

Stakeholder research: business plan priorities

Discussions with stakeholders

February 2022



- 1 This exercise has highlighted that local stakeholders, where the relationship is quite distant, are **not naturally eager to engage with Portsmouth Water**. We need to consider future approaches to ensure stakeholders are well represented in the PR24 programme
- 2 Those stakeholders who took part in this preliminary exercise had **broadly positive views** of Portsmouth Water: it is an important local business particularly noting their its 'local feel', and demonstrating its responsibility to vulnerable customers and the environment
- 3 Specifically, the Havant Thicket investment is seen as a very significant project for a relatively small water company
- 4 Unprompted, stakeholders mentioned some areas for improvement, notably that the **billing system is outdated**. However, Portsmouth Water enjoys very positive perceptions particularly in contrast to neighbouring Southern Water (and sewage spills)
- 5 Prompted, **stakeholders prioritise supporting vulnerable households and managing demand** (both via leak reduction and encouraging behaviour change). Investing in new supplies was secondary to this – though HT is seen as worthwhile.

Methodology



Blue Marble conducted 45 minute telephone/Teams interviews with 7 stakeholders between 22nd December 2021 and 1st February 2022.

The aim of these interviews was to understand their relationship with Portsmouth Water, their views on Portsmouth Water's responsibilities towards local issues (e.g. local economy, addressing the impacts of the COVID-19 pandemic), and what areas of investment they believe Portsmouth Water should prioritise in their five year business plan.

Stakeholders were presented with eight areas of investment, which they were asked to prioritise and discuss any implications for interest groups within the Portsmouth Water region

Who we interviewed:

- 4 x local government (district, county and city councils)
- 1 x consumer representative body
- 1 x business representative body
- 1 x trade association



Interests:

- All local (rather than national) stakeholders – most also customers of PW
- Three respondents are/have been CCG members
- Three have roles or interests relating to environment

Recruiting stakeholders

Blue Marble were provided with a list of 30 stakeholders, who had previously been contacted by PW. Two stakeholders had already opted out of the research following the first communication.

Stakeholders received an initial invitation email from BM, and if applicable, a reminder email and later a phone call. Five stakeholders opted out following BM communications.

13 respondents did not respond to requests for interview by email and / or by phone call.

We communicated directly with **12 stakeholders**:

- Several initially responded positively to our invitations but stopped responding to further communications, and remain prospective interviewees
- Other potential interviews had to be organised through personal assistants and support staff, who have either: not offered interview dates or ultimately screened invitations; or referred us to other members of staff (who have not replied or asked us to stop communications)

Seven interviews were achieved with representatives from local government, industry representative groups and consumer bodies.

Recruitment summary

Total number of contacts	32
---------------------------------	-----------

Number opting out from PW invitation	2
--------------------------------------	---

Number opting out from BM follow ups	5
--------------------------------------	---

Total number not responded to BM comms	13
--	----

Total number where direct contact established at some point (stakeholder responded to email or BM spoke to stakeholder / PA etc.) – but no interview achieved	5
---	---

Number of interviews achieved	7
--------------------------------------	----------

Stakeholder relationships and perceptions of Portsmouth Water



Stakeholder relationships vary with those involved in the CCG having closer ties

Stakeholders were asked about their relationship with and impression of Portsmouth Water, as well as how they communicate with Portsmouth Water in their role

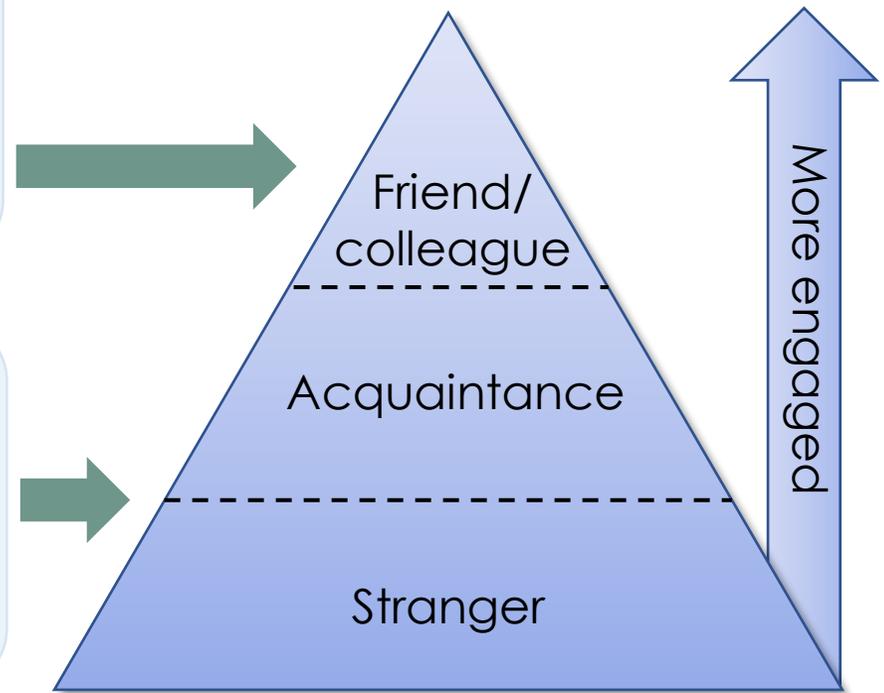
Stakeholders who have been part of the **Customer Challenge Group (CCG)** were clearly much better informed about Portsmouth Water. Amongst these few, the response was positive.

