



Long Term Delivery Strategy

Qualitative Research:
Intergeneration Family Groups

Accent

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Research Background, Sample and Methodology

Background and objectives

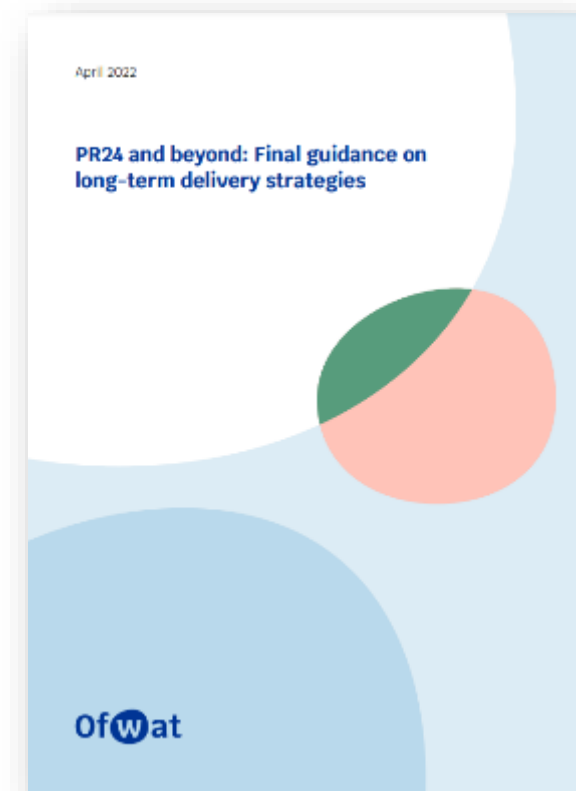
Water companies have been developing their long term delivery strategies which will be submitted alongside their PR24 business plans at the beginning of October 2023. Ofwat's requirement in final LTDS guidance: 'We expect to see evidence that customers consider the forecast bill impacts of the strategy to be acceptable.'

Anglian Water has undertaken customer research to help shape their long term delivery strategy (LTDS)

This round of research was commissioned to understand customers' views on the forecast bill impacts of Anglian Water's LTDS

The research also explored customers' thoughts on:

- Anglian Water's LTDS ambition and strategy
- How perspectives might differ across the generations



Research took place in September 2023

Methodology

Overview

- **3 generations** (same families) debate LTDS
- Exploration of motivations and priorities among different generations
- Some participants more retrospective/draw on past experience, others more future focused
- Differences debated and the familial connection facilitated an **appreciation of the views of others**

Format

- **6 sessions** of 3 to 5 people covering 3 generations: future customer(s), bill payer parent(s) and bill payer grandparent(s)
- **Mix rural/urban** and **social grades**. All dual service customers
- **Pre-reading task completed by all**
- **Moderator** led sessions, with **observational and behavioural tasks** based on stimulation material
- Groups recruited by a third-party agency and each family provided with a thank you incentive

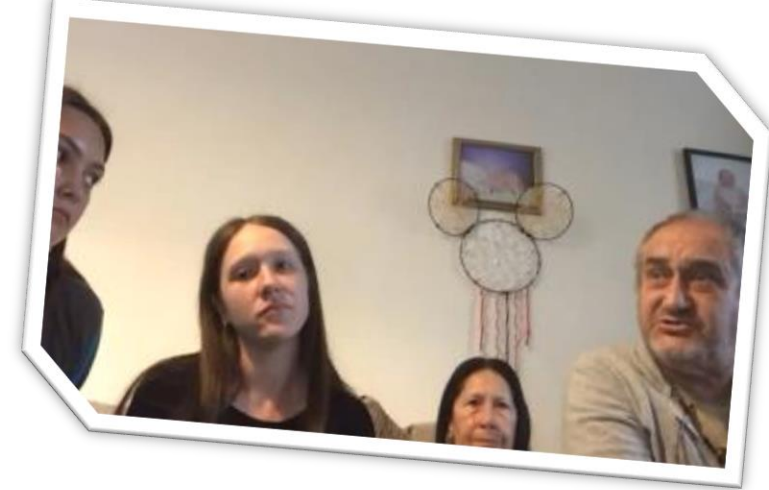


Sample: Summary of families

Family	About
Family 1	Five family members participated: granny, mum, daughter (20) and son (16). Granny works as an insurance broker and mum in HR at the university. Daughter at university, son in lower 6 th form
Family 2	Five family members participated: granny, grandpa, mum, dad and son (16). Grandpa retired, granny is a part time nurse, mum is a head gardener and dad is software engineer. Son in year 11
Family 3	Four family members participated: granny, mum, dad and daughter (17). Granny works in a care home, mum restaurant manager and dad as a mental health ambulance worker. Daughter is studying performing arts
Family 4	Four family members participated: granny, grandad, mum and daughter (20). Grandparents both retired, mum runs a care home and daughter works in retail
Family 5	Four family members participated: granny, mum, dad and son (15). Granny recently retired from the NHS, mum is a nail technician and dad a taxi driver. Son is year 11
Family 6	Four family members participated: Granny, mum, daughter (20) and son (16). Granny is retired and mum works at a special needs school. Daughter is at university and son in Yr11 studying for GCSEs



Meet the 'Jones' family



Family demographics

- Grandparents live in a 3-bedroom house with a garden in Thetford
- Mum and one daughter live around the corner, also in a 3-bedroom house with a garden

Occupations and Finances

- Grandparents:** Both are retired; Granny engages in childcare and housework, and Grandpa focuses on photography, painting, and poetry. Financially secure but feeling a financial pinch due to rising costs
- Mum:** Single parent and a business owner in the care industry, with a focus on growing her business in the short term and purchasing her own house in the long term
- Daughter:** Employed full-time at Poundland, saving to move out within two years and to own a house in the next 10 years

Goals and Interests

- Grandparents:** Staying healthy and an upcoming trip to Somerset
- Mum:** Business growth, home ownership, and finding a partner
- Daughter:** Home ownership, socialising with friends, and future family planning

Concerns

- Grandparents:** Grandpa is worried about geopolitical warfare, while Granny is concerned about environmental degradation
- Mum:** Concerned about the general state of the world and what it holds for younger generations
- Daughter:** Most worried about the cost-of-living crisis and prospects for future home ownership

Observations on Finances and Utility Bills

- Grandparents:** Noticing utility bills increasing, except for Anglian Water. Looking to cut costs where possible
- Mum:** Finds it harder to save for holidays due to rising rent and operational costs, including gym memberships. Notes that Anglian Water bills remain consistent
- Daughter:** Observes regular price increases at her workplace, even as a low-cost budget store. Also notes rising gym membership costs.

Meet the 'Smith' family



Family demographics

- Two households in Suffolk, both 4-bedroom houses with gardens
- Parents live with son (16) and daughter (13 who did not participate in the interview)
- Grandparents in same village (very large garden with a fish pond)
- Both households own two cats

Occupations and Finances

- **Grandparents:** Part-time nurse (Granny), retired engineer (Grandpa). Financially secure but noticing price increases
- **Parents:** Head gardener on a private estate (Mum), software engineer (Dad). Financially secure but concerned about rising food costs. Mum does a lot of shopping around (groceries, insurance, mobile, etc) as it's the smart thing to do
- **Son:** aspiring for national U18 basketball, doesn't get pocket money but started bottle collection business last year (wheelbarrow around the village collecting glass bottles and taking to the bottle bank – villagers pay for the service)

Goals and Interests

- **Parents:** Son's exams, Dad's promotion, moving house to one with more space
- **Son:** GCSEs, basketball, environment
- **All:** Weekly park runs

Concerns

- **Grandparents:** Geopolitical tensions, climate change
- **Parents:** Rising cost of groceries
- **Son:** Climate change

Observations on utility bills and utilities

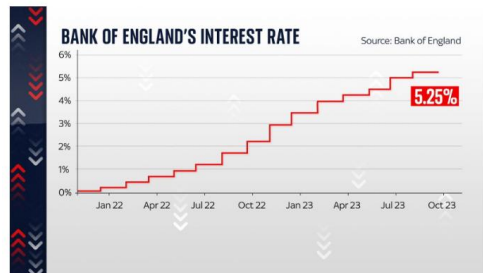
- **Parents:** Have invested in solar panels to lower utility bills and seeing the benefit. About to switch to an electric car

"I have a bit of a disjointed view on it mostly because I make quite a lot of money anyway so it doesn't really affect me. But yes, if you talk to Sue, she'll tell you I want to curse whenever I'm in Tesco's because the prices are just crazy on the food side. I honestly don't understand how people can do it but the food is ridiculous. It doesn't really matter too much to me but it kind of irritates me that it costs that much"

September 2023 context: ongoing economic uncertainty, extreme local/global weather patterns, negative industry spotlight

Economic uncertainty

Reaction to Bank of England decision - latest updates



What is the UK inflation rate and why is it so high?

Top Stories

- Pain and frustration at local regional decision makers, inquiry finds
- UK's RBC: economic war Russell Brand confronts from 'Player and Scandal'
- UK's India: experts' Canadian alignment as UK's number one resolution

Features

- Russell Brand gives a warning

UK grocery price inflation slows but shoppers worried by soaring bills



UK grocery price inflation slows but shoppers worried by soaring bills

Weather patterns



Weather: UK sees new September heat record - but thunderstorms are on the way

The UK experienced the hottest day of the year so far on Thursday, when temperatures in Wisley, Surrey, soared to 32.6C (90.7F).

