

# Bill Research

Topline presentation

12<sup>th</sup> September 2017





**Objectives and Method**

**Context – customer outlook**

**Affordability, acceptability and VFM**

**Bill profile preferences**

**Attitudes to longer term investment**

**Social tariffs**





Gauge current unprompted perceptions of water bill (affordability, acceptability and value for money)

Measure how bill perceptions compare to other utilities, and how they change when customers are more informed

Assess what customers believe their water bill pays for - and to what extent this drives acceptability of their bill

Gauge expectations and preferences about what will happen to water bills over the next few years (2020-25)

Establish preferences of what should happen to water company investment and bills over the longer term

Measure acceptability of the principle of social tariffs and how much customers are willing to contribute

**600 online interviews**

Drawn from a 'panel of panels', conducted amongst people aged 18+ who live in DCWW postcode districts and confirm they are customers of Welsh Water. All responsible for paying water bill

**Representative of domestic customers**

Sample was targeted based on quotas for gender, age, social grade and postcode region based on 2011 Census information for Wales and the areas of England served by Welsh Water

**Data weighted at analysis**

Data is weighted to gender, age, social grade and postcode area to ensure a precise match with Census data

**Fieldwork August to September 2017**

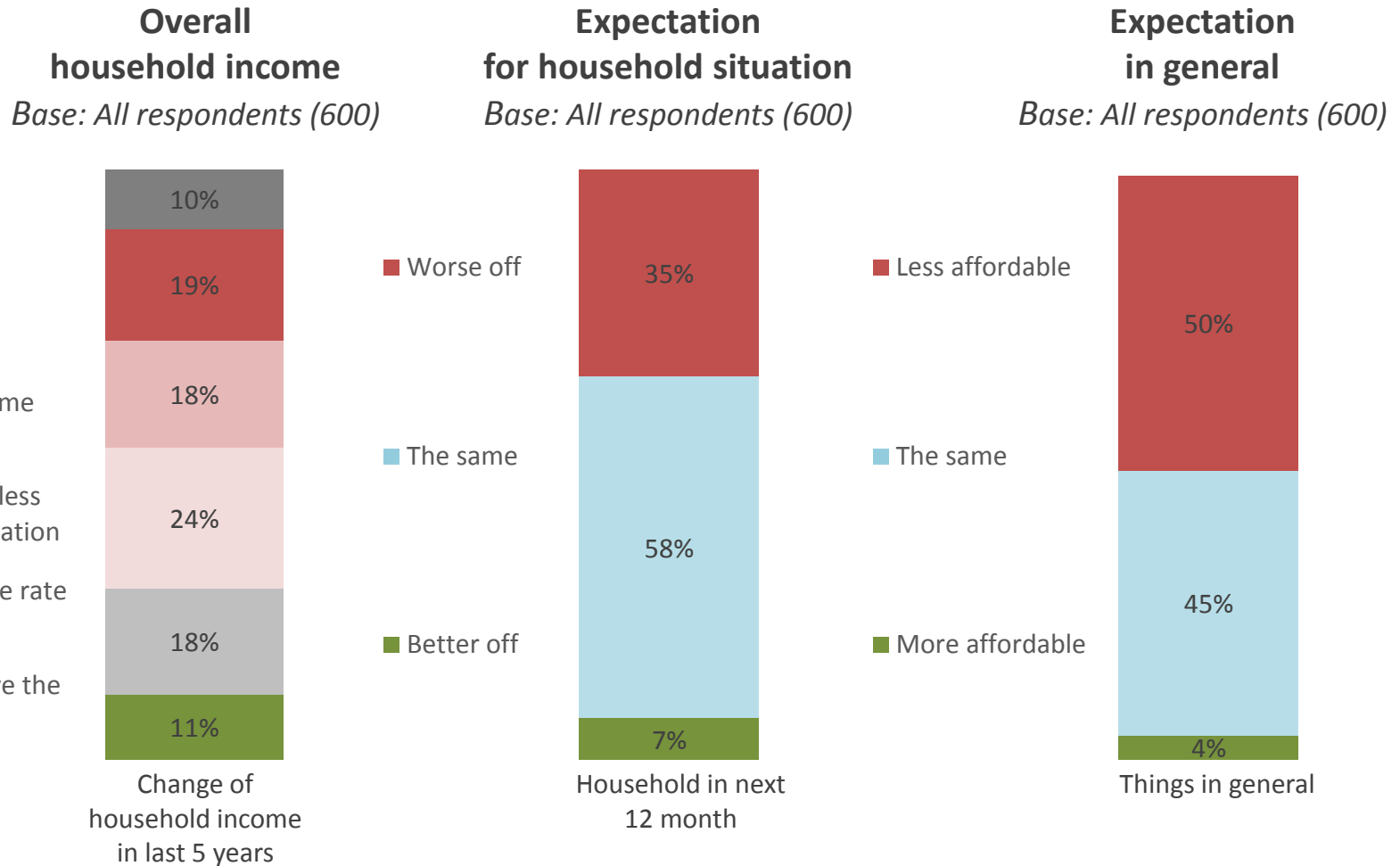
Fieldwork took place from Friday 25<sup>th</sup> August to Tuesday 5<sup>th</sup> September 2017

Wider context



# Perception of household economic situation

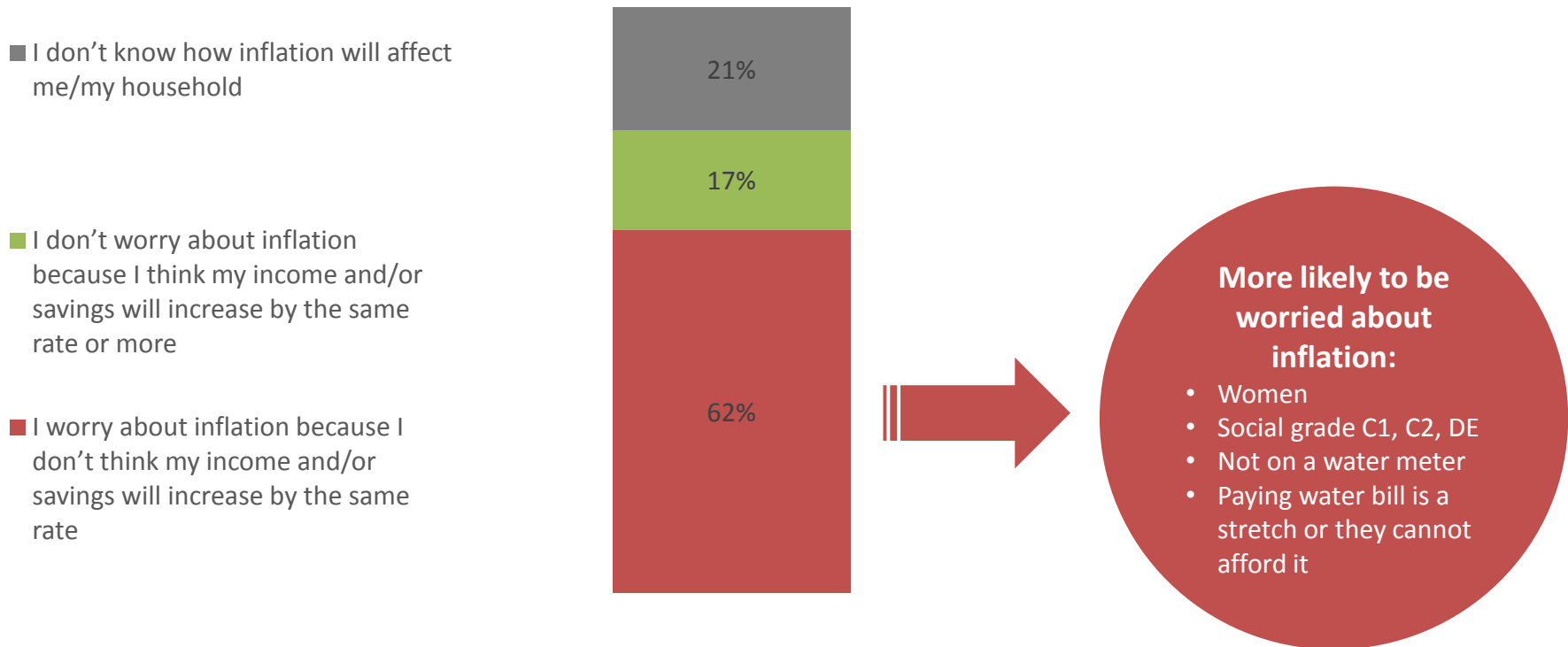
Indicators of economic outlook are not very positive – the majority of customers say their income hasn’t kept up with inflation, and expectations over the next 12 months skew to being ‘worse off’ and for things in general to be less affordable.



Q44. Thinking about your overall household income over the last 5 years would you say...? Q45. Thinking about the current economic climate, do you expect your household to be better off, worse off or about the same in the next 12 months? Q46. And do you think things that you buy in general will become more affordable, less affordable, or stay the same over the next 12 months?

On prompting, nearly two thirds of customers say they are worried about inflation. This is more likely to be women, those in middling to lower social grades, and those who are finding their water bill less affordable.

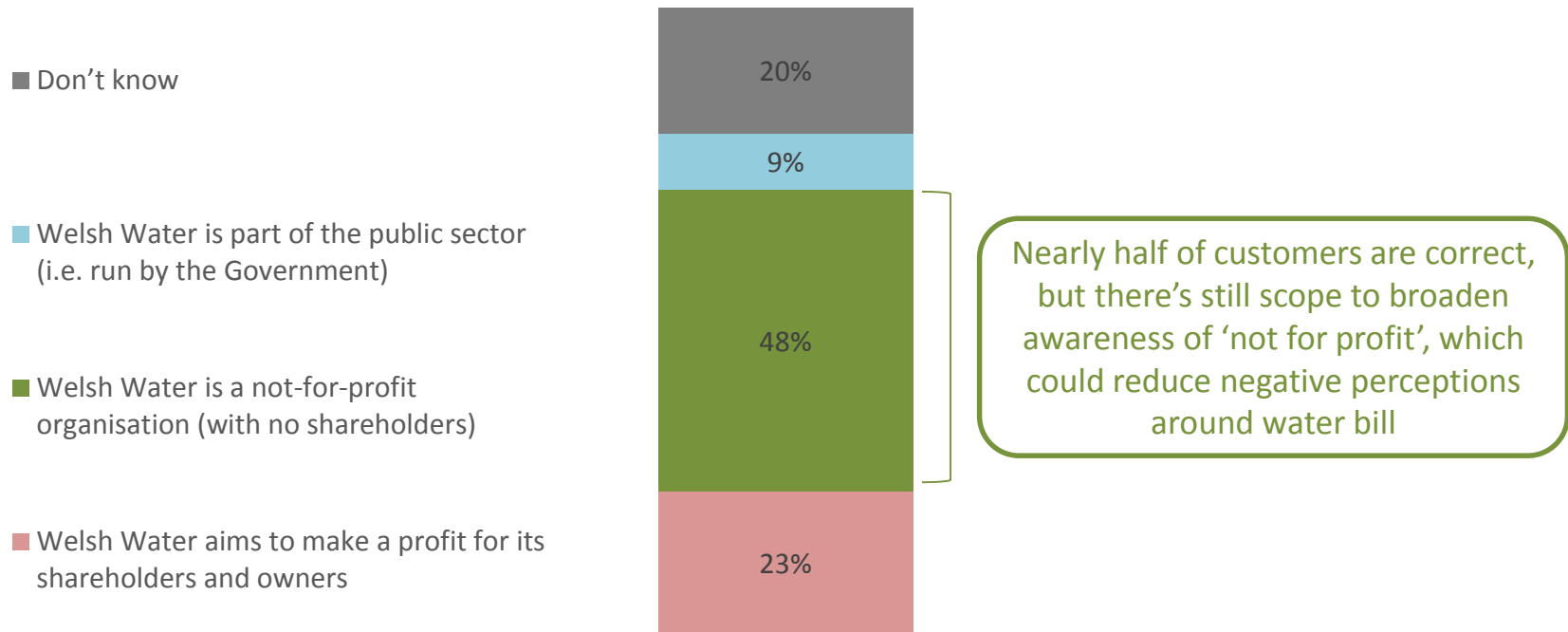
**Attitude to inflation**  
*Base: All respondents (600)*



Nearly half of customers believe that DCWW is a not-for-profit organisation but almost a quarter think that it makes profit for shareholders; as we will see those who believe it is a profit-making organisation can have less positive impressions of bill acceptability and value for money.

## Perception of Welsh Water

Base: All respondents (600)





35%

Think their household will be **worse off** in the next 12 months (vs. only 7% who think they will be 'better off')

50%

Believe that the things they buy will become **less affordable** over the next 12 months

62%

Worry about inflation because they don't think their income and/or savings will increase by the same rate

And it's those who are already in poorer economic situations who are the least positive



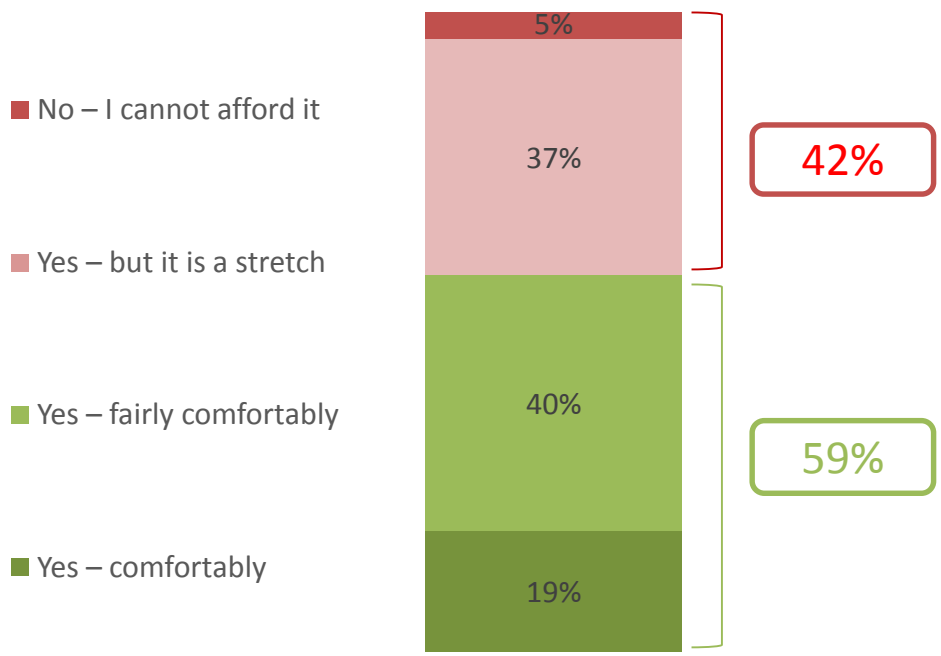
# Affordability of water bill

# Affordability of water bill

Only 5% of Welsh Water customers say they cannot afford their water bill, although nearly 4 in 10 more say they find that affording their water bill is 'a stretch'.

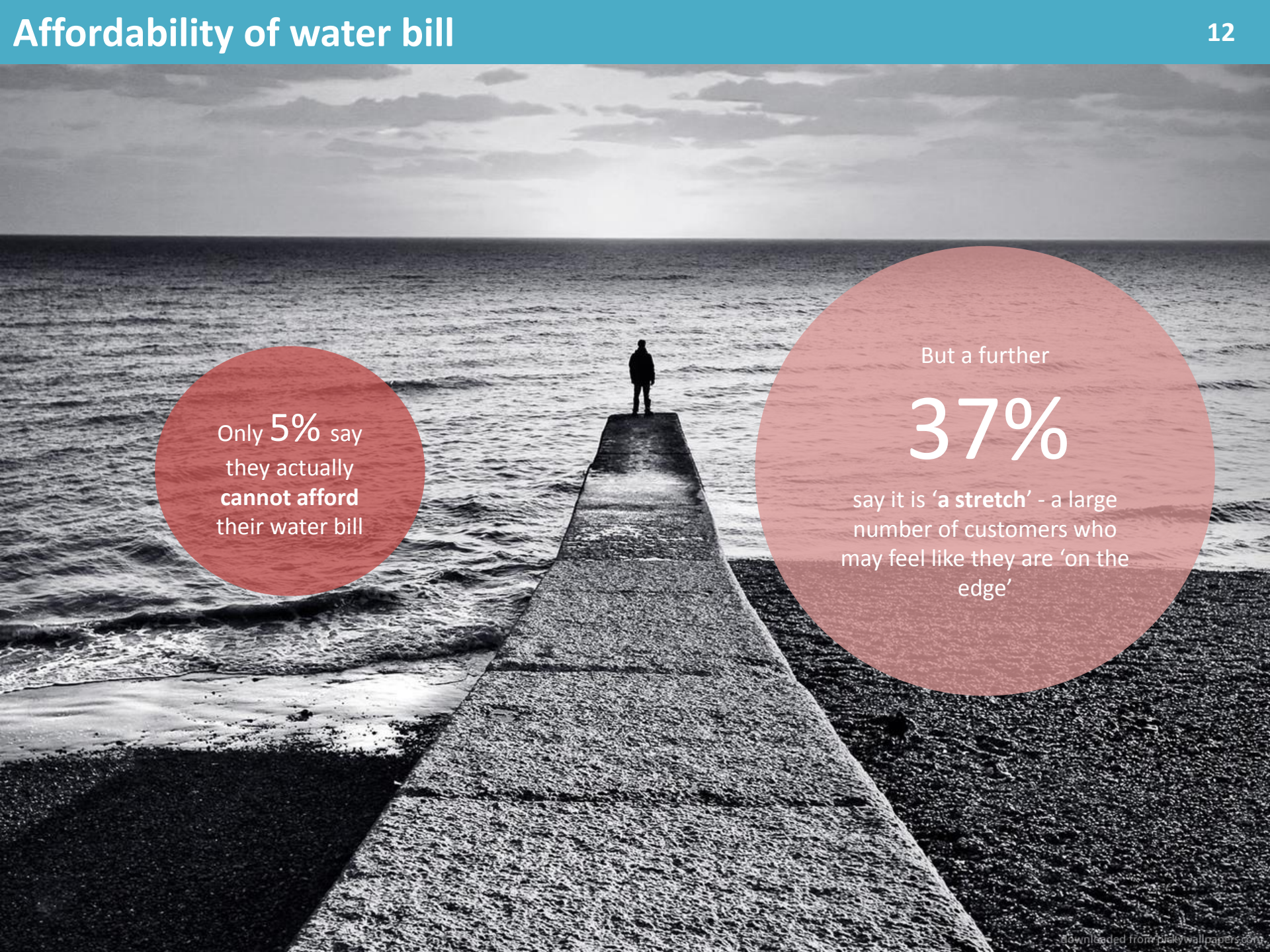


**Affordability of water bill**  
*Base: All respondents (600)*



Q12. Do you feel that you can afford your water bill?, Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?





