

People Panel session 8 (Project 2)



Topline results v1 – Project 2 Topics - November 2022

Overview of sessions

People Panel session 8 has formed part of Project 2, which Explain is delivering on behalf of NWG and will help inform NWG's PR24 planning.

The overarching aim of Project 2 is to ensure that some of the more complex conversations necessary within the PR24 planning process could be managed in deliberative manner. The topics covered in Project 2 are as follows:

- Asset health
- Public value
- Statutory obligations (with regard to storm overflows and nitrates specifically)
- Bill profiles

People Panel session 8 has helped to inform the first two topics, asset health and public value, and comprised five People Panel online groups, with one NWG employee panel and four customer panels with Northumbrian, Essex, Suffolk, and Young customers.

This report provides a topline overview of the findings across the People Panels sessions only.

People Panel session dates

Sessions were conducted with each of the People Panels for **Project 2: Asset Health (Part 1 of 2)** on the following dates:

- **Monday 3rd October: Employees**
- **Monday 3rd October: Northumbrian**
- **Wednesday 5th October: Essex**
- **Monday 10th October: Suffolk**
- **Wednesday 12th October: Young**

People Panel attendees

The number of attendees per session were as follows:

People Panel #8 (Part 1)	Total no. of attendees	'Defining the Future'
Employee	5	n/a
Northumbrian	13	2
Essex	11	3
Suffolk	10	2
Young	8	1
PP Asset Health total:	47	8

People Panel: Project 2 – Asset Health

Discussions regarding financial approaches

Several themes were drawn out when considering **approaches to personal financial decisions**, such as **saving where possible** to prepare for future **uncertainties**, taking steps to maintain essential services to increase reliability, and using **cost-benefit analysis when deciding purchases**.

Panellists who were parents highlighted their responsibility to put their **children's safety and education first**, whilst those who voiced their poor financial situation explained they would use products for as long as possible before justifying replacements. **Recent impacts on approaches** to decisions were the **cost-of-living crisis**, as well as an awareness to be more energy efficient and **care for the environment** where possible.

Results for preference of options:

In the final poll, out of 46 responses, **'option 2: risk driven' was the most selected, preferred** response by 31 respondents (67%). 'Option 1: cost driven' was preferred by 11 respondents (24%), and a small number of 4 respondents were 'unsure' (9%).



Both the **NWG employee and Young people panels unanimously preferred the 'risk driven' option 2**. Most Essex panellists (7 of 10) and most Suffolk panellists (8 of 11) also preferred the 'risk driven' option 2. The **majority (9 of 13) of the Northumbrian group preferred the 'cost driven' option 1**, showing regional differences.

Reasons underpinning preferences of each option:

Option 1: cost driven (11 of 46 panellists preferred – 24%)

Benefits of the cost driven option 1 centred around the **uncertainties of the future**, and the desire to be **cautious about spending money before it is necessary** to spend money, particularly due to the cost-of-living crisis and current financial struggles being faced by the population.

A **downside** of the cost driven option 1 was the idea that the same task may be **more expensive to do in the long run**, due to increases in costs of materials and inflation.

Option 2: risk driven (31 of 46 panellists preferred – 67%)

Benefits highlighted panellists' preference of **taking a cost impact now to prevent costs and problems escalating in future** years. Also discussed was the **value of safe, clean places** which don't compromise health and safety, and **aligns with NWG's core principles**. Some panellists favoured this as they were **personally financially able to justify** investing in this option.

Other views on the options included NWG having a **responsibility to the customer to keep bills affordable** due to water supply being an essential service, whilst panellists generally stated there was a dilemma to be made between choosing a short-term fix versus a long-term plan. Some panellists suggested they were unsure, and that a **hybrid, middle-ground option would be preferable**.

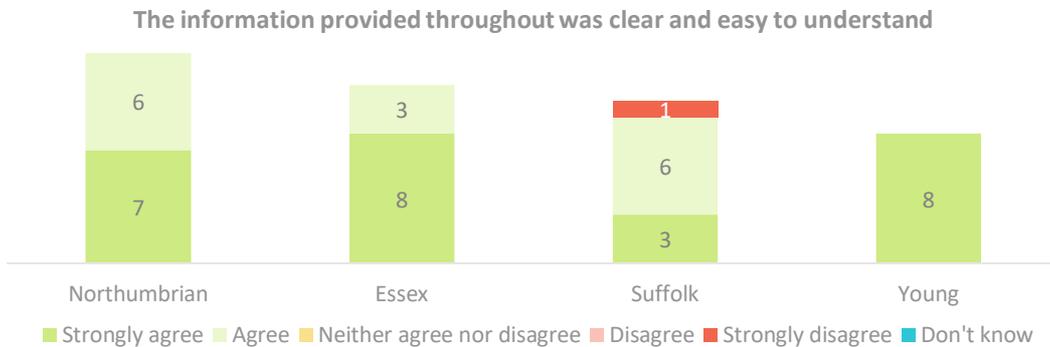
People Panel: Project 2 – Public value

Discussions regarding public value

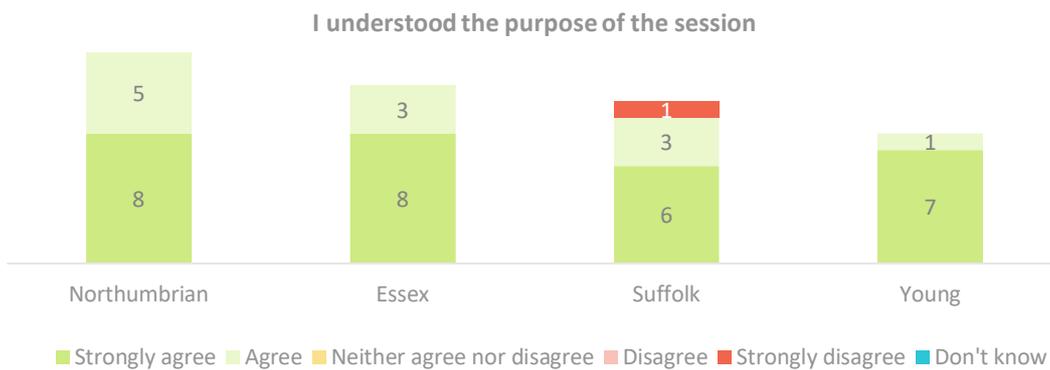
Panellists generally considered **public value to be important**, with some employee panellists stating public value was **firmly embedded within NWG** as an organisation. Whilst **environmental and societal benefits** were recognised, some panellists felt that **investments could be prioritised elsewhere**, particularly due to the current cost-of-living crisis. Potential downsides of public value investments were the responsibility of stewardship of such public places, as well as **safety and liability issues**, such as gaining access to reservoirs. In reference to the cost-of-living crisis, panellists felt they would **need more information to do a cost-benefit analysis** at this moment in time.

