PR24 Customer Engagement: Technical annex

October 2023

PR24: Our high quality customer engagement

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1. Overview

1.1 Overview

This document should be read in conjunction with chapter 3 Customer bills and affordability for all and chapter 4 Customer engagement in Our Plan 2025-2030 as well as annexes referenced to therein. It sets out how we have met the minimum standards for high quality customer engagement, affordability and acceptability, providing sufficient evidence that our customer engagement activities meet Ofwats' standards for research, challenge and assurance.

We explain through our customer engagement strategy how we have developed a detailed understanding of our customers priorities and preferences, engaging with customers on the issues that genuinely matter to them.

We describe how we have approached our engagement activity bringing together customer insight to tell one story, making use of everyday insight along with specific activities for business plan development.

We demonstrate how we have effectively engaged with a wide variety of different customers including those who find themselves in vulnerable circumstances. We draw upon the conversations we have had with uniformed as well as informed customers, non-household and stakeholder representatives as well as future and current customers. All of these different groups of customers have been involved in influencing the short and long-term direction of our plans.

We draw upon evidence to demonstrate these conversations are two-way, building in time for effective challenge and playing back to customers what we have understood to demonstrate we are listing to their needs throughout the development of the plan.

We describe how we have taken account of views on the affordability of our plan for all customers, following Ofwats' guidance for testing customers views on the affordability and acceptability of our proposals, and that 73% of customers found our plans acceptable.

We also draw upon the role of the Independent Challenge Group (ICG) and explain how the insight from specific pieces of research have informed the development of the business plan.

In summary customer engagement insight has helped to inform the development of the business plan by:

- Identifying areas where we should enhance/refine our performance ambition
- Ensuring our investment plans are informed by customer priorities and preferences at all levels of decision making
- Shaped what customers want us to spend on now and in the future
- Engaged on topics that are important to them, and us, through our day to day communications and short and long term business planning.

Our external independent assurance has clearly demonstrated the engagement activity design, development and delivery has been:

- comprehensive across a variety of topics and levels
- inclusive of all geographies
- ethically designed
- effectively triangulated and synthesised
- meaningful, with a clear purpose, of high quality and easily understandable to participants.
- iterative, and flexible to uncertain futures
- is innovative and continuous building on good practice

Overall we have carried out over 34,000 engagements with our household customers and over 2500 engagements with our NHH customers over two years which has built a comprehensive, detailed view of what customers want and need from us for the next 5 years and beyond.

1.2 Building on PR19

Our Price Review 2019 (PR19) customer engagement was awarded an A rating by Ofwat. This sector leading approach saw us co-create our customer engagement strategy and undertake extensive engagement through a variety of channels. The findings from these engagements were independently synthesised to ensure robustness and impartiality before being fed back into our business planning. Recognising the strong basis of this customer engagement strategy, we continued to build on it post PR19 by increasing our brand awareness and understanding, as well as refining our communication objectives to make them purposeful.

For PR24, we have built upon this success in by delivering a high-quality, multi-method approach to engaging customers on the development of the business plan, Water Resources Management Plan (WRMP), Drainage and Wastewater Management Plan (DWMP) and Long Term Delivery Strategy (LTDS), introducing new steps as set out in our Engagement Strategy to draw conclusions and to test and evaluate what customers are telling us at every stage.

1.3 Learning from our past experience

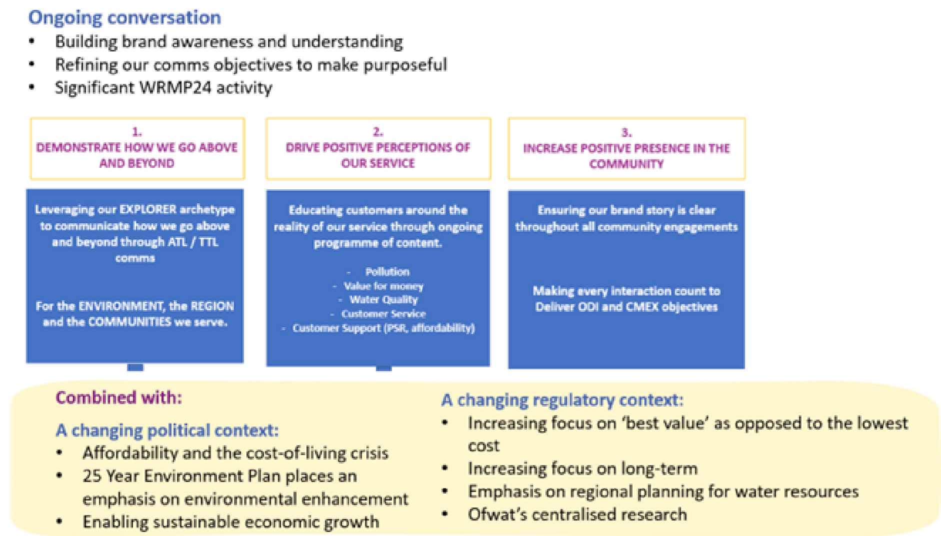
Whilst our PR19 customer engagement was awarded the only customer engagement Blue Star by Ofwat at its initial assessment of business plans, we sought to improve our engagement by reflecting on lessons learnt from PR19. This iterative learning included sector wide areas for improvement, such as:

- providing clarity on how engagement informs business planning
- focussing on day-to-day activity, especially for vulnerable customers
- promoting collaborative working and approaches
- hearing from seldom heard customers
- wider use of engagement methods
- more sense checking, and
- keeping things simple.

As well as company specific areas of improvement, including:

- The need to feed research into day-to-day activity and channels.
- Evidencing how engagement feeds into business decision making.
- Ensuring research activities are not overly complex, so customers can reach meaningful decisions; and
- Conducting early engagement and testing in the design of surveys and materials.

Figure 1 Our early activity since PR19



1.4 Meaningful engagement: quality not quantity

A key driver in the development of PR24 has been to ensure our engagement focuses on the quality of our conversations with customers, not quantity. We have taken on board this challenge to make all of our research and engagement meaningful and can demonstrate a clear purpose in business planning or as part of our everyday activity and to demonstrate value to consumers and stakeholders. We have done this by developing some key principles for engagement.

2. Principles for engagement

We engage with and get insight from our customers every day. We have been developing a comprehensive understanding of our customers' views since PR19 namely through our everyday insight and more specifically through the development of our WRMP24 and DWMP.

We have challenged ourselves to put us in the shoes of our customers when conducing all of our research, always asking ourselves and our suppliers- is what we are asking them meaningful, what will we do with the insight we have gained and reviewing our approach at every stage to ensure we were constantly meeting our own high-quality standards.

Aligning our ambition with the requirements set out in Ofwats' customer engagement policy paper, we developed five core objectives for the delivery of the engagement strategy. These have been co-created across WRMP, DWMP, LTDS and the business plan to ensure customer engagement is impactful, meaningful and can allow us to make better business decisions at the right time.

Strategic frameworks nested within the long term strategy: One programme (LTDS, WRMP,DWMP, WINEP).

We also coordinated an all company group of all the insight leads - this continued everyone's 'learning' sharing best practice and explored options for collaborative projects - helping to drive improvements across the industry.

All of our research starts with the customer and what matters to them and their world.

We want our customers to enjoy taking part in the engagement and feel that their contribution is useful. We will give all customer groups the opportunity to engage, even if we have to work harder to reach them. Our engagement will aim to build on our brand and enhance the reputation of the water sector.

The design and programming of research is targeted to support business decision making.

We will make sure our customer engagement matters. We will engage when there is a 'choice' and where the customer can express meaningful views. Research will be timed so that the outputs are available at the right time and are accessible, so they can inform business decisions at every level. We will demonstrate how customers' views have shaped our plan. We will also remain flexible in responding to any new trade-offs that occur during the plan making process.

Our research is meaningful and generates robust conclusions.

We will demonstrate best practice in everything we do and strive to ensure all our research is meaningful. The relevant guidance requirements and regulatory expectations will be met. Challenge and assurance will ensure our Board is confident our plans have been informed by high quality customer engagement.

We make the most of our everyday interactions.

We will continue to explore our day-to-day interactions with our customers to generate useful insight from seldom-heard customer segments, including vulnerable, future and non-household customers

Picture 1

The programme of customer engagement should be proportionate and efficient.

High quality engagement will be prioritised over the number of interactions achieved. We will build on existing insight wherever possible and focus time and resource on areas that will have maximum impact. We will maximise opportunities for research to provide insight to our different strategic frameworks simultaneously and will synthesise research into a coherent whole.

2.1 Customer Engagement Strategy

The customer engagement strategy defined how we scoped, designed and delivered the overarching PR24 customer and stakeholder engagement programme, complementing existing activity, to ensure the business plan and LTDS is informed and evidenced by our customers and stakeholder views and priorities at every stage of the decision-making process.

This strategy is supported by a refresh of our Societal Valuation work which provides the economics to underpin the plan and feed into the cost benefit analysis.

2.1.1 Guidance review

Our engagement strategy started with a comprehensive cross industry guidance review, building on lessons learnt and best practice since PR19. This strategy has been regularly updated, reviewed and approved by programme board, our internal Customer and Stakeholder Engagement Strategy Group (CSESG) and Independent Challenge Group (ICG).

By conducting an extensive review of research, regulatory guidance and expectations from across the industry since PR19, this allowed us to develop a comprehensive understanding of clear and high expectations around customer engagement for PR24. Over 20 research and guidance documents were reviewed across the sector, combined into one spreadsheet, with R/A/G importance status, sorted by theme into matrix.

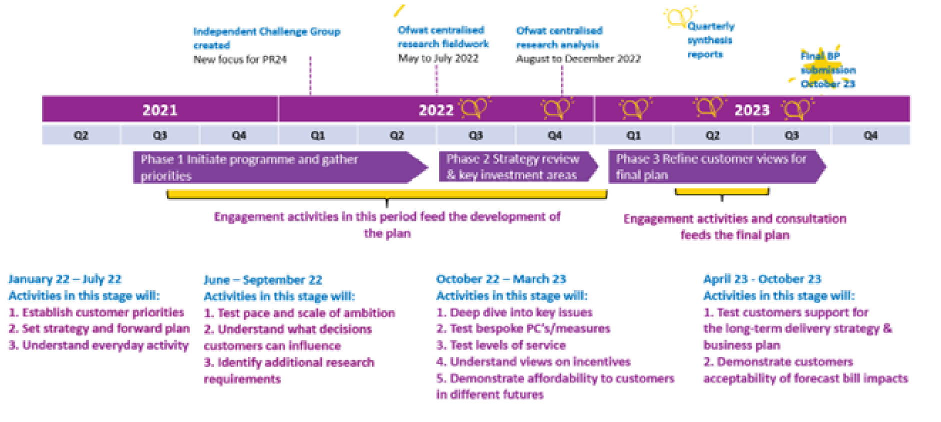
This has given us an easy-to-read summary of all expectations for WRMP, DWMP, LTDS and PR24 Business plan as well as lessons learnt and improvements for PR24. We regularly updated and referenced this document so we knew the Engagement Strategy and our developing activities would deliver against these requirements.

