

Anglian Water 13E. OUTCOME DELIVERY INCENTIVE RESEARCH APPENDICES





A Report for

Anglian Water

Outcome Delivery Incentive Research: Appendices

June 2018

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Appendix A: Survey Questionnaire

Word Version

Introduction

Water bills in England and Wales are set every five years. Anglian Water is consulting with its customers and water regulator, Ofwat, around service levels and bills for the period 2020 - 2025.

Anglian Water will present its business plan to Ofwat in September 2018. This will set out the proposed service levels and bills based on detailed customer consultation.

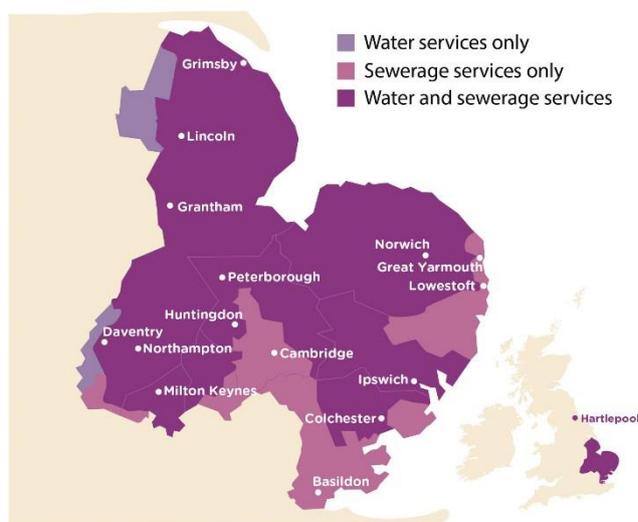
Once it has reviewed the plan, Ofwat will set customers' bills and target services levels for the period 2020 and 2025.

Your responses to this survey will help Anglian Water develop its plans. The survey will last about 15 - 20 minutes.

Any answers you give will be treated in confidence in accordance with the Code of Conduct of the Market Research Society. This means that all the information we collect will be used for research purposes only and it will not be possible to identify any particular individual or address in the results.

Section A - Standard front of survey questions

QA. Which company provides your household water and sewerage services?



SINGLE CODE

1	Anglian Water (both)	ASK QB
2	Anglian Water (water only)	THANK & CLOSE
3	Anglian Water (sewerage only)	THANK & CLOSE
4	Other company - RECORD	THANK & CLOSE
5	Not connected to either mains water or sewerage or both	THANK & CLOSE
6	Don't know	THANK & CLOSE

QB. SHOW IF CODE 1 AT QA - Are you responsible for paying the utilities' bills in your household (such as water, electricity, and gas), or are you jointly responsible with someone else?

SINGLE CODE

- | | | |
|---|-------------------------|---------------|
| 1 | Person most responsible | ASK QC |
| 2 | Jointly responsible | ASK QC |
| 3 | Not responsible | CLOSE |
| 4 | Don't know | THANK & CLOSE |

QC. Please indicate your gender

SINGLE CODE

- | | |
|---|--------|
| 1 | Male |
| 2 | Female |

QD. Please can you indicate your age

SINGLE CODE

- | | |
|---|-------|
| 1 | 18-29 |
| 2 | 30-44 |
| 3 | 45-64 |
| 4 | 65+ |

QE. Are you the main income earner in your household?

SINGLE CODE

- | | | |
|---|-------------------|--------------------------------|
| 1 | No | ASK QG |
| 2 | Yes | ASK QG |
| 3 | No income earners | AUTOCODE QF = 6 AND SKIP TO QH |

QF. SHOW IF CODE 1 OR 2 AT QF - Main income earner's occupation (if main income earner is retired, select occupation before retirement).

SINGLE CODE

- | | | |
|---|---|----|
| 1 | Higher managerial, administrative or professional | A |
| 2 | Intermediate managerial, administrative or professional | B |
| 3 | Supervisory or clerical and junior managerial, administrative or professional | C1 |
| 4 | Skilled manual worker | C2 |
| 5 | Semi or unskilled manual worker | D |
| 6 | Casual worker, dependent on state pension only, or dependant on state welfare | E |

QG. What is the total amount your household pays for both water and sewerage services?

Amount per year

- | | |
|---|-------------------|
| A | RECORD AS WHOLE £ |
| B | APPROX. AMOUNT |

SINGLE CODE

- | | | |
|----|-------------------------|-------------------------|
| 1 | Less than £13 per month | Less than £150 per year |
| 2 | £13 - £16 per month | £151 - £200 per year |
| 3 | £17 - £20 per month | £201 - £250 per year |
| 4 | £21 - £24 per month | £251 - £300 per year |
| 5 | £25 - £28 per month | £301 - £350 per year |
| 6 | £29 - £32 per month | £351 - £400 per year |
| 7 | £33 - £37 per month | £401 - £450 per year |
| 8 | £38 - £41 per month | £451 - £500 per year |
| 9 | £42 - £45 per month | £501 - £550 per year |
| 10 | £46 - £50 per month | £551 - £600 per year |

11	More than £50 per month	More than £600 per year
12	Don't know	Don't know

SECTION B - ODI QUESTIONS

Anglian Water is currently consulting on its proposed 2020-2025 business plan.

By 2020 the average water bill will be £412. Anglian Water is currently consulting on a proposed plan that would see average bills rise from £412 (£34 per month) to £422 (£35 per month) by 2025, with investment to:

- reduce the risk of severe water restrictions in times of drought
- reduce interruptions to water supplies
- reduce incidents of pollution and flooding from sewers
- improve the quality of rivers and coastal waters
- reduce leakage
- increase maintenance in the water and sewerage networks and at treatment works.

The water bill over 2020-2025 can be considered as two parts:

- A 'fixed' part which customers are charged as a minimum.
- A small 'variable' part which is dependent on the service levels that Anglian Water delivers. The variable part of the bill is capped to protect customers from large movements in bills.

GIF ONE

[New page](#)

Performance targets are agreed with Ofwat. These targets are set at stretching and challenging levels.

Most targets have financial consequences associated with them, which results in a small variable part of the bill.

- *If a company fails to meet targets it incurs penalties. Companies are not allowed to pass penalties onto customers - these must be paid for out of profits by lowering bills.*
- *If a company beats its targets and delivers higher levels of service to customers, it will be allowed to raise bills slightly.*

In the current five-year bill period covering 2015-2020, the overall variable part of the average bill has a possible range of +£10 and -£20 each year, and since 2015 has resulted in a total impact of £1.52 per household.

This slight increase in the bill is because Anglian Water identified ways to go beyond the stretch targets set by Ofwat with regard to supply interruptions and leakage; and has been allowed to charge a slightly higher cost to recoup the additional investment costs.

[New page](#)

This survey will help Anglian Water understand customers' views on how much of the bill should be fixed and what service areas should be covered by the variable part of the bill.

Q1. First, to what extent do you agree or disagree with the following statements about your bill:

Rotate	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
I like to know how much my bills will be to help me budget	1	2	3	4	5
I am happy to see a slightly variable bill to ensure companies meet and beat their targets	1	2	3	4	5
I think water companies are likely to provide better services if they are paid slightly more as a result	1	2	3	4	5
I think the company is more likely to meet targets if they have to reduce bills when they fail to meet targets	1	2	3	4	5
I think that it is important to incentivise improved performance and to penalise poor performance	1	2	3	4	5
The variable part of the bill is important for encouraging innovation which will keep bills efficient in the future.	1	2	3	4	5

Q2. The performance targets that are agreed between water companies and Ofwat cover two key elements:

- “Service levels” - the service that water companies deliver to customers
- “Asset Health” - maintenance and management of the network of pipes and treatment works

To avoid financial penalties a water company needs to meet its stretch targets set around Service Levels and Asset Health.

GIF TWO

To what extent do you agree or disagree with the following statements.

Rotate question order	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
It is important that the network of pipes and treatment works are maintained to ensure good service levels in the future	1	2	3	4	5
Water bills will be higher in the future if the network of pipes and treatment works is not properly maintained and invested in today	1	2	3	4	5
It is important water companies are penalised if they do not properly maintain the network of pipes and treatment works	1	2	3	4	5
It is important water companies are penalised if they do not meet their service targets each year	1	2	3	4	5
It is important water companies have incentives to outperform targets around maintenance and investment in the network - as this will protect service levels in the future	1	2	3	4	5

Q3. Ofwat agree with water companies the targets to meet around service levels - with financial incentives to meet and beat those targets. This is to ensure customers receive the service they pay for.

Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please use the sliders to indicate how important you consider each of the following Service Measure to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Show each measure with financial incentive in turn.

1. Water supply interruptions
2. Properties flooded internally from sewers
3. Customer Measure of Experience (C-MeX)
4. Developer Measure of Experience (D-MeX)
5. Non-household retailer satisfaction
6. Percentage of population supplied by single supply system
7. Per Capita Consumption
8. Leakage
9. Pollution incidents
10. Bathing Waters attaining excellent status
11. Abstraction Incentive Mechanism
12. Water Industry National Environment Programme
13. Supporting customers in vulnerable circumstances

For each - show the name of the measure, present the showcard that gives the description.

Answer in the form of a slide. Code scale as slider with discrete values 1 to 10 - show all 10 numbers. Show 1 = not important at all to have financial incentives to meet and beat targets, 10 = very important to have financial targets to meet and beat targets, 5 = somewhat important.

Q4. Asset Health measures are used to track how companies maintain and manage their network.

Please use the sliders to indicate how important you consider each of the following Asset Health measure to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Show each measure with financial incentive in turn.

- Water quality compliance risk index
- Reported mains bursts
- Unplanned outages
- Persistent low pressure
- Treatment works compliance
- Sewer collapses
- External sewer flooding

For each - show the name of the measure, present the showcard that gives the description.

Answer in the form of a slide. Code scale as slider with discrete values 1 to 10 - show all 10 numbers. Show 1 = not important at all to have financial incentives to meet and beat targets, 10 = very important to have financial targets to meet and beat targets, 5 = somewhat important.

SECTION C - ODI Package

The size of the variable part of the bill is capped to prevent bills being too high or too low. The next part of the survey has questions about the size of this variable part.

Anglian Water is considering four options for how customers' annual bills could be affected by missing or beating service targets. You will be shown four options for the overall package of incentives and you will be asked to rank these options from your most preferred option to your least preferred.

The four options include have different sized variable parts of the bill. The variable part will depend on whether Anglian Water meets or exceeds targets agreed with Ofwat for 2020 to 2025.

This means that customers' bills could be reduced if Anglian Water does not meet its service targets, or could be increased if Anglian Water beats its service targets.

Summarise the Options - GIF 4

Q5. Place these options in order of preference where 1 = most preferred and 4 = least preferred.

- 1 Option A
- 2 Option B
- 3 Option C
- 4 Option D

Q6. What are the two main reasons Option (X - ranked number 1 above) is your most preferred option?

TWO RESPONSES:

Rotate	(a) Main reason	(b) 2 nd reason
It is important to encourage companies to meet their obligations	1	1
It is important to encourage companies to innovate to keep bills low in the future	2	2
I don't trust companies to do what they say without strong financial penalties	3	3
I object to companies having the opportunity to make more profits - they make enough profits	4	4
I am interested in service improvements and am less interested in bills	5	5
I trust Ofwat to know what customers want and to set bills accordingly	6	6
I prefer a more certain bill	7	7
I think bills should be reflective of performance and when things are delivered?	8	8
Incentives should only be applied in some areas of service Please indicate where.....	9	9
Don't know	10	10
Other [RECORD VERBATIM]	11	11

Q7. What are the two main reason Option (Y - number 4 above) is your least preferred option?

TWO RESPONSES:

	(a) Main reason	(b) 2 nd reason
Companies should have bigger penalties for failing to meet service than rewards for exceeding service	1	1
Companies should face large penalties for poor performance but only small rewards for excellent performance	2	2
I prefer a more certain bill		
It is important to encourage companies to meet their obligations	4	4
It is important to encourage companies to innovate to keep bills low in the future	5	5
I don't trust companies to do what they say without strong financial penalties	6	6
I object to companies having the opportunity to make more profits - they make enough profits	7	7
I am interested in service improvements and am less interested in bills	8	8
I trust Ofwat to know what customers want and to set bills accordingly	9	9
Incentives should only be applied in some areas of service Please indicate where.....	10	10
Don't know	11	11
Other [RECORD VERBATIM]	12	12

Q8 - If in any one year the penalties or outperformance payments exceed the proposed cap, what do you think should happen to any further payments that would have resulted? [Single code](#)

- 1 Once the cap is reached, no further payments should be made. The additional monies are ignored.
- 2 Once the cap is reached, further payments roll over to the next year.
- 3 Once the cap is reached, a portion of the further payments should roll over to the next year.

Q9. The variable part of a bill aims to encourage water companies to meet targets around service levels and asset health.

Based on consultation with customers and Ofwat, Anglian Water is considering 7 aspects of asset health and 13 aspects of service. All of these will have stretch targets and financial impacts for meeting and beating those targets.

Using the slider below - please indicate to what extent you prefer financial targets to focus on asset health or service measures

GIF 3 - this shows the impact of putting too much into one versus the other.

As the slider moves show the split e.g. 55% Service, 45% Asset Health.

Asset Health
E.g. mains bursts, sewer collapses,
sewer flooding
unplanned outages at water treatment
interruptions

Service
e.g. pollution, internal
leakage, supply

Add a zone under the slider - sections

Strong preference
towards asset health

Slight preference
towards asset health

Slight preference
towards service

Strong preference
towards service

SECTION D - ODI Rates

Q10. The current framework applies standard rates to the size of any target missed or beaten.

If the penalty rate is 10p on customer bills ...

- If the target is missed by 1 unit, customer bills are reduced by 10 pence
- If the target is missed by 10 units, customer bills are reduced by £1

If the outperformance rate is 10p on customer bills

- If the target is exceeded by 1 unit, customer bills increase by 10 pence
- If the target is exceeded by 10 units, customer bills increase by £1

Ofwat has suggested that enhanced rates should apply when performance is significantly different to the target.

- If the company's performance is amongst the worst 25% in the industry the penalty rate would be higher. As there are 19 companies with performance reported this means being one of the worst 5 companies in the industry.
- If the company's performance is the best in the industry, then they would qualify for a higher outperformance rate to go even further, if there is customer support for this.

Do you agree with this proposal in principle?

- 1 Yes - I agree
- 2 No - I don't agree
- 3 neither agree nor disagree

Q11. [Only if say yes to Q10](#). What best reflects your view on how much the penalty or payment should increase when there are significant gaps between performance and the target?

Please note that a cap on the overall bill will still apply.

So in the example above when the target is missed or beaten by 10 units - the customer bill impact would be more than £1.

Slider - pick from:

- 50%
- Double the rate (e.g. 100% increase)
- Three times the rate
- Four times the rate
- Make five times or more
- Don't know

Q12. **Only ask if agree in Q10.** There are some aspects of service that Anglian Water is the best in the industry - or close to the best in the industry. Please indicate for these measures if you agree or disagree that enhanced rates should apply.

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
Leakage	1	2	3	4	5
Internal flooding	1	2	3	4	5

Q13. With this framework it is possible for the financial measures applied to targets to have a variable impact on the bill. Do you think there should be a cap on impact on the bill that is due to any one of the measures you have seen so far in the survey? Please indicate on the scale.

Scale - £0.50 - £1, £2, £3, £5, £10, No cap

All figures apply to an average bill of £422.

Q14. A few additional targets set by Ofwat do not have financial impacts associated with them. These measures are called reputational measures - and require that companies publish their performance for customers and stakeholders to see.

To what extent do you agree or disagree with the following statements:

Rotate question order	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
Reputational measures provide further incentives for companies to improve service	1	2	3	4	5
I think the company is likely to do more if their good performance is publicised and compared to other companies	1	2	3	4	5
I think the company is more likely to meet targets if poor performance is publicised	1	2	3	4	5
I would prefer most measures to have financial impacts - as reputational measures are not as likely to encourage companies to meet and beat targets.	1	2	3	4	5

Q15. Anglian Water is interested in hearing all views that customers have around future bills, service levels and the appropriate strength of incentives that impact on bills.

Please add any further comments that you wish to make.

[Capture text responses.](#) [Not compulsory to answer.](#)

Section E - Standard end of survey

Please could you now answer some final questions about you and your household. This information will help check that we have surveyed a range of customers.

QH. How long have you lived in the Anglian Water region?

SINGLE CODE

- 1 Less than 1 year
- 2 1 - 2 years
- 3 2 - 5 years
- 4 5 - 10 years
- 5 10 - 20 years

- 6 20- 30 years
- 7 More than 30 years
- 8 Prefer not to say

QI. Do you have a water meter?

SINGLE CODE

- 1 No (pay a fixed amount)
- 2 Yes (pay for what we use)
- 3 Don't know

QJ. Please can you provide your full home postcode or the first part of your home postcode? This information will be treated as confidential and will only be used for research purposes.

- 1 RECORD FULL POSTCODE
- 2 RECORD PART POSTCODE
- 3 Prefer not to say

QK. Using a scale from 0 to 10 where 0 is Disagree Strongly and 10 is Agree Strongly, to what extent would you agree or disagree with the following statements?

RECORD ON SCALE 0-10

- 1 I like to actively contribute to the local community
- 2 How my actions are perceived by others in my community is important to me
- 3 I believe it is important for businesses to balance the needs of themselves, their customers, the local community and the environment.
- 4 I don't mind if Anglian Water transfers water to other areas of the country where water is more scarce.
- 5 I am willing to pay more now to prevent other people's homes in my area being flooded by sewage
- 6 I budget carefully for the month
- 7 I regularly use phone apps to access things such as my bank account, energy account and mobile phone account
- 8 I would like to be able to control water in my house remotely over the internet in order to water the garden, for example

QL. Please indicate how many people there in each of the following age group.

Age	Number of people					
Up to 5 years (less than 5 years)	0	1	2	3	4	5+
5 to 15 years	0	1	2	3	4	5+
16 to 64 years	0	1	2	3	4	5+
65+	0	1	2	3	4	5+

QM. Anglian Water operates a scheme called WaterSure, which allows some customers to qualify for a lower bill if they receive benefits/tax credits and either receive child benefits or have a medical condition requiring them to use a significant amount of water. Do you receive assistance under this scheme?

SINGLE CODE

- 1 No
- 2 Yes
- 3 Prefer not to say

QN. Do you or a household member suffer from a long-term illness or disability?

MULTICODE (CAN ANSWER YES TO 2 AND 3)

- 1 No GO TO QS
- 2 Yes - me ASK QO
- 3 Yes - household member ASK QQ
- 4 Prefer not to say GO TO QS

QO. **SHOW IF CODE 2 AT QN** Does this illness/disability limit your daily activity?

- 1 No
- 2 Yes

QP. **SHOW IF CODE 2 AT QN** Does this illness/disability require you to use significant amounts of water?

- 1 No
- 2 Yes

QQ. **SHOW IF CODE 3 AT QN** Does this illness/disability limit their daily activity?

- 1 No
- 2 Yes

QR. **SHOW IF CODE 3 AT QN** Does this illness/disability require them to use significant amounts of water?

- 1 No
- 2 Yes

QS. Which of these best describes your current employment status?