Closing satisfaction polls:

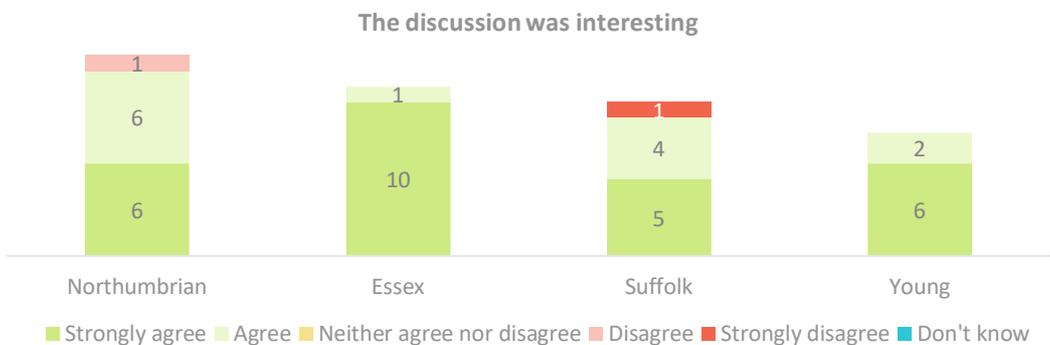
Overall, the members had a net agreement that the session was easy to understand. The same individual panellist, in the Suffolk People Panel, however, 'strongly disagreed' with all four statements.



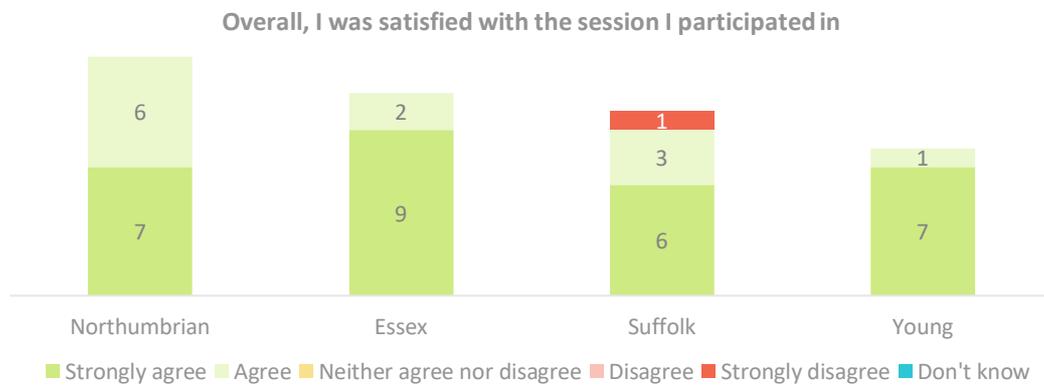
Young panellists had the greatest understanding of the information and purpose of the session, whilst the majority of Northumbrian and Essex panellists also had a majority stating an understanding. This differs from the Suffolk panel where the majority 'agreed' rather than 'strongly agreed' with this statement.



One Northumbrian panellist disagreed that the discussion was interesting, and this statement generally gained more 'agreements' than 'strong agreements' across most panels, except the Essex People Panel.



Overall, most of all panellists strongly agreed that they were satisfied with the session they participated in.

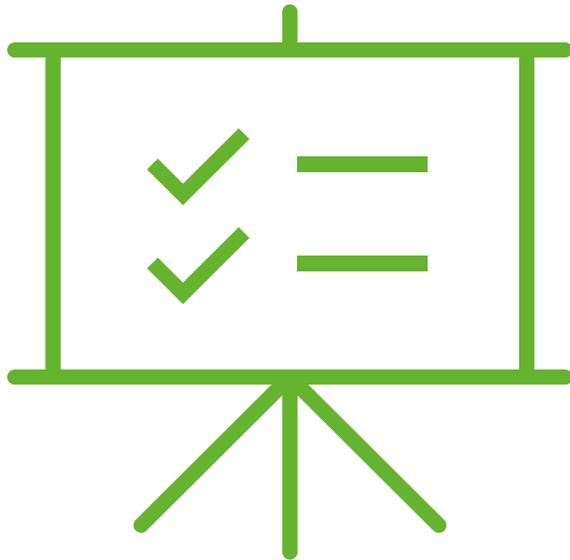


NORTHUMBRIAN
WATER *living water*

ESSEX & SUFFOLK
WATER *living water*

Welcome to the
Northumbrian People Panel

TODAY WE WILL...



1. Learn about the business plan that Northumbrian Water is developing
2. Consider some of the challenges Northumbrian Water has in developing its plan
3. Provide your feedback to help shape how Northumbrian Water approaches these challenges

