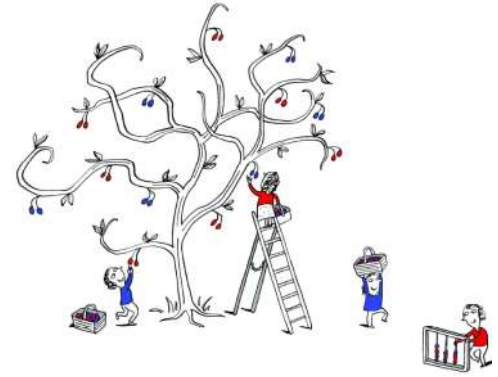


Anglian Water 13G. ACCEPTABILITY TESTING: OUTLINE BUSINESS PLAN





Acceptability Testing: Outline Business Plan

Final Quantitative Data

Contents

1 Background & method

2 The big questions

3 Climate change

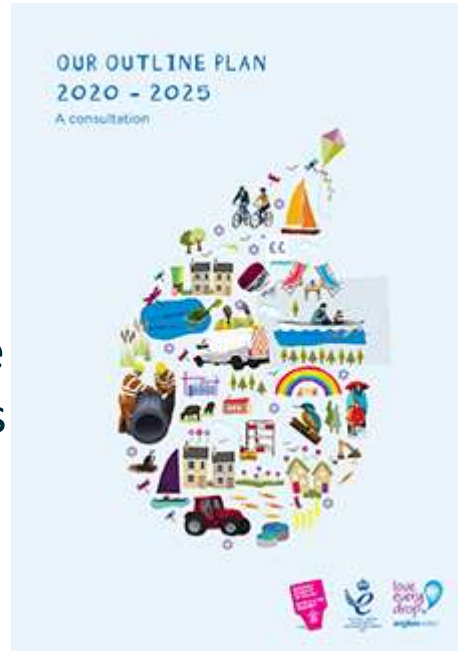
4 BP investment

5 Customer priorities

6 Stretching goals

Background

- Anglian Water, the largest geographical water and water recycling company in England and Wales, has commissioned Accent to undertake research on the acceptability of their plans to customers



- Phase 3 of Acceptability Testing sought customers' views on the outline Business Plan which sets out AW's plans for the next five years. It's important to ensure that this plan matches the expectations of Anglian Water's customers.

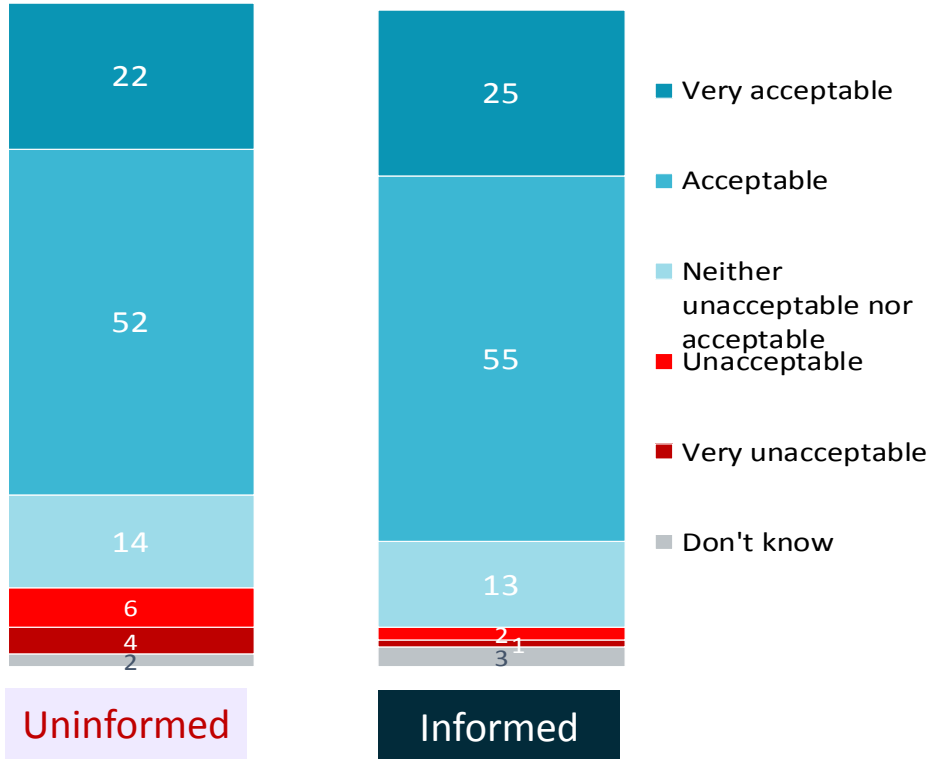
Acceptability Testing: Outline BP

- Outline Business Plan tested with HH and NHH customers
 - 1,619 interviews with HH customers
 - 1,002 in the AW dual supply area
 - 200 in the E&SW waste water supply area
 - 217 in the Cambridge Water waste water supply area
 - 200 in the Hartlepool Water supply area
 - Half conducted by telephone and half online via a commercial panel
 - 500 with NHH customers
 - All telephone from sample provided
 - Average interview length = 35 minutes
- Quotas were set to ensure that the overall dataset was representative of AW/HW customers (age, SEG and gender)
- HH data weighted to latest Census data for age, SEG and gender for the supply areas.

The big questions

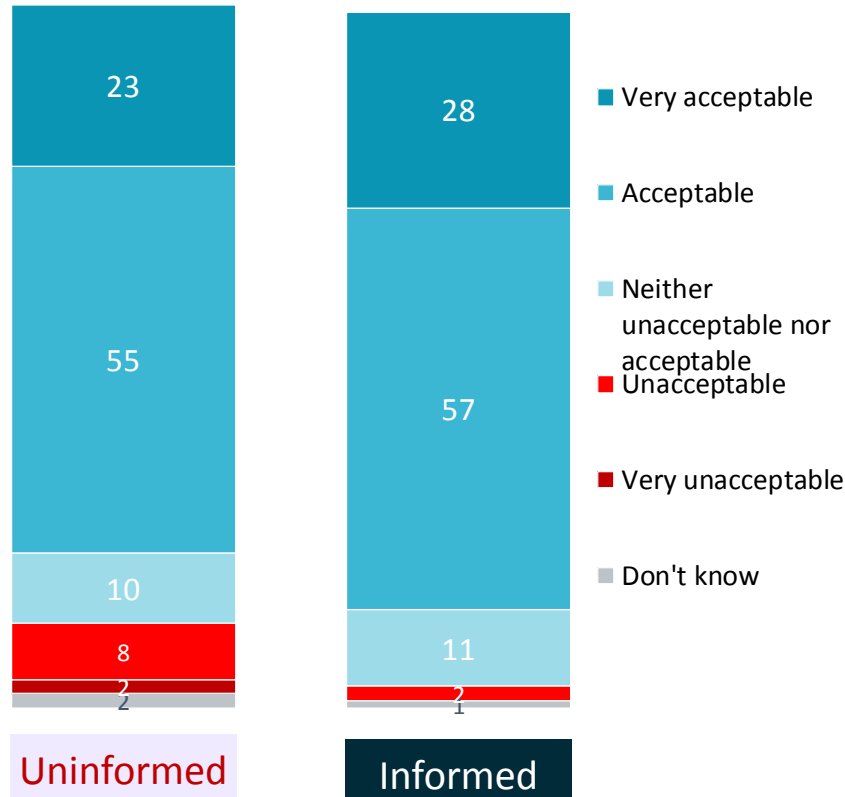
BP acceptability: uninformed vs informed

HH



- Acceptability increases by 6% once informed
- Who finds the plan most acceptable?
 - Hartlepool Water customers (significantly more likely to say very acceptable than other regions both uninformed and informed)
- Who is most likely to find the plan unacceptable?
 - Eco Economisers & Protective Provincials (significantly more likely than all other segments to say very unacceptable both uninformed and informed)

BP acceptability: uninformed vs informed



- Acceptability increases by 7% once informed
 - Businesses with high annual water consumption or large bills significantly more likely to say very unacceptable than those with low consumption or small bills (uninformed)
 - 'Energy or Water Supply & Service' sector significantly more likely to say very unacceptable than 'Wholesale and Retail Trade' and 'Government, Health & Education' sectors (uninformed)

A taste of what drives acceptability

All looks good and setting the bar quite high.

Always trusted them and what they have done to be acceptable.

Although I can't compare or gauge how stretching these goals are when compared to competitors as I'm not an industry observer, I do believe all the goals identified to be worthwhile and with significant tangible value. I think these plans are honourable and should press ahead.

All good stuff - hope they are attaining to environment needs and that there is no wasting of water. Pleased they are doing work to address this and reach performance targets. I have a problem with the incentive scheme. I think that if a company should be incentivised by improving it should be by efficiency to increase profitable without increasing customer bills.

Should reduce cost and improve performance. It's in customer interest for company to not meet targets so bills are decreased and surely that is ridiculous.

Anglian Water is committed to address the most important issues & provide the best service

And what drives unacceptability

Although I understand the problems facing the company regarding increasing housing and climate change my primary concern is the cost of my water and sewage bills.

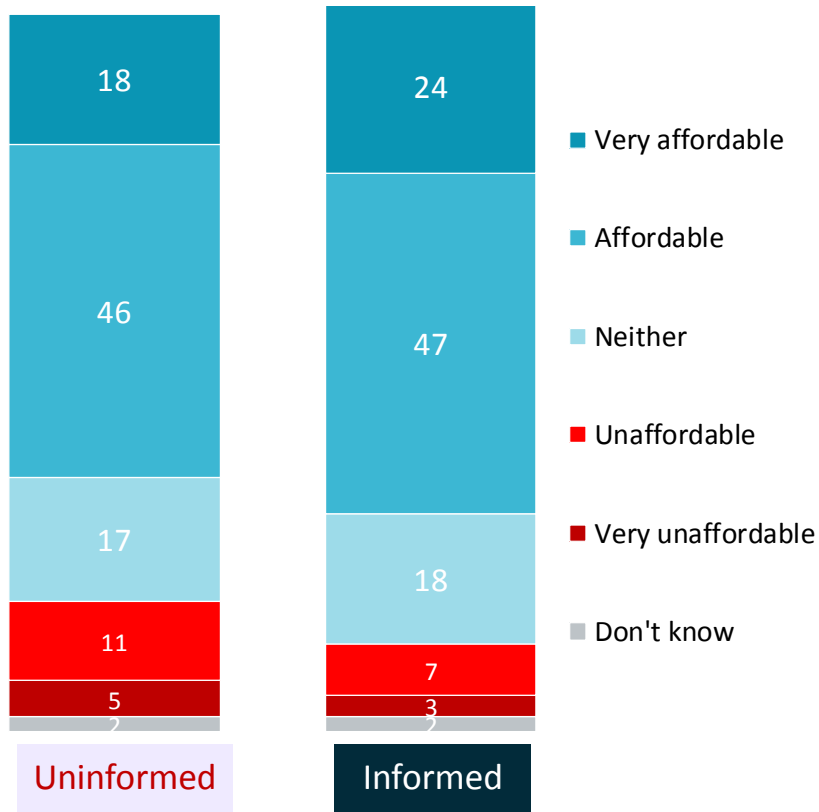
Anglian should have been investing more for years instead of making huge profits

Anglian Water are a profit making business so their prime motivator is profit. Can we be sure that bill increases are purely for improvements and investments for things like climate change.

Anglian Water seems to want to do a lot. Do they have the resources for it all?

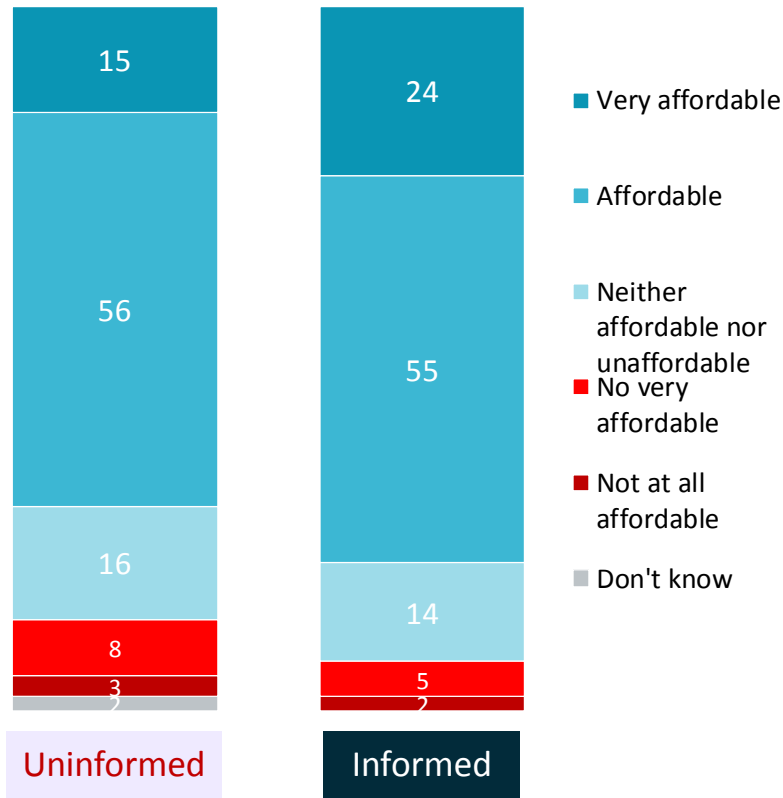
BP affordability: uninformed vs informed

HH



- Perceived affordability increases by 7% once informed
- There are some significant differences by region and segment:
 - Hartlepool region more likely to say very affordable than Anglia, Cambridge, Essex & Suffolk water
 - Family First and Tech Savvies most likely to say very affordable

BP affordability: uninformed vs informed

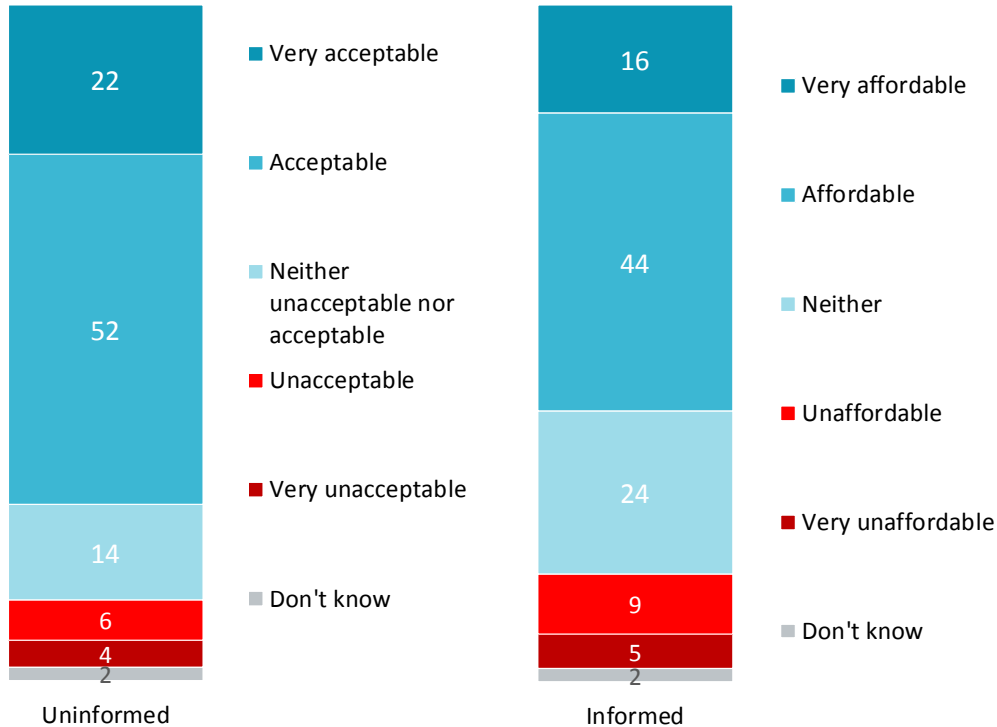


- Perceived affordability increases by 8% once informed
- There are some significant differences by sector and spend:
 - 'IT & Communication' sector more likely to say not very affordable than 'Manufacturing', 'Wholesale & Retail Trade' and 'Finance & Insurance Activities' sectors (uninformed)
 - Businesses with large bills more likely to say not at all affordable (uninformed) and unaffordable/very unaffordable (informed) compared to those with small and medium sized bills

BP RORE acceptability: uninformed

BP RORE affordability: informed

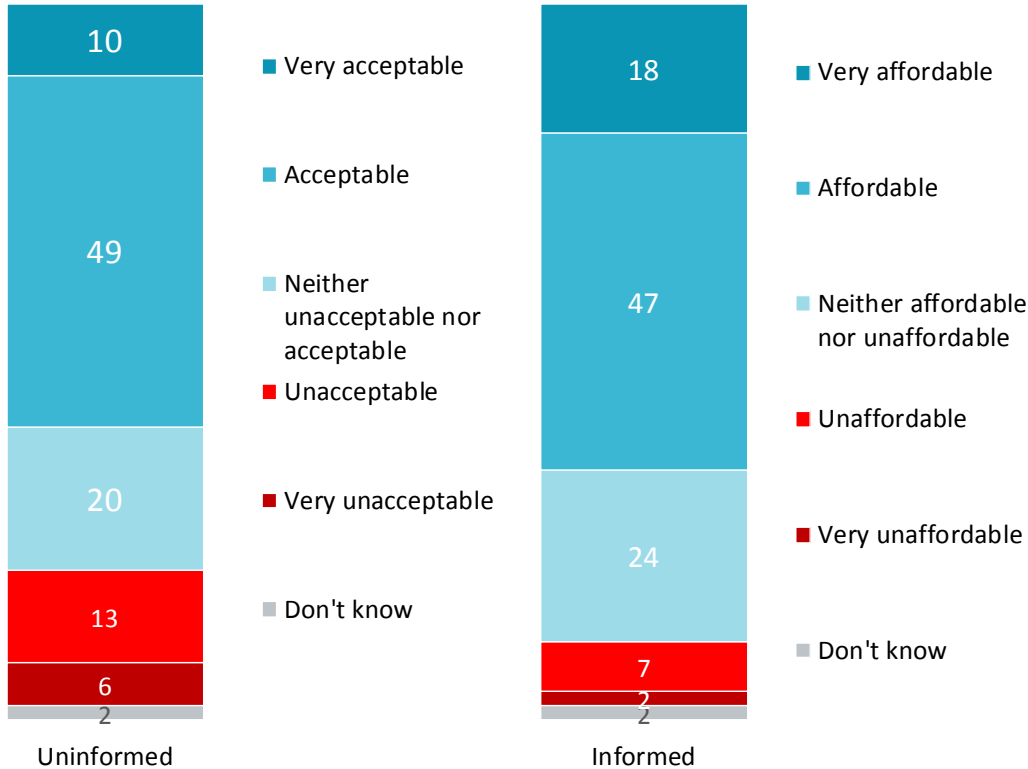
HH



- Uninformed acceptability of +/- £20 per annum stands at 74%
- A further 14% reported this was neither acceptable nor unacceptable
- Informed affordability stands at 60% with a further 24% stating it is neither affordable nor unaffordable

