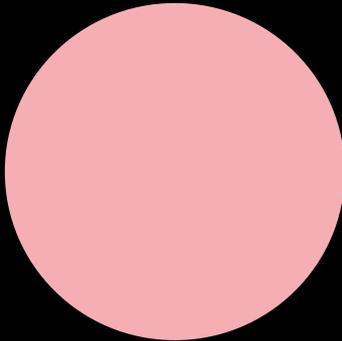
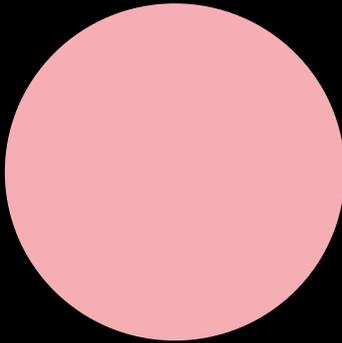

Thames Water PR24 Customer Engagement Assurance



Classified: Private

Phase D Report

26th September 2023

Assurance Statement

Our findings

Savanta's assurance activities have confirmed that Thames Water is compliant with Ofwat's board assurance requirements for customer engagement.

Ofwat requires that (a) customer engagement and research meets the standards for high-quality research and any other relevant statements of best practice, and (b) it has been used to inform its business plan and long-term delivery strategy. It is Savanta's assessment that Thames Water meets both of these requirements.

With regard to requirement (a), a thorough review of the evidence base, and the constituent individual research projects, has shown that Ofwat's standards for high quality research and principles for customer engagement have been rigorously implemented in Thames Water's PR24 business planning process. Additionally, Thames Water's approach to insight triangulation follows CCW's recommendations for best practice, leading to a balanced and thorough methodology which has been deployed effectively.

With regard to requirement (b), Thames Water has developed a strong and considered approach to Line of Sight which has ensured that customer views and research have been core to decision making. The PR24 business plan documents including Outcome Delivery Strategies (Customer, Water, Wastewater) and the Long Term Delivery Strategy contain substantial evidence of this approach in action. Additionally, Thames Water has a robust mechanism for Customer Challenge which is in line with Ofwat's requirements and has demonstrably contributed to the PR24 business planning process.

With reference to Ofwat's PR24 minimum expectations for customer engagement, affordability and acceptability¹, Savanta concludes that Thames Water's plan:

- Provides sufficient and convincing evidence that its customer engagement activities meet Ofwat's standards for research, challenge and assurance.
- Provides sufficient and convincing evidence that it has followed Ofwat's guidance for testing customers' views of the affordability and acceptability of its proposals.

Our approach

Our approach to assurance of customer engagement fulfils Ofwat's 5 criteria²:

1. Independent – Savanta is an independent research consultancy, that has not undertaken any of the constituent workstreams that are to be assured. Our assurance activities have been conducted independently of Thames Water, with no restrictions on reporting. Thames Water's role was limited to checking for factual accuracy.
2. Expert – Savanta's assurance team has substantial experience in designing, conducting and assuring similar research programmes, including in related regulated industries (e.g. RIIO-ED2 and GD2).
3. Board ownership – Savanta's assurance work and the associated outputs are provided to the Board.
4. Transparent – Savanta's assurance approach is outlined in full in its reports.
5. Comprehensive – Savanta's multi-stage approach to assurance includes the end-to-end process of customer engagement: the research inputs, the entire evidence body, insight triangulation, Line of Sight and Customer Challenge. Savanta have assured

¹ https://www.ofwat.gov.uk/wp-content/uploads/2022/12/PR24_final_methodology_main_document.pdf, page 157

² <https://www.ofwat.gov.uk/wp-content/uploads/2022/02/PR24-customer-engagement-policy.pdf>

Thames Water's customer engagement in a phased approach, as the organisation progresses through the process of planning and writing its PR24 business plan.

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Executive summary

Purpose and assurance approach

Savanta (www.savanta.com) have been appointed by Thames Water to undertake the assurance of their PR24 engagement programme.

This report summarises our findings from the final part of our assurance process. This includes assurance of:

- **Stage 1 – Research inputs.** Thames Water has now completed its PR24 research and engagement programme, including the final stages of testing the Affordability and Acceptability. We have reviewed the research as it has been compiled and finalised throughout the assurance process.
- **Stage 2 – Entire evidence body.** The full body of evidence that Thames Water has presented fits together well and has the clarity, depth and variety of insight required to provide the organisation with a strong evidence base.
- **Stage 3 – Insight triangulation.** Thames Water has completed the triangulation of insights following a clear and set methodology. This has been applied to across all insights and in particular three core strategic areas. We have assured the methodological basis on which this has been conducted, and how it has been applied in practice.
- **Stage 4 – Line of Sight (LoS).** Thames Water has a LoS methodology and has deployed this to use triangulated customer insight as an input to decision making within the business planning process. We have assured the methodological basis on which this has been conducted, and how it has been applied in practice.
- **Stage 5 – Customer Challenge.** Thames Water has an appropriate mechanism in place for customers and their representatives to challenge its ongoing performance, business plan and long-term strategy, and for detailed responses to this challenge. Thames Water’s Customer Challenge Group (CCG) is the primary conduit for customer challenge, and provides Thames Water with feedback on these points on an ongoing basis, with Thames Water responding to these challenges in turn. We have assured the adequacy of this mechanism.

Phase A included an initial view of Stages 1-3 and was completed in May 2023. Phase B included a near-final view of Stages 1-3 and an initial view of Stages 4-5. This was completed in August 2023. Phase C included a near final view of Stages 1-5. This was completed in September 2023. This in-flight approach to assurance ensures that findings and recommendations can be fed back to the organisation in time for adjustments to be made.

The assurance of each Stage utilises tailored assessment criteria which have been informed by (a) published guidance from Ofwat and CCW, (b) industry best practice and (c) Savanta’s tried-and-tested assurance framework.

Summary of findings

Ofwat requires that (a) customer engagement and research meets the standards for high-quality research and any other relevant statements of best practice, and (b) it has been used to inform its business plan and long-term delivery strategy.

Our assurance activities have confirmed that Thames Water is compliant against Ofwat’s criteria.

In particular, Thames Water’s five-level iterative approach, which has first revealed customer ‘wants’ and then generated greater insight within each to enable the organisation to plan to

meet them, is a strong example of a price review research programme. It ensures that the organisation can target further research projects more efficiently (thus not wasting customer money on unnecessary research) and new insights can be located within an existing thematic framework of insight.

Thames Water's approach to insight triangulation follows CCW's recommendations for best practice, leading to a balanced and thorough methodology which has been deployed effectively.

Thames Water has developed a strong and considered approach to Line of Sight, complete with appropriate ways of working. In practice, Thames Water has ensured that there is substantial evidence of customer views in each of the business plan documents, and that there is a clear link between the PR24 business plan proposals and customer research.

Thames Water's mechanism for enabling customer challenge is in line with Ofwat's requirements and there is clear evidence of its impact on the PR24 business planning process.

To provide Thames Water's PR24 customer engagement programme with a greater chance of delivering at the level that Ofwat require, or even surpassing this, Savanta provided '*Opportunities for further improvement*' in our Phase A report (for Stages 1-3) and '*Recommendations for final documentation*' in our Phase B report (for Stages 4 and 5). Thames Water have taken significant action in response to these, which have made the evidence base stronger, the documentation clearer, and the compliance with Ofwat's criteria more evident.

Purpose and assurance approach

Purpose

It is fundamental to the success of the price review process that customer views are comprehensively, robustly and ethically gathered, so that water companies can create customer-centric business plans. As with the many other inputs to the planning process, customer insight and engagement requires substantial technical skill and knowledge to be delivered to a high quality.

For PR24, Ofwat has stipulated that customer engagement carried out by water companies should be independently assured. This assurance should encompass the entire end-to-end process, from examining individual research projects to how they are used by the business.

Savanta (www.savanta.com) have been appointed by Thames Water to undertake the assurance of their PR24 engagement programme. Ofwat has determined that this assurance should be independent, expert and with board ownership:

- We are an independent research consultancy, that has not undertaken any of the constituent workstreams that are to be assured.
- Savanta and our core assurance project team have substantial experience in designing, conducting and assuring similar research programmes, including in related regulated industries (e.g. PR19, RIIO-GD2 and RIIO-ED2).
- Our assurance work and the associated outputs will be provided to the Board.

Assurance approach

Assurance should be both comprehensive and transparent. We have designed an end-to-end approach spanning the entire process, from insight generation to decision making and customer challenge as outlined below.

Our assurance approach comprises five Stages, each with a different purpose and scope that collectively ensure we are effectively assuring Thames Water's PR24 engagement:

- **Stage 1 – Research Inputs**
 - *Purpose:* To map and examine the coverage and quality of the individual research, insight and engagement inputs to the PR24 process.
 - *Scope:* Review and assure the (a) the key research projects in the PR24 programme; and (b) a sample of the wider insight sources that have been used to inform decision-making and expand the evidence base informing Thames Water's business plan development.
- **Stage 2 – Entire Evidence Body**
 - *Purpose:* To assess the quality of the entire evidence body and the extent to which it will support the organisation to make customer-centric decisions.
 - *Scope:* Review and assure (a) the quality of the sources examined in Stage 1 when viewed as a holistic evidence base and (b) the write-up of the evidence base in documents to be submitted alongside the PR24 business plan.
- **Stage 3 – Insight Triangulation**
 - *Purpose:* To review the triangulation process and the extent to which it provides a robust, balanced and high-quality summation of customer views.
 - *Scope:* Review and assure (a) Thames Water's approach to triangulation in the PR24 process, (b) the triangulation in-detail for a small sample of topic area outcomes (c) that the method has been followed consistently in other areas.

- **Stage 4 – Line of Sight (LoS)**
 - *Purpose:* To examine the quality of the LoS process and a robust, balanced and high-quality understanding of customer views has been incorporated into decision making.
 - *Scope:* Review and assure (a) Thames Water’s approach to LoS in the PR24 process and (b) the LoS in-detail for a small sample of topic areas from insight to decision making.
- **Stage 5 – Customer Challenge**
 - *Purpose:* To assure the quality of (a) customer challenges and (b) responses from Thames Water.
 - *Scope:* Review and assure (a) Thames Water and its CCG’s approach to Customer Challenge and response in the PR24 process and (b) the details for a sample of challenges and responses.

Given each Stage has a different purpose and scope, it follows that they should have tailored assessment criteria. We have created these using published guidance from Ofwat and CCW, industry best practice and Savanta’s tried-and-tested assurance framework. The assessment criteria for each Stage are outlined in the below table. Appendix 1 demonstrates how the published guidance from Ofwat and CCW have been incorporated, and Appendix 2 outlines Ofwat’s published guidance.

Stage	Assessment criteria
Stage 1 – Research Inputs	Savanta’s 4 Research Assurance Quality Lenses: <ul style="list-style-type: none"> • Objectives • Method • Audience • Reporting 5 of Ofwat’s standards for high-quality research: <ul style="list-style-type: none"> • Useful + contextualised • Neutrally designed • Fit for purpose • Inclusive • Ethical
Stage 2 – Entire Evidence Body	7 of Ofwat’s standards for high-quality research: <ul style="list-style-type: none"> • Useful + contextualised • Neutrally designed • Fit for purpose • Inclusive • Ethical • Continual • Shared in full with others 6 of Ofwat’s principles for customer engagement: <ul style="list-style-type: none"> • Two-way + ongoing engagement • Meaningful + high-quality • Customise + provide context • Use multiple sources of customer data • Understanding current + future customers • Consistency + comparability
Stage 3 – Insight Triangulation	An analysis of CCW’s recommendations for triangulation process/framework based on review of PR24 gives: <ul style="list-style-type: none"> • Transparency of process • Balance, logic and ‘weighting’ of framework

	<ul style="list-style-type: none"> • Consistency of process and framework across different areas • Breadth of inputs to process
Stage 4 – Line of Sight	<p>The robustness, clarity and accessibility of the Line of Sight within the business plan documents, and how they demonstrate customer views have been considered. Together this supports 2 of Ofwat’s principles for customer engagement:</p> <ul style="list-style-type: none"> • The right outcomes at the right price, at the right time • Protecting customers’ interests
Stage 5 – Customer Challenge	<p>Assuring challenges using Ofwat’s customer challenge evidence requirements:</p> <ul style="list-style-type: none"> • Ongoing • Informed • Transparent • Comprehensive • Timely • Independence • Representative • Board accountability

Our assurance activities have been conducted independently of Thames Water, with no restrictions on reporting. Thames Water’s role was limited to checking for factual accuracy.

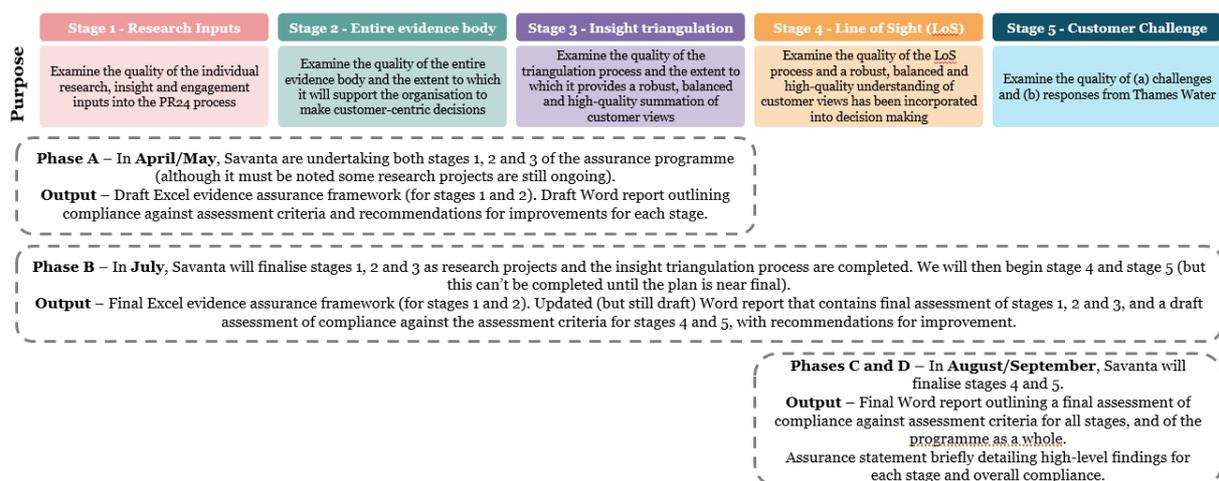
This document

This report summarises the findings from Phase D of our activities, which builds upon our findings from Phases A, B and C.

Phase D includes assurance of:

- **Stage 1 – Research inputs.** Thames Water has now completed its PR24 research and engagement programme, including the final stages of testing the Affordability and Acceptability. We have reviewed the research as it has been compiled and finalised throughout the assurance process.
- **Stage 2 – Entire evidence body.** The full body of evidence that Thames Water has presented fits together well and has the clarity, depth and variety of insight required to provide the organisation with a strong evidence base.
- **Stage 3 – Insight triangulation.** Thames Water has completed the triangulation of insights following a clear and set methodology. This has been applied to across all insights and in particular three core strategic areas. We have assured the methodological basis on which this has been conducted, and how it has been applied in practice.
- **Stage 4 – Line of Sight (LoS).** Thames Water has a LoS methodology and has deployed this to use triangulated customer insight as an input to decision making within the business planning process. We have assured the methodological basis on which this has been conducted, and how it has been applied in practice.
- **Stage 5 – Customer Challenge.** Thames Water has an appropriate mechanism in place for customers and their representatives to challenge its ongoing performance, business plan and long-term strategy, and for detailed responses to this challenge. Thames Water’s Customer Challenge Group (CCG) is the primary conduit for customer challenge, and provides Thames Water with feedback on these points on an ongoing basis, with Thames Water responding to these challenges in turn. We have assured the adequacy of this mechanism.

The below diagram demonstrates the process, complete with indicative timings and outputs.



This Phase D report is a final assurance view on Thames Water’s PR24 customer engagement, triangulation, LoS and challenge arrangements. The report first outlines our findings for Stages 1 and 2, which are interlinked to the extent that it is sensible to look at them both together. It then turns to Stages 3, 4 and 5 in turn, and finally our overall conclusions and recommendations.

To provide Thames Water's PR24 customer engagement programme with a greater chance of delivering at the level that Ofwat require, or even surpassing this, Savanta provided '*Opportunities for further improvement*' in our Phase A report (for Stages 1-3) and '*Recommendations for final documentation*' in our Phase B report (for Stages 4 and 5). In Appendices 3 to 5 of this report, we have reviewed the actions taken by Thames Water in response to these. Savanta is satisfied that these actions have made the evidence base stronger, the documentation clearer, and the compliance with Ofwat's criteria more evident.

Stages 1 and 2 findings (research inputs and entire evidence body)

In order to provide our assurance findings in an accessible format, we have focused below on our Stage 2 findings. These are underpinned by the assessment of individual research projects within Stage 1.

Assessing Thames Water’s approach to building a PR24 customer insight evidence base

As outlined in the *What Customers, Communities and Stakeholders Want* (WCCSW) document, Thames Water has a five-level approach to gathering the required customer, community and stakeholder insight that will inform the PR24 business plan. Each level is shaped by the insights gathered previously, allowing for the organisation to incorporate and act on customer views. The levels, objectives and key sources for each level are demonstrated below.

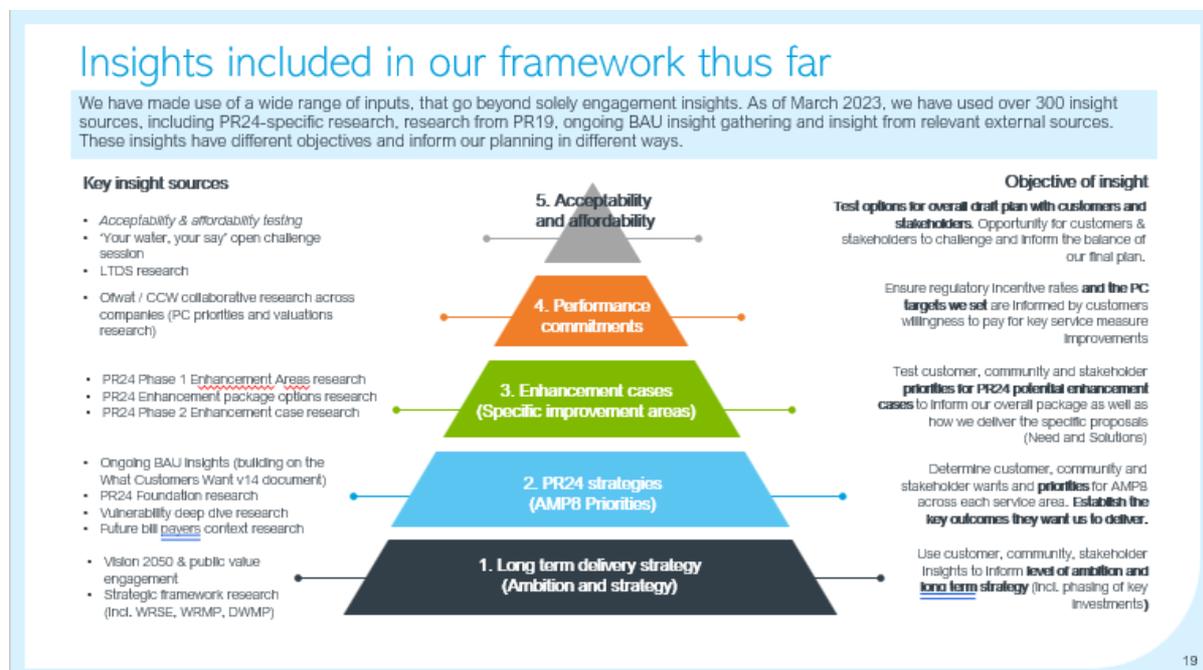


Figure 1: Levels of insight from the WCCSW document

Our Phases A-D assurance activities involved the exploration and assessment of a wide variety of research projects from across all levels shown above.

Given the crucial role of level 3’s insight in Thames Water’s approach, we included the following PR24 Enhancement Areas research projects:

- PR24 - 4 - Enhancement Area Deep Dive - Net Zero
- PR24 - 5 - Enhancement Area Deep Dive - Bathing Water
- PR24 - 6 - PR24 Enhancement Area Deep Dive - River Spills
- PR24 - 7 - PR24 Enhancement Area Deep Dive Sustainable Abstraction
- PR24 - 8 - Enhancement Area Deep Dive - Lead pipes
- PR24 - 9 - PR24 - Enhancement Area Deep Dive - Waste Headroom
- PR24 - 10 - PR24 Enhancement Area Deep Dive - Trunk mains + replumb London
- PR24 - 12 - Enhancement package options
- PR24 - 15 - Enhancement Case Research June 2023

Collectively these cover a wide range of thematic areas which require customer insight for the PR24 business plan to be truly customer-centric, and it was therefore fundamental to include them in our assurance process.

In addition to this, an in-depth understanding of these level 5 engagements was important:

- PR24-14 Acceptability + Affordability Testing Qualitative May 23
- Thames Water Acceptability & Affordability Testing Quantitative Fieldwork Final Report 22nd September 2023
- Your Water Your Say report – 19 May 2023

We also drew on research projects across all levels to facilitate an informed opinion on the evidence base's performance against Ofwat's standards for high-quality research and principles of customer engagement. Whilst including all research and engagement within these levels was unfeasible, a range of sources were selected for review that covered different methods, audiences and themes.

- PR24 - 1 PR24 Foundation conclusions - DEC 21
- PR24 - 2 PR24 Foundational Research - Customer Voices
- PR24 - 3 PR24 Foundational Research - Social media analysis
- PR24 - 11 PR24 Foundation - Future Bill Payers + Non households
- CX40 Vulnerability customer insight 2022 (BSi Audit)
- CX84 Vulnerability insight report 2022-23 Q1
- CX91 Vulnerability insight report 2022-23 Q2
- CX75 Written complaints Taskforce Dashboard 24.06.22
- SP12 Vision 2050 research + materials
- SP15 Public value research + materials
- CX97 D-MeX Year 3 Q2 review
- CX81 Customer Insight December 2022
- CX25 Brand Campaign NPS Test - Jan 22
- CX89 C-MeX CES and Brand Survey Insights Q2 2022-23
- CX88 Brand Survey Q1 2022-23
- CX40 Vulnerability Customer Insight 2022
- S26 Research Summary – PR24 Youth session
- CX13 Vulnerability Deep Dive
- CX105 Brand Survey 2022-23 - future customers analysis

Assessment against Ofwat's standards for high-quality research

Useful and contextualised

Thames Water has maximised the usefulness of the research they have conducted through two key behaviours:

1. As the organisation has worked through its PR24 engagement approach, ten customer 'wants' have emerged from the customer and stakeholder engagement. These are clustered into three areas (customers, communities, the environment), which are in turn aligned to customer outcomes and the performance commitments which enable these. Topics have then been aligned to each 'want' and insights have been organised against these. This clearly demonstrates how each additional research project has added to the overall evidence base and in which topics (and therefore 'wants') it has furthered Thames Water's knowledge.

