



Q1: Do you agree with the goals we have proposed for customer engagement at future price reviews? If not, why not?

We welcome any opportunity to embed a collaborative approach to corporate change and decision making. However, the goals fall short of embedding democratic levers, duties or rights in this respect.

In terms of promoting transparency, we advocate the standardisation of supporting evidence such as option appraisal and the output/outcome of engagement exercises. To this extent, we are bringing together a data warehouse on public engagement¹ and we welcome a discussion on how Ofwat might make use of it.

Increase proportionality. There is a contradiction in terms here with regard to engagement quality. We agree that you should be aiming for quality over quantity but the exact measures of quality cover a range of factors (including representation). For example: if there was predetermination, if customers were adequately informed before providing feedback, if decision makers conscientiously took customer views into account and if there was sufficient opportunity to respond.

Q2: Are there any other goals which you think we should have for customer engagement at future price reviews?

The goal should be to ensure that the engagement activities are meaningful. However, there is a linked goal which is that decision makers take decisions conscientiously in accordance with customer feedback. This may require that reasons are published when decisions are taken and/or other methods are deployed such as public hearings where decision makers are forced to listen.

Q3. Do you agree with the principle that in areas that are of common concern to all customers within a nation, evidence of customers' preferences should be generated in a consistent manner such that results are comparable? If so, why? If not, why not?

Yes, as long as the way the data is gathered is carefully crafted such that there is no room for interpretation, bias or misdirection.

¹ www.midasdb.com

Q4. If we make use of collaborative nationwide research in future price reviews: • Which aspects of business plans do you think should fall within the scope of this research? • Which organisations do you think should be involved in steering this research? • When should this research be undertaken? • How should this research account for differences between England and Wales?

Our experience is that it is important to understand the priorities and preferences of citizens in order to start developing solutions, proposals and the case for change. In other words, to engage as early as possible.

Consequently we have developed an online tool for democratising the process of considering and shortlisting ideas² - allowing participants to develop criteria against which proposals are appraised and then later score. Moreover, combine these insights with their financial implications by calculating cost benefits. This process requires deliberation and we would be happy to work with Ofwat in deploying a solution.

Q5: To what extent do you think it would be necessary for us to provide guidance on customer engagement, assurance and other issues at future price reviews if we made – or did not make – use of collaborative nationwide engagement?

Our view is that guidance is essential to ensure that the process has high standards, is even and fair. You may want to ensure that there are sufficient avenues for redress (e.g. mediation) to tackle instances where there are claims of a flawed process.

Q6: To the extent that you consider further guidance is necessary, what areas should this cover?

Guidance is a blunt instrument. We think that training would be more valuable. As a training organisation, we have a wide range of courses – both online and offline – that could be of value.

Q7: Are there other models which you think we should consider for providing assurance at future price reviews? If so, what are the benefits of these alternative approaches?

The Consultation Institute offers quality assurance services, and a number of templates (such as a consultation 'mandate') to ensure our members consult and engage legally and to high standards. Our quality assurance scheme is an independent endorsement of engagement activity and is awarded as a result of interventions by our team of experts in live activity. The benefit of QA is that there is still time to "steer" engagement activities and an independent voice help consultees, engagement managers and service directors see reason.

Q8: To what extent do you think that the research techniques which have previously been used in the water sector are suitable to enable companies' business plans and PR24 and beyond: Reflecting customer preferences in future price reviews 42 our final determinations to reflect customer views? Do you think any particular approaches should be revisited?

No comment

² www.optioneering.co.uk

Q9: Do you think that there are alternative approaches that we might usefully adopt in water, including those used in other sectors and potentially outside the area of economic regulation? If so, which techniques and why? If not, why not?

Yes. Our experience is that social listening is relatively weak in terms of capturing public opinion and filtering out “noise”. Citizens’ assemblies are a form of consultation and they should not be underestimated. However, we have analysed the recommendations from previous exercise and we have been underwhelmed by them.

You should not rule out “regular questionnaire style” consultations and their digital equivalents such as online ideation and interactive voice surveys³. There are a whole host of alternative techniques such as participatory budgeting, mobile ethnography and online panels. The question is how deliberative (or not) you want the approach to be.

Q10: Are there any areas of the price review where the scope to solicit informed opinions from customers is intrinsically limited?

Every engagement exercise has limits in terms of what can be influenced. More precisely, what has already been decided and what is up for influence. The scope of any engagement exercise need to be agreed and defined for those limitations to be transparent and thus eliminated.

Q11: Do you think there are other ideas we should be considering for shaping customer engagement at future price reviews? If so, how would these ideas help deliver on the goals proposed in this paper?

There should be an emphasis on closing feedback loops. Customers are unlikely to engage if they do not think that their views can make a difference, if the process is not engaging or meaningful. Continual engagement is increasingly necessary to ensure that the voice of the customer is truly transformative. This can be achieved via representation in company governance structures or by changing the engagement dynamic via co-production, co-creation, co-delivery etc. In terms of stakeholders, consider how shareholders and those “indirectly impacted” can have a voice too.

³ www.speaksurvey.co.uk