

## Appendix E: Summary of customers' views on metering, leakage, water efficiency, levels of service and the environment

The following views are collated from the range of customer engagement activities we have carried out in preparation for this draft WRMP and as part of the wider business plan engagement process.

Engagement work stream	Methodology used to engage with customers	Insights collected
Foundation research to establish customers' priorities	Qualitative study covering 39 customers. (Covering household and non-household by key demographic split.)	May – June 2017
WRMP and long-term plan customer engagement to gain customer views of service levels and where we should invest to meet demand for water	Qualitative study over two facilitated reconvened workshop events with 30 customers. (Covering household and non-household by key demographic splits.) 11 large corporate customers and key industry stakeholders attending round-table discussion event. 207 domestic customers reached through an online survey.	July – August 2017
Metering study to understand customer reasons for not switching to a water meter	Quantitative telephone study with 101 household customers in the region with an unmeasured water supply and a rateable value (RV) of more than £250.	July 2017
Customer service tracker to establish customer perceptions of our service performance	Quantitative telephone study covering 153 customers. (Covering household customers by key demographic splits.)	March – September 2017
	296 household customers from an on-line survey run from our website. (Random, non-representative sample.)	Feb – April 2017
Daily customer contact data	Analysis of relevant customer contact data.	2016/17 and 2017/18 ytd
Consumer Council for Water (CCWater) reports	'Water Restrictions' report	2012
	Water Matters Annual Survey and 'Water Saving' Report (all household customer research)	2017

## 1. Customers' views on metering

### 1.1 Customers' views on water meters as a charging mechanism

Increasing the level of metering was not a prominent spontaneous issue among customers or stakeholders at the WRMP workshops. This view remained the same for the majority by the end of the first WRMP customer workshop. In addition, 68% were also in agreement that is the fairest way to charge people for their usage (but it should be noted that the number of customers on a measured supply was 50% at the workshop, under-indexing compared with the regional rate of 70%). The vast majority of all audiences considered that metering is the most ethical charging method, because:

- it is fairer to pay for what you use; and
- it may help people to think about and reduce their water use.

This view is reflected in customers' views in the online survey, where 83% of measured customers agreed that having a water meter made them more aware of the water they use and 85% said that it made them use water more carefully.

An analysis of our data, using 2017/18 charging levels, shows that 88% of household customers who freely chose to switch to a meter over the last 27 years, have a lower bill compared to their equivalent bill based on the properties' rateable value. This fact should be promoted to our customers to help address any negative perceptions that a meter leads to a bill increase.

The online survey shows that 88% of customers agreed that metering is the fairest way to charge (and with the metered sample in this part of the study almost in line with the regional rate, this figure more likely reflects wider customers' views). But there is a significant difference in agreement levels between customers who currently have a water meter compared with those that do not (94% versus 73%).

There was even lower support (34%) for proactively shifting customers towards having a meter among a group of unmeasured customers who live in properties across the region with a rateable value of more than £250 and who do not currently have a meter.

The main reason given as to why these customers do not have a meter was the worry that their bill would go up (52% said this when prompted, while 22% said this unprompted), even though only 8% of customers said they had actually taken the time to use an online calculator to check if this was perception was true. These insights show that customers are drawing their views from a number of sources, including relying on 'a gut feeling'.

Data source	Support for metering	Measured customers	Non-measured customers	All customers
WRMP workshop: 30 household and SME business informed customers	Agreement that meters are fairest way to charge people for the water they use	Sample base too low	Sample base too low	68%
WRMP online survey: 207 less informed household customers		94%	73%	88%
Metering research: 101 unmeasured household customers across region	Agreement that water companies should do everything they can to encourage customers to install water meters	Not covered in study	30%	Not covered in study

At the WRMP workshop, knowledge of the potential positive impact of metering on water consumption and leak detection slightly increased support for this as a priority.

The insights below highlight that there is a real need to better promote the benefits of metering to customers to overcome any concerns they might have about switching to a measured supply.

Some WRMP workshop participants were not aware that they could choose to have a meter installed and then revert to unmeasured billing within the first 24 months.

This is quantified by the fact that 64% customers are aware that we offer a free meter, but only 33% that we offer a trial period for the meter (insights taken from CCWater's 2017 'Water Matters' household survey of 150 of our household customers).