Only **5%** say they actually **cannot afford** their water bill

But a further

**37%**

say it is 'a **stretch**' - a large number of customers who may feel like they are 'on the edge'

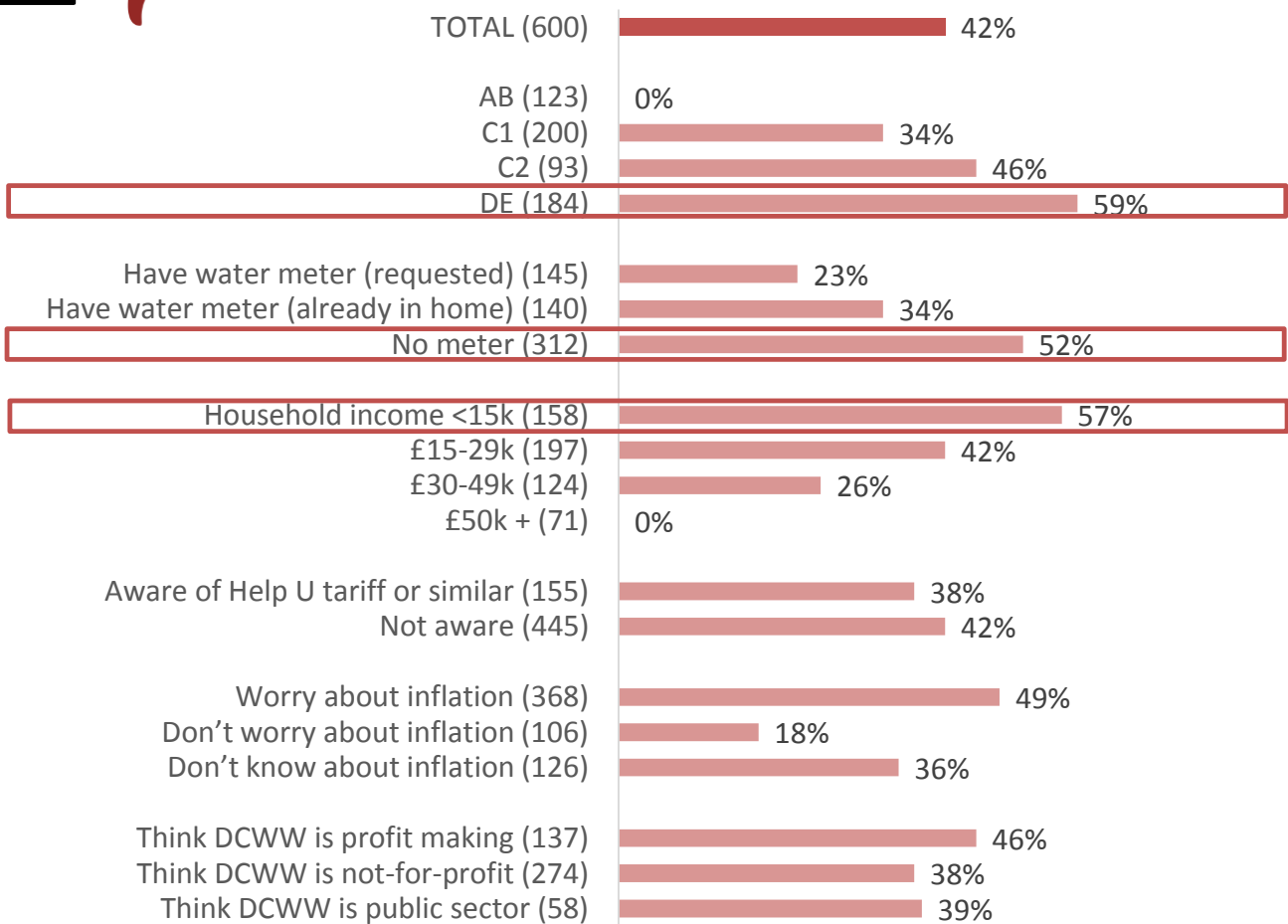


# Less affordable – by subgroup

Affordability is strongly related to economic circumstance: Those who are struggling to afford their water bill are more likely to be from lower social classes with lower income. They're also **less** likely to be on a meter, **more** likely to live on their own, and more likely to say they're paying more for their bill.



## % of different customer groups who think their water bill 'is a stretch' or 'cannot afford it'



**PLUS**  
 Those who live alone, and those who claim they pay over £600 per annum are also more likely to say their water bill is 'a stretch' or unaffordable

Those who can't afford their water bill are more likely to exhibit vulnerability in terms of **capability** and **crisis**, as well as showing indicators of economic disadvantage.

	% of customers who can afford bill (362)	% of customers for whom it is a stretch (210)	% of customers who cannot afford bill (28) - CAUTION LOW BASE
Any <b>connectivity</b> indicator (no Internet at home or remote & no car)	2%	2%	2%
Any <b>circumstance</b> indicator (ongoing poor service)	2%	1%	0%
Any <b>capability</b> indicator (chronic or mental illness)	22%	35%	45%
Any <b>crisis</b> indicator (bereavement, separation, job loss)	7%	8%	26%
Any <b>economic</b> indicator (on benefits, social housing, pension tax credit)	13%	31%	44%

Although based on a small sample size, indications are that **nearly half** of customers who cannot afford their bill have some form of **circumstantial vulnerability**, and around half also exhibit **economic vulnerability**; plus they are more likely to be suffering from a shorter term **crisis**






## More affordable

- Higher household income (£50k+)
  - AB social grade
  - Requested meter
- Don't worry about inflation
- Say they pay <£400 per year for their bill

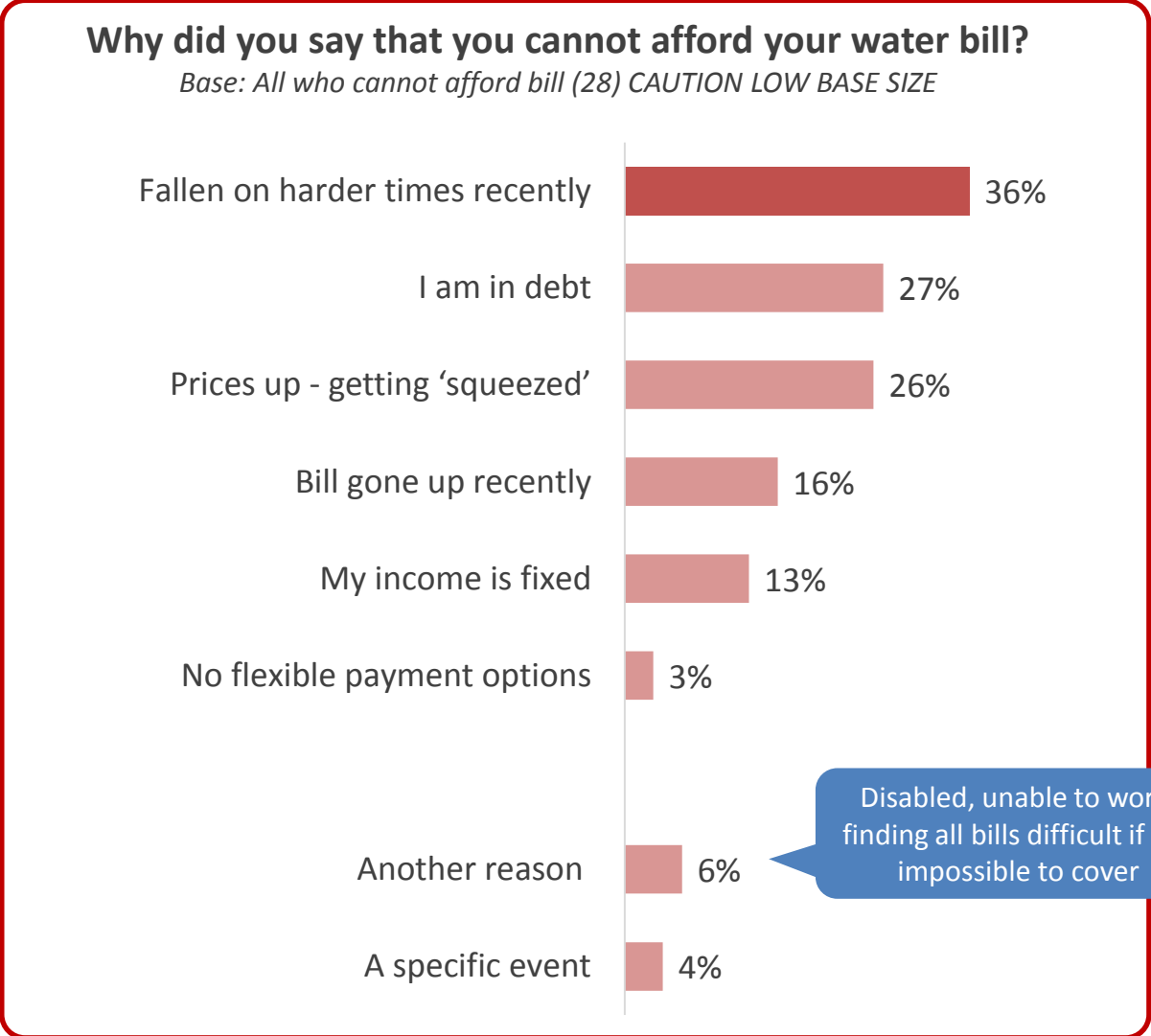
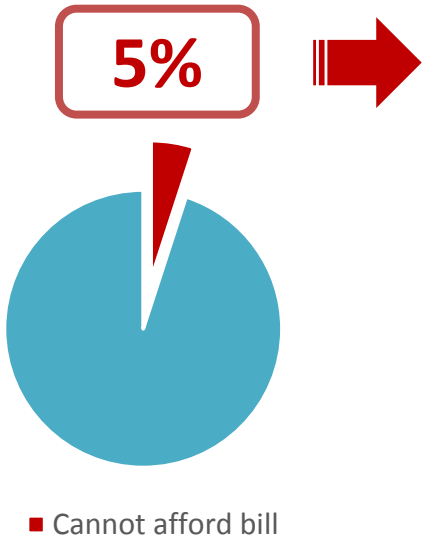
## Less affordable

- Lower household income <15k
    - DE social grade
  - Say they pay >£600 for their bill
    - No water meter
    - Those who live alone
    - Those with crisis or capability vulnerability indicators
  - Those with economic vulnerability (on benefits, social housing, pension credits)
- 

Household income correlates strongly with affordability – BUT it's not the only determinant; do social tariffs need to be based on more than an income threshold?

# Reasons cannot afford water bill

Key reasons for not being able to afford the water bill tend to be to do with external factors rather than perceptions that the bill has gone up; the top stated reason is recent economic vulnerability.



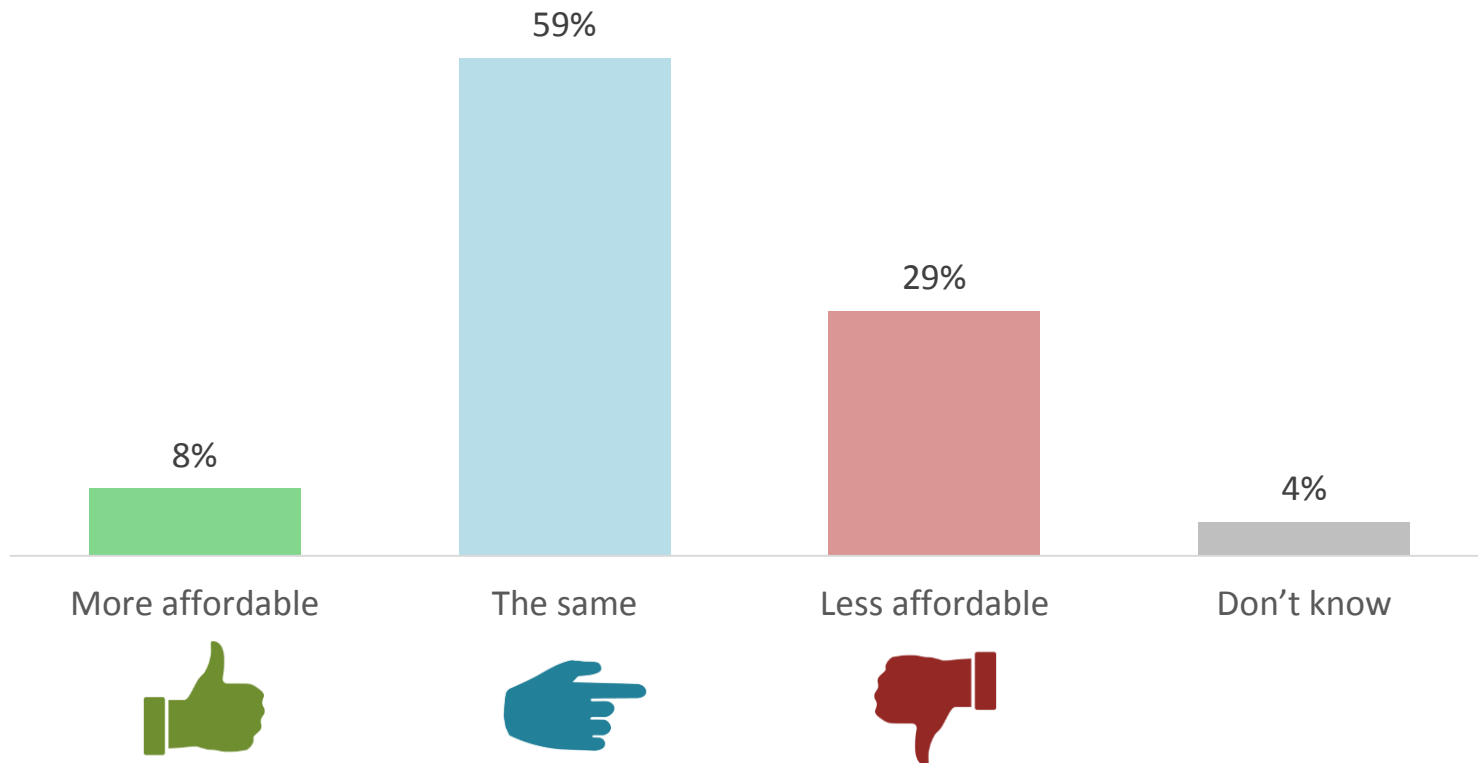


Most customers (59%) think their water bill has remained the same for affordability over the last 5 years, but a large minority feel that their bill is becoming **less** affordable.



## Change in water bill affordability

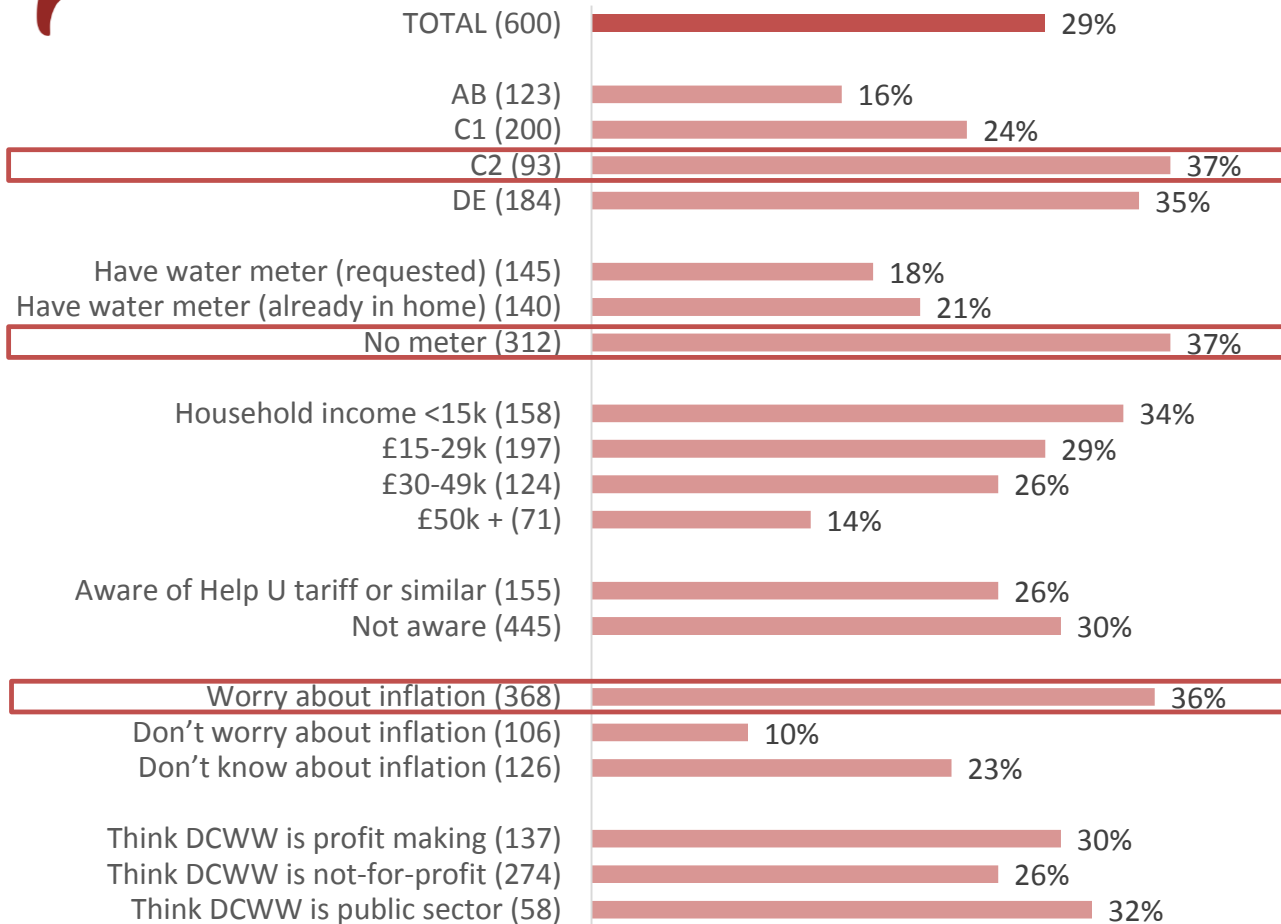
Base: All respondents (600)



The decline in affordability is most concentrated amongst those with lower income, although this affordability squeeze is **not solely amongst the lowest social classes** – it’s amongst C2s as well. Those without a meter are also more affected by declining affordability.