BP RORE acceptability: uninformed

BP RORE affordability: informed



- Uninformed acceptability of +/- £20 per annum stands at 59%
- A further 20% reported this was neither acceptable nor unacceptable
- Informed affordability stands at 65% with a further 24% stating it is neither acceptable nor unacceptable

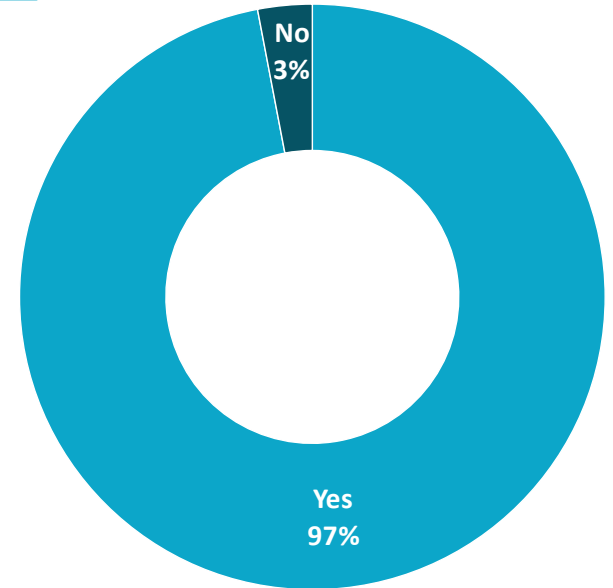
Customers understand the impact of inflation on bills

More than 95% of customers say that they understand the impact of inflation on bills:

HH



NHH

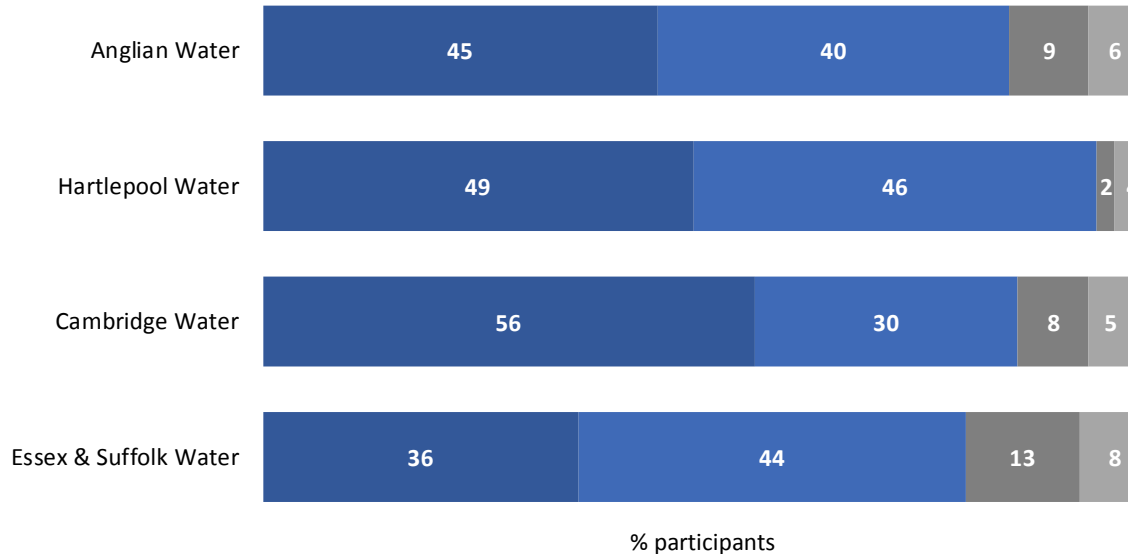


Responding to Climate Change

Overall, customers prefer costs to be reflected in bills as work is undertaken

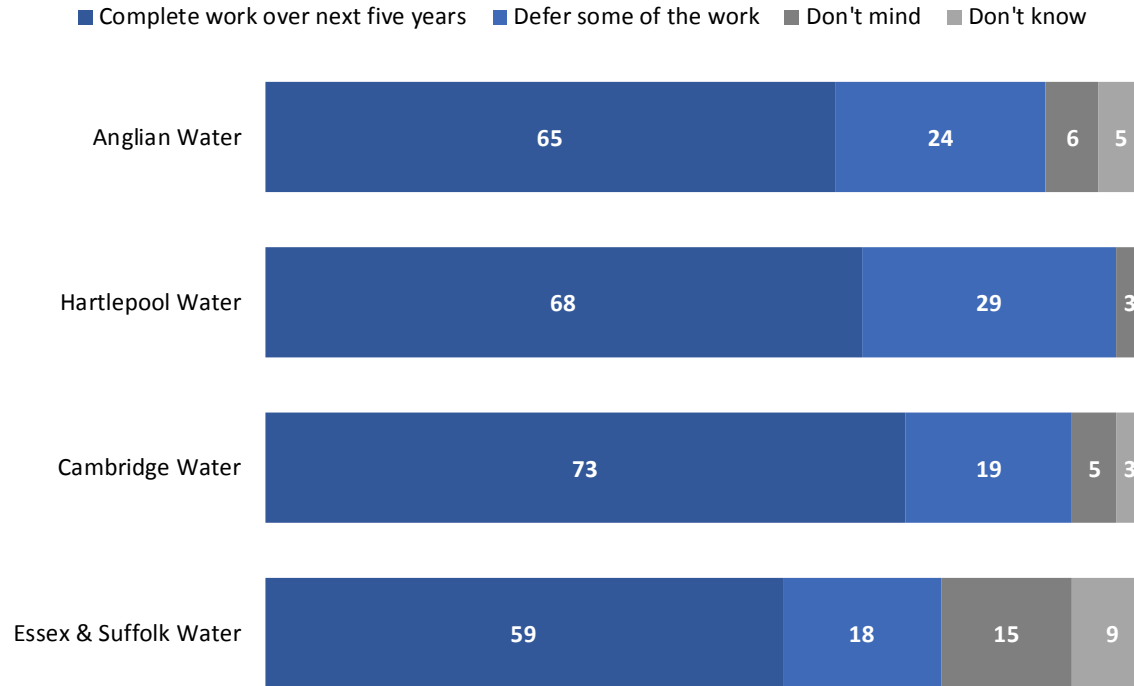
However, there are preferences between regions and segments

- Cost is reflected in bills as it's being undertaken over the next five years
- Cost is reflected in bills for a longer period than the work will take to complete
- Don't mind
- Don't know



- Anglian and Cambridge regions significantly more likely than Essex & Suffolk to prefer costs to be reflected in bills as work is undertaken
- Hartlepool region significantly more likely than Cambridge to prefer bill increase over a longer period
- NHH:
 - 46% over next five years
 - 50%: cost reflected over longer period

Majority of customers want the work to be completed over the next five years

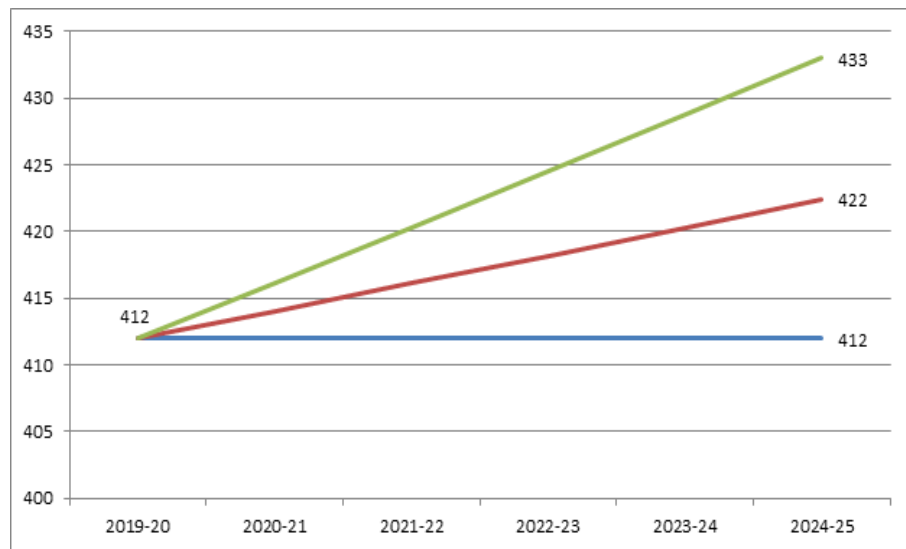


■ NHH customers:

- 75% want work to be completed over the next five years

Intergenerational Bill Response

The options presented to customers

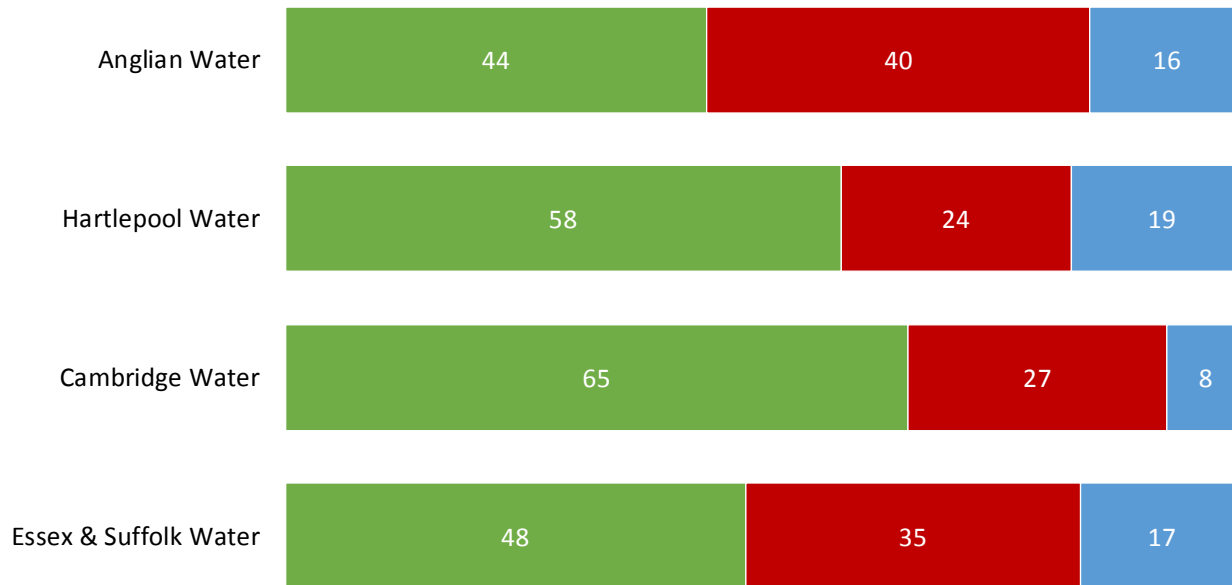


- Green line – a potential increase of £21 over 5 years from 2020 to 2025 that would allow Anglian Water to implement all of the investments set out in their Business Plan. From 2026 to 2030 customers' bills would stay at £433 as all the required investments have been made and paid for over the previous 5 years
- Red line – a potential increase of £10 over the period 2020-2025 that would allow some but not all investments to be made or some of the cost of these investments to be applied to customers' bills at a later date. After 10 years customers bills will have risen from £422 to £433 to pay for the investments needed.
- Blue line – no potential bill increases over the period 2020-2025 but investment would be deferred which could make them more costly. After 10 years customers bills will have risen from £412 to £433 to pay for the investments needed to support increase of £10

On balance HH customers prefer to have all investments made and paid for over AMP7

HH

- Green line - a potential increase of £21 over 5 years
- Red line - a potential increase of £10 over 5 years
- Blue line - no potential bill increases over the 5 years



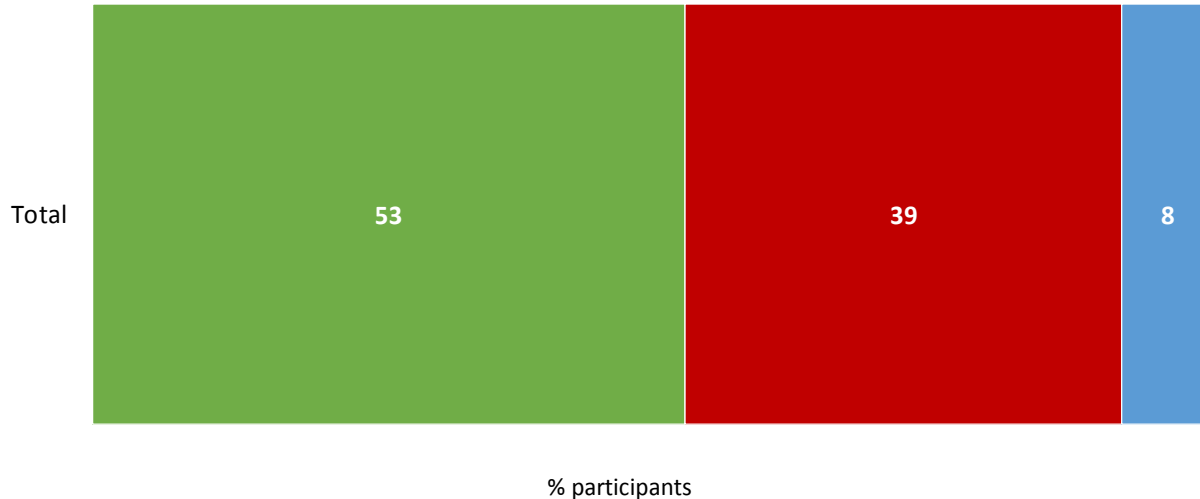
- Cambridge region significantly more likely than Anglian and Essex & Suffolk to support increase of £21
- Anglian region significantly more likely than Hartlepool to support increase of £10

% participants

And this is reflected in the views of NHH customers



- Green line - a potential increase of £21 over the period 2020-2025
- Red line - a potential increase of £10 over the period 2020-2025
- Blue line - no potential bill increases over the period 2020-2025

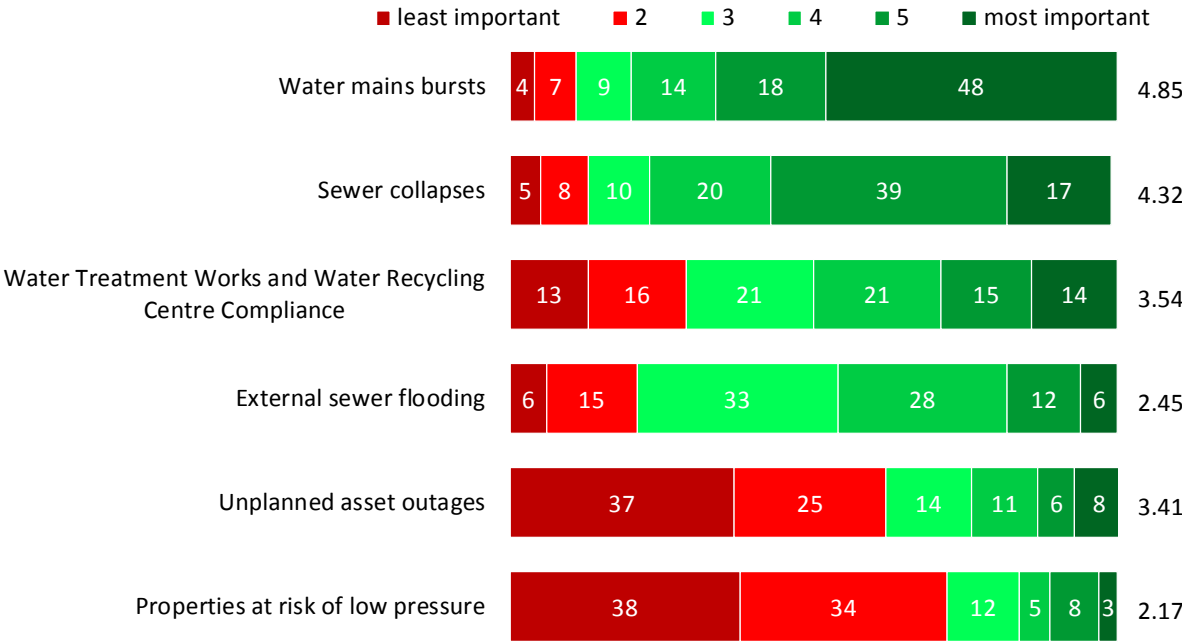


- More than half support an increase of £21; this is unanimous across all business sizes
- Only two sectors support a £10 increase (findings NS):
 - Agriculture, forestry & fishing
 - Transport & storage
- Organisations with higher annual water consumption prefer a £10 increase (findings NS)

