

Consumer involvement in company decision-making rule

Forward Look for 2026-27

June 2026

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Foreword

I'm pleased to share with you Hafren Dyfrdwy's first annual report on consumer involvement in company decision-making rule. The rule is all about listening to our customers and transparently taking their views into account when we're making decisions that affect them. This is something our Board is delighted to give whole-hearted support to.

In the past, the water industry hasn't always been seen as particularly open or accountable. Here at Hafren Dyfrdwy, we see the new rule as a brilliant opportunity for us to build trust and show that customers' views matter in what we do.

The great news is that we already listen to our customers and place a high value on customer research. For example, for our 2025-30 business plan we have engaged customers on an unprecedented scale, consulting 6% of our customer base via qualitative, deliberative and quantitative research, so that they could shape and inform our plan.

For such material decision-making, we also employed an Independent Challenge Expert to challenge us on the design of our customer engagement and how we were taking customer views into account.

This involvement went on to markedly shape our business plan, including our decision to go further on environmental improvements and reduce storm overflow discharges more quickly – twice as fast, in fact.

It is also shaping how we work now. Through the CCW *Water Voice* panel Accountability Session on 20 April 2026, customers have told us they want clearer explanations of why bills are rising, better and more local comms, and greater visibility of the support we offer. We have put an action plan in place, have already acted on some of the feedback, and will continue to report back to customers on the progress we are making.

In this, our first Forward Look report, we explain that we have strong arrangements in place for listening to our customers, have set up decision-making processes to take account of customer views and will seek feedback from customers on our implementation of the rule. We also set out what research we plan to do over the next twelve months.

As this is the first year of the rule being in place, I am keen to receive feedback on our Forward Look and to learn from others as best practice develops in the sector.



James Jesic

Hafren Dyfrdwy Managing Director

Customer summary

In this section, we provide a customer friendly summary of the rest of the document.

What is this about?

We have published this document to explain how we will listen to our customers and involve them in important decisions over the coming year. This follows a new rule introduced in April 2026 by the water regulator (Ofwat). The rule aims to make sure water companies:

- understand what matters to customers;
- take customer views into account when making decisions; and
- learn from feedback to improve in future.

In short, it's about improving trust and accountability – and making sure your voice genuinely influences what we do.

Why this matters to you

Water companies make decisions that affect:

- your bills;
- the quality of your water and environment;
- customer service; and
- support for vulnerable customers.

In the past, customers haven't always felt involved or heard. This new approach is designed to build trust, improve services and make decisions fairer and more transparent.

How we will listen to customers

We already gather a significant amount of customer feedback and we plan to build on this further. We use several methods to understand what people think, such as a customer tracker survey, large-scale research on big decisions and local community engagement on major projects (like upgrading pipes or improving rivers).

How your views will shape decisions

We must now show clearly how customer input influences decisions. Our customers will be involved in all decisions that could have a real impact on them, such as:

- changes to bills;
- investment in infrastructure;
- service improvements;
- environmental projects; and
- support schemes for vulnerable customers.

For important decisions in these categories, we will identify if the decision affects customers, gather customer views and present these views when making decisions. We will also explain how feedback influenced the final outcome. If the final decision doesn't fully match customer views, we will clearly set out why this is the case.

Customer involvement has materially shaped our decisions in recent years. For example, the feedback for our PR24 business plan was that river quality is held in high regard by customers and that they feel protecting the River Severn by reducing storm overflow discharge is important. We responded to this by proposing a much larger environmental improvement programme that would significantly accelerate improvements to reduce discharges from storm overflow. In numbers-terms, this customer involvement took us from a plan to reduce discharges to an average of fewer than 30 discharges per-site each year by 2030, to a plan to deliver an average of fewer than 20 discharges per-site each year.



How we will learn from feedback

It's not just about listening before decisions – it's also about learning and reflecting after decisions have been made.

We will compare expected outcomes to real experiences and use lessons learned to improve future decisions.

A key part of this is independent *Water Voice* consumer panels organised by CCW (the consumer watchdog). In our first Accountability Session on 20 April 2026, panellists told us that they want clearer explanations of why bills are rising, more and better communications – including more localised information, and better visibility and promotion of the support we offer. We have committed to an action plan that addresses all of these in detail. We have provided panellists with details of how we've started communicating with and consulting customers affected by our Wrexham Ring Main work, and we will provide further updates on our progress towards the actions.

What happens if the company doesn't do this properly?

This is a formal requirement set by the regulator. If we do not follow the rule, Ofwat could take regulatory action, we could face financial penalties and it could damage our customers' trust in us and our reputation. In other words, we are accountable for listening to, and acting on, customer views.

Next steps

During the next 12 months, in 2026-27, we will ask customers about topics such as:

- future investment priorities;
- plans for making extra investment between 2027 and 2030; and
- how we can improve the support we provide to customers who are struggling to pay their bill, and those with health and wellbeing vulnerabilities.

This will help shape both immediate decisions and longer-term plans.