2.1.2 Engagement phases

Once we had built a view of industry best practice, we conducted a comprehensive review of our everyday insight and information collected since PR19. This was used to identify where we had specific gaps in our insight that required a targeted engagement approach which led to the development of the engagement strategy work programme.

Plans for the customer engagement work stream remained agile and evolved over the development of the business plan. The approach set out below is to show the high-level milestones and activities included in each of these phases. A detailed engagement activity plan was developed for each of the blocks of activity shown on the high-level plan.

Picture 2 The phases of our engagement



The customer engagement work programme has been designed and delivered in four core phases, underpinned by our everyday insight. The four phases are:

Phase 0: Setting the Strategy

This phase has been used to understand our engagement activity at and since PR19. We evaluated what went well and how we have implemented lessons learned from both internal and external feedback. We developed a detailed understanding of where we need customer engagement, either to make a business decision or fulfil a guidance requirement and evaluated this against our rich evidence from our everyday insight. A comprehensive review of current guidance and expectations was mapped out, so we could understand what was expected of us.

Using this insight informed the design of a detailed work programme. This involved identifying which channels were most appropriate to fulfil which research need, to ensure the activity remained meaningful, and reviewing where we needed extensive engagement and when a single piece of research could deliver across multiple requirements (eg across WRMP or LTDS). It was essential to only engage customers where they had a genuine choice.

Phase 1: Initiate programme and gather priorities

The purpose of this phase was to gather an initial summary of what is important to customers in the short and long term. Collecting and understanding these priorities and preferences formed the activity running during the first tranche of engagement outputs running from October 2021 to June 2022. Starting from a baseline of all the customer engagement carried out at PR19 and understanding how customers priorities have changed, was an important first step, particularly as we have seen significant change in the political, social, and economic environment in the short time since PR19 was carried out.

Making each piece of research meaningful and challenging ourselves to ensure each piece has a clear purpose, is designed with high quality principals in mind and is easily understandable to participants. We ensured that complex issues were broken down and explained clearly in a way that enabled customers to understand them.

This phase culminated in a summary of what was most important to our customers by the end of September 2022 to align with the investment plan development timetable. The results have been used by the investment portfolio leads to ensure that the developing plan is intrinsically linked to customer

Figure 2 Wordcloud of unconstrained priorities with online community October 2021

Phase 2: Strategy review and key investment areas.

This purpose of this phase was to build on the priority gathering in phase 1 above, drawing on existing evidence and sense checking what we have learnt and refining those priorities and preferences to include indicative bill impacts.

For example, we engaged customers extensively on the development of the draft bespoke Performance Commitment's identifying any gaps between these, and the evidence collected as part of Ofwat's centralised ODI research. We also extensively engaged on key areas in the development of the plan such as climate vulnerable mains or our approach to working in partnership with others.

Phase 3 Refining views for the final plan.

The purpose of this phase was to continue to test customers support for the plan, engaging with specific focus groups, including the open 'Your Water, Your Say ' challenge session. We built a process to analyse all of the information gathered from customers and presented it in a format that demonstrated how the research had informed our decision making, using evidence to show customer support for the selection and sequencing of our enhancement investments for this business plan and LTDS.

This phase primarily involved testing the acceptability and affordability of the company preferred plan vs the full potential investment conducted in line with the standardised Acceptability and Affordability methodology.

Each phase has involved an ambitious programme of carefully designed activities to ensure the right information was available at the right time to inform business planning.

3. Our PR24 activities

In order to ensure we reach all customers, we have used a range of techniques and number of different types of engagement that have been used throughout the development of PR24. We have tapped into existing communication channels we have with customers that currently focus on day-to-day tactical issues, to extract strategic information about customers' priorities as well as undertaking targeted bespoke engagement for PR24 and LTDS.

We have taken a one programme approach, bringing DWMP, WRMP and LTDS all together as they are all interlinked, and customers don't know the difference between one strategy or another.

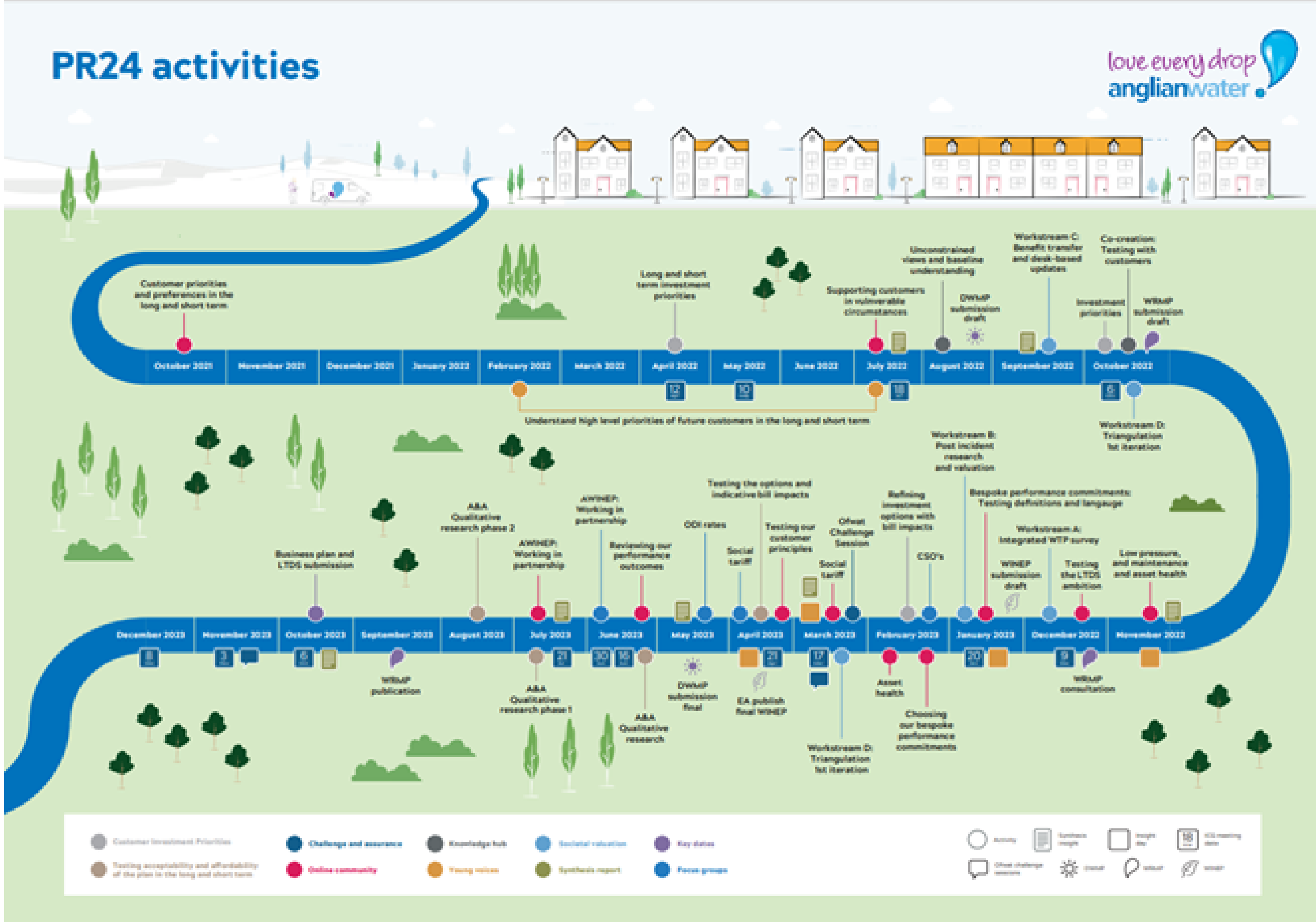
We have purposefully used different engagement methods with different groups of customers to gain a rich picture of the depth and breadth of our customers' views and priorities.

The most appropriate channel was selected based upon the purpose of the research and how it would be used. These methods include but are not limited to:

- In person and digital focus groups
- In-depth interviews
- Quantitative surveys
- Consultation with stakeholders
- On-line community groups, both bespoke to PR24 and wider community
- Community engagement using colleagues as ambassadors
- Social media
- Customer 'through the plughole' email
- NHH/retailers account managers
- Education programmes in schools

The figure below provides summary of our engagement:

Figure 3 PR24 activities



3.1 Company specific research

There have been numerous challenges during the development of our plan, meaning we have had to adjust our approach, such as:

- Affordability and the cost-of-living crisis
- 25 Year Environment Plan placing an emphasis on environmental enhancement
- Public expectations around pollutions, CSOs and chalk streams

Our company specific research programme has covered a wide range of topics, exploring customer insight from our day-to-day operations as well as providing a robust evidence base for specific issues across the programme as a whole. However, as the challenges experienced have evolved, it has been important to gain up to date insight and retest our findings.

Our focussed engagement has taken many forms over the past year and a half providing us with a rich fabric of our customers' views, allowing us insight into how they view our challenges as well as ensuring we have a representative view across our region.

Although Ofwat have increasingly centralised customer engagement, our customers are still shaping the development of the plan in the following ways:

- Customers participated n the valuation refresh which informs our six values framework [1]
- Customers views were sought as part of research exploring the total scale of incentives and how that applies to individual PCs [2]
- Our Long-term Delivery Strategy (LTDS) outlines our long-term ambition. Our ambition has been informed by customer views, including those already gathered for the Water Resource Management Plan (WRMP) and Drainage and Wastewater Management Plan (DWMP). See our Long Term Delivery Strategy 2025-2050.
- Customer participation in the Investment Priority research led by Trinity McQueen has also shaped what customers want to spend on enhancement, which can benefit PCs such as leakage
- Customers participated in the affordability and acceptability research, establishing the acceptability of proposed bill and service levels

We have sought out opportunities for collaborative working, especially for the development of our WRMP, within regional groups and other companies who are developing strategic regional options. We have found collaborative approaches especially effective for developing a consistency of approach, as well as providing an impactful way of talking to retailers and the non-household sectors. We look forward to building on this strong foundation in the future.