Industry



Mounting debts and public anger could finally sink water companies in England and Wales

Sandra Laville

Firms have loaded up debt to pay dividends and been fined millions for dumping raw sewage into rivers



Failures of regulators, water companies and Government leaving public and environment in the mire



Contingency plans being drawn up for Thames Water collapse

- UK government and Ofwat building blueprints amid fears firms cannot survive because of huge debt pile
- Water firms push for bills in England to rise by up to 40%, say experts
- Environment live - latest updates



Research designed and conducted in line with Ofwat's expectations

Policy paper: February 2022



Useful and contextualised

Homework exercises designed to give participants an opportunity to learn about:

- The water sector
- Anglian Water

Two hour sessions allowed participants the time and space to consider the context of the LTDS (including challenges faced) and key elements of Anglian Water's plans/ambition

Information on forecast economic growth and historical wage growth were given to help participants contextualise the forecast bill impact.



Neutrally designed & Fit for purpose

Materials were designed to ensure participants were provided with details of the investment areas in an unbiased way. Materials were soft tested with an uninformed audience to test for any potential bias and inaccessible language



Inclusive

This was a small qualitative study and, by definition, was not designed to be inclusive of all customer audiences

The core objective for this research was to understand different generations' response to the proposed long term bill impact

Customers included:

- HH current bill payers
- HH future bill payers



Ethical

Research was conducted according to the Market Research Society's Code of Conduct
Accent is a Market Research Society Company Partner and is ISO20252 accredited



Context and Baseline Perceptions

Slide pack was sent to all participants as a pre-read to familiarise themselves with the water sector and Anglian Water

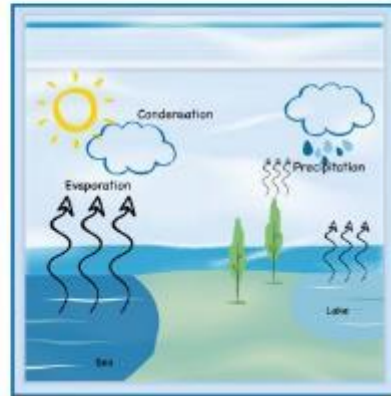
The water cycle

The water cycle is an endless process connecting all water on Earth

Water is not created or destroyed in nature; it merely transforms into different states. There is the same amount of water now as there was when the Earth was formed.

Nearly 97% of the world's water is salty or otherwise undrinkable. Another 2% is locked in ice caps and glaciers. That leaves just 1% for all our agricultural, residential, manufacturing, community, and personal needs.

Climatic changes translate to changes in the water cycle, and the chemicals we all use can contaminate water sources.



The water sector

Rainwater, drinking water, and sewerage are all connected



In the UK it often feels like we have lots of water (and rain!)



But lots of work goes into ensuring everyone has access to safe, clean drinking water



Water and wastewater treatment is key step that supports environmental and public health



Supporting customers

Range of tariffs	Temporary instalment plans	Payment breaks	Back on track schemes	Assistance fund
LITE	WaterSure	<p>£135 million of direct support provided this year with plans to go further in the future.</p>		
Extra LITE	AquaCare Plus			

The Anglian Water Extra Care team help customers who may struggle to pay their bills. In 2023 we aim to have over 390,000 directly billed customers access support they're eligible for. The team also sign-post customer additional state benefits and Third Sector organisations that may be able to assist them.

About Anglian Water

<p>We are geographically the largest water and sewerage company in England and Wales</p> <p>Breadbasket of England - highly agricultural area</p> <p>Serving 7 million customers across the East of England and Hants/Dorset</p>	<p>We operate and maintain 38,006km of water mains. Laid end to end, this is further than a trip to Sydney and back!</p> <p>And we operate and maintain 76,355km of sewers</p> <p>Laid end to end this is almost twice around the earth's circumference</p>	<p>88% have a meter fitted</p> <p>A household with a meter saves an average over £100 a year on their bill and uses up to 15% less water than non-metered houses</p> <p>We pump less water into supply every day now than we did in 1989, despite supplying 26% more properties</p>
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Since privatisation in 1989, Anglian Water has invested **£20.6 billion** improving services in our region.

Family groups tease out different day to day concerns but highlight broad agreement that the main long term concerns focus on the burden on future customers

Younger Generation



- Living in the moment and generally positive about their futures
- Short term concerns focused on studying, working, saving
- Aware of future financial burden faced by their generation (increasingly difficult / impossible to get on the housing ladder, the financial hangover from the pandemic and war in Ukraine, etc)
- Many are environmentally conscious and concerned about the global crisis driven by climate change
- Often living in the moment (aware of the imperative to protect the environment but some displaying non eco behaviours – long showers, bottled water, fast fashion, etc)

“Mainly just our climate and what’s going to happen to it for the next 20 years or so, just because now I am 16 but I haven’t had much to do with what’s going on with the world but that will be down to me eventually”

Middle Generation



- Many feeling day to day financial pressure; although not all
- Those who are finding things comfortable are still changing behaviours as ‘it’s the smart thing to do’
- Others are extremely concerned about what the short term holds (against the background of recent events)
- However, very little appetite to delay investment or bill increases
- Worried about political and economic stability; less concerned about the environment (although this isn’t unimportant). Environmental focus tends to be local (river pollution, local biodiversity, etc)

“Things are tough right now but I’m hoping that won’t last forever. I know we’re lucky we lived through some good times. We have a house that we own, or will do when the mortgage is paid off! But I can’t see that happening for Will”

Older Generation



- Most are settled and enjoying (semi) retirement
- Feel that recent financial instability is settling and can forecast income against outgoings
- However, Recent events (CV-19, war, economic uncertainty) have led to this generally comfortable generation to become anxious for future generations
- Overriding concerns relate to the world being left to their grandchildren (and their generation) and want to see urgent action on service stability and environmental improvements

“Covid. You worry what will be the next thing. The world is becoming be much scarier. Air is being polluted and the water is polluted. When my grandchildren are older I want it to be a safe place”

Baseline perceptions

- Participants found the pre-task material both **interesting and informative**. The facts about the limited availability of usable water and the existence of social tariffs were notable revelations
- Across generations, baseline perceptions were **generally positive**, particularly concerning the **reliable supply of safe and clean drinking water**. However, the quality of water emerged as a point of concern, driving some to opt for bottled water as a preferred choice
- **Value for Money (VFM)** showed varying perceptions but was generally considered **acceptable**, especially when compared to other rising utility costs. However, there was an acknowledgment that the lack of alternative options makes it challenging to evaluate VFM definitively
- **Younger participants**, although satisfied with the service, found it **difficult to provide in-depth feedback**, often basing their positive perceptions on hygiene factors like clean and safe water supply
- Some **surprise** was expressed regarding **Anglian Water's initiatives in areas** like solar panel installation. A segment of participants suggested that Anglian Water should focus more on core ecological issues, such as river health.

"I drink bottled water mostly. [tap water] could be cleaner... my friends don't drink tap water anymore because it doesn't taste clean"

Future

"It's not too bad compared with other utility bills. We don't watch what we are using in terms of usage etc. we don't have a garden anymore. We haven't made any other cutbacks with water. I value the water I would never want to cut back I'd sooner pay more"

Middle generation

"It's hard to compare because you can't shop around"

Older generation



Ambition and Strategy

Anglian Water's LTDS was widely welcomed although against the backdrop of concerns all generations wanted to see faster delivery of at least some areas

- All generations were **generally impressed** with the Long-Term Delivery Strategy (LTDS), particularly its focus on addressing **leakages and adapting infrastructure for future housing needs**. There was a unanimous call for including water quality as a focal area
- **Younger participants** appreciated the forward-looking aspects of the LTDS, emphasizing the importance of **dealing with challenges that will have long-term impacts**. **Older generations** were similarly concerned but highlighted specific **environmental initiatives**, such as sustainable agriculture in wetlands
- The concept of **cross-collaboration was universally acknowledged** as necessary, especially for tackling issues like drought resilience and environmental conservation. Multiple generations noted the importance of including desalination in future plans to secure water supply
- While there was **agreement on the need for a long-term view**, there was also a shared sentiment across generations that these ambitions should be realised more urgently. This included a call for accelerated timelines even if it means making sacrifices elsewhere
- The opinion that challenges should be addressed through a **shared effort** was common across all generations. There was a strong sentiment for the central government to lead this effort, with utility companies and other corporations working in tandem
- Charges and affordability were deemed important across the board, but this was especially highlighted by younger generations. All generations emphasised that working to **improve ecological quality was not just important but essential**.

It's great that they are going to pre-empt stuff breaking, but they should be doing this already... they should know the lifespan of their infrastructure and replace it before it breaks

Preparing the company for climate change feels important. I don't like the flooding everywhere

I often hear about leakages. It is good that they are trying to do the right thing

It would be good to have the infrastructure to cater for heavy rain

Why is it 2050? Could it not be sooner? Feels like it should be more urgent. In 30 years' time, everything will be different.

Families discussed five areas of the LTDS

Affordable services

Ensure charges are affordable and fair

What does this mean?

Anglian Water already provides industry leading track record of supporting customers in vulnerable circumstances. The company has committed to extend this support from 2025.

- End water poverty by 2030 by doubling the financial support available to eligible customers.
- The company owners will fund a new Medical Needs Discount starting in 2025.

Balancing ambition and cost

"We do not believe our ambition should be achieved at any cost, ensuring bills are affordable, and the most vulnerable are protected, is just as important as our other ambitions."

We will need to make sure we continue to work with others, and find new ways of doing things to achieve our objectives in an affordable manner."



New approaches

The way we do things now, is not the way we will do them in the future. The company has thought carefully about what will be possible in the future, using new approaches. It has also thought about what needs to happen now to drive the transformation change required.

