

PR19 Customer Challenge Group

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Paper No: 5

Agenda No: 5

Title: WRMP Debrief

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Name of research:	Water resources
Purpose of research:	To understand customers' preferences in relation to the various ways of maintaining or improving the water supply-demand balance and levels of service e.g. temporary use bans, stand pipes/rota cuts.
High level approach:	Accent have undertaken two comprehension focus groups to test the language that is used and six focus groups to test the concepts in a qualitative setting which has led to the design of this quantitative phase.
Audience/Representativeness:	A similar demographic to our customer base (using census data) and ensuring our six attitudinal segments are represented.
Key research questions:	What are customers' priorities for levels of service and which options types do they prefer?
Key findings:	How the company is going to use the findings/research: This research will inform the WRMP. How the research fits with wider research/engagement: This is the first stage of WRMP customer research and is followed by a qualitative stage
Next steps:	The WRMP quantitative phase is currently being undertaken.
Action needed from the CCG:	Make suggestions as to how we can improve/do... Provide views on ... [the questions proposed/images used] Note that ... (significant issue/points of difficulty)



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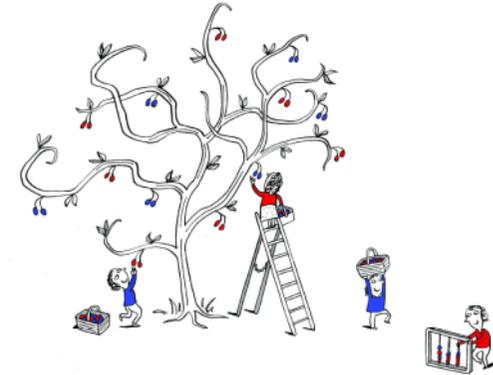
south east water

WRMP

Qualitative Findings



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Research background

Following the water act in 2014, resilience has become an increasingly important strategic topic in the water industry

All water companies need to produce a WRMP which demonstrates their plans over a 25 year period and a Drought Plan that focuses on tactical and operational drought management



- WRMP plans focus on supply and demand side measures and typically include investigation of a range of initiatives:
 - New infrastructure developments
 - Compulsory metering
 - Wastewater recycling
 - Economic level of leakage
 - Water trading with other water areas
 - Water sharing within the region
 - Water saving measures

SE Water requires customer research to explore these issues to ensure maximum customer comprehension and engagement

Research objectives

Within the context of changing climate and rainfall patterns, growing population and pressure to reduce abstraction, SE Water needs to:

- Explore different types of resilience and associations/expectations customers have regarding SE Water (infrastructure, ecosystems, community, corporate, financial)
- Explore what type and level of events/scenarios they expect SE Water services should work to be resilient to, both now and 10-15 years in the future (e.g. flood, drought, cybercrime)
- Prioritise the activities associated with these scenarios (framed with the relative costs for these activities)
- Gain insights into what language is best to use to communicate the concept of resilience to SE Water customers
- Ascertain willingness to pay information regarding resilience (initial qualitative assessment followed by a robust quantitative output)
- Ascertain how much current customers feel it is their responsibility to contribute to the resilience of future generations

Phased methodology adopted

Comprehensive and innovative research programme suggested to cover all resilience topics in sufficient detail

PHASE ONE

2 x Comprehension Sessions

PHASE TWO

6 x Community Groups

PHASE THREE

600 interviews with household customers

This pack provide the findings from these two phases

Community groups are different from ordinary discussion groups. The set-up is focused on specific area/community vs. generic SE Water customers. They were designed to generate specific communitarian solutions e.g. things that matter to this group as a close geographical unit vs. speaking on behalf of the broader SE Water area. As the common factor in community groups was the location vs. demographic it was possible to mix the segments for a richer discussion

Sample Breakdown

Comprehension and Community sessions across South East Water area

Group	Location	Customer Type	QUOTAS/SEGMENT TYPE Participant Criteria
1	Farnham	Mixed Segments	Comprehension Sessions
2	Maidstone		

Review and amend materials

Group	Location	Customer Type	QUOTAS/SEGMENT TYPE Participant Criteria
1	Petersfield	Mixed Segments	Community Sessions
2	East Grinstead		
3	Heathfield		
4	Tenterden		
5	Wokingham		
6	Whistable		