SINGLE CODE

- 1 Self-employed
- 2 Employed full-time (30 hours per week or more)
- 3 Employed part-time (8 - 29 hours per week)
- 4 Employed working less than 8 hours a week
- 5 Student
- 6 Unemployed - seeking work
- 7 Unemployed - not seeking work/other
- 8 Looking after the home/children full-time
- 9 Retired
- 10 Unable to work due to temporary sickness
- 11 Unable to work due to long-term sickness or disability

- 12 Other - RECORD
- 13 Prefer not to say

QT. At what level did you complete your education? If you are still studying, which level best describes the highest level of education you have obtained until now?

SINGLE CODE

- 1 O levels / CSEs / GCSEs (any grades)
- 2 A levels / AS level / higher school certificate
- 3 NVQ (Level 1 and 2). Foundation / Intermediate / Advanced GNVQ / HNC / HND
- 4 Other qualifications (e.g. City and Guilds, RSA/OCR, BTEC/Edexcel))
- 5 First degree (e.g. BA, BSc)
- 6 Higher degree (e.g. MA, PhD, PGCE, post graduate certificates and diplomas)
- 7 Professional qualifications (teacher, doctor, dentist, architect, engineer, lawyer, etc.)
- 8 No qualifications
- 9 Prefer not to say

QU. Please can you indicate, which band best describes your total household income before tax and other deductions?

Please note this information will be used to check that we have surveyed a range of customers. It will be not be possible to identify any particular individual or address in the results.

SINGLE CODE

	Per month	Per year
1	Up to £539	Up to £6,499
2	£540 - £789	£6,500 - £9,499
3	£790 - £1,289	£9,500 - £15,499
4	£1,290 - £2,079	£15,500 - £24,999
5	£2,080 - £3,329	£25,000 - £39,999
6	£3,330 - £4,999	£40,000 - £59,999
7	£5,000 - £7,499	£60,000 - £89,999
8	£7,500 and over	£90,000 and over
9	Don't know	
10	Prefer not to say	

QV. Which the following best describes your ethnic group? Please choose one option that best describes your ethnic group or background

SINGLE CODE

- 1 White
- 2 Mixed / Multiple ethnic groups
- 3 Asian / Asian British
- 4 Black / African / Caribbean / Black British
- 5 Chinese or Arab
- 6 Other ethnic group
- 7 Prefer not to say

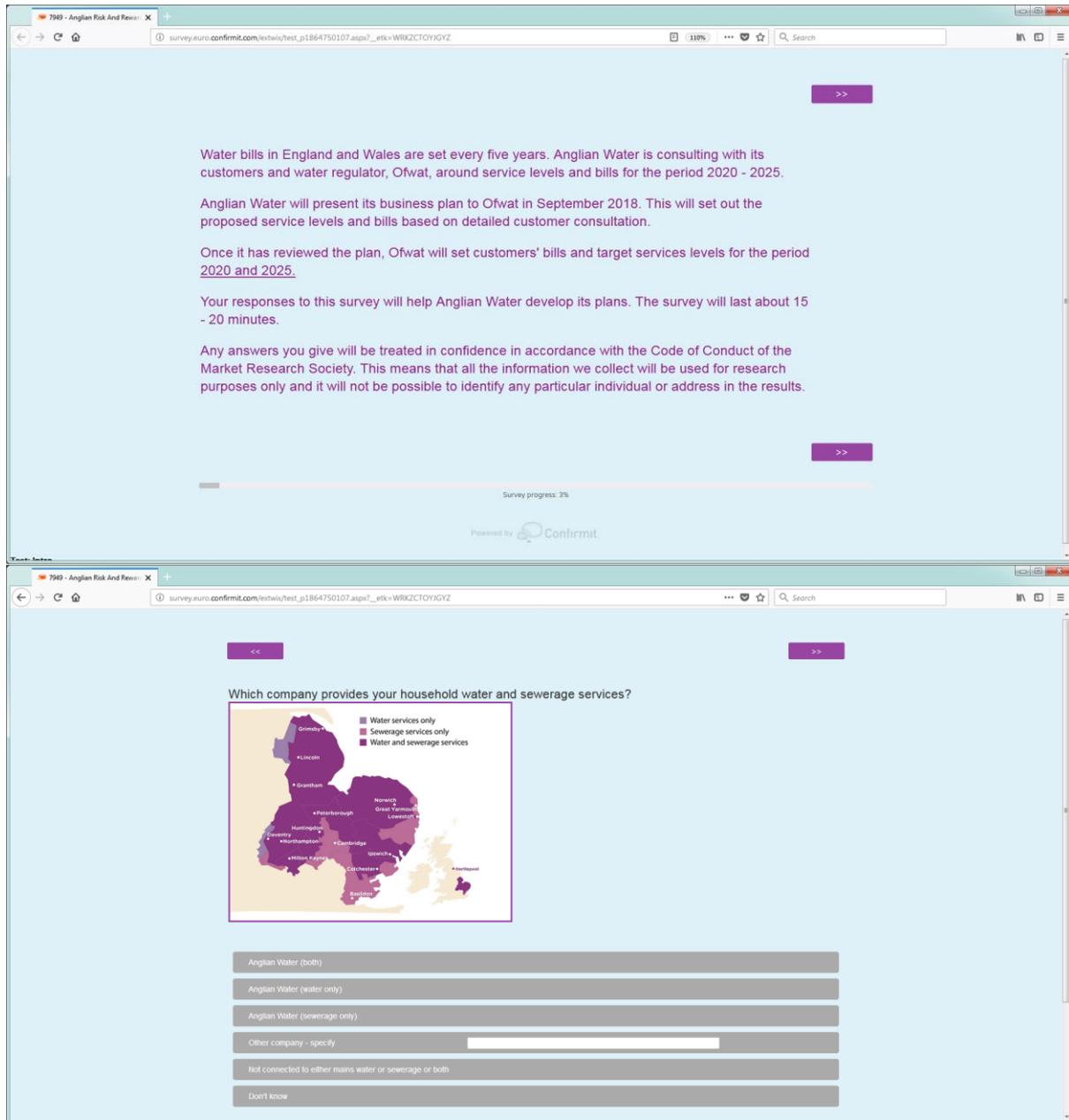
QW. Finally, did you think this survey was (select all that apply):

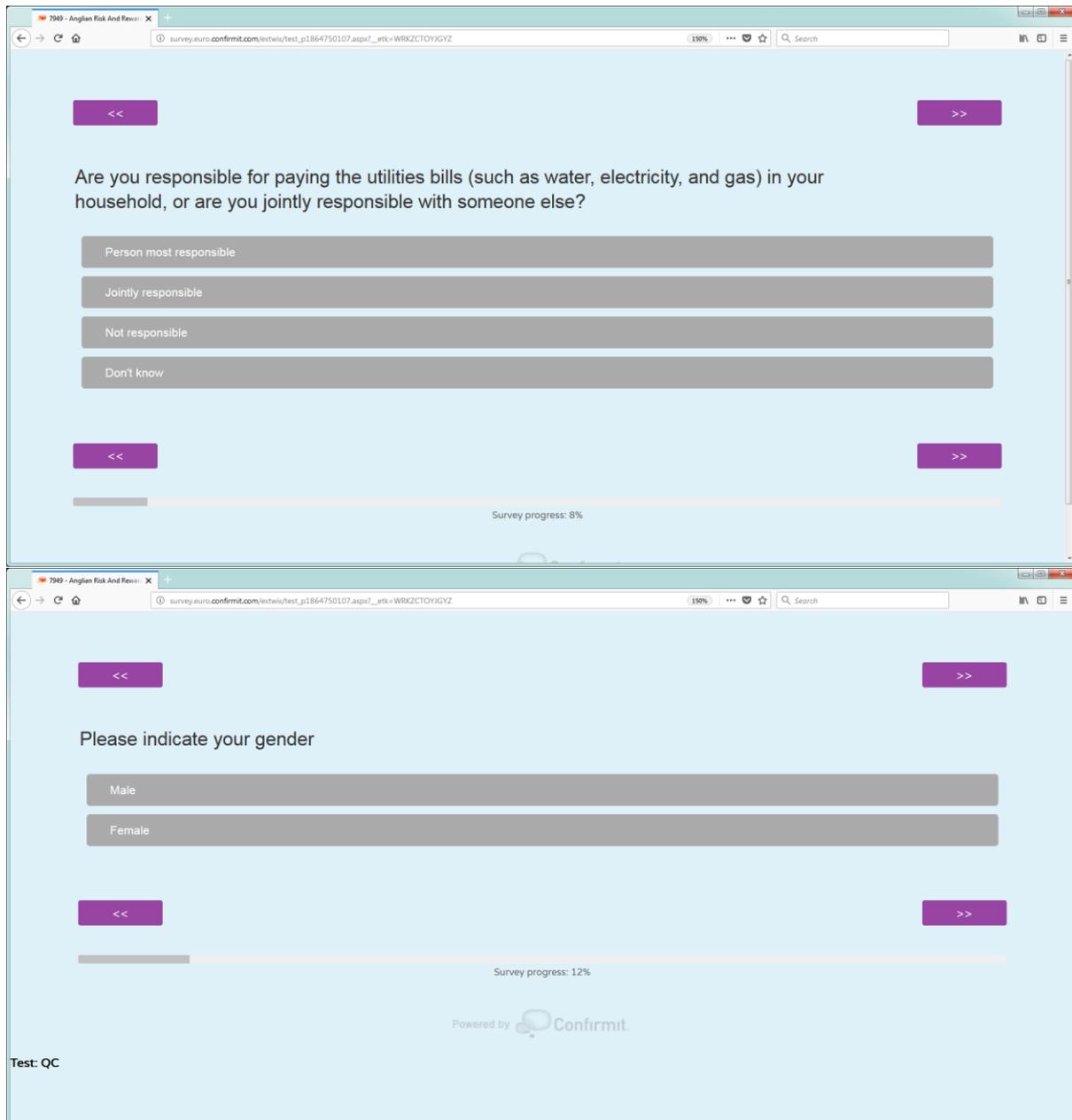
MULTICODE

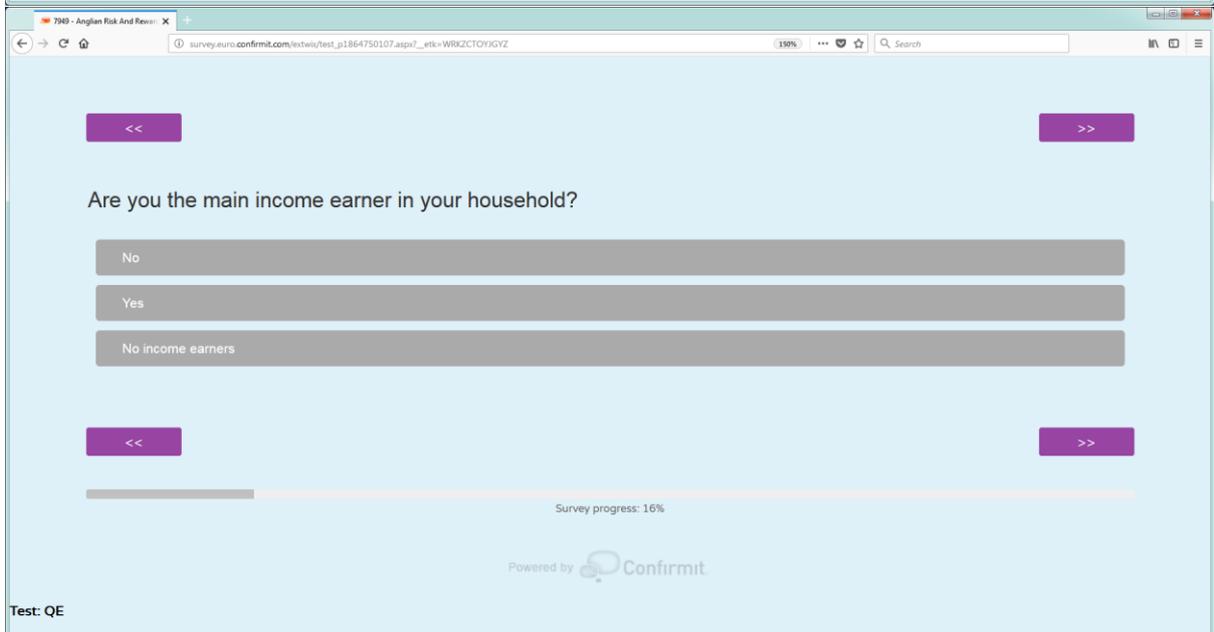
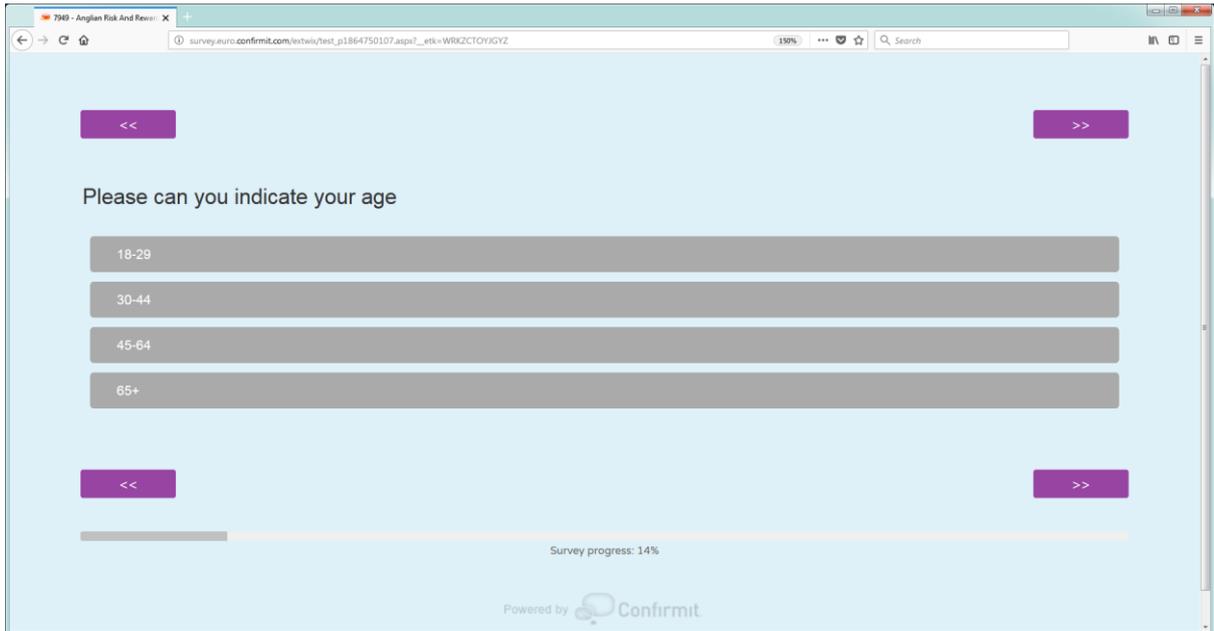
- 1 Interesting
- 2 Easy
- 3 Too long
- 4 Difficult to understand
- 5 Educational
- 6 Unrealistic / not credible
- 7 Other - RECORD
- 8 None of these

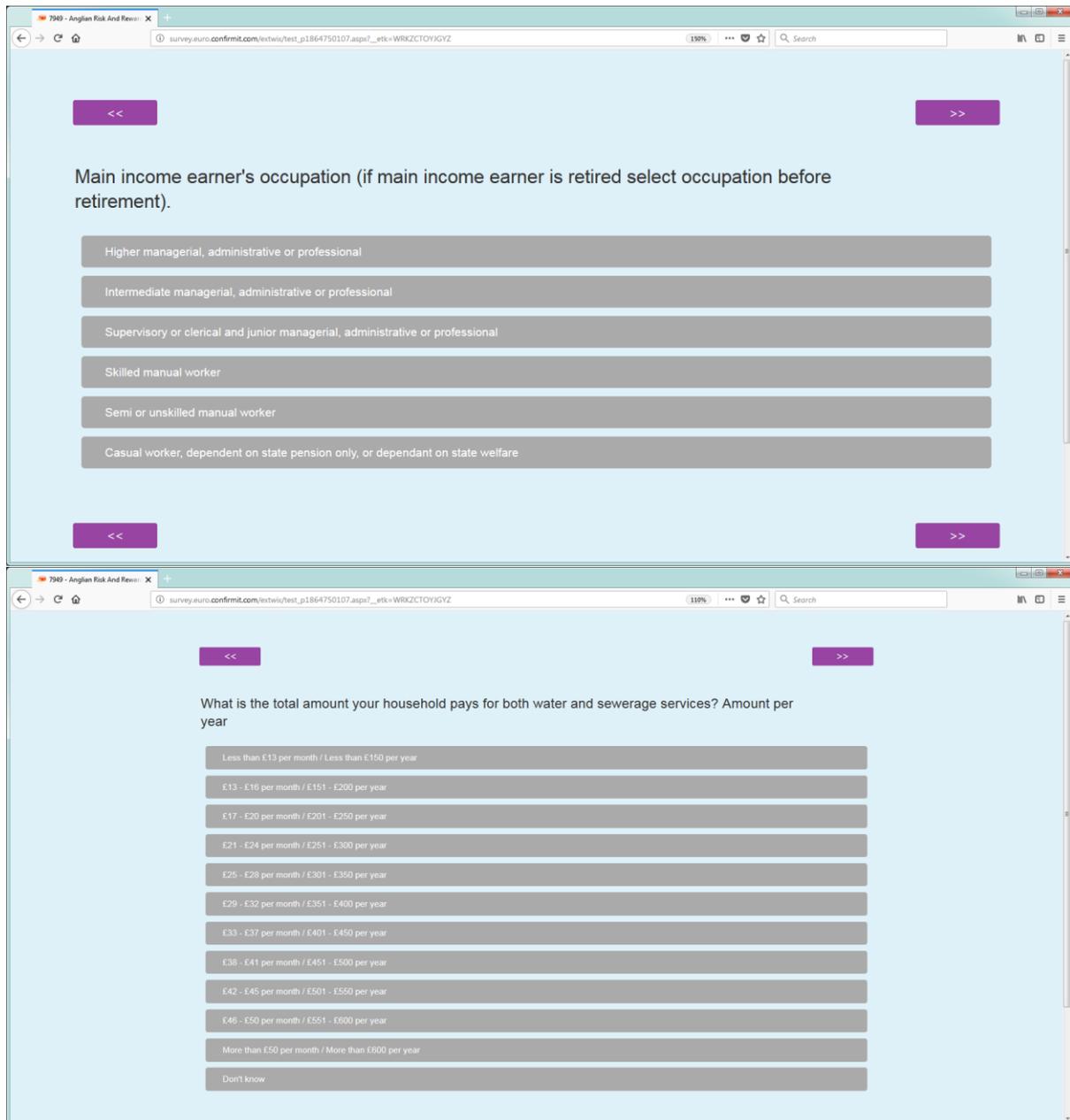
That's the end of the survey; please ensure you click on the next arrow to submit your answers. Thank you for your time and help, it is very much appreciated.

Layout Version









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- reduce the risk of severe water restrictions in times of drought
- reduce interruptions to water supplies
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- reduce leakage
- increase maintenance in the water and sewerage networks and at treatment works.

The water bill over 2020-2025 can be considered as two parts:

- A 'fixed' part which customers are charged as a minimum.
- A small 'variable' part which is dependent on the service levels that Anglian Water delivers. The variable part of the bill is capped to protect customers from large movements in bills.

