

# PR24 Collaborative customer research steering group(s) meeting

8 August 2022

ofwat

CCW

The voice for water consumers  
Llais defnyddwyr dŵr

# Agenda

Welcome and introduction

Actions from last meeting

Update on ODI rates research

Progress on affordability and acceptability testing

Next steps



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# **Actions from last meeting**

# Actions from prior meetings and 11 July 2022

Action	Update
All companies were invited to approach Ofwat/CCW if more specific discussion is needed on key points.	Ongoing
Ofwat/CCW to share the final versions of the Second pilot results report and Cognitive testing report, once available.	Complete. Final cognitive testing report and Pilot 2 report published <a href="#">here</a> .
Accent/PJM Economics to write up the Stage 2 report for circulation to the steering group members.	Phase 2 report will be published as soon as possible, as well as materials related to the affordability/acceptability research development approach.
Ofwat/CCW to appoint the contract for the analysis and modelling before the next steering group meeting.	Update included in the ODI rates research item.
Steering group members invited to provide more responses to the 'request for information' on affordability and acceptability testing.	Ongoing
CCW to check whether it is possible to share details of agencies approached to provide input to development of a common approach to affordability and acceptability testing.	Update included in the affordability and acceptability agenda item.
South West Water offered to share information about the WaterShare+ panel	Meeting arranged.
<i>All other actions from 11 July 2022 meeting are completed.</i>	





# Update on ODI rates research

# Update on ODI rates research

## Fieldwork

The **household survey** is almost complete

- 12,073 achieved (against target of 12,416)
  - 44% completed (via online panels)
  - 54% completed online (via PAF - Postcode Address Files)

The **non-household survey** has been launched

- Email survey launched last week
- Postal survey and CATI launches this week



## Mapping and analysis/modelling

- The Mapping process is being pushed forward quickly. The pace of work will increase rapidly during August and September.
- Internal teams are being established, with subject-matter experts within Ofwat and partner regulators.
- PJM Economics is also providing key insight from the development of survey questions, and prior experiences from other price reviews.
- We will be submitting data requests during August. This will include both companies and regional groups. The data we will request is unlikely to include new data. For example, we intend to request data from regional groups that will already be used for their WRMPs.
- Contracting for analysis and modelling is in progress.





**Progress on affordability  
and acceptability testing**



# Progress on affordability and acceptability testing

## Purpose

- to enable water companies to commission research, using a common methodology, to support comparisons of consumer views, so that companies can test their business plans
- to enable Ofwat and CCW to test customer views on Ofwat's Draft Determinations on water company business plans, which will provide a degree of continuity with the research conducted by water companies

## Approach

- CCW and Ofwat are working with experts in a rapid, focused, creative way, to bring together ideas for a common research approach to test affordability and acceptability
- Qualitative research – **Emma Partridge** (Blue Marble)
- Quantitative research – **Nick Moon** (Moonlight Research)
- Communications design – **Michael Green** (Luna 9)
- Additional support (e.g. testing materials with consumers) provided by Savanta (quant) and Yonder (qual/quant).



## Considerations for the research approach

We have outlined a series of considerations for the experts to consider, for example:

- Comparison across water companies
- Provide people with meaningful choices to receive meaningful views
- Research takes account of customers having different suppliers (WoCs and WaSCs)
- Understand views on bills in a shifting financial and macroeconomic environment, taking into account policy circumstances (England and Wales)
- Be adaptable and suitable for household and non-household customers plus future bill payers.
- Design for uncertainty around financial support [a single social tariff?] for low-income households.

# Observations from PR19 on testing approaches

## High level findings from the request for information

- Most water companies did multiple rounds of acceptability/affordability testing to develop and refine their business plans.
- Qualitative and quantitative approaches used a variety of modes (CAPI/CATI/online/postal etc.) to reach customers
- Sample: mostly household bill payers, smaller samples of future bill payers and non-households. People in vulnerable groups, especially low-income households were a key sub-group to understand.
- People were asked about the acceptability/affordability of the proposed bill change, and/or to the bill change and the more detailed plan, and bills were tested with and without forecast inflation
- Attitudinal information was also collected (about companies / the water industry) to support analysis e.g. about shareholders and profit
- Water companies also asked about longer term investments and bill profiles, sometimes to 2030 or 2050.

# Progress on affordability and acceptability testing

## Testing

We are allowing time for testing of the research approach(es).

We are considering whether it is possible, and how, to include actual company PR24 business plan information as part of the testing approach.

We may approach companies for views and/or invite involvement in the testing approach, if this proves to be feasible and desirable.

We are considering regulatory risks.



# Progress on affordability and acceptability testing

## Next steps

Throughout August and September we will be exploring:

- How to measure affordability/ability to pay.
- Approaches to business plan testing using qualitative and quantitative techniques.
- Ensuring the design of stimuli is appropriate and consistent to help inform people about business plans.

Sprint phase	Who	Dates
Concept	CCW/Ofwat +Experts	July-Aug
Production	Experts	Aug
Testing	Experts +Yonder/Savanta	Aug-Sept
Reporting	CCW/Ofwat	Sept

## Objective data

- Outside of this research project, Ofwat and CCW are exploring objective affordability data.

## September Steering Group

- Update on progress



**Next steps**

## Next steps

- Sharing/[publication](#) of the ODI rates research Phase 2 report – mid-August
- Modelling and analysis contract in place during August (see [note](#) of 7 July steering group meeting for related timing)
- Consultation on the PR24 draft methodology closes 5pm, 7 September