Customer priorities

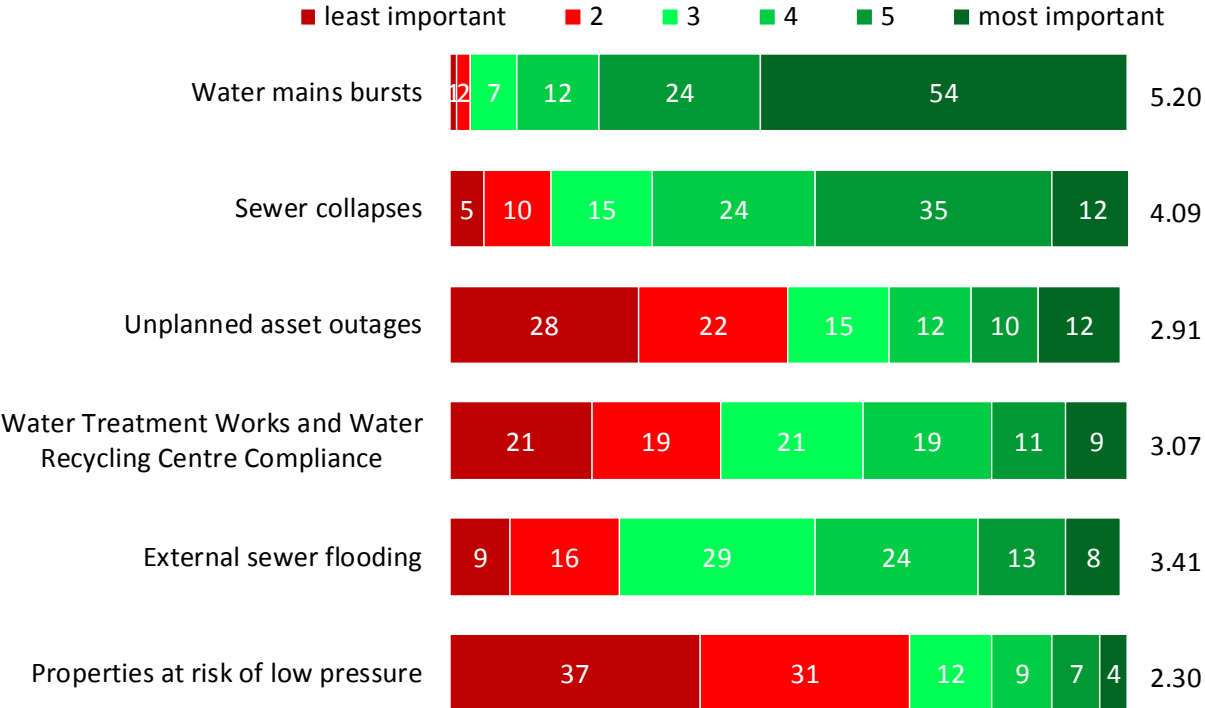
Service areas

HH



- Water mains bursts rated as most important service area; this was unanimous across all segments and regions with some significant differences:
 - Careful Budgeters more likely than Family First to rate this as most important
 - Essex & Suffolk Region significantly more likely than Anglian, Hartlepool and Cambridge water to rate as most important

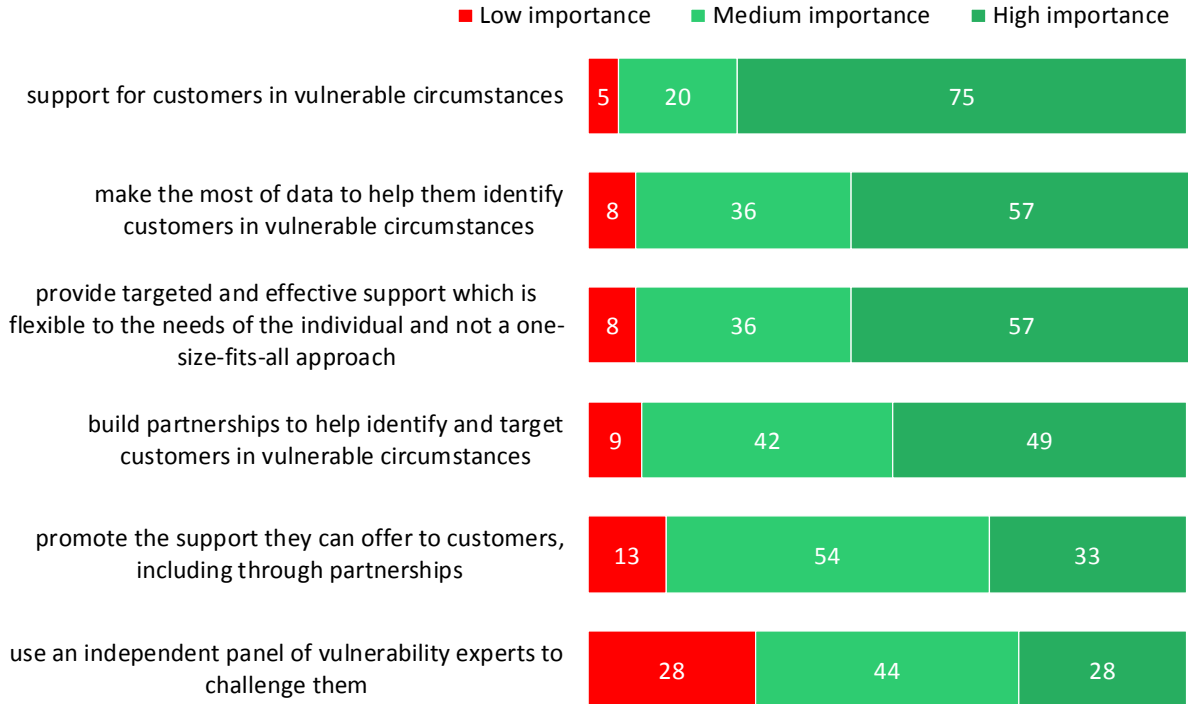
Service areas



- Water mains bursts rated as most important service area
- This was unanimous across all business sizes and sectors, except for 'IT & Communication' sector who prioritised Water Treatment Works and Water Recycling Centre Compliance

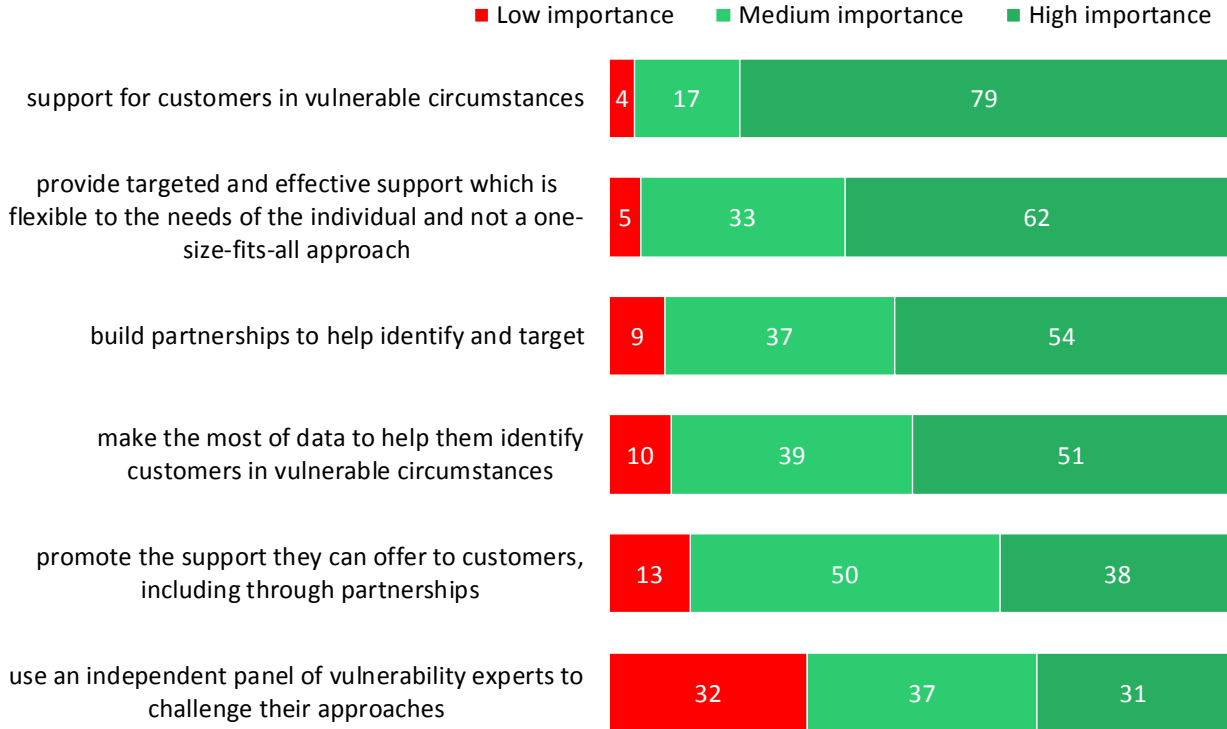
Vulnerable customers

HH



- Customers across all regions consider support for customers in vulnerable circumstances to be highest priority
- Family First is the only segment not to judge this measure as most important, and instead prioritise targeted and effective support which is flexible

Vulnerable customers



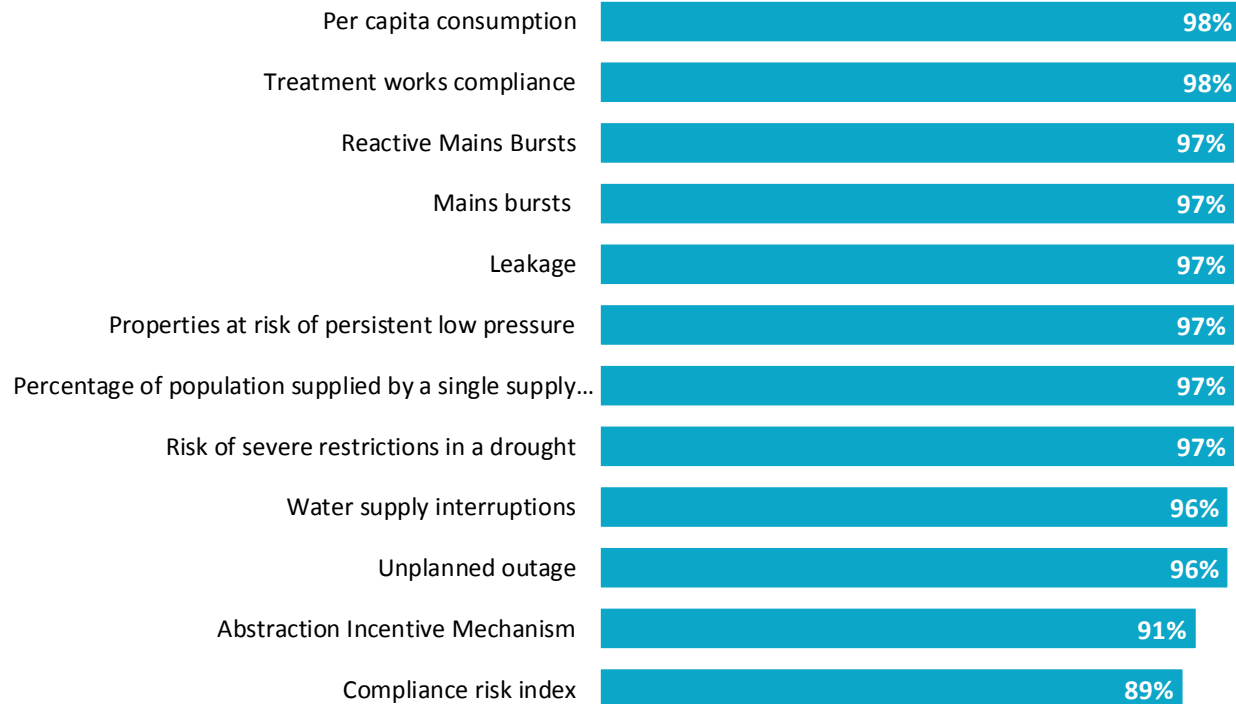
- Businesses of all sizes and across all sectors consider support for customers in vulnerable circumstances to be highest priority
- ‘Production & construction’ business sectors significantly more likely than ‘Services’ to rate this measure as medium importance

Performance Commitments

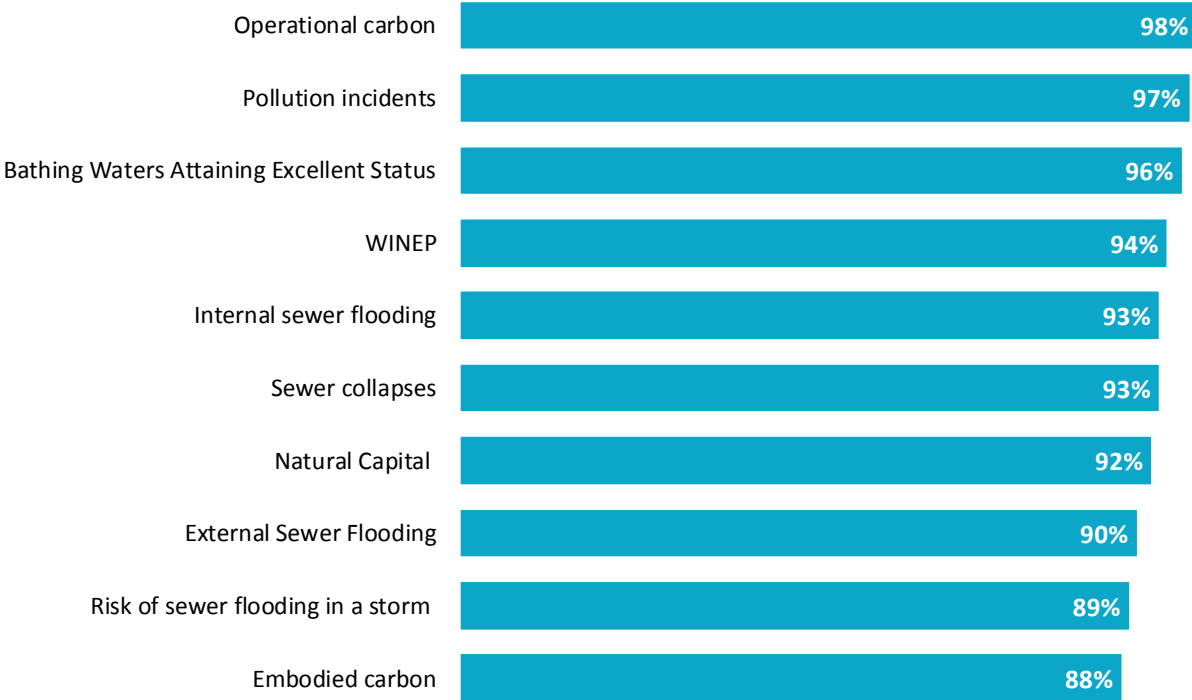
Understanding of **water measures**

HH

The majority of customers understand what each of the measures are:



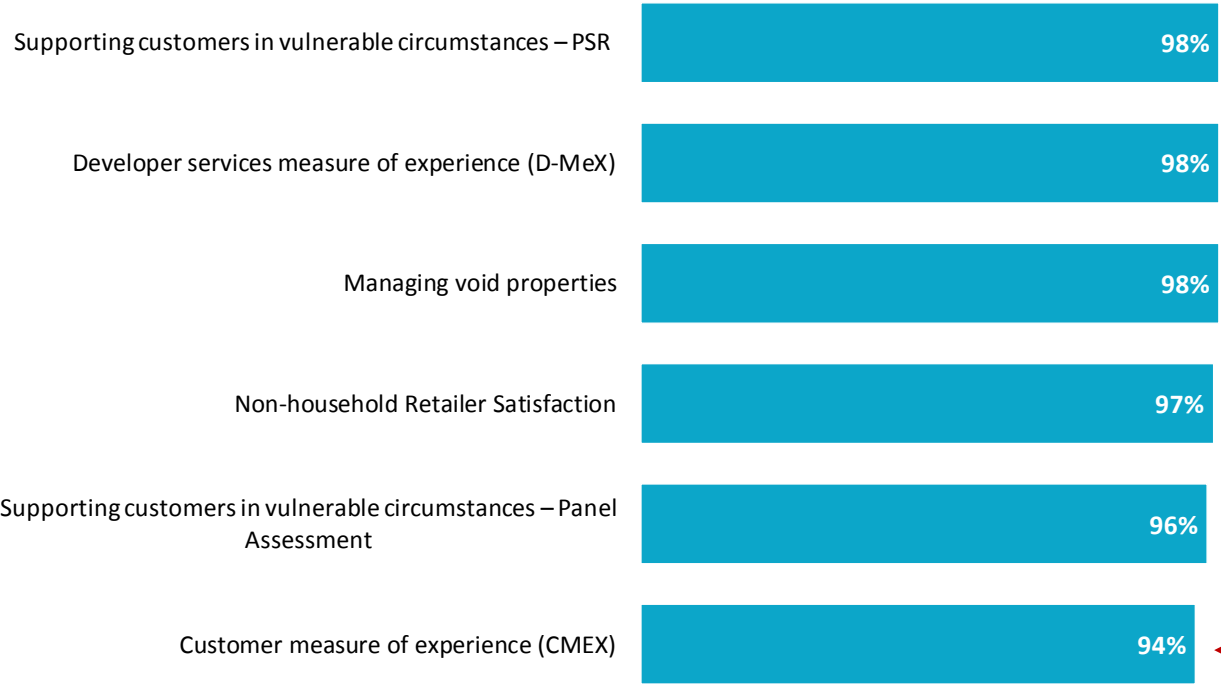
Understanding of **water recycling** measures



- Family First segment significantly more likely than the Economisers to understand internal sewer flooding
- However, Family First segment least likely to understand external sewer flooding, risk of sewer flooding in a storm and embodied carbon
- Cambridge region significantly more likely than Anglian to understand external sewer flooding
- Anglian region significantly more likely than Essex and Suffolk region to understand operational carbon

