3. Customers and communities shaped our business plan

3.1 Key messages

- **Customers and communities support the improvements and strategies proposed in our plan:** Our proposed service improvements and long-term aspirations and strategies to adapt to new challenges are endorsed by customers. Communities and stakeholders here in the North West believe this is the right plan for the region.
- **We are proposing a comprehensive £525 million package of affordability support:** Bill affordability is a top priority for customers, and while affordability of the plan has been an area of some concern, they support our enhanced affordability support programme.
- **Investment to deliver discretionary service improvements is strongly supported by customers**: Where investment is discretionary, we have tested customers' views. There is wide ranging and robust evidence that both current and future customers back our proposed investment to deliver better levels of service.
- **Engagement has actively informed the development of our plan throughout:** Ongoing customer and communities research and engagement has informed our planning process from the start. There is a clear link between customers' views and our business plan proposals. In many places customers and communities have helped us design future solutions. Our five counties approach also allows us to shape our plan for the needs of each county in the North West.
- **Our research is high-quality and has been subject to rigorous challenge and assurance:** The programme meets requirements set out by Ofwat, CCW and third-party experts. The approach and results have been challenged and assured, including by the board and the North West's independent customer challenge group (YourVoice).

3.2 Chapter structure

This chapter describes our high-quality customer research and community engagement programme and how it has directly driven the development of our business plan. It sets out how we can have confidence that customers and stakeholders support our PR24 Business Plan proposals, including proposed improvements to service levels, affordability support, and discretionary investment choices. Throughout this chapter we will evidence case studies and research projects which can be found in *UUW21 - Customer Research Methodology – Appendix 6*.

Our plan has been shaped by customers' and communities priorities and views, gathered through a range of research projects, regular interaction and operational data on our service and performance. This Chapter is structured as follows:

- **Section 3.3** sets out an overview of our customer research and engagement methodology;
- **Section 3.4** addresses stakeholder and community approaches, including detail on our five counties approach to tailor our plan;
- **Section 3.5** provides evidence that customer research has informed our decision making;
- **Section 3.6** presents customers views on our PR24 business plan and longer-term aspirations;
- **Section 3.7** presents community and stakeholder views on our business plan and long-term aspirations; and,
- **Section 3.8** considers our approach to identifying customer willingness to pay valuations for common and bespoke performance commitments, and an introduction to our approach to triangulation.

The key supplementary documents supporting this chapter are *UUW21 - Customer Research Methodology* and *UUW20 - Your water, your say summary.*

3.3 Overview of our customer research methodology

Our efforts to engage customers and communities has been extensive, robust and is ongoing. The results have directly driven choices within our proposed business plan. Our chosen methodologies ensure we have met the standards of high-quality research in the Ofwat 'PR24 Customer Engagement Policy'[1] positioning paper and CCW's 'lessons learned from 2019 price review'[2] and 'Framework for water company research' report[3]. Each research project has been designed using our customer research methodology, and subject to challenge by 'YourVoice'.

3.3.1 Our research is high-quality

In the supplementary document *UUW21 - Customer Research Methodology* we detail our approach to customer research and how we achieve excellent quality insight. Our approach to research has effectively gathered insight on both short-term and long-term priorities. This is important as investments in our AMP8 business plan will deliver on aspirations for the long-term. Table 3-1 below summarises how our customer research methodology ensures we achieve high-quality research. In UUW21 we set out, for each research case study, how the project met these criteria. We have sought independent assurance that our customer research is in line with Ofwat and CCW guidance. YourVoice also scrutinised our research to ensure it was high quality and customer-centric.

Table 3-1: How we achieve high-quality research

Principle	UUW actions
Research is neutrally designed	To avoid selection and order bias, we ensure content is not leading, allows inclusivity and accurately represents the views of customers.
Research is useful and contextualised	Our scoping exercise and approach ensures research is timely, relevant and designed to ask meaningful questions, which will inform impact when it comes to business planning, taking into account a wider evidence base for our findings.
Research is fit for purpose	Research materials are piloted, with content designed to ensure questions and materials are easily understood so customers feel they can provide meaningful answers. The sample and methodology are appropriately selected with research objectives in mind.
Research is continual	Our research programme builds on multiple and continuous sources of insight. We have conducted 79 research projects from 2020–2023, using a wide variety of mechanisms for customer insight to help us understand changes to customer sentiment over time, both in relation to UUW and wider factors affecting customers' lives.
Research is inclusive	Our customer research is representative of the UUW operating area. Sample sets and recruitment methods are designed to ensure all customers, including those that are vulnerable, hard to reach or digitally excluded, can participate.
Research is shared in full with others	We have, wherever practicable, published research projects including full reports, methodology, screeners, stimulus, questionnaires and research guides on a dedicated area of our website since July 2022. This is an open data source that anyone can use and demonstrates our transparent approach to sharing research. You can find our published research library on our website[4]. We were the first water company to drive industry awareness of our published research through a customer research newsletter called 'The Source'. We share knowledge with other water companies and regulators. We are an active member of cross company forums, such as Water Resources West, regularly sharing research.
Research is independently assured	Where appropriate, our research and usage of results is peer reviewed and independently assured. Research is completed by independent research agencies and is always in line with third-party best practice, such as Market Research Society guidelines.
Research is ethical	All research is conducted in line with ethical standards, including the Market Research Society and the Social Research Association.

[1] ofwat.gov.uk/wp-content/uploads/2022/02/PR24-customer-engagement-policy.pdf

[2] ccw.org.uk/app/uploads/2020/10/Lessons-Learned-from-the-2019-Price-Review.pdf

[3] ccw.org.uk/publication/framework-for-water-company-research/

[4] unitedutilities.com/corporate/about-us/our-future-plans/listening-to-our-customers/insight-and-research-library

We have made several improvements to the design of our research projects over the last few years, such as improved engagement and design standards. These are discussed in our supplementary document *UUW21* and summarised in Table 3-2 below.

Table 3-2: Key features of our research programme

High quality	Our research programme is conducted in line with Ofwat and CCW's principles of high-quality research, avoiding duplication and ensuring each engagement has meaningful impact.
Embedded	Our research is embedded in what we do, so development of strategies or partnerships are often taking place in tandem with research and insight to inform this.
Iterative	Across many streams of work, we operate a test and adapt approach to ensure our learnings are continuous and iterative. This strengthens our confidence in the final decision and ensures our approach is truly customer and stakeholder led.
Engaging	We put much thought into selecting the right methodology and designing stimulus in a way that is engaging, promotes simplicity, is neutral and meaningful. Materials focus on customer impact, rather than internal processes or infrastructure. Cognitive testing and participant engagement questions provide evidence of the success of this approach.
Segmented	We have a robust segmentation. We ensure projects include sub-group analysis and report on any differences by critical segments such as: county, hard to reach customers, future bill payers, vulnerable customers, low-income customers and non-household customers.

3.3.2 Improving service in response to a new customer focused license condition

We use customer engagement to improve operationally. Ofwat recently consulted on introducing a customer focused condition into water company licenses. This was developed in conjunction with CCW and water companies to improve service for customers including those in vulnerable circumstances. The new condition supports our efforts to improve service by:

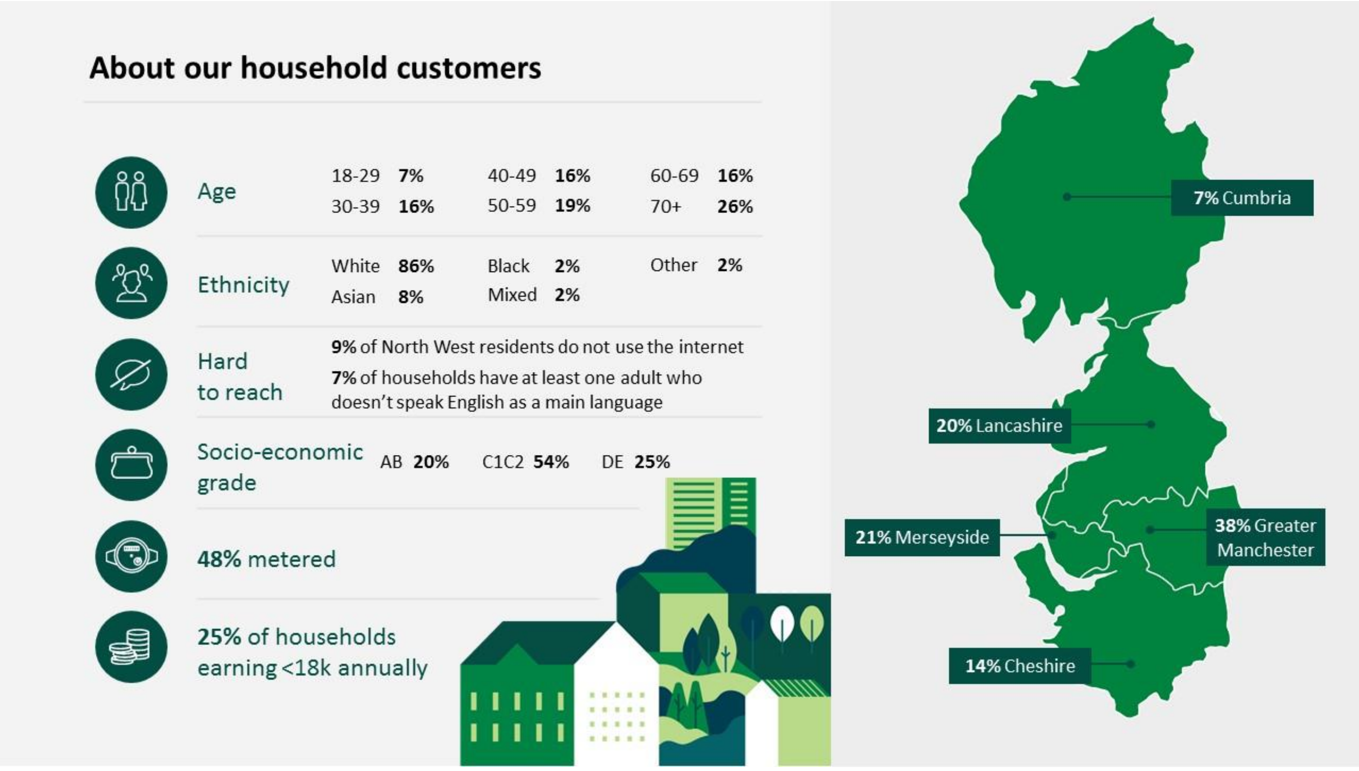
- **Keeping customers well informed** – we have acted to improve customer engagement both through regular communication and during an incident / event. A full description of our efforts can be found in *UUW55 - household retail business plan*;
- **Putting things right when things go wrong** – We have recently focused on improving response to service failures, especially for customers who have experienced a supply interruption or sewer flooding. This insight has driven changes to our speed of response and we plan to go further in AMP8. Please see the case study in *UUW21 - section 5.1.* and *UUW55* for more information; and,
- **Understanding diversity of customer need providing extra help** –we have been an industry leader in improving support for vulnerable customers, including collaborative data sharing with other utility providers. Our priority services offering is highly valued by customers and we have plans to increase its reach in AMP8, please see Chapter 4 and supplementary document *UUW25 – Affordability and Vulnerability operational response* for further details.

3.3.3 Our customer research segmentation

We have identified a set of critical segments to ensure all customer views are represented. Research is targeted to ensure good coverage and meaningful sub-group analysis is completed on the data and findings. This robust approach helped us understand similarities and differences in our critical segments and tailor or adapt our approach accordingly. Critical segments include sub-region, hard to reach customers, future bill payers, vulnerable customers, low-income customers, and non-household customers. Research samples include a mix of demographics and we will always undertake sub-group analysis where sample sizes are robust enough to do so. If this isn't possible, indicative differences are reported on with the limitations of this made clear.

While we do conduct regular engagement with developers, business retailers and the supply chain, these are not included in the scope of our customer research segmentation. The engagements and business plan proposals for these audiences can be found in supplementary document *UUW54 - Developer Services Business Plan and UUW 59 – Supporting the NHH Retail Market*.

Figure 3-1: Demographic breakdown of our customer base



For certain audiences such as vulnerable or hard to reach groups, we will adapt our methodology or recruitment methods to ensure good representation and inclusivity. For example, this could be through using local authority or census data, using YourVoice and/or local community groups to recruit for these customers. Where possible, we analysed customer views by county to communicate aspects of our plan that address each community's local priorities. Evidence of this is displayed in our customer segmentation approach, community engagement and through the case studies presented in sections 3.5 and 3.6.

The appropriate sample set of each research project is assessed at the scoping and design stage, and many key PR24 projects have representation from the groups below:

Table 3-3: Customer research segmentation

Segment	Sub-segment				
Meter type	Metered	Unmetered			
Age	18–30	31–50	Over 50		
County	Greater Manchester	Merseyside	Cumbria	Lancashire	Cheshire
Future bill payers	18–29-year-olds living in the North West but not currently paying their water bill				
Hard to reach	Digitally excluded due to limited or no access to the internet, or not being tech proficient		Those who struggle to talk to us due to language or cultural factors (for example, English is not their first language)		
Vulnerable customers	Physical or mental disability	Pensionable age	Priority Services customers		
Low-income customers	Household income of less than £21k	C2D2 Social Economic Group			
Non-household customers	Size of business	Type of water usage			
Ethnicity	Ensure a spread of ethnicity and representation of people from ethnic minority backgrounds in line with Office of National Statistics (ONS) figures				

3.3.4 Customer and stakeholder challenge and assurance

Please see our supplementary document *UUW21* for details of how our research and decision making has been independently challenged and assured. The document sets out how our challenge process reflects the key qualities of: independence, board accountability, ongoing challenge, informed, transparent, representative, comprehensive and timely.

