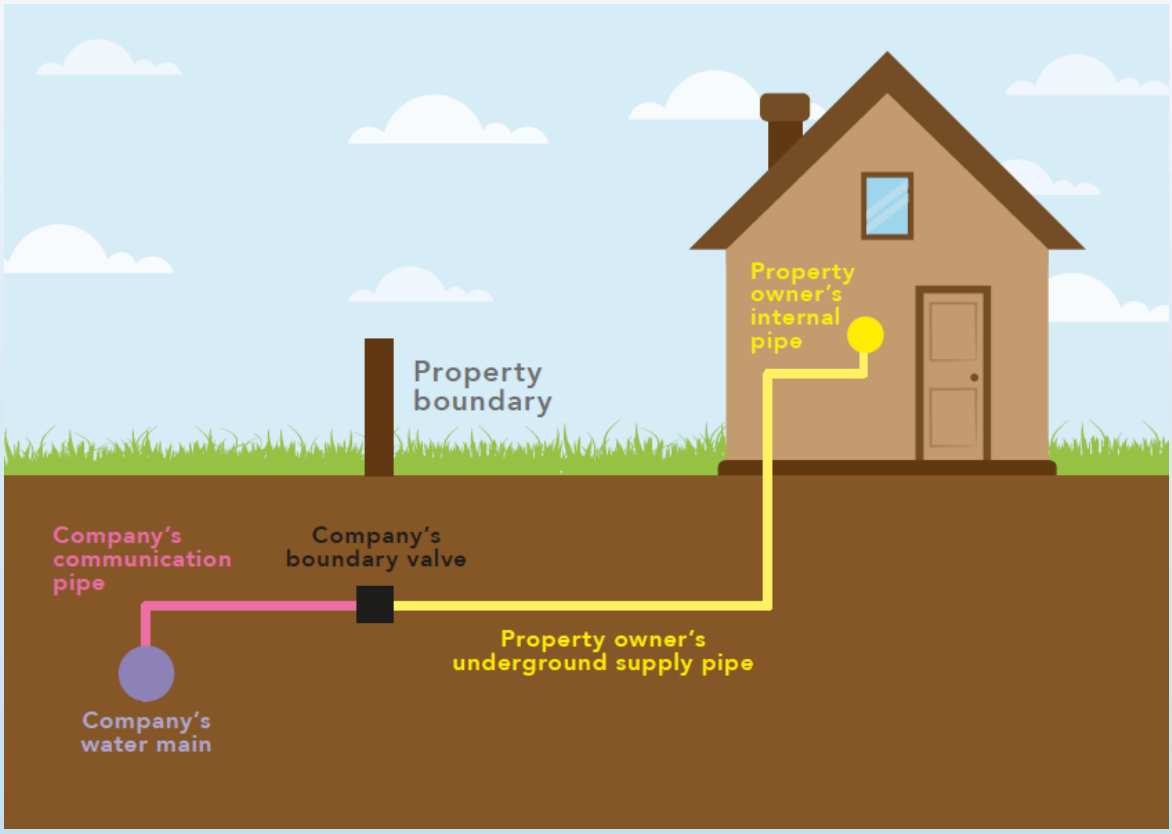
Piping Up: Customer views on the transfer of water supply pipe ownership in Wales



djs research

On behalf of CCWater

7th November 2017

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Foreword

Piping Up – Consumers' views on water supply pipe transfer in Wales

There is some considerable confusion over water supply pipe ownership and unfortunately a lot of home and business owners only discover the extent of their responsibility for repairs when something goes wrong.

Water companies have provided discretionary help to customers but the extent of this help varies from company to company. For example, in Wales, some companies offer free leak repairs whilst others have removed that offering in recent years, and many customers have now opted to take out insurance which covers their water supply pipe against leaks and damage. However, the split of water pipe ownership and responsibilities between water companies and property owners has meant that problems related to older private supply pipes and those that pass through third party land have not been addressed in any systematic way.

Shared water supply pipe ownership is another grey area where there is confusion over maintenance responsibilities and allocation of costs between property owners when problems arise and repair or replacement is required. The formal transfer of ownership of these pipes from the property owner to the local water company could be one way of achieving a more coherent approach to manage water quality and leakage issues associated with the condition of these pipes.

Although the formal transfer of supply pipe ownership is not being pursued in England, the Welsh Government made a commitment in its Water Strategy for Wales to further consider the potential for transfer. The Consumer Council for Water is therefore pleased to have been able to undertake this collaborative research with Dŵr Cymru, Dee Valley Water/Severn Trent (the companies operating in Wales) to explore these issues and their implications with customers.

Customers' views will clearly be an important factor in the next stages of Welsh Government's policy development. Other factors will also need to be taken into account. Should the transfer of ownership go ahead, an important issue will be the high expectations of property owners for the service provided by water companies when there is a problem with their water supply pipe. If things are to stay as they are, consideration should be given to alternative ways of raising customer awareness of their responsibilities for water supply pipes and alternative strategies for tackling the underlying problems that Welsh Government want to address.

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November 2017

Executive Summary

In August 2015, the Welsh Government published its Water Strategy for Wales, setting out its vision, priorities and the principles which would continue to ensure a thriving water environment to support people, communities and businesses in Wales. This included a commitment to explore the costs and benefits of transferring ownership of private water supply pipes which are pipes which cross privately owned land within the boundary of homes and businesses from land/property owners to water companies in Wales. These are the section of water pipes which cross privately owned land within the boundary of the property in order to supply the property. The policy would see the ownership of these pipes transferred from the property owner (whether a homeowner or a business) to the relevant water company in Wales.

A discussion paper followed in November 2016, in which the Welsh Government set out its thinking on a potential transfer in more detail.

The Consumer Council for Water (CCWater) is the statutory body which represents the interests and views of water and sewerage customers and consumers in England and in Wales. In its response to the discussion paper, CCWater highlighted the importance of taking customers' views into account when making the final policy decision on this matter.

Therefore, this collaborative research was developed by CCWater, Dŵr Cymru Welsh Water (DCWW), Dee Valley Water (DVW) and Severn Trent (SVT)[1] with the overarching aim to identify and explore the views of customers who would be potentially affected by this policy change.

The views of respondents reported here are based on the best information on costs and transfer options available at the time of the research. Due to the constraints of the research process, only partial information on the implications of the transfer could be shared with customers. Acceptability results may be different should different or additional information be provided to customers particularly on costs and transfer options. The results of this research should be accorded appropriate caution by policymakers given these limitations.

Throughout this executive summary whenever a finding is described as 'significant' it is referring to it being statistically significant.

[1] At the time of this research in August 2017, three companies operated in Wales, Dŵr Cymru, Dee Valley and Severn Trent. Dee Valley was taken over by Severn Trent earlier in 2017 but still operated under a separate license when the research took place.

Key findings and observations

The research consisted of a qualitative (focus group) and quantitative (survey) element. Some of the key findings are as follows, with the statistics drawn from the quantitative results.

1. Spontaneous **awareness of current supply pipe ownership and responsibilities was generally high (70%+)** for households (HHs) and non-households (NHHs)
   - Except for the underground pipe within the property boundary where awareness that the owner is responsible falls to around 50%.

2. **Around seven in ten respondents (75% of NHHs and 63% of HHs) found the current water supply pipe ownership arrangement acceptable** once their full responsibilities were explained.

3. **Before being informed of the implications of the policy, nearly nine out of ten respondents found a proposed supply pipe transfer acceptable in principle.**

4. **When informed of some of the wider implications of a transfer, acceptability fell to just under eight in ten.**[2]

5. **When presented with three options for the extent of the supply pipes to be transferred, the most popular option was the transfer of pipes up to the internal stop tap** with just over half of all customers favouring this.

6. **When asked about the standard of service that they would expect from water companies when repairing or replacing supply pipes on their property, customers, particularly NHHs, said that they would expect high levels of service from water companies.** For example:
   - In a perceived emergency, around half of all customers would expect their call to the water company to be answered within a minute and 50% of NHHs and 38% of HHs would expect a visit within an hour of contact.
   - More than eight out of ten NHHs would expect their issue to be resolved within 24 hours of the company arriving on site in both an emergency and non-emergency.
   - Following a repair, around half of all customers would expect their property/landscaping to be restored to its former state so they are happy with it.

7. When asked how much they would be willing to have added to their annual bill to pay for the costs associated with the water company owning and maintaining additional

[2] In order not to overload and confuse participants, only a few of the most salient implications of a transfer were presented to them, such as the potential effect on water quality and co-ordination of repairs, and the possibility that water companies would need stronger rights to manage and repair assets on private land.

pipework, the average figure is **£9.54 for HHs and 3.6% for NHHs**. This is specifically for a transfer up to the internal stop tap.

- Note that customers were not asked about other potential service improvements that would also have implications for customer bills. The amount they were willing to pay would likely be lower if considered as part of a package of service improvements. Note also that people who had supply pipe insurance tended to say that they were willing to pay an amount similar to the value of the insurance premium that they would save.

8. **Around seven in ten respondents were not willing to pay more to secure the highest level of service of the options with which they were presented.**

9. **For HHs, acceptability once informed about some of the implications of the transfer and the costs involved was 81%** (compared to 63% acceptability of the current arrangements).
   - Acceptability was consistently lower amongst older respondents, lower socio-economic groups (SEGs)[3] and HH tenants (compared to property owners).

10. **For NHHs, acceptability once informed about some of the implications of transfer and the costs involved was 75% - the same as for acceptability of current ownership arrangements.**

11. When asked about the perceived benefits of the transfer, customers do not automatically recognise benefits such as helping address water quality problems and facilitating the gradual replacement of lead supply pipes.

Wider recommendations

The next stages of consultation for a potential transfer of supply pipe ownership should bear in mind that any subsequent changes to the costs, transfer scenarios and service levels from what was shown to participants in this research could lead to changes in acceptability levels.
Leaving aside the issue of the potential transfer of supply pipe ownership to water companies, careful consideration should be given to the wider implications of these findings, which lead to the following recommendations:

- **There remains a need to educate customers about their responsibilities under the current arrangements.** The current ownership arrangements are acceptable to most, but a significant minority (46% of HHs and 44% of NHHs) did not know the full extent of their responsibility for the maintenance costs of the part of the pipework they currently own. This leaves them vulnerable to a situation where they only find out that they are responsible for both the repair and the cost

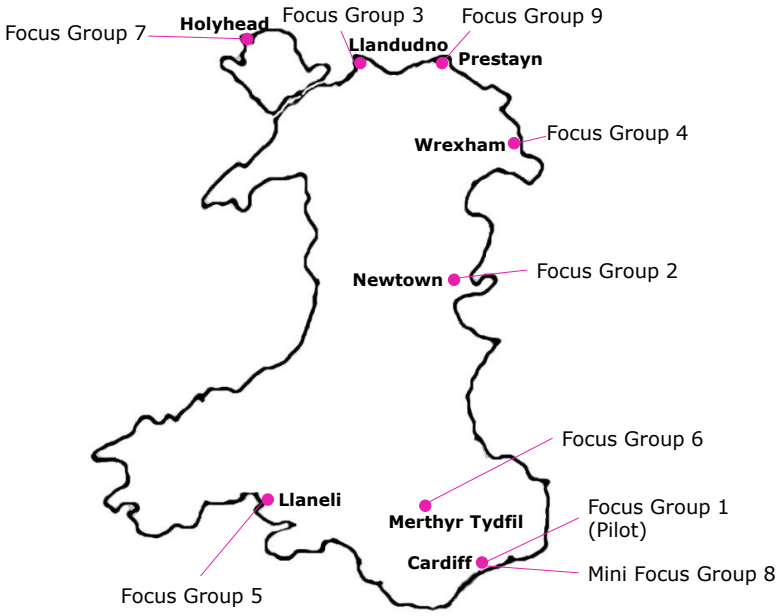
[3] Socio-economic group is a way of classifying participants in terms of the occupation of the main income earner in the household A = Higher managerial/professional, B = Intermediate managerial/professional, C1= Supervisory/junior managerial/professional, C2 = Skilled manual worker, D = Semi and unskilled manual worker E = Student/Unemployed

when there is a problem. (Note that this applies to owner-occupiers and landlords but not tenants). This may leave certain customers, who would otherwise have bought insurance, liable for considerable unexpected costs.

- **The willingness to pay for a transfer would ideally be tested in the context of other service improvements as part of water company business planning processes to find out how customers prioritise it within the bigger picture.** The maximum willingness to pay of c.£9 for HHs and 3.6% for NHHs is specifically for transfer of pipework up to the property stop tap. This level of willingness to pay would cover the additional costs associated with water company ownership based on the initial estimates of DCWW and SVT/DVW. However, willingness to pay would likely have been lower had the bill impact been considered alongside bill increases for other service improvements that customers would like to see.
- **Ensuring that customers are aware that water companies own and are responsible for water supply pipes would be essential after any transfer to avoid prolonged confusion over new responsibilities.** For most customers, it is logical that water companies should own water supply pipes.
- **It would be very important to be clear and transparent about the levels of service that customers could realistically expect should a transfer go ahead.** Customers, especially NHHs, have high expectations of the service levels associated with water company repair of supply pipes on their property (e.g. full reinstatements vs partial reinstatements).
- **Should the transfer go ahead, clarity around what rights water companies would have to access property is essential – particularly for the NHH audience. There are fears, particularly from NHHs**, that the water company could do whatever it wanted, whenever it wanted, on their property.

Methodology and sample[4]

An initial qualitative stage was conducted in various locations in North and South Wales with 9 focus groups between 13th June and the 29th June across the three water company areas.



In addition, ten face-to-face depth interviews with vulnerable customers were carried out along with four face-to-face depth interviews with large non-household customers (NHH) in the Dŵr Cymru (DCWW) area, and four face-to-face depth interviews with small or medium NHH customers equally in the Dee Valley (DVW)/Severn Trent (SVT) (Wales) area.

In total, 1,071 surveys were conducted between 28th July and the 11th August 2017 across the companies using a combination of online panel, Computer Aided Personal Interviewing and Computer Assisted Telephone Interviewing.

	Approximate sampling tolerances applicable to percentages at or near these levels		
Base size	10% or 90%	30% or 70%	50%
1,071 (full sample)	±1.75	±2.67	±2.91
906 (DCWW)	±1.91	±2.92	±3.18
71 (SVT)	±6.97	±10.64	±11.61
94 (DVW)	±6.05	±9.24	±10.08
165 (SVT/DVW)	±4.56	±6.96	±7.6
43 (Landlords)	±8.96	±13.68	±14.93
300 (Tenants)	±3.37	±5.15	±5.62

[4] Terminology: HH = Household customers; NHH = Non-household customers; LL = Landlords

The sample is representative of the demographics for the customer bases of DCWW and SVT/DVW, based on regional census data from the Office of National Statistics. The findings represent the views of those who were willing to take part in the research; there is potential for the findings to have been different had the views of those who were unwilling to take part in the research been included.

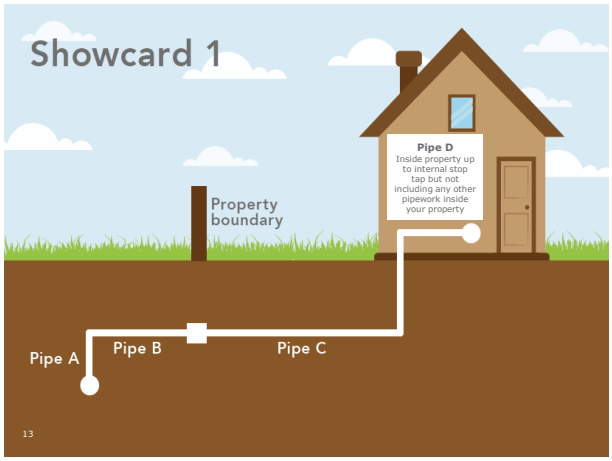
It would be helpful for companies to further consider additional research targeted at non-respondents to understand the views of their whole customer base and whether any additional insight can be drawn. This is particularly important where non-responders account for a significant portion of the survey base.

Findings

Awareness of supply pipe ownership

The quantitative research found that spontaneous awareness of current supply pipe ownership and responsibilities (Showcard 1) was generally high (70%+) for HHs and NHHs.

However, this falls to just over half who correctly identified Pipe C as being the property owner's responsibility.



Household customers

% Awareness of responsibility for each section of pipe by water company	DCWW	SVT/DVW
The pipe under pavement	88%	81%
The pipe outside and up to the property boundary	86%	78%
The pipe underground within the property boundary	54%	53%
The pipe inside property up to the stop tap	75%	66%

Non-household customers

% Awareness of responsibility for each section of pipe by water company	DCWW	SVT/DVW
The pipe under pavement	83%	86%
The pipe outside and up to the property boundary	79%	83%
The pipe underground within the property boundary	52%	62%
The pipe inside property up to the stop tap	71%	83%

Acceptability of current ownership arrangements

Around seven in ten respondents found the current ownership arrangements to be acceptable. Amongst households, older participants and metered participants were more likely to find the current arrangement acceptable.

	% acceptable	DCWW	SVT/DVW
HH customers	68%	69%	66%
NHH customers	75%	77%	73%

Current supply pipe repair policies

At the time of this research, DCWW, SVT and DVW had quite different policies for repairing leaks on supply pipes which customers are responsible for; DCWW offers a free repair at least once (under certain conditions), DVW offers to meet some but not all repair costs and SVT

does not meet any costs unless the customer is in financial hardship. Customers were asked for their views on the acceptability of the company policy which was relevant to them. The results are shown below:

% acceptable	DCWW	SVT	DVW
HH customers	80%	78%	55%
NHH customers	74%	62%	72%

In relation to the finding that current supply pipe arrangements are largely acceptable there are two points worthy of note. Firstly, there was a lack of awareness about responsibility for the underground supply pipe within the property boundary (46% of HHs and 44% of NHHs did not identify that they were responsible) and those who were unaware were less likely to find the situation acceptable. Secondly, participants had not yet seen any information on any potential transfer of ownership/responsibility, so they were not judging the 'acceptability' of the arrangements in relation to any alternative.

The transfer in principle: customers' initial views (uninformed)

Nearly nine in ten found the idea of transfer acceptable in principle. Less than one in ten found it unacceptable (5% of HH; 9% of NHH). Similarly, just less than one in ten (7%) HH and (9%) NHH customers weren't sure.

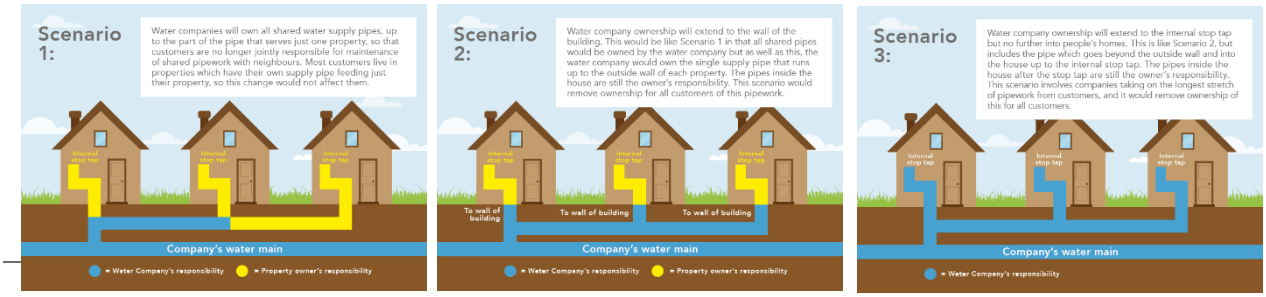
% acceptable	HH customers	NHH customers
Overall	89%	86%
DCWW	90% ↑	88%
SVT/DVW	80%	82%

↑ = Sig diff to SVT/DVW

The main reasons for finding this acceptable in principle were that it would clear up any uncertainty about responsibility and because water companies are perceived to know more about these pipes than anyone else.

The transfer in principle: Customers' initial views of transfer scenarios

Participants were shown the three potential transfer scenarios[5] below and a no change scenario without any costs. Full size images can be found in the appendix of the main report.



[5] Scenario 1: transfer shared water supply pipes only; Scenario 2: transfer all pipework up to the outside wall of the property; Scenario 3 transfer all pipework up to the internal stop-tap.
Blue = water company responsibility, yellow = property owner responsibility and participants were also given an option for 'no change' to be their preference

Of all scenarios, Scenario 3 (a transfer up to the internal stop tap) was ranked highest.

Scenario	% HH ranking 1st	% NHH ranking 1st
Scenario 3 – transfer shared pipework and all pipework up to the stop-tap inside the property	DCWW (64%)	DCWW (47%)
	SVT (61%)	SVT (58%)
	DVW (61%)	DVW (48%)

Scenario 3 was particularly preferred by those living in detached (66%), semi-detached (65%) and terraced (64%) housing (cf. flats 51%), property owners (67% cf. 56% tenants) and those with supply pipe insurance (67% cf. 59%).

The 'no change' scenario had most appeal amongst the older age groups, those living in flats or bungalows and those of SEGs D and E. There is a degree of overlap with these demographics e.g. older people are also more likely to live in bungalows. Should the transfer go ahead, customers in these demographics may have more concerns and be more sensitive to this change than others.

Informed views on acceptability of transfer

Acceptability fell significantly once participants had been made aware of some of the wider impacts[6] of a transfer, from 89% to 85% for HHs and from 86% to 80% for NHHs. This is still a large majority who find the idea of a transfer acceptable.

% acceptable	HH customers	NHH customers
Overall	85%	80%
DCWW	86%	84%
SVT/DVW	80%	74%

The main reasons for the fall in support were a view that customers shouldn't have to 'pay for other customers' faulty pipes' and uncertainty around costs.

Willingness to pay estimates: Household customers

As noted above, when considering the level of willingness to pay, it should be borne in mind that:

- This value was derived in isolation, and would likely have been lower if customers were asked about their willingness to pay for other service improvements at the same time.
- The qualitative research found that the value of the willingness to pay stated by customers who had insurance covering supply pipe repairs was influenced by the value of the premiums.

[6] Examples include the potential effect on water quality and co-ordination of repairs, and the possibility that water companies would need stronger rights to manage and repair assets on private land.

Overall, the average value that HH customers were willing to pay for Scenario 3 (a transfer of pipework up to the internal stop tap) was £9.54 per year.

DCWW customers were willing to pay up to £9.72 and SVT/DVW customers £8.57 per year (not significantly different). Household willingness to pay falls to £5.32 for Scenario 2 and £2.34 for Scenario 1. Willingness to pay for Scenario 3 is shown below:

Current HH Bill Payers	Average WtP estimate	Range[7]
Whole sample	£9.54	(£8.92, £10.17)
Dŵr Cymru Welsh Water	£9.72	(£9.07, £10.38)
Dee Valley Water & Severn Trent	£8.57	(£6.68, £10.46)

- 16% of HHs were not willing to pay anything on top of their current bills towards the cost of transfer. These are significantly more likely to be:
- Low incomes of less than £20,000 a year
- Living in bungalows (correlates with older age groups who are most likely to find the current arrangement acceptable)
- Tenants

Willingness to pay estimates: NHH customers

Overall, the average value that NHH customers were willing to pay was +3.6%[8] per year on top of their current annual bill. DCWW are willing to pay +3.1% per year cf. NHH customers of DVW/SVT +4.2% per year.

Current NHH Bill Payers	Average WtP estimate	95% confidence interval
Whole sample	+3.6%	(3%, 4.1%)
Dŵr Cymru Welsh Water	+3.1%	(2.4%, 3.6%)
Dee Valley Water & Severn Trent	+4.2%	(3.4%, 5.2%)

Service level expectations after transfer

Customers were asked about the level of service that they would expect of the water company when responding to a situation in which the supply pipe on the customer's property was in need of repair. In both perceived supply pipe emergencies[9] and non-emergencies, NHH customers generally have higher service level expectations than HH customers.

[7] The range refers to the confidence interval meaning that we can be 95% certain that the true WtP value should we ask the whole population would lie between these two values.
[8] A percentage was given rather than an amount in pounds for NHH customers as their bills will vary greatly between business to business so it was simpler for them to envisage a percentage increase rather than a monetary amount.
[9] Respondents were not given a definition of what would count as an emergency as their initial reaction to a supply pipe issue will be guided by their immediate perception of the situation

In a perceived emergency:

- Half of all NHHs (50%) compared to nearly two in five HHs (38%) would expect their company to visit within an hour of contact.
- A third of NHHs (32%) would expect their initial call to report this to be answered in 30 seconds compared to 16% of HHs.

The views of HHs and NHHs on the time taken to resolve were more similar, with 40% of HHs and 46% of NHHs expecting resolution within 4 hours of the company arriving on site.

After an emergency repair, 56% of HHs and 63% of NHHs would expect all landscaping to be restored to its former state and to a standard they are happy with.

In a non-emergency situation, both HH and NHH customers were prepared to wait a little longer for a visit:

	Household	Non-household
expect a visit within an hour	11%	21%
expect a visit within 2-3 hours	24%	31%

However, they have similar expectations for speed of telephone in a non-emergency as for an emergency.

Once the company is on site, 20% of NHHs and 14% of HHs expect a non-emergency resolution within 4 hours, and 57% of NHHs and 52% of HHs expect all landscaping to be returned to its former state following a non-emergency repair.

Should a transfer take place, SVT customers have higher service level expectations in both an emergency and non-emergency than DVW and DCWW customers.

Willingness to pay an additional amount for top levels of service

Most customers – at least seven in ten (75% of HHs and 72% of NHHs) – were not willing to pay more in addition to what they had already offered for their preferred transfer scenario to guarantee top levels of service (with various service levels being shown within the survey).

Among the 25% of HH respondents who were willing to pay more, the mean average additional amount they would be willing to pay was £8.69. Notably, 69% of socio-economic groups with higher household incomes (SEG groups AB) were in this group which were willing to pay more, indicating that the highest levels of service are particularly important for them.

Willingness to pay an additional amount rose to £18.55 amongst the 28% of NHH customers

who were willing to pay more.

Preferred scenario once informed of estimated annual bill impacts[10]

Respondents were shown the actual estimated annual bill impact for each scenario, and then asked again which scenario they would prefer. The preference for Scenario 3 was unchanged across both HH (64% before cost reveal cf. 61% following cost reveal) and NHH audiences (50% before cost reveal cf. 47% following cost reveal).

Scenario	% HH ranking 1st	% NHH ranking 1st
Scenario 3 – transfer shared pipework and all pipework up to the stop-tap inside the property	DCWW (61%)	DCWW (39%)
	SVT (65%)	SVT (58%)
	DVW (59%)	DVW (55%)
	SVT/DVW (61%)	SVT/DVW (57%)

Scenario 3 was particularly preferred amongst higher SEGs, those living in detached and semi-detached housing particularly, property owners and those with water supply pipe insurance. Older age-groups and lower SEGs were more likely to prefer no change.

Final informed acceptability for transfer in principle

Customers were asked one final time, in the light of all the information provided, whether they considered the transfer of supply pipes from property owners to water companies to be acceptable in principle. Just over four-fifths (81%) of HH customers indicated that a transfer was acceptable as did three-quarters (75%) of NHHs.

% acceptable	DCWW	SVT/DVW
HH	82%	78%
NHH	78%	70%

Acceptability was particularly concentrated amongst higher SEGs, those in detached or semi-detached dwellings, property owners and those with water supply pipe insurance.

How acceptability varies with amount of information provided

Acceptability of the transfer in principle was highest when respondents were aware of current ownership responsibilities but uninformed about the wider impacts that a transfer could have. Whilst acceptability falls as more information is presented[11], a transfer is still appealing to the majority as shown overleaf for HH and NHH respondents:

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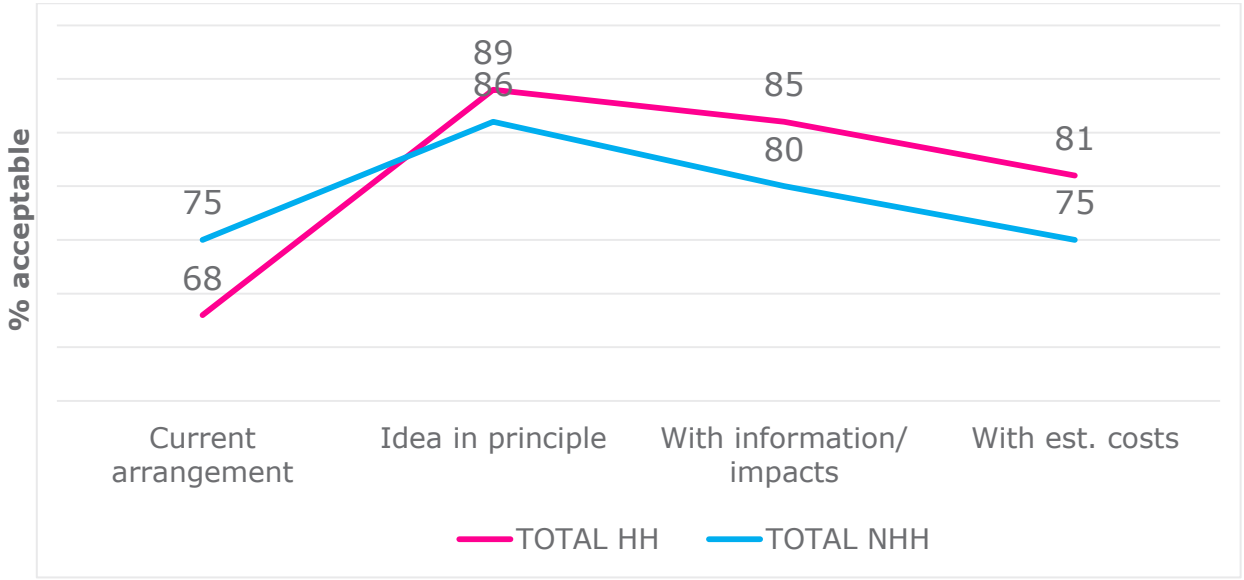
[10] Please note that whilst HH customers were shown a monetary amount, NHH customers were shown an amount in percentage terms because of the large range in total bills across this group of customers.

[11] Qualitative research showed that the additional information raised concerns with some customers and this was the reason for the fall in acceptability. These concerns included the standard of repair offered and how would the property be left along with concerns over whether water companies could come and build in their gardens/on their land as well as whether it may limit what they can build on their own land.



Views on alternatives to statutory transfer of ownership to water companies

Finally, customers were asked whether they would prefer a transfer of ownership compared to other measures that could achieve some of the same benefits while retaining the current ownership arrangements. For example, companies could extend their leakage repair policies so as to address the risks of customers being hit with unexpected costs. Almost two-thirds (63%) of HHs prefer a transfer compared to these alternatives. Only around one in ten (12%) opposed the transfer.

Over half (56%) of NHH's supported a legal transfer.

16% of HHs felt it was important for them to retain legal ownership of their water supply pipes (more likely to be those who already had insurance and homeowners) compared to 31% of NHHs (increasing to 45% of those NHHs which have in the past had a problem with their supply pipe).

Introduction

Background and objectives

In November 2016, the Welsh Government issued a discussion paper in which it set out a proposal to transfer ownership of water supply pipes from property owners to water companies in Wales. This followed on from the Water Strategy for Wales's commitment to explore the costs and benefits of such a transfer. In the Consumer Council for Water's (CCWater) response to the discussion paper, it highlighted the importance of taking customers' views into account when making the final policy decision on this matter. Water companies operating in Wales were also keen to understand their customer views on the proposal.

Therefore this collaborative research was developed by CCWater working with the three water companies potentially affected, Dŵr Cymru Welsh Water (DCWW), Dee Valley Water (DVW) and Severn Trent (SVT). The overarching aim of this research is to identify and explore the views of customers who would be affected (predominantly in Wales) by this research whilst building on:

- Defra's May 2013 consultation on the transfer of the responsibility for private water supply pipes to water companies, which examined this as a way of addressing confusion over responsibility for water supply pipes amongst the general public, the differences in water company supply pipe repair policies and risks to water quality from insufficient and un-coordinated maintenance.
- UKWIR's[12] March 2014 supply pipe transfer research delivered by DJS which was followed by a Defra decision not to progress with policy changes.

The findings of the research will be used to respond to, and inform a future Welsh Government consultation on the transfer of private supply pipes from property owners to water companies in Wales.

Focussing specifically on Wales, this research explores the following:

- Customer awareness of current water supply pipe responsibilities
- Customer experience of current water supply pipe responsibilities (repairs, leaks, shared ownership, accessibility of pipework etc.)
- Reactions to the principle of statutory transfer of water supply pipe ownership to water companies
- Reactions to different pipework transfer scenarios:
  - To the boundary of the property grounds
  - Up to the boundary of the building

[12] UKWIR stands for UK Water Industry Research Ltd. UKWIR was set up by the UK water industry in 1993 to provide a framework for the procurement of a common research programme for UK water operators on 'one voice' issues. UKWIR's members comprise 20 water and sewerage undertakers in England, Wales, Scotland, Northern Ireland and the Republic of Ireland.

- Up to the stopcock or tap inside the building
- The effect, if any, of each scenario above on 'in principle' views on the transfer
- Views on pros and cons of different scenarios for maintenance, costs, leakage, standards of service and other outcomes as identified by customers
- Views on alternatives to the statutory transfer of water supply pipes i.e. a voluntary industry scheme or things staying as they are, and pros and cons of these
- Views on policies and practices which could deliver some similar outcomes to those that the transfer of water supply pipes might be expected to achieve.

To tackle these objectives, a qualitative deliberative research approach was used to explore the subject matter with customers, followed by quantitative research to measure customers' support for the transfer in principle, attitudes towards, and willingness to pay for different transfer scenarios and service levels.

This document will now outline the methodology adopted for this research.

Research methodology and sample

Qualitative research methodology

An initial **qualitative stage** was conducted in various locations in North and South Wales. DJS Research conducted 9 focus groups between 13th June and the 29th June as displayed in the below table.