Comprehension Session

Overview of comprehension sessions

12 x respondents in 2 locations (coverages of all segments)

Materials Covered

- Initial Comprehension pack explored different ways of expressing risk/probability, resilience language, different type of risks
- Stimulus included references from Water UK, Discover Water and from South East Water's WRMP materials
- Pack reference - Appendix 1

Overall comprehension

- Mixed levels of comprehension
- People understand concept of planning for the future
- Everyone understands that a drought is caused by insufficient rainfall
- People understand hosepipe bans and standpipes
- BUT issues arise when discussing probabilities
- Sharp, educated audience find it easy to understand risk plans and interpret graphs
- Less savvy audience need significant accompanying narrative to interpret graphs and risk data

Materials need simplification to ensure they are understandable f so they work or the less savvy/engaged so they work within a standalone interview without supporting discussion

Response to materials resulted in reduced and simplified stimulus pack for Community Sessions

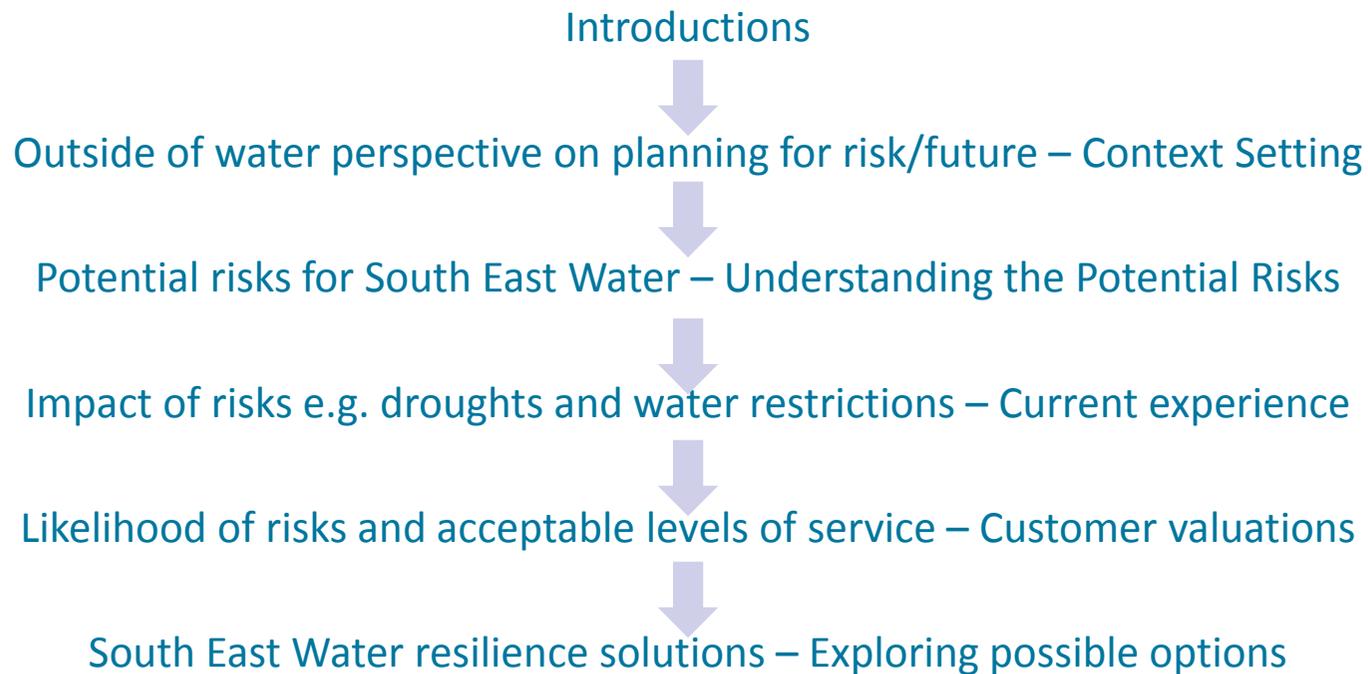
All issues and resolution outlined in following 3 slides

