

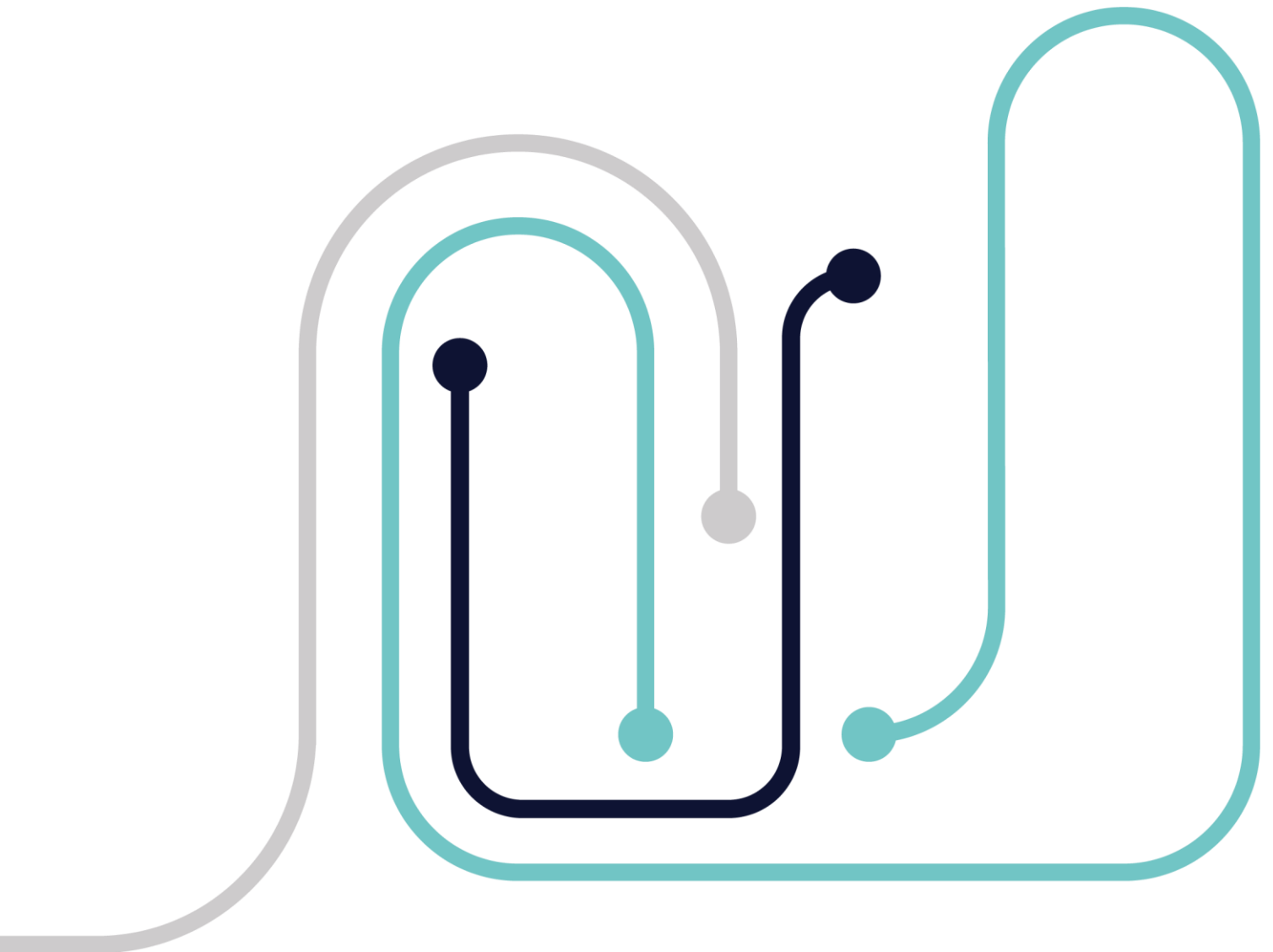


South West Water

Green Recovery:

Confirming customers views

June 2021



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Executive Summary

ES.1 Project objectives

The COVID-19 pandemic is taking an unprecedented toll on the south west. The virus has impacted livelihoods, jobs and businesses across the region. Those in hospitality, especially young people, are bearing the brunt of the economic consequences.

South West Water (SWW) is discussing with Ofwat its Green Recovery Plan, which sets out a suite of initiatives to support the people and businesses of the region. The plan is based on customer views and was informed by customer engagement research undertaken between October 2020 and January 2021. Altogether c.700 participants – including some future customers – were consulted on the Green Recovery Plan and Initiatives.

The plan was developed in response to calls from government and regulators for water companies to review our long-term environment and water resources plans to: accelerate planned investment; bring forward future investment; and implement new ideas to boost the economy.

South West Water has conducted further research with customers to understand if they remain committed to the green recovery plan and if they consider South West Water in a place to deliver the plans alongside existing performance commitments. A key part of understanding whether the Green Recovery plans are acceptable included providing customers with information on SWW's plans up to 2025 and performance for 2020-21 as context.

This report summarises the findings of the research.

ES.2 Research Approach

The qualitative research consisted of four online focus groups, with 33 customers. Three groups engaged customer from the South West Water region and one group engaged customers from Bournemouth Water.

Each of the SWW groups focused on a specific age group and engaged customers from locations across the south west. The Bournemouth Water group was mixed age. All of the groups included a mix of customers of different gender and socio-economic group and customers with and without meters and with long term health issues and/or disabilities were represented¹.

ES.3 Key Findings

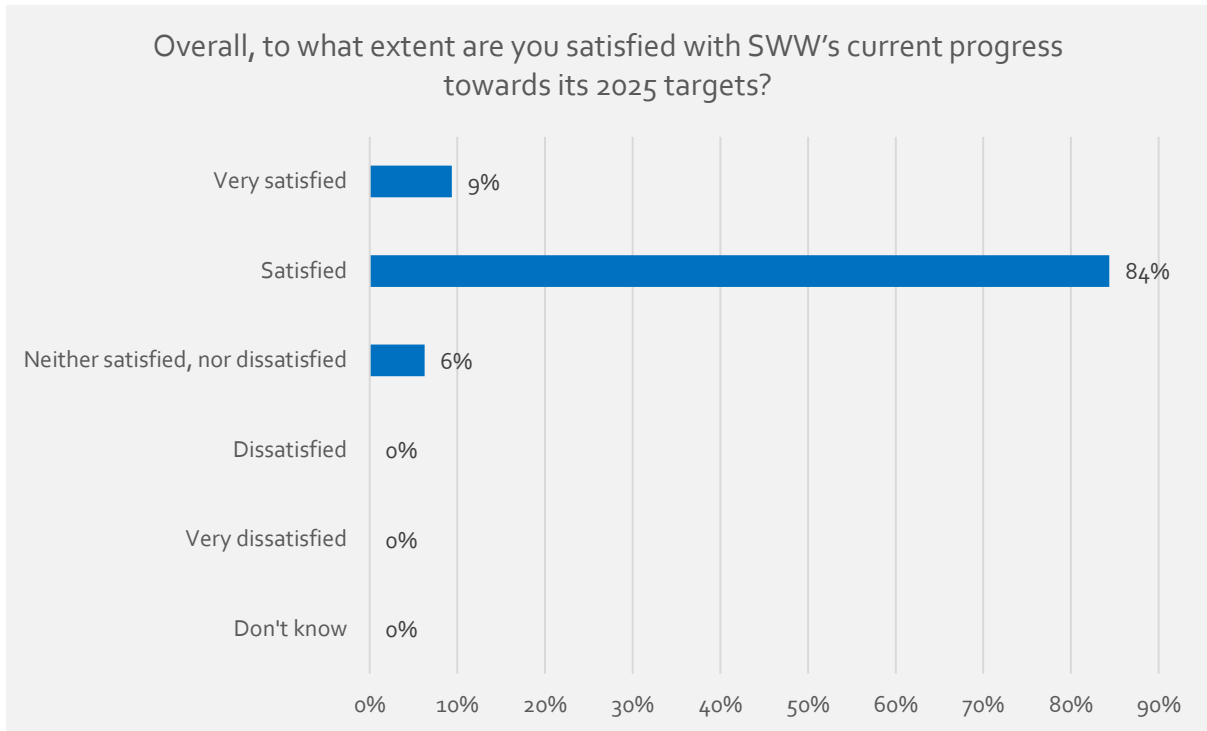
CUSTOMERS ARE SATISFIED WITH PROGRESS ON PERFORMANCE COMMITMENT TARGETS

Customers were supportive of SWW's progress towards its Performance Commitment targets for 2025. Overall, 94% of customers were satisfied or very satisfied with SWW's current progress based on 2020-21 results.

The remaining 6% provided neutral answers stating that they were neither satisfied nor dissatisfied. The reasons given focused on the areas behind target balancing out the areas that were ahead of target. These customers were based in the South West Water region.

¹ Group split: Group 1:SWW age 56+; Group 2 – SWW 18-30 years; Group 3 – SWW 31-55 years; Group 4 – BW, mixed age. All groups mixed SEG and gender.

Figure E.1: Customer satisfaction with SWW’s current progress towards its 2025 targets



In the SWW region customers discussed the PCs in detail that were significantly behind target (leakage and pollution). Customers accepted the situation as long as there were plans in place to bring the PCs back on track and meet the 5-year target. For leakage, there was recognition that the Coronavirus pandemic has had an impact given that this is the first year that SWW has missed their target.

Vast majority of customers thought that it is acceptable for companies to move at differing pace across the targets. This was not universal, and a minority of customers thought pace should be more even. There was general recognition that moving at differing paces was to be expected as businesses will encounter problems that mean targets are sometimes missed.

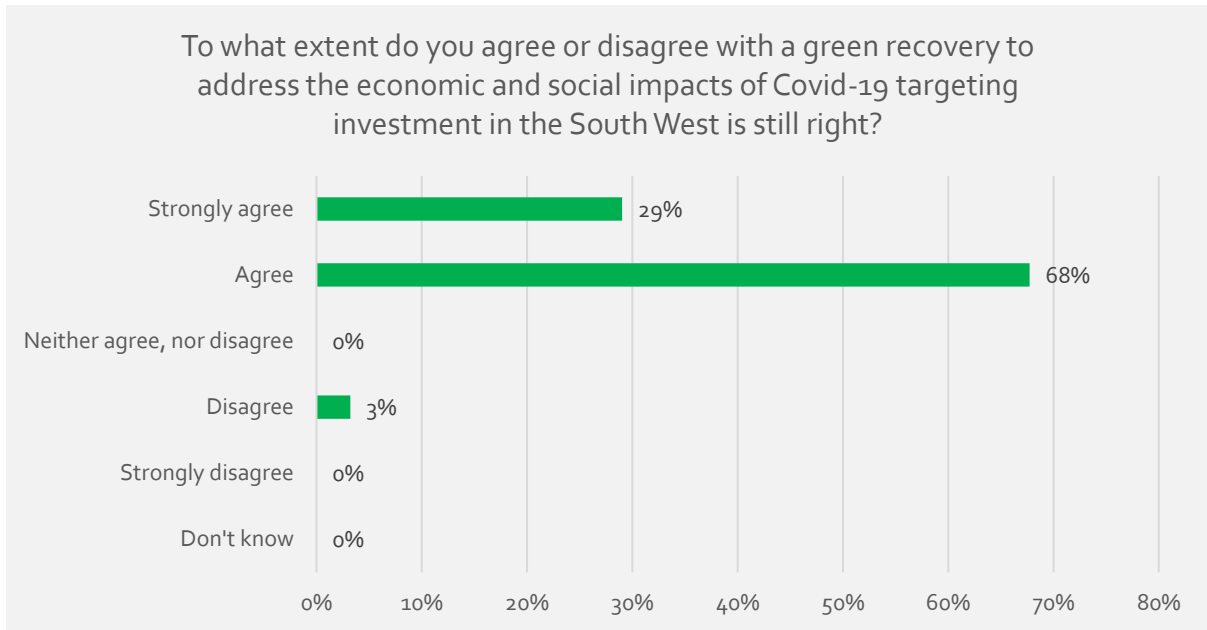
CUSTOMERS CONTINUE TO SUPPORT A GREEN RECOVERY THAT IS BUILT ON CUSTOMER VIEWS

Customers continue to think that a Green Recovery is important and desirable. Overall, 97% of customers agreed with a green recovery to address the economic and social impact of Covid-19 that targets investment in the South West.

Customers liked that Ofwat supports plans that reflect customers views, with one group stating that this approach gives customers confidence.

One customer disagreed with the green recovery. Their reasoning was that the extent of the impact of Covid-19 is yet to be realised, and that it will continue for a long time. They did not think that it was appropriate to ask customers their opinion in these circumstances. Also, that changes needed to be physically implemented or proven to be believed.