Embedding new and emerging technologies

Anglian Water will use a data driven solution to drive a change in efficiency and performance. Instead of using assets when they break, the company will take on the new things going on, to stop them from existing in the first place.

The company will also develop solutions that make it easier for people to make water and sewage services, like creating services for biodiversity.

Working together in the catchment

Improving the environment is a shared responsibility, and needs an approach that allows a mix of public, private and business.

Anglian Water has already adopted a partnership approach, working with other sectors to reduce flood risk, plan for water resources and reduce contamination of existing water sources.

Now the company needs to support a change in this approach, so many organisations can contribute financially to shared solutions.

Environmental prosperity

Work with others to achieve significant improvement in ecological quality across our catchments

What does this mean?

- Running the business never causes environmental harm.
 - Reduce serious pollution incidents to 0 by 2025
 - Reduce less serious pollution incidents by 87% by 2050
 - Reduce storm overflow spills by 90% by 2050
- The environment has enough water to meet its needs.
- River health is restored and biodiversity flourishes. The environment can better cope with climate change, drought and flooding.

Tried and tested solutions

Some tried and tested solutions will be needed, and the company is planning the following:

Safe, clean and reliable water

Managing demand for water

- Reducing leakage by 20%
- Installing smart meters across our region
- Supporting households and commercial customers to use less water

Increasing stocks of water

- Building new pipes to move water from areas of surplus to where it's needed
- Building 2 new reservoirs

Protecting water quality

- Installing new treatment processes to remove new and emerging contaminants (such as 'forever chemicals')

Leading in innovation

- Reopening water mains more vulnerable to climate change (£2,000m in total)

Flourishing environment

Increasing the capacity of our sewer network

- Building new sewers and concrete tanks
- Using smart sewers that share network capacity more efficiently and stop flooding into the sewer system

Expanding our water recycling centres to treat more wastewater

Upgrading our treatment processes to remove more nutrients from wastewater before it is returned to the environment. This will improve river health.

Reducing our carbon emissions

- Installing new treatment technology to reduce carbon emissions
- Further development of renewable energy generation (biogas)

Social prosperity

Make the East of England resilient to the risks of drought, flooding and extreme weather

What does this mean?

- Preparing the company for climate change, so services don't get worse in the future.
- Customers never experience severe restrictions during a drought.
- Customers never experience sewer flooding.

Enable sustainable economic and housing growth in one of the UK's fastest growing regions

What does this mean?

- Upgrading infrastructure to support 500,000 new homes being built in the region.
- Working with government, developers and others to ensure development is sustainable, and doesn't damage the environment.

Be a carbon neutral business by 2050

What does this mean?

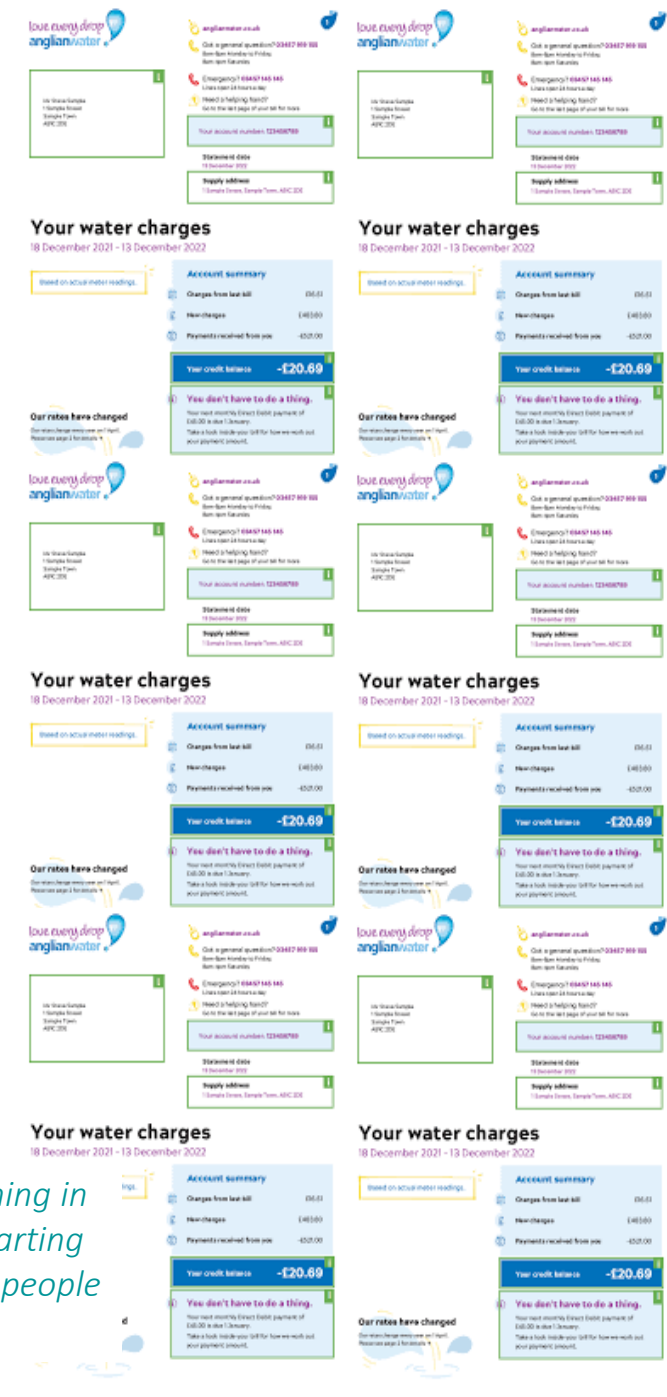
- Net Zero operational emissions by 2030 (day to day running of the business is carbon neutral. This does not include emissions from construction.)
- Fully carbon neutral by 2050 (includes all sources of emissions).
- Sewage sludge becomes an important source of valuable resources (like phosphorus).

Affordable Services

- Viewed as important by bill payers who often shoulder the financial responsibility
- Feels like a ‘now’ problem that needs to be addressed in the short term
- The emphasis on affordability is notable due to current financial hardships faced by many
- However, those who are currently comfortable do not recognise water as a bill one that is problematic, but do appreciate that others might be struggling and will need support
- Ending water poverty by 2030 considered to be very ambitious and positively viewed
- Medical needs discount an excellent initiative but they emphasise that it must be funded by company owners and not consumers who already have increasing
- Customers want to see more communication from Anglian Water to raise awareness of the financial support services they provide
- There is some recognition that there is a need to ensure affordable services against all other challenges (ie: customers are going to have to pay for the investment to address the challenges and therefore Anglian Water has a duty to ensure bill increases are kept
- Future customers across families generally found this less relevant, considering other areas like environmental issues more pressing

This feels irrelevant as water is affordable for me. My water is cheap. If people can't afford water bills, then these people can't afford gas and electric so this really isn't about unaffordable water

“Why are they only starting in 2025? What's happening in the next 2 years that they need to wait for that? Starting earlier will help people sooner and there will be less people in a bad situation.”



Environmental Prosperity

- Majority support this area; seeing the impacts of climate change (globally on the news/locally in their day to day experiences – flooding and drought)
- Minority of middle/older generations view environmental impact of climate change to be more of a long-term issue so Anglian Water can focus on other areas first
- River health considered to be a major area of concern for all; many have seen the impact of river pollution in their local environmental spaces
- Strongly question ‘serious’ pollution incidents vs ‘less serious’ and think this reduces credibility of ambition. All pollution incidents should be considered serious and it should be one overall figure
- Some uncertainty on what net zero actually means, and note that many companies claim this as an ambition but don’t appear to be doing anything to achieve it
- Biodiversity is an urgent point – older generation note importance of looking after the environment for future generations
- Using sewage sludge as a resource thought to be a great idea and customers are keen to see how Anglian Water are re-using resources and reducing waste

It’s important to ensure that sewage can be treated and then used by farmers as fertiliser instead of it going to the river

“

Again why is it 2050, could it not be sooner? Feels like it should be more urgent. In 30 years’ time everything will be different. Might need to be carbon neutral in 10 years.

”



Social Prosperity

- Addressing flooding particularly important given recent experience in many areas
- Upgrading infrastructure to support new homes seems sensible and can customers can see Anglian Water's role in this. However, this is not something Anglian Water should be doing in isolation; customers want to see developers and government leading
- Want Anglian Water to be developing with new initiatives to help consumers become more self-sufficient, such as providing equipment to collect/store/reuse water. This will help to avoid drought restrictions
- It is vital that Anglian Water educate customers further on what can/can't go down drains and also bring in consequences for people who go against this
- Preparing for climate change is reassuring

"It would ensure that we have a safe clean supply. They also need to have plans in place for wastewater removal before development happens. AW need to be consulting with developers before houses go up. They all need to be on the same page"

“Preparing the company for climate change feels important. I don't like the flooding every where. Its gets so hard for everyone when driving when people are trying to get to work or I am going to pick my kids everyone is rushing.”



Tried and Tested Solutions

- Older generations find it easier to relate to this area, possibly due to their familiarity with existing technologies and solutions
- Some noted this area provides more specific/tangible focal points compared with others
- Safe, clean and reliable water is a basic necessity and what they assume to be their water company's most vital focus
- Aim of reducing leakages by 38% is not seen to be ambitious enough
- Installing smart meters viewed as a very good idea, will help consumers understand their water consumption and how they can save water (and money)
- Support for building pipes to move water from areas of surplus to areas of need, important to come up with new ways to maximise existing resources to supply all homes

“

With new houses going up they will be needing to build reservoirs and have new pipe work.

