

SES Water

Small Company Premium
Acceptability

Report: September 2023

Executive summary

Project background

SES Water are in the process of developing its PR24 business plan which will be submitted to the regulator (Ofwat) in October 2023. In this business plan, SES Water would like to pursue a small company premium (SCP). In order to do this, it is required by Ofwat that evidence be provided regarding customer support for the SCP. Therefore, SES Water commissioned Explain to conduct independent research with the overarching aim of understanding customer support, and ultimately, their willingness to pay the premium.

Specifically, the research has the following objectives:

- To explore customer thoughts on being supplied by a small, local water company
- The support for a specific company adjustment (to the cost of capital)
- The adjustment of the pay as you go ratio to ensure SES Water remains financeable
- The acceptability of the resultant bill profile
- Customer willingness to pay the £2 premium on their water bill per year

Methodology

In order to achieve the objectives, research was undertaken across two phases.

Phase one: Three online focus groups via Zoom, with the aim of 24 respondents, to collect in their own words the advantages and disadvantages of having their water supplied by a small local company.

Phase two: An online survey distributed to 24,478 SES Water customers via email, with the aim to achieve 700 responses. In addition to this, on street fieldwork was undertaken to include digitally excluded customers in the completion of the survey. On street fieldwork was conducted in the following local authority district areas with the aim of achieving 100 responses: (1) Sutton; (2) Reigate and Banstead; (3) Merton; (4) Mole Valley; and (5) Tandridge.

Notes on analysis

All qualitative data emanating from phase one was thematically analysed.

Quantitative data was analysed after cleansing and weighting had been performed on the data set. Weighting was performed to ensure that the sample was representative of the overall customers database provided by SES Water. Cross tabulations of key survey findings were performed to determine if answers varied according to respondent demographics. Only the cross-tabulations reaching statistical significance are shown within this report.

Summary of results

Respondent numbers

Overall, the following numbers of SES customers took part in the research:

Phase one: focus groups	16 respondents	
Phase two: survey respondents	922 respondents overall	849 online survey respondents
		73 on-street survey respondents

Customer satisfaction with, and value for money from, SES Water

Overall satisfaction with the service provided by SES water was high, with a mean average score of 6.92 out of ten and with 51% giving an overall satisfaction score of eight or more.

Respondent perceptions of the value for money they received from SES were slightly lower, with a mean score of 6.27.

Customer awareness of SES Water and perceptions of company performance

Lack of awareness in the size of SES Water was high, with 72% of respondents reporting a lack of awareness that SES Water were one of the smallest water only companies.

Respondents viewed the comparative performance of SES Water favourably, with a mean score of 3.7 out of five on a scale of 1 (very poor) to 5 (very good).

Perceived advantages of being supplied by a small, local water company

Open responses revealed that the key advantages in having a small, local company as their water provider were quicker response time, a more personal service and local knowledge.

Within the survey, there was a reasonable level of agreement in the advantages cited by fellow customers (from the focus groups) with means ranging from 3.51 for 'ability to innovate and adapt to new technology' to 3.95 for 'local area knowledge'.

Perceived disadvantages of being supplied by a small, local water company

Most survey respondents felt that there were no disadvantages of being supplied by a small, local water company. Some reported concerns that the service would be more expensive or that smaller companies could be less well-resourced to deal with problems.

Within the survey, there was less agreement in the disadvantages cited by fellow customers (from the focus groups) with means ranging from 2.53 for 'lack of expertise' to 3.45 for likeliness of being 'taken over by another company'.

Overall thoughts on being supplied by a small, local water company

A high sense of positivity about being supplied by a small, local water company was felt amongst survey respondents, with a mean score of 4.03 out of five achieved.

Thoughts on SCP as a concept: Willingness to pay a nominal additional amount

At this stage in the survey, the majority of respondents (62%) said they would not be prepared to pay a small charge on top of their bill to enable them to be served by a small, local water company.

Of those who were willing to pay something, over half (51%) stated they would be prepared to pay £2.51 to £3 on top of their yearly bill. Comments supporting this amount revealed that respondents felt that this was a small amount of money, that they wished to support a local business and reflected a sense satisfaction with the service provided by SES Water.

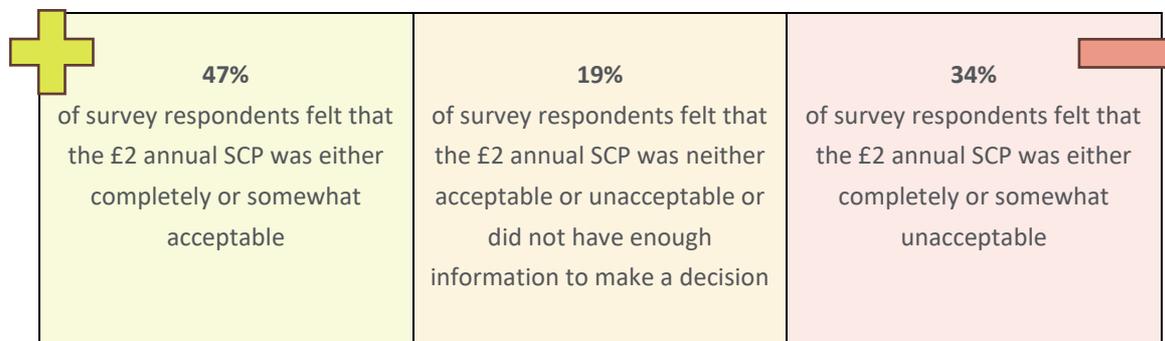
Thoughts on SCP as a concept: Acceptability

To calculate a mean score, completely unacceptable was given the value of one and completely acceptable was given the value of five. An average of 3.85 out of five was achieved when asked how acceptable respondents found the SCP as a concept with 43% stating that it was either somewhat or completely unacceptable.

Acceptability of the SCP was underpinned by a desire to improve or maintain the service, to support smaller companies. Conversely, unacceptability of the SCP was founded in a sense that respondents already pay enough and don't want to pay more during a cost-of-living crisis. Respondents also argued that the SCP is not appropriate when customers have no choice in supplier, and they reported concern around profits paid by shareholders.

Willingness to pay the proposed SCP for the PR24 bill period

Overall, this research has revealed a mixed level of customer support regarding the SCP for the PR24 bill period, as shown below. More (47%) are supportive than find it unacceptable (34%), however no strong consensus was achieved.



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The logo for 'explain' is located in the top left corner. It consists of the word 'explain' in a lowercase, sans-serif font, with a small square icon containing a document symbol to its right. The logo is white and set against a teal background.

explain

The background of the slide is a teal-tinted photograph of a woman with long dark hair, smiling warmly. She is wearing a light-colored floral patterned blouse and has her hands resting on a white table in front of her. The overall tone is professional and approachable.

**“Quality is never an
accident it is always the
result of intelligent
effort”**

Introduction

An overview of the project background, objectives, and methodology.

Introduction

Project background

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Methodology

In order to achieve the objectives outlined above research was undertaken across two phases, summarised below.



Recruitment

In order to recruit SES Water customers for both phase one and phase two of this research, a database of customer contact details was made available, with a total of 91,808 contact details provided.

For phase one, customers from this database were contacted via telephone, offering them the opportunity to take part in one of the three focus groups. This process was continued until all focus groups were fully recruited. In total, 291 customers were contacted in this way.

For phase two, all customers who had been contacted about phase one of the research were excluded from the database. A sequential process was then undertaken for survey recruitment, with the aim of achieving 700 responses overall. Emails were sent to approximately 5,000 customers per day inviting them to take part in the survey. Responses were then closely monitored to identify the demographic profile of respondents. Overall, 24,478 SES Water customers were contacted in this way to ensure quotas were met as closely as possible.



Phase one: Focus groups with customers

In the first phase, a total of three online focus groups via Zoom were conducted with the aim of 24 SES Water customers participating across the sessions. The full discussion guide for the focus groups can be found in Appendix C of this report.

The purpose of the focus groups was to collect in respondent's own words the advantages and disadvantages of having their water supplied by a small local company. This was of relevance to ensure the research complied with Ofwat guidance concerning the need to use customers' own words in the subsequent survey design for Phase two.

The focus groups also provided an opportunity to explore and understand the following:

- How customers felt about SES Water as a small, local company
- SCP as a concept generally
- The acceptability of the additional £2 on their yearly bill that would be required for the SCP

Following completion of all three online focus groups, respondent narratives regarding the perceived advantages and disadvantages of being supplied by a small, local water company were analysed to produce a list of unbiased advantages and disadvantages, articulated in respondents' own words.

This list was then used to feed into the development of the quantitative online survey. This in turn provided online survey respondents the opportunity to express how much they either agreed or disagreed with the pros and cons outlined by fellow customers. Designing the research across two phases, in this way, ensured compliance with the Ofwat recommendations for SCP research.

Phase two: Quantitative survey with customers

The second phase of the research was an online survey distributed to 24,478 SES Water customers, via email, with the aim of achieving 700 responses.

In addition to the online survey, we undertook on-street fieldwork to ensure the views of digitally excluded customers were incorporated into the research.

Research was conducted by our team of on street fieldwork researchers in the following areas, over a five-day period, with the aim of achieving 100 responses overall:

- Sutton
- Reigate and Banstead



- Merton
- Mole Valley
- Tandridge

Responses were closely monitored to ensure the sample was reflective of SES Waters customer base in the key demographics of age, gender, socio-economic groups, and local authority areas.

The full survey can be found in Appendix D.

Notes on analysis

All qualitative data emanating from phase one of the research was analysed thematically. Throughout the focus groups, respondents were asked to partake in poll votes and the results of these are displayed graphically. Please note, base sizes may vary as not all participants took part in the votes.

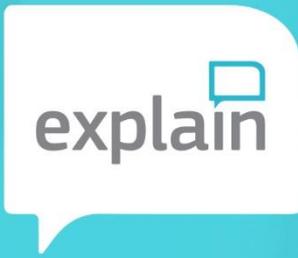
Quantitative data was analysed after cleansing and weighting had been performed on the data set, which merged data from on street and online surveys together.

Weighting of the data was performed to ensure that the sample composition was representative of the overall customer database provided by SES Water. Age weighting is not wholly reflective of the quotas due to the large underperformance of 18–24-year-olds. As a result, others have had to appear over target. Explain have attempted to mitigate this as closely as possible while abiding by weighting methodologies.

Cross- tabulations of key survey findings was performed to determine if answers varied according to respondent demographics. Only the cross-tabulations reaching statistical significance are shown within this report.

Percentages may not add up to 100% due to rounding of figures, weighting, and the removal of “prefer not to say” responses.





**“The best vision is
insight”**

Respondent profile

An overview of the profile of respondents who participated in the research.

Respondent profile

Online focus group profiles

	Group 1	Group 2	Group 3	Overall
Number of respondents	3	7	6	16
Age range (years)	25 to 74	35 to 54	25 to 64	25 to 74
Gender split	2 Male 1 Female	3 Male 4 Female	4 Male 2 Female	9 Male 7 Female
SEG split	A = 0 B = 2 C1= 0 C2= 0 D = 0 E = 1	A = 0 B = 5 C1 = 1 C2= 1 D = 0 E = 0	A = 1 B = 4 C1 = 1 C2 = 0 D = 0 E = 0	A = 1 B = 11 C1 = 2 C2= 1 D = 0 E = 1

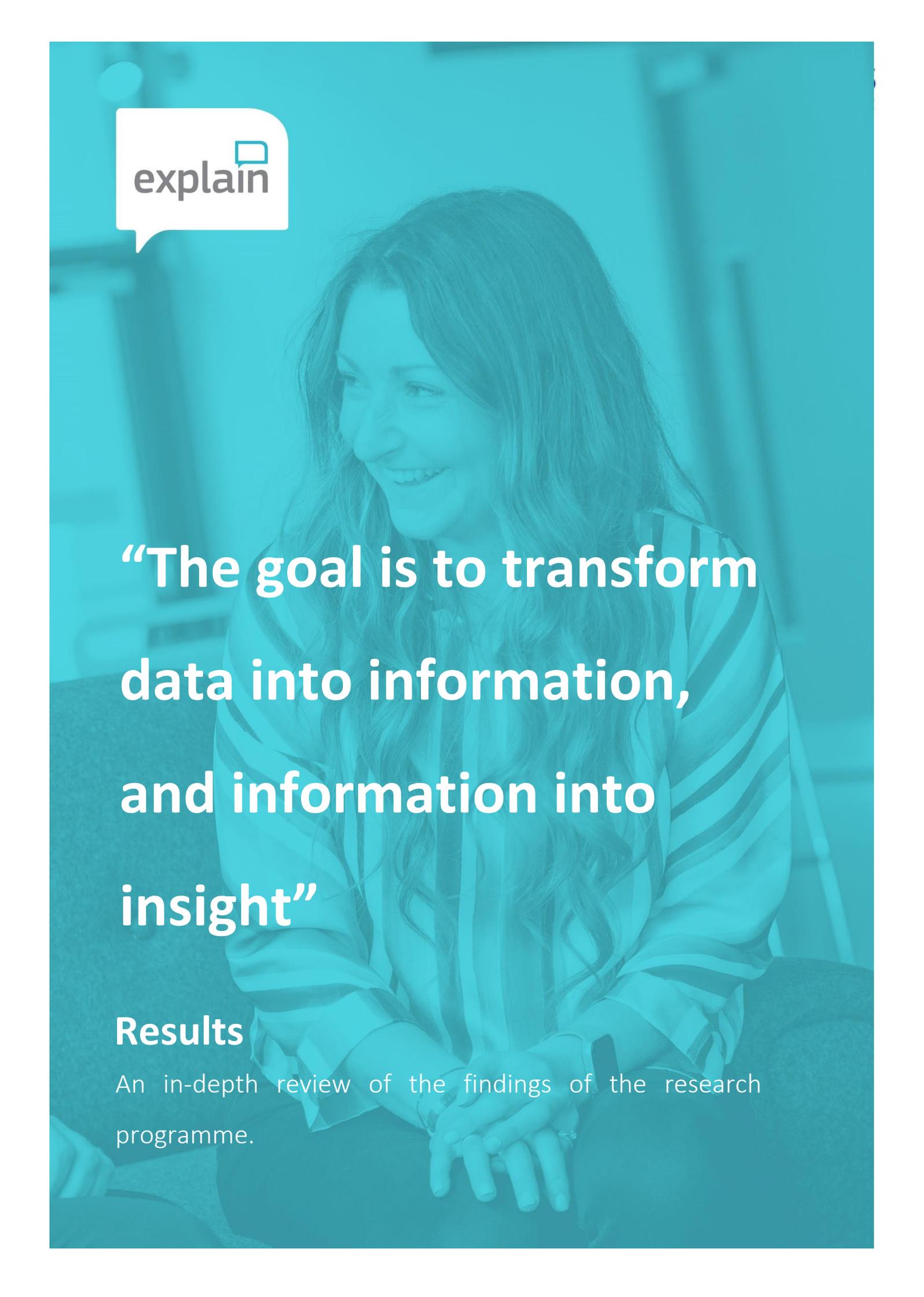


Online survey and on-street fieldwork profiles

In total, there were 922 responses to the second phase of the research, 849 (92%) were received online and 73 on street. The overall demographic splits achieved in the survey responses are shown below.