The bill has two parts

1 of 4

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Over 2020-25 the average bill is expected to be £422 - if Anglian Water meets its targets.

2 of 4

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Bills will rise if Anglian Water further invests to beat its targets, and will fall if targets are not met.

3 of 4

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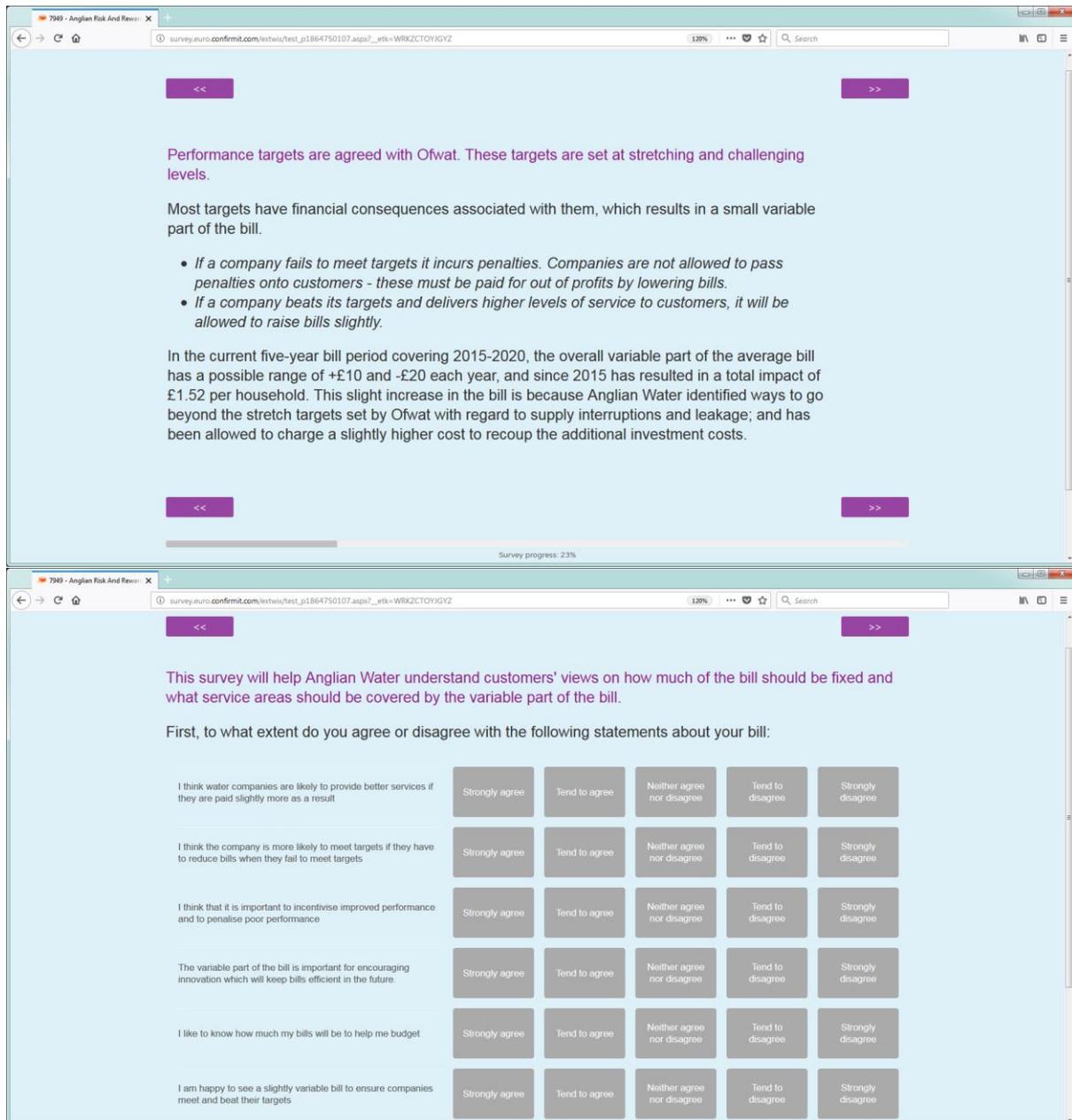
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Targets cover a range of aspects of service.

- Reducing the amount of time homes have interrupted water supplies
- Reducing the number of homes affected by sewer flooding
- Reducing levels of leakage
- Reducing the number of sewer flows in pollution excepting from sewers
- Providing preventative assets to reduce the number of water mains bursts, sewer collapses and blockages, and equipment failures of works

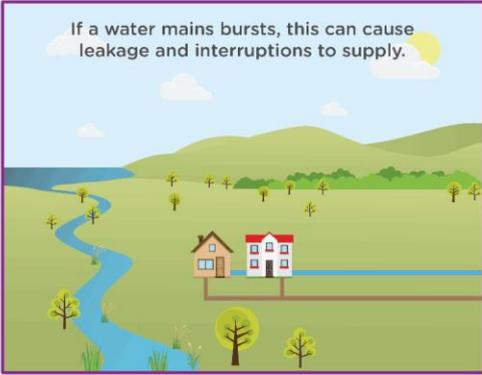
4 of 4



The performance targets that are agreed between water companies and Ofwat cover two key elements:

- 'Service levels' - the service that water companies deliver to customers
- 'Asset Health' - maintenance and management of the network of pipes and treatment works

To avoid financial penalties a water company needs to meet its stretch targets set around Service Levels and Asset Health.



If a water main bursts, this can cause leakage and interruptions to supply.

1 of 4

The illustration shows a landscape with a river, trees, and a house. A red pipe runs from the house to the river. A blue cloud with a sun icon is positioned above the pipe, with a red lightning bolt striking it, symbolizing a burst. The text above the illustration explains that a burst can cause leakage and interruptions to supply.

The performance targets that are agreed between water companies and Ofwat cover two key elements:

- 'Service levels' - the service that water companies deliver to customers
- 'Asset Health' - maintenance and management of the network of pipes and treatment works

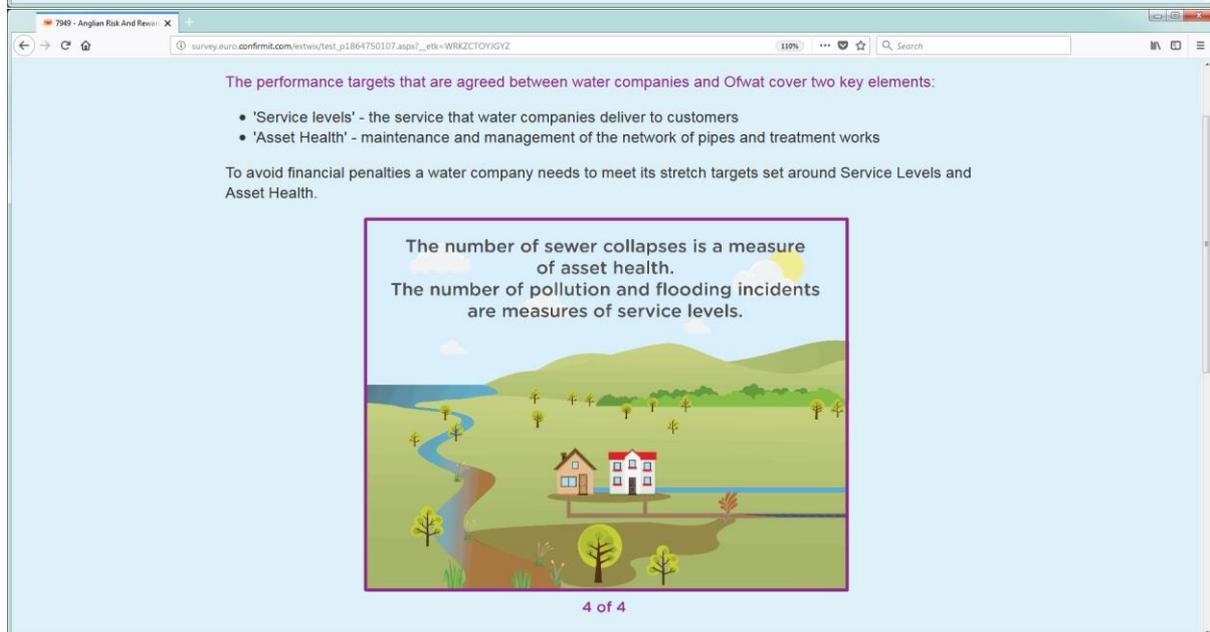
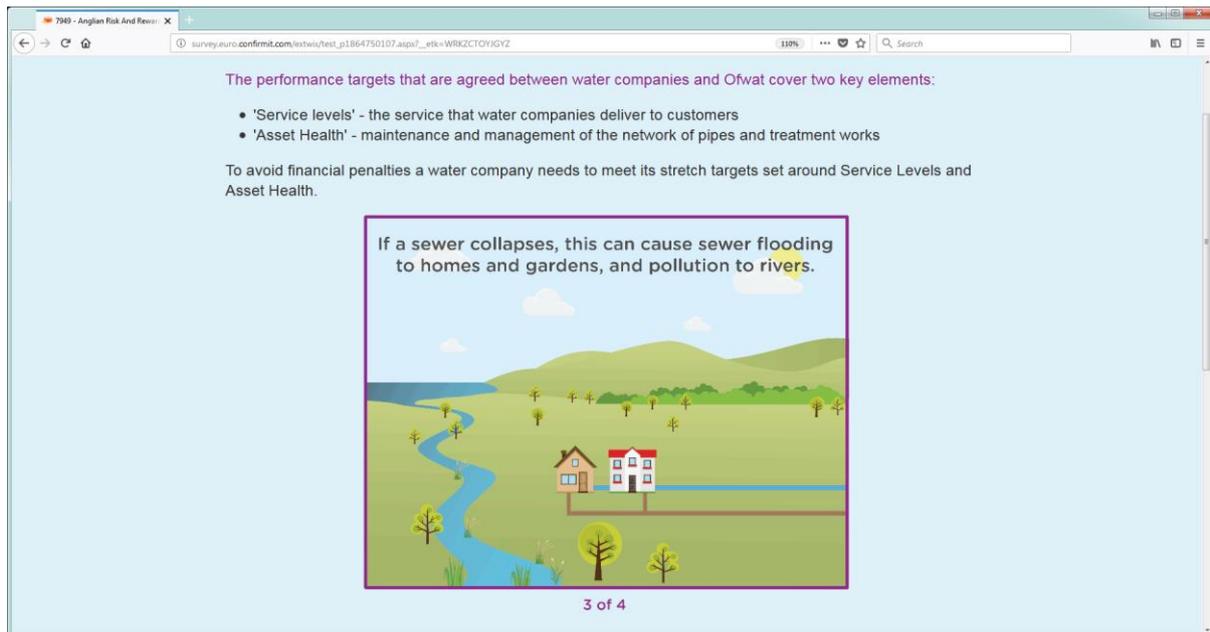
To avoid financial penalties a water company needs to meet its stretch targets set around Service Levels and Asset Health.



The number of bursts is a measure of asset health. The length of the interruption and loss of leakage are measures of service levels.

2 of 4

The illustration is identical to the one in the previous slide, showing a landscape with a river, trees, and a house. A red pipe runs from the house to the river. A blue cloud with a sun icon is positioned above the pipe, with a red lightning bolt striking it, symbolizing a burst. The text above the illustration explains that the number of bursts is a measure of asset health, and the length of the interruption and loss of leakage are measures of service levels.



The number of pollution and flooding incidents are measures of service levels.



4 of 4

To what extent do you agree or disagree with the following statements.

It is important water companies are penalised if they do not properly maintain the network of pipes and treatment works	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
It is important water companies are penalised if they do not meet their service targets each year	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
It is important water companies have incentives to outperform targets around maintenance and investment in the network - as this will protect service levels in the future	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
It is important that the network of pipes and treatment works are maintained to ensure good service levels in the future	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree
Water bills will be higher in the future if the network of pipes and treatment works is not properly maintained and invested in today	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree

Ofwat agree with water companies the targets to meet around service levels - with financial incentives to meet and beat those targets. This is to ensure customers receive the service they pay for.

Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Water supply interruptions

This measures planned or unplanned interruptions to your water supply for periods of three or more hours.

On average across England and Wales 11 minutes are lost per property per year. In the Anglian Water region the current average is 12 minutes.



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not important at all to have financial incentives to meet and beat targets

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Somewhat important

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Very important to have financial incentives to meet and beat targets

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Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Properties flooded internally from sewers

Sewer flooding occurs when sewage escapes from a pipe, through a manhole, from a drain or by backing up in a toilet.

This measure is the number of properties affected by internal sewer flooding.

The average number of incidents of internal sewer flooding across England and Wales is 2.29 per 10,000 properties. In the Anglian Water region the number of incidents is 1.56 per 10,000 properties.



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Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Customer Measure of Experience (C-MeX)

This measures customer satisfaction about the service they receive from us.

This involves taking data from a number of different sources such as surveys of household customers.



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not important at all to have financial incentives to meet and beat targets

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Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Developer Measure of Experience (D-MeX)

We deal with property development companies ensuring that new homes and business premises are connected to the water and waste water network.

This measures developer satisfaction about the service they receive from us.

This involves taking data from a number of different sources such as surveys of developers.



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Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Non-household retailer satisfaction

Non household customers are now able to switch companies for the "retail" element of their service. This means that companies other than Anglian Water can offer billing, innovation and other services to businesses in our area.

We still continue to deliver the water to these customers' premises and take waste water away. This measure is the level of satisfaction these retailers believe they receive from us.



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Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Percentage of population supplied by single supply system

Some customers are connected to only one water treatment works or water source.

Because there are no alternative sources for these customers, these customers face an increased chance of an interruption to their water supply should something go wrong with the water treatment works or water source that supplies them.

This measure is the percentage of our customers supplied by a single system.



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Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Per Capita Consumption

This measure looks at how successful we have been helping customers reduce the amount of water they use in their homes.

This could be through education programmes or helping with water efficiency devices or equipment.

Currently, on average, each person in the Anglian Water region uses 136 litres per day. Across England and Wales the average person uses 141 litres of water per day.



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Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Leakage

This measure looks at our performance in reducing leakage across the network - both on our pipes but also those on customers' premises.

This measure is the volume of water lost as leakage.

Anglian Water is the best performing company with 4.8 litres per km of pipework per day. The current average in England and Wales is 9 litres per km of pipework per day.



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Pollution incidents

Occasionally wastewater gets into the rivers and causes pollution. We work hard to ensure this doesn't happen, and this measure looks at the number of pollution incidents each year.

Anglian Water's currently experiences 219 such incidents per year (or 29 incidents per 10,000 km of sewer pipework). The industry average in 2016 was 32 incidents for 10,000km of sewer pipework.



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Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Bathing Waters attaining excellent status

This measures the number of beaches in our region achieving excellent bathing water quality, and is measured by the Environment Agency.

There are 49 bathing waters (or beaches) in the Anglian Water region. Currently 32 of these are at "excellent" status. This is 67% of Anglian Water's beaches. The industry average in 2016 was 65% of beaches being excellent.



1 not important at all to have financial incentives to meet and beat targets	2	3	4	5 Somewhat important	6	7	8	9	10 Very important to have financial incentives to meet and beat targets
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Ofwat agree with water companies the targets to meet around service levels - with financial incentives to meet and beat those targets. This is to ensure customers receive the service they pay for.

Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Abstraction Incentive Mechanism

We have licences to take water from rivers and lakes without adversely affecting the environment.

Although we only remove water from sites where we have been granted licences, there are some sites that might be more environmentally sensitive than others.

This measure looks at our efforts to reduce the abstraction of water from these more sensitive sites.



1 not important at all to have financial incentives to meet and beat targets	2	3	4	5 Somewhat important	6	7	8	9	10 Very important to have financial incentives to meet and beat targets
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Ofwat agree with water companies the targets to meet around service levels - with financial incentives to meet and beat those targets. This is to ensure customers receive the service they pay for.

Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Water Industry National Environment Programme

The WINEP is set by the Environment Agency and consists of environmental improvement schemes that ensure we and other water companies meet European and national targets related to water.

This measures looks at our delivery of schemes included in the WINEP within the agreed timescales.



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Ofwat agree with water companies the targets to meet around service levels - with financial incentives to meet and beat those targets. This is to ensure customers receive the service they pay for.

Note - the variable part of the bill is capped to protect customers from large movements in bills.

Please indicate how important you consider each of the following Service Measures to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Supporting customers in vulnerable circumstances

This is an independent assessment of how well we are serving customers in vulnerable circumstances.

This will include customers in financial difficulties, those with a range of mental or physical disabilities, etc. Vulnerable circumstances can be temporary or permanent.



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not important at all to have financial incentives to meet and beat targets

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Somewhat important

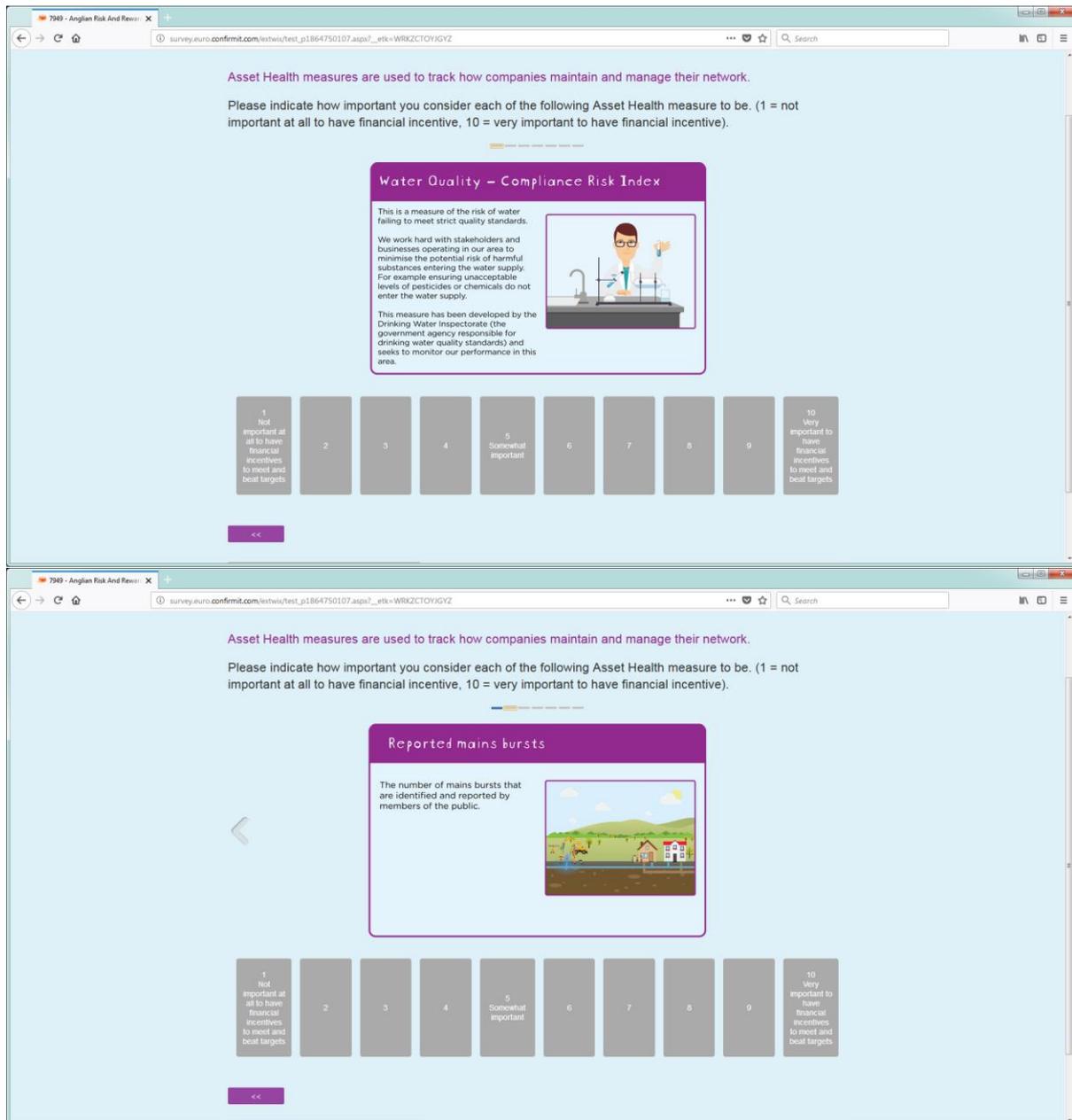
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Very important to have financial incentives to meet and beat targets





Asset Health measures are used to track how companies maintain and manage their network.

