Customer engagement

Annex 03

Severn Trent
29 January 2021

WONDERFUL ON TAP

Executive summary

Our Green Recovery proposals are a significant opportunity to be bolder and push the boundaries of what we can achieve for our customers and region. Because of this, they also present a series of important issues for our customers – Do they support us taking action? Are we focusing on the areas that are really important to them? How can we learn from them to make our proposals better? What value do they place on these improvements? And, importantly in the current economic climate - are they affordable?

To answer these questions we have undertaken an extensive programme of customer engagement – using existing and new sources - to give us both a rich picture of our customers' views and one that is representative of everyone that we serve.

We have used a range of sources, focusing on quality and quantum

At PR19 we made a step change in both the quality and quantum of the research we undertook. This has been our starting point, and we have successively built on this foundation with new research that considers how our customers' lives have changed during the Covid-19 pandemic and how they may look after it.

We have drawn from:

- PR19 research involving 32,000 participants;
- 4,131 participants in our ongoing Covid-19 tracker surveys from March to December 2020;
- 39 people taking part in online deliberative research undertaken over a month, and five by telephone;
- 57 participants in 10 focus groups drawing on local community experience;
- 55 survey respondents sharing their experience of supply-pipe replacement;
- 600 Tap Chat participants commenting on our initial ideas;
- 1000 Tap Chat participants in an exploratory acceptability survey[1];
- 2138 households in a separately commissioned acceptability survey, including 138 telephone interviews (200 interview hours) with digitally disenfranchised customers[2]; and
- 399 non-household customers in a further acceptability survey[3].

Plus, we have used a range of sources undertaken as part of our on-going customer insight programme including: Tap Chat projects comprising surveys, polls, discussions and ethnographic research (we have undertaken over 50 since PR19); research and behavioural experiments undertaken during last year's warm summer; and operational data, including payment habits.

We have been careful to make sure that our research is inclusive and representative. In the vast majority of cases we have commissioned independent research agencies to carry out our customer

[1] Weighted on the basis of gender, age, SEG and metered/unmetered to be representative of our customer base.
[2] Minimum quotas set, then weighted on basis of gender, age, SEG and metered/unmetered to be representative of our customer base.
[3] Weighted on the basis of size banding, to be representative of our customer base.

engagement for us or used our externally administered online customer community, Tap Chat.[4] We ensured that the profile of consumers we consulted was inclusive of the diversity of our region. Amongst household customers there was a mix of age, gender, socio-economic group (SEG), and payment method represented, with different ethnicities, housing tenures and geography also included. We engaged future bill payers (those who are not yet bill payers) and – while Covid-19 has moved much more research online – we included those who might be digitally disenfranchised by supplementing our main research with telephone interviews. The non-household customers we surveyed were representative of our customer base in terms of size, and included respondents across a range of sectors.

We have also worked to ensure consistency with the Consumer Council for Water's (CCW) principles for engagement – both for the Green Recovery and its recommendations when it reviewed PR19 engagement. And we have designed our research iteratively, seeking to improve each new piece of research by learning from the previous piece – for example, we improved our full quantitative testing by learning from the experience of our research with Tap Chat members.

Our research has reinforced, and (as a consequence of Covid -19) at times, accentuated what we learned at PR19

Our ideas for Green Recovery investment were in large part borne out of our PR19 business plan and the customer insight we gathered. They have given us the opportunity to place more focus on the environment, community, well-being and the need to be a socially-purposeful company – all of which were strong themes that emerged from our PR19 insight programme. And our most recent deliberative research suggests Covid-19 has accentuated the importance that customers place on these themes - economic recovery, climate change, the natural environment and a sense of reconnecting to nature were all emphasised by participants.

We are seeing consistently high levels of support for all four schemes

Across each method of engagement used, we are seeing high levels of support for our proposed schemes (in each piece of research, participants were first asked about support in principle, before we discussed willingness to pay).

In our foundational deliberative research, participants were enthused and engaged by our ideas, and how they could help with the recovery from the pandemic while delivering environmental, health and recreational benefits. While some customers expressed practical concerns about the projects, for example, the safety of swimming in rivers or the disruption caused by replacing supply pipes; by using focus groups with communities who might be affected by or benefit from our schemes, we have sought to find ways to understand and allay those concerns.

In an exploratory survey of 1000 Tap Chat members (our online community, weighted to be representative of our wider household customer base), **98% supported or strongly supported our package of four ideas.**

In later acceptability testing with 2,138 households, customers were very supportive in principle of each of the four ideas tested: creating bathing rivers (74%); decarbonising water resources (which also included metering) (75%); taking care of customers' supply pipes (82%); and flood-resilient

[4] One survey, exploring customers' experience of supply pipe replacement, was administered using one of our internal surveying platforms.

communities (82%).[5] **As a package with all four projects together, before being shown the bill implications, 83% of households were supportive (with 14% not minding either way and only 2% unsupportive).**

Acceptability testing amongst 399 non-household customers produced even more positive results. In principle, they were even more supportive of each of the four ideas tested (83% support for creating bathing rivers, 85% for decarbonising water resources, 84% for taking care of customers' supply pipes and 86% for flood-resilient communities). **As a package with all four projects together, before being shown the bill implications, 87% of non-household customers were supportive (with 10% not minding either way and only 3% unsupportive).**

Support for schemes is mirrored in customers' willingness to pay

We have used a range of sources and approaches to gauge our customers' willingness to pay for the Green Recovery schemes. This includes preliminary testing of willingness to pay on Tap Chat – which found an average ranging from £6.83 to £8.16 per year across four groups tested. In our full acceptability testing, with 2,138 household customers, we used a contingent valuation approach which found that **71% of household customers would be willing to pay the equivalent of an additional £6 per year on the average household bill.** In our full acceptability testing with 399 non-household customers, **more than eight in ten (84%) non-household customers would be willing to pay an additional 2% per year on their bills**.

In each case, this question was asked before any context was provided about how bills may change over the 2020-25 period. The willingness to pay results did not cover the £168m of investment we are proposing for accelerating WINEP projects and therefore might be an underestimate - as customers will be getting around 30% more investment than they expected.

Affordability is a concern – but it is not manifesting in changes in payment habits to date

Our customers' perceptions of 'unaffordability' to date in 2020/21 are lower than at any time since we started quarterly tracking in 2013. Those 'disagreeing' or 'strongly disagreeing' that their bills were affordable was 10% in quarter 3 in 2020, down from 23% in quarter 1 of 2013. So, while we know we are entering a challenging period as the full economic impacts of Covid-19 become clearer, we do so from a stronger position than we have seen in our recent history.

Our on-going tracking suggests that Covid-19 created anxiety for around half of our customers about their ability to pay in the future, at the peak of the pandemic in March. In our latest results (December) this had stabilised at close to 20%. At the current time, this concern is not manifesting itself in changes in payment habits which - using a range of lenses - are continuing to broadly track 2019 patterns. This is likely to reflect the continuing financial support the Government is providing to businesses, workers and benefit recipients.

[5] The names of our investment proposals evolved as we were undertaking our and may differ in research reports. In the latter stages of our research, metering was included as part of our decarbonising water resources proposals. We did not test the acceleration of WINEP AMP8 explicitly – accepting that an existing customer mandate for our environmental programme exists.

Contents

1. Introduction

The annex sets out in more detail the customer insight that underpins our Green Recovery business cases:

- Section 2 explains our approach to customer insight.
- Sections 3 – 7 summarise how we have used this insight to answer five key questions in relation to our business cases.
- The attached appendices include summaries of relevant PR19 research underpinning our cases, subsequent research that we have commissioned to support them, and stimulus material that was included in our quantitative testing.

Where we have undertaken new research to support the development of our business cases (including willingness to pay) – this has focused on the four new cases, rather than our metering proposal (which is sometimes included in the decarbonising water resources proposal) and AMP8 WINEP delivery where an existing customer mandate exists for the outcomes.

2. Our approach to customer insight

Our business cases have not been created in isolation or 'from scratch' - they were developed from the insight we gained from customers at PR19, which we have used as a foundation from which to build a richer picture of our customers' views. We have been careful to use multiple sources of insight – both existing and newly commissioned – and sought to incorporate guidance provided by the Consumer Council for Water (CCW) in the process of doing so.

Building on progress at PR19

Over the last five years, we have made a step change in both the quality and quantum of our customer insight. Working with the Water Forum (our Customer Challenge Group), we put considerable effort into developing a strategy that would guide our price review and subsequent customer insight. Consistent with this, our approach to customer insight for these business cases:

- **Builds a richer picture of our customers' needs, views and preferences by using research cumulatively**. We combine a range of insight gathered during PR19, with more current, specifically commissioned research on the Green Recovery.
- **Draws on the concept of a hierarchy of needs. We know our customers rely on us every day to provide one of their essential needs**. They also want us to be a forward-looking, responsible company that serves society as well as the individual. Our research therefore explores participants' views as both customers and citizens.
- **Recognises that customers' experience and awareness of the issues we are exploring should dictate our choice of research tools.** We have continued to use the four-box model we developed at PR19 to shape our research programme, and commissioned independent research agencies to undertake the vast majority of our research.

Figure 1: Choosing the right research tools

Using multiple sources to ensure meaningful, representative insight

We have taken a focused approach to insight that has allowed us to explore in detail, five core questions – and have structured the remainder of this document around them:

- Should we play a (greater) role in the Green Recovery?
- Are our proposals supported (before discussion of the potential bill impacts)?
- How can we make them better?
- What would customers be willing to pay and what potential bill impacts would be acceptable?
- What are the consequences for affordability and what can we do about them?

To do this, we have combined multiple sources to give us representative, meaningful insight. The following table summarises the sources we have used.

Table 1: Using multiple insight sources

Purpose	Examples
Existing and continuous research	• Reviewing substantial bank of PR19 research (and earlier) including: deliberative projects on the environment, resilience, metering and support for customers struggling to pay; quantitative research on bill changes; and jointly commissioned research with CCW and Dŵr Cymru Welsh Water on private supply pipe adoption (in Wales). • Further research undertaken following PR19 as part of our continuous insight including Tap Chat (our online customer community of around 14,000 customers) and bespoke research. This has included surveys, polls, discussions, online ethnography, focus groups and in-depth interviews, for example, to understand customers' financial challenges and water usage during the Covid-19 pandemic.
Foundational	• Newly commissioned, deliberative research with 39 participants online and five by telephone (digitally disenfranchised) over a period of four weeks, exploring: role of water companies in the Green Recovery; acceptability of our proposals; intergenerational fairness and customer principles underpinning future investment choices. • Tap Chat discussions exploring members' initial impressions of our four proposals. • Tap Chat poll and discussion, to understand the extent to which, if at all, the water in our region's rivers should be improved to bathing water standard.
Design/experience	• 'Deep dive' online focus groups with communities (either geographical or by interest) to review the proposals in detail and benefit from customers' experience to improve them – including bathing rivers, flood resilience and customer supply pipe replacement. • Quantitative survey of customers who have had a lead supply pipe replaced recently, to understand their experience, barriers and scope for improvement.

Purpose	Examples
Representative	• Exploratory quantitative survey of 1,000 Tap Chat members covering support for proposals, willingness to pay and testing survey design and stimulus. • Quantitative survey of 2,138 household customers including 200 hours of interviews with 138 digitally disenfranchised customers exploring support for proposals, willingness to pay and acceptability of a potential bill impact scenario (undertaken by Qa Research). • Quantitative survey of 399 non-household customers, using an adapted version of the household survey (also undertaken by Qa Research).
Ongoing tracking and monitoring	• Tracking the views of c.100 household customers per week (4,131 between March and December 2020) to explore concerns about Covid-19, perceptions of affordability, bill volatility, and ways in which they would like us to improve our services. • Monitoring of changes in payment behaviours for indicators of customers newly falling into difficulty.

The nature of many of the issues we wanted to talk to customers about makes meaningful engagement more challenging, not least because they are forward looking and customers may have low awareness of them (or at least low awareness of our potential to address them). This places them firmly in the top right-hand box in the four-box model illustrated in figure 1.

In response, where we have commissioned new research, we have started with a deliberative approach, and where we have followed this with quantitative research (to ensure a representative view), we have given considerable thought to the design of surveys and stimulus – employing cognitive testing and Tap Chat members to help us. Covid-19 has given us some additional challenges, but we have been determined to ensure that the quality of our research has not been compromised by moving to online platforms rather than in person. And participant feedback has been very positive - of the 39 people who took part in our online deliberative research, 30 said they would like to be involved again in the future.

Finally, we have twinned this forward-looking research with on-going tracking, and data on our customers' payment behaviours to understand in real time if the affordability challenge that we face into is changing and if we need to act further to tackle it.

Inclusive, representative research

When designing our customer research, we have been mindful of the need for inclusivity. For example, the three phases of our foundational deliberative research project had to be conducted online rather than face-to-face due to Covid-19 concerns. However, at each phase, we supplemented this with a parallel in-depth telephone interview with five customers who do not have access to the internet. We ensured that the profile of consumers we consulted in the project was inclusive of the diversity of our region; there was a mix of age, gender, socio-economic group, payment method, ethnicity, housing tenure and geography represented. We also ensured that we spoke with a mix of customers who have a water meter and those who are unmetered, and we included some consumers who are not (yet) bill payers. We know from our customer tracker survey that around one fifth of customers say they are able to afford their water bill currently but have affordability concerns for the coming months due to economic uncertainty caused by the pandemic; we ensured that this group was included in our research too.

Our main quantitative acceptability survey also closely reflected the demographics of our region. This comprised a robust, representative sample of 2,000 consumers, with quotas set on age, gender, socio-economic group, metered/unmetered status and non-bill payers. We supplemented our online research sample with 138 telephone interviews conducted amongst those who do not have access to the internet. In the cognitive testing phase of this project, we also took care to include customers of different ages and backgrounds to ensure our survey questions would be clear and meaningful.

Consistency with CCW's guidance

We have worked to ensure that our approach to customer engagement meets CCW's requirements and in particular, that we undertake: **proportionate engagement to reflect material impacts on customers**. We are proposing a substantial package of investment that will have long-lasting benefits for current and future customers, and our region, and we believe that the approach we have taken to customer insight appropriately reflects this.

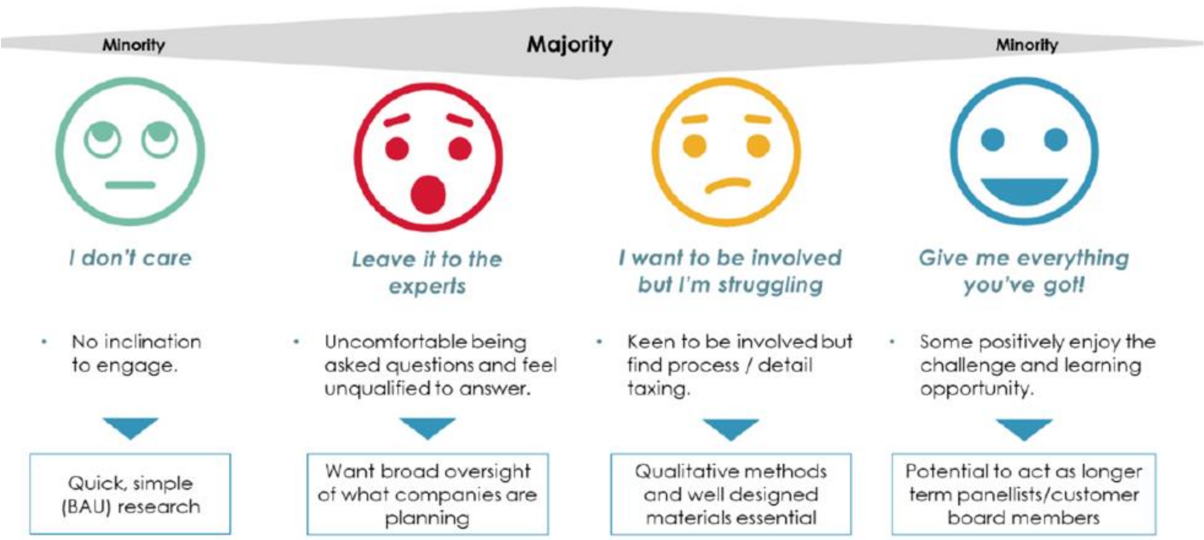
Table 2: Consistency with CCW's guidance

Principle	How we have responded
Outcomes: Do outcomes companies are aiming for reflect customer priorities?	• As we explain in below, the proposals we are putting forward are the natural progression of the priorities our customers told us about at PR19 and subsequently, and they continue to work towards the customer outcomes that we committed to in our plan.
What the investment will deliver: What will current or future customers see or experience from this investment?	• We have sought to be clear in our stimulus where we are proposing either trials or geographically specific investments that will initially only benefit a sub-set of our customer base.
Using more than one source: Using a wider range of customer sources	• As explained in the table above, we have used a wide range of sources to answer the five focused questions in depth. • The earlier figure sets out how we have ensured we use the right research tool in the right circumstances.
Can community engagement inform the source of the solution? For new initiatives, and opportunity to work with local communities?	• For three projects (bathing rivers, flood resilience and customer supply pipes) we commissioned additional qualitative research to work with those communities or customers who could be directly affected, in order to improve our proposition. • For our projects we have worked to engage local stakeholders and potential partners including local authorities, energy companies and the River Severn Partnership - more detail is included in the business cases themselves.
The wider context: Changing attitudes due to COVID and economic uncertainty	• In our deliberative research we specifically asked customers about how their views have changed due to Covid-19. • We have also been able to observe their changing attitudes through the pandemic with on-going tracking. • We have kept a 'watching brief' on a range of on-going Covid-19 studies (including Britain Thinks) to understand the wider societal context.

Principle	How we have responded
The bill impact: Is the package acceptable and affordable to customers?	• We have used a range of sources, using our PR19 acceptability research as a starting point, and commissioning new research specifically for the business cases (discussed further below) to test whether the package is acceptable and affordable for customers.

In designing our research we have also borne in mind CCW's *Better Engagement* research recommendations on how PR19 research could be improved. We started, as CCW recommends, with a foundational deliberative research project, in order *to explore at a principle level what customers want,* rather than starting with what the company wants. This allowed customers to shape our thinking in a very real way from the outset, as proposals were being designed. CCW also recommends ensuring that participants are *properly informed*; recommending the use of *reconvened methodologies*, which we used in our deliberative research - taking a group of customers on a journey from uninformed to informed, by gradually exposing them to the issues and outline proposals over three research phases and a four-week period. We also took care to *avoid sharing irrelevant, very technical or difficult subject matter with participants,* ensuring that the materials they saw were concise and meaningful. In our deliberative research, we also explored CCW's four typologies of research participants.

Figure 2: CCW four typologies of research participants



We found that all four typologies resonated with our participants, although none self-identified as the 'I don't care' category. Further, they gave us a very clear steer about the *types* of decisions about which they want to be consulted, namely those which have an impact on their local area or have a significant impact on their water bill.

Engaging our stakeholders

As our programme of insight has progressed, we have continued to engage our key stakeholders including CCW and the Water Forum's customer research sub-group. The latter has extensive customer research experience (including from CCW) which we wanted to draw on – and shared with them our overall framework for customer engagement and results. We have also engaged CCW on more detailed aspects of our research including the design of our main quantitative survey, and the subsequent results, over two further sessions.

3. Support for our role in the Green Recovery

The concept of a 'Green Recovery' is not front of mind for many of our customers. So to ensure we could have a meaningful discussion, we substantially used deliberative research to explore the role we could play. This continued a broader conversation we began with customers during PR19 about our role in society. We found good levels of support for us acting in principle, which (as we discuss below) became even more apparent when participants were presented with our ideas.

Emerging support for doing more for society prior to Covid-19

A very clear theme that came out of our PR19 insight was that, while our customers first and foremost expect us to meet their most fundamental needs for a water and wastewater service, they also want us to do so in a socially and environmentally responsible way. We responded with an even greater focus on being a purpose and values led organisation, and throughout our plan we worked to find and exploit opportunities to do more for the communities we serve and environment that we depend on in the process of delivering our core service.

"What matters to me… what the future holds for my children, what world we are leaving them. What I do impacts them, and what businesses do impacts them." PR19 research participant

Research we have undertaken since PR19 continues to reinforce this view. In 2019 we consulted on what it means to be a socially-purposeful company, and asked our Tap Chat members their view. Responses were substantially positive – but with some reservations that making a wider contribution should not come at the expense of core services, and scepticism that we needed to demonstrate actual action as well as good intent.

We have gathered considerable evidence, particularly on Tap Chat, that customers expect Severn Trent to be a caring and responsible company and to act in the best interests of communities and of the environment. We have seen that customers warmly welcome concepts such as our Community Fund, which donates 1% of profits every year to charities and community groups. They have also supported our intention to help care leavers with an automatic bill reduction, and to expand our apprenticeships and internships.

Ensuring that bills are affordable to all has been a recurring theme in our customer research, especially during 2020, with many households affected by the Covid-19 pandemic. On Tap Chat we have seen much evidence that customers expect us to protect and improve the environment as well as mitigate the effects of climate change; we saw strong support for our triple carbon pledge, for our purchase of green energy. In our tracker survey, we have seen a very positive response to our Great Big Nature Boost, our biggest ever nature project, which involves us planting 1.3m trees, reviving 12,000 acres of land and restoring over 2,000 km of rivers across our region.

Playing our part in the Green Recovery

It is in this context of emerging 'conscious consumerism' that we commissioned further deliberative research to understand whether our customers would support us taking a greater role in the Green Recovery. Working with Britain Thinks we used deliberative research in this instance as it allows for more meaningful and rounded discussion, not least because the concept and connotations of a 'Green

Recovery' are unfamiliar to many. This month-long, online research with 39 participants (and five by telephone) found the following.

Figure 3: Customer views on Severn Trent playing a part in the Green Recovery

1. **Customers see the health and economic impacts of Covid-19 and threats to the environment as the two biggest issues facing the UK today.** However, poor knowledge of the water industry and Severn Trent means many don't see what the company can do to help address these problems.

2. **Although customers start with little understanding of the term "the green economic recovery", on learning more about the government's request to the water industry and how Severn Trent could contribute to a "green recovery" they are enthusiastic.** Severn Trent's willingness to present plans that will contribute to the "green recovery" reflects well on the company and shows they are playing their part in tackling the biggest issues facing the UK.

Source: Consumer attitudes, perceptions and priorities for long-term investment (Britain Thinks, 2020)

These findings are very consistent with our research at PR19 where we found that customers do not initially regard water companies as stewards of the environment, but when they are able to draw the connection to the water cycle, they are very positive about us taking action.

Once given information about the Green Recovery, during the Britain Thinks sessions, customers' expectations of our role increased:

- some emphasised that our size would mean that investments would have a real impact; and
- some also suggested that we would have the expertise to ensure investments would have real benefit, rather than if investments were made by the government directly.

"I think it is a useful request to direct positive recovery with environmental benefits. While it may seem off on a tangent in relation to Severn Trent's core work, the investments made in this direction could have lasting benefits for the water company that could save money in the long run." Online participant.

While the response was very positive, the enthusiasm of a minority of participants was tempered by:

- discussion on what the role of government should be and whether it may be overreaching in its request - suggesting it is important that we emphasise that we are not acting alone, but playing our part in something much bigger than just us; and
- concern about the affordability consequences – some for themselves, some on behalf of others – but (as discussed below) these concerns we allayed for many when they saw the potential bill impact.

"Government, businesses and individuals are all responsible for dealing with it, but the government really need to take the lead." Online participant

These findings also helped us to shape our quantitative research – we saw that customers found it difficult to spontaneously answer whether we should play a role in the Green Recovery - without seeing what this could mean in practical terms. In response, in our qualitative research we were careful to start with what we proposed to do.

The impact of Covid-19

It is also evident through our research with Britain Thinks that the impact of Covid-19 has accentuated some of the emerging themes from our PR19 plan and prior research. While customers' most immediate concern was recovery from the Covid-19 pandemic and the economic impact, they also spontaneously cited the environment and climate change as key long-term challenges that need to be addressed:

- flooding due to weather events;
- loss of habitat and biodiversity;
- pollution; and
- recycling and excessive waste (e.g. packaging, masks).

Furthermore, for many, Covid-19 has led to a greater appreciation for time spent outdoors in nature and an increased awareness of human impact on the environment. Customers spoke of spending time in nature during the pandemic, leading to a greater appreciation of how it can improve wellbeing.

Our proposed projects respond to these themes.

4. Support for our proposed projects

Each of our four proposals (for the purposes of customer research we have treated metering as a sub-component of our broader decarbonising water resources proposal) have been developed from existing customer insight at PR19. This gives us confidence that they are consistent with customers' priorities. And to understand support for the specific package we are now putting forward, we have also used a combination of deliberative research, followed by three quantitative surveys to ensure we secured views that are representative of our customer base. At each stage, we have consistently seen high levels of support for our proposals - **with 98% of Tap Chat participants surveyed, 83% in our wider household quantitative survey and 87% in our non-household survey either supporting or strongly supporting them**.[6]

Below, we first discuss support for our overall package, before exploring each project and the insight – both new and pre-existing – that supports it.

Support for the package of four projects

We have gauged support for our package of projects using three key sources:

- deliberative research undertaken by Britain Thinks;
- views of Tap Chat customers (using a discussion on initial impressions of each proposal and a further quantitative survey); and
- quantitative research (undertaken by Qa Research) using a longer form of the Tap Chat survey (and following cognitive testing first) – in a household and non-household survey.

Across all three of the above, we discussed support for the schemes in principle, and before any detailed consideration of potential bill impacts. We discuss each in turn.

Our **deliberative research** allowed for detailed discussion of each of our four proposals. Participants received the four ideas positively and thought them to be an appropriate response to the government's request.

Figure 4: Customer response to investment ideas in deliberative research

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Customers respond positively to Severn Trent's four investment ideas. These are thought to be a sensible response to the government's request, and most can see how each would benefit both the economy and the environment. After deliberation, the two most popular ideas were bathing rivers (which is felt to be the most innovative and exciting) and flood free communities (which is felt to be a vital step in tackling a problem that can cause significant damage to customers).

Source: Consumer attitudes, perceptions and priorities for long-term investment (Britain Thinks, 2020)

Participants appreciated the wide range of issues covered by the proposals and how they balanced different priorities.

- They were felt to show clear environmental benefits and the potential to create jobs.
- It was also felt that the plans balance short- and long-term benefits effectively.

[6] In our later round of research, we included a 'don't mind' option. If taken in the affirmative, levels of support between the two approaches was near identical.

- Some were thought to work well together, e.g. carbon neutral water resilience helping reduce flooding.

"[Severn Trent] need to comply with government recommendations and do as much as is feasible to protect the environment" Customer, deliberative research

"I think this [package is] good and believe it is essential that all businesses and individuals have an obligation to play a part in a Green Recovery" Customer, deliberative research

"We need to be proactive by investing in long term solutions for the future of the country. This recent health crisis has taught us a lot about being prepared for unpredicted situations. The future holds many further problems including climate changes and population growth. We need to be prepared for any eventuality" Customer, deliberative research

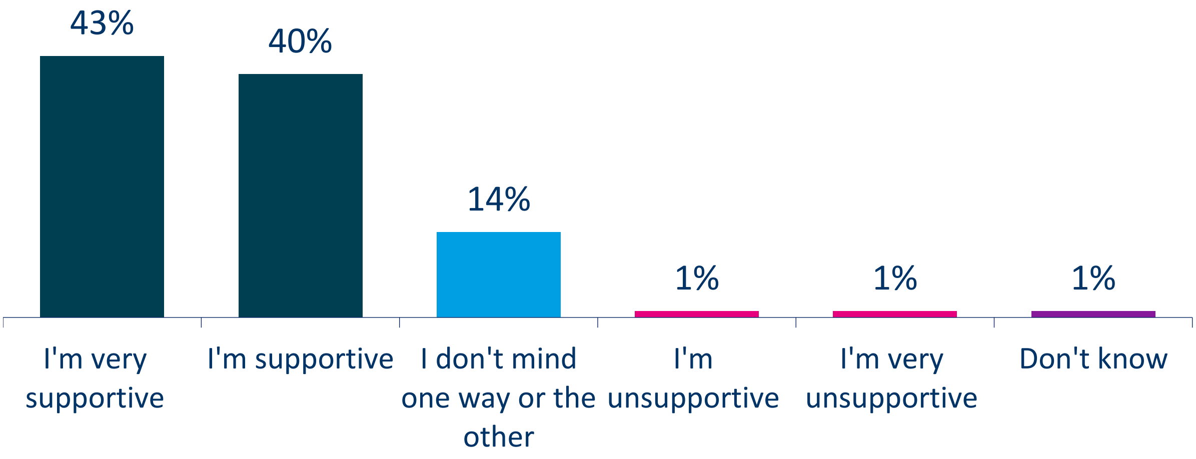
While some customers could identify some concerns with each proposal (for example, could bathing in rivers pose a health and safety risk?), for most these were outweighed by the benefits each would have on both their community and the environment.