The document sets out how we engage with YourVoice and how it provides continual check and challenge of our engagement. All feedback and challenge of our projects are recorded in a tracker with a response on the feedback. This is published on the YourVoice website[5].

3.4 Our communities and stakeholders approach

We've a diverse range of stakeholders, from local authorities to charities, environmental groups to investors and MPs to metro mayors. We engage with them in many ways on many topics, including planning and strategic development, to ensure our direction reflects their priorities and the customers and/or interests they represent.

Our approach consists of a number of key aspects:

- **Continual process:** engagement with communities and stakeholders is ongoing business-as-usual activity;
- **Understanding:** we take time to understand our stakeholders gaining insight through partnership working;
- **Acting on insight:** our engagement is both broad and deep and shapes business decisions;
- **Innovation:** we have embraced new technology to enhance dialogue with our stakeholders, for example we launched a collaboration portal[6] to engage with multiple stakeholders on a number of key strategic issues such as DWMP, WRMP, WINEP and our approach to climate change; and,
- **Evidenced**: case studies demonstrate our approach and how the intelligence gathered is shaping our plan.

3.4.1 Recognising the region's diverse communities – a five counties approach

Community and stakeholder engagement are one and the same thing – communities come together around a place or collective interest and stakeholders give a voice to that place or interest. Regional stakeholders all have an integral role in the collective success of the North West. We value the perspectives they bring, representing different and sometimes competing priorities that we need to factor in our decision making.

As was set out in Chapter 2, the North West is a diverse region. Each of the region's five counties has its own individual needs and priorities**.** We cannot deliver our services, tackle water management issues or plan for the future without stakeholder engagement being a core part of our everyday operation. We have long standing and meaningful relationships with many partners who give us a deep understanding of what matters most to our regional stakeholders.

We have a dedicated team of five senior leaders who each have responsibility to engage communities and stakeholders for a North West county – Cumbria, Lancashire, Greater Manchester, Merseyside and Cheshire. Called 'Area Engagement Leads', they fully immerse themselves in the community, gaining a greater understanding of the stakeholders and their priorities within a county. These Leads seek to align our strategic needs with the region's strategic priorities, for example identifying the best approach to reducing the volume of rainfall entering combined sewers to reduce flooding risk and help enable economic growth.

These Area Engagement Leads played an important part in shaping the business plan as we are clear it is not for us to determine water-related priorities in isolation.

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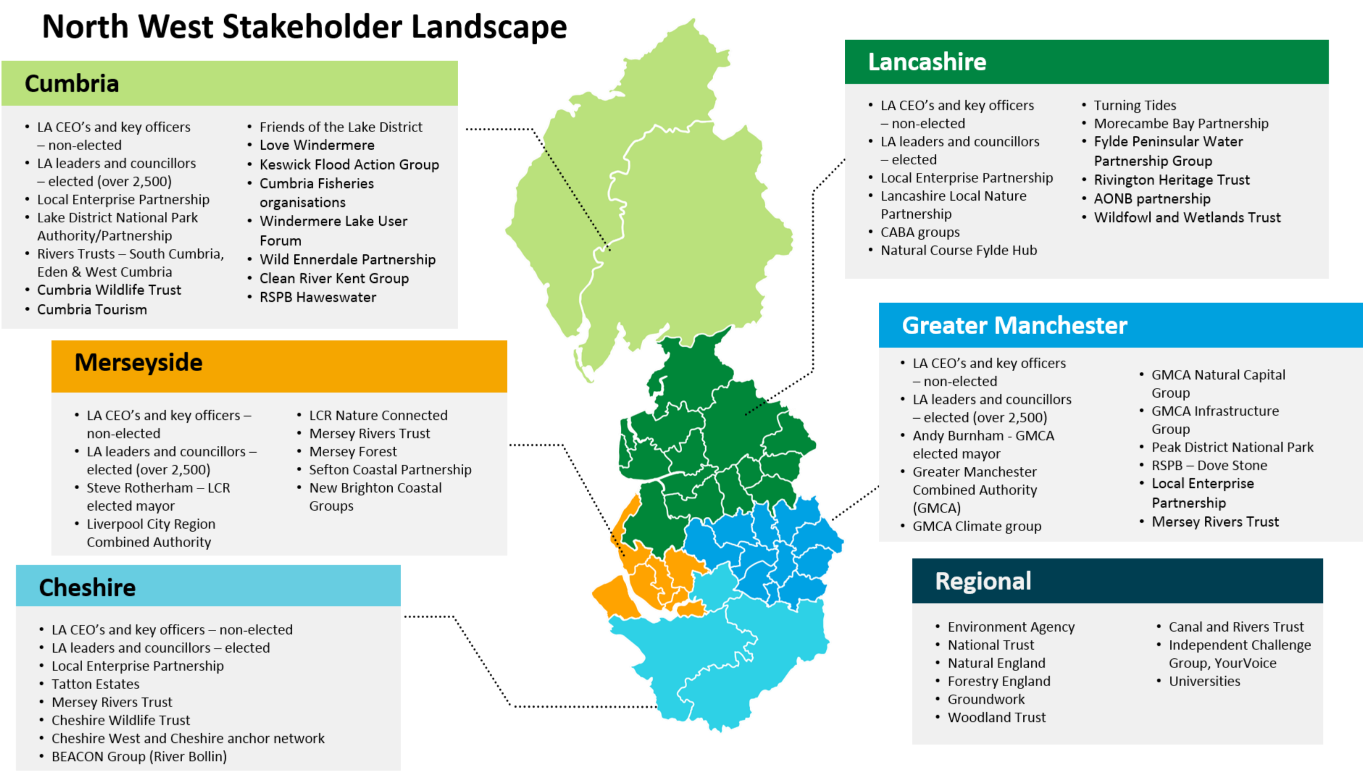
[5] https://yourvoiceicg.co.uk/

[6] https://collab-uu.co.uk/

Figure 3-2: Overview of North West stakeholders



3.4.2 Gathering stakeholder insight to inform our plan

We use a wide range of methods to reach our stakeholders including focus groups, workshops, formal research, partnerships and MOUs, in addition to the countless conversations that take place on a daily basis. We put these into three broad categories and illustrate with examples how we have sought to engage.

Strategic engagement – consulting on our long-term plans to ensure we are building strategies to meet North West priorities, shaped by the North West. To help us to engage with multiple stakeholders on strategies such as DWMP, WRMP, WINEP and our approach to climate change, we launched a collaboration portal[7] to hold programme information in one unified location. We invite stakeholders to register for the portal, where items such as newsletter updates are published as well as frequently asked questions and informal consultations or discussion topics. An interactive forum allows us to delve further into key issues. This online tool enabled us to carry out far reaching consultation as part of the DWMP. Coupled with more traditional approaches, this resulted in a comprehensive engagement programme that has shaped our DWMP and developed solutions to be delivered collaboratively. For a fuller view of this please visit our website[8]. Similarly, we used an online mechanism to consult with regional stakeholders on our 25-year vision, seeking views on what they see as priorities for the next 25 years[9] see section 3.3 in UUW12 Long-Term Delivery Strategy.

Issue specific – depending upon the issue we draw on a range of methods to secure stakeholder insight. In November 2022, we held our first Future Rivers Forum to explore what more we can do to support communities, enhance the local environment, and engage more effectively with our partners to tackle issues that impact river quality. The Forum was held in partnership with the Rivers Trust bringing together a cross section of people and organisations including local authority representatives, North West businesses, environmental bodies, water sector regulators and local community figures to encourage greater collaboration to improve rivers water quality.

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[7] collab-uu.co.uk/

[8] unitedutilities.com\globalassets\z_corporate-site\about-us-pdfs\dwmp-draft-pdfs\ta2_stakeholder-engagement.pdf

[9] unitedutilities2050.netlify.app/

Much of the stakeholder insight we gather comes from conversations enabled by many years of building relationships with targeted groups. For example, for the Haweswater Aqueduct Resilience Programme (HARP)[10], we secured unanimous planning permission from nine planning authorities for a complex scheme. Such an outcome has been achieved through focused engagement with communities to explain our plans, listen to feedback and concerns and then amend those plans.

Similarly, the concept of national water transfers has been tested with stakeholders to understand their views with 75 per cent agreeing with the proposals.

Convening North West communities – our work puts us right at the heart of every community, so we play a convening role to work together for a better North West, engaging with stakeholders to ensure the voice of a community shapes our plans. For example, in November 2022 we held our first Customer Vulnerability Summit bringing together over 60 charities, disability groups, local authorities, support organisations and community associations to encourage the sharing of ideas to enhance partnership working to better support vulnerable people across the region see *UUW25 - Affordability and Vulnerability Operational Response*.

Through our comprehensive programme of local authority engagement, feedback revealed that affordability has become a key theme across the region, supplanting environmental concerns. Cost-of-living challenges, coupled with some of the highest areas of deprivation in the country see Chapter 4 Driving Affordability,this means this is a priority for most local politicians. We have worked with them to improve their understanding of our affordability schemes to ensure that information is disseminated to those who need it and to highlight schemes such as Priority Services.

In December 2022, we held our first Environmental AGM, chaired by the environmental lead for the North West's independent challenge group, YourVoice. Led by our CEO, Louise Beardmore, the session covered a broad range of topics including climate change mitigation and adaption, biodiversity and land management, pollution and water quality and other environmental impacts such as leakage, water use, managing waste and bio solids. The target audience included local nature partnerships, wildlife trusts, rivers trusts, combined authorities and other environmental stakeholders and over 30 environmental champions joined the session. Attendees were invited to ask questions of the CEO and three other directors with responsibility for environmental strategy and operations.

For many years we have developed partnerships as tackling water management issues can only be done successfully by working with others. While partners help deliver solutions, they also provide rich feedback that influences our plan. Often these partnerships focus on specific places and are close to, and understand, local communities, so giving us a direct line of sight to local priorities. Further information on partnerships can be found in Chapter 6, section 6.8 and in supplementary document *UUW38 – Working in Partnership.*

3.5 Customer engagement continually informs our plans

Our research programme builds upon multiple and continuous sources of insight. We have conducted 79 research projects in PR24 and engaged with over 90,000 household customers (including future bill payers) and over 3,000 non-household customers. Please see data table *SUP14* for further evidence of our engagement with customers. We have a wide variety of ongoing mechanisms for customer insight, which help us understand changes to customer sentiment over time and wider factors driving changes their views and expectations.

UUW have undertaken a mix of one-off strategic research and continuous research programmes. Strategic research has focused on specific longer term questions required as part of the PR24 planning process as depicted in Figure 3-3. Our ongoing continuous research explores areas that will improve ongoing service and provides insight into changing views of North West customers.

Some examples of our continual insight sources include:

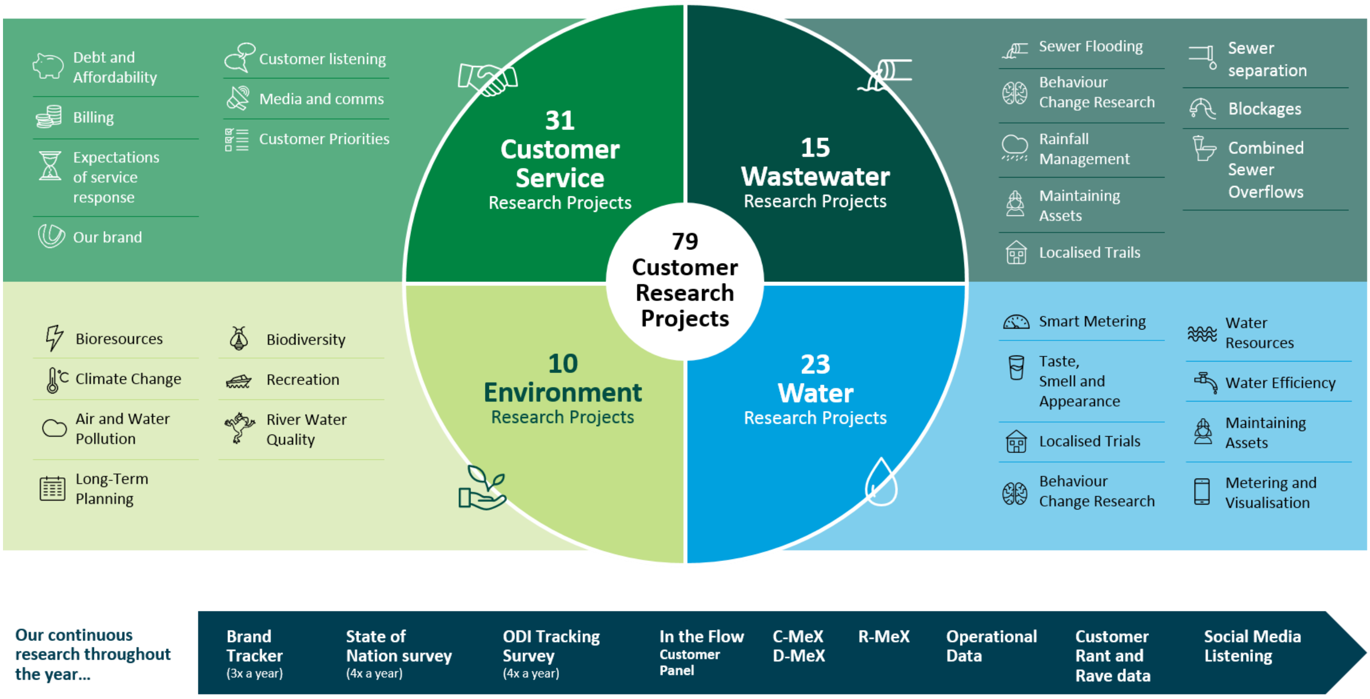
- **Customer contact data:** direct customer satisfaction feedback immediately after contacting us, including 'Rant and Rave' issue handling data and WOW award feedback. WOW Awards provide insight into customer satisfaction as customers independently send thank yous to the WOW recognition scheme following an

[10] harpinformation.co.uk/

interaction with our colleagues. In April 2023, we became the first company to secure 100,000 customer nominations, a tremendous accolade to recognise the efforts by our employees in delivering great customer service. The quality of our responses to all contacts is very important to us, and for complaints we are proud of a low repeat complaint rate at 3.54 per cent for 2022/23,upper quartile performance compared to other water and wastewater companies with a range of 3.02 per cent to 19.65 per cent;

- **'In the Flow' research community:** 1,000 household customers who help to co-create and inform our service and provide a continuous and more informed understanding for our day-to-day service improvements. The community makes research and engagement accessible throughout the business;
- **State of the nation survey*:** a quarterly survey to understand customer attitudes and behaviours covering themes such as affordability, environment and our service;
- **Customer service trackers:** in addition to the regulatory survey, we commission customer satisfaction surveys for regular and continuous feedback on perception and performance;
- **Social media data (social listening):** understanding customer sentiment towards us and relevant water industry-related topics, as posted by customers on a variety of social media channels;
- **Brand pulse survey:** we undertake a survey to track customer awareness of our activities and perception and trust of the services we undertake (three times a year);
- **Customer services institute research:** we review research from the independent professional body for customer service to keep up to date with best practice learnings;
- **Awareness tracking surveys:** tracking awareness of water efficiency and stop the block messages to measure the effectiveness of behaviour change messaging; and,
- **External brand and service trackers:** we refer to external tracking of services like the CCW water matters survey[11] and UKCSI[12]. In its 2023 survey, we ranked in the top five utility companies and first water company.

