



Cambridge Water



South Staffs Water

To help create a world where essential services and infrastructure deliver for customers, clients and our planet

Our approach to involving consumers in decision making

June 2026

South Staffordshire Water

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Assurance statements



Elena Karpathakis

Managing Director
Cambridge Water and South
Staffs Water

All water service providers have a duty to ensure that they provide consumers with an affordable, high-quality supply of water and proactive support when they need it, and that the water environments they manage on behalf of communities are protected and restored. For us, as a monopoly provider, it is vital that the consumer voice sits at the heart of our decision making – particularly for those decisions that have a significant impact on the services we offer to consumers, and those which impact directly on their local communities and the wider environment.

Across our Cambridge Water and South Staffs Water operating areas we have a varied demographic of consumers who have different preferences and expectations on what they expect us to deliver. Our long-term service offering and day-to-day performance must be able to meet the needs of all our consumers and deliver positive outcomes for the environment. This can only be effectively achieved through ongoing collaboration and transparency, and this is an opportunity to further improve how we engage with consumers when deciding on how we deliver our business plan commitments.

As evidenced in this report, we already have a robust approach to engaging with our consumers to taking their views into account when making important decisions. However, they have clearly told us that to rebuild any lost trust that they have in us and the wider water sector we need to go further to be more open, transparent, and to demonstrate more clearly that we are acting in their interest.

We also need to better communicate how the decisions we make involve them and what the impacts of these decisions are. Through this report, we have outlined how we can do this more effectively in the way that best aligns to our latest business plan, while also being compliant with Ofwat's 'Involving Consumers in Decision Making' rule. We also view this rule as important when developing our approach to the engagement we will undertake with consumers to help shape our next business plan for the five years from 2025 to 2030.

I welcome your feedback on this report. We are fully committed to continuous improvement to ensure we always meet the needs of all our consumers.

Elena



Sara Vaughan

Deputy Chair of the South
Staffordshire Water Board and
Board Consumer Champion

I firmly believe that, as an essential services provider, we must effectively listen to, involve and update our consumers about the impacts of the important decisions we make. While my previous experience was outside the water sector, I have always been passionate about consumers and am committed to ensuring the best service for them. That was one of the key reasons why I wanted to join the South Staffordshire Water Board in February 2025 – I was attracted by the work everyone across the business does every day to deliver for water consumers and the environment.

With that in mind, I am delighted to be the Non-executive Board Consumer Champion to act as a bridge between consumers and the Board, with clear governance controls in place so that my role has no impact on the Board's collective responsibility.

I have discussed our approach to ensuring the consumer voice sits at the heart of decision-making with colleagues. It is already clear to me that people across the business appreciate the importance of involving consumers in the decisions we take and our role in that as an essential services provider.

I have been impressed by the approach we are adopting to improve even further an already robust approach to engaging with the different consumers that we serve and considering their voice when making important decisions. The arrangements set out in this report give me confidence that we can continue further along our cultural journey to being a public service provider that will always put the consumers we serve and environment front and centre.

In my role as Board Consumer Champion, I will play an active role in the development of our approach to how we involve consumers in decision-making. We must be ready to continue learning, and to ensure that we consistently have the right culture from the Board to our front-line teams, with an on-going focus on responding to our consumers' needs and expectations as they change over time. I look forward to working with the teams, my Board colleagues and expert stakeholder partners to deliver better outcomes for all.

We acknowledge the lost trust among consumers across the water sector that has emerged over recent years and we are fully committed to earning back that trust. The actions outlined in this report are an important part of achieving that objective.

Sara

About us



South Staffordshire Plc



We are part of South Staffordshire Plc group of companies

We are a water only company and do not take away and treat wastewater



We operate Cambridge Water and South Staffordshire Water

Ofwat

We are regulated by Ofwat, the Environment Agency and the Drinking Water Inspectorate



We have been a successful, privately run business for more than 170 years. We have never been in public ownership



We provide high-quality, clean drinking water to nearly 1.8 million people and 42,000 businesses

Our vision, mission and values

Vision statement

To help create a world where essential services and infrastructure deliver for customers, clients and our planet.

Mission statement

For more than 170 years, we have provided clean water supplies to consumers in our Cambridge and South Staffs regions. Our purpose, as defined by our Articles of Association, is to safely provide an essential service of high-quality drinking water in an affordable, trusted and sustainable way.

To ensure we can always provide this essential public service, we conduct our business and operations for the benefit of the communities we serve, while creating long-term value and delivering positive outcomes for our consumers, our people and the environment. This means:

- putting consumers' needs at the heart of all our decision-making;
- actively working in partnership with local communities;
- acting as the guardians of our assets, building resilience with regular investment;
- working hard to protect and enhance the natural environment; and
- running an efficient business in everyone's interests.

By doing this, we are helping to secure the water future for our Cambridge and South Staffs regions. At the same time, our primary objective is to make sure the interests of our consumers and the environment are always at the heart of our decision-making.

Our values

Our vision and purpose are underpinned by our values.



These values are reflected in our people's objectives and the work they do to deliver for our consumers, our communities and the environment every day.

Introduction

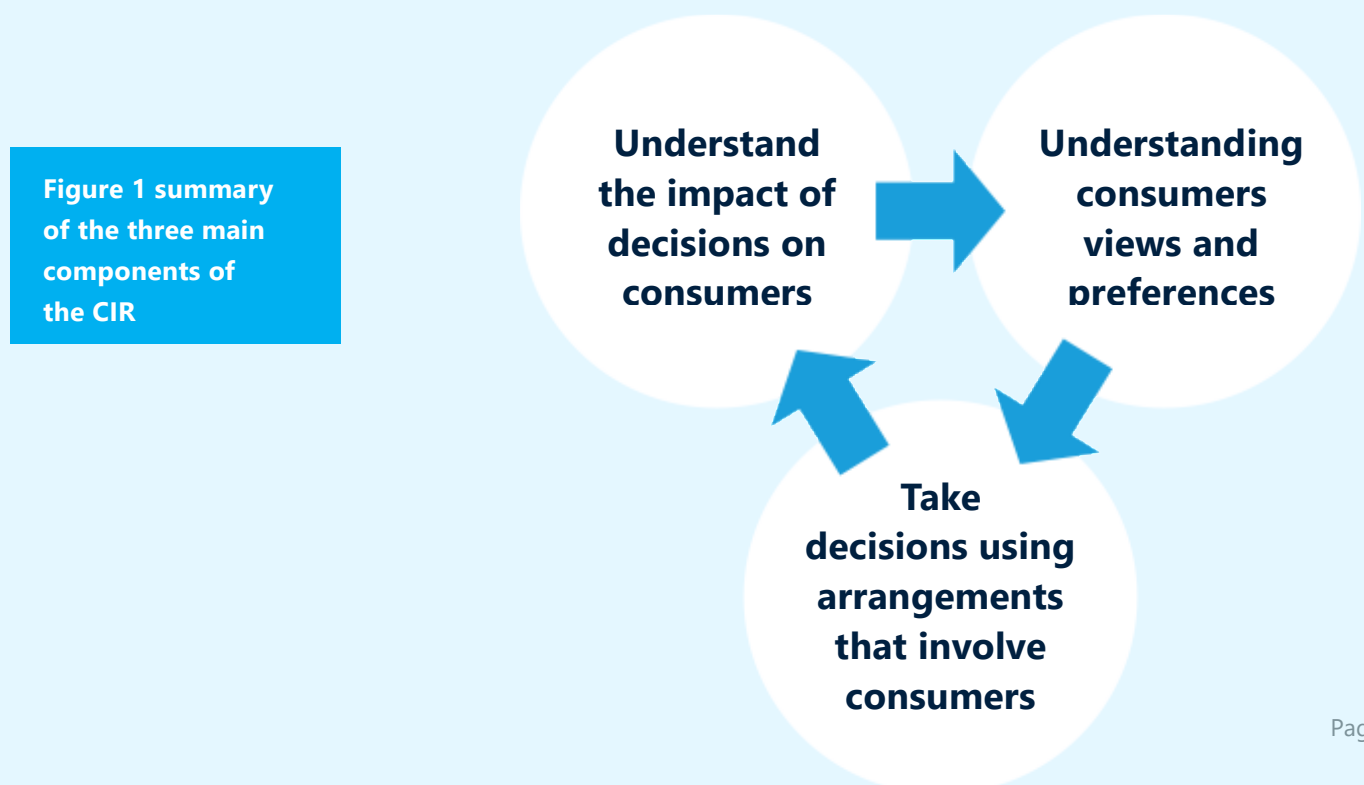
We have a long history of supplying reliable, clean and affordable water to consumers across our socially and geographically diverse Cambridge and South Staffs regions every day.

We think it is essential that all our consumers trust us to do this in the most effective and efficient way. As one of the smaller companies in the England and Wales water sector, we have a strong local focus. This means we always look for opportunities for the most effective ways to be embedded at the heart of the communities we serve. Because of this, we always strive to deliver the services that are important to all our consumers, and particularly to those who pay water bills.

Since 2017, we have significantly improved the breadth and depth of how we engage with consumers and other stakeholders to inform our decision-making. Ofwat is the economic regulator for the water sector and we welcome the introduction of its [Consumer Involvement Rule](#) (CIR) to help with our journey to further embed a culture of transparent decision-making that consistently puts the interests of the consumers we serve at the heart of our business.

This report outlines how we are already meeting, or plan to meet, the guidance laid out in the rule during the year 2026/27. For reference, figure 1 summaries the three main components of the CIR.

Ofwat’s CIR rule aims to achieve a main outcome: that consumers' views are sought and demonstrably represented and considered in companies’ decisions, including at a Board level, that are likely to have a material impact on things that matter to consumers matters. Also, it is designed to place a more effective feedback loop when making decisions that have a ‘material’ impact on consumers.



Involving consumers in decision making

For us, the focus is on further strengthening the consumer voice in our decision-making and being more transparent about how and why decisions are being taken. We have noted a key finding from a recent joint consumer research project '[Club Materiality: Defining material impact with consumers](#)' – Navigator, June 2026) that all groups of consumers welcome the CIR. However, there is a clear message from consumers that this rule can't be a tick box exercise and there needs to be transparency on how their voice is influencing decisions. This joint research study, which we were involved with, has provided water companies with a foundation to build off. We detail how we have used the research outputs in Chapter 2.

For clarity, as a company that only supplies water and does not handle wastewater services, a '**consumer**' means any person, or person representing an organisation, who is provided with clean water services. This includes:

- consumers who live in homes (HH), such as those who currently pay a water bill, those who may pay a bill in the future and those who may never pay a water bill, but use water services every day;
- consumers working for non-household (NHH) organisations who directly pay water bills and/or are actively involved with managing water services for the effective operation of their organisation's activities – for example, any commercial businesses, charities and other third sector organisations or education service providers; and
- consumers working for developers and self-lay providers (SLPs) - who connect water services to homes and organisations.

Additionally, we consider that:

- Ofwat's CIR guidance indicates that non-household retailers (NHH), who provide retail services to NHH consumers, do not fall under the scope of this rule. However, we have decided to treat this group of important consumers in a similar way as those listed above, with due consideration for the market arrangements in place between water companies, NHH retailers and the end consumer; and
- New Appointments and Variations (NAVs) are outside the scope of our report, given that they must also comply with the CIR. A NAV in the UK water market is a company appointed by Ofwat to provide water and/or sewerage services to a specific geographic area, replacing the retail and other water services provided by the incumbent water company.

To help navigate this report, we have broken it into sections to make clear how we are approaching the CIR:

- **Chapter 1** summarises how we intend to be fully compliant with all aspects of the rule by 31 March 2027.
- **Chapter 2** outlines the work we have undertaken during 2026 to develop a robust and proportionate approach to defining when a decision has a "material impact on consumers" – our **materiality framework**.
- **Chapter 3** outlines how we are fully compliant with **component one** of the rule – focusing on having in place an effective engagement programme to appropriately understand the preferences of our consumers when making material decisions that will impact on them. We also focus on our approach for decisions that are not found to be material.
- **Chapter 4** outlines how we will be fully compliant with **component two** of the rule – focusing on further improving our robust approaches to decision-making at different levels within our company, including the Board. This ensures that consumers' views, experiences and preferences are appropriately fed into, and considered, in the decision-making process.
- **Chapter 5** outlines how we will be fully compliant with **component three** of the rule – focusing on further improving the feedback loops to engage consumers on their experiences of the 'material' decision we take. This insight means we can better understand the impact on consumers of past decisions and is considered in decisions affecting consumers and informs how we can best adapt our approach in the future.
- **Chapter 6** outlines how the rule's **five guiding considerations** are embedded into our engagement programme which informs our decision-making.

Involving consumers in decision making

- **Chapter 7** outlines how we will be fully compliant with the **reporting requirements** for the CIR – this covers both this report, and the report to be submitted in 2027 which will outline how effectively we delivered our plan to better involve consumers in our decision-making.

1. How we are complying with the CIR

We are fully supportive of the three components of the CIR and intend to comply with these and the wider guidance laid out during 2026/27. Specifically, we are confident that our materiality framework puts us in a strong position to achieve this objective and will further improve where we prioritise our resources to deliver the best outcomes for consumers.

As we move into 2027/28, we plan to discuss with Ofwat and other stakeholders (including consumers) if and how the rule could change and where there are opportunities to further improve our approach. We recognise that, to be successful, this must be a collaborative effort between water companies, regulators, consumers and other expert stakeholders - our approach to the CIR reflects this. In table 1 below, we summarise:

- how effectively we have involved customers in decision-making in the past for all components of the rule, with a focus on a retrospective look back to 2025/26; and
- what actions we will take to ensure we are fully compliant with all components of the CIR by March 2027.