"My interactions with Portsmouth Water are mostly through the Customer Challenge Group... it's fine working together, I find them to be cooperative."

Several respondents described a **distant relationship** with Portsmouth Water. For the most part, they're considered a relatively 'under the radar' provider. Their knowledge and understanding is similar to customers.

"I don't know them on a personal level, I haven't just got the one contact. Most of the contact I have regarding them is through third parties."

Relationship model: analogous of human relationships, many stakeholders are no more than acquaintances of PW



Stakeholders hold strong views about PWs responsibilities, particularly around helping vulnerable consumers

Stakeholders were asked about their expectations of PW, particularly related to COVID-19, the needs of specific groups / demographics, the environment and the local economy

Local feel

- Most stakeholders consider PW to have a 'local feel'. In terms of service, they expect clean water to be consistently accessible, and expect easy communication with PW
- While the impression of a 'wonderfully old fashioned utility company' has positives, there are areas that need updating, namely the billing system should be modernised
- Broadly, stakeholders want PW to keep their 'local feel' despite relatively recent changes in ownership
- The Havant Thicket reservoir is seen as a very large project for a company PW's size.

Support for vulnerable

- Stakeholders identified responsibility for the needs of specific groups and demographics, particularly those on low incomes. Some stakeholders were complimentary of the work PW do, saying they are 'proactive', and 'open, honest, approachable'.
- This contrasts with (isolated) concerns about the potential to marginalise the digitally excluded
- Stakeholders expect PW to know who their vulnerable customers are.

Environment

- There is an expectation that PW take responsibility for their environmental impact, with particular reference to large projects such as Havant Thicket reservoir
- Stakeholders also expect strong dialogue with local interest groups (i.e. farmers) and local government to minimise environmental impacts

Stakeholder priorities for Portsmouth Water



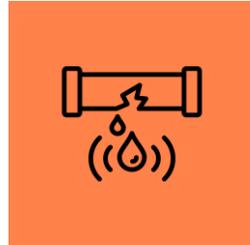
Overview of (prompted) priorities

Higher
priority

Lower
priority



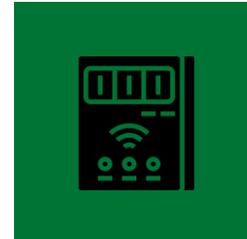
Doing more to help those struggling to pay



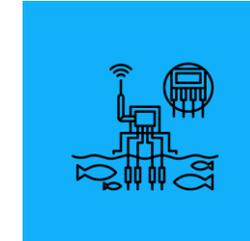
Fixing leaks



Keeping bills as low as possible



Charging all customers on what they use



Investing in improving water quality



Investing in new ways to supply water



Helping customers to find ways to use less water



Supporting local communities & improving environments

Ranking of priorities relatively similar to what we saw in the consumer research, however consumers felt that 'Keeping bills as low as possible' and 'Supporting local communities & improving environments' to be less important, and placed 'Investing in new ways to supply water' near the top of the priority list

- Many stakeholders were conscious of the **significant levels of deprivation** in their local area, and were aware of the broader need for payment support
- **Financial impacts of COVID-19 pandemic** were top of mind for some, and expected Portsmouth Water to play a role
 - “...if someone has lost a job, why not offer a people payment holiday?”
- Some felt that the **schemes are not well publicised** and more needs to be done to ensure those who need the help are aware it exists
- **Polarised views** on the introduction of a National social tariff – a few are wary that customers may be frustrated by it as bills are already lowest in the country, others support the introduction



- The importance of fixing leaks was mentioned **spontaneously** by several stakeholders prior to revealing the priority areas – Portsmouth Water has a responsibility to address this
- Addressing leaks fits the theme of **avoiding wastage** (combined with helping customers use less water), which is important for **saving customers money**, and **presenting Portsmouth Water as environmentally friendly**
- Broad agreement that **fixes need to be economically efficient**, but some call for assessment by a third party to ensure this is calculated fairly
 - “There will be some leaks and you have to accept that”



Helping customers to find ways to use less water

Higher importance

- This priority is often combined with fixing leaks as another **first step solution**, which represents a broader priority of efficiency and reducing wastage, as well as environmental benefits (for some)
- Seen as a way to focus on present infrastructure and **avoid jumping into investment in new solutions** and sources of water
- Several stakeholders were aware that **Portsmouth Water customers use more water** than customers of other water companies, and see this as a behavioural issue to be tackled
 - *“This is something that perhaps Portsmouth Water have given more lip service to than actually done”*



