

Performance Commitments & Outcome Delivery

Incentives

Objectives

To gather customer views on identified options for bespoke PCs and their preferences on allocation of financial incentives across both common and potential bespoke PCs, as part of PR24 outcomes framework.

Format	Focus groups and survey
Households (number)	49 in focus groups 1,001 via survey
Non households (number)	
Vulnerable customers	
Future customers	
Retailers	
Stakeholders	
South West Water	✓
Bournemouth Water	✓
Bristol Water	✓

Impact on our plan and ways of working

This study provided valuable customer insight on bespoke Performance Commitments (PCs) and Outcome Delivery Incentives (ODIs).

Topics

Storm overflow	✓	Drinking water quality	✓
Water resources	✓	Net zero/ climate change	✓
Nature	✓	Affordability	✓

Key messages – what matters most

What we did

- The study used both qualitative research (focus groups) and quantitative research (surveys) and was conducted over March to August 2023.
- During qualitative research, 49 participants across 6 focus groups were engaged in in-depth discussions.
- The quantitative research was conducted through 3 surveys to allow views of SWW (602 participants) and BRL (300) customers to be compared with national customers (1,001).

What matters most

- Customers in SWW region prioritise ODIs for bathing waters more highly than nationally, suggesting ODI level for SWW should be higher than Ofwat's previous rating of low.
- Customers want to see a focus on delivery of regional priorities in a balanced package of performance commitments and incentives
- They see value in standardised measures to compare companies (for core/basic services), but also want bespoke measures to reflect local priorities and needs
- Top customer priorities for additional bespoke PCs are options that support resilient infrastructure, tap water quality, and protect the environment
- Customers want focus on prevention of problems and to be open to new, non-traditional infrastructure ways of doing this
- Majority of customers consider the £50 government contribution as vital.
- For certain PCs, support for exemptions is strongest for third party damage and extreme weather.

Are there differing views?

- Majority prefer an even split of ODIs across common and bespoke commitments (reflecting local factors) while some prefer higher financial weighting for bespoke compared to common PCs
- Customers are more supportive of penalties for failure than payments for outperformance. Some prefer to see money reinvested to ensure future target is met rather than receive bill reductions for underperformance.

Next steps

This research had fed into the development of the bespoke PCs and ODI design. The findings will enable the development of customer-informed ODIs for PR24 plan.

April and

Date September 2023 Supplier ICS