



OFWAT & CCW

# Affordability and Acceptability: testing engagement with information

Findings and recommendations from the research

**.YONDER**

# Project background and method

Water companies are starting to develop their business plans for investment in services from 2025-2030. They must consult with their customers, via research, to find out how affordable and acceptable they find their plans. This evidence is provided to Ofwat to inform the decisions they make as part of the Price Review process (PR24).

Ahead of PR24, Ofwat and CCW are developing guidance for water companies on how best to engage customers in research about the affordability and acceptability of water company business plans. As part of this piece of work, they wanted to test out specific elements of the plans, to explore customer understanding and engagement. These were mostly qualitative aspects, but also included some quantitative testing.

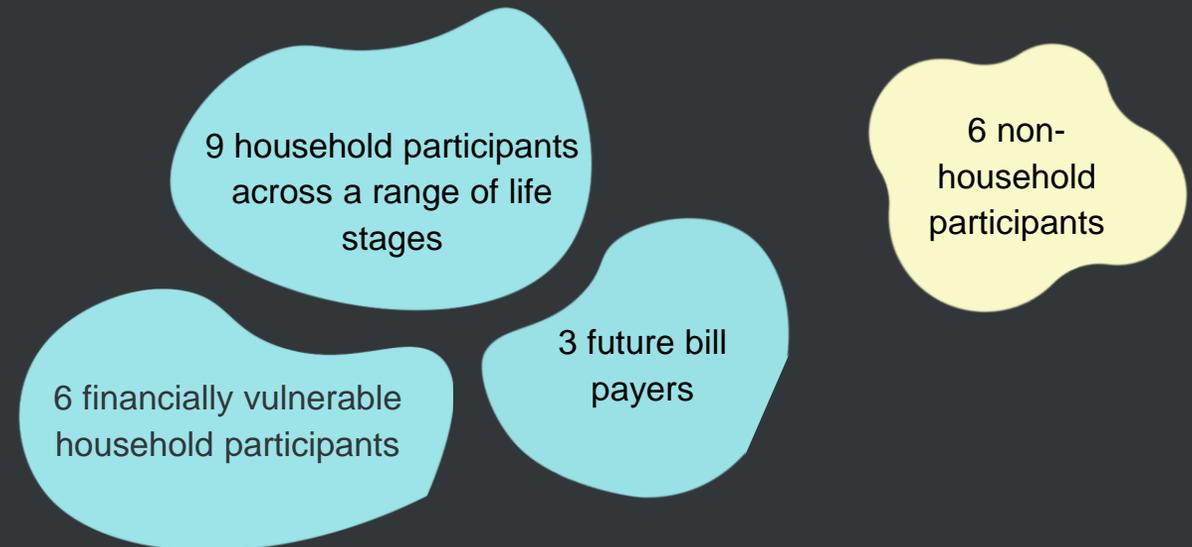
To do so, Yonder Consulting ran eight triads from the 26<sup>th</sup> of October to the 1<sup>st</sup> of November with customers.

## We spoke about:

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## Page

## We spoke to 24 people across England and Wales



# Water company background

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Participants were presented with information on the Price Review process and the water industry more generally (Page 20).

We also presented participants with some basic information about an anonymised water company, to help them contextualise upcoming information on performance and targets.

Understanding of the background information was generally good. Participants had few questions and understood the information provided about water company context and the price review process.

Although this section worked well on its own, certain pieces of this background information could be further clarified to improve comprehension of later sections. In particular, there were challenges around:

- Understanding costs and prioritisation: participants wanted to see water companies working across everything, and did not always have a good understanding that water companies need to work with finite resources.
- Credibility of the regulation process. Many distrusted water companies and were suspicious of the regulation process – which they felt may not be rigorous enough and would not bind companies to targets. The current news stories about sewer overflows contributed to the general scepticism, as people felt that water companies would not respect targets anyway.
- There was confusion about the price review process when it came to consulting customers. Participants could not picture what this looked like and therefore thought this process could not be robust.
- The size and scale of the water company was not easily remembered and required reminders throughout the session to understand the recurrence of any issues (i.e. the number of sewer flooding incidents compared to the number of properties in the water company area).

# Water company background – recommendations

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- Talk about prioritisation within the business plan – there is a finite amount of money to spend each year and it does not occur to most people that a water company needs to make decisions about what to do first or what to do more of.
- Provide more information about the role of customer consultation within the price review process (how this is taken on board etc).
- Provide more information about the robustness of regulation, including monitoring, penalties and rewards for water companies so that it is clear that consequences do happen.

## What does your water company do?

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- Your water company makes sure you have a reliable supply of clean, safe water by collecting, treating, storing and transporting water through its network to your home or business. It also takes away your wastewater, treats it, and returns it safely to the environment as clean water.
- Your water and wastewater company supplies 1.4 million households (3 million people) with water and wastewater services through 26,500 km of water pipes and 36,000 km of sewers and drains.
- All customers pay for the costs of providing these essential services through their water bills.
- Your water company has been preparing its plan for 2025-30, setting out what investment is needed, the levels of performance it will provide, and the costs of running the business. We want to make sure these plans are supported by its customers. The water regulator, Ofwat, will be scrutinising these plans to make sure they represent good value for money and don't charge customers any more than what is needed to maintain the service over the long-term.

# Performance commitment areas

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Six aspects of service were tested with participants.

These were chosen by CCW and Ofwat on the basis of previous research where customers told them that there are high priority services, and also as being high in the public consciousness.

These include:

- Unplanned water supply interruptions
- Complaints about appearance, taste and smell of tap water
- Sewage flooding of homes
- Sewage flooding of gardens
- Reducing leaks
- Pollution incidents

The materials are on page 21.