Issue	Original Material	Resolution	Revised Material
Helping people understand why companies need to plan for low risk situations	Showcard Droughts General	Outside industry context is a very useful aid for customers to understand risk management in a relatable way	Showcard A
People dismiss risk as too far in future or not my problem	Showcard C1 and C2	Provide facts and figures AND asking them to view future risks for their grandchildren’s generation Visualising future is too hard in short quantitative interview	General topic guide reference No showcards needed
Customers need to understand potential risks that South East Water face	Showcard A	Avoid using Resilience language Initial showcard is too wordy Simple vocal – plans, making sure, continue providing water, now and future	Merge this with Showcard B below

Issue	Original Material	Resolution	Revised Material
<p>Provide some of the water industry pressures that South East Water need to plan (be resilient) for but amalgamate into 4 key threats</p>	<p>Showcard B</p>	<ul style="list-style-type: none"> a. Growing population which might increase demand on South East water b. Climate change can cause unpredictable rainfall patterns and cause flooding which can impact on South East Water supply c. Shortage of rainfall which might reduce supply of South East water d. Need to reduce the amount of water South East water take from the rivers to protect the environment which might reduce supply 	<p>Showcard B</p>
<p>Need to demonstrate the impact of shortage of rainfall and how this is monitored</p>	<p>Drought definition and historical data</p>	<p>Principle of these works well Helpful in making the risks meaningful with a recent temporary restriction Changes needed to ensure the graph is self explanatory</p>	<p>Showcard C and D</p>
<p>Need to provide the customer impact of droughts e.g. description and types of restrictions</p>	<p>Showcard Drought restrictions</p>	<p>This works well but more clarification over non-essential water use restrictions and differentiation of this and temporary usage bans</p>	<p>Showcard E</p>

Issue	Original Material	Resolution	Revised Material
Need some context around current levels of drought planning	Planning for droughts	People don't understand the language historic -more severe and what it means People do understand that this is a risk scale and it would be better expressed in this way	Showcard F but do we need this?
Understanding levels of service	Current levels of service	Confusing to have risk expressed in two ways Annual probability (%) of occurrence understood more Do we need to be testing levels of service for abstraction?	Showcard G, H, I1 and I2
Customers need to understand what South East Water can do about these risks but need to make informed judgements based on approx costs/benefit	Showcard D	South East Water to provide new material on resilience solutions	Showcard Option J1 – J11

Final structure of Community Sessions simplified and took customers on a journey



3

Community Sessions – Acceptable levels of service

Thoughts on the Sample

- Regardless of segment, responses in each groups were filtered by local experience and observations
- More urban areas (eg Wokingham) and those being developed (Heathfield) more aware of the challenge of population growth.
- Semi-rural areas (eg Petersfield,) fairly environmentally engaged but less concerned about the development issue (though still on their wider radar).
- Drought issues more top of mind where local reservoirs or rivers have been observed as low (eg Heathfield)
- Concerns about leakage higher where recently experienced locally (Whitstable)

Context for discussing levels of service

Planning /Risk Context

Showcard A - Outside of Water Context

All industries need to plan for future events that may or may not happen

- Fire Brigade have service levels in place in case they need to respond to extreme events e.g. Grenfell Tower disaster
- NHS have service levels in place in case they need to respond to extreme events e.g. resourcing for terrorist attacks, operating plans for winter flu epidemics
- All of these plans have some financial impact i.e. we pay more as taxpayers to ensure that these plans are in place

Showcard B - South East Water Planning for risks

South East Water plan to ensure that they can continue providing water for their customers now and in the future

These 4 things can impact on the amount of water available to South East Water

1. Growing population which might increase demand on South East water
2. Climate change can cause unpredictable rainfall patterns and cause flooding which can impact on South East Water supply
3. Shortage of rainfall which might reduce supply of South East water
4. Need to reduce the amount of water South East water take from the rivers to protect the environment which might reduce supply

Out of industry context is important in customers understanding the need for SE Water to plan for extreme, future events

Monitoring Droughts and Recent Rainfall

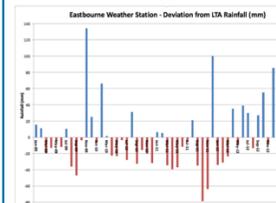
Showcard C - Impact of Risks = Drought

- The biggest reason for droughts is lack of rainfall which leads to shortage of water
- South East Water have certain measures to check how a drought is developing
 - Groundwater levels
 - Reservoir levels
 - Rainfall
 - What customer use

