



Materiality Framework

A report prepared for SSC

June 2026





Cambridge Water



South Staffs Water

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Glossary

Term	Description
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AMP7	The seventh 5-year Asset Management Plan (2020–2025) for the England & Wales water industry
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AMP8	The eighth 5-year Asset Management Plan (2025–2030) for the England & Wales water industry
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ICG	Independent Challenge Group
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NAVs	New Appointments and Variations - Limited companies which provide a water and/or sewerage service to customers in an area which was previously provided by the incumbent monopoly provider
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NED	Non-Executive Director
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OT	Operational Technology
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PC	Performance Commitment
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PR24	Ofwat's 2024 Price Review
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PR29	Ofwat's 2029 Price Review
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SSC	South Staffs Water and Cambridge Water
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WRMP	Water Resources Management Plan
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1 Introduction

1.1 Background and Context

Ofwat's Consumer Involvement Rule came into force on 1 April 2026¹. The Rule requires water companies to have appropriate arrangements in place for involving consumers in decisions that are likely to have a material impact on consumer matters. It also requires companies to demonstrate how consumer views have been sought, considered and taken into account within their decision-making processes, including at senior management and Board level.

A central element of the Rule is the requirement for companies to establish a transparent and defensible approach to determining which decisions are likely to have a material impact on consumers. While Ofwat has provided guidance on the factors that companies should consider, it has deliberately avoided prescribing a single methodology, instead expecting companies to develop approaches that are reasonable, proportionate, evidence-led and appropriate to their individual circumstances.

In response, South Staffordshire Plc, including South Staffs Water and Cambridge Water (SSC), commissioned PJM Economics and Accent to develop a Materiality Framework that could be applied consistently across the organisation. The objective was to develop a practical framework that could be embedded within existing decision-making and governance processes, enabling SSC to identify decisions that are likely to have a material impact on consumer matters and help determine the appropriate level of consumer involvement and governance oversight.

1.2 Objectives

The framework has been developed with 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.

¹ [Ofwat \(2025\) Consumer Involvement Rule. November 2025.](#)

The framework is intended to be applied to decisions that have the potential to affect consumers directly or indirectly, including through impacts on bills, service levels, environmental & community outcomes, fairness and the treatment of consumers in vulnerable circumstances. It forms part of SSC's wider consumer involvement arrangements and is designed to operate alongside existing consumer insight, engagement and governance processes.

1.3 Structure of this Report

This report documents the Materiality Framework developed by PJM Economics and Accent on behalf of SSC. It explains the rationale for the framework, the methodology used to develop it, how materiality assessments are undertaken, and how the resulting classifications are translated into governance, escalation and consumer involvement requirements.

The remainder of this report is structured as follows:

- Section 2 describes the methodology used to develop the framework, including stakeholder engagement, evidence gathering, framework development, testing, calibration and review activities.
- Section 3 explains how materiality is assessed, including the impact categories, modifiers, overlays and scoring methodology used to determine overall materiality.
- Section 4 describes how materiality classifications translate into governance requirements, escalation pathways and consumer involvement activities.
- Section 5 presents the calibration and testing undertaken using a sample of SSC decisions and demonstrates how the framework performs in practice.
- Section 6 sets out arrangements for implementation, monitoring and continuous improvement.
- Section 7 presents the conclusions from the study and summarises how the framework aligns with the objectives of the Consumer Involvement Rule.

2 Framework Development Methodology

2.1 Overview

The Materiality Framework was developed through a structured and iterative process of stakeholder engagement, evidence gathering, framework design, testing, calibration and review. Figure 1 summarises the framework development process.

Figure 1: Framework Development Process



The development process was designed to ensure that the framework reflects both Ofwat's expectations and SSC's specific operating context. Particular emphasis was placed on ensuring that the framework would be capable of identifying decisions that are genuinely material from a consumer perspective, while avoiding unnecessary escalation or disproportionate consumer engagement requirements.

The framework was developed through six main stages:

- First, stakeholder engagement and evidence gathering were undertaken to understand SSC's decision-making processes and identify a sample of real decisions that could be used to inform framework development.

- Secondly, an initial framework was developed drawing on stakeholder feedback, regulatory requirements and analysis of the decision sample.
- Thirdly, the framework was internally tested against the decision sample and refined.
- Fourthly, the framework was further tested and refined through a structured calibration process with an SSC working group.
- Fifthly, the revised framework was presented to SSC executives and the Chair of the Independent Challenge Group (ICG) for review and challenge.

Finally, feedback from this process was incorporated into the final framework.

2.2 Stakeholder Engagement and Evidence Gathering

The first stage of the project involved a programme of stakeholder engagement and evidence gathering designed to understand how decisions are currently made within SSC, how consumer considerations are taken into account, and how the requirements of the Consumer Involvement Rule could be integrated into existing governance arrangements.

Engagement was undertaken with SSC's Executive team, Consumer Insight team and senior managers from across the organisation. This included representatives from:

- Strategy and Regulation
- Consumer and Retail
- Operations
- Asset Management
- Transformation
- Other business areas responsible for making or implementing decisions that may affect consumers.

Discussions focused on existing decision-making processes, governance arrangements, consumer evidence sources and the practical considerations associated with implementing a materiality framework.

A key component of the evidence-gathering process was a structured questionnaire developed by PJM Economics and Accent and issued to senior managers and decision-makers across the business. The questionnaire sought to identify the types of decisions taken within different parts of the organisation, understand how consumer considerations are currently taken into account, and gather views on the factors that should influence assessments of materiality. (See Appendix B for the full questionnaire.)

A key objective of the questionnaire was to identify real examples of decisions that could be used to inform framework development and subsequent testing. The exercise generated twelve decision examples covering a broad range of business activities, including consumer service, operational, environmental, investment and strategic decisions.

To supplement this evidence base, PJM Economics and Accent reviewed Board papers and Board minutes to identify additional decisions that had been escalated through SSC's governance processes. This review generated a further five decision examples.

Together, the questionnaire exercise and Board review produced a sample of seventeen SSC decisions. These decisions formed a key input to the development, testing and calibration of the framework, ensuring that the resulting methodology was grounded in real decisions faced by the organisation rather than purely theoretical scenarios.

In parallel, discussions were undertaken with the Independent Challenge Group (ICG), including its Chair, Matt Coles. These discussions provided an independent perspective on consumer interests, vulnerability considerations, proportionality and governance, helping to ensure that the emerging framework reflected both the intent and practical implications of the Consumer Involvement Rule.

2.3 Development of the Initial Framework

Insights from the stakeholder engagement process and analysis of the decision sample were used to develop an initial framework.

The starting point for the framework was Ofwat's requirement that companies establish a reasonable and transparent approach for identifying decisions likely to have a material impact on consumer matters and determining the appropriate level of consumer involvement. Stakeholder engagement highlighted the importance of ensuring that any methodology remained proportionate, practical and capable of being applied consistently across a wide range of decision types.

Analysis of the decision sample highlighted three broad categories through which decisions may affect consumers: financial impacts, service impacts and environmental & community impacts. These categories provided the foundation for the framework and enabled a consistent assessment of materiality across a diverse range of decision types.

