

YourVoice Report to the Board of United Utilities  
**on the quality of customer  
engagement for PR24**



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# Executive summary

## Context

Water companies have recently come under significant national public scrutiny due to perceived performance failures, environmental stewardship issues and concerns over shareholder dividends and executive pay.

This scrutiny has increased public awareness about water companies and has led to respondents in customer engagement work offering opinions around these issues.

Increased statutory requirements, particularly around the Environment Act, are substantial and to comply with the law, must be carried out with no discretion. Therefore, during discussions about research and insight, YourVoice and UUW agreed that seeking customer views about this mandatory expenditure might indicate that they could influence spend.

As guided by Ofwat, customer engagement has instead concentrated on discretionary spend, where customer views could have influence. The company tackled this head on, clearly explaining to customers the difference between the 'must do' (statutory) plan and the 'proposed plan', the latter of which included the company's non-statutory proposals.

YourVoice feels customers were given realistic options to provide comments on, and were shown the estimated cost differences between, the two plans.

The company's proposed plan has been met with high levels of support and customers felt it covered their priorities, with affordability being a key concern for the majority of respondents fuelled by the economic crisis and the financial pressures on households. These concerns were clearly listened to, acknowledged and monitored by UUW. This led to additional work carried out by UUW on affordability and cross subsidy between customers to support a proposal to increase help for those struggling to pay water bills. Customers noted an increased company contribution, but felt that this could have been higher as they were being asked to contribute more at a time of economic pressure on them.

We would like to acknowledge the increasingly mature relationship between YourVoice and UUW, which has come about incrementally since PR19. While it took some time for the understanding, trust and openness to challenge to embed, we believe there is now a mature and trusting relationship evident throughout our work with UUW. It is clear that the company sees our work and challenge as adding perspective and value, and YourVoice would like to acknowledge the work the UU team has put in to provide us with information we have requested.

Through our engagement, we work independently of the company and practice independent scrutiny and challenge. Highlighting this, in particular with customers and the regulator is important to us to ensure the work and effort we put in is given the credibility it deserves.

We not only set our own agendas, we also meet without UUW and have an independent secretary to prepare minutes and papers.

## Our work

YourVoice and its sub groups have provided independent advice and challenge to U UW across the full range of its customer engagement and research activities for PR24, building on our work at PR19 and 'business as usual' activity. As YourVoice also monitors and reports on U UW's performance, on behalf of customers, it has a good insight to review service proposals and incentive rates.

U UW's strategic research and engagement framework, which we were invited to challenge and comment on, provided the context in which customer research and engagement was developed. This programme of work has been of high quality, independent, comprehensive, and transparent. It covered over 80 separate pieces of research and utilised a wide range of high quality and innovative techniques to engage with and understand customers' needs and priorities and, where appropriate, co-create with customers.

There is strong evidence of customer support for the performance levels, expenditure and timing of proposals in the Business Plan, although there was great apprehension by customers of their ability to afford the bill impacts, particularly in the context of the economic situation, high inflation and energy bills.

## YourVoice views

- There is good evidence that U UW operates in a customer centric way and encourages customer feedback. The company evidences it has an ongoing understanding of its customers' long and short-term priorities, needs, service level expectations and is engaging them on issues that really matter to them. It is clear that the company treats its customers as active participants with useful views rather than simply recipients of services.
- U UW has undertaken a high quality, comprehensive and wide ranging programme of customer research and engagement activity, undertaking more than 80 pieces of work and utilising a range of innovative techniques to engage, explore and understand customer views, needs, expectations and priorities, in both the long and short-term. Business as usual research has been ongoing and comprehensive and has been used in triangulation and business planning.
- YourVoice has been involved in challenging over 80 pieces of research work by reviewing materials, observing cognitive testing, reviewing briefs to market research companies, attending online and hall testing, and attending feedback sessions following engagement work, with the opportunity to directly challenge the company and its research companies.
- Throughout the PR24 programme of work, in our opinion we believe we are seen by the company as adding value to its work and engagement with customers and stakeholders. The company has provided us with appropriate, timely and comprehensive information and has responded positively to our comments and challenges, often, but not always, making amendments in line with these. It has been helpful to understand the reasons why some of our challenges have not been accepted and to discuss these with the company. We keep a record of our challenge in a YourVoice actions and challenge log, an ICG customer research and engagement challenge log and an Affordability and Acceptability tracker, all appended to this report.

- Our meetings have been well attended by the company executive management team, senior managers and project specific staff. Papers are comprehensive, (although we limit their length), understandable and timely.
- UuW has made significant strides in engaging with and informing customers about its service performance against its plans and targets and has included comparison to other water companies.
- UuW set up an independent scrutiny panel to review the large scale WINEP programme. The group looked at topics such as deliverability, preparedness and customer engagement. The chair of YourVoice was a member of this group. YourVoice has, on an ongoing basis, received update reports on the WINEP, WRMP and DWMP and the use of innovative delivery options, preparedness of UuW and its supply chain and the risks and opportunities such large programmes bring to the region.
- UuW has made good progress on engaging with a large number of regional and sub-regional stakeholders and non-household customers in its engagement work. Examples include an annual Environmental Summit, Affordability Summit, Better Rivers Programme (monitored by YourVoice) and additional 'Your Water, Your Say' sessions in each of the North West sub regions (Greater Manchester, Cumbria, Lancashire, Merseyside, and Cheshire)
- There is strong evidence that the company engages with customers following major incidents to ensure they have the full picture and can see incidents from a customer service perspective and that changes have been made following this feedback.
- YourVoice considers there is very good evidence that UuW has made strong efforts to engage with and understand the needs, circumstances and requirements of different customer groups, particularly those who are vulnerable or hard to reach or who do not use English as a first language, have a disability, have financial pressures or are digitally excluded. Future bill payers and the voice of young people have also been engaged in PR24 research.
- UuW has used numerous innovative and varied techniques to access customer engagement and views. We found strong evidence that the company has talked to customers about their priorities, and about long-term strategic issues by using new and innovative research techniques to bring these issues to life. YourVoice has seen and been impressed with these interactions which have increased customer participation and understanding. The use of AI technology on the Long Term Delivery Strategy piece of work was particularly commended by YourVoice.
- Engagement and education on topics such as water transfers, resilience, climate change, river water quality and environmental matters have been well received and responded to by customers and stakeholders.
- We have observed, and on occasion challenged, some excellent work on Priority Services and on affordability and social tariff work. The company are cognisant of the high levels of affordability challenge in the North West and have proposed, supported by bill payers, additional support schemes and resources for this alongside an increased contribution from company shareholders.
- UuW carried out six 'Your Water, Your Say' sessions, led by its Chief Executive, to talk about its priorities for each North West county, as well as an Ofwat/CCW prescribed session providing a regional overview. It encouraged questions and challenge about its plans and the potential bill impacts of its Business Plan for 2025 to 2030. These sessions were all independently moderated



and will be repeated in the autumn when the Business Plan has been submitted. The feedback from customers was generally positive and many commented favourably on the opportunity to speak directly to the Chief Executive.