Gender	
Female	54%
Male	46%
Other – please specify	0%
Age	
18-24	0%
25-34	15%
35-44	17%
45-54	18%
55-64	20%
65-74	19%
75+	11%
SEG	
A	5%
B	28%
C1	29%
C2	19%
D	12%
E	7%
Local authority area	
Sutton	29%
Reigate and Banstead	21%
Tandridge	12%
Mole Valley	12%
Croydon	12%
Epsom and Ewell	5%
Merton	4%
Elmbridge	3%
Sevenoaks	2%
Guildford	0%
Mid Sussex	0%
Water meter	
Yes	26%
No	68%
Don't know	6%





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**“The goal is to transform
data into information,
and information into
insight”**

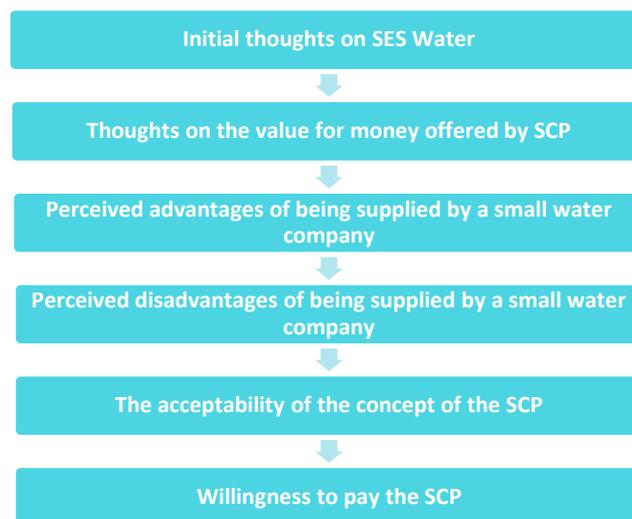
Results

An in-depth review of the findings of the research programme.

Results

Phase one: Online focus groups results

The following thematic analysis presents the main findings of the conversations held within the focus groups. They have been organised according to the key discussion segments within the focus groups, following the structure outlined below:



Initial thoughts on SES Water

To begin the groups, respondents were asked to share their initial thoughts on SES Water. A strong theme was that SES Water, and the provision of clean water in general, was taken for granted by customers and therefore not something that they gave much active consideration to.

- *“Well not really any more than the basics of providing me with water to be honest with you, any more responsibilities than that I really wouldn’t know about, no. It’s not something I have looked into very much and I take it for granted that we turn on the tap and there will be some water.”*
- *‘Not much more than they provide me with water to be honest.’*
- *“It’s difficult to gauge it. I think about water companies, I don’t really think about them that much in terms of my day-to-day life. It’s not like gas and electric, you just expect the tap to run. There’s not much fluctuation with prices. Your bills are more or less consistent not like gas and electric. I rarely ever think about the water company”*



However, it is notable that those customers with prior experience of SES Water's customer services expressed receiving a positive experience through good communications, ease of contact and the ability to resolve issues.

- *"Everything we've received so far in terms of letters that have been sent out, or if there are any changes. We pay by direct debit, we got all of that done and there has never been a problem with that. I can't say I know about the customer service side as we've never had a problem with anything such as water or direct debit. The service we receive at the moment has been excellent because I can't comment on the customer service side of thing"*
- *"SES Water is my water supply company and I think it's good if I have any problem. I reach out to them and they have a good customer service"*

One respondent praised SES Water's free lead pipe replacement scheme, mentioning that it helped put their minds at ease when moving into their new property.

- *"I was with Thames Water for about 42 years, I moved into a property in Sutton. The service we've been given so far from SES Water is really good because the property we've moved into is really old. It's one of those old Victorian houses and the surveyor picked up that we might have lead piping. So, SES Water were really good. They said, don't worry, we can test your water for you. He dropped off a couple of little sample bottles and he said to fill it up first thing in the morning before anyone uses any water. Fill up another sample at lunchtime where it's been heavily used, so they can measure the lead sampling in the water. So, that was good that they put our mind at rest that we didn't have too much lead in our water. Yeah, we're just waiting now for them to- they do another really good thing, they're doing through their website, they're doing a free lead pipe replacement scheme. So, they replace the pipework in the street and as long as you replace the pipework in your boundary. So, I've done my boundaries, I'm just waiting for them to get planning permission through the Council to dig up the roads to replace their old Victorian pipes. Having this free lead piping replacement scheme is amazing"*

In contrast, some respondents shared that they had concerns over their water quality, in particular the smell and taste of their water.

- *"In the last five years we've probably had three or four water outages, only to do with the fact they were overlaying mains. Therefore, they had to transfer, so they said, you've got to start running your water once it comes on. And all this brown stuff was coming out because obviously where they had disturbed the pipes and put new connections in. So, that was interesting in a way that we had to run the water until it was clear. I also went out and spoke*



to a couple of the guys and I said, we haven't had water and you've turned it off late at night, but you didn't tell us you were turning it off. So, they gave me a couple of bottles of reserve water they carry around. But it was the teams in the field that I interacted with, I never really had any involvement with the offices or ever complain. Up until this year, I've complained about the fact that the water smell like pond water. And they said, ah, that's interesting. They did say they would do some testing. The lady came back to me and said, we've done some testing on the local water and we don't think there are any problems. But now, we have to run the water for probably two minutes in the morning to get what smells like, well, my wife describes it as pond water. It's quite a good description"

- *"I don't like the taste of our water. It's not just the reason I've never said anything because my Mum and brother are in the same area and the water that comes out the tap doesn't taste great. We've all got filtered so will only drink if it is filtered and cold"*
- *"It tastes like the pipes dirty; I don't know what the taste is, but it doesn't taste like you pick up a bottle of water in the supermarkets in the shops"*

Thoughts on the value for money offered by SCP

When asked if respondents felt they received good value for money for the service received from SES Water, the majority felt they did, more so when comparing it against other utility bills.

- *"I think I get excellent value for money because we are on a standard rate"*
- *"Compared to the gas and electric it's very reasonable"*
- *"We get very good value for money. I think I'm in a block of marionettes and I presume they are all on a fixed rate. Our bill, compared to the gas and electric is not even a quarter of what we pay"*
- *"I'm happy on just a standard rate, I am, as X was saying, I do wonder what it would be like compared to other people with a family of five in the house. Everyone washes once or twice a day at least, so it would be interesting to know what we would pay compared to someone else. I'm happy to stay on a standard rate. Obviously, it would benefit X, but getting a standard rate, we are getting really good value for money"*

However, one respondent did share that due to a lack of competition and how SES Water supplies water using reservoirs, they don't feel they receive value for money.

- *"Do they offer value for money? It's difficult to tell as its uncompetitive and they are only small, they only have a reservoir and a network, and they have just put up the prices by*



above inflation just before they changed shareholders which is a bit suspicious for me and being a pensioner I don't like above inflation increase because it's the base on which I will be paying for water for the rest of my life. ...So, they are not competitive, and I am concerned whether they are value for money"

Perceived advantages of being supplied by a small water company

Respondents felt that there were seven potential advantages to being supplied by a small, local water company. These are listed below and then explained in more detail.



A personalised service

Respondents shared they felt it was easier for SES Water to keep track of what's happening in the local area and within their customer base. As such, they felt that SES Water would be well equipped to offer a more personalised, and thus responsive, service.

- *"I think it's a good thing, I don't know why. I can't explain why. I think when it's smaller you think you're more connected to the company in a way. Thames Water have such a huge customer base they don't really care about you and don't take on your feedback."*
- *"So, I think the smaller area, you do get a more personalised service and I just like the way SES manages really."*



In line with this, felt that covering a smaller area would mean that SES Water is more likely to be able to offer a responsive service to customers.

- *“I think it’s better because SES Water covers such a smaller geographical area in comparison to other companies. I would assume their response times would be quicker, they don’t have to cover as much ground to sort something out”*
- *“So, I think that’s a positive for customers because you’re likely to get better service, especially comparing it with all the bigger companies. It’s better service overall with a smaller place. They’ve got less to look after”*

Local area knowledge

Linked with the idea of a personal service, it was shared that a smaller company having knowledge of the local area could help, which could subsequently aid with response time.

- *“I think the pros of being supplied by a smaller company, as someone said before, is more personal. Although they are not going to know all of the customers, they are going to know the area well or going to know what is happening quickly.”*

Ease of contact

It was shared that bigger companies were more difficult to speak to, and often pushed customers to websites for answers. It was felt smaller companies were easier to speak to.

- *“Yeah, and you are aware of companies that are difficult to contact, and you will phone someone, and they will say it’s quicker and easier to use the website and you don’t get that feel like a smaller and smaller customer compared to a bigger and bigger organisation.”*

Consideration for the local environment and community

Respondents also articulated a sense that a smaller water company would be more able to maintain a focus on the local environment and community.

- *“Also, I like the fact they have the community and environment in mind when looking at their areas. I think that is something that would be harder for a larger company just by the fact they have a bigger area to manage.”*
- *“They are actually doing what they are doing to help with the environment and community and all of that. They’ve, for a little company for want of a better word, compared to others who have thousands of employees. They are doing a really good job”*



Investment in technology

One respondent did raise that during their experience as an engineer, they have found that small companies are more likely to innovate than larger companies.

- *“I’m an engineer myself, smaller companies actually are more likely to innovate and actually they are not (inaudible) adapt new technology like smart technology. Bigger companies tend to be inflexible.”*

Other respondents were pleasantly surprised by SES Water’s level of investment in technological innovation.

- *“As it’s a smaller company, I’m surprised they use good technology (inaudible) smart technology (inaudible) that really struck me.”*
- *“I was surprised to know they had the technology monitoring the pipes. I would have thought that is something a bigger company would have done because they to invest in that sort of thing as part of their remit. So, I was quite surprised to learn such a small company had smart management of the pipes. That’s a really good thing.”*

More knowledgeable employees

As SES Water has fewer employees than other water companies, respondents felt their customer service employees will deal with a wider range of issues. As a result, they will be able to utilise a broader experience and knowledge base in their work.

- *“First, customer service is hopefully more knowledgeable because they are dealing with more or wider range of issues. It’s a smaller team so they may know more so that is a benefit.”*
- *“The fact that there is only 301 employees, the chances are if you have any interaction or see them locally, more chance it’s going to be the same person and they will be more invested in their local areas.”*

Proactive communication about changes

Respondents also noted favourably that SES Water provides proactive communication, including around potential increases in prices.

- *“I get all the time letters, emails. I’m so happy, I don’t mind if it’s a small company. But when I deal with the larger companies, when I deal with the internet and things, they increase the*



price for me every single year, it's a jump without asking me, without an email. I believe my water company respects me, respects my needs."

Perceived disadvantages of being supplied by a small water company

Conversely, respondents were then asked if they felt there were any disadvantages to having their water supplied by a small, local company and if so, what they are. Responses revealed six key disadvantages, listed below and then explained in more detail.



Slower response times

There were concerns that response time may be slower from a smaller company when comparing to a larger company as they have less resources and manpower.

- *"Well, yeah, I mean as you mentioned it simply could be the fact there is less ability to sort out, I don't know, a problem quickly due to manpower the lack of resources there if and when it comes to it. I appreciate "x" saying that the neighbour's needed to do something and it's taking a lot longer, and that well could be that they don't have the teams there or the teams are elsewhere doing more, let's say, emergency work."*

Smaller employee resource

Another potential disadvantage mentioned was that smaller companies may be less established than bigger companies, resulting in the possibility of having less resources.

- *"I think something similar, yes the downside is a smaller company may have less resources and actually may be less established compared to a bigger one."*



Risk of being taken over by another company

A disadvantage raised by a respondent was that there could be a potential financial risk if SES Water were to be acquired by a larger company or if there was a surge in price.

- *“A concern would be, the smaller suppliers went under and there had to be a supplier of last resort, that took over the companies. Where you explain SES Water, where water companies have monopolies in regions. Worst case scenarios, if something happened to this smaller company, SES because water prices or rates surged or something and they went under. How would we be supplied or is there a business risk because it is so small? I don’t know how the water industry works, but that is what happened in the energy industry somewhat recently.”*

Less flexibility in the cost to the customer

Another disadvantage raised by a respondent was they felt they have less, financial resources, and SES Water have less flexibility on the price they charge.

- *“Maybe flexibility to the price they charge. Maybe they have less discount, more flexibility to increase or reduce sometimes.”*

Less experience and opportunities to innovate

They also shared that they feel a larger company has more experience and has more opportunities for innovative solutions.

- *“I think I have covered it, but in a large company there is more expertise and in a small company you may not be able to find the most innovative, cost-cutting, cost-saving solutions. Epsom is a very small town and so I am aware of the disadvantages of that, Surrey has a small police force, and we are aware of the resources there.”*

Less funding and access to investment

One respondent shared concerns that as a small, local company SES Water would have less access to funding or investment they need to upgrade the system.

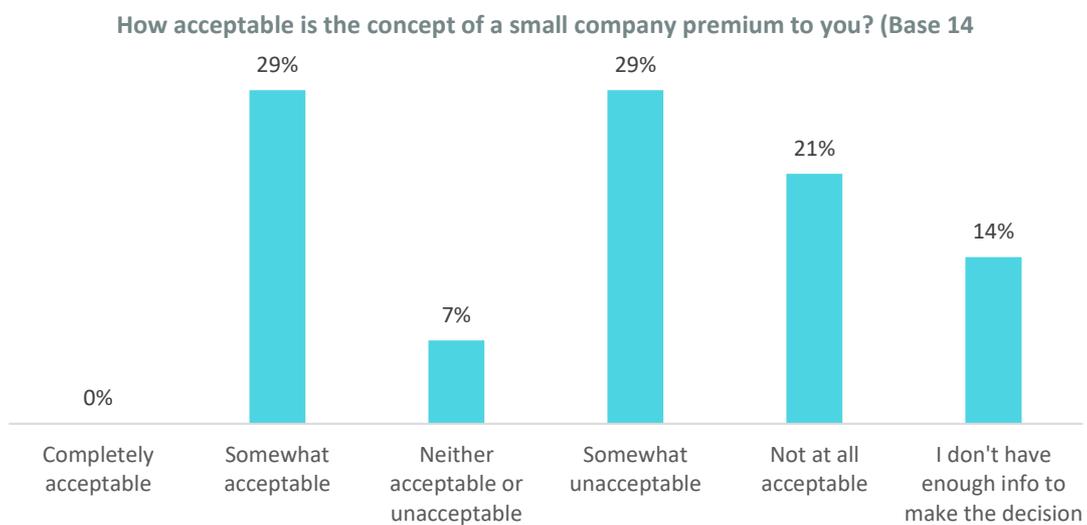
- *“Putting up pricing to continue giving a good service or to improve the service in some way maybe. Something they have to apply, maybe. If they can’t access the funding or access the investment, they need to upgrade their system and the water network and everything else, how else can they do it? Because I don’t think they can get any from the government with companies being privatised.”*



The acceptability of the concept of the SCP

After being given context of what a small company premium is, respondents were then asked in a poll how acceptable they found the premium as a concept. The results are shown in the graph below.

The results of the polling were somewhat mixed. No respondents found the concept to be completely acceptable, and half found it to be either somewhat or not at all acceptable. However, 29% felt it to be somewhat acceptable.