WHAT IS THE NORTHUMBRIAN WATER BUSINESS PLAN

VIDEO

INTRO TO THE PLAN

LET'S PAUSE FOR QUESTIONS



WHAT'S NEXT

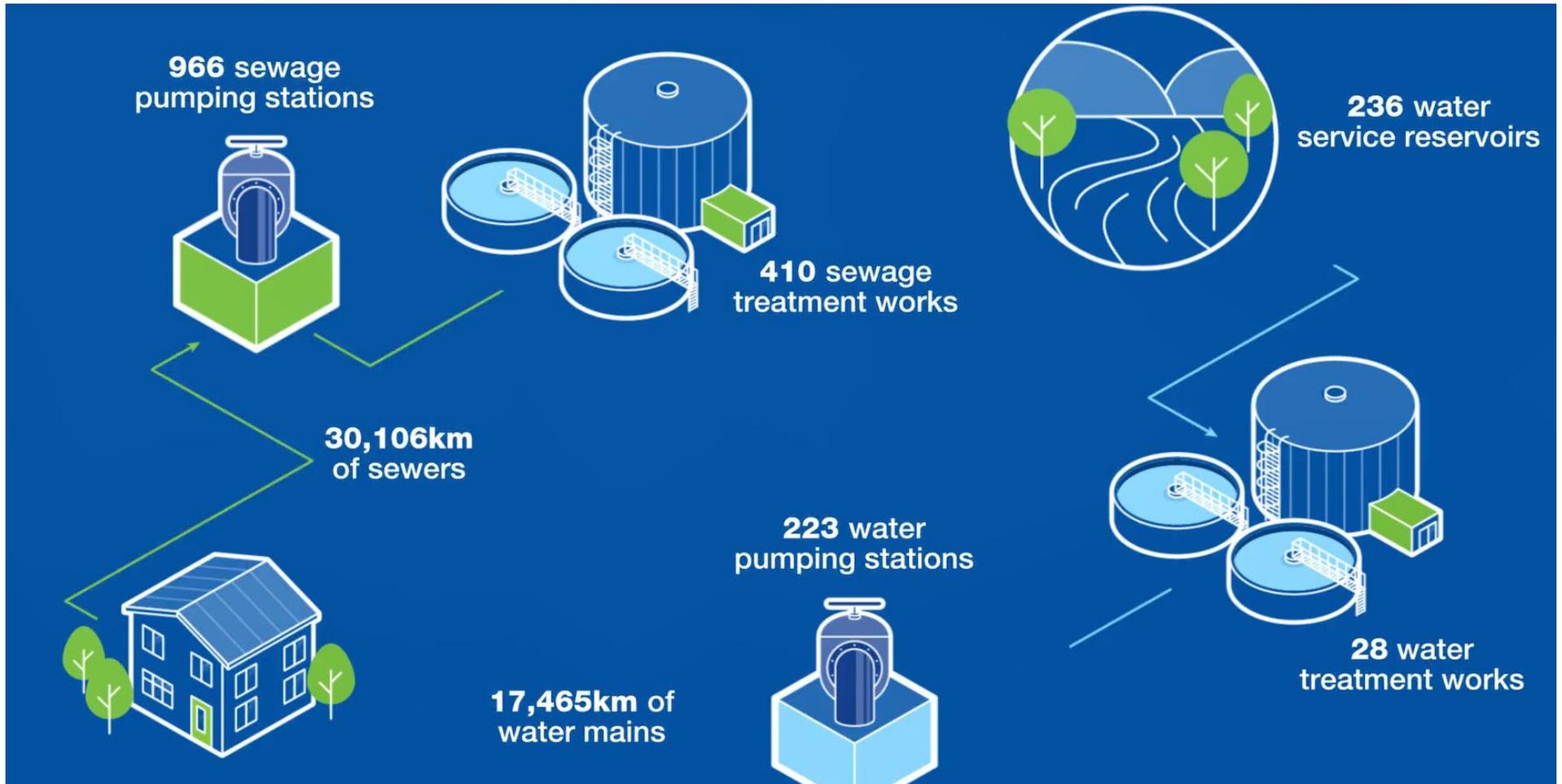
INTRO TO TODAY'S DISCUSSION

- You heard in the video that Northumbrian Water has a number of challenges in developing their plan
- Because of those challenges Northumbrian Water is expecting that from 2025 customers will experience a bill increase
- We want to talk to you today about some of the challenges driving this bill increase



TOPIC 1: NORTHUMBRIAN WATER'S APPROACH TO LOOKING AFTER THEIR ASSETS

WHAT IS AN ASSET?



WHAT IS AN ASSET?

- Think about owning a car
- By taking it for its annual service, changing its oil etc, you can keep it **working well for longer**
- The longer you have the car, the more likely it is something might need fixed or replaced which **will cost you money**
- There will be a tipping point where you decide that its not worth fixing it anymore and it **makes more sense financially** to trade it in for a new one
- Northumbrian Water make these same decisions about their assets and we want to talk to you today about finding the right **tipping point** for investment in assets.



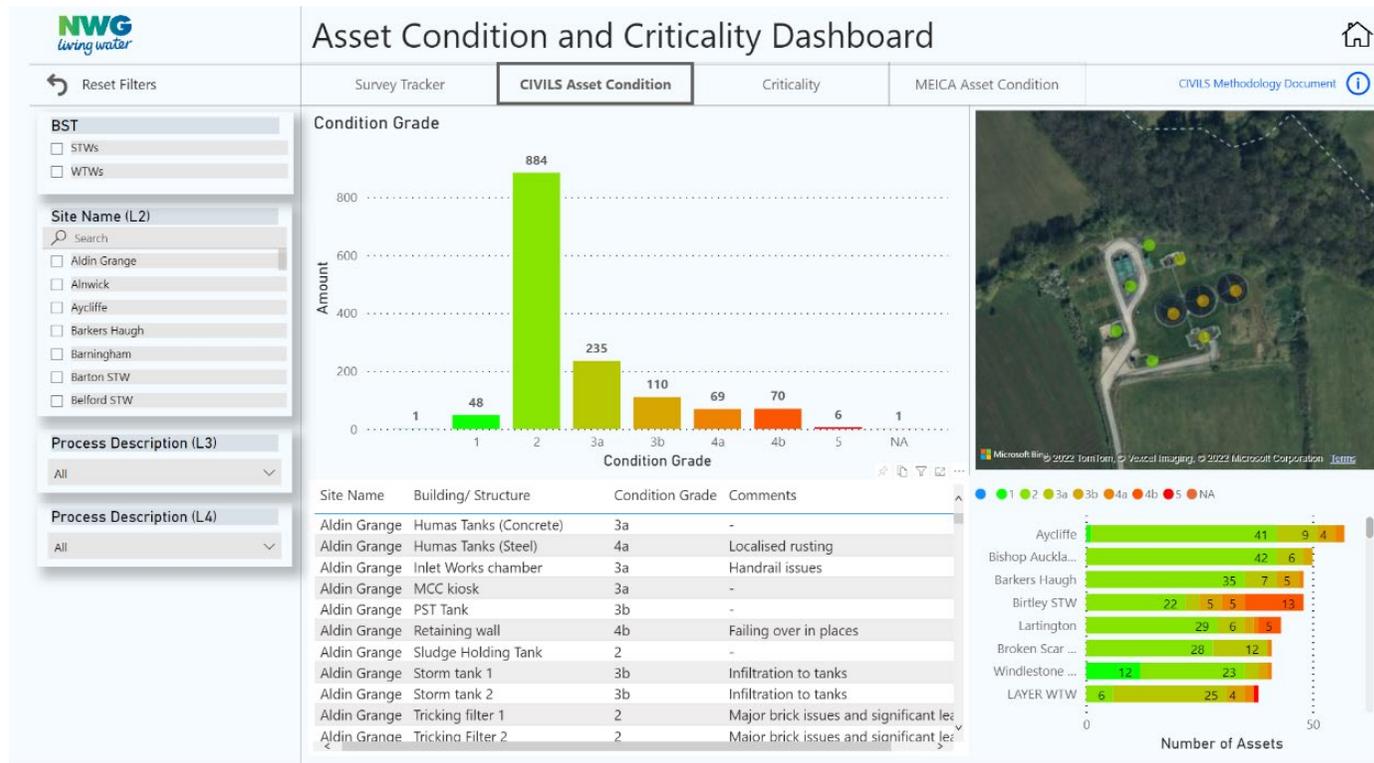
TELL US...