Figure 3-3: Research completed across multiple business areas



* Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 43

11 CCW, Water Matters Survey, May 2023

12 Institute of Customer Service, UKCSI, July 2023

We use external sources of insight such as water industry research reports from CCW, MOSL, Ofwat, CIWEM and UKWIR. We use publicly available tracking data such as YouGov consumer behaviour and sentiment tracking to help contextualise our thinking. We have been active members in the Ofwat and CCW collaborative research sessions, helping inform and shape design to ensure best practise and meaningful and comparable research results for the collaborative ODI rates research and the affordability and acceptability testing research.

We are fully committed to using the products and outputs of the Ofwat/ CCW centralised research in our plan development. We have applied the guidance for affordability and acceptability testing of our Business Plans. Additionally, we regularly use research published by Ofwat and CCW to compare against our own research findings to identify similarities and differences. This is evidenced in the case studies in sections 3.5 and 3.8 of this Chapter.

Case study: Customer research on expectations of service when things go wrong – Driving improvement in our reponse to service failures

We set out to conduct customer research to understand customers' expectations of service when things go wrong* and use this to inform our service strategy and target timelines to restore service. This research directly informed changes in the operational response UUW now applies to customer service issues directly affecting customers. We have examined evidence from a wide variety of insight sources as shown in Figure 4:

Figure 4: Sources of insight for customer expectations of service

UUW Operational Insight	Regulatory Research	United Utilities Research
Complaints/ CMEX/ internal tracking data	CCW/ Ofwat customer experiences of sewer flooding, CCW customer priorities, Collaborative ODI rates research	Behavioural economics research, expectations of service, sewer flooding experiences and valuation

Source: UUW key research sources

The customer research and data analysis has provided us with several key insights to inform our strategy:

(a) Wastewater incidents such as internal sewer flooding are seen as the most impactful and important to prevent by customers, with repeat events rated as much worse than one-off instances of flooding.

(b) Customer contact centre response times are in line with customer expectations, and this confirmed our thinking that a robust contact centre offering is needed to support customers' needs for reassurance when in distress.

(c) As well as the reassurance that incidents have been logged, customers want to feel more control in these situations. There is, therefore, an important role for advice from phone agents in terms of steps customers can take themselves to help the situation and mitigate damage, while they wait for UUW teams to arrive.

(d) Customers' expectations are driven by how much of an emergency they perceive the situation to be and the likelihood of damage to their/neighbouring property. As a general rule, sewage flooding incidents, large leaks and unplanned loss of water are considered an 'emergency' – other situations are generally more likely to be considered an 'inconvenience'.

(e) Customers prioritise having a first responder on site as soon as possible – even if this team cannot always resolve the issue. This is particularly the case with sewer flooding as customers do not feel qualified to assess the situation.

* Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 27

In light of the customer research and insight, we identified our previous service wastewater flooding recovery offering required improvement and we have adopted a three-point strategy to improve:

Stop the problem – our sewer flooding strategy invests in works to reduce the risk of repeat hydraulic flooding and invests circa £100 million in Dynamic Network Management to proactively detect areas and assets at risk of flooding.

Make it easy – our service strategy focuses on promoting empathy when communicating with those affected by service failures. As customers prioritise our time to respond, we have changed our service models to increase the speed of response and 'containment' times in line with customer expectations. We have implemented video calling to help reassure customers of the situation and provide a more accurate diagnosis tool.

Do the right thing – we have streamlined the process to provide compensation to customers affected by service failures, so customers receive compensation more quickly and easily. For each case there will be a single point of contact for resolution with enhanced engagement and focus on recovering customer service. We ensure our compensation approach exceeds the GSS requirements with an additional £100 discretionary payment for inconvenience and where a customer doesn't have insurance, we empower our teams to cover uninsured losses up to £2000. However, we see financial hardship cases where insurance has not been obtained or declined and for these customers we are establishing a recovery fund which will be independently run alongside our affordability trust fund, where customers can seek additional financial support.

UUW55 Retail business plan section 8 sets out our future plans to improve household customer service and to deliver against C-MeX objectives.

In addition to our continual research improving our direct service offering to customers we also use research to build awareness and promote behavioural change around collective issues such as flushing behaviour and water efficiency. The case study below demonstrates our partnership approach to improving and co-creating messaging and initiatives to encourage customers to "stop the block" and promote positive flushing behaviour. We have identified partnership organisations to help raise awareness of these issues for mutual benefit of promoting positive behaviours, service improvements and environmental benefits.

Case study: Partnership research that drives behavioural change

Every year, UUW deals with around 20,000 blockages on the region's sewer network. Stopping blockages is a collective issue and requires significant societal behaviour change. Therefore, UUW have set out to use partnerships and iterative insights to tackle this problem together[*].

Our partnership with Keep Britain Tidy allowed us to understand the scale and usage of wet wipes nationally and informed our Stop the Block campaign to highlight the real and imminent threat of blockages in local areas. This research directly influenced a communications research trial in the Wirral blockage hotspot area. The campaign tested the multi-channel and hyper local approach highlighted in the Keep Britain Tidy research and there was clear evidence of a reduction in poor flushing behaviour. This provided a blueprint for hotspot activity and multi-communication channels across the North West.

Our partnership with Northern Roots Oldham was informed by a mutual need to prevent environmental harm in a blockage hotspot in Oldham, Manchester, where Northern Roots are building an eco-park. The local community in this area is predominantly South Asian. To help to boost engagement we took an innovative approach, as research and messages were co-created with local community champions, and they were invaluable in helping to explain the cultural and generational differences at play. Local language communications and workshops were developed to give back to a community, while promoting behaviour change. Going forward, this multi-agency approach has been adopted throughout a number of campaigns in Wigan, Manchester and Knowsley, working

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 27 and 32

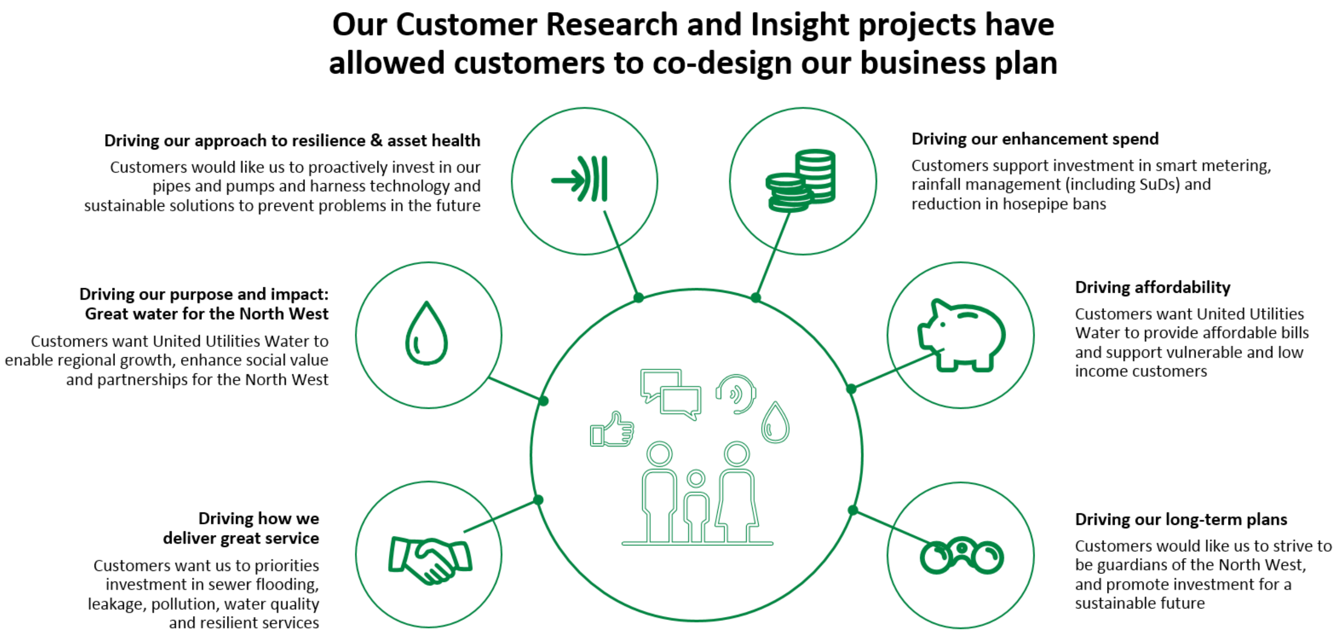
with the environment and neighbourhood teams from within these councils to strengthen and amplify the delivery of the messages aligning with the campaign.

Our partnership with Wype, allowed us to trial a new and innovative way to change flushing behaviour through a moist toilet tissue alternative. We engaged with customers for three months to understand usage, needs and the role of a potential alternative product to promote behaviour change. Following the trial, all participants agreed they had greater understanding of the problems wet wipes can cause in the sewer system and had stopped flushing wipes designed for general cleaning. The project further highlighted the confusion around whether products labelled as bio-degradable, plant-based and plastic-free are safe to flush due to the messaging around this, which is often contradictory. United Utilities Water are sharing the research findings from this project with Water UK as part of a sector-wide review of the customer confusion surrounding the flushability of wet wipes. For more details please *UUW21* section 5.2.

3.6 Customers are informed and support our business plan

The UUW business plan is centred on making the North West and the services we deliver stronger, greener and healthier. Our in-depth and focused research programme allows us to have confidence that customers have been consulted meaningfully on both our AMP8 and long-term strategic direction.

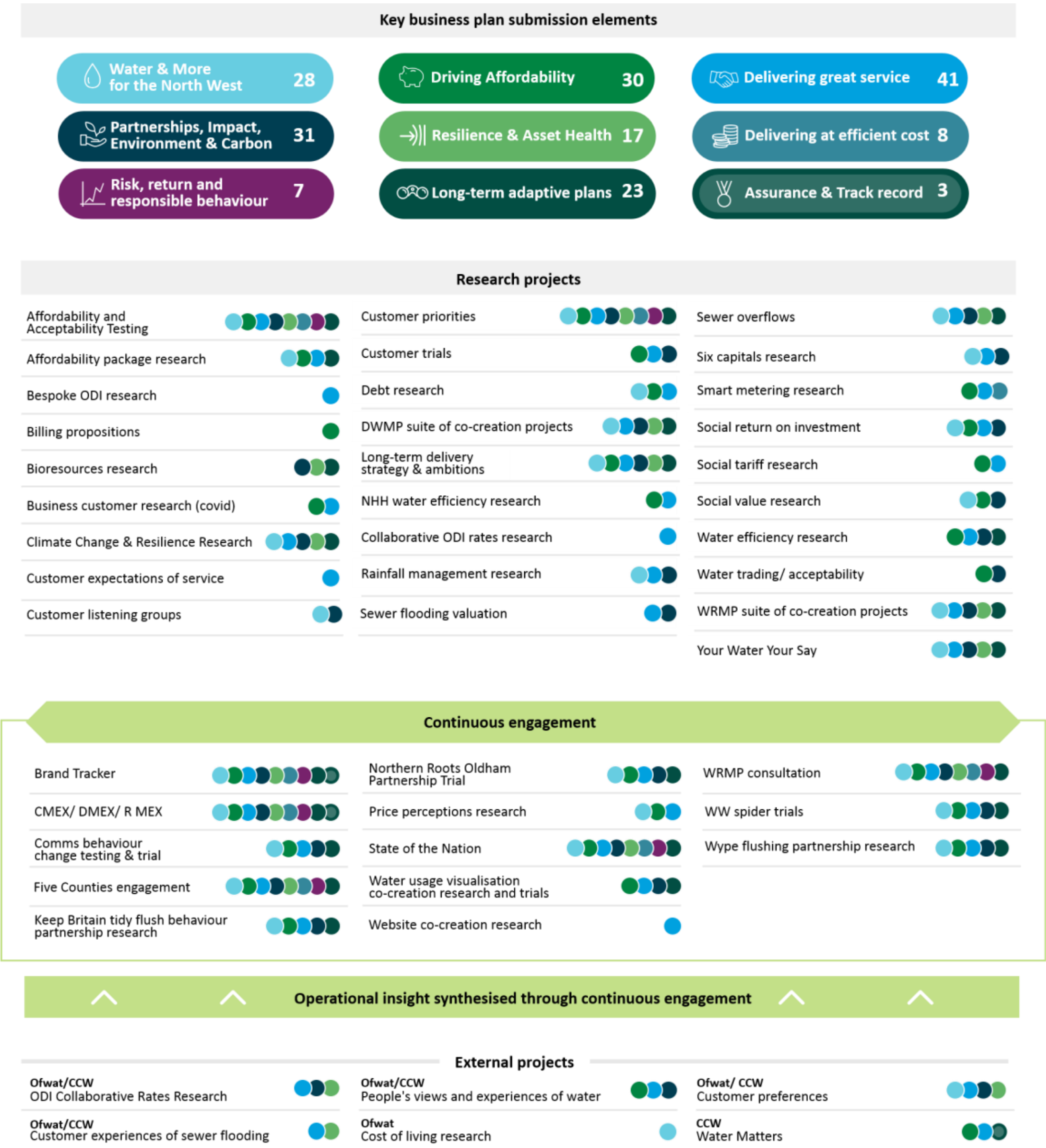
Figure 3-5: Summary of customer views that have shaped decision making by theme area



Our customer engagement strategy set out in supplementary document *UUW21* details our approach to co-creating our plans with customers. Our business plan has been developed iteratively, incorporating valuable feedback from customers. By considering their perspectives, we have made well-informed decisions that influence the direction of the plan. For example, we saw early shifts in customer perspectives from PR19, specifically on the need to tackle environmental challenges, so we built these views into our strategy early on. This collaborative approach allowed us to stay responsive to the needs of customers, resulting in a stronger strategy that was cognisant of their preferences and needs as evidenced by the case studies in this document and *UUW21 – Appendix 5.*

Figure 3-6 below demonstrates some of the key sources we have used to inform the strategic direction of our business plan. In addition to direct customer research, we have also used industry research, operational data and customer trials to inform strategic direction.