Please indicate how important you consider each of the following Asset Health measure to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Treatment works compliance

The Environment Agency (EA) monitors Anglian Water's performance at its water and wastewater treatment works. Anglian Water needs to comply with the consents given by the EA.

There are rare occasions where they might fail to comply - this could be due to a failure on-site or a trader accidentally putting something into the water supply or wastewater system.



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Not important at all to have financial incentives to meet and beat targets

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Somewhat important

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Very important to have financial incentives to meet and beat targets

[<<](#)

Asset Health measures are used to track how companies maintain and manage their network.

Please indicate how important you consider each of the following Asset Health measure to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

Sewer collapses

The number of collapses across the network of sewers.

The causes of sewer collapses include tree root damage, wear and tear, drain and pipe freezing, and ground movement.

Currently Anglian Water has 490 collapses per year (6.4 per 1,000km of sewer). The current average in England and Wales is 10.5 per 1,000km of sewer.



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Very important to have financial incentives to meet and beat targets

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Asset Health measures are used to track how companies maintain and manage their network.

Please indicate how important you consider each of the following Asset Health measure to be. (1 = not important at all to have financial incentive, 10 = very important to have financial incentive).

External sewer flooding

Sewer flooding occurs when sewage escapes from a pipe, through a manhole, from a drain or by backing up in a toilet. External flooding affects gardens and public spaces.



This measure is the number of properties affected by external sewer flooding.

Anglian Water's current performance is 3.830 properties affected by year (or 13.96 incidents per 10,000 properties). The current average in England and Wales is 23.36 per 10,000 properties.

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Not important at all to have financial incentives to meet and beat targets

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Somewhat important

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Very important to have financial incentives to meet and beat targets

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and you will be asked to rank these options from your most preferred option to your least preferred.

The four options have different sized variable parts of the bill. The variable part will depend on whether Anglian Water meets or exceeds targets agreed with Ofwat for 2020 to 2025.

This means that customers' bills could be reduced if Anglian Water does not meet its service targets, or could be increased if Anglian Water beats its service targets.

The Average Annual Bill

The expected average annual bill is £422 in all 4 options



Option	Expected Bill	Bill Range
Option A	£412	£412 to £432
Option B	£401	£401 to £441
Option C	£391	£391 to £451
Option D	£380	£380 to £464

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Survey progress: 32%

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Test: SectionIntro

Place these options in order of preference where 1 = most preferred and 4 = least preferred.

The Average Monthly Bill
The expected average monthly bill is £35 in all 4 options

Option A Bill range: £412 to £432	Option B Bill range: £401 to £443	Option C Bill range: £391 to £453	Option D Bill range: £380 to £464
---	---	---	---

Option A

Option B

Option C

Option D

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What are the two main reasons Option A is your most preferred option?

	Main reason	2nd Reason
I object to companies having the opportunity to make more profits - they make enough profits	<input type="radio"/>	<input type="radio"/>
I am interested in service improvements and am less interested in bills	<input type="radio"/>	<input type="radio"/>
I trust Ofwat to know what customers want and to set bills accordingly	<input type="radio"/>	<input type="radio"/>
I prefer a more certain bill	<input type="radio"/>	<input type="radio"/>
I think bills should be reflective of performance and when things are delivered?	<input type="radio"/>	<input type="radio"/>
It is important to encourage companies to meet their obligations	<input type="radio"/>	<input type="radio"/>
It is important to encourage companies to innovate to keep bills low in the future	<input type="radio"/>	<input type="radio"/>
I don't trust companies to do what they say without strong financial penalties	<input type="radio"/>	<input type="radio"/>
Incentives should only be applied in some areas of service - specify	<input type="radio"/>	<input type="radio"/>
Don't know	<input type="radio"/>	<input type="radio"/>
Other - specify	<input type="radio"/>	<input type="radio"/>

7949 - Anglian Risk And Reward: X

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110%

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What are the two main reason Option D is your least preferred option?

	Main reason	2nd Reason
Companies should have bigger penalties for failing to meet service than rewards for exceeding service	<input type="radio"/>	<input type="radio"/>
Companies should face large penalties for poor performance but only small rewards for excellent performance	<input type="radio"/>	<input type="radio"/>
I prefer a more certain bill	<input type="radio"/>	<input type="radio"/>
It is important to encourage companies to meet their obligations	<input type="radio"/>	<input type="radio"/>
It is important to encourage companies to innovate to keep bills low in the future	<input type="radio"/>	<input type="radio"/>
I don't trust companies to do what they say without strong financial penalties	<input type="radio"/>	<input type="radio"/>
I object to companies having the opportunity to make more profits - they make enough profits	<input type="radio"/>	<input type="radio"/>
I am interested in service improvements and am less interested in bills	<input type="radio"/>	<input type="radio"/>
I trust Ofwat to know what customers want and to set bills accordingly	<input type="radio"/>	<input type="radio"/>
Incentives should only be applied in some areas of service - specify	<input type="radio"/>	<input type="radio"/>
Don't know	<input type="radio"/>	<input type="radio"/>
Other - specify	<input type="radio"/>	<input type="radio"/>

I don't trust companies to do what they say without strong financial penalties

I object to companies having the opportunity to make more profits - they make enough profits

I am interested in service improvements and am less interested in bills

I trust Ofwat to know what customers want and to set bills accordingly

Incentives should only be applied in some areas of service - specify

Don't know

Other - specify

Main Reason
Incentives should only be applied in some areas of service - specify:

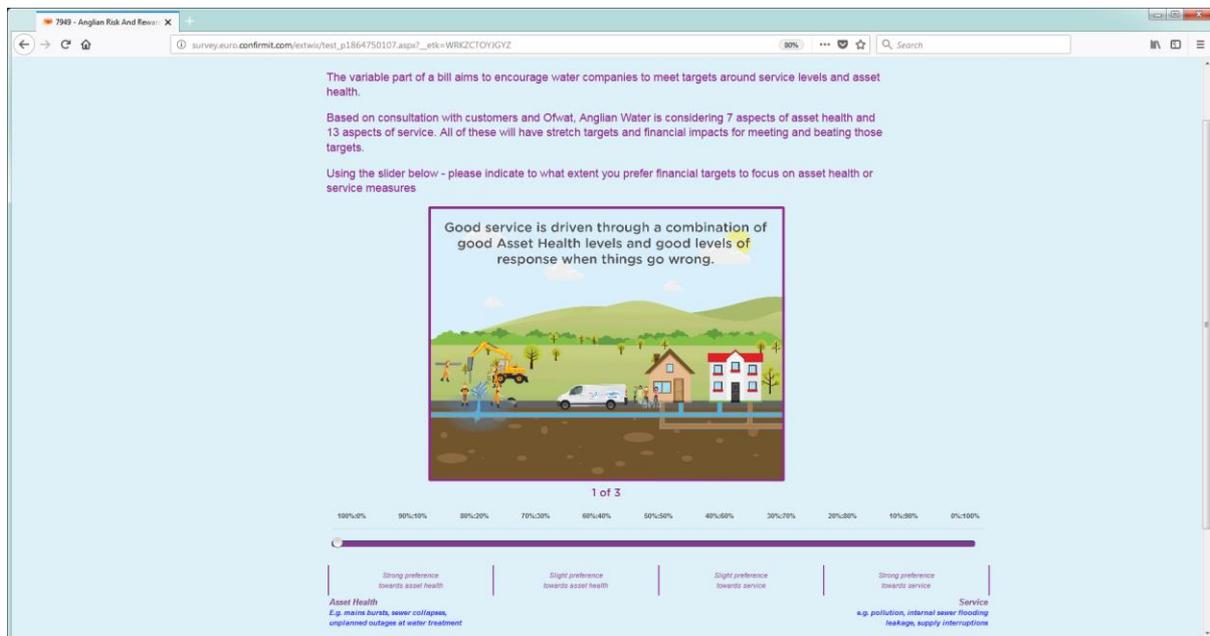
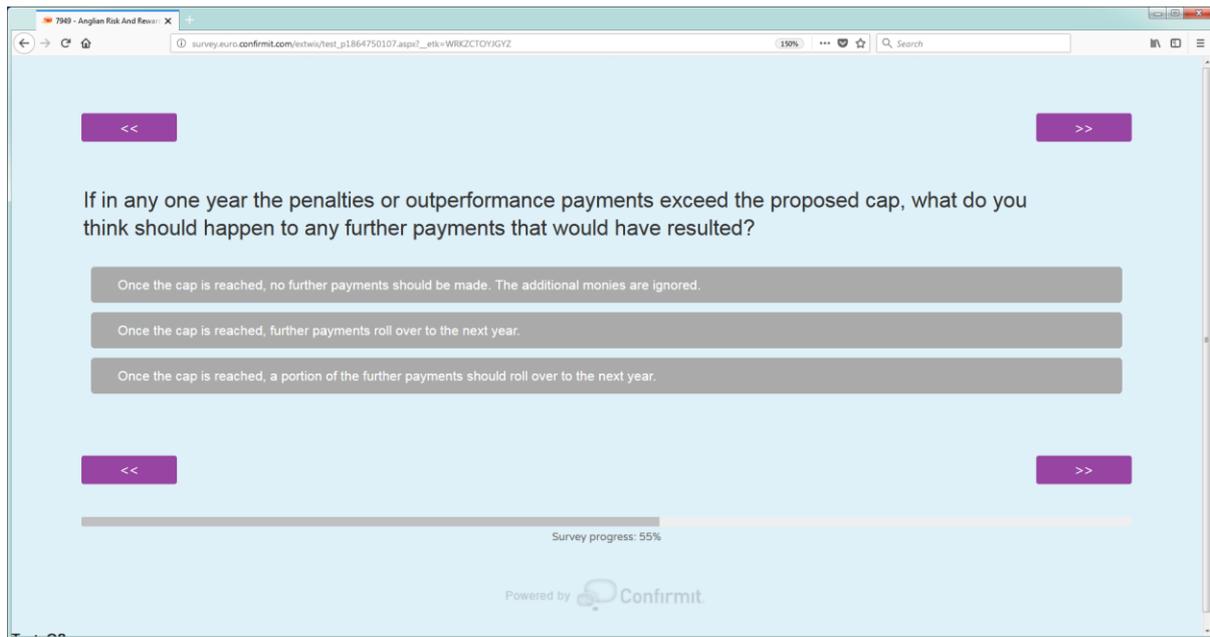
Please provide an answer:

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Survey progress: 53%

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Test: Q7



The variable part of a bill aims to encourage water companies to meet targets around service levels and asset health.

Based on consultation with customers and Ofwat, Anglian Water is considering 7 aspects of asset health and 13 aspects of service. All of these will have stretch targets and financial impacts for meeting and beating those targets.

Using the slider below - please indicate to what extent you prefer financial targets to focus on asset health or service measures

Too much focus on asset health can impact on response rates and may cause investment in assets that do not pose a risk to service.

2 of 3

100%:0% 90%:10% 80%:20% 70%:30% 60%:40% 50%:50% 40%:60% 30%:70% 20%:80% 10%:90% 0%:100%

Strong preference towards asset health

Asset Health
E.g. maine bursts, sewer collapses, unplanned outages at water treatment

Slight preference towards asset health

Slight preference towards service

Strong preference towards service

Service
e.g. pollution, internal sewer flooding, leakage, supply interruptions

<< >>

The current framework applies standard rates to the size of any target missed or beaten.

If the penalty rate is 10p on customer bills...

- If the target is missed by 1 unit, customer bills are reduced by 10 pence
- If the target is missed by 10 units, customer bills are reduced by £1

If the outperformance rate is 10p on customer bills...

- If the target is exceeded by 1 unit, customer bills increase by 10 pence
- If the target is exceeded by 10 units, customer bills increase by £1

Ofwat has suggested that enhanced rates should apply when performance is significantly different to the target.

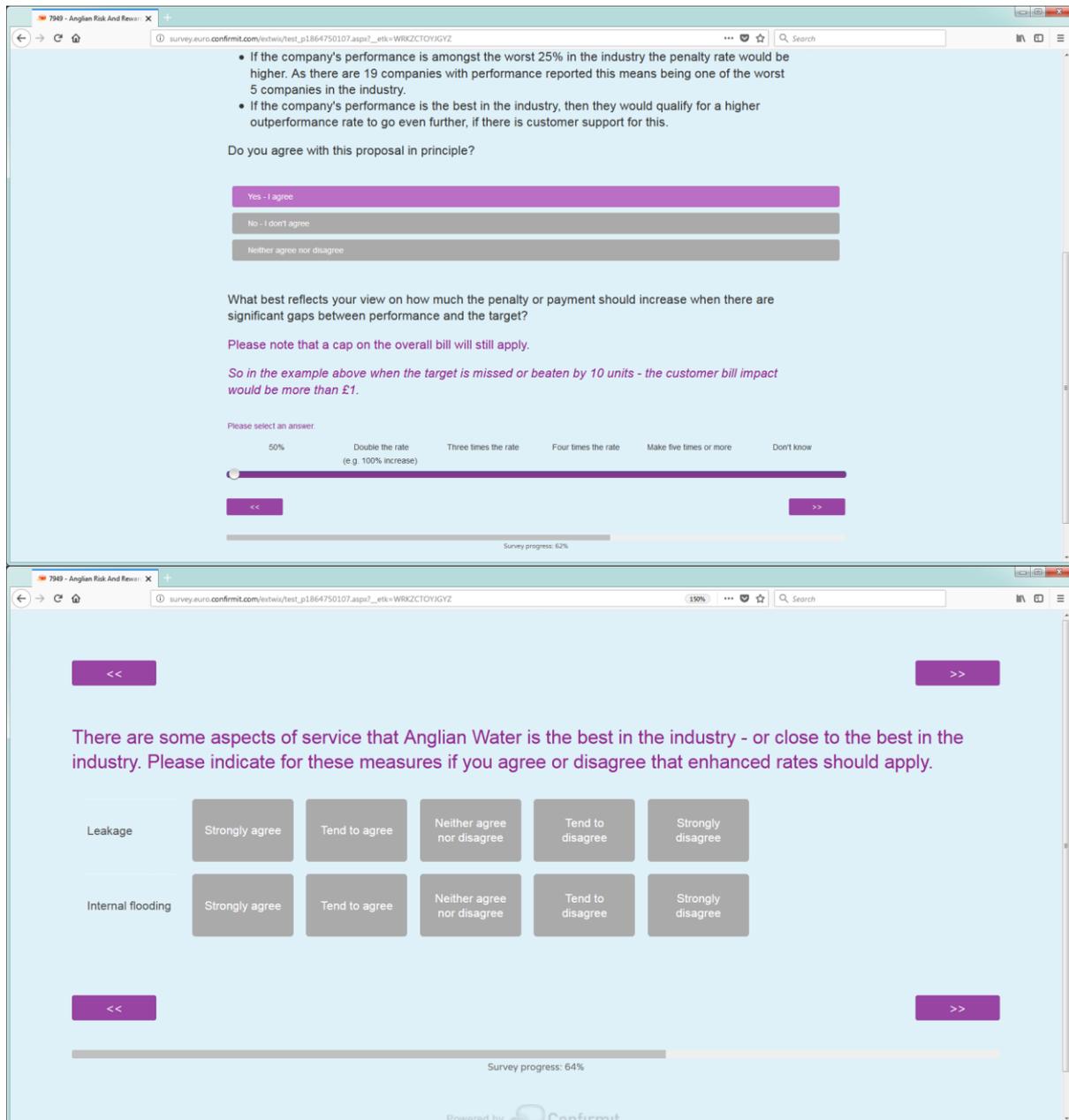
- If the company's performance is amongst the worst 25% in the industry the penalty rate would be higher. As there are 19 companies with performance reported this means being one of the worst 5 companies in the industry.
- If the company's performance is the best in the industry, then they would qualify for a higher outperformance rate to go even further, if there is customer support for this.

Do you agree with this proposal in principle?

