

# Appendix 1.1.Y - Outcome delivery incentives

Wessex Water

September 2018

Business plan section	Supporting document
Board vision and executive summary	
1 Engaging customers	<b>1.1 Summary of research findings</b> 1.2 Communications strategy 1.3 Customer participation and behavioural engagement strategy
2 Addressing affordability and vulnerability	
3 Delivering outcomes for customers	
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5 Markets & innovation: wholesale	
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turquoise



Wessex Water  
Performance Payments Presentation  
May 2018

Full Colour Thinking from Turquoise for Wessex Water

## Specific research objectives

1

To examine customer perceptions of the concept of rewards and penalties in general.

2

To explore customer perceptions of the idea of a company like Wessex Water receiving an outperformance payment and/or an underperformance penalty for achieving/failing to meet targets.

3

To determine what should happen if Wessex Water should either meet or fail to meet targets in support of customer priorities.

4

To evaluate which performance commitments are appropriate for an outperformance payment, underperformance penalty or, purely a reputational impact.

5

To discover customer reactions to Wessex Waters' view of which type of incentive is appropriate for each performance commitment.

6

To probe customer reactions to a proportion of any outperformance payment being re-invested back into the community via an independent charity.

# Household and Non-household customer group make-up – Five customer groups

**Group 1**  
Inland  
Vulnerable customers  
30 to 55, SEG = D E  
(struggling to pay and  
disability)  
**Yeovil**

**Group 3**  
Inland  
Household (younger)  
Aged 25 to 45  
SEG = B C1 C2 D  
**Warminster**

**Group 5**  
Coastal  
Non-household  
Cross-section of Micro, Small  
and Medium businesses  
Mix of dependency on water  
**Weymouth**

**Group 2**  
Inland  
Household (cross-section)  
25 to 65  
SEG = B C1 C2 D  
**Yeovil**

**Group 4**  
Inland  
Household (older)  
Aged 45 Plus  
SEG = B C1 C2 D  
**Warminster**

# Background to respondents and attitudes

# Knowledge of what Wessex Water do on the customers behalf is limited

- All customers were aware that their water and sewerage service is provided by Wessex Water.
- Prior to attending the groups, customers also undertook an online homework exercise.
- The answers demonstrate some misapprehensions...
  - **Just under half (44%) knew the number of customers catered for by Wessex Water – most guessed a lower number.**
  - **8 in 10 drink water from their tap.**
  - **Just 1 in 5 (22%) realised there were as many as 35,000km of sewer pipes.**
  - **Only 52% believe showering and bathing uses the most water.**
  - **1976 was the last hosepipe, the majority think it was as recent as 2009 to 2012.**
  - **44% think that safeguarding drinking water quality is the area that Wessex spend the most money on, just 4% think it is protecting rivers, lakes and estuaries .**
  - **The average customer uses around 140 litres of water per day, group attendees believe they use just 63% of that amount (<90 litres per person per day).**





# Attitudes towards Wessex Water

- The majority of customers attending the groups believe that Wessex Water are ‘good value for money’.
- Gas, electricity and council tax are often seen as the more expensive household bills.
- However, there is a minority who feel the current bill is expensive.



- Small but vociferous group
- Tend to feel that water industry shouldn't have been privatised
- Usually have an older profile and don't want to pay any more than they are now

- A large group who are generally happy with Wessex Water but don't know that much about them
- Some have concerns over the level of profits but largely believe WW offer good value for money
- Tend to be a cross-section of ages

- A minority group who don't like the idea of profits being retained by companies, or money going to shareholders – mixed age groups.
- Tend to sit on the fence.



- A group who are happy with Wessex Water and care about the environment in particular
- Tend to be younger, some with families and happy to pay a bit more than they do now to see the environment sustained.

# Customers are open to the idea of rewards and penalties in general

The general terms of 'rewards' and 'penalties' were used initially and prior to discussing the concept of outperformance payments and underperformance penalties.

Some general observations from the online homework were as follows...

- 8 in 10 customers will tip for good service in a pub/restaurant.
- While 9 in 10 customers don't receive performance related pay, 8 in 10 believe it is fair to receive a bonus where targets are exceeded.
- This suggests that bonus payments to individuals at least, are a reasonable idea.

Where it came to the principle of payment by results...

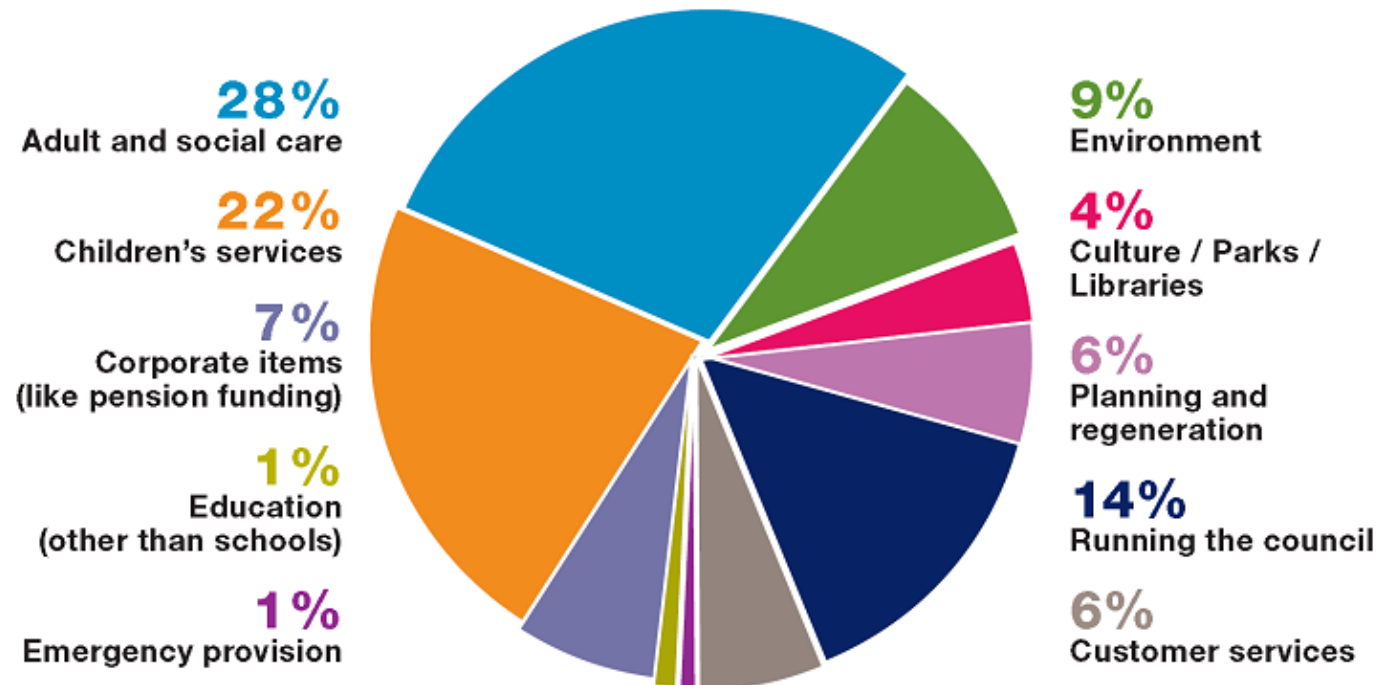
- 39% of customers agree in principle with the concept (prior to the groups).
- 44% at this stage, were undecided.
- Just 17% are against.
- This suggests that with the right information, the majority could be open to the principle.

# Attitudes towards current performance and future targets are largely positive

- For the majority of customers, *current performance* is **good**
  - 'They are top in a lot of areas.'*
  - 'It looks like they are doing a good job.'*
- With regards to *the future*, a **similar pattern** emerges...
  - 'They are looking to improve in more or less all of those. That is not a bad ambition.'*
  - 'If they can really achieve all of that, it is pretty good.'*
- When probed whether customers felt if Wessex delivered the forecast performance, it would meet the bulk of customer needs, then the overriding feeling is, **yes**.
- For most, the future targets **are seen to stretch** Wessex Water.

# Keeping customers informed about Wessex Waters' performance is expected, but at a **turquoise** high level

- Most customers want to be kept informed on how Wessex Water are performing against the targets for the performance commitments.
  - This would aid **'transparency'**.
- Customers want a 'high level' overview of how Wessex is performing.
- A number mention the simple pie charts used to show how council tax money is being spent (If not provided already).



# Keeping customers informed about Wessex Waters' performance once a year is enough

- For the majority of customers, receiving **updates once a year** is enough.

*'To be honest, are we really going to read as much detail as that?'*

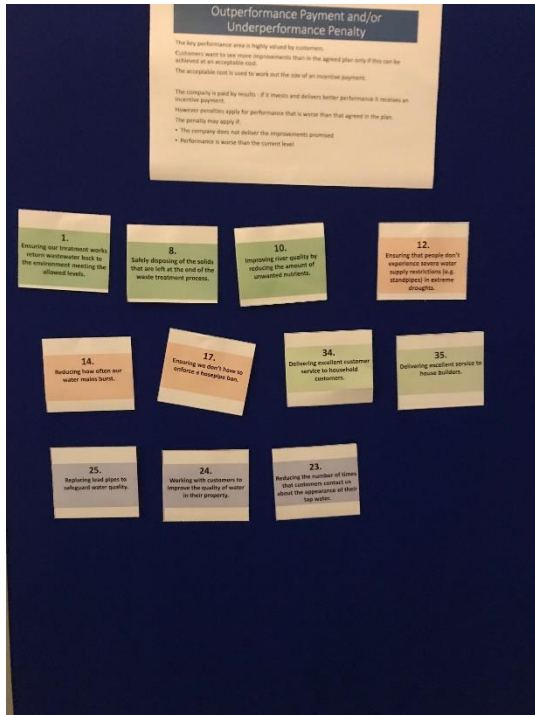
*'You don't want to be bombarded with all this information.'*

- There are a **small number** who want updates **every six months**, or even quarterly.
- One thing common to a number of groups was to get information updates that are **local to customers**.
- Most customers admit that they **rarely read any additional information** or leaflets sent with their bill.
  - The obvious place would be to print this is on the bill, or on the reverse side.
  - If Wessex produce an annual customer newspaper/newsletter, this may also be appropriate.
- **Younger customers** tend to be the group who would favour **email updates**.

# Performance commitments

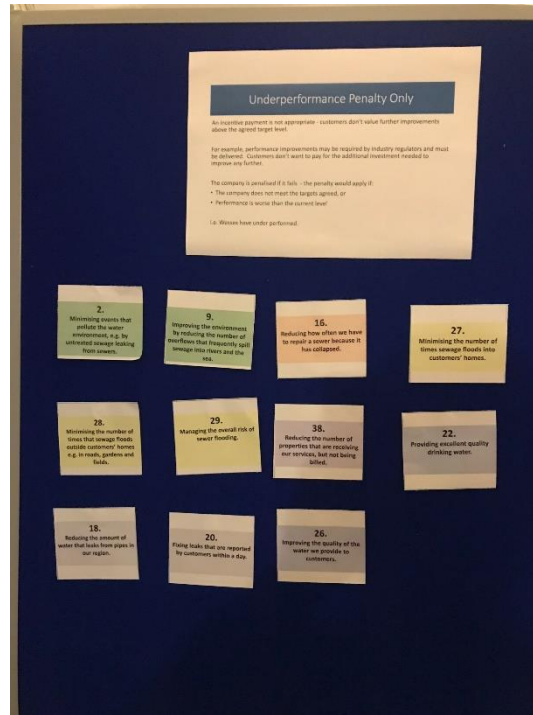
# Why do customers allocate performance commitments to each type of performance payment?