Figure E.2: Customer views on a green recovery targeting investment in the South West



UNIVERSAL VIEW THAT SWW’S PLANS ARE ACCEPTABLE

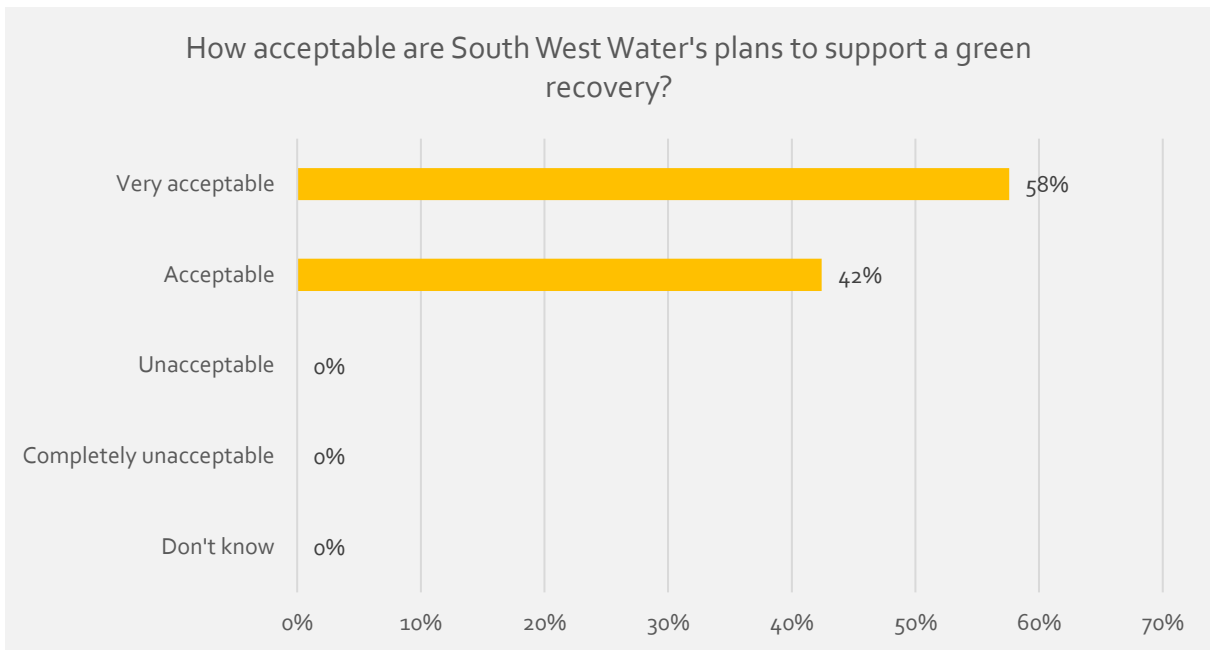
100% of customers thought that SWW’s plans to support a green recovery were acceptable.

The initiatives were viewed as the right direction with the right focus. There was particularly strong support for sewer separation and for land restoration and biodiversity enhancement of the Dartmoor National Park. Customer were also pleased to see the impact of the investment on jobs, especially given the impact of current pandemic on job losses.

The annual bill impact was explained to customers as £4-5 for SWW customers and £2 for Bournemouth Water customer from 2025. Customers think this is a fair price to pay and they were surprised, but content, that the bill impact would not be realised until 2025. Whilst there was substantial support for a larger programme, customers recognised the need to balance investment with bills to ensure they can be affordable for all.

A key message was when bills do eventually change due to the Green Recovery plan then SWW needs to convey to customers the reason for the change. Customers queried whether new targets would be set, noting the interaction between the existing plan and the green recovery plan. They did not want the implementation of the green recovery plan to impact on the delivery of the existing targets for 2025.

Figure E.3: Acceptability of South West Water's plans to support a green recovery



CUSTOMERS CONTINUE TO SUPPORT 2030 NET ZERO FOR THE WATER INDUSTRY

During the focus groups, the discussions also included a review of Net Zero targets, and the contribution of South West Water to achieving targets.

Customers continue to feel that the 2030 Net Zero target is the right ambition for the water industry and South West Water. This was felt to be important given that achieving the Government 2050 target will be challenging for some industries. Therefore, it will be important for some industries, such as the water industry, to achieve early benefits. There was also recognition that the economic impacts need to be considered to achieve a balance between bill impact and Net Zero progress and that the activities should not detract from achieving the existing plan's targets for 2025.

There was support for South West Water resources (e.g. land) being used for renewable production. This covered both renewable generation activities linked to core services (e.g. hydro electricity and bioresources) and non-core activities (e.g. solar and wind).

Customers supported allowing other organisations to install and manage renewable generation on water company land if this was more efficient. There was stronger support for utilising proven technologies compared to untested technologies with some customers suggesting that untested technologies should be piloted first to minimise risk.

ES.4 Conclusions

This research has shown that customers continue to be highly supportive of South West Water participating in a Green Recovery Plan for the south west. Customers continue to think the broad aims of increased effort around the environment, climate change and supporting the economy during the pandemic are priorities.

The SWW green recovery initiatives were universally supported, and the bill impact is considered fair. Customers are satisfied with SWW's progress to date against current plan Performance Commitment targets. However, they do not want the implementation of the green recovery plan to impact on the delivery of the existing targets for 2025.

There is substantial support for a 2030 net zero target for the industry to deliver benefits early as long as the economic impacts are considered and balanced. Customers support a multi-faceted approach that applies a range of renewable activities.

Overall customers are supportive of the ambitions of the plan, which is seen as supporting the environment and the economy in line with their views.

1 Introduction

1.1 Project Objectives

The COVID-19 pandemic is taking an unprecedented toll on the South West. The virus has impacted livelihoods, jobs and businesses across the region. Those in hospitality, especially young people, are bearing the brunt of the economic consequences.

South West Water (SWW) is discussing with Ofwat its Green Recovery Plan, which sets out a suite of initiatives to support the people and businesses of the region. The plan is based on customer views and was informed by customer engagement research undertaken between October 2020 and January 2021. Altogether c.700 participants – including some future customers – were consulted on the Green Recovery Plan and Initiatives.

The plan was developed in response to calls from government and regulators for water companies to review our long-term environment and water resources plans to: accelerate planned investment; bring forward future investment; and implement new ideas to boost the economy.

South West Water has conducted further research with customers to understand if they remain committed to the green recovery plan and if they consider South West Water in a place to deliver the plans alongside existing performance commitments. A key part of understanding whether the Green Recovery plans are acceptable included providing customers with information on SWW's plans up to 2025 and performance for 2020-21 as context.

This report summarises the findings of the research.

1.2 Report Structure

This report sets out the findings from undertaking qualitative customer research for June 2021/22.

The report is structured as follows:

- Overview of the research process (Section 2)
- Overview of the participants engaged (Section 3)
- Key research findings (Section 4)
- Summary of customer views on the research project (Section 5)
- Conclusions and Recommendations (Section 6)
- Copy of the survey (Appendix)

2 Research process

The research builds on previous customer research undertaken to develop the Green Recovery plan.

2.1 Overview of the previous research programme

Customer research to develop the Green Recovery plan was undertaken between October 2020 and January 2021. The research incorporated qualitative and quantitative studies to develop a Green Recovery business plan and test the acceptability of this with customers.

The qualitative phase was undertaken at the start of the planning process to help South West Water shape and develop a draft plan. It involved understanding customer views on a green recovery plan and whether SWW should be involved, what the priorities should be and the content of the investment programme.

The quantitative phase commenced once the proposed plan and initiatives were developed. This phase involved testing the acceptability of the plan, and ensuring that the plan contained initiatives that are supported and represent good value for money for customers.

2.2 Research objectives

This research project builds on and extends the previous conversations with customers. This was important to ensure that the changing circumstances households face as the pandemic continues are taken into account.

Qualitative research was undertaken to understand customer views on a Green Recovery Plan in context of current performance. This covered:

- Views on SWW's progress against existing performance commitments
- Views on the Green Recovery in principle and Government aims
- Levels of support for the South West Water Green Recovery plan
- Views on initiatives within the plan
- Bill impacts from the plan
- Views on SWW's Net Zero strategy and the role of renewables

2.3 Focus group organisation

The qualitative research consisted of four online focus groups.

Four sessions allowed the groups to be split by ages as well as region. The groups were structured to include a range of ages and socio-economic group (SEG)² to capture multiple viewpoints.

Within each group we engaged customers from locations across the South West; those with and without meters; and with long term health issues and disabilities. One group were exclusively from the Bournemouth Water region.

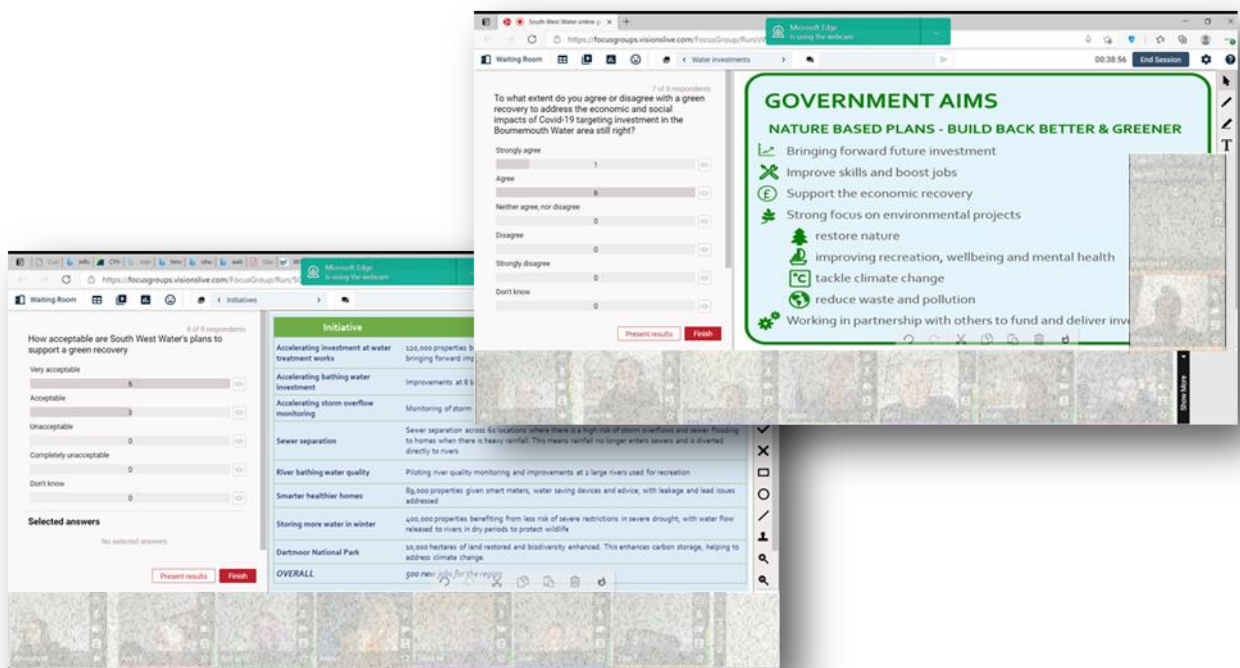
² The Office of National Statistics (ONS) divides households into different groupings, based on the occupation of the main income earner, known as SEGs. Given the correlation between occupation and income using these to segment customers in market research ensures a diverse range of households by income are considered. The groups are: A - Higher managerial, administrative, professional; B - Intermediate managerial, administrative, professional; C1 - Supervisory, clerical, junior managerial; C2 - Skilled manual workers; D - Semi-skilled and unskilled manual workers; E - Casual labourers and unemployed.

Table 2.1: Session summary

	SEG	Age	Gender	Region
Group 1	Mixed	56+	Mixed	South West
Group 2	Mixed	18-30	Mixed	South West
Group 3	Mixed	31-55	Mixed	South West
Group 4	Mixed	Mixed	Mixed	Bournemouth

All sessions took place in May 2021. Due to the impacts of COVID-19, all research was undertaken using an Online focus group platform, called Visions Live.

Figure 2.1: Visions Live platform



As questions were presented, participants were invited to give their direct feedback to questions presented on a whiteboard, as well as discuss amongst themselves. All sessions made use of online voting as a way of summarising customer views.

All the groups were organised and run by ICS moderators – who are members of the Market Research Society, and thereby adhere to and follow industry standards. The moderators ensure discussions are independent and unbiased: both aspects are extremely important in ensuring a discussion where everyone's views are valid and there are no right or wrong answers.

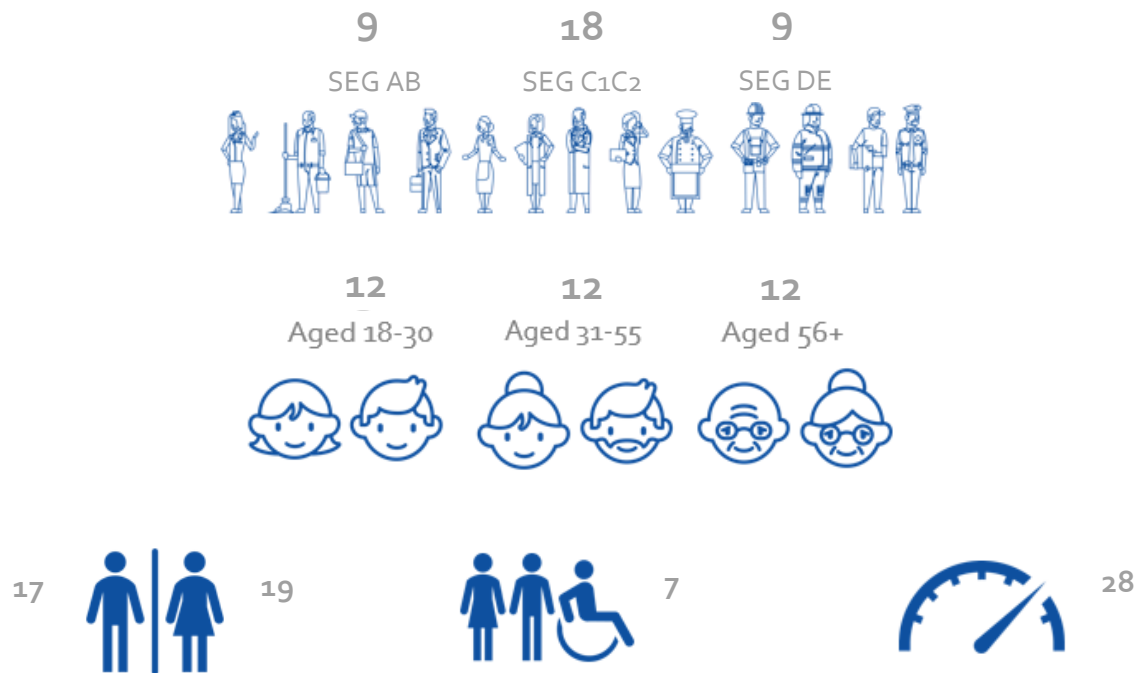
The discussion guides and supporting materials are in the Appendix A.

