

**Deliberative research into consumer
views on fair charging for the
Consumer Council for Water**

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I. Executive summary and recommendations

1.1 Executive summary

1.1.1 Background

CCWater in association with Ofwat commissioned this deliberative research in order to explore consumers' perceptions of all aspects of paying for water and sewerage services and the principles of charging. The research forms part of CCWater's work on Value for Money and will also inform Ofwat's consideration of policy in future tariffs and charges.

1.1.2 Methodology

The research method was deliberative. Respondents were recruited in two socio-economic groupings (ABC1 and C2DE), four life-stages (young singles, parents of young families, parents of teenage families and empty nesters) and in six locations in England and one in Wales. The research programme had four stages. The first was an extended discussion group of two and a half hours gathering unprompted data. The final twenty minutes was given over to a presentation of possible future tariffs. The second stage of approximately one week's duration was a period of self-guided deliberation in which respondents researched and discussed the issues in the context of their own daily lives. The third stage was a deliberative workshop in which two of the early groups were combined to deliberate upon their findings and the final stage was a short reflective seminar, directly after the workshop in which details were reviewed and recommendations gathered.

1.1.3 Principles of charging for water and sewerage services

Most respondents had little understanding of how water and sewerage bills are calculated and what they cover. No-one referred to their bill as 'the water and sewerage bill' although most were aware that the bill included payment

for sewerage removal. Across the sample the sewerage element was consistently left unmentioned.

Most people felt that as their current water bill was not as high as other bills such as energy and council tax it was not worth worrying about, except in the Thames and South West Water regions where many, but not all, considered the water bill excessively expensive.

The idea of fairness, or more correctly unfairness, surfaced quickly in each group. All agreed that the current system was unfair in several respects. However, the research also showed that the concept of fairness is not a unitary phenomenon, and cannot be reduced to the inequity of the two charging systems.

Many responses to the notion of fair charging concerned issues other than tariffs. The other salient elements were:

- Monopolistic position of suppliers;
- Perceived excessive profits of water companies;
- Poor maintenance and replacement history of some suppliers;
- Perceived lack of 'tough' regulation; and
- Opacity of how charges (irrespective of tariff) were arrived at in the first place.

1.1.4 Alternative metered tariffs

Initially the vast majority considered that a simple 'pay for what you use' tariff was the fairest system. Moreover, this tariff was seen to encourage more environmentally aware usage. However many, worried that due to the lack of competition it could become unfair if the meter rate were to rise and cause people to fear using their water lest they incur unaffordable bills.

The only new metered tariff to evoke sustained support was the 'rising block' tariff which many saw as a way to potentially reduce their water bills, by judicious use of their first 'free' or low cost block. In this respect no-one felt that the first block would really be free (as they expected some kind of

standing charge to be levied) – rather it was the perception of ‘freeness’ that was motivating. Many also believed that this option would be a more potent tool in encouraging sensible usage and would properly punish the profligate through higher bills.

There were no calls for adopting a seasonal tariff nor for increasing the standing charge and reducing the meter rate.

1.1.5 Alternative unmetered tariffs

None of the proposed alternative unmetered tariffs gathered sustained support. Those who felt that an unmetered tariff was excessively costly tended to propose a metered tariff as a more equitable alternative. Basing charges on Council Tax was not felt to offer any significant improvement over the current rateable value basis. Basing charges on number of bedrooms or number of occupants was felt to be open to both confusion and fraud. Some respondents felt it would also entail excessive and intrusive information gathering.

1.1.6 Social tariffs

Only two groups of vulnerable persons were considered suitable for extra help with their water bills: those with a medical condition requiring large amounts of water, and pensioners who are in receipt of only the basic state pension.

There was strong and swift rejection of social tariffs for any other groups. This strong level of rejection remained as people gained more comprehension of the proposed new social tariffs and indeed, for many, it increased. Across the sample the majority believed that sufficient help for paying bills is already made available through the benefits system. However, it was felt that if subsidies are to be provided they should not be paid in cash but direct to water companies by Government.

1.1.7 Cross subsidies

For the most part cross subsidies were accepted as a consequence of a system that could not be rendered perfectly fair. However the effective subsidy of debtors by prompt payers was strongly resented.

1.1.8 Value for money and its relationship to fairness

All valued the consistency and utility of their water service. When respondents took the time to step back from their daily lives and contemplate the water supply its value was seen as so high and so fundamental that it could not be reduced to a monetary value.

At the more everyday level of thinking about paying bills, they tended to assume that an accurate assessment of value for money requires a competitive market in which the customer has supplier choice. In the absence of such competition many claimed that they would need to see exactly how much it costs to provide water services and what profit margin the water companies attain before deciding whether value for money is actually being delivered.

In this context a good number expressed the view that the water companies should be re-nationalised. Some believed that charges would be lower and hence value for money would be improved. Others felt that re-nationalising would deliver greater accountability. The current privatisation model signals to many that they have the worst of all worlds: a commercially driven, monopolistic supplier that lacks consumer accountability. In Aberystwyth, a minority were aware, and appreciative, of Welsh Water's structure (without shareholders). When the idea of this model was introduced elsewhere it was seen as attractive and a possible way of delivering better value for money.

Most respondents spontaneously used the word 'fair' to promote or defend an arrangement that was to their benefit. In deliberation a plethora of other uses of the word, and a large number of comparative contexts, arose. For some choice of charging system was a pre-requisite of fairness, for others fairness entailed a single system. Given the variety of referents for both 'value for money' and 'fairness' it is not possible to draw out a clear, stable relationship between the two concepts.

1.1.9 The significant triangle

The research touched upon a number of relationships, for example those between consumer and tariffs, those between different consumers and those between the tariffs and concepts of fairness. The research revealed that many of these relationships are unstable, for reasons explored above.

However the research also revealed a relationship which is not dyadic but triangular. This relationship is stable and sheds much light on all the others. This key relationship is the triangle between the consumer, the service they receive and the supplier of that service.

It is noteworthy that neither Ofwat nor the Consumer Council for Water were perceived to impact significantly on this triangle. A number of respondents did look at the Ofwat and CCWater websites during their self-guided deliberation but neither organization featured strongly in subsequent discussions. It was understood that Ofwat regulated the water companies but it was seen as very distant from consumers. Some respondents felt that the penalties it at times imposes are not very severe. Similarly CCWater was not perceived to be a powerful voice.

The evidence from the deliberative folders shows that, given time to consider the issue, most consumers seek a 'fair' version of this triangle – which in turn will benefit their fellow consumers. In spite of expressing their dismay and annoyance at the vagaries of the current system which lead to inequitable charging the essential driver is not to ensure that 'everyone pays the same' – but rather that 'everyone gets a reasonable deal from the water company'.

Disgruntled respondents repeatedly referred to the perceived conjunction of insufficient investment in repairing leaks alongside the reported profits of the water companies alongside their own high bills and water restrictions. These three concerns mark the apexes of the triangle at its most negative.

Respondents who were happy with their service and their bills were happy enough to hear of water company profits so long as they were not deemed excessive. For them the triangle was a positive one, and on the whole the

issue of fairness did not grip them because there was no ongoing sense of unfairness.

However the issue that did introduce unfairness into the system regardless of current service and bills was the notion of extending the Vulnerable Groups Tariff. This effectively added a fourth point – turning the triangle into a trapezoid. A very small number of respondents felt that this was fair – and they did so on the grounds of a particular version of social justice which, for them, supervened over the entire issue of price, value and the marketplace. For all other respondents the unfairness was grounded in two beliefs. Firstly, they strongly believed it was not the place of the water companies, nor themselves as customers, to provide assistance to impoverished consumers. Secondly, their views of social justice, above and beyond the marketplace of utilities, were such that further financial assistance for benefit recipients was undesirable. There was a strong sense that as taxpayers they were already paying for benefits, and furthermore that the system of benefit payments was inefficient, often counterproductive and very frequently abused.

Those respondents who felt dissatisfied with the current system of charging for water ultimately did not care so much about the calculation method so much as that the fundamental triangle between consumer, service and supplier was equitable. They believed that either re-nationalization for the common good, or real competition would empower the consumer so as to bring equity to the triangle.

Many respondents who were happy with the status quo had some misgivings about the future, fearing an increase in the number of water shortages, and a widening of areas affected. They also believed prices sooner or later would rise and they had little sense of customer empowerment.

1.2 Recommendations

1.2.1 **Information** The majority of customers currently have poor or negligible understanding of what they are paying for and how costs are structured, therefore **simple breakdowns of how income is spent, in a clear and accessible format (e.g. a pie chart), should be provided, ideally on bills but possibly with them.**

1.2.2 **New tariff structures**

Respondents who believed their bills were reasonable were happy with the current tariff structure, regardless of whether they were metered or un-metered.

Whilst many were aware of inequities in unmetered tariffs it was widely felt that no alternative unmetered tariff would offer an improvement without complications. The best alternative to the current unmetered tariff was seen to be to change to a metered tariff.

Those who were unhappy with their bills were interested in a new tariff because they believed they could benefit financially. Initial interest was highest in the simplest proposal: no standing charge, pay for what you use. However when it was discovered that universal metering was not possible and that the installation of meters would generate costs this proposal fell from favour.

Of the alternative tariffs considered the ‘average household, rising block’ tariff with a low standing charge found most sustained support. Hence if changes are to be considered this tariff should be developed and researched further. Note however that the name ‘rising block’ gave rise to confusion, it should therefore be changed.

1.2.3 **Social tariffs**

The proposed extensions or modifications to the vulnerable groups’ tariff were strongly rejected by the vast majority. Indeed, the majority disapproved

of the tariff being available to any of the current recipients other than those with medical needs. Most benefit recipients favoured the current tariff and favoured extending it, and most of them also favoured direct payment from the benefit agency to the water companies. In many groups it was proposed that state pensioners should be eligible for a reduced tariff.

All respondents felt that any subsidy should be provided via the government and not by the water companies and their customers.

A social tariff was considered acceptable for only two groups: those with medical needs and pensioners in receipt of only a state pension. Therefore if the social tariff is to be extended, it should be extended only to the latter group, and the costs paid by central government.

1.2.4 Fairness

Respondents were aware that the two modes of charging, and the anomalies of rateable value, lead to inequities in water bills. In deliberation they also discovered regional variations. Deliberation did not, however, throw up an acceptable charging protocol that would deliver complete fairness, howsoever defined, across England and Wales - other than re-nationalization, which had a good number of advocates.

The most enduring concern which pre-dated the deliberative and comparative process was that, regardless of regional variation, in each location the consumer should get a fair deal in terms of what they pay to the water company, how those monies are spent and invested, and the service they receive. In other words it was not the comparison with other consumers which was most important but the triangular relationship between the consumer, the water company and the services received. It was strongly felt that because of their regional monopolies the water companies had a great deal of power and the consumer was vulnerable to exploitation. In particular consumers resented profits increasing whilst leaks remain unrepaired, prices rose and hosepipe bans are imposed.

Therefore CCWater should not seek a universal solution but ensure that in each region it lends its weight to the consumer position and works actively and publicly to ensure that the consumer is not exploited. There is a mandate for CCWater to press for more structural repairs and service improvements to be delivered by companies, even if this is at the expense of companies' profits.

II. Introduction

2.1 Background

The Consumer Council for Water (CCWater) represents the interests of water and sewerage consumers. CCWater operates through nine committees in England and a committee for Wales. CCWater came into operation on 1st October 2005.

CCWater's Forward Programme 2006-07 to 2008-09 sets out the projects that will be undertaken during that period. A key work area is 'Value for Money' – a fair, affordable price and charging system. This is also an area of concern to Ofwat which collaborated with CCW on the research project reported here. CCWater's aim in this key area is to seek the fairest possible deal for consumers in terms of price, so that water and sewerage services represent value for money.

The research will help Ofwat to understand customers' views about what constitutes fair charging and their attitudes to issues such as cross-subsidies between different types of customer and cost-reflective charging. This will inform Ofwat's consideration of policy on future tariffs and charges.

This research was commissioned in association with Ofwat to inform that aim and to deepen CCWater's understanding of consumer views, in particular concerning how they assess value for money.

2.2 Research objectives

The overall research objective was to explore consumers' perceptions about all aspects of paying for water and sewerage services and the principles of charging. Specifically objectives within this were:

1. Principles of charging for water and sewerage services.

To explore:

- The extent to which consumers understand how their water and sewerage bills are calculated and the services they cover;
- What consumers regard as 'fair' in terms of charging for water and sewerage services and the factors that influence their perceptions;
- What consumers perceive as 'fair' in terms of
 - a) the tangible benefits they actually use themselves - the water coming out of the tap etc
 - b) altruism: the benefits they might not receive but that others might use (e.g. dealing with properties affected by sewer flooding) and
 - c) non-use value - such as the existence of a pristine environment
- Consumers' attitudes to the principles employed in existing charging policies and whether these should change:
 - Paying for the cost of services provided, i.e. pay for what is used;
 - Cross subsidies – e.g. rural/urban, social, debt;
 - Sustainability – incentives to use water wisely;
 - Debt recovery – incentives to pay bills on time/early.

2. Calculating charges for water and sewerage services

To explore consumers' understanding and attitudes to:

- The basis for calculation of measured and unmeasured charging;
- The parts of the water and sewerage bill (for example highway drainage) that do not relate directly to the provision of water and sewerage services;
- The structure of tariffs (the balance between fixed v. variable).

3. Introducing alternative tariffs

To explore customer attitudes to:

- Social Tariffs;
- Separating the basis of charging for water and sewerage;
- New tariffs – e.g. rising block, seasonal and peak demand;
- Metering in order to examine any proposals companies may have for alternatives to rateable values;
- Alternative unmeasured tariffs.

4. Value for money

To explore how consumers form judgements about value for money, in particular:

- How consumers assess whether they receive value for money for their water and sewerage services and what factors influence their decisions;
- What barriers stand in the way of higher perception of value for money;
- Whether greater perception of fairness in charging would result in fewer unpaid bills and higher perception of value for money;
- What consumers regard as an affordable bill, whether it should be linked to income and how financial support to the most vulnerable should be provided;
- Whether consumers compare their water bills with other bills when deciding whether they represent value for money;
- Whether consumers make comparisons with other bills when deciding whether or not to pay their water bills, i.e. do they make trade-offs in deciding to pay?

5. Information

To explore consumers' views on:

- The best means of providing information to consumers about what their water and sewerage services cover and how they are calculated;

- The best means of helping consumers to increase their knowledge and understanding of charging issues to increase their perception of value for money, fair charging and their satisfaction with service delivery.

III. Methodology

3.1 Method

This project employed a four-stage research programme. The following discussion describes the process employed in each of the seven geographical areas researched:

STAGE 1

Two by two and one half hours **discussion groups**, each with 6 – 7 participants were convened. The topics discussed included:

- Current knowledge of water and sewerage bills;
- Current views on affordability;
- How water bills are compared to other bills and notions of value for money;
- What affects decisions to pay, or consider not paying water bills; and
- Attitudes to the principles currently employed in existing charging policy.

The final thirty minutes of each group was given over to a **PowerPoint presentation** delivered by the moderator giving further details of the basis of current charges (unmeasured and metered) and introducing alternative tariffs (social, separated, rising block, seasonal and peak). Following the presentation participants were introduced to what was required of them in Stage 2.