## 1.2 Customers' views on compulsory water metering

Support for making water meters compulsory was 50% at the WRMP group and 38% among unmeasured customers, and 80% among measured customers in the online survey. The overall agreement in the online survey of 68% most likely reflects the true regional customer view. There were a number of reasons identified for the lack

of support among mainly unmeasured customers in the online survey and at the workshop, including:

- the principle that people should be able to choose whether a meter was best for their home;
- the need to protect vulnerable customers from potential bill increases – both those struggling to pay their bills and those with genuine health reasons, who may need to use more water;
- that a meter would have an unfair impact on the bills of larger families (expressed mainly by larger families); and
- that many at the workshop suspected that a ‘compulsory’ programme was more likely to be for the company’s benefit (that is, to make a profit), rather than being the best solution for customers.

Agreement was even lower (14%) among the group of customers contacted in Cambridge on an unmeasured supply with a property rateable value of £250 or more. This highlights the resistance from customers to this approach, even though the evidence suggests many of them would likely be better off financially from having a meter installed.

Data source	Support for metering	Measured customers	Non-measured customers	All customers
WRMP workshop: 30 informed household and SME business customers	Agreement that that water meters should be compulsory for everyone	Sample base too low	Sample base too low	50%
WRMP online survey: 205 less informed household customers		80%	38%	68%
Metering Research: 101 unmeasured household customers across region		Not covered in study	14%	Not covered in study

The only noticeable difference in the online survey on customers’ views of metering was that those aged 30-44 were more supportive of metering and compulsory metering as an approach than other age groups.

### 1.3 Customers' views on smart metering

Customers at the workshop (as noticed as a spontaneous response in the customer preference foundation research) expressed a noticeable level of interest in having a smart meter to help them view and manage their water usage. It is important to note that when customers talked about smart meters, they were referring to an easily accessible device 'inside' their home that gives them a real-time readout of their consumption.

In our other region of operation from a group of unmeasured customers contacted by phone, only 32% said they would be more likely to switch to a measured supply if a smart meter was provided as the solution. This highlights that this incentive does not receive overwhelming support from a group of unmeasured customers, although this would need to be validated in our Cambridge region.

### 1.4 Customers' views on metering as a demand management approach compared with other options

At the reconvened WRMP workshop and stakeholder round table, attendees were given six votes to allocate across the ten different demand- and supply-side options outlined to them in detail, and one vote for the option they liked the least.

- Increased metering as an option only received two votes in favour but four against.
- Smart metering as an option received 42 votes in favour and only three against.

When attendees were then asked to work in groups to select their preferred combination of options chosen from the ten demand and supply options to meet a volume and cost target:

- none of the six groups chose increased levels of metering; and
- five of the six groups selected the smart metering option as part of their plans (note that customers had to select one option or the other; they could not choose both).

These findings do not mean that increased metering is not popular with customers, as the smart metering option was pitched in the context of increased metering, just with smart technology delivery. Customers felt it made logical sense to give them real time information to help them reduce their water consumption. But a minority actively opposed this option because they were:

- sceptical that they would make any long-term difference to customers' water consumption;
- not confident in the technology (cost and accuracy); and/or

- concerned that they were being used to generate more money for water companies.

In the online survey, household customers were shown six demand- and supply-side options. For each one, they were asked if they were for or against us adopting the option. In response, 51% of customers were ‘for’ smart meters and 27% selected it as their most preferred option – the second highest figure of all the options presented (note that only smart metering was shown as a metering option). The main reasons centred on it being a relatively ‘easy to do’ option that it helped people to monitor their water consumption easily. But it was also the option with the second highest number of customers (20%) saying it was their least preferred option of those shown in the survey, with the same reasons as detailed above coming out. This shows a degree of polarisation on the smart meters.

### 1.5 Key conclusions on metering

Feedback, particularly from measured customers, supports the need for us to increase the number of measured properties across the region over time.

Customers’ did not give a view at the workshop of what they considered the metering penetration rate should be, but the consensus was that our approach should not disadvantage customers in vulnerable circumstances. A view on how much customers are willing to pay for us to install more meters will be supported through our willingness to pay project customer feedback.

Alongside more effective communication of the benefits of having a meter, both at an individual and wider societal level, the use of a change of occupier metering strategy would be an effective way to increase meter penetration levels.

Unmeasured customers are mainly against compulsory metering. The feedback suggests that the provision of the opportunity to revert to an unmeasured charge within the first two years of opting for a meter would help address these concerns. This should be supported by targeted communication of any savings made during this period as a way to help overcome the main barrier that customers highlighted, which is the prospect of higher bills.

