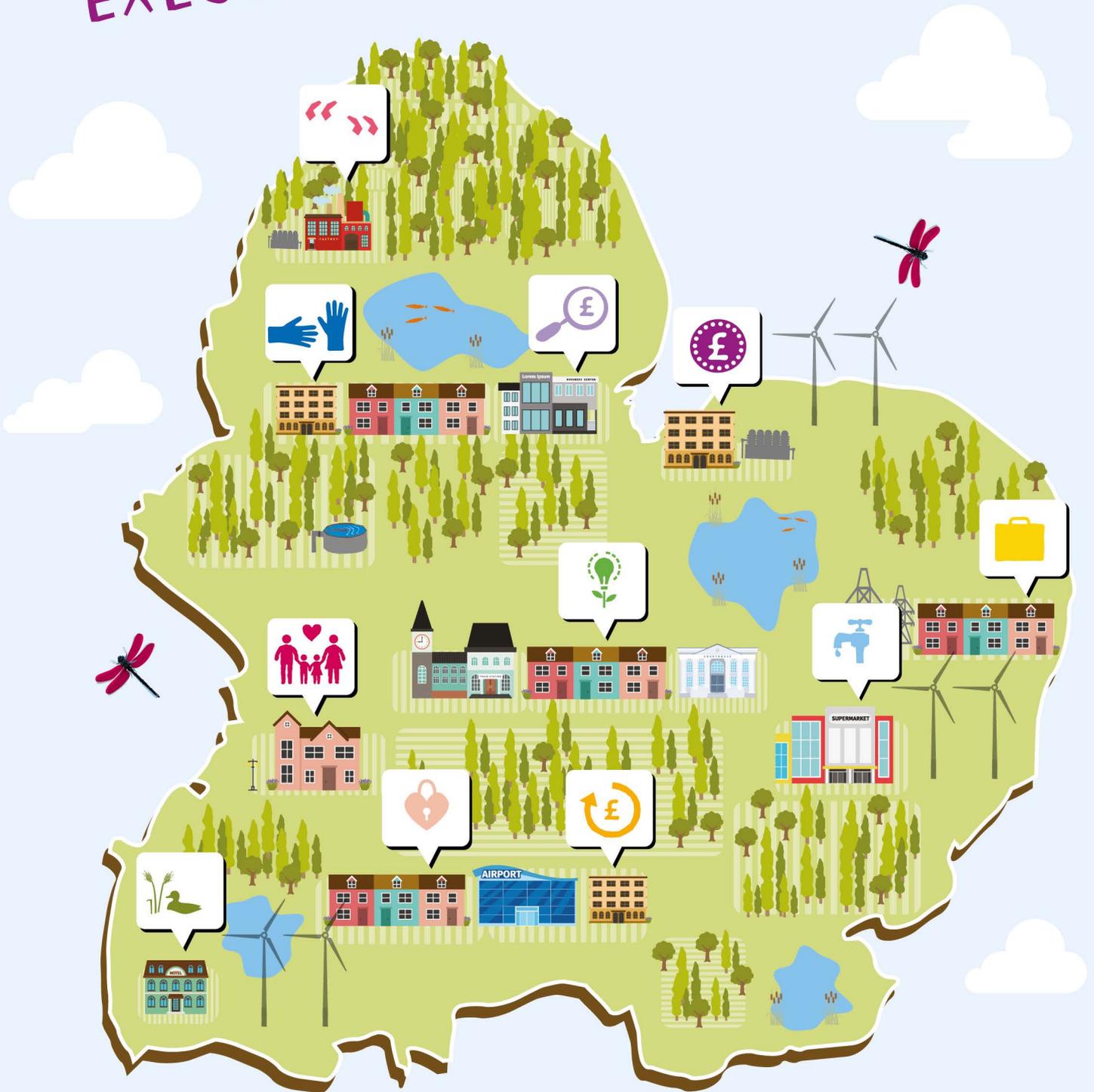


Anglian Water

# 3A. INCLUDING RESEARCH ON EXECUTIVE PAY AUGUST 2019



Draft Determination Representation, August 2019



# **Exec Pay Customer Engagement**

**Feedback from the Love Every Drop online community**

**Prepared for Anglian Water**

by incling 16.08.19

# Overview of the engagement



## THE AUDIENCE THAT TOOK PART

- Up to 177 participants from Anglian Water’s customer community took part
- Spread of age and gender
- Representation from all 6 customer segments
- Geographical spread across the Anglian Water region



