
PR24

**NORTHUMBRIAN
WATER** *living water*

**ESSEX & SUFFOLK
WATER** *living water*

**PEOPLE PANEL - YOUR WATER,
YOUR SAY**

MONDAY 13 NOVEMBER 2023

WRITTEN RECORD

ANSWERS TO QUESTIONS ARE VALID AS AT 9 NOVEMBER 2023

A large, stylized graphic of water splashing from the top right corner, rendered in white and light green, set against a dark green background. The water is depicted with multiple curved, parallel lines that create a sense of motion and volume. The splash extends from the top right towards the bottom center of the page.

INTRODUCTION

Explain Moderator welcomed everyone and explained how the session would work and that as with all People Panel sessions, it was being recorded. Northumbrian Water Group (NWG) attendees were introduced.

The Moderator introduced the presentation recording from Northumbrian Water (NW) and Essex and Suffolk Water's (ESW) Chief Executive Officer (CEO) that summarises the plan. Explain Moderator noted that that was a bit different to the information often shared with the People Panel and advised that NWG is made up of NW and ESW and that the presentation covered both of those, and that obviously there was a mix of NW and ESW customers in the session.

The moderator asked that questions were put in in the chat throughout or attendees to note them down ready for when the Question and Answer (Q&A) section starts.

QUESTIONS ASKED WITHIN THE SESSION

Question 1

Explain moderator: Why wait until 2040 to build desalination plants?

NWG Representative: So, it's a really good question. So, desalination is a really complicated process and it's quite expensive to run, so the operation of it is complicated. It also, produces a tricky brine effluent once you have treated the water that has to be got rid of. So, what we have done in our plan is we've looked at all the potential options and the best way to produce more water, the easiest way and the cheapest way so we have lower ongoing operating cost and the lowest environmental impact, and so desalination comes out quite low down the list. It's a very expensive option, so it's about £8,000,000 to produce one mega liter of water. So, that's a really a high-cost option and so what we have tried to do in our business plan and the plan you have seen in terms of developing new sources in Essex & Suffolk is to look at other options. What our preferred option is in Suffolk is the winter storage reservoir. So, what that will do is that will collect excess rainfall, of which we have had quite a lot down in Essex & Suffolk in the last few weeks and make use of that before it goes out to sea and enable us to treat that. We also think we can deliver some really good biodiversity benefits, so there's an environmental option and that's a really good solution. It's low energy and we can treat that water really, really easily. So, it is a very long-term sustainable option. So, that's our preferred option, however we do recognize the demand for water is going up, climate change is impacting, so we still have desalination as a potential future option depending on what happens with climate change and the availability of water. So, it's a future option that we have kept alive in our plans but it's not something we are looking to meet any of our deficits in the next few years.

Question 2

Explain Moderator: Can we ask for a smart meter before 2025?

NWG Representative: Yeah, so at the moment the way we are doing smart meter roll out is we are building the infrastructure network. So, at the moment the smart meters we've got, the communication is by masts not quite the same as your energy meter it doesn't go over the internet. There are some internet versions of smart meters that are being developed using the mobile phone network. But they are not fully live at the moment, and we are actually out for procurement at the moment for those services, so at the moment you can only have a smart meter in the regions we are going in. Because we are doing region by region and building the

infrastructure, and when I mean region its very small. So at the moment we are in Barkham and Dagenham, putting that area in and we will move along. As we go through the plan post 2025, we may well be able to offer more mobile phone-based internet smart meters, so that's why it's 2025 at the moment. But at the moment it's just area by area I'm afraid.

Question 3

Explain moderator: Can you give any examples of what investments are being made to prevent pollution?