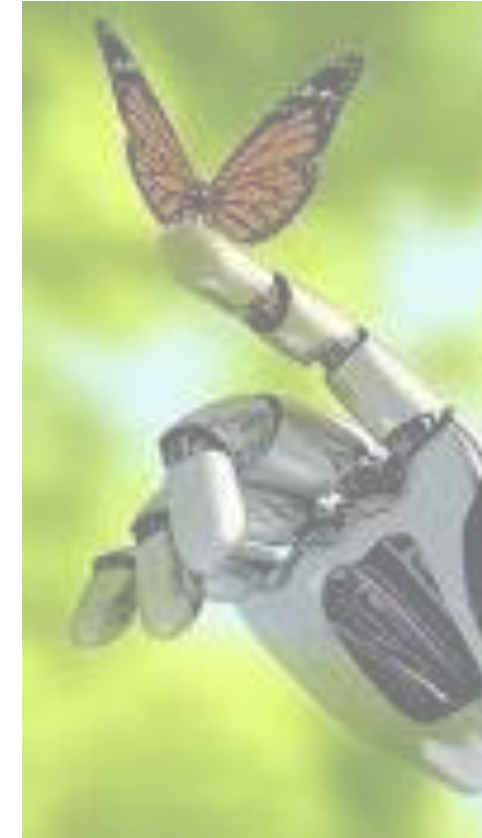
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“All aspects of this feel really important. All of these things are necessary to sustain life. We can't be without water it is a very valuable asset to us all we need to protect it and nurture this. With water there is no alternative.”



New Approaches

- Younger generations, in general, expect their water company to be innovative and forward-thinking
- They advocate for preemptive measures, changing outdated practices, and keeping pace with evolving challenges
- It's important to embrace change and new technology
- Agree that is very important for Anglian Water to focus on preventing things going wrong – prevention is more economical than repair
- Working together is vital, as if big corporations all work collaboratively, they can hopefully make a significant difference
- Some want to see Anglian Water embracing new approaches/technology when it comes to increasing water supply – ie: desalination
- Minority found this area more difficult to comprehend as felt somewhat vague. However, they also agreed that stopping problems before they become an emergency is vital.



“They need to change how they are doing things. Need to change to stay abreast with the times. Taking action before things go wrong.”

“

We’ve already talked about this and the importance of working with others. They can’t do it on their own.

”

Least & most important aspects of LTDS

Note: all areas are important, this exercise forced customers to make choices

Future customers

- **Most Important:** New Approaches and Affordability
- **Least Important:** Social Prosperity and Environmental Prosperity
- Notably, future customers are more inclined towards innovation and cost-effective solutions.

Bill payers: middle generation

- **Most Important:** Affordability and a mix of New Approaches or Tried & Tested Solutions
- **Least Important:** Environmental Prosperity and Social Prosperity
- Parents prioritise cost-effectiveness and are divided on whether to lean on new technologies or stick with what already works

Bill payers: older generation

- **Most Important:** Affordability and Tried & Tested Solutions
- **Least Important:** New Approaches and Environmental Prosperity
- Grandparents mainly lean towards what is reliable and affordable, showing less interest in newer methods or environmental concerns

“This is a hard choice. By putting something at the bottom doesn't mean I find it unimportant, it's just that I don't think it's quite as important as some of the others.”

“

If I have to say then I'd put Environmental and Social Prosperity at the bottom but that's because the others are things that a water company must do as an absolute imperative to do their job. That doesn't mean the environment isn't important though, of course it is.

”

Environment, it's been left too late and I think we're all doomed anyway.



Response to LTDS Areas

Materials presented to help families contextualise long term bill impact

Forecast bills



Anglian Water has worked to minimise the investment required to deliver their ambition by:

- Running the business efficiently
- Finding new efficient ways of doing things, like using new technology
- Working in partnership with other organisations, so shared solutions are paid for by many organisations

But the future challenge is significant: The company cannot deliver their strategy without increasing bills

We would like to discuss what those increases might look like

The economy and incomes over the next 25 years

It is not possible to predict the future but there are some indicators that might help.

UK economy by 2050

The UK was the sixth largest economy in the world in 2021 and is projected to remain in that position out to 2050.

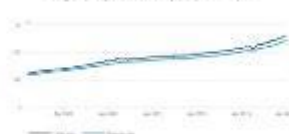
As the rest of the world grows richer, the UK's relative economic weight will tend to fall – the UK's share of global GDP is projected to fall from 3.3% in 2021 to around 2.7% by 2050.

To help understand what might happen to wages it's useful to look at the historical context.

Wage Growth in the United Kingdom averaged 3.28 percent from 2001 until 2023, peaking at an all time high of 9.20 percent in June of 2021 and a record low of -7.70 percent in March of 2020.

Currently the average UK salary is £32,000 per year before tax. By 2050, this would increase to £76,888.

Figure 1: Average monthly wage for total private sector and the 'regular' population (P50) in Q3 2023, all values in real terms (prices from 2015) for the whole of the UK. Source: ONS, 2023.



Source: ONS, 2023. All values in real terms (prices from 2015).

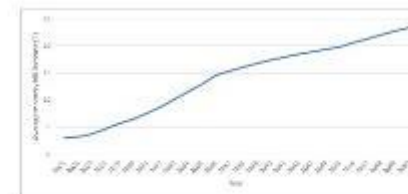


What will Anglian Water's strategy cost?

From 1 April 2023 Anglian Water customers, on average, pay £493 per year (£1.35 per day, or £41 per month) for all water and sewerage services.

The company's strategy will increase bills. The expected increases are shown in the chart.

Over the same period the average UK salary will increase at a rate of 3.3% from £32,000 to £76,888 (before tax) by 2050.



Bills may also increase for other reasons, and these are not shown in the chart.

- Inflation causes bills to increase. The Bank of England aims to keep inflation at 2%, but it has recently been much higher than this.
- As the company builds more things, the cost of running the business may also increase. This is because there are more assets to maintain. This also affects bills.

Concept of phasing

Despite the current cost of living crisis, majority across the different generations would rather see bill increases sooner – driven largely by a sense of intergenerational fairness and the need to address investment areas promptly



Majority **SUPPORT** a bill increase for current bill payers starting sooner

Rational arguments for short-term investment

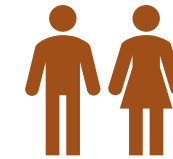
- Irresponsible to wait
- Fears over bill shocks in the future
- Prefer a smoother bill increase
- Challenges need to be addressed now
- Overdue, essential, urgent

Emotional arguments for short-term investment

- My children
- My grandchildren
- The next generation already have issues
- Social responsibility

“What’s already there were paid for by people that lived before me. I have a social responsibility to invest in the network for future generations”

“It makes more sense to start it now. Why wait 27 years. They could drip feed it in now. It would be less noticeable rather than a big increases in the future



Minority **OPPOSE** a bill increase for current bill payers starting sooner

Arguments for delaying bill increases

- Current cost of living crisis
- Impossible to afford bill rises
- Concerns about other people who will not be able to manage
- Any increases should come out of water company profits
- Wait and see how challenges (and potential solutions) evolve

“People who are already struggling that will push people over the edge”

The presented impact on bills was acceptable to the majority across the generations

5. Highly acceptable



Majority SUPPORT
presented bill impact

4. Acceptable

3. Neutral



2. Fairly acceptable

1. Unacceptable



Support driven by:

- Need to start investing now and gradual increase was seen to be in line with that need
- Water bills have been kept low but there's a need to pay for the next generation of service improvements
- Water bills are affordable and these increases seem fair and affordable to all generations
- Other bills have risen very sharply with no associated service/product improvements

2 participants across the research sample were neutral:

- Future customers who couldn't predict what it would be like to be earning/paying bills and therefore unsure as to whether this would be affordable to them (or to their parents who are currently paying)
- Concept of bill shape supported, absolute figures were problematic

Opposition from a small minority (4 participants) driven by:

- Belief that improvements should come from water company profits
- Sense that all other bills will continue to rise making all bills unaffordable
- Current economic situation making budget forecasting difficult (uncertainty about what will happen re: inflation and interest rates)

The presented impact on bills was acceptable to the majority across the generations

"It's not too bad compared with other utility bills. We don't watch what we are using in terms of usage etc. we don't have a garden anymore. We haven't made any other cutbacks with water. I value the water I would never want to cut back I'd sooner pay more"

"Why would Anglian Water not be putting their prices up when everyone else is? AW has kept bills reasonable so far"

"I give it a 5, increase is gradual and I think it won't be noticed and it slowly builds up over the course of the years. I was expecting it to be more than that. Gas and electric have gone up way more"

"It's similar to the raise in wage bill. Assuming that the wage bill increases as predicted then it won't be any different to what it is now. Someone has to pay for it. Wages are the most realistic things to base it on"

"It's not too bad compared with other utility bills. We don't watch what we are using in terms of usage etc. we don't have a garden anymore. We haven't made any other cutbacks with water. I value the water I would never want to cut back I'd sooner pay more"

"3 – I am going to get more increases in the future. It's good because it will happen. But when I'm not currently paying it I can't say how much it will affect me because I'm not paying"

"Despite wages increasing, rising expenses elsewhere make this seem unaffordable. I want government and companies to be working together and discussing prices, so they don't all rise individually at an alarming rate"

"All depends on how the economy will stabilise etc. Wages will be doubling but what will happen with the other bills? For AW that is fair but it's difficult to say for all other bills"



Summary

Summary

- Family groups tease out different short term concerns but highlight broad agreement that the main long term concerns focus on the burden on future customers (financial and environmental)
- Middle generation also focussed on cost of living/rising costs and uncertainty surrounding what will happen to the economic climate over the next few years
- Across generations, baseline perceptions were generally positive, particularly concerning the reliable supply of safe and clean drinking water
- Anglian Water's LTDS was widely welcomed although against the backdrop of concerns all generations wanted to see faster delivery of at least some areas
- Across families and generations, there is a universal recognition of the need for both immediate and long-term actions by Anglian Water
- Customers broadly support the five ambition areas explored although there is some call for more urgent action
- Despite the current cost of living crisis, majority across the different generations would rather see bill increases sooner – driven largely by a sense of intergenerational fairness and the need to address investment areas promptly
- The presented impact on bills was acceptable to the majority across the generations. The minority who found the presented impact unacceptable think this should be paid for by shareholders and/or that the current economic situation making budget forecasting difficult

Thank you

Accent



Full details of research design and methodology are available upon request.

