



**AffinityWater**  
Taking care of your water

# Thames to Affinity Transfer (T2AT)

RAPID Gate 2 Submission

Supporting Technical Document D: Customer and  
Stakeholder Engagement

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# 1. Introduction

- 1.1 This document is the Supporting Technical Document (Annex D) of the Gate 2 submission for the Thames to Affinity Transfer (T2AT) strategic resource option (SRO). It provides more detailed information on the engagement undertaken with stakeholders and customers to inform the route selection, feasibility and conceptual design for T2AT up to Gate 2. It includes an overview of the engagement activity, the main points of feedback from stakeholders and customers and how they have been considered in the on-going programme of work and development of the solution. It also sets out the issues that need further investigation.
- 1.2 We developed our approach to engagement in line with RAPID's guidance for Gate 2<sup>1</sup>. We have built on the foundation of stakeholder and customer feedback received prior to Gate 1, activity completed through Gate 1, the representations made to RAPID on Gate 1 and direct feedback from RAPID and other regulators.
- 1.3 It is important for clarity, consistency and efficiency that the engagement activity to inform the development of the SROs is coordinated with dialogue on the regional plans, company Water Resources Management Plans (WRMPs) and company PR24 Business Plan submissions. The customer and stakeholder engagement activities have been undertaken on that basis, to ensure there is a flow of insight through the process as illustrated in Figure 1.

Figure 1 Insight flow from customer and stakeholder engagement



- 1.4 We are committed to work openly and transparently and have worked to achieve this by:
- Sharing information, and providing regular updates to stakeholders, on the programme of work and the studies underway and giving opportunity to comment.
  - Working with regulators and stakeholders as part of the Technical Liaison Groups to jointly define the scopes of work and technical methods and to provide the outputs for technical assessments for review and challenge at an early stage of work.

<sup>1</sup> Strategic regional water resource solutions guidance for Gate two, RAPID, April 2022.

- Engaging with stakeholder organisations, who have specialist technical knowledge or a specific interest, to share relevant information and provide opportunities to input to the work.
- Engaging with a wide range of stakeholder organisations to share work to develop the plan for our long-term future water supply and the potential solutions at a formative stage of development of the plan, and to listen to feedback and take it into consideration.
- Raising awareness on the challenge for water resources, the planning process and opportunities to contribute and input to shape long-term plans at a formative stage.
- Engaging with our customers through research, consultation and wider engagement activities to ensure their priorities and preferences are taken into consideration.

1.5 The structure of this document is as follows:

- Section 2 presents a summary of our learning from previous engagement with customers and stakeholders, which has informed our approach throughout Gate 2.
- Section 3 outlines our approach to engagement with stakeholders and reports on the activity completed and the main issues and risks.
- Section 4 presents the research undertaken with customers to inform the ongoing development of the solution.
- Section 5 sets out the next steps.

## 2. Learning from previous engagement

2.1 The T2AT was included in Affinity Water's Water Resources Management Plan 2019 (WRMP19). Historically the transfer scheme has been directly linked with the South East Strategic Reservoir Option (SESRO) which has had extensive engagement with national and regional stakeholders, local communities, and with customers. The alternative option of using the London Water Recycling (Effluent Reuse) SRO scheme as a possible source option was introduced as part of the SROs development in Gate 1. There is general awareness of the scheme, but as no route had been selected there was limited engagement with local communities and their representatives.

### Summary of activity prior to Gate 1

2.2 Affinity Water included T2AT in its Water Resources Management Plan 2019 (WRMP19). The transfer itself received little direct response.<sup>2</sup>

### Summary of activity during Gate 1

2.3 The stakeholder engagement activity undertaken through Gate 1 was three-fold:

- Activity to inform the development of the Water Resources South East (WRSE) regional plan, to ensure stakeholders understood how T2AT, and other solutions, fitted within the strategic water resource planning framework.
- T2AT specific discussions focused on legal, regulatory and strategic issues which could prevent the scheme progressing or substantially change the design of the scheme. The engagement was primarily with regulators and strategic stakeholders and designed to be collaborative, with regular progress meetings. This approach facilitated agreement on the scope of the technical studies and methodological approaches<sup>3</sup>.
- Engagement with Chalk Stream First (CSF), who were considering alternative solutions to avoid or reduce abstraction from the aquifer in the headwaters allowing availability for surface water abstraction in the lower catchments of the Rivers Colne and Lee. This then had possible options of using the Affinity Water's SUPPLY 2040 scheme<sup>4</sup> to utilise water from the Thames reservoirs to replace the water supply for customers who are currently supplied by chalk aquifer water.

2.4 The customer engagement activity undertaken through Gate 1 focused on examining customers' understanding of water resources and the need for regional solutions. It also explored customers preference for different types of solution and what was driving that choice. This helped inform the customer engagement that was conducted as part of the Gate 2 programme.

2.5 The Gate 1 submission to RAPID presented the approach and work completed and was reflected in the good feedback presented in RAPID's draft decision on the Gate 1

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<sup>2</sup> Affinity Water WRMP19 Statement of Response

<sup>3</sup> T2AT Gate 1 Submission Annex Customer and Stakeholder Engagement

<sup>4</sup> Affinity Water WRMP19

submission<sup>5</sup> published on 14 September 2021, alongside the draft decisions for the other standard SROs. The draft decision determined that good progress had been made on all the assessment areas, with a number of actions and recommendations<sup>6</sup>. In summary these were:

- Cost and benefits – inclusion of more detail on resilience and climate change. An assessment of conjunctive use benefit and exploring low utilisation.
- Environment – Evidence and assessment regarding both operational and embedded carbon. Further information on the route and potential impacts on designated areas e.g. SSSIs
- Solution design – progress on the inter-dependencies and in-combination impacts with other SROs. Confirming the utilisation based on regional modelling outputs and consideration of scheme lead times.

2.6 RAPID held a representation period on its draft decision for the standard SROs until 8 October 2021. RAPID received four representations on its draft decision on T2AT. This resulted in an additional action being added to the Appendix of actions which was to thoroughly consider the CSF proposal for flow recovery at Gate 2 and engage with RAPID and interested stakeholders on how this might best be achieved.

## Looking forward to Gate 2

2.7 We reviewed, and took account of, the feedback received from RAPID to ensure we had a robust understanding of issues and concerns, as well as opportunities, and this information informed the work programme and the engagement through Gate 2.

## 3. Gate 2 Engagement with stakeholders

### Overview of engagement undertaken

3.1 Our engagement activity through Gate 2 built on previous engagement, taking account of issues and concerns raised by stakeholders, and was designed to:

- Fit within the regulatory process established under the guidance of RAPID
- Coordinate with regional and company strategic water resource planning activity to ensure a clear and joined-up approach for stakeholders.

