

# Club Materiality: Defining material impact with consumers

Appendix  
2<sup>nd</sup> June 2026

Affinity Water  
Anglian Water  
Dŵr Cymru Welsh Water  
NWL  
Pennon Group

Portsmouth Water  
Severn Trent  
South East Water  
South Staffs Water  
Southern Water

Thames Water  
United Utilities  
Wessex Water  
Yorkshire Water



# Contents

1. Worked examples of assessments
2. Full sample details

# 01

## Worked examples of assessments

Using hypothetical scenarios to determine what impacts consumers consider material

# Scenario A

**WATER COMPANY DECISION:** Whether or not to invest in a major programme of upgrades to water treatment plants (over and above the usual maintenance programme).

**CONTEXT:** Upgrading water treatment works is important to meet water quality standards and protect the environment. Modern systems are designed to treat larger volumes of water and have better processes for treating contaminants such as bacteria, viruses and chemicals – reducing the risk of pollution and helping to ensure the supply of clean and safe drinking water. Your company had previously earmarked funding to upgrade water treatment works in its business plan, which was signed off by customers. This funding was based on new water filtration technology becoming available, but this has been developed faster than planned. Your company is considering bringing the upgrade forward; investments (which are funded through customer bills) would be made earlier than planned.

**OUTCOME:** All customers in the region will benefit sooner than initially planned from a more resilient and safer water supply. Improved processes will also protect water environments. Upgrading will lead to longer term cost savings by reducing maintenance costs.

**CONSUMER IMPACTS:**

- Bills will increase sooner than initially planned to fund the upgrade.
- Upgrading the water treatment plant will involve several months of construction, which may cause noise and traffic disruption for those living or working nearby.

*"I care about the decision as I want to see water quality improve and be happy that it is always safe." – HH customer*

*"It affects me if my bills rise and I would want to make sure this is for a good reason and not for the profit of the company." – HH customer*

*"A normal functioning company would have set aside funds for such an undertaking as described, without seeing it as their fundamental right to squeeze their (monopoly) customers whenever they feel like it." – HH customer*

# Treatment plant upgrades

**Whether to invest in a major programme of upgrades to water treatment plants (over and above the usual maintenance programme)**

*Bringing forward a planned upgrade to water treatment works set out in the business plan, as new technology has been developed faster than expected.*

## + impacts

- Long-term cost savings
- Protection of water environments
- Safer and more resilient water supply

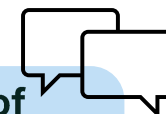
## - impacts

- Bill increase for all
- Construction disruption



## Amount consumers care about decision: **HIGH**

- **Bill increases** for all customers is the primary factor:
  - Consumers want to understand the proposal which involves a trade-off between higher bills in the short-term for a safer water supply, environmental protection and operational cost savings in the long-term – which they perceive may result in lower bills.
- Widespread support for **infrastructure upgrades** relating to core function - to provide a safe, reliable and high-quality water supply.
- **Lack of trust** in water companies, which are considered profit-motivated – increases relevance of this decision to customers, who want to see evidence of transparency and accountability.
- Noise and traffic **disruption** would be of concern only if consumers lived near the planned works and lasted 'a long time'.
- **Protection of water environments** seen as positive, but considered a secondary impact.



## Potential engagement: Representative group of customers and specialist organisations

- Consumers who can represent the views of the wider base, to inform decisions that will **impact bills**.
- Specialist organisations perceived to have the **technical expertise** (which customers felt they lacked) to ensure correct decision is reached.
  - They may also explain the decision to customers from an **independent standpoint** (helping to overcome low trust - a voice to accurately and fairly inform customers).

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**SCENARIO: Whether to invest in a major programme of upgrades to water treatment plants (over and above the usual maintenance programme)**  
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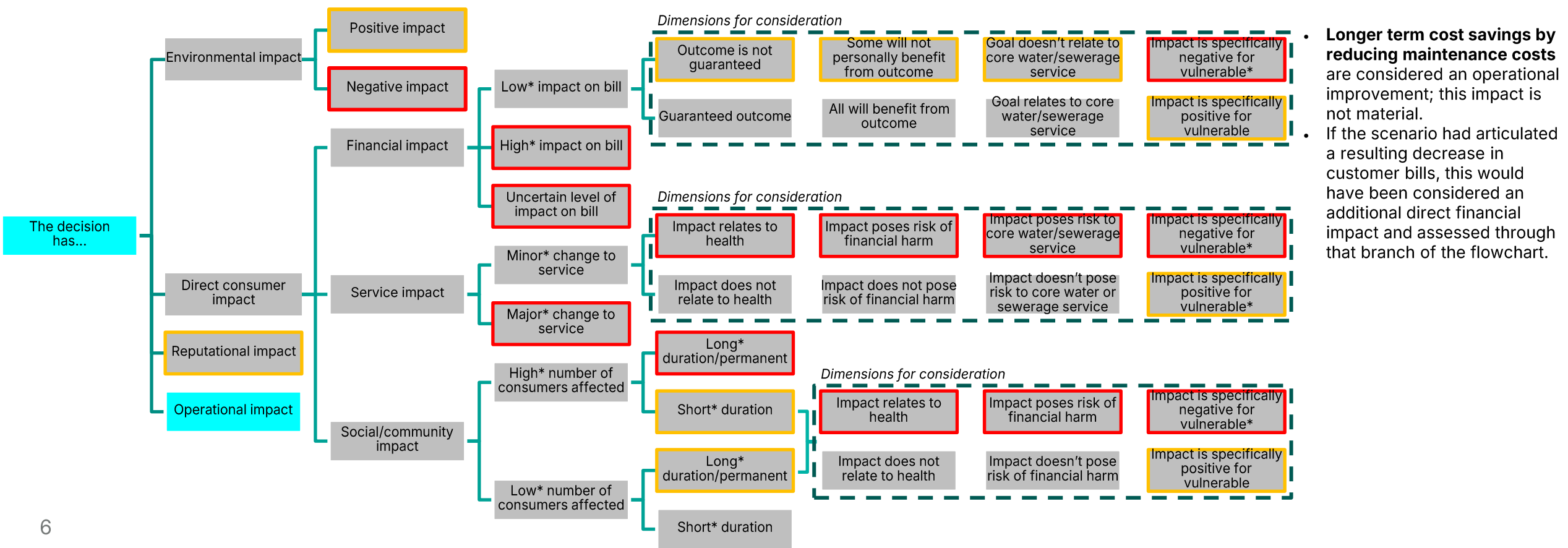
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**KEY:**

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- Elements that are ALWAYS MATERIAL
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- M Impact IS material for worked example

\* Subjective: definition to be determined



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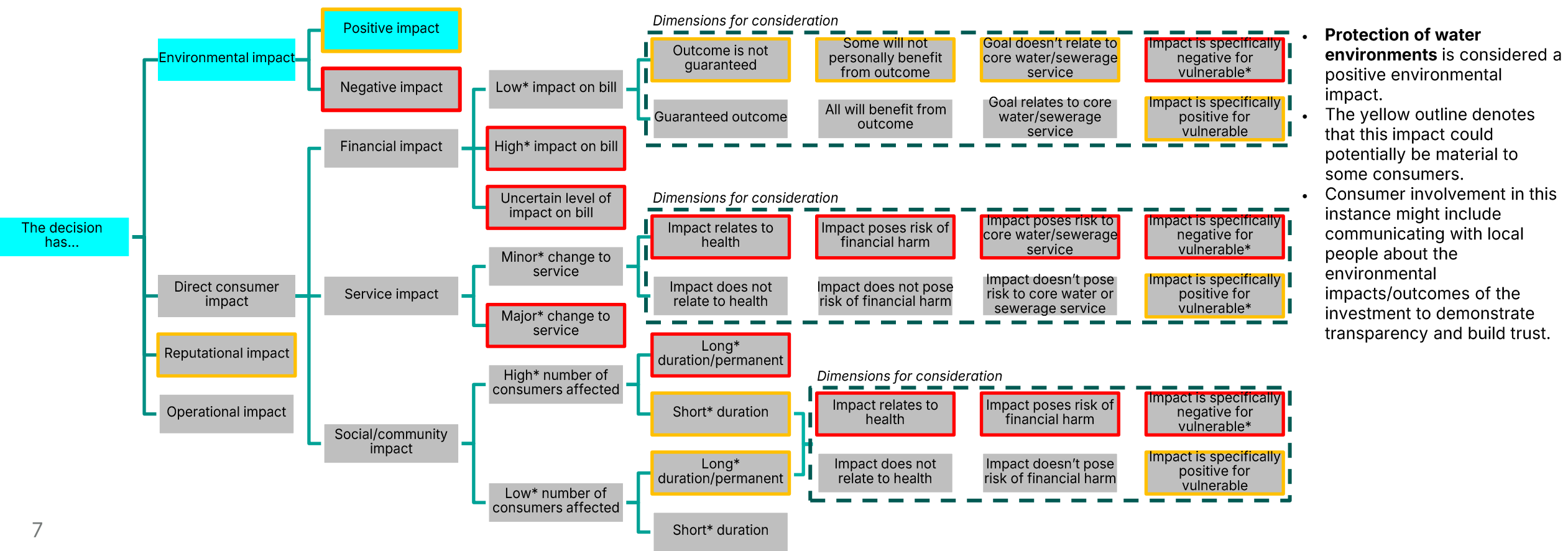
## Navigator

\* Subjective elements: Definition determined either by consumer or regulator

### KEY:

Decision steps for worked example
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Elements that are SOMETIMES MATERIAL
M Impact IS material for worked example

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- **Protection of water environments** is considered a positive environmental impact.
- The yellow outline denotes that this impact could potentially be material to some consumers.
- Consumer involvement in this instance might include communicating with local people about the environmental impacts/outcomes of the investment to demonstrate transparency and build trust.

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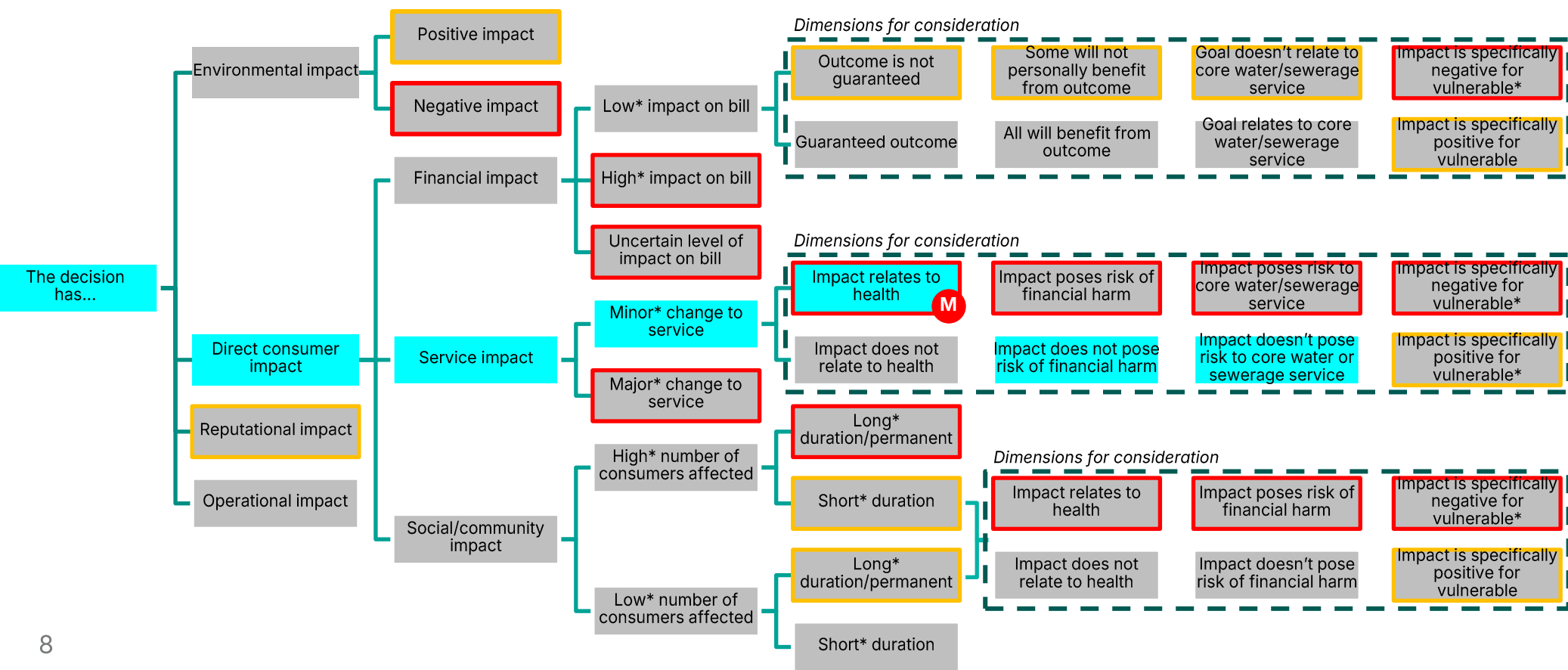
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- **A safer and more resilient water supply** was considered a minor change to service (given current water service is generally safe and reliable).
- This improvement in service does not pose a risk of financial harm or interruption to the core water/sewage service, and has no specific impact on vulnerable people.
- This impact does relate to health and is therefore material to consumers – given there are other material elements for this scenario, the health implications of the decision would be included as one aspect of the discussion.

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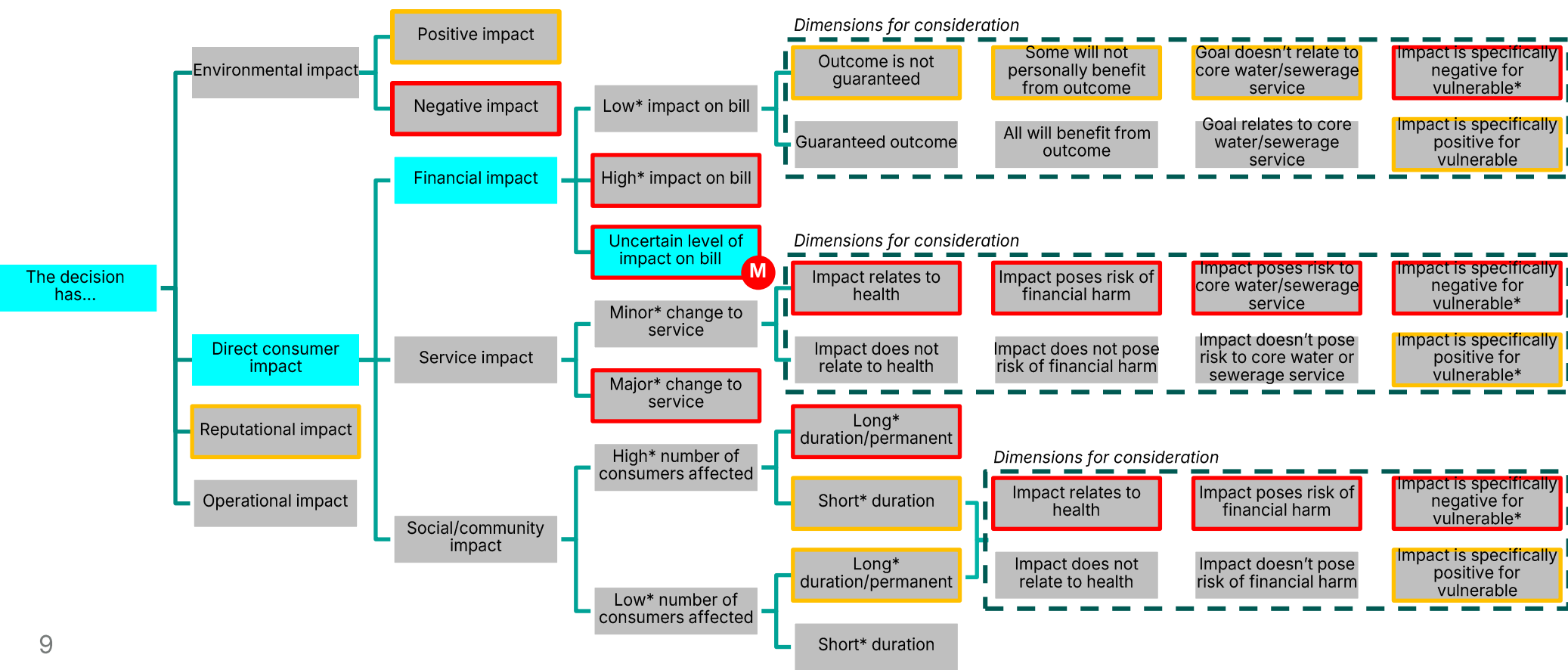
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- **A bill increase for all** is considered a direct financial impact on the consumer.
- In this scenario the bill increase was not specified to be high or low, therefore 'uncertain level of impact on bill' was selected.
- The red outline denotes that this impact is material to consumers.
- For this scenario, consumers wanted involvement from a representative group of customers, as well specialist organisations who have the technical expertise to assess the trade-off.

# Treatment plant upgrades

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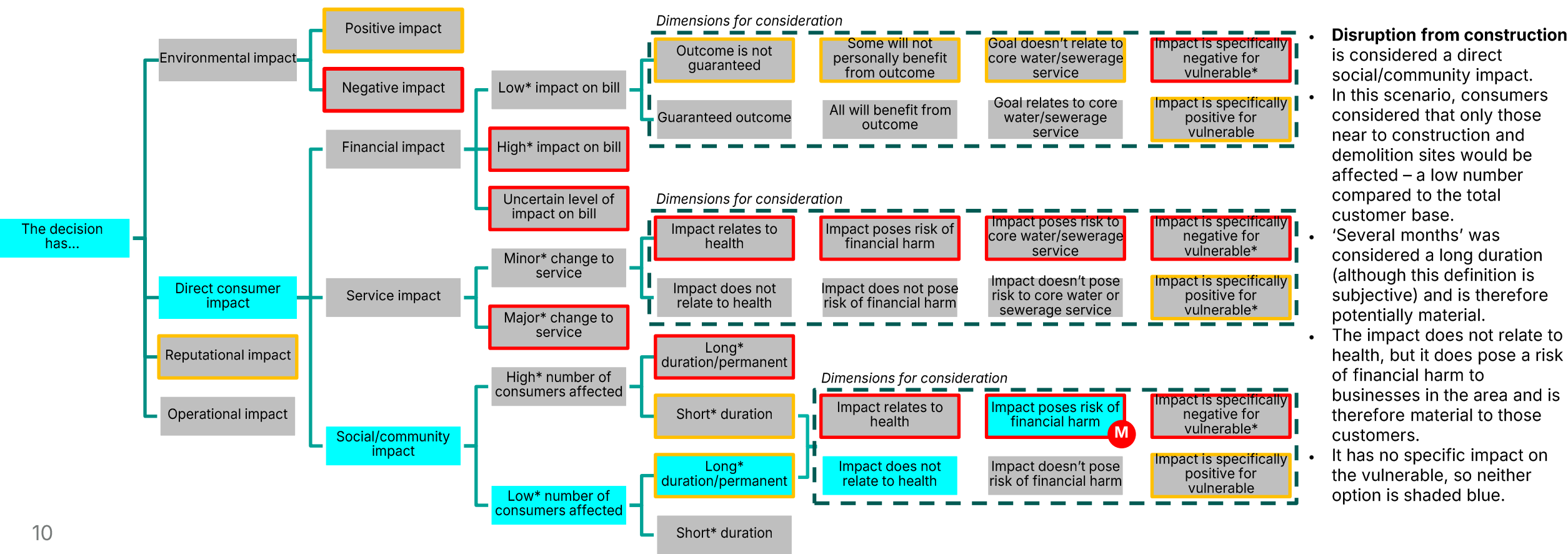
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- **Disruption from construction** is considered a direct social/community impact.
- In this scenario, consumers considered that only those near to construction and demolition sites would be affected – a low number compared to the total customer base.
- 'Several months' was considered a long duration (although this definition is subjective) and is therefore potentially material.
- The impact does not relate to health, but it does pose a risk of financial harm to businesses in the area and is therefore material to those customers.
- It has no specific impact on the vulnerable, so neither option is shaded blue.

# Scenario B

**WATER COMPANY DECISION:** Whether to invest in significant infrastructure works to improve coastal bathing water quality at a local site popular with families, dog walkers and swimmers.

**CONTEXT:** A popular local beach has recently become a designated bathing site. This means the Environment Agency tests the water during the bathing season for faecal bacteria, which can harm wildlife and make bathers ill if ingested. Each designated site is then given an annual water quality ranking based on these tests. Water quality at this beach has recently been rated 'sufficient', the second lowest ranking of four, and meets the minimum legal standard for swimming. Local swimmers have been campaigning for the company to invest in minimising sewage spills from storm overflows near the beach. They hope this will improve the site's rating and make it safer to swim in. Their campaign has gained significant media attention. The company has assessed the situation and found that significant infrastructure work would be required to reduce the spills. This would involve closing the beach for a year while a new pipe is built to carry spills from overflows away from the sea to a treatment works.

**OUTCOME:** Improved water quality will benefit families and swimmers by reducing the risk of becoming ill from going in the water – and indirectly, the businesses such as cafes and shops that benefit from operating near a popular bathing destination. It will also benefit aquatic life. However, water quality improvements are not guaranteed. While this investment reduces pollution from the water company's storm overflow, it does not stop other pollutants such as farming 'run off' and industrial spills affecting the water quality.

**CONSUMER IMPACTS:**

- This investment was not originally planned because the water company did not know the area would become a designated bathing site. As a result, this coastal improvement project will result in bill increases for all customers, on top of the recent bill increases agreed with Ofwat.
- The work will involve several months of construction which may cause noise and traffic disruption for those living or working nearby.
- The work will also require the beach to be closed for a year, meaning that locals and visitors cannot use it.
- Businesses who may ultimately benefit will also be inconvenienced by the beach closures

*"I think it is extremely important for our water to be safe to swim in while also benefiting marine life. Families should be able to enjoy clean water to swim in at the beach." – HH customer*

*"it is a major decision - one that weighs off water company profits v local environment and leisure for local communities.." – HH customer*

## B Improving coastal bathing water quality

**Whether to invest in a significant infrastructure works to improve coastal bathing water quality at a recently designated coastal bathing site**

*Closing the beach for a year to build a pipe to carry away sewage spills, following pressure from local swimmers to invest. Quality is currently ranked as sufficient.*

### + impacts

- Reduced illness risk for water users
- Increased business footfall
- Benefits aquatic life

### - impacts

- Bill increase for all
- Disruption from construction and beach closure

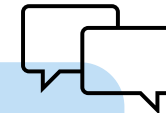
Navigator

### Amount consumers care about decision: **HIGH**



- Poor water quality may **impact customer health**, with particular concern about children getting ill after using water.
- Consumers sensitive to **poor performance**:
  - Poor water quality seen as evidence that companies are not delivering a core part of their service (i.e. ensuring clean, safe rivers and seas).
- Greater strength of feeling due to **high profile nature** of sewage pollution – some have experienced it directly when using water bodies or heard about it in the media.
- **Bill rises** impact everyone, even though the investment will have very local benefits, so consumers want to input on this trade-off (and say they will care more if the increase is large).
- Positive impacts on aquatic life seen as a secondary benefit of the investment, rather than the core reason to care.
- Enabling safe swimming and protecting aquatic life is highly emotive for wild swimmers, and cuts through more to those in coastal areas, regardless of site location.
- Construction and beach closure would be of concern if living nearby.

### Potential engagement: All customers, and particularly those in local area. Specialist orgs.



- Local voices perceived as most important due to **localised impacts** (both during site closure and afterwards).
- **Bill rises** impact everyone, so consumers want input on trade-off
- Also involving specialists:
  - To provide technical knowledge around water quality.
  - **Lack of trust in companies** to address coastal pollution, but customers feel unable to assess trade-offs effectively. Experts provide **an independent perspective** on whether to go ahead (including assessing potential alternatives).

# B Improving coastal bathing water quality

**Whether to invest in a significant infrastructure works to improve coastal bathing water quality at a recently designated coastal bathing site**

Closing the beach for a year to build a pipe to carry away sewage spills, following pressure from local swimmers to invest. Quality is currently ranked as sufficient.