The positivity of participants in this deliberative research was reflected at scale in our Tap Chat survey - **98% of participants supported or strongly supported our package of proposals.** Their support did not appear to be driven by personal gain, with only around one third citing immediate benefit to themself as reasons for their support. Instead, the majority cited potential economic, environmental and societal benefits to our region as the main drivers.

We also found throughout our research, that customers' support for our proposals were also often driven by the idea that it is good for customers in general and the right thing for a water company to do, rather than necessarily being good for the post-Covid economy or the environment per se – although these are certainly considered worthwhile secondary objectives.

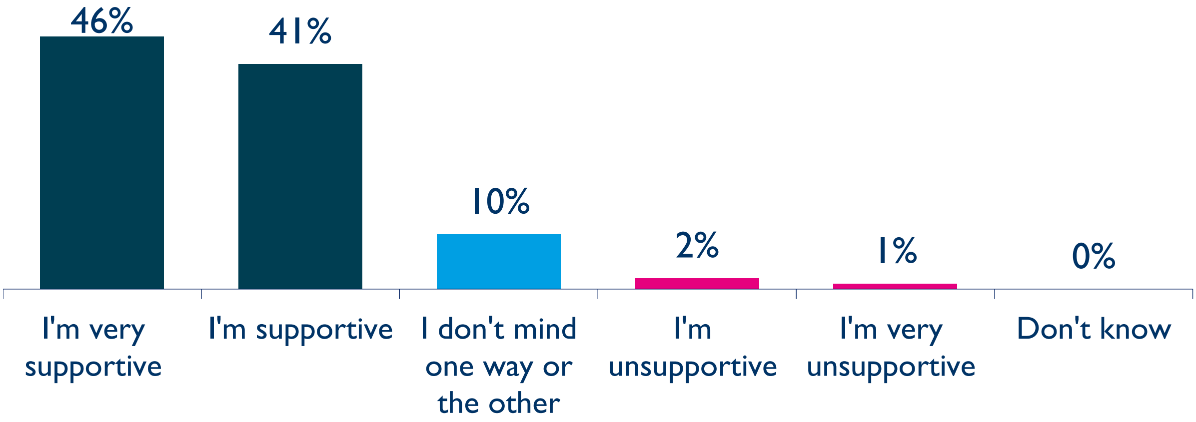
In our main acceptability survey, our independently conducted research found strong levels of support from both our household and non-household customers. This is illustrated in the following figures.

Figure 5: Support for the package of four proposals amongst household customers



Q15. Now thinking about the package of all four projects together, please indicate the extent to which you support or don't support what Severn Trent is proposing to do? Base 2138

Figure 6: Support for the package of four proposals amongst non-household customers



Q12. Now thinking about the package of all four projects together, please indicate the extent to which you support or don't support what Severn Trent is proposing to do? Base 399

Amongst the household customers and non-household customers surveyed in our acceptability survey, reasons for being supportive in principle are more to do with the ideas seeming to be a sensible thing for us to do, and a perception that they will have a positive impact on nature and wildlife, and on people in the region. Acceptability of the ideas is based less on the potential positive impact on the environment or the boost they will provide to the economy per se – although these are seen to be positive peripheral benefits. Whether or not people perceive that they will personally benefit from the schemes was also not a major driver of acceptability in our household customer acceptability survey.

Amongst both household and non-household customers, the biggest determinant in supporting each of the ideas is the level of satisfaction or dissatisfaction with the current service provided by Severn Trent, along with whether the current bill is seen as value for money and affordable. There was considerably more difference in the level of support or not based on these factors than demographics (i.e. age, gender or social-economic group, size or type of business or the size of water bill).

Customers in our acceptability survey were asked to identify any drawbacks of the package or any unforeseen consequences. Almost two thirds of household customers (64%) and seven in ten non-household customers (70%) were not able to identify any. The most popular suggestion, albeit amongst a minority, was increased bills (household customers 16%, non-household customers 12%), a finding which chimes with our previous customer research on Tap Chat.

Views on creating bathing rivers

This proposal works towards two of the long-term outcomes in our PR19 business plan: a thriving environment; and a positive difference in the community.

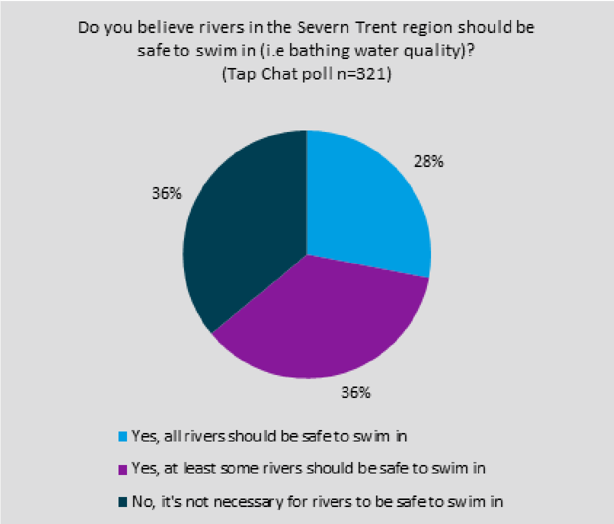
The proposal has its origins in research undertaken at PR19 in relation to investment to meet environmental standards, including the Water Framework Directive. It is further supported by wider research we have undertaken which suggests our customers' affinity with rivers in our region and the natural environment, appears to have been accelerated or at very least accentuated by the Covid-19 pandemic.

An emerging theme at PR14, becoming more pronounced at PR19, was that our customers expressed support for investment towards protecting our region's rivers. At PR19, improving river water quality consistently emerged as a medium level priority for improvement. It was the fifth highest prompted priority in the WTP research, the seventh highest in the WTP budget game, sixth highest in the customer tracker survey, and seventh in our 'choices' prioritisation research.

At price reviews, our investment (and its presentation in quantitative research) is often focussed towards meeting specific environmental standards. However, through our qualitative research it is evident that our customers take a more holistic view of rivers – they find the distinction between legal standards and delivering wider benefits largely artificial. And with deeper exploration through deliberative research we find that when customers better understand our potential to deliver wider benefits to rivers, they support us taking action to do so – not only to protect biodiversity and ecosystems, but also to preserve a natural space that they can personally interact with.

Our bathing rivers proposal builds on this support by targeting both aspects cited by customers. In particular, it seeks to exploit the untapped (or perhaps better expressed as historically lost) potential of rivers as a way for people to interact with the natural environment, including wild swimming (and within the business case itself, we cite external evidence of this being an increasingly popular activity). In initial exploratory discussions with our Tap Chat customers, we found that almost two thirds of customers believe at least some of the rivers in our region should be of bathing water quality.

Figure 7: Views expressed by Tap Chat members in bathing rivers poll



"We have a moral duty to avoid polluting the rivers, not just so people can swim there but for the sake of all the wildlife that relies on them" Customer, Tap Chat

"If the water was of bathing standard I (and my family) would DEFINITELY use it. It's a fabulous healthy way to exercise and outdoor swimming is excellent for mental health" Customer, Tap Chat

In our deliberative research undertaken by Britain Thinks, we were able to explore our proposals with customers in more detail. 'Bathing Rivers' was viewed as the most innovative and initially felt to be the most interesting proposal. Support was largely driven by perceived:

- benefits to wellbeing;
- benefits to the environment; and
- innovation.

"My initial thought is this is a great idea, it's so important for people's mental health to be able to get out…some families also can't afford to go to the beach but may be able to drive to their local river." Customer, deliberative research

We also saw similarly positive views echoed in discussions on Tap Chat:

"What a fantastic **idea. Not just for people to enjoy but great for wildlife and a brilliant way to teach future generations to preserve and enjoy nature and wildlife. Long overdue**" Customer, Tap Chat

But support is not universal, and while views have been substantially positive, a smaller number of customers have expressed concerns including cost, negative impacts on wellbeing (for example, health and safety) and disruption (for example, parking, litter dropping etc.). And for a minority, it simply is not a priority area:

"Whilst it would be lovely for people to be able to swim in rivers, I think that, given the expense involved in making the water safe for this, it should not be priority compared to (say) repairing leaks or keeping bills down". Customer, Tap Chat

"I am totally against swimming in rivers, it is unsafe and they should be left for the wildlife. There are indoor and outdoor facilities that are safe for everyone to use" Customer, Tap Chat

In our co-design research (below) we explore ways we could negate some of these concerns.

Acceptability research

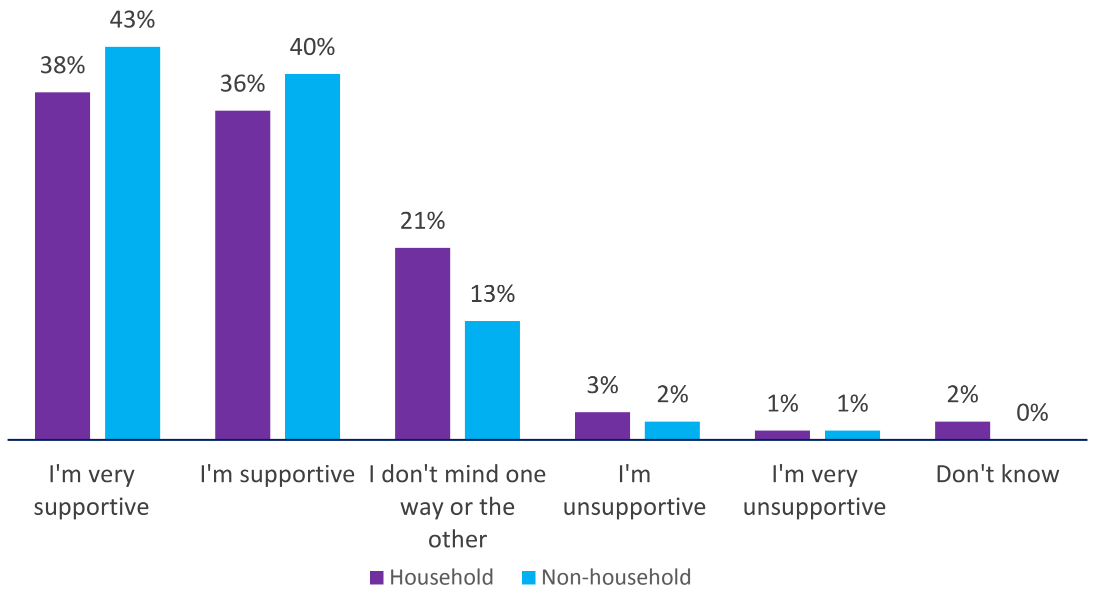
In our full acceptability survey, almost three quarters of household customers (74%) are supportive of this idea in principle; 38% are very supportive. Of the 74% who were supportive, the most popular reasons for support were: *it will benefit nature and wildlife*, *it seems a sensible thing to do* and *it will make a positive difference to people living in the region.*

Only 5% of households are unsupportive of the idea (or did not know). Of that 5%, the most popular reasons for this were: *it's just not important to me*, *I expect it will cost too much* and *it's not a problem or issue that needs fixing*. Where respondents mentioned something else not in the prompted list, this tended to be health and safety concerns around river swimming.

83% of non-household customers are supportive of this idea; 43% are very supportive. The most common reasons given by the 83% who are supportive were: *it will make a positive difference to people living in the region*, it *seems a sensible thing to do* and *it will benefit nature and wildlife*.

4% of non-households are unsupportive (or did not know), typically because they think *it will cause too much disruption*, *because they don't see the current situation as a problem or issue that needs fixing,* because *it's just not important to me*, and *there was not enough information provided*.

Figure 8: Household and non-household customer support for creating bathing rivers[7]



Q: Please rate the extent to which you support or don't support what Severn Trent is proposing to do. Base: 2138 and 399.

Views on flood-resilient communities

This proposal works towards three of the long-term outcomes in our PR19 business plan: wastewater safely taken away; a thriving environment; and a positive difference in the community.

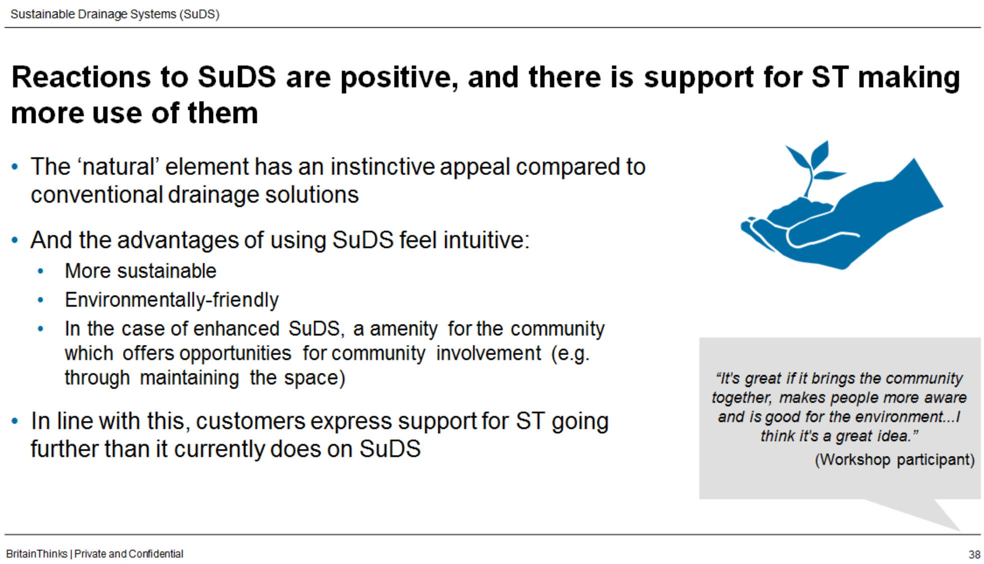
At PR19 we found that when our wastewater service fails, the impact is significant, often resulting in a discharge of sewage either to the environment or into customers' homes and gardens. This is a significant driver of dissatisfaction and distrust amongst our customers.

We also found that customers recognise that other forms of flooding, such as highways flooding or river flooding, can impact on people's lives just as much. Customers consider that we have a part to play here and can lead initiatives that may benefit wider society and the environment in some way.

During detailed deliberative research undertaken at PR19 we began exploring in more detail the concept of sustainable drainage systems. Through this research we learned that our customers were positive about their potential.

[7] Numbers in graph may not total to 100% due to rounding.

Figure 9: PR19 deliberative research findings on sustainable drainage



Subsequent research on Tap Chat has reinforced these findings, showing confusion over responsibilities and some belief that Severn Trent is responsible for *all forms of flooding*, not just sewer flooding. We were not surprised to find therefore, that there was much customer support for our proposals on green flooding resilience when we tested the initial proposition on Tap Chat. The proposed natural solutions such as new ponds and trenches and tree planting are widely held to be a good idea, not only because they help to alleviate flooding, but also because they enhance the environment and provide a neighbourhood amenity.

"I definitely like the idea of using nature in flood defence. More trees, lakes, ponds and trenches will be beneficial to both the customer and the local environment". Customer, Tap Chat

The proposed investment in separate sewers for rainwater and for sewage is also considered positively, but some are concerned about the cost of this. Some expected that Severn Trent would already be doing this.

"Separating sewage and rainwater sounds sensible but the cost would be huge". Customer, Tap Chat

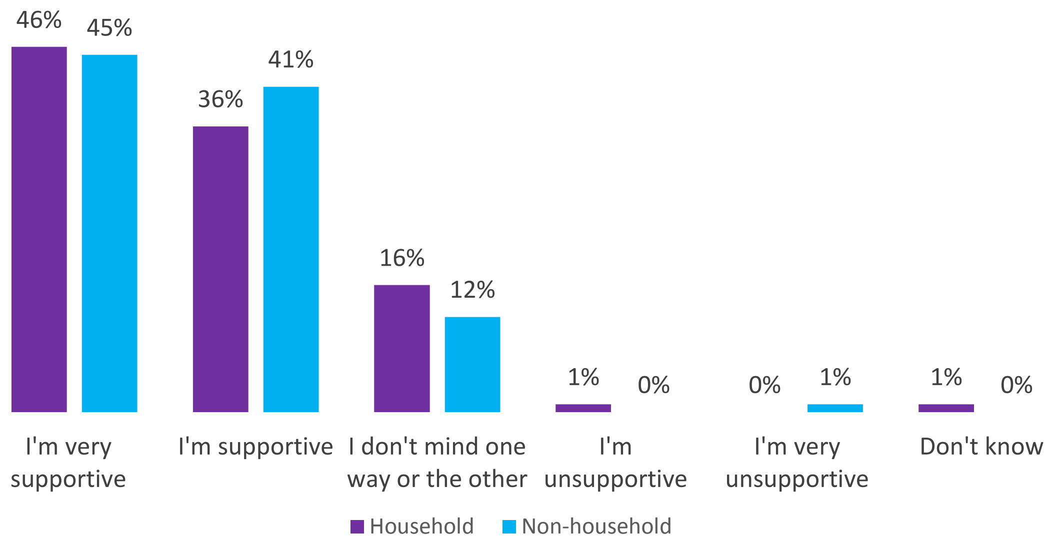
"I don't see your proposal as being anything new & it's something that STW should be doing anyway" Customer, Tap Chat

We explore the views of local communities who have experienced flooding or benefited from SuDs below.

Acceptability research

In our acceptability survey, over four fifths of customers (82% of household customers and 86% of non-household customers) were supportive of this idea.

Figure 10: Household and non-household customer support for flood-resilient communities[8]



Q: Please rate the extent to which you support or don't support what Severn Trent is proposing to do. Base: 2138 and 399.

Amongst household customers, of the 82% who are supportive, the most popular reasons for this were: *it seems a sensible thing to do*, *it will benefit nature and wildlife* and *it will make a positive difference to people living in the region*.

Only 2% of households are unsupportive (or do not know). The most popular reason for this were: *I expect it will cost too much*, *there was not enough information provided* and *it's just not important to me*. Of those who mentioned something else not in the prompted list; these mainly related to a view that housebuilders should be made to pay for this and should not be allowed to build on flood plains.

Amongst those whose homes are at risk of flooding there is little difference in support in principle with the proposals related to flooding resilience measures (86% supportive compared to 82% for those who live in properties not at risk of flooding).

Amongst non-household customers, the main reasons for the 86% who are supportive are similar: *it seems a sensible thing to do, it will benefit nature and wildlife*, and *it will make a positive difference to people living in the region*.

2% were unsupportive (or did not know), typically because: *I expect it will cost too much*, *I don't think it's Severn Trent's job to be contributing to the Green Recovery*, and *there was not enough information provided*.

Amongst those non-household customers at risk of flooding there is little difference in support in principle with the proposals related to green resilience measures (81% supportive compared to 87% for those whose properties are not at risk of flooding). There was, however, significant difference in the level of support when shown the potential bill impacts (89% of those at risk of flooding compared to 80% who are not at risk).

Views on taking care of customers' supply pipes

This proposal works towards the 'good to drink' long-term outcome set out in our PR19 business plan. It is also likely to have secondary benefits towards our 'service for everyone' outcome, where support

[8] Numbers in graph may not total 100% due to rounding

is provided to those least able to accommodate the cost of insuring, repairing or replacing their own supply pipes.

In joint research we undertook with CCW on supply pipe adoption in Wales (2017), we learned that over a third of customers believed their water company is responsible for customer supply pipes and around half were unable to correctly identify who is responsible. Having been presented with the potential benefits of a transfer of responsibilities, over 80% of Severn Trent's customers in Wales (pre-creation of Hafren Dyfrdwy) supported the possibility. And in previous discussions we have held on Tap Chat about leakage on private pipes, we heard similar messages - there is often confusion about ownership, surprise that it is not the water company's responsibility and questioning as to whether this is fair or acceptable.

Subsequent discussions on Tap Chat about our proposal to trial taking on maintenance of supply pipes were positive. Most participants supported our proposal to take on the responsibility for maintaining customers' supply pipes. Customers are very supportive of the health benefits for children of replacing lead pipes, and also that chemical treatment by Severn Trent can be reduced as lead pipes are removed. This proposal was also one that was seen to offer the benefit of considerable post-pandemic job creation.

"I would 100% support a lead pipe replacement scheme as it will be long lasting planned maintenance measure with significant health benefits and could provide safe, outdoor working for some unemployed individuals" Customer, Tap Chat

Again, the primary disbenefit of this proposal was perceived to be the potential cost, but also disruption to customers' lives while the work is carried out. Some customers felt this to be unnecessary in hard water areas, as the risk of lead is reduced due to pipes being coated in limescale.

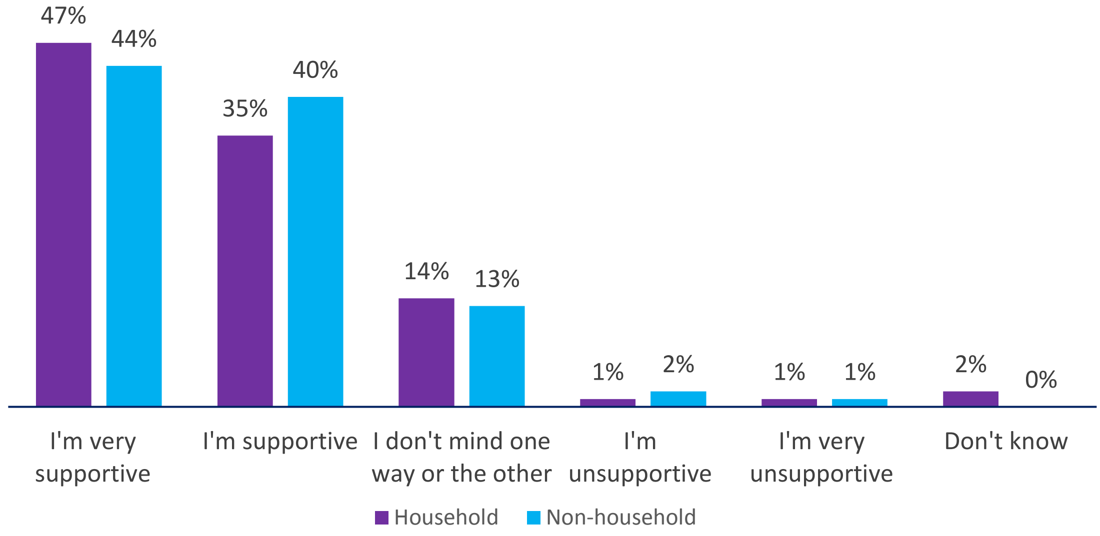
"Maybe this is not necessary in hard water areas, where limescale has coated pipes?" Customer, Tap Chat

Our deliberative research on the proposal (undertaken by Britain Thinks) drew very similar conclusions. Customers were supportive of the individual health benefits from lead no longer going to the homes of Severn Trent customers. This proposal also showed that Severn Trent was taking the health of its customers seriously. Where customers expressed concerns, these focussed on potential disruption and whether the homeowner would incur any costs.

Acceptability research

In our acceptability survey, over four-fifths of customers (household customers 82%, non-household customers 84%) were supportive of this idea.

Figure 11: Household and non-household customer support for supply pipes



Q: Please rate the extent to which you support or don't support what Severn Trent is proposing to do. Base: 2138 and 399.

Amongst the 82% of household customers who are supportive, the most popular reasons were: *it seems a sensible thing to do*, *it will make a positive difference to people living in the region* and *I may benefit personally from this*.

Only 4% of households were unsupportive. The most common reasons for this were: *I expect it will cost too much*, *it will cause too much disruption* and *there was not enough information provided*. Of those who mentioned something not in the prompted list; almost all unsupportive customers related to a view that households should be responsible for their own pipes, rather than all customers contributing.

There was little difference in support in principle with the proposal to take care of customers' supply pipes amongst those living in older (pre-1970 properties) and more modern ones (85% and 83% supportive respectively).

The main reasons for non-household support were: *it seems a sensible thing to do*, *it will make a positive difference to people living in the region*, *it will create jobs and improve the economy*.

Just 3% of non-household customers were unsupportive. The main reasons were: *I expect it will cost too much, it will cause too much disruption*, and *it's just not important to me*.

Views on decarbonising water resources

This proposal works towards two of the long-term outcomes in our PR19 business plan: 'water always there' and 'thriving environment'.

Resilient water supplies are a basic customer requirement. At PR19, particularly in our 'Strategic challenges - supply and demand' and 'Strategic challenges - resilience' deliberative projects, customers told us this should be a priority. Understandably, they expect water to flow from their taps now and in the future, regardless of the challenges we face, such as population growth, climate change, and increased demand in hot weather. We also heard that interruptions due to single points of failure are unacceptable. Customers also said they expect us to invest in infrastructure and new technology, particularly increased water storage and distribution and also to educate the public on how to use water wisely.

On Tap Chat, customers have often suggested that Severn Trent ought to invest in infrastructure that would allow us to store more rainwater for use in drier periods, which is one of the elements of this business case.

"It is ridiculous that most autumns and winters we are flooded and [then in the] first period of sunshine for 2 or 3 consecutive days and there are hose pipe bans, etc." Customer, Tap Chat (Priorities and concerns for the next 30 years discussion)

"[You should] build new reservoirs to put the short-term excess water so no more floods and no more droughts" Customer, Tap Chat (Consultation topics discussion)

"If we were better able to use "water sinks" to hold water, we might be able to kill two birds with one stone – both prevent flooding in areas where there is too much rain, and supply water to areas where there is a deficit" Customer, Tap Chat (Priorities and concerns for the next 30 years discussion)

Tap Chat members have also told us that we should invest in *best value* infrastructure, not necessarily that which is lowest cost in the short term, but infrastructure that will serve future generations too.

"Follow the example of the Victorian engineers, whose infrastructure is still working, and build to last. Do not slavishly look for the cheapest short-term solution. Take care and the long view, build for your grandchildren or even their grandchildren" Customer, Tap Chat (Priorities and concerns for the next 30 years discussion)

Views on metering and demand management

In some of our Green Recovery documents we have presented metering separately to the rest of the decarbonising water resources proposal to split the costs out clearly. However, we engaged with customers on decarbonising water resources including metering, particularly in the latter stages of quantitative testing. We also have extensive insights on metering from PR19, and subsequent research.

In our PR19 'supply and demand' research, increased metering was the water resources option that received most support. The idea of saving money on a water meter is motivating for many customers. Some also like the enhanced level of personal responsibility that meters bring. Customers also told us that ultimately we should aim to move all customers to a water meter – although there were concerns about higher bills for larger households.