3.2 The engagement approach through Gate 2 has two main parts:

- Activity to inform the development of the WRSE regional plan to ensure stakeholders understand how T2AT, and other SROs, fit within the strategic planning framework
- Engagement with regulators and strategic stakeholders on the scheme itself to inform the feasibility assessments and conceptual design of the scheme.

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<sup>5</sup> RAPID, Standard gate on draft decision for T2AT, September 2021

<sup>6</sup> RAPID, Standard gate on draft decision for T2AT, September 2021, Appendix Actions and Recommendations

## Engagement as part of developing the WRSE regional plan

- 3.3 WRSE is working closely with the six water companies in the South East region, and the wider stakeholder community, to develop a resilient water plan for the region. The regional plan will be reflected in the south east water company's statutory Water Resources Management Plans 2024 (WRMP24) and the schemes included in the preferred regional plan will be included in the company's draft WRMP24s in a consistent and aligned manner. It is therefore important that stakeholders have an awareness of, and understand, the overall strategic planning process, the key decision points, and opportunities to contribute.
- 3.4 Engagement has been, and continues to be, a thread throughout the development of the regional plan. The engagement involves a wide range of water users – customers, businesses, other sectors and stakeholders – and aims to understand their priorities and preferences, and to take these into account in decisions leading to the draft regional plan.
- 3.5 WRSE, and the member companies, have endeavoured to work openly and transparently, sharing information in a timely way, and across a range of channels and activities, to enable participation and ensure stakeholders are clear about why they are being consulted, the scope of the consultation and how that fits with the wider water resources planning landscape.
- 3.6 WRSE has established stakeholder groups to help guide the development of the plan. The groups are the stakeholder advisory board, environmental stakeholder group and the multi-sector stakeholder group.
- 3.7 In addition to these specific groups, WRSE has proactively engaged with the wider stakeholder community through meetings, webinars and consultations throughout the development of the SE regional plan. Thames Water and Affinity Water have continued to jointly host a regular Water Resources Forum to give stakeholders the opportunity to keep up to date, and contribute to, the discussions on the long-term planning.
- 3.8 In addition, WRSE has strong links with other regional groups to ensure the opportunities to share resources effectively are understood and fully investigated and to ensure a coordinated national water resources picture.
- 3.9 The WRSE engagement and consultation programme is hosted on a dedicated engagement platform [Water Resources South East \(engagementhq.com\)](https://www.engagementhq.com) and has three main phases:
  - **Plan and prepare** – To 2020 the focus was on the “building blocks” of the plan. This included the development of the technical methods, approaches and tools that would be applied in the development of the plan for example the forecasts for future growth and demand for water; the environmental assessments; and the regional policies for the region. WRSE ran a programme of webinars and held topic specific consultations.
  - **Develop** – During 2021 the focus broadened and set out the planning challenge for the region, shared information on feasible solutions, including the SROs, and the approach to determine the best value plan.

- **Consult and update** – During 2022 the focus moved to the plan itself. WRSE held an 8-week period of engagement and consultation on the emerging plan. In the Autumn a further round of consultation will be undertaken on the draft plan, alongside the statutory consultation on the draft WRMP24s.

3.10 WRSE produced a Stakeholder Engagement Report which summarised the extensive engagement and consultation activity that has taken place to date. The report was published alongside the emerging plan in January 2022<sup>7</sup>.

## Consultation on the emerging plan

3.11 The engagement and consultation on the emerging regional plan took place between January and March 2022. The emerging plan gave early sight of the big issues and emerging solutions to gain initial feedback from stakeholders. As well as publishing documents for review and comments, a series of online workshops were held for stakeholders.

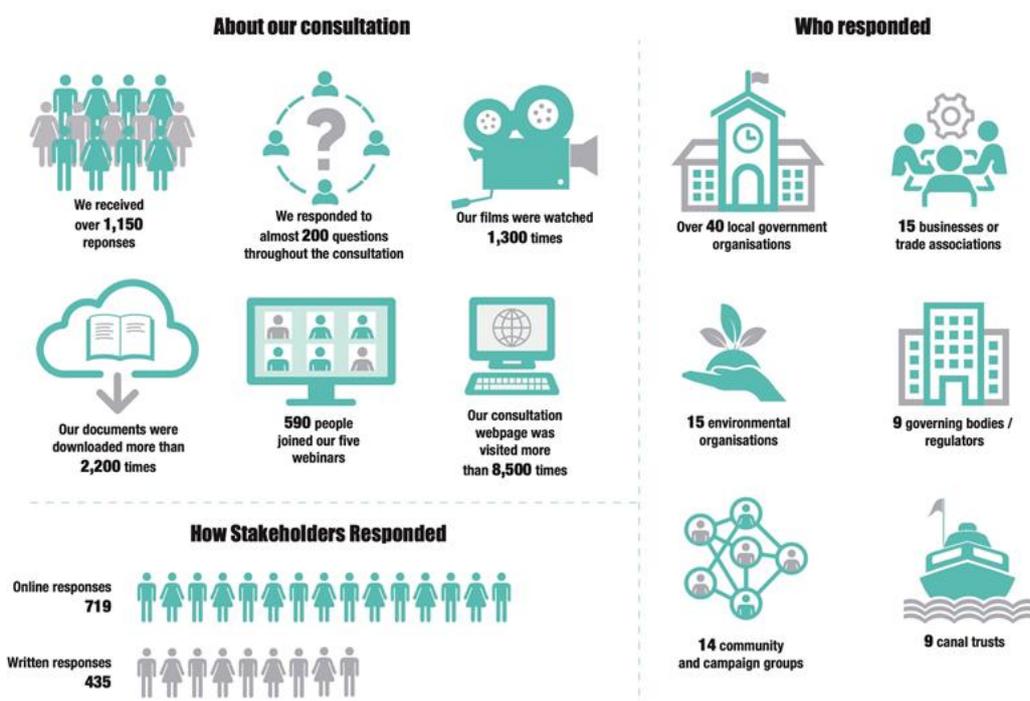
3.12 Thames Water and Affinity Water proactively raised awareness of the consultation on the emerging plan in Oxfordshire to ensure there was wide awareness and local communities had the opportunity to participate. The activity focused on the challenges faced in the SE and the need for solutions that worked across the whole SE region.

3.13 Overall, over 1,150 written responses were received to the WRSE consultation. Figure 2 provides a summary of the consultation, and responses, on the SE emerging plan. Over half of the individual responses to the consultation on the emerging plan focused on specific water resources options identified for development, such as large new reservoirs, strategic water transfers, and water recycling schemes.

