water ranked against other water companies in C-MeX in both 2021-22 and 2022-23

The customer measure of experience or C-MeX is a financial and reputational incentive tool designed to provide customers with excellent levels of service by measuring direct customer feedback via survey. What this means is water companies receive a score based on satisfaction ratings given by customers which can then result in each company either receiving an outperformance payment or incurring underperformance payments based on how it scores against other companies.

SES Water performed 15th in 2021-22 and performed 13th in 2022-23.

2021-22

	YTD C-MeX	
	Score	**Rank**
Industry average	**79.60**	**-**
Affinity Water	**76.57**	**14**
Anglian Water	**80.43**	**9**
Bristol Water	**82.86**	**6**
Hafren Dyfrdwy	**78.78**	**11**
Northumbrian Water	**84.46**	**2**
Portsmouth Water	**83.76**	**3**
Severn Trent Water	**80.61**	**8**
South East Water	**76.59**	**13**
Southern Water	**72.00**	**16**
South Staffs Water	**83.38**	**4**
South West Water	**78.48**	**12**
Sutton & East Surrey (SES) Water	**76.35**	**15**
Thames Water	**68.86**	**17**
United Utilities	**82.01**	**7**
Welsh Water	**82.93**	**5**
Wessex Water	**84.82**	**1**
Yorkshire Water	**80.41**	**10**

2022-23

	YTD C-MeX	
	Score	**Rank**
Industry average	**78.14**	**-**
Affinity Water	**74.59**	**14**
Anglian Water	**78.77**	**10**
Bristol Water	**80.68**	**6**
Hafren Dyfrdwy	**80.03**	**7**
Northumbrian Water	**83.74**	**1**
Portsmouth Water	**83.17**	**2**
Severn Trent Water	**79.08**	**9**
South East Water	**73.47**	**15**
Southern Water	**69.77**	**16**
South Staffs Water	**79.87**	**8**
South West Water	**76.45**	**12**
Sutton & East Surrey (SES) Water	**76.03**	**13**
Thames Water	**67.06**	**17**
United Utilities	**81.26**	**5**
Welsh Water	**82.92**	**4**
Wessex Water	**82.99**	**3**
Yorkshire Water	**78.25**	**11**

Based on this information and your own experiences of SES Water, how do you feel SES Water are performing in all aspects of its services, using a scale of 1 to 5 where 1 is very poor and 5 is very good?

- 1 (Very poor)
- 2
- 3 (Average)
- 4
- 5 (Very good)

Over the last three years SES has been working to improve their service and contribute more to the local area and the communities they serve. This has included:

- Becoming the first water company in the UK to roll out smart technology across all its pipes, helping them to detect leaks more quickly, speeding up repairs and reducing how much water is lost.
- Using smart technology to locate the position of burst water mains more quickly and accurately so they can repair them more quickly and reduce any interruptions to customers' water supplies.
- Improving the way they manage the land they own to make it more attractive to a variety of plants and animal life to increase biodiversity – achieving the Wildlife Trust's Biodiversity Benchmark accreditation at two of its largest sites.
- Helping more people who are struggling financially, with nearly 20,000 people now receiving a discount on their water bill.
- Establishing The 'Every Drop Counts' community fund where non-profit organisations can apply for the fund to be used for projects closely linked to water efficiency.
- Building a new educational centre at Bough Beech reservoir in Kent that offers schools and organised groups the unique opportunity to visit a Water Treatment Works and go behind the scenes for free to find out how water is made safe to drink. The educational programme reaches around 4,000 students each year, explaining the important link between water and the environment and how we can all use a little less.

As you saw in the information provided, SES Water is a small, local water company. In some other parts of England and Wales customers are served by much larger companies.

What, if any, do you think the advantages are of having your water supplied by a small, local company? (Please use as much detail as possible)

- Open response

What, if any, do you think are the disadvantages of having your water supplied by a small, local company? (Please use as much detail as possible)

- Open response

When speaking to other SES Water customers, they identified the following advantages of being supplied by a small, local water company.

On a scale of 1 to 5, where 1 is strongly disagree and 5 is a strongly agree, please rank how much you agree the following are advantages of being served by a small water company:

	1 (Strongly disagree)	2	3	4	5 (Strongly agree)
Ease of contact					
Local area knowledge					
Better and more personal customer service					
Ability to innovate and adapt to new technology					
Larger focus on reducing environmental impact					
Local employees					
Proactive communication about changes					

Below is a list of what other SES Water customers expressed as being the main disadvantages of having their water supplied by a small, local company.

