

## Note of PR24 collaborative customer research steering group meeting

12 September 2022

### 1. Actions from last meeting

The steering group's action log was shared with the meeting, alongside outstanding actions from previous meetings.

Additionally, CCW explained that regarding the outstanding action about the 'request for information' on affordability and acceptability testing, if no more responses were received before the next steering group meeting, then the action would be considered closed.

### 2. ODI rates research: Fieldwork Update, Anonymisation and Weighting

Accent/PJM Economics gave an update on the progress of the ODI rates research. Steering group members were informed that the household survey was almost complete, with a handful of survey interviews required to complete stratification targets.

A breakdown of the demographics of household survey respondents (unweighted) was given, plus an update on progress for the non-household survey. Time was provided for members' questions following this.

**Action (completed):** CCW to circulate slides used during the presentation. This was sent to all steering group members on 13/09/22.

PJM Economics explained the methodology and reasoning behind the decisions made in the anonymisation and weighting process. This was conducted to comply with GDPR regulations so that data sets from the fieldwork can be sent to Ofwat, CCW and companies. The categories which could identify individuals will be removed from the datasets sent to Ofwat, CCW and companies, with all categories removed being mentioned and the reasons for this explained.

Following this, the process of weighting of the data collected, in order to better reflect companies' customers rather than survey respondents alone, was also explained.

A question was posed on whether PJM plans to consider post-stratification weighting for ethnicity. This is not the case. Age, sex and Socio-Economic Group (SEG) were deemed more important to weight. This is because of an effort to reduce the number of weightings for simplicity and accuracy. Also, ethnicity data would be dependent on the 2011 census, which is out of date.

### 3. ODI rates research: Project Management Update

Ofwat updated steering group members on the overall fieldwork costs. This was followed by an update on the analysis, modelling and mapping contracts given as part of the ODI rates research project.

Ofwat explained that marginal benefit estimates for the survey questions are expected to be provided to companies individually, as each marginal benefit is calculated. This was decided

upon so that companies can receive the marginal benefit estimates as fast and as efficiently as possible.

It was explained that companies should expect data requests from Ofwat in the coming weeks. One member raised the point that many companies are facing resourcing challenges at the moment from other regulatory pressures. Ofwat accepted this and replied that it will place the minimum possible burden upon companies that is necessary to complete this task.

Another question was posed, asking for a timetable from Ofwat scheduling expected data requests and data submissions to companies, so that companies' regulatory teams can be prepared in advance of these occurring. Ofwat noted this request and will look into the matter further.

**Action:** Ofwat to reply to companies on whether a data request and data submission timeline can be produced.

#### 4. Affordability and Acceptability Testing

CCW outlined the current progress on affordability and acceptability testing. Following from CCW's previous request on the matter (at the meeting with companies on 06/09/22), no company stated their fieldwork would start earlier than 2023. As a result, guidance on affordability and acceptability testing will be released in November 2022.

As part of the materials in the proposed survey, CCW asked companies about their views of presenting a breakdown on the average bill. This was well received by companies, but it was stressed that the categories and parameters presented must be well-defined by CCW/Ofwat. Companies asked whether CCW/Ofwat could give an example for companies to consider what is possible before arriving at a final version. After discussion, it was decided that CCW will ask companies to share examples of approaches that have already been taken. CCW/Ofwat will compare these examples to inform the approach to take forward.

**Action:** Companies to send CCW examples of a breakdown of the average bill to compare their formats.

CCW also posed two further questions, which were reiterated in their email following the steering group. The questions were:

- What information do you need from CCW/Ofwat in November to be able start the process of appointing a supplier for the research in December?
- Are there any examples of where companies have shown customers a breakdown of their bill and where their money goes? What level of detail could this breakdown be provided at (e.g. could this show the costs relating to repairing leaking pipes, investment in sewerage infrastructure, providing customer support) and are companies in a position to provide an estimate of this information for 2025-30?

**Action:** Companies to reply to the above questions in the email sent on 13/09/22 by CCW.

## 5. Next steps

Ofwat and CCW outlined the next steps for the ODI rates collaborative research approach including the completion of the HH and NHH fieldwork and modelling.

The next steps for the affordability and acceptability testing included further meetings with the subject matter experts in September and October, with publication expected to be in November.

We propose to hold another meeting with companies to update them on the development of affordability and acceptability testing approach. Companies have indicated that the most convenient date will be 4 October 2022.

The next steering group meeting will be on 10 October 2022.