- ✓ **What is your usual approach to financial decisions like this in your own home?**
- ✓ **Think about your car, house repairs or something else?**
- ✓ **In what circumstances would you choose to maintain to keep costs down as long as possible? In what circumstances would you replace, at a higher cost, to ensure reliability?**

THE CONDITION OF NORTHUMBRIAN WATER'S ASSETS

THE CONDITION OF NORTHUMBRIAN WATER'S ASSETS

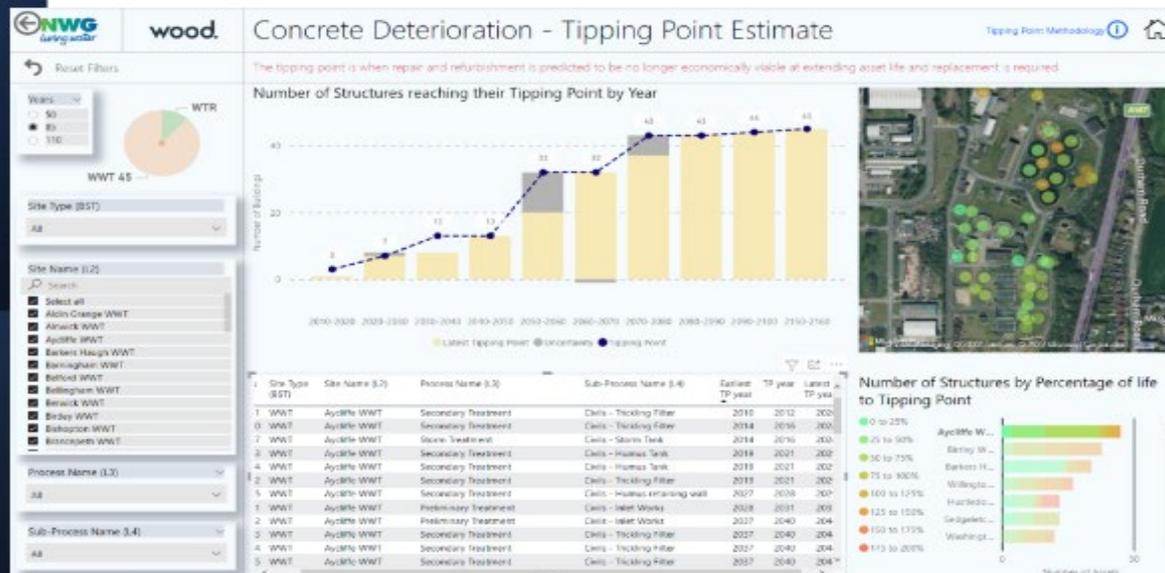
- The condition of our assets is closely managed, so we can make the right decisions on when an asset needs to be maintained or replaced



THE CONDITION OF NORTHUMBRIAN WATER'S ASSETS

- We use modelling and condition data to determine the tipping point, like you do for your car, to provide information around when it is more cost effective to replace an asset, rather than continue to maintain it
- This information feeds into the decision making around investment in our assets to ensure we maximise the benefit of every pound spent.

Example Output - Site



LET'S PAUSE FOR QUESTIONS



TELL US...

- ✓ **Has anyone ever experienced an issue with the water or wastewater supply?**
- ✓ **What was it?**
- ✓ **How were you impacted?**
- ✓ **How did it make you feel?**

THE COST OF LIVING CRISIS

- What all of our systems and modelling don't do is consider wider issues such as the cost of living crisis in our decision making
- For example, back to the car analogy, there may be times in your life where:

You are feeling more financially comfortable and so the reliability of your car is most important. You could take a risk and keep maintaining your car hoping it will last a couple more years, but the thought of breaking down on the motorway on the way to work means you are happy to spend now to replace it.

You are more conscious of your spending, and so you don't want a big outlay right now.

And so you keep maintaining your car as long as you possibly can until it fails and you are forced to buy a new one.

Your bills are spiralling out of control and you have to prioritise your spending. The car now has a slow puncture and you know you need a new tyre, but you have prioritised spending on other things. It isn't ideal because you have to pump the tyre up every 50 miles but it is manageable for now.

TELL US...

- ✓ **Can you think of an example where your approach to your finances has changed because of an outside factor?**
- ✓ **How about in the last six months?**

INVESTMENT IN ASSET HEALTH IN THE PR24 BUSINESS PLAN

- As you heard in the earlier video, Ofwat decides what investment we can make
- In previous price reviews, Ofwat has limited the amount we can invest in our network, to help keep bills down for customers
- The amount we have been able to invest doesn't take into consideration the remaining life of our asset base
- We have disagreed with this position because it feels like we are “kicking the problem down the line”
- Without investing more between 2025 and 2030, the risk of a service failure happening will increase, particularly considering future challenges such as climate change
- However, we are also conscious of the cost of living crisis

Oldest water
main 1870

Oldest sewer
1870

Oldest water
treatment
works
structure
1853

Oldest
sewerage
treatment
structure
1935

Oldest water
pump
1930

INVESTMENT IN ASSET HEALTH IN THE PR24 BUSINESS PLAN

- In the 2025 to 2030 business plan we have a choice to make

Option 1: Cost driven	Option 2: Risk driven
Keeps bills lower from 2025 to 2030 helping with affordability	Increases customer bills
Increased risk of service failure	The risk of service failure is stable
Bills may be higher in the future, as the problem is “kicked down the road”	The problem is dealt with and paid for now, also protecting future generations

LET'S PAUSE FOR QUESTIONS



TELL US...

