



BLUE MARBLE

Plan Choices Research – Non Household Customers

Qualitative research

28th April 2023



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Background and objectives

This report covers the **qualitative** insight for Portsmouth Water's Choices Consultation exercise amongst Non household samples: large NHH, SMEs, developers and stakeholders



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Background

- Portsmouth Water have run a large-scale consultation exercise as part of the PR24 engagement process.
- The consultation has been supported by research activities among various customer segments: This research is among NHH customers to provide an indicative analysis of how non-household customers respond to 4 key options within the 2025-30 business plan
- All NHH customers included in this qualitative research completed the online consultation questionnaire immediately before being interviewed in a 45-minute online interview

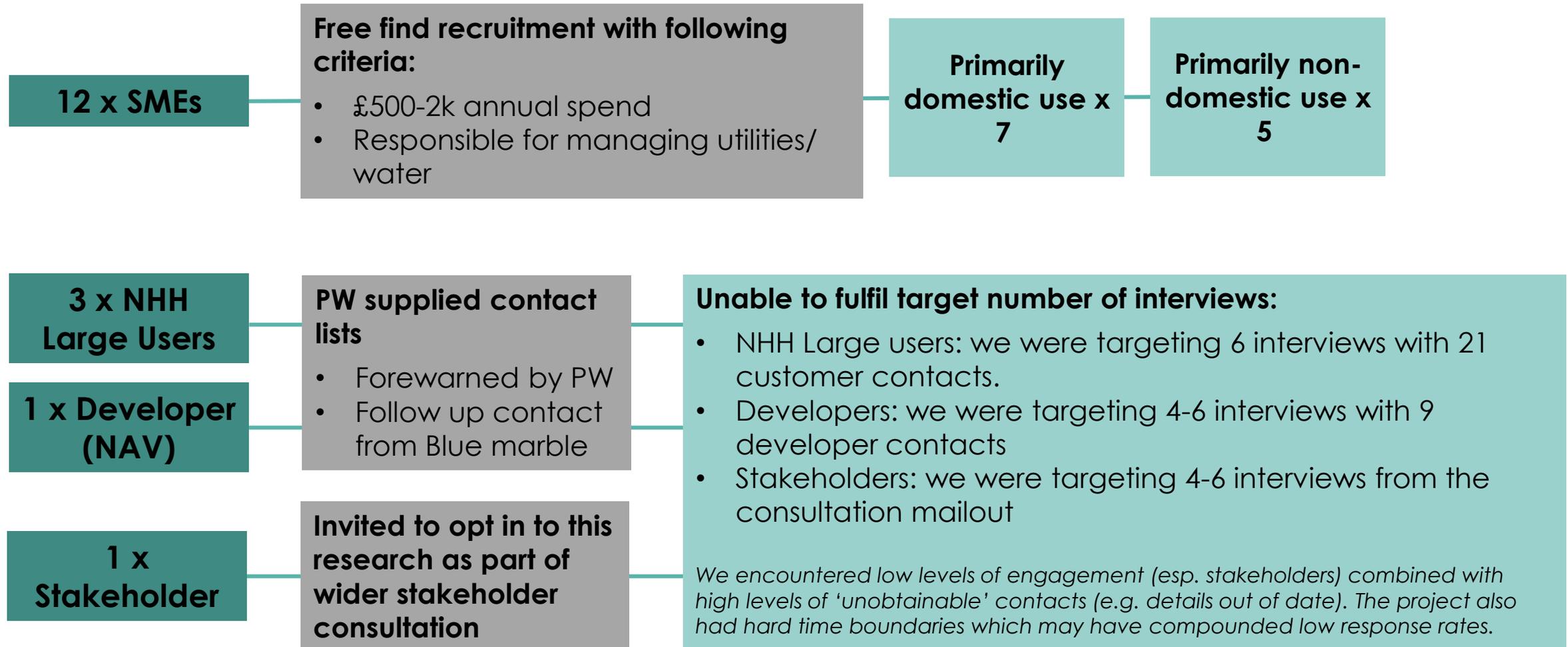
Research Objectives

- Overall, to explore response to Portsmouth Water's investment plan options among non-household customers
 - Understand their organisation in context of current operating conditions and in the context of water usage and relationship with PW
 - To understand their attitudes to likely investment related bill increases and preferences for how these are implemented