## OUTPERFORMANCE AND/OR UNDERPERFORMANCE



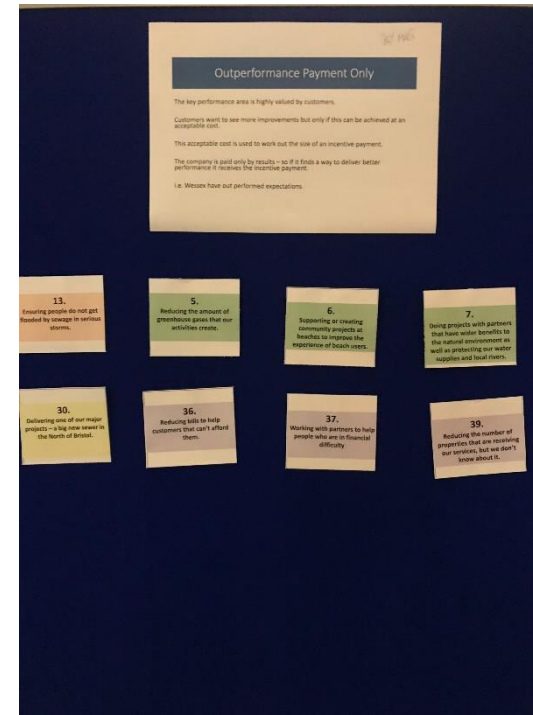
These are the performance commitments that form part of **the basic service**, but there is **room to improve** and **customers are prepared to pay** a bit more for.

## UNDERPERFORMANCE PENALTY ONLY



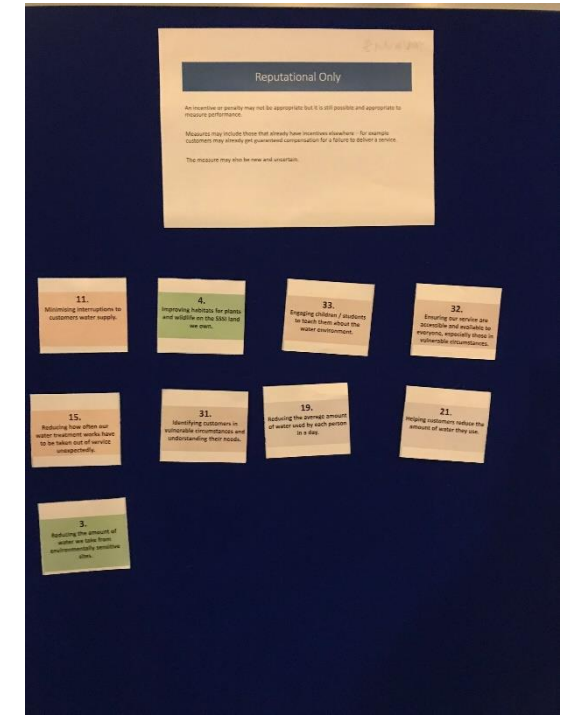
This is the basic service, the **minimum expected** and should only incur a penalty.

## OUTPERFORMANCE PAYMENT ONLY



These performance commitments are **difficult to foresee and worthy of some recognition** if they are improved.

## REPUTATIONAL ONLY



Should **simply be doing anyway** and should not get an additional payment or penalty.

# Why do customers allocate performance commitments to the different pots?

## Why Outperformance Payments and/or Underperformance Penalties?

**‘These are the basic service with room to improve.’**

- *‘Those are the ones we are willing to pay more. There is a lot of environmental stuff we are doing but here is some extra stuff we felt was going above and beyond.’*
- *‘These are what we expect them to deliver but we don’t mind paying if they outperform. But they should pay a penalty if they don’t achieve.’*
- *‘There has to be a bit of give and take. They are a benchmark then if you get above or below depend on whether you get more money or less.’*

## Why an Underperformance Penalty Only?

**‘A fair minimum you don’t expect to drop below.’**

- *‘So this is the one where everyone here thought that was kind of the fair minimum. We expected that is what should be provided and if they don’t, they should be penalised.’*
- *‘We think this is what is expected. So if they don’t meet them, they should get a penalty.’*
- *‘These are more about maintaining standards, the basic requirements.’*



# Why do customers allocate performance commitments to the different pots?

## Why an Outperformance Payment Only?

### 'These are difficult to monitor or foresee.'












- *'We're prepared to pay more because we think some of these, like flooding, we think these are things that they cannot foresee, necessarily. They are freak events they can't predict.'*
- *'These are things we value and want to see improvements in.'*

## Why Reputational Only?













### 'You should just be doing those anyway.'

- *'We had quite a lot on reputation. We felt that quite a lot of that stuff they should just be doing as a company.'*
- *'These are the ones they just should be doing and shouldn't get a penalty or reward.'*
- *'These are the ones that are good for feedback. As in people will take offence if they don't do certain things.'*

# Allocating environmental performance commitments to performance payments.....

Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Treatment works compliance	Ensuring our treatment works return wastewater back to the environment meeting the allowed levels.								
	Wastewater pollution incidents – category 1-3	Minimising events that pollute the water environment, e.g. by untreated sewage leaking from sewers.								
	Abstraction incentive mechanism (Mere)	Reducing the amount of water we take from environmentally sensitive sites.								
	Natural capital: improve Sites of Special Scientific Interest (SSSI sites)	Improving habitats for plants and wildlife on the SSSI land we own.								
	Greenhouse gas emissions	Reducing the amount of greenhouse gas our activities create.								

# Allocating environmental performance commitments to performance payments.....

Outcome or Priority Area  Environment	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Working with community to improve bathing water experience	Supporting or creating community projects at beaches to improve the experience of beach users.								
	Working with catchment partners to improve natural capital	Doing projects with partners that have wider benefits to the natural environment as well as protecting our water supplies and local rivers.								
	Satisfactory sludge disposal	Safely disposing of the solids that are left at the end of the waste treatment process.								
	Reduce frequent spilling overflows (non-WINEP)	Improving the environment by reducing the number of overflows that frequently spill sewage into rivers and the sea.								
	Km of river improved – (non-WINEP)	Improving river quality by reducing the amount of unwanted nutrients.								

# Performance payments

## The concept of payment by results/performance payments is acceptable

All customers have an expectation that Wessex Water will be/is being **held to account**.

- *'I think any utility or company that you're buying services from should be held to account.'*
- *'Especially, when you don't have a choice.'*

When customers were asked about the concept of **payment by results**, the majority are open to this.

- *'Nothing is free in life, so if you want improvement, someone's got to pay for it and it's going to come from the customers.'*
- *'You don't mind if they say we have exceeded these targets and we are investing the additional funds here.'*

The above was consistent across the majority of groups, **including the vulnerable customers**.

Naturally, there are a number of customers who **do not want to see any increase** in the bills.

- These are typically older age customers, less positive about Wessex Water and don't believe in privatisation of the water industry.

# Most found the levels of the bill increase/reduction smaller than expected

- We **spontaneously probed** customers on how much they expected the bills to go up, or down.
  - Naturally, most customers focus on any potential increase.
- But a **number** were **prepared to pay**/expected a bigger **increase**. Typically these were younger (but not all) respondents...
  - *'I suppose I would pay up to £50 more a year.'*
  - *'Around £30 more.'*
- **Most customers** (including the vulnerable group) were **surprised at the proposed levels** of bill increase/decrease...
  - *'I know we don't earn much, but I don't think we will miss a few pence a week.'*
- For the **majority**, these increase and decreases, were...
  - *'Not very much.'*
  - *'I thought it would be more. Are these per month, or per year?'*
  - *'That doesn't seem very much.'*
- Customers **did not really comment on the different levels** of increase/decrease, as the individual levels of increase/reduction were small. But, as one male respondent said...
  - *'£9, £18 and £27 makes more sense than £9, £18 and £30, as that helps my OCD nature.'*

# Attitudes towards the proposed levels of performance payments

- The attitudinal differences highlighted earlier largely account for the differing attitudes towards performance payments.
- Most customers believe that Wessex Water are currently 'good value for money'.
- A small number feel the current bill is expensive; these tend to be older customers who disagree with the privatisation of the water industry.



- Small but vociferous group
- Tend to feel that water industry shouldn't have been privatised
- Usually have an older profile and don't want to pay any more than they are now

- A large group who are generally happy with Wessex Water but don't know that much about them
- Some have concerns over how the performance payments would be used
- Open to paying a bit more but largely believe WW provide good value for money
- Cross-section of ages

- A minority group who don't like the idea of profits being retained by companies, or money going to shareholders – mixed age groups.
- Tend to sit on the fence.
- Some could be persuaded to pay more but would need guarantees.



- A group who are happy with Wessex Water and care about the environment in particular
- Tend to be younger, some with families, and happy to pay a bit more than they do now to see improvement in the areas they value.

## What makes performance payments acceptable to customers?

Most customers interviewed are **open to paying a bit more** to fund areas that they deem important and value

i.e. they are open to a degree of payment by results.

There are a number of **key watch words** that customers want to hear from OFWAT and Wessex Water in particular, as to how any outperformance payments are spent...

*Reassurances*

*Transparency*

*Guarantees*

For the large group of **customers** who are broadly happy with Wessex and prepared to pay a bit extra, but **who are sceptical** of the money just going to company profits and bonuses, they want...

**A reassurance/guarantee.**

**This reassurance is what will make outperformance payments palatable.**

They want this money **'ring-fenced'**.

There is also a much **smaller degree of concern** that the underperformance **penalty** should **not be so punitive** that Wessex are not able to get the basic service right.



# Perceptions of of the 20% re-investment of any outperformance payment

- A **number** of people who were initially **cynical** were **reassured** by the reinvestment back into communities...
  - *‘That would make me happier.’*
  - *‘If it helps communities, that is good.’*
- However, a **number** of people within the groups are more **sceptical of the use of charities** per se.
  - *‘Charities are over used these days.’*
  - *‘I would rather an independent body such as OFWAT supervised the reinvestment.’*
- A small **minority** felt that the 20% reinvestment was just a **manoeuvre by the company**...
  - *‘They are just trying to sweeten the pill.’*
- The use of charities alone **will not** make payments by results acceptable.
  - *‘I don’t mind paying more as long as it’s going into investment and not into profit.’*
  - *‘There you go the clarity we want, that it is going in the right direction.’*
- Consistent with the group who were anti paying any more, there are **some** who **don’t want to see money going back** into the community either...
  - *‘Why should I help those who can’t sort their own finances!’*

# Conclusions and recommendations

## Conclusions

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The qualitative sample represented a **cross-section of** Wessex Waters' **customer base**.

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While most customers have a positive perception of Wessex Water, there is a **lack of** any real **depth of knowledge**.

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**Perceptions** of Wessex Water are **driven** by a number of **attitudinal groups**.

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**Most** people are **open to** the idea of **rewards and penalties** in general.

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Customers are **largely happy** with how Wessex Water are **currently performing, the targets** through to **2025** and believe the targets are **stretching** enough.

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Customers do **want to be kept informed** of how Wessex Water is performing against current and future targets at a **high level** just **once a year**.

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On the basis of this qualitative study, the concept of **payment by results** would be **supported** by most customers.

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## Conclusions

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However, customers want **reassurance** of how any outperformance payment is going to be used.

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What makes this **concept palatable** is if customers know exactly how the money is being used – it is **ring-fenced**.

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Customer **attitudes towards performance payments** are largely **driven by their attitudes towards Wessex Water**.

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Customers **allocate performance commitments** to the different pots for **clear reasons** – expectations of a minimum service, what the company should be doing, etc.

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Customers are ok with the **levels of performance payments** (increase/decrease). They **are not** really **commented** upon as the levels, £9, £18 and £30 are smaller than a number are prepared to pay.

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The **reinvestment** of a proportion of the outperformance payment is **appealing to a number** of customers, even amongst those sceptical of retained profits.

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But it is **not the clincher**.

## Recommendations

- This study was qualitative in nature and that it may be prudent to **test** the **findings** from this in a **quantitative manner**.
- Customers are generally OK with the different levels of performance payments. **If customers** can be **reassured** that the money obtained from **any outperformance payments** will be spent in areas deemed important, **most** would be **happy with** an element of **payments by results**.
- While **customers** do expect to be **kept informed** of how Wessex Water is performing at a **high level**, **once a year** would be sufficient.
- The **re-investment** of an element of the outperformance payment **is helpful**, but **it is not the clincher** as to what makes performance payments acceptable, **ring-fencing** the money is.
- **Positioning** of any communication around the outperformance payments will be a key element.

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# Allocating resilient service performance commitments to performance payments.....












