

Customers' Views on Ofwat's 2009 Draft Determinations

Final Report

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1. EXECUTIVE SUMMARY

1.1 Background

In November 2009, the Water Services Regulation Authority (Ofwat) will announce service requirements and price limits for water companies in England and Wales for the five years from 2010 to 2015. This price review process (referred to as PR09) considers the environmental, drinking water quality and customer service standards to be achieved via companies' investment plans over the five years and financed through customers' bills. Therefore, to inform the price review process, companies, government and regulators also need to take account of customers' views.

To understand customers' views, a large scale survey of their acceptance of the investment proposals and bill impacts in the companies' Draft Business Plans (DBPs) was carried out from September to November 2008. The main conclusions from this were that in England and Wales most customers – 60% – found the plan for their company/ies to be acceptable; acceptability at company level varied, ranging from 26% to 96%.

The Consumer Council for Water (CCWater) wished to follow up this research using the Draft Determination proposals published by Ofwat in July 2009. The Draft Determinations (DDs) are Ofwat's initial recommendations for investment and service levels from 2010 to 2015. The DD proposals reflect Ofwat's consideration of the companies' Draft and subsequent Final Business Plans, and discussions about the implications of these with water industry stakeholders.

The aim of the DD research was to provide an updated snapshot of customer views on these revised investment and pricing proposals. The findings of the DD research, it should be noted, are not comparable with the earlier DBP research, as a different research methodology and questionnaire have been used. Therefore, whilst it is of interest to see where there are shifts in customers' views since the DBP research, we do not make any direct comparisons.

The DD research surveyed 4694 customers, i.e. bill payers across 10 Water and Sewerage Companies (WaSCs) and 12 Water only Companies (WoCs) in England and Wales.

1.2 Key Findings

- Respondent understanding of the survey was very good; the vast majority stated they understood the survey and gave the questions careful consideration; therefore the findings are robust.
- When presented with a list of services and issues which affect people on a daily basis, respondents identified the most important as being health, crime prevention and cost of living. Water and sewerage issues were in the middle tier of priorities which also included energy and the environment. The least important of the listed issues were education, transport and immigration.

- Perceptions of value for money of current water and sewerage services were mixed. Of the WaSC respondents a third said they were good value for money, a third that they were neither good nor poor and a third that they were poor value for money. Views of WoC respondents were more favourable, with just over half saying the services were good value for money, a quarter that they were neither good nor poor, and a fifth that they were poor value for money.
- The key reason for perceived poor value for money, where applicable, was that prices were seen as too high.
- Nearly half of all respondents (47%) said that current bills were affordable. However, almost a third of customers (31%) said that bills were not affordable.
- 82% of respondents said the DD proposals for water services were acceptable and almost two thirds (65%) thought these proposed changes would be affordable.
- A similar pattern emerged for the DD proposals for sewerage services, where 82% said the proposed changes were acceptable and 66% said the changes would be affordable.
- When looking at the DD proposals for water and sewerage services together, the vast majority of respondents (84%) said the proposed changes were acceptable.
- Respondents of both WaSCs and WoCs were more likely to say that proposals for future investments and prices offered good value for money (55%) than they were for current services. Only 14% reported that the DD proposals represented poor value for money.
- Over half of all respondents said they would be able to afford bills based on these proposals without any difficulty. However, over two fifths (42%) said they would have to make some cutbacks and adjustments to their spending priorities as a result of the pricing proposals.
- In the event of water and sewerage charges increasing, almost one fifth (18%) of respondents said that any increase in bills would be unaffordable with a further 14% saying that an increase of £5 would be unaffordable. This suggests limited tolerance for bill increases for almost one-third of customers. At the other end of the affordability spectrum, almost one-quarter (24%) said that bills would have to go up by £30+ to make them unaffordable, with 8% stating that bills would remain affordable no matter how much they increased.

2. INTRODUCTION

2.1 Objectives

The overarching business objective of the research was:

“to find out what customers of the water industry in England and in Wales thought about the Draft Determination figures that were published by Ofwat on 23 July 2009”.

This was achieved by:

- gaining a high level understanding of customers’ views about the investment proposals of their water and/or sewerage companies; and
- identifying to what degree the DD investment proposals were acceptable and affordable to customers.

Other specific research objectives were as follows:

- to find out how important water and sewerage services are to people compared to other services and issues which affect them on a daily basis;
- to find out what people think of the value for money of the current water and sewerage services they receive and why;
- to find out how affordable people think their current water and sewerage bills are;
- to find out how acceptable the investment, service proposals and proposed price changes in DDs are, and why; and
- to find out how affordable people find the bill impacts of DDs are to them personally.

2.2 Research Methodology

The specification from CCWater suggested that the research utilise a quantitative methodology. As the research objectives fit very well with such an approach, Accent concurred with CCWater that this was the most appropriate way to fulfil the research.

2.2.1 Quantitative Approach

The research used a combination of online and face-to-face in home interviews. The former was undertaken via two online panel providers, namely Toluna and Research Now, and made up 65% of the survey’s responses. The online panel approach was selected because it provided timely and cost effective access to a cross-section of water and sewerage customers.

Face-to-face in home interviews, using Personal Digital Assistants (PDAs), were commissioned primarily to mitigate any age bias introduced by the online methodology (especially including older customers, who are least likely to have access to a computer) and to ensure adequate coverage of the WoC areas.

Fieldwork was undertaken between 6 August and 26 August 2009.

2.2.2 Sample Structure

To ensure that CCWater had a sound evidence base on which to represent customers' views to Ofwat and address Ministers, it needed a robust, statistically significant and representative sample covering each of the 22 water companies. To this end CCWater commissioned Accent to undertake 4,750 interviews:

- 245 for each Water and Sewerage Company (WaSC); 200 online with 45 face-to-face
- 200 for each Water only Company (WoC); 100 online and 100 face-to-face.

Invitations to complete the online survey were sent out to all WaSC customer panel members at the beginning of the fieldwork phase, followed by all WoC customer panel members a few days later. Reminder emails were sent every four or five days to encourage completion, but once a company had reached the required number of completed interviews, no more reminders were sent.

The achieved sample for each of the water companies is given below in Table 1. Lower than anticipated online responses accounted for the shortfall in completed questionnaires in six of the WaSC areas. The shortfall in Tendring Hundred was anticipated, as it was identified at the start of the study that there were very few panel members in this area registered with a panel provider.

Table 1: Number of Interviews carried out for each Company

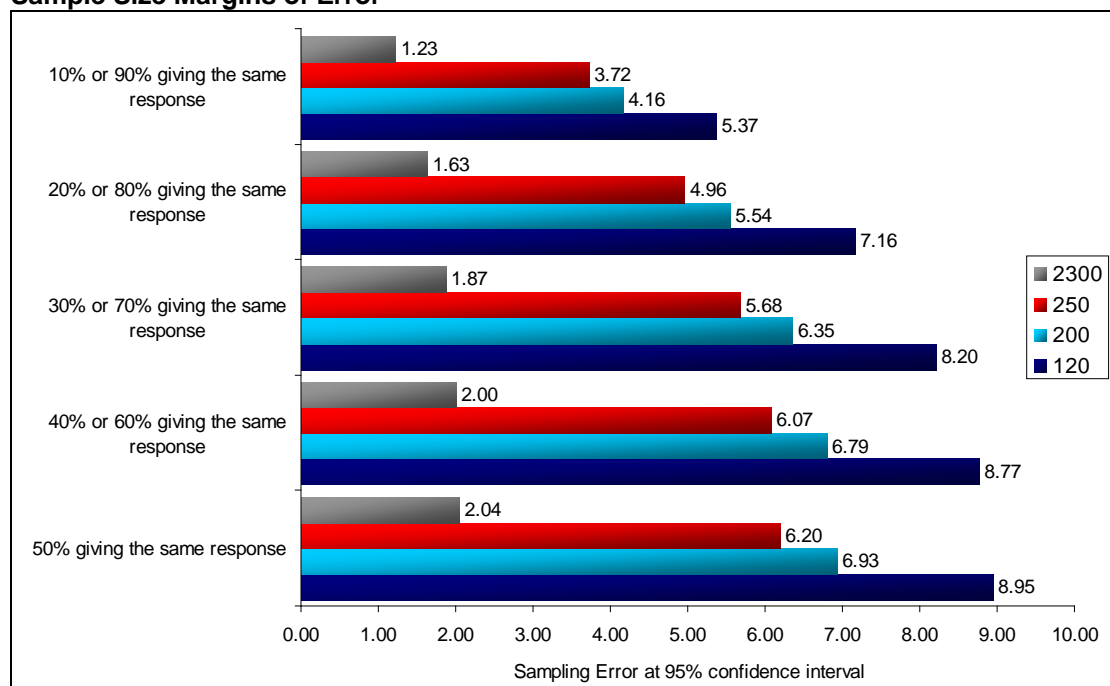
Individual WaSC	Number of Interviews
Anglian Water	245
Dŵr Cymru Welsh Water	247
Northumbrian Water	220
Severn Trent Water	244
Southern Water	245
South West Water	229
Thames Water	245
United Utilities	228
Wessex Water	232
Yorkshire Water	229
TOTAL	2364
Individual WoC	
Bournemouth & West Hampshire Water	201
Bristol Water	200
Cambridge Water	205
Dee Valley Water	200
Essex & Suffolk Water	200
Folkestone & Dover Water* ¹	200
Portsmouth Water	200
South East Water	200
South Staffs Water	200
Sutton & East Surrey Water	200
Tendring Hundred Water* ²	119
Three Valleys Water* ³	200
TOTAL	2325

* These three companies have recently been renamed as Veolia Water South East¹, Veolia Water East² and Veolia Water Three Valleys³. However, for the purposes of this report they are referred to by the names shown in Table 1, as these were used during the fieldwork for this research.

2.2.3 Sampling Error

Cell sizes of between 200 and 250 for each of the water companies provide a sampling error of 6.2%-6.9% at the 95% confidence interval, assuming a 50% split on the data, (this drops to +/- 9% for Tendring Hundred). At the total WaSC and WoC level, the sample error is +/-2% at the 95% confidence interval.

Sample Size Margins of Error



The graph above shows the margins of error for different proportions (at the 95% level) for sizes of 120, 200, 250 and 2300. It shows that with a sample of 250 respondents and 70% agreeing with a statement, we can say with 95% confidence the true proportion in the population as a whole that agree with the statement is $70\% \pm 5.68\%$ (that is between 64.32% and 75.68%).

2.2.4 Quotas

In addition to achieving the respective sample sizes for each company, it was also necessary to set minimum target quotas for each company according to socio-economic grade, age and gender. This was to ensure that there was no skew to any one segment in the composition of the final sample. These minimum quotas ensured a broad socio-demographic spread across the population of each of the water companies, though did not provide a wholly representative sample in terms of age and gender against census data. For this reason the data has been weighted back to regional Census data. While the WaSCs generally match the Office of National Statistic (ONS) geographic Census regions, there will be some small variations in coverage. Some assumptions have had to

be made as to how the WoCs match these regions; Table 2 below shows which regions have been used for each water company.

The respondent was the person in the household who was solely or jointly responsible for paying the water bill.

Table 2: Match of Water Company and Census Region

Water Company	ONS Census Region
Anglian	East of England
Dŵr Cymru	Wales
Northumbrian	North East
Severn Trent	East & West Midlands
Southern	South East
South West	South West
Thames	London
United Utilities	North West
Wessex	South West
Yorkshire	Yorkshire & Humberside
Bournemouth & West Hants	South West
Bristol	South West
Cambridge	East of England
Dee Valley	Wales
Essex & Suffolk	East of England
Folkestone & Dover	South East
Portsmouth	South East
South East	South East
South Staffs	East & West Midlands
Sutton & East Surrey	South East
Tendring Hundred	East of England
Three Valleys	London

The weighted profile of respondents is set out below in Table 3.

Table 3: Socio-demographic breakdown of sample (weighted to 2001 census data)

	Gender %		Age %					SEG %						
Water & Sewerage Company	M	F	18-34	35-45	46-60	61-74	75+	Manager/ Administrator	Professional/ Technical	Clerical/ Secretarial	Plant/ Machine Op	Craft / Skilled Trade	Services	Other inc retired, unemployed & housewife
Anglian	45	55	36	23	26	10	5	17	22	16	7	14	10	15
Dŵr Cymru	49	51	28	22	29	14	6	14	22	16	9	14	17	7
Northumbrian	49	51	28	21	24	17	10	11	26	26	7	12	13	4
Severn Trent	52	48	28	21	25	22	5	16	26	16	6	16	12	8
Southern	59	41	31	24	22	16	7	18	27	20	8	12	9	7
South West	57	43	21	24	28	19	7	16	26	15	5	16	15	6
Thames	55	45	42	19	18	12	8	23	22	17	6	11	12	9
United Utilities	47	53	28	21	24	17	10	16	22	18	7	13	13	11
Wessex	61	39	30	18	25	23	4	20	33	10	5	11	14	8
Yorkshire	48	52	29	21	24	16	10	17	27	12	10	11	11	13
Water only Company														
Bournemouth & West Hampshire	41	59	27	18	22	13	20	18	22	17	8	12	12	10
Bristol	39	61	26	20	24	13	16	17	19	18	5	14	14	14
Cambridge	52	48	28	16	23	19	14	11	25	17	4	18	15	9
Dee Valley	51	49	26	17	21	20	16	16	15	23	10	12	11	12
Essex & Suffolk	55	45	23	23	27	19	9	15	24	20	6	12	10	13
Folkestone & Dover	45	55	31	20	22	15	12	18	18	14	6	14	12	17
Portsmouth	40	60	25	17	30	20	8	14	23	23	5	12	16	8
South East	49	51	30	21	25	12	11	13	21	22	10	10	15	8
South Staffs	48	52	30	21	24	9	16	18	15	17	8	16	12	14
Sutton & East Surrey	48	52	22	23	26	17	13	20	19	14	7	12	14	14
Tending Hundred	48	52	21	24	23	17	15	8	14	19	9	23	9	18
Three Valleys	42	58	31	25	22	14	7	15	24	26	10	7	8	10

2.2.5 Questionnaire and showcards

Accent used its own computer survey software, Accis, to develop the questionnaire for both the face-to-face (PDA) and online interviews. This software allowed online calculations to be undertaken, text in the showcards to be customised for the water companies and pre-coded answer options to be randomised.

Respondents targeted with the online survey were sent an email with a web hotlink, which allowed them to access the web-based questionnaire. Respondents were able to suspend filling in the questionnaire and resume at a time that was convenient to them if necessary.

To assist people in making informed decisions and choices about whether the DD proposals were both acceptable and affordable, they were shown information about the proposed investment between 2010 and 2015 and what the impact of the proposals would be in terms of the 2015 water and sewerage bill. An example of one of these showcards is given on the following page; the full set of showcards used for each WaSC and WoC is given on CCWater's website www.ccwater.org.uk

The information in the showcards was provided by CCWater. Current service levels were taken from the showcards used for the Draft Business Plan research in 2008, as they would either not have changed since then, or any changes would have been very marginal. Proposed service levels and price changes were extracted from Ofwat's 'Future water and sewerage charges 2010-15: draft determinations' document and company leaflets and from Ofwat's 'Future household water and sewerage bills 2010-15'. These documents are available on Ofwat's website www.ofwat.gov.uk

Table 4: Dummy Showcard

Current Service Level		Investment or Service Level Proposed by 2015	Change in bill by 2015 (excluding inflation)
1.	Manage and repair water pipes and equipment to maintain current supplies and quality of drinking water	Maintain current service	- £15
2.	Invest in new water supplies, tackle leakage and help customers use water efficiently to provide reliable water to existing and new customers - risk of hosepipe ban no more than once in 10 year	Maintain current service; this includes investing £25 million to fit 100000 water meters for customers who ask for one, and 150 other meters. This will help customers control their bills by reducing unnecessary water use.	£6
3.	Fish and wildlife at 3 sites suffer from (or are at risk of) low water levels caused by abstraction of water	Manage the amount of water taken from the environment	
4.	99.98% of samples meet the current quality standards for drinking water	Ensure the continued safety of tap water	£5
5.	Approximately 5,000 customer complaints to water company about the appearance, taste or smell of tap water each year	Manage appearance, taste and smell of tap water	£1
6.	400 properties at risk of low water pressure at the tap. Supplies to 300 properties affected by unplanned interruptions lasting more than 12 hrs	Maintain current service	
7.	Customer service: 99.9% of billing enquiries are answered within 5 days and 100% of written complaints answered within 10 days. Customers generally satisfied with handling of telephone calls but 1.3% calls receive engaged tone	Maintain current service, improving service where possible by working more effectively	
8.	Water supplies could occasionally be disrupted e.g. by extreme events	Ensure assets are better protected from severe weather to reduce the risk of disruption to water supplies	
Minus savings made by working more efficiently (e.g. due to advances in technology)			- £3
Average household water bill decreases from £150 in 2010 to £144 in 2015 (excluding inflation)			- £6

2.2.6 Pilot

A pilot of 30 online interviews was undertaken between 29 July and 3 August 2009 to test the following aspects of the survey:

- the clarity and flow of the questionnaire;
- the appropriateness of the language used;
- the accuracy of all routings; and
- the interview duration.

Results of the pilot were reported back to CCWater which recommended that, following some amendments to the content of the questionnaire, the study could proceed to the main stage.

2.2.7 Data Processing

Accent undertook all data preparation, processing and analysis in-house. All questionnaires were checked for completeness by Accent before analysis took place.