Understanding of **customer service** measures

HH

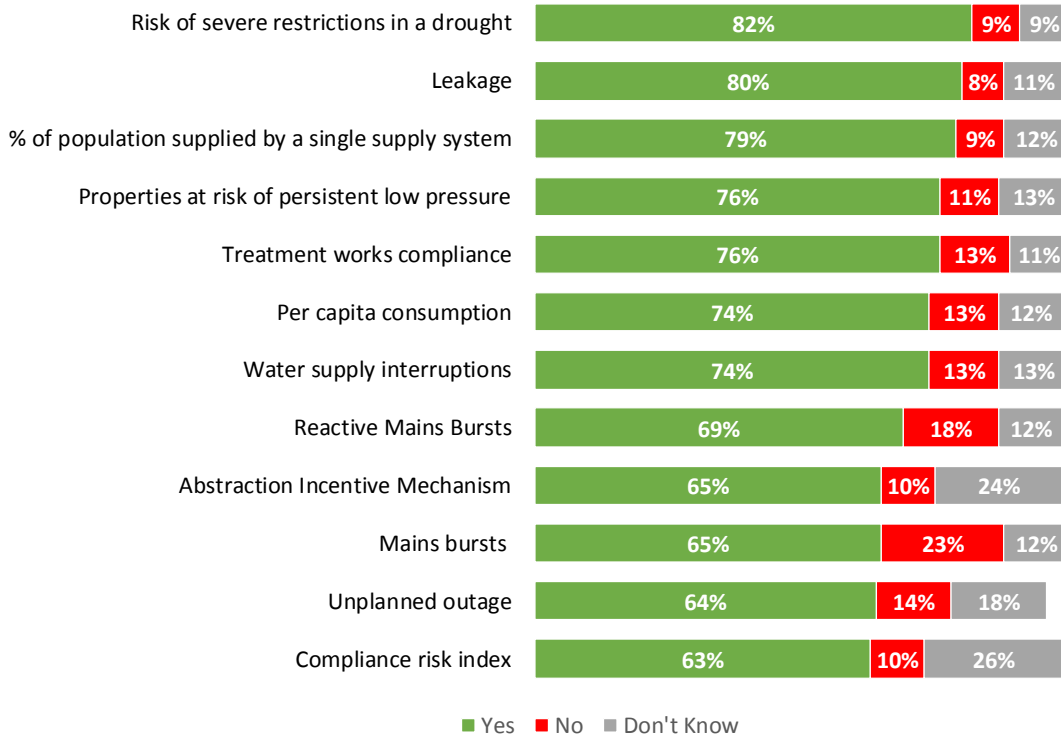


Tech-savvies more likely to understand measure than Protective Provincials



Whether **water** targets are sufficiently stretching

ALL HH

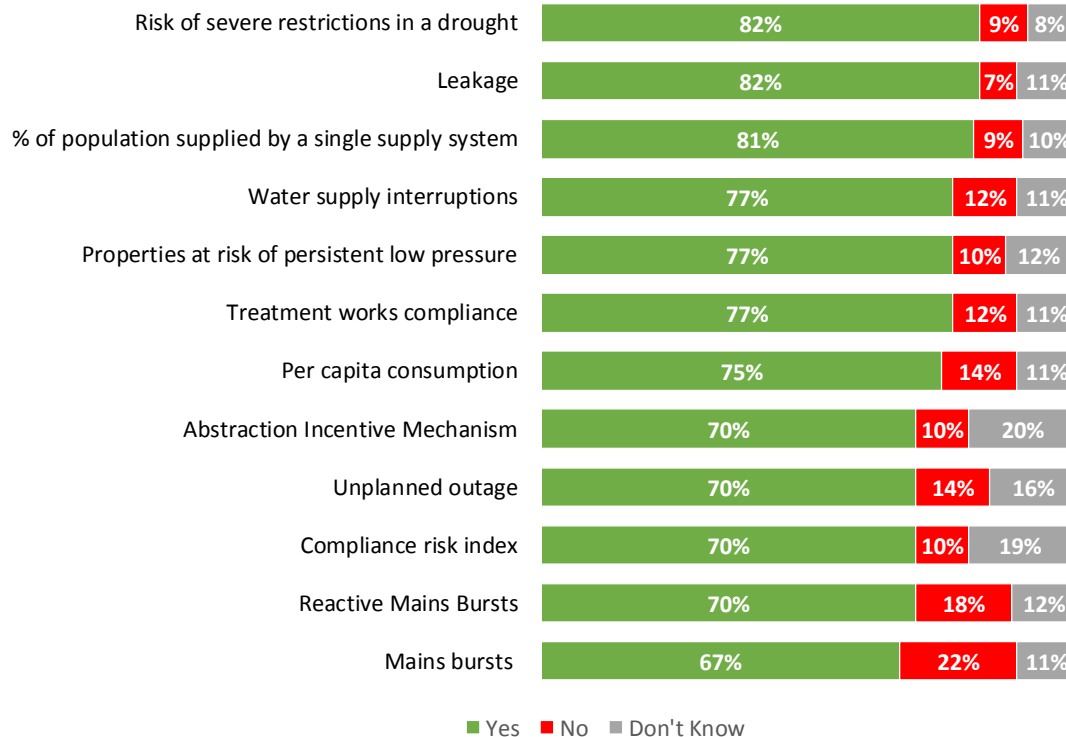


■ Hartlepool region significantly more likely than Anglian to say that targets are sufficiently stretching for 6 of the measures:

- Abstraction incentive mechanism
- Unplanned outage
- Percentage of population supplied by single supply system
- Properties at risk of low pressure
- Compliance risk index
- Water supply interruptions

Whether **water** targets are sufficiently stretching

HH: those who understood the measure

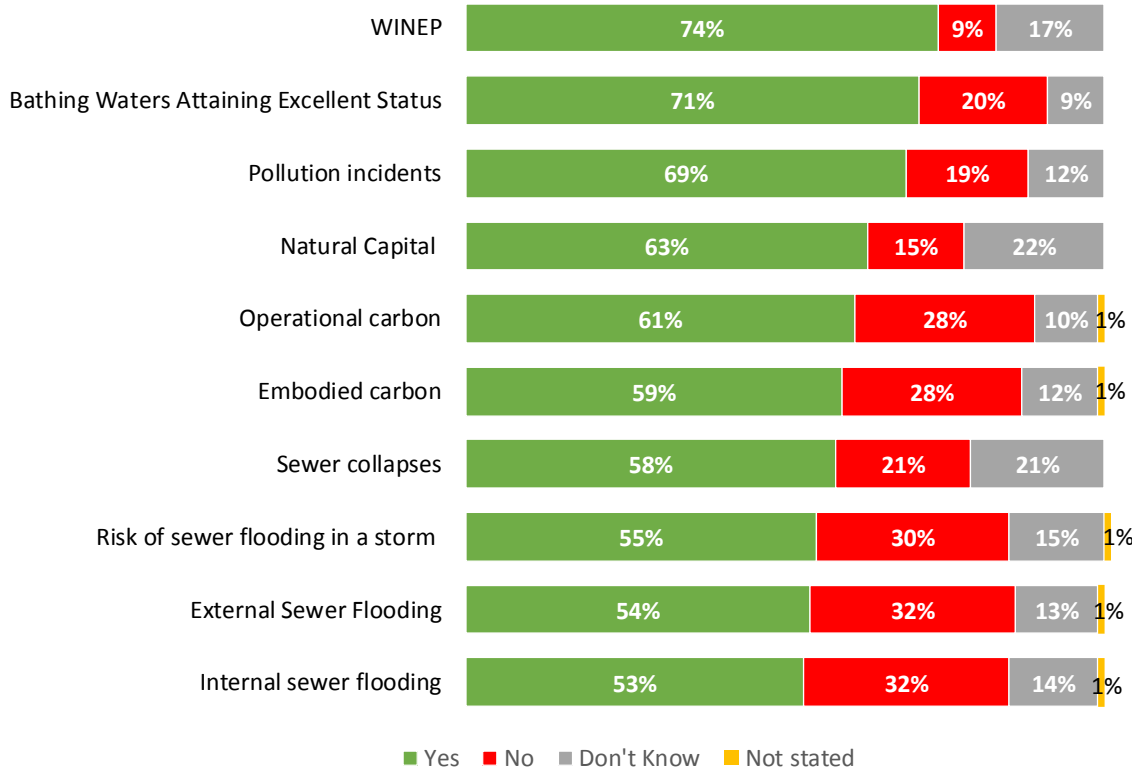


■ HH customers who understood measures were significantly more likely than NHH to say 'don't know' for 7 of the measures:

- Leakage
- Percentage of population supplied by single supply system
- Water supply interruptions
- Treatment works compliance
- Unplanned outage
- Reactive mains bursts
- Mains bursts

Whether **water recycling** targets are sufficiently stretching

ALL HH

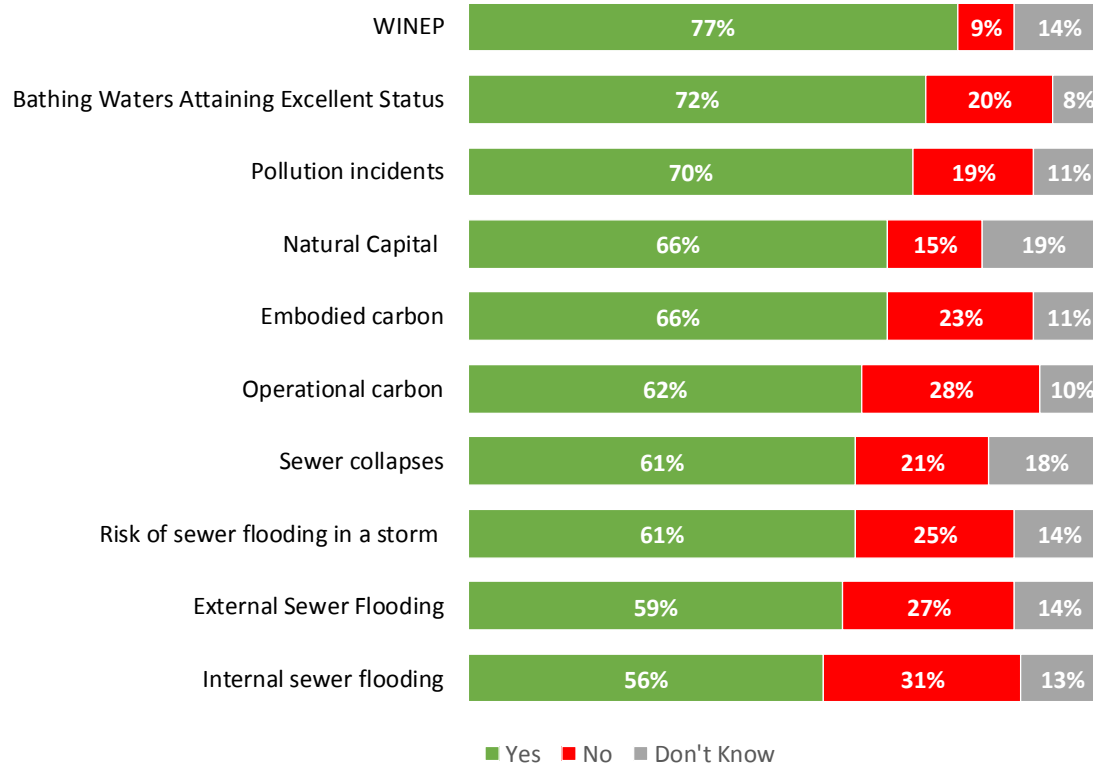


Tech-savvies and Comfortable and Caring significantly more likely than Family First and Protective Provincials to say that targets are sufficiently stretching for:

- risk of sewer flooding in a storm
- operational carbon
- embodied carbon
- internal sewer flooding

Whether **water recycling** targets are sufficiently stretching

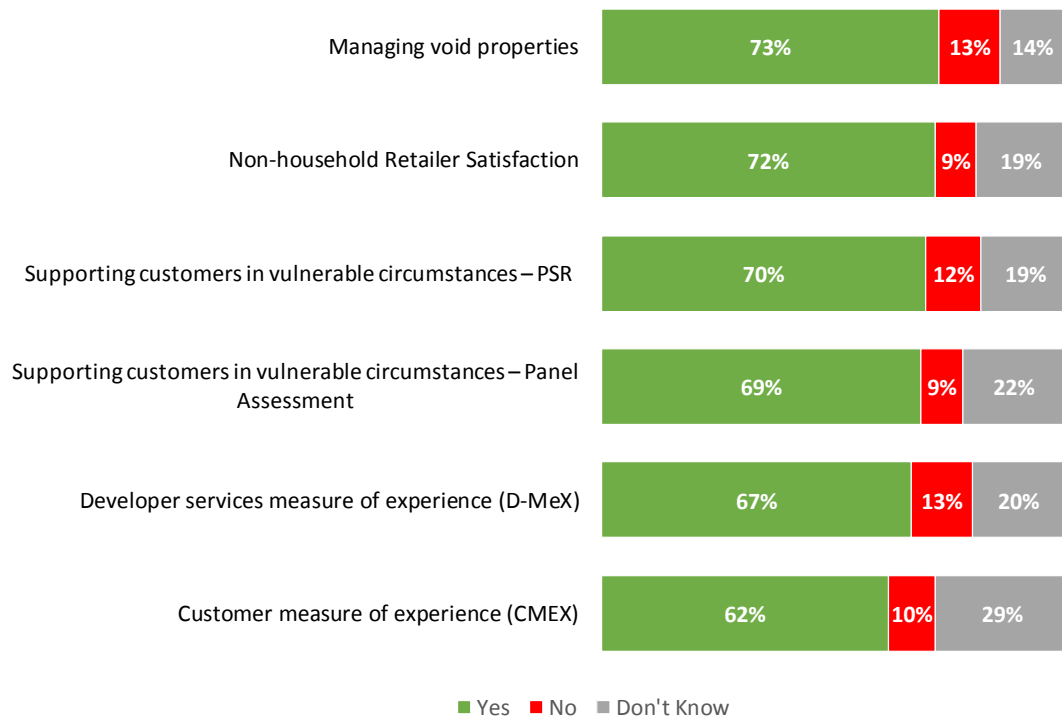
HH: those who understood the measure



- HH customers who understood the measure were significantly more likely than NHH to say target for operational carbon is not sufficiently stretching
- HH customers significantly more likely than NHH to say 'don't know' for 6 of the measures:
 - WINEP
 - Bathing waters attaining excellent status
 - Pollution incidents
 - Embodied carbon
 - Sewer collapses
 - External sewer flooding

Whether **customer service** targets are sufficiently stretching

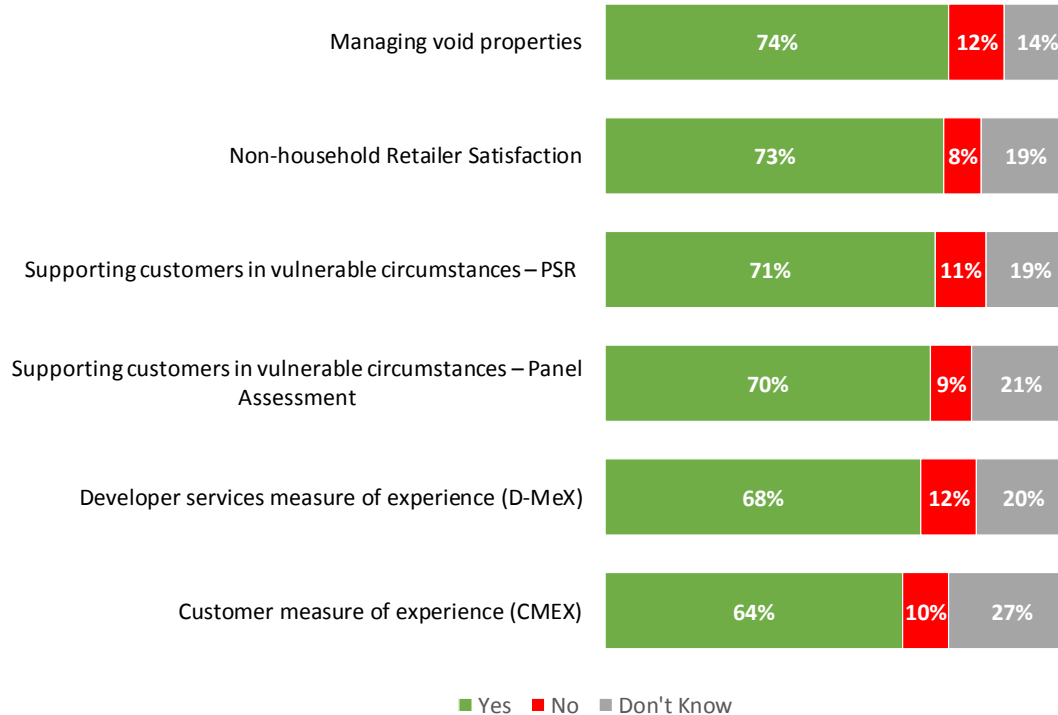
ALL HH



- Hartlepool region significantly more likely than Anglian, Essex and Suffolk Water to say sufficiently stretching for D-MeX experience and panel assessment
- Anglian and Hartlepool regions more likely than Essex & Suffolk Water to say stretching for managing void properties and non-household retailer satisfaction
- Comfortable and Caring significantly more likely than Family First to say stretching for supporting customers in vulnerable circumstances – PSR, and also significantly more likely than Economisers and Family First to say stretching for supporting customers in vulnerable circumstances – panel assessment

Whether **customer service** targets are sufficiently stretching

HH: those who understood the measure



- HH customers significantly more likely than NHH to say that they don't know whether targets are sufficiently stretching for all measures

Importance of **water** measures

HH

■ Low importance ■ Medium importance ■ High importance



Proactive Provincials significantly more likely than Tech-Savvies to rate as **high** importance