Outcome or Priority Area  Resilient Services	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Water supply interruptions	Minimising interruptions to customers water supply.								
	Risk of severe restrictions in a drought	Ensuring that people don't experience severe water supply restrictions (e.g. standpipes) in extreme droughts.								
	Risk of sewer flooding in a storm	Ensuring people do not get flooded by sewage in serious storms.								
	Water main bursts	Reducing how often our water mains burst.								

# Allocating resilient service performance commitments to performance payments.....














Outcome or Priority Area  Resilient Services	Performance Commitment	Customer Definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Unplanned outage	Reducing how often our water treatment works have to be taken out of service unexpectedly.								
	Sewer collapses	Reducing how often we have to repair a sewer because it has collapsed.								
	Restrictions on water use (hosepipe bans)	Ensuring we don't have to enforce a hosepipe ban.								













# Allocating usage efficiency performance commitments to performance payments.....

Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Volume of water leaked	Reducing the amount of water that leaks from pipes in our region.								
	Volume of water used per person	Reducing the average amount of water used by each person in a day.								
	Customer reported leaks fixed within a day	Fixing leaks that are reported by customers within a day.								
	Volume of water saved by water efficiency promotion	Helping customers reduce the amount of water they use.								

# Allocating excellent drinking water performance commitments to performance payments.....

Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Compliance risk index (CRI)	Providing excellent quality drinking water.								
	Water quality customer contacts (appearance)	Reducing the number of times customers contact us about the appearance of their tap water.								
	Tackling water quality at home and in the work place	Working with customers to improve the quality of water in their property.								
	Lead communication service pipes replaced (Wessex Water assets)	Replacing lead pipes to safeguard water quality.								
	Event risk index (ERI)	Improving the quality of the water we provide to customers.								

# Allocating sewer flooding performance commitments to performance payments.....

Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Customer property sewer flooding (internal)	Minimising the number of times sewage floods into customers' homes.								
	Customer property sewer flooding (external)	Minimising the number of times sewage floods outside customers' homes (e.g. in roads, gardens and fields).								
	Sewer flooding resilience risk	Managing the overall risk of sewer flooding.								
	North Bristol Sewer Scheme – Trym catchment	Delivering one of our major projects – a big new sewer in the north of Bristol								










# Allocating community engagement performance commitments to performance payments.....reputational only

Outcome or Priority Area	Performance Commitment	Customer Definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Numbers of customers on the Priority Services Register	Identifying customers in vulnerable circumstances and understanding their needs.								
	Delivering for customers in vulnerable circumstances/accessible communications	Ensuring our service are accessible and available to everyone, especially those in vulnerable circumstances.								
	Number of children / students engaged	Engaging children / students to teach them about the water environment.								

# Allocating customer service performance commitments to performance payments.....

Outcome or Priority Area	Performance Commitment	Customer Definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
 Excellent Customer Service	Customer measure of experience (C-MeX)	Delivering excellent customer service to household customers.								
	Developer Services measure of experience (D-MeX)	Delivering excellent service to house builders.								

# Allocating affordable bills performance commitments to performance payments.....

Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty		Underperformance Penalty Only		Outperformance Payment only		Reputational Only	
			Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water	Customer	Wessex Water
	Total bill reduction to customers on social tariffs per 10,000 households	Reducing bills to help customers that can't afford them.								
	Application for assistance received by the independent advice sector / third parties	Working with partners to help people who are in financial difficulty.								
	Void sites	Reducing the number of properties that are receiving our services, but not being billed.								
	Gap sites	Reducing the number of properties that are receiving our services, but we don't know about it.								

## Wessex Water Performance Payments

### Topic Guide April 2018 V1A

#### Section 1 – Introduction 18:15/20:00

2-3 mins

**Hand out Stimulus A as respondents arrive for the group – Simplified clean and waste water process.**

- Introduce Turquoise
- Introduce oneself and objectives of the discussion: set the scene; reason for discussion
- Explain Wessex Water/observer attendance
- Explain MRS code of conduct and rights to anonymity
- Explain audio recording and video
- Respondents to introduce themselves – names, hobbies/job role, etc.
- Explain purpose and format of discussion

#### Section 2 – Background 18:18/20:03

5 mins

**Ok we would like to speak to you about the water and waste water services you receive...**

- Did you know what Wessex Water does on your behalf?
- Did anything surprise you within the information (stimulus A)?
  - What if anything had you not considered?
- How significant a part of your life is the water that comes out of your taps?
- Generally, what are your perceptions of Wessex Water?
- Have you had any dealings with Wessex Water?
  - What was the experience like?

#### Section 3 – Incentives and penalties in general 18:23/20:08

10-15 mins

- In your online exercise, we asked your views on a number of different scenarios of how you could be dealt with in different circumstances...
  - XX% would tip for good service
  - XX% would send a dish back that wasn't cooked or palatable

- XX% would negotiate a bonus for a builder completing a project early and penalties for late delivery
  - XX% receive performance bonuses/performance related pay for their work
  - XX% are in favour of paying on the basis of performance
- Can you think of any examples of incentives and/or penalties that companies use for their customers?
    - Probe
      - What companies?
      - What do they offer?
      - Are the incentives/penalties about the company or the customer?
      - What do you think about these, are they good/bad? Why/why not?
  - What are your thoughts in general on incentives and penalties being used for companies in order to ensure that they meet their targets/do what they say they will do?
    - Good thing / Bad thing?
      - Why is that?
  - What do you believe are the benefits of incentivising or penalising companies?
  - What do you believe are the drawbacks of incentivising or penalising companies?
  - What type of companies do you believe it is appropriate for
    - Probe
      - High Street retailers
      - Banks
      - Travel
      - Energy/Utilities
  - Just as a matter of principle, do you believe Wessex Water should be held accountable for doing what they say they will do on behalf of customers?
    - Yes/no?
    - Why/why not?
  - If no, how else would you want to hold Wessex Water accountable for their actions?
  - If yes, how do you think this might work? Could you give me an example?
  - Do you think that Wessex Water is currently incentivised or penalised based on it's performance?



- Do you think it would be appropriate to incentivise or penalise Wessex Water for their performance? E.g. like those who get performance related salaries
  - Why / Why not?

**Section 4 – Current and Future Performance Commitments**  
18:38/20:23

10-15 mins

**SHOW STIMULUS B - CURRENT PERFORMANCE AND FUTURE TARGET FOR EACH PERFORMANCE COMMITMENT. PLEASE TAKE 5 MINUTES TO READ THROUGH THESE.**

- What do you think about how Wessex are currently performing (current comparative performance)?
  - Why / Why not?
  - Are there any that you are surprised by?
    - Why/why not?
  - Are there any for which you would have liked to have seen a better current performance?
    - Why/why not?
- Do you think that Wessex are stretching themselves enough on each of these in terms of what they are forecasting to achieve over the period of 2020 to 2025?
  - Why / Why not?
  - Which ones, if any are you disappointed by?
  - Which ones, if any are you pleased with?
- If Wessex Water met all of those targets across 2020 to 2025, would that meet your needs?
  - Why / Why not?
- How would you want/expect Wessex Water to keep you up to date on how they are performing on each of these?
  - Where/how?
  - Why?

**Section 5 – Allocating incentives and penalties 19:03/20:38**

20 mins

**READ ALOUD...**

**As part of the business planning process, which includes considering investments required and the impact on customer bills for 2020-2025, Wessex Water, like all water companies,**

needs to develop and propose key performance commitments that reflect its customers' and wider customers' views and priorities.

Wessex Water has been seeking customer views on the performance commitments for 2020-2025 since 2016. This customer feedback has influenced the areas of investment that they will be proposing for the five-year period.

What we need your help with now is understanding what penalties or incentives, if any, should be linked to each of the performance commitments to ensure that Wessex Water investment priorities and associated activities reflect what their customers want and value and that targets are met.

**EXPLAIN THAT YOU HAVE SEEN THE TARGETS THAT HAVE BEEN IDENTIFIED FOR EACH PERFORMANCE COMMITMENT.**

**FOR PR19 (THE REVIEW OF PRICES FOR YOUR BILLS COVERING THE PERIOD, 2020 TO 2025), OFWAT WANTS CUSTOMERS TO CONSIDER THE IDEA OF INCENTIVES (CALLED OUTPERFORMANCE PAYMENTS) AND PENALTIES (CALLED UNDERPERFORMANCE PENALTIES), IN OTHER WORDS WATER AND SEWERAGE COMPANIES BEING PAID BY RESULTS.**

**WE WANT YOU TO CONSIDER THE TARGET FOR EACH COMMITMENT PERFORMANCE AND ALLOCATE THEM TO ONE OF FOUR POTS. YOU NEED TO CONSIDER IF THEY ARE OF VALUE TO YOU AND YOU WANT MORE INVESTMENT, THEN AN INCENTIVE MAY BE APPROPRIATE; IF YOU WANT WESSEX WATER TO MAINTAIN CURRENT STANDARDS AND NOT DROP BELOW THESE, THEN YOU MAY WANT TO INVOKE A PENALTY IF THEY DO DROP BELOW THESE TARGETS.**

**THE FOUR POTS ARE, EITHER A FINANCIAL INCENTIVE AND/OR FINANCIAL PENALTY ONLY (I.E. IT COULD BE EITHER), FINANCIAL PENALTY ONLY, FINANCIAL INCENTIVE ONLY, AND FINALLY, REPUTATIONAL ONLY – READ OUT THE DEFINITION OF EACH. STIMULUS C.**

**ASK RESPONDENTS TO SPLIT INTO TWO TEAMS.**

**ASK RESPONDENTS TO READ AND UNDERSTAND THE DEFINITIONS – STIMULUS C. ASK ALL RESPONDENTS TO CONFIRM THAT THEY HAVE UNDERSTOOD THE DEFINITIONS PRIOR TO MOVING ON – ANY THAT ARE NOT ARE TO BE EXPLAINED BY WESSEX WATER/MODERATOR.**

**HAND OUT THE INDIVIDUAL PERFORMANCE COMMITMENTS AND ASK THEM TO WORK AS A TEAM TO ALLOCATE THEM TO EACH OF THE FOUR POTS (HEADINGS). STIMULUS D**

**THEN TO PLACE THEM ON THE DISPLAY BOARDS – TWO DISPLAY BOARDS REQUIRED. STIMULUS E.**

- Ask each team to nominate a spokesperson and briefly outline why they have allocated the performance commitment to each broad heading.
  - Probe
    - Why those pots (Penalty and/or incentive, penalty, incentive, and reputational)
    - Reasons why/why not?
  
- After each team has presented their allocation, ask the other team respondents whether they broadly agree with their allocation?
  - Probe
    - Reasons why/why not?

<b>Section 6 – Wessex Water’s allocation 19:23/20:58</b>	<b>10 mins</b>
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- Do you think that Wessex Water would allocate these performance commitments differently to how you have allocated them?
  - Probe
    - Reasons why/why not?

**EXPLAIN THAT WESSEX WATER HAVE ALSO HAD A GO AT ALLOCATING THE PERFORMANCE COMMITMENTS TO THE DIFFERENT INCENTIVE TYPES.**

**HAND OUT WESSEX WATER’S VIEW OF THE ALLOCATION (STIMULUS F). ASK RESPONDENTS TO READ WESSEX WATER’S VIEW AND COMPARE IT TO THEIR TEAMS ALLOCATION.**

- Any surprises in how Wessex Water have allocated the performance commitments?
- Why do they think Wessex Water have allocated them in the way they have?
  - Why/why not?
- What do you think of the way in which Wessex Water have allocated the performance commitments?
  - Where is it similar/different?
- Does the Wessex Water allocation seem broadly in line with customers or is it radically different? How could it be reconciled?
  - Yes/no?
  - Why/why not?
- What, if anything, should be changed about Wessex Water’s allocation and why?

**Ok, I would now like to come back to the idea of Underperformance Penalties or Outperformance Payments and their impact. STIMULUS G, H, I and J**

- What do you feel should happen if Wessex Water simply meet the proposed targets? **(Stimulus G – not to be handed out, for background)**
  - Would you expect a reduction in the bill, no impact on the bill, or an increase in the bill?
  - Why/why not?
- What do you feel should happen if Wessex Water failed to meet the proposed targets each year through to 2025?
  - Would you expect a reduction in the bill, no impact on the bill, or an increase in the bill?
  - Why/why not?