- ✓ **What are the benefits of option 1?**
- ✓ **What are the benefits of option 2?**
- ✓ **If you were the Chief Executive of Northumbrian Water, what would you do?**

ZOOM POLL

- ✓ **Which option do you think Northumbrian Water should take?**

TOPIC 2: PUBLIC VALUE

WHAT IS PUBLIC VALUE – AN EXAMPLE

- Public value describes the value that an organisation or activity contributes to society
- For example, if I was building a new housing estate, I could take a “no frills” approach and just concentrate on the bricks and mortar
- However, I could also look at how by building the housing estate I can add value to the local area



TELL US...

- ✓ **Think about the housing estate analogy, how could I add more value than bricks and mortar when building an estate?**
- ✓ **Would investment like this be important to you in your local area?**

PUBLIC VALUE TO NORTHUMBRIAN WATER

- Northumbrian Water can think about how they add public value through their investment
- It might not always be the cheapest approach, however there are wider benefits to society
- The following video demonstrates how Northumbrian Water consider public value when making investment in reservoirs...



PUBLIC VALUE TO NORTHUMBRIAN WATER



TELL US...

- ✓ **What do you think about the concept of public value?**
- ✓ **Is it important to you?**
- ✓ **Are there any benefits that are particularly important to you? E.g. environmental, social, improvements for visitors? Why?**

PUBLIC VALUE, AN EXAMPLE FROM THE WATER SECTOR

- A relevant public value example for Northumbrian Water is around the investment they make to rivers and coastlines
- As a minimum Northumbrian Water has a responsibility to ensure that the water they release into rivers and seas meets quality standards
- However they can go further...



PUBLIC VALUE, AN EXAMPLE FROM THE WATER SECTOR

- Northumbrian Water could create bathing rivers
- For example, in Ilkley the Environment Agency, working with partners including the local water company, has created the first designated river bathing water site in England
- This has involved improvements to water quality and ongoing monitoring of water quality



TELL US...

- ✓ **What are the benefits of investment like this?**
- ✓ **Is the availability of designated bathing waters important to you?**
- ✓ **Would you like to see more designated bathing areas in the region?**
- ✓ **Would you support Northumbrian Water in making investments like these?**



NORTHUMBRIAN
WATER *living water*

ESSEX & SUFFOLK
WATER *living water*

WHAT'S NEXT?

WHAT'S NEXT?

LOOKING AHEAD TO THE NEXT SESSION

- In the next session, we will be looking again at your water bills and how they may change in the future.
- We'll be in touch about the next session which will take place Monday 31st October



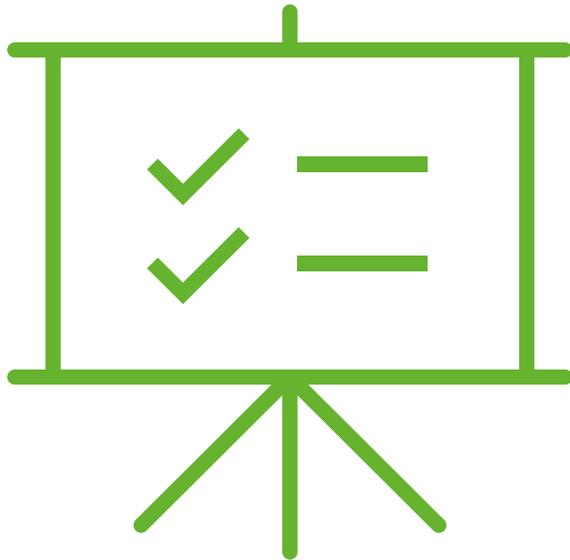
THANK YOU

The background features a gradient from dark blue at the top to light green at the bottom. A large, stylized brushstroke graphic in shades of blue and green sweeps across the lower half of the image. The text 'THANK YOU' is centered in the upper half in a bold, white, sans-serif font.

ESSEX & SUFFOLK WATER *living water*

Welcome to the
Suffolk People Panel

TODAY WE WILL...



1. Learn about the business plan that Essex & Suffolk Water is developing
2. Consider some of the challenges Essex & Suffolk Water has in developing its plan
3. Provide your feedback to help shape how Essex & Suffolk Water approaches these challenges