What customers, communities and stakeholders want



The current view of what customers, communities and stakeholders want can be broken down into 10 Wants.

Delivering life's essential service so our **Customers**, **Communities** and the **Environment** can thrive

For Customers	For Communities	For the Environment
<p>CS1. I want an easy customer experience and tailored support</p> <p>AF1. I want fair and affordable bills</p> <p>WT1. I want safe, high quality drinking water</p> <p>WT2. I want a reliable supply with minimal disruption</p> <p>WS1. I want you to prevent sewer flooding and take waste away safely</p>	<p>CI1. I want you to have a positive impact on the community</p>	<p>ENV1. I want you to reduce your impact and restore the environment</p> <p>WT3. I want you to fix leaks and ensure there is enough water now <u>and in the future</u></p> <p>WS2. I want you to stop polluting rivers and to improve their quality</p> <p>WS3. I want you to reduce emissions and reach net zero</p>

Figure 2: 10 Customer ‘wants’ from the WCCSW document

WT1. I want safe, high quality drinking water / Water quality

Insight synthesis

Customers expect a dependable service from us across all core water service areas, including ensuring safe and high-quality drinking water.

When thinking about their water supply, customers rarely mention safety as a concern due to awareness of regulations in place and perceived stability of water companies. However, water safety and quality remain of great importance to customers, and they prioritise keeping this at a high standard.

Most customers are satisfied with water hardness levels but don't understand its cause and see it as an inconvenience. While they do not support softening water centrally, they would welcome service improvements in the form of providing information (including the health benefits and disbenefits of hard and soft water), advice on how to deal with hard water problems and recommending products to help manage or reduce water hardness.

Customer preferences from Ofwat / CCW PR24 Collaborative Research (across companies)		
Performance Commitment	Importance (Lower / Middle / High)	How do customers view this?
Appearance, taste and smell of tap water	High	Core expectation that water should be clean and safe
Do not drink notice	High	Important because linked to significant health impacts, however, emotive nature belies probability
Boil water notice	Middle	Important because linked to health impact but modified by short duration of inconvenience

Topics

Insight Triangulation Key	
Robustness of evidence	High
Divergence of view (by group)	Med
Regional differences	Med

Key evidence sources*	
PR24 foundational research	PR24 enhancement deep dives
Ofwat PR24 collaborative research	PR19 insights
Vision 2050 research	Public Value research
CX surveys	BAU customer research
DWMP	PR24 options research
WRMP - WRSE	Other external research
Stakeholder reputation	Stakeholder bilaterals

*Evidence sources are highlighted where customer and stakeholder insight from those sources has been included for this topic.

Figure 3: Demonstration of alignment of projects (termed ‘evidence sources’) to ‘water quality’ topic from the WCCSW document

- Each individual research project includes clear, well-defined objectives. It is straightforward to understand the contribution of each piece of research towards the wider research programme, and the research reviewed does not lack a clearly articulated use or benefit. This further demonstrates that Thames Water’s programme meets Ofwat’s requirement to prioritise usefulness and that its approach emphasises quality over quantity.

Ofwat’s requirement for research to be contextualised means that findings should be presented alongside a wider evidence base, including research conducted by others. Ofwat does not require integration of other research in *all* pieces of research, and Thames Water’s 5-level iterative approach to PR24 engagement means that research projects from later levels frequently refer to back prior research. For instance, in the ‘PR24 - 12 - Enhancement package options’ project, there are explicit comparisons of the results with previous Thames Water research, demonstrating how it sits within the wider knowledge framework.

Neutrally designed

Thames Water has demonstrated compliance with this standard through two key behaviours:

1. Where potential bias is introduced through research methodology selection, such as the use of online communities and surveys which excludes digitally-excluded customers, this is acknowledged head-on in research reports alongside an explanation of why the approach is still the most appropriate given the research objectives and mitigations put in place (see figure 4). This awareness and acknowledgement of *known* bias extended to research project reporting, in which biases created by the respondent experience prior to a particular question were flagged to the reader (see red text in figure 5).

Thames Water has established an audience approach to their programme which is conscious of potential biases and have – where these audience-based biases are present – either (a) a clear rationale and/ or (b) specific mitigations either within the project or through the triangulation of additional data sources within their programme to provide an overall robust evidence base on which to base their business plans. For example, the Enhancement Area Deep Dive research projects utilise an online community methodology, whilst the PR24 Enhancement package options project used a combination of in-person workshop, paired depths and online surveying. Each of these methods have different *known* biases, but their collective use and triangulation against one another ensures the programme as a whole is neutrally designed and methodology agnostic.

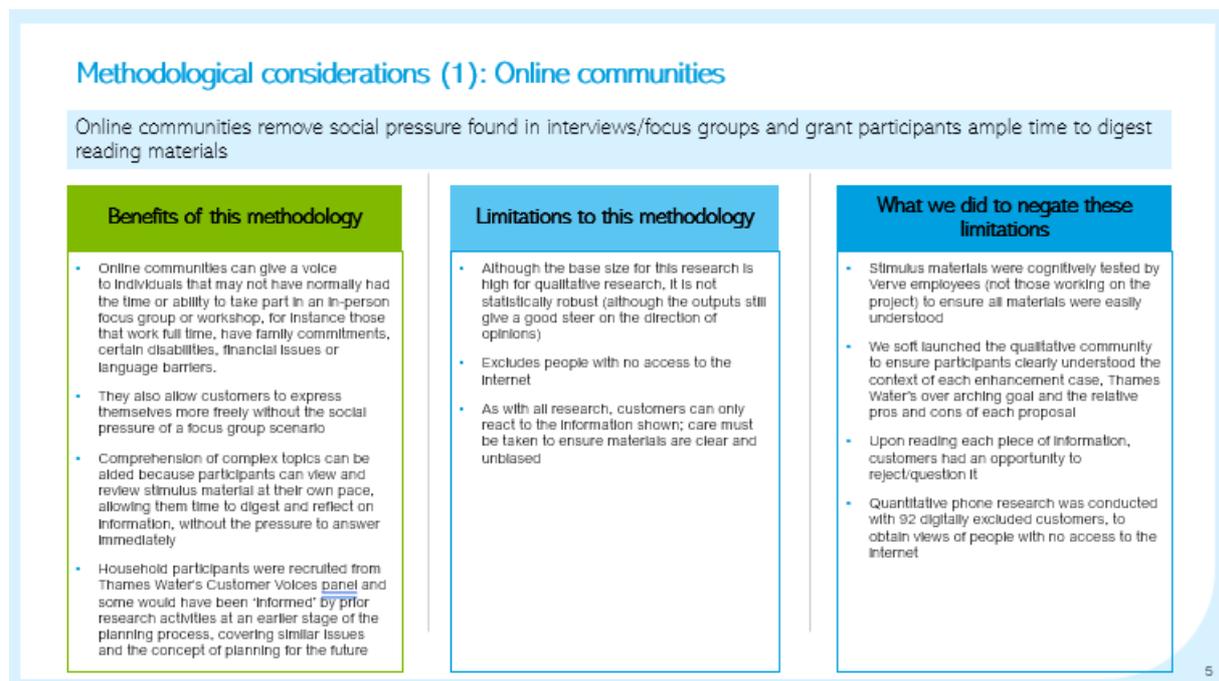


Figure 4: Methodological considerations for online communities in PR24-15 Enhancement Case Research June 2023

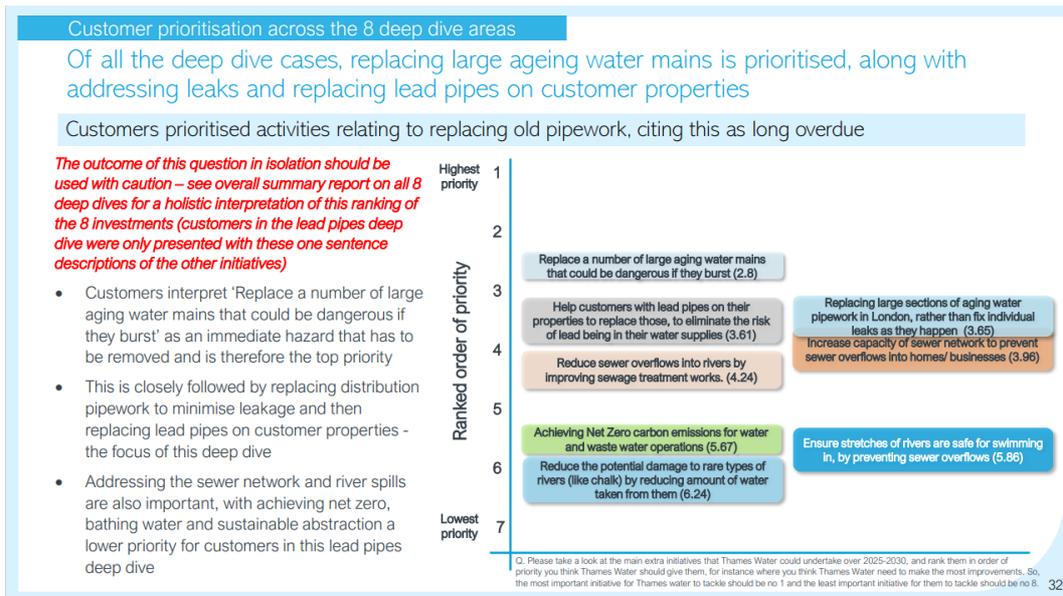


Figure 5: PR24-10 PR24 Enhancement Area Deep Dive – Lead pipes

- Across the research programme, care has been taken to ensure the stimulus that was presented to respondents was neutrally designed. This is of particular importance given the critical role that stimulus plays in research to inform a business plan, which necessitates the education of customers on complex topics.

Ethical

The research programme has been conducted in an ethical way, in full compliance of the Market Research Society’s (MRS) code of conduct. The key suppliers involved are well respected in the industry and active members of the MRS. Their outputs demonstrate that respondents have been treated fairly and appropriately.

Fit for purpose

The research programme is fit for purpose, with the methodologies selected for individual pieces of research being appropriate for the objectives. In Thames Water’s ‘Customer research and sampling approach July 2023’ document, the organisation demonstrates a theoretical understanding of research methods, their strengths and weaknesses.

	Quantitative research	Qualitative research	Deliberative research
Typical methods	Large scale surveys conducted online, via telephone or face-to-face	One-to-one online, in-person or telephone depth interviews, and online or in-person focus groups	In-person deliberative workshops or online community activities
Strengths	Large sample sizes allow for statistically robust and representative overview of opinion. Can gauge the proportion of people who hold particular views – and measure	Able to explore issues in depth with individuals or groups. Good for understanding why people hold viewpoints, and range of views held. Usually led by a professional researcher	Seek to understand how people respond to information and reach informed views on (potentially complex) topics about which they may know very little to begin with. Useful when there are complex trade-offs to

	how views change over time. Can analyse differences between subgroups.	so can ensure content is understood.	be made, requiring information and time to consider the implications fully. Useful for understanding how customers apply their own values and priorities.
Weaknesses	Surveys must be kept quite short which limits number of questions and ability to inform participants about key information. Not easy to understand rationale behind choices, or whether participants have understood the questions, limiting application for particularly complex or technical topics. Typically uses an online methodology that excludes people with no/limited internet access.	Explores participants' 'top-of-mind' or uninformed perspectives on a topic – i.e. their immediate reactions. Limited opportunity to inform customers about topic before asking their viewpoint. Takes time and can be expensive. Relatively small numbers of people involved means it's difficult to assess scale or strength of opinion. Focus groups can suffer from 'group think' where a consensus could be reached and individual opinions lost.	The quality of output relies heavily on the balance and clarity of the information provided. Insights reflect customer views given the specific information provided in the sessions, so may not reflect the views of less-informed customers. Relatively small numbers of people involved mean it is difficult to assess scale or strength of opinion. Online community activities tend to gather individual feedback, avoiding 'group think'.

Figure 6: Choice of research method table from 'Customer research and sampling approach August 2023' document

Thames Water's sampling approach also provides detailed breakdowns of sampling criteria for quantitative, qualitative and deliberative research for households and non-households, as well as different approaches that may be required for under-represented customer groups (such as those in vulnerable circumstances).

The deliberative methodology used in the 'Enhancement Package Deep Dive' research projects exemplify Thames Water's efforts to use the most appropriate methodology to achieve the objectives. These pieces of research each have the objective of testing customer attitudes towards Thames Water's planned approach in a particular area. Each of these areas concern technical topics with which customers are very unlikely to have sufficient prior familiarity to make an informed judgement, such as sustainable abstraction. Given the research objectives, a deliberative approach is therefore a highly appropriate methodology, as it informs customers about these topics and enables them to understand the context of Thames Water's specific proposals, before seeking to test their views.

We have observed that industry good practice has been employed within other individual methodologies. In-depth qualitative interviews and focus groups, such as in 'CX113 Vulnerability deep dive March 2023', both in-person and online, are appropriate for the audience engaged. Quantitative surveys, such as the one conducted as part of the 'PR24-15 Case Research June 2023' project, are of an appropriate length and capture the views of a

sample which is representative of Thames Water’s customer base. Both in terms of methodologies selected and good practice within methodologies, therefore, Thames Water’s programme is fit for purpose.

Inclusive

Thames Water has a thorough and comprehensive approach to achieving inclusivity in its PR24 research programme, with clearly defined segments and an articulation of why their views are important for the business planning process (as shown in figure 7). This approach feeds through into individual research reports. Customers are defined in the methodology section and representative samples have been achieved.

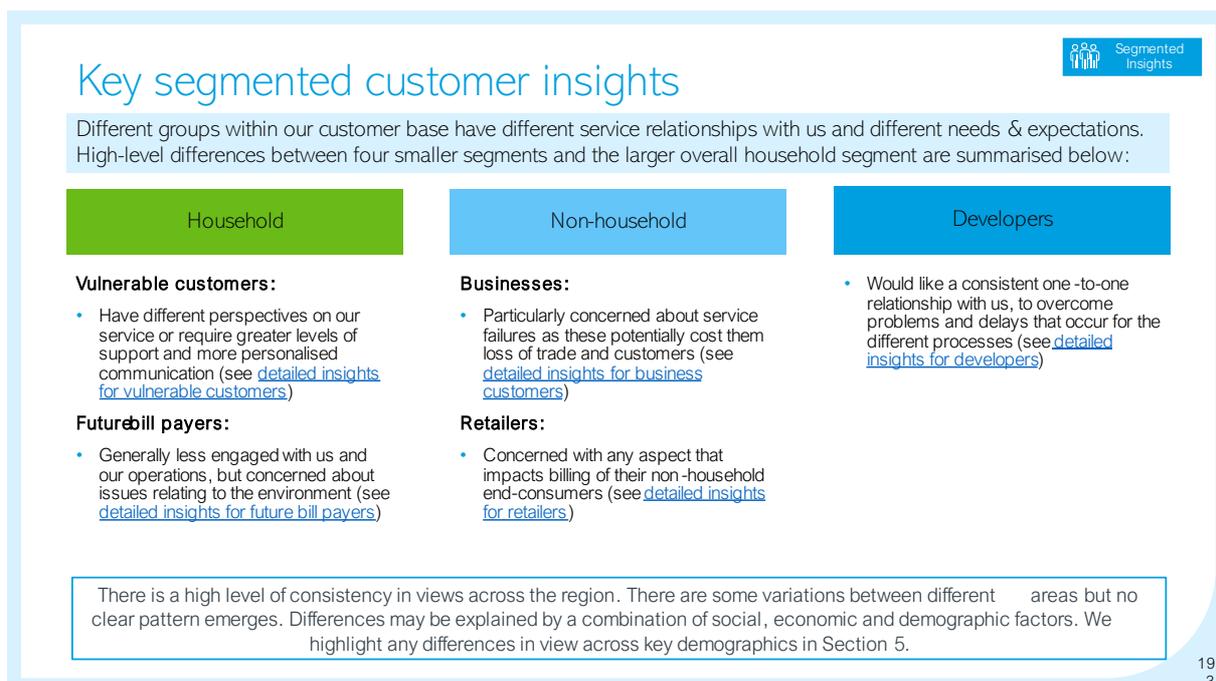


Figure 7: Customer segments from WCCSW document

In our assurance activities, we have focused on the coverage throughout the programme of key groups:

- **Customers In Vulnerable Situations (CIVS)** – Thames Water’s research programme is inclusive of vulnerable customers, supported by a spine of quarterly research reports that focus on this group, as well as specific research projects such as ‘CX113 Vulnerability deep dive March 2023’.
- **Non-household customers** – Thames Water’s research programme is inclusive of non-household customers, which form a sub-sample in the individual Enhancement Area Deep Dive research projects and more specifically the ‘PR24 – 11 PR24 Foundation – Future Bill Payers + Non households’ project. The overall approach to this audience, as outlined in ‘Customer research and sampling approach August 2023’, has been amended from August 2023 onwards to take a more detailed approach to both company size and site numbers. It also notes that ‘the smaller quotas for company size (50-249 and 250+ employees) could be over-sampled and then down-weighted within overall results’ which is industry best practice.
- **Future customers** – In the ‘Customer research and sampling approach July 2023’ document, ‘Future bill payers in the 18-24 and 25-30 age groups that are not currently responsible for paying bills’ are identified as under-represented customers which may require a different approach to sampling, research methodology or research materials. Thames Water’s research programme is inclusive of future customers, which form

sub-samples of wider projects, such as the Enhancement Area Deep Dive research projects and Affordability & Acceptability testing. Specific research projects and reports that focus on future customers include ‘PR24 – 11 PR24 Foundation – Future Bill Payers + Non households’ and ‘CX105 Brand survey 2022-23 – future customer analysis’.

Thames Water has used a range of inclusive methodologies for its research projects, which have the benefit of reaching a wide range of customers (such as those living in different regions). The programme, and particularly the ‘Enhancement Area Deep Dive’ projects, employed primarily online methodologies which have the advantages of allowing respondents to take part without interrupting their day-to-day life significantly. Thames Water acknowledges that there are limitations to online methodologies in the research reports (such as in the excerpt shown in figure 8).

Ofwat's minimum standards for high quality research	How we met these standards
Inclusive	<p>We spoke to a broadly representative group of customers, including household, non household, vulnerable and future customers. A full breakdown of the sample and how it met Thames Water's customer segment quotas can be found elsewhere in this report.</p> <p>The online methodology used allowed individuals to have a voice where other methods may have restricted this. For instance, those that work full time, have family commitments, certain disabilities, financial issues or language barriers might find it difficult to participate in other research methodologies. With the exception of not being able to reach people with limited or no access to the internet, online methodologies work well to attract involvement from a good cross section of Thames Water's customer base.</p>

Figure 8: PR24 Enhancement Area Deep Dives - Net Zero

Alongside online methodologies, Thames Water has undertaken face-to-face research in both a deliberative and in-depth interview context. For example, in ‘CX113 Vulnerability deep dive March 2023’, Thames Water commissioned 75 in-depth interviews with customers who are potentially vulnerable, including 56 participants from a minority ethnic background. Other vulnerability factors included low-incomes, long-term debt and unemployment; caring responsibilities; disabilities; poor mental health; digital exclusion; and limited/ no English language skills. This research aimed to gather insights into Thames Water’s services from vulnerable customers who may have been missed or insufficiently accounted for in previous research projects. Additionally, 32 of these interviews were conducted face-to-face, allowing for digitally excluded customers to be represented in the research programme.

The inclusion of digitally excluded customers in Thames Water’s wider programme – both in customer experience projects and business planning projects - can be seen in figure 9.

	Number of household interviews	Number of digitally excluded interviews	% of household interviews with digitally excluded customers
Customer experience projects:			
PSR over-80s auto-enrolment pilot 2020/21	36	36	100%
Social tariff cross subsidy extension 2022/23	1100	100	9%
Business planning projects:			
Water Supply System Resilience 2021/22	1093	80	7%
Vulnerability deep dive 2022/23	75	21	28%
PR24 Enhancement Case Deep Dives 2022/23	1092	92	8%
PR24 Acceptability & Affordability quantitative 2023/24	TBC	TBC	TBC
Projects including digitally excluded customers, where the sample size was not itemised:			
PSR over-80s auto-enrolment roll-out 2021/22	401		
PSR London Fire brigade auto enrolment 2021/22	65		
Added Value of Strategic Resource Options 2022/23	1882		
PR24 Enhancement package options research 2022/23	1062		
PR24 Acceptability & Affordability Test qualitative 2023/24	136		

Figure 9: Research projects engaging with digitally excluded customers as shown in Thames Water Board Paper CSC 28th June 2023

Continual

Thames Water has been engaging with customers through different methods over an extended period of time, in order to ensure customer views are robustly built into business plan design. The research programme’s activities, from Twitter analysis, to deep-dive exploratory online communities and quantitative surveying of customers, has spanned a considerable period of time. The recent ‘Your Water, Your Say’ open challenge session in May 2023, allowed for customers and stakeholders to pose questions and provide feedback on Thames Water’s draft Plan for 2025-2030 and long-term strategy. Engaging with customers and stakeholders in this near-final stage of business planning further demonstrates the involvement of Thames Water customers at all stages of the process.

Performance against this standard is also enhanced by Thames Water’s insight sources which are ‘always-on’, which complement individual ad-hoc research projects carried out at a single point in time. For instance, Thames Water has engaged with customer complaints data and C-MeX CES and Brand Survey Insights throughout the PR24 business planning process.