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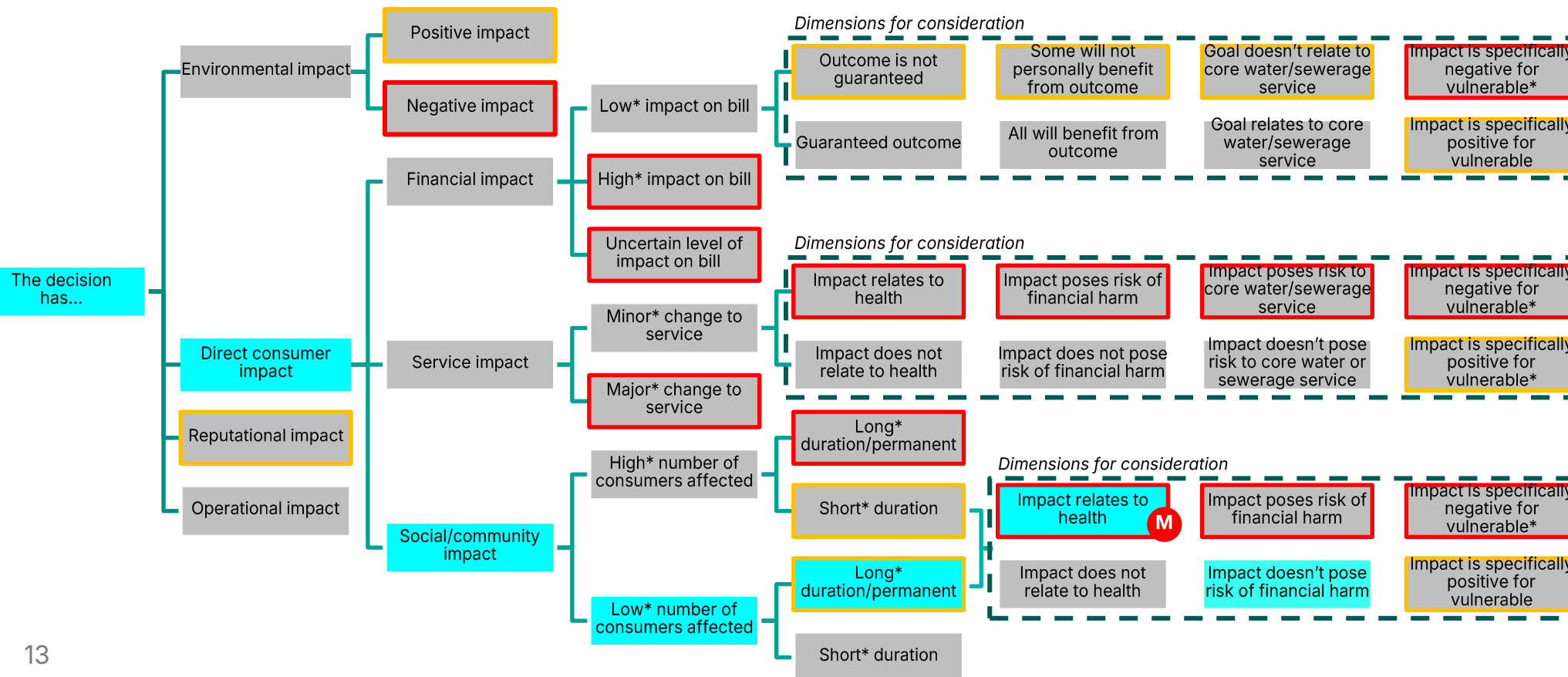
Decision steps for worked example

Elements that are ALWAYS MATERIAL

Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

\* Subjective: definition to be determined



- Reduced illness risk for water users is considered a direct social/community impact.
- While low numbers of consumers would be affected by this improvement, the impact relates to health and is likely to be an emotive topic for water-users, who will likely want to input on whether the initiative goes ahead or not.
- This element is therefore material.

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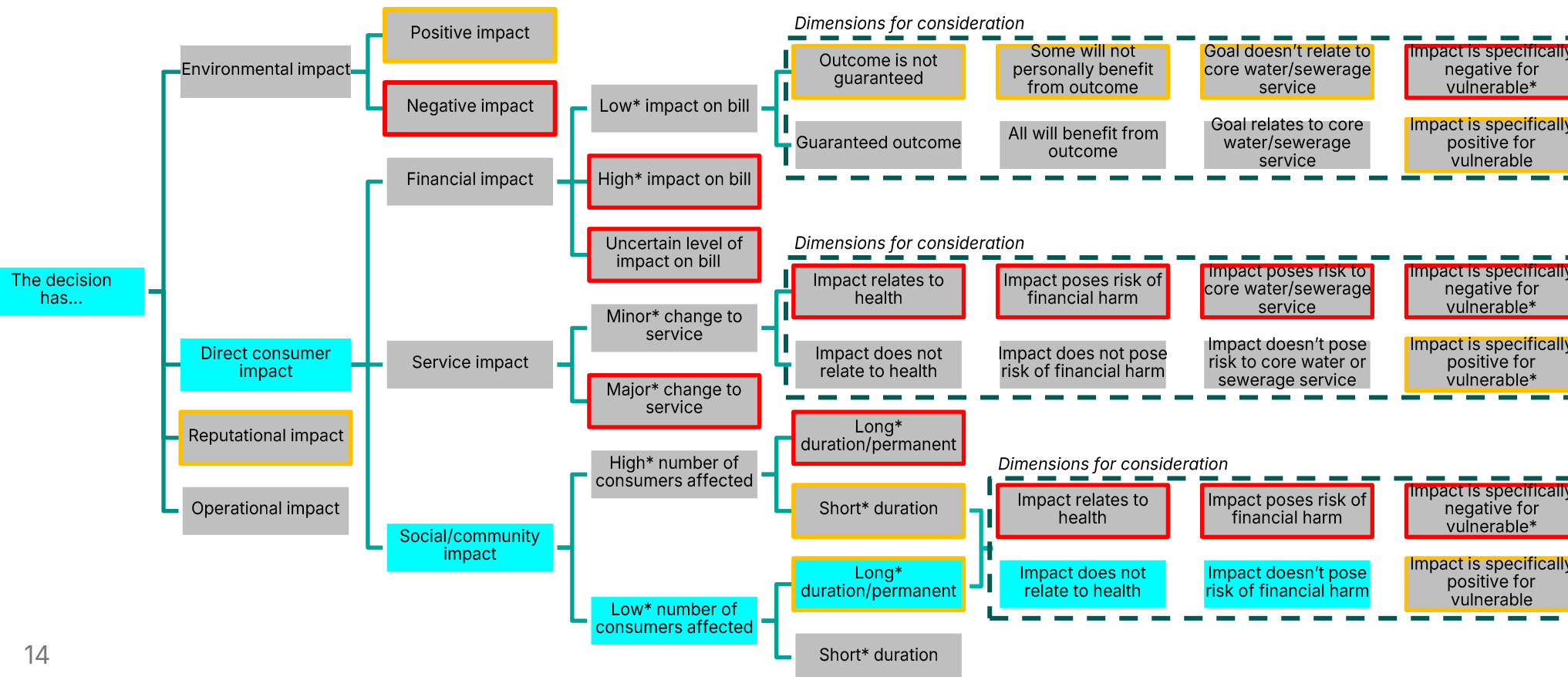
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- Increased business footfall** is considered a direct social/community impact.
- This positive impact is potentially material because it would be permanent – businesses may want involvement in terms of understanding project timelines so that they can plan their own business activities. Given engagement with businesses would be likely due to the risk of financial harm from beach closures during construction, this topic would likely be covered in the overall discussion.

# B Improving coastal bathing water quality

**Whether to invest in a significant infrastructure works to improve coastal bathing water quality at a recently designated coastal bathing site**

Closing the beach for a year to build a pipe to carry away sewage spills, following pressure from local swimmers to invest. Quality is currently ranked as sufficient.

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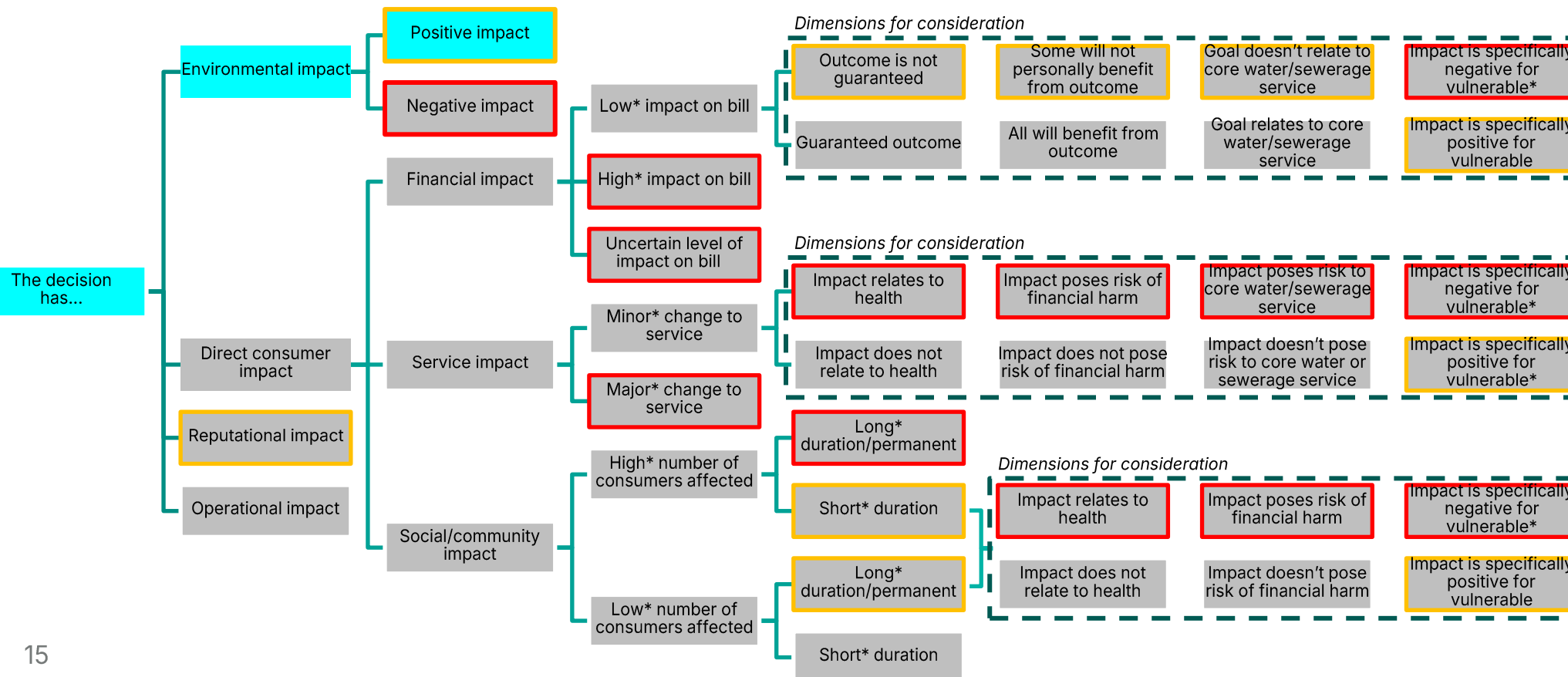
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- Benefits aquatic life** is considered a positive environmental impact.
- The yellow outline denotes that this impact could potentially be material to some consumers.
- Consumer involvement in this instance might include communicating with local residents, businesses and water-users about the likely environmental impacts/outcomes of the investment to demonstrate transparency and build trust.

# B Improving coastal bathing water quality

**Whether to invest in a significant infrastructure works to improve coastal bathing water quality at a recently designated coastal bathing site**

*Closing the beach for a year to build a pipe to carry away sewage spills, following pressure from local swimmers to invest. Quality is currently ranked as sufficient.*

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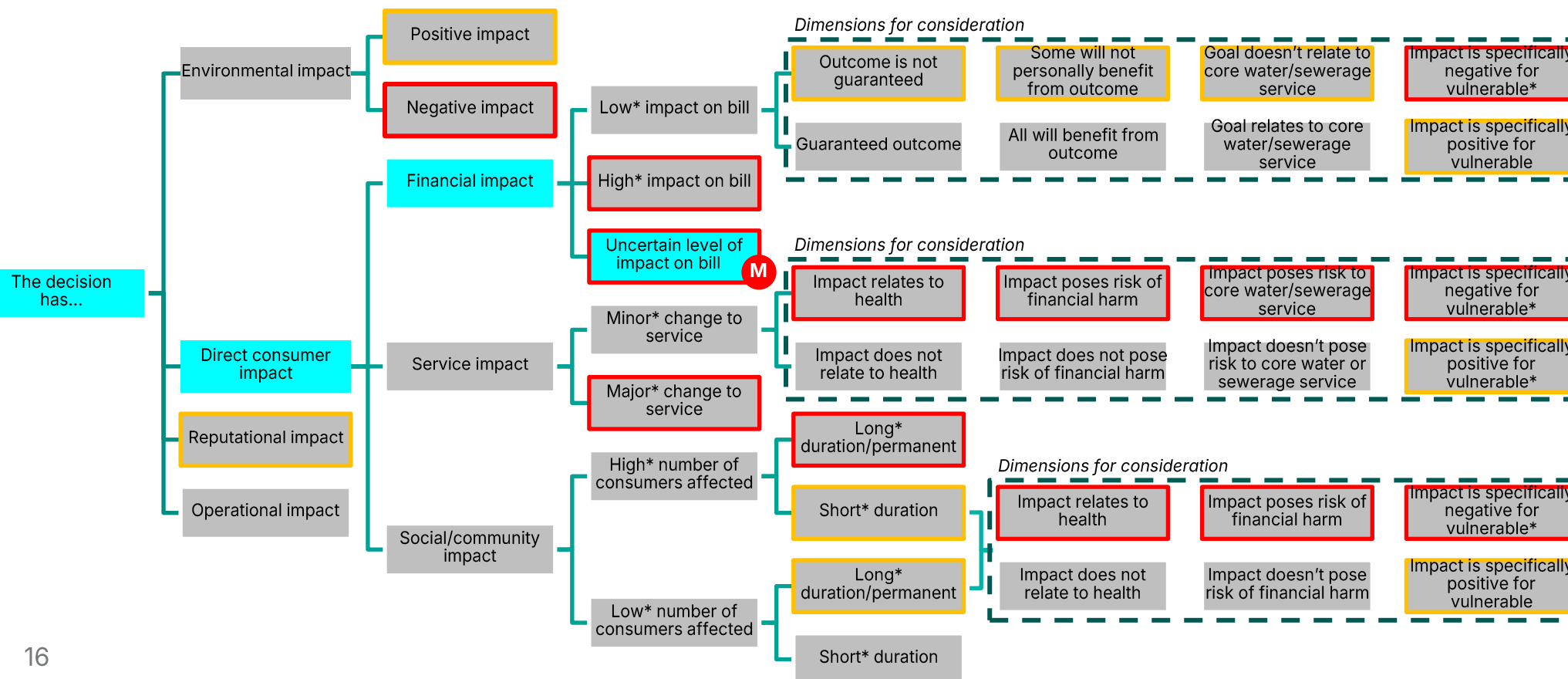
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- In this scenario the bill increase was not specified to be high or low, therefore 'uncertain level of impact on bill' was selected.
- The red outline denotes that this impact is material to consumers.
- Customers feel unable to assess the trade-off effectively in this scenario, and want experts to provide an independent perspective on whether to go ahead with it, including assessing potential alternatives.



## **WATER COMPANY DECISION:** How to manage water restrictions during periods of drought

**CONTEXT:** Water companies are required to maintain drought plans to ensure there is a secure public water supply and minimal environmental damage, such as taking too much water from rivers during dry periods. These plans are developed with the Environment Agency and reviewed every 5 years. They set out a series of actions to manage water resources, including restricting certain types of water usage as drought conditions become more severe. The first step is for water companies to ask customers to use less water. If this is not sufficient, restrictions are applied to households through Temporary Use Bans (previously called hosepipe bans), such as bans on watering gardens, filling ponds, or washing cars and windows. If conditions worsen, restrictions are extended to some businesses. For example, some garden centres, leisure park and, golf courses may have to close temporarily. If the drought continues and water supplies become very low, households would experience planned water restrictions for a few hours a day – and in extreme (and very unlikely) circumstances, water would only be available from standpipes in the street. These plans are made to prepare for very unlikely events – a drought requiring standpipes in the street is predicted to happen about once in 100 years.

With increasingly dry summers and growing pressure on water resources, your water company is considering changing the trigger points for introducing restrictions. Options include imposing water restrictions sooner; restricting business use before household use; or introducing more exemptions – for example exempting businesses that rely on water to function.

**OUTCOME:** Changes to the trigger points for introducing different restrictions could improve how water supplies are managed, help protect the environment, and spread impacts more fairly across different types of customers. This is particularly important as droughts are expected to become more common.

### **CONSUMER IMPACTS:**

- Changes to the timing or severity of water restrictions could affect the daily lives of businesses and the general public during drought conditions.

*"I care because water is a basic necessity and affects everyone. So I agree with this approach to ensure we are managing the amount of water available to people." – HH customer*

*"Putting bans on people becomes hard to manage and record, although the impact would be beneficial. I cannot see this not causing argument." – HH customer*

# C Change to water restriction trigger points

**Changing the trigger points for introducing water restrictions during periods of drought, in context of water shortages becoming more common.**

Options include imposing water restrictions sooner, restricting business use before household use, or introducing more exemptions e.g. for water-reliant businesses.

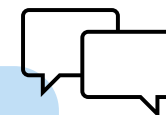
- + impacts**
- Improves how water supplies are managed
  - Spreads impact of restrictions fairly
  - Benefits aquatic life (reduce abstraction)

- impacts**
- Households/ businesses affected by restrictions



## Amount consumers care about decision: **HIGH**

- Water is **essential to survival**, and providing a reliable supply is seen as companies' number one responsibility – particularly strong feelings amongst those who assume that increasing droughts are a result of **company mismanagement**.
- Strong support for companies taking action, particularly as perception that droughts are becoming more common.
- Conscious that more severe restrictions could temporarily **impact daily routines**
- Household customers feel strongly that **domestic customer needs should be prioritised** over businesses, and worry that this is currently not the case. We did not test this scenario with non-household customers.
- Some feel **particularly** sensitive to having freedoms curtailed, e.g. keen gardeners



## Potential engagement: **Specialist orgs. Impacted customers. Representative customer groups.**

- Conserving water resources is perceived to be technical issue where companies are underperforming: **experts** can use their knowledge to hold companies to account.
  - An independent perspective will also ensure restrictions are fair and alternative options assessed.
- **Specifically impacted customers:** e.g. businesses (with commercial ramifications) and vulnerable customers (who may find restrictions harder to cope with).
- The essential nature of water, and the potential for widespread impact of any change to restrictions leads some to want **representative groups** consulted.

# C Change to water restriction trigger points

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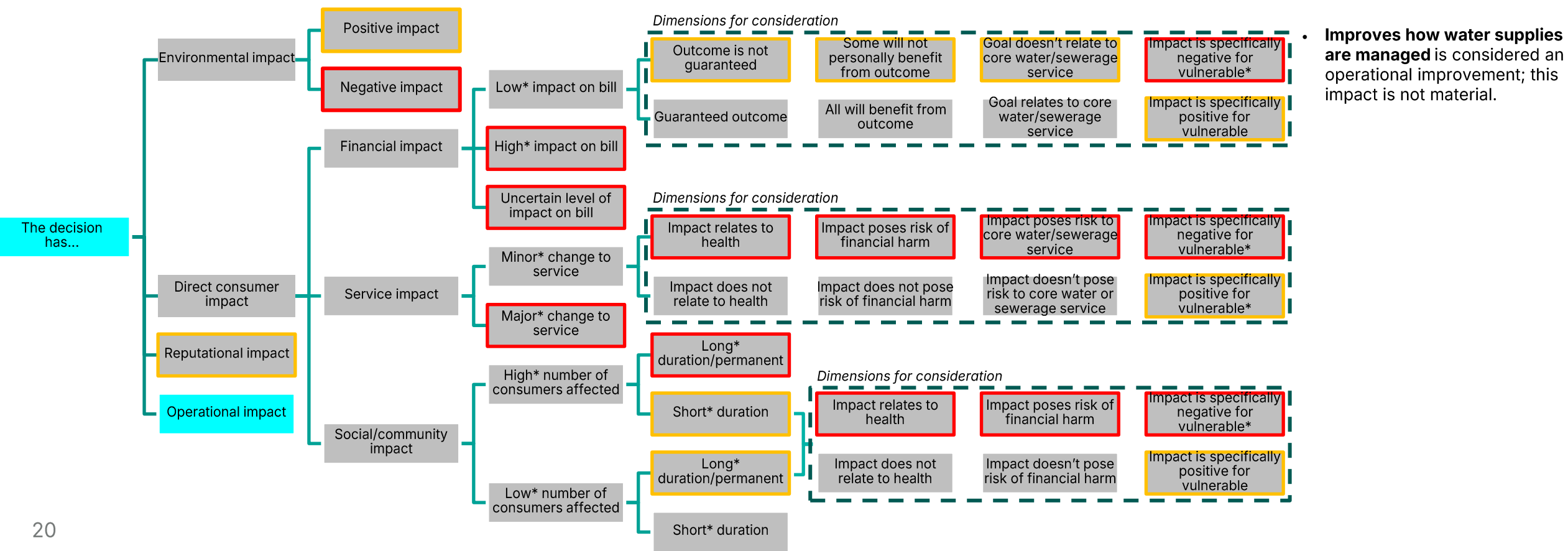
  Decision steps for worked example

  Elements that are ALWAYS MATERIAL

  Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

\* Subjective: definition to be determined



• **Improves how water supplies are managed** is considered an operational improvement; this impact is not material.

# C Change to water restriction trigger points

**Changing the trigger points for introducing water restrictions during periods of drought, in context of water shortages becoming more common.**

Options include imposing water restrictions sooner, restricting business use before household use, or introducing more exemptions e.g. for water-reliant businesses.

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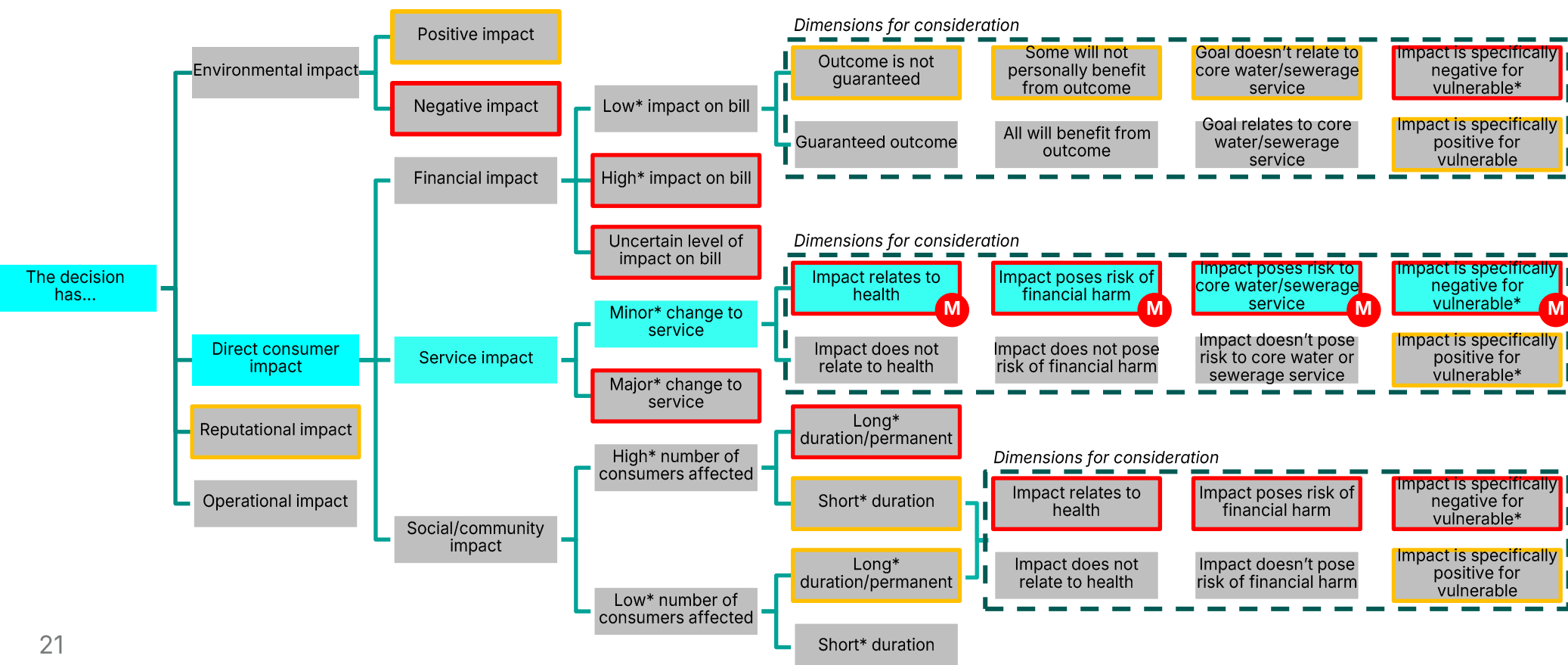
Decision steps for worked example

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- Spreads impact of restrictions fairly** is considered a direct service impact.
- Although restrictions are unlikely to be implemented – and this therefore constitutes a ‘minor’ change in service – given water is essential to survival, this impact relates to health and is therefore material to consumers. In addition, it may pose risk of financial harm to businesses who cannot operate without water, poses a risk to the core water service and have a specific negative impact on vulnerable households, who may struggle to access other supplies.

# C Change to water restriction trigger points

**Changing the trigger points for introducing water restrictions during periods of drought, in context of water shortages becoming more common.**

Options include imposing water restrictions sooner, restricting business use before household use, or introducing more exemptions e.g. for water-reliant businesses.