3 Participants engaged in the research

3.1 Focus group sample overview

In total 35 customers were engaged across the six groups. These were all customers of either South West Water or Bournemouth Water.

Figure 3.1: Summary of the participants



- Good mix of ages and occupation/SEG
- Gender - recruited broadly equal amounts of men and women
- 7 respondents identified as someone in the home as having a long-term health issue or disability
- 28 participants metered, 7 unmetered, 1 unsure

In addition to understanding participant demographics, we asked participants to what extent COVID-19 has impacted on household finances. 26 reported that COVID-19 had not impacted on jobs/income, and 10 reported that it had impacted the household (i.e., 1 in 4).

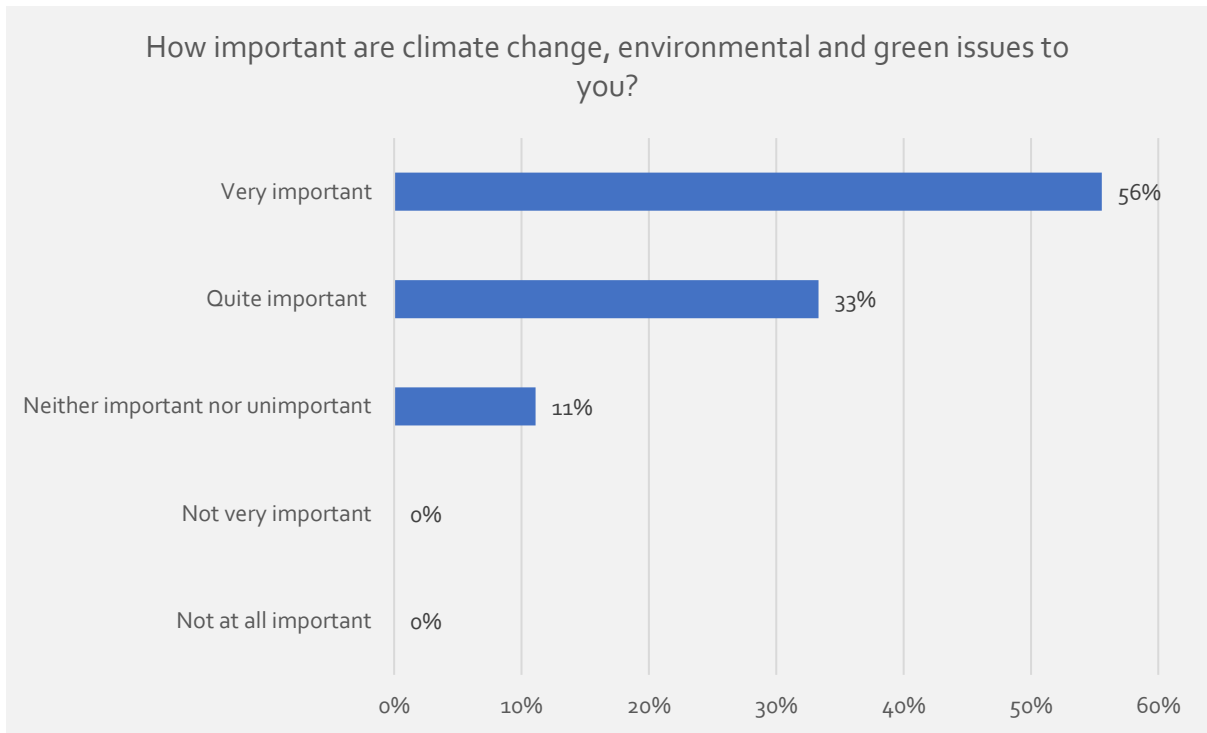
Amongst those impacted by COVID-19:

- 9 furloughed (previously or at the time of the research)
- 2 Involved in hospitality / nightclubs / gyms / health & beauty
- 2 working or have worked less hours

The average satisfaction score of participants in the focus groups was 7.7 out of 10 with scores ranging from 3 up to 9. This shows the sample was not dominated by extreme views but contained a spread of experiences.

Furthermore, Figure 3.2 shows that while the environment was important to most customers participating in the research, around 4 in 10 chose a level of importance below the highest category. This suggests the sample had a spread of views on the main theme of the research.

Figure 3.2: Environmental importance within the sample

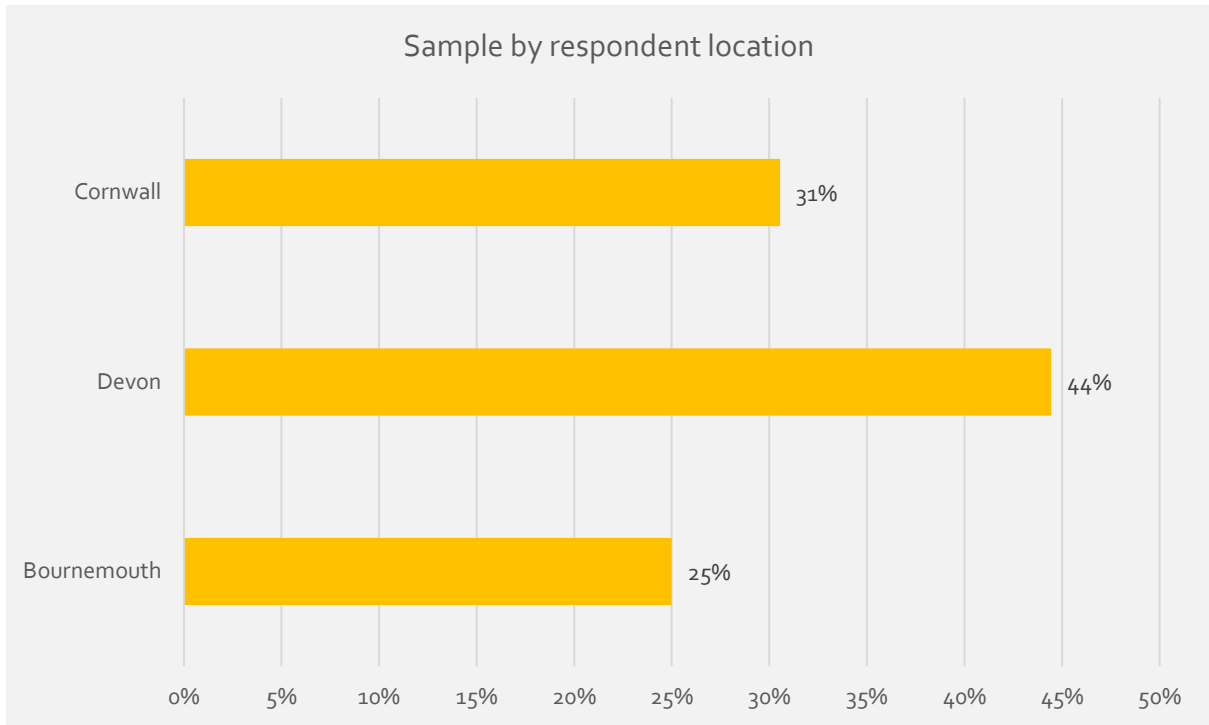


n = 36

Around 1 in 6 respondents reported having a household income of less than £16,500 per year meaning the views of low income households were present in the research. In addition to this over a quarter of respondents were renters.

Finally, Figure 3.3 shows the geographical diversity achieved through the online focus groups.

Figure 3.3 Location of respondents



n = 36

4 Key Findings

This section gives a summary of the findings of the research.

4.1 Views on SWW’s progress against existing performance commitments

To help customers form a view on the Green Recovery plan in context, discussions opened with a summary of the South West Water business plan followed by a review of year 1 progress on performance commitments.

Figure 4.1: Business Plan Summary – SWW

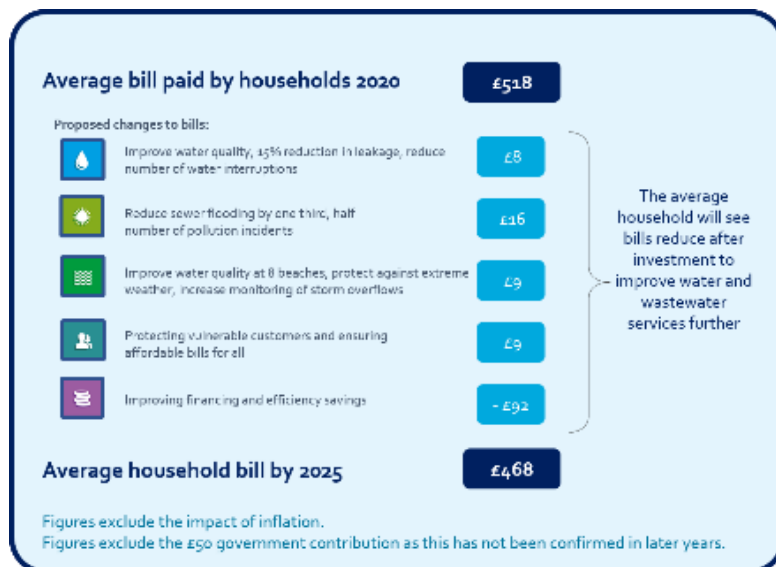
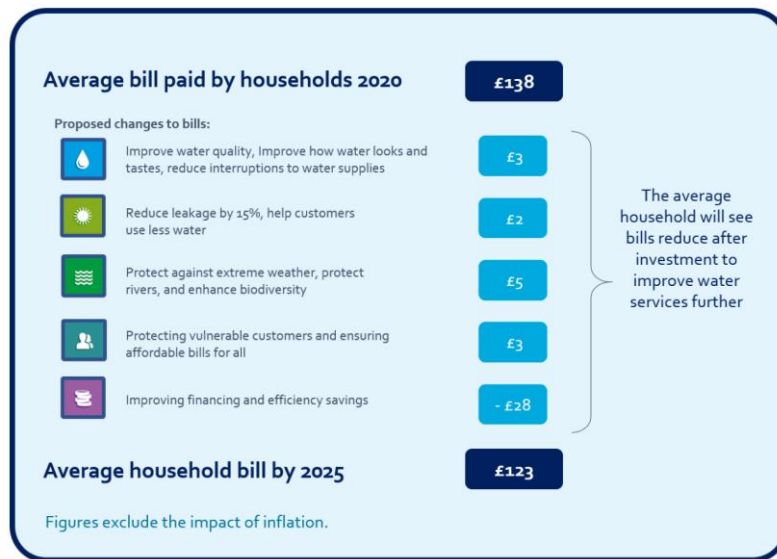


Figure 4.2: Business Plan Summary – Bournemouth Water



Performance commitments were split into five categories as shown in Figure 4.3, which were shared with the groups. The materials for the Bournemouth Water group were adapted to reflect that the customers receive a water only service and that the Bournemouth region has a separate performance commitment leakage target to the SWW region. The Bournemouth Water leakage target was shown as on track.

For the SWW groups it was explained that overall, 80% of targets are on track or ahead of target, 6 (13%) just missed the target set for this year but SWW has confirmed will be on track next year and for 2025 and that two measures were substantially below the annual target.

For the BW group it was explained that overall, 88% of targets are on track or ahead of target and just over 10% had missed the target set for this year but BW had confirmed they will be on track next year and for 2025.

Customers were given time to read and ask questions on the measures. Customers asked questions how challenging the targets are and the impact of the pandemic. For the SWW groups, in depth discussions were held about the measures shown as significantly below target (leakage and minor pollution from wastewater operations).

Figure 4.3: Year 1 progress on PCs (SWW region)

Significantly ahead of annual target	Ahead of annual target	On Track	Slightly behind annual target	Significantly below annual target
Reducing sewer flooding to homes and businesses	Reducing sewer flooding to gardens	Contacts about sewage odour	Small wastewater treatment works environmental compliance	Leakage
Reducing sewer collapses	Reducing supply interruptions	Sustainable river water abstraction	Overall wastewater treatment works environmental compliance	Minor pollution - from wastewater operations
Preventing sewer blockages	Preventing biodiversity deterioration	On time delivery of large investment schemes	Minor pollution - from water operations	
Improving coastal bathing water quality	Complaints about water taste, smell and colour	Customers who find their bill value for money	Waste compliance	
Enhancing Biodiversity	Number of customers receiving financial support	Customers who find their bill affordable	Lead	
Vulnerable customer satisfaction with help and support provided	Reducing unbilled water use	BSI standard around inclusive provision of services	Customer satisfaction levels	
Increasing sewer resilience (ensuring sewers can deal with extreme weather)	Roll out of smart meters	Compliance with biodiversity (at environmentally sensitive areas)	Helping homes to use less water	
Increasing water resilience (ensuring pipes and works can deal with extreme weather)	Mains repairs	Contacts about wastewater issues resolved first time		
	Unplanned outage at water treatment works	Developer satisfaction		
	Number vulnerable customers registered for help and support	Avoiding hosepipe bans in hot dry weather		
	Contacts about water issues resolved first time	Risk of severe restrictions in a severe drought		
		Risk of sewer flooding in a severe storm		
		Large wastewater treatment works environmental compliance		

VIEWS ON THE PROGRESS TOWARDS PERFORMACNE COMMITMENTS

Customers were supportive of SWW’s progress towards its Performance Commitment targets for 2025. They were comfortable with some variation of progress as long as South West Water meet their targets at the end of the 5 year business plan.

Initially customers formed their views based on the numbers in the column or looked at the significantly below column.

