

# Affordability and Acceptability Testing

Report on Qualitative research for Portsmouth Water and Southern Water

2<sup>nd</sup> June 2023



The cost of living crisis is being felt by most customers who say they are 'just getting by' or 'struggling'- with widespread pessimism that the situation is worsening. In terms of domestic finances, the squeeze is not hitting the water bill yet with most saying they find it neither easy nor difficult to pay.

Portsmouth Water's investment plans are mostly acceptable and the bill impacts uncontentious. Customers support the proposed level of investment for lead replacement and resilience plans. The one area that is challenged is the leakage target which many think is unambitious. Smart meters are also a concern especially for larger and low income households – but with no associated bill impact, this element is accepted.

Southern Water's plans are seen as very important and urgent, especially where investment is focused at improving sewer overflows and infiltration. However, most customers see the targets as lacking urgency and expensive. With recent poor performance and publicised fines, they also question the role of customers in paying. Ideally they want accelerated investment but they can not or do not want to afford higher bill contributions.

The majority of customers find the proposed business plan acceptable. While most of the individual investments appear affordable, once customers see the whole bill impact (calculated on their personal bill) the majority of this sample say it is neither easy nor difficult to afford - and around a quarter say it will be difficult to afford. There is a distinction between customers' ability and willingness to pay with many challenging the need for customers to fund some of the investments.

Levels of trust in the companies to deliver the plan are also mixed with concerns that the companies are prioritising shareholders and not communicating with customers. It is clear from the qualitative discussions, however, that the trust deficit and dissatisfaction related almost entirely to Southern Water.





24

8

8

8

## 2 x 3hr face-to-face deliberative events

**Stage 1:** Participants to go through pre-read pack and fill out pre-task survey

**Stage 2:** Participants to attend 1 x 3hr event each in person

**Stage 3:** Participants to complete post-task survey and answer questions based on their personal bill projections



Larger NHH

## 4 x 1hr online video depth

**Stage 1:** Participants to go through pre-read pack and fill out pre-task survey

**Stage 2:** Participants to attend 1 x 1hr online depth

**Stage 3:** Participants to complete post-task survey and answer questions based on their personal bill projections



## 8 x 1hr online video depth

**Stage 1:** Participants to go through pre-read pack and fill out pre-task survey

**Stage 2:** Participants to attend 1 x 1hr online depth

**Stage 3:** Participants to complete post-task survey and answer questions based on their personal bill projections



## Total sample achieved = 58/60



### Household sample achieved = 23/24

- **SEG:** 3 x AB, 9 x C1C2, 10 x DE, 1 x unknown
- **Age:** 7 x under 45, 16 x over 45, 1 x unknown
- **Gender:** 12 x F, 2 x M
- **Metering:** 9 x metered, 14 x unmetered, 1 x don't know
- **Recruitment:** 24 x list opt ins



### Future customer sample achieved = 9/8

- **SEG:** 4 x AB, 5 x C1C2
- **Age:** 9 x 18-30
- **Gender:** 6 x F, 3 x M
- **Recruitment:** 9 x free find



### Non-household sample achieved = 12/12

- **Size:** 8 x micro NHH, 4 x larger NHH (over 10 employees)
- **Examples of business type include:** convenience stores, care homes, take away outlet, transport
- **Usage type:** 4 x domestic, 8 x non-domestic
- **Usage volume:** 10 x low spend, 2 x high spend

## Total number of opt-ins: 162



### Health vulnerable sample achieved = 8/8

- **Age:** 1 x under 45, 7 x over 45
- **Gender:** 5 x F, 2 x M **Metering:** 4 x metered, 2 x unmetered, 1 x don't know
- **PSR status:** 8 x on PSR
- **Examples of vulnerability include:** heart problems, fibromyalgia, autism
- **Recruitment:** 6 list opt ins, 2 free find



### Economically vulnerable sample achieved = 7/8

- **Age:** 2 x under 45, 5 x over 45
- **Gender:** 5 x F, 2 x M
- **Metering:** 3 x metered, 4 x unmetered
- **Social tariff:** 7 x ST
- **Recruitment:** 3 x lists, 5 x free find



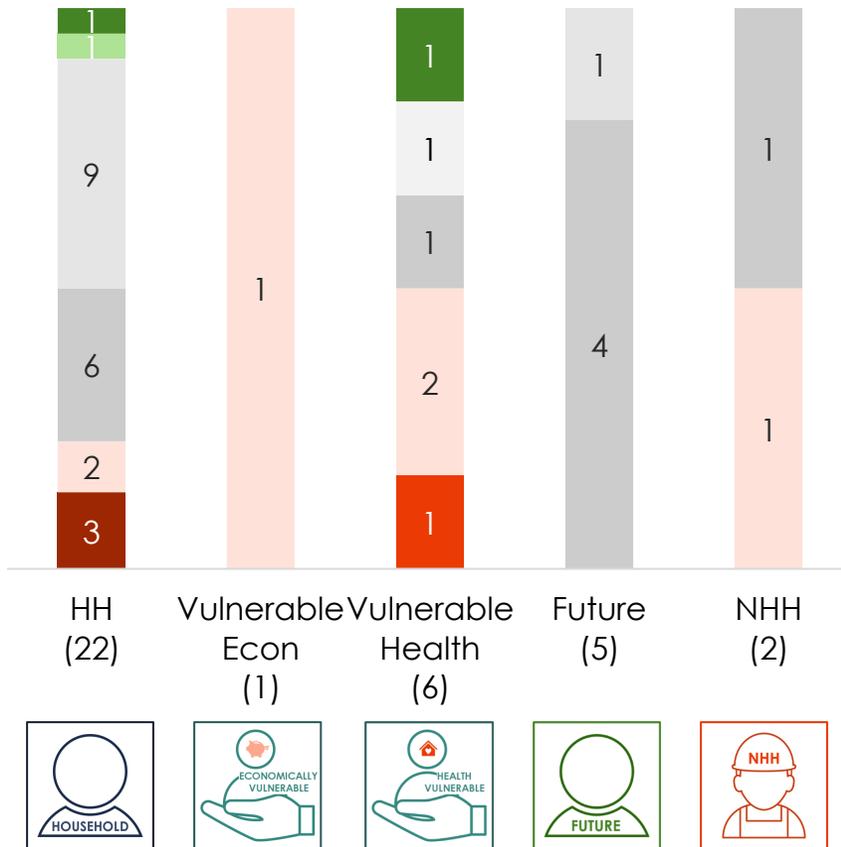
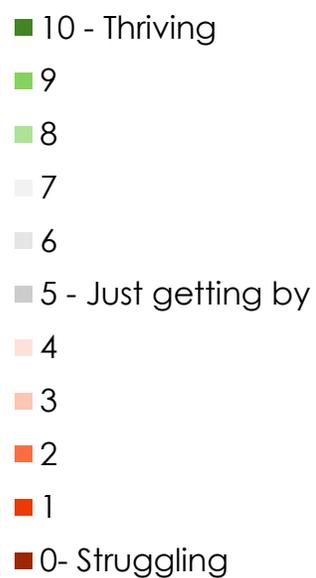
# The customer context



# Views on current financial situation and financial outlook

- The majority of the sample (22/36) said they fall somewhere between 'just getting by' and 'struggling' when it comes to household finances

## FEELINGS ABOUT HOUSEHOLD FINANCES



"The banks have raised their interest rates again for the 12<sup>th</sup> time running – it just puts strain on everybody and everything."  
HH Portsmouth

"We came very close to closing and it is just a case now of battenning down and trying to build up funds again."  
NHH Portsmouth

"Unfortunately I can't charge any more for what I do as some other so and so will come and beat me to it."  
NHH Bognor

"It's hard and getting harder constantly going up and up, really big increases in a short space of time causing stress in the household and impacting our behaviour"  
HH Portsmouth

"Salaries are not going up accordingly so everyone wants to strike."  
HH Portsmouth

Source: Pre task Appendix A, B/C, E: How do you feel about your household finances at this time?

# Views on current financial situation and financial outlook

- The majority (26/36) have a pessimistic view of the current economic situation

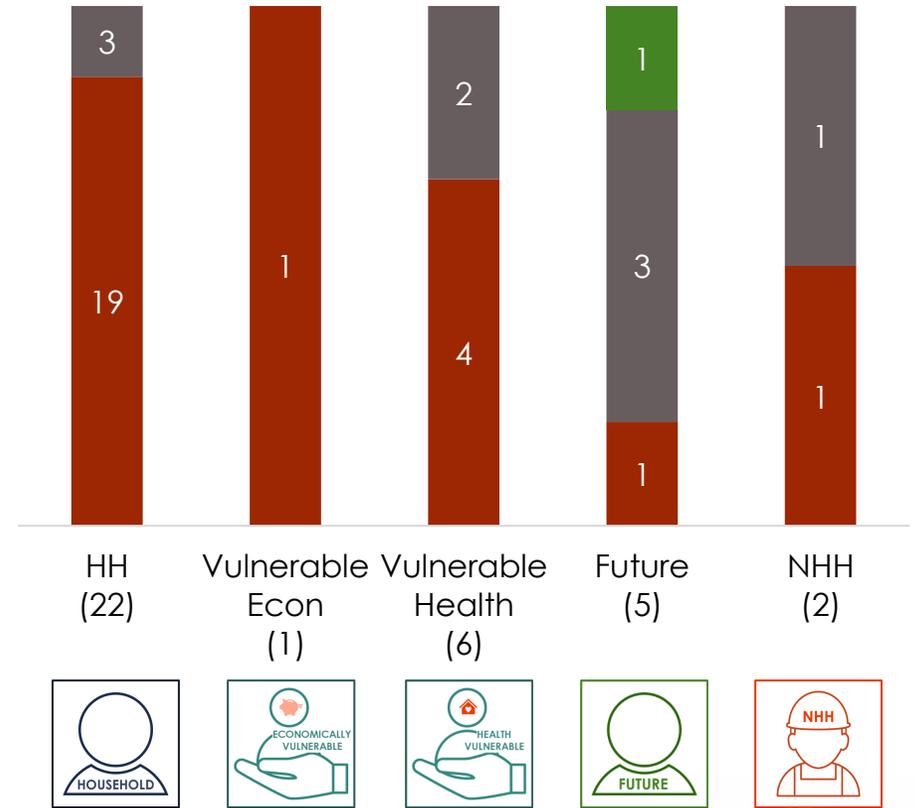
*"It feels better but that's simply because it's summer and our heating is off. As next winter comes round it will be just as bad if not worse"*  
 HH Bognor

*"It's going to get worse with mass immigration. There are too many people on a limited piece of land."*  
 HH Bognor

*"Prices have gone up so quickly but they are so slow to come back down"* HH Portsmouth

## FINANCIAL OUTLOOK

- Improving
- Remaining the same
- Worsening



# Expectations for economic climate in the future (in 5 years, in 10 years)

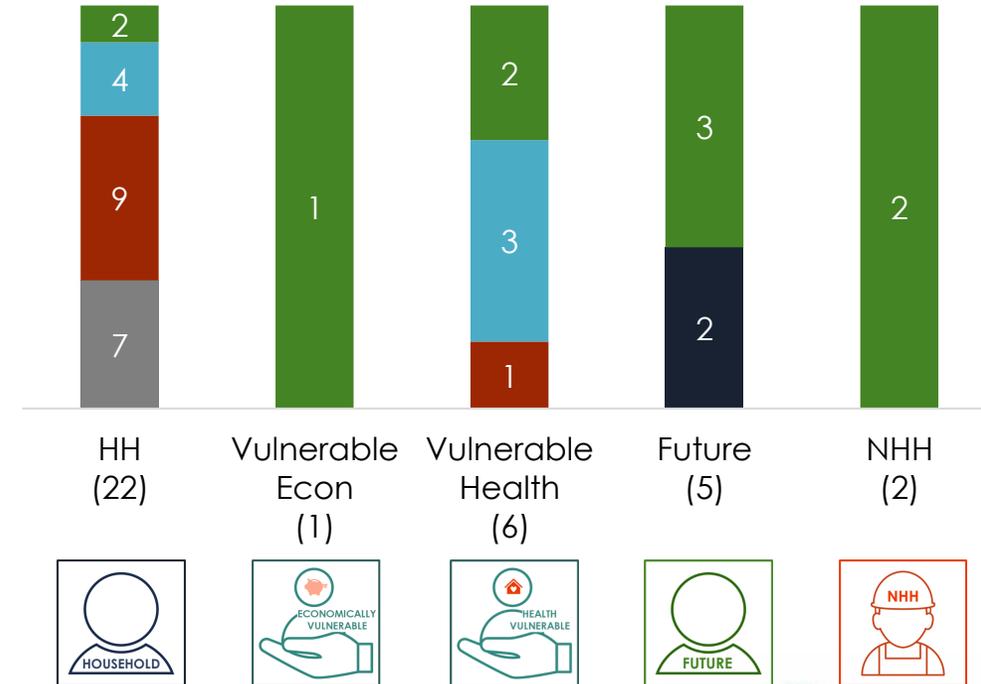
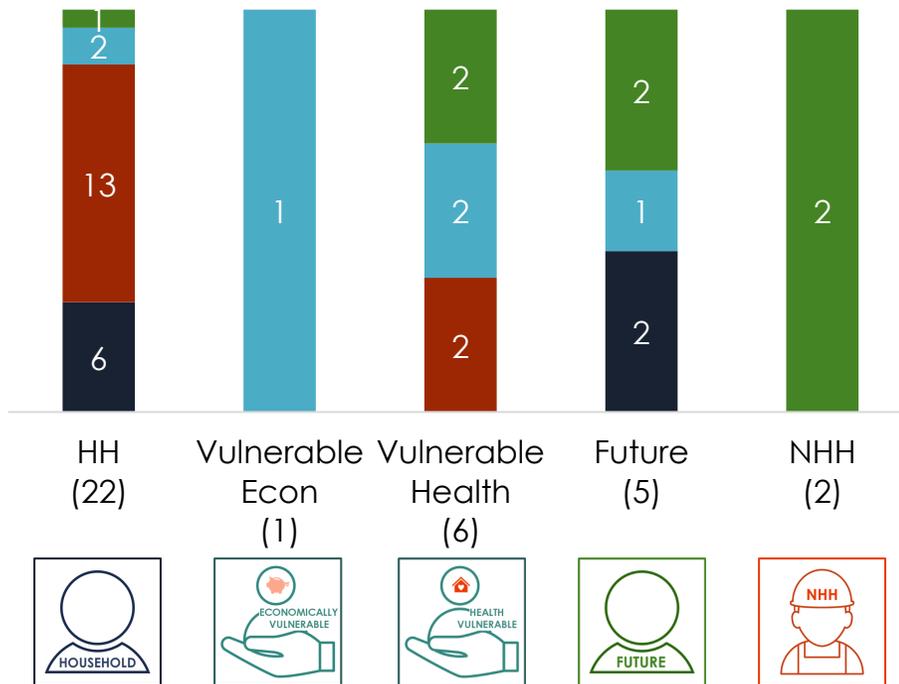
- Just under a half (15/36) of the sample feel pessimistic about their personal finances in the next 5 years or are uncertain (8/36)
- There is a bit more optimism about personal finances in the longer term (10 years): but half still feel pessimistic or uncertain (18/36)
- NHH customers feel more optimistic about their future finances

