SRN14 Customer Insight Technical Annex

2nd October 2023
Version 1.0

from Southern Water

Purpose:

The purpose of this Technical Annex is to accompany SRN03 Customer Acceptability Chapter of the main business plan. It provides additional information and context on the areas listed below.

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Introduction: Line of Sight - Overview to key areas of our 2025-2030 Plan based on customer feedback

As discussed in the Customer Engagement Chapter of our main business plan, the use of insight to drive decisions is what we do every day. We have been engaging with customers throughout the development of the 20205-2030 plan and acting on that insight. There are some foundational insights we have heard from customers (see section 4.1 of this annex), that help set the boundaries of our 2025-2030 plan:

- We have a new management team with a measurable 2023-2025 turnaround plan focuses on the key areas to customers
- We are using innovative trials to tackle storm overflows now with root cause natural solutions, so we learn for 2025-2030
- We are digitalising our networks and using our Pathfinder trials to collaborate on tackling storm overflows
- We have provided further equity from shareholders (£1.5bn) to improve performance on what matters to our customers now (2020-2025) to set us up for 2025-2030
- We are better using insight to help better communicate our business plan investment bill impacts once we have the final determination
- We have enhanced our communication team with new engagement tools and developed a reputation rebuild strategy to help engage with our customers and stakeholders
- Our Water Resources Management Plan worked with customers to build a blend of solutions that use what we have now, address the root cause of scarcity with new sources and collaboration with neighbouring water companies
- We changed the shape of our proposed bill profile based on the feedback from customers through our acceptability testing. This was to ensure we could keep bills as low as possible to support customers through the cost of living crisis

Throughout the decisions we make there are strategic considerations which need to be balanced with the insight we hear from customers. The table below helps to highlight key example areas where you can see the feedback from customers driving our decisions.

Table 1: Example part of the business plan where you can see the customer insight driving decisions

Document	Relevant Section
SRN03 Customer Acceptability	Section 3.4 Feedback on our proposed plan. Table 2 How we applied customers' feedback to our plan.
SRN02 Long term delivery strategy	Section 1.2.5 Customer and Stakeholder Insight. Table 3 Acting on customer's views.
SRN05 Wholesale Water	Section 5.3.4 What our customers and stakeholders told us. Table 2 Acting on customer's views.
SRN06 Wholesale Wastewater	Section 6.3.4 What our customers and stakeholders told us. Table 2 Acting on customer's views.
SRN07 Customer – Household and Non Household	Section 6.4.2. Our customers' priorities
SRN08 Affordability	Section 7.2.2. What our customers say
SRN25 Water Supply Resilience Enhancement Programme	Section 2.3Cusotmer and Stakeholder Engagement, Table 8 how issues raised by customers have been addressed
SRN50 Resilience - Infiltration	Section 2.5 Customer Support
SRN52 Resilience - Flooding	Section 3 Best Option for Customers
SRN49 Resilience - Power	Section 3.4 Customer Support
SRN53 Resilience - Coastal	Section 3.3 Customer Support
SRN28 – Water Resources – Smart Metering	Section 3 Best Options for Customers

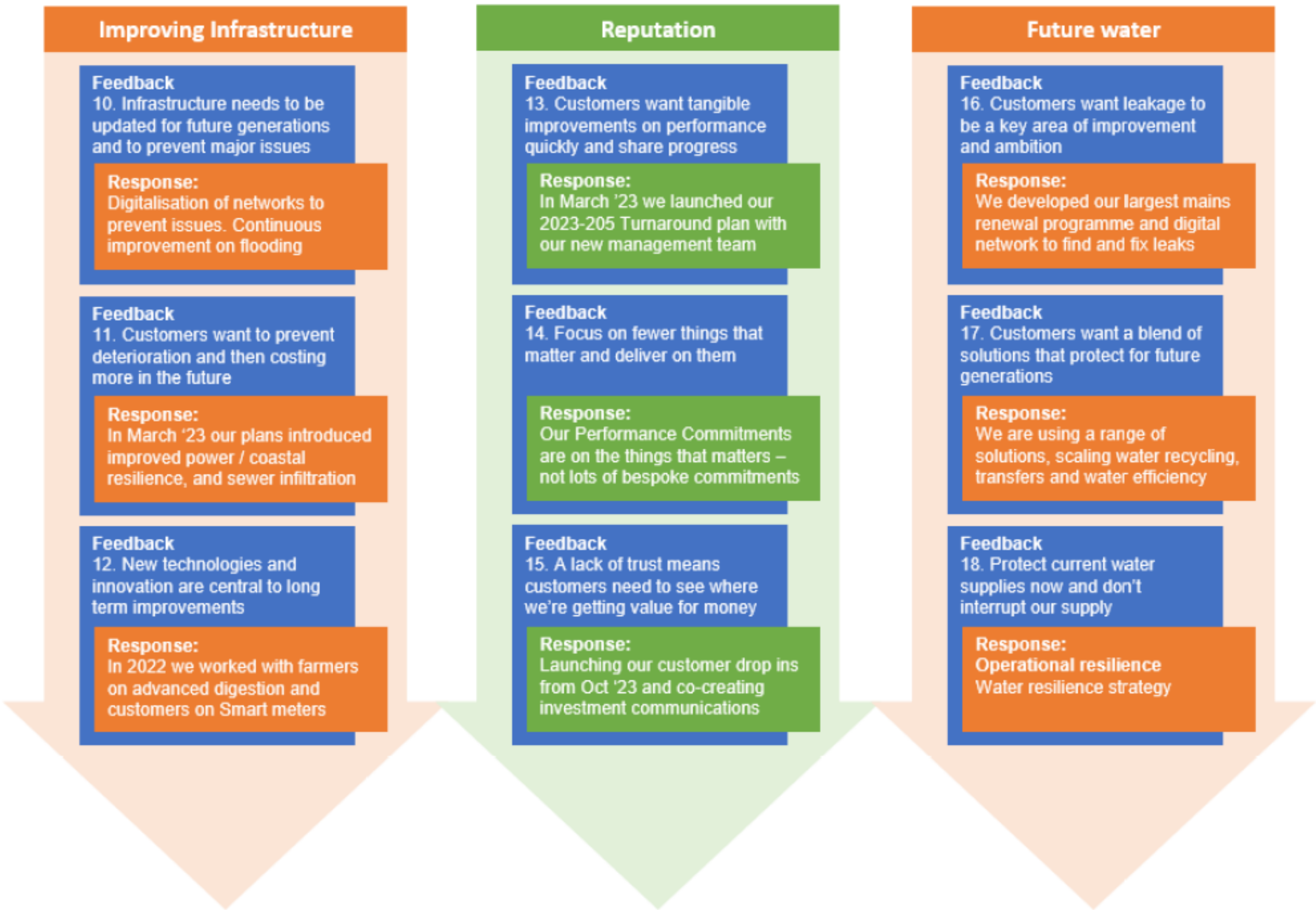
In addition, we have summarised some major changes we have made as result of customer engagement. We show these across 5 key priorities (identified in section 4.2 of this technical annex) and the issue of reputation and trust. Whilst our reputation is not a priority customer outcome, it is a major influencer in the acceptance of our overall plans. For each of the feedback sections (1 to 18) listed below in a reference table (Table 2– see code) is then included which highlights some of the original insight sources.

Figure 1: Examples of Customer Insight informing key issues (1):

More affordable plan with greater support for customers	Ambition on a top priority customers want us to improve	A plan that is environmentally friendly focusing on the right things
Alternative delivery to help deliver the outcomes customers want and balance overall bill increases	86% supporting proposed the plan[1]	68% of customers supporting the plan because it puts the environment first[2]
A bill profile that a balances the feedback from our customers	93% preferring the plans that go further due to its focus in reducing storm overflows[3]	Customer preference to prioritise high environmental benefits
Additional support to our most vulnerable customers	Protecting the coastline that is a priority to our customers	Ambitious pollution targets

[1] Technical annex SRN14: Customer Insight, Section1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23
[2] Technical annex SRN14: Customer Insight, Section1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23
[3] Technical annex SRN14: Customer Insight, Section1: Index, 107- Environmental Ambition Results FINAL Report - June 2023

Figure 2: Example of Customer Insight informing key issues (2):



Infrastructure fit for the future to protect against climate change and population growth	Focusing on core performance to rebuild customer trust	Ensuring a reliable and resilient supply for future generations
86% supporting proposed the plan[4] to go further on resilience options	A measured improvements plan with regular updates to customers	Ambition to keep the focus on leakage and upgrading the network
Enhancements designed with our customers	Communication insight and frameworks for greater transparency[5]	78% supporting the plans on water resilience improvements to four major sites[6]
A network that using new technology and innovation	Improved engagement through recommendations from our customers and challenge groups[7]	100% support for using water recycling to help in resource[8]

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[4] Technical annex SRN14: Customer Insight, Section1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23
[5] Technical annex SRN14: Customer Insight, Section1: Index, 196 -Comms Investment Final Combined Report Sep '23
[6] Technical annex SRN14: Customer Insight, Section1: Index, 161 - Water Resilience Strategy - Aug '23
[7] Technical annex SRN14: Customer Insight, Section1: Index, 208f - WF2030 Customer Panel Committ... ...ter Sep '23
[8] Technical annex SRN14: Customer Insight, Section1: Index, 186 - WRMP Consultation quant report Feb '23

Table 3: Example References used in Customer Insight Informing key issues

Code	Example References: (See table 2 for an overview for each project – technical annex, SRN14: Customer Insight, Section 1, Index)
1	207b - Pilot Acceptability and Affordability Qual Report - Mar '23 201b -Water Futures Quant Wave 2 -Dec '22 170 - Ofwat - Cost of Living Research March '23 175 - WF2030 Diverse Cultures Engagement Summary - Aug '23
2	207b - Pilot Acceptability and Affordability Qual Report - Mar '23 Customer and Communities Challenge Group 8th June 155 - Tariff Sprint Research July '23
3	207a - FINAL Acceptability and Affordability Presentation - June '23 Customer and Communities Challenge Group 8th June 130- Social Tariffs Combined report Jul 23 175 - WF2030 Diverse Cultures Engagement Summary - Aug '23 For details on the ODI penalties – see Affordability Chapter
4	1 - Customer Views on Priorities-May '22 4 - Water Futures 2030 - October 2021 - Priorities Analysis 5- SW Water Futures Wave 5 report 231221 Final Jan '22 6 - Vulnerable Customer Research Wave 1 28 - - SW NHC Panel Wave 1 Report – 210722 23-Southern Water - Social Media - July '23 167 - CSO QA Write Up Nov '21
5	165 - Environmental Ambition - With initial quant results - April '23 107- Environmental Ambition Results FINAL Report - June 2023 135 - LTS and DWMP Report - September '22 183 - SW Water Futures Wave 3 - DWMP - June '21 205d - Futures Panel Report Wave 4 Sep '21
6	207a - FINAL Acceptability and Affordability Presentation - June '23 153 - Waterside wel being report - Oct '22 200a - Water Futures 2030 Pilot Phase Summary - April '21 123- Updated regional insight brochure final 146 - Regional Focus Key Findings Report ' Feb'22
7	200b - Water Futures 2030 - Direction Travel Gap Analysis - July '21 200d -Water Futures 2030 - Priorities Analysis - Oct '21 200a - Water Futures 2030 Pilot Phase Summary - April '21 205i - Futures Panel - Infographic (external) Jun '22 27- Water Hub Debrief - Aug '20 119- Stakeholder workshops April & May, Report May '23 202b - Vulnerable Customer Research Wave 2 - Dec '22 160 - Your water, your say - questions and answers - June '23
8	165 - Environmental Ambition - With initial quant results - April '23 107- Environmental Ambition Results FINAL Report - June 2023 148 - Environmental Ambition - Stakeholder Minutes - Mar '23 175 - WF2030 Diverse Cultures Engagement Summary - Aug '23
9	207a - FINAL Acceptability and Affordability Presentation - June '23 203c - Wave 3 SW YP W9 - NHC W3 Acceptability Testing Final Report - June '23 119- Stakeholder workshops April & May, Report May '23
10	207a - FINAL Acceptability and Affordability Presentation - June '23 119- Stakeholder workshops April & May, Report May '23] 200n - Water Futures 2030 - Report - Oct '22 201a - Water Futures Quant Wave 1 - June '22 Customer and Communities Challenge Group 6th July 205c - Futures Panel Report Wave 3 Jul '21
11	207a - FINAL Acceptability and Affordability Presentation - June '23 165 - Environmental Ambition - With initial quant results - April '23 107- Environmental Ambition Results FINAL Report - June 2023 148 - Environmental Ambition - Stakeholder Minutes - Mar '23 207c FINAL Acceptability (Portsmouth Area) Jun '23 200t - Water Futures 2030 - Report - April '23
12	108- Sludge Debrief combined quant and qual Feb 2023 182 - SW Smart Meters - Integrated debrief - Aug '22 207a - FINAL Acceptability and Affordability Presentation - June '23 201b -Water Futures Quant Wave 2 -Dec '22

	Customer and Communities Challenge Group 14th Sep '22
13	105 - Stakeholder Workshop - June 2022 179 - Expert Insight Panel Report - March '22 119- Stakeholder workshops April & May, Report May '23 1-Southern Water-Customer Views on Priorities-May '22 160 - Your water, your say - questions and answers - June '23
14	200d -Water Futures 2030 - Priorities Analysis - Oct '21 205e - Southern Water - Futures Panel Report Wave 5 Jan '22 105 - Stakeholder Workshop - June 2022 1- Customer Views on Priorities-May '22
15	196 -Comms Investment Final Combined Report Sep '23 (and 154) Customer and Communities Challenge Group 8th June 208f - WF2030 Customer Panel Committee - CEO letter Sep '23 202b - Vulnerable Customer Research Wave 2 - Dec '22 32- Southern Water - Repositioning Deck - Sept 2022 1-Southern Water-Customer Views on Priorities-May '22 146 - Regional Focus Key Findings Report ' Feb'22 175 - WF2030 Diverse Cultures Engagement Summary - Aug '23
16	205h - Futures Panel Report Wave 8 Jan '23 207a - FINAL Acceptability and Affordability Presentation - June '23 202b - Vulnerable Customer Research Wave 2 - Dec '22 32- Repositioning Deck - Sept 2022 1- Customer Views on Priorities-May '2 202c - Vulnerable Customer Research Wave 3 - June '232
17	186 - WRMP Consultation quant report - Feb '23 189 - Zest WRMP Community Engagement - Dec '22 205h - Futures Panel Report Wave 8 Jan '23 203b -Wave 2 WRMP Future and Business Consultation Full report final - Jan '23 202b - Vulnerable Customer Research Wave 2 - Dec '22 168 - Full Household WRMP Report - Dec '22 119- Stakeholder workshops April & May, Report May '23
18	160 - Your water, your say - questions and answers - June '23 206a-g - Incident Management Reporting - April 2021-2023 119- Stakeholder workshops April & May, Report May '23 Customer and Communities Challenge Group 29th Mar '23 161 - Water Resilience Strategy - Aug '23 201c - Water Futures Quant Wave 3 Mar '23

Section 1: Index of Customer Engagement

We developed an index to help structure over 190 different reports we have used that provide feedback from customers to help in development of the 2025-2030 plan. Below is a summary table that includes a unique reference, description, and overview to the data source. We also have a more detailed table that includes audience, customer interview numbers and the main author for each project.

All the outputs below are stored in the folder: **Customer Insight Reports**, as part of the share point for submission to Ofwat. We have also shared outputs using our cross water company share point site, where we share research findings across engagement teams. We plan to externally publish key customer reports as part of our website development project. We currently estimate this to be early in 2024.

Table 4: Index to Customer Engagement Projects for the 2025-2030 Business Plan

Index	Abbreviation	Description	Data Source (where SW recruited)
00	00 - Research Index Final - Sep '23	Resource index of customer insight reports used in development of the 2025-2030 plan	N/A
0	0 - PR24 Triangulation Matrix August '23	Triangulation model to combine scores from different sources to provide a robust method of combining and weighting scores to reflect customer priorities	N/A
1	1-Customer Views on Priorities-May '22	Spontaneous qualitative and quantitative research project with households, stakeholders, business, vulnerable and future customers on priorities	Agency specialists to represent our region, face to face, online panel and customer lists
2	2- PR19 Triangulation	Triangulation model used at PR19 for the business plan 2020-2025	N/A
3	3- Customer Complaints	Analysis of customer complaints (internal analysis of complaints from April 2020 until July 2023)	Customer data
4	4- Water Futures 2030	Household customer panel review of priorities and ranking	Household customer panel
5	5- SW Water Futures	Future customer panel of priorities and ranking	Future customer panel
6	6- SW Vulnerable	Vulnerable customer panel of priorities and ranking	Vulnerable customer panel
8	8- Annual Report	2021-2022 Southern Water performance data from annual report comparing us to our targets, set at PR19	Southern Water reporting
8a	8a-Annual Report-Scoring	Scoring of the performance data above	N/A
9	9_Industry Comp	2021-2022 cross company performance data, taken from annual reporting across companies and summarised by Ofwat	Ofwat reporting
9a	9a_Industry Comp-Scoring	Scoring of the performance data above, scoring Southern Water against the industry average	Southern Water reporting
10	10-Ports Baro	Portsmouth Water research into customer priorities and ranking	N/A
11	11-CCW Spot2022	Ofwat and CCW research report to develop insights on consumers' knowledge, actions and behaviour to inform communications and policy work.	Online panel (including boost to ethnic minorities) and telephone interviews to digitally disengaged
12	12-WCCSW16 Priorities	Thames water findings on their customer priorities and ranking	N/A
13	13- UKCSI	Data summary from the Institute of Customer Service through their UK Customer Service Index project	Panel
14	14-CCW Cust Pref	Ofwat and CCW research on customer priorities and priority levels (split into 3 categories)	N/A
15	15-CCW Rivers	CCW research into consumer awareness and perceptions of river water quality	N/A
16	16-12h Anglian	Anglian water willingness to pay report used at PR19 to understand their priority scores at that time	N/A
17	17- Customer Spotlight	Summary of 11 - an Ofwat and CCW report on communications and policy work	N/A
18	18- EIR Requests	Southern Water analysis of Environmental Information Requests (2021)	Direct contact

19	19- SWW Business Plan	South West Water business plan to understand their priority scoring at PR19 at that time	N/A
19a	19a- SWW inferred scoring	Scoring from South West Water business plan (above)	N/A
20	20-Impact Water Community	Report from an online community with customers on priorities and ranking	Agency specialists to represent our region
20a	20a-Impact Water Community Scoring	Scoring from the report above	N/A
21	21-United Utilities Priorities	United Utilities research report on customer priorities and ranking	N/A
22	22- Customer Interactions	Customer Interactions from Nov '21 to June '23	Customer data
23	23-Southern Water - Social Media	Social Media Interactions from 1st Apr '20 to 31st July '23	Brandwatch data
24	24-PJM Economics - Collaborative ODI Research	National research project from the Industry Collaborative ODI Research (Lead by Ofwat)	N/A
25	25- Welsh Water PR24 Report	Welsh Water report looking at customer priorities	N/A
26	26- Southern Water - Reputation Tracker	Extract from our regular reputation tracking survey data	Online panel
27	27- Southern Water - Water Hub Debrief - Aug '20	Research report looking at how priorities have changed since PR19 research and long term strategy options	Agency specialists to represent our region and online panel
28	28 - SW NHC Panel Wave 1 Report	Non-household research report looking at customer priorities	Business customer panel
29	29- Vulnerable Customer Summary	Overall summary of needs and priorities from an immersion session into insight from vulnerable customers	N/A
30	30 -WF2030 Quant wave 3 - Mar 2023	Quantitative wave of regular research into key issues for PR24 arising in our household customer panel	Online panel
31	31- Water UK poll - Southern Water customers May 2023	National research report from Water UK looking at views from customers	N/A
31a	31a- Water UK poll - Southern Water customers May 2023	Scoring from Water UK Poll	N/A
32	32- Repositioning Deck - Sept 2022	National and Southern Water customers research report looking at where customers want water companies to prioritise	Online panel
33	33- Southern Water PR24 Responses	Community engagement survey from showcasing the draft PR24 plan across our communities	Face to face
34	34 - Clockface Segmentation Analysis Sep '21	External analysis of customer segments across the region based on demographic data	Demographic data analysis
100	100 - High Demand comms report - September 2020	Insight report assessing the impact of behaviour change communication during peak demand	Telephone Interviews
101	101 - Horsham feedback - October '22	Research report tracking impact of a campaign on C-Mex	Internal Data
102	102 - Reputation deep dive -March '22	Internal insight report from an immersion session using many sources to better understand the drivers of reputation	Online Survey
103	103 - SW Journeys - September '20	Research report looking at key customer journeys and how best to improve them	Online Interviews
105	105 - Stakeholder Workshop - June 2022	Stakeholder engagement report following regional workshops	Online Workshops
106	106- Beachbuoy Feedback Presentation Feb 2022	Research report into how best to present Storm Overflow information on our Beachbuoy application	Online Survey
107	107- Environmental Ambition Results FINAL Report - June 2023	Final research report from a multistage project looking at the level of environmental ambition for our 2025-2030 plan	Online Survey

108	108- Sludge Debrief combined quant and qual Feb 2023	Research report from deep dive engagement with farmers looking at the introduction of advanced treatment processes and their impact on sludge	Online Survey & Online/Telephone Interviews
109	109- CSO Community Research May '23	Research report on storm overflow progress from trials in key locations and across the region	Online Workshops
110	110- Future Customer Report - Drought Plan - July 2021	Research report from future customers assessing the draft drought plan	SW Futures Panel
111	111- Public Value for Water Resources Jul '22	Collaborative research across companies looking at the public value benefits when introducing major capital projects	Household Panel
113	113- WF50 Wave 6 WRSE NHCs report - Mar 2022	Research report from businesses assessing the regional Water Resources Management Plan	Telephone Interviews
114	114- Hampshire Water Resource Business Challenge Report Apr 2021	Research report from business customers looking at options for water resources in Hampshire	Interviews
115	115- WRMP24 - Customer Insight Update - Dec '22	Internal summary analysis from immersion session with feedback from our draft Water Resources Management Plan	Internal Data
116	116- Wave 3 SW YP W9 - NHC W3 Acceptabillity testing - June 2023	Research report from our future customer panel reviewing the draft 2025-2030 business plan	SW Futures Panel
116	116- Wave 3 SW YP W9 - NHC W3_Acceptabillity testing - June 2023	Research report from our business customer panel reviewing the draft 2025-2030 business plan	SW Business Panel
117	117- Wave 8 Futures WRMP Consultation Full report - Jan '23	Research report from our future customer panel reviewing the draft Water Resources Management Plan	Future customer panel
117a	117a-Wave 2 Business WRMP Full report - Jan '23	Research report from our business customer panel reviewing the draft Water Resources Management Plan	Business customer panel
119	119- Stakeholder Workshop - July 2023	Stakeholder engagement report following regional workshops on our draft 2025-2030 business plan	Southern Water stakeholder database
120	120- Impact Water Community results FV July -21	Research report from an online community of customers looking at priorities	Agency specialists to represent our region
121	121 - Drought Comms Quant report v3- June '21	Research report evaluating the best ways to communicate with customers during drought conditions	Agency specialists to represent our region
122	122- CMeX Replica full report wave 2 full report (qual & quant) - March '23	Research report from a C-Mex replica survey to understand the impact of campaigns	C-Mex method - Telephone and face to face
123	123- Updated regional insight brochure final	Internal output from research into 10 of our regional communities	Agency specialists to represent our region
124	124 - Affordability Concerns and Diverse Cultures - April 2021	Research report with customers with affordability concerns and a pilot with those from more diverse cultures	Agency specialists to represent our region
125	125 - competitor analysis 2022-2023	External analysis on social media listening and comparisons to other water companies	Brandwatch data
126	126 - Business Customer and Expert Stakeholder report - Drought Plan - July '21	Research report on our draft drought plan with businesses and stakeholders	Agency specialists to represent our region
127	127 - COVID-19 - Impact Assessment Final - '20	National external summary on the impact of COVID to customers across a range of measures	N/A
128	128 - COVID-19 communications report - May '20	Research report on the impact of COVID to our customers and how well communications were received	Agency specialists to represent our region and online panel
129	129 - Customer Service and Reputation - March '23	Internal analysis from a range of sources following an immersion session into the impacts of reputation on customer service	N/A

130	130- Social Tariffs Combined report Jul 23	Research report from willingness to pay looking at increasing the contr bution from customers of a social tariff	Online panel and customer telephone sample
131	131 - Drought Plan Insight Summary Final - August '21	Internal summary from a range of sources from different customer groups assessing our draft drought plan	N/A
132	132 - Future Customer Report - Drought Plan - July '21	Research report from future customers assessing the draft drought plan	Agency specialists to represent our region and online panel
133	133 - Lessons Learned at PR19 - Sep '18	Lessons learnt summary from our Customer Challenge Group from the previous price review (PR19)	N/A
134	134 - Life Under Lockdown - Insight Summary - Aug '20	Internal summary from a range of sources on the impact of COVID	N/A
135	135 - LTS and DWMP Report - September '22	Research report from customers reviewing the draft Long Term Strategy and Drainage and Wastewater Management Plan	Agency specialists to represent our region and online panel
136	136 -Meeting with Southern Water - Aug '23	Summary from stakeholder session engaging local business leaders in Kent	External arranged face to face event
137	137 - Customer Complaints-June 22	Internal analysis of customer complaint data	Customer complaint data
138	138- Customer Interactions 2022 3rd level-Oct '22	Internal analysis of customer interaction data	Customer complaint data
140	140 - Collaborative ODI ResearchQ1617 Final v1 - May '21	Summary report from the collaborative ODI Research led by Ofwat for Southern Water	Push to web survey through email and letter
140a	140a - Collaborative ODI ResearchQ1617_Final_v1 Results - May '21	Full report from the collaborative ODI Research led by Ofwat	Push to web survey through email and letter
142	142 - PSR Desk Research Summary Report V1 - Jan '21	External analysis on best in class service provided to vulnerable customers through a Priority Service Register	N/A
143	143 - Image and Reputation Research Full Report - Oct '21	Research report looking at the Southern Water reputation and compared to other local water providers	Online panel and telephone depth interviews
144	144 - PR24 (Responses) - July 2023	Output from a survey used in community roadshow events showcasing the draft 2025-2030 plan across our communities	Face to face survey
145	145 - Regional Focus April 2023 Key Findings Report - April '23	Research report from 4 different communities to better understand these customers and their expectations from Southern Water	Agency specialists to represent our region
146	146 - Regional Focus Key Findings Report ' Feb'22	Research report from 10different communities to better understand these customers and their expectations from Southern Water	Agency specialists to represent our region
147	147 - Customer Segmentation - Meet your segments - Nov '21	Research report from our household customer segmentation	Agency specialists to represent our region, telephone interviews through customer lists and online panel
148	148 - Environmental Ambition - Stakeholder Minutes - Mar '23 - 31.03.2023	Stakeholder minutes taken from a meeting with environmental experts to help inform customer research into the right environmental ambition for 2025-2030	Independent Environment and Climate Group
150	150 -Brandwatch Topics June '20- '21 vs. June '21 -Dec '22	External analysis from social media listening	Brandwatch
151	151-PR19 Household Willingness to Pay Main Stage Report (v4) - Jan '18	Research report on willingness to pay for service upgrades that was used for the 2020-2025 business plan	Customer data to send emails, face to face, telephone survey with business
153	153 - Waterside wellbeing report - Oct '22	Research report into the impacts of water quality on customer wellbeing	Online panel

154	154 - Communications framework Interim report - May '23	Research report into how best to communicate key areas of investment and bill impacts for the 2025-2030 business plan	Agency specialists to represent our region
155	155 - Tariff Sprint Research July '23	Research report into tariff options	Agency specialists to represent our region
156	156 - UKCSI FAO David Black - July '22	Internal analysis shared with Ofwat in 2022 relating to the impact of reputation on customer service measures	N/A
157	157 - Reputation Tracking Wave 1 -	Extract from our regular reputation tracking survey data	Online panel
158	158 - Water Club Water Source Change Webinar presentation Final - June '22	Research report from collaborative research into how best to communicate water source changes in the future	Agency specialists to represent our region and online survey
159	159 - Quarterly Customer Groups Jun '22	Research report from engagement event on customer priorities	Agency specialists to represent our region and online survey
	160 - Your water, your say - questions and answers - June '23	Output from the customer engagement session (Your water, your say) held in June 2023	Face to face, email, letter, stakeholder data base, website, social media
161	161 - Water Resilience Strategy - Aug '23	Research report into the water resilience strategy	Customer data (those interrupted by supply issues) and household panel
162	162 - Expert Insight Panels - Hampshire and IOW Slides - Mar '22	External report from stakeholder insight panels looking at customer priorities and water resources plans	Southern Water stakeholder database
163	163 - Water Futures Committee Meeting W3 - Dec '22	External write up from our Committee members feeding back on plan development	Household customer panel
164	164 - Customer Service Standards Report - Relish FINAL - April '23	Research report into key operational customer journeys to help improve service	Customer data - those impacted
165	165 - Environmental Ambition - With initial quant results - April '23	Research report into the right level of environmental ambition from the first phase of a quantitative survey	Agency specialists to represent our region and online panel
166	166- Environmental Ambition Story So Far - April '23	Research report summarising the key insight from the first few stages exploring the right level of environmental ambition for 2025-2030	Agency specialists to represent our region
167	167 - CSO QA Write Up Nov '21	Research write up from a customer engagement session between the executive and customers on storm overflows	WF2030 Household Customer Panel
168	168 - Full Household WRMP Report - Dec '22	Research report from household customers who have been evaluating the draft Water Resources Management Plan	Agency specialists to represent our region
169	169 - Southern Water - Water Futures Committee Meeting W4 - Apr '23	External write up from our Committee members feeding back on plan development	
170	170 - Cost of Living Research March '23	National external research report published by Ofwat exploring the impact of the cost of living crisis on customers	Online panel
172	172 - PR24 Profiles - June '23	Internal analysis using demographic data (e.g. Census) to better understand our communities	Demographic data analysis
174	174 - WF2030 Committee Engagement Summary - Aug '23	External write up summarising feedback form our committee meetings with our household panel	Household customer panel
175	175 - WF2030 Diverse Cultures Engagement Summary - Aug '23	External write up summarising feedback form our diverse cultures community leaders' meetings	Diverse Community Leader Panel
177	177 - Customer Summaries Final - April '23	Internal summaries of key customer audiences (household, future, non-household and vulnerable)	N/A
178	178 - Deal Lead Pipes Key Findings Report - Mar '22	Research report on a project looking at how best to work with customers on the removal of their lead pipes	Agency specialists to represent our region

179	179 - Expert Insight Panel Report - March '22	External report following an engagement session with stakeholders on priorities and future plans across 4 regions	Southern Water stakeholder database
180	180 - Stakeholder Workshop - June '22	External report following regional stakeholder engagement sessions on the long term strategy	Southern Water stakeholder database
181	181 - Drought & DWMP research - June '22	Research Report with businesses on the drought plan (joint with Portsmouth Water) and Drainage and Wastewater Management Plan	Agency specialists to represent our region
182	182 - Smart Meters - Integrated debrief - Aug '22	Research report exploring strategic options for the introduction of Smart meters (final debrief)	Online panel and agency specialists to represent our region
183	183 - Smart Water Meter Qual Debrief Jul '22.	Research report exploring strategic options for the introduction of Smart meters (qualitative report)	Agency specialists to represent our region
186	186 - WRMP Consultation quant report - Feb '23	Research report with the 'average person on the street' completing the consultation on the draft Water Resources Management Plan	Online panel
187	187 - Excel Resource Pack-Jul '22	External data set provided by the Institute of Customer Service from their UK Customer Satisfaction Index Research	Panel
188	188 - WRMP Customer Engagement Feedback - March '23	Internal summary analysis from immersion session with feedback from our draft Water Resources Management Plan	Agency specialists to represent our region
191	191 - Reputation Deep Dive - Summary Presentation Aug '23	Internal analysis using a range of data sources into reputational drivers and influencers	N/A
192	192 - Long Term Strategy Session - Mar '22	External write up (on behalf of households) from a customer engagement session with households and future customers on the long term strategy	Household and future customer panels
193	193 - PSR Research Report April 2021	Research report from annual tracking with our Priority Services Customers into satisfaction and support provided	Telephone interviews from customer data
194	194 - PSR Research Report March 2022	Research report from annual tracking with our Priority Services Customers into satisfaction and support provided	As above
195	195 - PSR Research Report March 2023	Research report from annual tracking with our Priority Services Customers into satisfaction and support provided	As above
196	196 -Comms Investment Final Combined Report Sep '23	Research report on how best to communicate investment with customers when impacting the bill	Agency specialists to represent our region
197	197 - WF2030 Diverse Cultures Summary W2 Oct '22	External write up summarising feedback form our diverse cultures community leaders' meetings	Agency specialists to represent our region
198	198 - WF2030 Diverse Cultures Summary W3 Dec '22	External write up summarising feedback form our diverse cultures community leaders' meetings	Agency specialists to represent our region
199	199 - WF2030 Diverse Cultures Summary W4 Apr '23	External write up summarising feedback form our diverse cultures community leaders' meetings	Agency specialists to represent our region
200	**Water Futures 2030 (Household Customer Panel)**		
200aa	200aa - Index to Water Futures 2030 Waves	*Summary of key research areas into each wave of the household panel. Below covers some of the key topics in each report:*	**Household Panel** - recruited to represent the region and customer segments
200a	200a - Water Futures 2030 Pilot Phase Summary - April '21	Pilot wave - asking open discussions and panellists discussing the industry	As above
200b	200b - Water Futures 2030 - Direction Travel Gap Analysis - July '21	Summary from May, June and July - where panellists reviewed industry reports, regulator, documents, company websites etc. to become more informed	As above
200c	200c - Water Futures 2030 - Customer Service - Sept '21	Deep dive into customer service	As above
200d	200d -Water Futures 2030 - Priorities Analysis - Oct '21	Deep dive into priorities	As above

200e	200e -Water Futures 2030 - Metrics for Priorities ' Nov '21	Exploring the use of storm overflows and how best to measure performance commitments	As above
200f	200f - Water Futures 2030 - Metrics for Priorities - Jan '22	Continuation on the measurement of performance commitments	As above
200g	200g - Water Futures 2030 - Summary - Feb '22	Exploration into environmental investment and improvements combined with bill affordability	As above
200h	200h - Water Futures 2030 - Feedback Regional Plan Feb '22	Deep dive into the regional water resources plans	As above
200i	200i - Water Futures 2030 - Report-Mar '22	Feedback into local issues, exploration into smart metering and poss ble tariffs	As above
200t	200t - Water Futures 2030 - Report - April '22	billing, trends, cost of living, wider expectations	As above
200j	200j - Water Futures 2030 - Report - May '22	Review of customer priorities, service and water efficiency	As above
200k	200k - Water Future 2030 - June '22	Feedback into long term strategy and Drainage and Wastewater Management Plan	As above
200l	200l - Water Futures 2030 - Report - Aug '22	Exploration of drought and water scarcity (during the heatwave), and development of the draft water Resources Management Plan	As above
200m	200m - Water Futures 2030 Report - Sept '22	Deep dive into bill affordability and intergenerational fairness. Exploration around proposed targets and inland bathing waters	As above
200n	200n - Water Futures 2030 - Report - Oct '22	Deep dive into flooding, surface water charges, biodiversity and new wastewater treatment technologies	As above
200p	200p - Water Futures 2030 - Full Report Dec '22	Feedback into proposed targets, the possible impact to bill options, early perceptions of acceptability and further work on customer service	As above
200q	200q -Water Futures 2030 - Jan '23	Deep dive into the net zero, Outcome Delivery Incentives and leakage	As above
200r	200r - Water Futures 2030 - March '23	Deep dive into tap water quality and bathing water. Exploration into social tariffs	As above
200s	200s - Water Futures 2030 - April '23	Acceptability testing of the proposed plan	As above
200u	200u - Water Futures 2030 - June '23	Feedback on the Water Resilience Enhancement Strategy and storm overflow plans	As above
200v	200v - WF2030 Committee Meeting 5 Summary - July '23	External summary from the five committee meeting with panellists	As above
200w	200w - Water Futures 2030 September 2023	Deep dive into the Affordability testing for a view on how customers had responded	As above
200x	200x - Water Futures 2030 Relish Feedback on the Approach - Sep '23	External feedback on the use of the panel with lessons learnt to continue the panel and future projects	
200y	200y - Water Futures 2030 - July '23	Feedback on the Three Harbours Plan	As above
201	**Quantitative Waves to Support Household Panel Feedback**		
201a	201a - Water Futures Quant Wave 1 - June '22	Robust testing of key issues raised in our customer panels and tracking, affordability concerns and priorities	Online Panel Survey
201b	201b -Water Futures Quant Wave 2 -Dec '22	Robust testing of key issues raised in our customer panels and tracking, affordability concerns and intergenerational fairness and targets	Online Panel Survey
201c	201c - Water Futures Quant Wave 3 Mar '23	Robust testing of key issues raised in our customer panels and tracking, affordability concerns, bathing water quality and tap water quality	Online Panel Survey
201d	201d - Water Futures Quant Wave 4 - Aug '23	Robust testing of key issues raised in our customer panels and tracking, affordability concerns, community, water resilience strategy and tariffs	Online Panel Survey
202	**Vulnerable Customer Panel**		

202a	202a - Vulnerable Customer Research Wave 1 Amended - May '22	Research report from our vulnerable panel exploring priorities and long term trends	Agency specialists to represent our region
202b	202b - Vulnerable Customer Research Wave 2 - Dec '22	Research report from our vulnerable customer panel on the water resources management plan	As above
202c	202c - Vulnerable Customer Research Wave 3 - June '23	Research report from our vulnerable customer panel feeding back on the 2025-2030 plan	As above
203	**Business Customer Panel**		
203a	203a - NHC Panel Wave 1 Report - July '22	Research report from our business panel exploring priorities and long term trends	Agency specialists to represent our region
203c	203c - Wave 3 SW YP W9 - NHC W3 Acceptabillity testing Final Report - June '23	Research report from our business customer panel feeding back on the 2025-2030 plan	As above
203d	203d - Developer, SLP and NAV workshop Reports Sep '22	Research report from key non-household customers on priorities and long term trends	Those attending a face to face workshop with Southern Water
204	**Community Engagement**		
204a	204a - Southern Water - Feedback - Chichester, Brighton, Hastings, Tonbridge and Malling - June '23	External summary from regional engagement on the 2025-2030 plan	Face to face
204b	204b - Southern Water - Feedback - Southampton, Petersfield & IOW - May '23	External summary from regional engagement on the 2025-2030 plan	Face to face
	204c - Southern Water - Feedback - Whitstable and Deal - July '23	External summary from regional engagement on the 2025-2030 plan	Face to face
204d	204d - Zest WRMP Community Engagement - Dec '22	Internal summary from our community engagement into 4 locations with planned major schemes as part of our draft Water Resources Management Plan	Face to face
205	**Water Futures 2050 (Future Customers Panel)**	*Summary of key research areas into each wave of the household panel. Below covers some of the key topics in each report:*	
205a	205a - Futures Panel Report Wave 1 Dec '20	Understand the water industry and water resource options	Agency specialists to represent our region
205b	205b - Futures Panel Report Wave 2 Apr '21	Water for life challenges - especially around desalination, water recycling and transfers	As above
205c	205c - Futures Panel Report Wave 3 Jul '21	Research report from our Future customer panel on the Drainage and Wastewater Management Plan	As above
205d	205d - Futures Panel Report Wave 4 Sep '21	Long term goals, targets and ambition for Southern Water and the industry	As above
205e	205e - Futures Panel Report Wave 5 Jan '22	Customer priorities and robust testing on their scoring	As above
205f	205f - Futures Panel Report Wave 6 Mar '22	Regional water resources plan	As above
205g	205g - Futures Panel Report Wave 7 Jun '22	Feeding back on the long term strategy and drainage and wastewater management plan	As above
205h	205h - Futures Panel Report Wave 8 Jan '23	Feeding back on the draft water resources management plan	As above
205i	205i - YP W9 Acceptability testing Final Report - June '23	Research report from our future customer panel feeding back on the 2025-2030 plan	As above
205j	205j - Futures Panel - Infographic (external) Jun '22	Summary infographic on priorities and challenges to the industry	As above

205k	205k - SW Water Futures 2050 - Engagement Session Mar '22	External write up (on behalf of future customers) from a customer engagement session with households and future customers on the long term strategy	Household and future customer panels
206	**Incident Management Reports**		
206a	206a - Hampshire Incident Management - April 2023	Research report on service recovery related to an operational incident	Customer data - those impacted
206b	206b - Incident Management Customer Action Group - Nov '20	Research report on service recovery related to an operational incident	Customer data - those impacted
206c	206c - Insight Report Margate Incident June 21'	Social media analysis relating to an operational incident	Social Media Data
206d	206d - Isle of Sheppey Incident Management Research 2022 Report	Research report on service recovery related to an operational incident	Customer data - those impacted
206e	206e - Kent and Hampshire Incident Management - Dec '22	Research report on service recovery related to an operational incident	Customer data - those impacted
206f	206f - Incident Management Wave 4 - December 2021 (Final V2)	Research report on service recovery related to an operational incident	Customer data - those impacted
206g	206g - West Sussex Incident Management - June 2023	Research report on service recovery related to an operational incident	Customer data - those impacted
207	**Testing of the Business Plan**		
207a	207a - FINAL Acceptability and Affordability Presentation - June '23	Research report from the formal acceptability testing following Ofwat guidance for our dual service, and waste only (South East Water area) customers	Customer data - letter, email and telephone recruitment
207b	207b - Pilot Acceptability and Affordability Qual Report - Mar '23	Research report from the pilot of the acceptability testing	Customer data - letter, email and telephone recruitment
207c	207c - FINAL Acceptability (Portsmouth Area) Jun '23	Research report from the collaborative research with Portsmouth Water on the acceptability of the plan	Customer data - letter, email and telephone recruitment
207d	207d - Final Affordability Testing Sep '23	Research report from the formal affordability testing following Ofwat guidance for our dual service, and waste only (South East Water area) customers	N/A
207e	207e - Final Affordability Testing (Portsmouth Area) Sep '23	Research report from collaborative research with Portsmouth Water reviewing the affordability of the 2025-2030 business plan	Customer data - letter, email and telephone recruitment
207f	207f - Shadow Affordability Testing - Aug '23	Research report testing affordability through an online panel method, and testing bill profiles	Online panel
207g	207g - Final bill profile Affordability Test - Sep '23	Research report using the shadow approach to test amended bill options	Online panel
207h	207h - Independent Analysis of Satisfaction as a driver of Acceptance Sep '23	Research report analysing the impact of satisfaction on acceptance of plans	Range of projects
207i	207i - Southern Water - Household panel review of AAT scores Sep '23	Research report from our household panel to help explain the scores from our overall acceptability and affordability testing	Household customer panel
208	**Assurance Reports**		
208a	208a -PR24 Engagement Programme Assurance - W1 Dec '22	External assurance report on customer engagement for PR24	N/A

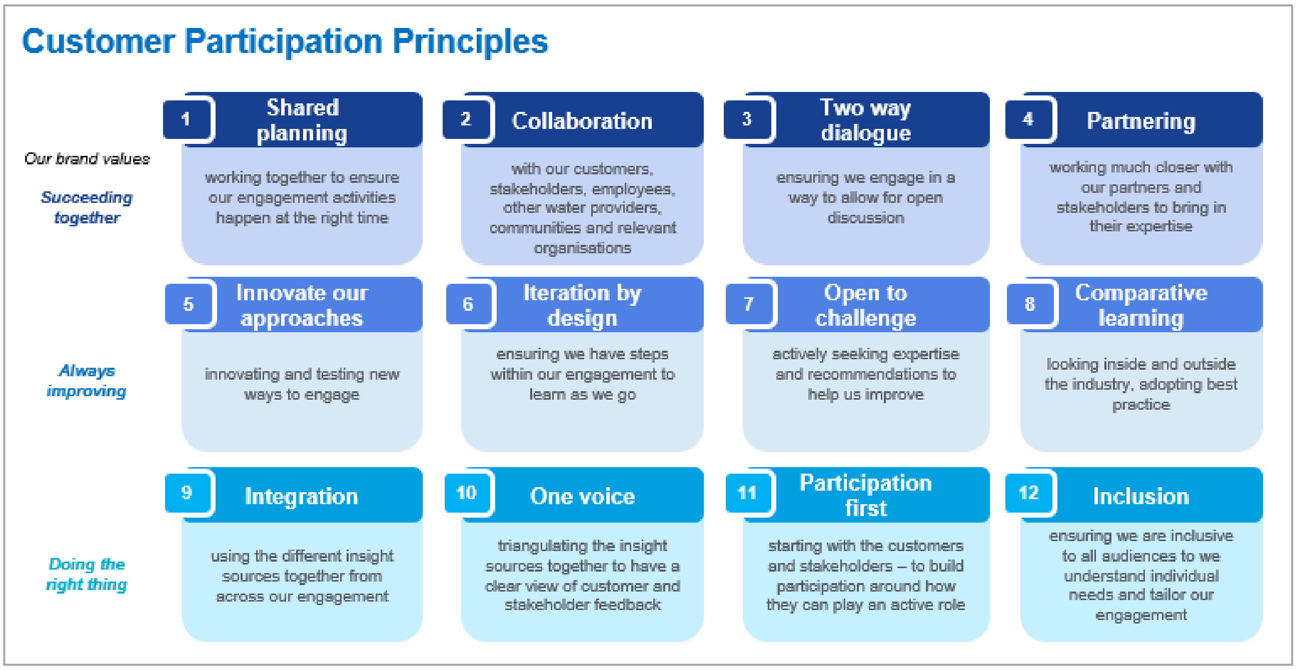
208b	208b - PR24 Engagement Programme Assurance - W2 Mar '23	External assurance report on customer engagement for PR24	N/A
208c	208c - PR24 Engagement Programme Assurance - W3 Aug '23	External assurance report on customer engagement for PR24	N/A
208d	208d - PR24 Engagement Programme Assurance (FINAL REPORT) - W4 Sep '23	External assurance report on customer engagement for PR24 (FINAL FULL REPORT)	N/A
208e	208e - Customer and Communities Challenge Statement - Sep '23	Statement written from our Customer and Communities Challenge Group for PR24	Challenge Group
208f	208f - WF2030 Customer Panel Committee - CEO letter Sep '23	External write up from our Committee members on what could help improve plan acceptability	N/A
209	**Acceptability and Affordability Testing Stimulus**	**(e.g. questionnaires and discussion documents)**	
209a	209a - Folder	Acceptability and Affordability Testing - Dual and Waste Only Customers. (Formal Testing)	N/A
209b	209b - Folder	Acceptability and Affordability Testing - Waste Only Customers (Portsmouth Water Area). (Formal Testing)	N/A
209c	209c - Folder	Acceptability and Affordability Testing - Wider Testing	N/A

Section 2: Customer Engagement Approach – Always on Engagement

2.1 Customer Participation Principles

Five years ago, in October 2018, we launched our Customer Participation Strategy. The strategy was developed with our Customer Challenge Group from PR19 and endorsed with our board and executive team. The strategy focuses on 12 key principles which are applied in our approach to insight.