70% of our supply comes from groundwater, remainder from rivers and reservoirs

Winter rainfall is really important for groundwater recharge and refill of reservoirs

Showcard D - Past rainfall patterns



South East Water check rainfall patterns

This graph shows an example of the levels of rainfall in the Eastbourne area between June 2009 and May 2013

The blue bars show when rainfall exceed expected levels

The red bars show when rainfall fell below expected levels

There are more red areas between 2010-2012 than expected and shows two consecutive dry winters which led to the last drought experienced in the south east of England

Past rainfall data demonstrates that recent events mean this is a real risk for customers

Customers understand the importance of South East Water planning for future events

Reassuring that South East Water are planning for future events but expect any business to manage operational risks

It's important that they plan ahead for our children
Heathfield

I live in Hailsham and lots of houses are being built and the reservoirs are low after the last dry winter
Heathfield

None of them are things that South East Water can control so they have to prepare for these things don't they.
Tenterden

It's like Brexit. All businesses need to look at how things might affect them in the future
Whitstable

There's so much development around here it's good to know that South East water have it on their radar.
Workingham

Of course – they provide us with the source of life and we'd all be stuffed without it
Petersfield

Experience and impact of drought measures

Standard 1 – What happens if there isn't enough water?

South East Water can cope with 2 dry winters but after that they might have to do the the following:

1. Temporary usage ban which means that customers could not use hosepipes to water your garden. (Customers would be made for disabled Blue Badge holders and businesses)
2. Take more water from the rivers (apply to change abstraction licences)
3. Standpipes in the street which means that restrictions would last for two months, and they would not have water for about three hours each day. The time of day that the water was from day to day and from area to area. If this occurred, South East Water would provide an alternative source of water for drinking, such as bottled water or drinking water taps (also known as hand pipes) set in the street.



Some recall of most recent short term temporary measures but customers do not view hosepipe bans as a warning sign that resilience is not being addressed

			
Experience	<ul style="list-style-type: none"> • Minimal • Some remember short term ban in 2012 as a result of dry winters • Memory of a communication from SE Water 	<ul style="list-style-type: none"> • Minimal • Discussion around river beds running dry 	<ul style="list-style-type: none"> • Only a few over 45s remember standpipes in 1976 • Queuing for water • Playing in the street • Almost nostalgic vs. disaster
Impact	<ul style="list-style-type: none"> • Seen as 'inconvenient' • Not a disaster • Ban on 'luxury water use' • BUT some impact for keen gardeners • AND for mums with children (padding pools) • NOT seen as linked to resilience, but just a temporary prevention measure 	<ul style="list-style-type: none"> • Mixed response • Environmentally engaged feel concerned about the rivers and associated impact on ecosystems • Others less aware of the impact of abstraction 	<ul style="list-style-type: none"> • High impact but mixed response • Fine - still have water at home at some points; 3rd world countries context • Terrible and stressful • Concerns about mutiny on the street • Shouldn't happen in the UK • SE Water would be negligent



I have a small garden and pot plants so it doesn't make a difference to me
Heathfield

It would be bad for the wildlife
East Grinstead

You have to come home and join a queue?
Heathfield

It was quite an inconvenience to us when it happened and I was annoyed as I felt it was unnecessary
Whitstable

It depends what it's doing to the wildlife in that area. If it's not going to have a negative effect on the environment of that river then I don't see why it should be such a huge problem.
Tenterden

It would be awful because the water is readily available so it would be an inconvenience
Heathfield

We used to have a pool and we weren't allowed to fill it up
Tenterden

This feels like going back to the past – really backward
Tenterden

I think the problem is that these things can't be policed properly
Whitstable

We've improved our rivers so much over the last 20 years I hate to think we'd go back to that. And we will if we take water out and reduce the amount of oxygen for fish and other wildlife
Petersfield

I think we would adapt to it, but life with a young family and two of us working could get quite difficult
Whitstable

Acceptable levels of service

Overall risks are felt to be low and current levels of service acceptable

Showcard F – What level of service do customer want

1. 10 % chance of temporary use bans every year
2. 2.5% chance of non essential water use restrictions every year
3. 2% chance of applying for permission to take more water out of the rivers
4. 1% chance of standpipes in the street every year
NB. South East Water came close to this after the 2 dry winters in 2010-2012 referenced earlier