Respondents were then asked in a poll how much they would be prepared to pay per year on top of their annual water bill to be served by a small and local water company, results overleaf. Again, the findings did not show a strong consensus. The largest percentage of respondents (27%) would be willing to pay between £2.01 and £2.50. In contrast, 20% were not willing to pay anything extra at all and the same percentage were willing to pay between 51p and £1.



How much do you feel you would be prepared to pay per year on top of your annual water bill to be served by a small and local water company? (Base 15)



Respondents were then asked to explain their votes. The most commonly articulated reasons in favour of the SCP was that the suggested amounts were very small compared to their annual bill. Respondents were also happy with the service they received from SES Water, including improved customer service.

- *“Actually, because the number you are putting there is so small, either of them would actually be fine. I think it would be nice actually, the question would be how much would be willing to pay the next time for improvements? The thing is, it’s a small company and it seems that most of us are happy. I am one of the people who hasn’t actually got a water meter but would like one. This number is very small so I would be willing to pay it.”*
- *“The higher one, because if there is a line in my bill that says you are paying £10, but it means I don’t have to go to water metered robots be on hold to someone to speak to someone because it is a smaller company. Like I suppose it is such a small amount in comparison to annual bill. I’d pay more than a few pounds for the convenience of being able to speak to a real person in an instant when I call up, if there is an issue.”*
- *“Yeah, but I just thought if they can carry on giving a good service and that local focus and that sort of way of doing their sort of business, a couple of quid extra a year is nothing huge for me.”*
- *“I think I put somewhat acceptable just because of the background really, I saw about the investment. To ensure sustainable resources and reduce leakage and things like that. In a way, we’re compelled really by they’re saying they can’t do these things without the money then we don’t really have much of a choice, do we? With the top one, I can see both sides of the argument in a way. If it’s going to create a better service and long-term sustainability of resource and things like that then it’s worth it.”*



Conversely, less favorable votes were underpinned by a sense of frustration in the lack of choice available to customers in their water company. They also questioned why customers should be responsible for paying the premium.

- *“Well, I voted that way because I can understand the necessity for maintaining infrastructure and so forth, but on the other hand it’s not up to us to pay the premium for you being a small company. I can understand why there is a necessity to have that but that is not the customer’s problem or fault and it’s not that the customer has a choice about that so asking the question would you be willing to do it is kind of irrelevant.”*
- *“I can say, I mean I think it is like the conversation we had earlier about the benefits of a smaller company. I would have said totally acceptable if it would be my choice to select SES over another one. As people have said it is not my choice so that is why it is somewhat acceptable. Overall, I would pay something extra for a smaller company, that is more personable. So that is why the positive, somewhat is not my choice I don’t have the choice to select you or someone else.”*
- *“That was myself, I feel like it’s a business cost that they should swallow and not pass onto the customer.”*
- *“I don’t think I can see why they can justify wanting us to pay more money for them to borrow, I appreciate it’s going to cost them more, but I don’t see how that’s our problem. You know, we already pay, it already seems like we are paying weirdly bang on average across the board.”*
- *“Grow up SES Water, stop thinking you’re a cute little local company and therefore you can charge more, and we expect you to be as grown up as the rest of them.”*

One respondent discussed that, in light of the cost-of-living crisis, SES Water’s focus should be on decreasing bills for customers.

- *“I would like to tell you, please try your best to decrease our bills as soon as possible because a lot of people are really struggling, it’s not just me, its lots of other bills, you know like disability funds, pensions persons and the child ones and single mothers and fathers. It’s a crisis everywhere, we must try our best to give help, they are a small company, but they are earning more than us they have to help.”*

Suggestions were also made for the SCP to be covered by shareholders.

- *“As being a fair return for what they offer, and they are still rewarding their shareholders handsomely. So, why should I pay more?”*

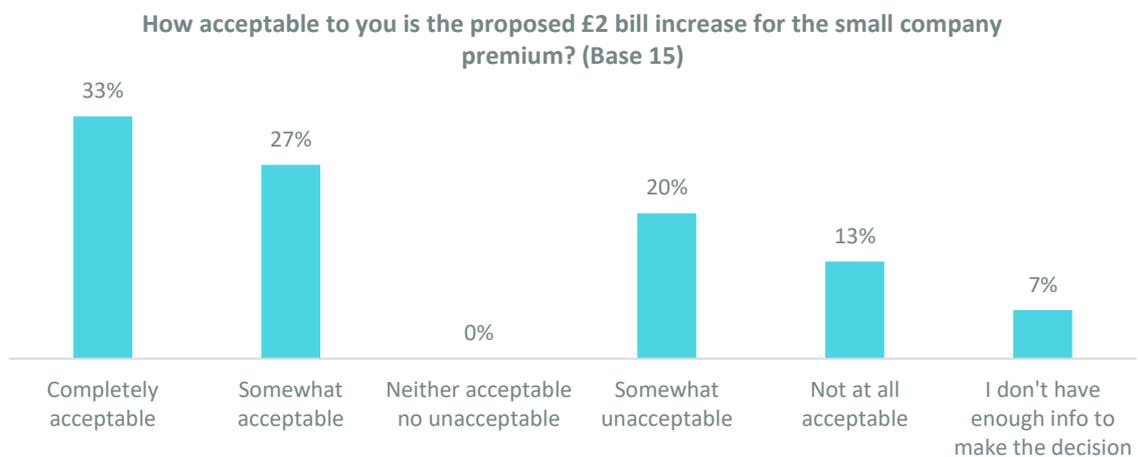


- *“I think if anybody should be contributing it should be the shareholders. They get enough premium. I bet they won’t be asking the shareholders to take less dividend.”*
- *“My point of view has kind of changed. For such a small company the chief executive gets paid a lot and so I’m like, hmm for 345 employees, yeah. So, my point of view has changed a little bit on that because why should we cough up an extra £2 a year for somebody who is getting more than six, a lot more than six figures a year salary, when all of us are struggling?”*

Willingness to pay the SCP

To understand customers’ willingness to pay, respondents were first shown information about SES Water’s higher cost of borrowing as a small, local company. This can be viewed in Appendix B. Respondents were also introduced to Ofwat and their involvement, as a regulator, in the SCP.

Following this, respondents were asked in a poll, “How acceptable to you is the proposed £2 bill increase for the small company premium?” (below). Importantly, the majority of respondents (60%) found it either completely acceptable or somewhat acceptable. 33% felt it was either somewhat unacceptable or not at all acceptable.



Those who found the £2 addition on their bill acceptable discussed, feeling that this was an affordable, reasonable amount.

- *“I don’t think £2 is a lot to pay for the services they are offering. They are investing in technology; they are investing in sustainability and the environment so you can’t ask for anymore than that I don’t think. £2 is a small price to pay and I am happy to pay it.”*



- *“With everything else that is going on in the world, like an extra £1 or £3 on an annual bill, that’s a coffee from Costa. So, it doesn’t faze me.”*
- *“Yeah, I mean £2 or £3 a year is not going to- I’d be happy to pay that to a smaller company to do that and a few pounds more is not going to make a difference to me.”*
- *“I just thought it was a reasonable amount. It doesn’t seem to be a lot of money, £2, £2.50 is in a range of being affordable. I thought to pay to have a smaller company, to me personally that would be worth it. The way the small company deals with things. Certainly, the dealings I’ve had with them, I’ve liked. So, I think that would be worth it.”*

Respondents also felt that the premium would enable SES Water to provide the same standard of service and continue to invest in technology and the environment.

- *“I think I said earlier that I don’t mind paying more if I get the same service. I’m happy with the service now. If this service is going to be improved and I’m willing to pay the £2, I’m going to see it, as I mentioned before, some companies who you have to get services from, you pay over £20 per year and yet sometimes, yes there is lots of companies or providers but you don’t have the time, or the energy or this or that to try new things. I believe for SES Water to respect us, ask us about £2 in the total of it all, £10. This I think is affordable, which if I’m going to go and have a coffee and a muffin it’s going to be nearly the same. (inaudible) good service and I want to say thank you to them, does that make sense? I want to say thank you, I’ll give you the £10 or £5 or whatever if I’m getting the same service. This is how I see it.”*
- *“I don’t think £2 is a lot to pay for the services they are offering. They are investing in technology; they are investing in sustainability and the environment so you can’t ask for anymore than that I don’t think. £2 is a small price to pay and I am happy to pay it.”*

Some respondents also argued that the SCP was acceptable, as long as the money was used to support investments that would be beneficial for customers.

- *“Yeah, I said it’s completely acceptable because it’s like everything else seems to go up. As long as they invest that money wisely, then I can’t see why not. They need to invest it for the future benefit of the customers, so a couple of pounds makes- especially if they are only looking after a smaller number like 745,000 compared to Thames Water. They need that little bit of extra money to hopefully keep up with investments.”*
- *“I think I put somewhat acceptable just because of the background really, I saw about the investment. To ensure sustainable resources and reduce leakage and things like that. In a*



way, we're compelled really if they're saying they can't do these things without the money then we don't really have much of a choice, do we? With the top one, I can see both sides of the argument in a way. If it's going to create a better service and long-term sustainability of resource and things like that then it's worth it."

In contrast, respondents that voted "somewhat" or "not at all acceptable" also articulated the reasons why they would not support the SCP. Some argued that they did not believe that the SCP should be the responsibility of customers.

- *"That was myself, I feel like it's a business cost that they should swallow and not pass onto the customer."*
- *"Well, I voted that way because I can understand the necessity for maintaining infrastructure and so forth, but on the other hand it's not up to us to pay the premium for you being a small company. I can understand why there is a necessity to have that but that is not the customer's problem or fault and it's not that the customer has a choice about that so asking the question would you be willing to do it is kind of irrelevant."*

Another respondent articulated concern about any bill increases during the wider cost-of-living crisis.

- *"I could afford it; I have no issue with it. But they're just quoting average bills. It is a bit misleading. I do think that at a time when people are struggling, I know it's not the extremes with which the electricity and gas bills have gone up, but that's another issue!"*

Finally, two respondents questioned the legitimacy of the SCP, feeling that they did not understand why they should be required to pay more to be provided with the same service.

- *"Yeah, I mean it sounds like they keep asking us whether we are happy to keep paying more money and no one is happy to pay more money for a service they're already getting, it seems a strange question."*
- *"Why would I want to pay more for a service that they are providing and have provided for many, many years at a price that's been agreed with the regulator?"*



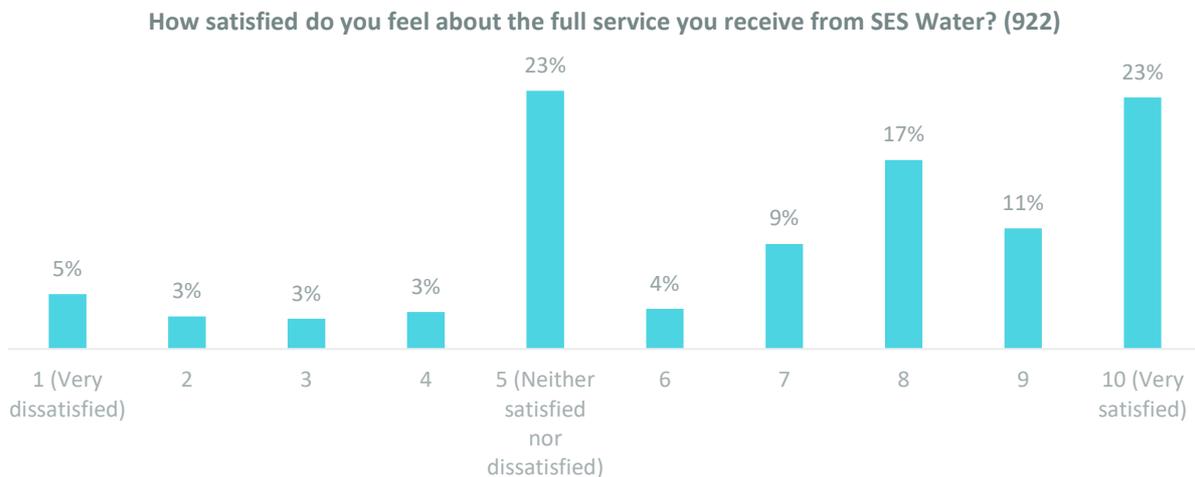
Phase two: Survey results

For ease of reading, the findings from the survey have been organised as follows:



Customer satisfaction with, and value for money from, SES Water

To begin the survey, respondents were asked to rate their satisfaction with the service they receive from SES Water on a scale of one very dissatisfied, to 10, very satisfied. The results are shown below. A mean score of 6.92 was achieved for overall satisfaction, with over half of respondents (51%) giving an overall satisfaction score of eight or more.



Cross-tabulation analysis revealed significant differences across the following demographic factors.

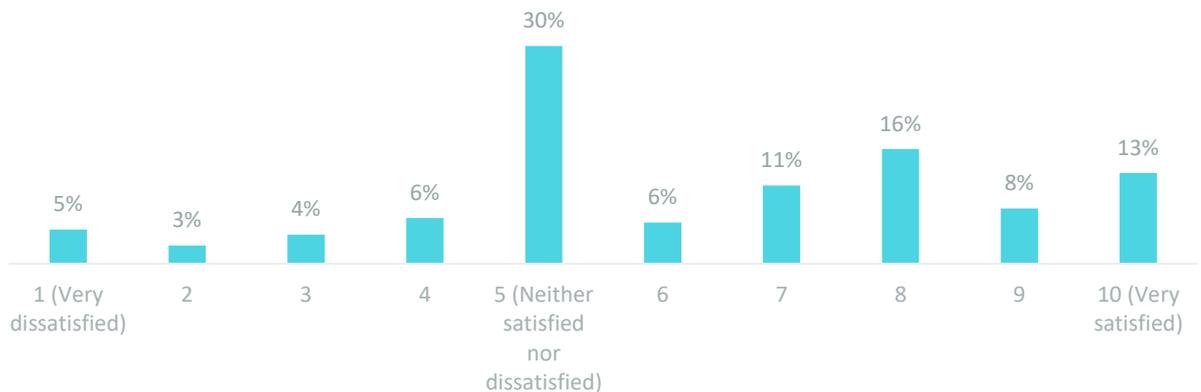
Those aged 75+ (7.69) were increasingly likely to score higher than those aged 25 to 34 (6.81), 35 to 44 (6.76), 45 to 54 (6.46) and 55 to 64 (6.67).

Those from SEG D (7.73) had displayed an increased likelihood of feeling satisfied when compared with those from SEG group A (6.71), B (6.53) and C2 (6.71).

Croydon customers (5.89) were less likely to be satisfied with feeling satisfied about the full service from SES when compared to most other areas (e.g. Sutton 7.16 and Reigate and Banstead 6.83)

Respondents were also asked to rate their satisfaction, on the same scale, with the value for money they receive from SES Water. The results indicated an intermediate sense of satisfaction, with a mean of 6.27 and the highest percentage of respondents (30%) felt they were neither satisfied nor dissatisfied. However, it's notable that just over a third of respondents (37%) gave a high score, of eight or above.

How satisfied are you with the value for money you receive from SES Water only (and not your wastewater company)? (Base 922)



Cross-tabulation analysis revealed significant differences across the following demographic factors.