Sample and methodology

17 x 45-minute online interviews among NHH customers



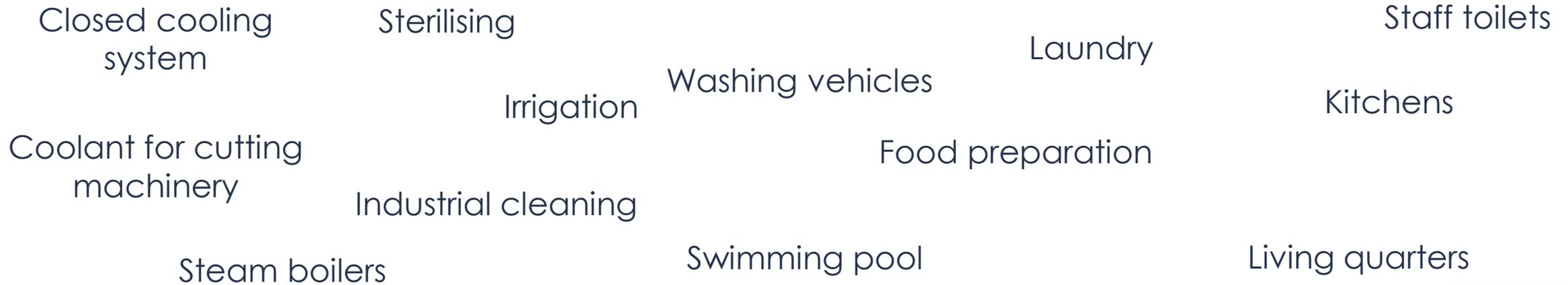
NB this report combines the responses of all the sub groups. It is highlighted in the report where there are differences in response



NHH context



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A wide range of challenges are affecting non-household customers' businesses

- **Economic challenges are the most immediate** for business customers
- Larger businesses now include **sustainability in business plans**, with smaller businesses adopting policies too
- Most are **beyond lockdown** challenges now, but some mentioned pandemic related issues hanging over
- The **cost of living crisis**, geopolitical concerns and economic uncertainty are the key challenges in the current commercial context

Key economic issues

- Inflation
- Cost of living affecting consumer confidence and spend
- Bill increases (esp. micro businesses)
- Luxury items less affordable
- People becoming used to economising
- External geo-political factors cause concern over future stability and affect other energy bills/supply chains

Key environmental issues

- Move to carbon neutral
- Sustainability policies embedded in business models
- Climate change affecting business operation (e.g. agricultural business)

Key policy issues

- New procurement requirements creating a barrier to market
- Some businesses require environmental permits e.g. EA permits/abstraction licences