- YourVoice believes that the company have followed all relevant guidance from Ofwat and CCW on PR24 and we have seen and discussed the AAT compliance assurance report with the authors, Turner and Townsend.
- YourVoice has challenged the triangulation methodology and practice and has considered triangulation results. YourVoice has seen and explored examples of the golden thread link from customer research to the Business plan. Examples of these can be seen in the body of our report.

## Conclusion

**It is YourVoice's view that United Utilities Water has carried out independent, comprehensive, representative, high quality customer research and engagement in a transparent way to support the formulation and submission of its 2025 to 2030 Business Plan.**

**We believe the evidence, information and views obtained from customers have genuinely driven and informed the development of the company's 2025 to 2030 Business Plan to the benefit of current and future customers.**



# Detailed report

## 1. Introduction

In February 2022, Ofwat laid out minimum standards for high quality research, customer challenge and assurance of customer engagement for PR24. The aim was to improve the overall quality, reliability and use of customer evidence and to ensure that that “overall water company research and engagement should follow best practice and lead to a meaningful understanding of what is important to customers and wider stakeholders.”

Ofwat advised the research should be reviewed and assured by individuals or groups that are independent of water companies. The reviewers should also have a range of relevant skills and experience and should feel confident to challenge on all aspects of research and engagement. Information shared with them should be relevant and timely and water companies should be transparent about the research findings and the ways in which the findings have been used.

Ofwat also advised that customers and their representatives must be able to challenge the companies’ ongoing performance, Business Plans and long-term delivery strategies. The purpose of customer challenge is for companies to receive feedback on what issues matter to customers, what their views are on various aspects of companies’ activities, and to enable customers to comment on how well plans reflect their needs, priorities and preferences.

Ofwat expects evidence of high quality customer challenge to be:

- Representative
- Independent
- Ongoing
- Informed
- Transparent
- Comprehensive
- Timely

## 2. Purpose of this report

**The aim of this report, from the North West’s Independent Challenge Group, YourVoice, is to inform the United Utilities Board of our views on how the company has performed against Ofwat’s guidance with relevant evidence, opinion and other information.**

## 3. Background

In line with Ofwat guidance to water companies on engaging customers in the PR14 process, a Customer Challenge Group (CCG) was established by U UW in 2012. Building on the work and membership of the CCG, a new group of customer and stakeholder representatives, known as the ‘YourVoice’ panel, was formed in 2015. Despite no requirement by Ofwat to have an Independent Challenge Group in the PR24 methodology, United Utilities requested YourVoice continue its work to:

- a. monitor and review progress against the delivery of U UW’s 2020–25 Business Plan commitments, including contractual rewards/penalties, performance relative to other water companies and

review and challenge annual reporting of performance to customers and stakeholders;

- b. review and challenge the quality of UUW's customer engagement and research (both 'business as usual' activities and those specific to the PR24 process), focusing on the quality, clarity and extent of customer engagement and ensuring that it is inclusive, high quality, robust, balanced and proportionate; and
- c. provide assurance to the company and its Board on the quality and effectiveness of customer engagement, and on the extent to which the results have been reflected in UU's business plan proposals for 2025–30.

#### 4. Representative

Following a review at the start of 2022, YourVoice decided to refresh its membership and sub group structure to ensure a healthy dynamic of experienced and new views. A high priority was given to further improve the balance between customer, business, social, regulatory and environmental representatives. This led to the number of organisations representing customer interests (particularly relating to affordability and vulnerability) being increased alongside new members with expertise in money/financial advice, disability support, market research, sub regional matters, the environment and with commercial and development expertise. The group now has members representing young people and future bill payers.

Profiles of the YourVoice members and the terms of reference for all YourVoice groups are available on the YourVoice website at [www.yourvoiceicg.co.uk](http://www.yourvoiceicg.co.uk)

#### 5. Independent

**YourVoice and its sub groups act independently from UUW. The need to demonstrate this is important to us to ensure our work receives the credibility it deserves.**

The Chair of YourVoice was appointed following an open, transparent and rigorous selection process involving the UUW Board and individuals from YourVoice. The YourVoice groups act independently of the company in determining their approach and work. Secretariat and administrative support are provided by an independent secretary.

YourVoice and its sub groups are responsible for determining the agenda, commissioning papers and approving the minutes of meetings. These are available on our website, [www.yourvoiceicg.co.uk](http://www.yourvoiceicg.co.uk)

There is senior, operational and specialist level engagement by UUW with YourVoice and its sub groups, with senior executives and managers attending all or most meetings.

The senior managers are supported by a wide range of UUW employees who attend meetings to provide information on specialist areas and issues. Over the past four years 75 different members of UUW staff have attended YourVoice meetings.

At each of the YourVoice meetings, members meet in private session, if required, to discuss issues without UUW employees present, and further private meetings are convened where this is deemed necessary.

**An Actions and Challenge Log, an ICG Customer Engagement Challenge Log and an Affordability and Acceptability Tracker are maintained** to enable specific challenges and issues raised by YourVoice and its



sub groups to be recorded along with the action taken by U UW in response. These are available on our independent website and are appended to this report. They help to demonstrate the transparency of the YourVoice challenge process and the way in which the company has responded to the issues raised.

All research projects were viewed by YourVoice to ensure they were of high quality, understandable, neutrally designed, representative and didn't try to lead respondents to any particular responses. All market research was delivered in accordance with relevant codes of conduct of the Market Research Society and the Social Research Association.

## 6. Informed

### a. Performance monitoring

**A primary function of YourVoice is to monitor and review the company's performance in delivering its current Business Plan commitments. This work means we are aware of how the company is performing over time and this gives us a good insight when looking at proposed performance levels for 2025–30.**

At each meeting, we receive a quarterly report from U UW showing its current performance against each key performance commitment covering water, wastewater and domestic retail services. A traffic light system is used to indicate progress to allow YourVoice to focus its attention on those areas flagged as 'reds' and 'ambers' where performance is behind target or is at risk of falling behind target in the future. At our request, the company provides an accompanying narrative highlighting the primary causes of any areas of current or potential future underperformance, and the action that is being taken to address the issues identified.