NWG Representative: So, you can probably split pollution into two elements. So one is pollution incidents as recorded by the Environment Agency, and the other is just general improvements to river water quality in waters and the environment. So, pollution incidents, I will start by saying we are already second-best performer in the industry just pipped at the post by United Utilities for the last performance year. And we had zero serious pollutions incidents in the last performance year 2022 as well. So, the types of things we do to manage or prevent pollution incidents are early warning systems, so lots of monitoring across our networks and treatment facilities, predictive analytics where we use some of the data that we get back from those early warning systems to try and forecast where we might have a problem emerging within the network or at the treatment works. And then we deploy teams or interventions to stop that from happening in the first place rather than waiting for it to happen and then dealing with it after it has happened. So, as I say we are really one of the top performers in that area. If you look more broadly at pollution and improving the environment there are a number of investments, we are delivering between 2025 and 2030. So, not least of those will be the storm overflow discharge reduction program. So, that will be about reducing the spills from storm overflows to the environment. We are investing £1,000,000,000 between 2025 and 2030 to reduce those spills in line with the government plans. In addition to that introducing interventions such as smart networks to try and control the flows within our network more effectively and reduce the number of spills. Under the Water Framework Directive Guidance, we are improving treatment standards at all of our treatment works where required and increasing the removal of nitrogen from discharges to the environment as well. I think one of the great things about those types of schemes is we are doing less traditional engineering interventions, as in building blocks of concrete and adding chemicals in and we are doing many more catchment nature-based solutions. So, building integrated wetland systems, removing surface water from our systems to reduce the flows, working with farmers and other partnerships to reduce run off from land as well as improving our treatment facilities. So, I think we have a really ambitious program of interventions to improve general pollution overall and reduce pollution incidents in the next five years.

Question 4

Explain moderator: So, within Heidi's video I think it mentioned that 74% of customers accepted the plan and there are some queries around the grounds are on what that figure is based on? Who would be best to answer that question?

NWG Representative: So, part of testing our plan Ofwat specifies certain questions we need to ask customers and one is around the acceptability and they specify all the wording and so on for that. And that is the result from that exercise that was carried out. I don't know X, if you're able to add a little bit more to that?

NWG Representative: So, we did two lots of affordability and acceptability research. The first lot we did was qualitative where we spoke to a number of groups of customers, and they helped shape our final plan and we did make some improvements at that point. And then we went out with a quantitative survey to a large number of customers and presented the final plan to them, so this is how much it's going to cost, these are the key

elements within it and the killer question from that we were told to ask by Ofwat was do you accept our plan? And 74% of customers said that they did accept the plan, which was good news, on the flip side of that the other question we ask is do you find this plan affordable and 46% of our customers who we asked thought they might struggle to afford the plan. So, on the back of that we went back and talked to our independent challenge group, and we talked to our board, and we have put in place even more affordability support for customers. Including a new hardship fund that's funded by our shareholders.

Question 5

Explain moderator: Is there a sliding scale for financial assistance or is it only available if you are on benefits and could it be offered in short term difficult periods?

NWG Representative: So, the current support is going to increase but the current support actually is on a sliding scale, so we do look at the impact on individual households and we offer different levels of support. It's not just for people on benefits, it's really important to us that people on low incomes are supported as well it's one of the major criticisms we get from customers that it's only for people on benefits, we absolutely we don't offer that. So, our schemes are designed around income levels and bill size, household size rather than about if you are on benefits or a low income. So, there is a load of stuff. I did notice actually; I wrote it down as we went through. When Heidi did the video piece at the beginning, it referred to some pre information that had been sent. I don't believe you guys have had that we will make sure to get it sent it out to you at the end because there is a whole load of information on there about how we support, what you can do and how you access those things. A lot of the support now can be accessed online. You can obviously ring us and talk to us about it, but a lot of it you can access yourself. So, we will get that stuff sent across, but absolutely we are trying to look at how it impacts different groups in different ways and so we've got lots of different things we offer for particular sort of segments of customers that might struggle.

Question 6

Explain moderator: Why is the increase in bills going to affect the Northeast more than Essex & Suffolk?