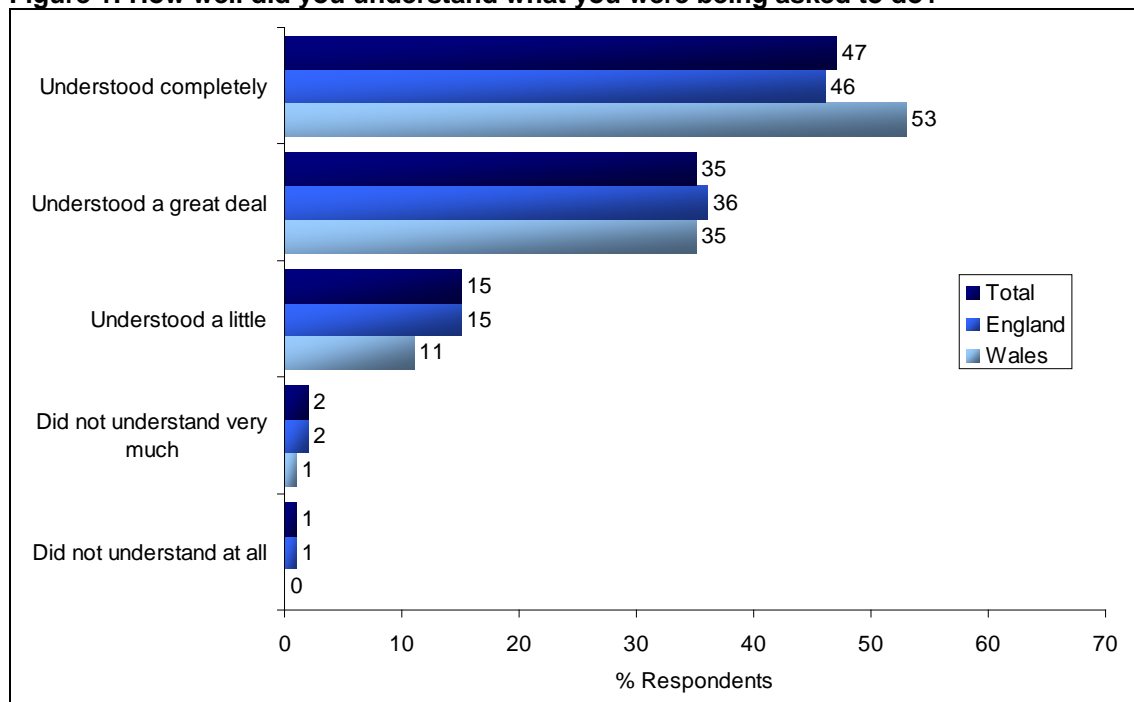
Data was first processed through range and logic error checks. Analysis was undertaken using SPSS (a standard statistical software package) and output was in the form of Microsoft Excel tables.

The percentage figures presented in the Findings section may not always add to 100 due to rounding.

2.2.8 Respondent Understanding of the Survey

Respondent understanding of the survey was high with the vast majority (82%) saying they understood the survey completely or that they understood it a great deal, as shown in Figure 1. Only 3% said that they did not understand the survey very much or that they did not understand it at all. There was very little difference between England and Wales.

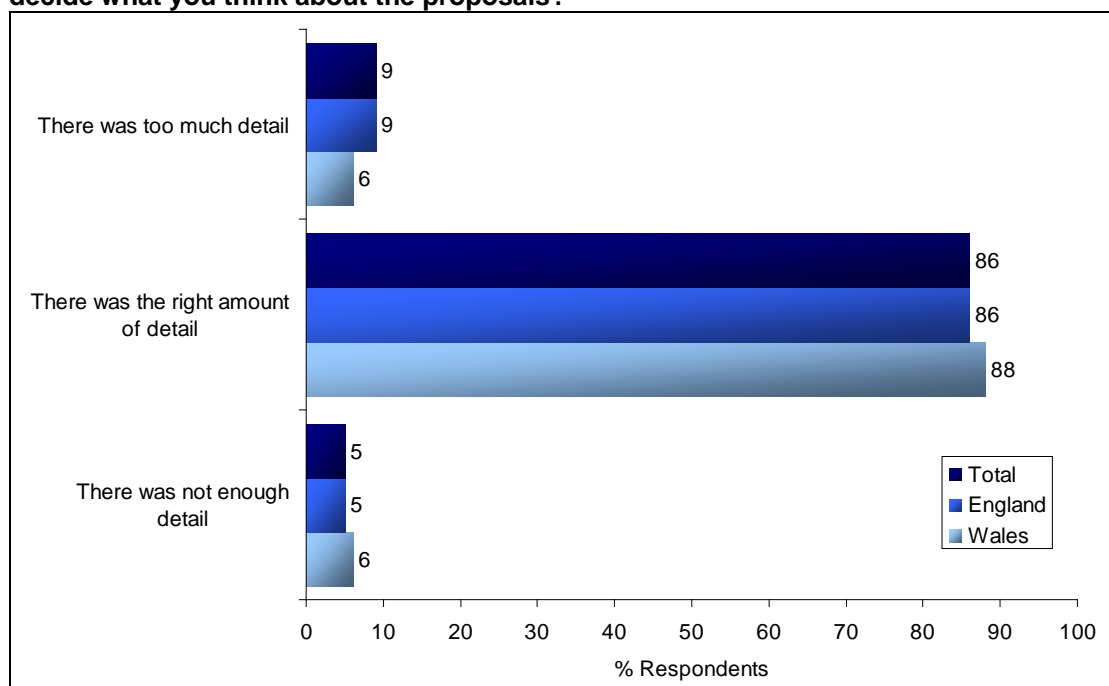
Figure 1: How well did you understand what you were being asked to do?



Base: Total – 4689; England – 4242; Wales – 447

In terms of the level of detail provided in the showcards, over four fifths (86%) of respondents thought there was enough detail, and less than one in ten said there was too much detail or that there was not enough detail, as shown in Figure 2.

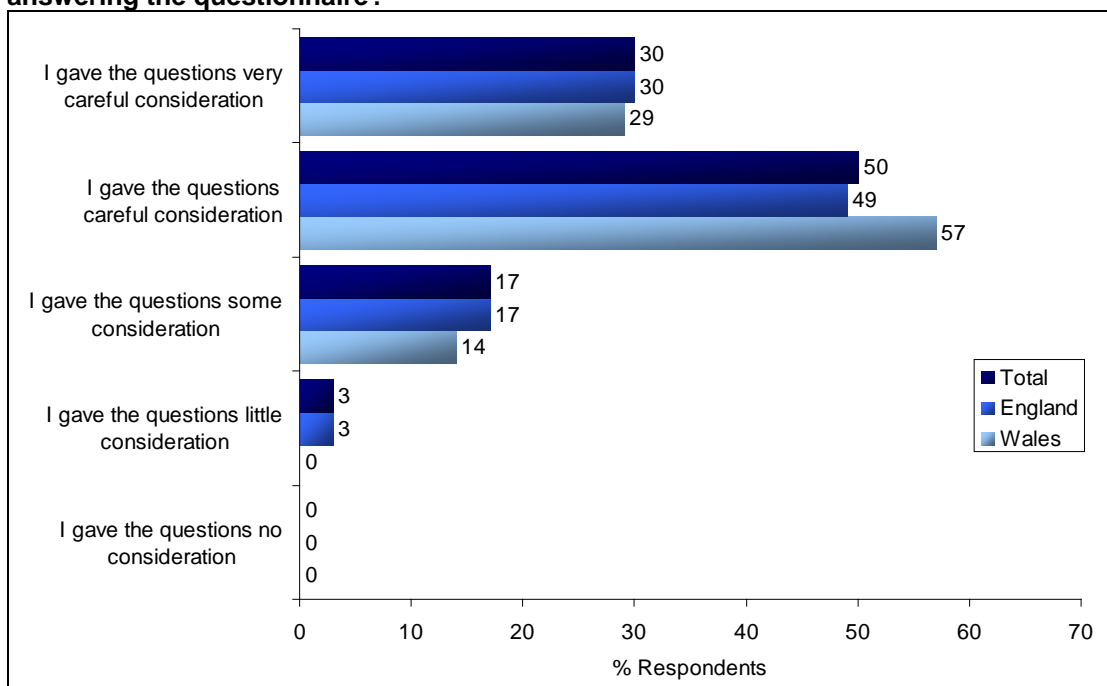
Figure 2: How helpful was the level of detail included in the showcards in terms of helping you decide what you think about the proposals?



Base: Total – 4689; England – 4242; Wales - 447

The vast majority of respondents (80%) also said that they gave the questions very careful or careful consideration; just 3% said they gave the questions little or no consideration, as shown in Figure 3 below.

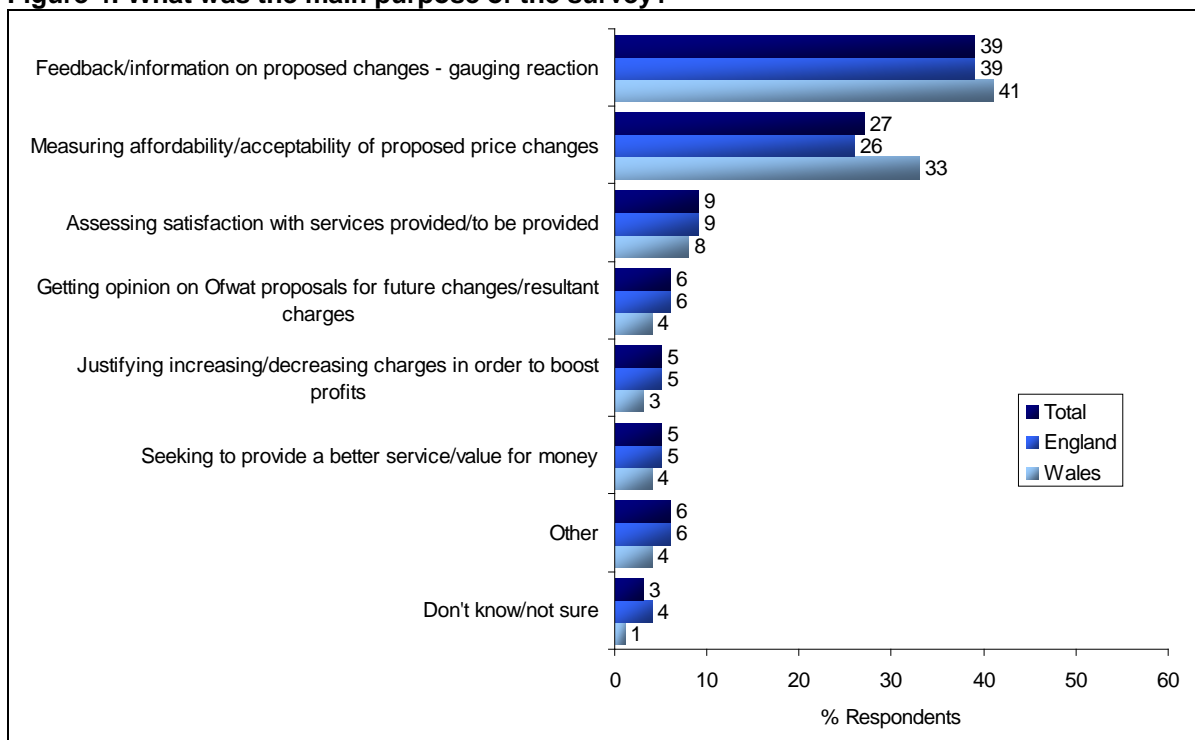
Figure 3: Which one of the following best describes the amount of thought you put into answering the questionnaire?



Base: Total – 4689; England – 4242; Wales - 447

When respondents were asked to describe the main purpose of the survey there was a spontaneous range of responses that indicate a good understanding. Almost two fifths of respondents said it was about gauging reaction on the proposed investment and price changes and a further quarter said it was about measuring the affordability and acceptability of the proposed price changes.

Figure 4: What was the main purpose of the survey?



Base: Total – 4689; England – 4242; Wales - 447

Overall respondent understanding of the survey was good, which means CCWater can have confidence in the findings from the survey.

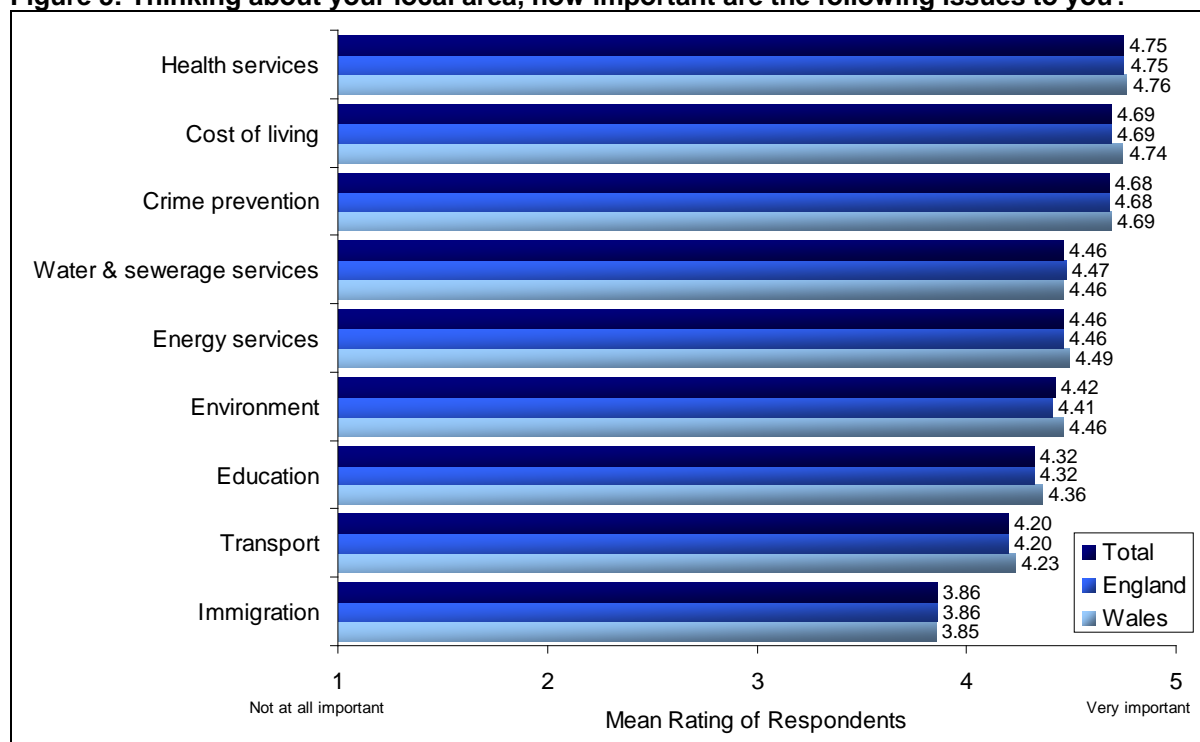
3. FINDINGS

3.1 Introduction

3.1.1 Local Issues

Respondents were asked to rate the importance of various local issues from a given list. After the top three issues of health, cost of living and crime prevention, there was a second tier of issues that were important to customers, and water and sewerage services were included in this as shown in Figure 5. It is noticeable that there was very little difference between England and Wales in the relative importance of the different attributes.

Figure 5: Thinking about your local area, how important are the following issues to you?



Base: Total – 4689; England – 4242; Wales - 447

3.2 Views on Value for Money of Current Services and Affordability

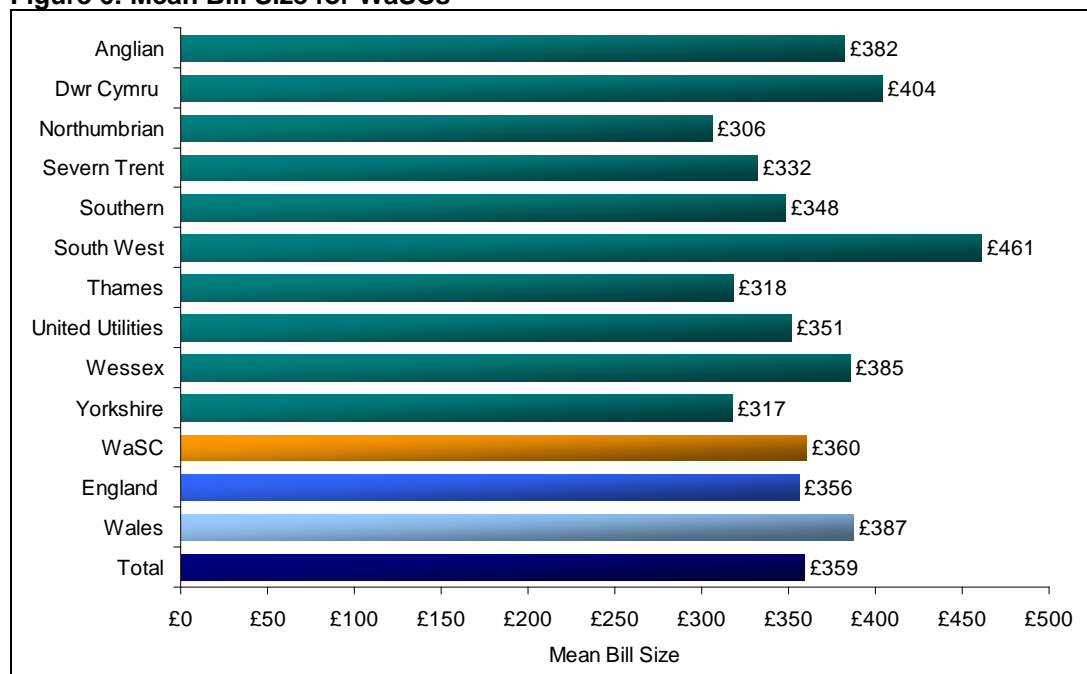
Customers were asked about their current water and sewerage bills, and for their views on current value for money and affordability.