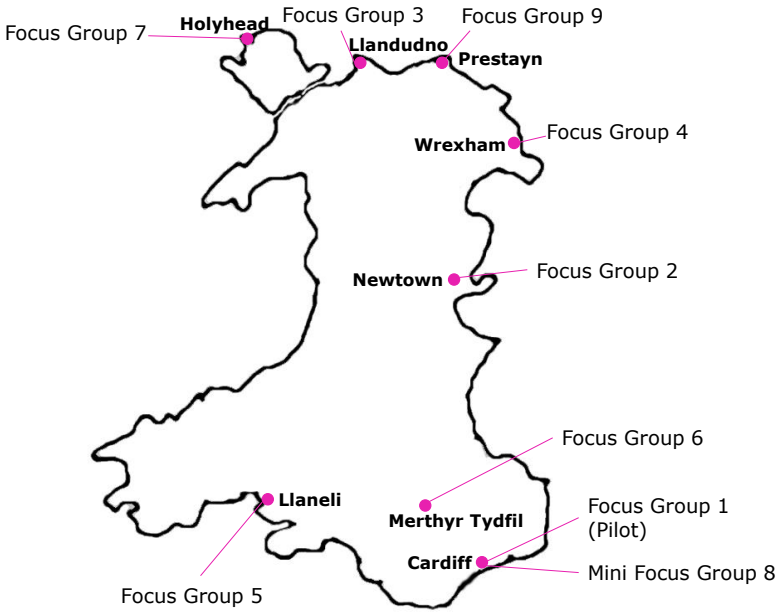
Table 1: Composition of focus group sample

Table 1	Focus group make up			
Location	Socio-economic group/business size	Water company	Age	Whether from a metered or unmetered household
Focus group 1 (pilot) – Cardiff Household	C2D[13]	DCWW	25-44	Mix of metered and unmetered
Focus group 2 – Newtown	BC1C2D	SVT	30-60	Mix of metered and unmetered
Focus group 3 – Llandudno	ABC1	DCWW	45-70	Mix of metered and unmetered

[13] Socio-economic group is a way of classifying participants in terms of the occupation of the main income earner in the household A = Higher managerial/professional, B = Intermediate managerial/professional, C1= Supervisory/junior managerial/professional, C2 = Skilled manual worker, D = Semi and unskilled manual worker E = Student/Unemployed

Focus group 4 – Wrexham	BC1C2D	DVW	30-60	Mix of metered and unmetered
Focus group 5 - Llanelli	ABC1	DCWW	25-44	Mix of metered and unmetered
Focus group 6 – Merthyr Tydfil	Low income/E	DCWW	Mix	Mix of metered and unmetered
Focus group 7 - Holyhead	C2D	DCWW	45-70	Mix of metered and unmetered
Mini focus group 8 - Cardiff	Medium sized businesses	DCWW	N/A	Mix of metered and unmetered
Focus group 9 - Prestatyn	Small/micro businesses	DCWW	N/A	Mix of metered and unmetered

A depiction of the locations used for the qualitative research is shown below:



As the subject matter for this research (water supply pipes) is likely to be one people have given little thought to, focus groups were used to help spark discussion and explore views as participants sometimes find it much easier to comment on someone else's views than articulate their own opinions on the subject in hand.

The focus groups were supplemented by:

- 10 x face-to-face depth interviews with customers in vulnerable circumstances[14]
- 4 x face-to-face depth interviews with large business customers in the DCWW region
- 4 x face-to-face depth interviews with small or medium business customers equally in the DVW/SVT (Wales) region.

Quantitative research methodology

The findings from the qualitative phase fed into a follow up **quantitative phase** in Wales comprising online panel surveys, Computer Aided Personal Interviewing[15] and Computer Assisted Telephone Interviewing[16].

In total 1,071 surveys were conducted between 28th July and the 11th August 2017 with a sample of the DCWW, SVT and DVW customer base. The samples along with their margin of errors are shown in Table 1a:

Table 1a: Margin of error

	Approximate sampling tolerances applicable to percentages at or near these levels		
Base size	**10% or 90%**	**30% or 70%**	**50%**
1,071 (full sample)	±1.75	±2.67	±2.91
906 (DCWW)	±1.91	±2.92	±3.18
71 (SVT)	±6.97	±10.64	±11.61
94 (DVW)	±6.05	±9.24	±10.08
165 (SVT/DVW)	±4.56	±6.96	±7.6

Forty-three landlords were also surveyed because the transfer would mean that as owners of rental properties they would no longer be responsible for water supply pipe repair and maintenance. The views of landlords (LLs) are set out from page 84.

Three-hundred tenants were included in the sample above because although they are not currently responsible for water supply pipes (their landlords are), any resulting bill impact from the transfer would affect them directly.

The sample profiles are shown overleaf.

Table 2: Sample profile: household customers

[14] Vulnerable customers were a mix of people with physical or mental disabilities, over 75s or those with transient problems e.g. unemployment, bereavement etc.

[15] An online approach boosted by CAPI interviews with hard to reach offline customers was used. The rationale being that CAPI is the closest match to online and the fact that customers could read the materials provided a suitable platform for the scenarios that were to be shown for different supply pipe transfer options.

[16] An online approach boosted by CATI interviews was used with Landlords. The landlord sample had telephone contact numbers making CATI the easiest mode of contact to boost the Landlord numbers.

The below table displays the sample profile achieved along with where there were differences in profile between DCWW and SVT/DVW customers.

	Household customers	TOTAL	DCWW	SVT	DVW	SVT/DVW Combined
Gender	Male	49%	50%	54%	60%	46%
	Female	51%	50%	46%	40%	54%
Age	18-29 years	5%	4%	10%	7%	8%
	30-44 years	23%	24%	17%	21%	19%
	45-59 years	32%	33%	25%	27%	26%
	60-74 years	31%	31%	30%	28%	28%
	>75 years	9%	8%	18%	17%	18% ↑
Socio-economic grade	**AB** Higher & intermediate managerial, administrative, professional occupations	30%	33%	21%	16%	18%
	C1 Supervisory, clerical & junior managerial, administrative, professional occupations	22%	21%	14%	23%	24%
	C2 Skilled manual occupations	23%	23%	34%	20%	26%
	DE Semi-skilled & unskilled manual occupations, Unemployed and lowest grade occupations	25%	23%	21%	40%	32%
Insurance cover	Yes – just for water pipes	5%	5%	4%	3%	4%
	Yes – covered in home insurance	27%	28%	23%	21%	22%
	Yes – covered in other insurance policy	6%	6%	3%	5%	4%
	Don't know if my existing policy covers pipes	20%	21%	17%	13%	15%
	Don't know as my landlord takes care of it	10%	10%	10%	6%	8%
	No	32%	29%	44%	51%	48% ↑
Home owner status	Home owner	71%	74% ↑	63%	51%	56%
	Renting	28%	25%	37%	49%	44% ↑

↑ = significant difference in sample composition between DCWW & SVT/DVW (Combined)

Table 3: Sample profile: non-household customers

The below table displays the sample profile achieved for non-household customers.

	Non-household customers	Total	DCWW	SVT	DVW	SVT/DVW Combined
Number of sites	One	87%	84%	92%	88%	90%
	More than one	13%	16%	8%	12%	10%
Employees at the site	1-9	60%	48%	65%	90%	77%
	10-49	16%	20%	18%	3%	11%
	50-99	9%	12%	5%	5%	5%
	100-249	5%	17%	6%	0%	3%
	250-499	4%	4%	6%	0%	3%
	500+	6%	10%	0%	2%	1%
Insurance cover	Yes – just for water pipes	12%	13%	17%	5%	11%
	Yes – covered in business insurance	32%	36%	29%	25%	27%
	Yes – covered in other insurance policy	7%	10%	5%	3%	4%
	Don't know if my existing policy covers pipes	21%	18%	25%	23%	24%
	No	28%	23%	25%	43%	34%

The main findings follow. All differences by demographics, business size or water company highlighted in this report are statistically significant unless otherwise stated. Significant differences are identified using 

Throughout the report certain abbreviations are used, these are listed below:

DCWW - Dŵr Cymru Welsh Water
SVT – Severn Trent
DVW – Dee Valley Water
cf. – compared with
HH – Household
NHH – Non-household
LL - Landlord
Sig diff – Statistical significance.

Detailed Research Findings

Introduction

In both the qualitative and quantitative research, customers were asked initial questions uninformed (that is, without prior knowledge of current supply pipe ownership). This approach enabled an understanding of the 'typical view' and uninformed awareness levels held by people on the topics discussed. Once the uninformed views had been gathered, information was provided and any changes in views were tracked. The report indicates where customers were operating in an uninformed or informed capacity.

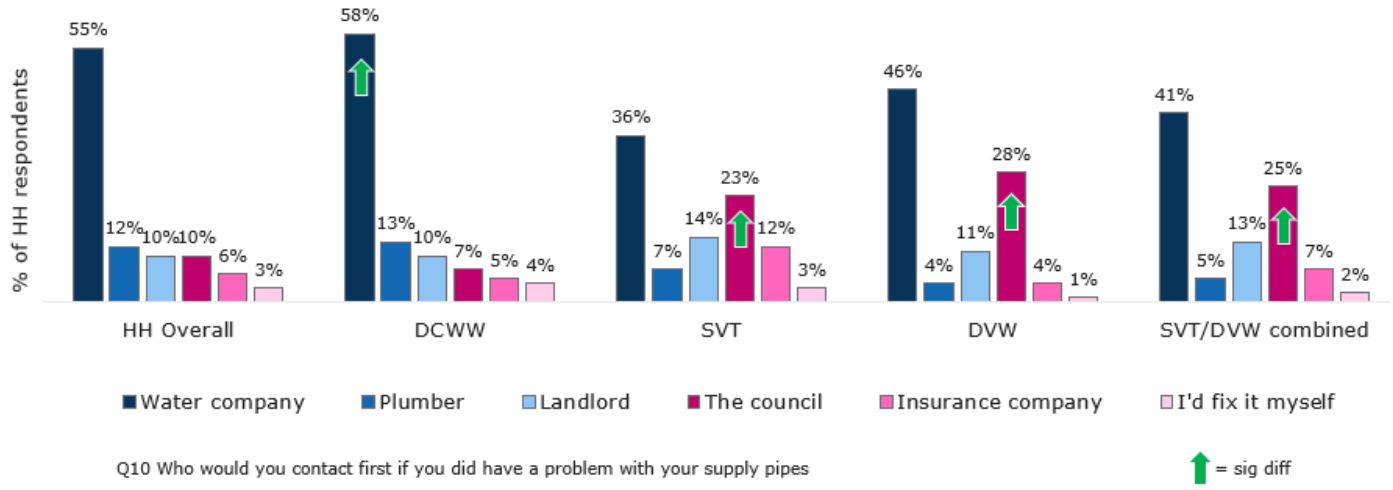
Customers' claimed behaviour

The survey was introduced to respondents as being about the water industry and possible changes affecting water supply pipes. Respondents were asked to identify their water company before taking the main survey. This context may have increased the likelihood of respondents suggesting their water company when asked about who they would contact should they experience an issue. It is against this backdrop that we will now examine customers claimed behaviour when faced with a supply pipe issue.

An examination of who participants would contact when faced with a supply pipe issue

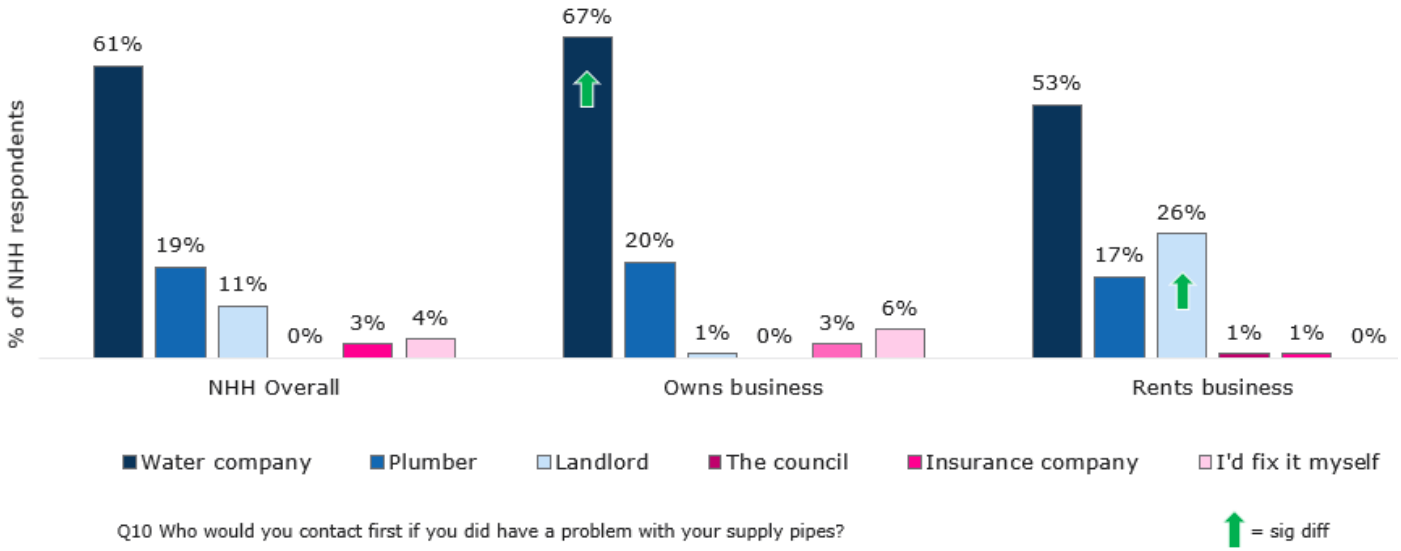
Most participants - 88% of HH customers, 81% of NHH customers - had not experienced any sort of supply pipe problem in the past. Just over half (55%) of these HH customers stated that if they had a problem, they would contact their water company first. Within this, DCWW customers would be more likely to contact their provider than customers of SVT and DVW, whilst SVT and DVW were more likely than DCWW to contact the Council. However SVT/DVW were more likely to have Council renters in their sample than DCWW (30% cf. 8%) which is likely to have influenced this finding:

Figure 1 - First point of contact when there is a problem with the supply pipes by household



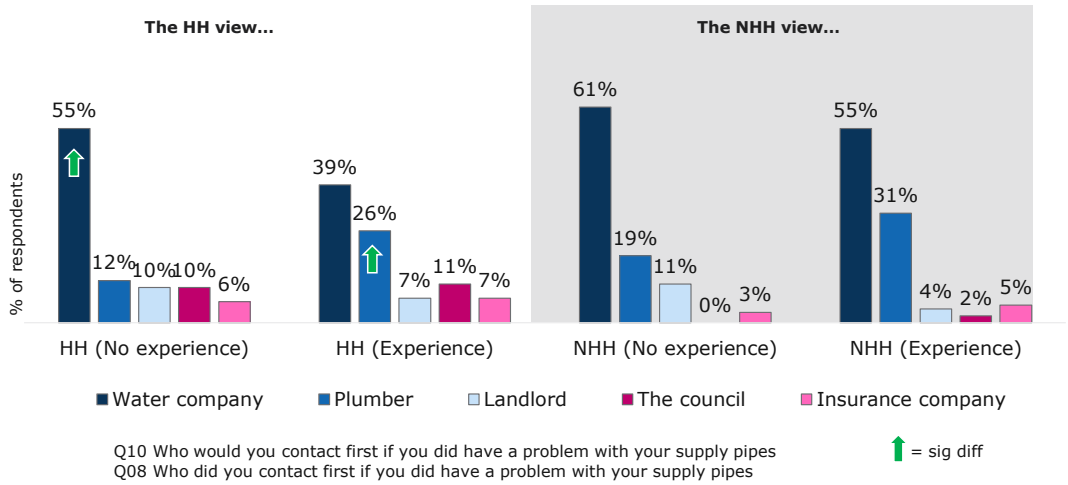
The same was found for NHH customers who *had not experienced* a problem with their own supply pipes, with three-fifths (61%) stating that they would contact their water company first, with the only difference by sub-group suggesting that those who own their property (as opposed to those who rent) were more likely to contact their water company.

Figure 2 – First point of contact when there is a problem with supply pipes by non-household



When it comes to customers who *have* had a supply pipe problem, their actions were not as clear cut. Of HH customers *who had experienced* a problem with their own supply pipes, this propensity to contact their water company drops to 39% (cf. 55%) and 37% (cf. 61%); amongst NHH customers, directly contacting a plumber comes more to the fore (HH = 26% cf. 12%; NHH = 32% cf. 19%). This could be because these HHs and NHHs have found out by experience that their water company is not necessarily the right organisation to contact, depending on where the problem was on their supply pipe.

Figure 3 - First point of contact when there is a problem with supply pipes – HH and NHH[17]



This was reflected in the fact that either the water company (HH = 37%; NHH = 49%) or the plumber (HH = 32%; NHH = 27%) were the two main bodies that came out to repair or replace the pipe as required for both HH and NHH audiences.

It should be noted that the nature of the problem experienced with the supply pipe was not explored, meaning the level of severity of the problem cannot be determined. However, in the qualitative research, there were a range of experiences from HH customers who had suffered a burst pipe under their garden to a business customer that had their cellars completely flooded:

We had a problem and if I'm not mistaken we were allowed one repair by the water company which they did come and do quite quickly, we were quite pleased with that
HH Customer

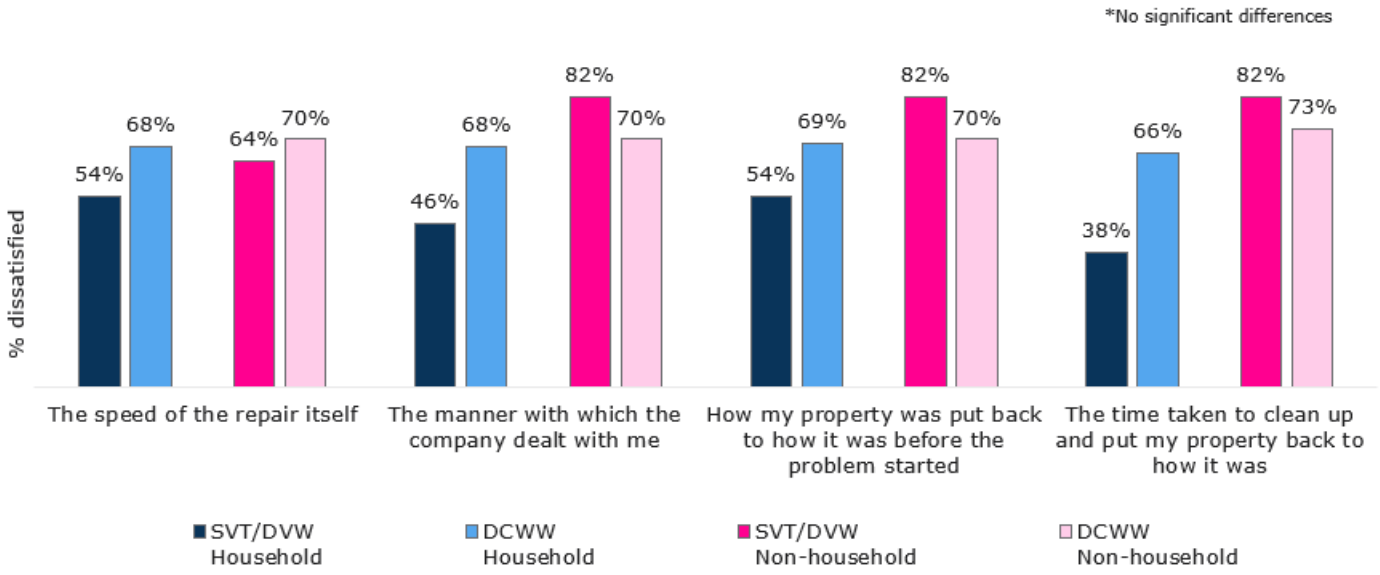
We were working one day when a customer asked if we had underfloor heating…which we definitely don't! We ripped the lino up to get into the cellar and it was flooded and the water was electrified with steam coming up!
NHH Customer

[17] Although there are some bigger differences in the numbers for NHH customers, they don't reach a level of statistical significance because of the smaller sample sizes/larger margin of error involved.

Satisfaction with experience following supply pipe issues

Respondents generally reported low levels of satisfaction with the service provided by water companies, plumbers and other parties in response to water supply pipe issues. NHH customers are less satisfied than their HH counterparts, possibly due to the disruption that such issues can cause to businesses' ability to stay open and the added inconvenience and knock-on effects this can cause:

Figure 4 – Dissatisfaction with the service provided



Q11 Base (All respondents who have experienced a problem): Following your problems with your supply pipes, how satisfied were you with each of the following aspects of your experience?

Taken together, and subject to the caveat on claimed behaviour, this suggests that when customers experience a water supply pipe problem for the first time, the water company is seen as the main body to contact with plumbers also being a consideration.

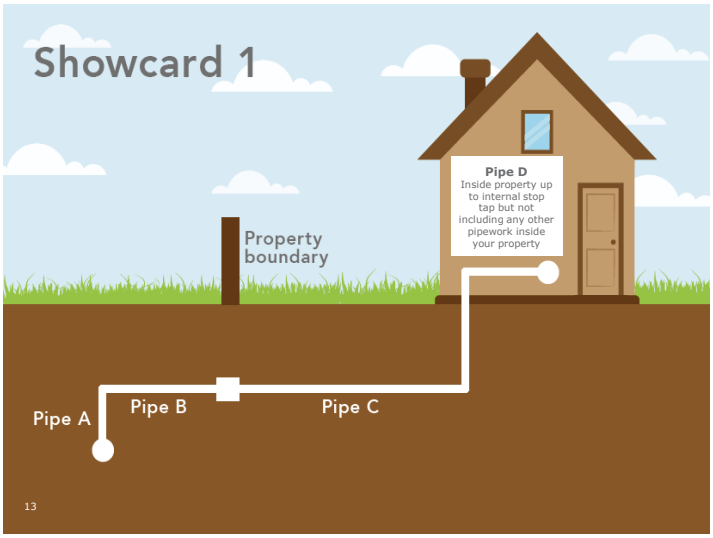
Against this backdrop of water companies being a key focal point for such issues, it is interesting to examine participants' uninformed views on ownership of water supply pipes and it is to this that this report will now turn.

Customers' unprompted awareness of current supply pipe ownership

Participants were informed that throughout this research they would be asked to think about underground pipes that supply their homes or businesses, specifically, the pipes that bring clean water into their homes or businesses as opposed to the sewerage pipes that take dirty water away.

They were shown a diagram of the typical arrangement for underground water supply pipes (shown right) and were asked to think about who is responsible for the maintenance and repair for each section of pipe.

The results revealed that for certain pipes, most customers have an accurate understanding of ownership, but with one pipe in particular there is a more confused picture around ownership.



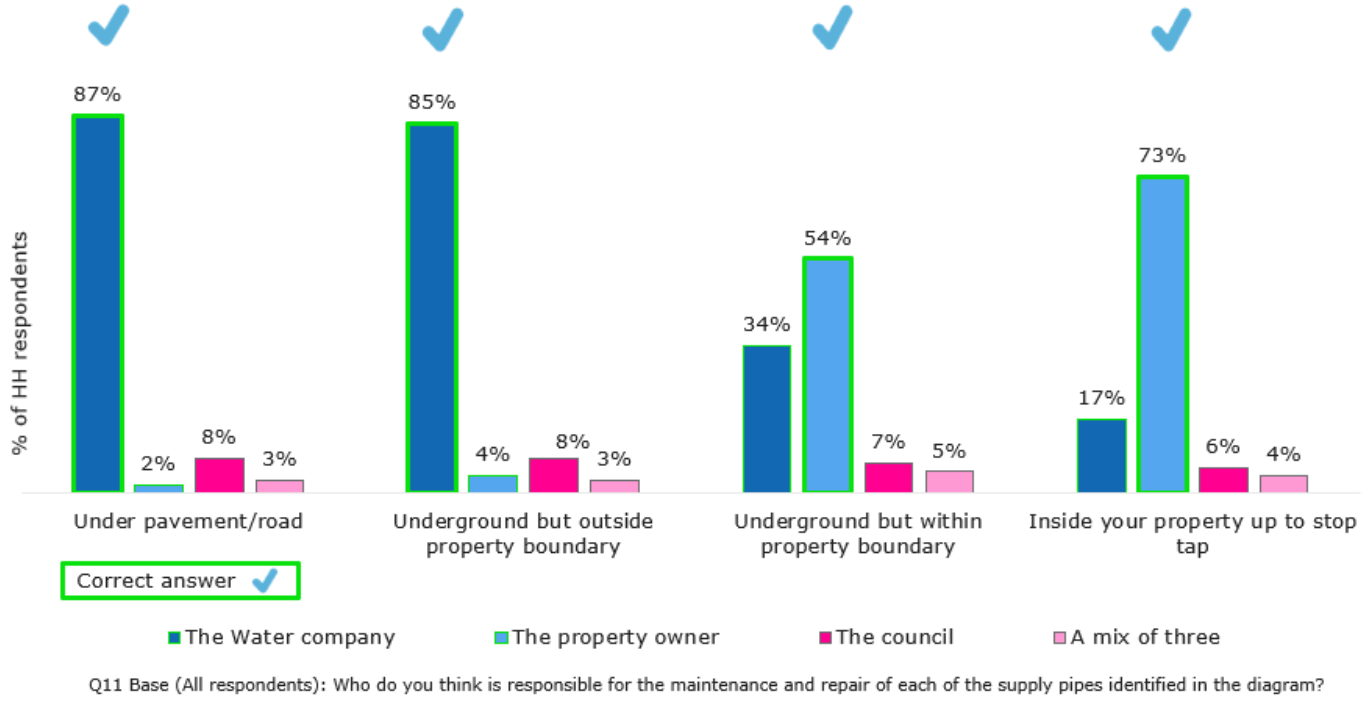
Household customers

At overall HH level, large majorities correctly identified that Pipe A (which is under the pavement/road) and Pipe B (which is underground but outside the property boundary) are the water company's responsibility, with 87% and 85% stating so, respectively. A similar level of consensus was found in relation to Pipe D (inside the property up to the stop tap) which was usually correctly identified as the responsibility of the property owner (73%).

Awareness of current responsibilities is less clear in relation to Pipe C (underground but within the property boundary); around half (54%) of HH customers correctly identified this as the property owner's responsibility whilst one third (34%) thought incorrectly that it was the water company's responsibility.

Overall, around half of all HH customers (i.e. those who did not identify that the property owner is responsible for Pipe C) are vulnerable to a situation where they only find out when there is a problem with this supply pipe, that they are responsible for both the repair and the costs.

Figure 5 – Responsibility of pipes by household



Q11 Base (All respondents): Who do you think is responsible for the maintenance and repair of each of the supply pipes identified in the diagram?

A more detailed breakdown can be found in the table overleaf which shows awareness of responsibility for each section of pipe by water company. There are some differences by water company. For instance, DCWW customers were more likely than DVW customers to correctly identify that the pipes under the pavement/road were the water company's responsibility (88% cf. 77%) along with those that are underground but outside the property boundary (86% cf. 73%). Conversely, DVW customers were more likely than DCWW customers to think incorrectly that the pipe under the pavement/road (16% cf. 7%) and the pipe underground but outside the property boundary (17% cf. 7%) was the responsibility of the council. DVW customers were also more likely to think that the pipe that is underground within the property boundary (14% cf. 6%) and the pipe up to their internal stop tap (16% cf. 4%) was the responsibility of the council. This could be due to the high proportion of council tenants in the DVW sample who conducted the survey.

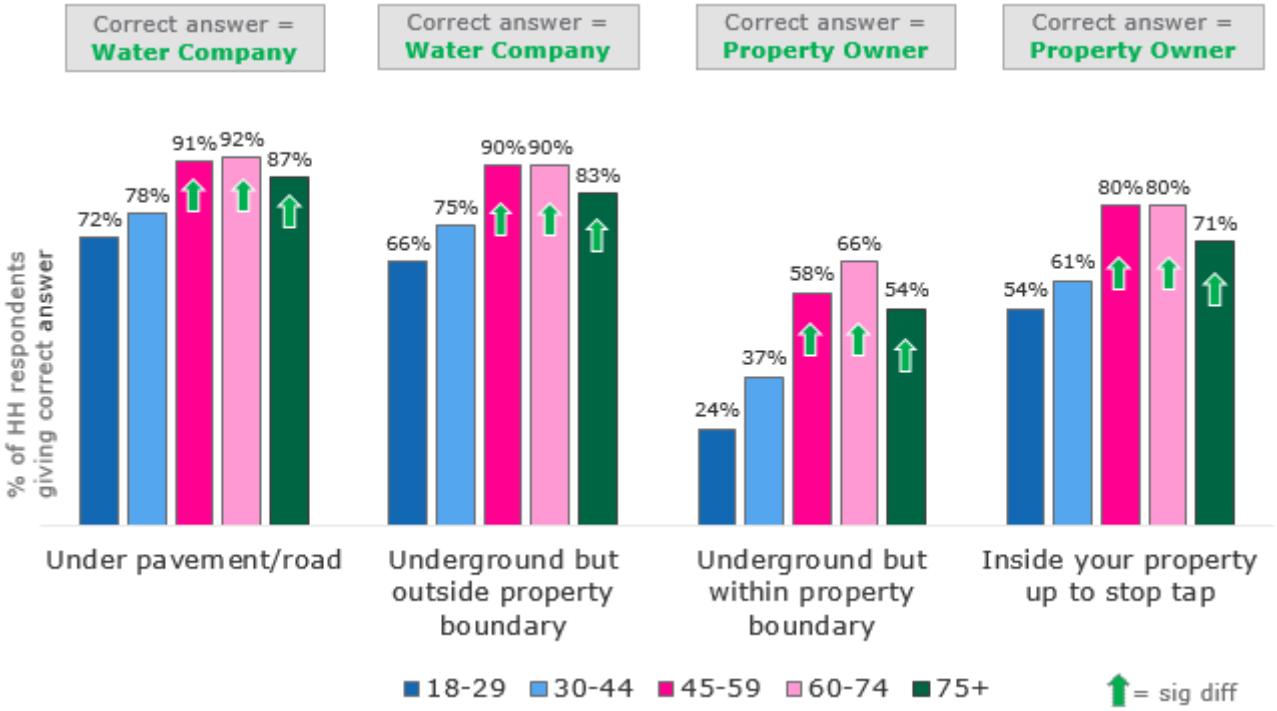
Table 4 Awareness of responsibility for each section of pipe by water company

Responsibility for the pipe under pavement (Pipe A)	SVT/DVW (combined)	SVT	DVW	DCWW
Water company (correct response)	81%	86%	77%	88%
Property owner	4%	3%	4%	1%
Council	14%	11%	16%	7%
A mix of all three	2%	0%	3%	3%
Responsibility for pipe outside and up to the property boundary (Pipe B)	**SVT/DVW (combined)**	**SVT**	**DVW**	**DCWW**
Water company (correct response)	78%	83%	73%	86%
Property owner	5%	4%	6%	4%
Council	15%	11%	17%	7%
A mix of all three	2%	1%	3%	3%
Responsibility for the pipe underground within the property boundary (Pipe C)	**SVT/DVW (combined)**	**SVT**	**DVW**	**DCWW**
Water company	28%	28%	29%	36%
Property owner (correct response)	53%	55%	51%	54%
Council	15%	17%	14%	6%
A mix of all three	4%	0%	6%	5%
Responsibility for the pipe inside property up to the stop tap (Pipe D)	**SVT/DVW (combined)**	**SVT**	**DVW**	**DCWW**
Water company	15%	15%	14%	18%
Property owner (correct response)	66%	66%	66%	75%
Council	16%	15%	16%	4%
A mix of all three	4%	3%	4%	4%

*Significant differences highlighted in green

In terms of demographic differences, older age groups are more likely to be correctly aware of pipework responsibilities - this could be related to older age groups also being more likely to own their own home rather than rent and so having more direct experience of supply pipe issues:

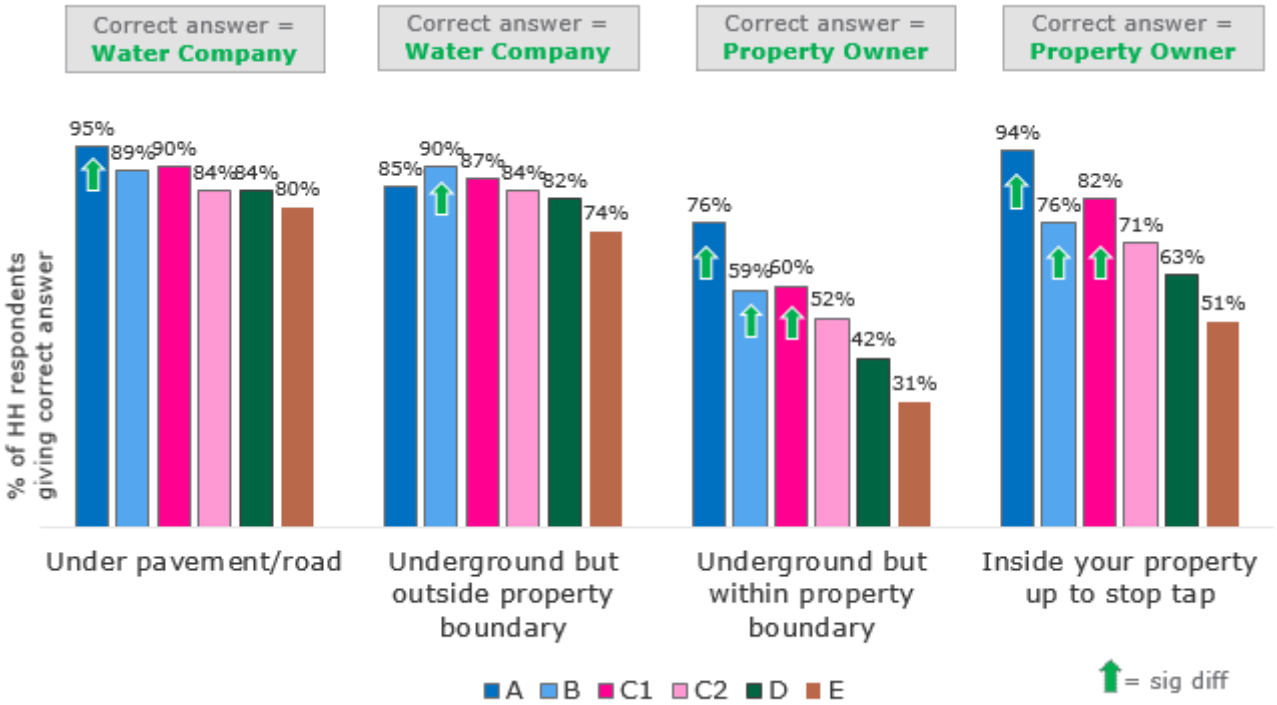
Figure 6 – Responsibility for pipes by household by age



Q11 Base (All respondents): Who do you think is responsible for the maintenance and repair of each of the supply pipes identified in the diagram?