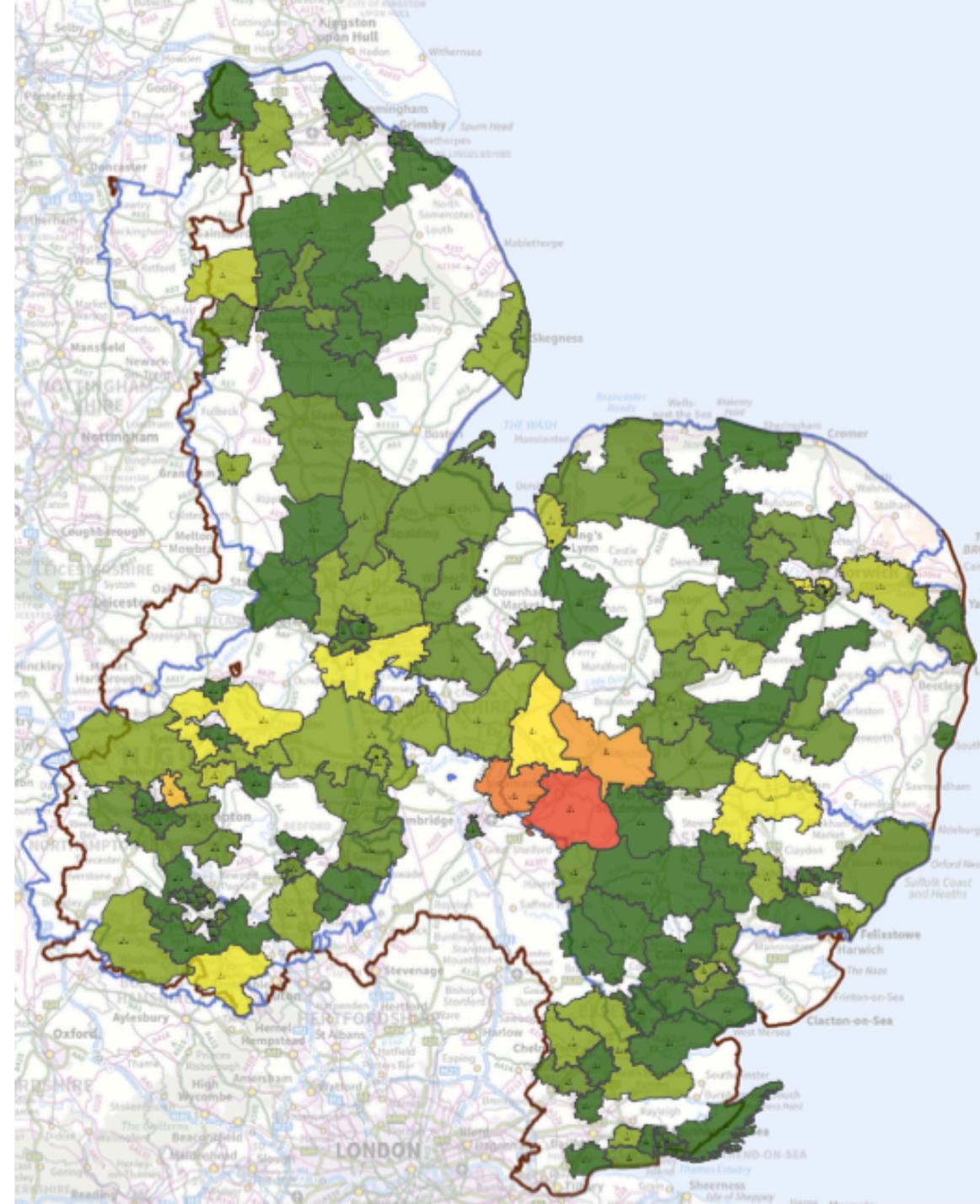
## HOW WE EXPLORED THE TOPIC

- Customers took part in a short 2-question survey which ran for 1 week on the community. As part of the process we also shared a summary of AW’s performance areas as background reading to the second survey question.



## OUR OBJECTIVES

- To assess what weighting customers place around Customer Satisfaction, Delivery and Efficiency when it comes to determining exec pay
- To determine which top 5 performance areas customers feel should be used to base exec pay on.