Registered in London No. 2231083

Accent Marketing & Research Limited

Registered Address: 30 City Road, London, EC1Y 2AB

Accent conforms to the requirements of ISO 20252:2019



Appendices: Project Materials

Contents

1 Recruitment Questionnaires

2 Pre-reading Task

3 Topic Guide

4 Stimulus Deck

1. Recruitment questionnaire

RQ NUMBER (ON PARTICIPANT LIST): URR:

Interviewer name: Interviewer no: Date: Time:

Checked (SUPERVISOR ONLY – USE RED TO FILL IN)

Quality controlled by or RECRUIT RESERVE

Added to participant list/eg on by Are you sure? Y / N

If depth, was/was not informed by email on by Acknowledged by email? Y / N

Confirmation letter/email (SUPERVISOR ONLY – USE RED TO FILL IN)

Confirmation sent via by on by (initials)

IF CONFIRMATION SENT BY EMAIL, PHONE & CHECK IF RECEIVED A FEW MINUTES AFTER EMAIL SENT:

Has email been received? Call made on by (initials)

Confirmation call (SUPERVISOR ONLY – USE RED TO FILL IN)

IF 24 HRS NUM OF GROUPS/DEPTH – THEN UPDATE STATUS ON LIST OR LOG OF PARTICIPANTS FOR MODERATOR/DATE

Confirmation call made on (date and time): on by

PRE TASK STATUS (IF APPLICABLE): OUTCOME:

I hereby confirm that I have read again the date, time and all other venue details needed for the participant to attend the group, also part in the digital interview and ensured that they had all this information available and checked. Signed:

Contact details for Zoom Groups – INTERVIEWER SECTION

PARTICIPANT NAME	
ADDRESS (only if postal confirmation needed)	
LANDLINE TELEPHONE NUMBER	<input type="text"/> MOBILE <input type="text"/>
EMAIL ADDRESS (good basis and double check)	
Anything else? (tasks, learning to children, dietary requirements, etc.)	

RECRUIT RESERVE IF RESERVE, DON'T PUT THROUGH AS NOT CONFIRMED ON ACCESS – THINK WHY IN RESERVE BELOW PLEASE:

at time

IF RESERVE TO BE CALLED BACK BY A CERTAIN TIME, PLEASE SCHEDULE AS **DEFINITE APPOINTMENT** ON ACCESS

Quotas/group structure – INTERVIEWER SECTION

Family group number	Age	Group
Maximum 20-40	Min 2 members (10-15 years old & 16-19)	Min 2 members (16-20 years old & 21-30)
Min 2 members (16-20 years old & 21-30)	Min 2 members (10-15 years old & 16-19)	Min 2 members (16-20 years old & 21-30)
Min 2 members (10-15 years old & 16-19)	Min 2 members (16-20 years old & 21-30)	Min 2 members (10-15 years old & 16-19)
Min 2 members (16-20 years old & 21-30)	Min 2 members (10-15 years old & 16-19)	Min 2 members (16-20 years old & 21-30)
Date:	Min 2 members (10-15 years old & 16-19) September 2022	Min 2 members (16-20 years old & 21-30) September 2022

- Recruit minimum 3 and Maximum 5 for each event
- SES will recruit to the parents – 1 to middle income
- We need another 10 ages 14-15 to use III Report
- We need Parents (eg, for finding a partner household and grandparent)
- Will require all recruits to have access to the internet
- There will be a small amount of pre-reading

Introduction

Q1. Good morning/afternoon/evening. My name is and I am calling from Accent. Please could I speak to the person responsible, either solely or jointly, for paying your household's water bill?

- IF "NO" TRY AND PERSUADE ELSE THANK & CLOSE
- IF "CALL BACK" PLEASE RECORD DATE AND TIME OF APPOINTMENT ON ACCESS, THANK AND CLOSE
- IF "YES" PLEASE PROCEED TO SCREENING SECTION

WHEN SPEAKING TO APPROPRIATE CONTACT CONTINUE WITH SCREENING

Screening

Good morning/afternoon/evening. My name is from Accent and I am carrying out research for Anglian Water.

We're looking to recruit family groups to participate in a digital two-stage discussion lasting up to 90 minutes each at a convenient time along with some homework exercises.

We're particularly looking to speak to families with multiple generations that include grandparents, parents and young adults or older teenage children. Not everyone has to live in the same household but it should all be Anglian Water customers.

Accent, an independent research agency, We are a member of the Market Research Society, working to their Code of Conduct and is registered under the Data Protection Act. This means that anything you say will be combined with the responses of all other respondents and reported anonymously.

We're looking to interview the family together over Zoom. The interview will last for no longer than 2 hours. Each family member will receive £100 for participating.

If any under 16's (14-15) year olds participate then the parent will take responsibility of their consent.

Can I just ask you a couple of questions to check that you are all eligible to take part in this research?

INTCHECK1. INTERVIEWER: PLEASE CONFIRM YOU HAVE ADVISED THE PARTICIPANT OF:

MRS Code of Conduct
Calls being recorded.

INTCHECK2. INTERVIEWER: PLEASE CONFIRM YOU HAVE ASKED AND CHECKED THAT THE PARTICIPANT IS NOT TAKING THE INTERVIEW ON A MOBILE DEVICE AND/OR WHILE DRIVING OR OPERATING EQUIPMENT

Yes, it's safe for the participant to proceed
No, it isn't safe – we need to call back later GO TO APPT SCREEN

Q2. Any data collected over the course of this interview that could be used to identify you, such as your name, address, or other contact details, will be held securely and will not be shared with any third party unless you give permission (or unless we are legally required to do so). Our privacy statement is available at www.accent-mr.com/privacy/.

Do you agree to proceeding with the interview on this basis?

Yes
No THANK AND CLOSE

Q3. Do you or any of your close family work or have worked in the last 12 months/ year in the Water Industry or Market Research professions?

Yes THANK & CLOSE
No

Q4. Have you ever participated in a market research group discussion? IF YES, PROBE WHEN

Yes, in last 2 years
Yes, over 2 years ago GO TO Q7
No GO TO Q7

TWO THIRDS OF RECRUITS MUST HAVE NEVER BEEN TO A GROUP DISCUSSION BEFORE

Q5. How many groups have you been to in that period?

Over 2
2
Max 3 THANK & CLOSE

Q6. What was the subject matter of the group you attended? PROBE AND WRITE DOWN

IF WATER INDUSTRY THANK & CLOSE

Q7. What is the job title of the main income earner of your household? PARENT SEG REQUIRED ONLY.

- IF SELF-EMPLOYED: ASK IF MANUAL/NON-MANUAL, SKILLED/QUALIFIED OR NOT, NUMBER OF EMPLOYEES – THEN LOOK UP SELF EMPLOYED TABLE
- IF MANAGER/EXECUTIVE: ASK FOR INDUSTRY SECTOR, NUMBER OF EMPLOYEES IN COMPANY AND MANAGEMENT STATUS
- IF RANK/GRADE (CIVIL SERVANT, NURSING, MILITARY, NAVY, POLICE ETC.) RECORD RANK/GRADE SPECIFICALLY
- IF PENSIONERS: ASK IF STATE (GRADE "E") OR PRIVATE/OCCUPATIONAL PENSION (GRADE ON PREVIOUS OCCUPATION)
- IF UNEMPLOYED: IF MORE THAN 6 MONTHS AGO (GRADE "E"), IF LESS THAN 6 MONTHS AGO (GRADE ON PREVIOUS OCCUPATION)

CODE SEG

A
B
C
D
E

Not coded THANK & CLOSE

Additional targets (based on initial generation)

1 + A/B/C
3 + CODE

CHECK QUOTAS

Q8. Who supplies clean and waste water services to your home? This is the clean water that is delivered into your home (comes out of your taps and used in your toilets, washing machines, etc) and the wastewater (or sewerage) that is taken away from your home.

Anglia Water
Other THANK & CLOSE

Q9. What is the first half of your home postcode?

Q10. Including yourself, how many people in your immediate family group: Thinking parents/ grandparents and children

	Record number here
70 years and over old	
Between 70 and 80 years old	
Between 60 and 70 years old	
Between 50 and 60 years old	
Between 40 and 50 years old	

Q11. To which of these ethnic groups do you consider you belong to?

WHITE

1. Irish
2. Irish*
3. Any other White background

MIXED

4. White and Black Caribbean
5. White and Black African
6. White and Asian
7. Any other Mixed background

ASIAN OR ASIAN BRITISH

8. Indian
9. Pakistani
10. Bangladeshi
11. Any other Asian background

BLACK OR BLACK BRITISH

12. Caribbean
13. African
14. Any other Black background

CHINESE OR OTHER ETHNIC GROUP

15. Chinese
16. Any other ethnic group
17. Prefer not to say

Q12. I am going to ask you now about how much you pay your water company. Which of the following bands best describes the total annual bill of your household?