**Hand out the first sheet (Underperformance Penalty levels) – Stimulus H.**

- What do you think about the proposed underperformance penalties?
  - Why/why not?
- Would you be happy for your bill to be reduced if Wessex fail to meet their targets?
  - Why/why not?
- What are your views on the different levels and their possible impacts?
  - Why/why not?
  - Explore the 3 levels - How would you feel if Wessex water was below average/if they were the worst/maximum possible?
- Based on the levels of bill impact outlined would you be happy for Wessex Water to paid by results?
  - Why/why not?
- What do you feel should happen if Wessex Water exceed the proposed targets each year through to 2025?
  - Would you expect a reduction in the bill, no impact on the bill, or an increase in the bill?
  - Why/why not?

**Hand out the Outperformance levels – Stimulus I.**

- What do you think about the proposed outperformance payments?
  - Why/why not?

- Would you be happy for your bill to be increased, to increase investment in areas you deem of value if Wessex exceed their targets?
  - Why/why not?
  - Are there areas where you would like to see additional investment?
- What are your views on the different levels and their possible impacts?
  - Why/why not?
  - Explore the 3 levels – as good as the best to date/twice as successful/maximum
- Based on the levels of bill impact outlined, would you be happy for Wessex Water to be paid by results?
  - Why/why not?

### Hand out the last sheet (Charitable Trust) – Stimulus J.

- What about the idea of setting up the charitable trust to hand back 20% of the outperformance payments?
  - Do you like the idea?
  - What about who the money would be shared between?
  - Who would you like the beneficiaries to be?
- If Wessex Water shared the 20% of its outperformance payment would you be happy for your bill to be increased, to increase investment in areas you deem of value, if Wessex exceed their targets?
  - Why/why not?

Section 8 – Summary 19:44/21:27

2 - 3 mins

- What would be the key feedback that you would want Wessex Water to take away from today's discussion?
- General feedback on session, anything you want us to explore that hasn't been considered.
- Overall, do you think penalties and/or incentives should be used to hold Wessex Water to account? Why/why not?

### *Thank and Close*

### Stimulus required

Stimulus A = Simplified clean and waste water process for Wessex

**Stimulus B = WW Performance commitments, current performance and targets**

**Group headings and definitions for the type of incentive – two sets, one for each display board – Stimulus C**

**Stimulus D = Individual copies of the performance commitments.**

- **Two complete sets for the two teams at each group with Velcro stickers on the back (ten sets in total – suggest in white). No bigger than A5.**

**Stimulus E – Two display boards – one per team.**

**Stimulus F = List of measures split according to how Wessex Water perceive the measures should be allocated to each of the incentive headings e.g. financial, reputational, etc. 40 individual sets (suggest A4 size).**

**Stimulus G, H, I and J = Scale of underperformance penalties, outperformance payments, charitable trust and 20% repayment**

## Homework task 1 - Quiz

**1 Who is responsible for your clean water and waste water services?**

The council

Bristol Water

Southern Water

South West water

Wessex Water

Other, please specify

**2. Roughly how many litres of clean water does Wessex Water deliver to customers each day?**

80 Million litres

180 Million litres

280 Million litres

380 Million litres

**3. Roughly how many kilometres of water mains are there in the Wessex Water Area?**

3,900 KM

5,900 KM

7,900 KM

9,900 KM

11,900 KM

13,900 KM

**4. In which year did you last have a restriction (a hose pipe ban) on your water usage?**

Year: \_\_\_\_\_

**5. Which of the following do you tend to drink most often at home?**

Water from the tap

Water from a water filter

Bottled water

Don't drink water

**6. Why?**

**7. How many people are there in your household?**

1

2

3

4

5

6+ (write in number)

**8. How many litres of water do you think you personally use each day?**

I think I personally use \_\_\_\_\_ Litres of water per day.

**9. Which one of the following do you think costs the most to repair/treat each year?  
(Select one answer only)**

Poor quality drinking water

Discoloured water

Interruptions to the water supply

Internal sewer flooding

External sewer flooding

Environmental pollution

High water pressure

Low water pressure

Leaking or burst pipes

**10. Roughly what proportion of your clean and waste water bill is accounted for by the waste water element on its own?**

33%

50%

66%



**11. Is Wessex Water a privately owned or publicly owned business?**

Privately owned

Publicly owned

**Thank and close**

**Flash up answers...**

**1 = Wessex Water**

**2 = 280m litres per day**

**3 = 11,900 km**

**4 = 1976**

**8 = On average a person uses about 150 litres of water per day**

**10 = 66%**

**11 = Privately owned**

## Homework task 2 - Questionnaire

We would like to understand what you would do with regards the service you receive in each of the following scenarios...

**1 You go out for a meal with your partner to your favourite restaurant. You have a fabulous evening, the food and staff have been excellent and feel the restaurant has gone out of its way to make it a special evening. With regards to the bill, which does not have a service charge added on automatically, would you...?**

- A Pay a tip on top of the bill
- B Pay the normal bill as presented to you (without a tip)
- C Ask for a discount as a matter of principle

**2. Why do you say that?**

**3. You are in a restaurant and have ordered your favourite dish, and it is the last portion of that available. When the dish comes out, it is overcooked and more or less inedible. Which of the following would you do...?**

- A Send it back, expect to be offered an alternative meal, but expect them not to charge you for it on the bill
- B Send it back, ask for a replacement and pay as normal
- C Do nothing
- D Other, please specify

**3. Why would you do that?**

**4. You are having an extension built on your house. You need it done for a family wedding in four month's time, when you have four close family guests coming to stay from outside of the country. Would you...?**

- A Negotiate a bonus payment with the builder if he guarantees to finish the project in 3.5 months.

- B Negotiate a penalty payment if the work is not finished in the four months.
- C Negotiate a combination of A and B
- D Do nothing and hope the work is finished on time

**4. Why would you do that?**

**5. Within your job, do you, as part of your salary, receive any performance bonuses e.g. if you exceed your targets you receive a bonus in addition to your salary?**

- A Yes
- B No

**6. If yes, what do you feel about these bonuses?**

**7. If no, what do you think about people who get a bonus on top of their salary if they exceed targets? Is it...?**

- A Fair
- B Unfair

**8. Why do you feel that?**

**9. In principle, how do you feel about paying people on the basis of their performance i.e. if they just meet their target they should receive the contracted figure, if they exceed their target they could achieve a bonus, but if they fail to meet the agreed target, they should get a financial penalty?**

- A Broadly in favour
- B Undecided

C Broadly against

**10. Why do you say that?**

Wessex Water Stimulus A – Wessex Water  
explanation of the network



Water is taken from the water environment – this is called abstraction. Most water in the Wessex Water area is abstracted from underground – 75% of our water comes from ‘groundwater’ and 25% comes from reservoirs that are filled by rivers. In times of hot dry weather rivers can become low – which can harm river wildlife.

To help look after the environment, water companies minimise the amount of water we take from rivers, especially in sensitive areas.

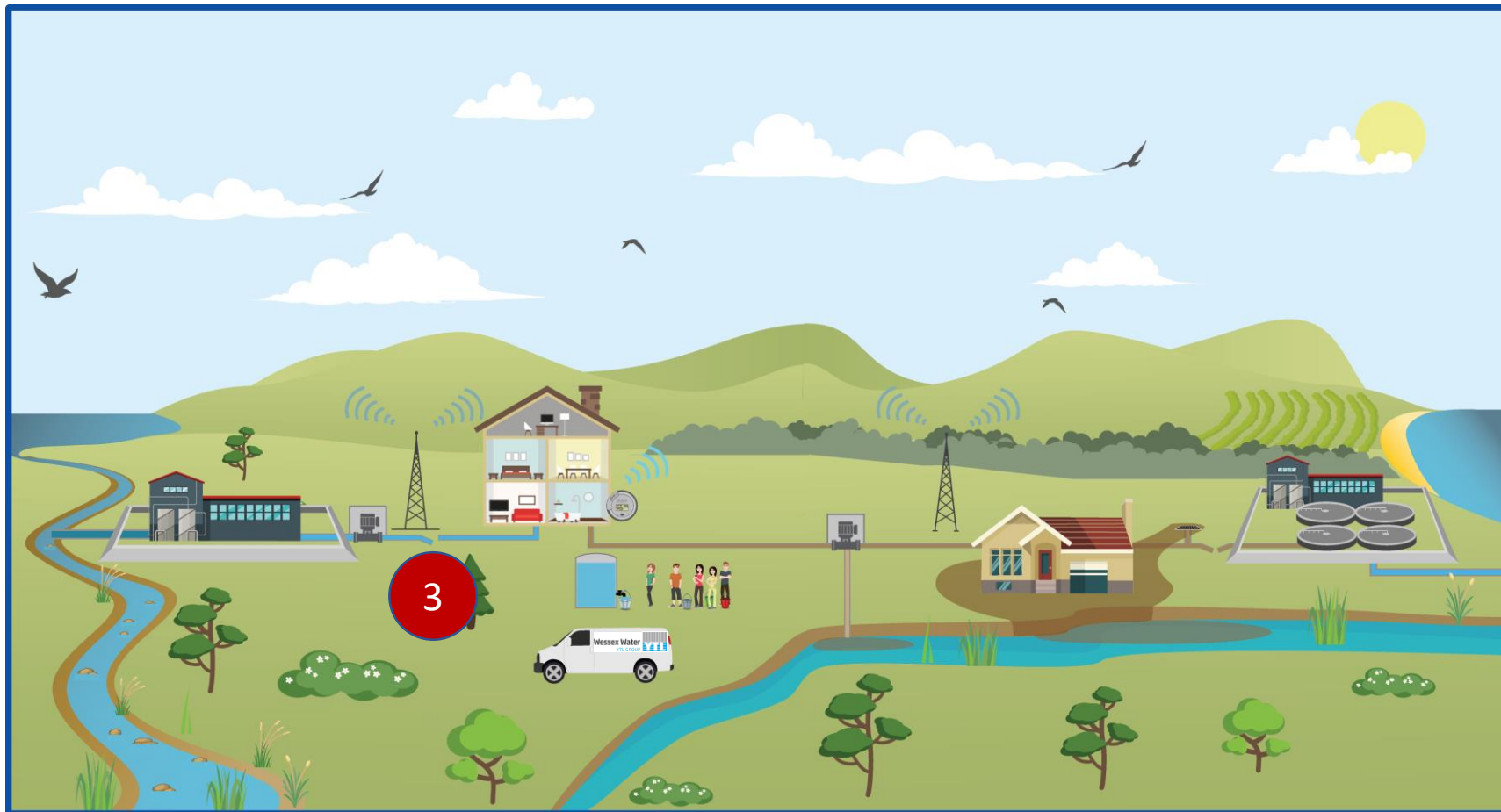
They also work with local communities to improve habitats for plants and wildlife and reduce the risk of flooding at our sites and water sources.



Water is treated in water treatment works. The standards are very high – amongst the highest in the world.

The quality of water is tested as it leaves the works, as well as through the system and at customers taps. Tens of thousands of samples are taken each year. These are tested in laboratories.

Water treatment works are maintained proactively, not just fixed when there is a problem, so the water looks and tastes good when it gets to customers' taps.