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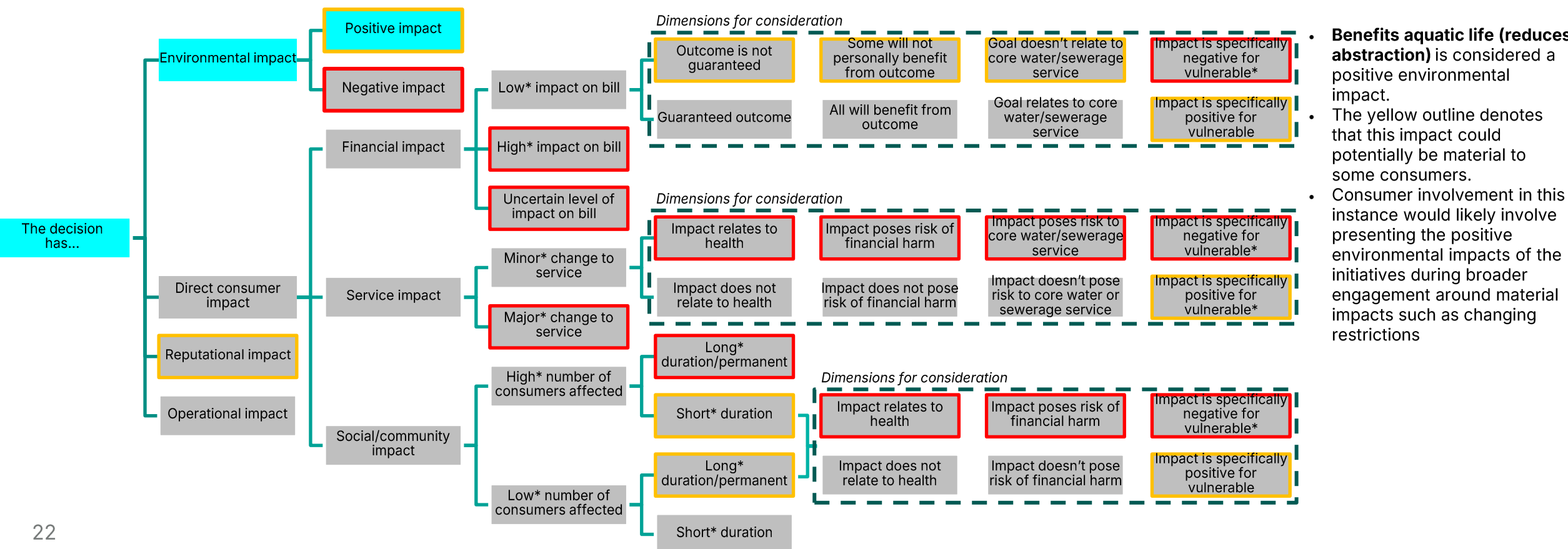
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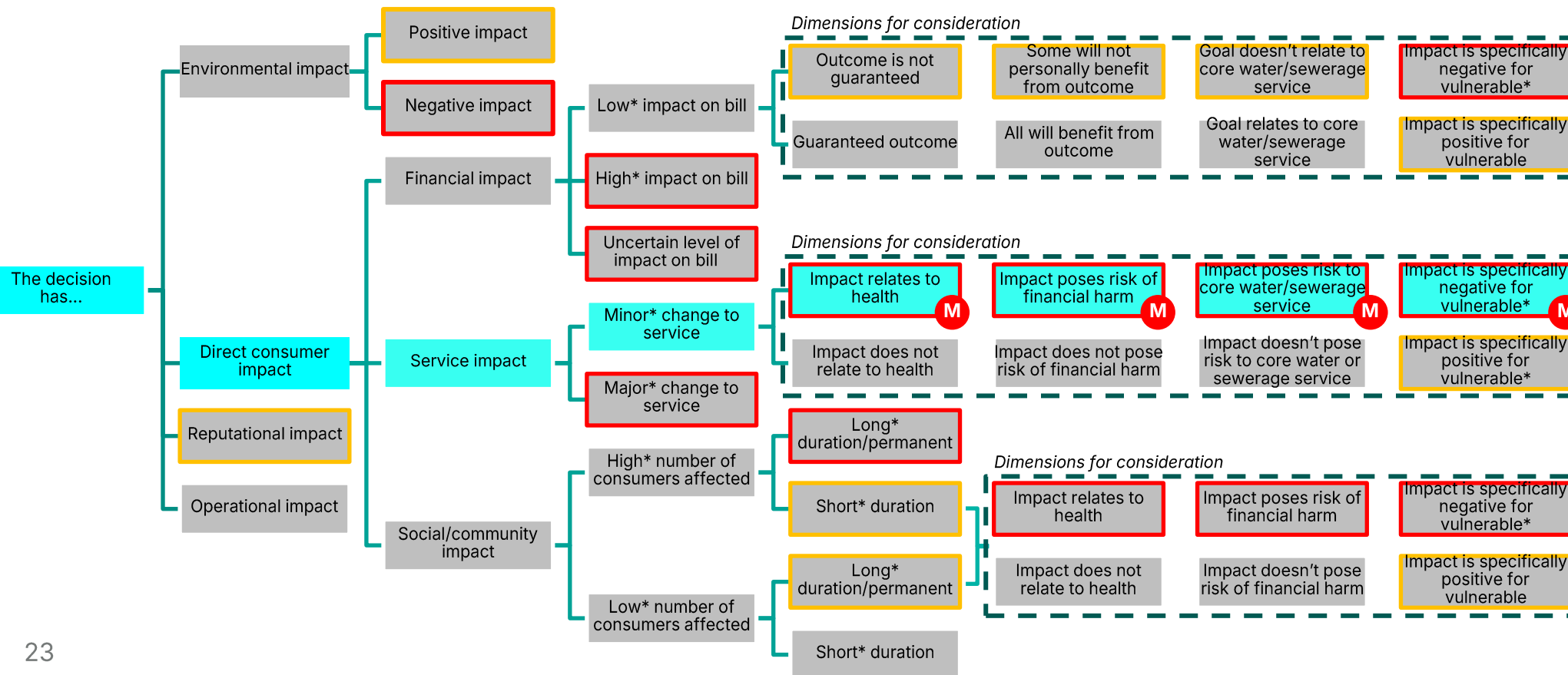
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  Elements that are SOMETIMES MATERIAL

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- Households/ businesses affected by restrictions** is considered a direct service impact.
- Although restrictions are unlikely to be implemented – and this therefore constitutes a ‘minor’ change in service – given water is essential to survival, this impact relates to health and is therefore material to consumers. In addition, it may pose risk of financial harm to businesses who cannot operate without water, poses a risk to the core water service and have a specific negative impact on vulnerable households, who may struggle to access other supplies.

# Scenario D

**WATER COMPANY DECISION:** Whether to move from a traditional call centre staffed by humans to using a more automated approach to customer service

**CONTEXT:** The water company has a call centre as the main point of contact for customers to contact them (for example, about issues with their billing, water supply or metering). This means that customers currently speak to human customer service operatives. However, the costs of running this call centre (which handles all customer contacts) have increased significantly and the water company is spending more than planned on maintaining this service.

Many routine customer service tasks could be automated through the use of chatbots, Artificial Intelligence and self-service portals, which would reduce the need for more staff, decrease costs and mean that customer support would be available 24/7. The call centre would still be available for those who needed a human point of contact.

**OUTCOME:** This decision would prevent the water company from overspending on the call centre, keeping the costs of their services stable. It would also offer customers several different ways to contact their water company.

**CONSUMER IMPACTS:**

- Automated customer support means that customers are less likely to interact with a human customer service operative. Some customers may find it harder to communicate this way.
- With the call centre currently located in the water company's region, making it smaller may reduce local employment opportunities.

*"Increasingly technology is taking over from human contact, and it makes financial sense to switch to chat bots. There are those in the community who may not have the ability or the required phone/computer at home." – HH customer*

*"I don't feel like this decision would affect me too much as most companies seem to be making similar decisions this is becoming the normal." – HH customer*

*"If you want a human to engage with your services, then you must offer human interaction. I feel very strongly about this!" – HH customer*

# D Automated customer support

**Whether to move from a traditional call centre staffed by humans to using a more automated approach to customer service**

*Automating routine customer service tasks (via chatbots, Artificial Intelligence and self-service portals) to reduce spending on the call centre*

## + impacts

- Multi-channel communication available
- Prevents overspending on call centre

## - impacts

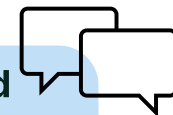
- Communication barriers for some
- Reduction in local employment

## Amount consumers care about decision: **MEDIUM**



- Those who **care most** believe that automation will **decrease the quality of customer service**.
  - Shaped by personal experience with, or ethical opposition to, automated customer service.
  - Digitally disadvantaged worry that a shift to online customer service will make life harder for them.
  - Altruistic concern about how this would impact other consumers (e.g. digitally disadvantaged), even if the decision wouldn't directly impact themselves.
- Others, particularly younger customers, **care less strongly**:
  - They have no problems using automated services.
  - See changes as financially logical / inevitable.
- **Scale of decision matters**: consumers would care more if the call centre was removed completely (in this scenario the 'human' option is still available for those who need it).
- Reduction in local employment opportunities was a secondary factor

## Potential engagement: Impacted customers and representative group of customers



- High expectation that companies would involve customers **most likely to be impacted**.
  - To **explore needs and test accessibility** of proposed changes with e.g. older, digitally disadvantaged or those who have additional communication needs (e.g. learning difficulties, visual impairments).
- Additional involvement advocated for a **representative group** of customers as any changes could impact how all customers will interact with their water company.

# D Automated customer support

**Whether to move from a traditional call centre staffed by humans to using a more automated approach to customer service**

Automating routine customer service tasks (via chatbots, Artificial Intelligence and self-service portals) to reduce spending on the call centre

- + impacts**
- Multi-channel communication available
  - Prevents overspending on call centre

- impacts**
- Communication barriers for some
  - Reduction in local employment

**KEY:**

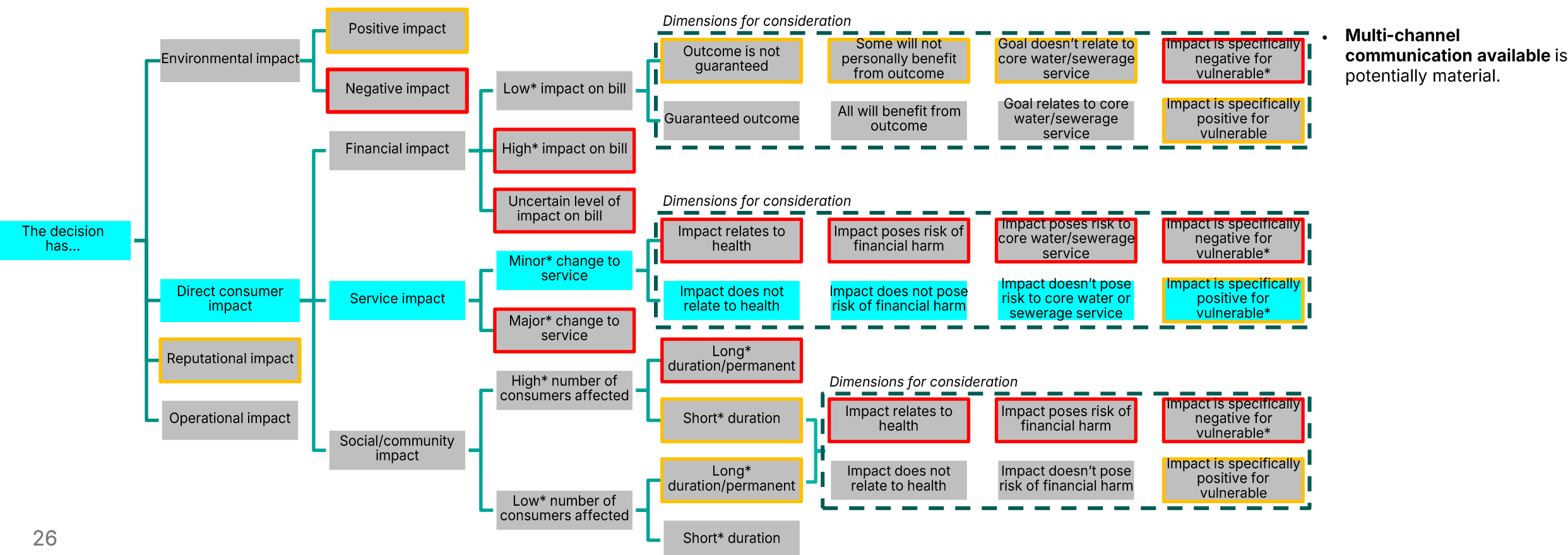
  Decision steps for worked example

  Elements that are ALWAYS MATERIAL

  Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

\* Subjective: definition to be determined



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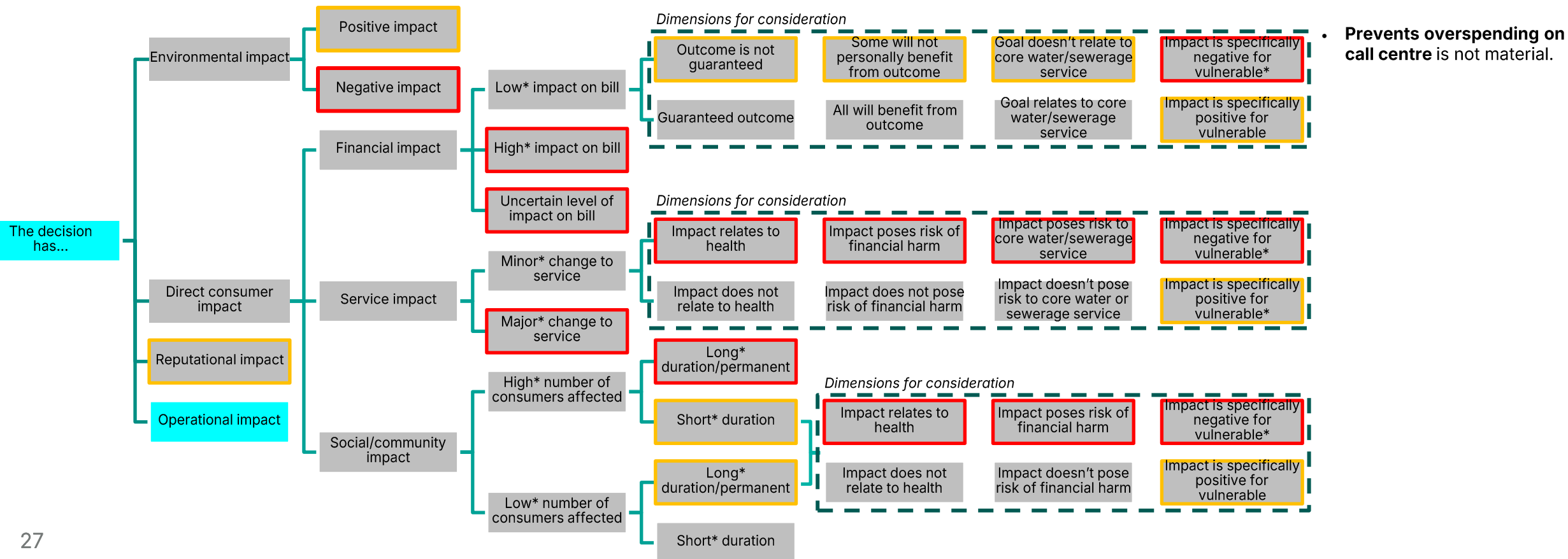
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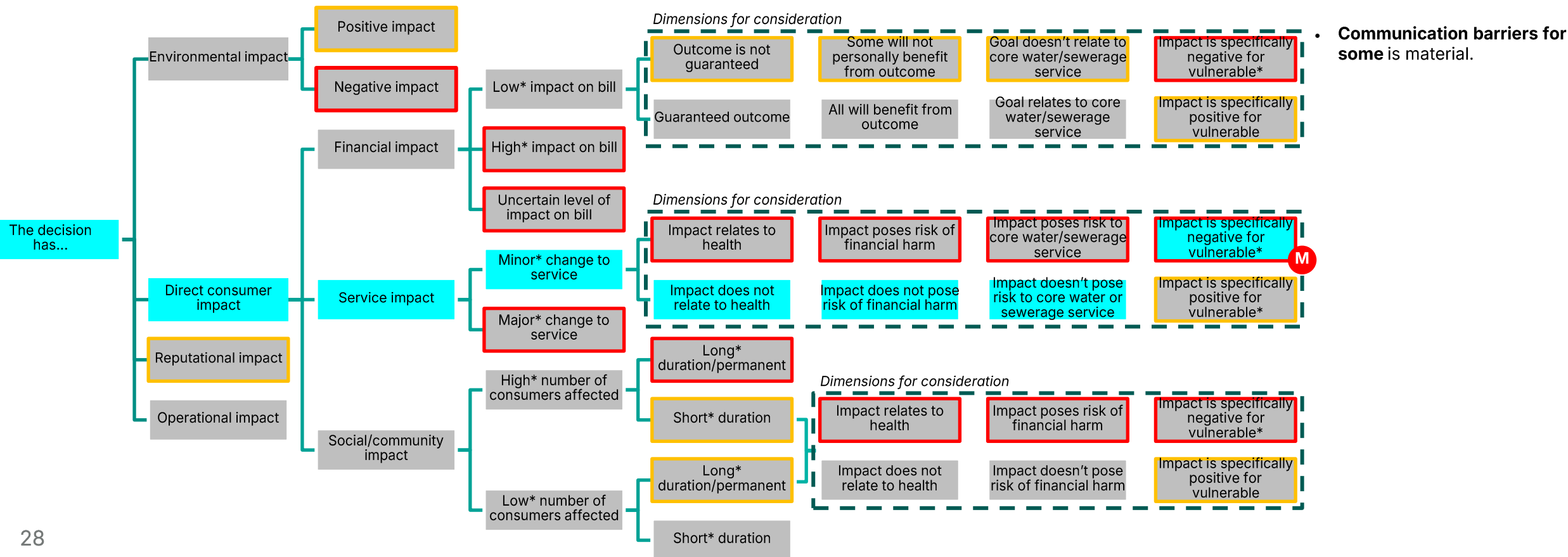
Decision steps for worked example

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  - **Reduction in local employment**

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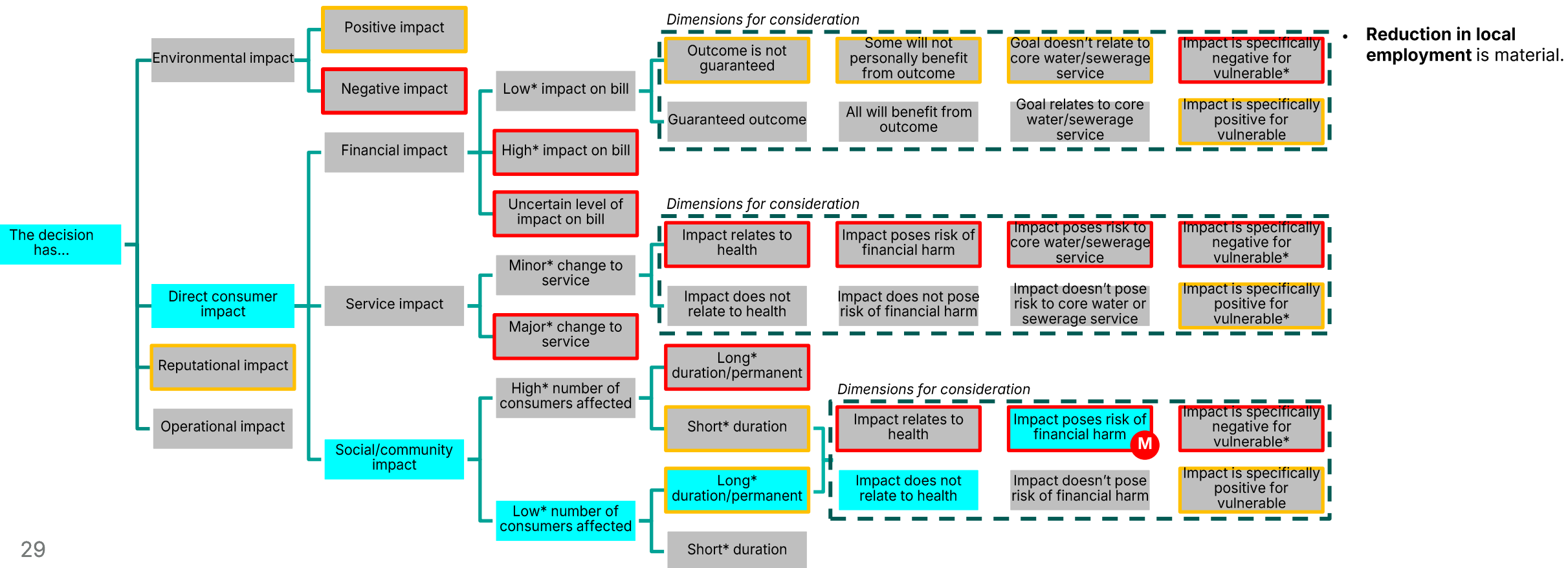
  Decision steps for worked example

  Elements that are ALWAYS MATERIAL

  Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

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# Scenario E

## **WATER COMPANY DECISION:** How to provide accessible, transparent information about the water company operation and its financial management

**CONTEXT:** Water companies are private sector organisations with legal obligations to serve the nation's water and wastewater needs both today and a long way into the future. With increasing public scrutiny on company performance, consumers have voiced concerns about how companies operate, including whether sufficient priority is given to delivering essential public services.

The money collected from customer bills is not enough to fund the amount of investment water companies require to deliver service improvements and protect the environment. Some of this is funded by shareholders, who provide upfront capital for large projects. This allows costs to be spread over a longer period, rather than being paid entirely through customer bills at the time the investment is made. In return, shareholders receive a return on their investment through dividends. Returns to shareholders are regulated by Ofwat and can only be paid once performance targets are met.

There is existing oversight of how water companies operate in the interests of customers. For example, Ofwat regulates the amount companies can charge in bills; executive pay is set by independent remuneration committees; and employees are represented by trade unions. However, customers may not always be aware of these arrangements. Your company is considering developing a programme of communications to show customers how shareholders are rewarded and staff are remunerated – and how regulators influence this.

**OUTCOME:** An accessible and transparent way for the public and others to better understand how the water company manages the business – and how financial decisions are overseen.

### **CONSUMER IMPACTS:**

- Customers may be dissatisfied with the way water companies are managed and/or regulated, even if more transparent information is provided.

*"We do not have a choice about where we purchase our water from. So we as customers need to be assured that it is being conducted in an ethical and non-fraudulent manner." – HH customer*

*"If I was happy with the rates I paid and the services, if I saw evidence that companies were tackling environmental impact. It sort of negates the need for consultation on decisions, if customers are quite satisfied." – HH customer*

*"After recurrent good service of high quality water and affordable costs for everyone would build enough trust that I would eventually care less about every decision." – HH customer*

# E Publishing financial information

*How to provide accessible, transparent information about the water company operation and its financial management*

*Helping the public and others to better understand how the water company manages the business – and how financial decisions are overseen*

**+ impacts**

- Positive reputational impact through increased transparency

**- impacts**

- Negative reputational impact through greater customer understanding of company activity



## Amount consumers care about decision: **HIGH**

- **Significant strength of feeling** around high-profile water company issue.
  - Current situation in water feels unfair, with perceptions of secrecy, high exec payouts, underinvestment and resulting degradation of service.
  - Even though scenario doesn't have a direct financial impact on customers, consumers feel that how companies spend their money has an impact on bills.
- Consumers **care about the outcome** of the decision.
  - It signals increased accountability, providing visibility of required standards and whether these are attained.
  - Proposal reflects agreed best practice - transparency of business operations is an accepted requirement.
  - Transparency may allow consumers to do their own due diligence, helping them understand challenges faced by water companies and make sense of bill increases. Improved communication may build trust.
- Some cynicism that initiative will be used for spin/justification.



## Potential engagement: **Customer advocacy orgs**

- High expectation that company will involve customer advocacy groups (such as Citizens Advice).
  - To represent the views of customers using their **technical expertise**, understanding of the **wider context** and institutional **ability to scrutinise** companies.
  - Their **independence** may denote increased accountability.