WHAT IS THE ESSEX & SUFFOLK WATER BUSINESS PLAN

VIDEO

INTRO TO THE PLAN

ESSEX&SUFFOLK
WATER *living water*

LET'S PAUSE FOR QUESTIONS



WHAT'S NEXT

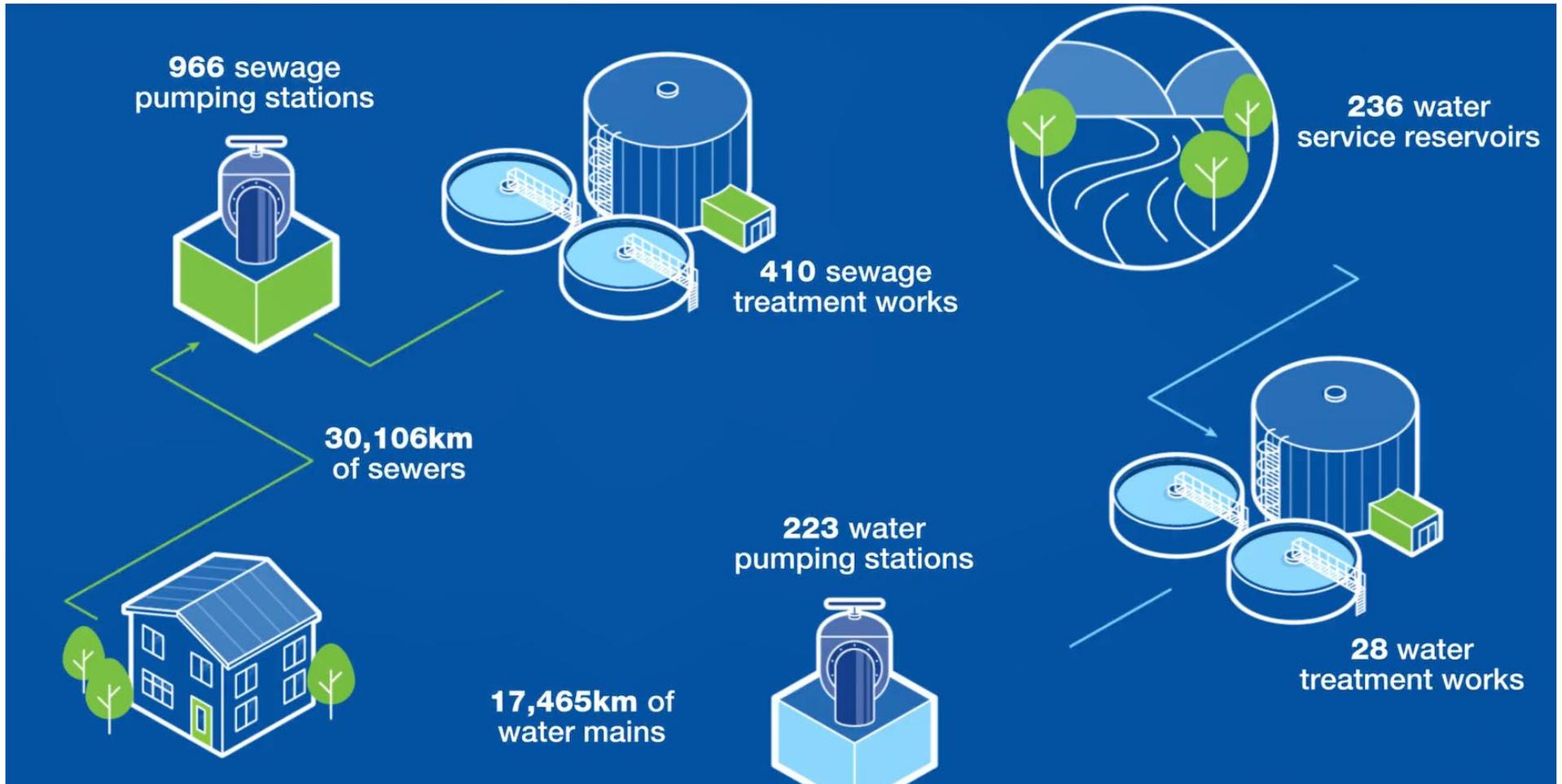
INTRO TO TODAY'S DISCUSSION

- You heard in the video that Essex & Suffolk Water has a number of challenges in developing their plan
- Because of those challenges Essex & Suffolk Water is expecting that from 2025 customers will experience a bill increase
- We want to talk to you today about some of the challenges driving this bill increase



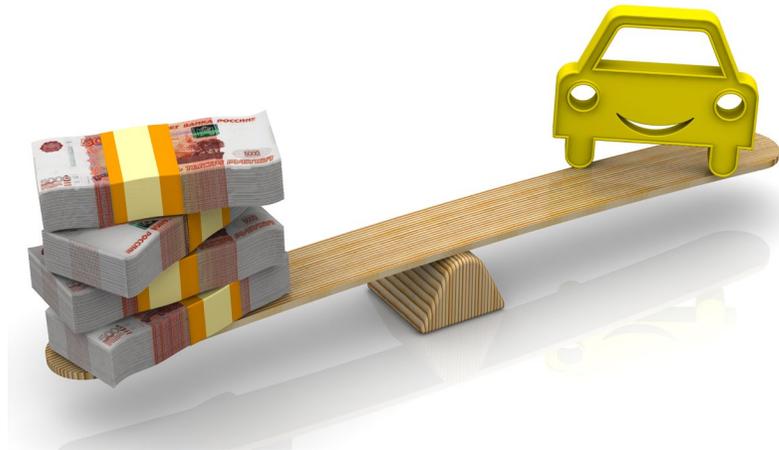
TOPIC 1: ESSEX & SUFFOLK WATER'S APPROACH TO LOOKING AFTER THEIR ASSETS

WHAT IS AN ASSET?



WHAT IS AN ASSET?

- Think about owning a car
- By taking it for its annual service, changing its oil etc, you can keep it working well for longer
- The longer you have the car, the more likely it is something might need fixed or replaced which will cost you money
- There will be a tipping point where you decide that its not worth fixing it anymore and it makes more sense financially to trade it in for a new one
- Essex and Suffolk Water make these same decisions about their assets and we want to talk to you today about finding the right tipping point for investment in assets.