1 see chapter 4 Customer Engagement of Our Plan 2025-2030.
2 see Chapter 8 Our Commitment to Customers in Our Plan 2025-2030.

An full index of all engagement we have undertaken is found at ANH71. This engagement is all fed into our synthesis report which you can read more about in chapter9. How we have interpreted the insight: Synthesis

4. Meaningful engagement: our iterative approach

In the development of our approach for the 2025-2030 business plan we have started with the customer first to think about how best to get the insight we need. We have built on our strong everyday insight to develop an iterative approach to our two way and ongoing activity, starting first with exploring what customers want to see in an unconstrained world - then refining these views to discuss the impact of delivering all of these ambitions together - then further refined with the costs of delivering these services both in total and what the impact would mean to customers.

We brought this approach together to holistically test how acceptable and affordable our combined plan was and refined these materials based on customer feedback.

4.1 Right approach at the right time

Our engagement activity has been developed using multiple methods and approaches deemed the most suitable to the purpose and insight required. We have generated insight from uninformed and informed customers, used focus groups, deliberative discussions, 1:1 interviews as well as large scale quantitative surveys. We have made the use of our everyday insight from across the business wherever possible, thus only instructing external engagement where we determined there was an evidence gap. This way we have been able to ensure that our activities are a two-way process of ongoing listening and responding and remain high quality.

Our Community Ambassadors

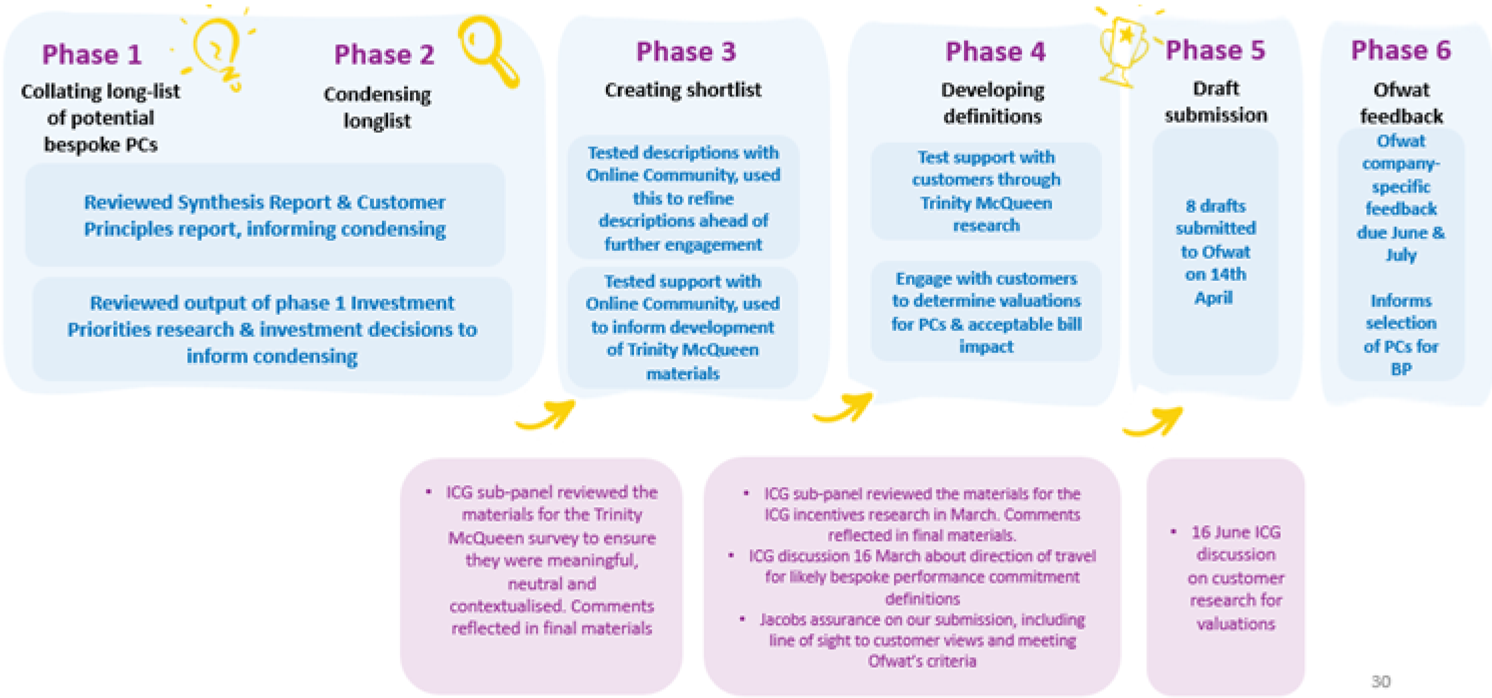
The Community Ambassador programme was originally developed in 2018 collecting customers opinions through interactive talks to groups in our region, the data collected via multiple choice questions fed into PR19. Since the start, the programme has been evolving, becoming business as usual for a period of time after PR19, feeding the opinion of campaigns collected during talks directly to the business departments, bringing the focus over to PR24.

Since 2018, we have facilitated over 140 talks throughout the region, gathering feedback from over 2,500 customers.

In many instances we have used mixed methods to ensure we get the most comprehensive, robust evidence from customers with the right level of detail and complexity.

To make our engagement activity meaningful we have broken down complex information into bite size pieces and ensured we have used the right channel for right outcome. For example, we have run small qualitative focus groups to explore a specific complex topic that would not suit a large quantitative approach and in others used our online community to run a series of activities, exploring difficult topics over multiple sessions. A great example is the iterative approach we took to developing our Performance Commitments. You can read more about this in chapter 8 Our commitment to customers in Our Plan 2025-2030.

Figure 4 Our engagement on Performance commitments: An iterative approach



Supported by our regularly updated synthesis report, we have ensured that our insight is a constantly evolving picture, keeping up with changes in the political and affordability pressured environment whilst ensuring that we have used the most up to date view of what our customers are telling us throughout the development of the plan.

Customer Investment Priorities iterative approach with Trinity McQueen

Figure 5

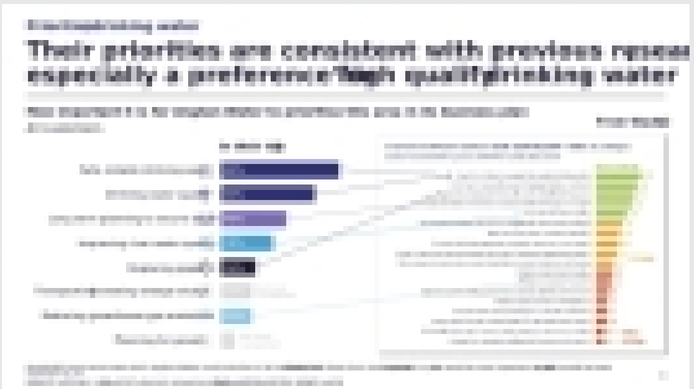
We worked with market research company Trinity McQueen to develop insight on customers priorities and preferences using an iterative approach that matched with the development of the business plan timetable. The first and second phase of research conducted in April 2022 engaged with respondents to complete a MaxDiff trade-off exercise to understand which areas they most wanted us to invest in. Respondents were asked about one of two scenarios: investing over the next 5 years or the next 25 years. Respondents also completed a ‘coin allocation’ exercise. They had up to 12 coins to spend, and different investment areas had different cost levels.

Wave 3 ran between 12th and 31st October 2022 and involved a choice-based conjoint exercise to understand customer priorities. It built on Waves 1 and 2 by testing a refined list of investment areas (including those previously identified as the most important to customers e.g. reducing leakage, replacing lead pipes) with the addition of precise annual bill impacts (rather than abstract amounts e.g. coins).

The fourth wave in April 23 introduced a new focus on performance commitments and setting targets on the areas that customers previously told us were important to them.

Overall, we saw that customers priorities were consistent across all waves, even when indicative bill impacts and performance were introduced and discussed.

Figure 6



5. Hearing from our wide variety of customers

5.1 Segmentation strategy

A new approach for PR24 has been the development of our segmentation strategy. This approach has underpinned all our engagement activity, setting out the requirements for a diverse cross section of current, future and non-household customers. Identifying the range of voices that need to be heard was important and by using this approach we can demonstrate that our engagement is inclusive and not a ‘one-size-fits-all’ process. Our insight reflects our particular challenges as well as our full range of customers.

The strategy sets out the customer segments we need to engage including age, socio-economic groups, those receiving financial support, those who find themselves in vulnerable circumstances, different types of home ownership and income levels. Geographic distribution is particularly important to ensure we are reaching customers in Hartlepool region.

The strategy provided a consistent approach across all of our research activity, both in house and with external suppliers to ensure we ask the right segmentation questions and only collect data we can demonstrate is required in a consistent way. This has meant that, where possible, all customer data has been approached in the same consistent manner to understand how different customers are affected by our services and future plans.

The sampling strategy also set out our quotas to ensure a representative sample and ensure the views of seldom heard customers were represented. In this way we can ensure that we have heard from the full diversity of customers.

The knowledge hub

To ensure we captured the voices of customers who had not previously been part of our online community we established a dedicated online focus group, solely for the purposes of PR24. The Knowledge Hub took customers on a journey throughout the development of the business plan, starting from a basis of no knowledge to becoming more informed and aware of where they could influence the development of our strategic plans. A number of online activities, focus groups and polls were run with the group across 12 months.

Appendix 1 to this document gives an overview of both our Knowledge Hub and Online Community (Love Every Drop)

Including customers in the design and delivery of materials

We have taken the time and care to involve customers or their representative to be involved in a meaningful way. Our engagement materials have been tested with samples of our customers prior to being used for the main engagement. This enabled us to tweak materials like video content and question wording to ensure that the engagement was meaningful to the customers.

We have used our customers' input into our trade-off questions to refine our discussions as our engagement developed through WRMP24, DWMP as well as the business plan.

We have done this through a number of channels including:

- ICG engagement task and finish group
- Running activities through the online community to test, design and refine materials before being launched
- Working with external suppliers to soft launch materials and review based on customer feedback.

5.2 Hearing from our customers: Feedback

A key development for PR24 has been the introduction of feedback loops into our process to replay back what customers have told us. This gives us the confidence that we can implement the right services that customers feel is important to them. This is inclusive of our activities with our online community, but we have also challenged our external suppliers to do the same, testing and refining materials to ensure they meet the high quality standards we set ourselves and sharing those findings at every stage and in a transparent manner with our ICG.