Similarly, there is an observable pattern by SEG[18] with those of groups A, B, and C1 being more knowledgeable of supply pipe ownership than SEGs C2, D and E which are also less likely to own their own home and to have responsibility for pipework, potentially leading to their lower levels of awareness:

Figure 7- Responsibility of pipes by household by SEG

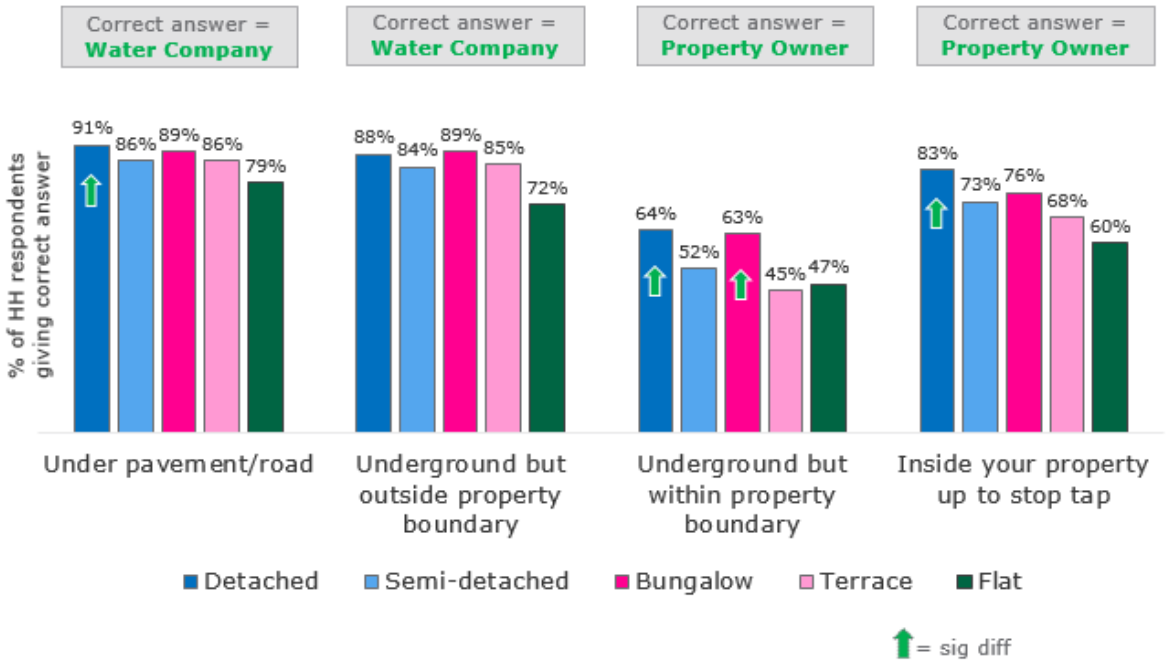


Q11 Base (All respondents): Who do you think is responsible for the maintenance and repair of each of the supply pipes identified in the diagram?

Property type is also linked to awareness, with those living in detached dwellings significantly more likely to give the correct answer as shown overleaf:

[18] Socio-economic group is a way of classifying participants in terms of the occupation of the main income earner in the household A = Higher managerial/professional, B = Intermediate managerial/professional, C1= Supervisory/junior managerial/professional, C2 = Skilled manual worker, D = Semi and unskilled manual worker E = Student/Unemployed

Figure 8 - Responsibility of Pipes by household by property type

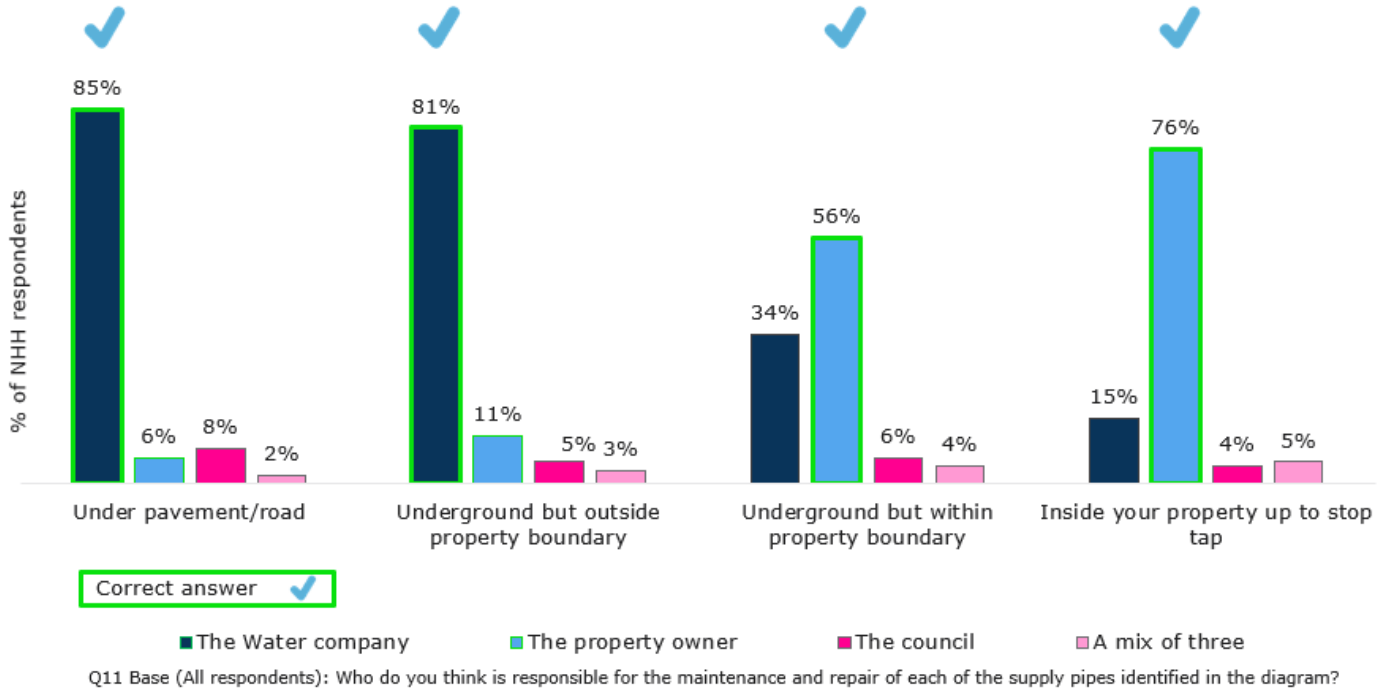


Q11 Base (All respondents): Who do you think is responsible for the maintenance and repair of each of the supply pipes identified in the diagram?

Non-household customers

Amongst NHH customers there was a similar story with customers feeling that the water company was responsible for the pipes outside and up to the property boundary but less clear on the underground pipe up to their property wall, with around a third (34%) thinking this was still the water company's responsibility and just over half (56%) it was the property owner's. There were no differences by sub-group; Table 5 overleaf shows this by water company.

Figure 9 - Responsibility of pipes by non-household



Q11 Base (All respondents): Who do you think is responsible for the maintenance and repair of each of the supply pipes identified in the diagram?

A breakdown by water company is provided below:

Table 5 – Responsibility of supply pipes by household by water company

Responsibility for the pipe under pavement (Pipe A)	SVT/DVW (combined)	SVT	DVW	DCWW
Water company (correct response)	86%	85%	88%	83%
Property owner	6%	5%	8%	6%
Council	7%	11%	3%	8%
A mix of all three	0%	0%	0%	3%
Responsibility of pipe outside property boundary (Pipe B)	**SVT/DVW (combined)**	**SVT**	**DVW**	**DCWW**
Water company (correct response)	83%	82%	85%	79%
Property owner	11%	12%	10%	11%
Council	6%	6%	5%	5%
A mix of all three	0%	0%	0%	5%
Responsibility of pipe underground within your boundary (Pipe C)	**SVT/DVW (combined)**	**SVT**	**DVW**	**DCWW**
Water company	30%	31%	30%	36%

Property owner (correct response)	62%	58%	65%	52%
Council	6%	8%	5%	6%
A mix of all three	2%	3%	0%	6%
Responsibility of pipe inside property up to the stop tap (Pipe D)	**SVT/DVW (combined)**	**SVT**	**DVW**	**DCWW**
Water company	9%	9%	13%	19%
Property owner (correct response)	83%	83%	85%	71%
Council	3%	3%	2%	5%
A mix of all three	5%	5%	0%	5%

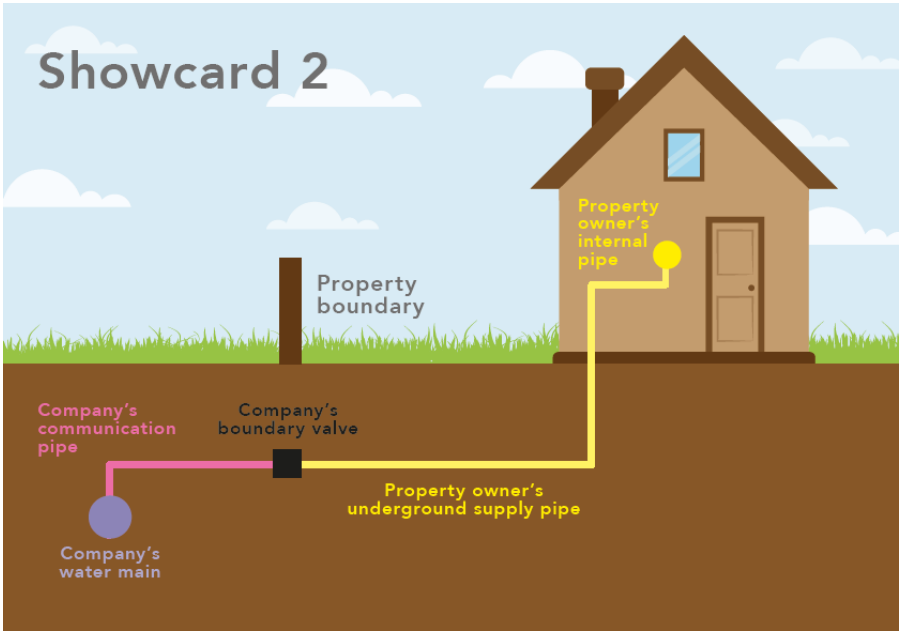
Customers' views of current supply pipe arrangement

Introduction

Once participants had offered their uninformed view of who they felt was responsible for each pipe, they were then informed of current responsibilities. Specifically, they were told the following:

Currently, responsibility for the maintenance and repair of underground water supply pipes is split between the property owner and the water supply company. Outside the property boundary, the pipes are usually owned by and are the responsibility of the water company. Inside the property boundary the pipes are owned by and are the responsibility of the property owner…

Following this description, participants were shown the following diagram for context and asked how acceptable this (current) situation was to them:

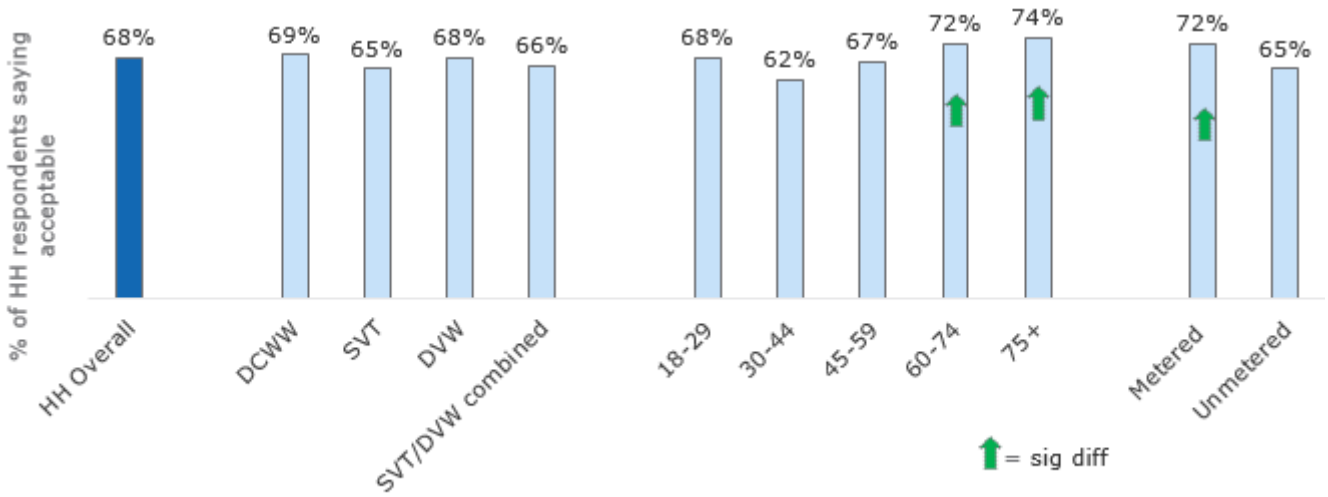


Across HH customers, 68% felt this current situation was acceptable.

At total sample level, customers who had initially correctly identified the property owner as responsible for the underground pipe up to the property boundary were significantly more likely to find the current arrangement acceptable than those who did not know this (78% compared to 57% of those who did not identify the pipe as being the owner's responsibility).

Whilst there were no differences by water companies, across the wider sample older participants and metered participants were more likely to find the current arrangement acceptable.

Figure 10 – Breakdown of Household acceptability of current situation by water company, age and metered status

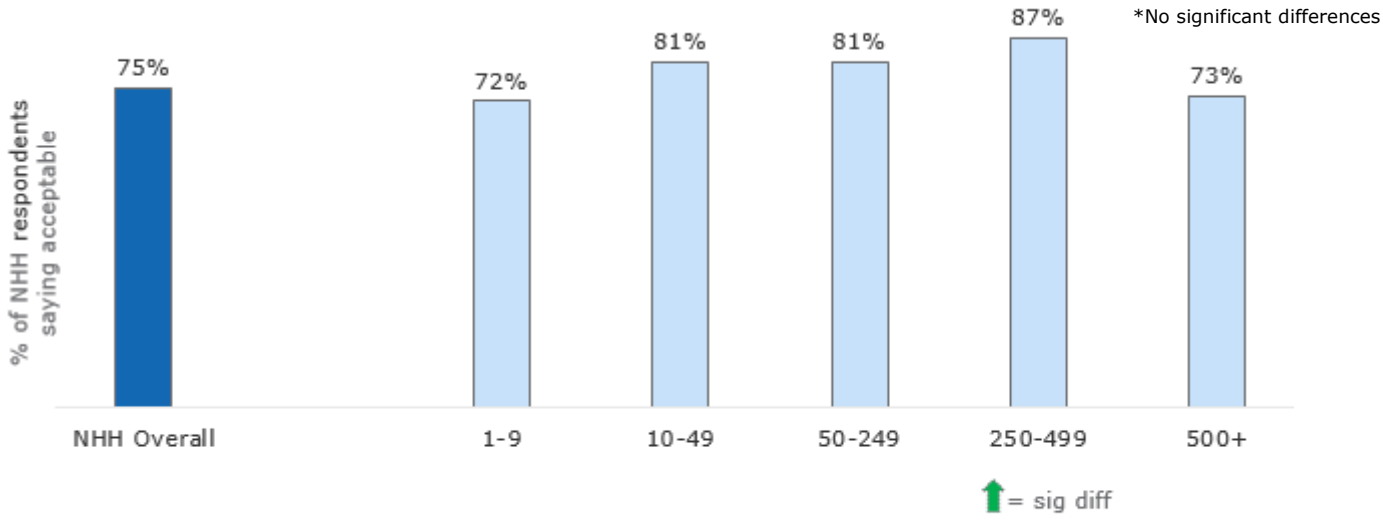


Q13 Do you feel the arrangement for ownership and responsibility as shown on Showcard 2 is acceptable?

In contrast, just less than a quarter of HH customers (23%) did not find the current arrangement acceptable with the only significant difference by sub-group suggesting homeowners as more likely to oppose this (26% cf. 15%).

NHH customers were similarly accepting of the current situation (75%) with no differences by sub-group being apparent.

Figure 11 – Breakdown of acceptability of current situation by size of business



Q13 Do you feel the arrangement for ownership and responsibility as shown on Showcard 2 is acceptable?

Only 14% of NHH customers did not find the current arrangement acceptable, with commercial businesses being more likely to take this view (17% cf. Public, 12%; Industrial, 7%).

The main reasons why participants found the current responsibilities acceptable were because they felt that responsibility and cost should be shared and that this seemed like a fair set up.

Always been like this for 7 years and happy with the system
SVT NHH customer

As it's on my property, I feel that it's my responsibility. When it's not on my property, it shouldn't be my responsibility
SVT HH customer

I suppose it's a fair way of dividing the cost
DCWW HH customer

I'm happy with the rules
DVW HH customer

This current situation wasn't without its negatives however, with some feeling that the water company should take on more responsibility:

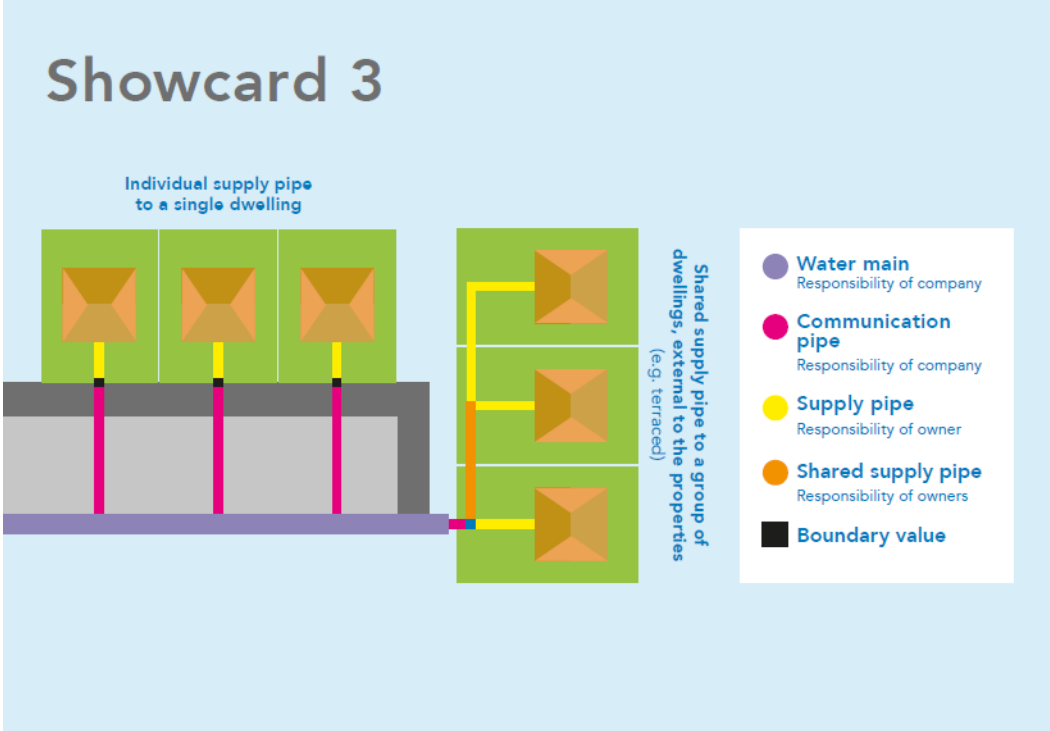
Think it should be the water company as they are experts
SVT NHH customer

All outside pipes need to be managed by the Water Board as they are ones in the know
DVW HH customer

I think the water company should be responsible up to the house unless, for example, the householder digs through the main whilst carrying out garden alterations, building etc.
DCWW HH customer

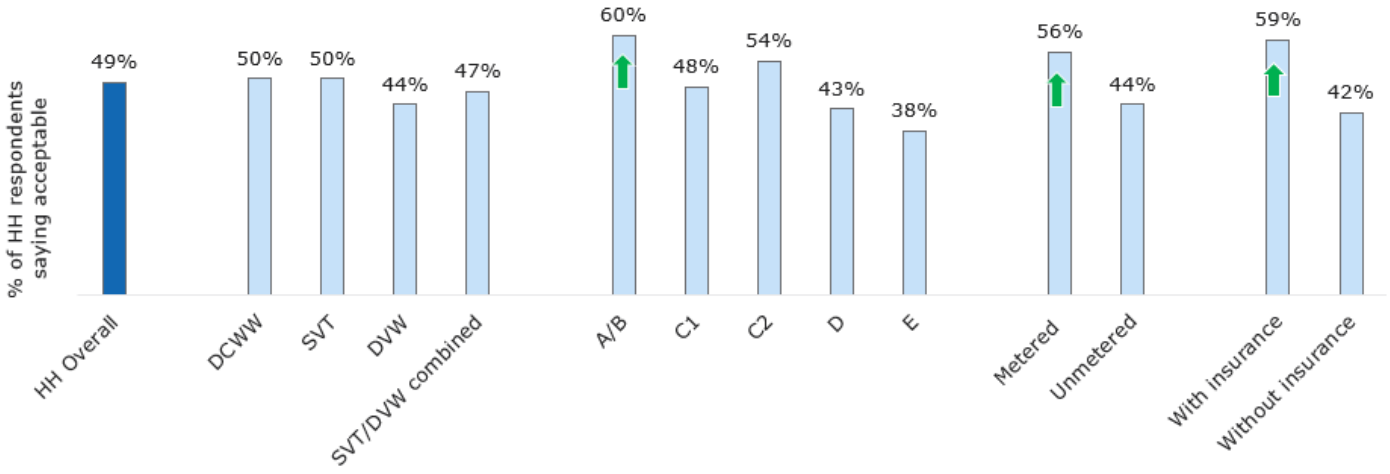
These views were based on the typical situation for many customers, which is of one water supply pipe feeding one property. However, some customers, especially those in flats and in some older terraced properties, have supply pipes that serve several properties. Therefore, those that live in flats or terraced properties were also told the following and shown an alternative (current) situation, as presented overleaf, and asked about how acceptable this arrangement was.

In some situations the underground supply pipe may serve several properties (see orange pipe) – in these situations the properties have joint responsibility for the shared section of pipe. ***(HH participants living in terrace housing or flats: 363)***



Acceptability of this was lower; half of these HH customers (49% cf. 68% Showcard 2) found the arrangement for responsibilities for shared water supply pipes acceptable, whilst a quarter (24%) did not and a further quarter (27%) didn't know. Acceptability was higher amongst those of SEGs A/B, 60% cf. D, 43%; E, 38%, metered customers (56% cf. 44%) and those with insurance (59% cf. 42%). Just under half of landlords (45% cf. 93% Showcard 2) found this arrangement acceptable whilst just over half (55%) did not.

Figure 12 – Acceptability of current shared pipe responsibilities by household customers living in terraced housing and in flats

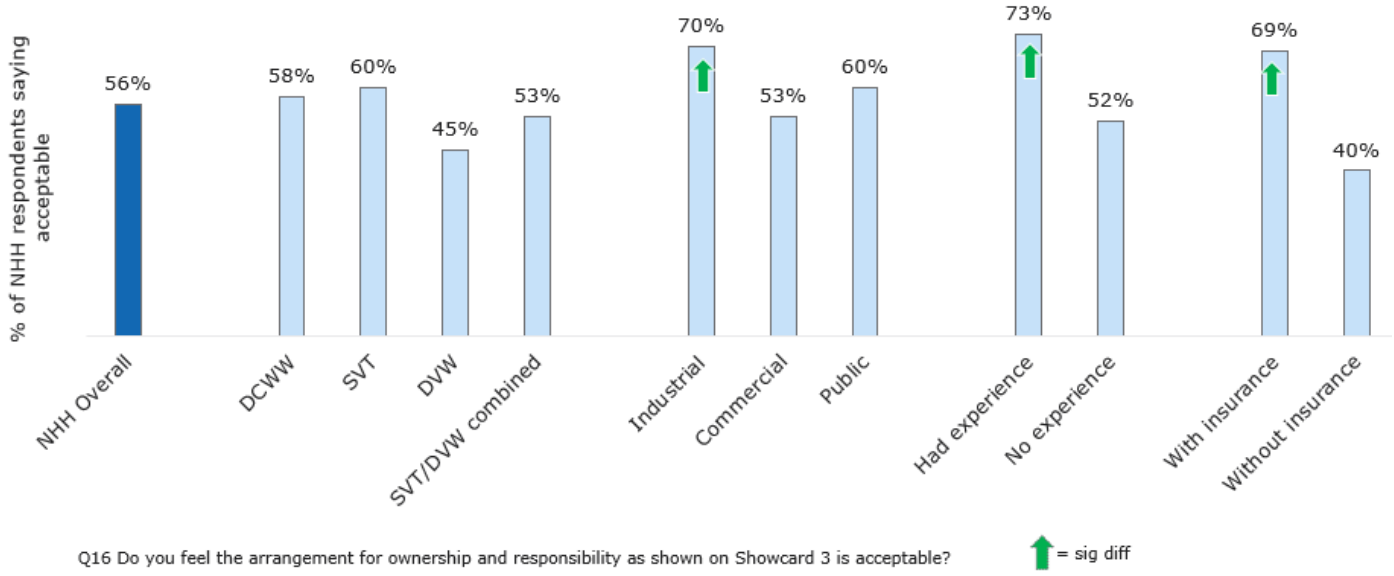


Q16 Base: All those living in terraced housing or flats (363) Do you feel the arrangement for ownership and responsibility as shown on Showcard 3 is acceptable?

↑ = sig diff

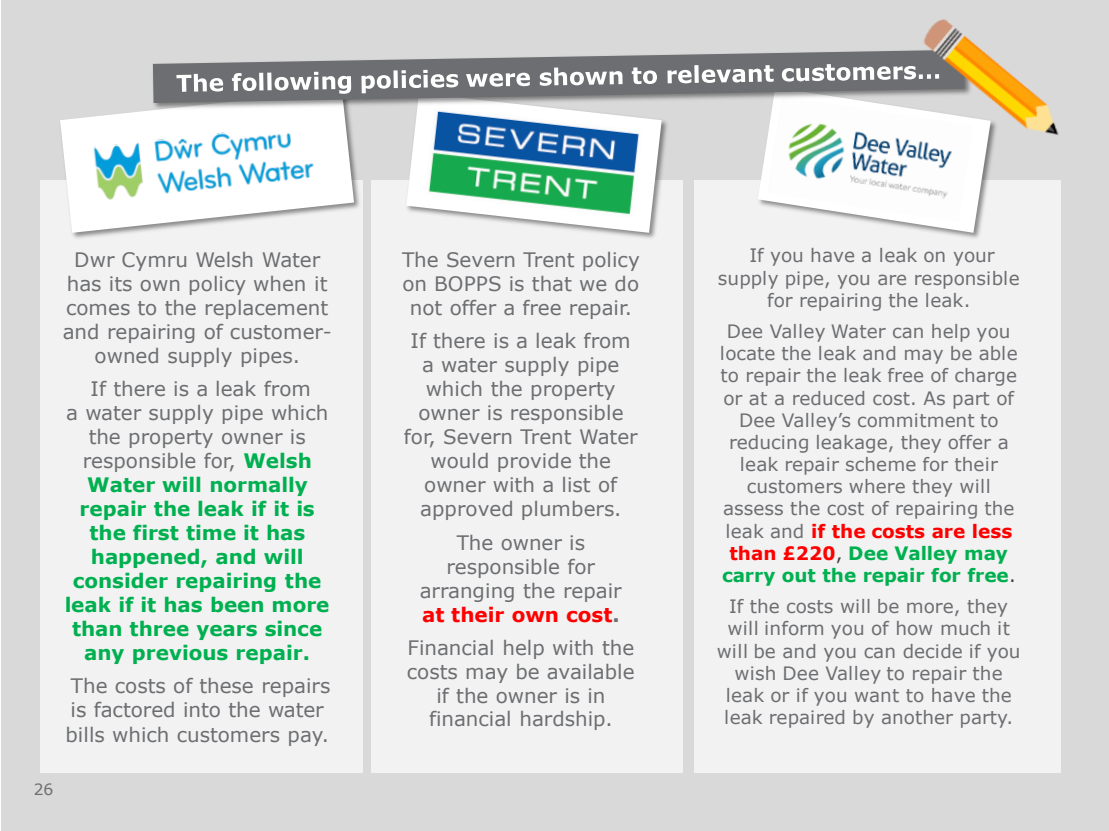
Amongst NHH customers who have a shared pipe, 56% found this arrangement acceptable, whilst a quarter (24%) did not, and a further 20% didn't know. Acceptance was significantly higher amongst industrial (70%) businesses rather than their commercial counterparts (53%) along with those who have had a problem with their supply pipes in the past (73% cf. 52%) and those with insurance (69% cf. 40%).

Figure 13 – Acceptability of the shared pipe by non-household customers



The customer view of current supply pipe repair policies

Rounding off participants' views of the 'current situation', they were asked about their water company's policy for repairing water supply pipes which property owners are responsible for. An examination of each of the individual company's policies is shown below:



BOPPS: Burst on Private Property Scheme

Dŵr Cymru Welsh Water

Over four-fifths of customers felt DCWW's policy was acceptable (HH = 83%; NHH = 81%). This level of acceptability was largely driven by the fact that DCWW will normally repair a leak on a customer owned water supply pipe if it is the first time it has happened, and they will consider repairing the leak if it has been more than three years since any previous repair.

Severn Trent

SVT's policy was deemed largely acceptable in the quantitative survey, across both HH (77%) and NHH (62%) audiences. Taken at face value this may seem counter intuitive because DCWW offers a higher level of service than SVT. However, customers were not asked to compare the schemes and only saw what was relevant to them. The qualitative research found that whilst the SVT policy was accepted, there was a feeling that (unsurprisingly) customers would rather not have to cover the costs associated with a leak and there was less satisfaction with the policy of their company than their DCWW counterparts.

Dee Valley Water

DVW's policy received the lowest level of acceptance (HH = 55%; NHH = 72%) across all companies – a finding that reached significance. The qualitative research found that people were often left questioning how much (in addition to the £220 that DVW would contribute) they would be left to cover should they encounter a problem with their supply pipes with little to guide them on how much supply pipe problems can potentially cost.

Taken together, findings suggest that although DCWW, SVT and DVW have quite different policies, customers themselves do not have anything to compare their respective company policies to (unless they may have moved between companies and experienced a leak on their customer supply pipe). NHHs appear to be much more sensitive to the detail of each scheme than HH customers; they do show lower acceptance of the SVT scheme[19] which offers the lowest level of service out of the three.

Initial Findings on Current Supply Pipe Repair Policies

The initial findings then are of a customer base that feels the status-quo of the current supply pipe arrangements is largely acceptable. This of course is in light of having no information on any potential transfer of ownership/responsibility.

It is at this point that customers were given more information starting first with a simple description of the idea of a transfer in principle, before revisiting their views.

[19] This is a significantly lower finding compared with DCWW's customers

The transfer in principle: Customers' initial views

Participants were introduced to the idea of the transfer with a relatively simple sentence, displayed below, and were then probed on how acceptable an idea this was:

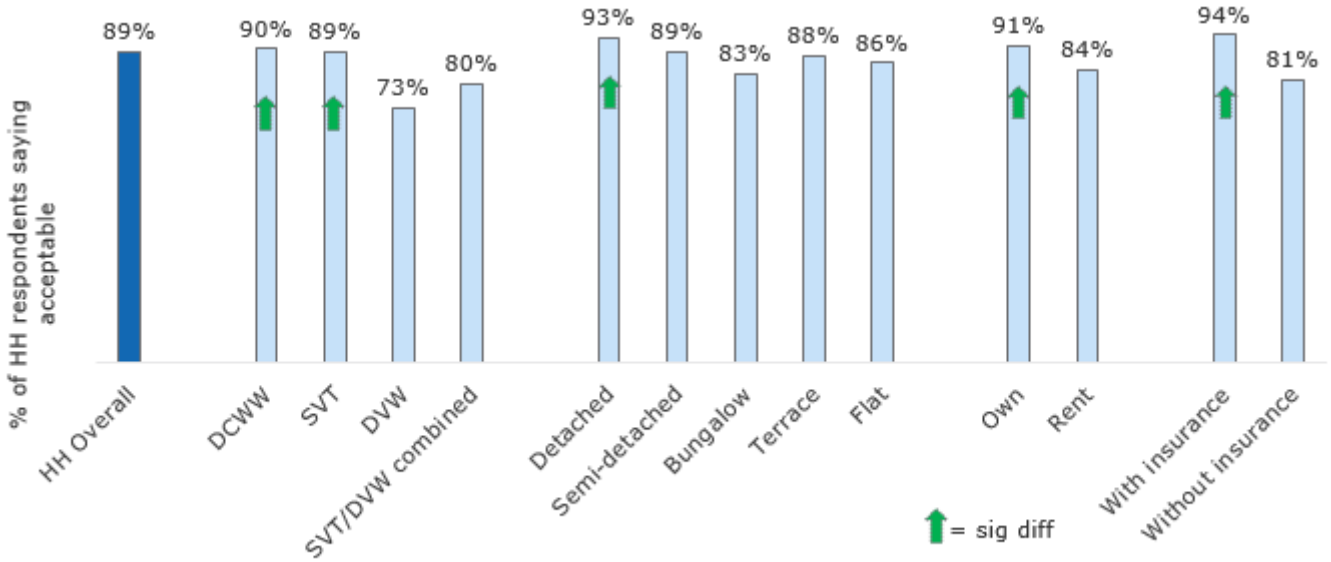
We would now like to tell you that the Welsh Government is considering transferring the ownership and the responsibility for the repair and replacement of these water supply pipes from property owners to water companies.