3.2.1 Bill Size

Firstly, customers were asked to provide the annual amount of their water and sewerage charges. They were prompted to check their most recent bill if necessary, and to note that for a metered bill, the amount shown would need adjusting to represent a year. Respondents were also asked whether the total sum of their bill was accurate (i.e. checked from a bill) or whether it was their best estimate. Almost two fifths (38%) said it was correct and 62% said that it was their best estimate.

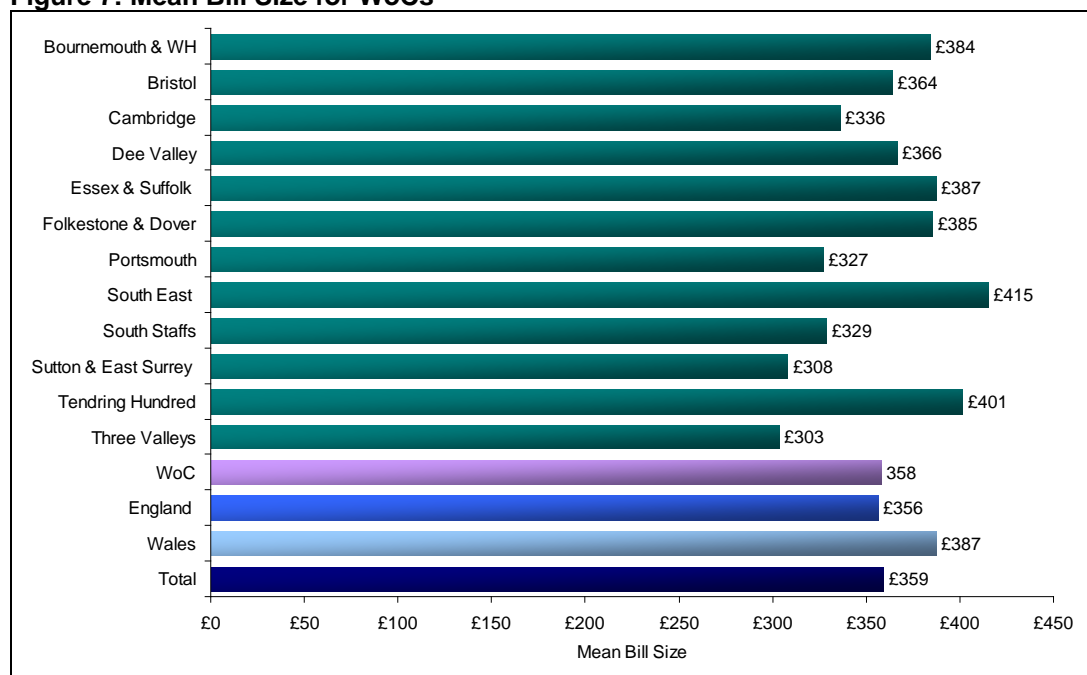
The average bill across the industry was £359, but this amount varied considerably by company. For the WaSCs, customers of South West and Dŵr Cymru paid considerably more, while customers of Northumbrian, Yorkshire and Thames paid considerably less. Similarly for the WoCs, South East and Tendring Hundred customers paid significantly more than the average, while Sutton and East Surrey and Three Valleys customers paid less. The mean bill sizes are shown in Figures 6 and 7.

Figure 6: Mean Bill Size for WaSCs



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 2152; Wales (WaSCs & WoCs) – 247; Anglian – 245; Dŵr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 7: Mean Bill Size for WoCs



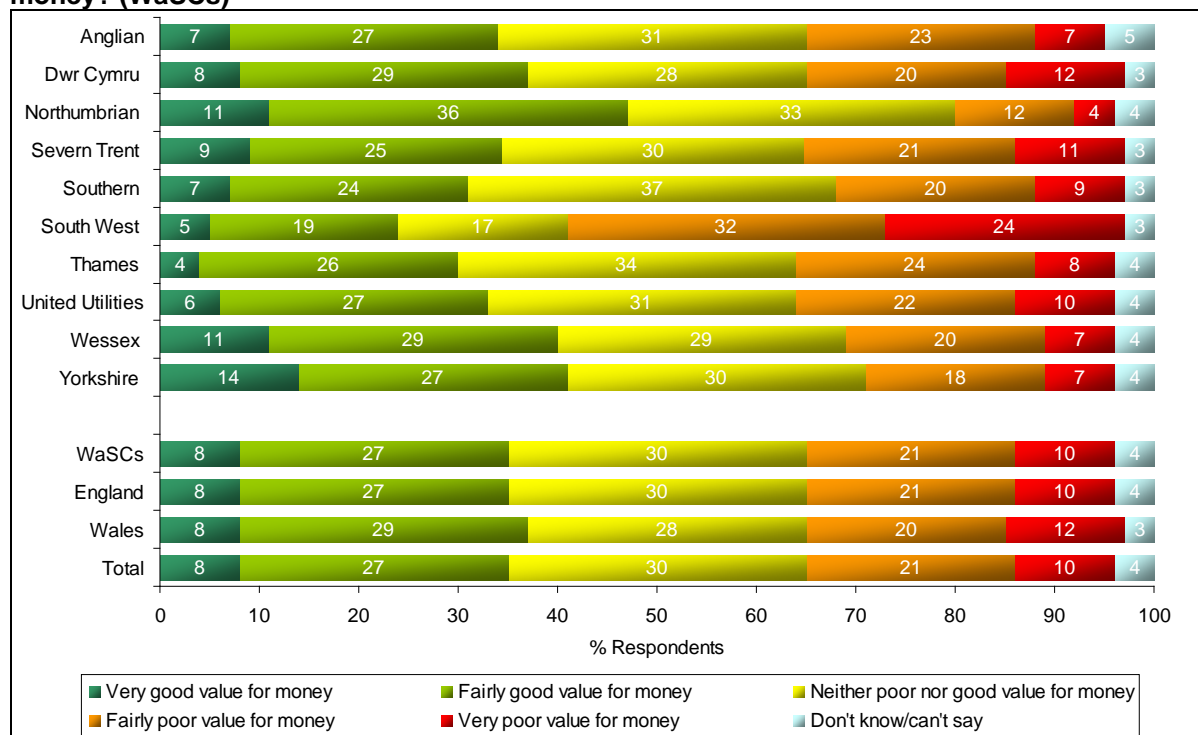
Mean bill size if for water and sewerage

Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2325

3.2.2 Value for Money

Respondents of the WaSCs were equally split on the value for money of their current water and sewerage services. A third said the bills were poor value for money, a third that they were neither good nor poor value, and a third that they were good value for money. As can be seen in Figure 8 there were two companies that were perceived as providing services which were considerably better value for money than the overall; these were Northumbrian and Yorkshire (the companies with the perceived lowest mean bill size), while over half the South West respondents said the services they received were poor value for money.

Figure 8: How do you rate your current water and sewerage services in terms of value for money? (WaSCs)

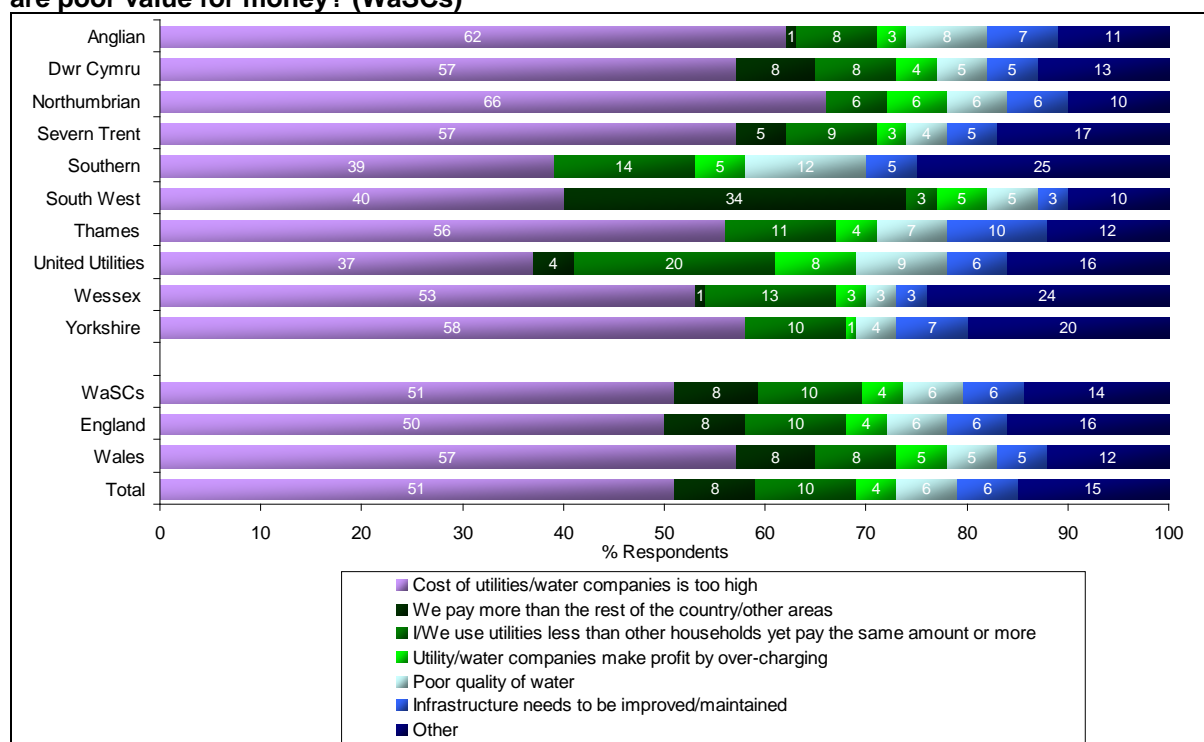


Base: Total (WaSCs & WoCs) – 2399; England (WaSCs & WoCs) – 2152; Wales (WaSCs & WoCs) – 247; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSCs - 2364

It is worth noting that WaSC respondents in the 35-45 age group were less likely to say they received good value for money (31% versus 35%), while those over 60 were more likely to say they received good value for money compared to the total (45% versus 35%). These findings were significantly different.

For WaSC respondents, the main reason why people felt they received poor value for money for their water and sewerage service was the cost, with just over half saying this was the case – see Figure 9.

Figure 9: What is the one main reason that you feel your current water and sewerage services are poor value for money? (WaSCs)



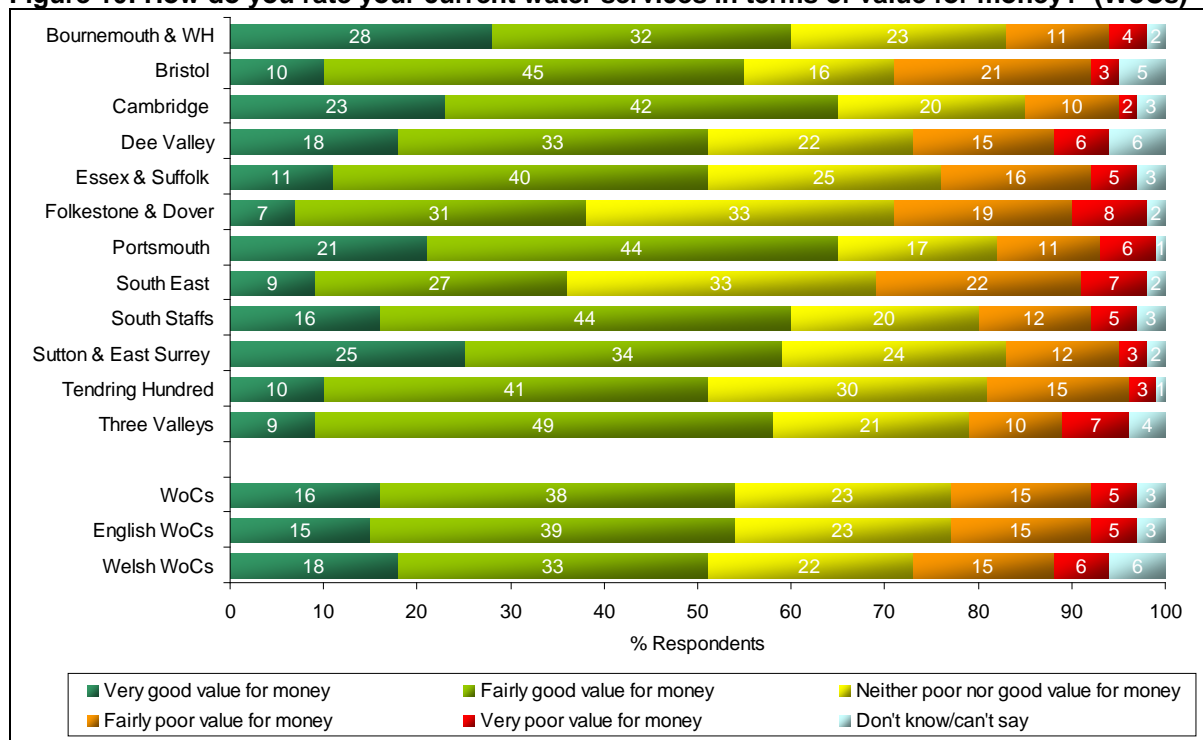
Base: Total (WaSCs & WoCs) – 753; England (WaSCs & WoCs) – 675; Wales (WaSCs & WoCs) – 78; Anglian – 73; Dwr Cymru; – 78; Northumbrian – 38; Severn Trent – 79; Southern – 74; South West – 130; Thames – 76; United Utilities – 75; Wessex – 63; Yorkshire – 59

Where the ‘other’ responses are considerably higher than the total the following reasons were provided (in addition to some “not stated”):

	Southern	Wessex	Yorkshire
• Lack of competition	-	3%	-
• Low water pressure	3%	-	1%
• Poor customer service	7%	4%	5%
• Need meter to reduce cost	3%	3%	3%
• Paying more with meter than without	1%	4%	-

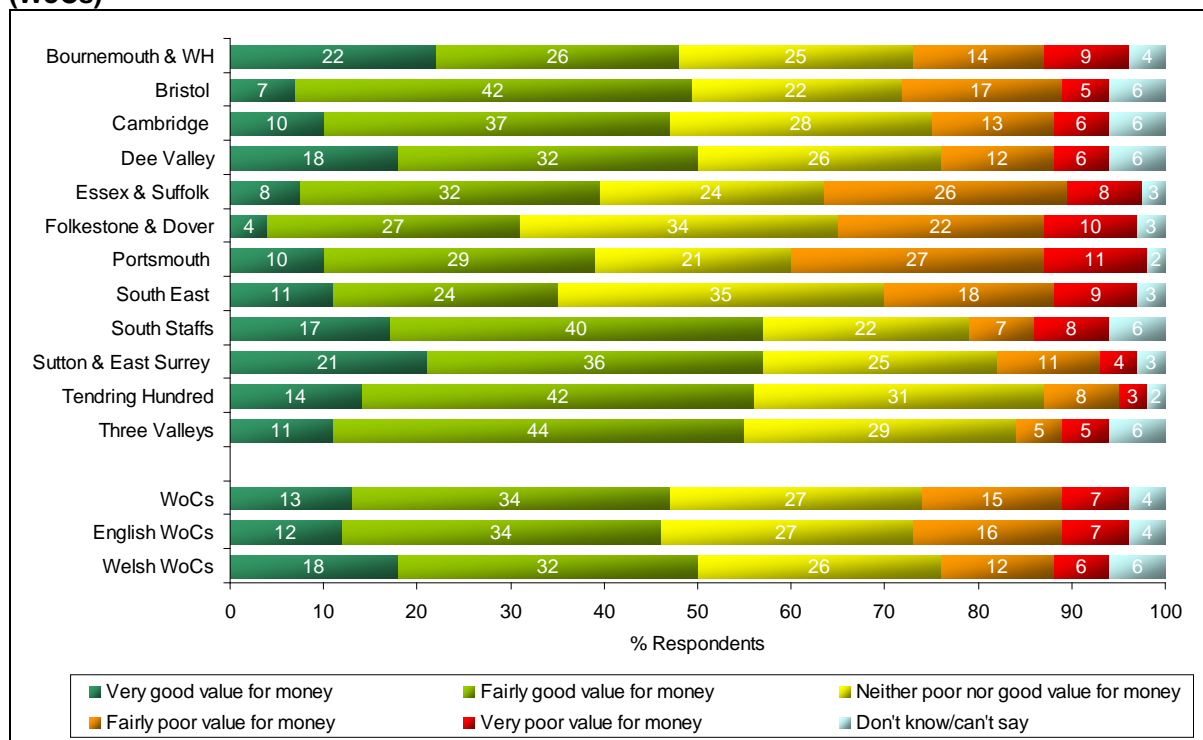
Views of the WoC respondents were more favourable with half of these respondents reporting that they received good value for money from their water and sewerage services. Figures 10 and 11 show the proportions of respondents who reported differing levels of value for their water and sewerage services.

Figure 10: How do you rate your current water services in terms of value for money? (WoCs)



Base: Bournemouth & West Hants – 171; Bristol – 200; Cambridge – 200; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2290; English WoCs – 2090; Welsh WoCs – 200

Figure 11: How do you rate your current sewerage services in terms of value for money? (WoCs)



Base: Bournemouth & West Hants – 171; Bristol – 200; Cambridge – 200; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2290; English WoCs – 2090; Welsh WoCs – 200

Water only company respondents who were over 60 were significantly more likely to say that they received good value for money from both their water service (67% versus 54%) and sewerage service (58% versus 47%). While respondents between 18 and 45 were still broadly

positive in their perceptions of value for money on water services, they were significantly less positive compared to the total (47% versus 54%).

The main reason why WoC respondents felt they did not receive value for money from their water service was that it was too expensive for the amount used (63%), and 58% cited the same reason for their sewerage service.