Customers generally understood the topic of each service aspect, but could not necessarily picture the issues in a tangible manner, which impacted their understanding and reflection later on – for instance, this meant that it was harder to understand the impact of the targets, and evaluate water company performance.

Providing information about how performance for aspects of service was measured upfront was helpful as it provided context, though it raised questions from participants around targets and performance early on.

Although descriptions of some service aspects are felt to be fairly straightforward by customers (i.e. unplanned water supply interruptions), others are more complex and could be misunderstood. For instance, aspects around highly sensitive issues like lead pipes or sewer overflows prompted more questions and may require more explanation than was given in the examples here.

# Performance commitment areas – recommendations

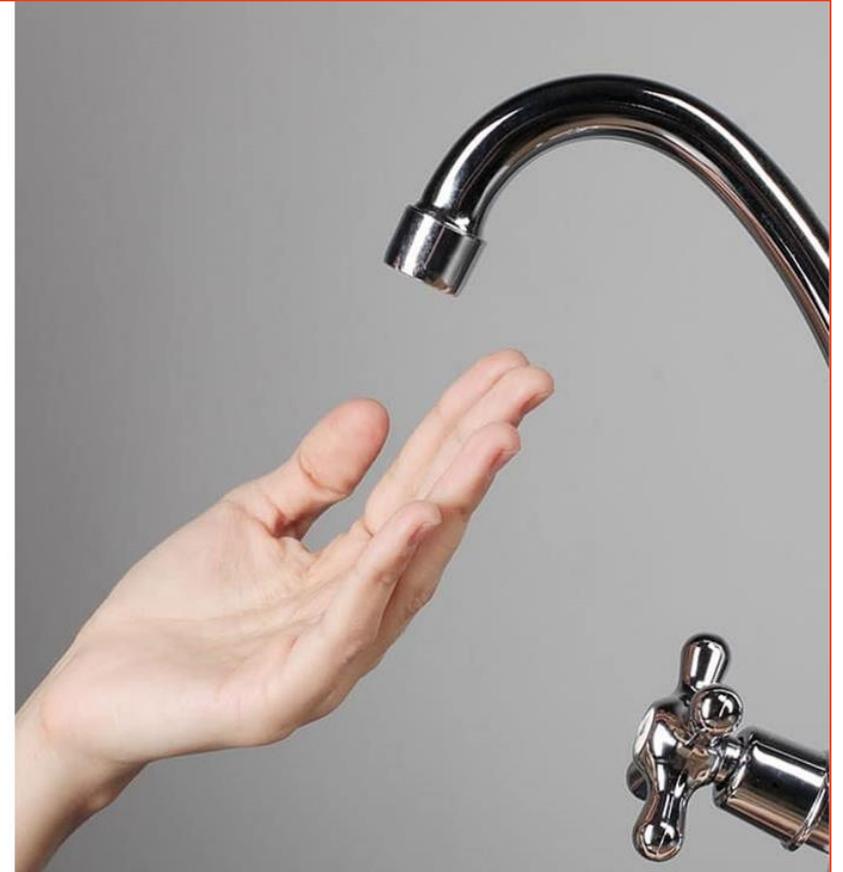
- For every service aspect, the stimulus could be made easier to understand and more tangible by providing more information than was shown here – i.e. exploring what the issue is, how it happens, how it would impact customers and the likelihood of this happening. However, there is a need to keep this as simple and concise as possible to reduce overloading participants.

## Unplanned interruption

The number of times a customer is without water for + 3 hours owing to problems on the network such as burst mains. This is measured by adding up all the supply interruptions and dividing by the total number of customers, to give an average per property.

Water supply interruptions to properties can be short (note that interruptions of less than 3 hours are not counted) or much longer, and can happen in the day or night. Since they only affect a small number of customers, the 'average' figure is much lower than the duration of most interruptions.

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# Water company performance

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Participants were given a slide on each aspect of performance, which showed water company's performance in two different ways:

- A table which colour-coded which water companies were top performers, at or better than target, or poorer than target.
- A graph which presents water company's level of performance and the Ofwat target for that aspect of service.

Page 23 shows how this was presented.

Participants generally felt the level of information provided on targets in the example above was about right and gave them a good understanding of how a water company was performing.

The table was seen as simple, easy to read but lacking detail. The colour coding was generally clear, although the 'top performers' in blue raised questions and caused some confusion since the distinction between 'top performers' and 'at or better than target' was unclear. Participants did not understand how this had been decided, especially when water companies were performing similarly.

The graph gave participants a better sense of how close or far water companies were from their targets, which had a big impact on how they viewed performance. Being slightly under or above target was seen as similar and acceptable, whereas bigger gaps between targets and actual performance were highly concerning.

Using the graph and table simultaneously was not easy since participants had to crosscheck information between the two to understand the full story, but participants felt having information from both was valuable to make a judgement on performance.

Most found the graphs easy to understand. However, some needed an explanation that being above the red target line was a bad thing (for the service aspects explored – this may not be the case for Performance Commitments like C-MeX or Priority Service Register reach).

Some of the service aspects were easier to understand than others. Performance was harder to understand for service aspects where performance commitment target varied, as it required more work from participants to understand, and comparisons between water companies were harder to visualise.

# Water company performance – recommendations

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The key challenges around the clarity of the graphs were:

- Graphs with varying targets were harder for participants to understand and comparison was more challenging.
- Understanding that ‘higher was bad’ required some explanation.

For each performance commitment, participants wanted to see more information on:

- Why targets were set at the level they were set on, especially if they varied across water companies.
- Why water company actual performance was at the level it was at, especially if they had missed their target (was it due to the weather, customer error or water company responsibility).

In general:

- Provide more context on targets and why performance may be high or low for the specific water company.