Overall levels of acceptability

Overall89% of HH participants and 86% of NHH found the principle of transfer acceptable, whilst only 5% of HH and 9% of NHH found it unacceptable. Just less than one in ten (7%) HH and (9%) NHH customers weren't sure. This level of uninformed acceptability represents the highest level of acceptability in this research. From here on, there is a slight fall in acceptability as supporting information is provided.

Amongst HH participants, DCWW (90%) and SVT (89%) customers were more likely to find the idea acceptable (cf. DVW, 73%) along with those living in detached houses (93%), property owners (91%) and those with supply pipe insurance (94%).

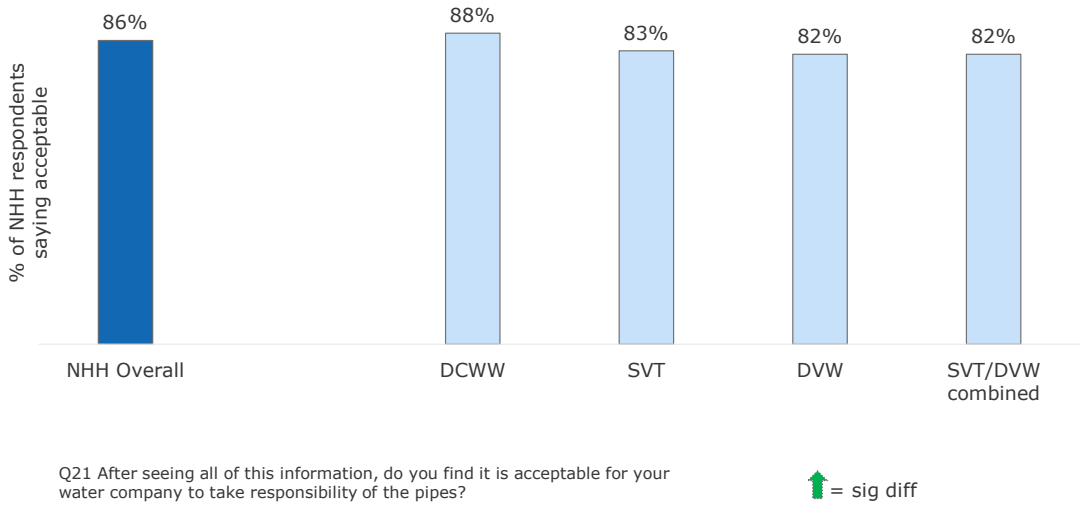
Figure 14 – Acceptability of transfer of supply pipe responsibility by household customers



Q21 As an idea in principle, do you feel this supply pipe responsibility arrangement is acceptable?

Amongst NHH participants there were no differences by sub-group:

Figure 15 – Acceptability of transfer of supply pipe responsibility by non-household customers



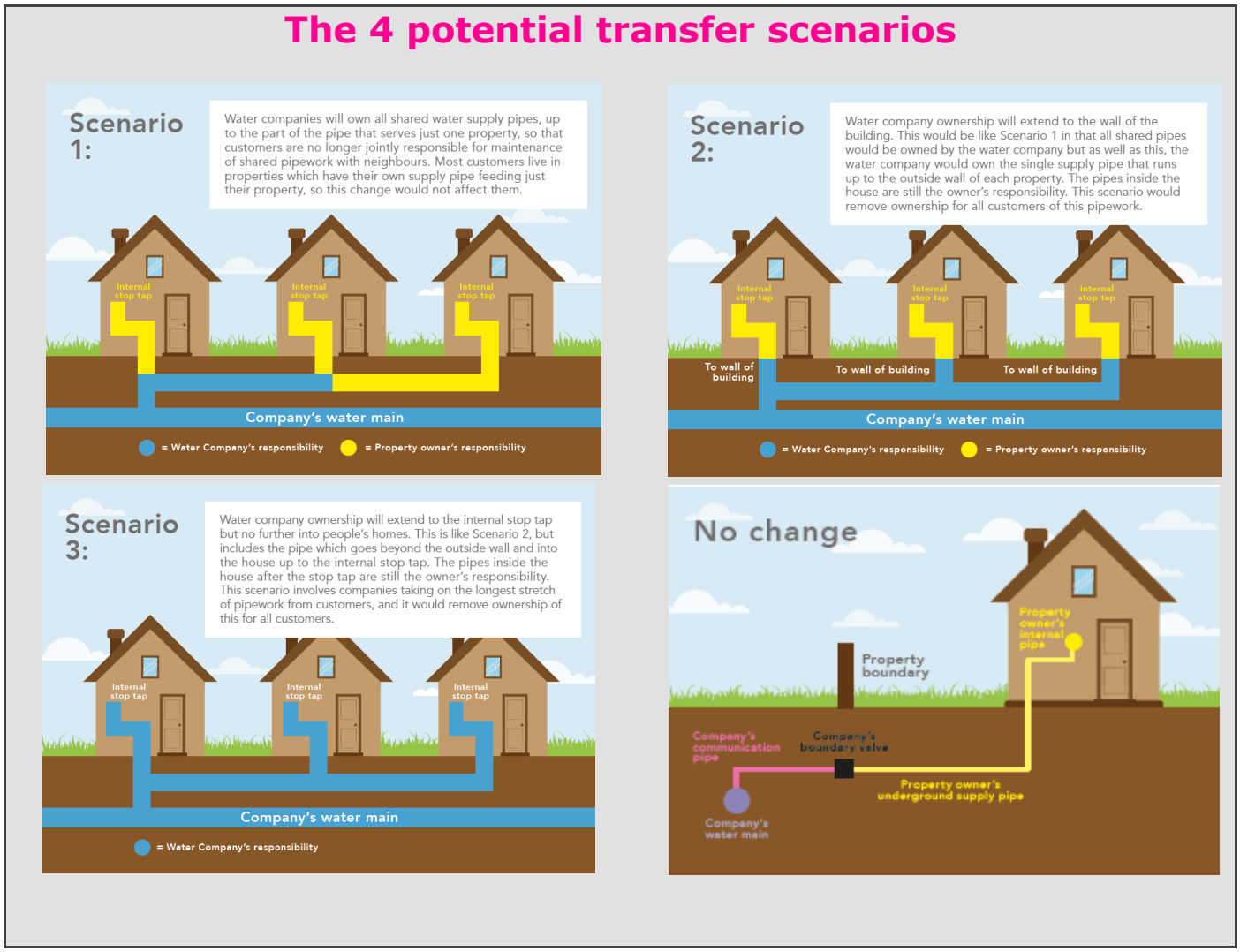
The main reasons for finding the idea of a transfer to water companies acceptable, were that it would clear up any uncertainty about responsibility and it makes sense because water companies are perceived to know more about these pipes than anyone else:

Table 6 – Reasons for acceptability of transfer of supply pipes

HH acceptability	NHH acceptability
It just makes sense for the water company to be responsible for all pipes (22%)	Responsibility would be easier to understand (23%)
Responsibility would be easier to understand (15%)	It just makes sense for the water company to be responsible for all pipes (19%)
We pay for the water supply so it should include the maintenance of the pipes (7%)	We pay for the water supply so it should include the maintenance of the pipes (8%)
Water company laid the pipes so it's their responsibility (6%)	Would save owner money (5%)

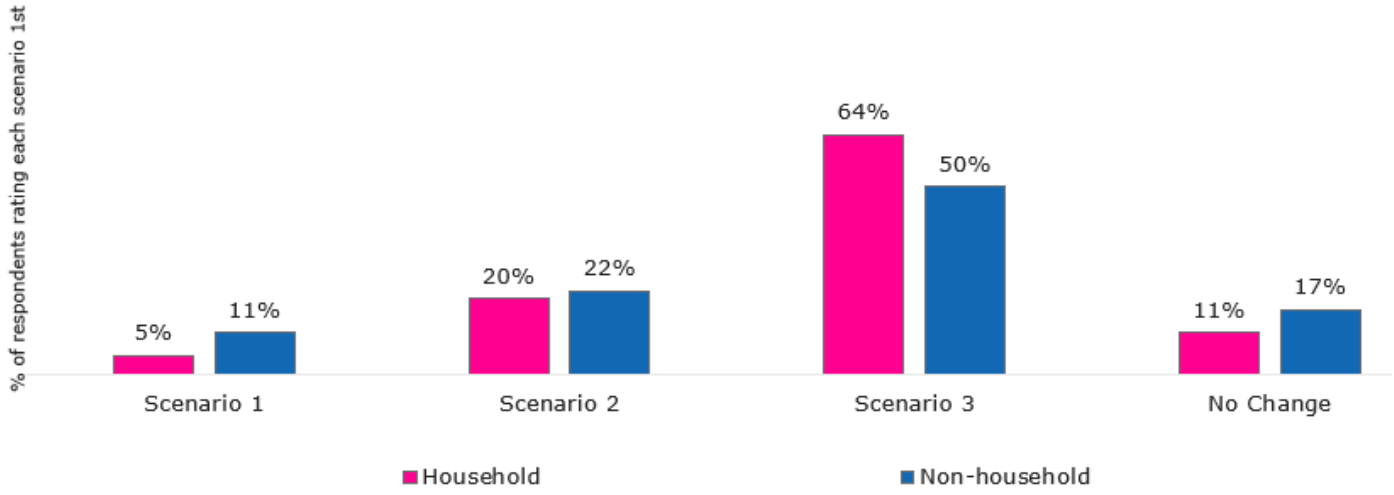
Customer preferences for specific transfer scenarios

Participants were next shown 3 potential transfer scenarios and the current situation as a 'no change' scenario to find out which they preferred. Explanatory information was provided (but no costs). Each level is shown below and enlarged versions are included in the appendix:



Upon being asked to rank each transfer scenario in order of appeal, a clear preference emerged for Scenario 3, which would transfer the largest section of pipework up to the internal stop-tap to water company ownership, for both HH (64%) and NHH (50%) respondents:

Figure 16 – Appeal of scenarios by households and non-households



Q23 After seeing these scenarios please rank them in order of appeal with 1 being most appealing and 4 being least appealing

A company breakdown is shown below:

Table 7 – Ranking of scenarios by water company

Scenario	% HH ranking 1st	% NHH ranking 1st
Scenario 1 - transfer all shared pipework up to the point that it turns into supply pipes that feed each property individually	DCWW (5%)	DCWW (12%)
	SVT (6%)	SVT (8%)
	DVW (3%)	DVW (13%)
Scenario 2 – transfer shared pipework and all pipework up to the outside wall of the property	DCWW (20%)	DCWW (26%)
	SVT (15%)	SVT (14%)
	DVW (19%)	DVW (20%)
Scenario 3 – transfer shared pipework and all pipework up to the stop-tap inside the property	DCWW (64%)	DCWW (47%)
	SVT (61%)	SVT (58%)
	DVW (61%)	DVW (48%)
No change	DCWW (10%)	DCWW (15%)
	SVT (18%)	SVT (20%)
	DVW (17%)	DVW (18%)

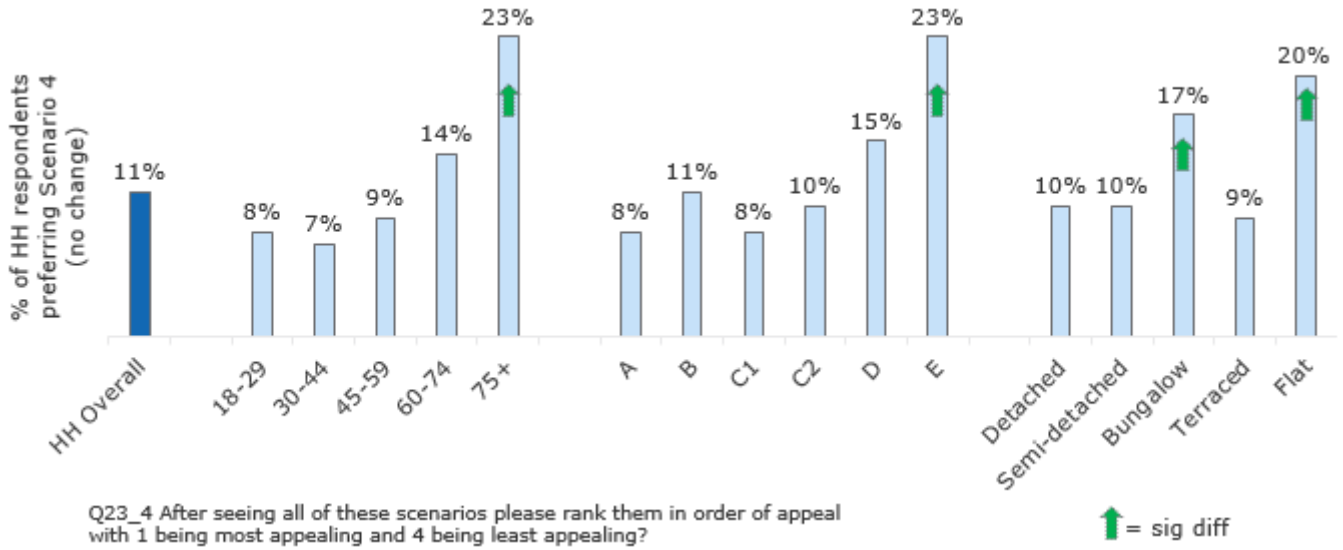
(On Scenario 3)
That's better because you can't check for a leak that's outside and underground
SVT HH customer

(On Scenario 3)
Obviously from our point of view this is the most desirable option, not knowing the cost, it's just a matter of what the price tag is
DCWW NHH customer

Analysis of HH responses by sub-group found that whilst Scenario 3 was preferred across the majority of customers; this view was particularly pronounced amongst those living in detached (66%), semi-detached (65%) and terraced (64%) housing (cf. flats 51%). This preference was also held across property owners (67% cf. 56%) and those with insurance (67% cf. 59%).

It is also noteworthy that at this point in the survey, the 'no change' scenario held particular appeal amongst the older age groups, those living in flats or bungalows and those of SEGs D and E. There is also a degree of overlap with these demographics suggesting that, should the government go ahead with the transfer, this is a group whose concerns would need to be addressed:

Figure 17 – Household customers – preference for scenario 4 (no change)



Other groups which found 'no change' appealing were those who currently rent their property and those who are on lower incomes. At this point, costs had not been discussed suggesting that concerns about potential cost may have been a factor in the preference for the status-quo:

Table 7a – Preference for no change

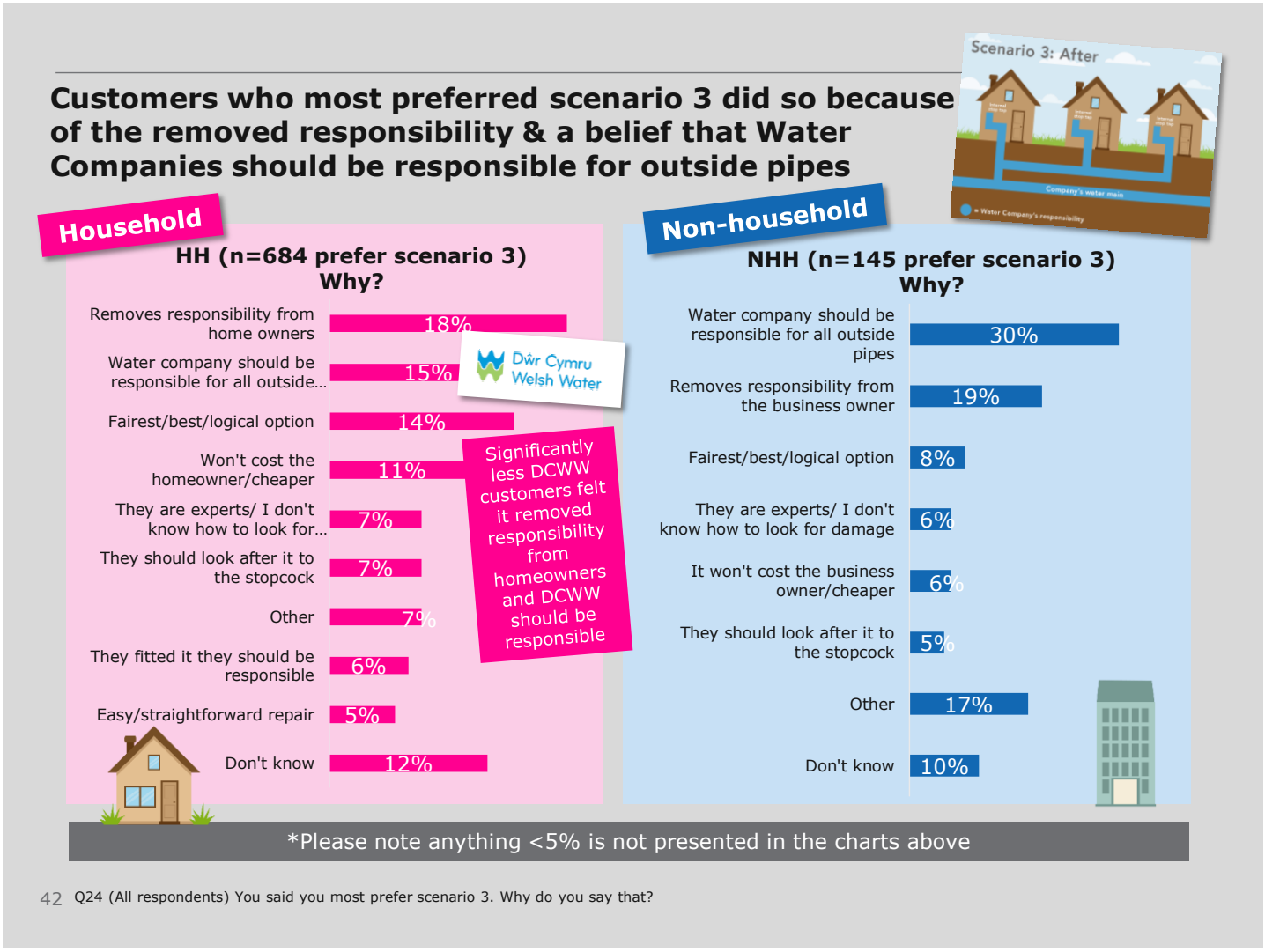
Scenario	No change
Renter	18% ↑
Owner	9%
Less than £10k household income	16% ↑
£10k-£19,999k household income	12% ↑
£20k-£29,999 household income	6%
£30k-£30,999 household income	11%

£40k-£49,000 household income	10%
£50k+ household income	9%

As shown in Table 7, NHH customers also preferred Scenario 3, however there were no differences by sub-group.

The main reasons for HH customers preferring Scenario 3 were because they favoured the removal of responsibility from customers (18%), and the notion that outside pipes fit better under a water company's remit (15%). The main reason for NHHs was that outside pipes should be the responsibility of the water company, and they felt more strongly about this than HHs (30% compared to 15% for HHs). A summary of these views is provided below:

Figure 18 – Preference for Scenario 3



42 Q24 (All respondents) You said you most prefer scenario 3. Why do you say that?

Informed acceptability of transferring supply pipe ownership to water companies

Following this initial ranking of the four scenarios, participants were given more information about a number of the main impacts that the transfer(s) could have, before being asked for their views once more about the acceptability of the transfer in principle.

These impacts are displayed overleaf along with some comments from the qualitative research showing which of these participants found the most important:

Figure 19 – Impacts of Scenarios

Scenarios 1, 2 & 3 would mean...

The cost (£) will depend on which Scenario is preferred as each Scenario involves a different section of pipework being transferred

Better identification of water quality issues by the water company

Maintenance and repair of water supply pipes can be planned more efficiently by the water company. Supply pipes are out of sight to owners and problems may not be identified and responded to quickly, which contributes to levels of water leakage

Companies would now have stronger rights to manage and repair assets on your property

For each Scenario, after the repair of a pipe, your property would be left as it was before the work was done. It is possible that this may not be to the same specification as might be provided by insurance cover or arranged privately by the owner

Customers who do not ever need a repair/replacement will be paying slightly higher bills to subsidise those who will need repairs/replacements at some point

No change

Customers pay for the repair and replacement of the water supply pipe they own either as problems occur or via household insurance, subject to your water company's policies on repairing & replacing pipes

If companies had stronger rights it would do away with all the arguing with neighbours, I think there would be less disputes this way
DCWW HH customer

Well reduced leakage is obviously a good thing if they had responsibility
DVW HH customer

But with these could the water company put restrictions on when they want to build?
SVT HH customer

Better water quality really jumps out!
DCWW NHH customer

A note on lead pipes

There was a relatively sporadic discussion around lead pipes which occurred when the impacts around water quality were presented. Some participants made a link between water companies taking responsibility for supply pipes and how this could mean that older pipes would be replaced as and when needed because water companies "would have a better idea" of this than customers. More often than not this discussion led to personal stories of experiences of lead pipes and served to have the idea of a transfer reflected on positively.

My concern was whether you had a little baby in the house, whether there was lead being passed in the water through the taps.
SVT HH customer

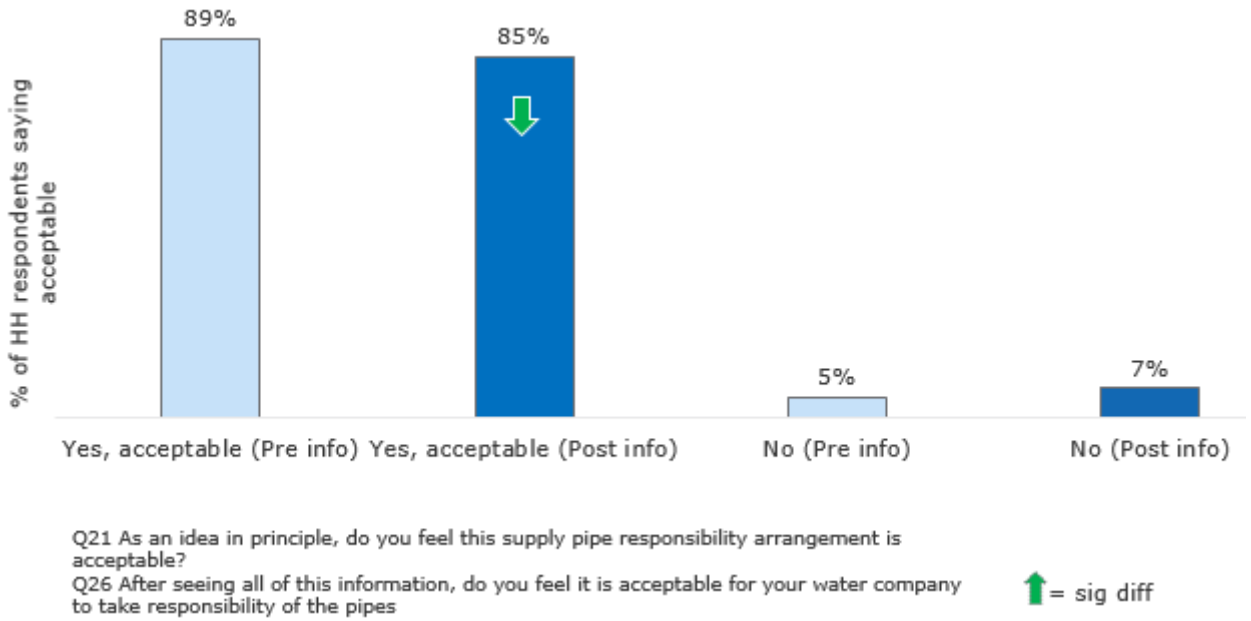
Ours are old pipes we know that. In some places there are still a bit of lead piping somewhere. It's not used anymore but it's still got water to it. But yes the insurance companies won't replace the pipe 'willy nilly' but if they came up with this, yes I would be quite happy with it.
SVT HH customer

Well you would hope that if there were any lead pipes they would know and get rid of them so the quality of water would be better.
DCWW HH customer

I'm talking from a personal perspective, but I had some lead piping, the lead piping ran out of the house within the property boundary and Welsh Water wasn't interested. You'll have to call somebody in to replace the lead piping, they said!
SVT HH customer

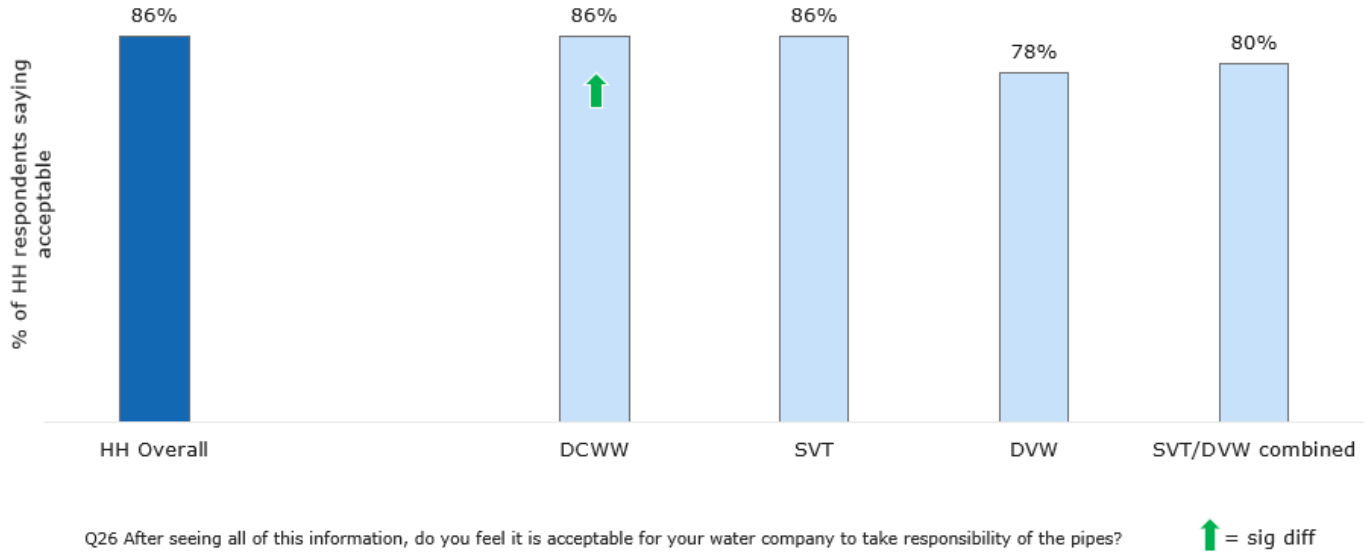
Having been informed of some of the main impacts, participants were again asked whether or not they felt it was acceptable for their water company to take responsibility for the supply pipes. This prompted a significant fall in HH acceptability from 89% to 85%, although this is still a large majority of HH customers who found the idea of a transfer acceptable. The following chart displays HH customers' acceptability towards the idea of a transfer both pre and post information:

Figure 20 – Household acceptability after revealing impacts of transfer



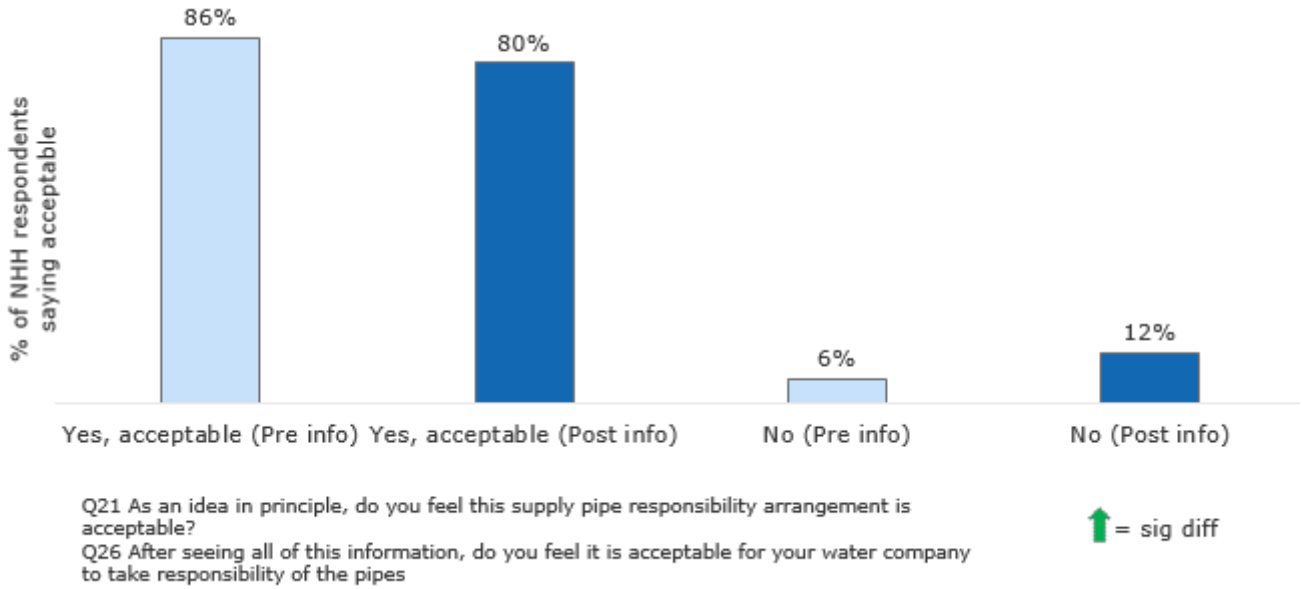
After reviewing the impacts, DCWW customers (86%) are significantly more likely to find the transfer acceptable than DVW (78%) and SVT/DVW customers combined (80%). Note however that the difference between DVW and SVT shown below is not significant:

Figure 21– Household acceptability after revealing impacts of transfer by water company



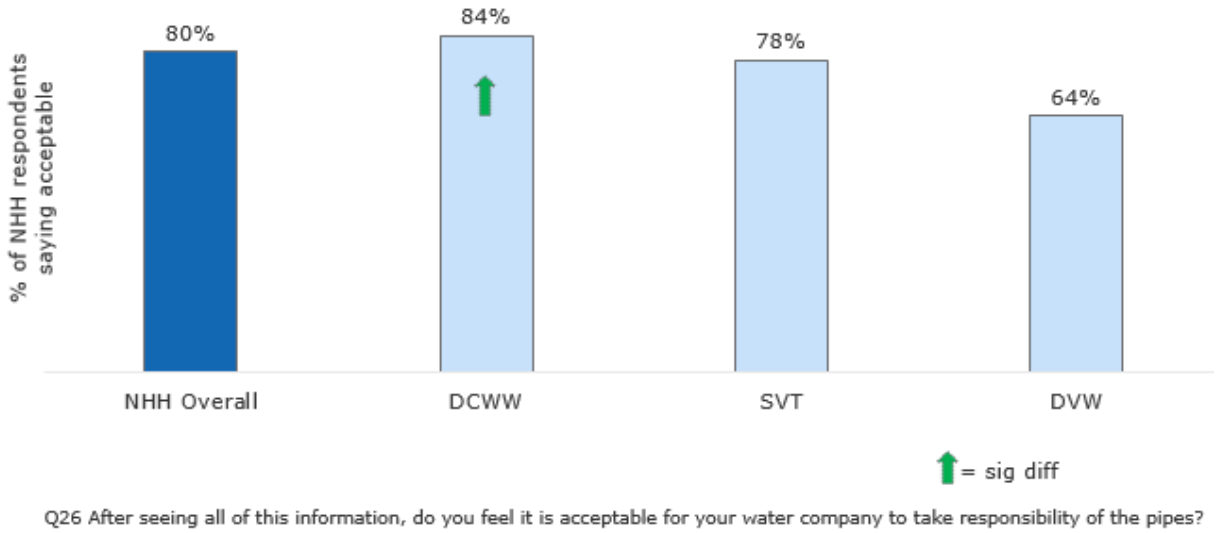
Views amongst NHH customers were similar, with a fall in acceptability on provision of information about the impacts of transfer, from 86% to 80%. This was not a significant fall, and a large majority are still in favour.

Figure 22– Non-household acceptability after revealing impacts of transfer



As with HH customers, DCWW NHH customers are significantly more likely than DVW NHH customers to find the idea acceptable (84% cf. DVW, 64%).

