

Collaborative customer research steering group(s) meeting

14 February 2022



Agenda

Welcome

Actions from last meeting

Update on common PCs research

Update on phase 1 and 2 and fieldwork - ODI rates research

- Research design – methodology and the design of research materials
- Research process, particularly relating to the procurement of fieldwork

Next steps





Actions from last meeting

Actions from last meeting

Action	Comments
CCW/Ofwat to share the names of other stakeholders on the steering groups with companies.	<p>We are in discussion with English and Welsh stakeholders separately:</p> <p>For the England steering group, we are involving: Defra - Kruti Patel EA - Richard Thompson DWI - Nick Adjei NE - Cordelia Spalding, Pippa Langford Citizens Advice - Andy Manning</p> <p>For the Wales steering group, we are involving: Welsh Government - Eifiona Williams NRW - Mark Squire, Geraint Weber, Ruth Johnston DWI - Ann Bunting</p>
CCW/Ofwat to consider the reputational impact of the use of a financial incentive to encourage participation in the research.	As incentives have commonly been used in the past, and the research will be branded CCW and Ofwat, we do not believe this will have a reputational impact on companies.
CCW/Ofwat to share the details of the mapping of company sample sizes with the steering group.	Proposals for research sample, per company, were shared with companies in the 3 February email (and copied to wider stakeholders separately). Sampling will be covered at the 14 February steering group meeting.
CCW/Ofwat to consider how research can be shared with the steering groups.	Research materials and reports will be shared within the group and if any further discussion is required, this can be scheduled.





**Update on common PCs
research**

Update on Common PCs research

Ofwat and CCW commissioned Yonder to conduct qualitative research to inform the development of common performance commitments (PCs) for PR24.

Across England and Wales, this project aimed to:

- Understand what matters most to water consumers when it comes to water and sewerage services
- Explore water consumers' views of Ofwat proposed common PC areas for PR24 and identify any new areas for exploration (including feedback on Ofwat potential PC area list)
- Test descriptions and measurements of proposed common PCs with water consumers, and identify any improvements to make them more meaningful for inclusion in future research with water consumers
- Understand any differences in views between water consumer segments.

Method:

12 online focus groups (90 mins each)

16 in depth interviews (60 mins each)



Update on Common PCs research

Service aspect stimulus – Ofwat proposed common PC list



• Water supply interruption



The appearance, taste and smell of tap water



Boil water notice



Do not drink notice



Hose pipe bans



Severe drought



Sewer flooding: outside your property



• Sewer flooding: inside your property



Leaks



Bathing water quality



River water quality



Pollution incidents



Storm overflows



Non-essential use ban (businesses only)



Water pressure



The presence of lead in pipes



Biodiversity



Carbon



Helping people and businesses use less water



Customer satisfaction & customer service

Update on Common PCs research

Service aspect stimulus – other potential PCs



Water pressure



Boil water notice



The presence of lead in pipes



Do not drink notice

Update on Common PCs research

Service aspects stimulus - water consumer generated



• Resilience



• Affordability & fairness



Roadworks disruption



Performance Transparency

- + Other areas that were **discussed in general conversation but where stimulus was not developed due to lack of importance** included:
 - + Education
 - + Giving back to communities
 - + Water hardness/ softening

Update on Common PCs research

Key insights:

- People find service aspects which **do/might impact them directly** most important e.g., supply interruption, bill affordability.
- Service aspects with **immediate impact** or **consequences** of higher priority than those with consequences in a more distant future (e.g., appearance taste and smell of water more important than biodiversity).
- People highly engaged where **health** seemingly **at risk**, especially easy to relate to in the current Covid climate e.g., lead in pipes, do not drink notices.
- **Perceived provider failure** particularly irksome e.g., pollution incidents, leakage.



Update on Common PCs research

Key insights:

- People **relate more easily relate to outcomes** e.g., managing sewer floods *more* relatable than storm overflows.
- People more interested in how failure affects them rather than abstract measurement (how long they will be affected, water company response time).
- People have **more tolerance of service interruption where warning given**
- People sensitive to environmental impacts where more specific and relevant e.g., discharges in rivers more than biodiversity more generally).
- Location influenced views but not at regional or national level & businesses had similar views to householders.