For the table

- Remove the blue ‘top performers’ section and keep the colour coding of the table to ‘poorer than target’ and ‘at or better than target’.

On the graph:

- Adding a line explaining “Water companies must aim to be below the target line” aided comprehension.
- A simpler way to visualise water company performance when targets varied could be to highlight the gap between target and performance to aid comparison.
- Using the term “actual” instead of “performance” in the graphs helped reduce confusion (this change was made halfway through the groups as participants were struggling to understand this).
- Add colour coding to the graph to show which companies are under/over target in a visual manner.

# Performance targets

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We showed participants proposed targets for performance by 2025 and 2030 across each of the service areas. Each slide included

- Aim and description of each service aspect
- The level of service that the water company was already delivering
- Aimed target by 2025
- Aimed target by 2030

See page 26 for what was shown to people.

The information was simple and concise, and the targets were easy for participants to understand.

However, there was a need for more information and background on targets more generally. Participants found it hard to make a judgement on the level of the targets without knowing how they would be met and without knowing how water company performance was evolving over time. Without this information, participants found it hard to make a judgement on the levels of these targets.

Participants also struggled to associate these targets with increased costs and bill impacts, which caused frustration with water company performance.

The fact that the 2025 target had been set in the previous price review period was not obvious to participants, who needed reminding of this.

# Performance targets – recommendations

- Provide more information on how the water company will meet the target
- [If possible] provide some information on bill impact of each performance commitment target
- Provide more context on water company performance so far, i.e. by adding more historical performance data from 2020
- Provide more information on what good looks like – as much as is possible for different performance commitments
- Make information on targets more tangible (i.e. building on further context provided in the Performance Commitment Area section) by using measures which are more relatable to participants – or at least providing multiple measures to ensure that participants are seeing a realistic reflection of performance
  - + For instance, megalitres felt unrelatable to participants but the % of decrease was helpful (though relies on people understanding percentages)
  - + Homes in 10,000 affected was hard to picture in real terms; participants felt that ‘2,940’ gave a better sense of scale – offering both measures would help participants understand scale and see an accurate picture

## Unplanned interruptions

Aim	Current level of service	Aim by 2025	Aim by 2030
The number of times a customer is without water for 3 hours+ owing to problems on the network such as burst mains. This is measured by adding up all the supply interruptions and dividing by the total number of customers, to give an average per property.	Average of 5:02 minutes per property	Average of 5 minutes per property forecast for 2025	Reduce to average 3 minutes per property by 2030

# Discretionary and statutory proposals

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We explained the difference between statutory and discretionary proposals to participants, then showed participants an example showcard. This was on the topic of lead pipes and outlined four suggested proposals that participants could choose from, which differed in timeline, cost and risk of illness to the public:

- Delivery by 2030
- Delivery by 2035
- Delivery by 2040
- Defer delivery until after 2030

See page 28 for the materials.

Participants understood the information about the difference between discretionary and statutory proposals, but found the difference frustrating. Most felt that discretionary proposals should be happening anyway – and this section could have benefitted from more setting out upfront to avoid this confusion or frustration.

In the deliberative sessions themselves, we can assume that the reasons why companies are not already delivering the higher level (discretionary) service targets will be explained up front (e.g. they are starting from a service target agreed at the previous price review).

The discretionary showcard itself worked well, and the presentation of the different options was clear and easy for participants to understand. It may be worth highlighting the extra cost of option 4 (deferring) so participants can make a more informed decision.

# Discretionary and statutory proposals – recommendations

- Discuss the difference between discretionary and statutory proposals earlier in the discussion
- Provide more background on why the specific proposal isn't already being delivered as part of a performance commitment / day-to-day running
- Present the discretionary showcards after the bill impacts for the statutory proposals so participants can better reflect on bill impacts
- If possible, provide a number for the cost of deferring delivery until after 2030 based on inflation so participants can picture this better

## Discretionary showcard

### Plan:

Deliver 50km of replacement of lead supply pipes across the company's service area.

The current risk of illness level is 2% in the water company area.

Ageing lead pipes can dissolve tiny particles of lead into water, and given the number of lead pipes that are left in the company's area, there is a risk of harm to people's health where they still have a lead pipe. The 2% risk means 2 people out of 100 are at risk of being affected.

Delivery by 2030	£60m from 2025-30 £5 on average bill from now to 2030	Reduce risk of illness to 0% by 2030
Delivery by 2035	£30m in 2025-30 then £30m in 2030-35 £2.50 on average bill from 2025 to 2035	Reduce risk of illness to 1% by 2030 and then to 0% by 2035
Deliver by 2040	£60m from 2025 to 2040 £1.25 on average bill from 2025 to 2040	Reduce risk of illness to 1.5% by 2030, then 1% by 2035 and 0% by 2040
Defer delivery until after 2030	No cost to customers before 2030. Inflation may affect the cost of delivery	Current risk of illness remains at 2% until 2030

# Bill profiles and affordability

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We showed participants mocked-up bill increases for the period between 2025-2030. The graphs presented the predicted bill amount year on year. We presented participants with multiple graphs, to understand which they preferred:

- Without inflation
- With inflation – and the inflation amount separated out
- With inflation, both amounts combined.

See page 29 for the materials.

Participants struggled to relate the bill profiles to the targets they had been shown. Seeing the proposed bill increases raised questions and frustrations from participants – around why bills were being increased in the current climate, what they would be getting for their money, and whether this was fair considering some of the stories around water companies in the news (sewer overflows, profits and shareholder bonuses).

However, the information was presented clearly and was easy to understand, and providing more contextual information would address some of participants' queries and concerns.