The decision sample also demonstrated that materiality depends not only on the nature of impacts but also on the number and characteristics of consumers affected. The framework was therefore designed to consider both the significance of impacts and the extent to which they affect particular consumer groups, including consumers in vulnerable circumstances.

Stakeholder feedback further highlighted that some decisions may warrant additional scrutiny because of their strategic, regulatory or reputational significance. The framework therefore incorporates mechanisms to recognise these considerations where appropriate.

The development process also highlighted that the framework would need to support two distinct but related objectives. First, it would need to determine whether a decision is sufficiently material to warrant enhanced governance scrutiny. Secondly, it would need to inform decisions regarding the nature and extent of consumer evidence required to support decision-making.

The initial framework therefore sought to establish a structured and transparent approach for assessing materiality while maintaining sufficient flexibility to accommodate a wide variety of decision types. Particular emphasis was placed on simplicity and usability, ensuring that the framework could be applied consistently across the organisation without requiring specialist expertise.

2.4 Testing and Calibration

Following development of the initial framework, it was applied retrospectively to the seventeen SSC decisions identified through the questionnaire exercise and review of Board materials.

The decision sample represented a diverse range of decision types and governance pathways, including both decisions that had previously been escalated through formal governance processes and decisions that had been managed at lower levels within the organisation. Examples included operational decisions, consumer policy decisions, environmental decisions, investment decisions and strategic business decisions. A more detailed summary of the seventeen real decisions used for framework development and calibration is contained in Appendix C.

The use of real SSC decisions was a deliberate feature of the framework development process. Rather than developing the framework solely from theoretical principles, the intention was to test how the methodology performed when applied to decisions that SSC had actually faced in practice.

The testing exercise assessed whether the framework produced outcomes that appeared reasonable and proportionate, and whether the resulting governance and consumer involvement requirements aligned with expectations. The exercise also provided an opportunity to identify aspects of the framework that required refinement, including scoring thresholds, escalation triggers and the treatment of cumulative impacts. In particular, testing highlighted the need to recognise situations where a decision generates moderate impacts across multiple dimensions (for example, bills, service and environmental & community outcomes) which, when considered collectively, may warrant greater scrutiny than would be indicated by considering any single impact in isolation. This led to the introduction of a cumulative impact adjustment within the framework.

The results of the testing exercise were reviewed with SSC representatives through a dedicated calibration workshop. The workshop considered the outcomes produced by the framework, challenged underlying assumptions, reviewed the treatment of specific decision examples and explored how changes to individual parameters would affect overall results. The objective was to ensure that the framework produced outcomes that were broadly aligned with SSC's governance expectations while remaining consistent with the intent of the Consumer Involvement Rule.

The calibration exercise also provided an opportunity to test whether the framework was achieving an appropriate balance between sensitivity and proportionality. This helped ensure that governance attention and consumer involvement requirements would be focused on genuinely material decisions, while avoiding unnecessary escalation of lower-impact decisions.

2.5 Executive and Independent Challenge

Following calibration, the revised framework was presented to SSC's Executive team and the Chair of the Independent Challenge Group for review and challenge. The presentation was also shared with the nominated Independent Non-Executive Director Board Champion for Consumers matters.

The purpose of this stage was to assess whether the framework operated as intended when viewed through the lens of practical decision-making and governance. Particular attention was given to the appropriateness of escalation thresholds, the treatment of vulnerable consumers,

the relationship between materiality and consumer involvement, and the operation of the proposed governance arrangements.

The review included discussion of worked examples drawn from the decision sample, enabling participants to consider how the framework would operate in practice and whether the resulting classifications and escalation requirements appeared proportionate.

A number of broader themes were also explored during this review process, including the treatment of cumulative impacts across related decisions, the role of vulnerability within the framework, the interaction between materiality assessments and existing consumer evidence, and the practical implications of the framework for governance and reporting processes.

Feedback from these discussions informed a small number of further refinements to the framework and supporting guidance. In particular, challenge from SSC executives and the ICG Chair reinforced the importance of recognising cumulative impacts across multiple impact dimensions and ensuring that impacts on consumers in vulnerable circumstances were appropriately reflected within the assessment methodology. This final review stage provided both executive and independent challenge, helping to ensure that the framework is practical, transparent and capable of supporting robust decision-making while remaining aligned with the intent of the Consumer Involvement Rule.

3 Assessing Materiality

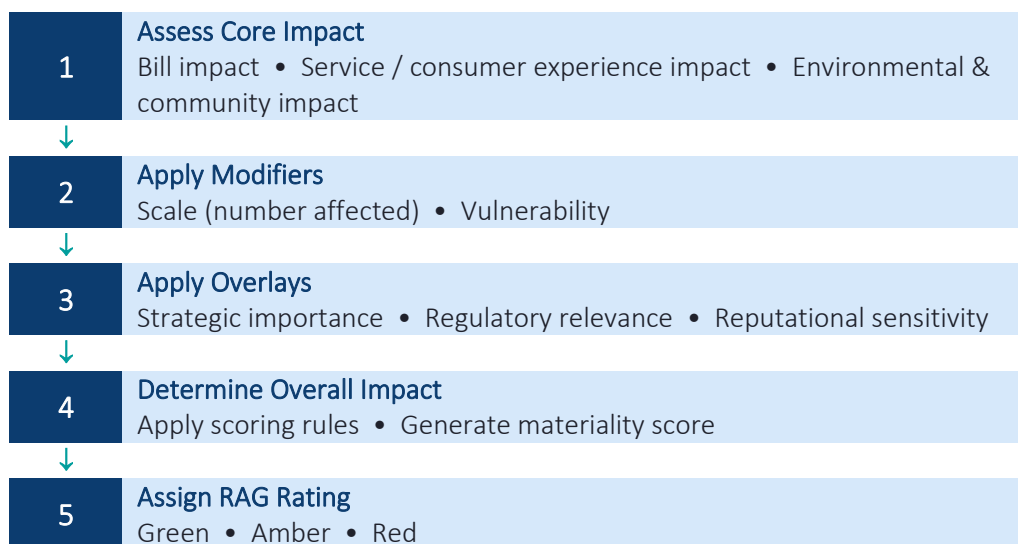
3.1 Overview

The Materiality Framework provides a structured and transparent approach for assessing the extent to which a decision is likely to have a material impact on consumer matters. The framework is designed to support consistent decision-making across the organisation while ensuring that governance and consumer involvement activities remain proportionate to the significance of the decision under consideration.

As described in Section 1, the Consumer Involvement Rule requires SSC to identify decisions that are likely to have a material impact on consumer matters and to ensure that consumers are involved appropriately in the decision-making process. The framework has therefore been designed to assess materiality primarily through the lens of consumer impact, while also recognising that wider strategic, regulatory and reputational considerations may influence the significance of a decision.

Figure 2 illustrates the overall assessment process. Assessments are informed by both quantitative information and qualitative judgement provided by decision-makers regarding the nature of the decision, the consumers affected, the likely impacts, the evidence available and the wider context in which the decision is being made. This contextual information forms an important part of the assessment record and supports both governance review and the interpretation of the resulting materiality classification.