Shared in full with others

Reports such as the ‘PR24 Foundational Research – Customer Voices’ and the ‘Your Water Your Say’ draft plan presentation slides are published online and can be located when using a search engine. All research reports feature an appendix which include recruitment screeners, questionnaires, discussion guides, and copies of stimulus if used in the research. These are presented clearly and digestible for the reader. Additionally, Thames Water has acknowledged in the Thames Water Board papers that more research reports will be published on the website.

Assessment against Ofwat’s principles of customer engagement

The standards for high-quality research and the principles for customer engagement were not designed by Ofwat to be mutually exclusive, and there is naturally some overlap between them. Our assessments in this section will therefore contain some overlap with the previous section.

Two-way and ongoing engagement: listening and talking

Thames Water’s engagement with customers demonstrates an appropriate balance between listening to understand their views, and educating their customers:

- **Extensive use of qualitative methodologies** – The ‘Enhancement Area Deep Dive’ research conducted specifically for PR24 allow customers to provide open feedback and views. This demonstrates a clear dedication to listen to and understand what customers want in detail rather than asking them to choose between a narrow range of options.
- **Analysis of social media comments** – The analysis conducted as part of the ‘PR24-3 PR24 Foundational Research – Social media analysis’ project demonstrates that Thames Water has used innovative techniques to listen to customer views, when they are not explicitly being asked for their input in a research context.
- **Informing customer in two-way engagements** – The deliberative techniques in the ‘Enhancement Area Deep Dive’ research projects and ‘PR24-14 Acceptability & Affordability Testing’ are clear examples of Thames Water utilising engagement to inform and educate consumers. The stimulus created for these pieces of research ensures that customers are informed about technical topics and the context in which Thames Water’s plans have emerged, and so allows them to give an informed view on the topics discussed.
- **Inviting challenge** – After engaging with customers on individual topics that contribute to the business plan, Thames Water has invited challenge from customers and stakeholders on the draft plan in order to understand how well the plan reflected their preferences. This challenge took place through 1) the standardised acceptability & affordability testing which tests customer views on the acceptability and affordability of the business plan and long-term delivery strategies, and 2) the open challenge session ‘Your Water, Your Say’, which provided the opportunity for customers and stakeholders to pose questions and provide feedback on key features of the plan.

Meaningful and high-quality engagement

Thames Water’s PR24 engagement programme follows this principle.

- The extensive use of online communities allows for a deliberative approach, whereby respondents are educated on topics as they answer questions on them, leading to a more meaningful response from those respondents as they become more familiar with the topic. In ‘PR24-14 Acceptability & Affordability Testing’, pre-task exercises completed ahead of the qualitative sessions allowed for participants to build knowledge about the industry, business plan process, Thames Water and the Plan investment areas and performance, ensuring their input was more informed.
- Stimulus has been designed to be accessible and simple, with a mixture of text, pictures and diagrams. It strikes a good balance between speaking in plain English

and addressing complex topics that most respondents will have little to no prior knowledge of. Figure 10 shows an example of stimulus shown in the pre-task for household customers for the qualitative phase of 'PR24-14 Acceptability & Affordability Testing'.

Appendices: Household Pre-Task Exercise

Introduction to Task One
On the first slide there is a map of England and Wales that shows Thames Water's operating area.

Background to water industry

There are a number of different companies in the water industry who serve water customers to ensure their water is safe, reliable and environmentally friendly.

England and Wales are covered by 17 different water companies. Some provide one drinking water, others water and sewerage as well. Companies in the same area work together to plan for the future in their regions, and work with the other regional groups across England to make sure there's enough water for everyone.

Under the general direction, customers' interest, water companies' financial and water resources is directed for the area you live in, and to provide a company. This is why it's important to get all water companies to ensure fairness for all customers.

Businesses that sell directly to the water companies - they are called 'wholesalers'

If you have any questions then please write in the space below.

Introduction to Task Two
Next you will see some key facts about the customers that Thames Water serves and the infrastructure that it manages.

Where we work...

- We serve 15 million people. However, they don't all live in the same place (see map below)
- We supply water to 100 million of our customers (13.3 million properties)
- Other major customers supply the other 1 million customers (2 million properties)
- We supply 10 million customers with wastewater services
- This means we don't get all of our customers directly
- We also serve 170,000 properties

<p>We supply</p> <ul style="list-style-type: none"> • 27,000 treatment works • 26,000 water reservoirs • 200 pumping stations • 170,000 water supply assets 	<p>We have</p> <ul style="list-style-type: none"> • 22 storage works • 100,000 km of sewers • 4,000 storage pumping stations • 1.1 million employees
--	---

If you have any questions then please write in the space below.

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Figure 10: PR24-14 Acceptability & Affordability testing – Household customers pre-task exercise

Assessment of Acceptability and Affordability testing

Assessment of the qualitative phase of Acceptability and Affordability testing against Ofwat’s and CCW’s requirements

Given the importance of the Acceptability and Affordability testing to the finalisation of the business plan, and the extensive requirements set out by Ofwat and CCW, we have provided a specific examination of this work against the ‘meaningful and high-quality engagement’ principle.

Overall, Thames Water have met Ofwat’s and the CCW’s minimum requirements for PR24 Acceptability & Affordability testing (the qualitative phase). The deliberative and qualitative in-depth interview methodology is particularly engaging for customers, Thames Water clearly followed Ofwat’s and the CCW’s best practice guidelines and when carrying out the research, and the research overall allowed for customers to feedback on the draft business plans presented. We have assessed the project against the requirements in four key areas: the scope, sample, research materials, and analysis and reporting.

Scope

Thames Water’s methodology for the qualitative phase of Acceptability and Affordability testing meets Ofwat’s minimum requirements. For instance, the deliberative discussions were required, as a minimum, to cover the least cost plan and proposed plan. Thames Water presented three plans, named the ‘Proposed Plan’, ‘Must Do Plan’ and ‘Alternative Plan’. Ofwat also advised that the deliberative discussions should be a minimum of three hours or longer based on the number of Plans presented to respondents. With the additional third business plan presented during the sessions, the length of Thames Water’s sessions were appropriately timed for 4.5 hours.

Sample

Thames Water has adhered to the sample requirements as laid out by Ofwat and the CCW and have clearly demonstrated this in the upfront section of the report (see figure 11). As shown, Thames Water exceeded the minimum quotas across all audiences (household, low-income, non-household customers, customers in vulnerable situations, future customers).

Research materials

Ofwat and the CCW laid out the prescribed process for deliberative discussions and in-depth interviews for household customers (including vulnerable customers), non-household customers and future customers. As shown in the appendix of the research report, Thames Water followed the prescribed approach for each customer group. Research materials required for all sessions included: pre-task questions (and stimulus), discussion guide (and stimulus), and post-task questions. Thames Water’s pre-task materials for deliberative household sessions are an example of how they have consistently delivered against the requirements. Ofwat requires that before the deliberative sessions take place, respondents complete a pre-task exercise which includes: 1) an engaging summary of the proposed business plan; and 2) comparative water company performance data. In the example of household customers, pre-task eight introduced and explained how the proposed business plan will be presented. The stimulus shown (see figure 12), is clearly presented and explains the individual performance commitments and enhancements. Thames Water also clearly presented comparative water company performance data in the pre-task and also included a slide explaining how to read comparison information (see figure 13).

Analysis and reporting

Thames Water’s report of findings follows a clear structure which draws from both the analysis and reporting requirements as outlined by Ofwat. Besides the responses to the proposed plans, the report is supported by an executive summary, background, research challenges and reflections, and contextual factors for when the research took place. Ofwat and the CCW outlined key topics to cover in the report, which all feature in Thames Water’s report. For instance, figure 14 shows how Thames Water has integrated considerations from the insight gathered for both the Business Plan overall and the quantitative phase of the research, as part of the report’s recommendations and considerations.

Assessment of the qualitative phase of acceptability and affordability testing against Ofwat's and CCW's requirements (continued)

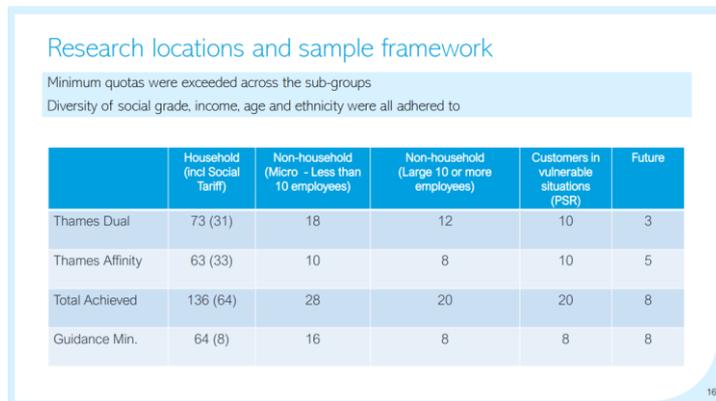


Figure 11: Sample achieved for qualitative phase against minimum requirements

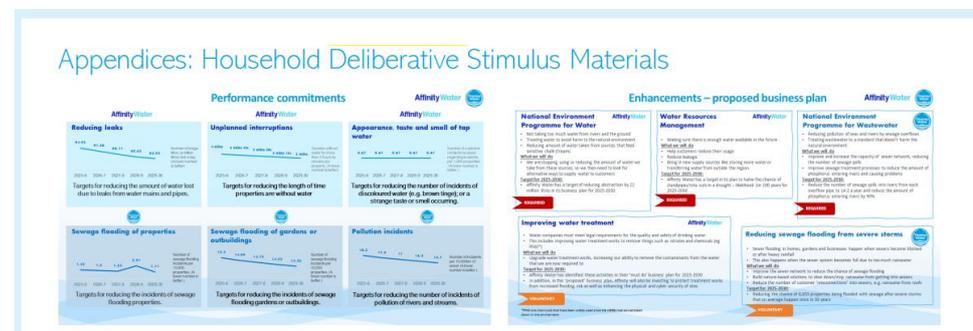


Figure 12: Example of pre-task stimulus for household customers (for deliberative sessions)

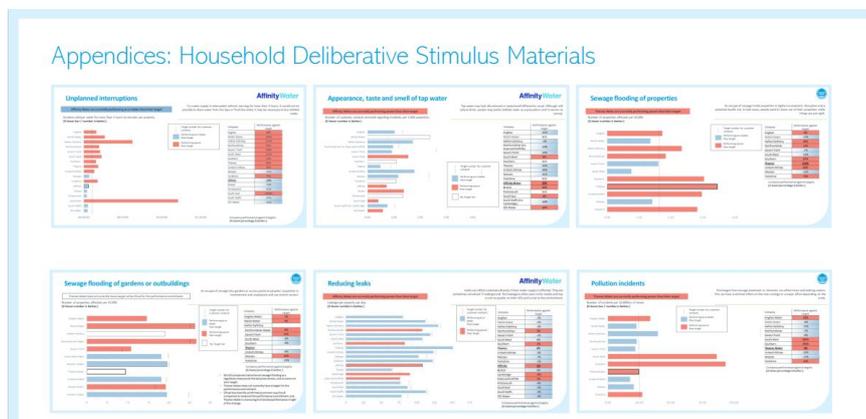


Figure 13: Example of pre-task stimulus for household customers (for deliberative sessions)

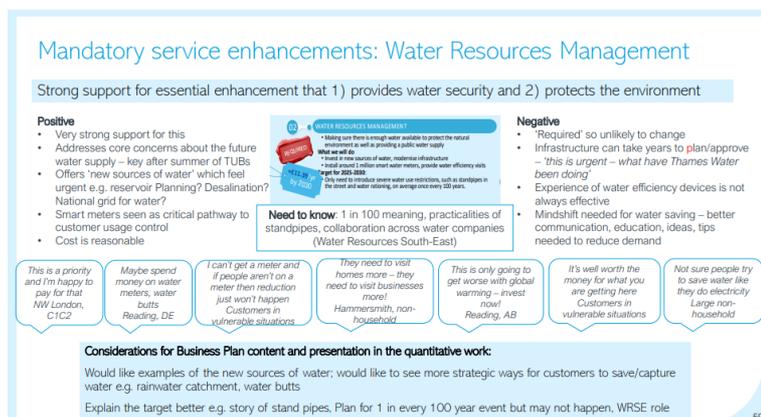


Figure 14: Example from qualitative report on considerations for the business plan and quantitative phase

Assessment of the quantitative phase of acceptability and affordability testing against Ofwat's and CCW's requirements

Overall, Thames Water have met Ofwat's and the CCW's minimum requirements for PR24 Acceptability & Affordability testing (the quantitative phase). Thames Water clearly followed Ofwat's and the CCW's guidance when carrying out the research and presented customers with appropriate materials.

We have assessed the project against the requirements in four key areas: the scope, sample, research materials, and analysis and reporting.

Methodology

Thames Water's methodology for the qualitative phase of Acceptability and Affordability testing is in line with Ofwat's and CCW's requirements. The questions that have been asked are in line with what Ofwat and CCW set and the guidance has been followed.

Sample

Thames Water has adhered to the sample requirements as laid out by Ofwat and the CCW including ensuring that they have represented customers across areas of differing deprivation to ensure those in the most deprived areas were represented adequately in the survey.

Research materials

The research materials followed Ofwat and CCW guidance for how it should be presented. This included appropriate use of Line charts to set out targets and comparison against current performance (see figure 15)

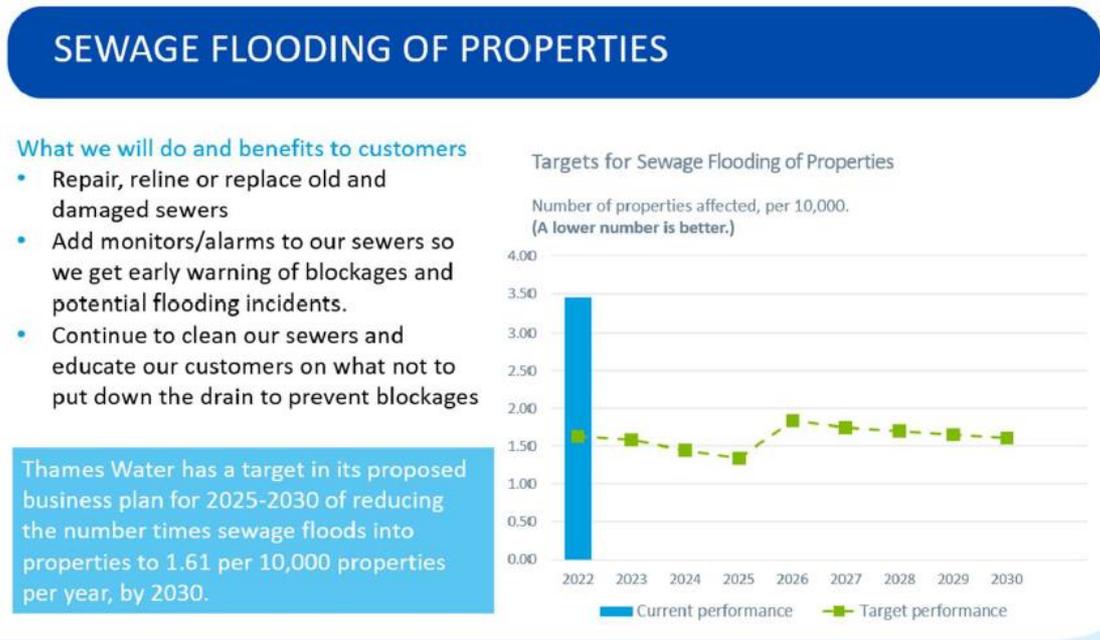


Figure 15: Example of target slide shared with customers as part of acceptability and affordability testing - Acceptability and Affordability Testing Quantitative Fieldwork

Other charts and stimulus presented to customers included information that allowed customers to gain a fair understanding of what the proposals were, and the impact they would have on their bills, prior to being asked to express an opinion.

Analysis and reporting

Thames Water's report of findings follows a clear structure examining both the affordability of the potential bills and also the acceptability of the plans overall. Thames Water clearly outline where there is difference between groups and display that clearly (see figure 16)

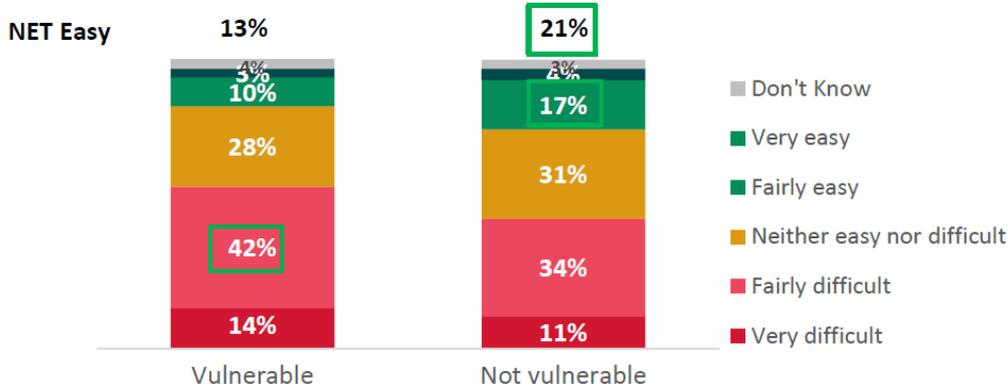


Figure 10. Q14 How easy or difficult do you think it would be for you to afford these water/sewerage bills? Base: All HH weighted base with vulnerable members (772) and HH with no vulnerable members (851) *Details of conditions listed under each vulnerability can be found in Appendix E

Figure 16: Results from the Affordability testing - Acceptability and Affordability Testing Quantitative Fieldwork

Customise and provide context

Context about Thames Water is provided to customers in all research materials, and is included in research reports. This information is specific to Thames Water rather than about the water industry in general, demonstrating that engagement is customised in the manner required by Ofwat in this principle.

Customers that took part in the qualitative workshops were first given a pre-task with key information about Thames Water and its future challenges

Please see the Appendix for all stimulus shared.

Figure 17: PR24-12 PR24 Enhancement package options

Throughout the research programme, the tone and content of engagement is customised to the customer types. For example, in the ‘PR24-11 PR24 Foundation – Future Bill Payers and Non households’ project, instructions in the qualitative discussion guide and question wording varied according to which type of customer is being addressed, an example of which is shown in figure 18.

**Future customer welcome*- Over the next few days we want to learn about what you expect of Thames Water and what you think of their 2050 vision and the proposed initiatives to achieve this. We know that you're not a paying customer right now but please base your answers as though you would be (because you may be a bill payer in the not too distant future!)*

**Business welcome*- Welcome to the community! Over the next few days we want to learn about your views on Thames Water's 2050 vision, the proposed initiatives to get there and tell us what this means for you and your business. Where possible, please try and answer from a business perspective.*

Figure 18: PR24-11 PR24 Foundation – Future Bill Payers and Non households

Use of multiple sources of customer data

Thames Water engages in a wide range of always-on insight and engagement activities which sit outside the PR24-specific research. The write-up of the evidence base in the WCCSW document demonstrates that insights from these have been incorporated into the PR24 business planning process.

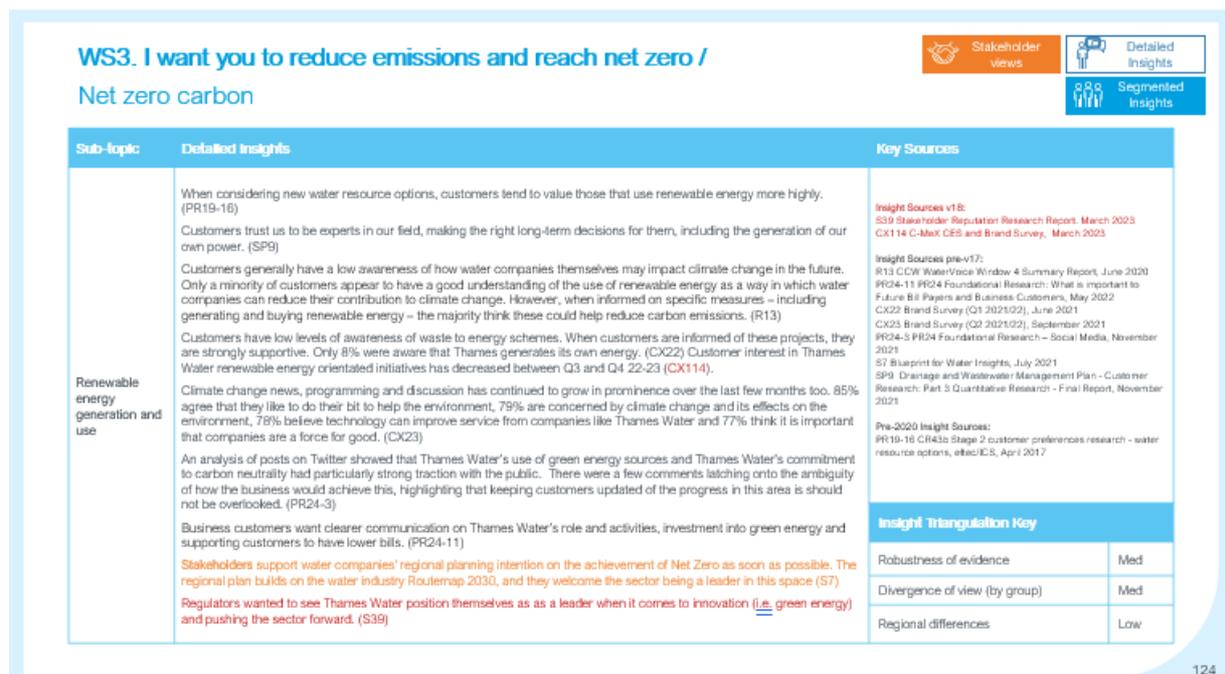


Figure 19: Demonstration of alignment of projects (termed ‘evidence sources’) to ‘net zero carbon’ topic from the WCCSW document

Thames Water has also engaged with customer complaints data, customer satisfaction studies, stakeholder research, desk research and external research to supplement findings outside of the core enhancement and foundational research. For example, in the ‘CX40 Vulnerability Customer Insight 2022’ research, the report lists external sources used and referenced which helped shape thinking on vulnerable customers (see figure 20).