This enables YourVoice and its sub groups to focus on key areas of underperformance at subsequent meetings and to develop an in-depth understanding of why performance is failing and what action is being taken to mitigate or improve the position. It allows us to discuss the key issues with senior managers and raise any concerns about the way in which underperformance is being addressed. It also gives us the opportunity to make practical suggestions to U UW on additional action it might take to address specific performance challenges. A wide range of issues have been discussed since 2020 including future flood risk, per capita consumption, sewer flooding, supply interruptions, household retail, C-MeX, street works performance, wastewater treatment and the reliability and quality of water supplies – some specific examples of our work are given below.

- Injected a strong focus on comparing U UW performance against other water companies and, where appropriate, other large companies operating in different sectors to give context.
- Required the preparation of more detailed information and deep dives on 'red' and 'amber' performance areas and the action to be taken to improve the position.
- Required updates on the take up and success of the company's 'lowest bill guarantee' scheme, which provides customers with the certainty of receiving bills based on whichever is the lowest of metered and unmetered consumption following water meter installation.
- Challenged the company to explain the ways in which individual service performance measures interact with and influence performance against other measures, for example sewer flooding index and future flood risk.



present performance information on key subjects and enable inter-company comparisons where appropriate.

YourVoice observed that U UW research materials were piloted and designed to be neutral with balanced information to allow customers to give an informed response. For each piece of engagement work, the breakdown of the sample to be talked to was shared with YourVoice and was differed by project. All samples were within the market research code of conduct recommendations and were representative of the customer base.

## 7. Ongoing and comprehensive

YourVoice groups generally meet quarterly but meeting frequency increased to at least monthly in 2023 to reflect the heavy workload arising from the PR24 business planning process. A lot of work is undertaken through email and the company always endeavours to give us papers at least a week in advance of meetings or response deadlines.

The main YourVoice Group is supported by four independent sub groups which meet frequently to engage in a more detailed and forensic examination of relevant UU operations, performance and customer research and engagement activities. They include:

- **Customer Research and Engagement sub group** – Chaired by Steve Cullen, it focuses on understanding and challenging U UW’s customer research and engagement programme research and activities.
- **Environment and Social Capital sub group** – Chaired by Dr Tayo Adebawale, it focuses on environmental and social capital performance, U UW’s approach to asset management, climate change issues, and planning and operational delivery of services to customers.
- **Affordability and Vulnerability sub group** – Chaired by Dave Thompson, it focuses on services to customers in vulnerable circumstances and on social tariffs and affordability issues. Members include co-opted members from relevant charities, the voluntary sector, money advice services and other utility providers.
- **Stakeholder sub group** – Chaired by Jo Lappin, it brings together regional stakeholders to review UU activities, partnerships, proposals and performance.

The main YourVoice group brings together each Sub Group chair to meet with U UW directors on a quarterly basis. Led by the YourVoice chair, this meeting enables YourVoice to give a more strategic perspective of external engagement and company performance to the company’s senior leaders.

A key underlying principle for YourVoice and its sub groups is reviewing **all** customer engagement and, as specifically required by Ofwat, monitoring and reviewing acceptability testing.

YourVoice has monitored links from research to the Business Plan, (the golden thread) and reviewed the triangulation of engagement evidence. All YourVoice sub groups **have** been actively engaged and effective in:

- a. commenting on the type, form, understanding, reach and quality of customer engagement and research undertaken;
- b. considering the results of customer engagement and research, and next steps; and
- c. challenging decisions about the way in which the engagement and research results are triangulated and feed through into the company’s Business Plan.

Alongside PR24 specific research, U UW carried out numerous pieces of business as usual research. This is often repeat pieces of work to plot changing customer views over time and to talk to customers about issues like proposed changes to bill format or to measure customer satisfaction. Research on issues such as ability to pay bills, the economic crisis and its effects on customers were also carried out. YourVoice was pleased to see this ongoing dialogue with customers and to note changes in operational delivery/communications in the light of customers' views.

## 8. Transparent

YourVoice publishes its minutes on our dedicated website. This includes an Actions and Challenge Log, a Customer Engagement Challenge Log and the AAT Tracker. These documents list challenges made by YourVoice and show the company response to each of these.

YourVoice feels that U UW is very open with all YourVoice groups on matters under discussion. The company is responsive to requests for information on topics of interest raised by YourVoice members. Papers are normally sent out at least a week before meetings and if additional information is required this is generally made available.

YourVoice has been directly involved in the vast majority of the 80 or so individual projects that make up the U UW customer research programme, including the Affordability and Acceptability research using Ofwat guidance. YourVoice engagement has taken some or all of the following forms:

- **Scoping** – critically reviewing, developing and commissioning of research proposals.
- **Understanding** – viewing engagement pilots to ensure customers understand the research and the questions they are being asked.
- **Developing** – providing challenge and input in developing and piloting research material and events.
- **Attending** – participating in the piloting of research events and attending events as observers to feedback comments and see how customers engage with the work.
- **Reporting** – attending post-research debriefings by researchers to U UW (this is done at the same time that U UW receives this feedback).
- **Reviewing** – considering research results and next steps at YourVoice and sub groups.
- **Following** – plotting the results of research and engagement to the Business Plan.

We feel the company is open and transparent with YourVoice as we review scoping of research, review proposals and questions to ensure they are neutrally designed, attend cognitive testing and contribute to proposed changes, attend in the field events and are present when the results of research are fed back to the company. We review the results of this research and how it is triangulated and taken into account in the Business Plan.