This is the first year of the new rule, so we want to learn from customers, regulators and other companies to improve our approach. Customers and stakeholders are invited to give feedback on this plan to help us improve it further.

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1. Introduction to the consumer involvement rule

The government gave Ofwat the ability to bring in the consumer involvement rule in the Water (Special Measures) Act 2025. The government's objective for the rule is to ensure water companies listen to, understand, and take account of the experiences and needs of consumers in decisions that most affect them. This will lead to better outcomes for people and communities and help to rebuild public trust in the water sector. At Hafren Dyfrdwy we support this objective and are fully embracing the rule, as we explain in this Forward Look.

Ofwat published the consumer involvement rule and the associated guidance in November 2025. The consumer involvement rule came into force on 1 April 2026.

The rule consists of a core requirement and three components. The full text is available in the consumer involvement rule publication and we have summarised it below.

The core requirement is that companies must have appropriate arrangements in place for involving consumers in decisions that are likely to have a material impact on consumer matters. To deliver this core requirement, companies must deliver the following three components:

- **Component 1** – companies must put in place, and follow, effective arrangements to understand the views and preferences of their consumers;
- **Component 2** – companies must ensure that the views, experiences and preferences of consumers are appropriately fed into, and taken into account of, in the decision-making process for actions that are likely to have a material impact on consumer matters; and
- **Component 3** – companies must seek feedback from consumers on their experiences of past decisions to inform future engagement.

The rule and guidance also say that companies must publish a report every year covering: (i) a forward-looking plan for compliance with this rule; and (ii) a review of how they have delivered the rule in the previous financial year. As the rule came into effect on 1 April 2026, Ofwat has said that companies only need to cover their forward-looking plan in this first report.

We have developed this **Forward Look** based on Ofwat's guidance and customer research. We understand that Ofwat is keen for companies to innovate so that it can gather best practice later in 2026; nevertheless, we have also tried to keep the framework as simple as possible so that it is practical to implement across our business.

The next three sections set out our Forward Look for each component.

2. Forward Look on Component 1 – arrangements to understand the views of consumers

Component 1 of the rule refers to companies having in place arrangements to understand the views of consumers such as surveys, qualitative research and engaging with independent consumer experts.

At Hafren Dyfrdwy we start from a strong position as we already have well-established arrangements in place to meet Component 1. We have:

- an experienced consumer research team that organises our key surveys and qualitative research with customers and engages with independent consumer experts;
- a community connector team that engages with local communities on a regular basis and ahead of large infrastructure project delivery; and
- opportunities through the new Kraken billing system (which we're introducing this year) and Trustpilot for customers to provide feedback on our operational work and customer service.

This section explains our established arrangements for understanding the views of customers through regular customer surveys, extensive research programmes on important issues for customers, community engagement and engagement with independent consumer experts.

Regular customer surveys

We have established approaches to continuously monitor our customers' views so that we can take them into account when running our business. Some of our key regular customer surveys are:

- **Household customer tracker survey** – this is a twice-yearly survey. It monitors and explores key metrics such as customer satisfaction, value for money and trustworthiness, perceptions of the company and awareness of our affordability schemes and priority services register.
- **Non-household customer tracker survey** – this is an annual survey of non-household customers.
- **Priority Services Register (PSR) customer satisfaction survey** – this is an annual survey of customers on our PSR, to understand how we can improve and better promote our PSR services.

We also draw on relevant surveys from CCW, including its annual *Water Matters* (satisfaction) survey of our household customers and its *Testing the Waters* survey of non-household customers.

Extensive research programmes on important issues for customers

We have well-established arrangements to carry out large-scale qualitative and quantitative research on issues that are important to our customers, and have been engaging with them extensively since we were founded in 2018. For example, we engaged with more than 6,000 customers in the development of our PR24 business plan for 2025-30.

We provide some recent examples of our engagement with customers below.



PR24 business plan

Between 2022-24 we carried out an extensive customer engagement exercise for our PR24 business plan. We engaged with customers on an unprecedented scale, consulting 6% of our customer base via qualitative, deliberative and quantitative research, so that they could shape and inform our plan.

The customer engagement annex¹ to our PR24 business plan sets out the phased approach we took to research, which allowed each phase to build on the previous one, recognising that it is an iterative process whereby knowledge of customer preferences is built cumulatively over time.

We used a wide range of approaches to understand our customers' views. These included:

- **Research** – ranged from BAU pieces such as our household customer tracker survey, research on the statutory plans and the key investment choices, research to shape our affordability strategy, and a comprehensive piece of research on the acceptability and affordability of the plan.
- **Open sessions** – we invited customers and stakeholders to openly pose their questions in the *Your water, your say* virtual meeting, prescribed by Ofwat and CCW and chaired by an Independent Chair.
- **Stakeholder interactions** – drew insight from the rich variety of stakeholder interactions on social media and in the communities we serve, including our education programme in schools, water efficiency audits, and outreach activities to support customers.