Figure 3-6 Our suite of research has directly informed our business plan



There are some investment areas within our PR24 Business Plan where we have few or no direct customer research projects and these are highlighted. The principles of high-quality research direct us to avoid research with customers if:

- The subject area is too technical or cannot be translated to consequences or outcomes for customers that are easy to understand or relate to, e.g. questions around financing investments or trading off engineering approaches related to long-term asset health.
- Customer research cannot have an impact on the strategic direction or decision making e.g. an investment path is mandated in a prescribed form by regulation or law.

There is demonstrable evidence that customers support the discretionary investment choices included within our PR24 plan. 70[*] per cent of HH customers support discretionary investment choices within our DWMP[14]. The revised draft WRMP[15] also attracts strong support, with 63* per cent of HH customers, 68 per cent NHH and 81

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 25 and 48

[14] unitedutilities.com/corporate/about-us/our-future-plans/Our-long-term-plans/

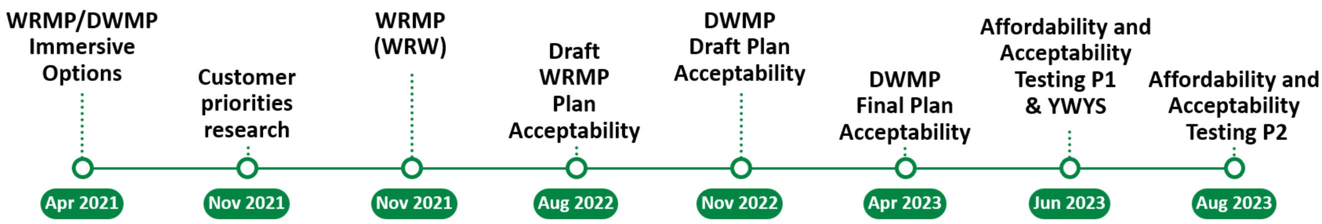
[15] unitedutilities.com/corporate/about-us/our-future-plans/water-resources/developing-our-water-resources-management-plan/

per cent future bill payers believing this plan is the right course. The PR24 Business Plan has been co-created with customers ahead of final Affordability and Acceptability research and Your Water Your Say sessions.

Although we have strong customer support for the business plan, there is evidence that water bill affordability is of immediate concern for many customers as 48 per cent of HH customers do not believe they can afford bill increases. Investment requirements related to largely nondiscretionary investment in programmes such as WINEP mean that many customers believe they may find it difficult to afford future water charges without support. There is strong support for our proposed affordability support package[*] with 64 per cent of HH customers who would qualify for social tariffs or are 'just about managing' believing that social tariff schemes offered are sufficient in supporting those in need, and 73 per cent believe that the additional support proposed beyond social tariffs would make water bills more affordable. Customers believe the enhanced affordability support offers are appropriately scaled, and extending customer cross subsidies further, attracts customer support.

Our approach is to routinely use customer insight to inform and adapt our plans and we follow guidance from Ofwat/ CCW in the presentation of plans where relevant. This approach means the versions of the plan we have tested may differ between different projects we discuss in this section. For example, Figure 3-7 below demonstrates some of our key inputs to the AMP8 business plan and customers will have been shown the latest version of the plan at that time, each informed by the past research conducted.

Figure 3-7 Using customer engagement to continually inform and adapt our plans



The case studies in this section evidence how research has continually informed our plans. Please see *UUW21*, section 5 for more details on these case studies.

Case study: Customer priorities – early customer engagement of our AMP8 plan

Our customer priorities research[*] was completed in November 2021 and allowed us to understand customers' priorities early on to determine the focus for AMP8. We wanted to engage with customers to ensure investment and delivery reflected customers' priorities. Our research included 3,106 customers, covering key customer groups including household, business, vulnerable, low income, future and digitally excluded customers. Our methodology included qualitative deliberative events and cognitive testing to inform and refine the priorities we tested in the quantitative research. Our quantitative research was robust and used a max diff methodology to give insight into what customers' priorities are when comparing all outcomes together.

The research directly shaped our thinking on business planning and bespoke PC development, providing an early view of the minimum service expectations of customers and the growing priorities for both affordability and environmental improvement. We noted interesting sub-group differences in the findings, such as higher value from business customers for smart meters, vulnerable customers placing more importance on reliability of supply and future bill payers valuing environmental protection, supporting low income and vulnerable customers and tackling future challenges.

We've continued to track customer priorities over time using a combination of bespoke customer priorities research projects (like the above), research from industry and regulators on customers' priorities and our state of the nation surveys and revealed preference operational data. This feeds into investment prioritisation. We used an external independent consultancy to triangulate all this insight using the CCW/SIA triangulation best practise approach[16]. This enabled us to track customer priorities over time, as illustrated below in Figure 3-8. These

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 14

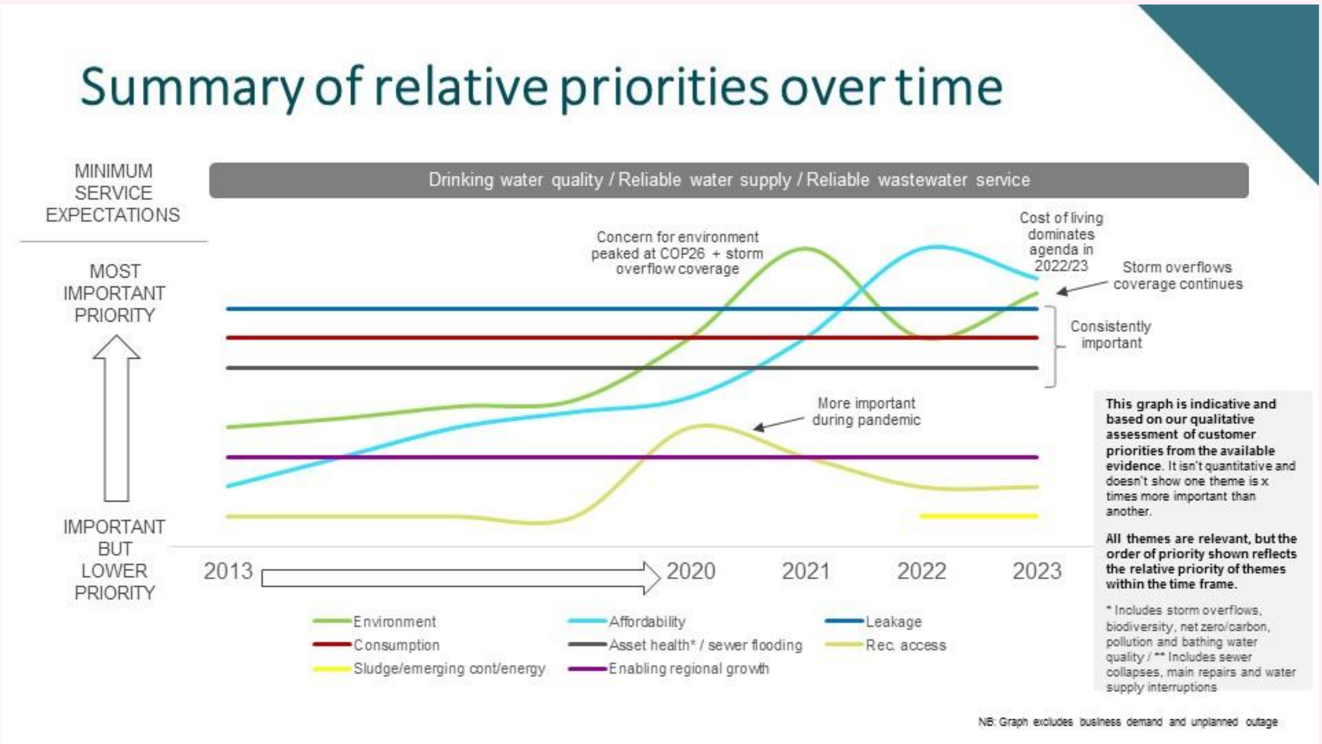
[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 23

[16] SIA partners on behalf of CCW, PR19 Triangulation Review, May 2021

priorities are important to customers across the North West, however, we do observe some differences by sub-groups:

- Low-income customers find affordability more important;
- Rural areas, and Cumbria in particular, regard drinking water quality and river water quality as more important due to a greater connection with the environment and waterways;
- Urban areas are more concerned about leakage as the disruption from fixing leaks is more visible, as well as general asset health, resilience and sustainability;
- Urban areas and those that have experienced taste, smell and appearance issues, tend to value this as a priority more; and
- Coastal areas are more concerned about bathing water quality.

Figure 3-8: How customer priorities have evolved over time



These findings have allowed us to prioritise investment in areas that matter most to customers, particularly in ensuring a reliable supply of water and wastewater (including the health of our assets), focusing on enhancement schemes, which improve resilience, environmental benefits and affordability. These are demonstrated in the key service improvements in our PR24 Business Plan, DWMP, WRMP, WINEP and Long-term Delivery Strategy.

We have used continual customer priority testing to track and inform key performance measures for management, for example in setting long-term incentive awards granted in November 2020 and June 2021. The 'customer basket' component of these awards was directly informed by customer priorities research and areas customers had identified as being most important to them, as well as those performance commitments agreed with Ofwat. Further details can be found in Chapter 9, and supplementary document *UUW72 – Executive Pay.*

3.6.1 Customers support our AMP8 discretionary investment plans

We commissioned several pieces of research to inform areas of discretionary investment and option selection, where customers provided a meaningful view and influenced the direction of our plans. Table 3-4 below outlines the research and evidence used to inform our elective enhancement areas. For detailed information on customer evidence that support statutory and elective enhancement, please refer to *UUW21 – appendix 5, section 5.8* and UUW60- UUW67.

Table 3-4: Customers have informed the direction for enhancement spend

Elective enhancement area	Number of key research sources
Rainwater management	4
Sewer flooding enhancement	6
Coastal and river erosion	7
Smart Metering – household and non-household	4
Leakage (Mains replacement)	4
Water efficiency – household and non-household)	7
Water trading enabling works and temporary usage ban resilience	3
Lead replacement	3
HARP DPC management costs	4
Power resilience	3
Enhanced bio resources screening	3
Wastewater Supply Demand	8
Wastewater reservoirs	4
Net zero/carbon	4

3.6.2 Our AMP8 Plan: Affordability and acceptability research (A&A)

As a central part of developing our PR24 Business Plan proposals we have engaged customers on their views around the affordability and acceptability of our plans. Further details can be found in supplementary document *UUW22 – Affordability and acceptability testing reports*.

In conducting this research, we paid due regard to joint Ofwat and CCW guidance. We conducted both qualitative and quantitative research across a representative sample of both household (HH) and non-household (NHH) customer groups, with sample proportions in line with guidance. We engaged with, and received substantial contributions from YourVoice around the design and execution of research to ensure it remained neutral, representative and adhered to high-quality research best practice. Adherence to guidance was independently assured by Turner and Townsend.

In May of 2023, qualitative research was undertaken followed by statistically robust quantitative research in July/August.In addition to the prescribed phases of research, we undertook a quantitative pilot phase in April/May 2023 with 500 customers and 100 non-household customers[*]. This allowed us to understand early learnings from the quantitative research to shape our plan and share our learnings on the design of the research with Ofwat/ CCW and other water companies. Turner and Townsend reviewed materials to help us refine our approach ahead of the full quantitative testing.

It is important to note that the guidance prescribed inflationatary assumptions for testing, which meant that bills shown to customers were presented in a different real terms pricebase from the inflation assumptions and pricebase used in our plan, however they remain the same in nominal terms.UUW used a Nov-Nov inflation in customer testing, in line with the charges scheme and Ofwat guidance. This ensured that bills presented to customers were more reflective of how customers will actually be charged, whereas the final bills reflected in the plan are using financial year averages (FYA). For detailed AMP8 proposed plan bills, refer Chapter 4 and 9 . The final customer bills fell under the amount tested, as research tested bills at £520 before inflation in real terms, and on a comparable basis, using the same inflation assumptions and pricebase, the final AMP8 bill in 2030 is £519. Please see Table 3-5 below for detail on how bills tested are converted into final bills reported in RR14.