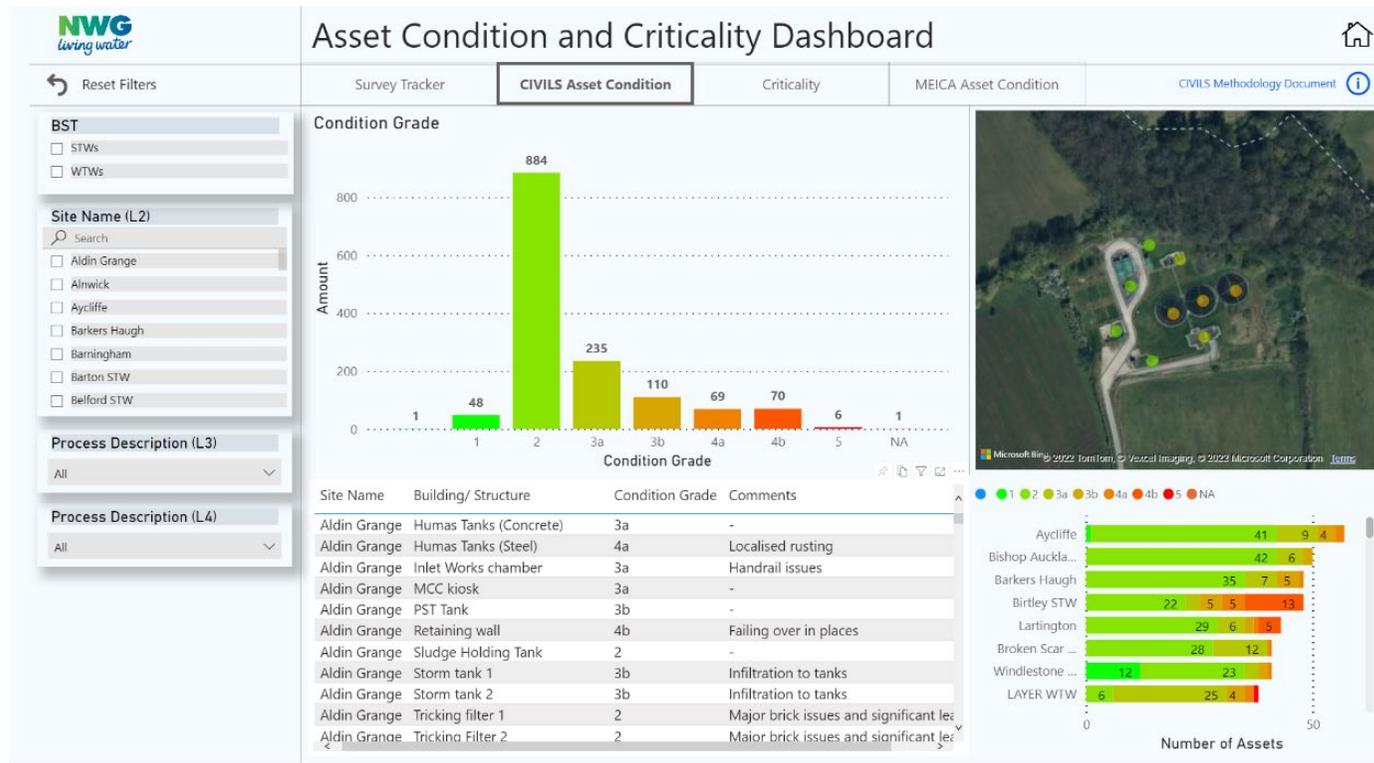
TELL US...

- ✓ **What is your usual approach to financial decisions like this in your own home?**
- ✓ **Think about your car, house repairs or something else?**
- ✓ **In what circumstances would you choose to maintain to keep costs down as long as possible? In what circumstances would you replace, at a higher cost, to ensure reliability?**

THE CONDITION OF ESSEX & SUFFOLK WATER'S ASSETS

THE CONDITION OF ESSEX & SUFFOLK WATER'S ASSETS

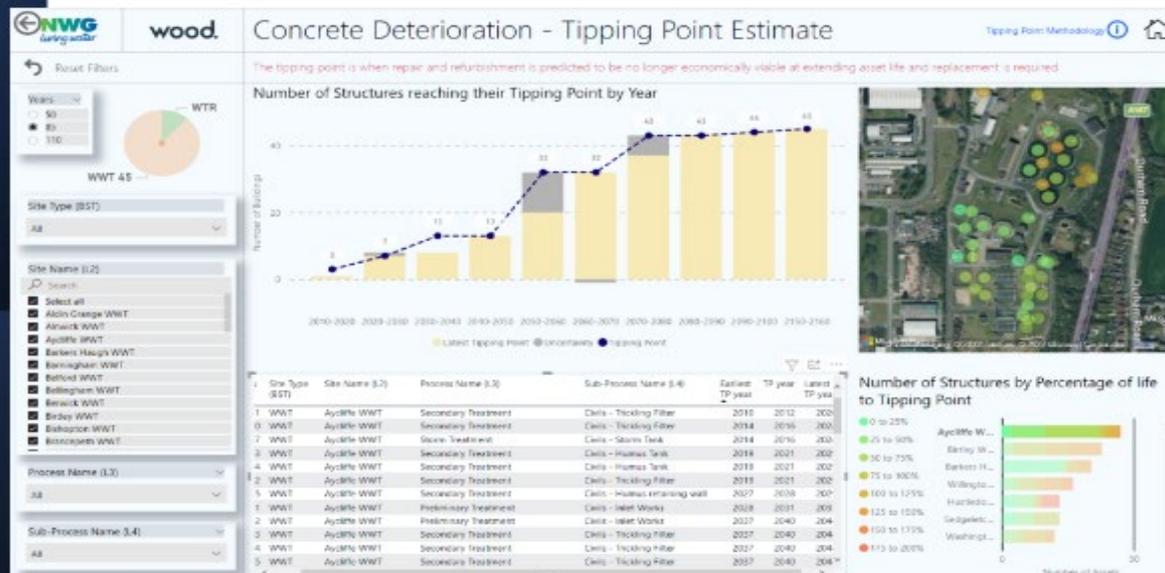
- The condition of our assets is closely managed, so we can make the right decisions on when an asset needs to be maintained or replaced



THE CONDITION OF ESSEX & SUFFOLK WATER'S ASSETS

- We use modelling and condition data to determine the tipping point, like you do for your car, to provide information around when it is more cost effective to replace an asset, rather than continue to maintain it
- This information feeds into the decision making around investment in our assets to ensure we maximise the benefit of every pound spent.

Example Output - Site



LET'S PAUSE FOR QUESTIONS



TELL US...

- ✓ **Has anyone ever experienced an issue with the water or wastewater supply?**
- ✓ **What was it?**
- ✓ **How were you impacted?**
- ✓ **How did it make you feel?**

THE COST OF LIVING CRISIS

- What all of our systems and modelling don't do is consider wider issues such as the cost of living crisis in our decision making
- For example, back to the car analogy, there may be times in your life where:

You are feeling more financially comfortable and so the reliability of your car is most important. You could take a risk and keep maintaining your car hoping it will last a couple more years, but the thought of breaking down on the motorway on the way to work means you are happy to spend now to replace it.

You are more conscious of your spending, and so you don't want a big outlay right now.

And so you keep maintaining your car as long as you possibly can until it fails and you are forced to buy a new one.

Your bills are spiralling out of control and you have to prioritise your spending.

The car now has a slow puncture and you know you need a new tyre, but you have prioritised spending on other things.

It isn't ideal because you have to pump the tyre up every 50 miles but it is manageable for now.