## LONG TERM FINANCIAL OUTLOOK

### 5 years

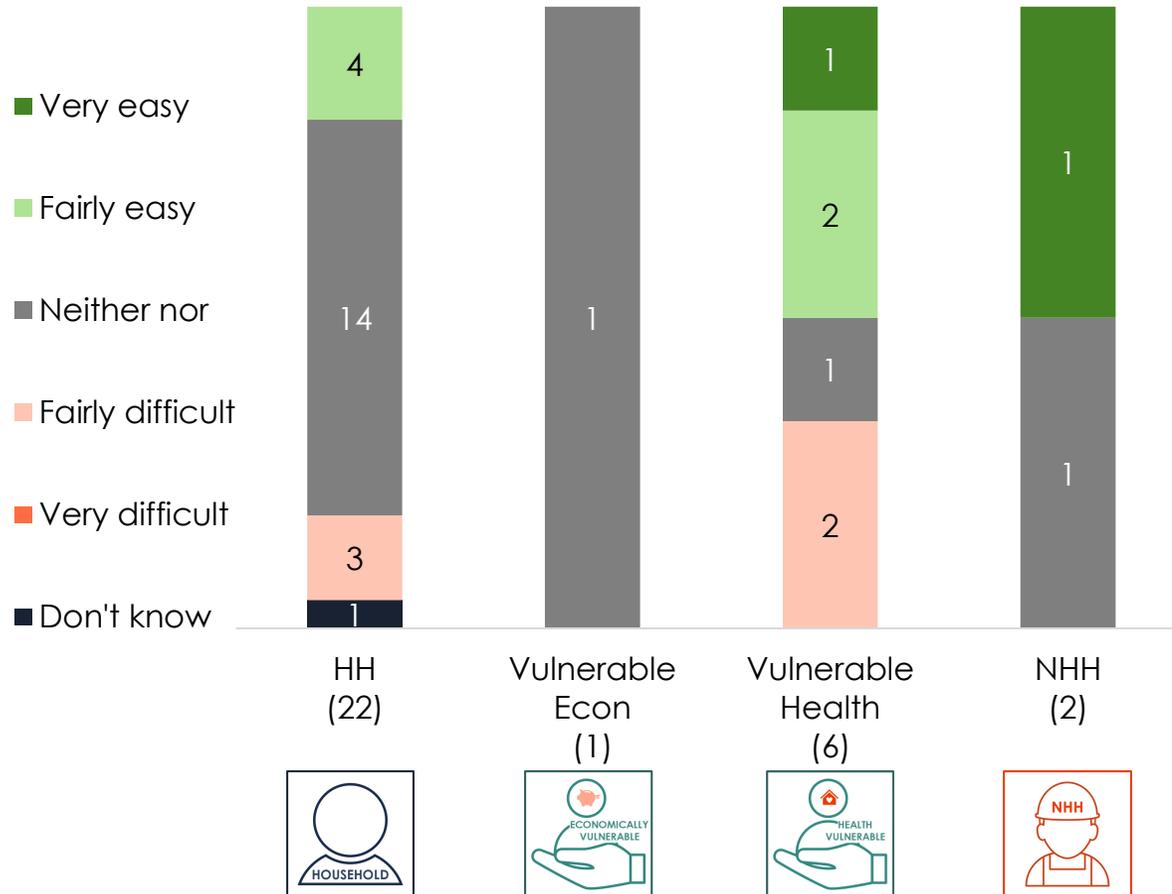
### 10 years

- Better off
- The same
- Worse off
- Don't know



# Current bill affordability for water and sewerage services

The conversations show that people are making sacrifices to pay bills. In terms of water and sewerage specifically, a significant minority (6/31) find it difficult to pay their current bills



*"Portsmouth is fair. It's one of the cheapest but Southern Water is much more expensive. It's like having a mortgage again especially considering the water quality. People are getting gall stones and kidney stones from drinking the water."  
HH Portsmouth*

*"I haven't used the boiler or immersion since the prices started going up."  
Economically vulnerable Portsmouth*

*"Being retired I'm finding that I am dipping into my savings more and more to meet the bills basically."  
HH Portsmouth*

Source: Pre task Appendix A, B/C, E: How easy or difficult is it for you to afford to pay your current water and sewerage bill?

# Proposed Plan



BLUE MARBLE

## Southern Water's business plan for 2025-30

### Internal and external flooding

**By 2030 we'll...** reduce internal flooding from 1.23 to 1.14 per 10,000 homes and external flooding from 15.5 to 15.2 per 10,000 homes, focusing on customers most frequently impacted.

**We'll do this by...** working in partnership to reduce pressures on our networks and prevent water entering our sewers – as well as using data to predict where flooding might happen.

**By 2050 we'll...** build a fully digital network, which enables us to prevent issues from happening and is resilient to the impacts of climate change and population growth

### Pollution incidents

**By 2030 we'll...** reduce overall pollution incidents from 19.4 to 121 per 10,000km of sewer. We will reduce serious pollution incidents to zero.

**We'll do this by...** installing thousands of monitors across our network to identify where we need to act and investing in nature-based solutions and new storage to prevent rainwater entering our network.

**By 2050 we'll...** continue to focus on protecting the environment from pollution as a top priority.

£1.50 improving the resilience of our sites

£41.50 to help protect our environment, through pollution quality of our rivers/bathing waters and storm overflows

50p per month helping us customer service and greater support for those in vulnerable circumstances

Of the additional £13.50 per month (£162 per year) to an average wastewater bill:

### Improve river water quality

**By 2030 we'll...** help improve the health and unique ecosystems of our rivers.

**We'll do this by...** upgrading our treatment works to further remove nitrate and phosphorus from wastewater. We'll be restoring habitats in each of our major river catchments and working with partners to reduce diffuse pollution from farms, roads and industrial land.

**By 2050 we'll...** have restored all the chalk streams and improved the quality of all the protected habitats we impact.

### Increasing resilience

**By 2030 we'll...** have protected at-risk sites from coastal erosion and power outages to help improve the reliability of our services.

**We'll do this by...** improving our resilience to storms and heat waves with upgrades to our sites and partnership working with the EA and Local Authorities to reduce the risk of coastal erosion and subsidence.

**By 2050 we'll...** have greater protection from climate change, population growth and a smarter, more resilient network.

### Storm overflows

**By 2030 we'll...** reduce storm overflow spills by 25%, prioritising environmentally sensitive areas like shellfish waters.

**We'll do this by...** working with nature, developers and customers to reduce the amount of rainwater entering our sewers, installing more monitoring and building new storage tanks to create the right solution for the long term. We'll also additionally invest to target the top 30 spilling overflows.

**By 2050 we'll...** we'll reduce spills from storm overflows by 75% by 2050 and improve all bathing areas to excellent standard.

Our customers' other priorities

## Portsmouth Water's Business Plan for 2025 - 2030

	<b>WATER SUPPLY INTERRUPTIONS LASTING LONGER THAN THREE HOURS</b>	<b>THE APPEARANCE, TASTE AND SMELL OF TAP WATER</b>	<b>REDUCING LEAKS</b>
<b>CHALLENGE</b>	Maintain our water supplies as the most reliable in the country, and at least as reliable as they are today (an average of 2 minutes 15 seconds).	Maintain our position as one of the best performing companies with lower contacts than the industry target.	Maintain our position as one of the best performing companies and reduce leaks from 77 litres per property per day to 56 litres by 2030.
<b>2025-2030</b>	Invest more to upgrade ageing water treatment works, pumps and water mains. To maintain our industry leading service, would cost an additional £3.35 plus inflation on bills by 2030.	Add more ultraviolet treatment to our works, partner with landowners to stop pollutants reaching water sources and replace more water mains.	Transform our network into a 'smart' one to monitor flows, employ advanced sound and satellite technology, repair leaks on customers' supply pipes free of charge (conditions apply) and increase our workforce. Our fast-track plan to reduce leakage would cost an extra £2.75 plus inflation on bills by 2030.
<b>LONG TERM</b>	Keep our services the most reliable in the country and work towards no interruptions beyond three hours.	Keep our water quality contacts among the lowest in the country.	Halve leakage by 50% by 2040, 10 years earlier than we must.
<b>WHERE WED LIKE TO INVEST TO DO MORE</b>			
	<b>INSTALLING SMART METERS</b>	<b>REMOVING LEAD PIPES</b>	<b>IMPROVING THE ENVIRONMENT</b>
<b>CHALLENGE</b>	Our customers use more water than most in the UK. We need to make better use of water available and find and fix more leaks to meet the challenges of climate change, population growth and to protect the environment.	Lead water pipes are now banned because they can impact the development of young children. We've replaced most lead pipes on our network and use harmless chemicals to reduce traces of lead. We want to remove lead pipes completely.	The environment we rely on is under threat from climate change. We want to further improve land we own for plants and animals and give more grants to help others create wildflower meadows, ponds, improve woodlands and do research.
<b>2025-2030</b>	Install smart meters for nearly half our customers, supported by water-saving advice and tools for households and businesses, as well as free leak repairs on supply pipes (conditions apply). We'll make sure all customers can afford their bill.	Replace lead pipes so all schools and vulnerable homes can access water with no exposure to lead by 2030, and at a further 15% of homes. The 15% of homes would cost an extra £41 million and add £5.25 plus inflation on bills by 2030.	Improve the environment at our key sites and double the grants we give each year to £100,000. To increase our environmental work would cost an extra £4.75 million and add 40p plus inflation on bills by 2030.
<b>LONG TERM</b>	Install smart meters for all households by 2035 and trial innovative water-saving tariffs.	Find and replace lead pipes at all homes by 2060.	Continue to invest in environmental partnerships to maintain the environment for water supplies.

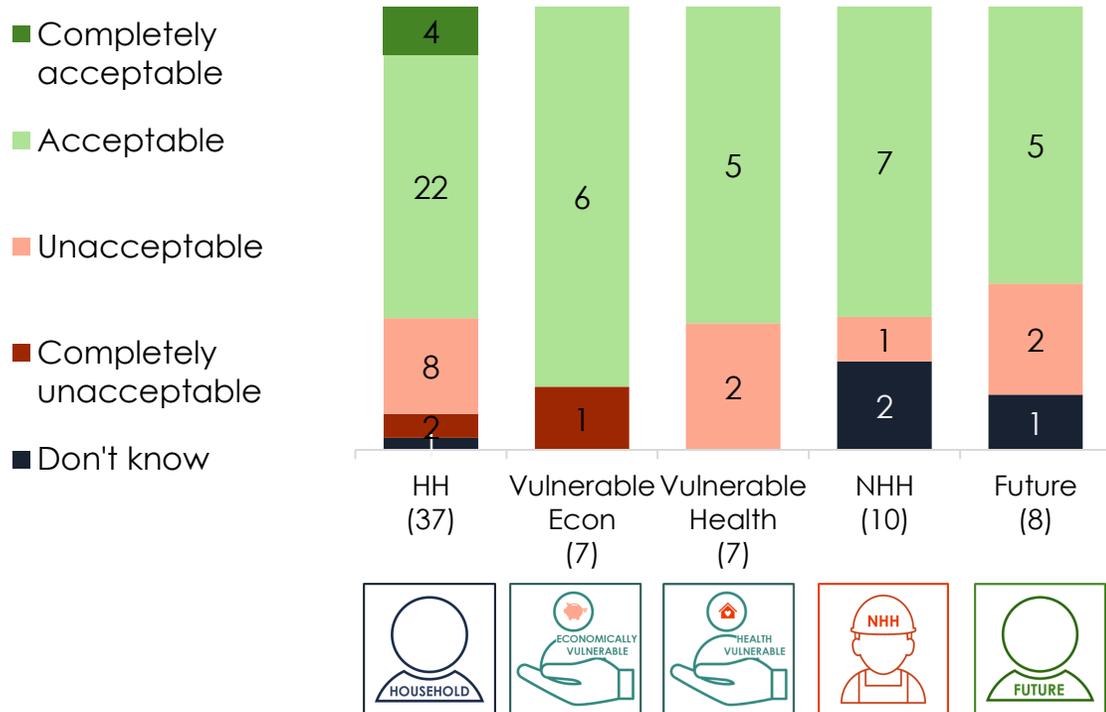
A 1-page summary of each company's proposed plan was provided as part of the pre-read information with an explanation of the different categories of investment:

- legally required/statutory;
- 5 year performance commitments;
- additional investments proposed to meet longer term outcomes.

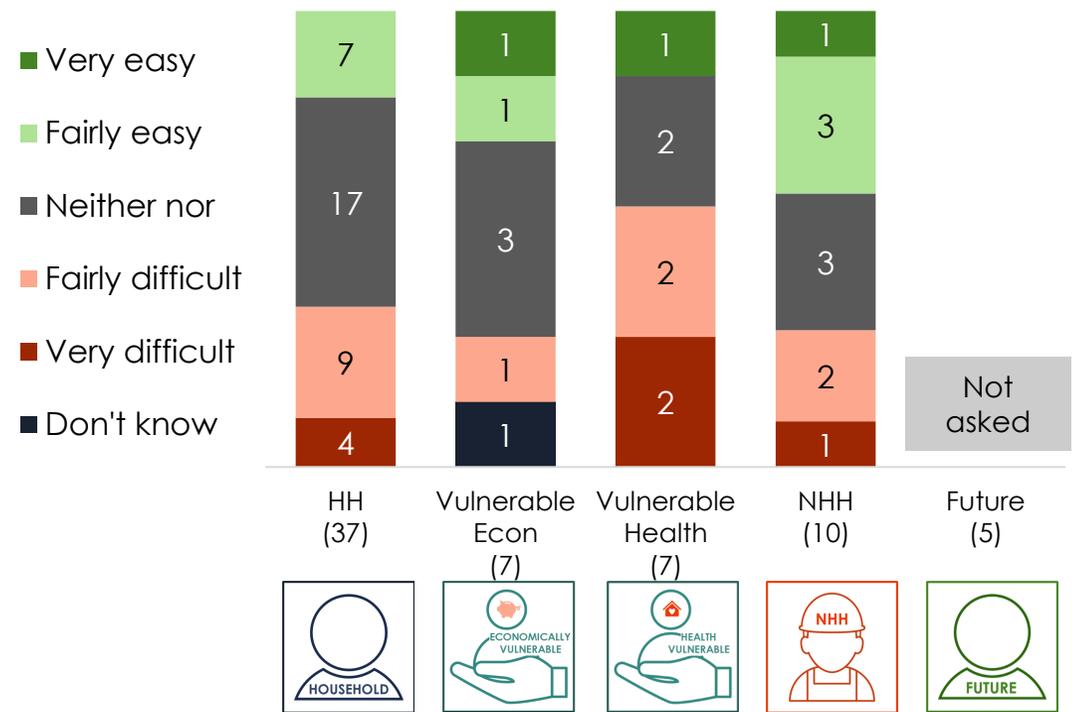
# Proposed plan acceptability and affordability (based on personalised bills)

- The majority find the proposed plan acceptable
- About 2 in 5 are uncertain whether they can afford the proposed plan bills