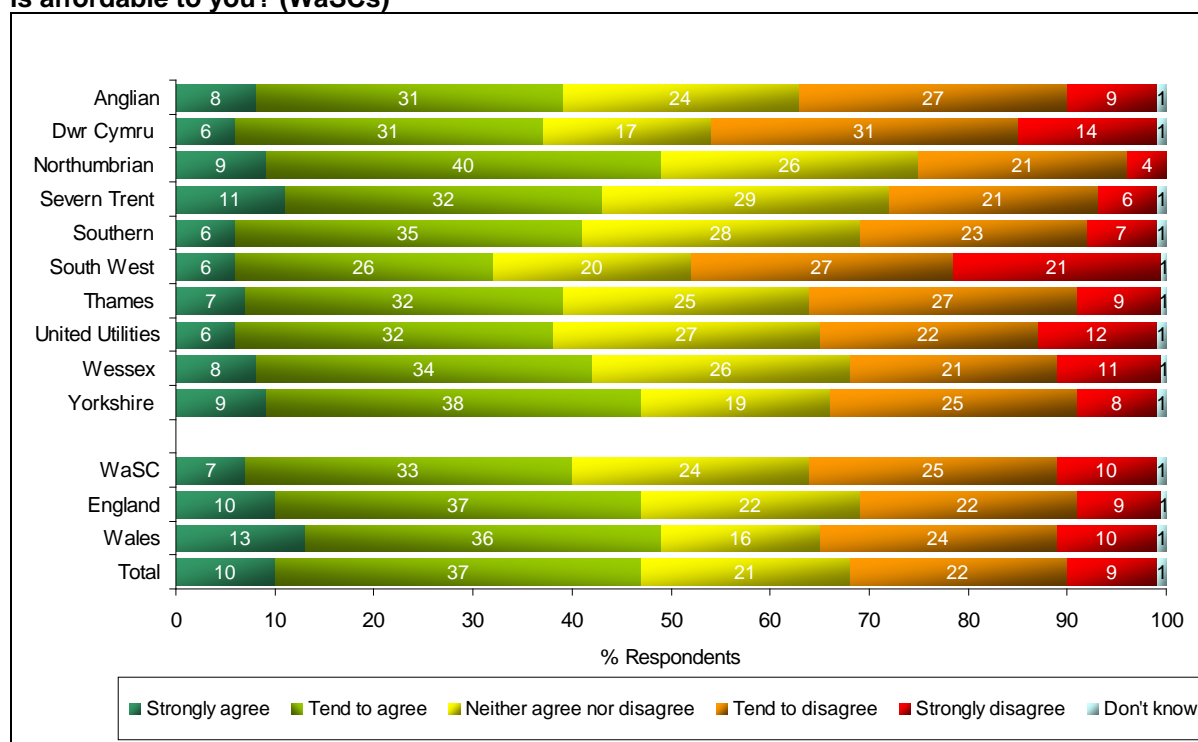
3.2.3 Current Levels of Affordability

In terms of being able to afford current charges for water and sewerage services, almost half of all respondents (47%) agreed that their current bill was affordable and a third (31%) disagreed.

Across the WaSCs 40% agreed that their current bill was affordable and 35% disagreed. Respondents in the South West (48%) and Dŵr Cymru (45%) areas were statistically more likely to disagree that their current bill amount was affordable. Northumbrian respondents (49%) were statistically more likely to say their bill was affordable.

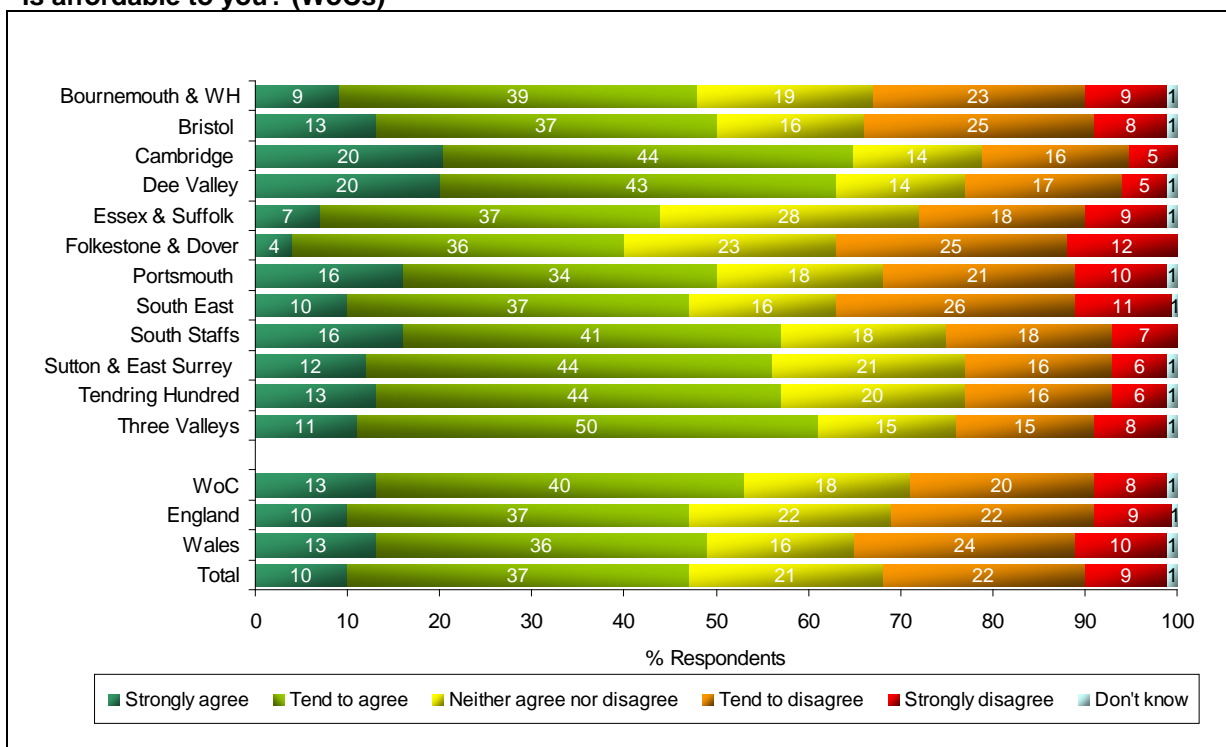
In total, 53% of WoC customers agreed that their current bill was affordable and 28% disagreed. Cambridge (64%), Dee Valley (63%) and Three Valleys (61%) were statistically more likely to say their bill was affordable compared to Folkestone and Dover respondents (37%) and South East respondents (37%) who were statistically more likely to disagree that their current bill amount was affordable.

Figure 12: To what extent do you agree or disagree that your current water and sewerage bill is affordable to you? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dŵr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 13: To what extent do you agree or disagree that your current water and sewerage bill is affordable to you? (WoCs)



Base: Total – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2325

3.3 Acceptability of Proposals for Price Changes

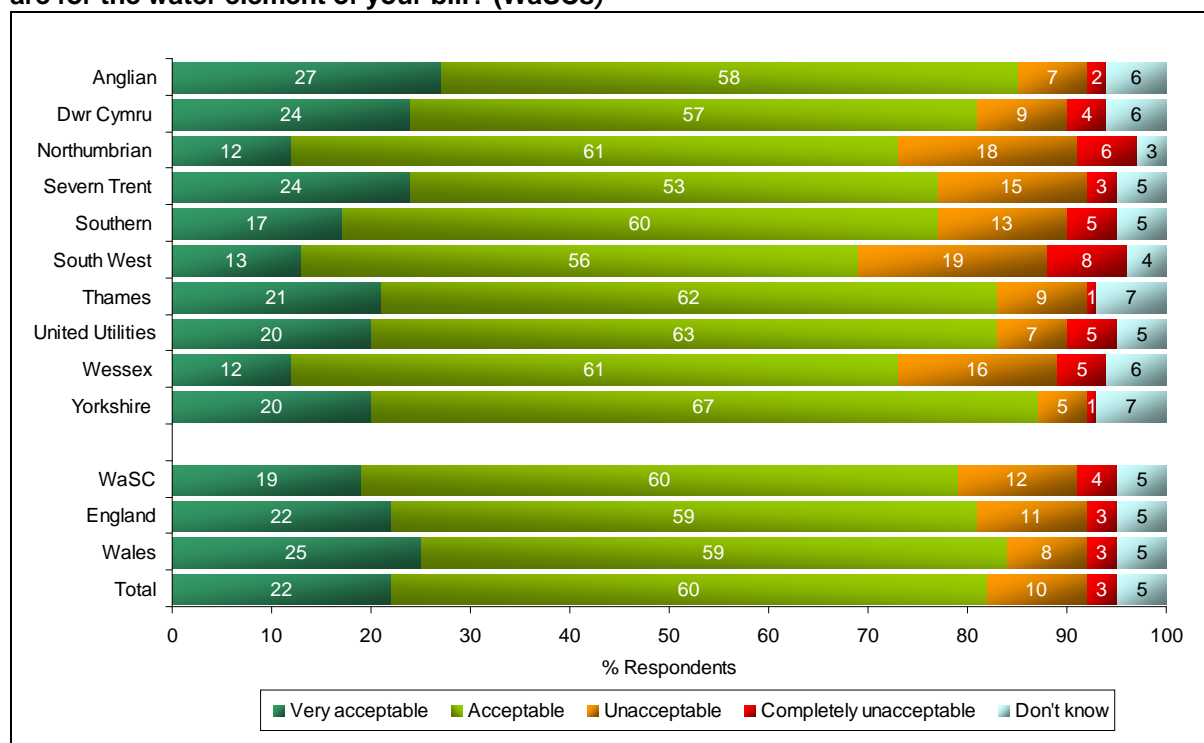
3.3.1 Water Services

Across England and Wales, the acceptability of the proposed price changes for water services was high with over four fifths (82%) saying they were acceptable. Figure 14 shows the levels of acceptability for each WaSC and Figure 15 shows this for each WoC.

Although the proposals were rated overall as being acceptable for each company, there are some companies who found them statistically significantly less acceptable than the overall total (13% of whom found them unacceptable). These are South West (27%), Northumbrian (24%), Wessex (21%) and Southern (18%) of the WaSCs and Essex and Suffolk (32%) of the WoCs.

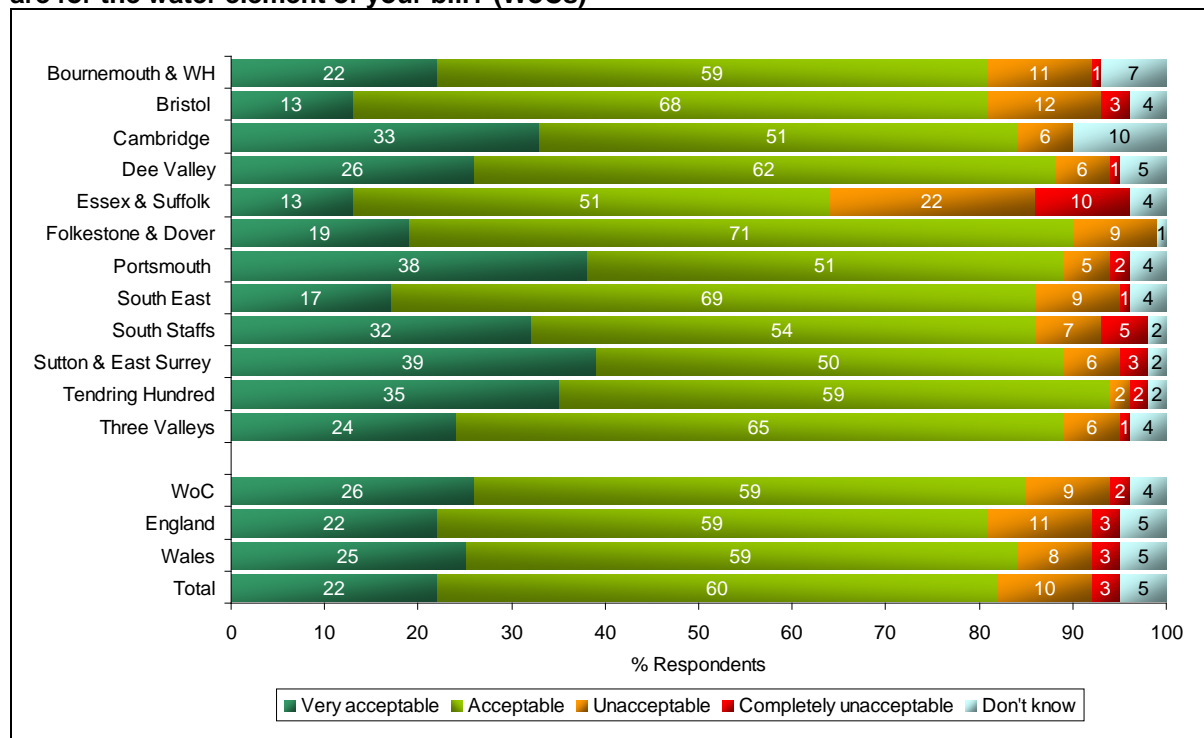
It is also evident from the figures below that WoC respondents were more likely than WaSC respondents to say the proposed changes to water services were acceptable.

Figure 14: How acceptable do you think the proposed price changes (which exclude inflation) are for the water element of your bill? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

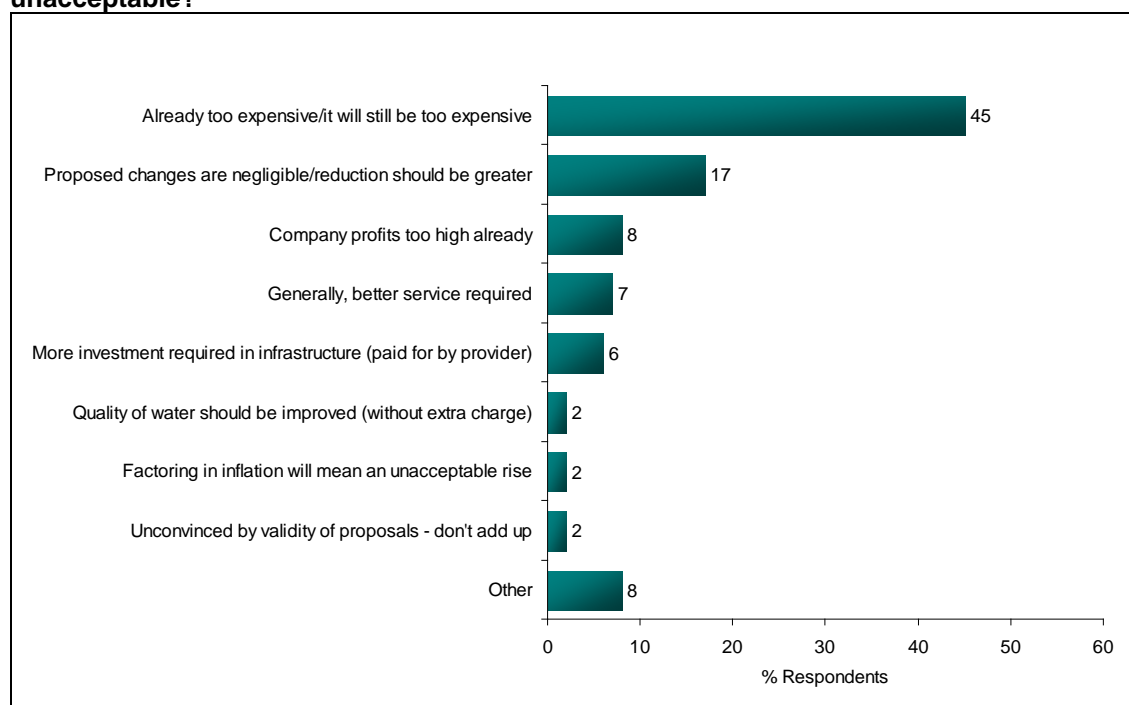
Figure 15: How acceptable do you think the proposed price changes (which exclude inflation) are for the water element of your bill? (WoCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2325

Of the 628 respondents who thought that that proposed changes to the water supply element of the bill were unacceptable, nearly half (45%) said that this was because the price was already too expensive and that it would still be too expensive, while almost a fifth (17%) said that any proposed price reductions were negligible and should be greater.

Figure 16: What is the one main reason that you feel proposals for your water services are unacceptable?