TELL US...

- ✓ **Can you think of an example where your approach to your finances has changed because of an outside factor?**
- ✓ **How about in the last six months?**

INVESTMENT IN ASSET HEALTH IN THE PR24 BUSINESS PLAN

- As you heard in the earlier video, Ofwat decides what investment we can make
- In previous price reviews, Ofwat has limited the amount we can invest in our network, to help keep bills down for customers
- The amount we have been able to invest doesn't take into consideration the remaining life of our asset base
- We have disagreed with this position because it feels like we are “kicking the problem down the line”
- Without investing more between 2025 and 2030, the risk of a service failure happening will increase, particularly considering future challenges such as climate change
- However, we are also conscious of the cost of living crisis

Oldest water
main 1870

Oldest sewer
1870

Oldest water
treatment
works
structure
1853

Oldest
sewerage
treatment
structure
1935

Oldest water
pump
1930

INVESTMENT IN ASSET HEALTH IN THE PR24 BUSINESS PLAN

- In the 2025 to 2030 business plan we have a choice to make

Option 1: Cost driven	Option 2: Risk driven
Keeps bills lower from 2025 to 2030 helping with affordability	Increases customer bills
Increased risk of service failure	The risk of service failure is stable
Bills may be higher in the future, as the problem is “kicked down the road”	The problem is dealt with and paid for now, also protecting future generations

LET'S PAUSE FOR QUESTIONS



TELL US...

- ✓ **What are the benefits of option 1?**
- ✓ **What are the benefits of option 2?**
- ✓ **If you were the Chief Executive of Essex & Suffolk Water, what would you do?**

ZOOM POLL

- ✓ **Which option do you think Essex & Suffolk Water should take?**

TOPIC 2: PUBLIC VALUE

WHAT IS PUBLIC VALUE – AN EXAMPLE

- Public value describes the value that an organisation or activity contributes to society
- For example, if I was building a new housing estate, I could take a “no frills” approach and just concentrate on the bricks and mortar
- However, I could also look at how by building the housing estate I can add value to the local area



PUBLIC VALUE TO ESSEX AND SUFFOLK WATER

- Essex and Suffolk Water can think about how they add public value through their investment
- It might not always be the cheapest approach, however there are wider benefits to society
- The following video demonstrates how Essex and Suffolk Water consider public value when making investment in reservoirs...



PUBLIC VALUE TO ESSEX & SUFFOLK WATER

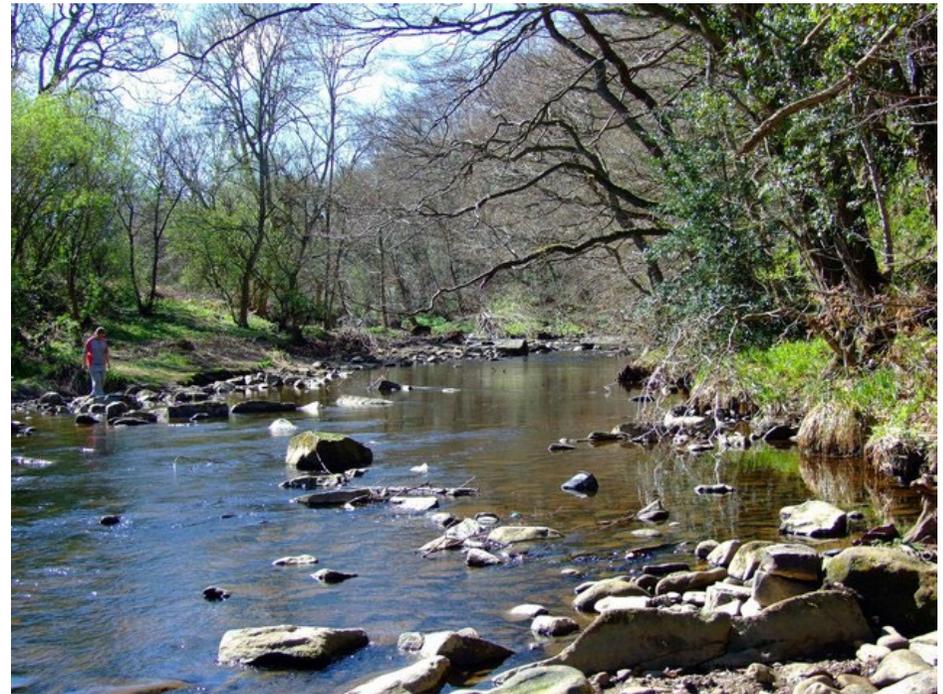


TELL US...

- ✓ **What do you think about the concept of public value?**
- ✓ **Is it important to you?**
- ✓ **Are there any benefits that are particularly important to you? E.g. environmental, social, improvements for visitors? Why?**

PUBLIC VALUE, AN EXAMPLE FROM THE WATER SECTOR

- A relevant public value example for Essex & Suffolk Water is around the investment they make to rivers and coastlines
- As a minimum Essex & Suffolk Water has a responsibility to ensure that the water they release into rivers and seas meets quality standards
- However they can go further...



PUBLIC VALUE, AN EXAMPLE FROM THE WATER SECTOR

- Essex & Suffolk Water could create bathing rivers
- For example, in Ilkley the Environment Agency, working with partners including the local water company, has created the first designated river bathing water site in England
- This has involved improvements to water quality and ongoing monitoring of water quality



TELL US...

- ✓ **What are the benefits of investment like this?**
- ✓ **Is the availability of designated bathing waters important to you?**
- ✓ **Would you like to see more designated bathing areas in the region?**
- ✓ **Would you support Essex & Suffolk Water in making investments like these?**



NORTHUMBRIAN
WATER *living water*

ESSEX & SUFFOLK
WATER *living water*

WHAT'S NEXT?

WHAT'S NEXT?

LOOKING AHEAD TO THE NEXT SESSION

- In the next session, we will be looking again at your water bills and how they may change in the future.
- We'll be in touch about the next session which will take place on Monday 7th November



THANK YOU

The background features a gradient from dark blue at the top to light green at the bottom. A large, stylized brushstroke graphic in shades of blue and green sweeps across the lower half of the image. The text 'THANK YOU' is centered in the upper half in a bold, white, sans-serif font.