We have tested our Customer principles with customers 'We think you told us... is that right?' as well as draw on challenges provided by independent bodies such as ICG, Citizens Advice Bureau. These bodies have been involved at all stages of our plans development, with the outcome represented as we update our conclusions through the final refinement of the plan.

Example: Acting on feedback: Customer Investment Priorities Wave 2

Feedback from Anglian Water: The Trinity McQueen team extensively checked the survey in terms of the look and feel, logic and routing, and the structure of the data that it would generate. This process revealed some minor errors e.g. typos, which were fixed. Once the Trinity McQueen team were satisfied with the script, a test link was sent to Anglian Water for review. Stakeholders tested the survey and requested several changes, mainly related to the wording of the potential investment areas to make them clearer, more meaningful, and quantifiable for participants. For example, for river quality improvements, stakeholders were able to specify the proportion of rivers that would be improved to a good status as classified by Environment Agency in different scenarios. Similarly, for reducing the impact on rivers from storm overflows, stakeholders were able to specify the number of expected spills per storm overflow in different scenarios and added useful clarification on the difference between debris screens and early warning monitors.

Feedback from participants: Before full launching the survey, we conducted a pilot with over 60 real participants, with additional questions about the ease of completing the survey and an open-ended question to gather any comments relating to their experience of completing the survey.

Most Anglian Water customers, surveyed online via an open-access panel, found the survey very easy or easy to complete (88%), whilst a small minority found it difficult (3%). Most Hartlepool Water customers, surveyed face-to-face, found the survey very easy or easy to complete (77%), whilst a small minority found it difficult (7%). And most digitally disadvantaged Anglian Water customers, also surveyed face-to-face, found the survey very easy or easy to complete (70%), although a slightly larger minority found it difficult (12%).

Asking participants for their spontaneous feedback on the survey - if there was anything they particularly liked, disliked or found confusing - resulted in mainly positive comments, including general praise such as: 'Quite an interesting survey & quite straightforward'; 'The survey was OK and easy to complete'; and 'The survey was fine and thoughtful'. There were also longer positive comments, for example: 'The questions and proposals were quite easy to understand and answer and if relevant costs and improvements could be managed at those extra costs to customers, we would all benefit long term'.

There were a handful of negative comments - some were about the survey itself ('very complicated'), whereas others were off-topic e.g. about water companies in general, shareholder profits, and so on. However, as the feedback from the pilot was mostly positive, and negative comments did not raise specific issues, we proceeded to full launch the survey without further changes.

Survey length: Online panel participants took on average 11 minutes 44 seconds to complete the survey. This is within the 'golden standard' for market research surveys: best practice is to keep surveys within 10 to 12 minutes. The face-to-face surveys took participants longer to complete, at 22 minutes 30 seconds on average. However, this is usual for interviewer-administered surveys, with the presence and interpersonal skills of the interviewer encouraging co-operation for longer periods of time. We also surveyed 50 digitally disadvantaged Anglian Water customers face-to-face, who may have required more time and assistance to complete the survey.

Example: Testing our principles with the Online Community

In a recent exercise conducted with our online community we asked respondents to:

- uncover if the present understanding of customer priorities and preferences are an accurate reflection of what's important
- gauge perceptions on the main areas of Anglian Water's business plan to check if they're in line with customer priorities and preferences

The results showed that over 85% of those polled felt that the proposed plan was in line with customer priorities. Most customers felt the proposed plan covered important and achievable targets that Anglian Water need to tackle asap.

For the 9% that thought they were neither in line or not in line with customer priorities: this lack of confidence comes from concern about the impact the improvements may have on customer costs. Some also don't currently have set expectations for Anglian Water so aren't sure what to expect from them.

The small proportion (6%) who felt the plan wasn't in line with their priorities tended to agree that the areas are important, but disagreed with the level of investment proposed.

6. Customer journey in decision making

This section includes more information on the different ways we have engaged with customers, how we have drawn those insights together, and how we have triangulated the results.

6.1 Informing the business plan

Key feedback for the sector from PR19 was in the clarity of how engagement informs the business plan and how everyday activity is brought into the process. Each core part of the business plan (eg WRMP) has completed bespoke customer engagement and has good evidence that this feedback has been used and plans adapted.

Developing our PR19 approach, we enhanced the line of sight between our insight and investment decision make process. We did this by adhering to our engagement strategy and considering the following:

- What can customers actually influence or have a view on. Meaningful is a word used a lot through guidance review.
- What insight we already have then can inform that view. Draw upon CCW's Better engagement guidance in shaping how we do this
- Then bring together into independent synthesis report - give us overarching conclusions which also missed at PR19 - reducing individual interpretation and bias.
- These conclusions will form our independently written customer principals.
- We test these principles back with customers to ensure they are still relevant

Better decisions

We have created a clear line of sight on how customer insight fits into the business plan decision making - including learning from our approach at PR19 and introducing new steps to test our thinking back with customers.

Figure 7 Customer insight in decision making

Step 1.
Decision mapping

What are the genuine choices where customers could have a meaningful view?

When and where do we make each decision?

How important is the decision? (Is it a customer / stakeholder priority? Does it drive material investment?)

What insight do we need to support decision-making?

Step 2.
Gather insight

How to get the insight required?
- Start with the customer
- 'Gold standard' research
- Can we use everyday insight?
- Can we avoid discussing the technical detail?

Where it is necessary to discuss issues in more detail, careful research design to ensure:
- We are asking the right questions.
- We provide customers with the information required to express a meaningful view.
- Materials are accessible for all.

Step 3.
Synthesise insight

Bringing all research conclusions together into a single place.

Includes day-to-day insight and valuation.

Outputs:
- Synthesis Report
- Valuation Completion Report.

Step 4.
Draw conclusions

Interpret research conclusions to develop broad 'customer principles' / 'over-arching conclusions'.

To be completed independently.

Step 5.
Test conclusions

'Customer principles' / 'over-arching conclusions' tested with customers.

'We think you told us… is that right?'

Output is an agreed set of 'customer principles' / 'over-arching conclusions' that can be used to inform business decision making and acknowledge these will change over time as our understanding develops.

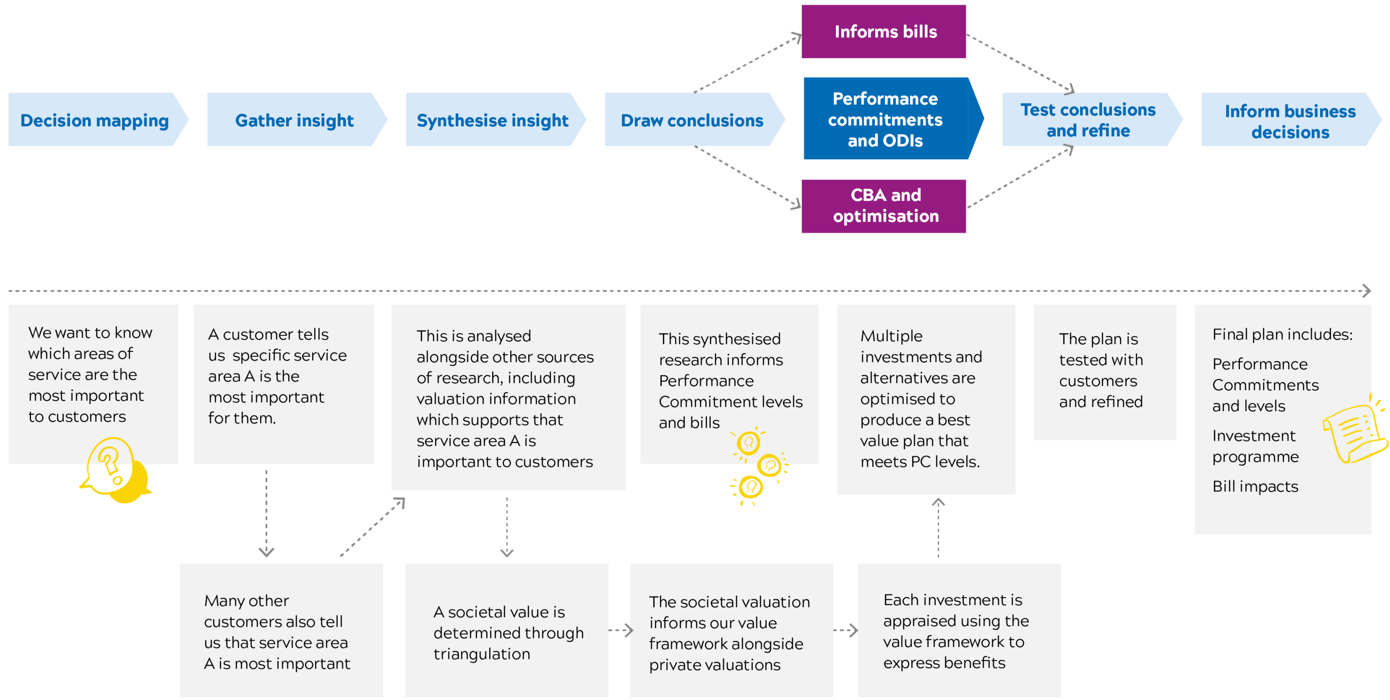
Step 6.
Conclusions inform business decisions

Conclusions circulated to the right group at the right time *to* inform business decisions.

Use of agreed 'customer principles' facilitates transparency and makes it clear how customer's have influenced decisions.

By using this approach, we can clearly demonstrate the link between customer engagement activities and the business planning process. The role of articulating the customer voice is multi-layered and shared across a number of stakeholders and organisations. A customer evidenced plan evolves by building on each step on the previous accounting for multiple feedbacks between the steps as well as incorporating ongoing engagement activities across the whole programme. This approach was discussed and supported by the ICG meeting in June 2023.

Figure 8 How customers' insight fits informs our Plan



Step 1. Decision mapping: What's the question we are trying to answer?

- At the start of the process, it is important to establish:
- Where do customers have genuine choices?
- What do we already know?
- What do we refresh?
- What are the genuine choices where customers could have a meaningful view?
- When and where do we make each decision?
- How important is the decision? (Is it a customer / stakeholder priority? Does it drive material investment?)
- What insight do we need to support decision-making?

All of this comes together to form the engagement strategy for the development of the business plan. A work programme is developed to align research structure to service areas enabling research to be meaningfully used in decision making. Working across the business we determine the priorities for delivery of the programme.

