

United Utilities Water

DRAFT Drainage and Wastewater Management Plan 2023

Technical Appendix 9 – Customer Engagement

Document Reference: TA9

June 2022

Executive summary

The North West is home to 7.3 million customers who rely on our services 24 hours a day. United Utilities Water (UW) purpose is to provide great water for the North West which means delivering our core water, wastewater and customer services, reliably and to the highest quality. We operate across a diverse region from rural communities, industrial centres in major cities, large densely-populated inner-city areas, over 1300km of coastline and three national parks. We are also home to some of the most deprived communities in England and Wales. This means that customers have varying priorities for the services that we provide.

When planning for the future, UW needs to ensure that we are keeping pace with customer expectations and that we continue to deliver efficient and effective services to their satisfaction, as well as meeting legal requirements. UW intends to do this for wastewater through the development and delivery of the Drainage and Wastewater Management Plan (DWMP).

Throughout the development of the DWMP, we have:

- Done more than ever to communicate and engage, meaning the customer insight we have gleaned is robust, valuable and assured;
- Conducted research into what customers prioritise and, as a result, we have focused best value investments in these areas; and
- Our options hierarchy is directly driven by customer and stakeholder views, meaning interventions with the greatest wider benefits are prioritised.

We have made a conscious effort to take a co-design and co-delivery approach, which has been an integral part of the options development and identification phase. The research that we have conducted allowed customers to understand different option types and the benefits and drawbacks associated with these. Subsequently this enabled customers to rank their priorities for solution types. We used the DWMP framework options hierarchy suggestions as a base which was further developed and supplemented with the views and priorities of customers to develop our options hierarchy. When asked to prioritise the various initiatives, it was clear that customers value managing risks at source, ensuring sustainability and cost effectiveness, benefitting the region as a whole, and working in partnership. We also added three categories; reduce service demand, better systems management and create additional capacity, as this meant more to them than the specific option types. By taking this approach, we have a solid foundation, which is supported by customers, when creating our preferred option blends and preferred plan.

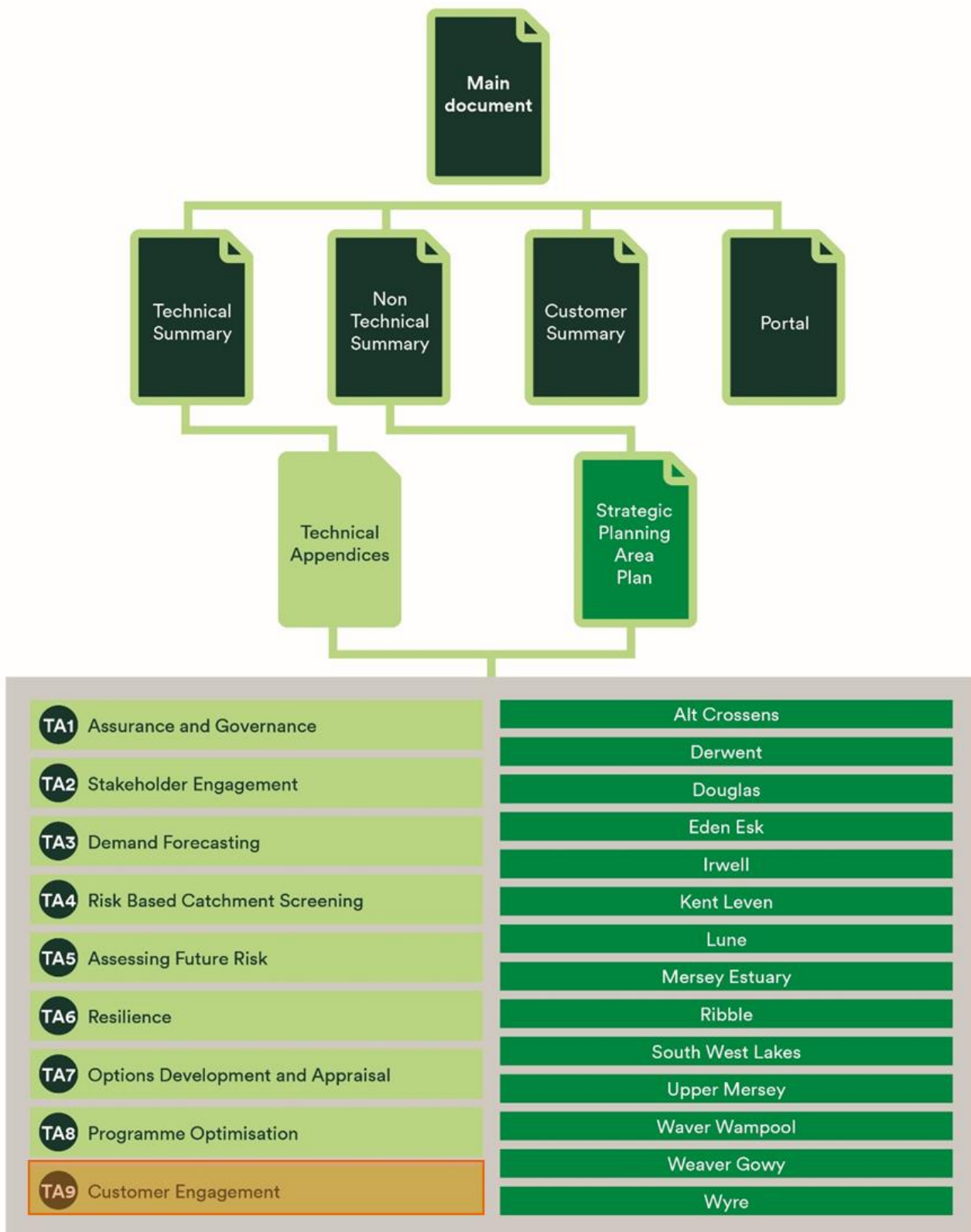
In addition to customer feedback, we have also gained the support and endorsement from the independent Customer Challenge Group (CCG) for the North West. This has allowed us to ensure that the DWMP is robust, as the success of the plan relies on effective engagement and partnership working with both customers and stakeholders to identify

and co-create potential solutions. Our approach has also allowed customers' voices to be heard and for us to act upon them.

When developing the DWMP, there has been some key guidance that has not been available until late in the process such as expectations from the Government's Storm Overflow Discharge Reduction Plan, and the Environment Agency Water Industry National Environment Programme (WINEP) guidance. Both have the potential to significantly impact the plan by introducing statutory requirements with limited opportunity to factor in customers' priorities beyond helping us choose between solution types.

We are currently at draft publication and therefore, before final publication in March 2023, we will be conducting further research on customer acceptability testing once we have greater certainty on expectations and how this could impact the plan and influence those areas of the plan with more choice. We are also starting to develop our next business plan submission which is due in 2024, ahead of our next investment cycle (2025 – 2030) which will draw upon the extensive research that we have undertaken as part of the DWMP and the DWMP findings.

Figure 1 DWMP document structure



Acronyms

For a list of acronyms, refer to document C0003.

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1. Introduction

1.1 Overview

1.1.1. The North West is home to 7.3 million customers who rely on our services 24 hours a day. United Utilities Water (UW) purpose is to provide great water for the North West which means delivering our core water, wastewater and customer services, reliably and to the highest quality.

1.1.2. UW operates in a diverse region of contrasts from rural communities, significant commercial and industrial centres in major cities, large densely-populated inner-city areas, over 1300km of coastline and three national parks with a thriving tourist industry. The North West has some of the most deprived communities in England and Wales and the need to meet service challenges on the most cost effective basis is foremost in our minds. This means that customers have varying priorities for the services that we provide from doing the right thing for the environment to the affordability of bills. Additionally, even though we expect to see a reduction in the amount of personal usage, for example Per Capita Consumption (PCC), forecasts suggest that overall demand for our services will grow, during and beyond the current investment cycle.

1.1.3. UW puts customers at the heart of everything we do through innovation and efficiency to continually improving services at a low cost. This strong focus on customer service has allowed us to deliver significant and continuous improvements across the region and we recognise that customers have a huge part to play in the future.

1.1.4. When planning for the future, UW needs to ensure that we are keeping pace with customer expectations and that we continue to deliver efficient and effective services to their satisfaction. UW intends to do this for wastewater through the development and the delivery of the Drainage and Wastewater Management Plan (DWMP).

1.1.5. Key findings from our engagement with customers have shown that they care about the environment now more than ever, but there are still concerns around affordability and bills. We know that customer expectations and behaviours are evolving with growing value placed on the wider environmental and societal benefits beyond our core services, such as mitigating climate change, carbon emissions, mental health and education.

1.1.6. Climate change is a significant challenge globally and, while a global issue, there are local impacts for the North West. We have conducted research to understand customers' views on climate change and to understand customer awareness and expectations of us as a company to protect the environment and mitigate the risks. The research showed that 86% of households think that we should be addressing climate change and most customers want to be engaged on the subject. This is why it is important that we are producing the DWMP to address such concerns.

Listening to customers

- Customer views are important to us, they directly drive and influence the decisions we make.
- We have taken innovative approaches to get meaningful feedback on long-term issues.
- Customers place high value on the environment now more than ever, but are still concerned about bill prices.
- The DWMP has allowed us to build customer insights into the plan to inform options and decision-making processes – allowing us to make more informed decisions on what is best for the North West.