The evidence shows that a significant number of customers view smart metering as a potentially useful service to help them manage their water consumption more effectively. The indicative feedback at the workshop points in part to the fact that this view is being driven by the increase in electricity and gas meter devices in households. We are reviewing our metering technology choices and will include detailed proposals within our PR19 business plan.

## 2. Customers' views on leakage

### 2.1 Customers' views on current leakage levels

The message on leakage is very clear from all audiences (customers and stakeholders). They want us to do more, going beyond our current targets. Reducing leakage levels also features prominently as a key priority in our foundation and WRMP research with customers, making the argument to reduce leakage levels even stronger from a customer viewpoint.

In the online survey among household customers, 52% assigned 'reducing leakage in the network of pipes owned by the company' as one of their top three priorities, and 14% said it was the top priority from the list shown. The propensity to prioritise leakage is higher among older age groups.

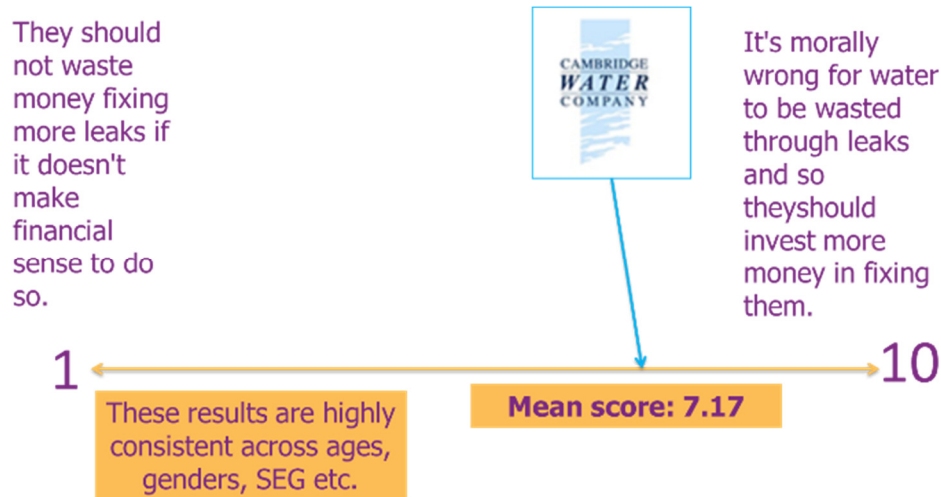
At the WRMP workshop, only 28% of customers agreed that we were doing enough to reduce leakage. After being presented with our current performance on leakage and the pressures we face with the growing demand for water, 79% of customers agreed that they want us to do more to reduce leakage. In particular, at the workshops many audiences found the level of leakage to be "shocking", particularly in the context of paying for water they never get to use. Some were also annoyed that we continue to make a profit for shareholders while this level of leakage continues.

There was also feedback from some customers at the workshop that they should not have to pay extra for us to bring leakage levels down.

The concept of the sustainable economic level of leakage (SELL) calculation (the balance between the cost to reduce leakage versus the value of the water leaking away) was not easily understood by customers at the WRMP workshop. Even when the cost and wider implications were explained in detail, customers still tended to push back these arguments. For many, the moral obligation to reduce leakage outweighs the economic factors. There was also a perception among some customers that small leaks will become big ones, therefore creating a false economy. But when we revisited customers' priorities at the end of the day, leakage had received slightly more top three priority votes, but had fallen two places down the list behind ensuring people save more water and protecting the environment.

Household customers' views in the online survey responses mirrored the feedback at the workshop – 49% scored eight or more (out of ten) when asked to place themselves on the scale below. Only 9% gave a rating of one to four (thereby coming down as more in favour of the economic argument).





There was limited variation between responses of those who were told the current level of leakage within the online survey (50%) and those who were not (50%) showing that customers do not need to know the performance level to view the need to reduce leakage as important.

At the WRMP workshop it was also viewed as unfair that those with a meter might notice leaks and then have to pay for repairs. This can therefore act as a disincentive for customers to have water meters. Company adoption of supply pipes was considered to be one solution to overcome this and customers at the WRMP workshop said they would be willing to pay for this, but they did not say how much.

The stakeholders and larger business audience at the roundtable event voiced similar views to the household and SME business customers, but also pointed to the wider societal and environmental costs of not reducing leakage.

Looking at the wider impact of leakage on the overall customer experience, some customers are telling us that our speed of response to leaks needs to improve. Feedback from our annual customer service tracker survey in April 2017 highlighted the following.