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<sup>7</sup> WRSE Stakeholder Engagement Report, January 2022

Figure 2 The consultation on the SE emerging plan



3.14 WRSE published a response document<sup>8</sup> in May 2022 which provided a summary of the consultation responses, highlighted the main themes and issues raised in the responses and provided WRSE’s consideration of the points and resultant action. The main concerns raised in the consultation on the emerging plan in relation to T2AT focused on:

- **The Drinking Water Inspectorate (DWI) highlighted water quality risks and issues associated with raw and potable transfer options.** For raw transfers, considering the upstream risks and whether mitigation is required at the receiving location. For both, the risk of associated changes to taste or feel, existing and emerging contaminants, and potential network impacts from corrosivity were highlighted.
- **Natural England (NE) identified that the use of new pipelines would only be acceptable if it is clearly evident that designated sites and priority habitats have been avoided** wherever possible, and/or suitably mitigated/ compensated where appropriate to minimise ecological damage and landscape impacts and enhancement also delivered.
- **Questions about the long-term resilience of transfer options were raised.** Concerns were expressed that environmentally damaging options might be required in a source area to enable supplies to continue to be transferred to another area, and the acceptability of this was questioned, concerns were expressed about the financial and environmental costs of pumping water long distances, with some respondents considering that long distance pipelines should be avoided.
- **Lack of detailed information about the carbon impacts of proposed transfers** and requested details on how this would be offset and mitigated, and the cost of doing so. Respondents requested the publication of information to enable the whole life cycle embodied and operational carbon emissions of individual options to be understood.

<sup>8</sup> WRSE Emerging Regional Plan: Consultation Response Document, May 2022

- **The difference between raw and potable transfers was highlighted**, with the risks of Invasive Non-Native Species (INNS), water chemistry and pathogens from raw water transfers noted as specific concerns.

3.15 We have listened to the points raised in the consultation, and in dialogue with stakeholders, and ensured all these points are fully addressed in the further work to develop the long-term water resources plan and the ongoing work to examine potential options, of which the transfer is one option. These are summarised in Table 1.

Table 1: Issues raised and addressed as part of WRSE emerging plan consultation

Issue	WRSE response
Water Quality	Additional information will be published for the draft regional plan and will include how water quality impacts will be considered and addressed. For Gate 2, we have reviewed and updated our drinking water quality risk assessments for the two leading T2AT options, to ensure that appropriate control measures are built into the scheme, as required.
Selection of route to protect designated sites and priority habitats	A key element of the Gate 2 work is route selection based on ecological and habitat assessments. Information on the option appraisal and environmental assessments will be published in Autumn 2022 alongside the draft regional plan and draft WRMP24s.  The Gate 2 submission includes extensive work on the appraisal of alternative routes to reflect planning and environmental constraints and then on the refinement of the chosen concepts into a working solution. The working solution takes account of designated sites and priority habitats and adjusts the designs to reflect these constraints and stakeholder feedback. Further details are included in Supporting Document A5: Options Refinement Report.
Financial and environmental costs of a pipeline	Initial environmental assessments have been completed for each of the SROs. The information on the option appraisal and environmental assessments will be published as part of the draft WRMP24s in Autumn 2022. The Gate 2 SRO submissions will also be published.
Detailed information on carbon	This has been a key assessment for WRSE, the water companies and the Gate 2 development and will be published as part of the draft WRMP24s in Autumn 2022. The water companies are also committed to reach net-zero carbon emissions for operational activities by 2030 and further work is underway to consider opportunities to reduce both the operational and the embodied carbon impact of future solutions. There are a range of opportunities that could be developed as part of the SROs to help minimise and mitigate carbon impacts during the life-time of the scheme. Further details are in Supporting Document A3: Carbon Strategy.
Risk of INNS, water chemistry and pathogens transferring.	The additional environmental assessment information which will be published for the draft regional plan will provide information on how water quality and INNS risks and impacts will be considered and addressed. The INNS risk assessment for T2AT has been updated for the Gate 2 submission.

## T2AT specific discussions

3.16 Our engagement has been embedded throughout Gate 2, it builds on the Gate 1 engagement with regulators and strategic stakeholders, and it comprises meetings with regulators, the establishment of topic specific Technical Liaison Groups (TLGs), 1-2-1 sessions, as well as activity to support WRSE and company engagement. These are described below. The feedback received from stakeholders has been used to shape the scope, assessment and initial mitigation measures developed for the preferred T2AT working solutions at Gate 2.

3.17 Quarterly update meetings have been held with RAPID to discuss the programme, outputs, risks and issues.

3.18 Seven Technical Liaison Groups (TLG) have been set up. The purpose of the TLGs is to enable collaborative working with regulators and stakeholders who had with specialist knowledge or a defined stake in the topic. The activity in the TLGs has included sharing data, discussion and agreement on the scope of work and methodologies for technical assessment, review and challenge of outputs. Terms of reference have been agreed for each of the TLG and the frequency of meetings has been determined by the scope of activity. Funding arrangements were agreed with regulators and some local authorities. The TLGs, scope of discussions, members of the groups and frequency of meetings are presented in Table 2.

Table 2: Overview of the Technical Liaison Groups

TLG	Discussion topics	Members	Meeting frequency and timing
Options appraisal and refinement	Agreement of approach to assess possible routes and options based on environmental, planning and engineering considerations.	EA Local, NAU, NE	3 meetings; March '22 onwards
Aquatic Ecology (covered jointly with SESRO <sup>9</sup> )	Agreement on the scope and methodology, review of water quality and flow data, as well as quality and ecological modelling outputs and the delivery of BNG.	NAU, EA local Teams	4 meeting; November '21 onwards
Water Framework Directive (covered jointly with SESRO)	There has also been on-going discussion on WFD requirements and compliance and mitigation measures	NAU, EA local Teams	5 meetings; December '21 onwards
Terrestrial Ecology	Agreement on the scope and methodology of assessments.	NAU, EA local Teams, NE	2 meeting; February '22 onwards
Water Quality Modelling (covered jointly with SESRO)	Water quality modelling approach, calibration and data and ensure agreement to the methodological approach and the initial impact assessment scenarios completed for Gate 2.	NAU, EA local Teams, Water company DWQ teams	6 meetings; May '21 onwards
Water Resources Modelling (covered jointly with SESRO)	To discuss the modelling work to assess the deployable output of SESRO climate change impacts, SESRO in combination with STT, and T2AT conjunctive use benefits to London in combination with proposed groundwater abstraction reductions	NAU, EA local Teams	5 meetings; October '21 onwards
Check -in meeting	To discuss progress, update on any issues and discuss preparations for Gate 2	RAPID , NAU	2 meetings; December '21 onwards

3.19 There have also been one-to-one meetings with specific groups on specific topics:

- Chalk Streams First (CSF) - several workshops, email exchanges and sharing of data between technical members of the teams involved.
- Presentation including RAPID on progress made regarding the CSF concept and propositions included in the regional planning using the concept.
- Workshops with Historic England, National Highways and Local Planning Authorities who could be directly affected by the T2AT options in December 2021 and July 2022. These sessions provided an opportunity to explain the T2AT scheme options in more detail and to outline the process that had been followed for options appraisal

<sup>9</sup> Bringing stakeholders together that covered both schemes was efficient from both the stakeholders and companies perspective and many issues overlapped between the SROs

and how this integrated with the regional water resource planning process. Feedback from these stakeholders was incorporated into our option refinement process as we developed the preferred working solutions towards Gate 2.