NWG Representative: The reason they are not quite comparing like for like so in the Northeast we have water and wastewater services we are charging for so that £1,000,000,000 for example that Mike mentioned only applies to wastewater whereas in Essex & Suffolk it's only the water element of the bill, the wastewater service there are provided by Anglian Water and Thames Water. Those elements will go on a different bill if you like so it's not quite comparing like for like. I can perhaps pick up a few other questions whilst we are there and why are we spending less in Essex & Suffolk, again that's more or less for the same reason really, you just look at the water area alone, we are spending more on water in Essex & Suffolk than we are in the Northeast and that's because in the Northeast we have that have an abundance of water whereas in Essex & Suffolk where water is scarcer we have to take some extra interventions to make sure water supplies are secure. So, yeah, it's not quite comparing like for like and there are different pressures facing the Northeast and Essex & Suffolk.

Explain moderator: So, as I think as people have already pointed out, I think what she was talking about there was the Northeast water bill which is the lowest as people in chat have been identifying and remembering, unfortunately the Essex & Suffolk water bill is not the lowest, it is more than that and that is driven by the cost of the Abberton Reservoir which we had to build.

Question 7

Explain moderator: There is another question in the chat from X around water shortages and really it is about how concerned should herself and I suppose the public be around water shortages particularly in the south.

NWG Representative: Yeah, so I can probably answer that. So, although this summer has probably been and gone without anyone probably noticing because half of Essex & Suffolk has been under water for parts of the summer it doesn't take many of you very long to remember last summer where we had temperatures of

40 degrees. So as part of the long-term planning, what we do if we plan for climate change. So, Essex & Suffolk is a particular water scarce area so it needs a little bit more planning and forethought in terms of how we plan for the water supply over that longer period of time and make sure its and we are planning out to 2050, so giving us a long term of understanding of where we might need water and what that might look like in the future as it might take a long time to develop some of these schemes. Actually, I think Geoff mentioned it, so we pay slightly more in Essex & Suffolk because over previous periods we developed the Abberton Reservoir and extended that so actually over this last summer period when we did have hot weather, we relatively protected in Essex & Suffolk. Essex specifically in terms of the Abberton Reservoir it allowed us to move water around and have plenty of water supply for us in the region. So, that's not to say that the area wasn't under stress, and we really valued the customer's efforts to reduce water use during that period as well. In our plans for this period, so for the next five years and beyond we are focusing quite a lot of that effort into Suffolk. So Suffolk is a particular water stressed area, it's in a, it doesn't get much rain fall and so we have to protect our supplies in that area and also be able to support new development and growth of household use. So, what we are doing is developing greater connectivity, so one of the schemes is to look at how we can connect all of the sources together to make sure we can move water around the region much more efficiently and make sure that is resilient to future use. But also, then we are looking at those longer-term options that I mentioned earlier in terms of making sure we can develop new sources of water that are in line with the environment as well so we are supporting all those kinds of uses so we can reduce back on extractions where they are, potentially more damaging to the environment. So, it's a really fine balance, we have managed I guess over the last couple of years without any restrictions. Within our plan we understand that there will be challenges due to climate change and due to changes in the environment and part of our plan is to look in at all those scenarios, so we are really conscious of all of those things as we are developing that plan.

Question 8

Explain moderator: So, reference was made to £400,000,000 being made available from shareholders towards a hardship fund on top of the £1.6,000,000,000 investment. So, where is the £400,000,000 coming from, are shareholders expecting fewer dividends and the company less profits to sustain the hardship fund or is this a new investment?

NWG Representative: Someone might want to add a few details but remember there are two different things here. The £400,000,000 is the money that our shareholders need to put into the company to be able to deliver the investment program, but the charges we would recover from customers won't enable us to build all these things, our shareholders are going to have to put in the money to make these things happen. And that is what the £400,000,000 relates to. In terms of the hardship fund that's £20,000,000 so that's the money they are making available in the next period to help customers that need it most and that money is coming from their own pocket it is not coming from your bills, and they won't recover it in the future, yeah, it's their contribution.

Question 9

Explain moderator: There was another question came in that I didn't notice X but it was building on the answer that you just gave around water shortages. So, to query about all the new homes that have been built in this area and how that can impact?