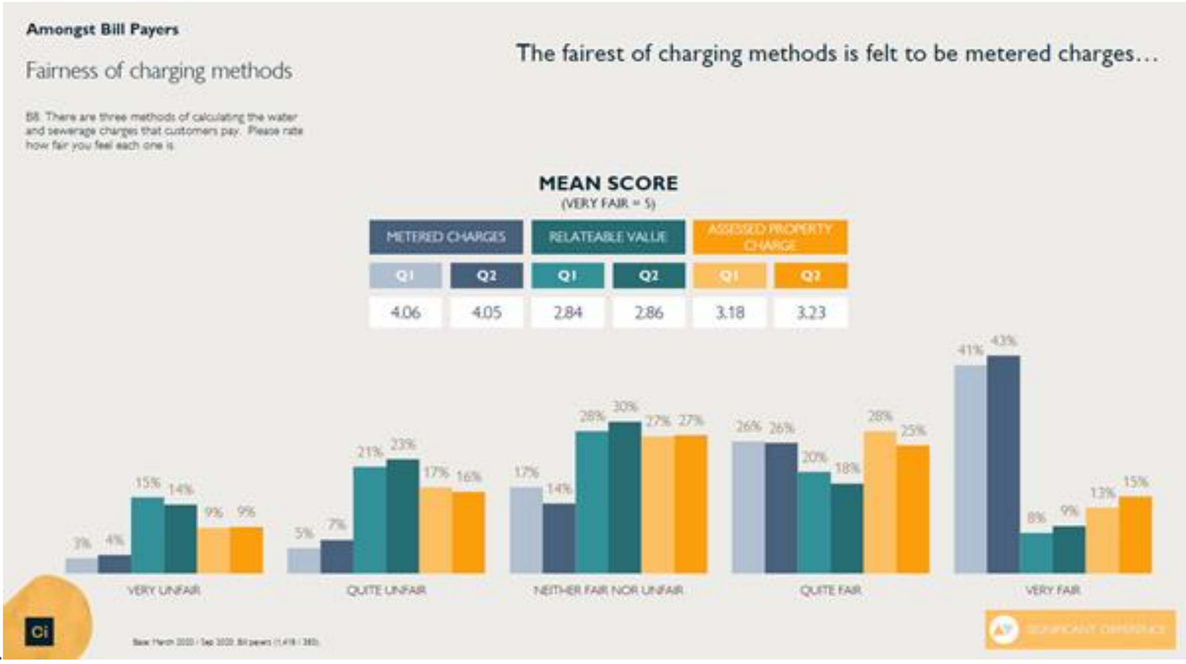
During late May and early June 2020, we experienced a sharp increase in household demand related to a long spell of hot weather and the Covid-19 lockdown. In our 'Hot weather usage' survey completed with 2,000 customers shortly afterwards, around 24% of those surveyed recognised that increased demand could be putting pressures on supplies. The same proportion questioned if Severn Trent could do more, for example citing leakage/bursts (11%) and our failure to store enough water (5%) as a cause.

During this period, and later in the same summer, we also undertook a series of trials to explore if behavioural nudges could be used to reduce demand during peak periods. This included using an 'alert system' escalating the urgency of taking action as demand increased. We found some evidence that these messages led to a small reduction in demand (circa 2-4%). However, because the trials were carried out over a short period, we did not explore if the change could be sustained over a longer period – both in terms of actual behaviour change and customers' tolerance to receiving successive text messaging.

In the survey commissioned during the hot weather, we also learned that the perceived low cost of water can be a major barrier to reducing water consumption. 26% of unmetered customers and 27% of metered customers surveyed agreed that water is cheap, so they don't worry about how much they use. A further evident barrier is that 50% of those surveyed perceived that they already do all they can to save water – without regular measure or comparison, it is difficult for them to gauge otherwise.

It is widely held that metering is the fairest way of charging for water. According to our tracker survey (March and September 2020 - c.800 customers), metering is considered a fairer method of charging than rateable value or assessed property charge. This is the case even amongst those not currently metered and amongst those who struggle to pay.

Figure 12: Perceived fairness of different charging methods



In our PR19 'Best in class customer service and experience' research, we learned that one third of unmetered customers would consider having a meter installed. The key barrier amongst rejectors was the concern that bills would increase. There is low awareness not only that meter installation is free, but also that customers can revert to unmetered bills within 24 months if they do not save money on a meter.

Some customers are very keen on the idea of grey water recycling and rainwater capture. In a recent discussion on Tap Chat, customers have suggested that we should help to facilitate this in people's homes.

"New builds should be legally required to have a 1000-gallon tank buried in the garden for use as 'grey' water in toilets and gardens" Customer, Tap Chat

"How about [Severn Trent] installing greywater systems in new houses and have a grant to put greywater systems in old houses like there is for solar panels?" Customer, Tap Chat

"We [should] capture our own rainfall in our dwellings and I don't mean a few more water butts. I'd love to convert my house to using grey water for toilets etc." Customer, Tap Chat

We know from several previous research projects that once they become aware of our sustainability aims, customers tend to be very supportive of them and want us to be leaders in this area. For example, in our 2019 Tap Chat poll, 88% of members said they support our Triple Carbon Pledge, which comprises of net-zero carbon emissions by 2030, 100% renewable energy use by 2030 and 100% electric vehicles by 2030.

In our recent research, customers were positive about this Green Recovery proposal to increase water supply resilience without creating a carbon impact. Customers feel this a very sensible objective for a water company.

"Carbon reduction should be a key objective for any organisation nowadays and Severn Trent should be commended for its ambition. Increasing green policies are also seen as economically positive" Customer, Tap Chat

When we tested this idea in our 'first impressions' discussion on Tap Chat, some customers commented that we had not provided enough detail about ways in which the extra water would be supplied. We took this onboard and made our subsequent stimulus materials more specific. Some also felt that this proposal lacked innovation, as they had already expected us to be increasing supply resilience in a carbon neutral way.

"All seems very laudable but without specifics is meaningless. Where, when and how will these vague initiatives be implemented?" Customer, Tap Chat

"It is difficult to comment without some suggestions as to the sort of processes involved" Customer, Tap Chat

"It strikes me that ST should be doing this already, it's their job!" Customer, Tap Chat

Customers expressed a preference for initiatives such as increased metering, doing more to tackle leakage and more storage of water, for example with reservoirs. Some also favour decreasing demand through the promotion of water saving products such as water butts.

"Water meters must be made MANDATORY. Too many customers are well aware that their personal wastage is shared out with other customers on the grid who are doing their best to conserve water!!!!" Customer, Tap Chat

In our deliberative research customers found the preventing water shortages part of the idea more appealing than the carbon neutral aspect, although customers liked the idea that Severn Trent is planning for a sustainable long term future. This was also the idea that customers felt would have the best job creation opportunity benefits.

"[This means there'll be] enough water for me in the future and younger generations" Customer, deliberative research

"I think that this is the right thing to do. It makes sense for the water industry in general to attempt to find new technology that will improve their carbon footprint" Customer, deliberative research

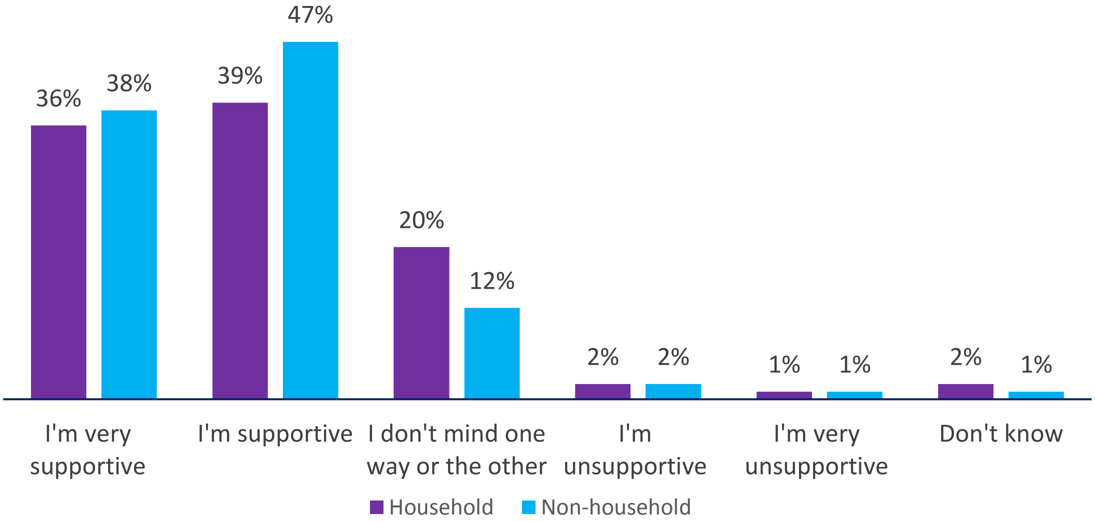
In the deliberative research, customers were concerned about the cost and disruption to customers. Some found the personal benefits of this idea harder to discern or expected that they would occur in the long-term, reducing the likelihood they personally would benefit.

"This sounds like a very expensive experiment for Severn Trent to do. However, I think this if this is something they can progress with it would be great" Customer, deliberative research

Acceptability research

In our acceptability survey, three quarters of household customers (75%) and 85% of non-household customers were supportive of this idea.

Figure 13: Household and non-household support for decarbonising water resources[9]



Q: Please rate the extent to which you support or don't support what Severn Trent is proposing to do. Base: 2138 and 399.

Of the 75% of households who support this idea, the most popular reasons were: *it seems a sensible thing to do*, *it will have a positive impact in reducing carbon emissions* and *it will benefit nature and wildlife*.

Only 5% of households were unsupportive (or did not know). The most popular reasons for this were: *I expect it will cost too much*, *I'm not sure I will benefit personally from this* and *it's just not important to me*. Of those who mentioned something not in the prompted list; these were mainly about unwillingness to have a water meter or about a preference to solve the problem by reducing leaks instead.

[9] Numbers in graph may not total 100% due to rounding

The main reasons for non-household support were: *it seems a sensible thing to do*, *it will have a positive impact in reducing carbon emissions* and *it will make a positive difference to people living in the region*.

Just 3% were unsupportive, typically because: they expect *it will cost too much*, *it's just not important to me* and *I'm not sure I or my business will benefit personally from this*.

5. Using customer and community experience to improve our proposals

Three of our proposals will have a direct impact on geographical communities (bathing rivers and flood resilience) or sub-sets of our customer base (supply pipes). To develop our proposals, we held online focus groups with those who have either experienced some of the improvements we are proposing (for example, living in the locale of sustainable drainage) or might be impacted by them (for example, those living close to the Rivers Avon and Teme). This research is the design / experience stage of our approach to customer insight that we explained in section 2.

Creating bathing rivers

We held five online focus groups on this topic, two amongst people living near the River Teme in Ludlow and three amongst people living near the River Avon around Stratford-upon-Avon, Coventry, Warwick and Leamington Spa. One of the groups in each location was amongst river users (e.g. for boating, kayaking and fishing) and one was amongst non-users of the river. The third Avon group comprised of people who use the river for wild swimming.

Customers appreciate living near a river and see it as giving their area its character. Those who go into the water do not use any formal information to determine whether or not the river is safe to use, instead relying on their senses and instincts.

"I love being close to the water for my mental health and wellbeing. I moved to this area so I could be closer to it" (Avon non-river user)

"If I get there and the water looks murky or like there are things floating in it then I won't go in that day" (Avon wild and river swimmer)

"If I go down there and there is a horrible smell, I won't get in" (Teme regular river user)

Customers expect multiple agencies to have responsibility in maintaining river water quality, but do not hold one accountable. There is low awareness of the lack of designated bathing rivers in the UK. Customers look to Europe as an example of how the river could be utilised if water quality were improved and cultural mindsets shifted.

"It would be fab to have designated bathing rivers. I didn't realise that we didn't have any and that there wasn't anything to control river quality" (Avon non-regular river user)

"There is a cultural difference between British, French and Italian in how we use rivers. In those large landlocked countries, the rivers are used but in Britain we tend to flock to the sea instead" (Teme regular river user)

Customers are supportive of the Bathing rivers proposal and recognise advantages for local wildlife and recreation once water quality improves. Customers believe it would give them peace of mind about river water quality.

“I definitely want the pilot to go ahead and I will be more comfortable using the river if it does. If I see communication from local groups and wildlife groups, it gives me more confidence/trust in Severn Trent/the project” (Avon non-river user)

“**The cleaner the river the more wildlife etc. will be there”** (Avon wild and river swimmer)

Customers feel that a bathing river, especially if it is the first in the UK, could help to bring people into the local area for tourism purposes, boosting the local economy.

“From a tourism and trade point of view you can draw more people in” (Avon wild and river swimmer)

“It would be an additional thing people could do when they visit Ludlow” (Teme non river users)

However, customers have very real concerns about the safety of the river area and about whether increased use will have a negative impact on the environment. While they do not expect Severn Trent to be responsible for ensuring these areas are safe, they do want the company to ensure that *someone* is taking responsibility. There are also concerns about cost.

“Will there be specific points with safety (to get in and out) or lifeguards? Physical infrastructure? Personnel?” (Avon non-river user)

“If proper facilities were not provided i.e. bins in area it would create more pollution” (Avon other river users)

“It sounds like some of the measures are going to be expensive…so they may pass the costs on” (Teme non-river user)

“[We may get] too many people coming to the countryside - parking issues, spoiling all the quiet spots that only locals know about (very selfish I know)! Increase in litter. Increase in safety issues, leads to bad publicity” (Teme regular river user)

Customers want to hear from Severn Trent about how the pilot is progressing and are willing to take action themselves to maintain the water quality, for example by litter picking.

Flood-resilient communities

We held two online focus groups, one amongst customers who had experienced flooding in their home (mix of flooding due to rainwater, sewage and river water) and one amongst customers living near a SuDS feature. Amongst the SuDS group, two customers were aware they lived near a SuDS feature and three were unaware; four of them had also seen flooding in their neighbourhood.

For those with experience of flooding, future floods are a real concern. Most feel the problems that caused their flooding haven’t been addressed and that they haven’t received adequate support to protect their properties in the future.

"[For] people who live in areas that can get flooded it can be quite distressing. You can't get to work. You can't get to the hospital" Experience of Flooding focus group

Those who live in areas protected by SuDS have less direct experience of flooding and therefore do not see it as a pressing concern.

There is a feeling amongst both groups that no one is taking responsibility for flooding, as so many agencies and organisations are involved in flood prevention. This view was especially strongly expressed by victims of flooding, who perceived they had been passed around organisations without getting much help. Customers would be happy for Severn Trent to take the lead on this.

"We've had this problem once so far, surface water flooding. We contacted Severn Trent but then found out it wasn't their responsibility. So we went to the council and they weren't much help" Experience of flooding focus group

"What's the difference between a normal river and a main river? It feels like it's all a grey area where the responsibility is" Live near SuDS focus group

Awareness of SuDS is low, even amongst those who live near them. As a result, those living in communities where SuDS had been installed perceive there has been little information and engagement with communities about their installation and impact.

"I think always getting the local community involved right from the beginning is very important, in terms of consultation and empowering them, having that sense of belonging and responsibility" Live near SuDS focus group

Severn Trent's proposal to introduce more SuDS to prevent flooding was well received, both because of the perceived benefits to the environment, to neighbourhood amenity and prevention of some flooding. However, reassurances will need to be provided on effectiveness and maintenance in order to secure strong support.

"I'm really interested [in this proposal] because my sister has a green roof and I hadn't thought of that as a flood defence. I think it would improve the area and be really enjoyable" Experience of Flooding focus group

"You would think [this proposal means] there would be less flooding and they would be pleasing to urban settings" Experience of Flooding focus group

"You think flood barriers are horrible plastic things that are built as high as possible, but these actually look quite nice" Experience of Flooding focus group

"I'd like to see more green space [like these SuDS]. It would have other benefits for mental health and get more bees which we need" Live near SuDS focus group

"I have a feeling that just having green spaces wouldn't be enough [to stop my home flooding]" Experience of Flooding focus group

Customers wanted to see Severn Trent work with other agencies, prioritise high impact customers and engage with customers about their plans on both an individual and community level.

"Make sure you involve the community as they are more likely to have good ideas of what will work and if people feel included will be more invested in its success" Experience of Flooding focus group

Taking care of customers' supply pipes

We held three focus groups amongst customers living in housing built before 1970 (and therefore likely to have lead or older supply pipes). There was one group of 'financially comfortable' customers, one group 'just about managing' financially and one group who rent their home. Many customers are unaware that supply pipes are the homeowner's responsibility, assuming Severn Trent would be responsible for fixing leaks and replacing lead pipes. Many were also surprised to learn that around 25% of leakage is lost from private supply pipes. Those with water meters were understandably more concerned about the impact of this.

I hoped that I never have to worry about it. I think it's interesting to know, because I didn't know this was my responsibility" Financially comfortable homeowner, supply pipes focus group

There were low levels of awareness of lead supply pipes. For some, especially those with children under five, the potential health risk was particularly concerning. However, others assume that a lack of awareness and discourse on the issue suggests that the health risk is probably minimal.

"I'm horrified there are lead pipes. Lead is known to cause problems so you assume it would have been taken away" Renter, supply pipes focus group

"If I was pregnant, I would mind, but I always lived in old houses like the one I'm in now" 'Just about managing' (JAM) homeowner, supply pipes focus group

Customers are supportive of the 'taking care of supply pipes' scheme overall and see significant positive impacts on Severn Trent customers, as well as job creation.

"I like the creation of jobs and apprenticeships. It could reduce their stat for leakage by having more people working on it" Renter, supply pipes focus group

There are concerns about the personal disruption and possible hidden costs of the scheme mean that many are unsure if they would personally engage with it. Some of the renters suspected their landlord would not be keen on the idea.

"When you have a family… That would be concern, how long would it take? How long would we be without [water]?" JAM Homeowner, supply pipes focus group

"Would replacing lead pipes be optional? It's just that landlords sometimes need a lot of persuasion to do even basic repairs" Renter, supply pipes focus group

However, if a significant number of neighbours were having this work completed, then many felt this might prompt them to take part themselves. These customers say that as the work being done in their area would cause them disruption anyway, they might as well experience the benefits of the scheme.

All customers want clear communication from Severn Trent about the type and length of disruption that might be expected in order to feel confident participating in the scheme.

"As long as they let me know all the info beforehand, I'd have no issues with [having my supply pipe replaced]. If I was fully informed" Renters, supply pipes focus group

Customers wanted Severn Trent to trial the scheme by area, prioritising the most vulnerable in each location.

We also used an email survey (issued via the Qualtrics platform used for our on-going customer experience surveying) for customers who had recently had their communication pipes and private supply pipes replaced – with 55 responses. While not representative of our customer base, we wanted to understand more about what had motivated these customers to make a change, and how their experience could be improved.

Four fifths of customers surveyed say they decided to replace their lead supply pipe due to health concerns about lead. These concerns were mostly around their own health, but also that of their children/grandchildren. Around one third of respondents replaced their lead supply pipe due to flow/pressure concerns. Around one in ten replaced their lead supply pipe because of a leaking pipe. A similar proportion did so because they were refurbishing their home.

The highest rated aspects of the experience were how worthwhile the work was, followed by the quality of the reinstatement and the quality of the workmanship. The lowest rated aspects were the time taken to replace the pipe, followed by the cost of replacing the supply pipe, and the disruption caused. Some customers reported that they could have been kept better informed about the timing of communication pipe replacement – something that we have scope to improve on.

6. Understanding acceptability of bill impacts and willingness to pay

As well as understanding the level of customer support for our proposals, we have also tested customers' willingness to pay for the package of proposals and the acceptability of potential bill impacts. For these business cases, while we have had to use a more streamlined approach to customer research in terms of timing than we might at price reviews, we have used multiple approaches and data points to ensure that we do not compromise the rigour of our insight. This has found high levels of willingness to pay amongst both household customers and non-household customers.

To understand the acceptability of potential bill impacts, we first considered the envelope of acceptable bill changes suggested by our PR19 acceptability research. This is particularly relevant given that the Final Determination resulted in an even lower bill profile and we can therefore think of the delta as a useful starting point for understanding what is acceptable.

We then built on this additional research, by taking into account more recent views - this is particularly important given the impact of Covid-19. We did so using four different approaches:

- discussions as part of our deliberative research undertaken by Britain Thinks;
- exploratory research using our Tap Chat panel (weighted to ensure it is representative exploring willingness to pay and acceptability);
- customers' willingness to pay for the package of proposals derived through newly commissioned quantitative research with Qa research; and in the same research
- customers' level of support for a central forecast of how average water and wastewater bills could be impacted in the current AMP, including the context of inflation, and preferences for phasing.

We have undertaken the latter research for both household and non-household customers. Due to the speed at which the Green Recovery process is running we had to consult on our best estimate of the bill impact of the Green Recovery at the time. As a result, the last piece of research in the list above included lower bills impacts than we are currently now proposing with an average effect of £3.50 per year from 2021-22 to 2024-25 excluding inflation and £4 per year including inflation. This did not affect the willingness to pay research.

Acceptability testing at PR19

We undertook acceptability testing during PR19 in two phases, each time splitting the sample to consider bills in real and nominal terms. In both phases and using both bases, we secured strong levels of acceptability – in our second phase of research, household customer acceptability was 85% based on real bill changes (i.e. excluding inflation) and 77% for nominal (i.e. including forecast inflation).

In the event of Ofwat's final determination, Ofwat decided on larger bill reductions than we had tested in our acceptability research.

Table 3: Real bill profile (2017-18 prices) used in PR19 business plan and acceptability testing, compared to the final determination

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Business plan	£343	£326	£331	£333	£331	£325
Final determination	£343	£336	£330	£324	£318	£313
Difference	£0	£10	-£1	-£9	-£13	-£12

Reviewing our PR19 acceptability testing gave us initial confidence that our Green Recovery proposals, which involve delivering more for our customers and a real terms bill reduction over the next four years, might still be acceptable to a large proportion of our customers.

Deliberative discussions

Within our deliberative research we explored in more detail how we could approach funding, and the potential bill impact. During these discussions participants:

- supported bill impacts being spread over time;
- wanted to see a combination of financing options used (customers, debt and equity), with some expressing concern about the sustainability of taking on more debt and others questioning if government should contribute;
- were concerned about any sharp spikes or volatility in bills – especially for vulnerable customers; and
- had some of these concerns allayed when presented with the real bill scenario later used in acceptability testing (see below) – some participants had assumed the bill impact would be higher, with many expressing a willingness to pay up to 10% more per month.

Figure 14: initial views on bill impacts expressed in deliberative discussions

4

Customers are spontaneously happy to contribute to funding the four investment ideas and, on seeing the proposed impact on bills, almost all are happy to pay. Initial expectations that they would be asked to contribute significantly to the funding of these ideas, meant the actual increase in expected average bill feels like a pleasant surprise.

Source: Consumer attitudes, perceptions and priorities for long-term investment (Britain Thinks, 2020)

Testing on Tap Chat

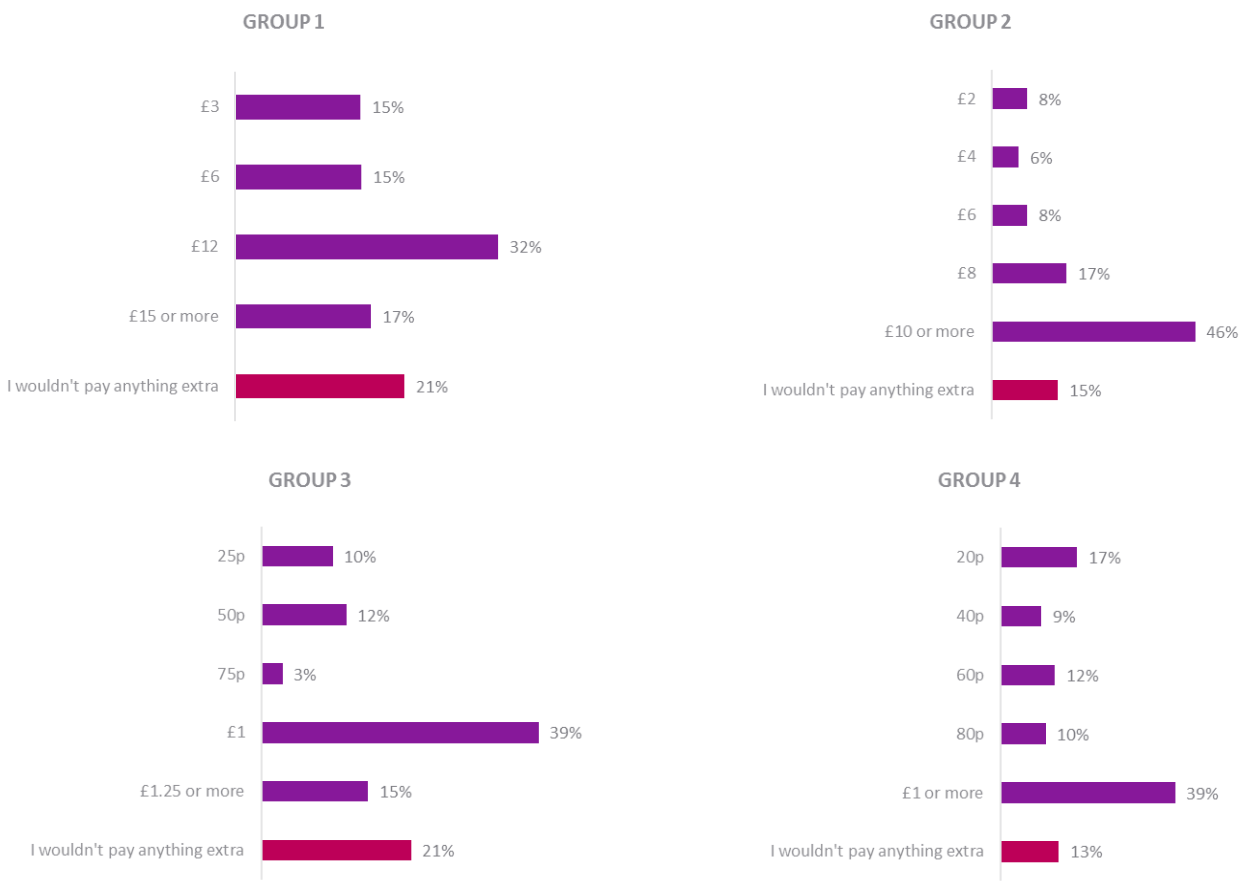
While testing customers' support for our proposals, we also tested willingness to pay. This survey, which was a short-form of that used by Qa (see below) also allowed testing of customers' preferences for different ways of expressing bill impacts (for example, monthly or annually). To do this, we split the sample of 1000 customers into four groups.

This survey used a simple method of determining willingness to pay by providing participants with a list of bill increments the equivalent of up to £15 or £12 per year (expressed either annually or monthly) depending on the group they were allocated to and asked them to select one. This was done in the absence of any bill context (e.g. how bills were forecast to change over the AMP). It also allowed us to explore customers' preferences for how bill impacts are expressed.

This research found:

- a mean willingness to pay per year ranging between £6.83 and £8.16 across the four groups[10] - (and noting that results were constrained by the range of bill options presented); and
- when presented with the central bill estimate that explained our proposals could add £6 to average household bills (real) by 2025 - based on an early view of our modelling - 88% of respondents supported it or strongly supported it.

Figure 15: Willingness to pay for the four new business cases, across the four groups tested



Q2/3 – What is the maximum you would be willing to pay extra **per year** to help fund these additional investments from Severn Trent? (Base: Group 1, 244; Group 2, 235)
Q2/3 – What is the maximum you would be willing to pay extra **per month** to help fund these additional investments from Severn Trent? (Base: Group 3, 261; Group 4, 260)

Household acceptability testing

We used our initial testing on Tap Chat to inform the design our main survey. This was followed by further cognitive testing by Qa Research. Changes we made as a consequence included giving

[10] Means calculated from frequency tables that included different price points for participants to choose from.

participants the opportunity of considering bill impacts both monthly and annually and splitting the samples to test both nominal and real bill impacts.

This research comprised a robust, representative sample of 2,000 consumers, with quotas set on age, gender, socio-economic group, and metered/unmetered status. We supplemented our online research sample with telephone interviews with 138 customers, 200 hours' worth of interviews, conducted amongst those who do not have access to the internet.