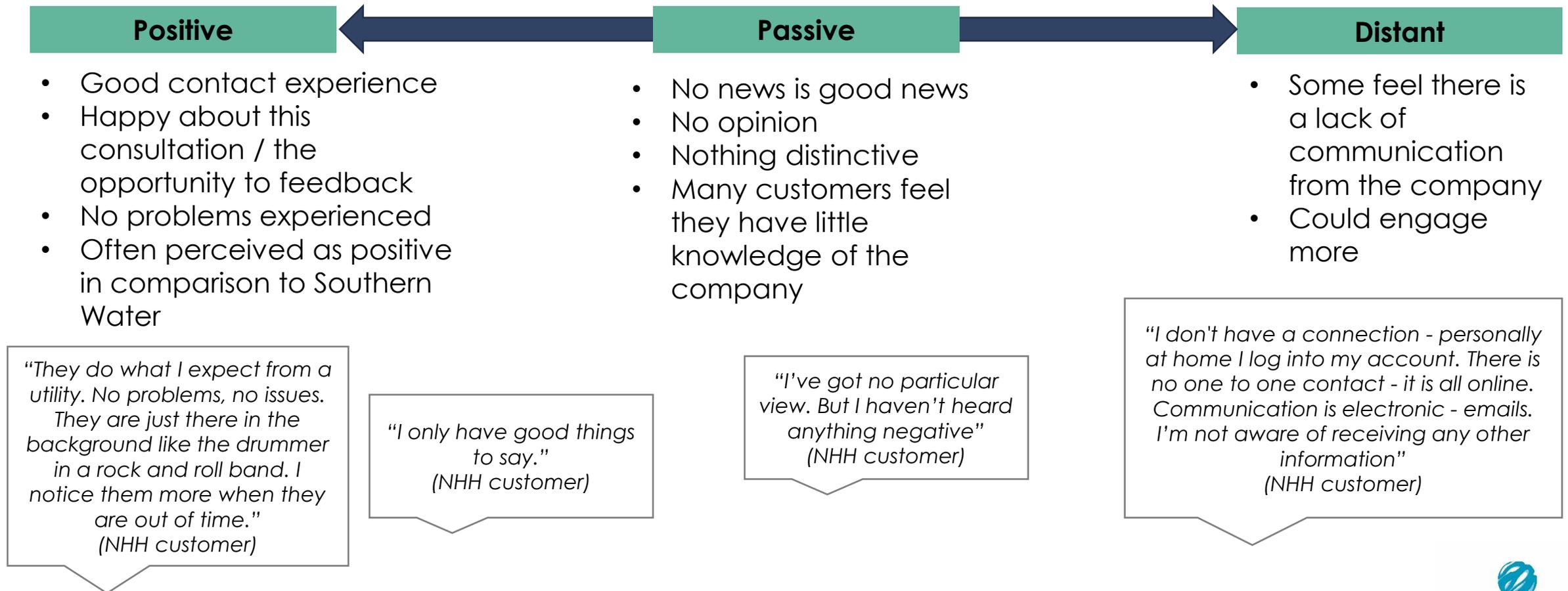
Post pandemic issues

- WFH
- Acceleration of online everything (affecting offline trade)
- Post lockdown restart



Relationship with Portsmouth Water

- On the whole, customers reported **no adverse comments** at all from their interactions with Portsmouth Water.
- However, many feel that there is very little to say about their relationship and **the majority have no view on the company.**
- Overall, **the relationship with Portsmouth Water tended to be satisfactory to all, but far from 'close'.**





Response to Plan Choices

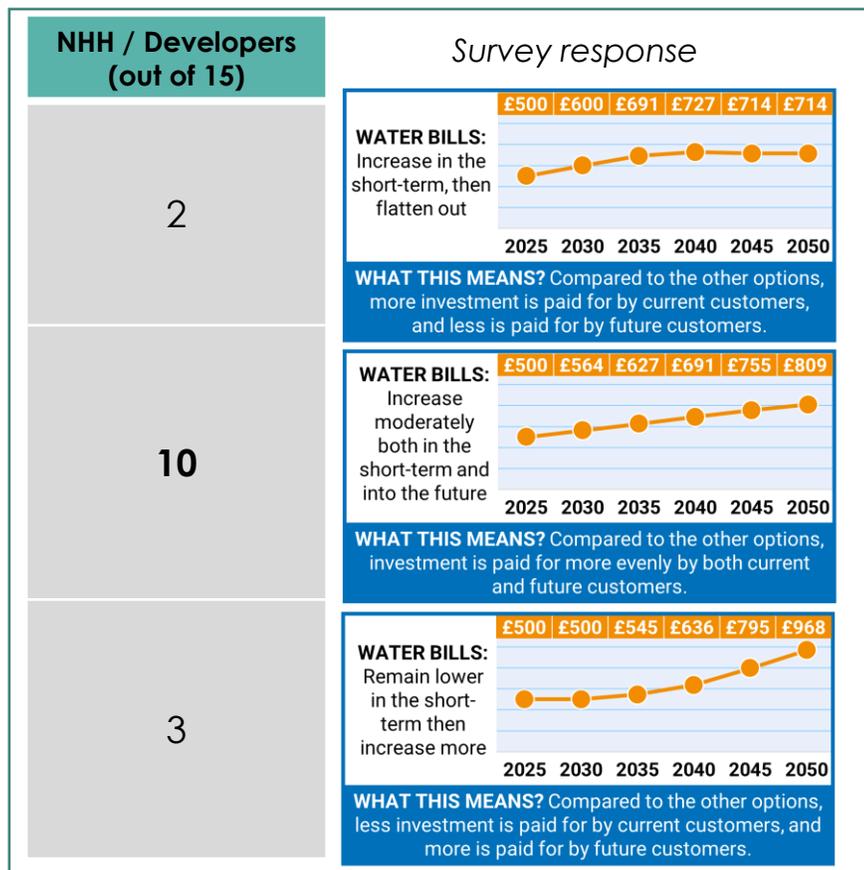


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Bill profile preference

NHH customers prefer the balanced bill profile with the majority choosing this option.