NWG Representative: Yeah, so clearly, we don't have any control over where developments take place. But we do feed into the planning situation, and we feed our comments in. What we do have to do is plan for any growth within our area and we work really closely with the local authorities, the local councils, building on those future protections to make sure that within our plans we take into account all of those scenarios to make

sure that as part of that long-term plan we are building for any development that is looking like it might happen. And I guess there's lots and lots of variables as we develop our plan and growth being one of them, so we will look at that growth as we go through the period and if we need to adapt our plan in a different way then we will look at how that's going in line with our forecast. So, we do build in to all that plan the developments are taking place. I don't know if X, do you want to take anything more from the development side of the wastewater as it impacts there as well?

NWG Representative: Yeah, so similar to what you have said Colin we work very closely with the local planning authorities and the developers themselves to understand where development is going to take place. While we can't influence where it going to happen, we can influence the timing of it to some extent. We can't object but we can say that we need to put new infrastructure in place, for example, if and when we need to do that. On the drainage side of development, we work very hard with developers and local planning authorities to actually reduce the flow into our system, which the knock-on effect of that is the reduce of flood risk and it reduces discharges from storm overflows and helps with treatment capacity at treatment works. I think having those strong relationships with both the local planning authorities and the developers is really a good thing for us, and we do work really hard both across water and wastewater.

Question 10

Explain moderator: Another question for you just to build on the answer you gave before around the 74% acceptability. So, there's some queries about how many customers were asked?

NWG Representative: So, on that final bit of quantitative research that we measured we asked 2,628 customers.

Question 11

Explain moderator: When Abberton Reservoir has been paid off will bills reduce to reflect this for Essex & Suffolk Water customers?

NWG Representative: It all depends on what happens in the future essentially so if we don't have to build additional things in the future then yes, once all the current assets we have are paid off then things will reduce, we won't need to recover the money twice for them obviously. However, you know as we have discussed so far, they are increasing the things we having to build in the future, whether it's a response to new government requirements or all the pressures of the changing climate as well which is making water scarcer in certain regions. So it depends whether those two things offset or not but at the moment at least I think there are still a number of years left for that one before that one falls out.

Question 12

Panelist: Okay, I look at what a thing called violation tracker it's a publicly available website and on it are names of companies that have been found in court with various guilty aspect in the past. Now there are 56, beg your pardon 53 cases when I looked called environmental violation and they totaled when I looked £2.9,000,000 now I'm just wondering if that's true and if it could have been spent on assets within the company instead of being given to the powers that be as a fine. So, that's nearly £3,000,000 that could have been spent on assets which actually went onto 53 cases of environmental violations. So, I wonder if it's true and if it is true could the money have been better spent on assets?

NWG Representative: I'll have a go, so I'm not sure the source of the information that X is referring to, and I certainly don't recognise those numbers. So, the types of violations that we would have would be serious pollution incidents and that would be where we have had a pollution incident that has caused some harm to the environment. As I said on my slot earlier, we didn't have any serious pollution incidents last year. Whenever we do have a serious pollution incident we report it to the Environment Agency, they will carry out an investigation and they will decide whether there should be any penalties. There are a number of different ways penalties can work, so we can voluntarily enter into an agreement where we will offer a sum of money back to the environment instead. That might be to a local environmental group, so the Wildlife Trust for example who will then go and carry out remedial work to improve the environment. The other option is that the Environmental Agency can choose to take us to court and we can be found for the violation i.e we have caused a pollution incident it has caused damage to the environment; we go to court, and we get found guilty and we will be fined. Now, you're testing my memory here, the last time I think we were in court was two to three years ago and we were there twice in one year for events that happened two or three years prior to that. It normally takes two or three years for something to come to court. Again, from memory we were fined in total for both of those events circa £1,000,000ish. The previous events to that were a few years before that so they were much lower, it was a couple of hundred thousand maximum. So, I don't recognize the sums you are talking about anyway but irrespective of that any fines we get for that type of environmental harm does not come from customers' bills. It's paid for through our shareholder, so it doesn't affect the level of investment that we are putting in place or our operating expenditure. So, it has no impact, and it doesn't offset any of the good work that we would normally do.