Female respondents had an increased likelihood of reporting higher satisfaction than males (6.45 versus 6.05)

Those aged 45-54 years old (5.8) were more likely to be less satisfied with the value of money from the service they received when compared with 35-44, 65-74 and 75+ years old (6.44, 6.45, 6.93).

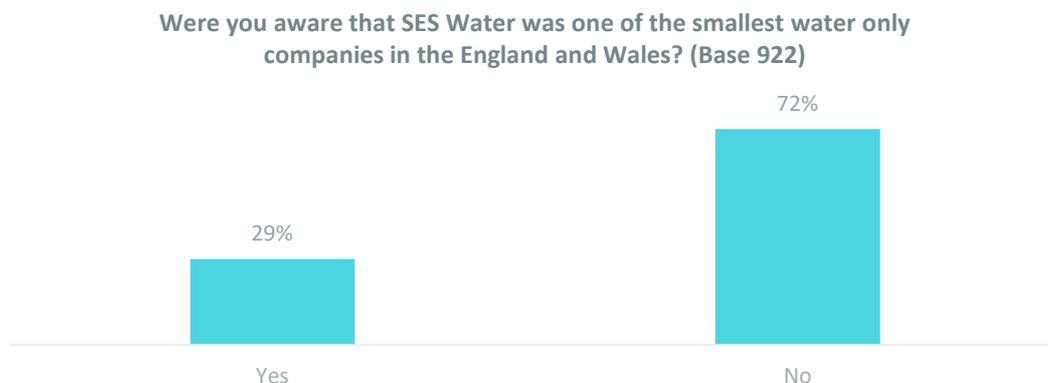
Those from Croydon (5.69) were less likely to be satisfied with the value for money they received from SES Water.

Those within SEG E (7.10) were more likely to be satisfied with the value for money from SES Water than those within SEG A (5.90), B (5.97), C1 (6.38) and C2 (5.96).

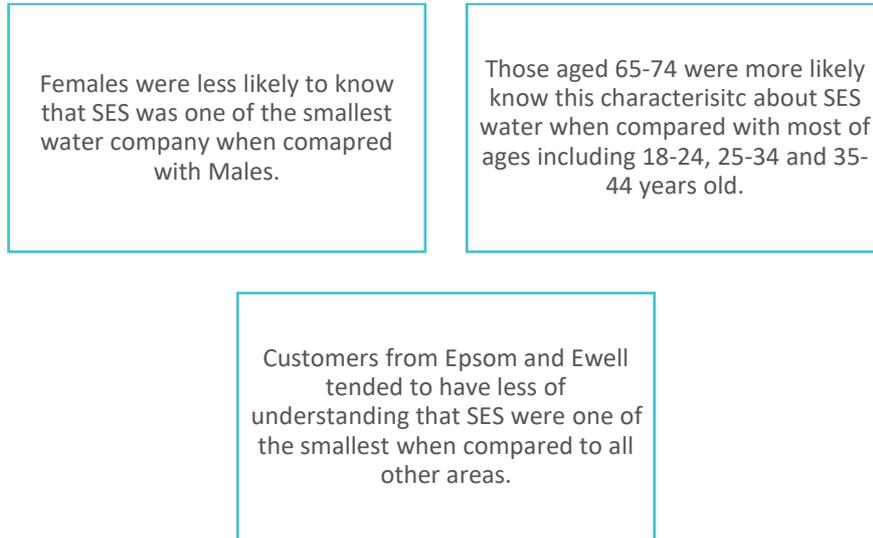
Customer awareness of SES Water and perceptions of company performance

Respondents were then provided with the same contextual information regarding SES Water as was shown in the focus groups within phase one of the research. This information (shown in Appendix D) included the size of SES Water, the number of customers they serve, and the number of employees compared to other water companies.

They were then asked about their awareness of the relatively small size of SES water. The vast majority of respondents (72%) reported that they were not aware of this.



Cross-tabulation analysis revealed significant differences in the following demographic factors.

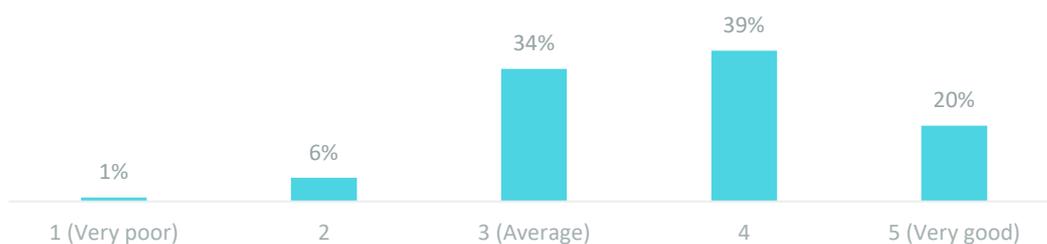


Survey respondents were then also shown the same information (Appendix D) as focus group respondents about how SES Water performs in relation to other water companies across four key areas:

1. The frequency of water supply interruptions
2. The number of litres of water lost from water mains or pipe leaks
3. The amount of water used by customers (in litres per customer per day)
4. C-Mex (customer experience satisfaction)

After reviewing this information customers were then asked to state how well they would rate SES Water on its performance in all aspects of its services, with a score of 1 being very performance and 5 being very good performance. A favourable response was received, with a mean score of 3.7 and 59% of respondents scoring 4 or higher.

How do you feel SES Water are performing in all aspects of its services, using a scale of 1 to 5 where 1 is very poor and 5 is very good? (Base 922)



Cross-tabulation analysis indicated significant differences in the following key demographic areas.

Males were less likely to score high for this question when compared to Females (3.63 versus 3.77)

Respondents within SEG D (4.00) were more likely to score higher than most other SEG categories (e.g. SEG A 3.59 and SEG C1 3.63).

Customer thoughts on being supplied by a small, local water company

This section of the survey results consists of three areas: (1) perceived advantages of being supplied by a small, local water company; (2) perceived disadvantages of this; and (3) customer thoughts on being served by a small local water company.

Perceived advantages of being supplied by a small, local water company

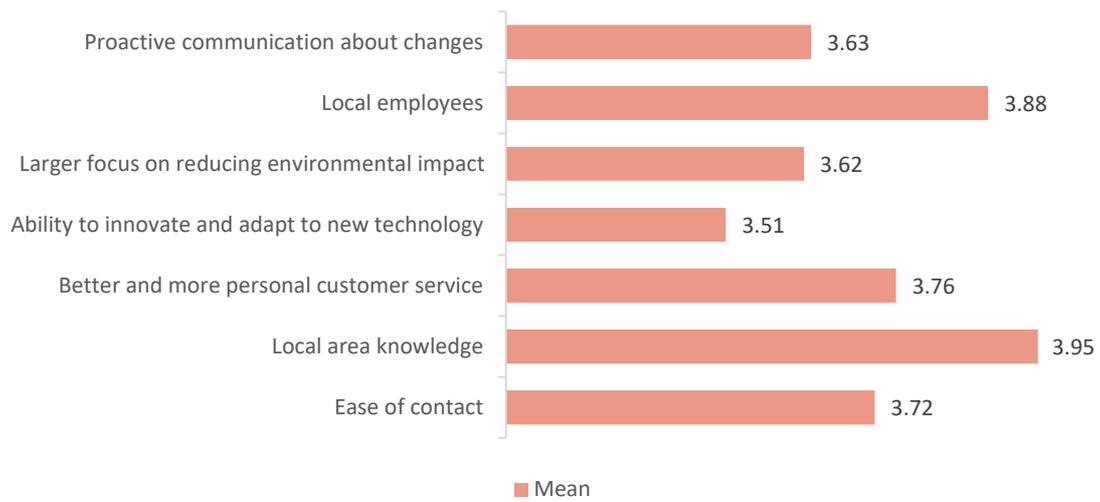
Respondents were asked to share, within open responses, whether they felt there were any advantages in having their water supplied by a small local company. The key themes identified were quicker response times (165), a more personal service (125) and local knowledge (118).

Response times would be quicker (Leaks. Issues etc) (165)	It would have a more personal service/understand customers (125)	Better community/local interaction and knowledge (118)
<p><i>"Can be more reactive in a crisis."</i></p> <p><i>"Problems should be solved quickly as there are less customers requiring assistance."</i></p> <p><i>"Quicker response time for any issues."</i></p>	<p><i>"More personal, not a small fish in a large pond."</i></p> <p><i>"Personal service, focus on customer."</i></p> <p><i>"A small local company supplying water feels more personal, they can provide local jobs and serve their community well."</i></p>	<p><i>"Local knowledge and more likely to want to engage with local community"</i></p> <p><i>"A local company is better to deal with local issues, leaks and environmental impact. It cares more about these issues and customer service is usually better from a smaller company."</i></p> <p><i>"In theory they should be better, more nimble and in touch with the community."</i></p>



Using respondent’s own words from the focus groups, survey respondents were then presented with potential advantages of having their water supplied by a small company and asked to rate their agreement with each one on a scale of one (strongly disagree) to five (strongly agree). The results show a reasonable level of agreement, with means ranging from 3.51 for ‘ability to innovate and adapt to new technology’ to 3.95 for ‘local area knowledge’. The results are shown in full below.

Please rank how much you agree the following are advantages of being served by a small water company (Base 922)



Perceived disadvantages of being supplied by a small, local water company

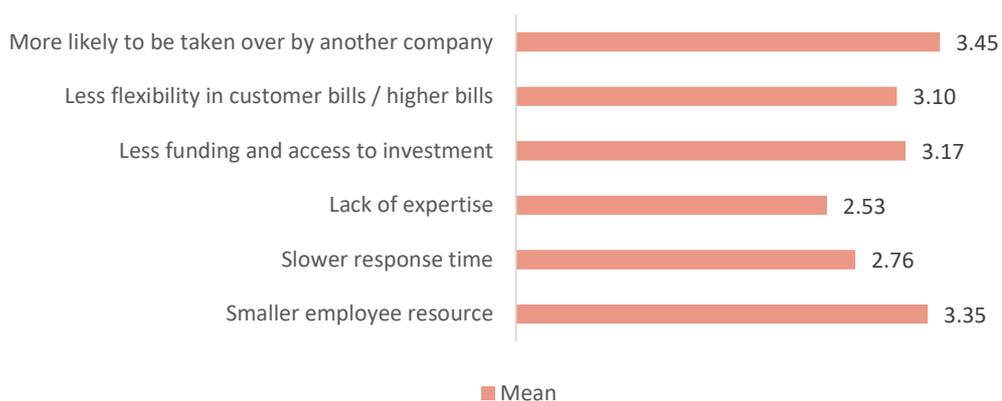
Respondents were then asked to share if they felt there were any disadvantages to having their water supplied by a small local company. Importantly, the most commonly stated finding was that respondents did not feel there would be any disadvantages (268). Despite this, some did state concerns that the service would be more expensive (70) or that a smaller company would be less well-resourced to deal with emergencies or problems (69).



Nothing/None (268)	It will be more expensive (70)	Less resources to deal with emergencies or problems (repairs, leaks) (69)
<p><i>"None, as long as the services are cost effective, and use is made of economies of scale where this is possible"</i></p> <p><i>"None - small is good and big is often not better"</i></p> <p><i>"None. Depends on how well the company is run, large or small"</i></p>	<p><i>"Higher cost to consumer"</i></p> <p><i>"Possibly expense, could make bills higher"</i></p> <p><i>"Expect it to be more expensive, with less economies of scale and less resources for major upgrades"</i></p>	<p><i>"Do not have the resources to deal with major problems"</i></p> <p><i>"A small company may lack the financial resources to cope with a sudden unexpected crisis requiring a lot of capital expenditure"</i></p>

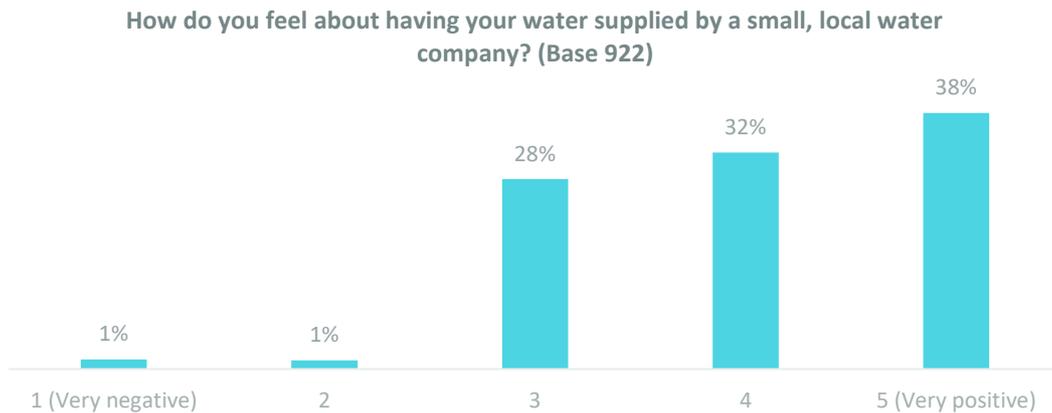
Respondents were then again presented with a list of potential disadvantages to being served by a small, local water company that were derived from the words used by focus group respondents in phase one of the research. They were then asked to rate their agreement with each potential disadvantage on a scale of one (strongly disagree) to five (strongly agree). The results are shown in full below. Overall, there was less agreement in the disadvantages than was apparent in the advantages. In particular, ‘lack of expertise’ and ‘slower response times’ scored below 3 (2.53 and 2.76 respectively). However, there was stronger agreement in both the likelihood of being ‘taken over by another company’ (3.45) and ‘smaller employee resource’ (3.35).

How much do you agree that the following are disadvantages of being served by a small water company? (Base 922)



Overall thoughts on being supplied by a small, local water company

Respondents were then asked to score on a scale of 1 (very negative) to 5 (very positive), how they feel about having their water supplied by a small, local water company. Importantly, there was a high sense of positivity, with a mean score of 4.03 and 70% of respondents scoring 4 or higher.



Cross-tabulation analysis revealed significant differences across the following demographic factors.

<p>Those aged 75+ years old (4.35) were more likely to score higher than all ages apart from those aged 18-24 years old (4.04).</p>	<p>Sutton customers were more likely to score higher than those within Mole Valley (3.94), Croydon (3.84) and Epsom and Ewell (3.82).</p>	<p>SEG D (4.00) was increasingly likely to score higher than most other areas (e.g. SEG A 3.59 and SEG C1 3.63).</p>
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Thoughts on the SCP as a concept.

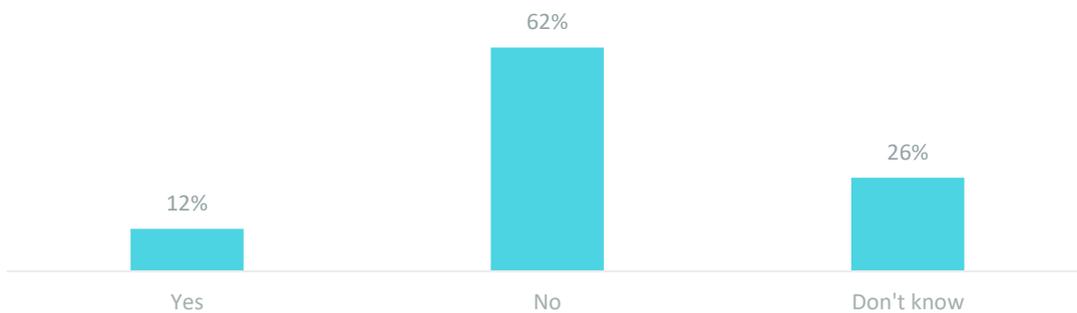
This section has been organised into two sections: (1) willingness to pay a nominal additional amount on their bill to be served by a small water company; and (2) overall acceptability of the SCP as a concept.