# We asked customers how the AW executives' pay should be calculated via 2 survey questions



## Question 1 – Weighting of focus areas

The first was a matrix question asking customers to weight the importance they place on 3 overarching areas in determining pay: Customer Satisfaction, Customer Efficiency and Customer Delivery.

## Poll 2 – Top 5 target areas

The second poll was a multiple choice question. Customers first read through all AW performance areas, then selected the 5 areas they felt exec pay should be based on.

Of the following 3 areas, which do you feel should have the **most weighting** in calculating **Exec bonuses**?

If you think all 3 are equally important please select 'Equally important as the others' for all 3

Customer satisfaction – how happy customers are with independent surveys

The most important one

Equally important as another

Neither the most or least important

The least important one

Customer efficiency - how efficiently services are delivered, so we can keep bills as low as possible in future

The most important one 33% (59 Answers)

Equally important as another 56% (100 Answers)

Neither the most or least important 6% (10 Answers)

The least important one 5% (8 Answers)

Customer delivery – measured using performance of a selection of the most important aspects of service, for example leakage and preventing pollutions (you'll get to select these in poll 2)

The most important one 30% (53 Answers)

Equally important as another 62% (109 Answers)

Neither the most or least important 7% (12 Answers)

The least important one 2% (3 Answers)

**Background to Anglian Water's target areas**

The table below shows the impact of the average customer bill depending on how well Anglian Water performs in specific areas. Generally, if all areas a performance target, customers will see a 50% reduction in their average bill. A 50% reduction in 5% of the target areas will result in a 25% reduction in the average bill. A 50% reduction in 10% of the target areas will result in a 10% reduction in the average bill. A 50% reduction in 15% of the target areas will result in a 5% reduction in the average bill. A 50% reduction in 20% of the target areas will result in a 2% reduction in the average bill. A 50% reduction in 25% of the target areas will result in a 1% reduction in the average bill. A 50% reduction in 30% of the target areas will result in a 0.5% reduction in the average bill. A 50% reduction in 35% of the target areas will result in a 0.2% reduction in the average bill. A 50% reduction in 40% of the target areas will result in a 0.1% reduction in the average bill. A 50% reduction in 45% of the target areas will result in a 0.05% reduction in the average bill. A 50% reduction in 50% of the target areas will result in a 0.02% reduction in the average bill.

| Performance area and unit | Description   | Performance 50% impact | % of all target areas |
|---------------------------|---|------------------------|-----------------------|
| Leakage                   | This measure looks at our performance in reducing leakage across the network - both household pipes but also from those in commercial premises.   | £3.76                  | £3.3%                 |
| External sewer flooding   | Sewer flooding occurs when sewage escapes from a pipe, through a manhole, from a gully or backing up in a drain. External flooding affects gardens and road lanes. The performance is measured as the number of sewer flooding incidents per 1000 sewer connections.  | £1.84                  | £1.6%                 |
| Pollution incidents       | This performance commitment looks at the number of pollution incidents each year. These figures are based on the number of pollution incidents that are reported to the Environment Agency (EA) or the number of pollution incidents that are reported to the EA via the EA's website. The performance is measured as the number of pollution incidents per 1000 sewer connections. | £2.87                  | £2.5%                 |
| Internal sewer flooding   | Sewer flooding occurs when sewage escapes from the sewerage network, through a manhole, from a gully or backing up in a drain. This performance commitment is the number of pollution incidents per 1000 sewer connections.   | £8.37                  | £7.4%                 |
| Bathing water quality     | The quality of water consumed from the tap in our region is measured by the Environment Agency (EA). The bathing water quality is measured by the EA's bathing water quality index (BWQI). The performance is measured as the number of bathing water quality incidents per 1000 sewer connections.   | £1.40                  | £1.2%                 |
| Per capita water usage    | The amount of water used by each person in our region is measured by the Environment Agency (EA). The performance is measured as the number of water meters per 1000 sewer connections.   | £1.07                  | £0.9%                 |