86% of households think that we should be addressing climate change

Climate change is among the top three concerns for customers

1.2 The Drainage and Wastewater Management Plan (DWMP)

- 1.2.1. In developing our long-term plan for drainage and wastewater, our aim is to secure affordable, resilient, and adaptive services for customers. Ensuring that we are resilient to future challenges such as population growth and climate change, and meeting the expectations of customers, stakeholders and communities is key to the plan's success. Through the development, delivery and future iterations of this plan we, collectively along with other stakeholders across the North West, have the opportunity to:
- Provide a basis for more collaborative and integrated planning alongside customers and stakeholders across the region to tackle shared and interrelated risks across drainage, flooding and protecting the environment;
 - Strengthen partnerships working with all stakeholders to drive integrated investment in the environment and communities;
 - Set out the potential impact of future challenges such as climate change on drainage and how this could be mitigated;
 - Provide greater confidence to customers, stakeholders and regulators with regards to environmental performance and resilience, and better visibility of the efficient cost to deliver such services; and
 - Focus on delivering solutions that provide additional benefits to customers and communities.
- 1.2.2. The plan has been built with customers' priorities at the forefront of decision-making. We have engaged with customers throughout the DWMP process to ensure that we have a thorough understanding of customer views through bespoke research, utilising innovative approaches to engage customers remotely. It is important that we have a good understanding of the views from both the majority and the minority of our customer base, from future bill payers and those who are more vulnerable. For example, we conducted immersive research (see Section 5) to assist with options identification and appraisal which has been a key phase in the DWMP. The research allowed customers to understand different option types and the benefits and potential drawbacks. Subsequently this enabled customers to rank their priorities for solution types. It was clear during the exercise that customers value managing risks at source, ensuring sustainability and cost effectiveness, benefitting the region as a whole, and working in partnership. Customers, alongside the endorsement from the Customer Challenge Group (CCG), have been integral in shaping the hierarchy which allowed us to have a solid foundation when creating our preferred option blends and preferred plan (for the elements where choices are available).
- 1.2.3. Throughout the development of the plan, we have been conscious of the difficulty and complexity of generating meaningful engagement with customers on longer-term issues. We have employed a blend of specific, in-depth, qualitative feedback combined with broad-reaching qualitative feedback. We have aligned, where possible, with wider business research to maximise the influence of outputs. This has meant we have confidence in the robustness of our research and the way it has influenced our plan, through activities such as triangulation.

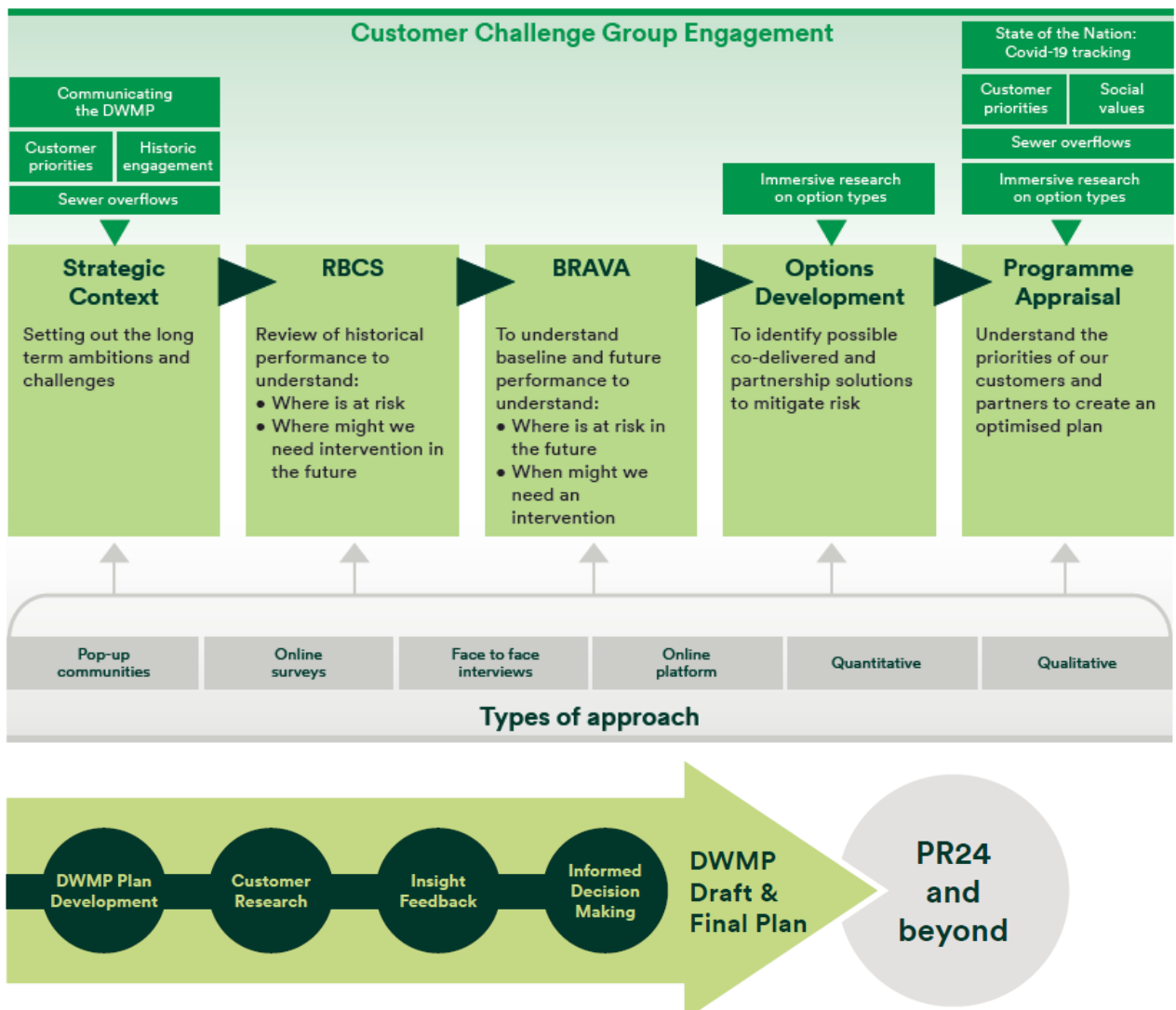
2. Engaging with the Customer Challenge Group

- 2.1. We have an established Customer Challenge Group (CCG) known as, 'YourVoice Customer and Stakeholder panel'. They are a group of independent representatives from different sectors, backgrounds and areas of expertise. The expertise embodied in the panel ranges from Citizens' Advice to the Confederation of British Industry; from environmental organisations to public health; and from flood and coastal defence organisations to consumer interests. They help us to reflect on what type of consumer representation is needed and how this relates to the company's existing governance arrangements. To ensure that our stakeholder engagement and customer research was appropriate, it was discussed with YourVoice at various stages. As an independent body, the YourVoice panel aims to ensure that customers are at the heart of our business planning engagement.
- 2.2. The main panel is supported by two sub-groups looking in more detail at customer engagement and environmental issues. The sub-group focusing on environmental issues is the YourVoice Environmental and Social Capital sub-group (ESCG). The following elements of the DWMP have been discussed and challenged by this group:
- **An introduction to the DWMP** – this included an overview of the purpose of the DWMP, the stages of the plan, timeline, the DWMP planning objectives, drivers for change, stakeholder engagement, and the draft Risk Based Catchment Screening (RBCS) results. We agreed with the CCG that this group should provide challenge throughout the process;
 - **Baseline Risk and Vulnerability Assessment (BRAVA) results** – following publication of the BRAVA results in December 2020, an overview of the processes followed, assessments were undertaken and results were shared with the CCG and challenge provided;
 - **An overview of the WRMP and DWMP third party options** – the approach to market engagement to develop third-party options to feed into WRMP and DWMP was shared. Challenge was provided on the engagement methods used;
 - **The approach to options identification and appraisal** – we shared a range of options (>100 different types of options) under consideration, the approach to developing options (>70,000 different options), high level cost, performance and wider benefit information which will be used to inform decision-making. We also shared the approach to selecting feasible options, and how option types are prioritised. We presented a variety of options for how the preferred options for the plan are selected. One option was the options hierarchy which was the preference among members and was therefore endorsed by the group; and
 - **Customer research** – we have shared proposals for our customer research for feedback from YourVoice, and challenge from this group has informed materials shared and questions asked. In addition, members of YourVoice have observed a number of our immersive research group interviews to provide the group with assurance of approaches taken and robustness of feedback being received from customers.
- 2.3. By engaging the YourVoice Customer and Stakeholder panel, we have gained endorsement of the various elements of the plan to ensure that we are adequately including the views and priorities of customers.

3. Shaping the plan

- 3.1. Customers’ priorities and needs are central to our decision-making. Throughout the DWMP process we have been engaging with customers across the North West. This engagement has influenced how we identify and assess the priorities and risks, and how we prioritise opportunities that the plan will propose. Feedback on these key areas from customers allows us to ensure that the North West is able to adapt and be resilient to future risks while meeting the expectations of customer, stakeholders and communities.
- 3.2. We have gained endorsement from customers through several different channels such as the YourVoice panel which is our independent customer and stakeholder challenge group for the North West, bespoke research on the DWMP website where all of the materials are published, and joint research with the Water Resources Management Plan (WRMP) on options development (Figure 2).
- 3.3. Our approach has ensured that we are aligned with customers’ priorities and needs where there are choices, and ensures that this is adequately reflected in the plan through informed decision-making.
- 3.4. The following sections outline for each key stage of the DWMP process how customer engagement and feedback have influenced our planning and decision-making. We are currently at draft publication and before final publication in March 2023, we will be conducting further research on customer acceptability testing on our preferred plan.

Figure 2 Overview of how the customer research has informed the DWMP



4. Strategic context customer research

4.1 Overview

4.1.1. The Strategic Context sets out:

- The objective of the DWMP;
- Long-term vision;
- Future drivers; and
- Planning objectives for current and future performance.

4.1.2. By developing a DWMP, we have the opportunity to push boundaries and our understanding of all drainage system interactions, to test new scenarios, and to assess the impacts from potential challenges. Our ambition for the DWMP is to create a better future for the North West and in order to do that, we must set targets and goals to work towards, and also assess our progress towards achieving them.

4.1.3. When developing our long-term objectives, we have considered a wide range of key performance indicators. It is essential that these objectives adequately reflect our long-term ambition as a company but are also built around the priorities and feedback of customers and stakeholders. To inform our long-term targets we have conducted bespoke research to understand customers' general priorities in terms of services and more in-depth research to deep dive on important but complex topics such as sewer overflows.