# E Publishing financial information

**How to provide accessible, transparent information about the water company operation and its financial management**  
 Helping the public and others to better understand how the water company manages the business – and how financial decisions are overseen

**+ impacts**

- Positive reputational impact through increased transparency

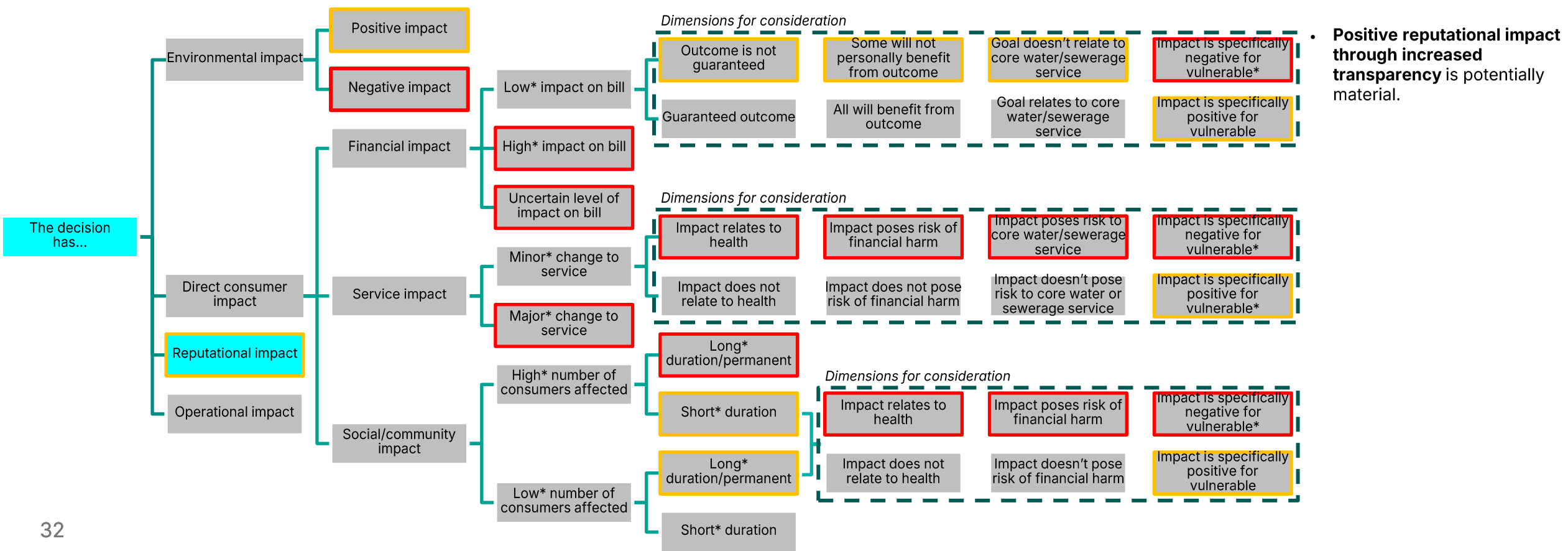
**- impacts**

- Negative reputational impact through greater customer understanding of company activity

**KEY:**

- Decision steps for worked example
- Elements that are ALWAYS MATERIAL
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# E Publishing financial information

**How to provide accessible, transparent information about the water company operation and its financial management**  
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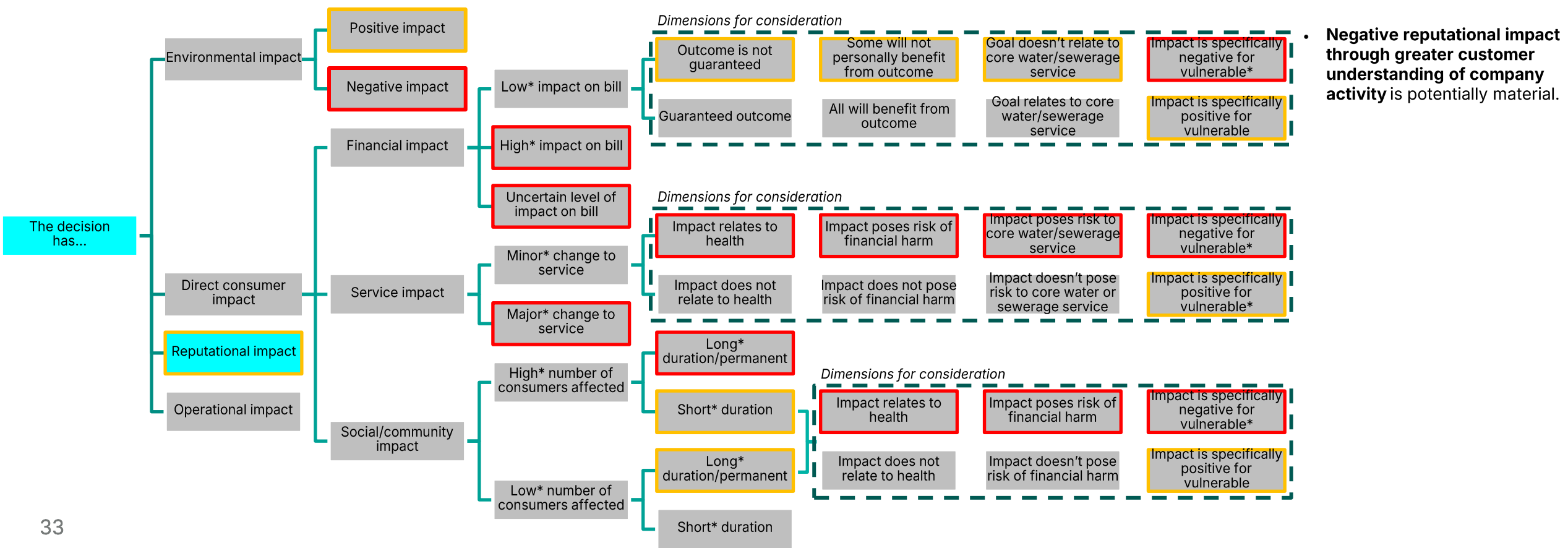
**- impacts**

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**KEY:**

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- M Impact IS material for worked example

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# Scenario F

**WATER COMPANY DECISION:** Whether to change how the water company responds to sewer flooding so that customers most at risk are prioritised

**CONTEXT:** The company is currently committed to attending sites of external sewer flooding (where sewage floods into outdoor areas, such as gardens or streets) within 4 hours for all customers. Customer research shows that people who are struggling financially and/or have health conditions are more negatively impacted by sewer flooding. A poorly managed experience can cause distress, worsen existing health conditions, and place additional financial strain on some customers.

In response, the company is considering attending to customers most at risk within 1 hour or less. To avoid additional costs to all customers, this would be balanced by committing to attend customers assessed as lower risk within 24 hours.

**OUTCOME:** Customers most at risk of being impacted by sewer flooding are attended to more quickly (within 1hr vs the current 4hr target), reducing wait times and improving their experiences.

**CONSUMER IMPACTS:**

- Longer wait times for customers assessed as lower risk of being impacted by sewer flooding (up to 24hrs vs the current 4hr target).

*“I'm fortunate this has never impacted me but the health risks and general severity make me care about this.” – HH customer*

*“This is the kind of decision that has a universal impact on all water company customers. As such it's a decision most customers will have a view on which should be heard.” – HH customer*

*“It's important to hear from those who could be most affected, like vulnerable customers. They can give real life insight into how serious delays or faster response time would feel in practice.” – HH customer*

# F Change to sewer flooding response

**Whether to change how the water company responds to sewer flooding so that customers most at risk are prioritised.**

*Changing the current 4hr attendance target for all customers to <1hr for customers most at risk and <24hrs for customers assessed as lower risk.*

## + impacts

- Faster response for higher risk customers

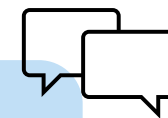
## - impacts

- Slower response for lower risk customers



## Amount consumers care about decision: **HIGH**

- Protecting vulnerable/highest risk consumers (even when not vulnerable personally) is the **primary factor**:
  - Feels reasonable to attend to them first - compared with how patients are seen in order of priority at A&E.
- 1hr target seen as a good improvement for high risk, but increase in target to 24hrs **considered major downgrade in service**, with potential for serious impact due to nature of incident.
  - Potential risk to health is emotive e.g. ecoli pollution, children playing in contaminated water (more so than other risks e.g. effects on local economy, environmental impact etc).
  - Anyone could be affected by sewer flooding, and impacts may be very unpleasant even for non-vulnerable.
- Queries over how vulnerability assessed, accompanied by cynicism, underpinned by lack of trust in companies – is this a cost-cutting exercise using vulnerability as an excuse?



## Potential engagement: Impacted customers and specialist orgs

- Consulting high risk consumers provides an opportunity to **understand their needs** and also sense check whether a 3hr reduction in response time would make a **tangible impact** on their experience.
- 'Impacted customers' to include those living in areas that are prone to sewage flooding, to understand how customers not classed as at risk may be affected by changes.
- Specialist organisations perceived as providing expert knowledge without an emotional component, helping to provide an **objective assessment** of who and where is most at risk, and the true nature of that risk.

# F Change to sewer flooding response

**Whether to change how the water company responds to sewer flooding so that customers most at risk are prioritised.**

Changing the current 4hr attendance target for all customers to <1hr for customers most at risk and <24hrs for customers assessed as lower risk.

**+ impacts**

- Faster response for higher risk customers

**- impacts**

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**KEY:**

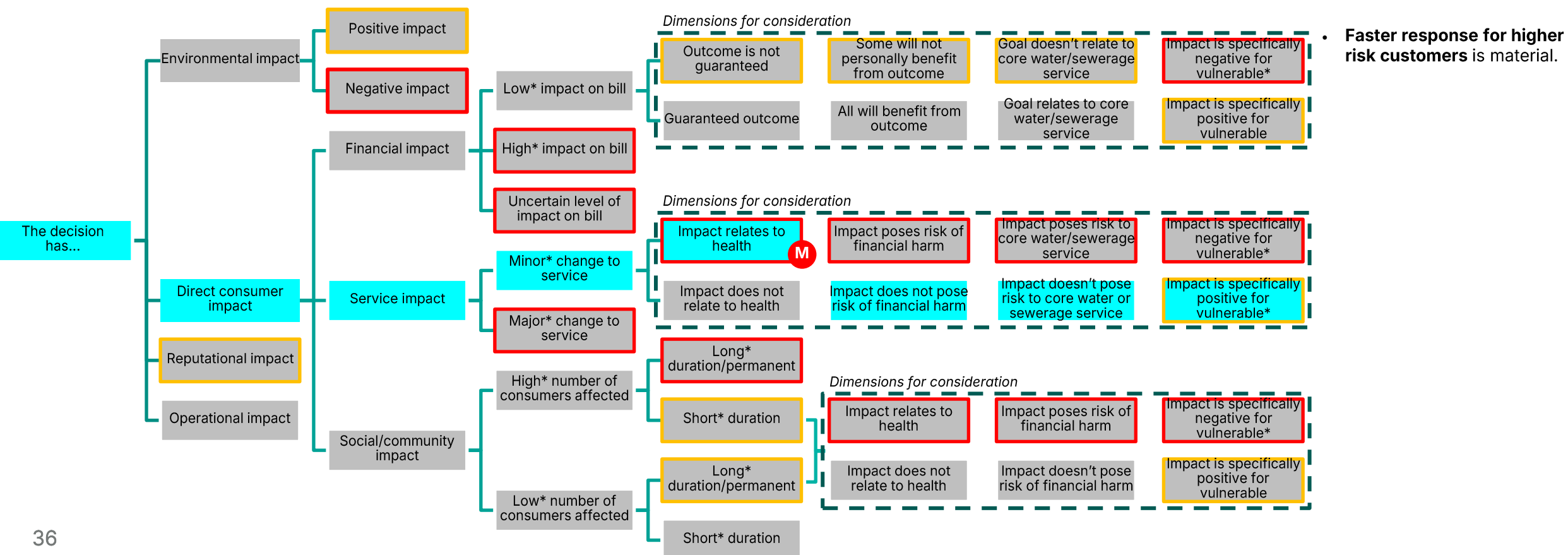
Decision steps for worked example

Elements that are ALWAYS MATERIAL

Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

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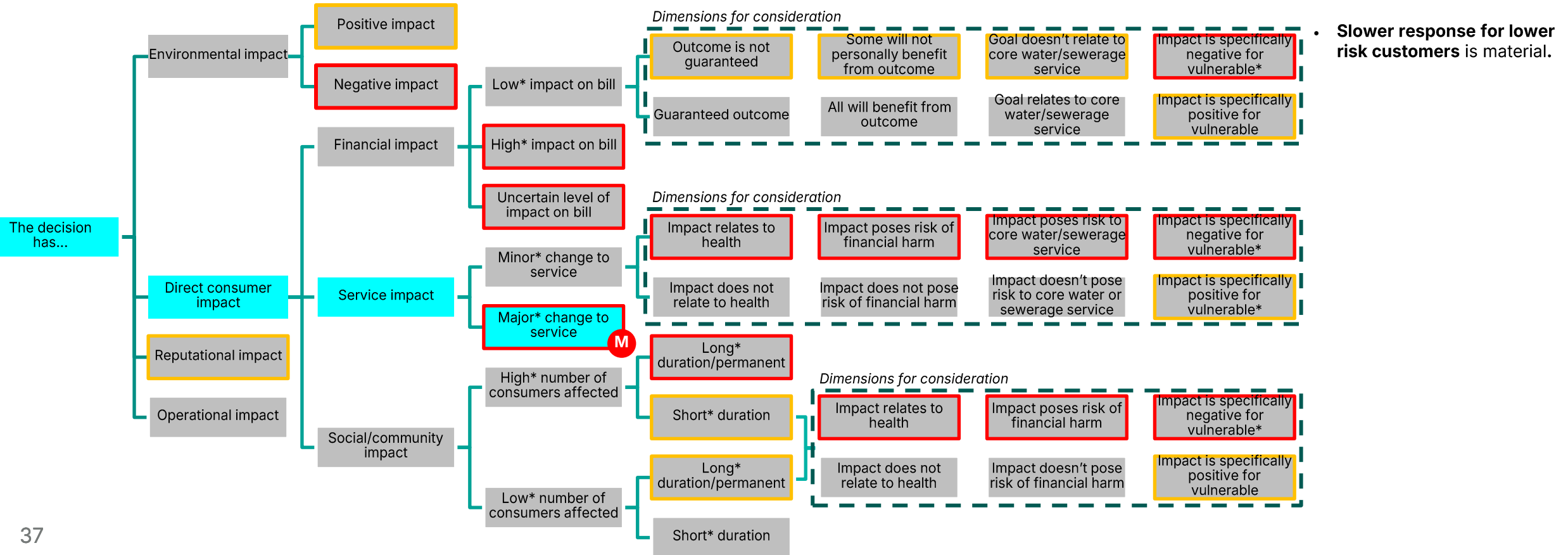
Decision steps for worked example

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## **WATER COMPANY DECISION:** Whether to invest in increased funding to incentivise farmers and landowners to improve management of local water catchment areas

**CONTEXT:** Water companies play a role in maintaining the quality of waterways, such as rivers, streams, underground aquifers and reservoirs. Part of this work involves working directly with farmers and landowners across local catchments. What happens on land has a big impact on water quality and flooding, for example how soil is managed, how fertilisers and pesticides are used, and how fields drain. Water companies run partnership projects with farmers, offering financial incentives and expert advice to help them reduce run-off into waterways, undertake nature-based activities such as creating wetlands, improve soil health and restore habitats.

**OUTCOME:** Increased investment would allow the water company to offer stronger incentives and more hands-on support for landowners. This would support improvements in the quality of waterways, better flood resilience and more habitats for nature and wildlife. It may also reduce the cost of treating water to make it safe for consumption over the long term.

### **CONSUMER IMPACTS:**

- An increase in investment could result in a small increase in customer bills.
- Risk that the outcomes are not achieved. Partnership working does not guarantee improvements in the same way as building new infrastructure. While water companies can incentivise landowners, they cannot require them to change how they manage their land.

*"This is not something I'm familiar with at all, and if my water company was making a decision on this, I wouldn't want to be involved at all. I know nothing about farmers or how they manage water." – HH customer*

*"You are basically talking about increase in prices here for something you are not sure would work." – HH customer*

*"I'd say I somewhat agree because there is a risk of increased bills however the prospect of building natural flood resilience and reducing the need for expensive chemical water treatments represent a proactive, prevention is better than cure approach." – HH customer*

**Incentivising farmers and landowners to improve management of local water catchment areas.**

Increased investment allowing more support for landowners to improve the quality of waterways, enable better flood resilience and provide more habitats for wildlife – although outcomes not guaranteed

**+ impacts**

- Improved natural environments
- Supports farmers
- Reduced costs long-term

**- impacts**

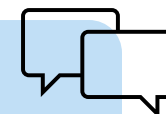
- Small bill increase

**Amount consumers care about decision: HIGH**

- Consumer response driven by significant resistance to idea that **outcome is not guaranteed** and that increase in bills may not be proportionate to success – and that bills may keep on rising over the length of time it takes to become successful.
- Bill increase is not popular in itself, but tempered by the fact that it is 'small' – **would care more about a 'large' increase.**
- Consumers also motivated by widespread **desire to protect and improve the environment** e.g. water quality/biodiversity/river health.
- Positive reputational impact on water companies from **supporting farmers**, who are perceived as being low paid but playing an important role in food security and environmental systems. Some desire to **scrutinise farmer incentives** to ensure fairness and value for money for customers.
- Considered a long-term/holistic improvement, both for environment, and operating costs over time.
- Perception that it would be hard to measure success and that this would not be done properly – linked to perceived poor regulation of water companies themselves.

**Potential engagement: Specialist orgs**

- Expectation that company consults specialist organisations with relevant knowledge on this topic (e.g. farmer orgs, environmental groups), rather than consumers.
  - **Expert advice** on land and environmental management to ensure positive outcomes are achieved, as well as buy-in from stakeholders, building consumer confidence in investment.



# G Improving management of local water catchment areas

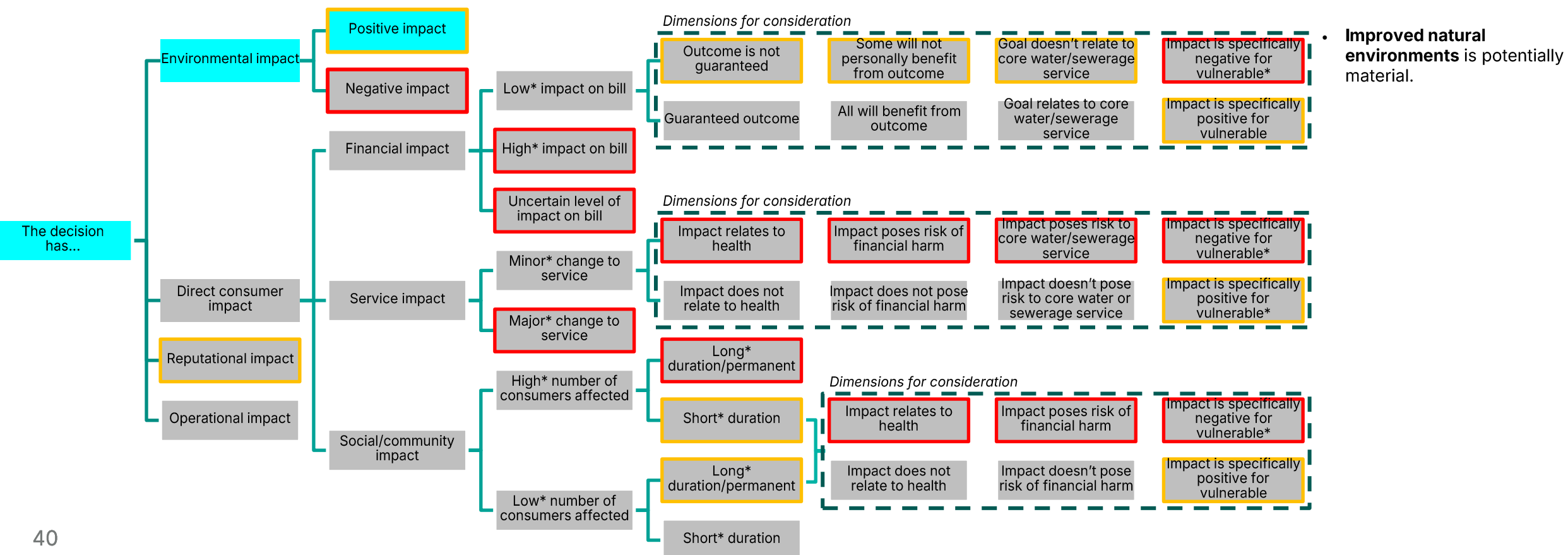
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- |   |  |
|---|--|
| <b>+ impacts</b> <ul style="list-style-type: none"> <li>Improved natural environments</li> <li>Supports farmers</li> <li>Reduced costs long-term</li> </ul> | <b>- impacts</b> <ul style="list-style-type: none"> <li>Small bill increase</li> </ul> |
|---|--|

**KEY:**

- Decision steps for worked example
- Elements that are ALWAYS MATERIAL
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- M Impact IS material for worked example

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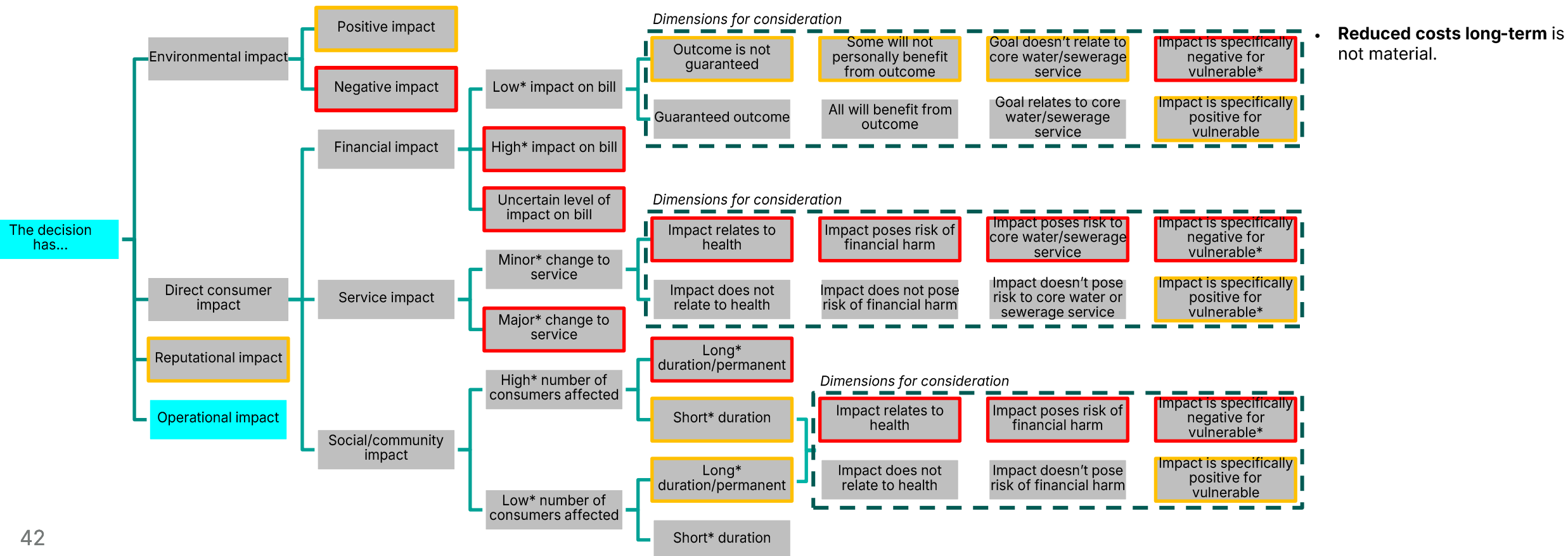
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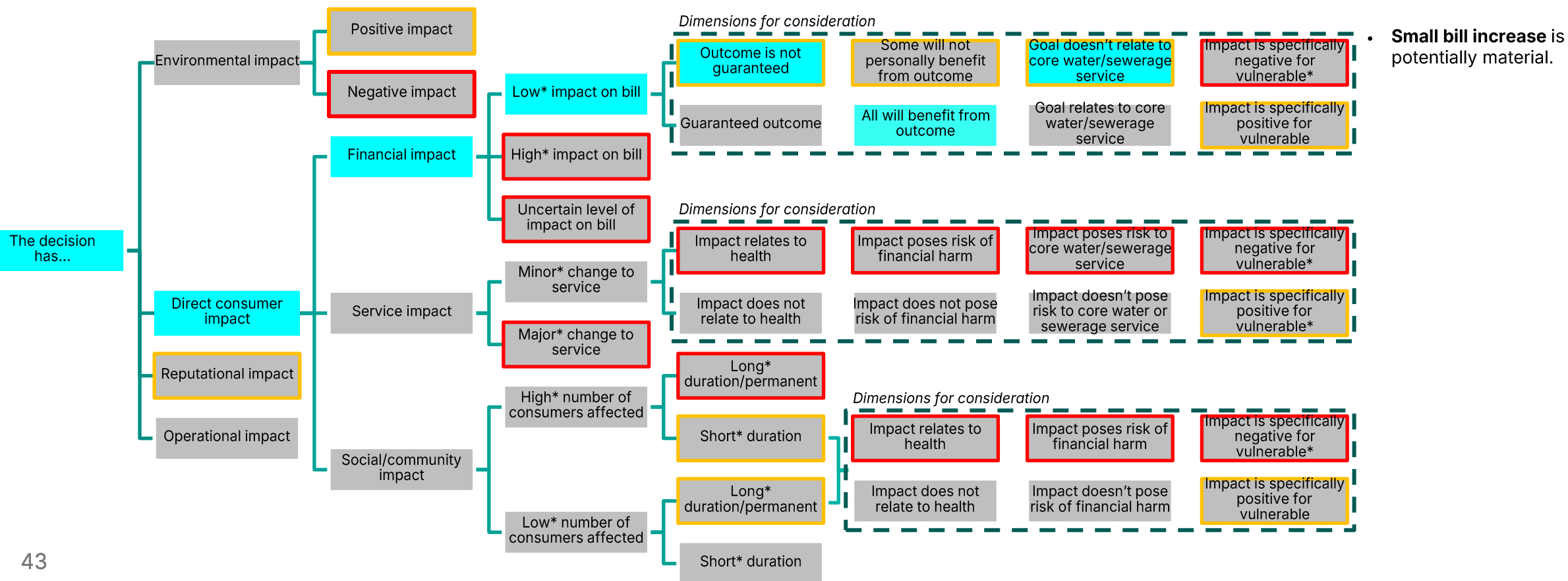
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# Scenario H

## **WATER COMPANY DECISION:** Whether to invest in resolving low pressure issues in a small, rural village

**CONTEXT:** Low water pressure is when the flow of water coming into homes or businesses is weaker than expected, making taps, showers, and other appliances run slowly and less powerfully. This has the potential to impact daily routines.

A small, rural village in the water company's region has experienced low water pressure for a few years, which affects a small number of homes and some farms. The pressure does not fall below industry standards, so the water company is not required to fix it. However, the company is considering investing in new infrastructure such as a new booster station and pipes to increase the water pressure and resolve the issue for the village; this would require a large investment.

**OUTCOME:** Investing in new infrastructure improve water pressure for homes in the village, reducing issues such as slow running taps and showers.

**CONSUMER IMPACTS:**

- The investment in infrastructure would require a small increase in water bills for all customers
- Disruption, such as noise and traffic, for people living near the construction works.