## ACCEPTABILITY



## AFFORDABILITY



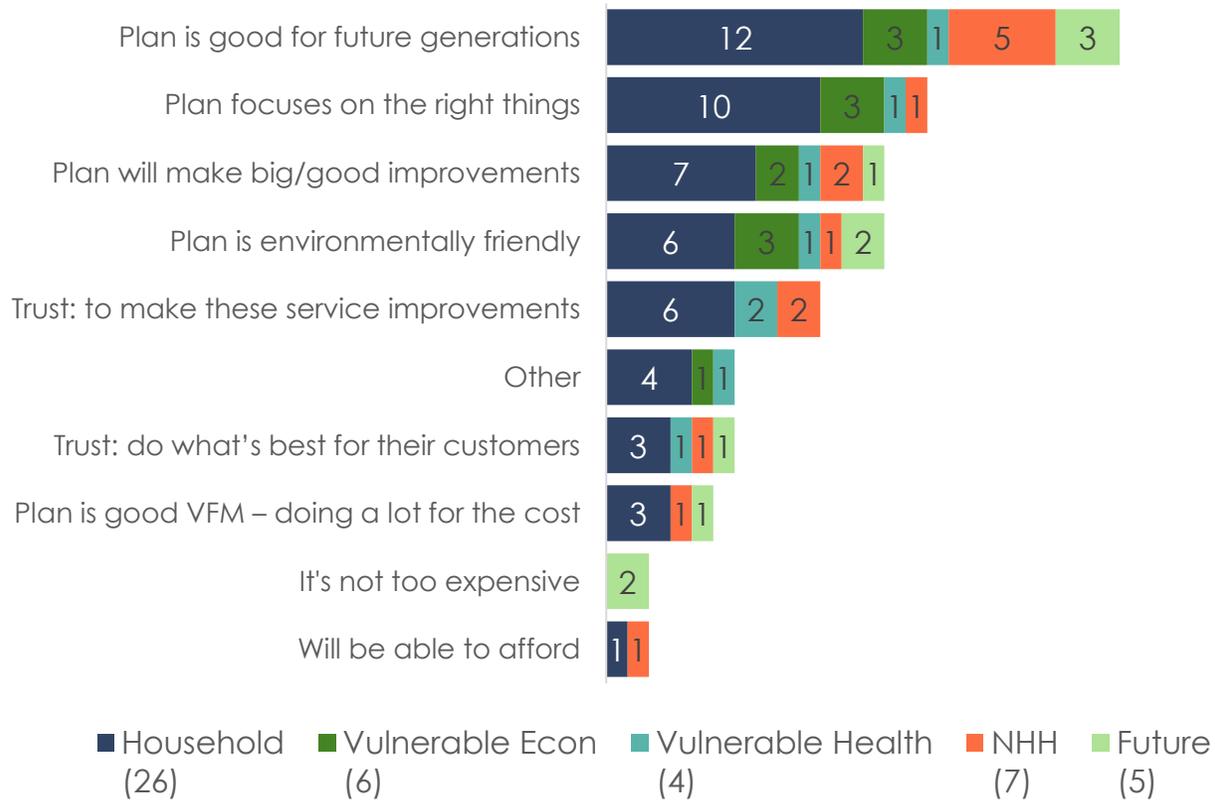
Source: Appendix A, B/C, D, E: Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford the water and sewerage bills for the proposed plan? Based on everything you have heard and read about the company's proposed business plan, how acceptable or unacceptable is it to you?



# Summary: Reasons for accepting/rejecting the Proposed plan

- Those who accept the proposed plan feel it focuses on the right things and predict it will be a positive impact
- The key reason amongst rejectors is that they feel water companies should bear more of the financial load

## Reasons for accepting



## Reasons for rejecting



Source: Appendix A, B/C, D, E: Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford the water and sewerage bills **for the proposed plan**? Based on everything you have heard and read about the company's proposed business plan, how acceptable or unacceptable is it to you?



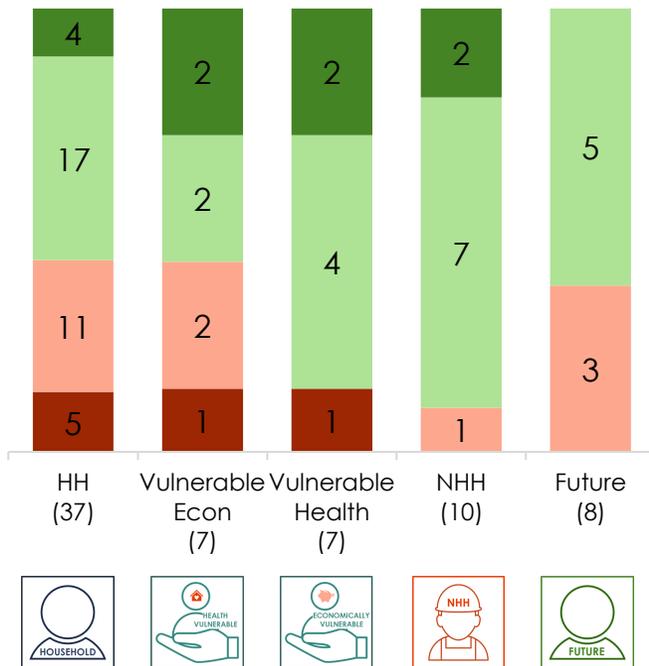
# Summary: Trust

- Levels of trust in Portsmouth & Southern to deliver the proposed plan is mixed. The main drivers of distrust is the lack of updates and a sense that shareholders take precedence over customers
- NB qualitative discussions indicate that negative associations of trust relate primarily to Southern Water.

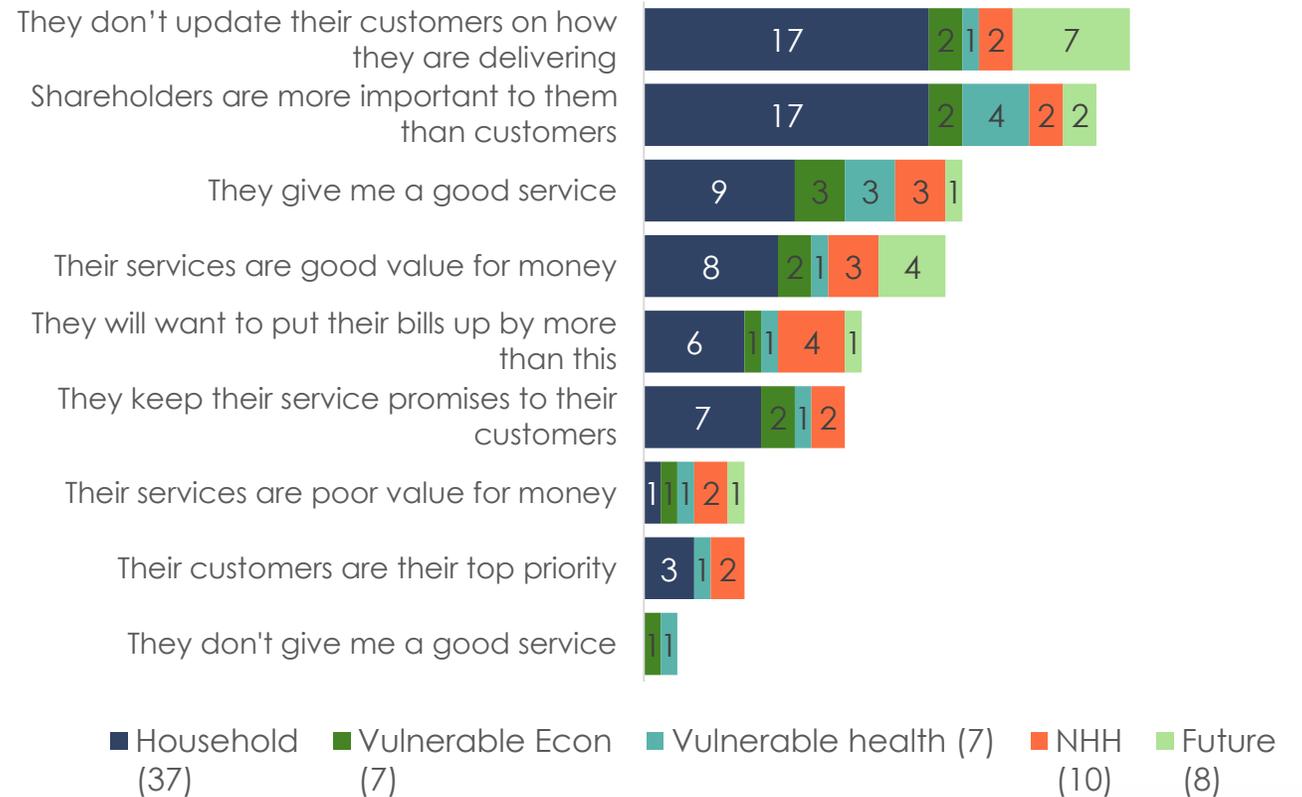


## TRUST

- Trust them to deliver it all
- Trust them to deliver some of it
- Trust them to deliver a little of it
- Don't trust them to deliver it

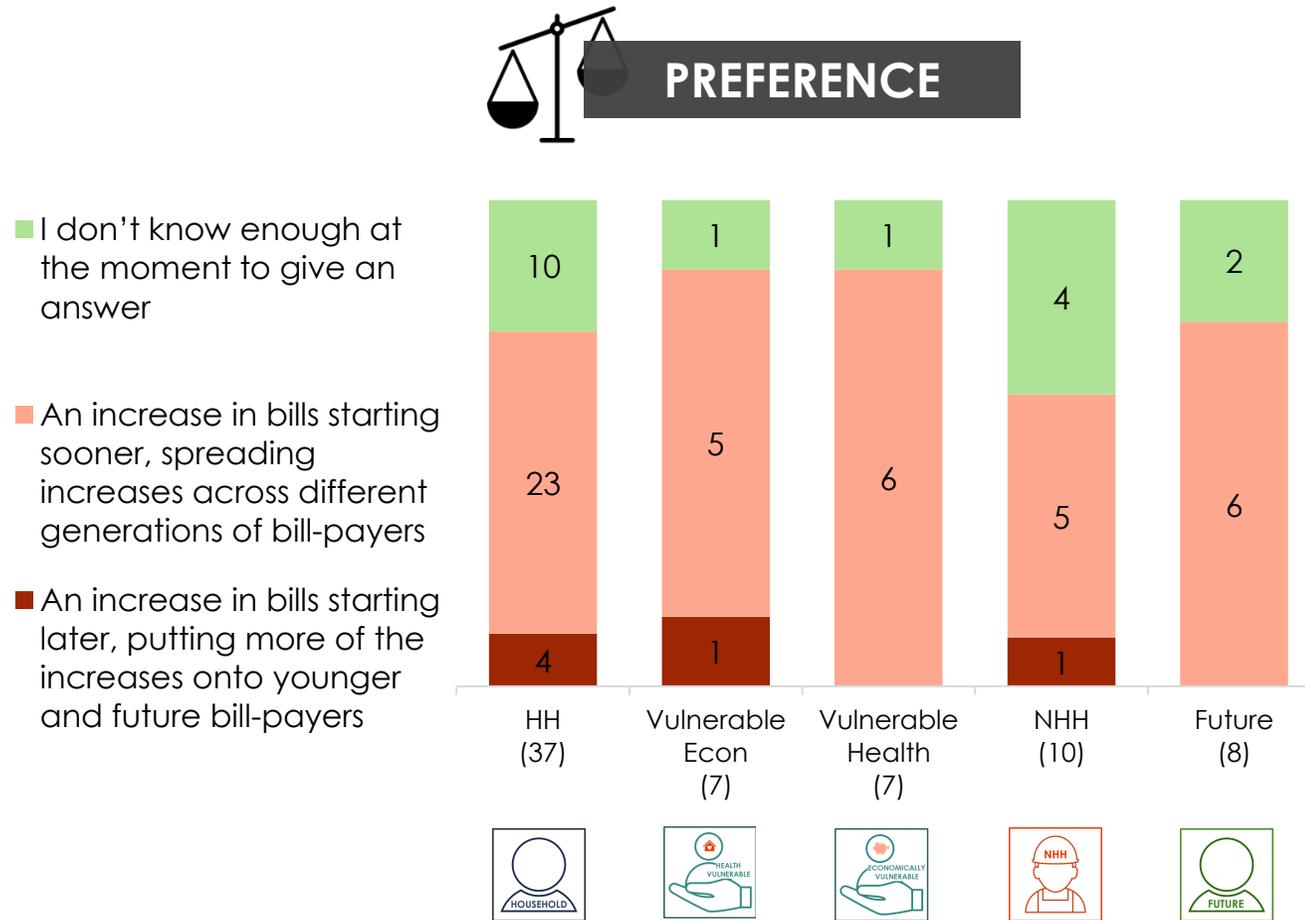


## Reasons why



# Summary: Preferred Phasing

- There is a preference for the increase in bills starting sooner rather than later, but a notable proportion of customers felt they didn't know enough to reach a decision



# Response to legally required elements: STORM OVERFLOWS

- This is an important and urgent issue that is on customers' minds – but they are sceptical about the target and whether it is ambitious enough

**Reducing use of storm overflows**



Legally required  
No say

**£30 per year**  
by 2030

**i**

- Southern Water's 978 overflows spill on average of 18 times per year, although this ranges from zero spills to over 50 spills.
- Work to improve the network is part of a 25 year programme, with Government guidance initially focusing on:
  - Areas impacting shellfish waters (Solent and North Kent)
  - Overflows with recognised environmental impact
  - Investigations to guide future work

- Reduce storm overflow spills by 25%, prioritising environmentally sensitive areas like shellfish water, by 2030
- Focus on nature-based solutions and separating storm water out of the sewers and build additional tank storage.
  - Nature based solutions include things like smart water butts, sustainable drainage, and soakaways. These can be installed by Southern Water and/or delivered by partnering with others (such as housing developments or businesses).

**Long term target:**  
Reduce spills from storm overflows by 75% by 2050 and improve all bathing areas to excellent standard



*"They need to build up trust again"*  
 HH Bognor

*"Southern Water should be doing this anyway rather than not doing it then charging us."*  
 HH Portsmouth

**Deliberation centres around:**

- Awareness of problem and media exposure
- Is the target achievable?
- Aware already been fined... low trust that a government target will be met
- Feels 'audacious' to increase bills for something that Southern should be doing already
- Question shellfish waters (not their area?)

