

Note of PR24 collaborative customer research steering group meeting

11 July 2022

1. Actions from last meeting

The steering group(s)' action log was shared with the meeting papers and outstanding actions outlined at the meeting.

Additionally, Ofwat explained that the results of the ODI Rates Research will be shared with companies at different times and with different conceptual bases:

Raw survey dataset – we anticipate that this will be ready in September after the completion of fieldwork, cleaning and coding. We may decide to share this in two tranches: a household dataset and a non-household dataset, as they will have slightly different structures and we anticipate the household fieldwork completing ahead of non-household. Responses to the key choice questions will not lend themselves to straightforward analysis in this form.

Estimates from econometric models – we anticipate these being available by about the end of October. They will take the form of estimates of monetary valuations for each of the 'incidents' (eg a 6 hour unplanned water supply interruption) in the survey design. We intend sharing the STATA code for the econometric models that have generated the estimates at the same time.

Valuations of marginal benefit conforming to PC definitions – by the end of October we hope to have most of the mapping in place that will convert the incident valuations into estimates of marginal benefit consistent with PC definitions. We will aim to share these estimates with steering group members as soon as we are able to after the completion of the econometric modelling (and possibly as part of the same delivery). If some of the mapping work is still outstanding, then we will endeavour to provide any remaining estimates as soon as we are able to.

Indicative ODI rates – we anticipate that the estimates of marginal benefit from the ODI Rates Research will underpin the calculation of indicative ODI Rates, which we aim to provide to companies in December/early 2023.

2. ODI rates research: Update

Ofwat gave an update on the progress of the ODI rates research. Steering group members were informed that the household survey was now live, and that the first 100 responses had been completed and modelled and the results indicated that the survey was working as expected. Also, the testing of Welsh language survey materials is nearly complete.

Work on the mapping exercise is to continue, and an ITT for the analysis and modelling work is being prepared for Ofwat to commission.

Action: Accent/PJM Economics to write up the Stage 2 report for circulation to the steering group members.

Action: Ofwat/CCW to appoint the contract for the analysis and modelling before the next steering group meeting.

3. Affordability and Acceptability Testing

CCW outlined the proposed approach to affordability and acceptability testing. This included reference to the request for steering group members to provide examples of good practice, any ideas to improve testing, as well as updates on current, recent and forthcoming research.

Action: Steering group members to provide more of the above if applicable.

The next steps were highlighted, including scoping and understanding previous practices. CCW explained the aim for developing the methodology, as well as the guiding factors of research being centralised and standardised, to address key challenges in this area.

The approach will involve four experts (communications design; quantitative research; qualitative research; and an economist) involved in a series of 'sprint' workshops.

A series of questions were raised, as per the table below:

Question Asked	Response
Which aspects of the research will be centrally controlled, and which will be undertaken by companies?	These issues will all be considered as the 'sprint' work on affordability and acceptability progresses. Whilst this will be further considered as part of the sprint workshops, the initial view is that the methodology and materials will be developed centrally, with companies commission and undertaking their own research.
Will guidance be issued on how the fieldwork should be conducted?	Yes, and steering group members will be made aware when this is issued.
How will steering group members be made aware of the agencies approached and proposals received by Ofwat/CCW in the procurement process	Action: CCW to check whether this is possible. Steering group members will be updated via email.
Will companies be guided on the fieldwork, and will there be multiple rounds of testing involved?	We anticipate that guidance will be given on the fieldwork and expect that testing of business plans will be an iterative process for companies.
Will involvement in the steering group provide sufficient engagement on affordability and acceptability testing?	As the methodology is developed, companies would be involved via the steering group, but the terms of reference do allow for task and finish groups if required.

4. Update: PR24 Draft Methodology

Ofwat gave an update and hosted a question and answer session on the recently published PR24 Draft Methodology, focussing upon the Reflecting an understanding of customers and communities chapter. It was requested that companies submit any clarification questions on this matter to the associated PR24 email address as provided in the Draft Methodology.

Ofwat was asked to clarify the timeline on which guidance for the open challenge sessions would be made available, and whether it was companies' responsibility to advertise these sessions, or Ofwat/CCW's responsibility. The reply was that these would both be considered as the approach was developed further.

South West Water's representative at the steering group offered to share an overview of their WaterShare+ panel, to show good practice in their open challenge sessions.

Action: South West Water to share their approach used in the WaterShare+ panel.

Finally, it was recognised that some steering group members may be on leave during August.

Action: Ofwat/CCW to give extended notice of the next steering group's agenda.

6. Next steps

Ofwat and CCW outlined the key next steps for the collaborative research approach including the Phase 2 report. The next steps for the affordability and acceptability testing included contracting the relevant experts to begin the 'sprint' sessions.

The next steering group meeting will be on 8 August 2022.