Again, using a scale of 1 to 5, this time where 1 is strongly disagree and 5 is strongly agree, how much do you agree that the following are disadvantages of being served by a small water company?

	1 (Strongly disagree)	2	3	4	5 (Strongly agree)
Smaller employee resource					
Slower response time					
Lack of expertise					
Less funding and access to investment					
Less flexibility in customer bills / higher bills					
More likely to be taken over by another company					

Using a 1 to 5 scale where 1 is a very negative and 5 is a very positive, how do you feel about having your water supplied by a small, local water company?

- 1 (Very negative)
- 2
- 3
- 4
- 5 (Very positive)

When considering all the advantages and disadvantages, would you be prepared to pay a small charge on top of your annual bill to be served by a small, local water company?

- Yes
- No
- Don’t know

[If yes] How much do you feel you would be prepared to pay per year on top of your annual bill to be served by a small and local water company?

- 0 – 50p
- 51p - £1.00
- £1.01 - £1.50
- £1.51 - £2.00
- £2.01 - £2.50
- £2.51 - £3.00

Please tell us why you voted X in as much detail as possible.

- Open response

Future bills and level of support for the Small Company Premium

As well as costs associated with maintaining and improving services, paying its employees and power, SES Water has costs associated with its financing.

All water companies need to borrow money to spread out the cost of big investments over time and help to keep customer bills low. The same way you spread the cost of your house over time with a mortgage.

Water bills include costs associated with the repayment of these loans, which are impacted by inflation, and payments to shareholders who put equity into the business.

For smaller water companies, the cost of borrowing money is higher compared to a larger company. As they don't have as much leverage with the banks to access as favourable terms. A bit like the differences in interest rates you might be offered for a mortgage dependent on your circumstances. This rate is approximately +0.4% higher – or for every £1,000 SES Water borrows, it pays £4 more than a larger water company would.

For this reason, Ofwat, the economic regulator for the water industry who are there to ensure customers' interests are protected, can allow small companies like SES Water to apply for something called a small company premium. This is an extra amount on customers' water bills to take into account that it costs SES Water more to borrow the money they need and helping them to maintain a strong financial position, while continuing to invest in improving services for customers.

SES Water customers currently don't pay any more because they are served by a small company.

How acceptable do you find the concept of a small company premium?

- Completely acceptable
- Somewhat acceptable
- Neither, nor
- Somewhat unacceptable
- Completely unacceptable
- I don't have enough information to make the decision

Please explain in as much detail as possible why you find the concept X

- Open response

SES Water is currently preparing its business plan for 2025 to 2030. This plan will deliver improvements to service, determine how your bills will change over that period and the plan will have to be agreed by the water regulator Ofwat in 2024.

Over the next 5 years, SES Water plan to:

- Reduce leakage by 26% (from 2019/20 levels) by using its smart network to find and fix more leaks and smart meters to help detect them on customers' pipes.
- Continue to reduce the risk of customers supplies being interrupted by reducing burst mains and reacting quickly when they do happen.
- Invest in making its water treatment works more resilient to climate change and installing new treatment facilities where needed to maintain water quality.
- Install smart meters for all households and provide more help and support to customers to reduce their water use.
- Work with farmers and other partners to improve the quality of our local water sources.
- Enhance our local environment by working with nature to improve how water is managed and increase wildlife and biodiversity.

Currently, SES Water customer bills are in line with industry average at **£225** per year. As a result of the investments made within the business plan, the average customer bill is estimated at **£235** per year between 2025 and 2030 (before inflation).

Between 2025-2030, SES Water would like to add an additional £2 on the average bill per year to make up some of the additional cost it incurs to borrow money to help fund its investment programme, deliver improvements to customers', and help maintain its strong financial position. This would mean the average estimated bill would be **£237** between 2025 and 2030.

How acceptable to you is the proposed £2 bill increase for the Small Company Premium?

- Completely acceptable
- Somewhat acceptable
- Neither nor
- Somewhat unacceptable
- Not at all acceptable
- I don't have enough information to make the decision

Please explain your answer in as much detail as possible

- Open response

Thank you for taking part in our survey, your responses are very important to building SES Waters future plans.

Please fill out the following details and click submit to ensure you enter the prize draw for 1 of 5 £100 Amazon vouchers.

Name –

Contact number –

Email address -

Author: Emma Allen and Lauren Robinson

Figure check: Sam Cornell

Report check: Kirsty Laing