Figure 3: Customer Participation Principles:



1. **Integration** – taking the various learning / insight into a centralised team who lead on the holistic view of our customers and stakeholders

2. **Shared Planning** – forward look at our engagement activity (individual plans, ladder into a wider 6-12 month plan of headline activity)

3. **Innovate our processes / approaches (to trial new approaches & ideas)** – seek to innovate in our own ways of working, new approaches and take some risk to try new things to progress. If we fail, we fail fast and earn from it

4. **Co-creation and co-design from the onset** – whether it be with internal teams, customers, stakeholders, partners etc. (as early as possible for development ideas)

5. **Collaborative** – sessions to bring all together / governance, through cross-functional working internally and with other water companies/ industry. (such as wider sharing sessions, planning updates or targeted deep dives)

6. **Inclusion** – we recognise the different audiences and specialisms they bring, and work across the whole engagement framework to ensure we have dialogue across them and bring those together through our collaborative approach
7. **One Voice (Triangulation)** – we use our model to integrate insight sources together, to present one view, that can be layered down to individual audiences (as relevant) and is accurately weighted

8. **Two way dialogue** – follow up on engagement, tailored to the right level for the activity (for example, it might be a link to find out more about what's happening, a reconvened workshop 6 months later or monthly updates on progress or a simple sum up to manage expectations of what's happening next, reporting back on how what they have said has shaped decisions)

9. **Partnering** - with the right agencies, at the right level (efficient working, bringing in expertise) closer working, longer term and consistent rather than narrowed siloed engagement

10. **Iterative approach** – it's not just about co-delivering but learning as we go. We adopt a test & learn approach, trials, re-engagement etc.)

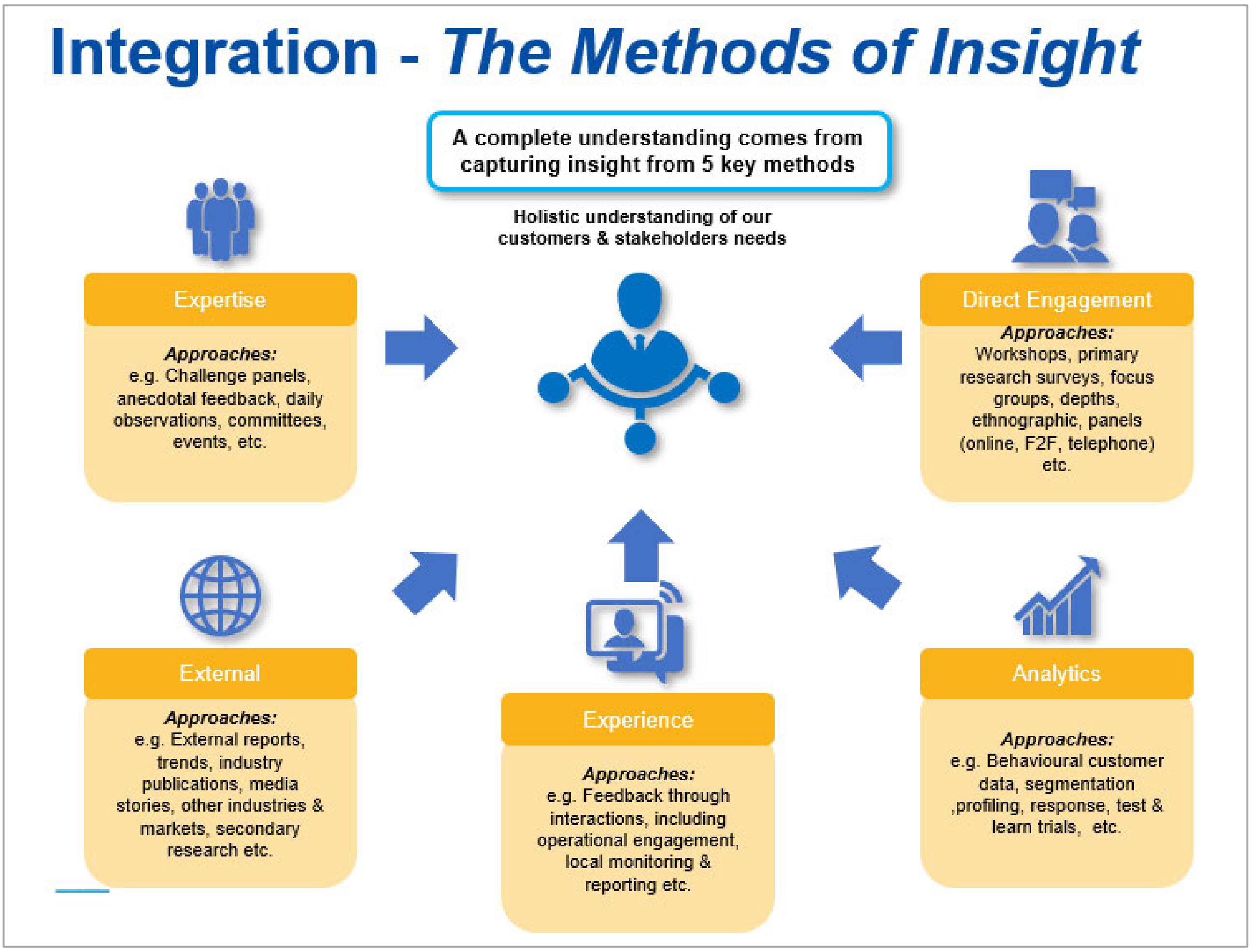
11. **External / expert / challenge groups** – shared ownership of how we best work with these partners, to ensure we're providing a holistic view of our activities and capturing feedback that is applied by all

12. **Comparative learning** - External markets / Water companies we look at best in class from other companies and industries and see how we can apply

Shared framework for assessing delivery – across all our activity, we have a simple framework we can use to ensure our engagement is delivering against these:

- *Benefit lead* – what is in it for the customer / stakeholder (e.g. money saving, peace of mind, personal interest, delivery of stakeholder objectives, etc.)
- *Transparent / Honest / Clarity* – engages in a way that is clear and transparent for what is involved, in laypersons terms
- *Personalised / Tailored* – talks to you as an individual / group
- *Tangible / Guarantees* – provide tangibility to what's involved, next steps, what's needed etc.
- *Ease / Proactive* – we do the hard work for them, making it easy to engage
- *Simplicity* – processes, steps (less is more!)

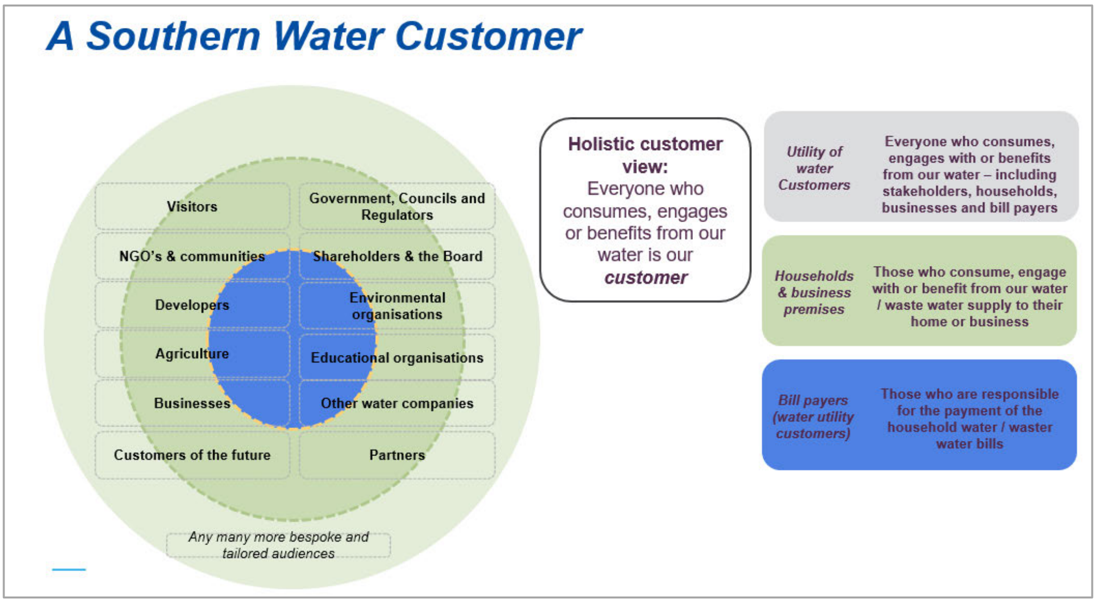
Figure 4: The Methods of Insight:



2.2 Definition of a Customer

We define our customers as anyone who benefits or has a role to play within the services we provide. This includes bill paying households and businesses, future customers, vulnerable audiences, those from more diverse cultures, stakeholders and our wider communities.

Figure 5: A Southern Water Customer:



Our insight programme followed our principles to be as inclusive as possible through our PR24 customer engagement. In all areas we try to ensure a representative spread across demographics and our region. To help ensure we representation we also look at ensuring representation from several broader audiences:

- **2.2.1 Household customers** (figures 4-7) – which we also have a customer segmentation (see section 2.3)
- **2.2.2 Customers in vulnerable circumstances** (figures 8-10)
- **2.2.3 Non-household customers** (figures 11-14)
- **2.2.4 Future customers** (figures 15-17)

Using a robust synthesis process, we created short summary infographics to help us understand the uniqueness and differences across these customer audiences. Examples from our analysis are shown below.

2.2.1 Household Customers - Summary

Figure 6: Overview to our Household Customers:

Figure 7: Overview to our Household Customers:

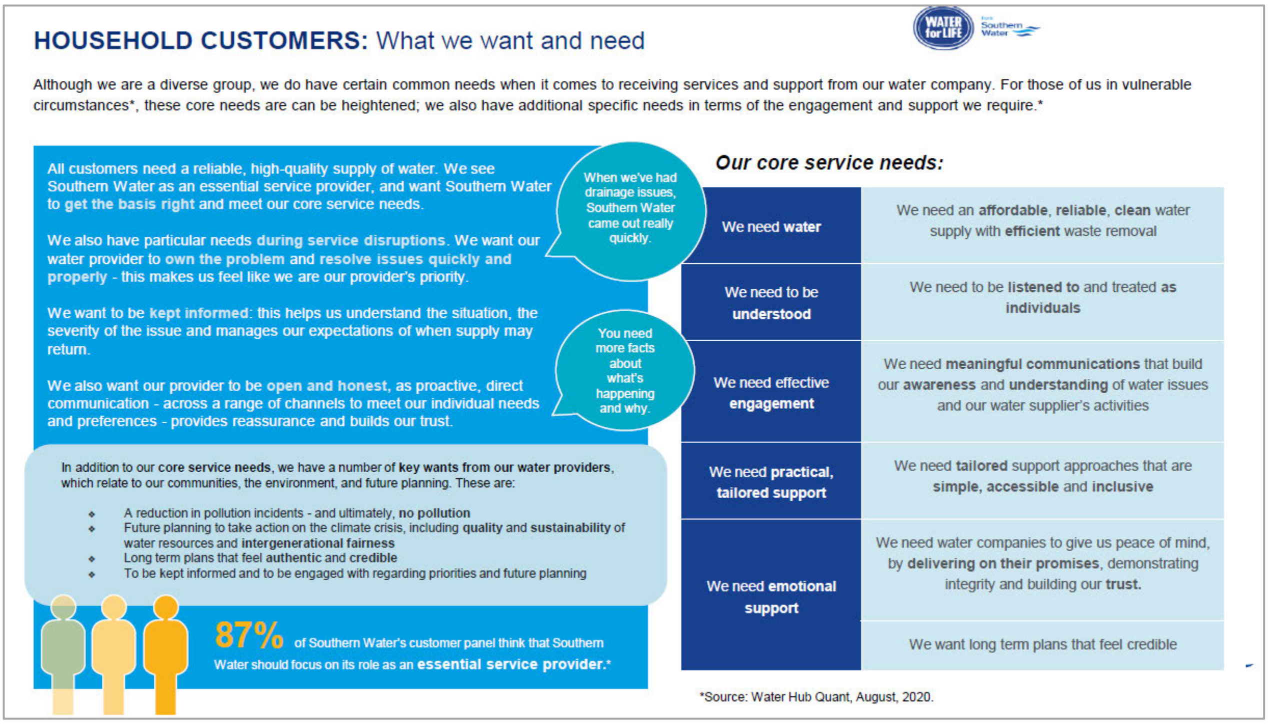


Figure 8: Overview to our Household Customers:

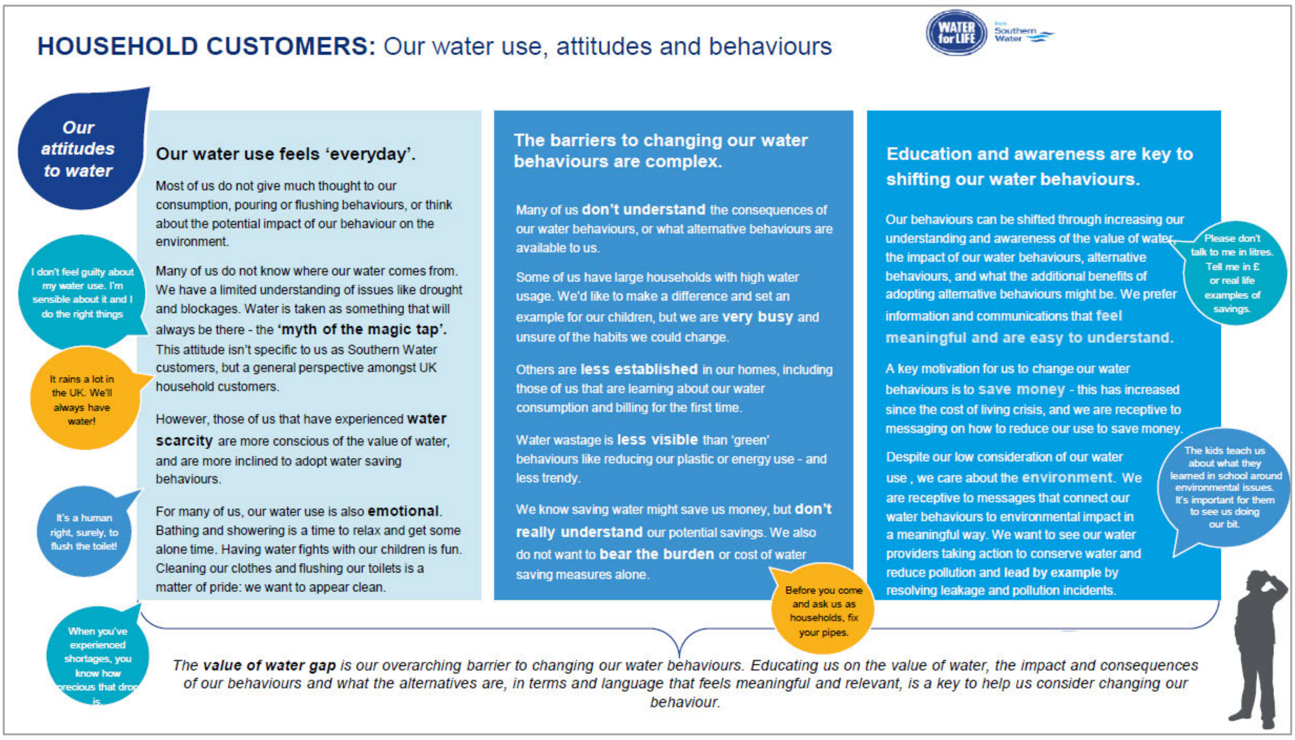
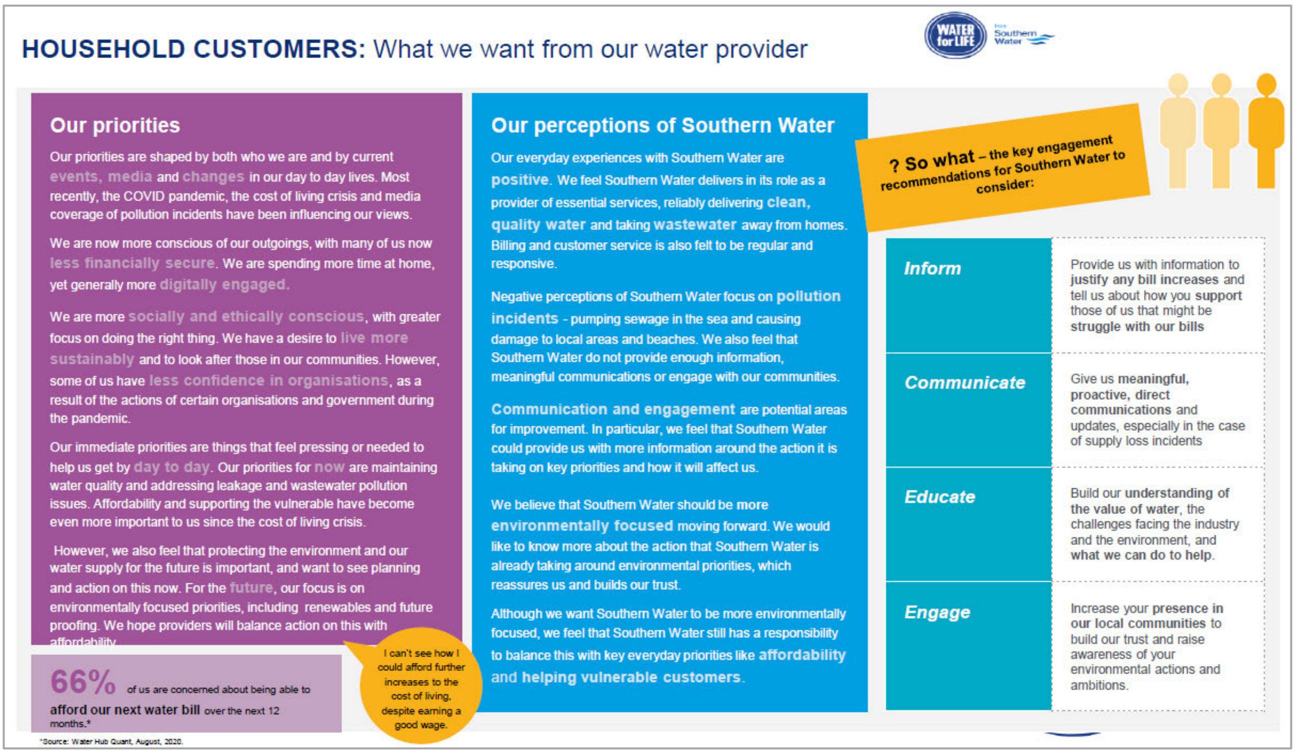


Figure 9: Overview to our Household Customers:



2.2.2 Customers in Vulnerable Circumstances – Summary

Figure 10: Overview to our Customers in Vulnerable Circumstances:

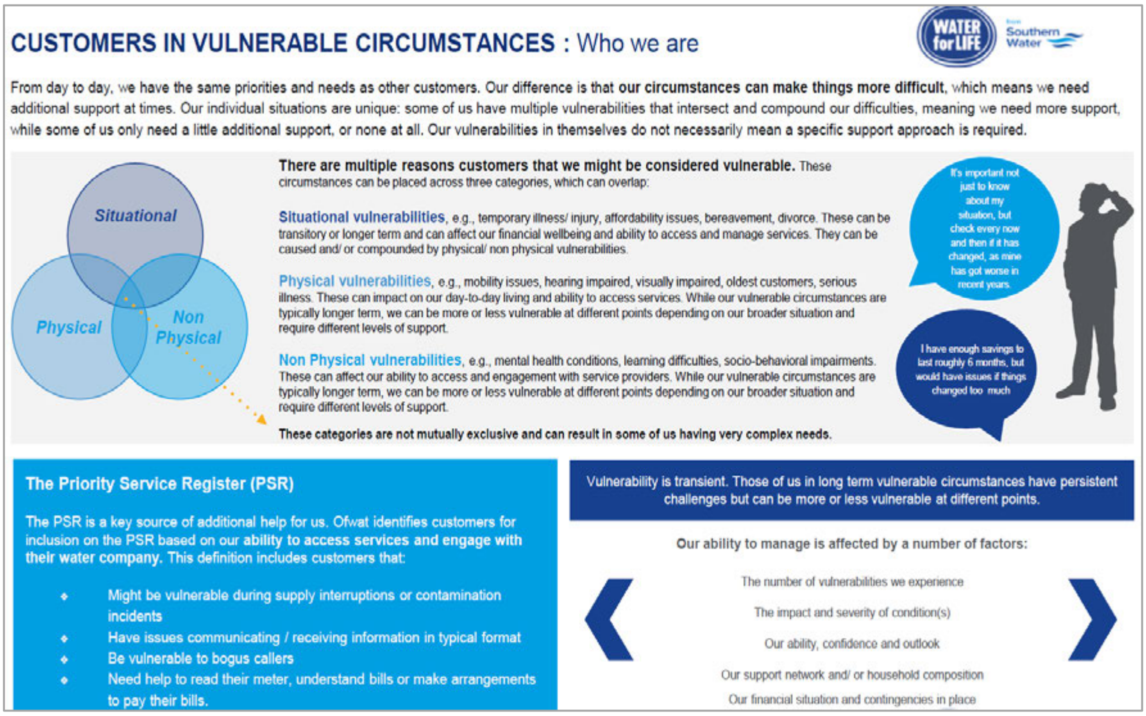


Figure 11: Overview to our Customers in Vulnerable Circumstances:

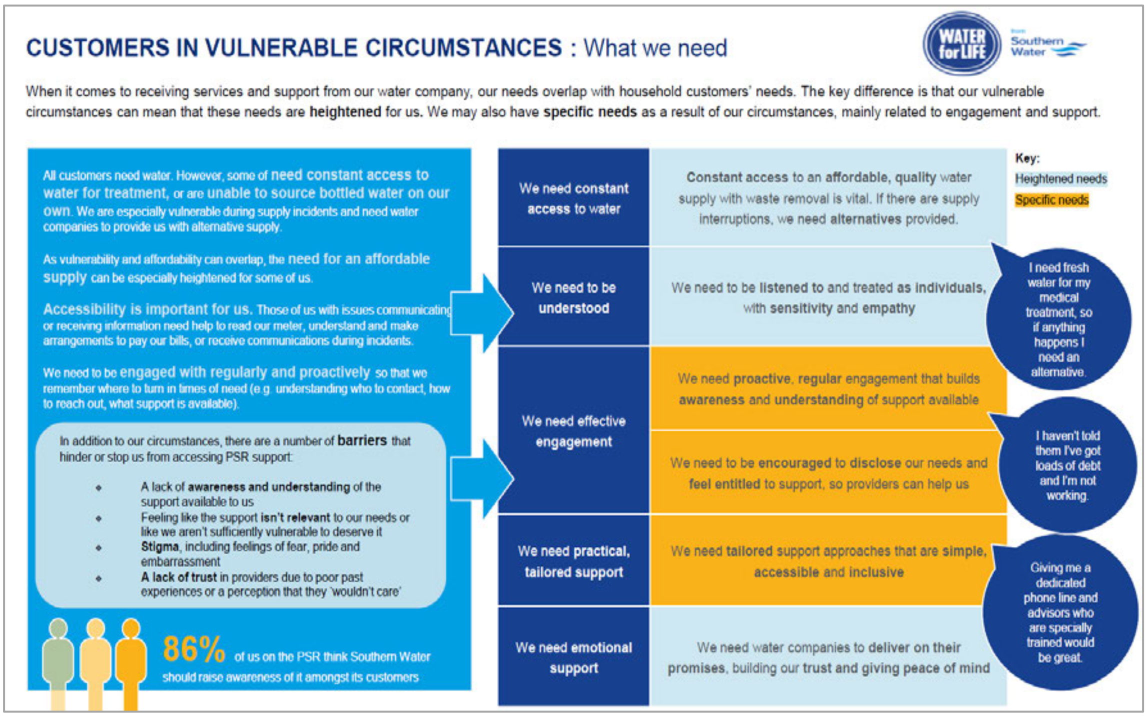
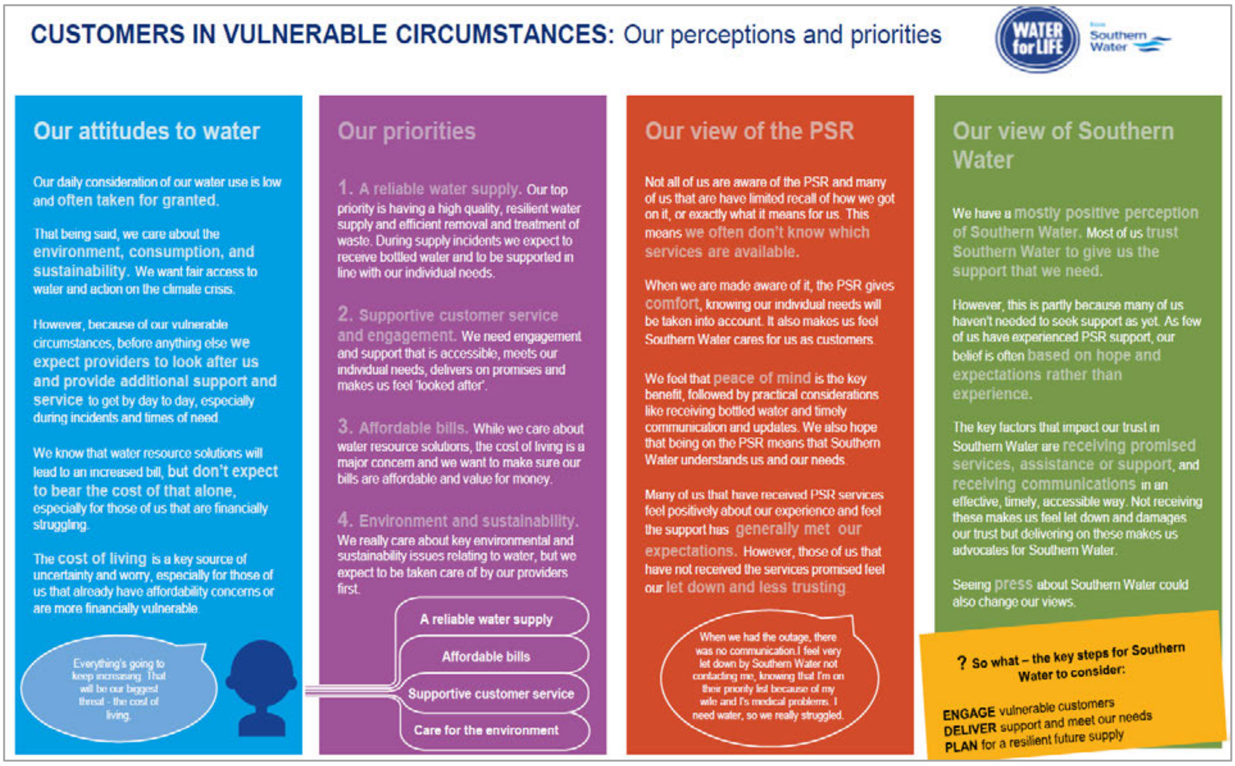


Figure 12: Overview to our Customers in Vulnerable Circumstances:



2.2.3 Non-Household Customers - Summary

Figure 13: Overview to our Non-Household Customers:

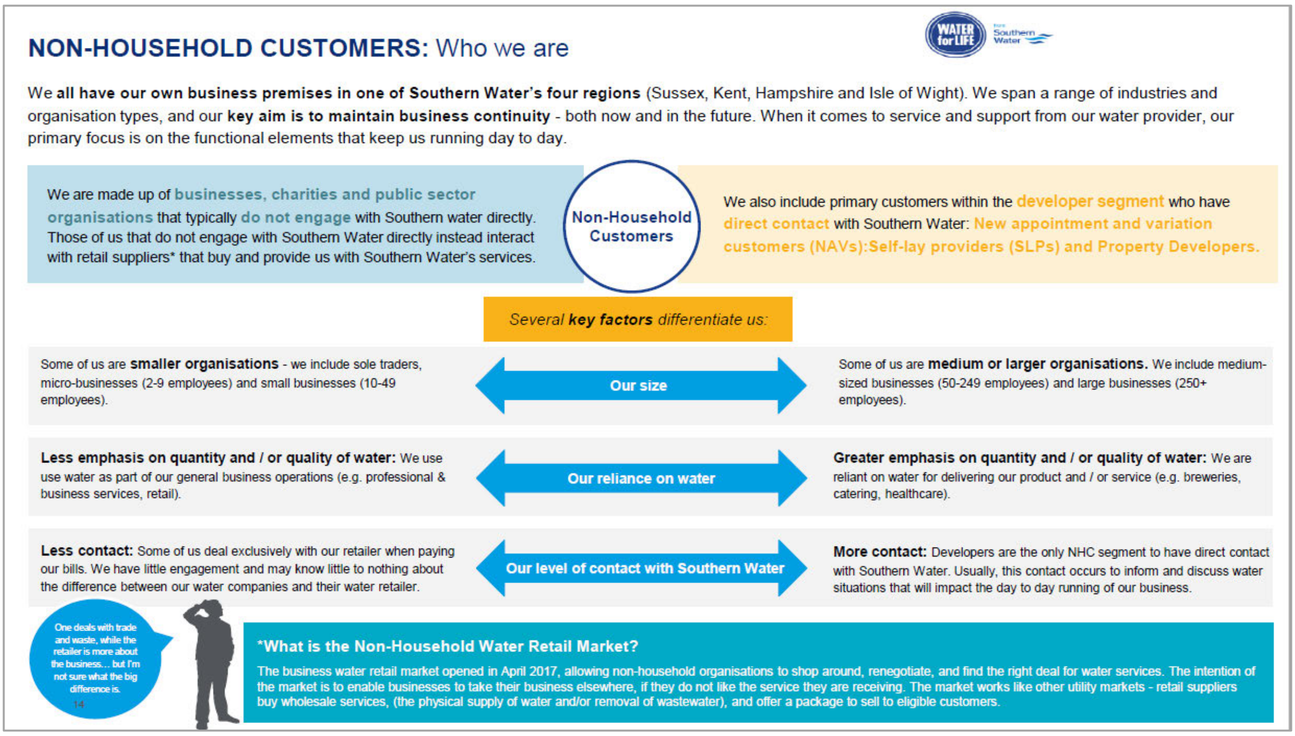


Figure 14: Overview to our Non-Household Customers:

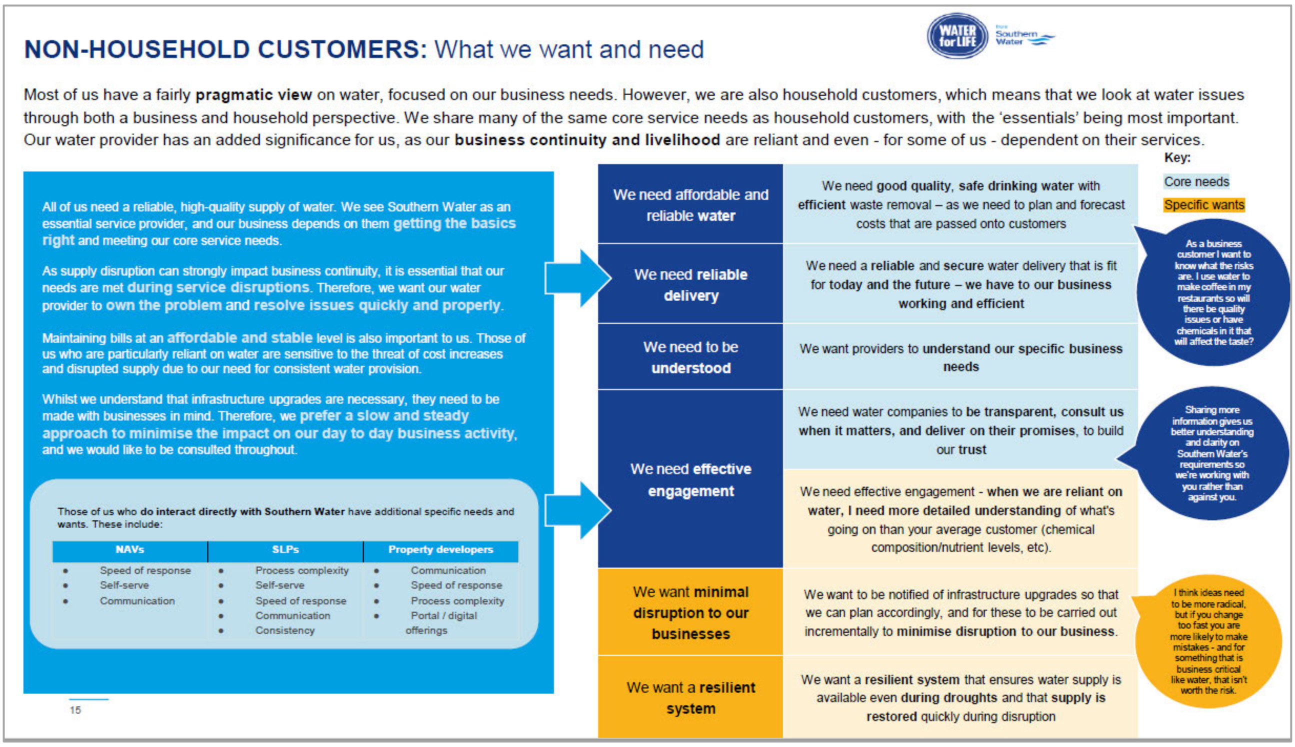
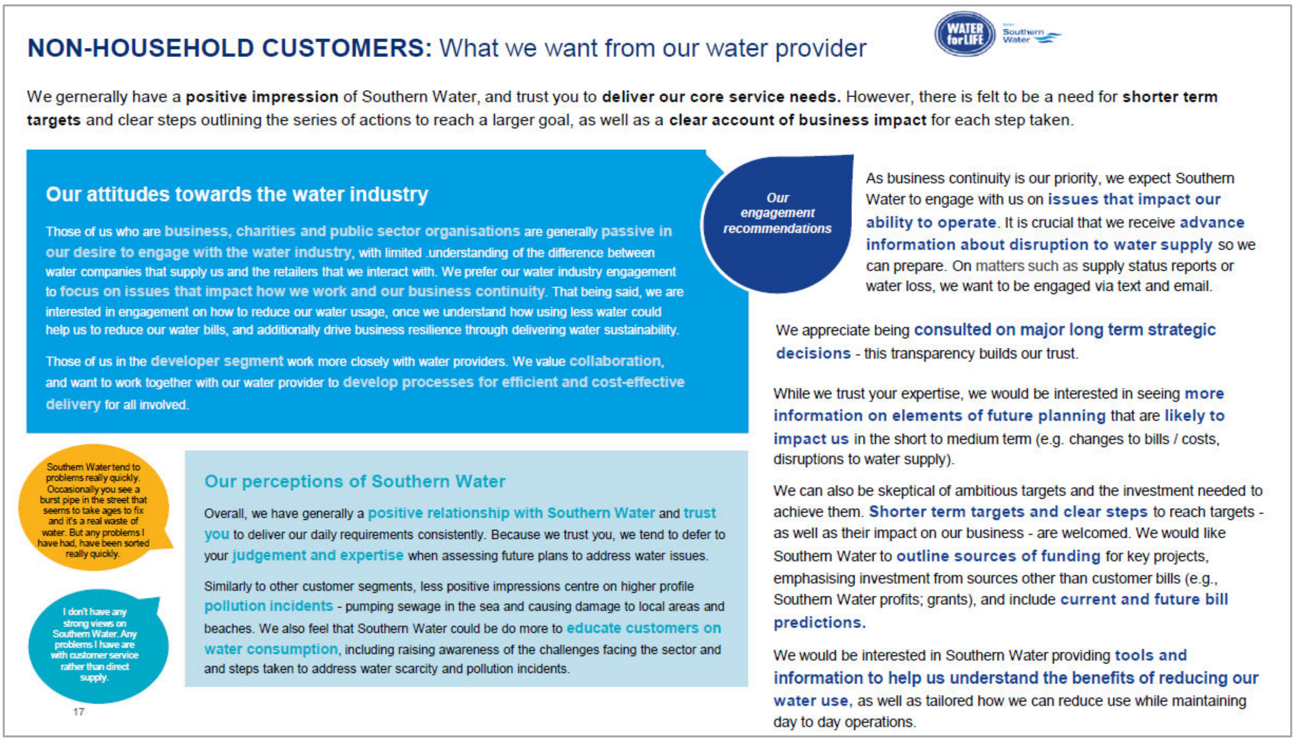


Figure 15: Overview to our Non-Household Customers:

Figure 16: Overview to our Non-Household Customers:



2.2.4 Future Customers - Summary

Figure 17: Overview to our Future Customers:

Figure 18: Overview to our Future Customers:

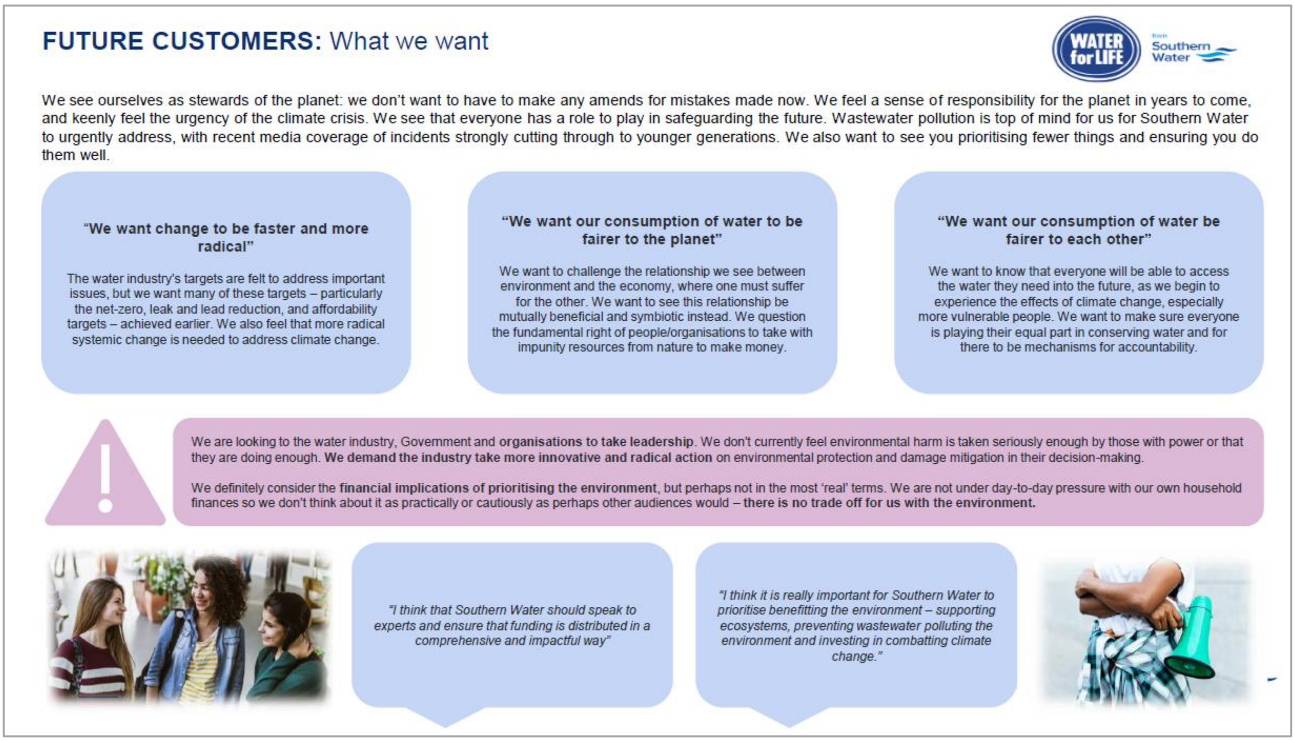
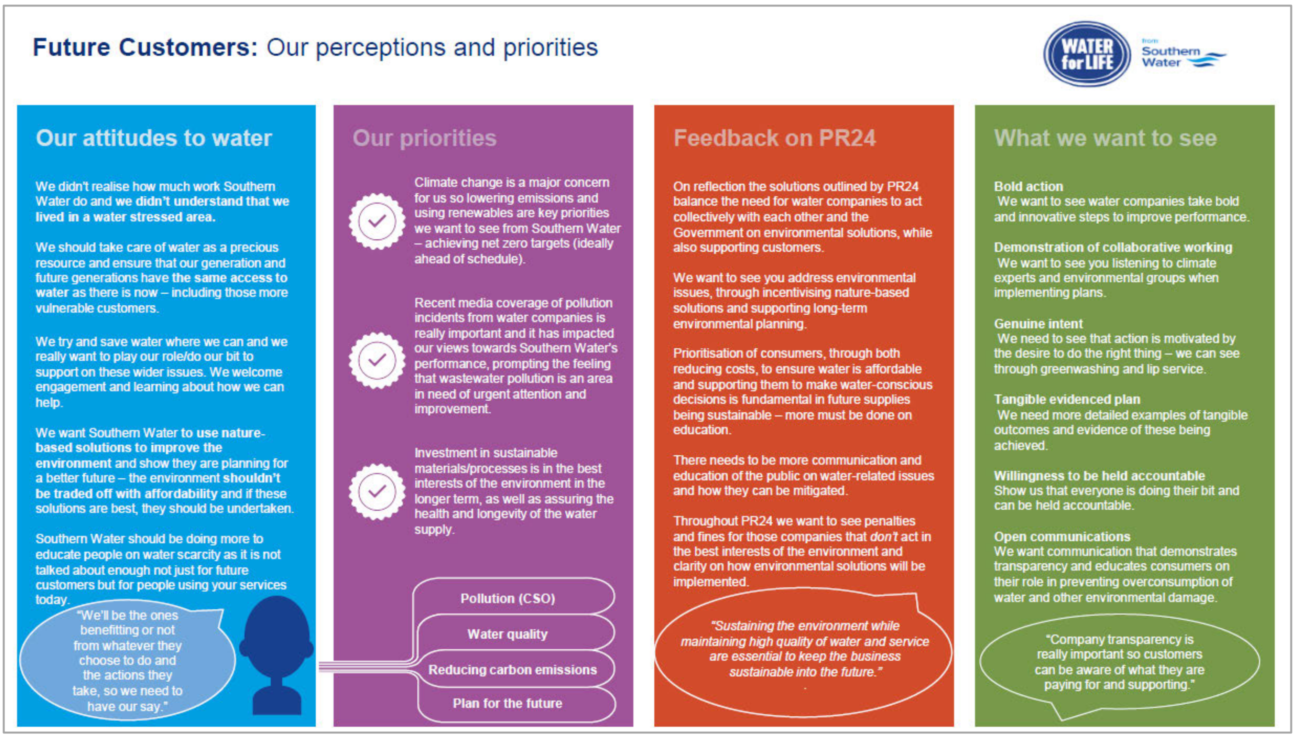


Figure 19: Overview to our Future Customers:



2.3 Customer Segmentation

For our household customers we also use a segmentation that helps to group customers by behaviour and attitudes. This helps in recruitment of research to ensure we represent the different segments we engage, but also in our day-to-day work. For example, we have used these segments to tailor messaging through behaviour change communications on water efficiency. Each segment has its own unique infographic used to explain some of their characteristics. However, below is an overview to the segments and the main drivers of differences (known as factors).

For further detail, please see reports included from the index:

- *SRN14 Section 1: Index, 147 - Customer Segmentation - Meet your segments - Nov '21*

Figure 20: Overview to our Attitudinal Customer Segmentation:

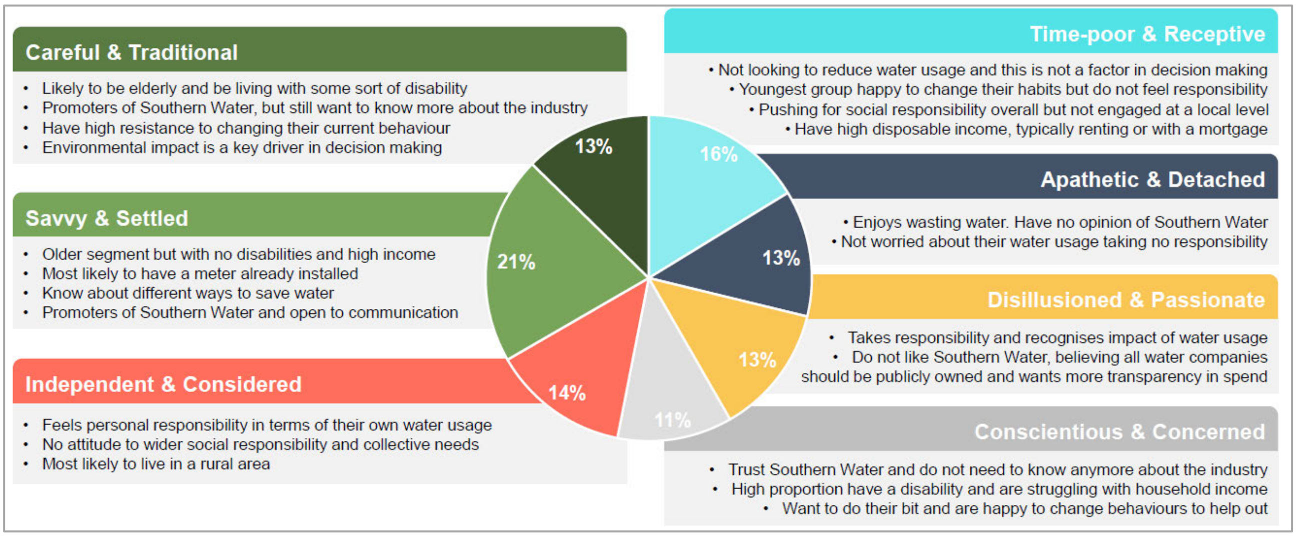
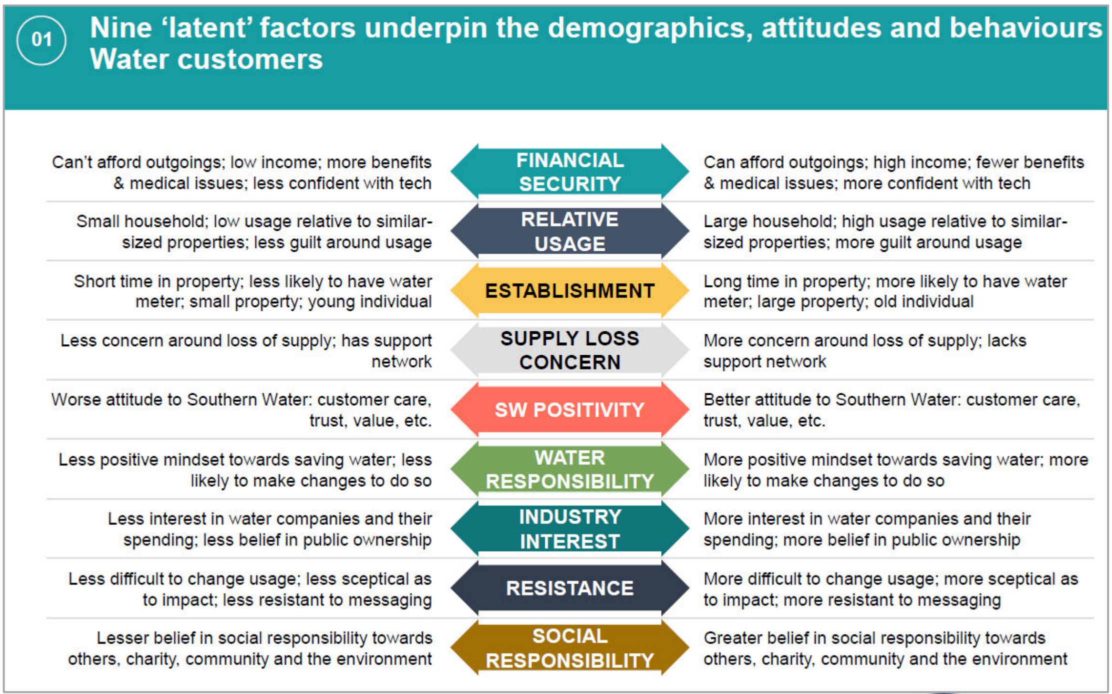


Figure 21: Overview to our Attitudinal Customer Segmentation:



2.4 Data Analysis Sources

The use of wider data sources is a central part of our always on insight programme. This covers a range of different areas and helps us to better understand what matters to our customers. Some of the key sources of data we have used in the development of our PR24 business plan include:

- **Regional analysis** – use of demographic data and ethnographic research to understand the differences across 14 main population areas.
- **Media tracking** – the use of media, social media and campaign data. This includes sentiment tracking, social listening and exploring responses to communication channels.
- **Customer data** – the use of complaints, contact / interactions and Environmental Information Requests to understand real impacts to customers. We look at data such as complaints / contacts to understand how external factors influence these measures (e.g. weather or media) and how our performance impacts across events or regional differences.
- **Performance data** – we look at Southern Water performance against targets and other water companies to help understand where the differences can drive priorities to customers.
- **External data –** working with other data sources such as the institute of customer service, published reports (e.g. Experian, Ipsos)
- **Industry research –** sharing with other water companies and using published reports from Ofwat and CCW (such as Water Matters or cost of living tracking reports)

An example output from this wider analysis is included below.

For further detail, please see some example reports included from the index:

- *SRN14 Section 1: Index, 3- Customer Complaints-July 23 v2*
- *SRN14 Section 1: Index, 13 - UKCSI-Excel Resource Pack-Jan '23*
- *SRN14 Section 1: Index, 9 - Outcome industry comparison-2021-22*
- *SRN14 Section 1: Index, 22- Customer Interactions 2023 3rd level*
- *SRN14 Section 1: Index, 23- Social Media - July '23*

2.4.1 Regional Analysis

Figure 22: Example of our 14 regional summaries, taken from our Voice of Customer Summary:

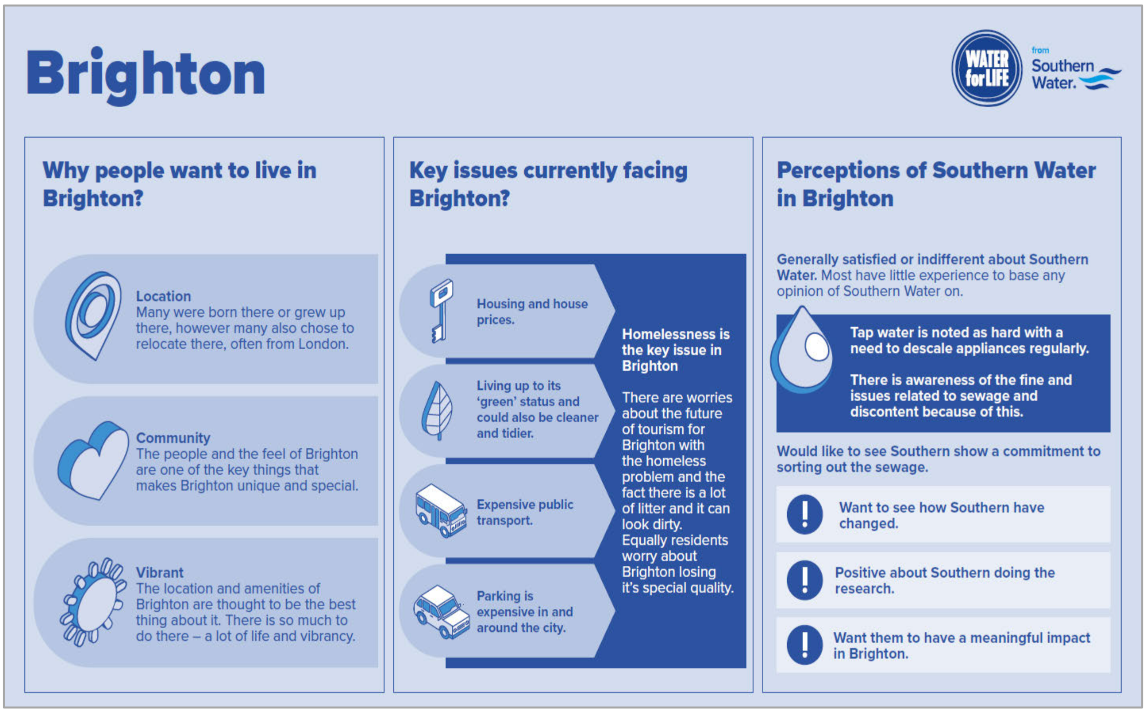


Figure 23: Example of our 14 regional summaries, taken from our Voice of Customer Summary:

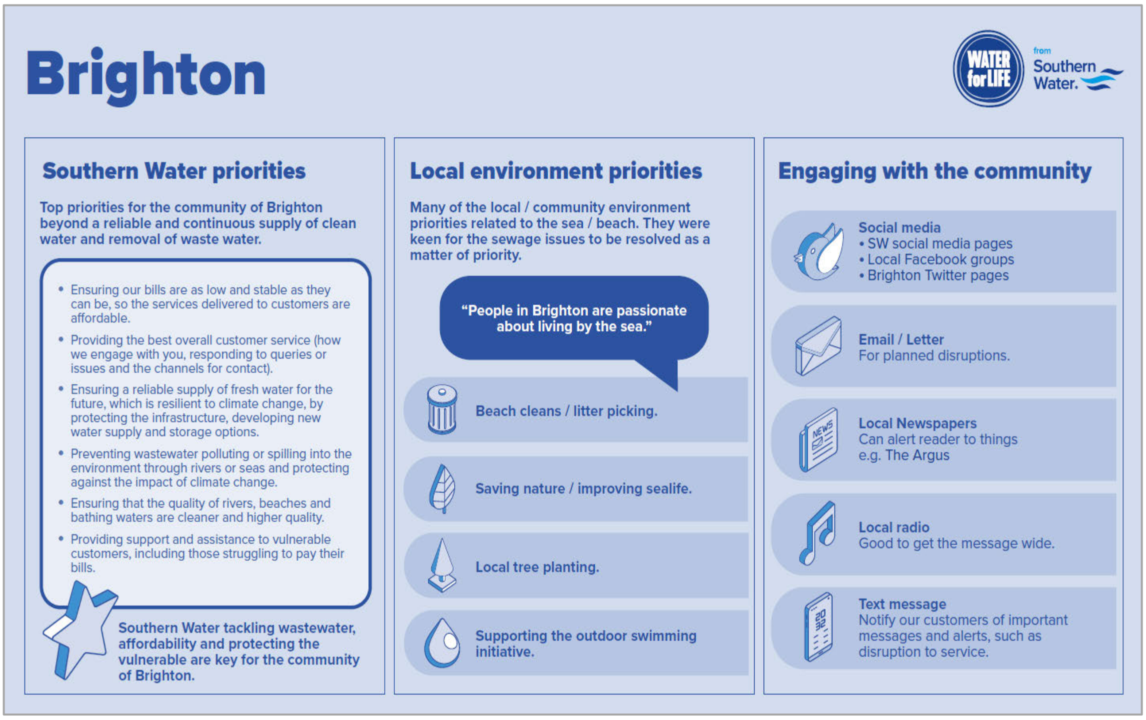


Figure 24: Example of our 14 regional summaries, taken from our Voice of Customer Summary:

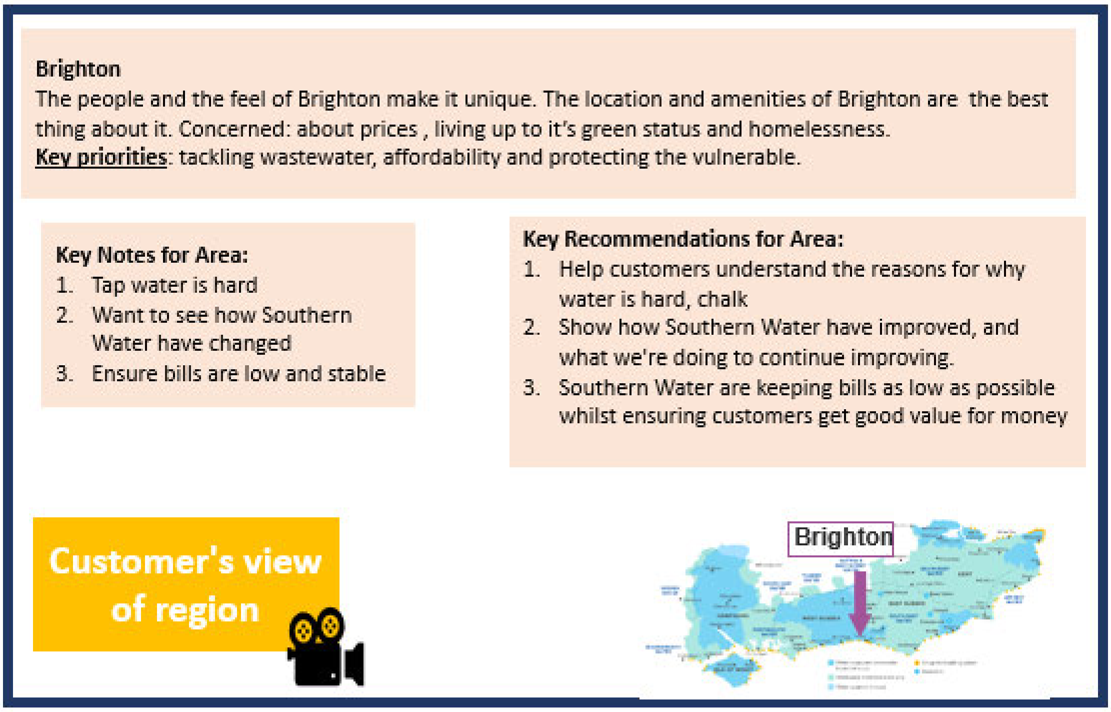
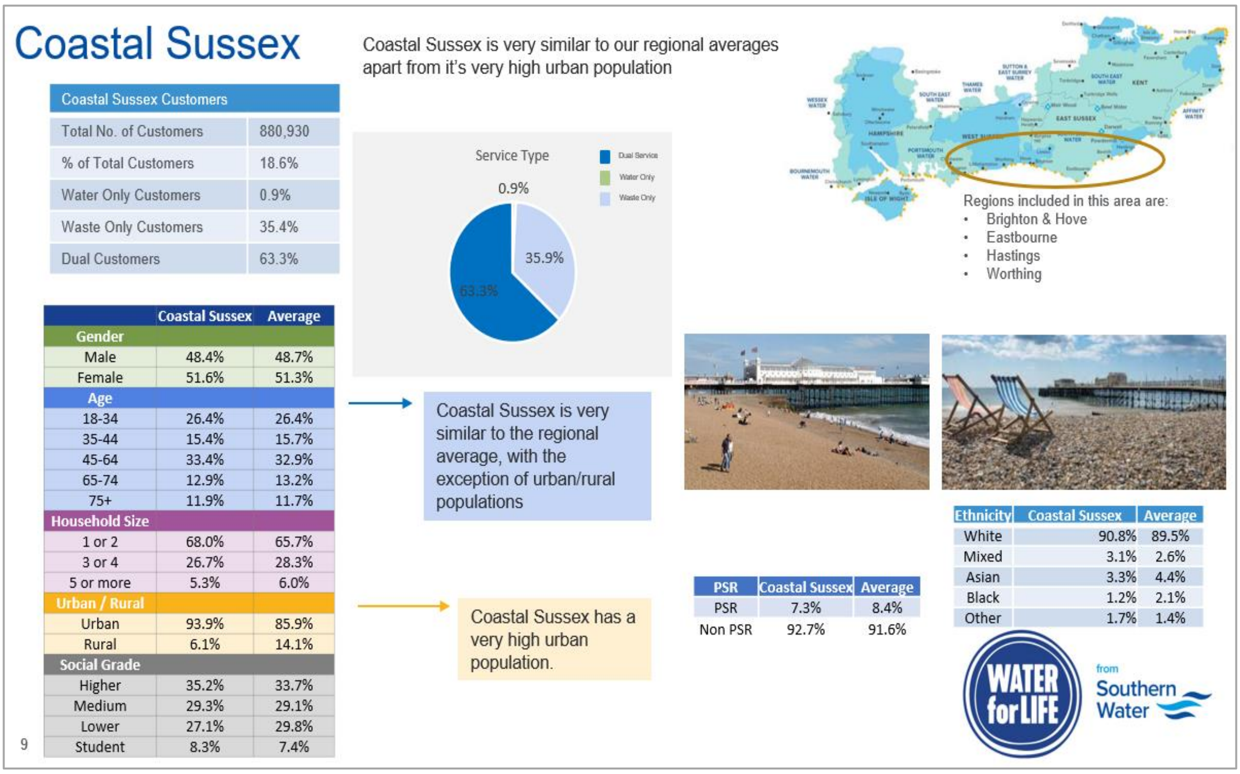


Figure 25: Example of our 14 regional summaries, taken from our Voice of Customer Summary:



Coastal Sussex Customers	
Total No. of Customers	880,930
% of Total Customers	18.6%
Water Only Customers	0.9%
Waste Only Customers	35.4%
Dual Customers	63.3%

	Coastal Sussex	Average
Gender		
Male	48.4%	48.7%
Female	51.6%	51.3%
Age		
18-34	26.4%	26.4%
35-44	15.4%	15.7%
45-64	33.4%	32.9%
65-74	12.9%	13.2%
75+	11.9%	11.7%
Household Size		
1 or 2	68.0%	65.7%
3 or 4	26.7%	28.3%
5 or more	5.3%	6.0%
Urban / Rural		
Urban	93.9%	85.9%
Rural	6.1%	14.1%
Social Grade		
Higher	35.2%	33.7%
Medium	29.3%	29.1%
Lower	27.1%	29.8%
Student	8.3%	7.4%

PSR	Coastal Sussex	Average
PSR	7.3%	8.4%
Non PSR	92.7%	91.6%

Ethnicity	Coastal Sussex	Average
White	90.8%	89.5%
Mixed	3.1%	2.6%
Asian	3.3%	4.4%
Black	1.2%	2.1%
Other	1.7%	1.4%

Figure 26: Example of our 14 regional summaries, taken from our Voice of Customer Summary:

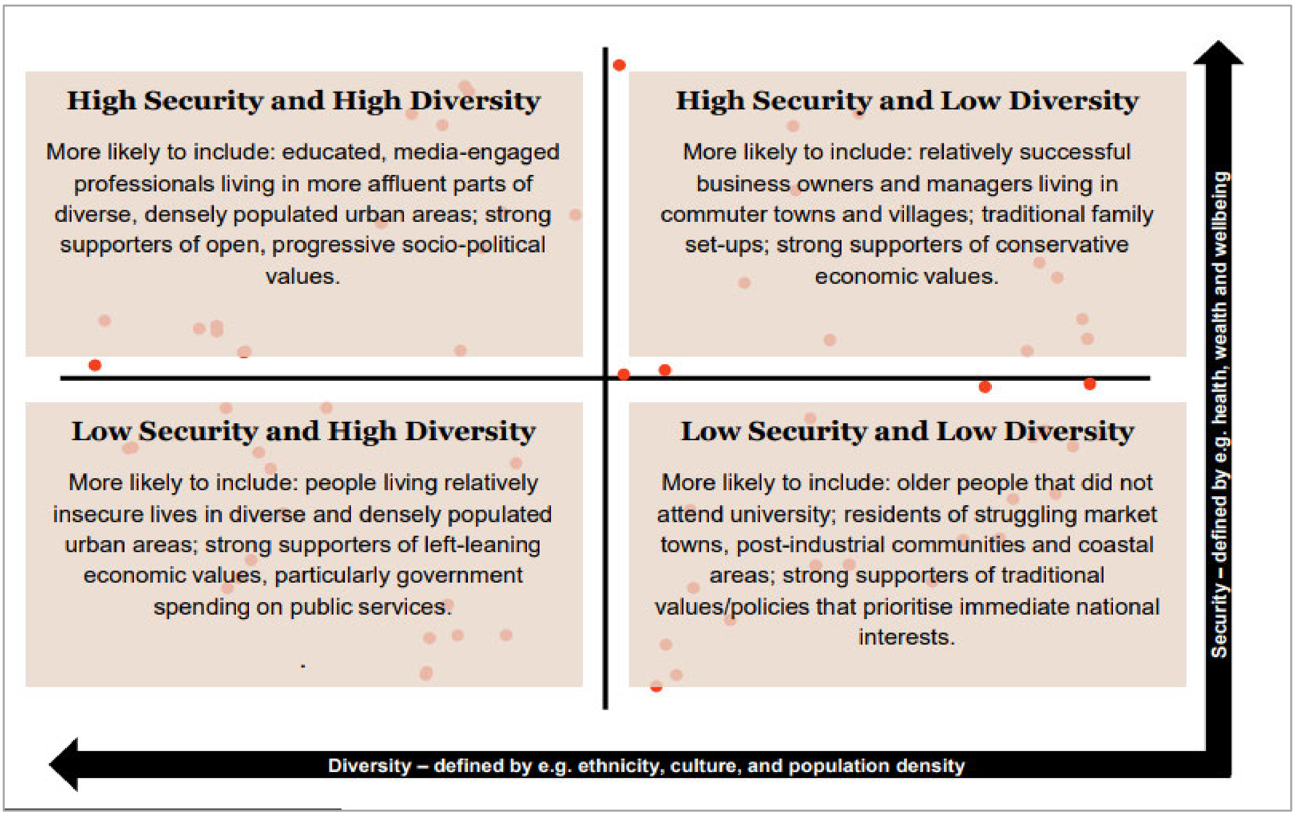
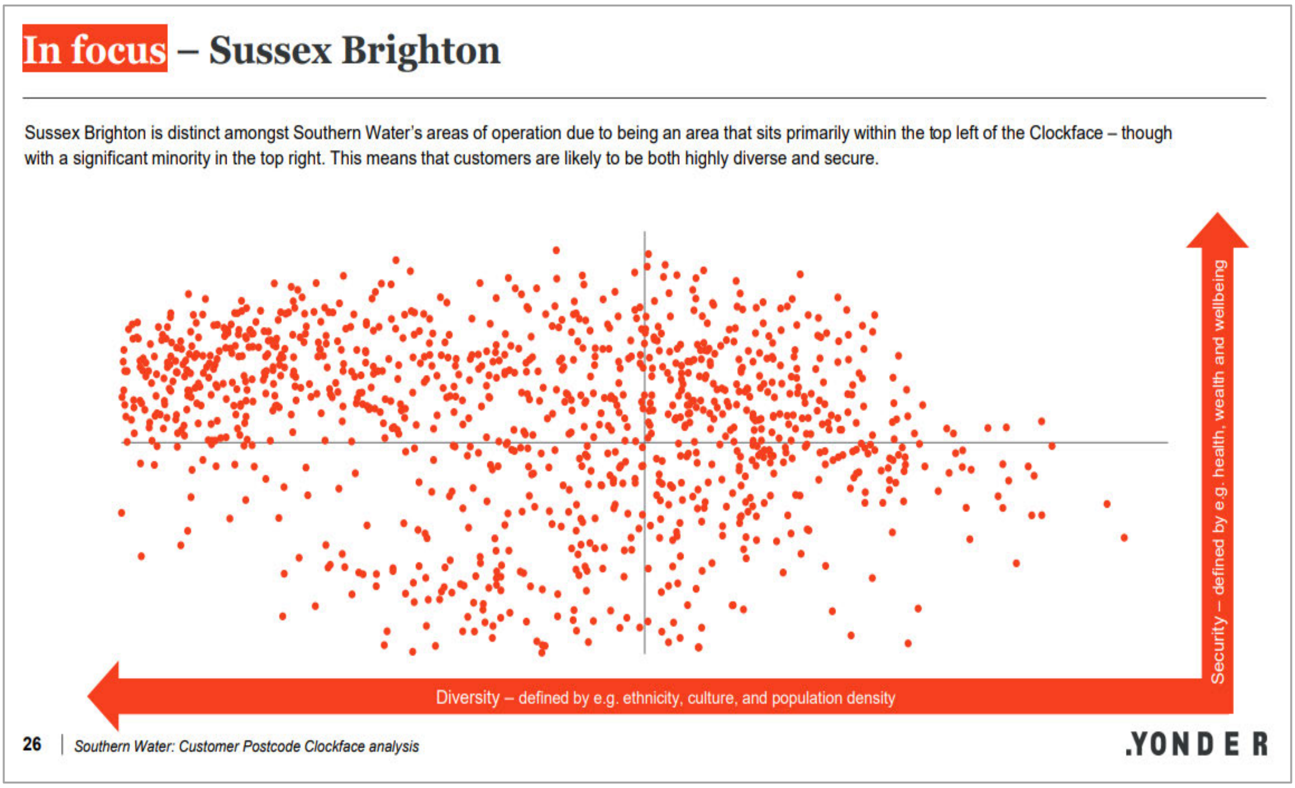


Figure 27: Example of our 14 regional summaries, taken from our Voice of Customer Summary:



Section 3: Methodologies – Examples for Business Plan Engagement

3.1 Customer Panels

Over 145 customers have been part of the panels. We want to further improve by ensuring greater two-way dialogue, robustly demonstrating to these customers their positive impact. We introduced panels to represent our different audiences, which include households, future customers, businesses, those in vulnerable circumstances and more diverse cultures. Methodology and sample information from each panel is included below.

For further detail, please see reports included from the index:

- *SRN14 Section 1: Index, 200a - Water Futures 2030 Pilot Phase Summary - April '21 to 200y - Water Futures 2030 - July '23*
- *SRN14 Section 1: Index, Futures Panel Reports (Wave 1 to 9)*
- *SRN14 Section 1: Index, 202a - Vulnerable Customer Research Wave 1 to 202c - Vulnerable Customer Research Wave 3 - June '23*
- *SRN14 Section 1: Index, 203a - NHC Panel Wave 1 Report - July '22 to 203c - NHC W3 Report - June '23*
- *SRN14 Section 1: Index, 175 - WF2030 Diverse Cultures Engagement Summary - Aug '23*

The panels we have used are:

- **3.1.1 Household customer panel**
- **3.1.2 Future customer panel**
- **3.1.3 Business customer panel**
- **3.1.4 Vulnerable customer panel**
- **3.1.5 Diverse Culture Community Leaders Panel**

We asked an independent research company who run our household panel to provide their feedback on the use of a panel approach. Their feedback was as follows[9]:

Approach and Robustness

- **Offering collaboration and versatility:** Including and involving the internal teams and stakeholders throughout, as well as building in findings from other agencies and panels has allowed for cross-fertilisation of learnings. This is achieved through a range of approaches which we adapt as needed, such as insight overnight, virtual groups and depths, co-creation, online activities, video etc.
- **Quality over quantity**: n=40 participants is the sweet spot between a broad sample but also maintaining high engagement over a period of time. This also allows Relish to be on

[9] 200x - Water Futures 2030 Relish Feedback on the Approach - Sep '23

first name terms with customers and customers feel that they are close to the research and making a real difference.

- **Deliberative and longitudinal:** This starts from a point of very little knowledge and builds up slowly over time; this has the added benefit customers feeling that their contributions increasingly make a difference.

- **Challenging not cheerleading:** This deliberative approach also leads to customers being able to confidently and credibly challenge Southern Water and their plans, rather than becoming 'cheerleaders' or simply repeating media narrative.
- **Going above and beyond:** We often have found that because of this quality over quantity, customers go above and beyond, giving much more considered and detailed responses than we otherwise may have seen.

Reflective of Other Audiences

- **Diverse audiences:** We included not only vulnerable, but also culturally diverse customers to broadly reflect diversity across the region (e.g. representation from the Polish community), but also focus on some who have religious/cultural practices that involve specific use of water (e.g. Muslim, Hindu, Jewish).
- **Hub and Spoke approach:** Reaching out to friends and family members of our customers both increases the sample size when needed, but importantly brings in the voice of the less informed 'everyday' customer.
- **Informed vs. uninformed views:** As well as this hub and spoke approach, we also undertook quantitative waves of activity, to validate and confirm findings or nuances with the broader customer base.

3.1.1 Household Panel

Figure 28: Overview to the approach for the Customer Household Panel:

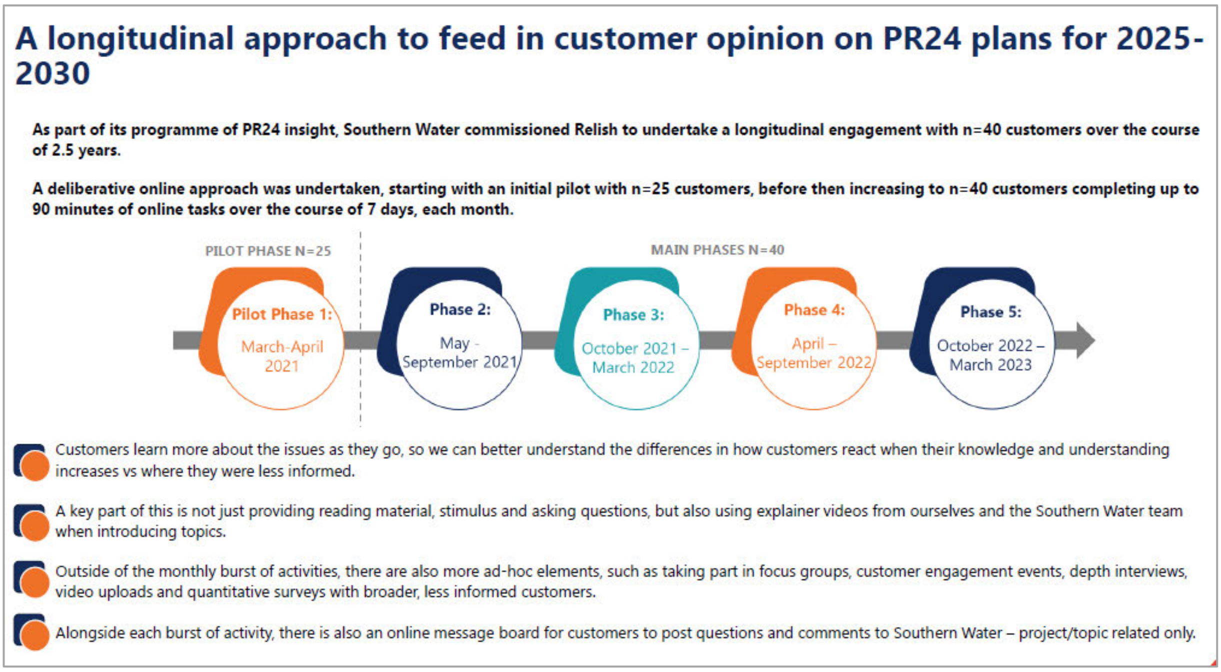
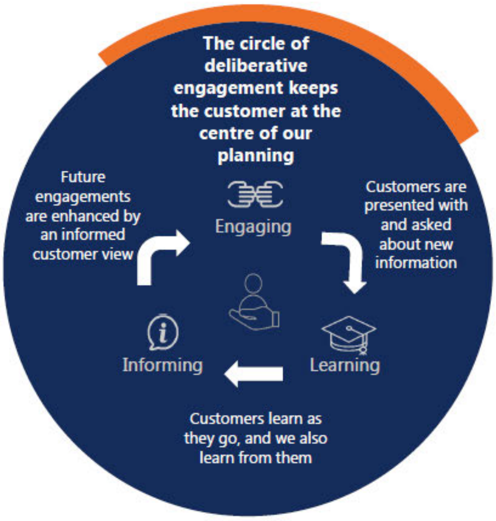


Figure 29: Overview to the approach for the Customer Household Panel:



DELIBERATIVE APPROACH:

By adopting a deliberative approach in which customers learn more about the issues as they go, we will better understand the differences in how customers react when their knowledge and understanding increases vs where they were at when we started out with them.

This also allows us to learn from then as we go, informing how we develop our plans, content and ensure that the customer is always at the centre of our planning. Customers also buy in to what we are trying to achieve and as such, often give us depths of information and explanation that goes over and above that of 'one off' participants.

Facilitating this level of dialogue, deliberation and in-depth exploration with customers requires a qualitative longitudinal methodology.

REFRESHING THE PANEL:

Engaging customers to provide this level of interaction and feedback for 2.5 years is not a practical solution for the following reasons:

- There would be high levels of attrition.
- those who stay on would tire of the depth of information required and start repeating themselves.
- Depending upon the content to be tested/explored across the 2.5 years, it could be that we wish to flex our sample of customers accordingly in later months.

As such, we refresh our panel as and when needed, swapping out a selected group of customers between waves, or topping up due to any attrition as we go along.

When this occurs there is always an element of bringing these 'new' customers up to speed with the rest of the panellists and so additional tasks are built in.

Figure 30: Overview to the approach for the Customer Household Panel:

We started with a pilot phase with two thirds of the final sample, using a combined approach to understand baseline attitudes and behaviours

Pilot Sample N=25*

	Cell	Total per cell	Total
Water provider	Southern Water only	21	25
	Portsmouth Water + SW	2	
	South East Water + SW	2	
Area	East Sussex	5	25
	West Sussex	5	
	Kent	5	
	Hampshire	5	
	Isle of Wight	5	
Customer type	Vulnerable	3	25
	BAME	3	
	Non quota	19	
Age	20-35	7	25
	36-49	6	
	50-64	6	
	65+	6	

Pilot Phase 1: March-April 2021

The pilot phase of this research involved building a two-thirds sample of n=25 customers and beginning this programme of engagement.

This started with a series of 1 hour video depth interviews with pre-read before then starting the pilot online engagement.

- **Video Depth topics:** Current attitudes towards water and usage, knowledge around the water cycle, awareness and impressions of suppliers, regulators and other agencies, reactions to Southern Water priority areas.
- **Online task topics – building on learnings from the depths:** The role of a water customer vs. water citizen, what key areas from the commitments mean to them (in the context of water) when wearing each of these hats, the impact of campaigns using influencers to aid with messaging around water efficiency and blockages.

Upon successful completion of the pilot phase, Relish increased the sample to n=40.

**All free found by Relish recruiters, all household water bill payers, mix of gender, spread of ABC1C2(D), all participants are given access to a central online platform, all participants are recruited for longer term engagement*

Figure 31: Overview to the approach for the Customer Household Panel:

Upon successful completion of the pilot phase, subsequent phases continued with an increased sample of n=40

Main Sample N=40*

	Cell	Total per cell	Total
Water provider	Southern Water only	32	40
	Portsmouth Water + SW	4	
	South East Water + SW	4	
Area	East Sussex	8	40
	West Sussex	8	
	Kent	8	
	Hampshire	8	
	Isle of Wight	8	
Customer type	Vulnerable	6	40
	BAME	6	
	Non quota	28	
Age	20-35	10	40
	36-49	10	
	50-64	10	
	65+	10	

Phase 2: May - September 2021

Monthly, week long bursts of online activity May-August 2021, with September 2021 consisting of 4x pre-tasked online group discussions.