Partner insights – a balanced view

Wide ranging and some anecdotal insights - but all help us shape our thinking

- [Local consultations](#) on poverty
- The Essential Services Access Network -newsletter
- [StepChange 'Falling Behind to Keep Up'](#) report
- CCWs ambitions [2022-23 Strategy Document](#) (ccwater.org.uk)
- Christians Against Poverty [Digital Divide](#) report
- The Trust for London [Capital concerns on poverty and what business can do to help](#)
- Joseph Rowntree Foundation – [UK Poverty 2022](#)
- Local community information such as Islington's [State of Equalities report](#). (for use when considering local support provision)
- Citizens Advice: [Rising Pressure on Household Budgets report](#)
- Age UK Berkshire – threshold age for proactive enrolment of over 80's onto PSR and recommending the tone of the letter to ensure customers weren't scared and trusted the process
- Vulnerability Network members advised us on how to not make legal contracts too overwhelming for small charities
- Dementia UK- reviewing our training materials
- [Lived experience of Dementia](#)– a customer living with Dementia came to speak at our Exec event Sense – accessibility of our extra care services and our website
- Berkshire Vision – use of Braille and its relevance in our region
- Sense – accessibility of our extra care services and our website
- Repowering London – understanding the needs of our debt advisors and their service users

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Figure 20: CX40 Vulnerability Customer Insight 2022

External research sources, such as 'R53 Ofwat Cost of Living Survey' from May 2023, have been incorporated into relevant sections of WCCSW to further enhance customer insights on certain topics (see red text in figure 21).

AF1. I want fair and affordable bills

Affordability

Detailed Insights

Segmented Insights

Subtopic	Detailed Insights	Key Sources
Affordability for vulnerable customers and those struggling to pay (1/4)	<p>Cost of living is front of mind for most, particularly for less affluent customers. Significantly more households have become financially vulnerable as a result of the crisis. (R36, CX113)</p> <p>Customers accept paying some extra on their bill to support a discounted tariff for low-income customers. They welcome other forms of financial assistance and urge us to better promote all our schemes to eligible customers. (CX82)</p> <p>Customers believe no one should be without water and that Thames Water has a responsibility to support vulnerability customers who cannot afford bills, as water should be available to all. (SP15)</p> <p>Most feel that customers on a social tariff should be metered and encouraged to use water efficiency measures and that the social tariff should be used to help customers on a low income or with a disability. (PR19 -21, PR24 -2)</p> <p>More broadly, the vast majority of consumers are very concerned about how higher energy bills announced in the new price cap will impact their household finances this year – nine in ten consumers think energy and water companies should be supporting people who have difficulties paying their bills. (R16)</p> <p>23% customers from the sample qualify for a social tariff (up from 11% in 2018) – this number is higher amongst customers over the age of 55, lower socio-economic groups, BME communities, customers living in London, customers with disabilities, and those with low/no internet use. (CX82)</p> <p>30% of households reporting they struggle to pay their water/wastewater bill in London and 20% in the South East (R53). Female customers, under 55s, lower socio-economic groups, those with a disability and unmetered customers are more likely to struggle. 42% customers who qualify for a social tariff are struggling to pay their bills vs 27% for those who don't qualify. (CX82)</p> <p>More people are struggling to pay their bills at least sometimes since October 2022 and fewer said they never struggle to pay. Younger people are most likely to struggle to pay their bills (78%) (R53)</p> <p>50% of bill payers believed it is likely they will struggle to pay a utility bill over the next year and 86% of bill payers who reported struggling to pay a water bill over the past year expect to struggle with a utility bill in the coming year (R36)</p> <p>To help end water poverty, companies need to continue to evolve their engagement with those customers most at risk of financial vulnerability as a result of the changing economic situation, and learn from the affordability pilots that have explored this issue. As part of this, they may want to examine their company specific Water Matters data more closely, to see if it has any insights into knowledge gaps in their areas. (CX110)</p>	<p>Insight Sources v18: CX113 Vulnerability Deep Dive Research, Apr 2023 R53 Cost of Living Survey, Ofwat, May 2023 CX110 CCW Water Matters 2022 (Thames Water Results and full data report), April 2023</p> <p>Insight Sources v17: CX82 Social Tariff Research, September 2022 R36 Cost of living diaries, BritainThinks, November 2022</p> <p>Insight Sources v16: R16 Giving UK Utility Customers a Voice, February 2022 SP15 Thames Water Customer Voices Public Value Research, May 2022 PR24-2 PR24 Foundational Research Customer Voices, November 2021</p> <p>Pre2020 Insight Sources: PR19-21 CR58c Social Tariffs, Populus, March 2018</p>
Insight Triangulation Key		
	Robustness of evidence	High
	Divergence of view (by group)	Low
	Regional differences	Low

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Figure 21: R53 Ofwat Cost of Survey, May 2023 reference in WCCSW document

Understanding current and future customers

Thames Water has engaged with a wide range of customer groups as part of its PR24 engagement. This has created a deep understanding of customer views, which are clearly organised into Thames Water's thematic framework of 'wants'.

27 : Phase D report

Savanta

Future customers have been engaged in focused research projects in ‘PR24-11 PR24 Foundation - Future Bill Payers + Non households’ and as part of wider research projects, such as the Enhancement Case Deep Dives. The inclusion of future customers in Thames Water’s wider programme – both in customer experience projects and business planning projects - can be seen in figure 22. Additionally, focused research reports on future customers were developed as part of ‘CX105 Brand survey 2022-23 - future customer analysis’ and ‘S26 Research Summary – PR24 Youth session’, building to a detailed understanding of this audience.

	Number of household interviews	Number of future bill payer interviews	% of household interviews with future bill payers
Customer experience projects:			
Brand Survey 2021/22	4032	181	4%
Brand Survey 2022/23	4063	186	5%
Business planning projects:			
DWMP qualitative research 2021/22	48	8	17%
PR24 enhancement case deep dives 2022/23	214	17	8%
Vision 2050/Public value 2022/23	605	63	10%
WRSE new sources of water 2022/23	390	61	16%
WRMP customer consultation 2023/24	98	10	10%
PR24 enhancement case deep dives 2023/24	1187	66	6%
Acceptability & Affordability qualitative 2023/24	136	8	6%
<i>Future bill payers context setting 2023/24</i>	<i>TBC</i>	<i>TBC</i>	<i>c.66%</i>
<i>Long term delivery strategy research 2023/24</i>	<i>TBC</i>	<i>TBC</i>	<i>c.50%</i>
Projects including future bill payers, where the sample size was not itemised:			
WRSE long term water resource planning 2020/21	733		
Water Supply System Resilience 2020/21	1321		
Smarter water catchments (River Crane) 2022/23	208		
Added Value of Strategic Resource Options 2022/23	1882		

Figure 22: Research projects engaging with future customers as shown in Thames Water Board Paper CSC 28th June 2023

Consistency and comparability

Thames Water’s structured approach to PR24 engagement has enabled it to build consistency into the process. For instance, customers were engaged about different projects in the same process across the various ‘Enhancement Package Deep Dive’ research projects. Each of these projects asks customers to rank the topics in order of priority and uses the same wording, which maximises comparability across the studies.

The nature of the PR24 engagement process, in which water companies engage with their own customers in isolation makes it difficult to gain an understanding of comparability between water companies in all cases. However, standardised research projects such as ‘PR24-14 Acceptability & Affordability Testing’ provides this comparability, which is particularly important.

Stage 3 findings (insight triangulation)

Ofwat requires that the customer insight on which PR24 business plans are built is triangulated. The insight triangulation process is the gathering of different research and viewpoints to generate a synthesised view of insights that help Thames Water to better understand customers. Triangulation can involve *methodological triangulation* (combining two or more methods to gather multiple datasets relating to the same subject matter), *data triangulation* (collecting data using the same method, but from alternative sources) or *customer triangulation* (collecting data on the same topic but from different customer segments).

Thames Water’s approach to triangulation is designed to bring together insight from a range of sources and work, such as stakeholder engagement, customer research and desk research. This is then analysed by groupings such as customer segments, stakeholders and regions, and allows Thames Water to compare results from different types of insight with different methodologies, to assess how consistent (or not) the findings from each piece of work were, and where customers agreed or disagreed. They can also identify differences between groups and segments or where there was an alignment of views. This approach has been designed with the support of Sia Partners to bring additional expertise, a diversity of views and greater independence to the process.



Figure 23: Thames Water's approach to triangulation from ‘PR24 Triangulation and Line of Sight methodology - August 2022’ document

Alongside this, a scoring system allows for the weighting of different insight, so that the most relevant, credible and robust pieces have a greater impact on the overall conclusions. This scoring system gives Thames Water a mechanism for synthesising multiple sources of information and the views of different customer segments.

Score	Insight source scoring			Feedback scoring
	Methodologically sound	Rigorously gathered	Credibly interpreted	Contributory score
1	Limited or no methodology, unplanned with no aim or objective.	Limited discussion of data collection technique, who collected the data, or the procedure for recording differing opinions.	Lack of credible interpretation with potential for bias. Limited or no discussion of feedback points in the conclusion.	Vague, high-level feedback with only a tangential relevance to the topic in question.
2	Some aims of engagement, but limited discussion of sampling, knowledge levels and stakeholder backgrounds.	Some discussion of data collection and the methods. Limited depth of feedback and range of opinions.	Some link and discussion of the engagement details in the event report, including some differing views.	Feedback not necessarily fully aligned to the topic and only provides a limited insight and thus moderately useful.
3	Clear aims, sound sampling methodology and consideration of barriers to inclusion.	Thorough discussion of data collection procedures, noted a range of perspectives and extensive detail of feedback.	Engagement work interpreted accurately and fairly with detailed outline of all perspectives and issues discussed.	Specific, clear and relevant information with clear link to the topic discussed. High value added.

Figure 24: Criteria for robustness scoring of insight from ‘Approach to triangulation and synthesis overview’ document

Savanta have used the Consumer Council for Water (CCW’s) recommendations on Triangulation generated from their review of triangulation from PR19, to assure Thames Water’s approach to triangulation. Our assurance examined four key criteria in turn:

1. Transparency of process;
2. Balance, logic and ‘weighting’ of framework;
3. Consistency of process and framework across different areas;
4. Breadth of inputs to process.

In this section, we outline our assessment of the process and how this has been carried through in practice for each of these four.

Transparency of process

Thames Water has been fully transparent in its approach to triangulation by providing an ‘Insight Triangulation Key’ in its documents. It has also cited ‘Key evidence sources’ that have provided understanding into the customer ‘want’ and topic.

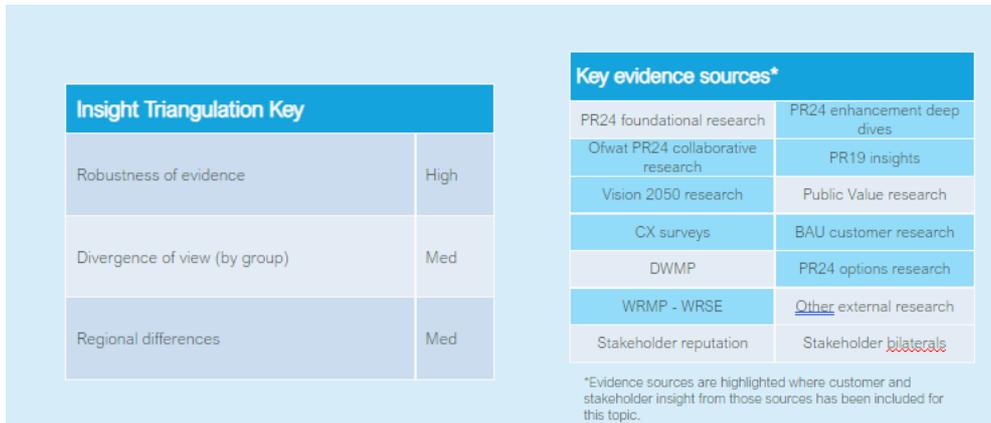


Figure 25: Example of ‘Insight Triangulation Key’ and ‘Key evidence sources’ from WSSCW document

Alongside the identification of sources which have been used in deriving the key insights, there is coding to direct the reader to where further information on the specific insight can be gained. As such the reader is able to examine the original reports and research themselves. Thames Water also highlight where there are differences between groups and regions.

Thames Water has ensured that there is a clear line from the evidence presented and the source, supported by references to the key summaries. This presentation allows the reader to assure themselves that the findings are based on strong research and that various sources have been considered in the triangulation process. It also enables the reader to explore the data sources directly easily if required, and demonstrates a commitment to transparency.

Maintaining and upgrading existing wastewater infrastructure

- The options most preferred by customers for managing the wastewater sewer system efficiently are ‘Increasing the capacity of the existing wastewater sewer system’ (36% chose this option as their top priority), and ‘Building new wastewater sewers and tunnels to connect different areas’ (34%). (SP8)
- The least preferred options are ‘Relining existing sewers’ and ‘Providing vulnerable properties flood protection measures’, with 50% of customers placing this as the least prioritised option. (SP8)
- The most preferred options for ‘managing wastewater treatment efficiently’ amongst customers are ‘Using advanced technology to improve existing wastewater treatment works’ (45% chose this as their top priority), and ‘Expanding existing wastewater treatment works’ (24%). (SP8).

Figure 26: Example of summary statements and source identification from ‘Engagement Summary - Waste’ document

Balance, logic and ‘weighting’ of framework

The framework demonstrates a clear structure and approach, and includes the following ‘weighting’ criteria:

- Sound methodology;
- Rigorous approach;
- Interpreted credibly; and
- Relevance.

This approach is logical and represents a high standard of rigour in ensuring that evidence is evaluated according to multiple criteria. By adopting a flexible scoring system that allows each piece of work to be ranked on individual criteria for an overall ‘weighting’, the approach is sensitive to the fact that research methods each have different strengths and weakness. This allows the framework to have balance and weigh up each insight source on its merits including any bias it may be impacted by.

Alongside the core WCCSW documentation, Thames Water has produced detailed summaries of the engagement and research relating to their three core strategic areas:

- Water;
- Wastewater; and
- Customer.

Each of these provide a summary of customer insight that have informed the overall “Customer Wants”. Alongside this the level of divergence amongst customers and the evidence that substantiates the summaries is presented clearly, as shown in figure 27.

Insight Triangulation	
Evidence robustness	High
Divergence of view (by group)	Med
Regional differences	Med
<p>Triangulation comment:</p> <p><u>General message:</u></p> <ul style="list-style-type: none"> • Customers and stakeholders <u>are in agreement</u> that sewer flooding into or near properties represents a severe failure of the wastewater system and acknowledge the severe impacts it can have on those who are affected and want it stopped as soon as possible. • In Vision 2050 research, customers ranked 'stop all sewage flooding into homes, gardens and businesses' 3rd of 19 Vision 2050 goals. • Of Thames Water's core wastewater service improvement areas, 'Stop all sewage flooding into homes, gardens and business' is the highest (of 4) priority for customers. <p><u>Divergence/conflicting views:</u></p> <ul style="list-style-type: none"> • While sewer flooding in the home is by far the worst service failure for customers, environmental NGOs look at the overall risk picture, prioritising protection against the risk of 	

Figure 27: Example of evidence of triangulation from ‘Engagement Summary - Waste’ document

In each case reviewed, the detailed comments have cited a variety of sources. As noted above our review into the evidence gathered at Stage 1 and 2 reflected that the methodology used to develop insights was sound methodologically. The use of various sources here ensures there is

a level of robustness and rigour to the research presented, increasing confidence that the views of customers are fairly represented.

The differences flagged by audiences, such as between those in London and those outside London or between vulnerable customers and other household customers has where appropriate been presented and explored. The triangulation process has balanced showing this and utilising various sources to identify the common themes that can inform the “customer wants”.

Our review has shown that the detailed insights presented in the summary documents are a fair and accurate reflection of the findings from the engagement work.

Consistency of process and framework across different areas

Alongside a deep-dive into one area of the triangulation, our review included the summary documents for other areas to verify if the process has been followed consistently.

As detailed above, for each of the core area Thames Water is focused on: Water, Wastewater and Customer service, there is a corresponding document summarising the triangulation of findings.

Each of these documents follow the same method and share insights and their sources so that a reader can check the validity of the presentation. They highlight where there were differences by customer group and draw conclusions from various research sources.

Breadth of inputs to process

As noted above, our Stage 1 and 2 assurance has confirmed that Thames Water is drawing on a wide range of insight sources for their PR24 evidence base, including research conducted for PR19, ongoing always-on sources, and PR24-specific research.

Thames Water is using this breadth of sources in its triangulation process (see figure 28).

Evidence reviewed

These customer, community and stakeholder insights were reviewed for WCCSW v18

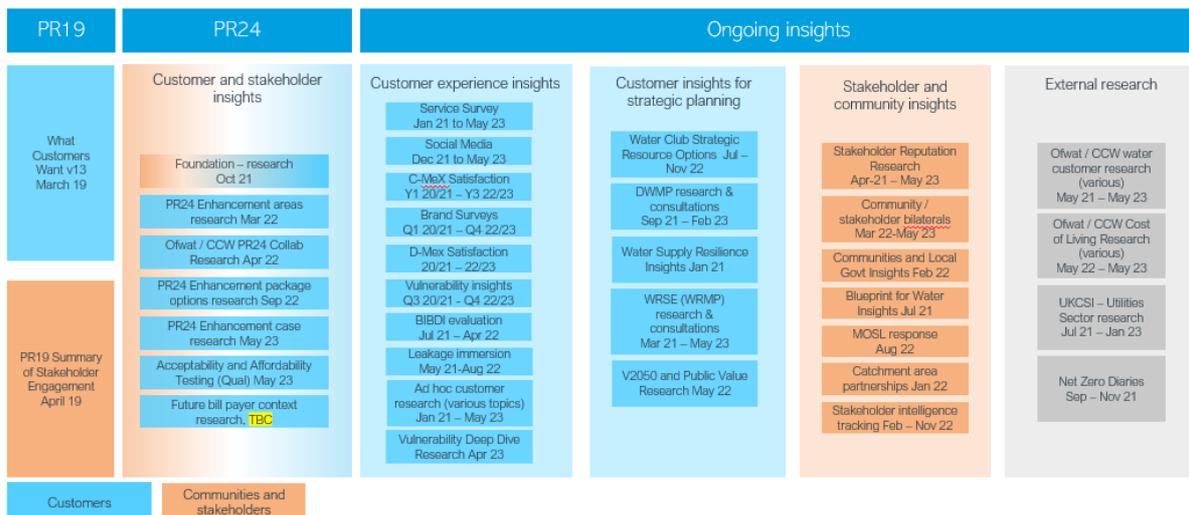


Figure 28: An example of the different research documents that have underpinned triangulation from WSSCW document

For each area of focus Thames Water has outlined a wide range of sources including, crucially, both ongoing insights and engagement conducted especially for the PR24 Business Planning process.

The engagement cited has included *methodological triangulation* by deriving insight from a range of methodologies including small-scale qualitative focus groups through to large-scale quantitative surveys. Thames Water has also drawn on wider industry research, such as CCW's work on understanding public perception of waste, to ensure that their research is adding to existing knowledge where relevant for Thames Water customers.

The evidence base includes research that has been conducted throughout the business planning process ensuring that more recent research is building on an existing knowledge base. This has also allowed Thames Water to acknowledge issues that have become more important to customers as the engagement has been ongoing, such as sewage overflows, reflecting what customers want over both the short and long-term.

Stage 4 findings (Line of Sight)

Ofwat requires that the ultimate proposals that are included in the business plan show a Line of Sight to insight derived from customer engagement. This includes all aspects of the PR24 Business plan including the base plan, enhancement areas and performance commitments. This does not mean that all customer preferences have to be actioned, as they may be unfeasible. There may be sound reasons why a customer preference cannot in practice be delivered, such as its contrast or lack of feasibility to be achieved alongside another preference. Instead, Thames Water must show how the insight gained from customers and stakeholders was considered as part of the decision-making process and has ultimately informed the strategy.

Savanta first reviewed Thames Water’s Line of Sight documentation in Phase B, when it was still a work in progress. Some of the documents were incomplete, with comments still to be incorporated to ensure that Line of Sight is clearly and concisely presented.

During Phase C, the documents demonstrating the Line of Sight were in a near final state and Thames Water (with the help of Sia Partners) provided Savanta with a summary of the changes made between Phase B and Phase C. This latest phase included a final review of any documentation which had changed.

Our approach to assuring Line of Sight has been two-fold:

1. Assessing the Line of Sight methodology and related ways of working arrangements
2. Evaluating the quality of the Line of Sight within the business plan

To achieve this, our review incorporated the following documents. Where decisions were made to assess a sample of the wider set of documentation, these were made by Savanta alone to ensure the integrity and independence of the assurance process:

- Confirmation statement for LOS Working Group
- Savanta LOS discussion (Sia 240823)
- Core narrative (unformatted) v0.14S
- PR24 Customer Strategy_Platinum_2nd line assurance
- Wastewater ODS v0.3_SS Controlled
- Water ODS v0.3_SS Controlled Copy
- LTDS report DRAFT v8.2
- PR24_Enhancement Case-XXX (WRMP Supply)
- PR24_TMS_Enhancement Case - XXX (Reducing the risk of basement flooding)
- Acceptability and Affordability Testing Quantitative Fieldwork

Line of Sight Methodology and Ways of Working

Whilst Ofwat do not set out a distinct methodology to demonstrate a clear Line of Sight, it is expected that water companies present business plans that show that they “*take account of customers’ views, preferences and experiences*”. To help meet this criteria Thames Water produced ‘PR24 Triangulation and Line of Sight methodology – August 2022’ outlining their approach to presentation of findings to demonstrate Line of Sight.

This document sets out a clear methodology of how the customer engagement and insight gathering has fed into the business planning process, and how the core engagement and insight documents have been considered as part of the business plan. A high-level summary is shown in figure 29.