Table 1 summary of how we will comply with all aspects of the CIR

Ofwat guidance	Defining which decisions are material	Evidence: Chapter 2
<p>RAG Status 2025/26: Amber</p> <ul style="list-style-type: none"> ■ Used expert judgment and our newly established operating rhythm (e.g. reporting metrics and regular meetings) to ensure decisions were discussed and the most important ones escalated to the Board. ■ Used our consumer research to inform a wide range of tactical decisions, some of which were not discussed in detail by the Board – see appendix 1 for examples. 		<p>RAG Status 2026/27: Green</p> <ul style="list-style-type: none"> ■ Worked collaboratively with our colleagues, external partners and with input from the Board and the Chair of the Independent Challenge Group (ICG) to develop a materiality framework that that is robust, proportionate, practical and transparent. ■ Used the outputs from a recent collaborative consumer research study 'Club Materiality: Defining material impact with consumers – Navigator' (June 2026) to further inform and refine our materiality approach. ■ After stress testing the materiality framework on decisions made in 2025/26, from July 2026 we are using it to determine which decisions will have a material impact on consumers. We will assess how effectively it is working by March 2027.

RAG Status 2025/26: Amber

- Since 2017, our robust consumer research programme has informed our decisions – both for developing our business plans and supporting the effective delivery of those plans.
- Our programme covers all segments of consumers, including future bill payers and those in vulnerable circumstances.
- Our research programme covers a range of methodological approaches covering quantitative and qualitative research.
- We adhere to Ofwat’s guiding principles for high-quality consumer engagement and the panel of informed experts on our ICG continues to input into and challenge our consumer research and wider stakeholder engagement programme.
- We have engaged fully with the CCW facilitated consumer panel (Water Voice) – three members of our Executive team attended our first accountability session in March 2026.

RAG Status 2026/27: Green

Maintain our approach from 2025/26 and undertake the following to improve our approach.

- Further expand our engagement programme during 2026/27 to ensure consumer preferences are appropriately captured for all decisions that are classed as having a material impact.
- As part of this, relaunch our Cambridge and South Staffs online Communities and enhance our Young Innovators’ Panel (YIP) to support ongoing consumer input.
- Recruit an additional full-time member of our insight team to ensure effective delivery of the CIR and Price Review 2029 (PR29) engagement programmes.
- Continue to fully engage with the Water Voice consumer panel and the accountability sessions, using the insight, triangulated with our wider consumer research programme, to inform our decision-making.

We will assess how effectively our approach is working by March 2027.

RAG Status 2025/26: Amber

- A new operating rhythm, launched in early 2025/26 ensures consumer preferences are discussed at relevant meetings, including what consumer research/insight and/or expert stakeholder input has been used to inform decisions.
- Where a decision was viewed as important for Board review, the decisions and supporting evidence were discussed with the Board and documented.
- Discussed several important decisions with the ICG Chair and presented several at the quarterly ICG meetings. This ensured effective challenge.
- Typically, our ICG Chair will meet with a Non-executive member of the Board once a year to discuss consumer matters.

RAG Status 2026/27: Green

At least two members of our Executive team will attend each Water Voice consumer panel accountability session. We will deliver the actions agreed with our panel.

Building from 2025/26, we will further improve our Board governance and ICG challenge as follows.

- All scheduled Board meeting will have a standing agenda item on ‘Consumer Involvement’.
- Appointed a Non-executive Board Director to act as the Board Consumer Champion – engaging the Board on our use of consumer research and/or expert stakeholder input to inform our decision-making.

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Involving consumers in decision making

- Ensured that the actions agreed with our Water Voice consumer panel were documented and a tracker was set-up to ensure delivery of these actions by relevant teams.

- The Board Consumer Champion will observe Water Voice consumer panel accountability sessions and discuss the outcomes of these with other Board members.
- The Board Consumer Champion will meet the ICG Chair quarterly. The ICG Chair will also be invited to attend a Board meeting once a year to discuss how effectively we are taking consumer preferences into account in our decision-making.
- Update the terms of reference to ensure the ICG's focus supports effective delivery of the CIR.
- The CIR Plan has been presented to the Environmental, Social and Governance (ESG) Committee for comment and challenge in June 2026 and the Audit and Risk Committee will track compliance with all aspects of the CIR.

Ofwat guidance

Component 3: Feedback on consumer experiences

Evidence: Chapter 5

RAG Status 2025/26: Amber

- Our consumer research programme is designed to track the impact of the most important decisions we make and inform the action plans to support the delivery of the commitments made in our business plan for 2025 to 2030.
- We effectively engaged with Water Voice consumer panel and our teams are currently delivering the action plan agreed from the first accountability session held in March 2026.
- We used quantitative surveys and conversations with wider stakeholders to gain feedback on how we managed incidents that impacted materially on consumers' water supply.
- We effectively engaged consumers on how we used their voice to inform decision-making as part of our "You said, we did" (YSWD) approach on our H2Online communities. We recognise that we need to further broaden this approach to reach more consumers with these updates to help build confidence that we are actively using their feedback to shape our decisions.

RAG Status 2026/27: Green

Building from 2025/26, we will further improve our approach as follows.

- Ensure that our consumer research programme can effectively track the impact of any material decisions we take.
- If we experience any major water supply incidents, we will pilot the use of qualitative research to gain a deeper insight from consumers on their experiences.
- Improve and widen the communication of our YSWD approach to better inform our consumers about how we engaged them in decision-making and the outcome of that engagement.
- Operational colleagues and our consumer insight team will meet with the ICG Chair monthly and meet the ICG panel quarterly to discuss our approach to complying with all aspects of the CIR.
- Continue to fully engage with the accountability sessions and the wider Water Voice consumer panel – working collaboratively with CCW to gain insights on how the delivery of the action plans we agree with the panel are landing with consumers.
- Start the journey to develop a searchable database to record the impacts of our decisions on consumers. Over time, a central resource can help ensure that important knowledge is not lost and help inform future decisions.

Ofwat guidance

Guiding principles for engagement

Evidence: Chapter 6

RAG Status: 2025/26 Green

- Since 2021, we have adhered to eight guiding principles for our consumer research programme.
- Our principles are aligned to Ofwat's five guiding principles detailed in the CIR.

RAG Status 2026/27: Green

- We will continue to adhere to our guiding principles. We are committed to reviewing them by March 2027 to ensure they are updated, as appropriate, to help support the delivery of our current business plan and the development of the plan for the five years from 2030 to 2035.

Ofwat guidance

Reporting

Evidence: Chapter 7 - this document covers the forward look report for 2026/27

RAG Status 2025/26: Amber

- We outline a summary of our customer engagement programme and stakeholder interactions each year in our annual performance report (APR).

RAG Status 2026/27: Green

- We will submit our forward-looking report and the report after the end of the year detailing how we have complied with the CIR, in accordance with the timings to be specified by Ofwat.
- Following submission of this forward-looking report, we will develop a concise, consumer-facing version before the end of 2026.
- We will follow Ofwat's guidance on content for all reports linked to the CIR.

2. Our approach to defining which decisions are material to consumers

Determining which decisions have a material impact on consumers....

The core requirement of the CIR is that water companies must have arrangements in place for involving consumers in decisions that are likely to have a material impact on things that matter to them. Ofwat expect companies to make a reasonable and well-justified assessment of which decisions are likely to have a material impact on consumers.

For context, Ofwat has provided outline guidance on the types of decisions likely to have a material impact on consumer. These include:

- changes to consumer bills or tariff structures;
- decisions on service quality standards or significant investments;
- major infrastructure projects affecting supply or wastewater services;
- policies impacting vulnerable customers or affordability programs; and
- Strategic governance changes that influence consumer protections.

To achieve compliance, we have worked collaboratively with colleagues across our business who take decisions, independent experts, members of the Board, the ICG Chair and engaged with a sector wide consumer research project to develop a 'materiality framework'. The framework is designed to meet the following principles: robust, proportionate, practical and transparent. In this chapter, we explain how our framework aligns to these principles and meets the requirement of the rule.

Every day our teams are making decisions which impact on consumers, ranging from smaller more tactical decisions (for example, updating the content of a web page offering financial support to consumers) through to major strategic ones (for example, upgrading a water treatment works that serves hundreds of thousands of consumers).

Decision-making is complex, often involving many of our teams and is carried out using a range of insights and often involving external stakeholders, including consumers. Importantly, our approach to developing our materiality framework has been developed iteratively, using real decisions made during 2025/26.

When we determine if a decision is going to have a material impact on consumers, it is vital that our approach does not lead to any unwanted consequences. Given we are a local company, we want to avoid slowing down our ability to make informed decisions that benefit consumers, and that our approach is manageable from a cost and resource perspective for a company of our size.

Involving consumers in decision making

We have also participated in a club research project with all the largest water companies in the sector, to engage consumers on the types of decisions they perceive as being materially impactful. This first stage of engagement is important for aligning our approach with public expectations and regulatory compliance. We have integrated the outputs of the consumer research into our framework, which is explained in more detail in this chapter.

To develop our materiality framework, we worked collaboratively with PJM Economics, which has regulatory and governance expertise, and Accent Research, which offers a deep understanding of customer engagement design and consumer insight. The project was undertaken between March and June 2026. To ensure full transparency, supporting [‘SSC1 – Materiality framework’](#) (June 2026) details how we approached each stage of the project.

The project set out to deliver the following objectives:

- To provide a consistent and transparent approach for assessing whether decisions are likely to have a material impact on consumer matters.
- To support proportionate and evidence-led consumer involvement in decision-making.
- To establish clear governance and escalation pathways that reflect the materiality of decisions.
- To ensure that consumer views and evidence are considered appropriately within decision-making processes.
- To provide an auditable record of materiality assessments, governance decisions and consumer involvement activities.
- To support SSC in demonstrating compliance with both the requirements and the intent of the Consumer Involvement Rule.

From the outset we wanted to develop a framework that could be applied to decisions that have the potential to affect consumers directly or indirectly, including through impacts on bills, service levels, environmental outcomes, fairness and the treatment of consumers in vulnerable circumstances. It was important that it complemented our consumer involvement arrangements and could operate alongside existing consumer insight, engagement and governance processes.

We summarise the stages of the framework’s development in table 2.

Table 2 How we approached developing our materiality framework

Project stage	Objectives	What we did
<p>Develop draft framework</p>	<ul style="list-style-type: none"> ■ Clarify the key factors against which materiality should be assessed against when making decisions (e.g. impacts on consumer bills/tariffs, consumer water supply and customer service provision, environmental outcomes). ■ Define how factors, such as the scale and duration of a decision, could impact consumers (including those in vulnerable circumstances) and how this should influence the classification of a decision. ■ Clarify how strategic considerations (e.g. business plan commitments, resilience priorities, wider stakeholder perceptions) should be reflected. ■ Clarify how the overall classifications for a decision will be determined, including treatment of overlapping impacts on consumers. ■ Establish clear Red, Amber, Green (RAG) thresholds for each decision and how each should be escalated through the business for review depending on its assigned RAG status. ■ Governance: clarify a process for when the Executive team and/or Board need to review and input into the decision. ■ Ensure alignment with our broader price review 2029 (PR29) strategic direction and Ofwat’s CIR guidance. 	<p>We held a series of discussions with our Customer Insight and Executive teams, and with the ICG Chair to ensure there was a clear understanding of:</p> <ul style="list-style-type: none"> ■ how material operational and strategic decisions are currently made; ■ how customer insight is currently incorporated into decision-making; and ■ practical considerations for embedding the framework across the business. <p>Following this, we developed an online form, which we sent to senior colleagues across the business who lead a wide range of teams and who make decisions that impact different groups of consumers. The form captured details about decisions that had been made during 2025/26.</p> <p>Output: development of a working draft framework.</p>

Project stage	Objectives	What we did
<p>Calibration of framework</p>	<p>An essential step to ensure that the number and types of decisions expected to be escalated as having a material impact on consumers is proportionate.</p> <p>Specifically, this step ensures that the framework is:</p> <ul style="list-style-type: none"> ■ calibrated to our governance culture – i.e. the way we take decisions; ■ easy to understand and use in a consistent way for our colleagues who are taking decisions; and ■ transparent for consumers and wider stakeholders to challenge. 	<p>We analysed the selection of decisions (17 in total) from 2025/26, which included:</p> <ul style="list-style-type: none"> ■ a sample of relevant decisions escalated to the Board for consideration; and ■ a sample of comparable decisions not reviewed by the Board. <p>We then:</p> <ul style="list-style-type: none"> ■ retrospectively applied these decisions to the draft framework; ■ compared outcomes against historical escalation decisions; ■ identified inconsistencies and analysed how the way the framework is set-up influenced the volume and type of decisions escalated as material; and ■ collaboratively refined the parameters to levels that resulted in an acceptable and proportionate range of decisions being escalated as material, while ensuring alignment to the core requirement of the CIR. <p>Output: revised outline framework with calibrated parameters.</p>
<p>Finalising the framework ready for use</p>	<p>Ensuring appropriate governance reviews by our colleagues, the Board and independent experts.</p> <p>To support consistent application of the framework and provide a clear audit trail for decisions and their materiality classification and finalise a tool to embed the framework in a user-friendly format.</p>	<p>We engaged our Executive team, the Non-executive Board Consumer Champion and the ICG Chair to discuss and agree the materiality framework.</p> <p>Outputs: a working framework, supplemented with a report, including a supporting method statement.</p>
<p>Using the framework to assess decision making in 2026/27</p>	<p>To generate a list of decisions that our colleagues will make in 2026/27, that could impact consumers to understand how our framework classifies each, so that they can be treated appropriately.</p>	<p>From July 2026 we are asking colleagues across the business who are making decisions that impact consumers to feed these into the framework.</p> <p>Output: to identify which decisions from this list will have a material impact on consumers.</p>

- **Consumer focused:** decisions assessed by their impact to ensure we focus on what matters most to consumers. Each decision is assessed against a range of criteria, including:
 - impacts on the amount consumers pay for their water services;
 - impacts on the consumer experience/service;
 - impacts on the environment - including local community impacts;
 - the number of consumers impacted;
 - impact on consumers in vulnerable situations;
 - considering whether the decision has any regulatory compliance aspects and/or will impact on the delivery of our current business plan commitments; and
 - considering whether the decision has any specific sensitivities around large investments (for example, improving the resilience of our network), consumer trust and fairness.
- **Evidence-led decisions:** that consumer research is appropriately used to inform decisions and new research is commissioned where the existing evidence base is insufficient.
- **Proportionate:** provides a materiality level for each decision which ensures the most important decision receives the right level of focus and scrutiny. It also means that the consumer research undertaken to inform decisions is proportionate to the potential impact of that decision.
- **Transparent:** all decisions are recorded in a consistent way and evidencing a clear rationale for materiality, escalation and insight. This allows external stakeholders to effectively challenge the approach and help us to refine it over time.