**YourVoice commends U UW in that it has been open and transparent in placing all its research and engagement documentation, including questionnaires methodology, stimulus and reports from research companies on the outcomes of engagement work on its website at <https://www.unitedutilities.com/corporate/about-us/our-future-plans/listening-to-our-customers/insight-and-research-library/>**

**The availability of this information has been promoted, via the company's Source newsletter, which has been well received by stakeholders.**

## 9. Comprehensive high quality customer engagement

We are cognisant at all times of Ofwat's expectations of high quality customer engagement in carrying out our challenge work. YourVoice is guided by relevant Ofwat and CCW advice and reports, in particular:

- Final PR24 methodology
- Creating tomorrow together
- PR24 and Beyond: customer engagement policy
- Guidance on Affordability and Acceptability Testing of PR24 Business Plans
- PR24 long-term strategies and common reference scenarios
- PR24 discussion paper on outcome delivery incentives
- Understanding customer preferences for performance commitments for PR24
- Lessons learned from 2019 Price Review
- CCW PR24 Manifesto

Our aims throughout are to ensure:

- High quality research and engagement is undertaken (in line with market research best practice) alongside different methods of discourse with customers and stakeholders on a regular basis. Alongside this, we also ensure the company use business as usual data, social media monitoring and customer feedback, such as rant and rave.
- Representative samples and wide coverage in terms of ethnic mix, sub-regional coverage, financial circumstances, age, social position, ethnicity, non-household customers are used and all market research codes of conduct are adhered to.
- Robust challenge on the nature, quality and use of customer engagement evidence.
- Assurance on the quality and use of customer engagement evidence through triangulation and the 'golden thread'.

UW's strategic engagement framework, which we were invited to contribute to and challenge, provides the context in which it has developed its customer research and engagement programme. The programme is comprehensive, flexible, iterative and broad in scope, covering over 80 separate pieces of research, and utilises a wide range of techniques to understand customers' needs and priorities. The programme is structured using the following broad categories of engagement:

- **Tracking** – brand health and customer satisfaction surveys.
- **General/bespoke** – for example, in relation to specific incidents or to address specific issues such as bathing water quality.
- **Customer panel** – using the 'In the Flow' online customer panel (which has over 1,000 members) to obtain views on a wide range of issues including bill redesign, water quality, and leakage.
- **Business as usual insights** – from day-to-day interactions with customers.
- **AI and gaming** – to engage customers in research work.
- **Behavioural economics** – using behavioural science techniques to address specific issues including social tariffs, sewer blockages and water efficiency.
- **Analysis of customer interactions** – understanding and making better use of customer contact data across a range of issues including supply interruptions, sewer blockages and water quality.



- **Co-creation with customers** – an example is the water visualisation research carried out in March 2023.
- **Customer trials and experiments** – covering a wide range of issues including sewer misuse, water efficiency and vulnerability.

Through our Chairs' Group, particularly through the work of the Customer Research and Engagement sub group, YourVoice engaged extensively across the full range of UUW's customer research and engagement programme. The views of YourVoice have directly influenced UUW decision-making about the key issues on which to focus and develop its research, for example highlighting the need for a stronger emphasis on smart metering, sewer flooding, leakage, affordability and on bespoke ODIs and social tariffs.

It is not possible, without making this a very lengthy report, to cover the full extent of YourVoice's activities in assuring high quality and transparent customer engagement, therefore the following examples provide an insight into the range of UUW's engagement work and the ways in which we have monitored, challenged and influenced the company's customer research programme and use of results.

- Encouraged the presentation of research materials in ways easier for customers to understand, including suggesting the addition of bill impact and inflation as a total financial figure in the AAT research.
- Challenged the company and its market research companies on the interpretation of research results at internal debrief sessions.
- Supported the development and application of behavioural economics and AI based research to stimulate customer thinking and explore customer attitudes to more challenging service delivery issues and projects. This included ensuring that research projects comprised non-household as well as household customers and providing independent challenge and feedback on the immersive experience. An example here is the work on the Long Term Delivery Strategy research.
- Supported the development of the 'In the Flow' online customer panel, which provides the opportunity for UUW to explore issues in greater detail with a more informed group of customers, and provided feedback on the material to be used in specific 'In the Flow' discussions.
- Carried out 'deep dives' into leakage, sewer flooding, supply interruptions, social tariffs, affordability, priority services and other key topics.
- Ensured that lessons were learned on the best ways of engaging customers following large-scale incidents, particularly customers on the Priority Services register.
- Provided feedback on the company's development of new formats to provide customers with clearer billing information, water usage information and highlighting the opportunities to provide advice on action customers can take to improve water efficiency.
- Worked to critique the UUW app and observed customer feedback sessions.
- Supported the company to engage independent experts to provide external assurance on particularly significant and challenging projects, for example WINEP. The chair of YourVoice was a member of the WINEP Scrutiny panel to provide challenge on behalf of YourVoice and customers to the WINEP programme of work.

- Reviewed planned UU customer communications, surveys, etc. (written and online) to ensure the use of plain English and avoid the use of water industry jargon.

This work has been welcomed, and fully supported, by the company which has ensured relevant materials are provided to us in good time and in formats that are digestible and easy to follow. There is no doubt that the Company see our involvement as adding value and actively encourage our participation, comment and challenge.

All our comments on individual pieces of research and engagement work have been listed alongside responses from the company. Three challenge documents, as mentioned previously, are available as appendices 2, 3 and 4 of this report.

Some detailed examples of high quality customer research and engagement are provided as appendix 1.

## 10. Bespoke ODIs

As part of the PR24 process, Ofwat suggested water companies may want to propose a small number of bespoke PCs to complement the common performance commitments defined by Ofwat.

Work to test these proposed bespoke performance commitments was undertaken with customers and stakeholders asking about their priorities and issues they felt important for the North West. The shortlist of possible PCs was reduced from 11 to six following this initial work.

After making an early submission of these bespoke PC proposals to Ofwat, the regulator gave its feedback that it did not consider UUW's proposals to be suitable. The company and YourVoice reviewed each proposal in detail and UUW undertook two pieces of customer engagement to ascertain what customers thought.

YourVoice strongly challenged the proposed bespoke PCs in some detail which is listed in the challenge log and asked the company to report on:

- Why these were the most important to the North West with researched examples showing the 'golden thread' and customers' priorities.
- Details on proposed expenditure.
- Customer support.
- Details of outputs and outcomes.
- Detail on how they would be operated, rolled out and administered.
- Company's action if these are rejected by the regulator.
- WINEP and other crossover on spend and possibility to accommodate elsewhere in the PR24 business plan.
- The potential financial up and down side for UUW.

YourVoice was pleased to note that following Ofwat's feedback on YourVoice challenge and social tariff and bespoke PC research, it has been agreed that the following bespoke PCs will be submitted in the PR24 Business Plan:

- Embodied greenhouse gas emissions – proposed new bespoke PC – taking into consideration the useful feedback around customer understanding of the wider subject, and therefore how to report and explain in the future UUW's progress on reducing carbon emissions.

