

Customer Immersion Summary for DCWW

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BACKGROUND

Relish has been engaging with a longitudinal panel of informed Welsh Water (DCWW) customers throughout the PR24 insight cycle. It is important that the water sector takes both informed and uninformed customer response into consideration, in particular to get beyond the more superficial response that an audience of less informed customers will offer. The informed response also ensures that we hear from customers who can see both sides of the debate and are not always responding based on what they have seen through the lens of the media. But the less informed response remains critical, because it ultimately reflects the reality of how customers are likely to react. Thus, the informed response is an important supplementary tool that provides a useful perspective, but should never be seen as delivering THE answers. We should always take the informed response in conjunction with the uninformed response as well as other key factors in determining the feasibility of the PR24 plans (ie. how financeable, affordable and deliverable they are).

To date, we have engaged with this informed audience on five occasions as plans have been formulated, developed and written up since summer 2021. This sixth engagement was designed to coincide with a day in which the Independent Challenge Group (ICG) met with DCWW. The aim was to facilitate discussion and debate around the main acceptability testing research materials and results from the wider acceptability testing study conducted by Accent. In order to ensure we could compare results with the wider acceptability study, Relish used the same research materials [which are available upon request].

The informed audience is made up of customers from across Wales, including both younger and older, a range of affluence, ethnic diversity and a mix of gender.

DISCUSSION AREAS

After briefing customers, DCWW and ICG members simultaneously, Relish facilitated 2 x 60-minute simultaneous discussion groups on Zoom with n=14 informed DCWW customers, covering the following areas:

- Introductions and cost of living context
- Priorities for DCWW
- Proposed business plan for 2025-30
 - Service enhancements
 - Water related performance commitments
 - Wastewater related performance commitments
- Questions from the ICG and DCWW

This was followed by 2 x further 60-minute simultaneous discussion groups on Zoom (in which the ICG and DCWW were able to see customers they hadn't seen in the first sessions) covering the following areas:

- Introductions and cost of living context
- Affordability of the proposed business plan for 2025-30
- Support for proposed business plan
- Least cost must do business plan
- Phasing as part of business plan
- Questions from the ICG and DCWW

There followed a wrap-up session with Relish, Welsh Water and the ICG after customers had departed.

The document that follows reflects upon themes emerging from the discussions with informed customers as well as subsequent take-outs from the ICG and DCWW in the wrap-up session.



CHALLENGES FOR DCWW FROM INFORMED CUSTOMERS

As feedback from this brief immersive engagement with customers, we have outlined 8 themes below presented as challenges that our informed customers have put forward.

1. Tell customers about how you invest their money and why

These customers have become more knowledgeable than less informed customers about the water sector, the challenges faced by water companies, and how there is a need for bill increases to help fund infrastructure improvement. They acknowledge their views and perceptions have evolved as their knowledge has increased. They also feel that the wider customer base would benefit from knowing more than it currently does about all of this, in particular when there are impending bill increases. Without giving more explanation of the challenges and the need for investment, there is a concern that all customers will see is a bigger bill and that this may induce unnecessary negative feeling, not least because of the febrile media atmosphere towards water companies currently.

Thus, informed customers advocate a positive communications campaign surrounding AMP8 investment that clearly explains how customer bills will be affected and outlines specifically what the extra funding will be used for and why it is necessary. This can be fairly high-level and does not need to go into the detail that informed customers have been exploring in the research. Armed with this information, they believe that the wider customer base will feel more 'part of' the process of change.

The other facet of the desire for communicating more with customers is around what they often describe as 'education'. What these informed customers mean by this is partly what we have addressed above, but also how DCWW needs to push hard to communicate proactively with the wider customer base on what they can do to help the situation e.g. campaigns around blockages and the impact of flushing wipes etc. to help mitigate sewage flooding, and partnering with schools to push water efficiency messages at an early age.

"It's not just all the bills have gone up again, but understanding why the bills have gone up. We're in a privileged group. And we understand a lot more about the background of why bills are going up."

"It's about how they communicate this to the wider customer base about what's going to be happening, what why prices are going to be changing and what people are getting out there."

"It feels as though a lot of things happen behind the scene. Whereas when your money is going to make these investments, I think being part of that conversation is really important. And just being aware of that."

2. PR24 must make up for 'lost ground' in infrastructure investment

Coupling their accumulated knowledge of the water sector with what they read in the media, there is a clear sense from informed customers that DCWW must now make considerable investment in the water and wastewater infrastructure and not put this off any longer. The commonly held belief is that there has been too little long-term investment in the infrastructure in the last couple of decades and this 'lost ground' now needs to be made up for.



Whilst the nuance of their response to many of the specific metrics and targets explored in the acceptability research materials depends on their own personal experience of different issues (e.g. supply interruptions, poor water quality, flooding), the consensus view that underpins all of this is for a step-change in investment and infrastructure improvement – both for water and wastewater.