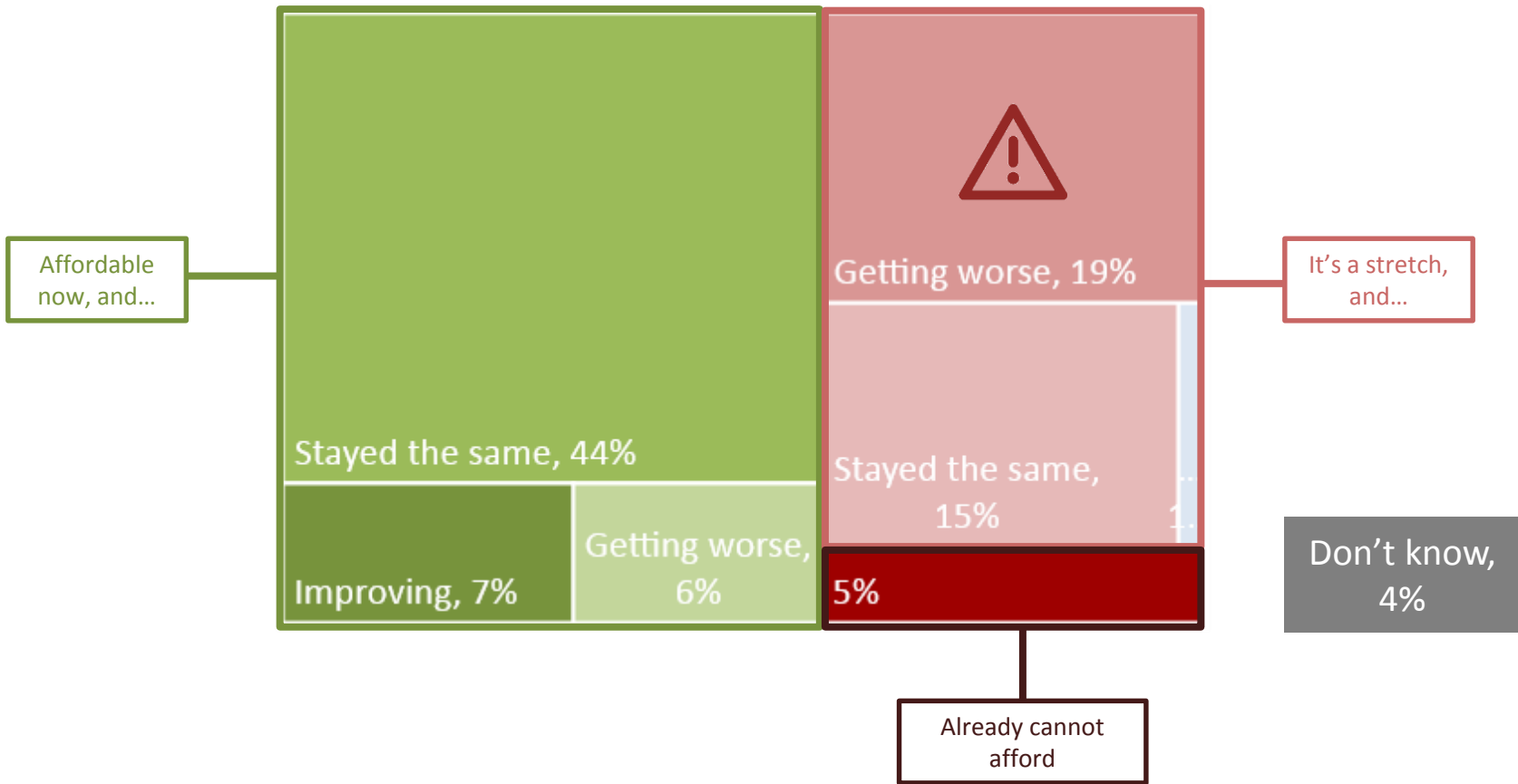
## % of different customer groups saying water bill is ‘less affordable’



**PLUS**  
Those exhibiting ‘crisis’ vulnerability indicators are much more likely to feel the bill is getting less affordable (51% of them)

Q14. Over the last 5 years, have you felt that your water bill is becoming more affordable for you, less affordable, or is it the same? (Note numbers in brackets are unweighted base sizes)

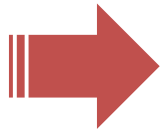
Of the customers who feel their bill is currently a stretch, around half feel that affordability has been declining over the last 5 years. Along with those who already cannot afford their bill, this may be the key ‘at risk’ segment of customers that we need to consider most carefully when planning ahead.



Q14. Over the last 5 years, have you felt that your water bill is becoming more affordable for you, less affordable, or is it the same?



**'Water bill is a stretch and getting less affordable'**



## More likely to be...

- Older – especially 60+ age group
- Lower social grades – both C2 and DE
  - Income <£20k per year
- Have someone with long term disability / chronic illness in the household
  - Live in a terraced house
  - No water meter
- Expect to be worse off in next 12 months, and that things will be less affordable
- Worried income will not keep up with inflation
- Don't think water bill is currently good value for money





# Acceptability of water bill

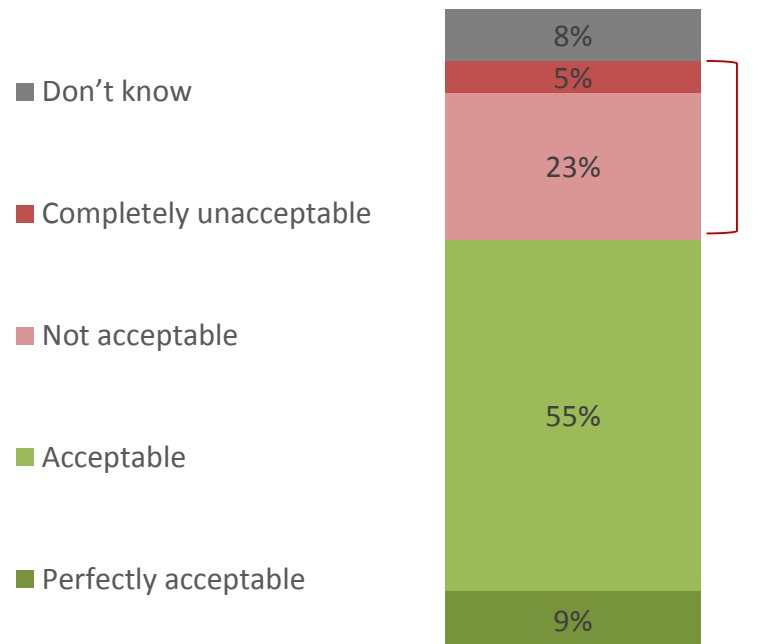
# Acceptability of water bill

Nearly two thirds (64%) of customers find their water bill 'acceptable', regardless of whether they can afford it. However, a sizeable minority do not find it acceptable.



## Acceptability of water bill

Base: All respondents (600)



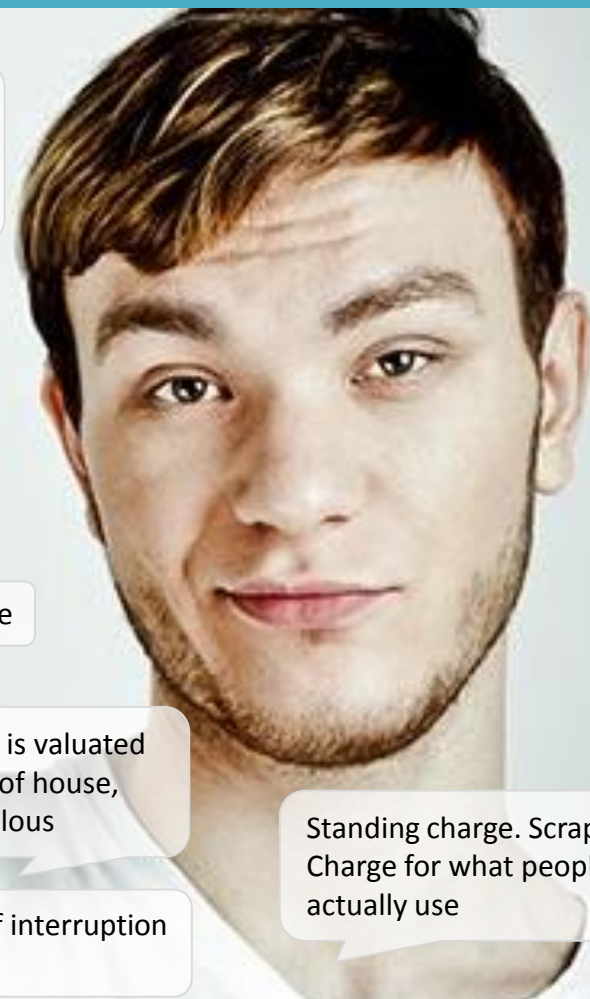
28%  
of customers  
**don't** feel  
their water bill  
is acceptable

There are a variety of reasons  
for this...

Acceptability of water bill

Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?

# Reasons water bill is NOT acceptable



Water is cheap in Wales but they want money for nothing

Because wages have not gone up

I just think it should be lower, I think £40 per month should be the maximum

We get water from the sky often enough, water is way overpriced.

There should be greater savings in the industry to lower the public's bills

Because incomes are static, inflation is low and yet every year utility companies increase their charges, with little or no good reason to do so.

Our road often floods when we have excessive rainfall in the autumn/winter and I feel that the large cost of our water bill should mean that Dwr Cymru is able to fix this issue

It's higher than other areas of the country even though most of the supply comes from this local area

The rain is free

Because bill is valued using value of house, this is ridiculous

Standing charge. Scrap it. Charge for what people actually use

You pay twice as much for disposal than supply

Because of interruption in service

Supply interruptions, foul odours emitted from sewage installations, three years to take conclusive action over sewage leaks outside my property - need I go on?

My bill is very high compared to other homes in my area, I live by a river, so shouldn't it cost less to get water to my home?

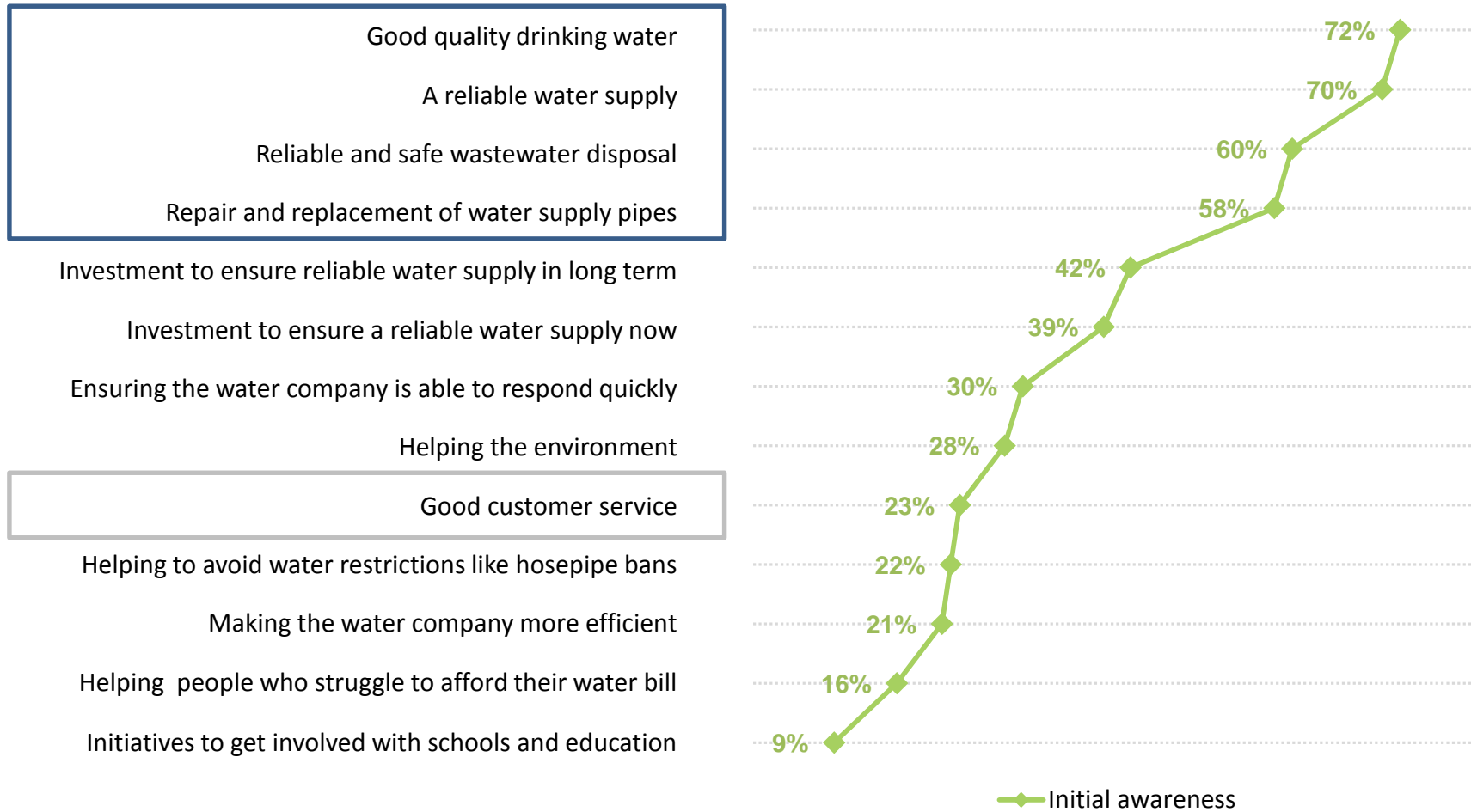
I feel I should be paying more for the service I get and the valuable resource I am using

I used to have a water meter and paid less. Now I don't get the chance to economise. I don't use much water so resent paying a high bill solely based on the size of my house.

Q16. Please can you write in below why you say you feel the amount you pay for your water bill is unacceptable

# Awareness of what water bill pays for

Most people think of 'good quality drinking water', 'reliable water supply', 'reliable wastewater disposal' and 'repair of water supply pipes' as part of what their bill pays for. Only a minority think of other things, with 'good customer service' being perhaps surprisingly low down on the list.

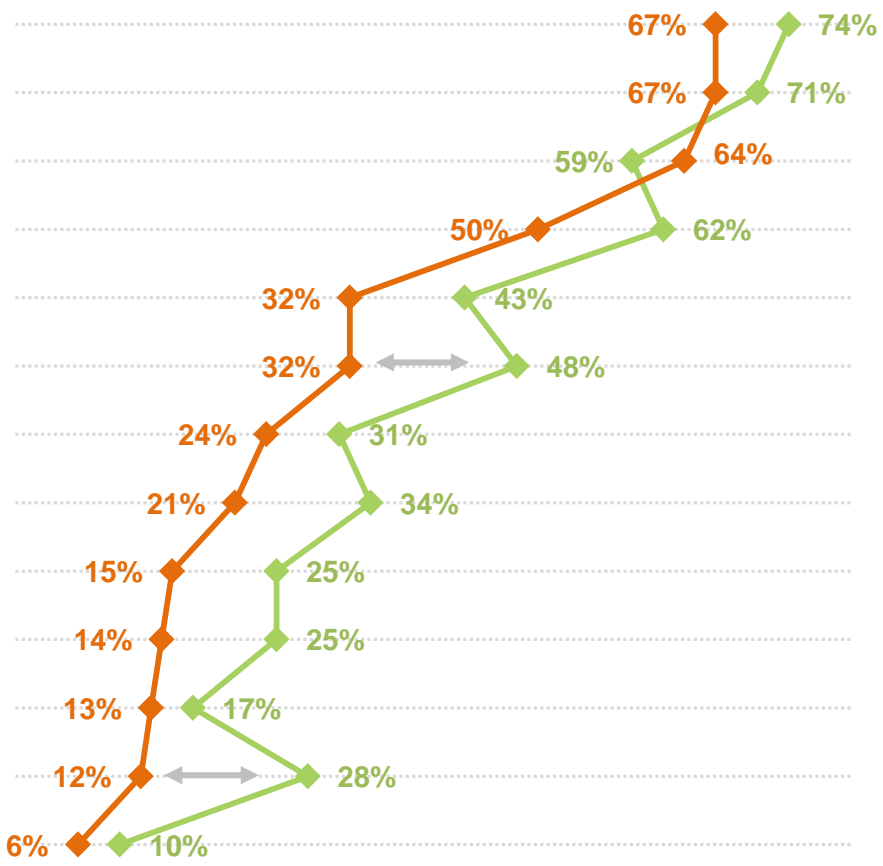


# Awareness of what bill pays for vs. acceptability of bill

Good customer service is one of the key factors that drives greater acceptability of the water bill, together with appreciation that there is investment happening to ensure a reliable supply long term. People who find their bill more acceptable tend to think their water bill covers a wider range of things – a case for communication!



- Good quality drinking water
- A reliable water supply
- Repair and replacement of water supply pipes
- Reliable and safe wastewater disposal
- Investment to ensure a reliable water supply now
- Investment to ensure a reliable water supply long term
- Helping the environment
- Ensuring the water company is able to respond quickly
- Making the water company more efficient
- Helping to avoid water restrictions like hosepipe bans
- Helping people who struggle to afford their water bill
- Good customer service
- Initiatives get involved with schools and education



◆ Yes (perfectly / acceptable) (388)  
◆ No (not / completely unacceptable) (160)

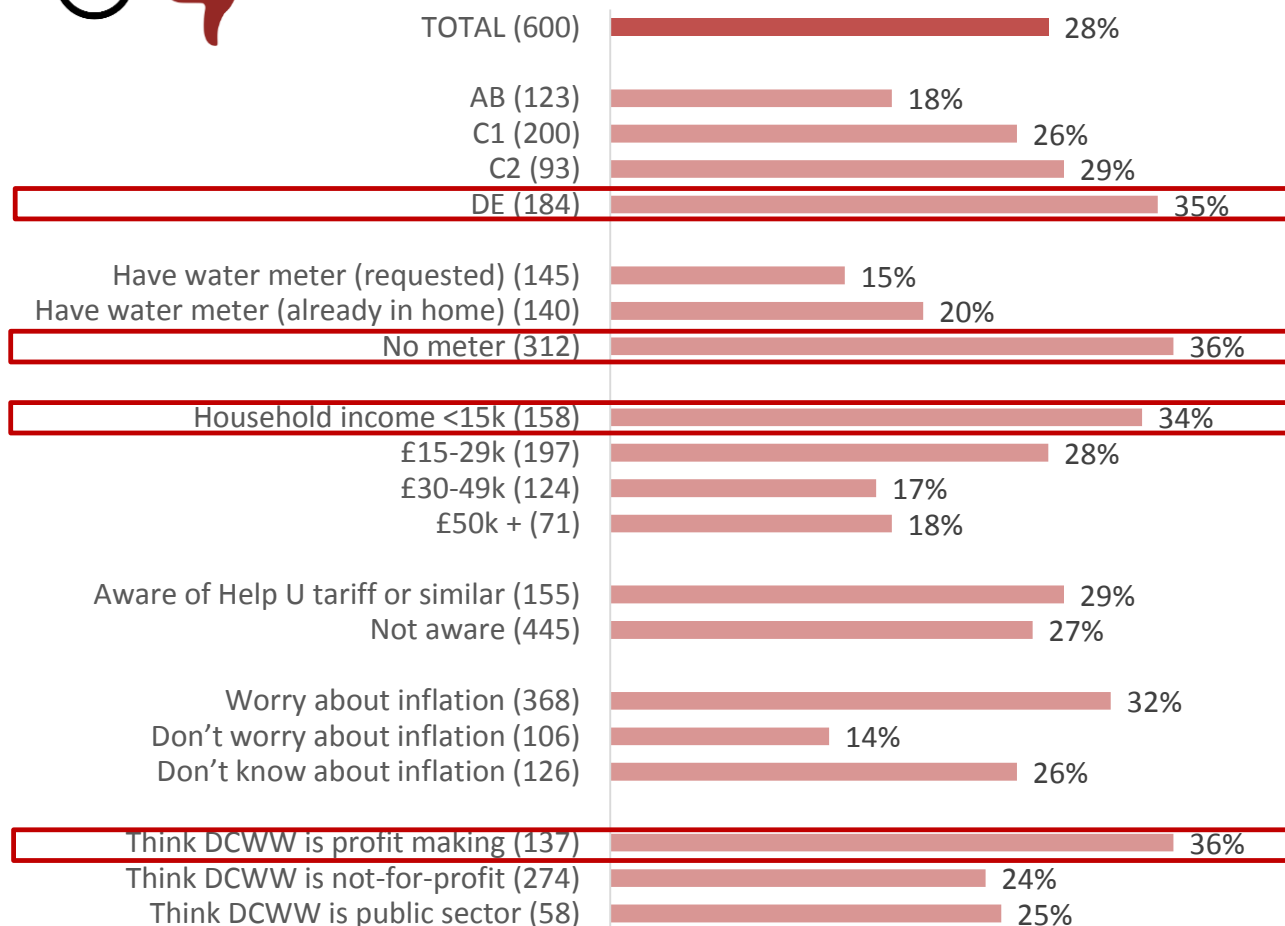
Q25a. Which, if any, of these describe what you just said your water bill pays for?  
 Base: All respondents rating water bill (perfectly) acceptable (388) or (completely) unacceptable (160)

# Water bill unacceptable – by subgroup

Finding the water bill unacceptable is more common amongst lower social grade customers with lower income, those who are not on a meter, who worry about inflation and who think that DCWW is for profit. The bill is also particularly unacceptable for those who tell us they pay £600+ per year.