Willingness to pay a nominal additional amount to their bill to be served by a small, local water company

Respondents were asked whether they would be prepared to pay a small charge on top of their annual bill to be served by a small, local water company (in the context of the advantages and disadvantages of this). The majority (62%) stated they were not willing to pay a small charge on top of their annual bill, followed by (26%) who were unsure and finally only 12% were willing to pay an extra charge.

Would you be prepared to pay a small charge on top of your annual bill to be served by a small, local water company? (Base 922)



Cross-tabulation analysis revealed significant differences in the following demographic factors:

Respondents from the Sevenoaks Local Authority district area were more likely to vote no or don't know.

Respondents from SEG D were more likely to vote no or don't know.

The 12% (109) who were willing to pay an extra charge were then asked how much they would be willing to pay. Over half of respondents 55% were willing to pay £2.51- £3 on top of their annual bill.

How much do you feel you would be prepared to pay per year on top of your annual bill to be served by a small and local water company? (Base 109)



Cross-tabulation analysis revealed significant differences in the following demographic factors:

Respondents in SEG E were less likely to pay the higher amount (£2.51-£3.00) when compared with those from SEG B and C1.

Respondents aged 65-74 years old were more likely to pay the higher amount (£2.51-£3.00) than those aged 25 to 34 and 35-44 years old.

Respondents were then asked to explain their answer in as much detail as possible. The most common themes amongst those who were willing to pay £2.51 - £3.00 were feeling that this is a small amount of money (37), a desire to support a local business (15) and satisfaction with the service they receive from SES Water (14). Quotes illustrating each of these themes are shown below.

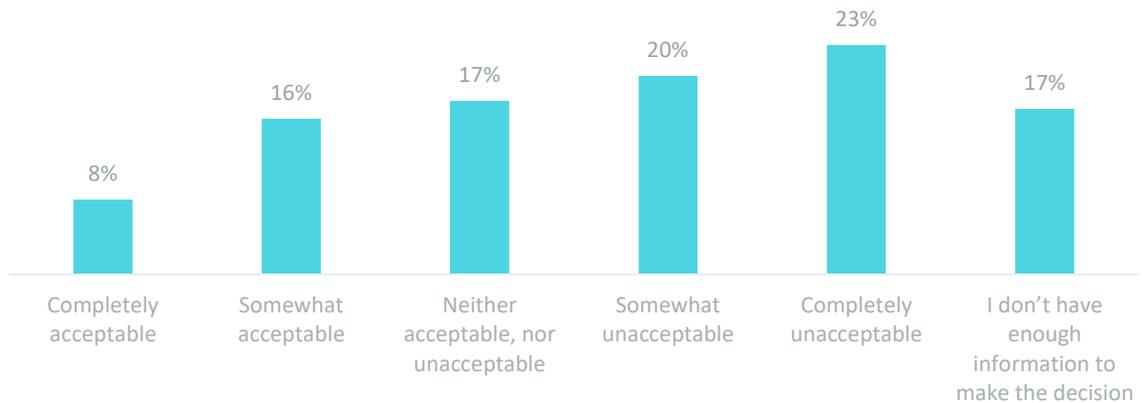
It is a small amount of money (37)	They want to support a business that supports local (15)	Happy with the service they receive from SES Water and want to support(14)
<p><i>"I like the idea of a smaller company, and £2.50-£3.00 is nothing in today's money"</i></p> <p><i>"It's a tiny amount of money"</i></p> <p><i>"It's an insignificant amount to secure the advantages of being supplied by a small local company"</i></p>	<p><i>"I much prefer a local company that has the local community welfare in its consideration"</i></p> <p><i>"It's better to have this small local company than yet another big faceless corporation that couldn't give a toss about the local area"</i></p> <p><i>"This would hopefully be sure the company stayed small and responsive to local people. Across the board this may mean more staff could be employed to boost the maintenance and repairs team"</i></p>	<p><i>"As long as we continue to get the standard of water and service, I'm happy to increase my funds. People don't mind what they pay if they get the quality and service, they deserve for paying that amount"</i></p> <p><i>"I feel most happy with SES Water and why would I wish to change for that small amount per annum"</i></p> <p><i>"I agreed I pay £3 a year extra because I am very happy with the service I receive"</i></p>

Acceptability of the SCP as a concept

After being given some context around what a small company premium is, all respondents were asked how acceptable they found the concept of the premium. In order to calculate a mean average result, the response 'completely unacceptable' was given the value of one and 'completely acceptable' the value of five. Respondents tended to view the concept less favourably, with an average of 3.85 out of five and the largest percentage (43%) stating either somewhat or completely unacceptable.



How acceptable do you find the concept of a small company premium? (Base 922)



Cross-tabulation analysis was conducted and revealed significant differences across the following demographic factors.

<p>Females were less likely to find the concept of a small company premium either 'somewhat unacceptable' or 'completely unacceptable' (4.07 versus 3.60).</p>	<p>Those aged 75+ years old (3.46) were more likely to have 'neither acceptable, nor unacceptable' when compared with age groups 25-34 (4.12), 35-44 (4.01) and 45-54 (3.89) years old.</p>
<p>Customers from Elmbridge (4.57) were more likely to believe that the concept of the SCP was 'completely unacceptable' when compared with almost all other areas (e.g. Croydon 3.89, Epsom and Ewell 4.07 and Merton 3.83).</p>	<p>SEG D were more likely to believe that this concept was 'neither acceptable, nor unacceptable' (4.16) when compared to SEG C1 (3.76) and C2 (3.62)</p>

When asked to explain their answer, improving/maintaining the service (20) helping support small businesses (17) and more support for smaller companies (15) were the key themes for those who felt the concept was either somewhat or completely acceptable.



As long as it improves/maintains the service (20)	To help support small businesses (funding, growth etc) (17)	Smaller companies need more support (15)
<p><i>"I prefer the smaller local companies and accept that sometimes you pay a premium. Providing the customer service levels are maintained I am comfortable with a small levy"</i></p> <p><i>"If they give a good service and respond in a quicker time as regards problems to be fixed in a quick time compared to larger companies then it makes it acceptable"</i></p>	<p><i>"If a smaller company finds it harder to find funding, then it seems fair to compensate in this way"</i></p> <p><i>"To balance the advantage between big company and small company, it is somewhat acceptable"</i></p> <p><i>"It is a good idea to be able to help a smaller company with their finances, though I wonder if there are other ways such as grants that SES could look into so that the customer does not have associated rises in their bills"</i></p>	<p><i>"I don't want SES to be taken over by a bigger company. If this would ensure it doesn't happen then I find it acceptable"</i></p> <p><i>"Because if they can't raise investment from their shareholders and they are giving a good service and that is to continue I don't mind paying a premium. You get what you pay for!"</i></p> <p><i>"I believe that a smaller company needs support"</i></p>

Those who found the concept neither acceptable nor unacceptable did so because of a requirement to know more about the SCP (24); alongside a desire for assurances regarding how the SCP would be used (13) and concern about bill increases considering the cost-of-living crisis (13).

Desire to know more about the SCP (24)	Would like assurance on how SCP would be used(13)	Concern about bill increases in cost of living crisis (13)
<p><i>"Don't have enough knowledge to make a judgement"</i></p> <p><i>"I would need to have more information about why and the extra cost"</i></p>	<p><i>"It all depends on how it is used. We have all seen companies indulge in poor financial management and excessive borrowing - then interest rates rise. Our hard-earned money should be used wisely and well"</i></p> <p><i>"It depends how much the premium is. Are shareholders profits going to be reduced so they help with the extra premium payments. If not it's unacceptable that the customer takes the hit"</i></p>	<p><i>"Because cost of living is so high it is difficult to pay more"</i></p> <p><i>"Not sure how I would feel about paying extra in such a tough economic time"</i></p> <p><i>"I understand the concept and the need from borrowing as it is explained here. Just that at the moment with the crisis of inflation and the seemingly ongoing "cost of living crisis" I would prefer not to pay more for water."</i></p>

Those who felt the concept was somewhat or completely unacceptable most frequently argued that they already pay enough and did not want to pay more during a cost-of-living crisis (221), they also felt that the SCP is not appropriate when customers have no choice in their water supplier (109) and reported concern around profits paid to shareholders (59).

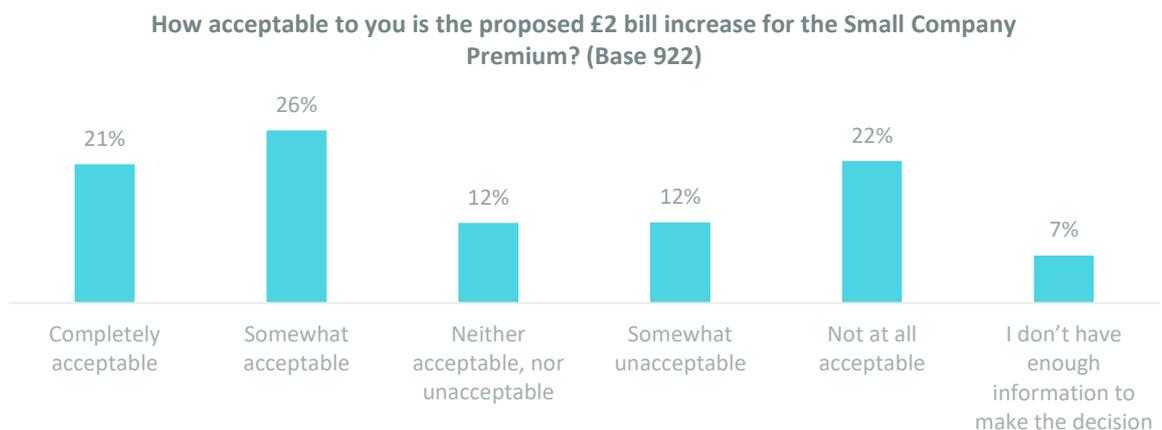


Pay enough/don't want to pay more/cost of living (221)	No choice of water supplier/they are a monopoly (109)	Pay shareholders less (59)
<p><i>"Costs of everything are just exploding, I struggle to just keep my head above water, I'm sick of everything getting more and more expensive"</i></p> <p><i>"I can't afford any of my bills to increase, SES might be a smaller water company, but it is NOT a small business"</i></p> <p><i>"Bills are already too high, so I'm not willing to pay more!"</i></p>	<p><i>"As I do not have a choice as to which company I am with. I pay enough already"</i></p> <p><i>"I have no choice as to who I have as my water supplier so an extra bill on top of what is already too much is just unacceptable"</i></p> <p><i>"Not my fault that SES supply my water."</i></p> <p><i>"Why should we be penalised and pay more for a smaller company"</i></p>	<p><i>"All water companies have been making too much profit and not ploughing it back into infrastructure. Stop paying the shareholders such large dividends"</i></p> <p><i>"People just want water supplied at the lowest price without shareholders getting obscene dividends"</i></p> <p><i>"Can't see why I should be penalised - if you are a smaller company, lower overheads / fewer shareholders therefore should be cheaper!"</i></p>

Willingness to pay the proposed SCP for the PR24 bill period

Respondents were then provided with information on what areas SES Water plan to deliver improvements to in its proposed business plan for the PR24 period (2025 to 2030), how much the average bill is currently and projections regarding how much the average bill is anticipated to increase over the PR24 time frame (including the addition of the SCP).

They were then asked how acceptable they found the proposed addition of £2 to the annual water bill for the SCP. Results did not achieve a strong consensus with just under half of respondents (47%) feeling that the £2 increase was either completely or somewhat acceptable. However, 34% felt the £2 increase was not at all acceptable or somewhat unacceptable.



Cross-tabulation analysis indicated significant difference across the following demographic factors.



Both respondents aged 65-74 and 75+ years old (2.68 and 2.70) were more likely to find the £2 price increase either 'somewhat unacceptable' or 'completely unacceptable' in comparison to most other age groups (e.g. 25-34 (3.43) and 35-44 (3.21))

Across all SEGs, customer within SEG D had a higher likelihood of reporting either 'somewhat unacceptable' or 'completely unacceptable' when compared to SEG C1 (3.02) and C2 (2.78).

Those who found the proposed £2 increase either somewhat or completely acceptable explained their reasons for this. The key theme was that they felt that this is a small, reasonable price to pay (252), followed by 121 respondents stating that the SCP is acceptable if it helps maintain a good service. Importantly, (27) respondents felt that although the SCP was acceptable, they would prefer not to pay more.

It's a small or reasonable amount to pay (252)	If it helps service improvements/if it helps SES Water (121)	Cost of living / don't want to pay more (27)
<p><i>"It's only a small additional cost"</i></p> <p><i>"The amount being proposed would not adversely affect any payments that I would need to make"</i></p> <p><i>"£2 is not much money"</i></p> <p><i>"Such a small amount is completely acceptable"</i></p>	<p><i>"A small cost is acceptable to achieve a good and improved service"</i></p> <p><i>"I understand they need to make money to implicate changes proposed"</i></p> <p><i>"I feel that smaller local companies should not be disadvantaged in investment opportunities"</i></p>	<p><i>"The amount is small and so more able to fit in with my budget. But I already feel I pay a lot for my water supply so don't readily accept that I should pay more"</i></p> <p><i>"I understand the reasoning and am keen on any care for the environment. However, I am a pensioner, so money is tight"</i></p> <p><i>"It's not a large amount in the scheme of things, but with the current situation, anything counts. It's a catch 22 situation"</i></p>

Finally, those who thought the £2 increase was either somewhat or completely unacceptable reported that bill increases during the current cost-of-living crisis are unacceptable (195). They also felt that profits should be used to fund the investments (51) and that the SCP is unacceptable when customers have no choice in supplier (25).



Why should I pay more/cost of living crisis (195)

"Inflation is already hitting us hard."

"It is already overpriced. I find your average figure is less than half what I have been made to pay. If the job cannot be done effectively by a small company, they should lose the contract. The shortcomings are not mine"

"As previously stated, not affordable at this time when all other bills have increased"

Use profits/pay shareholders less (51)

"Water companies make far too much profit on a natural resource already"

"The shareholders could take a reduction in payouts and there by release funds for you to complete your plans"

"We are paying the average price, why should we pay more. Bills are crazy. What are your company executives on salary wise?"

"Because I don't believe the customer should fund the shareholders dividends"

I have no choice of water supplier (25)

"Currently we have no choice so to add additional costs is not acceptable"

"Water suppliers are a monopoly, there is no choice who supplies each household's water. Therefor there is no competition"

"The customer should not be liable for subsidising their supplier when they have no other option of supply"



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explain

The background of the slide is a photograph of two women sitting at a table, engaged in conversation. The woman on the right is in the foreground, shown in profile, looking towards the other woman. She has long blonde hair and is wearing a light-colored top and a smartwatch. The woman on the left is slightly behind her, also smiling and looking towards the first woman. They are in a well-lit room with string lights hanging in the background and a shelf with water bottles visible on the left. The entire image is overlaid with a semi-transparent teal color.