Over £500 per year (for water and sewerage) **HIGH USER**
Between £300 and £500 per year (for water and sewerage) **AVERAGE USER**
Less than £400 per year (for water and sewerage) **LOW USER**
Don't know/prefer not to say **ASK TO DISREGARD**
AIM FOR A MIX

Q13. What method do you typically use to pay your household water bill?

- Online by debit or credit card
- Direct debit
- Bank transfer
- Over the phone / automated phone line
- Cash or cheque by post
- Other – please specify

Q14. **INTERVIEWER TO Record number of:**

Adults who will take part: _____
Children AGED 14-17 who will take part: _____

GO TO INVITATION

Invitation: Goggle Box Filmed Group Discussion

Q15. Thank you for answering those questions. Would you be willing to participate? The session will be held in accordance with the Code of Conduct of the Market Research Society. We will hold the discussion online via Zoom. The session will last no longer than 2 hours. All participants will receive an incentive of £100 to thank them for their time.

We PROCEED TO PRE-READ AND/OR DATA COLLECTION AND SHARING CONSENT
NO THANK AND CLOSE

ASK ALL: PRE-TASK

TELL PARTICIPANT ABOUT PRE-READ: Before the group it would be helpful if you could read a small amount of material about Anglia Water. This shouldn't take more than 20 minutes.

ASK ALL: DATA COLLECTION AND SHARING CONSENT

Q16. DATA COLLECTION & SHARING CONSENT

The group will be audio recorded for analysis purposes and to ensure accuracy.

The group will be held in accordance with the Code of Conduct of the Market Research Society and any views you express during the discussion will be treated with complete confidence and will not be attributed to you personally.

In our reporting of the findings from this research everything that you say will be confidential and will be reported in grouped format only.

Please confirm that is OK

Yes **CONTINUE WITH DETAILS**

No **[Click here and type HOLD IN RESERVE or THANK AND CLOSE]**

Q17. The Online Zoom group discussion will take place on:

Date	Time	Place
RECRUITER: COLLECT AVAILABILITY BETWEEN 15 TH AND 19 TH SEPTEMBER		

Would you be able to attend? reassure & persuade

IF PARTICIPANT AGREES, CONFIRM DATE, TIME, LOCATION then continue

Great, thanks. I'll just take a few details, and will let you get on with your day. We will send you more information by email shortly with details of the next steps.

If for any reason you find you are unable to attend, please could you let me know as soon as possible so that we can invite someone else to take your place?

Please contact us on 020 8742 2211 if you have any queries about your incentive. Thank you

RECRUITER: Please ensure you have filled in the cover page of the RQ, including email address and mobile number of lead participant, then complete the following confirmations.

Recruiter Confirmations

RECRUITER – VERY IMPORTANT – PLEASE TICK TO CONFIRM YOU FULLY READ OUT THE DATA SHARING AND CONSENT QUESTION, AND THAT IT MADE SENSE TO BOTH YOU AND THE PARTICIPANT.

Yes

Q18. IS THE PARTICIPANT CLEAR ABOUT THE PRE-TASK & DID THEY SAY THEY WOULD DO IT?

Clear
Will do

MRS DECLARATION

Q19. I confirm that this interview was conducted under the terms of the MRS Code of Conduct and is completely confidential

INTERVIEWER'S SIGNATURE:

THANK PARTICIPANT FOR THEIR HELP IN THIS RESEARCH

2. Pre-task

Pre-task

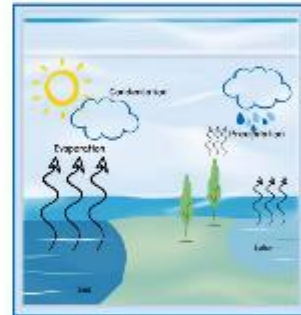
Context

Please read the following information before the session.

The water cycle

The water cycle is an endless process connecting all water on Earth

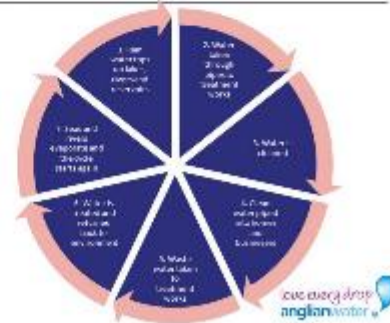
- Water is not created or destroyed in nature; it merely transforms into different states. There is the same amount of water now as there was when the Earth was formed.
- Nearly 97% of the world's water is salty or otherwise undrinkable. Another 2% is locked in ice caps and glaciers. That leaves just 1% for all our agricultural, residential, manufacturing, community, and personal needs.
- Climatic changes translate to changes in the water cycle, and the chemicals we all use can contaminate water sources.



The water sector

Rainwater, drinking water, and sewerage are all connected

- In the UK it often feels like we have lots of water (and rain!).
- But lots of work goes into ensuring everyone has access to clean, drinkable water.
- Water and wastewater treatment is key step that supports environmental and public health.



About Anglian Water

- We are proud to be the largest water and sewerage company in England and Wales.
- 38,006km of water mains (the underground pipes that bring water to your tap)
- 76,355km of sewers (the underground pipes that carry away your wastewater)
- 88% have a meter fitted
- 15% less water than we used to supply
- 26% more properties supplied

Since privatisation in 1989, Anglian Water has invested **£20.6 billion** improving services in our region.

Supporting customers

- Range of tariffs
- Temporary instalment plans
- Payment breaks
- Back on track schemes
- Assistance fund

£135 million of direct support provided this year with plans to go further in the future.

The Anglian Water Extra Care team help customers who may struggle to pay their bills. In 2023 we aim to help over 350,000 directly billed customers access support they're eligible for. The team also signpost customers to additional state benefits and Third Sector organisations that may be able to assist them.

3. Topic guide

3601 / AWS LTDS TESTING
Draft Intergen Family Group Topic Guide



Moderator	
Group	
Date	
Time	

- **Moderator Introduction**
 - explain that we are an independent, impartial research agency
 - no right or wrong answers
 - co-incident with the comments are attributed to you by name
- **Work is being undertaken on behalf of Anglian Water, the supplier of water and wastewater services in your area**
- **And the topic is about water in your area, both now and in the future**
- **This research is conducted according to the MRS (Market Research Society) Code of Conduct**
 - research that some subjects/content might be new to them / risky if they can't understand everything
- **Since that we are asking for your views there is no right or wrong answers. And it's okay if you have a different view from other members of your family who are here this evening - we're really interested in hearing the views from everyone and every generation**
- **The session will last around 2 hours**

Objectives

- **The main objective of the focus groups is to discuss the acceptability of 'annual bill' impacts with customers and provide insight to fulfil against Ofwat's requirement in their LTDS guidance: 'We expect to see evidence that customers consider the financial implications of the strategy to be acceptable.'**
- **Anglian Water would also like to explore customer financial issues:**
 - o Their attitude and strategy
 - o How perspectives differ across the generations

Moderator note: throughout the session it is vital that you explore the whole family response. A key objective is to understand any variation in response to all areas of the topic guide by different generations.

Introductions 5 mins (5)

- **Who lives in your home with you (human and pet)?**
- **Where do you live?**
- **Describe your home (e.g. no. of bedrooms, bathrooms and whether you have a garden)**
- **Ideal dinner guest?**

Understanding context 15 mins (25)

- **What is your main focus at the moment?**
- **Are you working or studying currently?**
- **For those studying:**
 - *What are you studying for?*
 - *What do you hope to do once you have finished studying?*
- **For those working:**
 - *Where are you currently working?*
 - *What's important when it comes to work?*
 - *Do you have particular work goals?*
 - o If so, what are these?
- **What are your goals in the short term (e.g. next 2 years)?**
- **How about the long term, (e.g. in 10 years' time)?**
 - *Which of these goals feel most / least realistic? Why?*
- **Do you have any current concerns? What about the future?**
 - **PROBE:** inflation, cost of living, getting on housing (addition), environmental concerns
- **How do you feel at the moment about your household finances (future customers ask about personal finances – they may be paying mobile bills, transport, etc)?**
- **Have you noticed how things are for others? Who? What's changed?**
- **And how do you think that might change in the next 5 years?**

Pre-read recap and baseline perceptions 15 mins (40)

- **Think back to the pre-task you read through (slides on screen if needed)**
 - **Baseline Comprehension:**
 - o Is there anything in the material you read which was difficult to understand?
 - **Baseline Awareness:**
 - o What surprised you most out of the things you have read?
 - o What would you most like to find out more about?
 - **Baseline Perceptions:**
 - o How do you feel about Anglian Water – scale on 0-10 (1=6)
 - o Reasons for scores
 - **Baseline Priorities:**
 - o Where do you think they should focus improvements/investment?
 - o Are these the areas that you think matter most to customers across the region or in your community?
- **Baseline Values:**
 - o For Bill Payers

- ◆ **how do you feel about your water bill?**
- ◆ **How would you rate Anglian Water on value for money for your water services?**

Show Slide 2:

- **Are these the sort of things you expected them to do?**
- **Are any of them surprising?**
 - *Do any stand out?*
- **What do you think their priorities are? Now? in the future?**

Introducing the LTDS 15 mins (50)

Explain that the focus this evening is on Anglian Water's longer term plans which is called the Long Term Delivery Strategy. In developing their plans there are many big decisions to be made and we'd like your views so that you can help Anglian Water find the right balance (slide 3).