4.1.4. Three key pieces of research informed our strategic context and the development of planning objective targets:

- Customer priorities for wastewater services (Section 4.2);
- Customer views on storm overflows (Section 4.3); and
- Communicating the DWMP (Section 4.4).

4.1.5. In addition to the above pieces of research, extensive engagement was conducted to inform investment period 2020 – 2025 which highlighted that customers care about aspects such as flooding and affordability. From more recent State of the Nation research, we know that customers care for the environment more now than ever before. Customers across the region now have a greater awareness of environmental-related topics such as climate change and biodiversity, and the important role that they can play in protecting the environment and ecosystems. Therefore, it is important that we consider these factors in setting our long-term ambitions.

4.2 Customer priorities for U UW services

4.2.1 Overview

4.2.1.1. The customer priorities research was a bespoke piece of research which aims to:

- Compare and contrast customers' strategic priorities and to consider how U UW should respond to future challenges;
- Explore customers' priorities to understand how and why they might have changed since previous investment cycles, and what the new priorities are;
- To shape the approach for willingness to pay research and strategic plans such as PR24; and

- To improve the quality of insights to enhance the approaches for engagement to ensure that the quality of the output is based on informed customer choices.

4.2.2 Approach

- 4.2.2.1. The research was split into two phases; Phase 1 was to qualitatively gain in-depth insights into customer priorities and shape the second phase, and Phase 2 was aimed at quantifying customers’ order of priorities by customer types and comparing with previous Price Review 19 findings.
- 4.2.2.2. We engaged with over 3,000 customers who are representative of the customer base (general household, businesses, low income, future bill payers and those who are more vulnerable) through a mixture of face-to-face interview and an online panel. The priorities we tested are listed in Figure 3.

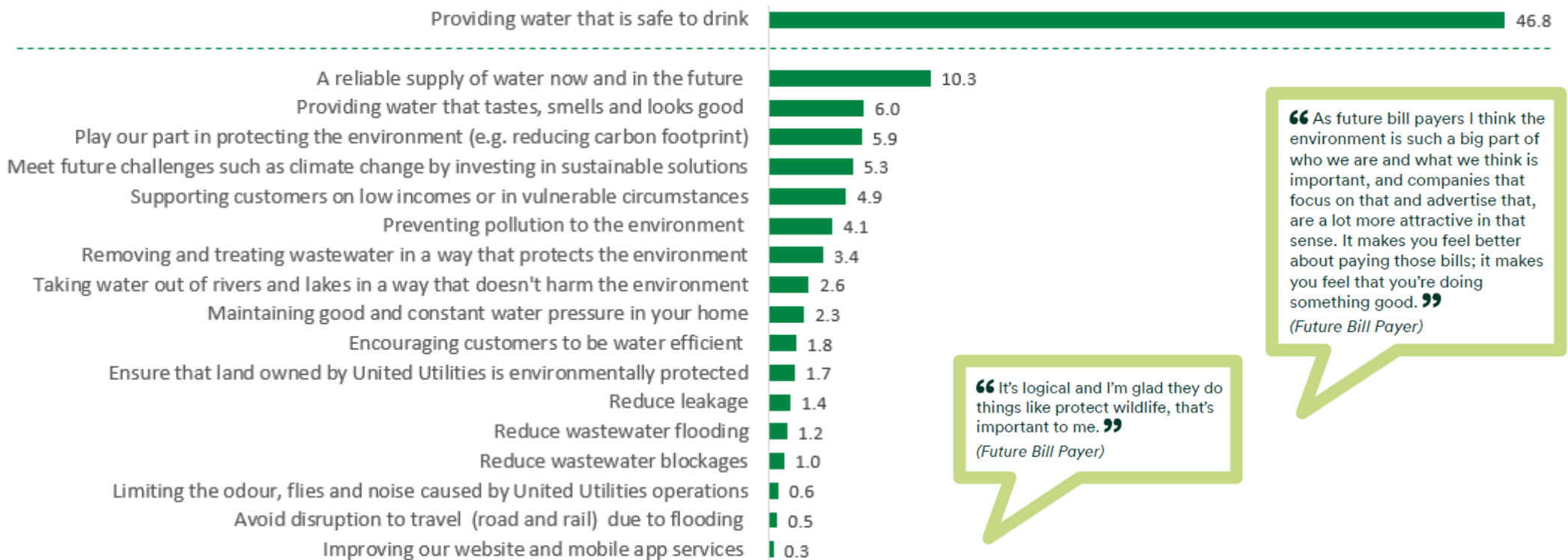
Figure 3 Customer priorities tested within the Customer Priorities research across water, wastewater, environmental and customer service areas

1. A reliable supply of water now and in the future
2. Encouraging customers to be water efficient
3. Reduce wastewater blockages
4. Reduce wastewater flooding
5. Removing and treating wastewater in a way that protects the environment
6. Avoid disruption to travel (road and rail) due to flooding
7. Supporting customers on low incomes or in vulnerable circumstances
8. Improving our website and mobile app services for a better digital customer experience
9. Preventing pollution to the environment
10. Limiting the odour, flies and noise caused by United Utilities operations
11. Ensure that land owned by United Utilities is environmentally protected, open to the public and promotes nature and wildlife recovery
12. Meet future challenges such as climate change and population growth, by investing in sustainable solutions
13. Play our part in protecting the environment (e.g. reducing carbon footprint, air pollution and use of plastics)
14. Providing water that is safe to drink
15. Providing water that tastes, smells and looks good
16. Maintaining good and constant water pressure in your home
17. Reduce leakage
18. Taking water out of rivers and lakes in a way that doesn't harm wildlife or the environment

4.2.3 What we found

- 4.2.3.1. Customers were asked to rank what priorities were most important to them (Figure 4) and, in general, the research showed that the environment is a higher priority than it was in 2016. It also showed that all of the priorities shared are considered to be of some importance to customers, and no new priorities were introduced. As the research conducted was across the whole operation of the company, customers determined that providing safe water to drink was by far the most important to them. The second most important was having a reliable supply of water now and in the future. Future bill payers prioritised the environment significantly higher compared to other customer groups. In addition to being more environmentally aware, affordability was also important to customers. It is seen to be a ‘must have’ and some business customers feel that billing is ‘not fair’.

Figure 4 Customer priorities ranking across water, wastewater, environmental and customer service areas, from most to least important



“It’s logical and I’m glad they do things like protect wildlife, that’s important to me.”
(Future Bill Payer)

“As future bill payers I think the environment is such a big part of who we are and what we think is important, and companies that focus on that and advertise that, are a lot more attractive in that sense. It makes you feel better about paying those bills; it makes you feel that you’re doing something good.”
(Future Bill Payer)

The total of all the numbers in the bar chart add up to 100. Each value shows the proportional importance of each priority. The larger the value, the more important a priority relative to the others. The values of each bar are relative to each other; therefore a value of 10 is twice as important as another priority with a score of 5.

- 4.2.3.2. When looking specifically at the priorities across the wastewater service area, preventing future collapsing or failing sewers along with ensuring that sewer networks protect homes and businesses were a high priority (Figure 5).
- 4.2.3.3. With regards to priorities across the environmental service area, preventing pollution incidents was the most important to customers, and they expect us to prevent pollution incidents from occurring (Figure 6).

Figure 5 Customer priorities ranking across wastewater service area

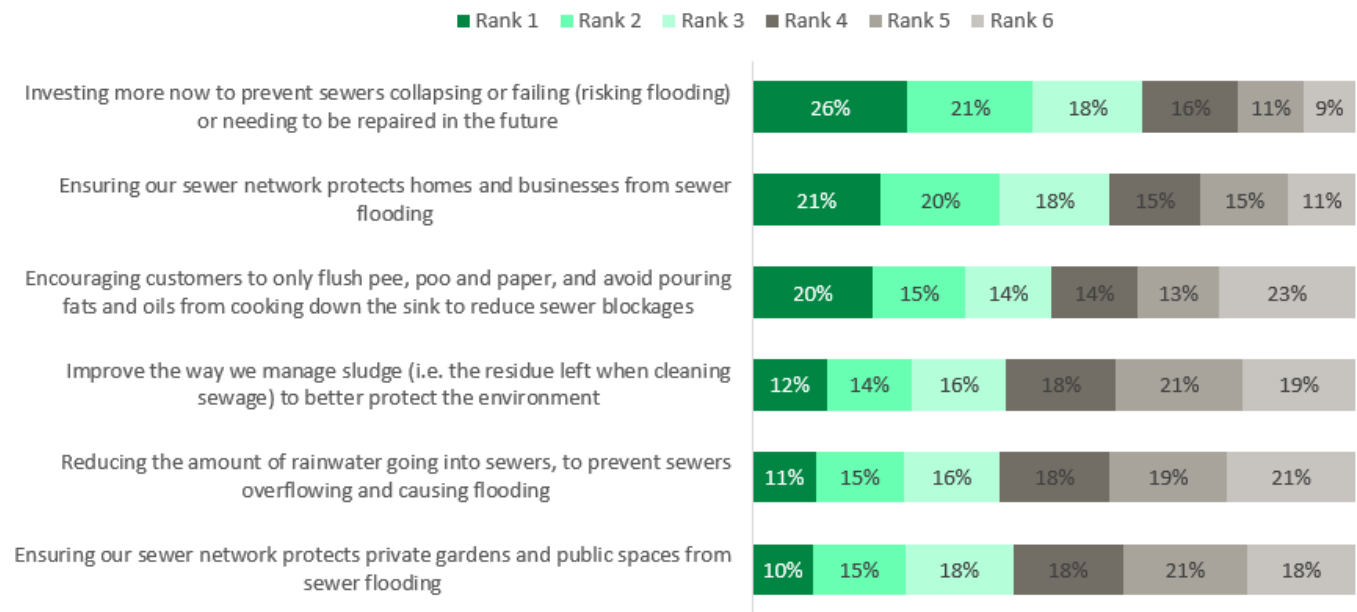
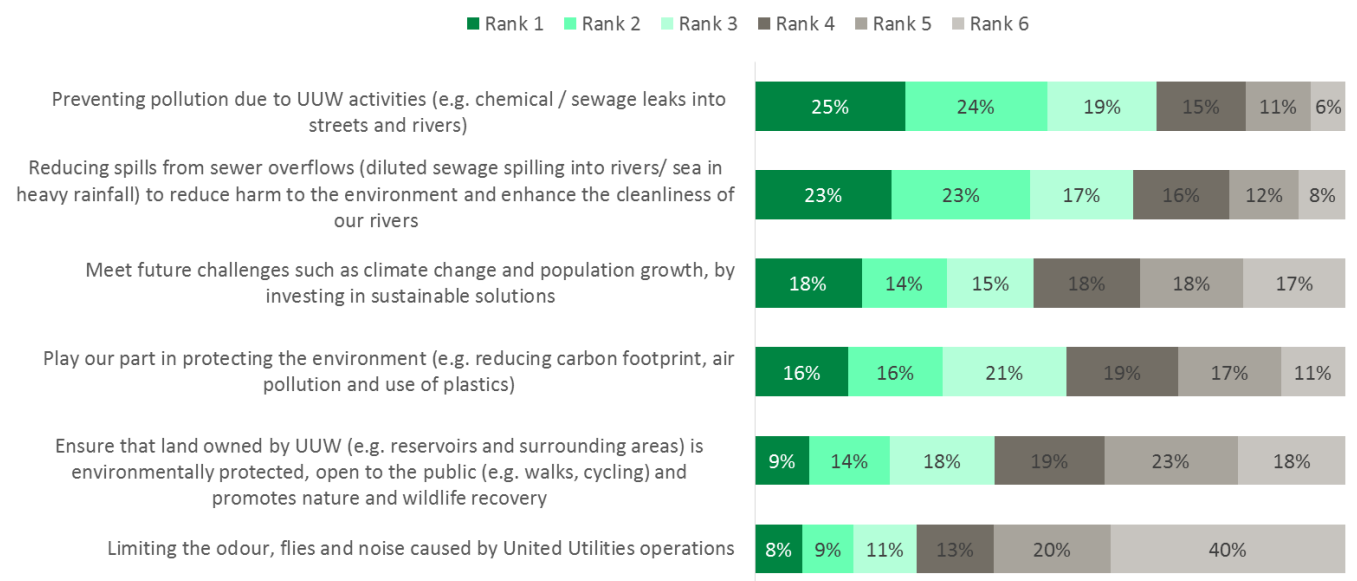