Consumer input into defining materiality

A working draft of our materiality framework was developed by late April 2026. Since then, we have reviewed the publication of the **Club Materiality: Defining material impact with consumers – Navigator, June 2026** report. This research was commissioned by water companies to provide a robust, consumer - informed framework for defining and assessing 'material impact' when making decisions. Figure 2 summarises the outputs of this project.

Figure 2 Key findings from consumer research project

<p>This is the first systematic conversation with consumers about 'materiality'</p>	<p>There is a relatively contained set of factors that are universally material/consumers expect involvement</p>	<p>An additional list of considerations that companies need to explore to determine materiality in certain circumstances</p>
<p>There is high level of support for the new rule</p> <p>However, consumers need reassurance that implementing consumer involvement will be meaningful (not a tick box exercise)</p>	<p>The factors mainly relate to decisions directly impacting consumers</p> <p>High or uncertain bill impacts</p> <p>Negative impacts on environment or vulnerable audiences</p> <p>Health or financial harms</p> <p>Risk to core service</p> <p>Major social/community level impacts (both large, long-term)</p>	<p>This list relates to decisions of lower concern/indirect impacts - which can be material in some cases</p> <p>Reputational, or where outcome not guaranteed</p> <p>Neutral/positive impacts on environment or vulnerable audiences</p> <p>Not about core service</p> <p>Major community/social impact (either/or large, long-term)</p>

<p>Low trust in the sector leads to a lower threshold of materiality</p>	<p>The decision trees provide a consumer lens for determining materiality to support industry thinking</p>
<p>Consumers signal areas of perceived poor performance as 'material' – even when the outcomes/impacts are stated as positive</p> <p>Environmental impacts and any change affecting vulnerable audiences (perceived positive or negative are material)</p> <p>Strong support for experts, stakeholders and other independent oversight</p>	<p>The decision tree works for the 15 scenarios tested – but will need validating with a wider range of decisions</p> <p>There are elements that will require tighter definitions to ensure the decision tree is used consistently</p> <p>The tree can be used to assess both positive and negative consumer impacts – with very low incidence of materiality relating to positives</p>

Headline observations on how consumers determine what matters most to them / where they want to see proper consultation

<p>Trust is a factor in the materiality of certain types of decisions</p>	<p>Consumers may want to scrutinise even positive actions</p>	<p>Materiality varies across consumers</p>	<p>Some dimensions of materiality are subjective</p>
<ul style="list-style-type: none"> Consumers are generally most sensitive about controversial / high profile topics - e.g. environmental harm, financial decision-making Less inclined to think that companies will make good decisions, these are areas where they want greatest involvement 	<ul style="list-style-type: none"> Where trust is very low – even where outcomes of the decision are stated as positive – consumers want involvement around the implementation of the 'how', to reassure themselves that actions are genuine 	<ul style="list-style-type: none"> Decisions often have a material impact on some consumers but not others: water companies will need to ensure that the right people are consulted 	<ul style="list-style-type: none"> Guidance/definition will be needed - e.g. what is a significant vs. small bill increase; or a large vs. small number of people affected?

One of the main strengths of our materiality framework is that it has been developed and calibrated using real SSC decisions and governance processes. Given this, we did not feel it appropriate at this point to make any material changes to our approach. Also, the insights from this consumer research have shown that there are many areas of strong alignment between it and our materiality framework. We have tough worked with PJM and Accent to assess

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how the insights from this project could help us further improve our materiality framework. Following an assessment for any material gaps, we took the following actions:

- broadening the core 'environmental' impact category to ensure it covers any wider community impacts within its scope. Examples may now include impacts on river health, water resources, biodiversity, pollution, carbon emissions, local amenity, disruption to communities (e.g. road closures, traffic works, increased lorry journeys), or other environmental and community outcomes associated with our activities.
- Added additional data capture fields into the form that our colleagues will use to record each decision we take that could impact on consumers. This includes recording considerations related to:
 - operational impacts;
 - the expected duration of impacts;
 - uncertainty around estimated bill impacts and;
 - any potential health implications.

We will review through the year how we can build on this research further to inform our approach to defining materiality, working collaboratively with other water companies, Ofwat and CCW, where appropriate.

How the framework works in practice

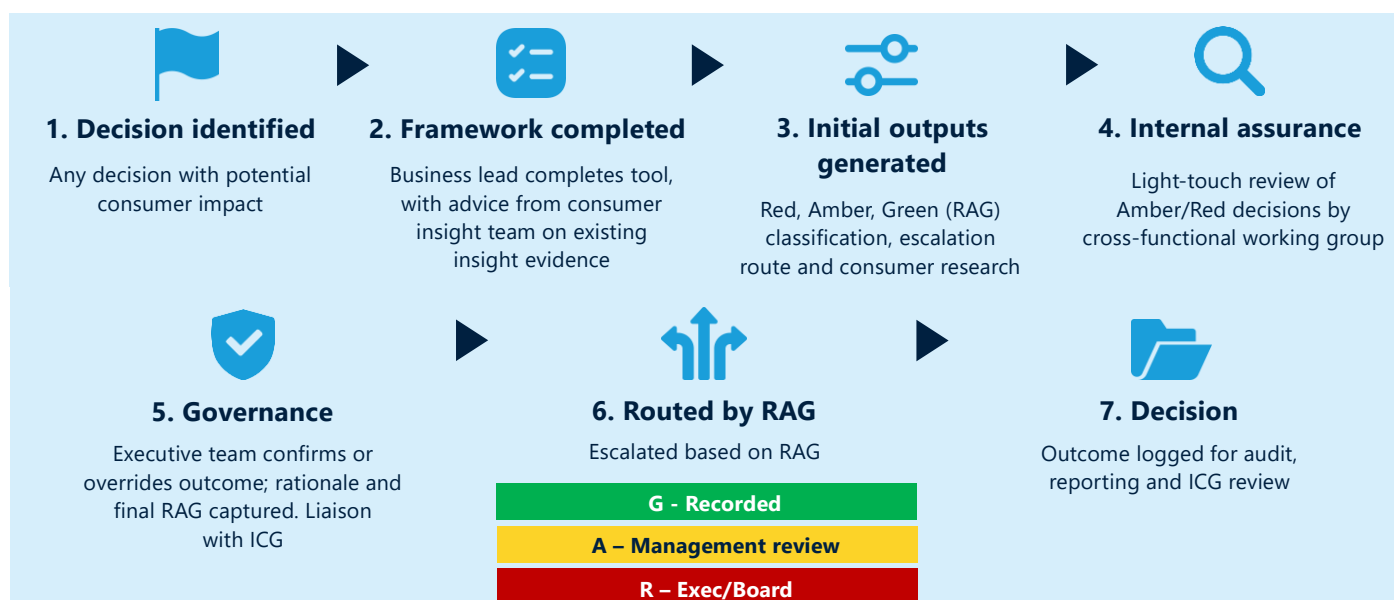
Our materiality framework is designed to be flexible, allowing for continuous improvement. This means that:

- it can be improved over time to meet our colleagues' needs as the main users of the framework and deliver on the expectations of the Board and ICG; and
- we can respond to challenges from consumers (e.g. through further research studies and direct feedback) and other external stakeholder to refine the approach. We welcome challenge to ensure transparency of how the framework works and to ensure it delivers best outcomes for consumers.

By developing a database of decisions and the outcomes of these for consumers, the framework becomes an effective resource for our colleagues to use when making decisions going forward. From April 2027, once confident the framework is working effectively, we plan to develop the Excel-based tool into an online searchable resource.

Through ongoing application, monitoring and refinement, the framework can provide not only a means of demonstrating compliance with the CIR, but also a foundation for strengthening consumer-centred decision-making across our company over time. Figure 3 outlines the steps in the process that every decision our colleagues log in the framework will go through.

Figure 3 How our framework works in practice – from identify the decision to recording the classification



Escalation Framework

Importantly, the framework produces two complementary outputs as decisions are logged. First, it assigns a materiality classification (Green, Amber or Red) based on the assessment process. Secondly, it identifies whether there is a regulatory expectation that new consumer evidence should be obtained to support decision-making.

Together, these outputs provide a structured basis for determining the appropriate level of governance scrutiny, the extent of consumer evidence required and the most appropriate form of consumer involvement.

The materiality classification provides the basis for determining the level of governance scrutiny and escalation appropriate for a particular decision.

- **Green** decisions are expected to have relatively limited consumer impacts and are therefore generally capable of being managed through routine governance arrangements. Whilst assessments should be documented appropriately, green decisions would not normally be expected to require additional escalation solely because of their materiality rating. **We will review these on a decision-by-decision basis as to whether they require any additional consumer involvement.**
- **Amber** decisions warrant a greater degree of scrutiny because of the nature of their impacts, the consumers affected or the wider context within which they are being made. Decision-makers should ensure that consumer impacts have been appropriately considered and that the available evidence base is sufficient to support the decision. **Our Executive Team will discuss these decisions, and where appropriate we will also discuss their classification with the ICG and our Board Consumer Champion as to whether they require any additional consumer involvement.**
- **Red** decisions represent the highest level of materiality within the framework and should be subject to heightened scrutiny. Decision-makers should be able to demonstrate a clear understanding of consumer impacts, the evidence used to inform the decision and the rationale supporting the proposed course of action. **We will ensure these are escalated through the business following the governance arrangements outlined in this report.**

The framework is intended to support our existing governance arrangements rather than replace them. Materiality classifications therefore inform governance and escalation decisions alongside professional judgement and any other relevant organisational reporting requirements.

The framework allows for a series of reviews to allow challenge and deeper consideration of a decision once it has passed through the tool. This ensures each decision is correctly classified and includes reviews by:

- the Customer Insight team, whose role it is to represent the voice of the consumer internally;
- senior colleagues directly and indirectly involved with the decision, including our Executive team;
- the ICG Chair and the expert members of this group to enable independent challenge and input through the life-time of the decision; and
- the appointed Board Consumer Champion, when the decision is classified as RAG Status **red**. The Consumer Champion will share appropriate updates on material decisions with the wider Board.

We outline more about our approach to governance of the framework in **chapters 4 and 5**. This is a new rule and Ofwat will be reviewing water company approaches to defining materiality. It may adjust its guidance to ensure the rule is as effective as possible. Given this, we are focusing our approach on any decisions we plan to make up to March 2027.

Existing consumer evidence

The purpose of the materiality framework is more than simply to classify decisions according to their significance; it is to ensure that governance, escalation and consumer involvement activities are proportionate to the nature of the decision under consideration.

Involving consumers in decision making

The framework is designed to encourage effective use of our existing consumer evidence wherever appropriate. We already hold a substantial body of consumer insight, including evidence generated through business planning activities, ongoing consumer research, consumer experience monitoring, complaints analysis, operational feedback and other engagement activities.

Where relevant and sufficiently robust and still up-to-date, we will use existing consumer evidence to inform materiality assessments and support decision-making. The framework does not assume that new consumer research is required for every material decision. Instead, we will consider, with challenge from our ICG, whether the available evidence provides an adequate understanding of likely consumer views, preferences and impacts. This approach supports proportionality by avoiding unnecessary duplication of research while ensuring that decisions remain informed by consumer perspectives.

Regulatory requirements for new consumer evidence

In certain circumstances, the framework identifies a regulatory expectation that new consumer evidence should be obtained to support decision-making. This applies where a decision is expected to:

- result in a bill impact **greater than 5%** within the agreed price control period; or
- result in any bill impact outside the agreed price control.

These circumstances are treated separately from the materiality assessment because they reflect specific expectations regarding consumer involvement in decisions affecting consumer bills.

Where either of these conditions applies, the framework indicates that new consumer evidence should normally be obtained to inform the decision-making process. We will assess each decision and agree the precise form of consumer involvement that would be proportionate to the nature of the decision and the consumers affected. We will align to the CIR's guiding principle to demonstrate that consumers have been given an appropriate opportunity to inform the decision.

Consumer involvement outcomes

The framework combines three factors when determining consumer evidence requirements:

- the materiality classification (Green, Amber or Red);
- the strength of the existing evidence base; and
- whether there is a regulatory requirement for new evidence.