*"I care about this because it involves a question of equity. While I might not be personally impacted by the low pressure, the decision to raise everyone's bills for a localised issue sets a significant precedent for how the company balances its budget and social responsibilities." – HH customer*

*"As it seems there is a huge need for investment in the industry overall, cash spent on this upgrade is investment lost in another area." – HH customer*

# H Resolving localised low water pressure

## Whether to invest in resolving low pressure issues in a small, rural village

Investment in new infrastructure to resolve low water pressure affecting small number of homes and farms (although water pressure is not below industry standards)

- + impacts**
- Improved water pressure for locality

- impacts**
- Small increase in bills for all
  - Disruption from construction



### Amount consumers care about decision: **LOW**

- This decision is **less important** than others:
  - Vast majority of consumers are **not directly affected** by issue or work to improve it, unless they live in the local area.
  - Investment is seen to be justified – it is a matter of principle that all customers are entitled to **reliable water supply**, and only **small bill increase** expected.
- The decision is **pertinent to unaffected customers** because they question:
  - The fairness of the funding approach i.e. through bill increases rather than from the company's existing budget.
  - **Prioritisation of investments** i.e. company should focus on more urgent areas for investment (such as relating to perceived underinvestment in waste infrastructure).
- More relevant to some rural customers who personally relate to low pressure issues

### Potential engagement: Impacted customers and representative group of customers



- **Directly affected homes and businesses** in the local area exploring the impact of low pressure on consumers' lives, as well as allowing consumers to inform and be informed about the detail of the work (i.e. where, when and how this will take place).
- A **broader customer view** (those paying for resolution of an issue that doesn't affect them) from a smaller representative sample at an early stage.

# H Resolving localised low water pressure

**Whether to invest in resolving low pressure issues in a small, rural village**

Investment in new infrastructure to resolve low water pressure affecting small number of homes and farms (although water pressure is not below industry standards)

|   |  |
|---|--|
| <b>+ impacts</b> <ul style="list-style-type: none"> <li>Improved water pressure for locality</li> </ul> | <b>- impacts</b> <ul style="list-style-type: none"> <li>Small increase in bills for all</li> <li>Disruption from construction</li> </ul> |
|---|--|

**KEY:**

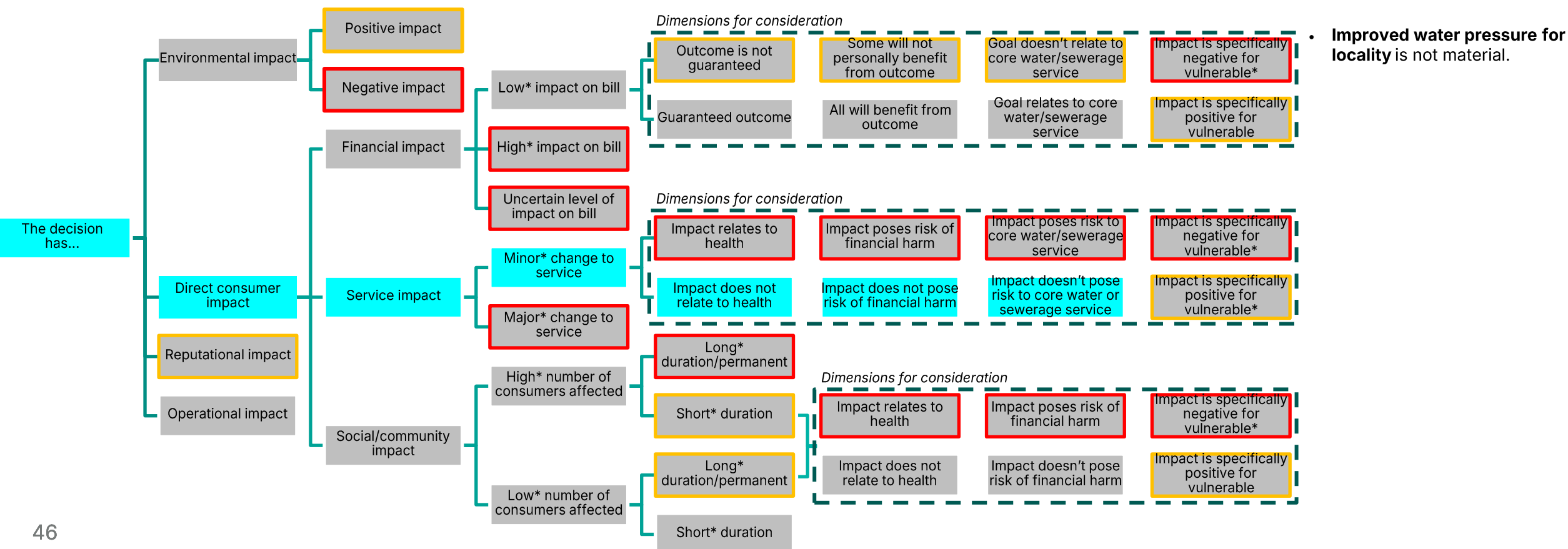
  Decision steps for worked example

  Elements that are ALWAYS MATERIAL

  Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

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# H Resolving localised low water pressure

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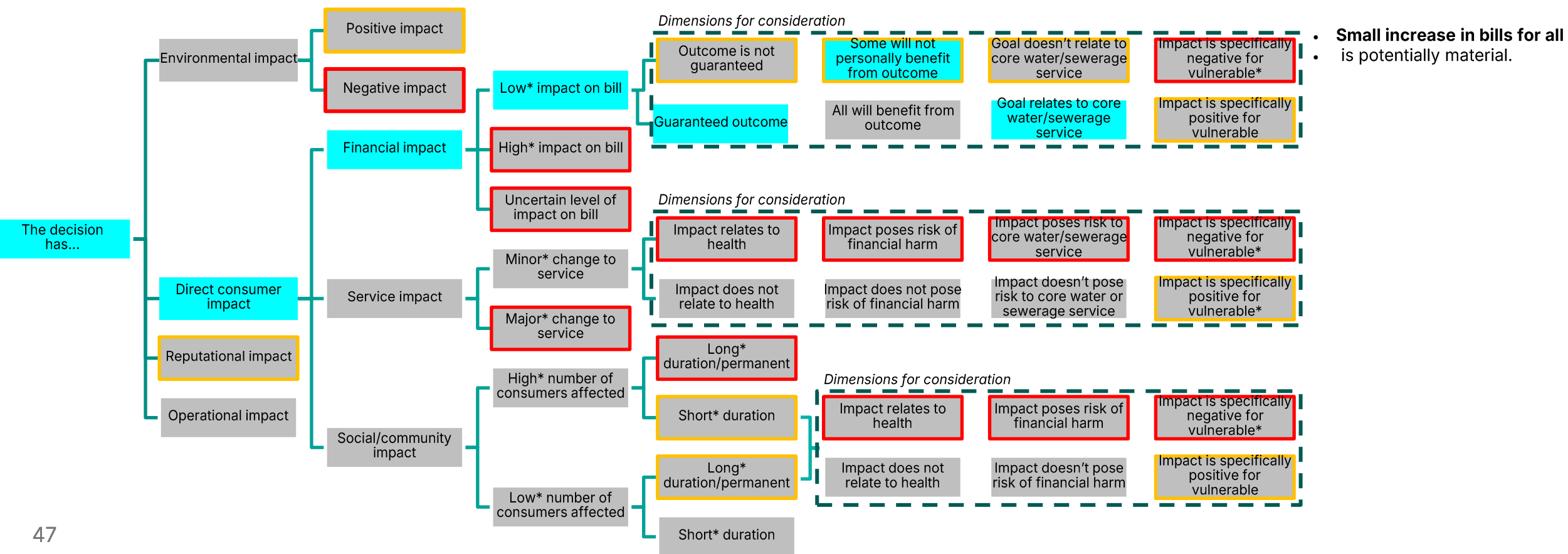
  Decision steps for worked example

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M Impact IS material for worked example

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• **Small increase in bills for all** is potentially material.

# H Resolving localised low water pressure

**Whether to invest in resolving low pressure issues in a small, rural village**

Investment in new infrastructure to resolve low water pressure affecting small number of homes and farms (although water pressure is not below industry standards)

- + impacts**
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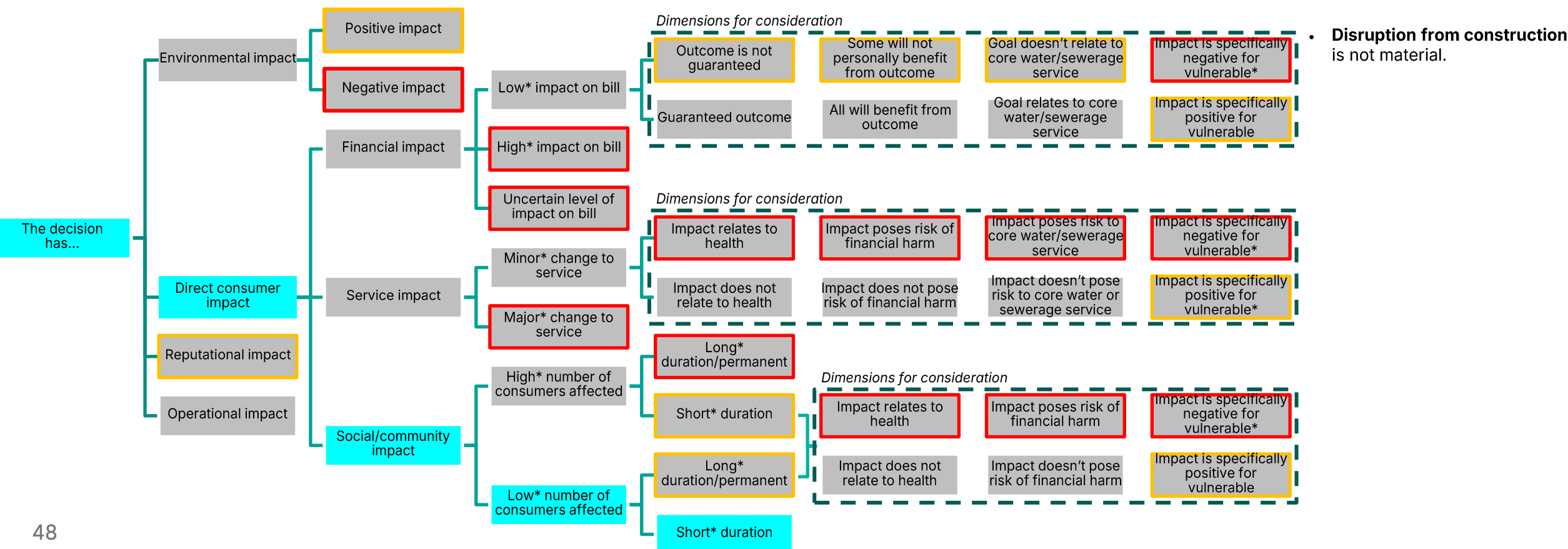
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# Scenario I

## WATER COMPANY DECISION: Changes to the social tariff structure

**CONTEXT:** Water companies offer 'social tariffs'. These are discounted tariffs designed to make water bills more affordable for low-income or vulnerable customers, for example those with a medical condition that requires higher water use to manage it. Customers need to meet certain criteria, for example household income being below a certain level, to be eligible for these lower tariffs. Each company structures their tariff slightly differently, based on different factors, such as the proportion of customers struggling to pay their water bills.

For example, your water company might be supporting approximately 100,000 customers through its discounted tariffs, which gives these lowest income households a 45% discount. The cost of the tariff is paid for by the rest of the customers, through a small proportion of their bills. The company knows that there are more customers who are struggling to pay their bills, and so are considering making changes to the way the tariff is structured. The options are:

- To expand eligibility criteria for the tariff allowing more people to benefit. However, as the total funding available to discount these bills would stay the same, the discount would be lower (for example, 140,000 eligible customers receiving a 30% discount)
- Create a 'tier system' where the pot of money available to discount these bills stays the same but the most financially vulnerable customers qualify for higher discounts and others on the scheme get a lower discount.

**OUTCOME:** More targeted financial support for customers on the lowest incomes who struggle to pay their bills.

### CONSUMER IMPACTS:

- Some customers may become eligible for support if eligibility criteria are broadened.
- Some customers already supported by a social tariff may find their discount is reduced.

*"Water is an absolutely essential service and although I am fortunate that no one in my family has a medical condition requiring additional water, and our income is sufficient, I can empathise with those in less fortunate situations and it must be a constant worry." – HH customer*

*"Ensuring the social tariff is structured fairly is a moral imperative for a provider of an essential service like water." – HH customer*

*"I'm on a social tariff so I know how important this is for those on low income. The decision also would affect me as if it means I have to pay a bit more, that would impact me greatly, depending on exactly how much extra I have to pay." – HH customer*

# I Changing social tariff structure

## **Changes to the social tariff structure**

*Expanding eligibility criteria allowing more people to have a lower discount than currently OR creating a 'tier system' where the most financially vulnerable customers get higher discounts and others get lower discounts.*

### **+ impacts**

- More targeted financial support for lowest income customers
- More customers eligible

### **- impacts**

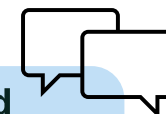
- Reduced discount for some financially vulnerable currently on tariff

## **Amount consumers care about decision: HIGH**



- Shaped by **strong desire** to protect vulnerable/highest risk (even when not vulnerable personally).
  - Proposal to support those who are struggling feels reasonable.
  - Potential for bill increases for some within vulnerable audience is very emotive, particularly amongst those already on a social tariff.
  - Particularly pertinent given water is an essential service and within the context of high cost of living – this resonates for those who are struggling but fall outside the current eligibility criteria.

## **Potential engagement: Impacted customers and consumer advocacy groups**



- High expectation that **financially vulnerable customers** have a say in changes which will directly affect the support they receive. Enabling company to understand implications of changes to social tariff structure on these customers, and explore which proposal is fairest
- Additional involvement suggested for organisations who can **advocate** for financially vulnerable consumers to provide a broader assessment of potential impacts

# 1 Changing social tariff structure

## Changes to the social tariff structure

Expanding eligibility criteria allowing more people to have a lower discount than currently OR creating a 'tier system' where the most financially vulnerable customers get higher discounts and others get lower discounts.

- + impacts**
- More targeted financial support for lowest income customers
  - More customers eligible

- impacts**
- Reduced discount for some financially vulnerable currently on tariff

### KEY:

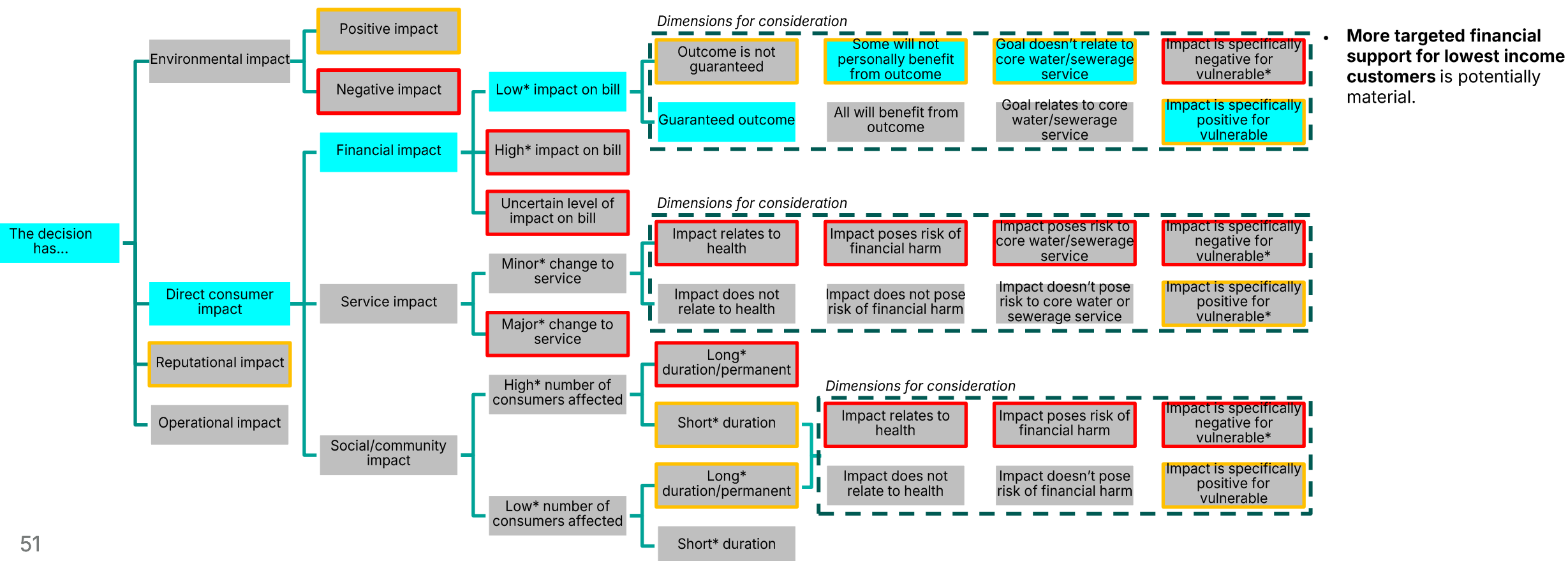
Decision steps for worked example

Elements that are ALWAYS MATERIAL

Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

\* Subjective: definition to be determined



# I Changing social tariff structure

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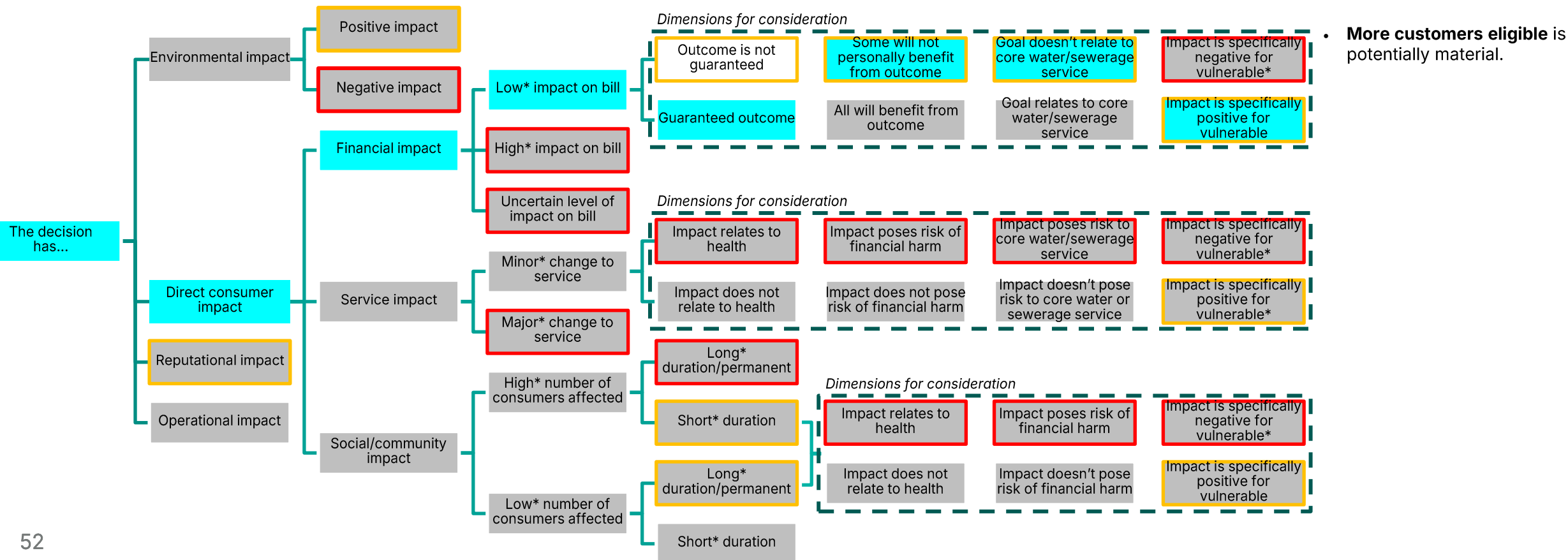
Decision steps for worked example

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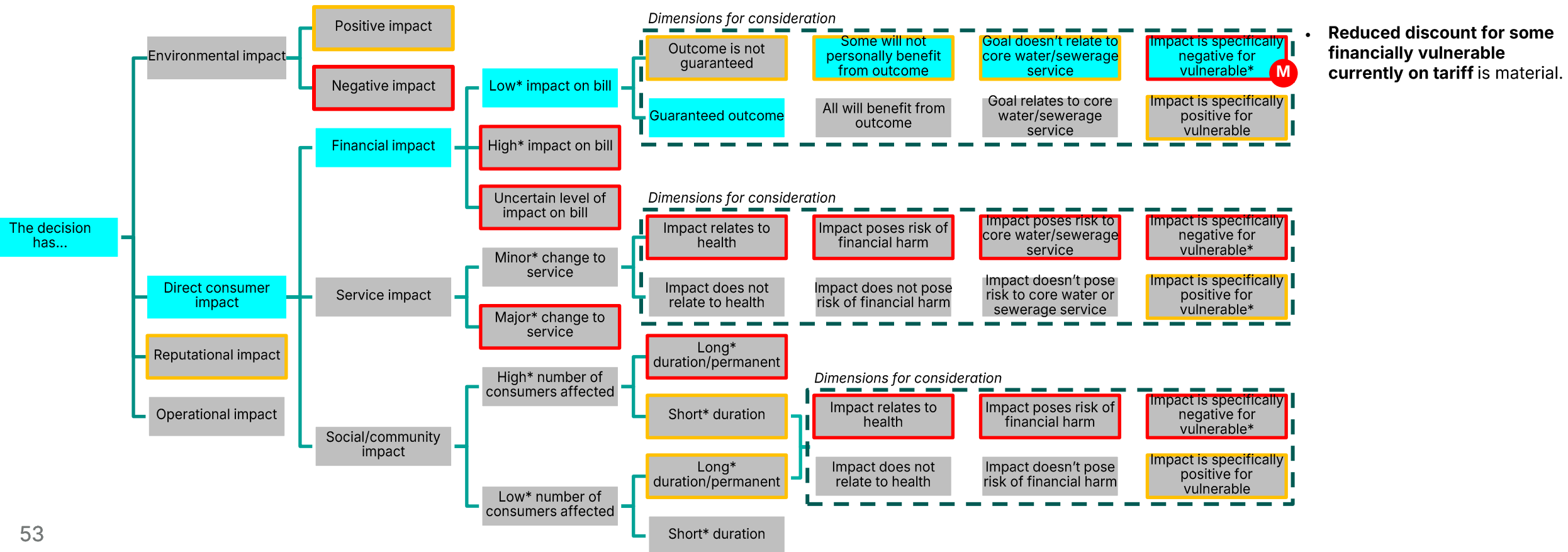
  Decision steps for worked example

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# Scenario J

## **WATER COMPANY DECISION:** Whether to move the company headquarters to another location

**CONTEXT:** Water company headquarters are where office-based teams manage the business, plan for its future, and ensure the company follows government rules. Field workers are not based there, but instead operate from a network of local hubs, to allow them to travel to sites and customer properties quickly.

Your water company has been based at its purpose-built headquarters since the 1960s, and has found out that the roof needs significant repairs. Operating costs for the headquarters (such as energy) have been increasing, and the building is now larger than needed due to more employees working from home. The company is considering building a smaller and more energy efficient new premises on land they already own, and have calculated that this will be more cost-effective in the long-term than repairing the current building.

**OUTCOME:** A new company headquarters with lower operational costs in the long term.

### **CONSUMER IMPACTS:**

- Disruption for people living and working near the old and new headquarters due to demolition and building works.
- Local businesses near the existing office may lose trade from the large workforce currently based there.

*"All businesses need to streamline their operations and ensure they are operating efficiently." – HH customer*

*"I would care more if I were one of the people directly affected – i.e. a local business owner, local resident, or working for the water company in the old office." – HH customer*

*"It's operational. It's not going to cost me anything by the look of it." – NHH customer*

# J Moving company headquarters

**Whether to move the company headquarters to another location**

*Rising operating costs for existing company headquarters. Building a smaller, more energy efficient premises would be more cost-effective in the long-term.*

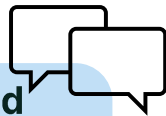
- + impacts**
- Lower operating costs in the long term
  - Increased local jobs and trade for local businesses

- impacts**
- Disruption from building works for those nearby
  - Loss of local jobs and trade for local businesses



## Amount consumers care about decision: **LOW**

- Most consumers **cared less**:
  - Seen as a "common sense" business decision by business and domestic customers.
  - Expectation that company should be looking to lower operating costs and benefit the consumer.
  - Will not affect those beyond the local area.
- Others **cared more strongly**:
  - Concern that investment may impact customers' bills.
  - Principled belief that the decision matters because it pertains to company activity which customers are ultimately paying for.
  - Worry, particularly amongst business consumers, about loss of trade for local businesses.