Question 13

Panelist: Hi there, I was just sort of checking with you about the Abberton Reservoir which I am told, well I just looked at it, is in Essex. How does that help in the most stressed area, which is Suffolk, is the latter sufficiently collected to do that or is that just a separate issue?

NWG Representative: So, I can answer that. So, you're absolutely right it actually sits outside of our Essex region as well, but it is our asset and supports down into Essex. What we're, so, Suffolk is actually quite a long way away from Abberton and we looked at lots of options for moving that water back up towards Suffolk to see whether there was connectivity. And we work very closely actually, as part of the development of our plan we work really closely with all of the other water companies that are operating within the East of England under the guise of water resources, that's Anglian Water, Cambridge & South Staffs Water, Affinity Water. To look at options the least cost options for creating water and moving it around the region. Anglian Water have worked very closely with Cambridge Water to develop a solution that moves water to their regions. What we found the lowest cost option for developing water in Suffolk actually was all within the Suffolk region. So, it was about connecting some of our sources, it was about the development of the winter storage reservoir, and it was about potentially looking at future options around desalination. So, those worked out as the cheapest options because moving water around is incredibly expensive and so moving water great distances it can be really expensive in terms of the operating costs and the energy that is involved in that movement. So, we have worked very closely with those other companies to work out what the lowest cost option for all of our customers are together.

Okay, so the bottom line is that the major element of the cost is Abberton Reservoir, the most difficult area is Suffolk, and those two things are not connected? That's the bottom line isn't it really?

So, a big chunk of your existing bill in Essex & Suffolk or a proportion of that is for Abberton and then as we give out the plans for this next period, the majority of the investment is happening in Suffolk. So, more

investment is happening in Suffolk over this next five years, so Abberton is already developed and a large proportion, around £350,000,000 is around connectivity in new pumping stations, new reservoir and new pipe work in Suffolk connecting all of our sources. The development of new sources in the North of Suffolk, winter shortage reservoirs, so the majority of our work that we are doing, and the bill increase that is happening down here in Essex & Suffolk is actually the development of new assets in Suffolk.

Question 14

Panelist: Not so much a question, more advice in my opinion. It said on the slide show earlier on so if I haven't got it right, that each water board receives its investment in thinly spread sums across however many years. But I think there should be an option for them to receive the money in big lump sums, if they wanted to invest in new machinery or technology they might as well get the money that they will receive eventually as soon as possible because in that case they can start making improvements here and now. And if they in however many years say, "Oh well we want more money," then they would have to wait. But I think if they are going to be designated a set fee anyway, they might as well be given it when they need it. Because in that case things can improve quicker and that is the ultimate goal. So, it's not a question but from my wisdom that is what I would advise you to do.

NWG Representative: I'll just respond quickly to that; I think what you might be referring to X is we get money in five-year lumps if you like. So, we only know what we are going to receive from the regulatory process for that next five-year period, so what we have to do as part of that is saying what money do we need to keep operating the company and replacing the things and maintaining them and so on. But then there are also what's the new things that we need to do, either to adapt to you know, changing government requirements and also climate change. So, there is two different parts to our plan if you like and we essentially get, and I think it tries to happen as you described it X, it might not feel like it that that's the aim that Ofwat is trying to put in place that if there is a need for us to do something and we make a good case for it, you know we can then go ahead and do it. It's a fairly complex process but that's what it is designed to try and achieve.

Question 15

Panelist: I understand what's being said on here and what I've read that shareholders payments every year are met by more borrowing and if you look at your borrowing it's been going in one direction which is up for many, many years now and that's obviously going to cause an awful lot of interest payments by the company. I do understand how important shareholders are but does the company intend to continue this borrowing, because I think Thames Water has had a little bit of a problem with that.