Figure 2: Overview of the Materiality Assessment Framework



The assessment process comprises five stages. First, the direct impacts of a decision on consumers are assessed across a range of impact categories. Secondly, modifiers are applied to reflect the scale and distribution of those impacts. Thirdly, strategic overlays are considered to recognise circumstances where broader strategic, regulatory or reputational considerations may warrant additional scrutiny. Fourthly, the outputs of these assessments are combined to determine an overall impact assessment. Finally, the overall assessment is translated into a materiality classification using a Red-Amber-Green (RAG) rating system.

The resulting materiality classification provides a consistent basis for determining the level of governance scrutiny and consumer involvement appropriate for a particular decision. The governance and consumer involvement requirements associated with each classification are described in Section 4.

3.2 Assess Core Impact

Overview

The starting point for the framework is an assessment of the direct impacts that a decision is expected to have on consumers. This reflects the principle that materiality should be driven primarily by consumer outcomes and that decisions should be assessed according to the extent to which they affect matters that are important to consumers.

Three core impact categories are assessed:

- Bill Impact;
- Service / consumer experience impact; and
- Environmental & community impact.

Together, these categories capture the principal ways in which decisions taken by SSC may affect consumers. They were identified through stakeholder engagement, analysis of the decision sample and consideration of Ofwat's expectations regarding consumer involvement.

Each impact category is assessed independently using a scored severity scale. The resulting scores provide the foundation for the overall materiality assessment.

Bill impact

Examples of decisions that may generate financial impacts include changes to tariffs, charging structures, consumer support arrangements or investment decisions that ultimately affect consumer bills. The assessment considers both the magnitude of the impact and the extent to which consumers are likely to experience a meaningful change in their financial position.

Financial impacts are particularly important because changes to bills and charges represent one of the most direct ways in which company decisions affect consumers. However, the framework recognises that financial impacts are only one dimension of materiality and should be considered alongside service and environmental & community impacts.

Bill impacts are assessed against a defined set of severity criteria ranging from “No impact” through to “20% plus” increase in the bill paid. The detailed scoring criteria used within the framework are provided in Appendix A.

Service/consumer experience impact

Service impacts capture the extent to which a decision affects the services received by consumers and their overall experience of interacting with SSC.

This includes impacts on service quality, reliability, accessibility and responsiveness, as well as broader effects on consumer satisfaction and experience. Decisions affecting service standards, operational performance, consumer contact arrangements/policies or the delivery of planned improvements may all give rise to service impacts.

In assessing service impacts, consideration is given to both the severity of the impact and the extent to which consumers' experience of the service is expected to change. Particular attention is paid to impacts that affect the ability of consumers to access essential services or receive an acceptable standard of service.

Service / consumer experience impacts are assessed against a defined set of severity criteria ranging from "Minimal / none" through to "Severe / unacceptable". The detailed scoring criteria used within the framework are provided in Appendix A.

Environmental & community impact

Environmental and community impacts capture the extent to which a decision affects environmental outcomes, local communities or wider community interests that are important to consumers.

Examples may include impacts on river health, water resources, biodiversity, pollution, carbon emissions, local amenity, disruption to communities, or other environmental and community outcomes associated with SSC's activities. While consumers may not always experience these impacts directly, stakeholder engagement and consumer research consistently demonstrate that environmental performance is an important consideration for many consumers.

The framework therefore recognises that decisions with significant environmental implications may be material from a consumer perspective, even where direct financial or service impacts are limited.

Environmental and community impacts are assessed against a defined set of severity criteria ranging from "None" through to "Significant". The detailed scoring criteria used within the framework are provided in Appendix A.

Determining the core impact score

Each of the three impact categories is assessed separately using the relevant scoring criteria. This ensures that the framework captures the different ways in which decisions may affect consumers and avoids over-reliance on any single dimension of impact.

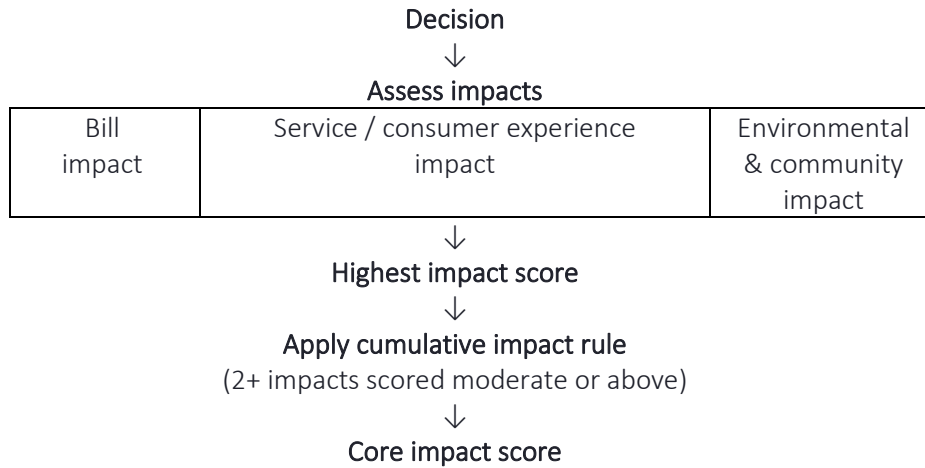
The assessment is designed to identify the most significant consumer impact associated with a decision. Accordingly, the highest score across the three impact categories is taken forward as the Core Impact Score for the purposes of the materiality assessment.

This approach reflects the principle that a decision should not be considered immaterial simply because significant impacts in one area are offset by limited impacts in another. For example, a decision with substantial environmental consequences may warrant scrutiny even if its direct bill impact is relatively small. Similarly, a decision that materially affects service quality may be significant regardless of whether it has a measurable effect on consumer bills.

However, to take into account the fact that multiple impacts scored at moderate or above can accumulate to a more significant impact overall, a “Cumulative impact rule” is applied in such cases, which increases the core impact score.

Figure 3 summarises the core impact assessment framework. The detailed scoring criteria and cumulative impact rule logic used within the framework are provided in Appendix A.

Figure 3: Determining the core impact score



The Core Impact Score forms the starting point for the subsequent application of modifiers and overlays, which are described in the following sections.

3.3 Apply Modifiers

Overview

The significance of a decision depends not only on the severity of its impacts but also on who is affected and how many consumers are affected. Two decisions may generate similar impacts in principle, but differ materially in their significance because of the scale of consumers affected or the extent to which impacts fall on consumers in vulnerable circumstances.

To reflect this, the framework applies a series of modifiers to the Core Impact Score. These modifiers are intended to ensure that materiality assessments appropriately reflect both the breadth and distribution of impacts across the consumer base.

The framework applies two modifiers:

- Scale of Consumers Affected; and
- Vulnerability.

Together, these modifiers help ensure that materiality assessments remain focused on consumer outcomes while recognising important differences in how impacts are experienced across different consumer groups.

Scale of consumers affected

The first modifier considers the number of consumers affected by a decision.

In general, impacts affecting a larger proportion of SSC's consumer base are likely to be more material than similar impacts affecting only a small number of consumers. The framework therefore adjusts the Core Impact Score to reflect the scale of consumers affected.

The assessment considers the proportion of consumers expected to experience the impact, rather than the absolute number of consumers alone. This approach allows the framework to be applied consistently across decisions affecting different consumer groups and service areas.

The scale modifier helps ensure that materiality assessments reflect both the severity of an impact and its reach across the consumer base.