¹ <https://www.hdcymru.co.uk/content/dam/hdcymru/about-us/pr24/hdd07-annex-2-customer-engagement-challenge-and-assurance.pdf>

In addition, our PR24 Independent Challenge Expert provided challenge on our overall approach to customer engagement and on the design of specific pieces of research.

Community engagement

We have an established Community Connector team that, with our mobile van, Dilys, regularly goes out and about to meet directly with customers in our communities. The engagement work they undertake ranges from day-to-day support for customers, such as those struggling with bills, through to working alongside operational delivery teams to ensure customers and communities are involved in shaping how major investment projects are delivered in their area.

Community Connectors and Dilys



Our approach goes beyond providing information – we make sure to listen to local concerns, gather insight and finesse delivery plans where we can so that we reduce disruption and improve customer experience.

An up-to-date example of this is with our *Visible Change for Wrexham* ring main upgrades, where we are about to embark on a £10m programme to improve the resilience of the network. A proactive and structured engagement plan is in place to support delivery of the scheme, with activity focused on engaging clearly, providing clear customer information and responsive stakeholder management. This has seen us:

- issue advance notice to 8,000 customers and businesses to raise awareness of the work planned and the customer engagement sessions we would hold;
- engage directly with local authorities, schools, councillors and businesses to help refine engagement timing, understand local needs and secure support for future community activity;
- collaborate with transport operators to mitigate disruption from a proposed bridge closure; and
- hold in-person engagement sessions for the community, and for local farmers and landowners.

Information gathered through this engagement will be used to finesse and optimise our delivery plans, particularly with regard to road closures. It also introduces our dedicated community communications officer to the local community, so they have a direct contact for any insight or issues if needed.

Using existing customer research

We have built up an extensive library of customer research results since we were founded in 2018, for our business plans and to inform major decisions. When deciding on whether to commission new customer engagement for a material decision, we assess whether existing customer engagement research results already cover the issue.

If we do decide to commission new research, we will use any relevant past customer engagement to triangulate the insights we take from the customer research, giving appropriate weighting to their relevance, robustness and how recent they were.

Engagement with independent consumer experts

Our teams engage frequently with independent consumer experts and have developed strong links with key customer research agencies who advise us on how to design surveys and focus groups, and keep us up to date with best practice. They also meet regularly with CCW to learn from their expertise on customer engagement, CCW's own research projects and their views on best practice from other companies.

Our customer researchers are members of the Market Research Society (MRS), the professional body that sets the rules, standards and best practice for market research.

For the business plans that we produce every five years for the price reviews, we engage an Independent Challenge Expert to review our key customer research project outlines and provide feedback. For our PR24 business plan, our Independent Challenge Expert reviewed our overall approach to customer engagement and pointed out gaps that we subsequently filled. We will have an Independent Challenge Expert on board for our next business plan, PR29 (2030-35).

Summary for Component 1

We have strong arrangements in place to deliver Component 1 of the consumer involvement rule over the 2026-27 financial year. We have regular customer surveys in place and a strong track record of engaging with our customers extensively on decisions such as our PR24 business plan. Our Community Connector team engages with local communities on large investment projects in their areas and we frequently talk to independent consumer experts to understand new developments in best practice. We look forward to learning from Ofwat, CCW and other companies during the first year of the consumer involvement rule to see if there are areas where we can improve.

3. Forward Look on Component 2 – ensuring consumer views are considered in decision-making

Under Component 2, companies must ensure that the views, experiences and preferences of consumers are appropriately fed into, and taken into account in the decision-making process for decisions that are likely to have a material impact on consumer matters.

There are two key stages to Component 2 – (i) identifying if a decision is covered by the rule and (ii) making sure any decisions that are covered take consumer views into account.

Identifying decisions covered by the consumer involvement rule

The consumer involvement rule covers “*decisions that are likely to have a material impact on consumer matters*” and provides the following examples of decisions that are covered:

- changes to consumer bills or tariff structures;
- decisions on service quality standards or significant investments;
- major infrastructure projects affecting supply or wastewater services;
- policies impacting vulnerable customers or affordability programmes; and
- strategic governance changes that influence consumer protections.

The examples in the rule are not exhaustive, so we have drawn on the group consultation project undertaken by other water companies to establish customers’ thoughts on what constitutes a decision likely to have a material impact on consumer matters.

Material decisions

In the spirit of the consumer involvement rule, in May 2026 other water companies appointed the research agency Navigator Insight to ask customers what decisions they would like to be involved in and what they consider to be material decisions. The group kept Ofwat and CCW informed about the progress of its project, which was designed to dovetail with CCW’s own previous customer research on consumer involvement.

The research involved asking 126 customers across England and Wales to help shape a framework for defining and assessing the material impact of decisions. This was done through an online qualitative panel over 5-7 days with 20-minute tasks to complete each day. There were also in-depth interviews with five non-household customers, five developers and five digitally-disadvantaged customers.

The research found that there is a relatively contained set of factors that are universally material and that consumers expect to be involved in. These were decisions where there could be:

- high or uncertain bill impacts;
- negative impacts on the environment or vulnerable customers;

- health or financial harms;
- risk to the core service; and
- major social / community level impacts (large scale and long-term).