Response to levels of service

- All seen to be low and unlikely to happen
- Temporary bans = inconvenience vs. major problem and 10% chance feels acceptable
- River abstraction = concerns environmentally engaged but even these folk feel that 2% is low
- Standpipes = greatest concern but 1% chance feels extremely low. Context of recent 2 dry winters is recognised but the fact that SE Water managed/it rained makes it feel that they are planning appropriately

There is also a significant voice from customers who feel these risks are acceptable BUT would still like to see broad investment to secure future resources



10% that's much lower than I expected
Heathfield

*I'm not really sure what this means but if it
upsets the ecosystems then that's not good*
Heathfield

Well even though it got close to this, it
didn't happen did it?
Heathfield

I think 10% is pretty low actually
East Grinstead

2% feels a very low risk to plan for
East Grinstead

I don't like the idea of this but 1% is such a
low amount
East Grinstead

*Well if we are saying it happened recently
and it is every 10 years then it won't be
for a while!*
Tenterden

*2% feels low, but it still shouldn't really
happen*
Tenterden

It's not that bad and I think it is an
acceptable risk at 1%
Whitstable

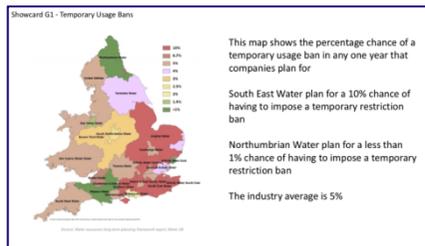
*Would only be my grandad who would be
bothered. No-one else would bother about
this happening every 10 years*
Wokingham

*Once every 50 years? Sounds low but I
don't want this to happen*
Petersfield

I would quite like this – bring the
community together. And a 1% chance –
it's unlikely to actually happen
Wokingham

WTP – temporary bans

No real appetite to pay more to decrease hosepipe risk BUT some WTP for broader future investment



• From the map, South East Water currently think there is a 10% risk per year that you would experience temporary ban
 • Would you be willing to pay between 2% and 4% more on your bill per year to reduce that down to 5% risk per year?
 • Would you be willing to accept a price decrease between 2% and 4% in your bill and accept a higher risk of experiencing temporary bans e.g. 20% risk per year?

Context

- Understanding broader England and Wales picture is helpful
- Reinforces that all water companies are planning
- Feels intuitive e.g. Northumbrian seen as abundant in rain and less densely populated
- Neighbouring companies are in the same boat

WTP 2-4%

- In some groups (esp. Heathfield) pockets of customers WTP higher bill amount
- Some for temporary ban – low cost vs. dissatisfaction with level of service
- Some for generalised future investment e.g. £4-£8 on average bill to pay for resilience projects

NOT WTP 2-4%

- Majority not WTP 2-4%
- Hosepipe bans not an issue
- Comfortable with risk
- Reducing down to 5% unnecessary
- Not convinced SEW would manage to reduce risk

Nobody wants to see an increase in risk for a bill reduction – bill generally acceptable and 10-20% beings to reach an uncomfortable tipping point

WTP – temporary ban

There is a 90% chance every year that something 'I don't really care about' won't happen. I'll take my chances
East Grinstead

I'm not convinced they would do something that would definitely work, so I wouldn't be prepared to pay
Whitstable

I think this is what we are paying them to do anyway. I don't see why I should pay more
Tenterden

I remember a hosepipe ban it was a long time ago – I can't remember anything recently
Heathfield

I would pay it – it's only £4-£8 a year and they could spend that money investing for the future
Heathfield

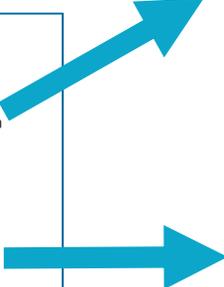
I would pay this. Not to reduce the risk of a hosepipe ban but to protect our supply for future generations
Petersfield

WTP – Standpipes

Despite some fears around the idea of standpipes in the street, planning for a 1% risk is acceptable

Showcard H – WTP Severe usage restrictions

- Thinking about droughts that might happen 1 in every 100 years, there is a 1% risk per year that you would experience standpipe restrictions
- Because of the 2 dry winters in 2010-2012, South East Water are now looking at drought that might have a lower than 1% chance of happening but would have an increased chances of having standpipes
- Would you be willing to pay between 5% and 10% on your bill to reduce the risk of standpipe restrictions by half?