NWG Representative: So, under our dividend policy, we do not borrow to pay dividends. The dividends that we pay are based on the allowed profit that Ofwat allows us to make and then its plus or minus depending on our performance. So, if we perform well against the different incentives we have, customer service or against some of the environmental measures, you know we will get a reward for that and equally if we do poorly against those, you know we get a penalty. So, the dividend could be higher or lower depending on how well we perform and to just go back to the other part of your point was around, you know you are right to know say, the debts have increased but that has been to fund investment. As Heidi said in the introduction presentation, the money that we are spending is much greater than the money we are recovering in bills. So, that difference is met on two fronts, one through the equity of the shareholders, so that £400,000,000 for example that we talked about for the next regulatory period also comes from increased borrowing otherwise we wouldn't be able to deliver the investment.

It's still going up and that is a huge amount of interest you have to pay increasingly every year which should have been invested in and you don't know the answer to that.

It's like a mortgage then, from when we do build these assets, they do last for many decades and we recover them from customer over that period, so it's to avoid it all going on your bills and you know, in the same way you would spread the cost of a house over the life of a mortgage. It's similar to that or that's the intention anyway.

Well, my mortgage always goes down every year not up, and you know, okay thank you.

Question 15

Explain moderator: Someone's identified that it was built between 1935 and 1939 and querying why that is something that customers are still paying for?

NWG Representative: That might have been the original one but there is certainly a large extension. X might have more details than I do on this but there was a large expansion of it, I don't know if you can remember the dates X, but there was significant investment that we had to put into that to expand it.

NWG Representative: Yeah, so I can't remember the exact date but in the 2000's where we expanded that reservoir significantly. So, we raised the number of the dam walls, we extended out so that it has a much much greater capacity. So, it's not the original Abberton Reservoir that customer bills are currently paying for it's the extension and the expansion of that reservoir to make sure we secure water for the longer term.

Question 16

Panelist: I just wanted to clarify what percentage the 2,628 customers was of the overall customer base.

NWG Representative: Hi X, I haven't worked out what percentage it is but actually it doesn't matter that much. We have a magic number, and that magic number is 385 and if we ask 385 customers the same question, we've got 95% confidence that we have a representative sample of our customers. So, in effect we have over sampled, so we have got an even stronger percentage confidence that its representative of our customer base in both our operating companies.

Question 17

NWG Representative: I did notice one. I think X has asked it in the chat around following on from the Abberton one. I think I can probably add a little bit of support for. So, Abberton, the last phase of Abberton was completed actually in 2015, so very recently is when we finished that extension work. So, rather than it be an 80 odd year-old reservoir that's the expansion that we completed. And rather confusingly in our plans when we talk about reservoirs there's two types of reservoirs we talk about. So, when we are talking about Abberton Reservoir that's a raw water reservoir so that's the rain fall and things like that that we store in that reservoir, that's a really, really big reservoir that holds up to about a years' worth of water for us, and then alongside that we also talk about clean water reservoirs or treated water reservoirs. These are underground and store the water on the way to your house. So, once we've treated it and made it absolutely to drinking water quality so going through a number of processes to get it to that clean water that comes out your taps. We do that then we store that water, and we probably only have a days' worth of water in those reservoirs, and they are underground. So, they are much smaller, but they have to be watertight and airtight to make sure that water stays pristine as it comes through the system to your house. So, those are two different types of reservoirs,

so when we are talking about the big raw water reservoirs that cost an awful lot of money and they are the long-term raw water reservoirs, and then the underground reservoirs that we are talking about are smaller ones that sit underground but tend to contain treated water. So, they are more expensive to build than smaller reservoirs per-volume but they have to contain drinking water. So, that is probably why there are differences in cost for those sorts of things.

Question 18

Panelist: Do you make use of aquifers? Because I believe there is a very large aquifer under Norfolk.