Willingness to pay (in the absence of any context about future bill changes)

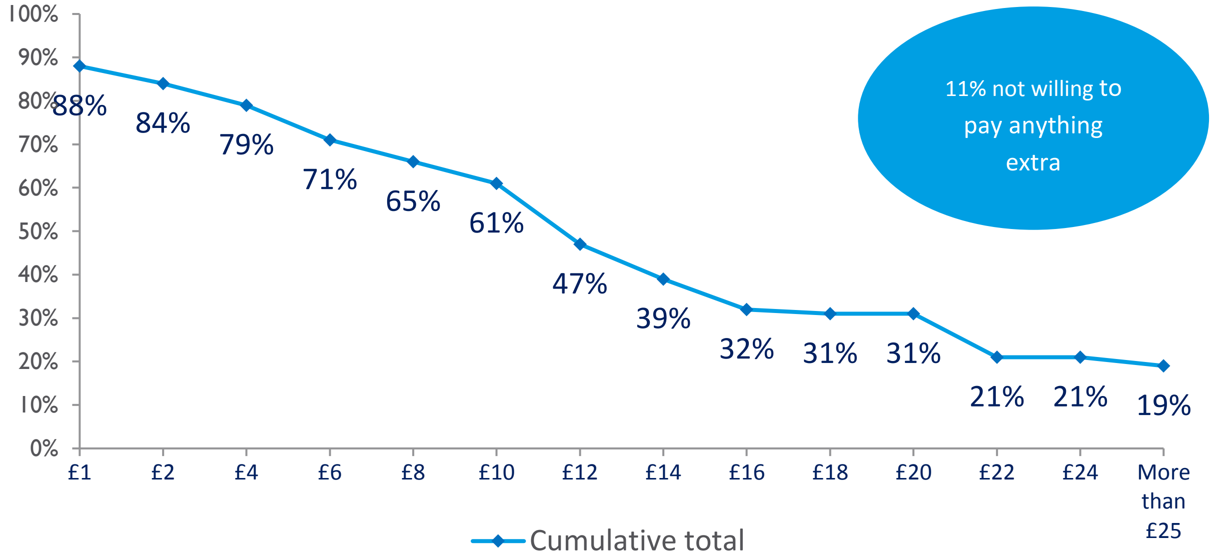
Having seen our four Green Recovery business cases, we first asked participants to express their **willingness to pay** for them per year (or month), **in the absence of any context about bills and future bill changes,** other than their own (or the average bill where not known).

We used a contingent valuation approach, adopted from that used by UKWIR (2014) and CCW (2017) in their research into the acceptability of supply pipe adoption. This approach uses bidding by presenting participants with different price points (we used a range of eight price points using £2 increments which were randomised) the equivalent of £0 to £16 on the average household bill (although participants could propose higher amounts). We chose to use a range based on feedback from our deliberative discussions where customers assumed the bill impact would be much higher.

In the actual survey, household customers had the option of having the bill increments presented relative to their own bill. For example, a £12 increase on the average household bill equates to £24 on a household bill which is twice the average. Unlike the simpler approach used in our Tap Chat survey, this approach has the advantage of allowing participants to express value in comparison to what they personally currently pay.

This found that 88% of customers were supportive of paying at least £1 more per year (based on the average bill) to help fund the package of projects, with 11% unwilling to pay anything extra. 71% of customers were supportive of paying at least £6 more. Almost two thirds were willing to pay £8 (65%) and 61% were willing to pay £10, before a drop in support for any higher increase – 47% at £12, 39% at £14 and 32% at £16. Almost one in five were willing to pay more than £25 per year (19%).

Figure 16: Household willingness to pay for the four business cases (based on average bill)



Q17. Please rate whether you are supportive or unsupportive of Severn Trent undertaking these projects if it meant paying an extra £ [*insert in value below randomly generated]* based on the average water bill (which is £30.10 per month or £361 this year) to help fund all four of these additional investments from Severn Trent? Base 2138

Q18. What is the maximum you would be willing to pay extra per year to help fund these additional projects from Severn Trent? Base 2138

Most of the 11% who are unwilling to pay anything extra feel they are paying enough as it is and that any additional funding should come from elsewhere and not from higher customer bills.

Customer support for a £6 bill increase is fairly evenly spread across customer groups by age, socioeconomic group, metered or unmetered and size of annual bill, with support above 65% in every group.

Reflecting differences in financial circumstances

Financial circumstances do make a difference in willingness to pay. For example, at an £8 increase to the average bill per year, 69% of those whose ability to pay their water bill has remained the same during the Covid-19 pandemic are supportive. This compares to 49% who are less able to pay due to the impacts of Covid-19 on their finances and 42% who are unable to pay due to the impact of Covid-19. However, 62% of all those who currently receive financial assistance from Severn Trent are supportive of paying £8 extra.

Table 4: Willingness to pay according to financial circumstances

Group*	Support for £6 per year	Support for £8 per year	Support for £10 per year
I struggle to pay or receive help to pay my water bill	53%	48%	44%
I worry about not being able to afford my water bill	58%	47%	42%

Group*	Support for £6 per year	Support for £8 per year	Support for £10 per year
I don't think about my water bill – just something I have to pay	76%	71%	66%
Already receive financial support from ST to pay bill	70%	62%	58%
Covid-19: I can pay now but am worried about the future	64%	53%	49%
Covid-19: Now less able to pay water bill – financially impacted by Covid-19	55%	49%	44%
Covid-19: Ability to pay water bill has remained the same	74%	69%	64%
Covid-19: Now unable to pay**	42%	42%	42%
Current bill: Net-affordable	77%	71%	67%
Current bill: Neither affordable nor unaffordable	56%	47%	44%
Current bill: Net-unaffordable	42%	36%	33%

** Size of group varies depending on how respondents answered the relevant question*

***Note: lower number of data points under this category*

How we have taken these impacts into account in our approach to affordability is explained in *Annex A04: Affordability and Financeability.*

Acceptability of potential bill impacts

We then provided participants with a plausible scenario of potential impacts on average household bills over the remainder of the AMP - half of those interviewed saw the graphs with inflation, and half without. Given the uncertainty associated with ODI performance, this was not included but participants were informed that this was the case.

Due to the speed at which the Green Recovery process is running we had to consult on our best estimate of the bill impact of the Green Recovery at the time. As a result, the research included lower bills impacts than we are currently now proposing with an average effect of £3.50 per year from 2021-22 to 2024-25 excluding inflation and £4 per year including inflation. This compares with a £6 average increase in bills, excluding inflation, in our final Green Recovery submission because we are now proposing more investment and recovering a slightly higher proportion of the revenue this AMP to help finance the schemes.

75% of customers supported a bill impact of the Green Recovery which averaged at £3.50 per year, and excluded the impact of inflation. 76% of customers supported a bill impact which averaged at £4 per year, which included the impact of inflation.

Table 5: Customer views of the Green Recovery bill impacts with and without inflation

	Percentage excluding inflation	Percentage including inflation
Supportive / very supportive	75%	76%
Value for money / very good value for money	67%	65%
Affordable / very affordable	68%	69%

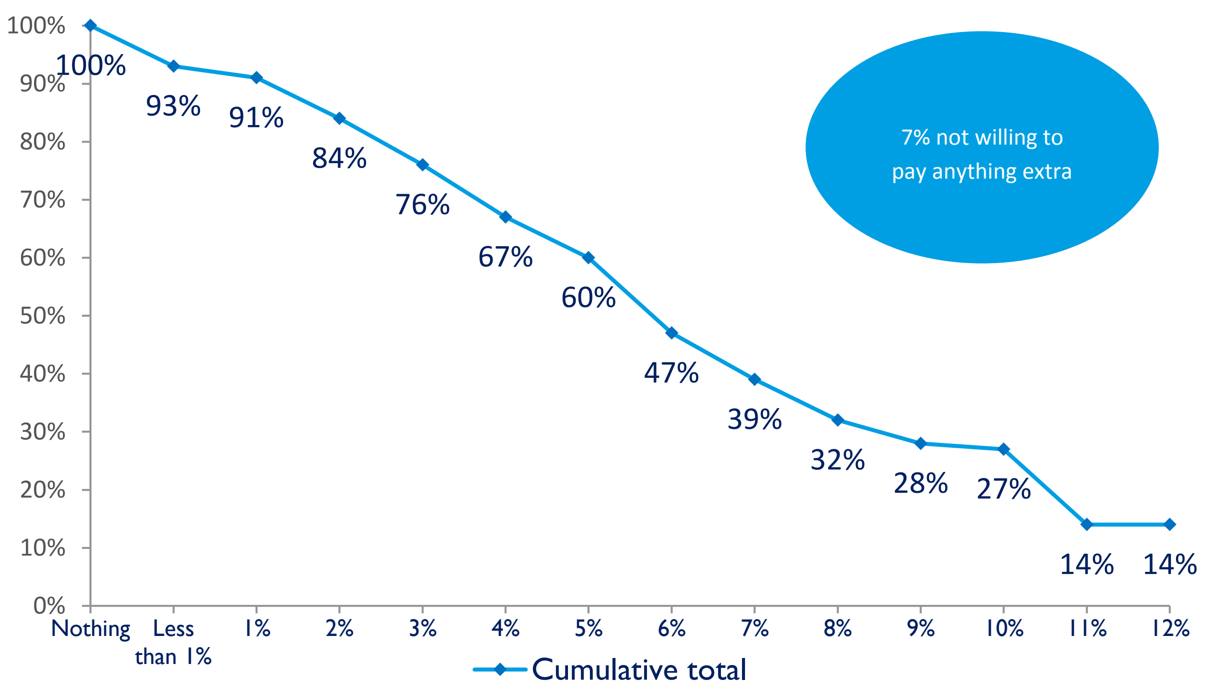
Finally, we considered preferences for phasing. If the proposals go ahead there is a clear preference for the costs to be phased to ensure bills remain as smooth as possible.

Non-household acceptability testing

We undertook non-household acceptability testing using substantially the same survey as household customers. However, to better reflect the significant variations in non-household bills (ranging from micro businesses to large users) we asked participants about their willingness to pay in terms of percentage change on their bills (rather than absolute amounts).

This found that 84% of non-household customers were supportive of paying at least 2% more to help fund the package of projects, 67% for paying 4%, 60% for 5% before a drop to 47% at 6% extra, with 7% unwilling to pay anything extra and 28% willing to pay 9% or more.

Figure 17: Non-household willingness to pay for the four business cases (based on average bill)



Q14. Please rate whether you are supportive or unsupportive of Severn Trent undertaking these projects if it meant paying an extra [% *insert in value below randomly generated]* per year on your water bill to help fund all four of these additional investments from Severn Trent? Base 399

Q15. What is the maximum you would be willing to pay extra per year to help fund these additional projects from Severn Trent? Base 399

Reflecting differences in financial circumstances

As with households, financial circumstances due to the impact of Covid-19 do make a difference in willingness to pay. For example, at a 2% increase to the annual bill, 85% of those whose ability to pay their water bill has remained the same are supportive, compared to 86% who can pay now but are worried about the future and 72% who are struggling to pay. For a 2% increase, 92% of those who have experienced a positive financial impact due to Covid-19 are willing to pay, compared to 85% who have seen no impact and 79% where Covid-19 has had a negative impact financially on their business.

Table 6: Variations in willingness to pay according to financial circumstances

Group	Support for 2% per year	Support for 4% per year	Support for 6% per year
CV-19 had a negative impact on my business	79%	62%	40%
CV-19 has had no financial impact on my business	85%	68%	47%
CV-19 has had a positive financial impact on my business	92%	76%	58%
Struggling to pay my water bill	72%	60%	36%
Can pay now, but worried about paying in the future	86%	68%	44%
Ability to pay my water bill has stayed about the same	85%	68%	52%

Acceptability of potential bill impacts

When shown the potential bill impacts of undertaking these proposals in the context of bill changes over the next five years support is high, with 82% of those shown the likely bill impacts without inflation and 81% of those shown the information with inflation included, being supportive of what Severn Trent is proposing based on the impacts on average bills.

However, as with household customers, our proposed bill impacts of the Green Recovery have increased since our research was undertaken because we are proposing more investment and recovering more revenue this AMP to finance our proposals.

Again, as with the household customer research, if the proposals go ahead there is a clear preference for the costs to be phased to ensure bills remain as smooth as possible.

7. Understanding affordability

Understanding whether our proposals will be affordable, and for which customers, is challenging - not least because we are experiencing a period of economic disruption where the long-term consequences are not yet fully known. We do know that throughout our research, this issue has been front of mind for many – both those concerned about their own finances, and those thinking about the situation of others. In the light of this, we have used multiple sources of insight to gain a richer picture of the affordability challenge.

These sources include:

- on-going tracking of customers' observed payment habits;
- tracking of affordability concerns specifically in response to Covid-19;
- on-going tracking of customers' perceptions of affordability;
- online focus groups and in-depth interviews exploring the challenges faced by those 'just about managing' during Covid-19;
- questions about bill volatility used in our tracker as part of our annual tariff design; and
- representative quantitative research (delivered by Qa research).

Changes in payment behaviours

Throughout the Covid-19 pandemic, we have been tracking our customers' payment behaviours for signals that they are struggling, or beginning to struggle, with their bills. To do so, we use multiple lenses including:

- payment plan cancellations;
- payment suspensions (holidays);
- payment method switching (from debit to credit card);
- 'lump sum' payers switching to payment plans;
- Credit reference agency (CRA) switches – those moving from 'good payer' into arrears.

As of December 2020, overall trends have been broadly tracking the previous years, and (with the exception of payment suspensions particularly in March, April and May) there have been no significant uptick (which we might have expected) materialising in any of the measures. The CRA switches in particular suggest that those who might currently be able to pay their bill, but have been concerned about economic uncertainty, are not at the current time falling into arrears.

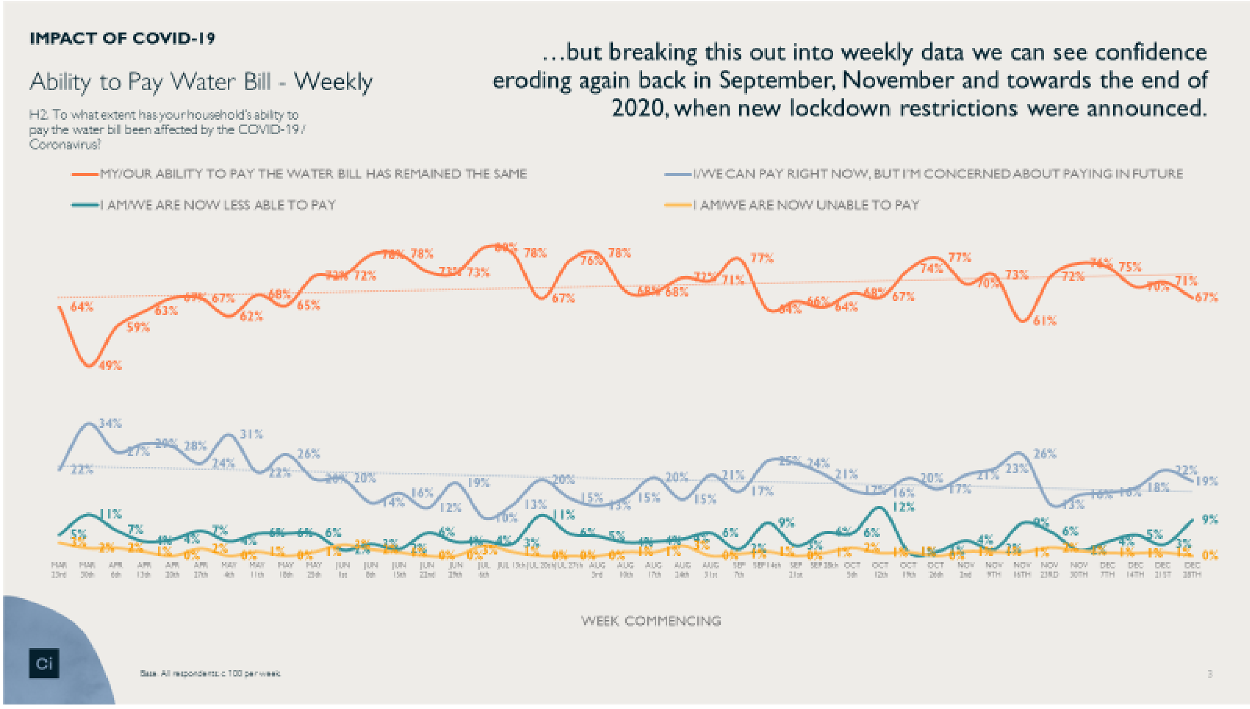
More detail is included in *Annex A04: Affordability and Financeability.*

Tracking customers' perceptions of Covid-19 and affordability concerns

This observed behaviour is also mirrored in our stated preference research. Since March 2020 we have also been tracking our customers concerns specifically in relation to Covid-19. In this section of the tracker (which surveys 100 different customers each week) we explore the extent to which customers' ability to pay has been impacted by the pandemic.

Throughout the pandemic, the percentage unable to pay has remained relatively constant. In our most recent snapshot (December) most concern was felt by customers in the DE socio-economic category, and younger age brackets.

Figure 18: How Covid-19 is impacting customers' ability to pay (as at close of December)



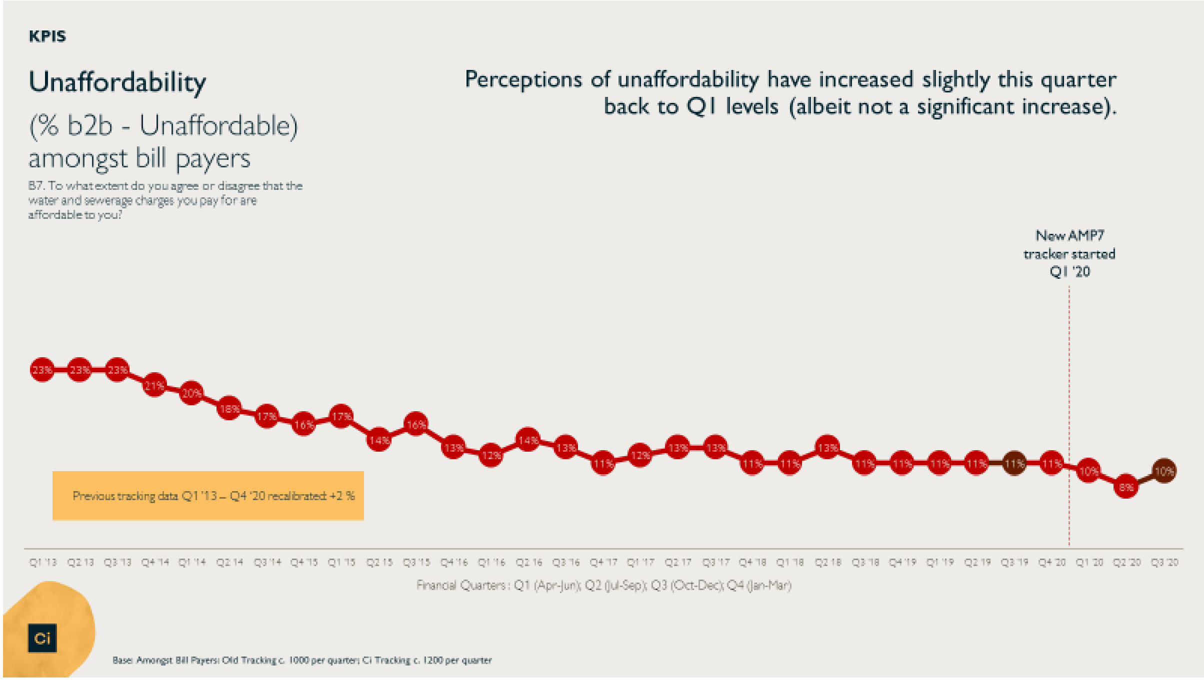
More generally, Covid-19 has reduced customer confidence about their future ability to pay. At its peak in March, around one half of customers participating in our tracker survey had at least some concerns about their ability to afford their bill. By December 2020, this figure had stabilised at around 20%, with most of these worried about their ability to pay *in the future*, not necessarily at present. It is also notable in our weekly tracking that this figure fluctuates with the spectre of lockdowns which have a detrimental effect on confidence.

Changing perceptions of affordability over time

As well as our weekly Covid-19 tracking, we have been tracking our customers' perceptions of affordability every quarter since 2013. It was on this basis that we gauged the extent of need for affordability support in our business plan, and the level of stretch we proposed in our related performance commitment.

Taking this longitudinal view is important as it helps to put the current challenge into context. The figure below shows what proportion of customers view their bills as unaffordable, based on every quarter. The longer-term position suggests we are entering into what will be a challenging period in a much stronger position than in AMP6 – perceptions of unaffordability declined in the first two quarters of the AMP, before rising again in quarter 3. Overall, perceptions of unaffordability are now less than half the level they were in 2013.

Figure 19: Changing perceptions of unaffordability since 2013[11]



As explained in *Annex A04: Affordability and Financeability,* one broader reason for the relatively limited evidence of affordability challenges to date is that household budget reviews during the pandemic appear to have been focused primarily on discretionary spend. Also, reductions in spending have exceeded reductions in income on average, with these trends underpinning the substantial increase in household savings since the start of the pandemic, that the Bank of England has highlighted.

Exploring affordability challenges in detail

During the first lock-down we also started to conduct a series of online focus groups and in-depth interviews with Tap Chat customers, including some who were financially impacted by the pandemic.

In the qualitative research, we heard that many customers with financial concerns were reluctant to reach out to us for help and would only contact us for help with bills as a last resort, when in dire financial straits. Struggling customers said our financial assistance schemes must be well promoted - with language that made the schemes relevant to them (many assumed the schemes were aimed at those worse off than them) as well as being quick and easy to apply for.

Bill volatility

In our AMP7 customer tracker survey, during March and September 2020 we included a question about the extent to which, if any, of a £2 per month (£24 per year) bill increase and a £2 per month (£24 per year) bill decrease, would have an impact on household finances. It is important to note that we did not specify what the bill increase would pay for - but asked the question as part of our annual process to design tariffs and understand incidence effects.

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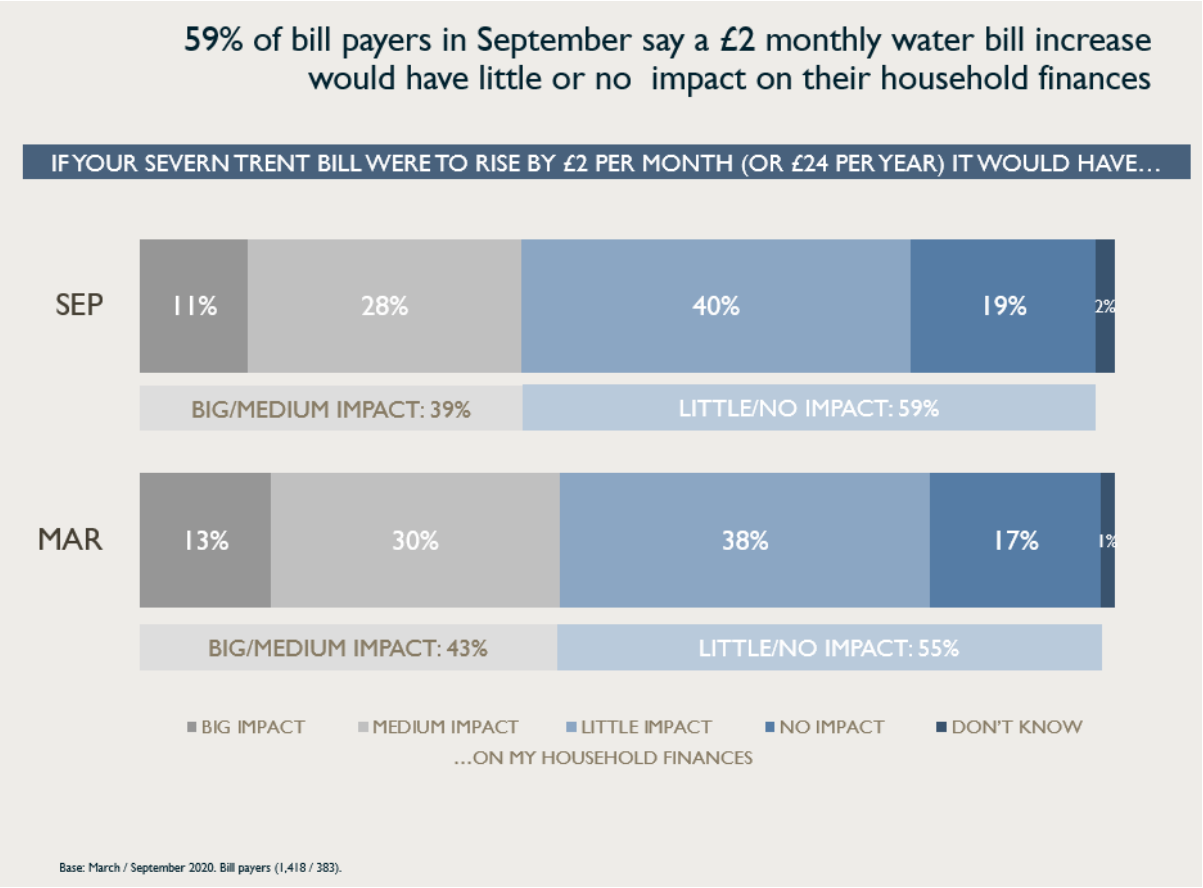
[11] Ready for AMP7 we appointed a new tracker supplier. For the final quarter of 2019/20, surveys from both our existing and new suppliers were run in parallel to understand the impact of i) changing supplier and ii) changing the positioning of the affordability question in the survey – <u>no change was made to the question itself</u>. This exercise found a 2% difference in results and in the above graph, historic data has been recalibrated so that unaffordability is reported on a consistent basis over time.

We found that neither this level of bill increase, nor this level of bill decrease is perceived to have a big impact on most customers' household finances. In September 2020, 59% of bill payers surveyed said that this level of increase would have little or no impact on their finances. However, just over one in ten (11%) said such an increase would have a big impact; these were most likely to be younger people and those in the least affluent socio-economic groups. In this context it's worth noting that our Green Recovery business cases would add 50p to the monthly bill (£6 per year).

Figure 20: Customers' perceptions of the impact of a £2 monthly water bill increase on their finances in 2020



Customers' views on the affordability of our proposals

In the quantitative research undertaken by Qa Research we also explicitly asked customers about the affordability of our proposals – based on our earlier view of the potential bill impact.

In the household survey, the majority consider the potential bill impacts to be affordable for their household regardless if they were presented with the likely bill impacts with or without inflation (net 68% and 69% respectively).

Similarly, the majority of non-household respondents (regardless if they were presented with the likely bill impacts with or without inflation) consider the potential bill impacts to be affordable for their business (net 71% and 72% respectively).

Appendix: research summaries

This appendix is in three parts:

- Part 1 sets out relevant research summaries taken from our PR19 plan and research.
- Part 2 includes summaries of new research we have undertaken since then, including projects specially commissioned on the Green Recovery.
- Part 3 includes the main stimulus and key questions used as part of our acceptability testing.

Part 1: Relevant PR19 research summaries

Project name	**Strategic challenges – the environment**
Supplier	Britain Thinks
Fieldwork completed	October 2017
Aim of the research	To understand how the environment fits with other concerns spontaneously, both personally for customers and as a priority for action for Severn Trent To understand customer views in particular on catchment management, the water framework directive and biodiversity
Demographics	One full day deliberative workshop with 24 customers Ten in home depth interviews with customers in vulnerable circumstances TOTAL CUSTOMERS CONSULTED: **34**
Research approach	Deliberative research
What did the research tell us that was new?	**Customers say Severn Trent should take further action in protecting and improving the environment as much as possible, even on sites that they don't own or that customers don't have access to** Respondents were not concerned about the distinction between legal requirements and going beyond these with further action – this was felt to be a largely artificial distinction Customers say Severn Trent should raise awareness and educate customers on their environmental activities, as well as providing reassurance and communicating how customers' money is invested **Customers think Severn Trent should work in partnership to tackle environmental issues and improve the environment** **Customers supported working in partnership with farmers to tackle pollution of water sources, but wanted treatment solutions to be the fall back. They wanted reassurance on how Severn Trent would ensure the success of catchment management solutions** Customers supported a faster pace on water framework directive improvements, provided it didn't impact the quality of delivery. In terms of prioritisation, **customers felt that the worst rivers should be tackled first and those which benefit the greatest number of customers** Biodiversity isn't a front of mind issue and respondents struggled to see how their company's actions related to it. However, further information was received very positively and resonates with instinctive beliefs about the **importance of protecting the environment for the future**
What did we already know that the research validated?	**Customers care significantly about the environment, and in particular derive enjoyment from personal interactions with their local green spaces.** **They recognise the importance of protecting it and ensuring that it is there for future generations,** however in day to day life few take steps to mitigate their environmental impact
Did the research contradict any other findings?	N/A

Project name	**Strategic challenges – supply and demand**
Supplier	Britain Thinks
Fieldwork completed	October 2017
Aim of the research	Understand customer views on the impact of drought, including levels of tolerance regarding the risk and impact Explore informed reactions to proposed solutions regarding supp98%ly options (e.g. water transfer, effluent reuse, alternative use of sources) and demand management solutions (e.g. metering, behavioural change), and attitudes towards leakage and leakage reduction Explore attitudes towards short-term versus long-term investment options Deep dive on metering and switching water sources
Demographics	Deliberative workshops: 48 customers Ten in home depth interviews with customers in vulnerable circumstances Mix of age, gender, SEG, life-stage, ethnicity and tenure type Mix of payment types, billing methods and water meter status Mix of attitudes towards the environment TOTAL CUSTOMERS CONSULTED: **58**
Research approach	One full day deliberative workshop in Birmingham with 24 customers, and two half day deliberative workshops in Mansfield (focus on switching water sources) and Stoke-on-Trent (focus on metering), each with 12 customers Ten in home depth interviews with customers in vulnerable circumstances The research took a deliberative approach - participants were taken on a 'journey' so that we could explore the things that matter most to them and their priorities (both spontaneous and when informed about Severn Trent Water activities). This approach allowed us to provide information, building participants' knowledge so that they were able to make an informed decision about different options and priorities to address the supply and demand challenge.
What did the research tell us that was new?	**Awareness of the supply / demand challenge is very low amongst customers – and so few spontaneously list 'planning for the future' among Severn Trent's responsibilities.** **However, when prompted, customers agree that ensuring there is enough water for the future should be a priority for the company.** Concerns about drought are low. Hosepipe bans are generally seen as quite common and linked to hot summers rather than droughts – which they think are unlikely to occur. When prompted, participants describe drought as an issue affecting other countries, rather than the UK. Most say they would feel little impact from level 1 restrictions (encouraging customers to use less water – expected every two years). Educating customers to use less water is seen as something that Severn Trent is doing, or should be doing, already. Similarly, due to minimal impact, level 2 restrictions (temporary use ban [hosepipe ban] – expected once every 33 years) are also generally considered acceptable.