## Company-led engagement

3.20 Thames Water and Affinity Water continue to host a regular Water Resources Forum, this is open to all interested stakeholder organisations and the purpose of the Forum is to update stakeholders on the progress to develop the regional plan and in turn company WRMP24s, and to share information at a formative stage to enable stakeholders to participate in the process. Three Forums were held during Gate 2 - in November 2021, February and June 2022. At the November 2021 Forum information was shared on each SRO, including the programme of activities and summary of work packages to provide visibility of the work areas for each SRO and the opportunity for discussion on these options, updates were then provided at the subsequent forums.

## 4. Gate 2 Engagement with customers

- 4.1 We have worked collaboratively across many of the water companies to ensure both a consistent and efficient programme of customer engagement to support the development of all the SROs. Where practical we have utilised regionally led work. While for other areas we have formed 'club' projects with other SRO teams – maximising the expertise across the companies.
- 4.2 From our engagement at Gate 1 it was clear from a customer perspective that:
- Customers understand the need for large scale regional water resource solutions and support, in principle, sharing water resources.
  - Reducing leaks and saving water was needed as the foundation to a future strategy and a pre-requisite, to an extent, to sharing resources.
  - Transfers were not the favoured option for customers, and they preferred canals and more 'natural' solutions for transferring water if possible.
  - Some concern was raised over the impact in terms of water quality, taste and hardness from receiving a 'different' source water.
- 4.3 Our Gate 2 has progressed on these themes firstly exploring through the regional engagement what customers view as 'best value' how they weight those metrics and prioritise – enabling us to assess how different schemes 'perform' in terms of the customers preferences.
- 4.4 Secondly to look at how we can make schemes more acceptable to customers, taking a deeper look at views regarding public value – exploring with customers what they mean by the term, their preferences, whether their views alter dependent on their proximity to the scheme and how much they would be willing to pay for a range of possible 'added value' options for a scheme such as T2AT and does this differ depending on the type of scheme.
- 4.5 And thirdly, a key issue raised by customers when thinking about transfers, we looked how customers perceive, understand and ultimately how we need to engage customers when we change their source of water. We explored this immersively including taste testing. We also co-designed an engagement framework which was then quantitatively tested with a wide range of customers.
- 4.6 As well as these specific engagement activities the wider insight gathered regularly by the companies and as part of developing PR24 was also considered to ensure the broad range of evidence was reviewed.
- 4.7 To also aid transparency we shared the research findings through workshops with the technical teams involved and invited interested stakeholders including the DWI and CCW<sup>10</sup>.

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<sup>10</sup> Webinar for Change of sources work [here](#)

## WRSE research seeking customers' views on "best value"

- 4.8 Just over 300 household customers<sup>11</sup> were engaged to explore their preferences regarding the 'best value' criteria developed by WRSE. The criteria and attributes were explained in a customer 'friendly' way and customers were taken through a series of explanations and prompts to help elicit the values.
- 4.9 In general, customers place more weight on the delivery of secure supply of water, followed by cost of environmental improvements, with resilience placed on the lower end of the scale. As a control their preference for types of options (gathered at Gate 1) was used – hence anything above and 'odds ratio' of one should be more valued than just a preference over option type. These are presented in Table 3.

Table 3: Customer preference for best value metrics

Criteria	Attribute	Customer preference weight (odds ratio)	Customer preference weight (%)	Customer preference weight "normalised" relative to total weights of equalised criteria
Public Water Supply - supply demand balance profile (MI/day)	Make sure there is enough water for everyone	5.24	12.9%	<b>2.32</b>
Provides additional water needed by other sectors (MI/day)	Make sure there is enough water for everyone	5.24	12.9%	<b>2.32</b>
50% reduction in leakage by each company by 2050 from 2017/18 baseline (%)	Reduce leaks from the water system	2.61	6.4%	<b>1.16</b>
% leakage reduction above 50%	Reduce leaks from the water system	2.61	6.4%	<b>1.16</b>
Distribution input per head of population (Litres/person)	Reduce the amount of water used	0.42	1.0%	<b>0.19</b>
Customer preference for option type (score)	Use options that are preferred by customers	1.00	2.5%	<b>0.44</b>
Programme benefit (score max)	Maximise positive environmental impact	2.11	5.2%	<b>0.93</b>
Programme disbenefit (score min)	Minimise negative environmental impact	1.65	4.0%	<b>0.73</b>
Enhancement of Natural Capital Value (£m)	Maximise positive environmental impact	2.11	5.2%	<b>0.93</b>
Reduction in the volume of water abstracted at identified sites (MI/day) and by when (date)	Reduce dependency on sensitive river habitats and groundwater sources	2.90	7.1%	<b>1.28</b>
Net-gain score (%)	Maximise positive environmental impact	2.11	5.2%	<b>0.93</b>
Cost of carbon offsetting (£m)	Balance carbon impact	2.00	4.9%	<b>0.88</b>
Achieve 1 in 500-year drought resilience (date achieved)	Reduce risk of emergency drought measures	3.40	8.3%	<b>1.50</b>
Programme reliability score	Make water system more reliable	2.10	5.2%	<b>0.93</b>
Programme adaptability score	Make water system more adaptable	1.90	4.7%	<b>0.84</b>
Programme evolvability score	Make water system easier to modify	1.13	2.8%	<b>0.50</b>

<sup>11</sup> These customers were spread across the WRSE region representing each of the water company areas in proportion

<b>Net Present Value (NPV) using the Social Time Preference Rate (£m)</b>	Deliver the plan at an acceptable cost	1.10	2.7%	<b>0.49</b>
<b>Health rate (THDR 1%)</b>	Balance of cost the plan for current customers vs. future customers	1.10	2.7%	<b>0.49</b>

4.10 WRSE have used the criteria and the weights customers set out and have judged each of the modelled regional plans against them. The more objectives the relevant regional plan met the higher the overall score. Whilst WRSE's decisions are not based on this overall metric alone, it did provide an indication of which of the modelled regional plans are meeting the customer expectations and which ones aren't.<sup>12</sup>

