

Appendix 2.1

OUR APPROACH TO TRIANGULATION

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INTRODUCTION

Our process of triangulation at PR19 was about developing a deep and broad understanding of our customers' priorities, needs and expectations from multiple standpoints, in a systematic, detailed and balanced way. This Appendix details our triangulation framework and our approach to triangulation.

DEVELOPING OUR TRIANGULATION FRAMEWORK

Our triangulation framework was developed specifically for PR19. We developed a three phase framework that included formal points where we triangulated our customer insights. Our framework was designed to make sure that we could create a strong narrative of customer participation throughout our business plan by:

- Improving how our research and engagement integrates into our existing body of customer data
- Enabling us to continually review our understanding of what matters most to customers and place their preferences at the heart of all future decision making.
- Bringing transparency to how we make sense of customer data sources, making the rationale for decision-making accessible to our customers, Water Forum and stakeholders.

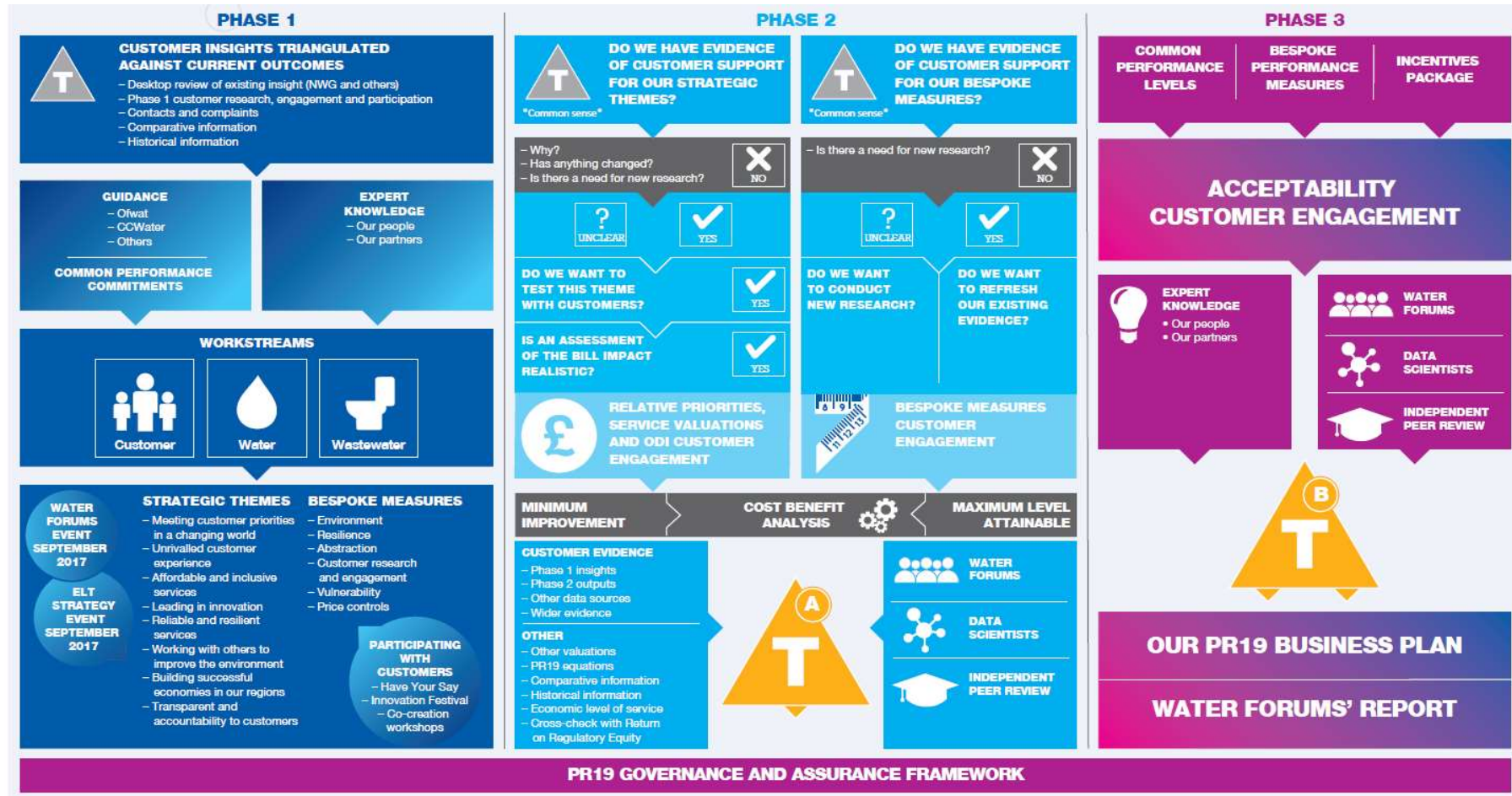
In developing our framework we worked with our Water Forums from an early stage. Our approach provided transparency for our Water Forums, allowing them to engage with our full body of customer research and engagement. This allowed our Water Forums to provide both challenge and assurance.