May - The role of industry regulators, an introduction to planning and reviewing PR24 areas.
June – Reactions to and support for the drought plan, learning about wastewater services, Networks 2030 campaign review, 4 pillars ranking.
July – Direction of travel for the water industry – economic, regulator, customer body, water provider and industry points of view, video content review.
August – Benchmarking good customer service, experiences of Southern Water customer service, service expectations and contact preferences across a range of scenarios, comparisons of water supplier performance.
September - Pre-task: Flooding campaign card review. **Groups:** Future priorities, Youth Panel perceptions and challenges, broader factors and trends impacting the future.

Phase 3: October 2021 – March 2022

Monthly, week long bursts of online activity October 2021 – March 2022 (January and February were combined).

October – Understanding more informed priorities and the arguments for and against each, exploring perceptions of the less informed through friends and family discussions and reporting back, learnings from other organisations and their priorities, ranking priorities for Southern Water and building in learnings.
November – Combined sewer overflows and Beachbuoy application optimisations, Target 100 messaging, metrics and measurement of key priorities.
December – Reviewing research feedback from other less informed customers, reviewing performance metrics and measures on customer service, reviewing communal priorities – common to all providers.
January & February – Regional Resource Plan review, Target 100 investigation and areas of focus, Environment vs bill affordability trade off, Environment vs. bill affordability open discussion forum.
March – Your local area and links to Southern Water, smart water metering, social water tariffs, variable water tariffs.

**All free found by Relish recruiters, all household water bill payers, mix of gender, spread of ABC1C2(D), all participants are given access to a central online platform, all participants are recruited for longer term engagement, topped up / refreshed as needed*

Figure 32: Overview to the approach for the Customer Household Panel:

Phase 4: April – September 2022

Monthly, week long bursts of online activity April – September 2022 (No activities in July 2022).

April – Mini survey to understand them and their views on water usage, billing, suppliers and the industry, bigger picture thinking and contextual issues, fit with Southern Waters understanding of factors impacting customer expectations, focus on cost of living impact, perceptions of Southern Water 1 year into the panel, drainage scenarios.
May – GetWaterFit calculator, Water Warriors concept, usage and impact, reviewing survey results on customer priorities from 2 recent pieces of research (by Southern Water and Ofwat), image upload task to show what customers want from Southern Water, local customer service delivery.
June – Long term strategy document, letter exploration and optimisation, drainage and wastewater management plan.
August – WRMP content development, media/news drought and water shortage coverage, Customer Challenge session topics.
September – Inland bathing waters and usage, bill affordability and the future, Inter-generational fairness, how we talk about drought resilience.

Phase 5: October 2022 – March 2023

Monthly, week long bursts of online activity October 2022 – March 2023 (No activities in November 2022 or February 2023).

October – Well-being and water, internal and external sewer flooding, review of Ofwat findings on sewer flooding, understanding water bill charges and proportionate charges for surface water, potential changes to sludge regulation and technology, biodiversity and Southern Water sites, water efficiency postcard review.
December – Understanding proposed targets and acceptability, bill impacts and affordability, wastewater customer journeys and expectations.
January – Initial reactions to ODI mechanism, understanding around the Economic Level of Leakage, understanding and expectations around net zero, and Southern Water and net zero.
March – Current tap water quality, funding fact sheets, bathing water quality, social tariffs, new direct debit experience.

Figure 33: Overview to the approach for the Customer Household Panel:

Phase 6: April – September 2023

Monthly, week long bursts of online activity April – September 2023 (No activities in May 2023).

April – An overview of the Proposed Plan (from AAT testing), exploring potential bill impact scenarios, looking at the Least Cost plan, ending with a bolt on of community and the role of Southern Water
June 1 – Additional single task; Storm Overflows interactive map with a bolt on; Clean Rivers and Seas creative
****June 2 – 4Sites plan review:** Building on this element of the Proposed plan, perceived customer benefits and deliverability, the work that will take place, engaging with customers and conditions of support and feedback
July – Three Harbours Plan: Explore reactions to the work that is being undertaken in the areas of Langstone Harbour, Chichester Harbour and Pagham Harbour – challenges faced, importance of nutrient reduction, level of ambition and support plus impact on perceptions of Southern Water.

3.1.2 Future Customer Panel

40 future customers to represent our region. 9 waves of since November 2020. A spread of demographics and ages (14+yrs at school, further education and first time bill payers). Engagement included plenary sessions to help guide younger people to through the tasks, online communities and focus groups.

This young person's group enables us to understand and therefore act on building the preferred water future for generations to come.

Our primary objective:

- Develop an enduring process of engagement with young people to inform decision-making and communications with future customers

Additional objectives:

- Understand future customers' priorities and preferences
- Track and monitor changing behaviours and trends with this audience
- Help drive positive impact on our reputation by adding credibility to our long term decision making
- Be proactive with what our customers want from their future
- Gain a stronger understanding of how we can better engage with young people
- Innovate and embrace new ways of working – readiness for the future
- Deliver powerful and accessible content to share internally and externally

This group forms a panel from different ages, life stages and backgrounds, who come together to address future climate, environment and water industry challenges. Not only looking ahead to 2030 but beyond into 2050. This group enhances our engagement capability by allowing us to have an open, continuous and meaningful conversation with customers of the future.

Part of our purpose is making sure our sample reflects the diversity of our customers and we strive to ensure it is as inclusive and diverse from cultures and backgrounds across our region. Our panel comprises of around 36 participants, and we have included a breakdown below.

For specific waves of research, we have also been able to support other water companies. For example, we collaborated with Portsmouth Water to understand young people's reaction to their draft drought plan – this meant we recruited an additional sample from their area of operation to support their insight needs.

There is a level of flexibility with our youth panel as it now forms part of our BAU insight programmes and will be a fundamental element to our PR24 engagement with customers. One of our reasons for partnering with

Britain Thinks was because of their wealth of experience in engaging younger audiences, as well as their innovative and collaborative ways of working – they really echo our values, which shines through in the conversations they have with young people.

Figure 34: Overview to the approach for the Future Customer Panel:

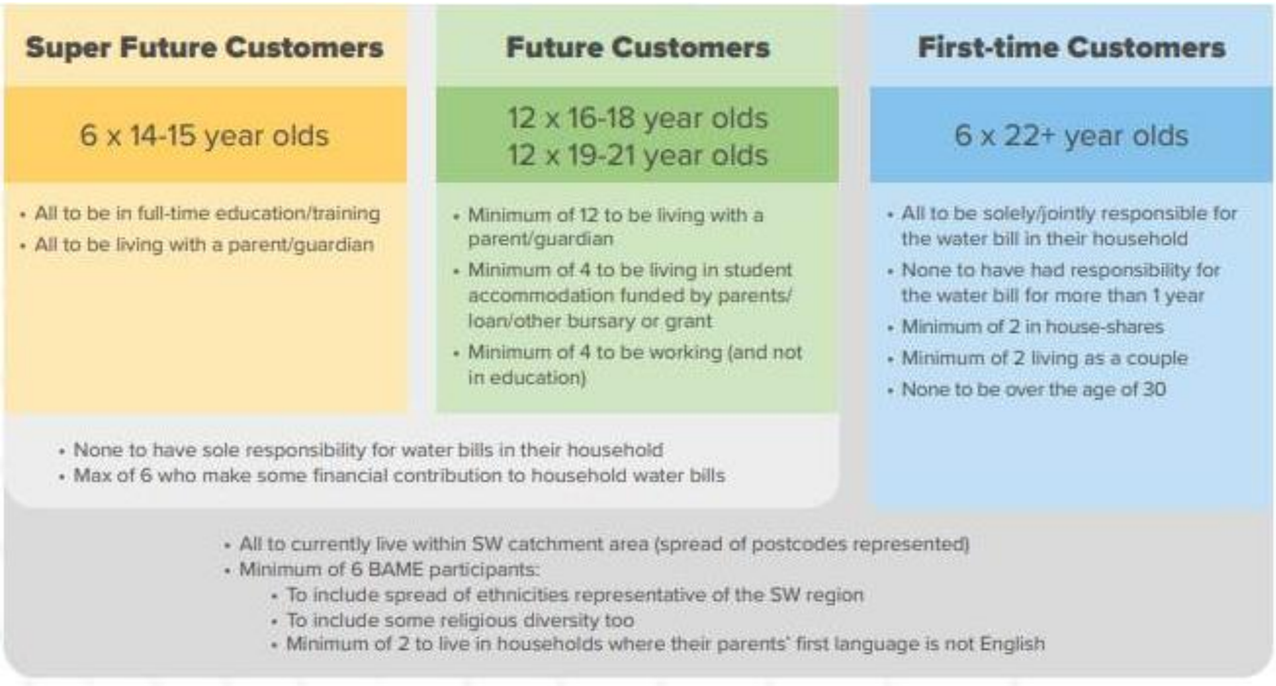


Figure 35: Overview to the approach for the Future Customer Panel:

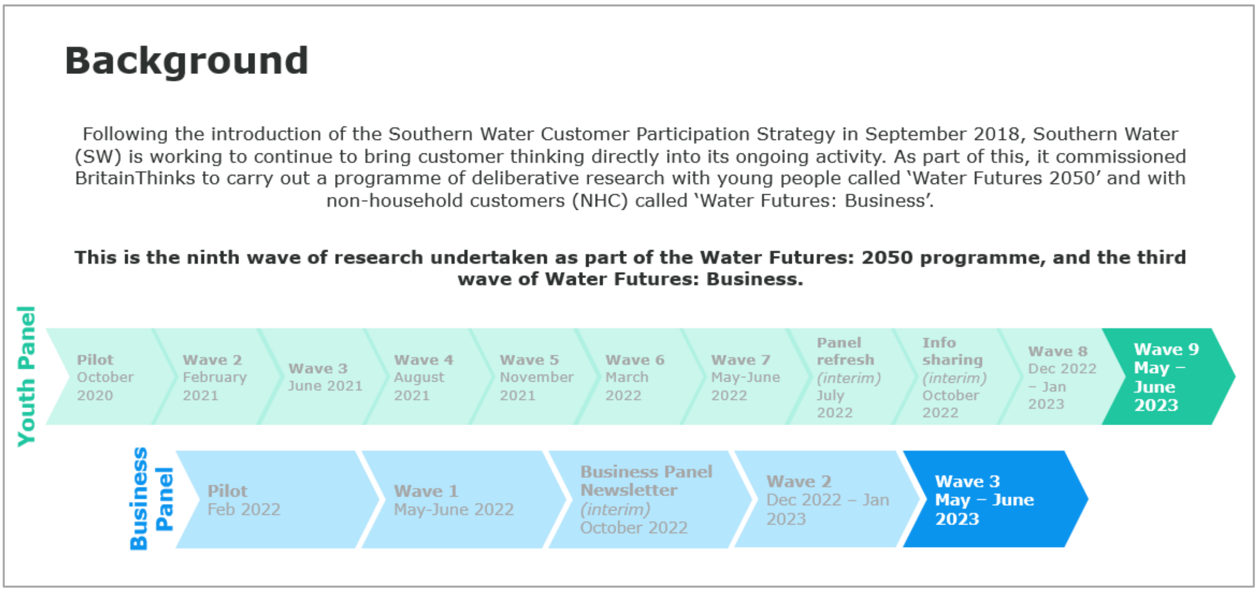
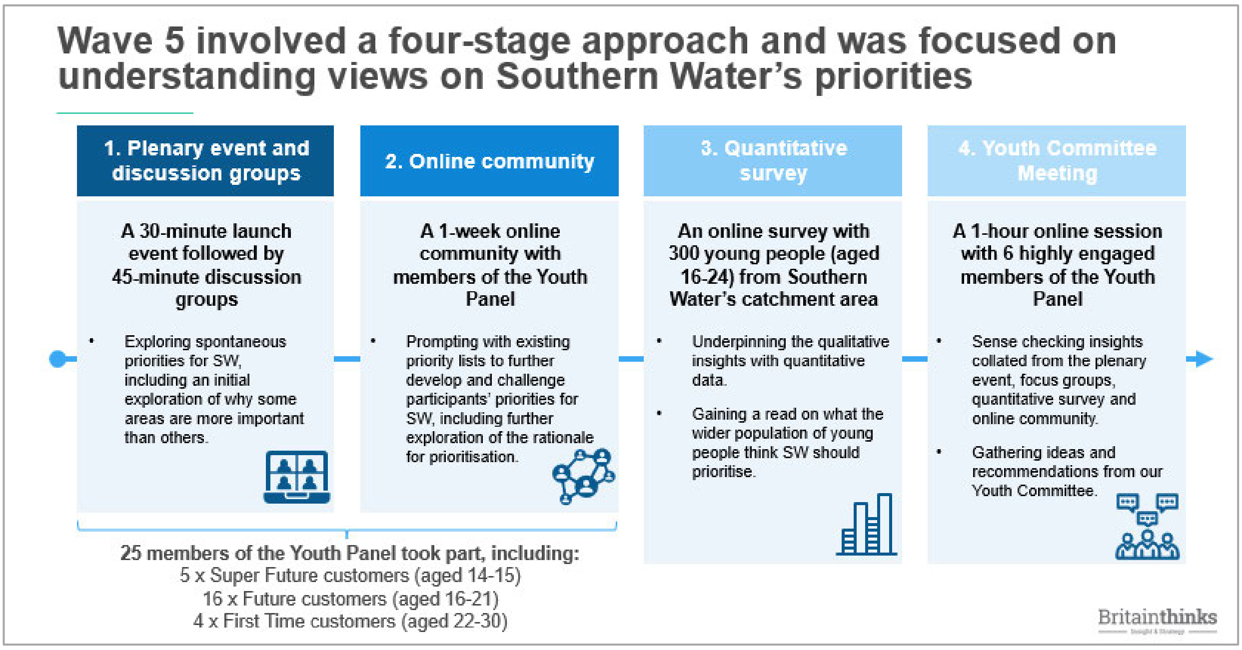


Figure 36: Overview to the approach for the Future Customer Panel:



3.1.3 Business Customer Panel

40 businesses responsible for water at their business. (20 from businesses reliant on water for their end-product, 20 wider water users). A range of industries and smaller to medium businesses. 3 waves since May 2022. Engagement included depth interviews and online tasks to allow for detailed discussions on business impacts.

Following a successful pilot, Southern Water commissioned Britain Thinks in May 2022 to launch the first full wave of their Non-Household Customer Panel. This research will use a programme of deliberative engagement to inform them about the water industry and explore business views on Southern Water.

Figure 37: Overview to the approach for the Business Customer Panel:

NHC Panel sample specification

16 participants who took part in the pilot wave were invited back alongside 24 fresh recruits. **This gave us a full NHC Panel of 40 participants:**

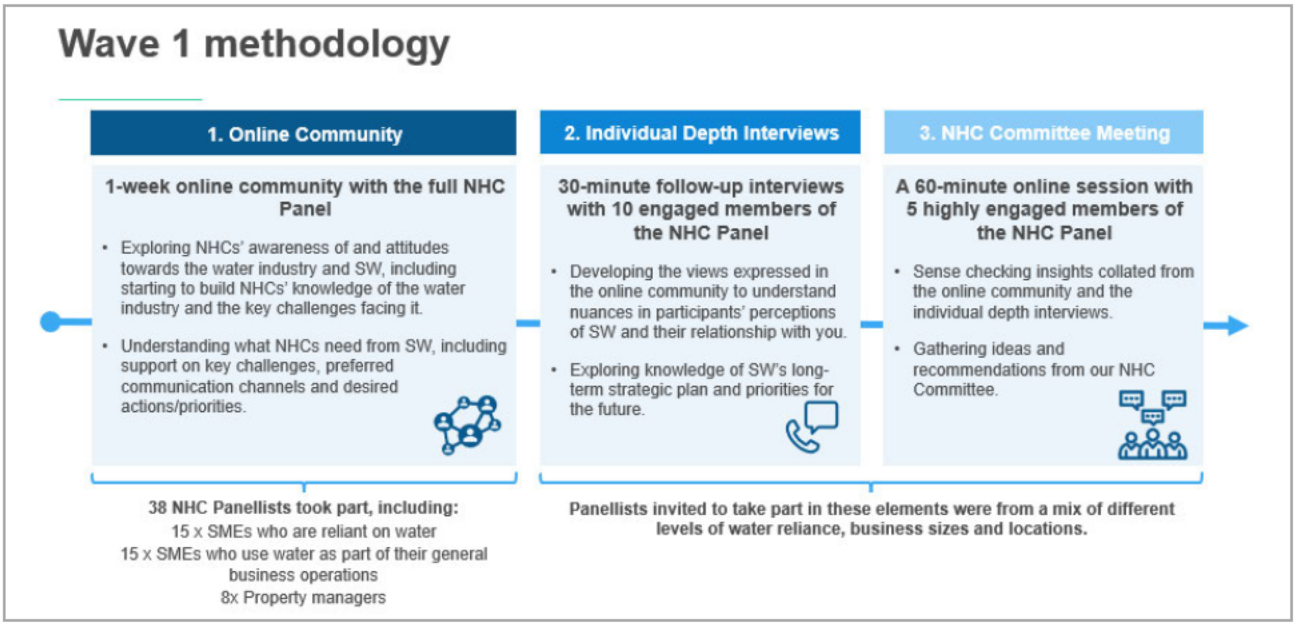
Customer type	Number of participants
SMEs who are reliant on water for delivering their product or service	16
SMEs who use water as part of their general business operations e.g. office-only use	16
Property Managers of commercial and residential properties	8

Participants were recruited from a mix of industries, business sizes and locations in the South East:

Location	Number of participants
East Sussex	12
Hampshire	14
Kent	9
West Sussex	2
Isle of Wight	3

Size of SMEs	Number of participants
Small/Micro SMEs reliant on water	11
Medium SMEs reliant on water	5
Small/Micro SMEs who use water	8
Medium SMEs who use water	8

Figure 38: Overview to the approach for the Business Customer Panel:

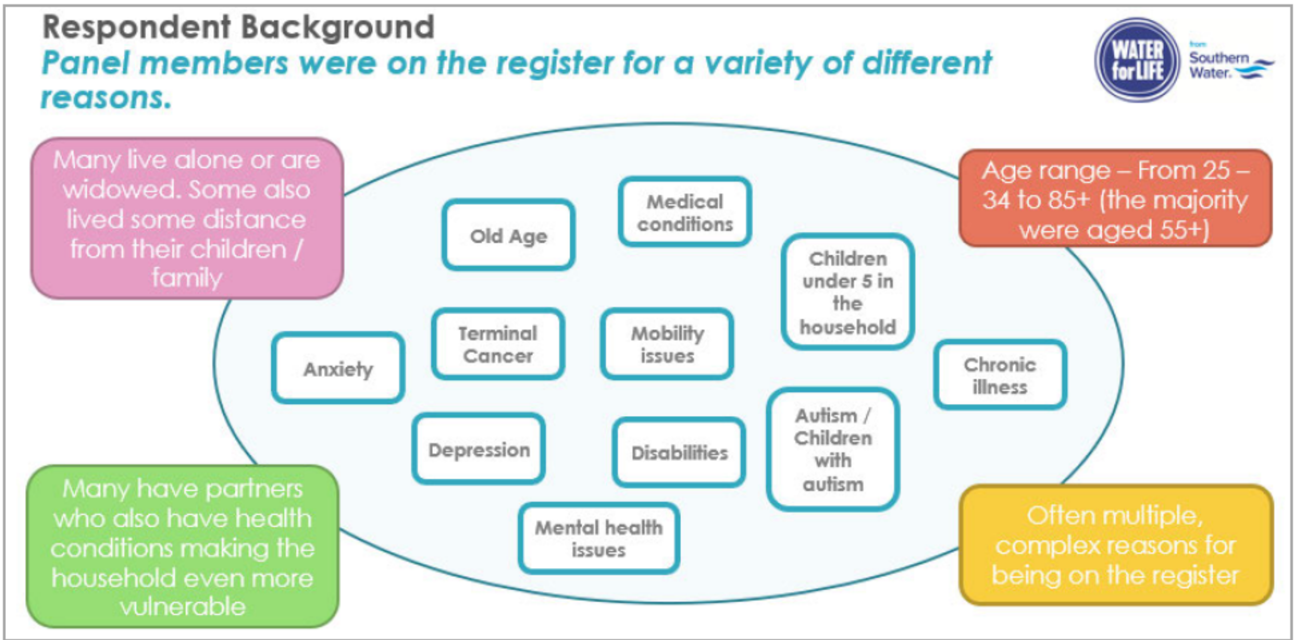


3.1.4 Vulnerable Customer Panel

20 customers with vulnerable circumstances from across the region. A range of difference support needs and situations. 3 waves since May 2022. Engagement was through depth interviewing to allow independent moderators to help guide participants through the tasks.

In order to meet the research objectives 20 customers were recruited from the Priority Services Register (PSR) Tracker study to participate in a vulnerability panel. The idea being that we would speak to them 4 times across the year (from April 2022 to March 2023). We recruited a mix of males and females, ages and reasons for being on the PSR. The first wave of research consisted of Zoom tele-depths lasting around 45 minutes in duration and utilising a topic guide designed in conjunction with the Client.

Figure 39: Overview to the approach for the Vulnerable Customer Panel:



3.1.5 Diverse Culture Community Leaders Panel

10 community leaders and stakeholders who represent communities from diverse cultures, where English isn't their first language. Community representatives as an approach was selected after a trial in 2021 that engaged with households where English wasn't their first language. 5 waves since April 2022. Engagement was through in-depth and small groups to allow for deep diving into specific needs of the audience.

Approach and Participation

As part of the Water Futures 2030 longitudinal panel, Relish has been convening some representatives of diverse communities to ensure feedback from those who wouldn't ordinarily take part in research is heard, and to periodically review output from the panel. The wider aim of the WF2030 panel is to ensure that Southern Water have been building PR24 planning outward from the customer perspective and always including the voice of the customer at every stage throughout.

A total of 10 representatives have been engaged, though after the initial session a group of 6 customers from one community was reduced to 2, and sadly another participant has recently deceased. The customers who have been part of this engagement represent the following groups:

- The Chinese community in Hastings
- The BME, asylum seeker and critical migrant community in West Sussex
- The Asian community in Eastleigh
- The Pakistani community in Southampton
- The Nepalese community in South Hampshire

Benefits of Approach

The benefits of the WF2030 Diverse Cultures engagement have been to ensure the WF2030 research programme is reaching out to and including the views of those harder to reach groups of customers who typically do not participate in research (often because there is a language barrier). This provides assurance that our feedback best reflects a broad spectrum of customers' views.

Engagements

To date, there have been 5 x 60-minute waves of depth interviews to review output from the WF2030 programme of research and feed into PR24 planning. These sessions were conducted in the following months:

- May 2022
- October 2022
- December 2022
- April 2023
- July 2023

4Content Coverage

There follows a full list of content covered in the 5 waves of depth interviews:

- Affordability
- Drought
- Trust
- PR24 pillars
- Longer term plans
- Themes from WF2030 (community, environment, funding, short term action)
- Early views on acceptability, ambition and affordability of PR24 plans
- Innovation fund project (Water Efficiency in Faith and Diverse Communities)

- Exploring the PR24 plan headlines
  - Protecting and improving the environment
  - Ensuring a reliable supply of high quality water for the future
  - Understanding and supporting customers and communities
  - Example areas in which Southern Water is proposing to go further than mandated
- Exploration of acceptability testing research results
- Exploration of wider themes emerging throughout WF2030 longitudinal engagement

3.2 Examples projects - Bespoke research programmes

3.2.1 Long Term Planning

New customers from different demographics across the region were recruited to take part into two phases of research into our WRMP, DWMP and Long-term delivery strategy. This aligned with public consultations of these plans. We integrated this research so customers could provide feedback across long term plans, not on isolated components. The robust combination of our panels and fresh insight through iterative approaches meant our long-term priorities were co-created and supported by all customer groups. Projects include 4 community events held in target areas for new water resource locations to understand the local considerations of construction, an 'average person on the street' survey that recruited customers to take part in the consultation and joint work with Portsmouth Water on drought planning with households, vulnerable customers, businesses and stakeholders.

For further detail, please see reports included from the index:

- SRN14 Section 1: Index, 135 - LTS and DWMP Report - September '22
- SRN14 Section 1: Index, 168 - Full Household WRMP Report - Dec '22
- SRN14 Section 1: Index, 186 - WRMP Consultation quant report - Feb '23
- SRN14 Section 1: Index, 188 - WRMP Customer Engagement Feedback - March '23
- SRN14 Section 1: Index, 204d - Zest WRMP Community Engagement - Dec '22
- SRN14 Section 1: Index, 192 - Customer Engagement Long Term Strategy Session Mar '22
- SRN14 Section 1: Index, Customer Panel reports from section 3.1 of this document

Table 5: Overview to projects included in developing the WRMP Methodology:

Project		Approach and sample	Output
Water Futures 2050	Online panel of future customers who come together every few months to tap in and review elements of our long-term strategy – focusing on that future view.	30-minute launch event with panellist, followed by a 1-week online community with 23 members of the youth panel understand views on the regional plan. A 2-week online community with 34 members of the Panel - building knowledge an understanding views on the WRMP and gathering responses to the consultation questions followed by 60-minute online sessions with highly engaged members of the Panel.	***Southern Water WRMP Future and Business Consultation Full Report***

Water Futures 2030	Online panel of household customers which runs alongside our PR-24 programme and allows for regular engagement.	Exploration of the WRMP consultation material by over 40 panellists as part of our online community reflecting our household customer views.	***Water Futures 2030 Jan/Feb Summary***
Water Future Business	We used an existing network of businesses across our region and that of Portsmouth Water to engage these customers on the proposed drought plan.	30-minute launch events with members of the Business Panel – gathering spontaneous thoughts and questions. A 2-week online community with 34 members of the Panel followed by a 60-minute online session with our non-household customer panel committee members.	***Southern Water WRMP Future and Business Consultation Full report***
Southern Water WRMP Consultation Quant	Recruitment of 102 customers to read through a replication of the consultation and complete the questionnaire as presented on our website.	102 customers from across the Southern Water region, a mix of gender, age, social grade, satisfaction levels and attitudes towards nationalisation.	***Turquoise Southern Water WRMP Consultation quant report***
Water Futures Vulnerable	Members of the vulnerable customer panel that were recruited by Turquoise were asked to review the consultation material either online or via hard copy before taking part in a Zoom tele depth where the consultation questions were discussed	Fourteen members of the vulnerable customer panel were able to engage with this piece of research. They were a mix of male and females, varying ages, and all with different reasons for being on the priority services register.	***Southern Water Vulnerable Customer Research WRMP full report final***
WRMP Relish Research	Regional spread of customers which Included some South East, Southern Water and Portsmouth Water customers as well as vulnerable customer and a number were recruited from areas relevant to the WRMP.	180 mins of participant time and completion of 11 task relating to the consultation questions. These customers are a spread from across the region to reflect the different diverse region we operate within.	***Full household WRMP Report Dec 2022***
Community Engagement WRMP	4 areas visited where WRMP solutions are proposed across ten days to understand customer reaction to the plans in their areas.	Over 1,200 customers engaged across the 4 areas we visited including Littlehampton, Shoreham, Aylesford and Henfield. Lots of awareness of water scarcity issues and feedback on the plans set out in WRMP.	***Zest WRMP Community Engagement 2022***

Figure 40: Research approach for the long term strategy research:

(SE = South East Water, PW = Portsmouth Water, WFL = customers who were part of a previous project reviewing water resource challenge options for Hampshire)

Customer Engagement Session – Long Term Strategy
Held on Zoom, 3rd March 2022, 18:00-19:30

In attendance

- Southern Water
- Relish Research
- Britain Thinks
- Panellists from Water Futures 2030
- Panellists from Water Futures 2050
- (Portsmouth Water also observed)

Purpose of the session

Southern Water wanted to hear directly from an informed group of household and future customers on what matters to them and why, as we look ahead not only to 2030 but beyond into the long-term water future. The session was set up as being primarily a listening exercise to really understand what is important to Southern Water customers now and in the future. This is the first time that panellists from Water Futures 2030 (household customer panel) and Water Futures 2050 (youth panel) have been brought together into a joint engagement event.

Structure of the 90-minute session

- **Introductions** –On behalf of Southern Water and 2 independent research agencies
- **Plenary** – what matters to **young people** – via video reel
- **Plenary** – what matters to **household customers** – via live presentations

- **Breakout groups –** reflections on what we have heard from Water Futures 2030/50, as well as reflections on the pre-read document outlining summaries from the Severn Trent and Affinity Water long term strategy statements, and water industry targets
- **Sharing session –** reporting back from the breakout sessions

From the Breakout Sessions amongst Water Futures 2030 panellists

The following outlines headline discussion points from the 3 x 40-minute breakout sessions held with Water Futures 2030 panellists after the 2 x plenaries.

3.2.2 Environmental Ambition

We heard in our pilot testing of our PR24 plan the concerns around affordability and the importance of the environment. So we needed to understand robustly what the right level of ambition was for our customers. We used an innovative approach with over 1,600 customers for a 6 stage research sprint to gather the insight robustly and quickly for our plan. Our external assurance[10] of the final report scored top marks using the Ofwat quality assessment framework.

In total we ran 6 stages of this project. Five were run by an intendent research agency. However, we also ran a stakeholder workshop with 5 members of our Independent Environment and Climate Group. You can read more about this group in section 5.2 of this annex.

Overview to the Environmental Ambition Research Phases

1. Initial qualitative research discussions groups with 12 customers from our household panel and 14 customers who had been through our Acceptability testing pilot. This followed a best practice approach to deliberative research.
2. Stakeholder workshop with members of our Independent Environment & Climate Change Group to ensure the options, language and emerging story were accurate.
3. Survey with 501 customers to rank and compare options and provided initial ranking.
4. Conjoint statistical analysis with 1,000 customers to trade-off between options. (including cognitive testing).
5. 165 customers from our Acceptability testing reviewed some options of environmental ambition as part of the plan options.
6. Reconvened 40 customers from our Acceptability testing for deliberative focus groups to review the environmental phasing in detail.

For further detail, please see reports included from the index:

- SRN14 Section 1: Index, 107- Environmental Ambition Results FINAL Report - Jun ‘23
- SRN14 Section 1: Index, 148 - Environmental Ambition - Stakeholder Minutes - Mar '23
- SRN14 Section 1: Index, 165 - Environmental Ambition - With initial quant results – Apr ‘23
- SRN14 Section 1: Index, 166- - Environmental Ambition Story So Far - April '23

Figure 41: Overview to first two stages of environmental ambition research:

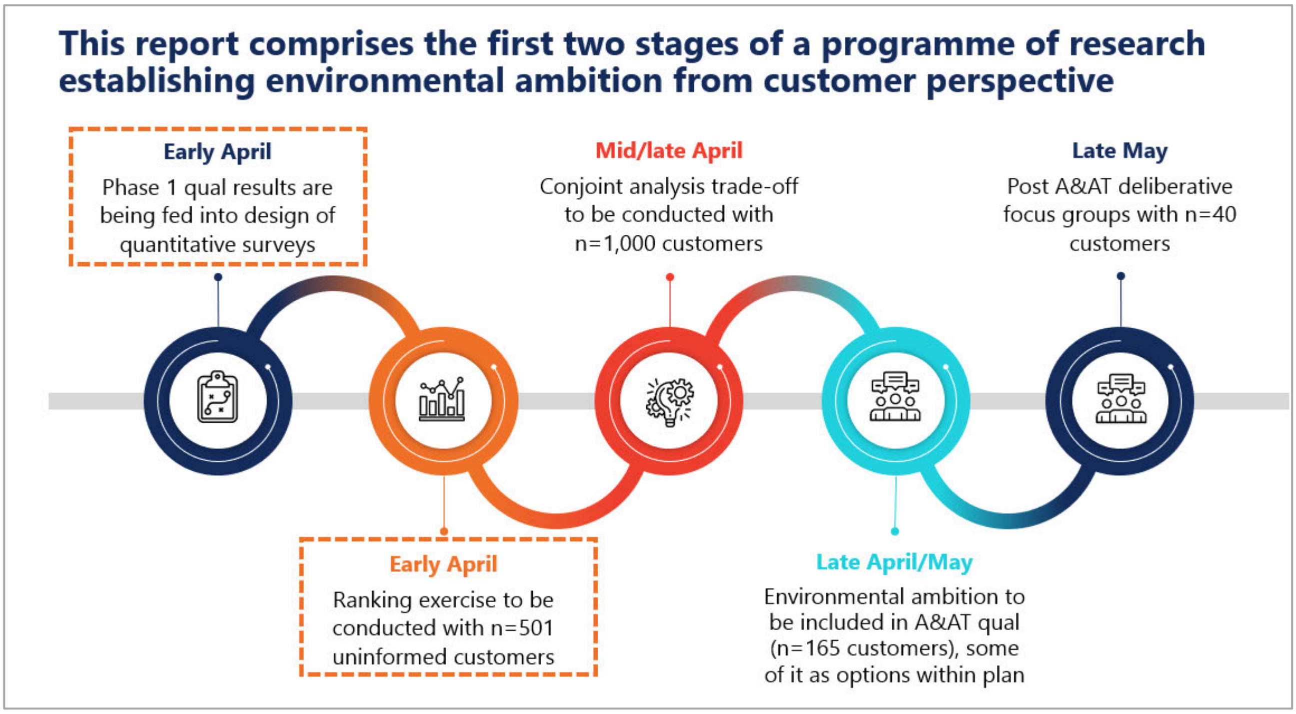


Figure 42: Sample for phase 1 of the environmental ambition research:

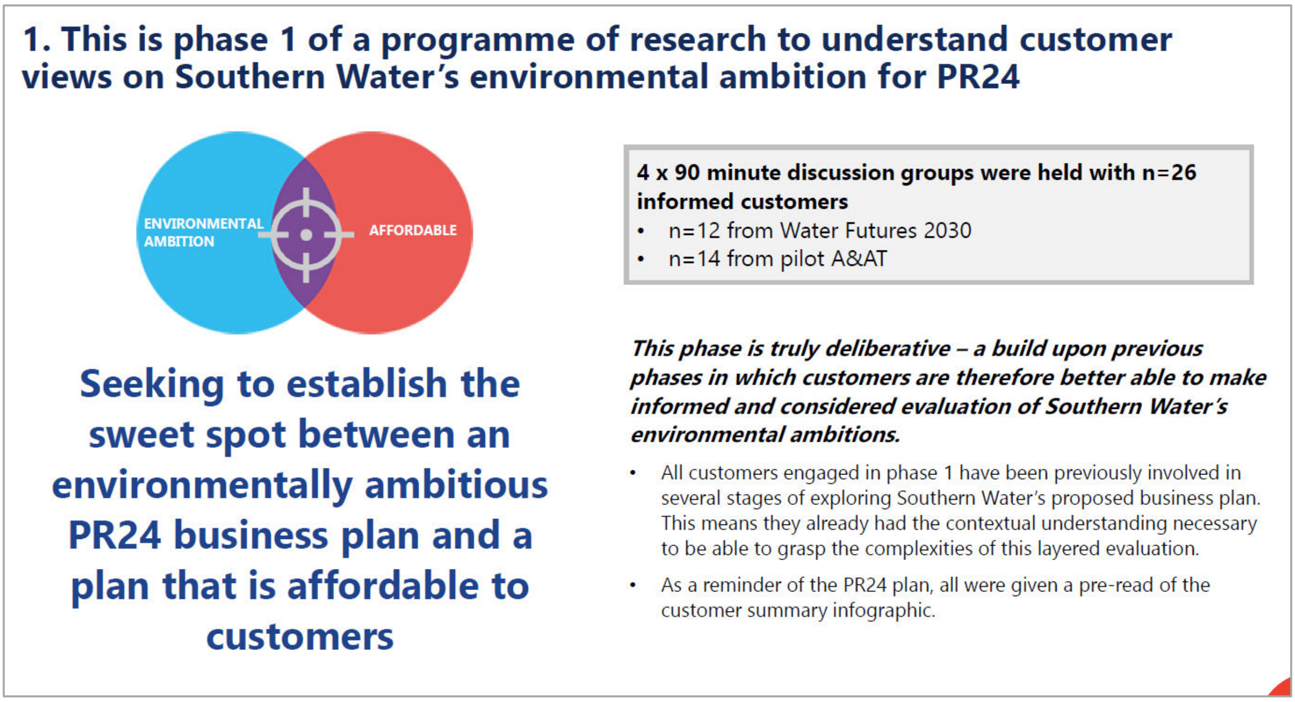


Figure 43: Key information about the approach for first two stages of the Environmental Ambition Research:

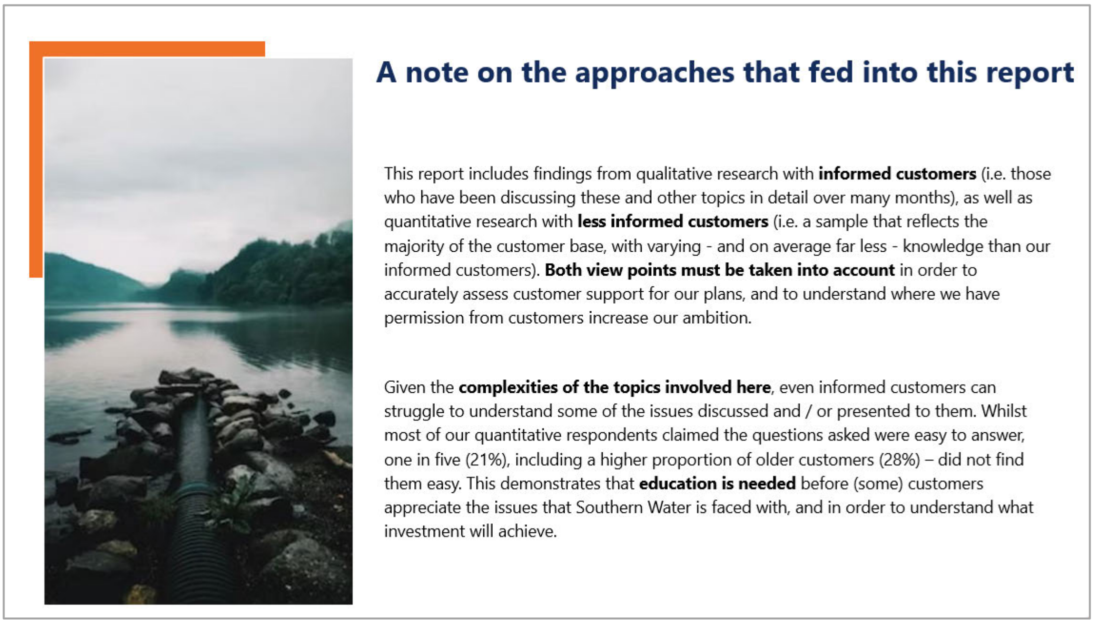


Figure 44: Overview of phases 3 to 5 of the Environmental Ambition Research:

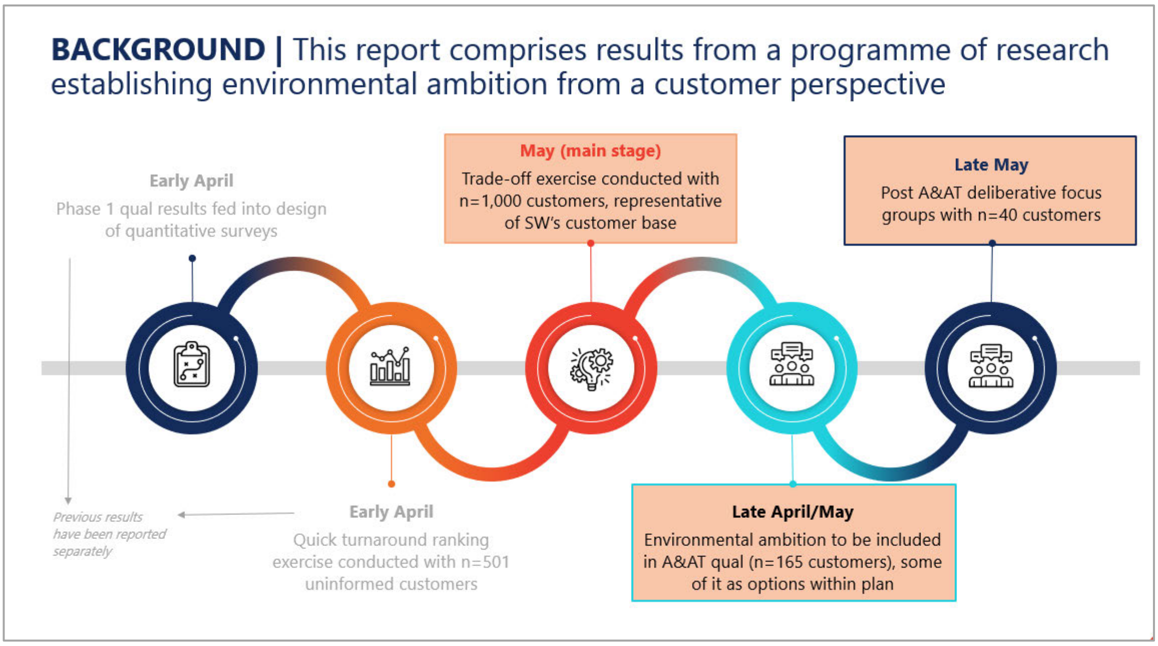


Figure 45: Overview of phases 3 to 5 of the Environmental Ambition Research:

Figure 46: Sample to main of the Environmental Ambition Research:

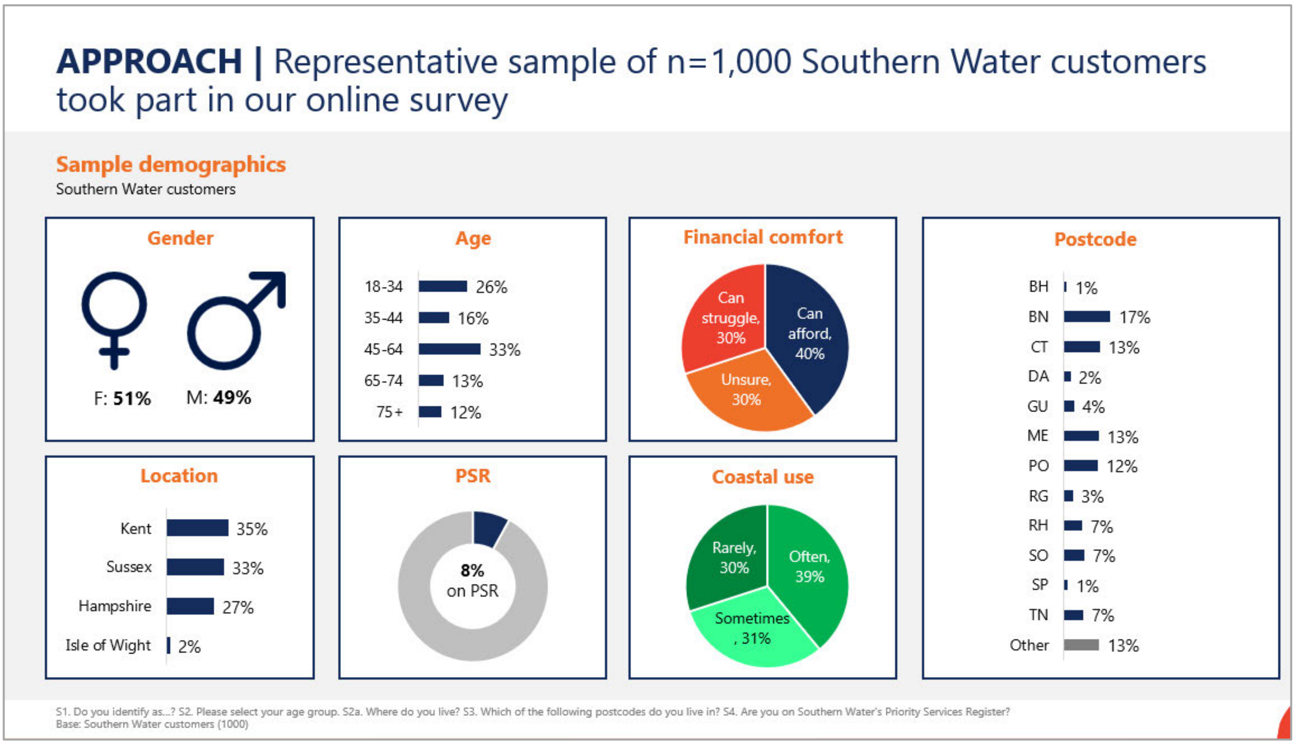
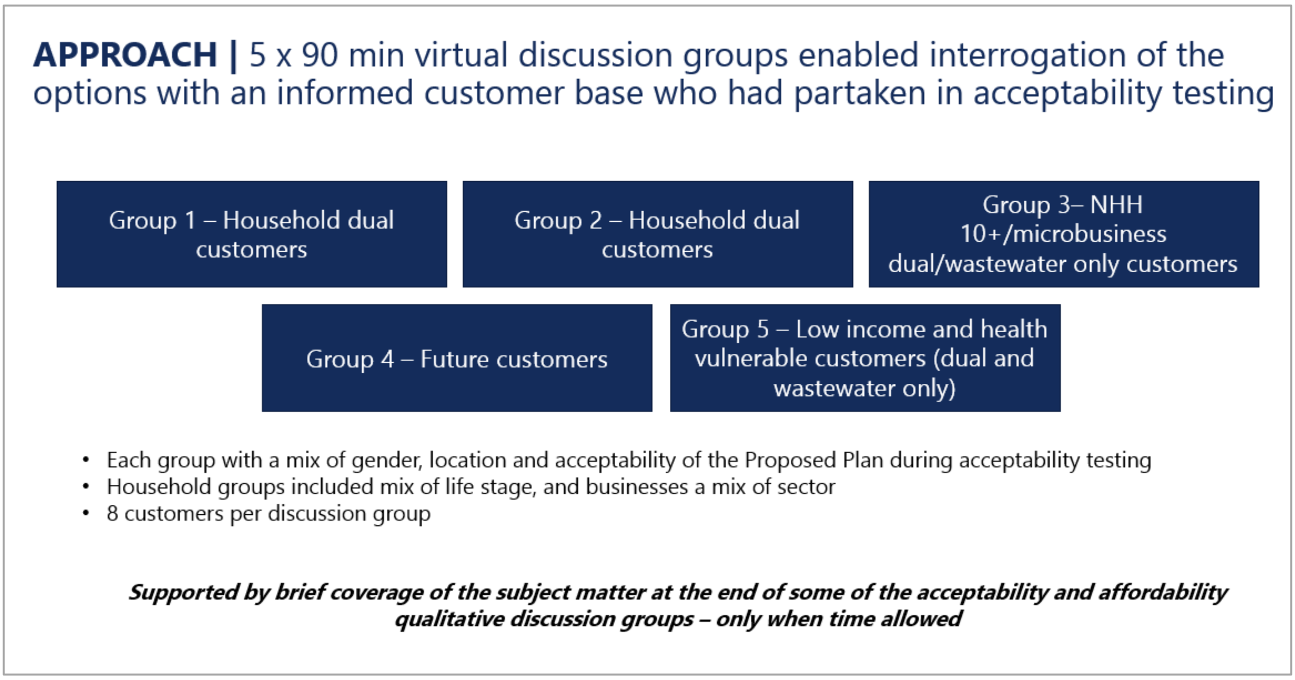


Figure 47: Sample approach to final stage of the Environmental Ambition Research:



3.2.3 Water Resilience Strategy

For further detail, please see reports included from the index:

- SRN14 Section 1: Index, 161 - Water Resilience Strategy - Aug '23
- SRN14 Section 1: Index, 201d - Water Futures Quant Wave 4 - Aug '23

Figure 48: Sample approach for the qualitative research on the Water Resilience Strategy:

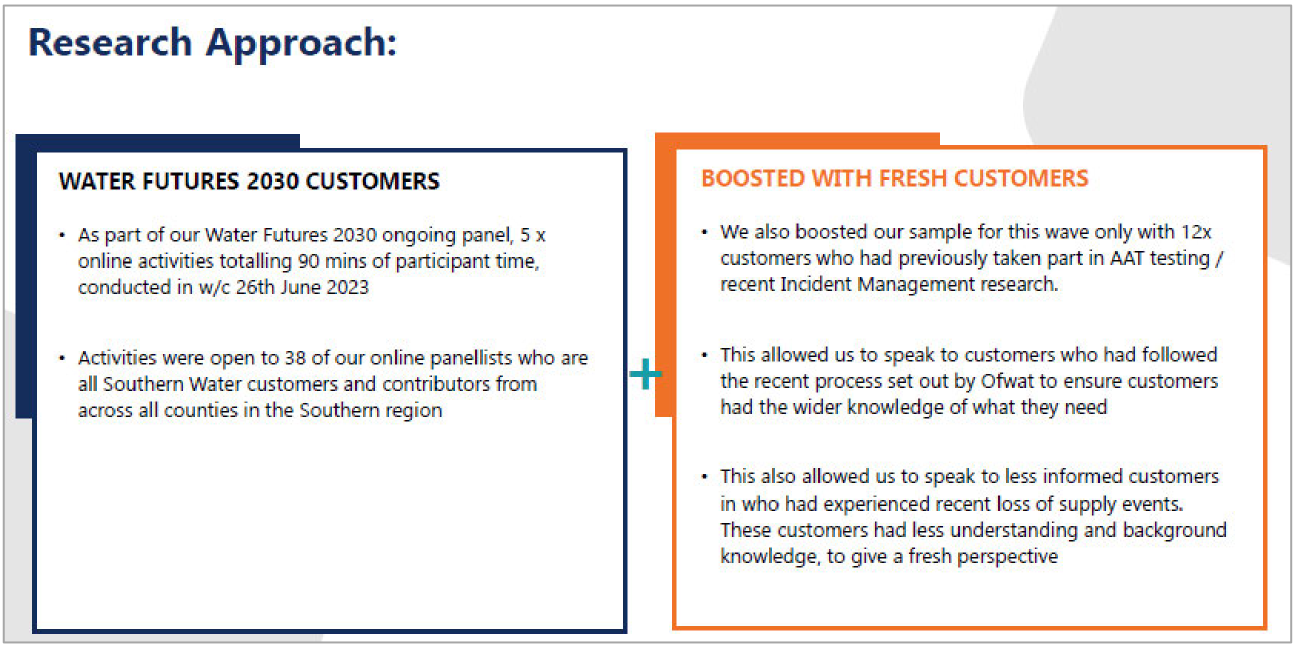


Figure 49: Background for the quantitative research on the Water Resilience Strategy:

Project background

The qualitative Water Futures panel is a key source of insight and is a 'go to' to inform Southern Water's PR24 planning. It comprises 40 water citizens which represent a wide variety of customer groups.

In order to add **robustness and confidence** to insights from the panel, **a quantitative element was added** to the workstream; this is its third wave. This quantitative element explores some of the issues investigated with the Water Futures customer panel and provides insights from more 'uninformed' customers.

In this forth wave of quantitative research, we spoke to **n=1,001 Southern Water customers via an online survey**, across the Southern Water area of operation. Customers were from a range of demographic backgrounds and Southern Water customer segments.

This report includes comparisons to previous waves where appropriate.

The project timings were:

- Wave 1: 1st June to 10th June 2022
- Wave 2: 21st November to 1st December 2022
- Wave 3: 6th March to 16th March 2023
- **Wave 4: 17th to 21st July 2023**

Figure 50: Sample for the quantitative research on the Water Resilience Strategy:

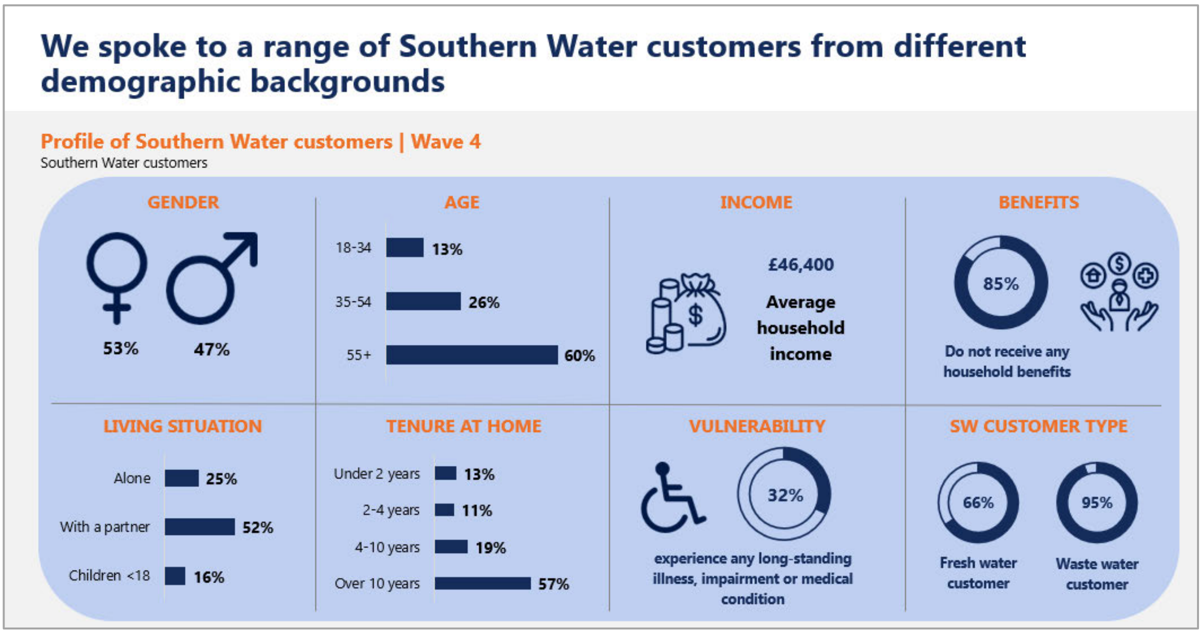


Figure 51: Sample by region the quantitative research on the Water Resilience Strategy:

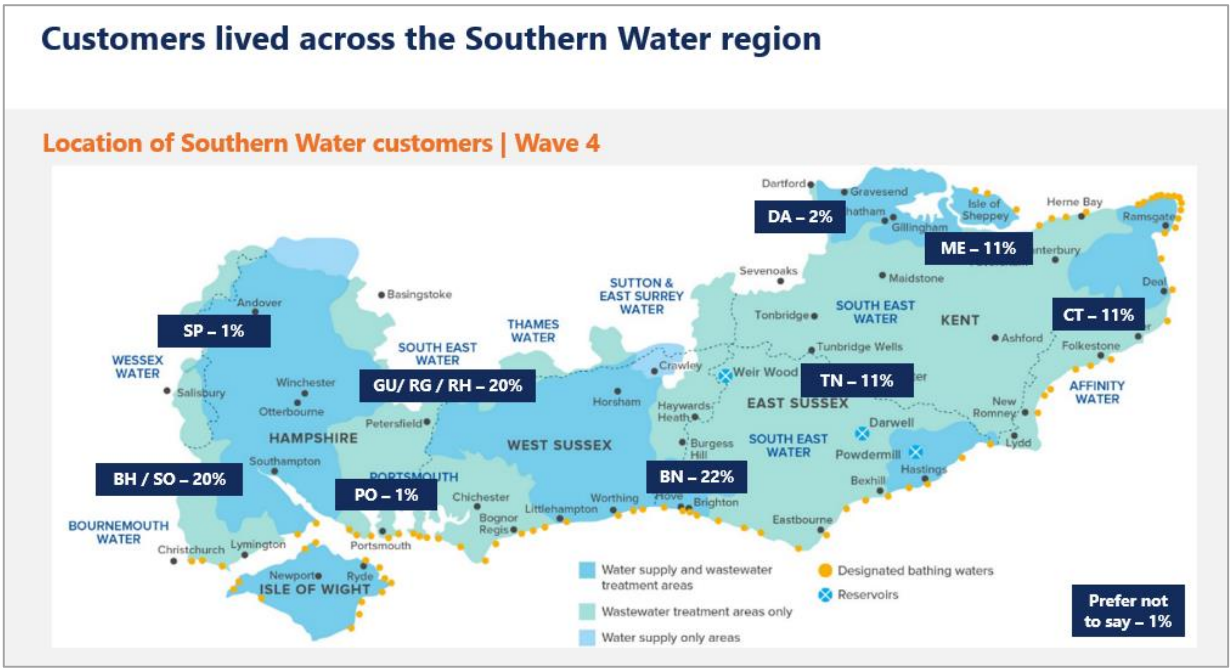
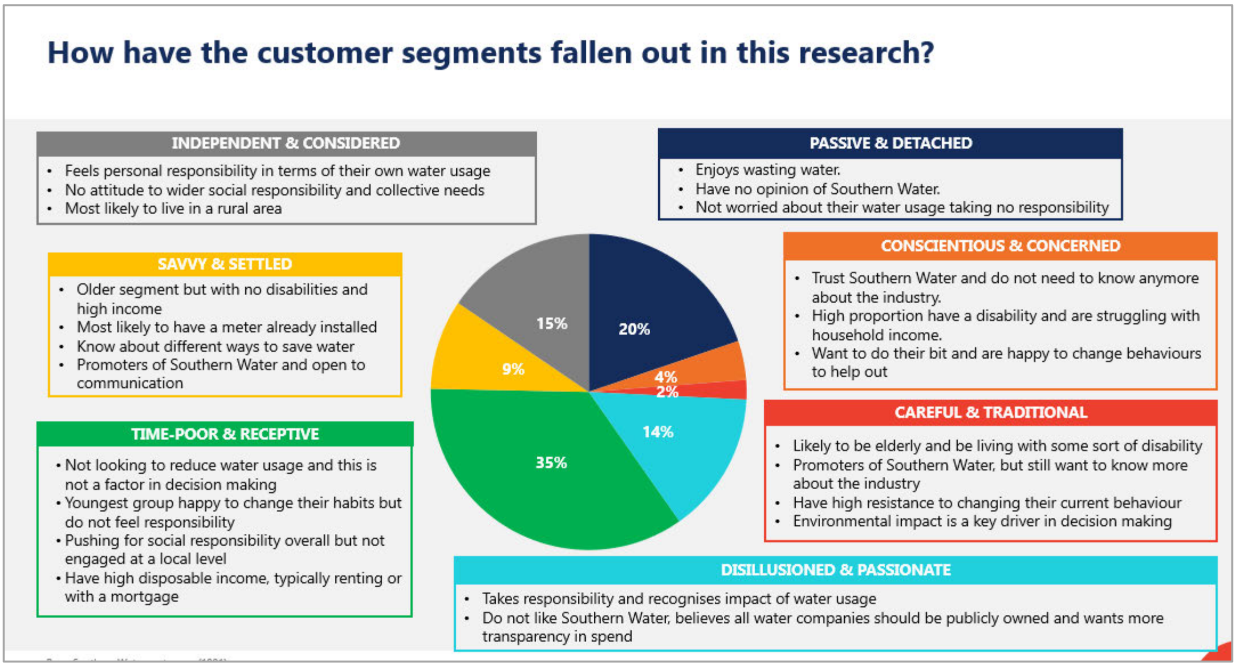


Figure 52: Sample by segment for the quantitative research on the Water Resilience Strategy:



3.2.4 Advanced Digestion

We worked with farmers through a two-stage qualitative and quantitative project to understand their use of biosolids and their requirements for bringing in the technology to our treatment sites. We also engaged our household panel, to ensure their funding support.

For further detail, please see reports included from the index:

- SRN14 Section 1: Index, 108- Sludge Debrief combined quant and qual Feb 2023
- SRN14 Section 1: Index, 200n - Water Futures 2030 - Report - Oct 22

3.2.5 Water Futures 2030 Quantitative Waves

Four quantitative waves from June 2022 to August 2023 (1,000 customers per wave from an online panel provider). The surveys included a core set of questions tracking key trends, perceptions of Southern Water, media influence and concerns of the cost of living / affordability. Other topics were identified from our household panel feedback, such as diving deeper into wider issues impacting the use of our seas and beaches.

For further detail, please see reports included from the index:

- SRN14 Section 1: Index, 201a - Water Futures Quant Wave 1 - June '22
- SRN14 Section 1: Index, 201b - Water Futures Quant Wave 2 - Dec '22
- SRN14 Section 1: Index, 201c - Water Futures Quant Wave 3 - Mar '22
- SRN14 Section 1: Index, 201d - Water Futures Quant Wave 4 - Aug '23

Below are examples taken from Wave 3, showing the methodology and sample included.

Figure 53: Background for Quantitative Wave 2 of Water Futures 2030:

Figure 54: Sample for the Quantitative Wave 2 of Water Futures 2030:

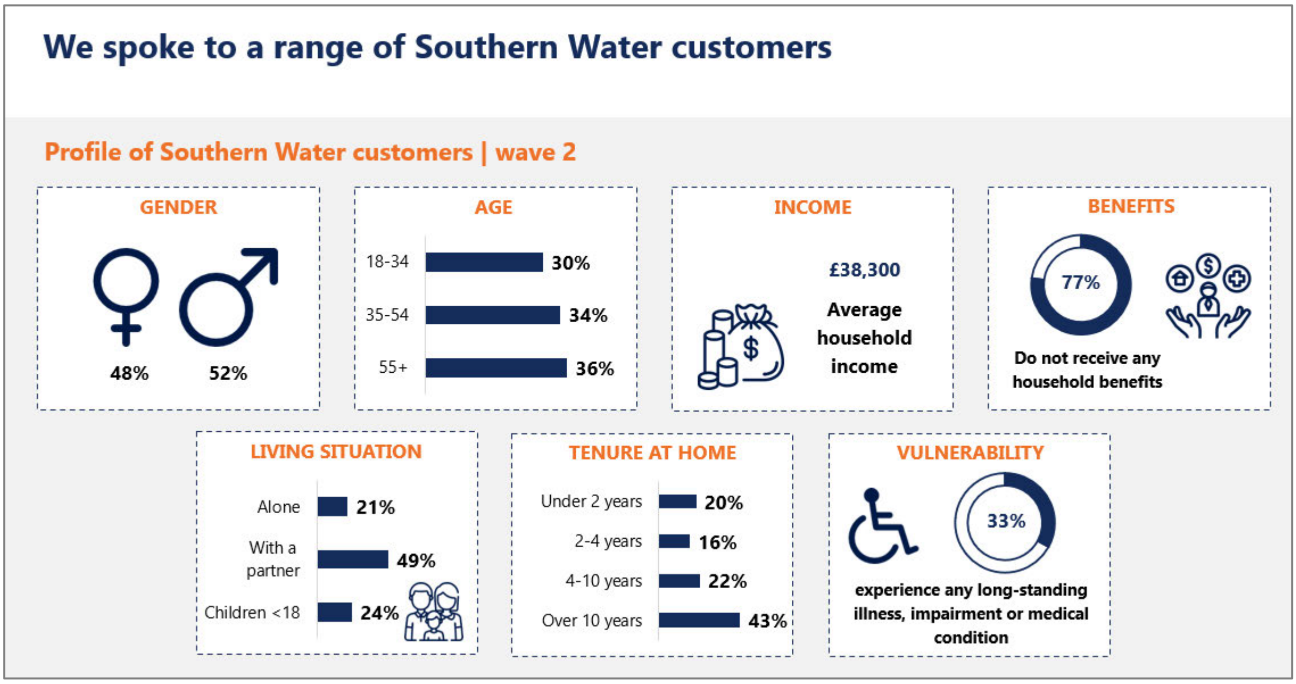


Figure 55: Sample by region for the Quantitative Wave 2 of Water Futures 2030:

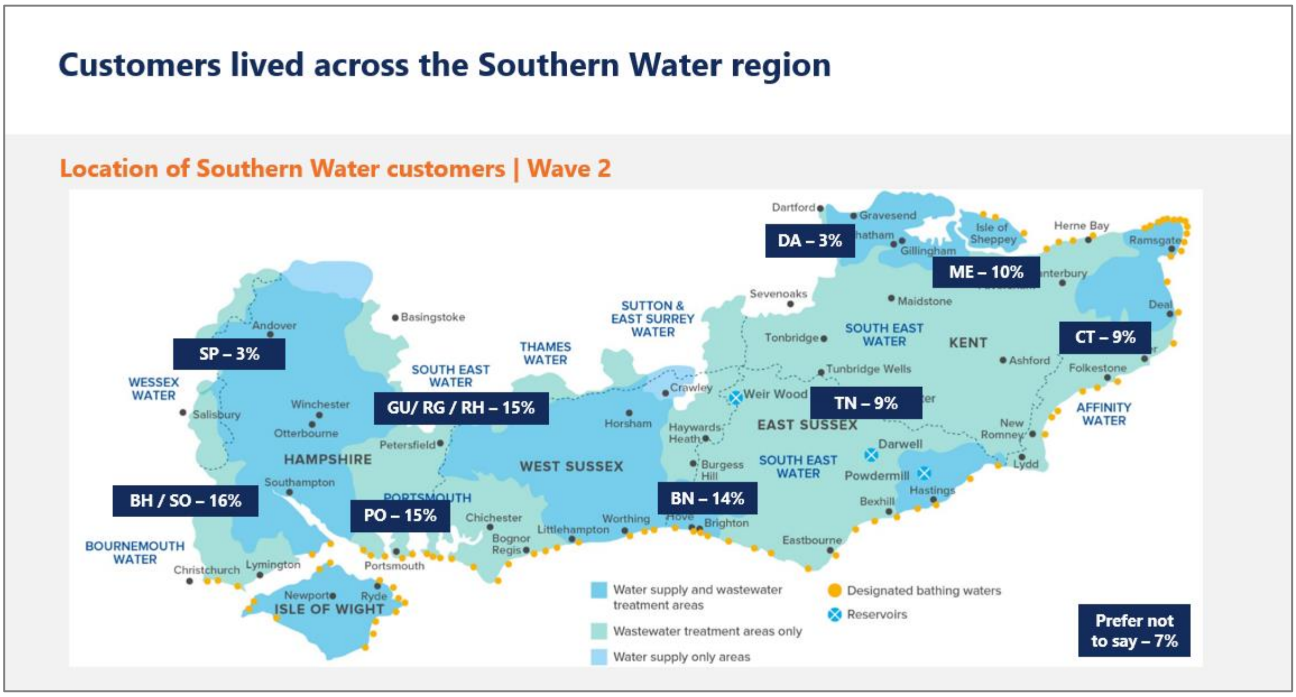


Figure 56: Sample by segments for the Quantitative Wave 2 of Water Futures 2030:

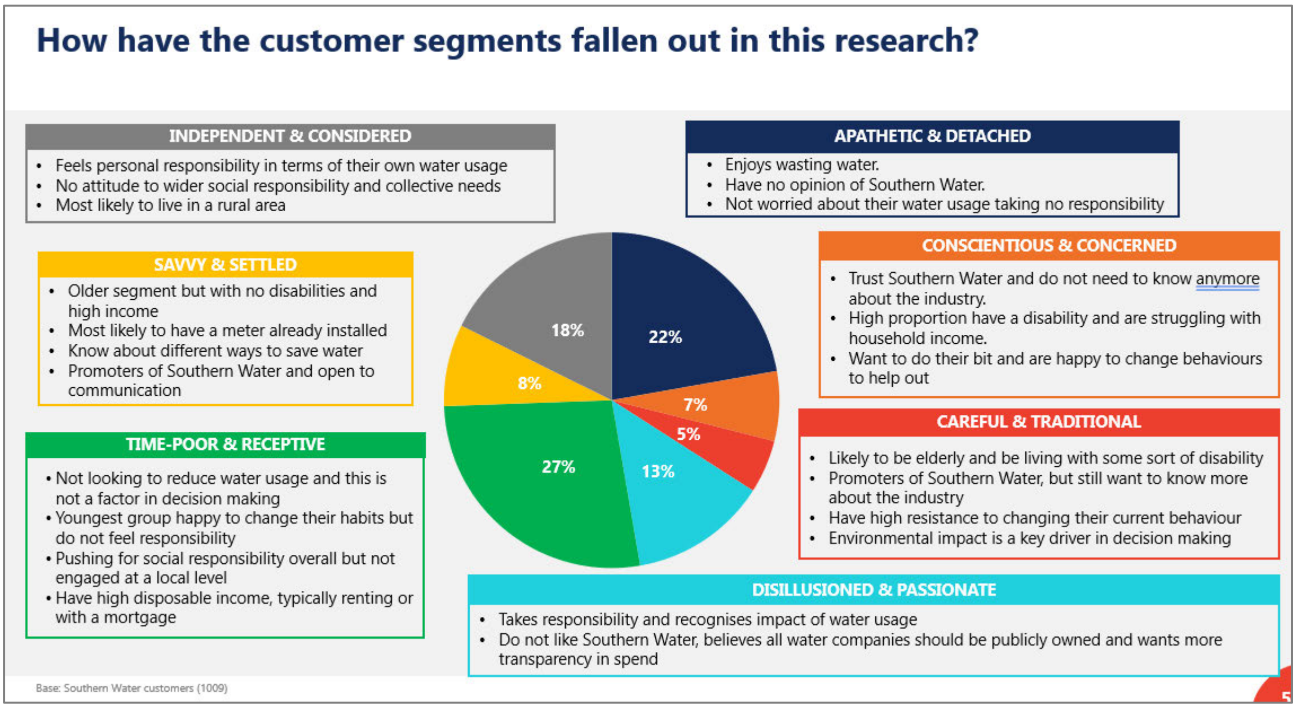
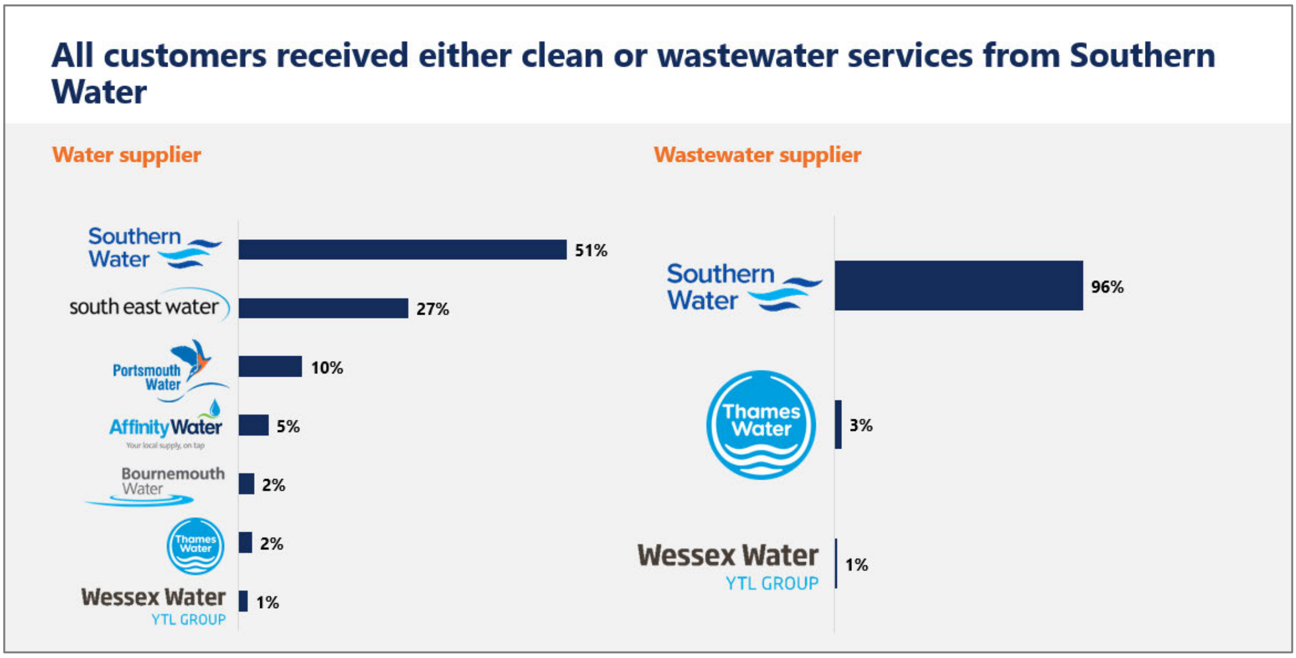


Figure 57: Sample by suppliers for the Quantitative Wave 2 of Water Futures 2030:



3.3 Acceptability and Affordability Testing

Our Acceptability testing followed the Ofwat and CCW guidance. We piloted the approach in early 2023 to ensure we met best practice. Our core testing engaged with 165 households, vulnerable, business, and future customers. We also included the digitally disengaged and lower income households. This included dual customers and wastewater only customers with South East Water. Whilst timings didn't align to run jointly with South East Water, we have both shared bill impacts and findings across companies to provide further robustness. We engaged a further 58 waste only project with joint research with Portsmouth Water. Additionally, we used the stimulus and approach to engage our household, vulnerable, business, future, and diverse culture panels. This helped provide a more robust and inclusive testing of our proposed plan.

Our Affordability testing also followed the guidance, and we had this independently assured. We engaged with over 1,200 dual service households and businesses. These interviews included vulnerable, lower income and digitally disengaged customers. Emails and letters were sent to a random sample of customers, with many requesting paper copies to complete the survey. As with our Acceptability testing, we also spoke with 661 households and 112 businesses with a joint project with Portsmouth Water. For our waste only South East Water customers we used an online panel and managed to reach 250 customers. We also ran a shadow survey with 500 dual customers using a panel methodology. This was to understand any difference between approaches, should we wish to re-run the research with changes to our plan in the future. Following the completion of the project, we ran a wave of research with our household panel to help better understand the results.

In Acceptability and Affordability testing we were careful to ensure stimulus materials were neutral and unbiased. All materials went through stages of review and a round of external assurance. The most relevant point to note is the company Turnaround plan 2023-2025. This was not presented to customers as we felt it could positively influence customer feedback on the 2025-2030 plan. In reconvened groups, following the Acceptability testing, we heard from customers that the Turnaround plan was an important piece of the puzzle and were reassured by this plan.

For further detail, please see reports included from the index:

- SRN14 Section 1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23
- SRN14 Section 1: Index, 207b - Pilot Acceptability and Affordability Qual Report - Mar '23
- SRN14 Section 1: Index, 207c - FINAL Acceptability (Portsmouth Area) Jun '23
- SRN14 Section 1: Index, 207d - Final Affordability Testing Sep '23
- SRN14 Section 1: Index, 207e - Final Affordability Testing (Portsmouth Area) Sep '23
- SRN14 Section 1: Index, 207f - Shadow Affordability Testing - Aug '23
- SRN14 Section 1: Index, 207g - Final bill profile Affordability Test - Sep '23
- SRN14 Section 1: Index, 207h - Independent Analysis of Satisfaction as a driver of Acceptance Sep '23
- SRN14 Section 1: Index, 207i - Household panel review of AAT scores Sep '23

In all our testing we made sure results would be comparable for Ofwat. We were careful to ensure that stimulus and language met the guidance, especially in areas of impartiality. External assurance provided a final report assessing that our research followed the Ofwat guidance.[11]

- "For PR24 Affordability and Acceptability Testing, we have found the approach and materials reviewed, for both qualitative and quantitative research, met Ofwat and CCW's prescribed guidance."

For the external assurance summary on the Acceptability and Affordability Testing, please section 5.4 of this annex.

Acceptability Testing – Dual customers and waste only customers from South East Water region. Methodology slides are included below:

Figure 58: Overview to the approach for our Main Stage of Acceptability Testing:

Purpose of the research

- As part of PR24 business planning, Southern Water is required to conduct robust qualitative acceptability and affordability testing of its proposed plan prior to submission to Ofwat.
- The methodology, content and sampling framework are largely prescribed, having been agreed by all water companies and the Consumer Council for Water in advance, thus ensuring a consistency of approach across the water sector.
- Relish has piloted the qualitative approach in a standalone study. The pilot study helped galvanise the pulling together of content for the plan, as well as road-testing the recruitment process and cognitive-testing the methodology with customers. Learnings from the pilot study are included in the following slides.

[11] *SRN14 Section 1: Index,* 208d - PR24 Engagement Programme Assurance (FINAL REPORT) - W4 Sep '23

Figure 59: Overview to the approach for our Main Stage of Acceptability Testing:

Rationale for our chosen methodological approach

Much of the research approach has been prescribed by the guidance from CCW. However, within these parameters we have made some decisions on how best to engage Southern Water customers based on our experience with this audience:

1. **Virtual sessions rather than face-to-face** – in order to have as broad a reach as possible across the Southern region, to maximise attendance, and conduct the research in a cost-effective way, we opted for virtual sessions on Zoom. With any vulnerable customers for whom this was not possible, we conducted telephone depth interviews.
2. In order to ensure we **captured the views of those who are digitally disengaged** and who are not ordinarily online, we included a separate cell of digitally disengaged customers whom we engaged by telephone (sending stimulus and pre-tasks via Royal Mail).
3. **Customer types marked as optional in the guidance have been included** – low income and health vulnerable – as we know the importance of both from our ongoing and recent work with Southern Water, especially in the current economic climate and with recent water supply incidents.
4. For the household discussion groups and triads with future customers, we conducted **split sessions of 2 hours on one evening, followed by 2 hours on the same evening the following week**. This meant we were able to be confident of no participant fatigue that sets in over long sessions and affects quality of response. It also ensured we gleaned a more considered response as invariably customers spent the intervening week consciously or subconsciously considering the subject matter further.
5. We have included in our research the **prescribed numbers of South East Water customers who are wastewater only with Southern Water**. Their findings are presented in a separate section/document. Portsmouth Water customers have not been included in the Relish work, as they are being researched by Blue Marble.

Figure 60: Overview to the approach for our Main Stage of Acceptability Testing:

Qualitative recruitment and sampling for n=165* customers

Status	Customer type	No. customers engaged
Compulsory	Household customers	48 WaSC + 24 WoC
	Future customers	12 WaSC + 9 WoC
	Non-household microbusinesses	16 WaSC + 8 WoC
	Non-household 10+ employees	8 WaSC + 4 WoC
Optional	Low-income customers	8 WaSC + 4 WoC
	Health vulnerable customers	8 WaSC + 4 WoC
	Digitally disengaged customers	8 WaSC + 4 WoC

Sample split over:
- Kent SW, Kent SE Coastal, Kent SE Inland
- Hampshire South, Hampshire North
- Isle of Wight
- Sussex North and Rural, Sussex South / Coastal, Sussex SE

Methodologies (all conducted virtually except digitally disengaged):
- 240 mins split discussion groups - Household customers
- 240 mins split triads – Future customers
- 180 mins discussion groups – Microbusinesses
- 60 mins individual depth interviews – NHH 10+ employees
- 60 mins individual depth interviews – Vulnerable (health)
- 60 mins individual depth interviews – Vulnerable (low income)
- 60 mins individual depth interviews – Digitally disengaged
- All completed 30 mins pre-read with qus appropriate to customer type - prescribed
- All completed 5 mins post-task with qus appropriate to customer type - prescribed

Household customers
- Mix of age and gender
- Screening by segment
- Ethnicity in each group reflecting that part of the region
- Split by broad SEG as appropriate to part of the region (ABC1C2 vs C1C2(D))
- Digitally disengaged not comfortable using digital as primary means of comms
- All bill payers

Non-household customers
- For micro and 10+ NHH, mix of business type and sector
- All were person responsible for water bill payment

Future customers
- All were aged 18-24 and living with parents as non bill-payers
- Mix of gender and ethnicity

Low-income customers
- < £20k household annual income before tax
- All bill payers
- Mix of gender and ethnicity

Health vulnerable customers
- Mix of health conditions and disabilities
- All bill payers
- Mix of gender and ethnicity

Recruitment:
- Primarily via mail-out from SW with opt-in
- Supplemented by using customer lists
- Supplemented (only where necessary) via free-find

* Allowing for some no-shows in groups who could not be replaced, final attendance was n=156

Affordability Testing – Dual customers methodology slides are included below:

Figure 61: Overview to the approach for our Main Stage of Affordability Testing:

Figure 62: Overview to the approach for our Main Stage of Affordability Testing:

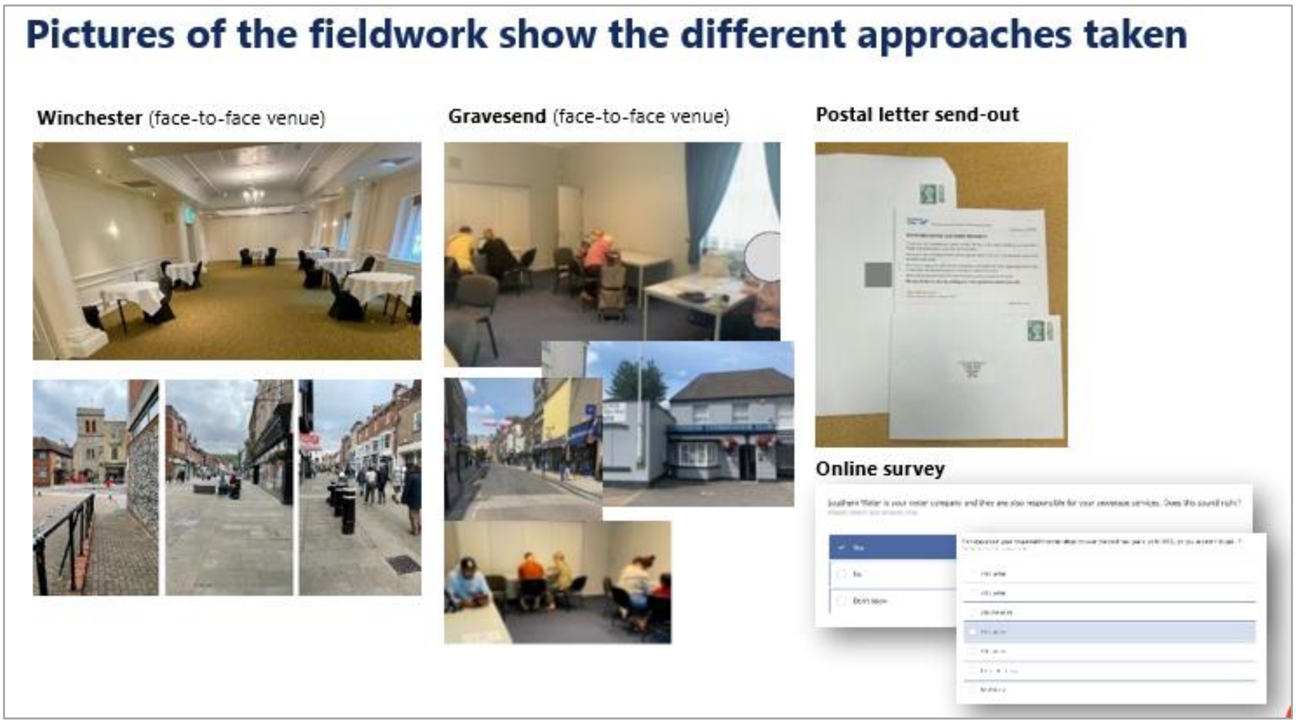


Figure 63: Overview to the approach for our Main Stage of Affordability Testing:

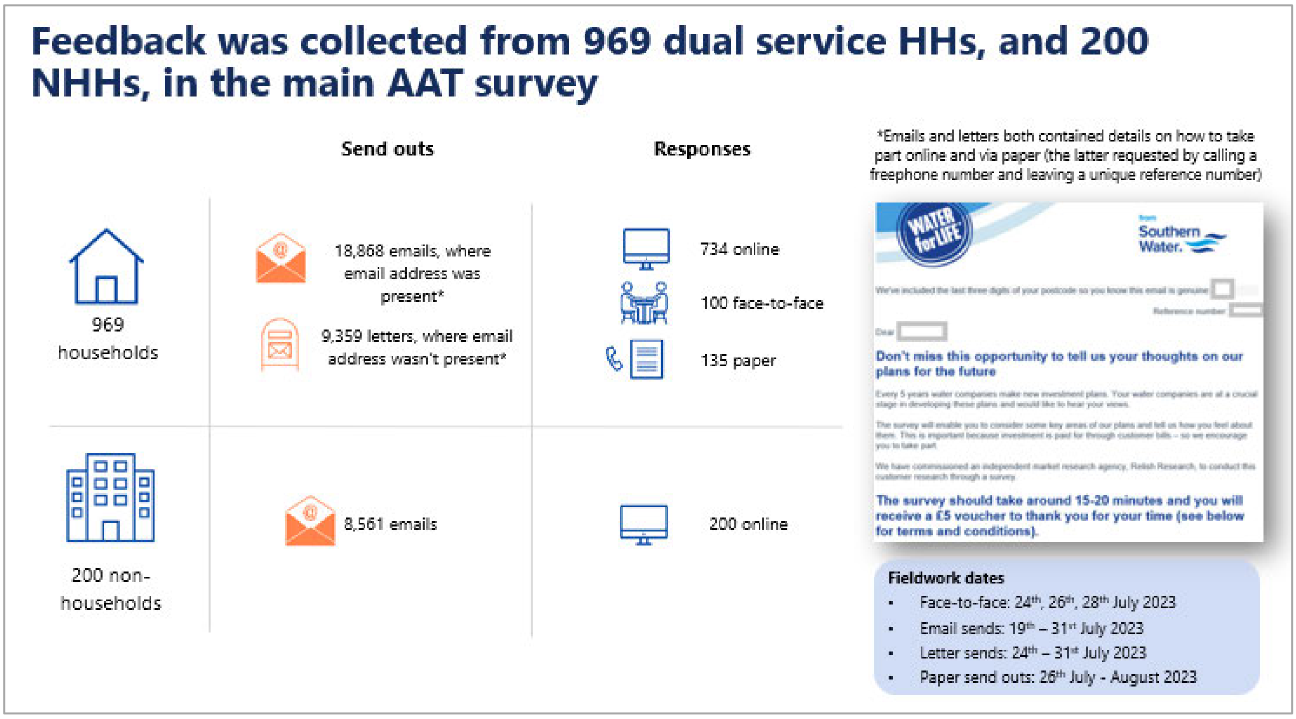


Figure 64: Overview to the approach for our Main Stage of Affordability Testing:

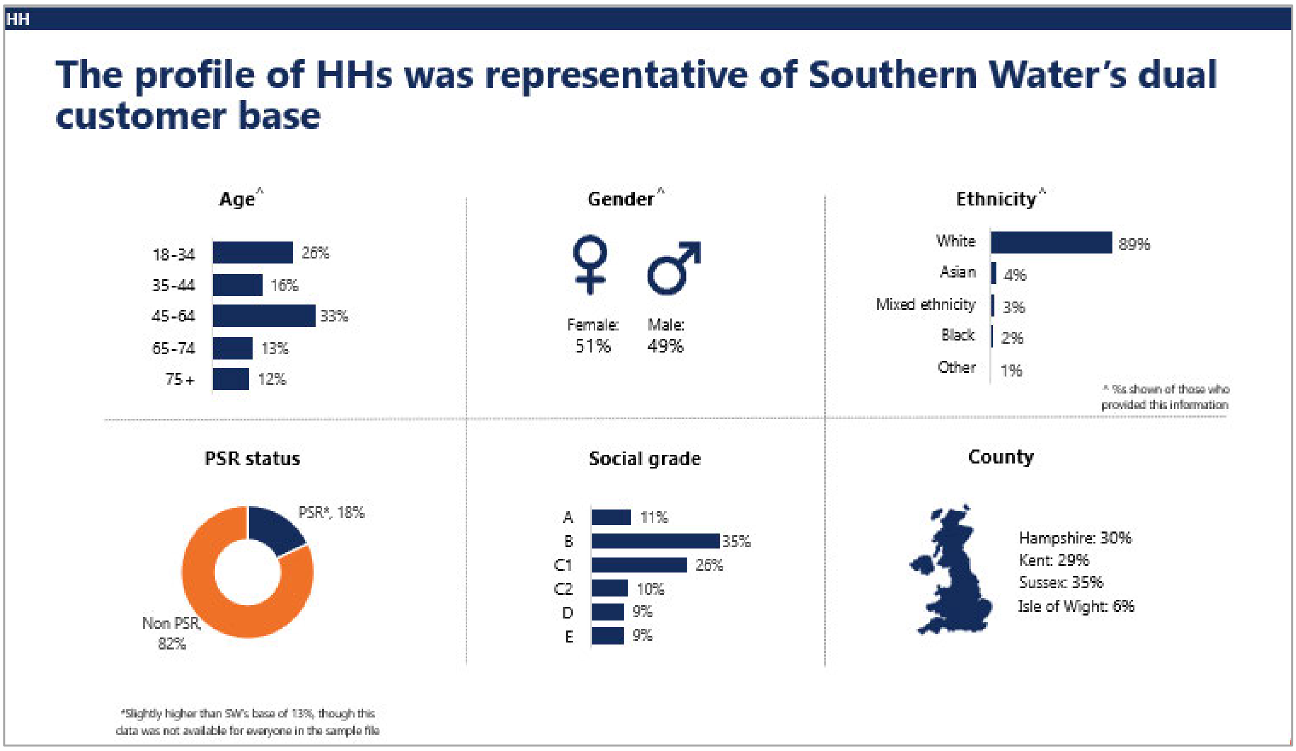


Figure 65: Overview to the approach for our Main Stage of Affordability Testing:

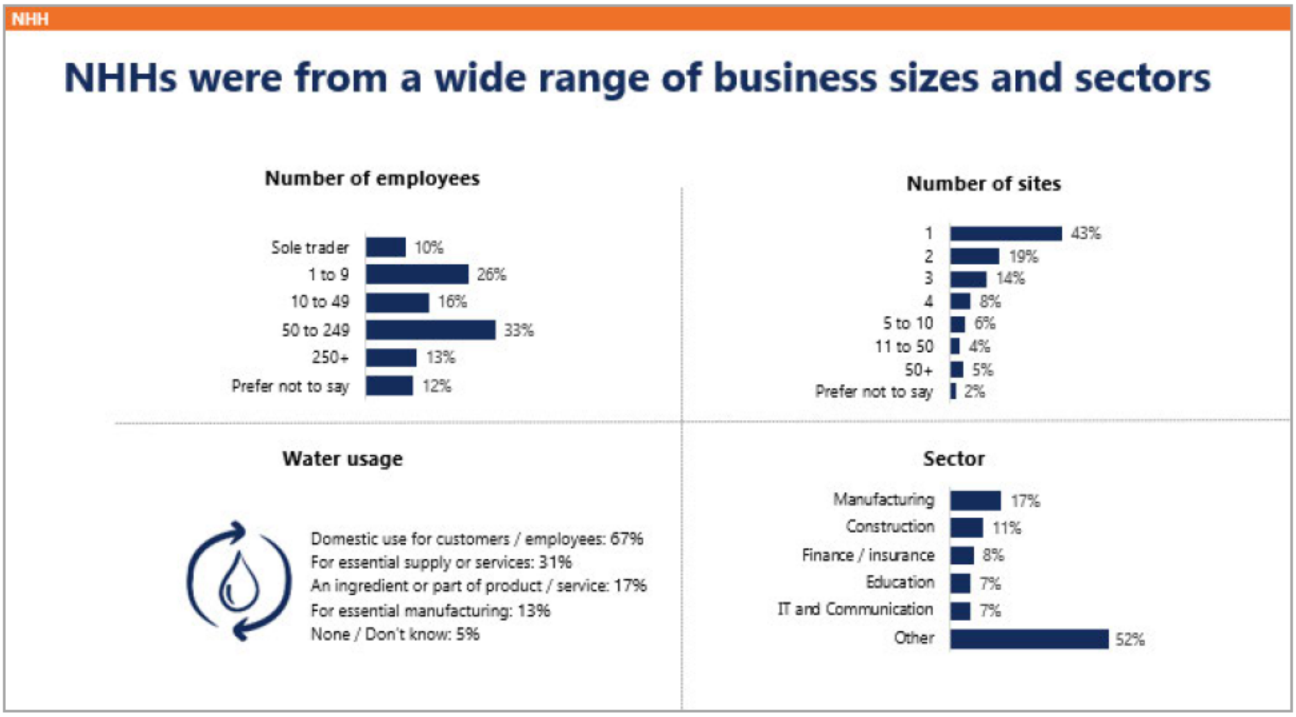


Figure 66: Overview to the approach for our Main Stage of Affordability Testing:

HH

The HH sample was randomly drawn, and the following steps were taken

Southern Water provided a customer sample of c.45,000 records, selected randomly from their overall customer database. The below steps outlined how our sample was selected from this:

- We started with our main sample file, and de-duped this against our boost sample file
- These sample files were provided by SW, and both contained records of randomly selected customers
  - The main sample file was representative by county, age band, gender and PSR status
  - The boost sample was largely representative by all these same variables (+/-5%)
- We then ensured sample only contained people we wanted to speak to (dual customers)
- Samples were de-duped against one another; as a result, 73 records were removed from one of the files
- We calculated the proportions of customers in each IMD by county
- We assessed where the gaps were according to Ofwat's instructions, i.e. having 25% in the bottom IMD quintile, followed by 22% in the second quintile, 20% from the third profile, 18% in the fourth and 15% in the fifth quintile
- In areas where we were short of our requirements of IMD within county, we then took the number that we needed from each IMD from our 'boost' sample file provided
  - If we had more than we needed in our boost sample, sample was organized by customer number and every nth record was selected to be part of our sample file
  - If we had fewer than we needed in our boost sample, we took all the boost sample
    - This led to one IMD by county (IMD 5 in Kent) where we had fewer records than needed. As we didn't want to reduce the Kent sample in terms of proportion of the overall sample, this shortfall was made up across other IMDs in this one instance. We kept a close eye on IMD within Kent proportions during fieldwork, and ensured they weren't too far removed from what we were seeing in other counties. We also knew that we would be applying weighting post-fieldwork which would correct this (and that we would ensure a high weighting efficiency so as not to rely on potential unreliable data)
- In areas where we had to many records based on our requirements of IMD within county, the relevant records were removed
- We made sure to retain customer ID and demographic information for later design weighting
- In our final sample, we checked proportions of PSR and county once more against SW total customer base, and found county remained exactly in line with the overall customer base, and PSR was +/-2% of the customer proportions.

Figure 67: Overview to the approach for our Main Stage of Affordability Testing:

The NHH sample was a mix of purchased and panel sample

We had originally intended that **all of our non-household sample would be purchased** via [redacted] We purchased all sample available to us, once we had filtered on:

- Region
- Email address included
- Had a business-specific premises
- Relevant job titles (e.g. owner, MD, facilities manager, office manager, etc.)

We also excluded anyone who had taken part in Southern Water's qualitative stage AAT project.

Reminders were sent to encourage response, though – despite our **best efforts**, including looking into additional sample purchase – we were unable to meet Ofwat's suggested sample size of n=200. Instead we collected feedback from **n=75** businesses in the region via this approach.

The remaining **n=125 NHHs came from a B2B specialist research** panel. In our reporting, results are from our total 200 businesses.

Figure 68: Overview to the approach for our Main Stage of Affordability Testing:

NHH

Both samples are combined in this report to ensure robust sample sizes, and to adhere with regulatory guidance

Before combining NHH response, we compared results from our two different NHH sample sources (bought sample and panel sample). We did see some differences in that our **panel sample were more positive than our bought sample**; they are both more likely to say it would be 'very' or 'fairly' easy to afford proposed bills, and more likely to say the plans are 'completely acceptable' or 'acceptable'.

We think the differences are two-fold:

- **Our panel sample had a higher proportion of larger businesses** (50+ employees) than our bought sample. Previous research shows that larger NHHs can be more positive than smaller ones as they are sometimes better able to understand things from a business point of view; they are very commercially aware, and know that money needs to be spent in order to make change.
- They may be more positive simply from **being on a research panel**: Whilst they are still NHHs, they have agreed to take part in regular research and as a result are likely seeing things like different ideas / concepts and rating them. This difference may also cause them to be positive than NHHs who aren't used to taking part in research regularly.

This report combines results to ensure a reliable overall sample size of n=200 NHHs in line with Ofwat's instructions.

Figure 69: Overview to the approach for our Main Stage of Affordability Testing:

The questionnaire followed Ofwat and CCW's guidance

Our questionnaire wording, and the specification of how things should be asked, followed the instructions detailed in regulatory guidance. This included switching the order of scales shown, so that half our HH and NHH sample saw scaled questions in one order, and the other half saw them in the reverse order.

We also showed our household respondents bespoke bill information in 77% of cases, i.e. whenever it was available. Where this wasn't possible, average bill values were used; these were provided by Southern Water. For NHH customers, our water and wastewater bill amount started at £1,000 as specified.

When stimulus was shown, this was also presented in line with guidance. It was shown in a portrait style (see screenshot on relevant 'stimulus' slide) so that it was easy to view.

We also ensured that any letters sent out to invite people to take part included a clear and shortened version of our URL for those who wished to take part online, so they wouldn't need to type out a URL that was too long.

Figure 70: Overview to the approach for our Main Stage of Affordability Testing:

HH

The stimulus presented to HH customers adhered to regulatory requirements

Bill values over time: Shown only when we didn't have bespoke bill information

	Total water and wastewater bill
2023-24	£439
2024-25	£458
2025-26	£536
2026-27	£563
2027-28	£640
2028-29	£665
2029-30	£677

Business plans and targets: Example of what was shown for each core plan element

Pollution of rivers and bathing waters

What does this mean? Discharges from sewage treatment or networks can affect rivers and bathing waters. This can have a minimal effect on the river ecology or a major effect depending on the scale.

How are Southern Water performing on this? Water companies are measured on the number of incidents of pollution of rivers and streams. The measure used is number of incidents per 10,000km of sewer. Southern Water currently have 93.6 pollution incidents per 10,000km of sewer.
Southern Water did not meet its target for this metric last year.

What is the plan for this?

By 2030	Reduce pollution incidents to 17.7 per 10,000 km of sewer, from the 19.4 planned for 2025. They will also reduce serious pollution incidents to zero.
How will they do it?	• Install monitors across the network to identify where action is needed. • Improving resilience of sites to reduce likelihood of failure (e.g. power). • New solutions and storage to prevent rainwater overwhelming sewers.
Cost on bill	This will add **£2** to the average annual bill (excluding inflation) by 2030.

How do water companies perform on the number of incidents of pollution of rivers and streams?

The measure used is the number of incidents per 10,000km of sewer.
Companies with the *lowest* numbers perform best for this service.

Southern Water performs **11th out of 11** companies overall on this measure.

	No. incidents per 10,000km of sewer
United Utilities Water	17.7
Wessex Water	20.6
Severn Trent Water	21.8
Dwr Cymru	22.9
Northumbrian Water	23.0
Thames Water	24.9
Yorkshire Water	27.4
Anglian Water	33.8
Hafren Dyfrdwy	39.8
South West Water	86.6
Southern Water	**93.6**

Better performance
Worse performance

Only the companies that provide sewerage services are included in this comparison

Figure 71: Overview to the approach for our Main Stage of Affordability Testing:

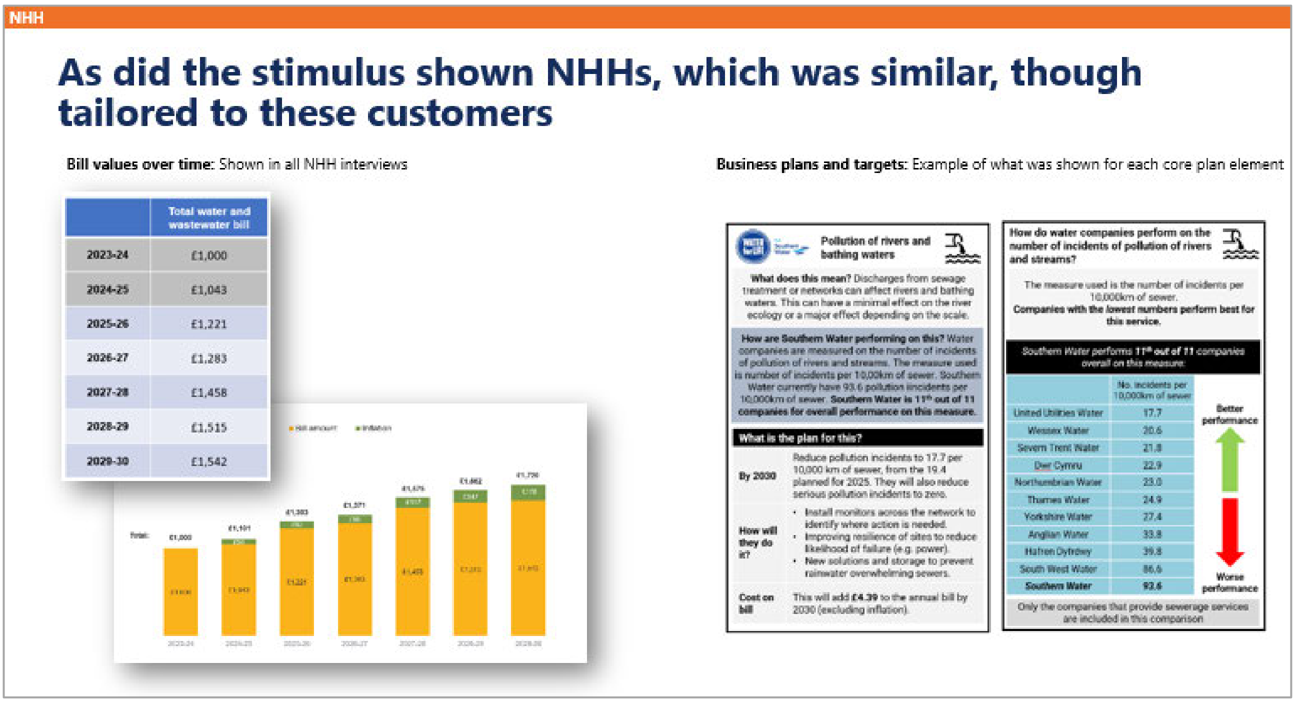


Figure 72: Overview to the approach for our Main Stage of Affordability Testing:

3.4 Triangulation

We used a robust and independently assured triangulation approach, following best practice[12], from over 30 unique data sources. This included research across our range of audiences, customer data, our performance data compared to previous commitments and other companies and reports from the industry (Ofwat, CCW, Water UK) and other water companies.

Expert external assurance rated our engagement as having good coverage across the topics, with no major gaps. Where some priorities have moderate coverage in the assessment, this was because we used external sources such as industry reports from Ofwat, CCW and the Institute of Customer Service to support our research.

We combined all these data to give us our overall triangulation of customer priorities. We split this down further to give us a view from our customers only and an England and Wales view using regulatory documents. We then compared how our customers' views differ to both the combined and national views.

Each source of data had a credibility rating applied that looked at its recency, robustness and relevance. A greater score was applied to those that were recent, highly robust (either by having lots of participants or having a high awareness of the water industry) and relevance to multiple priorities. These scores were added together for each paper and then a weighting was applied depending on its credibility score.

Finally, we applied an overall weighting depending on the customer audience. Vulnerable customers had an increased weighting due to their needs for additional support. Future customers had a slightly reduced weighting due to them not being current bill payers and some may not pay until later in AMP 8. Businesses were reduced slightly due to the lower volume of customers when compared to households. Stakeholders had a significantly reduced weighting due to other avenues to regularly influence our plans and their affinity to their organisations.

Our use of our panels and Customer and Communities Challenge Group helped calibrate our findings. By using the committees as part of our panels we were able to ensure the outputs from our insight were calibrated to represent customers' views. Our Challenge Group then helped to ensure our overall similarities and differences were well understood.

12 Triangulation: A review of its use at PR19 and good practice - CCW

Figure 73: Overview to the Triangulation Approach:

Approach to Triangulating our Customer Priorities

1 **We used a robust and independently assured triangulation approach from over 30 unique data sources.**
This included: research across our range of audiences; customers data (such as contacts, complaints and environmental information requests); our performance data compared to previous commitments and other companies; reports from the industry (Ofwat, CCW, Water UK) and other water companies. Expert external assurance rated our engagement as having good coverage across the topics. No topics had any major gaps. Where some priorities have moderate coverage in the assessment, this was because we used external sources such as industry reports from Ofwat, CCW and the Institute of Customer Service to support our research.

2 **All of these data sources were combined and used to give us our overall triangulation of customer priorities.**
Additionally we split this down to give us a view from Southern Water customers only and an England & Wales view through regulatory sourced documents. We have then compared how the Southern Water's customers view differs to both the combined and national views.

3 **Each source of data had a credibility rating applied that looked at the recency, robustness and relevance.**
A greater score was applied to those that were recent, highly robust (either by having lots of participants or having a high awareness of the water industry) and relevance to multiple priorities. These scores were added together for each paper and then a weighting was applied depending on its credibility score.

4 **Finally we applied an overall weighting depending on the customer audience.**
Vulnerable customers had an increased weighting due to their needs for additional support. Future customers had a slightly reduced weighting due to them not being current bill payers and some may not pay until later in AMP 8. Business was reduced slightly due to the lower volume of customers when compared to households. Stakeholders had a significantly reduced weighting due to other avenues to influence Southern Water's plans on a regular basis and their affinity to the organisation they're associated with.

Customer Audience Weighting	Base Case
Household	1
Futures	0.8
Vulnerable	1.2
Business	0.8
Stakeholder	0.5

Section 4: Lessons Learnt from Customers

4.1 Foundational insight – common themes

These factors have influenced and shaped a number of cross cutting themes[13]. Regardless of the type or topic of engagement, these themes underpin what customers want from Southern Water.

We created these themes in September 2022 once we had sufficient insight around customer expectations and the drivers of these. To ensure they accurately reflected our customer views we had an independent research agency assure the feedback they had heard from households. They validated the insight and then provided references to each area. In June 2023 we then reviewed with our Customer and Communities Challenge Group to ensure the themes were accurate.

Figure 74: Overview to the common themes we hear across all our engagement:

Cross cutting themes we hear from our customers across engagement

Customers want to see tangible delivery on a few key areas	Loss of trust in the industry is placing greater scrutiny on what we do	They want us to take the lead and help make it easy for us all to act	Customers want us to understand their community and have a positive relationship	Customers want to see us collaborating and using technology – at pace	The environment is central to everything we do. Bills need to be affordable, not at nature's expense	We expect a blend of solutions which are best value for the long term, but show credible progress
Focus on fewer things and deliver them	Reputation is damaged	Visible leadership	We need to define our role in the community	The pandemic has changed how we work	You need to treat the environment better	We expect you to make decisions based on best value
Make targets more credible and tangible	Loss of customer trust	People want to play their part	Education for all	Everything is a two-way relationship	Put nature first	Social value is about going beyond your regulation and basics
Actions not words	More demand on the industry	Water is seen as abundant	Everyone's local area is unique	Collaboration is key	Bills need to be affordable	Future water resources should have a blend of solutions
Plan for the future	Greater scrutiny	Water shortfall is not recognised	Customers are connected to the sea	Work together on new housing and population growth	Customers are prepared to invest in the environment	Consumption should be fairer to each other
		Wastewater is rarely talked about (*Aside from pollution and storm overflows)*	We want consistent good customer service	Innovate and use new technology		
		Focus of behaviour change feels wrong	We need to support vulnerable customers			

[13] For more detail and references, please see section 4.3 of the Customer Insight Technical Annex

Figure 75: Summary of common themes feedback we hear across all our engagement:

Customers want to see tangible delivery on a few key areas

Key Insight	Description	Refer to research
Focus on fewer things and deliver them	Customers want to us to **focus on less things and deliver on them**. They want to see our progress as we achieve against tangible goals.	*WF2030 Oct '21 Priorities Analysis, charts 13, 23*
Make targets more credible and tangible	Customers want us to be going **further and quicker** than the minimum requirements. With the targets built around the regulatory market there is a **perception that it's too 'cosy'** and enabling water companies to under achieve. The timeframes and level of pace **do not reflect the importance** of targets to customers. For example leakage reduction to 50% by 2050 is **not seen as credible or anywhere near fast enough**. If this is all that is achievable, the industry needs to communicate much more clearly the context.	*WF2030 July '21 Gap Analysis, charts 21, 22 WF2030 Oct '21 SMT Day Group, p.9, 11 WF2030 June '22 Long Term Strategy, chart 6 WF2030 Oct '22 Sewer Flooding, chart 10*
Actions not words	We need to tell them **what we are doing at the moment** – where and what we are delivering. For example, they want us to show that we are delivering against the PR19 plans. They need to see something now. Most of what they see is longer term plans, trials etc. and **customers want to understand progress**. This is especially relevant with a **more proactive approach on environmental concerns**. (i.e. how are we minimising the negative impact we are seen to have on the environment now).	*WF2030 Committee Meeting 3 Summary, p.6 WF2030 Oct '21 SMT Day Group, p.4, 9*
Plan for the future	Customers are **reassured about extensive planning** for things like DWMP, WRMP, drought, etc. They struggle to see the connection between 'what's happening now' and these plans that are a 'very long time in the future'. **They want to see rolling plans** with specific intervals outlining what's been achieved and where they can challenge us to make sure we are **doing what we say we will do**.	*WF2030 June '21 Understanding the DWMP, chart 15 WF2030 Oct '21 SMT Day Group, p.9 LTS and DWMP Research, Sept '22 DWMP, charts 3, 18*

Figure 76: Summary of common themes feedback we hear across all our engagement:

Loss of trust in the industry is placing greater scrutiny on what we do

Key Insight	Description	Refer to research
Reputation is damaged	Historical legacy issues and continued negative media coverage **driven** mainly **from** storm overflows and bathing water quality **is damaging our reputation.** This is being felt at an industry level and at a local level. **We see campaign groups and the severest damage on the Kent coastline.**	*WF2030 Oct '21 SMT Day Group, p.3 LTS and DWMP Research, Sept '22 DWMP, charts 5, 8, 9 WF2030 Sept '22 Quant Wave 1, chart 37*
Loss of customer trust	Customers have **lost trust in the industry.** People believe a range of different sources from what they see on social platforms, in the media and word of mouth. The perceived **lack of transparency** and credible progress from water companies is causing further concern. Customers **don't want to spend their time engaging on these issues,** but feel they need to. They want water companies to do something quickly and more meaningful on key issues (CSOs) to rebuild trust.	*WF2030 April '22 Trends, charts 10, 11, 15 WF2030 June '22 Long Term Strategy, charts 7, 9 WF2030 Sept '22 Quant Wave 1, charts 35, 36, 40*
More demand on the industry	Privatisation is a politically charged topic for customers. Their overall **consensus is that the system is broken** and the regulation isn't working (e.g. environment bill). Pollution, leakage (in relation to drought and efficiency messaging) and executive pay / perceived profit are the areas most often pointed to – and are therefore the areas where most demand is placed. **Future customers challenge us** on what they want: ✓ **Change to be faster and more radical** ✓ **Consumption of water to be fairer to the planet** ✓ **Consumption of water to be fairer to each other**	*WF2030 Jan/Feb '22 Regional Resources Plan, charts 13, 18, 19*
Greater scrutiny	We are under **increased scrutiny from the customers and stakeholders** due to intense media coverage, historical failures, and current performance (e.g. Incidents, storm overflows and EA rating). This is accelerated by perceptions of what customers consider 'extreme levels of executive pay', 'profits before service' and a concern with lack of investment.	*WF2030 CSO Q&A Session, Nov '21, p.4, 5, 6, 7*

Figure 77: Summary of common themes feedback we hear across all our engagement:

They want us to take the lead and help make it easy for us all to act

Key Insight	Description	Refer to research
Visible leadership	**Customers want us to** be the instigators of change **and** show that we are prepared to act and show credible actions we have taken to deliver change now and in the future. **They** recognise expertise **from the sector and stakeholders in decision making but want to see us take the lead, so they have the reassurance and confidence in investments for the future.**	WF2030 Oct '21 Priorities, chart 6
People want to play their part	Customers are **willing to help, do their bit and support wider change but must be educated** and want to get onboard with. However, most importantly we must be **'holding up our end of the bargain'** by leading and demonstrating that we are tackling water resource issues and not solely passing it on to customers.	WF2030 Oct '21 SMT Day Group, p.8, 9 WF2030 Feb '22 Target 100, charts 5, 6, 7, 8 WF2030 May '22 Reducing Demand, charts 4, 26-36
Water is seen as abundant	**Customer see water as abundant.** 'It's always raining', 'we live on an island' and we use potable water to clean cars, water lawns and flush our toilets. Water consumption has also become **invisible** – through turning a tap on without restrictions, hot water at the touch of a button, it's low cost and no link between your consumption and resources.	WF2030 April '21 Pilot Summary, chart 3
Water shortfall is not recognised	Water scarcity is not commonly known outside of stakeholders and the most informed customers. Most customers are aware of potential minor restrictions (e.g. 'hose pipe bans'), with awareness increasing this last summer However, they **don't recognise the <u>severity</u> of potential drought restrictions or risks to long term supply**.	WF2030 July '21 Direction of Travel, chart 25 WF2030 May '22 Water scarcity, charts 4, 20-25 WF2030 July/Aug '22 charts 3, 10-15 WF2030 Sept '22 Drought Resilience, charts 4, 26-32 WF2030 Sept '22 Quant Wave 1, charts 27-32
Wastewater is rarely talked about *(Aside from pollution and storm overflows)*	Storm overflows and pollution incidents are top of mind for customers and stakeholders. However **when customers talk about climate change and growth, this is in the context of water not wastewater. Ultimately concerns are less relevant than what we see in water** – future proofing infrastructure for planned growth and climate change not considered but ultimately the more water supply the more we have to treat and reintroduce to the environment.	WF2030 April '21 Pilot Summary, charts 3, 4, 5
Focus of behaviour change feels wrong	It is widely felt by customers that the **balance is wrong,** and the focus of behaviour change is placed too much on them – rather than the industry leading. Customers want water companies **to step up and lead on leakage, affordability and pollution / blockages.** They do now want to feel that responsibility is being shoved into customer's hands. However, as people get more informed, they understand the collaboration needed. **They do see there is a big role they can play**. For example, demand reduction on per capita consumption compared to leakage targets. Even when grasping water efficiency, they still seems less focus on government intervention, working with new homes and new legislation.	WF2030 July '21 Direction of Travel, chart 23 WF2030 Oct '21 SMT Day Group, p. 5, 8-10 WF2030 Jan/Feb '22 Regional Resources Plan, charts 7, 8

Figure 78: Summary of common themes feedback we hear across all our engagement:

Customers want us to understand their community and have a positive relationship

Key Insight	Description	Refer to research
We need to define our role in the community	Customers want to see us play a role in their community – being visible and accessible. However, there is a lack of understanding about how they get involved and exactly what we do in this area. This is seen as a large area where the **industry requires definition.** When playing our part of the communities in the areas we operate we need to clearly define and say what our role is.	WF2030 July '21 Direction of Travel, chart 24 WF2030 Oct '21 SMT Day Group, p.5, 8 WF2030 April '22 Southern Water video, charts 25-27 WF2030 Sept '22 Quant Wave 1, chart 38
Education for all	All audiences want us to **focus more on education** – being visible, starting with young audiences who can share our messages at home and building better understanding from the ground up. Customers want to see a lot **more work in schools** as well as **education to be available for themselves** – helping to explain why our relationship with water is important.	WF2030 Jan/Feb '22 Target 100, chart 6
Everyone's local area is unique	With such a wide area across the South East, **every community feel their local area is different and unique.** Customers want us to recognise this. Understanding these differences and being able to adapt to different community/local needs is seen as a way of rebuilding relationships locally.	WF2030 March '22 Local Perspective, charts 4-16
Customers are connected to the sea	Unlike many other water companies, a lot of our operating area is coastal and customers feel **connected to the sea** – which is unique to Southern Water. The environmental, recreational and tourism impacts of the sea are felt across the region – which makes our **bathing waters** a **priority** and topic of conversation for customers. In recent years sea swimming, paddle boarding and other recreational uses have further increased our customers connection to the sea.	WF2030 Sept '22, Inland Bathing Waters, charts, 4, 20-25 Waterside Wellbeing, Nov '22, charts 7, 40
We want consistent good customer service	Customer service **isn't always top of mind** – the water industry can invisible to some customers, until something goes wrong. **Customers want a consistent level of good service**. They want it to be personal, easy, tailored, relevant, reliable and for us to do what we say we'll do.	WF2030 Aug '21 Customer Service, charts 5, 37 WF2030 Oct '21 Priorities, chart 21
We need to support vulnerable customers	The pandemic and the cost of living crisis has **increased the importance of supporting vulnerable customers**. Being available and with tailored services, tariffs and wider support is fundamental for customers who have both short term and long term vulnerabilities.	WF2030 July '21 Direction of Travel, charts 9, 13 WF2030 March '22 Social Tariffs, charts 4, 17-24 WF2030 April '22 Trends, charts 12, 16 WF2030 Sept '22 Quant Wave 1, charts 8-16, 24

Figure 79: Summary of common themes feedback we hear across all our engagement:

Customers want to see us collaborating and using technology – at pace

Key Insight	Description	Refer to research
The pandemic has changed how we work	Whilst the pandemic is felt to be largely over, the experience remains a driving force. It has **reshaped how we do things** such as how we appreciate vulnerable audiences, the impacts of wellbeing and an acceleration in digital proficiency.	*WF2030 July '21 Direction of Travel, chart 5* *WF2030 April '22 Trends, charts 11, 12*
Everything is a two-way relationship	Customers, when informed, recognise the role that we all play and are ready to play their part. However, **we need to be doing out part and be seen in doing so** – through tangible updates in progress, improved performance and 'putting our hands in our pockets'.	*WF2030 Oct '21 SMT Day Group, p.8-10* *WF2030 Feb '22 Target 100, chart 6*
Collaboration is key	Customers feel the **water sector is too siloed** and with being privatised, it be seen as insular. **They want collaboration** with regulators, neighbouring water companies, local authorities and other organisations to come together and deliver what is right. **The more collaboration the better things will be**. However, the only caveat is they **don't want it to slow things down**.	*WF2030 June '21 Summary on DWMP, chart 15*
Work together on new housing and population growth	Population growth and new housing developments is a **problem area to customers and their local communities**. They don't see detailed plans or progress on how we mitigate against them. They want us to be lobbying government, working with developers and councils to **deal with the infrastructure challenges growth brings** – which is particularly important to stakeholders who have greater awareness of the issues. Key areas of working together include being involved in the planning process, legislation on water efficient new homes and sustainable drainage.	*WF2030 Sept '22 Long Term Strategy, chart 12*
Innovate and use new technology	Customers think that new technology and innovation will play crucial roles in future resources and services. As such they **expect us to make better use of technology** in everything we do and build the right solution for the long term.	*WF2030 Jan/Feb '22, chart 19* *WF2030 March '22 Smart, charts 4, 32-38* *WF2030 Sept '22 Quant Wave 1, chart 33* *WF2030 Oct '22 Sludge Regulation, charts 26, 28, 29, 30*

Figure 80: Summary of common themes feedback we hear across all our engagement:

The environment is central to everything we do and whilst bills need to be affordable, this shouldn't be at nature's expense

Key Insight	Description	Refer to research
You need to treat the environment better	The importance of the environment continues to shape the customer world. Future customers especially frame everything under an environmental lens. Customers expect us to protect, improve and restore our natural environment – which can be seen as an exploitative relationship. Storm overflows are a prime example where public opinion is focused – but if this can be turned around and we can be proactive in improving (i.e. not just repairing) this can have a very positive impact.	*WF2030 July '21 Direction of Travel, charts 9, 12* *WF2030 Oct '21 Priorities, charts 5, 22*
Put nature first	Awareness of natural capital and nature based solutions can be low to less informed customers. However, once understood it is seen as the **right first choice option** – with most **agreeing that a twin-track approach** with engineering solutions is needed. **Future customers especially see nature as the primary lead** and would not support anything that hasn't explored the natural options first, whereas many businesses tend to favour certainty / stability.	*WF2030 June '21 Short Summary, chart 4* *WF2030 Jan/Feb '22 Regional Resources Plan, chart 12* *WF2030 July/Aug '22 WRMP, charts 16-26* *DWMP Sept '22, chart 23*
Bills need to be affordable	The key concern is that it needs to be **affordable to everyone**, and that vulnerable customers can afford to pay their bill. Whilst the **water bill is not seen as 'expensive'**, all people are feeling stretched in every direction with the cost of living, and customers are feeling the pain. It's important to genuinely sympathise and understand their position. Customers want bills to remain as **stable** as they can with **support for vulnerable customers**.	*WF2030 April '22 Cost of Living, charts 11, 16-24* *WF2030 Sept '22 Affordability, charts 4-12* *WF2030 Sept '22 Intergenerational Fairness, charts 4, 13-19* *WF2030 Sept '22 Quant Wave 1, charts 8-16, 40*
Customers are prepared to invest in the environment	When customers are informed, they are **prepared to fund environmental infrastructure.** More so, they almost feel morally obliged to do so for future generations. However, **Southern Water need to play our part first** and fundamentally customers need to trust that it's fair and we are delivering what we say.	*WF2030 Jan/Feb '22, charts 15-20* *WF2030 July '21 Direction of Travel, charts 9,12*

Figure 81: Summary of common themes feedback we hear across all our engagement:

They expect a blend of solutions that think about best value for the long term, but show credible progress in the short term

Key Insight	*Description*	*Refer to research*
We expect you to make decisions based on best value	Customers want us to use our **expertise** and make decisions go **over and above** (i.e. not just the objective). They want the **best value** for the long term, not just the cheapest / short term solution. • They place greatest value on environmental benefits – e.g. new habitats for wildlife or new wetland areas. • Recreational with wider wellbeing benefits are next – e.g. walking paths or beach areas • Then the focus is on the community – e.g. local employees, apprenticeships, and sustainable agriculture • Smaller and more specific benefits then tend to be more niche – e.g. playgrounds, fishponds or a visitor centre	*WF2030 Jan/Feb '22 Regional Resources Plan, charts 15-20* *WF2030 April '22 Trends, charts 11, 13* *WF2030 Oct '22 Biodiversity, charts 32-37*
Social value is about going beyond your regulation and basics	Customers expect companies to be part of their community and their local area – with social value being about **going above and beyond your core business**. Companies that are seen to delivery for society need to be delivering across all pillars: • **Customer centric** – reward, low prices, customer promise • **Charity** – local donations, supporting charities • **Community** – locally sourced, school projects, supporting community groups • **Environment** – reducing emissions, waste management, plastic policy • **Vulnerable customers** – inclusive and support • **Employee** – inclusive workforce, apprenticeships, recognise service	*WF2030 Oct '21 SMT Day Group, p.5, 8, 9* *WF2030 April '22 Southern Water video, charts 25-27 (from 5 mins 40 secs to the end)* *WF2030 Sept '22 Quant Wave 1, chart 38*
Future water resources should have a blend of solutions	Customers want to see a **blend of solutions to protect future supplies**. 1. Customers want us to make use of what we already have (e.g. leakage / T100) 2. Then make better use of solutions today (e.g. new reservoirs) and new technology (e.g. water recycling) 3. And create a better connected network and transfers Currently solutions feel **too heavily focused on demand in the short term** (2025-2040) with new supplies beyond 2040 feeling more balanced.	*WF2030 Jan/Feb '22 Regional Resources Plan, charts- 3-14* *WF2030 Jan/Feb '22 Target 100, charts 4-8*
Consumption should be fairer to each other	Customers want the services and support available to **be fairer to each other and for future generations**. They want **greater consistency across supplier boundaries**, **rewards for those who are more efficient** and **support for** those that need it most. They want to ensure that we have the same levels of supply for the future, so their children and grandchildren have a system that works for them.	*WF2030 Sept '22 Intergenerational Fairness, charts 13-19*

4.2 Customer Priorities

Outcomes from water companies can be confusing to customers, with most priorities not being mutually exclusive. To provide more meaningful engagement our priorities and the definitions used were developed and defined by our customers.

Our household customer panel explored water company and industry materials (such as Ofwat's priorities) and spoke with their families and friends to develop their priorities. Fresh deliberative insight with households, businesses, future, vulnerable and stakeholders was then combined with these results to create our customer priority list.

Our scoring was then used to ensure our level of ambition for our performance commitment targets reflects our customer priorities. (For more on our ambition of performance commitments, please see SRN04: Costs and Outcomes Chapter).

Our robust and independently assured triangulation combined with our in-depth engagement with our customers shows us the relative scoring, but also the story behind each one. It is important to remember that all of these priorities are important to customer and the scoring is when a trade-off is forced. We then index the scoring from each piece of data to provide a relative score between 0-100. (100 being the strongest priority).

Figure 82: Our customer priority scores:

Our Customer Priorities

Southern Water Customers

All are areas of importance to customers. However, when triangulated this shows relative importance of the top 19 customer defined priorities when traded-off.

Indexed Score	Description	Rank
100.0	**Current Water Supply** - Continuous supply of clean wholesome water	1
89.8	**Pollution** - Prevent wastewater entering the environment	2
87.7	Internal Flooding	3
85.8	Water Quality & Restrictions	4
81.0	External Flooding	5
79.1	Future Water Supplies	6
75.9	Leakage	7
75.4	Wastewater Infrastructure	8
74.4	Bathing Waters & Rivers	9
72.8	Protect Infrastructure from Growth	10
72.8	Nature Based Solutions	11
66.4	Support Vulnerable Customers	12
65.9	Bill Affordability	13
57.9	Carbon Emissions	14
55.3	Water Efficiency	15
52.4	Customer Service	16
44.7	Regulatory Compliance	17
42.8	Working with Developers	18
21.5	Community Engagement	19

Relative Score from 0 to 100

Priority Level 1:
Seen as the basic fundamental service from a water company. Pollution, and in particular the association with storm overflows, as a priority has increased since 2021. There can be a distinction between 'priority' and 'improvement'. Water supply is critical to maintain and improve resilience, pollution and leakage are top areas to improve.

Priority Level 2:
Southern Water customers are particularly connected to the sea and communities are concerned with all infrastructure keeping up with housing growth. Supporting vulnerable customers has become increasingly relevant following the pandemic and cost of living crisis. Many customers are feeling the financial squeeze, so want to ensure bills are affordable while investing to ensure we don't pass things down to future generations.