Figure 6 Customer priorities ranking across environmental service area



4.2.4 How this informed the plan

4.2.4.1. From this research, we have gained an understanding of key customer priorities. We used this research in conjunction with feedback from our stakeholders to inform the planning objectives set for the DWMP (Figure 7). The objectives were made more ambitious and reflective of the needs and priorities of those across the region. By taking this approach, we have been able to co-design and co-deliver an essential element of the DWMP as the objectives are subsequently used throughout plan development to set targets, check progress towards meeting them, and to close any gaps during options development. For more detail on how we have set our long-term ambition, you can read our Strategic Context on the [DWMP website](#).



Figure 7 DWMP planning objectives

Planning objective	 We will collect, treat and recycle wastewater in compliance with our permits, now and in the future, to protect the natural environment	 We will protect, restore and improve the natural environment of the North West through our actions	 We will sustainably reduce the risk of sewer flooding in the North West
Metric	Wastewater Quality Compliance Pollution Incidents	Storm Overflow Performance Environmental Obligations (WINEP)	Internal Flooding External Flooding Flooding of Open Spaces Sewer Collapses Risk of 1:50 Year Storm

4.3 Customer views on storm overflows

4.3.1 Overview

- 4.3.1.1. It is important that the DWMP reflects directly relevant engagement that will help to shape the plan, but also incorporates wider research on environmental topics such as storm sewer overflows (refer to Figure 8 for information on what they are, and their role across the North West) and the use of plastics.
- 4.3.1.2. Recently, storm overflows have become a main focus, as demonstrated by widespread social attention and televised news. However, until the publication of the Government’s Storm Overflow Discharge Reduction Plan consultation in March 2022, there was little guidance on expectations. Given the nature and history of the North West drainage system, we have a large number of storm overflows, which act as emergency release valves, designed to protect customers from flooding by discharging very dilute storm water into rivers, lakes and the sea. We discharge during storm conditions to provide relief in the sewer network to protect homes and businesses from sewer flooding. The Environment Act also highlights action on storm sewer overflows as a priority, however levels of investment required in this area are still uncertain, therefore we felt this was an important issue to test and incorporate feedback from customers.

Figure 8 Explanation of a storm overflow

Storm overflows and combined sewers

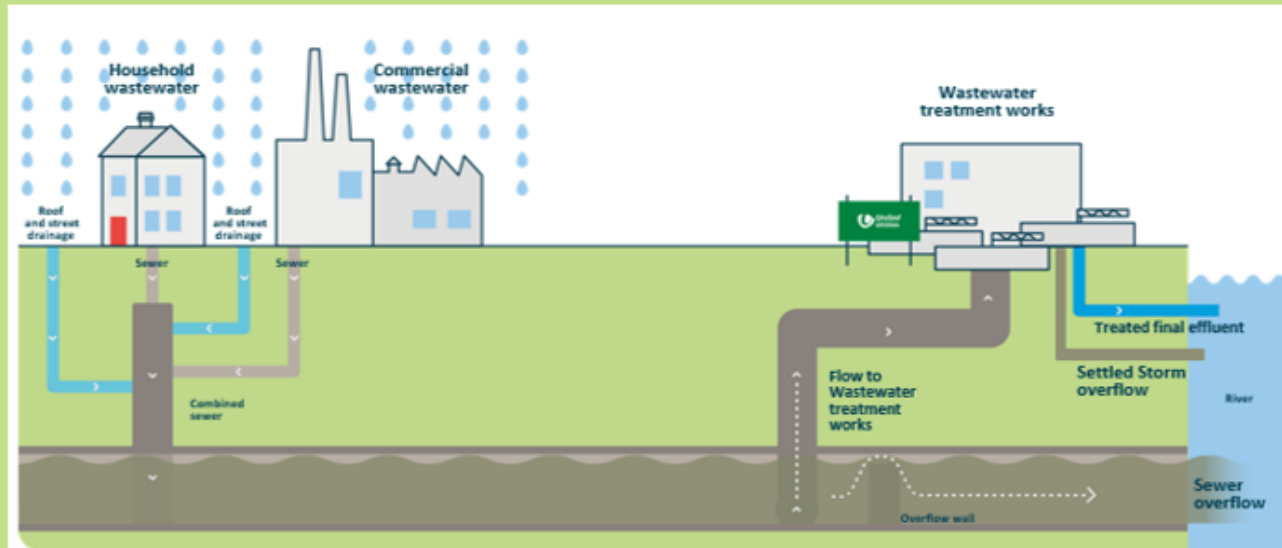
In the North West we have the highest proportion of combined sewers in England (mainly built by the Victorians), **54% of the sewer network is combined**. This is likely to result in a greater number of spills from storm overflows.

In periods of heavy or prolonged rainfall, rainwater can overwhelm a combined system causing overflows to spill.



A **combined sewer** collects wastewater from our homes (toilets, showers and washing machines etc.) and rainwater that falls on our roofs and roads.

This combined wastewater then goes to a treatment facility to be cleaned before being returned to local watercourses.



During extreme rainfall events the storm overflows will discharge to protect homes and businesses from flooding

Combined sewers take away rainwater and waste water including sewage, to treatment works to be cleaned before being released back into the environment. At times of heavy or prolonged rainfall the increase in the volume of water in the sewer can overwhelm the system and cause the system to flood. Storm overflows act as a pressure release mechanism to prevent this from happening.

4.3.2 Approach

4.3.2.1. As this topic is not just central to the DWMP, but also affects the wider business, we wanted to understand:

- What do customers know and think about the use of sewer overflows?
- What actions do they believe should be undertaken to reduce the impact of sewer overflows?
- What are their expectations regarding investments, time and potential disruption when addressing the problem?

4.3.2.2. To make this as interactive as possible, the research was conducted as a four-day online pop-up community with 69 customers who are a representative customer base and have various attitudes and views about the environment and their community. There were seven digital focus groups conducted over Zoom, where participants debated what investments should take place to reduce the impact of sewer overflows.

What is a pop-up community?
 A pop-up community is an invite-only online platform where customers can complete a variety of research tasks

4.3.3 What we found

4.3.3.1. As demonstrated in Figure 9 and Figure 10, this research gave an insight into their understanding that sewer overflows are necessary to help avoid flooding, however morally, they would like zero storm overflow spills into the environment. They also recognised that preventing blockages is a proactive step that can be taken to ensure that the sewers can operate as intended, without any obstruction as a result of sewer misuse. There was recognition that the impact on the environment is a key motivator, however, they are reluctant for overflow improvements to be reflected as an increase in their bill.