[*]Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 10 and 13

Table 3-5: Bill conversion table

Commentary	2029/30 Bill Impact
Real 2022/23 FYA (as reported in RR14)	£556
Inflation	£114
Nominal bills	£670
Deflate nominal bills to Nov-Nov pricebase, and adjust for UUW vs Ofwat inflation assumptions	-£151
Final proposed bill on a comparable bases to A&A test	£519
Actual 'real' bill tested in A&A test	£520

Table 3-6 below summarises the results of our testing, but the full breakdown of results can be viewed in our customer research methodology supplementary *UUW21, UUW22 - Affordability and Acceptability testing report* and our PR24 data table *SUP-14*.

Table 3-6: UUW affordability and acceptability research results for key customer segments[*]

	A&A Qualitative[*]	A&A Quantitative
Bill tested (£)	£512[17]	£520
Bill tested + inflation (£)	£643[18]	£653
Acceptability (very/fairly)		
All customers	77%	74%
Household customers	78%	70%
Future bill payers	88%	N/A
Non-household customers	75%	85%
Vulnerable	69%	69%
Financially struggling HH	N/A[18]	60%
Affordability (easy to afford)		
All customers	48%	22%
Household customers	50%	15%
Non-household customers	61%	39%
Vulnerable	25%	13%
Financially struggling HH	N/A[19]	2%
Affordability (difficult to afford)		
All customers	19%	43%
Household customers	20%	48%
Non-household customers	13%	30%
Vulnerable	25%	53%
Financially struggling HH	N/A[19]	87%
Preference for the proposed plan		
All customers	66%	N/A
Household customers	64%	N/A
Future bill payers	88%	N/A
Non-household customers	58%	N/A
Vulnerable	75%	N/A

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 10 and 13

[17] Change in bills from the qualitative to the quantitative phase deemed immaterial due to being below the 5% threshold. SUP14 reflect quant results only.

[18] Due to small sample size, financially struggling customers are included in the vulnerable category for the qualitative stage

In line with Ofwat/ CCW guidance, we are principally using qualitative results to assess acceptability of the business plan, and quantitative results to consider affordability; with other findings providing additional insight.

Our PR24 affordability and acceptability research revealed that in our qualitative research, 78 per cent of household customer's support the UUW business plan, as it delivers on customers' priorities for the improvement of their water and wastewater service.

78 per cent of household customers find the plan to be acceptable (14 per cent unacceptable); 75 per cent of non-household customers find the plan to be acceptable (21 per cent unacceptable); 88 per cent of future bill payers find the plan to be acceptable (13 per cent unacceptable); and 69 per cent of vulnerable customers find the plan to be acceptable (25 per cent unacceptable).

This is consistent with other customer research on UUW business plans, as we have routinely engaged with customers to co-create the discretionary elements of the plan. In addition, our findings from customer priorities, WRMP, DWMP and LTDS research show high and consistent support, demonstrating that customers strongly support improvements in service for areas they prioritise.

Results of this research show that those customers who believe that our overall business plan is unacceptable are more pronounced amongst low-income and business customers.

Customers in C2DE socio-economic segments were more likely to find the plan unacceptable, mainly linked to concerns about its cost. In addition, some businesses and future bill payers found plans particularly unacceptable, driven mostly by bill increases. There is evidence that some non-household customers felt particularly poorly served by current retail arrangements, resulting in reduced confidence in delivery of service improvements.

64 per cent of household customers prefer the UUW proposed business plan over a lower cost, alternative plan that only delivers on statutory requirements, due to the added benefits to service offered to customers. In other subgroups, 75 per cent of vulnerable customers; 88 per cent of future bill payers; 58 per cent of non-household customers also preferred the proposed plan.

Additionally, 74 per cent of household and 62 per cent of non-household customers favoured earlier investment, rather than later as they felt it was needed now for the benefit of service now and in the future.

In our quantitative research, we see strong acceptability amongst all groups, 74 per cent of all customers support the proposed UUW business plan (14 per cent find it unacceptable). 70 per cent of household and 85 percent of non-household customers support the proposed plan and its investments. However, the bill impacts associated with delivering these improvements is of concern to some, with 48 per cent of households and 30 per cent of non-households finding bill increases difficult to afford. Qualitative sessions indicate that even if bills are affordable, some customers do not feel they should pay the cost of delivering improvements and this is echoed in the quantitative results. In addition to these concerns, a very small minority felt the plan focused on the wrong areas or improvements were too small. The majority in the quantitative research felt bill increases should occur sooner.

In summary, affordability and acceptability research results show levels of acceptance of the UUW proposed plan are high. Discretionary investment choices in the proposed plan are supported by customers, as they recognise investment is in areas that they value.

When considering these results alongside research into the WRMP, DWMP, customer priorities and long-term delivery strategies, there is clear customer support for our proposed level of investment see *UUW21 - Appendix 5*. In these research projects, where discretionary spend is highlighted, customers have a clear preference for UUW's proposed level of investment and are keen to strike a positive balance between accelerating investment to ensure service is maintained and improved in the future, without negatively impacting future generations.

The qualitative research[*] provided key insights which were shared with the UUW board and YourVoice and fed into our business planning decisions. Ahead of the quantitative phase, consideration was made to the insight and the conclusions in Table 3-7 below were reached.

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 10.

Table 3-7: Qualitative insights shaped our plan

Customer acceptability insights	UUW response
Affordability - concerns, especially among those from lower incomes and C2DE socio-economic groups about how affordable the wider bill package will be, once rising energy bills and other household expenses are factored in.	Robust £525m affordability package was developed and scale of support was tested with customers. Customer supported an uplift to the cross-subsidy for PR24 and this enhanced programme of support will enable an additional 590,000 households to benefit and broaden support for lower middle income homes that cannot access social tariff discounts. (see Chapter 4).
Leakage and pollution - customers want to see United Utilities setting more ambitious targets for leakage and pollution reduction.	Leakage levels were reviewed but remain in line with revised WRMP targets to prevent further increases to customer bills for short-term marginal improvements. UUW has further strengthened commitments to deliver 60% overflow spill reductions by 2030 as customer priorities tracking shows this is of high concern.
Smart Meters - some household customers will need reassurance that smart meters are not compulsory.	Further reassurance that proactive meter fitting does not result in compulsory measured charging provided in phase 2 materials and consideration of this is in the AMP8 smart metering customer engagement strategy *(UUW61 case 6)*
Greater local engagement - some customers call for targets to be more area specific.	Developed the five counties engagement approach, ensuring customers can understand the benefits of our investment in their local area. (See Chapter 2)
Investment phasing – customers do not wish for important investment to be delayed, regardless of short term bill benefits.	We will continue with the ambitious AMP8 investment plan and long-term delivery strategy.
Private enterprise - customers raised concerns on company profits, and executive director remuneration levels, which have been prevalent in the media. Some oppose the idea of customers funding investment preferring that UUW investors cover additional costs of improvement.	Dividends –we are retaining more profits for reinvestment within the business by restricting base dividends to be c1 per cent lower than Ofwat's allowed real return (previously set at around this level). Further details on this is set-out in (Chapter 9 section 4.7). Alongside this, we are further developing a set of required board considerations prior to paying dividends (including on financial resilience, customer & environmental performance) which we commit to explaining in our Annual Peformance Report – further details provided in (Chapter 9 section 10.2). In AMP8 we will continue to have an approach to demonstrate high standards of transparency and corporate governance. Performance-pay outcomes will be substantially based on achieving stretching levels of performance for customers, and at least 30 per cent will be based on environmental measures including reducing storm overflow spills.

In response to these findings, we have concluded that:

- Customers across the North West can be said to back our business plan proposals;
- Our proposed service improvements are endorsed by customers;
- However, bill affordability is a concern for many in the near term;
- Proposed plans attract greater levels of support than a 'least cost' alternative;
- Although customers would like more ambitious leakage and pollution targets, when balanced with the need for affordable bills and ambitious targets for storm overflow spill reductions, proposed service levels should remain the same.

In addition to the main research and to address uncertainties stemming from evolving requirements and their potential impact on the final bill, we opted to examine two variations of customer bill impacts, both tested in line with the guidance. Each customer only saw one version of the survey with randomisation to determine which survey they were offered to participate in, both surveys were representative of the North West[*].

As per the Ofwat/CCW guidance, we applied a materiality test to our business plan to any changes in bills or service levels that led to a reduction of benefit for customers. When applying this test, we found that the alternative higher cost of capital bill impact scenario was material and therefore required a second round of qualitative testing with customers. The guidance was followed as far as possible, with reduced sample sizes agreed by YourVoice. Further details about our methodology can be found in *UUW21* and the implications of a higher cost of capital for customers can be found in Chapter 9.

As shown in our affordability and acceptability testing research, bill affordability is a concern for many customers. In light of this, we have engaged with a variety of customers, including those on low incomes and “just about managing” to pay their bills to help shape our AMP8 affordability package. The case study below and Chapter 4 demonstrate how we have taken into account customer views on affordability and shaped our plans to create an affordability package that customers support and provides help for those that need it most.

Case study: Driving improvements for those struggling to pay

UUW operates in a region where levels of deprivation and economic challenges mean that a higher proportion of customers struggle financially, compared with most other UK regions. For example, 47 per cent of the most deprived neighbourhoods are in the North West. Recognising the particular challenges of the North West, we have led the sector in targeting support to customers who need it with a high degree of success, resulting in reduced debt for customers.

However, there remains a significant minority of customers who do not engage with the support available and prove hard to reach and help. Moreover, ongoing cost-of-living challenges are worsening this situation for customers in our service area.

We examined evidence from a wide variety of insight sources to better understand why some customers are difficult to engage, including:

- Collection management analytics to understand the patterns of payment and segments of customers struggling to pay.
- External research and publications – e.g. Ofwat Cost-of-Living research[19], CCW vulnerability focus report[20], financial conduct authority, Cadent, and Ofcom vulnerable customer’s reports.
- UUW specific research on affordability challenges and social tariffs[**].

Key insights and operational response:
We identified that there is low awareness of the support available to customers from bill providers in general. According to a recent CCW and Ofwat report, just under half (45 per cent) of UK customers are aware that utilities providers offer financial support to those struggling to pay bills. Despite the support options and proactive communications provided by UUW, we found low awareness of support in our research with those in‘disengaged’ and ‘at risk’ groups. However, once made aware of the support UUW offers, reactions tend to be positive, in contrast to often negative experiences with other utility providers.

In response to these findings, we are:

- Furthering efforts to reach out to customers to raise awareness of the various support options. Frequent communication will increase salience as will utilising social media to promote the wide range of support available.

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 12 and 13 (version 2)

[19] Ofwat, Cost of Living Research, May 2023

[20] CCW, Vulnerability Focus, February 2016

[**] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 14,28,39 and 41

- Coordinating with and expanding partnerships with third sector organisations where there is higher awareness and a high level of trust around support provided.
- Established dedicated outreach roles to ensure we are working more collaboratively with third sector organisations.
- Trial video calls and pop-up hubs, which could help raise awareness of support to those who have busy lives, are a barrier to engaging with letter and email communications about support.

Customers, especially those currently in the 'at risk' category, often struggle to admit they need financial support, but will increasingly need it with prices rising. In light of this we have targeted early intervention email campaigns using Credit Reference Agency data, used social norms to nudge behaviour (e.g. emphasizing that many people are already receiving support) and used data share agreement with DWP for water poverty purposes to enable eligible customers to be proactively put onto affordability tariffs. This has supported over 30,000 customers.

3.6.3 Customers support our Long-term Delivery Plans

Customers have been successfully engaged to adopt a longer-term mind-set and meaningfully provide views on our AMP8 business plan and plans for WRMP, DWMP and our overall Long-term Delivery Strategy. The case studies featured in this section demonstrate how we have iteratively engaged with customers on our long term plans and meaningfully incorporated their views to shape our future plans for the North West.

Case study: WRMP and DWMP immersive options testing*

Our DWMP, WRMP Immersive Research* took a novel approach to options appraisal. A key part of the options development approach was accounting for customer preferences. We conducted a joint bespoke piece of research across the two plans that could be used to inform the development of our options hierarchy.

From across both the DWMP and WRMP elements, there was a similar pattern for customers' preferences for meeting long-term challenges. There is appetite for more education, innovation and smart ways of working before the more traditional grey measures.

This research enabled collaboration with customers who were able to understand different option types and the benefits and drawbacks associated with these. Subsequently, this enabled customers to rank their priorities for solution types. By taking this approach, we were able to develop our options hierarchy with customers' views and priorities in mind. The use of a hierarchy approach was supported by YourVoice and directly informed the selection of preferred option blends. Please visit our website for further information on our WRMP[21] and DWMP[22] publications.