	Customers do not see level 3 restrictions (non-essential usage ban – expected once every 33 years) as having a direct impact on them, but they worry about the impact on businesses. Level 4 restrictions (emergency drought order – expected once every 200 years) are seen as extreme, although probably proportionate to the seriousness of the situation, and very unlikely to occur. There is no appetite to invest to improve the level of drought resistance (and no desire to let it deteriorate for a small cost saving), including when presented with comparative levels for other companies. Customers have a strong moral frame when thinking about water usage, resulting in an emphasis on personal and corporate responsibility to use less water. However many admit to not doing anything at all *themselves* to reduce the amount of water they use, especially if they don't have a water meter. Amongst those who seek to reduce their water consumption, the most common steps are turning off tap while brushing teeth, water butts in the garden and taking showers instead of baths. Only a very small number who are careful with water report being motivated by environmental concerns. Customers used four key questions when evaluating the solutions that they were shown: Does it encourage responsible use of water? Is this a long term / sustainable solution? Is it value for money? (i.e. will it provide value in the long run, not the cheapest option) Does it avoid harming the environment? **Of the options presented to customers, metering is the one that best satisfied their key questions, and which therefore receives the most support.** **The possibility of saving money through a water meter is highly motivating. In addition, customers welcome the enhanced level of personal responsibility meters bring about.** **As a result, customers say Severn Trent should ultimately be aiming to move all customers to a meter.** Despite this some customers express concern (e.g. those with large families or who use a lot of water for medical reasons) **Customers are often surprised to learn that most people save money on a water meter, that installation is free and that customers can return to rateable value billing within two years.** Other popular solutions are fixing leaks and water efficiency. Least popular solutions are importing water and abstracting more water from rivers and of all the options tested, effluent reuse is the most divisive. Switching water sources to meet supply demand issues is an issue that prompts considerable concern amongst customers. To feel reassured, customers say they need detailed information about the duration of the switch, the replacement source and the implications of any chemicals used for customers. **Customers favour investment in new infrastructure as a solution to switching. Because it is a long term solution and, ultimately, perceived to be more cost effective than the status quo.**
What did we already know that the research validated?	Water is not a topic that customers think about in their everyday lives. They rarely consider issues such as drought and climate change.

	Customers tend to favour demand management approaches over supply options, however they recognise that any solution will need to include a blend of both options. Tackling leakage is non-negotiable and remains a top priority. Fixing leaks demonstrates Severn Trent's commitment to use its resource responsibly
Did the research contradict any other findings?	When considering options to resolve the supply demand deficit respondents demonstrated strong support for metering. We know from other research that customers have also have mixed views and understanding of the benefits of having a water meter.
Any other information	n/a

Project name	**Strategic challenges - resilience**
Supplier	Britain Thinks
Fieldwork completed	October 2017
Aim of the research	Understand customers' views on resilience
Demographics	One full day deliberative workshop with 24 customers Ten in home depth interviews with customers in vulnerable circumstances TOTAL: **34**
Research approach	The research took a deliberative approach - participants were taken on a 'journey' so that we could explore the things that matter most to them and their priorities (both spontaneous and when informed about Severn Trent Water activities). This approach allowed us to provide information, building participants' knowledge so that they were able to make an informed decision about different options and priorities.
What did the research tell us that was new?	In terms of resilience, respondents felt Severn Trent should have a combined approach and both anticipate the challenge, and also be prepared to respond when things go wrong. From experience, discoloration is perceived as being very short in duration and therefore of low impact to customers. Anything over a few hours would be unacceptable. Respondents said they would not feel comfortable drinking discoloured water, and therefore perceived it to be the same as an outage. Respondents were most concerned about the impact of wastewater asset failures due to the health and environmental impacts. Any events that have serious long term implications for the environment or for customers' health raise concerns and are seen as unacceptable regardless of circumstances Respondents expected Severn Trent to have contingency plans in place in the event of flooding and to have taken mitigation steps in areas affected in the past **Increasing supply resilience should be a priority as interruptions due to single points of failure were deemed unacceptable**
What did we already know that the research validated?	**There is a clear expectation that Severn Trent should have plans in place to ensure a continuous water supply** Customers' views of the acceptability of disruptive events are strongly linked to perceptions of responsibility. Severn Trent is held to be

	responsible for failure of its assets; events of these kind are therefore deemed unacceptable. In contrast, there is more tolerance for failure arising from natural disasters, which are seen as outside Severn Trent's control. Duration is also key in determining acceptability, when short term, interruption to supply and discolouration are seen as inconvenient but acceptable, whereas longer term interruptions (over a day) are seen as unacceptable, because of the potential implications for customers. Interruptions to supply can have serious implications for customers in vulnerable circumstances (from both a financial and health and wellbeing perspective)
Did the research contradict any other findings?	
Any other information	As support for protecting assets from flooding was inconclusive we should revisit this in the trade-offs research.

Project name	**Strategic challenges - flooding**
Supplier	Britain Thinks
Fieldwork completed	December 2017 – January 2018
Aim of the research	Understand customers' views on sewer flooding and how Severn Trent should prioritise action
Demographics	One full day deliberative workshop with 24 customers Ten in home depth interviews with customers who have suffered or who are at risk of flooding TOTAL: **33**
Research approach	The research took a deliberative approach - participants were taken on a 'journey' so that we could explore the things that matter most to them and their priorities (both spontaneous and when informed about Severn Trent Water activities). This approach allowed us to provide information, building participants' knowledge so that they were able to make an informed decision about different options and priorities.
What did the research tell us that was new?	Whether or not customers have personal experience of flooding is a key factor driving how urgently customers want to see action taken. Customers with direct, personal experience are far more likely to see it as an issue requiring urgent attention Severn Trent is not seen as responsible for flooding. Instead the Environment Agency and local councils are more likely to be identified as bearing responsibility There is limited awareness of what actions can be taken to tackle flooding and who might take them The range of organisations involved raises immediate concerns about "passing the buck" **Customers without experience of flooding tend to support Severn Trent's current risk based approach to flooding**

	Those with experience are keen to see Severn Trent go the extra mile to help those at risk **Overall customers do not oppose Severn Trent taking additional responsibility for flooding, but only in the context of other parties doing their fair share** **Customers do favour partnership working but have questions as to how well this would work in practice** **There is considerable support for the use of SuDs as long as key practical considerations can be addressed** Urban creep (although not with those words) is an issue that is raised spontaneously by customers and which is a source of concern. However questions about Severn Trent's ability to have a direct impact on this issue limit support for action.
What did we already know that the research validated?	Flooding in an extremely emotive issue Customers were shocked to learn about the extent of sewer blockages and of their own role in causing them Customers who have experienced flooding want empathy, understanding and accessibility in their interactions with Severn Trent
Did the research contradict any other findings?	
Any other information	

Project name	**Customer priorities research**
Supplier	Future Thinking
Fieldwork completed	August and September 2016
Aim of the research	The objective of the research was to understand: What matters to people, communities and society as a whole. What Severn Trent should be doing both now and in the future to be more aligned with the goals of customers, communities and society.
Demographics	Consumers in England and Wales, reflecting both the demographics and more specialised groups. Specific groups consulted were: "General" customers Specialist needs/interests. For example: farmers, anglers, ramblers. TOTAL CUSTOMERS CONSULTED: **68**
Research approach	The research was qualitative and contained elements of deliberative and co-creative research. Our research looked to the person first and then the customer. 9 workshops of 3 hours each. 5-9 participants per workshop. These focused on the 'general customer' (i.e.: those without specialist interests/needs) 12 specialist depth interviews with farmers, anglers, ramblers, birdwatchers etc..

	Online community panel. Recruited from participants in the workshops, 20 customers took part exploring themes in more detail. The research approach was different from previous work, focusing on people's lives rather than 'water industry themes'. Only after understanding what mattered to people's lives did any exploration of where Severn Trent did or could make any impact.
What did the research tell us that was new?	Severn Trent already has a significant positive contribution to people's everyday lives, albeit mostly invisibly and outside peoples conscious thought. In addition, there are many opportunities to strengthen and add to activities that fulfil customer needs at every part of Maslow's hierarchy. 7 themes were revealed: The Desire to Enjoy Life: doing those things which maximise the pleasure and enjoyment of life and removing the obstacles, barriers and irritations. Examples include creating opportunities for relaxation, providing the context for family to spend time together, minimising disruption and providing certainties we can depend upon. Society and Giving back: having stable, functioning communities that have a shared sense of values is important. Being an active member of society and helping others (especially those who are vulnerable) is seen as vital for individuals and corporations alike. The Environment: making a positive difference to the environment through activities that are sustainable is also important for business and individuals alike. For many, the themes included minimising waste, doing more for less, encouraging flourishing ecosystems, recycling and the use of increased renewable energy sources. Money & Finance: are seen as integral to quality of life. The ability to pay for everyday bills plus extras such as childcare or even caring for elderly relatives was cited. Having something left over for treats and fun times directly feeds in to the first theme of enjoying life. Work: integral to many people's lives is a means to provide for themselves and their family and to derive a sense of self-worth and satisfaction. Work occupies such a large portion of people's lives that the right work life balance is vital in order that the other important things in life can be enjoyed. **Health: mental and physical wellbeing, having a reasonable level of fitness and ageing well are all a priority. Doing things to stay healthy matter to many people.** **The Wider World: people are concerned about global and political events, especially where these create instability and fear. A concern about the economy, terrorism, inequality, religious fundamentalism, immigration and corruption are all significant issues.**
What did we already know that the research validated?	Water and our industry is largely something people do not think of unless there is a problem or the media brings it to customers' attention. However, the impact of Severn Trent's activities already makes a big difference to people's lives.

Did the research contradict any other findings?	No. This research seeks to understand the bigger picture; it is not framed in terms of water industry themes, at least to begin with.
Any other information	N/A

Understanding our social purpose

Project name	Understanding our social purpose
Supplier	Britain Thinks
Fieldwork completed	July 2018
Aim of the research	Explore consumer perceptions of responsible and irresponsible businesses, and Severn Trent's own relationship with responsibility Understand how Severn Trent's broader role as a corporate citizen is seen by customers, in the context of their views towards other businesses; including views of Severn Trent's CEO, and in the context of views towards company leadership in general Understand customer views about a range of corporate social responsibility (CSR) initiatives that are proposed or currently on-going. These include a new concept for a community dividend with a customer advisory board and ongoing initiatives; these include the Severn Trent Trust Fund, support for vulnerable customers, employee volunteering and WaterAid support Gauge customer reactions to work-in-progress messages about the company's activities and current position within the water industry Explore what Severn Trent could do to be seen as a business driven by a positive social purpose Understand customer views of the re-nationalisation of the water industry
Demographics	Research was conducted in four locations: Nottingham, Coventry, North Shropshire and Mansfield Mix of age, gender, ethnicity, life-stage, SEG and meter status In Mansfield, half of respondents believe the water industry should be re-nationalised. In North Shropshire, all participants live in a rural or semi-rural location Of the 62 participants, just over half said they voted Leave in the Brexit referendum (32). 22 said they had voted Remain and 8 said they did not vote in the referendum. TOTAL CUSTOMERS CONSULTED: **62**
Research approach	8 focus groups with household customers (56 participants) 6 depth interviews with customers in vulnerable circumstances (financially vulnerable, health and wellbeing vulnerable, or both)
What did the research tell us that was new?	Customers have at least some level of cynicism towards private business – particularly large businesses. They believe irresponsible businesses try to maximise profit at the expense of all else e.g. customers, service, staff etc.. For most, this means that they are cautious and sceptical about large private businesses' motivations. Amongst a small number, there is little or no trust in private businesses.

	For most customers, this cynicism towards private business plays a limited role in how they think about Severn Trent. Most customers are starting from a position where they are relatively happy with Severn Trent and are likely to say that because they have not experienced service failures, they broadly trust Severn Trent. On reflection though, many do feel it is odd that profit is made out of water, which is seen as a "public good" or a basic "human right". There is some support for re-nationalisation *in theory*, however, this support diminishes greatly when customers consider what this would mean *in practice.* When prompted with arguments for and against nationalisation, customers tend to conclude that the water industry shouldn't be nationalised, with the argument that Government wouldn't be able to give the sector sufficient attention or investment. Severn Trent's current CSR initiatives are unlikely to impact on the attitudes of the small number strongly in favour of nationalisation. However, they are broadly well received by most other audiences, and speak to some of the latent concerns customers have about a private company delivering water services. Support for vulnerable customers who cannot pay their bill is seen as an example of Severn Trent not prioritising all else above profit. The community dividend concept received similarly positive feedback to Severn Trent's other initiatives, and the advisory board element presents an opportunity to make customers feel more involved with the company. The dividend concept chimes with people's ideas of what 'acting with social purpose' could mean for Severn Trent. The fixed annual portion of profits being directed back to the community impresses some customers, but for others, it is a reminder that the company makes a large amount of profit and this could undermine its impact. The more unique selling point is the customer advisory board. By indicating that customers will be given a voice in the process takes the measure beyond more typical corporate schemes. While Liv Garfield's pay is seen as problematic, she is also seen as an asset to Severn Trent's public face, with many reacting positively to Liv's biography. Some customers spontaneously bring up executive pay as an issue and when prompted many assume that Severn Trent's executives would be paid 'unjustifiably' high salaries. Information about Liv's salary does little to address customers' concerns. However, information about Liv's background is seen as impressive and gives a human face to the company's activities - she has 'worked her way up' and juggles life as a mum with work, so comes across as more relatable and less elitist than a typical CEO. The female participants found her success fairly inspiring and a minority found the charitable initiatives more credible when attached to her presence in the company. Nationalisation is not front of mind and the best 'insurance' against this issue is Severn Trent doing what it does as well as it can. The greatest vulnerability to nationalisation is excessive profit and executive pay. The former is best addressed by striving to offer customers value and advise them on how their bills can be reduced, as well as talking about investments made in future infrastructure.

What did we already know that the research validated?	Despite a backdrop of growing cynicism in the UK towards institutions and companies, Severn Trent is trusted to do a good job by its customers. There is, however, an opportunity to remind people about the scope and scale of Severn Trent's core activity, as well as to talk more about how much Severn Trent prioritises 'social purpose', especially by 'giving back' to the community. Most customers are unaware of Severn Trent's current initiatives around helping vulnerable customers, supporting charities and the local community. Once informed about these, customers are broadly supportive and say that they are in line with what they would expect from a water company which acted with social purpose.
Did the research contradict any other findings?	In our acceptability research we find that 30% want water companies to be renationalised, however this is a prompted response.
Any other information	n/a

Project name	**Reinvestment of proceeds from land sales**
Supplier	Future Thinking
Fieldwork completed	August 2016
Aim of the research	To determine what customers would like Severn Trent to do with the customer share of any proceeds from the sale of land that is deemed to be surplus to our requirements. To understand: Given a choice of bill reductions or investments in activities such as flood defence, what are customer views? How do those views change depending upon the magnitude of investment or bill reduction? What type of flood defence schemes, with their different benefits and costs, do customers favour?
Demographics	For the quantitative research a representative mix of customers TOTAL CUSTOMERS CONSULTED: **1,300**
Research approach	Online survey and deliberative workshops and focus groups 2 phases of quantitative research – 1,045 online surveys primary followed by 200 secondary survey varying the value of the land sale Qualitative – 2 deliberative workshops and 3 deliberative focus groups across Nottingham, Birmingham, Gloucester and Shrewsbury
What did the research tell us that was new?	**Where small bill reductions are concerned, most customers prefer Severn Trent to invest rather than reduce bills.** **There is a second factor at work: a customer desire that money (especially if the amount is considered negligible to them) is best used to benefit the greater good. Thus investment in small schemes is preferred to a single/few large schemes.** **Overall customer preferred investment in local schemes rather than a reduction in the bill** Around a third still expected the money to offset future bills Customers felt that any investment should benefit more than just a select few Less than one third felt that it was important to help the local business community

	The most important idea was considered to be helping socially deprived areas that are most exposed to flood risk.
What did we already know that the research validated?	Where the bill reduction is seen to be meaningful (typically £20-£50) then the preference would be for all customers to see a reduction in their bill. **That small bill reductions (less than £10 per annum) are generally not noticed nor considered important by customers**.
Did the research contradict any other findings?	No

Project name	**Stakeholder research**
Supplier	In-House
Fieldwork completed	December 2017
Aim of the research	To understand the medium-term and longer-term priorities, opportunities and challenges of our stakeholders. To provide insight into the ways in which Severn Trent can align its activities with stakeholder needs. In particular, we wanted to: Identify the issues that stakeholders believe will have the biggest impact on their organisation over the next 25 years. Identify which of the UN's 17 Sustainable Development Goals they think are most relevant to what their organisation is seeking to achieve in our region. Explore opportunities for Severn Trent and stakeholders to collaborate in areas of mutual interest and concern.
Demographics	Stakeholders of Severn Trent – the survey was sent via email to approximately 600 Severn Trent stakeholders across England and Wales Sample is 'self-selected', no quotas or formal sampling framework was applied. Almost half of respondents (49%) work in local government. 16% work for an environmental non-governmental organisation (NGO) and 7% represent a water industry regulator or policy maker. 6% work for a business organisation, 6% for a customer support or advisory body and 3% for a rural organisation. 13% describe their organisation in another way, for example, a charity, a department of national government and a local resilience forum. Other organisations that respondents work for include a police service, a union and a university. SAMPLE SIZE: **100**
Research approach	Self-completion, written questionnaire containing ten questions.
What did the research tell us that was new?	Stakeholders were asked to select up to five prompted issues which, over the next 25 years, they think will have the biggest impact on their organisation. The issues most commonly selected

	from the list by respondents were: **health and wellbeing (56%), infrastructure provision and capacity (54%), flooding (50%), climate change (48%) and resilient, sustainable and green urban areas (41%).** Among the issues of medium magnitude for this group of stakeholders were: workforce and skill availability (36%), future employment and education opportunities (34%) and affordable, reliable and secure water (30%). Poverty and social inequality (29%), biodiversity loss (29%), affordable, reliable and secure energy (21%) also fall into this group. The issue least commonly thought likely to have a big impact was security (9%). The following themes were uncovered from the verbatim responses: Profound appreciation for the health and wellbeing challenges faced by people, ranging from obesity to mental health. The connection between the provision of access to outdoor spaces that are enjoyable and reducing these problems is seen as well known. The absence of health and wellbeing is seen to place financial and other strains on services and infrastructure leading to a spiral of problems. Increased city dwelling, population growth and urbanisation (especially 'concreting over' natural drainage) are seen as challenges both for wellbeing and the management of flooding. Whilst there is the need for solutions, pressure on governmental/local authority funding means stakeholders are looking to other solutions, including private companies as well as individual behaviour change. There is a need to leave a lasting and better legacy of infrastructure for future generations. This infrastructure needs to effectively help with flooding, climate change and be capable of meeting the changing demographic challenges envisaged for the future. Respondents were also asked to describe, in their own words, other issues which impact their organisation. The issues mentioned most often include: Uncertainty around Brexit, particularly in respect of: skills shortages changes in markets changes in agriculture and payments to farmers possible weakening of regulations and environmental protections Political uncertainty, changes of government and possible renationalisation of privatised industries Continued austerity and cuts to public service budgets Welfare reform, particularly the rollout of Universal Credit Demographic changes Economic growth, including around HS2 and new large housing developments The need for affordable housing Impact of new technology in all areas of our lives The need for repair and maintenance of Severn Trent's infrastructure

What did we already know that the research validated?	Stakeholder research was conducted at the last price review with a greater focus on Severn Trent's business plan. This research shows the importance of some key 'higher-order' challenges such as health and wellbeing are also important for many stakeholder organisations. Private (rather than government) approaches to tackle society's challenges are seen in much of our research to be vital in the future. Many stakeholders commented that the company already collaborates effectively with their organisation. Many would like to see this joint working continue and / or increase in scope and level of commitment.
Did the research contradict any other findings?	No
Any other information	n/a

Project name	**Best in class customer service and experience**
Supplier	Sparkler
Fieldwork completed	October to December 2017
Aim of the research	To understand the customer service offerings and innovations that customers expect Severn Trent to offer now and in the future, including communication channels, payment options, technology and wholesale SLAs.
Demographics	Mix of customers in Severn Trent England Mix of age, life stage, gender, metered/non-metered, ethnicity, housing tenure, rural vs urban etc.. Some had experienced service disruption Some had visited a Severn Trent visitor site. Some financially vulnerable, some 'just about managing' Some 'health and wellbeing vulnerable' Some 'digitally disenfranchised'.
Research approach	Market landscaping – desk research exploring what cutting edge companies offer in terms of great customer service Co-creation with 8 customers in Coventry (ideas factory) 'Research road trip', 20 x 2-hour in-home depth interviews across the region 20-minute online survey across the region. Sample size 1,997 TOTAL CUSTOMERS CONSULTED: **2,025**
What did the research tell us that was new?	Customer services expectations of Severn Trent are comparable to digital and telecomms brands - deliver services seamlessly with minimal hassle for the customer Attributes of great service are seamlessness, personalisation, awareness, transparency and a human tone of voice. For Severn Trent, key to developing a more engaging brand is continuing to deliver functional benefits but packaged in a slightly more emotionally engaging way – 'offering a helping hand' Flexible payment timings seems more important than numerous payment methods **One third of unmetered customers would consider a water meter**

	Data sharing is a difficult subject for consumers right now – privacy and data breaches are top of mind. Severn Trent would have to be very careful with whatever services they offered related to data sharing. Potential partners are local councils or energy companies Groups that can see a direct and tangible benefit to data sharing e.g. financially or physically vulnerable, are more open to data partnerships with sensitive data The four ideas presented in the survey are all interesting to consumers. They are 'Staying in Control', 'Digital signs at roadworks', 'Welcome to Severn Trent' and 'Useful info from Severn Trent'. The idea that stood out when consumers were asked to pick one was 'Staying in Control' – that focused on water consumption and controlling usage
What did we already know that the research validated?	Severn Trent delivers services that customers value and are in large part satisfied with. Whilst customers have a positive view of Severn Trent and the service it provides, it is seen as a utility, rather than a brand with a personality and presence in their lives. Some of the additional services, like visitor centres, that Severn Trent offer, were seen very positively, although awareness of them needs to be raised Five principles to elevate Severn Trent's customer service: Keep the customer informed, don't overpromise, ensure customers know of the resources available to them, have a clear system for when issues arise and show you care. Telephone as the most direct mode of communication is preferred over online methods, particularly for issues or faults with water supply. For more straight-forward enquiries the popularity of online methods is growing Making communications efficient, seamless and result focused is the key to delivering more value for customers Much like communications, payment options are all about ease, speed and efficiency. The most popular being direct debit, which reduces the interactions between Severn Trent and customers **The key hurdle to getting customers onto water meters is that there is uncertainty as to whether it will increase or decrease the cost of their water bill**
Did the research contradict any other findings?	n/a

Project name	**Choices research**
Supplier	Truth
Fieldwork completed	February and March 2018
Aim of the research	Gain deep qualitative and quantitative insight into customer views on different PR19 plan elements, including Outcome Delivery Incentives (ODIs) and Performance Commitments (PCs), against set criteria

	Provide clear and robust guidelines on refinement to the plan, based on insight
Demographics	Household and non-household customers Mix of demographics Qualitative fieldwork was conducted in Birmingham, Derby, Coventry, Shrewsbury and Nottingham TOTAL: **2,309**
Research approach	6 focus groups with household customers 3 focus groups with non-household customers 4 depth interviews with customers in vulnerable circumstances 4 depth interviews with medium-sized non-household customers 20 minute online survey with 2004 household customers 20 minute online survey with 225 non-household customers (mix of small, medium and large) The approach was broadly consistent across qualitative and qualitative stages, but like-for-like comparisons cannot be made for every measure. Customers can struggle to articulate which service levels are most important to them for investment; they are all important in their way. Therefore, we focused on understanding relatively higher priorities via a trade-off approach in both the quant and qual research. We designed an interactive exercise to present customers with our proposed incentive rates, based on a scaled-score derived from the triangulated WTP results for each service area. We asked customers to feedback on these, including reducing the rate to zero if they felt an incentive was not appropriate for that service area.
What did the research tell us that was new?	The research took place before and after the big thaw (~ 4 March 2018). Post-incident, a higher percentage of household customers reported issues with low water pressure, leakage and interruption to supply. However, there is no significant impact from this incident on customers' priorities. Broadly, customers support Severn Trent's proposed PCs, targets and ODIs. **Respondents prioritise investment in infrastructure, especially where it contributes to reducing leakage, and where it most impacts people's lives, for example, sewer flooding.** Customers support the incentive / penalty mechanism for PCs, and are prepared to pay more for better service. Similarly, they would prefer to avoid weaker performance, even if their bills were lower. Most customers are also prepared to pay more for frontier performance. It's important to take into account the biases customers show when they're making decisions on priorities. Most are unfamiliar with the full scope of Severn Trent's activities, and tend to default to what is familiar or most obvious. Customers do not have a proper understanding of the cost / benefit of some measures, and use other factors to influence decision making. There is variability in the needs of non-household customers. Many have needs which are interchangeable with household customers, however some types of business have specific needs:

	Businesses where customers use the premises are much more sensitive to any issues which might paint their business in a negative light, e.g. lack of water, issues with sewerage Businesses which use water as an integral part of their operations may depend on a certain level of service. Issues with water flow and availability are critical, other measures take more of a back seat. Response to the measures is initially often emotional and based on gut-feel, and then post-rationalised. **External sewer flooding: Concerns about health risks and the environment mean that this is an important priority.** **Lead pipes: Fears over health risks and wasted water mean that this is a consumer priority.** Discolouration, taste and smell: Not considered a troublesome issue, so not a priority. **Improved river water quality is a 'nice to have' measure. Customers perceive this has little impact on them.** **Water supply interruptions are not a top priority for customers, but are a priority for water-intensive businesses.** Pollution incidents: current performance means that customers feel not much improvement is required. Reducing low water pressure is not a consumer priority, but a more critical issue for businesses. Biodiversity is seen as a lower priority, and outside Severn Trent's remit. Household and non-household respondents feel sewer flooding should have equal priority when it occurs on roads and in gardens. More than half of respondents are prepared to pay more for a larger reduction in mains bursts and collapses. Household respondents don't have a strong view on priority of improving low water pressure. Businesses place greater priority on long-standing pressure issues and are less willing to accept current service levels. ODIs are seen as a fair way to encourage good service and good value for money and given the choice, most are happy to pay more for better performance. This is in the context of the base bill coming down (in real terms). 61% of customers agree that it's acceptable that +/- £15 (based on the average bill) of their bill can be linked to how Severn Trent performs. Aiming for frontier performance is also accepted (with a greater bill impact).
What did we already know that the research validated?	Customers tend not to think about their water supply or supplier in their day to day lives. Customers have a rudimentary understanding of the full range of Severn Trent's activities, and of the challenges they face as a business. This means customers tend to default to their own experiences (i.e. how does this affect me?), or perceptions as to what Severn Trent ought to be doing as a water company. If they have no experience they consider any potential future impact on themselves. Thereafter, they consider the wider long-term or societal benefits. Bills are felt to be reasonable, and there is rarely 'bill shock'. Severn Trent is trusted, and seen to be performing well already. The water supply is consistent and issues with water / wastewater management are rarely experienced.

