

Note of PR24 collaborative customer research steering group meeting

12 December 2022

1. Actions from last meeting

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

Ongoing actions were discussed later on the agenda and there remains an open action for companies to approach CCW and Ofwat if ad-hoc meetings or advice is required.

SC also outlined in relation to a previous action that although the postal approach to fieldwork did take two months for the ODI rates research, that this was not an indication of how long it would be expected to take for the affordability and acceptability testing, as the latter would not be subject to such complex stratification targets.

2. ODI rates research: Fieldwork

Ofwat outlined that there had been delays in processing the reporting due to illness. Companies should expect to receive the final fieldwork report before Christmas - dependent on illness not causing further delays.

Companies reminded Ofwat that invoices from Accent needed to include the purchase order number and suggested that this may be causing delays to payment in some cases.

Action: Ofwat to ask Accent to issue reminders, citing purchase order numbers for any outstanding invoices and to include purchase order numbers on all future invoices.

3. ODI rates research: Econometric modelling

The aim is to estimate valuations at both a national and company level. This will be done using a mixed approach:

- Relative impacts – Bayesian mixed logit model
- Compensation – panel interval model with assumed log normal willingness to accept distributions.

We are still considering the best method of combining the estimates from the two models and aim to make a decision this week so that estimates and model code can be shared with companies before Christmas.

Question	Response
Will companies know when company specific vary from the national averages?	There are still a number of phases that need to be worked through before the valuations are translated into ODI rates (mapping, validation/triangulation and application of benefit sharing factors). However, it will be the companies' responsibility to make the case if they consider that there is a case for a company specific ODI rate.

Could this also be considered as part of the outcomes working group?	Yes.
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4. ODI rates research: Mapping

Ofwat outlined that delays to the report have impacted the timescales for the mapping exercise and that these are likely to be completed a month later than discussed at the last steering group meeting. An outline of the progress made on the mapping and calculations was given in the following areas:

- Demand
- Interruptions
- Discharge permits and river water quality
- Compliance Risk Index

5. ODI rates research: Timescales

An updated timetable was shared with the group:

December

- Fieldwork Report
- Estimates of incident valuations
- Confidence intervals
- Modelling code
- Batch 2 indicative mapping

January

- Econometric modelling report
- Full ODI Rates Research survey findings

February

- Batch 1 indicative marginal benefits

March

- Batch 2 indicative marginal benefits

6. Affordability and Acceptability Guidance

CCW gave an overview of the responses that had been received from companies on the draft guidance and a summary of how these had been addressed within the final document.

Question	Response
If an ICG agrees with a change to the guidance set out by the company, does this mean that the variation from the guidance would be accepted by CCW and Ofwat? How do companies know that they are making the right decisions?	ICGs can be asked to sense check decisions, but that doesn't guarantee that they will be accepted by Ofwat. Companies need to use discretion, but need to be accountable for their decisions. Touch points have been built into the ongoing engagement plan to allow discussion on 'sticking' points and learn from others.

How will be £20 for the single water affordability scheme be split between water and sewerage services?	The intention is for this to be a 50/50 split.
For face to face research, is it OK to email geographic areas to gain the sample?	Yes, but may need follow up recruitment (random, but within a defined area).
Can companies change the wording of the questions within the quantitative research, as long as the sentiment of the question remains the same?	There is no flexibility within the prescribed questions for change, but the prescribed content does allow for this.
How many enhancements can a WASC include?	A maximum of six (across both sets of services)

Ofwat set out that the expectation was that companies would own the research, in consultation with their ICG, but that CCW and Ofwat would be available to answer queries in relation to the application of the guidance.

CCW also thanked steering group members for their engagement whilst the guidance was being developed.

7. Next steps

- Final methodology - 13 December 2022
- Affordability and acceptability guidance – 13 December 2022
- Sharing of ODI Rates Research outputs – between December 2022 and March 2023
- Next steering group meeting – 9 January 2023 – then meetings will move to a quarterly frequency.