Detailed scale categories and scoring criteria are provided in Appendix A.

Vulnerability

The second modifier considers the extent to which impacts affect consumers in vulnerable circumstances.

Stakeholder engagement undertaken during framework development highlighted the importance of ensuring that the framework appropriately recognises impacts experienced by consumers who may be less able to absorb financial impacts, adapt to service disruptions or respond to changing circumstances. This was also identified as an important consideration by SSC's Independent Challenge Group.

The framework treats vulnerability as a cross-cutting consideration rather than as a separate impact category. This reflects the fact that vulnerability may amplify financial, service or environmental & community impacts, rather than constituting a distinct type of impact in its own right.

The vulnerability modifier therefore adjusts the Core Impact Score where impacts are concentrated among, or disproportionately affect, consumers in vulnerable circumstances.

In applying this modifier, consideration may be given to the characteristics of affected consumers, the nature of the impact and the extent to which vulnerable consumers are expected to experience greater detriment than the wider consumer population.

Detailed vulnerability categories and scoring criteria are provided in Appendix A.

3.4 Apply Overlays

Overview

The final stage of the materiality assessment considers a small number of strategic, regulatory and reputational factors that may increase the significance of a decision beyond its direct consumer impacts. These factors are assessed through an Overlay Assessment which supplements, rather than replaces, the assessment of consumer impacts.

The purpose of the Overlay Assessment is to recognise circumstances where a decision may warrant additional scrutiny because of its wider significance to SSC, its consumers or external stakeholders. This reflects feedback received during stakeholder engagement and framework

calibration, which highlighted that some decisions may be particularly important because of their strategic, regulatory or reputational context, even where their direct consumer impacts are relatively modest.

The Overlay Assessment considers five factors:

- PR24 / PR29 Commitments - commitments made by SSC through the Price Review process, including performance commitments, investment programmes and other regulatory obligations agreed with Ofwat;
- Regulatory Compliance;
- Major Investments (Infrastructure / Resilience);
- Media / Political Sensitivity; and
- Consumer Trust / Fairness.

Detailed definitions and assessment criteria are provided in Appendix A.

Overlay assessment

Each overlay factor is assessed on a simple Yes/No basis.

The framework distinguishes between two types of overlay. The first comprises two **hard triggers**:

- PR24 / PR29 Commitments; and
- Regulatory Compliance.

These reflect areas where there is a clear expectation that decisions should receive a higher degree of scrutiny because of their relationship to regulatory commitments, licence obligations or other formal requirements.

The second comprises three **soft overlays**:

- Major Investment / Resilience;
- Media / Political Sensitivity; and
- Consumer Trust / Fairness.

These factors do not automatically imply a higher level of scrutiny but recognise circumstances where wider strategic, reputational or stakeholder considerations may increase the significance of a decision.

The scoring logic is intentionally simple. Where any hard trigger is present, or where two or more soft overlays apply, a +1 uplift is applied to the overall assessment score. This uplift may increase the resulting materiality classification and ensure that decisions with heightened strategic, regulatory or reputational significance receive appropriate governance scrutiny.

This approach enables the framework to recognise important contextual factors while maintaining a primary focus on consumer impacts. Consumer outcomes remain the principal driver of materiality, with overlays acting only as a supplementary mechanism to ensure that significant strategic, regulatory or reputational considerations are appropriately reflected in the overall assessment.

3.5 Determine Overall Impact

Overview

The previous stages of the framework assess the nature and severity of consumer impacts, consider the extent to which those impacts affect different consumer groups, and recognise a limited number of wider strategic, regulatory and reputational considerations. These elements are then combined to produce an Overall Impact Score.

The purpose of the Overall Impact Score is to provide a single, transparent assessment of materiality that can be applied consistently across a wide range of decision types. This score forms the basis for the final materiality classification described in Section 3.6.

Combining Assessment Components

The Overall Impact Score is determined through a structured assessment process:

- Financial / Bill Impact, Service / Consumer Experience Impact and Environmental & community impact are assessed independently.
- The highest score across the three impact categories is identified.
- A cumulative impact adjustment is applied where two or more impact categories are assessed as moderate or above.
- Scale and Vulnerability modifiers are applied.
- The Overlay Assessment is undertaken and any applicable uplift applied.
- The resulting score becomes the Overall Impact Score.

This approach ensures that materiality assessments reflect not only the most significant consumer impact associated with a decision, but also the breadth of consumers affected, the extent to which impacts fall on consumers in vulnerable circumstances, and the wider context within which decisions are made.

Cumulative Impact Considerations

During framework development, stakeholder engagement and testing highlighted the importance of recognising situations where a decision may have multiple moderate impacts across different dimensions. While any individual impact may not be sufficiently significant to justify a higher materiality classification, the combined effect of several impacts may warrant greater scrutiny.

To reflect this, the framework incorporates a cumulative impact adjustment where two or more impact categories are assessed as moderate or above. This adjustment ensures that the framework captures decisions that affect consumers through multiple channels and recognises the potential for cumulative effects across financial, service and environmental and community outcomes.

The cumulative impact adjustment also helps address concerns identified during framework development regarding the potential for decisions to appear less significant when impacts are considered in isolation. By explicitly recognising cumulative effects, the framework provides a more holistic assessment of materiality.

3.6 Assign RAG Rating

Overview

The final stage of the framework translates the Overall Impact Score into a Red-Amber-Green (RAG) materiality classification. This classification provides a clear and consistent indication of the significance of a decision from a consumer perspective and enables governance and consumer involvement requirements to be applied proportionately.

The framework uses three materiality classifications:

Rating	Description
Green	Lower materiality
Amber	Moderate materiality
Red	Higher materiality

Detailed scoring thresholds are provided in Appendix A.

Green

Green classifications indicate decisions that are expected to have relatively limited impacts on consumers and where there are no significant strategic, regulatory or reputational considerations that materially increase their significance.

While such decisions may still affect consumers, they are generally considered less material from a consumer perspective and therefore require a proportionate level of governance and assurance.

Amber

Amber classifications indicate decisions that have the potential to affect consumers in a more meaningful way and therefore warrant additional scrutiny.

This may arise because of the severity of impacts, the number of consumers affected, the concentration of impacts on consumers in vulnerable circumstances, or the presence of wider strategic, regulatory or reputational considerations.

Red

Red classifications indicate decisions that are expected to have significant implications for consumers or which otherwise warrant a heightened level of scrutiny because of their overall significance.

Such decisions are likely to involve substantial consumer impacts, affect large numbers of consumers, or raise wider issues that require a particularly robust approach to governance, assurance and consumer involvement.

The assigned RAG rating determines the governance and consumer involvement requirements associated with a decision. These requirements are described in Section 4.

4 Governance, Escalation and Consumer Involvement

4.1 Overview

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.

The framework produces two complementary outputs. First, it assigns a materiality classification (Green, Amber or Red) based on the assessment process described in Section 3. 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.

4.2 Escalation Framework

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 as a consequence of their materiality rating.
- **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.
- **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.