NWG Representative: Yeah, again so a lot of our water that we produce is produced from underground sources. In fact, that is the cheapest and easiest way of getting clean water is using those. We have to manage those very carefully with the Environment Agency in terms of those sources are licensed, you can't take more water out of those than they refill or recharge because that would start potentially impacting on the environment on a different way, so they provide sources of water to rivers and base flows in rivers as well. So, we have to be careful about how we use those and how we utilise those to make sure that they adequately refill. In the same way that a surface water reservoir would do, but they tend to recharge over a longer period of time, be more stable in water quality, easier to treat and tend to have much higher qualities. So, we absolutely do use aquifers sources and underground sources to produce water where it's available.

Question 19

Panelist: Hello everybody, my question is just going back to the percentage of people. I think X said the magic number was 385, just an idea I had, I mean surely we I mean I say we but I mean you could have sent out something with the bills to people telling them to go look online or whatever and then answer the questions, and that way you could get the questionnaire out to so many more people and you would certainly probably get more back than 0.1% of your target audience.

NWG Representative: It's just a timing issue about when bills go out and the fact not everyone gets their bills at the same time, and this research obviously clearly had to be done at a certain point of time in the process. We do send information out to customers when we are sending the bills and unfortunately a lot of them don't actually read it and they admit to us that they don't read it as well.

Panelist: I was sort of factoring that into my thinking. I thought that perhaps not a lot of people would read it, but I just wonder if out of the, I can't remember how many there were between the 2,000,000 people roughly between the two areas. If it was only 2% of that you would be getting more than you had before or even just inviting them to a session like this perhaps you would get quite a few people who would be prepared to do sort of a half hour and give their opinion.

Question 20

Panelist: Is there any particular reason why you have just chosen to have a representative group rather than actually trying to survey every single customer in Northumberland County Water, or Essex & Suffolk to get a general, real overview of the amount it will cost? Or the amount of opinion, sorry I should say.

NWG Representative: The simplest and most honest answer to that would be cost. It costs to survey people, so we survey a representative sample to keep the costs where the costs are.

Panelist: I am speaking on the side of X and the company in a way, but the danger I think of having too many people is they become self-selecting, so you only get the people who have strong views one way or the other and so on. If the sampling is done properly, you can with a surprisingly small sample, it can be possible to get the views across the whole people. Your magic number you mentioned, the danger is of self-selection is because the people that do read the information for instance when it goes out or they might answer a questionnaire, are the people who read the information and know about the questionnaire, and I trust you have to find a way of accounting for everybody in the sample. Just what I thought about it, the danger of a self-selecting group of people who all have time to read the information and time to read to complete the questionnaire and so they do, and you don't get a representative sample that way. I've seen that myself it's very difficult.

Question 21

Panelist: Who determined how many was a representative sample then for this, just out of interest. Who came up with this magic number of that is the number that we are going to ask.

NWG Representative: Do you know what X I'm not sure it's my magic number and I'm assured that is my magic number and it always has been. Not sure how to answer that.

It's done via power calculations which is basically a complicated statistical way of saying in a population this large, with this much variation, you would need a sample of this number in order to be able to say that your answer is accurate within certain error margins. So, that's how they know what number they have to get and underneath that they look for population characteristics to make sure that the sample population is representative of the whole population.

Question 22

Panelist: You mentioned 2800 customers that have been surveyed. But you know I am just considering if the necessary information is sent by email to those that have an email address and have access to the internet, because I understand that there are some elderly people that might not be able to access, or they don't know as they are not very technical. But does that have access to the internet and can answer online, why can't the questionnaire be sent that way. I don't think the cost would be extremely high. You know, printing paper and sending it via mail like normal Royal Mail, why can't an online questionnaire be sent to the customers and cover much more. I'm pretty sure using this method will cover much more, many more customers than 3,000 that have been already questioned.

NWG Representative: So, we do a lot of emails surveys, but we don't just want to use that method, and email surveys do come with a cost and that cost can be quite significant to get those emails out, back in and managed correctly. And we don't just want to use email because like you mentioned there, we don't want to exclude people who only rely on digital communication.