The research found an additional list of issues that customers think companies need to explore to determine materiality in certain circumstances. These were decisions where there could be:

- reputational effects, or where the outcome was not guaranteed;
- neutral / positive impacts on the environment or vulnerable customers;
- not about core service;
- major social / community level impact (large or long-term).

The research also found that there were multiple drivers of why consumers often *do not* want to be directly involved in decision-making, including:

- the decision doesn't affect them directly;
- a perception that other stakeholders are better placed to comment;
- the issue is too technically complex for their input;
- internal decisions where they have no expectation of inputting their views;
- scepticism about whether their views will be listened to.

Separately, but in keeping with the research above, we recognise that a case can be made for the definition of material decisions to include those that impact on consumer perception and trust in the water sector.

Based on the Rule itself, the customer research and further engagement, we have a wide range of information to help us assess whether a decision is material. We also expect the definition of a 'material decision' to evolve, through Ofwat guidance, as the industry gains experience with applying the rule in its early stages of implementation.

Framework for identifying decisions covered by the rule

We are the sector's smallest company, with just over 200 employees, and a key challenge under Component 2 is making sure we identify decisions covered by the rule.

The majority of our most significant decisions are relatively easy to identify as they will be taken to our Hafren Dyfrdwy Executive Committee (HDEC) or the Hafren Dyfrdwy Cyfyngedig Board. Papers to HDEC and Board must be clearly labelled if a decision is required, meaning it is clear these papers should be considered under the consumer involvement rule. The papers will set out what consumers' views were, how the consumers' views influenced the decision and why the proposed decision differs from consumers' views if that is the case.

However, some decisions that are potentially covered by the rule can be made outside of HDEC and Board. Accordingly, we have promoted awareness of the rule among our HDEC members and senior managers. As many of our HDEC members and senior managers are not experts in economic regulation or customer research, we have opted to give the rule greater practical effect – by translating it into practical guidance that makes it easier for our teams to apply.

As part of this approach, we ask teams to assume **all decisions** need assessment against the rule. In particular, we ask them to make sure the following types of decisions are assessed against the consumer involvement rule:

- **Decisions not already shaped by previous customer research.** Many decisions we take relate to previous customer research – such as our PR24 investment programme – have already been informed by customer research. That said, the detailed implementation of our investment programme still requires assessment as to whether it has a material impact on consumer matters not already covered by previous customer research.
- **Decisions where we have discretion in following government requirements or Ofwat rules.** Many decisions we take are required to follow government requirements and Ofwat rules, such as compliance with the National Environment Programme (NEP). However, where we have discretion in how we implement the requirements, we still need to apply the consumer involvement rule.
- **Decisions with direct consumer consequences.** Many decisions we take relate to internal operational or administrative decisions, which don't have a direct effect on customer service. For example, whether we carry out a service for customers using internal staff or contractors. Nevertheless, teams should still consider whether an internal operational or administrative decision does have a material impact on consumer matters.
- **Decisions that customers say they don't want to be involved in.** We know from our customer research on future investments, and from the group research on the consumer involvement rule, that customers usually say that they do not want to be involved in technical decisions about investments, such as water supply security or river quality improvements. Even so, where such decisions have a material impact on consumer matters, they still need to be assessed under the consumer involvement rule.

This is the first year of the consumer involvement rule and we welcome any feedback from Ofwat, CCW and our other stakeholders on whether our proposed practical approach to applying the rule is appropriate.

Using explicit numerical thresholds

We considered whether we should use explicit numerical thresholds to decide if the customer involvement rule applies to a decision. For example, the rule might apply to investment schemes over a pre-specified value, to supply events affecting more than a pre-set number of customers or average bill impacts over a set amount. However, we have held off introducing explicit numerical thresholds at this stage, given they are not set out in the rule and the associated Ofwat guidance. That said, we consider that such numerical thresholds would make the rule easier to apply in practice. So, we intend to learn from Ofwat's assessment of the application of the rule in its first year, to understand the extent to which numerical thresholds would be acceptable.

Making sure any decisions that are covered take consumer views into account

We have a long-established approach of taking customers' views into account in our decisions since our inception in 2018, through our PR19 and PR24 business plans. We used a "golden thread" principle to make sure the findings of our extensive customer engagement shaped the contents of our five-year

business plans. Our Independent Challenge Expert, which we first introduced for PR24, emphasised the importance of this approach. This means that we already have a culture of taking account of customer views in our decisions and an openness to expanding the availability of different views.

We have continued to strengthen the arrangements we have in place to make sure that decisions take consumer views into account, once we have identified that a decision is potentially covered by the consumer involvement rule. In particular, we have raised the awareness of the rule with HDEC and our senior managers.