Bournemouth Water customers liked that no measures were shown in the significantly behind column and that there were three in the significantly ahead column.

“
 “I think it’s good because they’re ahead of target so much, so really that is good isn’t it, very positive, thinking about it.” - SWW customer, Female, Age 56+, SEG C1C2

 “ The column where you’re significantly ahead is full, and the column where you’re below is not full, so that reads simply well in that context.” - SWW customer, Male, Age 31 – 55, SEG C1C2

 “It looks like you’re doing really well. There’s quite a lot significantly ahead which is really good.” - SWW customer, Female, Age 31 – 55, SEG C1C2

 “The sheer number of targets where they’re ahead, or slightly ahead, it all seems very positive, and it is positive, but I can’t help thinking that some of the weightier issues are further towards the right hand of the table.” - SWW customer, Male, Age 56+, SEG C1C2
 ”

ACCEPTABILITY OF MOVING AT DIFFERENT PACES

Customers were comfortable with some variation of progress as long as South West Water met their targets at the end of the 5 year business plan.

The vast majority of customers thought that it is acceptable for companies to move at differing pace across the targets. This was not universal, and a minority of customers thought pace should be more even.

There was general recognition that moving at differing paces was to be expected as businesses will encounter problems that mean targets are sometimes missed.

There were some comments that it was unreasonable to expect companies to hit all the targets in one go and that SWW may priorities target that are easier to achieve and that some issues were not fully in South West Water's control.

One group discussed that SWW should be ahead on the PCs that they have control on but if there are mitigating factors or if the measure is not entirely within SWW's control then it is more acceptable to be behind.

There was some discussion across the groups about how South West Water's focus should be on moving higher priority measures towards the left of the table.

“

"I think it depends on what problems they encounter. Because sometimes you can hit your target and other times you can't, but by the end of the 5 years if everything's on target I think that would be acceptable." - SWW customer, Female, Age 56+, SEG C1C2

"Obviously, any business comes across problems and some problems are basically more difficult to deal with, so the fact they're ahead on most issues is good." - SWW customer, Male, Age 56+, SEG C1C2

"I'd have thought that consistency across the board, wouldn't that make the company better?" - SWW customer, Female, Age 18-30, SEG DE

"Yeah, only being one year in and having such a large percentage already being significantly ahead of target, but I mean, it's to be expected, there's always going to be some things that fall behind, but it's important to look at those things and understand well, do they need extra time? Why are they behind?" - SWW customer, Male, Age 18-30, SEG C1C2

"I think it's unreasonable to expect people – or companies to actually hit all the targets all in one go anyway, so you are going to expect some elements to be achieved before others because you've got to prioritise and some of the targets are going to be easier to hit than others and some of them you're going to have more control over." - SWW customer, Female, Age 31-55, SEG DE

"I mean that's acceptable [moving at different paces]. But going back to what you were just saying, to me, I'd rather the left-hand column wasn't there, and the slightly behind target was all on track. You see what I mean, I'd rather they weren't significantly ahead on anything, either ahead or on track." - BW customer, Female, Age 31-55, SEG AB

”

VIEWS ON SIGNIFICANTLY BEHIND MEASURES

In the South West Water region two measures were shown as significantly behind target – leakage and minor pollution from wastewater operations.

Leakage

It was explained to customers that the Coronavirus pandemic had had an impact creating both genuine increases in leakage and increased uncertainty over the amount of water assumed to be from leaks.

For the genuine increase in leakage, it was explained that the move to home working and increased use of second homes had placed more pressure on rural systems leading to an increased number of bursts.

For the increased uncertainty over the amount of water assumed to be from leaks, it was explained that any water that is unaccounted for is assumed to be leakage and this figure had increased for 2019-

20. It was explained that consumption was known to be higher across England and Wales and that there had been reduced access to meter reading during the pandemic plus it was thought that there may be increased use of second homes many of which were unmetered.

It was explained to customers that until South West Water could confirm the uncertainties the unaccounted water was classed as leakage.

Customers were on the whole understanding given South West Water's prior track record on leakage targets before Covid³.

In the longer term, however, their view was that the business will have to adapt to changing usage patterns as the situation may not revert to what it was prior to the pandemic, e.g., due to using water for hygiene and home working.

Some customers instinctively felt a drop in business use would offset these issues although this is not reflected in the way leakage is measured.



"I should think it's a pretty horrendous problem to try and tackle...But I would hope that behind it being in that column, that there's work going on to reduce it." - SWW customer, Female, Age 56+, SEG C1C2

"I think that some of it can be attributed to extenuating circumstances...but I also think that as a result of the pandemic there's also going to remain some increased pressures, even once the pandemic's over. Because people are going to maintain their increased hygiene habits, for example,...You're also going to see people who are still going to work from home after the...some of it is pressures that are going to have to be adapted to." - SWW customer, Male, Age 18-30, SEG DE

"I said if they've met their targets every other year and this year they're significantly below, and we've had corona, that sort of proves it must have had some sort of impact." - SWW customer, Female, Age 18-30, SEG C1C2

"So the term leakage sounds like it's a bit harsh for you then, it could just be mismeasured." - SWW customer, Male, Age 31-55, SEG C1C2

"It seems like you don't have any data on it to see if it's as bad as you might think. It's like you've put it there because that's worst-case scenario in a sense." - SWW customer, Female, Age 31-55, SEG C1C2



Pollution

It was explained to customers that the problem with pollution is a legacy issue for SWW. The description covered:

- How the region has a high proportion of small sewers that block easily (e.g., from wet wipes) and can cause small amount of sewage to escape from a sewer into a stream or river.

³ 2019-20 is the first year that SWW has missed its target.

- It is expensive and takes many years to replace small sewers with larger ones that block less.
- SWW is accelerating plans to reduce pollution and it estimates that it will be behind on pollution for 2 years of the five-year period.

When customers discussed South West Water’s performance on pollution, they accepted the current position as long as there is a plan to bring it back on track. Customers found it reassuring to have targets and a timeline in place.

“

“They’ll meet their targets within the 5 years, so I don’t see that it’s a problem.” - SWW customer, Female, Age 18-30, SEG C1C2

“As long as it meets it by the end of the time period then I think it’s fine. If it’s too slow off the ground it can cause some immediate issues, but as long as it gets there it should be ok.” - SWW customer, Male, Age 18-30, SEG C1C2

“I think as the others have said, as long as they meet it by the end of the 5 years that’s fine, but what is making them think that they’ll meet it by the 5 years if they’re not already meeting that target?” - SWW customer, Female, Age 18-30, SEG C1C2

“I think that’s quite reasonable, if they’ve actually got a long-term plan, you can’t necessarily do everything all in one go, so as long as they’ve got something to aim for, they’ve got a structure in place to actually be able to deal with the issue.” - SWW customer, Female, Age 31-55, SEG DE

“I think it’s quite reassuring that they have got those plans in place and they have put that target line as well.” - SWW customer, Female, Age 31-55, SEG AB

”

There were some concerns about the rate of housebuilding and the pressures this puts on the drainage system. Customers feared that organisations were not fully co-ordinated in this respect and the environment was at risk as a result.

“

“There’s a network of antiquated towns and historic villages which weren’t set up for the boom in house building that’s been going on.” - SWW customer, Male, Age 31-55, SEG C1C2

“Why can we not put a stop on new builds until the sewage systems are sufficient to accommodate that?” - SWW customer, Male, Age 31-55, SEG C1C2

”

Two of the groups also wanted to see more education of customers on using the sewerage system responsibly. Customer’s focus was on households flushing wet wipes that contribute to blockages and restaurants not disposing of fats and oils in the right way.

“

"Isn't it a matter of education?" - SWW customer, Male, Age 56+, SEG AB

"They need to promote and advertise what the customer can do to help." - SWW customer, Female, Age 56+, SEG C1C2

"I know a lot of the younger generation seem to think you can just pour it down the drain, but like, I'm forever like nagging kids friends and things, they don't seem to know for some reason, about the impact of grease down the drain." - SWW customer, Female, Age 56+, SEG C1C2

”

SIGNIFICANTLY ABOVE TARGET

Customers thought that the areas that were significantly above target were important measures, and they were pleased to see so many at this level of performance.

Many felt there were areas which were important for the region due to tourism such as, biodiversity, managing the sewer infrastructure and improving bathing waters.

One customer questioned if there would be any personal benefits from improvements to biodiversity but overall, this was believed to be important.

“

"I think that particularly when it comes to managing sewer infrastructure and maintaining biodiversity and a healthy ecosystem, that's definitely that's something that's of significant personal priority, and also of wider public opinion. Because obviously given the nature of the South West as a tourist hot spot, you kind of want to ensure that your facilities are constantly working, and your ecosystems are healthy so that people can enjoy the nature that they've come down to visit." SWW customer, Male, Age 18-30, SEG DE

"Improving the coastal bathing waters as well, that's obviously a positive thing and will obviously indirectly create a positive impact on the tourism industry and also the local economy." - SWW customer, Male, Age 18-30, SEG AB

"The biodiversity, I know it is important, but on a basic selfish consumer level of water, that's not really that important to me." - SWW customer, Female, Age 18-30, SEG C1C2

”

When discussing bathing waters, some customers queried if this could be a benefit of Covid-19 creating positive impacts. They questioned whether the pandemic had helped contribute to SWW achievements for other performance measures that were significantly ahead of target.

“

"I know that with Covid and the lack of pollution, there was a lot of – you could see the water was a lot cleaner, because no-one had used it, and the pollution did get better for a bit, so that one's really nice to see." - SWW customer, Female, Age 18-30, SEG C1C2

"On the reverse of the Covid effect, it's almost that actually the things that are attributed to it on the other end of the scale are all also contributing to it at this end... there's less people coming down to the area then there's going to be slightly less pollution, there's that kind of less pressure in that sense on the system as a whole. So actually, although those things are really important and it's great to see that they are achieving targets, is it a slightly warped achievement, in that actually you've got that warping of Covid?" - SWW customer, Female, Age 31-55, SEG AB

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Managing the impacts of extreme weather was thought important by participants, along with protecting vulnerable customers.

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"I'd say probably increasing water resilience is quite important, because the weather can obviously be quite bad in England, so if there's like storms and things then it's quite good that that's ahead of target, because you don't want to be without water for any period of time." - BW customer, Male, Age 18-30, SEG AB

"I think that the things about extreme weather's quite important, because I think our weather is getting quite extreme, so that's quite important." - SWW customer, Female, Age 18-30, SEG C1C2

"And also, the one about vulnerable customer satisfaction with help and support, that's really nice because I know people are really struggling at the moment." - SWW customer, Female, Age 31-55, SEG C1C2

"I also think that vulnerable customer satisfaction is very important as well, because we have got a lot of vulnerable people out in the community." - BW customer, Female, Age 56+, SEG C1C2

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VIEWS ON MEASURES TO ACCELERATE IN FUTURE YEARS

Customers were asked which of the measures they would like to see accelerated.

The groups thought SWW should focus on the areas that were shown as behind target and on higher priority areas. It was generally agreed that what is a priority is subjective and varied by personal preference. SWW's process for capturing customer priorities was explained.

All groups agreed that customer satisfaction is an important measure to focus on given that it is in the slightly behind target column. At the same time several customers commented that this is a multi-faceted measure which will be harder to improve and was covered by several other measures.

"I think it's overall good, but I would say personally customer satisfaction would come first, and that's one that's behind." - BW customer, Male, Age 18 – 30, SEG ABC1

"The customer satisfaction level might be behind target but actually the affordability and the value for money elements are on track, so in my eyes they'd be part of the satisfaction level as well. So maybe it's almost that it's been split into too many component parts, and you're not necessarily being able to target all of them." - SWW customer, Female, Age 31-55, SEG DE

"I think with customer satisfaction there's so many variables that it might be unfair to judge them like to like." - SWW customer, Male, Age 31-55, SEG AB

Other areas mentioned included lead, helping homes use less water.

"Even with covid it's still important to not use so much. I think if you can help homes, that's going to be a positive." - SWW customer, Female, Age 18-30, SEG DE

"Just looking at 'helping homes to use less water', and in today's environment I think it's really important that we start to limit our water usage and not have as much wastage." - BW customer, Male, Age 56+, SEG DE

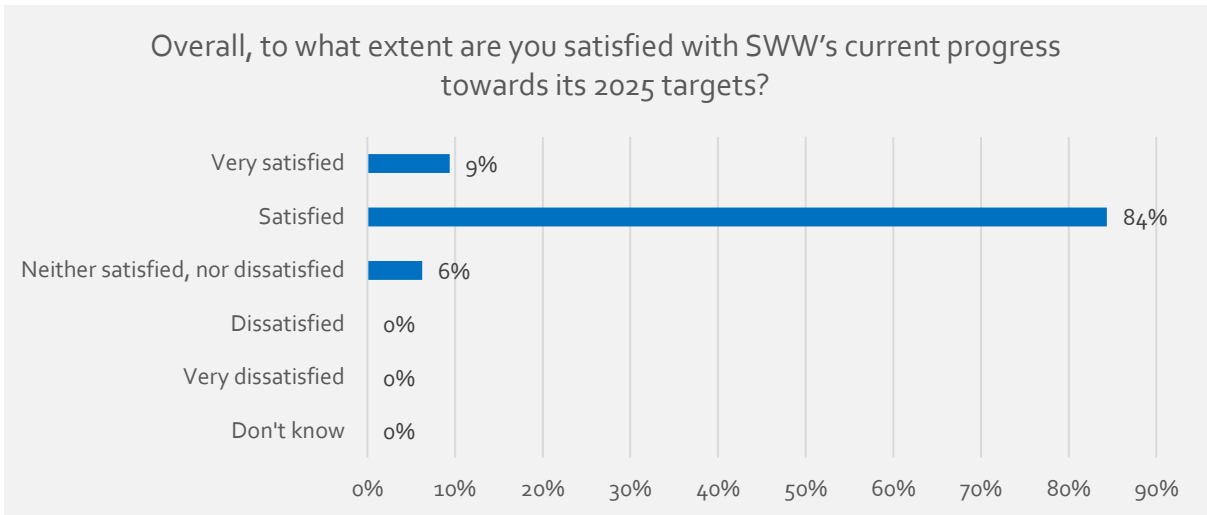
CUSTOMER SATISFACTION WITH PROGRESS ON PERFORMANCE COMMITMENT TARGETS

Following the discussion on the performance targets customers were asked to complete a vote on whether they are satisfied with SWW's current progress towards the 2025 targets.