Participants were shown two bar charts which each reflected the same bill profile over five years. One bar chart showed inflation in a different colour, the other did not include inflation. Participants preferred the bar charts which set out inflation. They felt this gave them a more realistic, "transparent" view of how their bills may change over time. When presented with the chart without inflation, participants struggled to picture the impact of inflation on those bills and on their household income, even when this was suggested to them.

All preferred the chart with the breakdown between bill increases and inflation, as they felt this gave them a better sense of whose responsibility the increase was.

# Bill profiles and affordability – recommendations

- Participants need to be provided with some information to understand the increase on year-on-year and differentiate it from the increase due to inflation.
- As much as possible, provide participants with a breakdown of the bill increases – why is this increasing year on year? What does that increase mean for them?
- Link bill increases back very clearly to current levels of service delivery and proposed targets to get participants responding to bill increases in a more considered, and less emotional manner.

## With inflation

Your current water bill changes/increases with inflation each year, as well as to reflect any underlying changes in the company bill. The bills you see include an estimate of inflation, based on the Bank of England forecast.

Bear in mind that inflation could be higher or lower in future than the Bank of England forecast.

Also, consider that your household's income will change over this time too. If it increases each year roughly in line with inflation then generally the effects of inflation aren't too noticeable. If your household income goes up by less than inflation then your money won't go as far as it used to. And if your household income increases by more than inflation then your money should go further.



# Reactions to the affordability survey

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Participants were asked to answer a mock survey on Google Forms, then report back to the group to discuss individual questions.

Questions explored the topic of affordability for participants in general, and built on the information they were provided about proposed water bills in the session.

The survey felt straightforward and easy to understand for most participants.

Participants were answering this survey in varying frames of mind, which is worth noting for analysis:

- Thinking of their current situation
- Thinking ahead to the increases in bills and rising costs
- Comparing themselves to other less well-off people

Future bill payers found answering the survey more challenging because they do not pay the bills, so they may not be able to answer the questions accurately.

Some participants found this survey emotionally challenging, particularly vulnerable participants, and left them feeling concerned about their current situation. It may be worth providing participants who code as financially vulnerable with information about available support at the end of the survey.

# Feedback on specific survey questions

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**Q1: How well would you say you are managing financially at the moment?**

*Living comfortably, Doing alright, Just about getting by, Finding it quite difficult, Finding it very difficult, Don't know*

Some participants said they answered this thinking of the current situation (and how their finances may have suffered as a result) while others answered this thinking of their situation compared to that of others. Some said they were thinking about people who were less well-off than them, which could encourage people to report being more comfortable than they actually felt. While people who answered while reflecting on their current situation may report finding things more difficult.

**Q2: Thinking about your finances over the last year, how often, if at all, have you struggled to pay at least one of your household bills?**

*All of the time, Most of the time, Sometimes, Rarely, Never*

Some wanted to see the addition of a number to help judge the boundaries of options like 'most of the time' and 'sometimes' since some found it hard to judge which response to select for their situation.

# Feedback on specific survey questions

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**Q3: Thinking about your household's financial situation over the 5 years or so, do you expect it to get:**

*A lot worse, A bit worse, Stay the same, A bit better, A lot better, Don't know*

Although this did allow participants to start thinking about their household income and how it may vary, participants struggled to give an 'objective' response to this answer. This was generally seen as very hard to answer – participants did not necessarily take the same things into account when answering this question and found it hard to plan ahead.

Thinking five years ahead was challenging for many, and some felt they would welcome a question which looked at a shorter timeframe.

**Q4: Your current water and sewerage services bill for the 12 month period from April 2023 until March 2024 is £382. Is this affordable for you?**

*Yes comfortably, Yes but not comfortably, No, Prefer not to say*

Participants who felt they could not afford the bill found it difficult to select the 'no' response. This may need rewording, or an additional response may need adding for nuance.

# Feedback on specific survey questions

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**Q5: Your household's predicted bill for water and sewerage services for each of the years 2025 until 2030 is shown below. Is this affordable to you?**

*Yes comfortably, Yes but not comfortably, No, Prefer not to say*

Similar to Q4, participants who felt they could not afford the bill found it difficult to select the 'no' response. This may need rewording, or an additional response may need adding for nuance.

Following the conversation around the affordability bar charts, participants felt that the bar chart in the survey should include inflation as this was a more 'truthful' level of bill increase.

Participants found this question emotionally challenging to answer as there was a lot to consider before selecting an option.

**Q6: Which of these is most likely to describe the impact of this bill increase on your household between 2025 and 2030?**

*Little impact – e.g. comfortably paid for out of regular income or savings, Some impact – paid for by cutting back on other things, Significant impact – paid for by cutting back on essentials or getting into or further into debt, Don't know*

Comprehension of this question was good, and participants found the answers suitable.

# Feedback on specific survey questions

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**Q7: Which of these does you/your household think you need to do to pay for such an increase in your water bill?**

*Shop around more for things I spend money on ; Spend less on food shopping and essentials ; Spend less on non-essentials ; Cut back on non-essential journeys in my vehicle ; Use less fuel such as gas or electricity at home ; Use less water ; Use savings/save less ; Use credit more than usual for example credit cards, loans or overdrafts ; Other (please specify) ; None of the above ; Don't know*

This needs to be multiple choice as people reported needing to do multiple of these. These are also activities that most were already doing to mitigate the current price and bill increases.

**Q8: Could your household afford to pay an unexpected, but necessary, expense of £850 now?**

*Yes from my own money, Yes through borrowing from family or friends, Yes but I would need to borrow from a company (e.g. bank loan), No, Prefer not to say*

**Q9: Could you tell me which of the following bands your household income falls into from all sources before tax and other deductions?**

Participants understood the purpose of these questions, and found them easy to answer.