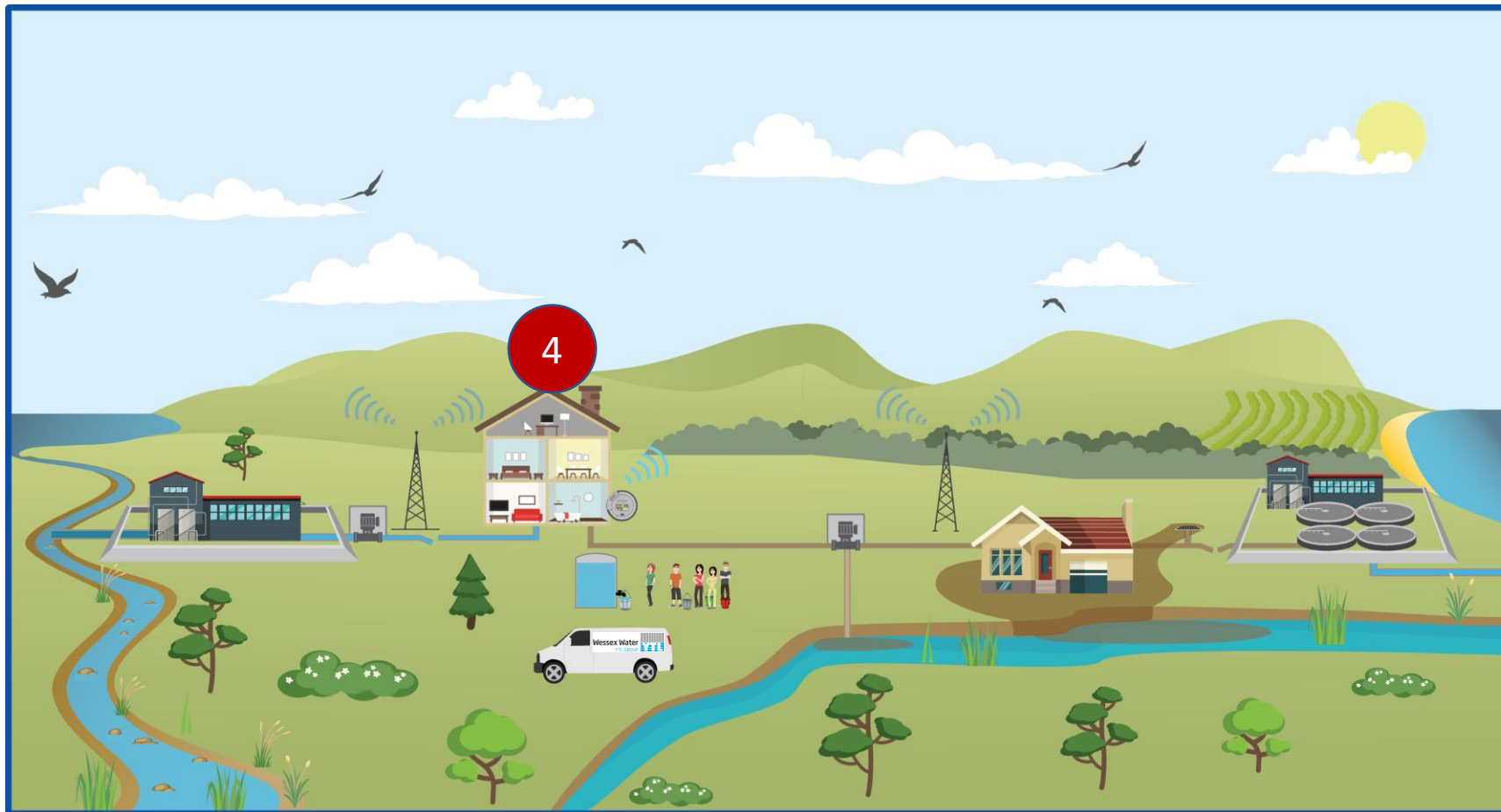
The network of water pipes is huge (Wessex Water has over 7,300 miles of water pipes). Old pipes can start to leak or burst. The water is heavily pressurised in the pipe – this is in order to ensure water is kept clean (the pressure stops dirt from getting into pipes that have small cracks).

Burst pipes can result in supply interruptions and leakage. Water companies fix bursts quickly and will provide alternative water when there are interruptions – with vulnerable customers given first priority.

Once a burst is fixed there can be issues with deposits in the pipes being stirred up – this can temporarily cause brown water, which needs to be run off through taps.

Telemetry is being installed to auto-detect leaks and water companies also find out about leaks through customers phoning them.





Increasingly, houses are metered. This means you pay for the water you use. The price you pay is regulated by Ofwat. Customers who are struggling to pay their bills due to financial hardship or debts are helped by the water company through lower bills.

At the moment, meters are read by a meter reader who comes to the house to read the meter. Smart meters for water are in their infancy. Water companies already help people to review their bills and consumption online to help manage water use. Water companies offer devices in the home to reduce water use – such as efficient shower heads and water butts.

Customers may ring water companies to report issues – such as a leak or a blockage. Wessex Water's call centre is based in the UK and real people answer the phones with a warm voice, rather than a robot.



Waste is taken away through sewers. Rain also gets into sewers and, sometimes, heavy rain can mean there is too much for the sewers to cope with. Overflow pipes take the excess and put it into a local river or the sea. It's heavily diluted by the rain and water companies monitor the overflows to make sure it doesn't happen too often.

These overflow pipes are legal – but should be used sparingly (ideally no more than once a month). The only way to get rid of these is to build storage or make sewers bigger. Or to stop rainwater going into sewers in the first place (by introducing more soakaways).



When people flush stuff down the toilet that does not belong (like wet wipes, sanitary items and nappies) or pour cooking fats and oils down the sink, then sewers can spill and go into houses and gardens or rivers. If it enters a river it is called pollution; if not it is called sewer flooding.

Sewer flooding can cause a lot of damage – those with it inside the house may have to leave whilst the house dries and is repaired.

As new housing is built, water companies need to build new or bigger sewers to cope with the increased demand.



Waste is taken to treatment works to be treated.

This involves taking the water out of the waste – to put back into the river or sea. The water returned to the sea has to meet very strict standards. Meeting even higher standards can improve the quality of rivers and coastal waters.

The waste that is left – called sludge – has to be disposed of. As much as possible, this sludge should have a beneficial use, such as being used to produce renewable energy and reduce our carbon footprint, or for fertiliser.

## Wessex Water Stimulus B - Performance Commitments and Targets

Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Further information	How Wessex currently compares	Company Target for 2025
1	Environment	Treatment works compliance	Ensuring our treatment works return wastewater back to the environment meeting the allowed levels.	Percentage of sewage treatment works and water treatment works that are compliant with their numeric discharge permit as reported to the Environment Agency (EA)	Currently top 3 of the 10 water and sewerage companies	Improve
2	Environment	Wastewater pollution incidents – category 1-3	Minimising events that pollute the water environment, e.g. by untreated sewage leaking from sewers.	Category 1-3 pollution incidents per 10,000km of wastewater network, as reported to the EA	Currently top 3 of the 10 water and sewerage companies	Improve
3	Environment	Abstraction incentive mechanism (Mere)	Reducing the amount of water we take from environmentally sensitive sites.	Ofwat defined measure	Not comparable	Improve
4	Environment	Natural capital: improve Sites of Special Scientific Interest (SSSI sites)	Improving habitats for plants and wildlife on the SSSI land we own.	Percentage of actions delivered to improve SSSI sites, such as at Mere, on Wessex Water landholding as agreed with Natural England	Not comparable	Do more
5	Environment	Greenhouse gas emissions	Reducing the amount of greenhouse gas our activities create.	Annual gross greenhouse gas emissions from operational services	Not comparable	Improve
6	Environment	Working with community to improve bathing water experience	Supporting or creating community projects at beaches to improve the experience of beach users.	Number of beaches with community projects that improves bathing water experience	Not comparable	Do more

Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Further information	How Wessex currently compares	Company Target for 2025
7	Environment	Working with catchment partners to improve natural capital	Doing projects with partners that have wider benefits to the natural environment as well as protecting our water supplies and local rivers.	Number of schemes working with catchment partners to improve natural capital on non-Wessex Water landholding (excluding SSSI sites)	Not comparable	Do more
8	Environment	Satisfactory sludge disposal	Safely disposing of the solids that are left at the end of the waste treatment process.	Percentage of sludge disposed that complies with appropriate legislation and regulation, as reported to the EA.	Currently the best	Remain stable
9	Environment	Reduce frequent spilling overflows (non-WINEP)	Improving the environment by reducing the number of overflows that frequently spill sewage into rivers and the sea.	Number of Combined Sewer Overflow improvements achieved in addition to WINEP requirements	Not comparable	Improve
10	Environment	Km of river improved – Water Industry National Environment Programme (non-WINEP)	Improving river quality by reducing the amount of unwanted nutrients.	Km of river improved through removal of additional nutrients, by the over-performance of our STWs, and/or the implementation of additional catchment management off-setting (EnTrade)	Not comparable	Do more
11	Resilient Services	Water supply interruptions	Minimising interruptions to customers water supply.	Number of minutes lost per property with supply interruptions greater than three hours including planned, unplanned and third-party interruptions	Below average	Improve

Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Further information	How Wessex currently compares	Company Target for 2025
12	Resilient Services	Risk of severe restrictions in a drought	Ensuring that people don't experience severe water supply restrictions (e.g. standpipes) in extreme droughts.	Percentage of the population the company serves that would experience severe supply restrictions (e.g. standpipes or rota cuts) in a 1-in-200 year drought	Currently the best	Remain stable
13	Resilient Services	Risk of sewer flooding in a storm	Ensuring people do not get flooded by sewage in serious storms.	Percentage of population at risk of sewer flooding in a 1-in-50 year storm	Unknown	Remain stable
14	Resilient Services	Water main bursts	Reducing how often our water mains burst.	Number of mains bursts/repairs on water mains per year (water mains only - excludes service pipes)	Below average	Remain stable
15	Resilient Services	Unplanned outage	Reducing how often our water treatment works have to be taken out of service unexpectedly.	Total unplanned outage as a proportion of total production capacity (%)	Not comparable	Remain stable
16	Resilient Services	Sewer collapses	Reducing how often we have to repair a sewer because it has collapsed.	Ofwat defined measure	Not comparable	Remain stable
17	Resilient Services	Restrictions on water use (hosepipe bans)	Ensuring we don't have to enforce a hosepipe ban.	The avoidance of imposing a temporary use ban	Currently the best	Remain stable
18	Efficient use of water	Volume of water leaked	Reducing the amount of water that leaks from pipes in our region.	Leakage in megalitres per day (Ml/d)	Above average	Improve



Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Further information	How Wessex currently compares	Company Target for 2025
19	Efficient use of water	Volume of water used per person	Reducing the average amount of water used by each person in a day.	Average amount of water used by each person that lives in a residential property (litres per head per day)	Top 5 of 17 the water companies	Improve
20	Efficient use of water	Customer reported leaks fixed within a day	Fixing leaks that are reported by customers within a day.	Percentage of customer reported leaks fixed within a day (on water mains – excludes service pipes)	Not comparable	Remain stable
21	Efficient use of water	Volume of water saved by water efficiency promotion	Helping customers reduce the amount of water they use.	Volume of water saved by helping customers reduce the amount of water used per person because of water efficiency promotion	Not comparable	Improve
22	Excellent drinking water quality	Compliance risk index (CRI)	Providing excellent quality drinking water.	The DWI's Compliance Risk Index (CRI)	Top 5 of 17 the water companies	Improve
23	Excellent drinking water quality	Water quality customer contacts (appearance)	Reducing the number of times customers contact us about the appearance of their tap water.	Number of times companies were contacted by customers about the appearance of their tap water (per 10,000 people)	Above average	Improve
24	Excellent drinking water quality	Tackling water quality at home and in the work place	Working with customers to improve the quality of water in their property.	Inspections and customer lead pipe replacement that leads to the improvement of water quality	Not comparable	Do more
25	Excellent drinking water quality	Lead communication service pipes replaced (Wessex Water assets)	Replacing lead pipes to safeguard water quality.	Number of lead communication pipes replaced, including galvanised and other metallic pipes that include lead	Not comparable	Do more

Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Further information	How Wessex currently compares	Company Target for 2025
26	Excellent drinking water quality	Event risk index (ERI)	Improving the quality of the water we provide to customers.	The DWI's Event Risk Index (ERI)	Unknown	Improve
27	Minimise sewer flooding	Customer property sewer flooding (internal)	Minimising the number of times sewage floods into customers' homes.	The number of internal flooding incidents per year, including all incident causes and sewer flooding due to severe weather events per 10,000 sewer connections	Currently the best	Improve
28	Minimise sewer flooding	Customer property sewer flooding (external)	Minimising the number of times sewage floods outside customers' homes (e.g. in roads, gardens and fields).	The number of external inside property boundary flooding incidents per year, including all incident causes and sewer flooding due to severe weather events per 10,000 sewer connections	Above average	Improve
29	Minimise sewer flooding	Sewer flooding resilience risk	Managing the overall risk of sewer flooding.	Overall risk of flooding as measured by sewer flooding risk grid	Not comparable	Remain stable
30	Minimise sewer flooding	North Bristol Sewer Scheme – Trym catchment	Delivering one of our major projects – a big new sewer in the north of Bristol	In line with the Bristol sewerage strategy, additional capacity for the Trym catchment will be delivered in 2022/23	Not comparable	On time delivery
31	Engaged community	Numbers of customers on the Priority Services Register	Identifying customers in vulnerable circumstances and understanding their needs.	Number of additional customers added to the Priority Service Register each year	Not comparable	Do more

Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Further information	How Wessex currently compares	Company Target for 2025
32	Engaged community	Delivering for customers in vulnerable circumstances / accessible communications	Ensuring our service are accessible and available to everyone, especially those in vulnerable circumstances.	The accessibility of the company's communications with customers	Not comparable	Remain stable
33	Engaged community	Number of children / students engaged	Engaging children / students to teach them about the water environment.	Number of children / students engaged	Not comparable	Do more
34	Excellent services for customers	Customer measure of experience (C-MeX)	Delivering excellent customer service to household customers.	Measure defined by Ofwat	Currently the best	Improve
35	Excellent services for customers	Developer Services measure of experience (D-MeX)	Delivering excellent service to house builders.	Measure defined by Ofwat	Unknown	Improve
36	Affordable bills	Total bill reduction to customers on social tariffs per 10,000 households	Reducing bills to help customers that can't afford them.	Total bill reduction to customers on social tariffs per 10,000 properties	Not comparable	Do more
37	Affordable bills	Application for assistance received by the independent advice sector / third parties	Working with partners to help people who are in financial difficulty.	Number of applications for assistance received by the independent advice sector / third parties that are funded	Not comparable	Do more
38	Affordable bills	Void sites	Reducing the number of properties that are receiving our services, but not being billed.	Percentage of properties that are void	Top 5 of 17 the water companies	Improve
39	Affordable bills	Gap sites	Reducing the number of properties that are receiving our services, but we don't know about it.	Number of gap sites discovered and recorded on internal systems per annum	Not comparable	Do more

# Wessex Water Stimulus C and D

# Outperformance Payment and/or Underperformance Penalty

The key performance area is highly valued by customers.

Customers want to see more improvements than in the agreed plan only if this can be achieved at an acceptable cost.

The acceptable cost is used to work out the size of an incentive payment.

The company is paid by results - if it invests and delivers better performance it receives an incentive payment.

However penalties apply for performance that is worse than that agreed in the plan.

The penalty may apply if:

- The company does not deliver the improvements promised
- Performance is worse than the current level

# Underperformance Penalty Only

An incentive payment is not appropriate - customers don't value further improvements above the agreed target level.

For example, performance improvements may be required by industry regulators and must be delivered. Customers don't want to pay for the additional investment needed to improve any further.

The company is penalised if it fails - the penalty would apply if:

- The company does not meet the targets agreed, or
- Performance is worse than the current level

i.e. Wessex have under performed.

# Outperformance Payment Only

The key performance area is highly valued by customers.

Customers want to see more improvements but only if this can be achieved at an acceptable cost.

This acceptable cost is used to work out the size of an incentive payment.

The company is paid only by results – so if it finds a way to deliver better performance it receives the incentive payment.

i.e. Wessex have out performed expectations.

# Reputational Only

An incentive or penalty may not be appropriate but it is still possible and appropriate to measure performance.

Measures may include those that already have incentives elsewhere – for example customers may already get guaranteed compensation for a failure to deliver a service.

The measure may also be new and uncertain.



**1.**

**Ensuring our treatment works return wastewater back to the environment meeting the allowed levels.**

**2.**

**Minimising events that pollute the water environment, e.g. by untreated sewage leaking from sewers.**

**3.**

**Reducing the amount of water we take from environmentally sensitive sites.**

**4.**

**Improving habitats for plants and wildlife on the SSSI land we own.**

**5.**

**Reducing the amount of greenhouse gases that our activities create.**

**6.**

**Supporting or creating community projects at beaches to improve the experience of beach users.**

**7.**

**Doing projects with partners that have wider benefits to the natural environment as well as protecting our water supplies and local rivers.**

**8.**

**Safely disposing of the solids that are left at the end of the waste treatment process.**

**9.**

**Improving the environment by reducing the number of overflows that frequently spill sewage into rivers and the sea.**

**10.**

**Improving river quality by reducing the amount of unwanted nutrients.**

**11.**

**Minimising interruptions to customers water supply.**

**12.**

**Ensuring that people don't experience severe water supply restrictions (e.g. standpipes) in extreme droughts.**

**13.**

**Ensuring people do not get flooded by sewage in serious storms.**

**14.**

**Reducing how often our water mains burst.**

**15.**

**Reducing how often our water treatment works have to be taken out of service unexpectedly.**

**16.**

**Reducing how often we have to repair a sewer because it has collapsed.**

**17.**

**Ensuring we don't have to enforce a hosepipe ban.**

**18.**

**Reducing the amount of water that leaks from pipes in our region.**

**19.**

**Reducing the average amount of water used by each person in a day.**

**20.**

**Fixing leaks that are reported by customers within a day.**

**21.**

**Helping customers reduce the amount of water they use.**

**22.**

**Providing excellent quality drinking water.**

**23.**

**Reducing the number of times that customers contact us about the appearance of their tap water.**

**24.**

**Working with customers to improve the quality of water in their property.**

**25.**

**Replacing lead pipes to safeguard water quality.**

**26.**

**Improving the quality of the water we provide to customers.**

**27.**

**Minimising the number of times sewage floods into customers' homes.**

**28.**

**Minimising the number of times that sewage floods outside customers' homes e.g. in roads, gardens and fields.**

**29.**

**Managing the overall risk of sewer flooding.**

**30.**

**Delivering one of our major projects – a big new sewer in the North of Bristol.**

**31.**

**Identifying customers in vulnerable circumstances and understanding their needs.**

**32.**

**Ensuring our service are accessible and available to everyone, especially those in vulnerable circumstances.**

**33.**

**Engaging children / students to teach them about the water environment.**

**34.**

**Delivering excellent customer service to household customers.**

**35.**

**Delivering excellent service to house builders.**

**36.**

**Reducing bills to help customers that can't afford them.**

**37.**

**Working with partners to help people who are in financial difficulty**

**38.**

**Reducing the number of properties that are receiving our services, but not being billed.**

**39.**

**Reducing the number of properties that are receiving our services, but we don't know about it.**

## Wessex Water Stimulus F: Performance Commitments and Targets





Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty	Under-performance Penalty Only	Out-performance Payment only	Reputational Only
1	Environment	Treatment works compliance	Ensuring our treatment works return wastewater back to the environment meeting the allowed levels.		✓		
2	Environment	Wastewater pollution incidents – category 1-3	Minimising events that pollute the water environment, e.g. by untreated sewage leaking from sewers.	✓			
3	Environment	Abstraction incentive mechanism (Mere)	Reducing the amount of water we take from environmentally sensitive sites.	✓			
4	Environment	Natural capital: improve Sites of Special Scientific Interest (SSSI sites)	Improving habitats for plants and wildlife on the SSSI land we own.	✓			
5	Environment	Greenhouse gas emissions	Reducing the amount of greenhouse gas our activities create.	✓			
6	Environment	Working with community to improve bathing water experience	Supporting or creating community projects at beaches to improve the experience of beach users.	✓			

Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty	Under-performance Penalty Only	Out-performance Payment only	Reputational Only
7	Environment	Working with catchment partners to improve natural capital	Doing projects with partners that have wider benefits to the natural environment as well as protecting our water supplies and local rivers.	✓			
8	Environment	Satisfactory sludge disposal	Safely disposing of the solids that are left at the end of the waste treatment process.		✓		
9	Environment	Reduce frequent spilling overflows (non-WINEP)	Improving the environment by reducing the number of overflows that frequently spill sewage into rivers and the sea.			✓	
10	Environment	Km of river improved – Water Industry National Environment Programme (non-WINEP)	Improving river quality by reducing the amount of unwanted nutrients.			✓	
11	Resilient Services	Water supply interruptions	Minimising interruptions to customers water supply.	✓			
12	Resilient Services	Risk of severe restrictions in a drought	Ensuring that people don't experience severe water supply restrictions (e.g. standpipes) in extreme droughts.				✓
13	Resilient Services	Risk of sewer flooding in a storm	Ensuring people do not get flooded by sewage in serious storms.				✓
14	Resilient Services	Water main bursts	Reducing how often our water mains burst.		✓		



Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty	Under-performance Penalty Only	Out-performance Payment only	Reputational Only
15	Resilient Services	Unplanned outage	Reducing how often our water treatment works have to be taken out of service unexpectedly.		✓		
16	Resilient Services	Sewer collapses	Reducing how often we have to repair a sewer because it has collapsed.		✓		
17	Resilient Services	Restrictions on water use (hosepipe bans)	Ensuring we don't have to enforce a hosepipe ban.	✓			
18	Efficient use of water	Volume of water leaked	Reducing the amount of water that leaks from pipes in our region.	✓			
19	Efficient use of water	Volume of water used per person	Reducing the average amount of water used by each person in a day.	✓			
20	Efficient use of water	Customer reported leaks fixed within a day	Fixing leaks that are reported by customers within a day.	✓			
21	Efficient use of water	Volume of water saved by water efficiency promotion	Helping customers reduce the amount of water they use.	✓			
22	Excellent drinking water quality	Compliance risk index (CRI)	Providing excellent quality drinking water.		✓		
23	Excellent drinking water quality	Water quality customer contacts (appearance)	Reducing the number of times customers contact us about the appearance of their tap water.	✓			



Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty	Under-performance Penalty Only	Out-performance Payment only	Reputational Only
24	Excellent drinking water quality	Tackling water quality at home and in the work place	Working with customers to improve the quality of water in their property.	✓			
25	Excellent drinking water quality	Lead communication service pipes replaced (Wessex Water assets)	Replacing lead pipes to safeguard water quality.	✓			
26	Excellent drinking water quality	Event risk index (ERI)	Improving the quality of the water we provide to customers.	✓			
27	Minimise sewer flooding	Customer property sewer flooding (internal)	Minimising the number of times sewage floods into customers' homes.	✓			
28	Minimise sewer flooding	Customer property sewer flooding (external)	Minimising the number of times sewage floods outside customers' homes (e.g. in roads, gardens and fields).	✓			
29	Minimise sewer flooding	Sewer flooding resilience risk	Managing the overall risk of sewer flooding.				✓
30	Minimise sewer flooding	North Bristol Sewer Scheme – Trym catchment	Delivering one of our major projects – a big new sewer in the north of Bristol		✓		
31	Engaged community	Numbers of customers on the Priority Services Register	Identifying customers in vulnerable circumstances and understanding their needs.	✓			



Nr	Outcome or Priority Area	Performance Commitment	Customer definition	Outperformance Payment or Underperformance Penalty	Under-performance Penalty Only	Out-performance Payment only	Reputational Only
32	Engaged community	Delivering for customers in vulnerable circumstances/accessible communications	Ensuring our service are accessible and available to everyone, especially those in vulnerable circumstances.				✓
33	Engaged community	Number of children / students engaged	Engaging children / students to teach them about the water environment.	✓			
34	Excellent services for customers	Customer measure of experience (C-MeX)	Delivering excellent customer service to household customers.	✓			
35	Excellent services for customers	Developer Services measure of experience (D-MeX)	Delivering excellent service to house builders.	✓			
36	Affordable bills	Total bill reduction to customers on social tariffs per 10,000 households	Reducing bills to help customers that can't afford them.	✓			
37	Affordable bills	Application for assistance received by the independent advice sector / third parties	Working with partners to help people who are in financial difficulty.	✓			
38	Affordable bills	Void sites	Reducing the number of properties that are receiving our services, but not being billed.	✓			
39	Affordable bills	Gap sites	Reducing the number of properties that are receiving our services, but we don't know about it.				✓

# (G) Underperformance Penalties and Outperformance Payments

Wessex Water has to submit its plans to OFWAT (the industry Regulator) based on customer feedback.