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

4.3 Consumer Evidence Requirements

Existing consumer evidence

The framework is designed to encourage effective use of existing consumer evidence wherever appropriate. SSC already holds a substantial body of consumer insight which may be relevant to many decisions, 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, existing consumer evidence may be used to inform materiality assessments and support decision-making. The framework does not assume that new consumer research is required for every material decision. Instead, decision-makers should consider 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. The precise form of consumer involvement should be proportionate to the nature of the decision and the consumers affected, but decision-makers should be able 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, no additional consumer involvement is required. Existing evidence is considered sufficient to inform the decision and demonstrate consideration of consumer views.
- **Targeted additional evidence**
Where some additional insight may be beneficial, decision-makers may draw more extensively on 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 may 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 may be appropriate. This may involve bespoke research, consultation or other forms of structured consumer involvement designed specifically to inform the decision.

The framework does not prescribe a particular engagement methodology. Instead, it provides a structured basis for determining the extent of consumer involvement that is proportionate to the decision under consideration.

4.4 Governance Arrangements

The Materiality Framework is intended to operate within SSC's existing governance and decision-making arrangements rather than create a separate governance process. During stakeholder engagement, SSC emphasised the importance of ensuring that the framework remains practical, proportionate and capable of being integrated into existing business processes.

The framework is therefore intended to support decision-makers by providing a consistent method for assessing materiality and identifying the appropriate level of consumer evidence, scrutiny and consumer involvement. The resulting assessment should inform governance discussions and help ensure that consumer impacts are considered appropriately as decisions progress through existing governance routes.

In practice, decisions may be considered through a range of governance forums depending on their nature and significance. These may include management-level governance, Executive-level oversight and, where appropriate, Board-level decision-making. The framework is intended to provide additional transparency regarding the consumer implications of decisions and to support consistent consideration of consumer impacts across these governance processes.

Stakeholder discussions also highlighted the potential role of challenge and assurance mechanisms in supporting implementation of the framework. In particular, the Independent Challenge Group may provide an important source of challenge regarding the treatment of consumer impacts and the appropriateness of consumer involvement activities. The framework may therefore help inform discussions with the ICG and support SSC in demonstrating how consumer considerations have been incorporated into decision-making.

The framework does not prescribe specific governance routes or approval requirements. Instead, it is intended to inform existing governance arrangements by providing a structured and transparent assessment of materiality. Professional judgement will continue to play an important role in determining how individual decisions should be managed and escalated within SSC's governance framework.

To support transparency and accountability, materiality assessments should be documented alongside key decisions, including the rationale for any judgements applied, the consumer evidence considered and any consumer involvement undertaken. This documentation should provide a clear audit trail demonstrating how consumer impacts have been taken into account throughout the decision-making process.

4.5 Time-Critical Decisions

SSC may occasionally be required to make decisions within timescales that do not permit the full application of the framework or the undertaking of additional consumer engagement activities.

In such circumstances, decision-makers should apply the framework to the greatest extent reasonably practicable, drawing on existing consumer evidence wherever possible. Where time constraints prevent additional consumer involvement from being undertaken, the rationale should be documented clearly as part of the decision-making process.

The existence of time pressures does not remove the requirement to consider consumer impacts. Rather, it may influence the nature and extent of evidence that can reasonably be obtained before a decision is taken.

Where appropriate, SSC may choose to undertake retrospective review or assurance activities following implementation of a time-critical decision.

4.6 Proportionality of Consumer Involvement

A central principle of the Consumer Involvement Rule is that consumer involvement should be proportionate to the significance of the decision being made. The Materiality Framework has been designed to support this principle by providing a structured basis for determining both the materiality of a decision and the extent of consumer evidence required.

Not all decisions require the same degree of consumer involvement. Some decisions may be adequately supported by existing consumer evidence, while others may justify targeted engagement or the generation of new consumer evidence. The appropriate approach will depend on the materiality of the decision, the nature of the impacts involved, the availability of existing evidence and any specific regulatory expectations that apply.

The framework is therefore intended to support informed and proportionate decision-making rather than prescribe a single approach to consumer involvement. Professional judgement remains important in determining the most appropriate form of consumer involvement in individual cases.

5 Calibration and Testing

5.1 Calibration Approach

The Materiality Framework was developed and refined through an iterative process of testing and calibration using real SSC decisions. The objective of this process was to ensure that the framework produced outcomes that were reasonable, proportionate and aligned with SSC's decision-making context.

A total of 17 decisions were used during framework development and testing. Twelve decisions were identified through the stakeholder questionnaire exercise, whilst a further five decisions were identified through a review of recent Board and Executive decisions. Together, these decisions provided a diverse sample covering financial, operational, environmental, consumer and strategic issues.

The framework was initially applied to these decisions to assess whether the proposed scoring methodology generated outcomes that aligned with stakeholder expectations regarding relative materiality. The results were then reviewed through a calibration workshop involving SSC stakeholders and subsequently presented to SSC executives and the Independent Challenge Group Chair for challenge and feedback.

This process led to a number of refinements, including adjustments to the treatment of vulnerability, recognition of cumulative impacts across multiple impact categories, introduction of a micro-scale safeguard and explicit consumer evidence triggers linked to bill impacts.. The resulting framework reflects both the requirements of the Consumer Involvement Rule and the practical realities of SSC's decision-making environment.

5.2 Worked Examples

The following examples illustrate how the framework operates in practice and demonstrate the types of outcomes generated across different decision contexts.

Example 1: Piloting of a new letter to support delivery of the universal metering programme

This decision concerned the introduction of revised customer communications intended to improve access rates for meter installation as part of the universal metering programme.

Although the decision generated moderate service and environmental and community impacts, these impacts affected a relatively small number of consumers and were not considered to have a significant effect on consumers in vulnerable circumstances. Whilst the decision was linked to a PR24 commitment, the overall impact remained limited.

Assessment outcome	Result
Materiality classification	Green
Escalation	Record only
Consumer evidence requirement	Existing evidence sufficient

This example demonstrates how the framework avoids disproportionate escalation where impacts are moderate but affect a relatively small number of consumers and vulnerability considerations are limited.

Example 2: Trial launch of a new social tariff

This decision concerned whether consumers supported using some funding from SSC's main social tariff, Assure, to fund a tariff trial which targeted essential use.

The direct financial and service impacts were relatively modest and affected a comparatively small consumer group. However, the decision had a clear impact on consumers in vulnerable circumstances and was closely linked to wider affordability considerations and regulatory expectations.

Assessment outcome	Result
Materiality classification	Amber
Escalation	Management review
Consumer evidence requirement	Targeted additional evidence

This example demonstrates how the framework increases scrutiny where decisions affect consumers in vulnerable circumstances, even where direct consumer impacts are otherwise moderate. It also illustrates the role of regulatory considerations in determining overall materiality.

Example 3: Re-prioritisation of the AMP8 Capital Programme

Following the PR24 Final Determination, a number of factors affected the composition of SSC's AMP8 capital programme, requiring a reprioritisation of planned investment activity. This decision concerned the resulting reallocation of AMP8 investment priorities.

The decision had significant environmental implications and ultimately affected all consumers through the way investment priorities were determined. It also had clear strategic and regulatory significance because of its relationship to delivery commitments and long-term business objectives.

Assessment Outcome	Result
Materiality Classification	Red
Escalation	Executive / Board review
Consumer Evidence Requirement	Supplement existing evidence

This example demonstrates how the framework identifies system-wide decisions with significant strategic, environmental and regulatory implications and ensures that they receive an appropriate level of scrutiny and governance oversight.