- Help for non-household customers (the NHH affordability bespoke PC) – propose the bespoke PC, taking on board in the proposal defining carefully who qualifies to receive the help, reflecting customer feedback on this.
- Improving Windermere ("Wonderful Windermere") – propose the bespoke PC, emphasising the wider benefits it could have as UUW seeks to apply what has been learned from its activities here to the wider region, reflecting customer feedback on this.

The following proposed bespoke PCs were withdrawn but will be covered in other parts of the proposed PR24 business plan:

- Help for Households ('Water without worry', the HH affordability bespoke PC) – **withdraw** this bespoke PC and focus instead on an extensive affordability support package within the PR24 Business Plan submission, reflecting the strong customer support for affordability measures.
- Rainfall management ('Slow the urban flow') – **withdraw** this bespoke PC and absorb the planned activities into the rainwater management enhancement programmes, reflecting that the focus of the bespoke PC was supported by customers.
- Lead pipe replacement – **withdraw** this bespoke PC and absorb the planned activities into the lead enhancement programme, bearing in mind Ofwat's view that it is best covered by PCDs.

#### **Bespoke PCs that have been withdrawn:**

- What not to flush – **withdraw** this bespoke PC due to low customer support.

## **11. Affordability and Acceptability Testing**

As part of the development of the PR24 Business Plan, all water and wastewater companies are required to test the acceptability and affordability of their plans with customers before submission to Ofwat. To ensure a standardised approach across the industry, Ofwat and CCW produced guidance on how the research should be undertaken. This guidance was designed to facilitate consistency and comparability between companies.

YourVoice has been heavily involved in this area of work from the outset in the design, implementation and below are our challenges to the company on this work.

- Demonstrate that this engagement with customers is in line with Ofwat and CCW guidance and is of high quality and follows research best practice.
- Discuss and challenge UUW if they wish to defer from Ofwat guidance.
- Demonstrate that materials used are neutral.
- Ensure that a representative sample of household and non-household customers are consulted.
- Ensure that qualitative feedback is used to edit and shape the Business Plan proposals ahead of quantitative testing.
- Ensure that customers' priorities and preferences are driving UUW's PR24 investment plan decisions.
- Understand on what basis customers have formed their opinions and if the plans are not thought to be acceptable, to understand what would need to change in order for the plan to become acceptable.

In addition to the qualitative and quantitative phases of testing mandated by Ofwat, U UW also commissioned a quant light phase of testing alongside the qualitative work to get an early measure of its customers' views on the business plan and pilot the approach ahead of final testing. This quant light again followed the Ofwat/ CCW guidance and was done with the challenge of YourVoice.

We set up an AAT tracker which was used to share the companies' approach and capture challenge, feedback and comments from YourVoice. All consultation on the work with the ICG, including group member comments and U UW responses, are listed. In one example of our involvement, YourVoice suggested to the company that the bill impact should be shown alongside inflation and then the two sums aggregated to make it clearer to customers what the total bill impact would be. It was felt this was in line with the guidance and was used with customers in testing. The same comment was fed back from respondents following cognitive testing.

The company discussed with YourVoice their proposed participant sample sizes and breakdown using Ofwat's sampling framework of customers. In line with the guidance, categories of customers included future bill payers, health and financially vulnerable customers and digitally excluded customers as well as non-household customers including micro businesses and small, medium and large companies.

Members of YourVoice attended engagement sessions, either in person or by viewing recordings of the groups, to provide comments and challenge.

In one such meeting, U UW informed us that they would like to test a second higher bill impact with customers fully referencing the original guidance, where it stated that the Affordability and Acceptability Testing must be repeated if the service levels or bill impacts were materially worse for customers. The definition of 'materially' was discussed with YourVoice and we agreed that anything above 5%, a figure applied by Ofwat in its charges guidance, would be regarded as material and required more testing. YourVoice therefore supported the retest proposal and agreed with the company a reduced sample size for the qualitative phase could be used.

The final proposed bill eventually fell under the lower bill tested with customers.

The results from this work show levels of acceptance of the Business Plan proposals in terms of service improvement and bill impact were relatively high as outlined below:

- High levels of acceptance of the plan by customers were seen in the research results.
- In the qualitative research 78% of household customers found the plan to be acceptable, and in the quantitative research it was 70%.
- 75% of non-household customers in the qualitative research, and 85% in the quantitative research, found the bill acceptable.
- 88% of future bill payers said the bill was acceptable.
- Lower income customers were more likely to find the bill unacceptable.
- 74% of household and 62% of non-household customers were keen to invest in service improvements earlier rather than later.
- 50% of household customers and 61% of non-household customers found the proposed bill impact affordable but only 25% of vulnerable customers found it acceptable, dropping to 13% in the quantitative research.

Some concerns were expressed by customers:

- Bill affordability, particularly in lower income customers, and general concerns over the cost of living.

- Challenged on the ambition of targets for leakage reduction and pollution incidents.
- Potential imposition of smart meters from non-metered customers.
- Want more local targets that they can monitor.
- Don't want a delay in important investment.
- Company profit, executive pay, stability of water companies.

**These areas of customer concern will be taken on board by YourVoice and will be added to our future 'deep dive' work programme.**

UWU used 'Turner and Townsend' to provide assurance on customer engagement on Acceptability and Affordability testing to ensure all Ofwat guidance had been complied with. The Chair of YourVoice met with Turner and Townsend to consider their report on compliance which concluded that they were 'very satisfied' that UWU had fully followed the guidance.

## 12. Social tariff

UWU is seen as a leading company when it comes to supporting customers in vulnerable circumstances. There is no doubt that they offer extensive affordability support packages to help low-income households afford their water bills. The package is funded by shareholders, direct company contributions and a customer cross subsidy of around £7 per year.

Bearing in mind the current economic situation, the proposed water bill increase and the effects of inflation, the number of applications for financial support will increase. UWU carried out research to assess customers' attitudes towards the level of bill increase they would support in order to fund enhancements to the affordability package offer. YourVoice felt the research was open, inclusive and written to be understandable to customers, encouraging them to participate. It gave customers the opportunity to discuss existing schemes and how financial support works in other areas.



Following a cognitive stage, 1,012 customers were spoken to either face to face or online to understand their views on increasing the current cross subsidy from £7 per year. YourVoice commented on the materials, observed the cognitive testing and the field work and were in attendance when the research company provided their report. As usual, YourVoice heard these results at the same time as the company and were able to challenge UWU and the market research company about the results and their interpretation.

Just over 76% of customers said they were willing to contribute at least something extra towards the social tariff schemes. **The proposed £1 per month bill increase** represents the median willingness to contribute amount and is a tipping point as there is a substantial decline in support after this amount is exceeded.

