

## Note of PR24 collaborative customer research steering group meeting

14 February 2022

### 1. Actions from last meeting

A spreadsheet of actions/progress was shared with the meeting papers and key actions outlined at the meeting. All actions complete/ongoing.

### 2. Update on common PCs research

CCW shared an outline of the approach and initial findings of the common PCs research. This included examples of original stimulus materials for the common PCs proposed by Ofwat (to date), additional materials for other potential PCs, and materials to allow inclusion of service priorities identified by research participants.

Initial findings were described, including an indication of which PCs/service aspects were indicated to be of greatest importance to participants.

The research has demonstrated the importance of presenting PCs in a 'customer-friendly' manner, showing how each relates to customers' experiences.

Ofwat/CCW are currently reviewing the final report, which will be shared with steering group members as soon as possible.

Questions were raised and responded to about: the importance of use of appropriate stimulus materials e.g., to represent biodiversity; how PCC/water use was included in the research; importance of making research relevant to customers e.g., customers in many areas have no experience of hose pipe bans; the importance of the measure for the PC as well as the outcome.

**Action:** CCW/Ofwat to share final research report as soon as possible.

### 3. Update on ODI rates research

Companies were thanked for their prompt and comprehensive responses to recent emails about the current and next phases of the ODI rates research.

Ofwat presented the initial analysis of company responses on research design and initial comments from Ofwat/CCW, covering: one piece of research; attributes and questionnaire design; compensation (willingness to accept); sampling; fieldwork; other issues.

Following Ofwat's presentation, discussion covered:

Point	Response
The extent to which Ofwat will involve the steering group in development of the approach to using the ODI rates research result to generate initial ODI rates.	<b>Action:</b> Ofwat aims to be as transparent as possible. We will consider whether the approach to generating ODI rates should be i) included in the draft methodology and/or ii) developed in the context of the collaborative customer research steering group.
Companies would like more clarity about what data needs to be provided to inform the ODI rates research, including i) whether a data template could be shared and ii) whether data already provided is adequate.	<b>Action:</b> Ofwat will review data submitted by companies and confirm, by the end of this week, whether a further data request should be issued.
Clarity on timings for research outputs versus sharing of ODI rates.	[Comment: not discussed at the meeting] The currently timeline for the ODI rates research would enable the research data to be shared at end July/early August 2022. Ofwat aims to share indicative ODI rates alongside the PR24 final methodology in December 2022.
Will the results of the fieldwork pilot be used to generate an 'early view' of ODI rates?	No. The fieldwork pilot will enable the research methodology to be tested and improved.
The phase 1 report mentioned further research. What is the likely timing?	Ofwat/CCW will consider the need for and nature off additional research as part of development of the approach to acceptability and affordability testing (which will itself be within the scope of this steering group).
Guidance provided to companies re WINEP	<b>Action:</b> Ofwat to establish whether the WINEP guidance is public. If so, share with Natural England.
How company-specific research sits alongside the collaborative research.	Ofwat referenced earlier publications and reiterated that companies are discouraged from doing research specifically to inform ODI rates setting. That said, Ofwat will consider alternative sources of customer insight that meet relevant standards as it forms price review decisions. [Comment: Ofwat is aiming to publish its 'standards' document by the end of February]

Ofwat then presented the initial analysis of company responses on the research process covering: the timetable for procurement, financing and contracting for the ODI rates research fieldwork; questions raised by companies and Ofwat/CCW's initial response; the timetable for phase 2 of the ODI rates research, currently underway.

Following Ofwat's presentation, discussion covered:

Point	Response
Ofwat invited companies to explain if they have concerns about being able to meet the proposed timeline e.g., for adding a new supplier.	<b>Action:</b> all companies to consider and advise Ofwat/CCW if they anticipate problems.
Companies welcome seeing legal advice regarding the procurement, financing and contracting for the ODI rates research, to help avoid duplicate due diligence. Companies would welcome early sight of the legal documents required by the ODI rates research.	[Comment: not discussed at the meeting] We expect relevant drafting on the procurement, financing and contractual arrangements, incorporated in the draft legal documents for the ODI research, should answer companies' questions. <b>Action:</b> Ofwat to share draft documents as soon as available.
Companies welcome a briefing to enable customer service staff to i) understand that the fieldwork is underway and ii) encourage customers to participate.	<b>Action:</b> Ofwat/CCW to develop a brief. <b>Action:</b> Ofwat/CCW to share draft fieldwork materials as soon as possible e.g., covering letter for PAF sampling approach.
How companies will be involved in the procurement process for the fieldwork agency.	Ofwat explained that companies will be able to review the ITT but will not be involved in the evaluation of bids.
Companies welcome early notice if the research costs differ from those indicated in the recent email.	Ofwat explained that the estimated research costs are expected to be the maximum amount, with potential reductions due to use of cheaper sampling approaches.

#### 4. Next steps

Ofwat and CCW outlined the key next steps for the collaborative research approach and related developments e.g., on wider customer engagement policy and challenge/assurance models.

A meeting with Welsh stakeholders is being arranged.

The next steering group meeting will be on the 14 March.

**Action:** All companies were invited to approach Ofwat/CCW if more specific discussion is needed on key points.