Some felt Q8 may benefit from an extra option to differentiate from spending money and savings which may be harder to access.

# Appendix – materials we showed participants

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## Background

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- Every five years, water companies produce business plans that propose how they will develop their water and sewerage services for the next five years. They must also include information on how this plan fits with longer term plans, and the cost of the delivering this.
- The business plan and prices are then finalised by Ofwat in a process known as the price review. As people are not able to choose their water company, the companies need to show Ofwat that their plans reflect what their customers want, and must change their plans depending on what customers tell them.
- One of the ways that people have their say is through research, which explains the plans and asks what customers think: are the plans acceptable, and can they afford the proposed bills?

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## What does your water company do?

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- Your water company makes sure you have a reliable supply of clean, safe water by collecting, treating, storing and transporting water through its network to your home or business. It also takes away your wastewater, treats it, and returns it safely to the environment as clean water.
- Your water and wastewater company supplies 1.4 million households (3 million people) with water and wastewater services through 26,500 km of water pipes and 36,000 km of sewers and drains.
- All customers pay for the costs of providing these essential services through their water bills.
- Your water company has been preparing its plan for 2025-30, setting out what investment is needed, the levels of performance it will provide, and the costs of running the business. We want to make sure these plans are supported by its customers. The water regulator, Ofwat, will be scrutinising these plans to make sure they represent good value for money and don't charge customers any more than what is needed to maintain the service over the long-term.

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# Appendix – performance commitments

## How are water companies monitored?

- For each 5-year business plan, water companies have service level targets which are developed from what customers have told them, and Ofwat's assessment. These targets are called 'Performance Commitments'. They cover a wide range of different elements of the services that water companies provide.
- Every year, Ofwat monitors water company performance against each Performance Commitment. Companies face financial penalties – they have to reduce their bills - if they fail to achieve their targets.
- Performance commitments include things like how well companies are reducing leaks from water mains, reducing the risk of sewage flooding into properties, and how well they are maintaining their infrastructure.
- They also have Performance Commitments that measure pollution through discharges into rivers and the sea, and the amount of water they abstract from rivers and groundwater.
- We have selected a smaller number of Performance Commitments to discuss today.

## Unplanned interruption

The number of times a customer is without water for 3 hours+ owing to problems on the network such as burst mains. This is measured by adding up all the supply interruptions and dividing by the total number of customers, to give an average per property.

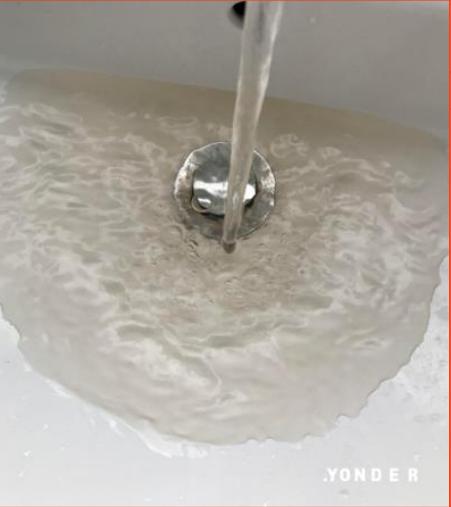
Water supply interruptions to properties can be short (note that interruptions of less than 3 hours are not counted) or much longer, and can happen in the day or night. Since they only affect a small number of customers, the 'average' figure is much lower than the duration of most interruptions.



## Appearance, taste and smell of tap water

Reducing the number of incidents of discoloured water (e.g. brown tinge); or a strange taste or smell occurring, measured by the number of contacts from concerned customers.

Discolouration, such as a brown 'tinge' in tap water is normally temporary and can be dealt with by running taps for a few minutes. The water is still safe to drink. The same is usually the case for a strange taste or odour. However, companies aim to produce high quality water all of the time and customers have the right to contact their water company if they are concerned.



## Sewage flooding of homes

Reduce the number of occasions sewer flooding occurs inside customers' homes.

This can happen when there is a blockage or when sewers are overwhelmed with rainwater and there is an overflow from a toilet. The area affected can vary from very small to very large, but all incidents are counted the same.



# Appendix – performance commitments

## Sewage flooding of gardens

Reduce the number of occasions sewer flooding happens in gardens or other areas outside customers' homes.

This can happen when there is a blockage or when sewers are overwhelmed with rainwater and there is an overflow from a manhole cover, for example. The area affected can vary from very small to very large, but all incidents are counted the same.



## Pollution incidents

Reduce pollution of rivers, streams etc. so they are clean and safe for wildlife and people.

A pollution incident is where actual or potential harm to the environment is caused by a discharge or spillage from a company wastewater sewerage pipe or treatment works, for example. These are monitored by the environmental regulator and are graded according to severity.



## Reducing leaks

Reduce the amount of water lost due to leaks from water mains and pipes.

Around two thirds of leaks are from pipes and mains that the water company is responsible for, and a third are from customer pipework on properties - water companies can help tackle them too though it's not their responsibility. Companies with bigger networks tend to have more leaks since they have more pipes.



# Appendix – performance commitments

## Context

Ofwat monitor water company performance by looking at:

- Their current performance for these measures
- Where they are in comparison to their current target
- How their current performance compares to that of other companies

Companies can be penalised and rewarded for missing or hitting their targets.

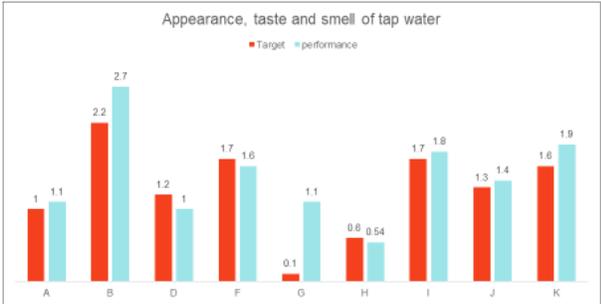
We will show you a subset of these performance commitments. This is based on the latest published data from 2020-21.