Customers would like to see investment in the North West and for there to be zero storm overflow spills but are reluctant for an increase in their bill

Figure 9 Overview of customers' initial views on storm overflows

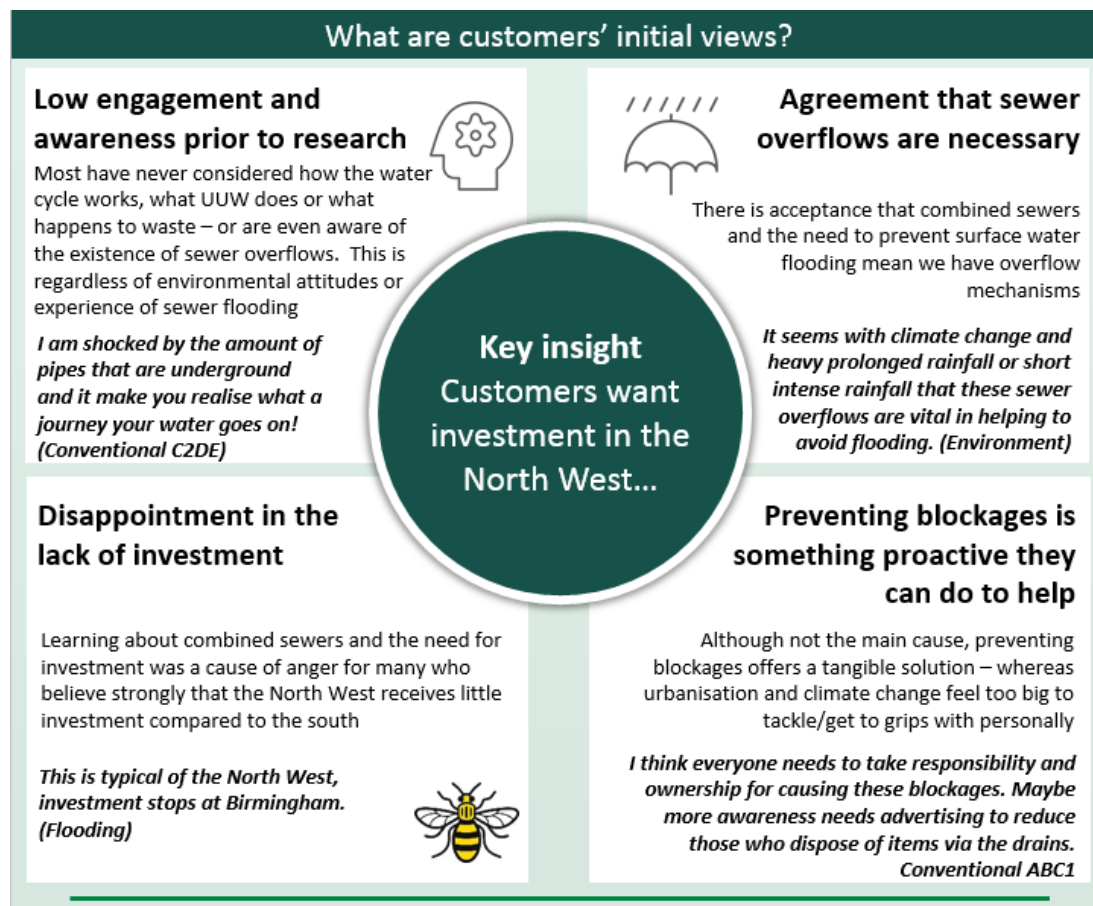
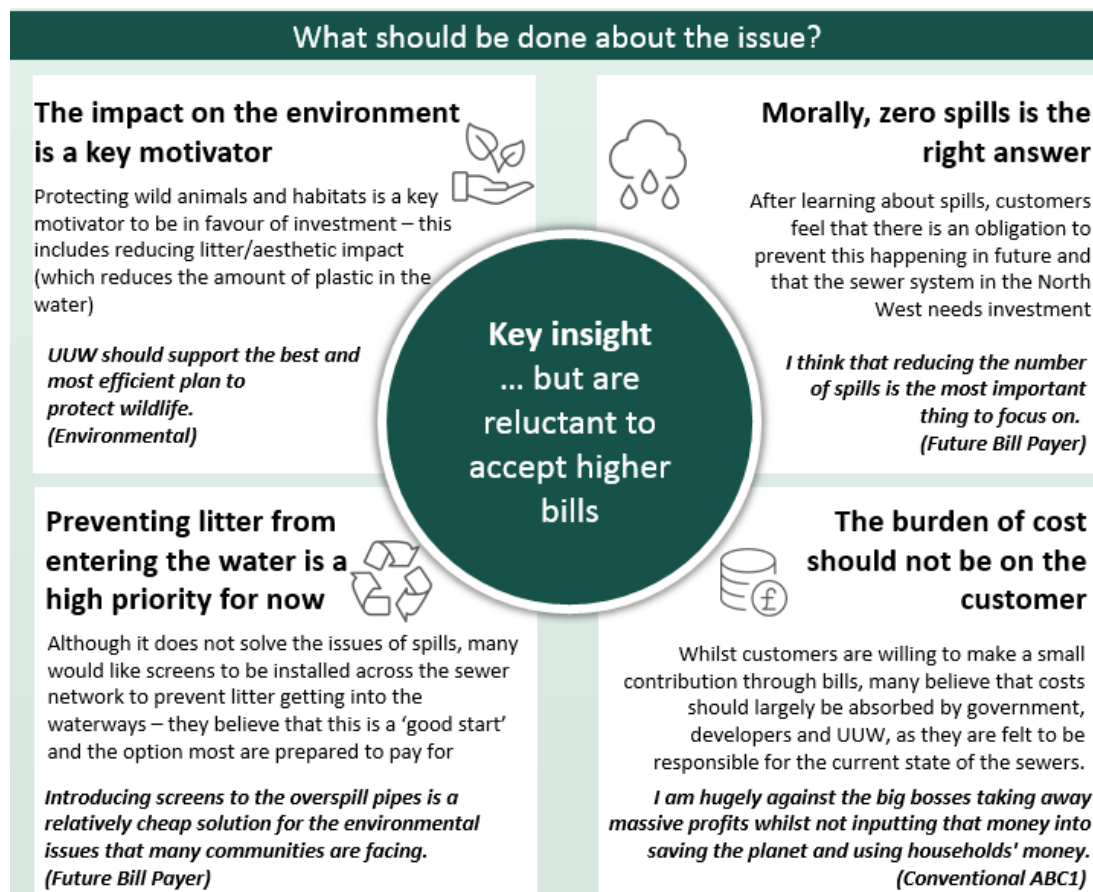
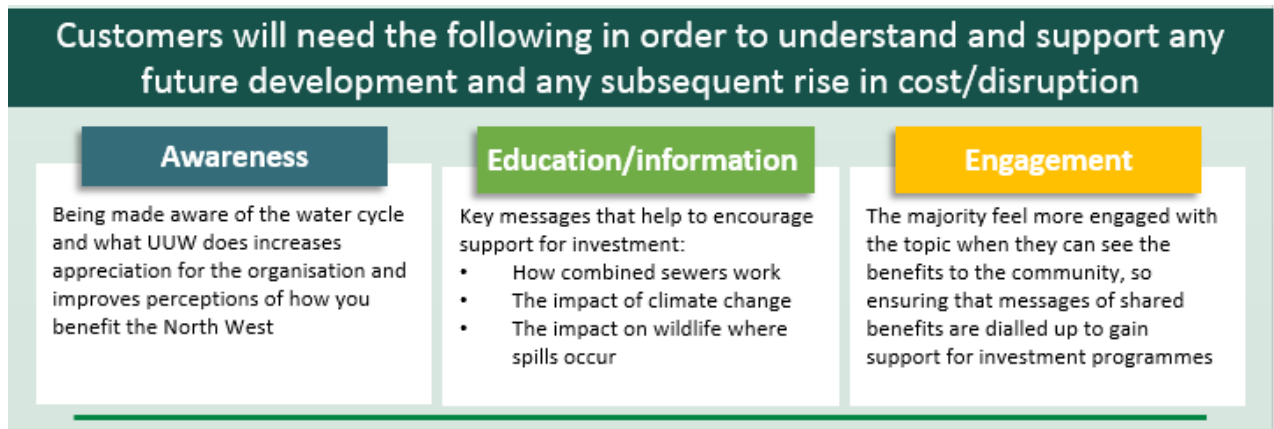


Figure 10 Overview of customers' views on what action they would like regarding storm overflows



4.3.3.2. It was acknowledged that in order for customers to understand and support any future development and any rise in costs or disruptions, more awareness, education, information and engagement are required (Figure 11).

Figure 11 Areas identified by customers for further information in order to understand and support future development



4.3.4 How this informed the plan

4.3.4.1. We already knew, prior to this research, that customers are concerned about storm sewer overflows, but this research has allowed us to deepen our understanding of what matters most to customers. To ensure that the importance of this topic was captured in the DWMP, we have a planning objective relating to improving storm sewer overflow performance. We openly support customers’ views on eliminating spills alongside their concerns regarding willingness to pay. We are looking to create a plan that can meet the Government’s new storm overflow policy when it is clear what is needed. To that end we have considered the policy requirements from the initial government consultation alongside our other planning objectives – storm overflows will be more fully represented in our final DWMP in 2023.

4.4 Communicating the DWMP

4.4.1 Overview

4.4.1.1. By using these various pieces of research when setting our long-term objectives, we are able to remain aligned with the next five-year business cycle (investment period 2025 – 2030) as the DWMP will inform what direction we take as a company to ensure that we are doing the right thing for customers, stakeholders and the environment in the longer term.

4.4.2 Approach

4.4.2.1. The DWMP will produce a wealth of information that we can share with customers across the North West, and we want to ensure that this is done in the most effective and convenient way. We want to ensure that customers are informed about any risks and work being undertaken in the area in which they live, as well as further information on specific topics of interest such as pollution and flooding risks. We thought the best way to do this would be on a dedicated DWMP website. However, before we started to develop this, we wanted to engage with customers to solicit their views on how the content and delivery of the resource could be optimised. Therefore, this piece of research was bespoke for the DWMP.

4.4.2.2. The objectives of this research were to:

- Understand the attitudes, level of engagement and understanding of drainage and wastewater;
- To explore what type of content customers are interested in for their local area;
- To explore the preferences of the look and feel of the website, and format of content; and
- To explore customer feedback on potential website designs, video content and preferences of format for proposed content.

4.4.2.3. This was done as a quantitative survey and a two-day pop-up community consisting of 1,229 customers who are representative of the customer base across the North West.

4.4.3 What we found

4.4.3.1. When understanding the attitudes, level of engagement, understanding of drainage and wastewater, and the type of content, the headline messages from the research are summarised in Figure 12.

4.4.3.2. The research shows that the majority of customers (93%) place a high value on the local natural environment and they believe that it is essential that U UW does everything that we can to take good care of the environment in which we operate.