Targets have to be agreed by OFWAT for each performance commitment as part of the business plan submitted by each company for the period of 2020 to 2025.

OFWAT checks that the targets are stretching (pushing the companies enough) by comparing them with what other companies achieve.

If you are happy with what Wessex Water are proposing as the targets on each performance commitment through to 2025 and they simply meet those targets each year, then there is no impact on the annual bill i.e. The bill is as set by OFWAT. The current average bill in the Wessex Water region is £479 per year.

# (H) Underperformance Penalties

If Wessex Water fail to meet, or fall below the agreed targets (presented to you earlier), they could be penalised by having a lower bill imposed on them each year, by OFWAT. In other words, your bill may be lower.

Possible penalties are higher than the possible incentive (outperformance) payments

1. If Wessex Water performance in meeting its targets was below the industry average, bills would likely reduce by around £9.
2. If Wessex was the worst performing company its penalty would mean bills would be likely to reduce by £18
3. The maximum bill reduction could be as much as £40

# (I) Outperformance Payments

If Wessex Water exceed the overall agreed targets (presented to you earlier) and customers value those improvements, they may be rewarded by OFWAT by having a higher bill. In other words, your bill may be be higher.

1. If Wessex was as successful as the best company to date at beating its targets, they may be rewarded by increasing the annual bill by +£9.
2. If Wessex was twice as successful as the best company to date at beating its targets, they may be rewarded by increasing the annual bill by +£18
3. The maximum amount Wessex could be rewarded is +£30. They would need to be three times more successful than the best company to date in beating their targets to achieve this.



# (J) What happens to the Outperformance Payments received by Wessex Water

Wessex Water is proposing to share 20% of any incentive (outperformance) payments earned through the period, immediately back with the local community.

We will set up an independently-administered charitable trust to improve the financial, social, economic and environmental resilience of our local communities.

It will invest in projects that:

- seek to help the financial capabilities of current and future customers (e.g. help on household on budgeting)
- give independent debt advice and benefits assistance
- help small-scale community environmental schemes
- improve science, technology, engineering and mathematics (STEM) skills in our region
- schemes that could promote greater diversity in our future workforce

turquoise



Wessex Water  
Performance Payments  
Outline Research Proposal March 2018

Full Colour Thinking from Turquoise for Wessex Water

## Introduction and background

- Wessex Water (WW) is undertaking an extensive customer engagement programme as part of the PR19 Price Review, which covers the period of 2020 to 2025 (and beyond).
- For PR14, Wessex water undertook research into the potential use of rewards and penalties (Performance Payments) for achievement of a series (around 40) measures of success (performance categories). Wessex Water now wish to undertake a similar exercise as part of the PR19 customer consultation.
- Wessex Water have approached Turquoise to propose how we would respond to this requirement. Outlined on the following slides is how Turquoise would respond to this brief.

## Specific research objectives

1

To examine customer perceptions of the concept of rewards and penalties in general.

2

To explore customer perceptions of the idea of a company like Wessex Water receiving a reward and/or penalty for achieving/failing to meet targets.

3

To determine what should happen if Wessex Water should either meet or fail to meet targets in support of customer priorities.

4

To evaluate which measures of success are appropriate for a financial reward or penalty, purely or a reputational measure that just needs monitoring by the business.

5

To discover customer reactions to Wessex Waters' view of which type of incentive is appropriate for each measure of success.

**Our objective is to work in an agile and flexible way with Wessex Water to deliver the overall project aims. We do not view our proposal as set in stone and wish to work in partnership with the Wessex Water Project Team to achieve the goals required.**

# Initial Briefing Meeting



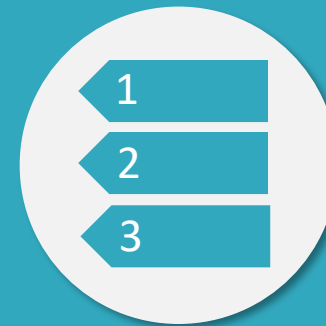
Set up Meeting



Stakeholder Engagement

We will immerse ourselves in your project, starting with the initial meeting with key team members (stakeholders).

The purpose of the initial briefing is to ensure that we have completely understood the required objectives and outputs of the project. This will be followed up with detailed action plans.



Actions & Project Plan



Adaptability

# Research considerations and our core approach

## Research considerations

- For PR14 Turquoise undertook rewards and penalties research for South West Water. It became clear from an early stage that the language used both around the concept of a reward and/or penalty, as well as the individual measures of success, was critical. Rewards and penalties were assessed according to four groupings...
  - Financial reward
  - Financial penalty (or financial reward and/or penalty)
  - Reputational only
  - KPI (Key Performance Indicator) requiring monitoring by the company only
- Language testing of all stimulus formed part of the process adopted for research within this element of PR14.
- Building on and using our experience from PR14, we believe it should be possible to design stimulus that is understood by all. However, we have provided the option of initial qualitative language testing with two disadvantaged customer groups – Wessex and Turquoise to agree if these are required.
- It is clear that a qualitative approach will deliver the optimum feedback required by Wessex Water and that a more interactive focus group format is the ideal.
- We have provided an optimum 5 groups solution with household and non-household customer groups.

# Our core approach

- We have designed our approach to examine the following...
  - Design of the stimulus to use within the ideal approach
    - Wessex to supply the 40 measures of success (performance categories) and how they believe these should be allocated to rewards, penalties, etc.
    - Turquoise to revise language based upon our experience.
  - An optional stage of two language testing focus groups.
  - Optional Pre-group online homework task.
    - Getting respondents into the ‘zone’. **Making people think about the water and sewerage process**; from experience we know that customers do not know or understand what is involved in getting clean water to the taps and taking dirty water away.
    - Initial assessment of the ‘concept’ of rewards and penalties in general i.e. ‘Should a company be penalised for failing to meet agreed targets or rewarded if the targets are exceeded?’
  - Core interactive workshop approach
    - Evaluation of the concept of rewards and penalties (Performance Payments) by customers – initial part of the focus group.
    - Determination and allocation of which measures of success should receive a reward, a penalty, both a reward and/or penalty, a reputational assessment, or simply a KPI that the company should monitor.



# Outline of our approach

## **Optional Part 1A**

Optional Focus group language testing

## **Optional Part 1B**

Pre-Group Online Homework Exercise

## **Core Part 2**

Household and Non-household  
Customer Interactive Groups

# Optional Part 1A – Language testing Focus Groups

To establish whether the stimulus material is understood by all

# Optional Part 1B – Qualitative groups with household customers to test stimulus material and its understanding

- These groups are designed to explore the level of understanding of Wessex Water customers, in relation to the stimulus that will be used in the core focus groups.
- **Turquoise recommends a limited qualitative investigation of the stimulus (if deemed necessary).** Turquoise recommends conducting two focus groups with disadvantaged customers – State Pensioners and Low Income Families
  - From experience, if these groups can understand the issues involved it is likely that other customer groups should have little problem in understanding the same issues.
  - The two groups would be conducted on one evening in one location.
- These groups will only be required if it is perceived that there is a requirement to test elements of the language before the Core Part 2 groups.
- Optionally, all **groups can be filmed** (so that WW can evidence engagement on this subject) – costs are shown for this option.

# Language testing group sample and costs – Two household customer groups

## Group 1

Low Income Families

Inland

SEG = DE

Location TBC

## Group 2

State Pensioners

Inland

SEG = E

Location TBC

## Optional pre-group homework task – Part 1B

To consider the the concept of rewards and penalties and customer knowledge of the clean and dirty water processes.

# Example homework exercise



Turquoise recommends a homework task. Respondents could be asked to answer a short questionnaire, or open-ended (free form) question about the concept of rewards and penalties

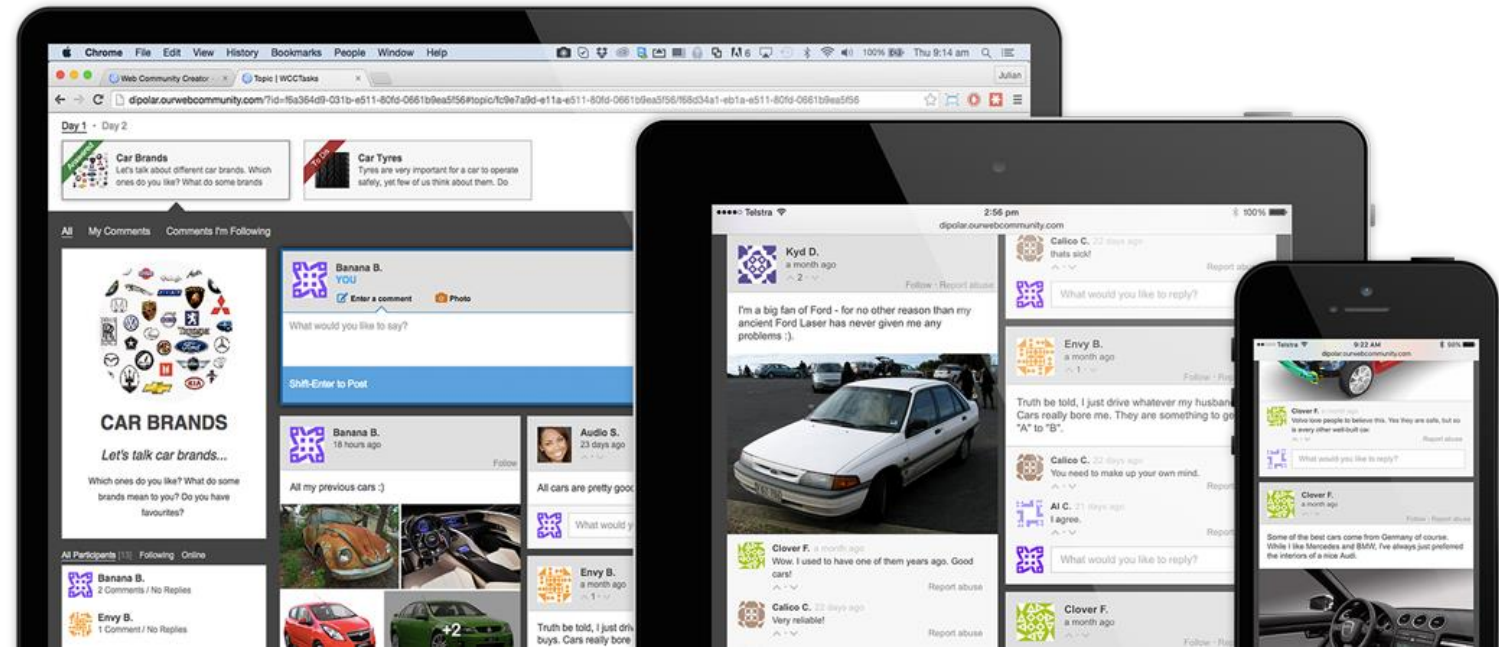
## Optional – Part 2A, Pre-group homework task

Using our web community platform we can set a pre-group homework task.

We are also able to distribute information/stimulus to respondents via the portal.

Examples of tasks that could be set in the homework task include:

- Ask a short survey.
- Take a video/record a soundbite.
- Collect and upload examples or rewards or penalties used by other companies.



The Web Communities software is very simple to use and looks like a social media page, like Facebook.

Using this platform for the homework task, we can ask questions, show video / pictures and upload video / pictures as well.

# Pre-group homework task

- The pre-group homework task will comprise of two of the following three – to be agreed...
  - A short questionnaire about the concept of rewards and penalties/payment by results
  - A quiz (done in a fun way) to assess customer understanding of the Wessex area and what Wessex really do on the customers behalf
  - A sort video on what clean water means to customers



## Part 2 - Core Focus Groups

To establish wider views on the concept of rewards and/or penalties and how each performance category should be dealt with.