- Of the seven service attributes customers were asked to comment on, the lowest scoring was 'How quickly water leaks are repaired in the public highway/footpath'. Here, only 60% of household customers agreed that we do this well, scoring us 3.74 out of 5.0 on average. There was some variation in the satisfaction score when we looked as whether customers had said they had actually experienced a leak in the local area (3.50 of those that had versus 3.85 for not). This figure of 3.74 slipped back further in the period from May to October 2017, highlighting a need to improve customer agreement in this area. Drawing on another data point from an online survey run on our website between February and April 2017, household customers rated their satisfaction with this measure at 3.70 (not statistically different from the tracker score of 3.74).



- In relation to the service failures most recently experienced by customers in the last 12 months, 27% were related to reporting a leak. This is significantly more than any other issue.
- When a household customer has experienced a leak in the public highway/footpath in the last 12 months, 25% of customers said they were dissatisfied with their overall clean water supply. This compares with only 2% who were dissatisfied when they have not experienced a leak. The figures are even more pronounced for business customers (5% versus 29%). While there are a wide number of factors at play when customers give an overall satisfaction score, a regression analysis has shown that ‘Satisfaction with speed of leak repairs’ is an independent predictor of overall satisfaction.

Based on this evidence, it points to the need for us to find and fix leaks more quickly to help improve the overall service experience for customers.

## 2.2 Customers’ views on leakage as a demand management approach compared with other options

At the reconvened WRMP workshop and stakeholder round table, customers were given more detail on the following two options.

- Option 1 was to just do more of our current approach to reduce leakage. This was seen as a ‘no brainer’, with many customers thinking that this should be done anyway. They almost viewed it as a basic ‘hygiene’ factor;
- Option 2 outlined us going way beyond our current leakage targets by also investing in new technologies and approaches. Customers thought this was a bit more drastic, which led to more polarised opinions. Some thought that it was important to do everything possible to cut leaks, but others started questioning whether the expense and potential negative effects (that is, digging up more roads/land) would be worth it.

Attendees were then given six votes to allocate across the ten different demand- and supply-side options outlined to them in detail and one vote for the option they liked the least.

- Option 1 received four votes in favour and no votes against.
- Option 2 received 13 votes in favour and two votes against.

When attendees were asked to hit a volume and cost target choosing from the ten demand- and supply-side options:

- three of the six groups chose option 1; and
- three of the groups selected option 2 as part of their plans (note that customers had to select one option or the other, they could not choose both).

In the online survey, household customers were shown six demand- and supply-side options and were asked for each whether they were for or against us doing the option. There was only one leakage option shown (option 2). In response, 54% of customers were 'for' reducing leakage and 29% selected it as their most preferred option – the highest figure of all the options presented.

The main reasons for choosing increased leakage reduction were that:

- less clean water would be wasted;
- it was relatively inexpensive; and
- it had a positive environmental impact of reducing demand for water.

A very small number of customers recognised that cost efficiencies would be lost if more leaks were fixed as you have to work harder to find them and the volume of water saved was small compared with some of the other options.

### **2.3 Key conclusions on leakage**

The evidence all points to the need to reduce our leakage well beyond current levels. Customers think this is morally the right thing to do and a view on how much they are willing to pay to reduce leakage will be supported through our willingness to pay project. This will help support our proposed target.

As well as responding to customer preferences to reduce leakage, this should also have an effect in terms of improved satisfaction to leak response times, which should then feed in to a more positive customer experience.

Reducing leakage should not be seen in isolation. Not reducing it could undermine the effectiveness of other activities, such as encouraging customers to use less water. Given the priority customers place on leakage, we should also communicate clearly with them to outline our efforts and investment plans to reduce leakage.

### 3. Customers' views on levels of service

Throughout all our customer feedback there is no strong evidence of any support to improve the level of service offered to household customers for temporary use bans (TUBs – previously known as hosepipe bans) at 1 in 40 years and business customers for non-essential use bans (NEUBs) at 1 in 80 years. Customers thought the frequency to be so low that it barely registered with them as something to be concerned about.

The need to avoid hosepipe bans was not specifically mentioned at all in the foundation research as a key priority area that customers wanted us to focus on, although ensuring a reliable supply and that there is enough water for all customers in the future in the face of climate change and increasing population were key priorities.

There were two consistent key messages from the vast majority of household customers.