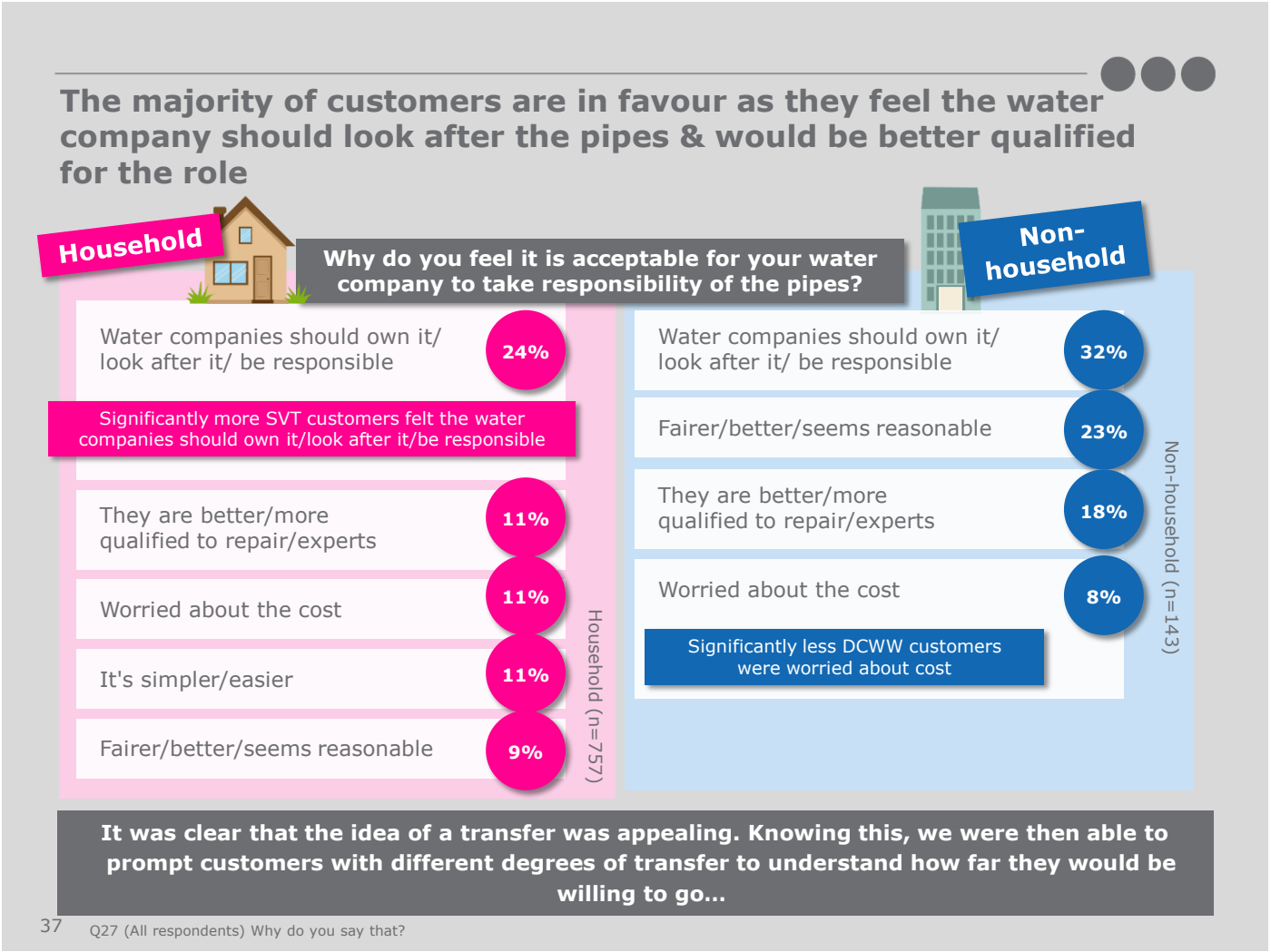
Figure 23– Non-household acceptability after revealing impacts of transfer by water company



Q26 After seeing all of this information, do you feel it is acceptable for your water company to take responsibility of the pipes?

Again, reasons for supporting the idea tended to centre on customers feeling as though water companies should look after pipes as they are better qualified for this than property owners:

Figure 24 – Reasons for customer support for transfer



The main reasons for the fall in support at this point was a feeling that customers shouldn't have to 'pay for other customers' faulty pipes' and an uncertainty around costs – something that participants wanted to know before committing. However, although there was a fall in support from both HHs and NHHs but the informed customer view still demonstrates a majority (at least eight out of ten) supporting a transfer taking place in principle.

Following this initial gauging of sentiment towards the idea of a transfer, customers were asked if they would be willing to pay more on their water bill for the additional and on-going costs that water companies would experience should they take over these supply pipes from property owners, and if so, how much they would be willing to contribute.

Levels of willingness to pay for transfer scenarios

Participants had it explained to them that if the responsibility for the repair and replacement of these supply pipes was transferred to water companies, then they would take on the costs for repairing and replacing sections of pipework that are currently paid for by owners, and that these costs would be passed on to everyone's water bills. They were then told that they were going to be asked whether they would be willing to pay more on their water bill to cover the total cost to companies for each scenario, even if they may never actually end up having any problems with the pipes directly relating to their property.

The approach to this was informed by experiences from the qualitative research where participants sometimes expressed willingness to pay figures (up to £100+) which bore no relation to the likely range of bill impacts for the various levels of transfer. This could be because participants had no point of reference on which to base their views, other than if they had an insurance policy for the repair of their pipes. Psychologically, the qualitative research revealed that customers with insurance policies for water supply pipes were likely to calculate how much they pay for insurance (i.e. £10/month) and extrapolate this into a per year cost (i.e. £100).

When you do your insurance you look at your excess - should you include that in this figure? Because I'd pay as much as my insurance
DCWW HH customer

I put 24 I just did 2 pounds a month
SVT HH customer

In addition, participants are unlikely to have considered that costs can be multiplied across a vast customer base and instead think of them in isolation (i.e. what would I be willing to pay, rather than what amount multiplied across a whole customer base would be reasonable). Similarly, their views on willingness to pay for the potential transfer of supply pipes were gathered in isolation from anything else which might affect their bill, such as costs for other aspects of service (e.g. drinking water quality) where investment may be required or desirable.

It is for these reasons that a Contingent Valuation Stated Preference approach was adopted for this research rather than allowing participants to set their own starting price point. Each of DCWW and SVT/DVW provided estimated costs that covered the estimated wholesale costs associated with the transfer and it is from these that the starting points were calculated.

Starting points used are displayed overleaf:

Table 8 – Household starting price points for willingness to pay by water company

	Water company	1	2	3	4
Household	DCWW	£4.20	£4.50	£5.00	£5.50
	SVT and DVW (combined)	£1.40	£1.70	£2.00	£2.30

Table 9 – Non-household starting price points for willingness to pay by water company

	Water company	1	2	3	4	5	6
Non-Household	DCWW	1%	2%	3%	4%	5%	6%
	SVT and DVW (combined)						

This report will now go onto detail how Contingent Valuation Stated Preference works.

Methodology

A bidding game approach, which is a form of Contingent Valuation (CV) Stated Preference, was adopted to establish the amount customers are willing to pay towards a transfer in ownership of supply pipes from the customer's responsibility to the proposed adoption of the supply pipes by the water companies.

After receiving their starting value (e.g. £4.20 a year), if the customer is willing to pay the proposed amount, they are then asked if they would pay more in 50 pence increments until the highest amount acceptable to the customer is achieved. Conversely, if customers are unwilling to pay the starting value then the amount is incrementally decreased until an amount acceptable to the customer is reached. Subsequent values are presented and this process continues a maximum of four times. If a participant does not reach a maximum or minimum value within the CV bidding game the participant is asked 'what is the maximum you would be willing to pay?' and the participant has the opportunity to offer a value they would be happy to pay without limits.

For HH customers, the bill impacts were presented as a monetary value in terms of a total increase in annual bill. For NHH customers, the bill impacts were presented as a percentage increase in their total annual bill because of the large range in annual bill amounts across the diverse range of NHH customers.

Analysis of the anchoring effect was conducted to establish if the starting point of the bidding game influenced the final level of willingness to pay expressed by the participant in both the

HH and NHH samples.

This found there were no significant differences in reported willingness to pay by starting price points. Nor were there significant differences in the proportion of participants offering a zero willingness to pay value. Therefore, the starting point did not influence the willingness to pay estimates.

Figure 25 – Household starting point analysis

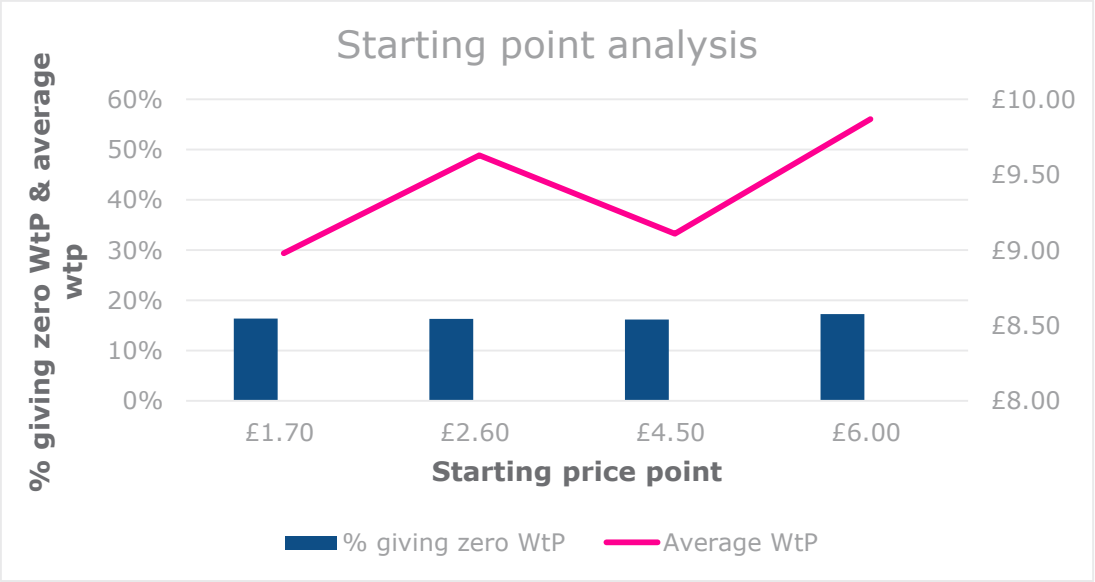
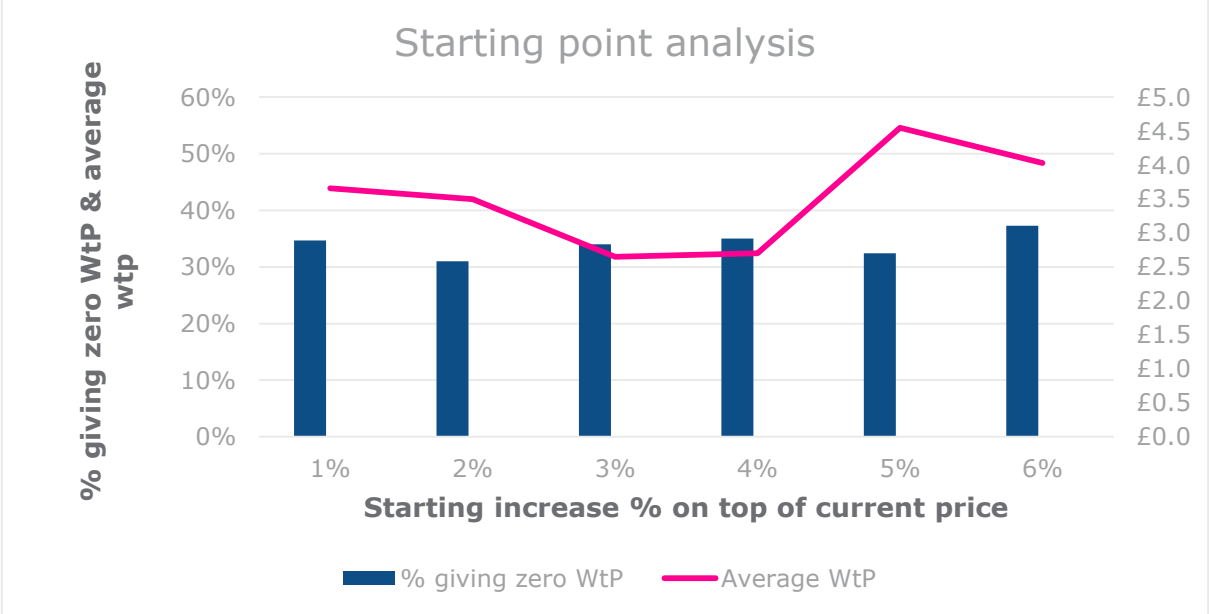


Figure 26 – Non-household starting point analysis



Zero willingness to pay

In all, 16% of HH customers and 34% of NHH customers gave a zero willingness to pay which means that they were not willing to contribute financially towards the supply pipe transfer. The verbatim responses for these participants show there are two sub-groups of customers – those that expressed a 'genuine' willingness to pay value of £0 and those that expressed a willingness to pay value of £0 in protest i.e. 'protest bids'.

In total, 11 cases within the HH sample and 3 cases in the NHH were highlighted as protest bids (this is less than 1% of the total sample).

The reasons given for all "zero" willingness to pay were examined. 'Genuine' responses included 'I couldn't afford to pay more – I'm on a pension and struggling myself' or 'I'm happy with the way things are. I look after my property, why should I pay more for people who don't look after their property'. In contrast, the protest bidders gave reasons which weren't related to the issue of pipe ownership transfer and instead focused on water issues in general or just used the questionnaire to air a grievance, such as:

- "[Water Company] are robbing me and making huge profits."
- "They can absorb these costs out of the obscene profits they make out of screwing the public each year."
- "We shouldn't have to pay anything for water. It should be free."

Those who expressed a 'genuine' zero willingness to pay were included in the subsequent analysis but the small number of 'protest bids' were excluded from the analysis.

The total sample size for the willingness to pay analysis of HH bill payers was 1,059, which consisted of 894 DCWW customers, 94 DVW customers and 71 SVT customers. For the NHH customer sample, the total of 288 consisted of 163 DCWW NHH customers, 61 DVW customers and 64 SVT customers.

16% of HH customers expressed zero willingness to pay. This rose to 24% of the sample of combined DVW and SVT customers[20] and was more likely to be older participants (75+). The proportion of NHH customers giving zero willingness to pay was 34%.

[20] There were significantly more 75+ year olds in the SVT/DVW sample (18% cf. 8%)

Table 10 – Percentage of household customers expressing zero willingness to pay by water company

	% of HHs expressing zero willingness to pay (£0)
Whole sample	**16%**
Dŵr Cymru Welsh Water	15%
Dee Valley Water & Severn Trent	24%*

*Significantly higher than the average

Table 11 – Percentage of non-household customers expressing zero willingness to pay by water company

	% of NHHs expressing zero willingness to pay (£0)
Whole sample	**34%**
Dŵr Cymru Welsh Water	33%
Dee Valley Water & Severn Trent	35%

*Significantly higher than for the whole sample

Willingness to Pay Estimates: Household Customers

Overall, the average value that HH customers were willing to pay for the transfer of supply pipe ownership up to the internal stop tap is £9.54 per year. Amongst DCWW customers the amount is £9.72 per year and amongst other customers is £8.57 per year. This is not a significant difference at the 95% confidence level.

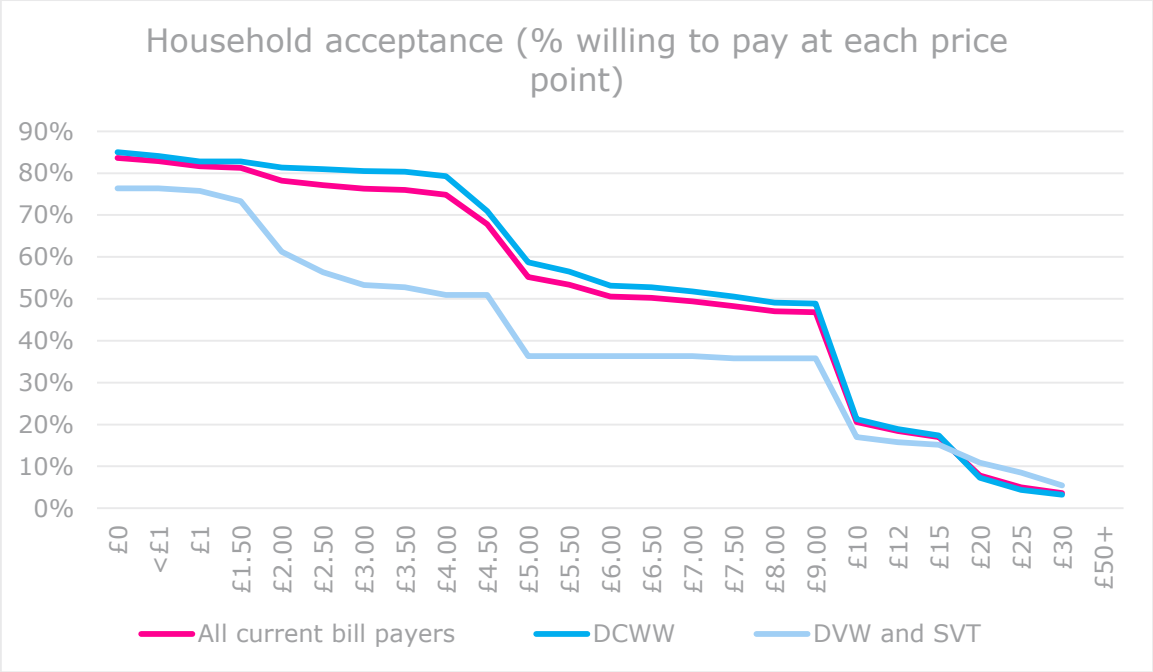
Table 12 – Household average willingness to pay by water company

Current HH Bill Payers	Average WtP estimate	Range*
Whole sample	**£9.54**	**(£8.92, £10.17)**
Dŵr Cymru Welsh Water	£9.72	(£9.07, £10.38)
Dee Valley Water & Severn Trent	£8.57	(£6.68, £10.46)

*95% confidence interval

The willingness to pay estimates can be used to examine the proportion of people who would be willing to pay at each price point. For example, the acceptability curve in Figure 27 below shows that 55% of HH bill payers would be willing to pay at least £5 but only 21% would be willing to pay more than £10. There is a large decline in acceptability as the bill impact reaches the £10 level; customers of DVW and SVT have lower acceptability than DCWW customers at all price points until the bill impact reaches £10.

Figure 27 – Household acceptability (% willing to pay at each price point)



The following tables indicate the willingness to pay for the particular price points by water company.

Table 13 – Willingness to pay for price points which correspond to the estimated costs of transfer by each water company (Household)

DCWW	
£0.60	84%
£3.50	80%
£4.50	71%
SVT/DVW combined	
£1.15	75%
£1.40	74%
£1.70	69%

An alternative way of viewing this data is to look at the amount that 50% of HH customers would pay and this is displayed in Table 14. DVW and SVT customers have a significantly lower median value (the value that 50% would be willing to pay).

Table 14 - Amount that 50% of households are willing to pay

	Amount that 50% of household customers are willing to pay
Whole sample	**£6.00**
Dŵr Cymru Welsh Water	£7.50
Dee Valley Water & Severn Trent	£4.50

Willingness to pay by household income bracket

Information about household income was provided by 85% of participants. Based on these participants, significantly greater proportions of the lower income brackets reported a zero willingness to pay (20%) compared to 13% of the highest income earners (£40,000). Low income households (£20,000) would be willing to pay an average of £8.09 compared to £11.07 amongst the highest earners.

Table 15 – Zero and average willingness to pay by household income

Household customers by income group	% of HHs expressing zero willingness to pay (£0)	Average willingness to pay estimate
Less than £20,000 (n=299)	20% ↑	£8.09 ↓
£20-39,999 (n=379)	12% ↓	£9.85
£40,000 or more (n=259)	13% ↓	£11.07 ↑

↑ significantly higher than average
↓ significantly lower than the average

Willingness to pay by housing type

Significantly greater proportions of those living in bungalows[21] reported a zero willingness to pay (22%) whilst the highest willingness to pay figure came from people in semi-detached or terraced housing. People living in flats reported the lowest levels of willingness to pay. It is also interesting to note that those living in bungalows (and who had the highest proportions expressing a zero willingness to pay), were the most likely find the *current* supply pipe arrangement 'completely acceptable' (33%) and were much more likely to be older (75+); as previously noted there is a stronger propensity to reject the idea of a transfer with increasing age.

[21] Bungalow occupants were significantly more likely to be of an older demographic than all other property types

Table 16 – Zero willingness to pay and average willingness to pay by housing type

Household customers by housing type	% of HHs expressing zero willingness to pay (£0)	Average willingness to pay estimate
Bungalow (n=115)	22%↑	£7.65 ↓
Detached house (n=233)	16%	£9.17
Flat/maisonette (n=90)	21%	£7.46 ↓
Semi-detached house (n=355)	15%	£10.19
Terraced house/mews (n=272)	18%	£10.06

↑ significantly higher than average
↓ significantly lower than the average

Willingness to pay by housing type and higher incomes (£40,000+)

The highest willingness to pay came from people in semi-detached or terraced housing. People living in detached houses reported lowest levels of willingness to pay.

Table 17 – Zero willingness to pay and average willingness to pay with income £40k+

Household customers > £40k by Housing type	% of HHs expressing zero willingness to pay (£0)	Average willingness to pay estimate
Bungalow (n=17)	6% ↓	£11.62
Detached house (n=96)	18%	£8.54 ↓
Semi-detached house (n=76)	18%	£12.92
Terraced house/mews (n=42)	7% ↓	£13.01

↑ significantly higher than average
↓ significantly lower than the average

Willingness to pay by tenure

Renters were made aware that the supply pipe was the responsibility of their landlord as property owner/manager.[22] Therefore they expressed lower willingness to pay for the transfer as the transfer of pipework responsibilities away from owners would not directly benefit them as it would their landlords.

Significantly greater proportions of renters reported a zero willingness to pay (26%) compared to home owners (14%) whilst owner occupiers were willing to pay an average of £10.23 which is significantly higher than renters (£7.46).

Interestingly, significantly greater proportions of council renters reported a zero willingness to pay (36%).

The highest willingness to pay came from owner occupiers who, on average, would be willing to pay over £10. Council tenants reported the lowest levels of willingness to pay (£6.24).

Table 18 – Zero willingness to pay and average willingness to pay by tenure

Household customers by tenure	% of HHs expressing zero willingness to pay (£0)	Average willingness to pay estimate
I own this property (n=765)	14%	£10.23 ↑
I rent this property from a housing association (n=74)	22%	£7.99
I rent this property from a private landlord (n=100)	17%	£8.52
I rent this property from the council (n=125)	36%↑	£6.24 ↓
Combined renters (n=299)	26%↑	£7.46 ↓

↑ significantly higher than average

↓ significantly lower than the average

Willingness to pay by household supply pipe insurance status

The highest willingness to pay came from people who have specific supply pipe insurance policies. This is likely to be a combination of thinking that the increased water bill would be offset by the saving they would make if this policy could be cancelled, and also using the price of their insurance policy as a reference point to help inform their level of willingness to

[22] See Information on impacts earlier in the report as renters expected their landlord to take responsibility for their pipes rather than them.

pay.

The below table relates to an earlier question: *Do you have any form of insurance to cover the maintenance and repair of the water pipes that supply your property?*

Table 19 – Zero and average willingness to pay by insurance status

Household customers by insurance	% of HHs expressing zero willingness to pay (£0)	Average willingness to pay estimate
Don't know as my landlord takes care of it (n=106)	30%↑	£7.25
Don't know if my existing policies cover it (n=224)	12%	£9.79
No (n=347)	22%	£8.37
Yes – covered in home insurance (n=300)	12%	£10.99
Yes – covered in other insurance policy (n=68)	18%	£8.46
Yes – it is just for water pipes (n=57)	12%	£12.21 ↑

↑ significantly higher than average
↓ significantly lower than the average

Willingness to pay of households which have had a supply pipe issue

Those who have experienced a supply pipe issue in the past are more likely to give a higher (but not significantly higher) willingness to pay. However, people who have not experienced an issue in the past are slightly, but not significantly, more likely to state a zero willingness to pay.

Table 20 – Zero and average willingness to pay by experience of a supply pipe issue

Household customers by experience an issue (excl. don't know)	% of HHS expressing zero willingness to pay (£0)	Average willingness to pay estimate
Yes (n=124)	19%	£10.31
No (n=919)	16%	£9.47

Household willingness to pay by transfer scenario

Participants were asked in depth about their willingness to pay for Scenario 3[23]. In follow-up questions they were then re-shown the Scenarios 2 and 1 and asked how their willingness to pay would change from that for Scenario 3 if a different Scenario was considered.

About two-thirds of participants (63%) were still willing to pay an increased bill to benefit from Scenario 2 but only 31% would be willing to pay any more for Scenario 1. The average willingness to pay decreases across the Scenarios, from a high for Scenario 3 to a low for Scenario 1.

Table 21 – Zero and average willingness to pay by scenario

Household customers by scenario	% of HHs expressing zero willingness to pay (£0)	Average willingness to pay estimate	Range*
Scenario 3 (as above)	16%	£9.54	(£8.92, £10.17)
Scenario 2	37%↑	£5.34 ↓	(£4.92, £5.76)
Scenario 1	69%↑	£2.34 ↓	(£2.02, £2.66)

↑ significantly higher than scenario 3

↓ significantly lower than scenario 3

*95% confidence interval

Just under half (45%) would be willing to pay at least £9.54 for Scenario 3 while just under a third (31%) would be willing to pay at least £5.34 for Scenario 2 and just over a quarter (26%) would be willing to pay at least £2.34 for Scenario 1.

[23] The rationale for using Scenario 3 in how much participants were willing to pay was because Scenario 3 requires the water company to be responsible for more/all of the pipes and is the most extreme of the Scenarios mentioned compared to the current Scenario.

Willingness to pay estimates: NHH Customers

Overall, the average value that NHH customers are willing to pay for the transfer of supply pipe ownership is +3.6% per year on top of their current annual bill. This was expressed as a percentage rather than an amount in pounds for NHH customers, as their bills will vary greatly business to business, so it was more appropriate for them to envisage a percentage increase rather than a monetary amount. NHH customers of DCWW are willing to pay +3.1% per year cf. NHH customers of DVW/SVT +4.2% per year. The difference between DCWW and DVW/SVT is statistically significant.

Table 22 – Non-household average willingness to pay by water company

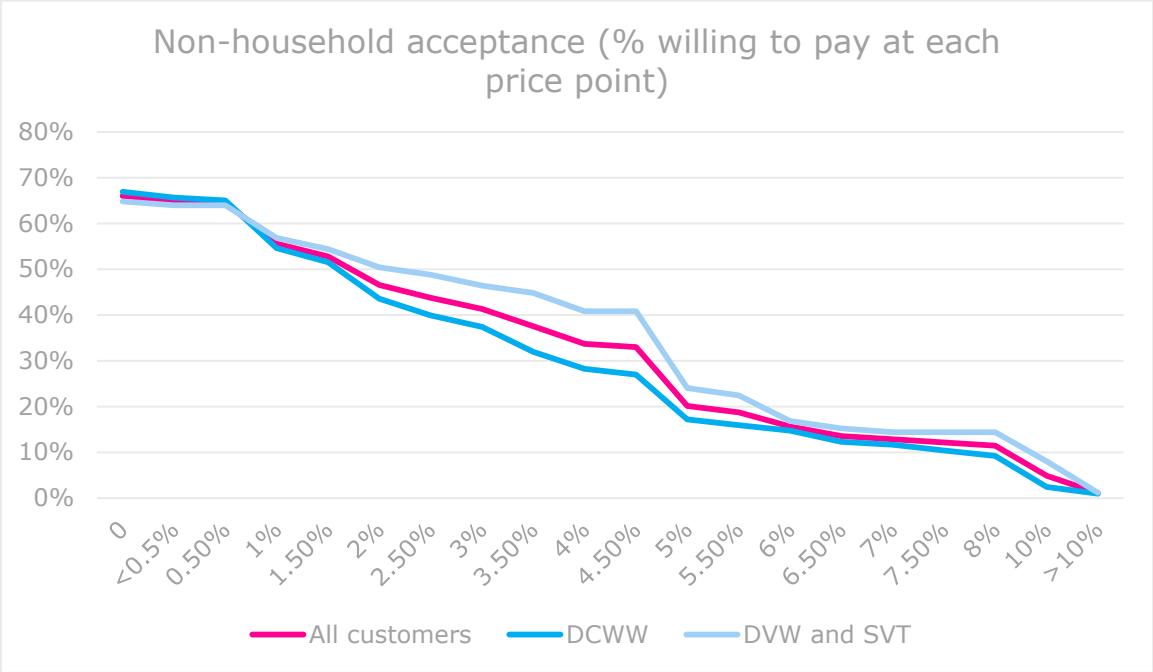
Current NHH Bill Payers	Average willingness to pay estimate	Range*
Whole sample	**+3.6%**	**(3%, 4.1%)**
Dŵr Cymru Welsh Water	+3.1%	(2.4%, 3.6%)
Dee Valley Water & Severn Trent	+4.2%	(3.4%, 5.2%)

*95% confidence interval

Based on the price points shown in Figure 28, just less than half, 47% of NHH customers would be willing to pay at least +2% on top of their annual bill, but only 20% would be willing to pay more than +5%. There is a large decline in acceptability as the bill impact reaches the +5% level.

Customers in both DCWW and DVW/SVT areas have very similar levels of acceptability, although in the 2% through to 5% levels, the DVW/SVT customers have slightly higher acceptance.

Figure 28 – Non-household acceptability (%) willing to pay at each price point



The following tables indicate NHH willingness to pay for the particular (estimated) price points which DCWW and SVT/DVW provided for the cost of transfer. At this stage, respondents did not know what these estimated costs were i.e. the percentages here represent how respondents' willingness to pay falls out for these estimated costs whilst uninformed.

Table 23 – Percentage increase on the current annual bill for non-household customers.

DCWW	
% on top of current bill each year	**% of NHHs**
0.14%	67%
0.80%	59%
1.03%	55%
SVT/DVW combined	
0.34%	65%
0.41%	64%
0.50%	64%

An alternative way of viewing this data is to look at the amount that 50% of customers would pay and this is displayed in Table 24.

Table 24 - Amount that 50% of non-household customers are willing to pay

	Amount that 50% of customers are willing to pay
Whole sample	**+1.5%**
Dŵr Cymru Welsh Water	+1.5%
Dee Valley Water & Severn Trent	+2.0%

* Significantly lower than the average

Willingness to pay by size of business (number of employees)

Medium sized businesses (50-99 employees) were willing to pay the most, smaller businesses the least:

Table 25 – Zero and average willingness to pay

NHH customers by business size	% of NHHs expressing zero willingness to pay (£0)	Average WtP estimate
1 – 9 employees	40%↑	+2.8%
10 – 49 employees	24%	+3.6%
50 – 99 employees	19%↓	+5.9%↑
100 – 249 employees	31%	+5.8%↑
250+ employees	29%	+4.8%

↑ significantly higher than average

↓ significantly lower than the average

Willingness to pay of non-household customers who have had a supply pipe issue

Unlike HH participants, NHH customers who have had a problem with their supply pipe in the past are willing to pay significantly more for the transfer of ownership than those who have not had a supply pipe problem. The proportion willing to pay *something* (rather than zero)

towards the pipe ownership transfer is also greater for NHH's that have had a supply pipe problem in the past.

Table 26 – Zero and average willingness to pay for those who have experienced a supply pipe issue

NHH customers by experienced an issue (excl. don't know)	% of NHHs expressing zero willingness to pay (£0)	Average willingness to pay estimate
Yes (n=55)	24% ↓	+6.1↑
No (n=233)	38%	+2.9

↑ significantly higher than average
↓ significantly lower than the average

Non-household willingness to pay by scenario

Participants were asked in depth about their willingness to pay for Scenario 3. In follow-up questions they were re-shown the Scenarios 2 and 1 and asked how their willingness to pay would change if a different Scenario was considered.

Compared to Scenario 3, just under a half of NHH participants were still willing to pay an increased bill to benefit from Scenario 2 but only 25% would be willing to pay an increase for Scenario 1. The relative average willingness to pay decreases also across the Scenarios.

Table 27 – Zero and average willingness to pay by scenario

NHH customers by Scenario	% of NHHs expressing zero willingness to pay (£0)	Average willingness to pay estimate	Range*
Scenario 3 (as above)	34%	3.6%	(3%, 4.1%)
Scenario 2	54%↑	2.1%↓	(1.6%, 2.6%)
Scenario 1	75%↑	1.3%↓	(0.8%, 1.7%)

↑ significantly higher than Scenario 3
↓ significantly lower than Scenario 3
*95% confidence interval

Just over a third (37%) of NHHs would be willing to pay at least +3.6% on top of their current annual bill for Scenario 3; just under a quarter (24%) would be willing to pay at least +2.1% for Scenario 2 and just under a fifth (17%) would be willing to pay at least 1.3% for Scenario 1.

Monetary willingness to pay has been calculated by taking the mean annual bill based on NHH survey responses, average percentage willingness to pay estimate by business size, and converting the percentage willingness to pay to a monetary value. This is shown in Table 28:

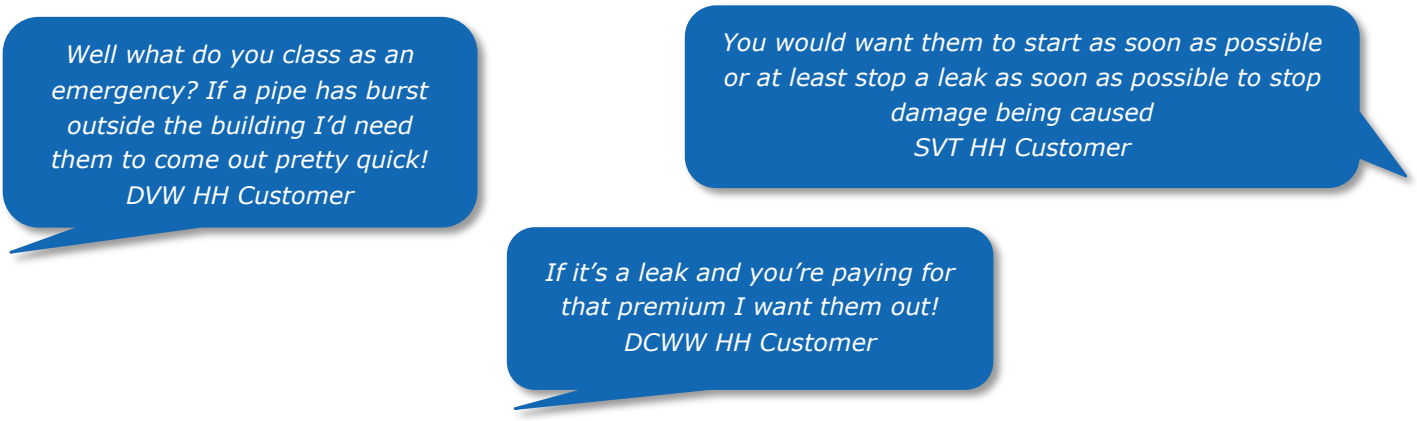
Table 28 – Monetary willingness to pay by number of employees per non-household

NHH customers by business size	Mean yearly bill	Average willingness to pay estimate	Amount willingness to pay per year in monetary terms
1 – 9 employees	£939	+2.8%	£26
10 – 49 employees	£1,336	+3.6%	£48
50 – 99 employees	£3,373	+5.9%↑	£199
100 – 249 employees	£4,564	+5.8%↑	£264
250+ employees	£6,419	+4.8%	£308

Service Expectations

Having established levels of willingness to pay for each transfer scenario, participants were next asked to assume the proposed changes had gone ahead and water companies had complete responsibility for all water supply pipes. They were then asked to imagine that they had either an emergency or non-emergency with their water supply pipe (for example an obvious leak from the pipes feeding into their building) and were asked a series of questions to find out what they would expect in terms of service from the water company for the highest amount they previously said they were willing to pay. To help with this, participants were given a range of service levels relating to a number of service attributes. They were then asked to select which they would expect in an emergency and a non-emergency.