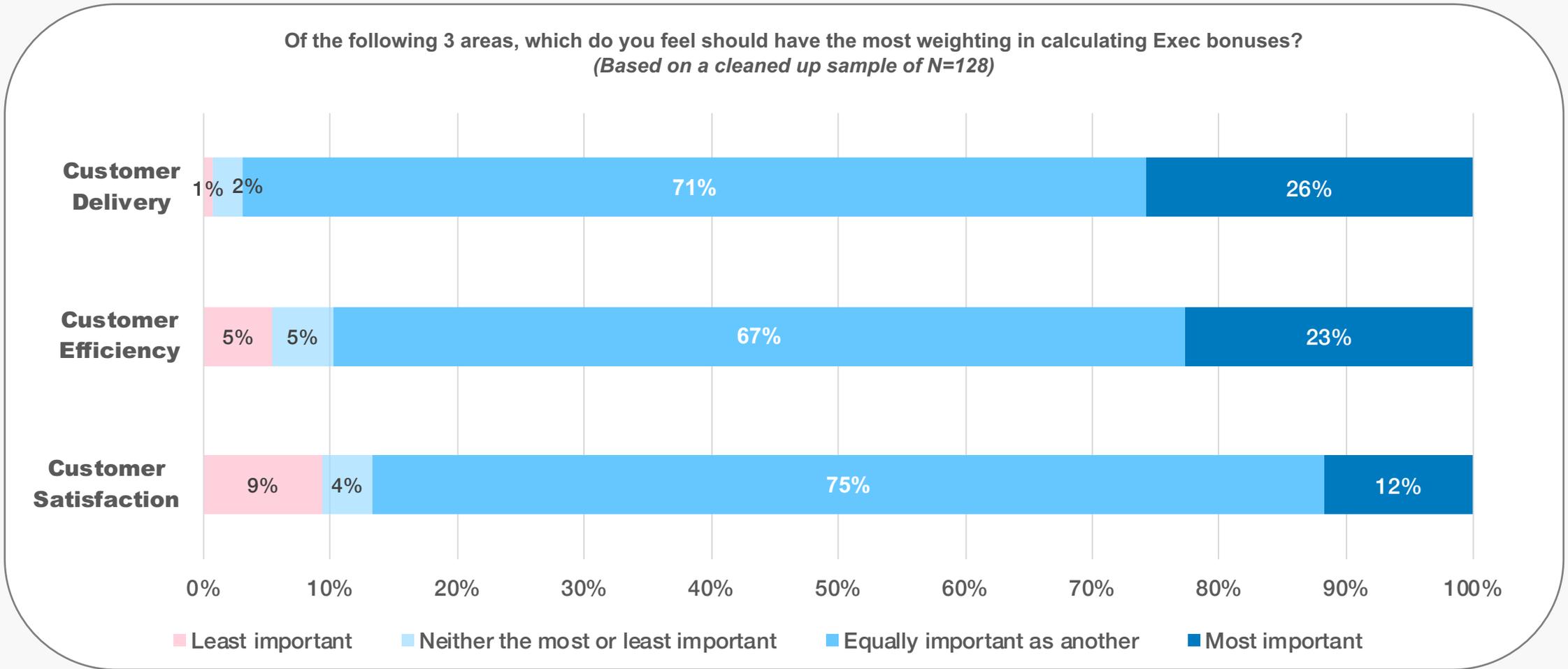
Based on all of AW's performance target areas, which 5 do you think should be the ones used to determine Exec bonuses?

Select the 5 areas you feel are most important to base exec bonuses on.

- Leakage 14% (238 Answers)
- External Sewer Flooding 35% (588 Answers)
- Internal Sewer Flooding 23% (388 Answers)
- Bathing water quality (bathing water quality) 14% (227 Answers)
- Per Capita Consumption 11% (176 Answers)
- Water supply interruptions 10% (166 Answers)
- Water quality indices 25% (415 Answers)
- Water Industry National Development Programme 14% (228 Answers)
- Supporting customers in vulnerable circumstances (qualitative) 14% (227 Answers)
- Managing and protecting 6% (97 Answers)
- Tree Works Schemes 11% (178 Answers)
- Customer service 4% (67 Answers)
- Digital water 2% (32 Answers)
- Natural Capital 2% (32 Answers)
- Social Impact 2% (32 Answers)
- Event Risk Index (ERI) 2% (32 Answers)
- Percentage of population supplied by a single supply system 2% (32 Answers)
- Supporting customers in vulnerable circumstances (quantitative) 1% (15 Answers)