We have designed the following process for applying Component 2 to decisions potentially covered by the rule:

- Identify any decisions potentially covered by the consumer involvement rule early.
- Check with the team that leads on the rule – the Economic Regulation team – whether the decision is covered by the rule.
- Allow plenty of time to arrange some customer engagement to inform the decision. The Economic Regulation team can help arrange the engagement. Depending on the type of engagement needed, the research can be carried out in between six-weeks (qualitative-only) and six-months (for an extensive programme of qualitative and quantitative research). For long research programmes, there are usually preliminary results that enable customer views to be fed into the decision-making process earlier.
- When the customer research results arrive, make sure these are considered in the decision-making process. All HDEC and Board papers asking for a decision include a table requiring information on how the paper has complied with Components 1, 2 and 3 of the rule (see below).
- When writing up the decision after it has been taken, explain how you took the customer research into account and the effect it had on the decision.

Our HDEC and Board papers have standard templates that all staff must use, which include a section for clearly identifying if the paper requires a decision to be made. We have updated the template to include a table requiring the author to state how the proposed decision complies with the three components of the consumer involvement rule, or why the rule doesn't apply. We have made clear to our teams that if the table is not included then papers will not be submitted to HDEC or Board. To help our teams comply we have advised them to talk to our Company Secretariat and Economic Regulation teams in advance, to ensure they understand how to complete the table.

We have also explained to our teams that the rule is a consumer involvement rule, which requires us to involve customers in our decisions. This means we take account of customer views but can balance them with our judgment of what the right, pragmatic decision is for our customers. If our decision does not fully align with customer views, that can be acceptable, but we would need to clearly explain why we diverged from what customers told us.

Board involvement in the rule

The Hafren Dyfrdwy Board will apply the rule on an ongoing basis through the decisions they make on the papers they see. They will also make sure that discussions on how customers' views were taken into account are documented appropriately, in accordance with the rule.

To support the Board in its application of the rule, HDEC will provide regular updates on our approach to involving consumer views in decision-making, with time allocated at Board meetings to discuss

consumer matters. In line with existing practice, Board members will periodically observe customer engagement sessions, which will help bring customers' views alive for them when taking decisions covered by the rule.

CCW *Water Voice* consumer panel

In accordance with Component 2 of the rule when a CCW-convened consumer panel requests our attendance at a meeting of the panel, we will make sure at least one senior company representative attends the meeting. Following the panel meeting, we will provide a summary of the matters discussed to the Board.

Hafren Dyfrdwy's first *Water Voice* consumer panel accountability session was held on 20 April 2026 and attended by our CEO, James Jesic and our Customer Experience Lead.

We discuss the CCW *Water Voice* consumer panel in more detail under Component 3.

How customer engagement has affected our decisions in the past

This document provides a Forward Look at how we plan to apply the Consumer Involvement Rule in the next twelve months. However, using customer views to inform and influence our decisions is something we have been doing since our inception in 2018 and our PR19 business plan submitted that year.

Customer views shaped the contents of our PR24 business plan (covering the period 2025-30). For example:

- Customers helped shape investment priorities for reliable and resilient services. Feedback showed strong support for reducing leakage, improving water supply resilience and cutting supply interruptions. In response, the plan included a further 10% leakage reduction and investment to reduce the length of supply interruptions by 72% from 2022/23 levels.
- Customer concerns on affordability and support influenced the service package. Customers highlighted the cost-of-living pressures, affordability of future bills and the need to do more to promote support schemes, especially through face-to-face and community channels. The plan therefore included increasing social tariff support by two-and-a-half times existing levels.
- Customers see sewer flooding as a high priority that is urgent and important to face into, but they also expressed limited willingness to support a costly investment, even if this means compromising on the speed of reducing flood risk. In balancing these views, the plan focused on targeted action to tackle sewer flooding, in order to deliver progress while controlling the cost implications.

Upcoming decisions

We have started, or are planning, customer engagement across key areas that will involve decisions in 2026-27 and the following years.

We are in the early stages of developing our 2029 Water Resources Management Plan and 2029 Drainage and Wastewater Management Plan. We must follow NRW guidance on the development of both plans and there are various statutory requirements we have to deliver, but there is considerable

scope for customer views to influence the decisions we make on the plans. The deliberative customer research for the DWMP will be carried out in August-October 2026.

We will be engaging with customers on any major investment projects affecting local communities, such as the upgrades to the Wrexham ring main. While consumer engagement is already underway on this project, this is targeted at specific phases of the work, with further targeted engagement expected for subsequent phases.

For 2026-27 we are planning customer research in the areas set out in the table below, to inform our decision-making (Component 2) and understand customer feedback (Component 3). Our plans are likely to change and evolve during the year due to customer feedback, the views of our regulators and independent experts, and new decisions coming up during 2026-27. We will cover the research we carry out in next year's report on the implementation of the consumer involvement rule.

2026-27 customer research plan

Period	Planned customer research
Summer 2026	PSR customer satisfaction – exploring how the service could be improved and better promoted.
Autumn 2026	- A new non-household customer survey. - Deliberative customer research for our DWMP and WRMP.
Winter 2026-27	Exploring potential long-term investments for our PR29 business plan.
Spring 2027	- The start of affordability research for our PR29 business plan. - Research for any material cost change submission we make in 2027.