Together, these factors determine the most appropriate level of consumer involvement. The framework identifies five potential outcomes:

- **Existing evidence sufficient:** Where materiality is low and a reasonable evidence base already exists, it is unlikely that additional consumer involvement is required.
- **Targeted additional evidence:** Where some additional insight may be beneficial, decision-makers will assess more extensively existing sources of evidence, such as previous research, complaints data, operational feedback, consumer panels or wider consumer insight.
- **New targeted engagement:** Where evidence gaps exist and existing information is insufficient, focused engagement may be undertaken to address specific questions or uncertainties relevant to the decision.
- **Supplement existing evidence:** For more material decisions, existing evidence is likely to be supplemented with additional consumer involvement activities. This enables decision-makers to build upon the existing evidence base, while addressing decision-specific issues.
- **Full new engagement:** Where decisions are highly material, or where a regulatory requirement for new evidence applies and the existing evidence base is insufficient, a more comprehensive programme of consumer engagement will be scoped and agreed. This may involve bespoke research, consultation or other forms of structured consumer involvement designed specifically to inform the decision.

Involving consumers in decision making

The framework itself does not prescribe a particular engagement methodology. Instead, it provides a structured basis to guide us in determining the extent of consumer involvement that is proportionate to the decision under consideration. Professional judgement will remain important in determining the most appropriate form of consumer involvement in individual cases.

Additional points on the use of our materiality framework:

- our approach is to treat decisions made that impact the NHH retailers we serve in a similar way as the consumers that fall under this rule, whilst having consideration of the role they play in the market;
- We may occasionally be required to make decisions within timescales that do not permit the full application of the framework and/or the undertaking of additional consumer engagement. In these cases, we will record the reasons for this and/or look to conduct retrospective consumer research (e.g. to survey customers following being impacted water supply incident) to ensure their involvement in future decisions; and
- In the context of decisions about for the delivery of our PR24 business plan our position is that rule is focused on options for **how we deliver the investments in our plan**. Given we have engaged extensively with customers to develop our plan and have majority acceptability support, and have a range of regulatory commitments and funding tied to the delivery of these investments to meet target service/performance levels, we will only change course on major investments if there is overwhelming evidence of customer detriment to consumers and/or the environment, and/or regulatory intervention that requires new engagement with consumers.

ICG challenges to our approach

Our ICG Chair reviewed our draft materiality framework and provided a series of challenges, which we have considered in our approach. Table 3 outlines our response to two of the main challenges. We have committed to keeping these under review through 2026/27, to assess whether our approach needs to be amended.



Matt Cole

Chair - ICG for South Staffs Water
and Cambridge Water

As an independent consumer advocate, I am passionate about ensuring that customer voices are heard and importantly are used to influence the decisions and strategies of the company that will have a direct impact on their experience, the service delivered, and the water bill they pay. Working alongside independent consultants and specialists I have provided input and challenge to the company's plans to implement the CIR, and to ensure that this complements and builds upon existing processes and importantly delivers the step change that is demanded by some stakeholders.

As ICG Chair I have also seen first-hand the previous focus of the company in ensuring a full understanding of consumer wants and expectations, and an analysis of potential impacts of change at both a macro and micro level and how these can be mitigated. And I also see how the CIR will build upon the strong foundations already in place and recognise the ambition and passion of the company, its senior leaders and executive, and those supporting consumers day to day, to further embed the consumer into the development of its plans and it how responds to situations and emerging events.

Matt

Table 3 our response to ICG challenges about our materiality framework

ICG Chair challenge	SSC response
<p>There is stakeholder concern that through a CIR lens decisions can be broken up into several smaller sub-decisions that appear less impactful, but in aggregate they could be more material to consumers and/or the environment. Whilst this issue will be seen more in the wastewater side, it's important to be mindful the checks and balances to ensure that decisions aren't always seen to be low materiality, in terms of impact. An example is willingness to pay vs acceptability/affordability testing, in that it's only once the total basket of change is understood do you get a clearer picture of consumer support and acceptance. A challenge to the company is to confirm if there are any links to other previous changes that have been through the CIR process and, if so, whether the aggregate assessment would be any different.</p>	<p>In response to this challenge:</p> <ul style="list-style-type: none"> ■ when documenting each decision, we will set up a checkpoint to assess whether this decision links to any previous one raised that are interlinked to assess the impacts in the round; ■ ensure that as colleagues log individual decisions that the customer insight team carries out an assessment of any interlinking decisions; and ■ where there is a risk of aggregating impacts that the appropriate governance processes are followed with our Executive team, ICG Chair and Board Consumer Champion.
<p>The impact assessment point of the CIR process is important, but impact should be considered through different lenses, and we the company needs to reassure whether the materiality framework approach fully captures this. For instance, with the social tariff example change, it will impact potentially all household consumers who would pay for it, it could impact those who receive a social tariff (but only if it changes), and should impact those who could benefit, but don't at present (due to volume constraints, or lack of awareness). It's important that this type of complexity isn't lost, since the impacts are very different. The challenge is to ensure that the approach it not inadvertently simplified to the point that important detail that could inform the end decision is lost.</p>	<p>In response to this challenge:</p> <ul style="list-style-type: none"> ■ whilst we are not at this point proposing to alter the way the materiality framework operates, we have added additional prompts to the form which colleagues will use to log each decision. These will prompt deeper thought about the wider complexity of the decisions to help ensure this potential risk is mitigated; and ■ ensure that through the multiple layers of governance built into the process (i.e. the Customer Insight and Executive teams, ICG Chair and Board Consumer Champion) that each decision and its potential impacts are robustly discussed to ensure each decision is viewed through the potential different impacts on consumers.

Next steps through 2026/27 – to be detailed in our end of year report

We will:

- from July 2027, ask our teams to start logging known decisions in the framework. As decisions can crop up unexpectedly in response to situations that arise though the year, our teams will continue to log decisions during 2026/27. For those decisions that are classed as **red** (material) we will follow the guidance in the CIR. We will take a proportional view for those decisions that are classed as **green** or **amber** on whether we will engage with consumers and/or wider stakeholders when making the decision;
- continue to investigate ways to embed the consumer voice directly into the framework, to build on the integration already carried out using the outputs from the consumer research project '**Involving consumers in defining material impact**' – (Navigator, June 2026). We will discuss with the wider sector, Ofwat, CCW and the ICG if further research should be undertaken and what scope this should have to build on the insights from this first project;
- assess an approach for how to best track trends in decision making over time and how we can develop reporting for our senior leadership team to help aid their role in effective decision-making; and
- conduct a review in the final quarter of 2026/27 of the effectiveness of our materiality framework and outline any improvements we intend to make for the follow year. If there are changes to regulatory expectations, business priorities, consumer needs or governance arrangements we will assess the impact for future refinement. Any reviews will continue to be guided by the principles of proportionality, practicality, transparency and consumer focus that underpin the current framework.

3. Gaining insights on consumer views and preferences

Component 1 of the CIR sets out that...

Water companies must put in place, and follow, effective arrangements to appropriately understand the views and preferences of their consumers in relation to decisions that have a material impact on them. Arrangements must include:

- surveys of consumers;
- qualitative research among their consumers;
- engagement with independent consumer experts;
- additional or alternative approaches which achieve a positive outcome; or
- A combination of any of the above arrangements.

Our internal assessment of 2025/26, highlights that our robust consumer engagement and research programme ensured that many important decisions, including ones that went to the Board, involved the effective involvement of consumers and/or input from external experts which informed our decision-making. However, we recognise that we can be more effective and consistent in relation to how we involve consumers. We will further improve our engagement programme to ensure we can fully comply with this component of the rule for all material decisions identified during 2026/27. In this chapter, we detail these improvements.

For context, we first look back on our journey to being a more customer-focused water company. Providing a vital public service gives us the opportunity to interact with tens of thousands of individual consumers every year. To achieve our vision and to deliver wider public value, it is important that we engage to understand how we can best meet the needs of the communities we serve.

For example, in developing our [business plan for 2025 to 2030](#), we carried out our most in-depth and widest reaching research and engagement programme to fully understand what our diverse population of consumers, stakeholders and citizens expect us to deliver now, and in the future.

This engagement programme also fed into important decisions made in our [long-term delivery strategy](#) and water resources management plans for our [Cambridge](#) and [South Staffs](#) regions, which cover the period 2025 to 2050.

Our '[Customer engagement strategy and key insights](#)' report details the journey of how we gained and used all the feedback from our consumers to directly shape the important decisions made in our plan, to ensure it delivered in a fair and balanced way. This covers how we met the "high-quality engagement" guidance outlined in the Ofwat policy paper '[PR24 and beyond: Customer engagement policy](#)' published February 2022. We will maintain alignment with this policy moving forward. As and when this policy is updated, we will then assess the impact of any changes and adjust accordingly.

Involving consumers in decision making

Our focus at PR24 was on “quality and effective use of insights” and we directly engaged with over **92,500 consumers** (the majority of whom were bill payers) across our strategic research and ongoing business-as-usual (BAU) insight programmes. This programme ran from April 2019 to September 2023.

We also developed a [website resource](#) to showcase a full list of the strategic research studies, both those delivered through our partners on our strategic engagement framework for the PR24 price review and the various wider sector studies we drew from. On this webpage is a report covering a wide range of [thematic reviews](#) undertaken to provide robust evidence of consumer and stakeholder preferences, which supported decision in our current business plan. This was one part of our robust approach to triangulation of consumer insights, which is detailed further in section 1.2.3 of our [‘Customer engagement strategy and key insights’](#) report.

Our engagement approach focuses on a dialogue to give us a fully rounded view of our consumer and stakeholder preferences. In each research report, we have detailed which consumer groups have participated. We summarise this below.

- **Current household customers**, including representation by age, gender, socio-economic groups (including household income), life stages and attitudinal segmentation. We have also used targeted sampling to make sure we reached a wide range of customers in vulnerable circumstances (both financially and from a health perspective), those who have been traditionally harder to reach (for example, those from minority ethnic backgrounds) and those who are digitally disengaged or unable to participate in online research studies or other online channels, such as social media.
- **Non-household customers**, such as small- and medium-sized businesses, large corporations and organisations that rely on water to enable them to carry out their day-to-day operations.
- **Future household customers aged between 16 and 29**, who do not currently pay a water bill directly to us (Generation Z and Generation Alpha).
- **Wider citizens and users of our services**, but who do not pay a water bill directly to us.
- Across all our strategic studies we have also taken great care to ensure those customers who have **suffered a service failure** (for example, water supply interruption, flooding, low pressure, water quality notice, or a problem with their bill) were included.
- **Non-household business market retailers**, which buy water from us on behalf of their end business customers and provide a range of retail services such as billing, meter reading and handling customers’ service queries.
- **Developers, SLPs and NAVs**.
- **Community and customer organisations and advocates**, including CCW, Citizens Advice, local Chambers of Commerce, environmental organisations, local government, and housing associations.
- **Regulatory bodies**, including Ofwat, the Environment Agency and the DWI.

The approaches we used to engage consumers include the following.

- **Short and in-depth phone interviews and surveys**, including the industry-wide survey and incentive mechanism used by Ofwat to evaluate and score how well water companies treat their household (C-MeX), developer services (D-MeX), business and retailer (BR-Mex) bill consumers.
- **Online surveys**, both short customer satisfaction surveys and 20-minute in-depth studies.
- **Deliberative online research panels, Citizens’ Juries and our H2Online communities**, often running over an extended period.
- **Deliberative focus groups, all- and half-day workshops and other events**, such as the ‘Your water, your say’ session held during [2023 and 2024](#).
- **Co-development sessions**, with customers and people from across the business coming together to discuss views and ideas. These ranged from three-hour workshops to all-day sessions.
- **One-to-one in-depth interviews** with hard-to-reach customer groups.

Involving consumers in decision making

- **Online roundtable meetings and stakeholder forums** – including those with NHH retailers and developers/self-lay providers.
- **BAU events and community activities**, including ongoing activities at our community hub.
- **BAU insights**, including social media listening and analysis of day-to-day customer satisfaction surveys, contacts and complaints.

Looking back on our engagement programme, we have identified from our consumer feedback as we have implemented our PR24 business plan that we need to find a more concise and engaging way to present and communicate how we make decisions, which the initiatives outlined in this report seek to address. An example of this type of feedback was from our first Water Voice consumer panel accountability session held in **March 2023** where the discussion focused on improving transparency around how customer money is used and ensuring communications explain both the scale of investment and the benefits it delivers – i.e. better explaining how the engagement we undertook with consumers led to the decisions we made in our plan.

Importantly, since we submitted our plans to Ofwat in October 2023, we have not taken our foot off the accelerator. We immediately set about building on the learnings and gaps identified during our PR24 engagement. This included the need for more ongoing two-way conversations to improve the standard of engagement and to make more use of behavioural insights. These have played an important role in helping us engage more effectively with consumers since 2024 when delivering our PR24 plan.

Most of our engagement covers consumers in both our South Staffs Water and Cambridge Water supply regions to ensure representative feedback is gained in both. This is particularly important given the known differences in population demographics across our two regions.

Most projects are also reviewed and challenged by the ICG to ensure the research is unbiased and clear, and that we have appropriately considered consumers' preferences and views when making any decisions.

In addition to our consumer research, we also engage extensively with expert stakeholders to ensure the insights supporting our decision-making are robust. This includes the following.

- We have dialogue with a wide range of expert stakeholders and partners. We have a partnership network of over **300** organisations. This includes:
 - debt advice services;
 - local health providers;
 - local authorities;
 - charities and food banks;
 - social housing providers;
 - environmental organisations (national and local); and
 - think tanks, such as Sustainability First.