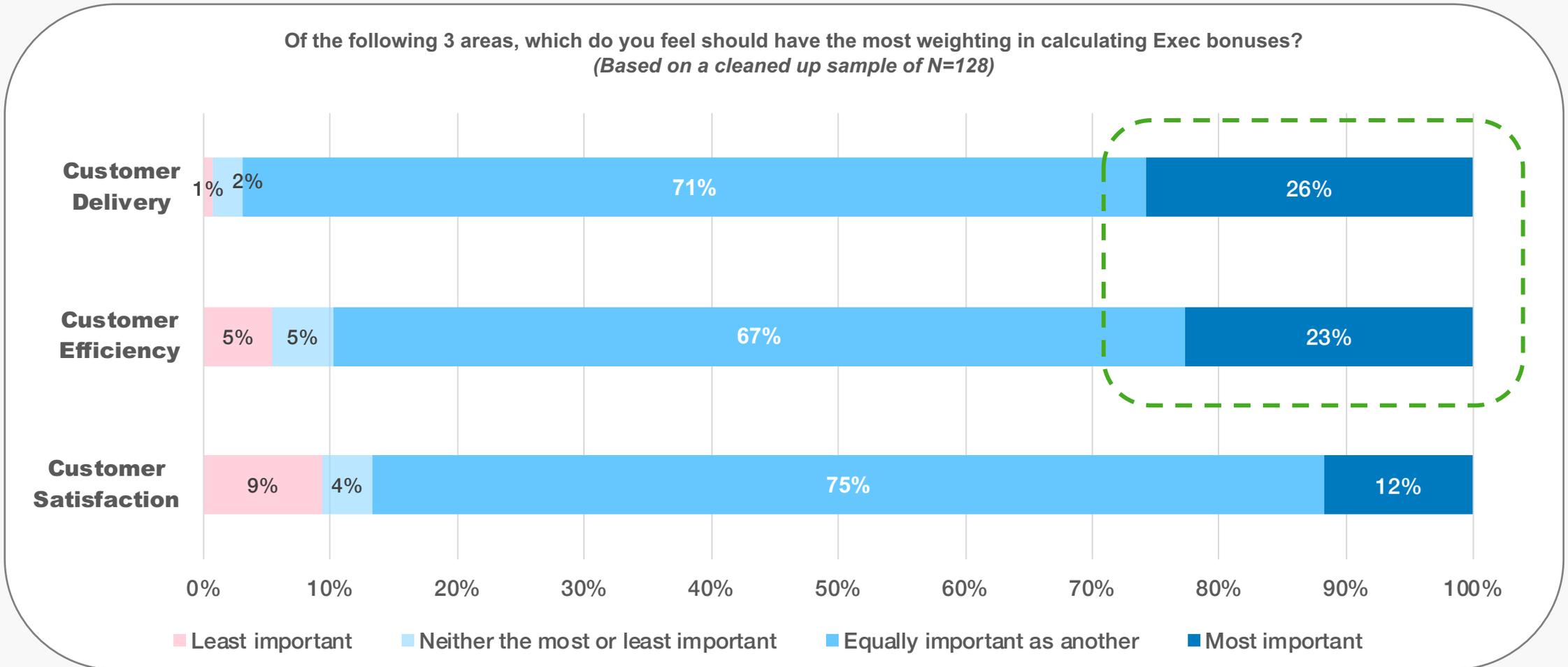
# A large majority feel that *equal importance* should be placed on all 3 customer-focus areas

An overview of the weighting customers placed on **Customer Satisfaction**, **Customer Efficiency** and **Customer Delivery** clearly shows a preference for all 3 areas to be considered in equal measure.