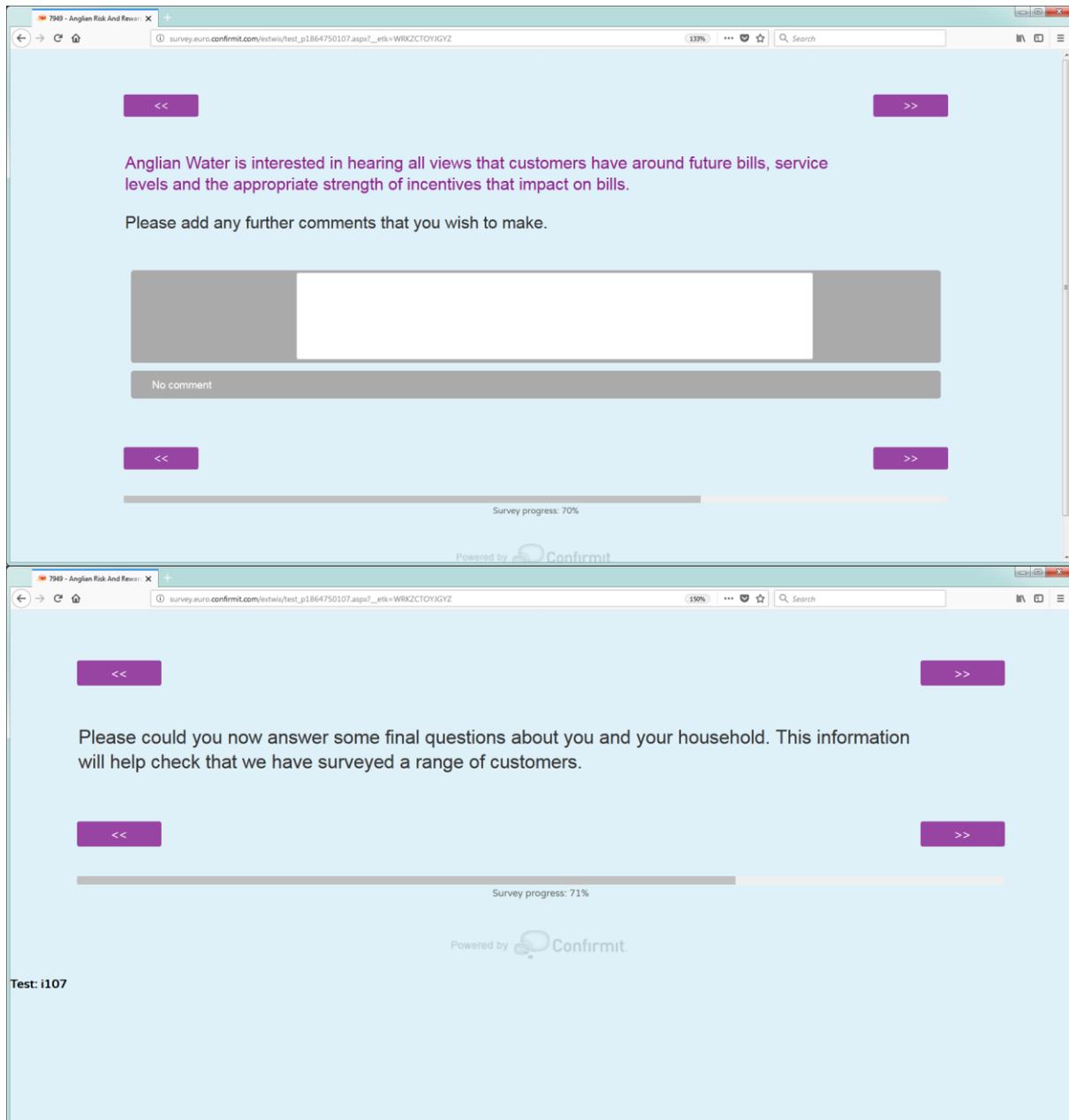
Yes - I agree

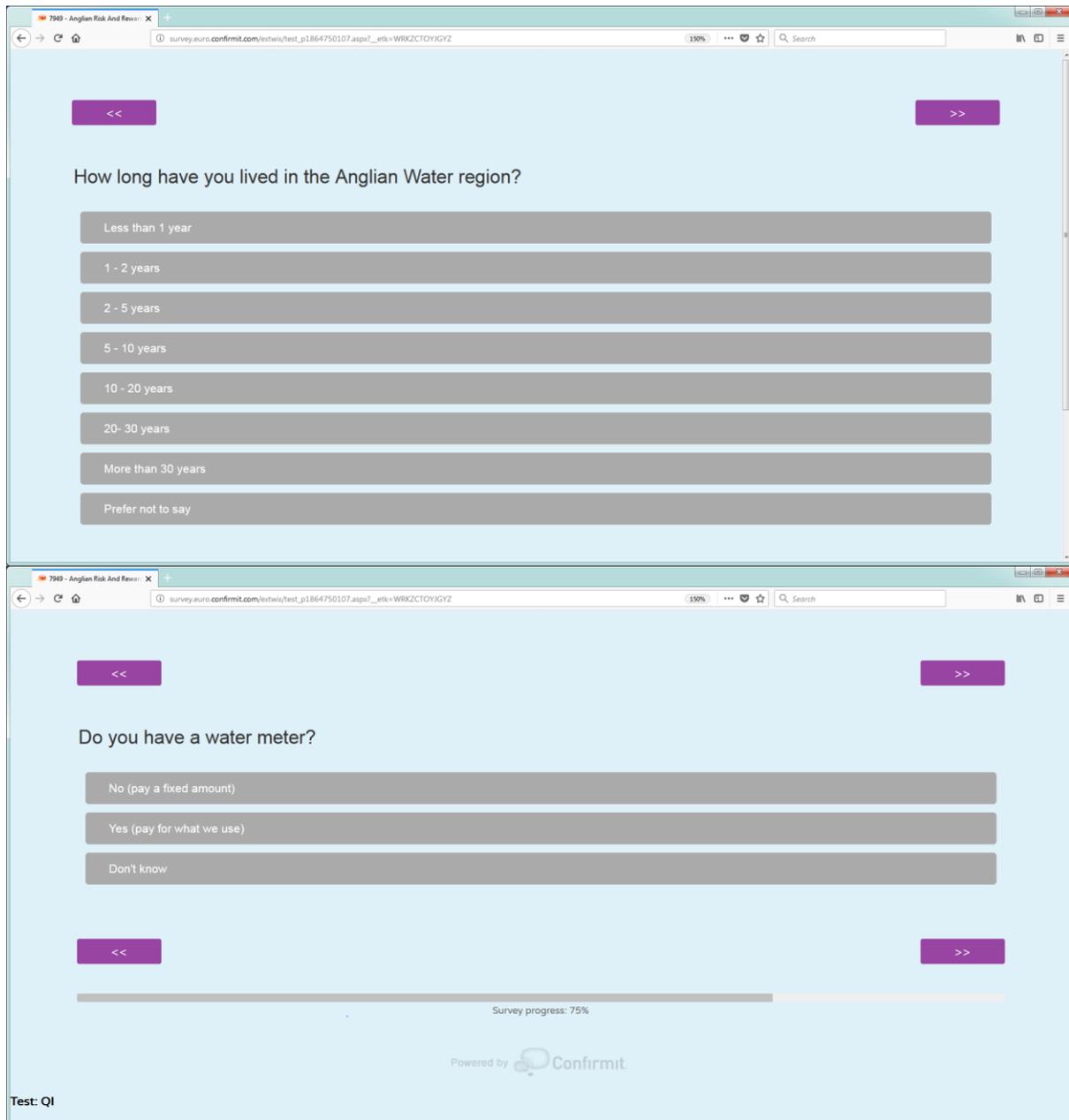
No - I don't agree

Neither agree nor disagree









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Please can you provide your full home postcode or the first part of your home postcode?
This information will be treated as confidential and will only be used for research purposes.
RECORD AS 'AB12 1AZ' (FULL) OR 'AB12' (PART).

Full postcode

Part postcode

Prefer not to say

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Survey progress: 79%

7949 - Anglian Risk And Resea... X
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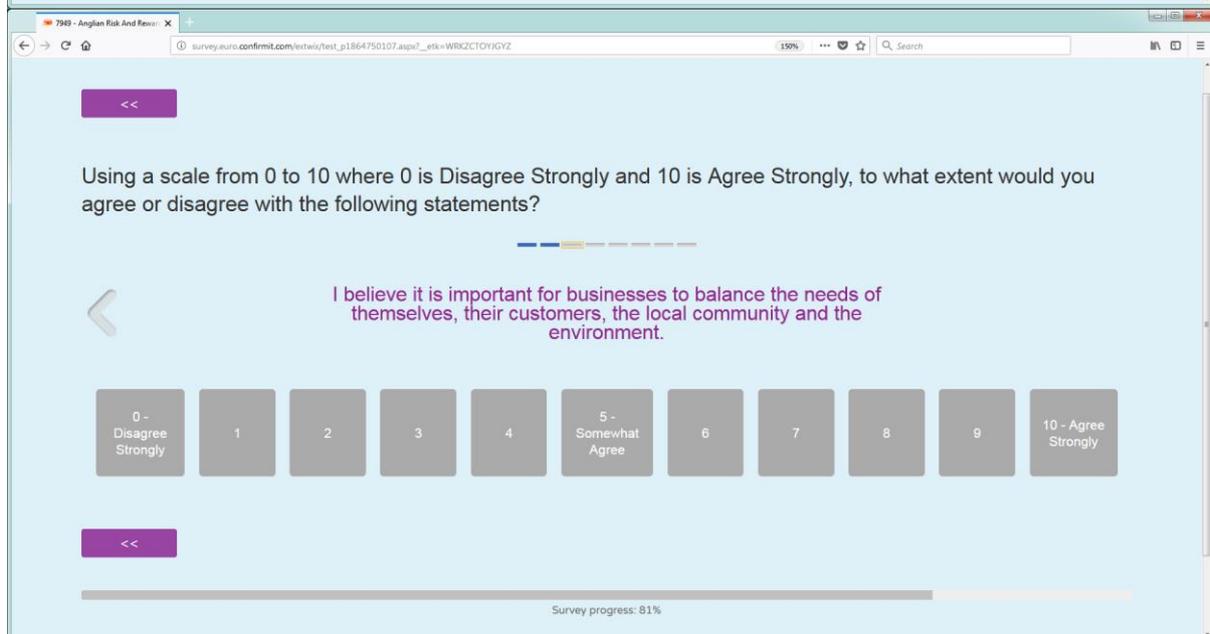
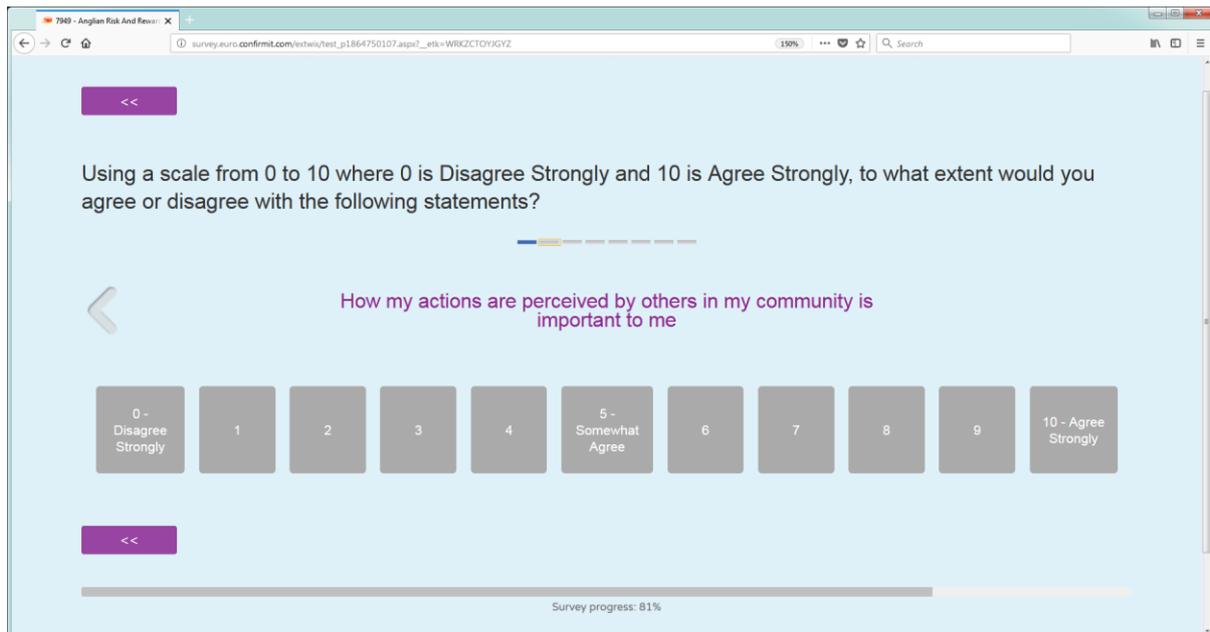
Using a scale from 0 to 10 where 0 is Disagree Strongly and 10 is Agree Strongly, to what extent would you agree or disagree with the following statements?

I like to actively contribute to the local community

0 - Disagree Strongly 1 2 3 4 5 - Somewhat Agree 6 7 8 9 10 - Agree Strongly

<<

Survey progress: 81%



7949 - Anglian Risk And Reson: X

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Using a scale from 0 to 10 where 0 is Disagree Strongly and 10 is Agree Strongly, to what extent would you agree or disagree with the following statements?

I don't mind if Anglian Water transfers water to other areas of the country where water is more scarce.

0 - Disagree Strongly 1 2 3 4 5 - Somewhat Agree 6 7 8 9 10 - Agree Strongly

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Survey progress: 81%

7949 - Anglian Risk And Reson: X

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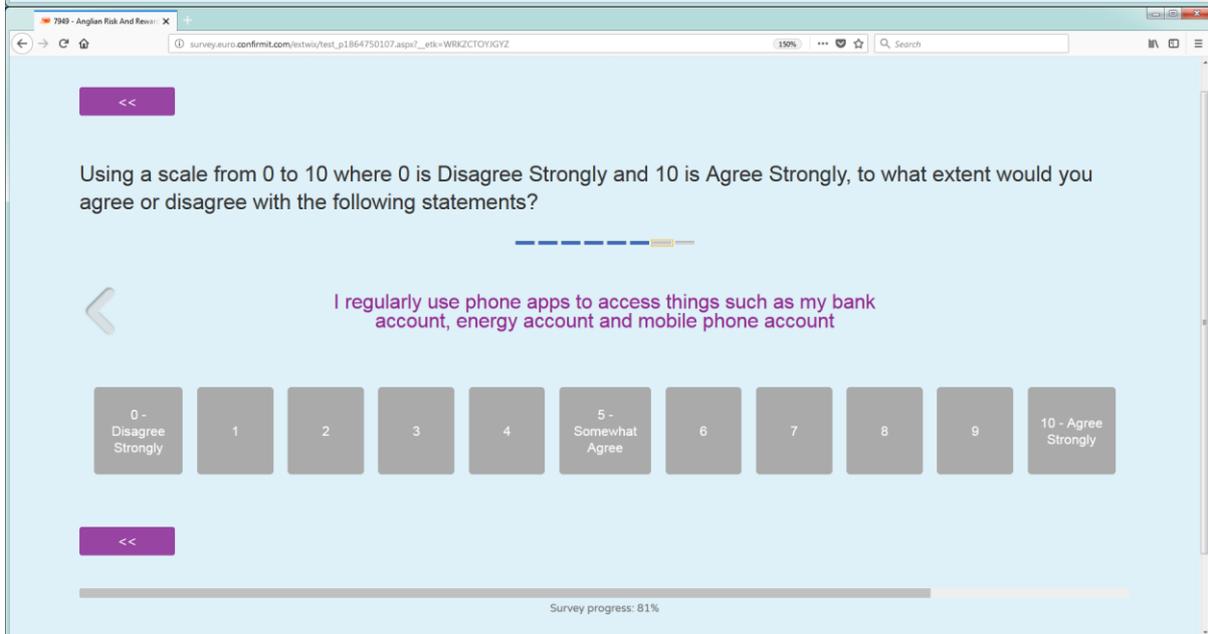
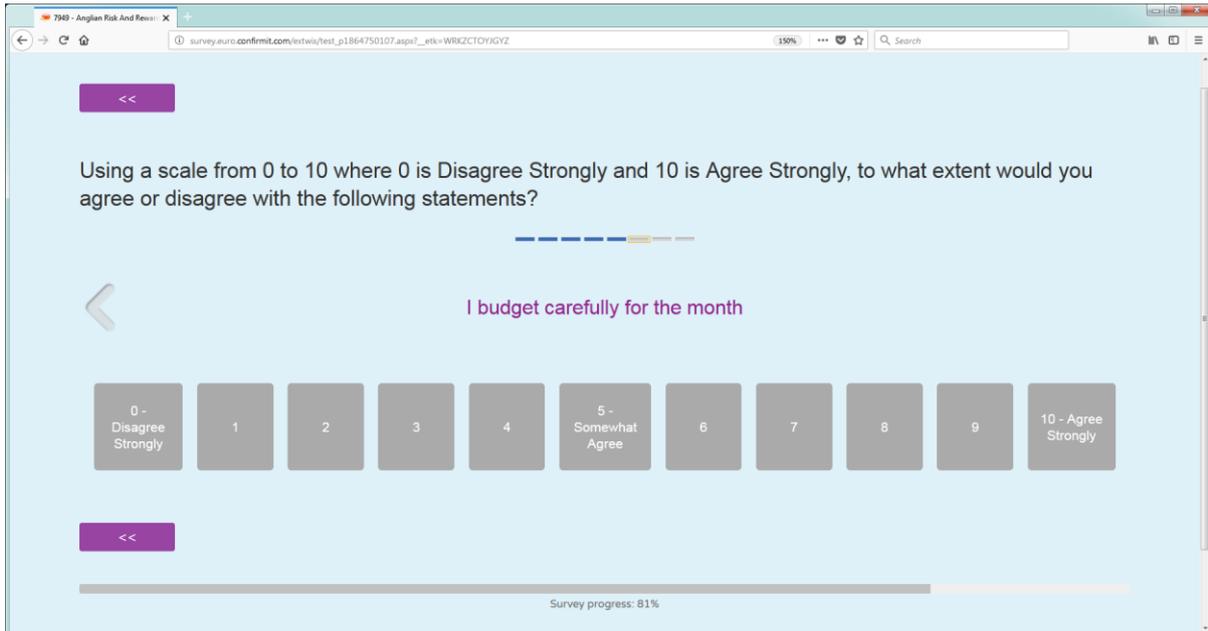
Using a scale from 0 to 10 where 0 is Disagree Strongly and 10 is Agree Strongly, to what extent would you agree or disagree with the following statements?

I am willing to pay more now to prevent other people's homes in my area being flooded by sewage