YourVoice is grateful for the help of the CCW team in working alongside them to review this area of work.

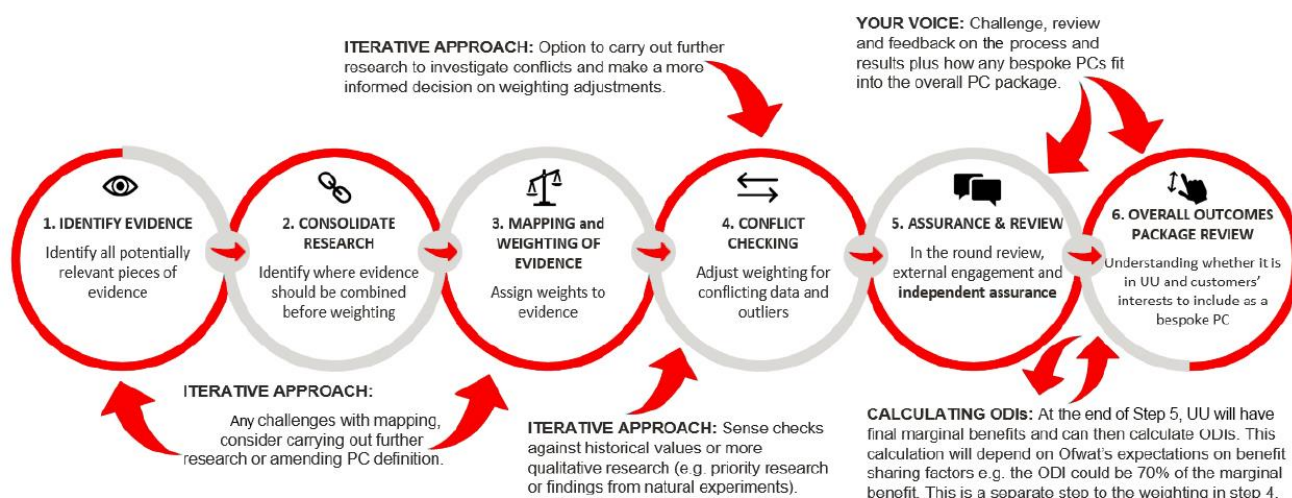


Customers raised a number of issues around the current support schemes, the advertising of these, the eligibility criteria and felt the company should ensure communications are in place which raise awareness and make a case for the schemes. YourVoice noted many of these comments and has placed this area of work on our future work plan.

### 13. Triangulation

YourVoice reviewed and challenged UUW’s approach to, and outcomes from, triangulation at PR19. For the new Business Plan, the Chair of YourVoice attended a helpful training course, run by CCW, on this subject. The Chair was able to bring the recording of the session back to the Customer Research and Engagement Sub Group to ensure they had access to this material.

The company took YourVoice through its proposals for triangulation which, in our opinion, was thorough and in line with the principles of triangulation as outlined in our training. The company diagram below shows this work in practice and the opportunities for YourVoice’s challenge, review and feedback on the proposed process and the constituent elements taken into account to achieve a triangulated result.



- Frontier Economics helped to develop the mapping and triangulation framework
- It draws on best practice from the water sector, CCW, SIA partners and lessons learned from PR19

### 14. Golden thread

YourVoice has been keen to follow the results of research and engagement results through the triangulation process, and to the Business Plan. The term used to describe this journey is the ‘Golden Thread’ and the following working examples show the Board how YourVoice have been able to follow how key findings have influenced the Business Plan proposals.

#### a. Customer priorities work

**Long-term research customer priorities:**

- Showed customer priorities over time.
- Pointed to projections on what future priorities might be.
- Analysis showed future trends likely to be driven by cumulative events such as climate change.
- Environmental issues likely to be high over long term.
- Minimum service levels likely to remain high priority.

- Leakage and asset health likely to increase in priority.
- Affordability concerns may reduce over time.

### **How are these priorities seen in Business Plan?**

- Supports improvements in resilience and asset health, pollution, leakage and environmental protection.
- Encourages prioritisation of these areas in short and long term.
- Supports prioritisation of environmental investment, including nature based, rainwater management.
- Highlighted areas for further work on inter-generational equity, social value which were included in Phase 2 work.

### **b. Long-term research immersive ambitions testing:**

#### **Key findings:**

- Customers expressed their preferences for the levels of service and speed of achieving that service for each ambition area.
- Differences in priority mainly due to socio economic circumstances.
- Views were therefore explored by segment.
- Experience of discussion issues were key factors in support for more stretching ambitions.
- Majority feeling action now to improve things for the future particularly for core services such as maintaining pipes.

### **How are these ambitions seen in the Business Plan?**

This research directly informed targets chosen for key ambition areas:

- Drinking water quality reduce complaints to 4 in 10,000 by 2050.
- Lead pipe removal ASAP – accelerate removal\maintain pipes and pumps.
- Asset health important to invest in and do not use short term fixes.
- Business plan aligned to customers' second preference of reducing leakage by 50% by 2050 but balance affordability/deliverability.
- Go faster on environment targets on consumption, long-term adaptive plan for water explores technological opportunities which could support acceleration.
- Sewer flooding only 1 in 300 years supported.
- Customers support social value creation but not prepared to pay for it. Ambitions should therefore concentrate on steady growth in employment and affordability and partnership working.
- Majority agreed with current carbon net zero by 2050 and feel it is ambitious enough.
- Customers want to explore investment beyond 'no regrets' taking a more proactive approach. This supports investment and enhancement areas including rainfall management, assessment of tank capacity prior to build, dynamic network management and lead removal

# Appendix 1

## Examples of high quality customer engagement

This appendix sets out some examples of the high quality research and engagement work carried out with customers and stakeholders and the nature of challenge and engagement by YourVoice.

### a. Customer priorities

The company wanted to discuss service priorities with customers. This piece of research, completed in late 2021, helped the company determine key areas for the 2025- 2030 business plan, including the development of bespoke ODIs. This research followed insights into priorities in the past and gave a good view on how customer views were changing over time. Over 3,000 customers participated including household, business, low income, future bill payers, vulnerable customers and those who are not digitally active.

The research revealed the service expectations of respondents in terms of performance, as well as showing the areas that really mattered to North West customers. The increasing concerns for the environment and affordability were headlined. This gave the company the chance to look at views from different customer groups, for example those on low incomes prioritised supporting customers on low incomes whilst future bill players said protecting the environment was very important to them. Interestingly, business customers valued smart metering more than domestic customers, who were generally hesitant.

