



# Ensuring Portsmouth Water's business plan reflects customer views and needs

# Summary

Portsmouth Water is committed to ensuring that all business decisions incorporate the views of its customers and stakeholders, on an ongoing basis.

For its upcoming business planning period (2024 – 2029), Portsmouth Water worked closely with its research partner, Blue Marble, to understand the views of its customers.

This research was used to inform specific investment decisions for Portsmouth Water, as well as the company's wider business plan. This process was reviewed by an independent party, Sia Partners, to ensure that the company's customers have been listened to and that the business has met the key principles of high-quality research.

Understanding what customers want is an ongoing activity for Portsmouth Water. The company's Customer Scrutiny Panel (CSP) ensures that Portsmouth Water customers have been consulted on key issues and that the business takes account of customers' views, particularly on issues which affect customer bills or the service that the company provides to its customers.

Portsmouth Water's business plan was subject to an additional layer of scrutiny through Jacobs Global Consultancy, who ensured that Portsmouth Water had used its research with customers appropriately to inform its investment decisions.

# Table of Contents

4	<b>Why did Portsmouth Water engage with its customers?</b>
5	<b>What was Portsmouth Water's engagement process?</b>
6	Understanding customer views
7	Ongoing customer feedback
8	<b>How were conclusions reached from research outputs?</b>
8	The key takeaways from customers
9	<b>Examples of investment cases for customer feedback</b>
9	Case study 1: Smart metering
9	Case study 2: Leakage
9	Case study 3: Havant Thicket
10	<b>Independent review of research</b>
10	Independent review overview
11	<b>How the business plan was challenged?</b>
11	The Customer Scrutiny Panel review
11	The RED Team review
11	Your Water Your Say
12	<b>Ofwat Customer Engagement Requirements</b>

# Why did Portsmouth Water engage with its customers?

Looking ahead, the company must ensure water supplies are secure, sustainable and resilient to future pressures, such as climate change and demographic shifts. When developing its business plan for 2024-29, Portsmouth Water wanted to understand its customers' current needs

and identify how customers want the company to plan for the future. Customer engagement and research allows Portsmouth Water to understand the views of its customers in a sophisticated, detailed way. Compared to its last business plan (for 2019-2024),

Portsmouth Water has improved its processes for engaging with its customers and integrating the feedback it receives, helping to ensure customer opinions are heard and understood.



“Customer engagement is in the DNA of Portsmouth Water. We are a small and community-centred company who want to listen to our customers and ensure our investment cases match their priorities.”

*Dr. Lara Stoimenova, Non-Executive Director,  
Portsmouth Water Board member*



# What was Portsmouth Water's engagement process?

Portsmouth Water adopted a three-stage approach to make sure its customers' views are reflected in its plans for the future. This included three key phases of customer engagement which fed into its business plan, ensuring that this best serves Portsmouth Water's customers and communities.