Step 2. Gathering Insight: Undertake consultation

Engagement in this step is focused on understanding purpose and priorities in order to determine the short and long term company direction. The customer voice is heard and articulated through a multitude of layers and channels recognising legislation at the national level as well as working with customers to understand and articulate their more detailed need at a local level. This engagement is framed within a long term planning context to enable the development of long term delivery strategies. We also draw on Ofwats requirement that any long term objectives over the statutory requirements are to be informed by customer views. Deliberative workshops, online panels, customer boards all provide approaches and methods suited to exposing the more complex issues that allow insight to be generated at the necessary informed level and capture a wide range of perspectives.

This step also covers the engagement evidence for planning balanced investment plans, recognising where engagement can support more detailed plan development and balance. This is underpinned by valuation evidence that allows the costs versus benefits of intervention to be understood.

The Societal Valuation Strategy outlines that customer insight can broadly be considered under three categories:

- Customer preferences - priorities and valuations for the provision of services, used in strategic business planning and investment appraisals;
- Customer behaviour and actions - in response to service levels and service issues, used in design of solutions and delivery and can provide an input to valuation; and
- Customer experience - measured and reported through contact and tracker-type data, used as metrics of company performance.

It is important in this step to recognise the views of uninformed customers, as recommended by CCW.

Step 3. Synthesis and valuation

This step looks to analyse responses and triangulate to:

- Collate and review evidence and key findings
- Use of multiple, independent internal and external data sources and research methods to produce a common perspective or understanding
- Assess quality and validity of sources
- inform the development of performance Commitment levels and bespoke PC's as well as determine societal values for use in investment decisions (i.e. through Value Framework)

Having gained a wide and detailed picture of customer support for our plan we have synthesised and present this information in a comprehensive, user-friendly format. This has enabled colleagues to use up to date triangulated evidence to clearly demonstrate the link between our customers' views and the development of the business plan. Our approach to developing this report has been developed to aligned with the best practice findings from SIA partners recommendations report May 2021. See 9. How we have interpreted the insight: Synthesisor more information on our synthesis report.

We worked with ICS to update the societal valuations in our Six Capitals framework.

Figure 9 Our Six capitals framework

Natural	Social	Manufactured
Pollution	**Water supply**	**Water efficiency**
Category 1-4	Supply deficit Interruptions to supply Low pressure	Potable water leakage Raw water leakage Consumption reduction
Permit failures and discharges	**Water quality**	**First time connections**
WRC quality compliance WRC volumetric compliance WTW discharge compliance	Notices Health and regulatory impact Aesthetic impact DWI prosecution	Developer request water Developer request water recycling Section 101a request
Water resources	**Flooding**	**Business enables**
Over-abstraction Aquifer protection	Internal External Public Areas Dam failure	Information services
Environmental quality	**Customer (BAS and construction)**	**Security**
Bathing waters River water quality Biodiversity net gain Air quality	PR (only for one off cases) Visual Noise Odour Traffic disruption Amenity access Customer experience	Operational Security Cyber Security
Carbon and emissions		**Resilience to climate change**
Capital carbon Operational carbon Process emissions		Resilience to climate change

Financial	People	Intellectual
Income	**Health, safety and wellbeing**	**New/different ways of working**
Income protection Renewable generation Bioresources Non-domestic income Domestic income	Physical safety (staff and public) Employee wellbeing	Employee productivity Intellectual property utilisation
Opex increase		
Additional activity indicators		

They have triangulated the values from both our own research and from Ofwat and CCW PR24 collaborative research. . For more detail read Chapter 4 Customer Engagement Our plan 2025-2030, ANH67 Societal Valuation Triangulation and data table commentary to OUT7 table to understand how we have used the research.

Step 4. Draw conclusions

This step draws on the evidence synthesised in step 3 to establish customer priority areas, independently interpreting the research conclusions to develop 'over-arching conclusions' or 'customer principles 'for long-listing new Performance Commitment targets and ODI levels .

These conclusions inform the development of future bills and how we can continue to support for customers who may struggle to pay their bills.

We also update our value framework with new societal values, combine alongside private values (direct costs to AW to address issues) to inform business decision making process.Our value framework allows us to express different risks, benefits and disbenefits in a common language (£) enabling us to compare and choose best value investments and alternatives. As well as the outputs provided by Ofwat as part of the centralised research we have conducted our own valuation activities to provide the full set of evidence needed to develop robust monetary benefits estimates.

Step 5 Test conclusions and refine.

In this step we bring all research conclusions together into a single place and playback what we have heard so far and how it has been used to test and refine the plan.

The acceptability pf the plan is revealed through the Ofwat/CCW standardized approach but using opportunities to sense check these findings with existing company led research with other methods gained throughout the process. We have used an iterative approach using the Qualitative research, followed by a light touch Quantitative research to refine the plan before the final acceptability and affordability testing.

7. Affordability and Acceptability research

This section will cover our approach to delivering the standardised Acceptability and Affordability research, using the guidance as set out by Ofwat and CCW. is research.

We worked with Accent market research to conduct both our qualitative and quantitative research phases.

Our ICG have been involved throughout the design, development, testing, launch, iterations and results as set out below.

7.1 Qualitative research

The first phase of work consisted of qualitative deliberative events undertaken in Hartlepool (water only), Chelmsford (waste only) and Northampton and Boston (dual supply). All events took place in the week commencing 17th April. The results can be found in ANH 90 Qualitative survey.

The qualitative aspect of this phase of research was commissioned to explore customer responses to the Proposed and Alternative Business plan for the 2025-2030 price review and decide which plan (or adaptation) will go forward to be tested in the quantitative work.

At the events customers had the opportunity to discuss the proposed and alternative Business Plans, having previously undertaken a pre-task. Following the events individual views were captured in the prescribed post task.

Household customers represented a spread of social grades (including those on or eligible for the PSR and social tariff) were included in the sessions, as were micro NHH customers.

The fieldwork undertaken in April 2023 against a backdrop of:

economic uncertainty (rising interest rates, soaring inflation, biggest drop of living standards on record, etc) and a water sector under scrutiny in the news particularly around storm overflows and river pollution.

All research followed the guidelines prescribed by OFWAT/CCW and was overseen by the ICG. In total 164 customers were engaged using the following split:

- 72 household current bill payers
- 24 future customers
- 16 with health vulnerabilities (8 on AW's PSR and 8 eligible but not on PSR)
- 16 with financial vulnerabilities (8 on AW's LITE/Extra LITE and 8 eligible but not on LITE/Extra LITE
- 24 NHH micro
- 12 NHH small to large.

The plans did not include everything that we proposed to do but, in line with the guidance, covered the proposed targets against six performance commitments and six service enhancements that represent the areas where there will be the most investment and where customers will have a point of view.The deliberative events were undertaken in line with the guidance.

Although events were long and there was significant information to cover, there were a series of breaks built into the agenda to give customers time to reset and refuel. Overall feedback was that customers enjoyed the events and learning about Anglian Water

The process of development for materials was comprehensive. Using the guidance as a starting point, materials were developed and adapted for different audiences.

The ICG task and finish group provided comments that led to changes in the materials that would aid comprehension. These were then cognitively tested across different audiences and discussed and approved by the ICG.

Cognitive testing was conducted with 12 participants (8HH 4NHH) to ensure accessibility and comprehensibility of the pre-task, depth interview and focus group stimuli. This process was important as the materials focused on topics that may be unfamiliar to many customers. Cognitive interviews involved taking a participant through the research materials to probe for levels of comprehension and response to the stimuli.

The summary below sets out how this engagement has met the high-quality standards.

- Customers across the our region were represented and included households, micro non-households, small-large non-households, customers in vulnerable situations, low-income customers, customers on the Priority Services Register and future customers
- This qualitative research exercise has followed the prescribed methodology and content including building customer knowledge through a pre-task which educated about the industry, the company, Business Plan process, and Proposed Plan investment areas and performance
- Deliberative roundtable discussions, facilitated strong engagement and robust dissection and rich deliberation of the Proposed Plan, and one to one interviews with other key customers groups ensured that insights were meaningful

- Discussion of the Alternative Plan allowed customers to make some trade-offs and judge overall acceptability and affordability of the different options
- There was an opportunity for response via post task which was a useful to anchor to assess final individual affordability and acceptability
- Overall customers accepted there is a trade off in terms of the amount of information that can be shown and understood within the time and appear to make informed decisions with good knowledge
- More context and data was often requested (historical 10-year data trends, previous levels of investment, other elements of the Business Plan or Business as Usual activity e.g. customer satisfaction metrics or Priority Services Register/support for the most vulnerable). There were also some challenges around the choice of Performance Commitments and specific metrics.

In the post task, nearly 8 out of 10 (78%) found the Proposed Plan acceptable, with strong indications that the Proposed Plan and investment areas are supported by customers - addressing the spontaneous areas that customers had highlighted around environmental protection, CSO spills, infrastructure reinforcement and development to meet increased demand.

In line with the guidance, an Alternative Plan was introduced for discussion

This plan provided the exact same service enhancements as the Proposed Plan but is more expensive to deliver.

In the post task, just over 5 out of 10 found the Alternative Plan acceptable.

This headline figure reflects where customers landed at the end of discussing both of the plans in an overall preference for the Proposed Plan - they preferred the Proposed Plan despite the fact that it was more expensive.

In line with the guidance, in the post task exercise, current NHH and HH customers were presented with the alternative bill impact excluding and including inflation.

The chart reports how people answered in the post-task after they had seen the plans and deliberated and discussed the acceptability.

It is worth considering that there were some concerns to be noted about the research process:

- Information provided was enough to b curious but not quite enough to have complete picture
- Longer term historical information would have been nice e.g. performance against last two business plans
- Regulators have forced water companies to do things so why ask opinion
- Not enough information on how targets are set and whether/why they are variable or constant
- Lack of understanding as to why the six PCs had been chosen as they were not necessarily the ones that customers wanted to know about
- Concerns over why bill payers have to pay for investments - better cost efficiencies/lower salaries

The main feedback we gathered from respondents during this exercise was:

- Improvements in PCs for leakage, sewer flooding inside/outside, pollution in rivers
- Consider increasing investment in CSOs, pipework investment and sewer upgrades
- Language and presentation issues as per ‘bottom boxes on key slides’
- More information on wider environment ‘net zero’ service enhancement

We have used these results, as well as this feedback, in the design of the quantitative phase of engagement.

In response to customers’ feedback we have increased our ambition for four of the measures included in this research (total pollutions, internal sewer flooding, leakage, water supply interruptions).