In putting together their LTDS, Anglian Water have to consider the major challenges facing them and the region they serve (slides 5 and 6). **Moderator Voice Over:** Improving the environment, housing and population growth, climate change (Anglian Water is particularly vulnerable to climate change because it has a long coastline that is vulnerable to coastal erosion and tidal surges, it's low-lying and that makes it vulnerable to significant flood risk, and it's the driest region, which makes it vulnerable to drought at the same time.)

- **Do you recognise these key challenges?**
- **Do you agree/disagree that it's important for Anglian Water to consider these challenges when developing their long term plans**
- **Are there any that are a surprise to you?**
- **Is there anything missing?**
 - *If yes, what?*
- **What role should Anglian Water play in each?**
 - *Who else is responsible for addressing these challenges?*
 - o Probe: local government, central government, business, 3rd sector organisations, etc

[Moderator Note: Tease out who AW should be collaborating/working with to address these challenges.]

Anglian Water has a number of high level ambitions which will help ensure they meet the longer term challenges slide 7.

- **Initial response**
- **What's good about these**
- **And what's not so good**
- **Anything missing? If so, what?**

Areas of focus 40 mins (90)

There are lots of areas where Anglian Water will be investing to ensure it can meet the future challenges. However, we're going to focus on 5 of those. Slides 8 to 12 – rotate order across the sessions BUT keep slides 11 and 12 as the final two.

(Moderator note: some slides contain two sub areas – ensure each is given equal time)

Repeat for each:

- Initial response:
 - What's good?
 - What could be improved?
- How relevant to you and your life does this feel?
 - What makes it relevant / irrelevant to you?
 - **PROBE:** where the impact is felt, when the impact is felt

(Moderator Note: if irrelevant for participants, probe on who these may be relevant/beneficial for? Probe on other perspectives.)

- Is this something that is important to you?
 - If not, who/what would benefit?
- What would be the benefit of Anglian Water doing this?
- And is there any downside?
- How quickly would you want this area to be addressed?

Now think about which of these issues are the most important and which are the least important.

- Which do you think are particularly important?
- Which are less important?
- Which 2 are most important to you?
 - Why?
 - **PROBE:** What do you hope these will achieve for your future?
- Which 2 are least important to you?
 - Why?

Concept of Phasing and Impact on bills 25 mins (115)

Water companies can choose to improve performance or invest in service enhancements at different times depending on customer priorities and depending on their funding and the challenges they face and how these might change over time.

Show slide 14.

And the timing of these improvements and investments will have an impact on customers' bills. Anglian Water need to balance the amount of investment needed with the amount of money they have to spend from customers' bills.

- With this in mind, how would you feel if Anglian Water spread planned investments out over a longer period
- They could choose to make bill increases now for current bill payers or delay investment and have bigger increases in the long term for some current bill payers and future bill payers
- What would be your preference?
- How fair do you think that is for future generations? Why do you say this?

We appreciate it's difficult to predict the what life will be like in the future, and what our finances might be like. To help think about what might happen to the economy and wages let's look at what some current and historical data slide 15.

- Thoughts?
- Looking at the right hand side, what's happened to average wages over the last 21 years, what do you think will happen over the next 25 years? Is it safe to assume that wages are likely to increase at the same (or similar) rate?
- Does this help put your own potential financial situation into context?

Now let's take a look at the potential impact on customers' bills of Anglian Water addressing the challenges faced in the region up to 2050 slide 16.

- Explore initial response

N.B. Gather an acceptability score from each participant asking participants to score acceptability of the bill increases between 1-5 where 5= totally acceptable 1= totally unacceptable.

- How acceptable do you find this? Give it an acceptability score out of 5
- Why did you give this score?
- Low scores: what would make it more acceptable
- How fair is this?
 - Why do you say that?
 - What would make it more fair?
- Who would benefit from this type of bill impact/profile?
- And who would be disadvantaged?

In consideration of future increases in wages, what do you think about these bill increases?

Wrap and thanks 5 mins (120)

Before we finish this evening can you each tell me one thing you really want Anglian Water to have achieved by 2050. And tell me why you focussed on this particular action/ambition.

Is there anything else you'd like to add? Or ask us to feedback to Anglian Water?

N.B. Lastly, we would really appreciate if you could take a selfie together as a family and send it on to the recruiter you have been in contact with. This image would complement the presentation of our research findings in the report and would not be shared with anyone who is not involved with the research. This is optional however and will not affect the payment of your incentive for taking part.

As a reminder this research has been carried out in accordance with the MRS code of conduct and with the Data Protection Act with whom Accent is registered. Everything you shared today will remain confidential and you will not be personally attributed in any of the research findings.

Thank everyone for their time. Confirm arrangements for paying thank you incentive and

4. Stimulation material



Multi-generational groups



A bit about Anglian Water



- Anglian Water is the water company that supplies water to and removes wastewater from homes and businesses across East of England and Hartlepool.
- They are also responsible for maintaining things like Reservoirs, Pipework, Sewers and Treatment Works.
- They need to ensure the needs of all their customers are met - now and in the future.
- They are also involved in other activities such as:
 - Generating renewable energy (including installing the region's largest solar array)
 - Protecting biodiversity (including working in partnership with NGOs to reintroduce iconic species like osprey and beavers)
 - Using 'waste' heat to grow tomatoes and pioneering the use of wetlands to treat and clean wastewater.



Anglian Water is developing its long-term business strategy (2025-2050). There are many big decisions that the company needs to make.

The company would like to understand your views, so that you can help it to find the right balance.

Ambition & Strategy



Future challenges

“Our biggest challenges are climate change, growth and environmental protection”



Climate change



Higher temperatures, changing rainfall patterns, sea level rise

Housing and population growth



500,000 new homes and more than 1 million more people in next 25 years

New tougher environmental



What the company needs to do

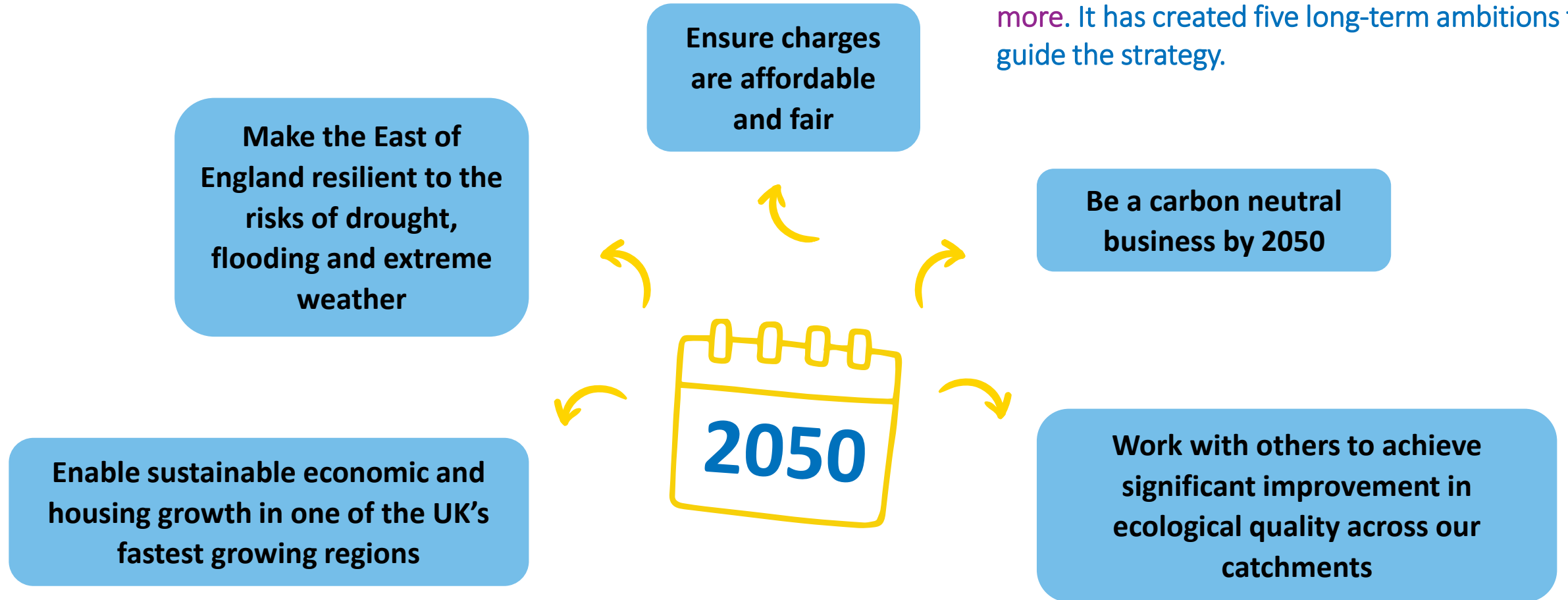
Anglian Water must continue to fulfil its basic responsibilities, regardless of the challenges it faces



In addition, the company must meet new targets set by government and regulators, including:

- Reducing the risk from drought
- Reducing leakage
- Enhancing the environment
- Supporting government plans to reduce carbon emissions

The Anglian Water's long-term ambition



Anglian Water's strategy ensures that the company will:

- address future challenges
- meet all existing and new legal targets

Guided by customers, the company wants to do more. It has created five long-term ambitions to guide the strategy.

Affordable services



Ensure charges are affordable and fair

What does this mean?

Anglian Water already provides industry-leading track record of supporting customers in vulnerable circumstances. The company has committed to extend this support from 2025.