## Phase 1 – Understanding priorities:

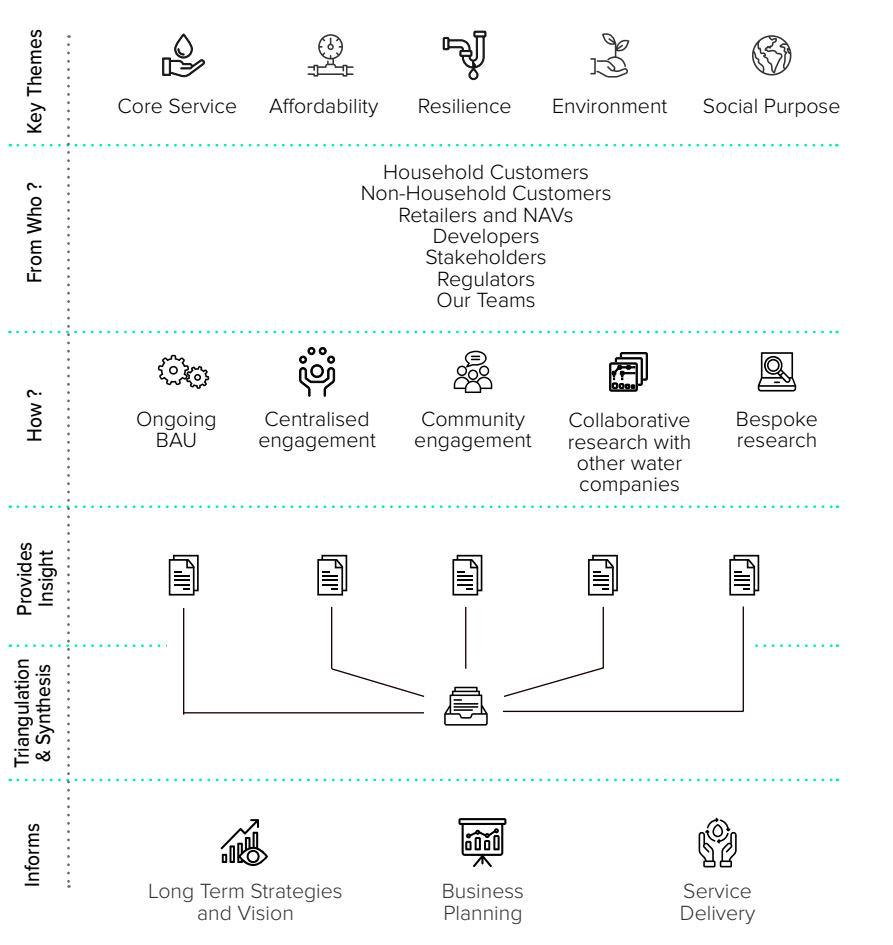
Focused on ensuring customer priorities and preferences were explored in detail.

## Phase 2 – Plan Choices:

Customers were presented with real activities and outcomes that they could meaningfully influence and preferences were explored.

## Phase 3 – Acceptability and affordability testing:

Assessed customers' views on potential changes to the service that Portsmouth Water provides, as well as on the potential impact of bill increases. Acceptability and affordability testing is now a standardised approach across all water companies, to ensure there is transparency and comparability across the industry.



# Understanding customer views

At the end of the previous business planning cycle (2019-2024), the economic regulator for water, Ofwat, provided feedback that Portsmouth Water's customer engagement programme needed improvement. Subsequently, when developing its business plan for 2024-2029, Portsmouth Water decided to put customer needs at the heart of its new business plan, with much greater emphasis on customer research.

Portsmouth Water partnered with [Blue Marble](#) (an independent market and social research agency) to conduct research with customers and which operates under a strict code of conduct

that ensures its research is robust and neutral. Blue Marble worked closely with Portsmouth Water to design and deliver a wide-ranging research programme to understand customers' views in depth.

In addition to the research required by the regulator to inform Portsmouth Water's overall business plan, Blue Marble were also asked to conduct specific studies on issues known to be contentious with some customers, such as the smart metering programme.

Over a two-year period, Portsmouth Water engaged with a total of 7,900 customers as part of this programme. This included 26 key insight reports based on

new research with customers, as well as analysis of a further 50 published reports to gain relevant insight on customers' preferences to inform the company's business plan.

Portsmouth Water, in conjunction with Blue Marble, have delivered a high-quality engagement programme that considers both customer and other stakeholder wishes and delivers significant improvements against key performance commitments, in particular those highlighted by customers as the most important to them – leakage, supply interruptions, mains repairs and managing demand.



“We mapped out the ‘customer conversations’ Portsmouth wanted to have with its customers at the outset. This became the basis of a rolling collection of customer insight. From the start we were building a structured register of evidence and knew exactly where any gaps were.”