## Exploring customers preferences for public or added value

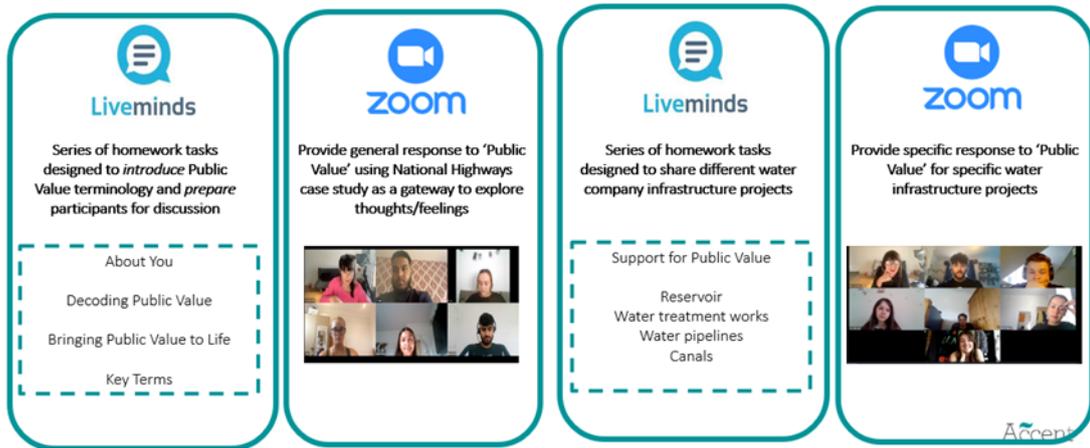
4.11 This was a collaborative project across 11 SROs. The aim of this engagement was:

- To understand what added value customers perceive is important, as part of infrastructure development
- To understand preferences for the added value, ie the balance between options such as economy, jobs, apprenticeships, leisure, education and carbon sequestration, etc
- To determine if the preferences change, depending on the geographical location/type of scheme or other factors
- To establish how much customers are prepared to pay for public value
- To determine the language we should use to explain the added value to customers.

4.12 This research was conducted jointly by research agencies, Accent and PJM Economics, both MRS registered and specialists and recognised in the water industry for this type of economic-led engagement. The qualitative phase involved a reconvened method to introduce and explore generic 'Public Value' then test what is important for large infrastructure projects within the water industry; supported by preparatory and interim homework activities. Twenty-four online Zoom groups with household, non-household and future customers across six water companies were used. The approach is shown in Figure 3.

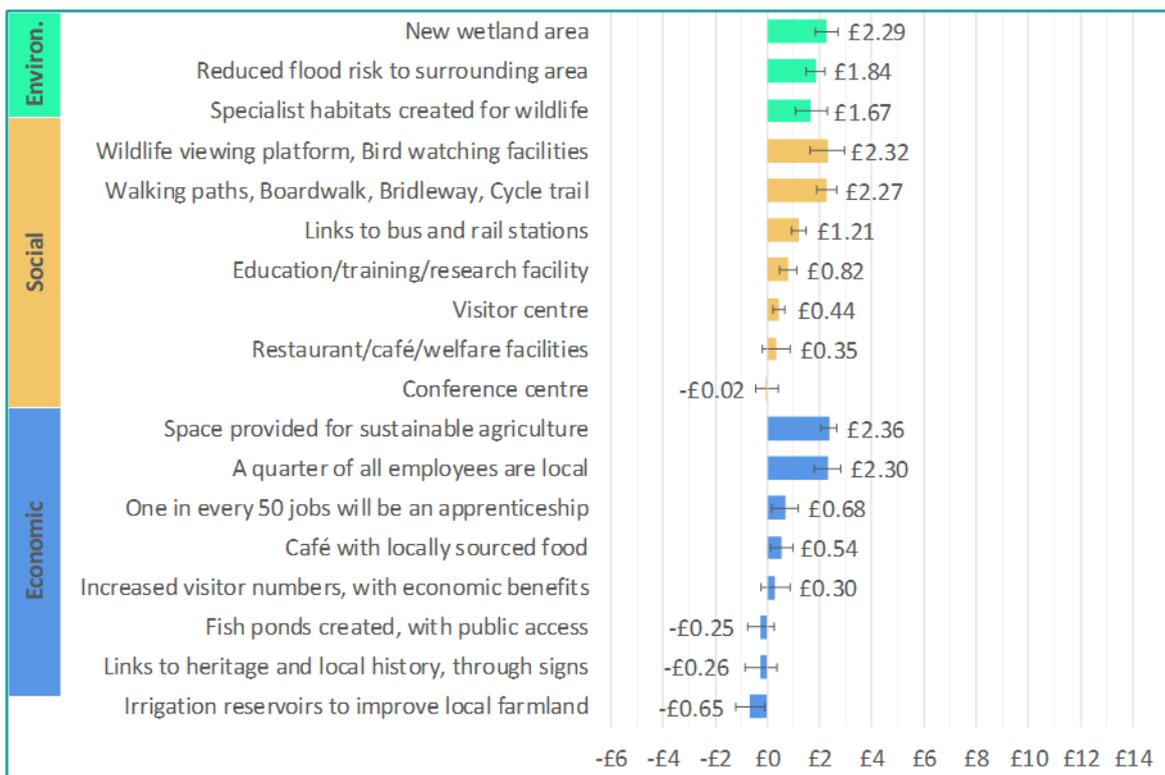
Figure 3 Summary of qualitative engagement activities for Public Value research

<sup>12</sup> WRSE Investment Modelling method statement 2022



4.13 The quantitative phase engaged 5,902 household customers and 553 non-household customers using a stated preference design which utilised a pairwise choice exercise followed by a contingent valuation exercise. The full report shows the details of the materials shared with customers and detailed findings and Figure 4 provides a summary of the Willingness To Pay (WTP) values for household customers near a pipeline.

Figure 4: A summary of Willingness to Pay values for household customers near a pipeline



Base: 5,902 participants. Annual WTP in terms of a higher water bill for project additions at sites 5 miles from home (weighted estimates). The error bars show 95% confidence intervals calculated using the delta method.

4.14 The key findings were:

- In both the qualitative and quantitative work, environmental project additions were valued highly and there was a high emotional resonance with these additions and the

narrative of supporting wildlife/new wetlands/habitats is consistent across all the customers who participated.

- The top three most highly valued project additions by households were:
  - 'Space provided for sustainable agriculture' (£2.36 annually, on average)
  - 'Wildlife viewing platform, bird watching facilities' (£2.32 annually, on average)
  - 'A quarter of all employees are local' (£2.30 annually, on average).
- The biggest variation in the qualitative work was by project type. This is consistent with the quantitative work where valuations of project additions differ considerably across different types of sites and by distance, while the extent of variation across companies is small.
- In the quantitative work, overall, project additions at water treatment works were valued most highly, followed by reservoirs, canals, and pipelines. This could be due to reservoirs/canals being naturally more positive/pleasant.
- Qualitatively, people felt that the social project additions at water treatment works would be less valuable because they would be unlikely to want to visit, but environmental and economic benefits were supported.
- The Willingness To Pay (WTP) for a 'package' of project additions was lower than the sum over individual project additions, indicating that capping may be needed for individual project additions to ensure that total WTP is not exceeded.