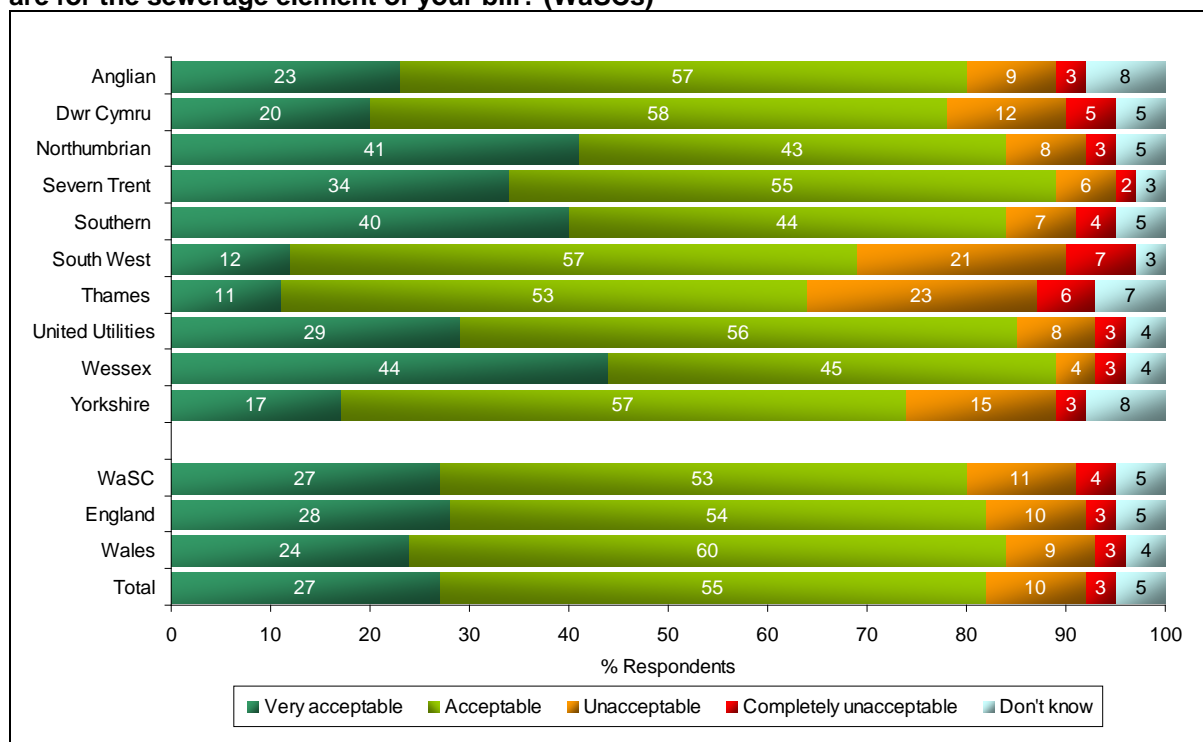


Base: 628 respondents who said that proposed changes to water service were unacceptable

3.3.2 Sewerage Services

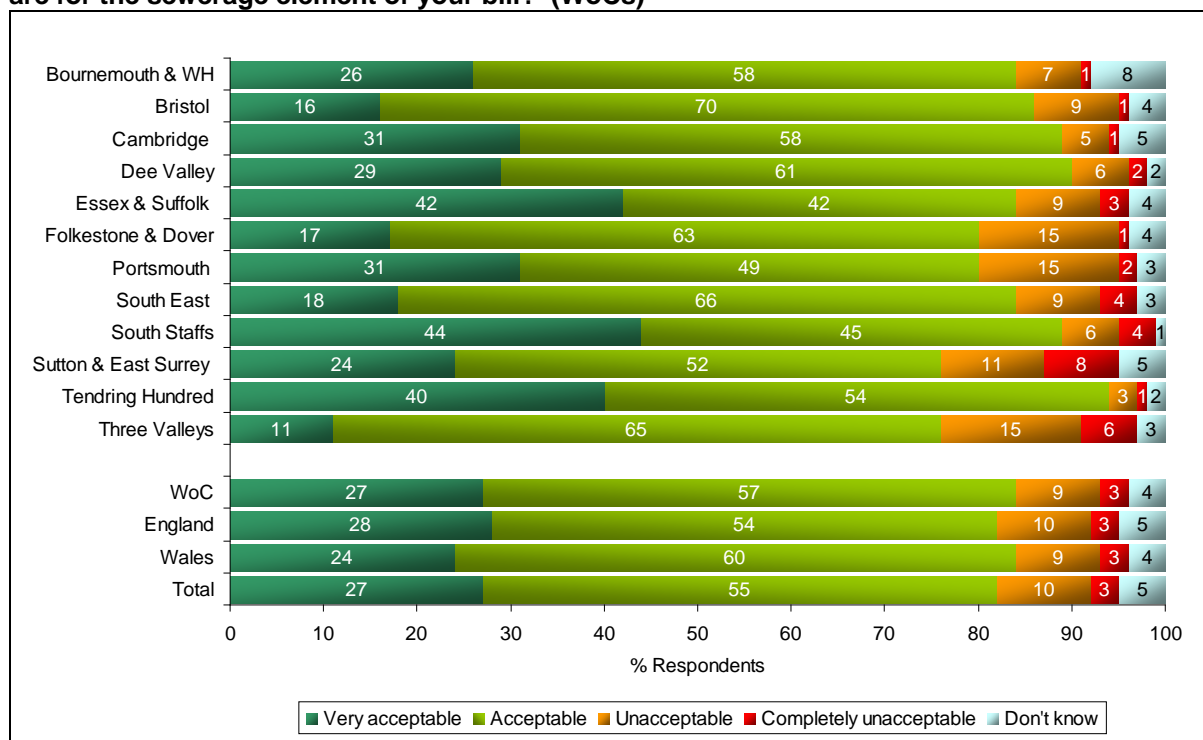
A similar scenario emerges for the acceptability of the proposed changes to future sewerage services. Overall, acceptability was high, with 82% of respondents across England and Wales saying that the proposed price changes were acceptable, as shown in Figure 17 and Figure 18 below. However, as with the proposed changes for water services, there were some companies where, although the changes were acceptable, they were statistically significantly less acceptable than the overall total. These were South West and Thames from the WaSCs (28% and 29% of whom found them unacceptable compared to 13% overall) and Three Valleys and Sutton and East Surrey from the WoCs (21% from Three Valleys found them unacceptable compared to 13% overall and 76% from Sutton and East Surrey found them acceptable compared to 82% overall).

Figure 17: How acceptable do you think the proposed price changes (which exclude inflation) are for the sewerage element of your bill? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dŵr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

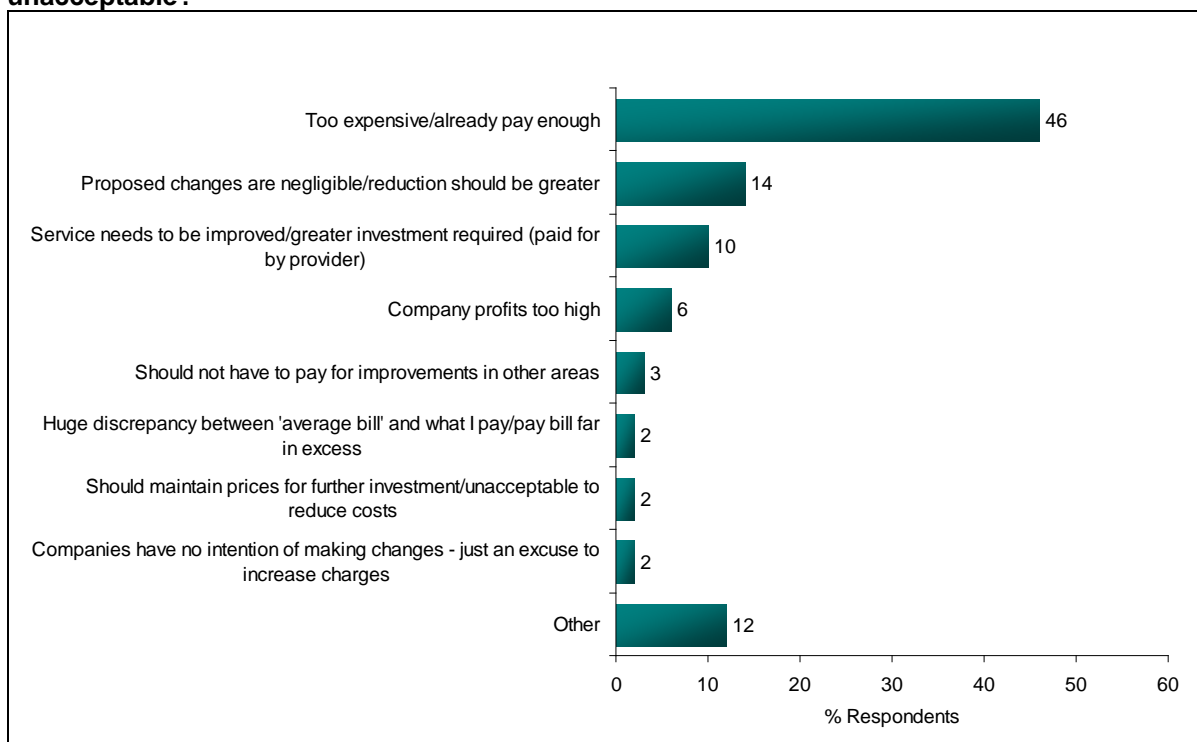
Figure 18: How acceptable do you think the proposed price changes (which exclude inflation) are for the sewerage element of your bill? (WoCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tending Hundred – 119; Three Valleys – 200; WoC – 2325

The main reasons that people gave as to why the proposed changes to the sewerage service were unacceptable were the same as those for water services. As Figure 19 shows, almost half (46%) said that the price was too high and that they already pay enough, with 14% saying that any proposed price reductions were negligible and should be greater. One in ten also said that the service needs to be improved at the expense of water companies.

Figure 19: What is the one main reason that you feel proposals for your sewerage services are unacceptable?

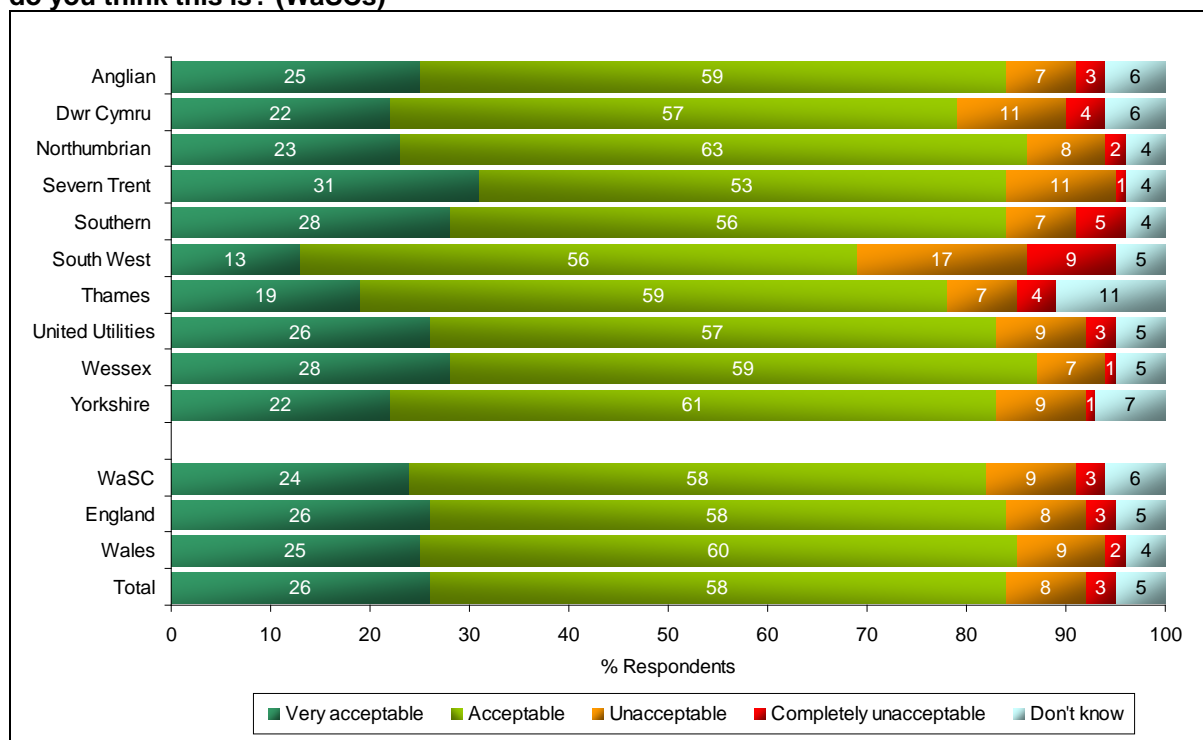


Base: 645 respondents who said that proposed changes to sewerage service were unacceptable

3.3.3 Combined Proposals for Water and Sewerage Services

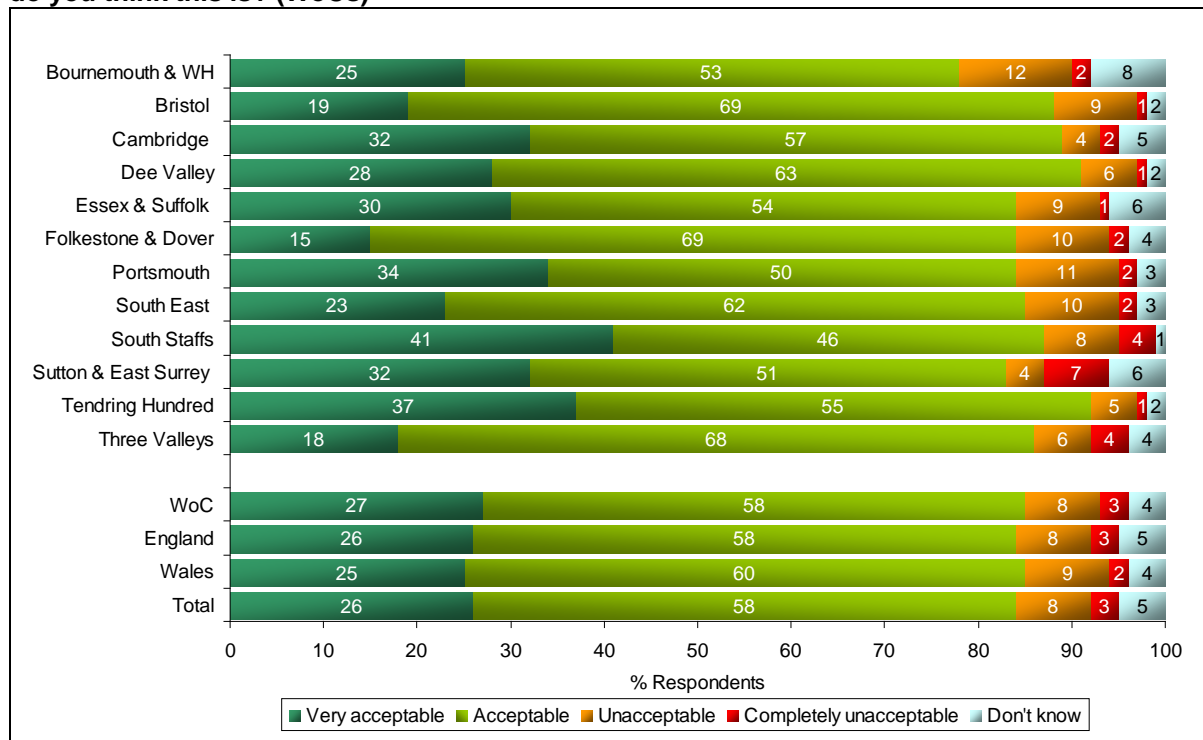
When asked about the acceptability of the proposed changes as a whole, over four fifths (84%) of respondents across England and Wales said the plans were acceptable. In the South West area, over two thirds of respondents said the changes were acceptable, but there was also the highest proportion (26%) of customers who found them unacceptable. There were no other significant differences in acceptability levels between England and Wales or between the WaSCs and WoCs.

Figure 20: Bearing in mind the investment and service levels that go with this, how acceptable do you think this is? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 21: Bearing in mind the investment and service levels that go with this, how acceptable do you think this is? (WoCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2325

3.4 Affordability of Proposals for Price Changes

3.4.1 Water Services

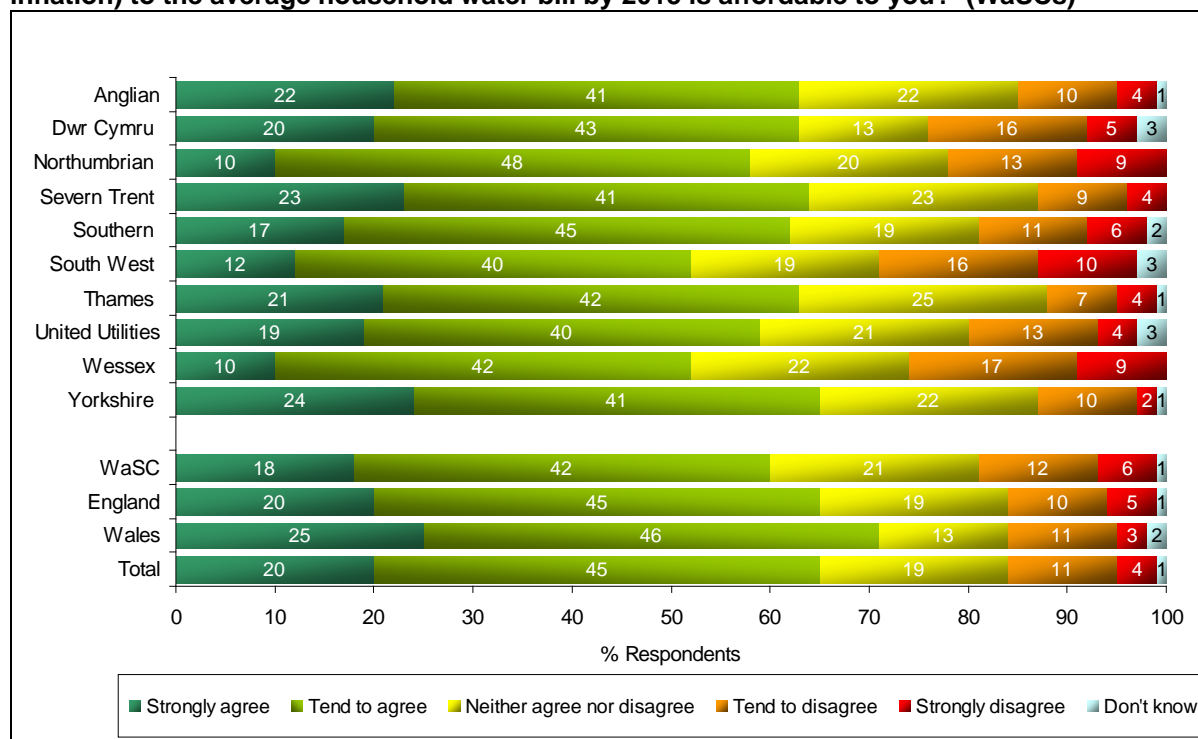
Across England and Wales, around two thirds of all respondents (65%) felt that the proposed price changes to their water services would be affordable, as shown in Figure 22 and Figure 23 below. It is worth noting that customers in Wales were more likely to be able to afford the proposed charges than those in England (71% versus 65% respectively) and that WoC respondents were also more likely to be able to afford the charges than WaSC respondents (70% versus 60%).