	Leakage and improving speed of response are considered to be important priorities. Education is welcomed with adults, as well as children. Sewer blockages: Consumers feel Severn Trent has an important role to play in encouraging people not to block sewers. **Internal sewer flooding: Consumers are keen to invest in preventing this 'soul destroying' event.** Customers support the principle of Severn Trent's social tariff, the Big Difference Scheme, and are willing to increase their contribution. It's seen as a positive way to help those who are struggling. There are some reservations over whether all of the money is going to the right place and whether the scheme is administered fairly, but these only cause rejection of the scheme among a minority.
Did the research contradict any other findings?	In this project, customers' willingness to contribute to the Big Difference Scheme was lower than seen in the 'social tariff cross-subsidy research'. This is because in that project, the methodology was different; the social tariff was explored in isolation (as advised by CCWater), not amongst other bill impacts. However, both studies concur that most customers are happy to increase their contribution to the Big Difference Scheme.
Any other information	n/a

Project name	**Choices research – depths with large non-household customers**
Supplier	Truth
Fieldwork completed	June 2018
Aim of the research	To understand what matters most to large businesses in terms of service To explore their views of the business plan
Demographics	Three representatives of large, water-critical businesses located in the Severn Trent region. A large automotive company, a food manufacturer and a large hospital were consulted. All were accountable for the water supply at their company, but job roles varied; they worked in estate management, health and safety and energy manager roles. Two of the companies had experienced a water supply interruption in March 2018. This incident seriously impacted one business. This context has driven perceptions of Severn Trent's priorities at each business. TOTAL CUSTOMERS CONSULTED: **3**
Research approach	Face-to-face qualitative interviews, each lasting one hour
What did the research tell us that was new?	**Water is a critical resource for all of the large businesses, and therefore their focus is primarily on a guaranteed and reliable**

	supply. To this end they would like to see investment from Severn Trent in the areas which affect supply. All large businesses see themselves as part of their community and take their social obligations seriously. They want to see this reflected by their suppliers and partners. This affects their view on measures which affect the community and natural world. They want us to prioritise long term investment and tend to de-prioritise areas that do not directly or frequently affect them as a business. The retailer / wholesaler split has created a barrier between business and the supplier, which is not in businesses' interests. Businesses depend on water supply and seek to maintain a relationship with Severn Trent in case service issues occur, and want to see Severn Trent committed to their interests as well as the wider consumer base. They are happy to pay more for a better wholesale service. Compared to other utilities, and other business expenses, water is cheap. Conversely, water supply is a significant business risk; without water the business can't function. Therefore these large businesses are not particularly price sensitive – their priority is minimising risk and maintaining supply This dynamic feeds through to the incentive mechanism; large businesses are prepared to pay more for higher and frontier performance as the perception is that it will meet their needs better. The key benefit of splitting retailer from wholesaler is to introduce competition and reduce costs, however, water is a relatively low expense compared with other utilities and business costs, and there are only marginal savings connected with switching retailer. On the other side, the retailer / wholesaler relationship introduces complexity and additional bureaucracy. Response times from retailers for even minor service queries are slow. This is a backward step from having a dedicated relationship manager with Severn Trent. Ultimately businesses see Severn Trent as holding responsibility for wholesale service issues, and so seek a direct relationship with them. There are a number of frustrations with retailers: These include: a long lead time between a request for information and the answer, billing complications, late bills, lack of communication and lack of integration with the wholesaler We asked businesses to feed back on the performance commitment areas at a general level, before going into the detail of what is proposed. Of primary priority are issues relating to reliability of supply. Of secondary priority are issues relating to making a positive difference in the community. Of tertiary priority are issues which may be of importance, but which do not directly affect the business. **On seeing the detail of what is proposed opinions shift a little. Primary priorities relate to water supply interruptions, leakage, response to leaks, low pressure and mains bursts. Secondary priorities are biodiversity, river water quality and pollution incidents. Tertiary priorities are internal sewer flooding, external sewer flooding, sewer blockages, sewer collapses, lead pipes and discolouration, taste and smell.**
What did we already know that the research validated?	Large businesses want (and expect) quick solutions if there are service issues

Did the research contradict any other findings?	n/a
Any other information	n/a

Project name	**Lead-free schools – Tap Chat survey and online focus group**
Supplier	Join the Dots
Fieldwork completed	Live chat: 5 May 2018 Survey: 8 May – 10 May 2018
Aim of the research	This project provides insight on two topics: Severn Trent wants to check proactively for lead pipes in schools and nurseries, to reach a position where there are no lead pipes supplying water in the region's schools. We wanted to check whether customers agree with this strategy.
Demographics	Panel members were invited to participate in the live chat. Six panel members participated, followed by an online survey which was taken by 545 panel members. Mix of age, gender, SEG and metered status. TOTAL CUSTOMERS CONSULTED: **551**
Research approach	Live chat – online discussion lasting one hour, followed by a 20 question survey with 545 Severn Trent customers.
What did the research tell us that was new?	Lead in drinking water isn't a major spontaneous concern for these customers. More common concerns about water quality are around unpleasant smell and taste, limescale, fluoride, chlorine, pollutants, air bubbles etc.. Most are aware that lead pipes were widely used until the 1970s; half of those aware say it's a concern for them. 8/10 customers claim to be aware that pipe ownership changes from the water company to the property owner at the property boundary. Most believe the approach of tackling lead pipes in schools and nurseries first is a good idea and that the proposed target is acceptable. However, some don't want to pay more via their bills if Severn Trent exceeds the target. **Resistance is largely because customers feel *every household's* pipes should be checked, not just those belonging to schools and nurseries, as children are more likely to drink water in the home.** **Some feel that schools/nurseries should check their own water pipes and homes should be given priority.** Some think Severn Trent should use profits or other sources to fund the initiative.

Project name	**Real options approach (WFD and supply/demand)**
Supplier	Britain Thinks

Fieldwork completed	6 July 2018
Aim of the research	To understand which of the approaches Severn Trent is considering in relation to the Water Framework Directive (WFD) and the supply/demand imbalance customers would prefer. To identify principles that should underpin decisions that ST takes when there is uncertainty.
Demographics	Mix of age, gender, life-stage, SEG, ethnicity and tenure type Four customers who are struggling to pay bills, two with a disability or health problem Mix of payment types, billing methods and water meter status Mix of attitudes to the environment TOTAL CUSTOMERS CONSULTED: **24**
Research approach	A day-long deliberative workshop, held in Birmingham
What did the research tell us that was new?	Customers are used to bills increasing over time, therefore a small annual increase in water bills is not a huge concern for the starting point for many customers is an increased need for water, leaks and use of water meters, with some awareness of inflation When presented with the reasons behind bill increases customers were (even) more accepting of potential rises Customers were positive that ST is planning to reduce bills prior to inflation Customers say that they would be concerned about increases from between £3 and £10 extra per month. £5 is seen as a 'notable' payment, and therefore an acceptable (maximum) increase There is no existing 'gold standard' for how companies communicate bill changes to customers. Email, text and post are all mentioned as good ways for ST to keep customers informed. A couple of customers mentioned ST's recent texts about the heatwave as great examples of short, snappy and useful communications Customers' front of mind issues facing water providers are the maintenance, supply, shortage and price of water. Climate change was not spontaneously mentioned by many as a challenge Customers are surprised by the challenges to the water supply, but expect and trust Severn Trent to deal with it effectively We gradually revealed information about three different options to address uncertainty relating to the supply/demand imbalance, and the impact on bills, to understand how perceptions changed. The options were: Option A (invest now in schemes that might turn out not to be needed), Option B (some investment for design/feasibility) and Option C (do nothing yet). Most chose Option B initially, and did not change their opinion after the impact on bills was shown. However, once shown the impact of all three options on their bill, a minority of customers changed their mind and selected Option A. These customers consider a bill increase of £4 per year to be insignificant. We presented customers with information about the Water Framework Directive, explaining that Severn Trent must take action to improve river water quality, and that Severn Trent has 'green' and 'amber' schemes for improving river water quality. Customers then decided individually whether Severn Trent should include funding for the 'amber' schemes as well as the 'green' ones. Initially, most chose to fund just the 'green' schemes. But once bill impacts were shown, most wanted the 'amber' schemes to be funded too, since an additional £3 on their annual bill was not considered to be high. Those who are

	keen on 'amber' investments tend to care more about the environment, and trust the company to do the right thing. In the context of customers' household bills, Severn Trent bills are seen to be low. As a result, there is a relatively high tolerance of bill volatility.
What did we already know that the research validated?	**Trust in Severn Trent is high, based on personal experience of a reliable water supply. Communicating about Severn Trent's plans to address the supply/demand imbalance could help to build trust further.** **Customers have a relatively relaxed attitude to their water bill because it is generally much lower than their other bills. As a result, they are positive about the value for money ST provides** **Those without a water meter are more likely to be disengaged with their water bill, as the fixed price means they know what to expect** **The environment is a key concern for customers. Most customers are concerned about the environmental impact of unnecessary works, but think that ST needs to forward plan to ensure it is protecting the environment** **There is an acceptance that the long-term security of the water supply is the responsibility of both Severn Trent and the customer. As such, many spontaneously talk about Severn Trent educating customers on how to use water more efficiently** **Customers outline four overarching principles that define the motivation behind their choices in terms of supply demand solutions:** **Does it encourage responsible use of water?** **Is this a long term / sustainable solution?** **Is it value for money? (i.e. will it provide value in the long run, not the cheapest option)** **Does it avoid harming the environment?** **Customers feel that ST and customers must work in partnership, therefore an equal split of demand management and supply side approaches is preferred. However, the size of potential contribution from supply side options leads many to view them as the most effective choice.**
Did the research contradict any other findings?	**n/a**
Any other information	n/a

Real options approach – quantitative research

Project name	**Real options poll and discussion (WFD and supply/demand)**
Supplier	Join the dots
Fieldwork completed	13 – 15 June 2018
Aim of the research	To understand customer preference for the approach Severn Trent could take with respect to the two areas of uncertainty in investments: Improving the biological health of rivers over 2020 – 2025 to comply with the Water Framework Directive The supply-demand balance, ensuring water for future generations
Demographics	Mix of age, gender and SEG. TOTAL CUSTOMERS CONSULTED: **824**

	Quick poll 1 – 824 completes Quick poll 2 – 781 completes Online discussion – 216 comments
Research approach	Tap Chat community panel. Two polls and an online discussion.
What did the research tell us that was new?	On improving river water quality, 76% of customers want us to wait until the “amber” schemes have been confirmed before we recover the costs for investment through customer bills. Only 24% want us to collect the money up front and refunding it back to them later if the schemes do not go ahead. Some customers have concerns that they may have moved or died by the time Severn Trent refunds the costs of schemes that do not go ahead. Some are skeptical that they will ever receive a refund. A few feel that it isn’t fair to ask customers who are struggling to pay their bills for money they don’t have to make investments that may not be needed. There is an underlying sentiment that customers should not have to pick up the bill for future investments in environmental improvements or in building new infrastructure. These investments should either be funded by government, company profits or shareholders. A similar sentiment emerges on the supply-demand investment to ensure future water supply in the event of impacts from climate change. **69% of customers prefer Severn Trent to be in state of readiness by investing a moderate amount now to lay down the ground work**. 18% would like us to invest now in infrastructure that may not be needed in the future. Only 13% feel we should do nothing until it becomes completely clear that the investment is needed (13%).
What did we already know that the research validated?	**Severn Trent should be doing a lot more to educate customers on how to use water wisely. We should also be:** **Fixing water leaks (which is seen as a major priority).** **Maintaining infrastructure.** **Promoting metering so customers can see how much water they actually use.** **Investing in new technologies relating to water efficiency.** **Increasing water storage and distribution**.
Did the research contradict any other findings?	n/a
Any other information	n/a

Project name	**A fair balance of charges over time**
Supplier	Britain Thinks
Fieldwork completed	12 July 2018
Aim of the research	Engage with customers to understand their views on their proposed approach to achieve a fair balance of charges over time in terms of: How to measure inflation when calculating the RCV payments How to maintain a good credit rating for future investments

Demographics	Spread of customer age, gender, SEG, life stage, ethnicity, urban/rural. Mix of payment types, billing methods and water meter status. In order to ensure engagement with topics under discussion, the customers recruited had stated they had an interest in personal finance, and that they like to shop around for personal financial products. TOTAL CUSTOMERS CONSULTED: **12**
Research approach	Half day deliberative workshop in Coventry
What did the research tell us that was new?	When thinking about the balance of charges over time, there is a considerable degree of alignment between customers' spontaneously developed principles and ST's principles Customers identify bill stability, maintaining the current level of service delivery and each generation paying their fair share as their spontaneous principles When shown ST's principles customers identify bill stability as the most important one, although they agree that all three are important. The principles are felt to be sensible, fair, and to have customers' long term interests at their heart All identify themselves as the next generation of bill payers (i.e. the people that would be paying any costs pushed forward to the 2025-2030 period). Some also discuss the principles in the context of having children and grandchildren that they do not want to push the costs onto. Customers agree with ST's proposed approach for changing the measure of inflation and maintaining access to low cost borrowing. It is thought to reflect ST's principles and ensure bill stability over time. When presented with the expected impact on bills, customers continue to support ST's proposed approach. However the actual volatility in bills for the alternative approach is not as great as expected. We presented customers with information about how Severn Trent funds their investments, the concept of the RCV and how customer charges contribute to it over time - customers broadly understand the concept of the RCV and think it is sensible in the context of the water industry All understand why Severn Trent borrows money to fund investment. All agree that the cost of this should be shared by bill payers over a long period of time to reflect the lifetime of the infrastructure it funds. Some are concerned about how shocks (like natural disasters) might affect the size of the RCV and do not spontaneously understand that these eventualities are planned for as part of the long term investment process. The size of the RCV is not seen as relevant to customers in principle and is believed to be for Severn Trent to manage. It only feels relevant in so far as it doesn't result in big bill increases or a degradation in service delivery. The idea of a credit rating is also familiar to most.
What did we already know that the research validated?	Spontaneously, customers are broadly satisfied with Severn Trent When customers see information about Severn Trent, including their core service areas, how they set their bills, and where they spend their money, customers continue to view Severn Trent positively, and are surprised to see how much is invested Customers are surprised that Severn Trent has a regulator, about the cost of the average bill and about the support offered to struggling customers

Did the research contradict any other findings?	n/a
Any other information	n/a

Project name	**A fair balance of charges over time - survey**
Supplier	Join the Dots
Fieldwork completed	July 2018
Aim of the research	To quantify customer views on the balance of charges over time
Demographics	Quotas set on age, gender, SEG and meter status to reflect Severn Trent region TOTAL CUSTOMERS CONSULTED: **502**
Research approach	Quantitative survey of Tap Chat members
What did the research tell us that was new?	We asked respondents to choose which of two approaches they'd be most likely to take when personally buying something that will last for some time, such as a car, a piece of furniture or new kitchen. The majority (81%) said, 'I would rather pay a little bit more now (i.e. save less money now) if that means I will pay less over the long term'. 19% said, 'I would rather spend less now (i.e. save money now) even if it means I have to pay more over the long term'. Customers were asked whether they agreed with each of Severn Trent's principles to ensure a fair balance of charges. A large majority of respondents agree with each. **Bills being stable over time receives the highest level of support.** **Respondents were asked to choose between two bill profile scenarios. 88% of respondents chose the scenario with a smaller bill reduction in the short term, but a more stable profile over time.** Women are more likely to want a lower reduction now if this means financial stability in the future. Financial stability is also more important to lower social grades (DEs) as fluctuations in bills can cause significant financial problems for them. Those who chose the scenario with a greater reduction now, but less stable bills over time did so because they don't have the funds to afford to pay more in the short term. Others said they might not be around due to their age so wouldn't be affected by future increases.
What did we already know that the research validated?	69% agree that that the water and waste water charges they pay for are affordable to them. Although the question wording is slightly different, this finding is consistent with our quarterly customer tracker survey (66% agree in Q1, 2018).
Did the research contradict any other findings?	n/a
Any other information	n/a

Part 2: Research commissioned since PR19

Newly commissioned (Green Recovery)

Project name	**Consumer attitudes, perceptions and priorities for long-term investment**
Supplier	Britain Thinks
Fieldwork completed	September and October 2020
Aim of the research	To understand perceptions of the biggest issues (short, medium and long term) facing the country To understand the role that customers expect Severn Trent to play in addressing them To explore responses to the request from government and regulators for Severn Trent to contribute to the post-COVID-19 Green Recovery To create a set of principles for Severn Trent to use when making future decisions about investments To understand the role that customers want to play in Severn Trent's future decision making on investment To explore responses to four outline ideas for specific investment projects (*Bathing rivers, Flood-free communities* (this was later changed to: *Flooding resilient communities*), *Removing customer-owned lead pipes* (this was later changed to: *Taking care of supply pipes*) and *Carbon neutral water resilience* (this was later changed to: *Lower carbon water resilience*) Customer views of Severn Trent's plans for funding these investment ideas, including the acceptability or otherwise of a £6 per year bill impact
Demographics	Severn Trent consumers (not necessarily bill-payers) reflecting the demographics of our customer base. Participants were recruited to comprise a mix of gender, age, life stage, ethnicity, socio-economic group, geography, urban/rural, housing tenure, bill payers vs non bill payers, metered vs unmetered and with vs without internet access. TOTAL CUSTOMERS CONSULTED: **44**
Research approach	This programme of deliberative research comprised three stages: **Live launch event on Zoom** (2.5 hours) – plenary and six breakout focus groups **Online community using the Recollective platform**, structured over 10 days. Each participant was asked to engage in tasks and discussions for a total of three hours **Live closing event on Zoom** (2.5 hours) – plenary and six breakout focus groups The same consumers participated at each stage; they gradually became more informed of the issues and facts during the course of the project. At each stage we also conducted a parallel in-depth telephone interview with five consumers who do not have access to the internet.
What did the research tell us that was new?	**Customers see the health and economic impacts of the COVID-19 pandemic and threats to the environment (particularly climate change) as the two biggest issues facing the country today.** However, minimal knowledge of the water industry and of Severn Trent means many don't spontaneously see what a water company can do to help address these problems. **Customers were positive about Severn Trent's efforts to plan for the future in five key areas**: the increasing risk of flooding and drought, concerns about the

	environment, sustainability and wellbeing, pollutants and wastewater treatments and a zero carbon future. **Although customers start with little understanding of the term ”the Green Recovery”, on learning more about the government’s request to the water industry and how Severn Trent could contribute to a “Green Recovery” they are enthusiastic.** Severn Trent’s willingness to present plans that will contribute to the “Green Recovery” reflects well on the company and shows they are playing their part in tackling the biggest issues facing the UK. **Customers say they want to be involved in Severn Trent’s decision making in the future, especially decisions that would impact their local area or their water bill**. However, they believe that technical decisions are best left to the experts. The four typologies identified in CCW’s Better Engagement research (*I don’t care, Leave it to the experts, I want to be involved but I am struggling* and *Give me everything you’ve got*) resonated with participants. **Customers devised a set of principles for Severn Trent to use in future decision making.** Key themes include ensuring decisions were sustainable and future proof, communicating about decisions made to customers clearly and honestly, and ensuring safe and affordable water for all. **Customers respond positively to Severn Trent’s four outline investment ideas.** These are thought to be a sensible response to the government and regulators’ request, and most can see how each would benefit both the economy and the environment. After deliberation, the two most popular investment ideas were *Bathing rivers* (which is felt to be the most innovative and exciting) and *Flood-free communities* (which is felt to be a vital step in tackling a problem that can cause significant damage to customers). **It was felt that all four ideas would have a positive impact on community health and wellbeing.** All of the ideas except *Replacing customer-owned lead pipes* were also seen to benefit the environment. **The potential drawbacks of all four projects were seen to be cost and disruption to the local community.** For *Carbon neutral water resilience* and *Replacing customer-owned lead pipes*, some participants questioned whether these projects would benefit them directly. Around *Bathing rivers*, there was an additional concern about water safety if swimming in rivers were encouraged. **Most customers thought it was realistic to use all three potential sources of income to fund the investments (customer bills, shareholder investment and borrowing).** They considered this a balanced approach to ensuring costs are spread out over future generations. **Some participants suggested that since the government had proposed the involvement of these organisations in the ‘Green Recovery’, that they should also help financially to make these investments a reality.** **Customers are willing to contribute to funding the four investment ideas.** On seeing a £6 per year bill impact, almost all were happy to pay; this was less than they had expected, having seen the outline scope of the projects. **A proactive approach to investment was seen as more cost effective than a reactive approach in the long term. Customers felt this demonstrates Severn Trent takes its responsibilities to the customer and environment seriously.** Some, (particularly those with children) felt it was important not to burden future generations with poorly maintained assets. However some did spontaneously worry about the impact of a proactive approach to investment on customer bills, particularly for those living on low incomes. **Spreading the cost of investments over time was seen as the fairest approach, because customers could see that future customers would benefit from each of the investment ideas in the long term.** Some also emphasised that the additional financial pressure many are experiencing due to the pandemic means sharp bill rises may not be affordable in the short term.

	While most customers didn't hold strong views on the length of water company investment cycles, many saw the benefit of a five-year cycle. They felt this allows enough time for ideas to be implemented and to measure success, but not so much time that Severn Trent could not make changes to a strategy that isn't working.
What did we already know that the research validated?	• Flooding and water resilience are among customers' key concerns • The environment is important to customers • Many customers think CSO discharge is unacceptable • Customers want us to be leaders in sustainability, e.g. carbon • Many customers are unaware that they are responsible for their supply pipe, and believe we should take responsibility for it when it is made of lead or leaking
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**First impressions of the four Green Recovery proposals**
Supplier	Join the Dots
Fieldwork completed	October 2020
Aim of the research	To explore customers' first impressions of our four outline Green Recovery proposals
Demographics	The whole Tap Chat community was invited to participate. Number of participants in each discussion: • Bathing rivers: 173 • Carbon neutral water resilience: 123 • Flood-resilient communities: 120 • Replacing customer-owned lead pipes: 184 • Total: **600**
Research approach	Four separate discussions on Tap Chat. The whole Tap Chat community was invited to give their views on one of the four ideas (at random), including their likes, dislikes and suggestions for improvement. They could also leave comments on the other three proposals if they wished. For each proposal, customers were shown two slides comprising information on: What is the idea? Why is it important? And What does Severn Trent plan to do?
What did the research tell us that was new?	**Overall views** • All four ideas are supported by customers. Primarily, they are generally seen to be worthwhile projects for a water company to undertake. Customers also like the fact that there are some benefits to the environment and to the post-COVID economy – but these tend to be less front of mind.

	• Where there are concerns about the proposals, these tend to be around cost (assumed to be high – this was not shown in the stimulus material), possible disruption to people's lives, and a view that *core services* such as fixing leaks should be the company's focus instead of these new projects. **Bathing rivers** • Key benefits are seen to be improved river water quality, more biodiversity and safer recreational opportunities – leading to improvements in mental and physical health of river users. • Concerns include the safety of those swimming in rivers (especially children), the cost involved and the impact on nature due to more humans using the river. • Customers commented that other facilities would need to be provided at bathing rivers, e.g. removal of litter, toilets, wheelchair access, parking, equipment, picnic tables, benches and litter bins **Carbon neutral water resilience** • Key benefits are obvious to customers - increased supply of water and carbon neutrality. These customers are particularly keen on increased metering. • Concerns include the lack of detail provided about the proposal, particularly the fact that fixing leaks and new reservoirs were not mentioned – which are seen to be the obvious solution by many. • Some also feel this idea is not particularly innovative, and is something that Severn Trent should already be doing. • Some would like Severn Trent to invest in domestic greywater recycling and rainwater capture systems. Others mentioned the proposal should include encouraging customers to reduce water consumption, for example introducing water butts. **Flood-resilient communities** • The key benefit here is seen to be prevention of flooding. Customers particularly like the idea of natural, environmentally friendly solutions and separate sewers for rainwater and sewage. • A key concern is the potential high cost – especially of sewer separation. Some also feel this idea is not particularly innovative, and is something that Severn Trent should already be doing. • Many of the comments were about the need to stop developers building on flood plains, which customers think we should address too. **Replacing customer-owned lead pipes** • Key benefits are perceived to be health benefits of removing lead and reduced chemical dosing if lead pipes are removed. This proposal is seen to be particularly good for job creation. • Concerns include the cost and disruption to customers having their pipes replaces. • Some customers had not understood that Severn Trent proposes to replace the customer's supply pipe, as well as the communication pipe, if it is made of lead – and so they were concerned about affordability.
What did we already know that the research validated?	• Flooding and water resilience are among customers' key concerns • The environment is important to customers • Many customers think CSO discharge is unacceptable • Customers want us to be leaders in sustainability, e.g. carbon • Many customers are unaware that they are responsible for their supply pipe, and believe we should take responsibility for it when it is made of lead or leaking

Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Pre-Acceptability survey on Tap Chat**
Supplier	Join the Dots
Fieldwork completed	November 2020
Aim of the research	• To inform the design of our Acceptability survey and stimulus materials • Understand customer views on the four Green Recovery proposals • Understand customers' willingness to contribute to the cost of the projects • Gather feedback on the survey and stimulus materials
Demographics	1,000 Tap Chat members. Data were weighted to match our customer profile.
Research approach	Survey on Tap Chat
What did the research tell us that was new?	• Support for Severn Trent undertaking this package of four economic recovery projects is very strong; 98% of customers surveyed support them. • The few who are not supportive of the package were mostly focussed on the perception that it won't benefit them personally or that it might cost too much, rather than it not being a good idea. • The projects are seen to offer a wide range of benefits. The benefit to nature (83%) and to the people of the region (79%) are key drivers of support. 67% say these are sensible things to do and 65% say it will improve the economy. Personal impact is less of a driver (37%). • Most are willing to contribute via their water bills to the cost of the package. The largest proportion of respondents was willing to pay £12 per year (or £1 per month). • The **Green Flood Resilience** project is seen to help to tackle the critical issue of flooding for many communities, but it is not relevant to all customers, so some place less importance on this compared to other projects. • The **Taking Care of Customers' Supply Pipes** project appeals because not all affected customers have the means to replace harmful lead pipes. But again, it is not relevant to all customers, so some place less importance on this compared to other projects. And some question why they should pay to improve other people's property. • The **Lower Carbon Water Supplies** project is also seen to help tackle an important problem but it is considered the least detailed out of the four; customers want to know specific information about the initiatives to increase water supplies with a lower carbon impact and how these will work in practice. • The **Bathing Rivers** project is praised for helping to clean up rivers, protect the environment and re-connect people with nature, but it is the least liked out of the four, with some questioning why river swimming is being encouraged when it can be dangerous. • Customers would like to see more detailed information about the proposed projects, including, more background information about the problems they are designed to address, detailed cost / benefit analysis of each project, and more detailed information about the cost to customers.