Priority Level 3:
Carbon emissions are felt to be more of a wider government and business responsibility. Water efficiency needs to follow leadership from Southern Water. Customers service needs to be good and consistent, but excel when things do go wrong. Compliance is something felt to be managed by regulators. Working with developers is key, especially for some non-household groups. Engaging the community is needed to help build stronger relationships, and most want us to share more widely the good work that is done.

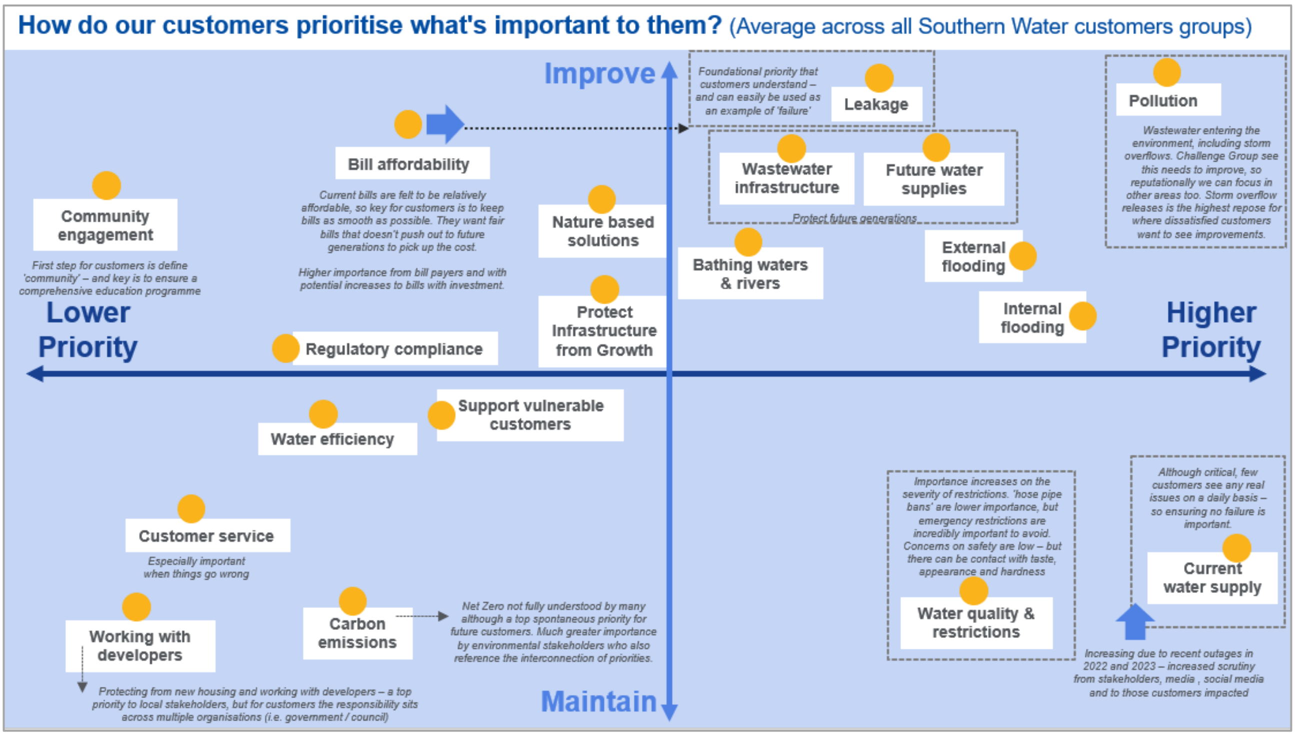
4.2.1 The difference between a priority and an area of improvement

However, when mapping the other priorities and looking at our in-depth insight we see notable interconnecting insights which needed to be reflected in our planning. For example, stakeholders and our most informed customers highlight that outcomes such as carbon emissions are impacted by other priorities. For example, if leakage was reduced or nature-based solutions used to capture rainwater, this also lowers your carbon impact.

There is also a distinction with customers between what is a priority and where they want most improvement. The provision of clean water is a top priority. However, for many this service is already felt to be high. While failure is not an option, their desire for 'improvement' is less than the for our use of storm overflows or leakage where current performance is not seen as acceptable. We also see our customers group together 'pollution and storm overflows'. For customers this is wastewater entering the environment.

You can see the relative scoring and areas where customers would like most improvement seen below:

Figure 83: Customer priority scores mapped against where they want greatest improvement:



4.2.2 How priorities have changed over time

Our tracking of customers' priorities since 2018 shows where their expectations change. The provision of a consistent and reliable supply of clean and wholesome water has always been a stable fundamental service and remains the highest priority for our customers.

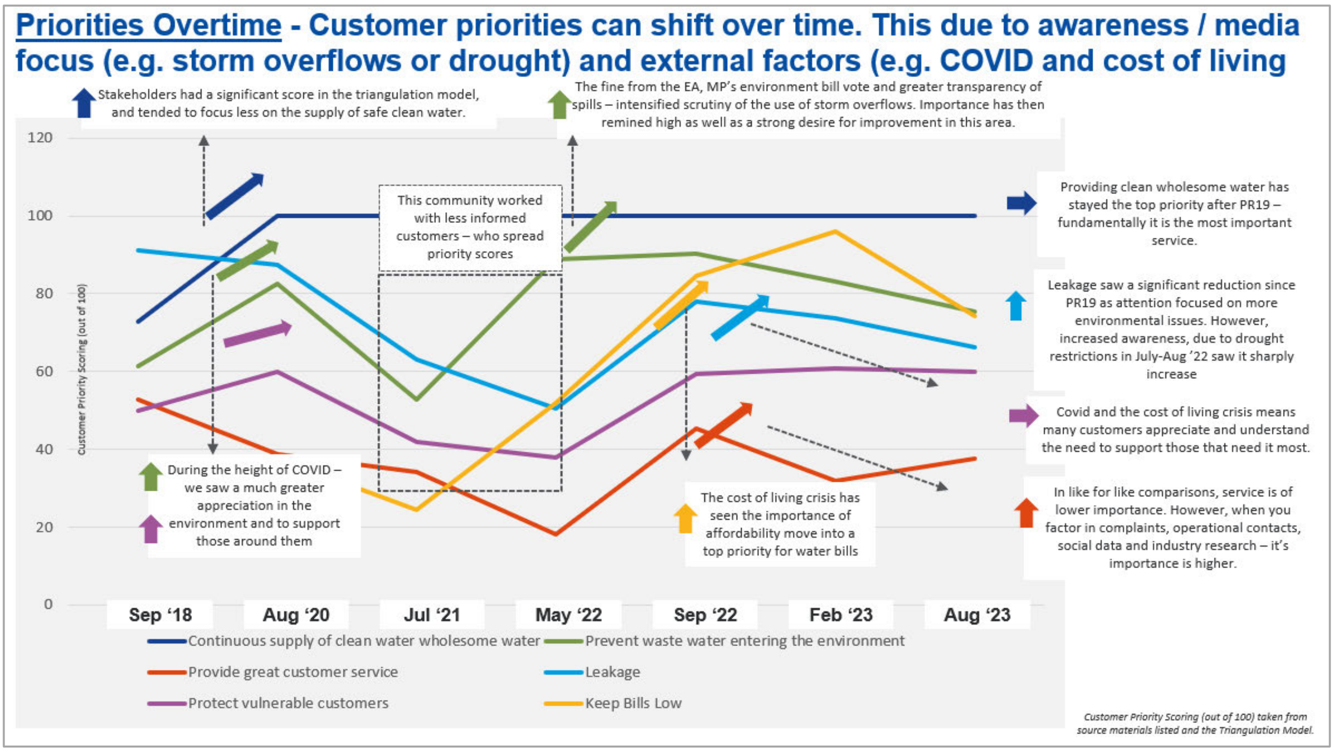
The environment has always been important. However, we saw a shorter-term increase in importance in 2020 due to the pandemic helping customers connect with their local environment. Following the EA fine in 2021, greater awareness of our use of storm overflows and our past performance placed greater emphasis on the need for water companies to improve. As a result, we see wastewater services now a top priority.

The importance of affordability increased significantly from 2021 through to 2023. We have seen concern for customers' ability to manage bills increase with the cost-of-living crisis. When looking at possible bill increase, its importance grows further.

The support for vulnerable customers has also increased. First with the pandemic where customers felt more connected to their local community and had greater appreciation for those that needed help. Secondly, the cost-of-living crisis has also placed a greater spotlight on providing support.

Leakage remains a high priority to customers. However, during a temporary use ban in Hampshire and media coverage of drought in 2022 we saw this increase. This was reflected in customer contacts, social media data, media sentiment and feedback through research.

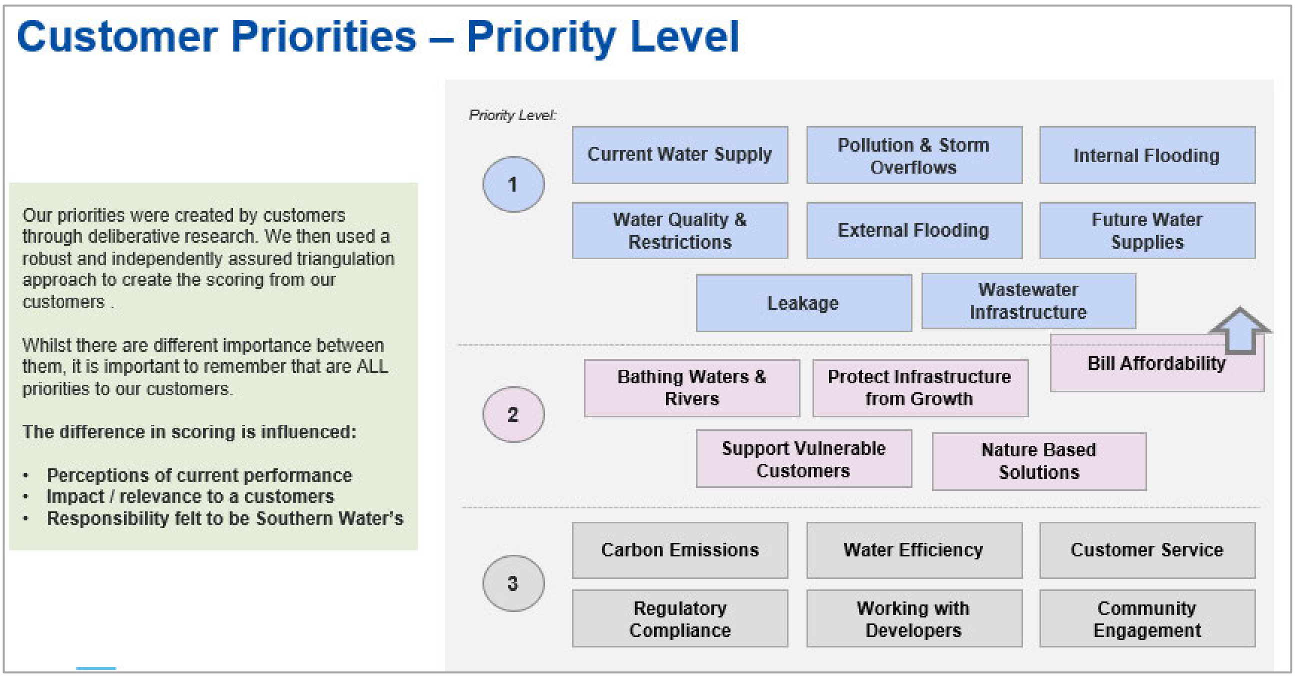
Figure 84: Some key priorities and how scores change overtime:



4.2.3 Priority Levels

Based on the scoring from our triangulation model we see the priorities into three levels, level 1 being the highest:

Figure 85: Overview to customer priority level:



4.2.4 How Priorities Differ Compare to National and Other Water Companies

We integrated with wider data sources to help calibrate our priority scores and ensure greater robustness. We also held a bespoke session with other water companies from the south east, CCW and Ofwat to help understand these differences. Overall, there are many consistencies we see right across customers from different suppliers. When comparing to all data sets (including those from other water companies and regulators' reports) we do see some areas where there were notable differences:

1. **Lead pipes introduced as a priority** – this is an area not spontaneously discussed by our customers. However, in bespoke research as part of always-on insight[14] we agree on its priority. Customers are concerned for safety, especially those with younger children – which places a high emphasis on lead removal schemes.

2. **Water pressure and transparency / accountability as level 3 priorities** – we agree these are important across the sector and our reputation means transparency is particularly important. However, in our research customers discuss this more of a 'way of working' rather than a priority outcome, so we developed a strategy[15] to help ensure we focus on greater transparency.

3. **Pollution and storm overflows** – we see lower importance by national customers on pollution and storm overflows and bathing waters and rivers compared to our customers using three Ofwat and CCW research projects[16]. While these are less of a priority nationally, our customers have been very clear that this is a top priority for them.

In particular we did in-depth analysis[17] to help understand these differences on pollution and storm overflows and bathing waters. We see two core influencing factors:

- **our customers are more connected to the coast –** 73% of our customers have visited the beaches in the last two years, compared to 30% nationally[18]
- **performance and public scrutiny place greater emphasis on these areas** – 95% of our customers have heard negative media on water quality of our seas and rivers[19]

[14] Technical annex SRN14: Customer Insight, Section1: Index, 178 - Deal Lead Pipes Key Findings Report - Mar '22
[15] See technical annex SRN13: Reputation, Trust and Transparency
[16] Technical annex SRN14, section1: Index, 14-CCW Cust Pref, 11-CCW Spot2022, 24-PJM Economics - Collaborative ODI Research
[17] See section 4.22 of technical annex SRN14: Customer Insight
[18] Technical annex SRN14: Customer Insight, Section1: Index, 153 - Waterside wellbeing report - Oct '22
[19] Technical annex SRN14: Customer Insight, Section1: Index, 153 - Waterside wellbeing report - Oct '22

Figure 86: Customer priority scores compared to 3 industry reports:

Customer Priorities

Comparing Southern Water to regulatory reports

All areas are of importance to customer. However, this shows relative importance of the top 19 customer identified priorities when traded-off.

Southern Water Indexed Score	Rank	Description	Regulatory Indexed Score	Rank
100.0	1	Current Water Supply	83.3	2
89.8	2	Pollution	47.2	15
87.7	3	Internal Flooding	100.0	1
85.8	4	Water Quality & Restrictions	70.7	5
81.0	5	External Flooding	70.2	6
79.1	6	Future Water Supplies	75.0	4
75.9	7	Leakage	79.0	3
75.4	8	Wastewater Infrastructure	57.1	12
74.4	9	Bathing Waters & Rivers	8.3	18
72.8	10	Protect Infrastructure from Growth	69.1	7
72.8	11	Nature Based Solutions	68.8	8
66.4	12	Support Vulnerable Customers	68.8	8
65.9	13	Bill Affordability	59.7	11
57.9	14	Carbon Emissions	22.3	16
55.3	15	Water Efficiency	54.1	13
52.4	16	Customer Service	17.8	17
44.7	17	Regulatory Compliance		
42.8	18	Working with Developers		
21.5	19	Community Engagement		
		Remove lead pipes	68.8	8
		Water Pressure	47.9	14

The ODI research which placed values on failure – meant the extreme nature of internal flooding can distort the overall spread of priorities.

This is driven by the lower scoring in the ODI research and CCW preferences rating it a level 3 priority. Our customers rate this higher due to their strong connection with the coast. We have major population centres who live on the coast. These communities choose to live in those areas because of the sea, and feel connected.

Intense media scrutiny since the CCW preferences research will have increased this score across England and Wales – as shown in companies Your water, your say sessions. Previous performance on pollutions and wastewater, the EA fine in 2021, and high population growth felt across our communities have driven greater emphasis on wastewater infrastructure by Southern Water customers .

The ODI research provided an overall value for a single incident used in triangulation. We used that overall value number. However, the frequency of events (e.g. storm overflows) would mean the value increased.

"I don't agree with the quality of bathing water as a low priority or pollution as medium and not high." Household customer panel

"There's much less priority here of coastline contamination, which is usually the headline grabber." Household customer panel

"It's surprising that using less water, severe drought and pollution is in the lower group." Household customer panel

There are 20 data sources for the Southern Water customer triangulation. This includes multiple research projects on priorities from across different audiences. It also includes customer data sources such as complaints, contacts and social media. There are 3 main regulatory reports included in the scoring: CCW Customer preferences, CCW & Ofwat Spotlight Research, Collaborative ODI Research

Figure 87: Customer priority scores compared to national and industry research:

Customer Priorities

Comparing Southern Water to all sources

All areas are of importance to customer – however this shows relative importance of the top 22 priorities when traded-off.

There are 33 individual reports included in the scoring, although some of them have multiple data inputs themselves

Southern Water Indexed Score	Rank	Description	All Indexed Score	Rank
100.0	1	**Current Water Supply** - Continuous supply of clean wholesome water	100.0	1
-	-	Remove lead pipes	91.2	2
85.8	4	Water Quality & Restrictions	81.1	3
87.7	3	Internal Flooding	77.7	4
89.8	2	**Pollution** - Prevent wastewater entering the environment	75.5	5
65.9	13	Bill Affordability	74.3	6
79.1	6	Future Water Supplies	73.3	7
75.4	8	Wastewater Infrastructure	70.6	8
81.0	5	External Flooding	69.0	9
72.8	11	Nature Based Solutions	68.1	10
72.8	10	Protect Infrastructure from Growth	66.4	11
75.9	7	Leakage	66.3	12
74.4	9	Bathing Waters & Rivers	62.9	13
66.4	12	Support Vulnerable Customers	59.9	14
-	-	Water Pressure	59.6	15
57.9	14	Carbon Emissions	54.2	16
55.3	15	Water Efficiency	54.2	17
-	-	Transparency and Accountability	51.9	18
42.8	18	Working with Developers	49.6	19
44.7	17	Regulatory Compliance	49.2	20
52.4	16	Customer Service	37.5	21
21.5	19	Community Engagement	26.3	22

Additional inclusion of lead pipes.

An increase in the overall importance of bill affordability.

Leakage reduces, although this is inconsistent with many sources and views from our informed customers and stakeholders. Leakage is particularly important in areas of water stress such as the South East.

Additional inclusion of water pressure.

Additional inclusion of transparency and accountability.

11

WATER for LIFE from Southern Water

4.3 Summary Feedback on each of the Priorities

Table 5, overview to customer feedback for each priority area

Priority Area		Summary of feedback	Key references include
Current Water Supplies	Ensuring a reliable and continuous supply of wholesome clean water	**Priority level 1.** Customers recognise that the most important and fundamental service is the provision of clean, wholesome and safe drinking water. Other than some local issues, most feel that resilience for water supplies must be good – so we generally see customers wanting service levels to maintain rather than improve. Performance in 2022-23 places greater emphasis on improvement. For those impacted by a loss of supply for a significant period the impact is disruptive and can be severe, especially for vulnerable audiences and businesses that can't open. All agree, failure is not acceptable.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Four Site Strategy • CCW Customer Preferences • Social Media Listening • Incident Management • Water Community • WRMP Engagement
Pollution	Preventing wastewater polluting or spilling into the environment through rivers or seas	**Priority level 1 and top area to improve and see ambition.** Customers tend to group the impacts of pollution and use of storm overflows into wastewater entering the environment. Neither are acceptable to customers. Informed customers want the environment prioritised in reducing impacts. This is the top area customers want to see improved, especially important is our seas to our large coastal communities' wellbeing, leisure and tourism. Stakeholders and our customer groups highlight that without addressing storm overflows and pollution performance is a condition to improving our reputation and rebuilding trust.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Storm Overflows Longitudinal Research • Environmental Ambition Research • Regional Community Research • Social Media Listening • Media analysis • Investment Communication Framework • Stakeholder regional workshops • Water Futures quant • Customer Engagement Events
Bill affordability	Ensuring our bills are as low and stable as they can be	**Priority level 2, although especially important to lower income households**. When customers are informed, they are prepared to fund environmental infrastructure. The key concern is that it needs to be affordable to everyone, and that vulnerable customers can afford to pay their bill. Whilst the water bill is not seen as 'expensive', all people are feeling stretched in every direction with the cost of living, and customers are feeling the pain. Customers want bills to remain as stable as they can with support for vulnerable customers.	• Acceptability Testing • Household Future Business and Vulnerable Panels. • Investment Communication Framework • Ofwat Cost of Living Tracking • Stakeholder regional workshops • Water Futures quant • Affordability Deep Dive • PSR Tracking & Benchmarking
Water quality & restrictions	Supply of water to your home or business without any interruption, bad taste, odour or appearance	**Priority level 1**. Perceptions of water quality are high, with most customers satisfied. However, where customers arise, they are on taste, appearance and hardness, rather than safety. Customers want to ensure we maintain high quality water. Customers are generally accepting of restrictions such as temporary usage bans. Acceptance of the restrictions are driven by the perception of the severity of the situation (i.e. drought) and company's management of their supplies. Major restrictions are more of a concern. COVID has helped customers understand the need for restrictions due to extreme events, and place greater emphasis on the need for planning. Businesses want to understand better how they could be impacted so they can plan extra resilience.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Four Site Strategy • CCW Customer Preferences • Social Media Listening • Incident Management • Water Community • WRMP Engagement • Businesses Drought Plan • Collaborative Testing on Drought Plan with Portsmouth Water
Leakage	Reducing the overall amount of fresh water that is lost through leaks and fixing new leaks quickly	**Priority level 1 and top area to improve and see ambition.** Customers want leakage to improve. It has consistently been a top priority for the industry. It is seen as not managing / looking after what you already have – and is 'wasteful'. Any volume of leakage is met with challenge by customers, especially when asking customers to reduce their use. Southern Water current performance to the industry is surprising to customers. They want Southern Water to respond quickly and use innovation and technology to help accelerate plans.	• Acceptability Testing • Household Future Business and Vulnerable Panels. • CCW Customer Preferences • Social Media Listening • Water Community • WRMP Engagement • WRSE Collaborative Research • Repositioning Research • Investment Communication Framework
Internal flooding	Ensuring sewage does not flood homes or businesses	**Priority level 1.** All understand the devastation that internal sewer flooding can have, linking the causes to an out of date network and storm overflows but also understanding the role customers play in clogging up drainage in the home. Customers sympathise and appreciate the devastation internal sewer flooding can have. Any flooding feels like too many occurrences. Prevention is felt to be part of a wastewater providers role.	• Acceptability Testing & Pilots • CCW Customer Preferences • Household, Future, Business and Vulnerable Panels. • Water Futures quant • Customer Interactions and complaints analysis • Spontaneous Priorities

		Disruption and the health impact feel much more significant with internal than external sewer flooding. The relatively low percentage of customers impacted can undermine the distress it causes.	
External flooding	Ensuring sewage does not flood external property	**Priority level 1**. The impact of climate change and wet weather means that external sewer flooding feels a little more normalised, we need to work harder to shock. An increase in wet weather means external flooding is felt to be more frequent, as such customers expected figures shown here to be higher.	• Acceptability Testing & Pilots • CCW Customer Preferences • Household Future Business and Vulnerable Panels. • Water Futures quant • Environmental Ambition Research • Customer Interactions and complaints analysis
Future water supplies	Ensuring a reliable supply of fresh water for the future	**Priority level 1, especially to ensure future generations are protected.** Awareness of water scarcity is low, with most thinking water is abundant. For those more informed, the importance of protecting future supplies is needed – for a reliable and continuous supply of wholesome and safe water. Customers support protecting the environment from reducing reliance on abstraction by developing new sources. They first want us to protect what we have today (e.g. leakage / water efficiency). Second, they want us to develop new sources that are scalable for future needs. They expend a blend of solutions to address root cause and build greater resilience. Customers want the right long term solution, that offers best value rather than short term fixes.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Water Hub • Water Community • WRMP Engagement • WRSE Collaborative Research • Community Events • Water for Life Hampshire Programme
Nature Based Solutions	Improve the local environment and habitats by using more 'nature-based solutions'	**Priority level 2**. Awareness of natural capital and nature based solutions can be low to less informed customers. However, once understood it is seen as the right first choice option – with most agreeing that a twin-track approach with engineering solutions is needed. Future customers especially see nature as the primary lead and would not support anything that hasn't explored the natural options first, whereas many businesses tend to favour certainty / stability.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Storm Overflows Longitudinal Research • Environmental Ambition Research • Nature Based Solutions Deep Dive • Stakeholder regional workshops • Water Futures quant • Youth Customer Engagement Event
Bathing waters & rivers	Ensuring that the quality of rivers, beaches and bathing waters	**Priority level 2, our customers are connected to the sea.** Many of our population centres are coastal and customers feel connected to the sea – which is unique to Southern Water. The environmental, recreational and tourism impacts of the sea are felt across the region – which makes our bathing waters a topic of conversation for customers. In recent years sea swimming, paddle boarding and other recreational uses have further increased our customers connection to the sea. Protecting rivers from environmental harm are equally important, but less frequently referred to by Southern Water customers due to the proximity and use of the beaches and seas.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Storm Overflows Longitudinal Research • Environmental Ambition Research • Water quality and Wellbeing • Stakeholder regional workshops • Water Futures quant • CCW River Awareness & Perception • Social Listening • Media analysis
Wastewater infrastructure	Ensuring a reliable and continuous service of removing wastewater	**Priority level 1**. Storm overflows and pollution incidents are top of mind for customers and stakeholders. However, overall infrastructure for wastewater is often not top of mind. Customers want to see the same services for future generations as there are today. The impact of wastewater entering the environment, the risk of flooding, blockages and pollutions all place greater importance on the infrastructure.	• Acceptability Testing • Household Future Business and Vulnerable Panels. • Environmental Ambition Research • Regional Community Research • Social Media Listening • Investment Communication Framework • Stakeholder regional workshops • Water Futures quant • Long term strategy • DWMP Engagement
Support vulnerable customers	Providing support and assistance to vulnerable customers	**Priority level 2.** The pandemic and the cost of living crisis has increased the importance of supporting vulnerable customers. Being available and with tailored services, tariffs and wider support is fundamental for customers who have both short term and long term vulnerabilities. When customers look at possible bill increases for investment, a primary consideration is ensuing that those that need it are supported. During loss of supply events we see the importance of wider support to incidents and protecting vulnerable customers.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Stakeholder regional workshops • Water Futures quant • Affordability Deep Dive • PSR Tracking • Vulnerability Benchmarking • CCW Customer Preferences • Spontaneous Priorities
Carbon emissions	Minimising and reducing carbon emissions in how we	**Priority level 3, although higher for future customers.** The environment is important with customers witnessing climate change around them. Net Zero is a familiar and positive term to customers. However, it is not fully understood. It's generally felt to be something that companies and governments need to work towards.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Environmental Ambition Research • Stakeholder regional workshops • Water Futures quant • Youth Customer Engagement Event

	operate and making the most of renewable energy	Initiatives, such as electric vehicles or reducing emissions, are felt to be part of the day to day and will be met by legislation and the natural adoption of ways of working. As a result, we seen limited support for any increase in funding through bills to support enhancement of net zero. Customers feel they already pay through taxes and behaviour change programmes. In trade-off exercises they place greater emphasis on issues they see the responsibility lie solely with water companies, such as storm overflows and resilience.	• Long Term Strategy Engagement
Regulatory compliance	Ensure Southern Water deliver on the conditions set by regulators	**Priority level 3**. Whilst important to ensure Southern Water delivers on the conditions to regulators, this was an area of lower interest to our customers. We see when looking at specific measurement that there is an expectation this will happen and thus not a focus needed for customers.	• Household, Future, Business and Vulnerable Panels. • Spontaneous Priorities
Water efficiency	Providing information, support and help customers to reduce their own water consumption	**Priority level 3.** It is widely felt by customers that the balance is wrong, and the focus of behaviour change is placed too much on them – rather than the industry leading. However, as people get more informed, they understand the collaboration needed. They do see there is a big role they can play. For example, demand reduction on per capita consumption compared to leakage targets. With water efficiency, they want to see focus placed on government intervention, working with new homes and new legislation.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Social Media Listening • Water Community • WRMP Engagement • Behaviour change (BIT) with SEW • Collaborative Garden Usage • T100 Campaign Tracking • Smart Metering Research
Protect infrastructure from growth	Protecting the water and waste infrastructure to account for a growth in the number of new homes	**Priority level 2, although a top priority for stakeholders.** The impacts of population growth are well understood, and customers want to see extra resilience and planning of infrastructure to keep up with demand. Most regional communities feel they are trying to protect their way of life and all local infrastructure (including water and wastewater) from new homes being built.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Regional Community Research • Stakeholder regional workshops • Stakeholder BaU Engagement • Long term strategy • DWMP Engagement
Customer service	Providing the best overall customer service	**Priority level 3.** Customer service isn't always top of mind – the water industry can be invisible to some customers, until something goes wrong. Customers want a consistent level of good service. They want it to be personal, easy, tailored, relevant, reliable and for us to do what we say we'll do. They want to be able to engage through a range of channels that depend on their need and type of issue. When things do go wrong (e.g. loss of supply or flooding) customers expect great service to resolve the issue quickly, properly and to be kept informed.	• Acceptability Testing • Household Future Business and Vulnerable Panels. • UKCSI Reporting and Recommendations • C-Mex Analysis • Interaction analysis • Complaints analysis • Social Media Listening
Working with developers	Ensuring new housing and developments are built sustainably	**Priority level 3, but critical to several non-household groups.** Household customers recognise the importance of working with developers. Non-household developers, NAVs and SLPs place this as a top priority. They need easy and tailored service and to collaborate in their activity.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • NHH Deep Dives with Developers, SLP's and Navs • Stakeholder BaU • Regional Stakeholder Workshops
Community Engagement	Engaging and working with local communities to support local initiatives / issues	**Priority level 3, and an area customers want to hear more from.** Challenge from informed customers and stakeholders recognise that Southern Water needs better engagement to rebuild trust and reputation. Following on from the pandemic, customers do feel a stronger sense of local community, and the context and plan outlined by. Customers see Southern Water very much as providing an essential service to their community which is the priority –getting the basics right first. If anything, customers feel that Southern Water should be shouting about what they already do in the community more.	• Acceptability Testing • Household, Future, Business and Vulnerable Panels. • Community PR24 Events • Regional Stakeholder Workshops • Regional Community Research

4.4 Satisfaction as a driver of support

Independent analysis by one of our customer research partners[20] told us that plan acceptability scores are impacted by our lower levels of satisfaction verses other companies. Qualitative acceptability testing[21] reveals that nearly all who deem the plan unacceptable have negative views towards Southern Water and / or the sector as a whole. From the qualitative testing of the plans, there are 31 dual customers who deemed the plan to be unacceptable or completely unacceptable. The majority who deem the plan unacceptable do not reject the plan for its contents, but instead feel negatively towards Southern Water or the sector as a whole.

With shadow testing of our plan (using an online panel), we ran another wave of affordability testing at the same time as the main project. We used the same stimulus materials as in the main test and used an average bill amount. However, we asked customers in the research to think about how their bill would differ depending on their water use.

From this research we saw that satisfied customers (scoring 8-10 out of 10) provided 79% acceptance for the proposed plan. However, those less satisfied (0-5 out of 10) only scored at 29% acceptable. Further analysis looking across other types of testing shows this impact consistently across plans and proposals. Using industry analysis[22] (C-Mex) we see our reputation is currently significantly below the industry, which means dissatisfaction will naturally lower our plan scores.

From the formal affordability testing[23] we also see that customers that reject the plan do so based on our performance and reputation. This highlights that whilst other customers are supporting the contents of the plan, we must work hard to deliver on our commitments and rebuild the trust of our customers.

In further analysis of a range of projects asking support or customer views, we see a consistent gap between those with higher and lower satisfaction with us.

Table 6, Summary table showing the difference across between satisfied and dissatisfied customers through a range of research projects:

Question Areas:	Dissatisfied (0-5)	Satisfied (8-10)	**% pts difference**	**Sample and approach**
Support investment in four water supply work sites[24]	68%	86%	**18%**	1,001 from an online panel Aug '23
Support Southern Water investing in coastal resilience[25]	62%	68%	**6%**	1,001 from an online panel Jun '23
How do you feel about paying for something that you wouldn't see a direct benefit from[26]	19%	40%	**21%**	1,013 from an online panel Dec '22

[20] SRN14, Section 1: Index, 207h - Independent Analysis of Satisfaction as a driver of Acceptance Sep '23
[21] SRN14, Section 1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23
[22] SRN14, Section 1: Index, 191 - Reputation Deep Dive - Summary Presentation Aug '23.
[23] SRN14, Section 1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23
[24] SRN14, Section 1: Index, 201d - Southern Water - Water Futures Quant Wave 4 - Aug '23
[25] SRN14, Section 1: Index, 107- Southern Water - Environmental Ambition Results FINAL Report - June 2023
[26] SRN14, Section 1: Index, 201b - Southern Water - Water Futures Quant Wave 2 -Dec '22

Support increasing the average bill to protect and improve the environment for future generations[27]	49%	73%	**24%**	1,013 from an online panel Dec '22
Agree that Southern Water should introduce smart metering for their customers[28]	31%	72%	**41%**	750 from an online panel Aug '22
Appealing does this tariff sound to you and your household (Tariff 1)	58%	73%	**15%**	1,001 from an online panel Aug '23
Appealing does this tariff sound to you and your household (Tariff 2)	40%	61%	**21%**	1,001 from an online panel Aug '23
£ level increase to a social tariff when the number of customers rejecting the amount exceeds the number supporting	£2	£7	£5	546 customers from an online panel and telephone interviews in Jul '23
Plan Acceptance	29%	79%	**50%**	500 from an online panel Aug '23
Affordability	9%	27%	**16%**	500 from an online panel Aug '23

Using this analysis, we worked with our household panel to help further understand our acceptability and affordability scores from the robust survey[29].

Acceptability
In the robust survey we see a weighted score of 49% rating the 2025-2030 plan as acceptable, and 41% unacceptable. However, in our acceptability testing[30] we see support much higher at 68%. Our informed panel audience were much likely to rate the plan as acceptable. For those that rated it unacceptable, poor performance data and reputation were the main drivers. Panellists told us that low acceptability is much less about the specifics of what is being proposed in the plans, and much more about the level of the predicted bill increase (off the back of widely reported reputational issues, and poor performance data).

Combining the insight from our household panel with the feedback in our main survey, we believe there are three main drivers for lower acceptability scores:

1. **Reputation –** dissatisfied customers score much lower than satisfied, and with damaged trust this reduces the score.
2. **Current performance combined with the research method –** the approach shows customers current company performance, although doesn't highlight the company's turnaround plan. This means the current performance is shown to customers right before we ask them about a future plan. Whilst this provides good levels of comparability to other water companies, the framing of current performance reinforces reputational challenges.
3. **Bill impact –** the impact to bills is driven by significant investment in both future water and waste services.

[27] SRN14, Section 1: Index, 201b - Southern Water - Water Futures Quant Wave 2 -Dec '22
[28] SRN14, Section 1: Index, 182 - SW Smart Meters - Integrated debrief - Aug '22
29 SRN14, Section 1: Index, 207i - Southern Water - Household panel review of AAT scores Sep '23
30 SRN14, Section 1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23

Affordability
In the robust survey we see a weighted score of 50% rating the 2025-2030 plan as either easy to afford or 'neither'. (16% rate the plan as easy to afford). An equal number rate the plan as difficult to afford. However, in our acceptability testing[31] we see those rating future bills as difficult to afford much lower at 24%. Our informed panel audience told us that human nature is to vote 'no' to a price increase, thus even many who are accepting of the need for investment are reticent to give permission to increase their bills. We see a response often based on principle rather than true affordability, though of course there are some who genuinely will struggle.

Combining the insight from our household panel, with the feedback in our main survey, we believe there are three main drivers for lower affordability:

1. **Cost of living** - Whilst bills are relatively affordable today, the cost of living crisis means everyone is feeling the squeeze.
2. **Permission to increase bills** - Some customers are reticent to give a 'green light' to bill increases.
3. **Need for extra support** –customers that need genuine support to help keep their bills affordable.

4.5 Detailed Feedback on Affordability

Bill affordability - Priority level 1, especially important to lower income households. The importance of bill affordability is nuanced. Current bills today are felt to be relatively affordable compared to other utilities and household bills. However, the cost of living crisis means customer are feeling the squeeze. In the most recent data sources and with proposed increases to bills, future affordability has risen as a top priority in testing of the plan. We also see the relative importance significantly increase for bill payers, who ultimately will be funding the investment from 2025-2030.

> *"This is the big one now, overtaking the pandemic; families are being hit hard and will have to make some major changes to their lives."* Household customer panel

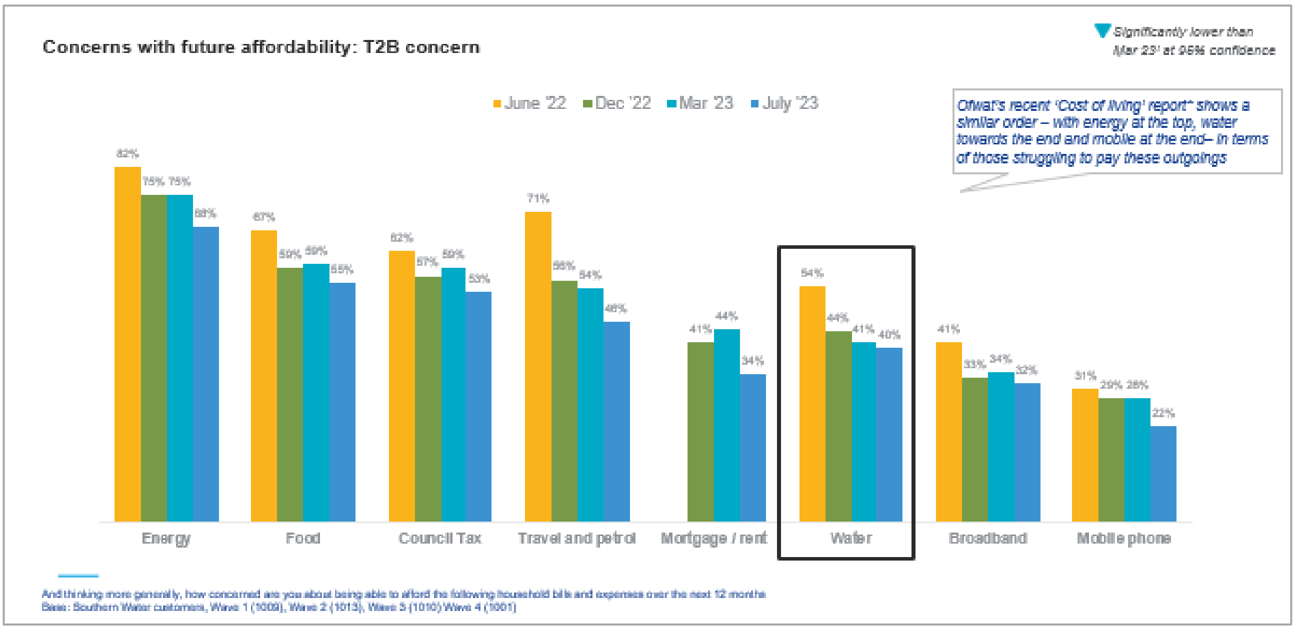
Current Situation:
Our research shows that around 25% of our customers struggle with comfortable being able to afford their outgoings[32], and 7% really struggle. Analysis of demographic data shows that around 30% are in the lower social grades, with the Isle of Wight and North Kent having around 34% in the lower income levels compared to more rural areas of North and Central Hampshire and North Sussex having between 22-27%. In national research by Ofwat we see that up to 57% can sometimes struggle to pay household bills[33] over the last year.

Around 40% of our customers are concerned around future water bills. The greatest concern from customers on future bills is for energy, food, council tax and travel / petrol. Concern peaked in June 2022 and has slowly been decreasing since the height of the cost living crisis.

31 SRN14, Section 1: Index, 207a - FINAL Acceptability and Affordability Presentation - June '23

32 SRN14, Section 1: Index, 201d - Water Futures Quant Wave 4 - Aug '23
33 SRN14, Section 1: Index, 170 - Cost of Living Research March '23

Figure 88: **Customer concerns with future affordability of bills**[34]:



We have heard from customers that whilst water bills might be relatively affordable today, middle income families are feeling the 'squeeze' with income not keeping up with rising costs. Any increase in prices then mean customers must trade-off in other areas of their lives. For those that are struggling today, any increase to bills is a real concern. They need help and support through schemes (e.g. social tariff) and payment flexibility to aid budgeting. Even customers who do not struggle with their bills and our future customers want to ensure the most vulnerable are supported. Businesses reference their need for stability of bills to help them plan and budget.

Concerns over bills can also impact a customers' wellbeing. In Ofwat's research[35] we see bill payers struggling with their water bill were twice as likely as the average bill payer to report feeling depressed (42%). People who struggled to pay household bills over the past year were also more likely to report negative day-to-day emotions. More than half (55%) of bill payers who struggled to pay bills 'all of the time' reported feeling stressed, up from 50% in wave two. This compares to 13% of those who 'never' struggled to pay bills.

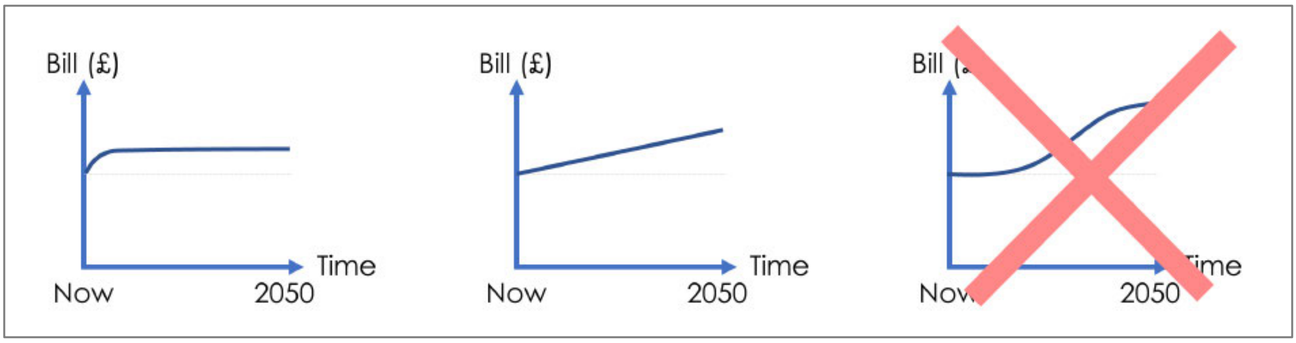
Future Investment:
Our customers have told us the environment is central to everything we do and whilst bills need to be affordable, this shouldn't be at nature's expense. They are prepared to invest now for future generations, and we must support those that need it most. Our customers have consistently told us they want their bills to be as 'smooth' as possible, balancing keeping bills low for those struggling with cost of living today and improving the environment.