## % of customer groups saying water bill is unacceptable



**PLUS**  
More likely to be unacceptable for those who say they pay **£600+ per year (56%)**, those who live alone (36%) and those showing capability or crisis vulnerability indicators


Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)? (Note numbers in brackets are unweighted base sizes)



## Acceptable

- Don't worry about inflation
- Mid-higher household income (£30k+)
  - AB social grade
  - Have a water meter
  - 30-44 years old
- Say they pay <£400 a year for their bill

## Not acceptable

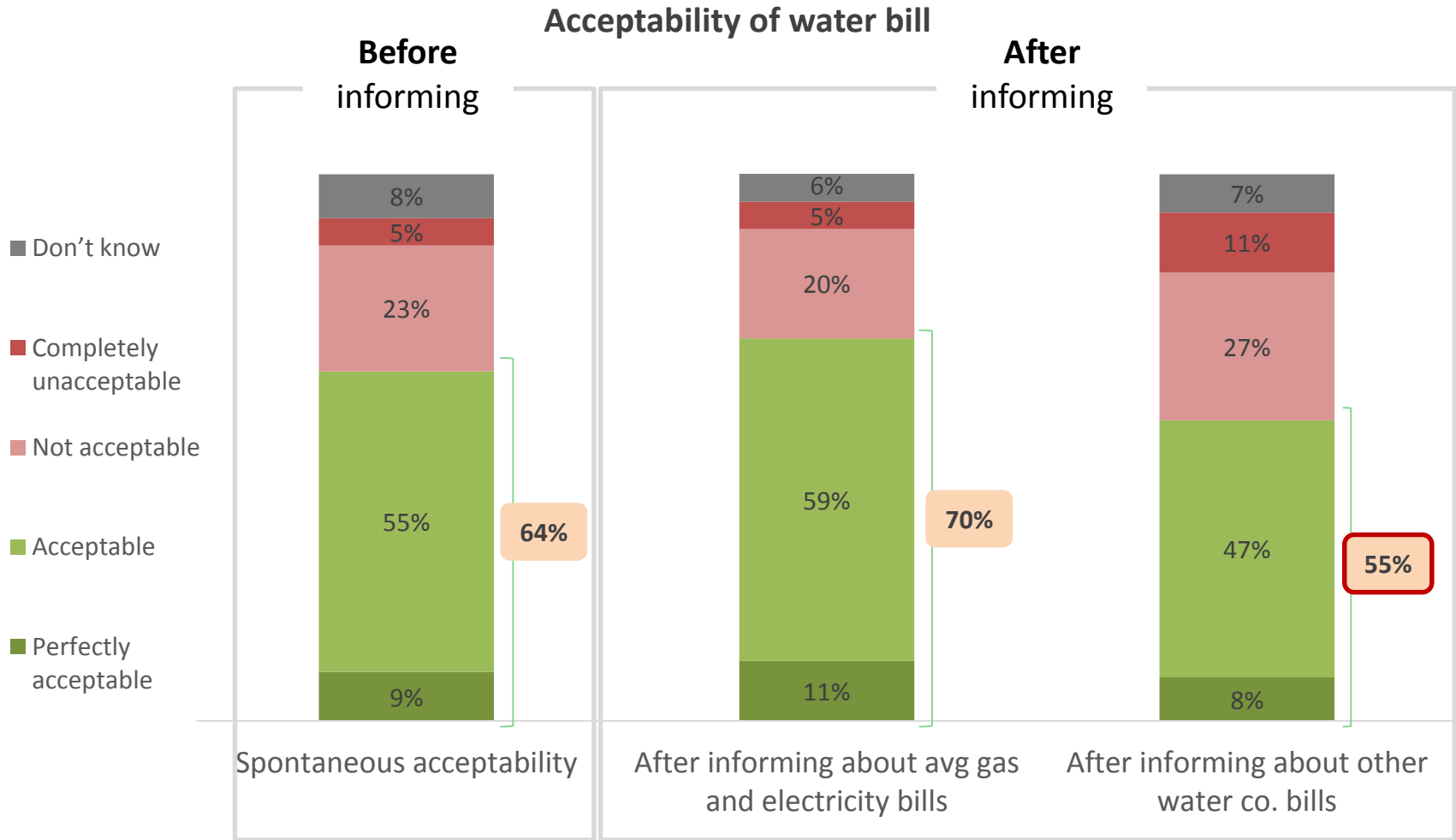
- Say they pay >£600 for their bill
  - Think DCWW is a profit making organisation
    - No water meter
    - Those who live alone
  - Those with crisis or capability vulnerability indicators
- 

Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?



# Acceptability of water bill – before and after informing

When information is given about average water bill compared to other utility bills, the acceptability of water bills increases slightly, although this does not transform opinions (consumers can find it hard to make a comparison between utilities). When informed that other water companies charge less, acceptability declines (although not as much as value for money does – acceptability is more resilient).



Q15 / Q32 / Q34 Do you think what you are paying for your water bill is acceptable or unacceptable?  
 Base: All respondents (600) / Half sample



# Value for money of water bill

# Value for money of water bill and other utilities

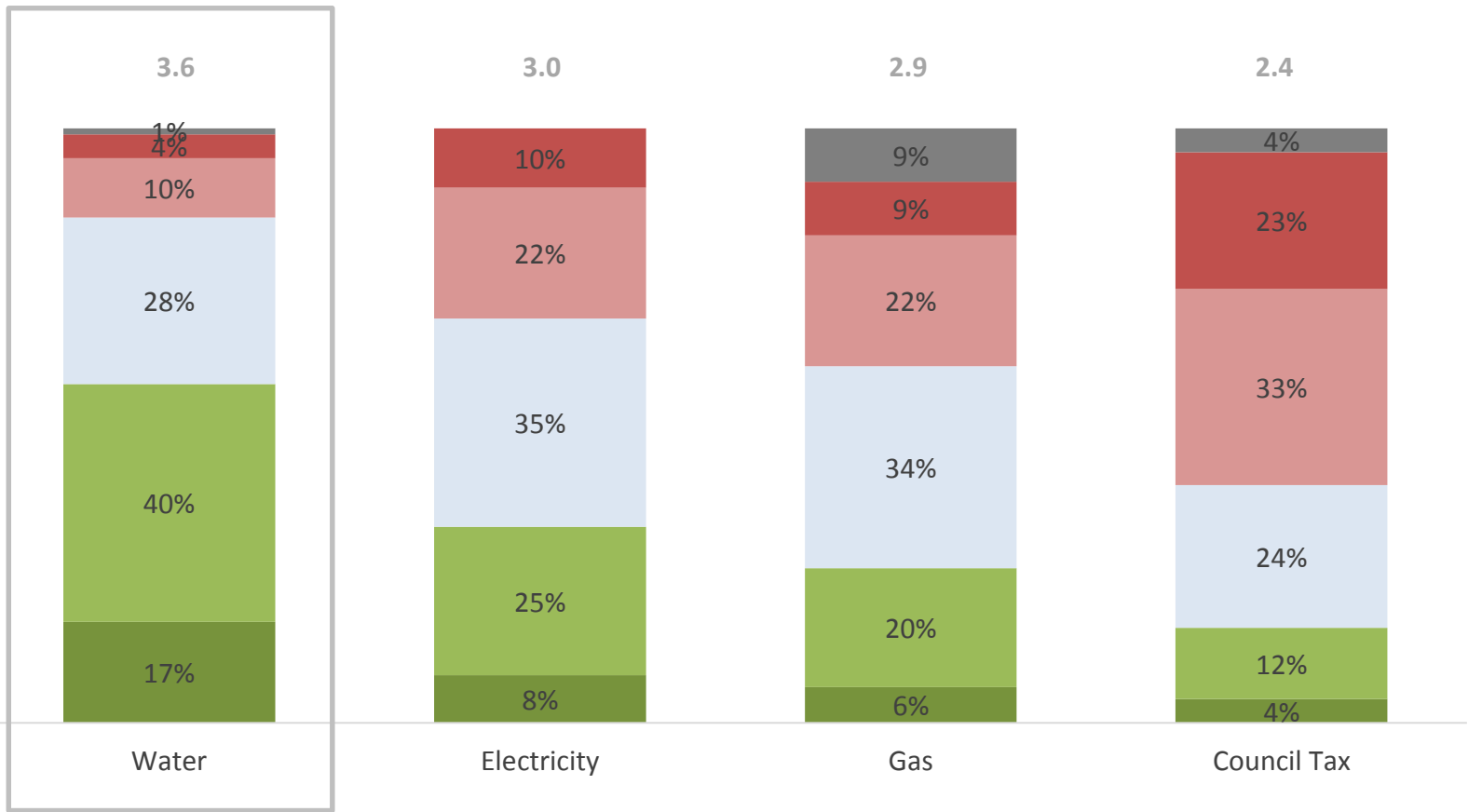
When asked totally spontaneously, nearly 6 in 10 customers rate their water bill as good value for money, while a minority of 14% feel value is poor. Value of the water bill compares well to other utility bills.



## Value for money – spontaneous

Base: All respondents (600)

- Mean score
- Don't know
- Very poor
- Poor
- Neither good nor poor
- Good
- Very good




Q9. Overall how would you rate the value for money of your water bill? Q23. Overall how would you rate the value for money of gas / electricity / Council Tax?



## VFM Good

- Don't worry about inflation
  - AB social grade
- Have a water meter (requested)
  - Higher household income (£50k+)
    - Aware of Help U tariff
- Say they pay <£400 a year for their bill

## VFM Poor

- Say they pay >£600 for their bill
  - Think DCWW is a profit making organisation
    - No water meter
- 

While knowing that Welsh Water is not-for-profit doesn't notably enhance perceptions of value for money, customers who think that Welsh Water is profit-making have more negative perceptions; this suggests that rectifying this misapprehension is important

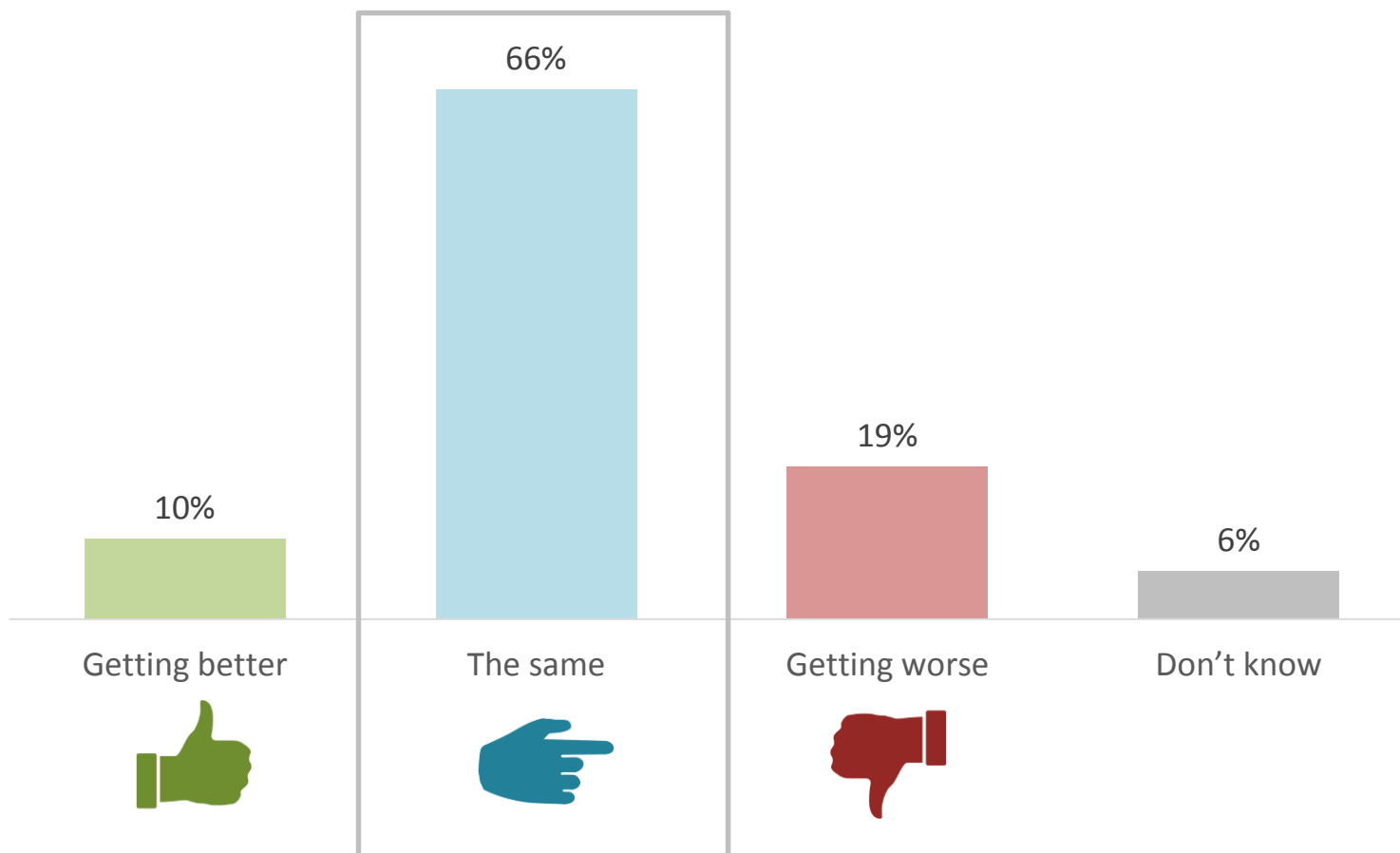
# Change in value for money

Perceived value for money is a **fairly static** picture – two thirds of customers think that their water bill has remained the same value for money over the last five years; one in five think it has ‘got worse’ – the net balance is deteriorating slightly.



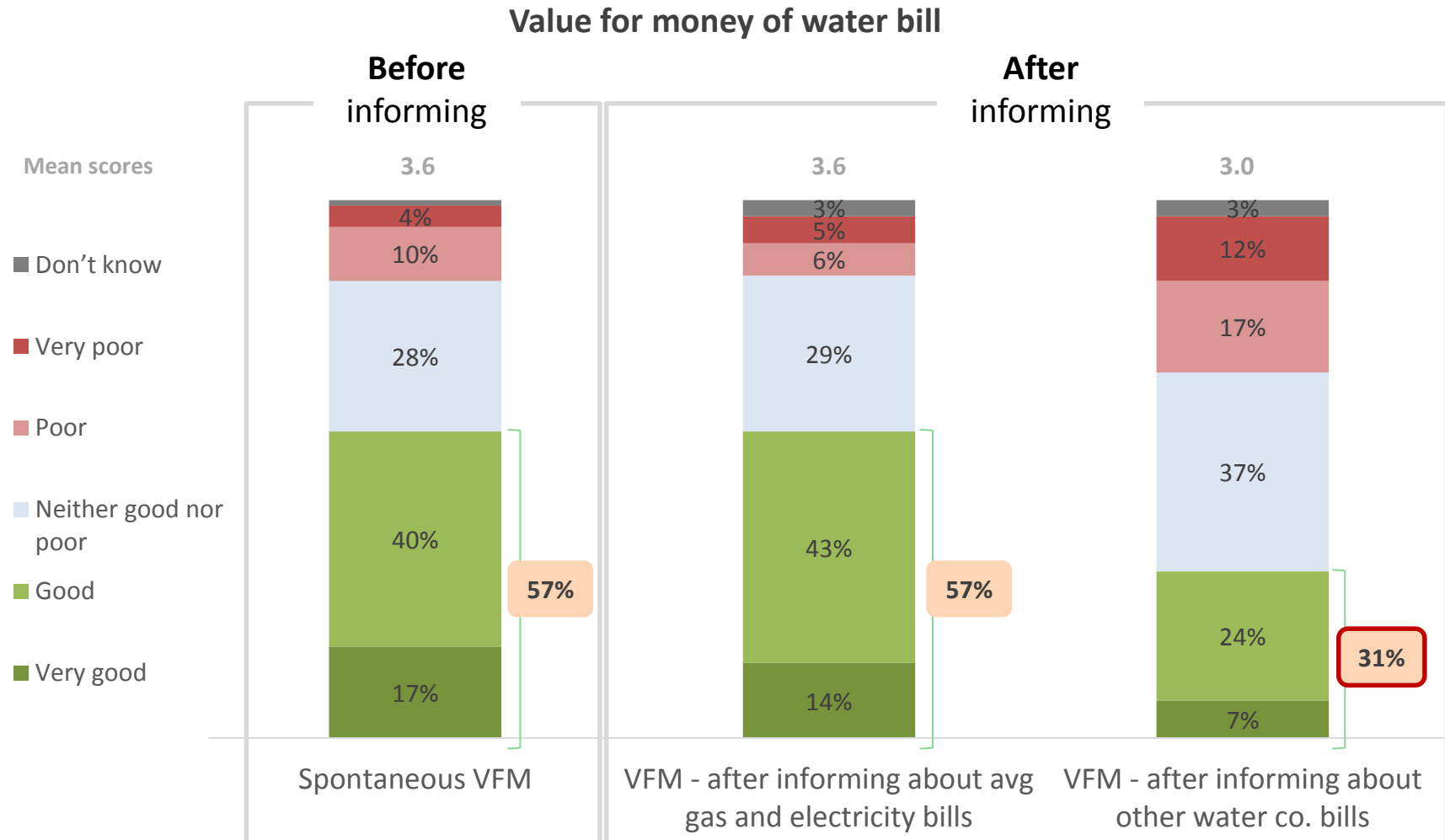
## Change in water bill VFM

Base: All respondents (600)



Q11. Over the last 5 years, would you say the value for money of your water bill has been getting better, getting worse, or has it stayed the same?

Revealing information about the average cost of other utilities doesn't affect customers' perceptions of the value for money of their water bill – people find it hard to compare different utilities. However, once people find out Welsh Water has higher bills than other water companies, there's a substantial drop in VFM.



Q9 / Q31 / Q33. Overall how would you rate the value for money of your water bill? Base: All respondents (600) / Half sample

# Summary – Affordability, Acceptability and Value for Money

It's crucial to consider the current economic context of **nervousness and caution**: Over one third of customers think they will be 'worse off' in a year's time, and few think things will get better.



**Water Bill Affordability:** Only a minority (5%) cannot actually afford their water bill, with many (but not all) of these being lower income and showing indicators of vulnerability. Additionally, nearly 4 in 10 customers say that it's a **stretch** to afford their bill, and many feel affordability is **decreasing**. Planning ahead, the priority group to consider may be those who are struggling now **and** for whom the bill is becoming less affordable.