The wider context of economic downturn, high inflation and a prominent climate change media narrative will ebb and flow between now and 2030, but ultimately these informed customers seem likely to remain resolute in their desire for more water and wastewater infrastructure investment in Wales and for this to be done in a way that is affordable to all.

"We are suffering from 30 or 40 years ago, the lack of investment. And whatever we're doing now is a lot of is catching up on what wasn't done previously. So we can't keep delaying this stuff and kicking it down the road, I just think it's really, really important that those issues are dealt with."

3. Environmental improvement is essential and an immediate priority

At the heart of their beliefs, these informed customers are passionate about the need for environmental improvement. Notably, they don't recoil at the large amount of predicted bill impact attached to protecting and improving the environment (£36pa by 2030) vs other service enhancements, and even seem reassured that this amount is so high in that it shows DCWW is taking it seriously.

There are several factors underpinning this clear desire for environmental improvement:

1. Knowledge of how the environment is impacted by the provision of water and removal of wastewater gleaned through the longitudinal research process – and they are clear that their environmental views have evolved through the research process because of this enhanced knowledge;
2. What they see in the media about the pollution impact that the water sector is having on the environment, including most recently the downgrading of Welsh Water by Natural Resources Wales;
3. Their natural proclivity to feel positive towards and proud of their surrounding environment in Wales, something we have picked up on in previous waves of research with this audience and more so than we hear in water sector research in other areas of the UK (e.g. midlands, South East England).

These informed customers are clear that they want a more sustainable approach to water in Wales, with a water and wastewater network that is future-proofed as much as possible to meet the predicted challenges of climate change. This is brought into particularly sharp focus when they see that the Least Cost version of the plan removes some of the wider environmental work and cuts back on reducing the risks to water supply posed by climate change – this is not an approach that they think is acceptable or appropriate.

"At the beginning, I was very mad. Oh, but why are we putting this into the environment, and I've learned more and more. And now I support that a lot more than before.....I didn't really think about the process everything had to go through."

"I'd say the need for environmental care has changed in terms of the fact I think now it's more important than I did previously, not that I didn't think it was important before....I mean as a wider sort of resource in terms of waterways and protecting the environment as a whole."



"Having Welsh Water downgraded again this year by Natural Resources Wales, for the amount of spillages they've had into the waterways. I mean, whether that's down to adverse weather events, and you know, sudden downpours of rain or whatever. But, you know, when you've got one man who was a fisherman saying, he doesn't believe there's one river in Wales that would be fit for swimming due to pollution, and that's quite eye opening, isn't it?"

"[Re the Least Cost Plan] I mean, it's pointless not tackling climate change by reducing the greenhouse gases because there's cause and effect there. Hopefully it would reduce the impact on the climate and then you see the temperatures are having in southern Europe at the moment and the flooding in north or south."

4. Show more ambition on pollution and leakage

One of the loudest messages to emanate from the wider acceptability testing research has been a strongly held desire for DCWW to push harder on leakage and pollution than the targets shared with these customers. Informed customers are no different to the wider customer base in this respect and echo this need for DCWW to be more ambitious on what they see as the two biggest and most attention-grabbing issues of the present day.

Where there is more nuance in the response from an informed audience is around the issue of removing lead piping. Having previously explored this in more detail than the wider customer base who took part in acceptability testing of the plan, they have more understanding of where lead piping exists in the network in Wales and that often this is within the bounds of the home owner's responsibility. Thus, they are prone to expressing the view that customers should take more personal ownership of this issue than leaving it for everyone to subsidise DCWW to remove lead piping for free from customer properties.

"I don't think in the targets for reducing leaks go very far. Because if these are leaks, if this water's been treated, which will cost money, and then it's going out and then it's leaking before it's going to where it needs to be then that's just throwing money away. I think to get on top of that, you wouldn't go to your local supermarket wheel your trolley up with all your goods and then put half of it in the bin before you put it in the car.....I think that is shockingly high. And that should that one could save so much money if it could be dealt with."

"I think it was shocking, absolutely shocking, not having enough capacity and dumping these billions of litres of waste into rivers all over the place and then the open ocean. There is so much publicity on this now from swimmers and fishermen and they've been getting away with it for donkey's years, all water companies. So actually, we've got a lot of rain, that's just rubbish as an excuse. And, you know, we need to get a grip of this."

"I had lead pipes quite high up on my list. And as the research went on, and I was informed that although the lead pipes need changing, they're not that damaging to health, there's not they're not that bad. That's what I recall being told on here, which is why it suddenly went from being high up on my list to nearer to the bottom."

"If it was any other company, you'd have to pay for that [lead pipes] to be removed or changed yourself. So why are Welsh Water so concerned about removing these?"



5. Higher knowledge and trust help build case for increased bill impact

It is clear that this more informed audience have higher levels of trust in DCWW to deliver the plans being drafted than the wider customer based who engaged in acceptability testing, and this is likely attributable to their longitudinal involvement in the process and a sense that DCWW is listening to their views. Coupled to this is the higher level of knowledge they have about the challenges faced and how DCWW proposes to address these challenges. All of this together seems to make them slightly more predisposed to acceptance of higher bill impact than the wider customer base who know less and feel no involvement.