Participants were not provided with specifics as to what constituted an "emergency" or "non-emergency". For this exercise, they were able to define these for themselves as they would initially do in real-life should they have a supply pipe problem of some kind, and set their expectations for the service level of the response accordingly.



As will be shown below, overall the expectations of all customers were quite high from the time of response to the full resolution of the problem and the service levels they expect.

Expectations when faced with an emergency

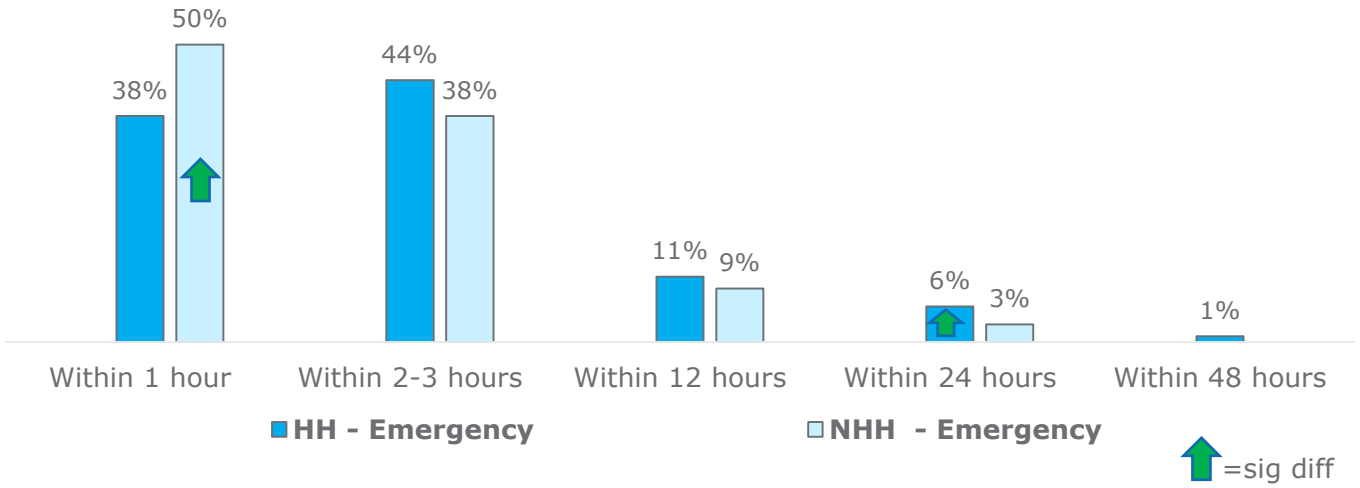
Speed with which water company would come out to my property/business

When faced with an emergency, a large majority - more than four in five (82%) HH and nearly nine in ten (88%) NHH customers - expected their water company to come out to them within 3 hours of contact.

NHHs have significantly higher expectations for speed of response than HHs. This is shown by the relative proportions who expect a visit within an hour of contact – half of all NHHs (50%) compared to nearly one in four HHs (38%).

The proportions of both NHH and HH customers who would find waiting up to 12 hours and longer fall sharply. Only 1% of HHs and none of the NHHs considered a period of longer than 48 hours acceptable.

Figure 29 – Speed with which the water company would come out in an emergency

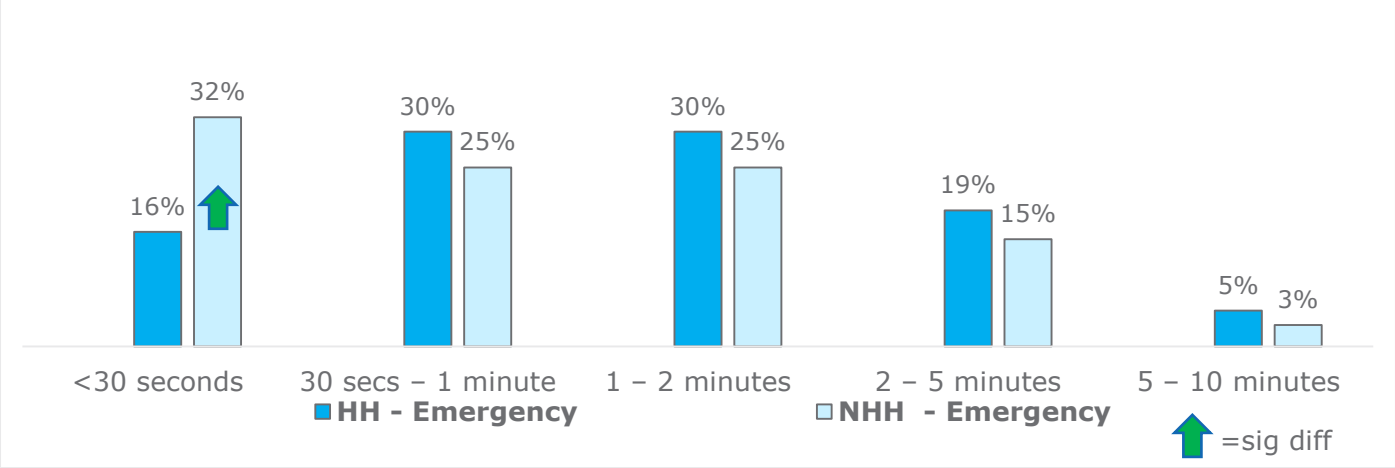


By water company, DVW and SVT HH customers had significantly higher expectations for speed of emergency response than DCWW customers, with 54% and 49% respectively wanting a representative to be with them in an hour compared to 36% of DCWW customers. Older HH customers aged 75+ were also more likely (48%) to expect a representative within an hour than those slightly younger aged 60-74 (35%). Interestingly however higher SEG customers - A/B, C1 and C2 - were more likely to consider a response time within 12 hours acceptable (14%, 11% and 14% respectively) than D and E SEG customers (5% and 3%) respectively – suggesting that the need/desire for a swift call-out time is more acute for these groups.

Time spent waiting on the phone to speak to an advisor

At the point of contact, whilst fewer than a fifth (16%) of HH would expect a response within 30 seconds, only a quarter of HH customers considered anything in excess of 2 minutes acceptable – suggesting that the 'prime' timeframe for HH customers calls to be answered is between 30 seconds and two minutes. NHH customers were more demanding in this respect, with 32% saying they would expect to be answered in under 30 seconds. Levels of significance are shown on the following chart:

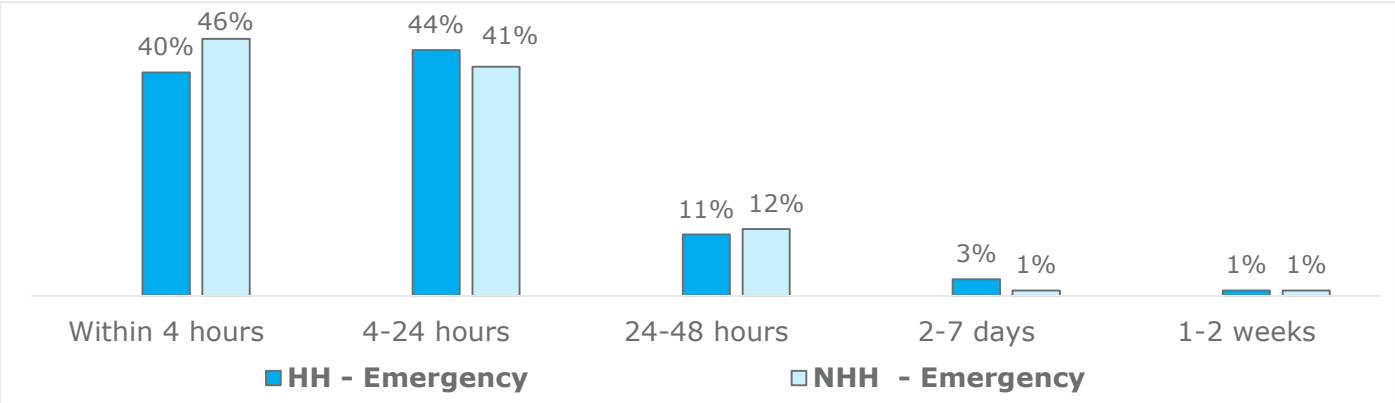
Figure 30 – Time spent waiting on the phone to speak to an advisor in an emergency



Time taken to resolve the problem[24] in an emergency

After the initial contact and the water company representative arriving, participants were asked how long they would expect it to take for their emergency to be resolved. Of HH customers, 40% said that they expected their emergency to be resolved within 4 hours of arrival. Only 15% considered a period of over 24 hours acceptable, falling to only 4% for resolution taking 2 days or more. NHH customers expected a resolution in a similar timeframe to HH customers, with 87% expecting a resolution within 24 hours.

Figure 31 – Time taken to resolve the problem in an emergency



SEG D participants were more likely than SEG A's to only find a four hour turnaround acceptable (47% vs. 36%), but elsewhere, expectations were similar across these groups.

Condition property/business is left in following an emergency repair

Participants were given 3 possible service levels for the condition their property could be left

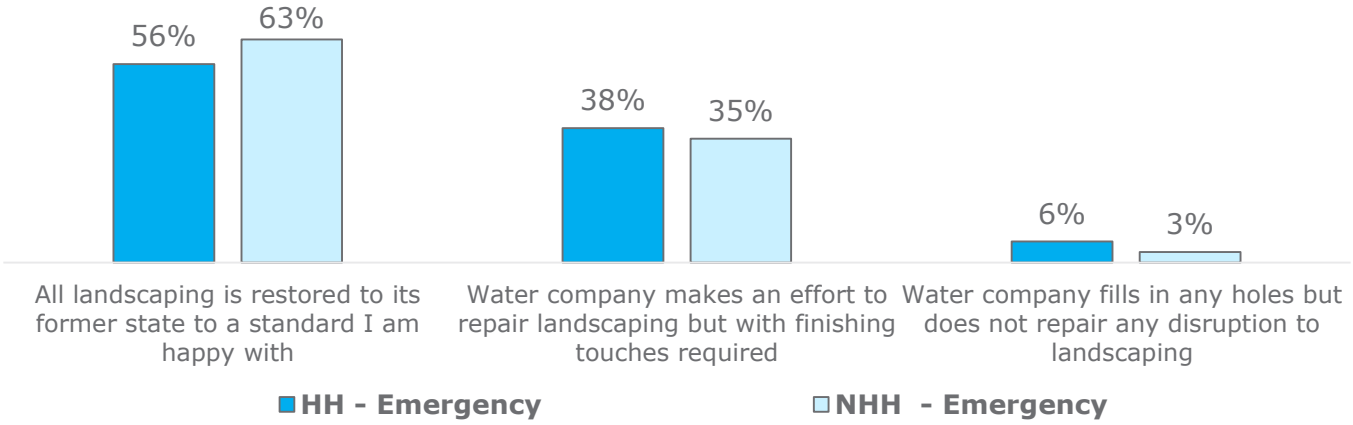
[24] It should be noted that a resolution in the eyes of the customer is an initial 'fix' rather than a full reinstatement.

in after an emergency repair:

- All landscaping being returned to its former state
- The water company filling in any holes but not repairing any disruption to landscaping
- Full landscaping/paving reinstatement

More than half of HH customers (56%) said their expectation would be for all landscaping to be returned to its former state, almost 2 in 5 (38%) said they would expect the water company to make an effort to repair the landscaping, and only 6% found the water company filling in holes but not carrying out any further repairs acceptable. As with expectations of call handling time, NHH customers were more demanding than HH customers, with 63% expecting landscaping to be restored to its former state.

Figure 32 – Condition the property is left in following an emergency repair



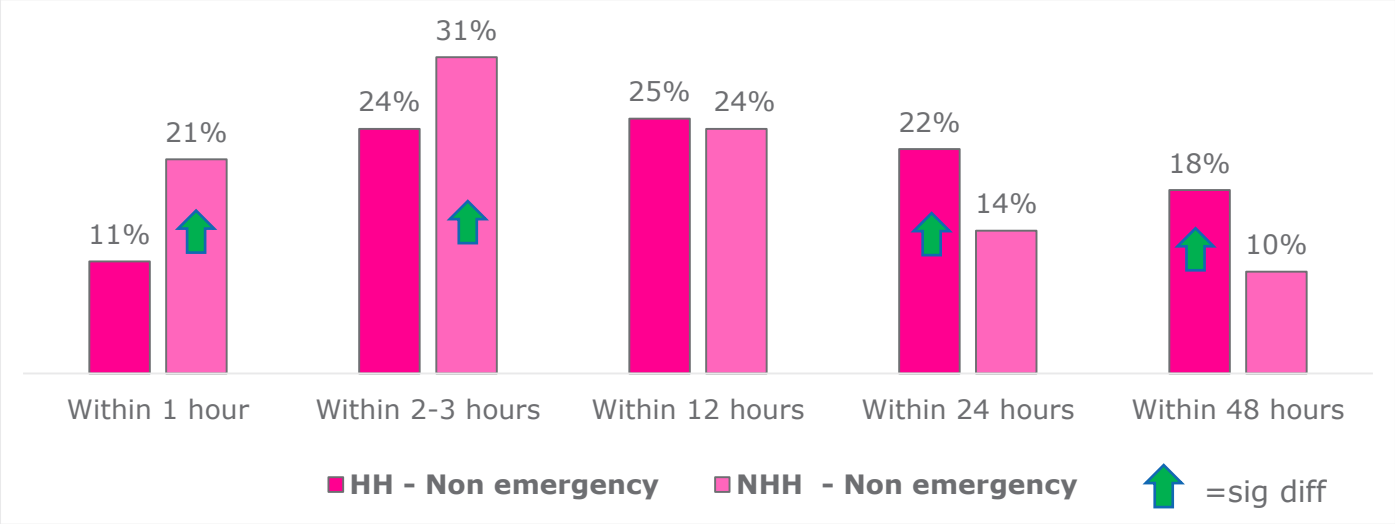
SVT and DVW customers had higher expectations than DCWW customers here; 75% of SVT and 77% of DVW customers expected all landscaping to be returned to its former state to a standard they are happy with – compared to 53% of DCWW customers. Expectations increased by participant age; around half of customers aged 18-29 /30-44 /45-59 expected full landscaping reinstatement (50%, 49%, and 53% respectively) compared to 59% of 60-74s and 80% of those 75+. There were no differences by property type however those without insurance were more likely to want all landscaping to be restored to its former state (61% cf. 52%).

Expectations when faced with a non-emergency

Speed with which water company would come out to my property/business

In a non-emergency situation, the expectations around call out times are unsurprisingly lower than if faced with an emergency situation. For HH customers, 40% found a call out of 24 hours acceptable (cf. 18% of whom think 48 hours would be an acceptable timeframe). This compared with 7% for an emergency. NHH customers were more demanding though, with a fifth expecting someone to be out within the hour and only 24% thinking that someone coming out within 24 hours or longer would be acceptable. This compared to 3% in an emergency.

Figure 33 – Speed with which water company would come out to my property/business in a non-emergency



DVW and DCWW customers were both more likely to expect a visit within an hour (both 12%) in a non-emergency situation than SVT customers (3%). Over two thirds (69%) of SVT customers thought within 12 hours was an acceptable response time. While just over four fifths (41%) of DVW customers and 60% of DCWW customers deemed within 12 hours or less acceptable.

Participants aged 45-59 were more likely than their older counterparts to consider 48 hours an acceptable amount of time (45-59, 24%; 60-74, 15%; 75+, 10%). Once again customers in SEGs D (21%) and E (23%) preferred a faster response time – within an hour - than their AB (7%), C1 (9%) and C2 counterparts (9%). In addition, participants who live in a flat/maisonette were significantly more likely to expect someone to be out within an hour of contacting than participants in any other property type (flat/maisonette, 21%; detached, 9%; semi-detached, 12%; bungalow, 10%; terraced house/mews, 11%).

Time spent waiting on the phone to speak to an advisor

HH customer thresholds for acceptable waiting times on the phone in a non-emergency situation, were similar to those for an emergency situation – suggesting that initial response to the contact is the least flexible part of the journey in terms of acceptability for customers. Only 16% of HHs expected to be answered in under 30 seconds, but 27% expected to be answered within 30 seconds to a minute and a further 30% expected to be speaking to someone within 1-2 minutes of picking up the phone. A similar story emerged for NHH customers, with expectations of wait times on the phone for a non-emergency situation being broadly in line with those for an emergency situation. Here though, a quarter of participants expected to be speaking to someone in under 30 seconds – again highlighting the higher expectations of NHH customers.

Figure 34 – Household expectations of time spent waiting on the phone to speak to an advisor

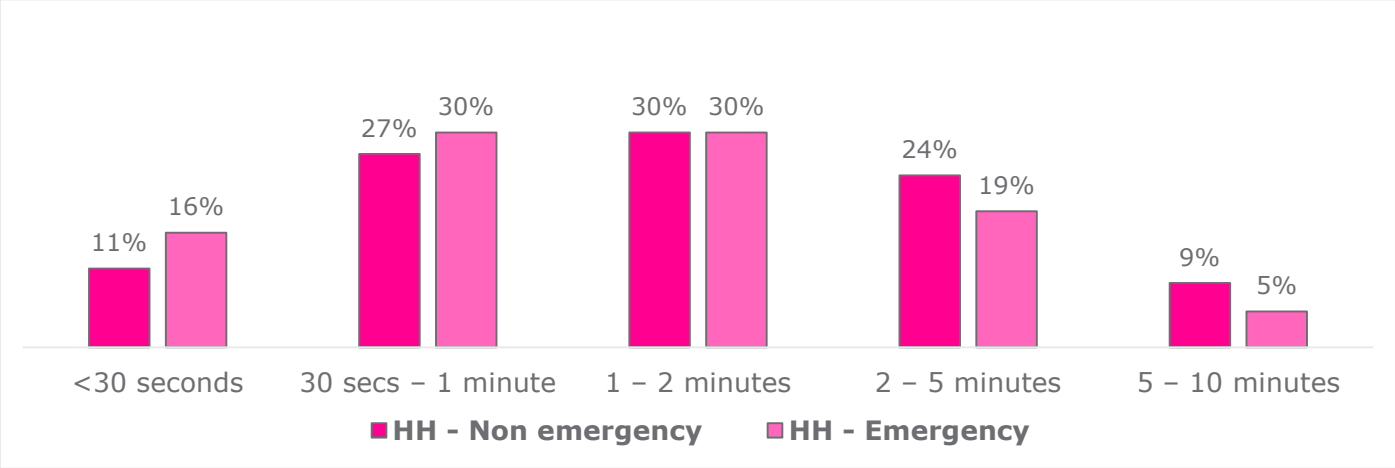
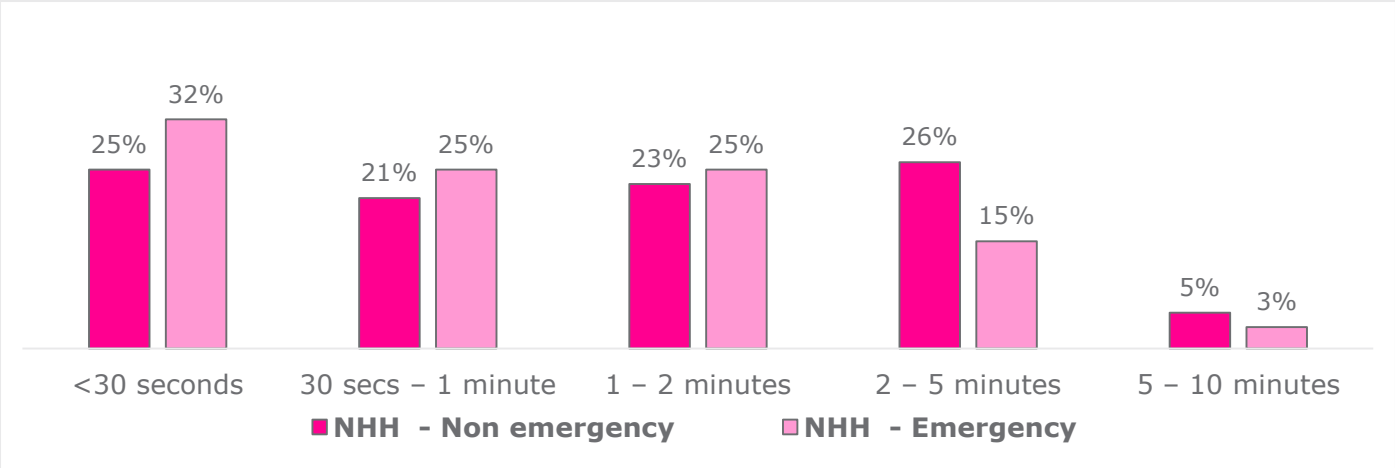


Figure 35 – Non-household expectations of time spent waiting on the phone to speak to an advisor



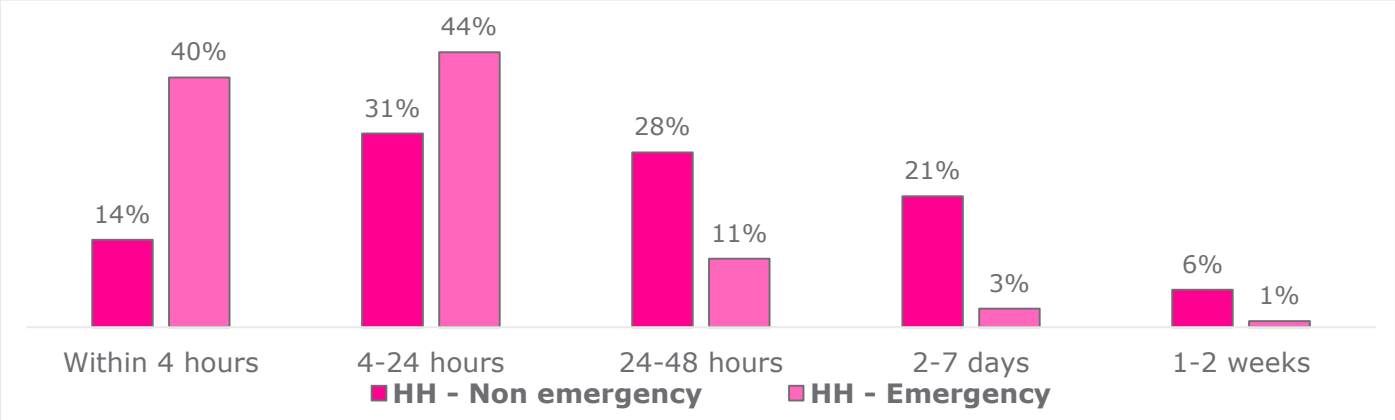
SVT and DVW HH customers were more likely to expect their call to be answered in under 30 seconds (20% and 16% respectively) than DCWW customers (9%). In addition, male participants appeared to be more impatient than female participants, with 13% of males expecting to be answered in under 30 seconds, compared to only 8% of female participants. Younger participants appeared to have a higher tolerance for longer wait times on the phone, with almost a quarter (24%) of 18-29 year olds saying between 5 and 10 minutes would be acceptable – a significantly higher proportion than all other age groups (30-44, 12%; 45-59, 9%; 60-74, 5%; 75+, 4%). Among NHH participants, SVT customers were significantly more demanding, with 55% expecting to be answered in 30 seconds or less, compared to 12% of DVW customers and 19% of DCWW customers.

Time taken to resolve the problem

HH participants had a considerably higher tolerance for non-emergency resolution times than for an emergency situation. Only 1 in 7 (14%) expected their issue to be resolved within 4 hours of someone reporting the problem compared to 40% for an emergency situation. Just

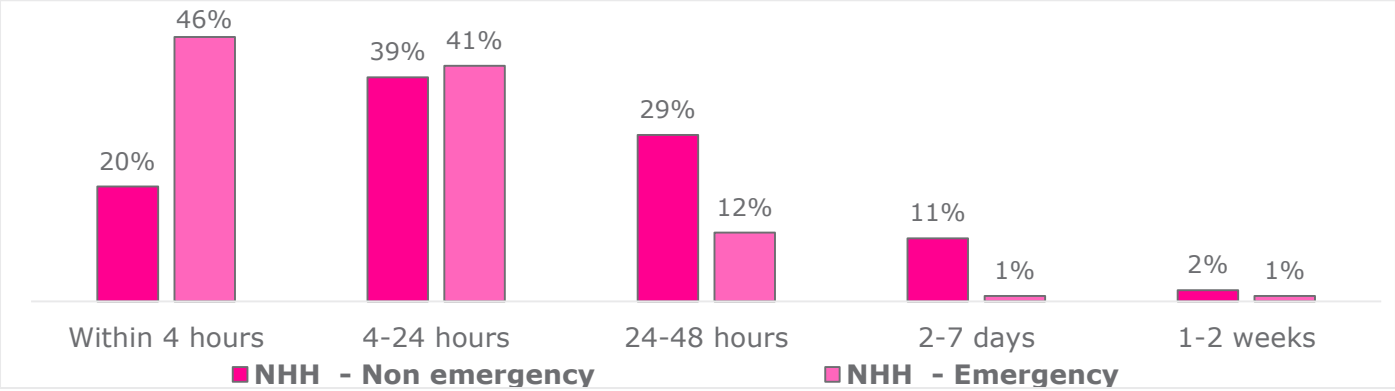
under a third (HH = 31%) found a resolution between 4 and 24 hours acceptable. A similar picture emerged among NHH customers, with acceptable resolution times being longer for non-emergency than emergency issues.

Figure 36 – Household expectations for time taken to resolve an issue



HH SVT customers were more likely to expect a resolution within 24 hours (44%) than DVW customers (29%) and DCWW customers (30%), and as with emergency situations, D and E SEG participants were more likely to expect a resolution within 4 hours (21% and 23% respectively) than AB, C1 and C2 SEG participants (11%, 11%, 13% respectively).

Figure 37 – Non-household expectations for time taken to resolve an issue

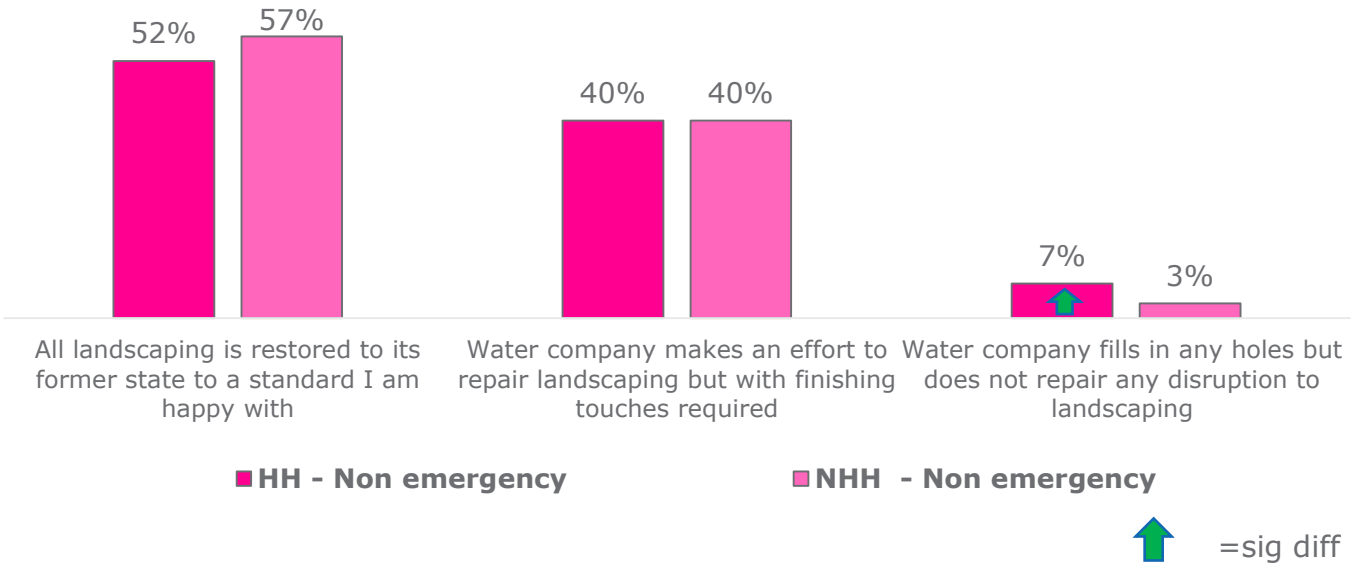


NHH DVW customers were more likely to expect a resolution within 24 hours (95%) than SVT customers (90%) and DCWW customers (81%).

Condition property/business is left in following an emergency repair

More than half of HH customers (52%) expected all landscaping to be restored to its former state reflecting an overarching message that customers have high expectations around the standard of repair. Forty percent thought that it would be acceptable if the water company made an effort to repair landscaping without finishing touches, and only 7% would find it acceptable for the holes to be filled without any additional repairs to landscaping - figures that closely corresponded to emergency situations. For NHH participants the situation was similar, with a majority (57%) expecting all landscaping being returned to its former state. As with HH customers, there was little difference in expectations here depending on whether it was an emergency or non-emergency situation.

Figure 38 – Condition the property is left in following a non-emergency repair



SVT and DVW customers were more demanding than DCWW customers here, with 72% of SVT and 73% of DVW customers saying they would expect all landscaping to be returned to its former state to a standard they are happy with – compared to only 49% of DCWW customers. Expectations in this regard tended to increase as customers become older (18-29, 48%; 30-44, 45%; 45-59, 51%; 60-74, 53%; 75+, 74%).

There were no differences in expectations by whether customers had experienced a problem of some kind with their water supply pipe in the past.

Willingness to pay additional amount for top levels of service

Having answered questions around acceptability of service levels, participants were asked if they would be willing to pay an additional amount (on top of what they had already specified) to guarantee top levels of service. Those who would be willing to pay more were asked to specify how much extra they would be willing to pay.

Proportion of participants unwilling to pay additional amounts

Among HH customers three quarters (75%) said that they wouldn't be willing to pay any more on top of what they had already specified in return for the highest levels of service. There were some differences across groups in this regard: 87% of SVT customers said they wouldn't be willing to pay any more to guarantee a top level of service, compared to 74% of DCWW customers. Perhaps unsurprisingly, willingness to pay an additional amount increased with household income (AB, 69%), while at least 75% of participants in all other SEG groups were unwilling to pay any more. Of NHH customers, 72% were unwilling to pay any more than they had previously stated.

Amount participants who would pay more are willing to pay

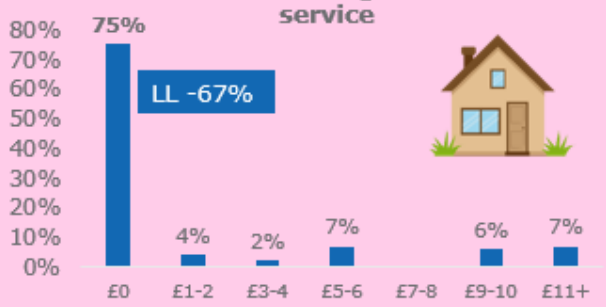
Among the 25% of HH participants who were willing to pay more, the mean average additional amount they were willing to pay was £8.69 each year. This rose to £18.55 amongst the 28% of NHH customers who were willing to pay more.