We regularly seek, and capture feedback from them to help inform our decision-making, including maintaining a centralised list of the important details captured from any important stakeholder meetings. In addition, examples of how we engage with stakeholders supporting consumers in vulnerable situation can be found on page 42, table 9 of our '[Appendix VS1: Customer and stakeholder engagement and population demographics insights](#)' report, published alongside our '[vulnerability strategy](#)' (June 2025).

- We draw regularly on the findings from many wider water sector studies undertaken at a national level to help inform our decision making. These include studies from:
 - Ofwat and Ofgem;
 - CCW;
 - other water companies (including club projects);

Involving consumers in decision making

- UK Customer Satisfaction Index (UKCSI); and
- Association of Citizens Advice of England and Wales.

In **appendix 1**, we outline some examples of how our research programme has informed important decisions we have made during 2025/26 when delivering the commitments made in our business plan for 2025 to 2030. This covers both strategic research projects and our ongoing BAU insights programme. This highlights the focus we place on considering consumers' preferences in our decision-making. This evidence highlights that we already have good foundations in place to be compliant with the CIR

Case study: involving customers with developing and rolling out our affordability tariff

The following case study helps bring to life one way we are involving consumers in decision making.

In 2023, we started working with our independent research partner, Qa Research (now called Navigator) where they ran facilitated consumer workshops in our Cambridge and South Staffs regions to explore the design of a new affordability tariff.

We used the insights from consumers who would qualify for this tariff to design the eligibility criteria, the tariff name and the communication materials to promote it. At the time of full launch in May 2025 the tariff was designed to support customers with an annual household income of between £22,011 and £27,000, who do not qualify for our Assure social tariff to help them to save money and also to help them identify practical and appropriate changes to the way they use water at home every day.

We continued to work with Qa Research between October 2024 through to 2026 to design and implement a robust qualitative and quantitative research programme to gain feedback to help evaluate the impact of the new tariff on customers who had signed up.

So far, more than 200 household customers on the tariff have completed one or more quantitative survey, while for the qualitative research programme 15 households have taken part in a series of activities over the course of a year, including a co-creation session to discuss their experiences of being on the tariff. There is a final wave of quantitative research taking place during the summer of 2026 to allow us to track the impacts the trial is having on customers across the whole time the tariff was offered – from bill affordability to water use behaviours and emotional well-being.

At each stage of the project, we regularly engaged our Executive team and used the insights to support decision-making through a steering group that met regularly. The regular reviews have been built around the consumer voice, with independent expert advice provided by the ICG Chair to help ensure our research programme was robust and high quality.

We plan to use all the insights and the data we hold about our customers' water consumption to evaluate the full impact of the trial by the end of the year. We will also further develop our behavioural model, which will help with the design of future tariffs to ensure they deliver best outcomes for our consumers. We will share these insights with the Board to assess.

Compliance with component 1 in 2026/27

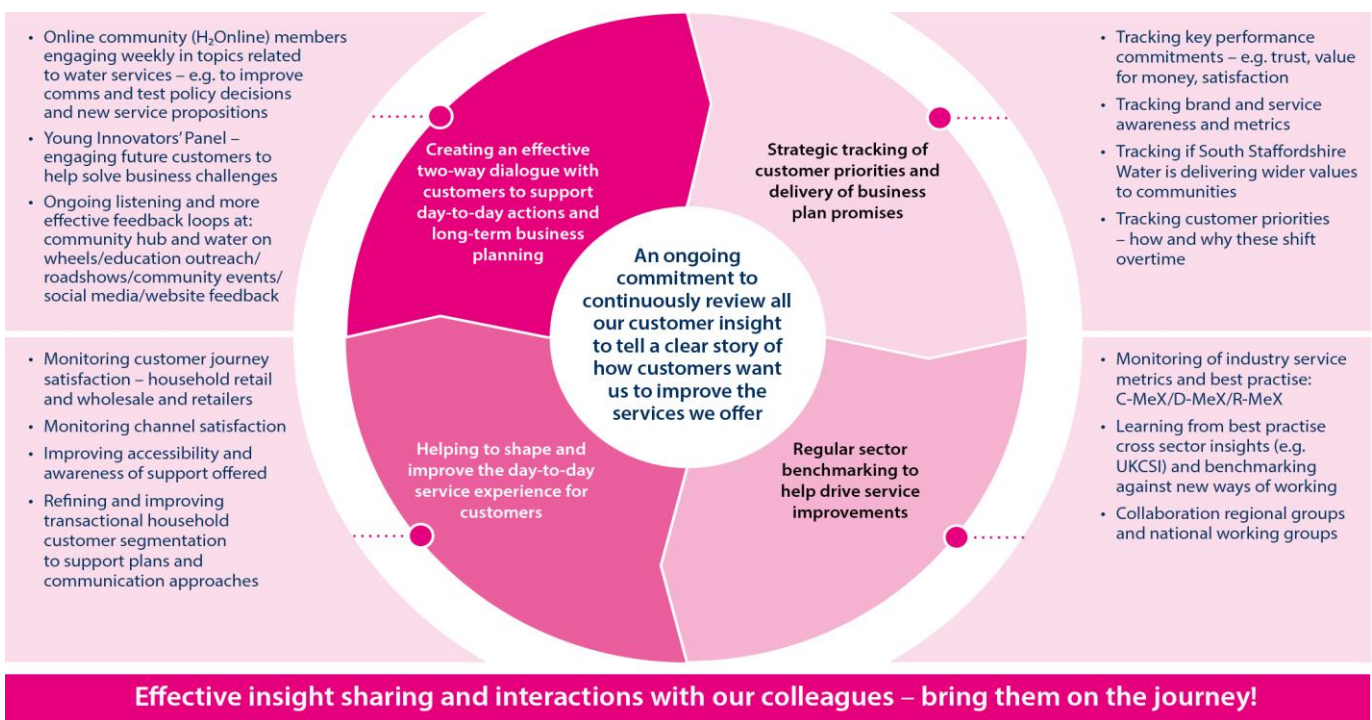
Over the course of 2026/27, we will maintain our strategic approach to consumer research, ensuring it is built around the things that are important to everyone who uses our water services, as well as the views of other stakeholders.

This ensures the consumer voice is present in most of our decisions and that we have taken steps to ensure we have added layers of governance in place for the decisions on what are classed as material to ensure the appropriate consumer and/or expert stakeholder evidence is gathered to inform our decision making.

Aligned to our approach at PR24, we will continue our approach of making use of multiple insight sources to triangulate evidence to ensure insights from our surveys, qualitative research, and independent experts are combined with any feedback from the Water Voice consumer panel and wider sector insights.

We will continue to enhance our BAU insights used in 2025/26 as evidenced in figure 4. This insight continues to play an important role when informing our decision-making.

Figure 4 Our BAU insight programme – 2025/26



To further improve our consumer engagement and research approach, we intend to invest in the following initiatives during 2026/27, which will also ensure we are compliant with the Ofwat rule.

- **Future bill payers.** We will further enhance our Young Innovators' Panel (YIP) engagement programme by recruiting a panel of between 30 and 50, 16 to 18-year-olds, with whom we can engage over time. We can then use this cohort of young people as the main recruitment pool for the 20 to 25 students selected for the annual Young Innovators' Panel business task. This approach means that we can ask this group of consumers for their views on any material decisions we take. Our [website](#) details more information on the most recent YIP.

Involving consumers in decision making

- **Relaunching our household Online Communities.** In June 2025, we temporarily paused our Cambridge and South Staffs H2Online communities, which first launched in November 2019. Relaunching them will ensure we have an engaged set of consumers available to provide input (both strategic and tactical) into any material decisions we take. We intend to relaunch before March 2027 and are aiming to recruit between 200 and 500 consumers on each community. We will also relaunch our Priority Services Register consumer panel, called Priority Watch.
- **Water Voice consumer panel (facilitated by CCW).** We will continue to fully engage with the Water Voice accountability sessions as the consumer insights they provide are an important input into our decision making. At the same time, we will continue to take care to triangulate the insights with our own research programme to ensure no biases.
- **Relaunch our Customer Priorities Tracker.** This will be a foundational research project to kick off the engagement programme for the development of our business plan for 2030-2035 (PR29).
- **Commission new research using appropriate approaches aligned to Ofwat's guiding principles:** where it is appropriate to do so to inform material decision making for both BAU and strategic decisions.

These initiatives further build on our research programme from 2025/26, as outlined in **appendix 1**. To enable this, we will be actively recruiting a new Senior Insight Manager to allow us to further expand the quality and scale of our consumer research programme.

We are conscious that, for engagement that informs our 5- and 25-year business plans, Ofwat and other regulators, such as the Environment Agency, have yet to issue guidance on how water companies must engage with its consumers to inform the decisions made in this plan. We await confirmation from Ofwat over what its policy document for consumer engagement will focus on for PR29 and how the CIR will fit within this.

Next steps through 2026/27 – to be detailed in our end of year report

Our wide-ranging research programme ensures that we utilise the following ways to involve all the consumer groups we serve in our decision-making. Where our existing programme does not supply sufficient consumer research evidence to inform the decision, we will commission new research in a proportionate way based on the review conducted through our materiality framework.

Chapter 2 details our proposed approach to determining the appropriate level of consumer engagement for any decisions we make. Our framework allows for considered decisions by key decision makers on whether additional consumer research evidence is needed. For example:

- if a decision is classed as Green and has strong and recent consumer research to rely on and no regulatory requirements to engage consumers, then the existing evidence base will be sufficient to inform the decision;
- if a decision is classed as Amber, there is limited consumer research to rely on, but no regulatory requirements to engage consumers, then the framework recommends carrying out targeted new research to inform the decision; and
- if a decision is classed as Red (material impact) and there is limited consumer research to rely on, the framework recommends carrying out full consumer research to inform the decision.

Our choice of consumer involvement for any given decision will adhere to the CIR guidance and will include one, or more, of the following sources.

- Quantitative surveys, the majority of which are conducted online and/or by phone.

Involving consumers in decision making

- Qualitative approaches, including our H2Online communities, the Young Innovators' Panel, Priority Watch Panel, Water Voice consumer panel, ethnographic insight studies and stand-alone qualitative projects that could include co-creation workshops, focus groups or depth interviews.
- Regular liaison with the ICG to provide challenge and input into customer engagement and decision making.
- Continued engagement with our expert stakeholder partners, across the diverse range of organisations and specialist we partner with.
- We will continue to adhere to the best practice principles of customer insight triangulation and ensure all the evidence is considered in the round across our consumer research, the Water Voice consumer panel and wider across the water and other related sectors.

4. How we will use the consumer voice to make decisions

Component 2 of the CIR sets out that...

Water companies must ensure that the views, experiences and preferences of consumers, including those understood because of component 1, are appropriately fed into, and considered in, the decision-making process for decisions that are likely to have a material impact on them.

At Board level, in relation to decisions relevant to this rule, this must include:

- allocated time within the annual Board meeting cycle for discussions focusing regularly on consumer matters;
- arranging for the regular attendance of independent consumer experts at meetings of the Board;
- designating an Independent Non-executive Board member with specific responsibilities for involving consumers;
- holding open meetings of the Board which consumers can attend;
- additional or alternative approaches which are appropriate to deliver compliance; or
- a combination of any of the above arrangements.

When a CCW-convened consumer panel requests the water company's attendance at a meeting of the panel, it must make all reasonable efforts to ensure that at least one senior representative attend the meeting. Following attendance at a meeting of a CCW-convened consumer panel, the company must provide a summary of matters discussed at the panel meeting to the water company's Board.

In 2025/26, we view that we achieved minimum compliance with the component. This included moving to a new operating model, which improved our focus on considering consumers' preferences when making decisions, and ensuring the Board was engaged with the most important decisions, including a discussion of any consumer research undertaken. Three members of our Executive team also attended the first accountability session of the Water Voice consumer panel and the action plan generated from the session is found on [CCW's website](#). The outcomes from the first session and the action plan have also been fed back to the Board. In this section, we detail how we will be compliant with this component of the rule.

Once we have identified a decision as having a material impact on consumers, our teams will follow a consistent approach to ensuring that consumer preferences and/or expert stakeholder input is appropriately considered in the decision-making process. Figure 3 (chapter 2) sets out a mechanism for ensuring consumers are involved at the correct point of the decision-making process for any material decision.

We outline the improvements we are making across our operational teams making the decisions, the Board and the ICG in table 4.