**Water Bill Acceptability:** The majority find their bill acceptable, but a significant minority (28%) take issue with it, for a wide variety of reasons. These customers are more likely to be lower income, think that DCWW is profit-making, and also often say they're paying higher amounts for their bill. 'Unacceptability' could be offset by explaining more to customers what the bill contributes to, by demonstrating good customer service, and by strengthening appreciation of 'not for profit' status. Sharing information about how the average water bill compares to other utilities doesn't make much difference to acceptability - people may not find this a relevant or natural comparison.



**Water Bill Value for Money:** Perception of value for money of water bill is better than for other utilities, but there's still room for improvement. When we show customers how the Welsh Water bill compares to other water companies, value for money reacts negatively – falling much more than 'acceptability'.

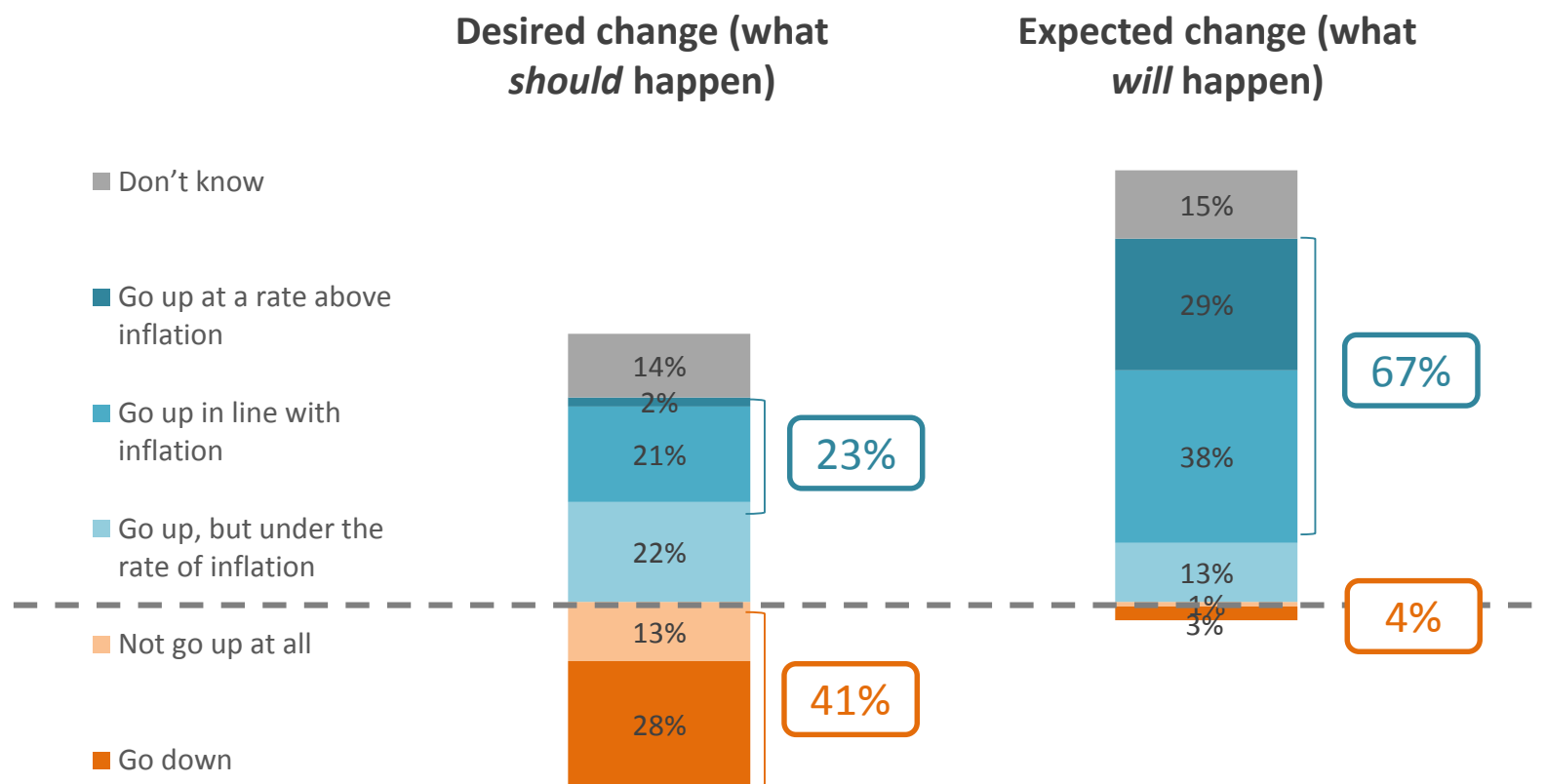




Looking ahead 2020-25

# Desired and expected changes in bill

Bill expectations and what people think **ought** to happen are clearly different. The majority think bills *will* go up at, or above, inflation, but only a minority think this *should* happen. Customers have a range of views on what ought to happen – over 1 in 4 would want it to go down in future, but the ‘centre of gravity’ (median position) is ‘going up, but under the rate of inflation’.



Q19. Assuming the level of service from your water company remains the same as it is today - Please tell us your personal preference of what should happen. Q21. And what do you expect actually will happen to your water bill over the next few years, assuming the level of service remains the same? (This could be different from what you said you think should happen just now)

**67%**

**Expect** their bill to go up at or above the rate of inflation

**BUT**

Only **23%**  
think this  
**should**  
happen

# Reason for thinking bill should...

**It should not go up at all OR should go down (41%)**

**It should go up, but under the rate of inflation (22%)**

**It should go up at a rate above inflation OR in line with inflation (23%)**

Because the cost of living is not in line with wages/benefits

If it isn't improving then it shouldn't increase

It is fair to have some increase just not large scale

I feel like what I get now is too good of a rate

Their costs go up in line with inflation, and they are supposed to be no-profit making, therefore the cost to me should not be higher than inflation.

Water was always free but now they decided to make us pay for it, why - I don't know. Maybe its just to get more money out of the poor workman

if it wouldn't go up with inflation then the economy wouldn't be stable. It is all part of a system

To ensure sufficient cash reserves for updating pipes etc

Can't afford if it goes up more than 3percent per year

People in Liverpool pay less than we do and they get Welsh water.

Water tastes awful, and smells awful. Until this is vastly improved then a price rise is unjustified.

because I will not be able to pay for it

I think that's right & fair

They are already making a profit so why would they need to increase their profit further when their customers are often struggling to pay all their bills

It's rain

The price of our water has increased each year with no improvement to the quality

I think its standard practice

every bill seems to go up yearly so no problem there, but I see no reason for the bills to go up above inflation

Most services have to raise their prices and the rate of inflation is a fair amount to pay

Peoples standard of living is not rising to cope with large increases in any utility bills

Water supply is essential so it would help everyone if kept below inflation

The price is enough to cover services

because they are not for profit

inflation affects companies as well as individuals. Companies' income needs to increase to meet expenditure

**Q20.** Based on this, what do you believe should happen to your water bill over the next few years? Please tell us your personal preference of what should happen – this might be different to what you expect actually will happen.

We showed customers five potential options for what could happen to their bill over the period 2020-25, emphasizing that the total amount they would pay over the period would be the same in all cases.

A little higher at first and then decreasing



2019 2020 2021 2022 2023 2024 2025

A little lower at first and then increasing



2019 2020 2021 2022 2023 2024 2025

More or less constant



2019 2020 2021 2022 2023 2024 2025

A little higher at first and then a change to a lower bill



2019 2020 2021 2022 2023 2024 2025

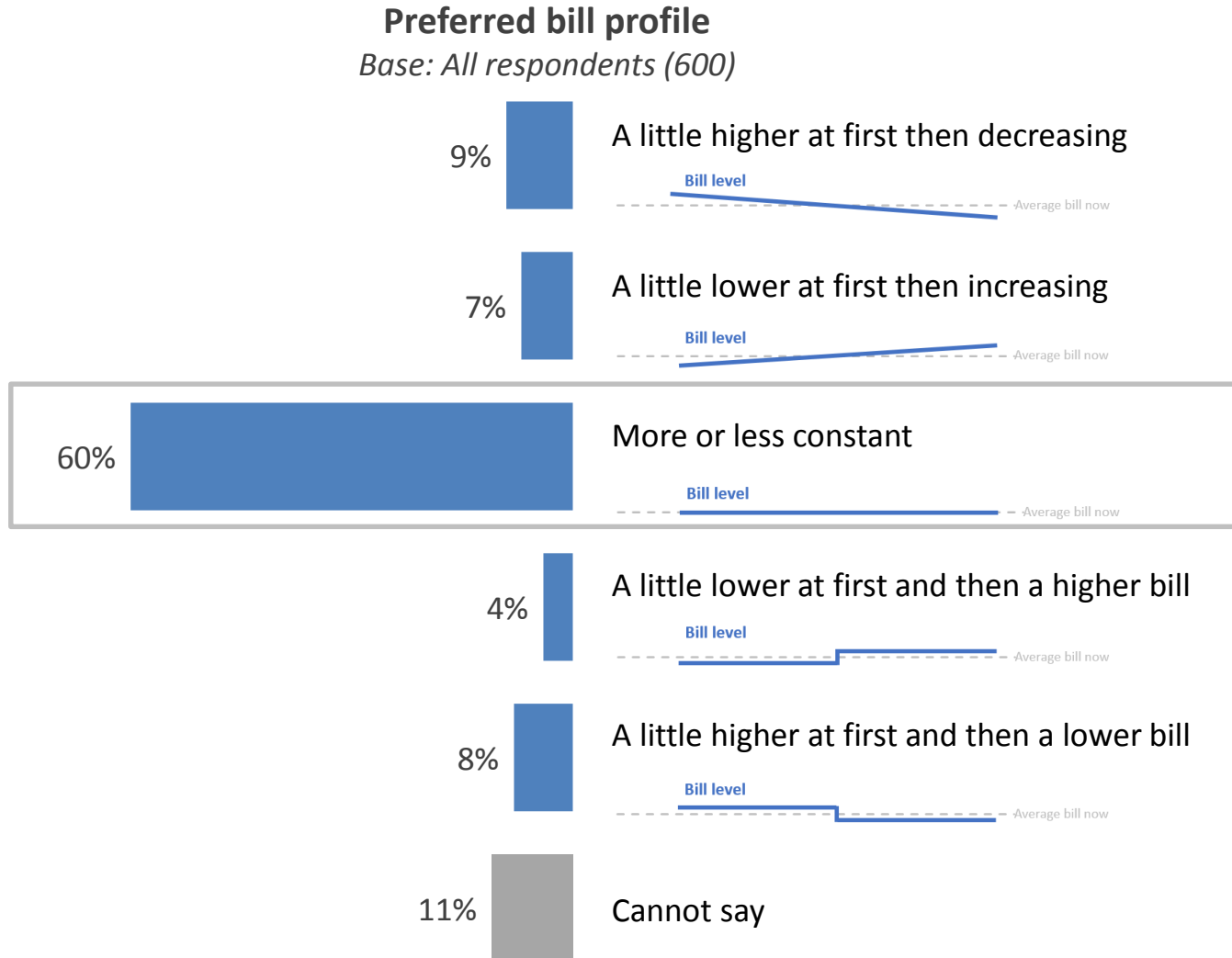
A little lower at first and then a change to a higher bill



2019 2020 2021 2022 2023 2024 2025



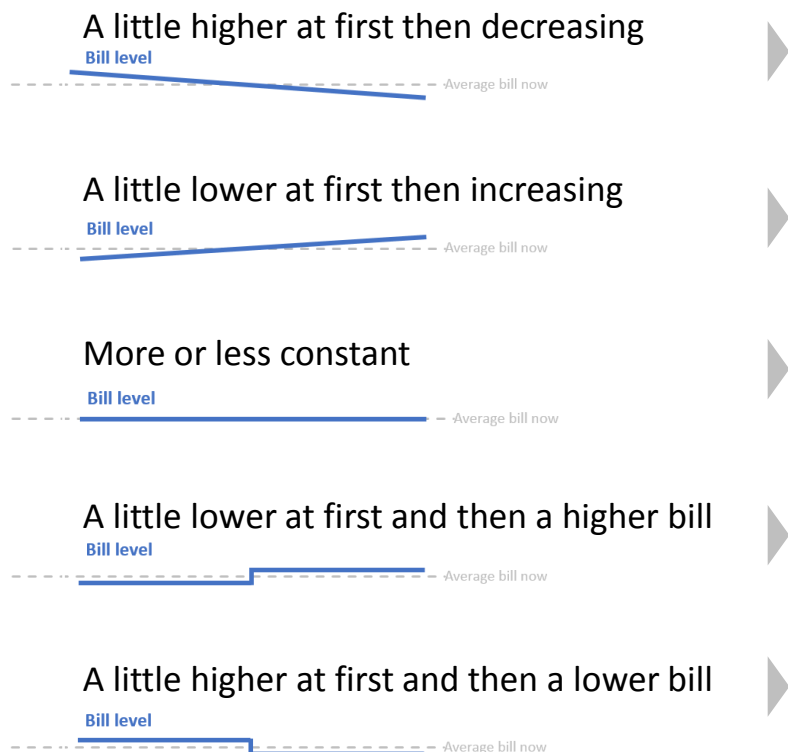
There's a very clear overall preference for keeping the bill level more or less constant; 17% prefer the option of paying more earlier on and reverting to a lower level; 11% prefer a pattern of starting at a lower level.



Q26 Bearing in mind there's no difference in overall cost, which one would you prefer? (Assume service levels remain the same)

# Bill profile – who prefers the different options?

There are few major distinctions between the customers who prefer each bill profile scenario; for most groups, the clear preference is to keep the bill as constant as possible; the qualitative phase suggested this is a popular scenario as customers will 'know where they are' and can better plan their household budget.



## People voting for this bill profile are ...

More likely to be aged 18-29; Want to reduce bills in future;  
Pay £400-499 per year

More likely to have been metered for under 2 years

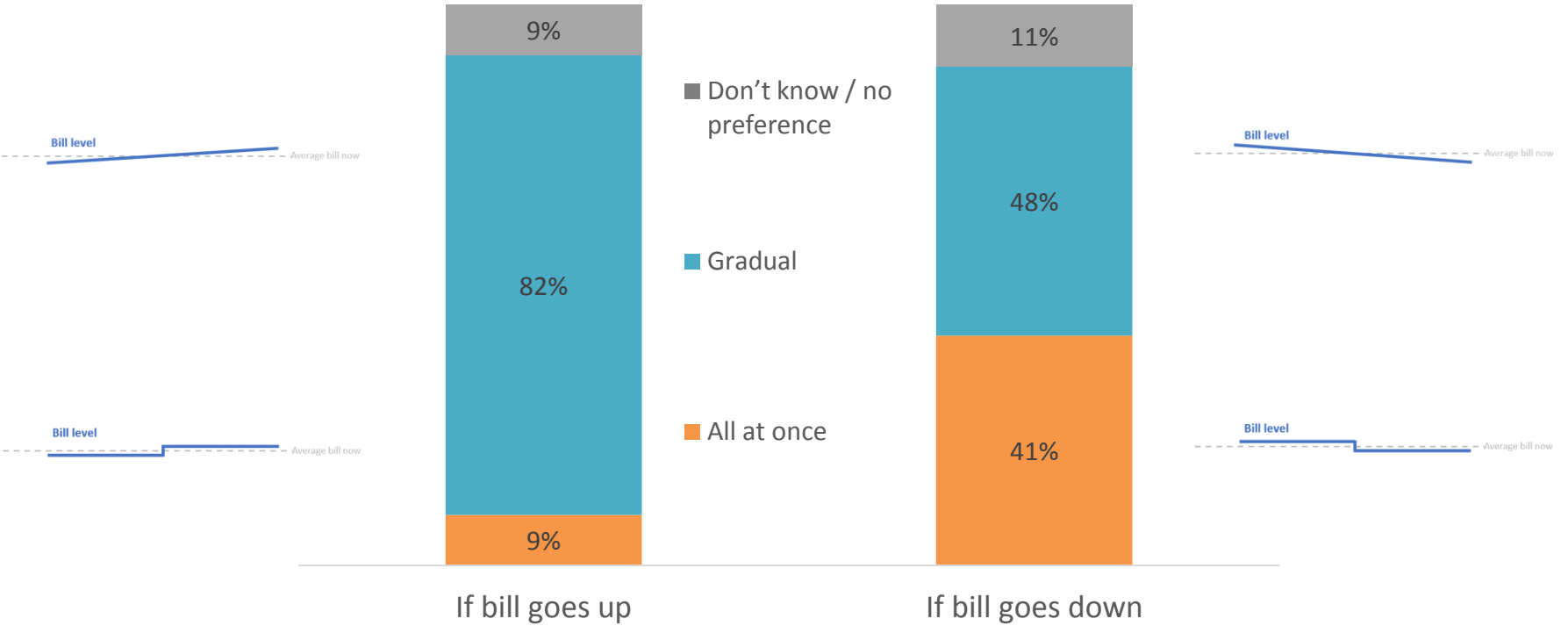
LESS likely to be those with highest income (£50k +)

More likely to have Income £30k +; Children in household;  
Income going up at rate of inflation

More likely to be Social Grade AB; income £50k+

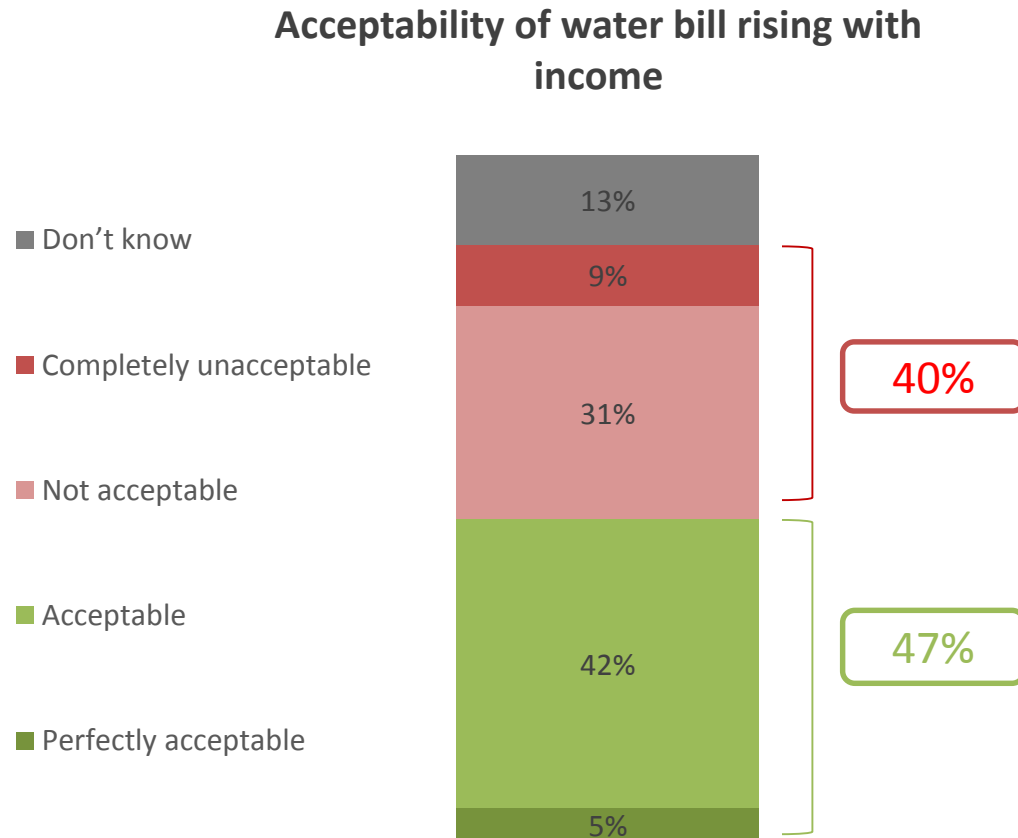
If there were to be a change in bill levels, the opinion tends to favour a gradual transition over three years, rather than a step change, however, this is more the case if bills were to go up than if they were to go down.