Overall, 94% of customers were satisfied or very satisfied with SWW's current progress based on 2020-21 results.

The remaining 6% provided neutral answers stating that they were neither satisfied nor dissatisfied. The reasons given focused on the areas behind target balancing out the areas that were ahead of target. These customers were based in the South West Water region.

Figure 4.4: Customer satisfaction with SWW’s current progress towards its 2025 targets



4.2 Views on the Green Recovery in principle and Government aims

The green recovery plan was introduced in the context that Covid-19 is having a serious impact on our economy and communities.

It was explained to customers that the government had announced it is developing plans to deal with these challenges and is looking to drive a green economic recovery.

There was widespread support for the Green Recovery in principle, with some customers highlighting that the cost of any plan would need to be considered.

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"I think the more green or environmentally friendly and sustainable that anything can be as we move forward has got to be a real positive." - SWW Customer, Female, Age 56+, SEG C1C2

"Completely agree, I think the environment should be prioritised because, it's almost like when it's gone it's gone, there's no come back from it. So yeah, put the pressure on and go for it." - SWW Customer, Male, Age 18-30, SEG C1C2

"I think overall it's definitely a good step forward. I'm sure there's many other things that could be put in place but it's a good starting point." - SWW Customer, Male, Age 18-30, SEG C1C2

"I'm really pro anything for us to be more sustainable, but it's at what cost for me." - SWW Customer, Female, Age 31-55, SEG C1C2

"I think it's the only plan really, I think the impacts of climate change are already being felt locally and nationally, and I think Covid's highlighted a number of issues, this being just one of them, and I think the only way to rebuild is to go through accelerating the initial green recovery or just green plans generally, and our ambitious target towards the end of the next few years or so being brought forward, I think that's just positive really. If it does actually happen, if it's not just politicians making a good claim and then not pulling through on it, there's scope here for something good to come of it." - SWW Customer, Male, Age 31-55, SEG AB

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GOVERNMENT AIMS

In all the groups customers were shown information on what Defra is keen to achieve from a Green Recovery.

It was also explained that customers had previously been engaged by South West Water to understand how they felt and to help develop a plan that had been submitted to Ofwat, and that since this, Ofwat has indicated that it considers the plans put forward to reflect customer views.

Figure 4.5: Government – Aims of the plans (SWW version)

WATER COMPANY INVESTMENTS

Accelerate existing plans and trial new innovative ideas – to benefit future generations or current customers

Areas of focus

- Reduce pollution and spills to waterways from the wastewater network, to protect environment
- Reduce spills from sewers through storm overflows – to protect environment, protect public health and improve amenity/recreation.
- Restore and protect environmentally sensitive rivers – i.e. chalk stream habitats that suffer from low flows, poor water quality and habitat loss
- Reduce the risk of restrictions in drought conditions – and reduce reliance on taking additional waters from rivers when its hot and dry

Figure 4.6: Government – Aims of the plans (BW version)

GOVERNMENT AIMS

NATURE BASED PLANS - BUILD BACK BETTER & GREENER

- Bringing forward future investment
- Improve skills and boost jobs
- Support the economic recovery
- Strong focus on environmental projects
 - restore nature
 - improving recreation, wellbeing and mental health
 - tackle climate change
 - reduce waste and pollution
- Working in partnership with others to fund and deliver investments

Customers across all groups liked and supported the Government aims for a Green Recovery. They were pleased there was a customer consultation to establish support and that SWW’s plans that are based on customer views. Customers took further confidence from Ofwat’s approval of South West Water’s Green Recovery plan.

Customers feel it is crucial to reduce pollution and overspill into the seas around the coast because of tourism.

“

"Seems fair, because they're not just doing what they want or what they think they should spend money on. A more inclusive way of doing it with the consumers as well." - SWW Customer, Female, Age 18-30, SEG C1C2

"I think it's good that they're asking for public opinion, rather than just, I don't know, coming up with the easiest of scenarios to pick" - SWW Customer, Male, Age 18-30, SEG AB

"Obviously, it's always a good idea to consult the customer, so that's going to fill you will confidence that you're going forward in the right direction." - SWW Customer, Male, Age 31-55, SEG C1C2

"I think it's encouraging, everything on there is a good step forward, yeah" - BW Customer, Female, Age 18-30, SEG C1C2

"Well, it's all positive isn't it, they've consulted, and they've come back, it's just all positive." - BW Customer, Female, Age 31-55, SEG AB

"Yes, I agree, it's always good to ask your customers what they think rather than just assuming you think you know what's best for them, so to actually ask people, as long as they take notice of what the customers say then that's a great idea." - BW Customer, Male, Age 56+, SEG DE

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When asked about the specific aims, customers highlighted reducing pollution and overspill into the seas around the coast because of tourism.

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"In an area like Cornwall where you've got such a big coastal area, it's crucial to be able to reduce pollution, reduce the overspill into the seas around the coast." - SWW Customer, Female, Age 31-55, SEG DE

"With the vast amount of coastline, and particularly with tourism as well, like the huge amount of it puts that extra pressure on - not just the people that live here but the vast swathes of people that visit here too, it has almost an increased importance." - SWW Customer, Female, Age 31-55, SEG AB

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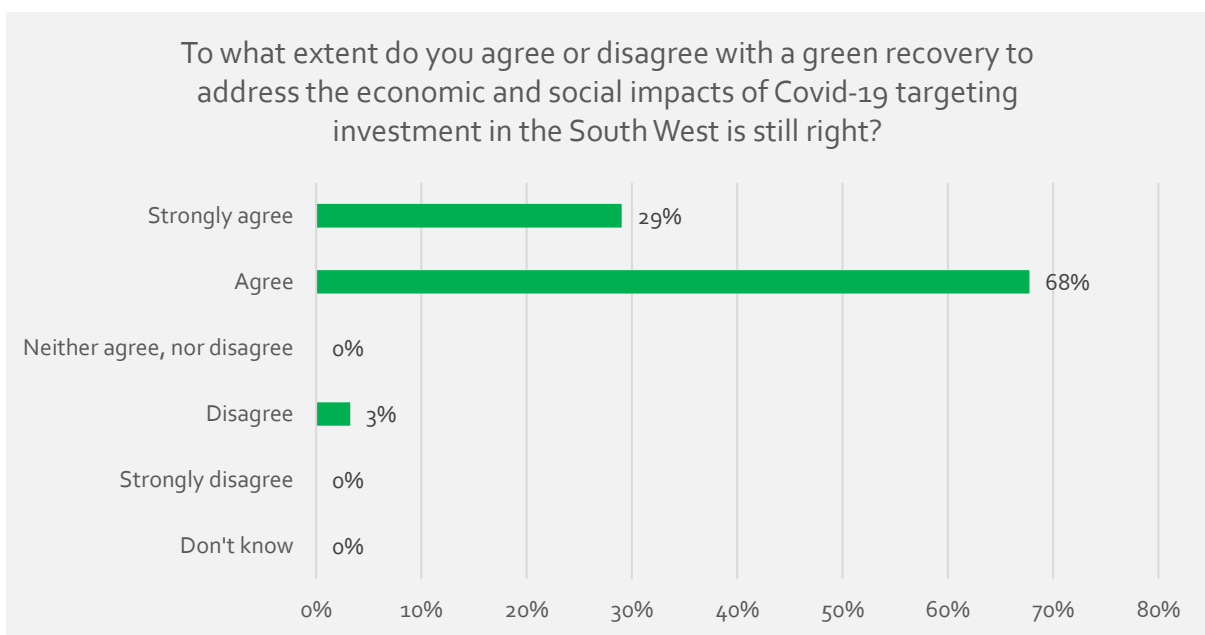
CUSTOMERS CONTINUE TO SUPPORT A GREEN RECOVERY THAT IS BUILT ON CUSTOMER VIEWS

In summary, customers continue to think that a Green Recovery is important and desirable. Overall, 97% of customers agreed with a green recovery to address the economic and social impact of Covid-19 that targets investment in the South West.

Customers liked that Ofwat supports plans that reflect customers views, with one group stating that this approach gives customers confidence.

One customer disagreed with the green recovery. Their reasoning was that the extent of the impact of Covid-19 is yet to be realised, and that it will continue for a long time. They did not think that it was appropriate to ask customers their opinion in these circumstances. Also, that changes needed to be physically implemented or proven to be believed.

Figure 4.7: Customer views on a green recovery targeting investment in the South West



4.3 Levels of support for the South West Water Green Recovery plan

Customers were given information on 10 initiatives, which align to the business cases being submitted to Ofwat.

Three initiatives focused on accelerating plans already agreed with Ofwat as part of PR19; the rest represented bringing forward investment currently planned for 2025 and beyond.

Note: the storm overflow implementation investment was split into the three initiatives:

- Increase storm overflow monitoring
- Sewer separation
- River bathing water quality

Figure 4.8 shows a summary of the plan shared with customers from the South West Water region. The list was adapted for the Bournemouth Water group to remove the wastewater initiatives and show that 170 jobs will be created in the Bournemouth region.

Figure 4.8: SWW Green Recovery plan overview

Initiative	Summary
Accelerating investment at water treatment works	120,000 properties benefiting from water quality improvements 12-18 months ahead of schedule, bringing forward improvements to water quality
Accelerating bathing water investment	Improvements at 8 bathing waters delivered by 2022
Accelerating storm overflow monitoring	Monitoring of storm overflows at 167 sites delivered by 2022
Sewer separation	Sewer separation across 60 locations where there is a high risk of storm overflows and sewer flooding to homes when there is heavy rainfall. This means rainfall no longer enters sewers and is diverted directly to rivers.
River bathing water quality	Piloting river quality monitoring and improvements at 2 large rivers used for recreation
Smarter homes healthier homes	89,000 properties given smart meters, water saving devices and advice; with leakage and lead issues addressed
Storing more water in winter	400,000 properties benefiting from less risk of severe restrictions in severe drought; with water flow released to rivers in dry periods to protect wildlife
Dartmoor National Park	10,000 hectares of land restored and biodiversity enhanced. This enhances carbon storage, helping to address climate change.
OVERALL	500 new jobs for the region

The customers supported the initiative and thought that they were in the right direction with the right focus. They supported both the environmental and public health initiatives.

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"I support it, it all seems like quite important things for them to be working on." - SWW Customer, Female, Age 18-30, SEG C1C2

"It's very good, very good, very positive I would say, all those things are really good, and making the quality of the water and look for the future much better I would say." - BW Customer, Male, Age 56+, SEG DE

"Yeah no it's all positive stuff, yeah definitely, it's all good things and a definite improvement for everything around really." - BW Customer, Male, Age 18-30, SEG DE

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There was particularly strong support for sewer separation and for land restoration and biodiversity enhancement of the Dartmoor National Park. Customers were also pleased to see the impact of the investment on jobs, especially given the impact of current pandemic on job losses.

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“I’m pleased to see there’s a separation with storm water and sewage, because it always confused me why the two were mixed anyway.” - SWW Customer, Female, Age 56+, SEG C1C2

“I think the sewer separation and also storing more water in winter is going to be quite an impactful one. Since, I know that during the summer you’re likely to see more people using more water, if you can store more of that water during the winter when your typical usage is lower, it’s going to have quite a significant impact I think.” - SWW Customer, Male, Age 18-30, SEG DE

“The bit about Dartmoor National Park, it’s a huge area, utilising that to help with climate change, has got to be good.” - SWW Customer, Male, Age 56+, SEG AB

“I think that’s brilliant [On job creation], especially during the times that we’ve had recently.” - BW Customer, Female, Age 31-55, SEG DE

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BILL IMPACTS OF THE PLANS

It was explained to customers that:

- whilst South West Water is proposing an extra 10% of investment over and above its current 2020-25 plans, the bill levels agreed for 2020-25 will be unaffected by the plan.
- South West Water would borrow to invest now, but bills will not increase until 2025.

The annual bill impact was explained to customers as £4-5 for SWW customers and £2 for Bournemouth Water customer from 2025.

All groups viewed the bill impact as a fair price to pay that was affordable. Customers were surprised, but content, that the bill impact would not be realised until 2025, especially given the impact of the coronavirus pandemic on people’s financial circumstances.