- 1 in 100 years understood
- Low probability of this happening
- 1% risk is very low and acceptable
- Two dry winters = dismissed as very low chance (< than 1% of this severe drought happening)
- Context as before – close but not experienced is not enough of a motivation for reducing risk
- Increased standpipes is a concern for minority but no WTP £10-20 on average bill to reduce this by .5%

4

Community Sessions – Response to Resilience Options

Resilience options were presented with potential financial, environmental and resilience impact

Ideal solution

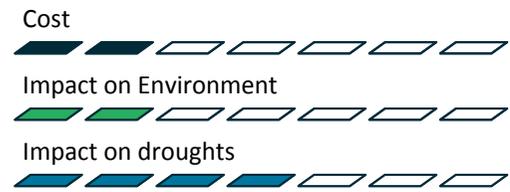


- No 'silver bullet' resilience option of low cost, low environmental impact and high impact on droughts
- Most appealing solutions selected mainly on lower environmental impact
- Customers least accepting of higher spend with possible environmental harm and uncertain resilience impact

Likely solution for SEW is a mix of measures that limit over reliance on one and spread cost but also increase supply AND manage demand

Impact of higher placed resilience preferences

Catchment Management



Surface water/storage reservoir



Water treatment works



Higher placed resilience preferences

All felt to be environmentally sound resilience options

Resilience Option	Appeal	Response	What they say.....
Catchment Management (Low, Good, Mixed)	High	It feels progressive and natural Positive impact on environment is key driver of appeal Impact on water quality is a good thing Positions SE Water as innovative and future focused Good to work in partnership with other users	'Won't they be reliant on working with third parties'
Surface Water/Storage reservoir (High, Good, High)	High	Feels like a very obvious thing for SE Water to be doing Currently low proportion resource from this source so offers potential Impact of reservoirs is positive (recreational)	'Surely they should be doing this anyway' 'I love reservoirs'
Water treatment works (Low-Medium, Good, Low)	High	Important thing for SE Water to do Investment in assets makes good business sense Positive impact on the environment is a good thing Feel that this should be part of the overall solution	'This is a no brainer' 'Why aren't they doing this already'

Resilience preferences with medium appeal

All seen to be interesting partial solutions

Resilience Option	Appeal	Response	What they say.....
Leakage reduction (Medium-High, Good, Low)	Medium	Emotional response Leakage = immoral VS. they are already 'doing a great deal' so is this really worth more investment AND proposed cost is high	'In the future they will have more efficient ways of looking for leaks'
Water efficiency (Low, Good, Low)	Medium	This is about shared responsibility – customer and water company Future focus is important – people need to control usage Smart meters feel like positive impact here VS. devices which are not that effective	'They must do this as this is about educating people' 'Every little helps'
Groundwater (Low-Medium, Mixed-Poor, Mixed)	Medium	Uncomfortable with negative environmental impact Doesn't feel like a complete solution Reliant on rainfall	'Not necessarily a solution in the long term'
Licence Trading (Low to High, Good, Mixed)	Medium	This makes sense if licences are not currently used No impact on the environment as this level of abstraction is already planned for BUT unlikely to be effective when needed	'There are loads of printing companies that don't use their licences anymore'

Lower placed resilience solutions

Interesting concepts, appeal affected by feasibility and impact on the environment

Resilience Option	Appeal	Response	What they say.....
Groundwater (Low-Medium, Mixed-Poor, Mixed)	Low	Uncomfortable with negative environmental impact Doesn't feel like a complete solution Reliant on rainfall	'Not necessarily a solution in the long term'
Desalination (Very high, Mixed, Very high)	Low	Initially interesting idea for some, especially near the coast Dissuaded by the very high costs and negative environmental impact See as overkill for something that might only be used in exception circumstances/once in a blue moon Seen to be a potential future solution	'We are surrounded by sea and other countries do it' 'Perhaps it should be used as a last resort?'