There were some companies where, although perceptions of future affordability were positive, these were statistically significantly less positive than the England and Wales total of 65%. These were South West (52%), Northumbrian (58%) and Wessex (52%) of the WaSCs and Essex and Suffolk (41%) of the WoCs.

Customers who were categorised as retired (23%) and unemployed (28%) were significantly less likely to be able to afford the proposed price changes for water services, compared to the overall of 15%.

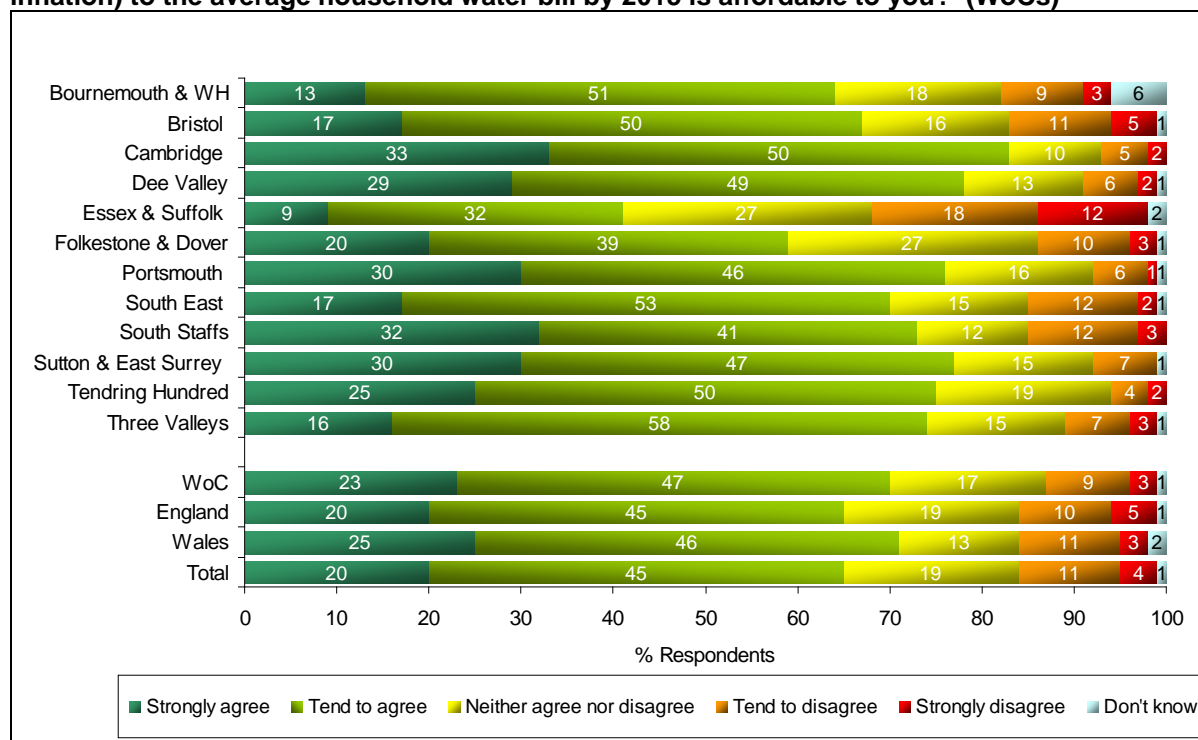
Respondents earning less than £20,000 were significantly less likely to find the water element of the bill affordable compared to the total. Of those with income up to £10,000, 27% of respondents would not find the bill affordable, compared to 15% overall; almost a fifth of respondents (19%) earning between £10,000 and 20,000 said they would not find it affordable.

Figure 22: To what extent do you agree or disagree that the proposed change (excluding inflation) to the average household water bill by 2015 is affordable to you? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 23: To what extent do you agree or disagree that the proposed change (excluding inflation) to the average household water bill by 2015 is affordable to you? (WoCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2325

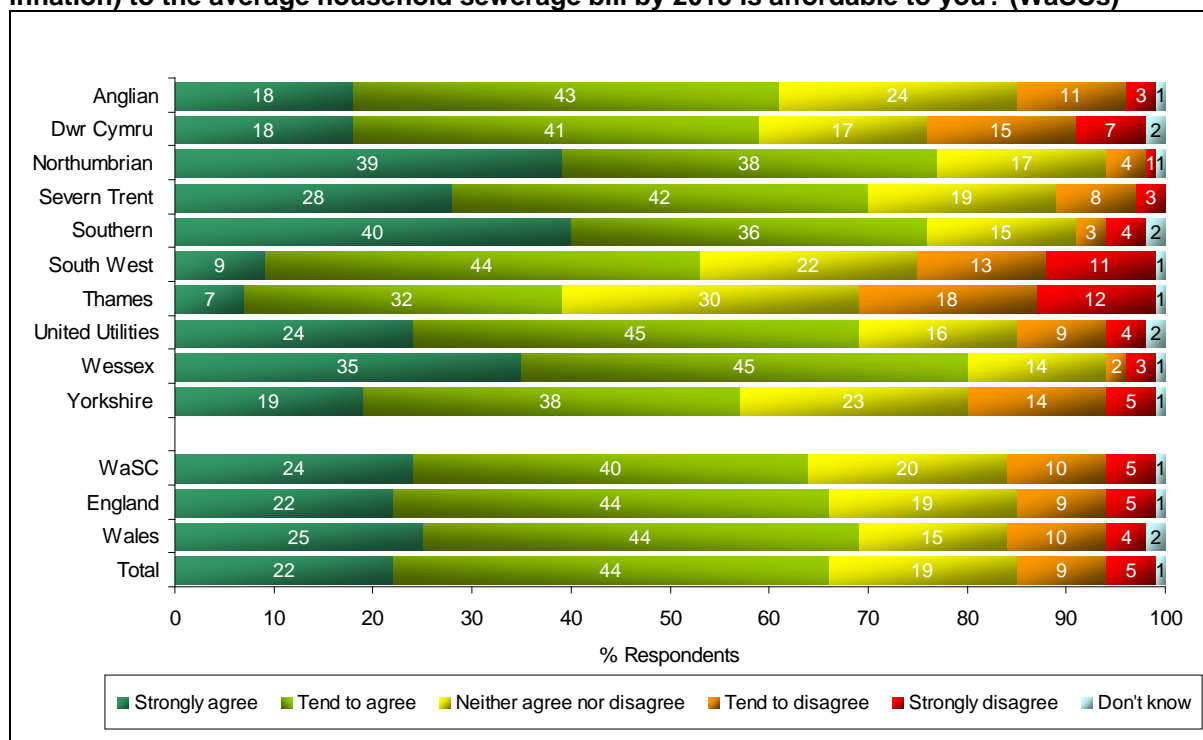
3.4.2 Sewerage Services

The proposed price changes to sewerage services were felt to be affordable by 66% of respondents across England and Wales. However, there were some companies where significantly fewer customers said that the changes were affordable than the average, namely Thames (39%), South West (53%), Yorkshire (57%) and Dŵr Cymru (59%), as well as Three Valleys (57%) and Folkestone and Dover (55%). As can be seen, in the case of Thames, fewer than 50% agreed that they were affordable. There were no significant differences between England and Wales, nor were there any between WaSC and WoC respondents.

Significantly more respondents that were unemployed said that they could not afford the proposed changes (27% versus 14% overall).

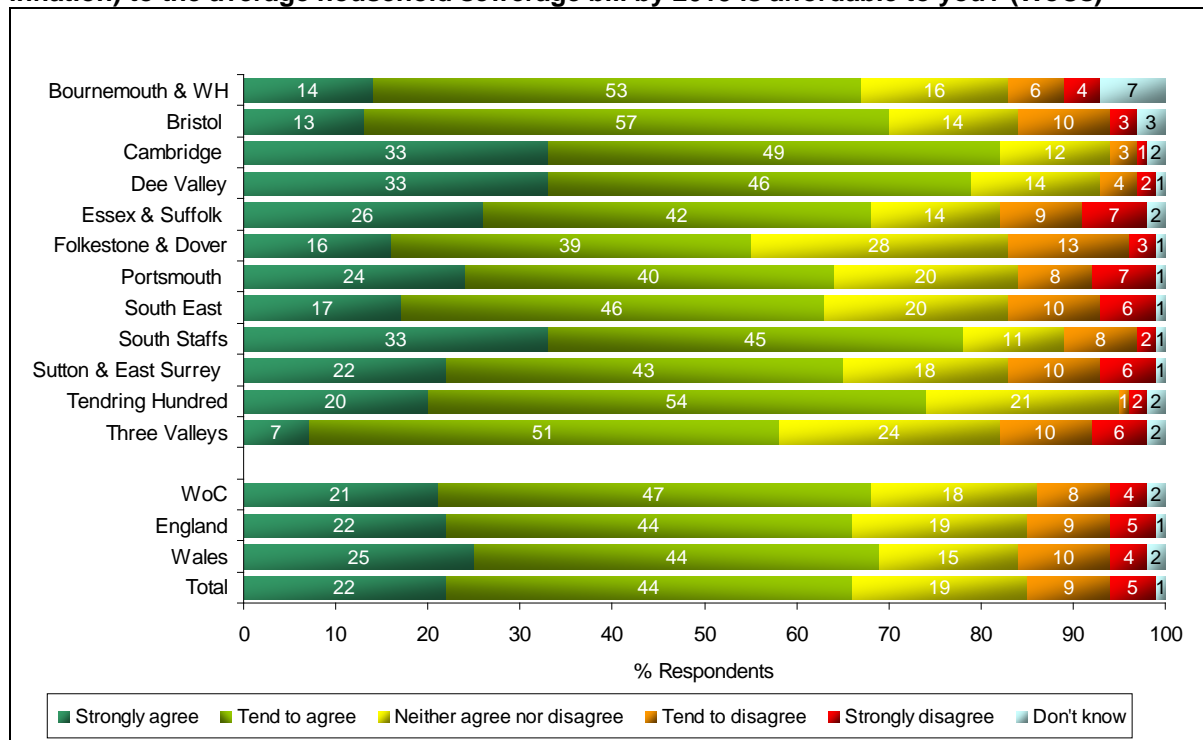
Respondents earning less than £10,000 were significantly less likely to find the sewerage element of the bill affordable compared to the total, 22% versus 14%.

Figure 24: To what extent do you agree or disagree that the proposed change (excluding inflation) to the average household sewerage bill by 2015 is affordable to you? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 25: To what extent do you agree or disagree that the proposed change (excluding inflation) to the average household sewerage bill by 2015 is affordable to you? (WoCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2325

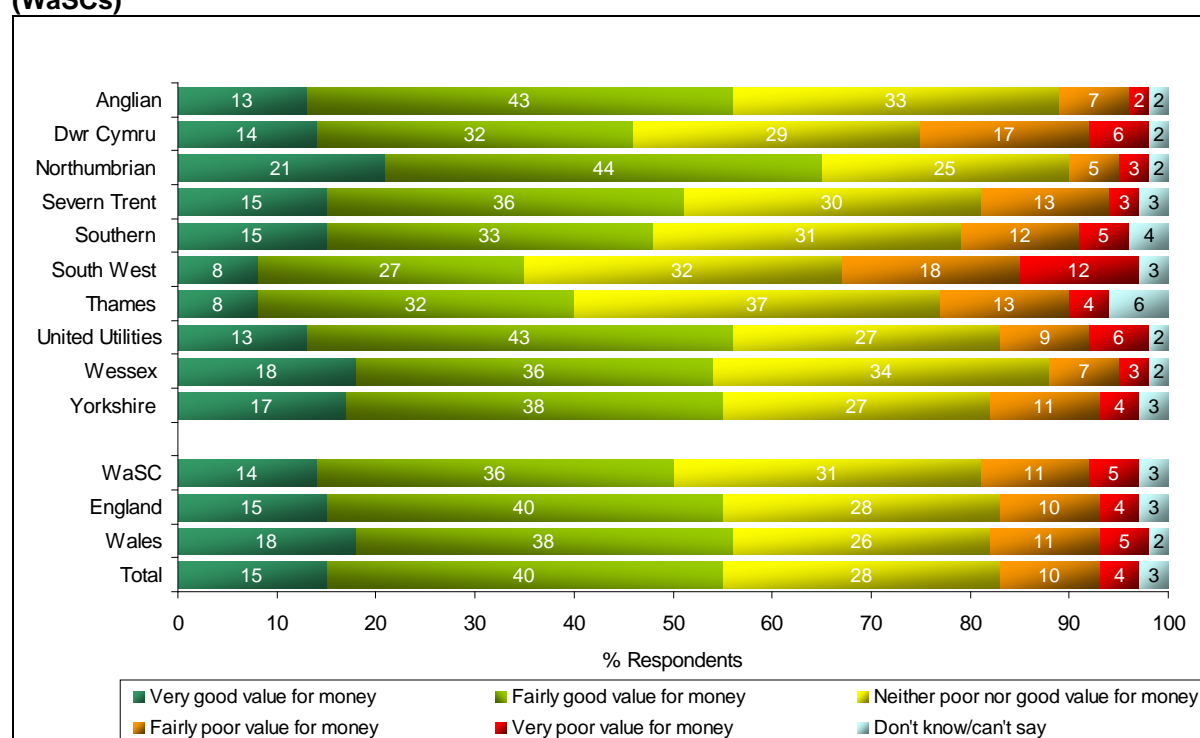
3.5 Value for Money of Proposals for Price Changes

Just over half of all respondents across England and Wales (55%) said that the Ofwat draft determinations on the proposed investment plans represented good value for money, 28% said they were neither good nor poor value for money, and 14% said they were poor value for money.

Almost a third of South West respondents reported that the future plans represented poor value for money, which is significantly higher than the overall total who said that the proposed investment plans did not represent value for money.

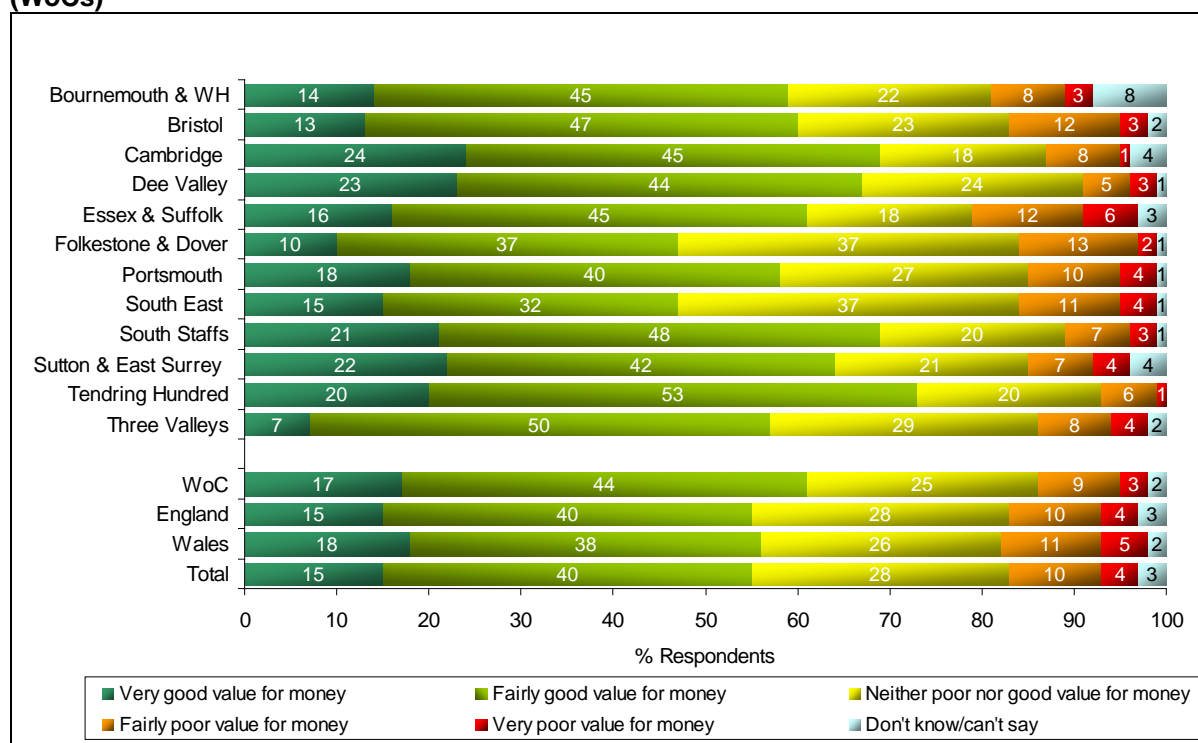
Customers who were over 60 were significantly more likely to say that the future investment plans represented value for money (62% versus 55% overall), while those unemployed, (20% respectively versus 14% overall), were significantly more likely to say the plans did not represent value for money. Notwithstanding these differences, all customer groups had positive perceptions on value for money of the proposed investment plans.

Figure 26: Bearing in mind the proposed investment and the service that you get for this, how would you rate the proposals for water and sewerage services in terms of value for money? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 27: Bearing in mind the proposed investment and the service that you get for this, how would you rate the proposals for water and sewerage services in terms of value for money? (WoCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC - 2325

In summary on the acceptability and affordability of the proposed changes, the majority of customers felt the planned changes were both acceptable and affordable. The proposed plans were perceived more positively than the current service levels in terms of value for money and affordability, as shown in Tables 5 and 6 below, where all companies show an improvement in ratings for both attributes.