# Slightly more importance is placed on Delivery and Efficiency, compared to Satisfaction

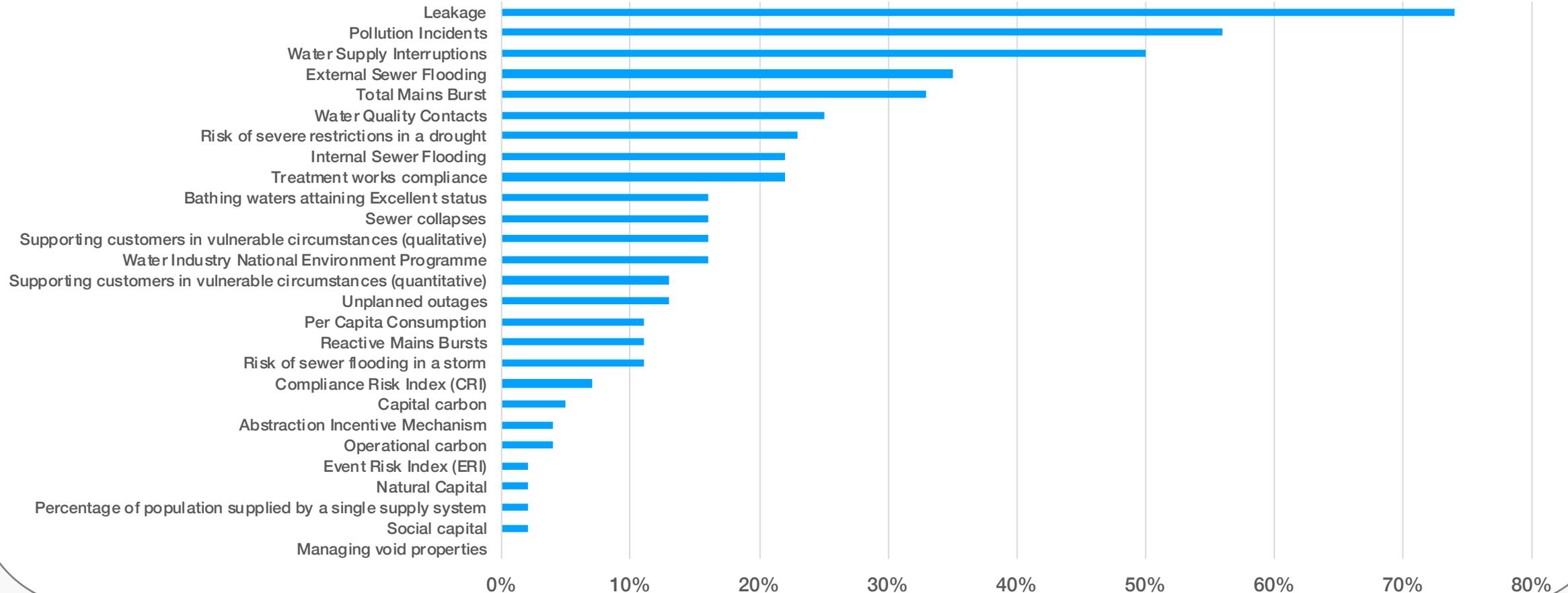
When comparing all 3 areas there is no clear priority area, however there is a slightly higher proportion of customers who feel that Delivery is the most important (26%) followed by Efficiency (23%).



# There is a *spread* of customer support across the range of performance areas

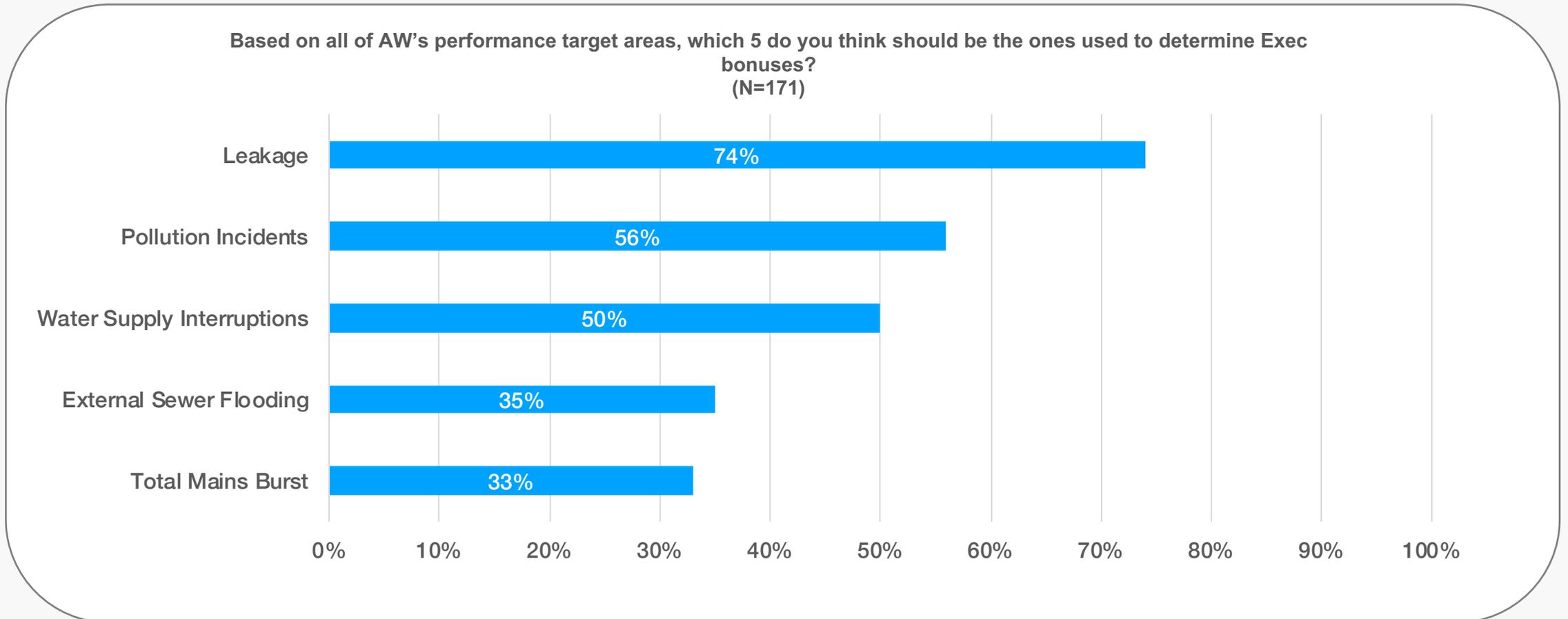
**Managing Void properties was the only target area that received 0 votes, with all other target areas receiving some votes as one of their top 5.**