STAGE 2

Stage 2 consisted of **self-guided deliberation** in the context of the participants' everyday life and interactions. It lasted between one and two weeks. Participants were encouraged to think about, research and discuss questions that had arisen in stage 1 and in response to the presentation and to follow up, by whatever means they choose, all the elements of the topics that interested them. They were also asked to pay attention to a number of key questions. Participants were given a folder containing the PowerPoint

presentation, the key questions and blank sheets on which to record their deliberations and deliberative activity.

STAGE 3

One to two weeks after Stage 2 participants were reconvened for **deliberative workshops** of two to two and one half hours in length. The workshops brought together participants from two discussion groups from Stage 1. The ideas explored included:

- Questions and opinions arising from Stage 2
- Ideas about what constitutes value for money
- How perceived fairness might affect perceptions of value for money
- Debate and exploration around considered responses to alternative tariffs
- Exploration of degrees of consensus amongst participants in relation to current and potential alternative tariffs and principles of charging
- Reactions to modifications proposed by participants.

STAGE 4

Immediately following Stage 3 participants re-grouped to form two parallel half hour to one-hour **reflective discussion groups** with the same members as in Stage 1. In this context they discussed:

- Detailed responses to the most favoured tariff options *
- How providers, intermediaries and consumer representatives can best improve information provision *
- Reflections on how views have evolved during the process and what caused such evolution
- Ratification of concepts arising
- Recommendations, whether unanimous or majority, to CCWater and Ofwat.

** In many sessions these topics had already been covered in the preceding workshop process.*

3.2 Sample

The sample was as follows:

Workshop Number	Region	Composition
W1	High South West Water: Newton Abbott Mix of urban and rural	Group 1 – ABC1, S Teenage family ‡ (TF) Group 2 – C2DE, Empty nesters (EN)
W2	Low Severn Trent: Stoke-on-Trent Mix of urban and suburban	Group 3 – C2DE, Young Family (YF) Group 4 – ABC1, EN
W3	Low Thames Water: Guildford Urban/Metropolitan	Group 5 – ABC1, Young Singles (YS) Group 6 – C2DE, TF
W4	High Welsh Water: Aberystwyth Mix of rural and urban	Group 7 – C2DE, YS Group 8 – ABC1, YF
W5	High Anglian Water: King's Lynn Mix of urban and rural	Group 9 – ABC1, EN Group 10 – C2DE, TF
W6	High Southern Water: Southampton Mix of urban and suburban	Group 11 – C2DE, EN Group 12 – ABC1, YS
W7	Average Yorkshire Water: York Mix of urban and rural	Group 13 – ABC1, TF Group 14 – C2DE, YF

§ These are the standard socio-demographic categories employed in the National Readership Survey

‡ These are broad life-stages which include a range of lifestyles across the population i.e. married, co-habiting, lone parents, etc.

Recruitment criteria

- 12 – 14 participants per workshop, 6 – 7 per group
- All participants were bill-payers or spouses / partners of bill-payers who play an active part in managing the household finances
- Mixed genders
- Approximately 10% of participants were from single person or single-parent households
- Participants drawn from a mix of metered and non-metered households (at least a third of each workshop were from metered households)
- People working directly or indirectly in or for the water industry were excluded.

See Appendix III for Recruitment Questionnaire.

3.3 Notes on the sample

Research was conducted in seven different locations across England and Wales (See 3.2 above) and across all the socio-economic groups. Our respondents constituted a very broad spread across the population. The sample included a good number of unemployed people, both long and short term, and several respondents who had had periods of unemployment. The sample also included both current and retired professionals and a wide variety of employment and life situations.

Overall there was a great deal of commonality and consistency of findings across the sample. In one area, the South West, knowledge and attitudes

towards water and sewerage services were notably different. They were based in attitudes consistent with other areas, but informed by the particular local circumstances and local media coverage.

Respondents on the whole started the research process with low levels of knowledge about the water industry. By the end of the research, many were surprised by how much they had learned and how much they enjoyed the process.

Few respondents had thought much, if at all, about charging for water and sewerage services before the research events. It is clear, particularly from the deliberative notes in the folders, that they responded actively to the invitation to consider the issues and they made a good number of suggestions in response to the research questions.

3.4 Notes on the research process

As noted above the research was conducted through a four-stage process (See Discussion Guide in Appendix I). All meetings were audio-recorded. Respondents were met first in groups of six or seven for a two and a half hour group discussion. They were oriented towards the topic via an open frame discussion about water. Associations germane to this enquiry were then followed up, leading into discussion of the water supply to, and removal of sewerage from, their own homes. Spontaneous associations and understanding were gathered. There was, as expected, a good deal of ignorance, misunderstanding and partial understanding.

The discussion was then turned to charges for water and sewerage. Respondents' associations, knowledge and understanding were gathered. In groups wherein they had not emerged spontaneously, the issues of fairness, and then value for money, were raised.

The last part of the first meeting was given over to a presentation of possible new charging structures for water and sewerage, and an orientation toward the self-guided deliberation phase.

Respondents then spent from one to two weeks in self-guided deliberation exploring questions raised about charges and possible new tariffs in the context of their daily lives. During this time they had a small folder with copies of the presentation and a few key questions (See Appendix II). Many of them wrote at some length in these folders their replies to the key questions.

The next stage was a workshop of approximately two to two and a half hours duration in which all the issues were revisited in the light of the new knowledge that our respondents had gained. Finally at the end of the evening, the workshop participants divided back into their two original groups to review, ratify and detail their conclusions.

As respondents moved through the stages their knowledge of the water supply increased, but it was notable that their attitudes and opinions did not appreciably change overall. In other words it was not the case that gaining information led to views and attitudes being changed or modified. Rather it was the case that with more information respondents were able to talk about how their attitudes and opinions applied to particular circumstances.

From this follow two points. The first, and most important, is that the significance of the findings, in terms of attitudes and opinions, should in no way be treated as lacking weight because some respondents lacked detailed information about the water and sewerage industry.

Secondly for the purposes of reporting, it is for the most part unnecessary and repetitive to divide the findings by stage. Some findings from the first stage (regarding current understanding and spontaneous responses) will be presented separately, and where significant, other findings are identified by stage of research. Otherwise findings from discussion groups, folders and workshops are unified in the report.

3.5 Timing

Fieldwork was conducted between Monday 23rd October 2006 and Thursday 9th November 2006.

3.6 Personnel

Hugh Willbourn and David Corr designed, managed and reported on the project. They also conducted the bulk of the fieldwork, and were assisted by moderators Karen Gale and Sam Surl.

IV. Main findings and commentary

4.1 Views on current water and sewerage services

With a few important exceptions, noted below, water services and payment for water and sewerage services were not salient in our respondents' lives. The vast majority of respondents, and those with whom they deliberated, take water and sewerage services for granted:

"Water is just running, there for taking."

[C2DE, Teenage family, Guildford]

"For the most part people I spoke to didn't really have an opinion on it."

[ABC1, Young family & C2DE, Young Singles, Aberystwyth]

"We take it for granted and in that way you don't know the process. You are not all that interested in finding out the processes are you? You just use it."

[C2DE, Young Singles, Aberystwyth]

"If I turn the tap on if it didn't come on then I'd want to know what's going on, but all the time it's coming out I must admit I don't think about where it comes from."

[C2DE, Teenage family, Guildford]

A good number also felt, on reflection, that this attitude was appropriate. Water is seen as plentiful, and fresh drinking water akin to a human right, hence it was felt it should be provided at little or no cost:

"Water should be almost a free commodity. It's so important. I don't see why the rates should be so high."

[ABC1, Empty nesters, Stoke on Trent]

“It seems odd sometimes that we have to pay for it – it’s just there.”

[ABC1, Young Singles, Southampton]

“You do think of it as free, and the children do as well.”

[C2DE, Teenage family, Guildford]

Most respondents knew very little about the infrastructure nor the treatment and delivery of fresh water and the removal and treatment of surface water, waste water and sewage. Only a few respondents knew the location of a local treatment or extraction works. In general, the vast majority were simply not interested in the technical and logistic effort required to provide a continual service of fresh water and waste removal. This is not, on reflection, surprising – very few people are interested, for example, in the processes involved in the design and manufacture of motor cars, although many use and are fascinated by the products themselves:

“I found more people than not who were totally disinterested – and it was difficult to get a conversation going.”

[C2DE, Empty nesters, Southampton]

Disinterest was prevalent unless or until some of the following provoked some attention;

- bottled water,
- hosepipe bans,
- Foreign travel,
- high bills,
- leaks,
- stock-market activity of water companies, or
- metering.

Most often it is a combination of one or more of the above – for example a hosepipe ban in England after a holiday in Italy or the south of France – which prompts some engagement with the issue.

Bottled water

From time to time the exorbitant cost of bottled water stimulated a debate about the quality of tap water. No one had a clear notion of the exact cost of a litre of tap water:

“It’s purer out of the tap than in the bottle, the quality of some waters is as good out of the tap as it is out of the bottle.”

[C2DE, Teenage family, Guildford]

“My son had a thing about it. I think it was because they were all doing it at school, he had to have bottled water. I bought some and filled the bottles up (with tap water) and put it in the fridge and he was none the wiser!”

[ABC1, Teenage family, York]

Hosepipe bans

All respondents were aware of hosepipe bans, even in areas where they had not been imposed, by virtue of the national media coverage they attract. Whilst respondents on the whole seemed willing to observe them, the bans raise the salience of the water supply, and in particular what are seen as deficiencies in the infrastructure. There was both puzzlement and resentment at the perceived frequency of bans:

“Every year when we have some sun ... there is a hosepipe ban. And this year they were banning it when it was raining every day.”

[C2DE, Young family, Stoke on Trent]

“My parents live in the South East and they have constantly got a hosepipe ban.”

[C2DE, Young Singles, Aberystwyth]

“Why the hosepipe bans if there is so much water? If we’re paying for it, we should be able to use it.”

[ABC1, Teenage family, Newton Abbott]

Some believe that there are more bans nowadays than there were in the past:

“I don’t think we’ve really had shortages in the supplies of water until fairly recently ... it has always been there in plentiful supply.”

[C2DE, Empty nesters, Newton Abbott]

Hence some conclude that the shortages are exacerbated by leaks in the supply system:

“They keep on saying they waste more water in leaks than we use in a week.”

[C2DE, Young family, Stoke on Trent]

“It hasn’t been managed properly that is my criticism straightaway. We have got all this water coming down off the hills and mountains and everything and we just can’t seem to apportion it right.”

[ABC1, Teenage family, York]

Others believe that water consumption has increased in recent years:

“Once upon a time you cleaned your whole car with the two buckets full. Now everybody’s got these jet washers and it’s all over the place and it’s just a total waste.”

[C2DE, Young family, York]

Some linked water shortages, and consequent bans, to global warming. This is understood to be a global problem requiring a collective solution hence, although bans were considered inconvenient and often in part caused by the deficiencies of the water companies, some felt that they were a necessary, and acceptable, imposition.

Foreign travel

Many respondents who had traveled to, or been resident in, hotter countries expressed bafflement at the fact that such countries, with apparently less water, seemed to have fewer problems and fewer hosepipe bans:

“Don’t know why hotter countries don’t have our problems.”

[C2DE, Empty nesters, Southampton]

“In the [Gulf] Arab countries they don't suffer from water shortages like us although they have nowhere near the rainfall that we have because they use the technology that we have given them for desalination plants. And they store water properly in properly prepared underground reservoir areas.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

“I just don't understand how we can be short of water when it rains so much here and you go on holiday and there it's bone dry and they don't seem to have the shortage.”

[C2DE, Young family, Stoke on Trent]

High bills

For a significant minority the increase in their bills had brought the bill specifically to their attention. Some examined them to attempt to discover the cause of the price increase, but with very few exceptions, paid the bills without challenging them because they felt they had little choice but to do so:

“I have just had my water bill in and getting rid of the old water is very expensive.”

[ABC1, Teenage family, Newton Abbott]

“I just didn't really understand [my bill] other than the fact that it is more expensive than it was last year.”

[C2DE, Young family, Stoke on Trent]

Those few who did query their bills were not satisfied with the response:

“Nobody that you talk to seems to have enough training to know ... how to break down what the various issues are. They are just trained to answer the phone and be polite.”

[ABC1, Teenage family, Newton Abbott]

Leaks

There was a widespread view that all over the country the water supply infrastructure is old, leaky and in need of renewal. The leakage in London and the Thames Water district was very well known on account of considerable media coverage. It is understood that money must be spent to renew the system. However leaks that are visible above the ground and are not promptly fixed generate resentment and, in areas of high bills and stretched supply, even anger:

“In Teignmouth for the last three weeks our main road has been flooded, just water going to waste but the rumour is it's the reservoir leaking and they can't stop it.”

[C2DE, Empty nesters, Newton Abbott]

Some respondents had high expectations of the speed with which they expected repairs to be effected:

“There was a leak in the road and there was loads of water everywhere ... it seemed like all morning before anything was done about it which is quite a long time.”

[C2DE, Empty nesters, Newton Abbott]

Stock market activity

Several respondents were aware that some UK water companies had been bought by foreign investors. A good number believed that over half the water companies were foreign-owned:

“The company that runs most of the water in England is a German company. I can’t remember what it’s called now but I think it’s three quarters, well over 60%, is owned by a German company.”

[C2DE, Young family, York]

Metering

People who had experience of both metered and non-metered supply were more aware of the price of their water supply. Some, but by no means all, therefore made efforts to use less water:

“You try to be sensible with how you use it.”

[C2DE, Empty nesters, Southampton]

“I’m on a meter but I must admit I’m not like these people, I’m not that careful.”

[C2DE, Empty nesters, Newton Abbott]

Almost all who had recently switched to a meter had saved money:

“We’ve got a water meter. It’s just Richard and I at home now and we’ve saved an enormous amount of money.”

[C2DE, Empty nesters, Newton Abbott]

However this was not universally the case:

“I was talking to somebody who has just moved and they are really pleased because the new property hasn't got a water meter and so she is saving money straightaway.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

The general opinion was the people on their own, or couples, would pay less if they were on a meter but families with babies or children living at home would pay more:

“It’s one thing that the water companies are desperate to do, put everybody on a water meter, which at the end of the day is the fairest way. But we don’t want it because if you’ve got a big family, at the end of the day you are going to use twice as much water.”

[C2DE, Teenage family, Guildford]

Better-informed respondents

Those who had more knowledge tended to fall into three groups. The more vocal were disgruntled customers who had gathered their knowledge in the course of disputes or complaints with their local water provider. Another group comprised builders, landscape gardeners and similar tradesmen who had learned something of the functioning and infrastructure of water services in the course of their work. The third group was the customers of South West Water, which is addressed in the next section.

Disgruntled

Some felt that water companies were not making enough effort, nor spending enough money to deal with problems.

“There is a lot of publicity given to recycling, energy saving etc. The water companies seem to be behind in giving out information. [They should] develop units for households to recycle their ‘grey’ water, then those that use them could maybe be given reductions on their bill.”

[C2DE, Teenage family, Guildford]

“If a water company goes private the consumer comes last. First the directors have their cut, then the shareholders, then the workforce. After all that we, as the consumer, get the bad deal. No money left to fix the leaks.”