Hartlepool significantly more likely than Anglian to rate as **high** importance

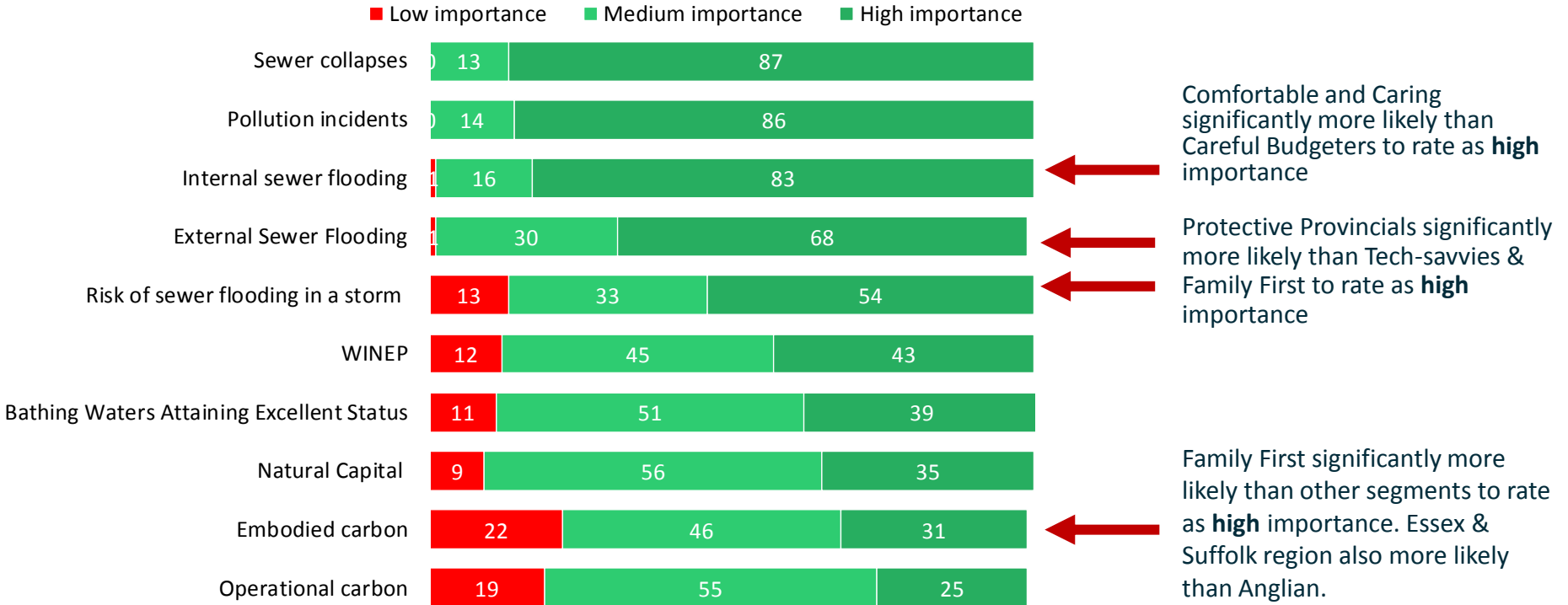
Anglian region significantly more likely than Hartlepool to rate as **high** importance

Family First significantly more likely than Tech-Savvies to rate as **high** importance

Hartlepool region significantly more likely than Anglian to rate as **high** importance

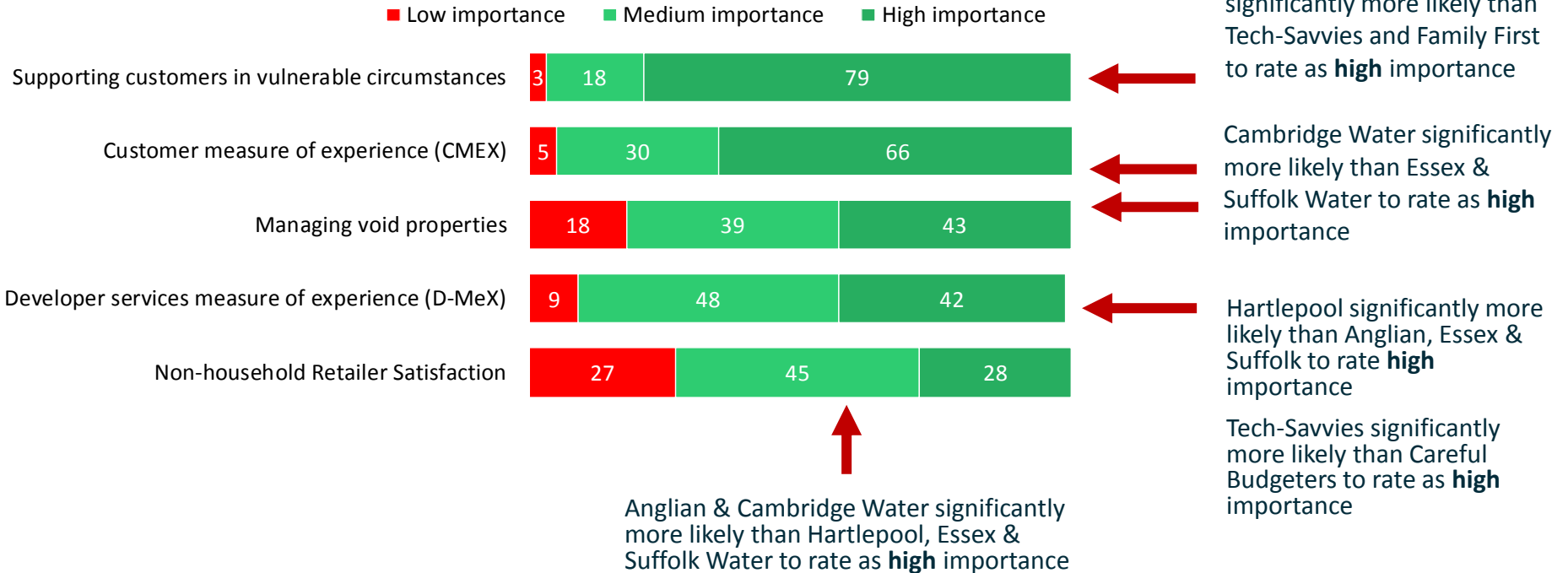
Importance of **recycling** measures

HH



Importance of **retail** measures

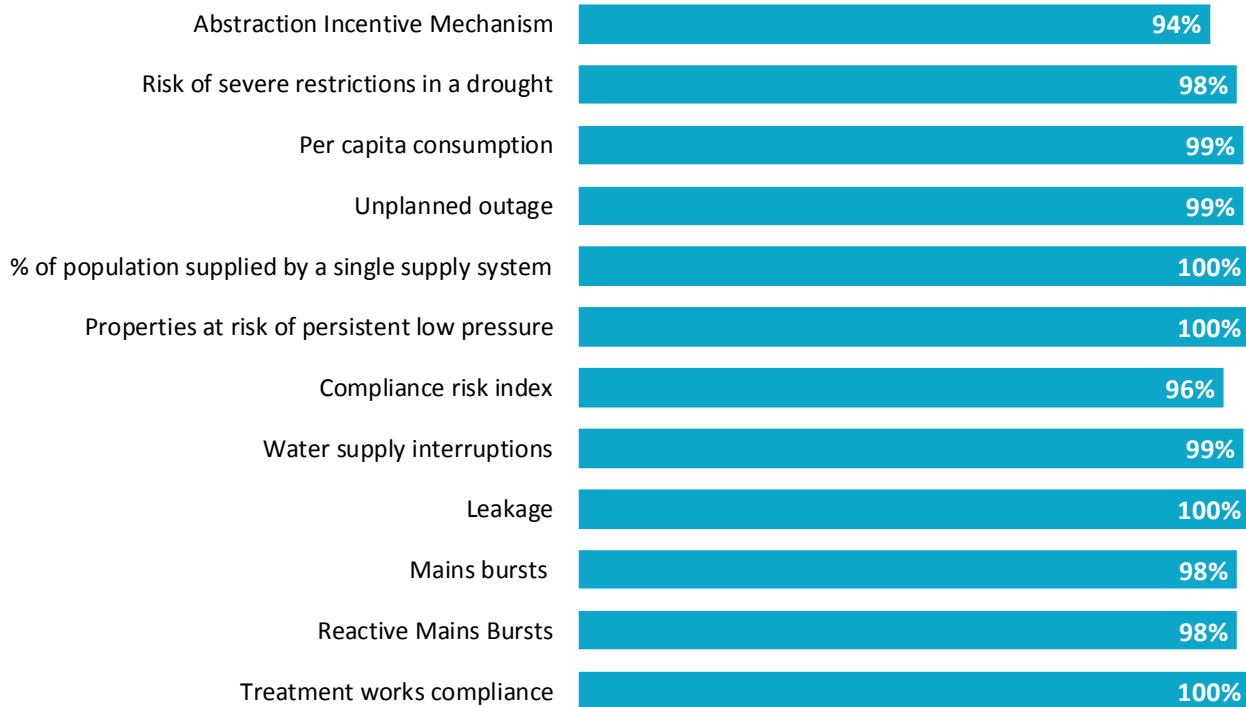
HH



Understanding of water measures

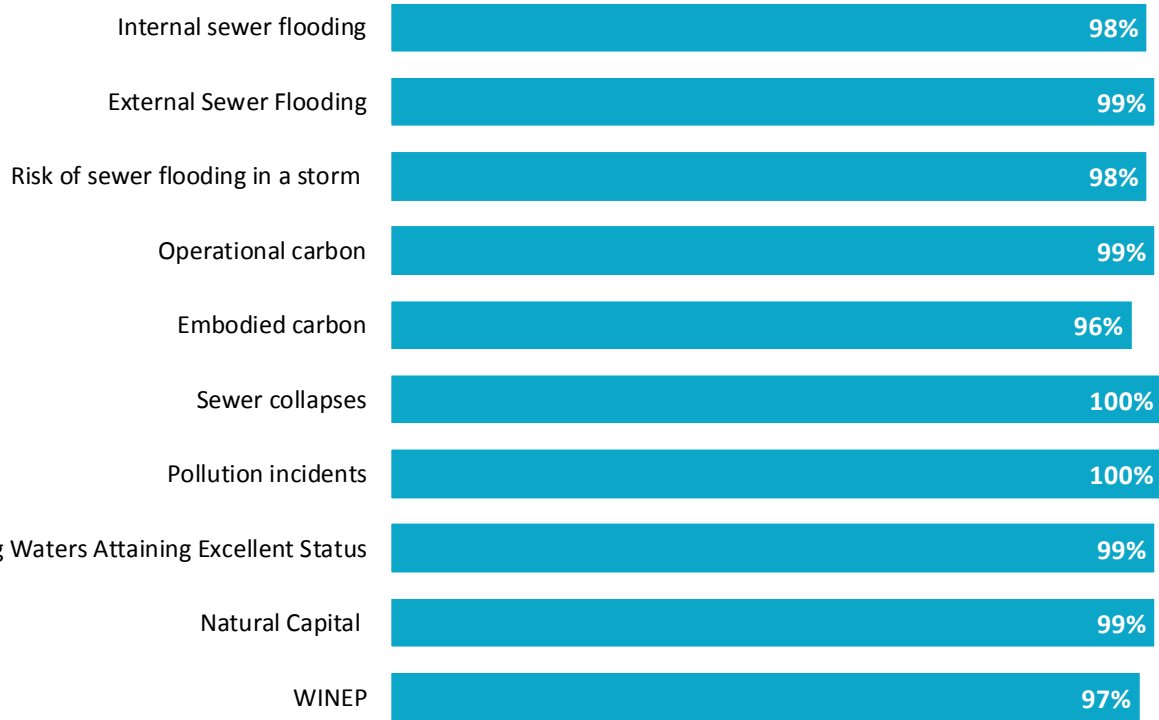


The majority of customers understand what each of the measures are:



Businesses with low annual water consumption significantly more likely than those with high consumption to understand measure

Understanding of **water recycling** measures

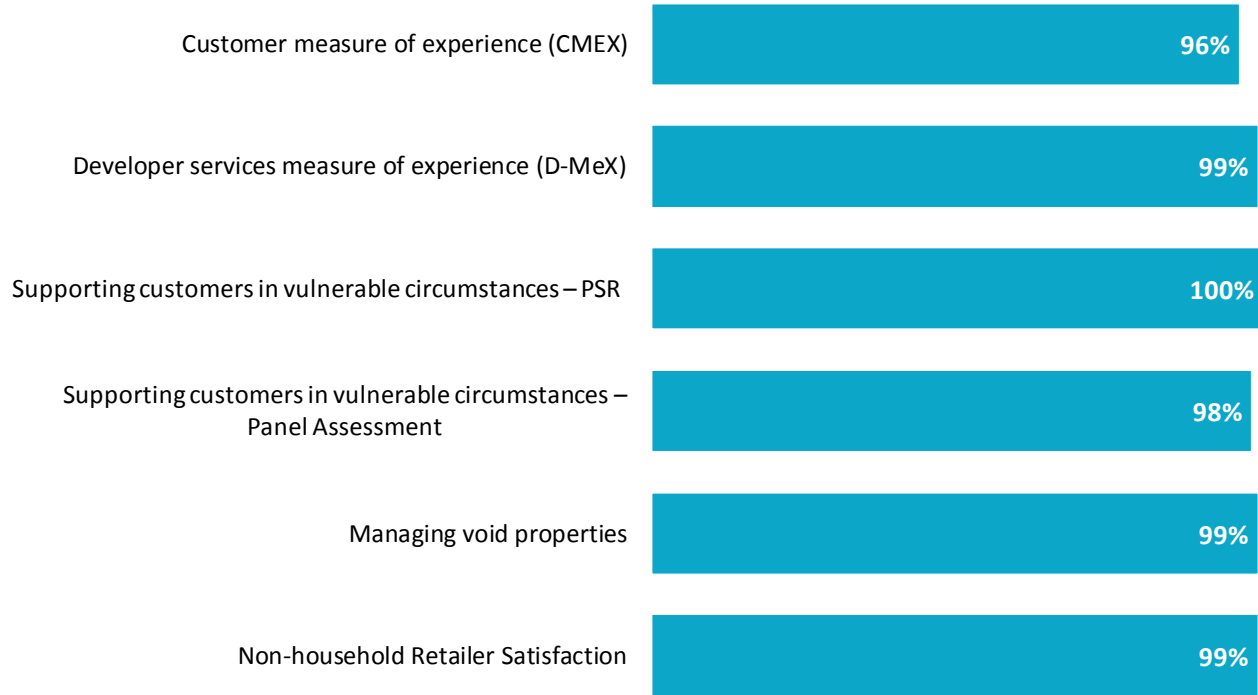


Businesses with low annual water consumption significantly more likely than those with high consumption to understand measures

41 Q72, 74, 76, 78, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 106, 108, 110. Base: Total 103

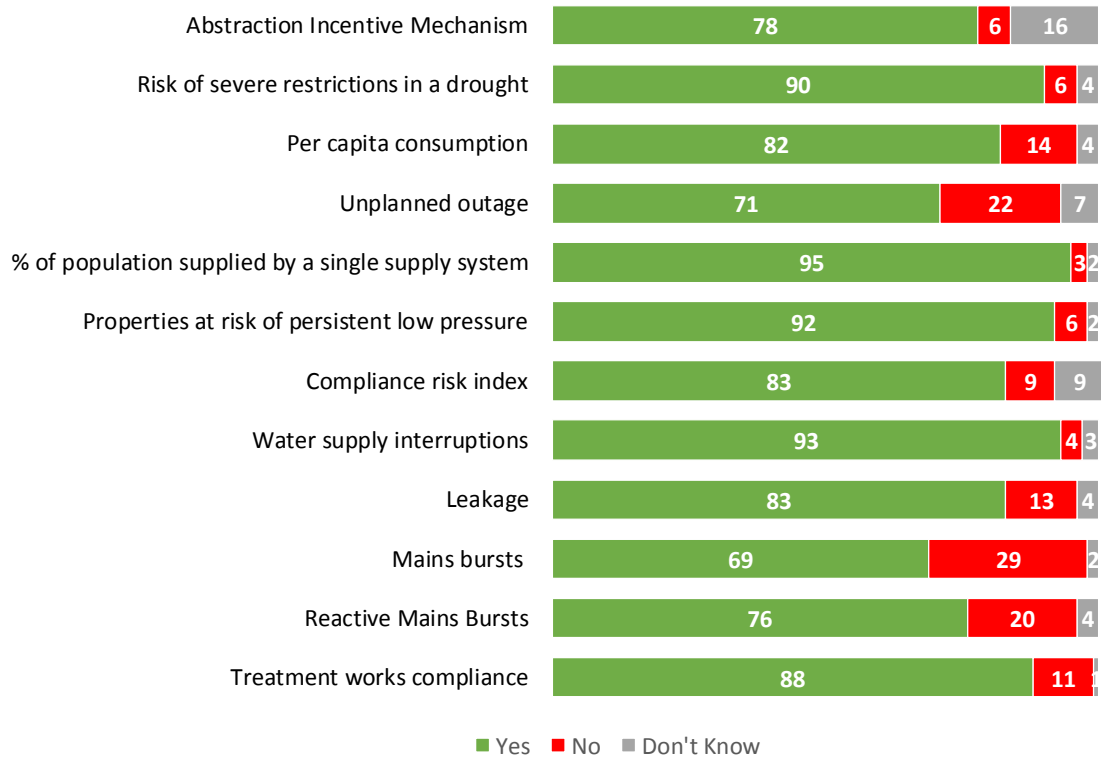


Understanding of **customer service** measures



Whether **water measure** targets are sufficiently stretching

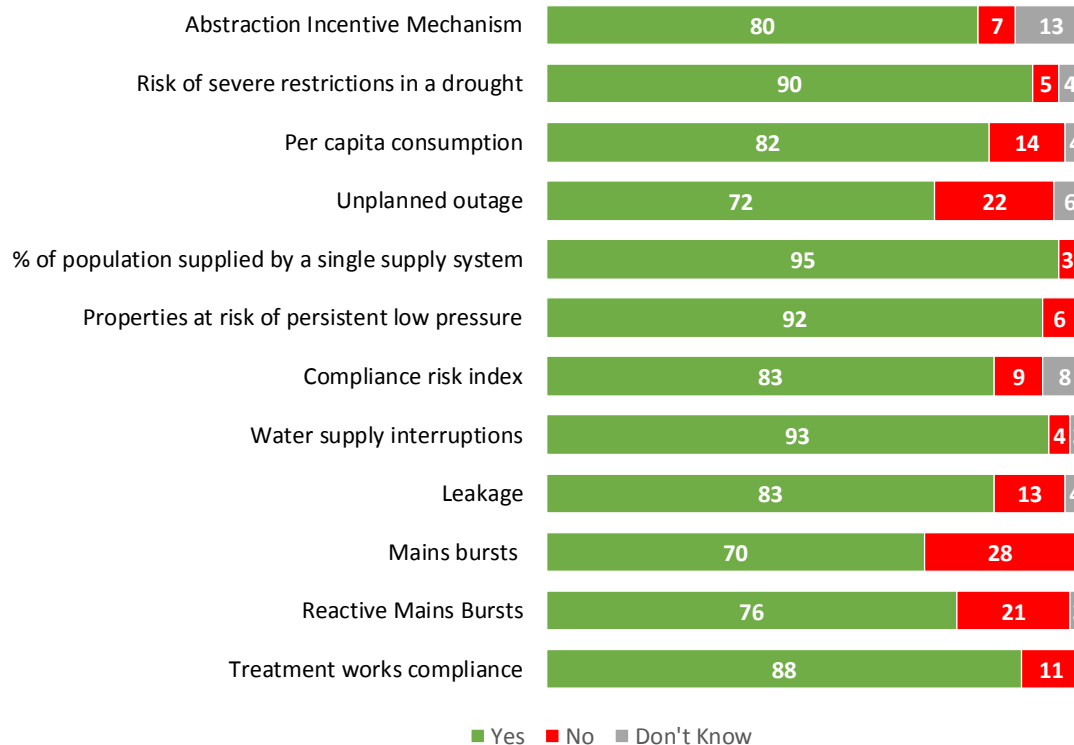
ALL NHH



- Businesses with small bills more likely than those with medium sized bills to say targets stretching for properties at risk of persistent low pressure
- Those with large bills significantly more likely than those with small and medium bills to say targets are **not** stretching for leakage and treatment works compliance
- Businesses with less than 4 employees significantly more likely than those with 50-249 employees to say targets are stretching for reactive mains bursts