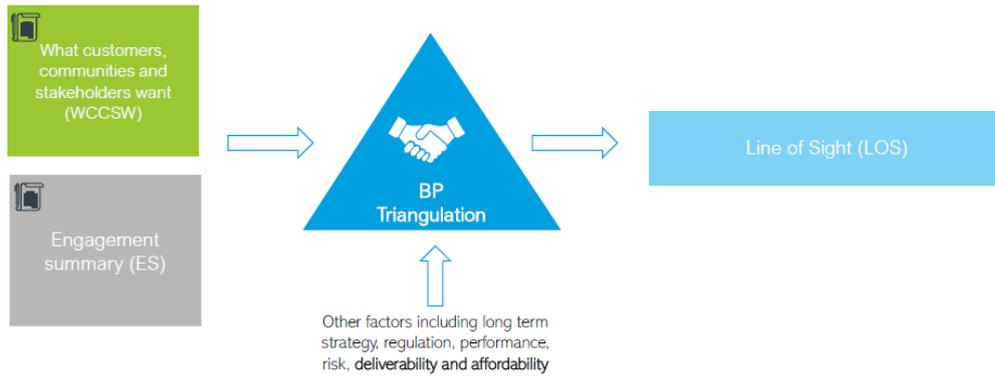


Figure 29: Explanation of how Line of Sight fits into the business planning process from ‘PR24 Triangulation and Line of Sight methodology – August 2022’ document

Thames Water decided that their each business plan document (including both the Strategy and Enhancement Case documents), will include a Line of Sight section that explicitly outlines the evidence of customer engagement and how this has informed that part of the plan. Thames Water outlined the approach they intended to take and how each document’s Line of Sight section should illustrate how the case presented has taken account of engagement and insight, as well as how it aligns with the overall strategy. The template shown in figure 30 demonstrates the key areas of Line of Sight that Thames Water planned to include in each document.

Customer Outcome	Area	Customer Wants and Expectations	What we are going to do in AMP8	Rationale	How we will measure success
<ul style="list-style-type: none"> V2050 Customer Outcomes (Strategic Roadmap) 	<p>Sub topics / areas within the LOS</p> <p>e.g. Customer LOS will be divided into 5 sections</p> <ol style="list-style-type: none"> Customer service (Retail and Ops) FCC & Billing Vulnerability Developer services Non-household/ Retailers 	<ul style="list-style-type: none"> Summary of Wants and Expectations, including detail of detailed insights specific to the topic area (summarised from WCCSW and Engagement Summaries) 	<ul style="list-style-type: none"> What are the 3-4 key things we are proposing to deliver for each area in AMP8 	<p>Explain why are we doing it and how you came to your proposals:</p> <ol style="list-style-type: none"> How it delivers on customer expectations and what the benefits are How other constraints / evidence has informed your proposals [e.g. past performance, long term delivery strategy, funding, regulatory] If proposals have had to go against WCCSW for AMP8, document your rationale for the decision (e.g. if certain things need to be pushed to AMP9-10) 	<ul style="list-style-type: none"> PCs and KPIs

Figure 30: Line of Sight structure and content overview from ‘PR24 Triangulation and Line of Sight methodology – August 2022’ document

In Phase C and D, we have seen Thames Water’s approach to Line of Sight in more detail and how the methodology from August 2022 has been used in practice. As outlined in the ‘Core narrative’ document, the performance commitments (which measure the delivery of customer outcomes) included in the plan align to the customer wants. As we’ve explored previously in this report, it is Savanta’s conclusion that the customer wants are well grounded in triangulated customer insight. It is therefore sensible for Thames Water’s Line of Sight from insight to business plan to clearly align the performance commitments to the customer wants. This provides a strong link between well triangulated customer insight and feedback, and the PR24 business plan.

Customer Wants and Performance Commitments

The outcomes we aim to deliver in AMP8 have been developed based on what our customers, communities and stakeholders want. We measure our delivery of these outcomes using performance commitments targets.

For customers		For communities		For the environment	
Want	I want an easy customer experience and tailored support	Want	I want you to have a positive impact on the community	Want	I want you to reduce your impact and restore the environment
Performance Commitments	- C-MeX ; D-MeX ; BR-MeX	Performance Commitments	Biodiversity Streetworks collaboration (bespoke)	Want	I want you to fix leaks and ensure there is enough water in the future
Want	I want fair and affordable bills			Performance Commitments	- Leakage - Per capita consumption (PCC) - Business demand
Want	I want safe, high quality drinking water			Want	I want you to stop polluting rivers and to improve their quality
Performance Commitments	- Compliance Risk Index (CRI) - Customer contacts about water quality			Performance Commitments	- Total pollution incidents - Bathing water quality - River water quality (phosphorous) - Discharge permit compliance - Serious pollution incidents - Storm overflows
Want	I want a reliable supply with minimal disruption			Want	I want you to reduce emissions and reach net zero
Performance Commitments	- Water supply interruptions - Mains repairs - Unplanned outage			Performance Commitments	- Operational greenhouse gases (water) - Operational greenhouse gases (wastewater)
Want	I want you to prevent sewer flooding and take waste away safely				
Performance Commitments	- Sewer collapses - Internal sewer flooding - External sewer flooding				

5

Figure 31: Alignment of Customer Wants and Performance Commitments in WCCSW and Core Narrative

In addition to documentation, Savanta has reviewed Thames Water’s Line of Sight ways of working. It is fundamental to the success of the Line of Sight process that there is high-quality two-way dialogue between Thames Water’s customer insight team and the teams writing the various chapters of the business plan. This should take place over a protracted period of time, so that customer views can shape decision making and the business can request further customer research into key areas of interest.

Thames Water, supported by Sia Partners, have robust Line of Sight ways of working in place. A spine of fortnightly meetings, starting in December 2022, have been supplemented by adhoc meetings support the link between customer insight and the PR24 plan.

Sia Partners can confirm that the LOS working group commenced fortnightly meetings in December 2022, attended by Thames Water’s Insights Team and consultants from Sia Partners. The purpose of these collaborative meetings was to a) establish timelines and deadlines for the business plan programme and b) identify any risks and challenges to delivery of specific elements. Other frequent topics of discussion included the use of key research pieces and incorporation of findings into the decision-making process, as well as feedback on various documents from the CCG in order to address any areas of challenge or concern. Comprehensive summaries of actions and owners were compiled during the meeting and included in the deck, before being circulated with the group.

Figure 32: Confirmation statement for LOS Working Group from Sia Partners

In conclusion, Savanta’s assessment is that Thames Water has developed a strong and considered approach to Line of Sight. This methodology, and the associated ways of working, set the organisation in good stead for delivering against Line of Sight requirements. In the following section, we assess how the organisation has implemented and documented the Line of Sight approach in practice in both the Outcome Delivery Strategies and Enhancement Case documentation.

Line of Sight in Outcome Delivery Strategies

Water and Wastewater Outcome Delivery Strategies

Thames Water has noted five key Customer Wants as part of their *Water Outcome Delivery Strategy* and *Wastewater Outcome Delivery Strategy*:

- I want safe, high quality water (*Water*);
- I want a reliable supply with minimal disruption (*Water*);
- I want you to fix leaks and ensure there is enough water in the future (*Water*);
- I want you to prevent sewer flooding and take waste away safely (*Wastewater*); and
- I want you to stop polluting rivers and improve their quality (*Wastewater*).

Across the scope of the business plan, the customer want and the corresponding outcome are aligned well and as such it is clear how the customer evidence aligns with each outcome.

Both the Water and Wastewater strategy documents have clearly presented how customer engagement has informed the final proposal, with the following produced for both documents:

- A table outlining what customers said on the topic and how Thames Water has responded;
- A section on tensions and trade-offs between what customers want and the final proposal;
- A summary table of research the want / outcome was based on.

Key customer research that has informed our wastewater strategy

Outcomes and Wants	Thames Water Priorities [1]	Topics	Ofwat collaborative research [2]	Enhancement case deep dives [3]	Acceptability and affordability testing [4]	Vision 2050 research [5]
Customers / I want you to prevent sewer flooding and take waste away safely	Customers place a high relative priority (4* of 10 Wants) on 'I want you to prevent sewer flooding and take waste away safely'.	Sewer flooding	Customers place high importance on 'Internal sewer flooding' due to the degree of impact it can have on peoples' lives i.e. health, potential move-out. Customers place a high priority on 'External sewer flooding' due to the unpleasant impact it can have.	Customers place a high priority on 'Improving resilience to sewer flooding in homes'; the idea of customers' properties flooding with sewage disgusts and concerns many – they feel it is part of Thames Water's essential duties to protect customers, and expect Thames Water to make significant investments to protect customers from this. However, some believe we should be doing more to address this within base expenditure.	Customers place a high importance on 'Sewer flooding' as a performance commitment; internal sewer flooding is seen as the worst failure of service and our current performance is perceived to be unacceptable.	Customers place a high priority on 'Stop all sewage flooding into homes, gardens and businesses'; whilst customers admit other issues resonate more strongly with them due to lack of personal experience, they generally agree that protecting homes, gardens and businesses from sewage flooding is an essential core function of Thames Water.

Figure 33: Customer research tables from Wastewater Outcome Delivery Strategy document

For each of the customer wants Thames Water has displayed evidence of where customer insight had been sought, how it feeds into the business plan and how this has been reflected in the ultimate proposal. For example, alongside identifying that the customer want “Stop polluting rivers and improving their quality” has been proposed and is supported by customers, the preferences of customers has been balanced with the affordability, deliverability and other considerations in the final proposal.

Savanta’s assessment is that Thames Water has demonstrated that customer views have been demonstrably incorporated and considered as part of the Water and Wastewater strategies, and that a clear Line of Sight exists.

Customer Outcome Delivery Strategy

The Customer Strategy document lays out the PR24 Customer Strategy, including how it has been developed and what customers expect of Thames Water. The following outcomes are set as part of the Customer Strategy:

- Easy customer experience and tailored support;
- Fair and affordable bills;
- Preventing sewer flooding; and
- Fixing leaks and always enough water.

The later two are also partially covered by the Water and Wastewater strategy documents, and as noted above clear line of sight from customer wants to outcomes has been displayed.

As part of the development of the Customer Strategy, Thames Water has utilised a variety of sources in their research, such as internal tracking data of customer feedback as well as formally commissioned research. Alongside this they have considered research from other organisations and consumer bodies. Thames Water has presented a breadth of evidence and shown how they have used this triangulated evidence body when developing the Customer Strategy.

The way this has been presented is illustrated below and the documentation shows a clear logical flow of listening to customers, through to finalising the strategy.



Figure 34: Development of Customer Strategy from Customer Strategy document

Thames Water has clearly demonstrated that the strategy is based on what customers want and expect from their water provider.

Line of Sight in Long Term Delivery Strategy and Enhancement Cases

Alongside the core outcome delivery strategy documents, Thames Water has also proposed enhancement options and a Long Term Delivery Strategy (LTDS) that pulls together strategic choices from the enhancement programmes. In Phase B, Savanta reviewed the draft documents for all of these to assess Line of Sight in its early stage of documentation. For phases C and D, we have assessed in detail the Long Term Delivery Strategy and two of the Enhancement Cases, to closely examine how the Line of Sight methodology is being used in practice. The Enhancement Cases chosen by Savanta were ‘WRMP supply’ and ‘Reducing the risk of basement flooding’.

Long Term Delivery Strategy

As a unifying document the LTDS provides a summary table outlining all the PR24 Outcomes, a summary of what customers have said on the topic and how this has fed into the LTDS.

Type	PR24 Outcome	Enhancement investment area	What our customers have told us (insights)	How the insight informed our LTDS
For customers	Customers trust us to provide safe, clean drinking water	<ul style="list-style-type: none"> Replacing lead pipes 	<ul style="list-style-type: none"> Customers expect to always have reliable, safe, clean, and “wholesome” drinking water: it remains their <u>first priority</u>. Customers want Thames Water to replace all lead pipes by 2050 and they support proposed initiatives to replace lead pipes in homes and schools. 	<ul style="list-style-type: none"> Our multi-control period risk-based investment programme, will eliminate lead from our water network entirely by 2050, and by 2035 for primary schools, so that younger <u>children, who</u> are particularly vulnerable, are protected sooner.
	Customers count on a reliable supply of water	<ul style="list-style-type: none"> Improving water supply resilience Reducing risk of basements flooding from trunk mains 	<ul style="list-style-type: none"> Reliability and the provision of a constant water supply is one of the highest priorities for our customers Our customers have helped us define unacceptable impact as a supply interruption greater than 48 hours. Customers prioritise dealing with the safety risk in trunk mains over other potential enhancements and support regular, proactive renewal of our water network, starting with pipes most at risk. 	<ul style="list-style-type: none"> Our programme will mitigate risk above the risk appetite threshold determined by customers (>48 hours) by 2050. Our programme will address 328km of our trunk mains over the period to 2050, which are those representing the greatest level of risk.
	We protect our customers against sewer flooding	<ul style="list-style-type: none"> Improving resilience to sewer flooding in homes 	<ul style="list-style-type: none"> Reducing sewage flooding is the highest priority for customers. For many, the impact of sewage flooding feels most severe, <u>fragile</u> and dangerous given the potential for personal belongings and property to be damaged in the long term as well as the potential for health risks from the bacteria. As a result, many feel the targets could be even more ambitious both in terms of timelines and overall targets 	<ul style="list-style-type: none"> We will undertake a phased programme of investment, under our DWMP, to instal new sustainable drainage, line sewers and increase network capacity which will protect 187,000 properties.

Figure 35: Outcomes and how they have been informed by customer insight from ‘Long Term Delivery Strategy’ document

The document by nature is a higher level summary of the insight that has been gathered, as such it does not explore in depth the individual research that has informed the overall conclusions. However it does provide an accurate summary of the research that has been collated for the Enhancement Cases, and how this has contributed to the development of the LTDS. As such it displays clearly that customer insight has been considered as part of the development of the LTDS, enabling the reader to see the Line of Sight.

Enhancement Cases

Both of the Enhancement Cases that we have reviewed have a clear section outlining customer perceptions on the issues including a table summarising what support there is for the identified need, and where this information has been sourced from:

Insights: Reducing the risk of basement flooding from trunk mains	
Support for the need	<ul style="list-style-type: none"> • Customers are concerned about the condition of distribution pipes and the potentially catastrophic impact of a trunk main bursts. When compared to other enhancement case areas tested, customers see replacing trunk mains as the top priority, closely followed by the replacement of distribution mains. (PR24-10/13) • A core component of our corporate strategy is that the health and safety our community and our employees should be protected through all reasonable measures. Our engagement with customers and stakeholders shows that they strongly support this position. (PR24-10/13) • Our customers expect us to maintain our network of water pipes and treatment works to ensure it is fit for purpose, providing safe and clean water on demand. They also expect us to replace and renew ageing infrastructure, investing in long-term and cost-effective solutions and technology to maintain a reliable service. (PR24-10/13)

Figure 36: Example of table identifying customer support for Enhancement Cases from Enhancement Case (Reducing the risk of flooding) document

WRMP Supply

In Section 1.3.4 of the ‘PR24_Enhancement Case-XXX (WRMP Supply)’ document, Thames Water outline how the proposed Enhancement Case has support from customer research. They identify several research projects that evidence customer preferences for the options that have been developed, including Thames Water’s own deep dive engagement sessions with customers, as well as research from other stakeholders or relevant parties.

In each case the summaries provided are reflective of the findings in the original research. The summaries also, where appropriate, explore the underlying motivation of customers and how this has also contributed to the proposal. For example, when discussing the preference for providing a positive environmental impact in the Water Resource Management Plan, the public’s preferences for options that contribute to nature recovery is identified. This is reflective of the research and shows how customer attitudes have been incorporated and understood in developing the proposals.

Whilst tensions are not highlighted, this seems to be a result of there being few tensions between different types of customers when reviewing the Water Resources Management Plan.

Reducing the risk of basement flooding

Within Section 3 of the ‘PR24_TMS_Enhancement Case - XXX (Reducing the risk of basement flooding)’ document, Thames Water outlines how customers and stakeholders consider addressing this risk a priority. They identify multiple research projects that evidence customer attitudes towards this, primarily drawn from deep dive engagement work that Thames Water has conducted on the topic.

In each case the summaries provided are reflective of the findings of customer preferences and display customer expectations regarding trunk pipe replacements as well as their base level of knowledge of the risk.

The summaries also highlight tensions that emerge between different types of customers, for example those based inside and outside of London. These are presented alongside other evidence about the impact of basement flooding and the views of stakeholders on the issue, showing how customer views have been incorporated and balanced alongside other considerations and evidence in developing the Enhancement Case.

Acceptability and Affordability Testing

As the final part of testing the business plan Thames Water has tested the acceptability and affordability of their proposals with their customers to ensure that customers' priorities and preferences are driving Thames Water PR24 investment plan decisions where appropriate.

This has been reviewed in detail above, but its importance to the overall Line of Sight means that it is important for Thames Water to show that the options presented to customers have been driven from insight and that the ultimate business plan represents what customers want.

The Acceptability and Affordability Testing quantitative fieldwork report clearly displays options that align with Customer Wants, and that customer preferences are reflected in the acceptability testing when presented in line with the engagement that has taken place.

4.13 Performance commitments – Water related

There has been a real engagement from both household and non-household customers with the performance commitments as the majority have been able to choose an option at these questions. Only 4% of the household and 2% of the non-household customers weren't able to decide.

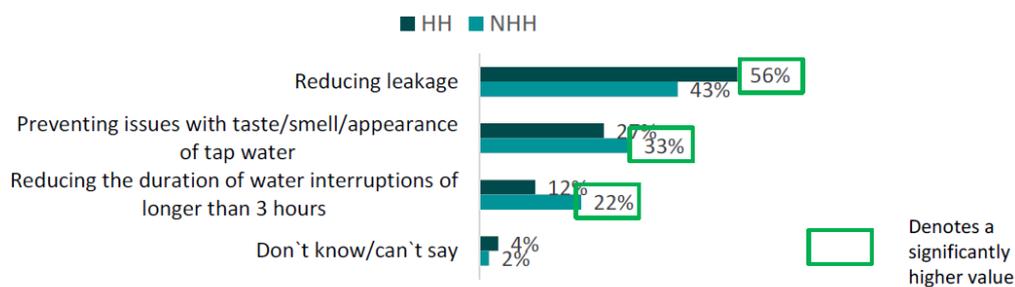


Figure 23. Q19. Based on what you have just read, which of these three parts of the business plan is the most important to you? Base: All HH participants weighted base (1,291) and all NHH participants weighted base (379)

- Reducing leaks was chosen as the most important performance commitment by household customers and non-household customers alike

Figure 37: Example of presentation of results - Acceptability and Affordability Testing Quantitative Fieldwork

Overall Line of Sight assessment

Savanta's assessment is that Thames Water has developed a strong and considered approach to Line of Sight, complete with appropriate ways of working, and that this has been reflected in practice. Thames Water has ensured that there is substantial evidence of customer views in each of the business case documents, and that there is sufficient evidence that in developing its PR24 business plan proposals to demonstrate that customer views and research have been core to decision making.

Stage 5 findings (Customer Challenge)

Customer Challenge Methodology

Owat requires that Thames Water’s PR24 business plan provides evidence of an appropriate mechanism for customers and their representatives to be able to challenge the company in three broad areas:

1. Thames Water’s ongoing performance
2. The business plan itself
3. Long-term delivery strategies

The purpose of customer challenge is to receive feedback on what issues really matter for customers, their views, and to enable comment on how well Thames Water’s plans reflect customer needs, priorities, and preferences.

Thames Water’s Customer Challenge Group (CCG) is the primary conduit for customer challenge, alongside direct customer engagement such as the Your Water, Your Say consultation. The CCG is an independent body with the specific remit of ensuring customer interests are canvassed and advocated for. It provides Thames Water with feedback on the above points on an ongoing basis, with Thames Water formally responding to these challenges in turn.

Previously, Ofwat required water companies to set up CCGs to ensure consumer interests were balanced with enabling companies to finance water supply and other services, but this requirement was dropped in 2021. Thames Water has retained its CCG to continue to act as a conduit of customer opinion and interests.

Savanta has reviewed the following documents in order to assess Thames Water’s customer challenge methodology.

Document title	Document description
CCG TOR approved	Terms of reference document for the CCG
CCG report 26 September 2023 - v12.4 (An earlier version of the same document, ‘CCG draft Report 21.07.23 v9’, was reviewed at Phases B and C)	Report produced by the CCG, to be included as ‘TMS05 CCG report’ of Thames Water’s Business Plan submission. The most recent version shared at Phase D (v12.4) also includes, as annexes, up-to-date versions of documents previously reviewed at Phases B and C. These are annexes IV, V, and VI, respectively. These have been reviewed as part of Phase D. According to the CCG, these annexes and the 34 challenges raised in the main body of the report are jointly comprehensive of all challenges and responses raised through the Customer Challenge mechanism. Our conclusions remain the same as the ones reached at Phase C, we have updated the references from the standalone documents to these up-to-date annexes, for simplicity and ease of comprehension. These

	Annexes are also detailed as standalone rows in the list below, purely to aid comprehension.
Annex VI of ‘CCG report 26 September 2023 – v12.4’ Earlier versions of this document were reviewed at previous Phases, as this final version was not available at that point: At Phase C, Savanta reviewed ‘CCG challenge log 29 August 2023’. At Phase B, Savanta reviewed ‘Thames Water CCG challenge log by 5 outcomes’	Summary of all CCG challenges, authored by the CCG, with responses by Thames Water included. The challenges are mapped onto the topics listed in Ofwat’s criterion for comprehensiveness. The summarising was done by the CCG rather than Thames Water.
Annex IV of ‘CCG report 26 September 2023 – v12.4’ CCG challenge log appendix – PR24 feedback	Exhaustive list of challenges and responses related to PR24 specifically
Annex V of ‘CCG report 26 September 2023 – v12.4’ CCG Challenge log appendix – detailed Customer Research feedback	Exhaustive list of challenges and responses related to customer research specifically
230707 CSC, RSC and CCG Chairs - Customer Challenge	A report to the Chairs of the Customer Service Committee (CSC), Regulatory Strategy Committee (RSC) and Customer Challenge Group (CCG), concerning board oversight of customer challenge
Topics covered by CCG since January 2022	A summary of all core CCG meetings since January 2022, including those of the PR24 focus group, detailing the topics discussed at each meeting individually
CCG action log – copy 29 August 2023	List of actions and challenges raised in core CCG meetings, which maps onto the five focus areas in the ‘CCG challenge log’. This is a live and internal-facing document, and was reviewed in its most up-to-date form as part of Phase C. Savanta is satisfied that the CCG report and its Annexes are jointly exhaustive of customer challenge and responses, so this document is merely an internal-facing version of these same materials. The CCG report is better-signposted for readers, and this action log is only up to date as of 29 th August 2023, so Savanta would advise that readers consult the CCG report instead for exhaustive coverage of challenges and responses.
Managing conflict of interest and dispute resolution with CCG	A document explaining the process for raising any conflicts of interest and dispute resolution

Minutes from CCG and TW Board assurance workshop 13 July 2023 – approved	A document setting out the mechanisms that the Board has in place for listening to customers, with these mechanisms indirectly referenced in ‘CCG draft Report 21.07.23 v9’
CCG meeting 21 April – documents	A collection of documents provided to CCG members ahead of the CCG meeting on 21 st April 2022, alongside minutes from that meeting. Savanta selected this meeting at random (alongside the November 2022 meeting referenced below) and requested to see these documents, in order to assess Thames Water’s performance against Ofwat’s ‘Informed’ criterion.
CCG 3 November 2022 – documents	A collection of documents provided to CCG members ahead of the CCG meeting on 3 rd November 2022, alongside minutes from that meeting. Savanta selected this meeting at random (alongside the April 2022 meeting referenced above) and requested to see these documents, in order to assess Thames Water’s performance against Ofwat’s ‘Informed’ criterion.
Media summary 3 January - 6 January 2023	The first of two shared examples of media summaries that Thames Water produces for the CCG, to ensure that they are sufficiently informed ahead of meetings.
Media Summary 14 August - 18 August 2023	The second of two shared examples of media summaries that Thames Water produces for the CCG, to ensure that they are sufficiently informed ahead of meetings.