[ABC1, Young Singles, Guildford]

Builders

People in, or associated with, the building trade and DIYers knew more about the immediate water and sewerage infrastructure of housing:

“There used to be a storm drain and a sewer drain. I thought that some of the surface water in low risk areas still went into the local streams or whatever and the rest into the sewers. I don’t know whether it still happens.”

[ABC1, Empty nesters, Stoke on Trent]

4.2 Regional differences

There was a remarkable consistency of response across the different regions. On the topic of social tariffs in most regions there were one or two voices to some extent sympathetic to the notion of helping the poorest consumers, but the rejection of any further support was very strong in every region. The most vociferous rejecters were not grouped regionally, but were rather those on low incomes who did not qualify for help.

Responses to fairness, value for money and alternative tariffs were also consistent across the regions (with the exceptions noted below). In part this arises from the fact that all respondents had the experience of a regional monopoly. It can also in part be explained by the fact the very few respondents had any idea of what other people were paying in their own region or in other regions.

The issue of water leakage from the mains supply in Thames Water region has had national coverage, hence many people, in other areas were aware of it but none seemed to have a sense of whether their own region suffered from more or fewer leaks.

There were only two areas in which there were significant differences in attitude and opinion across the sample.

Surrey

Customers of Thames Water were very aware that large amounts of water were lost through leakage in the supply pipes. They had also suffered a hosepipe ban this summer, and many were aware that Thames Water had made sizeable profits at the same time. As a result some were very angry, and as a whole this group were markedly less satisfied as customers than respondents in other regions, with the exception of the South West. Interestingly, a good number in the Surrey groups felt that they were probably paying as much, if not more, than their counterparts in other parts of England and Wales:

“They assume because you live in Surrey you are terribly wealthy.”

[C2DE, Teenage family, Guildford]

“The guys who are in charge, the Germans, they’ve made something like £300 million profit and they’ve only had the company a couple of years. But it’s money now, because they’ve privatised it and given it to whoever. All they want is profit out of it, they are not going to put right what is going to cost them.”

[C2DE, Teenage family, Guildford]

The South West

Respondents in Newton Abbott were all customers of South West Water. They were noticeably better informed about charging and service provision issues than respondents in other parts of England and Wales. It appears that this is in part a function of considerable local media coverage concerning the level of local water charges. Many respondents resented how much they were paying for their water services. Many were very conscious that their water bills were high, and believed them to be higher than elsewhere. However it was the absolute, not relative, level of their bills which had prompted them to find out more about the water charging system and what they were paying for:

“We were told ... that we are also paying for the clean up of the coast ... that has been their fault for many years because a lot of stuff goes straight out to sea. We are one of the most expensive water authorities in the country because of this big clean up thing that is going on.”

[ABC1, Teenage family, Newton Abbott]

“Our water rates are so high compared with many other parts.”

[C2DE, Empty nesters, Newton Abbott]

“Down here it is talked about a lot because the water rates are very high.”

[C2DE, Empty nesters, Newton Abbott]

Some felt they were paying for the usage of water by holiday makers:

“We get lots of people down here during the summer using all of our water and I think that’s probably why our rates are so high.”

[C2DE, Empty nesters, Newton Abbott]

“We’re paying for the holiday makers.”

[ABC1, Teenage family, Newton Abbott]

Others believed that the major cost was the cleaning of the coast and coastal waters, which was also mainly or in part for the benefit of holiday-makers:

“In the past the coastline, certainly of Devon and Cornwall, has been very highly polluted. It was well below European standards and a lot of money has had to be spent in the past actually improving the quality of the beaches and the outflow from particularly rivers and streams which were affected by nitrates and various other things. That’s been a very expensive business which we as water users have had to pay for.”

[C2DE, Empty nesters, Newton Abbott]

Nonetheless many were baffled, as well as outraged, at what is seen as the exorbitant cost of their water and sewerage:

“I lived in London until 2 years ago and the water rates were much cheaper there and yet it was generally accepted that the water system in London was very inefficient. ... more than half of it is lost between the reservoir and the consumer but it’s still a lot cheaper than it is here.”

[C2DE, Empty nesters, Newton Abbott]

It should be noted however that some respondents in the South West felt their water bills were reasonable, and were in fact paying bills similar to those in other regions.

4.3 Consumer knowledge of statutory bodies

CCWater

Only one of our respondents had heard of the Consumer Council for Water (CCWater) before the research events. Interestingly, after respondents had been informed that the research was being conducted on behalf of CCWater, and after they had deliberated on the issues, they made little reference to CCWater and seemed to have few expectations of it.

Hence it appears there was little sense of ownership of the representation that CCWater offers. Mostly, CCWater as an entity, and the representatives of CCWater who attended the events, were treated as somewhat distant, and, if anything, as closer to Ofwat and the water companies than to the domestic consumer. One of the rare spontaneous references to CCWater indicated that it should be an active consumer champion:

“The one group that we haven’t really mentioned this evening is CC Water. They should be our teeth.”

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

Ofwat

Only a few mentioned Ofwat spontaneously, but the vast majority recognized it, from its name, as a regulatory body. It was seen to have a role in regulating the industry:

“The water companies get fined by Ofwat if they don't sort it out is that right?”

[ABC1, Teenage family, York]

“[Ofwat ensures] healthy competition and encourages effectiveness, good water and so on.”

[ABC1, Empty nesters, Stoke on Trent]

In the deliberation phase a good number of respondents visited the Ofwat website and it was deemed fairly useful:

“Makes it very clear about why bills have gone up due to investment and the shareholder issue...explained Rateable Value.”

[ABC1, Teenage family & C2DE, Young family, York]

4.4 Saving water

Respondents were all aware of messaging encouraging them not to waste water. For many it was part of a wider message of reducing damage to the environment by saving energy, recycling waste and reducing carbon emissions. Some respondents were aware, in Yorkshire for example, that there was no local shortage of water, but they too were aware of the ‘water saving’ message. Some saw it to be a good, or positive, step even if they had no notion of its relevance to their own situation, others clearly saw it as irrelevant:

“I don't want people wasting it because in certain parts of the world they haven't got enough to drink and so I think it is right that people should be made to use it carefully.”

[ABC1, Young family, Aberystwyth]

“My husband always runs the tap while he is brushing his teeth and I always say switch the tap off because it is something I always do and he says ‘Well we get loads of rain here and so what is the problem?’”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

Messaging has clearly raised awareness, but it also highlights water systems which seem wasteful:

“My sister is on a meter and doing everything she can to save water and she was saying the most waste is because they have got a combi boiler and they have to run the tap for ages before the hot water comes.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

The water saving message provides fuel to the fires of indignation for disgruntled customers:

“You keep hearing about all these leaks, and then in the Summer time, we run out of water. I can’t do anymore than I’m doing to economise, but they make you feel guilty about using something that you’ve paid for.”

[ABC1, Empty nesters, Stoke on Trent]

“How it comes across to me is, they are at it again. It’s that time of the year, they are asking us to use less water, but why can’t they manage it properly? What is going on?”

[C2DE, Young family, Stoke on Trent]

Some saw the primary purpose of meters to be to encourage water saving:

“I do feel that if you are not metered you have got no incentive to save water at all.”

[C2DE, Young family, Stoke on Trent]

However there was a good deal dissent:

“I’m against meters a bit if I’m honest. I’ve spent all my life telling my children to wash their hands and have a bath every day and now I feel like I’m being told that’s wrong.”

[ABC1, Empty nesters, Stoke on Trent]

“Water is a necessity and I don’t think that you should be made to think about economising. You shouldn’t have to think before taking a bath. That doesn’t seem reasonable.”

[C2DE, Teenage family, Kings Lynn]

Many older people claimed to be naturally more thrifty with water as a result of their childhood experiences:

“I’m very conscious of wasting water. If I’m mopping the floor or doing the yard, I always re-use the old bath water. I originate from Belfast where we had a pump and water was precious. We would carry water from the pump.”

[C2DE, Empty nesters, Southampton]

Talk of saving water often led to discussion of other aspects of environmental protection. One respondent felt that the treatment of water for drinking contributed to environmental degradation:

“One thing we haven’t looked at is all the water we use is drinking quality with chlorine in. Chlorine is damaging the ozone layer and all the water that evaporates or loses the gases in the environment, the more you are putting on the garden unnecessarily is damaging our planet.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

4.5 Consumers understanding of charges for water and sewerage services

Respondents were all aware that there are two ways that water charges were levied: metered and non-metered. Many, typically older, respondents knew that non-metered charges were based on rateable value. Others, particularly younger ones, were not clear about the basis on which non-metered charges were calculated. A good number thought that it was related to council tax, and many had a vaguer notion that it was related to the value of the property:

“They asked how many people are living in the house ... they said that they have a fixed amount for how many people live in the house.”

[ABC1, Young Singles, Guildford]

Awareness of what is being paid for varied widely. Those who knew least had simply never considered the issue. Indeed, one respondent had believed, until her first water bill arrived in her first property, that water was a freely provided commodity.

For the vast majority the water supply was the most salient service for which they were paying. On probing, or when asked, they also assumed that their bill paid for the disposal of sewage and maintenance of the infrastructure – treatment plants, repairs to pipes and so forth. Some also pointed out that shareholder dividends and staff salaries were being paid out of income from customers. In Devon respondents were aware that their bills paid for the cleanliness and preservation of their coastline. Elsewhere there was less awareness of expenditure on environmental preservation.

Highway drainage

There was no spontaneous mention of highway drainage charges, and it was new news to all but one or two respondents.

Most respondents felt that it was anomalous that highway drainage was the responsibility of water companies. Many believed that local authorities or central government were responsible for highway drainage:

“We pay our Road Tax to make sure roads don’t flood.”

[ABC1, Young Singles, Guildford]

Some felt that, even if currently local authorities were not responsible for highway drainage, they should be. However there was not a great deal of urgency or passion in the sentiment that the local authority should pay as respondents realized that they would end up paying for it either way.

Furthermore council tax was consistently seen as the worst value for money of all household bills and there was no sense at all that local authorities would be better custodians of the highway drainage system than the water companies.

It is worth noting, however, that payment by householders for highway drainage was not seen as altruistic because they all saw themselves as road users too. Hence the benefit accrued to themselves. Others, of course benefit from highway drainage, but they also contribute to its cost. As a result, the situation did not provoke significant criticism, and was accepted overall as reasonable, even though it is recognized by many to be an anomaly dating from pre-privatisation days.

The calculation of charges

The vast majority of respondents paid their water and sewerage bills without scrutinizing their bills. Many, both metered and unmetered paid by direct debit, and were positively pleased to thereby remove the hassle of even having to look at their bill or do anything about it.

No one had any idea about the real costs of maintaining water supply and sewerage services, nor how they were apportioned between domestic and industrial customers, nor how the rate per cubic metre was decided.

Most referred to their bills as “water bills” and the sewerage element was consistently left unmentioned. Some simply did not think of it. Others, typically those paying bills they considered expensive, had at some point perused their bills and did know that an element of the charge – in some cases more than half – was for sewerage.

The majority were unaware, before the deliberative phase, of the nature of Ofwat’s role in the setting of charges. Even after it was introduced, briefly, in the presentation, respondents did not follow it up in detail. It was very clear however that respondents felt very strongly that water companies were not entitled to profits every year whilst simultaneously failing to repair leaks and increasing charges to customers:

“The water companies are not using their money to repair. It’s just going into their profits. ... They’re only interested in the profits that they’re going to get for their shareholders.”

[C2DE, Teenage family, Kings Lynn]

“Nobody bothers to repair the pipe work and they’re making millions and millions of profits.”

[C2DE, Young family, York]

“You keep hearing about all these profits, so why not plough even more back in? I know they’re ploughing some in but they’re not ploughing enough in definitely.”

[ABC1, Young Singles & C2DE, Empty nesters, Southampton]

Non-metered respondents

Most, but not all, non-metered respondents were aware, or simply assumed, that their bills were related somehow to the value of the house:

“I am not on a meter and I just don't understand where they get the pricing from. You have just got to assume that what they are telling you is right.”

[C2DE, Young family, Stoke on Trent]

Older respondents tended to know that the charge was calculated with reference to rateable value, younger ones were less sure. Some thought it related to council tax or to council tax bands. In conversation it was clear that in this context many respondents did not feel there was a significant difference between council tax and rateable value as a basis for charging.

Metered respondents

No metered respondents spontaneously recalled the price they were paying per cubic metre of water. None had any real sense of how much water a cubic metre was in everyday terms (such as how many cubic metres are required to fill a bath etc), nor, without looking at their bills, how many they used. Similarly, without consulting their bills they did not know how much their standing charges were, nor what proportion of the bill they represented. Many did, however, know that their bills were made up of a standing charge and a metered element, and they believed that the former related to the cost of maintaining the infrastructure.

Some respondents who had recently changed over to meters confused the process by which the appropriate rate of direct debit was calculated with the process of calculating the underlying charge:

“They estimate it for the year by the number of people in the house...you fill in a form about your household usage and fix a monthly payment.”

[C2DE, Empty nesters, Southampton]

Those who had chosen to change to a meter did so because they believed they would save money, and it was the saving, not the calculation of how it was achieved, to which they paid attention:

“I had one or two friends that had gone over to meters and said that it was brilliant. So I looked into it and they said that you could try it for a couple of months, but if you didn’t like it you could go back to your original billing. I’m paying £15 per month instead of £40.”

[ABC1, Empty nesters, Stoke on Trent]

A common trigger for moving to a meter was children leaving home:

“The kids had left home and someone said ‘Do you realise you’re paying for everybody else’s excessive use of water?’ It just made sense.”

[C2DE, Empty nesters, Southampton]

Surface water removal

A good number of respondents were not aware that there were paying a charge for the removal of surface water. Several respondents who considered their bills to be expensive had examined them and discovered they were paying for the removal of surface water. Of these a good number had offered to keep the water and tried to negotiate a reduction in payment:

“I said I am happy for all the rain water that falls on my roof and runs down my drainpipe ... to just run into my garden and go into a water butt so I can use it. They said ‘no you couldn’t do that’.”

[ABC1, Teenage family, Newton Abbott]

Only two respondents had succeeded in getting the water companies to agree to reduce their bills:

"I've got a reduction in my water rates because I've got two French drains."

[ABC1, Teenage family, Newton Abbott]

For many respondents the charge for the removal of surface water seemed unfair:

"That means we're providing the product they're charging us for!"

[ABC1, Young Singles, Guildford]

"I used to rent a garage from Exeter City Council years ago and I had to pay a fee to the water board for the water that ran off the roof of the garage and went down the drain!"

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

4.6 Methods of payment

Some respondents paid by cheque six-monthly and a good number of those on low incomes paid every one, two or three weeks via a book at the post office:

"I'm on a meter and I pay £10 per week on a book. That seems OK to me for the amount of water that I use."

[C2DE, Teenage family, Kings Lynn]

However payment by Direct Debit was widespread and the most common method of payment right across the sample. Direct Debit was popular for two

reasons. The first is that it was used as a tool to help people budget by spreading the cost evenly across ten months of the year:

“It is like everything else I just pay it by direct debit.”

[ABC1, Teenage family, York]

“I get paid at the end of the month so I know that when I get paid, within the first 2 weeks, all my direct debits have gone out and I know what I’ve got to spend until the end of the month.”

[C2DE, Teenage family, Guildford]

Some respondents on meters knew that they tended to build up a small credit balance by the end of the year and took pleasure in claiming it back from the water company. They saw it as an inadvertent form of saving, and were keen to take the benefit of it, rather than leave it with the water company.