- End water poverty by **2030** by doubling the financial support available to eligible customers.
- The company owners will fund a new Medical Needs Discount starting in 2025.

Balancing ambition and cost:



“We do not believe our ambition should be achieved at any cost. Ensuring bills are affordable, and the most vulnerable are protected, is just as important as our other ambitions.

We will need to run our company efficiently, work with others and find new ways of doing things to achieve our objectives in an affordable manner.”



Social prosperity



Make the East of England resilient to the risks of drought, flooding and extreme weather

What does this mean?

- Preparing the company for climate change, so services don't get worse in the future.
- Customers never experience severe restrictions during a drought.
- Customers never experience sewer flooding.

Enable sustainable economic and housing growth in one of the UK's fastest growing regions

What does this mean?

- Upgrading infrastructure to support 500,000 new homes being built in the region.
- Working with government, developers and others to ensure development is sustainable, and doesn't damage the environment.

Environmental prosperity



Work with others to achieve significant improvement in ecological quality across our catchments

What does this mean?

- Running the business never causes environmental harm.
 - Reduce serious pollution incidents to 0 by 2025
 - Reduce less serious pollution incidents by 87% by 2050
 - Reduce storm overflow spills by 90% by 2050
- The environment has enough water to meet its needs.
- River health is restored and biodiversity flourishes. The environment can better cope with climate change, drought and flooding.

Be a carbon neutral business by 2050

What does this mean?

- Net Zero operational emissions by 2030 (day to day running of the business is carbon neutral. This does not include emissions from construction.)
- Fully carbon neutral by 2050 (includes all sources of emissions).
- Sewage sludge becomes an important source of valuable resources (like phosphorus).

Tried and tested solutions



Some tried and tested solutions will be needed, and the company is planning the following:

Safe, clean and reliable water

Managing demand for water

- Reducing leakage by 38%
- Installing smart meters across our region
- Supporting household and non-household customers to use less water

Increasing supply of water

- Building new pipes to move water from areas of surplus to where it's needed
- Building 2 new reservoirs

Protecting water quality

- Installing new treatment processes to remove new and emerging contaminants (such as 'forever chemicals')

Looking after our assets

- Replacing water mains most vulnerable to climate change (6,000km in total)

Flourishing environment

Increasing the capacity of our sewer network

- Building new sewers and concrete tanks
- Using 'green' solutions that drain rainwater away naturally, and stop it getting into the sewer system

Expanding our water recycling centres to treat more wastewater.

Upgrading our treatment processes to remove more nutrients from wastewater before it is returned to the environment. This will improve river health.

Reducing our carbon emissions

- Installing new treatment technology to reduce carbon emissions
- Further development of renewable energy sources (solar, biogas)

New approaches

“The scale of the challenge is such that it requires the complete transformation of our company.”

The way we do things now, is not the way we will do them in the future. The company has thought carefully about what will be possible in the future, using new approaches. It has also thought about what needs to happen now to drive the transformation change required.

Embracing new and emerging technologies

Anglian Water will use data and analytics to drive a step change in efficiency and performance. Instead of fixing assets when they break, the company will take action before things go wrong to stop issues from occurring in the first place.

The company will also develop solutions that harness natural process to treat wastewater and capture carbon, whilst creating habitats for biodiversity.

Working together in the catchment

Improving the environment is a shared responsibility, and needs an approach that draws on everyone's efforts, expertise and investment.

Anglian Water has pioneered a partnerships approach, working with other sectors to reduce flood risk, plan for water resources and reduce contamination of drinking water sources.

Now the company needs to support a step-change in this approach, so many organisations can contribute financially to shared solutions.

Forecast bills



Forecast bills



Anglian Water has worked to minimise the investment required to deliver their ambition by:

- Running the business efficiently
- Finding new efficient ways of doing things, like using new technology
- Working in partnership with other organisations, so shared solutions are paid for by many organisations

But the future challenge is significant. The company cannot deliver their strategy without increasing bills

We would like to discuss what those increases might look like

The economy and incomes over the next 25 years

It is not possible to predict the future but there are some indicators that might help.

UK economy by 2050

The UK was the sixth largest economy in the world in 2021 and is projected to remain in that position out to 2050.

As the rest of the world grows richer, the UK's relative economic weight will tend to fall – the UK's share of global GDP is projected to fall from 3.3% in 2021 to around 2.7% by 2050.

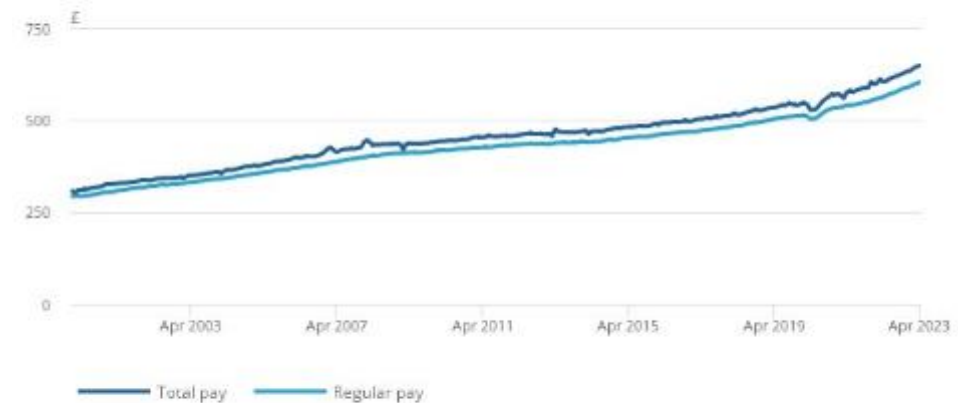
To help understand what might happen to wages it's useful to look at the historical context

Wage Growth in the United Kingdom averaged 3.18 percent from 2001 until 2023, reaching an all time high of 9.20 percent in June of 2021 and a record low of -2.70 percent in March of 2009.

Currently the average UK salary is £32,000 per year before tax. By 2050, this would increase to £76,888.

Figure 1: Average weekly earnings for total pay was £648 and for regular pay was £603 in April 2023, showing a steady increase over time (except for early on in the coronavirus pandemic)

Average weekly earnings in Great Britain, seasonally adjusted, January 2000 to April 2023



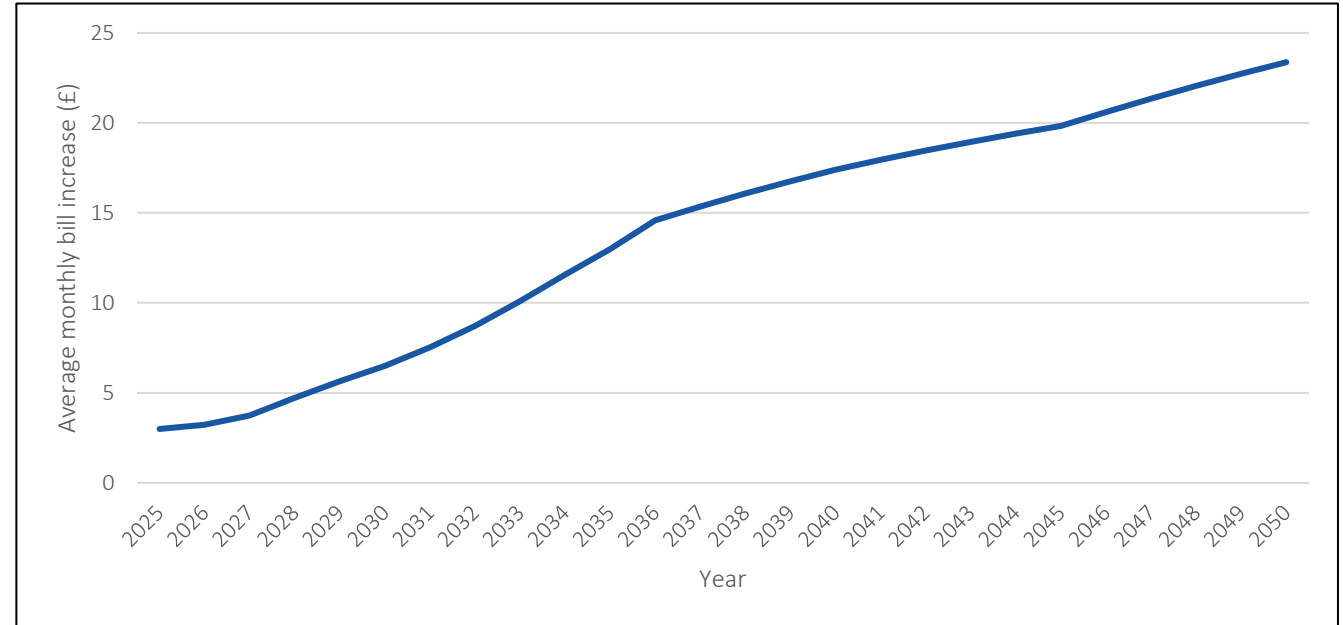
Source: Monthly Wages and Salaries Survey from the Office for National Statistics

What will Anglian Water's strategy cost?

From 1 April 2023 Anglian Water customers, on average, pay £493 per year (**£1.35 per day, or £41 per month**) for all water and sewerage services.

The company's strategy will increase bills. The expected increases are shown in the chart.

Over the same period the average UK salary will increase at a rate of 3.3% from £32,000 to £76,888 (before tax) by 2050.



Bills may also increase for other reasons, and these are not shown in the chart.

- Inflation causes bills to increase. The Bank of England aims to keep inflation at 2%, but it has recently been much higher than this.
- As the company builds more things, the cost of running the business may also increase. This is because there are more assets to maintain. This also affects bills.