To assure this customer challenge mechanism, Savanta has assessed the evidence contained within these documents against the eight requirements for customer challenge provided by Ofwat.³ Customer challenge must demonstrate:

- Independence
- Board accountability
- Ongoing
- Informed
- Transparent
- Representative
- Comprehensive
- Timely

The CCG challenges Thames Water on its performance on an ongoing basis, and the challenge logs concerning ongoing performance are therefore materials which are continually updated. Savanta is satisfied that materials are up to date as of 25th September 2023, and so for assurance purposes the documents can be considered final.

³ <https://www.ofwat.gov.uk/wp-content/uploads/2022/02/PR24-customer-engagement-policy.pdf>

Assessment against Ofwat’s customer challenge evidence requirements

Independence

Thames Water’s customer challenge process satisfies both parts of Ofwat’s requirement for independence: the mechanism or process for challenge is clearly independent of Thames Water, and the people involved in customer challenge are clearly at arm’s length of Thames Water.

The mechanism or process for challenge is effective, as the CCG is responsible for the authorship of any outputs and there is clear engagement in the response to challenges from Thames Water. The main areas of challenge and Thames Water’s responses in each area are summarised in Annexes IV-VI of ‘Annex VI of ‘CCG report 26 September 2023 – v12.4’. The responses to each challenge in this document are detailed and properly engage with the CCG’s comments.

This process is also clearly independent of Thames Water. The CCG independently produces outputs about the outcomes of customer challenge, and this ensures that the process of challenge remains independent of Thames Water.

Thames Water has previously informed Savanta that the summary of customer challenges it has been provided with is an output produced entirely by the CCG, with the only authorial input from Thames Water being the response to each challenge. The information at the beginning of the updated version of this summary, Annex VI of ‘CCG report 26 September 2023 – v12.4’, confirms this:

This document is a working document which will continue to be updated on regular basis and CCG is responsible for the information included in the document and its publishing with Thames Water responsible for providing responses to the challenges. CCG report includes Annex v with detailed challenges on Customer research and Annex iv with PR24 specific challenges which were raised as a part of the ongoing engagement.

Figure 38: Acknowledgement that the CCG is the sole author of the summary of CCG challenges, Annex VI of ‘CCG report 26 September 2023 – v12.4’

This editorial independence regarding such a key output is important, as it confirms that Thames Water is not the party that defines which CCG challenges are ‘key’ challenges and to be included in this summary. The mechanism for challenge is therefore such that Thames Water is not able to soften or edit the wording of any of the challenges raised, or to only acknowledge those challenges to which it has responded to in detail.

The wording in this document makes clear that the CCG considers these challenges and responses, alongside the ones included in the main body of the CCG report, to be exhaustive of the topics raised by the challenge mechanism, as is shown in figure 39 below:

The exhaustive list of CCG Challenges is documented across this report including the following annexes: Annex iv. CCG Business Plan Feedback log; Annex v. Detailed schedule of CCG Challenges on Customer Research; and Annex vi. CCG Challenge log by outcome which groups challenges against CCG outcomes.

Figure 39: Indication that ‘CCG report 26 September 2023 – v12.4’ is exhaustive of challenges raised by the CCG

This again ensures that this process remains independent of Thames Water, as this transparency ensures that challenges cannot be selectively responded to or softened. All challenges have been responded to in an appropriate level of detail, or are clearly identified as

still requiring a response. Savanta is therefore satisfied with both the evidence of the CCG’s independence, and that this independence ensures that the customer challenge process works as it should do.

It is also clear that this independent challenge has led to genuine change at Thames Water, with the aim of better outcomes for customers. There are many examples of the CCG’s challenges leading to concrete action across Annexes IV-VI of ‘CCG report 26 September 2023 – v12.4’, but Thames Water has also provided several succinct and clearly-explained case studies in a report produced for the Chairs of the CCG and Thames Water’s Customer Service and Regulatory Strategy Committees, ‘230707 CSC, RSC and CCG Chairs’ – Customer Challenge’, which are shown in figure 40.

Theme	Challenge and how addressed in ongoing performance, business plans and long-term plans
Social media strategy (Performance)	The CCG noted the volume of Thames Water related news across all media and the increased importance of social media. It challenged us on how we respond to posts. We held a workshop with CCG representatives to discuss our social media strategy. In response to CCG challenge, we have developed a playbook of scenarios for how and when we will proactively respond.
Inclusive customer engagement (Inclusivity)	<p>The CCG challenged Thames Water on the inclusivity of our customer engagement and asked for stronger evidence to show how research and feedback includes views from customers who are generally less heard from or are in vulnerable circumstances and from future customers.</p> <p>To build a robust evidence base, we have completed dedicated vulnerability deep dive qualitative research with people in vulnerable circumstances.</p> <p>We also recognised that while future customers are included in our sampling methodology, more could be done and we commissioned additional customer research with future customers, including on our long-term strategy.</p> <p>Outputs of both research studies have been included in our What Customer, Stakeholders and Communities Want document</p>
PR24 prioritisation criteria (Choices)	The CCG have continuously challenged us on our approach to prioritisation and the trade-offs we need to make as a part of key strategic decisions for PR24, especially looking for evidence of the magnitude of harm, customer preferences and how we deal with tensions and divergence of views. We have developed and refined prioritisation criteria to help evidence key decisions made as a part of PR24 development and engaged CCG through the refinement to take on board their comments and challenges.

Figure 40 – a selection of case studies of how CCG challenges have led to genuine change at Thames Water, from ‘230707 CSC, RSC and CCG Chairs’ – Customer Challenge’

These case studies are representative of the level of engagement with challenges demonstrated by Thames Water across other documents provided. They are therefore representative of the reality of the challenge process, and also that they show the process is working effectively to drive improvements for customers.

The mechanism for challenge is independent of Thames Water. As stated, satisfying Ofwat’s ‘independence’ criterion also requires demonstrating that the people involved in customer challenge are clearly at arm’s length of Thames Water and there is clear evidence that this requirement has been met.

The CCG independently sets its own work programme on an annual basis, rather than this being set by Thames Water, thereby giving it the independence to discuss and challenge on whatever matters it deems appropriate.

There is an appropriate mechanism in place for managing both conflict of interest within the CCG and any disputes between the CCG and Thames Water. The CCG’s independence is maintained in both cases, as in the former case, the CCG Chair makes the decision about how to mitigate conflict of interest, and in the latter case, any unresolved disputes are documented by the CCG in its report. In both cases, the mechanism in place ensures that Thames Water is not able to overrule the CCG’s judgement.

The document ‘Managing conflict of interest and dispute between the CCG and Thames Water’ outlines how any conflict of interest must be raised before discussion begins on a specific topic. The specific action taken is at the CCG Chair’s discretion, rather than clearly defined in a process document, but Savanta is satisfied that this is an appropriate mechanism. In Savanta’s view, the appropriate actions following a declaration of conflict of interest are too dependent on the context of what is being discussed at the meeting, and on the specifics of that conflict of interest, so therefore the in-built flexibility of this approach is appropriate.

A key point for independence is that the CCG is the party who ultimately determines the appropriate response, rather than Thames Water having the ultimate say, and the document makes clear that it is the CCG Chair who makes this decision. As such, Savanta is satisfied that the CCG can mitigate any conflicts of interest without Thames Water being able to overrule its judgement. As ‘Managing conflict of interest and dispute between the CCG and Thames Water’ makes clear, no such conflicts have been raised in practice yet – so it is not possible to assess how this mechanism works in practice. Nonetheless, the mechanism itself clearly promotes the CCG’s independence from Thames Water in principle.

There is also an appropriate mechanism for dispute resolution, which ensures the logging of any disputes where the CCG is not satisfied with the outcome. ‘Managing conflict of interest and dispute between the CCG and Thames Water’ outlines the process of dispute handling, with disputes escalated to more senior Thames Water stakeholders if the CCG are not satisfied with the resolution, all the way up to Board level. If the CCG remains dissatisfied with the proposed resolution of the dispute, it is recorded in the CCG’s report – a document which is authored by the CCG rather than Thames Water. This mechanism not only aids Board accountability by ensuring the Board is kept informed about any significant disputes, but also ensures the CCG’s independence as it ensures that Thames Water cannot omit or soften any unresolved areas of disagreement, as the CCG is the author of the document in which these are to be recorded.

Savanta is therefore satisfied that Thames Water’s Customer Challenge mechanism meets Ofwat’s criterion of ‘independence’, both in terms of the mechanism for challenge being independent of Thames Water, and the people involved in customer challenge being at arm’s length of Thames Water.

Board accountability

It is clear from the Terms of Reference document, ‘CCG TOR approved’ that the CCG has adequate minimum expectations for interactions with the Board in place, and it is clear from operational minutes⁴ and from Annex III (‘Board engagement’) of ‘CCG report 26 September 2023 – v12.4’ that extensive direct Board engagement takes place *in practice* too, alongside dialogue with individual key personnel (e.g., CEO, and Head of Strategy and Regulation). Savanta is therefore satisfied that the Customer Challenge mechanism meets Ofwat’s requirements for ‘board accountability’.

⁴ Available publicly at <https://www.thameswater.co.uk/about-us/performance/our-customer-challenge-group>

The Terms of Reference details the extensive engagement required of the Thames Water Board by the CCG. This is included as figure 41 below. This formal ongoing dialogue, alongside the aforementioned independence of the CCG to determine its own work programme, clearly shows an active, purposeful and effective mechanism to ensure that the Thames Water Board is listening to customer challenge.

<p>Board Engagement - Engaging with the Thames Water Board is critical to the success of the New Customer Challenge Group. As a minimum it is expected:</p> <ul style="list-style-type: none"> • Chair to attend full Board meeting once a year. • Chair to attend one CSC meeting i.e. when committee is actively engaging with customers. • Open invitation to Board members to attend any New Customer Challenge Group meeting if they wish (subject to Chair agreement). • CSC and RSC Chair to attend at least one meeting a year. • CEO to attend annually in June as part of year end performance • Joint attendance with Board at Customer Research twice a year. • Customer Experience Director and Chief Operating Officer attend quarterly meetings and provide Board with feedback as part of their performance updates. • Minutes and actions to be added to Board packs as an appendix.
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Figure 41: Minimum expectations for formal engagement between Thames Water’s Board and the CCG, from ‘CCG TOR approved’

Moreover, Table 14 of ‘CCG report 26 September 2023 – v12.4’ (included in Annex III) details the extensive Board engagement that happens in practice. This includes a month-by-month summary and clearly outlines the engagement that takes place, and Savanta is satisfied that this interaction is extensive and purposeful. An example is included below as figure 42:

<p>July 2023</p>	<p>for the customer to report risks as well as new updates on the time to fix them.</p> <p>On 13 July 2023 the chairs of the Board CSC, Board RSC and CCG met with company and CCG representatives to discuss board oversight of customer engagement and customer challenge. They considered Ofwat’s expectations of company boards on customer challenge and the evidence gathered so far to demonstrate compliance. The CCG members present at the 13 July meeting were broadly content with the quality of customer engagement, Line of Sight process and response to challenges received so far. On Line of Sight, the CCG Chair took the opportunity to remind the Thames Water team that the CCG had yet to see our final plan and have opportunity to challenge our choices and underlined her wish for this to be shared with the CCG as soon as possible.</p> <p>The CCG Chair attended the Thames Water Board meeting on 31 July 2023 and shared the CCG’s draft report with Board members in advance, including a summary of key challenges. The Board welcomed CCG’s presentation and highlighted the importance of hearing their views.</p>
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Figure 42: Example of a monthly summary of actual Board engagement, from Table 14 of ‘CCG report 26 September 2023 – v12.4’ (Annex III)

For formal dialogue to amount to an effective mechanism for listening to customers, the CCG must demonstrably be an effective conduit of customer challenge. It is clear from the materials provided (and as detailed in the other criteria discussed) that the CCG has provided a robust challenge ‘voice’ for Thames Water’s executive teams, and that this challenge has been operationalised within the business and clear responses are evident in the evidence base provided.

Ofwat also requires that company boards should be able to demonstrate how business plans and wider decision-making take account of matters that are important to customers. Minutes from the CCG and Thames Water Board’s assurance workshop on 13th July 2023 make clear the mechanisms which the Board has in place to achieve this to the CCG, a point which is noted in Annex IV of ‘CCG report 26 September 2023 – v12.4’. This demonstrates that the Board is committed to ensuring that Board’s PR24 decisions are based on customer wants. Savanta’s findings in Stage 4 (Line of Sight) also support this, verifying that a clear Line of Sight exists between customer views and decisions made in the PR24 business planning process.

Ongoing

Customer challenge is demonstrably ongoing, rather than restricted to the development of the PR24 business plan. The Terms of Reference states that the CCG’s activities extend to monitoring day-to-day performance and assessing progress against promises made in PR19.

The challenge log documents provide evidence that challenge in these areas is occurring and that there is a clear commitment from the CCG to review Thames Water’s performance on an annual, ongoing basis and produce outputs summarising the challenges, as shown as figure 43.

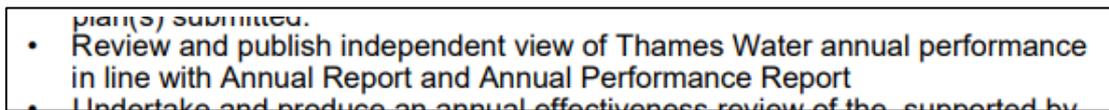


Figure 43: Commitment to review Thames Water’s ongoing performance from ‘CCG TOR approved’

The depth and clarity of Thames Water’s responses to challenges clearly demonstrates an active process of challenge and response, with Thames Water responding to challenges on day-to-day performance, in line with Ofwat expectations.

Meeting minutes suggest a strong level of senior attendance and engagement from Thames Water, which further supports this point.

Informed

The summary of CCG members’ credentials included as Annex I of ‘CCG report 26 September 2023 – v12.4’ demonstrate that the CCG has expertise in the requisite areas to effectively challenge Thames Water on all of the matters that customers can challenge on. Savanta regard it as good practice that a skills audit has been conducted to identify where the CCG needs to build out its expertise (detailed further in the ‘Representative’ section). The Terms of Reference makes clear that the CCG has the authority to invite industry experts from outside the CCG to any meetings where the topic under discussion is one with which the CCG does not have specific expertise, which is also good practice.

The CCG is sufficiently resourced to be an effective conduit of customer challenge, with the Terms of Reference outlining minimum expectations of members that ensure they have sufficient time to review materials and information shared in advance of meetings.

There is evidence that the information that CCG members receive in advance of meetings is relevant and comprehensive enough to facilitate informed customer challenge. Thames Water shared an exhaustive list of topics discussed in CCG meetings since January 2022 with Savanta (‘Topics covered by CCG since January 2022’) and confirmed to Savanta that Thames Water’s stakeholder engagement team proactively shares relevant information with CCG

members in the topic areas to be discussed ahead of each meeting. Savanta subsequently selected two CCG meetings at random, and asked Thames Water to provide all of the information provided to CCG members in advance of those two meetings, in order to make an independent judgement of whether these materials are sufficiently comprehensive and relevant for robust, informed challenge to take place.

The two documents shared ‘CCG meeting 21 April – documents’ and ‘CCG 3 November 2022 – documents’ evidence that these materials meet these requirements. The materials are easily understandable, provide sufficient and relevant detail on both the background to the discussion and Thames Water’s proposed approach, and claims are evidenced with figures and case studies where appropriate. The figures below show an example of all of these points in turn, focussing on materials shared ahead of a discussion of Thames Water’s approach to catchment partnerships and engagement with local environmental groups in the CCG meeting of 21st April 2022.

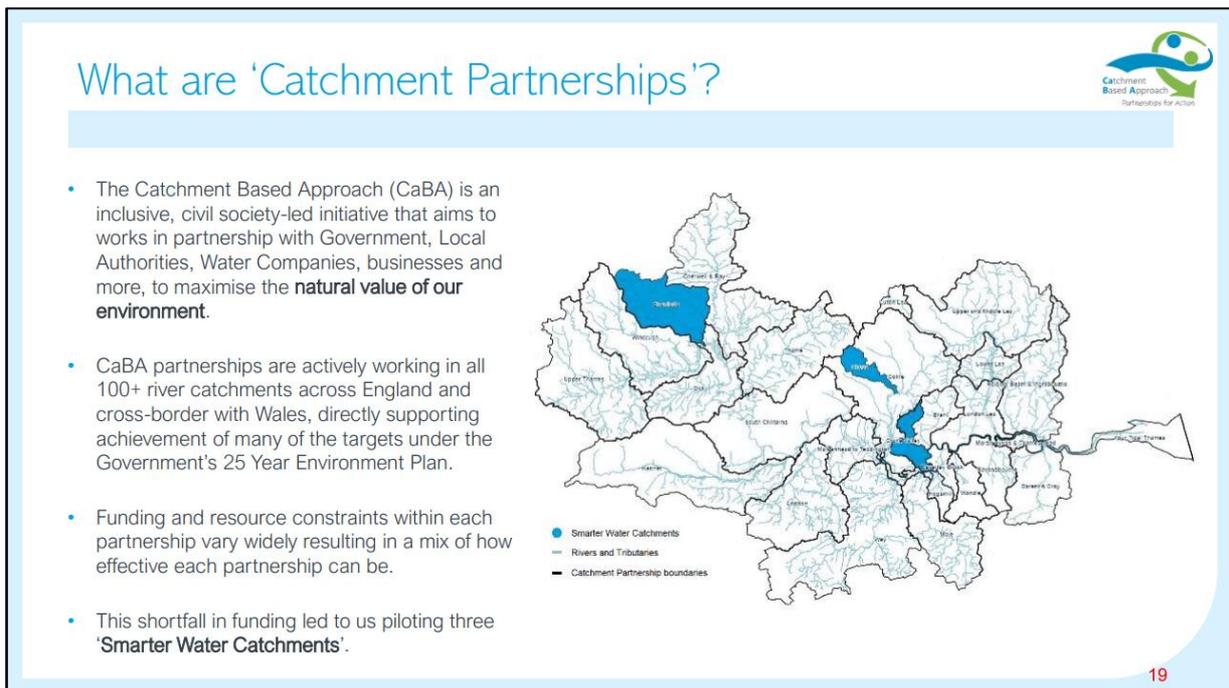


Figure 44: Easily understandable background information on catchment partnerships shared with the CCG ahead of a discussion of Thames Water’s approach in this area, from ‘CCG meeting 21 April – documents’

Background

- We believed there is potential in enhancing the CaBA model to achieve shared environmental improvements with partners
- Limited evidence at PR19 to fully establish this way of working across our whole region
- We selected **3 trial areas**, representative of the challenges we face, to start collecting the necessary evidence
- These include the Evenlode (Oxfordshire), Chess (Buckinghamshire) and the Crane Valley (London)
- Our approach is governed by a bespoke performance commitment throughout AMP7



23

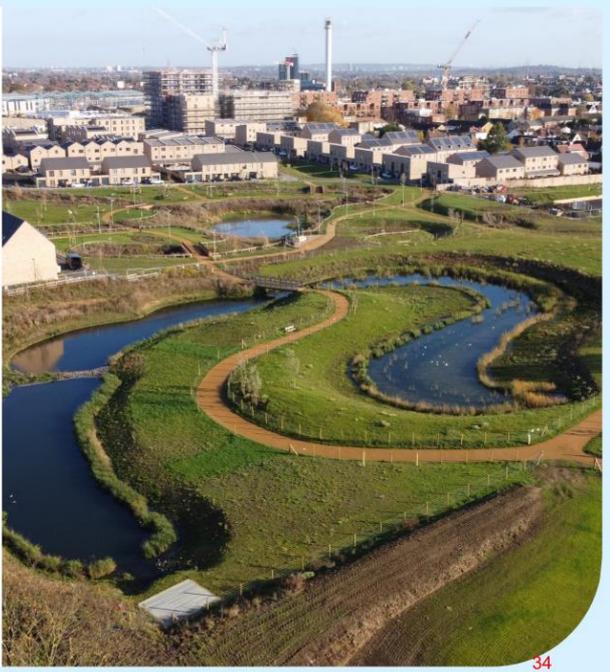
Figure 45: Background to Thames Water’s approach to catchment partnerships, clearly separated from general background about the topic, from ‘CCG meeting 21 April – documents’

Connecting with the public

Case study: Headstone Manor Park & Wetlands

Holistic approach to address flooding & pollution in North West London whilst protecting and enhancing the cultural and natural heritage of the local area

£150,000 of Thames Water investment was essential to delivering this £3m scheme	9043m ² of wetlands created
1,050m of waterbody de-culverted	500,000 visitors in 2021, doubling from 2020
60 homes protected from flooding	3 new jobs created
	2,302 trees planted
	20,000m ³ of flood storage created



34

Figure 46: One of several case studies detailing the impact of community involvement, with claims substantiated with quantitative data, to facilitate CCG members making an informed judgement on Thames Water’s approach, from ‘CCG meeting 21 April – documents’

Another important requirement of Ofwat’s ‘informed’ criterion is that the customer challenge process is informed by *comparative* information. In other words, the CCG must be sufficiently informed to situate Thames Water’s performance in the context of the wider industry. Savanta is satisfied that the CCG is provided with sufficient information to do this.