## Appearance, taste and smell of tap water

Company A	Yellow
Company B	Yellow
Company D	Blue
Company F	Blue
Company G	Yellow
Company H	Blue
Company I	Yellow
Company J	Yellow
Company K	Yellow

■ Top performers  
■ At or better than target  
■ Poorer than target

Water companies are measured on the number of customer contacts regarding appearance, taste and smell of tap water (per 1,000 properties)



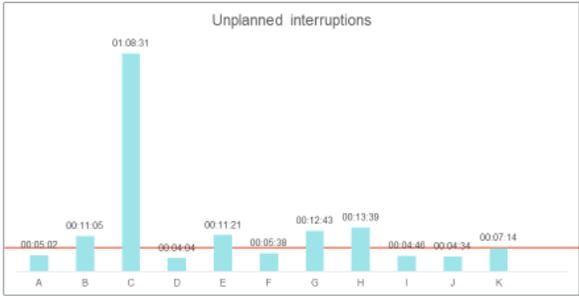
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## Unplanned interruptions - performance

Company A	Green
Company B	Yellow
Company C	Yellow
Company D	Blue
Company E	Yellow
Company F	Green
Company G	Yellow
Company H	Yellow
Company I	Blue
Company J	Blue
Company K	Yellow

■ Top performers  
■ At or better than target  
■ Poorer than target

Company performance is measured by the length of time properties are without water over 3 hours – by minutes per property



Target: 00:06:30

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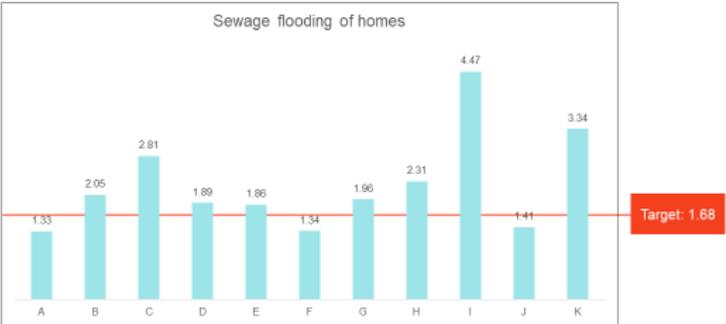
# Appendix – performance commitments

## Sewage flooding of homes

Company A	Blue
Company B	Yellow
Company C	Yellow
Company D	Yellow
Company E	Yellow
Company F	Blue
Company G	Yellow
Company H	Yellow
Company I	Yellow
Company J	Blue
Company K	Yellow

■ Top performers  
■ At or better than target  
■ Poorer than target

Water companies are measured on the number of incidents per year (numbers are out of 10,000 properties)



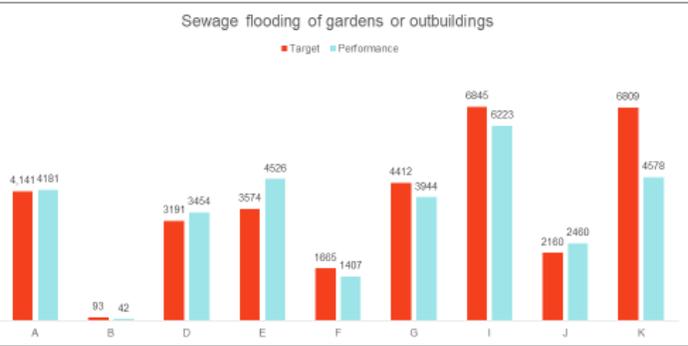
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## Sewage flooding of gardens or outbuildings

Company A	Yellow
Company B	Blue
Company D	Yellow
Company E	Yellow
Company F	Green
Company G	Blue
Company I	Green
Company J	Yellow
Company K	Blue