**“Research should never
be just for knowledge – it
should be for progress”**

Summary of Results

Summary of results

Customer satisfaction with, and value for money from, SES Water

Overall satisfaction with the service provided by SES water was high, with a mean average score of 6.92 out of ten and with 51% giving an overall satisfaction score of eight or more. Respondent perceptions of the value for money they received from SES were slightly lower, with a mean score of 6.27.

Customer awareness of SES Water and perceptions of company performance

Lack of awareness in the size of SES Water was high, with 72% of respondents reporting a lack of awareness that SES Water were one of the smallest water only companies.

Respondents viewed the comparative performance of SES Water favourably, with a mean score of 3.7 out of five on a scale of 1 (very poor) to 5 (very good).

Perceived advantages of being supplied by a small, local water company

Open responses revealed that the key advantages in having a small, local company as their water provider were quicker response time, a more personal service and local knowledge.

Within the survey, there was a reasonable level of agreement in the advantages cited by fellow customers (from the focus groups) with means ranging from 3.51 for 'ability to innovate and adapt to new technology' to 3.95 for 'local area knowledge'.

Perceived disadvantages of being supplied by a small, local water company

Most survey respondents felt that there were no disadvantages of being supplied by a small, local water company. Some reported concerns that the service would be more expensive or that smaller companies could be less well-resourced to deal with problems.

Within the survey, there less agreement in the disadvantages cited by fellow customers (from the focus groups) with means ranging from 2.53 for 'lack of expertise' to 3.45 for likelihood of being 'taken over by another company'.



Overall thoughts on being supplied by a small, local water company

A high sense of positivity about being supplied by a small, local water company was felt amongst survey respondents, with a mean score of 4.03 out of five achieved.

Thoughts on SCP as a concept: Willingness to pay a nominal additional amount

At this stage in survey, the majority of respondents (62%) said they would not be prepared to pay a small charge on top of their bill to enable them to be served by a small, local water company. Of those who were willing to pay something, over half (51%) stated they would be prepared to pay £2.51 to £3 on top of their yearly bill. Comments supporting this amount revealed that respondents felt that this was a small amount of money, that they wished to support a local business and reflected a sense satisfaction with the service provided by SES Water.

Thoughts on SCP as a concept: Acceptability

To calculate a mean score, completely unacceptable was given the value of one and completely acceptable was given the value of five. An average of 3.85 out of five was achieved when asked how acceptable respondents found the SCP as a concept with 43% stating that it was either somewhat or completely unacceptable.

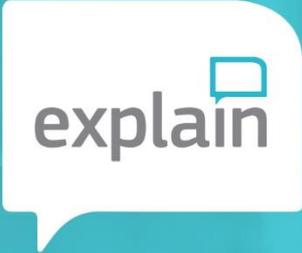
Acceptability of the SCP was underpinned by a desire to improve or maintain the service, to support smaller companies. Conversely, unacceptability of the SCP was founded in a sense that respondents already pay enough and don't want to pay more during a cost-of-living crisis. Respondents also argued that the SCP is not appropriate when customers have no choice in supplier, and they reported concern around profits paid by shareholders.

Willingness to pay the proposed SCP for the PR24 bill period

Overall, this research has revealed a relatively mixed level of customer support regarding the SCP for the PR24 bill period, as shown below. More (47%) are supportive than find it unacceptable (34%), however no strong consensus was achieved.

<p style="text-align: center;">47%</p> <p style="text-align: center;">of survey respondents felt that the £2 annual SCP was either completely or somewhat acceptable</p>	<p style="text-align: center;">19%</p> <p style="text-align: center;">of survey respondents felt that the £2 annual SCP was neither acceptable or unacceptable or did not have enough information to make a decision</p>	<p style="text-align: center;">34%</p> <p style="text-align: center;">of survey respondents felt that the £2 annual SCP was either completely or somewhat unacceptable</p>
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A white speech bubble icon with a small document icon inside, containing the word "explain" in a bold, sans-serif font.

explain

A background image of a woman with long, wavy hair, smiling and looking at a laptop. The image is overlaid with a semi-transparent teal filter.

**“Quality is not an act; it is
a habit”**

Appendices

Appendix A – Slide Deck:

Background on SES Water

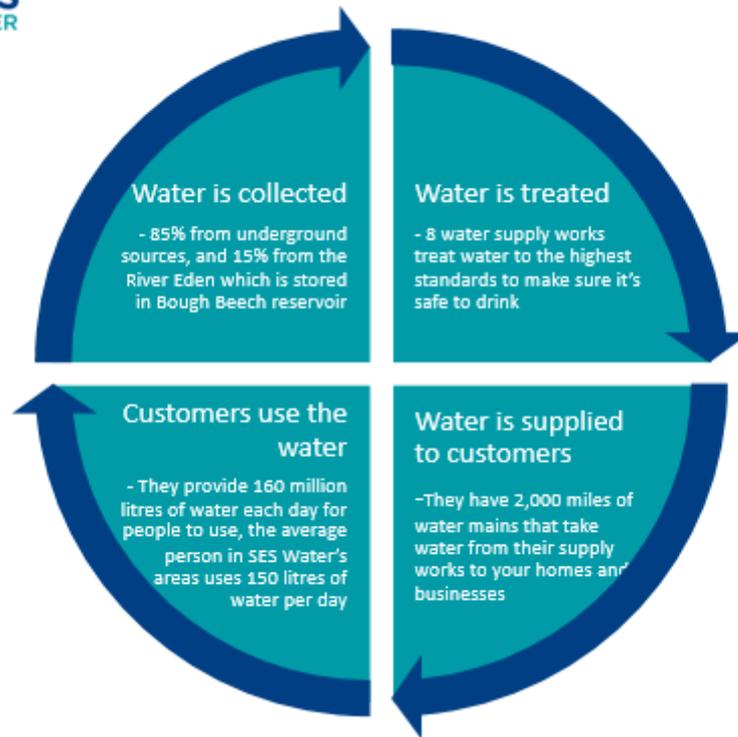
All water companies are regional monopolies, meaning you have no choice about who supplies your water

Because of where you live, you are supplied by SES Water, it's one of the smallest water companies compared to many other water and sewerage companies operating in England and Wales

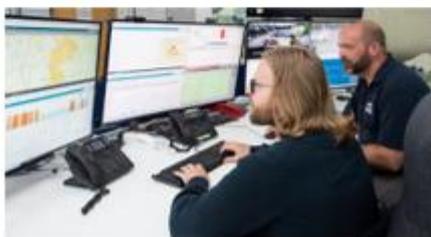
They are one of six companies that provide a **water only** service.

Thames Water supply the wastewater services to the majority of SES Water customers, while Southern Water supply the wastewater services to customers in the Kent area





- SES Water supply drinking water to **745,000** people and **8,000** businesses in parts of Surrey, West Sussex, Kent and South London.
- For comparison, Anglian Water supply 4.3 million people with drinking water and over 6 million with wastewater services.
- Thames Water supply water and wastewater services to 15 million customers.
- Portsmouth Water supply water only services to 698,000 customers.



- SES Water employ 345 people
- Anglian employ 4,000
- Thames employ 7,000
- Portsmouth Water employ 259



Water supply interruptions

without warning, for longer than 3 hours.

Water and Sewerage Company	Performance against target (%)
Portsmouth*	-62%
Bristol*	-59%
SES Water*	-52%
South Staffs and Cambridge*	-47%
Affinity*	-39%
Wessex	-32%
South West	+11%
United Utilities	+30%
Southern	+53%
Anglian	+60%
Yorkshire	+73%
Thames	+80%
Northumbrian and Essex & Suffolk	+92%
Severn Trent	+106%
Welsh Water	+164%
Hafren Dyfrdwy	+511%
South East*	+1083%

* Water only company

Better vs industry average over the previous 3 years



Worse vs industry average over the previous 3 years

This table shows the number of times houses have had their water interrupted without warning for longer than 3 hours over the 2021-22 period.

Minus numbers on the table are better as they show that fewer interruptions without warning are occurring

SES Water is performing 3rd out of 17 for least interruptions without warning compared to other water companies on this table



Taste, smell and appearance of water

Water and Sewerage Company	Performance against average
Portsmouth*	-68%
Thames	-66%
SES Water*	-50%
Affinity*	-35%
South Staffs and Cambridge	-35%
Severn Trent	-19%
Northumbrian and Essex & Suffolk*	-14%
Anglian	-12%
Southern	-11%
Yorkshire	-7%
Wessex	+/-0%
South East*	+15%
Bristol*	+19%
Hafren Dyfrdwy	+48%
United Utilities	+54%
South West and Bournemouth	+66%
Welsh Water	+109%

* Water only company

Better vs industry average over the previous 3 years



Worse vs industry average over the previous 3 years

This table shows the number of times customers have contacted SES Water concerning taste, smell or appearance issues over the 2021-22 period

Minus numbers on the table are better as they show that less customers are contacting SES Water concerning their water taste, smell and appearance

Similarly, to the previous table, SES Water is performing 3rd for least number of contacts to other companies



Reducing leakage

Water and Sewerage Company	Performance against target
Bristol*	-42%
Portsmouth*	-32%
SES Water*	-30%
Anglian	-29%
Southern	-27%
South East*	-15%
Wessex	-9%
Northumbrian and Essex & Suffolk	-4%
South West and Bournemouth	-4%
Affinity*	-4%
Severn Trent	+6%
Yorkshire	+9%
United Utilities	+10%
Hafren Dfwdwy	+16%
South Staffs and Cambridge*	+19%
Thames	+35%
Welsh Water	+40%

Better vs industry average over the previous 3 years



Worse vs industry average over the previous 3 years

This table shows the number of litres lost from water mains or pipe leaks over the previous 3-year period.

Minus numbers on the table are better as they show less leakage

SES Water is performing 3rd out of 17 for least amount of water lost due to leakage

* Water only company

The number of litres of water used per customer per day

Water and Sewerage Company	Performance against target (litres)
Yorkshire	-17
Severn Trent	-13
Southern	-11
Anglian	-6
Cambridge*	-5
South Staffs	-3
South West and Bournemouth	-3
Hafren Dfwdwy	-2
Wessex	+/-0
United Utilities	+1
Thames	+3
SES Water*	+8
Bristol*	+9
South East*	+11
Northumbrian and Essex & Suffolk*	+13
Portsmouth*	+15
Affinity*	+17
Welsh Water	+24

Better vs industry average over the previous 3 years



Worse vs industry average over the previous 3 years

This table shows the daily water usage from each water company per customer served

Minus numbers on the table are better as they show that less water is being used

SES Water is performing 12th in terms of daily water usage per customer and is performing less than the 3-year average in this area

* Water only company



Customer measure of experience

2021-22	YTD C-MeX		2022-23	YTD C-MeX	
	Score	Rank		Score	Rank
Industry average	79.60	-	Industry average	78.14	-
Affinity Water	76.57	14	Affinity Water	74.59	14
Anglian Water	80.43	9	Anglian Water	78.77	10
Bristol Water	82.86	6	Bristol Water	80.68	6
Hafren Dyfrdwy	78.78	11	Hafren Dyfrdwy	80.03	7
Northumbrian Water	84.46	2	Northumbrian Water	83.74	1
Portsmouth Water	83.76	3	Portsmouth Water	83.17	2
Severn Trent Water	80.61	8	Severn Trent Water	79.08	9
South East Water	76.59	13	South East Water	73.47	15
Southern Water	72.00	16	Southern Water	69.77	16
South Staffs Water	83.38	4	South Staffs Water	79.87	8
South West Water	78.48	12	South West Water	76.45	12
Sutton & East Surrey (SES) Water	76.35	15	Sutton & East Surrey (SES) Water	76.03	13
Thames Water	68.86	17	Thames Water	67.06	17
United Utilities	82.01	7	United Utilities	81.26	5
Welsh Water	82.93	5	Welsh Water	82.92	4
Wessex Water	84.82	1	Wessex Water	82.99	3
Yorkshire Water	80.41	10	Yorkshire Water	78.25	11

The tables show how SES Water ranked against other water companies in both 2021-22 and 2022-23

In 2021-22, SES Water ranked 15th

They ranked 13th in 2022-23



In the last 3 years SES Water has...

...Become the first water company in the UK to roll out smart technology across all its pipes, helping them to detect leaks more quickly, speed up repairs and reduce how much water is lost



...Used smart technology to locate the position of burst water mains more quickly and accurately so they can repair them more quickly and reduce any interruptions to customers' water supplies

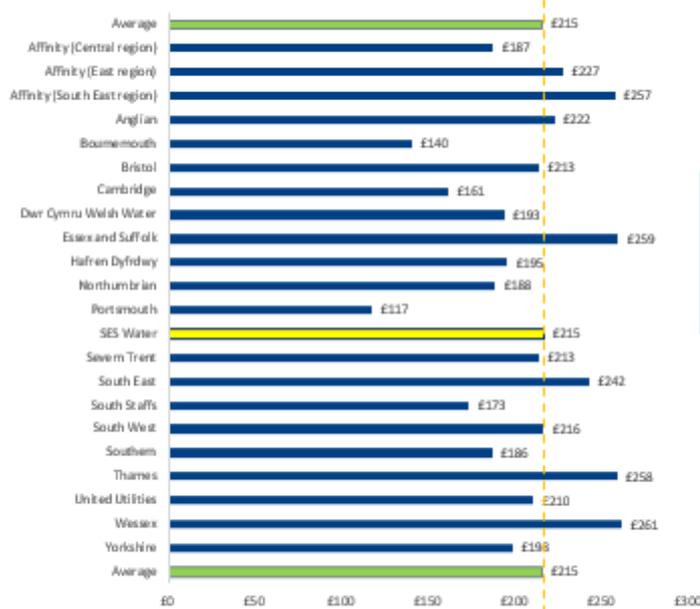
...Improved the way they manage the land they own to make it more attractive to a variety of plants and animal life to help increase biodiversity. As a result, they are the first water company to achieve the Wildlife Trusts' Biodiversity Benchmark accreditation at two of its largest sites



Appendix B – Slide Deck: Bills today and how SES Water wants to invest in the future.



Water only bills
Average household water bills for 2023-24



The average water bill for SES Water customers is currently £215*.

*these prices were set based on inflation levels in September 2022 and so will be updated to reflect levels of inflation since then.



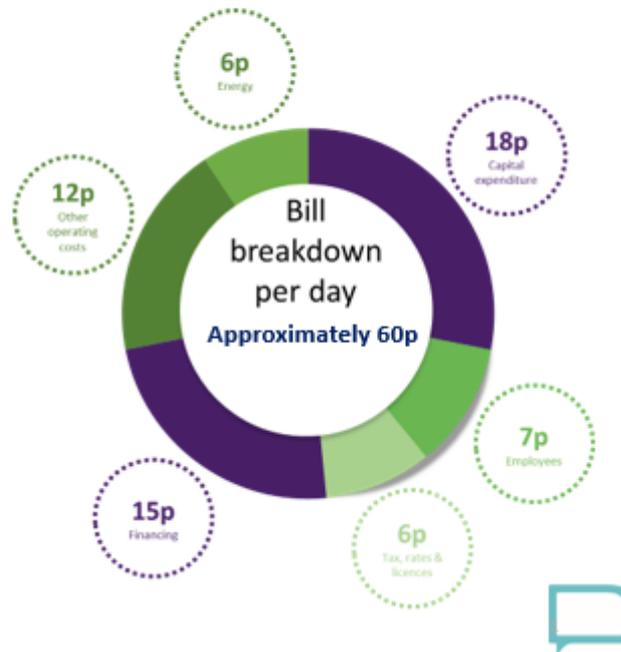


The average SES Water bill today

Approximately 15p per day is currently spent on costs relating to financing.