*Emma Partridge,  
Owner/ Director, Blue Marble*



BLUE MARBLE

# Ongoing customer feedback

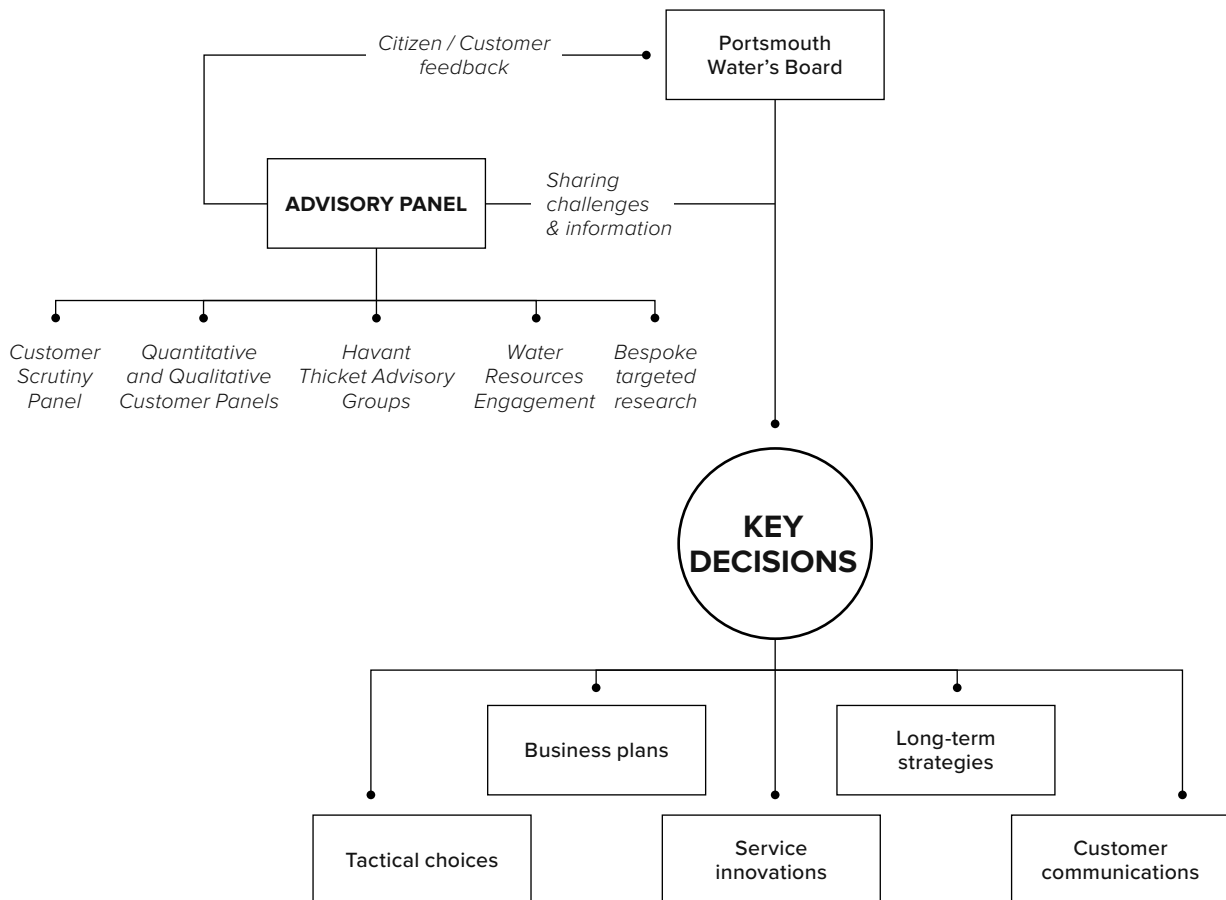
Since the last business planning period, there has been a step-change in how Portsmouth Water has engaged with its customers. It is now an ongoing and continuous process via the Consumer Panel Barometer and the Customer Advisory Panel (CAP).

The CAP uses an 'expert' sample of Portsmouth Water's customers and future customers for ongoing research. This

panel is used to consult customers on the long-term vision and business plan choices. In the most recent feedback from the CAP, customers were found to have reacted very positively to Portsmouth Water's performance when compared to others.

Ongoing research will also continue through the Consumer Panel Barometer, a larger group of customers who are

regularly surveyed to inform Portsmouth Water's thinking on its priorities, business plans, strategic direction or policy developments, and ensure continued and authentic engagement with customers.





# How were conclusions reached from research outputs?

Following the previous business planning cycle (2014-2019), Portsmouth Water were challenged on both how it had reached conclusions from its research and the lack of independent review of the plan. Consequently, for the current business plan, Portsmouth Water has

ensured greater transparency on how customer views and research were used to inform the business plan through [Jacobs Global Consultancy](#).

Jacobs, as the external review framework partner, assessed whether Portsmouth Water had effectively used the research

and customer insights within its decision-making. It also ensured the business plan had been drawn from multiple stakeholders with differing positions and viewpoints.