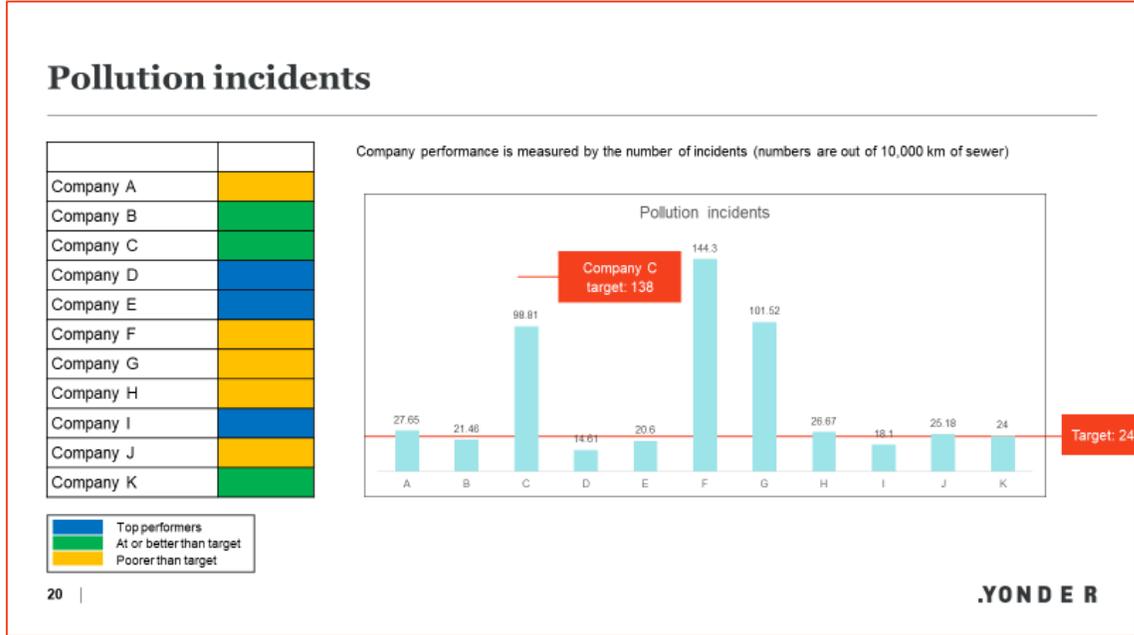
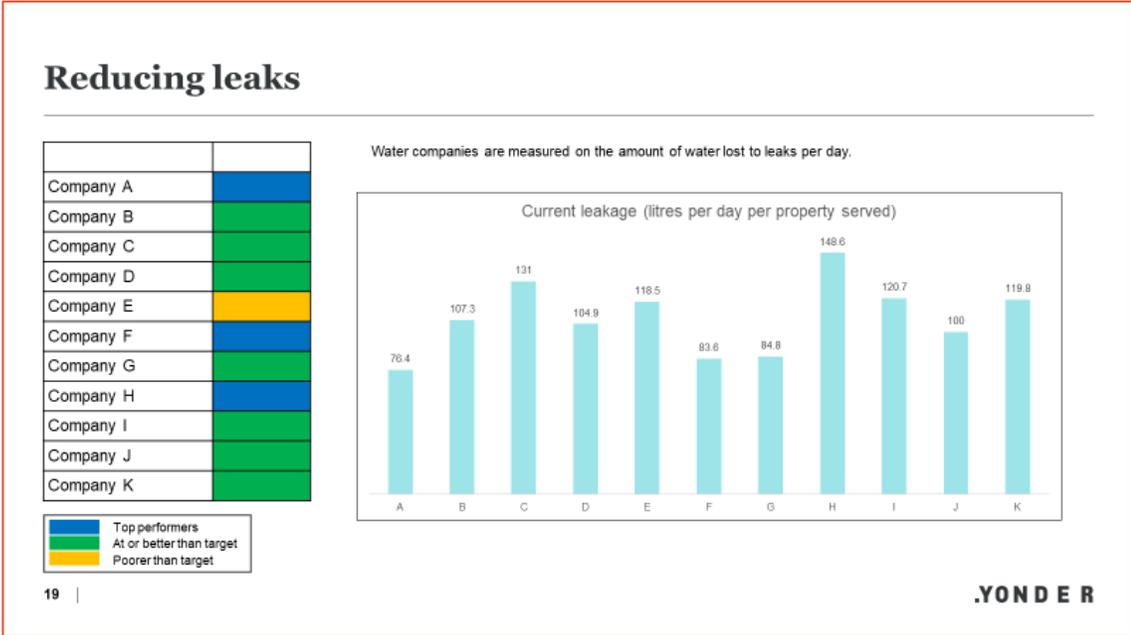
■ Top performers  
■ At or better than target  
■ Poorer than target

Water companies are measured on the number of incidents per year (numbers are out of 10,000 properties)



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# Appendix – performance commitments



# Appendix – Performance targets

## Unplanned interruptions

Aim	Current level of service	Aim by 2025	Aim by 2030
The number of times a customer is without water for 3 hours+ owing to problems on the network such as burst mains. This is measured by adding up all the supply interruptions and dividing by the total number of customers, to give an average per property.	Average of 5.02 minutes per property	Average of 5 minutes per property forecast for 2025	Reduce to average 3 minutes per property by 2030

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## Appearance, taste and smell of tap water

Aim	Current level of service	Aim by 2025	Aim by 2030
Reducing the number of incidents of discoloured water (e.g. brown linge), or a strange taste or smell occurring, measured by the number of contacts from concerned customers. Measured per 1,000 customers.	2.7 contacts per 1,000 population (8,100 in total) a year	2 contacts per 1,000 population (6,000 in total) a year	1 contact per 1,000 population (3,000 in total) a year

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## Sewage flooding of homes

Aim	Current level of service	Aim by 2025	Aim by 2030
Reduce the number of occasions when sewer flooding occurs inside customers' homes. Measured per 10,000 properties	1.33 homes in 10,000 affected (185 in total)	1.34 homes in 10,000 affected (189 in total)	1 home in 10,000 affected (140 in total)

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## Sewage flooding of gardens or outbuildings

Aim	Current level of service	Aim by 2025	Aim by 2030
Reduce sewage flooding of gardens or outbuildings	26 homes in 10,000 affected (3,628 in total)	21 homes in 10,000 affected (2,940 in total)	18 homes in 10,000 affected (2,520 in total)

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# Appendix – Performance targets

## Reducing leaks

Aim	Current level of service	Aim by 2025	Aim by 2030
Reduce the amount of water lost due to leaks from water mains and pipes	191.1 megalitres a day	Leakage down 13.3% to 170 megalitres a day	Leakage down a further 15% to 144.5 megalitres a day

## Pollution incidents

Aim	Current level of service	Aim by 2025	Aim by 2030
Reduce pollution of rivers, streams etc. so they are clean and safe for wildlife and people	27.65 pollution incidents per 10,000km sewers	19.5 pollution incidents per 10,000km sewers (70 in total)	17 pollution incidents per 10,000km sewers (61 in total)

# Appendix – Statutory vs discretionary

## Statutory and discretionary proposals

### Statutory

Each company will have a range of investments and service improvements it needs to deliver in 2025-30 to meet existing or new requirements. These are obligatory. This includes:

- Improvements to the environment to reduce the risk of pollution from wastewater treatment, storm overflows.
- Improvements to the wildlife and habitats in rivers that are currently suffering detrimental impacts from water abstraction.
- The creation of new water resources (such as reservoirs) to reduce the risk of water scarcity in different areas of England and Wales.