0 - Disagree Strongly 1 2 3 4 5 - Somewhat Agree 6 7 8 9 10 - Agree Strongly

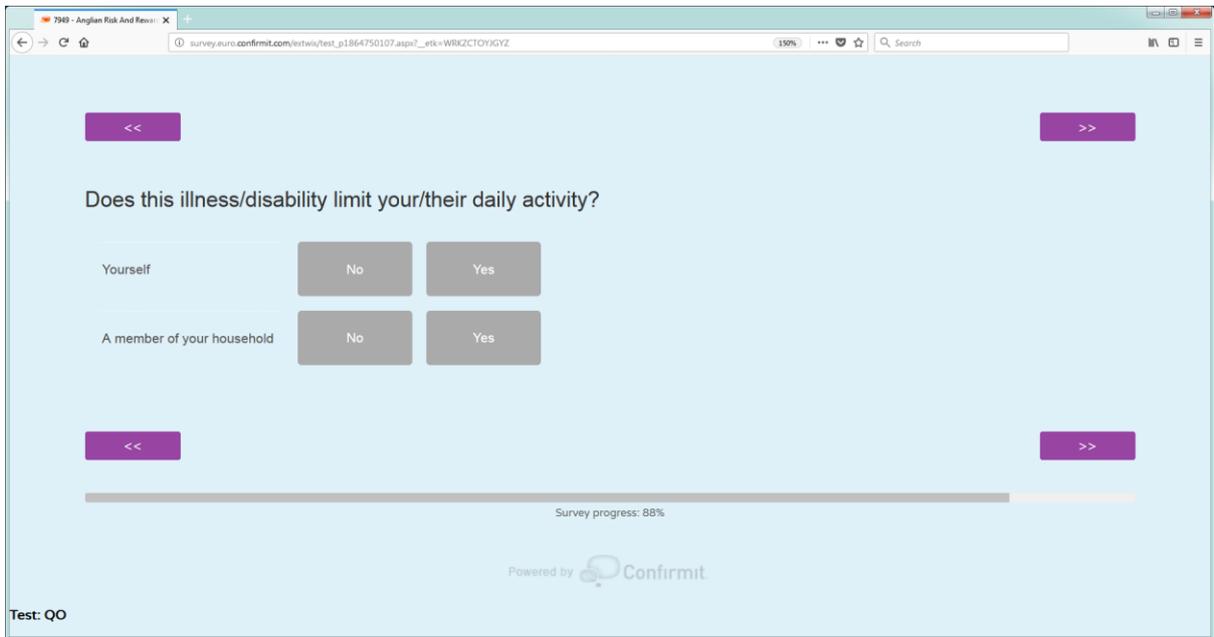
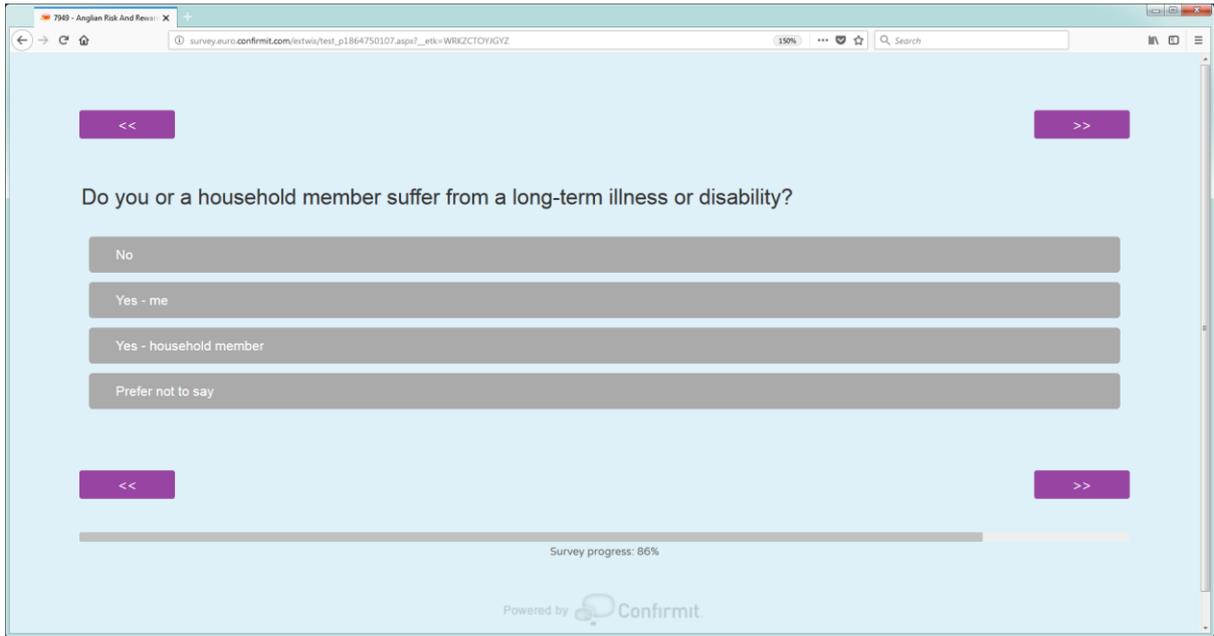
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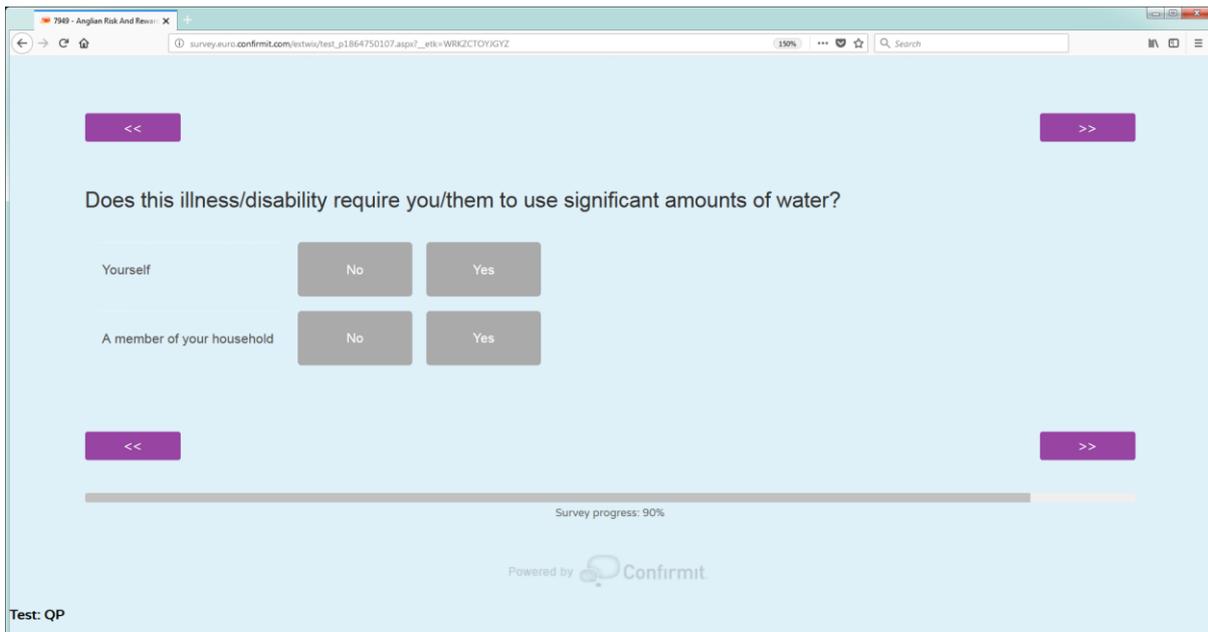
Survey progress: 81%



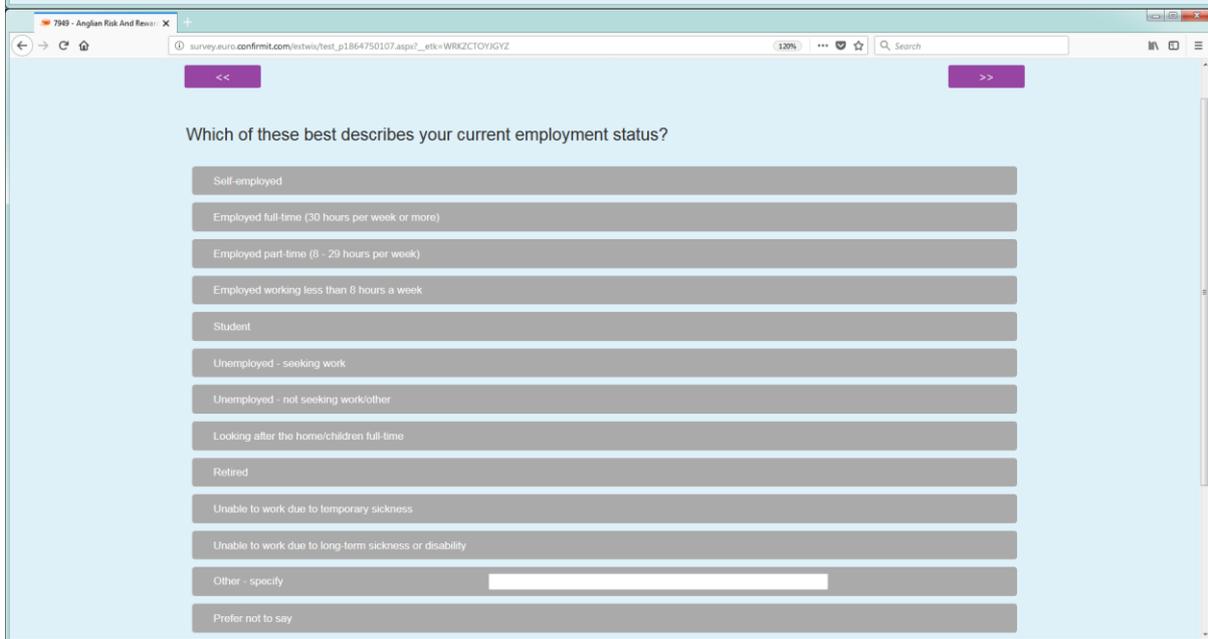








Test: QP



7949 - Anglian Risk And Reser... X

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At what level did you complete your education? If you are still studying, which level best describes the highest level of education you have obtained until now?

- O levels / CSEs / GCSEs (any grades)
- A levels / AS level / higher school certificate
- NVQ (Level 1 and 2) / Foundation / Intermediate / Advanced GNVQ / HNC / HND
- Other qualifications (e.g. City and Guilds, RSA/OCR, BTEC/Edexcel)
- First degree (e.g. BA, BSc)
- Higher degree (e.g. MA, PhD, PGCE, post graduate certificates and diplomas)
- Professional qualifications (teacher, doctor, dentist, architect, engineer, lawyer, etc.)
- No qualifications
- Prefer not to say

<< >>

7949 - Anglian Risk And Reser... X

survey.euro.confirmat.com/external/test_p1864750107.aspx?_etk=WRKZCTOYIGYZ

<< >>

Please can you indicate, which band best describes your total household income before tax and other deductions?

Please note this information will be used to check that we have surveyed a range of customers. It will not be possible to identify any particular individual or address in the results.

- Up to £539 per month / Up to £6,499 per year
- £540 - £789 per month / £6,500 - £9,499 per year
- £790 - £1289 per month / £9,500 - £15,499 per year
- £1290 - £2079 per month / £15,500 - £24,999 per year
- £2080 - £3329 per month / £25,000 - £39,999 per year
- £3330 - £4999 per month / £40,000 - £59,999 per year
- £5000 - £7499 per month / £60,000 - £89,999 per year
- £7500 and over per month / £90,000 and over per year
- Don't know
- Prefer not to say

7949 - Anglian Risk And Reser... X

survey.euro.confirmat.com/estwlu/test_p1864750107.aspx?_etk=WRKZCTOYIGYZ

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Which the following best describes your ethnic group?

Please choose one option that best describes your ethnic group or background.

- White
- Mixed / Multiple ethnic groups
- Asian / Asian British
- Black / African / Caribbean / Black British
- Chinese or Arab
- Other ethnic group
- Prefer not to say

7949 - Anglian Risk And Reser... X

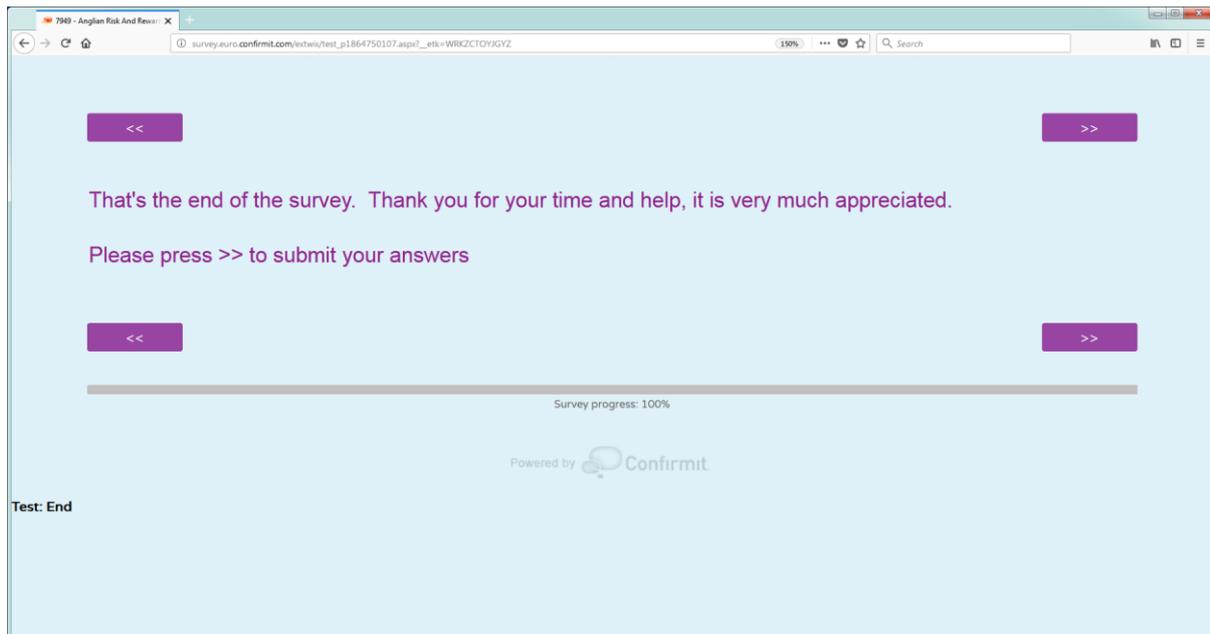
survey.euro.confirmat.com/estwlu/test_p1864750107.aspx?_etk=WRKZCTOYIGYZ

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Finally, did you think this survey was:

Please select all that apply

- Interesting
- Easy
- Too long
- Difficult to understand
- Educational
- Unrealistic / not credible
- Other (Please specify)
- None of these



Appendix B: Focus Group Script and Findings

Focus Group Organisation

The main objectives of these focus groups were to present some of the key findings from the quantitative research on Outcomes Delivery Incentives (ODIs). This study determined the strength of feeling that customers had around pertinent issues related to ODIs such as financial incentives and reputational measures, issues to do with asset health, caps and collars, and enhanced rates and rollovers

As part of the PR19 business planning process, it was important to play back these findings with Anglian Water customers to evaluate further and validate the quantitative findings. And, if there were any disagreements with the outcomes of the survey, to understand why.

Three focus groups were undertaken in Grantham in early June, 2018. Each group lasted 90 minutes.

Location	Venue	Time	SEG	Age	When
Group 1	Angel & Royal Hotel	4pm	C2DE	46+	Monday, 4 June
Group 2		6pm	ABC1	18-45	
Group 3		8pm	Mix	25-55	

Key Findings

General

Prior to getting into the key discussion points of the focus groups, customers were asked what they knew about Anglian Water's activities. Some people had a rudimentary understanding, while others had a wider knowledge of the company's activities.

Everyone mentioned that Anglian Water are responsible for supplying clean water and take away sewage.

"Clean water...lots of processes to get it clean" C2DE, 46+

"They take it away...they clean all the grease and wipes that people put down the toilet, it costs a lot of money to get all that fixed" ABC1, 18-45

There were several mentions of maintaining and repairing pipes, dealing with leakage, as well as looking after rivers and reservoirs.

The same range of understanding was evidenced when customers were asked about water industry regulators. Many had heard of Ofwat but were not entirely sure of their remit, less had heard of the Environment Agency and no-one had come across the Drinking Water Inspectorate.

Targets

Customers were asked what measures and targets might exist for water companies. There was a variety of measures spontaneously put forward such as leaks, water quality, per capita consumption, hosepipe bans, bathing water quality and customer satisfaction.

When the full list of 34 PCs was revealed, people thought they all seemed reasonable and sensible, and comprehensive too. Customers were particularly impressed with the measures around people in vulnerable in circumstances.

“I’m actually really impressed with this, with how they are looking after vulnerable people. I work in financial services and attending to vulnerable people is something that we have in our framework too, so I’m really impressed that Anglian Water are doing this”
ABC1, 18-45

Financial incentives

Customers were presented with the key survey results around financial incentives, namely:

- 77% agreed it was important to have financial incentives that penalise poor performance and encourage improvements
- 75% agree companies are more likely to meet targets if they are penalised when they fail to meet targets
- 58% agreed that financial incentives such as these would encourage innovation and lower bills in the future
- 25% did not agree that water companies will provide better services if they can charge a slightly higher variable bills

There was a very high level of support for financial incentives, and overwhelming backing of the results from the survey undertaken with 600 Anglian Water customers.

“I think they need something to aim for, so yeah I think that works” ABC1, 18-45
(77% statement)

“I’m surprised that the percentage of that statement isn’t higher...” ABC1, 18-45
(75% statement)

Some people were supportive of the findings that three fifths of customers thought financial incentives such as these would encourage innovation and lower bills in the future.

“In a business, people need to be forward thinking and innovative... and if you puts things into it, you’re going to get things out of it aren’t you, you’re going to get some kind of reward for that”
C2DE, 46+

However, there was some scepticism about the idea of 'lower bills' for being more innovative, and that if they were lower, it would not amount to anything significant.

"I don't think they'll lower bills in the future...they might do a little bit, maybe £1 but nothing crazy" C2DE, 46+

"Not a lot (speaking about lower bills), I don't think it would be anything amazing" C2DE, 46+

"Generally, bills don't come back down once they've gone up" ABC1, 18-45

*"I think in a number of years, if they changed all the pipes to plastic so that they're not cracking, then yeah maybe the maintenance cost will go down but I'd be surprised if that knocks onto the bills"
ABC1, 18-45*

When it was explained that innovation would result in efficiency savings, customers understood that those savings could be passed back to them.

Concluding this section, there was strong support for financial incentives as a means of improving performance, but there was a caveat that any framework should be easy for customers to understand and uncomplicated.

"The only thing to be careful of I think, is to not make it too complicated" C2DE, 46+

Reputational measures

People felt that reputational measures had a role, but that they were less effective than financial measures in terms of driving behaviours and focusing companies on delivering improvements. Indeed, while people liked the principle of publishing league tables for comparative purposes, they felt it was less relevant in the water industry due its monopolistic structure.

"I mean reputation is important, but it's not as important as financial measures because they are the only people we can get water from, so if they've got a crap reputation, there's not a lot we can do about it (others agreed), so there's got to be something else that affects them" C2DE, 46+

"League tables are okay so long as you know your company is doing well, but if it's not you haven't got a choice" ABC1, 18-45

"It's good but unlike schools, you can't choose who supplies your water...you can't shop around" ABC1, 18-45

Some felt that the value of league tables was more relevant to company boards and shareholders, rather than customers.

“I think it’s going to affect them more though, rather than as customers, as a business...if your company is at the bottom, your shareholders aren’t going to be happy, it’s not so much about the customers, they can’t do anything”. ABC1, 18-45

Overall though, people agreed with the survey findings on reputational measures, even if they were less effective than financial measures.

Asset health

People understood the concept of asset health to be the working condition of any particular asset e.g. pipes, reservoirs, water treatment works.

Customers were very supportive of the survey results which showed a very strong backing for financial incentives around asset health measures.

People stated the following in their support of asset health measures.

“If you don’t maintain the pipes etc, then the water coming out of the taps won’t be fine. There will come a time when everything starts to go wrong if you don’t look after it” C2DE, 46+

Specifically, for the 87% who thought there should be financial incentives for failing to meet targets around asset health...

“It keeps them to a meaningful standard, they’ve got to work to a standard then” Mixed SEG, 25-55

And for the 79% worried there would be higher bills in the future if targets around asset health are not met...

“You need to be assured that you’ve got clean, safe water...I think it should be a standard thing anyway, why would they not meet their targets? Mixed SEG, 25-55

It was explained to customers that there would always be targets around service, but did that mean there should still have to be targets around asset health? The response was an emphatic yes. People felt it was about prevention rather than cure, catching things early, and generally working behind the scenes to ensure customers receive the best quality product and service.

“It’s like a swan on the water. A lot of this we can’t really see, its underwater, but we can see the water coming out of the tap...so if this went wrong that would still be a big problem to us, that’s when the swan will know something is happening” C2DE, 46+

“I think it is better to invest and repair... prevention rather than trying to find a cure for it once it’s gone wrong” C2DE, 46+

Balance

In the focus groups, customers were supportive of the survey findings where service and asset health were seen as equally important.

“I don’t think you can have one without the other” C2DE, 46+

“If they’re not looking after the assets, they’re effectively gambling” C2DE, 46+

“That makes sense to me, you’ve got to maintain a good quality of water, you’ve got to maintain your sewers and pipes, otherwise you’re not going to have water for tomorrow are you”

Mixed SEG, 25-55

A number of scenarios were tested in the focus groups to validate, or otherwise, the equal weighting for incentives around service and asset health measures, from the survey.

When comparing flooding scenarios, people tended to give a bit more weighting to internal sewer flooding (service failure).

“You don’t want it (sewer flooding) messing up your house do you” C2DE, 46+

*“I don’t want sewer flooding in my house, it’s horrific. No one wants that...”
C2DE, 46+*

“For me it’s based on hygiene...if it floods you don’t want that through your house when you’ve got kids around do you” Mixed SEG, 25-55

For leakage versus bursts there was no difference between these two, with people agreeing that the end result on customers would be the same.