Interpretation of Tables 5 and 6

The tables show the proposed price change in the average bill by 2015; the mean scores awarded by respondents on the current value for money of services (Table 5) and affordability (Table 6) for the DD proposals. The mean score figures have been calculated by attributing a value of:

1 to those who answered very poor value for money/strongly disagree that the bill is affordable;

2 to those who answered fairly poor value for money/tend to disagree that the bill is affordable;

3 to those who answered neither poor nor good value for money/neither agree nor disagree that the bill is affordable;

4 to those who answered fairly good value for money/tend to agree that the bill is affordable;

5 to those who answered very good value for money/strongly agree that the bill is affordable;

Don't know/can't say responses were excluded from this analysis.

A mean score figure of 3 would be neutral, with services perceived overall as neither poor nor good value for money or neither affordable nor unaffordable. A score greater than 3 is positive as it indicates that respondents thought services were providing fairly or very good value for money or that they were affordable.

As the proposed scenario in 2015 is generally one of price decreases in real terms, it is perhaps no surprise that there is an improvement in perceptions of value for money from current to proposed services in 2015. However, it is difficult to determine the exact correlation between price changes and perceptions of current and future value for money. For example, Thames' prices are proposed to be the same in 2015 as they are in 2010 (excluding inflation), but value for money of services is perceived as being better in 2015 than it is currently. Dŵr Cymru customers see an average £36 decrease in their charges, but the uplift in value for money is similar to Thames. It is hard to know the reasons for this without undertaking follow up research, but it may well be that there is an assumption that prices will increase in the future, so that where there is no proposed increase this is still perceived as being better value for money than it is now.

For those customers where there are overall increases in prices for water and sewerage, Northumbrian, Essex and Suffolk and Bristol, perceptions were that the proposed prices by 2015 still offer better value for money than currently.

Table 5: Price difference between 2010 and 2015 and difference in value for money ratings for current water and sewerage services and for DD proposals in 2015

Water and Sewerage Company	Price difference between 2010 & 2015	Current vfm	2015 vfm	Difference between current & 2015 vfm
Anglian	-£32	3.04	3.58	0.54
Dŵr Cymru	-£36	3.01	3.30	0.29
Northumbrian	£3	3.40	3.77	0.37
Severn Trent	-£24	3.03	3.48	0.45
Southern	-£8	2.99	3.44	0.45
South West	-£30	2.47	2.99	0.52
Thames	£0	2.94	3.27	0.33
United Utilities	-£18	2.97	3.50	0.53
Wessex	-£9	3.18	3.61	0.43
Yorkshire	-£6	3.23	3.55	0.32
Water only Company				
Bournemouth & West Hants	-£19 Wessex -£11 Southern	3.46	3.65	0.19
Bristol	-£25 Severn Trent & Wessex £3 Thames	3.15	3.57	0.42
Cambridge	-£29 Anglian	3.37	3.86	0.49
Dee Valley	-£19 Dŵr Cymru; -£18 United Utilities -£22 Severn Trent	3.25	3.80	0.55
Essex & Suffolk	-£3 Anglian; £24 Thames	3.13	3.55	0.42
Folkestone & Dover	-£30 Southern	2.96	3.39	0.43
Portsmouth	-£23 Southern	3.29	3.57	0.28
South East	£1 Thames; -£19 Southern	3.02	3.44	0.42
South Staffs	-£22 Severn Trent	3.39	3.77	0.38
Sutton & East Surrey	-£4 Thames; -£23 Southern	3.55	3.74	0.19
Tendring Hundred	-£39 Anglian	3.45	3.86	0.41
Three Valleys	-£36 Anglian; -£8 Thames	3.33	3.50	0.17

Figures 8, 10 & 11 show the percentages for current value for money and Figures 26 & 27 show percentages of value for money of the draft determinations

Table 6: Price difference between 2010 and 2015 and difference in affordability ratings between current charges and 2015 pricing proposals

Water and Sewerage Company	Price difference between 2010 & 2015	Current affordability	2015 affordability	Difference between current & 2015 affordability
Anglian	-£32	3.01	3.61	0.60
Dŵr Cymru	-£36	2.83	3.46	0.63
Northumbrian	£3	3.28	3.70	0.42
Severn Trent	-£24	3.20	3.77	0.57
Southern	-£8	3.09	3.73	0.64
South West	-£30	2.69	3.23	0.54
Thames	0	3.03	3.34	0.31
United Utilities	-£18	2.97	3.58	0.61
Wessex	-£9	3.07	3.66	0.59
Yorkshire	-£6	3.14	3.59	0.45
Water only Company				
Bournemouth & West Hants	-£19 Wessex -£11 Southern	3.17	3.47	0.30
Bristol	-£25 Severn Trent & Wessex £3 Thames	3.21	3.59	0.38
Cambridge	-£29	3.57	4.04	0.47
Dee Valley	-£19 Dŵr Cymru; -£18 United Utilities -£22 Severn Trent	3.56	3.98	0.42
Essex & Suffolk	-£3 Anglian; £24 Thames	3.14	3.34	0.20
Folkestone & Dover	-£30	2.95	3.56	0.61
Portsmouth	-£23	3.24	3.78	0.54
South East	£1 Thames; -£19 Southern	3.09	3.64	0.55
South Staffs	-£22	3.41	3.90	0.49
Sutton & East Surrey	-£4 Thames; -£23 Southern	3.41	3.80	0.39
Tendring Hundred	-£39	3.43	3.88	0.45
Three Valleys	-£36 Anglian; -£8 Thames	3.40	3.56	0.16

Figures 12 and 13 show percentages for current affordability of bills and Figures 22, 23, 24 and 25 for show percentages of affordability of the draft determinations

Broader Affordability Issues

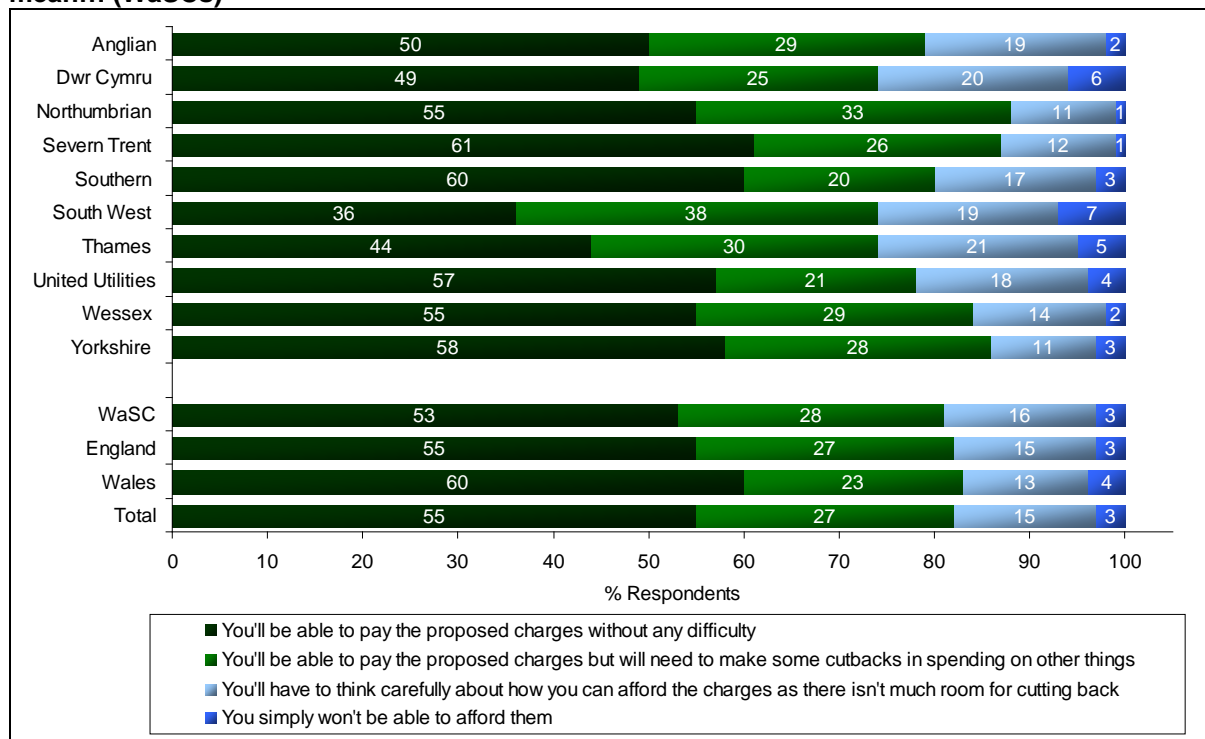
Looking at the wider issue of affordability, respondents were asked about the implications of the price changes which the DD proposals would have on their water and sewerage charges. Figure 28 and Figure 29 below show that just over half said they would be able to afford bills without any difficulty.

It is worth noting that although customers found the proposed changes both acceptable and better value for money, over two fifths (42%) said they would have to make some cutbacks and adjustments to their spending priorities as a result of the changes. This was particularly the case for South West and Thames customers.

There are some quite striking and significant differences in the implications for the WoCs. Over two thirds of customers from Dee Valley, Cambridge and Sutton and East Surrey said they would be able to pay the proposed charges without any difficulty, while only around two fifths of customers from Three Valleys (38%), Bournemouth and West Hampshire (40%) and Folkestone and Dover (42%) said they would be able to pay the proposed charges without any difficulty.

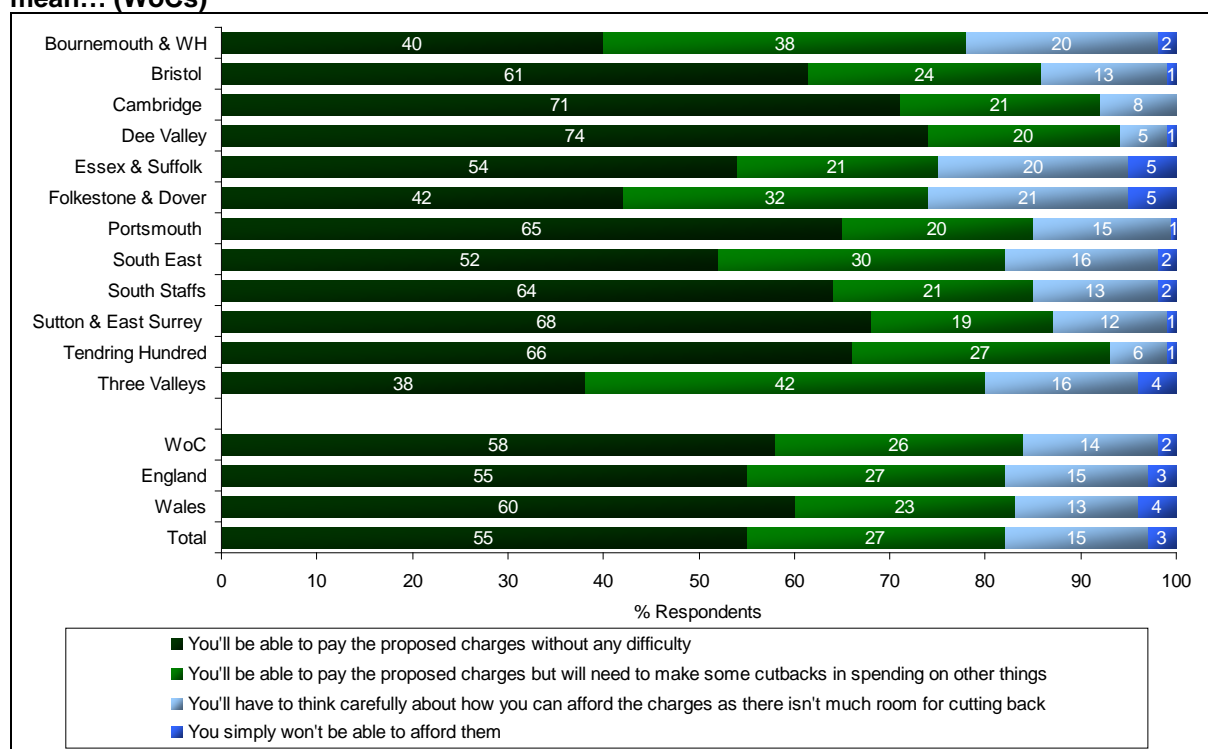
Almost two fifths (37%) of those with earnings of up to £10,000 said they would either have to think carefully about how they could afford the charges, as there was not much room for cutting back, or they would just not be able to afford the bills at all; this compares to 18% overall.

Figure 28: Do you think that the proposed charges for water and sewerage services will mean... (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 29: Do you think that the proposed charges for water and sewerage services will mean... (WoCs)



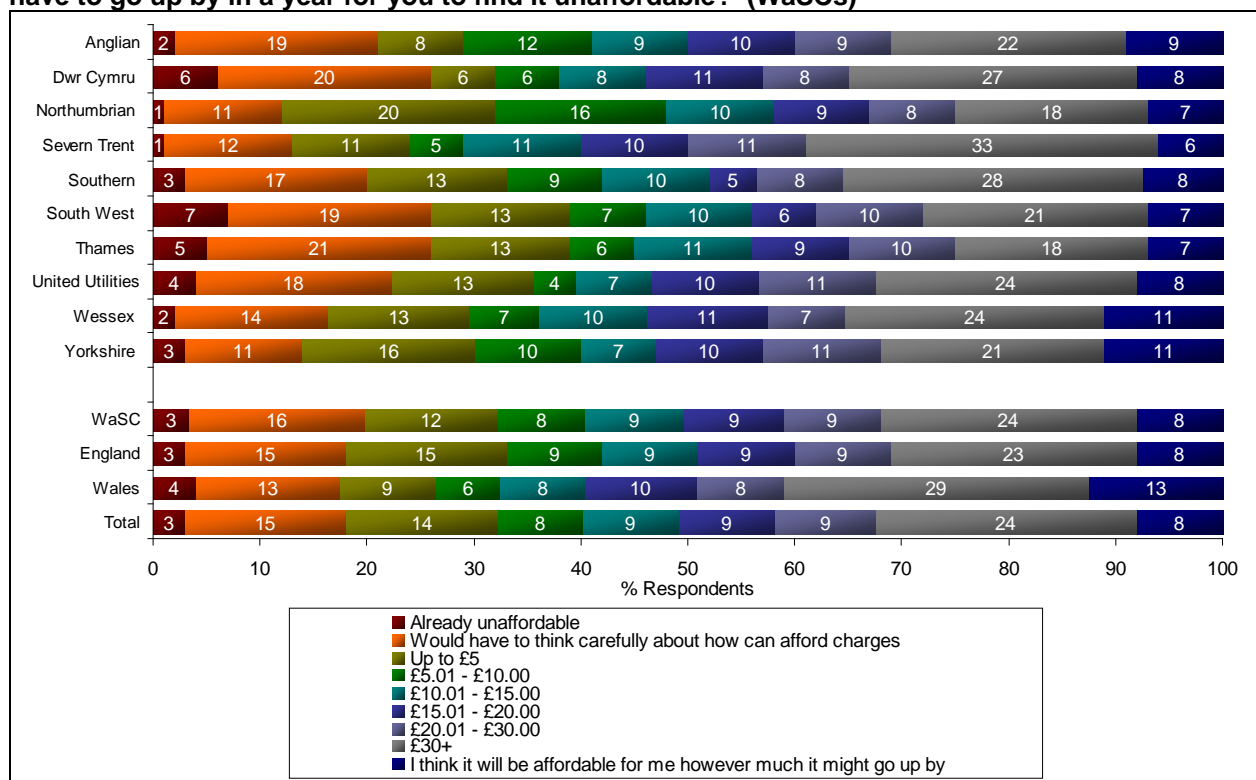
Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC - 2325

Having established who was unable to afford the proposed DD prices, and who would have to think carefully about how they would be able to afford them, the remaining respondents (i.e. those who said they'd be able to pay without any difficulty or pay with some cutbacks in spending on other things) were asked how much their bill would need to go up by in the next year in order for them to find bills unaffordable. Figures 30 and 31 show a breakdown of all these responses.

Just under a fifth overall, (18%), would either not be able to afford any increases in their bills or would have to think carefully about the charges before they could assess whether any rise was affordable. Respondents in Dŵr Cymru, Thames and South West areas were more likely to say this was the case.

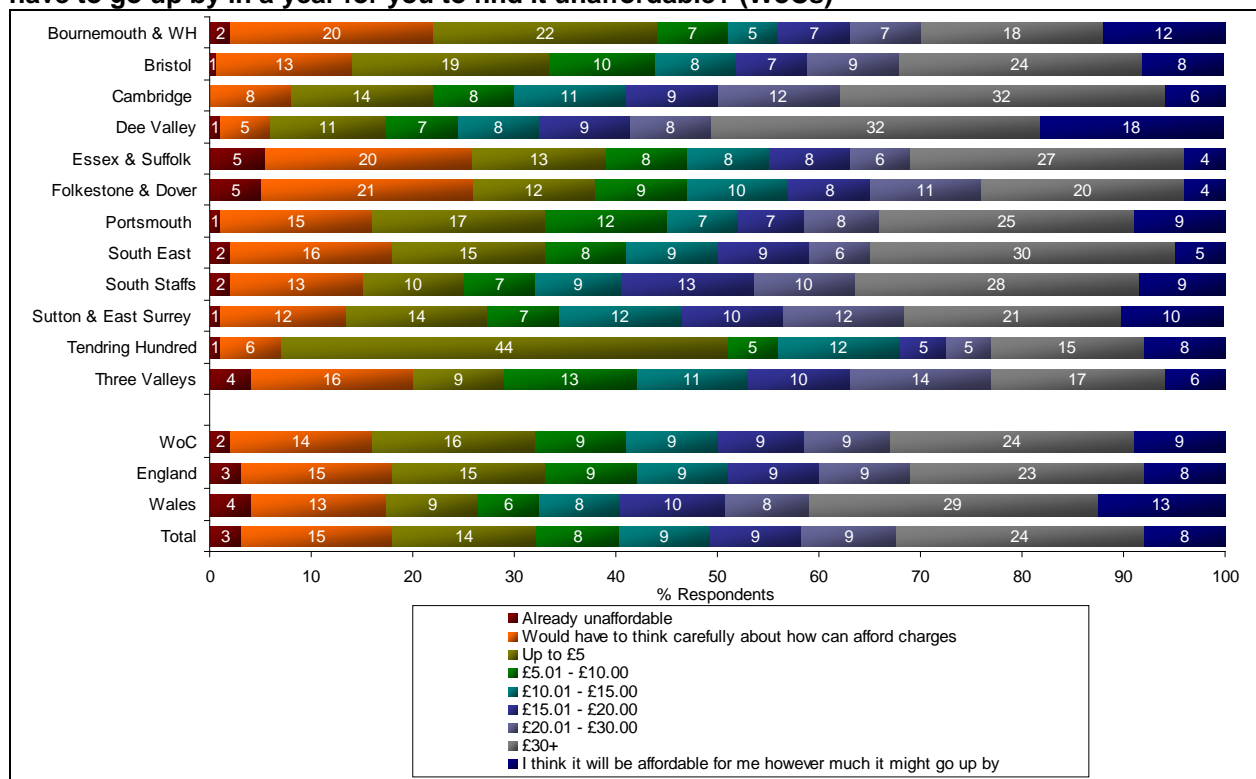
The WoC respondents in Folkestone and Dover and Essex and Suffolk areas were more likely to say that they would either not be able to afford the bills or would have to think carefully before they could assess affordability.