“

"In terms of water quality, I think £5 is nothing, you know you'd spend that in a shop without even thinking twice most of the time. So, if it's your own health and the environment that's benefiting then why not?" - SWW Customer, Female, Age 18-30, SEG C1C2

"I definitely feel you're only seeing a negligible increase in bills but a substantial increase in sustainability and public health improvements." - SWW customer, Male, Age 18 – 30, SEG DE

"I think it's extremely affordable, even people on low income, I'd class myself as being on quite a low income, but £5 a year is literally pence per month, I don't see it as, it's not even going to be noticeable, I don't think people are going to be struggling to make this contribution." - SWW Customer, Female, Age 18-30, SEG C1C2

"I completely agree with all of it, I mean I'm on quite a low income as well and that seems like nothing to me." - SWW Customer, Male, Age 18-30, SEG C1C2

"As long as they get the results that they're aiming for, then £2 is a very modest price to pay for that sort of return." - BW Customer, Male, Age 56+, SEG DE

"If it secures it and makes it more robust then definitely 100%" - BW Customer, Male, Age 31-55, SEG C1C2

"It's great that they're not doing it till 2025 as well because obviously at the moment everyone's worrying about money and bills and the effects of covid, so it's actually a really good idea. £2 is not even the price of a cup of coffee, so no-one's going to notice that in a year." BW Customer, Female, Age 31-55, SEG AB

"I would say it's probably excellent value for £2, you're getting a lot for the environment, you're getting jobs, you're getting loads of things just for £2 a year, so it's definitely a good thing." BW Customer, Male, Age 18-30, SEG AB

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Across the groups the balance of the scale of the plan and the bill impact was discussed. There was substantial support for a larger programme, as the proposed amount was viewed as reasonable or negligible. It was explained that during previous engagement with customers, they had also supported a larger plan, but SWW had submitted a plan they thought balanced the amount of investment with the impact on affordability of the bill for low-income customers.

One group queried why the initiatives were not already priced into bills. It was explained that, in many cases, similar work was already occurring but the questions were around the extent of investment and how fast the changes would be delivered.

In several of the groups, the discussion on the balance between the scale of the plan and bill impact prompted a further discussion around low-income customers. This included recognising that £5 may be very high for someone who lost job due to Covid.

In one of the SWW groups, customers raised idea of voluntary contributions including opting-out of paying the £5 per year if they are financially struggling, or opting-in to pay a further bill increase over and above the £5 per year (for SWW). The SWW approach to social tariffs and affordability support was briefly explained.

Following these discussions, all of the groups agreed that the proposed plan and associated bill impact remained balanced.

“

"I think I agree with that one, because it sort of, helps everyone on a level playing field, £2 can be very achievable at whatever income you're at, it's an achievable scale for everyone, and everyone will benefit slowly over time. That way you can work together and grow better rather than if everyone goes 'alright, we'll go for a higher option', it won't actually benefit every single person." - BW Customer, Male, Age 31-55, SEG C1C2

"That's kind of a tricky one, for someone who's not got much money at all, and struggles, I would rather it take its time and give the £2 a year." - BW Customer, Female, Age 31-55, SEG DE

"I mean at the end of the day it's only a fiver isn't it, but maybe something else would be, as previously mentioned, the opportunity to give more, if there's a brief on what the money's going towards, and maybe give the opportunity, there might be people that would be happy to contribute more." - SWW Customer, Male, Age 18-30, SEG C1C2

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A key message was when bills do eventually change due to the Green Recovery plan then SWW needs to convey to customers the reason for the change. Customers queried whether new targets would be set, noting the interaction between the existing plan and the green recovery plan. They did not want the implementation of the green recovery plan to impact on the delivery of the existing targets for 2025.

“

"I think it seems like all the efforts are going in the right places, and I think it would be a good thing if when people see an increase in their bills, that they had this information as well. We're seeing it today, but... then I think people wouldn't mind." - SWW Customer, Female, Age 56+, SEG C1C2

"This is like a subset really, because they're doing an initial charge and getting additional value, and as such it's as well as not instead of [existing performance commitments]." - BW Customer, Male, Age 56+, SEG DE

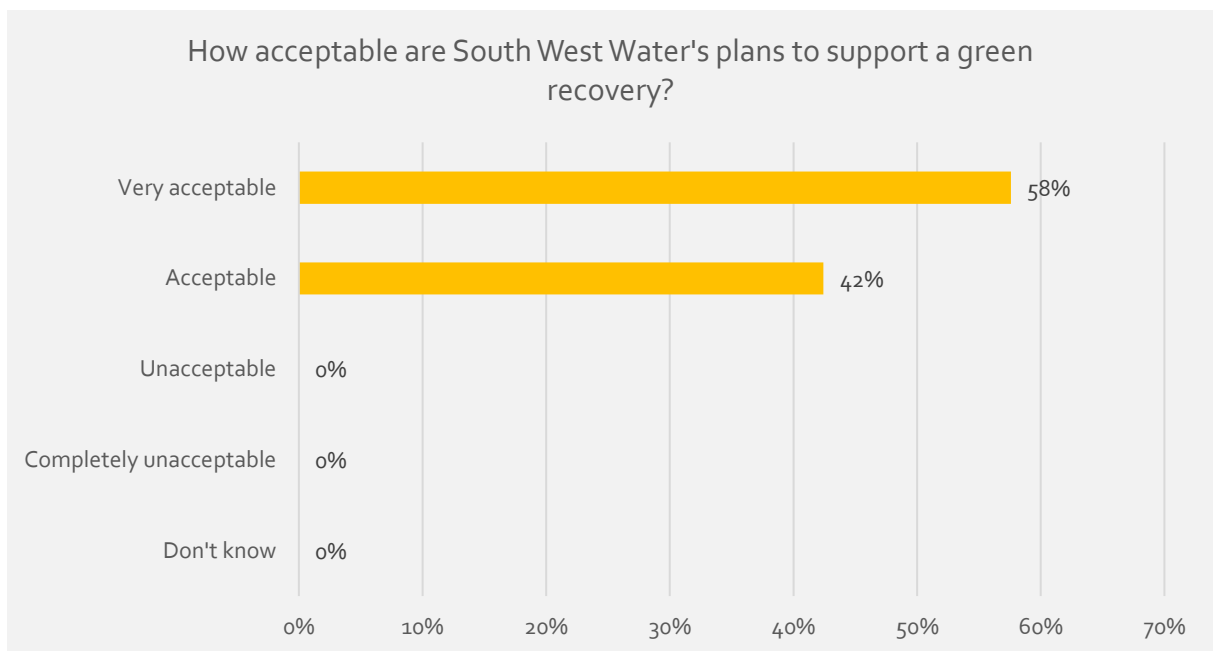
"They'd have to set new targets if you're going to have new funding, surely. The targets have been set on the previous model, if you're going to change the model and increase the costing then you're going to have to remodel the targets." - SWW Customer, Male, Age 18-30, SEG C1C2

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VIEWS ON WHETHER SWW'S PLANS ARE ACCEPTABLE

100% of customers thought that SWW's plans to support a green recovery were acceptable.

Figure 4.9: Acceptability of SWW's plan to support a green recovery



4.4 Views on SWW's Net Zero strategy and the role of renewables

Towards the end of the focus groups, the discussions also included a review of Net Zero targets, and the contribution of South West Water to achieving targets. Figure 4.10 shows some of the visual materials used to explain the concept of Net Zero.

Figure 4.10: Introduction to carbon emission targets

CARBON EMISSION TARGETS

- In 2008 the UK Government target was to reduce emissions by 80% from 1990 levels by 2050
 - Progress: 2012 and 2017 interim targets met. 40% reduction in carbon emissions.
 - UK on track to meet 2022 targets, but concerns about whether on track to meet 2027 target
- June 2019 new legally binding target introduced - to reduce carbon emissions to **Net Zero** by 2050

BEIS "UK Greenhouse Gas Emissions" (2019)

Year	Emissions (MtCO2e)
1990	850
1991	840
1992	830
1993	820
1994	810
1995	800
1996	790
1997	780
1998	770
1999	760
2000	750
2001	740
2002	730
2003	720
2004	710
2005	700
2006	690
2007	680
2008	670
2009	660
2010	650
2011	640
2012	630
2013	620
2014	610
2015	600
2016	590
2017	580

CUSTOMERS CONTINUE TO SUPPORT 2030 NET ZERO FOR THE WATER INDUSTRY

Customers continue to feel that the 2030 Net Zero target is the right ambition for the water industry and South West Water.



"Ecstatic, brilliant." - SWW Customer, Female, Age 56+, SEG C1C2

"I think that's admirable." - SWW Customer, Male, Age 56+, SEG AB

"Anything better for the environment is better for us as well." - SWW Customer, Female, Age 56+, SEG C1C2

"Well meeting the target's earlier can only be a good thing, especially if they're an industry that puts into it quite a lot, if they can reduce their emissions it's going to have quite a big effect on the country as a whole." - SWW Customer, Female, Age 18-30, SEG C1C2

"I agree with everyone that it would be really good to get to net zero, the earlier the better, but also just the fact is reducing their carbon emissions by anything is better than nothing. So, if they can't meet it by 2030, I don't think it's really that much of an issue because they're still reducing their carbon emissions." - SWW Customer, Female, Age 18-30, SEG C1C2



There was recognition of the impact of climate change on the water environment and that this was a motivation for the water industry to act early:

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"I think that the sooner the industries get to net zero, the better. Obviously, the fact that net zero has quite a significant impact on climate change and the ecosystem around us which feeds into the water system anyway, it seems like almost a no brainer to prioritise getting to that net zero state." - SWW Customer, Male, Age 18-30, SEG DE

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It was explained that the Government 2050 target was set to allow all industries to achieve the net zero target, and that this would be more challenging for some industries compared to others.

Given this, customers thought it will be important for industries where benefits could be delivered early, such as the water industry, to do so. One customer compared the approach to the performance target discussion that was held at the beginning of the focus groups (with the progress against targets allocated to columns indicating whether targets had been met, exceeded or were behind) .

There were also views that achieving the benefits early would help encourage other organisations and sectors to act and that it was essential to aim for an early delivery to ensure compliance with the 2050 target.

One customer also challenged the timings and the thinking behind the 2030 target:

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"It's a bit like the columns you showed us earlier. If they're ahead of time, guaranteed there's going to be companies or regions that are not ahead of time, they're going to be behind, so the more everyone can do to offset that, that's important." - SWW Customer, Male, Age 56+, SEG C1C2

"Simply because if the government target is 2050, and a big producer of carbon can do it 20 years early, then it's got to be a good spur for other organisations to do the same." - SWW Customer, Male, Age 56+, SEG DE

"The other side of that, obviously there's a legally binding target of 2050, you have to undershoot that, so as a business model they can't aim for anything other than, they have to shorten that because if they aim for 2050 and they didn't meet the target then obviously it's a legal endeavour. So as a business model they have to be shortened with investments, otherwise it doesn't work." - SWW Customer, Male, Age 18-30, SEG C1C2

"So why 2030? Why not 2040? You've obviously picked 2030 for a reason – it's great that it's ahead of schedule for 2050, so yeah it's obviously great if you can do it quicker." - SWW Customer, Male, Age 31-55, SEG C1C2

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Customers wanted to understand whether a 2030 target was achievable and more details on what a plan to achieve this would involve.

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"I think it's really important, and great that there is a plan..., it would be nice to know a few more details on what that plan is. Looking at the information here, that the UKs on track to meet 2022 targets but possibly not 2027, so how is South West Water going to do that by 2030? You know, how are they going to contribute to that I guess?" - SWW Customer, Male, Age 31-55, SEG AB

"As long as it's achievable I think it's good." - SWW Customer, Male, Age 18-30, SEG AB

"I think if they're in a position to be able to do it then they should. And if they are, then that's fantastic." - SWW Customer, Female, Age 31-55, SEG AB

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There was also recognition that the economic impacts need to be considered to achieve a balance between bill impact and Net Zero progress and that the activities should not detract from achieving the existing plan's targets for 2025.

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"I think it kind of depends on how much the investment plan actually entails in terms of how much of an economic impact it's going to have on particularly the lower income customers, but I think as long as that's taken into consideration, it seems like a pretty positive move." - SWW Customer, Male, Age 18-30, SEG DE

"My only thought is maybe it's the sort of thing they should think about doing, providing they're meeting all their other targets." - SWW Customer, Male, Age 56+, SEG AB

"Yeah, definitely, it's like some of these things are more tangible and they're everyday things you need help with, and although it's really important obviously the net zero thing, it's good if they can get it on track, great, or ahead of track, but some of the other everyday things are going to be more important in the short term." - BW Customer, Female, Age 31-55, SEG AB

"I think net zero is still quite important, but I wouldn't say I'd want it ahead of everyday use or everyday things - I don't want it to hamper that kind of thing, but I'd say it should still be quite high up and it's important to be looking ahead at the bigger picture but also without it effecting too much of the everyday usage..." - BW Customer, Female, Age 18-30, SEG C1C2

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RENEWABLES

There was support for South West Water resources (e.g., land) being used for renewable production. This covered both renewable generation activities linked to core services (e.g., hydro electricity and bioresources) and non-core activities (e.g., solar and wind).

Whilst most customers supported the use of core and non-core activities at the same time there was a suggestion from one customer that core activities should be fully explored before engaging in non-core activities.

“

"I should think as many uses as possible really. The more multifunctional the better really." - SWW Customer, Male, Age 56+, SEG C1C2

"I think it's great that they are using energy that is related to the core activities, if it's a byproduct or a waste product I think that's a brilliant way of reusing it. But obviously not everything can come from that, and if it means that other industries are getting investment as a result of this, I think that's a net win for renewable energy sources as a whole." - SWW Customer, Female, Age 31-55, SEG AB

"I think the more renewables the better to just improve their practice really, it will also go towards achieving net zero, and I think it's kind of an overarching target isn't it – you're meeting the other targets that you outlined at the beginning but actually by moving to achieving net zero and supporting the big government initiative is an ambitious plan really. Again, even if indirectly it's going to help support the improvements, particularly with environmental protection in the core plan at the beginning. So yeah, absolutely, renewables should be considered quite strongly in the near future." - SWW Customer, Male, Age 31-55, SEG AB

"Well yeah, if they can that's great. I mean obviously there's a lot going on with all the emission targets and all the other things they've got to do by 2030, but if they can incorporate other things as well then that's great but it might be quite a lot in that space of time." - BW Customer, Female, Age 31-55, SEG AB

"I feel like even if it's less efficient than anticipated, it's still going to be more efficient than if they didn't do it at all." - SWW Customer, Male, Age 18-30, SEG DE

"I think it's a great idea to be investing in other renewable energy sources, but I also just wonder if South West Water are missing a trick a little bit by going down that avenue, if they've got the expertise or the potential expertise to be doing more with water, doing more with wave energy and things like that, whether they've actually explored all the possibilities before going and using other renewable sources. But renewable energy is a positive all round, so I just thought I'd put that out there." - SWW Customer, Male, Age 31-55, SEG AB

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Customers support South West Water making the land they own multi-functional. This was a matter of making full use of the resources available to them, so long as this was done in an environmentally responsible way – without compromising biodiversity for instance.