7.2 Quantitative research phase 1: July 203

Due to programme development timeframes a decision was taken to run an early version of the quantitative research. This early testing allowed us to:

- Test the materials with customers on a wider scale than just COG testing
- Inform board decision making meetings in July 2023
- Develop language and presentation of material
- provide an early measure of customer views on our PR24 plan
- Findings and learnings from this element of the research will be applied to the full quantitative survey approach

7.2.1 Methodology

Household

All participants for this light touch survey are household customers and were drawn from our dual supply area and were invited to participate by email only.In all other respects the standardised guidance was followed including:

- A random selection of customers across the supply area
- Lower IMD (indices of multiple deprivation) deciles were over-sampled and higher IMD deciles under-sampled, to compensate for lower response rates
- An incentive of £10 was offered to encourage participation

- Future customers were not included
- Average interview length = 18 mins 7 seconds so within guidance

A target of 500 interviews was set as per the minimum requirements, with 530 interviews achieved. Data was weighted by age and gender (Census 2021) and SEG (Census 2011) against East of England regional population.

Survey

From the feedback gained in the Qualitative phase, as well as COG testing and ICG review a few supplementary elements were included in this survey. For example:

1. Additional information was included in the beginning of the survey to set the context of what Anglian Water do, the area we serve and the support we give to customers who may be struggling to pay their bill.
2. Due to timescales the second version of the guidance on the presentation of performance commitments was used in this phase.
3. An additional question on affordability of the proposals was asked after it was explained how their money would be used, so with an informed view.
4. A total of nine business enhancements were presented, rather than the six as per the guidance.
5. An additional question on long term acceptability was included at the end of the survey.
6. In addition to the sampling criteria set out in the guidance, customers representing our Hartlepool region were oversampled and weighted accordingly to ensure their voices were heard.

Results

By adopting this approach we saw that younger consumers (especially those under 44) reported significantly higher levels of difficulty when it comes to paying the proposed water/sewerage bills in the uninformed question.

Those with health issues or financially struggling also gave a significantly higher rating of difficulty for their household to afford these proposed water/sewerage bills. However once informed, minimal changes were seen in all demographic groups for “easy to afford” rating.However, the proportion of customers gave a “difficult to afford” score reduced by 7% to 36%.

When asked about the acceptability of the proposed plans based on a high-level summary and average daily costs, just over half (51%) said the plan and price increases were acceptable. Customers 25-44 had the lowest acceptability in all age groups. Those vulnerable (health or financial) also reported lower acceptability of the high-level plan.

However once they were shown more information, nearly 7 in 10 (69%) accepted the proposed business plan showing an increase in acceptability from 51% to 69%, with consistent trends across all demographics.

7.3 Quantitative research phase 2: August 2023

Following the light quantitative survey, we explored with Accent how customers had cognitively found the survey. This highlighted some customer challenges with the flow and structure of the survey. In light of this feedback, we developed a survey with Accent to run in parallel with the mandated survey. The "shadow" survey amended the flow and structure of the survey to test whether providing more details of our Plan prior to answering the question on acceptability and affordability had any material impact.

Listening to feedback from Accent, in which they explained that customers found it difficult to answer the question on affordability in the mandated and shadow survey, we asked an additional question seeking views on the acceptability of the proposed AMP8 bill increase.

The results of these surveys on affordability of proposed bill, and acceptability of our Plan were not statistically different. On this basis we have used the results from the survey that fully aligns to Ofwat and CC Water Affordability and Acceptability guidance to populate data table SUP14 .

The overall results of the Ofwat mandated survey were that 73% of customers found our plan acceptable.

This is consistent with the results of our shadow survey which found that 71% of customers surveyed found the proposed bill to be acceptable.

The full report of the research is available at ANH91 for the Ofwat mandated research and ANH92 for the shadow survey.

8. What our customers are telling us

8.1 Headlines

We acknowledge there is no single answer to the question what do customers want, therefore our engagement needed to be inclusive of all geographical, soci-economic customers as well as considering the needs of our business and retail customers. Our customer principles document has produced an easy to interpret read out of the differences and similarities between customer segments priorities and preferences.

Our customers expect us to deliver a constant supply of safe, clean water as a fundamental for a water company. In addition, our PR24 customer insights demonstrates that customers now consider securing resources for the future in the face of climate change, taking care of the environment, and supporting the most vulnerable in society to be top priorities for us over the next five years. Listening to and acting on our customers' preferences, we have prioritised these areas for investment over the next five years, delivering on what our customers have told us matter most.

We recognise that the deliverability of some of these priorities can come into conflict. Our Plan takes this into consideration by phasing any non-priority investments into later AMPs where our customers support this. We have extensively considered how we can ensure intergenerational fairness, ensuring our choices consider the impact on our current and future customers and seeking customer insight from future bill payers.

We act on what our customers want, and recognise excellent levels of service is something customers should expect from us. Our internal 'Make Today Great' strategy underpins our approach to customer service: we strive to do the basics brilliantly, whilst designing an inclusive, accessible and affordable service.

Responding to what customers want has driven the development of a breadth of digital channels easily accessible to our customers. We provide these channels, because our customers love to engage with us using them. We do this, despite clear evidence that companies with higher proportions of digital contact will be penalised in their customer satisfaction (C-MEX) scores, a point which is recognised by Ofwat and supported by academic research. Our Board fully support this focus on what is the right thing to do for us customers despite the direct consequences for our CMEX assessment and the resulting penalty incurred.

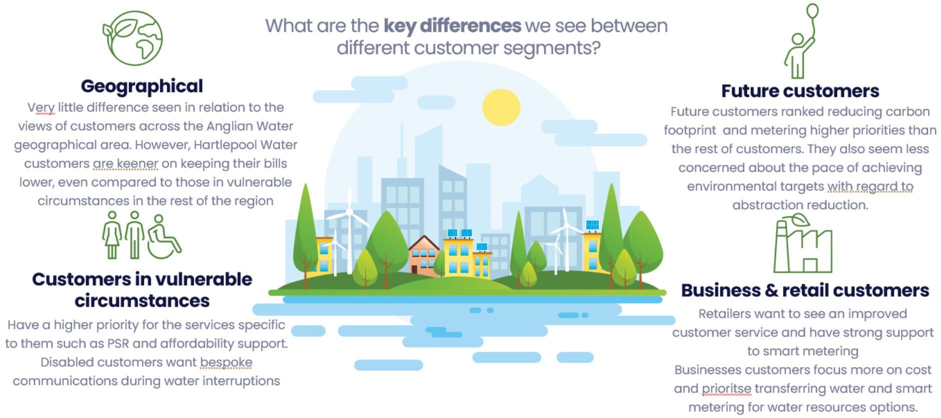
We have worked closely with our customers and key stakeholders to develop our PR24 plan, to ensure our decisions reflect what our customers tell us is important to them. In addition to learning from our everyday insight, we have carried out bespoke PR24 engagement with over 32,000 engagements with our household customers and 2,000 engagements with our non-household customers over the last two years.

8.2 What are the key differences we see between customer segments?

As set out on our synthesis report we have drawn out key differences within the following customer segments:

- Geographical differences
- Future customers
- Customers in vulnerable circumstances
- Retailers/business customers

Figure 10 Key differences in our customer segements

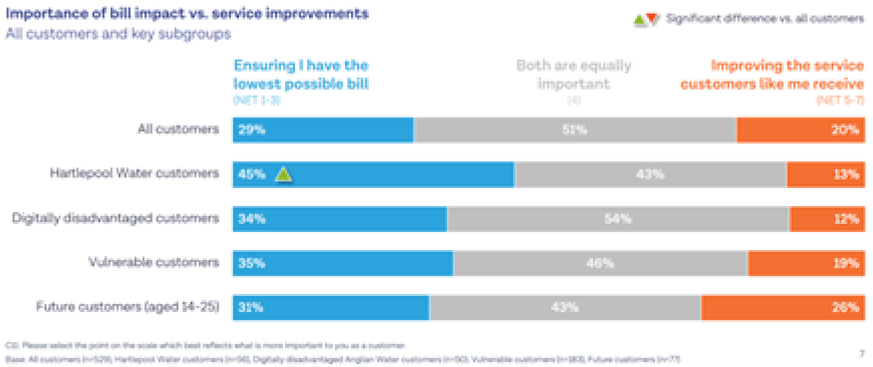


8.3 Geographical differences

The majority of the area we supply is in the east of England, but the Hartlepool Water area is distinctly separated so it is important to see if there are any key differences in customers' views. From the insight gathered, there is very little difference seen in relation to the views of the Hartlepool area in comparison to the rest of ourr customers - with most differences being more related to socio-economic reasons than geographical ones. From PR19 the conclusion was that Hartlepool Water customers were particularly satisfied with value for money and caring about the communities seemed increasingly important to customers in this geographical area.

From PR24 insight, the key difference is Hartlepool Water customers are keener on keeping their bills lower, even compared to those in vulnerable circumstances

Picture 3 Importance of bill impact vs service improvement by customer group



8.4 Future customers

Most insight is gathered from 'bill payers' because they are more easily identified and have a direct connection with the service they receive, and the bill impacts associated with them. However, understanding future customers' perspectives has become increasingly important, especially considering the more strategic long-term investments needed to provide secure supplies of water for the future and to protect the environment in the long-term. Research has been pragmatic, so that if the issue being explored has that longer-term lens, future customers have been included even though they are currently not paying bills. There have been a few differences highlighted in the insight where future customers' views differ from the wider customer base:

- Future customers ranked reducing carbon footprint more highly and leakage less high compared to those who were aged 45 plus
- Future customers ranked reducing carbon footprint as the second PR24 priority for investment, compared to customers more widely, who ranked it 13th
- Future customers ranked metering higher than lead replacement as a priority - a contrast with the wider customer base
- Interestingly, future customers seem less concerned about the pace of achieving environmental targets with regard to abstraction reduction, with only 21% feeling they should be delivered sooner, compared to 42% of the wider group

Unsurprisingly, those customers in vulnerable circumstances have a generally higher priority for the services specific to them such as PSR and affordability support, but their views around the wider benefits are very consistent with the majority of customers. Disabled customers highlighted more bespoke communications to assist with their needs regarding water interruptions and supply issues.