Update on Common PCs research

Ofwat proposed common PC list

PC / service aspect area	Importance	Commentary	Description insights	Measurement insights
Water supply interruption	1	<ul style="list-style-type: none"> The fundamental expectation of service. 	<ul style="list-style-type: none"> Currently descriptions works very well as indicative of impact and outcome/ response (3-6 hours inc.) People know how they might be affected. 	<ul style="list-style-type: none"> Timeframe is appropriate. Interest in planned vs. unplanned interruption ratio as indicator of performance.
Appearance, taste and smell of tap water	1	<ul style="list-style-type: none"> Core expectation that water should be clean and safe. 	<ul style="list-style-type: none"> Description works well. Timeframe is relatable and indicates impact. However, 'smell' not required. 	<ul style="list-style-type: none"> People ambivalent about complaints, timeframe a better indicator of impact. But ratio (1 in 300) clear and accurate.
Internal sewer flooding	1	<ul style="list-style-type: none"> Highly important because of high degree of impact to people's lives e.g. health, potential move-out. 	<ul style="list-style-type: none"> Description is clear regardless of scale (back up on to shower tray vs. carpets/ curtains damaged), violation level is fairly consistent. 	<ul style="list-style-type: none"> People want to know response time/ duration in order to understand impact (before incidence). Ratios clear and accurate, singular numbers engaging but emotive so do not necessarily give accurate presentation of problem.
External sewer flooding	1	<ul style="list-style-type: none"> Important because of unpleasant impact. 	<ul style="list-style-type: none"> Description is clear but clarity required to indicate that within property boundary Sewer flooding on road/ pavement less impactful. 	
Do not drink notice	1	<ul style="list-style-type: none"> Important because linked to significant health impact. But emotive nature belies probability. 	<ul style="list-style-type: none"> Description is very clear but certain period of time is vague (and people tend to inflate duration). 	<ul style="list-style-type: none"> Lack of measurement stats may give an increased importance to Do not Drink. Require stats for balanced view.

Update on Common PCs research

PC / service aspect area	Importance	Commentary	Description insights	Measurement insights
Boil water notice	2	<ul style="list-style-type: none"> Important because linked to health impact but modified by short duration of inconvenience. 	<ul style="list-style-type: none"> Description clear – describes action, outcome and timeframe. But reference to e-coli highly emotive and potentially raises importance. 	<ul style="list-style-type: none"> Lack of measurement stats may give an increased importance to Boil Water. Require stats for balanced view.
Leakage	2	<ul style="list-style-type: none"> Leaks are core mandate of water company but rarely impact on day-to-day. 	<ul style="list-style-type: none"> Description works very well – people already understand problem and impact on experience. However, perceived that ‘network’ leaks, clarifying that leak fixing within homes a commitment might raise importance. 	<ul style="list-style-type: none"> Stats clear and relatable. Litres lost in context of household and % relatively large number in context of network.
Pollution incidents	2	<ul style="list-style-type: none"> Managing pollution incidents very important as perceived to relate to malpractice. But low awareness/ knowledge impacts importance. 	<ul style="list-style-type: none"> Description needs to underline how water company spillages might arise so they are not coupled with industrial malpractice. 	<ul style="list-style-type: none"> Multiple categories are confusing. Measurement needs to focus on 1 relevant level only (category 3 is something that people don’t relate to/ know much about).
River water quality	2	<ul style="list-style-type: none"> Quality of river water central to environment and connected to supply. 	<ul style="list-style-type: none"> Description clearly focussed on positive outcome (good river water) that water customers understand. ‘Less than good’ alarming, suggest to simply talk about ‘good’ river miles. 	<ul style="list-style-type: none"> Ratio is appropriate but not relatable. 3000 miles of rivers does not feel local, specific enough. Recommend 1: x ratio. Miles more relatable than KM.
Biodiversity	2	<ul style="list-style-type: none"> Becomes important as a proxy for environmental policy but ill understood. 	<ul style="list-style-type: none"> Description and presentation would do well to focus on specific water company actions and impact on environment now (as well as in the future) e.g. Protecting Native Species. 	