Summary for Component 2

We have put arrangements in place to deliver Component 2 of the consumer involvement rule over the 2026-27 financial year. We have drawn from sector-wide customer consultation to understand what decisions they consider are covered by the rule. We have raised the profile to all our teams about the types of decisions covered by the rule and provided guidance on what they need to do, and the help available if they are planning to take a decision that could be covered by the rule. We have also built the consumer involvement rule into our processes for the executive committee (HDEC) and Board. We have a strong track record of taking customer views into account, such as on our PR24 business plan. As for Component 1 we look forward to learning from Ofwat, CCW and other companies during the first year of the consumer involvement rule to see if there are areas where we can improve.

4. Forward Look on Component 3 – seeking feedback from consumers on past decisions

Component 3 of the consumer involvement rule requires companies to seek feedback from consumers on their experiences of past decisions, to inform future engagement.

A framework for evaluating the impact of decisions on consumers

Building on all the processes we set out in this section, we propose to follow the framework below for implementing Component 3 of the consumer involvement rule. For material decisions we will:

- define expected customer outcomes at the decision stage;
- collect feedback on the outcome of the decision (CCW panels, surveys, complaints data);
- compare the expected versus actual outcomes;
- identify lessons learned; and
- feed these into future decisions (via our reporting to HDEC and Board).

This framework is designed to ensure that feedback from consumers on past decisions is systematically captured and used to inform future decisions, in accordance with Component 3.

We are proposing to implement Component 3 through the CCW *Water Voice* consumer panels, via research with our customers and by working with customer research experts as explained below.

CCW *Water Voice* consumer panels

In the consumer involvement rule, a required element of Component 3 is participation in CCW's *Water Voice* consumer panels. These are designed to give customers a stronger voice in shaping how water companies serve their communities, in particular, by providing feedback on their experiences. There are 16 panels in total across England and Wales, one for each water company area, with around 50 customers serving as panellists on each.

Through regular surveys, panel members share their experiences, ideas and feedback on company performance and key issues to help companies improve services, strengthen accountability and deliver better and fairer outcomes for everyone. Together, these panels form the *Water Voice* community – a network designed to gather insights from water consumers across different regions to inform industry improvements in service, affordability and environmental impact.

On 20 April 2026, James Jesic (our MD) and members of our executive committee (HDEC) attended the first Hafren Dyfrdwy accountability session with a live panel of 11 customers (a subset of the *Hafren Dyfrdwy Water Voice* panel of 42 customers)².

The panel provided feedback to us on three areas:

- **Value for money, rising bills and transparency** – they wanted clearer, more tangible and more local explanations of rising bills, with visible links between extra cost, specific projects and real customer benefit.
- **Communication and access to information** – they wanted less fragmented and traditional communication, with a need for simpler, preference-led and more visible updates across both digital and local channels.
- **Customer support, awareness, and early intervention** – welcomed existing support, but wanted it made more visible, offered more consistently and delivered by empathetic, well-trained customer service.

We found it very useful to hear customers' experiences and perspectives directly and we can respond quickly to some of the concerns they raised – e.g. simple, customer-friendly visuals to show where bills go, what is driving increases and how money is allocated. We agreed an action plan that is published on the CCW website³. The next CCW accountability session will be in the autumn, when we will explain how we have taken account of customers' feedback and implemented the actions.

Customer research

Building on our well-established arrangements for Component 1 of the rule, we plan to carry out quantitative research with our customers on past decisions and implementation of the rule, to meet Component 3.

We will monitor developments over the 2026-27 year to decide if we need to set up a dedicated quantitative or qualitative research project to collect feedback on consumers' experiences relative to the rule.

Although we run our business to avoid large incidents which impact customers, if any were to occur during 2026-27, we will carry out customer research following the incident, to understand their experiences and where we can improve.

Ongoing feedback

Our ongoing customer tracker surveys, topic-specific research and the other approaches described under Component 1 give us continuous feedback from customers on our performance and the decisions we make. In assessing customer feedback on our performance and the decisions we have made, we will draw on this wider evidence base as well as the CCW *Water Voice* panels and qualitative research.

² CCW's summary of the session can be found at <https://www.ccw.org.uk/app/uploads/2026/05/Accountability-Session-Summary-Report-Hafren-Dyfrdwy-April-2026.pdf>

³ See p5 for the actions <https://www.ccw.org.uk/app/uploads/2026/06/Hafren-Dyfrdwy-Accountability-session-action-plan-June-2026.pdf>

Consumer experts

Component 3 requires companies to seek feedback from independent consumer experts on how they have delivered the core requirement.

We talk regularly to CCW, the independent representative body for water consumers in England and Wales, about our customer engagement and this will include the consumer involvement rule going forward.

As the sector's smallest company, we are aware that other companies may have greater potential to hear a wider range of voices from independent consumer experts. Accordingly, we pay close attention to what is happening across the sector, so that we can capture relevant learnings and then act as a fast-follower.