**Response to mandated investment**

- Question the ambition of the target of 25% by 2030
  - Suggest both shortening the timeframe (to 2025) and increasing the proportion e.g. 40% or 50% by 2030
  - But also the need for a target that is achievable (hard for them to judge)
- £30 increase seen as high, even 'excessive'
- Difficult to square when profits are being paid

*"I've got an app that tells me when sewage is being dumped in the sea"*  
 HH Portsmouth

*"Speed? Go faster. 40% by 2030!"*  
 HH Portsmouth

Summary	
Important	✓
Urgent	✓
Willing to pay	✗
Able to pay	✗

# Response to legally required elements: SMART WATER METERS & WATER QUALITY

- Questions about how smart meters work, and some resistance from non metered households. Those already in the habit of conserving water are most enthusiastic.
- Water quality plans are uncontentious

Smart water meters



Portsmouth Water

Legally required  
No say

£0 per year

i

- Portsmouth Water customers use more water than most in the UK.
- Portsmouth Water wants to help customers make better use of water available and find and fix more leaks to meet the challenges of climate change, population growth and to protect the environment.
- Installing (smart) water meters encourages water saving by making customers more aware of usage through real-time monitoring, it reduces wastage by making it easier to identify leaks, makes bills fairer, as all customers pay for what they use.

i

- By 2030, Portsmouth Water will install smart meters for nearly half its customers
- Offer water-saving advice and tools for households and businesses
- Free leak repairs on supply pipes (conditions apply)
- Portsmouth Water will make sure all customers can afford their bill

i

**Long term target:**  
Install smart meters for all households by 2035 and trial innovative water-saving tariffs.

BLUE MARBLE

## Deliberation centres around:

- Metering generally: economically vulnerable and families nervous of metered charges
- Concerns about increased stress of a real time water meter (constraining use)
- Others accepting of smart meters and see benefits
  - Single households & elderly with low usage
  - Avoids being charged for leaked water
  - A means to save water
- Smart energy meters perceived to have made little difference to usage
- Mixed views about meters generally and therefore the target – but happy with no bill impact

"Smart meters seem the fairest way as you are paying for your use – but I'm always cautious of anything using the word smart."  
HH Bognor

"It leaves the door open for them to charge you every little morsel of water." Economically vulnerable Bognor

Summary	
Important	✘
Urgent	✘
Willing to pay	NA
Able to pay	NA

Water quality



Portsmouth Water

Legally required  
No say

£0 per year

i

- Portsmouth Water is one of the best performing companies with a lower number of customers contacting it about appearance, taste and smell of tap water than the industry target.

i

- Portsmouth Water wants to maintain its industry leading position, by:
  - Adding more ultraviolet treatment to its works
  - Partner with landowners to stop pollutants reaching water sources, and
  - Replace more water mains

i

**Long term target:**  
Keep its water quality contacts among the lowest in the country.

BLUE MARBLE

- No existing concerns about water quality
- Happy (and expect) Portsmouth to maintain high quality water
- Happy with target and no bill impact

Summary	
Important	✔
Urgent	?
Willing to pay	NA
Able to pay	NA

# Response to performance commitment targets

- Broad satisfaction with scale and (low) cost of ambitions with some caveats and questions. Leakage target is challenged as too low.

Portsmouth Water & Southern Water's proposed 5 year targets – your feedback on these						
			TODAY's performance	Target for 2025	Target by 2030	Adds to bill (per year, by 2030)
Supply interruptions		Average time without water per household	2 minutes 21 seconds	2 minutes 15 seconds	2 minutes 15 seconds	£0.67
Water Quality		Contacts per 1,000 population	0.41 contacts	0.41 contacts	0.33 contacts	£0
Internal sewer flooding		Incidents per 10,000 connections	3	2.24	0.99	£0.14
External sewer flooding		Incidents per 10,000 connections	19.5	15.5	14.7	
Leakage		Litres per property per day	77	77	56	£0.55
Pollution		Incidents per 10,000km of sewer	93.6	90.7	17.7	£1.25

- 6 seconds over 7 years not ambitious enough
  - What is the 67p paying for (for almost no change)?
  - But not an area needing big improvement
- See as low priority for improvement: happy with performance currently
  - No bill impact is good
- Some felt a target of zero incidents would be better
  - Cost acceptable – but question role of developers in making the network more resilient
- Surprise at level of leakage – and see as a priority for improvement
  - Question the ambition: 56 l/p/d...why not lower – or even zero?
- Concern that the 2030 target is unrealistic (reducing incidents from 90.7 to 17.7)
  - Begs questions: How achieve this? Why so high now?

"In terms of leakage the target should be more."  
HH Bognor

"I would rather pay £1 and bring it down 50%"  
HH Bognor

"Is this a misprint? It seems impossible."  
HH Bognor

"Nobody's going to complain about that are they? [cost]"  
HH Bognor

"As a business that's probably quite a lot more money"  
NHH Portsmouth

"Allowing development without relevant infrastructure is not OK. PW and SW should get the developers to contribute to these fees."  
HH Bognor

# Response to plan enhancements: REPEAT FLOODING & SEWER INFILTRATION

- Seen as necessary and urgent investments. The perceived smaller scale of the problem with repeat flooding argues for faster investment; while the major problem with sewer infiltration will take longer.

**Repeat flooding**



£0.72 per year  
By 2030

**i**

- Most internal and external sewer flooding incidents are caused by sewer blockages or asset / network related issues
- 5% are caused by issues that Southern Water is addressing through the work to separate stormwater and the sewers
- But there are a number of properties (approximately 200) which suffer from repeat incidents every few years – these are across the Southern Water region, not just in the Portsmouth Water region.
- But as this only impacts a small number of properties, the cost per property is relatively high.

- Proceed with a small programme of investment to slowly reduce the number of properties at risk of repeat flooding.
  - Including building bespoke solutions such as upgrading of sewers, building soakaways etc.
- Address 30 properties in 2025-2030



**Long term target:**  
Protect homes and communities from the impact of flooding



**Sewer infiltration**



£0.72 per year

**i**

- The Southern Water region is more likely to see water get into its sewer network due to high groundwater levels.
- Very wet winters mean the ground becomes saturated. The groundwater enters sewers through joints and connections (including privately owned sewers). High levels of groundwater are becoming more frequent and this is likely to get worse due to climate change.
- There are 17 locations where Southern Water has to use sewage tanker lorries and partial treatment of excess wastewater flows before returning it back into the environment in nearby rivers.
- This has a pollution impact and, although the impact is low, it can carry on for long periods over the winter months.

- Implement a 10-15 year investment to make the sewers more watertight, going beyond standard sewer designs.
- Address 50% of sewers in affected areas by 2030



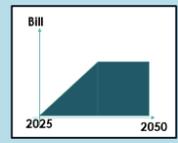
**Long term target:**  
To ensure resilience from the issue of groundwater and impact on our sewers



**Deliberation centres around:**

- If a known problem it needs to be fixed: an important investment
- 72p not a lot but understand that the whole customer body paying for a small minority
- Do flooded homes receive compensation?
- Envisage new developments are a problem – critical of developers

- Invest sooner: unacceptable for customers and the problem could escalate. Room to increase number of properties targeted

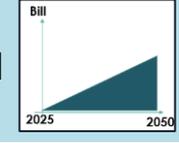


*“Just fix the problems at the root.”  
HH Portsmouth*

Summary	
Important	✓
Urgent	✓
Willing to pay	✓
Able to pay	✓

- A major task – can't be fixed over night (but for NHH customers 10-15 years does feel like a long timeframe)
- Want to know this is backed by customer and commercial behaviour (ideally through legislation)
- Some push back on bill increase: see as part of SW's job and not subject of bill rises

- Gradual investment preferred – but some would like the target to exceed the proposed 50%



*“What have SW been doing with our money all of this time?”  
HH Portsmouth*

Summary	
Important	✓
Urgent	✓
Willing to pay	?
Able to pay	✓

# Response to plan enhancements: RESILIENCE & STORM OVERFLOWS

- These investments had the largest single bill impacts (£3 each) which raises affordability concerns. Questions relate to the fairness of asking customers to pay for what many perceive as ongoing business maintenance costs

Resilience



£3 per year  
By 2030

i

- Southern Water's wastewater treatment processes are increasingly being impacted by more extreme weather. Therefore, it wants to invest to make its processes more resilient to climate change, preventing worse pollution for the future.
- Having a long coastline means some of Southern Water's pumping stations and sewers are impacted by subsidence and coastal erosion. This is made worse by more severe storms and rising sea levels.
- There is a growing risk of sudden loss of service, both water supply and / or pollution.



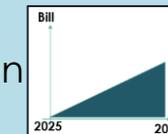
**Long term target:** To protect our sites from the impacts of climate change and coastal erosion

- Improve resilience of power supplies, making them less vulnerable to the storms (power overloads and cuts) and heat (tripping of power supplies in hot weather) that are more common. This includes greater back up power generators, improved ventilation, cooling fans etc.
- Partnership working with Environment Agency and Local Authorities to reduce the risks of coastal erosion and subsidence. For instance on planning, and identifying the areas that are impacted



## Deliberation centres around:

- Cynicism and questions about responsibility for e.g. coastal erosion and power supply
- Some see as 'excuses' for previous poor performance
- Some unclear about what the investment is
- Question whether this BAU infrastructure maintenance and hence not an extra investment?
- Mixed views on bill impact: some resistance
- Most support steady investment: don't burden future generations



*"If the pumping station is in the wrong place, move it. You can't engineer the sea out and you can't engineer climate change out."* HH Bognor

Summary	
Important	✓
Urgent	✓
Willing to pay	?
Able to pay	?

Reducing use of storm overflows



£3 per year  
By 2030

i

- Southern Water's 978 overflows spill on average of 18 times per year, although this ranges from zero spills to over 50 spills.
- Work to improve the network is part of a 25 year programme, with Government guidance initially focusing on:
  - Areas impacting shellfish waters (Solent and North Kent)
  - Overflows with recognised environmental impact
  - Investigations to guide future work

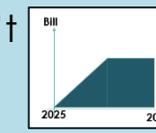


**Long term target:** Reduce spills from storm overflows by 75% by 2050 and improve all bathing areas to excellent standard

- By 2030 Southern Water will reduce storm overflow spills by 25%, prioritising environmentally sensitive areas like shellfish waters
- Accelerate reductions at the top 30 spilling overflows
- Focus on nature-based solutions and separating storm water out of the sewers and including the constructions of additional tank storage.
  - Nature based solutions include things like smart water butts, sustainable drainage, and soakaways. These can be installed by Southern Water and/or delivered by partnering with others (such as housing developments or businesses).



- This is added to the earlier £30 required investment: on this basis hard to see what the additional £3 achieves
- For many, great urgency to clean up beaches – some happy to pay to accelerate improvements
- But also 'it is all adding up' ...
- Target of 25% of spills reduced by 2030 doesn't seem ambitious enough (for the full £33 cost). Customers want clean beaches now!



*"2050!?! Too long – absolutely ridiculous?"* HH Bognor

Summary	
Important	✓
Urgent	✓
Willing to pay	?
Able to pay	?

# Response to plan enhancements: ENVIRONMENT & LEAKAGE

- Customers are supportive of the proposed plans. Individually manageable (but many mindful of affordability of the many elements)

**Improving the environment**

**£0.08 per year**  
By 2030

- The environment we rely on is under threat from climate change.
- Partsmouth Water makes £50,000 available in grants every year to help partners improve our environment.
- In recent years grants have been awarded to the South Downs National Park (to restore Staple Ash Farm Pond), the Arun and Rother Rivers Trust (to conduct a walkover survey on the river first) and Wickham Parish Council (to fence and bank planting to protect water voles at Wickham Water Meadows).

**Long term target:** Maintain all key sites in 'good' ecological status

**Partsmouth Water**

You can inform the plan.

- Option A is to delay investment
- Option B is the proposed plan.
- Option C is speed up investment

**How each option would impact an average bill by the end of each 5-year period**

Year	Option A (delay)	Option B (proposed)	Option C (speed up)
2025-2030	£0.10	£0.08	£0.08
2030-2035	£0.10	£0.08	£0.08
2035-2040	£0.10	£0.08	£0.08
2040-2045	£0.10	£0.08	£0.08
2045-2050	£0.10	£0.08	£0.08

**Reducing leakage**

**£0.55 per year**  
By 2030

- Reducing leakage means:
  - More clean water available to meet demand
  - Lower environmental impact on rivers as less water abstracted
  - Smaller carbon footprint as less water abstracted, treated and pumped
- Maintain position as one of the best performing companies, reducing leakage from 77 litres per property per day to 56 litres per property per day
- Transform the network into a 'smart' one to monitor flows, employ advanced sound and satellite technology, repair leaks on customers' supply pipes free of charge (conditions apply) and increase our workforce.

**Long term target:** Halve leakage by 50% by 2040, 10 years earlier than government expectations. This is equivalent to saving 1&M litres/day by 2050, enough to supply Bognor Regis for a day

**Partsmouth Water**

You can inform the plan.

- Option A is to delay investment
- Option B is the proposed plan.
- Option C is speed up investment

**How each option would impact an average bill by the end of each 5-year period**

Year	Option A (delay)	Option B (proposed)	Option C (speed up)
2025-2030	£0.65	£0.55	£0.55
2030-2035	£0.65	£0.55	£0.55
2035-2040	£0.65	£0.55	£0.55
2040-2045	£0.65	£0.55	£0.55
2045-2050	£0.65	£0.55	£0.55

## Deliberation centres around:

- Support for environmental targets
- Happy to see grants being doubled
- Bill impact perceived to be very small (8p)
- Some question whether customers should be funding grants (and CSR generally) – or whether this should be funded by profit
- Happy with the proposed plan (B) – though some opt for 2p extra for the accelerated investment (C)

*"It is really important...for an extra 2p it's good."*  
HH Bognor

Summary	
Important	✓
Urgent	?
Willing to pay	✓
Able to pay	✓

- Disappointed with target – this is a top priority (esp. for NHH customers)
- Will customers pay twice: first to meet the target then through the incentive scheme once PW achieves it?
- Like the use of technology to improve leak reductions
- Happy with the proposed plan (B) for gradual increases while some opt for accelerated investment (C) to reach target 5 years earlier. A minority anxious about the bill increases

*"I think 55p a day is OK. It's only going to get worse if they don't do anything about it."*  
HH Portsmouth

Summary	
Important	✓
Urgent	✓
Willing to pay	✓
Able to pay	✓

# Response to plan enhancements: LEAD PIPES & SUPPLY INTERRUPTIONS

- Customers are supportive of the proposed plans. Individually manageable (but many mindful of affordability of the many elements)

**Removing lead pipes**



£1.05 per year  
By 2030

**Lead pipes**

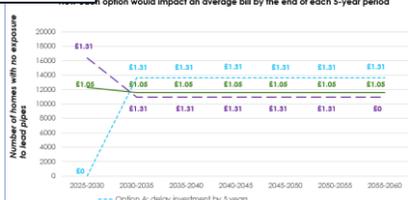
- Lead used to be a common material used for water pipes, both in water companies' networks and in people's homes. However, it was banned for new pipes because it can impact the health and development of very young children
- In areas where there are lots of properties with lead service pipes, water companies dose the water with phosphate (a harmless chemical) to reduce lead being picked up in the drinking water
- Portsmouth Water replace lead pipes that belong to them when they find them, and let our customers know how to replace theirs when they find them too.
- Portsmouth Water wants to remove lead pipes completely

**Long term target:**  
Find and replace lead pipes at all homes by 2060.

is so all schools and vulnerable homes can access water with no exposure to lead pipes in a further 15% of homes (from 2025, equivalent to 12300 additional homes)

**Faster or slower than the proposed plan?**

How each option would impact an average bill by the end of each 5-year period



**You can inform the plan.**

- Option A is to delay investment
- Option B is the proposed plan.
- Option C is speed up investment

**Water supply interruptions**



£0.67 per year  
By 2030

**Water supply interruptions**

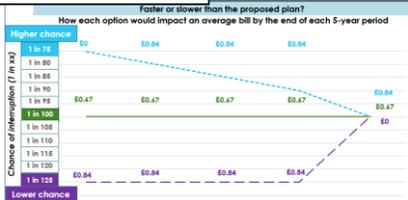
- Portsmouth Water's services are the most reliable in the country and the number of households likely to be without water for more than three hours in any year is 1 in 100, compared to an industry average of 1 in 20
- Climate change means we'll experience extreme weather events, such as droughts or freezing winters, more frequently. This will put more pressure on the pumping stations, supply works and pipes. Some of the network needs replacing and upgrading to meet today's challenges.