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"They definitely should be doing that, because obviously as... If big companies in the UK start investing, like SWW start investing in renewable energy, that will put the money into that industry and allow that industry to grow, so if we start investing in solar and wind power energy then that industry can grow and then it sort of has a mutual effect across the board. So it's definitely a positive thing because it allows for renewable energy resources to grow within the UK." - SWW Customer, Male, Age 18-30, SEG C1C2

"Because I know a lot of the time it can cause conflict, between neighbouring land owners, and for example if you put it on public land people can complain, so if it's put on private land that's owned by the company there's not a lot of rejection and conflict that can come from it. So that's why I think it's a good idea." - SWW Customer, Female, Age 18-30, SEG C1C2

"Yeah why not, if they've got the land they should 100% be using it to the best of their ability." - SWW Customer, Female, Age 31-55, SEG C1C2

"I think that's a great idea using the land that they have, as long as it's not to the detriment of biodiversity, which was one of the other targets that we were talking about earlier. So, there is that risk that if you put a load of solar panels up you've got to dig up a load of things to do that or if you've got to put wind turbines, and then that's going to effect bats or rare wildlife, rare birds or whatever, I think you've got to balance that out." - SWW Customer, Male, Age 31-55, SEG AB

"If that's not being used for anything then it's definitely worth putting wind turbines, and solar panels on rooves of buildings and things. Um, making the most of that space." - BW Customer, Male, Age 18-30, SEG AB

”

To explore the role of water companies in contributing to non-core renewable generation customer were asked if the water companies should be involved or whether this should be undertaken by energy companies. Customers supported working with other industries including with other organisations such as the automation industry or energy companies. For example, to install and manage renewable generation on water company land if this was more efficient.



"I think the automation industry, I think you should pair it with automation, definitely, so you can use your hybrid vehicles, you guys can work together on that, so that's a possibility." - BW Customer, Male, Age 31-55, SEG C1C2

"Definitely should be working together." - BW Customer, Female, Age 31-55, SEG DE

"I agree that it would be good if they could all work together, because it would just be a lot better" - BW Customer, Female, Age 56+, SEG C1C2



In some groups the discussion covered the balance between proven and unproven technologies.

There was stronger support for utilising proven technologies compared to untested technologies with some customers suggesting that untested technologies should be piloted first to minimise risk and protect bills.

The groups also recognised that there are benefits to developing renewable capability such as the potential to develop new techniques through pooling expertise.



"I guess there's the risk that the water company could lose a lot of money investing into this to work with another company and then in turn the bills could go up higher."

- BW Customer, Male, Age 18-30, SEG AB

"I think me personally, if you observe other countries, just for argument's sake, say America or Russia or other up-and-coming technology companies something like that, if you do background research on that and take it very gingerly, but you do smaller phases and you have a committee board what says 'right, we're going to test these ideas in smaller phases and trials, without spending a lot of money in one hit, you can get a similar result... so you can get the traffic light system, red amber green, so if you do basic compliance and testing, I think you can get results. Once you get results you can go 'right, is it yes or no, should we go for it, what's the risk mitigations.'"

- BW Customer, Male, Age 31-55, SEG C1C2

"I think it's quite good, so we know what the risks are before we carry on big plans, whether the plans are workable"

- BW Customer, Female, Age 18-30, SEG DE

"I think it's sensible to test it rather than put all your money in on something big and then it not work and then your return's not that good."

- BW Customer, Female, Age 18-30, SEG C1C2

"We've talked about if you were to trial a more alternative, less proven form of renewable, would that be acceptable? I personally wouldn't be up for risking my water bill going up on a less proven technology that you're trialling because you've got some spare land, on the off chance that it might work and then the water bills come down 10 years down the line. I mean, to my mind that's going off track a little bit."

- SWW Customer, Male, Age 30-55, SEG C1C2

"Yeah, and possibly even develop new techniques and new technology to that as well, because you've got the people and expertise in place already."

- SWW Customer, Male, Age 30-55, SEG AB



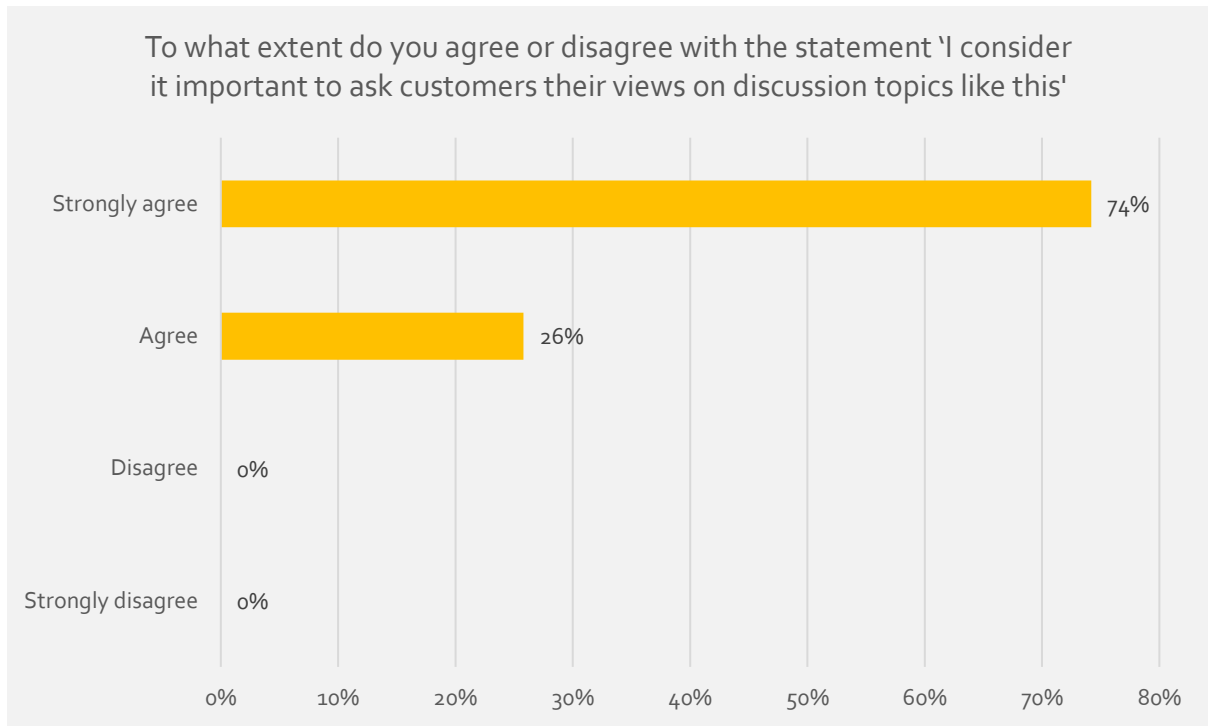
5 Customer views on the research project

In this section we summarise customers views on the research programme.

Customers welcomed being engaged on this topic, finding the sessions and survey to be interesting and informative.

All customers agreed it is important for customers to be engaged in topics like this.

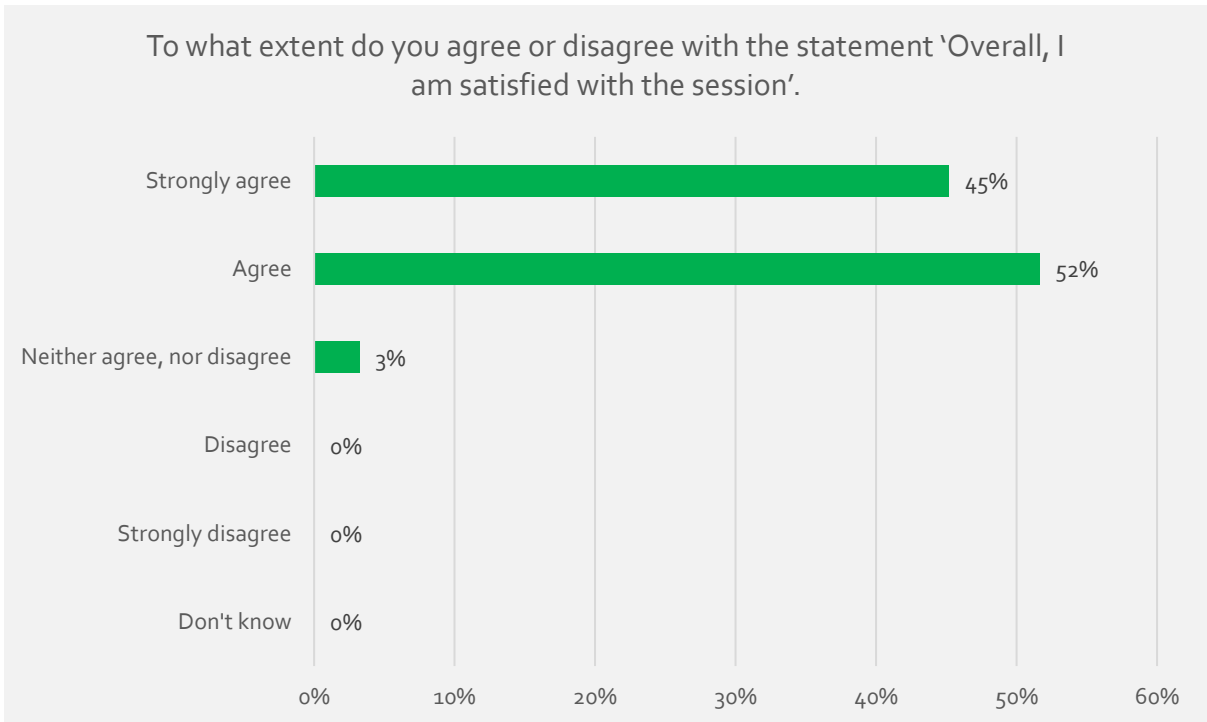
Figure 5.1: Feedback on the value of Phase 3 engagement



n = 31

Given all the research was conducted online – it was important to check satisfaction with the discussions and format. Overall participants were satisfied, with only one person being neutral about the online format.

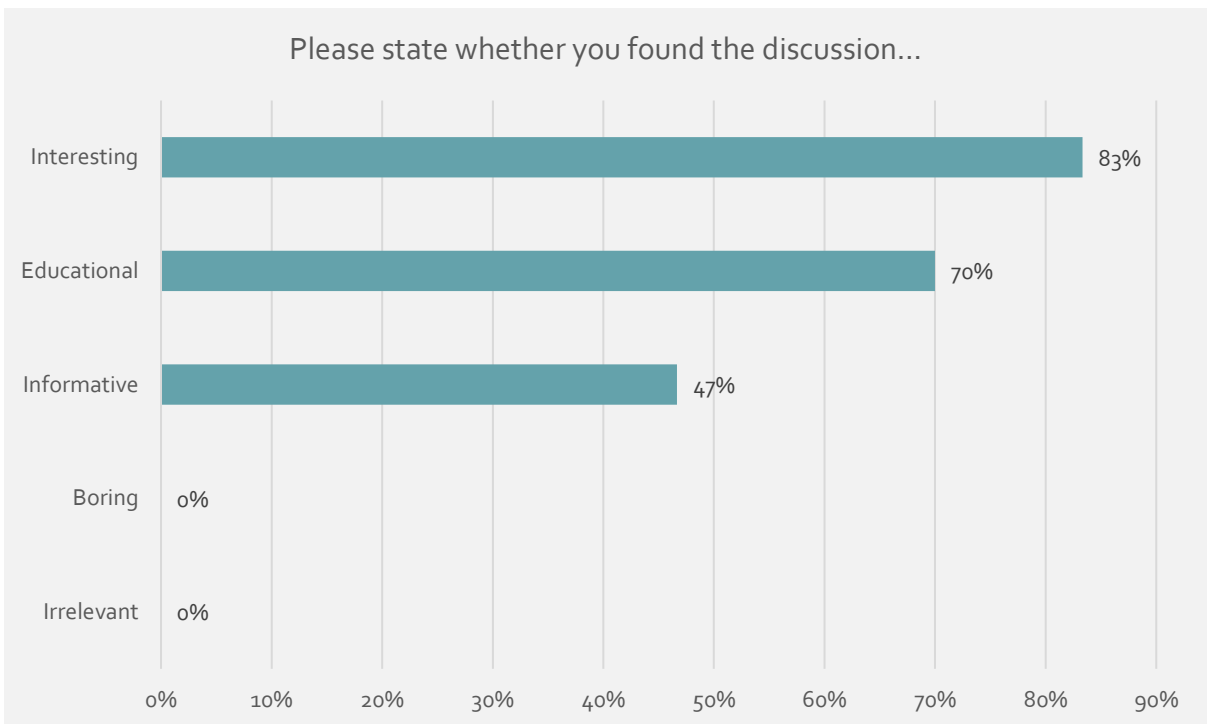
Figure 5.2: Overall view of the focus groups



n = 31

Across the focus groups, respondents found the research to be interesting and informative.

Figure 5.3: Customer assessment of Phase 3 engagement



n = 31

6 Conclusions and Recommendations

This research has shown that customers continue to be highly supportive of South West Water participating in a Green Recovery Plan for the south west. Customers continue to think the broad aims of increased effort around the environment, climate change and supporting the economy during the pandemic are priorities.