The second reason for the popularity of Direct Debit was convenience. Once the debit had been set up, they did not need to think any more about it – and indeed did not do so:

“Like with everything ‘cos it’s direct debit you just get your wages and it’s gone and whatever’s left over you spend. I don’t really analyse that much.”

[C2DE, Young family, York]

The prevalence of Direct Debit arrangements resulted in people finding it very difficult to answer the research questions concerning which bills they would consider prioritizing or neglecting in the event of a decision not to pay. (See section 4.11 below).

4.7 Perceptions of fairness

The concept of fairness came up spontaneously in a number of different contexts early on during the research process. It was also addressed explicitly at several points during the meetings and the first of the key questions in the deliberative folder was, 'What is a fair way to charge for water?' Hence there is a large amount of data on this issue.

Throughout the process 'fairness' was defined, implicitly or explicitly, in relation to a large number of disparate variables and factors. It seems that for most people, much of the time, 'fairness' is not the primary criterion by which they judge their own or others' bills. It seems more often that it is one of a number of means of judgment that are used to argue for a reduction in their own bills. Thus views of fairness are subordinate to the impact of the absolute cost of their own water bills. For those who felt their own bills to be reasonable, fairness was not very important:

"I am quite happy with how much I pay a month on my water and how much obviously I use. But from the last time we were here I did notice it is not as fair for others. Personally for me I think it is fine."

[ABC1, Empty nesters, Stoke on Trent]

Note that here 'fair' is effectively equated with being happy with how much one pays.

Usage

By a very considerable margin, usage was deemed to be the fairest way to charge for water. For many this was simple, even self-evident:

"Everybody [should] have meters to pay for what you use."

[ABC1, Teenage family, Newton Abbott]

“Pay for what you use, and for what is taken away.”

[C2DE, Empty nesters, Newton Abbott]

“Pay for water and sewerage according to how much you use.”

[C2DE, Empty nesters, Southampton]

“Having done some research on the Internet I believe the fairest way to charge for water is by meter so we only pay for what we use.”

[ABC1, Teenage family, York]

“A water meter seems the only way to fairly charge for water. Then you pay for what you use – or in relation to what you use.”

[C2DE, Young family, York]

“My bill is fair. I pay for what I use and I can see what I’m using (metered customer).”

[ABC1, Empty nesters, Stoke on Trent]

As discussions developed it became clear, however, that a good number of those who advocated ‘pay for what you use’ believed that unmetered water consumers were getting a better deal, and were under no pressure to reduce their consumption:

“All customers should be billed by the amount of water consumed. On average unmetered properties are paying less than metered properties which I feel is very unfair.”

[C2DE, Teenage family, Kings Lynn (a metered respondent)]

Others were not so sure that the unmetered properties were better off, simply that it was necessarily inequitable to have unmetered charging alongside metered charging:

“All properties who have a water supply should be metered. This way you are only charged for what you use. I don’t see how unmetered properties are charged fairly. Surely they either pay too little or too much.”

[ABC1, Young Singles, Southampton]

For a good number it was clear that advocating the simple ‘charge by usage’ was a means of escaping from the complexities of the situation. For example, most such advocates assumed that it was possible, even probable, that all properties would in due course be fitted with meters. In a number of groups it was pointed out that this was not possible, and that the maximum meter penetration was in the order of 85%. In those groups, respondents did not find a satisfactory resolution.

Some felt that the fact that all properties are not, and cannot be, metered is a serious obstacle to achieving fairness by the ‘usage’ route. One respondent therefore proposed that if universal metering was not achievable, the opposite solution should be enacted:

“Either they meter everybody, or they rip out the flaming meters and put everyone on the rates that they used to be on. It would only be fair if everyone was metered.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

Potential impact of metering

In those groups where the fact that the maximum achievable meter penetration was 85% of households it was assumed that there was a proposal to impose universal metering in order to achieve greater fairness in charging. There was resistance to this notion on a number of grounds. Some did not

want to have to think about water consumption, and felt they would be under pressure to do so, but for negligible financial gain:

“I might be £50 a year better off, I might be £100 a year better off, but like you say for £1 or £2 a week I am not prepared to take that risk.”

[C2DE, Young family, Stoke on Trent]

Other respondents believed that the water companies would raise the meter rate when they lost the extra income they currently receive from unmetered customers who are effectively paying over the odds for their water:

“The idea of putting everyone on a meter works in theory but ... if everyone is going on a meter that could mean they are making a loss ... and so I would assume that ... then meter rates would go up to compensate.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

“The minute everybody’s on meters, they’ll think ‘We’re not making enough money, we’re going to put it up.’”

[C2DE, Empty nesters, Newton Abbott]

“The prices will go up...that’s a bit troublesome!”

[C2DE, Empty nesters, Southampton]

Many respondents did not draw this conclusion on their own, but when it was aired in the discussions their enthusiasm for meters waned.

Fairness as a multivalent phenomenon

There were many other aspects of fairness in relation to charging other than a simple measurement of usage. Sometimes two or more ‘versions’ of fairness were in play simultaneously:

“The fair thing is for everybody to be metered but then it is unfair if you have got a large family.”

[C2DE, Young family, Stoke on Trent]

In this case the respondent believes that it is unfair that a large family be charged proportionately to its usage. For this person ‘fairness’ entails a degree of assistance for such a family. Other respondents did not agree:

“It’s people’s choice [to have a large family]. It’s not a disability.”

[ABC1, Young Singles, Guildford]

Information

Many felt that a judgment of fairness was not really possible as they did not have, and could not realistically get, sufficient information about the management and expenditure of the water companies.

“It’s important in every business to be fair with their customers. I’m reasonably happy, but if ... there was more information available, I’d be able to make a decision about whether the bill is fair or not.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

“You’ve got no real idea of whether that’s fair as I’ve got nothing to measure it against. It’s 0.046p per whatever. I don’t really know what that means to be honest.”

[ABC1, Young Singles & C2DE, Empty nesters, Southampton]

“At the end of the day, however, you can’t say that a bill is fair if you don’t know how your money is spent.”

[ABC1, Empty nesters, Stoke on Trent]

Water company profits

Many, particularly those who felt that their bills were too high, were most concerned in terms of fairness about the triangular relationship between the bills they were paying, the services provided, and the profits made by the water companies. There was a widespread feeling that the companies should not continue to make large profits when leaks remained un-repaired.

“It’s too expensive, ... when you hear the profits they are making. ... Yes, the profits and the leaks!”

[C2DE, Young family, Stoke on Trent]

When the issue of late and non-payers had been raised and the size of the outstanding debt revealed, some respondents felt that it was unfair that they were effectively shouldering the cost of the non-payers whilst the companies still made handsome profits:

“If they (the water companies) were more efficient at collecting it, then bills would be fairer.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

Another example of unfairness in this triangular relationship was the combination of high charges, a hosepipe ban and the failure of the company to mend a significant, visible, proximate leak:

“My daughter lives in a zone where it was hosepipe bans and they had a leak outside their house ... they were actually walking through the puddles for nearly a week and they couldn’t water their garden and ... that’s where they felt everything was totally unfair.”

[C2DE, Empty nesters, Newton Abbott]

“In the south there’s all the hosepipe bans but nobody bothers to repair the pipe work and they’re making millions and millions of profits. ... They’re trying to concentrate on making us recycle more or look after our water and put meters in but they’re not actually doing anything about it themselves.”

[C2DE, Young family, York]

The status quo had its defundants to some extent, but given the current state of the infrastructure, the relationship between suppliers’ profits, service and consumer was still felt to be imperfect even by some respondents who believed the sums they paid were reasonable:

“The arrangement you have at the moment seems to be very fair but more should be done to repair all leaks as soon as possible ... and the cost of these repairs should come out of any profits before anything is shared among the bosses etc.”

[ABC1, Empty nesters, Kings Lynn]

Monopoly

Some felt that there could never be real fairness in the absence of competition to force the water companies to become efficient:

“They take advantage of the fact that there is no competition.”

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

For others the emphasis was not so much on the absence of competition as the fact that water, like air, is essential for life. Thus the unfairness lay in the exploitation not of a commercial monopoly, but of an existential necessity:

“No, [it’s not fair] because they are feeding off people’s needs. We have to have water”.

[C2DE, Teenage family, Kings Lynn]

“There has to be balance. Why should a company make such massive profits on a commodity that we can’t do without?”

[ABC1, Empty nesters, Stoke on Trent]

“I feel that because I’m on a fixed income the water companies should be more considerate to my needs. After all, you can’t choose to go without water.”

[ABC1, Young Singles & C2DE, Empty nesters, Southampton]

Comparison with the bills or consumption of other payers

Some respondents measured fairness by comparing their own bills and or consumption with their neighbours. Very often they felt that they were unfairly treated:

“I’ve always been anti [rateable value-based charging] in that I paid the same water rates as my immediate neighbours where 4 people are living...it’s simply in my mind not fair.”

[C2DE, Empty nesters, Southampton]

But note this respondent had taken no action – for a period of many years. It was not sufficiently unfair to motivate action:

“Me and my daughter live on our own ... the next door neighbours have got 6 kids and more adults living there. It can’t possibly be fair if we are both paying the same water rate bill because they are using far more water than I am.”

[C2DE, Young family, Stoke on Trent]

Many felt that the fact that rateable value and metering were such different ways by which payment was calculated meant that it was not possible for

charging to be fair. In most cases this was the notion of paying by usage was considered fair and without a meter there was no knowing how much was used:

“Because I pay according the rateable value of my house, I really can’t say that my bill is fair. It’s fair to pay for what you use just like everything else.”

[ABC1, Empty nesters, Stoke on Trent]

“The difference between those who pay based on the rateable value and those on meters just isn’t fair. They should balance it out to make it more even.”

[C2DE, Teenage family, Kings Lynn]

“The situation is disproportionately unfair. Some people are metered and some are not. Those that are metered, you know what they’re using and that they are paying for what they use. Those who are not metered: how do we know what they’re using and what they are paying for? It’s unfair.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

Many felt there was inequity within the rateable system. Households with similar usage in different areas of town paid different amounts. In many cases neighbours in very similar houses paid different amounts because of the anomalies of the rateable system:

“Next door we have got a 4-bedroom semi and a shared drive and her water rates are cheaper than mine. It’s the old rateable value system and our loft conversion was done and theirs wasn’t. You know it is just so unfair.”

[C2DE, Young family, Stoke on Trent]

Choice

Some saw the same situation in a different light. They believed that the crux of the fairness was not the difference between metered and non-metered, but in the fact that some people have a choice as to whether to have a meter or not. Hence for these respondents being forced to have a meter is unfair:

“It’s only fair if you have a genuine choice about being on a meter or not. In newer houses, you don’t have a choice.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

In other words compulsory metering, a necessary condition of the ‘pay for usage’ version of fairness favoured by a far larger number, would for this group be essentially unfair.

Altruism

For some, a certain degree of altruism built into the charging system was fair. This altruism was strictly limited however. There was a very strong rejection of the notion that people in receipt of state benefits should receive further help with their water bills (see the discussion of the Vulnerable Groups Tariff in section 4.13 for a fuller exploration of this).

However there was considerable support for help for pensioners and for those whose consumption of water was very high for medical reasons:

“Help on medical grounds is fair, but not if you are on benefits. The government provide the benefits so that you can pay your bills. If you choose not to pay, then it should be taken away before you get it. Then they won’t get a chance to squander it.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

Environment

A small number also felt that the issue of variable consumption was significantly linked to fairness. It was considered fair that all water customers make an effort to conserve water for the common good:

“I think it is unfair that you can be using as much water as you want to and be paying the same price as somebody who is trying hard to save water because at the end of the day I think everybody should be encouraged to save things that are needed.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

“If you have got an effective way of charging people so they are encouraged to think about their water usage then it will be a fairer thing across the country and you know globally possibly.”

[ABC1, Young family, Aberystwyth]

Fairness as an equivocal value

When fairness was explicitly discussed it became clear to some that what they saw as in principle fair was not attractive to them:

“I consider it would be fair if everyone is on a meter but then if I did get a meter maybe my bills might be higher.”

[ABC1, Young family, Aberystwyth]

“I would accept that payment based on consumption is a fair way of doing it but I am here [against fairness] because I don't want to pay anymore.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

4.8 Value for money

The research suggests that consumers do not, unprompted, frame their water supply or the cost thereof in terms of value for money. They consider it cheap or expensive or reasonable but the term 'value for money' does not, on the whole arise naturally in this context. From discussion, it appears this is because 'value for money' tends to be used as a way of rating discretionary expenditure in a competitive context. However, in any given area there is only one supplier and moreover water is seen as essential. Hence many stated that they could not tell if water was good value for money because there was no competition with which to compare it:

"It's hard to know because it's a monopoly."

[ABC1, Young Singles, Guildford]

"Severn Trent have got the monopoly you have got no choice. ... I can't go to somebody else and say can you give me a better price than that."

[C2DE, Young family, Stoke on Trent]

"The problem (with assessing value for money) is that we have to have our water supply. With something like electric or gas you can go on the web and choose but we can't choose our water [supplier]."

[ABC1, Empty nesters, Stoke on Trent]

The discussion in many cases veered away from value for money towards absolute value. Generally water is considered an essential for life, and while people spoke about being able to do without electricity or gas they could not envisage living in their homes without water. Many felt that they were therefore forced to pay whatever was charged. By the same token they found it difficult to price the value they place on water:

“Well I wouldn’t know what value for money is to be honest. Everyone needs water to survive on but as regards value for money, I wouldn’t know what it was.”

[ABC1, Young Singles & C2DE, Empty nesters, Southampton]

“You don’t worry about it. You’ve got to pay it anyway. You need the water so I don’t think you’re going to question it.”

[C2DE, Young family, York]

“I’m of the age when one tends to expect water to be more or less free so it strikes me sometimes as being rather expensive.”

[C2DE, Empty nesters, Newton Abbott]

“If you didn’t have it we would be like a Third World country you would be disease-stricken, you would be dirty. ... We would have no crops, we would be a Third World country.”

[C2DE, Young Singles, Aberystwyth]

However it was clear that the linkage between the value of water and the price paid was not stable. All respondents were aware of the vital importance of clean, fresh water to our civilization and by that token they considered it worth almost any price:

“I think for everything we get it is costing how much a day, a quid a day or something less to be able to wash, to be able to put the washing machine on, to be able wash my kids, everything. I have watered my garden this summer and I think that is amazing value for money for something that I need and I would die if I didn’t have.”

[ABC1, Young family, Aberystwyth]

However when prices were discussed relative to other expenditure, and to the income, costs and profits of the water companies, respondents were not so accepting about the price they actually paid.

Information

As with fairness, when respondents did try to assess whether they felt they were getting value for money they frequently complained that they did not have enough information to make the assessment:

“I don't know if it is too expensive because I don't know how much it costs to get it to your home.”

[C2DE, Young family, Stoke on Trent]

“You need to see a pie chart to see how much goes to the shareholder and how much goes to the customer, i.e. infrastructure, mending the leaks etc. So if 90% went on maintaining the system I would say that represents good value for money.”

[ABC1, Empty nesters, Stoke on Trent]

“It seems to me we are playing with a loaded dice really. It is very, very, very fair to the people that are controlling it all because we are just paying. And what are we paying for really none of us really know. None of us know if we are getting value for money or anything.”