Customers expect a blend of solutions that think about best value for the long term and show credible progress in the short term. They want us to make decisions that are based on best value. They often refer to investing properly now rather than an issue getting worse and having to pay more in the long run. They want us to use our expertise to go over and above, with the greatest focus on environmental benefits.

[34] SRN14, Section 1: Index, 201a - Water Futures Quant Wave 1 - June '22
[35] SRN14, Section 1: Index, 170 - Cost of Living Research March '23

When talking about long term investment, through many different research projects, customers have consistently told us that they do not want to delay investment to place the cost on future generations.

Figure 89: F**eedback on bill profiles from our Main Stage Acceptability Testing**:



Instead, customers prefer a smoother increase. Some customers (e.g. larger businesses) prefer a jump in the short term they call a 'reset' while others (e.g. lower income) would rather keep bills as low for as long as possible to help with the current crisis.

Reaction to Price Options:
When we look at specific pricing options, we see higher bill impacts begin to raise a number of challenging questions and feel at the very outer limit of what could be deemed affordable.

- Customers were shocked by a scenario that pre-inflation bills increased to £733 in 2030 and are even more so with this taken into account, despite inflation being applied incrementally.
  - Less so initially but when we reach year 2027-2028 onwards this feels unaffordable for many of our customers, adding to the worry of what already feels like an uncertain future.
  - Many claim they simply feel they could not afford an increase such as this.

- A different scenario with a predicted bill impact (rising to £677 pre-inflation) of the proposed plan is seen as affordable for most customers
  - Affordability perceptions are not just about having the financial means to afford the predicted bill impact, but also often a belief that water is a relatively cheap commodity with the research having opened customers' eyes to how much goes on behind the scenes
  - The wider context of all household outgoings increasing in recent years also makes the predicted bill impact less of a shock, and for some can help justify it
  - However, there are some who will find it harder to afford the predicted bill increase
  - These customers are more likely to be lower income, vulnerable and larger (family) households who are feeling squeezed in all directions by the current cost of living crisis
  - But there is also a small amount of principled objection to the proposed plan from some customers in this response
  - For those with genuine affordability issues, it is essential that we work hard to identify them and promote awareness of the support available e.g. Social Tariff, as well as help with how to adopt measured behaviour change to keep bills manageable

In order to mitigate this level of increase, it is felt that Southern Water should:

1. Fund a larger proportion from profits rather than customer bills
2. Give additional support to customers over and above those on low incomes / PSR e.g. including those on middle incomes
3. Bring in new tariffs that take into account property size and / or better reward water efficiency

Our research into future tariff options highlighted that those with health vulnerabilities often have a need to use more water, they feel it is unfair to be penalized for this to stay healthy and clean.

"Keeping bills low for all customers -this is important due to the current rise in utility bills consumers are currently facing and will face for the next 12 months at least." Household customer panel

"People are struggling, and things are not showing any signs of improvement so perhaps decreasing share holder profits while Southern Water is failing to meet its targets would be preferable than charging customers even more money without delivery a decent service that meets or succeeds its targets." Future customer

"My concern at the moment is the fact that people are struggling today with the high inflation levels, the high fuel costs etc. Is there any way of flattening it for now?" Vulnerable customer

4.5.1 Social Tariff Support

In 2023/24 we currently have an agreed cross subsidy of up to £13 per year for a dual service customer. In research we ran July 2023[36] we followed CCW guidance and approval before launching a new Willingness to Pay survey for increasing the cross subsidy of the social tariff. From the findings we see:

- 60% of customers 'support or don't mind' an additional £3. CCW support this proposed increase.
- 56% of customers 'support or don't mind' an additional £4. CCW stated their support might be extended for this level.
- At £5 we see over 50% (52%) of customer support or don't mind
- At £7 we see customer objection increase to above 50% (52%) - which matches the level of support we have agreed today, compared to the previous Social Tariff Research (in 2018).

In analysis we also see that the level of support is impacted by our reputation. For example,

- Dissatisfied customers - £2 increased support is the point where support and opposition intersect
- Satisfied customers - £7 increased support is the point where support and opposition intersect

On reflection and given our reputation is poorer than other companies[37] and we have a higher number of dissatisfied customers, we want to ensure our most vulnerable customers are not penalised as a result. Based on this insight, the impact of the cost of living and potential bill increases[38], we are proposing a £7 annual increase to cross subsidy support.

4.5.2 Tariffs

Following recommendations from customers in our acceptability testing and our Customer and Communities Challenge Group, in June and July 2023 we ran some research with our customers[39] exploring the role of tariffs. This was to help designing pilots for 2024, to help us learn before the introduction of smart meters in 2025-2030.

The insight showed us that for all tariffs, there is a need to clearly communicate the conditions and exemptions. Customers have very real concerns that the proposed tariffs could otherwise disadvantage or even penalise:

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36 SRN14, Section 1: Index: 130 - Social Tariffs Combined report Jul 23
37 SRN14, Section 1: Index: 170 - Cost of Living Research March '23129 - Customer Service and Reputation - March '23
38 SRN14, Section 1: Index: 170 - Cost of Living Research March '23 and 207a - FINAL Acceptability and Affordability Presentation - June '23
39 SRN14, Section 1: Index: 155 - Tariff Sprint Research July '23

- Those with medical conditions, whose usage may be higher than others due to health reasons, and for whom water is very much essential
- Those in multiple occupancy housing

Customer preferred more reward based tariffs rather than those felt to penalise. There was an overall preference for a tariff that rewarded efficiency but also penalises wasteful consumption. This combination was felt to be most likely able to lead to a shift in mindsets. In robust quantitative testing [40]we saw the same preference emerge that was felt to be appealing to 67% of our customers. However, it is key to ensure any tariff is simple as complexity is likely to create suspicion around the motivation for its introduction. For more information on tariff plans, see SRN08: Affordability, Section 3.3.3.

4.6 The Environment

The environment has always been important.
However, with greater awareness and links to the water sector, and visible signs of damage (e.g. storm overflows), the importance to customers has never been higher. With future generations and the impacts of climate change, it will continue to grow in importance. During the COVID pandemic customers told us that their appreciation of their local environment strengthened. In 2018 we hear customers talk about 'protect and improve' the environment, and now we hear 'protect, improve and restore'.

Customers want us to treat the environment better. The importance of the environment continues to shape the customer world. Future customers especially frame everything under an environmental lens. Customers expect us to protect, improve and restore our natural environment – which can be seen as an exploitative relationship. Storm overflows are a prime example where public opinion is focused – but if this can be turned around and we can be proactive in improving (i.e. not just repairing) this can have a very positive impact.

We need to put nature first. Awareness of natural capital and nature based solutions can be low to less informed customers. However, once understood it is seen as the right first choice option – with most agreeing that a twin-track approach with engineering solutions is needed. Future customers especially see nature as the primary lead and would not support anything that hasn't explored the natural options first, whereas larger businesses tend to favour certainty and stability.

Customers expect us to make decisions based on best value. They appreciate that it is often a blend of solutions that is needed. First making use of what we have now. When we then design new solutions, they want to see greatest value on areas that have environmental benefits – particularly habitats, wildlife and ecosystems. Then we need to consider the local community and wider wellbeing benefits such as recreation or job creation. They want designed solutions to be scalable and sustainable for future generations, considering the long term impacts not just the short-term of cheapest.

Figure 90: Future Customers Challenge to the Industry:

[40] SRN14, Section 1: Index: 201d - Water Futures Quant Wave 4 - Aug '23

*"I don't see storm tanks as being particularly environmentally friendly, so it would be better to concentrate on the more environmentally friendly solutions first." **Household Customer***

Customers are prepared to invest in the environment. When more informed, they are prepared to fund environmental infrastructure. More so, they almost feel morally obliged to do so for future generations. However, Southern Water need to play our part first and fundamentally customers need to trust that it's fair and we are delivering what we say. This can be done by showing customers what we are doing now – where and what we are delivering. This is especially relevant with a more proactive approach on environmental concerns. (i.e. how are we minimising the negative impact we are seen to have on the environment now).

Our customers expect us to demonstrate environmental leadership. They see us and the sector as the experts, therefore we must use that expertise to evaluate the right options. Customers recognise the role they and others play but expect the water sector and government to take the lead – and then they will play their part.

*""It's not just our planet. If we're causing this damage, then we should do something about it. But it's not just water companies as it has to be a partnership with agriculture, industry and others responsible too." **Household Customer***

4.6.1 Net Zero

Net Zero is a familiar and positive term to customers. However, it is not fully understood. It's generally felt to be something that companies and governments need to work towards. Given this perception of responsibility, it's relative priority to other services by Southern Water is generally lower. Initiatives, such as electric vehicles or reducing emissions, are felt to be part of the day the day and will be met by legislation and the natural adoption of ways of working. As a result, we seen limited support for any increase in funding through bills to support enhancement of net zero. Customers as they feel they already pay through taxes and behaviour change programmes.

*"On changing to electric vehicles, the customer perception is that this will happen anyway with vehicle manufactures being forced to change by government, thus there is no benefit in accelerating the programme." **Household customer***

When exploring further (e.g. exploring the energy use of water companies), more informed customers recognize and acknowledge the importance of reducing carbon, especially for future generations. They are pleasantly surprised that the water sector has agreed to meet government targets early and support that ambition. Customers do question why targets such as net zero can be done so quickly, when other higher priority areas (e.g. leakage) will take longer and only reduce by 50% by 2050. When meeting net zero ambition, customers want targets that are met through the right long-term solutions rather than quick fixes. Offsetting of carbon is not supported by customers as it does not address the root cause and is seen as 'green washing'.

*"Southern Water should remain committed to Net Zero, but that commitment should be part of a balancing act on future needs. They are acknowledging leakage and other issues so I think the 'date stamp' attached to Net Zero is very unrealistic. **Household customer***

Our most informed customers and stakeholders recognise the role carbon plays out in all of a water companies' activity and embedded carbon. They site improved performance in areas such as leakage, and the knock on impact this then has in reducing carbon. Stakeholders talk about how finding the right solutions where carbon intensity is an important factor of the decision process. In areas of infrastructure, our customers want thee to be designed and built in a way that protects the environment by being sustainable and scalable for the future.

Future customers are far more challenging on carbon targets. For them, the environment is central to everything we do. They do not agree with the trade-off bill payers make between the environment and the economy. They not only agree that new infrastructure must be designed and built in a sustainable way, will not support a programme that isn't making environmental choices.

"I think the balance would come together. If you're not polluting or wasting your harmfulness to the environment would come down naturally."
Household customer

"I would love to live in a society that prioritises economic and social equality and a more sustainable way of living that aligns with the environment." **Future customer**

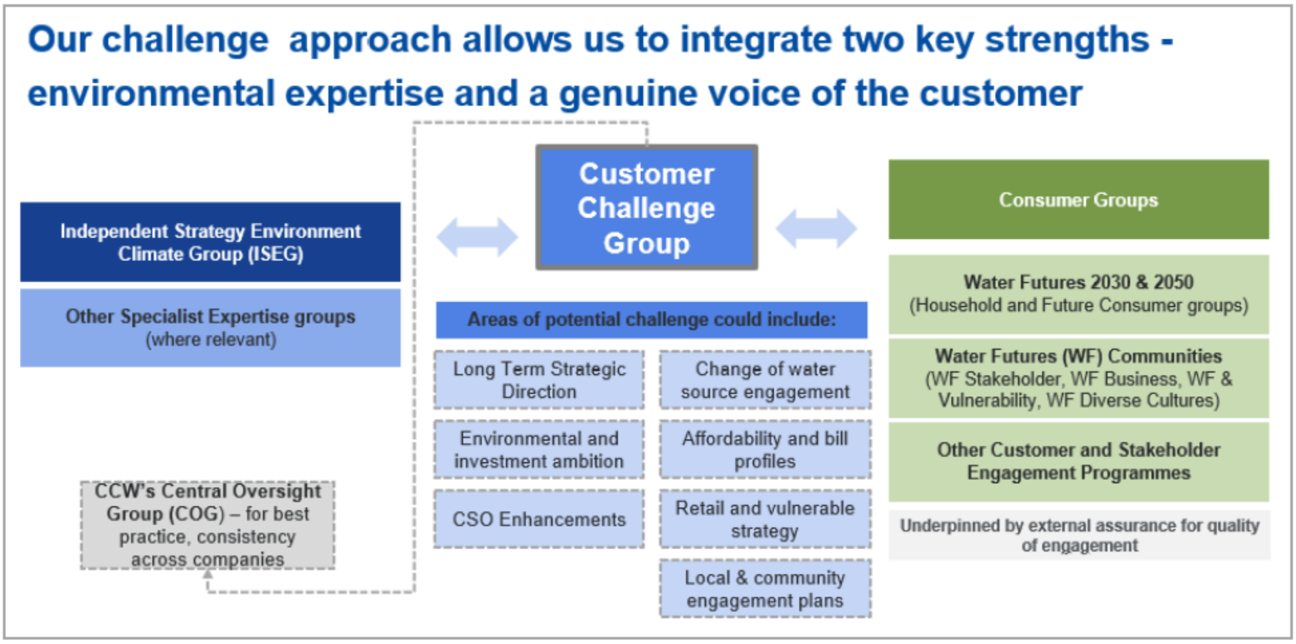
Section 5: Assurance and Challenge

Ofwat and CCW recommended flexibility for companies to have 'Independent Challenge Group' (ICG) arrangements. We designed our Independent Challenge Group arrangements to have the greatest impact for customers. The core elements enable each area to play to its own strengths and expertise to drive action. Our ICG is made up of 4 key areas of challenge:

Figure 91: An overview to our ICG Arrangements:

1. Customer and Communities Challenge Group	To provide help on areas of expertise and challenge on customer feedback on our proposed Business Plan
2. Independent Climate and Environment Group	To provide specialist and technical challenge and advice on environmental performance and strategies
3. Customers	The use of informed customer panels to provide more open and more inclusive challenge.
4. External quality assurance & advice	Technical support on quality of insight so stakeholders and customers can focus on what matters to them

Figure 92: An overview to our ICG Arrangements:



We reviewed our 4 elements of assurance to ensure they deliver against the guidance from an Ofwat position paper[41].

Table 7: Overview of Assurance Compared to Ofwat Guidance

Ofwat Expectations	
Independence	All stakeholders recruited are independent of Southern Water. Our accredited research partners facilitate the discussions with customers to maintain independence. External assurance is run by independent experts.
Board Accountability	The board attends every Customer and Communities Challenge Group meeting, with 5 different members joining key meetings. Our Environment and Customer groups have also shared feedback directly to the board. Summary from our groups has also been presented to our board.
Ongoing	All groups and assurance are ongoing as detailed in the summary of approaches in the sections below.
Informed	A deliberative process was used to provide regulatory and wider industry information to members across all groups. This is to ensure an unbiased understanding of the key pieces of information needed in their respective tasks.
Transparent	All notes from meetings are recorded and shared with members. Main findings from customer panels are reviewed by customers involved.
Representative	Our stakeholder groups have a range of members with different expertise to represent our key customer groups. Demographics and regional differences are used in our customer panels.

41 PR24 and beyond: Customer engagement policy – a position paper - Ofwat

Comprehensive	The range of topics covered are for all the areas that matter most to our customers. The groups themselves have driven the content to ensure we cover the correct topics of interest.
Timely	Each of the groups started early in the PR24 process with regular meetings / reviews to ensure sufficient time to cover areas of challenge.

5.1 Customer and Communities Challenge Group[42]

Objectives

- **To help us improve -** in areas where they can provide meaningful help and assistance through their expertise / networks (e.g. community engagement, supporting vulnerable customers, working with customers on storm overflows)

- **Challenging our plan -** by reviewing customer feedback from testing the business plan and challenging areas of concern and reviewing the Southern Water response.
    - They also played a vital role in reviewing and agreeing plan materials that were being used with customers to test the plan

Membership

Senior leaders from stakeholder organisations representing customer interests from across the Southern Water region. This included CEOs of a Chambers of Commerce, local Citizens Advice, a director for positive youth engagement, and a director who assists customers to increase their income, reduce bills and get the debt advice they need. We had up to 9 members of the group, including a CCW representative.

Approach

We held our first meeting of the group in April 2022. Over a dozen meetings have been held so far. Meetings were run online to allow for members to represent our communities from across the South East. Our Chief Customers Officer, support by Head of Customer Insight led the meetings and agreed the agenda with members in advance. Each session was joined by a member of the Southern Water Board. Our Chief Executive also joined a crucial meeting in July 2023 as we reviewed the feedback from the Acceptability testing of our business plan, and how Southern Water was responding. Feedback from our Acceptability testing was presented directly to Challenge Group members from an external insight partner.

We recruited stakeholders without significant price review experience and could represent the variety of difference audiences from across the Southern Water region. With regulatory review built into the Price Review process and CCW as part of the group, we wanted to hear from those outside of the sector with unique expertise. Each meeting in 2022 would focus on helping engage members on various elements of the price review process to deliberatively build up their knowledge and understanding. CCW and the attendance of a lead member at the Central Oversight Group (COG)[43] helped link to wider industry updates. We also engaged on everyday plans relevant to the price review, and of high importance to customers. This was to ensure the group helped us improve at each meeting. Topics were customer focused and discussions were led by the relevant technical in-house teams. Example discussions from everyday projects included:

- Storm overflow reduction plans
- Smart metering strategy
- Community engagement

[42] For more information please see our Customer Engagement Technical Annex
[43] The Central Oversight Group is a group made of chairs from all water companies ICGs to share best practice and help to align roles

- Education strategy
- Leakage
- Drought communication
- Social tariff and supporting vulnerable customers.

Impact

We feel the Customer and Communities Group is a huge success. The inclusion of technical leads engaging with experts who represent a range of communities with their own networks has enabled us to make improvements for our everyday projects as well as in the proposed business plan for 2025-2030.

5.1.1 Some of the recommendations that drove immediate improvements include

- Additional communications launched with customers to remind them of the temporary usage ban in the summer of 2022 and review of channels for better customer recall in future years
- Helping widen the reach of the of social tariff and support materials by recommending the translation to other languages being sent to community leaders to share
- Helping in understanding the impact of overflows to oyster farmers in Kent
- Advising on the re-working of long term targets of Storm Overflows (especially for the engagement with customers)
- Challenge and recommendations on education, community engagement, support for vulnerable audiences and insight programmes
- The group advised to include volumes of rainwater as part of overflows built into our communication

In helping to drive the business plan 2025-2030 further, the challenge has helped to:

- Improve business plan materials for testing – ensuring they were fit for purpose and clear for customers.
  - We completed all recommendations updated to acceptability testing materials – e.g. targets, language, performance (e.g. supply interruptions) and 'must do' plan choices

- Recommendation to integrate the community and education programmes
  - Integration has happened from 2022, but now part of the core community engagement strategy for 2025-2030

- Supported recommendation to increase our social tariff to 45% and that it needed to remain into 2025-2030
  - Additionally challenged to look at widening the support we offer, which we are proposing to increase the number of customers we can help

- Support the need for smart metering and challenges on elements of the roll out
  - Recommending that we will need to introduce them to help improve understanding of bills

- Recommended different tariff incentives for lower or higher more affluent users
  - We carried out research and are trialling a tariff structure in 2024 that rewards more efficient users, with plans to scale up between 2025-2030

- Developed an entire section of the plan on trust and transparency
  - Following feedback from the group we created an extensive approach to support our 2025-2030 plan

- Challenge our thinking on key targets and areas of improvements for customers
  - Including storm overflows, leakage, supply interruptions and support for vulnerable audiences

5.1.2 Overview to Meetings

Since the group was created, we have covered a range of different topics to support every day improvements and our 2025-2030 business plan. An overview to the topics, areas of challenge and main actions are captured below:

Table 6: Overview to Customer and Communities Challenge Group Meetings

Meeting	Topics Covered:	Main Areas of Challenge:	Actions
27th April 2022	• Purpose of the group and expectations • Introductions • Overview to Ofwat and CCW guidance • Long term strategic direction • Consultations	• South East is a key area for the UK • To be considering cost of living, affordability and support for vulnerable customers • Importance of sea swimming and overflows • Concern of reputation and transparency issues • Community engagement needs to look at local issues • Need for Southern to better engage with schools and community	Future topics needed to include community, water efficiency, smart meters, debt and support, pollution plans. Community engagement plan for PR24 to be developed.
23rd June 2022	• Regulatory basics • In-house vs outsourcing of customer service • Overview to PR24 customer engagement approach	• Reflection of so many bodies / regulatory pressures from different situations for PR24 • Many customers don't understand aspects / water is invisible – so need to engage • Split opinion on local in-house service between a South East circular economy and keeping bills affordable • Challenge to be hyper local with engagement	Request for CEO to join a future meeting. Education to be part of the community strategy. Direct links with members on storm overflows and water efficiency challenges.
14th September 2022	• Smart metering strategy • Drought communication • Storm overflows	• Agreement that Smart Meters is needed as part of the upgrade of infrastructure. But to ensure we are considering Environmental impact of installs and disruption caused • Greater communication on leakage progress for drought comms and more proactive at longer term forecasts • Impact of storm overflows on tourism and trust in Beachbuoy and to be clear about the amount of sewage in releases. 2050 target feels a long way off	Demonstrated difference of Smart costs to CCW Ran additional drought communications following feedback from the group. Engaged directly with oyster farmers and updated leaflets to be used with lifeguards. Changed overflows communications to demonstrate the volumes of rainwater
9th November 2022	• Social tariff • Education strategy • Community Engagement	• Key to work with other parties as gatekeepers for social tariff • Support to increase assistance to 45% • More could be done to promote Water Sure Tariff	Increased social tariff support to 45% Developed and shared social tariff and support

	• Leakage	• Education needs to be for adults too (on water efficiency) • Support for the community grant scheme and it's usage • Challenge to ensure community engagement is impacting through the supply chain	leaflets into other languages and distributed through key contacts in the group Developed an education approach through campaign for water efficiency
14th December 2022	• Overview to acceptability and affordability testing • The role of the group for testing	• The need to reflect different diverse community leaders and local communities • Members to see questions before testing • Some minor challenges to guidance • Importance to understand the key drivers	Expanded our testing to ensure all panels (including diverse community leaders) would test the plan Members signed off on questions Boosted basic sample requirements and supporting work to ensure we'd understand the drivers
6th February 2023	Acceptability testing feedback on questionnaire Storm overflows projects updates Capital projects engagement approach	• Agreement with pre-read information and questions for acceptability testing • Positive feedback on the pathfinder projects and a desire to hear more on storm overflows plans • Agreement on channels used for capital projects	To review final acceptability pre-read information and materials To hear more on the storm overflows projects
29th March 2023	• Draft business plan • Acceptability testing assurance and how we plan to go above the requirements • Your water, your say plan • Water efficiency update	• Detailed feedback on draft plan to ensure it was clearer and more accessible for customers (e.g. targets, phasing, units, language, explanation) • Recommendation that the Your water, your say invitation needs to be hard hitting to encourage sign ups and consider those not online • Consideration of different incentives for higher affluent water users • Recommended the targeting of garden centres and other touch points	Completed all recommendations updated to acceptability testing materials Developed a tariff testing programme (ran in June '23) on trial incentives. Currently being developed for 2024.
26th April 2023	• Overview of the Business plan • Water plan • Waste plan • Examples of storm overflows and harbour programmes	• Showed updated to materials for acceptability testing (e.g. video, inclusion of target translations, latest supply interruption view, language changes, difference between 'must do' and plan choices) • Questions on leakage and the impact of pressure on the network • Challenge that overflows and pollutions are absolutely key for reputation	N/A – purpose of session was to ensure the group were informed on our draft plan
8th June 2023	• Main themes of customer research • Acceptability testing feedback	• Insight providing confidence as shows the depth of work that has been done • Understanding that businesses tended to be more pragmatic around plans	Affordability – completed further work on social tariff to increase support

	from independent research company	• Endorsement and agreement with feedback from customers
		• Want to see more on:
		  • supporting customers that will need help (and possible flexibility of investment)
		  • Engaging to rebuild trust
		  • Leadership of investment and focusing to bring customers around by working on what matters most
			Engagement – developed an approach to trust and transparency
			
			Leadership – are working on several plans (such as storm overflows)

6th July and 26th July (split meeting to cover topics)	• Joined by Lawrence (CEO) • Affordability and alternative delivery • Leakage • Rebuilding trust and engagement • Wastewater plans • Storm overflows	• Customers need to see the cultural transformation that is being done, (especially with real people). • Impressed with support that is there – but considering those that really need help and maybe optimistic with what they can afford • Pleased to see monitoring and technology in leakage • Pleased with approach and range being done to rebuild trust • Specific case studies on surface water flooding	Action to bring the group in future meetings to see the cultural transformation programme Support for approaches to rebuilding trust Investigated specific location of surface water flooding in Eastbourne
30th August 2023	• Re-cap to customer engagement • Final presentation of customer priorities and triangulation • Social tariff proposals • Drafted of a statement from members	• Discussions from the Central Oversight Group on the use of the collaborative research led by Ofwat • Desire from CCW to see the assurance documents (shared) • Agreement around the challenges of water efficiency with a recognition Smart metering will help • Members want to make sure our social tariff is able to help as many customers as possible. This will need more than just sign posting, and members can help here	Agreement with approach to customer priorities and the findings Members to help with signposting of the social tariff and support through future meetings Agreement that members will draft the statement which can be used to support the plan

5.1.3 Statement from our Customer and Communities Challenge Group

The Customer and Communities Challenge Group is part of Southern Water's independent challenge arrangements recommended by Ofwat and CCW in the development of the company's PR24 Business Plan. The Group's role is to provide challenge in its areas of expertise and to scrutinise the company's research and customer feedback to ensure the Business Plan reflects the outcome of this engagement and customers' priorities.

Since April 2022, the Group has engaged with Southern Water on issues such as storm overflows, supporting vulnerable customers, its 2023-25 turnaround plan and rebuilding trust, as well as the proposed Business Plan. In its meetings, the Group has had access to the company's most senior managers and Directors and attendance by non-executive Board members. This reflects the company's commitment to the Group and the value it places on it.

Through discussion and challenge, we have helped Southern Water to improve its drought communications, the reach of its social tariff and support mechanisms for customers in vulnerable circumstances, and in the development of its education strategies for current and future customers and its engagement with communities.

The Group acknowledges that Southern Water faces a challenging reputational position to overcome, led by issues of past and present poor performance, reinforced by negative publicity, which has damaged customer trust. We are pleased to recognise and commend the determination of the company's new management to meet and overcome this challenge, the delivery of its turnaround plan in helping doing so, and the commitment of its owners, Macquarie Group, to its long-term strategy.

In the development of its Business Plan, Southern Water has undertaken considerable engagement, using a variety of techniques across a comprehensive range of customer types and groups. The company has used independent research companies to carry out much of this work, including the form of engagement and the materials used. While it was not the Group's role to assure this research, it did have the opportunity to scrutinise and offer feedback in the development of the materials for the company's Affordability and Acceptability (A&A) research.

Overall, the Group considers the process adopted by Southern Water for the independent assurance of its research and engagement was effective. The company has been open in sharing research findings and reports of its independent assurers, which included a presentation from the company carrying out the A&A research.

We are satisfied that the company's priorities reflect those identified through its engagement with customers and communities. We agree the most important areas for Southern Water are improving environmental performance, engaging customers, and supporting those that need it to help keep bills affordable. To rebuild trust it is vital that the company meets its commitment to being open, honest, and transparent.

While the PR24 Business Plan is not yet finalised, the Group is happy that the draft plan reflects customers' priorities and that the company has effectively listened to customers in its development.

The Group looks forward to continuing to work with Southern Water and to challenging the company in:

- *Providing support to customers in vulnerable circumstances and to those who bill increases impact the most.*
- *Improving engagement to raise customers' awareness of the value of water and the role they play in improving the water environment.*
- *Showing real leadership in the areas that matter most to customers and demonstrating the positive work and progress being made.*
- *Improving customers' trust in the company.*

Customer & Communities Challenge Group
September 2023

5.2 Independent Climate and Environment Group (ICEG)[44]

Objectives

The IECG plays a significant role in interpreting future environmental challenges and changing customer expectations. The group will help develop multi-sector approaches to address shared climate and environment challenges, looking ahead to 2050 and beyond. The group will also provide robust independent challenge, expertise and advice to Southern Water teams, Executive Leadership Team and Board on the development of our future plans and delivery of the 2020-25 environmental commitments to customers.

44 iceg-annual-report-2022-23.pdf (southernwater.co.uk)

Membership

The membership of the group has expanded over the year 2022/23. It now comprises local and national NGOs, government regulators, the consumer council for water, local authorities (including their delivery partnerships) and national parks, a climate expert and an independent from Portsmouth University.

Approach

The IECG meet quarterly with a mix of virtual and face to face sessions. Ad hoc meetings may be arranged with agreement of group members, such as was the case when working on research into environmental ambition for PR24[45]. The group is independent of Southern Water and engages directly with the Board and Executive Management. The Chair has an annual meeting with Southern Water's CEO and Board Chairman to present an annual report from the group.

Impact

Areas where the ICEG have agreed ongoing discussion and work with Southern Water include:

- Further improving the management information we receive, and therefore our ability to actively hold Southern Water to account on the environment. A particular focus here is on the glide path to Southern Water's targets for CSO reductions
- Helping move to a better place based/locational presentation of issues and data
- Helping Southern Water understand the NGO/local authority/SME business model so as to improve joint delivery
- Building consistent messaging to and working with communities
- Nesting individual environment actions and communication within a coherent big picture

5.3 Customers

We are committed to ensure we act on the feedback we hear from customers. However, sometimes in reports and summaries the voice of the customer can be lost. We know that it is often the direct conversations and feedback we hear from customers that can make a lasting impression. So as part of our ICG we wanted to bring the voice of the customer directly to the decision makers within Southern Water.

Example projects include:

- SRN14: Customer Insight, section1 Index:208f - WF2030 Customer Panel Committee - CEO letter Sep '23
- SRN14: Customer Insight, section1 Index: 175 - WF2030 Diverse Cultures Engagement Summary - Aug '23
- SRN14: Customer Insight, section1 Index: 200v - WF2030 Committee Meeting 5 Summary - July '23
- SRN14: Customer Insight, section1 Index: 160 - Your water, your say - questions and answers - June '23

Following our trial of a deliberative customer panel at the centre of the Water for Life Hampshire programme, we launched the range of panels to be at the heart of PR24. In March 2020 we tested an engagement session which brought together informed customers directly with the technical leads and senior decisions makers from Southern Water. Because customers understood some of the challenges and options, it meant customers were able to have detailed discussions on options. The Southern Water team still remember many of the individual feedback they heard from those customers. So we learnt from this approach and brought this way of working into PR24.

[45] SRN14, Section 1: Index, 107- Environmental Ambition Results FINAL Report - June 2023

'Customer Engagement' sessions were run throughout the PR24 process, helping customers from across the region to challenge our thinking. These included:

- **August 2021** – On environmental ambition and priorities. A 2-hour online workshop with 24 young people. Introducing young people to Southern Water's present and future environmental strategies and gauging participants' buy-in and views. We also did sense-check our understanding of their responses in the online community
- **October 2021** – around 200 of the Executive, senior management team and top managers from across Southern Water (live group) – on priorities
- **March 2022** – around 60 customers from our household and futures panel came together to challenge 3 executive members and senior managers creating the business plan from Southern Water and each other on our Long Term strategy
- **May 2022** – Chief Customer officer and senior manages from the customer team as well as members of the Customer and Communities Challenge Group on customer service areas (e.g. Smart metering, service, priorities)
- **January 2023** – Early plan feedback from 32 members of the household panel engaging directly in breakout sessions on the elements of the plan they supported and challenged.
- **March 2023** – Entire Exec and over 50 of the senior management team hearing from 8 customers who had spent time reviewing the wider customer feedback on the plan and presented their case to our management.
- **Your water, your say June 2023 –** As part of the guidance we ran a public engagement event with 131 participants with an independent chair, selected by Ofwat, to with open questions to 4 of our executive team. This included our Chief Executive Officer, Chief Financial Officer, Chief Customer Officer and Chief Operations Officer. We promoted it to customers through our website, social channels, a random sample of emails & letters, community events, invites to key stakeholders and customer panels. The topics covered in the session and the pre-questions reflected the wider feedback we've had through a range of engagement channels. These included water supply and quality, future water supplies (especially Havant Thicket reservoir plans), storm overflows, pollutions and bonuses / dividends linked to our current performance.

- Following the event we gathered feedback with those who attended, with 66% rating it as a good session. Most felt it was positive we were holding this types of events, with good leadership representation. They welcomed more for the future. However, some wanted to be able to spend more time on local or specific issues relevant to them. So in October 2023 we are trialling an in-person event called 'Your Water Matters' which will have 10 different stalls run from across our different services. This event is designed to support a community on their local issues.

For our panels, our future, household and business had a number of individual tasks they would complete. So for each panel we set up 'committees' made up of 6-8 members from the wider group. They were recruited by our independent insight partners to represent the different views they had seen across the research. This group would then review the final outputs and summaries to help calibrate and further refine findings. This helped to bring out the voice of the customer and provide an extra layer of assurance that the interpretation of results in reporting accurately reflected the customer views.

5.4 External Quality Assurance & Advice

Our guiding principle was to have continuous and early assurance in the development of the 2025-2030 plan. This is so we could make improvements throughout our engagement process.

For copies of the external assurance reports, please see technical annex SRN14: Customer Insight, section1 Index:

- 208a -PR24 Engagement Programme Assurance - W1 Dec '22
- 208b - PR24 Engagement Programme Assurance - W2 Mar '23

- 208c - PR24 Engagement Programme Assurance - W3 Aug '23
- 208d - PR24 Engagement Programme Assurance (FINAL REPORT) - W4 Sep '23

December 2021 – This first wave focused on our Insight Strategy for PR24. It was made up of 4 experts from customer engagement. Some were experienced from regulated sectors (including water) and others on consumers. All were senior directors with a total of over 60 years of experience and were independent of our research partners we regularly engage with. Our approach was split over two phases. The first was a walkthrough by the Head of Customer Insight at Southern water who talked through the main parts of our engagement plan. A Q&A session followed. We then shared materials to allow the experts to take away thoughts, review and reflect. We then reconvened two weeks later for our feedback. Overall response was positive, and recommendations included a focus on regional challenges and greater cross collaborative working in the sector. Both areas we then built into our main planning and acted upon.

December 2022 – This was our first round of external quality assurance on our engagement. We asked Sia Partners to provide the assurance due to their expertise and working within the sector, and with CCW on areas such as triangulation. The first round was used to identify gaps and provide early feedback on our approaches to the Ofwat guidance for Acceptability and Affordability Testing. Recommendations included to ensure fuller coverage of insight in areas such as water quality, flooding and community. All of which we did through the use of our panels and wider engagement.

March 2023 – This completed our first round of assurance with Sia Partners. It showed that areas highlighted for recommendations in our Acceptability and Affordability testing had been followed and we had improved across our areas of high quality engagement. Further recommendations indeed assurance into our triangulation process and line-of sight to ensure we are acting on the customer insight. Some priorities scored a rating of moderate in our assurance. We asked our assurers to review the main parts of Southern Water direct research. However, in our analysis we also used:

- **Internal flooding** – Key parts from our Acceptability testing and use of CCW customer preference research
- **Bathing waters & rivers –** CCW customer research on River Awareness and perceptions of river water quality, as well as social listening into bathing waters.
- **Support vulnerable customers –** Benchmarking of support for vulnerable audiences, profiles of demographics, recommendations from stakeholder groups and CCW research.
- **Carbon emissions –** In-depth analysis through our environmental ambition research identified the key responsibilities felt to lie cross multiple areas, especially government.
- **Regulatory compliance –** In testing, whilst our customers felt this an important priority, they felt it was the responsibility of regulators to manage.
- **Customer service –** In addition to research we looked at contact, complaint, social media, C-Mex reporting (from Ofwat), CCW research and expertise from the institute of customer service.
- **Community Engagement –** We engaged over directly with communities to understand their issues.

July 2023 – This second round of assurance demonstrated the depth and breadth of our insight was of high quality. Our triangulation process was assured and showed it met recommended best practice. Recommendations included to ensure it remains a continuous process and that we share our insight widely, especially with others. Recommendations are part of our engagement plans.

September 2023 – Our final round of assurance focused on pulling together all elements of the assurance together and in reviewing how well our customer engagement was driving the plan. The line of sight assurance was helping to assess accurate representation of customer insight and it being appropriately used in decision making. The independent assurance found:

- *“Following our review of Southern Water’s PR24 customer engagement programme approach and evidence, it is Sia Partners’ view that the programme meets Ofwat’s standards for high quality research and that there is demonstrable evidence that the business has used customer research to inform its PR24 business plan and Long-Term delivery strategy.”*

- *For the full report see technical annex SRN14: Customer Insight, section 1 Index: 208d - PR24 Engagement Programme Assurance (FINAL REPORT) - W4 Sep '23*

Figure 93: Assurance Outcome Statement Provided by External Assurers:

PR24 customer engagement assurance

Ofwat have set out guidance on the standards they expect from companies regarding high-quality research for PR24 in their final methodology published in December 2022. The regulator expects companies to provide assurance that their customer engagement programme is of high quality and that customers' views have been appropriately taken into account when developing the PR24 business plan and long-term delivery strategies.

To support Southern Water with this requirement and demonstrate that its approach meets Ofwat's standards, Sia Partners carried out an independent assurance of the quality of its PR24 customer engagement programme across two areas:

Part 1

Assurance of overall engagement programme quality

Part 2

Assurance of the use of customer engagement evidence

Figure 94: Assurance Outcome Statement Provided by External Assurers:

Scope of assurance and approach

We have provided our assurance over a period of 10 months from December 2022 to September 2023. The assurance has been a phased and iterative ensuring the business has been able to act upon our recommendations for improvement as the plan has developed.

Phase 1	Phase 2	Phase 3
Gap analysis Assessment of Southern Water's PR24 engagement approach (incl. strategy, governance and processes) against Ofwat's requirements and best practice **Assurance framework design** Confirmed design of engagement quality and engagement use assurance framework, adopting an iterative approach over three phases **Part 1: Assurance of engagement quality** Assessment of Southern Water's (SW) PR24 customer engagement evidence using a three-tiered approach: a. High-level review of insight across SW's key PR24 engagement questions b. Robustness of insights per topic area / strategic priority c. Assessment of key sources against Ofwat standards for high quality research	For the second assurance review we have built upon the work in Phase 1 to update the Part 1: Quality assessment and incorporated a new element (Part 2), assuring the Use of evidence. **Part 1: Assurance of engagement quality** • Updated Phase 1 assessment, incorporating the latest insight sources and data from SW. • Carried out a deep dive assurance review on qualitative affordability and acceptability testing materials **Part 2: Assurance of engagement use** • Triangulation: Review evidence that the business has implemented a triangulation of customer engagement, applying a framework aligned to CCW guidance and best practice • Line of sight: Assess whether the engagement evidence provide in each key area of the plan is an accurate representation of the research and whether it has been appropriately used by SW	For the third assurance review, we updated our Phase 3 assessment for **both Part 1 and Part 2**, based on evidence included and submitted as part of the final PR24 submission This included a review of additional research, notably the quantitative affordability and acceptability testing and a review of line of sight documentation for the final PR24 business plan. The final report will combines the reviews / reports over each phase, including an assessment of how the business has responded to recommendations and how scores have evolved versus previous assurance phases. **Our final report and assurance statement will be shared with Southern Water's Board and will be submitted to Ofwat with the final PR24 business plan.**
Dec to Feb 2023	**May to Aug 2023**	**Sep 2023**

Figure 95: Assurance Outcome Statement Provided by External Assurers:

Assurance outcome

Following our review of Southern Water's PR24 customer engagement programme approach and evidence, it is Sia Partners' view that the programme meets Ofwat's standards for high quality research and that there is demonstrable evidence that the business has used customer research to inform its PR24 business plan and Long-Term delivery strategy.

Our key findings are summarised below:

Part 1: Assurance of overall engagement programme quality

a. **Engagement programme:** Southern Water has designed and delivered a strong PR24 engagement programme. There is clear evidence of engagement on customer priorities, affordability and long term needs of customers and communities.

b. **Evidence robustness:** Our assessment of evidence robustness found that all 15 business plan topic areas reviewed have sufficient coverage to inform the PR24 business plan. No topics were found to have significant or material gaps.

c. **Research quality:** Of the 31 research sources assessed, we found that across the majority, all Ofwat's standards for high quality research have been met. For sources where recommendations were made for improvement in early assurance phases, there was a noticeable improvement in the quality of research delivered in later phases. For PR24 Affordability and Acceptability Testing, we have found the approach and materials reviewed, for both qualitative and quantitative research, met Ofwat and CCW's prescribed guidance.

Part 2: Assurance of the use of customer engagement evidence

a. **Triangulation:** Our review of Southern Water's approach to triangulation found that it aligns with the Consumer Council for Water's (CCW) recommended guidance, with some areas for improvement or where further clarity could be provided. The approach uses a clear and logical framework for weighting each source and draws upon a large and varied set of data sources.

b. **Line of sight:** Sia Partners' assessment is that Southern Water has developed a clear and considered approach to demonstrating Line of Sight, that has been reflected in practice. There is demonstrable evidence that Southern Water has aimed to develop a meaningful understanding of its customer views and that these have formed a key part of its decision-making process for the development of the PR24 business plan and Long-Term delivery strategy. Southern Water has provided a clear reference to the various parts of the business plan where customer insights have been reflected, and our review of several key documents found that the evidence used was an accurate representation of the customer research.