Table 4 How we will be compliant in 2026/27

Level	Approach taken in 2025/26	Approach being taken from July 2026
<p>Senior and operational teams</p>	<p>We discuss consumer preferences at relevant steering group meetings. This includes the consumer research/insight and/or expert stakeholder input that has been used. The team making the decision is responsible for communicating how this insight has been used to inform the decision, in the context of all the other inputs into the decision-making process – e.g. cost, resourcing, timelines, market data.</p> <p>We have detailed below the meetings that include members of all or some of our Executive team. This has provided an additional focus on the delivery of our business plan commitments and decisions related to these.</p> <ul style="list-style-type: none"> ■ Weekly Executive team meetings and monthly business review (MBR) session, which members of the Executive team attend. ■ Quarterly business review (QBR) sessions, which cover all teams across our business who directly or indirectly take decisions that impact on consumers, and which members of the Executive team attend. ■ Universal metering steering group meetings and other steering groups that make decisions that impact on consumer matters. <p>Any decisions made are recorded in meeting action logs, while reference to consumer involvement is recorded in business cases presented by the lead decision maker.</p> <p>We discussed several important decisions with the ICG Chair and presented selected ones at the quarterly ICG meetings.</p> <p>We ensured that the actions agreed with our Water Voice consumer panel were documented and we have set up a tracker to ensure delivery by the relevant teams.</p>	<p>We will maintain our approach from 2025/26, including effective engagement with the Water Voice consumer panel.</p> <p>We will take the following steps to further improve our approach to ensure consistency and transparency.</p> <ul style="list-style-type: none"> ■ We will develop a central database to record our teams’ reviews of what consumer research/insight and/or expert stakeholder input was used to inform each material decision and the impact the evidence had on the decision. Over time, we expect this to become a knowledge centre. ■ Materiality assessments will be documented alongside key decisions, including the rationale for any judgements applied, the consumer evidence considered and any consumer involvement undertaken. This documentation will provide a clear audit trail demonstrating how consumer impacts have been considered throughout the decision-making process. ■ Our Customer Insight team will work collaboratively with all teams making decisions to agree for each decision: <ul style="list-style-type: none"> ■ whether we already have sufficient consumer evidence to inform the decision, aligning to Ofwat’s guiding principles and following insight triangulation best practice principles. This will include an assessment of when this evidence was acquired and how, and whether it can still be relied upon to appropriately inform the decision. This will require expert judgement aligning to best practice insight triangulation, with input from external experts, such as research agencies and in consultation with the ICG Chair; and ■ if new research needs to be undertaken, what consumer and/or expert stakeholder input is needed to inform the decision, aligning to Ofwat’s guiding principles. We outline how our materiality framework works in Chapter 2.

Level	Approach taken in 2025/26	Approach being taken from July 2026
<p>Board-level engagement</p>	<p>Where we viewed a decision as material for Board discussion, the decision along with any supporting evidence was discussed with the Board and documented. During the year, the following decisions were discussed with the Board.</p> <ul style="list-style-type: none"> ■ Household and non-household water charges for 2026/27. ■ Whether to implement temporary water use restrictions (TUBs) in our Cambridge and South Staffs regions given the drought conditions that occurred during parts of 2025. ■ Our vulnerability strategy, including how we approach community engagement. ■ How we best deliver the commitments in our water resources management plans, including our leakage reduction ambition. ■ Investment cases for asset re-openers – cyber security resilience and the Grafham pipeline transfer. ■ Dividend policy. 	<p>Building on our Board engagement approach, we will formalise an itemised agenda item dedicated to ‘Consumer involvement’ at all scheduled Board meetings.</p> <p>Given her expertise and experience, Sara Vaughan is appointed as the designated Non-executive Board member with specific responsibilities for involving consumers. To ensure this important role as the Board Consumer Champion leads to positive outcomes, they will:</p> <ul style="list-style-type: none"> ■ where appropriate, observe consumer research sessions, including the Water Voice accountability sessions, and consider whether the insights gained are being used effectively to inform material decisions; ■ provide an update to the Board of the main points discussed at the Water Voice consumer panel accountability sessions and to discuss the suitability of the action plan agreed in response to the challenges raised. This will be done with consideration for insights from our wider consumer research programme. This approach provides assurance that the Board finds the action plan appropriate given the balance of consumer feedback; ■ lead the discussions during the ‘Consumer involvement’ agenda item at Board meetings, to ensure effective review of the material decisions discussed. This can cover how effectively consumers were involved in the decision, reviewing the impact of past decisions on consumers, or how effectively the company is communicating to consumers how they are being involved in decision making; ■ liaise with our Executive, Senior Leadership and Customer Insight teams to ensure effective dialogue relating to consumer involvement. This will be achieved through regular reporting and quarterly meetings; ■ discuss our compliance progress with the CIR at our ESG Committee at least once a year and also with the Audit and Risk Committee, which is attended by several Board members; ■ notify the Board when the forward-looking and end-of-year report are being submitted. The wider Board will also have sight of the reports; and

Level	Approach taken in 2025/26	Approach being taken from July 2026
		<ul style="list-style-type: none"> meet with the ICG Chair each quarter to review our progress and discuss improvements. Also, to invite the ICG Chair to attend a Board meeting once a year, to allow for the provision of an independent update on the company's progress, including compliance with the CIR.
<p>ICG engagement</p>	<p>The ICG continues to provide effective challenge, aligned to Ofwat's principles of high-quality engagement. We have effective and regular engagement with the ICG, aligning to the agreed terms of reference, which focus on:</p> <ul style="list-style-type: none"> inputting into a range of consumer research studies, through meetings and a challenge log to ensure the research is unbiased and aligned to best practice principles. The engagement has led to a range of improvements; regular meetings with the ICG Chair to discuss important decisions the company has made and what consumer and expert stakeholder input was used to make these; and inputting directly into important decisions as experts at quarterly meetings, given the wide-ranging expertise of the ICG membership. 	<p>We will maintain our engagement with the ICG and will further strengthen it by:</p> <ul style="list-style-type: none"> updating the terms of reference to align to the CIR to ensure the ICG's focus supports effective delivery of all aspects of the guidance; meeting our ICG Chair once a month to discuss any aspects of the CIR to enable ongoing and effective challenge; and using the quarterly ICG meetings to allow effective challenge and input into any aspects of the CIR that require wider discussion. <p>The ICG Chair will meet quarterly with the Board Consumer Champion to ensure that the expertise of the members informs the reports to be discussed at Board meetings.</p> <p>We will work with the ICG in a flexible and collaborative way to ensure the group's expertise is deployed at the right times to ensure best outcomes for consumers, local communities and the environment.</p>

Next steps through 2026/27 – to be detailed in our end of year report

To ensure continuous improvement, we will review how effectively these arrangements are working in our report looking back at how we complied with the CIR during 2026/27. We expect the report to be published in the summer of 2027, once Ofwat has confirmed timings. This will include details of how consumer views and experiences, gathered from a range of sources, including the Water Voice consumer panel, influenced material decisions.

5. How we will feedback on the consumer experience

Component 3 of the rule sets out that...

To deliver the core requirement of the rule, water companies must seek feedback from consumers on their experiences of being involved in decision making, so that the impact on consumers of past decisions:

- is understood;
- is considered in decisions affecting current and future consumers; and
- informs relevant future planning for delivery of this rule.

The process of seeking feedback must include engagement with any CCW-convened consumer panel that has been established for the company. Further arrangements to achieve this must include:

Open sessions involving members of the undertaker's staff and consumers to obtain the relevant feedback, including following incidents; or,

- qualitative research among consumers; or,
- additional or alternative approaches which achieve best outcomes or,
- a combination of any of the above arrangements.

Water companies must seek feedback from independent consumer experts on the way they have sought to deliver the core requirement.

In 2025/26, we view that we achieved minimum compliance with this component of the rule for many of the decisions we took. However, we recognise that we can improve further. Specifically, that we can improve the consistency across all teams of how we record and use insights to improve our decision making; and how we understand and communicate the impact of our decisions to consumers. In this chapter, we detail how we will be compliant with this component of the rule.

We know from our ongoing engagement with consumers and our first Water Voice consumer panel accountability session, that there is a growing perception that water companies are not making decisions that are always in the best interests of consumers. This means we need to further increase our efforts to communicate how the consumer voice is involved in decision-making and whether the decision led to better outcomes for them. We need to get better at closing the loop.

In chapter 3 we detail the scope of our consumer engagement programme. We have a range of research projects running specifically dedicated to tracking the impact of our decision-making. These include:

- **Customer Promises Tracker** – which tracks how well HH, including consumers on our Priority Services Register, and NHH consumers perceive we are delivering the commitments in our PR24 plan;
- **Point of contact customer satisfaction surveys** – which provides feedback on how customers respond to improvements we make from their feedback on the experiences they have when they contact us;
- **Running multi-wave quantitative surveys to track the impacts of our support and communication on consumers** – e.g. water conservation campaigns affordability tariff, universal metering;
- **Regulatory insights** cross C-MeX, D-MeX, BR-MeX; and

Involving consumers in decision making

- **Wider tracker studies** – e.g. Ofwat/CCW' Customer Spotlight and Cost of Living, CCW's HH Watter Matters and UKCSI satisfaction reports.

To further improve our approach during 2026/27, we plan to focus on several key activities. These are detailed in table 5 below.

Table 5 our approach to gaining feedback on consumer experiences

	Approach taken in 2025/26	Approach being taken from July 2026
Understanding the impact of past decisions	<p>Our consumer research programme is built around two core elements.</p> <ul style="list-style-type: none"> ■ To understand customer preferences to inform decisions; and ■ To track the impact of those decisions on consumers. <p>In appendix 1, we outline examples of consumer engagement and research where we have tracked through the impact of our decisions on consumers. This includes the roll out of our new affordability tariff and universal metering programme, and using point of contact surveys to understand if changes to our service offering improved consumer satisfaction.</p>	<p>We will further improve our consumer research programme see chapter 3. Specifically, we will</p> <ul style="list-style-type: none"> ■ develop a central database to record how we will measure the impact on consumers of the material decisions we make and then ensure this is tracked through a combination qualitative and quantitative consumer feedback, and expert stakeholder input. Over time, this database will become searchable so that anyone in the business can review past decisions to consider the past learnings – this should lead to more effective decision-making over time; ■ engage with our Water Voice consumer panel accountability sessions and the H2Online communities (once relaunched) to gain insights on how the delivery of the action plans is impacting on them; and ■ Work with the Board Consumer Champion, ensuring we share with other Board members updates on the impacts of past decisions on consumers.

	Approach taken in 2025/26	Approach being taken from July 2026
How we handle major supply incidents or other material events	<p>Following any significant incident that might impact our consumers (e.g. the temporary loss of water supply across hundreds of properties for an extended period) we hold lessons learned sessions and share a report to:</p> <ul style="list-style-type: none"> engage our colleagues who managed the incidents and any relevant expert stakeholders, wider community stakeholders (such as MPs, councillors, support organisations and regulators); and review the feedback from surveys sent to customers who contacted us during the incident to inform improvements to our incident planning. 	<p>Building on what we do currently, we will pilot a qualitative approach to engage with consumers following major incidents. We will take a proportional approach to this engagement, based on the scale and duration of the incident.</p> <p>We intend to draw on the research reports commissioned by CCW during 2023/24, which were undertaken following a major incident among consumers to find out where water companies met expectations and where they fell short. A summary of this useful insight can be found on the CCW website.</p>
Engaging the ICG	<p>We work collaboratively to update the ICG on the impact of our past decision on consumers. This is done through updates to the Chair and/or discussed at the quarterly panel meetings.</p>	<p>We will meet the ICG Chair once a month to discuss how effectively we are complying the core requirements of the CIR.</p> <p>Continue to engage with our ICG Chair and the wider Panel to challenge our Annual Performance Reports and make suggestions to improve its content and design.</p>

Communicating to consumers about how we are involving them in decision making

In the ‘**Club Materiality: Defining material impact with consumers**’ – (Navigator, June 2026) report, consumers articulated that the CIR will likely only work effectively if the engagement is truly meaningful and that is it clearly evidenced that feedback is genuinely leading to positive changes. We already track a range of metrics (e.g. trust, value for money) and we have added new statements to our Customer Promise Tracker to help us identify any shifts in perception over time of how well customers understand the value they receive for their water bills. Our approach reflects that we view this component of the CIR as important to help rebuild any lost consumer trust.

To provide consumers with evidence of how we are involving them in our decision-making we plan to develop a website resource to communicate:

- how we are involving them in decision making – for example, what we asked them and how;
- how we used that insight to inform the material decision that we have made; and
- what decision we took and why.

The case study below outlines how we approached ‘You said, we did’ (YSWD) between March 2020 and June 2025 with our H2Online communities. The feedback was clear that most consumers do not have the time to read lots of information and want concise but relevant updates about how their voices shape our decisions.

Involving consumers in decision making

For those who do not or cannot go online, we will investigate how we can use printed leaflets (or similar) to summarise the decisions we have made during the year. In addition, we will explore ways to best incorporate this messaging into an action that is being taken forward following our March 2026 Water Voice accountability session. Our **'Your water, your future'** campaign summaries, in consumer-friendly language, where the money from water bills goes to fund investments to improve water services and the environment.

Engaging our H2Online communities

Our H2Online communities in our Cambridge and South Staffs regions ran from November 2019 to June 2025. Over that time, hundreds of household customers took part in a wide range of activities related to water. We used the insights from these communities', alongside those from our wider research programme, in two ways:

- inform quick wins and tactical decisions to improve the day-to-day experience; and
- To inform long-term strategic policy and planning decisions.

An important ingredient for the success of these communities was the regular feedback surveys we posted to gain members' views on how to improve the community and how we were acting on their feedback.

At the heart of this process was the 'You said, we did' (YSWD) feedback loop, which we started in April 2020.

We used YSWD to update members on the improvements we made because of their feedback on various topics. In 2022, after listening to members' feedback, we also set-up a dedicated area for members of the communities to share all the past YSWD updates so that they could challenge us on actions being taken over time, particularly for longer-term policy and planning decisions that might take months to deliver.