**Bill transition preference**  
*Base: All respondents (600)*



Q27. If your water bill was to go up in the next years would you prefer that this happened all at once or gradually? Q27b. If your water bill was to go down in the next years would you prefer that this happened all at once or gradually?

Nearly half of the respondents would find it acceptable if water bills were to increase with average income, but many would not – we know a high proportion of customers are concerned that their income will not keep pace with inflation, so matching an **average** income rise may raise concerns that they will not be able to keep up.



**Desired versus expected bill change:** Consumers in general tend to believe that bills, including water bills, always go up, and Welsh Water customers are no exception; two thirds expect their water bill to go up at or above the rate of inflation in future. This contrasts with only two in ten thinking that this **should** happen. There's a clear gap here, and given these expectations there's potential to create a favourable reaction if Welsh Water can communicate that bills are *not* going up at this rate

**Bill Profile:** There's a clear preference for a 'more or less constant' bill profile, rather than a profile with either a gradual change or a step change. From our qualitative phase, the feeling was that a 'flat' bill profile means customers 'know where they are' and can better plan their household budget

**Bill Price Transition:** Should there be an upward price shift, far more customers would prefer this to be a gradual transition (over a few years) rather than a step change. However, if there was a downward price shift, the preference is less clear cut – it's a more even vote for 'gradual' and 'step change'

**Principle of Bill Rising with Average Income:** Opinions are split on this – 4 in 10 would not find this acceptable – in line with widespread sentiment that their own income is not going to keep pace with inflation

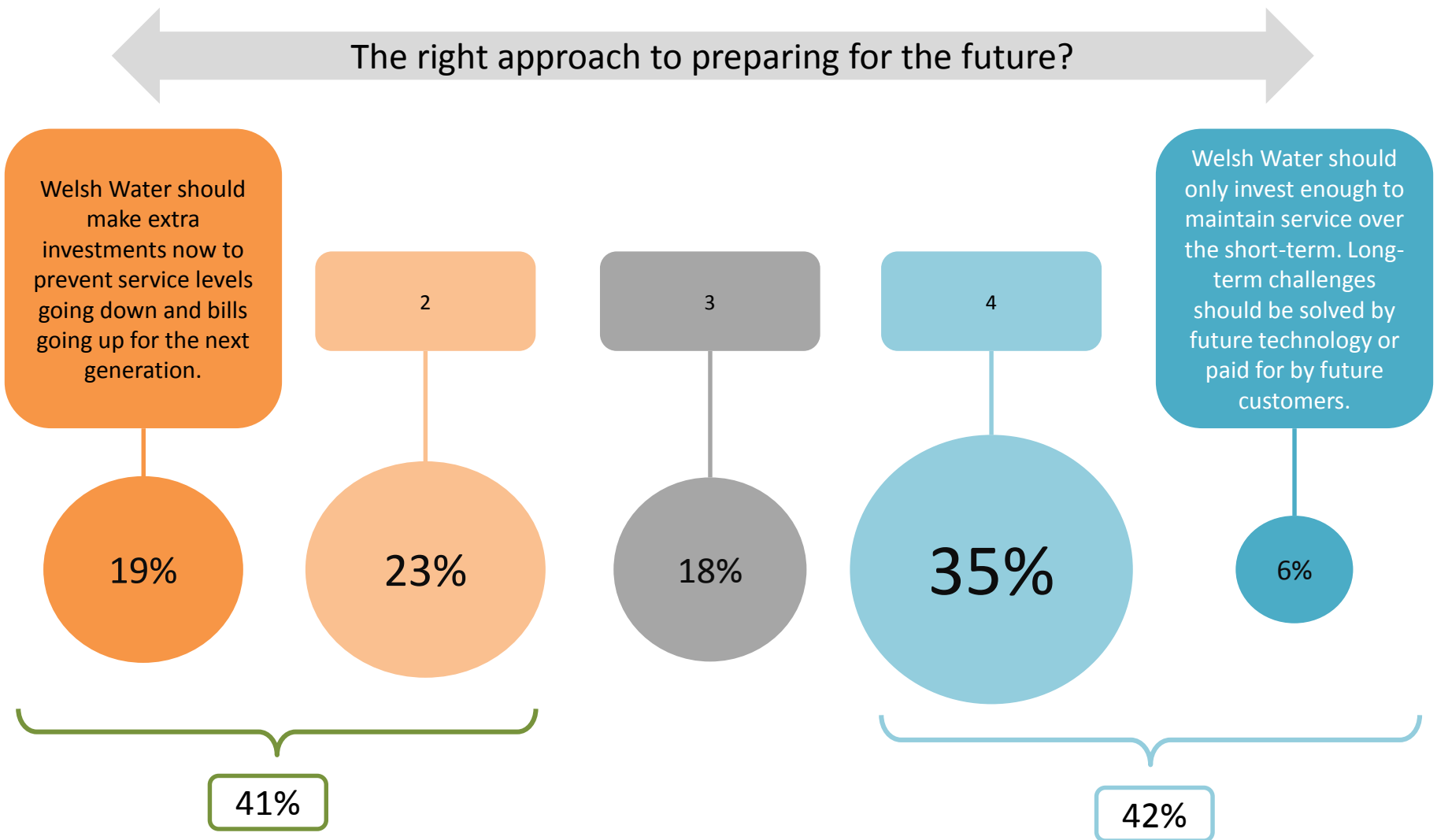




Longer term investment

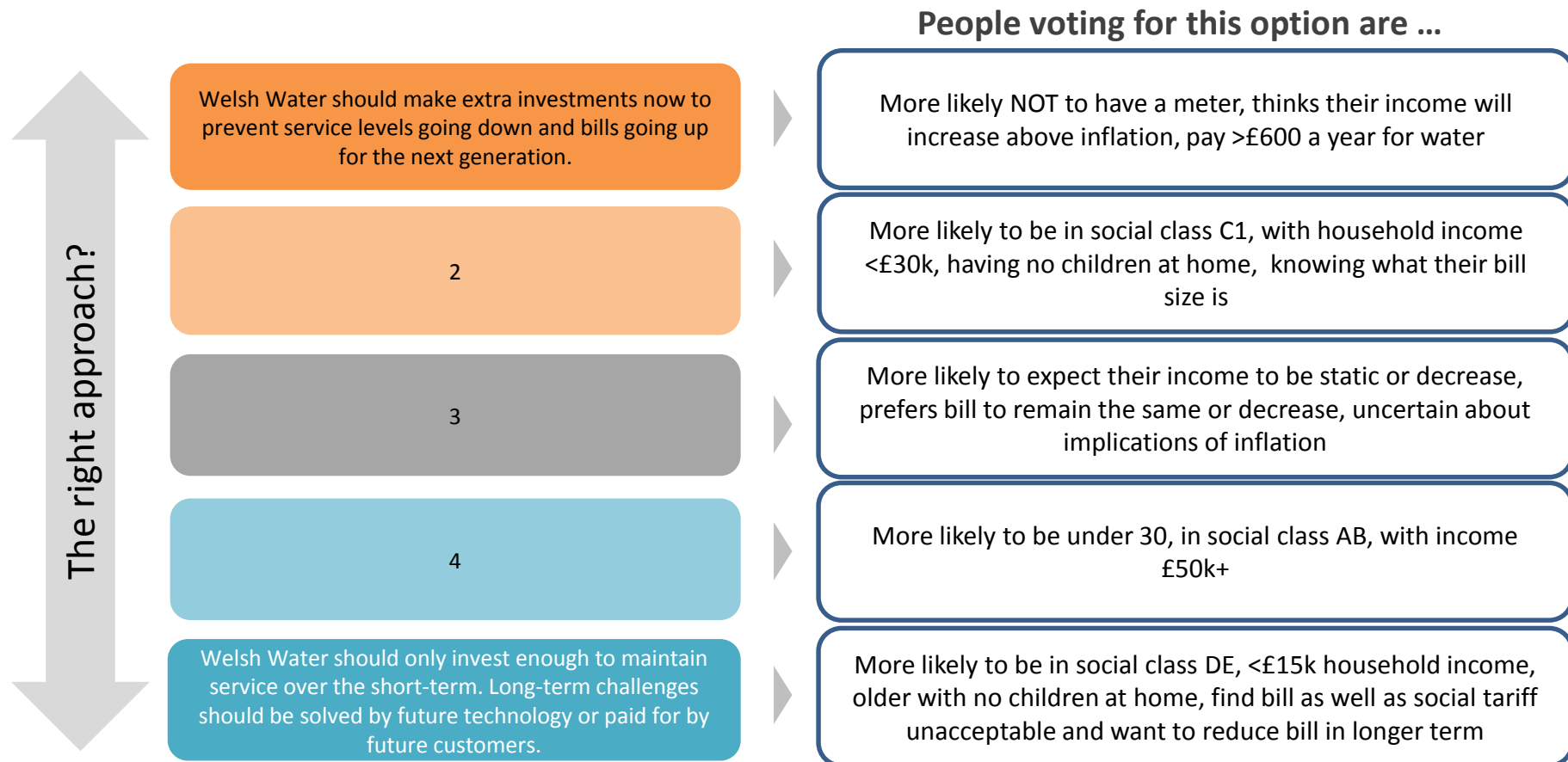
# Preparing for the future

Overall there's a fairly even split between how many customers would want to invest extra now, versus those who would rather leave future generations to worry about future challenges. However, those advocating making more up-front investment are more committed to the idea.



# Long term preference – who prefers the different options?

Preferences for long term investment are not strongly driven by demographic or economic traits, although there is a sense that those who have least ability to pay more are at the 'short term' end of the spectrum while those who are positive about the future and already pay more for their bill are more of the 'invest for the long term' disposition.



We went on to ask customers their preference for bill level, *before* and *after* showing the following summary of challenges Welsh Water might face in future:



**Population:** population growth will lead to increased water demand in certain areas



**Climate:** more extreme weather could lead to flooding and water supply shortages



**Customer expectations:** there will be a need to adapt to future customers' expectations, for example adopting new technology to meet their needs



**Economy:** changes are expected in the types of industry in Wales, which will have different water needs



**Environmental:** increased risk of environmental pollution may lead to a reduction in water quality.



**Infrastructure:** ageing pipes failing along with cyber security are both threats to the water supply



**Regulatory:** changes in policy and regulation are expected due to Brexit, creating uncertainty



**Public health:** drinking water quality standards are likely to tighten in the future

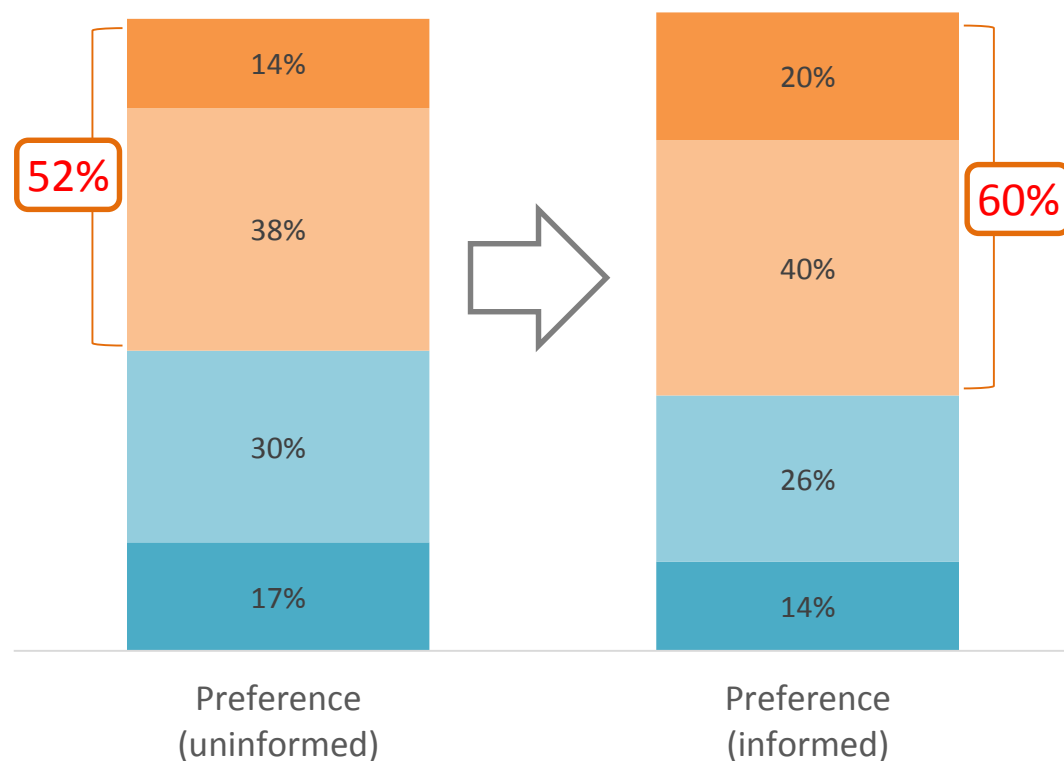
# Longer term preference – investment vs. bills

Initial opinion about whether average bills should go up or not is fairly evenly split. Showing the information about the challenges Welsh Water could face in future can have some positive effect on willingness to pay more in order to invest more, but this information does not transform attitudes.

- Increase water bill by £20  
 (to an average of £460 per year) Means doing more to meet future challenges
- Increase water bill by £10  
 (to an average of £450 per year) Means doing a little more to meet future challenges
- Keep water bill the same  
 (keep at an average of £440 per year) Services stay at the current level but not able to invest a lot in meeting future challenges
- Reduce water bill by £10  
 (to an average of £430 per year) Services stay at the current level but less is done to meet future challenges

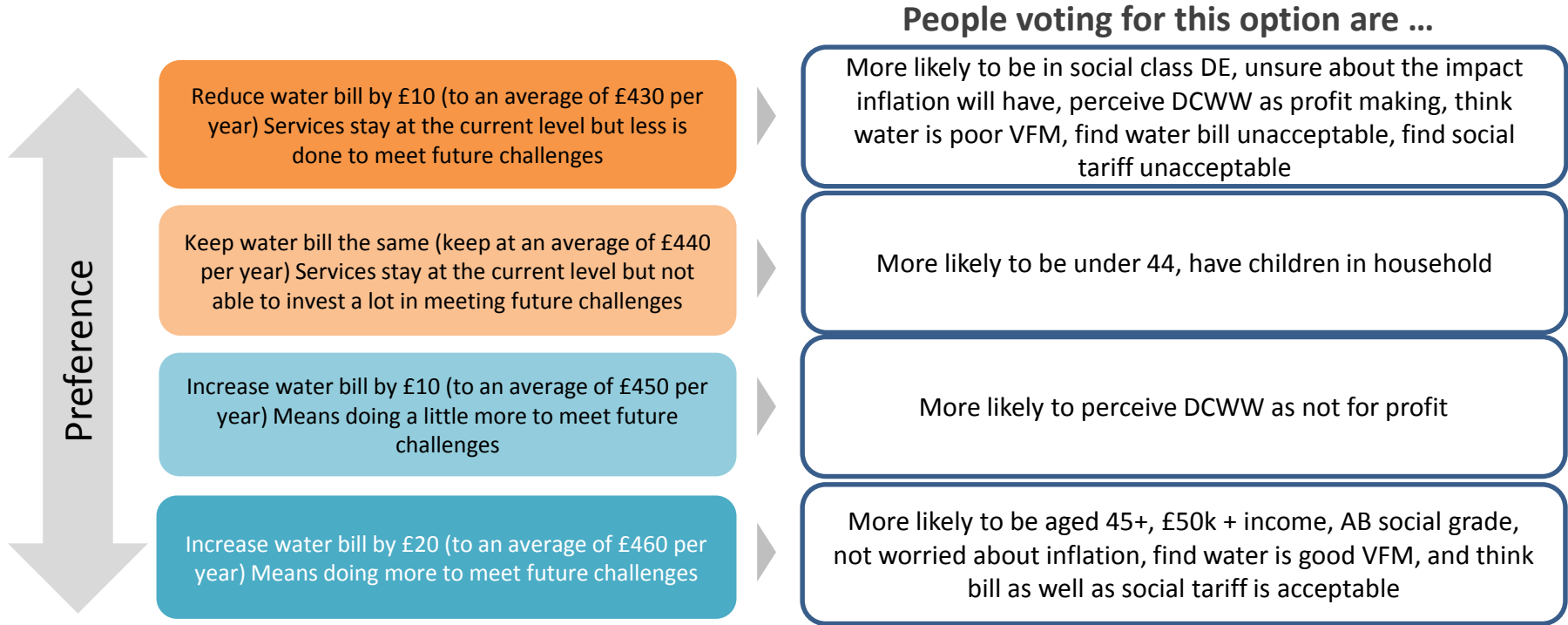
## Preference for future

Base: All respondents (600)



Q29. The average annual bill for Welsh Water customers is currently about £440. Welsh Water could do <more to prepare for the future and would need to put bills up to pay for this>. Alternatively, they could do <less to prepare for the future and allow bills to fall> Q30. Having just seen the kinds of challenges Welsh Water could face in the future, your preference for what happens to bills may or may not have changed. Please tell us now which one of the options you'd prefer?

Again we see preferences for long term investment are always not strongly driven by demographic or economic traits, but those who are in lower social grade groups are more likely to want a reduction in bill, while AB are more likely to advocate increasing bills for the sake of investing for future needs.



Q30. Having just seen the kinds of challenges Welsh Water could face in the future, your preference for what happens to bills may or may not have changed. Please tell us now which one of the options you'd prefer?