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

However it is not necessarily the case that there is a quantum of information which will make the assessment of value for money possible. In the course of discussions a good number of respondents mentioned several different barriers preventing them from a confident assessment of value for money. It is likely therefore that even if more information is available there will remain

other obstacles preventing the assessment. It is also highly likely that a genuine value-for-money assessment could only be made if water services were seen as discretionary spend in a non or lightly regulated competitive market. Given this, it would seem prudent to focus more on the intrinsic value of water and sewerage services rather than attempting to promote a value for money message.

Water company profits

The information that respondents did have about water company profits served to make them feel they were getting poor value for money:

“I personally don't think any of them [offer value for money] because you always hear what them companies have made in profit. They have got us over a barrel really.”

[C2DE, Young family, Stoke on Trent]

“When you stop and think about what you are getting for £15 per month it seems like value for money. But I can't stop thinking about prices going up all the time and the big profits to shareholders.”

[ABC1, Empty nesters, Stoke on Trent]

“How can they be giving us value for money, if so much is wasted and the shareholders get such a big slice of the cake?”

[ABC1, Empty nesters, & C2DE, Young family, Stoke on Trent]

Leaks

A closely related issue was the efficiency of the water companies' infrastructure. For many, knowledge of the considerable amount of water lost through leakage thoroughly undermined any notion of value for money:

“I’m paying money for them to throw water away. We are not getting value for money because they are not doing the maintenance.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

“Telling me to have a bath instead of a shower when they’re losing eight Battersea Power Stations full ... hypocritical.”

[ABC1, Young Singles, Guildford]

“[They should] stop losing so much of it through 100 year old pipes...because I feel a lot of what I’m paying for is for them to repair leaks.”

[ABC1, Young Singles, Guildford]

“I think it is a very expensive product for what it is. I know we are trying to catch up from a lack of investment in the past and water boards are being pressurised to kind of update their systems and renew systems. But I don't have the confidence that the water board are totally honest with us, that they are actually being regulated that well. And I am not convinced my money is being spent efficiently and correctly in the right way.”

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

The knowledge they had about leaks – and also about declared profits generated marked ambivalence in some respondents. On the one hand they felt they were paying a reasonable price for their water, but on the other they appeared to be confronted with evidence of mismanagement:

“I’ve got no problem with what I pay to be honest. It’s how the money is spent that worries me. They don’t keep it up to scratch.”

[C2DE, Teenage family, Kings Lynn]

Loans

Deliberation threw up, for a few, the information that water companies have taken out loans in order to finance infrastructure improvements and the costs of those loans are being passed on to the consumer. No one who discovered this information felt that it was reasonable. It was felt that the cost of the loans should be taken from (and hence reduce) the profits of the water companies:

“Why are we paying the interest on the Water Company’s loans? I can make no sense of that whatsoever.”

[C2DE, Teenage family, Kings Lynn]

“I’m absolutely outraged we pay money on their loans...if they didn’t have a monopoly, they’d take it out of their shareholders cash rather than have the customer pay.”

[ABC1, Young Singles, Guildford]

Comparison with other bills

An assessment of good value for money was mostly likely when respondents compared their water bills with other household outgoings:

“All the other bills have gone up massively, so water actually looks quite good value, especially now I’m on a meter.”

[C2DE, Young family, Stoke on Trent]

“It’s my smallest bill, therefore it must be value for money.”

[ABC1, Young Singles & C2DE, Empty nesters, Southampton]

4.9 Propensity to pay

The vast majority of our respondents paid all their bills and found it difficult to imagine a situation of deciding which ones they would defer. Those who knew that they would not be cut off decided that they would defer paying the water bill:

“You don’t hear about people being locked up for not paying their water bill.”

[ABC1, Young Singles, Southampton]

“I never have any intention of not paying, but if there’s other things where they might remove the service, they’ll get paid first.”

[ABC1, Young Singles, Guildford]

Others said they would pay because they did not want to be cut off. A few of the younger respondents believed they would not prioritise the water bill and would take the risk of being cut off:

“Water’s important but you can always go to someone else’s house.”

[ABC1, Young Singles, Southampton]

However it was clear that, for all but a few, the debate was so theoretical as to be of doubtful significance.

One respondent said that he was currently in arrears on his water bill. He was separating from his wife and she was still in the marital home. Due to his differences with his wife he was no longer paying any bills pertaining to the house. His reason for non-payment thus had little to do with the water company or its services.

Another respondent admitted that in the past, when he was unemployed, he had failed to pay bills. His account seemed to indicate however that there was little rationale to his strategy of non-payment, rather it was a function of a chaotic lifestyle and chronic lack of funds.

It is clear that to know more about the motivation and psychology of non-payers it will be necessary to conduct a specific piece of research amongst non-payers.

Relationship of fairness to value for money and propensity to pay

It is clear from that the issues of fairness and value for money overlap considerably. For some one entails the other, for others they are two sides of the same coin. In particular, for those for whom the prime determinant of fairness was the relationship between themselves as consumers and the water companies as suppliers, value for money would imply fairness and vice versa. It is perfectly possible, however, that those for whom fairness was determined by 'pay for what you use' could agree that the total cost of water supply was being fairly distributed, but was poor value for money. Hence greater perception of fairness in no guarantee of a higher perception of value for money.

It was not possible to determine from this sample whether a greater perception of fairness in charging would result in fewer unpaid bills. The anecdotal evidence presented by respondents about those they know or feel they know who don't pay their water bills on time or at all, suggests that it is unlikely that greater fairness, perceived or genuine, would impact the debt appreciably. For our respondents late and non-payers fell into two distinct groups; those that can't pay and those that simply choose not to pay (because they know they can 'get away with it'). It was believed that neither group would be assisted, or motivated, by greater levels of fairness in the charging regime.

4.10 Cross subsidies

Respondents were asked to consider four specific types of cross subsidy. Three are addressed below, the fourth, social tariffs, is addressed in a separate subsequent section.

Urban / rural

Many respondents paid little attention to this form of subsidy. They seemed to acknowledge it, but it lacked sufficient significance to provoke more than a few low key comments. Even those who commented that it seemed unfair did not pursue the issue. In the written remarks in the folders many simply passed over it and commented at more length on the other cross subsidies. A good number felt that it was a justifiable subsidy and it was simply not worth trying to do anything about it:

“I don't think there is a lot we can do about it. Rural is always going to be rural. There is always going to be greater distances and they have got to be looked at more or whatever.”

[ABC1, Young Singles, Guildford]

A minority of respondents, mostly less well-off town and city dwellers, considered that those who live in the country were typically richer and could afford to pay more:

“Most people who live in the country have bigger houses, more rooms, bathrooms and gardens. Why should we subsidise them?”

[C2DE, Empty nesters, Southampton]

Prompt payer / later payer / non-payer

Great heat was provoked by the thought that non payers were being subsidised by payers, especially amongst two groups: those who considered their bills to be very high and those on a tight budget:

“[Subsidies are] most definitely not [fair] if that means prompt payers and low user groups subsidise others. ... the opposite should work.... prompt payers should be rewarded.”

[ABC1, Empty nesters, Kings Lynn]

The news that those who don't pay do not get cut off redoubled the indignation:

“If there was widespread public knowledge that non payers don't get cut off, there'd be an almighty revolt!”

[C2DE, Empty nesters, Southampton]

Tackling bad debt

Responses to the revelation that prompt payers were subsidizing late payers and non-payers tended to also lead into discussion about how companies should tackle bad debt. Overall the consensus was that it was pointless to attempt to use penalties to fine late payers as it would exacerbate the problem and was unlikely to much improve results, as they had already failed to pay the original sum owing. However an incentive from prompt payment was a welcome proposition to many.

High rateable value / low rateable value

In most cases discussion of the inequity internal to the rateable value system of charging was quickly overwhelmed by the debate about the differences between meter and rateable value charging. However, most respondents who did stay with the topic felt that it was unjust:

“There seems to be a sort of cross subsidy from those living alone on rateable value in a big house to those with large families in a similar house. That really isn’t fair at all.”

[C2DE, Teenage family, Kings Lynn]

“[My neighbour] has been in that property 40 years and we moved in to ours 9 years ago at which point it was revalued. So she gets exactly the same as us for less. I have a real issue with it. I think it is very unfair.”

[ABC1, Teenage family, York]

Some respondents felt that people who lived in expensive houses, which had higher rateable values should pay more. There was some sympathy however for people living on lower incomes in large houses:

“It probably should be based on your ability to pay. You could have no money and live in a big house ... but you have to pay the same as somebody who is loaded.”

[ABC1, Teenage family, York]

4.11 Social tariffs

Across the sample the topic which aroused the most heat was the issue of social tariffs. There was strong, thorough and consistent opposition to any extension of social tariffs to low-income or benefit-claiming groups with just two, specific exceptions.

Medical conditions

Respondents were happy for individuals with medical conditions which require the use of large amounts of water to receive that water at a subsidized rate. Thus one part of the current Vulnerable Groups Tariff was widely

considered acceptable. Some respondents went further, and felt that a medical condition requiring large amounts of water was a sufficient burden to merit help regardless of whether the sufferer was a claimant or not:

“The existing idea of having a certified medical condition, and having to be on benefits to get help, seems a bit odd. If you’ve got kidney failure, you seem to have to be on benefits to get help. Is that fair?”

[C2DE, Teenage family, Kings Lynn]

Vulnerable groups’ tariff

With the exception of those eligible by virtue of medical conditions there was very little support for the current vulnerable groups’ tariff. Having three or more children was widely seen as a choice, and those who chose to have the children thereby accrued the responsibility to provide for them.

However the essential objection to the vulnerable groups’ tariff, and any proposed extension, was that hard working taxpayers were already paying, through the taxation and benefits systems, to support claimants and respondents felt that expenses such as water bills should be met through the monies that claimants were already receiving. There were a great many anecdotes about what was seen as feckless expenditure by benefit claimants:

“We have this with some of our patients at the hospital. Incapacity benefit isn’t so you can go on holiday abroad every year it is to pay for taxis to get you to the hospital. If they are getting benefit some of that money is for those things. The fact that they choose to go on holiday so then they can’t afford to pay the water rate ... that is where it goes wrong.”

[C2DE, Young family, Stoke on Trent]

“The working class man gets hammered left, right and centre. ... As far as I’m concerned people who are on benefits are scamming the system. They’re

*getting my money from my tax ... so they're getting subsidised already ...
Why should we subsidise electric, gas, water, everything?"*

[C2DE, Young family, York]

Many respondents who were on very low incomes felt particularly hard done by:

"It's not fair for those who can't get any benefits because they are just over the 'borderline'. They won't get any help, will they? I suppose it will actually make my bill more expensive and put me into more difficulty."

[C2DE, Teenage family, Kings Lynn]

It was very widely felt that the current benefit system did not differentiate adequately between those in genuine need and those playing the system. Therefore subsidizing the bills of all those claiming a certain benefit was considered a very bad policy. In so far as it was accepted by some respondents that persons in genuine need should receive assistance, it was strongly felt that the funds should come from government, not from other water company customers, and that the said funds should be paid directly to the water companies:

"It would be better if [the government], rather than giving them a lump of money, ... towards water, gave them vouchers."

[ABC1, Young Singles & C2DE, Empty nesters, Southampton]

Possible new social tariffs

With a very few exceptions respondents rejected the notion of extending eligibility for social tariffs. The strength of the rejection ranged from firm to vehement.

Given the strength of feeling the vast majority of respondents were unwilling to contemplate seriously the detail of any of the variations proposed (See

Appendix II for details of proposals). All the variations were very firmly rejected. However it is possible to correlate the substance of their objections with some of the specific features of each proposed variation.

Tariff A - extending the vulnerable groups' tariff to unmetered households and removing requirement for three or more children

The removal of the requirement for three or more children was seen as simply widening access to the tariff without additional controls determining real need. It was therefore rejected. Extending the tariff to unmetered households would widen access whilst removing any incentive to save water. It was therefore rejected.

Tariff B - widening eligibility to include claimants of a wider set of state benefits and people living in an area which scores highly on the Deprivation Index

It was very widely felt that there are many cases where there is no correlation between being in receipt of state benefits and being in genuine need. Hence this tariff would lead to more people 'scamming' the system, and current 'scammers' being even better off. No one expressed any confidence that the Deprivation Index would accurately identify those in genuine need whilst excluding those who take advantage. It was therefore rejected.

Tariff C - Overall bills reduced by 20% for the poorest 20% of households, those scoring lowest on the Deprivation Index and those in receipt of certain benefits.

This was seen as a very large, and indiscriminate, extension of eligibility. There was no confidence that those in genuine need would really be helped, and there was considerable suspicion that many of the beneficiaries would be those without genuine need. It was therefore rejected.

Tariff D - A three part social tariff – (i) normal standing charge, (ii) meter charge at half the current rate, (iii) remainder of cost distributed according to the Deprivation Index

This was widely seen as unnecessarily complicated, but the complications were not seen to effectively separate those who genuinely need help from those who take advantage. It was therefore rejected.

Tariff E - Separate sewerage and water charges, so water is charged as in D above and sewerage charged via a fixed charge based on rateable value.

This was also seen as complicated – indeed more so – but the complications were not seen to be useful. Combining meter-based and rateable value based charges would introduce administrative complications and expense, to no perceived benefit.

Overall, the proposed new social tariffs were seen to be excessively and unnecessarily complicated. Indeed, even though they were being talked through the tariffs carefully it was clear that respondents were not taking in the details.

However, their complexity was not the major reason why respondents did not pay attention to the details. Overwhelmingly respondents rejected the underlying assumption that it was appropriate to create new schema to subsidise the water bills of low-income families or benefit claimants. Responses to the suggestion that poorer customers should be helped by water customers were unequivocal:

“Definitely not! They should pay the same as everyone else and use their benefit money.”

[C2DE, Young family, York]

“No, not at all! They get benefits already so why hand out any more money from the working man’s pocket?”

[ABC1, Teenage family, York]

“No, they are already subsidized by the benefit system, government initiatives such as child credits etc. This should be sufficient. Penalizing workers and customers is totally unacceptable. “

[ABC1, Empty nesters, Kings Lynn]

It was felt that many bill-paying customers, in particular pensioners, were themselves on very low-incomes and had to economise, hence it was unjust to expect them to subsidise other customers.

It was felt that the suggestion of extending the vulnerable groups tariff sent an inappropriate message which discouraged benefit-recipients from seeking work:

“Are we encouraging people to go back to work by giving them more benefits, by giving them cheaper water?”

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

“Surely their government benefits are worked out to include payments for water? This is just to make the water company look better. It actually means that people will be helped twice.”

[C2DE, Teenage family, Kings Lynn]

Pensioners

A good number of respondents who were very clear that they did not support any subsidy for benefit claimants of working age did propose that pensioners should be eligible for help with their water bills:

“Pensioners on the state pension should get help.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

“Not people with children but at the other end of the scale ... people [that] are in their 70s you would think that there would be some sort of safety net for people like them.”

[ABC1, Teenage family, York]

When this proposal was aired in discussion, it was generally supported.

4.12 Possible future tariffs and charging methods

Whilst all respondents were willing to take seriously the possible future tariffs, it transpired that a good number preferred the status quo to any of the proposed changes. Some recognized that there were many anomalies, but did not believe that any proposed change would not preserve some or create others.