Update on Common PCs research

PC / service aspect area	Importance	Commentary	Description insights	Measurement insights
Storm overflows	3	<ul style="list-style-type: none"> Low importance because people do not perceive they experience them directly. Difficult for people to equate with sewer flooding prevention around property. Reframe as outcome focused e.g. Flood Prevention or Sewer flooding. 		
Bathing water quality	3	<ul style="list-style-type: none"> Low importance as avoidable and not felt to be a real problem. Only consider including at local/ regional level (and where known issues). 	<ul style="list-style-type: none"> Description is clear but people do not easily connect to water company activity that happens upstream. Focussing on positive action close to bathing area e.g. monitor water released to maintain blue flag status, may increase engagement. 	<ul style="list-style-type: none"> Range of stats confusing and alarming (illness appears possible whether excellent or sufficient). People seek simple indicators e.g. % Excellent only.
Carbon	3	<ul style="list-style-type: none"> Low importance as not well understood and difficult to relate to what water companies are doing. 	<ul style="list-style-type: none"> Description would need to provide more information. 	<ul style="list-style-type: none"> Metrics would need to illustrate current and goal carbon emissions.
Customer satisfaction *	3	<ul style="list-style-type: none"> It felt important that companies provided good customer service, but most rarely – if ever – require it. 	<ul style="list-style-type: none"> Description was clear and simple. People rarely thought in terms of satisfaction, complaints handling felt more tangible and would impact them when they had an issue. 	<ul style="list-style-type: none"> No metrics tested. Desire to capture water company response e.g. call wait time, response time etc.
Hose pipe ban	3	<ul style="list-style-type: none"> Low importance since has little effect on people – a reasonable expectation during periods of drought. Low relevance as water levels in the UK perceived to be high. 	<ul style="list-style-type: none"> Clear and relatable – most have heard of hose pipe bans. The duration of 5 months felt unrelatable as people mainly think of hose pipe being shorter and lasting a couple of weeks. 	<ul style="list-style-type: none"> Ratio made sense to people but wording was confusing.
Severe drought	3	<ul style="list-style-type: none"> Even though this could have significant personal impact, it was of low importance because it seemed so unlikely to happen. 	<ul style="list-style-type: none"> Clear and precise – explained the effects of drought restrictions in a practical manner. 	
Non-essential use ban for businesses	3	<ul style="list-style-type: none"> Low importance – does not impact day to day business function; a non essential ban was indeed felt to be non-essential! NB: small sample size 		



Update on Common PCs research

Beyond the common PCs- other areas of priority

- Fairness and affordability
- Resilience





Update on ODI rates research

Progress

Two emails to companies:

- 1 Feb: stage 1 report and first draft questionnaire for comment plus data request
- 3 Feb: procurement, financing and contracting for fieldwork phase and booster sample requests

Many thanks for prompt and comprehensive replies. Many common themes and many questions asked. This presentation will aim to cover most of these, structured in two parts:

1. Research design – methodology and the design of research materials
2. Research process, particularly relating to the procurement of fieldwork

Comments and discussion will be invited after each of the presentations.

Reliance on a single piece of research

Companies:

- Risk associated with reliance on a single research exercise with untested methodology
- Research conducted at a single time dependent upon circumstances at that time, for example:
 - Cost of living increases at the forefront of many people's minds
 - News relating to the water industry
 - Pandemic related issues
- Other research should be taken into account - triangulation

Response

- Yes, element of risk, mitigated by testing and understanding context
- Interpretation of results and decision-making will take account of contextual factors
- In the worst case scenario the research could be repeated next year
- Other research and information can help interpretation, but comparability is important

Attributes and questionnaire design

Companies:

- More context needed
- Service issue impact descriptions need further development, e.g.:
 - 'Good ecological status' will not be understood
 - Metrics, durations etc will need to be further informed by research and data
 - Toxic barrel and 10 dead fish should be removed
- Accessibility of questionnaire, e.g., Welsh language and braille versions

Response

- Need to be careful about providing context as there is a balance to be struck with conditioning. Current performance levels will not be included.
- Many detailed comments have been made on the descriptions of attributes and the questionnaire. They will be considered carefully and will inform the next revision of the questionnaire.
- The questionnaire will be cognitively tested.
- Some data and information has been provided to inform service issue impacts. Some companies have requested a data template which we may issue
- A Welsh language version of the questionnaire will be available. We will ask bidders on the ITT to set out how they would make the questionnaire accessible.

Compensation (willingness to accept)

Companies:

- Compensation amounts in the willingness to accept questions do not reflect actual values
- Respondents may misinterpret these questions as compensation they are entitled to
- Willingness to accept may over-value marginal benefit
- More than two pivots should be used

Response

- Compensation rates in the research will be calibrated from pilot results and, conceptually, do not need to reflect actual compensation rates
- Wording can be added to mitigate the risk of respondent misinterpretation
- Willingness to accept is likely to generate higher estimates than willingness to pay, but is more meaningful for respondents: tendency for over-estimation can be taken into account in the interpretation of the results
- In the worst case scenario the research could be repeated next year
- One pivot is sufficient for the methodology, but we think two provides a sufficient safety net

Sampling

Companies:

- Representation of vulnerable customers, future customers
- Non-response bias in postal approach
- Clarification required of use of national sample
- National sample in relation to Wales
- Commissioning booster sample