“They’re both as bad as each other really aren’t they” C2DE, 46+

When comparing compliance with pollution, people gave slightly more weight to pollution

In the scenario comparing unplanned outage to interruptions there was an equal weighting given to both asset health and service.

*“They’re both as bad as each other, if they don’t meet the targets for either of them”
C2DE, 46+*

To summarise this section, most people gave fairly even weightings to asset health and service. There was a slight bias towards service, especially where the issues were particularly important to customers (e.g., pollution, internal flooding). And, there was no difference by non-inf vs inf or water vs waste.

Customers were asked if improvements in asset health should be gradual or accelerated. They expressed no requirement for the best performance to be achieved quickly because of the potential increase in customers' bills.

"It's got to be down to the bill as well, that does come into play" C2DE, 46+

RORE / Bill range

It was explained to customers that incentives are set so that the amount the bill goes up and down falls within a defined range, thus preventing bills being too high or too low.

As in the survey, customers in the focus groups were presented information on the average bill expected over 2020-25, and asked how much variability around this they would like to see. The bills were shown in monthly or annual terms, and people were asked which was their preferred option.

The consensus in the focus groups was the same as the findings from the survey, where options A and D were most popular and unpopular. The main reason for people choosing option A was that they wanted a fixed bill.

"I'd rather pay more and know what I'm paying, rather than you know, have it move about. Yes you can save money, but you can also be out of pocket as well"
ABC1, 18-45

"...because I deal with people who are in debt everyday, and having something fixed when they're trying to sort their life out, is more comfortable" ABC1, 18-45

Reasons for choosing the higher variable rate in option D were about driving efficiency and future improvements.

"I'd go for D, they've got to strive to get it as economical as they possibly can, and then surely that would benefit the customers in the long run" Mixed SEG, 25-55

When people were informed that option B was the most preferred option on average, from the results of the survey, everyone thought this was reasonable, sensible and perhaps more importantly, affordable.

"If you average it out, that's probably the best option" C2DE, 46+

"I think people understand that actually the cheapest option isn't always the best option"
C2DE, 46+

"...because there's not much of a price gap between A and B is there really? Do you know what I mean? If it's low or high it's not going to steam you too much, if it goes up or down"
Mixed SEG, 25-55

“Even if you don’t have a lot of money it’s likely that you would be able to afford £1.75 each month, but £3.50 to someone who has got no money is quite a lot isn’t it” Mixed SEG, 25-55

There was strong support for a slightly asymmetric bill range with a bit of a bias towards penalties. One reason for this was the potential for bill volatility where a big reduction in bills followed by a substantial increase could be harder to manage. So, there was a sense that the range should be more focused toward customers.

“If it goes down loads one year, you’re likely to notice it much more if it goes up again the next year. As nice as it is for it to come down, it’s not so nice to see it go back up again, even if it goes up to only just above what it was before, it might just seem a lot” C2DE, 46+

“You wouldn’t want it to be that volatile I don’t think, it might be worse to see it go up once it has been really low, and to have to keep checking it as well” C2DE, 46+

Caps & Collars

Across the board people agreed with the findings from the survey that no one measure should have such a big impact on bills. There was a strong sense that all measures are not equal, therefore it does not make sense to have such a high cap on all measures. Indeed, the overarching view was that the importance of the measure should determine the proportion of ‘caps and collars’

*“It should be relevant according to the measure, £1 for a supply issue but 5p for a void property”
ABC1, 18-45*

“Having clean water coming into your house everyday and being taken away again has got to be more important to customers than a small leak down the road not affecting us” ABC1, 18-45

One person suggested that the weighting should be based on the amount of measures in each of the ten outcome areas discussed at the beginning of the groups.

*“When you’ve got void properties, that’s the only one in that group but where you’ve got things that are more important like clean bathing waters, pollution incidents, there’s five things in that group, so maybe it should be weighted according to how many things are in the ten segments”
ABC1, 18-45*

Another suggested that penalties and rewards could be dependent on how Anglian Water performs overall on its performance commitments.

“It’s got to depend on where they are with the other targets because if they are only borderline on all the targets, you know they’ve just scraped them, but

leakage has been left to fail you wouldn't be impressed. But if they had done well overall, on all the other targets, but had failed on their leakage, you might think 'well, we'll let them get away with it this year because they're so far above the target on the others'. And just to give them a nudge to say, look next year we expect leakage to be up there, but we don't want the others to come back down"
C2DE, 46+

In the groups, there was some divergence from the survey findings about the overall limit of the cap or collar. The survey suggested a limit of £4, but people in the focus groups thought this was 'too high' and should be more like £2. This was partly justified on the grounds of being due to exceptional circumstances...

"It might just be a bad year, where they've had a lot of unfortunate circumstances, like if we had a bad winter, Anglian Water can't be held responsible for that" ABC1, 18-45

...and partly justified on the grounds that Anglian Water could be doing well on most measures, but do badly on a couple of measures and find itself heavily penalised which is not appropriate. And similarly if Anglian was doing well on 1 or 2 measures that should not be sufficient to result in very large rewards.

"I think it should be a percentage of how many fails there are, so a percentage on each fail rather than penalise the whole thing" ABC1, 18-45

"I can understand that being capped, but I think they are being slightly harsh"
ABC1, 18-45

"Obviously you don't want them to lose the incentive to keep the other ones going"
Mixed SEG, 25-55

So customers wanted the impact of the penalty to be limited except where Anglian Water failed consistently, for example leakage. In this instance, the view was that if it kept failing, the cap might need to be increased.

To summarise the conclusions are:

- The overwhelming view was that Anglian Water cannot implement the survey results with respect to the cap as they stand; it is too blunt an answer to the question
- The £4 could apply to the most important measures - but for most this is too high and would be better as a 5 year maximum cap, not the cap in any one year
- The cap should be weighted by customer importance/priority for the measures
- 5-10 measures is more appropriate to reach the maximum, so £2 per measure is more appropriate

Rollover

Customers were asked what should happen if the penalties or payments in any one year were greater than the cap.

Initially, when people were presented with the option of rolling over penalties and rewards into the next year, there were mixed views as to what should happen. Some thought it was good idea to have a rollover mechanism...

“If they’ve got that rollover into an area that they are failing on, then it might give them an incentive to get it up to that target and what they’re supposed to be doing” Mixed SEG, 25-55

...while others suggested any left-over should be lost and the company start from scratch the following year.

“I don’t think the penalties should roll over, there should be a deadline on that because that’s not an incentive if it just keeps rolling over is it” ABC1, 18-45

“I think lose it, look at what you’ve got at the end of the year and that’s it for the next year...don’t roll it over” C2DE, 46+

“I think they should have to perform every year at full capacity....otherwise they don’t have to put as much in, so no I think every year they should start from zero” Mixed SEG, 25-55

“Yeah there might be some instances where they start high and think, I’ve already got that one in the kitty” Mixed SEG, 25-55

Having debated the relevant issues, customers were asked what their preference would be between a rollover or losing the monies. At this point, there was a strong sense that monies should be lost and not carried over.

Again, incentives was a key reason. It was suggested that starting from a position of outperformance payment or penalty may stop Anglian Water from investing if they have already made money or cannot mitigate penalties.

“If they had really underperformed and got penalties rolled over, then they are playing catch up right from the start. And then they’ve only got half as much to get to the point where they give up because they can’t get any worse” ABC1, 18-45

People do not want any disincentives to stop Anglian Water looking to hit its targets in each year, there was a feeling of needing a clean slate every year.

“The penalties are meant to be there as an incentive for better performance...but if they’re thinking ‘ah we’ll get a penalty anyway, we’ll pay it in 5 years’, what’s the incentive to keep pushing?” ABC1, 18-45

A compromise option of carrying over some part of it was not welcomed at all, this is different to the survey findings

And, in extreme cases some commented that repeated poor performance would surely result in Ofwat stepping in, so even in these instances this is not needed

“If it kept happening someone would have to come in and stop it” Mixed SEG, 25-55

Enhanced rates

An explanation of the current framework on the amount the bill changes for going above or below target levels was provided; this being a standard rate - e.g.. 10 pence per unit. So if the leakage target is failed by one the bill goes down by 10 pence, if it failed by 2 it is 20 pence, etc. It was then explained that Ofwat has suggested enhanced rates should apply when performance is significantly different to the target, and that the rate would increase if:

- the company’s performance is the best in the industry and if customers say they want it; and
- the company’s performance is in the bottom 25%:

When people were presented with the survey results around enhanced rates, where just over half supported enhanced rates and almost three in ten were ambivalent, people were very supportive.

“I think that’s good, because that’s where we go back to before where if they think ‘right we’re so much in the red, if we leave that the penalty is just going to keep on getting more and more’, so it’s more of an incentive this way” ABC1, 18-45

And there was a sense of a ‘we can’t lose’ attitude because of the cap that was in place.

“I was going to say, it’s almost an incentive on top of the incentive, it might make them think ‘right let’s not just get 10% out of everyone, let’s get 150% out of it....it seems like there’s more drive there” ABC1, 18-45

“I think that makes sense. If they’re getting the income but it can only go to the cap, that means they can start to do well on certain bits again, and get there without having to do as much work” ABC1, 18-45

People saw the idea of Anglian Water sharing lessons, and others sharing back as a win-win situation. And, people were fine about paying for other customers to benefit.

“I think we’d all benefit in the long run, because then those customers in other areas will end up paying more anyway won’t they” ABC1, 18-45

“....and surely they might subsidise us in some areas” ABC1, 18-45

This was particularly the case for environmental improvements and around protecting vulnerable customers.

“I think where a lot of the targets are environmental, then you’ve got to look at the long term impacts of sharing that best practice, because overall those environmental impacts are going to be felt by everyone...r” ABC1, 18-45

In terms of the speed of making these improvements, people felt that it should be a gradual process as opposed to a quick one.

“If they are making their plans in five year blocks, that is probably a reasonable time because some change can’t happen that fast and some change, if you do that quickly, it won’t be done properly or sustainably. So I think I think if you’re doing it in the five year blocks that’s probably the best way of sustainably doing it and making sure everything goes to plan” ABC1, 18-45

Doing things quickly was perceived as ineffective and inefficient in the longer term.

“Well I don’t think they could do it efficiently, when it comes to things like our coast line being destroyed and things like that, how are they going to fix that in 2 years? ABC1, 18-45

“Surely if you focus on getting it done in 2 years, it’s not going to be done well; it’s going to be a half job” ABC1, 18-45

It was mentioned that in the survey customers wanted enhanced rates for leakage and sewer flooding, especially as these are two areas where Ofwat considers Anglian Water to be one of the best companies in the country. People in the focus groups were very supportive of this and backed up their earlier view that if the company might need to share best practise on leakage, this was a good thing.

People were also supportive of the uplift multiple that emerged from the survey, which was two to three times the average value. There was a strong sense that this had to be in those areas which were meaningful.

“If what matters to us most is getting clean water and getting waste away, I would rather they were rewarded more for that than something which is less meaningful to me” ABC1, 18-45

Vulnerable customers

People were very reassured to see measures relating to vulnerable customers in the framework, and they want to see Anglian Water get it right for these customers.

“I find it quite impressive as a customer that they’ve got that there. Because there is always that thing in the back of your mind of what would happen if you did need that support, so I find that really reassuring as an Anglian Water customer” ABC1, 18-45

People support there being financial incentives around this, but cautioned against perverse incentives; so the focus should be on quality of support, and not just to increase those on the Priority Service Register (PSR) to make money.

People were concerned about the lack of awareness of the PSR and that not enough is known about it.

“I think they should make a bit more of a song and dance about it though. I don’t think they should be offering it to every single person but I think more people do need to be made aware of it” ABC1, 18-45

People unanimously thought there are good reasons why the quality of support on the PSR should be geared to outperformance payments only. They don’t want the wrong incentives whereby other companies are sceptical about participating. Indeed, they suggested that other companies should be encouraged to get involved on the basis that there would be a neutral or positive impact from joining in. The sentiment was about creating a culture that you can’t lose from being in the scheme, you can only gain because even if you’re at the bottom, you’ll get to learn what the other companies are doing.

“Well if they’re trying to drive something new across the board, you don’t want to go out on a limb, with the view I might be penalised if I get this wrong. But at least if they try and improve the service for everyone, they’re not exactly going to make it any worse, only better. So why wouldn’t they” ABC1, 18-45

“They need to learn from each other but not be penalised. If they don’t do well...Ofwat should make them join this thing...” Mixed SEG, 25-55

“If they’re thinking nah I’m not going to share anything so I’m not going to join in, no I think they should be made to join in and made to share the information, so that the service can be made better all around the country for the people that need it” Mixed SEG, 25-55

Customers were especially supportive of the ring fencing idea and sharing of best practice.

“That’s got to be good, because if this is a new area that they’re trying to encourage people in, it needs ring fence money to try and get it to grow” ABC1, 18-45

“They should all share what information they’ve got in that sector..... to make it easy for the people who are vulnerable” Mixed SEG, 25-55

*“They need to be sharing and communicating with each other, then they’re all going to be singing off the same hymn sheet and providing a service for people who are actually vulnerable”
Mixed SEG, 25-55*

Given companies are not competing against each other here, or shouldn't be, there should be no reason not to work together.

“They’re not competing against each other for customers, because we can’t go to anyone else, so business wise, they’re not going to lose customers by making someone else better. They’re just sharing information and making the country better as a whole” ABC1, 18-45

Focus Group Script

ODI Focus Groups – Anglian Water

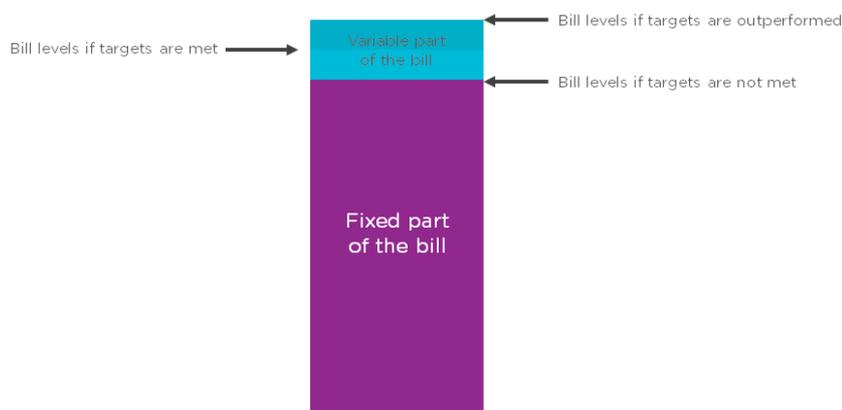
Introduction	10 mins
<ul style="list-style-type: none"> • Overview of the day / housekeeping / introduction / reasons for the sessions / any observers, etc. • Explain Anglian Water is developing its plans for the period 2020-25 and is looking for customer input. Plans are to be presented to Ofwat in September, and we are coming to the end of the consultation phase with customers. • Be clear that this survey is presenting the results of a quantitative survey with 600 customers - and to ask for them to support the interpretation of the findings. Even if they do not agree with the findings of the survey themselves as people will have very different views - what do they think of the findings. 	

Note - across the three sessions the contents should be covered at least twice.

Background to Anglian Water	15 mins
Objective: This section is designed to help the attendees know enough about Anglian Water to contribute to the discussions effectively.	
<ul style="list-style-type: none"> • Let’s start by thinking about what you think Anglian Water does. What do you think it is responsible for? Probe for water, sewerage, drainage, but also vulnerable customer support, customer service. Also probe for maintaining and managing the network, fixing leaks, etc. • Who do you think regulates or monitors how Anglian Water and other water companies perform? What do you think they oversee and regulate? Explain the role of the regulators and other stakeholders - Ofwat, DWI, EA, C CC Water and the CEF. Showcard 1. • What targets do you think are set? Who do you think sets them? What do you think they should cover? <ul style="list-style-type: none"> ○ Use AW graphic with the PCs on - Showcard 2. • Anglian Water consults with customers, stakeholders and the regulators to understand where targets are needed, to ensure they are stretching targets, and what should happen if they fail to meet those targets. That is the key focus of our discussions today - what happens when companies fail targets, meet targets and beat targets. 	

Principles of Incentives	Time 15 mins
Objective: This section gets customer views on the principles of ODIs - mostly financial.	

- Five years ago, Ofwat introduced a framework where customers, companies and regulators agree a set of stretching targets, and there are financial and reputational incentives to ensure companies deliver against those targets.
- Focusing on financial incentives first - these impact the amount of money that companies can charge customers - i.e. they change the bill that customers pay. The bill has a small variable part that reflects whether the company achieves its targets or beats them. This should encourage companies to meet targets, and to exceed targets for those aspects of service where customers want to see companies continue to drive improvements.
 - What do you think of that?
- **Showcard 3:**



- A recent survey of 600 customers asked customers what they thought of this. [Showcard 4.](#)
 - *77% agreed it was important to have financial incentives that penalise poor performance and encourage improvements*
 - *75% agree companies are more likely to meet targets if they are penalised when they fail to meet targets*
 - *58% agreed that financial incentives such as these would encourage innovation and lower bills in the future*
 - *25% did not agree that water companies will provide better services if they can charge a slightly higher variable bills*
 - What do you think about this - does it make sense that customers have shown support for these? Why do you think they did? Even those on lower incomes supported this - does that make sense? It was stressed in the survey that there are caps in place that limit the variable bit.
- Most but not all measures are financial. Some are reputational. This means they are published and compared - akin to league tables. What do you think about that?

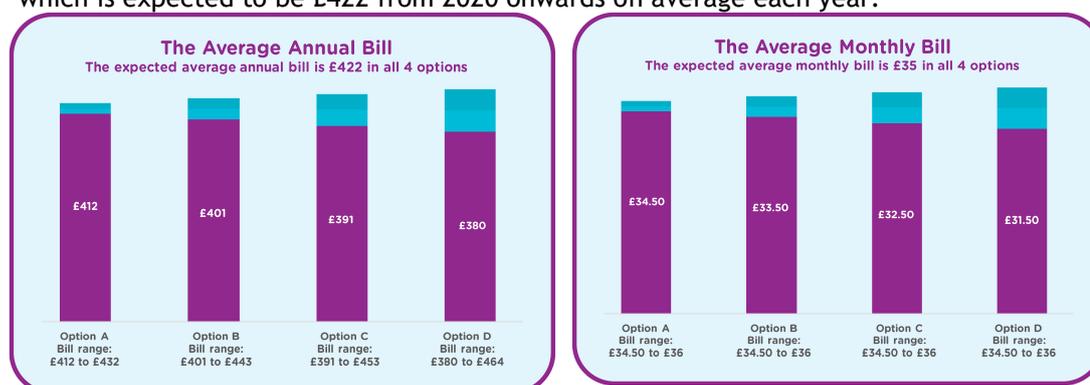
- The survey results show customers are supportive of reputational measures - but less so than financial ones. Does that make sense? This is in line with Ofwat's view that measures should be financial where possible. [Showcard 5](#).
 - 72% agreed water companies are likely to do more if their good performance is publicised and compared to other companies
 - 74% agreed a company is more likely to meet targets if poor performance is published
 - 60% agreed it was preferable to have financial measures over reputational ones - with 34% happy either way
 - Does that make sense that customers said that?