## Potential engagement: Impacted customers and specialist orgs

- Belief that households and businesses in the local area could be engaged:
  - To voice **potential repercussions** on local employment and businesses from those located near the existing premises
  - To consult those located near the new site **on impacts of disruption** from building works
- Additional expectation that company will consult planning specialists too ensure costs and disruption are minimised

# J Moving company headquarters

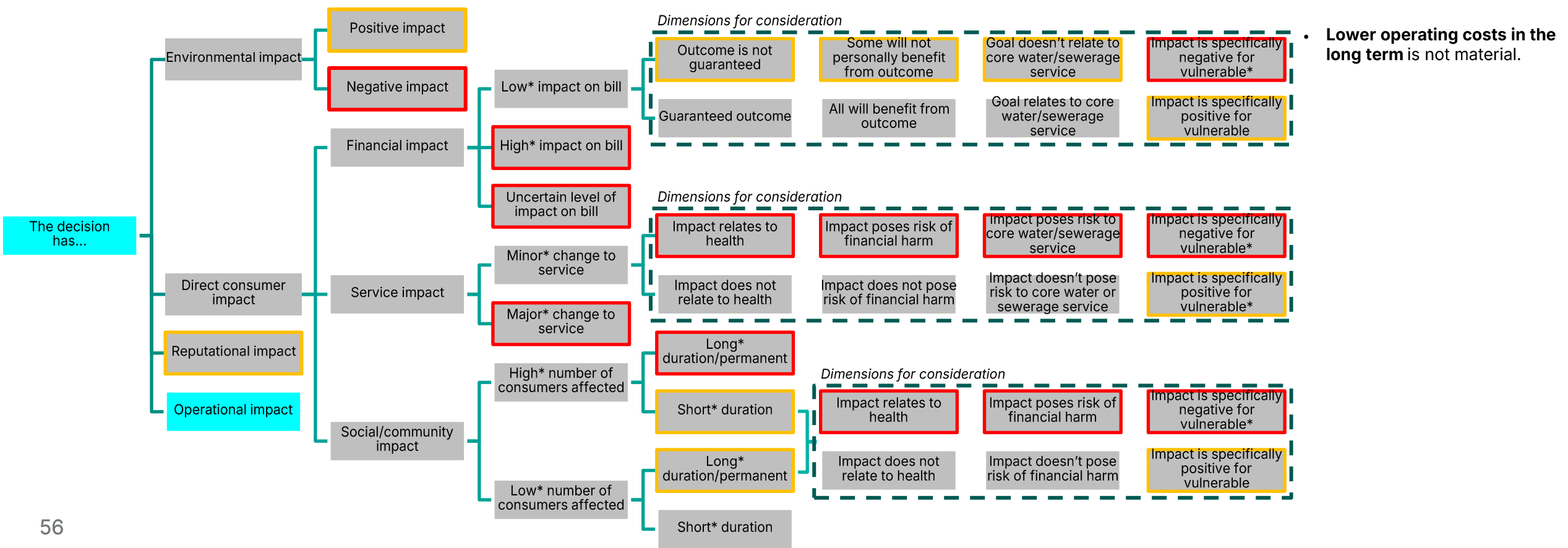
**Whether to move the company headquarters to another location**  
 Rising operating costs for existing company headquarters. Building a smaller, more energy efficient premises would be more cost-effective in the long-term.

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**KEY:**

- Decision steps for worked example
- Elements that are ALWAYS MATERIAL
- Elements that are SOMETIMES MATERIAL
- M Impact IS material for worked example
- \* Subjective: definition to be determined



# J Moving company headquarters

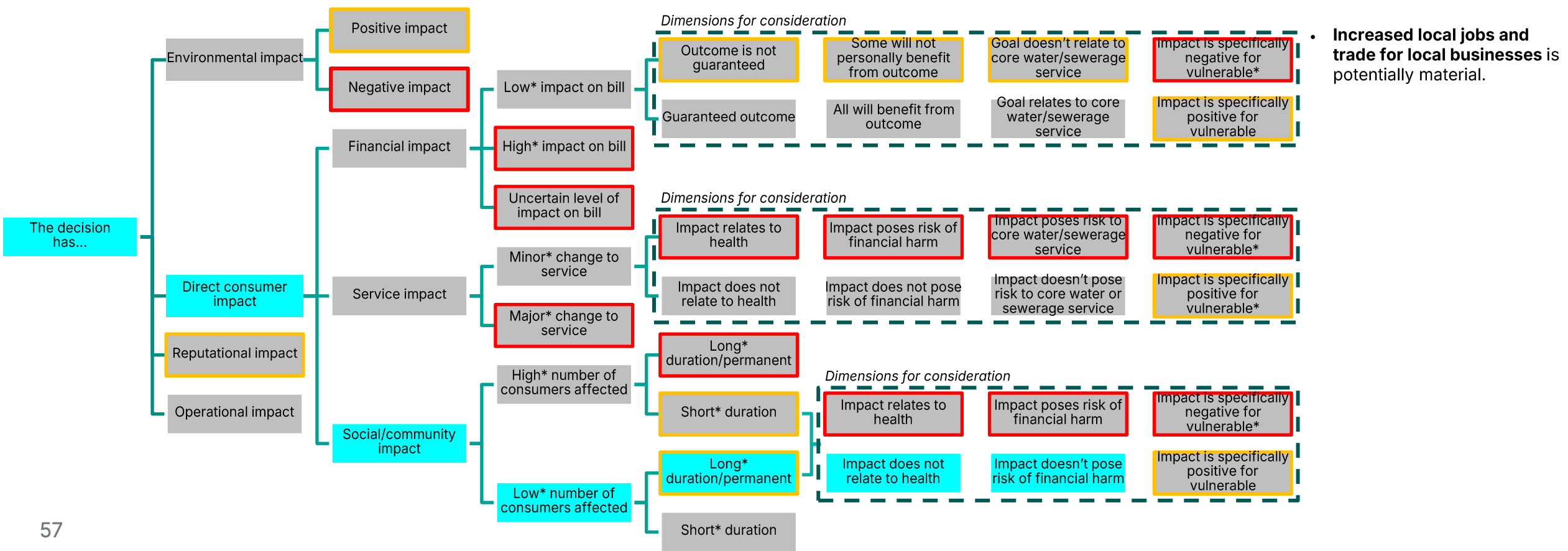
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 Rising operating costs for existing company headquarters. Building a smaller, more energy efficient premises would be more cost-effective in the long-term.

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# J Moving company headquarters

**Whether to move the company headquarters to another location**

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  - Increased local jobs and trade for local businesses

- impacts**
- **Disruption from building works for those nearby**
  - Loss of local jobs and trade for local businesses

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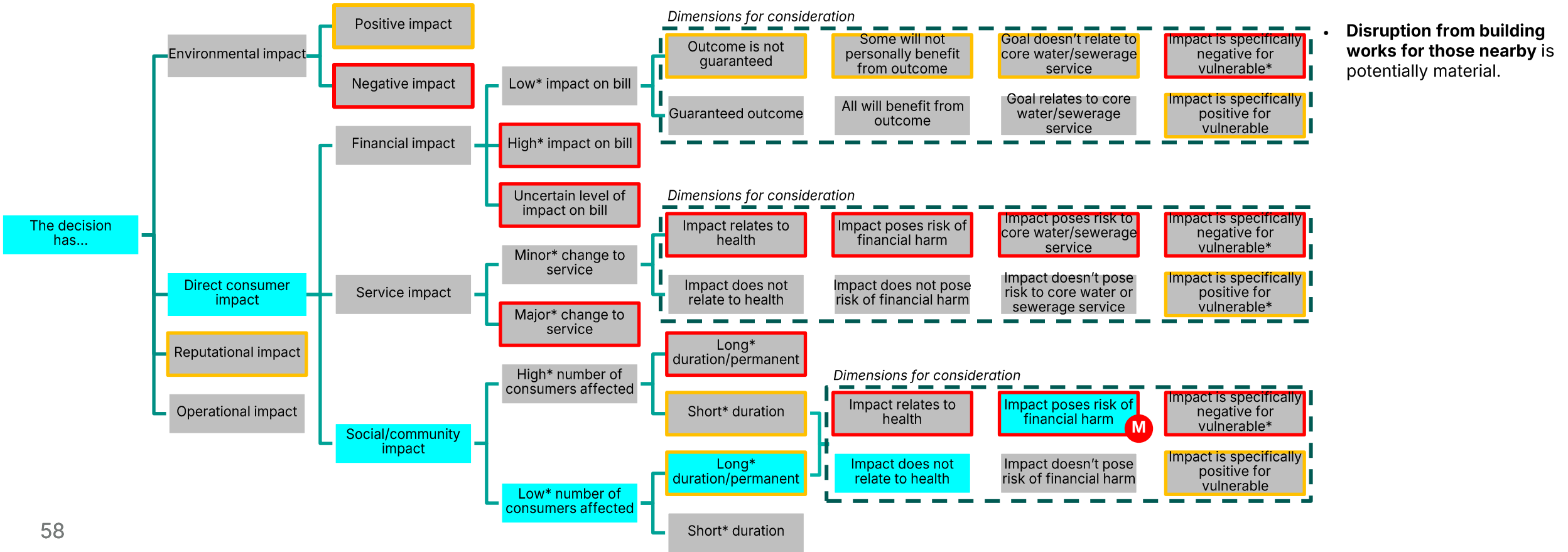
  Decision steps for worked example

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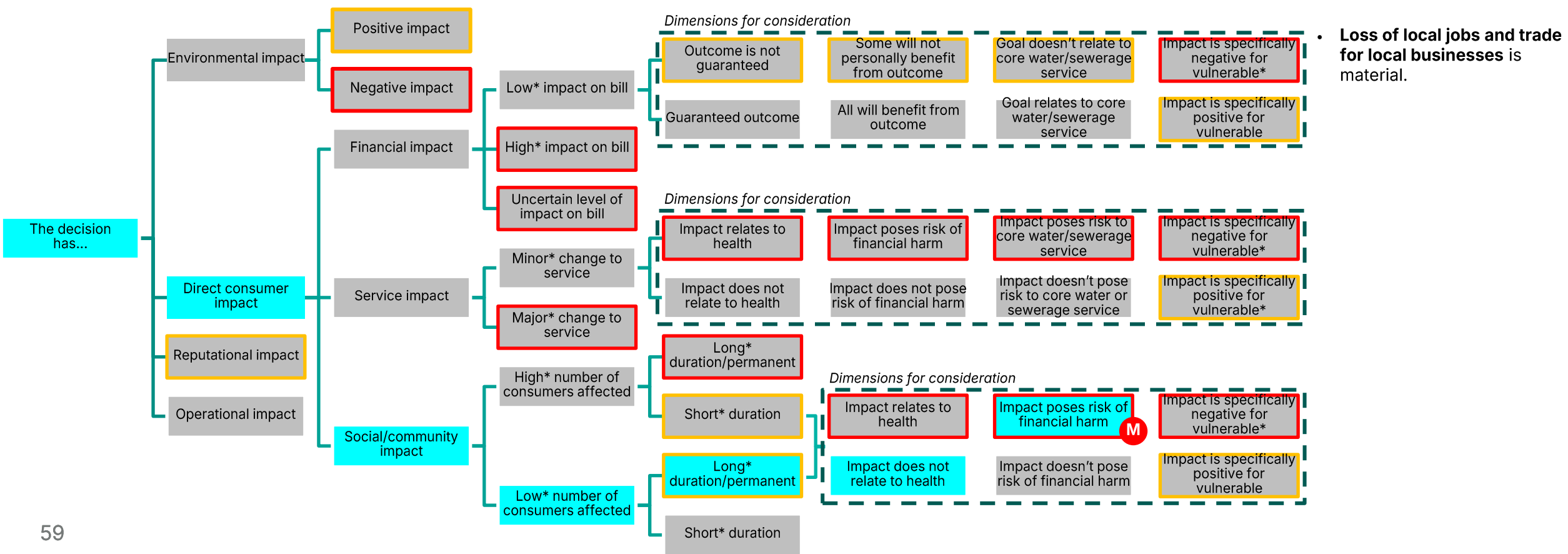
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**KEY:**

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- Elements that are ALWAYS MATERIAL
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- M Impact IS material for worked example

\* Subjective: definition to be determined



# Scenario K

**WATER COMPANY DECISION:** Whether to redesign the company website and online account service to improve the user experience.

**CONTEXT:** One way customers can interact with their water company is through its website, for example to pay bills, submit meter readings, access water saving tips, and manage their contact and payment details. The company is considering making changes to its website, as they know from call centre colleagues that some customers find it difficult to navigate and may contact the call centre for support when they would prefer not to.

**OUTCOME:** A redesigned website which makes it easier for customers to manage water services online.

**CONSUMER IMPACTS:**

- Website changes will not benefit customers who can't use or don't have access to online services.

*"It's not the most important matter but there is no reason why efforts shouldn't be made to make interactions through a company website easy." – HH customer*

*"It affects how I interact in line with the company." – HH customer*

*"If they're going to redesign the website, I think they need a couple of older people there as well. So that they can say, well, no, that's going to be hard [to use]." – Digitally Disadvantaged customer*

**Whether to redesign the company website and online account service to improve the user experience**

Currently, website is difficult to navigate and can result in customers using the contact centre when they would prefer not to

**+ impacts**

- Easier to navigate and manage online account

**- impacts**

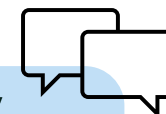
- No benefit for customers who don't use online services

**Amount consumers care about decision: MEDIUM**



- Those who **care most** are driven by their support for the decision:
  - Most interact with their water company through the website, so improving access to online services is welcomed.
  - Improvements to the user experience would make services more accessible for those who may experience difficulties navigating the website.
- However, customers **care about this less** than other decisions:
  - As this is a positive change that improves how customers interact with their water company with no obvious downsides.
  - Limited focus on lack of benefit for customers who don't use online services.
- Irrelevant for digitally disadvantaged consumers, as changes do not affect how they interact with their water company.

**Potential engagement: Impacted customers only**



- Perceived as a **"common sense" decision**, so the company should proceed without consulting anyone on whether or not they should redesign the website.
- High expectation that **impacted customers** should be engaged.
  - To **identify issues** with the existing website, and **test proposed changes** to ensure the new website is fully accessible and easy to use.
  - Highly impacted groups include: older customers, customers with visual impairments, customers with learning difficulties, and those who have limited digital confidence or skills.

**Whether to redesign the company website and online account service to improve the user experience**

Currently, website is difficult to navigate and can result in customers using the contact centre when they would prefer not to

**+ impacts**

- Easier to navigate and manage online account

**- impacts**

- No benefit for customers who don't use online services

**KEY:**

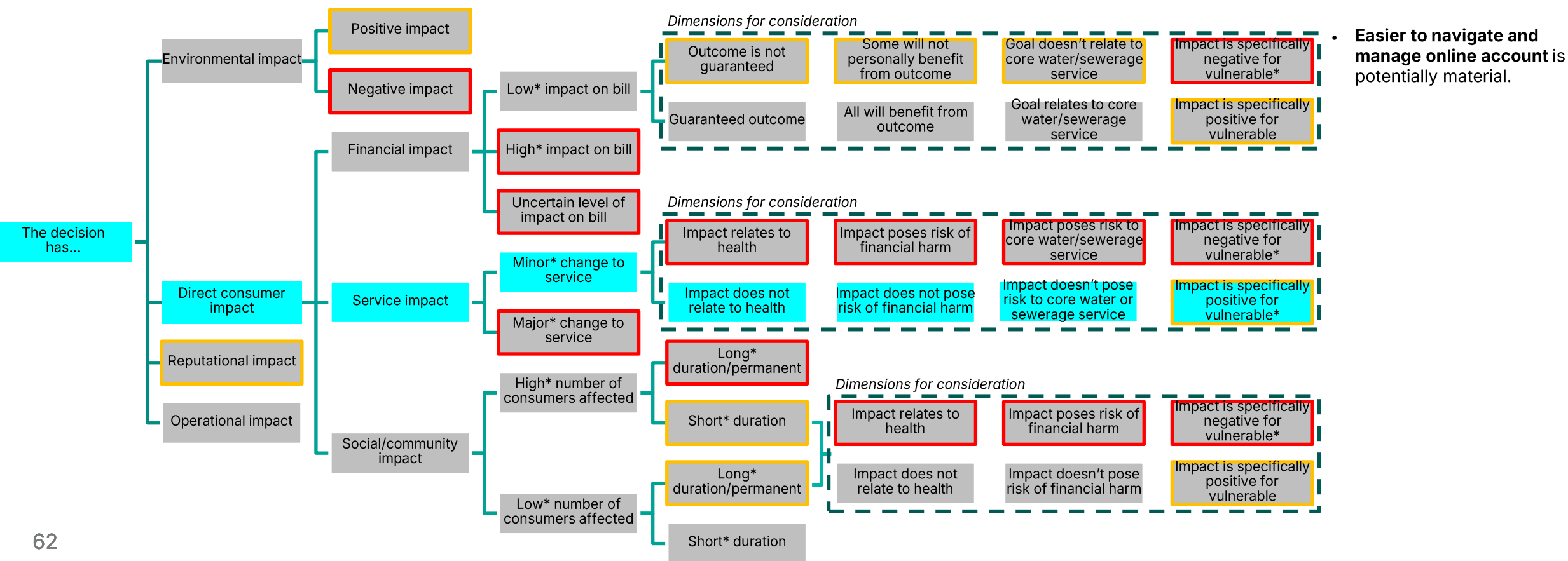
  Decision steps for worked example

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M Impact IS material for worked example

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**Whether to redesign the company website and online account service to improve the user experience**

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**+ impacts**

- Easier to navigate and manage online account

**- impacts**

- No benefit for customers who don't use online services

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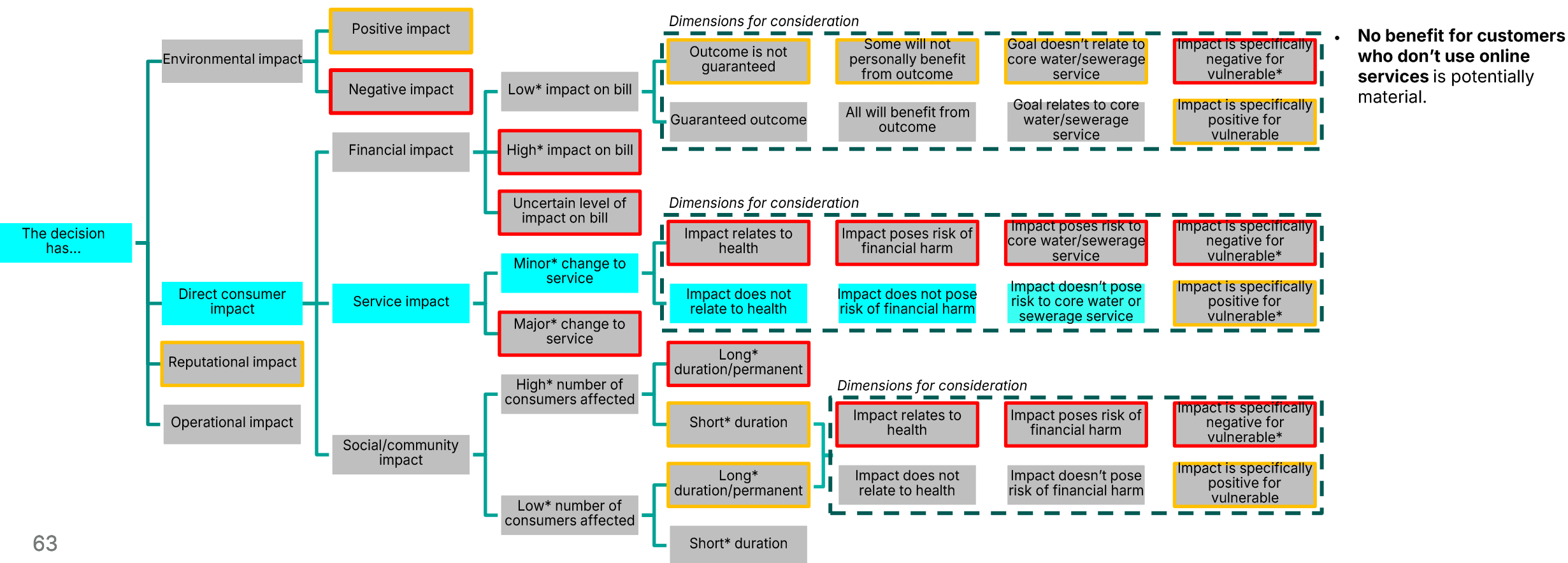
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## **WATER COMPANY DECISION:** Which customers to rollout universal metering to first

**CONTEXT:** Currently, many water companies around the UK are rolling out 'universal metering programmes', where all households will have a meter fitted and are charged based on the amount of water they use. Metered customers tend to use less water overall which means less pressure on water resources, and better aquatic habitats for wildlife (as less water needs to be taken from rivers, underground aquifers and other water sources to meet human demand). Most households pay less when moving to a metered bill, but some (particularly larger households) will pay more.

Your water company has five years to deliver its universal metering plan and is considering the best way to do this. Options include:

- Starting at one end of their catchment and working their way across – the most cost-effective option
- Starting in the most water scarce areas – aiming to reduce water shortages in drought periods and protect local rivers
- Starting with areas with fewest water meters currently – prioritising water conservation

**OUTCOME:** An approach to rolling out metering that improves water resource management whilst balancing impacts on different customers.

### **CONSUMER IMPACTS:**

- Unmetered customers will be most impacted – both through the meter installation process and potential changes to bills, particularly for higher water users.
- All customers are impacted by differences in the cost of each option, which could impact bills.

*"We currently are unmetered so this directly impacts on our payments (and water usage)." – HH customer*

*"I think customers should have a choice if they want a meter fitted in or not. I also feel that the water companies could use this to take advantage of customers by increasing the cost of bills." – HH customer*



# Universal metering rollout

**Which customers to rollout universal metering to first over five-year installation plan**

Options include zoning, starting with most water scarce areas and starting with areas with fewer meters

- + impacts**
- Reduced bills for most households
  - Improved water resource management
  - Benefits aquatic life

- impacts**
- Increased bills for high water users
  - Disruption from installation



## Amount consumers care about decision: **MEDIUM**



- **Unmetered customers** care most strongly: sensitive to the risk of direct bill rises and compulsory aspect (which brings reputational risk) especially health vulnerable and large households.
  - Some angered by perceived profiteering from installs (as assume customers will pay more overall).
- **Metered customers** care significantly less with no direct financial impact.
- Reducing water wastage using meters feels logical (especially to metered customers). But customers do not feel strongly about the operational benefits of different installation approaches.
- **Other potential drivers relatively weak:**
  - Limited cut-through of 'fair charging' outcome (mentioned more by metered customers).
  - Some awareness of indirect cost impact of funding the installs. But how much customers care depends on the amount.
  - Low cut-through of positive impact on aquatic life as a reason to care.

## Potential engagement: Impacted customers and specialist orgs

- Many see the rollout strategy as an **operational issue**: they are not best placed to comment.
- Low trust in companies means consumers value **independent oversight** to ensure roll out undertaken in the most efficient and cost-effective way.
- Involving the **most impacted customers** is important: to ensure companies understand the risk of financial harm to unmetered/high users, and the best way to tailor the rollout to mitigate this.