- **Businesses are generally looking for consistent and predictable increases.**
- The required additional investment on their bill is perceived as **mostly reasonable** and affordable.
- However, some respondents were unclear about whether the overall increase in bill was the important factor for testing, or whether the cumulative increases are the aspect they are required to have their say on/agree with.
- **The driving motivation was management of business costs** rather than a deep consideration of 'who pays' for 2025-2050 increases.



• This option was seen as less viable for young businesses or start ups: higher investment up front does not suit early stage businesses who do not want costs front-loaded as expect to find bills more affordable later

• Option closest to NHH mindset generally: they need predictability in their business plans – no bill shocks
• Perceived as having fewer 'pain points' when bills are manageable and uniform

• Unattractive option: sparks anxiety over future increases, especially if matched with other business cost increases
• Perception that between 2025-2030 nothing will happen as bills remain same – implies lack of short term investment/progress



Q8 Which one of these three future bill options would you prefer?
Base: All NHH/Developers completing survey as part of Blue Marble research (15).

Reducing leakage options

Customers consider leakage to be a priority investment with all except one opting for medium to high investment

 REDUCING LEAKAGE 	
 Low: Reduce leakage by 50% by 2050. This meets minimum government expectations	£0.00
 Medium: Reduce leakage by 50% by 2045.	£1.82
 High: Reduce leakage by 50% by 2040. This is what Portsmouth Water would like to do	£2.50

Survey response

Low option	1
Medium option	2
High option	11

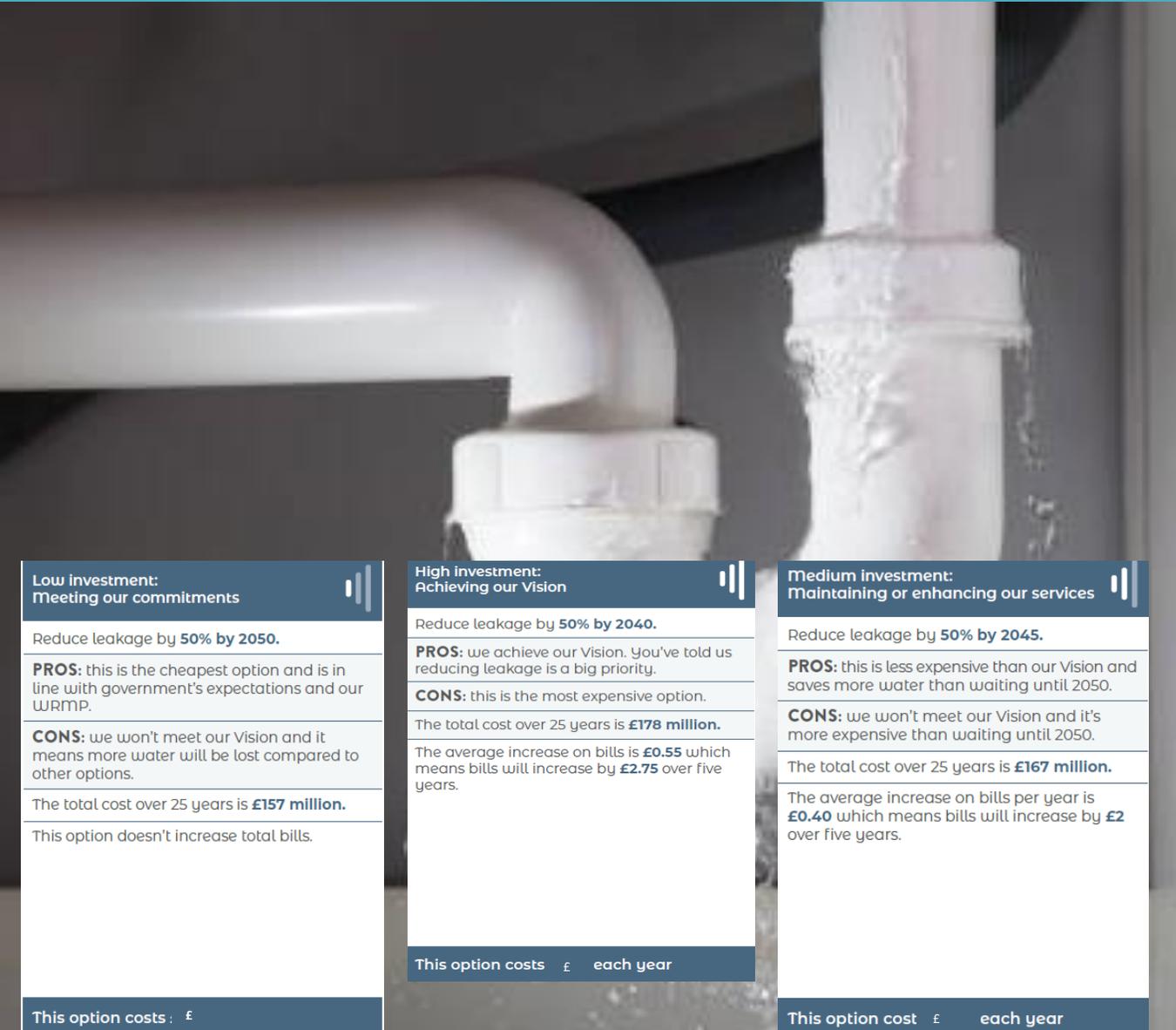
Drivers for choosing to accelerate leakage investment (medium to high)