8.5 Retailers/business customers

There is again, much similarity in the results seen from business customers and retailers compared with the wider customer base, but a few areas where specific differences are noted are:

- There are indications that some business customers believe water is (too) cheap and under-valued
- Retailers want to see an improved customer service for their customers in terms of timeliness and quality of response. They are generally concerned about the current metering arrangements as the data that is generated is poor quality and inconsistent across different wholesalers. They show a strong support to smart metering and see this as a major enabler of water efficiency
- Anglian Water were ranked 9th best company in a survey conducted by MOSL, with the escalations/complaints process and communication cited as key areas for improvement
- Businesses spread their preferences across a range of options when thinking about water resources for the future, and are more likely to pick transferring water and smart metering
- For businesses, the focus is always on cost; they are interested in recycling their water and want water companies to prioritise this

8.6 Stakeholders

Included within the synthesis report we have ensurd that stakeholder feedback is represented to demonstrate how their preferences have informed our ambition and strategy and show:

- Where there may be gaps in customer insight

- How stakeholder views inform decision making
- A holistic overview of insight, understanding how views differ between customers and stakeholders

Overall, stakeholder views are aligned with the priorities of customers (as you would expect given many of our stakeholders are politicians and therefore driven by the views of the electorate). The main difference tends to be that stakeholders focus more on the bigger, more strategic issues and don't tend to raise issues around day to day service, unless they are prompted to by customers contacting them.

9. How we have interpreted the insight: Synthesis

To mitigate the risk of multiple insight sources, and to recognise the picture is constantly evolving the synthesis report gives is the opportunity to provide a synopsis of what we believe our insight has told us to date in an independently produced synthesis report. New for PR24 though is how the conclusions are drawn from this synthesis. Previously, businesses demonstrated the conclusions drawn and how this was evidenced in submissions. In PR24, the expectation is for independently determined 'customer principles' that are continuously tested back with customers (ie we think you told us this, is that right?'). See link to AW customer principles document.

Working with an independent writer we have developed with our ICG a comprehensive approach to interpreting the wide variety of evidence we have collected that has informed the development of the business plan. This approach ensures all of our conclusions are transparent and rely on more than one piece of evidence.

The new research findings have been independently synthesised with our previous insight, allowing us to keep developing our understanding of what our customers want. This ever evolving synthesis has feed not only into the business plan but also formed part of our WRMP24 planning, Long-Term Delivery Strategy and day to day customer communications.

We started by combining our previous engagement with our new insight to form a rolling synthesis report. This has helped to identify whether newer sources confirm or potentially conflict with existing analysis, as well as adding in new insight to areas not previously covered.

The synthesis report analyses the quality of each piece of new evidence, scoring the methodology, collection and interpretation of each source, along with the contribution and depth of the activity in relation to the area it is informing.

Figure 11 Process of synthesis

Building on the SIA report on triangulation and in conjunction with our ICG, the synthesis reports have been scored using a synthesis framework [3]:

3 CCW

Table 1 Scoring methodology to synthesis

Score	Methodology	Collection of data	Report interpretation	Depth	Relevance
1	Unplanned - gathered as part of wider engagement activity	Recording of feedback not rigorous	Lack of credible interpretation/potential bias/no discussion of conclusions	High level brand awareness	High level feedback - tangential to topic
2	Limited due to method, sample size or activity	Limited depth of feedback due to length of engagement/options explored	Good links in report to discussions	Two-way conversation/detail on specific questions	Provides limited insight - moderately useful
	Clear aims, solid methodology, barriers to inclusion considered	Range of perspectives gathered/extensive detail/methods for recording data clear	Clear narrative of all points discussed	Explores detailed trade offs or in-depth discussions on specific topics	Clear link to topic - high value insight

The synthesis report has been updated on a quarterly basis to reflect new findings. This means that the synthesis report is a snapshot in time, and one which we are constantly building on in order to gain additional and up to date information on our customers' views. Each report has been reviewed by our CSESG and ICG and published on our website.

The synthesis report and customer principles summary were developed to summarise insight into key areas for investment allowing insight to be easily accessible.

Each version of the report was shared across the business and with the ICG and tested to understand if it was fit for purpose - changes were made at each iteration to reflect feedback. The latest version, published in September 2023, is available as Annex ANH55.

The synthesis report draws out what do the majority of insights suggest, Are there any groups we need to pay particular attention to? And Are there any insights that contradict the above?

Picture 4 Extract of synthesis report

1.Net Zero

Should we be ambitious and reach Net Zero by 2030 or meet the statutory target which is set by 2050?

New Insights	Source	Score
Customers feel that **reducing the carbon footprint should be essential,** since climate change is a major threat. They feel promises need to be kept, otherwise they're just empty words.	2	8
Future customers rank **reducing the carbon footprint** as second most important priority (in comparison the wider customer base ranks leakage as the second most important priority).	19	14
Generally **reducing the carbon footprint was scored 13th** for spend allocation in the PR24 priorities work.	19	14
44 % of the participants at the community ambassador events thought to plan and invest now based on the best climate change scenario	35	6
In terms of communications 'Reducing CO2 emissions' is by far the most relevant message to the customers - it is seen as the most realistic and tangible goal; it's something they can actually see happening and can measure how successful Anglian Water will be at achieving it. The word deemed least relevant was 'Net Zero'. Customers say this phrase is pretty meaningless to them, it doesn't tell them much about what AW are trying to do, and the words are not clear.	88	9
PR19 Key Messages (drawn from the AW PR19 report)		
Most customers **support Anglian Water's efforts to reduce its own carbon footprint**. However, a smaller footprint is ranked low in order of importance of the 10 outcomes. **Energy neutrality is also ranked as less important** than many of the other water quality and customer satisfaction goals and long-term ambitions (although it is still considered important). Customers want to see more detail about how carbon neutrality ambitions will be met, including some interim targets and milestones. Anglian Water's commitments to a circular economy are also ranked low of its seven water quality and customer satisfaction goals. Some customers find the terminology confusing. When introduced to the company's plans with respect to water foot-printing, some customers feel strongly that the company should already know how much water it uses. However, the company's **draft PR19 plans to reduce carbon emissions from construction projects were well-received**, and targets in this area are regarded as sufficiently stretching. Customers are keen for Anglian Water to **reduce waste from its processes and switch to more sustainable sources of energy**. Evidence suggests there is **very limited awareness of biosolids**, or the company's role in their production. Support for biosolids seems to be mixed. Some research **suggests customers regard production of biosolids as a much more environmentally friendly option** for dealing with waste than incineration, landfill, or dumping at sea, and a more natural way of fertilising land than use of chemical pesticides. Other research suggests customers are **concerned about the use of biosolids** on land. Confidence in, and acceptance of, biosolids centres on the quality and safety of the product. There are some concerns that the privatisation of the market in biosolids may lead to a decline in quality. Customers are increasingly **concerned about plastic waste**, and the potential for this to infiltrate the environment and food chain. However, most do not spontaneously make a connection between the processing of wastewater and microplastics. Learning more about these increases expectations on Anglian Water to protect the water supply. However, in general, customers regard tackling **plastic waste as a shared responsibility** between consumers, industry and government. Available evidence suggests most customers accept transportation of sludge as a 'necessary evil'. While some customers feel strongly that road		

All of the insights gained from several years' worth of engaging with customers are set out in our synthesis report to create a full and comprehensive collation of all of the insight collected in the period since PR19, with the principles document being specifically written as a summary to easily digest what our customers are telling us at any one point in time. Specific chapters in the report articulate customer views and support for each area of the business plan, therefore these detailed findings and insights have not been repeated here.

10. Assurance

10.1 Best practice and innovation

As part of our ambition to be innovative, learn and share with others, Anglian Water have established a cross-industry peer group, Chaired by our PR24 engagement lead. The group meets on a monthly basis to share insight, discuss queries and review approaches, especially with Ofwats standardised engagement models for the ODI centralised research, Affordability and Acceptability testing and the Your Water Your Say open engagement events.

This has allowed us to learn from others and implement best practice approaches to ensure our approaches conclude in a meaningful understanding of what is important to customers and wider stakeholders not only in our region but across the country as a whole.

We have worked across a range of specialist agencies when delivering our research programme and ensured that the requirements of high-quality research as set out by Ofwat in their Policy paper are met. We also rely on the involvement of the ICG to challenge and assure each of these work programmes meet Ofwats criteria.

Figure 12 Our engagement partners

SCOPE – In depth & qualitative focus groups

blue marble – Depth interviews

Britain thinks – Qualitative interviews

eftec – Literature review

turquoise – Deliberative workshops

56 Degree Insight – Online CATI & CAPI

Trinity McQueen – Online & face to face Quantitative survey

ICS – Deliberative focus groups, Quantitative survey & telephone interviews

incling – Online community & Uninformed customers Knowledge Hub focus groups

Savanta – Online Quantitative

KANTAR – Online Survey

Accent – Depth interviews, Qualitative groups & Quantitative survey

MOSL Market Operator Services Ltd – NHH Workshops

emotional logic – WRMP Qualitative groups

Faldrax Consulting Ltd – Synthesis & triangulation

10.2 Governance

Executive oversight of our customer engagement work was provided by our Customer and Stakeholder Engagement Strategy Group (CSESG). The group met monthly to ensure regular alignment to strategy, and to track progress. The group reported in to the PR24 Programme Board who provided the co-ordination across the programme, to ensure customer views were driving the development of investment plans.

The engagement strategy was regularly updated, reviewed and approved by programme board, CSESG and ICG.

10.3 Independent Challenge Group

For PR24 we evolved our Customer Engagement Forum into the Independent Challenge Group. Originally established for PR14, the forum continued meeting and is now a business as usual group, not just for Price Review purposes. The ICG meets on a regular basis throughout the year, receives company updates and challenges performance and business plan proposals.

The ICG's membership was refreshed for PR24 and [redacted], Chief Executive of the Wildlife Trusts now chairs the group (in his personal capacity). The ICG has been instrumental to the development of the Plan, challenging the development of proposals to meet stakeholder and Ofwat requirements.

The Independent Challenge Group is an independent and critical friend to us. It scrutinises and constructively challenges on:

- the quality of its engagement with the customers and the wider communities and stakeholders it serves
- the extent to which customer priorities are reflected in what the company does, and
- the company's delivery against those priorities.

The ICG, as explained in their report (ANH88) identified the below key themes for challenge and scrutiny:

- Affordability and Vulnerability
- Long-term Delivery Strategy (LTDS)
- Water Resources Management Plan (WRMP)
- Drainage and Wastewater Management Plan (DWMP)
- Water Industry National Environment Programme (WINEP)
- Bespoke performance commitment
- Customer engagement

- Long-term Delivery Strategy (LTDS)
- Water Resources Management Plan (WRMP)
- Drainage and Wastewater Management Plan (DWMP)
- Water Industry National Environment Programme (WINEP)
- Bespoke performance commitment
- Customer engagement

We have discussed our emerging approach to developing not only our business plan but also WRMP24, DWMP, and LTDS as well our ongoing company performance. The ICG provided strong challenge to the planning and delivery of the strategies above, with the task and finish group set up to exclusively focus on the quality of the engagement work stream with customers.