**Long term target:**  
Keep its services the most reliable in the country and work towards no interruptions beyond three hours.

the country, and at least as reliable as they are today if works, pumps and water mains. Keep services the no interruptions beyond three hours.

**Faster or slower than the proposed plan?**

How each option would impact an average bill by the end of each 5-year period



**You can inform the plan.**

- Option A is to delay investment
- Option B is the proposed plan.
- Option C is speed up investment

**Deliberation centres around:**

- Pockets of awareness of the issue
- Mixed views on urgency: for some, very urgent but less so for others, once phosphate dosing understood
- Seen as a big programme reaching every affected property – but is there more to be done to identify affected properties?

Most happy with the proposed plan (B) on the basis that the current situation is safe

Some want a more ambitious target: e.g. a one off bill rise to eliminate lead quickly

"If it's safe then do the normal plan."  
HH Portsmouth

Summary	
Important	✓
Urgent	?
Willing to pay	✓
Able to pay	✓

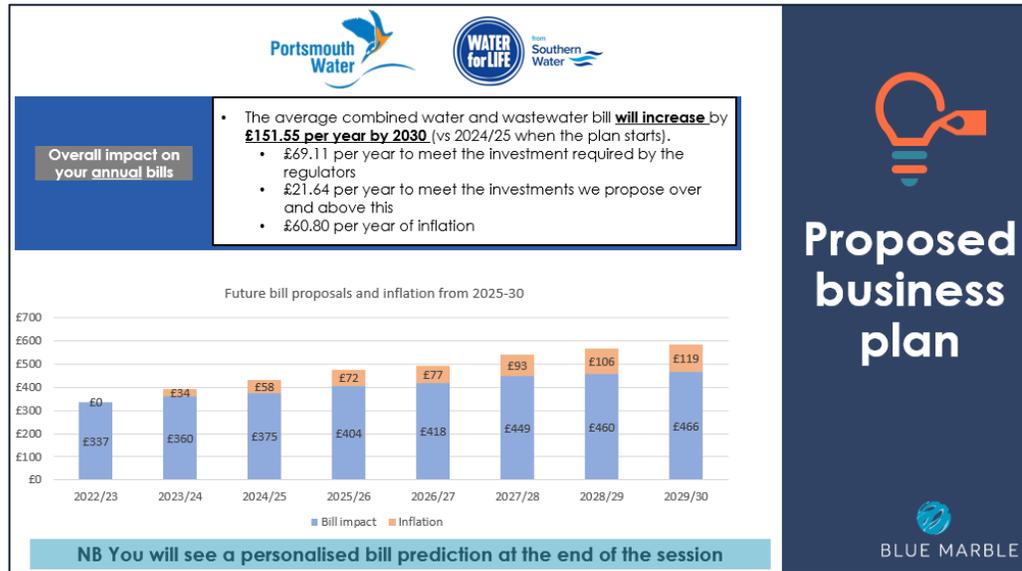
- Plan sounds reasonable: starting from strong performance
- A few have experienced an interruption: this issue doesn't create very much debate
- Important to maintain performance but no urgency to improve
- NHH customers feel improving supply interruptions is an important investment
- Happy with the proposed plan (B) to maintain 1 in 100 chance of an interruption
- Bill impact seems acceptable

"They are the best in the country and leading by example whilst also the cheapest. So 67p is fair if they maintain standards."  
HH Portsmouth

Summary	
Important	?
Urgent	?
Willing to pay	✓
Able to pay	✓

# Proposed plan summary (based on average bills)

- Respondents shown the bill impact based on an average bill (as shown) before seeing their personalised bill as part of the post task exercise



- Shock around the overall bill impact of £151.55 increase pa – they calculate the total (from £337 now to £585 in 2030)
- The inflation is more significant that expected – but still an unknown
- Most, on further consideration, still want to see this level of investment
  - More trusting that PW will meet its targets
  - SW poor past performance leaves doubt about their ability to deliver the outcomes
- Strong support for SW improvements as these are seen as critical – but with shorter term goals and faster results. But trust deficit creates cynicism about the customers' role in paying for past neglect/under investment
- While individual elements felt affordable the example based on average bills creates some disquiet.

*"This is scary especially when people are struggling and there are mental health challenges"*  
HH Portsmouth

*"It's 40p per week to maintain supply that works and a sewer system that doesn't... if 40p fixes the sewage issues then it is worth it."*  
HH Bognor

*"Inflation could come down. Pigs might fly!"*  
HH Portsmouth

*"This is too much, we can't afford it. It will put people in poverty"*  
HH Portsmouth

*"it is good for our environment and the community. It's acceptable!"*  
NHH Bognor



There are four areas where Southern Water could reduce the cost of the plan	
 <p><b>'Must do' plan</b> This plan allows Portsmouth Water to carry out the work that they are required to do by law</p> <p>Also the <b>least cost</b> plan</p>	<p><b>Storm overflows</b></p> <p>£30 Instead of £33 per year</p> <ul style="list-style-type: none"> <li>Not target the 30 top spilling overflows through the use of nature based solutions and concentrate only on what is requirement by the regulator</li> <li>This will add no extra cost to the average bill (instead of £3 per year to target the 30 top spilling overflows)</li> </ul>
	<p><b>Repeat flooding</b></p> <p>£0 Instead of £0.72 per year</p> <ul style="list-style-type: none"> <li>Not focus on the 30 to 60 homes who experience repeat flooding.</li> <li>This will add no extra cost to the average bill (instead of £0.72 per year to focus on 30-60 homes experiencing repeat flooding).</li> </ul>
	<p><b>Resilience</b></p> <p>£0 Instead of £3 per year</p> <ul style="list-style-type: none"> <li>Not investing to reduce the risk and impacts of coastal erosion and not focussing on improving Southern Water's sites resilience to power outages caused by increasing storms and heatwaves.</li> <li>This will add no extra cost to the average bill (instead of £3 for reduction of risk of coastal erosion and improving sites' resilience)</li> </ul>
	<p><b>Sewer infiltration</b></p> <p>£0 Instead of £3 per year</p> <ul style="list-style-type: none"> <li>Not to focus on the 17 areas identified where the impact of sewer infiltration can be getting worse</li> <li>This will add no extra cost to the average bill (instead of £3 per year)</li> </ul>

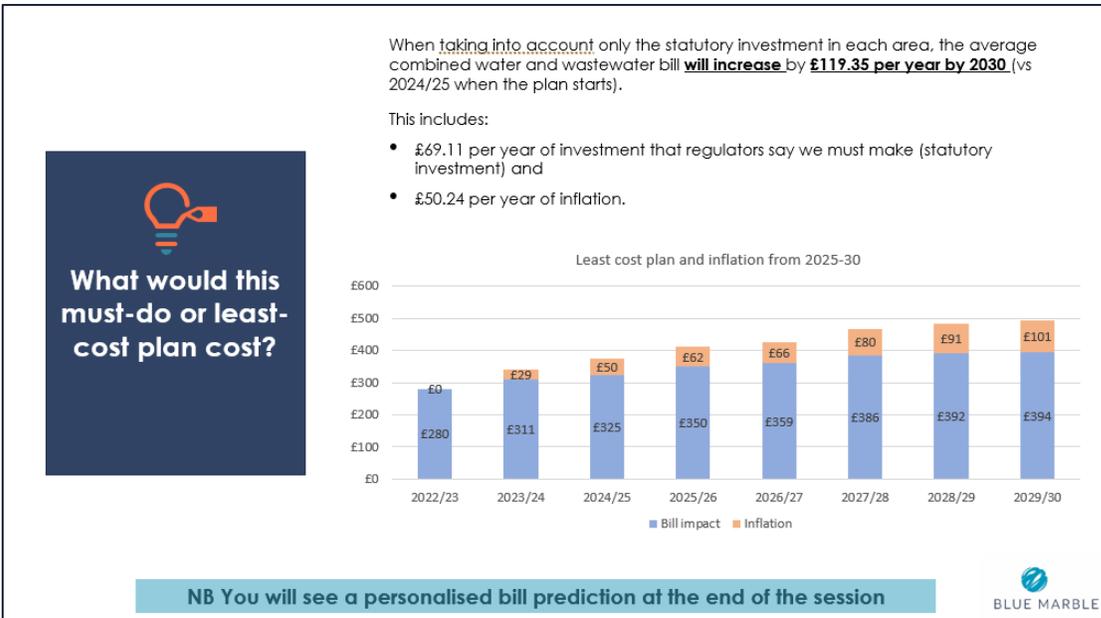
There are four areas where Portsmouth Water could reduce the cost of the plan	
 <p><b>'Must do' plan</b> This plan allows Portsmouth Water to carry out the work that they are required to do by law</p> <p>Also the <b>least cost</b> plan</p>	<p><b>Reduce leakage</b></p> <p>£0 Instead of £0.55 per year</p> <ul style="list-style-type: none"> <li>Reduce leakage <b>by 50% by 2050 instead of 2040</b></li> </ul>
	<p><b>Replacing lead pipes</b></p> <p>£0 Instead of £0.91 per year</p> <ul style="list-style-type: none"> <li>Replace lead pipes so all schools and vulnerable homes can access water with no exposure to lead by 2070 instead of 2060.</li> <li>This will add no extra cost to the average bill (instead of £0.91 per year for replacing all lead pipes by 2060)</li> </ul>
	<p><b>Reliable water supply</b></p> <p>£0 Instead of £0.67 per year</p> <ul style="list-style-type: none"> <li>Only invest to make sure Portsmouth Water meets its legal requirements rather than exceeding them. This means services will be as reliable as the water industry average. Chance of supplies being interrupted increases from just under 1 in 100 a year to just over 5 in 100 a year.</li> </ul>
	<p><b>Improving the environment</b></p> <p>£0 Instead of £0.08 per year</p> <ul style="list-style-type: none"> <li>Make sure the environment doesn't get worse at key sites without increasing the amount available every year through grants to improve the environment we rely on.</li> <li>This will add no extra cost to the average bill (instead of £0.40 per year for improving the environment at key sites)</li> </ul>

Respondents were shown the must-do plan in overview (as shown).



# Must-do plan – bill impact (average bill)

- Having seen the proposed plan everything seems important. While the must-do plan is slightly more affordable there are more general concerns that while the short term increases appear affordable, the longer term impact may be unsustainable



- The cost difference between the two plans is comparatively small. Many lean towards the proposed plan as better value overall
- Areas most willing to compromise
  - Resilience: current performance satisfactory (and seen as part of company's ongoing maintenance)
  - Repeat flooding: affects relatively few

## Areas least willing to compromise

- Sewer infiltration
- Storm overflows
- Leakage

The critical thing in light of SW performance is that the investment delivers – the system of penalising missed targets doesn't inspire confidence.

"Fines going back to the customer? It hasn't solved the problem so what is the point? You are asking the customer for more money then on the other hand when they get fined you are giving it back!...It's a mission of failure in a circle!" HH Bognor

"I'd say yes, worth paying the extra [for proposed plan]. I don't think I can afford it more than anyone else can but it is worth it for the improved quality of life" HH Bognor

"It's very hard to comment on any of these increases when you hear about the profits they are making" HH Bognor

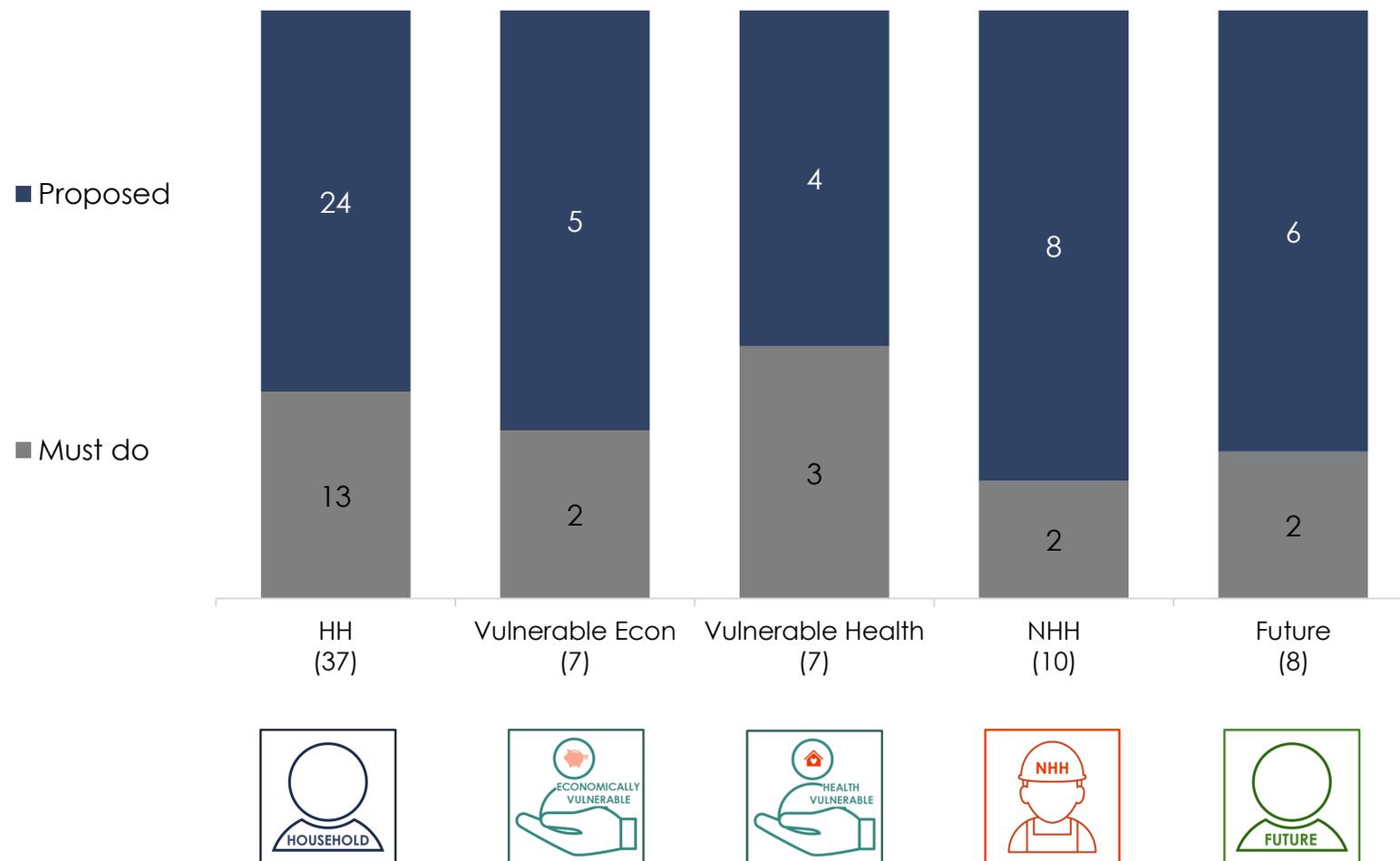
"You don't really think about it for a commodity that you need – I mean I pay more for Sky when you look at it that way." HH Bognor