5.3 Distribution of Outcomes

The framework was applied to all 17 sample decisions as part of the calibration process.

The results comprised:

- 10 Green decisions;
- 4 Amber decisions; and
- 3 Red decisions.

This distribution provides confidence that the framework is capable of differentiating effectively between decisions of varying significance. Most decisions were assessed as Green, indicating that they could be managed through routine governance arrangements. A smaller number of decisions were classified as Amber, requiring additional management scrutiny, whilst only a limited number of decisions were assessed as Red and therefore warranting Executive or Board-level visibility.

The distribution of outcomes suggests that the framework achieves an appropriate balance between identifying genuinely material decisions and avoiding unnecessary escalation.

5.4 Conclusions from Testing

The testing and calibration process demonstrated that the framework produces outcomes that are proportionate, consistent and aligned with stakeholder expectations. It also led to a number of refinements to the framework, including:

- the introduction of a cumulative impact adjustment to ensure that decisions generating moderate impacts across multiple dimensions receive appropriate scrutiny;
- refinement of the vulnerability modifier to ensure that impacts on consumers in vulnerable circumstances are appropriately reflected within materiality assessments;
- the introduction of a micro-scale safeguard to prevent disproportionate escalation of decisions affecting very small numbers of consumers; and
- the establishment of explicit consumer evidence triggers for decisions involving bill impacts, reflecting Ofwat's expectations regarding consumer involvement in such decisions.

The worked examples illustrate several important features of the framework. First, it avoids over-escalation by recognising situations where impacts are moderate but affect relatively small numbers of consumers. Secondly, it appropriately increases scrutiny where impacts fall on consumers in vulnerable circumstances. Thirdly, it identifies decisions with significant strategic, regulatory or system-wide implications and ensures that these receive a higher level of governance oversight.

The testing process also demonstrated the importance of considering cumulative impacts across multiple impact categories and confirmed the value of incorporating vulnerability and strategic overlays within the assessment methodology.

Overall, the calibration exercise provides confidence that the framework is capable of supporting robust, transparent and proportionate decision-making in accordance with the requirements of the Consumer Involvement Rule. Whilst professional judgement remains important, the framework provides a consistent basis for identifying material decisions and determining the appropriate level of governance and consumer involvement.

6 Implementation and Continuous Improvement

6.1 Applying the Framework in Practice

The Materiality Framework has been designed to be practical, proportionate and capable of being integrated into SSC's existing decision-making processes. Its purpose is not to create a separate governance process, but to provide a consistent and transparent method for assessing materiality and determining the appropriate level of consumer involvement.

The framework is intended to be applied at an early stage in the development of decisions with the potential to impact consumers. Early application enables decision-makers to identify materiality, consider the availability of consumer evidence and determine whether additional consumer involvement may be required before decisions become fixed.

In most cases, the assessment would be completed by the relevant business lead, drawing on support from specialist teams where appropriate. This may include input from the Consumer Insight team regarding the availability and relevance of existing consumer evidence, as well as advice from Strategy, Regulation, Finance or Corporate Affairs where relevant to the decision under consideration.

In addition to recording the scoring inputs used within the framework, decision-makers are expected to document the rationale for their assessment, key assumptions, relevant consumer evidence and any other contextual factors that may assist governance review.

The assessment record may also capture supplementary information that does not directly affect the materiality score but may support governance review and future framework development. This may include information on operational impacts, the expected duration of impacts, uncertainty around estimated bill impacts and any potential health implications.

The framework is intended to support, rather than replace, professional judgement. Whilst the scoring methodology provides a consistent basis for assessing materiality, decision-makers should continue to consider the specific circumstances of each case and the broader context within which decisions are being made.

As experience is gained, SSC may wish to further embed the framework within existing governance processes, planning cycles and decision templates. This would help ensure that consideration of consumer impacts becomes a routine and visible part of decision-making across the organisation.

6.2 Monitoring and Assurance

Effective implementation of the framework will depend on consistent application and appropriate assurance.

During the initial implementation period, SSC may wish to establish a light-touch review process focused on Amber and Red decisions. This could involve periodic review by a cross-functional group comprising representatives from Consumer Insight, Strategy and Regulation, Finance and Corporate Affairs. The purpose of such review would not be to re-make decisions, but to provide challenge, promote consistency and identify opportunities for refinement.

The framework creates a structured record of decisions, including materiality assessments, evidence requirements and governance outcomes. Over time, this repository of decisions could become an important source of organisational learning and assurance. It would provide SSC with an auditable record demonstrating how consumer impacts have been considered and how consumer views have informed decision-making.

The information generated through the framework could also support periodic reporting to senior management, the Executive and the Board. Such reporting may include:

- the number and distribution of Green, Amber and Red decisions;
- recurring themes or areas of consumer concern;
- the extent and nature of consumer involvement activities undertaken;
- decisions requiring Executive or Board scrutiny; and
- lessons learned from previous assessments.

The Independent Challenge Group may also play an important role in providing periodic challenge and review of the framework's operation. This could help provide assurance that the framework continues to reflect consumer priorities and remains aligned with evolving regulatory expectations.

6.3 Future Development

The framework has been deliberately designed as an adaptable tool capable of evolving alongside SSC's wider approach to consumer engagement and decision-making.

One area of potential future development is stronger integration with SSC's existing consumer insight activities. Over time, the framework could be linked more closely to the Insight Hub and other consumer evidence sources, making it easier for decision-makers to identify relevant evidence and reducing the need for duplication of research.

There may also be opportunities to strengthen the relationship between the framework and SSC's evolving understanding of consumer priorities. For example, future work on consumer priorities, materiality assessment or preference research could provide additional evidence to inform materiality assessments and support more targeted consumer involvement.

This includes consideration of the Navigator materiality research, which provides a useful external source of evidence on the types of impacts consumers regard as important. SSC has considered the Navigator findings in finalising the framework, including by broadening the environmental impact category to include community impacts. SSC intends to consider the Navigator findings further, alongside other evidence generated during 2026/27, as part of future review and refinement of the framework.

As the volume of completed assessments increases, SSC will also be able to build a valuable library of precedent decisions. This would support consistency by enabling decision-makers to compare

new decisions with similar cases that have previously been assessed, helping to reduce subjectivity and improve confidence in the application of the framework.

In the longer term, SSC may wish to consider moving beyond a spreadsheet-based tool towards more integrated digital solutions. This could include online forms, workflow tools or reporting dashboards that further streamline the assessment process and improve visibility of material decisions across the organisation.

The framework should also be reviewed periodically to ensure that it remains fit for purpose. Changes to regulatory expectations, business priorities, consumer needs or governance arrangements may all justify future refinement. Such reviews should continue to be guided by the principles of proportionality, practicality, transparency and consumer focus that underpin the current framework.

Through ongoing application, monitoring and refinement, the framework can provide not only a means of demonstrating compliance with the Consumer Involvement Rule, but also a foundation for strengthening consumer-centred decision-making across SSC over time.

7 Conclusions

The Materiality Framework has been designed to align with Ofwat's expectations that consumer involvement should be consumer-focused, proportionate, evidence-led and transparent. It provides SSC with a structured and practical approach for identifying decisions that are likely to have a material impact on consumers and determining the appropriate level of governance, scrutiny and consumer involvement.