Whether **water measure** targets are sufficiently stretching

NHH: those who understood the measure

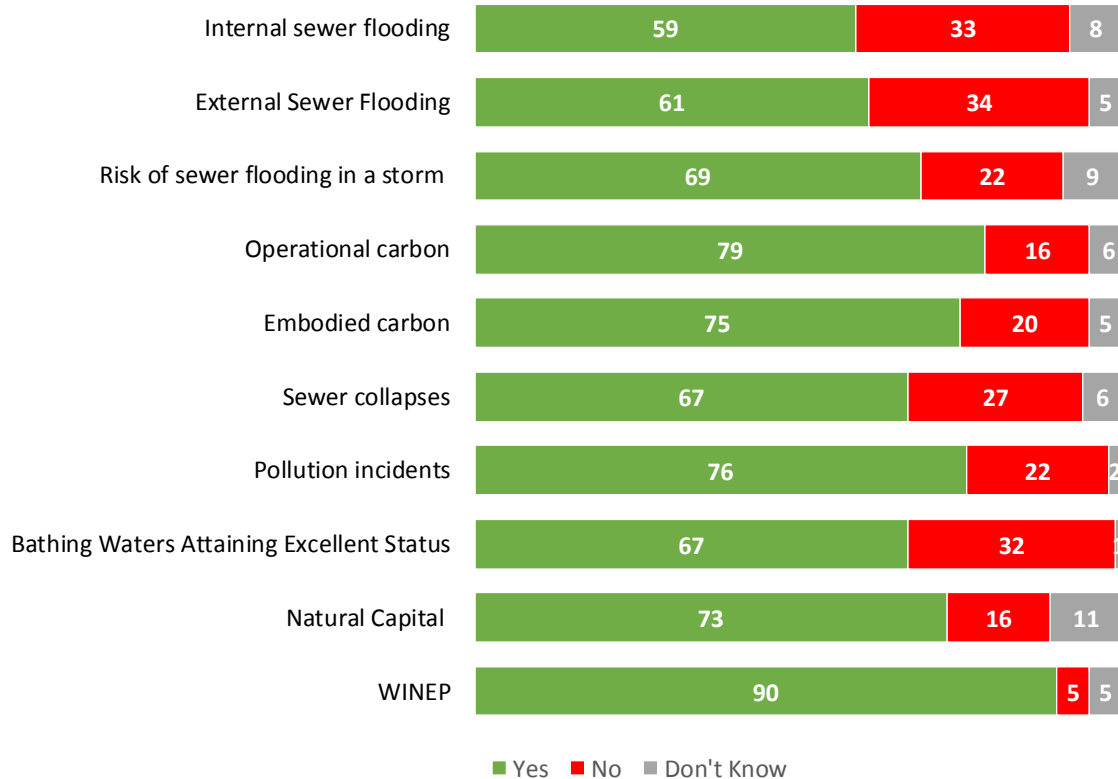


■ NHH customers who understood measures were significantly more likely than HH to say that targets are sufficiently stretching for 5 of the measures:

- % of population supplied by a single supply system
- Properties at risk of persistent low pressure
- Compliance risk index
- Water supply interruptions
- Treatment works compliance

Whether **water recycling** targets are sufficiently stretching

ALL NHH

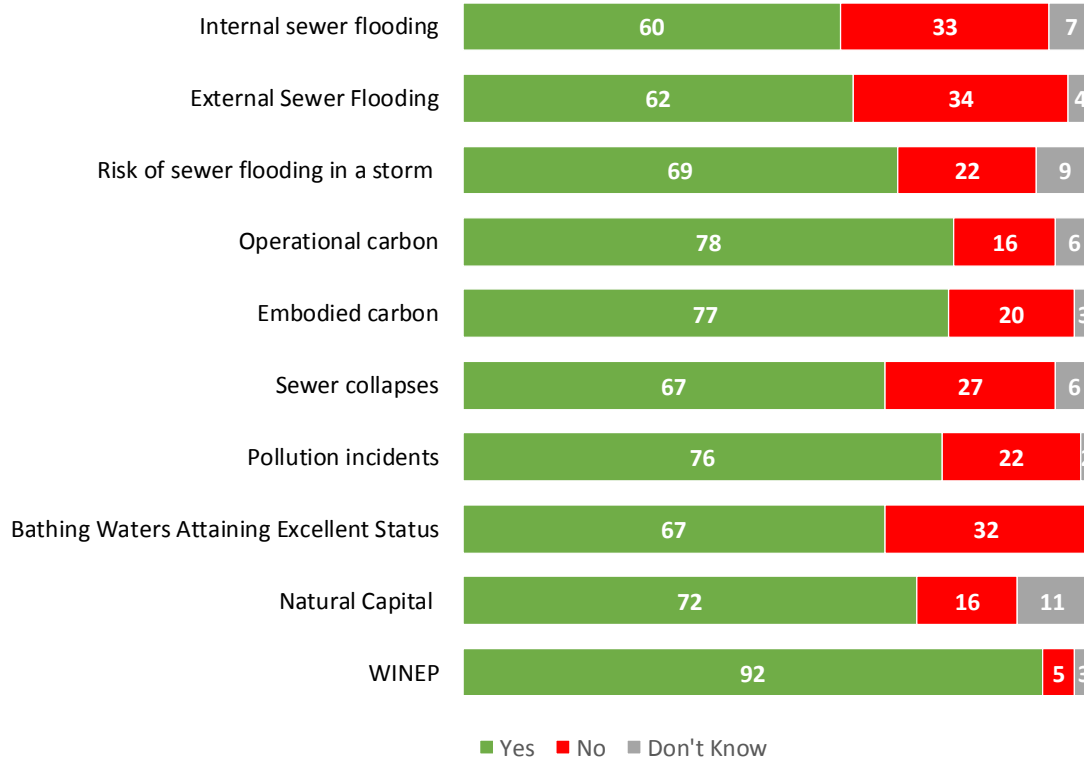


Q74, 78, 82, 86, 90, 94, 98, 102, 106, 110. Base: Total 104

- Businesses with low water consumption significantly more likely than those with high consumption to say targets are sufficiently stretching for embodied carbon
- 'Services' sector significantly more likely than 'Production & Construction' to say targets for bathing water attaining excellent status are stretching

Whether **water recycling** targets are sufficiently stretching

NHH: those who understood the measure

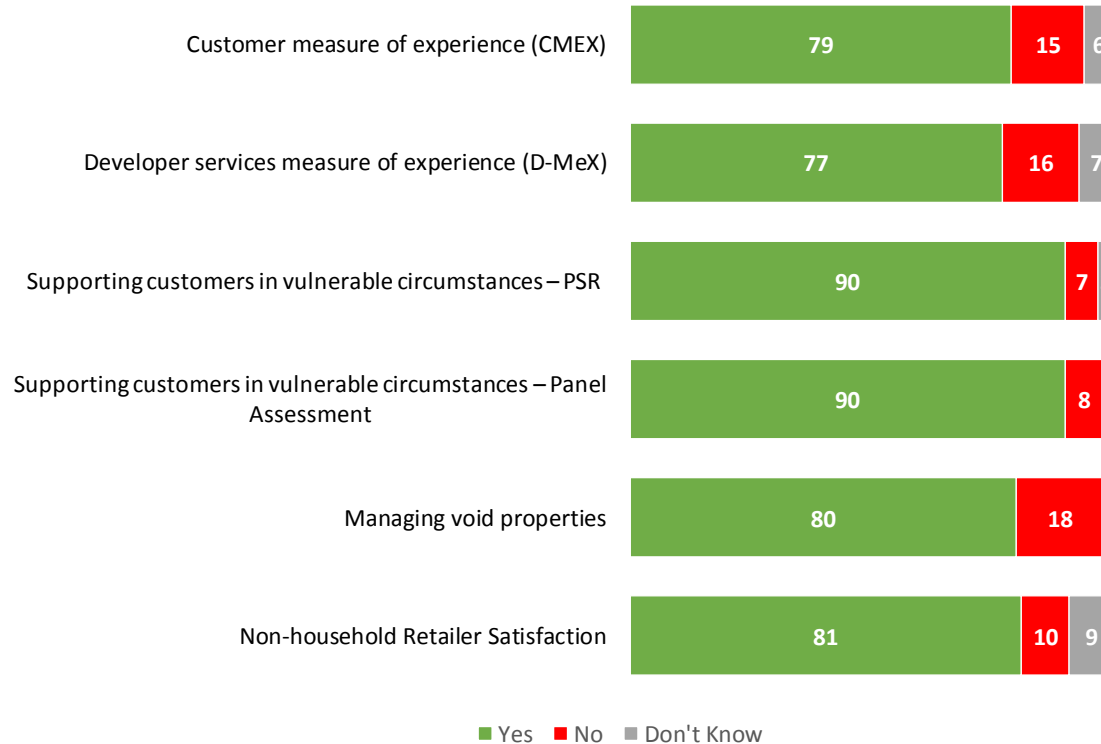


■ NHH customers significantly more likely than HH to say that targets are sufficiently stretching for 4 of the measures:

- Operational carbon
- Embodied carbon
- Bathing waters attaining excellent status
- WINEP

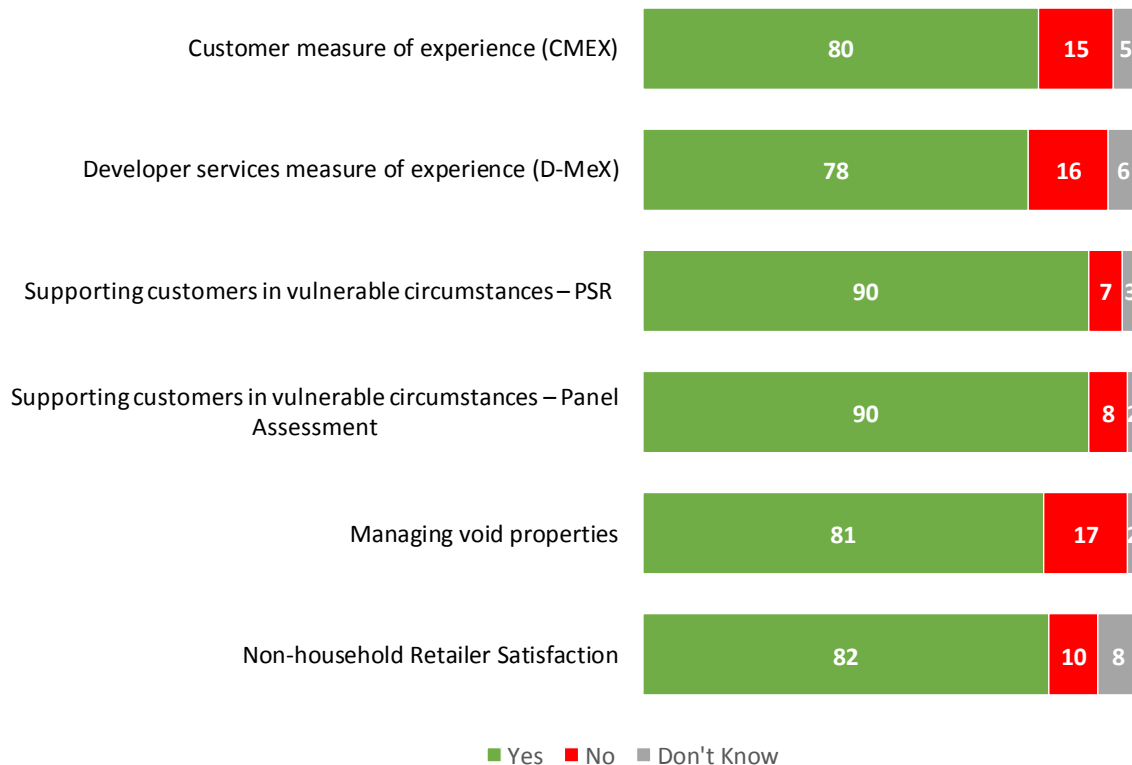
Whether **customer service** targets are sufficiently stretching

ALL NHH



Whether **customer service** targets are sufficiently stretching

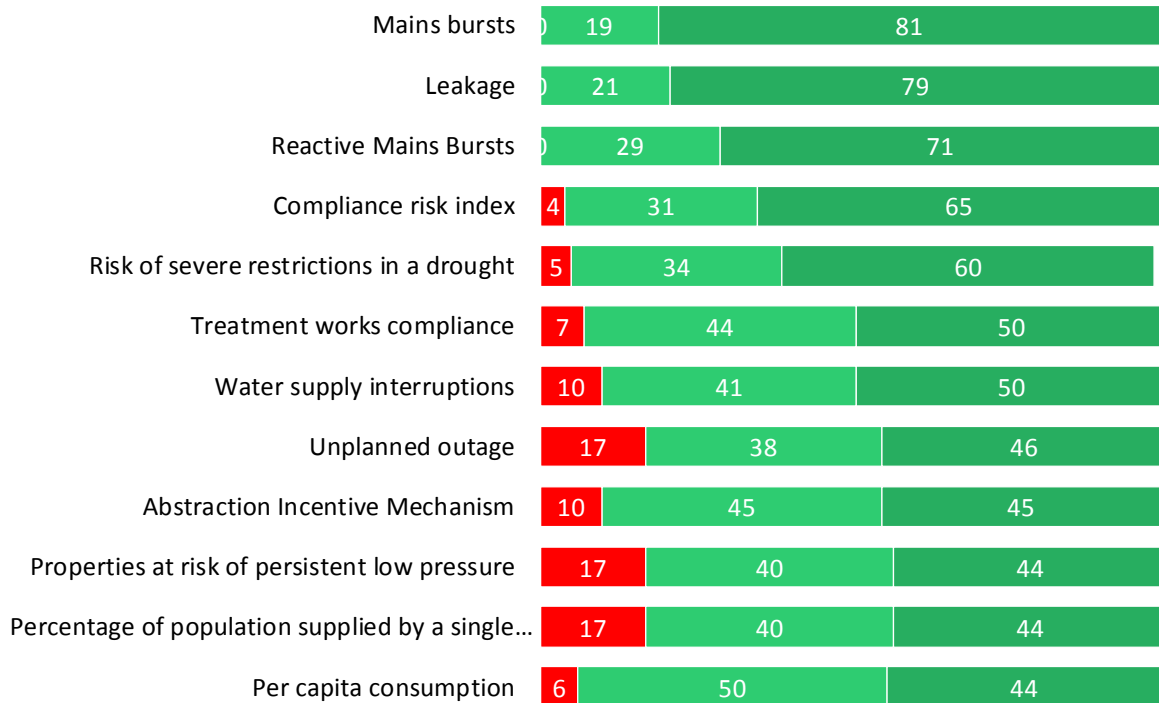
NHH: those who understood the measure



- NHH customers significantly more likely than HH to say that targets are sufficiently stretching for 3 of the measures:
 - CMEX
 - Supporting customers in vulnerable circumstances – PSR
 - Supporting customers in vulnerable circumstances – Panel Assessment