Figure 3-9 Customers presented a hierarchy for how solutions for long-term planning should be approached

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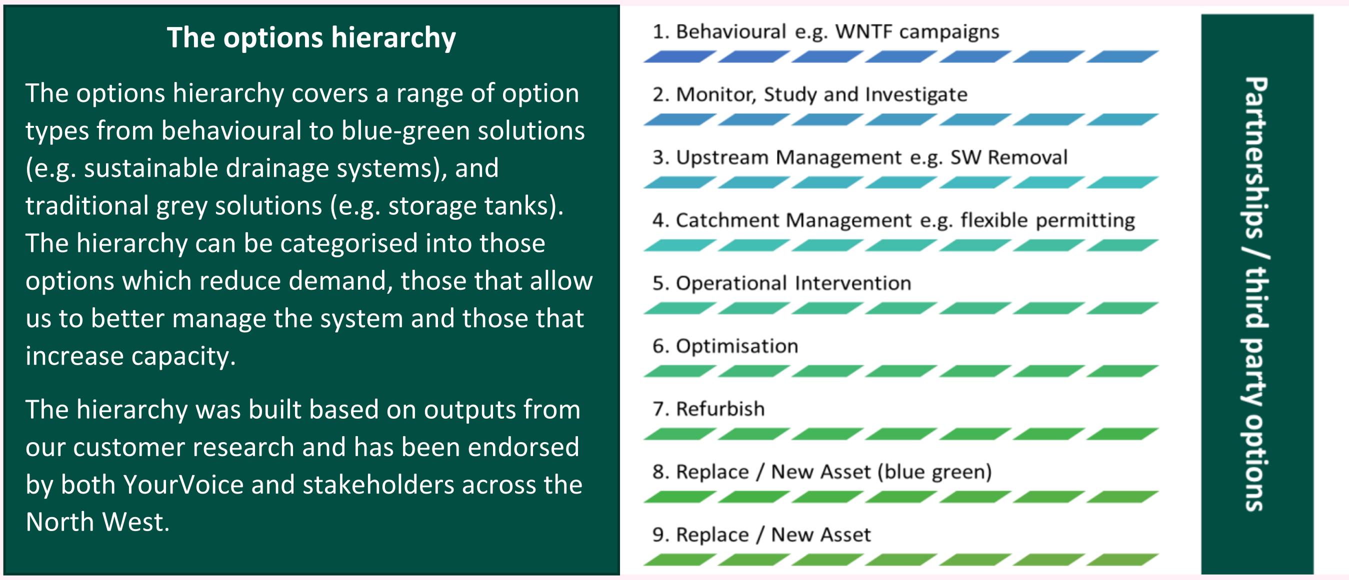
* Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 26

[21] unitedutilities.com/corporate/about-us/our-future-plans/Our-long-term-plans/

[22] unitedutilities.com/corporate/about-us/our-future-plans/Our-long-term-plans/

Following early engagement on the optioneering process for the WRMP and DWMP, these plans were co-created with customers using bespoke research to understand in-depth views on different discretionary investments in the plan. This ended with bespoke acceptability testing[*] with customers on draft and final plans. Here the proposed plan (which gave weight to the best value investment options based on previous research) was played back to customers. Using sliders, customers could amend each area of the plan and see what impact this would have on performance, service level and bills. At the end of this process, once they saw their final bespoke plan and bill impact, they were able to amend their choice once again before submitting their views. During this process, both the DWMP and WRMP garnered very strong customer support for the UUW proposed plan, despite the many different combinations of the plan that could be built.

Figure 3-10: Customers have informed the options hierarchy



Driving impact in our WRMP and DWMP plans

We need to ensure customers have a reliable supply of water now and in the future, taking into account the impacts of climate change and population growth. We also need to ensure customers experience reliable management of drainage and wastewater services now and in the future. We wanted to co-create both of these plans with customers and their priorities in mind.

To do this, we used an iterative research approach to design and feed into decision making at each stage of development. A wide range of different research projects were developed to explore different aspects of customers' views and provide opportunity for customers to engage and co-design long-term solutions to the challenges we face. This holistic package of research directly influenced our long-term plans. The below table outlines how this drives impact for our WRMP,. *UUW21 - section 5.5* helps describe how this has driven our DWMP.

Table 3-8 Water Resources Research drives impact

Research packages[*]	Key findings	Actions
WRMP and DWMP Immersive Research	Customers prioritised leakage, smart metering and promoting water efficiency as their top priorities for water resource management.	Demand options, which support this, were prioritised in WRMP decision-making methods.

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 2,25 and 48

[*] For WRMP please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 26,23,49 and 48

Research packages*	Key findings	Actions
Customer Priorities Research Water Resources West Customer Research Synthesis	Customers expressed a desire for us to harness technology and use progressive thinking and innovative approaches to tackle problems. They see climate change as a high priority and feel a proactive approach to tackling it is needed.	We considered over 300 different options in our unconstrained list. This provided the maximum opportunity to include innovative approaches to tackle problems. Our process for options screening is in our WRMP Draft Technical Report – Options Identification. We have incorporated the need for a proactive approach to climate change in our supply forecast.
Joint research with Water Resources West on valuations and willingness to pay for temporary usage bans	A majority of customers state that they would like to see the frequency of temporary use bans reduced, from 1 in 20 years (five per cent annual chance) to 1 in 40 years on average (2.5 per cent annual chance), even if this requires an increase in bills.	We have incorporated this preference in our 'Best Value Plan' (section 9 WRMP Main report).
	Customers attached greatest value to 'Carbon' followed by 'Ecosystem resilience'; 'Flood risk'; and 'Human and social wellbeing'. Customers placed lower value on 'PWS drought supply resilience' and 'PWS customer supply resilience'.	The weightings generated in this exercise were used in our decision-making process, as described in section 2.2.3 of our WRMP and our WRMP Draft Technical Report – Customer and stakeholder engagement.
WRMP Draft Plan acceptability testing	Customers showed a strong preference for our preferred plan after having a range of options to increase or reduce investment in each discretionary area. Their willingness to pay exceeds the cost of the preferred plan, demonstrating that it represents good value for money. For leakage, 39 per cent wanted us to do more, however, the majority of customers still selected the level of reduction in our preferred plan. Overall average willingness to pay was £23.05.	This confirms that our preferred plan contains the right selection of strategic choices and is aligned to customers' preferences. Due to iterative engagement with customers throughout the plan development process and the high level of support for our preferred plan, we have not made any alterations. By shaping our plan to the outcomes of previous engagement we have built a plan for customers that has gained a high level of support at 63 per cent for Household, 68% for Non-Household and 81 per cent Future Bill Payers.

Table 3-9: Drainage and Wastewater Management Research drives impact

Research packages**	Key findings	Actions
Customer Priorities Research	Protecting the environment and tackling future climate challenges were ranked highly. Specifically for wastewater, preventing sewer collapses and failures, protecting against sewer flooding and preventing pollution incidents were most important.	This directly informed the DWMP planning objectives around reducing environmental impact, sustainably reducing the risk of sewer flooding and protecting and improving the natural environment in the North West. The research allowed us to understand what customers may be willing to pay for improvements and feed this into our assessment.

** For DWMP please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 23,24,25,26,36 and 37

Research packages**	Key findings	Actions
DWMP/WRMP Immersive Research	There is appetite for more education on customer awareness, innovation and smart ways of working before the more traditional grey measures. Working in partnership and using technology to upgrade and monitor sewers were popular.	We used this as a base that was further developed and supplemented with the views and priorities of customers to develop our options hierarchy. When asked to prioritise the various initiatives, it was clear that customers value managing risks at source, ensuring sustainability and cost effectiveness, benefitting the region as a whole, and working in partnership. We added three categories, reduce service demand, better systems management and create additional capacity, as this meant more to them than the specific option types.
Storm Overflows Research	Customers would like to see investment in the North West and for there to be zero storm overflow spills but are reluctant to see an increase in their bill.	To ensure that the importance of this topic was captured in the DWMP, we have a planning objective relating to improving storm sewer overflow performance. We openly support customers' views on eliminating spills alongside their concerns regarding willingness to pay. In our final DWMP, we have carried out further optimisation of our preferred plan to ensure that the policy requirement from the government's Storm Overflows Discharge Reduction Plan has been considered alongside our other planning objectives.
Six Capitals Research	Customers support UUW's move to the six capitals framework for decision making and particularly considering the community impact and environment when making decisions. Customers recognise that different factors can have more or less weighting, depending on the decision and options at hand.	This gives us confidence in the decision made to develop our best value plan using the six capitals approach. Moving forwards towards the next investment cycle (2025–2030), our approach to assessing value will continue to improve and further embed our approach to drive value-based decisions We are aligned with other strategic programmes of work such as the Water Resources Management Plan (WRMP) and the WINEP to ensure consistency in our understanding of the value a scheme delivers.
DWMP Draft Plan Acceptability Testing	There was majority acceptance of our proposed plan levels in all areas including: customer awareness, sewer separation, sewer upgrades, storage tanks and SuDs. At a total level there was 73 per cent acceptance for household customers, 67 per cent for future bill payers and 73 per cent for non-household). Overall average willingness to pay was £13.18.	Customers showed the greatest support for separation of sewers and SuDs. As a result, our final preferred plan will implement more blue/green solutions such as sustainable drainage solutions and customer awareness and less grey solutions such as storage tanks in line with what customers wanted to see from the acceptability testing.
DWMP Final Plan Acceptability Testing	There was majority support for the final proposed plan levels. There was 67 per cent household acceptance of the proposed plan, 51 per cent for future bill payers and 54 per cent for non-household customers.	Using the findings from the draft DWMP plan testing and presenting customers with a refined plan view, has given us confidence that customers support the UUW Final DWMP Plan.

Source: UUW Drainage and Wastewater Management Plan – key research sources

Building on our approach of co-creating our water resources and drainage management plans with customers, we used this research to help shape our long term delivery strategy. To build on this it was important for customers to shape our long term ambitions and use innovative methods to engage with customers effectively. The case study below demonstrates how we have engaged with customers on our long term delivery strategy.

Case study: Customers have driven our Long-term Delivery Strategy

Water companies are required to put their five-year business plans in the context of a 25-year Long-term Delivery Strategy (LTDS) *(UUW12)*. We sought customer views to inform our LTDS which outlines our proposed investment to meet long term ambitions under a range of scenarios from 2025 to 2050. The LTDS engagement shaped our long term ambitions, and informed the solutions prioritised in our long term strategies.

Identifying customers' views on the long-term future is more difficult to achieve than eliciting views on the here and now. While current customers are able to articulate their current needs, it is often difficult for individuals to forecast how their own lives may change in the future. In addition, the mix of the UUW customer base will change over time, with today's young people becoming future bill payers. In response we have developed a three-pronged approach to forecasting how customers' views may change overtime to feed into long-term business planning. Below we set out a summary of our approach to the co-creation of long term strategies. For more detail, please see the full case study set out In *UUW21, section 5.6*.

Phase 1: Research synthesis[*]

Continuous research and engagement programmes mean we have significant amounts of customer feedback on a range of priority areas. This allows us to track customer priorities over time and compare this with revealed preference data. We recognised this data is invaluable in feeding into our long-term planning and we set out to synthesise and triangulate data from various sources to:

- Identify how customer priorities have changed over time and what lessons can be learnt from this.
- Understand how macro events and interruptions impact customers' priorities and what this tells us about similar events happening in the future.
- Map industry climate scenarios against this insight to understand how priorities might change in the future.

Using an independent consultancy to synthesise the insight and following the best practise principles laid out in the CCW/SIA report[23], we used varied and continuous sources of insight such as UUW and external research studies, operational data and social media volume data were used to inform our synthesis.

The analysis allowed us to understand that individual events do not tend to permanently shift overall customer priorities, but cumulative events (e.g. storm overflows) and macro trends (e.g. cost-of-living challenges and environmental focus) do move them over time. Affordability is the current number one driver given cost-of-living challenges, but the independent synthesis allows us to indicatively predict which priorities are likely to remain priorities in the future, based on their performance in the past. For example, environmental issues are likely to rise to the fore by 2050, either as a reaction to negative climate events or after global efforts to tackle adverse effects in the intervening decades. Specifically, biodiversity, storm overflows, carbon and bathing/river water quality will likely grow in priority due to cumulative events and macro trends. Our priorities tracking over time shows us that minimum service expectations, leakage reduction, and consumption, as well as investing in long-term asset health and sewer flooding prevention will always be important.

These findings support the improvements in resilience and asset health, pollution, leakage and environmental protection in our AMP8 plan and enable us to prioritise these areas in both the short and long term. Our AMP8 plan is the first step to achieving long-term improvements. This research supports our prioritisation of environmental investment including nature-based solutions, rainwater management, and hybrid and partnership working. This synthesis allowed us to understand how priorities over time could evolve in the future and we were able to use this insight to create ambitions for our long-term delivery strategy, which were tested in Phase 2.

Phase 2: Immersive Ambitions Testing

We commissioned an innovative immersive research project, which used Artificial Intelligence (AI) to immerse customers in possible future scenarios. Projective techniques were used to encourage customers to think of

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 30 and 29

[23] SIA partners on behalf of CCW, PR19 Triangulation Review, May 2021

changes to the world over the last 25 years and then using AI, project them into possible benign and adverse futures. Using AI technology helped customers consider the scale of change in day-to-day life over the last 25 years and apply this thinking forwards to separate from the concerns of today and consider ambitions over the long term.

Throughout the research the independent research agency probed to explore key issues in the context of intergenerational fairness. This allowed us to gain greater depth of insight to understand views and to explore how, if at all, opinions change after the long-term AI futures were introduced. A post-task was conducted so participants could talk to a family or friend of a different generation who had not been part of the research, and discuss their views. This led to rich follow-up interviews and nuanced conversation around intergenerational fairness, giving us confidence in this approach and the results.

Figure 3-11: AI generated scenarios for the future

The Past (1998)
A house from 25 years ago encouraged consideration of how water usage and life has changed and how different challenges and ambitions would have been in 1998.

The Present
Present day house reminded participants how life has moved on since 1998 and the challenges these differences has created

Green Guardianship Future and Climate Inaction/Chaos Future
Two extreme scenarios 25 years in the future – 'Green Guardianship' and 'Climate Inaction/Chaos' future – to encourage thoughts about how the world might change, and how this could impact what United Utilities need to deliver on E.g. Climate Inaction/Chaos future highlighted potential water disruption due to dry weather events/outages, using imagery of emergency bottled water in the kitchen.