The framework has been developed through extensive engagement with SSC stakeholders, including the Executive Team, Customer Insight team, operational and functional teams, and the Independent Challenge Group Chair. It has been tested against a sample of real SSC decisions and refined through an iterative process of calibration and challenge to ensure that it is both robust and proportionate in its application.

The resulting framework aligns with the key principles underpinning Ofwat's Consumer Involvement Rule and provides a clear and auditable process for demonstrating how consumer views are sought, represented and taken into account in decision-making.

Consumer impact focus

The framework is fundamentally focused on the impacts that decisions may have on consumers. By assessing financial, service and environmental & community impacts, and considering the scale and distribution of those impacts, the framework ensures that materiality assessments are grounded in outcomes that matter to consumers.

Proportionality

The framework applies a proportionate approach to governance, escalation and consumer involvement. Decisions assessed as having limited consumer impact can proceed through routine governance arrangements, whilst more material decisions receive progressively greater scrutiny and consideration. This helps focus attention and resources on decisions where consumer involvement is likely to be most important, whilst avoiding unnecessary burden elsewhere.

Evidence-led decision making

The framework supports evidence-led decision-making by encouraging effective use of existing consumer evidence and identifying circumstances where additional evidence or engagement may be required. This ensures that consumer involvement activities are targeted appropriately and that decisions are informed by a robust understanding of consumer views and priorities.

Transparency and auditability

The framework provides a consistent and transparent process for assessing materiality, documenting decisions and recording the evidence used to inform them. This creates a clear audit trail that can demonstrate how consumer considerations have been incorporated into decision-making and provides a basis for ongoing assurance, reporting and continuous improvement.

Final remarks

Overall, the framework provides SSC with a practical, proportionate and defensible approach to complying with Ofwat's Consumer Involvement Rule. By combining a structured assessment methodology with clear governance and consumer involvement requirements, it supports more consistent decision-making and further strengthens the role of consumer evidence within the organisation.

The framework is intended to provide a strong foundation for future application and refinement. As SSC gains experience in its use, it can continue to evolve alongside the company's wider consumer insight, governance and decision-making processes, helping to ensure that consumer perspectives remain at the heart of decisions that matter most.

Appendix A

Detailed Scoring Criteria and Assessment Logic

A.1 Introduction

This appendix sets out the detailed scoring criteria and assessment logic underpinning the Materiality Framework described in the main report.

The framework is designed to provide a structured and consistent method for assessing the materiality of decisions from a consumer perspective. It combines assessment of direct consumer impacts with consideration of scale, vulnerability and wider strategic, regulatory and reputational factors.

The framework produces two outputs:

- A materiality classification (Green, Amber or Red); and
- An indication of the level of consumer evidence and involvement likely to be required.

In addition to the scoring criteria described below, the framework records qualitative information about the decision being assessed. This includes a description of the decision, the consumers affected, the rationale for the assessment, relevant consumer evidence and any other contextual considerations. This information supports governance review and provides an audit trail explaining how the assessment has been reached.

The assessment record may also capture supplementary contextual information, such as operational impacts, duration of impact, uncertainty of bill impacts and potential health implications, which supports governance review but does not directly alter the materiality score.

A.2 Core Impact Assessment

Bill impact

Bill impacts are assessed according to the expected impact on consumer bills.

Impact Category	Score
No impact	1
Less than 1% bill impact	2
1% to less than 5% bill impact	3
5% to less than 10% bill impact	4
10% to less than 20% bill impact	5
20% or greater bill impact	5
Unknown / not quantified	1

Bill impacts may trigger a regulatory requirement for additional consumer evidence in accordance with the criteria described in Section A.6.

Service / consumer experience impact

Service impacts are assessed according to the extent to which consumers experience changes in service quality, reliability or customer experience.

Impact Category	Score
Minimal or no impact	1
Noticeable but manageable impact	3
Significant disruption	4
Severe or unacceptable impact	5

Environmental & community impact

Environmental and community impacts are assessed according to the significance of the environmental or community outcome associated with the decision.

Impact Category	Score
None	1
Limited	2
Moderate	3
Significant	4

Base Impact Score

The Base Impact Score is determined through a two-stage process:

Step 1 – Highest Impact Principle

The highest score across the Bill Impact, Service / Consumer Experience Impact and Environmental and community impact categories is identified.

Step 2 – Cumulative Impact Adjustment

Where two or more impact categories are assessed as moderate or above, a cumulative impact adjustment of +1 is applied.

The resulting Base Impact Score therefore ranges from 1 to 6.

A.3 Modifiers

Modifiers adjust the Base Impact Score to reflect both the number of consumers affected and the extent to which impacts fall on consumers in vulnerable circumstances.

Scale of consumers affected

Scale Category	Score
Micro (<10 consumers)	0
Very small (<1,000 consumers)	1
Localised (1,000–10,000 consumers)	2
Regional (10,000–100,000 consumers)	2
Large (>100,000 consumers)	3
All consumers	3

Vulnerability

Vulnerability Assessment	Score
Not at all	1
Slightly	1
Moderately	4
Significantly	6

Modifier adjustment

The Scale and Vulnerability scores are combined to produce a Modifier Score. This score is then translated into an adjustment applied to the Base Impact Score.

Combined Modifier Score	Adjustment
1–2	-1
3–4	0
5	+1
6	+2
7 or greater	+3

This approach ensures that impacts affecting larger numbers of consumers and consumers in vulnerable circumstances receive greater weight within the overall assessment.

A.4 Overlay Assessment

The Overlay Assessment captures strategic, regulatory and reputational considerations that may increase the significance of a decision beyond its direct consumer impacts.

The following factors are treated as hard triggers:

- PR24 / PR29 commitments;
- Regulatory compliance.

The following factors are treated as soft overlays:

- Major investment / resilience;
- Media / political sensitivity;
- Consumer trust / fairness.

Each overlay factor is assessed on a simple Yes / No basis.

A +1 adjustment is applied where:

- any hard trigger is present; or
- two or more soft overlays are present.

Otherwise, no overlay adjustment is applied.

The purpose of the Overlay Assessment is to ensure that decisions with heightened strategic, regulatory or reputational significance receive appropriate scrutiny.

A.5 Overall Materiality Classification

The Combined Score is calculated as:

Combined Score = Base Impact Score + Modifier Adjustment + Overlay Adjustment

The resulting score ranges from 0 to 10.

The score translates to RAG rating through the following mapping:

Combined Score Materiality Classification

0–4	Green
5–6	Amber
7+	Red

Micro-scale safeguard

Where fewer than 10 consumers are affected, the maximum materiality classification is Amber. This safeguard is intended to prevent disproportionate escalation of decisions affecting only very small numbers of consumers.

A.6 Consumer Evidence Requirements

The framework distinguishes between governance escalation requirements and consumer evidence requirements.

Consumer evidence requirements are determined by considering:

- the materiality classification;
- the strength of the existing evidence base; and
- whether there is a regulatory requirement for new evidence.

Regulatory requirement for consumer engagement

A regulatory requirement for new evidence is deemed to exist 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.

Consumer evidence outcomes

The framework identifies five potential evidence outcomes.