Whilst this is hard to directly evidence as we have tested the same predicted bill impact as was shown to the wider acceptability testing customer sample, there has been a clear sense that some of these informed customers would have been accepting of a higher bill impact to allow for greater ambition and greater infrastructure investment sooner. This in no way contradicts what has been seen in the wider acceptability testing research, but does show how arming customers with more direct information and giving them more opportunity to input and be part of the process can create a greater acceptance of the need for higher financial contribution. Please note however that this does not apply to every informed customer who took part in this engagement, with some clearly struggling financially and some claiming that to push for a higher predicted bill impact would not be responsible practice in the current economic climate.

This point also re-emphasizes the importance of theme 1 in this document – telling customers about how you are investing their money and why. The more we work hard to get them on board with the challenge and the change needed, the more accepting they are likely to be of the need for customers to be part of the solution – behaviourally, attitudinally and financially.

"If you want to fix big things, it's going to cost big tickets.....I think at some point, you have to draw a line and say, right, we've got to tackle this. And if that's what it costs, and they're spending it wisely, and you're getting good value for money, that's what management or employees feel, then I think it's worth it. For too long, it's been pushed and pushed back because of Bills, Bills, Bills, well, when are we going to have bills that are affordable? For some people, it's always gonna be an issue."

"I personally would be happy to pay more to get things done more, especially the things that we as a group mostly agreed on not being ambitious enough in the last in the last chat room."

6. Work hard to communicate financial support to those who need it most

Consistent with previous waves of research exploring these materials with these informed customers, they are keen to ensure that DCWW is proactive in communicating it's financial support mechanisms to those who need it most. Previous exploration of these support mechanisms has reassured these customers that there is support available. The challenge, as they see it, is making sure that the right people are targeted with the right support, and that DCWW works with the appropriate agencies to get this messaging out. This includes some customers who are likely not categorised as vulnerable or in receipt of benefits, but for whom the current cost of living crisis is making bill payments very difficult.

"I think they're certainly looking at the people that would struggle, and they're always going to struggle, there's always going to be that section of people who are at the bottom end of the of the rung. And the



company along with loads of other industries have to find ways of helping those folks stay on stay onboard, you can't have you can't have no water. So they're gonna have to find some sort of methods of dealing with that."

7. Collaborate more with other agencies so responsibilities are shared

A clear theme emanating from this latest wave of immersion with these informed customers is around the sharing of responsibilities across agencies. There is a definite sense that whilst DCWW needs to push harder in some areas of the plan and make a step change in infrastructure investment, this cannot be done alone or just with the support of customers. Several of the areas we have been discussing with these informed customers cross over into the responsibilities of other agencies, and the more they learn about these challenges, the more they realise that DCWW needs to be working collaboratively with multiple parties to achieve the right long-term outcomes.

Examples cited in this engagement have been the need to work more with local councils to get messaging about behaviour change out into the community, and the need to work more with agricultural bodies and government legislators to address some of the wider pollution issues (e.g. run-off from farmland into rivers). This is not about letting DCWW 'off the hook' in tackling these key areas, but it is about ensuring we are pushing as hard as we can to achieve societal change as well as tackling the areas that are the clear and sole responsibility of a water and wastewater provider.

"But I also feel like there must be other agencies that need to be doing that bit as well. It's not all on Welsh Water."

"We're from a farming community. So, you know, we do see a lot of damage that happens here, through the silage spills and things like that, so yeah, I think other organizations need to be involved in it and not just Welsh Water."

"We keep talking about wet wipes. Well, why the hell haven't we got there locally with the Welsh Government or with Westminster - proper warnings and proper things on diapers and wet wipes, you know, on their packaging. And the companies that produce these things need to do this, this the same as cigarette companies have to put health warnings on this? Why the hell have we not got a hold of these people and said, you've got to do now will that cover it all?"

8. Phasing is acceptable, but not if it pushes problems into the long-term

In this part of the engagement with informed customers, the research materials from acceptability testing have focused only on water quality perceptions, and arguably have narrowed the debate on phasing. However, some informed customers (who have explored phasing in more detail in previous engagements) make the wider point that they are supportive of the principle of phasing some of the proposed infrastructure works if that is what is needed to achieve the affordability and deliverability balance. But they are also keen to highlight that they believe all of this work needs to be done, and so any phasing must not push outcomes or investment into the far future, but rather keep it in the short and medium term. They are however comfortable with the pace of some of the work being adjusted accordingly in the plans and they recognise



that it is not possible to push hard on everything at once from either a customer perspective (bill impact) or a DCWW perspective (deliverability).

"Maybe they could just do a timeline plan. They've got to put this together. Every company has to present this least cost plan. But if you could be more timeline set, everything on there should be blue, but just an order of priorities, prioritizing what happens when."