Figure 5 sets out an example of the YSWD template used in 2025. Our members directly helped to shape how we provided YSWD updates, showcasing how the communities offered us a co-development engagement approach. Specifically, members:

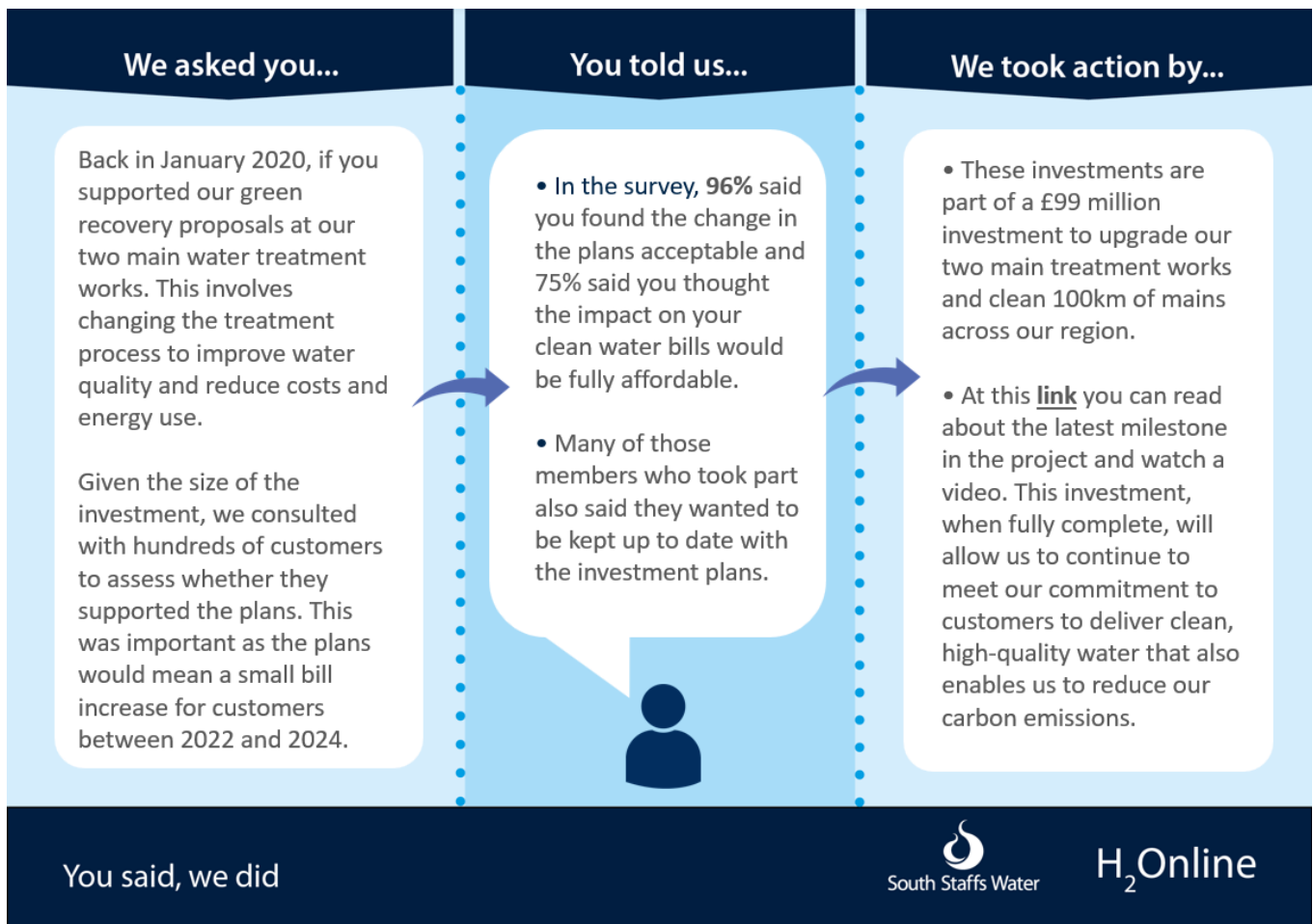
contributed to the design of the template to ensure it provided enough feedback without being overwhelming. They also challenged the design and colours used on the template to ensure accessibility; suggested adding links back to the original activity, to make it easier to track back to see what changes had been made because of the feedback. They also suggested adding links, where possible, to showcase evidence that the actions had been made, such as a link to an updated web page; and

told us that, on balance, quarterly updates were preferable, while acknowledging that some changes can take time to deliver. They also commented that we should only report back once as action was taken, unless it was a long-term issue (for example, the roll out of new metering technology) and they preferred updates at key milestones.

Below, we also share examples of comments from H2Online community members about our YSWD updates over time. For many of these, we asked the colleague responsible for actioning the changes agreed to post a video to say thank you and to explain the improvements. This helped to humanise our work, giving members the chance to find out more about how their feedback has been used, and the people responsible for delivering the services they receive. A small number of members who say they also engage with other communities run by suppliers tell us we were ahead at being so pro-active with our YSWD approach.

We posted more than 25 editions of this series, with the last one provided to members in June 2025.

Figure 5 Our 'You said, we did' H2Online template for communicating the actions we take – May 2025



The comments on the next page are from members of our H2Online communities who commented on our YSWD updates during the period 2021 to 2025. Alongside our template, we also regularly shared video updates from our colleagues who were using the insight to inform their decision. This helped to bring the outcomes to life for consumers.



"It's lovely to know there is a company out there that cares for its customers and wants their opinions and wants to listen. That's so rare these days!"

"I like to see these. It makes us feel valued to have our opinions taken on board :) We tend to forget what we have previously voted or commented on, but these remind us of what the topic was and how we were listened to :)"



"This seems amazing... So easy to get about on and find what you're looking for! Great to see a human being too, feel more connected to what's being shared."

"The really good thing about this page is the exceedingly good updates. When it used to be a letter through the post it would be like there is no interaction between company and customer. With this page it really isn't the case with are we being kept informed. It helps and then we then walk away from the page and we make friends and family aware and your "You Said We did" gets its message out far and wide."



"Very easy to navigate and find the information needed when it's organised in monthly updates. Also, great feedback from Cambridge Water again in keeping us feeling valued and listened to."

Next steps through 2026/27 – to be detailed in our end of year report

To ensure continuous improvement, we will review how effectively these arrangements are working in our report looking back at how we complied with the CIR during 2026/27. We will continue to identify the best way to track the impact of our decisions and whether the communication we send to consumers to explain how they have been involved in decision making and the outcomes is leading to improved engagement and trust scores.

6. Guiding principles

Ofwat outlines in the CIR the following guiding considerations for consumer engagement.....

- **Accessibility** – making involvement as easy as possible for a range of audiences.
- **Independence** – ensuring that views are not unduly influenced by the water company and reflect the genuine views of consumers.
- **Timeliness** – considering consumers' views at a frequency and time that makes sense for the subject matter and allows for meaningful involvement.
- **Representativeness** – involving a broad range of consumers, or independent consumer experts, that appropriately reflects the range of consumers the water company serves.
- **Transparency** – being open and honest with consumers who are being involved in decisions and being open about how consumers have been involved in decisions.

Since April 2021, our consumer research has been designed around 'eight guiding principles'. These form the foundation of how we approached our research programme, to ensure we deliver actionable insights that fully reflect our consumers' diverse views and so can be relied upon when making decisions.

We developed our eight guiding principles from a comprehensive review of all our research and engagement, along with the key learnings identified in wider reports published by various organisations. This includes the CCW and Blue Marble report, '[Engaging water customers for better consumer and business outcomes](#)' (May 2020). We also benchmarked our eight guiding principles against those for 'high-quality engagement outlined in Ofwat's '[PR24 and beyond: Customer engagement policy – a position paper](#)' (February 2022). We found a high degree of overlap and have ensured we have worked to these principles since 2021.

In table 6 we detailed how our guiding principles align to Ofwat's guiding considerations in the CIR. To achieve this, we will draw on our own insight programme and wider sector insights, including:

- CCW's reports '[Water consumer engagement and accountability](#)' (May 2025); and
- The recent water sector club project '**Club Materiality: Defining material impact with consumers**' (Navigator, June 2026) which provides an emerging framework for involving customers in decision making.

Table 6 our eight guiding principles for research and wider

Our guiding principles	Link to Ofwat’s guiding principles	Rationale behind our principles
Targeted and meaningful – empowering	Representativeness	<p>It is important that research must focus on areas where consumers can have a meaningful input and their views add the most value to decision-making – i.e. they feel empowered. The recent water sector club research project with consumers has provided an emerging framework for the decisions that they most want to be involved with. We have used this to inform our materiality framework to ensure the consumer voice is further embedded into our governance approach.</p> <p>We also use the CCW/SIA triangulation framework, Sustainability PIN model and the UKWIR customer engagement model guidance to ensure we made careful selections about when to engage with consumers, who to engage and how to engage them.</p> <p>We have also shifted our approach since 2021 to ensure, where appropriate, that we ask people who participated in our research to ‘wear different hats’ when explaining their preferences – either as a bill payer, or from a citizen/consumer perspective. This was a particular focus in our:</p> <ul style="list-style-type: none"> ■ qualitative studies, which engaged consumers on their investment preferences and decisions up to 2050; and ■ PR24 acceptability research study to ensure we understood these important differences to inform our plans.
Robust and proportionate	Representativeness	<p>Our primary focus is on delivering high-quality research and engagement, with an emphasis on quality over quantity.</p> <ul style="list-style-type: none"> ■ We do not have unlimited engagement budgets so, while both aspects are important, quality is more important than quantity to ensure the insights are robust and can be relied upon when taking important decisions. ■ We ensure robust and regionally representative sample sizes across all our quantitative research and ensure our in-depth qualitative sessions reflect our consumers as closely as possible. <p>We have also further increased the breadth and focus of our BAU insights since 2023 to help shape the customer experience, alongside our targeted strategic research studies aligned to long-term planning and major policy decisions. Examples include adding new survey channels following a customer contact (e.g. two-way SMS, QR code and website surveys) and developing a consumer listening customer satisfaction programme to support the roll-out of a universal metering investment.</p>

Our guiding principles	Link to Ofwat’s guiding principles	Rationale behind our principles
<p>Inclusive</p>	<p>Accessibility / Representativeness</p>	<p>We make sure we carefully select different research methodologies to provide the best experience for all consumers taking part. We have used mixed methodologies across most of our key research studies, covering a wide range of research techniques. This includes, for example, conducting interviews in-home with consumers who prefer face-to-face conversations in a familiar location.</p> <p>We focus on designing the research programme to ensure, as far as possible, that all consumer voices are fairly reflected across our research studies, given the research objectives. We have continued to focus efforts on ensuring that those who are digitally disengaged are able to take part across our engagement programme – our H2Online communities being the exception to this.</p>
<p>Adaptive</p>	<p>Timeliness / Representativeness</p>	<p>We want to give consumers the opportunity to input into the decisions we take, given that their preferences change over time. This helps us to understand which decisions lead to positive outcomes and which do not.</p> <ul style="list-style-type: none"> ■ In our strategic research, we have built a programme that builds from stage-to-stage, using the insights to shape the objectives of the studies that follow to ensure a clear journey. This allows learnings to be captured and gaps in insight knowledge to be closed. We will ensure our research programme continues this way as we move into the PR29 business planning cycle. ■ We ensure strategic research projects have dedicated qualitative and quantitative elements, so that we can build on feedback as studies’ progress and adapt them as needed. We have used in-depth qualitative discussion to inform the design of quantitative questionnaires, alongside cognitive depth testing to ensure effective engagement. ■ We use ongoing deliberative research approaches (e.g. ethnographic research) which allow us to play-back insights to the same, or other, consumers and ask them to discuss if they agree or not. This provides us with a more rigorous challenge of the insights and more confidence in the outputs. ■ As we progress through our programme, we review our wider insights to determine whether they can still be relied on to guide decision-making. This is an important part of guiding where we focus our engagement activities. Our use of ongoing tracking studies and increased use of longitudinal studies since 2022, helps us to make balanced choices.

Our guiding principles	Link to Ofwat's guiding principles	Rationale behind our principles
<p>Customer friendly – well informed</p>	<p>Accessibility / Transparency</p>	<p>Our customers should enjoy taking part in our research studies, as well as provide considered feedback to the questions we have asked.</p> <ul style="list-style-type: none"> ■ Our research programme has adopted the recommendations from the CCW lead research Engaging water customers for better consumer and business outcomes (May 2020). By March 2027, we will update our approach to align with the key findings from the CCW led research ‘Water consumer engagement and accountability’ (May 2025) centred on effective engagement and accountability. ■ We have consistently achieved high scores from feedback surveys sent to participants during and at the end of studies, learning and improving from the occasional feedback received where we have not delivered to expectation. ■ We regularly invited members of our H2Online communities to suggest activities and topics to cover and engaged them on the format of our YSWD updates. These updated members on the decisions we took because of their input. Since November 2025, we are now engaging proactively with the consumers who are part of the Water Voice consumer panel, and the associated accountability sessions. This engagement is directly shaping our decision-making and action plans to improve the service we offer. ■ We take great care to ensure all research studies are presented to consumers using questions and stimulus materials that are clear and free of bias. Our independent research partners all use best practice techniques to achieve this. In addition, we often conduct extensive qualitative research and use cognitive testing of surveys as standard to ensure high-quality approaches to our quantitative research. The ICG has had (and continues to have) the opportunity to challenge most of our engagement materials and we have worked with CCW on specific projects, such as our affordability tariff and company specific adjustment research (PR24) to ensure we conducted neutrally designed research. ■ We have taken care to ensure that any unavoidable or unintended bias in the research programme is detailed in our research reports. We have also shown consumers comparative water company performance data in selected studies where there is clear evidence from past qualitative insights that this information is important for customers to see when expressing their preferences. Key studies include priority research, a range of water resources management plan consumer research and business plan acceptability and affordability testing.