We have also taken into account Ofwat's methodology, 'Delivering Water 2020', and CCWater's paper 'Defining and applying triangulation in the water sector'. The infographic overleaf summarises our three phased approach. The remainder of this appendix details the activity which took place at each phase.

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OUR THREE-PHASED APPROACH TO TRIANGULATION



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PHASE 1

Phase 1 of our triangulation process began with a desktop review of existing insight including existing customer research and engagement reports, contact and complaint data and comparative and historical information.

We also looked to external guidance from Ofwat, CCWater and others including Ofwat's methodology, 'Delivering Water 2020', and CCWater's paper 'Defining and applying triangulation in the water sector'.

This outputs of this review were fed into our PR19 workstreams - water, wastewater, customer, engagement and regulatory modelling and decisions were taken around further research required to complement and enhance our knowledge around our strategic themes and bespoke measures. This set the foundation for Phase 2, which had a focus on exploring customers' priorities within their bill and their willingness to pay for base service and any proposed service improvements.

PHASE 2

At Phase Two we explored our customers' priorities within their bill to value services, set our measures, performance commitments (PCs) and operational delivery incentives (ODIs).

Frontier Economics were appointed to provide us with guidance and assistance. They advised us on the setting of our ODI package across our range of MoS. They also helped us to derive our rates of reward and penalty by acting as a critical friend role to make sure we use best practice. We used many sources of information to determine our performance commitment levels including:

- customer research and engagement findings;
- comparative information;
- historic performance, trends,

and in some cases the maximum improvement achievable along with expert judgement.

We have placed a particular focus on the use of comparative information when setting PC levels. We felt that this was crucial in order for companies and Ofwat to promote fairness and transparency for customers across the water industry.

PHASE 3

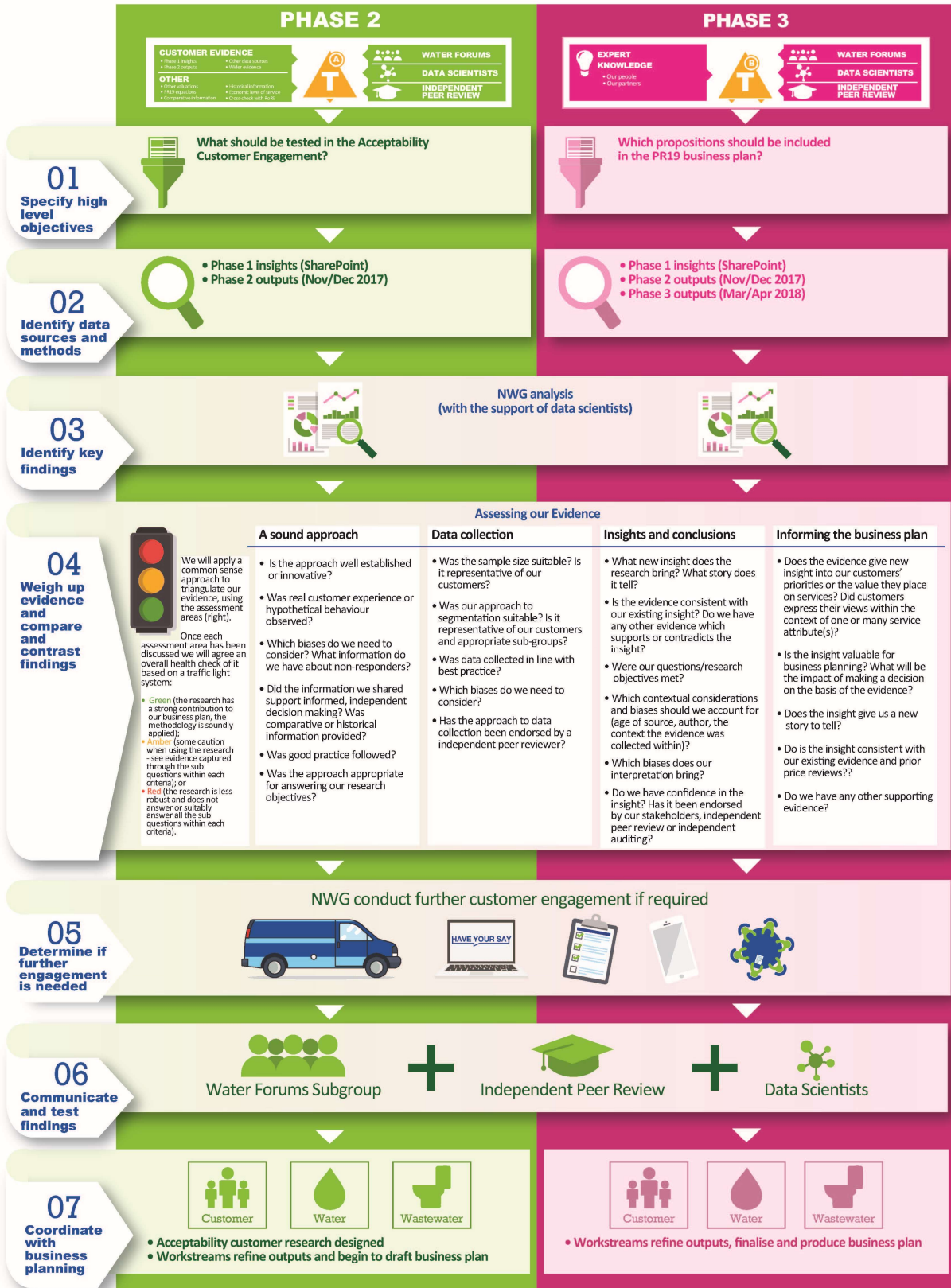
At phase 3 we measured our customers' acceptability of our plan, including a number of discretionary enhancements. This was done in consultation with our internal experts and our Water Forums.