# Universal metering rollout

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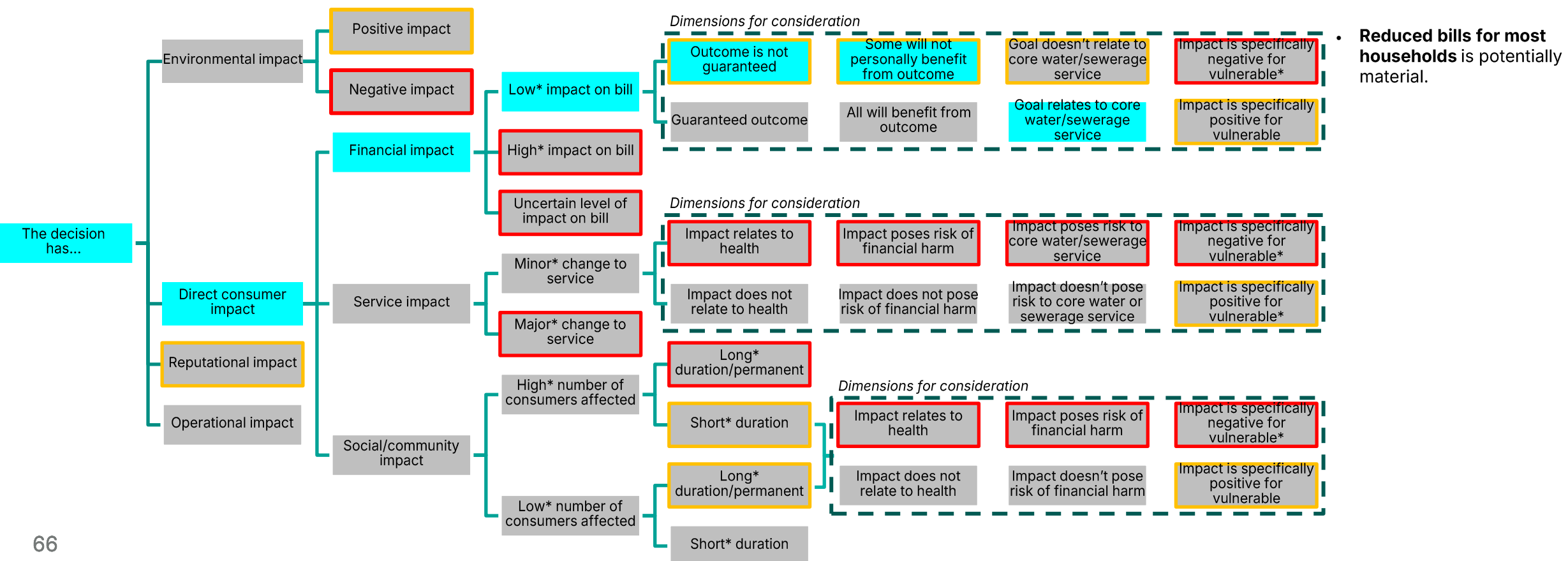
  Decision steps for worked example

  Elements that are ALWAYS MATERIAL

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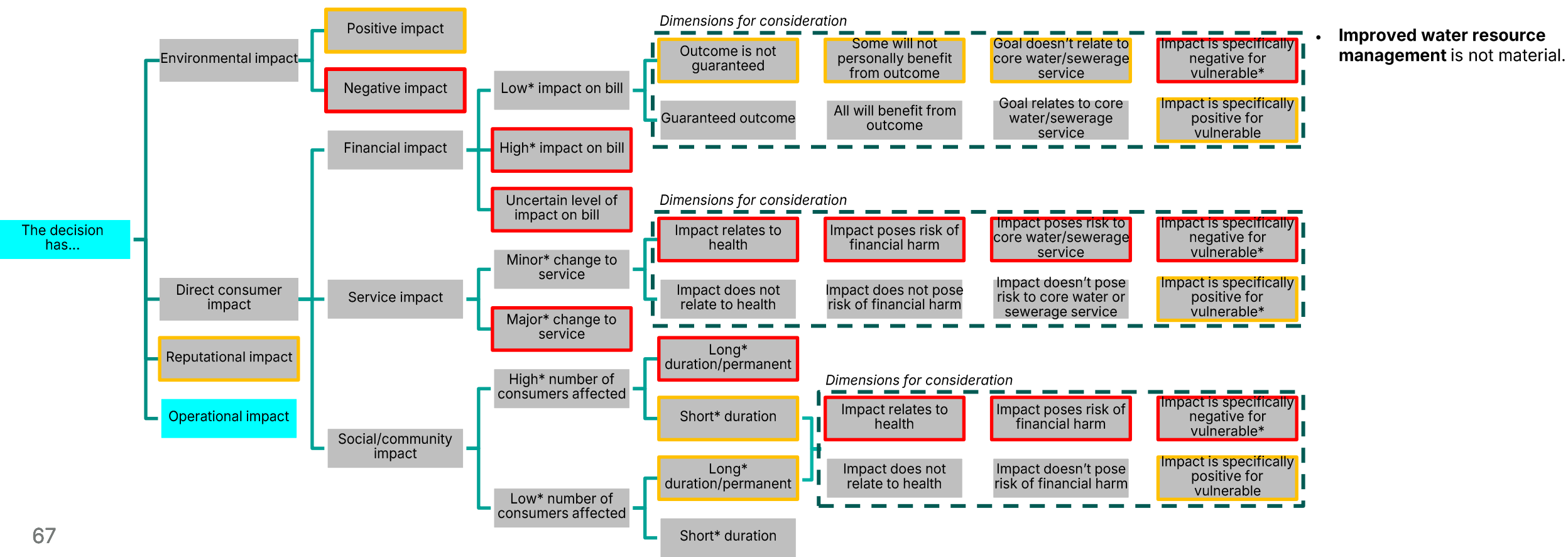
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• **Improved water resource management is not material.**



# Universal metering rollout

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  - Improved water resource management
  - **Benefits aquatic life**

- impacts**
- Increased bills for high water users
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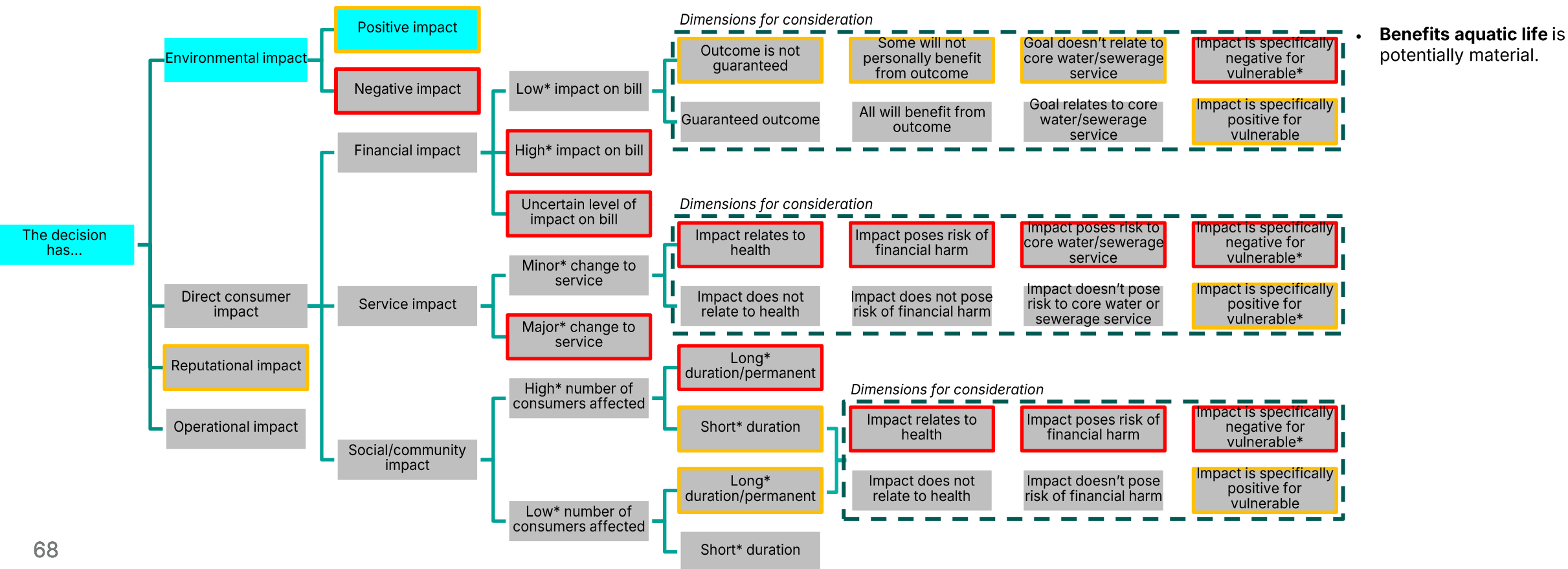
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# Universal metering rollout

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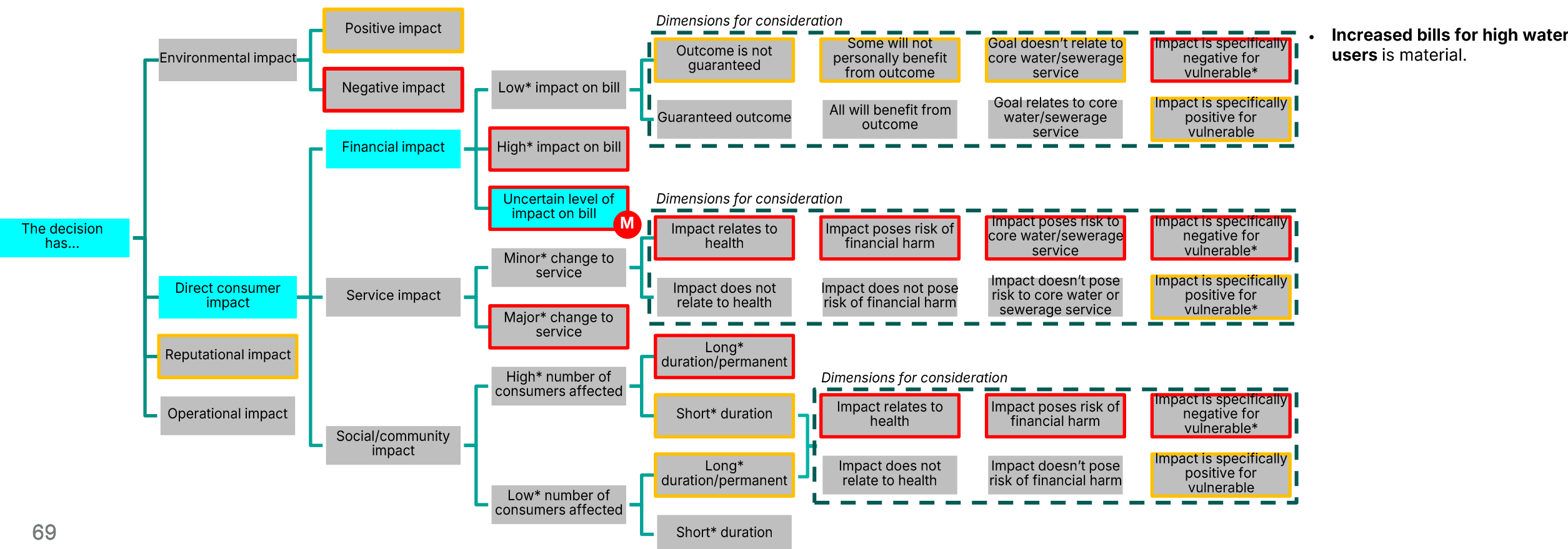
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• Increased bills for high water users is material.



# Universal metering rollout

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Options include zoning, starting with most water scarce areas and starting with areas with fewer meters

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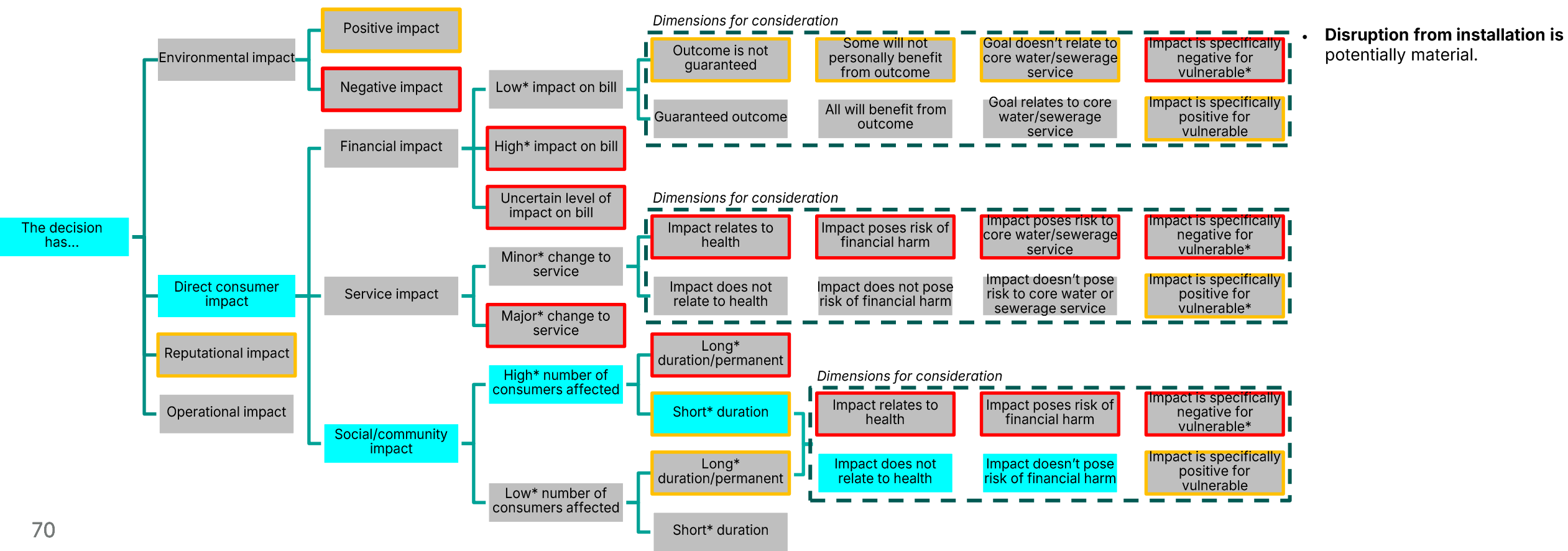
Decision steps for worked example

Elements that are ALWAYS MATERIAL

Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

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# Scenario M

## **WATER COMPANY DECISION:** Whether to introduce a seasonal water tariff

**CONTEXT:** Water scarcity is a growing issue in the UK. Hotter, drier summers mean that less water is available. At the same time, demand for water is increasing as the population grows. Water usage tends to be higher in the summer, when water stocks might also be running low. Your water company is considering introducing a seasonal water tariff, where customers are charged less per litre for their water in winter and more per litre in the summer.

**OUTCOME:** May reduce water use in summer months, protecting water sources such as rivers and reservoirs and reducing the risk of companies needing to introduce drought measures such as hosepipe bans.

**CONSUMER IMPACTS:**

- Increased bills for high water users, including larger households.

*"Important issues like increased billing need consultation and involvement of customers." – HH customer*

*"I think this proposal is terrible, essentially 'surge pricing' for an essential need is abhorrent. It's not the customers fault the water company hasn't invested enough or improved storage to meet population rise." – HH customer*

**Whether to introduce a seasonal water tariff, in the context of increasing water scarcity in the UK**

The new tariff would charge customers more per litre in summer, when usage tends to be higher, and water resources more stretched.

**+ impacts**

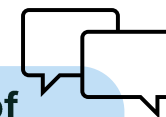
- Improved water resource management
- Reduces likelihood of future hosepipe bans

**- impacts**

- Fluctuating bills (higher in summer and lower in winter)
- Higher users pay more in summer

**Amount consumers care about decision: HIGH**

- Strength of feeling driven by **direct financial impact** for all, regardless of metering status or usage.
- Assumption that bills will rise across the year:
  - Fear the impact of any change (Status quo bias).
  - Belief that companies are profiteering (driven by lack of trust).
  - Concern about managing fluctuating bills.
- Significant **secondary motivation** driving care: anger at perceived **'blame shifting'** from companies around water resource issues.
- While customers can see how increasing charges might encourage more careful usage, safeguarding resource ranks below financial anxiety and institutional distrust.

**Potential engagement: representative group of customers, impacted customers and specialist organisations**

- Support for involving a **representative group** or customers: a new tariff is seen to have **widespread financial impact**, so different customer groups (including businesses) should be consulted.
- Including specifically consulting **high water users** (seen most at risk of financial harm).
- In addition, also some support for **consulting specialists** to:
  - Ensure the tariff is the best approach (including assessing potential alternatives);
  - Provide an **objective perspective** on a contentious issue.

# Introducing seasonal tariff

**Whether to introduce a seasonal water tariff, in the context of increasing water scarcity in the UK**  
 The new tariff would charge customers more per litre in summer, when usage tends to be higher, and water resources more stretched.

- + impacts**
- Improved water resource management
  - Reduces likelihood of future hosepipe bans

- impacts**
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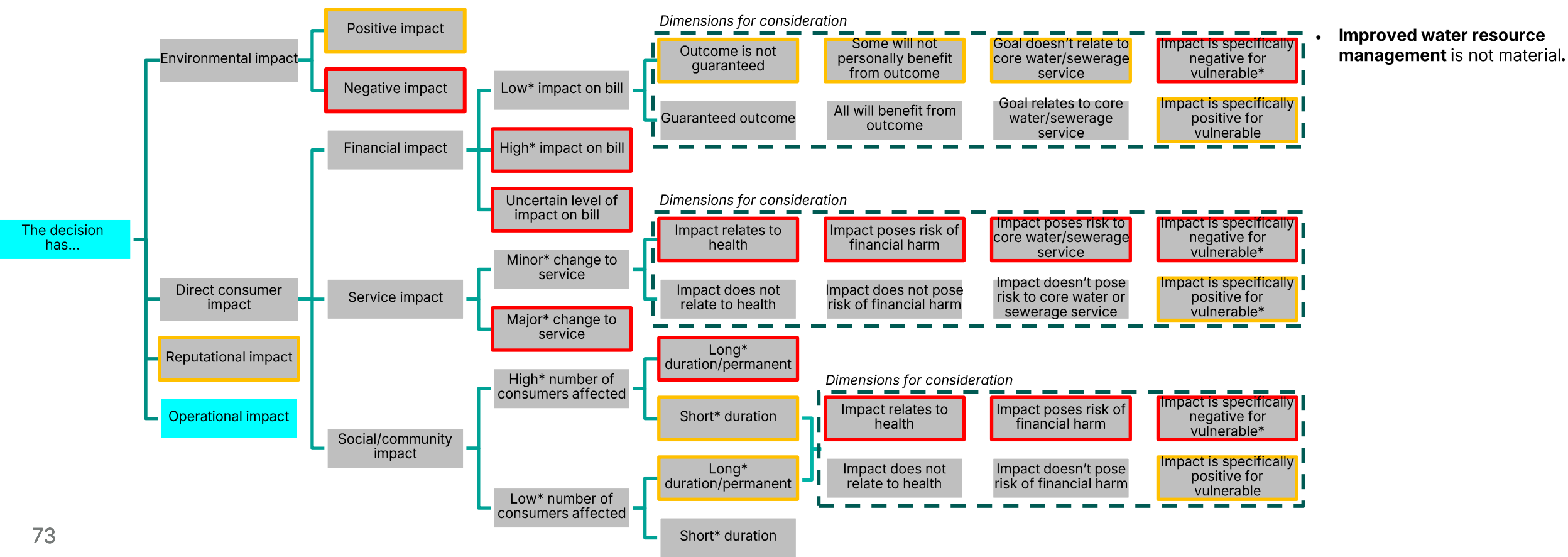
Decision steps for worked example

Elements that are ALWAYS MATERIAL

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# Introducing seasonal tariff

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The new tariff would charge customers more per litre in summer, when usage tends to be higher, and water resources more stretched.

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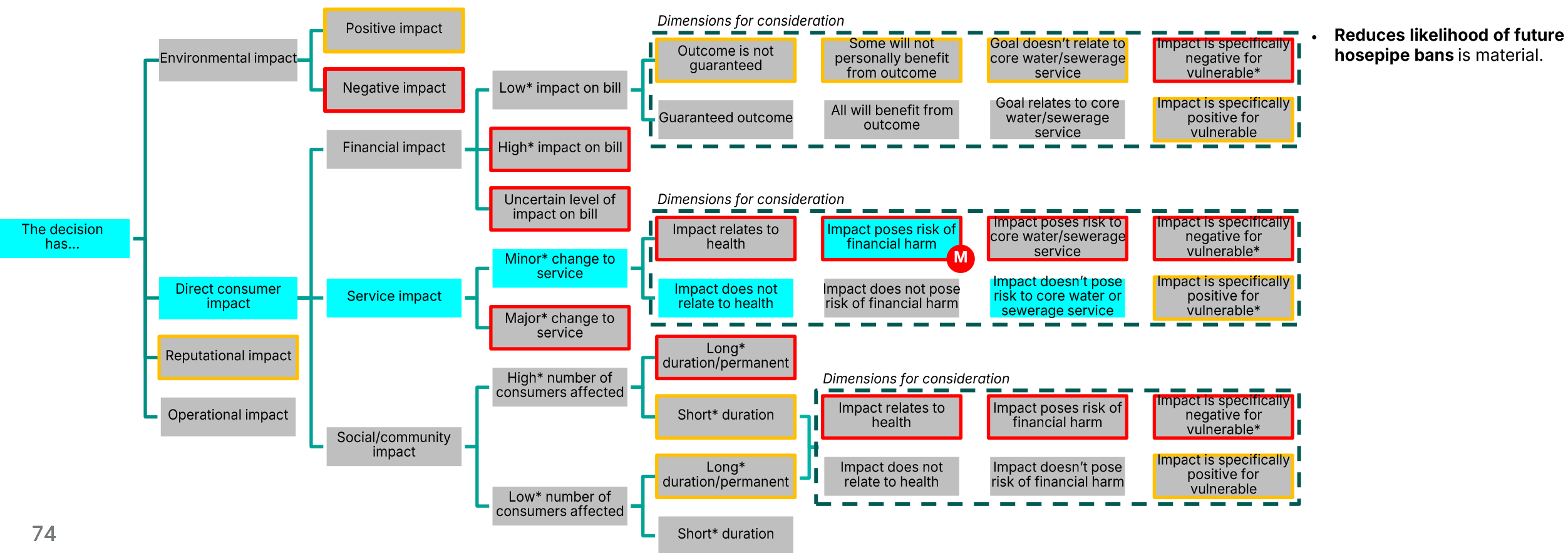
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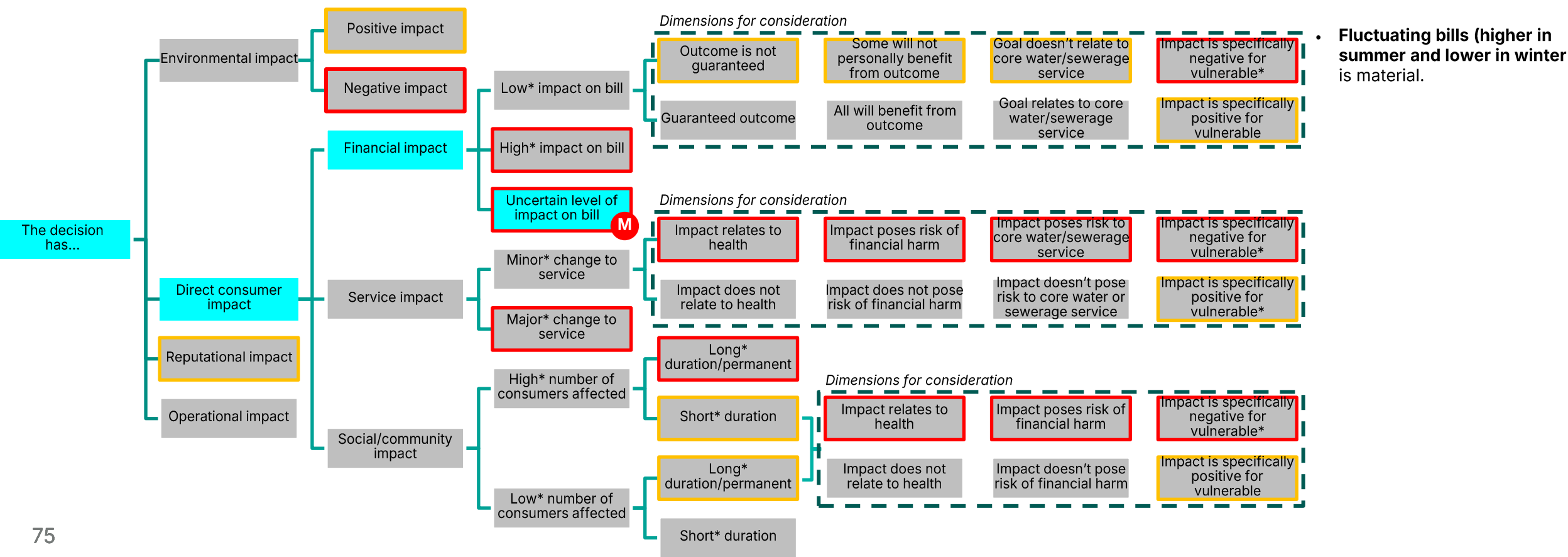
- + impacts**
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**KEY:**

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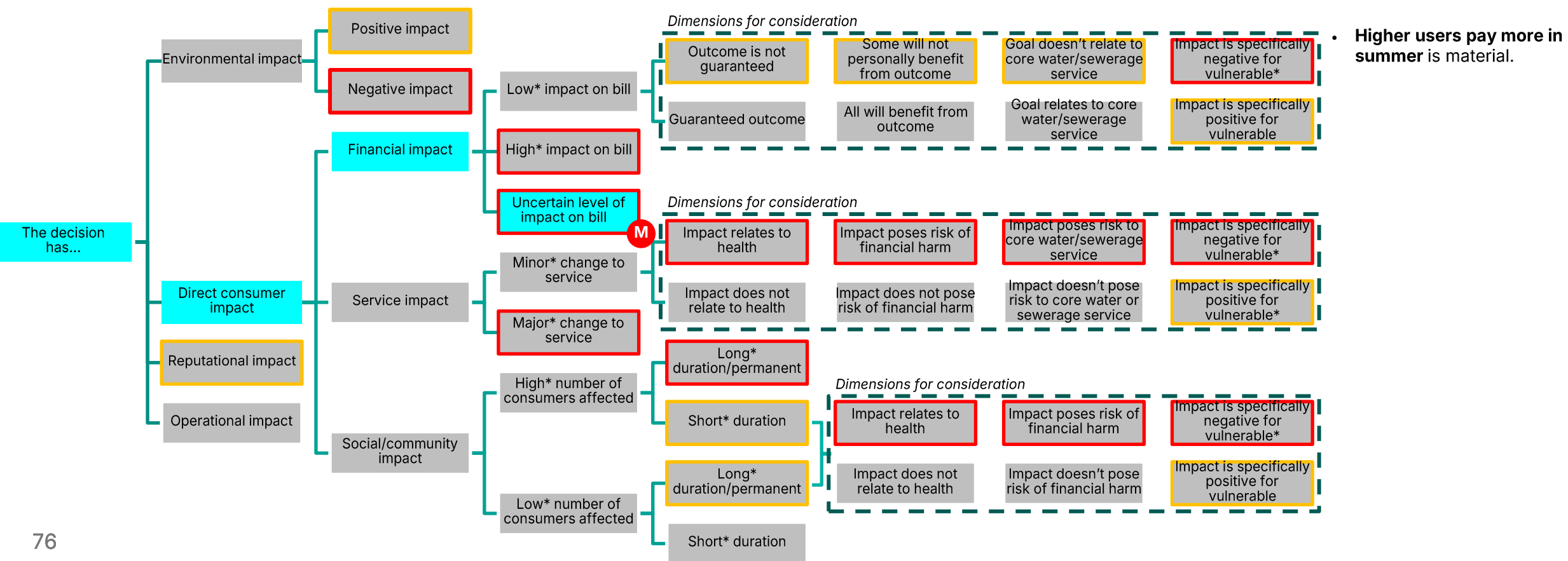
Decision steps for worked example

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# Scenario N (tested with developers)

**WATER COMPANY DECISION:** Whether to invest in a new online portal to make it easier for **developers** to organise new water connections.

**CONTEXT:** Water companies work with developers whenever new homes, business units or other properties need to be connected to the water network. This process involves managing plans for works, quotes and payments. At the moment, the application process for water connections can be difficult to track and may be unclear and inconsistent.

**OUTCOME:** Investing in this new online portal would allow developers to track the progress of their application at any time, without needing to contact the company. This could lead to faster and more time-efficient processes for developers, more consistent information and communication, and reduced administrative workload for the water company in the long-term.

**CONSUMER IMPACTS:**

- This investment would be funded through customer bills, meaning all customers would see an increase, not developers.