Based on all of AW's performance target areas, which 5 do you think should be the ones used to determine Exec bonuses?(N=171)



# Leakage is *top priority* for most with Pollution, Interruptions, Flooding and Bursts next in line

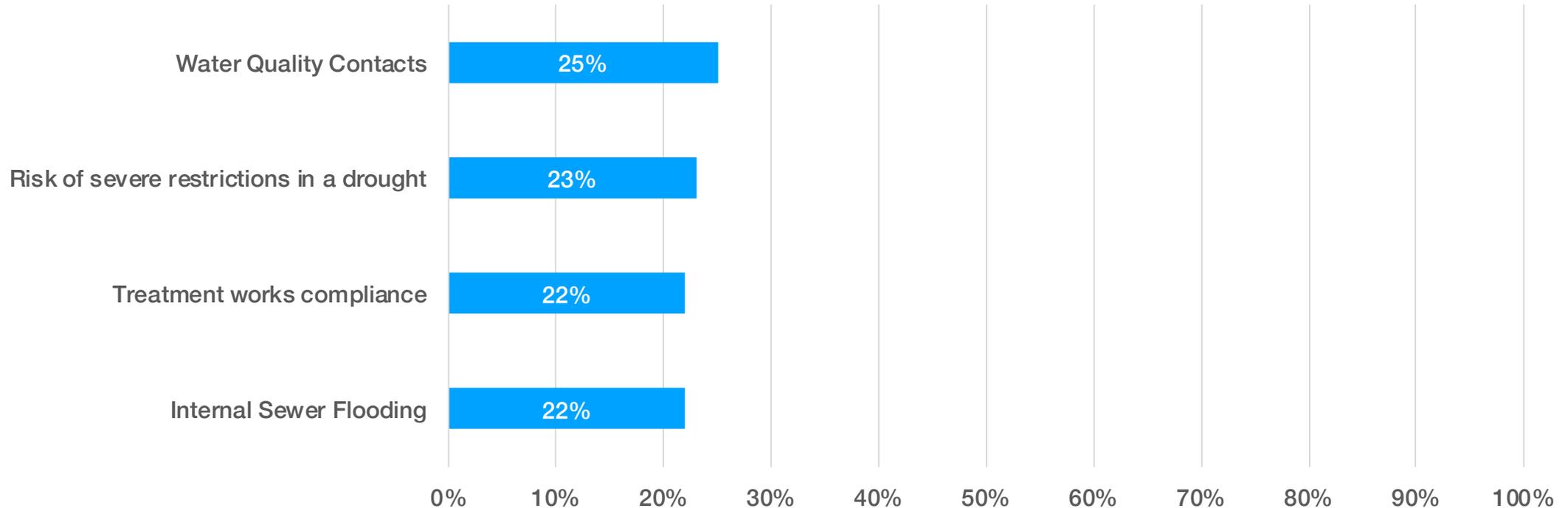
The top 5 highlight the importance of Customer Delivery (i.e. leakage, pollution) and scenarios that *could* impact on Customer Satisfaction (i.e. the experience of supply interruptions, mains burst or sewer flooding).