**Preparing for the future:** There's no customer consensus about whether in principle Welsh Water should invest more now to help future generations or let future generations address challenges they face. The vote is evenly split, although those voting for 'invest now' tend to have more courage in their convictions

**Bill Price versus investment (uninformed):** When asked spontaneously opinion is divided - the vote is evenly split between increasing bill size for more investment versus freezing or decreasing bill size with little / no investment

**Bill Price versus investment (informed):** When shown information about the possible challenges Welsh Water faces, the balance of opinion shifts slightly towards increasing bill size for the sake of investment into future challenges, although it does not dramatically transform the picture

**Profiling views on long term investment:** To an extent outlook is driven by economic status, but this is by no means the full story – customer opinion here may be more to do with underlying values and attitudes (e.g. social and environmental conscience) than demographics and income

# Social tariffs

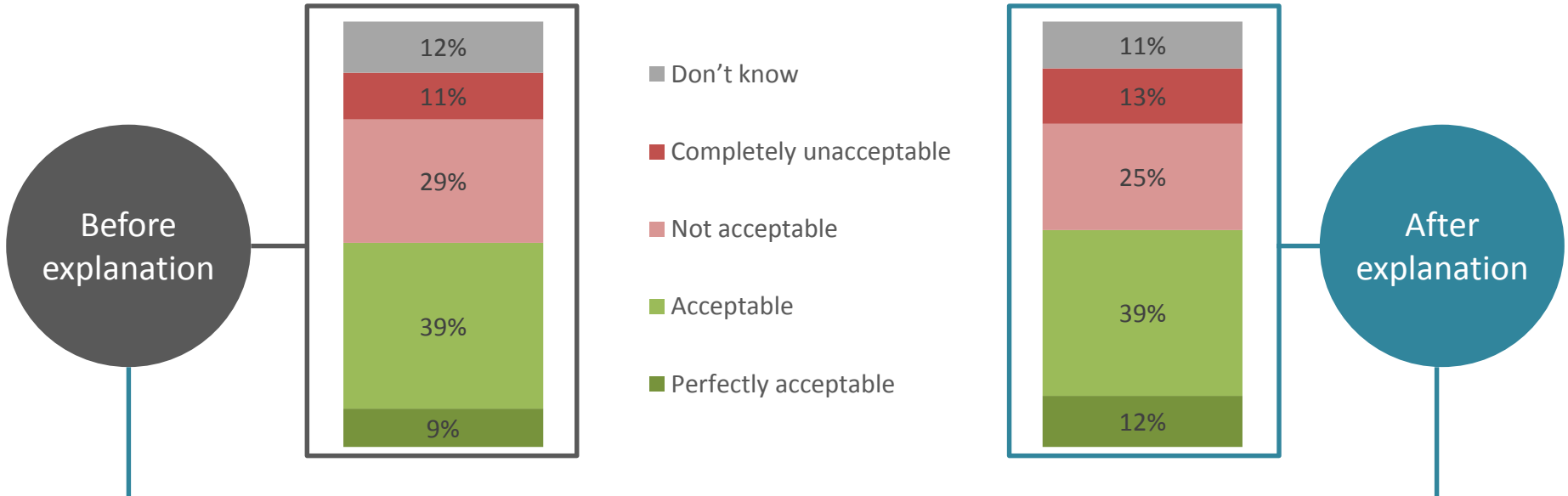


# Acceptability of social tariff

The idea of the social tariff is quite divisive - 38% of respondents initially find the principle acceptable, while 40% find it unacceptable, with the remaining 12% unsure. After a fuller explanation of Welsh Water’s plans, there’s a slight shift to the positive, but little overall change – customers views remain entrenched.

## Acceptability of social tariff

Base: All respondents (600)



“ Welsh Water aims to keep bills affordable for all customers. Customers who are in genuine financial difficulties can also be offered a special reduced bill. This can help these customers afford their water bill, and can also help to reduce the costs of debt and debt collection which have to be paid for by other customers.

Welsh Water plans to help customers in genuine financial difficulty by offering them a bill of £190 a year (compared to the average of around £440). The number of customers that Welsh Water can support in this way depends on how much extra other customers pay on their own bill.

# Reasons social tariff idea is NOT acceptable

A lot of these who are getting help are choosing not to work, people with many children claiming so much more money than I earn

Why pamper people let them get work and pay their way.

Don't believe that a lot of people will be genuine as there's too many scammers around

isn't fair, water is a basic need, if someone can't pay, it should be provided for free but not let other pay for it

It's been constantly above the national average for years, so where has all the excess gone?

I do not think that I should pay for other people's utilities. Those people need to budget more

Lower the bill so that everyone can afford to pay it

Government should provide subsidies, not the bill paying customer

It's not fair that I have to struggle to pay my bills and others don't.

The issue of benefits is a matter for national and regional government; not one for a utility supplier. Who is to determine ability to pay? Welsh Water? I don't think so.

It's not my fault if they cannot manage their finances.

Because it's a rip off

Its not the fault of those who can pay up straight away- why penalise them because some can't pay

Because you have already made increases in water rates charges to cover the renewal of pipework etc.. Are you totally ignorant of your own mismanagement. And what does comparing gas and electricity have to do with something that falls free from the sky? Do you have generating costs?

I work full time and my taxes contribute enough to benefits and the like without help to pay other peoples water bills.

I don't see why I should pay for these people they should look to giving up smoking or cutting back on other things the same as I have had to do all my life to afford my bills

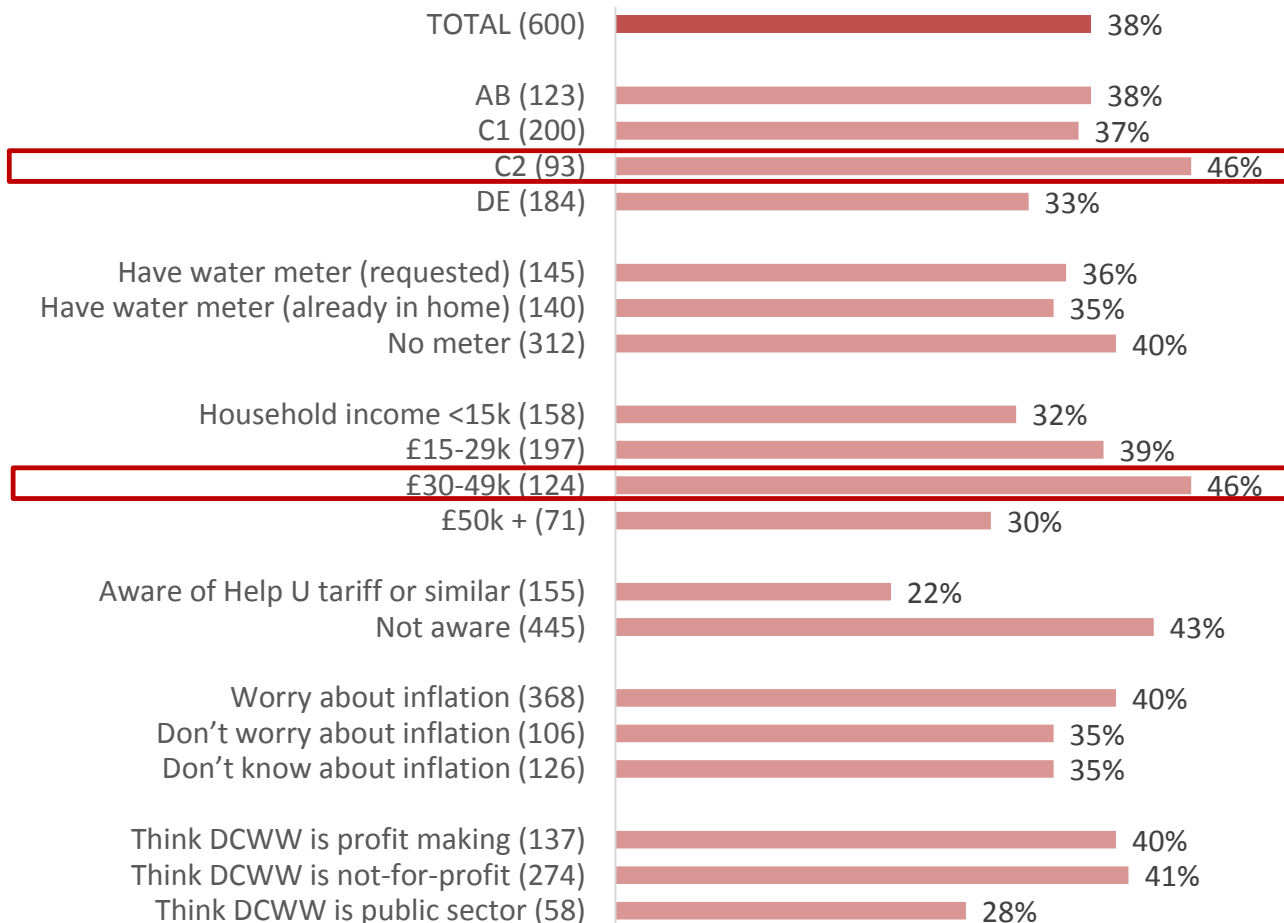
They get money from the government, they can save they money just like the rest of use, they only need money from benefit

Q36b. How do you feel about the idea that the majority of Welsh Water customers should pay a little more for their bill so that customers who are genuinely less able to afford their bill get this lower rate?

It is the ‘squeezed middle’ who find the idea of social tariffs least acceptable – those who might struggle to fund it, but who would not qualify to benefit - although no groups are universal advocates of the idea.



## % of different customer groups saying social tariff is ‘not acceptable’, or ‘completely unacceptable’



Those already aware of the idea are less likely to be ‘anti’ – do attitudes soften with familiarity / further explanation?

Q36b. How do you feel about the idea that the majority of Welsh Water customers should pay a little more for their bill so that customers who are genuinely less able to afford their bill get this lower rate? (Note numbers in brackets are unweighted base sizes)

# Acceptable amount to pay for social tariff

Amongst those who find the principle of a social tariff acceptable, the vast majority (84%) would find £10 a year an acceptable amount to pay on their bill, with only 10% finding it unacceptable. Moving to higher price points reduces favourability.

**Acceptable amount to pay for social tariff**  
*Base: Those who say social tariff idea is acceptable (317)*



Q38. How acceptable would it be to you to pay the following amounts on your bill to help more customers who struggle to pay their water bill?



# Summary



The overall outlook amongst customers is one of **nervousness and caution** – over one third of households think they will be ‘worse off’ in a year’s time, with few thinking things are going to improve

Only a small minority cannot actually afford their water bill, but a large proportion (nearly 4 in 10) are reporting that affording their bill is a stretch. We need to consider carefully those who are both ‘stretched’ and for whom affordability is declining

Over 1 in 4 find their bill unacceptable – for a range of reasons. ‘Unacceptability’ could be offset by explaining more about what the bill contributes to, by demonstrating good customer service, and by strengthening appreciation of ‘not for profit’ status

There’s a clear gap between what customers expect *will* happen to their bill in future, and what they think *should* happen. Given low expectations, there’s potential to create a positive response if bills do not go up as much as expected

There’s a clear preference for a ‘more or less constant’ bill profile - better for people in terms of managing their household budgets. If there was a bill change, people would prefer a gradual (rather than step change) transition - particularly if bills are going up

Views on what’s right for longer term investment are divided; the overall balance - after being informed - is more towards having permission to increase bills in the interests of future investment, but it’s by no means a consensus

# Blue Marble Research

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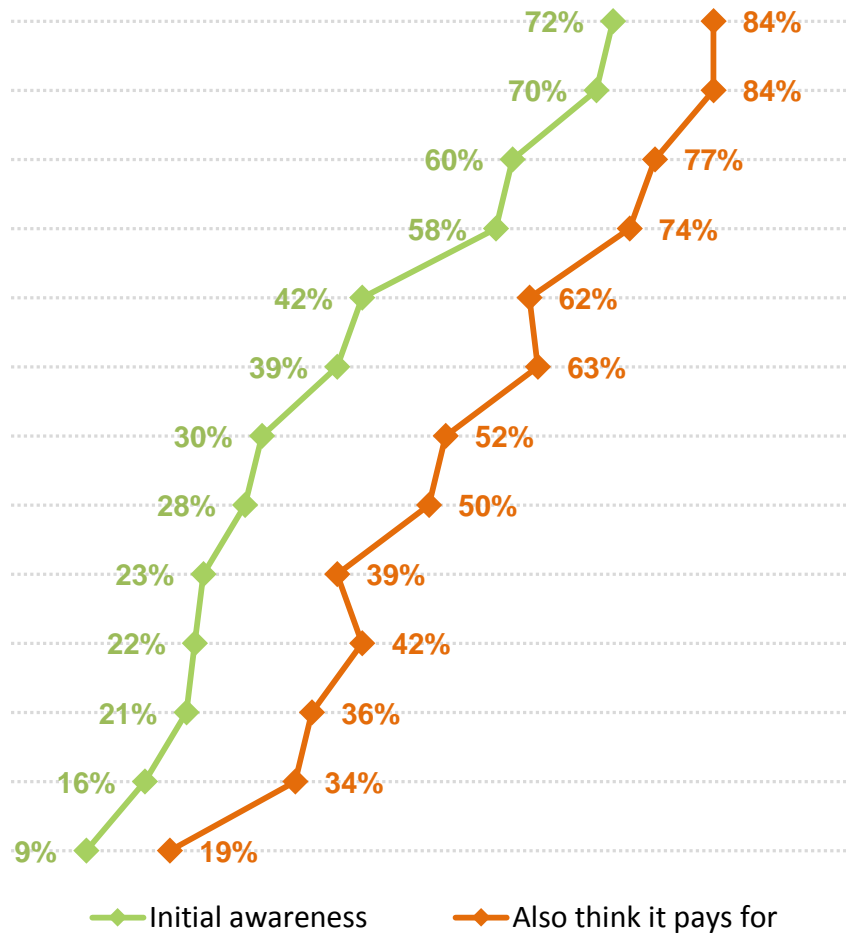
# Appendix



# Awareness of what their water bill pays for

Most people think of 'good quality drinking water', 'reliable water supply', 'reliable wastewater disposal' and 'repair of water supply pipes' as part of what their bill pays for. Only a minority initially think of other things, although on further prompting aspects of investment, responsiveness and environmental activity are also recognised. 'Good customer service' is not widely thought about. 'Efficiency', 'helping people afford their bill' & local education initiatives are also generally not on the radar.

- Good quality drinking water
- A reliable water supply
- Reliable and safe wastewater disposal
- Repair and replacement of water supply pipes



- Good customer service

- Helping to avoid water restrictions like hosepipe bans
- Making the water company more efficient
- Helping people who struggle to afford their water bill
- Initiatives to get involved with schools and education

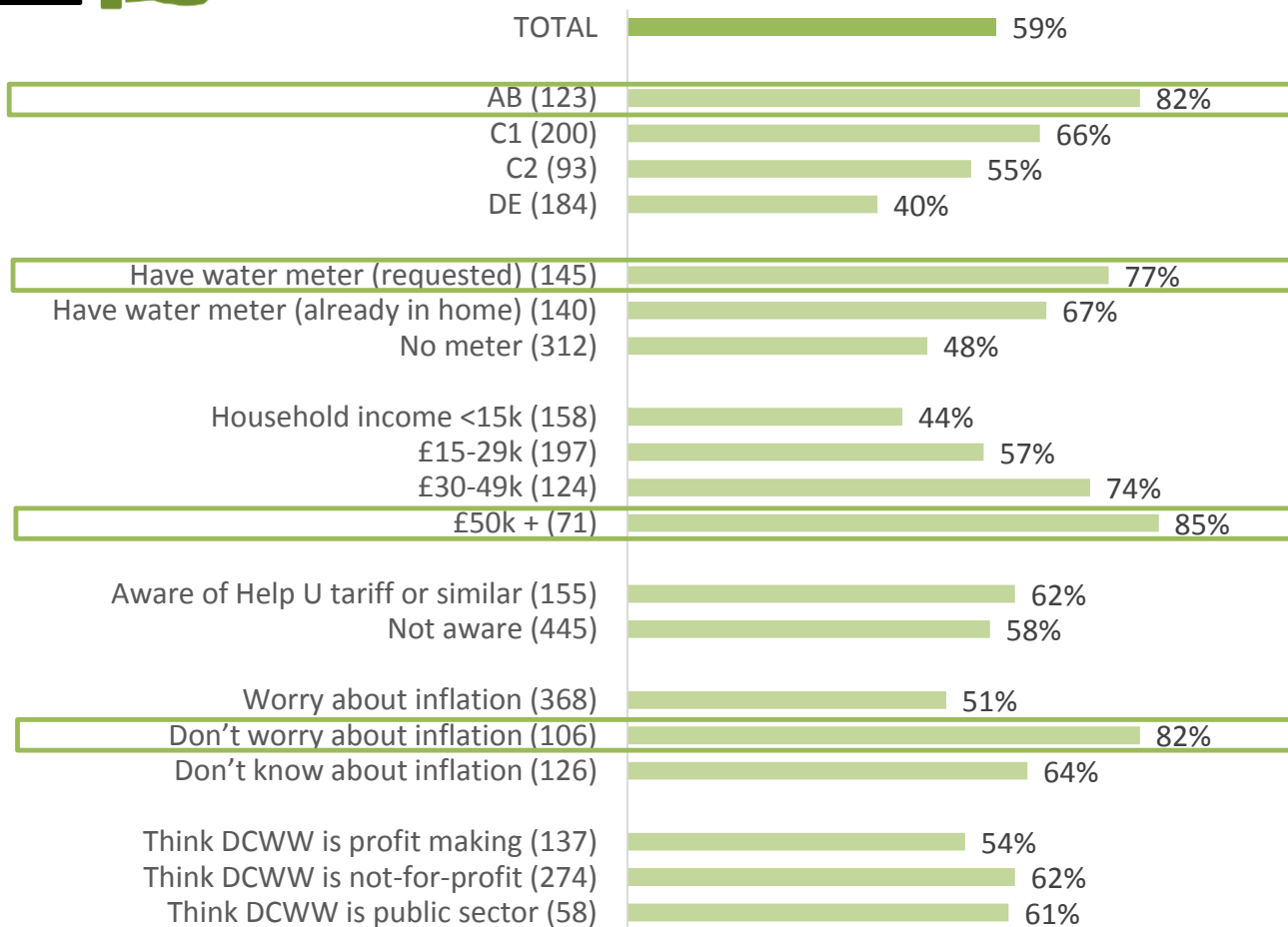
Q25a. Which, if any, of these describe what you just said your water bill pays for? Q25b. Which, if any, of these things would you also think your water bill pays for? Base: All respondents (600)

# Affordable – by subgroup

Affordability is heavily down to external economic factors: Those who find their water bill more affordable tend to be higher income, higher social grade households. They're also more likely to have (voluntarily) opted to have a water meter.