"I have no confidence they [SW] will even get the must-have targets done" HH Bognor



# Proposed vs. Must do

- The majority of customers prefer the proposed plan



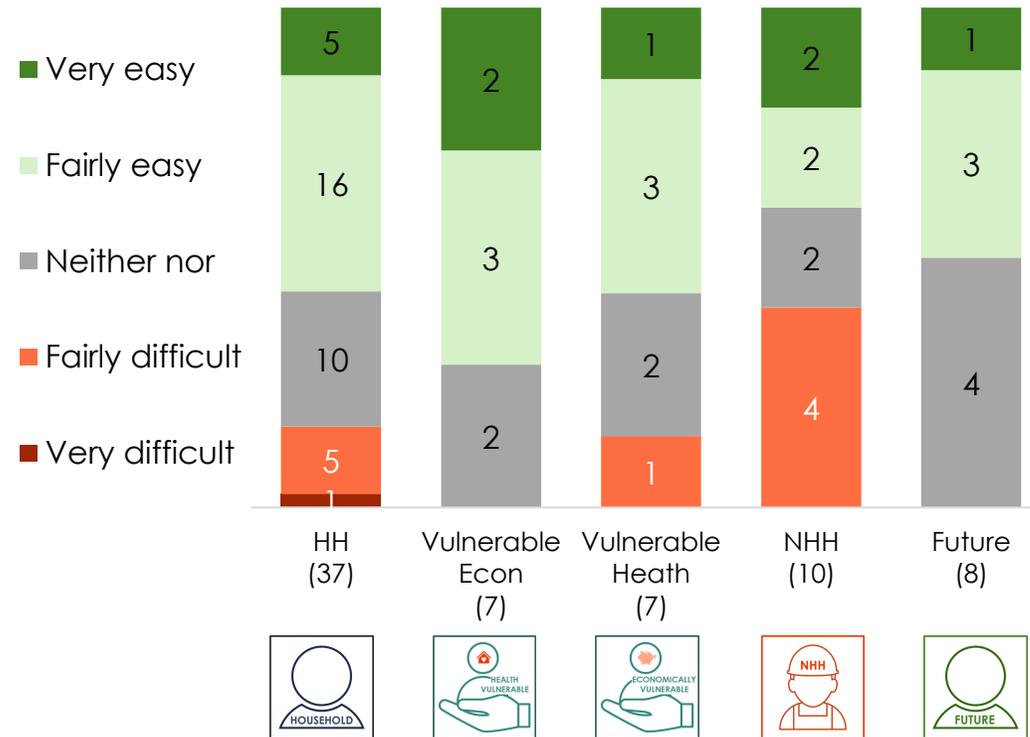
**Proposed = 47/69**

**Must do = 22/69**

# Proposed vs. Must-do (based on personalised bill)

- Many HH customers felt it was an easy decision to choose their preferred plan – a little more uncertainty amongst the vulnerable and NHH customers

## Ease of choosing preferred plan

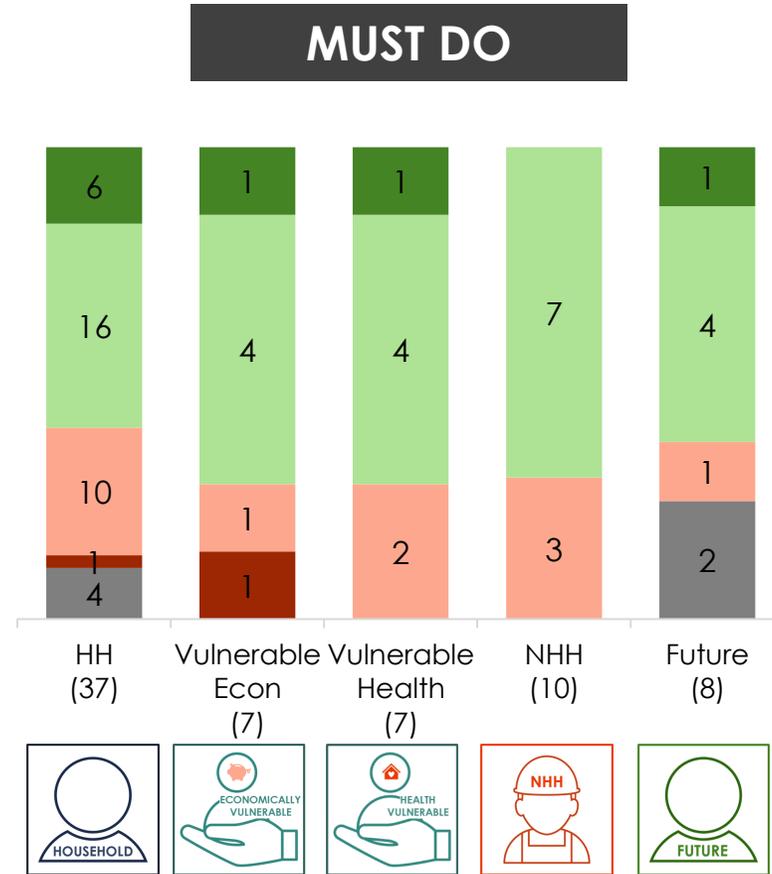
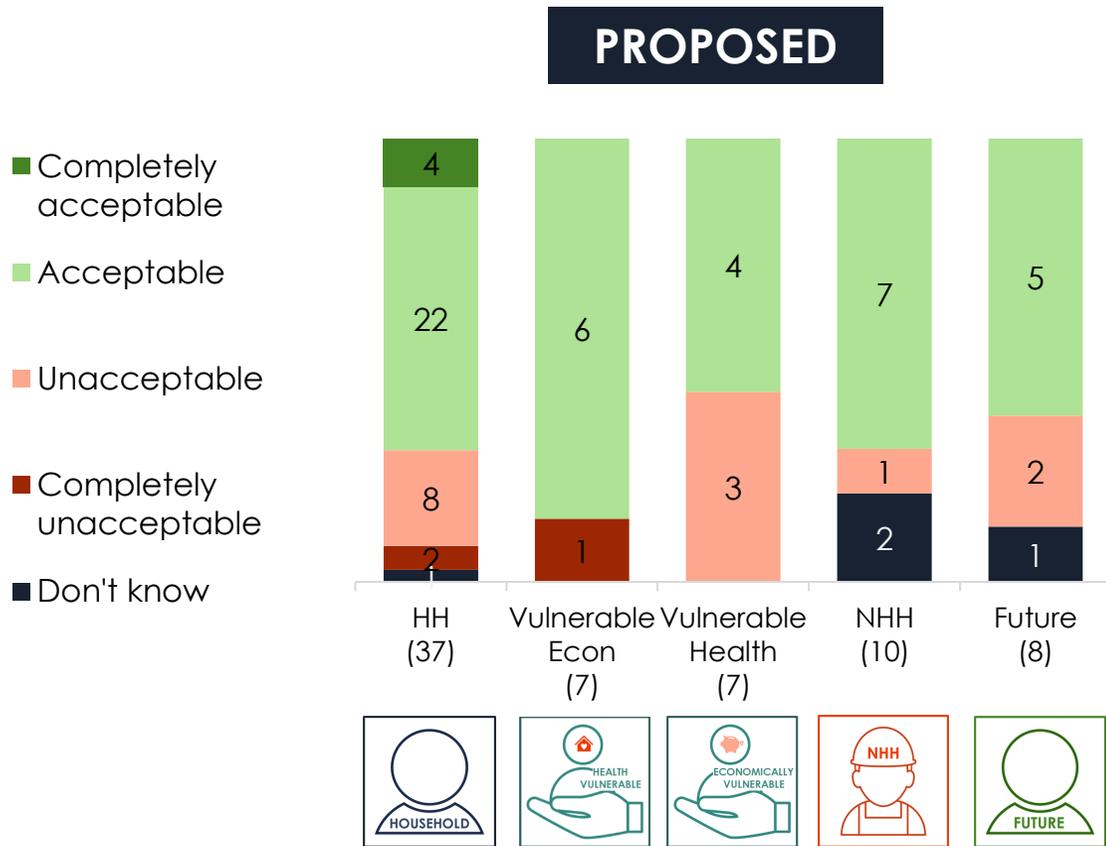


# Summary: Proposed and 'must do' plan



## ACCEPTABILITY

- The 'must-do' plan is marginally more acceptable than the proposed plan when people are evaluating the bill impacts based on their personal bill

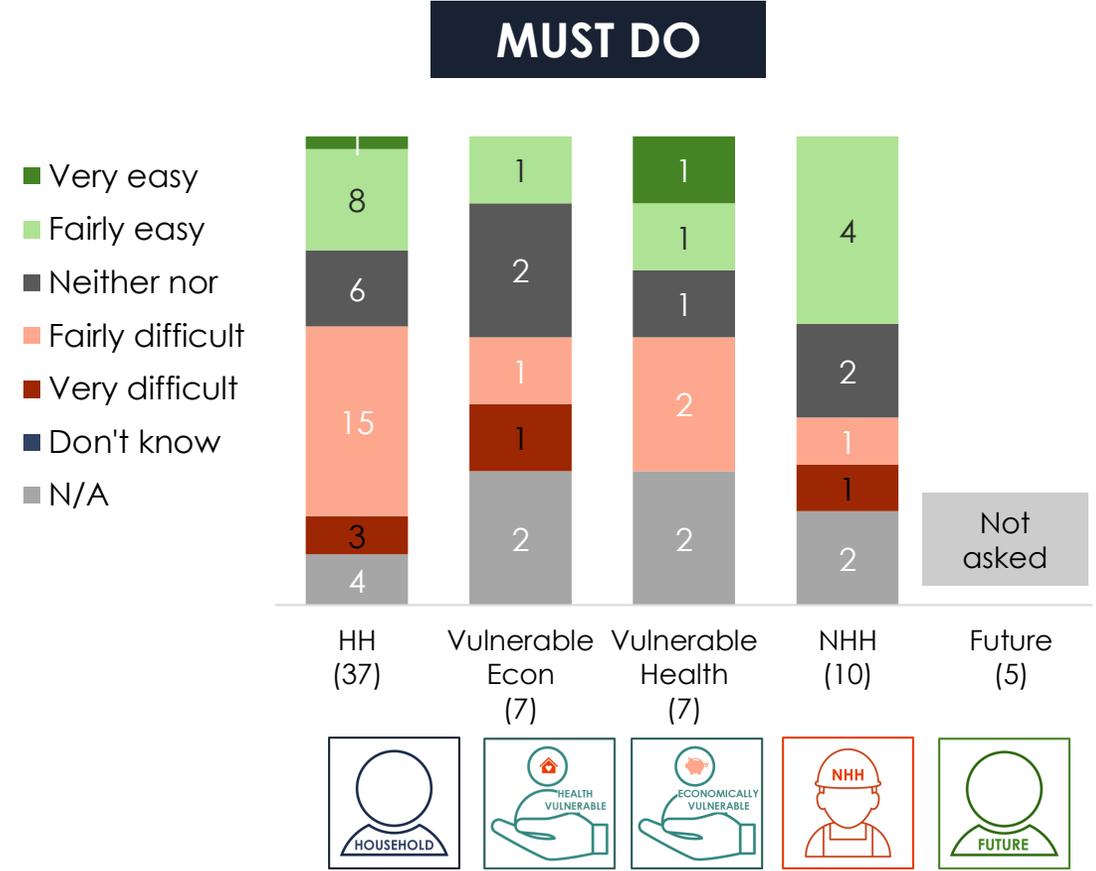
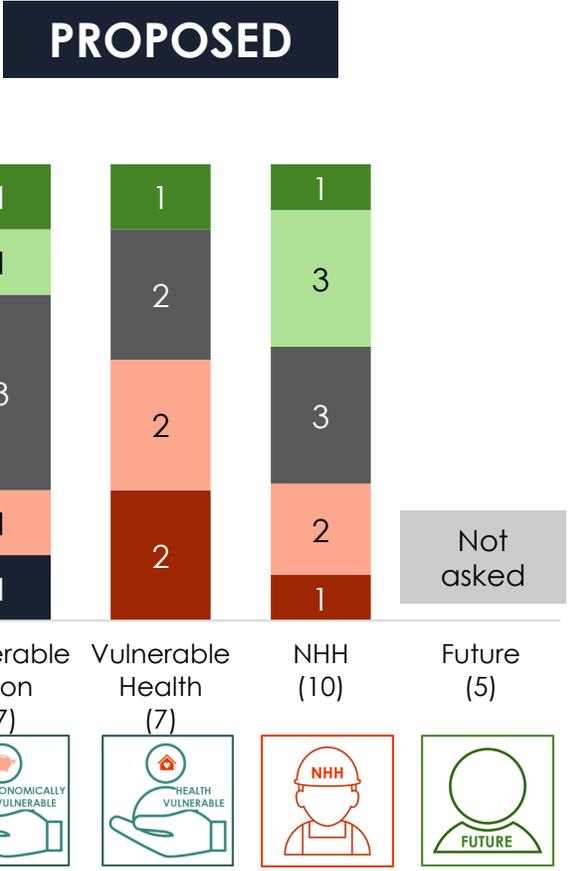


Source: Appendix A, B/C, D, E: Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford the water and sewerage bills for the proposed plan? Based on everything you have heard and read about the company's proposed business plan, how acceptable or unacceptable is it to you?

# Summary: Proposed and 'must do' plan (personalised bill)



- The must-do option is slightly more affordable for the HH sample but does not make a notable difference to affordability for the vulnerable audiences

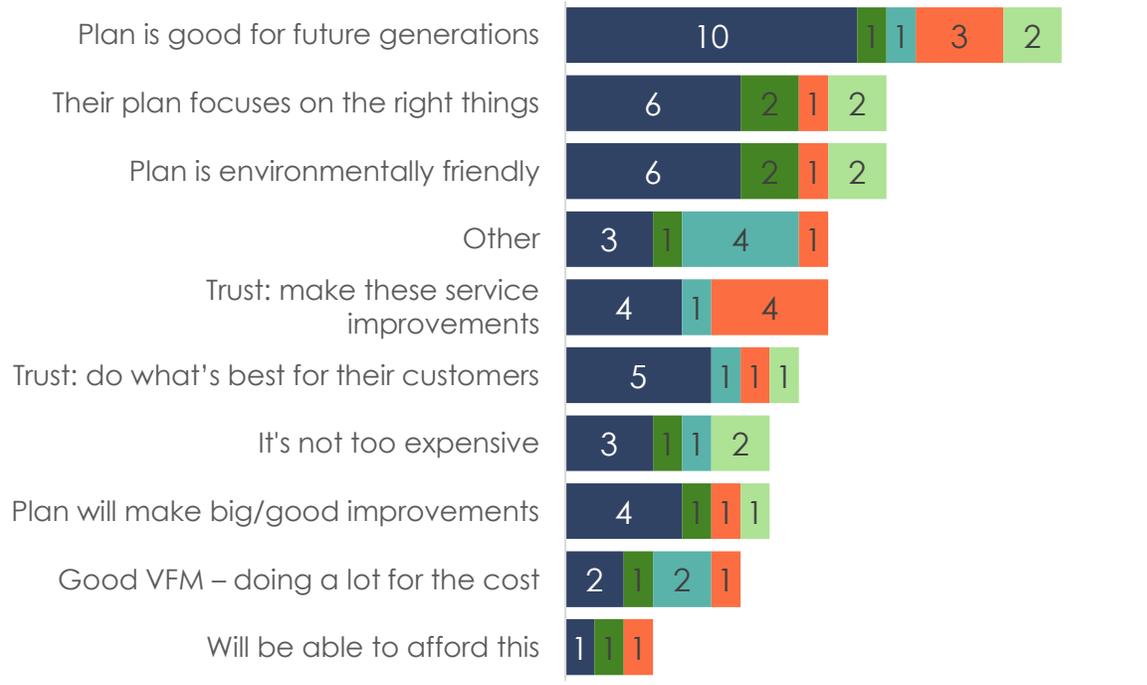


Source: Appendix A, B/C, D, E: Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford the water and sewerage bills for the proposed plan? Based on everything you have heard and read about the company's proposed business plan, how acceptable or unacceptable is it to you?