Figure 39 – Willingness to pay on top of what they were willing to pay for their preferred transfer scenario for the highest level of service

Approximately three quarters of all customers would not be willing to pay in addition to achieve the highest level of service

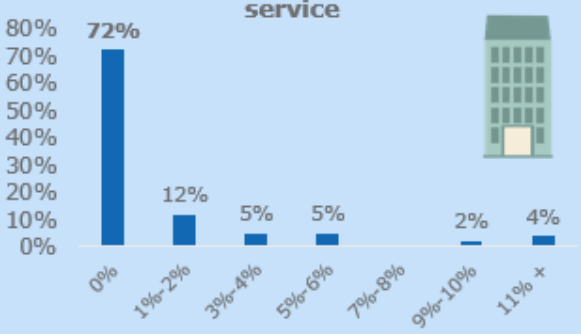
Household

HH: (n=1071)
Those willing to pay in addition to their bill for the highest level of service



Non-household

NHH: (n=291)
Those willing to pay in addition to their bill for the highest level of service



Significantly more SVT customers (87%) would not be willing to pay any more compared with DVW customers (83%) or DCWW (74%) customers

Significantly more SVT customers (88%) and DVW customers (73%) would not be willing to pay any more compared with DCWW (65%) customers

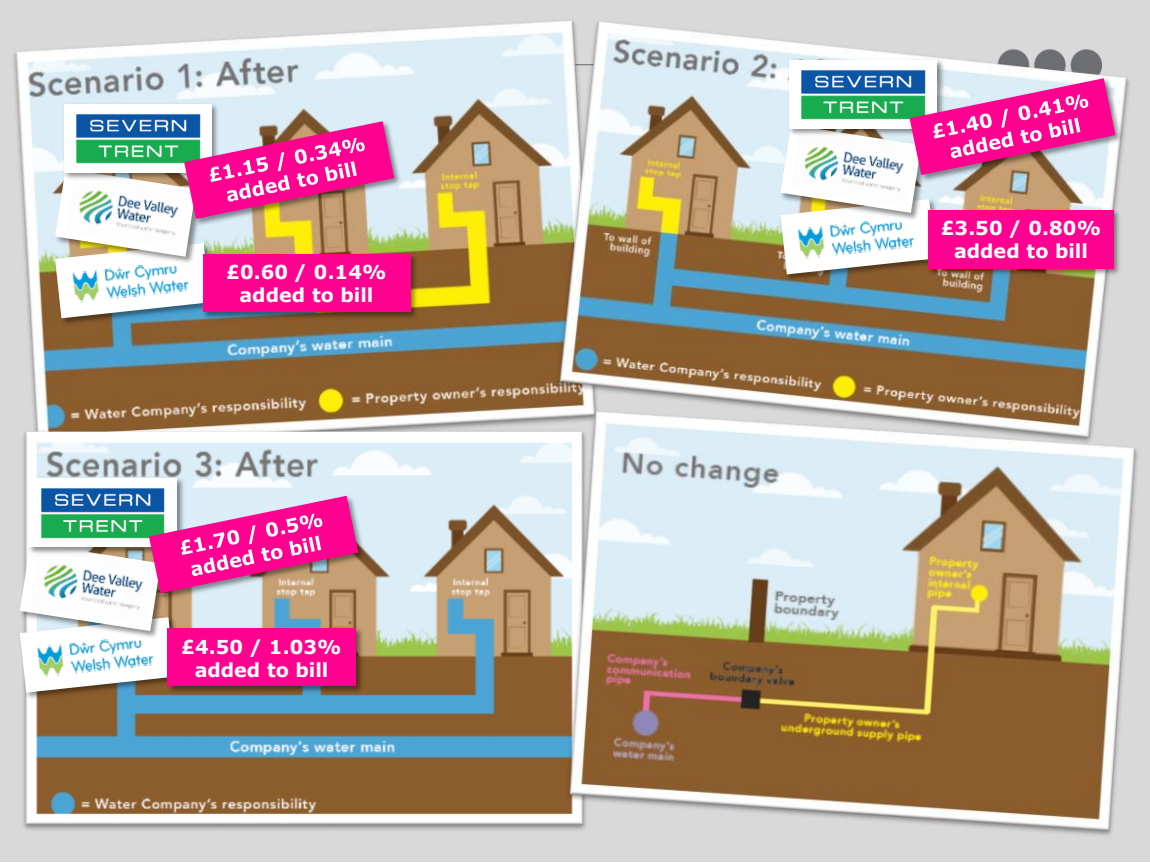
DCWW customers are willing to pay more than SVT customers & DVW customers to achieve the highest level of service

QNEW (All respondents) With this in mind would you be willing to pay anything in addition to the <highest amounts pull through> to achieve the highest level of service?

The Fully Informed View – based on estimated costs for each scenario

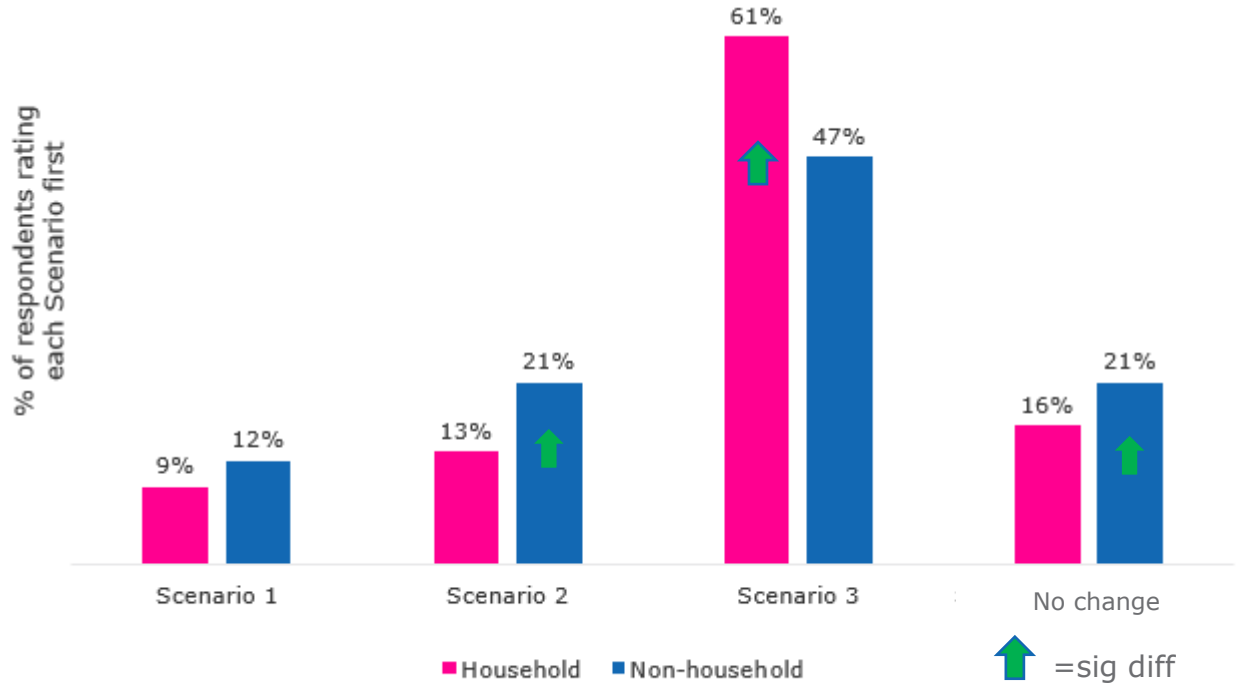
Participants were presented the estimated annual costs for each scenario and were told that they would be on top of their current bill, in addition to other investments in water and sewerage services which may also affect bills. For clarity, these costs are shown below. Please note that whilst HH customers were shown a monetary amount, NHH customers were shown an amount in percentage terms because of the large range in total bills across this group of customers:

Figure 40 – Estimated costs per year added to the bill



After these estimated costs were revealed, participants were asked to rank each scenario once more according to their preference this time in full view of the estimated costs. The overall picture didn't change – Scenario 3 was still by far the most preferred arrangement across both HH (64% before cost reveal cf. 61% following cost reveal) and NHH audiences (50% before cost reveal cf. 47% following cost reveal).

Figure 41 – Scenario ranking by household and non-household



Q37 After seeing these costs please rank the scenarios in order of appeal with 1 being most appealing and 4 being least appealing.

A company breakdown is shown below:

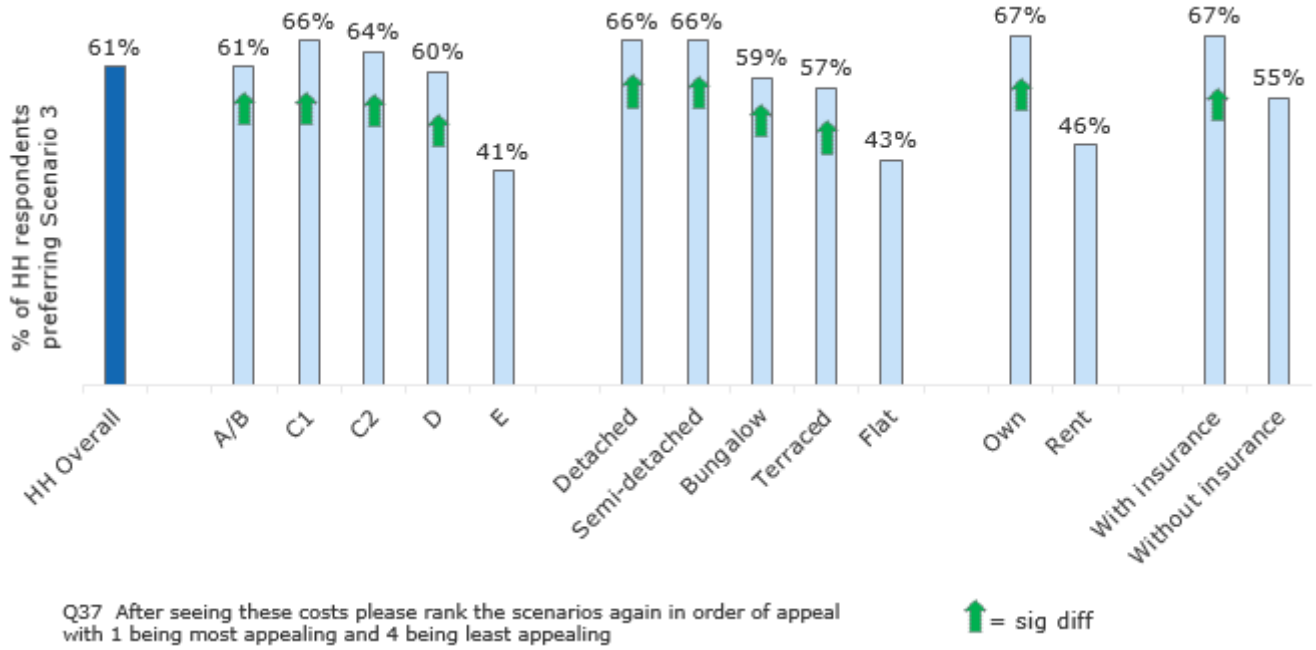
Table 29 – Highest ranked scenario by water company

Scenario	% HH ranking 1st	% NHH ranking 1st
Scenario 1 - transfer all shared pipework	DCWW (10%)	DCWW (14%)
	SVT (6%)	SVT (11%)
	DVW (4%)	DVW (7%)
	SVT/DVW (5%)	SVT/DVW (9%)
Scenario 2 – transfer shared pipework and all pipework to the outside wall of the property	DCWW (13%)	DCWW (26%)
	SVT (8%)	SVT (11%)
	DVW (20%)	DVW (17%)
	SVT/DVW (15%)	SVT/DVW (14%)
Scenario 3 – transfer shared pipework and all pipework up to the stop-tap inside the property	DCWW (61%)	DCWW (39%)
	SVT (65%)	SVT (58%)
	DVW (59%)	DVW (55%)
	SVT/DVW (61%)	SVT/DVW (57%)
No change	DCWW (16%)	DCWW (21%)
	SVT (21%)	SVT (20%)
	DVW (17%)	DVW (22%)
	SVT/DVW (19%)	SVT/DVW (21%)

There were noticeable pockets of appeal across certain scenarios for HH customers. Starting with the most preferred option (Scenario 3), this was clearly the favoured arrangement

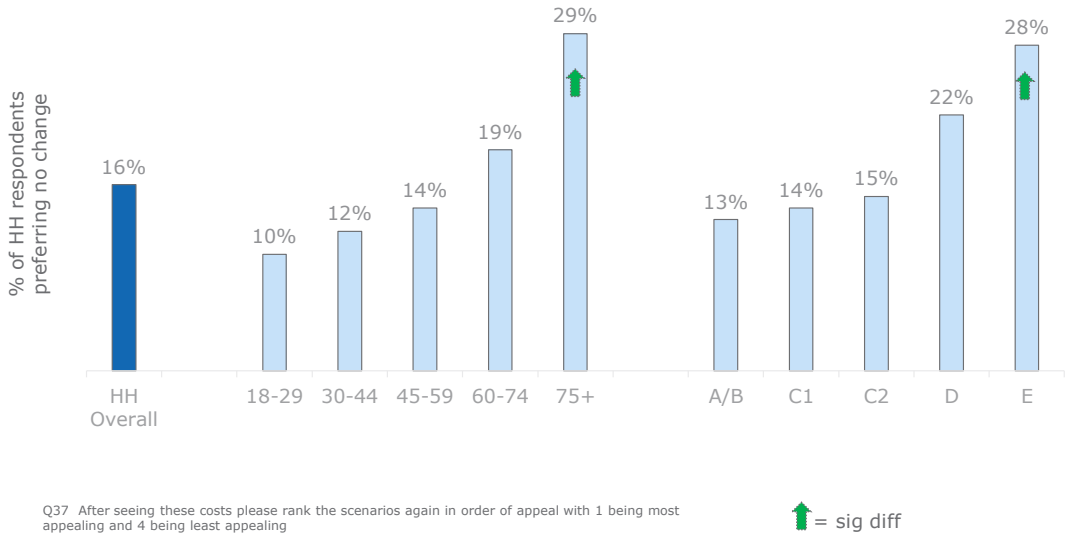
amongst higher SEGs, those living in detached and semi-detached housing particularly, property owners and those with water supply pipe insurance. NHH customers had more reservations than HH's about the transfer leading to water companies having more rights of access to come onto their property. For DCWW in particular this seems to have led to a lower level of preference for Scenario 3 although it was still preferred overall.

Figure 42 – Households ranking Scenario 3 first



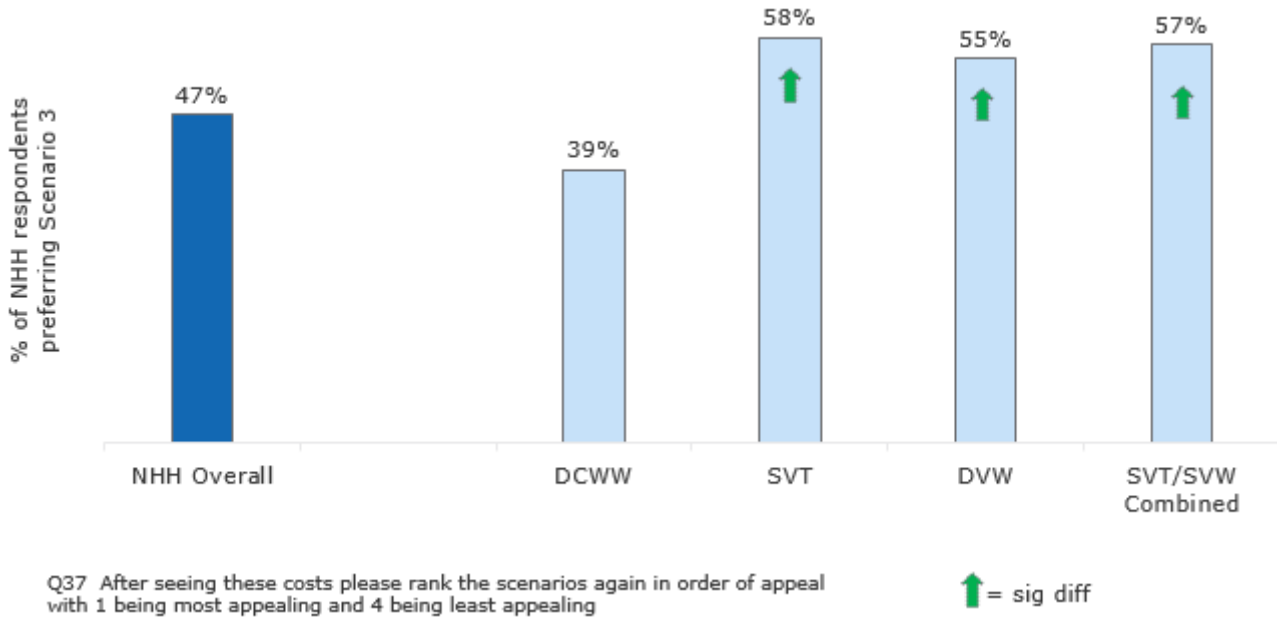
As we saw previously (i.e. when participants ranked scenarios before seeing information about impacts and costs) older age-groups and lower SEGs were more likely to prefer no change – this pattern held true now also, once fully informed.

Figure 43 – Households ranking no change option first



Amongst NHHs, SVT/DVW customers were more likely to favour Scenario 3 (57%) than DCWW (39%) customers however, no other differences by sub-group were apparent:

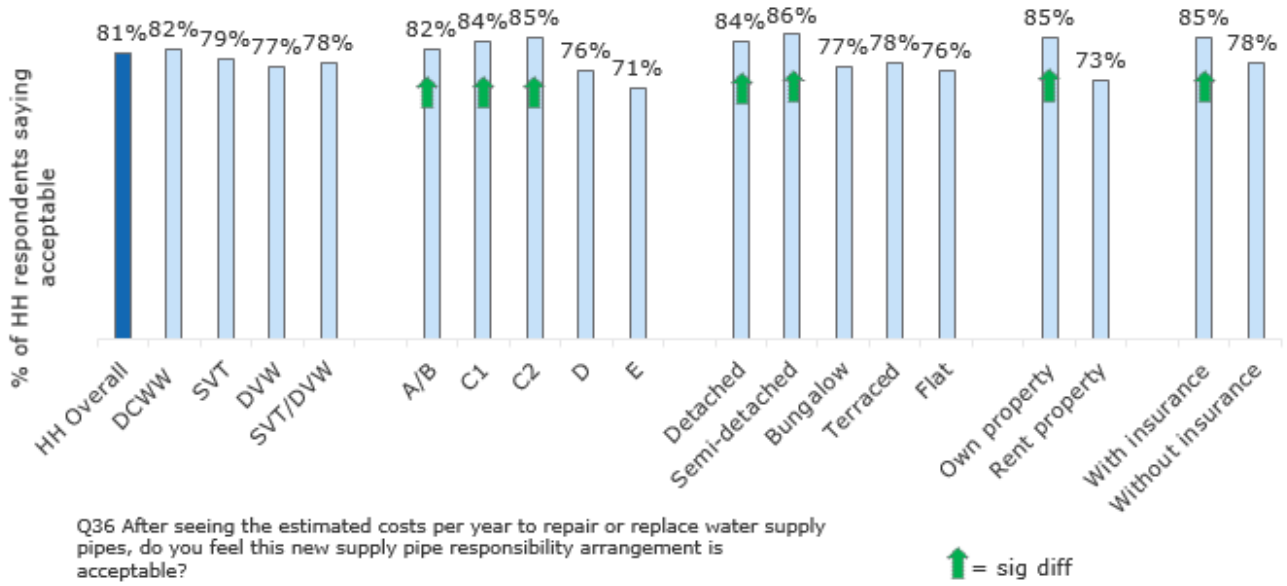
Figure 44 – Non-households ranking Scenario 3 first



Final informed acceptability for transfer in principle

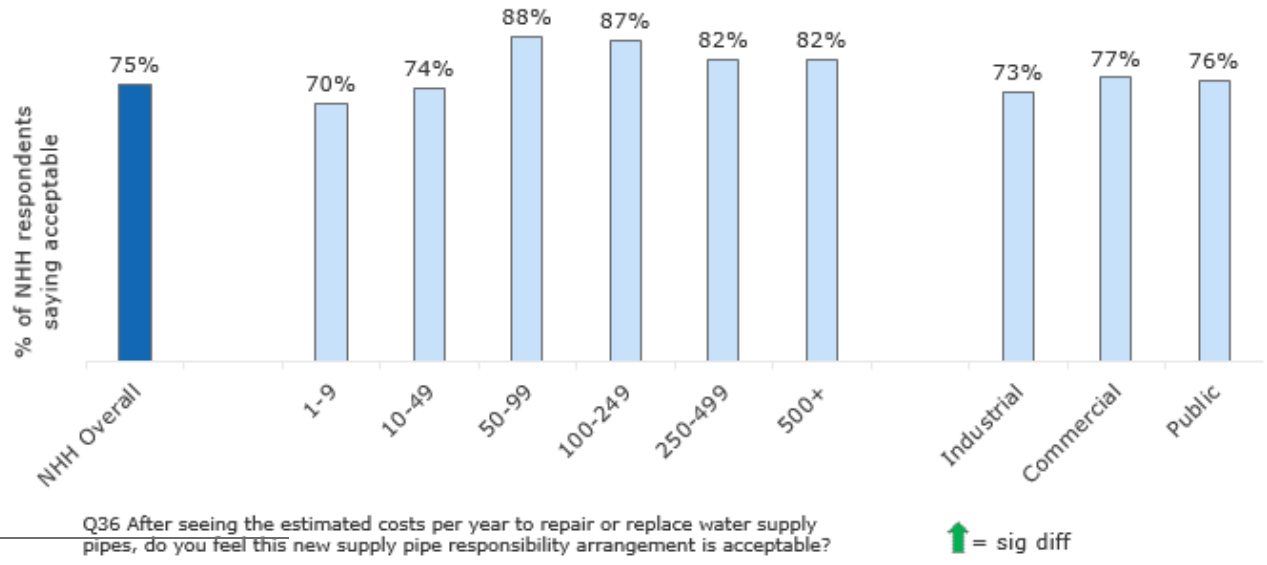
Having been informed of the estimated costs, customers were asked directly one last time, how acceptable the transfer of pipework from owner to water company responsibility was in principle. Just over four-fifths (81%) of HH customers found this acceptable, and this was particularly concentrated amongst higher SEGs, those in detached or semi-detached dwellings, property owners and those with water supply pipe insurance.

Figure 45 – Final acceptability for transfer in principle by household



Amongst NHHs there was also a high degree of acceptance of the idea (75%) with no differences by sub-group being apparent.

Figure 46 - Final acceptability for transfer in principle by non-household[25]



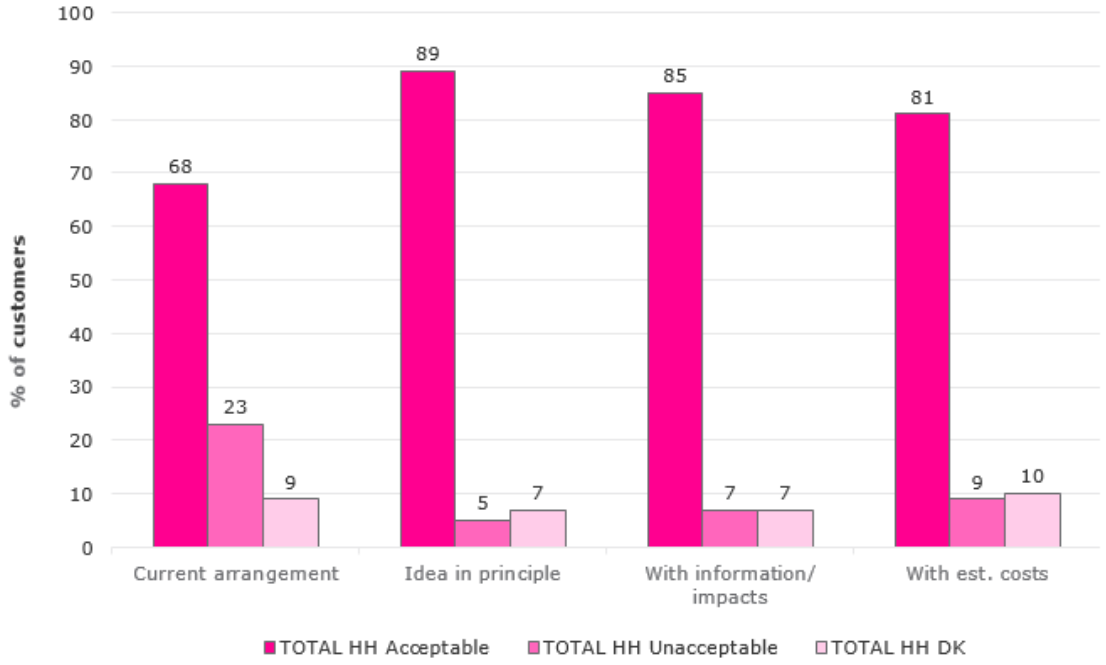
[25] No significant differences

The impact of information on acceptability

Participants were gradually informed[26] of the impact of the transfer through various stages of the research and their acceptability was measured at these points. This showed that whilst information had a negative effect on acceptability, a transfer was still appealing to the vast majority. This is shown below for HH customers (which revealed a significant drop in appeal at each step that more information was produced) followed by NHH customers (which showed a similar but indicative trend).

Household Customers

Figure 47 – Acceptability by household

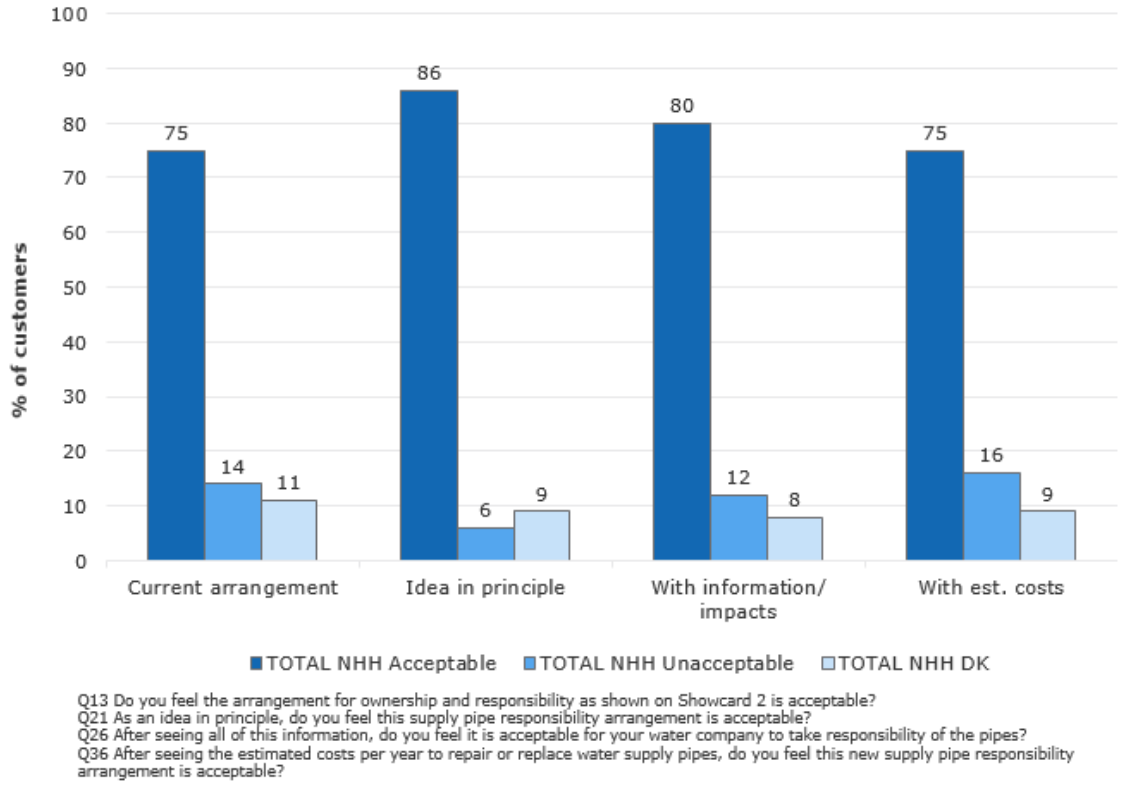


Q13 Do you feel the arrangement for ownership and responsibility as shown on Showcard 2 is acceptable?
Q21 As an idea in principle, do you feel this supply pipe responsibility arrangement is acceptable?
Q26 After seeing all of this information, do you feel it is acceptable for your water company to take responsibility of the pipes?
Q36 After seeing the estimated costs per year to repair or replace water supply pipes, do you feel this new supply pipe responsibility arrangement is acceptable?

[26] The fact an informed customer base can and does bring a different viewpoints to research chimes perfectly with Ofwat's desire for customers to be more actively involved in issues that go "beyond the basics" and engage citizens to own improvements to water resilience in their communities.

Non-Household Customers

Figure 48 – Acceptability by non-household



Q13 Do you feel the arrangement for ownership and responsibility as shown on Showcard 2 is acceptable?
Q21 As an idea in principle, do you feel this supply pipe responsibility arrangement is acceptable?
Q26 After seeing all of this information, do you feel it is acceptable for your water company to take responsibility of the pipes?
Q36 After seeing the estimated costs per year to repair or replace water supply pipes, do you feel this new supply pipe responsibility arrangement is acceptable?

Insight from the qualitative portion of this research highlighted that participants picked up on a small number of strands that, as more information was added, led to a decline in acceptability. These included concerns around the standard of repair offered and how would the property be left a long with concerns over whether water companies could come and build in their gardens/on their land as well as whether it may limit what they can build on their own land.

I think with scenario three, you may, from a business point of view, be limited to what changes you could do to your business in terms of extending...
DCWW NHH Customer

Yeah but if they wanted to come along and build a water pump on your land could they do that?
DCWW NHH Customer

If there was a problem I'd want repairs done quickly though, how would they leave it?
SVT NHH Customer

Views on alternatives to a statutory transfer

Introduction

It is possible that some of the positive outcomes of transferring water supply pipework from property owners to water companies could be achieved in other ways. For example, legal transfer would mean that water companies could develop more efficient leakage and pipework repair programmes for the additional pipework they would own and it would remove the 'burden' of this from property owners. However, an alternative might be for property owners to keep legal ownership of the pipes, and for water companies to extend their policies on water supply pipe repairs so that they were offered whenever there was a leak or repair needed. In theory the outcomes of both approaches would be similar, with the responsibility for repair removed from property owners and water companies able to take stock of the entire water supply network and plan accordingly.

What customers were told

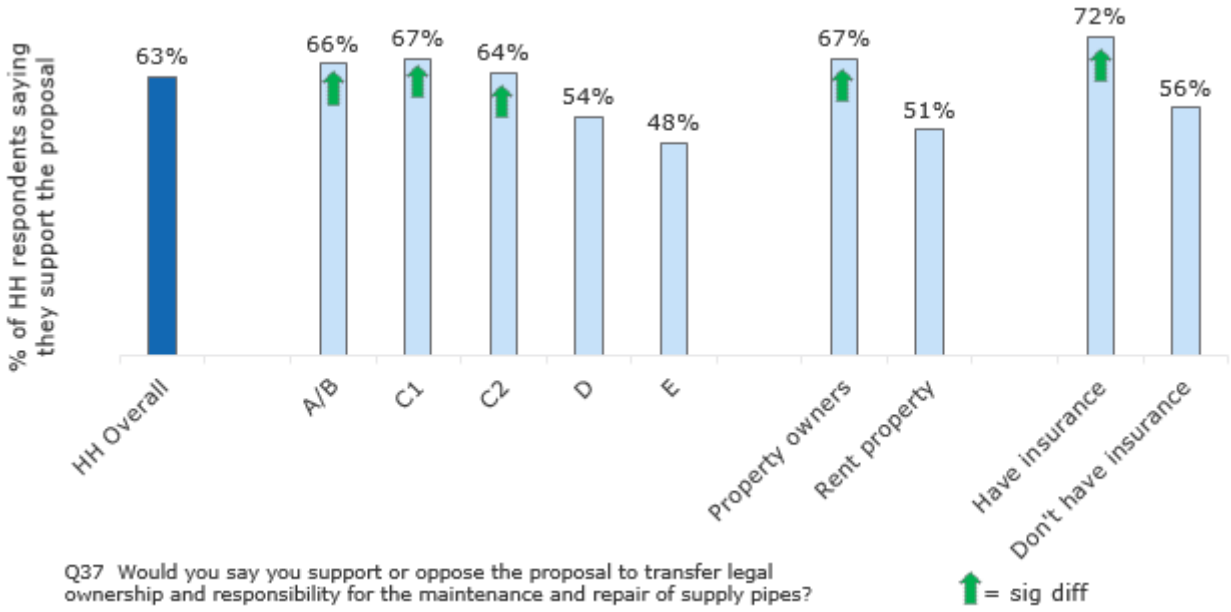
To find out whether customers placed any value in legally owning their supply pipes, customers were told the following:

We would also like to get your views on one final idea. Whilst the Welsh Government could transfer legal ownership and responsibility for pipework from property owners to water companies, it is possible that some of the advantages of legal transfer could be achieved in other ways. For example, by making changes to water company schemes for pipework repairs/replacement, such as offering an unlimited supply pipe repair scheme to all customers which would be paid for by a small increase in bills. This could be done without transferring legal ownership to water companies.

They were then asked specifically, whether they supported or opposed the proposal to transfer legal ownership and responsibility for the maintenance and repair of supply pipes.