Figure 30: Realistically, how much would the charge for your water and sewerage services have to go up by in a year for you to find it unaffordable? (WaSCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Anglian – 245; Dwr Cymru – 247; Northumbrian – 220; Severn Trent – 244; Southern – 245; South West – 229; Thames – 245; United Utilities – 228; Wessex – 232; Yorkshire – 229; WaSC – 2364

Figure 31: Realistically, how much would the charge for your water and sewerage services have to go up by in a year for you to find it unaffordable? (WoCs)



Base: Total (WaSCs & WoCs) – 4689; England (WaSCs & WoCs) – 4242; Wales (WaSCs & WoCs) – 447; Bournemouth & West Hants – 201; Bristol – 200; Cambridge – 205; Dee Valley – 200; Essex & Suffolk – 200; Folkestone & Dover – 200; Portsmouth – 200; South East – 200; South Staffs – 200; Sutton & East Surrey – 200; Tendring Hundred – 119; Three Valleys – 200; WoC – 2325

4. CONCLUSIONS

This survey looked at three key themes – the value for money, acceptability and affordability of the Draft Determinations.

Value for Money of the Draft Determinations

Perceptions of value for money of current water and sewerage services were mixed. Of the WaSC respondents a third said they were good value for money, a third that they were neither good nor poor and a third that they were poor value for money. Views of WoC respondents were more favourable with just over half saying the services were good value for money, a quarter that they were neither good nor poor, and a fifth that they were poor value for money.

Respondents of both WaSCs and WoCs were more likely to say that proposals for future investments and prices offered good value for money (55%) than they were for current services. Only 14% reported that the DD proposals represented poor value for money.

Acceptability of the Draft Determinations

Over four fifths of customers said that the DD proposals for the water element and sewerage element of the bill were acceptable (82% for each). Slightly more respondents – 84% – said that the DD investment proposals were acceptable for water and sewerage services together i.e. for the overall bill.

Affordability of Draft Determinations

Almost half (47%) of all respondents said their current water and sewerage bills were affordable whereas nearly two thirds thought that the DD pricing proposals were affordable. The DD proposals for many companies are for flat or even reduced prices from 2010 to 2015 (before inflation).

Over half (55%) of all respondents said they would be able to afford the proposed water and sewerage bills without any difficulty. However over two fifths (42%) said they would have to make some cutbacks and adjustments to their spending priorities as a result of the changes. In total, there were 3% who said they would simply not be able to afford the DD proposals.

Of the 55% who said that the proposals were affordable, 17% said that an increase of up to £5 on next year's bill would make them unaffordable and 10% that an increase between £5 and £10 would make them unaffordable. This suggests limited tolerance for bill increases for just over a quarter of customers. At the other end of the spectrum, over one quarter (29%) of customers who said that the proposals were affordable thought that bills would have to go up by £30+ to make them unaffordable, with 10% stating that bills would remain affordable no matter how much they increased.

APPENDIX A

Questionnaire

This research is being carried out by Accent on behalf of Consumer Council for Water. The aim is to find out what people think about the proposed price changes for water and sewerage bills from 2010-2015. These changes were released by Ofwat (the water regulator) in July and the final prices will be announced in November.

You will need to know which water company provides your water and sewerage services in order to complete this survey. This can be found on your current water and sewerage bill.

Please be assured that any answer you give will be treated in confidence in accordance with the Code of Conduct of the Market Research Society. The interview should take no more than 15 minutes to complete.

About You

Q1. Please say which water company provides your water supply.

1. Anglian
2. Bournemouth & West Hampshire
3. Bristol
4. Cambridge
5. Dee Valley
6. Essex & Suffolk
7. Folkestone & Dover
8. Northumbrian
9. Portsmouth
10. Severn Trent
11. South East
12. South Staffs
13. South West
14. Southern
15. Sutton & East Surrey
16. Tendring Hundred
17. Thames
18. Three Valleys
19. United Utilities
20. Dwr Cymru Welsh
21. Wessex
22. Yorkshire

Q2. And please say which company provides your sewerage service. **IF CUSTOMER HAS SEPTIC TANK THANK AND CLOSE**

List of WASCs according to responses to Q1

1. Wessex
2. Southern
3. Thames
4. Severn Trent
5. Anglian
6. United Utilities
7. Dwr Cymru Welsh
8. Septic tank **THANK & CLOSE**

If your water supply and sewerage services are provided by two different companies, please bear this in mind when giving your responses.

Q3. Are you solely or jointly responsible for paying the water bill?

1. yes
2. no, I am not responsible for paying the bill **(THANK AND CLOSE)**

Q4. Please state whether you are male or female.

1. Male
2. Female

Q5. And which of the following age groups do you fall into?

1. 18-34
2. 35-44
3. 45-60
4. 61-74
5. 75+

Q6. Which of the following best describes the job of the household's chief wage earner (or, if they are retired, what they did previously)?

Manager or Administrator (eg managers and public sector administrators)
Professional or Technical (eg engineers, scientists, health professionals, surveyors)
Clerical or Secretarial (eg clerks, cashiers, secretaries, typists, computer operators)
Plant or machine operator (eg transport drivers, machinery operators)
Crafts or skilled trade (eg skilled work in printing, textiles, construction, metal, wood)
Services (eg catering, travel, health, childcare, domestic staff, armed services)

Main Questionnaire

Q7. Thinking about your local area, how important are the following issues to you? Would you say they are...

	Not at all important	Fairly unimportant	Neither important nor unimportant	Fairly important	Very important	Don't know
Education	1	2	3	4	5	6
Transport	1	2	3	4	5	6
Health Services	1	2	3	4	5	6
Crime prevention	1	2	3	4	5	6
Environment	1	2	3	4	5	6
Cost of Living	1	2	3	4	5	6
Immigration	1	2	3	4	5	6
Water and sewerage services	1	2	3	4	5	6
Other Utility services	1	2	3	4	5	6

Q8. How much do you currently pay per year for your water **and** sewerage services? This can be found on your most recent bill. (N.B. If you have a water meter your bill might be for six or three months rather than a year). Please enter what this would be for 12 months

If Q1 = Q2
Water and sewerage

If Q1 does not equal Q2
Water
Sewerage

Combined

Q8Check. You've said that your current bill is #Q8COMBINED# - are you sure that this is for 12 months?

1. yes
2. no

Q8Summary. This means you pay a total of #Q8COMBINED# for water and sewerage, is this correct?

1. yes
2. no

Q8d. Please can you say if this is correct or whether it is your best estimate.

1. Correct figure
2. Best estimate

Q9. IF Q1 = Q2: How do you rate your current water and sewerage services in terms of Value for Money? Would you say it is..

- 1 Very poor value for money
- 2 Fairly poor value for money
- 3 Neither poor nor good value for money
- 4 Fairly good value for money
- 5 Very good value for money
- 6 Don't know/can't say

Q10. IF Q9 = 1 OR 2 (OTHERS GO TO Q11) What is the main reason that you feel your current water and sewerage services are poor value for money? **OPEN.**

Q11. GO TO Q15 IF Q1 DOES NOT = Q2: How do you rate your current water services in terms of Value for Money? Would you say it is...

- 1 Very poor value for money
- 2 Fairly poor value for money
- 3 Neither poor nor good value for money
- 4 Fairly good value for money
- 5 Very good value for money
- 6 Don't know/can't say

Q12. IF Q11 = 1 OR 2 (OTHERS GO TO Q13) What is the main reason that you feel your current water services are poor value for money? **OPEN**

Q13. If Q1 does not = Q2: How do you rate your current sewerage services in terms of Value for Money? Would you say it is...

- 1 Very poor value for money
- 2 Fairly poor value for money
- 3 Neither poor nor good value for money
- 4 Fairly good value for money
- 5 Very good value for money
- 6 Don't know/can't say

Q14. IF Q13 IS CODED 1 OR 2 (OTHERS GO TO Q15) What is the main reason that you feel your current sewerage services are poor value for money? **OPEN**

Q15. To what extent do you agree or disagree that your water and sewerage bill is affordable to you? **SINGLE CODE**

- 1 Strongly agree
- 2 Tend to agree
- 3 Neither agree nor disagree
- 4 Tend to disagree
- 5 Strongly disagree
- 6 Don't know

INTRO

The next questions are about the services provided by **Q1** (or **Q1** that provides your supply and **Q2** that provides your sewerage services).

(If Q1 = Q2) **Q1** is responsible for providing safe, reliable, clean drinking water, and for removing and treating waste water, whilst managing the effect of their activities on the environment.

Or

(If Q1 does not equal Q2) **Q1** is responsible for providing safe, reliable, clean drinking water, and **Q2** is responsible for removing and treating waste water, whilst managing the effect of their activities on the environment.

Water companies are also responsible for dealing with flooding from sewers and, alongside other agencies, they help to manage flood risk from heavy rains.

VIEWS ON PROPOSED WATER AND SEWERAGE BILLS FOR 2010 - 2015

In November 2009, Ofwat (the economic regulator for the water industry) will announce the prices which water and/or sewerage companies can charge their customers from 2010 to 2015. Ofwat has just released the draft price changes and now is the time for customers to say what they think about these before Ofwat makes its final decisions.

So from 2010 your water and sewerage charges will change to reflect the revised investment costs and the new service levels of the water industry from 2010 to 2015.

Investment costs vary because:

- depending on the economy it can become cheaper or more expensive for the water companies to maintain their service to you
- there will be new legal standards for some services
- the water companies may wish to improve some services for their customers
- population growth means more demand for water and waste water treatment
- new technology means that companies can spend less to provide these services.

You will now be asked about the draft price changes for your water and sewerage services. When answering these questions please bear in mind that because you are charged for two separate services i.e. water services and sewerage services you will be asked to consider these individually as

the companies have different investments and prices for each. Also, please note that the price changes you will see do not include inflation.

We are now going to give you some information on two showcards.

The first showcard shows the different aspects of the **water supply service** provided by **company x** as they are now and as they are proposed to be by 2015, the price changes from now to 2015 and any savings that will be made by more efficient working.

The average **company x** household water bill is shown at the bottom of the table alongside the proposed average bill by 2015.

Please note that the investment details shown are a snapshot of the proposals for company activities. If there is no detail shown it doesn't mean that the company isn't investing in that area

Q16. Please look at the showcard and say how acceptable you think the proposed price changes (which exclude inflation) are for the **water** element of your bill

- | | |
|---|-------------------------|
| 1 | Completely unacceptable |
| 2 | Unacceptable |
| 3 | Acceptable |
| 4 | Very acceptable |
| 5 | Don't know/can't say |
-

Q17. IF Q16 = 1 OR 2: What is the **one main** reason that you feel the proposals for your water supply is unacceptable? **OPEN**

Q18. To what extent do you agree or disagree that the proposed price (which excludes inflation) for your water services is affordable to you?

- | | |
|---|----------------------------|
| 1 | Strongly agree |
| 2 | Tend to agree |
| 3 | Neither agree nor disagree |
| 4 | Tend to disagree |
| 5 | Strongly disagree |
| 6 | Don't know |

The next showcard is for **company x** and shows the different aspects of the **sewerage services** as they are now and as they are proposed to be by 2015, the price changes from now to 2015 and any savings that will be made by more efficient working.

The average **company x** household sewerage bill is shown at the bottom of the table alongside the proposed average bill by 2015.

Please note that the investment details shown are a snapshot of the proposals for company activities. If there is no detail shown it doesn't mean that the company isn't investing in that area

Q19. Please look at the showcard above and say how acceptable you think the proposed price changes (which exclude inflation) are for the **sewerage** element of your bill.

- 1 Completely unacceptable
- 2 Unacceptable
- 3 Acceptable
- 4 Very acceptable
- 5 Don't know/can't say

Q20. IF Q19 = 1, 2 What is the one main reason that you feel proposals for your sewerage services are unacceptable?

Q21. To what extent do you agree or disagree that the proposed price (which excludes inflation) for your sewerage service is affordable to you?

- 1 Strongly agree
- 2 Tend to agree
- 3 Neither agree nor disagree
- 4 Tend to disagree
- 5 Strongly disagree
- 6 Don't know

Based on these proposals, for customers of x company the average household bill for water and sewerage services will increase/decrease/stay the same in 2015 (excluding changes for inflation. Where figures for water and sewerage price changes do not add up, this is because of rounding.)

Q22. Bearing in mind the investment and service levels that go with this, how acceptable do you think this is?

- 1 Completely unacceptable
- 2 Unacceptable
- 3 Acceptable
- 4 Very acceptable
- 5 Don't know/can't say

Q23. IF Q22 = 1 OR 2. What is the **one main** reason that you feel the proposals for your bill as a whole are unacceptable?

Q24. Bearing in mind the proposed investment and the service that you get for this, how would you rate the proposals for water and sewerage services in terms of value for money? Would you say they are...?

- Very poor value for money
- Fairly poor value for money
- Neither poor nor good value for money
- Fairly good value for money
- Very good value for money
- Don't know/can't say

Q25. Do you think that the proposed charges for water and sewerage services will mean:

You'll be able to pay the proposed charges without any difficulty;
You'll be able to pay the proposed charges but will need to make some cutbacks in spending on other things;
You'll have to think carefully about how you can afford the charges as there isn't much room for cutting back spending on other things;
You simply won't be able to afford them.

Q26. IF Q25 = 1, 2 OR 3 For those who feel that the proposed price changes for their water and sewerage bill as a whole are affordable, we would like to know at what level this might change. As a reminder, you said that your current bill is Realistically, how much would the charge for your water and sewerage services have to go up by in a year for you to find it unaffordable?

1. Up to £5
2. £5.01 to £10
3. £10.01 to £15
4. £15.01 to £20
5. £20.01 to £30
6. £30+
7. I think it might be affordable for me however much it might go up by

Finally, some questions to help us analyse the results of this survey. To confirm again, all your answers will be kept strictly confidential and not linked to your name and address.

Q27. We would like to make sure that we take account of the views of people of all incomes. Could you tell me which of the following income bands your household falls into? Please take account of the income of all those in the household (before tax and national insurance) and include any pensions, benefits or extra earnings.

Less than £10,000
£10,000 to £19,999
£20,000 to £29,999
£30,000 to £39,999
£40,000 to £49,999
£50,000 to £74,999
£75,000 to £99,999
£100,000 or more
Don't know
Decline to answer

Q28. How many adults, including yourself, are there in your household? By adults, we mean anyone aged 16 years or over.

One
Two
Three
Four
Five or more

Q29. How many children aged 5 years or under are there in your household? If you share the care of a child, please include children living with you at least one day per week.

None
One
Two
Three
Four

Five or more

Q30. How many children aged between 6 and 15 years or under are there in your household? If you share the care of a child, please include children living with you at least one day per week.

None
One
Two
Three
Four
Five or more

Q31. Are you currently charged for water through a water meter?

Yes
No **GO TO Q36**
Don't know/can't say

Q32. ONLY ASK IF Q34 = 1. Why do you have a water meter installed at your home?

- 1 It was already installed when I moved in
- 2 I opted for one to be installed
- 3 I had no choice/ I had to have a meter
- 4 Other (please specify)
- 5 Don't know/can't say

Q33. At this stage it would be helpful to receive feedback on the questionnaire. Please can you say how well you understood what you were being asked to do?

Did not understand at all
Did not understand very much
Understood a little
Understood a great deal
Understood completely

Q34. How helpful was the level of detail included in the showcards in terms of helping you decide what you think about the proposals? Would you say...

There was not enough detail
There was the right amount of detail
There was too much detail

Q35. Could you please briefly describe what you believe to be the main purpose of this survey?

Q36. And which one of the following best describes the amount of thought you put into answering the questionnaire?

I gave the questions very careful consideration
I gave the questions careful consideration
I gave the questions some consideration
I gave the questions little consideration
I gave the questions no consideration

Q37. Thank you very much for taking part in this survey. Were there any issues relating to water or sewerage, or paying your bill, that were not covered in the questionnaire which you would like to mention here?

Thank you for your help in this research

This research was conducted under the terms of the Market Research Society (MRS) code of conduct and is completely confidential. If you would like to confirm Accent's credentials please call the MRS free on 0500 396999.

We would be grateful if you could provide your name and telephone number for quality control purposes. Please note that these will only be used by our quality control team and will not be passed onto any third parties.

Q38. Respondent name:

Q39. Day time telephone:

Q40. Home Postcode