We built in time to formally triangulate our insight at the ends of phases 2 and 3. The approach to triangulation is summarised in the following figure and followed by further detail.

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OUR APPROACH TO TRIANGULATION AT PHASES 1 AND 2



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1. Specify high level research objectives and existing hypotheses / questions

At Phase 2 this was concerned with what we should test in our Acceptability Customer Engagement. At Phase 3 this was concerned with which propositions should be included in our PR19 business plan.

At each phase insight from our existing customer research and engagement was compared against the strategic themes and bespoke measures our workstreams had proposed. This evidence informed what we tested in the next phase of customer research and engagement.

We developed the packages to test with customers collaboratively with each operational workstream. Our Water Forums reviewed and challenged our proposals as they were developed.

2. Identify possible data sources and research methods

At Phase 2 this was concerned with bridging our phase 1 insights with our phase 2 insights. At Phase 3 we added in our Phase 3 outputs.

We identified and documented potential sources of customer insight and looked at what evidence they could provide. We did this in conjunction with our internal teams including Customer, Communications, Performance and Information and Insight.

We used multiple sources of evidence to understand the value our customers' place on our services to ensure we did not place too much emphasis on one source. We did this as an overreliance on one strand of research for WTP was a criticism of PR14 as the Stated Preference surveys were considered to be too complex or abstract and created values that were too variable across companies. By using more than one strand of research we obtained a range of evidence that we are able to triangulate.

3. Identify key findings from analysis of evidence source

At Phases 2 and 3 we analysed the findings from all sources as they become available to understand what they evidence they contributed against our Outcomes and measures. We also considered whether they raised any new questions and whether they give new insight into our customers' preferences and valuations.

4. Weigh-up evidence, compare and contrast findings

Here we tested the quality and soundness of our evidence sources. This was done to ensure that the evidence we referenced in our plan was suitable for setting our ODIs, PCs and creating an offering for our customers.

We used four categories to assess our evidence:

- A sound approach
- Data Collection
- Insights and conclusions
- Informing the business plan

Within each of these we considered a number of sub questions to aid our discussion and final weighting of each category. These sub questions adapted from CCWater's 'Defining and applying triangulation in the water sector' paper plus others which we deemed important. Our Water Forum were invited to review these questions and suggest any further questions to incorporate into our framework.

Once each category had been discussed we agreed an overall health check of it based on a traffic light system:

- Green (the research has a strong contribution to our business plan, the methodology is soundly applied);

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- Amber (some caution when using the research - see evidence captured through the sub questions within each criteria); or
- Red (the research is less robust and does not answer or suitably answer all the sub questions within each criteria).

Our Water Forums were invited to comment on and provide constructive challenge to our conclusions.

5. Determine if further engagement is required

Once we had completed the above steps we reviewed the strength of our evidence base and conducted further complementary research where gaps were identified.

6. Communicating and testing findings

We engaged with our Water Forum throughout our triangulation, particularly for Phase Two of our PR19 research, to make sure that they were able to challenge us on the interpretations and decisions we made in the interests of our customers.

7. Coordinating with business planning

We worked with our business planning workstreams through the framework to ensure that customer insight was threaded throughout the business planning process.