- Many surprised how much water lost through leaks hence priority for investment
- Customers view leakage reduction as a cost-effective way of increasing water supplies
- High investment seen as value for money
 - The difference between medium and high investment levels is not big enough to scale down investment
- Efficiency and 'good housekeeping'
 - Most just don't like leaks and view them as needing fixing urgently
 - Once leaks are fixed, perceive they will not have to pay for this option again in the future
- One respondent receives penalties for leaks (NAV)

Drivers for pushing out leakage target to 2050 (low option - minority view):

- Not worth the investment to reach target 5 years earlier
- Consider that PW know what they are doing and hold back from criticizing timeframes
- Keen to keep all investment costs low: customers can be price driven over and above merit of investment plans

Verbatim – Reducing leakage



Low investment:
Meeting our commitments

Reduce leakage by **50% by 2050.**

PROS: this is the cheapest option and is in line with government's expectations and our WRMP.

CONS: we won't meet our Vision and it means more water will be lost compared to other options.

The total cost over 25 years is **£157 million.**

This option doesn't increase total bills.

This option costs: £ each year

High Investment:
Achieving our Vision

Reduce leakage by **50% by 2040.**

PROS: we achieve our Vision. You've told us reducing leakage is a big priority.

CONS: this is the most expensive option.

The total cost over 25 years is **£178 million.**

The average increase on bills is **£0.55** which means bills will increase by **£2.75** over five years.

This option costs £ each year

Medium investment:
Maintaining or enhancing our services

Reduce leakage by **50% by 2045.**

PROS: this is less expensive than our Vision and saves more water than waiting until 2050.

CONS: we won't meet our Vision and it's more expensive than waiting until 2050.

The total cost over 25 years is **£167 million.**

The average increase on bills per year is **£0.40** which means bills will increase by **£2** over five years.

This option cost £ each year

"This is a no brainer because less leakage will cost us less!"
(SME, primarily domestic use)

"This needs to be tackled as fast as possible, they say that everyone should save water but they lose 31 million litres a day!"
(Large, primarily non-domestic use)

"Why pay more for not a significant gain? In terms of cost - this is the thing, there can be zero investment and you still achieve the same saving just 5 years later"
(SME, primarily domestic use)

Keeping water supply reliable

The perception that Portsmouth Water is already doing well in this area means non-household customers opt for medium or high investment to maintain this standard.

KEEPING YOUR WATER SUPPLY RELIABLE ▲		
○	Low: The number of premises without water for 3 hours in any year goes up from 1 in 100 to 1 in 20 (as reliable as the industry average)	£0.00
○	Medium: The number of premises without water for 3 hours in any year stays at 1 in 100 (the most reliable in the country)	£3.05
●	High: No-one would be without water for 3 hours in any year. This is what Portsmouth Water would like to do.	£6.14

Survey response

Low option	2
Medium option	9
High option	3

Drivers for choosing the status quo (medium option)

- Portsmouth Water already doing well with 1 in 100 supply interruptions considered a good score: most customers want to see PW 'maintain the service' with middle option.
- Customers are not aware of any interruptions to their water supply and so expect level to be maintained
 - Lack of direct experience engenders a lack of immediacy: no strong desire for this to be a high investment option
- Costs double for the high option and medium is seen as better value for money
- 'Reliability' can be less realisable/interesting topic as benefits are less immediately appreciated
 - Contextualised in terms of the problem (supply interruptions) rather than a more positive measure (reliability of critical resource)
 - Potentially a need to add in more memorable details to help communication e.g. referencing Havant Thicket Reservoir.