As discussed in the Stage 1 and 2 findings, the nature of the PR24 engagement process makes it difficult to provide comparative data in all areas, as water companies engage with their own customers in isolation. However, standardised research projects such as ‘PR24-14 Acceptability & Affordability Testing’ provides this comparability, and the CCG have access to all such customer research. Therefore, the CCG has access to comparative customer research data to the extent that it is available to Thames Water.

Moreover, Thames Water also proactively and regularly provide the CCG with comparative information about media coverage of competitors and the industry more widely, which further enables the CCG to situate Thames Water’s performance and actions in industry context. Thames Water provided Savanta with two examples of these ‘media summaries’, which are shared with CCG on a weekly basis. These summaries include detailed information on how Thames Water is being spoken about publicly, and, crucially, they also include dedicated sections for coverage of competitors and the industry at large.

Savanta is satisfied that this gives the CCG sufficient information to situate matters relating the Thames Water in the context of the wider industry, enabling them to informedly challenge Thames Water on behalf of customers.

COMPETITOR NEWS

Southern Water fears fatberg 'catastrophe' over holidays
Southern Water has warned customers to avoid a “post-Christmas and New Year's catastrophe”, by preventing a build-up of fatbergs in its network. Fatbergs are usually caused by hardened fat, oil and wet wipes congesting in pipes. The company said recent years had also seen Christmas lights, footballs, t-shirts and cutlery cause problems. Alex Saunders, head of the company's wastewater network, said: "No-one likes a nasty surprise over the festive season and our sewers are no different. This is the time of year where we do see an increase in blockages, and so many of these can be easily avoided. A blocked sewer can cause flooding to homes and businesses and unclogging them can take a lot of time, effort and disruption for local communities."
[BBC News](#) [GB News](#)

Swimmers warned to avoid Kent coast after sewage spills following heavy rain
Swimmers have been warned of sewage spillages along the Kent coast, after heavy rainfall on New Year's Eve caused stormwater overflows. Southern Water confirmed sewage releases in Whitstable and Herne Bay and its monitoring system also confirmed a release at St Mary's Bay.
[The Independent](#) [Daily Mail](#)

Fatberg warning after fairy lights flushed down toilet
Southern Water has revealed fairy lights caused a blockage in the sewer network. The company posted an image of Christmas lights flushed down the toilet, and a separate image of a fatberg that caused a block in Winchester High Street in 2022.
[Southern Daily Echo](#) [Yahoo! News](#)

Figure 47: Example of dedicated daily ‘Competitor News’ section from ‘Media summary 3 January – 6 January 2023’

INDUSTRY NEWS

'Blatant disregard' for UK beaches as 320 raw sewage warnings since start of 2023

More than 320 pollution alerts have been issued for UK beaches already this year, new data reveals. Heavy rainfall in the first week of 2023 has seen raw sewage overflows inundate vast stretches of the UK coast, affecting the water quality on beaches from Blackpool and Southport, to Bexhill and St Helens. On Wednesday alone, more than 65 areas along Britain's coastline saw the sewage pumped out into their waters trigger water quality alerts, according to a live map. Figures collated by environmental charity Surfers Against Sewage show that since 1 January this year, there have been 328 water pollution alerts along the British coast.

[The Independent](#) [Daily Mirror](#) [Express.co.uk](#)

People living near River Thames told to 'take action' as Environment Agency warns of flooding

People living near the River Thames in parts of Oxford are being warned homes are at risk of flooding following days of heavy rain. The Environment Agency has issued a flood warning for the river and tributaries at Sandford and Radley, and 17 flood alerts remain in place for surrounding areas in Oxfordshire and Berkshire.

[ITV News](#) [Express.co.uk](#)

Figure 48: Example of dedicated daily 'Competitor News' section from 'Media summary 3 January – 6 January 2023'

In addition to information being relevant and comprehensive, Ofwat also requires that this relevant information is provided in a timely manner, which is dealt with in the 'Timely' section below.

Over and above the information that Thames Water proactively share with the CCG, Ofwat requires that companies provide information freely to those making challenges, and only place limitations on sharing when justified by customer data protection or commercial sensitivities. The only such limitation that Savanta is aware of has the latter justification – access to the draft business plan has been restricted due to commercial sensitivities, as is discussed in the introduction to 'CCG report 26 September 2023 – v12.4'. This is a reasonable justification, and Thames Water has taken reasonable steps to mitigate the impact this has on the CCG's ability to assess the business plan, by providing the 'principles' of the plan to an ongoing subgroup of the CCG under NDA. As such, Savanta is satisfied that Thames Water is not unnecessarily withholding and limiting the sharing of information with the CCG.

Overall, therefore, CCG members are kept sufficiently informed to effectively challenge Thames Water on behalf of customers. The Terms of Reference make clear that CCG members have sufficient capacity, and freedom to draw upon external expertise, and the comprehensiveness of the additional information shared with them ahead of meetings by Thames Water's stakeholder engagement team is a clear example of good practice.

Transparent

Thames Water clearly takes seriously its responsibility to be transparent about the nature of customer challenges raised, the response to each challenge and the company's relative performance.

The Annexes included in 'CCG report 26 September 2023 – v12.4' and the 34 challenges included in the main body of this report, are jointly exhaustive of challenges made by the CCG, and of responses to those challenges from Thames Water – as figure 39 shows. This amounts to full transparency about the nature of challenges raised and the company response to each challenge, as no challenges or responses are omitted from this document which is to be shared as part of the business plan submission.

The contents and role of these Annexes individually is also clearly explained in Annex VI itself – which makes these documents easy to understand for a reviewer – which in turn promotes transparency. This is included below as figure 49:

The following slides provide summary of the ongoing engagement between CCG and Thames Water taking into account detailed challenges, in depth comments and requests for actions CCG made since January 2022 when they were appointed. The summary is grouped around CCG five priority themes and desired outcomes listed below. CCG have made sure that all topics suggested in Ofwat guidance are covered by their engagement:

- Inclusivity (customer service)
- Choices (significant investment)
- Performance (customer service, water and wastewater service)
- Affordability (bill impact)
- People

This document is a working document which will continue to be updated on regular basis and CCG is responsible for the information included in the document and its publishing with Thames Water responsible for providing responses to the challenges. CCG report includes Annex v with detailed challenges on Customer research and Annex iv with PR24 specific challenges which were raised as a part of the ongoing engagement.

Figure 49: Explanation of Annexes IV, V and VI of ‘CCG report 26 September 2023 – v12.4’, included within the introduction to Annex VI

Since this summary also makes clear that these materials have been fully authored by the CCG rather than Thames Water, and it is clear that *all* challenges made have been included across the report and its Annexes, Savanta does not think that an explanation of how the challenges to be included in the summary document were determined is required to meet Ofwat’s criterion of transparency. As detailed in the ‘independence’ section, the mechanism for customer challenge ensures that the CCG’s challenges cannot be softened or selectively responded to, which also aids its transparency as a mechanism. Savanta is therefore satisfied that Thames Water is sufficiently transparent about the nature of all challenges raised.

There is also evidence that Thames Water is transparent about the *responses* to each challenge, and that these responses are high-quality. The responses from Thames Water in ‘CCG report 26 September 2023 – v12.4’ and its Annexes are detailed and directly address what is being asked by the CCG. The next steps for actions are clearly outlined in each case, and where there is to be no action taken, a clear justification is given, in line with Ofwat’s requirements.

Savanta has been informed that there are no points of disagreement between the CCG and Thames Water, and this is acknowledged in the version of a draft version of the CCG report (‘CCG draft Report 21.07.23 v9’) – so Ofwat’s requirement to clearly signpost these does not presently apply. As discussed in the ‘Independence’ section, a clear and appropriate mechanism for dispute resolution is in place that ensures that there is full transparency wherever unresolved disagreements do arise – as again, the CCG has full authorship of the document in which these would be disclosed.

Ofwat requires organisations publish evidence of customer views gathered through research and engagement, and of company performance. Thames Water publishes detailed and customer-friendly information on both matters in a timely manner. Thames Water’s ‘media library’ is publicly available via its website and includes outputs from customer research⁵, and the organisation has a dedicated ‘Performance’ section of its website which is easily navigable, consumer-friendly and includes annual performance reports.⁶

⁵ E.g., <https://www.thameswater.co.uk/media-library/home/about-us/performance/customer-research-library/foundation-november-2021.pdf>

⁶ <https://www.thameswater.co.uk/about-us/performance>

Savanta is therefore satisfied that the customer challenge mechanism meets Ofwat’s criterion of ‘transparent’.

Representative

The CCG is composed of a wide representation of customers, and the skills audit that it has undertaken demonstrates that it is endeavouring to ensure that it is as equipped to represent the wants and needs of all customers as it can be. Annex I of ‘CCG report 26 September 2023 – v12.4’, and the publicly available information about the group,⁷ show that it is a genuine cross-section of customers, regulators and other relevant parties.

Savanta regards the aforementioned skills audit as good practice for ensuring that the full range of customer interests and needs are able to be advocated for through Thames Water’s challenge mechanism. The Terms of Reference also makes clear that industry experts from outside the CCG are called in where the topic under discussion is one with which the CCG does not have specific expertise, and Thames Water has highlighted to Savanta that this is to allow the identified gaps in expertise following the skills audit to be filled, as needed. Reasonable steps have therefore been taken to ensure the CCG can represent the wants and needs of all customers.

The challenge process is working to ensure that Thames Water is taking into account the views and experiences of the full range of customers it is serving, as Ofwat requires. The principles which open ‘CCG report 26 September 2023 – v12.4’ state the CCG is committed to engaging with and hearing from customers in vulnerable circumstances, those from across the entire geographical area which Thames Water covers, and future customers. This is a clear statement of intent from the CCG, and is one that is substantiated by their actual challenges. As figure 50 below shows, ‘inclusivity’ is one of the five priority themes identified by the CCG in Annex VI of ‘CCG report 26 September 2023 – v12.4’, and the group has challenged Thames Water extensively to ensure the views of under-represented parts of the customer base are heard and included in research and engagement.

Priority Theme: Inclusivity		
Outcome: Thames Water understands and responds to the diverse needs of current and future customers, in particular those who are generally less heard from		
Success: Thames Water take incremental steps in its research strategy, to understand generational and ethnographic differences and needs and apply knowledge to inform and enhance TW’s list of stakeholders and its assessment of customer journeys and approach to inclusive service.		
How did CCG challenge / ways of challenge	Thames Water response	Impact and next steps
In January 2022 CCG requested TW to explain how it will ensure that customer research / feedback includes views from customers who are generally less heard from / customers in vulnerable circumstances	Since the establishment of CCG in January 2022 we have continuously engaged and invited challenge on all aspects of our extensive engagement programme through which we have developed a comprehensive understanding of customers’ and communities’ needs, priorities and concerns.	1. Moved TW from a broad approach to vulnerable customers to consider more the existence of specific communities whose views and challenges are often not heard. These include ethnic groups that may have additional barriers such as language that hinder their take up of financial support or ability to use ‘mainstream’ channels of communication.
In February 2022 CCG asked TW to share more details on equality, diversity, and inclusion in the overall approach to engagement and participation in a future meeting.	We have adopted a best practice insight triangulation approach and created our comprehensive What Customers, Communities and Stakeholders Want document (W). The iterations of this document have been shared with CCG.	2. CCG challenged the existing list of community stakeholders and partners. This has not fully been translated into TW reaching out to the list of mainly ethnic minority community hub organisations we provided and the list being expanded on the TW website.
In May 2022, CCG asked TW to share customer segmentation and customer research sampling approach including non household customers and future customer, and include explanation of how it aligns to demographics and enables insight from silent majorities	In response to CCG challenge on expanding our understand of our vulnerable customer base, we have commissioned bespoke vulnerability research. The CCG Vulnerability focus group were involved throughout the development of this research and helped shape the sample make-up, which ensured we targeted specific minority ethnic communities, helping us generate more tangible and meaningful insights. The outcomes of the research will be included in a future iteration of What Customers, Communities and Stakeholders Want (WCCSW) to ensure the findings are triangulated alongside other insights.	3. Following challenge to the research methodology which was in line with the regulator’s guidance, but which needed to be more relevant and engaging of TW ethnically diverse customers base, a booster sample was added to reach more ethnic minority customers/public and an ethnic minority research firm was sub-contracted. We will now want to see TW build on this and take further steps to understand generational and ethnographic differences and needs and apply this to expand its stakeholder list and inform its approach to customer journeys.
At planning stages for Your Water Your Say session (Jan – April 2023), CCG challenged TW to explore opportunities for wider outreach especially to the communities who are usually harder to reach	We have acted on challenge to individual research projects regarding customer sampling, for instance we now conduct non-household discussions completely separately to household ones, following CCG feedback that there is sometimes a tendency for individuals to answer questions as a household rather than on behalf of their business.	4. Effective implementation of Customer focus licence condition
In June 2023 CCG requested for TW to provide a summary of the external context (media, weather etc) that may have influenced views captured in customer research and explain how this has been taken into account in the insight triangulation process	We also recognised that while future customers are included in our sampling methodology, more could be done and commissioned additional customer research with future customers, including on our long-term strategy.	
CCG provided detailed challenges on specific Customer Research projects through their appointment (Please see Annex v Detailed schedule of CCG Challenges on Customer Research of CCG report)		

Figure 50: Challenges relating to ‘inclusivity’, from Annex VI of ‘CCG report 26 September 2023 – v12.4’

⁷ <https://www.thameswater.co.uk/about-us/performance/our-customer-challenge-group>

Through challenges in this area, the CCG demonstrably do as much as can be expected to ensure representativity, and Savanta is satisfied that Thames Water’s responses and the resultant actions demonstrate that it is seeking to continually improve on this point.

Comprehensive

The Customer Challenge Group is comprehensive in the areas in which it scrutinises Thames Water’s activity, covering areas where customers can have meaningful views.

Ofwat stipulates that challenge should cover:

- (a) Bill impacts;
- (b) Water and wastewater services;
- (c) Customer services;
- (d) Performance levels; and
- (e) Significant investment.

These topics are covered to the extent that the CCG is able cover them.

The materials shared with Savanta are organised according to the five priority areas of the CCG, rather than the five topics listed by Ofwat. These priority areas were determined by the CCG themselves based on their learnings over the six months following their re-establishment in January 2022. These are included in the CCG’s 2022 annual report,⁸ and predate Ofwat’s list of topic areas. The five priority areas are:

- (1) Inclusivity;
- (2) Choices;
- (3) Performance;
- (4) Affordability; and
- (5) People.

However, it is nonetheless straightforward for a reviewer to determine where there is coverage of topics (a)-(e) in customer challenge, as the introduction to Annex VI of ‘CCG report 26 September 2023 – v12.4’, includes an explanation of how these categories map onto each other, which has been included below as figure 51.

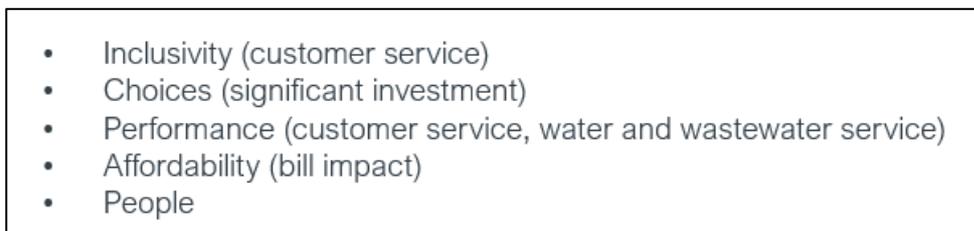


Figure 51: The CCG’s ‘5 priority themes’, and how they map onto the five topics listed in Ofwat’s definition of ‘comprehensive’, taken from Annex VI of ‘CCG report 26 September 2023 – v12.4’

For instance, challenges which sit under the CCG’s ‘inclusivity’ theme also sit under Ofwat’s ‘customer services’ theme.

The other two annexes which detail CCG challenges, Annex IV and V of ‘CCG report 26 September 2023 – v12.4’, do not utilise either of these sets of categories, but this is not a

⁸ Available publicly at: <https://www.thameswater.co.uk/media-library/home/about-us/performance/our-customer-challenge-group/customer-challenge-group-report.pdf>

concern. These two annexes include only challenges specific to PR24 and Thames Water’s customer research processes respectively, and it is reasonable that two challenge logs with such specific focuses would have their own set of specific categories.

In any case, there is still coverage of the topics Ofwat list in its ‘comprehensiveness’ criterion – this is just less explicitly signposted. For instance, Annex IV, the log focussing on PR24-specific feedback, discusses bill impacts both indirectly and directly, as the figures below show.

Area	Feedback and response
Financial analysis	<p>Detailed breakdown of the main elements of botex, compliance, resilience and performance and the impact on bills and affordability. Further information to show ambition of efficiencies within Botex to demonstrate how the company is pushing itself to minimise impact on customer bills.</p> <p>Thames Water response:</p> <p>Given delays in confirming planning assumptions for WINEP and ODI rates we were not able to finalise the base (botex) elements of the plan until August. This detail is now included within the draft Business Plan and associated presentations.</p>

Figure 52: Challenge to provide more detail on the impact of various parts of the business plan on bills and affordability, from Annex IV of ‘CCG report 26 September 2023 – v12.4’.

Bill impact and funding	<p>Presented scenarios focus on bill impact for customers, what are the considerations for shareholders contributions.</p> <p>Thames Water response:</p> <p>The customer research will test the acceptability to customers of different service package/bill levels. We do not intend to test the acceptability of different shareholder investment levels. Shareholder contributions as envisaged £750m in AMP8 with indicatively £2.5bn in AMP8 are implicit in the 16.0bn Totex, and correspond to the overall Totex levels tested with customers (in particular the alternative plan).</p>
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Figure 53: Challenge in the area of bill impact of funding concerning considerations for shareholders contributions, from Annex IV of ‘CCG report 26 September 2023 – v12.4’

However, it is not necessary to show that the annexes cover all of topics (a)-(e), as Ofwat does not require that all challenges are explicitly organised under these topics in all materials. Rather, Ofwat requires that these topics receive adequate coverage across the full range of customer challenges.

Savanta is satisfied both that topics (a)-(e) are covered in Annex VI, and that this summary clearly signposts which challenges sit under which topic, provided one has read the information included in figure 51.

Savanta is therefore satisfied that customer challenge covers the areas where customers can have meaningful views, and is comprehensive and well signposted.

Timely

There are two elements to this criterion: ensuring that challenge arrangements allow sufficient time for effective challenge, and ensuring that Thames Water respond to challenges within a reasonable time period.

The comprehensiveness, volume, and considered nature of the CCG’s challenges all suggest that the CCG is being provided with sufficient time to challenge, over and above the group directly saying this in a draft version of the CCG report, ‘CCG draft Report 21.07.23 v9’.

Further, Thames Water’s Stakeholder Relationship Engagement Manager has confirmed to Savanta that the CCG receives relevant materials at least a week prior to meetings in most cases, and that there is an agreed schedule of formal meetings so CCG members are aware of exactly when there will be a need for them to review materials. There are some cases in which materials are shared less than a week in advance, but Savanta is satisfied from the information provided that this only occurs when it is unavoidable (for instance, due to immovable timelines to which a particular piece of customer research is being conducted), and Savanta is also satisfied that the Stakeholder Relationship Engagement Manager takes steps to mitigate the impact of this. Where materials are not all available a week in advance of a particular meeting, individual materials will be shared in a staggered fashion – as soon as they are available – to maximise the time that CCG members have to review each document. Savanta is satisfied that these measures ensure sufficient time to review materials for customer challenge to be effective.

It is also essential that Thames Water responds to challenges within a reasonable period. the CCG again directly endorse Thames Water’s efforts, with the introduction to ‘CCG report 26 September 2023 – v12.4’ praising the organisation for “the integrity and speed of response to each of [the CCG’s] challenges”. Savanta has not seen any evidence to suggest that there are any instances of Thames Water taking an unreasonable time period to respond to challenges.

Savanta is therefore satisfied that customer challenge meets both parts of Ofwat’s criterion of ‘timely’: challenge arrangements allow sufficient time for effective challenge, and Thames Water respond to challenges within a reasonable time period.

Conclusions

This Phase D report is a final assurance view on Thames Water's PR24 customer engagement, triangulation, LoS and customer challenge arrangements.

Ofwat requires that (a) customer engagement and research meets the standards for high-quality research and any other relevant statements of best practice, and (b) it has been used to inform its business plan and long-term delivery strategy. Our Phase D assurance activities have confirmed that Thames Water is compliant against these criteria, based on the available documentation and planned activities.

A thorough review of the evidence base, and the constituent individual research projects, shows that Ofwat's standards for high quality research and principles for customer engagement have been rigorously integrated into the heart of the design and implementation of the engagement programme and approach.

In particular, the programme has three strengths that are worthy of note:

1. Thames Water's five-level iterative approach, which has first revealed customer 'wants' and then generated greater insight within each to enable the organisation to plan to meet them, is a strong example of a price review research programme. It ensures that the organisation can target further research projects more efficiently (thus not wasting customer money on unnecessary research) and new insights can be located within an existing thematic framework of insight. As Thames Water completes important late-stage research and engagement, such as Acceptability & Affordability testing, this is very important in order to maximise the utility of these projects.
2. The programme makes good use of existing research (e.g. learnings from PR19) and continual sources of insight (e.g. complaints data analysis, C-MeX). This focus on using existing research where possible shows a dedication to carefully considering if new PR24 research is needed and, if it is, providing the project with a very clear scope and set of objectives that will genuinely further Thames Water's knowledge base.
3. Thames Water and its research partners have selected research methods to facilitate the achievement of the objective and the inclusion of the relevant audience(s). The widespread use of qualitative, and in particular deliberative, methodologies is a reflection of the need to gather informed responses on highly technical topics, and demonstrates that the organisation is selecting the right tool for the job. In addition, the use of Twitter analysis within the approach is both an example of an innovation within engagement and the crucial inclusion of a non 'question and answer' research methodology.

Thames Water's approach to insight triangulation follows CCW's recommendations for best practice, leading to a balanced and thorough methodology which has been deployed effectively.