## The key takeaways from customers



### Support for the plan

Despite the current financial environment, 76% of customers found the proposed plan for water supply services acceptable and only 28% of customers said the proposed plan would be difficult to afford, a 10% improvement on the average score across the water companies.

### Acceptability and affordability feedback

*“I have never experienced any issues with Portsmouth Water and am satisfied with the rates being charged and cost.”*

*“Our water is reasonably priced and there are very rarely any restrictions such as hose pipe bans etc.”*



# Examples of investment cases for customer feedback

In assessing the engagement reports and responses, [Sia Partners](#) found that smart metering, leakage and the replacement of lead pipes were popular topics of conversation for Portsmouth Water customers. Portsmouth Water undertook specific and in-depth consultation about these projects with its customers to gather their views and ensure its customers approved and endorsed these plans. Whilst not a regulatory requirement for the current business planning period, Portsmouth Water also sought and collated further customer insights on the Havant Thicket infrastructure project.

## Case study 1: Smart metering

Portsmouth Water aims to rollout their smart meter programme, with 94% of customers receiving a smart meter by 2035, and the current intention is to install 130,000 meters in the first five years. Homes which already have normal meters (35% of households) will have theirs replaced with smart ones, as will all non-household customers. This is expected to reap benefits for customers such as savings, leakage alerts and water-saving audits and advice.

### How customer views were incorporated in the business plan:

The Customer Advisory Panel (CAP) found 7 out of 10 customers supported universal smart metering. Whilst immediate anxieties were often felt from customers around smart metering programmes, research showed that after the necessary conversations and outreach had been made with customers, there was often resounding support for smart meters especially when safeguards were provided for the

financially vulnerable. Overall, insights from research showed customers felt metering was seen as a fair basis for bills, especially in the context of the environmental challenges facing the water sector.

## Case study 2: Leakage

Portsmouth Water is working towards halving leakage (from a 2018 baseline) by 2040, 10 years ahead of government targets. To drive leakage down further, Portsmouth Water have three approaches, from countering natural breaks from harsh weather and an ageing network; pressure optimisation and reducing customer leaks as part of the smart metering programme.

### How customer views were incorporated in the business plan:

Several pieces of early research supported the need for Portsmouth Water to reduce leakage as a key part of its plan. The insight from the Water Resource South East (WRSE) and Plan Choices showed some customers wanted Portsmouth Water to show greater urgency and ambition in this area than even the high investment options presented to customers.

The Customer Advisory Panel (CAP) found investment in leakage with or without smart meters is important for customers. The CAP found customers believe the delivery of high quality, reliable and sustainable water supplies should be a key priority for Portsmouth Water as an investment case. The panel also found customers consider investment to reduce leakage important due to growing environmental challenges.

## Case study 3: Havant Thicket

Havant Thicket reservoir is the first new reservoir to be built in a generation and the additional supplies and resilience will play a key role in protecting the internationally-rare chalk streams, the Itchen and Test Rivers in Hampshire.

### How customer views were incorporated in the business plan:

A Portsmouth Water-led customer communications and engagement strategy for water recycling has been developed to raise awareness about water recycling among Portsmouth Water's customers and stakeholders. This involves a range of activities taking place from October 2023, building up to Southern Water's consultation on the Hampshire Water Transfer and Water Recycling Project proposals in Spring 2024.

The communication and engagement plan has been shaped by the findings from customer research to identify the main areas of interest and concern about water recycling. Customers thought building a new reservoir sounded like a good idea overall, particularly in providing an additional source of water in the area to ensure future supplies. However, customers still require more specific information about the impact of the new reservoir, such as the social and environmental impact, the construction time, and how much it would cost.

To ensure ongoing insights are collected, a dedicated Water Recycling Stakeholder group has been set up to shape the development of communication materials. The materials include new water recycling webpages on the [Havant Thicket Reservoir website](#), which provides further information on the project and creates a space for questions and comments to be submitted for response.

# Independent review of research

## Independent review overview

Water companies are expected to invite an independent review not only of the quality of the customer engagement but also to ensure customers' views have been appropriately taken into account. Portsmouth Water subsequently asked [Sia Partners](#) to carry out an assurance of its customer engagement programme across two areas, the overall engagement quality and the use of customer engagement evidence.