	• 9 in 10 customers say they found the survey easy to complete, but participants would like to option to feedback individually on each of the projects, as well as to rank them in order of importance / preference to themselves. • The stimulus information is considered easy to understand and is necessary, questions are considered clear, and answer options provided relevant and sufficient • Most people find it easier to answer about acceptability of bill impacts when the payments are expressed in monthly amounts rather than yearly amounts. • Those who have seen the bill impact across AMP7 *including an estimate for inflation* are slightly less willing to support the package (86%) than those who have seen the amounts *excluding inflation* (91%). • When thinking about how the bill impact of these projects should be phased across AMP7, there's a strong preference for bill stability year on year
What did we already know that the research validated?	N/A
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Bathing rivers Tap Chat poll and discussion**
Supplier	Join the Dots
Fieldwork completed	July 2020
Aim of the research	• To understand whether or not customers would like river water to be of bathing water standard, i.e. whether they want us to invest in the requisite wastewater treatment processes • To understand whether or not customers would use rivers for recreation if the water were of bathing standard, and why/why not • To understand views on river pollution caused by nature, agriculture and humans (including CSOs)
Demographics	Half of the Tap Chat community was invited at random to participate. **321** members answered the poll 192 left a comment There was a mix of age, gender, SEG and geography.
Research approach	Tap Chat poll and discussion

What did the research tell us that was new?	• Almost two thirds of customers polled believe at least some rivers in our region should be of bathing water standard (64%) • It's widely held that river water quality should be improved. Customers think cleaner rivers would enable people to enjoy the health benefits, fun and freedom of swimming outdoors if they want to, and that it would help wildlife to flourish • Some customers want us to invest in infrastructure that eliminates the need for CSOs • However, over one third of those polled (36%) don't feel it's necessary for rivers to be safe for swimming. There are concerns about the cost of additional water treatment and a possible detriment to nature, for example because of increased footfall and littering around rivers. Some feel that river water is already clean enough, provided wildlife in and around rivers is thriving. • A minority of customers would be interested in swimming in rivers if the water were of bathing standard. However, paddling would be much more popular. • Customers give many different reasons for not wanting to swim in rivers (even if cleaner), including strong currents, cold water, rocks, algae, reeds, lack of safe access and safety equipment and not wanting to disturb natural habitats.
What did we already know that the research validated?	N/A
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Deep dive focus groups with specific communities – Bathing rivers**
Supplier	Britain Thinks
Fieldwork completed	November 2020
Aim of the research	• To explore views about the river, its cleanliness and attractiveness for leisure activities and swimming. • To explore responses to the Bathing rivers proposal, including participants' suggestions for improving it and any possible drawbacks or unforeseen consequences.
Demographics	Five online focus groups: • Three groups with users of the River Avon (Stratford/Coventry/Leamington) and River Teme (Ludlow) (wild swimmers and other recreational river users). • Two groups with people who live near the River Avon and River Teme but don't use it. • 25 customers in total
Research approach	Five online focus groups

What did the research tell us that was new?	• Customers enjoy using their local river in a variety of ways. Those who go into the water do not use any formal information to determine whether or not the river is safe to use, instead relying on their senses and instincts. • There is low awareness of the lack of designated bathing rivers in the UK. Customers look to Europe as an example of how the river could be utilised if water quality were improved and cultural mindsets shifted. • Customers are supportive of the Bathing rivers proposal and recognise advantages for local wildlife and recreation once water quality improves. Customers believe it would give them peace of mind about river water quality. • Customers feel that a bathing river, especially if it is the first in the UK, could help to bring people into the local area for tourism purposes, boosting the local economy. • However, customers have very real concerns about the safety of the river area and about whether increased use will have a negative impact on the environment. While they don't expect Severn Trent to be responsible for ensuring these areas are safe, they do want the company to ensure that *someone* is taking responsibility. • Customers want to hear from Severn Trent about how the pilot is progressing and are willing to take action themselves to maintain the water quality, for example by litter picking.
What did we already know that the research validated?	N/A
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Deep dive focus groups with specific communities – Taking care of supply pipes**
Supplier	Britain Thinks
Fieldwork completed	November 2020
Aim of the research	• To understand customer views of customers living in pre-1970's housing (likely to have lead pipes) around supply pipe issues (leakage and lead) and their response to our Taking care of supply pipes proposal
Demographics	Customers who live in a home built before 1970. One group of financially comfortable customers, one group 'just about managing' financially and one group of renters. There was a mix of age, gender, SEG and geography. 11 customers in total

Research approach	Three online focus groups
What did the research tell us that was new?	• The information that around 25% of leakage is lost from supply pipes seemed surprisingly high for some customers. Those with water meters were understandably more concerned about the impact of this. • There were low levels of awareness of lead supply pipes. For some, especially those with children under five, the potential health risk is particularly concerning. However, others assume that a lack of awareness and discourse on the issue suggests that the health risk is probably minimal. • Customers are supportive of the Taking care of supply pipes scheme overall and see significant positive impacts on Severn Trent customers as a whole. However, there are concerns about the personal disruption and possible hidden costs of the scheme mean that many are unsure if they would personally engage with it. • However, if a significant number of neighbours were having this work completed, then many felt this might prompt them to take part themselves. These customers say that as the work being done in their area would cause them disruption anyway, they might as well experience the benefits of the scheme. • All customers want clear communication from Severn Trent about the type and length of disruption that might be expected in order to feel confident participating in the scheme. • Adding £1 to every customer bill was felt to be the most appropriate funding option of others shown (for example, cross-subsidising the most financially vulnerable customers only, or mandating insurance). Customers wanted Severn Trent to trial the scheme by area, prioritising the most vulnerable in each location.
What did we already know that the research validated?	• Many customers are unaware that supply pipes are the homeowner's responsibility, assuming Severn Trent would be responsible for fixing leaks and replacing lead pipes.
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Deep dive focus groups with specific communities – Green flood resilience**
Supplier	Britain Thinks
Fieldwork completed	November 2020
Aim of the research	• To explore experiences of flooding and what would improve this • To explore views on living near a SuDS feature • To explore views on our Green flood resilience proposal
Demographics	• One group living near a SuDS feature.

	• One group experienced flooding in their home (mix of flooding due to rainwater, sewage and river water) • There was a mix of age, gender, SEG and geography. • Amongst the SuDS group, two customers were aware they lived near a SuDS feature and three were unaware; four of them had also seen flooding in their neighbourhood. 11 customers in total
Research approach	Two online focus groups
What did the research tell us that was new?	• For those with experience of flooding, future floods are a real concern. Most feel the problems that caused their flooding haven't been addressed and that they haven't received adequate support to protect their properties in the future. Those who live in areas protected by SuDS have less direct experience of flooding and therefore do not see it as a pressing concern. • There is a feeling amongst both groups that no one is taking responsibility for flooding, as so many agencies and organisations are involved in flood prevention. This view was especially strongly expressed by victims of flooding who perceived they had been passed around organisations without getting much help. • Awareness of SuDS is low, even amongst those who live near them. As a result, those living in communities where SuDS had been installed perceive there has been little information and engagement with communities about their installation and impact. • Severn Trent's proposal to introduce more SuDS was well received, because of the perceived benefits to the environment and prevention of some flooding. However, reassurances will need to be provided on effectiveness and maintenance in order to secure strong support. • Customers wanted to see Severn Trent work with other agencies, prioritise high impact customers and engage with customers about their plans on both an individual and community level.
What did we already know that the research validated?	N/A
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Customers' experience of having a lead supply pipe replaced**
Supplier	Conducted in-house via Qualtrics survey platform
Fieldwork completed	November 2020
Aim of the research	• To understand customers' motivations for having their lead supply pipe replaced, and to explore what, if anything, could have improved the experience • To understand customers' experience of having Severn Trent replace their lead communication pipe
Demographics	• Customers who have been through the Severn Trent free new connection process in the last 6 months, following the customer replacing their lead supply pipe.

	• There were 55 survey responses (at 10 December 2020)
Research approach	1. 247 customers were contacted by email and invited to participate in the survey 2. Please note the sample size is low and no quotas were set, so the findings are not necessarily representative
What did the research tell us that was new?	• Four fifths of customers surveyed say they decided to replace their lead supply pipe due to health concerns about lead. These concerns were mostly around their own health, but also that of their children/grandchildren. Around one third of respondents replaced their lead supply pipe due to flow/pressure concerns. Around one in ten replaced their lead supply pipe because of a leaking pipe. A similar proportion did so because they were refurbishing their home. • Four fifths of these customers report that the benefits of having the supply pipe replaced were removing the lead health risk. Six in ten reported better flow or improved water pressure. Around one quarter reported better taste. • Three quarters of these customers believe Severn Trent should be responsible for replacing lead supply pipes. One quarter believe the property owner should be responsible. • The highest rated aspects of the experience were how worthwhile the work was, followed by the quality of the reinstatement and the quality of the workmanship. The lowest rated aspects were the time taken to replace the pipe, followed by the cost of replacing the supply pipe, and the disruption caused. • Around four in ten used a Watersafe plumber to replace the lead pipe. Around one fifth did it themselves. The others used a contractor they were using for other home improvements, a local plumber or water pipe contractor. The reinstatement work was done by similar proportions of each type of organisation. • Many of the respondents had a good experience of the supply pipe replacement, citing good workmanship, good communication and minimal disruption. Others were dissatisfied, for example, with the time taken and the cost. • Opinions were polarised on the experience of Severn Trent's replacement of the communication pipe. There were some very positive comments about Severn Trent staff, both on the phone and in person. However, there was also some dissatisfaction with communication, project management and delays.
What did we already know that the research validated?	N/A
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Green Recovery – acceptability research (household customers)**
Supplier	Qa Research
Fieldwork completed	December 2020

Aim of the research	To gauge customers' views, levels of acceptability and willingness to pay for Green Recovery initiatives
Demographics	• Quotas were set on age bands, gender, social grade and metered / unmetered. Data were weighted to match our customer profile. • Digitally disenfranchised and future bill payers were included • Respondent base: 2,138 respondents
Research approach	• Online survey • Telephone survey with digitally disenfranchised customers • The design of this survey was informed by a survey of Tap Chat members (pre-acceptability research) and cognitive testing
What did the research tell us that was new?	**Support in principle for the four ideas and for the package** • Customers were very supportive in principle of each of the four ideas tested (74% bathing water standards, 75% lower carbon water supplies, 82% taking care of customers' supply pipes and 82% green flood resilience). • Overall as a package with all four projects together, before being shown the bill implications, 83% were supportive (with 14% not minding either way and only 2% unsupportive). • The biggest determinant in supporting each of the ideas is the level of satisfaction or dissatisfaction with the current service provided by Severn Trent, along with whether the current bill is seen as value for money and affordable. There is considerably more difference in the level of support or not based on these factors than demographics (i.e. age, gender or social grades). • Reasons for being supportive in principle are more to do with the ideas seeming to be a sensible thing to do, that they will have a positive impact on nature and wildlife, and on people in the region, rather than because they will reduce carbon emissions per se, provide a boost to the economy or because they themselves will benefit from the plans directly. • Customers were asked to identify any drawbacks of the package or unforeseen consequences. Almost two thirds (64%) were not able to identify any. The most popular suggestion was increased bills (16%). **Willingness to pay for the package** • Before being shown information about the projected water bills over the next 5 years, 71% of customers were supportive of paying at least £6 more (based on the average bill) to help fund the package of projects, with 11% unwilling to pay anything extra and 21% willing to pay £24 or more. • Support drops to 65% at £8 and 61% at £10, before a dramatic drop in support for any higher increase – 47% at £12, 39% at £14 and 32% at £16. • Most of the 11% who are unwilling to pay anything extra feel they are paying enough as it is and additional funding should come from elsewhere and not from higher customer bills. • Again satisfaction with the current service makes more of a difference in willingness to pay than demographics (e.g. 75% of those satisfied with the current service are supportive of paying at least £6 extra a year compared to 34% who are dissatisfied; whereas support by age band is very similar – 68% of all 18-34 years olds, 69% 35-54 year olds and 73% of all 55+ year olds. A similar pattern is seen at other price points. • Financial circumstances do make a difference in willingness to pay – at a £6 increase to the average bill per year, 74% of those whose ability to pay their water bill has remained the same are supportive compared to

	55% who are less able to pay due to the impacts of Covid-19 on their finances and 42% who are unable to pay due to the impact of CV-19. However, 71% of all those who currently receive financial assistance from Severn Trent are supportive of paying £6 extra. • At a £8 increase to the average bill per year, 69% of those whose ability to pay their water bill has remained the same are supportive compared to 49% who are less able to pay due to the impacts of Covid-19 on their finances and 42% who are unable to pay due to the impact of CV-19. However, 62% of all those who currently receive financial assistance from Severn Trent are supportive of paying £8 extra. • When shown the bill impacts of undertaking these potential plans in context of bill changes over the next 5 years (i.e. either that the average bill in real terms will decrease or only rise by a small amount when inflation is factored in) support is high with 75% of those shown the likely bill impacts without inflation and 76% of those shown the information with inflation included being supportive of what Severn Trent is proposing based on the impacts on average bills. • There is a difference based on financial circumstances – customers who say *I don't really think about my water bill it's just something I have to pay* are much more supportive based on the likely bill impacts (82%) compared to those who *worry about not being able to afford my water bill* (65%) and those who currently *struggle to pay water bill or receive help* (55%). • However, even those struggling financially are on the whole more likely to support the projects based on the proposed impacts on bills than be unsupportive (e.g. 55% of all those who struggle to pay their water bill or receive help are supportive compared to 27% in the same category who are unsupportive). • If the proposals go ahead there is a clear preference for the costs to be phased to ensure bills remain as smooth as possible, rather than the additional costs being front or back-loaded over the next 5 years. **Bathing rivers** • 74% of customers were supportive of this idea. 38% were *very supportive*. • The most popular reasons for supporting this idea were: *it will benefit nature and wildlife* (68%), *it seems a sensible thing to do* (65%) and *it will make a positive difference to people living in the region* (63%). • Only 5% were unsupportive. The most popular reasons for this were: *it's just not important to me* (32%), *I expect it will cost too much* (23%) and *it's not a problem or issue that needs fixing* (22%). 22% mentioned something else not in the prompted list, which tended to be health and safety concerns around river swimming. • There is a significant increase in customers' consideration of local river based activities if improvements were made to river water quality. **Lower carbon water supplies** • 75% of customers were supportive of this idea. 36% were *very supportive*. • The most popular reasons for supporting this idea were: *it seem a sensible thing to do* (75%), *it will have a positive impact in reducing carbon emissions* (61%) and *it will benefit nature and wildlife* (50%). • Only 5% were unsupportive. The most popular reasons for this were: *I expect it will cost too much* (31%)*, I'm not sure I will benefit personally*

	from this (20%) and *it's just not important to me* (15%). 25% mentioned something not in the prompted list; these were mainly about unwillingness to have a water meter or about a preference to solve the problem by reducing leaks. **Taking care of customers' supply pipes** • 82% of customers were supportive of this idea. 47% were very supportive. • The most popular reasons for supporting this idea were: *it seems a sensible thing to do* (78%), *it will make a positive difference to people living in the region* (58%) and *I may benefit personally from this* (41%) • Only 4% were unsupportive. The most common reasons for this were: *I expect it will cost too much* (30%), *it will cause too much disruption* (15%) and *there was not enough information provided* (15%). 14% mentioned something not in the prompted list; almost all related to a view that households should be responsible for their own pipes, rather than all customers contributing. • There was little difference in support in principle with the proposal to take care of customers' supply pipes amongst those living in older (pre 1970 properties) and more modern ones (85% & 83% supportive respectively) • There was also little difference in the level of support when shown the bill impacts (76% of those in 1970 properties and 80% in more modern properties are supportive). **Green flood resilience** • 82% of customers were supportive of this idea. 46% were *very supportive*. • The most popular reasons for supporting this idea were: *it seems a sensible thing to do* (77%), *it will benefit nature and wildlife* (65%) and *it will make a positive difference to people living in the region* (65%). • Only 2% were unsupportive. The most popular reason for this were: *I expect it will cost too much* (29%), *there was not enough information provided* (16%) and *it's just not important to me* (13%). 19% mentioned something else not in the prompted list; these mainly related to a view that housebuilders should be made to pay for this and should not be allowed to build on flood plains. • Amongst those whose homes are at risk of flooding there is no difference in support in principle with the proposals related to green resilience measures (86% supportive compared to 82% of those who live in properties not at risk who are also supportive) • Nor is their any significant difference in the level of support when shown the bill impacts (81% of those at risk of flooding and 77% who are not at risk are supportive). **Principles for future investment** • Customers were asked what Severn Trent's principles should be for future investment. The most popular prompted answers were: *helping nature and the environment* (59%), *helping to lower carbon emissions or helping us to adapt to climate change* (46%) and *supporting health and wellbeing of communities* (43%).

What did we already know that the research validated?	These results echo research conducted on Tap Chat and by Britain Thinks.
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Green Gecovery – acceptability research (non-household customers)**
Supplier	Qa Research
Fieldwork completed	December 2020
Aim of the research	To gauge customers' views, levels of acceptability and willingness to pay for Green Recovery initiatives
Demographics	399 interviews with non-household customers Quotas were set on company size. Data were weighted to match our customer profile.
Research approach	Online survey
What did the research tell us that was new?	**Support in principle for the four ideas and for the package** • Non-household customers were very supportive in principle of each of the four ideas tested (83% bathing river standards, 85% lower carbon water supplies, 84% taking care of customers' supply pipes and 86% green flood resilience). • Support in principle is higher for all the ideas compared to the household customer research (83% vs 74% for bathing river standards, 85% vs 75% for lower carbon water supplies, 84% vs 82% for taking care of customers' supply pipes and 86% vs 82% for green flood resilience respectively). • Overall as a package with all four projects together, before being shown the bill implications, 87% were supportive (with 10% not minding either way and only 3% unsupportive). • This is very similar to the household customer research where 83% were supportive, 14% not minding either way and only 2% unsupportive. • The biggest determinant in supporting each of the ideas is the level of satisfaction or dissatisfaction with the current service provided by Severn Trent, along with whether the current bill is seen as value for money and affordable. Those who have not been financially negatively impacted by CV-19 also have higher levels of support. There is considerably more difference in the level of support or not based on these factors than the size or type of business or the value of their water bill. • Although there are different reasons for being supportive of each idea, the reasons for non-household customers being supportive in principle are generally more to do with the ideas seeming to be a sensible thing to do, that they will have a positive impact on nature and wildlife, and on people in the region, rather than because they will reduce carbon

	emissions per se, provide a boost to the economy or because they themselves will benefit from the plans directly. • 87% of NHH customers are supportive of the package as a whole; 46% are very supportive. Respondents were asked if they thought there would be any drawbacks or unforeseen consequences of the package. 70% felt that all of the impacts would be positive. 12% mentioned increased bills and 3% mentioned an environmental or ecological impact. **Willingness to pay for the package** • Before being shown information about the projected water bills over the next 5 years, 84% of non-household customers were supportive of paying at least 2% more to help fund the package of projects, 67% for paying 4%, 60% for 5% before a drop to 47% at 6% extra, with 7% unwilling to pay anything extra and 28% willing to pay 9% or more. • Again, satisfaction with the current service makes more of a difference in willingness to pay than other factors (e.g. 87% of those satisfied with the current service are supportive of paying at least 2% extra a year compared to 43% who are dissatisfied; whereas support by size of business (i.e. size of water bill) is very similar – 82% micro, 86% small, 88% medium & 91% large. A similar pattern is seen at other price points. • Financial circumstances due to the impact of CV-19 do make a difference in willingness to pay but not as much as levels of satisfaction with the current service – at a 2% increase to the annual bill, 85% of those whose ability to pay their water bill has remained the same are supportive compared to 86% who can pay now but are worried about the future and 72% who are struggling to pay. For a 2% increase 92% of those who have experienced a positive financial impact due to CV-19 are willing to pay, compared to 85% who have seen no impact and 77% where CV-19 has had a negative impact financially on their business. • The level of support decreases as the % increase goes up but the pattern of support between different business types, levels of satisfaction and impacts due to CV-19 remain the same. • At a 6% increase to the annual bill, 52% of those whose ability to pay their water bill has remained the same are supportive compared to 44% who can pay now but are worried about the future and 36% who struggling to pay due to the impact of CV-19 - 58% of those who have experienced a positive financial impact due to CV-19 are willing to pay, compared to 47% who have seen no impact and 40% who have seen a negative impact financially on their business; but the biggest difference is again between those who are satisfied with the current service or are dissatisfied (50% compared to 18% respectively). • When shown the bill impacts of undertaking these potential plans in context of bill changes over the next 5 years (i.e. either that the average bill in real terms will decrease or only rise by a small amount when inflation is factored in) support is high with 82% of those shown the likely bill impacts without inflation and 81% of those shown the information with inflation included being supportive of what Severn Trent is proposing based on the impacts on average bills. • The level of support after seeing the likely bill impacts is higher amongst non-household customers than household customers (82% compared to 75% shown the information without inflation and 81% compared to 76% respectively who were shown the information with inflation). • There is a difference based on financial circumstances – those businesses where their ability to pay the water bill has remained the same (86%) is higher than those struggling to pay the water bill due to CV-19 (65%), as

	it is between those who expect their business to be back up and running as it did before the pandemic by March 2021 (89%) compared to those who don't expect this to happen until 2022 or beyond (71%); but again the biggest difference in support is between those who are satisfied with current service (86%) compared to those who are dissatisfied (40%). • Again, as with the household customer research if the proposals go ahead there is a clear preference for the costs to be phased to ensure bills remain as smooth as possible, rather than the additional costs being front or back-loaded over the next 5 years. **Bathing rivers** • 83% of NHH customers were supportive of this idea; 43% are *very supportive*. The most common reasons given were: *it will make a positive difference to people living in the region* (57%), *it seems a sensible thing to do* (56%) and *it will benefit nature and wildlife* (51%). • 4% were unsupportive, typically because they think *it will cause too much disruption* (31%), because they *don't see the current situation as a problem or issue that needs fixing* (28%), because *it's just not important to me* (28%) and *there was not enough information provided* (28%). **Lower carbon water supplies** • 85% of NHH customers were supportive of this idea; 38% were *very supportive*. The main reasons for support were: *it seems a sensible thing to do* (61%), *it will have a positive impact in reducing carbon emissions* (55%) and *it will make a positive difference to people living in the region* (47%). • Just 3% were unsupportive, typically because: they expect *it will cost too much* (38%), *it's just not important to me* (34%) and *I'm not sure I or my business will benefit personally from this* (31%). **Taking care of customers' supply pipes** • 84% of NHH customers were supportive of this idea; 44% were *very supportive*. The main reasons for support were: *it seems a sensible thing to do* (67%), *it will make a positive difference to people living in the region* (52%) and *it will create jobs and improve the economy* (49%). • Just 3% were unsupportive. Main reasons were: *I expect it will cost too much* (62%), *it will cause too much disruption* (27%) and *it's just not important to me* (22%). **Green flood resilience** • 86% of NHH customers were supportive of this idea; 45% were *very supportive*. The main reasons for support were: it seems a sensible thing to do (64%), it will benefit nature and wildlife (56%) and it will make a positive difference to people living in the region (51%). • Only 2% were unsupportive, typically because: *I expect it will cost too much* (51%), *I don't think it's Severn Trent's job to be contributing to the Green Recovery* (31%) and *there was not enough information provided* (18%). • Amongst those NHH customers at risk of flooding there is no difference in support in principle with the proposals related to green resilience measures (81% supportive compared to 87% of those whose properties not at risk who were also supportive). There was however significant

	difference in the level of support when shown the bill impacts (89% of those at risk of flooding compared to 80% who are not at risk are supportive).
What did we already know that the research validated?	These results are similar to our acceptability research with household customers, and echo research conducted on Tap Chat and by Britain Thinks.
Did the research contradict any other findings?	N/A
Any other information	N/A

Relevant AMP7 BAU research

Project name	**Customer perceptions of our financial support schemes**
Supplier	Join the dots
Fieldwork completed	December 2020
Aim of the research	• To understand customers' views on our financial support schemes • To understand what we could do to improve them or make them easier to access To understand how we could ensure that everyone who is struggling to pay can access our financial support
Demographics	Half of the Tap Chat community was invited at random, by email, to take part in the research. 346 comments were left by 327 participants.
Research approach	Tap Chat discussion. Customers were asked to review a slide outlining briefly the ways we support customers who are struggling to pay, and were asked to leave us a verbatim comment.
What did the research tell us that was new?	• Customers feel our range of financial assistance schemes is comprehensive and impressive. • There were very few suggestions for improving the schemes • However, most were previously unaware of the schemes. • The key suggestion is that we promote them much more and target them more effectively. • Many suggest reaching out to people via channels we already use, such as messages on bills, a freephone number, via charities and foodbanks. Other popular suggestions were email, SMS text and TV messaging. Many said it's important that we offer non-digital means of accessing the schemes as well as a sympathetic ear. • Payment break was the only scheme questioned. • A few customers felt the schemes were too generous or comprehensive, and did not want their own bills to rise further to offset those of others. • Customers strongly support the concept of water efficiency audits; they are felt to save customers money whilst also reducing their water usage. • However, it's widely held that we should offer the audits to the whole region, not just to parts of Nottingham.
What did we already know that the research validated?	Previous research on Tap Chat has shown that people avoid schemes which may affect their credit history.

	Several customers suggested we should also promote installation of water meters to all unmetered customers likely to save money.
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Hot weather water usage/incident (May/June 2020)**
Supplier	Qa Research
Fieldwork completed	June 2020
Aim of the research	• To understand customers' water consumption habits during the hot weather in May/beginning of June 2020 • To establish whether or not households perceived that they were using more water and what activities have driven this usage • To determine why water usage increased compared to previous hot weather and reasons for that usage at particular times of day • To explore awareness and understanding of hot weather incident comms • To understand what impact the comms had on driving water conservation • To establish the impact of the hot weather incident on households and explore views towards how Severn Trent handled it • To understand attitudes towards water conservation; • To explore what messages, if any, would encourage greater water conservation.
Demographics	2,000 sample Representative sample - quotas set on in age, gender, SEG
Research approach	Online survey
What did the research tell us that was new?	• The hot weather incident was caused by a 'perfect storm' of a long sunny dry spell plus the COVID-19 lockdown • 89% of customers surveyed said they used more water than in previous hot spells. Increased usage was driven by recreation – especially filling paddling pools, hot tubs and children playing in sprinklers. Also by the watering of lawns and plants (garden centres had just re-opened) • Those reporting using much more water than in a 'normal' hot spell were most likely to be aged under 35. Those aged 55+ were least likely to use extra water. • 53% of 16-34s say they never think about how much water they use in hot weather. This age group was most likely to say they pay for water, so should be able to use it without worrying (47%). • Less than one third of customers were concerned about their water use during lockdown – although concern was higher amongst users of hoses, paddling pools etc.. 26% of unmetered customers and 27% of metered customers agree that water is cheap, so they don't worry about how much they use. • There are other barriers to reducing consumption too. 50% believe they are already doing all they can to save water. 18% say water

	efficient products are too expensive. 10% say they've never thought about saving water. • Customers are not clear what caused the incident – the highest proportion say they don't know (27%). Other popular answers were correct: increased demand (18%), people using too much/wasting water (16%). But 24% at least partly blame Severn Trent, e.g. leakage/bursts (11%) and not storing enough water (5%). • Most customers were satisfied with our handling of the incident. 22% of respondents claim they were affected by it – 4% by supply interruption, 14% by low pressure, 4% by both. Only 13% of those affected said it had a big impact on their household. 70% of those affected were satisfied with our handling of the incident; 10% were dissatisfied. • Our hot weather comms were fairly effective in persuading customers to use less water. Comms were recalled by one third of respondents, especially metered customers. Those who recalled the comms understood that we were asking them to reduce consumption. Of those who recalled the comms, 49% said they reduced usage, but 47% said they did not. Those most likely to reduce usage after seeing comms were the under 35s and those with a large or very large garden. • Most customers say they are willing to reduce water consumption in future hot weather. The majority say they are concerned about future water supplies (60%). But 38% say it would be very difficult for their household to use less water. The vast majority say they'd be responsive (to some degree) to requests to use specific products less if asked. • There are many comms messages which are likely to be effective in reducing consumption. Helping the environment, avoidance of water shortages, avoidance of a hosepipe ban and saving money are all motivating messages. A charity donation in return for reduced consumption is the least effective of the messages tested.
What did we already know that the research validated?	A perception that 'water is cheap' is a major barrier to reducing water consumption. Saving money is a key benefit of reducing water consumption.
Did the research contradict any other findings?	N/A
Any other information	N/A

Project name	**Hot weather ethnographic research**
Supplier	Join the Dots
Fieldwork completed	August 2020
Aim of the research	• Bring hot weather water usage to life. • Understand attitudes towards using, saving and wasting water. • Gauge reactions to communications about using and saving water.
Demographics	Nine Tap Chat members. Mix of age, gender, SEG and location across the region. All reported owning and using high water consumption items in hot weather, such as a hot tub, large paddling pool, hose, sprinkler etc..
Research approach	Online diary over ten days of hot weather. Participants completed five tasks, which included posting videos, photos and comments. We also gathered

	feedback on a number of water saving tips for the home and garden and on the free water saving products available on the Save Water Save Money website.
What did the research tell us that was new?	• Customers are less likely to have water saving behaviours in hot weather periods, because the barriers to water saving outweigh the perceived benefits. • Customers are positive towards water saving initiatives and nearly half say they are already doing something to try and save water, e.g. • Taking showers instead of baths • Turning taps off when brushing teeth • Ensuring dishwashers and washing machines are full before using • Collecting and re-using water in water butts • Covering and re-using water in paddling pools • Not watering lawns • Watering plants with a watering can rather than a hosepipe • However, reducing water consumption isn't high on their agenda compared to other environmental initiatives. There's no sense of anyone actively restricting water use in any way that means they'd have to go out of their way. People feel that they are in a bit of a moral dilemma when it comes to using water. They want to save water where they can, but at the same time they still need - and want - to use it. This is particularly the case in hot weather; water provides a fun play activity for children, people want to relax in their gardens, and gardening is important too. • Water saving behaviours tend to be both financially and environmentally driven, and so it's important that initiatives strike the right balance between the two. • Some of the water saving tips were seen to be something that people already do; however, they don't necessarily do them in order to save water per se. • 'Free' water saving products are appealing to customers, but awareness of them is limited and they're hard to navigate through on the Save Water Save Money website. • The products were seen as really great options - and all of our participants either ordered one of them, or plan to in future. The most popular options were the swell gel, tap aerators and shower head, but all products were ordered by at least one person. However, current awareness that Severn Trent offers these products is low, so it is important to sign post customers to these so they can take advantage of them.
What did we already know that the research validated?	People use more water in hot weather, both in the home and garden, because people want to make the most of the sun and keep cool and hydrated.
Did the research contradict any other findings?	N/A
Any other information	N/A

Part 3: Stimulus materials used in research

Household survey

Proposed projects

In line with the government's plans for 'green' investment, Severn Trent will bring forward some projects that were already planned (and budgeted for) for the next five years. *In addition*, the company has now come up with four new potential 'green' projects. They have already undertaken some research with customers to help shape these ideas. We now want to test how appealing these new ideas and potential initiatives are.