Importance of **water** measures

■ Low importance ■ Medium importance ■ High importance

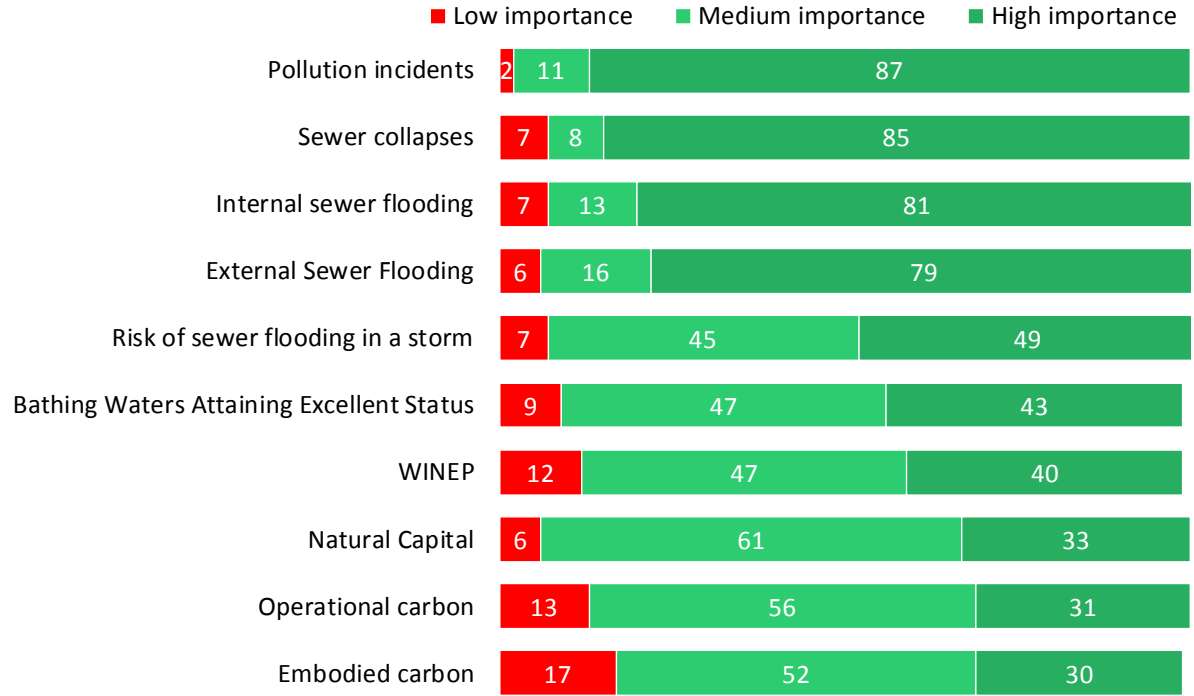


‘Wholesale & Retail Trade’ sectors more likely than ‘Finance and Insurance Activities’ to rate as **high** importance. Also businesses with small bills more likely to rate as **high** importance compared to those with medium sized bills



High water consumption companies significantly more likely than low consumption companies to rate as **low** importance

Importance of **recycling** measures

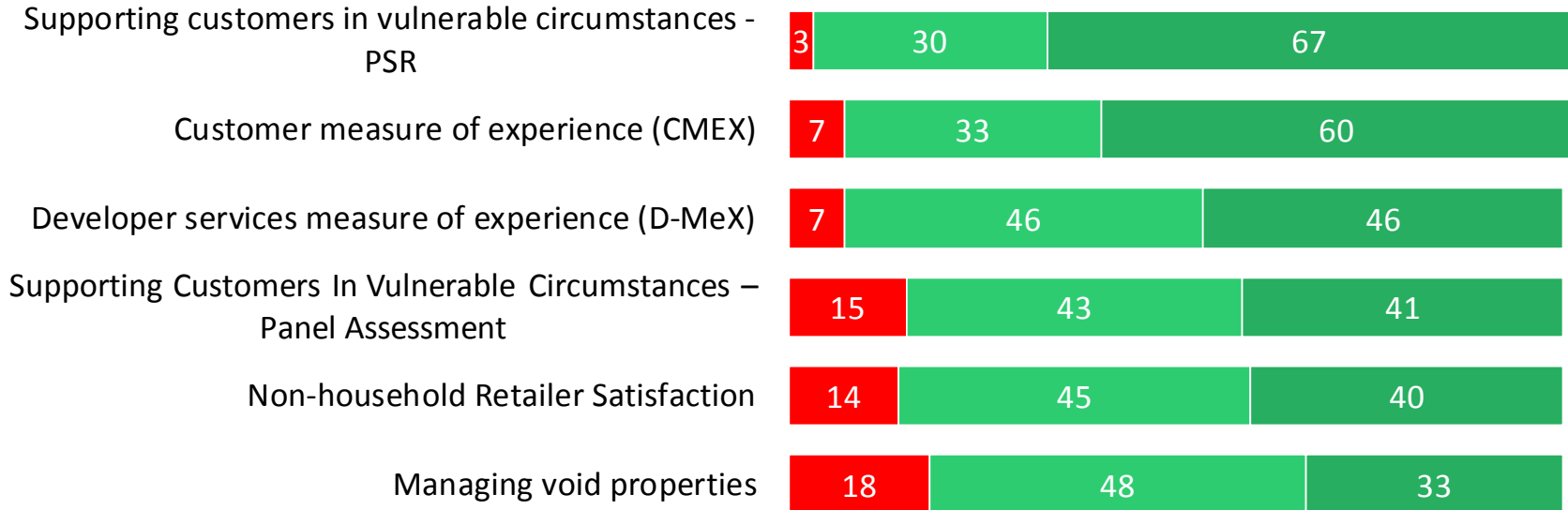


Businesses with medium sized bills significantly more likely than those with small to rate as **low** importance

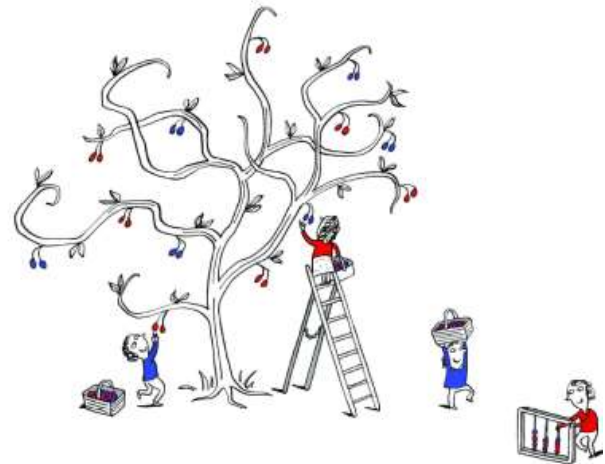
Businesses with less than 4 employees significantly more likely than those with 4 to 49 to rate as **low** importance

Importance of **retail** measures

■ Low importance ■ Medium importance ■ High importance



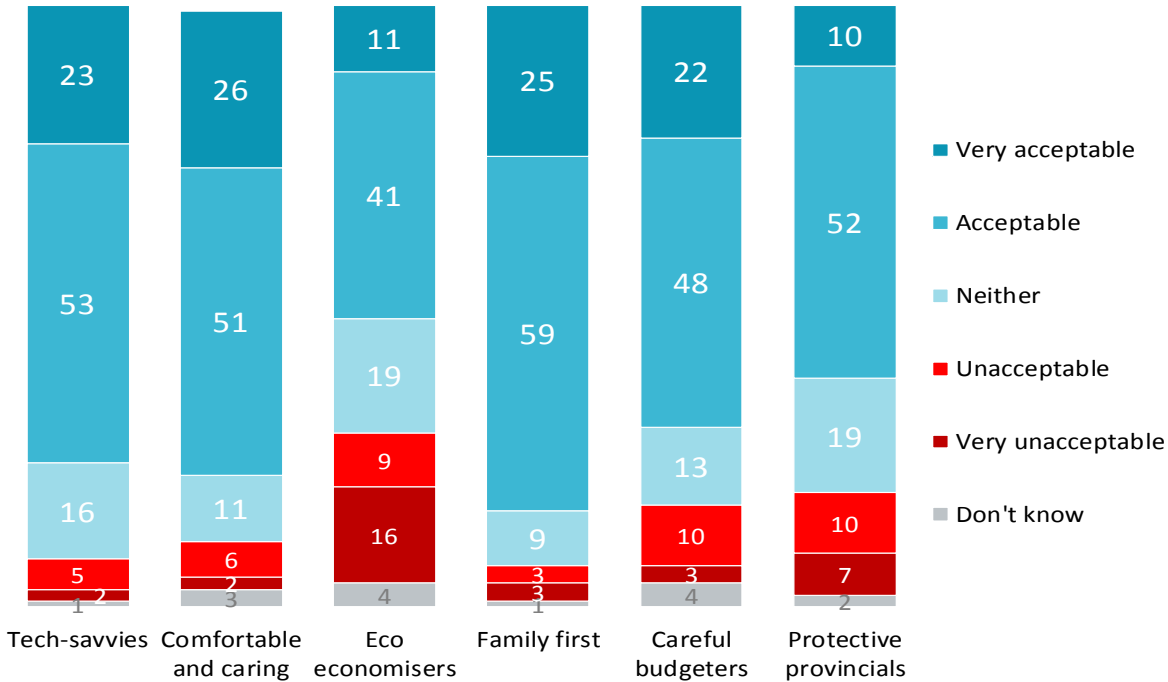
Accent



UNIFORMED BP acceptability

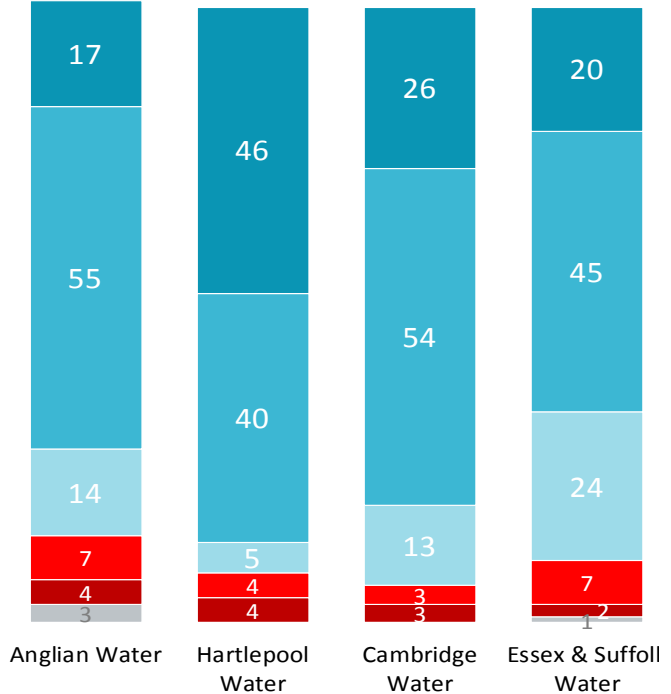
HH

Segment



53 Q16segment. Base: Tech-Savvies 451; Comfortable & Caring 525; Economisers 116; Family First 193; Careful Budgeters 152; Protective Provincials: 182

Region



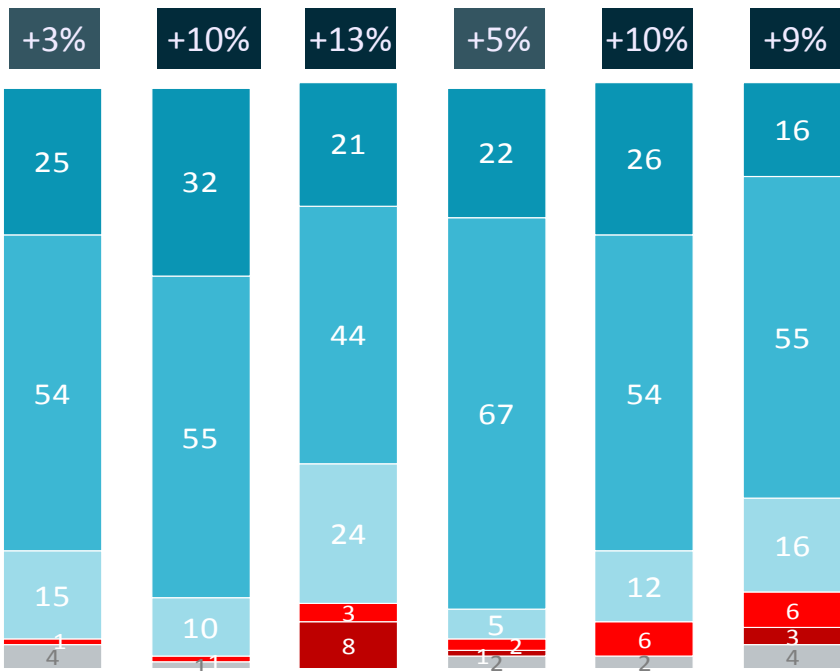
Q16region. Base: Anglian Water 1,002; Hartlepool Water 200; Cambridge Water 217; Essex & Suffolk Water 200



INFORMED BP acceptability

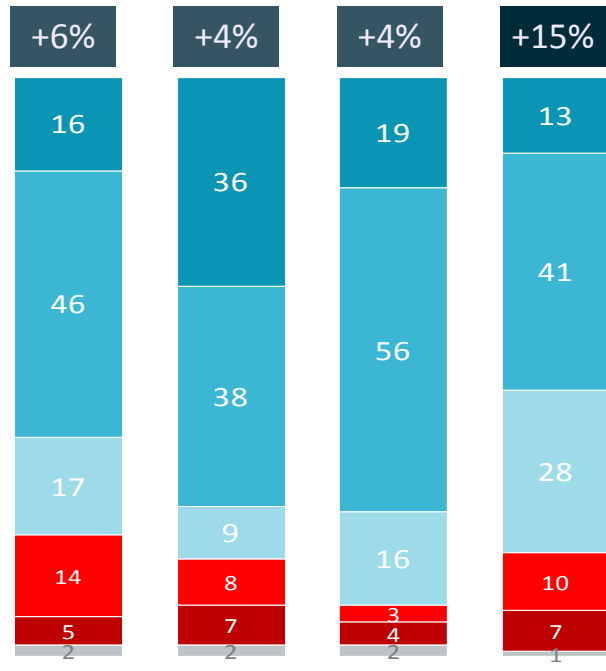


Segment



- Very acceptable
- Acceptable
- Neither
- Unacceptable
- Very unacceptable
- Don't know

Region



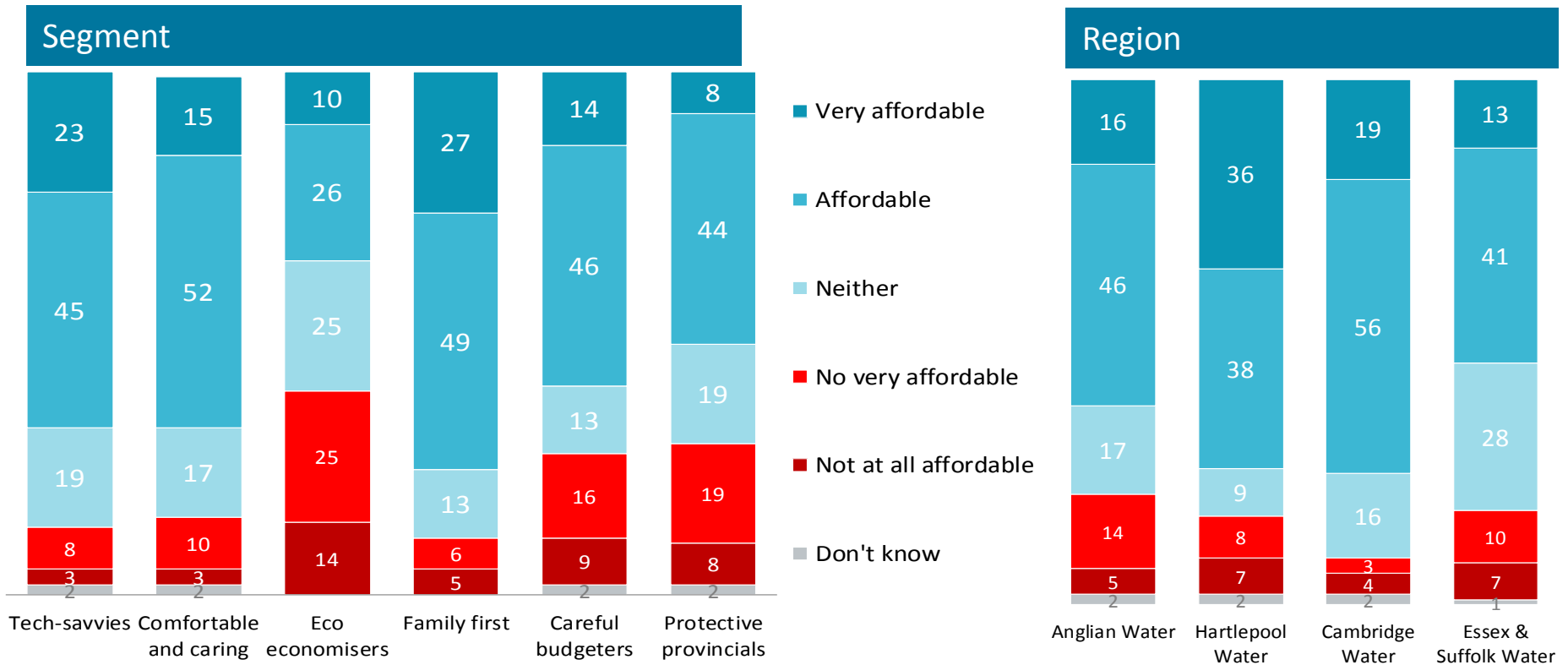
Tech-savvies 451; Comfortable and caring 525; Eco 116; Family First 193; Careful Budgeters 152; Protective Provincials: 182

Q139region. Base: Anglian Water 1,002; Hartlepool Water 200; Cambridge Water 217; Essex & Suffolk Water 200