Thames Water has developed a strong and considered approach to Line of Sight, complete with appropriate ways of working. In practice, Thames Water has ensured that there is substantial evidence of customer views in each of the business plan documents, and that there is a clear link between the PR24 business plan proposals and customer research.

Thames Water's mechanism for enabling customer challenge is in line with Ofwat's requirements and there is clear evidence of its impact on the PR24 business planning process.

With reference to Ofwat’s PR24 minimum expectations for customer engagement, affordability and acceptability⁹, Savanta concludes that Thames Water's plan:

- Provides sufficient and convincing evidence that its customer engagement activities meet Ofwat’s standards for research, challenge and assurance.
- Provides sufficient and convincing evidence that it has followed Ofwat’s guidance for testing customers’ views of the affordability and acceptability of its proposals.

⁹ https://www.ofwat.gov.uk/wp-content/uploads/2022/12/PR24_final_methodology_main_document.pdf, page 157

Appendix 1: Defining the assessment criteria

The below tables show how the following guidance and principles have been incorporated into our assessment criteria:

- Ofwat’s standards for high-quality research
- Ofwat’s principles for customer engagement
- CCW’s recommendations for triangulation
- Ofwat’s customer challenge evidence requirements

Assessment Criteria	Relevant Stages	Detail
Ofwat’s standards for high-quality research		
Useful + contextualised	Stages 1 and 2	It’s important to assess each of these for individual pieces of research (Stage 1) and collectively for the evidence base as a whole (Stage 2).
Neutrally designed	Stages 1 and 2	
Fit for purpose	Stages 1 and 2	
Inclusive	Stages 1 and 2	
Ethical	Stages 1 and 2	
Continual	Stage 2	Programmes, rather than individual research projects, should be continual so this is only appropriate to examine for the evidence base as a whole (Stage 2).
Shared in full with others	Stage 2	Due to the scale of research being undertaken, it is best to assure that this is happening for the evidence base as a whole (Stage 2).
Independently assured	n/a	This is achieved through the assurance process.

Assessment Criteria	Relevant Stages	Detail
Ofwat’s principles for customer engagement		
Two-way and ongoing engagement: listening and talking	Stage 2	It’s important these principles have been followed for the evidence base (Stage 2).

Meaningful and high-quality engagement	Stage 2	
Customise and provide context	Stage 2	
Use of multiple sources of customer data	Stage 2	
Understanding current and future customers	Stage 2	
Consistency and comparability	Stage 2	
The right outcomes at the right price, at the right time	Stage 4	These principles are focused on outcomes and how insight is used so we will be part of the LoS assurance Stage (Stage 4).
Protecting customers' interests	Stage 4	

Assessment Criteria	Relevant Stages	Detail
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CCW's recommendations for triangulation

Triangulation should make use of a wide range of inputs and these should not be solely engagement insight.	Stage 3	<p>Combining these recommendations together gives us four assessment criteria for assuring the triangulation process, framework and outputs (Stage 3):</p> <ul style="list-style-type: none"> • Transparency of process • Balance, logic and 'weighting' of framework • Consistency of process and framework across different areas • Breadth of inputs to process
Balanced decisions should be at the core of triangulation.	Stage 3	
Validation of findings should make use of a wide range of datasets.	Stage 3	
Triangulation should be informed by a transparent and consistent weighting framework.	Stage 3	
Engagement should be an ongoing process.	n/a	This is already covered by other assessment criteria for Stages 1 and 2.

Companies should seek independent assurance of their process and outcomes.	n/a	This is achieved through the assurance process.
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Assessment Criteria	Relevant Stages	Detail
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Ofwat’s customer challenge evidence requirements

Assessment Criteria	Relevant Stages	Detail
Ongoing	Stage 5	It’s important to assure that these requirements have been met through the customer challenge mechanism (Stage 5).
Informed	Stage 5	
Transparent	Stage 5	
Comprehensive	Stage 5	
Timely	Stage 5	
Independence	Stage 5	
Representative	Stage 5	
Board accountability	Stage 5	

Appendix 2: Ofwat’s standards for high-quality research and principles for customer engagement

Standard for high-quality research	Description
Useful and contextualised	Research should have practical relevance. It should be clear why the research has been undertaken, to what it will contribute and how. The research should be designed with quality rather than quantity as a priority (in other words, a better quality of research, rather than a larger quantity of research). As much as possible, research findings should be presented alongside a wider evidence base – including research conducted by others. The analysis should contextualise the findings and explain how they will be used.
Neutrally designed	Research should be designed and delivered in a way that is neutral and free from bias. The potential for bias and the ways to negate this should be considered at every stage of a project, and evidenced – including set up, question wording, question ordering, stimulus materials, selective use of quotes or data in reporting and interpretation of findings. If there is some inherent bias that is unavoidable or was an unintentional outcome of the research, this should be acknowledged and explained in the research findings.
Inclusive	Research should include different audiences and socio-demographics, considering local or regional or national populations, business customers and business retailers. Where possible, research findings should identify and report on variances by socio-demographics and consumer types (for example, bill payers, future customers). Research findings should provide details of those who may have been excluded or under-represented in the research. Where possible, research should use mix-method approaches to provide a more inclusive set of findings. While the range of representation may vary from project to project, the research programme as a whole should be demonstrably inclusive.
Fit for purpose	The research sample and methodology should be appropriate for the research objectives. Participants should be able to understand the questions they are being asked and surveys should limit the use of forced choice options. A research approach that has previously been challenged should not be repeated unthinkingly. Innovation is welcome if it is likely to lead to meaningful and trusted insight and learning.
Ethical	Research should be conducted in line with the ethical standards of a widely recognised research body – such as the Market Research Society or the Social Research Association.
Continual	Companies’ research programmes should be continual, enabling day-to-day insight gathering, as well as specific and relevant research for informing business plans and long-term delivery strategies. This will allow areas of concern or change to be more easily identified and acted on.
Independently assured	Research should be reviewed by individuals or groups that are independent of water companies. Those reviewing research should have a range of relevant skills and experience and feel confident and able to challenge on all elements of research. Information shared with them should be relevant and timely. Water companies should be

	transparent about the research findings and whether, and in what ways, it has been used.
Shared in full with others	<p>Research findings should be published and shared in full, as early as possible with as wide an audience as possible. This will add value to the evidence base on customers:</p> <ul style="list-style-type: none"> • by allowing research approaches to be understood and improved on; • by building the shared knowledge base about customers' views, preferences and experiences; • by allowing research findings to be considered in a comparative way – meaning water companies can better understand their own customer base, by comparison with the findings from other areas. <p>Research findings should always be accompanied by clear and detailed information on the methodology for the research. This should include, for example, recruitment screeners, questionnaires, discussion guides, and copies of any stimulus materials used.</p>

Principles of customer engagement	Description
The right outcomes at the right price, at the right time	Customer engagement is essential to enabling water companies to deliver outcomes that are important to customers, society and the environment, at the right time, at a price they are willing to pay.
Two-way and ongoing engagement: listening and talking	Engagement means understanding what customers want and responding to that in plans and ongoing delivery, transparently, building legitimacy and trust. It also means involving customers in service design and delivery, providing education and sharing information to support their meaningful and active engagement. Engagement should not take place only at price reviews.
Meaningful and high-quality engagement	Water company engagement with customers must allow participation in a way that is meaningful to them, follow engagement best practice and lead to a meaningful understanding of what consumers want. It is the companies' responsibility to engage with customers and to demonstrate that they have done it well.
Customise and provide context	Engagement is not a 'one-size-fits-all' process but should reflect the particular circumstances of each company and its full range of customers. Wherever possible, information about comparative company performance should be shared with customers.
Use of multiple sources of customer data	A robust, balanced and proportionate evidence base, developed using a range of techniques and data sources should support companies having a genuine understanding of their customers' priorities, needs, requirements, and behaviours.
Understanding current and future customers	Companies should understand and respond to the diverse needs of customers, making sure they take into account different regional challenges, or variances in demography, outlook and socio-economic status. This also includes future customers and those in circumstances that might make them vulnerable or hard-to-reach. Engagement should support customers to inform the phasing of investments in long-term delivery strategies.
Consistency and comparability	In areas that are of common concern to all customers, and where it is most efficient and sensible to do so, evidence of customers' preferences should be generated in a consistent manner, set in the

	context of current company performance, producing results that are comparable across water companies in England and/or Wales.
Protecting customers' interests	Customers and their representatives must be able to challenge our ongoing performance, business plans and long-term delivery strategies. If this is not done effectively, Ofwat may challenge us on customers' behalf. Ofwat will use a risk-based approach and their understanding of customers' preferences to challenge company plans, intervening if necessary to fulfil their duty to protect customers' interests, in line with their statutory duties. The final decision on price controls is entrusted to Ofwat.

Source: <https://www.ofwat.gov.uk/wp-content/uploads/2022/02/PR24-customer-engagement-policy.pdf>

Appendix 3: Review of actions taken in response to ‘Opportunities for further improvement’ in Phase A report

The Phase A assurance activities were conducted as the research and triangulation was on-going. Savanta therefore noted opportunities for further improvement which Thames Water acted on to create an even more compelling approach to PR24 customer engagement. The table below demonstrates Savanta’s Phase A recommendations, Thames Water’s actions, and Savanta’s subsequent review of the actions.

Savanta is satisfied that Thames Water’s actions in response to our suggested ‘opportunities for further improvement’ have made the evidence base stronger and its compliance with Ofwat’s criteria more evident.

Phase A - Opportunity for further improvement	Thames Water’s action	Savanta’s review
1. Demonstrating compliance with the correct interpretation of ‘contextualised’ (as per Ofwat guidance)	Research reports were updated to refer only to the type of contextualisation that Ofwat outlines.	Updated reference to ‘contextualised’ is in line with Ofwat’s definition.
2. Better acknowledging potential bias introduced by research stimulus	Four instances of potential bias found (in how enhancement options were presented). The affected reports, and related references to insights in WCCSW, highlight these potential biases.	WCCSW document clearly updated with notes which highlight cases of potential bias.
3. Avoiding quoting percentages in qualitative research reports	Research reports and WCCSW were updated with caveat notes to flag percentages quoted are based on qualitative samples.	Individual research reports and WCCSW document updated with notes which highlight the use of percentages as indicative only.
4. Making the Insight Triangulation key clearer	WCCSW was updated with a summary slide to clearly explain the insight triangulation key. Divergence of views between different groups was made clearer by citing all instances of this within the section on insight tensions.	The updated slide in WCCSW provides a clear and helpful summary of tensions in ‘divergence of views’ and ‘regional differences’.
5. Improving non-household customer quantitative sampling approach (with reference to company size quotas)	We put in place improved ways to sample and weight non-household customers in quantitative research, to allow better comparison of different company sizes in future.	The updated ‘Customer research and sampling approach August 2023’ outlines how non-household sampling has been amended from August 2023 onwards to take a more detailed approach to both company size and site numbers. It also notes that ‘the smaller quotas for company size (50-249 and 250+ employees) could be over-

		sampled and then down-weighted within overall results' which is industry best practice.
6. Better demonstrate isolated views of customer segments in analysis (namely customers in vulnerable situations, non-household customers and future customers)	Research reports were updated to highlight any differences in customer segments, or to state that no segment differences had been found if that was the case. Insights for key customer segments, including customers in vulnerable situations, non-household customers and future bill payers, have been detailed in a customer segments section of WCCSW.	Key customer segments have been expanded on in the updated version of WCCSW which draw on key insight sources. The differences in customer segments could be made even clearer in individual research reports, although we appreciate there is limited utility in retrospectively updating previous reports.
7. Giving voice to the digitally excluded. The programme contains few examples of face-to-face research which means that digitally excluded customers are less represented in the research programme.	We engaged with the digitally excluded segment throughout the PR24 engagement programme with a mix of telephone and in-person research. Insights from the segment have been featured in WCCSW as a sub-set of the vulnerable customers segment, drawing on research on: <ul style="list-style-type: none"> • Priority services support • Affordability support • Water supply resilience • Enhancement Cases • Acceptability & Affordability testing 	Digitally excluded customers have also been engaged in a wide range of research projects as outlined in figure 9. For example, Thames Water's 'CX113 Vulnerability Deep Dive' engaged those who are digitally excluded via face-to-face interviews.
8. Including non-English speakers and those with English as a second language in customer insights	Over 90% of our customers can speak English well, so for reasons of cost and proportionality we don't typically translate materials into other languages. However, to ensure our PR24 programme as a whole was inclusive, including for potentially vulnerable customers who can't speak English, we conducted a Vulnerability Deep Dive, from which insights have been reflected in WCCSW, as a sub-set of the vulnerable customers segment. We also started to identify and analyse the views of customers with English as a Second Language in our brand perceptions tracking study.	We agree that it would not be a good use of resource to include this audience in every piece of research. We note that Thames Water's 'CX113 Vulnerability Deep Dive' project engaged with customers with English as a Second Language and partnered with organisations and interpreters in order to engage with these customers fully.

<p>9. Comprehensive future customer engagement to gain a more robust and meaningful view from this customer group</p>	<p>We included future bill payers in several PR24 research projects as well as our ongoing brand perceptions research. Insights from these have been detailed in the customer segments section of WCCSW, drawing on research on:</p> <ul style="list-style-type: none"> • Enhancement Cases • Vision 2050/Public Value • Acceptability & Affordability testing • Future bill payers context setting • Long term delivery strategy 	<p>Engagement with future customers, and analysis of future customers' views as a customer segment demonstrate Thames Water's engagement with this customer group. The extent of engagement with future customers can be seen in figure 20.</p>
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Appendix 4: Review of actions taken in response to Stage 4 (LoS) ‘Recommendations for final documentation’ in Phase B report

In our Phase B report, we included ‘Recommendations for final documentation’ in our assessment of Stage 4 (LoS) to clarify and better signpost Thames Water’s documentation in this area. The table below demonstrates Savanta’s Phase B recommendations, Thames Water’s actions, and Savanta’s subsequent review of the actions.

Savanta is satisfied that Thames Water’s actions in response to our recommendations have made the Line of Sight clearer and more robust.

Stage 4 - Recommendations for final documentation	Thames Water’s action	Savanta’s review
To evidence the customer engagement in the Line of sight documentation more explicitly as demonstrated in Figure 28.	The key areas that the template shows as being required are included in every LoS section, even if the exact format of the template has not been used. The presentation of LoS has been standardised across the documents where possible, while allowing for flexibility as required.	Thames Water does not need to adhere to the template it developed before going through the LoS process. We are satisfied that the LoS summaries include the required information to demonstrate that a robust LoS methodology has been used. We are also satisfied that the documentation of LoS is standardised where possible (e.g. it is approached very similarly in the Water and Wastewater Outcome Delivery Strategy Documents).
Standardise the format of the presentation of Line of Sight in each element of the business plan so the reader can clearly recognise the evidence of customer engagement.		

Appendix 5: Review of actions taken in response to Stage 5 (Customer Challenge) ‘Recommendations for final documentation’ in Phase B report

In our Phase B report, we included ‘Recommendations for final documentation’ in our assessment of Stage 5 (Customer Challenge) to clarify and better signpost Thames Water’s documentation in this area. The table below demonstrates Savanta’s Phase B recommendations, Thames Water’s actions, and Savanta’s subsequent review of the actions.

Savanta is satisfied that Thames Water’s actions in response to our recommendations have made the Customer Challenge documentation clearer and more robust.

Stage 5 - Recommendations for final documentation	Thames Water’s action	Savanta’s review
Include a summary of any conflicts of interest raised via the process mentioned in ‘CCG TOR approved’. If appropriate, share information about how the mitigation of conflicts of interest works (e.g., meeting minutes showing how Thames Water is involved in this process).	Shared document ‘Managing conflict of interest and dispute resolution with CCG’, a document highlighting the process for raising any conflicts of interest and dispute resolution	The document clearly outlines the processes for mitigating conflicts of interest. Whilst we have not been provided with a summary of conflicts of interests raised, the document has sufficient information about the process and for us to be satisfied that the process maintains the CCG’s independence, and so that further information is no longer required.
Clarify within challenge log documents that CCG is responsible for their publication, and that Thames Water does not have any input or signoff authority on these documents beyond providing responses to the challenges included.	Clarification added to the CCG challenge log by 5 outcomes about CCG and TW responsibilities in new version ‘CCG challenge log 29 August 2023’	We are satisfied that this clarifies the matter, and have included the relevant part of the document as a figure in the report as we are satisfied that it evidences that the CCG has authorial independence over this output.
Identify case studies of how the CCG independent challenge has effected genuine change in Thames Water.	Shared document ‘230707 CSC, RSC and CCG Chairs – Customer Challenge’	This table of case studies included in this document are clear and representative of the reality of the challenge process. As such, we think they are appropriate and useful case studies, and have included some of them in the report as a figure in the report.

<p>Include details of the Board mechanism which the Board agreed to put in place, referenced in ‘CCG draft Report 21.07.23’: “following a meeting with Board members, an assurance framework was provided that sets out the mechanisms the Board has in place for listening to customers”.</p>	<p>Shared document ‘230707 CSC, RSC and CCG Chairs – Customer Challenge’ referenced in previous row</p> <p>Also shared document ‘Minutes from CCG and TW Board assurance workshop 13 July 2023 - approved’</p>	<p>The minutes make clear the steps being taken by the Board, and we are also content that there is a clear Line of Sight between customer views and decisions made in the PR24 business planning process, from its Stage 4 findings.</p>
<p>Include a summary of information shared with the CCG and whether this is upon request, or shared proactively. In particular, it would be useful to know precisely what comparative data has been shared so Savanta can independently assess the CCG’s claim that Thames Water could stand to provide more of this.</p>	<p>Shared document summarising all topics shared across the main meetings and topics shared with PR24 focus group, ‘Topics covered by CCG since January 2022’, and confirmed that Thames Water proactively shares materials ahead of each meeting.</p> <p>Also shared two examples of weekly media summaries shared with the CCG, ‘Media Summary 14 August – 18 August 2023’ and ‘Media summary 3 January – 6 January 2023’.</p>	<p>This summary of topics covered is useful background for a reviewer, and also enabled us to choose two meetings at random to request materials from. This in turn allowed us to determine that the CCG are sufficiently informed ahead of meetings.</p> <p>The media summaries shared are clear and thorough examples of comparative information which allow the CCG to understand Thames Water’s actions and performance in its proper context.</p>
<p>The CCG approvingly mentions in ‘CCG draft Report 21.03.23 v9’ that it has “support from TW’s stakeholder team” when it comes to keeping them informed. Savanta would like to understand what exactly this support amounts to and whether this arrangement is recognised by any kind of formal mechanism.</p>	<p>Thames Water’s Stakeholder Relationship Engagement Manager shared examples of the documents proactively provided, which is what this support amounts to.</p> <p>Following Savanta’s request, shared all documents provided to the CCG ahead of the CCG meetings in April 2022 and November 2022. These are included respectively, as ‘CCG meeting 21 April – documents’ and ‘CCG 3 November 2022 – documents’.</p> <p>Also shared two examples of weekly media summaries shared with the CCG, ‘Media Summary 14 August – 18 August 2023’ and ‘Media</p>	<p>We now fully understand what is meant by ‘support from the stakeholder team’, and are satisfied that the materials provided are sufficient for the CCG to informedly challenge Thames Water across all areas in which customers care about.</p>

	summary 3 January – 6 January 2023’	
Include information within the CCG challenge log summary to explain how ‘key’ challenges to be included in summary have been selected, make clear that this summary has been produced without Thames Water’s input, and supplement this log with an appendix exhaustively listing <i>all</i> challenges and responses.	<p>Shared ‘CCG action log – copy 29 August 2023’, a document detailing CCG actions and challenges during core CCG meetings, and mapping challenges across to ‘CCG challenge log 29 August 2023’</p> <p>Additionally, informed Savanta that the CCG challenges included in the draft CCG report are being cross-checked to ensure they include Thames Water responses</p>	<p>The updated version of the challenge log summary clearly states that the CCG has authorial independence over this document. Given this, and the provision of a more exhaustive document, we no longer feel it is necessary to understand the rationale for which challenges were included in the summary document – as we have clear evidence that challenges were not selectively included to suit Thames Water.</p> <p>At Phase D, information was added to the CCG report to make clear that it is exhaustive of all challenges raised by the CCG.</p>
Provide information on the actions being taken following the expertise gaps identified in the CCG’s skills audit.	Thames Water’s Stakeholder Relationship Engagement Manager confirmed to Savanta that CCG reserve the right to invite experts in necessary to attend specific meetings and support CCG.	This is a clear response and we are satisfied that it amounts to reasonable steps to action the findings of the skills audit.
Integrate a summary of the customer challenge from the CCG framed explicitly in terms of the five topics listed in Ofwat’s criterion for comprehensiveness (a. Bill impacts; b. Water and wastewater services; c. Customer services; d. Performance levels; and e. Significant investment), where these topics are covered, to supplement existing materials. This additional framing would aid clarity and better demonstrate that customer challenge is comprehensive according to the specific stipulations made by Ofwat.	An updated version of the challenge log shared which signposts the topics which challenges sit under, ‘CCG challenge log 29 August 2023’	The signposting of Ofwat’s topics is clear, and better enables a reviewer to see that there is good coverage of each of the five topics discussed across the materials that Thames Water has provided to us.
Include written documentation confirming the formal mechanism mentioned to Savanta by	Thames Water’s Stakeholder Relationship Engagement Manager confirmed to Savanta that how this rule	We now have a clear understanding of how this process works. Since it is not a codified mechanism, it is

<p>email on 27.07.23 (i.e. a rule that says the CCG receives relevant materials at least a week prior to meetings). Savanta would like to see how exactly this aligns with working patterns – are there, for instance, members of the CCG who only work fortnightly, who this formal mechanism might not serve effectively?</p>	<p>works, including exceptions and the steps taken to mitigate the impact of this.</p>	<p>not to be expected that written documentation can be provided. We are satisfied that the mechanism is appropriate, as is detailed further in the main body of the report.</p>
<p>Include information on (1) typical response times to challenges, and (2) whether there is any kind of formal agreement on how quickly Thames Water responds to challenges.</p>	<p>Materials not provided, but wider information about timeliness provided in an email by the Stakeholder Relationship Engagement Manager</p>	<p>This recommendation was to aid our understanding of the working relationship between Thames Water and its CCG. Whilst this information has not been provided, we now have a clear understanding of this relationship and it is no longer required to supplement our knowledge.</p>