# Summary: Reasons for accepting/rejecting the Must-do plan

- Similar to the proposed plan, those who accept it see it as a future thinking and believe it would make a notable improvement
- This plan is largely rejected as customers believe water companies should pay more for the plan

## Reasons for accepting



■ Household (22) ■ Vulnerable Econ (5) ■ Vulnerable Health (5) ■ NHH (7) ■ Future (5)

## Reasons for rejecting



■ Household (11) ■ Vulnerable Econ (2) ■ Vulnerable Health (2) ■ NHH (3) ■ Future (1)

Source: Appendix A, B/C, D, E: Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford the water and sewerage bills for the proposed plan? Based on everything you have heard and read about the company's proposed business plan, how acceptable or unacceptable is it to you?

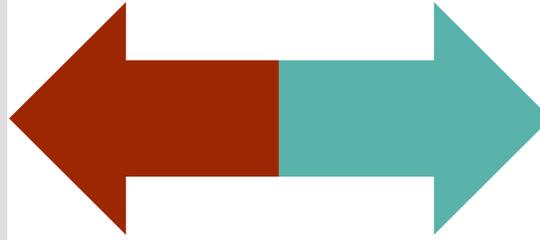


# Conclusions and recommendations

- Customers largely accept the plan and the individual bill impacts (based on an average bill). However affordability is in doubt when customers see their personalised bill and the cumulative effect of all the investments – and inflation

## Customers least supportive where the investments:

- Where targets seem unrealistic/unreachable (e.g. sewer pollution)
- Where investment feels like BAU activity (supply resilience)
- Where investment is to put right past wrongs (storm overflows)
- Where they think shareholders are being put before squeezed customers



## Customers support the plans where the investments:

- Relate to issues that are perceived important/ relate to known problems (sewer spills, leaks)
- Where the bill impact is small (repeat flooding, infiltration, most performance commitments)
- Relate to environmental improvements (for some)

## What will improve plan acceptability & affordability?

- More ambitious leak and pollution performance commitments
  - Reassurance around smart meters and help for high using or low income households
  - Increased trust (in SW) with more tangible information about sewer spills and building a belief in its urgency to improve
- Presentation and context would support customer understanding of the plan e.g.:*
- Clearer explanation of e.g. the role of the water company in coastal management; the role of developers in paying for new infrastructure etc.
  - Explanation of why targets are deemed stretching (where customers think they are unambitious)





# BLUE MARBLE

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# Additional segment analysis for Health Vulnerable and NHH customers





## Health vulnerable sample achieved = 7/8

- **Age:** 1 x under 45, 6 x over 45
- **Gender:** 5 x F, 2 x M
- **Metering:** 4 x metered, 2 x unmetered, 1 x don't know
- **PSR status:** 5 x on PSR
- **Examples of vulnerability include:** heart problems, fibromyalgia, autism

### Consumer context

- Health costs increasing and putting a strain on customer finances
- Customers largely rely on government credit notes and benefits to get by financially
- None of the health vulnerable customer audience work or are able to work - many perceive this to be adding to their water usage as they spend most of their time at home

### Pre-read: Spontaneous views on additional support via PSR / social tariff

- 5 on PSR – customers are aware they are on PSR because they have received bottled water after supply interruption, however many are unaware of other benefits
- Some unhappy with 20% discount on social tariff – many feel that this should be more in order to take into account the rising costs associated with health care and cost of living

### What needs do this segment have?

- Some rely on carers to assist with paying water bills and managing water meters around the house and would find it difficult to manage water bills without assistance
- A few health vulnerable customers commented on a need to see phone payment lines restored as they prefer communication over the telephone to digital communication





## The business plan proposal for vulnerable customers

### Additional Financial Support



- **Priority Services Register:** PSR teams offer specialist customer service to customers, including large print or braille bills, translation of important information into a different language or home deliveries of bottled water in the event of supply disruptions. Southern Water has over 7% of customers registered and plans to continue reaching out to customers and working with partners (such as councils, charities and housing associations) to identify those that need greatest support
- **Essentials Tariff:** 111,250 customers are currently supported through social tariff. We increased the basic discount of 20% to 45% from 1st October 2022, have now moved all existing social tariff customers to this higher discount. We plan to continue the minimum discount at 45% from 2025 onwards.
- **Watersure:** 16,670 customers have their water bills capped
- **Hardship Fund:** Nearly 800 customers helped through Hardship Fund in its first two years. The hardship fund supports those that are financially struggling and always put their payment of bills first. It writes off debt, provides a future 50% bill reduction and is used to purchase white goods to help with essentials for customer homes.
- **Payment breaks/tailored payment plans** for customers who are struggling financially
- **New Start:** If a customer is in significant arrears and commits to payments, for their payments Southern Water will match their payments made towards arrears. (Household must demonstrate financial hardship and have not made recent payments)
- **Water Direct:** With customer consent, water bills can be taken direct from benefits to help with budgeting

## Vulnerability strategy

- In general customers felt Southern Water's proposals are misplaced as customers were not happy with overall performance
  - Customers want to see improvements in areas such as sewage (very visible in Portsmouth) before paying for social schemes
- Some felt strongly that they deserve priority services, however, they worry that if this is widened ineligible customers will receive the same benefits – at a significant cost to the company
- The proposals were acceptable in principal but many questioned whether Portsmouth and Southern should be charging the customer for this

*"They (Southern Water) could probably do more, I think. Efficiency is the thing that is going to let them keep bills down. They could do more as a company to be efficient in running, which enables them to keep prices down for the customers and I think efficiency is what needs looking into. I think they've been sitting on their backsides doing nothing for quite a long time."*  
Health Vulnerable

*"I would want to make sure that people eligible actually cannot pay their bills. I do get a little bit uptight about that because sometimes on the telly, when you see things like this going on, they're sitting there smoking and they got satellite TV and all this sort of thing. Well, to me, if they can afford to do that, then why can't they afford to pay for their water bills? I said I'm old school. It's about priority."*  
Health Vulnerable





# Health Vulnerable – Affordability plans

## The business plan proposal for vulnerable customers

### Social tariffs



#### Where Portsmouth Water is today:

Portsmouth Water currently has a social tariff, where 11,000 customers only pay its minimum tariff. This currently equates to a 40% reduction (£46), from an average bill of £117 to £71. The social tariff criteria for Portsmouth Water is a household income of less than £21,000.

#### What Portsmouth Water is proposing:

##### Being part of a future national discount scheme

At the moment, we expect this scheme to provide a £5 discount to all customers on universal/pension credit.

This will be a minimum discount, with those who are on universal/pension credit and also qualifying for our social tariff receiving the higher social tariff discount.

##### Development of a financial hardship fund

This would be a 'pot' of funding that would be available for any customer to access, should they meet specific criteria.

The criteria would be co-created with customers and organisations such as Citizens Advice.

##### Target for 2030

Portsmouth Water is targeting having 27,500 customer registered for a social tariff by 2030.

## Affordability plans

- Portsmouth Water's targets to reduce tariffs were seen as acceptable and important
- Questions remain about eligibility, but customers not currently receiving a social tariff would pay for this to be invested in
- Customers felt Southern Water particularly need to invest in social tariff schemes and priority services due to underperformance
  - Many question why both companies need to have separate schemes customers then pay for?

*"Well, I suppose I accept it, but I can't comment on other people that can't afford to pay their bills when I can, and I don't know their circumstances sort of thing."*  
HEALTH VULNERABLE

*"If Southern are doing everything they can to help as a company, I'd accept this plan. They do need to up their game a bit though, because that's not acceptable being in the minus category for the Priority Service Register."*  
HEALTH VULNERABLE



# Health vulnerable: Response to business plan – affordability and acceptability

- Customers find the proposals acceptable and generally would opt for goals to be achieved as soon as possible, however, paying the increased bill amount between 2025-2050 is unaffordable to the majority.

### Portsmouth Water's Business Plan for 2025 - 2030

#### WATER SUPPLY INTERRUPTIONS LASTING LONGER THAN THREE HOURS

**CHALLENGE** Maintain our water supplies as the most reliable in the country, and at least as reliable as they are today (an average of 2 minutes 15 seconds).

**2025-2030** Invest more to upgrade ageing water treatment works, pumps and water mains. To maintain our industry leading service, would cost an additional £3.35 plus inflation on bills by 2030.

**LONG TERM** Keep our services the most reliable in the country and work towards no interruptions beyond three hours.

#### THE APPEARANCE, TASTE AND SMELL OF TAP WATER

**CHALLENGE** Maintain our position as one of the best performing companies with lower contacts than the industry target.

**2025-2030** Add more ultraviolet treatment to our works, partner with landowners to stop pollutants reaching water sources and replace more water mains.

**LONG TERM** Keep our water quality contacts among the lowest in the country.

#### REDUCING LEAKS

**CHALLENGE** Maintain our position as one of the best performing companies and reduce leaks from 77 litres per property per day to 56 litres by 2030.

**2025-2030** Transform our network into a 'smart' one to monitor flows, employ advanced sound and satellite technology, repair leaks on customers' supply pipes free of charge (conditions apply) and increase our workforce. Our fast-track plan to reduce leakage would cost an extra £2.75 plus inflation on bills by 2030.

**LONG TERM** Halve leakage by 50% by 2040, 10 years earlier than we must.

WHERE WE'D LIKE TO INVEST TO DO MORE

#### INSTALLING SMART METERS

**CHALLENGE** Our customers use more water than most in the UK. We need to make better use of water available and find and fix more leaks to meet the challenges of climate change, population growth and to protect the environment.

**2025-2030** Install smart meters for nearly half our customers, supported by water-saving advice and tools for households and businesses, as well as free leak repairs on supply pipes (conditions apply). We'll make sure all customers can afford their bill.

**LONG TERM** Install smart meters for all households by 2035 and trial innovative water-saving tariffs.

#### REMOVING LEAD PIPES

**CHALLENGE** Lead water pipes are now banned because they can impact the development of young children. We've replaced most lead pipes on our network and use harmless chemicals to reduce traces of lead. We want to remove lead pipes completely.

**2025-2030** Replace lead pipes so all schools and vulnerable homes can access water with no exposure to lead by 2030, and at a further 15% of homes. The 15% of homes would cost an extra £41 million and add £5.25 plus inflation on bills by 2030.

**LONG TERM** Find and replace lead pipes at all homes by 2060.

#### IMPROVING THE ENVIRONMENT

**CHALLENGE** The environment we rely on is under threat from climate change. We want to further improve land we own for plants and animals and give more grants to help others create wildflower meadows, ponds, improve woodlands and do research.

**2025-2030** Improve the environment at our key sites and double the grants we give each year to £100,000. To increase our environmental work would cost an extra £4.75 million and add 40p plus inflation on bills by 2030.

**LONG TERM** Continue to invest in environmental partnerships to maintain the environment for water supplies.




- The average combined water and wastewater bill **will increase by £151.55 per year by 2030** (vs 2024/25 when the plan starts).
  - £69.11 per year to meet the investment required by the regulators
  - £21.64 per year to meet the investments we propose over and above this
  - £60.80 per year of inflation

Summary	
Important	✓
Urgent	✓
Willing to pay	?
Able to pay	✓

**Deliberation centres around:**

- Smart meter proposals and digitalising network caused concern for the more elderly population
- Affordability seen as biggest issue – regarded as something customers have little control over - but there is acceptance that investment is required

**Response to proposed plan:**

- Southern Water's plans for sewage spill reduction most urgent and acceptable
  - Customers feel this should be the focus and most money put into this target
- Portsmouth Water's plans for leakage reduction most relevant to customers as they are concerned about health issues

*"Water leaks definitely important, and removing lead pipes. If you have a few people with dripping taps it mounts up. You're meant to get them done, it's meant to be a priority to get them done. I know for a fact lead can give you brain damage, that's a bit close to my heart that one, so I'd say get rid of all the lead and replace it.*

*I won't be here by 2030 but if they can replace as much as they can it's going to be worth it for school and for little kids. For the vulnerable as well, the elderly, I don't know long term because I won't be around."*

HEALTH VULNERABLE



## Non-household sample achieved = 6

- **Size:** 5 x micro NHH, 1 x larger NHH (over 10 employees)
- **Examples of business type include:** convenience stores, care homes, take away outlet, transport
- **Usage type:** 4 x domestic, 2 x non-domestic
- **Usage volume:** 5 x low spend, 1 x high spend

### Customer context

- Businesses are suffering from the impact of the rising costs in the current economic climate
- This affects various aspects of their businesses including costs of materials, running costs, staff wages and a decrease in their customer's disposable income
- Businesses are adapting to the circumstances in the short term but are eager to see changes and improvements in the next year or two

*"Eventually the smaller companies will not be able to keep absorbing those costs and potentially they will have to put their prices up, which isn't greatly received."*

NHH

*"I thought it was really alarming, the standard of the positioning in the UK of Southern Water's discharge and sewerage performance."*

NHH

*"You sort of live in your own little house, don't you...as long as it doesn't affect me, I don't really care."*

NHH

### NHH customers were disappointed to see Southern Water's performance

- Though impressed by Portsmouth Water's performance in the pre-read materials, NHH customers were not impressed with Southern Water's poor performance in certain areas
- However, they feel their water company providers are doing a good job overall
- For some, the relationship between the wholesaler and retailer is a bit confusing



# NHH: Response to plan on a page – affordability and acceptability

- NHH customers would rather see investments go ahead and not be delayed, rather than opt for the must do plan to see a smaller bill increase

**Portsmouth Water's Business Plan for 2025 - 2030**

CHALLENGE	WATER SUPPLY INTERRUPTIONS LASTING LONGER THAN THREE HOURS	THE APPEARANCE, TASTE AND SMELL OF TAP WATER	REDUCING LEAKS
	Maintain our water supplies as the most reliable in the country, and at least as reliable as they are today (an average of 2 minutes 16 seconds)	Maintain our position as one of the best performing companies with lowest contacts than the industry target.	Maintain our position as one of the best performing companies and reduce leaks from 77 litres per property per day to 56 litres by 2030.
2025-2030	Invest more to upgrade ageing water treatment works, pumps and water mains. To maintain our industry leading service, would cost an additional £3.35 plus inflation on bills by 2030.	Add more ultraviolet treatment to our works, partner with landowners to stop pollutants reaching water sources and replace more water mains.	Transform our network into a 'smarter' one to monitor flows, employ advanced sound and satellite technology, repair leaks on customer supply pipes free of charge (conditions apply) and increase our workforce. Our five-year plan to reduce leakage would cost an extra £2.75 plus inflation on bills by 2030.
LONG TERM	Keep our services the most reliable in the country and work towards no interruptions beyond three hours.	Keep our water quality contacts among the lowest in the country.	Have leakage by 50% by 2040, 10 years earlier than use must.