UuW has used the research to prioritise investment areas prioritised by customers. Firstly, customers expect a safe, reliable supply of water and that wastewater is taken away efficiently. Improved resilience in the face of climate change is also a priority, alongside dealing with combined sewer overflows, all set around concerns about affordability.

**YourVoice has closely monitored how customer priorities have been identified and addressed in the Business Plan and we have seen that water supply, water quality and reduction in interruptions, alongside environmental concerns have been prioritised for investment whilst balancing concerns over affordability of bills and help for people who are struggling to pay which have also been major considerations.**

### b. Long Term Delivery Strategy

YourVoice welcomed engagement with customers on United Utilities' Long Term Delivery Strategy. This work aimed to set the five-year business plan 2025–30 in the context of a 25 year delivery strategy.

**The company discussed with YourVoice that it wanted its long-term objectives to be informed by customer views.** Previous research has shown customers can struggle to consider the future particularly around the long-term implications of water use and investment. We discussed how best to help customers look towards the future and what it may hold for them in terms of water supply, customer experience, affordability, biodiversity and carbon/net zero ambitions.

**The aim of the research was to:**

- Understand customers' views, long-term priorities and expectations from their water company.
- Explore views on UuW's ambitions, future plans and expectations against a variety of backdrops.

- Explore how these views vary across customer segments.
- Explore customers' views on intergenerational fairness, focusing on the balance between current and future bill payers.

A virtual approach was chosen to offer greater inclusion across geographies, demographics and types of vulnerability. Additional support was offered to digitally excluded customers.

YourVoice was involved at all stages of this work, commenting on materials, graphics, sample size and hearing the results of this work, first hand from the research company who had undertaken the work. Details are recorded in our research challenge document.

**YourVoice felt that the way the company sought to get customers to think about the future and its ambitions was innovative and we observed that it really helped customers understand long-term scenarios and feel equipped to make comment.**

### c. Six Capitals

This piece of research aimed to see if customers supported U UW's shift towards a more value based decision making approach. It asked customers what value meant to them and what factors U UW should bring into its decision making processes, for example around society and the environment.

This interactive piece of work initially asked for customer views on what U UW does, as well as their views of the company in terms of satisfaction, trust and value for money. The session then explored how customers make decisions via an imaginary lottery win to see what factors they used to make decisions on how to spend their winnings.

Customers were introduced to the Six Capitals framework used by U UW and how it can be used for decisions customers have to make in their own lives using the example of spending the lottery win. Following these real life scenarios, customers were asked to look at issues U UW faces as if they were an employee of the company and as a Board member.

This research showed the Six Capitals approach and its understanding in decision making is high and that the framework considers a variety of important areas including the effect the proposal may have on the environment and communities.

**This is an example of another piece of innovative and engaging research which we felt helped to explain and seek customer views on a complex area. Role playing and using domestic examples ensured an interested and considered response from customers on a difficult concept.**

### d. Partnership research driving behaviour change

Sewer blockages continue to be a major issue in the North West of England and stopping blockages is a collective issue that requires significant societal behaviour change. U UW has set out to use partnerships and iterative insights to tackle this problem, as different communities need different support and messaging.

The **partnership with Northern Roots in Oldham**, targeting a predominantly South Asian community, used community champions to boost understanding and engagement on sewer misuse, supporting the community to create materials to be used in the 'Stop the Block' campaign. Following its success, the company is using the learnings in other North West communities.

The company's **partnership with Keep Britain Tidy** allowed an understanding of the scale and usage of wet wipes nationally and was used to inform the 'Stop the Block' campaign and to highlight the threat of sewer blockages in particular areas. This research directly influenced a communications trial in a blockage hotspot on the Wirral. The campaign tested a multi-channel, hyper local approach and there was clear evidence of a reduction in poor flushing behaviour.

#### e. **Drainage and Wastewater Management Plan (DWMP) and Water Resources Management Plan (WRMP)**

**UW took a novel approach to options appraisal with customers for these two important yet complex plans.** A key part of the options development was accounting for customer preferences. A three week pop up community of 153 customers, 18 business users and 17 future bill payers was established, representative of the customer base across factors such as socio economic and vulnerability.

The research, observed by members of YourVoice, gave excellent information on how customers view the future of water and wastewater management in the North West. It was an example of good collaboration with customers and YourVoice saw first-hand how customers were able to understand different option types and the benefits and drawbacks associated with these. Subsequently this enabled customers to rank their priorities for solution types.

By taking this approach, YourVoice saw how it was possible for UW to develop an options hierarchy with customers' views and priorities in mind. We supported this hierarchy approach and saw how this directly informed the selection of a preferred blend of different options. Customers were very engaged in 'non concrete' solutions and supported nature based interventions, with an appetite for more education, innovation and smart ways of working. Across both the DWMP and the WRMP, the research showed there were similar patterns for customer preferences for meeting long-term challenges.

#### f. **Water visualisation research customer co-creation**

Members of 'In the Flow' panel were invited to take part in focus groups to discuss what customers wanted from a water visualisation tool to show their water consumption and reveal what was important to them when understanding water usage. The study showed that the biggest driver to save water and to be efficient was cost and that customers wanted a range of information about their usage including:

- Water usage by time of day;
- Comparison to water usage in previous years;
- Local average water usage;
- Setting goals/ a water budget comparisons to average water usage; and
- Information about which devices use more water

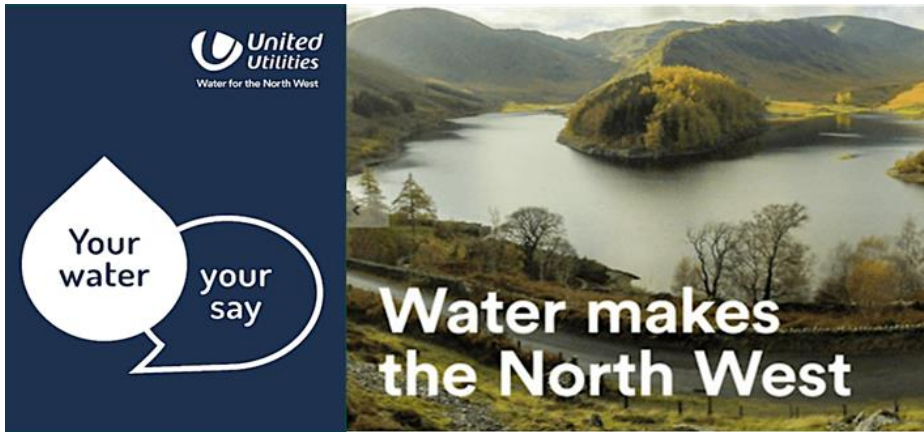
The work explored customer preference for language and terminology, explained water saving data, talked about incentivising water saving and discussed with customers options for data and information provision and gave visualisations of this.