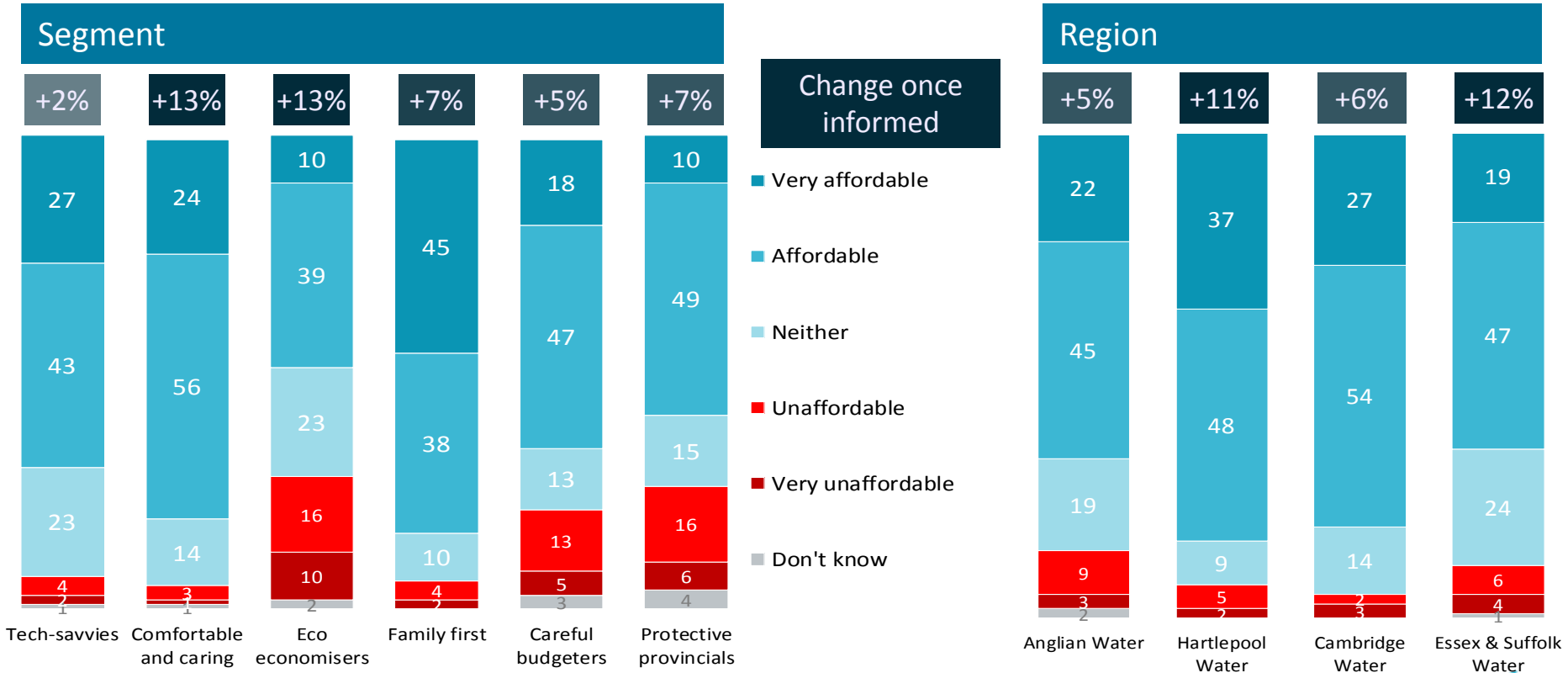


UNINFORMED BP affordability

HH



INFORMED BP affordability

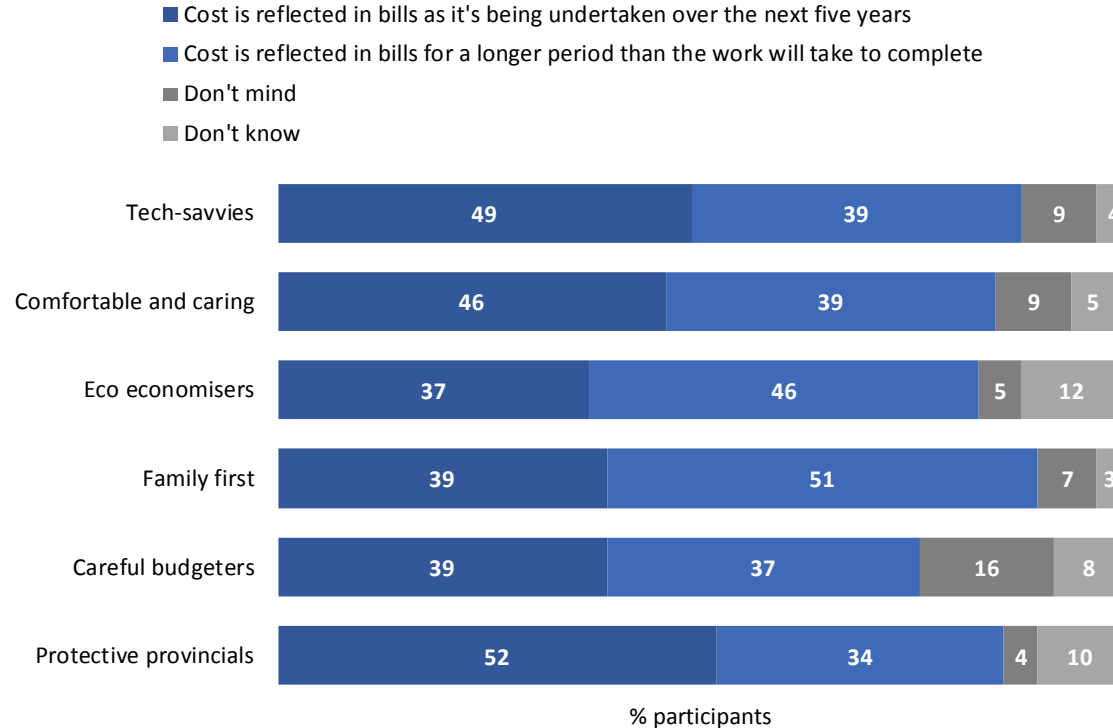


56 Q141r. Base: Tech-Savvies 451; Comfortable & Caring 525; Economisers 116; Family First 193; Careful Budgeters 152; Protective Provincials: 182

Q141s. Base: Anglian Water 1,002; Hartlepool Water 200; Cambridge Water 217; Essex & Suffolk Water 200

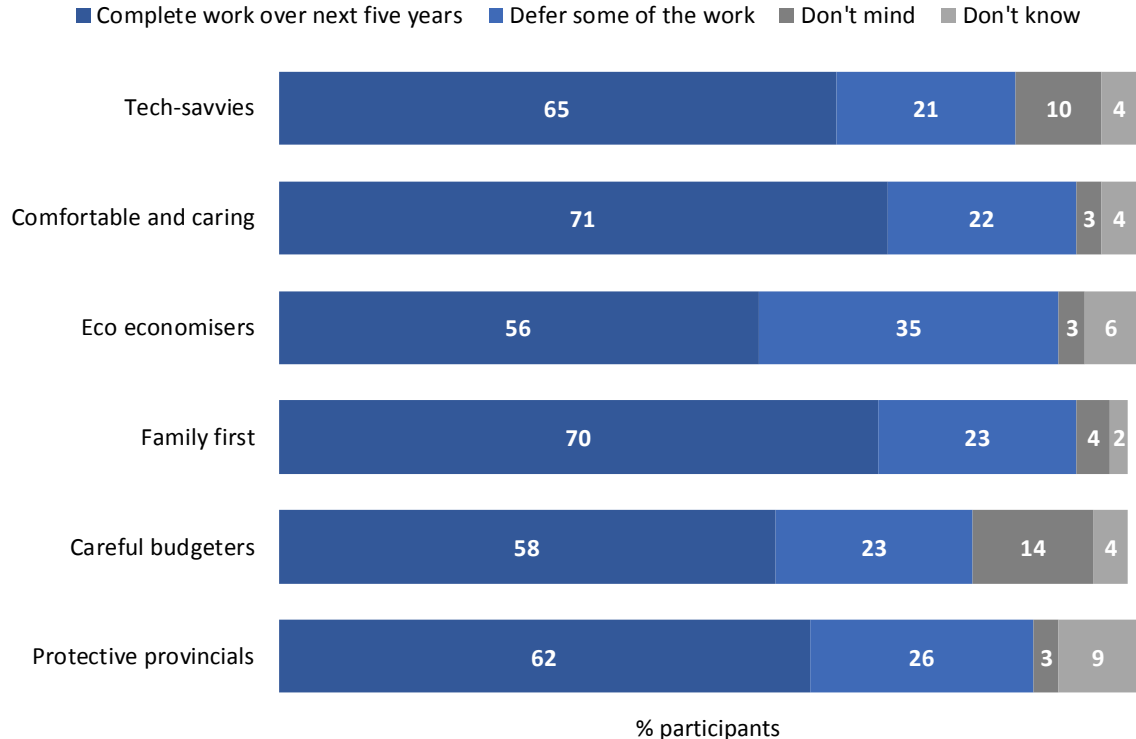


Customer preference for cost impact



- Family First segment significantly more likely than Protective Provincials to prefer a bill increase over a longer period
- Careful Budgeters significantly more likely than protective provincials to say don't mind

Complete work over next five years vs defer



- Completing work over the next five years is preferred by all segments
- Although still the minority, Eco Economisers are most likely to say they'd prefer work to be deferred to later years. Differences NS

Customer preference for cost impact



- Cost is reflected in bills as it's being undertaken over the next five years
- Cost is reflected in bills for a longer period than the work will take to complete
- Don't mind
- Don't know

- Overall, NHH customers prefer costs to be reflected in bills for a longer period
- Businesses with 4 to 49 employees significantly more likely than those with <4 employees to prefer a bill increase over 5 years
- Businesses with <4 or 250+ employees more likely than those with 4 to 49 employees to say 'don't mind'



Complete work over next five years vs defer



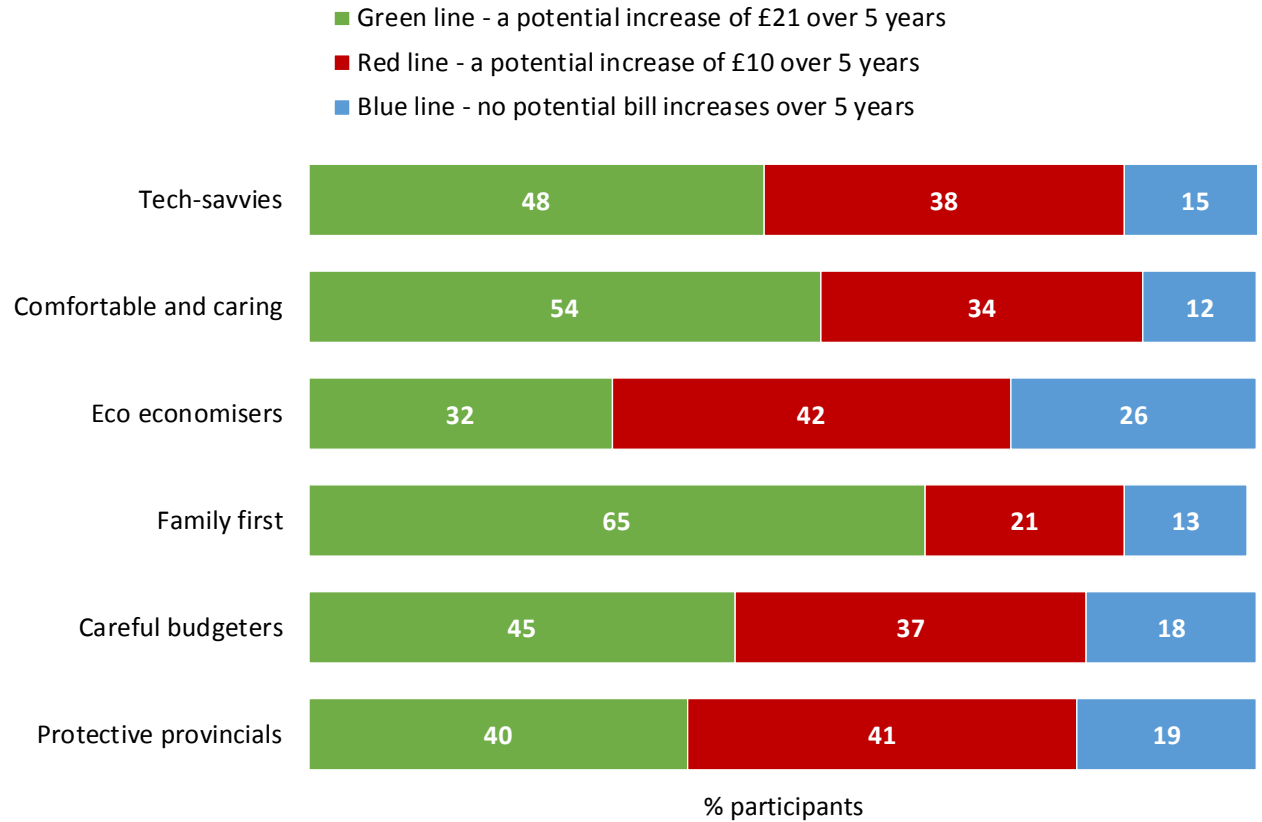
■ Complete work over next five years ■ Defer some of the work ■ Don't mind ■ Don't know



- Three in four NHH customers prefer work to be completed over the next five years
- This preference is unanimous across all business sizes and sectors (except 'Energy or Water Supply & Service' who had no particular preference)
- Although still the minority, 'Production & Construction' businesses significantly more likely than 'Services' to prefer some work to be deferred

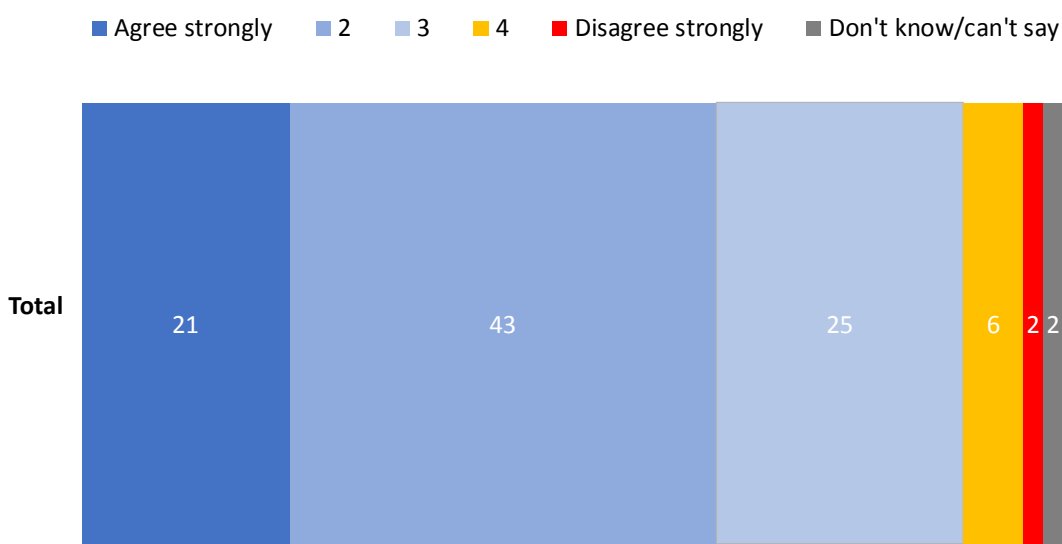
Customer preference for investment impact

HH



- Family First and Comfortable and Caring segments significantly more likely than other segments to support £21 increase
- Tech-savvies, Eco Economisers and Protective Provincials significantly more likely than Family First to support £10 increase

64% agree/strongly agree that AW cares about the communities it serves. A further 25% are neutral. Less than 10% disagree

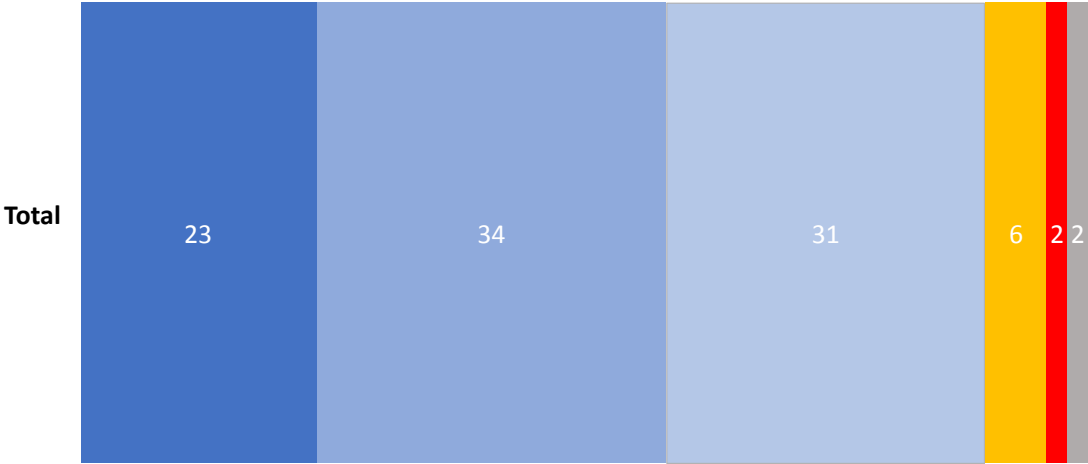


■ ‘Energy or Water Service & Supply’ sectors significantly more likely to **disagree** strongly that Anglian Water cares about the community it serves than those working in ‘Wholesale & Retail Trade’ and ‘Other Service Activities’

Nearly 60% agree/strongly agree that AW cares about communities it serves. A further 31% are neutral. Less than 10% disagree

HH

■ Agree strongly ■ 2 ■ 3 ■ 4 ■ Disagree strongly ■ Don't know/can't say



- Hartlepool Water & Cambridge Water customers significantly more likely to think Anglian Water cares about the community it serves than customers living in the AW dual supply region
- Comfortable & Caring, Family First and Careful Budgeters significantly more likely to strongly agree than Protective Provincials
- Eco Economisers significantly more likely than all other segments to disagree/strongly disagree