4.4.3.3. The research also found that people's motivation for researching drainage and wastewater topics will determine what level of detail that they are looking for. Typically, the categories have been those proactively searching for the benefit of their surrounding area, and those who are searching for information that is relevant to them and their immediate situation. From this, it is clear that customers are proactive about taking care of their local environment and protecting their community, they want facts to help them make decisions and they want to know what is happening now.

4.4.3.4. In addition to gaining a better understanding of what drives customers, we were able to gain feedback on our draft DWMP website, such as imagery and technical language, to ensure that we are able to connect with as many customers as possible.

Figure 12 Headline messages from the research



4.4.4 Informing the plan

4.4.4.1. This piece of research has been co-designed and co-delivered as firstly we wanted to gain a better understanding of the attitudes, level of engagement and understanding of drainage and wastewater, and what drives customers across the North West. Additionally, it has allowed us to gain an insight into how we can effectively engage and what information customers need to enable them to feel informed and able to constructively engage with the planning process that will impact their local environment.

4.4.4.2. By taking this approach, we also had the opportunity to gain feedback on our draft DWMP website, where the DWMP will be ultimately shared, that were incorporated into the final designs before the website went live, along with the video, in summer 2021.



5. Options identification and appraisal

5.1 Overview

- 5.1.1. Customer research that we have conducted as part of options identification has allowed us to gain a key insight into what options and solutions customers want us to prioritise and deliver across the region.
- 5.1.2. The options identification and development element of the DWMP aims to develop options in collaboration with customers, stakeholders and third parties to address long-term challenges. The purpose of this is to ensure that we are selecting the best solutions and providing customers with value for money. This stage is also an opportunity for us to test our DWMP planning objectives and to define options which will have the greatest range of benefits for the region.
- 5.1.3. Our approach to options identification is made up of various stages and follows a screening process which determines the preferred options for the plan. We have considered a wide range of option types and there are a number of different ways which we can mitigate against long-term risks such as climate change, while providing additional benefits to customers, communities and the environment. Further information on our approach to options identification can be found in Technical Appendix 7 – Options Development and Appraisal (TA7).
- 5.1.4. A key part of the options identification approach was accounting for customer preferences in order to develop a best value plan. Where we can, we are increasingly using innovative catchment solutions, nature-based solutions and surface water separation for wastewater needs instead of more traditional solutions, such as storm tanks. These solutions can be more complex and involve other partners, but can deliver wider benefits for the environment and communities. We are trying to think and act innovatively to create solutions which are better suited to our region.
- 5.1.5. As options identification is such a critical part of the plan, we conducted a bespoke piece of research alongside the Water Resources Management Plan (WRMP) that could be used to inform the development of our options hierarchy. We recognise that long-term planning is challenging to ascertain meaningful engagement on and that customers don't differentiate between 'water' and 'wastewater' services. Consequently, a joint approach to engaging on long-term planning across WRMP and DWMP was appropriate.
- 5.1.6. By conducting this bespoke piece of research, we have the opportunity to gain key insight into:
 - Which service areas and options/solutions customers prioritise;
 - How customers prioritise each option and the factors that come into play; and
 - Views on the potential benefits/challenges of options.

The Water Resources Management Plan (WRMP) is a UUW long term plan which addresses water supply, demand and availability.

5.2 Approach

- 5.2.1. A three-week 'pop-up' community made up of 153 customers, 18 business users and 17 future bill payers was established. The customers involved were representative of our customer base. The research was conducted across three elements:
 - (1) **Knowledge building:** mini-surveys and discussions;
 - (2) **Depth and understanding:** video groups and in-depth interviews; and
 - (3) **Final verdict/consensus:** survey.

5.3 What we found

5.3.1. The research showed that customers ultimately see the future of water management in the North West as a collective responsibility which has been summarised in Figure 13.

Figure 13 Summary of how customers view the future of water management in the North West



Responsibility falls into three main groups:

United Utilities Water

Responsibility to maintain infrastructure and seek efficiencies.

Initiatives in line with these are often considered ‘no brainers’ – some are surprised they aren’t already in place.

Customers

Individual responsibility to consider water use and disposal.

Happy for behavioural strategies to help nudge better behaviour.

Education needs to start earlier, preferably in schools, to get people on board.

Industry

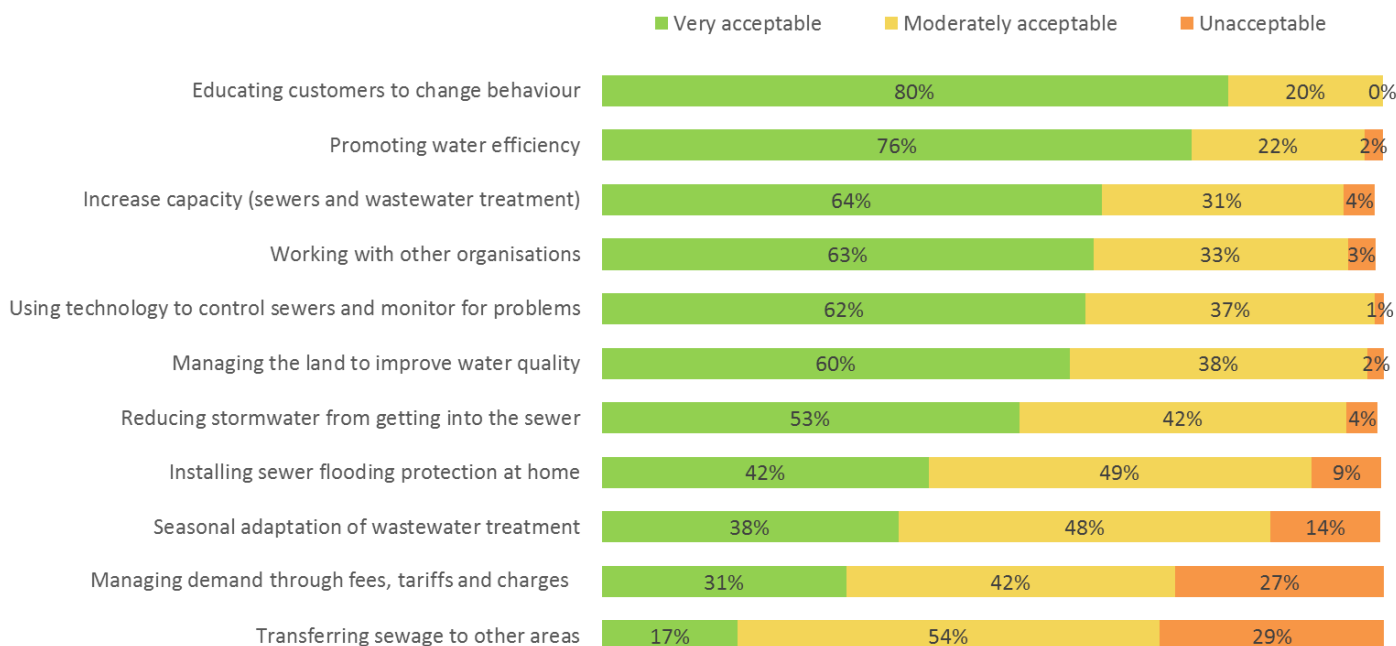
Need to play their part too.

Without their buy in, many initiatives might struggle to get off the ground.

Financial incentives or recognising standards (such as soil certificates) can help do this, providing a win-win situation for all.

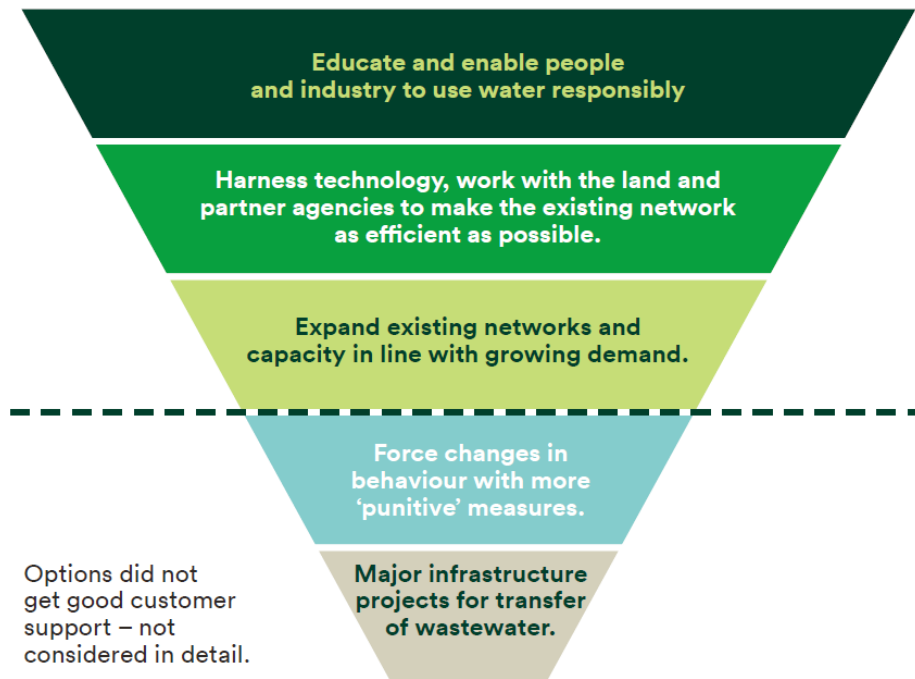
5.3.2. Interestingly, the customers’ views showed that they are more familiar with the water resources part of the water cycle and generally understand the concepts better, however the DWMP initiatives are easier for them to grasp and engage with. With the DWMP elements, there was a strong endorsement of measures that encourage more responsible behaviour at a household level. Customers supported all of the proposed initiatives (Figure 14), but there were reservations about the large-scale movement of wastewater around the region and the fairness of fees and charges options, with regards to incentivising sustainable behaviour and to discourage misuse behaviours.

Figure 14 Customers’ views on the DWMP initiatives



5.3.3. From across both the DWMP and WRMP elements, there was a similar pattern for customers’ preferences (Figure 15) for meeting long-term challenges. There is appetite for more education, innovation and smart ways of working before the more traditional grey measures.