FEEDBACK

"Having to think back to 1998... Obviously, I was a younger girl whose parents dealt with the water bill. And then now, I've got my water bill, and I've got kids. As a mother, I would like to ensure that going forward, that they're going to experience the same sort of quality that I've has all my life and that they're not going to suffer."

General Public, Over 40, Greater Manchester, Suburban

"I was wondering with my Grandma if she would have a different opinion being significantly older, but actually she also said it's better to pay more now rather than leave it till later"

General Public, Over 40, Cheshire, Suburban

"My Dad took more of an avid interest in the environmental side, which kind of surprised me, because I expected [net zero] to be targeted towards my generation and opposed to the elder generation"

Future bill payer, 18-22, Greater Manchester, Suburban

Phase 3: Synthesis and triangulation
These learnings were fed back into the long-term delivery strategy and triangulated alongside other relevant insights, taking into account factors such as deliverability, cost and risk. Table 3-10 below illustrates how each piece of research informed our LTDS and its component parts (water resources, bioresources etc)

Table 3-10 Long-term delivery strategy research drives impact

Research packages*: Customer Priorities Research, Long-term synthesis and Ofwat/CCW Customer preferences research	
Key findings	**Impact**
Highlighted customer priorities over time. Allowed us to develop indicative projections of future priorities, considering how priorities might change in different future scenarios. Environmental issues are likely to be at the forefront for customers over the long term. Minimum service levels will consistently stay high priority. Leakage and asset health are also likely to increase in priority over time as economic and affordability concerns lessen.	Supports the investment in resilience and asset health, pollution, leakage and environmental protection in our AMP8 plan and enables us to prioritise these in the short and long term. Supports our environmental prioritisation including nature-based solutions, rainwater management and hybrid and partnership working. The synthesis enabled us to shape our long-term ambitions to test further with customers, highlighing further areas of insight for Phase 2.

Research packages: WRMP and DWMP Research packages	
Key findings	**Impact**
Strong endorsement of measures that encourage more responsible behaviour at a household level for wastewater. Highest ranked initiatives were water efficiency, customer engagement and using technology to control sewers and monitor for problems.	We used this insight to select the key investments in our long-term plans. These are reflected in the adaptive pathways in our LTDS where we have used options preferred by our customers wherever possible. Where less preferred options are required to deliver our ambition, we have sequenced our solutions to focus on options our customers

* Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 23,30,24,25,26,48 and 49

For solutions that provide water services to customers, prioritised initiatives included leakage, promoting water efficiency and reusing waters. Preference scores for our proposed plan was strong across all household, non-household and future bill payer segments (at least 63%).	prioritised in the shorter term. This gives us time to explore alternative solutions and new technologies before committing to future schemes.

Research packages: Bioresources*

Key findings	Impact
Customers were concerned about river water quality, environment and air quality and microplastics. They preferred advanced anaerobic digestion and believe we should be investing in established technologies and exploring new technologies simultaneously to keep one eye on the future. Advance Anaerobic Digestion (AAD) with heat source was their most preferred treatment option for us to invest in.	Customers preference for AAD, and the movements to this being identified as low regrets in our scenario analysis, means we plan to increase AAD sludge treatment to reduce operational carbon emissions. Customers were highly concerned about river water quality, the environment and air quality. AAD treatment will create a high-quality, enhanced biosolids product with low microbial contamination and reduce water quality risks. Customer concern around micro plastics influenced decision making to include enhanced sludge screening to reduce rag, grit, plastics and other foreign material within biosolids being spread to land in the short term and explore further options in the long term.

Research packages: Long-term research immersive ambitions testing

Key findings	Impact
Customers expressed preferences for the levels of service and speed of achieving that service for each ambition area. Whilst some ambitions had clear feedback, many ambitions resulted in differences in priority expressed between customers, with no clear consensus on the preferred level of ambition. Differences in preference for ambition could be influenced by a customer's socio-economic background and, therefore, views were explored by segment. Experience of the issues being discussed was a key factor in support for more stretching ambitions. The majority of customers believe action should be taken now to improve performance for the future, particularly with core service aspects such as maintaining pipes and pumps (asset health).	This has directly impacted our targets chosen for key ambition areas: Drinking water quality – our target to reduce complaints to 0.4 per 1,000 customers by 2050. Customers want lead pipe removal as soon as possible – our plan looks at options to accelerate removal and we have included an enhancement case and adaptive plan for lead. Maintaining pipes and pumps – we agree with customers that asset health is important to invest in and short-term fixes are not solving everything. We are aligned with customers' second preference of reducing leakage by 50 per cent by 2050, balancing affordability and deliverability. Customers want to go faster than the Environment Act targets on consumption, our long-term adaptive plan for water explores opportunities in technology and labelling, which could support acceleration. Customers agree with targets around sewer flooding and carbon net zero. They support social value creation, but do not want to pay for it. Therefore, ambitions should focus on steady growth in employment and affordability support. Customer views are to explore investment beyond a 'no regret' approach, taking more of a proactive approach. This supports our investment and enhancement areas including rainfall management assessment of tank volume prior to build, dynamic network management and lead removal.

* Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 17 and 18

3.7 Communities and stakeholder feedback and how we plan to address it

Gathering stakeholder insight across the North West five counties

3.7.1 Cumbria

Through our land ownership in Cumbria, we interact with several environmental stakeholders to ensure we meet water quality objectives, while at the same time protecting and enhancing biodiversity and traditional Cumbrian practices. Many of our relationships have been developed over many years.

In AMPs 6 and 7, we delivered a £300 million water scheme described by the Lake District National Park Authority (LDNPA) as an ‘exemplar’ of stakeholder engagement. We secured unanimous planning permission across three planning authorities in the heart of the LDNPA, enabling delivery of the Thirlmere Transfer scheme on time and to meet its regulatory obligations.

The stakeholder engagement and interaction for this major scheme was extensive and included local MPs and councillors, tourism bodies and landowners, combining face to face (which saw over 500 customers attend 50 public exhibitions and over 130 parish council interactions) with digital consultation[24]. Understanding these stakeholders and listening to their perspectives shaped the design of the scheme ahead of seeking planning permission.

Engagement in Cumbria has shown water resources and water quality to be an area of concern, reinforced by feedback from local authority engagement. We undertake regular dialogue with Cumbrian stakeholders with a vested interest in how we manage abstraction and, in particular, our Water Resources Management Plan[25]. There is similar interest in how we return used water safely to the environment.

For example, we were instrumental in the creation of the Love Windermere partnership, which aims to use collective expertise to understand the complex issues facing Lake Windermere and prioritise effective solutions lovewindermere.co.uk. The partnership has members from many sectors with the expertise and influence needed to bring about action. Led by the EA, the partnership includes the Freshwater Biological Association; Lake District Foundation; Lake District National Park Authority; National Farmers Union; National Trust; South Cumbria Rivers Trust; and United Utilities Water. The group is developing evidence-based, long-term plans to maintain and improve water quality in the lake, while balancing the needs of nature, the community and the local economy.

Figure 3-12 United Utilities’ Information Centre, Crescent Road, Windermere

Further, we have opened the United Utilities Water Information Centre[26] on the Windermere high street. So whether residents have a question about their water bill, or they’d like to understand more about our action plan for Windermere or sign up for a tour of our treatment works and learn all about how we clean the wastewater, they can come along to the shop and speak to our colleagues Monday-Saturday.

[24] uuhub.co.uk/westcumbriapipeline/

[25] unitedutilities.com/corporate/about-us/our-future-plans/water-resources/water-resources-management-plan/

[26] unitedutilities.com/corporate/newsroom/latest-news/windermere-information-centre-opens/

3.7.2 Greater Manchester

With both the Greater Manchester and Liverpool City regions governed through mayoral administrations, we have sought to build good working relations to understand their priorities and how these should be reflected in our approach and plans. Our engagement with the Greater Manchester Combined Authority (GMCA) has resulted in backing for an integrated water management plan and our support for this can be found in Chapter 2. The GMCA, UUW and EA have developed a productive partnership to drive forward the environmental, development and infrastructure agendas in Greater Manchester. We will invest £250 million between 2025 and 2030 to manage surface water innovatively and by co-ordinating investment with others through the integrated water plan, this will allow us to maximise social and natural value and minimise disruption to communities.

The plan has been endorsed by the Greater Manchester Mayor, who commented: *"The latest Greater Manchester devolution deal creates the conditions to support and enable transformation in how we work, plan and deliver together to achieve integrated water management. There is no better time for us to overcome the challenges of integration in water management. Now is the time for us to deepen our collaboration and partnership to develop new ways of working together that will enable us to meet these challenges head on."*

Our support for the GMCA's environmental priorities means we are an integral partner at its annual Green Summit. At the last event, attended by nearly 1,000 participants, we took the opportunity to speak with the sub region's environmental sector representatives who fed back on:

- **Too little water** – risks highlighted repeatedly included water security, with water demand, scarcity and conservation mentioned;
- **Too much water** – flooding with an emphasis on flood risk resilience, the impact of flooding and increased heavy downpours; and
- **Water quality in rivers** – feedback included view on spills from overflows and implications for public health, plastics and litter in rivers, contamination and risks for wildlife.

Attendees fed back that cost-of-living challenges are posing a significant challenge to their campaigning and expressed concern whether greenhouse gas emissions could be reduced, while balancing business expansion. Other concerns included the slow pace of 'green infrastructure' adaptation in new developments and the 'lack of forward planning' when it comes to extreme climate events. Such views and insights into what stakeholders care about are really useful in shaping how we address these challenges over the long term and our response to this can be seen in *UUW12 - Long-term Delivery Strategy*.

3.7.3 Merseyside

We are a founding member of Nature Connected, Merseysides's Local Nature Partnership, which brings together public, private and community sector organisations to ensure the natural environment is harnessed to support economic, social and environmental goals natureconnected.org/. Through this group we have connected with stakeholders on a variety of topics of importance to them, such as tackling climate change and developing natural capital approaches as well as being a key partner in the Environment Summit they held to celebrate its Year of the Environment.

With a river as iconic as the Mersey, it is of no surprise that river water quality and storm overflows are key concerns in the Liverpool City Region (LCR). The Mersey Rivers Trust was a critical stakeholder to engage when developing our WINEP programme, shaping our thinking as the plan developed. This sub region has a very high percentage of combined sewers, and flooding is a key topic for LCR. We worked in collaboration with Southern Water on hosting the International FOG Conference in Liverpool. The 2022 event centred on hospitality and explored the challenges and solutions for capturing FOG at source, including how water and hospitality can work better together. This engagement brought key stakeholders together with an opening from LCR mayor Steve Rotheram on the importance of infrastructure to the health of the River Mersey.

3.7.4 Cheshire

Cheshire has a strong arable farming community on land that is classed as 'non-owned' catchment. This has led to the development of close working partnerships with a number of users of that land, in particular the farming community. In collaboration, we have developed innovative solutions to problems such as nutrient management to ensure multiple benefits to farming and water quality. An example of this can be seen at a trial we held with Compass Agronomy at Lower House Farm, which has shown how growing cover crops and carrying out soil analysis can reduce artificial fertiliser use to protect raw water sources. Further details can be found on our website[27].

Flooding is a key concern in Cheshire, and we have worked closely with stakeholders to ensure a collaborative approach to tackling flood risk. We have been instrumental in creating the new Northwich Emergency Flooding Plan following extensive collaboration between ourselves, Cheshire West and Chester Council, EA and the local community. The comprehensive contingency plan uses the experience of previous flood events to set out a collaborative, integrated response to help protect the town's residents and businesses. Partners now have a better understanding of each other's role and are better prepared to tackle any flooding incidents in the future. *UUW38 Working in Partnership*

Cheshire is situated between Crewe and Manchester and as such is a critical site for the new HS2 rail link. We have been working closely with stakeholders in Cheshire and Manchester to ensure our activities are coordinated with local plans and any disruption is managed as efficiently as possible.

3.7.5 Lancashire

Lancashire encompasses the Fylde coast reliant on beaches and bathing waters for tourism to maintain the local economy. As such, engaging with stakeholders in Lancashire has been critical to ensure a collaborative approach to dealing with the issues of bathing water quality and storm overflow performance. We founded the Turning Tides partnership, an example of partnership working to improve bathing waters.

Flooding and Surface Water Management is another area of concern. Flooding has affected many towns and villages and there are a number of high-risk areas including the River Wyre Catchment. Partnership working has been a key piece of feedback from local authorities in Lancashire so we are working through the Fylde Hub and our Wyre NFM pilot[28] to align stakeholders behind a number of schemes that will help alleviate flooding across the county (see Chapter 6).

There is a huge amount of development planned for Lancashire and it is predicted to have a large rise in its population. Water resources and resilience of supply is an area that has been raised by Local Authorities in Lancashire. Details about how we are addressing this can be found in section 6.4.3 in Chapter 6.

The feedback we have gathered from stakeholders in each county, which has given insight into their priorities, has been shared with our teams developing the business plan and long term strategies. In Table 3-11 below, we summarised how our proposed submission addresses stakeholder priorities.

3.7.6 Your water, your say

We held the open stakeholder and customer 'Your water, your say' forum, in line with Ofwat and CCW guidance, on 29 June. The online session was open to all, including customers, businesses, environmental groups and other stakeholders, providing an opportunity to ask questions, raise concerns and provide feedback on the business plan for the 2025 – 2030 period directly to the chief executive and members of the senior leadership team.