- Avoiding the need for such bans was not a priority either at the start or at the end of the WRMP workshop voting following a detailed discussion on the topic.
- It was also assigned the lowest number of mentions (2%) of being the top priority of all the statements shown in the online survey.

At the WRMP workshops, where 41% of customers voted to support more frequent bans:

- many customers perceived there have been more recent hosepipe bans than is the case in reality (1991/92);
- lack of knowledge and concern about bans was widespread, partly because of a lack of experience – for example, how long they last, what they cover;
- current service levels were seen as very easy to cope with, with most customers saying they would be happy with more frequent bans;
- more severe restrictions were seen as reasonable in exceptional circumstances (severe drought), but again, customers had no recent experience to draw on. An online survey run by CCWater in May 2012 among more than 2,000 household water customers in England and Wales during the last hosepipe ban in certain regions (note that these were not our customers) showed that 88% said it was 'acceptable' or 'very acceptable' for a water company to ask them to reduce their consumption during a drought. This does show a level of consistency in customer responses.

However, customer expressed concern about the need to protect vulnerable customers and small water reliant businesses during these periods if they do occur.

In the online survey only 13% of customers indicated that they would want an improved level of service from 1 in 40 years, while 37% said they would accept a more frequent ban. Our willingness to pay project will provide insight on how much of a bill decrease our customers want for a lower service level.

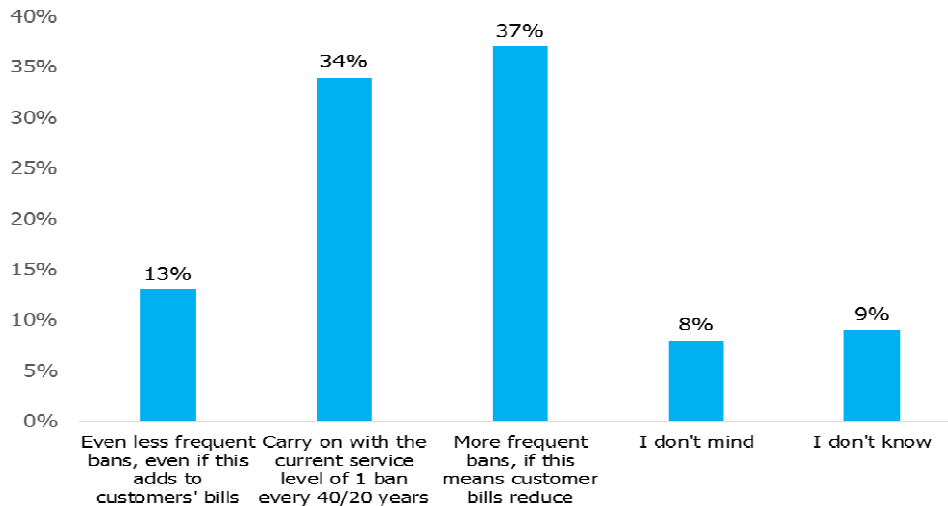


Chart shows customer response to what they would like to see happen with regard to hosepipe bans.

Base: 207 household customers.

SME business customers (x7) discussed the following issues around bans.

- Some were more concerned about the impacts of NEUBs, but many were unclear what constitutes 'essential' and wanted more information on this to help understand the impact on their operations.
- Businesses said they might be willing to consider bespoke arrangements to reduce water use on request, if there was potential to reduce their ongoing water costs.
- Similarly, questions asked about the possibility of arrangements parallel to the solar FIT for customers that have greywater systems installed to save water.

Larger business users considered that 'cost levers' could also be effective in terms of managing bans.

### 3.1 Key conclusions on levels of service

The customer feedback supports a view that we should maintain the current level of service at 1 in 20 years for TUBs for household customers. A reduction in service could be considered but, as many customers cannot recall experiencing the most

recent one, there is no sure way to know how this would impact on their satisfaction levels.

There was no evidence from the group of business customers (caveat that there were only ten across the groups) that the 1 in 50-year service level commitment should be changed. However, we should ensure that businesses receive more detailed information about what water usage is restricted during a NEUB when the need arises.

## 4. Customers' views on water efficiency

### 4.1 Customers' views on their water usage

After being informed about the challenges we face and the background to how much water we use, most WRMP workshop participants (83%) admitted to not being as careful with their water usage as they could be. The figure for the online survey was lower at 55%, showing that there is a potential difference in response among household customers who were less informed about the range of support we could offer and the 'bigger picture' need to save water. There were some variations noted among different types of customers, with the following more likely to agree they could do more to save water.