Keeping bills as low as possible

Medium importance

- This area of investment was met with **polarised responses**; some feel this is particularly important with regard to low-income customers in the region, others noted that Portsmouth Water already offer the lowest bills in the country and therefore don't see a need to put this above other important priorities
- A few noted there is a risk that **low water bills can lead to customers placing less value on water** and therefore being less efficient/thoughtful when it comes to usage
 - However, **any increase in bills must be justified** and linked to a worthwhile investment and not stakeholder dividends
- Those approaching this as a customer themselves were more likely to find this an important priority



- Stakeholders agree that the **principle of paying for what you use is important**
- Some see metering as an important part of the wider plan, particularly to **ensure that customers think more about their consumption** and being less wasteful with water
- Many see metering as a compulsory measure and something that should be rolled out across the board, but recognise that a campaign or **better communications are necessary** to help customers understand why it's fairer and why it is being done



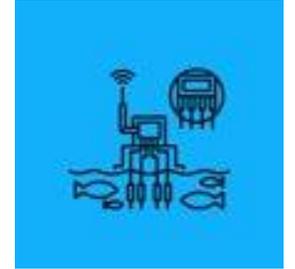
- Stakeholders noted that these feel like two separate points; **both are important but in different ways**
- There is a general view that **Portsmouth Water are considerate and proactive with regard to environmental issues**, which was mentioned spontaneously before revealing investment areas
- Stakeholders believe Portsmouth Water are **already supporting local communities**, particularly through CSR initiatives and offering strong employment in the region
 - However, it was mentioned that this feels **quite concentrated around Havant Thicket reservoir** and reassurance needed that it's being done elsewhere too



Investing in improving water quality

Lower importance

- For many this felt like an area of investment to **maintain, rather than to implement changes** or new initiatives
- Stakeholders consider Portsmouth Water's quality of water to be very good
- When asked about occasional changes in taste and smell **most accepted this as a trade-off for clean and healthy water**, however some warned that it may lead to customers questioning the quality



Investing in new ways to supply water

Lower importance

- For some, this felt important in the context of population growth, but was generally a **lower priority compared with improving efficiency** (e.g. fixing leaks, reducing use)
- Many stakeholders independently referenced Havant Thicket reservoir, with some viewing it as a **good way to supply water to others** beyond Portsmouth Water's region
- Desalination considered a good option for coastal locations but seen as a very energy intensive option, while use of grey water and water recycling are also considered good options
However, some don't see much need for desalination and water recycling, and believe other sources of water should be plentiful



Next steps



The plan:

Two further rounds planned:

2022 (Q3)

2023 (date tba)

As well as local stakeholders:

National organisations

NAVs and Retailers

Considerations for encouraging greater stakeholder participation:

A more consultative approach: in following rounds we need to get response to draft plans and input on pivotal decisions. Pre-placing stakeholders with materials and setting out the questions (consultation style) should yield more response – allowing for online/paper responses as an alternative to interviews

In person events: Greater participation could be stimulated by framing this research as an event, with the prospect of meeting other (local) stakeholders with similar views (restrictions permitting).

Leverage PW stakeholder relations: Are there other initiatives in train that present opportunities to ‘piggy back’ events or communications?

Accessing Customer Challenge Group (CCG): Should we interview/canvass views from all members of the CCG to bolster this preliminary priorities exercise?



Blue Marble Research Ltd

www.bluemarbleresearch.co.uk

01761 239329

Addressing Ofwat's research principles

25. Portsmouth Water_Stakeholder Research Business Plan Priorities_report_V2_100222pptx

Standards for high-quality research:	How addressed in this project:
Useful and contextualised	This project was conducted early in Portsmouth Water's strategic research programme, designed to ensure the wider stakeholder voice was informing the planning decisions. Stakeholders were presented with eight potential areas of investment, which they were asked to prioritise and then discuss any implications for interest groups within the Portsmouth Water region.
Fit for purpose	<ul style="list-style-type: none"> • Clear objectives that sat within the wider research and engagement programme agreed at the outset • Sample recruited from PW stakeholder lists and designed to incorporate a wide range of perspectives: local government; consumer representative bodies; business representatives and trade associations • Sample size was smaller than originally intended. The focus was on local not national stakeholders and was designed to incorporate views of stakeholders now already active in the Havant Thicket activity. Engagement proved lower on this basis. • Method to reflect the nature of the objectives: in-depth interviews with a researcher to allow for open-ended, personal reflections.
Neutrally designed	Blue Marble designed research materials including the discussion guides and stimulus materials. These are all designed with impartiality.
Inclusive	<ul style="list-style-type: none"> • Stimulus produced in plain English – all mediated by a research moderator • Interviews arranged at a time of the stakeholders' choosing – and via phone or online as they preferred.
Continual	While this was a one-off project it forms part of an ongoing commitment to conduct research with a wide cross section of stakeholders.
Shared in full	Portsmouth Water to publish this report and supporting appendices on its website.
Ethical	Blue Marble is a company partner of the MRS, senior team members are all Members of the MRS and/or SRA. All Blue Marble's employees abide by the MRS Code of Conduct and as such all our research is in line with their ethical standards.
Independently assured	This report assured by Sia Partners