This includes:

- Obligations to existing lenders who we borrow money from
- Interest rates on loans
- Dividends to our shareholders who have equity in the company.



The higher cost of borrowing for a small company

- All water companies fund their improvement plans through a combination of borrowing, income from customer bills and equity from shareholders
- SES Water pays a higher rate to borrow money than a larger water company as it has less influence in the financial market and it doesn't need to borrow money as often
- This rate is approximately +0.4% higher - or for every £1,000 SES Water borrows, it pays £4 more.
- SES Water customers currently do not pay any extra to make up this shortfall in borrowing costs.



**SES Waters purpose is:
To harness the potential of water to enhance nature and improve lives**



Provide you with high quality water from sustainable sources

Customers said....

- High quality drinking water is most important to them
- They want water sources to be clean and safe and the environment protected

Over the next 5 years SES Water will...

- Continue to meet the highest quality standards by maintaining and investing in its water treatment works
- Work with farmers to stop nitrates and pesticides from entering water sources
- Replace lead pipes that supply schools and nurseries
- Investigate where they need to reduce existing abstractions to protect and enhance the chalk streams in its area



Deliver a resilient water supply from source to tap and minimise wastage

Customers said....

- SES Water must do more to reduce leakage more quickly
- They expect SES Water to be resilient to climate change, particularly as it's in an area of water stress and droughts are becoming more common

Over the next 5 years SES Water will...

- Reduce leakage by more than 26% from 2019/20 levels
- Use its smart network to help find and fix leaks quicker
- Use smart meters to find leaks on customers' pipes and plumbing to help fix them
- Reduce supply interruptions and main bursts
- Invest to make our water treatment works more resilient to climate change



**SES Waters purpose is:
To harness the potential of water to enhance nature and improve lives**



Help you reduce your water footprint and charge a fair, affordable price for what you use

Customers said....

- They are worried about the cost of living and want bills to be affordable
- They have a role to play in saving water, but they expect SES Water to do their bit first

Over the next 5 years SES Water will...

- Help customers reduce their consumption by around 20 litres per day
- Use smart meters to find leaks and plumbing losses on customers pipes and help fix them
- Use smart meters to provide targeted help and advice to customers about how to reduce consumption
- Expand its education programme to help embed the importance of saving water
- Help more people afford their bill with its social tariff and customer support schemes



Improve the environment and have a positive impact on the local area

Customers said....

- They expect SES Water to go beyond protecting the environment and help enhance our local rivers and streams
- Reduce its environmental impact

Over the next 5 years SES Water will...

- Invest in schemes to protect wildlife, work with partners to enhance the environment, increase resilience and improve biodiversity
- Continue to become more energy efficient and use fully renewable sources when possible
- Continue to improve biodiversity on 70% of the land it owns
- Make more of its land accessible to the community



Bills between 2025 and 2030

Projected future bills are expressed in today's prices and exclude future inflation.

2023/24 bills at today's prices	£225 per year
Changes:	
Maintaining and improving services	+£34.5 per year
Financing costs:	
Changes being made by Ofwat to the rate at which water companies can recover costs from customers	-£24.5 per year
Small company borrowing premium	+£2
Average bills between 2025 and 2030 at current prices	£237 per year



Appendix C – Discussion Guide for Focus Groups

SES Water Small Company Premium Preliminary interview discussion guide

Notes about this document

- This guide has been developed based on your research objectives, to help our interviewers get the most from each qualitative conversation
- As such, it's designed to give our interviewers guidelines around the structure, timing and content of their discussions
- However, we want to ensure that conversations feel natural and engaging for participants allowing them to flow and evolve as participants move through the conversations. We will ensure all key areas are covered, and will also explore new, interesting but relevant tangents if they arise
- Content won't necessarily be covered in the exact order it appears in this document, dependent on natural conversation flow
- Language will be adapted to suit the participants, as appropriate, determined by the moderator
- We find that the deepest insights often aren't found by asking direct questions, but by prompting and probing initial responses
- All interviewers have been well briefed on the project context and objectives, so will be able to probe into topics that come up and ask additional questions to reveal other relevant tangents as and when appropriate, and delve beneath initial reactions

6pm - Introduction [5 minutes]

Thank you for agreeing to take part in today's focus group. My name is X, I also have X here as tech support and we work for a company called Explain, we're an independent research agency and have been commissioned on behalf of SES Water. As water companies are a monopoly and customers cannot choose who supplies their water, your feedback as customers on SES Water and its business plan are valuable.

There are no right or wrong answers in this, I'm just hoping to understand your thoughts and opinions.



- MRS Guidelines - Right to refusal / anonymity
- Okay to record?

6.05pm– Spontaneous Perceptions of SES Water [10 minutes]

Just to start, I would like to initially get your thoughts on SES Water.

- What do you know about SES Water? What do you think their key responsibilities are?
- Does anyone know of other water companies that operate in England and Wales? If so, what you have seen or heard?

How do you feel SES Water compares to them? [Interviewer prompt – cost, size, level of service]

Thinking about the service you currently receive only from SES Water and not your wastewater company; do you feel you get good value for money?

- Why/why not?
- How does this compare to other household bills?

Generally, how do you feel about the full service you receive from SES Water?

- [Interviewer prompt if needed, customer service, water supply/quality, cost]

06.15pm – Perceptions of small companies [10 minutes]

First of all, we want to understand more about the types of businesses you choose to buy products or services from generally.

Thinking of international or national companies you have used, which would you say you've received the best service from? (Interviewer info – Amazon/Apple/Microsoft/Shell/Tesco/JD sports etc)

- Why?
- What stood out the most with their service?

Thinking local now, which local companies have you received the best service from? (Interviewer info – local bakery/bookshop etc)



- Why?
- What stood out the most with their service?

Now if I was to ask you to compare the international or national companies to those local, do you feel the service differed at all?

- If yes, why?

[Interviewer to allow unprompted responses first then customer service, cost/bills, accessibility, environmental impacts]

6.25pm – Prompted Perceptions of SES Water [30 minutes]

Moving on, I'm now going to show you a few slides that tell you a little bit more about the background of SES Water, some of you may already know this but it will help make sure we're all on the same level of understanding to help us with the next topic of conversation.

[Interviewer to show and read through slide deck 1 - 12]

Does anyone have any questions on any of the information on those slides?

Were the tables included in the slides clear? If not, what needs to be clearer?

Did anything surprise you? Why?

- Was anyone surprised by the size of SES Water? Why?

As you saw in the presentation, SES Water is a small local water company. In some other parts of England and Wales customers are served by much larger companies.

What are your initial thoughts about having your water supplied by a **small, local** company?

What do you feel are the **pros** of having your water supplied by a **small, local** company? Also think about the **pros** of being served by a larger company to help your thinking.

[Interviewer to probe how pros compares to a large company in respondents' own words]

Unprompted, then probe with:

- Customer service
- Response to leaks



- Cost of bills
- Response time
- Area knowledge
- Employment
- Environmental schemes
- Investments
- Brand/ Profile
- Resources
- Resilience in crisis or disaster

What do you feel are the **cons** of having your water supplied by a **small, local** company? Again, think about the **cons** of being served by a larger company to help your thinking.

[Interviewer to probe how cons compares to a large company in respondents' own words]

Unprompted, then probe with:

- Customer service
- Response to leaks
- Cost of bills
- Response time
- Area knowledge
- Employment
- Environmental schemes
- Investments
- Brand/ Profile
- Resources
- Resilience in crisis or disaster



- POLL – How much do you feel you would be prepared to pay per year on top of your annual water bill to be served by a small and local water company?

- 0 – 50p
- 51p - £1.00
- £1.01 - £1.50
- £1.51 - £2.00
- £2.01 - £2.50
- £2.51 - £3.00
- I would not be willing to pay anything

I would like to understand your thoughts on what you're prepared to pay. Can you explain what you voted for and why?

7.00pm – Future bills and the level of support for the Small Company Premium [20 minutes]

I'm now going to show you some more information slides, these slides show you how much you currently pay to be served by SES Water and what your money pays for.

[Interviewer to show and read through slide deck 14 and 15 (showing comparative bills and the average bill breakdown)]

As well as costs associated with maintaining and improving services, paying its employees and power, SES Water has costs associated with its financing.

All water companies like SES Water need to borrow money to spread out the cost of big investments over time and help to keep customer bills low. The same way you spread the cost of your house over time with a mortgage.

Water bills include costs associated with the repayment of these loans, which are impacted by inflation, and payments to shareholders who put equity into the business.



For smaller water companies, the cost of borrowing money is higher compared to a larger company. As they don't have as much leverage with the banks to access as favourable terms. A bit like the differences in interest rates you might be offered for a mortgage dependent on your circumstances.

Show and read slide 16 – the higher cost of borrowing

For this reason, Ofwat, the economic regulator for the water industry who are there to ensure customers' interests are protected, can allow small companies like SES Water to apply for something called a small company premium. This is an extra amount on customers' water bills to take into account that it costs SES Water more to borrow the money they need to invest. SES Water customers currently don't pay any more to be served by a small company.

What are your initial thoughts on paying a small company premium to be served by a small and local water company like SES Water?

POLL – How acceptable do you find the concept of a small company premium?

- Completely acceptable
- Somewhat acceptable
- Neither, or
- Somewhat unacceptable
- Not at all acceptable
- I don't have enough info to make the decision

[Interviewer to share results and go through options] Can anyone tell me why you voted for X?

SES Water is currently preparing its business plan for 2025 to 2030. This plan will determine how your bills will change over that period and the plan will have to be agreed by the water regulator Ofwat in 2024.

The plan will deliver improvements to services – **show and read slides 17 and 18** – some of which are summarised here.

There are lots of things that influence how bills will change between 2025 and 2030 but the main factors are summarised in the table. **Show and read slide 19.**

You can see that SES Water wants to increase investment to improve its services that will increase bills.



There are also changes being made by Ofwat that will help keep bills lower for customers.

SES Water needs to balance the improvements it delivers to services and its financing costs with keeping bills affordable for customers.

Between 2025 and 2030 SES Water would like to add £2 on the average bill per year to make up some of the additional cost it incurs to borrow money, the higher costs it incurs to borrow money to help fund its investment programme, deliver improvements to customers' and help maintain its strong financial position.

Now that you know a how much SES Water would like add on and what it will go towards...

POLL – How acceptable to you is the proposed £2 bill increase for the Small Company Premium?

- Completely acceptable
- Somewhat acceptable
- Neither or
- Somewhat unacceptable
- Not at all acceptable
- I don't have enough info to make the decision

- What are the reasons for your choice? [Unprompted]

Prompted if needed

- Affordability of bills
- Funding investment programmes
- Investment into services
- SESW remaining a local water company
- Credit ratings with lenders



7.25pm - Close [5 minutes]

That's the questions I have, does anyone else have any final thoughts or comments they would like to say before we finish up?

Thanks again for taking out the time to take part in this research, a member of Explain will be in touch in the next few days to get some details for your incentive.

Thanks very much for taking part in our research today, we appreciate it.



Appendix D – Survey

SES Water – Small Company Premium

Introduction

Thank you for agreeing to take part in today's survey.

This survey is being conducted by Explain Market Research on behalf of SES Water. All answers you give will be kept anonymous in line with Market Research Society guidelines, any data collected that can be used to identify you will be held securely and not shared with any third party.

At the end of the survey you will be given the option to enter into a prize draw to win 1 of 5 x £100 Amazon vouchers. Explain will administer the prize draw independently.

Further details on how we process your data can be found here:
<https://www.explainresearch.co.uk/privacy-policy/>

The prize draw will be conducted in line with the Market Research Society's Code of Conduct. The prize will be 5 x £100 Amazon vouchers, each winner will be drawn at random from all who complete the survey in full and provide contact information.

Contact information will be used solely for the purpose of notifying the prize draw winner. The closing date to be entered into the prize draw is 28th August 2023. There is no cash alternative available. Only winners will be notified, this notification will come from Explain Market Research.

Explain must either publish or make available information that indicates that a valid award took place. To comply with this obligation, Explain will send the surnames and county of prize draw winners to anyone who emails lauren.robinson@explainresearch.co.uk within one month of the closing date of the prize draw. If you object to any or all of your surname and county being published or made available, please contact info@explainresearch.co.uk. In such circumstances, Explain must still provide the information and winning entry to the Advertising Standards Authority on request.

SES Water is a water only company supplying drinking water to 745,000 people and 8,000 businesses in parts of Surrey, West Sussex, Kent and South London. Today, we would like to understand your views on SES Water and areas of its business plan.



Eligibility

We just need to check you are eligible to take part in our survey.

Please click 'Next' to continue.

Is SES Water your water supplier?

- Yes
- No (thank and close)
- Don't know (thank and close)

Are you either solely or jointly responsible for paying your household water bill?

- Yes
- No (thank and close)
- Prefer not to say (thank and close)

Profiling information

We'd now like to know a little more about you.

The following questions are to check we are speaking to a range of customers and allow SES Water to understand how views of different customers differ from each other.

Please click 'Next' to continue

Which of the following best describes how you identify?

- Male
- Female
- Other – please specify
- Prefer not to say



Which of the following age groups do you fall into?

- Under 18
- 18 – 24
- 25 – 34
- 35 – 44
- 45 – 54
- 55 – 64
- 65 – 74
- 75+
- Prefer not to say

Which of the following local authority areas do you live in?

- Sutton
- Reigate and Banstead
- Tandridge
- Mole Valley
- Croydon
- Epsom and Ewell
- Merton
- Elmbridge
- Sevenoaks
- Guildford
- Mid Sussex

Which of the following best describes the main income earners occupation in your household?

If retired, please select the category that best reflects their occupation before they retired.

- Higher managerial/professional/administrative (e.g., Doctor, Solicitor, Board Director in a large organisation 200+ employees, top level civil servant/public service employee etc)



- Intermediate managerial/professional/administrative (e.g., Newly qualified (under 3 years) Doctor, Solicitor, Board director of small organisation, middle manager in a large organisation, principal officer in civil service/local government etc)
- Supervisory or clerical/junior managerial/professional/administrative (e.g., Office worker, Student Doctor, Foreman with 25+ employees, salesperson etc)
- Skilled manual worked (e.g., Bricklayer, Carpenter, Plumber, Painter, Bus/Ambulance driver, HGV driver, Pub/Bar worker etc)
- Semi or unskilled manual worker (e.g., Caretaker, Park keeper, non-HGV driver, Shop assistant etc)
- Student
- Casual worker or dependant on state welfare
- Prefer not to say

Do you have a water meter at your property?