Our guiding principles	Link to Ofwat’s guiding principles	Rationale behind our principles
Open and transparent	Transparency	<p>To share insights and best practice, we have published all our strategic research reports, triangulation studies and other relevant materials on our website. The reports include methodology notes of how the research was undertaken, including any questionnaires, discussion guides and supporting stimulus materials.</p> <p>During 2026/27 we will make further improvements to our websites (South Staffs Water and Cambridge Water) to incorporate more details on how consumer insights informed decision-making and the resulting impact of those decisions on consumers.</p> <p>We appointed SIA as partners in 2023 to undertake a robust and independent assurance review of our customer engagement programme and triangulation approach. Alongside this, our technical auditor Jacobs carried out a line-of-sight assurance review to provide confidence that we have made decisions that reflect our consumers’ and other stakeholders’ preferences.</p> <p>The governance arrangements laid out in this report will further strengthen the transparency of the assurance of our compliance with the Ofwat rule for decisions made from 2026/27 onwards.</p>
Collaborative	Transparency	<p>We collaborate with consumers to ensure they have played an active role in helping us shape our plans. This means, where relevant, our engagement includes a co-development approach. For example, our research into our affordability tariff has involved a co-creation approach over a two-year period to drive decision-making.</p> <p>We continue to engage with all the national collaborative studies led by Ofwat and CCW. We will share our learnings to help shape guidance and research design going forward. We are actively engaging with the Water Voice consumer panel and will continue to actively support this important initiative.</p>
Ethical	Transparency / Independence	<p>All our consumer research agency partners work independently and to the Market Research Society (MRS) Code of Conduct and follow all the latest data privacy and GDPR legislation.</p> <p>We carry out yearly audits to ensure compliance and ensure all suppliers go through an end-of-project review to capture learnings and help improve subsequent consumer research studies.</p>

Next steps through 2026/27 – to be detailed in our end of year report

We plan to fully review our engagement guiding principles in 2027 as we move into the Price Review 2029 (PR29) consumer engagement period.

7. Reporting our progress

Ofwat outlines in its rule the following on reporting...

To support delivery of the core requirement, in addition to any compliance reporting requirements under our regulatory accounting guidelines, water companies must set out on their website on at least an annual basis, in a manner that is up-to-date, effective, accessible and clear, and with reference to the Guiding Considerations, the steps they are taking to meet this rule. This must include reports on:

- **Forward looking plan:** Their overall approach for compliance with this rule, including which arrangements they will adopt to deliver components 1, 2 and 3 above over the coming financial year;
- **Delivery of the rule in prior year:** The specific steps they have taken to comply with the rule during the previous financial year, including details of how consumer views and experiences, gathered from a range of sources, including CCW-convened consumer panels, influenced material decisions, as per Component 3.

We will ensure we meet Ofwat's expectations in full for reporting requirements.

There was no formalised reporting related to this rule required up until June 2026. In reference to reporting on how we engaged consumers in decision making in 2025/26:

- we provided feedback on our performance on delivering our plans through our annual performance report (APR);
- we promoted the investments we are making to customers in literature accompanying their bills. However, this does not go into detail on how we involve them in decision-making and the outcomes of this; and
- up until June 2025, we also provided quarterly updates to our H2Online communities, which covered how we had used their feedback and wider consumer insights to inform our decisions making. This resource was popular with our most engaged members.

Following submission of this forward-looking report, we will develop a concise, consumer-facing version by the end of 2026. This will form part of an expanded area on our website to ensure we are being transparent with our consumers. We will also find the best way, including engaging with consumers, to summarise this information to share it with those customers who receive paper bills. This improved resource will set out:

- all the material decisions we have taken during 2026/27;
- how consumers' preferences were considered when making the decision; and
- what the impact of the decision was on consumers.

Next steps through 2026/27 – to be detailed in our end of year report

We plan to:

- publish our forward-looking report by the end of March 2027 setting out how we will comply with the CIR during 2027/28; and
- submit our end-of-year report after the end of the 2026/27 financial year outlining how effectively we delivered on our forward-looking plan. We will align to Ofwat's final guidance on reporting once it is confirmed.

Appendix 1

Table 7 details evidence on how our consumer engagement and research during 2025/26 informed our decision making. The table does not cover every aspect of our consumer research and engagement programme, or all the decisions we made.

Engagement objective to inform decision making	Scope of engagement	How this informed our decision making	Timing	How this aligns to the Ofwat rule
<p>Engage with household consumers about the future development of our Assure tariff.</p> <p>To establish customer views towards a possible new affordability tariff aimed at those who are struggling to pay their water bills, but who don't qualify for Assure due to their household income being too high.</p>	<p>Two, 90-minute household consumer focus groups to explore appetite for funding Assure tariff.</p> <p>Quantitative research of 1,521 surveys undertaken among representative sample of household customers (online, telephone and face-to-face).</p> <p>Two, 3-hour co-development workshops to inform the development of the affordability tariff.</p> <p>Six stakeholder depth interviews, including input from ICG Chair into research design.</p>	<p>Provided evidence that consumers supported the creation of an affordability new tariff.</p> <p>Development of targeted financial support to help ensure water bills are affordable – including eligibility criteria.</p> <p>Informing the communication approaches used and the design and content of materials to ensure consumers are aware of and apply for the new tariff.</p>	<p>Summer / Autumn 2023</p>	<ul style="list-style-type: none"> ■ Surveys of consumers ■ Qualitative research among consumers ■ Engagement with independent consumer experts – including our ICG Chair, who is a consumer champion, engagement and vulnerability expert.

Engagement objective to inform decision making	Scope of engagement	How this informed our decision making	Timing	How this aligns to the Ofwat rule
<p>To then engage ongoing with household consumer on the affordability tariff about their experiences:</p> <ul style="list-style-type: none"> • Motivations for joining the tariff • Experience and understanding of the tariff • Impact of the tariff on situation/behaviours – affordability, wellbeing. • Impact on water usage behaviours 	<p>15 households taking part in a series of ethnographic research activities over a year period – e.g. depth interviews, video and written diaries, surveys.</p> <p>A 2-hour co-development workshop to discuss the experiences of the affordability tariff. Additional eight, 1-hour depth interviews with consumers on the tariff at the mid-point of their time on the tariff</p> <p>Three waves to quantitative research of 150+ surveys undertaken among consumers on the tariff (online and telephone). Input from our ICG Chair into the research design.</p>	<p>Informing the communication approaches used and the design and content of materials to ensure customers applied for and then engaged with the tariff.</p> <p>Developing a framework to inform the design of future tariffs to the benefit of consumers.</p>	<p><u>October 2024, on-going to Autumn 2026</u></p>	<ul style="list-style-type: none"> ■ Surveys of consumers ■ Qualitative research among consumers ■ Engagement with independent consumer experts – including our ICG Chair, who is a consumer champion, engagement and vulnerability expert.
<p>To co-create Priority Services Register (PSR) services with consumers to make it easier to apply for and access support.</p>	<p>A programme of 2-way deliberative engagement focusing on one topic area a quarter.</p> <p>Online research group of consumers in vulnerable situations recruited from our H2Online Communities.</p> <p>Face-to-face workshop sessions held out in community venues to reach those who would not/can't get online.</p>	<p>Improved the journeys for consumers covering four areas – PSR applications forms, bereavement support, communication and prioritisation of bottled water supplies during an incident and improving comprehension of bills. Input into improving journeys and developing new ways of working to</p>	<p><u>Started June 2024, to end of June 2025</u> (see section 2)</p>	<ul style="list-style-type: none"> ■ Qualitative research among consumers ■ Engagement with independent consumer experts – engaging with specialist vulnerability organisations.

Involving consumers in decision making

Engagement objective to inform decision making	Scope of engagement	How this informed our decision making	Timing	How this aligns to the Ofwat rule
	Engagement with relevant stakeholder representatives to test ideas and gain expert feedback.	improve the consumer experience. One input to inform the decisions made in the development of our vulnerability strategy.		

Engagement objective to inform decision making	Scope of engagement	How this informed our decision making	Timing	How this aligns to the Ofwat rule
<p>Understand how satisfied household consumers (bill paying customers) are over time with how we handle interactions/contacts</p> <p>Understand whether vulnerable household consumers are more, less or equally satisfied as the wider customer base.</p>	<p>Point of contact surveys – sent by email, SMS and website.</p> <p>In 2025/26 we received over 17,400 responses with over 1,900 survey responses from customers registered as receiving financial support and/or on our PSR.</p> <p>Personalised calls with our service recovery team if customers express dissatisfaction to discuss how to resolve their issue.</p>	<p>Used as one input to ensure decision making aligns to consumer preferences and expectations – e.g. pain points that need improving, doing more of what’s working.</p> <p>Provides insights to improve communications and services in response to any dissatisfaction experienced.</p>	<p>On-going daily since 2017</p>	<ul style="list-style-type: none"> ■ Surveys of consumers ■ Provides an understanding of whether the decisions made to improve the service are having a positive impact.
<p>Tracking consumer experience scores (bill paying customers) including those in vulnerable situations to allow comparisons.</p> <p>The tracker covers water supply, customer service and billing, wider engagement interactions and incident support.</p> <p>Tracking awareness of financial and PSR support and knowledge about water services and supply.</p>	<p>Telephone and online surveys with household customers - since 2025/26 quarterly waves of 250 surveys with customers with a further 50 customers on our PSR.</p> <p>Telephone surveys - with 75 business (NHH) consumers per quarter Regionally representative samples.</p>	<p>Used as one input to ensure decision making aligns to consumer preferences and expectations – e.g. pain points that need improving, doing more of what’s working.</p> <p>Allows the business to understand whether the decisions it is making is improving customer experience and satisfaction.</p>	<p>On-going since 2017/18</p>	<ul style="list-style-type: none"> ■ Surveys of consumers ■ Qualitative research among consumers ■ Provides an understanding of whether the decisions made to improve the service are having a positive impact.

Engagement objective to inform decision making	Scope of engagement	How this informed our decision making	Timing	How this aligns to the Ofwat rule
<p>Understand household consumer views on communications and services for a range of services we offer, including PSR and financial support to identify improvements.</p>	<p>Through our H2Online communities we ran hundreds of activities (polls, surveys, discussion forums) to gain feedback from water consumers.</p> <p>Community membership base across our two regional communities varied over time between 400 and 600 members.</p>	<p>Feedback used alongside other sources of insight to inform dozens of strategic and tactical decisions on a wide range of communications and service developments and business planning decisions – e.g. application forms, letterbox postcards, letters, emails, website, water saving advice and devices, metering and other policies.</p>	<p>On-going from Nov 2020 to June 2025</p>	<ul style="list-style-type: none"> ■ Qualitative research among consumers
<p>Understanding the impact of our universal metering programme on consumers</p>	<p>Point of contact surveys – sent by email, SMS</p> <p>18 households taking part in a series of ethnographic research activities over a year period – e.g. depth interviews, video and written diaries, surveys.</p> <p>Two waves to quantitative research of circa 150+ surveys undertaken among consumers who have had a meter fitted in 2026.</p>	<p>Feedback used alongside other sources of insight to inform a range of strategic and tactical decisions – e.g. the content and format letters, emails, SMS, leaflets and the on the ground community support and training we offer our colleagues supporting households as they transition to metered charges.</p>	<p>On-going from March 2026 to Spring 2027</p>	<ul style="list-style-type: none"> ■ Surveys of consumers ■ Qualitative research among consumers ■ Engagement with independent consumer expert – our ICG Chair, who is a consumer champion, engagement and vulnerability expert.

Engagement objective to inform decision making	Scope of engagement	How this informed our decision making	Timing	How this aligns to the Ofwat rule
<p>Understanding the preferences of our future consumers – our Young Innovators’ Panel (YIP)</p> <p>A co-creative approach to engaging with future customers, blending skills development and research</p>	<p>A 3-week process across 2 workshop days; attended by 20-25, 16–18-year-olds from across our supply regions.</p> <p>Immersive sessions about the company and sector; plus group discussions on specific issues.</p> <p>Organised into 4 teams to present ideas to a real business task to a panel of Executive judges.</p> <p>Supported with a survey of between 65 to 300 students.</p>	<p>The most recent YIP (2025) supported decisions around important communications materials and social media approaches to inform and engage consumers, when rolling our universal metering programme across the SSW region.</p> <p>Previous YIPs have generated insights to support decisions for water efficiency campaigns (e.g. development of tone of voice and mascots) and schools education programme (e.g. developing a board game to engage secondary school students around water conservation).</p>	<p>YIPs held in 2018, 2019, 2023, 2024, and 2025</p>	<ul style="list-style-type: none"> Qualitative research among consumers
<p>Informing our approach to setting charges for developers</p>	<p>Meetings, emails and, when required, forums.</p>	<p>Informed the setting of developer charges aligned to consumer need.</p>	<p>Annual engagement</p>	<ul style="list-style-type: none"> Qualitative engagement with consumers Surveys of consumers – D-MeX
<p>Improving our customer service performance to NHH retailers and business customers (BR-MeX)</p>	<p>Account management meetings and engagement with industry steering groups.</p> <p>Our NHH team Retailer/Wholesaler Group (RWG) for planned and unplanned events, which is working to bring consistency across the market and defining roles and responsibilities for retailers & wholesalers.</p>	<p>Informed a range of consumer-focused improvement plans.</p> <p>In addition, our NHH lead was appointed to the Strategic Panel, the most senior industry group in the NHH market, in March 26. The group provides strategic direction and oversees programmes of work to improve business customer outcomes.</p>	<p>On-going engagement</p>	<ul style="list-style-type: none"> Surveys of consumers – BR-MeX Expert stakeholder input.



Cambridge Water



South Staffs Water