# Beyond top 5, the next 4 areas received a *lower* and *fairly even* percentage of votes

The next group down are fairly similar in average votes, from **Water Quality Contacts (25%)** down to **Internal Sewer Flooding (22%)**.

Based on all of AW's performance target areas, which 5 do you think should be the ones used to determine Exec bonuses?  
(N=171)



# Summary

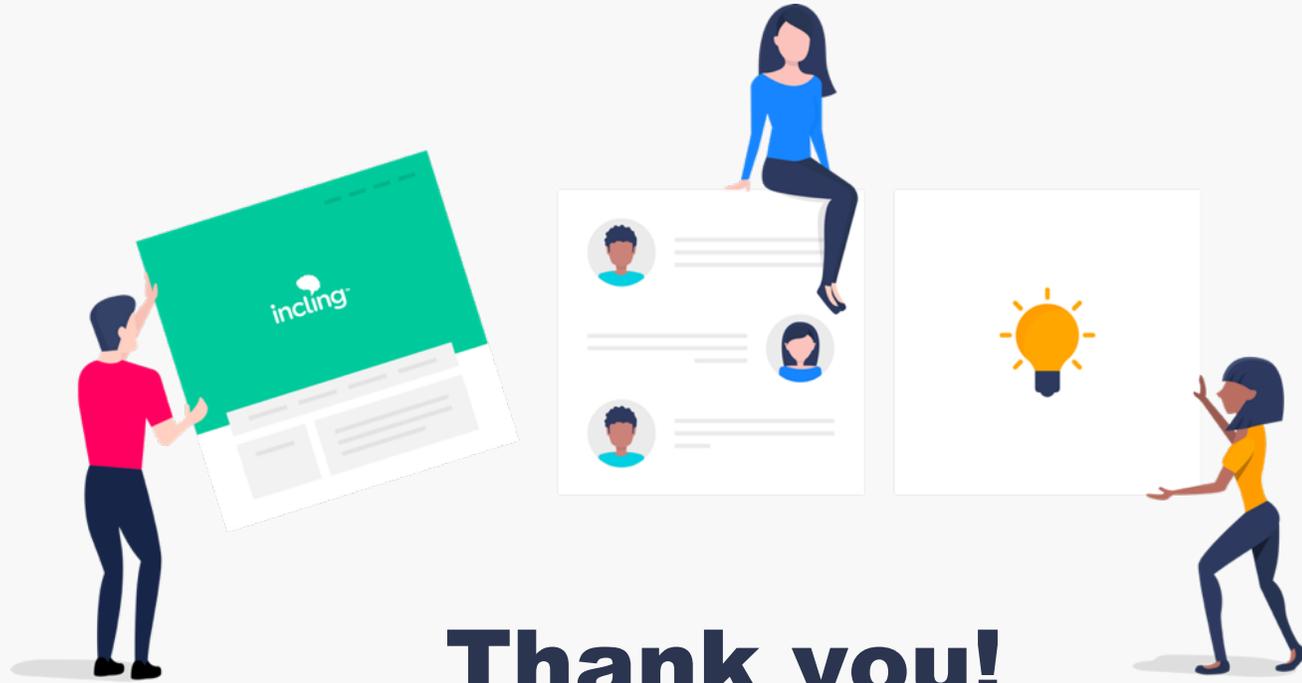
Customer response demonstrates a preference towards a **balanced approach to identifying exec pay**, one that considers focus on customers satisfaction, efficiency and delivery in equal regard - ***over 60% feeling all 3 should be deemed 'equally as important as another'***.

There is some evidence of greater importance being placed on customer delivery (26% deem most important) and customer efficiency (23%), over customer satisfaction (only 12% deem most important).

The top 5 target areas that most customers chose as being used to identify exec pay relate to key performance areas around leaks and pollution, but also around scenarios that could also impact on customer experience and satisfaction:

***Leaks 74%***

- ***Pollution incidents 56%***
- ***Water supply interruptions 50%***
- ***External sewer flooding 35%***
- ***Total mains bursts 33%***



**Thank you!**

**Any questions? Just reach out to us on  
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