A. Robustness of insights across Core Insight Areas

Assessment and scoring of customer core insight areas collected by Blue Marble and Sia Partners independently provided recommendations for improvements.



C. Assessment of applied triangulation and insight synthesis approach

Sia Partners assessed Portsmouth Water's approach to combining different evidence sources, identifying tensions and an assessment in how the conclusion was reached.

## Review of overall engagement program quality

Sia Partners' review focused on assuring Portsmouth Water's approach to engagement, ensuring it met the required standards and provided an appropriate coverage across important topic areas.



B. Assessment of key sources against Ofwat requirements

Sia Partners provided scores for each piece of research commissioned by Portsmouth Water against the criteria for high-quality engagement and provided recommendations for improvements.



D. Acceptability and affordability testing

Sia Partners provided a review of acceptability and affordability testing ensuring the methodology and stimulus materials given to customers all meet regulatory standards.

## Review of engagement use

Sia Partners also assured how Portsmouth Water used the customer evidence collected to reach appropriate and balanced decisions.



# How the business plan was challenged?

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## The Customer Scrutiny Panel review

The Portsmouth Water Customer Scrutiny Panel (CSP) includes external, sector experts who meet twice a year to challenge Portsmouth Water plans and scrutinise its performance against set targets.

The CSP ensures the plan takes account of customers' views, particularly on issues such as bill and service impacts, placing them at the centre of its business planning process.

## The RED Team review

In the recent business planning process, teams were utilised across the board to review, contribute and scrutinise Portsmouth Water's business plan and investment cases.

The RED team was specifically created by Portsmouth Water to challenge the recent business plan. It included external CEO's, water resource planning experts, customer engagement specialists, and cost consultants.

It ensured constructive questioning of the business planning to guarantee it considers customer views, particularly on issues which impact the services the customer receives and the level of investment in programmes.

## Your Water Your Say

Regular 'Your Water Your Say' meetings take place in Spring and Autumn 2023 to allow customers and stakeholders to question and challenge Portsmouth Water plans. Customer questions will cover water company plans and activities and could cover the service the company provides, its impact on the environment, what will happen to water bills and other important topics.



# Ofwat Customer Engagement Requirements

Not only is customer engagement important for Portsmouth Water to ensure the business plan reflects what the customers want, it is also a requirement and expectation of the water regulator, Ofwat.

The regulator expects companies to ensure its customer engagement programme is of high-quality and that customers' views have been appropriately taken into account when developing the business plan and long-term delivery strategies.

It was Sia Partners' conclusion from the three phases of our independent assurance review that the engagement programme had been well-designed and delivered to a high-quality that met Ofwat's standards.

## USEFUL AND CONTEXTUALISED

Research should have practical relevance. It should be clear why the research has been undertaken, to what it will contribute and how.

## NEUTRALLY DESIGNED

Research should be designed and delivered in a way that is neutral and free from bias.

## FIT FOR PURPOSE

The research sample and methodology should be appropriate for the research objectives.

## INCLUSIVE

Research should include different audiences and socio-demographics, considering local or regional or national populations, business customers and business retailers.

## ETHICAL

Research should be conducted in line with the ethical standards of a widely recognised research body – such as the Market Research Society or the Social Research Association.

## SHARED IN FULL WITH OTHERS

Research findings should be published and shared in full, as early as possible with as wide an audience as possible.

## INDEPENDENTLY ASSURED

Research should be reviewed by individuals or groups that are independent of water companies. Those reviewing research should have a range of relevant skills and experience and feel confident and able to challenge on all elements of research.

## CONTINUAL

Companies' research programmes should be continual, enabling day-to-day insight gathering, as well as specific and relevant research for informing business plans and long-term delivery strategies.

# About Sia Partners

Sia Partners is a next-generation management consulting firm and pioneer of Consulting 4.0. We offer a unique blend of AI and design capabilities, augmenting traditional consulting to deliver superior value to our clients. With expertise in more than 30 sectors and services, we optimize client projects worldwide. Through our Consulting for Good approach, we strive for next-level impact by developing innovative CSR solutions for our clients, making sustainability a lever for profitable transformation.

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