These findings will help inform the further development of the design stages for the SROs to reflect the preferences of our customers. The full report provides more details<sup>13</sup>.

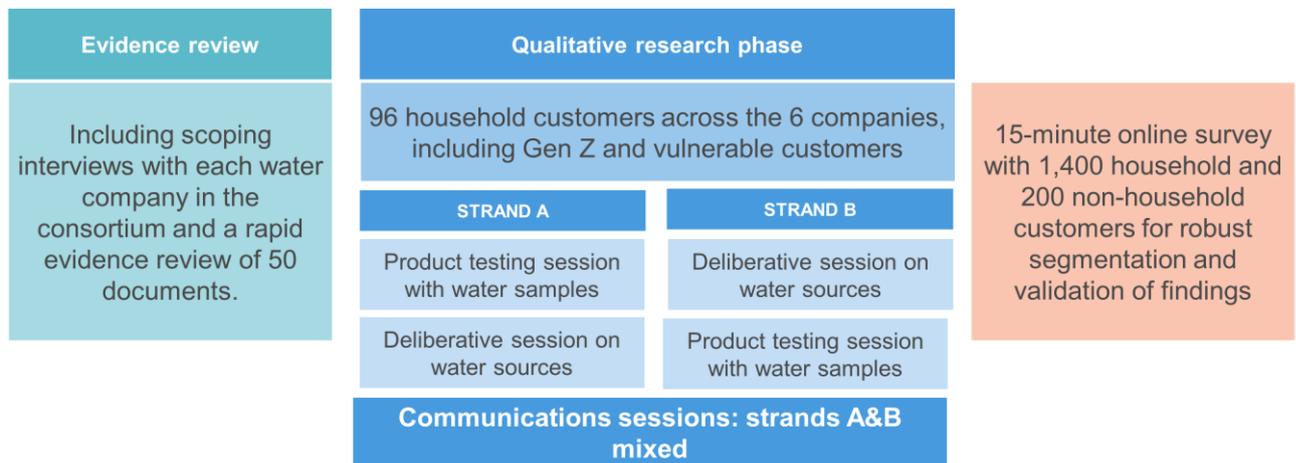
## Changing water sources research

- 4.15 This research was undertaken by BritainThinks, a leading UK, MRS registered, market research agency. It included a review of the wider evidence base on water source changes, both nationally and internationally, and a qualitative review of customer views, including product testing and the co-design testing of a communications framework. 96 customers were engaged in the qualitative phase, spending a full day learning about and exploring the various options for water supply and transfer and discussing their views. They were then re-engaged online to help co-design a communications framework. This was tested with 1,400 customers and 200 non-households, during a quantitative phase. The approach is shown in Figure 5.

Figure 5: Summary of the approach taken for the changing sources customer research

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<sup>13</sup> Research to explore customers preferences for public or added value, Accent and PJM Economics, September 2022 (Appendix 3)



#### 4.16 The key findings were:

- Water is a low salience topic, with customers indicating a low level of awareness and understanding of issues relating to it. This, in part, is driven by general satisfaction with the customer experience of water, in terms of taste, smell and hardness
- Customers also have low awareness of water scarcity, and, whilst all take steps not to 'waste' water, most are not actively trying to reduce their water consumption. Information on the topic is easily understood, however, this is not always enough to unseat long-standing perceptions that water is abundant in the UK. Customers believe that water companies should be taking steps to respond to the issue of water scarcity now and recognise that a mix of demand and supply-side solutions are required. However, there is a general desire to see water companies implement demand-side options first, including fixing leaks and educating customers
- When prompted, customers assess water source options by balancing efficacy (including reliability) and the cost and time commitments associated with the change. There is also an expectation of water companies to evaluate options through this lens
- Customers say they are unlikely to engage with communications on source change, and taste tests indicate that most are not able to detect differences at the level that might be expected in a source change. However, there is still a need to communicate to explain the rationale for the change, alleviate taste concerns and provide clear guidance on the impact
- In terms of communication, overall, the 'human' frame combines the qualitative and quantitative findings together the most effectively. Quantitatively, environmental, and human framings are slightly preferred to practical framings to communicate a water source change, however, in qualitative sessions, environmental framing is felt to lack impact, indicating that, overall, human framing works best
- Most household customers want initial notification three to six months in advance of the change, although non-household customers are more likely to want an earlier notification of a change. Most respondents then want to be reminded again of the change, at a point closer to the time, but generally only once
- An Email message and a letter, separate from the water bill, are the preferred forms of communication about source changes, consistent across sources. Most customers claim they would click through to look at additional information. Whilst, this number may be lower, providing comprehensive information to those who may want it is key
- Of those who are more inclined to visit a website for further detail on the change, there is an expectation that this would include a wealth of comprehensive information. This

includes detail on bills, taste, the process, the reason behind the change, safety, environmental impact, and information from an independent source

- Whilst there is a need to communicate on any source change, water recycling and desalination, need more engagement, due to a higher level of spontaneous concerns. For water recycling, these concerns are centred around taste, hygiene, and safety. Desalination also generated concerns, which tended to be around taste and price

4.17 Specifically on water transfers customers told us that most feel that the principle of transferring water from areas of abundance to areas of scarcity ‘makes sense’ and assume that this system is already in place in the UK. However, there are some concerns that arise when customers learn about the potential for contamination during the transfer process.

4.18 These concerns are also reinforced by the idea that water coming from other areas might be ‘worse’ than that which people are used to i.e., in quality or characteristics such as hardness. A minority of customers living in areas that are perceived as less water-stressed (e.g. rural areas outside London) have hesitations about sending ‘their water’ elsewhere. Despite this, water transfers are largely considered a sensible option.

4.19 The product sample tasting reassured customers that water transferred from other areas will not necessarily taste noticeably different from what they are used to.

4.20 We did also learn from the research some key elements for communicating regarding a source change involving any type of transfer. For the majority of customers, there is a particular lack of clarity around:

- Infrastructure requirements – it is unclear what type of infrastructure will be involved (e.g., canals, pipes, rivers) and how much new infrastructure will be required.
- This also makes it difficult to estimate the disruptive impact that water transfer might have on local areas and natural environments.
- Funding and cost – it is unclear who will be responsible for paying for different parts of the schemes if they cross over regions supplied by different water companies.

4.21 While these areas of confusion do not necessarily raise significant alarm, they can make it difficult for customers to engage meaningfully with this source option, leading them to remain neutral in their attitude. Figure 6 summarises what we will need to do regarding future communications regarding a transfer.