## Design of stimulus

- Prior to the focus groups Turquoise will assist in the development of appropriate stimulus, including customer friendly wording of each performance category (measure of success).
  - We will use our experience to help design the wording for each.
- For our work at PR14 the description of rewards and penalties was explained as follows...
  - It was explained that a reward could work in a number of ways (for the company and/or customer). The following example was provided to customers in the subsequent groups...
  - e.g. Wessex Water tell customers that it would cost £30 in their bill to undertake 'X'. However, because Wessex Water were efficient, it had only cost £20. In this case there would be a surplus of £10, which could...
    - Be retained by the company as profit (Company reward)
    - Be used to conduct additional work on 'X' on the customers behalf at no additional cost (potential customer reward at no additional cost)
    - Be shared between the company and the customer (Shared reward; some profit for the company and some/all refunded to the customer in a lower bill)
- Wessex and Turquoise to agree on the example to be provided.

# Outline topic guide structure

- Within the topic guide and group discussion we recommend that we explore the following...
  - General perceptions of Wessex Water and what customers believe that Wessex Water do on behalf of customers.
  - An exploration of the concept of companies receiving a financial reward or penalty.
  - An exploration of the concept of a company like Wessex Water receiving a financial reward and/or penalty (Payment by results).
  - Presenting group respondents with a simplified explanation of the clean and dirty water network and process (Stimulus A).
  - Presenting Wessex Water's current (2019/2020) and target performance (within the period of 2020 to 2025) on each performance commitment (Stimulus B) and evaluation to see if Wessex are stretching themselves enough and how Wessex perform (where comparison is available) against other water and sewage companies and how transparent these are.
  - Presenting definitions of financial reward, financial penalties, financial rewards and /or penalties and Reputational measures (Stimulus C).
  - Group exercise with respondents allocating the 39 performance commitments (PCs) to each type of reward/penalty, or reputational measure (Stimulus D).
    - We will use Velcro display boards (4 fold) for customers to allocate each performance commitment.
    - In addition n to the group exercise we will explore whether the performance commitments put forward by Wessex Water reflect the needs of their customers.
  - An exploration of how Wessex Water should keep customers informed of how they are performing across time with regards to ODIs and where to provide that information within the 2020 to 2025 period.
  - To explore customer support for the overall range of possible bill impacts from ODIs.
    - Examples of how rewards (over-performance payments) could be shared and customer perceptions.
  - Summation.

## Part 2 – Qualitative groups with customers

- Interactive focus groups are the optimum approach for evaluating both the concept and how each performance category should be allocated.
- On the assumption that the optional language testing (Part 1A) is not required, Turquoise recommends an optimum of five customer focus groups of around 90 minutes duration, split as follows...
  - Four household
  - One Non-household
  - A full breakdown can be seen on slide 19
- **The combination** of all of these elements will enable us to **show** Wessex Water **how customers view the concept of rewards and penalties and how customers believe each performance category should be assessed.**
- We have provided Wessex Water with the option to **film all groups** (so that WW can evidence engagement on this subject)
  - costs are included.

## Part 2 – Qualitative groups with Household and Non-household customers

- Turquoise recommends that a **four focus group solution for household customers** would be ideal.
  - This would allow us to cover the wider Wessex Water customer base, using the following...
    - A cross-section of customers
    - Representation of different age groups
    - A broad representation of SEG (Socio-economic group)
    - Coastal, river and inland locations – some locations may need an adjustment to mini-groups, subject to actual locations.
    - Representation of household customers
    - The inclusion of a single group of vulnerable customers (struggling to pay and disability)
- In a similar manner to the household customers, it will also be important to look at **rewards and penalties with business end-users**. A **single group** solution is recommended.
- Turquoise recommends that the **following criteria** are used...
  - Medium, small and micro-businesses
  - Within the SME group, half to be water dependent and half not. Water dependent industries are e.g. Agriculture, food manufacture, breweries, café's, hair dressers, etc.
  - Inland/river locations.
- Business end users would follow a **similar topic guide to household** customers, but looking at issues from the business perspective.

# Household and Non-household customer group sample – Five customer groups

**Group 1**  
Inland  
Household  
25 to 45 years  
SEG = B C1 C2 D  
Trowbridge or Frome

**Group 3**  
Inland/River  
Household  
Aged 45 plus  
SEG = B C1 C2 D  
Warminster or Wincanton

**Group 5**  
Coastal  
Household  
Aged 25 Plus  
SEG = B C1 C2 D  
e.g. Poole or Somerset  
location

**Group 2**  
Inland  
Vulnerable customers  
Range of ages 30 to 55  
(struggling to pay and  
disability)  
Trowbridge or Frome

**Group 4**  
Inland/River  
Non-household  
Cross-section of Micro, Small  
and Medium businesses  
Mix of dependency on water  
Warminster or Wincanton

# Overall project requirements and outputs

# Requirements of Wessex Water for the project

- After attendance of the initial briefing meeting ( conducted face to face or telephone – Wessex Water to decide), we have four simple requirements of Wessex Water.
  1. Wessex Water to provide any relevant previous research with customers.
  2. Wessex Water to supply the 40 measures of success to be evaluated for a reward and/or penalty.
    - Turquoise will apply our knowledge and experience from previous rewards and penalty research to adjust wording where appropriate.
  3. Wessex Water to provide their own assessment of whether each measure should receive a penalty, or reward, etc.
  4. Wessex Water and Turquoise to work together and agree on any changes in wording required.



## Physical Project outputs

### Turquoise will deliver the following...

- Turquoise will conduct a combination of qualitative approaches to explore customer perceptions of the overall concept of rewards and penalties (performance payments) for a company such as Wessex Water.
- We will determine how customers feel about Wessex Water either meeting or failing to meet their targets and what should happen as a result.
- Turquoise will work with customers to allocate each performance category to an appropriate reward or penalty basis.
- Turquoise will show where Wessex Water needs to focus business planning in order to have the greatest positive impact for the customer, with regards to performance payments.
- Turquoise will provide an overall project report in a format of Wessex Water's preference; either MS PowerPoint or MS Word.
- Turquoise will present results as required to Wessex Water.

# Overall project timings

# Research Timings

Research Element	Who	Week	Date
Project Awarded	Wessex Water	1	w/c 26/03/18
Briefing Meeting	All	2	w/c 02/04/18
Recruitment Screener and Topic guide development	Turquoise	3	w/c 02/04/18
Qualitative recruitment	Turquoise	2 and 3	w/c 02/04/18 and 09/04/18
Optional Part 1A – Language testing groups	Turquoise	3	w/c 09/04/18
Optional Part 1B Pre-group homework	Turquoise	4	w/c 16/04/18
Qualitative fieldwork	Turquoise	5	w/c 23/04/18
Project updates	Turquoise	Ongoing	Weekly or as agreed at briefing
Analysis	Turquoise	6	w/c 30/04/18
Report	Turquoise	7	End of w/c 06/05/18
Presentation to Wessex Water team	All	TBC	

# OUR CREDENTIALS

# Why Choose Turquoise?

- Turquoise Thinking Ltd is an award winning full service market research agency delivering research insight to Clients across Consumer and B2B markets in both the private and public sector. We have been operating since 1987 and as a group of passionate market research professionals, we have over 75 years of experience helping a diverse range of UK and International Clients achieve their research goals.
- Turquoise works across a variety of different sectors including: Automotive, Consumer, FMCG, Finance, Food and Drink, Government, Healthcare, Travel and Tourism, Skills & Education with Utilities being one of our largest sectors. Working across such diverse sectors we are able to apply more holistic and innovative approaches to the research projects we undertake.
- For PR14, the work conducted by Turquoise in conjunction with South West Water was praised as being the ‘Gold Standard’ in terms of both quality and approach. This included the work we undertook around rewards and penalties.
- Over the last 30 years we have amassed a wealth of experience and understanding of customers, both consumer and B2B. We have also amassed an abundance of experience, knowledge and understanding of research methodologies, both old and new (including our own, bespoke).
- Insight from our surveys are being used by Clients to target customers more effectively and tailor both communications and strategies and hence increase positive customer engagement.

# Meet the team and their roles on the project...



**Lisa Ollerenshaw**  
 Joint Managing Director  
**Head of Research**

**Project Design,  
 Analysis & Reporting**

[lisa@thinkturquoise.com](mailto:lisa@thinkturquoise.com)



**Mark Harvey**  
 Joint Managing Director  
**Head of Business Development  
 & Strategy**

*Key WW contact and  
 Project Manager*

**Project Design  
 Strategic Input,  
 Moderation,  
 Analysis & Reporting**

[mark@thinkturquoise.com](mailto:mark@thinkturquoise.com)



**Frank Paxton**  
 Research Analyst  
**Quantitative Development &  
 Data Visualisation**

**Data Visualisation**

[frank@thinkturquoise.com](mailto:frank@thinkturquoise.com)



**Laura Scott**  
 Operations Manager  
**Senior Researcher**

*Back up contact  
 for WW*

**Analysis and reporting.**

[laura@thinkturquoise.com](mailto:laura@thinkturquoise.com)

# Water and Sewerage Sector Experience

## Our Project Experience covers...

Annual Customer (Domestic and Business) tracking  
 Periodic Review - AMP 2, AMP 3, PR04, PR09, PR14, PR19  
 Price perceptions - willingness to pay  
 Industry measures, LOS  
 SIM (Service Incentive Mechanisms)  
 Cost of Dirty water  
 Water taste and odour issues  
 Call Centre Response  
 Complaint Handling  
 Compliment Handling  
 Bill Design  
 Flooding from Sewers  
 Flooding  
 Fat, Oil and Grease Disposal (FOG)  
 Sewer Misuse  
 Wider Service Issues  
 Service Plus  
 Low pressure  
 Private Sewer Transfer  
 Default tariffs (businesses)  
 Social Tariffs  
 Social Housing  
 Metering  
 Company rewards and penalties

**Project Experience covers B2B and Domestic, Water and Sewage  
 Company Employees**

## Industry Groups and Stakeholders Researched Include...

MP's  
 Stakeholders  
 Employees  
 Media Representatives  
 Water and Sewerage Companies  
 UKWIR  
 Consumer Council for Water (CCW)  
 Age Concern  
 Citizens Advice  
 Environment Agency  
 Surfers Against Sewage  
 Country Landowners Association  
 Customer Forward Committee/Customer Challenge Groups  
 Fisheries Groups  
 Pressure Groups

## Audiences...

At risk/Priority Service register customers  
 Low income families and vulnerable groups  
 State pensioners  
 Pre-payment meter customers  
 Social Housing customers  
 Customers with frequent outages  
 Domestic customers (all demographics and life-stages)  
 Future customers  
 Business Customers  
 Licensed Providers/Retailers

# Water and Sewerage and Utility Clients



**Scottish Water**

Trusted to serve Scotland



CONSUMER COUNCIL FOR



Dŵr Cymru  
Welsh Water





# What our customers say about us...

*'Partnering with Turquoise has radically changed the way we market to our customers. We embarked on a segmentation project which has had a significant impact on our business increasing member engagement by 35%.*

*Turquoise have been a pleasure to work with; their insight, experience and expertise helped us to develop our customer marketing strategy and give us real insight into the behaviour patterns that exist across the different segments. I would highly recommend Turquoise to any business looking to enhance their marketing and communications strategy.'*

Emma Charlesworth  
Numark Pharmacies

*'I have to have confidence in recommending an agency to my internal customers. I feel totally safe with Turquoise.'*

Ian Cholmondeley  
Muller Wiseman

*'I have conversations with Turquoise that I don't have with other agencies. They help me articulate the problem and potential solutions.'*

Ian Wheeler  
Skills for Health

*'We trust Turquoise to deliver the results we need and like the fact that they offer innovative solutions.'*

Melanie Dumelow  
Roche Diabetes Care

*'The fact that we still use the student segmentation model today that Turquoise first created for us in 2008 is testament to its insight and validity. We continue to value their approaches and ability to visualise important information.'*

Maria Luisa Ross  
Middlesex University

*'Once you start exploring your customers to the depth that Turquoise do, you'll never look at them in the same way again. I believe the level of insight that Turquoise has provided us through their research approaches has really delivered new understanding about not only how our customers are motivated when buying a new car, but also about how best to reach them with tailored communication messages.*

*Fresh thinking and sound data, a rare combination but certainly what I've experienced from Turquoise.'*

Paul Evans  
Citroen UK

*'Our relationship with Turquoise has spanned a number of decades. They know our business and the sector as well as anyone. Their work is a cornerstone of our business planning.'*

Sally Mills  
South West Water