Summary for Component 3

We have developed a framework for ensuring the feedback loop from consumer views on past decisions into future decisions happens, in accordance with Component 3. We have arrangements in place to deliver Component 3 of the consumer involvement rule over the 2026-27 financial year, building on our existing approach.

We found the feedback from the CCW *Water Voice* Accountability Session really helpful. We will deliver on the action plan agreed and look forward to the next accountability session in the autumn.

We will carry out qualitative research with our customers on past decisions and implementation of the rule, which we will supplement with the continuous feedback we receive from our customers through our other forms of customer research, such as tracker surveys.

5. Guiding considerations

The consumer involvement rule states that companies must have regard to five guiding considerations when designing and operating their arrangements to achieve the core requirement.

We welcome these five guiding considerations and, in this section, we explain how we have met them.

Accessibility – making involvement as easy as possible for a range of audiences

We are ensuring accessibility in our arrangements for the consumer involvement rule as follows:

- we use a mix of engagement methods (surveys, in-person focus groups, tracker surveys, etc.) so different customers can participate in ways that suit them;
- we focus on providing easy-to-understand materials, working with the research agencies and independent experts to help with this; and
- we engage proactively with harder-to-reach and vulnerable groups, reducing barriers to participation, for example using face-to-face surveys with the digitally disenfranchised and vulnerable customers.

In summary, we make involvement simple and inclusive by offering multiple channels and ensuring customers can engage regardless of their circumstances.

Independence – ensuring that views are not unduly influenced by the undertaker and reflect the genuine views of consumers

We are ensuring independence in our arrangements for the consumer involvement rule as follows:

- we use independent, expert research agencies who make sure customer views are gathered independently;
- we have incorporated the CCW-convened *Water Voice* consumer panels into our engagement and also use independent research from CCW, Ofwat and other organisations in our decision-making, where available; and
- when developing price review business plans, we engage an Independent Challenge Expert to challenge and advise on our customer research so we can incorporate their comments.

In summary, we help make sure customer views are genuine – and not influenced by us – by using an independent expert research agency, and drawing on research, advice and feedback from other independent bodies where available and relevant.

Timeliness – considering consumers' views at a frequency and time that makes sense for the subject matter and allows for meaningful involvement

We are ensuring timeliness in our arrangements for the consumer involvement rule as follows:

- we are gathering insight before key decisions are made and at the right frequency, for example we are starting our DWMP, WRMP and PR29 business plan research over two years before the plans are due to be submitted;
- we have built consumer engagement into the decision-making cycle, including for executive committee and Board discussions of decisions covered by the rule; and

- we have set up the processes for regular feedback loops from our customers, including the CCW *Water Voice* panel sessions, feedback through regular surveys and timely research on decisions we have taken.

In summary, we engage customers early and regularly so that their views meaningfully shape decisions.

Representativeness – involving a broad range of consumers or independent consumer experts that appropriately reflects the range of consumers the undertaker serves

We are ensuring representativeness in our arrangements for the consumer involvement rule as follows:

- we use broad and diverse samples in surveys and qualitative research. We work with expert research agencies to make sure our research is representative;
- we make sure to include hard-to-reach customer segments in our research, including those in vulnerable circumstances. For example, we use face-to-face surveys for digitally disenfranchised customers; and
- we draw on independent experts to reflect wider societal perspectives.

In summary, we ensure the views we hear reflect the full diversity of our customer base, not just the easiest voices to reach.

Transparency – being open and honest with consumers who are being involved in decisions and being open about how consumers have been involved in decisions

We are ensuring transparency in our arrangements for the consumer involvement rule as follows:

- we publish our customer research⁴ to make it fully transparent for our customers. We also published all our PR24 business plan research⁵ to make it transparent for our customers;
- this annual report on the consumer involvement rule provides transparency on how consumers have been and will be involved in decisions; and
- the CCW *Water Voice* accountability sessions provide consumers from the *Water Voice* panel with direct access to our senior team to ask about our business and the decisions we have taken.

In summary, we are open about our customer research and the process and impact of customer involvement.

⁴ <https://www.hdcymru.co.uk/about-us/plan-and-strategy/hd-listening-to-you/>

⁵ <https://www.hdcymru.co.uk/content/dam/hdcymru/about-us/pr24/hdd07-annex-2-customer-engagement-challenge-and-assurance.pdf>

6. Next steps on the consumer involvement rule

This paper is our Forward Look for the consumer involvement rule for 2026-27, the first year of its operation.



Ofwat has not prescribed a structure for water companies' Forward Look reports this year, to promote innovation. We understand that Ofwat will review companies' Forward Looks and provide guidance for next year based on the best practice that they identify and what companies could improve.

We welcome comments from any customers or stakeholders on this Forward Look. You can send any comments to CustomerResearch@hdcymru.co.uk.

7. Compliance statement

Hafren Dyfrdwy confirms that this *Forward Look for 2026–27* has been prepared with the intention of fully complying with the Consumer Involvement Rule (November 2025) and Ofwat’s associated Guidance on the Consumer Involvement Rule.