- Under 45s.
- Men.
- Those in the highest socio-economic groups.
- Those living in households with three or more people.

The online survey results also support the view that having a water meter is more likely to make customers think about reducing their water usage – 65% of unmeasured say they 'could do more' versus 51% for measured customers.

Recent research by CCWater, 'Water Saving: helping customers to see the big picture' (October 2017), highlighted that reducing water consumption is not an established social norm, unlike energy saving and recycling.

Customers in the region on an unmeasured supply (with a property rateable value of £250 or more) recorded the lowest percentage agreement (although it was a wider household and not a personal view) to this statement, indicating a potential reason for their resistance to taking up a water meter.

Data source	Support for metering	Measured customers	Non-measured customers	All customers
WRMP workshop: 30 informed household and SME business customers	I could do more to reduce my own water use	Sample base too low	Sample base too low	83%
WRMP online survey: 207 uninformed household customers		51%	65%	55%

Data source	Support for metering	Measured customers	Non-measured customers	All customers
Metering Research: 101 unmeasured household customers (uninformed) across Cambridge	My household could do more to reduce our water usage	Not covered in study	32%	Not covered in study

The vast majority of customers (94%) in the online survey say they think water is a precious resource, but more than 60% also perceive there is enough water to go round for everyone. These views not only back up the workshop findings that there is very limited awareness of current or future pressure on water supplies but also highlights that, for many customers, their admitted behaviour goes against their view that water is precious and should be conserved.

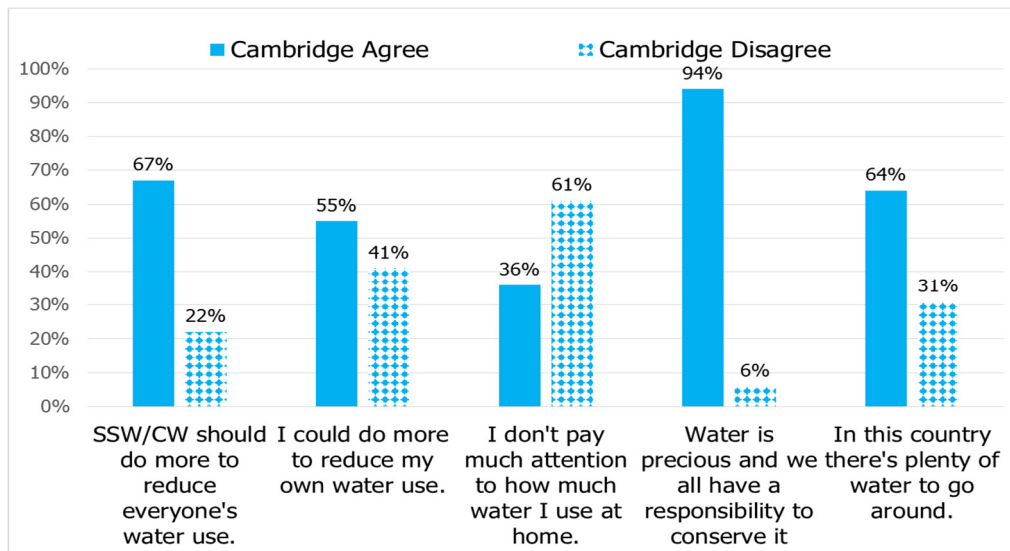


Chart shows customer responses to questions about their water attitudes and behaviours. Figures exclude don't know or neither/nor responses.

Base: 207 household customers.

## 4.2 Customers' views on how we can help them save water

At the WRMP workshop there was limited awareness of our current activities to reduce customers' water consumption. When outlined, passive water efficiency activities (such as providing water saving devices to fit and forget) were viewed as more likely to be effective by customers at getting them to change their behaviour.

When informed of this topic at the workshop, both household and SME business owners all recognised the need for a culture change around water use. In the final voting, 76% agreed that we should be doing more to help them save water. This figure was 67% in the online survey among household customers who were less well



informed compared with those at the workshop. There were also some variations noted among different types of customers.

- Measured customers were noticeably more likely to agree, potentially driven by the view that this would offer them more benefits, such as bill savings, by reducing their water consumption.
- Those in the highest socio-economic groups were also significantly more likely to agree.
- Men were more likely to agree.