The SWW green recovery initiatives were universally supported, and the bill impact is considered fair. Customers are satisfied with SWW's progress to date against current plan Performance Commitment targets. However, they do not want the implementation of the green recovery plan to impact on the delivery of the existing targets for 2025.

There is substantial support for a 2030 net zero target for the industry to deliver benefits early as long as the economic impacts are considered and balanced. Customers support a multi-faceted approach that applies a range of renewable activities.

Overall customers are supportive of the ambitions of the plan, which is seen as supporting the environment and the economy in line with their views.

We therefore recommend South West Water continues with its proposals.

Appendix: Focus group script

South West Water – Green Recovery Plan:

Confirming Customer Priorities

May 2021

Welcome	5 mins
<ul style="list-style-type: none"> Facilitator to introduce himself/herself, explain the format of the discussions, and set out objectives of the discussion. There are no right or wrong answers. Explain we are independent of SWW Explain observers may review the sessions, and sessions are recorded for internal use Explain MRS code of conduct and rights to anonymity Respondents to very briefly introduce themselves 	
SWW's current 2020-25 plans and performance	40 mins

Overview of current plans

- Every five years, bills are set. The current bills have been agreed between SWW and the industry regulator Ofwat for the period 2020-25. Given increased efficiency and lower costs of borrowing it is lowering bills whilst investing £1bn over the period.
- [SHOWCARD 1](#) – average bills are currently £468 (as £50 is paid by Government through the Government Contribution). Figures do not include inflation (i.e. are in real terms).



- Plans and targets are set for five years. SWW has agreed a programme of investment to deliver over five years, with challenging targets to have met by the end of the period. Most aspects of performance have annual targets set so that Ofwat can track progress in delivering the five year plan each year.
- These targets are set to be **very challenging** – for example, companies need to achieve industry leading performance by the end of the five years.
- The end of March was the end of the first year. SWW progress after one year is shown [SHOWCARD 2](#) – against its performance measures reported to the regulator:

- Note to moderator – allow time for this to be reviewed fully. Allow for Q&A. Provide a summary as necessary:
 - 80% are on target or ahead of target
 - 8 (just under 20%) are at 2025 target levels already.
 - 6 (13%) just missed the target set for this year but SWW has confirmed will be on track next year and for 2025
 - Pollution and leakage – discuss as per below.

Significantly ahead of annual target	Ahead of annual target	On Track	Slightly behind annual target	Significantly below annual target
Reducing sewer flooding to homes and businesses	Reducing sewer flooding to gardens	Contacts about sewage odour Sustainable river water abstraction	Small wastewater treatment works environmental compliance	Leakage Minor pollution - from wastewater operations
Reducing sewer collapses	Reducing supply interruptions	On time delivery of large investment schemes	Overall wastewater treatment works environmental compliance	
Preventing sewer blockages	Preventing biodiversity deterioration	Customers who find their bill value for money	Minor pollution - from water operations	
Improving coastal bathing water quality	Complaints about water taste, smell and colour	Customers who find their bill affordable	Waste compliance	
Enhancing Biodiversity	Number of customers receiving financial support	BSI standard around inclusive provision of services	Lead	
Vulnerable customer satisfaction with help and support provided	Reducing unbilled water use	Compliance with biodiversity (at environmentally sensitive areas)	Customer satisfaction levels	
Increasing sewer resilience (ensuring sewers can deal with extreme weather)	Roll out of smart meters	Contacts about wastewater issues resolved first time	Helping homes to use less water	
Increasing water resilience (ensuring pipes and works can deal with extreme weather)	Mains repairs	Developer satisfaction		
	Unplanned outage at water treatment works	Avoiding hosepipe bans in hot dry weather		
	Number vulnerable customers registered for help and support	Risk of severe restrictions in a severe drought		
	Contacts about water issues resolved first time	Risk of sewer flooding in a severe storm		
		Large wastewater treatment works environmental compliance		

- In some areas SWW is particularly good, and it is leading the industry. It has already met or exceeded its 5 year targets. And in some areas it is behind the profile set by the regulator, but is committed and has plans in place to meeting its five year targets. Overall 80% of targets are on track or ahead of the targets set by Ofwat.
 - How do you feel about this?
 - Is it acceptable for a company to move at different rates of pace across its targets?
- No company is good at everything, and this pattern is typical across companies with them exceeding in some areas and behind in others.
 - How do you feel about that?
 - Would you prefer that SWW achieves all targets at an even pace?
- Ofwat does accept that some companies will be ahead in some areas and behind in other at this stage of the five year period. A company does not need to be meeting all of its targets at this stage of the five years, if it is ahead in some areas.
 - How do you feel about that?
 - Does it depend on which areas are ahead and which are behind?
- Looking at the areas where it is ahead or lagging the industry.....

- Leakage - This is the first time ever that leakage targets are not met – and this is normally an area where SWW leads the industry.
 - Before we talk a bit more about it its worth mentioning how leakage is estimated. The water companies measure how much water they put into pipes to go to people’s homes and businesses. Leakage is the difference between this and how much water is used by homes and businesses. Most businesses and a lot of homes have meters, so the water companies know how much water they use. The amount used by homes without meters is normally estimated.
 - Over the last year SWW has seen a lot of changes.
 - Covid has created a lot of stresses in the water network. All water companies have reported more people at home using a lot more water than normal.
 - In the South West there has also been a big increase in visitors and people using second homes, as well as people spending more times in rural areas rather than towns and cities (e.g. at work) has moved water around the region and put stress on it. SWW like other water companies with a rural network have had more bursts due to these pressures.
 - SWW has also struggled to read meters when these are inside homes. Unexplained water use is classed as leakage – SWW expect some of the increase in water seen to be higher consumption, but it cannot verify this.
 - How do you feel about this?

- Pollution – this is a legacy issue for SWW. Small sewers block easily (e.g., from wet wipes) and can cause small amount of sewage to escape from a sewer into a stream or river. It is expensive and takes many years to replace small sewers with larger ones that block less. SWW is accelerating plans to reduce pollution. It estimates that it will be behind on pollution for 2 years of the five year period, but will be on track and in line with leading performance by the end of the period.
 - How do you feel about that?

- How do you feel about where SWW is leading the industry? Are these important areas to accelerate plans?
- Now you have seen a bit more information, how acceptable it is for SWW to move at different rates of pace across its targets towards 2025?
- How do you view SWW’s current progress against the five year - based on this information shown?
 - Do you consider it in the round on track with the five year targets set?
 - Are there any areas that you consider should be accelerated in the future years – to meet target ahead of 2025 deadline?
 - **VOTE** – overall to what extent are you satisfied with SWW’s current progress towards its 2025 targets?
 - Very satisfied
 - Satisfied
 - Neither satisfied nor dissatisfied
 - Dissatisfied
 - Very dissatisfied
 - Don’t know
 - For those dissatisfied – what does SWW need to do in this second year for you to be more satisfied – what are the priorities? Probe if catching up, or excelling in other areas?

Green recovery plans **30 mins**

- Covid-19 is having a serious impact on our economy and communities. The government has announced it is developing plans to deal with these challenges. It is looking to drive a green economic recovery. For example - Boris Johnson announced that at the Conservative Party conference is for all homes to be powered by wind in the next 10 years.
 - What do you think about a green recovery to address the impacts of Covid-19?
- In October of last year, the government wrote to water companies to ask them to consider how to bring forward investments and innovate to support the green recovery. Customers were engaged by South West Water to see how they felt and the best areas of investment.
- [SHOWCARD 3 - Govt views on water company investments](#)

WATER COMPANY INVESTMENTS

Accelerate existing plans and trial new innovative ideas – to benefit future generations or current customers

Areas of focus

-  Reduce pollution and spills to waterways from the wastewater network, to protect environment
-  Reduce spills from sewers through storm overflows – to protect environment, protect public health and improve amenity/recreation.
-  Restore and protect environmentally sensitive rivers – i.e. chalk stream habitats that suffer from low flows, poor water quality and habitat loss
-  Reduce the risk of restrictions in drought conditions – and reduce reliance on taking additional waters from rivers when its hot and dry

- When SWW was asked to consider a green recovery, it asked customers over the period November to January about this. Customers indicated they did support a green recovery plan focused on environmental improvements and public health improvements. Based on this, a programme of investment was developed and put forward to Ofwat. Ofwat has indicated that it considers the plans put forward to reflect customer views.
 - How do you feel about that?
 - To what extent do you agree with a green recovery to address the economic and social impacts of Covid-19 targeting investment in the south west is still right?
- The key highlights of this are:
- [SHOWCARD 4 – summary:](#)

Initiative	Summary
Accelerating investment at water treatment works	120,000 properties benefiting from water quality improvements 12-18 months ahead of schedule, bringing forward improvements to water quality
Accelerating bathing water investment	Improvements at 8 bathing waters delivered by 2022
Accelerating storm overflow monitoring	Monitoring of storm overflows at 167 sites delivered by 2022

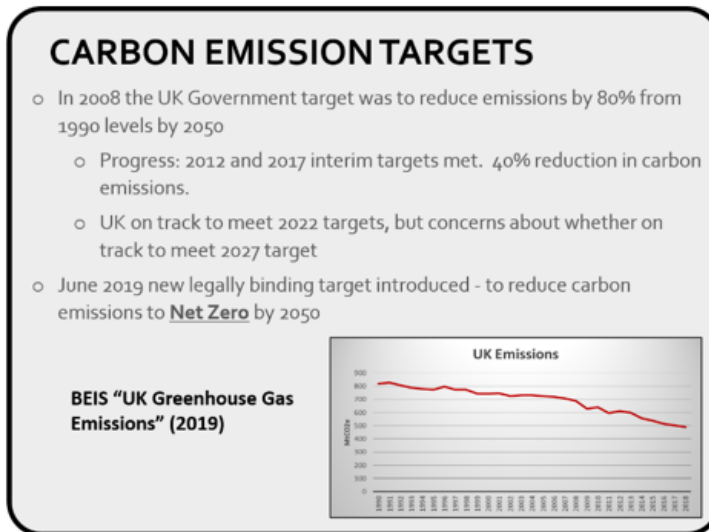
Sewer separation	Sewer separation across 60 locations where there is a high risk of storm overflows and sewer flooding to homes when there is heavy rainfall. This means rainfall no longer enters sewers and is diverted directly to rivers.
River bathing water quality	Piloting river quality monitoring and improvements at 2 large rivers used for recreation
Smarter healthier homes	89,000 properties given smart meters, water saving devices and advice; with leakage and lead issues addressed
Storing more water in winter	400,000 properties benefiting from less risk of severe restrictions in severe drought; with water flow released to rivers in dry periods to protect wildlife
Dartmoor National Park	10,000 hectares of land restored, and biodiversity enhanced. This enhances carbon storage, helping to address climate change.
<i>OVERALL</i>	<i>500 new jobs for the region</i>

- Is this still the right thing for the region? Do you support this?
 - Does this deliver the right environmental improvements?
 - Does this deliver the right public health improvements?
 - This creates 500 jobs – across a range of industries. How do you feel about that?
- Following customer discussions - South West Water put forward an extra 10% of investment over and above its current 2020-25 plans to support environmental and public health. Based on customer discussions whilst it would borrow to invest now – bills would not increase until 2025 – when they would increase by £4-£5 a year.
 - What do you think of that?
- In January Customers said that they wanted to see a larger programme – with a higher bill impact. But SWW wanted to get the balance right given it is important for bills to be affordable?
 - How do you feel about that?
 - Do you consider the plans to be value for money?
 - Do you consider the plans to be acceptable?
- Given SWW’s earlier performance – how do you feel about SWW agreeing to additional 10% investment over the period?
- SWW needs to demonstrate to Ofwat that it can deliver a further 10% of investment and it is largely on track in the round with the programme. This is an important consideration for the regulator. To what extent do you agree with this investment to support the environment?
- VOTE
 - South West Water’s plans to support a green recovery are:
 - Very acceptable
 - Acceptable
 - Unacceptable
 - Completely unacceptable
 - Don’t know
- Why?

Net Zero

15 mins

- The government has committed to Net Zero carbon emissions by 2050 in England.
- [SHOWCARD 5 - government targets. Explain net zero.](#)



- Water companies use a lot of electricity, chemicals and fuels – e.g., to pump water around the network, to treat water and wastewater; operations teams driving around the region to respond to incidents, etc.
- Water companies are required to be net zero by 2050 but they have committed to this by 2030.
 - How do you feel about that?
 - How important is it that the water industry does this? Why?
- How acceptable is it for water companies to put forward investments plans for 2025-30 that support achieving net zero by 2030?
- All water companies have explored ways to use their assets to generate renewable energy where possible such as turning the gas from sewage into renewable energy. This is now seen as a core activity of a water company.
 - How do you feel about water companies investing in other renewables that are not linked to the core activities, such as solar and wind?
 - How do you feel about a water company using land that they own for this? Should land be used to its full potential – or should energy companies be the ones doing this? Does this seem risky at all? What if this is not as effective as anticipated?
- Ofwat is only planning to fund companies to achieve net zero by 2050, not 2030. How do you feel about that? Why?

General feedback and close

<1-2 mins (90)

- Thank you for your input. Before we finish, has there been anything that has surprised or concerned you? Are there any other comments?
- [Voting questions on how the session was.](#)
- During the voting explain how the information will be used by SWW and stakeholders, and explain where to go to learn more about SWW plans and to stay involved.

Thank and close.

Assurance

Document Assurance

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ICS Consulting Ltd
Peartree House
Main Street
Little Smeaton
North Yorkshire
WF8 3LG

www.icsconsulting.co.uk