In this section we will show you each of the four different projects in turn that Severn Trent is considering and will ask for your opinions on each.

Before any decisions are made, Severn Trent want to know what customers think, so please read the information carefully and then give us your honest opinions as to whether you feel the ideas shown should go ahead.

BATHING STANDARD RIVERS:

Severn Trent wants to trial improving two stretches of river in the Midlands to meet the same 'bathing water' standards that apply to beaches. This means they can be enjoyed for swimming, paddling and other activities.

What is the issue?

Unlike many UK beaches, no rivers in the UK meet bathing water standards. This means they aren't monitored for health risks to people that swim in them. Achieving bathing water standard would also improve rivers for the wildlife that depend on them.

What is Severn Trent proposing to do?

Severn Trent would upgrade its sewage treatment works, upgrade its network to prevent diluted sewage entering rivers during very heavy rainfall, work with others who can cause pollution (e.g business and agriculture) and introduce 'real time' monitoring of river water quality.

What would the outcome be?

A cleaner and healthier river would support a variety of wildlife. It would also provide more opportunities for recreation, supporting health and well-being, and re-connecting people to nature.

LOWER CARBON WATER SUPPLIES:

Severn Trent wants to trial new ways to tackle one problem – increasing future water supplies to meet increasing demand for water – without causing another problem – increasing carbon emissions.

What's the issue?

Like other parts of the UK, in 10 years' time Severn Trent faces not having enough water to meet demand. Traditional ways of increasing water supplies can create lots of carbon emissions, through the electricity used to treat water or pump it through pipes, or the construction required, e.g. building a new reservoir or a new treatment works.

What is Severn Trent proposing to do?

Severn Trent wants to trial new, lower carbon ways to tackle this water shortfall including: encouraging customers to request a water meter, help businesses with greywater recycling, working with energy companies, using natural energy-free solutions that also help nature (e.g building new wetlands), and using old quarries to store up flood water. It would combine this with new renewable energy schemes to help pump and treat the water.

What would the outcome be?

Severn Trent would have more water to serve the Midlands' growing population and longer, hotter summers. It would achieve this with a lower carbon impact than is currently possible. This learning can also be shared with other water companies.

TAKING CARE OF CUSTOMERS' SUPPLY PIPES:

Severn Trent wants to trial taking over the care of the supply pipes of its customers, especially where those pipes are made of lead or leaking.

What's the issue?

Customers are responsible for the repair of supply pipes on their property (the pipe that runs from the mains in the street into customers' homes). Problems can be costly for customers to fix and older properties may also have lead pipes. As lead can be harmful, Severn Trent adds safe chemicals to its supplies to protect customers. But new legal standards are likely to come into force which will be much harder to achieve without removing lead pipes.

What is Severn Trent proposing to do?

Severn Trent would run a large trial in one part of its region where it will take on the maintenance of household customers' supply pipes. Working with plumbers in the area, they will replace/repair those that are lead or leaking - without any financial cost to the homeowner or tenant other than their water bills.

What would be the outcome?

By replacing customer pipes in the trial area, Severn Trent would protect homes in line with the future, tighter lead standard. It would help to find ways

to reduce leakage and reduce disruption in customers' homes. Replacing pipes should also reduce chemical treatment, saving money and reducing the environmental impact of this process.

GREEN FLOOD RESILIENCE:

Severn Trent wants to help communities affected by flooding by using solutions that draw on nature, help the environment, and build sewer capacity.

What's the issue?

Over recent years, record rainfall and river levels have led to floods severely affecting communities. Flooding can be complex, and require organisations including water companies, local authorities and the Environment Agency to work together. Climate change predictions estimate that winter rainfall will be 60% worse by 2050.

What is Severn Trent proposing to do?

Severn Trent wants to work in partnership (e.g. with the Environment Agency, Local Authorities, House Builders) to trial solutions that create new natural features, like ponds or wetlands, street drainage and rain gardens (planting that soaks up rainwater); create storage for flood waters to help with water shortages; and help capacity by separating sewage pipes from water running off from roads.

What would be the outcome?

Communities affected by flooding would benefit from better protection, and new green spaces which support a variety of plants and wildlife, and in some cases can also be used for recreation.

Non-household survey

SECTION 3: Proposed projects

In line with the government's plans for 'green' investment, Severn Trent will bring forward some projects that were already planned (and budgeted for) for the next five years. *In addition*, the company has now come up with four new potential 'green' projects. They have already undertaken some research with customers to help shape these ideas. We now want to test how appealing these new ideas and potential initiatives are.

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What is Severn Trent proposing to do?

Severn Trent wants to trial new, lower carbon ways to tackle this water shortfall including: helping businesses to install greywater recycling systems, increasing take-up of household metering, working with energy companies, using natural energy-free solutions that also help nature (e.g. building new wetlands) and using old quarries to store up flood water. It would combine this with new renewable energy schemes to help pump and treat the water.

What would the outcome be?

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What's the issue?

Customers are responsible for the repair of supply pipes on their property (the pipe that runs from the mains in the street into customers' homes). Problems can cause leakage (around a quarter of all leakage is estimated to come from customers' pipes), be costly for customers to fix and older properties may also have lead pipes. As lead can be harmful, Severn Trent adds safe chemicals to its supplies to protect customers. But new legal standards are likely to come into force which will be much harder to achieve without removing lead pipes.

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What would be the outcome?

By replacing customer pipes in the trial area, Severn Trent would protect homes in line with the future, tighter lead standard. It would help to find ways to reduce leakage – making more water available - and reduce disruption in customers' homes. Replacing pipes should also reduce chemical treatment, saving money and reducing the environmental impact of this process.

GREEN FLOOD RESILIENCE

[image of SUD redacted]

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What's the issue?

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What is Severn Trent proposing to do?

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What would be the outcome?

Communities affected by flooding would benefit from better protection, and new green spaces which support a variety of plants and wildlife, and in some cases can also be used for recreation.

Question asked on willingness to pay, immediately following questions on support for projects

Household survey

SECTION 4: The cost of delivering the proposed projects

The package of four projects would be in addition to the service improvements that Severn Trent has already committed to make in the period leading up to 2025, and which have been included in customers' bills.

In this section we would like to understand whether or not you would be willing to contribute towards the cost of these additional projects through your water and wastewater bill.

If these projects went ahead, Severn Trent would agree targets with its regulator, Ofwat, to monitor delivery. Any unspent money would be re-invested into similar projects or returned to customers.

Uninformed about future bill impacts WtP - contingent Value question if don't know their water bill at Q2

Thinking about the four proposed projects as a single package …

Q17. Please rate whether you are supportive or unsupportive of Severn Trent undertaking these projects if it meant paying an extra £ *insert in value below randomly generated* based on the average water bill (which is £30.10 per month or £361 this year) to help fund all four of these additional investments from Severn Trent?

Values if using average bill
17p per month / £2 per year
33p per month / £4 per year
50p per month / £6 per year
67p per month / £8 per year
83p per month / £10 per year
£1 per month / £12 per year
£1.17 per month/ £14 per year
£1.33 per month/£16 per year

Uninformed about future bill impacts WtP - Contingent Value question if know their water bill at Q2

Thinking about the four proposed projects as a single package …

Q17. Please rate whether you are supportive or unsupportive of Severn Trent undertaking these projects if it meant paying an extra £ *insert in value below*

randomly generated **based on your current water bill to help fund all four of these additional investments from Severn Trent?**

Values if know annual water bill
****p per month is their annual bill at Q2 / average bill of £361 * by average bill increase then divided by 12 – round value to nearest penny***

****£ per year is their annual bill at Q2 / average bill of £361 * by average bill increase – round to nearest £***

??p per month / ?? £ per year ***based on £2 annual bill increase on average bill***
??p per month / ?? £ per year ***based on £4 annual bill increase on average bill***
??p per month / ?? £ per year ***based on £6 annual bill increase on average bill***
??p per month / ?? £ per year ***based on £8 annual bill increase on average bill***
??p per month / ?? £ per year ***based on £10 annual bill increase on average bill***
??p per month / ?? £ per year ***based on £12 annual bill increase on average bill***
??p per month / ?? £ per year ***based on £14 annual bill increase on average bill***
??p per month / ?? £ per year ***based on £16 annual bill increase on average bill***

SINGLECODE

Yes - supportive
No - not supportive
Don't know

If respondent codes no or don't know for first price point: the next question should show the next lowest price point. This process should continue until either the respondent codes yes or reaches the lowest price or has answered four of these iterations.

If respondent codes yes for first price point: the next question should show the next higher price on the scale. This process should continue until either the respondent codes no or don't know or reaches the highest price or has answered four of these iterations.

Respondents do not need to be asked all price points.

If respondent has either reached the highest price point and coded yes or been asked the question 4 times and is still answering yes or they have been asked the question 4 times and is still answering no or don't know then ask question below.

Q18. What is the maximum you would be willing to pay <u>extra per year</u> to help fund these additional projects from Severn Trent?

£

Allow £0

If say £0 at Q18 ask Q18a.

Q18a. Please can you tell us why you are not willing to pay anything extra <u>per year</u> to fund these additional projects from Severn Trent?

Open ended verbatim

Non-household survey

The package of four projects would be <u>in addition</u> to the 2020 - 2025 service improvements that Severn Trent has already committed to make in the period leading up to 2025, and which have been included in customers' bills.

In this section we would like to understand whether you would be willing to contribute towards the cost of these additional projects through your business's water and wastewater bill.

If this project went ahead, Severn Trent would agree targets with its regulator, Ofwat, to monitor delivery. Any unspent money would be re-invested into similar projects or returned to customers.

Uninformed about future bill impacts WtP - contingent Value question

Thinking about the four proposed projects as a single package …

Q14. Please rate how supportive or unsupportive you would be of Severn Trent undertaking these projects if it meant paying an extra *insert in % below randomly generated* **per year on your water bill to help fund all four of these additional investments from Severn Trent?**

% values to select

1%
2%
3%
4%
5%
6%
7%

8%

SINGLECODE

Yes - supportive
No - not supportive
Don't know

If respondent codes no or don't know for first price point: the next question should show the next lowest price point. This process should continue until either the respondent codes yes or reaches the lowest price or has answered four of these iterations.

If respondent codes yes for first price point: the next question should show the next higher price on the scale. This process should continue until either the respondent codes no or don't know or reaches the highest price or has answered four of these iterations.

Respondents do not need to be asked all price points.

If respondent has either reached the highest price point and coded yes or been asked the question 4 times and is still answering yes or they have been asked the question 4 times and is still answering no or don't know then ask question below.

Q15. What is the maximum you would be willing to pay extra per year to help fund these additional projects from Severn Trent?

%

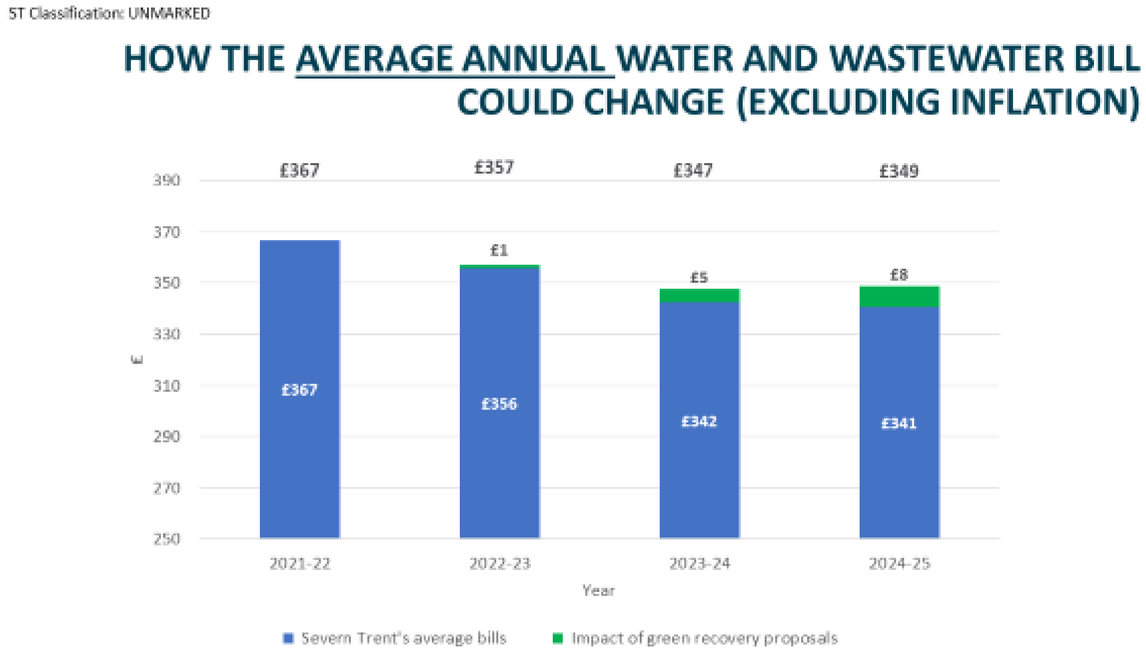
Allow up to two decimal places

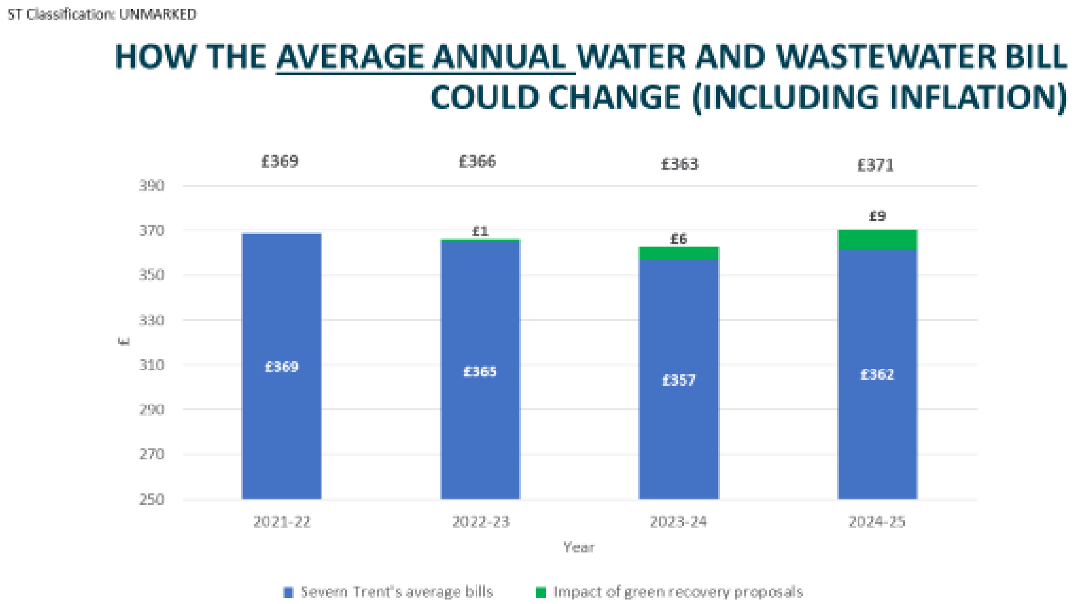
If say 0% at Q15a ask Q18a

Q15a. Please can you tell us why you are not willing to pay anything extra per year to fund these additional projects from Severn Trent?

Open ended verbatim

Household customers, potential bill impact scenarios used for acceptability and affordability testing



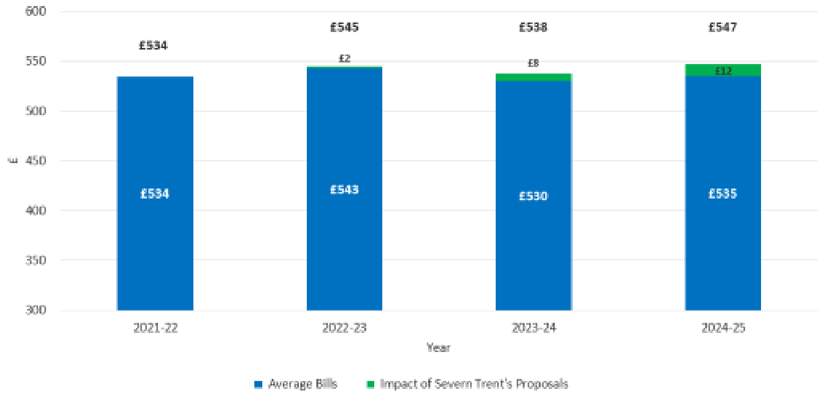


Non-Household customers, potential bill impact scenarios used for acceptability and affordability testing

Including inflation

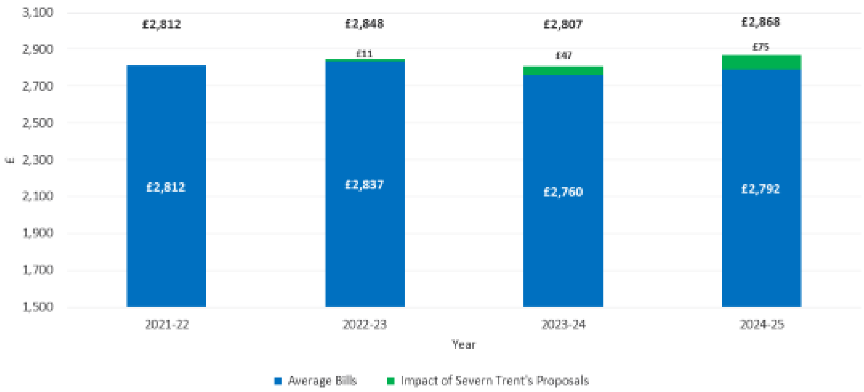
MICRO

HOW THE AVERAGE ANNUAL WATER AND WASTEWATER BILL COULD CHANGE (INCLUDING INFLATION)



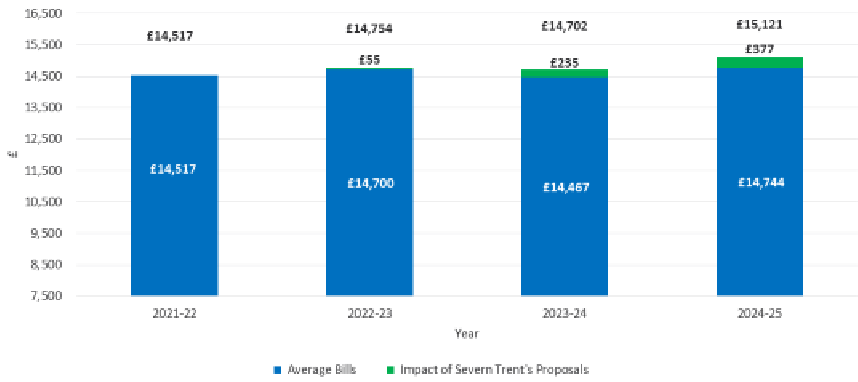
SMALL

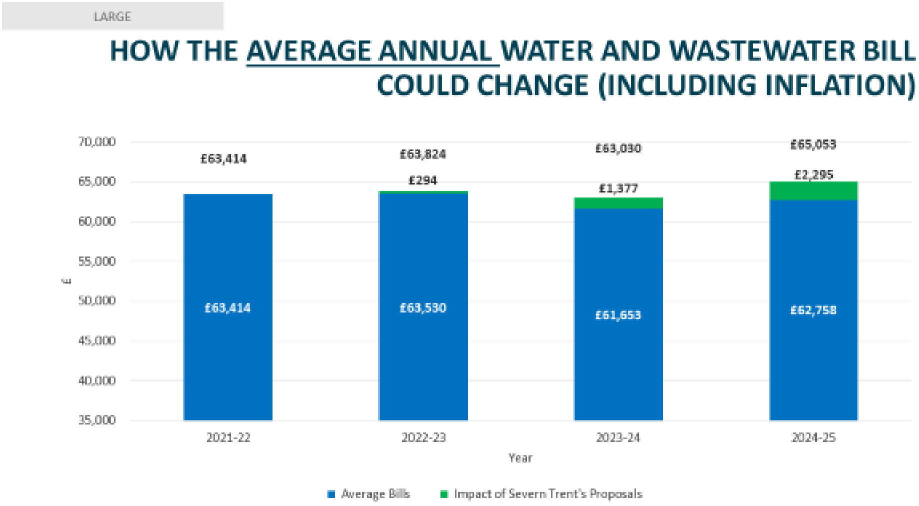
HOW THE AVERAGE ANNUAL WATER AND WASTEWATER BILL COULD CHANGE (INCLUDING INFLATION)



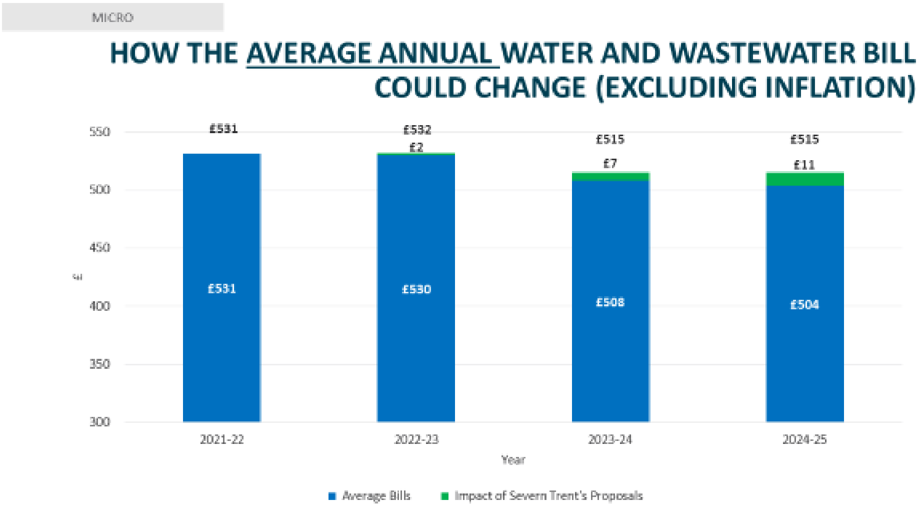
MEDIUM

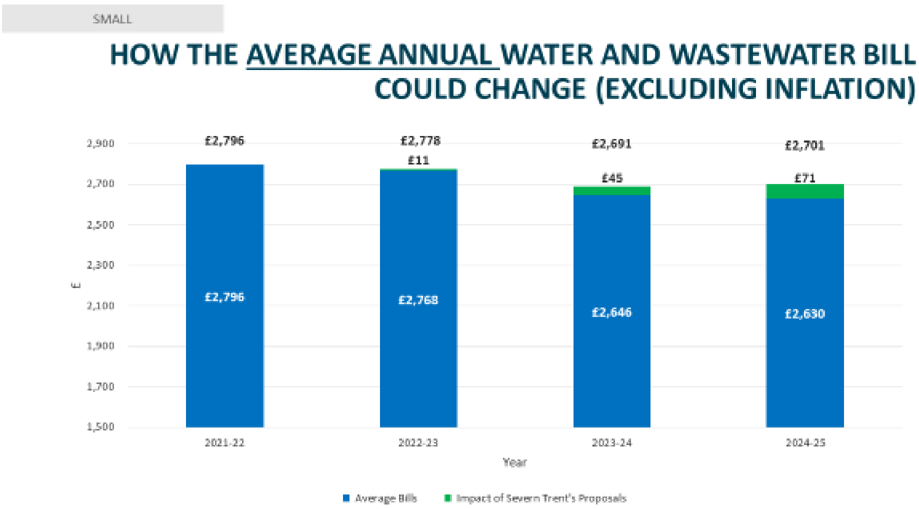
HOW THE AVERAGE ANNUAL WATER AND WASTEWATER BILL COULD CHANGE (INCLUDING INFLATION)

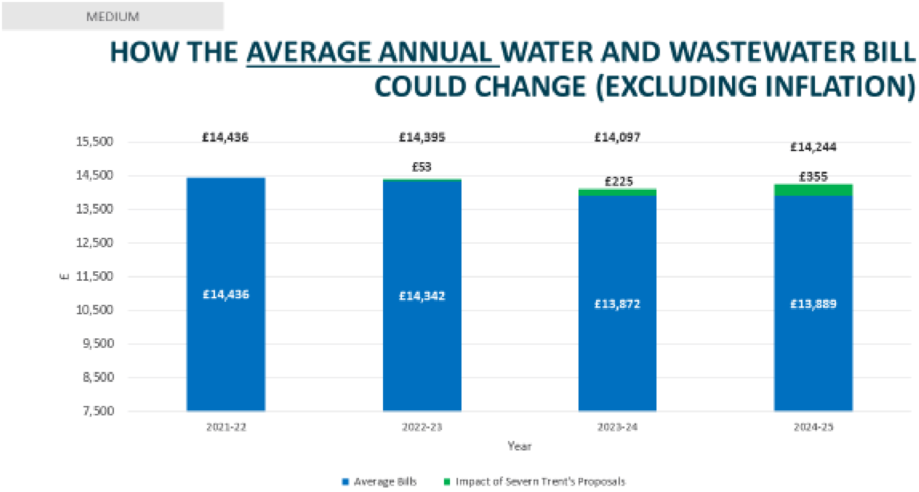




Excluding inflation






MEDIUM
HOW THE AVERAGE ANNUAL WATER AND WASTEWATER BILL COULD CHANGE (EXCLUDING INFLATION)
15,500
14,500
13,500
12,500
11,500
10,500
9,500
8,500
7,500
£
£14,436
£14,395
£14,097
£14,244
£53
£225
£355
£14,436
£14,342
£13,872
£13,889
2021-22
2022-23
2023-24
2024-25
Year
Average Bills
Impact of Severn Trent's Proposals