Figure 15 Customers’ preferences for meeting the long-term challenges

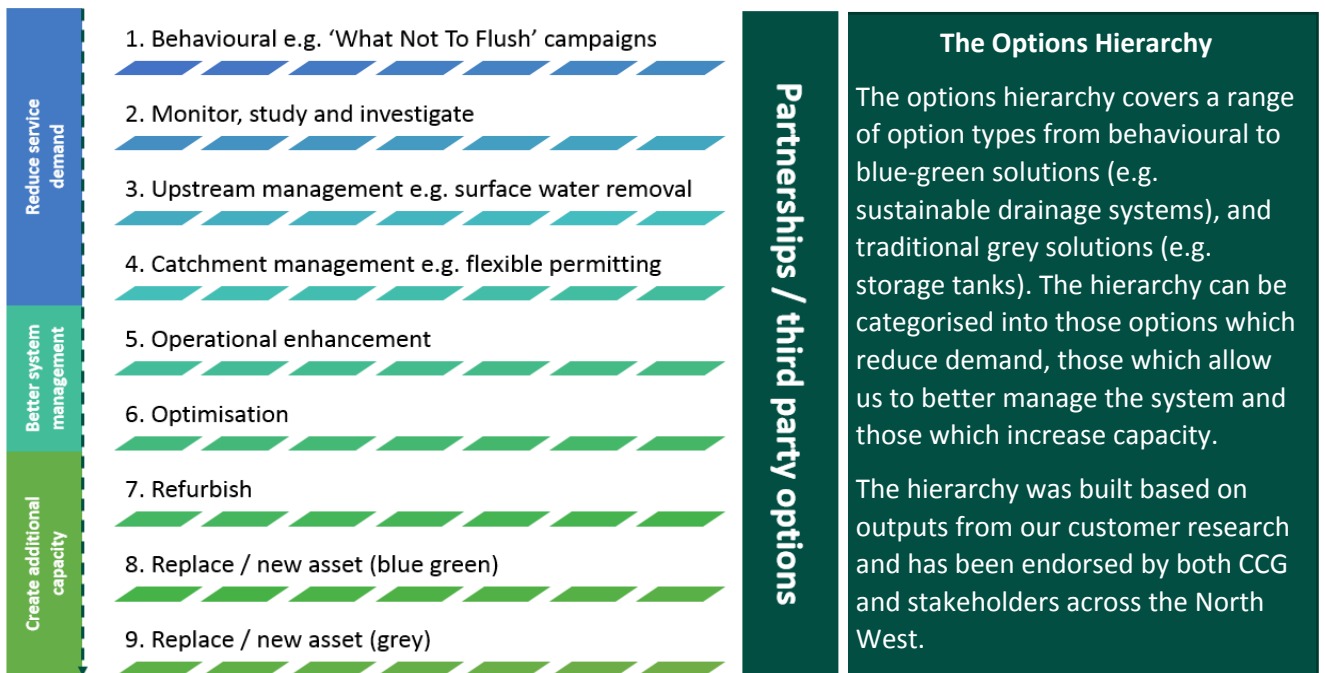


5.4 How this informed the plan

- 5.4.1. This research has enabled collaboration with customers which has played a significant role in the development of the DWMP. Customers were able to understand different option types and the benefits and drawbacks associated with these. Subsequently, this enabled customers to rank their priorities for solution types.
- 5.4.2. We have been following the DWMP framework which provided suggestions on what the options hierarchy should look like. We used this as a base which was further developed and supplemented with the views and priorities of customers to develop our options hierarchy.
- 5.4.3. When asked to prioritise the various initiatives, it was clear that customers value managing risks at source, ensuring sustainability and cost effectiveness, benefitting the region as a whole, and working in partnership. We also added three categories; reduce service demand, better systems management and create additional capacity, as this meant more to them than the specific option types (Figure 16).
- 5.4.4. Customers, alongside the endorsement from the CCG, have been integral in shaping the hierarchy which allowed us to have a solid foundation when creating our preferred option blends and preferred plan.



Figure 16 Options hierarchy



5.5 Customer feedback

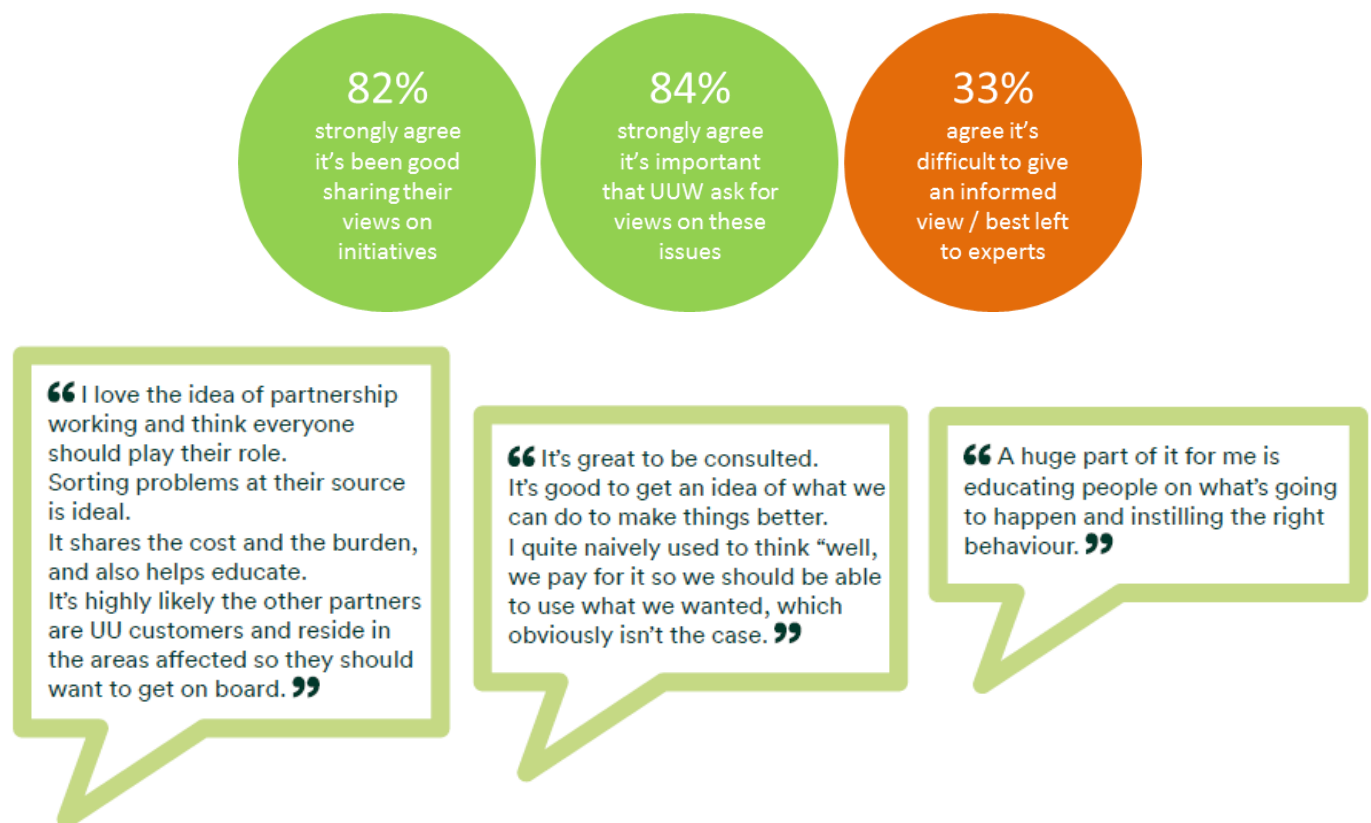
- 5.5.1. As part of this research, we received great feedback (Figure 17) which emphasises the importance of consulting with customers to give them reassurance and confidence in our plan development, but also to make sure that we are developing the best initial plan and have the tools to make the best decisions in the future.
- 5.5.2. This research was innovative, engaged with customers in a different way and made us a finalist for the AURA Award 2021.

AURA Award 2021

We were a finalist for the AURA award which is given to the best case study from a client and/or client-agency collaboration which demonstrates the impact of insight on their business through:

- Bottom line improvements/successes; and/or
- Engaging difficult to reach stakeholders; and/or
- Changing the opinions of customers through effective and creative use of insight.

Figure 17 Feedback from participants of the research



6. Programme appraisal

6.1 Overview

6.1.1. Programme appraisal is the next step in the DWMP process following options identification. This phase includes our decision-making approaches, scenarios tested and selection of our preferred programme, for the elements where we have choice. Given the cost, performance and wider benefits/impacts of options, the programme optimisation stage of the process aims to identify the most appropriate way to prioritise issues to resolve, and interventions to use to meet the outlined planning objectives across the North West. Further information on our approach can be found in Technical Appendix 8 – Programme Optimisation (TA8).

6.2 Approach

6.2.1. In order to inform customer views on different scenario outputs from programme appraisal, a piece of triangulation work was undertaken, taking into consideration the feedback customers had given us across a suite of engagement activity undertaken during 2021 and 2022. This included:

- State of the Nation Covid-19 tracking – September 2021;
- UUW Customer Priorities – November 2021;
- WRMP and DWMP options research – April 2021;
- Sewer overflows – November 2021; and
- Social Value, insight synthesis – February 2022.

6.2.2. Economic uncertainty and incomes falling in real terms throughout 2021 led to increasing concern about affordability of water bills. We consider this concern is set to continue through into AMP8 and should be a key consideration in programme appraisal.

6.2.3. In addition, the following conclusions could be drawn about services provided: pollution and reducing spills from overflows have a higher priority than flooding; internal flooding has a higher priority than external and public space flooding; solutions with a lower carbon footprint or delivering environmental benefits should have a high priority.