But there is a noticeable level of dissatisfaction with our current efforts. In our annual customer service tracker survey (April 2017), our lowest scoring brand attribute statement was ‘They help me save water’. Only 46% of household customers agreed that we do this well, scoring us 3.35 out of 5.0 on average. This figure slipped back further in the period between May and October 2017, highlighting a need to improve customer agreement in this area.

At the WRMP workshop there were calls for greater education and support when helping customers to save water, which they stressed should be proactively disseminated and not just through our website. However, in discussions, customers did admit that they might not always pay attention to any messages sent. Also, that the low cost of water in the context of their overall household bills may mean bad habits are hard to change.

Again, drawing from CCWater’s ‘Water Saving’ report findings, it reinforces the view that customers’ actual attitudes and behaviour to water are complex and varied, and do not always align with claimed views. While our customers were not part of the 93 who attended focus groups, the key learning is that they also need to see the wider context as to why they should save water rather than being limited to messages focused on their individual water use behaviour.

After being informed about the leakage levels in our pipe network, customers were also keen to point out that it made their individual efforts to save water seem paltry in comparison. This then creates a further barrier to changing their behaviour and points to the need for us to fully outline the investments we are making to reduce leakage.

However, some stakeholders (such as local councils and NGOs) see this work to change customers’ behaviours and save water as symbolically important, even if it delivers little in terms of actual volumes saved.

### **4.3 Customers’ views on water efficiency measures as a demand management approach compared with other options**

At the reconvened customer workshop and stakeholder round table, attendees were given six votes to allocate across the ten different demand- and supply-side options

outlined to them in detail and one vote for the option they liked the least. Reducing customer water usage as an option received 13 votes in favour and only one vote against, putting it as mid-ranked in terms of popularity.

However, only one out of six groups chose it when asked to hit a volume and cost target. Some customers were less convinced in this approach's efficiency in terms of delivering any noticeable savings and thought that the investment could be better utilised elsewhere. Customers mainly viewed smart metering as the best demand-side option for their plans, but felt the two were interlinked and should be done in conjunction with one another.

In the online survey, household customers were shown six demand- and supply-side options and for each one were asked if they were for or against us doing the option. In response, 48% of customers said they were in favour of us helping them to reduce their water usage, but only 11% selected it as their most preferred option. The main reasons when it was chosen centred on the positive impact of sharing knowledge or advice with customers to help them make changes and because it is a relatively simple and cheap option to do.

#### 4.4 Key conclusions on water efficiency

All the customer feedback points to the fact that our current approach of trying to influence customers to change their behaviour is falling short in terms of effectiveness, and that we need to do more work to help raise their overall 'water consciousness'. All the feedback also indicates that this needs to be carried out on a regular, proactive basis, covering as many channels as possible, such as:

- the website;
- email;
- hard copy; and
- wider community and schools engagement programmes.

There were a significant number of customers who attended our WRMP workshops who had no idea of the big picture challenges around water. This highlights that a dual messaging approach (big picture versus personal) should be trialled to assess its impact in helping customers to reduce their usage.

We currently offer customers support to help them save water, such as free devices like shower heads, Hippo cistern bags and leaky loo strips. In 2015/16 we gave out 7,279 devices to our customers and 4,115 in 2016/17. Using industry standard assumptions about the percentage of households who actually use or fit the devices, this means that 0.17MI/d and 0.08MI/d respectively of water was saved by our customers. However, we know we need to look at new ways to encourage customers to save water and we have included a new ambitious water efficiency target for the next five years.

Developers also pointed to the opportunity that we should provide them with information to put into their welcome packs to help customers save water in their new homes.

We are currently carrying out insights through the WaterSmart trial and communications testing to identify how we can support customers with ideas and advice on how they can save water, both in the house and outside areas.

## 5. Customers' views in relation to the environment

At the start of the WRMP workshop, when asked to vote for their top three priorities, looking after the natural environment came ranked at number four on the list. By the end of the day, after receiving information about the impact of our activities on the environment and the wider context around population growth and the impact of climate change on water supply, this area remained at number four on the list of priorities, but it had received slightly fewer 'top three' votes – leakage become more important to a greater number of customers and encouraging people to use less water leapfrogged to rank above it.

However, at the WRMP workshop, many customers were found to be quite disconnected from the natural environment. Most had limited knowledge of the link between a water company's activities and the impact this can have on the natural environment, and some had a low level of awareness of the impact that climate change has on water supply. A small number of customers also underestimated the projected rate of population growth in the region. Again, this points to the need for water companies to explain the 'big picture' more clearly to customers to help them understand why they are being asked to change their behaviour.