Drivers for ambition for no interruptions (high option)

- Larger organisations felt strongly this is a crucial investment for their business
 - E.g. NAV developer would face severe impacts as they buy in bulk supplies of water – keenly feel the reliance aspect

Verbatim – Keeping water supply reliable



Low investment: Meeting our commitments	Medium investment: Maintaining or enhancing our services	High investment: Achieving our Vision
Only invest to make sure we meet our legal requirements. This means our services will be as reliable as the industry average.	Spend more to keep our services the most reliable in the country.	Achieve our Vision of no customers being without water for more than three hours by 2050.
This means the number of households likely to have their supplies interrupted increases from 1 in 100 to 1 in 20.	This means the number of households likely to have their supplies interrupted stays at 1 in 100.	This means no-one should have their supplies interrupted for more than three hours.
PROS: this is the cheapest option and has no additional increase to bills.	PROS: this is less expensive than our Vision and means we'll still be the best in the industry, with no change in our services.	PROS: we achieve our Vision. No customer will be without water for more than three hours. We'll lead the industry and have the most reliable services.
CONS: we won't meet our Vision and it means the level of service we provide customers will fall compared to now.	CONS: we won't meet our Vision and it's more expensive.	CONS: this is the most expensive option and the most challenging to deliver.
This option doesn't increase total bills.	The total cost over 25 years is £46 million.	The total cost over 25 years is £56 million.
This option costs: £	The average increase on bills per year is £0.67 which means bills will increase by £3.35 over five years.	The average increase on bills per year is £1.35 which means bills will increase by £6.75 over five years.
This option costs: £	This option costs £ each year	This option costs £ each year

“From our point of view it is built into contract and there are penalties for loss of service. So put in high investment to achieve that. If they can deliver that - it's a worthwhile massive improvement...we recognize water infrastructure is creaking and needs investment”

(NAV, primarily non-domestic use)

“I would choose the medium investment to maintain the 1:100 reliability figure, and it is less than half the cost of the high investment figure. As 1:100 is already the best it's a very satisfactory state for PW”

(SME, primarily non-domestic use)

“In the country we live in we might have a shortage on odd days but we can always find suitable water. The high investment seems quite a lot - over double the medium investment”

(SME, primarily domestic use)



Photo by Marcus Spiske on Unsplash

Replacing lead pipes preference

NHH customers tended towards the highest investment option. Similar to HH customers, NHH are less certain of their understanding of this topic.

 FINDING AND REPLACING WATER PIPES MADE OF LEAD 	
 Low: All premises have access to water with no exposure to lead by 2070.	£0.00
 Medium: All premises have access to water with no exposure to lead by 2060.	£4.77
 High: All premises have access to water with no exposure to lead by 2050. This is what Portsmouth Water would like to do.	£6.68

Survey response

Low option	2
Medium option	2
High option	10

Qualitatively, views conveyed very mixed views on this investment choice

- Many NHH unaware of lead pipes as an issue: this made it difficult to have a definitive response e.g.
 - Some perceived that chemically treating traces of lead negates the issue
 - Others think that lead is a poison that needs removing as a priority
 - Others unclear why this is an issue for businesses to consider
- The mention of chemicals and impact of health of children caused alarm for some businesses e.g. education sector – and more likely to opt for fastest paced option
- While others, more aware of the issue from a professional perspective (e.g. facilities management and architects business) were much less concerned – and more likely to opt for slower paced investment
- When considered, all agree that lead should be removed and the investment options seem reasonable – with the majority opting for the high investment option in the survey

Verbatim – Finding and replacing lead pipes



“I’m not sure about this one. If this isn’t to do with businesses then why am I being asked? If they are replacing all the leaks across the same network, they should be replacing the lead pipes at the same time!”