We have carefully considered both the requirements of the rule and Ofwat’s expectations, as set out in the guidance, and we are satisfied that the arrangements described in this document meet, and in several areas go beyond, those requirements.

Compliance with the Core Requirement

The rule requires undertakers to have appropriate arrangements in place for involving consumers in decisions that are likely to have a material impact on consumer matters.

Our Forward Look demonstrates that:

- we have established comprehensive and embedded arrangements for involving customers in decision-making;
- customer views are systematically gathered, assessed and fed into decisions at all relevant levels of the organisation;
- consumer involvement is integrated into our governance structures, including our Executive Committee (HDEC) and Board.

These arrangements reflect the outcomes expected by Ofwat, namely that consumer views are sought, demonstrably represented, and taken into account in company decisions.

We therefore consider that **we are fully compliant with the core requirement**.

Compliance with Component 1 – Understanding Consumer Views

The rule requires companies to maintain effective arrangements to understand consumer views and preferences, including through research and engagement.

Our Forward Look demonstrates that we:

- operate a comprehensive and longstanding programme of customer research, including continuous tracker surveys, and large-scale qualitative and quantitative research programmes;
- engage extensively with independent research agencies, CCW and other consumer bodies, and combine multiple sources of evidence to provide a balanced and robust insight base, in line with Ofwat guidance.

We also ensure that customer insight is:

- timely and decision-relevant, feeding into business planning and operational decisions; and
- provided to decision-makers, including HDEC and the Board, in a structured and consistent way.

We therefore consider that **we are fully compliant with Component 1**.

Compliance with Component 2 – Decision-Making Mechanisms

The rule requires that customer views are appropriately fed into and taken into account in decision-making for material decisions.

Our Forward Look sets out a clear and practical framework for achieving this, including:

- a structured approach to identifying material decisions, informed by Ofwat's rule and customer research;
- embedding the rule into our governance processes through mandatory HDEC and Board paper templates, and a requirement to explicitly explain how customer views have been considered; and
- providing support and oversight through our Economic Regulation team to ensure consistent application.

At Board level, we (i) allocate time for consumer matters, (ii) provide structured reporting and (iii) facilitate independent challenge and engagement.

These arrangements reflect Ofwat's expectation that companies should consider where and how decisions are made and involve consumers at appropriate points.

We consider that our approach delivers a clear audit trail of how customer views influence decisions, and delivers a practical and proportionate application of the rule across our organisation.

We therefore consider that **we are fully compliant with Component 2.**

Compliance with Component 3 – Feedback on Consumer Experience

The rule requires companies to seek feedback on the impacts of past decisions and use this to inform future decisions.

Our Forward Look demonstrates that we have established:

- a clear evaluation framework, including:
 - defining expected outcomes;
 - collecting feedback;
 - comparing expected and actual outcomes;
 - feeding learning into future decisions;
- strong use of:
 - CCW *Water Voice* consumer panels;
 - ongoing customer research;
 - continuous operational feedback (e.g. surveys, complaints data);

We are committed to ensuring that feedback is systematically captured and assessed, and that lessons learned are embedded into future decision-making.

This aligns with Ofwat's expectation that companies create effective feedback loops and continuous improvement mechanisms.

We therefore consider that **we are fully compliant with Component 3.**

Compliance with Guiding Considerations

The rule requires companies to have regard to five guiding considerations: accessibility; independence; timeliness; representativeness; and transparency.

Our Forward Look explicitly addresses each of these and demonstrates how they are embedded in our approach:

- **accessibility** – use of multiple engagement channels and targeted approaches for vulnerable and hard-to-reach customers;
- **independence** – engagement with independent research agencies and CCW;
- **timeliness** – early and ongoing engagement aligned to decision-making cycles;
- **representativeness** – use of representative sampling and inclusion of diverse customer groups; and
- **transparency** – publication of research, reporting, and engagement outcomes.

We have designed our arrangements to reflect the spirit, as well as the letter of these considerations, consistent with Ofwat’s guidance. We therefore consider that **we are fully compliant with the guiding considerations**.

Compliance with Reporting Requirements

The rule requires companies to publish an annual report including a forward-looking plan setting out arrangements for compliance. This document:

- provides a clear and structured forward-looking plan for 2026–27;
- sets out our approach to all three components of the rule; and
- explains how our arrangements align with the guiding considerations.

We also acknowledge Ofwat’s expectation that reporting should support transparency and enable scrutiny by customers and stakeholders.

We therefore consider that **we are fully compliant with reporting requirements**.

Conclusion

Hafren Dyfrdwy considers that this Forward Look:

- fully meets the requirements of the Consumer Involvement Rule;
- is fully aligned with Ofwat’s guidance; and
- demonstrates a credible, proportionate and well-developed approach to implementation.

We recognise that this is the first year of the rule and are committed to:

- continuing to refine our approach;
- learning from Ofwat, CCW and other companies; and
- evolving our arrangements in line with emerging best practice.

We welcome feedback from Ofwat and other stakeholders to support continuous improvement in how we involve our customers in decision-making.