Figure 6: Key implications for communications regarding a transfer

## Water Transfer | Key implications for communications

WHO	WHAT	HOW	WHERE	WHEN
 <b>Water companies</b> are seen as a logical key messenger on this topic.	 <b>Provide a clear description of how the process works</b> , in terms of the infrastructure required for transfers and when/how water is treated.	 <b>Adopt a factual, 'business as usual' tone</b> , to avoid raising any new concerns regarding the change.	 <b>Keep initial contact concise</b> , with shorter pieces of information working well for direct communications.	 <b>Little upfront communication is required</b> , unless construction is required in local areas.
	 <b>Give reassurances on taste and quality</b> , reiterating that customers will not experience a noticeable change.	 <b>Avoid emphasising that water will be from a 'different' location</b> , as this could drive concerns on taste and quality.	 <b>Direct customers elsewhere</b> for further, more detailed, additional information (e.g. weblink, contact numbers).	
	 <b>Address environmental concerns directly</b> , reassuring of ways they can be addressed and managed.		 <b>Streamline communication</b> , providing updates on source changes alongside other forms of direct contact to increase the opportunity of cutting through (e.g. emails, bills).	

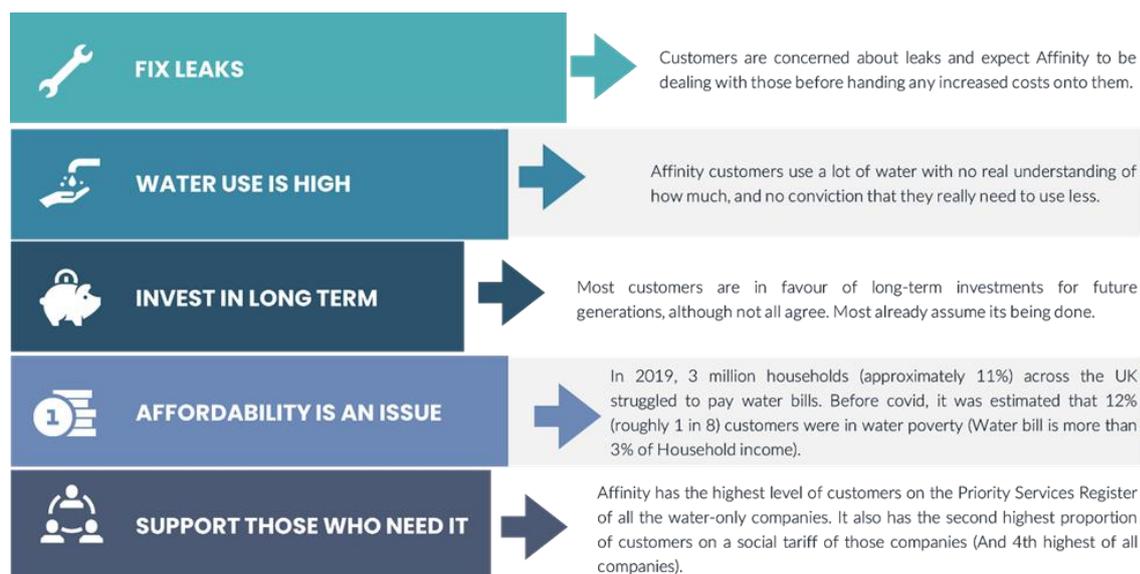
- 4.22 One of the key outputs from this research was a communications framework which took all the learning from the research to produce a practical tool to use when we do decide to change a water source, and the language, framing and communications we should employ and the timings around those communications. This is available in the full research report<sup>14</sup>

### Wider research evidence

- 4.23 Affinity Water and Thames Water have collated customer, stakeholder and community insights to consolidate understanding the needs and expectations of their customers and to provide a robust evidence base for decision making. This work is ongoing and will inform the wider company plans.
- 4.24 For Affinity customers they prioritise fixing leaks and ensuring solutions to improve water efficiency and connectivity are put in place before larger scale options are considered. However, they do see the need for longer term planning, and many think it is part of what a water company should do as summarised in Figure 7

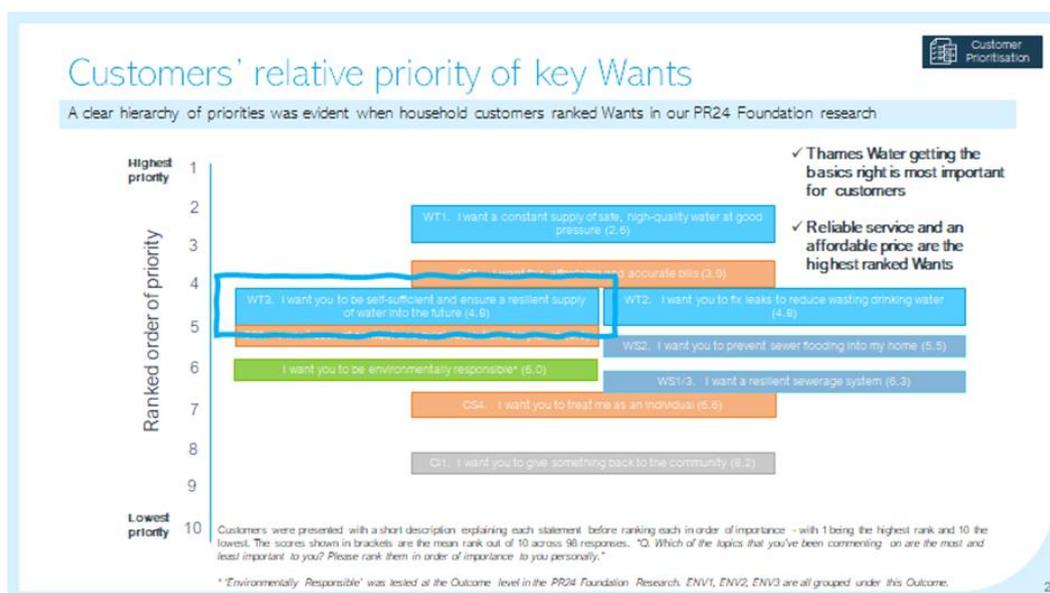
<sup>14</sup> Changing Water Sources, Britain Thinks, July 2022

Figure 7: Summary of key insights on WRMP for Affinity Water customers



4.25 This is mirrored by Thames Water customers who set a clear hierarchy of priorities, with a resilient supply of water into the future one of the leading priorities, as presented in Figure 8, with customers wanting to prioritise improving existing service (through reducing consumption and leakage) ahead of finding new water resources. Given forecast population growth, non-household customers and stakeholders welcomed focussing on both at the same time.