(Large, primarily domestic use)

“I am aware that this does not come up a great deal, but its a major issue of concern in our organisation. I think it is positive to retrofit or change lead pipes. H&S issues are a high investment, and it needs to be high right across the board. This is an urgent priority and the way to go.”

(Large, primarily non-domestic use)

“I had never thought of this as an issue so it is interesting. But how much harm is it causing? I don’t know the effects of it enough. So its hard to say what to invest. In the chemical cost, in the long term, what’s more sustainable? It’s a hard one for me when I don’t really know.”

(SME, primarily domestic use)

**Low investment:
Meeting our commitments**

All homes have access to water **with no exposure to lead by 2070.**

PROS: this is the cheapest option.

CONS: we won’t meet our Vision and it means it will take a lot longer to reach more customers compared to other options, replacing an average of around 1,800 a year.

The total cost over 25 years is **£142 million.**

This option doesn’t increase total bills.

This option costs **£**

**Medium investment:
Maintaining or enhancing our services**

All homes have access to water **with no exposure to lead by 2060.**

PROS: this is less expensive than our Vision and means we’ll replace an average of around 2,350 a year.

CONS: we won’t meet our Vision and this is more expensive than doing the minimum.

The total cost over 25 years is **£183 million.**

The average increase on bills per year is **£1.05** which means bills will increase by **£5.25** over five years.

This option costs **£** each year

**High investment:
Achieving our Vision**

All homes have access to water **with no exposure to lead by 2050.**

PROS: we achieve our Vision. All homes will have access to water with no exposure to lead and our treatment costs will be lower. We’ll replace around 3,300 a year.

CONS: this is the most expensive option and could be challenging to deliver.

The total cost over 25 years is **£256 million.**

The average increase on bills is **£1.47** which means bills will increase by **£7.35** over five years.

This option costs **£** each year

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Enhancing local environment preference

All NHH respondents find investment in the environment easy to support, with most opting for medium and high investment options. However, customers feel the plan does not give concrete detail on type or location of the environmental investment.

 ENHANCING THE LOCAL ENVIRONMENT 	
 Low: Make sure biodiversity doesn't deteriorate at our key sites and no increase in our grants to enhance the environment	£0.00
 Medium: Improve biodiversity at our key sites by 2030 but no increase in our grants to enhance the environment	£0.27
 High: Improve biodiversity at our key sites by 2030 and double our grants to enhance the environment	£0.36

Survey response

Low option	1
Medium option	6
High option	7

Qualitatively, customers were not always able to evaluate the detail of this investment plan and therefore were less able to scrutinise the options

- While environmental investment was assumed to be good regardless of the detail, more clarity was required e.g.
 - What is *biodiversity net gain*?
 - Is Portsmouth Water enhancing their own property/land only?
 - What are the benefits to businesses?
- Some NHH customers have to comply with environmental standards and expect this applies to their water supplier (selecting the high option in this case)
- One large developer questioned the use of money under the heading 'enhancing the local environment': would prefer to see bigger and more urgent challenges addressed here e.g. improving CSOs (under the impression this is PW's role) or sustainable abstraction
- Similarly, some of the activities proposed seem of marginal value e.g. wildflower meadows

Drivers for choosing the highest investment option:

- Many feel this option, being the cheapest of the areas, is a very minimal cost addition – even the highest option
- Some views are driven by Portsmouth's geographical location, with high awareness of the impacts of climate change e.g. on coastal defences

Verbatim – Enhancing the local environment



Low investment:
Meeting our commitments

Make sure **the environment doesn't deteriorate at key sites** we own without increasing **the amount available** every year through grants to enhance the environment we rely on.

PROS: this is the cheapest option.

CONS: we won't meet our Vision and government's expectations of us. We won't be able to invest to improve the environment at key sites.

This option doesn't increase total bills.

This option costs £ each year

Medium investment:
Maintaining or enhancing our services

Improve the environment at key sites we own by 2030 **without increasing the amount available** every year through grants to enhance the environment we rely on.

PROS: this is less expensive than our Vision and we improve the environment at our key sites.

CONS: we won't meet our Vision and will miss out on partnership opportunities to improve the environment we rely on.

The total cost over 25 years is **£3.75 million**.

The average increase on bills per year is **£0.06** which means bills will increase by **£0.30** over five years.