The event was promoted widely via social media channels including Twitter, Facebook, and LinkedIn reaching 10,000 people, our customer research panel 'In the Flow' comprising of 1,000 customers and to 400,000 My Account customers. Attendees represented a range of interest and community groups including Clean River Kent Campaign, Mersey Rivers Trust, Citizens Advice and the Combined Authorities in Greater Manchester and Merseyside. In total 113 customers and stakeholders joined the Ofwat/CCW event.

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[27] unitedutilities.com/corporate/newsroom/latest-news/cheshire-cover-crop-trial-reduces-fertiliser-use-to-achieve-yield-and-protect-raw-water-quality/

[28] naturalcourse.co.uk/uploads/2022/08/Wyre-completion-Local-community.pdf

The independent Chair's report and UUW's full response to questions raised can be found in supplementary document *UUW20 Your Water Your Say Summary* and are published on our website[29].

3.7.7 Extending Your Water, Your Say engagement to the five counties

In addition to the Ofwat/CCW event, we took the opportunity to host five county based 'Your water your say' sessions for Cheshire, Greater Manchester, Cumbria, Lancashire and Merseyside. Chaired by the chair of the independent challenge group, YourVoice. Each session gave customers and stakeholders in each county the opportunity to address concerns at a local level including around investment, environmental strategies and how we are helping the most vulnerable in society.

It allowed us to promote key messages about our plan and our purpose to provide great water for a stronger, greener and healthier North West in each area, and gauge reaction to our proposals and investment intentions. These sessions attracted 180 customers and stakeholders including several special interest groups around local issues. The meetings were positive, with challenging questions on a wide range of issues. The full response to these sessions can be found Chapter 2.

3.7.8 Themes and key issues

Questions across all the events were focussed on the three themes of our plan, which is to make the North West *stronger*, *greener*, and *healthier*. In total, we received 82 questions for the Ofwat/CCW event and 122 questions across the five county sessions.

Table 3-11 below categorises feedback themes and, where appropriate, explains how our PR24 Business Plan addresses that feedback. Much more detail is provided in supplementary document *UUW20.* The sessions and feedback form part of the evidence used to triangulate customer and community views to inform our plan.

Table 3-11: **Summary of Your water, your say issues and response**

Issue raised at session	UUW response
Long-term water supply – Customers and stakeholders expressed concern about current and future water supplies given the expected growth in population and the impact of climate change on the environment. Concerns were also raised about water transfers to other 'water stressed' parts of the country and around resilient long-term supply. They asked about plans to ensure the region had sufficient supply of water for decades to come.	With careful planning, UUW can continue to deliver a reliable supply of water for customers in the future, while protecting the environment. With increasing pressure on water resources across the UK, UUW's Water Resources Management Plan (WRMP) defines our strategy to achieve a long-term, best value and sustainable plan for water supplies in the North West. UUW produces a WRMP every five years. When developing and testing the WRMP, UUW considers a range of scenarios and options taking account of uncertainties around climate change, water transfers, and the amount of water needed, population growth and environmental changes. This helps UUW to understand what the risks are in the short, medium and long-term to our water supplies across the region.
Reducing Leakage – Customers across the five counties raised concerns about the levels of supply lost to leakage. In addition, they wanted to know how we identified leaks in homes and businesses, and what our plans were to reduce the level of leakage going forward.	UUW's target is to halve the current level of leaks by 2050, with an interim target of 20% and 30% by 2027 and 2032 respectively. We will deliver our leakage targets by moving from a find and fix approach to using technology and artificial intelligence to understand where leaks are happening and fixing them. We will also increase the rates at which pipes are being replaced and plan to replace 950km of water mains from 2025 to 2030.
Reducing customer demand - Customers want to be more water efficient and understand how they can drive down their water usage, and therefore better manage their bills.	By raising customer awareness about the importance of saving water in the home we are seeing customer demand fall. By 2030 we will have helped customers reduce water demand by 10%, a major step toward long term government targets to reduce household water usage to no more than 110 litres per person per day. Central to our plan is the roll-out of 900,000 smart meters to homes and businesses during 2025-30.

[29] unitedutilities.com/globalassets/documents/corporate-documents/summary-of-ywys-session.pdf

Issue raised at session	UUW response
New water sources – As the region experiences heavier downpours and warmer days, concerns were raised about reservoir levels and any plans to develop additional water sources.	In 2025 to 2030 we are proposing to develop new groundwater sources providing an additional capacity of 22Ml/d. The three groundwater options identified in the WRMP are in Lancashire, Macclesfield and Stockport (we have also identified alternative options should the development of certain options become unfeasible). This additional capacity in groundwater sources, will ensure that we have sufficient supplies so that we can support the national strategy of water transfer to other parts of the UK. In addition, UUW is part of the Water Resources West regional planning group (along with Severn Trent Water, Welsh Water and South Staffs Water and other stakeholders), and UUW has developed its WRMP with input from the group so it is aligned with an overall regional plan.
Supporting jobs and local economy – Given our largest ever investment programme to deliver environmental improvements, customers wanted to find out more about job and training opportunities for local people.	Our AMP8 plan will support over 30,000 jobs in the North West per annum. Whether these jobs are in UUW directly, or in our supply chain, we are committed to being a diverse employer. We continue to invest in green apprenticeships, committing to 100 new Green Apprenticeships by 2025. We have also increased the number of digital apprentices each year and will continue our graduate and apprentice schemes in AMP8
Bills and affordability - Customers want to understand by how much their bills are expected to increase, and how that increase is expected to be spent. They raised questions about how we plan to help people who are struggling to pay their bills.	Reflecting the environmental improvements and improvements in services we need to deliver, the average annual bill will increase from £447 in 2022/2030 to £556 (before inflation) by 2030, a £20 increase each year for the five years. Affordability is a hugely important issue. Lowering bills and helping customers out of water poverty is a priority. In our plan we are doubling affordability support to £525 million.
Infrastructure investment - Customers and stakeholders care about their surroundings and want us to do more to protect our natural environment. Across all counties there is real concern about storm overflows and the impact of CSOs on rivers and lakes. Customers and stakeholders in Cumbria raised the most questions on CSOs. Customers wanted to know how much sewage was being 'dumped' into the rivers, and what the company's plans were to address this.	UUW is investing £3.1bn to improve 437 overflows across the region. This will help us to deliver a step change in the performance of our overflows reducing spills improving river and bathing water quality across the region Our rainwater management strategy forms an important part of our AMP8 plan, reducing storm overflow activations and delivering long-term resilience to climate change by managing rainwater before it enters the sewer system. All storm overflows will be monitored by the end of 2023, with real time spill data made available to the public.
Reducing the risk of flooding - Parts of the region are more prone to flooding due to adverse weather. Flash floods are a major concern and customers want reassurance that UUW is addressing this.	Our plan will see us deliver a 31.9% reduction in internal sewer flooding incidents and a 12.9% reduction in external sewer flooding incidents over the course of AMP8. We are installing a series of sensors across our network to monitor and understand how our sewers are performing and identify problems before they occur.
Executive Pay and shareholder contributions - Consumers across all five counties asked how the pay of the CEO and other senior managers reflect the company's performance. They wanted to know how much shareholders were lending to infrastructure schemes.	Executive pay arrangements are aligned to our purpose, strategic priorities and core values. A substantial proportion of the overall pay that executives are eligible for each year is performance related (69%) and long-term (52%), and we have high standards of governance and transparency in our existing executive pay policy. Our investment plan for AMP8 is large and customer bills will have to rise to fund it. However, UUW does not collect from customers all of the money we plan to invest in the same year in which it is spent. Therefore, UUW must finance investment upfront through other means including from shareholders..

Our approach to water resources engagement including its various elements ; Water Resources Management Plan (WRMP), drought plan and Water Resources West (WRW); has been extensive, using a variety of engagement methods.

Case study: Water resources consultations

During the 14-week consultation period, we held three consultation events – two online and one in person - during which we discussed our draft plan with customers, regulators and stakeholders. The events attracted 83 delegates from 60 different organisations including the Environment Agency, local authorities and councils, recreational groups, conservation and wildlife trusts, local businesses, and charities.

We received lots of informal feedback from these events, as well as 26 formal consultation responses on our draft plan. While there were many expressions of support for the plan, as well as proposals for modification, improvement and clarification, several respondents commented on more than one issue, or on different aspects of a single issue. As a result, the 26 responses gave rise to over 350 detailed comments.

We have considered all the responses received and have taken account of these in our revised draft. For example, in the discussions, it was clear that leakage was a key issue, and there was widespread support for our proposals for investment to achieve leakage reduction. However, some felt that the fact that it was in line with the national standard meant that it was essentially a requirement, not an ambition, and wanted to see UUW exceed this and do more to drive down leakage rates. In our revised draft plan, we have increased our leakage reduction plans for the period 2025–2030 relative to our draft plan.

3.8 Customer informed incentive rates for the North West

As part of the process for establishing Performance Commitment incentive rates we have sought to understand customer willingness to pay for service improvement in a number of areas. Supplementary document *UUW30 Performance Commitments technical* sets out our proposed common and bespoke Performance Commitments.

3.8.1 Approach to determining willingness to pay, triangulation and determining incentive rates

Ofwat/CCW have engaged collaboratively with water companies to design collaborative ODI customer research for PR24. UUW has been an active member of the industry collaborative steering group to determine the design and roll out of this methodology. As such, we have given due regard to the Ofwat/CCW Collaborative ODI research results as far as possible in our approach to calculating the ODI’s related to our bespoke PCs.

Where it has not been possible to use this research – for example, where bespoke PCs need evidence of alternative valuations that are not provided in the collaborative ODI rates research – we have used additional research, insight and analysis to support.

To determine proposed incentive rates, UUW has developed a triangulation methodology with independent consultancy Frontier Economics. The approach to triangulation has been developed in line with CCW/SIA best practise recommendations. Additionally for research triangulation and our golden thread, we have scored all customer research projects to determine the key sources for business planning in line with this framework. Details can be found in supplementary document *UUW31 Customer triangulation framework* and *UUW34 – Customer research golden thread evidence*. Our approach to determine proposed incentive rates has been challenged by our ICG, YourVoice, and independently assured by Turner & Townsend.

Case study: Bespoke PC customer research

As set out in Chapter 5, UUW is proposing three bespoke PCs and customer and stakeholder feedback has been key in developing these. The three bespoke PCs proposed are:

- Improving water bill affordability for socially important non-household customers
- Wonderful Windermere – leading partnership to improve river water quality at Lake Windermere

- Embedded greenhouse gases – reducing carbon emissions created as a result of building and construction on UUW's sites

We have used customer and community insights over time to co-create and iterate our plans and proposals for bespoke PCs. Starting with our customer priorities research in 2021, we have identified gaps between customers priorities and the common PCs, alongside what is important or different about the North West region as a whole. Our dedicated bespoke PC proposals research report also demonstrates that customers in the North West support our bespoke PC proposals and believe they are welcome investments for the region.

Table 3-12 below outlines how insight has shaped our bespoke PC proposals. For more on this please see Chapter 5, section 5.10.

Table 3-12: How customer research has shaped our bespoke ODI proposals

Research item[*]	Key findings	Actions to develop bespoke ODI's
Customer Priorities Research	Beyond minimum service expectations, affordability and environmental priorities top the list and see significant rise from PR19 customer priorities research. Tackling climate change, pollution and carbon footprint were amongst these environmental priorities.	These priorities that rated highly were fed into the decision-making framework and when comparing to list of potential common PCs Ofwat may propose, we highlighted a gap of affordability. This provided a starting point to develop PCs to address affordability (NHH affordability).
Ofwat/ CCW Customer Preferences Research	Excluding areas that are likely to appear as common performance commitments, affordability and fairness are a high priority for customers. Biodiversity is also a key factor.	Affordability and biodiversity further feed into customer priorities we may wish to address in bespoke PC proposals.
ODI Collaborative Rates Research	The collaborative survey provided further evidence of customer impact of several service issues and willingness to pay to prevent service failures. River water quality and biodiversity are amongst the medium impact rankings.	River water quality and biodiversity are amongst the medium impact rankings from the research and so this was considered when creating our 'Wonderful Windermere' PC.
Customer priorities over time tracking	Affordability, environment and pollution priorities continue to grow over time.	Customer evidence led us to exploring PCs around water bodies, biodiversity and pollution.
Stakeholder engagement (Love Windermere)	Lake Windermere is an important lake to the North West and there is growing concern amongst stakeholders and residents of its water quality and environmental status.	This concern could be directly addressed with partnership working and UUW taking a lead to improve river water quality for the Wonderful Windermere PC.
NHH water efficiency research	This research highlighted certain sectors and small businesses struggling with affordability and wanting further support from UUW to reduce usage and bills	This directly fed into our NHH affordability bespoke PC proposals as further evidence that more help was needed for small business and communities.
Long-term delivery strategy	Customers were highly supportive of proposals to provide help for customers struggling and aim towards carbon net zero by 2050.	Further action is needed now to meet these targets in the future, thus feeding into our PC proposals for Embedded Greenhouse gases, and NHH affordability.
Bespoke PC proposals research	Customers felt we should progress bespoke PCs for NHH affordability, embodied carbon and improving Windermere.. Other supported PCs are now covered elsewhere in the plan.	Customers shared suggested improvements to the proposals which have been taken into account in our design.See UUW30
Affordability and Acceptability Testing Research (See UUW22)	Customers wanted us to go further with our plans for addressing pollution and also requested area specific interventions to tackle local issues. Carbon targets of 42 per cent improvement (from a 2019/20 baseline) by 2030 were widely supported and valued.	The Wonderful Windermere PC allows us to go further in addressing pollution and protecting against climate change, as well as tackling both a local priority for Cumbria, and national visitors. The support for carbon reduction provides evidence for targeting embedded greenhouse gases in AMP8.

[*] Please see UUW21, Appendix 6 –Customer Research Catalogue, Table 27 ref 23,30,31,29,16,10 and 13