Panelist: I don't see how the cost would be that high, I do apologise. I don't see how the cost could be that high you could even make the work for those actually looking through this, you know the customers answers much easier. Because to some extent the answers would be automatically considered as the results would be automatically generated by the system, you know it's an automatic system. You understand what I mean?

NWG Representative: Your first assumption is that people will actually reply. You can send as many as you like there are no guarantees people will reply.

NWG Representative: That's fine but the cost will still be, if you print out some paper and via email the cost would be that. But if you send an email and they don't reply fair enough, everyone is busy now a days.

X and X is in all research and as a researcher, I'm not defending anybody, but what we do is surveys are always sent out by various methods to make sure that people that don't use email or people that don't pick up on emails, and sometimes people just don't feel comfortable responding online, they are involved as well. And when the samples are sent out for any research it's always sent to more people than is required in order to hit these magic numbers. So, all of those things are taken into account in both of what you're saying X and X. All efforts are always made sure to make sure that everybody can be involved in various methods involved and the numbers that are required to be hit are hit. I don't know if that helps.

Panelist: So, it feels like for quite a few me as well why for such important decision it hasn't reached more with information and also for people to get more feedback. I understand it needs to be a particular number and to be sampled by the results they come from. But it feels like it's such an important decision and more information should have been spread, and also more feedback should be received so.

NWG Representative: I think what I would say to that is it's not just about that final piece of acceptance research that we did with those 2,600 customers at the end, you've all be part of this process for well over a year now and we have had really in-depth rich conversations with you, and you have helped shape our plans. We've had a two-and-a-half-year program of research including the conversations with yourselves overall we have spoken to over 48,000 customers in one form or another. And that might have been a deliberative group like this one or it might have been face to face but we've gone on a journey with our customers on various subjects and that is what has shaped our plan and it shaped it to the point where we got to the qualitative, affordability and acceptability discussions. And then it finally shaped it to that final measurable piece that Ofwat said we had to do where we had to go out and ask a representative sample "Do you accept the plan, and can you afford the plan?" So, it's not just about 2,600, it's about another 48,000 customers that we have had direct conversations with over the past two and a half years to shape the plan, including yourselves. Does that help?

Question 23

Panelist: What was the percentage of people that agreed with the proposed plan?

NWG Representative: 74% said they found the plan acceptable, but 46% said that they might struggle to find the plan affordable which is why we went back.

Question 24

Panelist: Almost half of the population who you have asked have said they might struggle why would you approve a plan that only half of the population may be able to afford? Is that not putting more people into further debt later down the line?

NWG Representative: No, what we then did X is we went back and spoke to our independent challenge group, and we spoke to our board and our executive leadership team had lots of conversations and we put in place additional affordability support for those customers that might struggle to pay. Including that hardship fund. It applies to all customers, it's not just about those who have been in receipt of benefit.

Question 25

Panelist: Going forward with the plan being put into action, will there sort of be sort of similar groups to this along the way just to be able to check on it but if there are problems that come up five years down the line, will there be groups like this that can be used to sound off sound out our ideas, not mine necessarily but a groups ideas if the board decides they need to make a change for any reason?

NWG Representative: So, I think I've said to you all in the past we put our customers at the heart of everything that we do, and we want to build what we do around our customers' needs and want. So, absolutely we will continue to engage with customers whether it be in this format or one-off focus groups or one-off surveys, we will absolutely continue to engage with our customers.

Close

Explain moderator: If everyone is happy then I'll give you all a minute more but if everyone is happy, we can draw the session to an end. We have had a lot of questions around a lot of different aspects. I think we have covered most things in the plan and then the actual affordability and acceptability testing of the plan itself. We have had a lot of questions in the chat, so I would like to thank you all for your contributions it's been very much welcomed. The only other thing I wanted to say is a massive thank you from Explain.

NWG Representative: A huge thank you from Northumbrian Water Group for everything that you have contributed to over the past year and a half, it's been really, really appreciated and I look forward to seeing you again in the future. So, thank you very much from me and to my lovely panel as well.