## % of different customer groups who can afford water bill 'comfortably' or 'fairly comfortably'



Those who think they pay under £400 a year for their water bill are also more likely to find it affordable (70%)

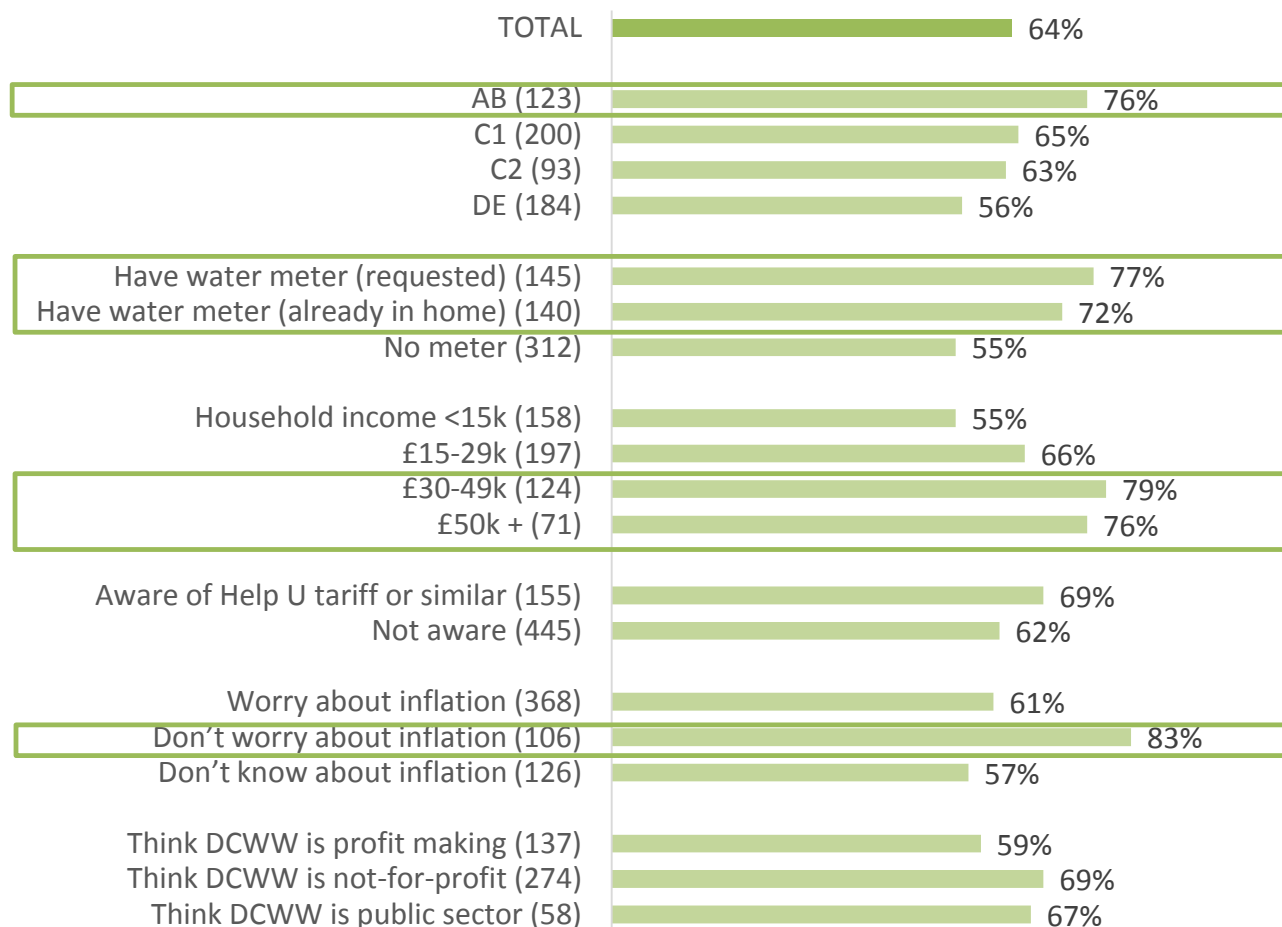


# Acceptable – by subgroup

Acceptability is driven by Social Grade, whether they have a water meter, and if they do not worry about inflation.



## % of customer groups saying water bill is acceptable

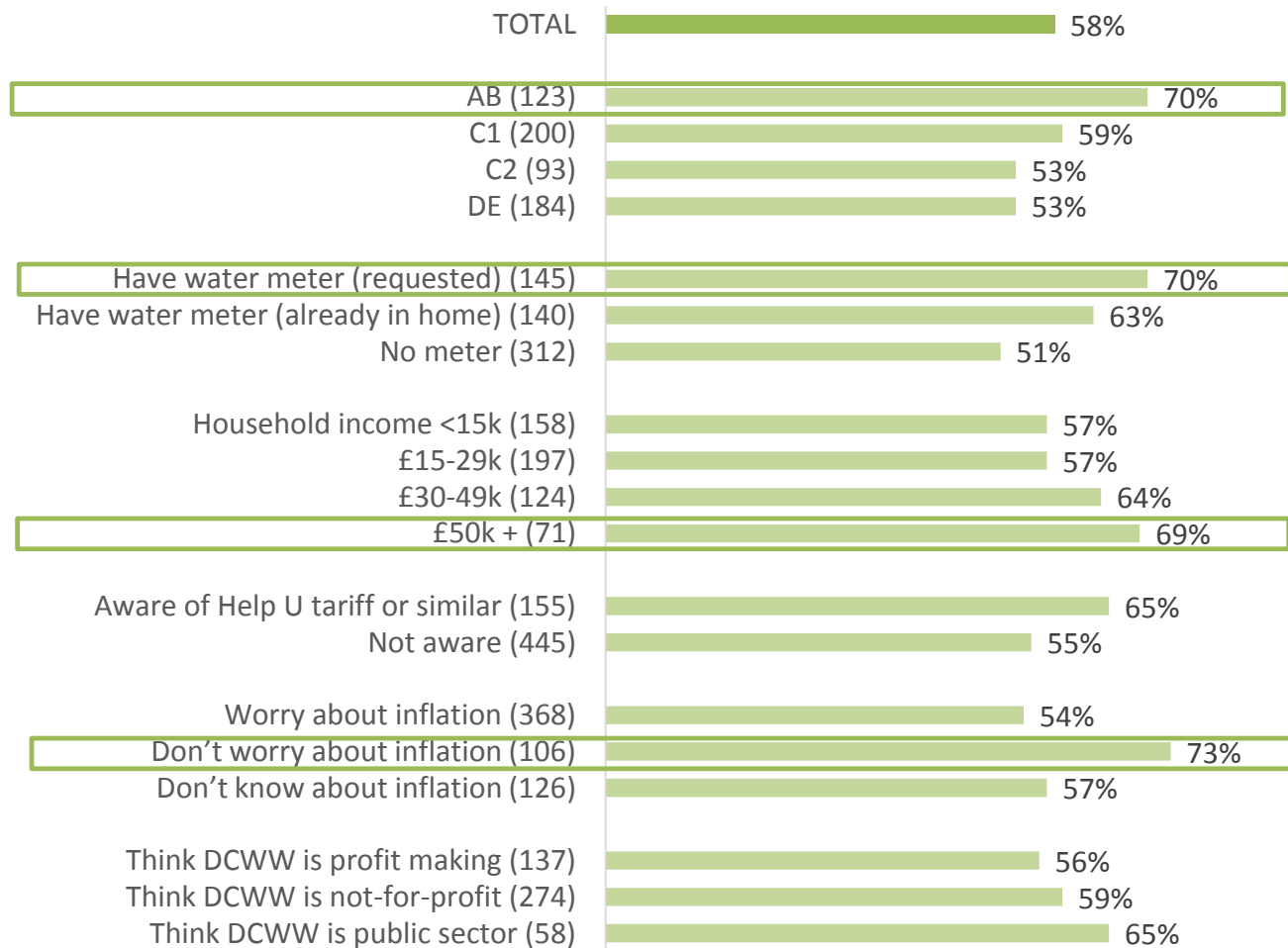


Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?

Perceived VFM is higher for better off customers, plus those who have (voluntarily) opted for a water meter. Being aware of DCWW's not for profit status does not have an underlying effect on positive VFM rating.



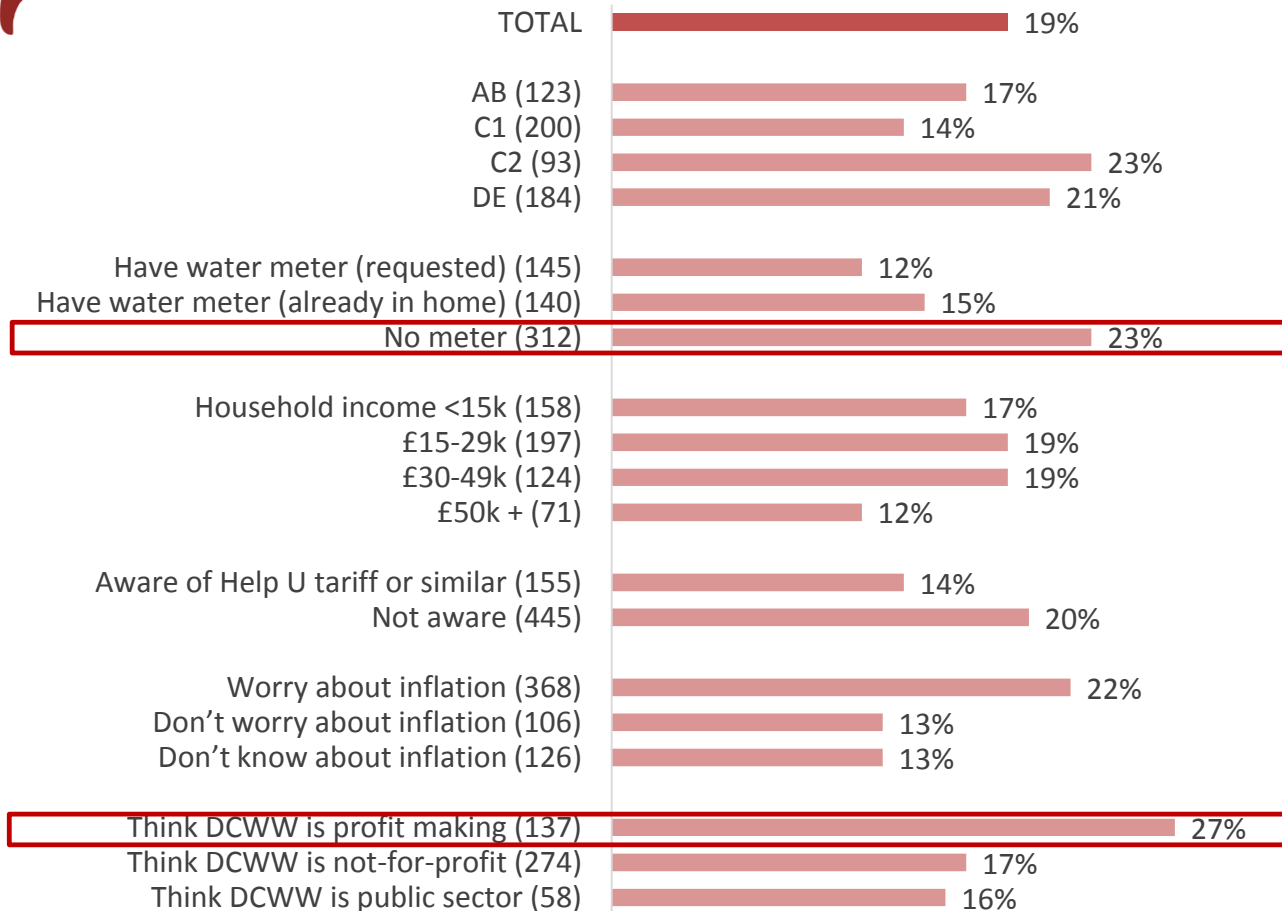
## % of different customer groups rating 'very good' or 'good' value for money



Those who are not on a meter, and who think DCWW is a profit making organisation perceive their water bill is becoming worse value for money. Communicating 'not for profit' could appease some who feel VFM is declining, reducing negative feeling.



## % of different customer groups 'getting worse' value for money



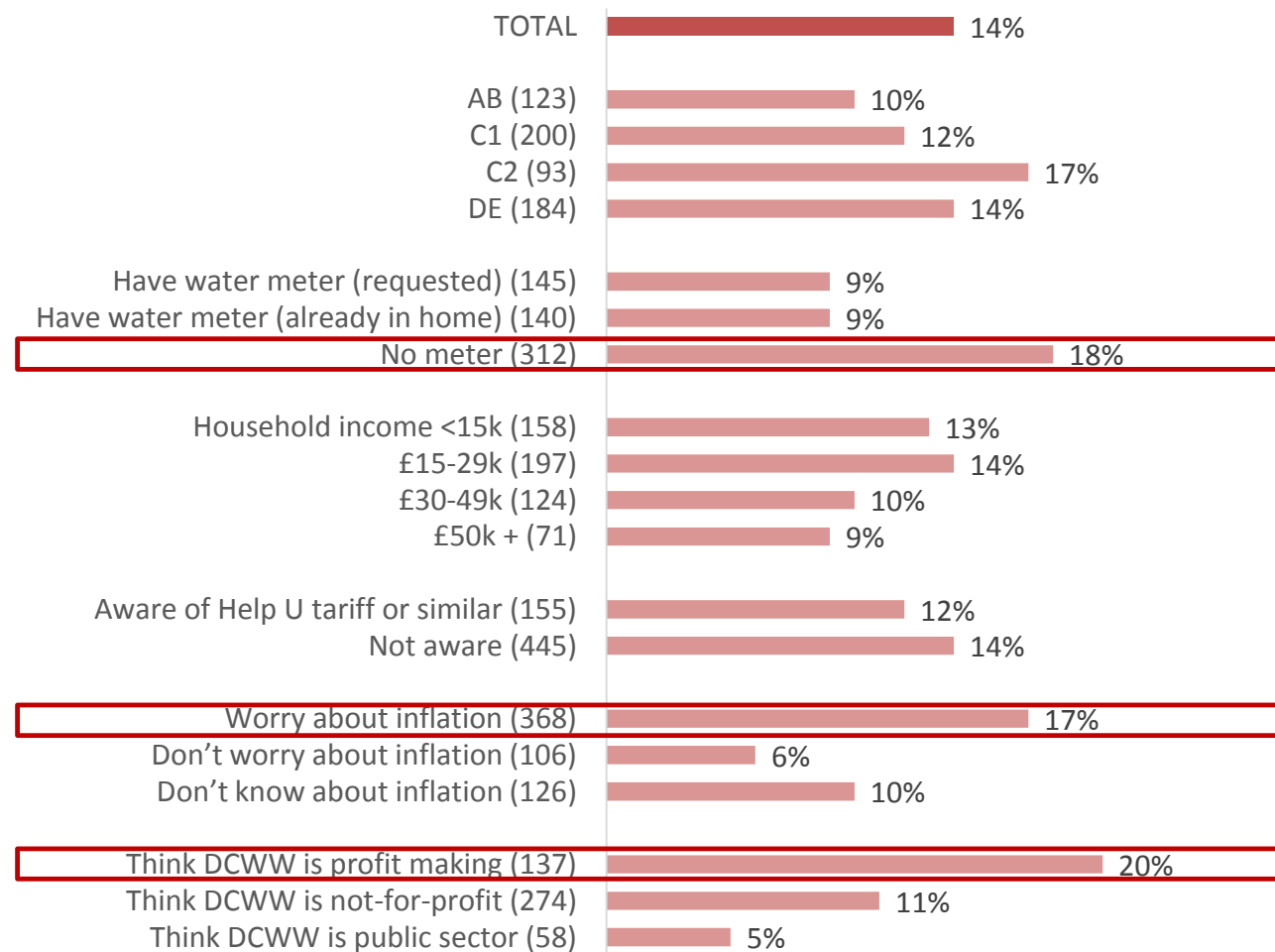
Q11. Over the last 5 years, would you say the value for money of your water bill has been getting better, getting worse, or has it stayed the same?

# Poor value for money– by subgroup

Perceived VFM is most likely to be rated (very) poor by those who are not on a meter, worry about inflation and think that DCWW is a profit making company.

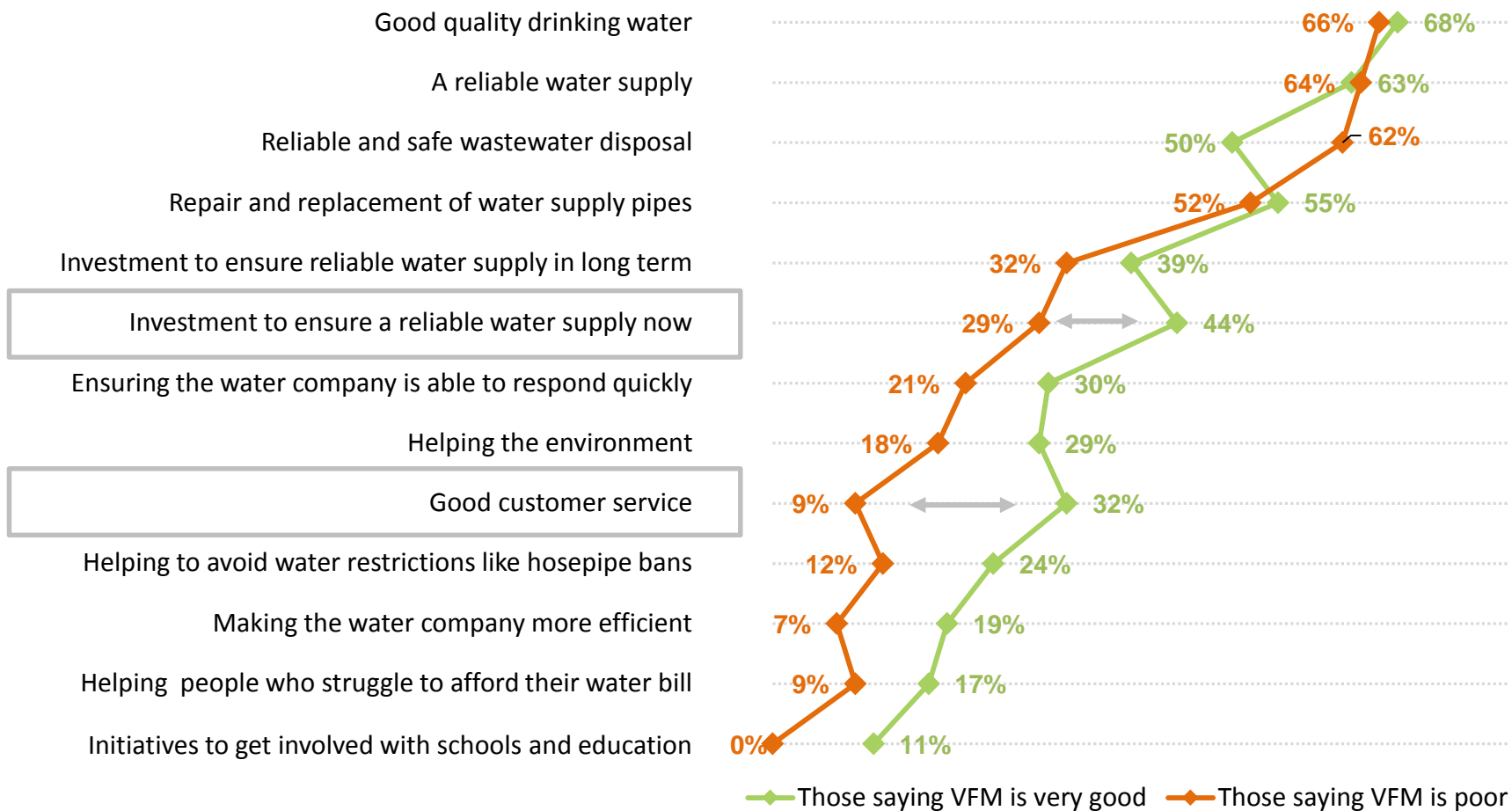


## % of different customer groups rating 'very poor' or 'poor' value for money



# Awareness of what bill pays for vs. VFM rating

The greatest differences between those rating their water bill as 'very good' value and those rating it as 'very poor' value centre on perceptions that it pays for a reliable water supply and good customer service; communicating and exhibiting these facets of service may be key to driving good value for money. People who feel their bill is very good value think that it pays for a wider variety of things



Q25a. Which, if any, of these describe what you just said your water bill pays for?  
 Base: All respondents rating water bill VFM as very good (107) and all rating water bill VFM as poor (75)

Vast majority of customers have not heard of the Help U social tariff before

## Heard of Help U

Base: All respondents (600)

- Don't know
- No – not aware Welsh Water offer this kind of assistance
- No – but aware Welsh Water offer this kind of assistance
- Yes – heard of 'Help U'