*"If you're only doing one connection to one site every couple of years or whatever, then it's less of a problem. But it will look— anything like this, online portals where you can track progress, will always be of benefit.— Developer*

*"So the automation would help me track where [the applications] are. It wouldn't make too much of a difference because I get feedback pretty quickly." – Developer*

# N New online portal for developers

**Whether to invest in a new online portal to make it easier for developers to organise new water connections**

*Currently applications can be difficult to track, and may be unclear or inconsistent.*

## + impacts

- Faster processes for developers
- Reduced admin for water company

## - impacts

- Increase to all customer bills

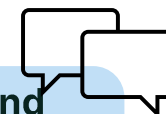
Navigator

## Amount consumers care about decision: **LOW**



- Developer care driven by possibility of streamlining connection timelines, which have a knock-on impact on profit.
- However, **interest is generally low:**
  - Developers either have no issues with the current system, outsource connections to external consultants (who already simplify the process for them), or do not work on enough connections to make additional investment in a portal feel worth it.
- The portal is seen as a **'nice to have'**, rather than a key aspect of core company service (providing water at an affordable price).
  - Therefore, support for the decision dictated by **how much it will impact bills.**

## Potential engagement: Impacted developers and representative groups



- Consulting a **representative group** of developers to **assess cost-benefit** of decision.

*N.B. we did not test this scenario with household customers, but it would have an impact on their bills which we anticipate would be a sensitive subject*

- Input from **impacted developers** (who have issues with current system/process lots of applications) to **ensure new portal is fit for purpose**, as well as web design specialists.

# N New online portal for developers

**Whether to invest in a new online portal to make it easier for developers to organise new water connections**

Currently applications can be difficult to track, and may be unclear or inconsistent.

- + impacts**
- Faster processes for developers
  - Reduced admin for water company

- impacts**
- Increase to all customer bills

**KEY:**

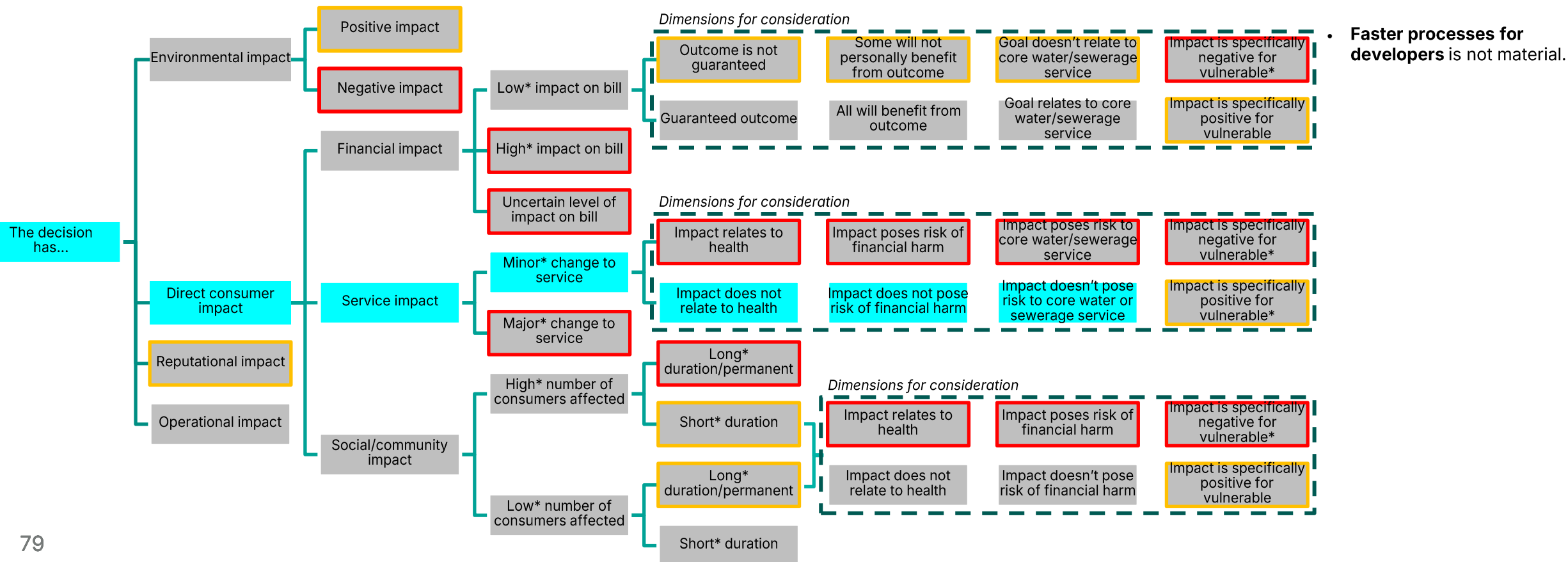
Decision steps for worked example

Elements that are ALWAYS MATERIAL

Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

\* Subjective: definition to be determined



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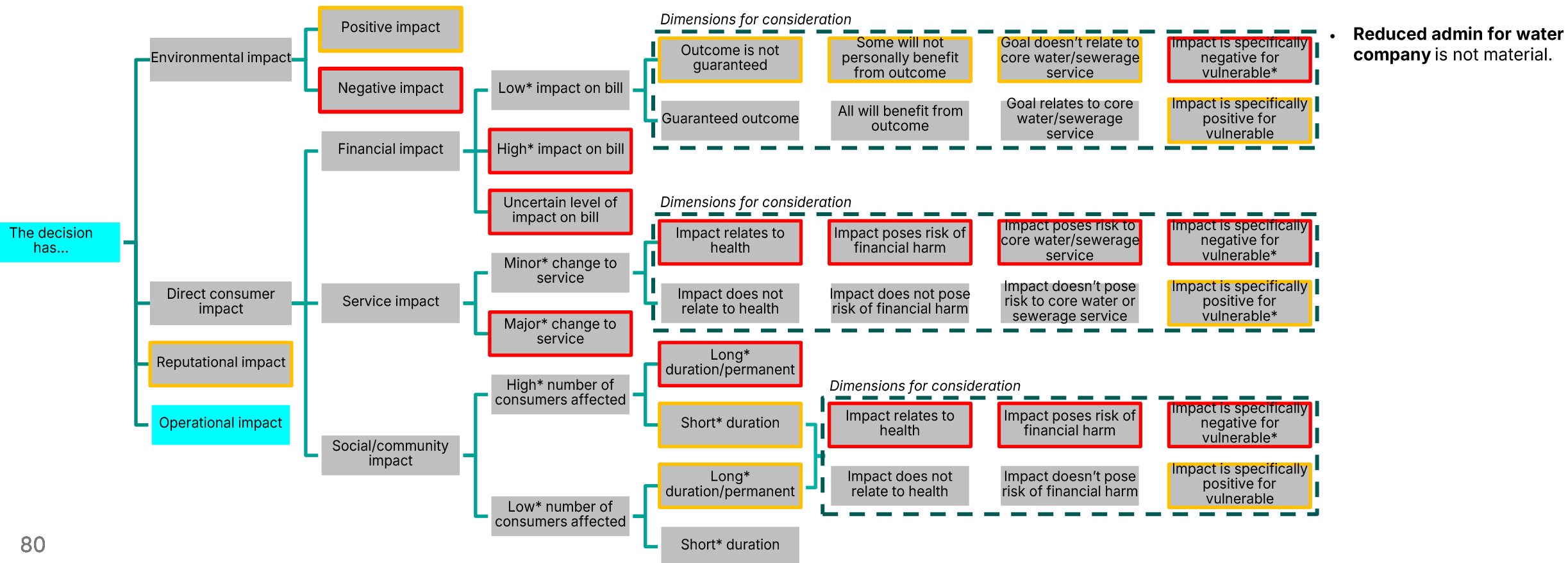
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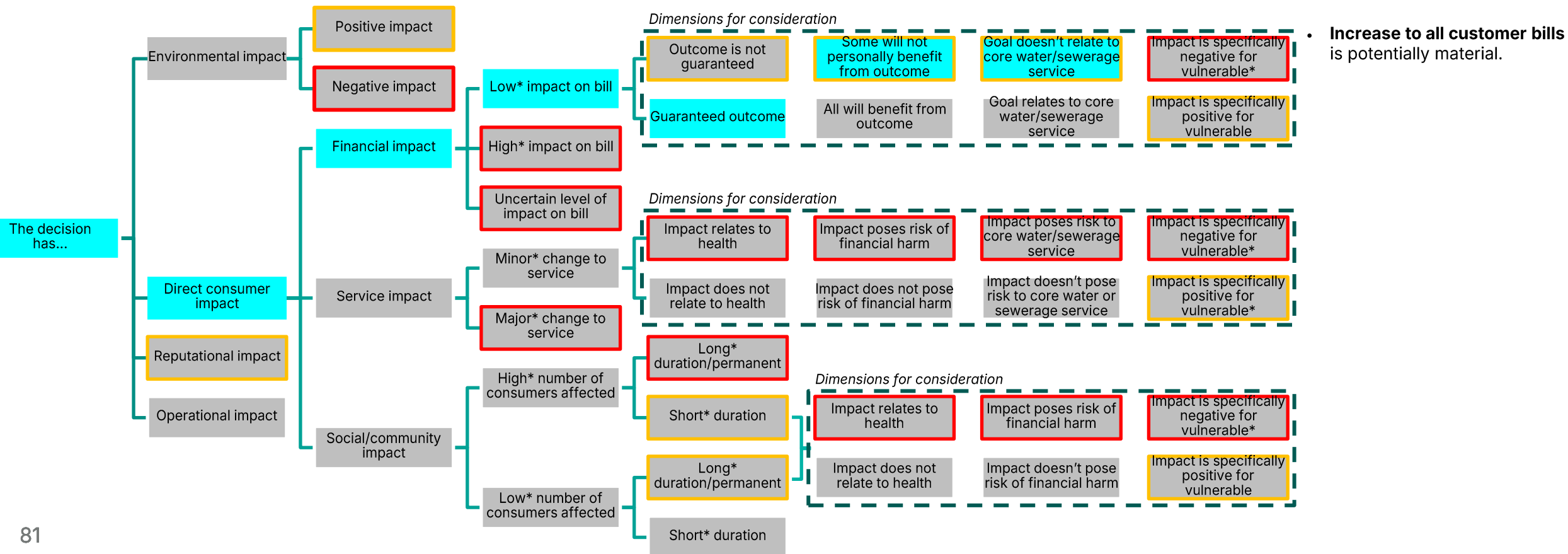
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# Scenario O (tested with developers and NHH)

**WATER COMPANY DECISION:** Whether to charge businesses for surface water drainage by placing **businesses** into "bands" based on their total surface area

**CONTEXT:** For businesses, surface water drainage charges cover the cost of removing rainwater that falls on property and enters public sewers. Unlike domestic bills, these can vary significantly based on an organisation's location and property size. The new 'site-area-based charging' would link charges to the size of an organisation's impermeable land areas, for example buildings or car parks that don't allow water to penetrate, forcing it to run off. This water typically runs back into sewers where it is then treated along with other wastewater. Businesses currently pay for surface water drainage through a flat-rate charge linked to water meter size, but the water company is planning to replace these with charges based on the total surface area of the business site.

## **OUTCOME:**

- Fairer distribution of costs - the current flat-rate system means smaller businesses and households are often subsidising the costs associated with larger properties.
- Environmental benefits - the new approach may encourage the adoption of sustainable drainage systems, such as permeable paving or green roofs, which reduce the amount of surface water entering sewers, keep water in the environment and help reduce localised flooding.
- Lower household bills - redistributing costs is expected to reduce household wastewater bills over time.

## **CONSUMER IMPACTS:**

- Business properties with larger impermeable surfaces would pay more, reflecting their greater contribution to surface water entering the sewer network.

*"I've got properties that run on, you know, annual sort of cost of service charge, cost of £800,000, £1 million. So the water consumption or the water rates and the associated invoice makes an insignificant cost of that." – Developer*

*"Because I'm no longer doing bigger schemes. It wouldn't really impact me. I would stick to smaller dwellings. It may have impacted me historically, but not so much now going forward." – Developer*

# Changes to surface water drainage charges

**Whether to charge businesses for surface water drainage by placing them into "bands" based on their total surface area**

*Businesses currently pay for water drainage through a flat-rate charge linked to water meter size*

## + impacts

- Bill reduction for households/smaller businesses
- Environmental benefits

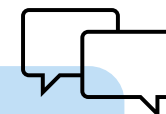
## - impacts

- Bill increase for larger businesses



## Amount consumers care about decision: **MEDIUM**

- Potential for direct **impact on costs and profitability** drives interest from developers and non-household organisations – dependent on the size of the increase.
- But **level of care is tempered** by water's relative affordability compared to other costs.
- Fear of a bill increase is a more powerful motivator for caring about this issue than optimism towards a potential decrease.
- Financial impact of the decision is dependent on size of physical premises, and heightened for non-households, who cannot pass additional costs on easily to end-users as developers can.
- Developers note that they only need to pay this charge on their sites during building works, so the decision may matter more to any business tenants that move.



## Potential engagement: Impacted businesses/representative groups of businesses

- **Financially impacted businesses** (i.e. those with large impermeable surfaces whose bills would increase) are seen as the most important to consult. **Developers** building sites that would incur larger bills expect to be consulted, since they would have to **change building design** to keep costs down.
- Some discussion of **representative groups motivated by fairness**, to ensure that all types of businesses have their views heard (as some will have costs go down as a result of the changes).

# Changes to surface water drainage charges

**Whether to charge businesses for surface water drainage by placing them into "bands" based on their total surface area**

Businesses currently pay for water drainage through a flat-rate charge linked to water meter size

- + impacts**
- Bill reduction for households/smaller businesses
  - Environmental benefits

- impacts**
- Bill increase for larger businesses

**KEY:**

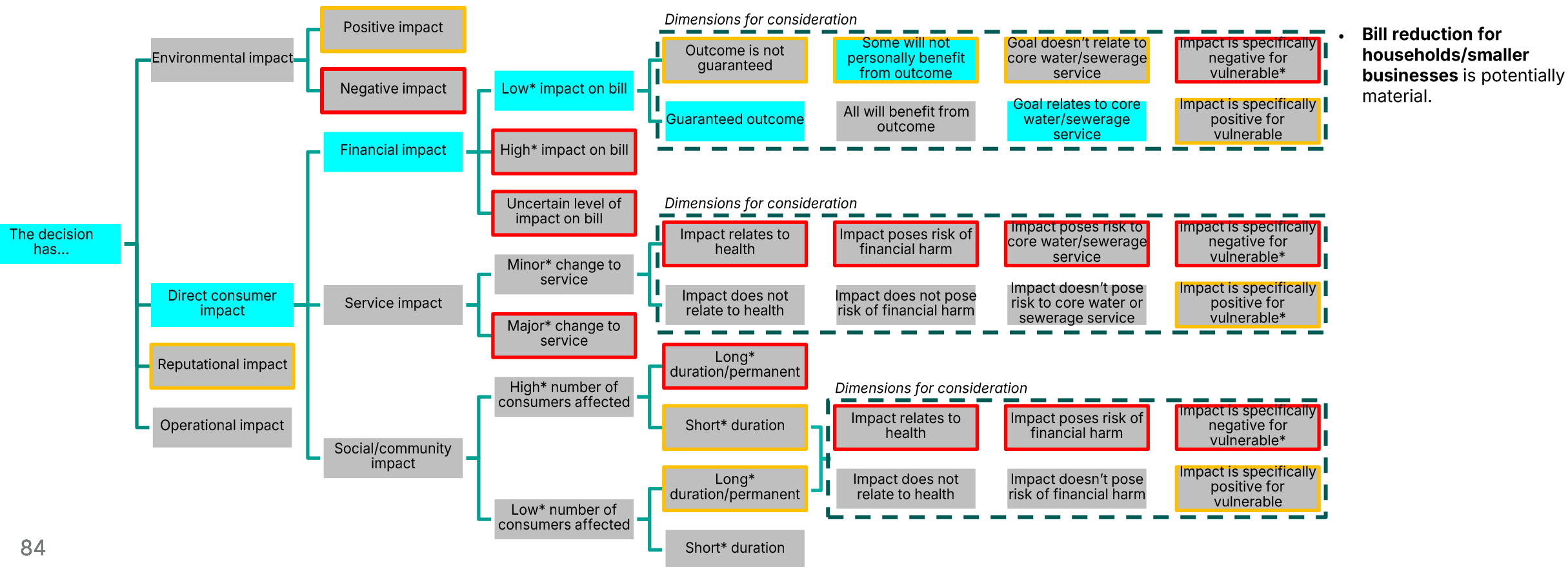
  Decision steps for worked example

  Elements that are ALWAYS MATERIAL

  Elements that are SOMETIMES MATERIAL

M Impact IS material for worked example

\* Subjective: definition to be determined



# Changes to surface water drainage charges

**Whether to charge businesses for surface water drainage by placing them into "bands" based on their total surface area**

Businesses currently pay for water drainage through a flat-rate charge linked to water meter size

- + impacts**
- Bill reduction for households/smaller businesses
  - **Environmental benefits**

- impacts**
- Bill increase for larger businesses

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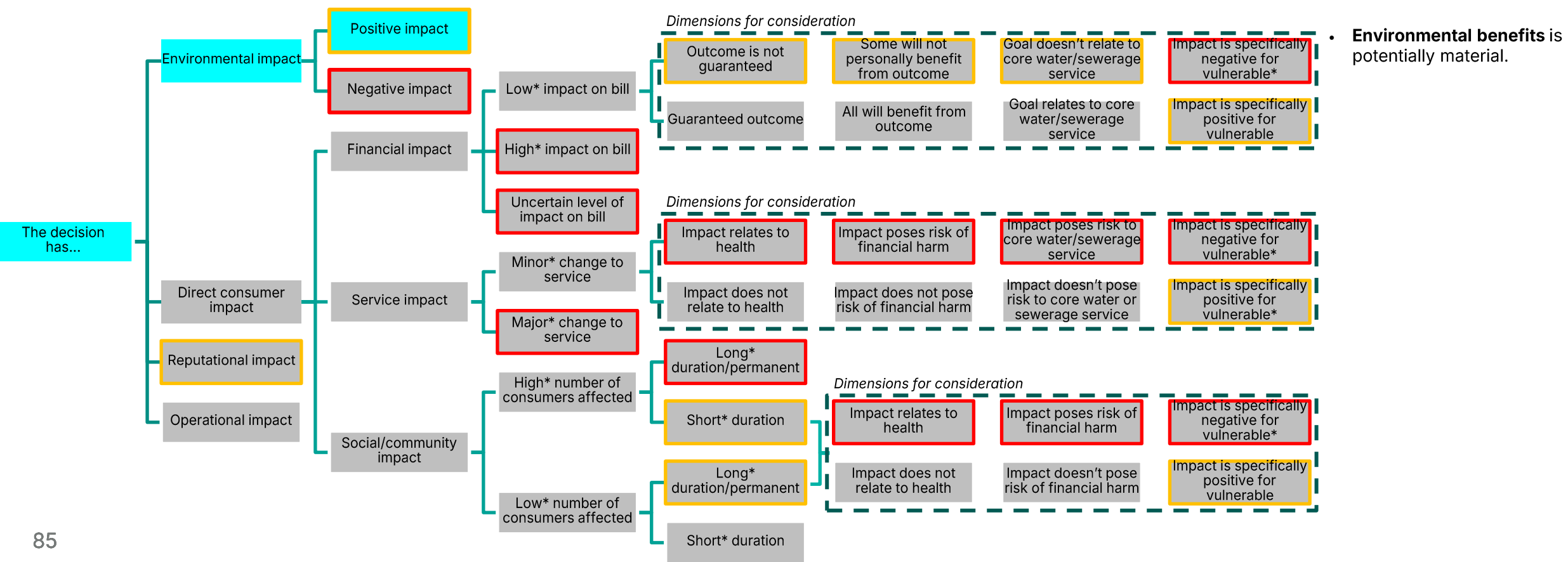
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• **Environmental benefits** is potentially material.

# Changes to surface water drainage charges

**Whether to charge businesses for surface water drainage by placing them into "bands" based on their total surface area**  
 Businesses currently pay for water drainage through a flat-rate charge linked to water meter size

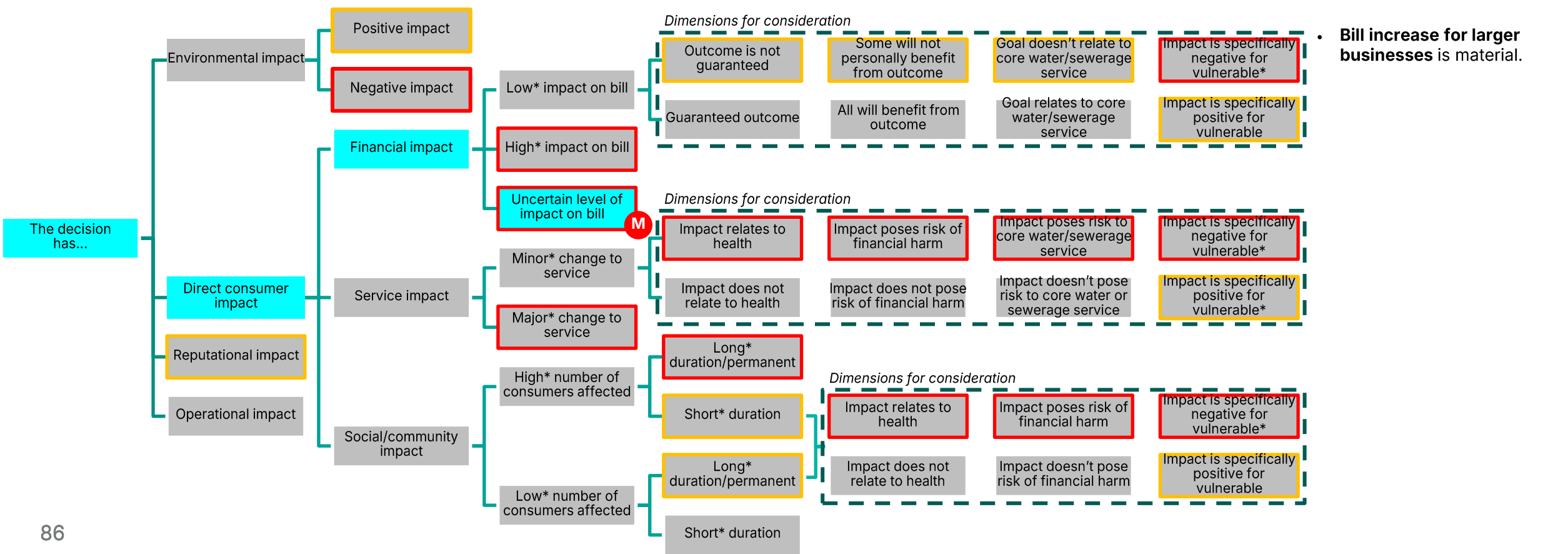
- + impacts**
- Bill reduction for households/smaller businesses
  - Environmental benefits

- impacts**
- **Bill increase for larger businesses**

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# 02

## Full sample details

# Sample details: main sample

| <b>MAIN SAMPLE</b>                              |  | <b>n=126</b> |
|---|--|--------------|
| <b>(Even spread across the water companies)</b> |  |              |
| <b>Age</b>                                      |  |              |
| 18-27   |  | 18           |
| 28-54   |  | 59           |
| 55+   |  | 49           |
| <b>Social grade</b>                             |  |              |
| AB  |  | 40           |
| C1C2  |  | 60           |
| DE  |  | 26           |
| <b>Location</b>                                 |  |              |
| Rural   |  | 45           |
| Coastal   |  | 32           |
| <b>Attitude towards water company</b>           |  |              |
| Positive  |  | 28           |
| Neutral   |  | 64           |
| Negative  |  | 34           |
| <b>Household size</b>                           |  |              |
| 2 occupants or fewer                            |  | 77           |
| 3 occupants or more                             |  | 49           |

| <b>Has water meter</b> |    |
|------------------------|----|
| Yes                    | 71 |
| No                     | 49 |
| Don't know             | 6  |
| <b>Water Company</b>   |    |
| Affinity Water         | 8  |
| Anglian Water          | 8  |
| NWL                    | 12 |
| Portsmouth Water       | 7  |
| Severn Trent           | 11 |
| South East Water       | 8  |
| South Staffs           | 5  |
| Cambridge Water        | 2  |
| Pennon                 | 10 |
| Southern Water         | 9  |
| Thames                 | 9  |
| United Utilities       | 10 |
| Welsh Water            | 8  |
| Wessex Water           | 10 |
| Yorkshire Water        | 9  |
| <b>Vulnerability</b>   |    |
| Has vulnerability      | 56 |

# Sample details: additional audiences

| ADDITIONAL AUDIENCES   | Number / length of interviews                         |
|--|---|
| <p><b>Digitally Disadvantaged</b></p>  | <p><b>5 × 1 hour telephone interviews</b></p>         |
| <p>Spread of experiences of digital exclusion e.g.</p> <ul style="list-style-type: none"> <li>• I do not use the internet at all</li> <li>• I only use the internet with help from others</li> <li>• I use the internet occasionally, but I don't feel very comfortable/confident using it/doing tasks online</li> <li>• Unable to go online when I like to because of sharing devices / Only use the internet away from home</li> </ul> |   |
| <p><b>NHH customers</b></p>  | <p><b>5 × 45-minute telephone/Zoom interviews</b></p> |
| <ul style="list-style-type: none"> <li>• Range of region, size and sector</li> <li>• Range of spend</li> <li>• Range of water usage:               <ul style="list-style-type: none"> <li>• As domestic only</li> <li>• As non domestic (customer facing/manufacturing processes)</li> </ul> </li> </ul>   |   |
| <p><b>Developers</b></p>   | <p><b>5 × 45-minute telephone/Zoom interviews</b></p> |
| <ul style="list-style-type: none"> <li>• Range of water companies liaised with</li> <li>• Range of number and type of building projects</li> </ul>   |   |

# Navigator

View things differently