- Yes
- No
- Don't know
- Prefer not to say



Spontaneous Perceptions of SES Water

As previously mentioned, we are conducting this research on behalf of SES Water. To start, I would like to get your initial thoughts on SES Water as your water company.

How satisfied do you feel about the full service you receive from SES Water, on a scale of 1 – 10, where 1 is very dissatisfied and 10 is very satisfied?

- 1 (Very dissatisfied)
- 2
- 3
- 4
- 5 (Neither satisfied nor dissatisfied)
- 6
- 7
- 8
- 9
- 10 (Very satisfied)

How satisfied are you with the value for money you receive from SES Water only (and not your wastewater company), on a scale of 1 – 10, where 1 is very dissatisfied and 10 is very satisfied?

- 1 (Very dissatisfied)
- 2
- 3
- 4
- 5 (Neither satisfied nor dissatisfied)
- 6
- 7
- 8
- 9
- 10 (Very satisfied)



To give you a little bit more information, you will now be shown some facts and figures on SES Water including the size, who they serve and how they compare against other water companies in England and Wales.

All water companies are regional monopolies, meaning you have no choice about who supplies your water

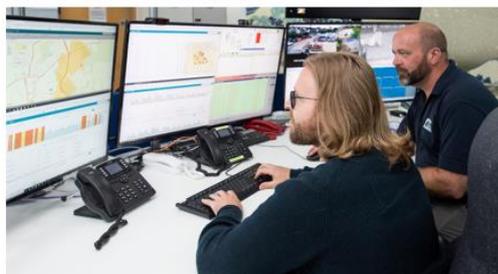
Because of where you live, you are supplied by SES Water, it's one of the smallest water companies compared to many other water and sewerage companies operating in England and Wales

They are one of six companies that provide a **water only** service.

Thames Water supply the wastewater services to the majority of SES Water customers, while Southern Water supply the wastewater services to customers in the Kent area



- SES Water supply drinking water to **745,000** people and **8,000** businesses in parts of Surrey, West Sussex, Kent and South London.
- For comparison, Anglian Water supply 4.3 million people with drinking water and over 6 million with wastewater services.
- Thames Water supply water and wastewater services to 15 million customers.
- Portsmouth Water supply water only services to 698,000 customers.



- SES Water employ 345 people
- Anglian employ 4,000
- Thames employ 7,000
- Portsmouth Water employ 259



Were you aware that SES Water was one of the smallest water only companies in the England in Wales?

- Yes
- No

We're now going to show you how SES Water's service compares against that of other companies in five key areas.

1. Water supply interruptions – which measures how long customers have had their water supplies interrupted without warning for longer than 3 hours.

Water Supply Interruptions, without warning, for longer than 3 hours		
If a water supply is interrupted without warning for greater than 3 hours, it would not be possible to draw water from the taps or flush the toilet; it may be necessary to buy bottled water.		
Companies with the <i>lowest</i> numbers perform best for this service.		
SES Water met its target for this metric last year		
In 2021-2022 SES Water performed 3rd out of 17 companies overall on this measure.		
Water and Sewage Company	Performance against target (%)	
Portsmouth*	-62%	Better performance 
Bristol*	-59%	
SES Water*	-52%	
South Staffs and Cambridge*	-47%	
Affinity*	-39%	
Wessex	-32%	
South West	+11%	Poorer performance 
United Utilities	+30%	
Southern	+53%	
Anglian	+60%	
Yorkshire	+73%	
Thames	+80%	
Northumbrian and Essex & Suffolk	+92%	
Severn Trent	+106%	
Dŵr Cymru Welsh Water	+164%	
Hafren Dyfrdwy	+511%	
South East*	+1083%	
* Water only company		



2. Taste, smell and appearance – which measures the number of times customers have contacted SES Water about the taste, smell or appearance of their water.

Taste, smell, and appearance of water		
Tap water may taste/smell/look different to usual. Although still safe to drink, people may prefer bottled water as a precaution until it returns to normal.		
Companies with the <i>lowest</i> numbers perform best for this service.		
SES Water did not meet its target for this metric last year		
In 2021-2022 SES Water performed 3rd out of 17 companies overall on this measure.		
Water and Sewage Company	Contacts per 1,000 population	
Portsmouth*	0.41	<p style="text-align: center;">Better performance</p>   <p style="text-align: center;">Poorer performance</p>
Thames	0.49	
SES Water*	0.58	
Affinity*	0.73	
South Staffs and Cambridge*	0.76	
Severn Trent	0.93	
Northumbrian	0.97	
Anglian	1.03	
Yorkshire	1.09	
Southern	1.1	
Wessex	1.17	
South East*	1.34	
Bristol*	1.38	
South West	1.55	
Hafren Dyfrdwy	1.71	
United Utilities	1.79	
Dwr Cymru Welsh Water	2.38	
* Water only company		

3. Reducing leaks – which measures the number of litres lost from water mains or pipe leaks.

Reducing leaks		
Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.		
Companies with the <i>lowest</i> numbers perform best for this service		
SES Water met its target for this metric last year		
In 2021-2022 SES Water performed 5 th out of 17 companies overall on this measure.		
Water and Sewage Company	Performance against target	
Cambridge*	-9%	<p style="text-align: center;">Better performance</p>   <p style="text-align: center;">Poorer performance</p>
Wessex	-7%	
Portsmouth*	-6%	
Hafren Dfrdwy	-5%	
SES Water*	-3%	
South east	-3%	
United Utilities	-3%	
South Staffs	-2%	
Dŵr Cymru Welsh Water	-1%	
Severn Trent	-1%	
Yorkshire	-1%	
Anglian	+/-0%	
Bristol	+/-0%	
South West & Bournemouth	+/-0%	
Thames	+/-0%	
Affinity	+1%	
Southern	+1%	
Northumbrian and Essex & Suffolk	+3%	
* Water only company		



4. Number of litres of water used per customer per day – which measures average daily water usage from each water company per customer served.

Per Capita Consumption		
An increasing population means extra demand for water while increasingly erratic weather patterns could lead to more droughts in the future. It is more important than ever for everyone to take care how they use water.		
Companies with the <i>lowest</i> numbers perform best for this service.		
SES Water performed worse than the industry average over the previous 3 years		
In this period SES Water performed 12th out of 18 companies overall on this measure.		
Water and Sewage Company	Performance against target (litres)	
Yorkshire	-17	Better performance 
Severn Trent	-13	
Southern	-11	
Anglian	-6	
Cambridge*	-5	
South Staffs	-3	
Southern west and Bournemouth	-3	
Hafren Dfwdwy	-2	
Wessex	+/-0	
United Utilities	+1	
Thames	+3	
SES Water*	+8	
Bristol*	+9	
South East*	+11	
Northumbrian and Essex & Suffolk*	+13	
Portsmouth*	+15	
Affinity*	+17	
Dŵr Cymru Welsh Water	+24	
* Water only company		

5. C-MeX – which measures customer experience satisfaction.

These tables show how SES Water ranked against other water companies in C-MeX in both 2021-22 and 2022-23

The customer measure of experience or C-MeX is a financial and reputational incentive tool designed to provide customers with excellent levels of service by measuring direct customer feedback via survey. What this means is water companies receive a score based on satisfaction ratings given by customers which can then result in each company either receiving an outperformance payment or incurring underperformance payments based on how it scores against other companies.

SES Water performed 15th in 2021-22 and performed 13th in 2022-23.

2021-22	YTD C-MeX	
	Score	Rank
Industry average	79.60	-
Affinity Water	76.57	14
Anglian Water	80.43	9
Bristol Water	82.86	6
Hafren Dyfrdwy	78.78	11
Northumbrian Water	84.46	2
Portsmouth Water	83.76	3
Severn Trent Water	80.61	8
South East Water	76.59	13
Southern Water	72.00	16
South Staffs Water	83.38	4
South West Water	78.48	12
Sutton & East Surrey (SES) Water	76.35	15
Thames Water	68.86	17
United Utilities	82.01	7
Welsh Water	82.93	5
Wessex Water	84.82	1
Yorkshire Water	80.41	10

2022-23	YTD C-MeX	
	Score	Rank
Industry average	78.14	-
Affinity Water	74.59	14
Anglian Water	78.77	10
Bristol Water	80.68	6
Hafren Dyfrdwy	80.03	7
Northumbrian Water	83.74	1
Portsmouth Water	83.17	2
Severn Trent Water	79.08	9
South East Water	73.47	15
Southern Water	69.77	16
South Staffs Water	79.87	8
South West Water	76.45	12
Sutton & East Surrey (SES) Water	76.03	13
Thames Water	67.06	17
United Utilities	81.26	5
Welsh Water	82.92	4
Wessex Water	82.99	3
Yorkshire Water	78.25	11

Based on this information and your own experiences of SES Water, how do you feel SES Water are performing in all aspects of its services, using a scale of 1 to 5 where 1 is very poor and 5 is very good?

- 1 (Very poor)
- 2
- 3 (Average)
- 4
- 5 (Very good)

Over the last three years SES has been working to improve their service and contribute more to the local area and the communities they serve. This has included:

- Becoming the first water company in the UK to roll out smart technology across all its pipes, helping them to detect leaks more quickly, speeding up repairs and reducing how much water is lost.
- Using smart technology to locate the position of burst water mains more quickly and accurately so they can repair them more quickly and reduce any interruptions to customers' water supplies.
- Improving the way they manage the land they own to make it more attractive to a variety of plants and animal life to increase biodiversity – achieving the Wildlife Trust's Biodiversity Benchmark accreditation at two of its largest sites.
- Helping more people who are struggling financially, with nearly 20,000 people now receiving a discount on their water bill.
- Establishing The 'Every Drop Counts' community fund where non-profit organisations can apply for the fund to be used for projects closely linked to water efficiency.
- Building a new educational centre at Bough Beech reservoir in Kent that offers schools and organised groups the unique opportunity to visit a Water Treatment Works and go behind the scenes for free to find out how water is made safe to drink. The educational programme reaches around 4,000 students each year, explaining the important link between water and the environment and how we can all use a little less.



As you saw in the information provided, SES Water is a small, local water company. In some other parts of England and Wales customers are served by much larger companies.

What, if any, do you think the advantages are of having your water supplied by a small, local company?
(Please use as much detail as possible)

- Open response

What, if any, do you think are the disadvantages of having your water supplied by a small, local company? (Please use as much detail as possible)

- Open response



When speaking to other SES Water customers, they identified the following advantages of being supplied by a small, local water company.

On a scale of 1 to 5, where 1 is strongly disagree and 5 is a strongly agree, please rank how much you agree the following are advantages of being served by a small water company:

	1 (Strongly disagree)	2	3	4	5 (Strongly agree)
Ease of contact					
Local area knowledge					
Better and more personal customer service					
Ability to innovate and adapt to new technology					
Larger focus on reducing environmental impact					
Local employees					
Proactive communication about changes					

Below is a list of what other SES Water customers expressed as being the main disadvantages of having their water supplied by a small, local company.

Again, using a scale of 1 to 5, this time where 1 is strongly disagree and 5 is strongly agree, how much do you agree that the following are disadvantages of being served by a small water company?

	1 (Strongly disagree)	2	3	4	5 (Strongly agree)
Smaller employee resource					
Slower response time					
Lack of expertise					
Less funding and access to investment					
Less flexibility in customer bills / higher bills					
More likely to be taken over by another company					



Using a 1 to 5 scale where 1 is a very negative and 5 is a very positive, how do you feel about having your water supplied by a small, local water company?

- 1 (Very negative)
- 2
- 3
- 4
- 5 (Very positive)

When considering all the advantages and disadvantages, would you be prepared to pay a small charge on top of your annual bill to be served by a small, local water company?

- Yes
- No
- Don't know

[If yes] How much do you feel you would be prepared to pay per year on top of your annual bill to be served by a small and local water company?

- 0 – 50p
- 51p - £1.00
- £1.01 - £1.50
- £1.51 - £2.00
- £2.01 - £2.50
- £2.51 - £3.00

Please tell us why you voted X in as much detail as possible.

- Open response



Future bills and level of support for the Small Company

Premium

As well as costs associated with maintaining and improving services, paying its employees and power, SES Water has costs associated with its financing.

All water companies need to borrow money to spread out the cost of big investments over time and help to keep customer bills low. The same way you spread the cost of your house over time with a mortgage.

Water bills include costs associated with the repayment of these loans, which are impacted by inflation, and payments to shareholders who put equity into the business.

For smaller water companies, the cost of borrowing money is higher compared to a larger company. As they don't have as much leverage with the banks to access as favourable terms. A bit like the differences in interest rates you might be offered for a mortgage dependent on your circumstances. This rate is approximately +0.4% higher – or for every £1,000 SES Water borrows, it pays £4 more than a larger water company would.

For this reason, Ofwat, the economic regulator for the water industry who are there to ensure customers' interests are protected, can allow small companies like SES Water to apply for something called a small company premium. This is an extra amount on customers' water bills to take into account that it costs SES Water more to borrow the money they need and helping them to maintain a strong financial position, while continuing to invest in improving services for customers.

SES Water customers currently don't pay any more because they are served by a small company.

How acceptable do you find the concept of a small company premium?

- Completely acceptable
- Somewhat acceptable
- Neither, nor
- Somewhat unacceptable
- Completely unacceptable
- I don't have enough information to make the decision



Please explain in as much detail as possible why you find the concept X

- Open response

SES Water is currently preparing its business plan for 2025 to 2030. This plan will deliver improvements to service, determine how your bills will change over that period and the plan will have to be agreed by the water regulator Ofwat in 2024.

Over the next 5 years, SES Water plan to:

- Reduce leakage by 26% (from 2019/20 levels) by using its smart network to find and fix more leaks and smart meters to help detect them on customers' pipes.
- Continue to reduce the risk of customers supplies being interrupted by reducing burst mains and reacting quickly when they do happen.
- Invest in making its water treatment works more resilient to climate change and installing new treatment facilities where needed to maintain water quality.
- Install smart meters for all households and provide more help and support to customers to reduce their water use.
- Work with farmers and other partners to improve the quality of our local water sources.
- Enhance our local environment by working with nature to improve how water is managed and increase wildlife and biodiversity.

Currently, SES Water customer bills are in line with industry average at **£225** per year. As a result of the investments made within the business plan, the average customer bill is estimated at **£235** per year between 2025 and 2030 (before inflation).

Between 2025-2030, SES Water would like to add an additional £2 on the average bill per year to make up some of the additional cost it incurs to borrow money to help fund its investment programme, deliver improvements to customers', and help maintain its strong financial position. This would mean the average estimated bill would be **£237** between 2025 and 2030.

How acceptable to you is the proposed £2 bill increase for the Small Company Premium?

- Completely acceptable
- Somewhat acceptable
- Neither nor
- Somewhat unacceptable
- Not at all acceptable
- I don't have enough information to make the decision

Please explain your answer in as much detail as possible



- Open response

Thank you for taking part in our survey, your responses are very important to building SES Waters future plans.

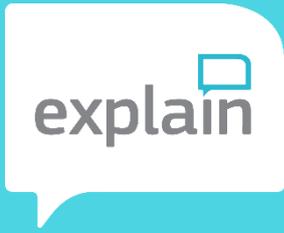
Please fill out the following details and click submit to ensure you enter the prize draw for 1 of 5 £100 Amazon vouchers.

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