Asset Health	30 mins
Objective: This section covers the asset health findings.	

- Customers were shown all the measures that would have targets. Anglian Water has 31 measures. 9 of these are reputational meaning 22 are financial. [Refer to Showcard 2 - PC graphic](#).
- In the survey 600 customers were asked their views around financial incentives for asset health - asset health is the maintenance and management of the network for current and future service.
 - What sort of things do you think this means measuring - [probe bursts, collapses, compliance, etc.](#)
- Ofwat expects there to be financial incentives around asset health. Customers in the survey were in agreement: [Showcard 6](#):
 - 90% of customers said it was important to them that the networks and treatment works are maintained for the future.
 - 87% thought there should be financial incentives for failing to meet targets around asset health
 - 79% worried there would be higher bills in the future if targets around asset health are not met.
 - What do you think about those results? Do they make sense? Why do you think asset health has been found to be so important to customers in this survey? [Probe for long term versus short term](#).
 - Customers young and old had similar views - again, does that make sense?
- Customers also thought that asset health incentives are pretty much as important as service measure incentives. When asked about the balance between the two this came out at 50:50 in the survey - financial incentives for these are equally important.
 - Do you think its right that a financial incentive around asset health carries the same weight or incentive as one around service? Does that make sense? Why, or why not?
- Let's explore that in a bit more detail.
 - [Showcards 7-10](#) - I have four scenarios around asset health and service. I want to go through each and see which you think is the worst - and therefore the one that should be financially the one companies should be most encouraged to avoid.
 - Based on those scenarios do the survey findings seem right? Have you changed your at all views? Do your views differ across the pipes in the ground or the treatment works?
- How important is it for Anglian Water to have financial incentives to improve asset health quickly or gradually? Why?
 - What do you think can be consequences of targeting large improvements in asset health? [Probe for bill impact, focus on investment that may not deliver service, detract from other areas, etc.](#) Does this make you change your mind?

Impact on the bill	25 mins
Objective: This section gets customer views on survey results on the RORE range, caps and collars. That is, what limits there are on bill adjustments, and what happens when those limits are reached.	

- In this framework the incentives are set so the amount the bill goes up and down falls within a defined range, so prevent bills being too high or too low. In the survey, each of the 600 customers were presented information on the average bill expected over 2020-25, and asked how much variability around this they would like to see.
- [Showcards 11 and 12](#). Bills were shown in monthly or annual terms - they were asked to rank these four options in order of preference. The average bill information was given - which is expected to be £422 from 2020 onwards on average each year.

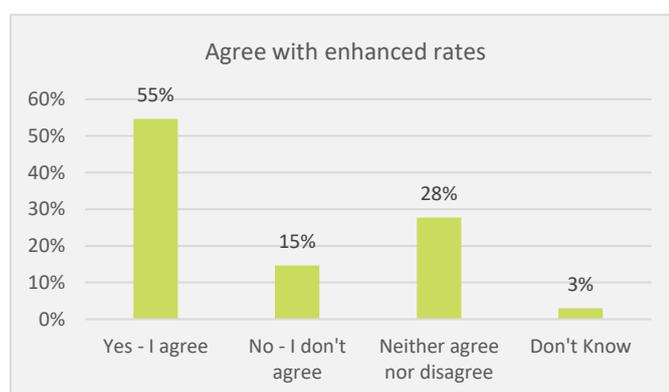


- The average view across customers was that Option B is the most preferred on balance. Options A and D were the most liked and disliked (i.e. ranked first the most and last the most)
 - What do you think about Option B being most preferred on balance? Does that make sense?
 - To put that into context, on an average bill of £428 today, in the current five-year bill period covering 2015-2020, the overall variable part of the average bill has a possible range of +£10 and -£20 each year, and since 2015 has resulted in a total impact of £1.52 per household. *Note - this slight increase in the bill is because Anglian Water identified ways to go beyond the stretch targets set by Ofwat with regard to supply interruptions and leakage; and has been allowed to charge a slightly higher cost to recoup the additional investment costs.*
 - So currently the framework is not symmetrical - but is balanced towards bills going down - does that make sense? Does that feel right?
 - Would a larger range be more appropriate if the potential increase in the bill was less than potential decrease?
 - Where would you expect the focus or balance to be between penalties, outperformance payments, and reputational measures? Why?
- Customers in the survey were also supportive of caps (caps/ceilings and collars/floors) - that would limit the impact that any one measure can have on the bill. So thinking about the four options again - the survey also shows that whilst the average bill should vary no more than represented in Option B - customers said they don't want any one aspect of service to have such a big impact on bills.
 - Why do you think that is the case? Do you think that makes sense?
 - What sort of limit overall do you think makes sense?
 - The research suggests a limit of around £4 - does that make sense? Does that seem too high or too low?
 - Some less well off customers wanted this cap to be a bit lower - does that change your mind?
- Thinking about the four options again - customers were asked what should happen if the penalties or payments in one year was greater than the cap. Customers were split fairly evenly between rolling it over to the next year or it being lost.

- When does it seem right to roll it over and when not? Probe for whether the option to carry some over - say 50% - is a good compromise. Probe if there are exceptions such as extreme weather, whether company performance is consistent or one off, whether they have rolled over before (e.g. roll over up to X years), etc.

Enhanced rates	15 mins
Objective: The aim of this section is to consider enhanced rates.	

- In the current framework the amount the bill changes for going above or below target levels is a standard rate - e.g. 10 pence per unit. So if the leakage target is failed by 1 the bill goes down by 10 pence; if it is failed by 2 it is 20 pence, etc.
- Ofwat has suggested that enhanced rates should apply when performance is significantly different to the target. Ofwat's view is that the rate would increase if :
 - The company's performance is the best in the industry and if customers say they want it.
 - The company's performance is in the bottom 25% (i.e. 4-5 companies as there are 19 companies in E&W with performance compared).
- In the survey customers were mostly supportive or ambivalent towards this - not bothered either way (but they were told the cap would be in place). Does this make sense? [Showcard 13.](#)



- Customers were asked whether they want this for leakage and sewer flooding. These are two areas that Ofwat has found Anglian Water to be one of the best companies in England and Wales. Customers were very supportive of this in the survey, with less than 10% opposed in these two areas. Does that make sense?
- Customers were asked the sort of uplift that they would like to see - again subject to caps in place. Two to three times was the average value - suggesting there should be quite strong incentives.
 - How do you feel about that?
 - Do you think this is more about punishing poor performance or encouraging good performance (i.e. beat targets)?
 - How do you feel about this being symmetrical?
 - If they have to align and be symmetrical - does the survey result seem sensible? Why, why not?
- Ofwat's view is that to receive this uplift companies need to share how they achieved the performance with other water companies. Do you value the innovation and economic benefits that this would drive? i.e. the benefits to other customers in England and Wales - if not, why do you support this? [Probe for innovation and economic benefits separately.](#)

Vulnerable measures	10 mins
Objective: The aim of this section is to the incentives for two vulnerable measures.	

- Some customers are in vulnerable circumstances. What do you think this means? [Probe for financial and non-financial circumstances.](#)
- How familiar are you with the support that water companies in general or Anglian Water in particular provides to customers that may be in financial or non-financial vulnerable circumstances?
- Anglian Water is proposing two measures. [Showcard 14.](#)
 - What do you think of these? Do you think they are good measures?
 - Do you think either of these should have financial incentives associated with them? Why?
 - In the survey customers indicated support for financial incentives for these measures - what do you think about that? What do you think are the pros and cons of financial incentives on these measures?
 - [Probe for penalties](#) - are there incentives or perverse incentives such as increasing number of customers on PSR to avoid a penalty.
 - [Probe for outperformance payments](#) - repeat.
 - Based on that - do you want to see financial incentives for these measures? If so, what sort of financial incentives are most appropriate for these measures - penalties only, outperformance payments only or both?

Focus Group end	5 mins
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- That is the end of the focus group. Any final thoughts?
- Final questions from viewers or questions to the viewers from the attendees.
- Thank respondents and close.

Focus group showcards



Financial measures

Performance against targets are always published – most are also financial

- 77% agreed it was important to have financial incentives that penalise poor performance and encourage improvements
- 75% agree companies are more likely to meet targets if they are penalised when they fail to meet targets
- 58% agreed that financial incentives such as these would encourage innovation and lower bills in the future
- 25% did not agree that water companies will provide better services if they can charge a slightly higher variable bills

4

Reputational measures

Some measures are reputational only.

- 72% agreed water companies are likely to do more if their good performance is publicised and compared to other companies
- 74% agreed a company is more likely to meet targets if poor performance is published
- 60% agreed it was preferable to have financial measures over reputational ones – with 34% happy either way

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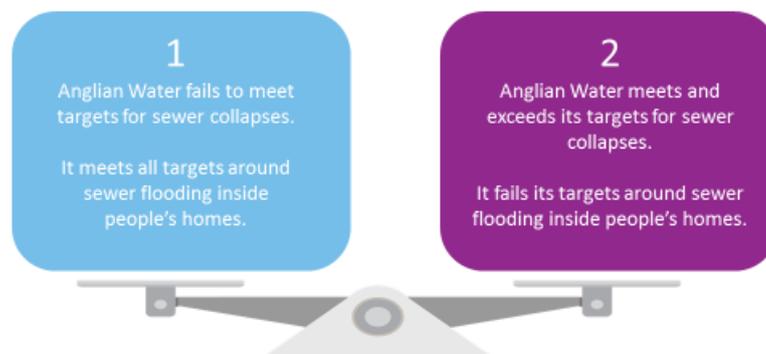
Asset Health

- 90% agreed it was important that the networks and treatment works are maintained for the future.
- 87% agreed water companies should be penalised if they do not meet targets around asset health
- 79% agreed that water bills may be higher in the future if targets around asset health are not met.
- 79% agreed that even if a company meets its service targets, it should be penalised for missing targets around asset health

6

Asset health v service – Scenario A

Which situation do you think is the best and which is worst for customers to occur in each year 2020-25 ?

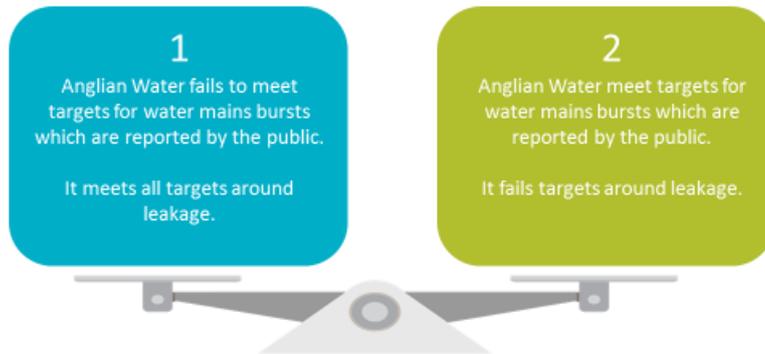


Are these equal – or is one worse than the other ?

7

Asset health v service – Scenario B

Which situation do you think is the best and which is worst for customers to occur in each year 2020-25 ?

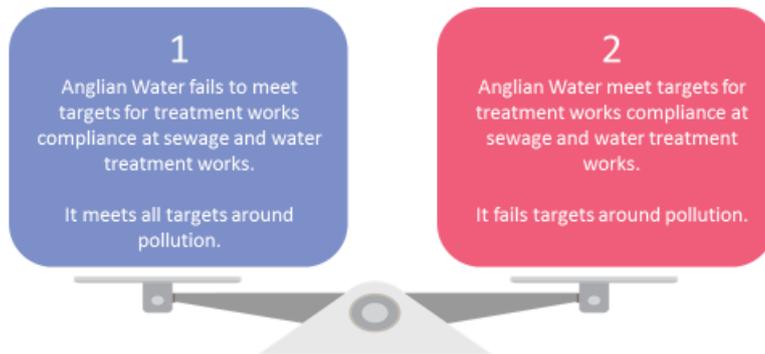


Are these equal – or is one worst than the other ?

8

Asset health v service – Scenario C

Which situation do you think is the best and which is worst for customers to occur in each year 2020-25 ?

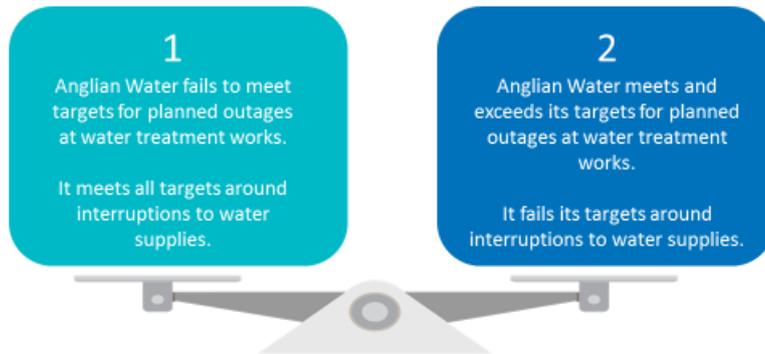


Are these equal – or is one worst than the other ?

9

Asset health v service – Scenario D

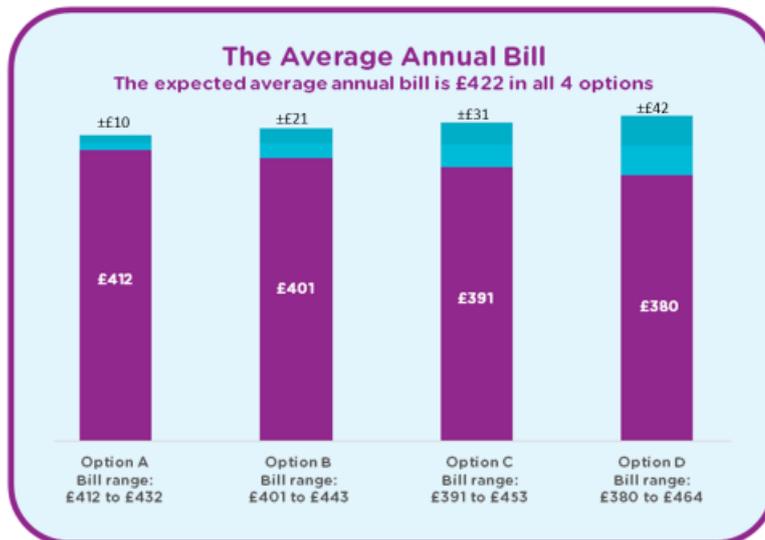
Which situation do you think is the best and which is worst for customers to occur in each year 2020-25 ?



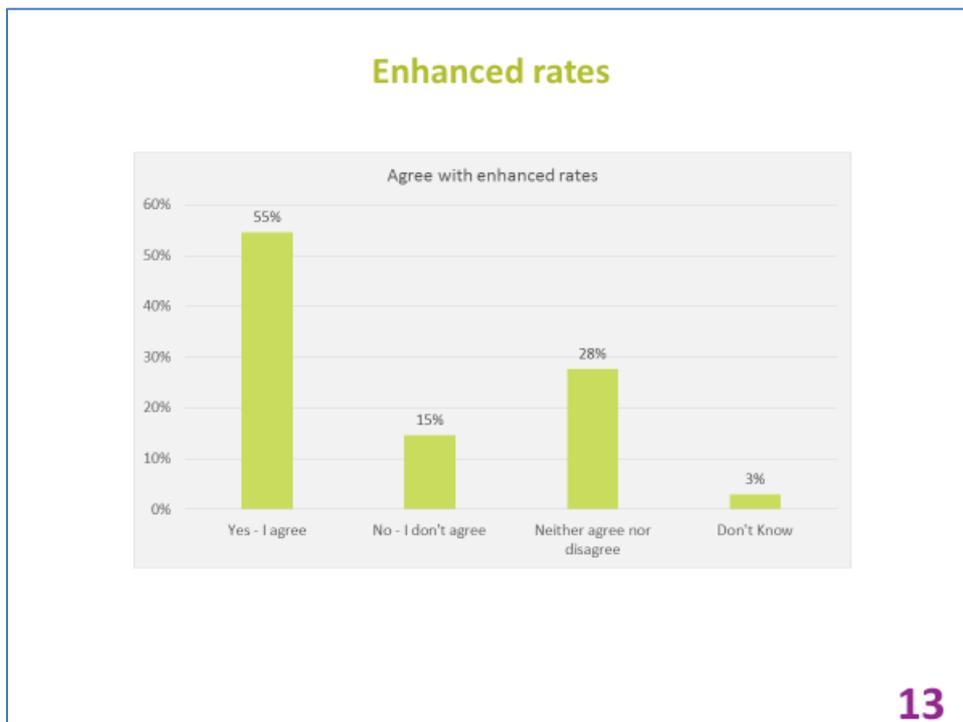
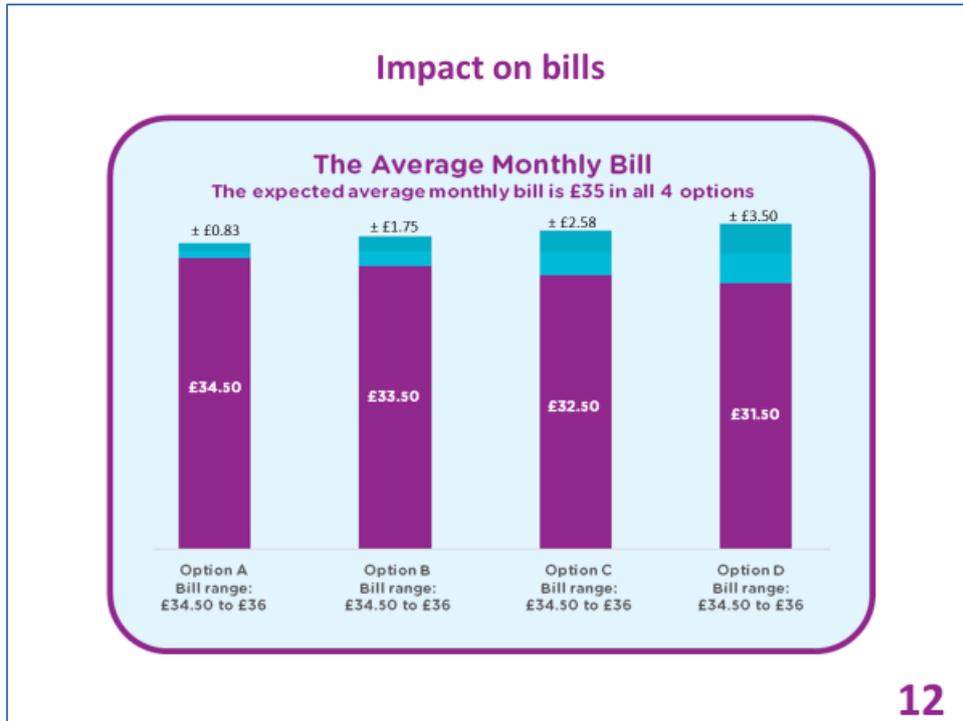
Are these equal – or is one worst than the other ?

10

Impact on bills



11



Customers in Vulnerable Circumstances

Vulnerable customers can include customers in financial difficulties.

Or those with a range of mental or physical disabilities, or other circumstances that mean they need additional or priority services.

Vulnerable circumstances can be temporary or permanent.

Anglian Water has two measures:

- The number of customers in vulnerable circumstances that are on the Priority Services Register.
- An independent assessment of how well we are serving customers in different vulnerable circumstances.

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