In the online survey 30% of uninformed customers placed 'looking after the environment' as a top three priority, but only 8% went on to pick it as the top priority from the list provided. Across all our and wider research gathered to date there is evidence that there are a number of customers (to be quantified in our follow up segmentation study) who are concerned about water consumption in relation to the environment, although the CCWater report notes this is not always based on a truly informed appreciation of the reasons why we need to do this.

Before examining the detailed options in the first WRMP workshop, there was little discussion of environmental considerations. But in the reconvened workshop when customers were provided with further information on ten demand- and supply-side options, environmental considerations did come to the top of more customers' minds when they were discussing which to put in their plans to hit a volume and cost target (note the caveat that because of the constraints of ensuring the engagement activity was effective we could not supply them with the full range of our options and only limited information could be provided on each). There were two key points gained from listening to customers discussing the options.

- When considering the overall shape of their plans, most groups told us that any negative environmental impact produced by an option selected was balanced with options that contained a positive environmental impact.
- Abstracting more groundwater (which was shown as having a negative environmental impact) did not feature in any of the six customer and

stakeholder plans and also received 15 least preferred votes, significantly more than any other option. There were some serious concerns raised about the long-term negative environmental impact, but these were mainly directed at drilling new boreholes and not re-activating mothballed ones.

This view was reflected in the online survey where only 8% of customers said 'abstracting more groundwater' was their preferred option of the seven demand- and supply-side ones shown to them. In addition, 25% said it was their least preferred option, again with the often emotive comments focused on the range of negative environmental impacts associated with taking more groundwater.

At the round table event, stakeholders' environmental considerations were far more at the forefront of attendees' minds from the outset.

- Many of this audience had a clear understanding of the balance that needs to be reached between ensuring sufficient supply and protecting the environment.;
- Developers and councils were keen to see incentives to encourage high standards of sustainability in new developments.
- The farming representative wanted to see close collaboration between managing abstractions, catchment management and protecting wildlife.

In our 2017 customer service tracking survey, 103 household customers were asked to rate various aspects of our brand on a scale of 1 to 5 to rate how much they agreed or disagreed with them. Being 'environmentally focused' was rated at 3.90 on average, with 34% of customers disagreeing with this statement (a 4 percentage point drop from the 2016 figure). There has been a further slight downward shift in this figure in the period between May and October 2017.

With our top-rated brand perception 'They are a reliable company' rated at 4.41 on average, it highlights the need to better promote our environmental commitments and achievements to customers.

## 5.1 Key conclusions on the environment

There is a need for us to provide customers with more context of the 'big picture' impact of climate change and population growth on water supply and the impacts our activities can have on the environment, so that they can understand why we investing their money in schemes to protect and enhance the natural environment. Our willingness to pay research will provide evidence on how far customers want us to go to protect wildlife and habitats, including rivers and streams.

There is also evidence to suggest that customers are against the concept of drilling new boreholes on environmental impact grounds as a supply-side option. Further research would need to be carried out to validate this fully given the fact that the

stimulus material shown to customers did not inform that these options would only proceed where abstraction levels would be within an agreed sustainable threshold.

## 6. Customers' views on water recycling

The WRMP workshop event did not include any information given to customers around water recycling, but it did come up spontaneously in conversation and was a very popular concept.

When informed, many household customers were shocked that 30% of water is flushed away and some raised spontaneously that this water need not be drinking water. This sparked debate around water recycling, with some customers also expressing an awareness of greywater systems being used in other countries.

At the stakeholder round table event water recycling was discussed in more detail, developers and local authority stakeholders raised practical barriers to wider sustainable design in new build developments, including:

- the need for incentives for developers; and
- the fact that while customers may like the idea, they are not willing to pay enough of a premium for water efficient homes.

It was suggested that even if these systems are not currently being fitted, new developments should be created with the ability to retrofit greywater systems at a later stage. This would need to be built into Building Regulations at a national level though to be fully successful.

### 6.1 Key conclusions on water recycling

The feedback highlights that there is an appetite for water recycling, particularly when customers are informed about the challenges we face in terms of meeting future demand for water. In response, we are planning further engagement to build a more complete picture of the best approach forward to use water recycling as an effective demand management system.

We are planning more detailed consultations with developers in March 2018 on water recycling and our willingness to pay research will provide evidence on how much customers are willing to pay to have a greywater harvesting system installed in their home or business.