Response

- Vulnerable customers and future bill payers in scope and response monitored
- A strength of the centralised approach is the ability to pool samples across companies giving much more analytical power to understand differences among subpopulations
- Weighting, or a bias adjustment, may be required to account for non-response bias
- National models may be used to generate company level results, but even within such a model, a company's results will be driven mostly by the responses of its own customers.
- Base boost decisions on company needs

Fieldwork

Companies:

- Preference for online panels, concerns about:
 - Cost
 - Non-response bias
- Design of the pilot and sharing of results
- NHH fieldwork MOSL approach should be pursued
- NHH for Wales

Response

- Ofwat preference for a random sample
- Pilot due to take place mid-March to April:
 - 450 HH responses using a PAF sample
 - 450 responses from an online panel
 - 100 NHH responses using the best available sample
- Feasibility of MOSL-retailer NHH sample is being assessed
- If the MOSL approach is pursued, the commercial list approach will be used for Wales for NHH customers who are below threshold for participation in the retail market.

Other issues

Companies:

- Not clear how the 5 year ODI rates will link up with long-term strategic planning
- Methodology needs to be subject to quality assurance and review
- Plans and thinking should be shared regarding Accent/PJM's recommendations for further research

Response

- This research is designed to inform ODI rate decision-making for PR24 and should be seen as a complementary to rather than replacing any research to be undertaken for long term planning.
- Accent/PJM have a process of academic peer review in place and sharing of methodology through the Steering Group ensures wider challenge
- This research will be considered alongside affordability and acceptability testing and will be discussed at future Steering Group meetings.

Comments and Questions

**Attributes and
questionnaire
design**

**Compensation
(willingness to
accept)**

Sampling

Fieldwork

Other issues

ODI rates research: process

Procurement, Financing and Contracting - Timetable

w/c 14 Feb – draft ITT and Collaboration Agreement (CA) (Ofwat/CCW) shared with companies for comment

w/c 21 Feb – address comments on draft ITT and CA and resolve any issues arising

By end Feb – issue ITT (Ofwat)

25 March submission of tenders (agencies)

w/c 4 April – select preferred bidder and inform companies (Ofwat/CCW)

w/c 11 April – contract and CAs sent to the 20 signatories (Ofwat)

W/c 25 April – complete contract (20 signatories) and appoint agency

w/c 3 May – supplier sets up and conducts fieldwork (agency, contract managed by Ofwat/CCW)



Procurement, financing and contracting – company questions

Companies:

- CCS RM6126 DPS
 - Can this be used if the companies are paying for it?
 - If so, should use utilities rather than public directives as more freedom for negotiation
- Will the ITT set out the financing arrangements?
- Will there be one set of Terms and Conditions?
- Could be viewed as a consortia; how will this be managed legally?
- How will GDPR be managed?
- Has a Pre-qualification exercise been carried out?

Response

- We have sought specialist legal advice on this procurement which will be the responsibility of Ofwat and therefore follow public directives
- The ITT will set out all financing and invoicing including a list of companies
- There will be one set of Terms of Conditions which will be Ofwat's
- We have sought legal advice and are satisfied that the procurement and contract will be lawful
- This is subject to legal advice, but we do not anticipate any particular problems arising
- No pre-qualification exercise has been carried out.

ODI rates research: process

Research - Timetable

w/c 14 Feb – revised questionnaire signed off for testing and shared with companies (Accent/PJM/Ofwat/CCW)

22 Feb – 3 Mar – cognitive interviewing fieldwork (Accent)

w/c 7 March – share cognitive interview results with Ofwat/CCW and companies – and submit comments (Accent/PJM – Accent/PJM/Ofwat/CCW/companies)

14 March – SG discussion of cognitive interviews and questionnaire

21 March – 15 April – pilot fieldwork (Accent)

Late March – further comments on questionnaire (Ofwat/CCW/companies)

20-22 April – cognitive interview fieldwork

9 May – SG final research materials and Stage 2 report



Comments and Questions



Comments and Questions



The background features a large, dark green semi-circle on the left side. To its right, there are several overlapping circles in various shades of light blue, creating a layered, abstract effect. The text 'Next steps' is positioned on the dark green area.

Next steps

Next steps

(Ofwat) PR24 and beyond position paper: Customer engagement policy for PR24

February

(CCW) Establish 'challenge co-ordination group'

Meet with Welsh stakeholders

February (a.s.a.p.)

Adhoc meetings re technicalities (if needed)