Importantly many were against any change because they believed it would lead to higher charges:

“Whatever the changes, I bet nobody’s bill will go down.”

[C2DE, Teenage family, Kings Lynn]

“Looking at these, some seem like a good idea, but I would like to really know how much it would cost me, given my average consumption, before I made a change.”

[C2DE, Teenage family, Kings Lynn]

Others believed that current trends, towards metering, would lead to higher charges anyway:

“If they leave it the way it is and it is more or less voluntary whether you go onto a meter or not then the people who are likely to have to go onto a meter are the ones who are saving money in doing so which means the income is decreased and they have to recoup the price from somewhere else. And so the price will inevitably go up somewhere and so it is going to go up regardless.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

There was no support for separation of the basis of charging for water and sewerage. Well-informed respondents knew that their bills were made up of separate amounts for supply and sewerage and whilst those on meters did

not know how sewerage was charged they were not, with a few exceptions in high cost areas, greatly concerned about it.

Option 1 Remove the standing charge altogether and increase the meter rate for each company area

For many this was the most attractive of the new proposals. Its attraction seemed to be based in its simplicity. Many of those who felt that the most fair means to charge for water was to charge by usage felt that this was the simplest expression of that means:

"[In my discussions] there was a general consensus towards option 1."

[ABC1, Young Singles, Southampton]

"The fairest way to charge for water should be for the actual usage of the household."

[C2DE, Teenage family, Guildford]

The simplicity was appealing, but a good number of respondents felt that, in the end it would not make a lot of difference.

"It would just remain the same really. It just becomes hidden doesn't it?"

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

"It's like giving with one hand and then taking with the other."

[C2DE, Young family, Stoke on Trent]

For others, it just created a different injustice:

“Some people are going to have high consumption and ... they are going to be additionally penalised for it. I think it is fair that they pay for the consumption but if they happen to be high consumers then they shouldn't pay more again.”

[C2DE, Empty nesters, Newton Abbott]

It was also clear that the vast majority of advocates of option 1 took it for granted that all properties would be metered if this proposal were enacted.

Those who did not favour this option believed that it was, in effect, too simple. No explanation was given of how sewerage would be charged, nor those elements which they had learned are currently covered by the standing charge.

“The standing charge is there as I understand it for the rainwater collection off roads and stuff like that which everybody has to share the cost of that. And your meter rate is [only] by how much you are using.”

[C2DE, Young family, Stoke on Trent]

Option 2 Double the standing charge and reduce the meter rate for each company area

There were very few supporters of this option. By and large this proposal evoked cynicism, a good number feeling that there would be nothing to stop the water companies slyly increasing the meter rate over time, hence consumers felt they would inevitably end up paying more with this option. Furthermore, even if they reduced their water consumption the doubled standing charge would still penalise them:

“A lot of people agree that being unmetered is unfair at the moment and [option 2] is just going to make it worse because it is just going to be a standing charge and you are not really going to be paying for what you use again.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

“There would be less incentive to save water.”

[C2DE, Young Singles, Aberystwyth]

“I don't want it because I cannot save hardly anymore water than I actually do now because I am a bit on the tight side and I don't mind admitting it. At the end of the day I would end up paying more for less.”

[ABC1, Young family, Aberystwyth]

Option 3 Harmonise standing charges across the country and adjust the meter rate for each company area to compensate

This option had a fair number of supporters, and was particularly popular in the South West:

“We get an enormous amount of people visiting the area and it puts a strain on water and on the state of the coast ... so why shouldn't they contribute?”

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

Many respondents initially misunderstood this proposal as read it that all charges would be harmonized, both standing charges and meter rate. This was attractive to some who felt they were paying over the odds, but seen as inequitable to others:

“It will sting people up North who earn less.”

[ABC1, Young Singles, Guildford]

It also seemed to imply that customers of efficient companies would subsidise inefficient companies and their customers:

“You could end up paying more because you are subsidising companies somewhere else in the country that are not performing very well.”

[C2DE, Young family, Stoke on Trent]

When the precise nature of the option was spelt out its attraction waned for the majority:

“You are going to get some win and some lose and that is not going to suit everybody. If it is doubling their standing charge they are going to moan and kick up. If it is going down they are happy. And so in that respect you are going to create an unfair system.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

Some felt that the adjustment of both the standing charge and the meter rate would, for most people, cancel each other out, rendering the change pointless:

“Even though everyone is paying the same to start with, everyone is going to end up paying more or less than each other and it is probably going to end up pretty much the same as it is.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

Several respondents thought that this option would only work if the water industry were re-nationalized - a notion which had considerable support:

“If there was one water board for the whole country then yes I would be standing there with you [in favour of option 3].”

Option 4 'Rising Block'

The fourth option, known as 'rising block' was a tariff that increases at specific thresholds, and it was presented in four versions. Versions (c) – starting with the free 90m³ block - and (d) – starting with the low-cost 90m³ block - were the more popular versions. Aggregating those who favoured any of the variants from (a) to (d) it was clear that Option 4 was the most favoured option across the sample.

Option 4 (a and b)

First 30m³ + 20m³ per occupant free (a) or low cost (b). Next 30m³ at a higher rate, next 30m³ at a still higher rate and so forth.

To many respondents this was an appealing option. Its merit was for many, as with other metered tariffs, predicated on universal metering. However regardless of whether everyone was on a meter or not, it was felt to combine an attractive reward for environmentally sound practice with the promise of lower bills for the thrifty.

Initially this was interpreted by some as a possibility that they could get their water supply entirely free. Further information was given by our client to the effect that there would still be a standing charge payable even with version (a). In spite of this, a low-cost tranche was still very appeal to many.

A few respondents objected that the tariff entailed the company knowing how many people were resident in each property which introduced a level of complexity to the bill which would be potentially costly and difficult to administer. Moreover, many felt that a good number of people would deliberately mislead their water company about the number of persons living at the property. A good number also wondered how university students

living away from home during term time would be accounted for in this system:

“With that option you would have to somehow inform the water company how many people are living there. You would have to keep informing them as people are moving in or moving out and I think that complicates it.”

[ABC1, Young family, Aberystwyth]

“This is open to all kinds of abuse because how on earth do they know how many people are living in each house?”

[C2DE, Young family, Stoke on Trent]

But in spite of some objections this option was deemed to be one of the best because it offered the possibility of low cost alongside encouraging reasonable care in water use:

“If you are living on your own, you would never come out of the lowest cost block. That’s fair, I suppose.”

[C2DE, Teenage family, Kings Lynn]

Option 4 (c and d)

First 90m³ free (c) or low cost (d) Next 30m³ at a higher rate, next 30m³ at a still higher rate and so forth.

This was perhaps the most favoured new option. A totally free block appealed to many, although there was some cynicism, (which turned out to be justifiable as it was explained that there would have to be some standing charge):

“[Option 4c] is the fairest because pensioners and people living on their own will only probably use the low rate that would be enough for them.”

[ABC1, Empty nesters, & C2DE, Young family, Stoke on Trent]

“My only argument with that is it wouldn't be fair would it because nothing is free.”

[ABC1, Empty nesters, & C2DE, Young family, Stoke on Trent]

Nevertheless the low-cost version was very attractive, offering the possibility of low payment and a simplicity of assessment:

“That to me is for pensioners living on their own ... that would be ideal.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

It was also felt to address neatly the issue of excessive consumption, though at the risk of penalizing large families:

“It's brilliant because the more you use the more you pay, and if you use more and more and more then you keep paying more and more and more.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

“My next door but one neighbour they have got six and so it is going to be hard on them.”

[C2DE, Young family, Stoke on Trent]

For some this option offered a more equitable solution to the problems they felt that the Vulnerable Groups Tariff was targeting:

“[Option 4] whereby the first so much was free ... and then it was a low cost - if that system came in these vulnerable people wouldn't have a problem.”

[ABC1, Teenage family & C2DE, Empty nesters, Newton Abbott]

A certain misunderstanding cropped up from time to time, whereby respondents thought that each block came as a fixed price unit:

“I think it is way too complicated ... you might be just on the very edge of the next block up and be paying for all that extra water you could be using and you are not.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

“You would have to have some kind of thing in your kitchen telling you how much water you have used because otherwise you wouldn't know when you were past your limit.”

[C2DE, Young family, Stoke on Trent]

The moderators were able to correct this misunderstanding, but it is worth bearing in mind that it appears to be a weakness inherent in using the terminology of ‘blocks’.

Option 5 Seasonal tariff wherein water used in June to September could be 20% more expensive that during the rest of the year. Bills in the remainder of the year could be reduced to compensate.

The few supporters of this option were often derided by other members of the groups. It was supported by a few who felt strongly about environmental issues, however the majority felt that it would not materially change water consumption, and the extra expense of more meter reading would be resented. It was felt it would add insult to injury as they would end up with hosepipe bans and higher costs.

“They're not giving you any more service in the Summer time. Why should they charge you more?”

[C2DE, Teenage family, Kings Lynn]

“It is a rubbish idea because it is just going to create bitterness and resentment towards the water company in the summer. Surely they have got ways of storing the water during the rainier season.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

Many believed it would create new inequalities and new unfairness:

“I don't like that because the people on the middle income and your low incomes get hit hardest and the people who are wealthy just carry on using water as much as they like.”

[C2DE, Young family, Stoke on Trent]

“It would depend between areas of the country really. Here we don't have a summer and ... I think it would cause bitterness - more than [compared to] ... wherever gets more sunshine and has a proper summer.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

Some regarded it as a little punitive to those with families:

“The kids need to shower more and to use a paddling pool and stuff like that.”

[C2DE, Teenage family, Kings Lynn]

Others believed the main cause of extra consumption in the summer was watering gardens, hence this tariff would therefore unfairly penalize flat-dwellers.

It was also noted that given the prevalence of direct debit payment it was likely that the variation of charging would go un-noticed:

“It wouldn’t work because most people these days pay by direct debit [they] pay a set amount all the year anyway.”

[ABC1, Empty nesters, Stoke on Trent]

Alternative unmetered tariffs

None of these received any serious support although it is prudent to note that this may be because of a research effect. Given that a large amount of research time was given over to discussion of alternative metered tariffs, and to the apparent inequities of un-metered tariffs, the discussion was inevitably had accrued for a good many a momentum away from unmetered tariffs. As such, it is not surprising that negative comments were offered most readily.

Base charges on Council Tax

This was not felt to be in any significant way different from assessment based on a property’s rateable value. Moreover, many felt that the council tax banding review will inevitably lead to higher council tax charges and hence higher water bills would inevitably follow.

“They’d definitely increase it.”

[ABC1, Empty nesters, Kings Lynn]

Base charges on Council Tax with concessions

This proposal was met with almost universal rejection. Many believed that the council tax concessions increase non-concessionary tax bills appreciably. Hence, they perceived that a similar approach if applied to water and sewerage bills would markedly increase the burden on ‘average families’. This option provoked the same antagonisms as were evident in response to proposals to extend the Vulnerable Groups Tariff.

Base charges on number of bedrooms in a property

This proposal was of interest to a minority who believed that there is in general a positive correlation between the number of bedrooms in a property and that property's market value – and by default the relative wealth of the occupier/s. However, the majority were quick to point out that the correlation falls down for a large number of reasons. Most importantly, the number of bedrooms is not seen to correlate at all with the potential water consumption (for example a six person family living in a three bedroom house is likely to have a much higher water usage than a retired empty nester couple still living in the family four-bedroomed house). After brief discussion this proposal was rejected and retained no supporters.

"I live in a bungalow. I can call [my room] a bedroom, I can call it a study."

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

"How many bedrooms have got water going through them?"

[ABC1, Young Singles, Guildford]

"You don't want to give up your home because it has been your home all your life. You have got 5 bedrooms and you are on your own why the hell should you pay more?"

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

Base charges on number of people living in a property

For many this was seen to be 'a nice idea', and indeed as we have seen above, a small minority believe that this is how the current unmetered charge is arrived at. In discussion the proposal was strongly attacked and hence rejected.

The majority just could not believe that fraud could be avoided and hence a system brought in to address issues of fairness would inevitably introduce yet more unfairness:

“It is open to abuse but so are most systems I mean you can't stop the fact that some people always try and play it and always try and get away with something.”

[ABC1, Young family, & C2DE, Young Singles, Aberystwyth]

“This is very intrusive in terms of information. ... I am a bit concerned about that aspect of things.”

[ABC1, Empty nesters & C2DE Teenage family, Kings Lynn]

4.13 The provision of information

A small minority across the sample had contacted their water company prior to participating in this research requesting specific information – typically about billing enquiries and metering. Some had responded to bill inserts about water-saving measures. However, the majority could not recall any specific bill inserts and claimed that they would typically throw away such material either without looking at it, or after the most cursory inspection.

A sizeable minority felt that there was no need to make the issues involved in water charging better known:

“[We] don't need the specific details. Surely that is the job of the so-called experts.”

[ABC1, Teenage family, Newton Abbott]

Nevertheless a good number believed that the issues they had been made aware of during the research and their self-guided deliberations should be made more widely known. No one, however, could say how this should be done, given the generally low levels of active interest in these issues. Many suggested that television advertising would be necessary to get the messages across. When it was pointed out that TV advertising was expensive, all

recognised that the expense was not justified, and indeed that they would be likely to criticise the water companies for wasting money on unnecessary advertising.

It was also clear that the vast majority felt that their water and sewerage bill was poorly laid out and very difficult to decode satisfactorily. By way of contrast several respondents cited mobile phone companies as producers of examples of clear, unambiguous billing. It is possible that bills rendered more customer-focused could become a vehicle for communicating, or at least flagging up, other messages which could be delivered through other channels such as inserts and the web.

At present most customers feel that their water company has little of interest or relevance, other than the bill, to communicate to its customers, hence many claim to never read bill inserts. This is clearly more than an issue of finding more effective communication channels; a preliminary task must be for the water companies to build the kind of relationships with their customers whereby incoming information is already pre-framed as 'being relevant for me'.

Some did acknowledge that certain issues – such as being advised of a forthcoming hosepipe ban – do get their attention, and wondered whether such moments may be more productive for imparting other information:

“We don't really look at stuff that just drops through the door. But as soon as it is headlined hosepipe ban is that going to affect me. And so I think if you want to educate people perhaps that is the time to target people.”

[C2DE, Teenage family, Kings Lynn]

Overall, although there was a fair amount of support for media campaigns, many felt that they would be costly without necessarily delivering great benefit.

The suggestion that was most widely acceptable was to make bills clearer and add additional information as necessary onto the bill. Many felt that a pie

chart, or something similar, showing how income was allocated would be a great improvement.

“There should be a greater breakdown of water charges on the actual bill issued by the provider.”

[C2DE, Teenage family, Guildford]

Appendix I

Discussion Guide

Discussion Guide for Project Arthur, Job No. 907

Final 12/10/06

STAGE 1 (Group Discussions of 2.5 hours' duration)

[Please note, the groups and workshops are moderated according to the principles of Process Work, and hence the precise order of covering topics may vary. Moreover, the questions and prompts are written in a general style and the language used will be modified according to the needs and requirements of each audience as appropriate.]