This option costs £ each year

High investment:
Achieving our Vision

Improve the environment at key sites we own by 2030 and **increase the amount available every year to £100,000** through grants to enhance the environment we rely on.

PROS: we improve the environment at key sites across our region and double the support available to improve the environment we rely on. We can make the most of partnership opportunities.

CONS: this is the most expensive option and the most challenging to deliver.

The total cost over 25 years is **£4.75 million**.

The average increase on bills per year is **£0.08** which means bills will increase by **£0.40** over five years.

This option costs £ each year

“To be honest the figure is only 36p - whether for the environment or not they should just go to the higher level. It's hardly worth mentioning. No one will notice it on the bill. We are all in this together, we will soon moan when things aren't being done. For a minimal amount it is a no brainer”

(SME, primarily domestic use)

“I would choose high investment because it is only 36p per year - it's not that significant - but it achieves a better local environment to achieve their vision. It sounds worthwhile - I've heard of biodiversity but have never really done any research on it. If according to the experts, biodiversity is the future then PW should look into that”

(SME, primarily domestic use)

“Wildflower meadows sounds all well and good, but is that really what we need? We need to be prioritising spending due to how constrained budgets are for water companies”

(NAV, primarily non-domestic use)



Summary of NHH response to plan options

- Overall, **non-household customers feel positively** about the consultation process and investment options.
 - However, a few highlighted they have little knowledge of the requirements and regulations of the water industry and feel **they are not adequately informed on the complexities** of the investment intentions
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- Many customers felt that Portsmouth Water have put a lot of thought into the future plans and that these investments are worthwhile and in all the right areas
 - In terms of the options, NHH support the accelerated/highest option for leakage and lead replacement. They opt for the status quo on supply reliability – and are generally supportive of additional environmental investments – with some caveats about exactly what this is.
 - The majority felt that the proposed additional investment on their bill is mostly reasonable and affordable
 - Generally viewed as small increases that do not add noticeable amounts (far less than current experience of other utilities)
 - However, individual small increases based on an average bill need be treated with caution
 - Some were unclear what increase will be in real terms (based on their usage)
 - Some were not sure what the increases will be cumulatively
 - Others believe there may be an element of choice (an effect of the research showing choices)
 - The process caused some businesses to think more deeply about water as a commodity. An increase to bills represented a shock and a realisation of the value of water to their business.
 - When considered further, the value of water supply can improve acceptance of increases
 - There was a note of doubt from some customers about whether and how the money will be spent
 - Customers had questions on whether there will be further increases? Will it be spent on these investment areas after all? And will there be tangible benefits to them?
 - As a result, customers would like to see improved feedback and communication on the plan.





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ASKED TO HOUSEHOLDS AND STAKEHOLDERS:

Please choose one option for each of the four banners at the bottom of this page. You can change your choices until you're happy. When you're finished, scroll down to the arrow to continue. The bill amounts shown are increases in the average bill per year, excluding inflation.

ASK TO NON-HOUSEHOLDS:

Please choose one option for each of the four banners at the bottom of this page. You can change your choices until you're happy. When you're finished, scroll down to the arrow to continue. The bill amounts shown are increases in the example bill per year, excluding inflation.

Total increase in average bill	£0.00			
Summary				
	-	-	-	-
	-	-	-	-


REDUCING LEAKAGE



KEEPING YOUR WATER SUPPLY RELIABLE



FINDING AND REPLACING WATER PIPES MADE OF LEAD



ENHANCING THE LOCAL ENVIRONMENT


69. Plan Choices Research - Non Household Customers

Standards for high-quality research:	How addressed in this project:
Useful and contextualised	This report covers the qualitative insight for Portsmouth Water's Choices Consultation exercise amongst Non household samples: large NHH, SMEs, developers and stakeholders. All NHH customers included in this qualitative research completed the online consultation questionnaire immediately before being interviewed in a 45-minute online interview. This provided the context for the respondent prior to participating in an in-depth interview to understand their attitudes to likely investment related bill increases and preferences for how these are implemented.
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 a mix of free find and list-based methods covering SMEs (both primarily domestic and primarily non-domestic water users), large users, developers and stakeholders. • Sample sizes for the large users, developers and stakeholders was determined by the volume of contacts available: recruitment was given a long lead in time to allow every contact to either opt in or refuse, with some list cleaning to further optimise the contact 'universe' • 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 NHH customers' 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 NHH and 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