Members have challenged us on how the plan has been developed, how we have used the insight gained from working across companies and how the variety of customer insight has driven the best value plan.

The ICG focused on ensuring customer priorities were reflected in the company planning process. Over the course of the PR24 business planning period, ICG members spent many hours scrutinising materials and attending meetings with Anglian senior leadership, subject matter experts and third-parties who had worked with us to develop and deliver our customer engagement programme. This included ICS Consulting, Trinity MacQueen and Accent.

A dedicated page on website has been created to enable customers to view the work of the group as well as meeting minutes, terms of reference and an overview of the groups roles and responsibilities. Meet our members (anglianwater.co.uk).

The ICG have submitted a report alongside our business plan as Annex ANH88.

10.3.1 ICG task and finish group

As part of Ofwat's standards for high quality customer research, there has been the expectation that companies' Independent Challenge Group (ICGs) will be part of the assurance process. As part of the AW ICG, a task and finish group was established to support the design, creation and assurance of the full range of engagement work to date.

In ICG draft summary report presented to AW Board on 19th July, the report stated that there had been good engagement with the ICG Task and Finish Group on Customer Engagement, and the company has been responsive to challenge.

10.4 Customer Advisory Board

In 2022, we re-established our Customer Board, where we facilitate an open, two-way discussion between customers and our Management Board on a variety of topics which are important to our customers. Recent discussions include bill increases, our Water Resources Management Plan, water quality, leakage, and our executive bonuses.

[redacted], the chair of this group has attended ICG meetings on two occasions. This has provided clear line of sight between the two groups. We have encouraged the CAB to develop a challenge log in a similar format to the ICG which has been shared across groups for transparency and openness.

10.5 Engaging with our Board

Board members have been provided with updates on customer insight through the development of our Plan and LTDS and some of our Board members have also attended customer engagement events. [redacted] (non-executive director) went to the Affordability and Acceptability Qualitative session on 20 April 2023. In June 2023, [redacted] (Chairman) and [redacted] (Independent Non-executive Director) attended the ICG Meeting. [redacted], Chair of the ICG also attended a Board dinner on 25th January 23 and the Board meeting on 19th July 2023. [redacted] and [redacted] also participated in a deep dive on customer engagement in their Board assurance session. This included a detailed explanation of how insight has been used to drive business decisions and the opportunity to hear from Jacobs who had assured the line of sight of insight into our enhancement investment decisions.

10.6 Publication and transparency

We have created a tailored shared accessible space on our sharepoint system to publish all relevant key documents and reports which are hyperlinked to the synthesis report. All ICG members have open access to all of this content. Other documents such as proposals, questionnaires, topic guides, transcripts, footage, interim reports, key feedback and challenges are available through the task and finish group Sharepoint folder system.

We have created a dedicated page on our website where the synthesis report and customer principles document has been shared. Listening to our customers (anglianwater.co.uk)

10.7 Assurance

Transparency and assurance are important elements to consider as it demonstrates how we build trust by demonstrating that voices of the engaged are being heard and listed to.

ICG has provided independent challenge and assurance on the quality of our customer engagement; and the degree to which this is reflected in its business plan.

All customer engagement work is available on sharepoint with specific site set up for ICG to access reports/research summaries.

Jacobs reviewed the line of sight of customer engagement in the assurance of the Enhancement cases, DWMP, WINEP. They confirmed they have seen evidence of customer engagement informing investment proposals and decisions in line with Ofwat's requirements. Jacobs comment positively on the independence of the Synthesis Report which is regularly updated and used by the business to ensure consistent interpretation from one source when developing investments. They confirm

"Through our audits we have seen evidence of customer engagement informing investment proposals and decisions. We have therefore confirmed 'line of sight' of customer preferences in the majority of investment cases."

An independent assurance report conducted by Faldrax in which it confirms:

Full and transparent access to insight including unrestricted access to all files and documents that we requested" and "Anglian Water's engagement strategy has complied with Ofwat's criteria for high quality research

The Jacobs report is available as ANH60 and Faldrax Consulting ANH56.

ICS Consulting also undertook a peer review of the shadow survey we undertook on the Affordability and Acceptability research. (ANH57).

These external independent sources of evidence to review clearly demonstrate the engagement activity design, development and delivery has been:

- comprehensive across a variety of topics and levels
- inclusive of all geographies
- ethically designed
- effectively triangulated and synthesised
- meaningful, with a clear purpose, of high quality and easily understandable to participants.
- iterative, and flexible to uncertain futures
- is innovative and continuous building on good practice

11. Appendix

11.1 The Knowledge Hub

The Knowledge Group will be a subset of the main Love Every Drop community, but will be kept separate from the main set of questions so that the process of informing them about AW objectives, challenges and strategies is done so in a controlled environment.

11.1.1 Purpose

- targeted research engagement solution that will meet the regulatory requirement for a high quality and transparent channel that allows us to:
- Inform, and engage with, a more ‘expert’ group of consumers on a regular basis during the July 2022 - July 2023 Business Planning period
- Track, evaluate and evidence the informing process and to monitor its impact on customer understanding and opinion
- Include a customer sample that includes a representative mix of Anglian Water customers
- Share specific business plans, strategies and challenges to capture feedback from customers
- Use the insight from the expert customer panel to inform business decision making, to assess and develop its ongoing customer engagement plan, and to refine and optimise materials that will be shared with other customer engagement channels (such as with the core Anglian Water Love Every Drop Community group).

The participants

The Knowledge Group comprise a fresh cohort of Anglian Water customers who have not been exposed to previous community research. This group were recruited on the basis that they are open to taking part in activities throughout the year, in which they will have a chance to firstly learn, before progressing to providing informed opinions and lead on customer directed strategy.

Recruitment Process

The recruitment was done via our Through the Plughole newsletter and paid social media post. We sent out a mailer to a percentage of customers on their database with a universal link to sign up to the Knowledge Hub segment on the platform. Customers would then need to complete the community screener and if they qualify they will be a member. Once a member, they are faced with a welcome task which outlines the plan for activities.

Facebook advert

> *Join our customer community to help shape future plans for our region’s water*
>
> *Have a say and help shape future plans by joining our Future of Water Knowledge Hub and be in with a chance of winning a monthly prize draw. You will be able to take part in monthly activities, have your voice heard and find out how we’re planning for the next generation and beyond.*
>
> *We want to ensure our plans to tackle big issues around climate change and population growth are based on what matters most to you, our customers. Your views on topics like the environment and communities are vital.*

The selection core selection criteria was for Anglian Water Customers - bill payers or are aware of who the bill payer in their household is

11.1.2 Participation

When a new activity (focus group) is available an email is sent round to the customers to register their interest in taking part. We would then select 4/5 individuals to take part in the focus group.

11.1.3 Sample refreshes/removal of accounts

Due to the community only being active for 1 year (August 22 - August 23), there were no sample refreshes or removals of inactive accounts

11.2 Online Community Love Every Drop

Our online community is well established since PR19 and is used to explore a whole range of topics

- WRMP
- PR24
- Sustainability and environmental attitudes
- Ad testing
- Customer satisfaction
- Website usability

It usually has up to 4 tasks per month which comprises of 3 research tasks and 1 engagement to give a good variety of research design.

Engagement

In a standard weekly task such as a survey or discussion, we are seeing c.200 customers taking part, providing in-depth and considered feedback to the questions asked.

Incentives

Currently 80 x winners per activity, with the chance to win £5 up to 3 times per month to encourage participation.

Engagement weeks

Running one incentive-free week a month in which we ask customers to take part in a task 'for fun' remains an effective way for us to build warmth with our participants and boost the sense of community that they enjoy so much.

Facebook advert

We'd love to hear from you!

We're looking for customers to join our private Love Every Drop online community to help us learn more about how we can improve what we do and how we should tackle new challenges with our customers in mind.

To say thanks for taking part, for each weekly task that you complete, we'll enter you into regular prize draws for gift vouchers throughout each month.

You'll get a chance to take part in exciting and interactive discussions and activities where we'll ask for your feedback on key topics. This isn't a focus group or a survey. You'll sign up to our online platform and take part in weekly discussions and tasks with fellow customers. This won't take long, only around 15 minutes of your time!

We'll treat you as part of our team, sharing our objectives and problems with you, and providing regular, exclusive, updates on the impact your feedback is having.

Table 2

Total sample	500 active members, comprising: ~n=100 tagged as Long term members Have been on the community since 2018 (Earmarked for PR24 monthly tasks) This group are our Informed members ~n=400 comprising Mid term / New members New member number TBD based on drop out rate determined during rescreen of current members N.B. Should Anglian Water ever wish to speak to a completely fresh/uninformed group for a particular task or topic, we are able to carry out an ad hoc recruit to meet this requirement for an additional cost.
Core criteria	Anglian Water Customers - bill payers or are aware of who the bill payer in their household is
Quotes	
Q6. Age	Age ranges (18+) shared by Brand and Marketing team: 18-34: 25% 35-54: 33% 55-74: 30% 75+: 11%
Q5. Genda	F: 51% M: 49%
Q.10 Location	Cambridgeshire: 8.8% Lincolnshire: 11.2% Norfolk: 9.3% Suffolk: 7.8% Essex: 19.0% Bedfordshire: 7.0% Buckinghamshire: 8.4% Northamptonshire: 7.7% Nottinghamshire: 8.5% Rutland: 0.4% Leicestershire: 10.9%

	Hartlepool: 1.0%
Q7. SEG	AB:22% C1:30% C2:24% DE:24%
Vulnerability	Vulnerable: 10% Non- vulnerable: 90% Qualifier for vulnerability: A customer is classed as vulnerable if they have answered yes to at least 2 of the following: Q9. Household income under 18,000k4 Q8. Unemployed, full-time carer, retired, casual work Q26. Struggles to pays bills at least some of the time Q6. Aged 75 or over Q28. Registered/eligible for Priority Services Register Q14. Children in household under 5 years Q27. Household level disability status

love every drop
anglianwater

THE QUEEN'S AWARDS FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT 2020

Anglian Water Services Limited
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6XU

anglianwater.co.uk