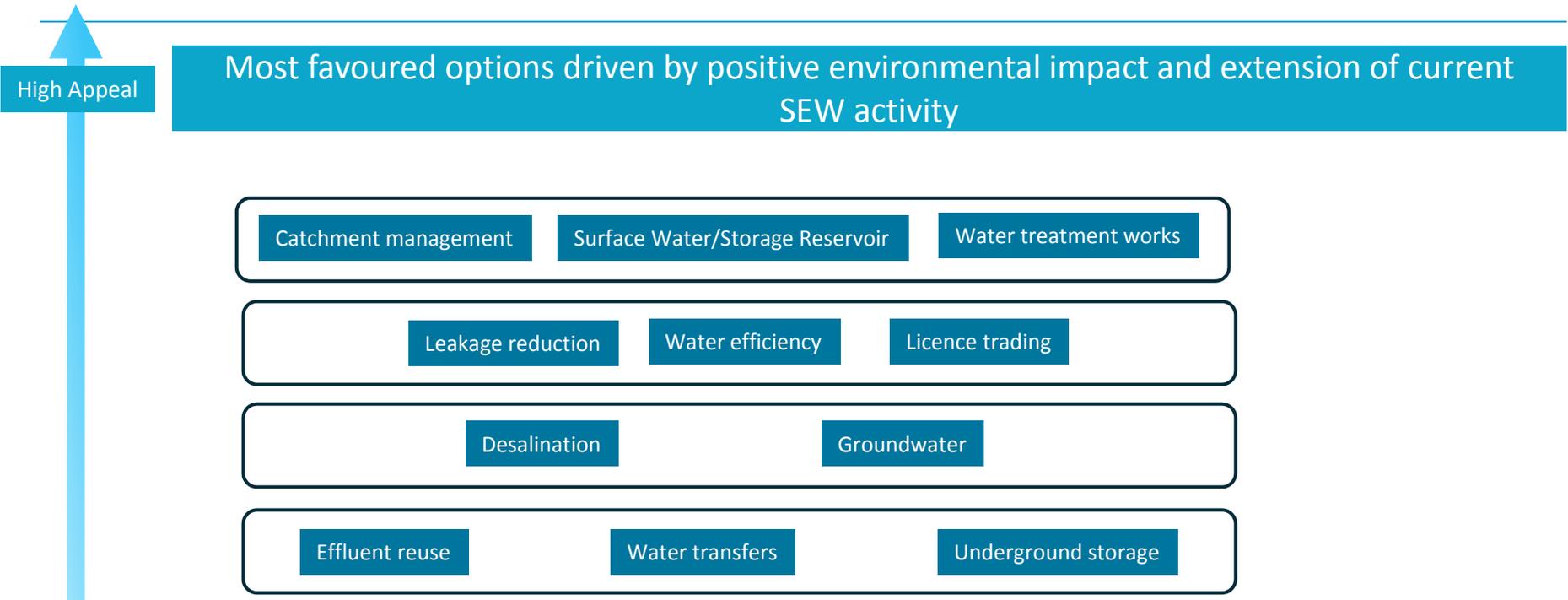
Least popular resilience options

Uncomfortable with Mixed-Low environmental impact and uncertain effectiveness

Resilience Option	Appeal	Response	What they say.....
Effluent reuse (Medium-High, Mixed, Mixed,)	No	Idea of this stinks! Uncomfortable with negative environmental impact High-ish costs for mixed impact on drought risk Need to generate own solutions as reliance on donor company = could be held to ransom	'I just don't like the risk on the environment' 'The idea of this is horrible' 'We do this already!'
Underground storage (High, Mixed-Poor, Mixed)	No	Innovative idea Collecting underground makes sense but uncomfortable with environmental impact	'How does this actually work'
Water transfers (high, Mixed, Mixed)	No	8% already = quite surprising Doesn't feel like a credible long term solution High costs through reliance on water companies that are geographically distant	'You would have to get this from Scotland because everywhere down here would be in the same boat'

5 Summary

Summary of appeal of resilience options



Some implications for quantitative stage

- Further need for simplification, especially on risk of occurrences (eg 1% or 1 in 100 years)
- Temporary usage bans not immediately understood as indicator of insufficient resilience measures
- Responses likely to have 'local filter' and to be in context of views on current operational efficiency
- WTP affected by perceived credibility of risk and likely effectiveness of solutions

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