Outcome	Description
Existing evidence sufficient	Existing evidence base is considered adequate. No additional consumer involvement required.
Targeted additional evidence	Greater use of existing evidence sources to support decision-making.
New targeted engagement	Focused consumer engagement undertaken to address specific evidence gaps.
Supplement existing evidence	Additional engagement undertaken to supplement an existing evidence base.
Full new engagement	Comprehensive consumer engagement programme undertaken to inform decision-making.

The specific form of consumer involvement should be proportionate to the nature of the decision, the consumers affected and the availability of existing evidence.

A.7 Governance Escalation

The materiality classification determines the minimum governance escalation route.

Materiality Classification Escalation Route

Green	Record only
Amber	Management review
Red	Executive / Board review

The framework is intended to inform SSC's existing governance arrangements and should be applied alongside professional judgement and existing organisational governance requirements.

Appendix B

Decision Survey

B.1 About The Decision You Made - Overview

Decision title:

[Insert short label]

Brief description of the decision you/your team made:

Please describe:

- What the decision was
- What triggered it
- What key trade-offs were considered – e.g. impact on customers, impact on the environment, operating costs/efficiencies, company's reputation.

Options you considered when making the decision (summarise):

[Insert]

What was the final decision taken:

[Insert]

Which Business area / team to you work for:

[Insert]

Approximate date the decision was taken:

[Insert]

B.2 Nature of Customer Impact

Financial / Bill Impact

Did your decision directly impact on customers' bills – If so, please provide an indicative average annual bill impact per customer:

- No direct impact
- <£1
- £1–£5
- £5–£20
- £20–£50
- £50+
- Unknown / not quantified

Which customers were affected:

- Household customers
- Business customers (NHH)
- NHH retailers
- Developers
- NAVs

Were specific segments within these customer types affected? If so, please state.

[Insert]

To what extent are the bills of vulnerable customers or groups affected? *Vulnerable means customers who might be struggling to pay their bills (e.g. on our Assure of WaterSure tariff) or have someone in their home who has a health condition that needs additional support – our Priority Services Register.*

- Not at all
- Slightly
- Moderately
- Significantly

Provide your assessment of overall financial impact on customers – i.e. any impacts to the bills customers pay:

- Low
- Moderate
- High

Service / Customer Experience Impact

What was the impact of your decision on the customers' experience of water services? (e.g. reliability/ interruption of water supply, quality of water supply, customer service standards, what support they receive from the company, how might any communications sent have affected them)

- Minimal
- Noticeable but manageable
- Significant disruption
- Severe / unacceptable

Summarise how any customers experience have been affected by the decision

[Insert]

Approximately how many customers were affected by the decision?

- Very small (<1,000)
- Localised (1,000–10,000)
- Regional (10,000–100,000)
- Large (>100,000)
- All customers

To what extent is the service provided to vulnerable customers or groups affected?

- Not at all
- Slightly
- Moderately
- Significantly

Explanation (if applicable):

[Insert]

Your assessment of overall service impact:

- Low
- Moderate
- High

Environmental & community impact

What impact did this decision have on the environment in a way that customers would care about or notice – e.g. water flow or quality in rivers/reservoirs, impact of any mains works in terms of roadworks and impacts on local communities?

- None
- Limited
- Moderate
- Significant

Summarise the overall impact of your decision on the environment, (if relevant):

[Insert]

B.3 Strategic and Governance Context

Did this decision have any strategic, regulatory or reputational sensitivity?

- PR24 / PR29 commitments – business planning

- Regulatory compliance implications
- Impact on the scope, design, cost of major investment / resilience schemes
- Media or political sensitivity that would impact the company's reputation
- Potential to affect customer trust or perceived fairness
- Other

Summarise the potential impacts (if relevant):

[Insert]

[If relevant] What impact did this sensitivity have on how the decision was taken?

[Insert]

B.4 Customer Evidence and Engagement

Was customer evidence used to inform the decision – e.g. research or insight directly from customers and/or from customer transaction data the company holds (e.g. complaints, contacts)?

- No customer evidence used
- Yes – existing insight only (e.g. prior research, ongoing tracking, complaints data, past engagement)
- Yes – new insight generated specifically for this decision
- Yes – both existing and new insight

What type(s) of customer evidence or engagement were used?

(Tick all that apply)

Existing insight:

- Previous research (quant / qual)
- Customer satisfaction / tracking data
- Complaints or contact data
- Operational feedback (e.g. field teams, call centres)
- CCW / panel input (historic)

New engagement (for this decision):

- Surveys
- Qualitative research (groups / interviews)
- Customer panels / deliberative engagement
- Stakeholder engagement (e.g. CCW panel)
- Trials / pilots with customers
- Digital engagement / consultation
- Other: _____

How was customer evidence used in the decision?

Did it shape the options considered? [yes/no]

Did it influence the final decision? [yes/no]

Did it validate a preferred approach? [yes/no]

Summarise the impact that customer engagement had on the decision made:

[Insert]

B.5 Retrospective Reflection

Looking back, how material do you think this decision was for customers overall?

Not material

Low

Moderate

High

Very high

Do you think the level of customer involvement in the decision was:

Too little

About right

Too much

What (if anything) would you do differently in future?

[Insert]

B.6 Any Additional Comments

Was there anything else about the decision not covered above that was important or unusual to flag?

[Insert]

Appendix C

Decisions Used for Framework Development and Calibration

The framework was developed and calibrated using a sample of seventeen real SSC decisions, summarised in Table 1. The sample covered a broad range of decision types, governance routes and consumer impacts. It included decisions identified through the senior management consultation exercise together with decisions drawn from Board and Executive papers.

Table 1: Summary of decisions used for framework development and calibration

Decision	Summary
Re-prioritisation of the AMP8 capital programme	Reallocation of AMP8 investment priorities following the PR24 Final Determination and changes to programme requirements.
Drought plan	Review of drought triggers and actions, with implications for environmental protection and consumer communications.
Non-household tariff band simplification	Simplification of tariff structures for non-household consumers, with potential impacts on charges.
Trading of gas and electricity positions	Procurement decisions relating to energy costs and their potential impact on consumers.
Launching a new social tariff	Development of a new affordability support tariff targeted at essential water use.
Enhancement of the OT Wide Area Network	Investment to improve network resilience, monitoring and regulatory compliance.
Piloting of a new letter to support delivery of the universal metering programme	Introduction of revised customer communications intended to support access for meter installation as part of the universal metering programme.
Capitalisation of mains renewal expenditure	Accounting treatment of infrastructure investment with potential long-term implications for consumers.
Change to Assure threshold	Revision of social tariff eligibility and discount arrangements.
Alternative Payment Terms Agreement	Provision of alternative payment arrangements in response to wholesale tariff increases.
Placing a customer on a boil water notice	Decision regarding precautionary public health measures following water quality concerns.
Introduction of a developer customer portal	Investment in digital services for developer customers.
Leakage – delivering beyond PC target	Additional expenditure to improve leakage performance beyond regulatory targets.
WRMP action plan	Development of actions to support delivery of water resources objectives.
Final wholesale charges	Setting household wholesale charges.
Dividend policy review	Review of the criteria governing dividend payments.
Reopeners for investment cases	Seeking additional in-period funding for growth and cyber resilience investments.