### Discretionary

Discretionary proposals are parts of the water company's plan that are in addition to the statutory programme and the day-to-day service delivery. A discretionary proposal could look like:

- Extra investment to build or renew water and wastewater infrastructure to improve the resilience of services in the long term
- Further improvements to reach standards of environmental protection above and beyond what the statutory programme can deliver.

As these are discretionary, customers do have some choices of:

- (a) whether they support or approve of the proposals
- (b) the timing of the activity

## Discretionary showcard

### Plan:

Deliver 50km of replacement of lead supply pipes across the company's service area

The current risk of illness level is 2% in the water company area

Delivery by 2030	£60m from 2025-30 £5 on average bill from now to 2030	Reduce risk of illness to 0% by 2030
Delivery by 2035	£30m in 2025-30 then £30m in 2030-35 £2.50 on average bill from 2025 to 2035	Reduce risk of illness to 1% by 2030 and then to 0% by 2035
Delivery by 2040	£60m from 2025 to 2040 £1.25 on average bill from 2025 to 2040	Reduce risk of illness to 1.5% by 2030, then 1% by 2030 and 0% by 2040
Defer delivery until after 2030	No cost to customers before 2030	Current risk of illness remains at 2% until 2030

# Appendix – Bill profiles

## Without inflation

Your current water bill changes/increases with inflation each year, as well as to reflect any underlying changes in the company bill. The bill amounts shown here do not include the effect of inflation.



## With inflation

Your current water bill changes/increases with inflation each year, as well as to reflect any underlying changes in the company bill. The bills you see include an estimate of inflation, based on the Bank of England forecast.

Bear in mind that inflation could be higher or lower in future than the Bank of England forecast.

Also, consider that your household's income will change over this time too. If it increases each year roughly in line with inflation then generally the effects of inflation aren't too noticeable. If your household income goes up by less than inflation then your money won't go as far as it used to. And if your household income increases by more than inflation then your money should go further.



# Appendix – Bill profiles

## With inflation – comparison



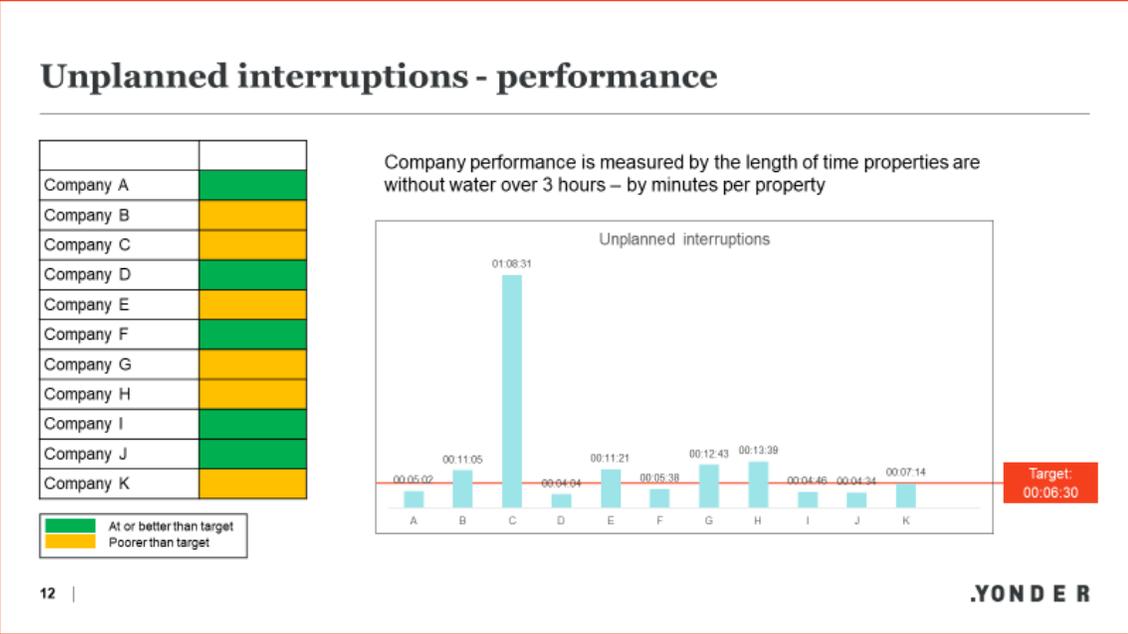
## Comparison



# Appendix – Final two groups

We made some small changes to the stimulus we presented people for the final two groups:

- We removed the colour code for ‘top performers’ for water company performance slides
- We rephrased discretionary and statutory proposals to ‘must do’ and ‘additional proposals



### Must do and additional proposals

**Must do**

Each company will have a range of investments and service improvements it needs to deliver in 2025-30 to meet existing or new requirements. These are obligatory. This includes:

- Improvements to the environment to reduce the risk of pollution from wastewater treatment, storm overflows.
- Improvements to the wildlife and habitats in rivers that are currently suffering detrimental impacts from water abstraction.
- The creation of new water resources (such as reservoirs) to reduce the risk of water scarcity in different areas of England and Wales.

**Additional**

Additional proposals are parts of the water company’s plan that are in addition to the statutory programme and the day-to-day service delivery. An additional proposal could look like:

- Extra investment to build or renew water and wastewater infrastructure to improve the resilience of services in the long term
- Further improvements to reach standards of environmental protection above and beyond what the ‘must do’ programme can deliver.

As these are optional, customers do have some choices of:

- (a) whether they support or approve of the proposals
- (b) the timing of the activity

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