6.3 What we found

6.3.1. The triangulation exercise showed that a wastewater package of less than £5 per household per five-year investment cycle (e.g. 2025 – 2030) would likely be acceptable to a majority of customers, in terms of bill impact in any five-year period. Triangulation also noted that bill impacts of greater than £5 may not be acceptable to customers, although limited evidence is available on what is driving this, and whether or not greater information on benefits of investment would change perceptions. Also, key investment priorities are protecting the environment, reducing pollution and sustainable solutions, with a 4:1 weighting between pollution and reducing sewer flooding.

6.4 Informing the plan

- 6.4.1. The insight from this piece of research has allowed us to understand a range of options and identify best value solutions. By using scenarios, we have been able to fine tune different combinations of solutions, wider benefits and costs to understand a wide spectrum of potential futures for the North West. We can use this when planning for future investment periods such as 2025 – 2030, liaising with partners regarding partnership funding and to demonstrate what we would like to achieve as a company vs what we are able to achieve.

7. Customer portal

- 7.1. We appreciate that times are changing and that customers expect to see information first hand and at their disposal rather than reading through large texts. Customers have told us that they would like interactive elements to the plan, such as an interactive map where locally relevant information can be searched for (insight gained from the ‘Communicating the DWMP’ research, see Section 4.3), this should be clear and easy to understand. The DWMP framework sets a similar expectation; they suggest that Baseline Risk and Vulnerability Assessment (BRAVA) outputs should be presented on an online geospatial platform which is suitable for customers and stakeholders.
- 7.2. We have produced a DWMP portal that has been developed in three tiers, two stakeholder password-protected tiers (refer to Technical Appendix 2 -Stakeholder Engagement (TA2)) and a public facing customer portal. The DWMP customer portal is designed to share BRAVA results publicly on a clear and easy to use map. We have taken the feedback from the DWMP website customer research into account and ensured that customers can navigate the map to view their local current and future risks in their TPU. We must protect customers’ data under the General Data Protection Regulation (GDPR) so there are limitations as to what can be shared publicly. Although we are aware that there is a desire for customers to know locations of sewer flood risk, we legally cannot blight properties. As information is shared on the portal by the tactical planning unit (TPU), we have restricted sharing sewer flooding information to only those TPUs with a population equivalent (PE) over 2,000.
- 7.3. The DWMP portal is currently being tested on customers through the ‘WaterTalk’ panel and with YourVoice to ensure it is appropriate to share publicly. The actions we take following this feedback will be shared between draft and final DWMP publication.

Baseline Risk and Vulnerability Assessment (BRAVA)

BRAVA was undertaken to understand baseline and future performance to determine:

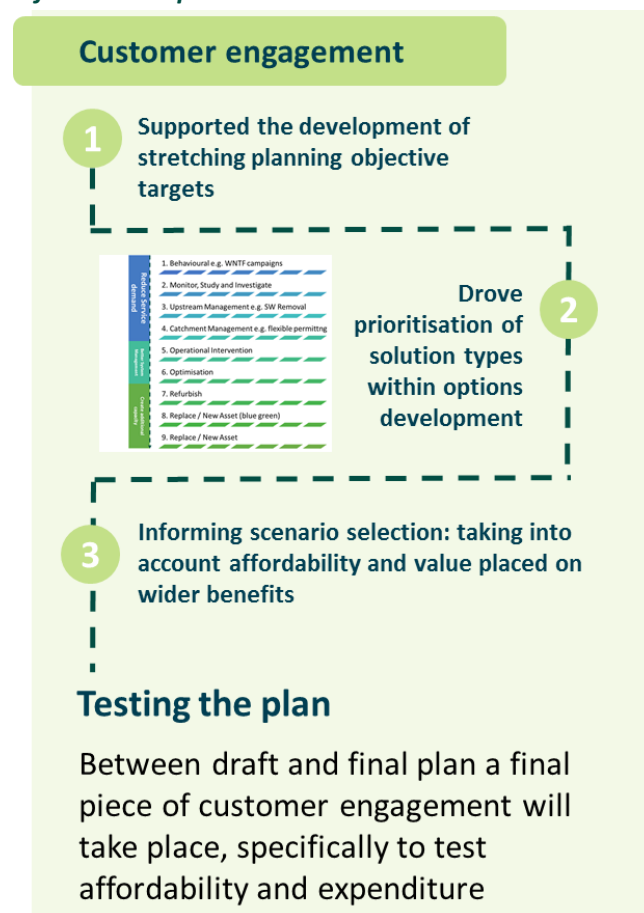
- What is at risk in the future?
- When might we need an intervention?

8. Testing the plan

- 8.1. As demonstrated in this document, we have engaged with customers at various stages throughout the DWMP process, especially regarding options identification to ensure that their views and priorities are incorporated. We have allowed customers' voices to be heard and given ourselves opportunities to reflect and incorporate them.
- 8.2. We began by setting our draft planning objectives which were supported by customers, which in turn has driven the prioritisation of solution types with confidence that we are including options which matter to customers. This has then allowed us to build a solid foundation when creating our preferred option blends and preferred plan (for the elements where choices are available, Figure 18).
- 8.3. This has relied on extensive research and time spent learning about customers and what matters to them.
- 8.4. By taking a comprehensive approach to customer research, this will ensure that the DWMP plan is robust, as the success of the DWMP relies on effective engagement and partnership working with both customers and stakeholders to identify and co-create potential options.
- 8.5. We have made a conscious effort to take a co-design and co-delivery approach to the research, which has allowed us to promote and encourage a broad scale of options with appropriate levels of detail to address priority risks. We have also been able to factor in how behaviours and attitudes are changing and still evolving. This will play a big part moving forwards into our next investment period (2025 – 2030) and our future planning processes.
- 8.6. When developing the DWMP, there has been some key guidance that has not been available until late in the process, such as expectations from the Government's Storm Overflow Discharge Reduction Plan, and the Environment Agency Water Industry National Environment Programme (WINEP) guidance. Both have the potential to significantly impact the plan by introducing statutory requirements with limited opportunity to factor in customers' priorities beyond helping us choose between solution types. We are currently at draft publication and therefore before final publication in March 2023, we will be conducting further research on customer acceptability testing once we have greater certainty on expectations and how this could impact the plan.
- 8.7. We are also starting to develop our next business plan submission which is due in 2024, ahead of our next investment cycle (2025 – 2030) which will draw upon the extensive research that we have undertaken as part of the DWMP.
- 8.8. The following section details our approach to governance and assurance of customer research.



Figure 18 Overview of how customer research has informed the plan



Watch this space:

- Customer acceptability testing
- Investment cycle 2025 - 2030 development
- Final DWMP submission spring 2023

9. Our approach to customer governance and assurance

9.1 Overview

- 9.1.1. As a company, our customer engagement approach is embedded into our business processes. This allows us to test new ideas and proposed improvements with customers, for example through our ‘WaterTalk’ online customer research panel which has over 7,700 members. We have utilised insight gained during investment cycle 2015 – 2020, which is helping us to deliver excellent customer service between 2020 and 2025, and current research is allowing us to push the boundaries further and to shape our long-term planning processes such as the DWMP and planning for future investment cycles.
- 9.1.2. Over the years, we have built a deeper understanding of the customer base in the North West:
- We have sought to understand customer priorities for the services they receive and what we can do to increase their satisfaction;
 - Time has been taken to understand more about customer motives and behaviour, so that we can utilise this to deliver services more effectively and efficiently;
 - Over the last five years, we have communicated and listened to customers in new ways and through new channels giving us unprecedented breadth and depth of insight; and
 - We have investigated ideas with customers which has sometimes led to co-created solutions, and in other instances going back to the drawing board.
- 9.1.3. We have enhanced our understanding of customer preferences through better analysis of ongoing interactions and a significant increase in customer participation. This has given us a much richer picture of customers and a deeper understanding of their needs and expectations across the customer base.
- 9.1.4. Throughout the DWMP, we have been able to expand our understanding further as the research that we have undertaken feed into each other, such as options identification and programme appraisal. We have ensured that we have followed best practice such as unbiased, engaging, non-leading questions and research that aligns to Ofwat’s Guiding Principles.
- 9.1.5. We have also ensured that the research has been co-designed and co-delivered in order to get the most out of the opportunities with customers, and to ensure that our plan is robust.
- 9.1.6. We also openly acknowledge that some aspects have been out of our control, such as the need to incorporate external guidance, such as storm overflows, which has not been meaningfully available within draft publication timescales. This is why between draft and final publication in March 2023, we will be conducting further research on acceptability testing to ensure that the plan reflects customers’ views on affordability given the financial impacts of large new statutory obligations on the wastewater programmes.
- 9.1.7. Further information on our governance and assurance approach can be found in Technical Appendix 1 – Assurance and Governance (TA1).

9.2 YourVoice

- 9.2.1. As highlighted in Section 2, another form of governance has been utilising the independent Customer Challenge Group, YourVoice. We have gained endorsement from the YourVoice ESCG on the development of the DWMP, we also have additional YourVoice sub-groups, of which one was specifically for scrutinising the quality and reach of customer participation to make sure that the business plan consistently reflects customers' views and priorities. Where appropriate, we also worked with YourVoice to seek third-party expertise to validate results, including independent advice such as that from ICF on triangulating research from a variety of sources. YourVoice is fully engaged across our research programme covering design, executions, analysis and application. This insight, and the wider value that customers place on our service, underpins the proposed performance commitments and outcome delivery incentives (ODI) that we put forward in our Price Review process.
- 9.2.2. By using existing data sources, regular monitoring research and learning from specific events, this can, in turn, inform improvements that we can make to our services and the value customers place on such improvements. This means that our plans are built on a broad range of customer engagement methods for retail, water and wastewater services.
- 9.2.3. We are confident that our future plans, such as the DWMP, are more reflective of customer priorities and hence allow for better targeting to deliver efficiencies, satisfaction and value for money, all of which customers care most about. Through our extensive engagement, we believe that we have made strategic decisions and developed a planning process that reflect customers' views where there are choices to be made.

We recognise that good engagement with customers requires a dynamic, multifaceted approach which seeks continual feedback across multiple channels which we can assimilate and act upon quickly

We are committed to deepening our understanding as we progress over the next few years and to flex our approach where we identify new insights

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