Introductions

- Respondents are asked to introduce themselves and briefly describe their current life; work, leisure activities etc
- Moderator sets context of three-stage research programme

Orientation to the topic

- Free Association to the word *Water*
 - Allow participants sufficient time to generate associations
 - Probe with – what else comes to mind?
 - Explore meaning and significance of the associations; e.g. what makes you say that? Can you say what prompted you to mention that? [Do not probe directly at this point but do pay particular attention to any mention or implications around the cost of water/fairness of pricing, sewage treatment, sewerage infrastructure etc].

The Water Supply

Thinking about the water in your home; how does it get to you? What happens to the water that leaves your house? What's involved in supplying water to people's homes? [We are not concerned here with how accurate or inaccurate people's views are – simply how do they think about the overall water supply/water cycle].

Sewerage

If not already covered above:

- Thinking about the waste water leaving your house – who deals with this and how? What do you call this waste water? (i.e. do people use the term sewerage or some other term?)
- Do you pay for sewerage services – if so how?

Water and sewerage charges

- Can you remember when you paid your last water/sewerage bill? Can you remember how much the bill was? How much do you pay, or do you think you pay, during any one year?
- Thinking about your water/sewerage bill what do you know about how the charges are calculated (do not probe here – it is important to hear explicitly how consumers frame and understand the charging methodology e.g. does anyone talk about meters or rateable values etc)? Once you feel that participants have exhausted their top-of-mind knowledge probe carefully with:
 - Who has a water meter fitted; explore if this was at their property when they moved in or did the participant choose to have it fitted? If so, what prompted them?
 - Has anyone thought about having a meter fitted – if so why? Has anyone looked into metering and discounted the idea – if so why?
- What does your water bill cover? Do not probe – just allow participants to frame their own answers (if necessary say “By this I mean when your bill comes in what are you being charged for?”)
- What adjectives/descriptive words/phrases come to mind when you think about your water/sewerage bill

- Explore meaning of these adjectives/descriptors – where are these views grounded?
- Note particularly whether the water/sewerage bill is evaluated against other household expenditure or against some ‘ideal’ yardstick – if the latter explore where this belief comes from (e.g. is water seen as a natural self-replenishing resource? are sewerage and rainwater seen e.g. as straightforward to process or not – probe understanding of how sewage is treated, etc)
- If the concept of ‘fairness’ is mentioned explore its meaning here. If not, do not introduce.
- How does your water/sewerage bill compare to other household bills (pay attention to whether people relate the bills in terms of value for money or other criteria) – probe and explore the criteria used.
- Pick up on the core criterion/criteria and ask people to rate each of the household bills they mentioned above on each criterion. If not mentioned introduce the following:
 - Electricity
 - Gas
 - Water
 - Telephone
 - Council tax
 - House contents insurance

Value for Money

- If Value for money (VFM) was not employed as a criterion above introduce it now and see where the water/sewerage bill lies on the continuum
- Explore the relative position of the water/sewerage bill on each hierarchy
 - Why is it here and not higher or lower

- What factors are you considering in coming to this point of view
- If we had of asked you this question some years ago do you think you would have rated your water/sewerage bill differently – if so, in what direction has it moved and what are the reasons for this?
- If the water/sewerage bill is not at the most favourable end of the VFM continuum, what changes would be required to make it better VFM? Participants may well say that cheaper water/sewerage bills would be needed – if so explore this first then ask – apart from cost what else could improve your perception of your water/sewerage bills' VFM?

Fairness

- If 'Fairness' was not mentioned earlier ask – do you consider the cost of your water/sewerage bill to be fair or not?
 - On a scale of 1 to 10 how fair would you say the cost of your water/sewerage bill is (where wholly unfair = 1, and wholly fair = 10)
 - Repeat for VFM – if different ratings are given explore where the two concepts overlap and where they diverge
 - Probe how people come to their views on fairness, e.g. how are you deciding that it is fair/unfair? How do you know when something is fair/unfair? What are you comparing this to?

Continue probing structure of the grounds and comparators until a deep understanding is reached.

Payment methods

- How do you pay your water/sewerage bills? Probe with:
 - Do you pay the bill immediately?
 - Is it the kind of bill that has priority – if not what other expenditure would take precedence?

- If you were going to defer payment, for whatever reason, which would you pay first and which last:
 - Water/sewerage bill
 - Electricity
 - Gas
 - Council tax
 - TV licence
 - Multichannel TV package (if you have one)
- Explore reasons for hierarchy
- Ask those who pay by direct debit what prompted them to take this payment method?

Stimulus Presentation

1. Current System

Deliver PowerPoint charts on the current charging system - go through each chart thoroughly. Take questions for clarification but do not encourage debate until all relevant charts presented:

- Allow spontaneous comments and questions to emerge
- At this stage do not correct misunderstandings but explore where they arise from (e.g. is the information presented different from what people assumed to be the case? etc)
- If required go back through charts and ensure that any misunderstandings are corrected
- Explore responses to:
 - How appropriate the system seems
 - How it appears in terms of VFM, fairness
 - Views on how the bill is calculated especially highway drainage element that does not relate directly to services provided.

2. Possible changes

Present remainder of the PowerPoint charts covering alternative tariffs - go through each chart thoroughly. Take questions for clarification but do not encourage debate until entire presentation given:

- Allow spontaneous comments and questions to emerge
- At this stage do not correct misunderstandings but explore where they arise from (e.g. is the information presented different from what people assumed to be the case? etc)
- If required go back through charts and ensure that any misunderstandings are corrected
- Explore responses to:
 - Comparisons with the current charging system
 - The idea of changing the charging system – would this in principle be more appropriate, fairer, better VFM etc
 - The idea of social tariffs
 - The idea of metering.

Orientation to self-guided deliberation

Re-iterate that participants are now going to go off and deliberate (i.e. carefully consider) on these issues and possible changes;

- Invite participants to brainstorm on how they might deliberate on these issues within their everyday life – note these ideas down
- Hand out deliberative folders and allow participants to look through at the various resources
- Ask them to note down in their own folder any of the ideas from above that they think might be useful
- Provide participants with further examples of deliberative activities:

- Ask as many people as they can to look at the proposals and try and find an advocate of each option – noting down the reasons why each person chose their option
- Web-based research
- Participate in radio phone-in(s)
- Invite a small group of friends to participate in a group discussion on the issues
- Ask their water/sewerage company for their position on how charges are calculated.

STAGE 3 – Deliberative Workshop (2 hours duration)

[N.B. Much of the activity in this stage will be determined by what findings/questions participants bring back from their self-guided deliberations. Thus only a general outline of the programme can be provided]

Introductions

- Ask participants to introduce themselves to each other (as each workshop is comprised of two groups from stage 1 who have not previously met)
- Ask each participant to pick out something from their deliberative activity that genuinely captured their interest (whether ‘positive’ or ‘negative’)

Fairness and VFM

- Thinking about all that you have considered over the last week/fortnight how important is ‘fairness’ per se in how water/sewerage is charged for – ask participants to line up along a continuum from “not at all important” to “vitaly important”
- Explore why each participant is where they are:
 - Has their ‘position’ changed during the course of the deliberation – i.e. has fairness become more or less important – if so what brought about that shift?
 - For anyone not at the “vitaly important” end – what would you need to see/hear/feel/experience to move toward the “vitaly important” end?
 - Thinking about where you are on this continuum – is there any other factor that you consider more important than ‘fairness’ when considering (i) your own water/sewerage bill, and (ii) how water/sewerage is charged in general?
- Repeat above for VFM

- If appropriate employ spatial mapping and/or snakes and ladders to amplify responses and deeper debate
- To flipchart:
 - What constitutes “fairness” and VFM re water/sewerage charges i.e. what are the grounds for deciding what is fair and VFM?
 - Thinking back over everything you’ve deliberated on, have your views on fairness and VFM changed regarding the cost of water/sewerage in the broad sense – if so, what has brought about these changes?
 - Explore diversity and/or consensus of opinions. If diversity what is causing this?

The ideal tariff

Lay out all the tariff options (presented on A4 Card) around the room. Ask participants to review each option and then go and stand by their favoured option.

- Explore why each person is standing where they are. Was this their favoured option at the beginning of the process, or has their view changed over the course of the deliberation, if so how – gather as much detail here as possible
- Ask each person to go and stand by their second choice – and explore as above
- Explore any options not chosen by anyone either as first or second choice – why have these been discounted? Did any participant find any advocates for these options during their deliberations? If so, what was the basis for these people’s choice? Do these arguments sway anyone?
- Before removing any of these discounted options explore whether there are any elements worth retaining

- Ask participants to go back to their first choice option – are these options as good as they could be? If not ask each sub-group to brainstorm ways in which their favoured option could be rendered ‘ideal’
- Ask each sub-group to feedback on their ideal option. How important are VFM and fairness as elements of these ideals? What other crucial elements do they have?
- Ask participants to explore the relationship between greater perception of fairness in charging and bill payment. Do they think that greater fairness would reduce the amount of bills paid late/unpaid? If so why, if not why not?
- Repeat above for increased perception of VFM.

Broader social issues

- If not already covered explore the following in relation to fairness in plenary session – leading into Snakes and Ladders if appropriate:
 - The idea of altruism e.g. everyone paying for benefits that only some might receive such as sewer flooding, preserving the wider environment
 - Paying for what you use – i.e. use more pay more, use less, pay less – what impact might this have on different people; would this be fairer or less fair?
 - Cross-subsidies; should urban areas/consumers subsidise rural consumers?
 - Should the customer base subsidise financial support to vulnerable low income customers? [or should Government be responsible through tax credits and benefits system?]
 - Should there be incentives to use water more wisely; should there be penalties for using water unwisely?
 - How should debt be dealt with – briefly explain current debt situation (i.e. can’t be cut off, around 1 in 5 % pay late,

outstanding debt currently around £900 million which means that ca. £11 is added to everyone's bill¹) – should there be incentives to pay on time/early? How should debtors be treated?

BREAK

¹ Based on 2004/2005 figures

STAGE 4 – Reflective Group Discussions (1 hour)

Deliberative folders

Ask each person to briefly recount their deliberative activity and highlight key entries in their folders

- Now comparing where you got to during the self-guided deliberation have your views changed at all as a result of the Workshop – if so how – have views hardened, altered, become less firm?

Favored tariffs

- Take all of the group's favoured tariffs and explore if any further comments/detail needs to be discussed
- If their water/sewerage company gave them the option tomorrow of switching to this tariff (assuming they have chosen an alternative one) would they switch without hesitation, or does it really seem like a 'nice idea in principle' that they wouldn't get around to?
- What would you be getting from your favoured tariff? – allow spontaneous comments to emerge, then probe with e.g. Fairness, VFM, absolute reduced cost etc

Information

- Is there any information that they have come across in this process that they feel should be more widely known?
- How would they recommend that this information be disseminated?
- Thinking about their own life when such information is presented to them do they pay attention to it? What really gets their attention?
- Where should this information come from – central government, local government, Ofwat, CCWater, water companies, some other body?

- Was there any information that they wanted to get hold of during the deliberation that they couldn't find? How did they search? Did anyone else find this information?
- Imagine we were going to write an outline script for a public information film about all things water/sewerage and what the bill covers – what information would be 'must have' and 'nice to have'?

Recommendations

- Thinking back over this whole process, what recommendations would they wish to see go forward to CCWater (these can be firm, tentative, unanimous or individual)?
- Anything else?

THANK PARTICIPANTS AND CLOSE.

Appendix II

Discussion Guide

Deliberative Research about Fair Charging for Water

Workbook

*Deliberation: Careful consideration with a view to
decision. The consideration and discussion for
and against a measure*

[The Shorter Oxford Dictionary 1973]

This workbook contains:

- a copy of the slides that you saw at our first research meeting
- a list of sources of further information, for you to use as you wish
- Several sheets of paper headed with key questions
- Some blank sheets of paper

Over the next week or so, we would like you to think about, discuss and explore the issues around sewerage and water charges, so that your opinion becomes more informed and developed.

We have outlined a few suggestions below, which you may find helpful, but the most important thing is simply to deliberate in your own way, and use this workbook to help you and record the key elements and conclusions or questions that you reach.

So, for example, you could:

- Make a note of any conversations you had about the water bills with your family, friends or colleagues etc
- Note down any thoughts that you had about any of the issues that you see as relevant, interesting, troubling etc
- Make a note of news items or programmes you saw about water companies
- Keep a copy of a page from a website you visited
- Use a search engine to research your ideas or hunches

- Refer to the 'Key Questions' as one way of giving shape to your deliberative process.

At the back of the workbook you will find a plastic wallet into which you can put anything related to these issues that you collect during this process, such as: news cuttings, e-mails and so on.

Please note that we have provided some spare pages, and if you want you can insert extra sheets. Equally, don't feel obliged to fill the space provided. The most important thing is that you feel that whatever you do is an accurate reflection of your deliberations.

PLEASE BRING THE COMPLETED WORKBOOK WITH YOU TO OUR SECOND MEETING.

PLEASE ALSO NOTE THAT WE WOULD LIKE TO KEEP IT AS PART OF THE RESEARCH DATA.

CCWater



The Consumer Council for Water (CCWater):

- Represents water and sewerage consumers in England and Wales;
- Provides a strong national voice for consumers;
- Has offices throughout England and Wales, which enables it to keep in close contact with companies that provide water and sewerage services, and with consumers themselves;
- Takes up consumers' complaints with water companies if they cannot resolve the issue directly with the water company.

OFWAT



OFWAT (the water industry regulatory body):

- Sets limits on what companies can charge you;
- Protects the standard of service you receive;
- Ensures water companies control the level of leakage at cost effective levels;
- Oversees how costs are distributed between different groups of customers (e.g. domestic / large users / metered / unmetered).

How your water and sewerage bill is currently calculated



Your bill covers **THREE** components -



1. your water supply



2. the collection, treatment and safe disposal of the sewage leaving your house



3. the removal of rain water from:
- your property
- the road network in your region

your water bill...cont.

There are two main ways you pay for your water supply:

(A) **Unmetered** – you pay a fixed charge, regardless of how much water you use.



This charge is calculated largely by reference to the *rateable value* of your house which is very roughly related to an assessment of the rental value of your house at 1973 prices.

(B) **Metered** – you pay for water and sewerage according to how much you use, plus a standing charge.



The rainwater drainage charges (surface water and highway drainage) are typically collected through the standing charge.

Main factors affecting water charges



Cost of supply and maintaining pipes, sewers and treatment works for:

- Collection of water
- Treatment of water
- Distribution of water
- Removal of sewage
- Treatment of sewage
- Safe disposal of treated effluent to the environment



main factors cont...

Cost of paying interest on loans to finance, for example, upgrading of facilities to meet higher standards for:

- Drinking water quality
- Disposal of effluent to the environment

Cost of operating the companies' works and providing services to customers, for example:

- Billing
- Collection of charges
- Metering
- Information
- Responding to enquiries and complaints
- Collection and servicing of debt

main factors cont...

In current water charges, some 'cross subsidies' exist - in other words some customers pay more and others less than the exact cost of the service they receive eg:

- Urban / rural
- Prompt payers / later payers or non payers
- Vulnerable Groups Tariff
- High rateable value / low rateable value

About 60% of customers subsidise the other 40% - and across the country the average subsidy is around £10. However the sum can range from less than £10 to about £40.

Examples of Different Metered Tariffs



Any changes made to pricing structures will not change how much a company receives from its customers, only how the charges are distributed between those customers.

N.B. Changing the way that water services are charged may create new cross subsidies between customers.