Figure 8: Relative priority of key customer wants - Thames Water customers



4.26 Customers from both companies have also highlighted key areas they want their companies to focus on, some are very relevant to the SROs and they include:

- Reduce the strain on the environment and restore environmental habitats
- Reduce emissions and reach net zero – plus increase the use of green energy and generate more renewable energy without increasing costs

- Give something back to the community – undertake corporate responsibility activities; engage in local issues and provide more access to sites for recreation and minimise the impact of our operations

## Challenging our approach

- 4.27 The process of collaboratively delivering our customer engagement activity has been driven through the WRSE Engagement and Communications Board (for regional work) and steering groups formed by the SRO companies for each project.
- 4.28 We have benefited from a wide range of expertise within the company's insight, regulation and water resources teams to help the design and development of the engagement activities both ensuring best practice and alignment to wider insight activities to inform the PR24 business planning activities. The work was delivered by independent market research agencies compliant with the MRS code of conduct.
- 4.29 In addition, WRSE has facilitated a regional Customer Challenge Group (rCCG), bringing representatives from the Consumer Council for Water (CCW) and the company independent challenge groups to share and input on the approaches and materials used to engage customers. We also have shared briefs and materials for the research with CCW and the DWI for comment and have presented findings through a number of webinars.

## 5. Next steps

5.1 The focus for both customer and stakeholder engagement as we move to Gate 3 activities will shift. During Gate 1 and 2 the focus has been on a broad engagement strategy, understanding wider preferences, understanding how customers and stakeholders view the SRO in the wider context of the regional plan. For Gate 3 we have a selected route, and the timing of the SRO will be confirmed within the regional planning. The focus will be more on community engagement and consultation as part of the planning process. Sharing with our customers, communities and stakeholders the details of route and specific asset elements being proposed.

5.2 T2AT offers some potential for regional and local social, economic, and environmental benefits along its route and at any new water treatment location. We will continue, and extend, the engagement to share, and seek input to, the design of the scheme including opportunities for partnership working to enhance the wide potential benefits and mitigate as far as possible issues. This engagement will include organisations such as:

- Natural England, Wildlife Trusts and County and District ecologists to discuss potential biodiversity benefits through scheme design.- exploring options such as creating wildlife corridors along the route.
- Local government, community, education, economic and growth organisations to discuss opportunities for regional and local amenity and recreation, education, local employment and skill creation, and wider local economic benefits – with options such as cycle paths etc as possible options to consider

5.3 As the scheme moves forward the communications framework developed with customers will be utilised to communicate the change of source. There is no foreseen need for any specific customer research / insight to inform Gate 3 plans the focus will be more consultation through the planning process.

## Annex 1: Overview of engagement to inform the development of the WRSE plan

Date	Stakeholder group/activity	Agenda/Discussion topics
<b>2021</b>		
January (20)	Multi-sector group	Review of non-PWS demand long-term forecast, review of potential impact of updated EA forecasts on abstraction.
February (12 & 16)	Best Value Plan consultation webinar	Presentation, discussion and Q&A on the Best Value Plan objectives, criteria, and metrics to support the consultation
February (22)	Stakeholder Advisory Board (SAB)	Introduction to refreshed terms of reference and work programme; update on the best value planning approach.
March (2)	Environmental Destination workshop – regulators and EAG technical advisors	EA presentation on proposed abstraction reduction scenarios and application of this; Development of catchment portfolios.
March (8)	Environmental Advisory Group (EAG)	Focus on environmental destination; BV planning – criteria and metrics; Catchment options and delivery mechanisms
March (17)	Multi-Sector group	Overview of position for each sector
March (25)	Thames Water & Affinity Water Water Resources Forum	Best Value planning consultation – feedback – next steps for engagement with customers and stakeholders; update on SE planning challenge
May	Future Water Resource Requirements	Publication setting out the planning challenge for the SE
May (18)	Stakeholder Advisory Board (SAB)	Workshop to consider the engagement with customers and stakeholders on alternative plans and the development of an interactive tool to clearly communicate the information.
May/June	Options - overview of the options considered in the SE plan	Series of workshops organised by option type to showcase the range of options under consideration and provide an opportunity to discuss and comment on the options.
May	Agriculture/horticulture working group	Review of opportunities for shared options with agricultural and horticultural stakeholders
June	Multi-Sector group	Update on the modelling work and discussion on the next steps for agriculture/horticulture shared options
July	Webinar for Retailers	Focus on the company drought plan consultations and introduced the regional plan
September	Environmental Advisory Group	Focus on the environmental destination for the SE
September	Agriculture/horticulture working group	Ongoing discussion on opportunities for shared options with agricultural and horticultural stakeholders
September	Multi-Sector group	Update on the modelling work and discussion on the next steps for agriculture/horticulture shared options
September	Regional reconciliation webinar	Recap on role of regional planning, overview of reconciliation process and updates from regional groups
October	Stakeholder Advisory Board (SAB)	Focus on the adequacy of the approach to ensure stakeholder and customer views are considered in the development of the plan.
November	Horticultural Trades Association	Briefing on the emerging plan
November	CPRE	Briefing on the emerging plan
November	Thames Water & Affinity Water Water Resources Forum	Update on work to develop the regional plan, with a focus on the SROs
December	NFU	Briefing on the emerging regional plan
December	CCW	Briefing on the emerging regional plan
December	Blueprint for Water	Briefing on the emerging regional plan
December	South East Rivers Trust	Briefing on the emerging regional plan
January	National Infrastructure Commission	Briefing on the emerging regional plan
January (13)	OCC & VoWH DC members and officers	Briefing on the emerging regional plan
January (17)	Wide stakeholders	National Framework led webinar on the national water resource picture including a summary of each regional group's regional plan.
January (20)	Wide stakeholders	Launch of the consultation on the emerging regional plan for the SE

January (31)	Wide stakeholders	SE (West region) launch webinar
February (1)	Wide stakeholders	SE (East region) launch webinar
February (2)	Wide stakeholders	SE (North region) launch webinar
March (1)	Wide stakeholders	Live consultation Q&A
March (1)	Stakeholder Advisory Board	Discussion on the consultation feedback and next steps
March (3)	Environmental Advisory Group	Environmental ambition & prioritisation
March (5)	Community Drop-in, Steventon, Oxon	A drop in event to enable the local community to engage with TW, Affinity and SESRO team
April (28)	Environmental Advisory Group	Overview of updated environmental ambition for all SE companies
May (20)	Environmental Advisory Group	Ongoing discussion on environmental ambition and prioritisation
June (7)	Thames Water & Affinity Water Water Resources Forum	Overview of responses to the consultation and work to transition to the best value regional plan
July (11)	EAG, SAB and MS Group joint workshop	Review alternative programmes to inform the preferred draft plan for consultation

Annex 2 WRSE Research to test customer preferences for best value outcomes, EFTEC, July 2021

Annex 3 Research to explore customers preferences for public or added value, Accent and PJM Economics, September 2022

Annex 4 Changing water sources, Britain Thinks, July 2022