Phase 2 showed customers a proof of concept developed following their feedback. Customers recognised and appreciated that their feedback had been taken into account in the co-creation of the tool and they were very happy with the result having looked at it on a mobile app. The resultant tool received an overall 66% satisfaction, 72% from metered customers and 60% unmetered.

**YourVoice felt this piece of co-creation lived up to its description. It was clear customers felt empowered when they saw how their views had been listened to and played back to them in the visualisations.**



#### g. 'Your Water, Your Say' online sessions



Ofwat and CCW prescribed the preparations and format of these sessions to give customers a chance to hear first-hand about long-term plans and specifically about proposals and bill impacts for the next Business Plan period. The aim was to hear customer views on the Business Plan proposals and on its affordability.

A second session in autumn 2023 will be held to feed back to customers on how their views have influenced the plan.

**UJW discussed these events with YourVoice and proposed that in addition to the national prescribed event, it wanted to carry out events in each of the North West's five counties. YourVoice agreed that there is definitely a strong affiliation for customers with the county they reside in and applauded UJW's intention to make these sessions local and relevant to each audience, alongside encouraging attendance at the regional session.**

The 'Your Water, Your Say' sessions were well attended, gave performance information and proposed improvement and investment levels for the next Business Plan broken down for that locality. The feedback was positive and participants commented on the opportunity to speak directly with the Chief Executive and her team to discuss issues which they felt strongly about and wanted to ensure the company was taking action on.

The local, county-based sessions were carried out in the week prior to the regional 'Your Water, Your Say' event. All sessions were promoted through numerous channels and through partners. The range of reach was shared with YourVoice, who made additional suggestions of potential attendees. These county meetings were moderated by the independent chair of YourVoice. Questions were taken on the evening of each event and from questions submitted in advance. A detailed record of the meeting was taken and signed off by the chair, supplemented with answers to any questions raised that were not answered on the night. This record has been placed on UJW's website, along with presentation materials shared at the sessions. Attendees were emailed with copies of the documents to review.

YourVoice was pleased to see that the company wanted to 'go local' with these sessions, to make them as relevant as possible to the North West audience and to give people a chance to challenge the company on future plans, bill impacts and issues they felt were needing attention. YourVoice's involvement in the event, and in making sure the event reached as many customers as possible, was welcomed by the company.

The prescribed 'Your Water, Your Say' meeting, chaired by a national independent chair, was also well attended. As with the county sessions, the Chief Executive gave a presentation on the Business Plan, bill impacts and performance levels, and was joined by the senior management team for a Q& A session. A full transcript of the meeting, including responses to questions answered on the night or submitted but not covered, was placed on the company's website along with the presentation. A follow-up event in November 2023 will also be held.

## h. National Research

Ofwat and CCW commissioned the collaborative ODI research which was completed centrally by Ofwat with participants from each water company. Its objective was to provide customer valuations for the common Performance Commitments to feed into ODI rate calculations. Each performance area was translated into a customer impact and then customers ranked which of them had the highest impact using a choice experiment methodology. Following this, customers were asked to complete a compensation valuation exercise with a variety of price points, essentially revealing at what price they would prefer compensation over the interruption happening in the first place.

The initial plan was for these research scores to be mapped and triangulated with a number of data sources to establish customer led incentive rates for all water companies.

Once completed, Ofwat informed companies that the work had not generated usable ODI rate ranges and that they intended to use a top down approach to determining common ODI incentive rates for each company. Companies were asked to use the indicative ODI rates, provided by Ofwat's top down calculations, or propose alternatives, accompanied by compelling evidence UuW took YourVoice through this process and outlined areas where the company felt this indicative ODI rates did not reflect the view of customers, particularly around internal sewer flooding.

## i. Water Resources West Customer Research

Water Resources West (WRW) is one of five water resources planning regions in England and Wales which aims to ensure the long-term sustainability of water resources across the region, whilst considering the wider needs of society and the environment. UuW's area is covered by WRW.

YourVoice has been an active consultee on the engagement work carried out by them and the YourVoice chair has attended relevant meetings. YourVoice has received regular reports from WRW. Its Director Richard Blackwell attended a meeting with us in June 2023, where we discussed customer and stakeholder engagement, customers' changing views and supply and demand in 2021, 2022 and 2023.

These updates ensure we are kept up to date on these important issues.

## j. Affordability and vulnerability

YourVoice has a dedicated sub group to review UuW's work, operational delivery and research with customers who are vulnerable or having difficulty in paying their bills. This sub group has co-opted members from charities, money advice groups and Citizens Advice Bureau (CAB), other North West utility providers such as British Gas and includes representatives from Macmillan, Age Concern and disability charities. The group share best practice and have been instrumental in supporting data sharing between utilities, the fire service and others who hold relevant information.



In 2022 and 2023, UuW held Customer Vulnerability Summits bringing together local authorities, charities, disability champions, the third sector and local community organisations to discuss current issues, solutions and best practice. The Priority Services scheme was discussed and the Fire Service shared how it is delighted to support this offering. The event was well attended with much positive feedback.

The company supports the hardship hub in the North West, which brings together all potential areas of financial and other support for people in need, vulnerable or having financial difficulties. YourVoice feels that the support of U UW has been essential in moving this great tool forward. The hub can be accessed by many organisations in the region and is the only such online service that is available.

Several pieces of engagement with customers in the recent past have shown how concerned customers are about the cost of living crisis and worry about the ability for people to pay their bills. U UW has been aware of this as a constant as they have engaged customers in and formulated the business plan.

**There is no doubt that U UW has continued to understand the need for affordability support to customers, as the North West has a very high level of deprivation. It has attempted to understand how deprivation and other factors affect individual customers and increase its understanding of how to engage with all these customers. At an affordability engagement session, the company invited a team to offer financial support advice following the meeting to support customers who were financially struggling**

YourVoice considers there is good evidence that U UW is operating in a customer-centric way and encourages customer feedback. The company has an ongoing understanding of its customers' priorities, needs, service level expectations and is engaging them on issues that really matter to them. It is clear that the company treats its customers as active participants with useful views and not just recipients of services.