Examples of Different Metered Tariffs



Option 1



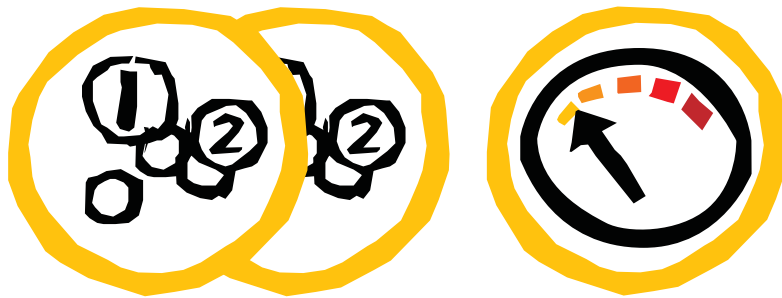
Remove the standing charge altogether and increase the meter rate for each company area.

Issues to consider:

Customers would have more ability to control their bill, and more incentive to be water efficient - but low users would not make a full contribution to the costs of the service they receive.

possible changes cont...

Option 2



Double the standing charge and reduce the meter rate for each company area.

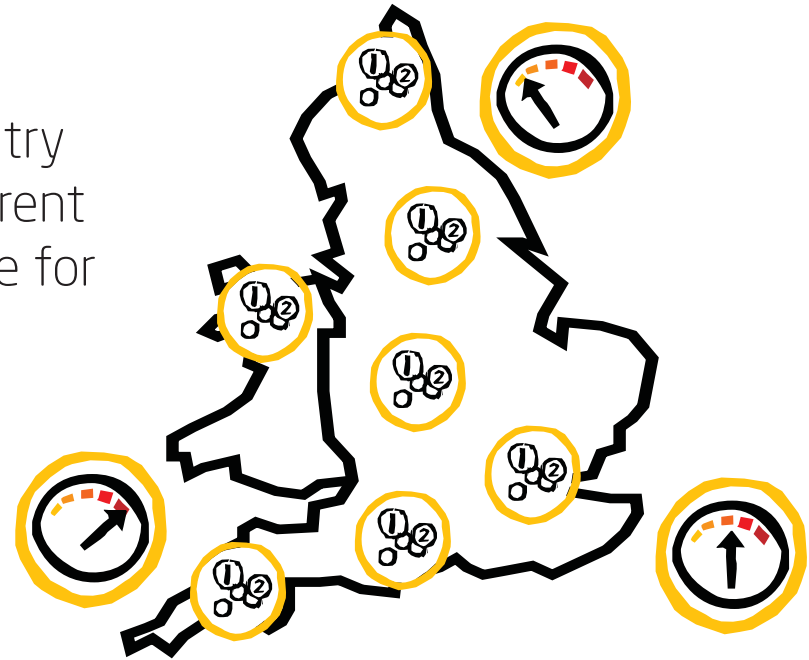
Issues to consider:

Customers would have less ability to control their bill and fewer incentives to be water efficient. Larger families may feel freer to use water without fear of a high bill.

possible changes cont...

Option 3

Harmonise standing charges across the country (at the moment different suppliers levy different standing charges) – and adjust the meter rate for each company area to compensate



Issues to consider:

Standing charges would become more uniform but less reflective of regional variation in fixed costs.

possible changes cont...

Option 4: "Rising Block"

Rather than charging for water at a constant rate, the tariff could increase at specific thresholds as water usage increases.



Version 4a and b

1st block free (4a) or low cost (4b) - block is 30m³/pa (6,600 gallons = 18 gallons per day) per household + 20m³/pa per occupant (4,400 gallons = 12 gallons per day)
next 30m³/pa at higher rate
next 30m³/pa at next higher rate, etc.

possible changes cont...

Option 4: "Rising Block"



Version 4c and d

1st block free (4c) or low cost (4d) (90m³/pa = 19,800 gallons = 54 gallons per day) – covers basic needs of average household

2nd block at higher rate

3rd block at next higher rate, etc.

possible changes cont...

Option 4: "Rising Block"

Issues to consider:

Rising block charges may encourage water efficiency but it could be difficult for customers to keep track of their usage. This type of tariff aims to discourage excessive usage whilst allowing customers to feel free to use the water they need for essential purposes.

The need to conserve water varies across the country and also with weather conditions.

possible changes cont...

Option 5: Seasonal

Water used in June to September could be 20% more expensive than during the rest of the year. Bills in the remainder of the year could be reduced to compensate.



Water companies could apply seasonal tariffs to encourage customers to curtail usage in the summer. This is because customers not only use proportionately more water in the summer but this is also the time when supply shortages are most likely to occur because of prolonged dry conditions.

Seasonal tariffs will require meters to be read more frequently which will have a cost.



A social tariff offers lower charges to less privileged customers.

At present there is just one social tariff called the 'Vulnerable Groups Tariff' which is taken up by around 9,000 households. It is estimated that up to 65,000 households could be eligible. Eligibility is confined to families with meters in receipt of specific benefits who have either

- three or more dependent children under 19 *or*
- a certified medical condition which requires them to use unusually large amounts of water

Generally, recipients would have their bill capped at the level of the average metered bill.

Possible changes to Social Tariff



A The 'Vulnerable Groups Tariff' could be extended to unmetered households and made irrespective of household size (i.e. not necessary to have three or more dependent children)

B Eligibility for reduced charges could be widened to include:

- Claimants of a wider set of state benefits
- People living in an area which scores highly on the *Deprivation Index*.

The Deprivation Index is a Government measurement which contains seven types of deprivation: Income deprivation, Employment deprivation, Health deprivation and disability, Education, skills and training deprivation, Barriers to Housing and Services, Living environment deprivation, and Crime.

C With a Social Tariff, overall bills could be reduced by 20%:

- I. for the poorest 20% of households
- II. for households that score lowest on the *Deprivation Index*
- III. for persons in receipt of benefits (council tax, housing, income support, jobseeker's allowance, working tax credit, child tax credit).

Possible changes to Social Tariff



- D** Alternatively a social tariff could be made of three parts:
- I. normal standing charge
 - II. meter charge at half current rate
 - III. remainder of cost distributed according to the *Deprivation Index*
- E** Alternatively, the water and sewerage charges could be separated – allowing a compound, social tariff for water made up as in D above and a fixed sewerage charge based on rateable value.

Issues to consider re Social Tariffs

With all of these social tariffs, other customers would pay more to help the poorest customers.

The contributions of those who are paying more would not vary based on income, but either on their level of usage (if metered) or on their rateable value (if metered) which may or may not reflect their ability to pay.

Examples Of Different Unmetered Tariffs





Current charges are based on rateable value.

This could be changed to base charges on:

- Council Tax
NB The Government is reviewing changes to Council Tax Bands
- Council Tax including all concessions currently allowed on Council Tax
- Number of bedrooms in a property
- Number of people living in the property.



Late payment increases costs and therefore the bills which customers pay.

Should companies:

- Apply a penalty for late payment?
- Offer a discount for prompt payment?

Issues to consider

Penalty charges would see late payers bear more of the additional costs they generate and would discourage late payment. They may also increase the problems for customers who are already struggling to pay.

Discounts for prompt payment would incentivise good payment behaviours but would also transfer an additional cost burden to customers not in a position to pay promptly.

Water & Sewerage Companies

Anglian Water Services Ltd.	http://www.anglianwater.co.uk
Dwr Cymru Cyfyngedig (Welsh Water)	http://www.dwrcymru.co.uk
Northumbrian Water Ltd.	http://www.nwl.co.uk
Severn Trent Water Ltd.	http://www.stwater.co.uk
South West Water Ltd.	http://www.southwestwater.co.uk
Southern Water Services Ltd.	http://www.southernwater.co.uk
Thames Water Utilities Ltd.	http://www.thameswater.co.uk
United Utilities Water Plc.	http://www.unitedutilities.com
Wessex Water Services Ltd.	http://www.wessexwater.co.uk
Yorkshire Water Services Ltd.	http://www.yorkshirewater.com

Water only Companies

Bournemouth & West Hampshire Water Plc.	http://www.bwhwater.co.uk
Bristol Water Plc.	http://www.bristolwater.co.uk
Cambridge Water Company Plc.	http://www.cambridge-water.co.uk
Dee Valley Water Plc.	http://www.deevalleywater.co.uk
Essex & Suffolk Water	http://www.eswater.co.uk
Folkestone & Dover Water Services Ltd.	http://www.fdws.co.uk
Hartlepool Water	http://www.hartlepoolwater.co.uk
Mid Kent Water Plc.	http://www.midkentwater.co.uk
Portsmouth Water Ltd.	http://www.portsmouthwater.co.uk
South East Water Plc.	http://www.southeastwater.co.uk
South Staffordshire Water Plc.	http://www.south-staffs-water.co.uk
Sutton and East Surrey Water Plc.	http://www.waterplc.com
Tending Hundred Water Services Ltd.	http://www.thws.co.uk
Three Valleys Water Plc.	http://www.3valleys.co.uk

Other useful links

Waterwise

<http://www.waterwise.org.uk/>

Environment Agency

<http://www.environment-agency.gov.uk/>

Water UK

<http://www.water.org.uk/>

Water in the Family

<http://www.thewaterfamily.co.uk>

Water in the School

<http://www.waterintheschool.co.uk>

Defra – Department for Environment, Food and Rural Affairs

<http://www.defra.gov.uk/>

Defra - Water Saving Group

<http://www.defra.gov.uk/environment/water/conserve/wsg/index.htm>

<http://www.defra.gov.uk/environment/water/industry/affordability/index.htm>

http://www.defra.gov.uk/environment/water/industry/water_metering/benefits.htm

The Water Guide

<http://www.water-guide.org.uk/>

Water is Cool in School

<http://www.wateriscoolinschool.org.uk/index.html>

Citizens' Advice Bureau

http://www.adviceguide.org.uk/index/your_world/consumer_affairs/water_supply.htm

BBC website (search 'water', 'water charges' etc)

<http://www.bbc.co.uk/>

Wikipedia

<http://en.wikipedia.org/wiki/Water>

Money Saving Expert

<http://forums.moneysavingexpert.com/forumdisplay.html?f=79>

CCWater

Website URL: <http://www.ccwater.org.uk>

CCWater Eastern – for customers of Anglian Water, Cambridge Water, Essex & Suffolk Water and Tendring Hundred Water

Ground Floor, Carlyle House

Carlyle Road

Cambridge

CB4 3DN

Telephone: 01223 323889

Local rate: 08457 959369

Fax: 01223 323930

E-Mail: eastern@ccwater.org.uk

Office hours: 8.30am to 4.30pm, Monday to Friday

CCWater Midlands – for customers of Severn Trent Water and South Staffordshire Water

First Floor, Victoria Square House

Victoria Square

Birmingham

B2 4AJ

Telephone: 0121 345 1013

Local rate: 08457 023953

Fax: 0121 345 1010

E-Mail: midlands@ccwater.org.uk

Office hours: 8.30am to 4.30pm, Monday to Friday

CCWater Northumbria – for customers of Northumbrian Water and Hartlepool Water

Eighth Floor, Northgate House

St Augustine's Way

Darlington

DL1 1XA

Telephone: 01325 464222

Local rate: 08457 089367

Fax: 01325 369269

E-Mail: northumbria@ccwater.org.uk

Office hours: 9am to 5pm, Monday to Friday

CCWater North West – for customers of United Utilities Water

Suite 902, Ninth Floor

Bridgewater House

Whitworth Street

Manchester

M1 6LT

Telephone: 0161 236 6112

Local rate: 08457 056316

Fax: 0161 228 6117
E-Mail: northwest@ccwater.org.uk
Office hours: 9am to 5pm, Monday to Friday

CCWater Southern – for customers of Southern Water, Folkestone & Dover Water, Mid Kent Water, Portsmouth Water and South East Water

Fourth Floor (South), High Holborn House
52/54 High Holborn
London
WC1V 6RL
Telephone: 020 7831 4790
Local rate: 08457 581658
Fax: 020 7831 7253
E-mail: southern@ccwater.org.uk
Office hours: 9am to 5pm, Monday to Friday

CCWater South West – for customers of South West Water

First Floor, Broadwalk House
Southernhay West
Exeter
EX1 1TS
Telephone: 01392 428028
Local rate: 08457 959059
Fax: 01392 428010
E-Mail: southwest@ccwater.org.uk
Office hours: 8.30am to 4.30pm, Monday to Friday

CCWater Thames – for customers of Thames Water, Three Valleys Water, Sutton and East Surrey Water

Fourth Floor (South), High Holborn House
52/54 High Holborn
London
WC1V 6RL
Telephone: 020 7831 4790
Local rate: 08457 581658
Fax: 020 7831 4850
E-Mail: thames@ccwater.org.uk
Office hours: 9am to 5pm, Monday to Friday

CCWater Wales – for customers of Dŵr Cymru Welsh Water and Dee Valley Water

Room 140, Caradog House
1-6 St Andrew's Place
Cardiff
CF10 3BE
Telephone: 029 2023 9852
Local rate: 08457 078267
Fax: 029 2023 9847

E-Mail wales@ccwater.org.uk

Office hours: 8.30am to 4.30pm, Monday to Friday

**CCWater Wessex – for customers of Wessex Water, Bournemouth & West
Hampshire Water, Bristol Water and Cholderton & District Water**

2 The Hide Market

West Street

St Philips

Bristol

BS2 0BH

Telephone: 0117 955 7001

Local rate: 08457 078268

Fax: 0117 955 7037

E-mail: wessex@ccwater.org.uk

Office hours: 8.30am to 4.30pm, Monday to Friday

CCWater Yorkshire – for customers of Yorkshire Water

Eight Floor, Northgate House

St Augustine's Way

Darlington

DL1 1XA

Telephone: 01325 469777

Local rate: 08457 089368

Fax: 01325 369269

E-mail: yorkshire@ccwater.org.uk

Office hours: 9am to 5pm, Monday to Friday

National queries:

Consumer Council for Water

First Floor, Victoria Square House

Victoria Square

Birmingham

B2 4AJ

Telephone: 0845 039 2837

Fax: 0121 345 1001

E-mail: enquiries@ccwater.org.uk

Ofwat

Website URL: <http://www.ofwat.gov.uk>

Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA
Telephone: 0121 625 1300
Fax: 0121 625 1400
Minicom: 0121 625 1422
Email: enquiries@ofwat.gsi.gov.uk

<http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/VulnerableGroups270106>

[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/rd1505_annex.doc/\\$FILE/rd1505_annex.doc](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/rd1505_annex.doc/$FILE/rd1505_annex.doc)

What is a fair way to charge for water?

What makes a price you pay for your water and sewerage 'good value'?

Should poorest customers be helped through the water charging system (i.e. water customers) or direct from Government (i.e. taxpayers)?

Are cross subsidies fair?

Which cross subsidies are reasonable?

- Urban / Rural
- Prompt payer / late payer / nonpayer
- Social Tariffs

Should water tariffs be used to promote environmentally friendly practices?

- By encouraging water conservation
- By spreading the cost of environmental protection

Which measured and unmeasured charging methods do you consider most fair?

How should companies tackle bad debt?

- Should incentives be applied to reduce the problem of debt?
- Should penalties be applied to reduce the problem of debt?

Should the issues involved in water charging be made more widely known?

- If so, why – and how?