**WHERE WE'D LIKE TO INVEST TO DO MORE**

CHALLENGE	INSTALLING SMART METERS	REMOVING LEAD PIPES	IMPROVING THE ENVIRONMENT
	Our customers use more water than most in the UK. We need to make better use of water available and find and fix more leaks to meet the challenges of climate change, population growth and to protect the environment.	Lead water pipes are now banned because they can impact the development of young children. We've replaced most lead pipes on our network and use harmless chemicals to reduce traces of lead. We want to remove lead pipes completely.	The environment we rely on is under threat from climate change. We want to further improve land use for plants and animals and give more grants to help others create wildlife-friendly meadows, ponds, improve woodlands and do research.
2025-2030	Install smart meters for nearly half our customers, supported by water-saving advice and tools for households as well as free leak-fix (conditions apply). Users' customers can afford it.	Replace lead pipes so all schools and vulnerable homes can access water with no exposure to lead.	Improve the environment of our key sites and double the grants we give each year to
LONG TERM	Install smart meters by 2035 and trial innovative		

**Southern Water's business plan for 2025-30**

Common areas across water companies

By 2030 we'll...	Sewer flooding	Pollution incidents
	focus on customers most frequently impacted and reduce internal flooding from 1.04 to 0.99 and external flooding from 18.5 to 14.7 per 10,000 homes.	focus where it matters most to reduce serious incidents to zero. We'll also reduce overall incidents from 19.4 to 12.7 per 10,000km <sup>2</sup> of sewer.
We'll do this by...	working in partnership to reduce pressures on our networks and prevent water entering our sewers – as well as using data to predict where flooding might happen.	improving how we predict where issues might happen by installing better monitoring, making our assets more resilient and investing in new ways to prevent rainwater entering the system.
By 2050 we'll...	build a fully digital network, which enables us to prevent issues from happening and is resilient to the impacts of climate change and population growth.	continue protecting the environment and reducing pollution as a top priority.

By 2030 we'll...	Improve river water quality	Increasing resilience	Storm overflows
	reduce the impact of nutrients and chemicals on around 1,000km <sup>2</sup> of rivers.	have protected at-risk sites from coastal erosion and power outages to help improve the reliability of our services.	reduce storm overflow spills by 25%, prioritising environmentally sensitive areas like shellfish waters and 27 to spilling overflows.
We'll do this by...	upgrading our treatment works to meet new standards and working with partners to restore habitats, create new ones and prevent diffuse pollution from farms, industry and roads.	upgrading our sites to make them more resilient to extreme weather and work with partners to reduce the risks from coastal erosion and subsidence.	using innovative ways to reduce the amount of rainwater entering our sewers, installing more monitors to identify issues faster and building storage tanks for the long term.
By 2050 we'll...	have restored all the chalk streams in our region and improved the quality of all the protected habitats and all waterbodies to be meeting good ecological status.	have greater protection from climate change, population growth and a smarter, more resilient network.	reduce spills from storm overflows by up to 75% and improve all bathing areas to excellent standard.

Our customers' other priorities

## Deliberation centres around:

- Some of the performance commitments don't feel as ambitious as NHH customers would like to see – specifically leakage and pollution. There's an overall feeling that Portsmouth Water and Southern Water have 'kept it safe' on their set targets
- NHH customers are keen for water companies to invest in infrastructure to reduce leakage and improve reliability and resilience
- Some are unsure that the lead pipe investment is necessary – would like to know more about the problems they actually cause

## Response to proposed plan:

- Particularly pleased to see the 'leakage' investment and work being done to reduce supply interruptions
- Generally, NHH customers are accepting of the investments outlined in the proposed plan
- For some, the bill increase feels quite high whereas for others it feels as expected
- The difference in cost between the proposed and must do plan doesn't feel particularly significant – so for many makes more sense to go for the proposed and see investments completed sooner

*"The easiest thing to do is to stop the stuff that we're losing."  
NHH*

*"I think we all expect things to go up and improvements to be made, so from a business point of view, as long as the plans are being done and you can see it, were certainly not expecting to pay less. Nice that they're communicating where it's going."  
NHH*

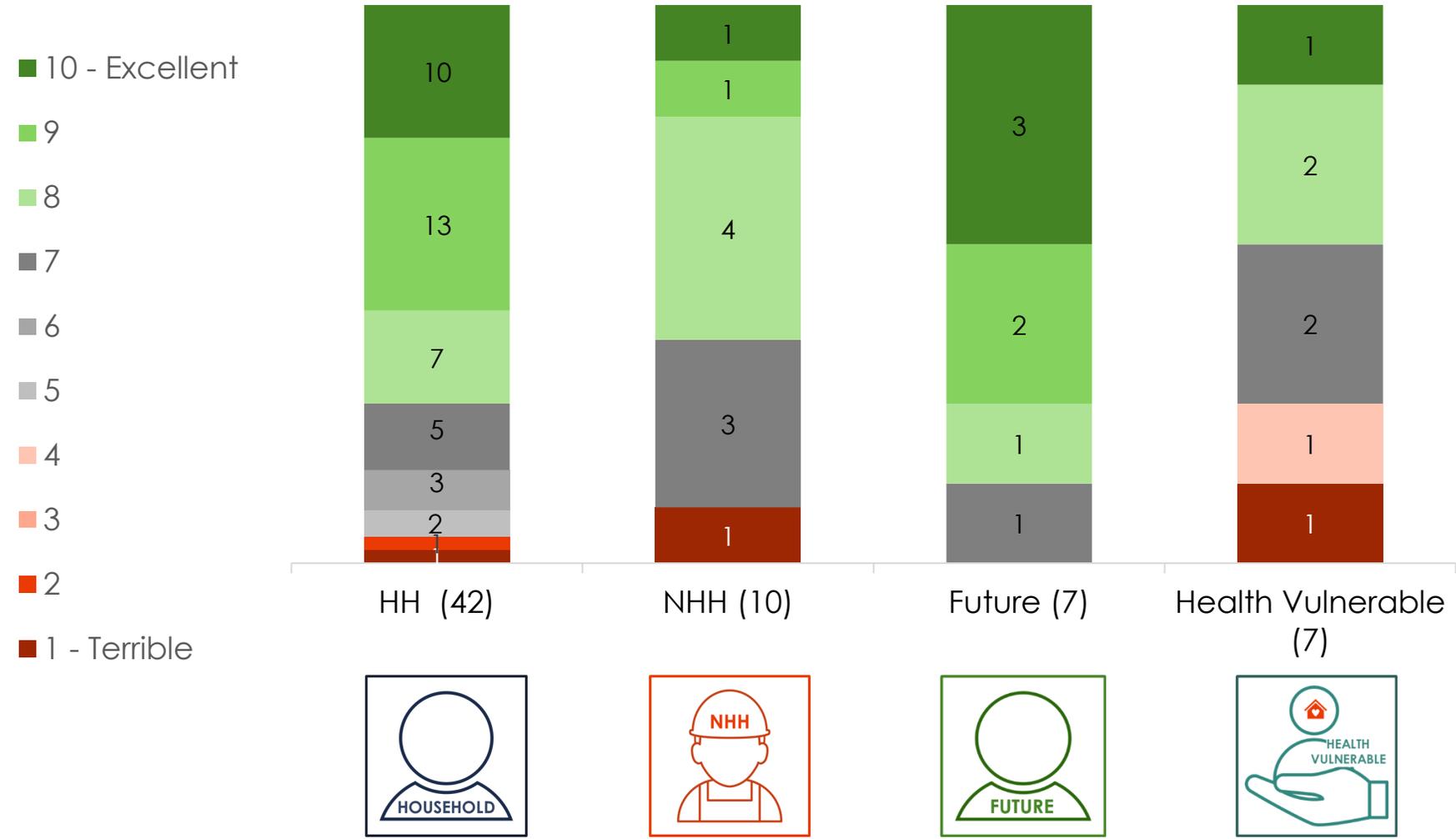
# Event feedback



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# Event feedback: ratings of the deliberative events

Over 3 in 5 participants gave the events a rating between 8 and 10. HH and future customers were most likely to rate the events highly, while health vulnerable customers were the least likely.



Out of our sample:  
**45/66**  
 would rate the events 8/10,  
 9/10 or 10/10

# Event feedback: reasons for ratings

Participants who rated the event highly found it interesting, informative, and well-organised. Those who gave lower ratings raised a range of concerns, such as the amount of information presented, the length of time of the events, or the event venues.

	Reasons for ratings of 10-8	Reasons for ratings of 1-7
<b>HH</b>	<ul style="list-style-type: none"> <li>• Interesting, informative, learned a lot</li> <li>• Friendly and professional staff</li> <li>• Good atmosphere</li> <li>• Well organised</li> <li>• Good mix of people and opportunity for discussion, with every opinion listened to</li> <li>• Appreciate customers being consulted</li> </ul>	<ul style="list-style-type: none"> <li>• Too much information</li> <li>• Pace too slow, or event too long</li> <li>• Not enough business plan options for customers to choose from</li> <li>• Facilitators couldn't answer questions</li> <li>• No Southern Water representative</li> <li>• No information on profits or past investments</li> <li>• Hard to read screen</li> <li>• Can't separate Portsmouth and Southern Water in the survey</li> <li>• Event organisation could be improved</li> </ul>
<b>NHH</b>	<ul style="list-style-type: none"> <li>• Informative and important</li> <li>• Information and questioning easy to follow</li> </ul>	<ul style="list-style-type: none"> <li>• Venue too echoey</li> </ul>
<b>Future</b>	<ul style="list-style-type: none"> <li>• Informative and interesting, easy to understand</li> <li>• Facilitators were friendly and explained information well</li> <li>• Well run and structured</li> <li>• Got to listen to other people's opinions</li> </ul>	<ul style="list-style-type: none"> <li>• No negative reasons for lower ratings</li> </ul>
<b>Health Vulnerable</b>	<ul style="list-style-type: none"> <li>• Competent, clear, and patient facilitators</li> <li>• Shows customer opinion matters</li> </ul>	<ul style="list-style-type: none"> <li>• Health issues make digesting large amounts of information difficult</li> <li>• Too much focus on affordability and not enough focus on how quickly improvements can be implemented</li> </ul>

*"It was a great opportunity to finally have a better insight on what the different water companies are actually doing for us and the environment."*  
HH Answer: 9/10

*"It was well set out with easy to understand information"*  
Future customer Answer: 9/10

*"Health issues make digesting in depth material difficult (fatigue) but happy with how it was described in laymen's terms."*  
Health Vulnerable Answer: 1/10

*"It was a well run and informative session. This survey, however, does not take into account that we have two different water companies. It is not possible to give accurate feedback when Portsmouth Water are performing so well but Southern Water are performing so badly. Please address this for future sessions."*  
HH Answer: 7/10

*"Very informative and an eye opener."*  
NHH Answer: 8/10

*"It's been good cause it shows customer opinions matter."*  
Health Vulnerable Answer: 10/10



# Event feedback: suggestions for improvements

Customers suggested a variety of ways the events could be improved, including changing the way information was presented, changing the timings of the event, and improving the refreshments on offer.

## HH

- Some participants suggested changes to the way information was presented (e.g. receiving information earlier before the event, checking the accuracy of information, avoiding repetition, more information on profits)
- Some suggested improving the refreshments (e.g. providing more coffee, providing halal options)
- Some suggested making it easier to find the venue
- Some suggested changing the timings of the event (to either make it shorter or longer, having more time to digest information before discussion)
- Other suggestions included more discussion, more participants, having a separate survey for the two companies, and using a larger font for the presentation

## NHH

- One participant suggested including more time to absorb information (e.g. through receiving the proposal sooner)
- One suggested recording presentations so participants can participate in their own time

## Future

- One participant suggested making sure food is served hot
- One suggested including a short break in the event
- One suggested inviting participants back in a few years to assess any changes

## Health Vulnerable

- One participant suggested that company management should be present during research
- One suggested conducting the research face-to-face
- One suggested making it clearer that participants need to complete the post task

*"Management from Portsmouth Water and Southern water ought to be present."*  
Health Vulnerable Answer:  
4/10

*"Maybe having a short 5 minute break just to be able to grab a drink especially if it is around 2 hours or so long."*  
Future customer Answer:  
9/10

*"Don't repeat information in the pre-event pack or don't put it in there so it can be read through at the meeting for the first time. Information on profits to be included, I assume it was left out so people didn't get angry/distracted about it but it was still a big topic of discussion anyway so better to be upfront and honest so the conversation can quickly move on."*  
HH Answer: 5/10

*"Using recorded event and survey question after the recordings, so it can save the cost and people can participate at their own time."*  
NHH Answer: 8/10

*"When the hot food arrives-ensure attendees receive it whilst still hot, as there were discussions still happening so the food was lukewarm when we got to eat it (or provide a cold buffet)."*  
HH Answer: 9/10





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# Addressing Ofwat's research principles

## 71. Affordability and Acceptability testing

### Standards for high-quality research:

### How addressed in this project:

#### Useful and contextualised

This forms part of the PR24 research requirement, and we followed the guidance throughout. Respondents were provided with a pre-read document and a self-completion survey to enable them to become familiar with the current performance of Portsmouth Water, some background on how e.g. performance commitments work, and a 'plan on a page' showing the discretionary and 'must do' parts of the proposed business plan. Within the deliberative sessions, we also used stimulus materials to aid understanding and provide context.

#### Fit for purpose

- We followed Ofwat guidance throughout to ensure both the research sample and methodology were fit for purpose. We challenged some elements of the guidance (around visual presentations of performance, for instance) where we felt improvements could be made.
- The HH customer sample was sourced from 'opt-ins' following a customer email invitation sent by Portsmouth Water. NHH and Future customers were recruited using 'free-find' methods.
- A screening process ensured we reflected all types of Portsmouth Water customers according to the guidance: across all ages, gender, socio demographic groups – and including subsets of vulnerable customers.
- Face to face deliberative events were held to achieve the optimum experience for deliberation, and to allow observers to attend. Online groups and depths were held for specific groups for whom the face-to-face approach would be a barrier to participation.

#### Neutrally designed

Blue Marble designed reflected the guidance in drawing up materials including the discussion guides, stimulus materials and pre/post tasks. These are all designed with impartiality. A pilot group was help to test the methodology and specifically the comprehension of the materials.

#### Inclusive

- Stimulus produced in plain English – all mediated by a research moderator
- Option for respondents to bring a supporter to the sessions (to help navigate online tech and/or the research questions – who would also be paid an incentive)
- Pre-read materials provided in document and video format to aid comprehension.
- Local venues chosen with accessibility in mind e.g. familiar, with easy parking, and with accessibility needs met.
- Incentives provided to compensate for any out-of-pocket costs

#### Continual

While this was a one-off project, required by the regulator, it forms part of an ongoing commitment to conduct research with a wide cross section of customers.

#### 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