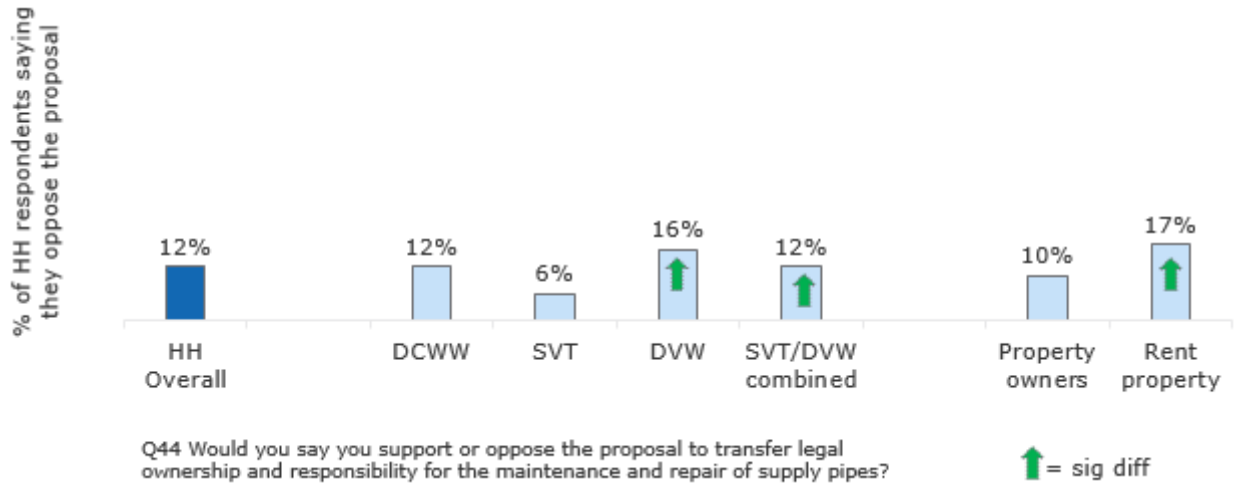
Across HH customers there was support for the legal transfer with almost two-thirds (63%) stating so. Only around one in ten (12%) opposed it with a quarter (25%) being unsure. Support seemed to be concentrated amongst the higher SEGs, property owners and those with insurance once more, as these are the people who on paper are likely to benefit most from transfer of responsibilities as shown below:

Figure 49 – Household customers who support the proposal for legal transfer



Opposition however was more likely amongst SVT/DVW customers, along with those who rent their properties:

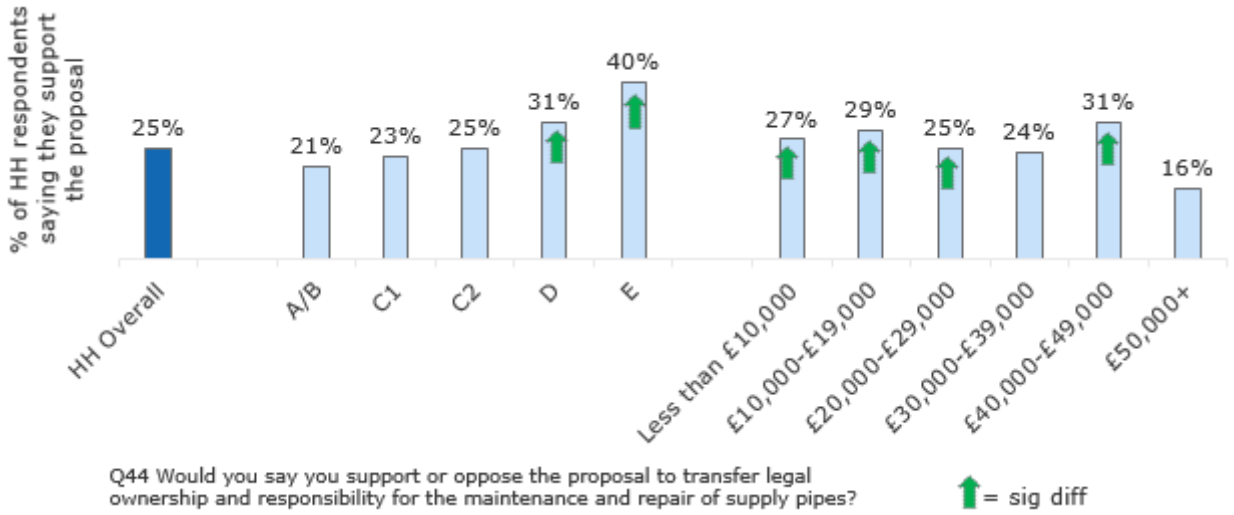
Figure 50 – Household customers who oppose the proposal for legal transfer



There were also pockets of uncertainty, more likely to be associated with renters, those on lower incomes and in lower SEGs[27]:

[27] It should be noted that those on lower incomes and in lower SEGs are also more likely to be renters than property owners

Figure 51 – Household customers who are uncertain about the proposal for legal transfer



NHH's showed similar levels of support to HH's, with no differences by sub-group:

Figure 52 - Non-household customers who support the proposal for legal transfer[28]

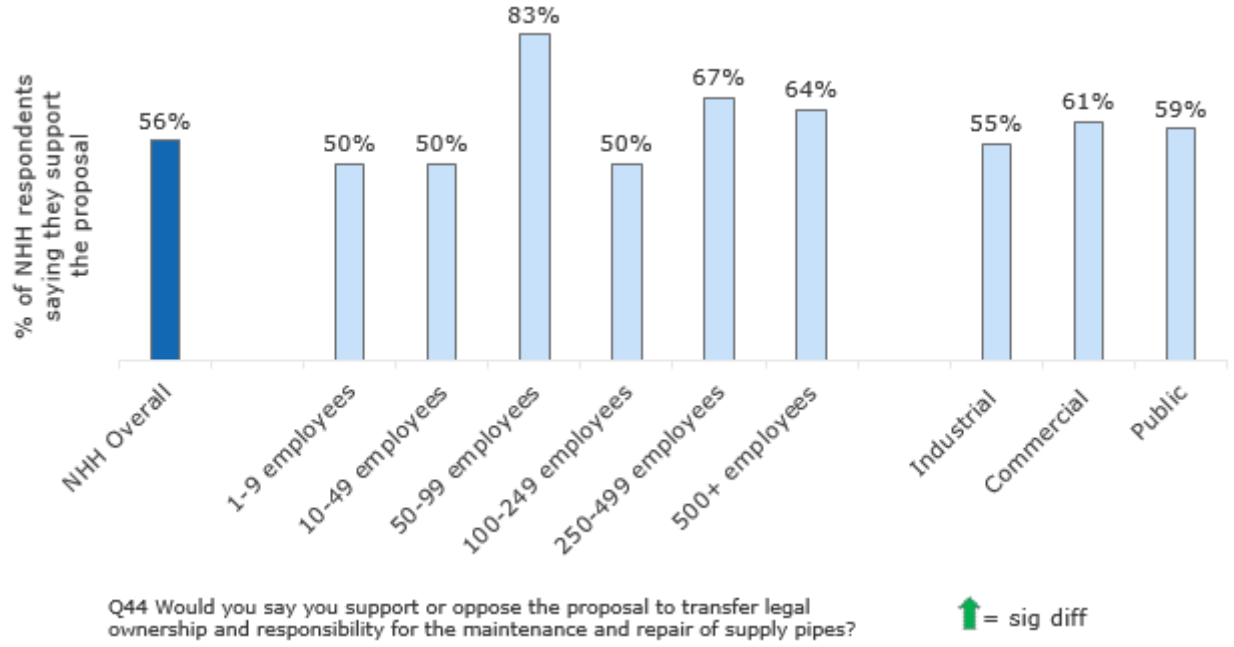


Figure 53 – Non-household customers who oppose the proposal for legal transfer[29]

[28] No significant differences

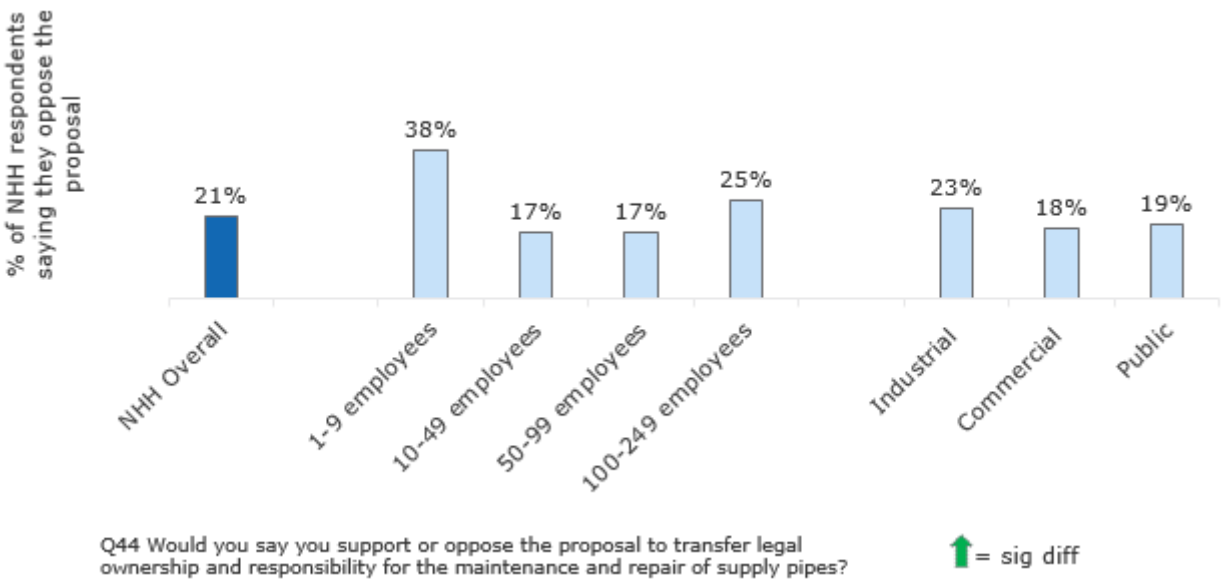
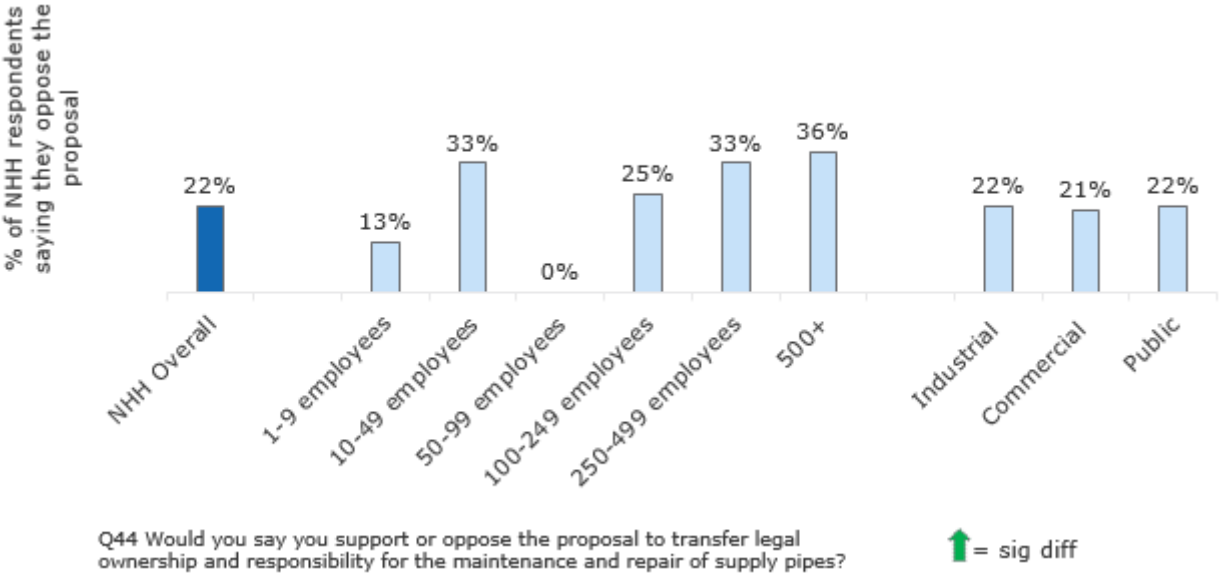


Figure 54 – Non-household customers who are uncertain about the proposal for legal transfer[30]



Participants were also asked how important it was for them to retain legal ownership of their water supply pipes. Reflecting the above, less than one-fifth (16%) deemed it important – a finding more likely to be found amongst those who already had insurance and homeowners.

Figure 55 – Household customers who think it's important to retain legal ownership

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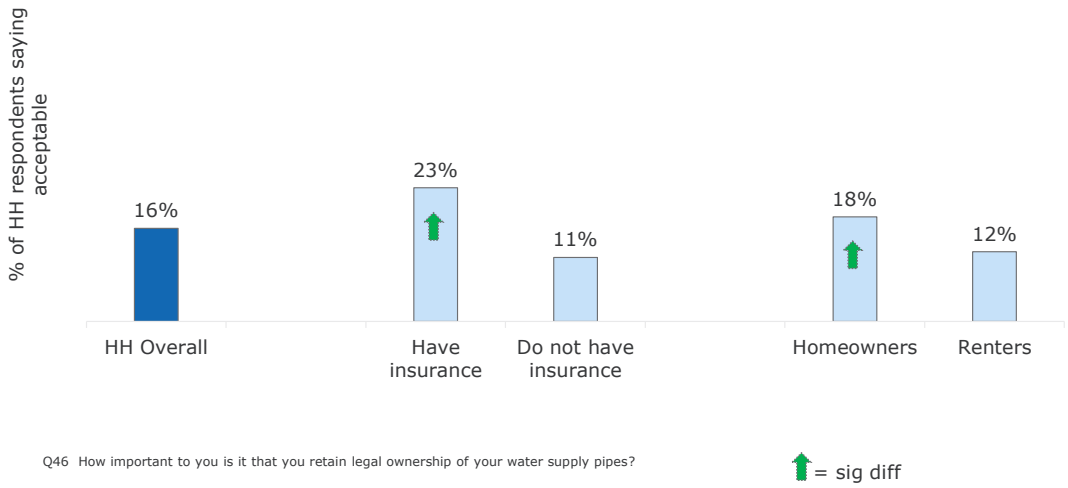
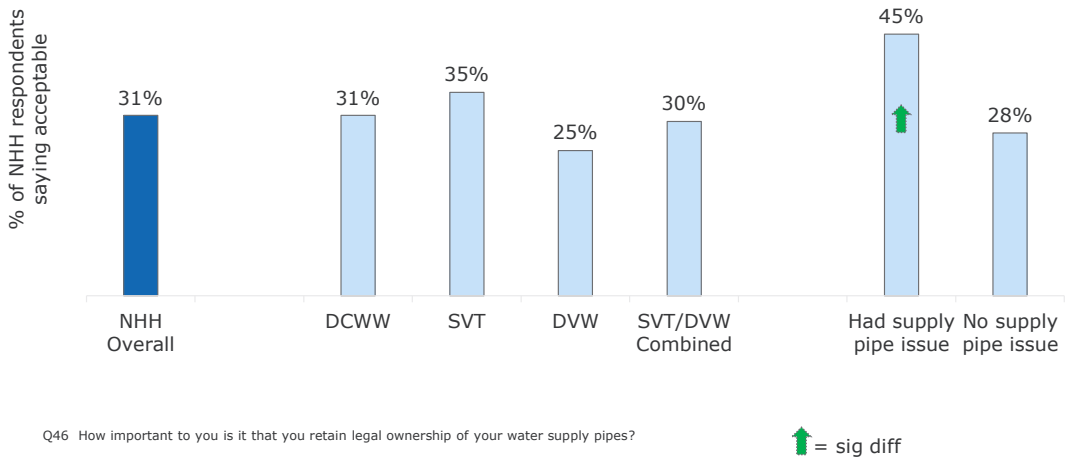
[29] No significant differences
[30] No significant differences



Perceived importance was higher amongst NHH customers with 31% stating so, with the only difference being found amongst those who have previously had an issue with their supply pipes:

Figure 56 – Non-household customers who think it's important to retain legal ownership



Landlords' views on the potential transfer

Forty-three Landlords (LLs) were surveyed because the transfer would mean that as owners of rental properties they would no longer be responsible for water supply pipe repair and maintenance.

The following pages outline the views of LLs only; due to the small sample size the findings are shown by the number of respondents rather than as percentages.

Who do Landlords contact when faced with a problem?

Over half (26 out of 43) of LLs had not experienced any sort of supply pipe problem in the past compared to 88% of HH and 81% of NHH customers. Just over a third (10 out of 27) of these would contact their water company if there was a problem with their pipes, a somewhat smaller proportion than HH customers (55%) and NHH customers (61%). For those LLs who had experienced a problem with their pipes just over a third (6 out of 16) would contact their water company while 4 landlords would contact a plumber. The water company (6 out of 16) or the plumber (4 out of 16) were the two main bodies that came out to repair or replace the pipe.

Supply Pipe Ownership: Landlords' Unprompted Awareness

Like HH (87%) and NHH customers (91%), LL also felt that Pipe A (under the pavement/road) was the responsibility of the water company with 34 out of 43 LL answering correctly, however LLs were slightly less clear on Pipe B (the underground pipe to the external boundary of the property) with 28 out of 43 stating the water company. A similar level of consensus was found in relation to Pipe D (inside the property up to the stop tap) which was usually correctly identified by the majority as the responsibility of the property owner (37 out of 43). Unlike HH and NHH customers, LLs were fairly clear on who is responsible for Pipe C (underground but within the property boundary) with 35 out of 43 LLs identifying this as the property owner. Whereas only around half (54%) of HH customers and (56%) of NHH answered correctly, the property owner.

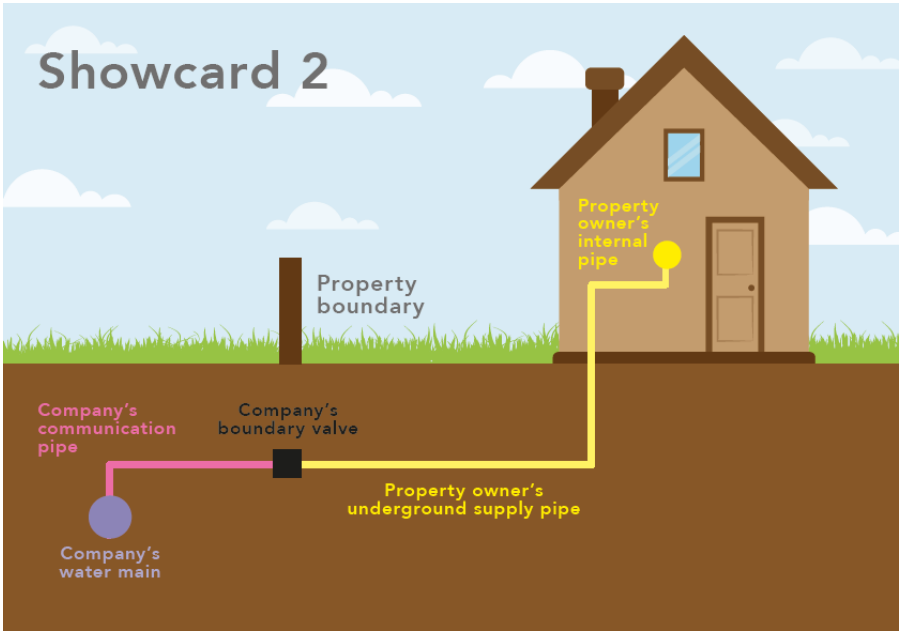
Supply Pipe Ownership: Landlords' Views on the Current Arrangement

Once participants had offered their uninformed view of responsibilities for each pipe, they were told the following:

Currently, responsibility for the maintenance and repair of underground water supply pipes is split between the property owner and the water supply company. Outside the property boundary, the pipes are usually owned by and are the responsibility of the water company. Inside the property boundary the pipes are owned by and are the responsibility of the property owner…

Following this description, participants were also shown the following diagram for context and

asked about how acceptable they deemed this (current) situation:



Almost all (40 out of 43) LLs felt this current situation was acceptable (compared to 68% of HH customers and 75% of NHH customers).

As detailed earlier in the report, in some situations the underground supply pipe may serve several properties and owners have joint responsibility for the shared section of pipe.

Acceptability of this arrangement was lower; just under half of LLs with terraced housing or flats (4 out of 11) found this arrangement acceptable whilst just over half (6) did not.

Current Supply Pipe Repair Policies: Landlord's Views

LLs were asked about their water company's policy for repairing water supply pipes which property owners are responsible for. Almost all *(42 out of 43)* LLs found their company's policy acceptable.

The Transfer in Principle: Landlord's Initial Views

Participants were introduced to the idea of the transfer with a relatively simple sentence, displayed below, and were then probed on how acceptable an idea this was:

> *We would now like to tell you that the Welsh Government is considering transferring the ownership and the responsibility for the repair and replacement of these water supply pipes from property owners to water companies.*

Overall, as an idea in principle, the majority of LLs (40 out of 43) found this idea acceptable, broadly mirroring the findings of HH and NHH customers. Only 3 LLs found the idea unacceptable. When they were given some more detail on the impact(s) of the transfer, acceptability for the transfer did not change. Scenario 3 was ranked highest amongst LLs in

terms of preference with 26 out of 43 rating it their most preferred option.

Service Expectations

Expectations when faced with an emergency

Speed with which the water company would come out to my property/business

When faced with an emergency around half of LLs (22 out of 43) expected their water company to come out to them within 3 hours of contact, which is lower than the 82% of HH customers but in line with 52% of NHH customers who felt the same. Around a third (14 out of 43) expected their water company to come out within an hour.

Time spent waiting on the phone to speak to an advisor

At the point of contact, only 6 LL customers expected a response within 30 seconds similar to 16% of HH customers. While NHH customers were more demanding with 32% saying they would expect to be answered within 30 seconds. 16 LLs would expect to wait between 30 seconds – 1 minute, while 12 expected to wait between 1 – 2 minutes.

Time taken to resolve the problem in an emergency

After the initial contact and the water company representative arriving, participants were asked how long they would expect it to take for their emergency to be resolved. Around a third (15 out of 43) expected their emergency to be resolved within 4 hours, similar to the 40% of HH customers who said the same. Around half of LLs (23) said that they expected a resolution time of between 4 and 24 hours. Only 3 considered a period of over 24 hours acceptable, falling to 2 who expected a resolution would take 2 days or more.

Condition property/business is left in following an emergency repair

Participants were given 3 possible service levels for the condition their property could be left in after an emergency repair:

- All landscaping being returned to its former state
- The water company filling in any holes but not repairing any disruption to landscaping
- Full landscaping/paving reinstatement.

Around half of LLs (23 out of 43) said that their expectation would be for all landscaping to be returned to its former state, similar to 56% of HH customers but less than the 63% of NHH customers who would expect this. While 17 LLs said they would expect the water company to make an effort to repair the landscaping, and only 3 found the water company filling in holes but not carrying out any further repairs acceptable.

Expectations when faced with a non-emergency

Speed with which water company would come out to my property/business

In a non-emergency situation, the expectations around call out times were unsurprisingly lower than if faced with an emergency situation. Over two-thirds (30 out of 43) of LLs find within 24 hours acceptable, compared to 40% of HH customers find this timeframe acceptable. 13 LLs believed 48 hours would be acceptable, this compared to just 1 LL for an emergency.

Time spent waiting on the phone to speak to an advisor

LL thresholds for acceptable waiting times on the phone in a non-emergency situation were similar to those for an emergency situation – again, suggesting that initial response to the contact was the least flexible part of the journey in terms of acceptability for LLs. This is a similar case with HH and NHH customers. Only 5 LLs expected to be answered in less than 30 seconds, this is in line with HH customers, whereas a quarter of NHH customers would expect to be speaking to someone in less than 30 seconds, highlighting their higher expectations. 10 LLs expected to be answered within 30 seconds to a minute and a further 14 expected to be speaking to someone within 1-2 minutes of picking up the phone.

Time taken to resolve the problem

Only 7 out of 43 LLs expected their issue to be resolved within 4 hours of someone reporting the problem, compared to 15 for an emergency, whilst 14% of HH customers would expect their issue to be resolved within 4 hours of someone reporting the problem. 10 LLs found a resolution between 4 and 24 hours acceptable. However, 12 were willing to wait from 2 days up to 2 weeks for the problem to be resolved; this could be because they are not actually living at the property so not as directly affected.

Condition property/business is left in following an emergency repair

Only 18 (out of 43) LLs expected all landscaping to be restored to its former state whereas more than half of HH customers (52%) and 57% of NHH customers expected this. Twenty-two LLs thought that the water company making an effort to repair landscaping without finishing touches would be acceptable, compared to 38% of HH customers and 40% of NHH customers, and only 3 found holes being filled but no additional repairs acceptable – figures that correspond to emergency situations.

The Fully Informed View – based on estimated costs for each scenario

After the estimated costs were revealed, participants were asked to rank each scenario once more according to their preference, this time in full view of the estimated costs. Interestingly, the overall picture didn't change – Scenario 3 was still the most preferred arrangement across LLs (26 out of 43 cf. 25 out of 43 following cost reveal); HH (64% before cost reveal cf. 61% following cost reveal) and NHH customers (50% before cost reveal cf.

47% following cost reveal) before the cost reveal.

Final informed acceptability for transfer in principle

After seeing the estimated costs, LLs were asked directly one last time, how acceptable the transfer of ownership and responsibilities from property owners to water companies was in principle. The majority of LLs (38 out of 43) found this acceptable – similar to the 88% of HH customers and 75% of NHH customers.

Views on alternatives to a statutory transfer

We were also interested in understanding whether customers placed any value in legally owning their supply pipes. To understand this, customers were first told the following:

We would also like to get your views on one final idea. Whilst the Welsh Government could transfer legal ownership and responsibility for pipework from property owners to water companies, it is possible that some of the advantages of legal transfer could be achieved in other ways. For example, by making changes to water company schemes for pipework repairs/replacement, such as offering an unlimited supply pipe repair scheme to all customers which would be paid for by a small increase in bill. This could be done without transferring legal ownership to water companies.

They were then asked specifically, whether they supported or opposed the proposal to transfer legal ownership and responsibility for the maintenance and repair of supply pipes.

Nearly three quarters of LL (32 out of 43) supported the proposal to transfer legal ownership compared to 63% of HH customers and 56% of NHH customers; only 6 LLs opposed it and 5 didn't know. Only 6 out of 43 LLs believed it was important for them to retain ownership compared to 22% of HH customers and 16% of NHH customers.

Views on the potential transfer by water company

The following pages outline the views by water company looking specifically at DCWW customers views compared to DVW and SVT customers.

Who is contacted when faced with a problem?

Significantly more SVT customers (HH) had not experienced any sort of supply pipe problem in the past (97%) compared to 87% of DVW and 86% of DCWW customers. There were no significant differences by water company for NHH customers with around three quarters never having experienced a problem.

Of those who had not experienced a problem with their supply pipes, DCWW customers were significantly more likely to contact their water company (58%) or plumber (13%) if they had a problem, compared to DVW customers (water company 46%; plumber 4%) and SVT customers (water company 36%; plumber 7%).

There were no significant differences by water company for NHH customers with over half saying they would contact their water company (DCWW 62%; SVT 60%; DVW 61%).

Of those who had experienced a problem in the past, there were no significant differences in terms of who they would be likely to contact by water company. For HHs, just under half would contact the water company (DCWW 38%; SVT/DVW 46%) with just over half of NHHs likely to contact their water company (DCWW 55%; SVT/DVW 55%).

Supply pipe ownership: Unprompted awareness

Customers of DCWW were significantly more likely to identify Pipe A (under the pavement/road) as the responsibility of the water company with 88% answering correctly, compared to 81% of DVW/SVT combined. There were no significant differences per water company for NHH customers with over four fifths answering the water company.

Awareness of responsibility for Pipe B was also significantly higher amongst DCWW HH customers (86%) than DVW/SVT combined (75%). There were no significant differences per water company for NHH customers.

A similar level of consensus was found in relation to Pipe D (inside the property up to the stop tap) which most respondents correctly identified as the responsibility of the property owner, although significantly more DCWW customers (75%) answered correctly compared to 66% of DVW/SVT customers combined.

Conversely, DVW/SVT combined NHH customers were significantly more likely to answer correctly (83%) on Pipe D than DCWW customers (71%). DCWW, DVW and SVT customers

were all less clear on who is responsible for Pipe C (underground but within the property boundary) with significantly more DVW/SVT customers assuming it is the council (15%) compared to DCWW (6%). There were no significant differences per water company for NHH customers with over half answering correctly.

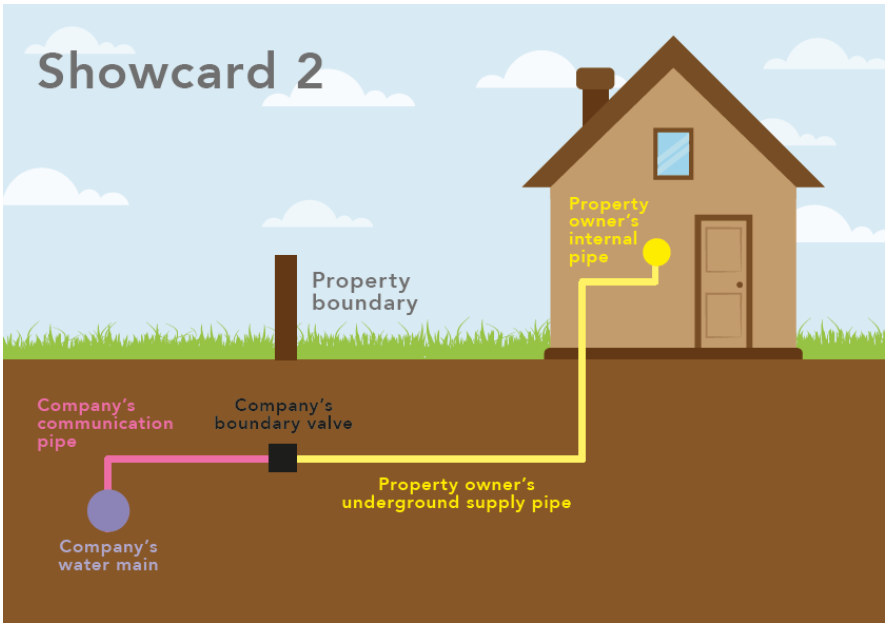
The higher awareness of DCWW respondents compared to DVW/SVT could be related to the higher proportion of owners in the DCWW sample compared to the DVW/ST sample which had more renters in it. Across the sample, owners generally show higher awareness of responsibilities than tenants as owners are directly responsible for the pipework at their property and tenants would refer problems to their landlord/property owner.

Supply pipe ownership: Views on the current arrangement

Once participants had offered their uninformed view of who they felt was responsible for each pipe, they were then informed of current responsibilities. Specifically, they were told the following:

Currently, responsibility for the maintenance and repair of underground water supply pipes is split between the property owner and the water supply company. Outside the property boundary, the pipes are usually owned by and are the responsibility of the water company. Inside the property boundary the pipes are owned by and are the responsibility of the property owner…

Following this description, participants were also shown the following diagram for context and asked about how acceptable they deemed this (current) situation:



There were no significant differences by water company for HH and NHH customers. Around two thirds of HH customers found the arrangement acceptable while around three quarters (SVT 72%; DVW 73%; DCWW 77%) of NHH customers found the arrangement acceptable.

In some situations the underground supply pipe may serve several properties meaning that owners have joint responsibility for the shared section of pipe.

Acceptability of this arrangement was lower and there are no significant differences between companies; around half of NHH (DVW 45%; DCWW 58%; SVT 60%) and HH (DVT 44%; SVT 50%; DVW 50%) customers with terraced housing or flats found this arrangement acceptable.

Current supply pipe repair policies: The customer view

Rounding off participants' views of the 'current situation', they were asked about their water company's policy for repairing water supply pipes which property owners are responsible for. Significantly more SVT (77%) and DCWW (83%) HH customers found their policy acceptable compared to DVW (55%). Amongst NHH customers, DCWW customers were significantly more likely to find their policy acceptable to DVW/SVT combined (81% cf. 66%).

The transfer in principle: customers' initial views

Participants were introduced to the idea of the transfer with a relatively simple sentence, displayed below, and were then probed on how acceptable an idea this was:

We would now like to tell you that the Welsh Government is considering transferring the ownership and the responsibility for the repair and replacement of these water supply pipes from property owners to water companies.

Overall, significantly more DCWW (90%) and SVT (89%) HH customers found this idea acceptable compared to DVW customers (73%). There were no significant differences between NHH views for each company.

Once prompted with scenarios, Scenario 3 was ranked highest amongst all (DCWW, 47%; SVT, 58%; DVW, 48%) customers. There were no significant differences per water company.

Service expectations

For most aspects of service, SVT/DVW customers have significantly higher expectations for service delivery than DCWW customers. The only exceptions to this are where the trend is reversed and DCWW customers have higher expectation and where there is no difference in views between their respective customers.

Expectations when faced with an emergency

Speed with which the water company would come out to my property/business

When faced with an emergency, significantly more SVT/DVW (52%) HH and NHH (58%) customers expected their water company to come out to them within 1 hour, whilst there were no significant differences elsewhere for this with HH customers. Significantly more NHH

DCWW customers (17%) were prepared to wait between 24-48 hours compared to 5% of SVT/DVW combined.

Time spent waiting on the phone to speak to an advisor

On making contact, significantly more SVT (35%) and DCWW (31%) HH customers expected a response between 30 seconds to a minute compared to 16% of DVW customers. NHH SVT customers were more demanding with 62% saying they would expect to be answered within 30 seconds compared to just 25% of DCWW customers and 18% of DVW customers.

Time taken to resolve the problem in an emergency

After the initial contact and the water company representative arriving, respondents were asked how long they would expect it to take for their emergency to be resolved. There were no significant differences per water company for HH customers with over four fifths (DCWW 84%; SVT 87%; DVW 86%) expecting it be resolved within 24 hours. While DCWW NHH customers expect the time taken to resolve the problem to take longer than SVT/DVW customers with significantly more (17%) expecting it to take between 24-48 hours while over half of SVT (58%) and DVW (55%) customers expect the problem to be resolved within 4 hours.

Condition property/business is left in following an emergency repair

Respondents were given 3 possible service levels for the condition their property could be left in after an emergency repair:

- All landscaping being returned to its former state
- The water company filling in any holes but not repairing any disruption to landscaping
- Full landscaping/paving reinstatement.

Significantly more SVT/DVW HH (76%) and NHH (75%) customers said that their expectation would be for all landscaping to be returned to its former state compared to 53% of DCWW HH and NHH customers.

Expectations when faced with a non-emergency

Speed with which water company would come out to my property/business

In a non-emergency situation, SVT HH customers are more likely to want a quicker response than DCWW and DVW customers with 41% expecting someone to come out within 12 hours compared to 20% for DVW and 24% for DCWW. While DCWW NHH customers were significantly more likely to believe within 48 hours was acceptable (20%) compared to 8% of DVW customers and 5% of SVT customers.

Time spent waiting on the phone to speak to an advisor

Again, SVT HH customers do not expect to be kept waiting on the phone to speak to an

advisor for long with 61% believing up to a minute is acceptable compared to only 36% of DCWW customers and 28% of DVW customers who felt the same. It is a similar case for NHH customers with 80% of SVT customers believing it is acceptable to be kept waiting up to a minute compared to 24% of DVW customers and 42% of DCWW customers.

Time taken to resolve the problem

SVT HH customers were significantly more likely to expect their issue to be resolved within 24 hours (54%) compared to DCWW (45%) and DVW customers (39%). It is a similar case for NHH customers with SVT customers significantly more likely to expect the time taken to resolve the problem to be within 24 hours (DCWW 56%; SVT 77% DVW 48%).

Condition property/business is left in following an emergency repair

Significantly more HH SVT/DVW combined (73%) customers expected all landscaping to be restored to its former state compared to 49% of DCWW customers who were significantly more likely to be happy if the water company made an effort to repair landscaping but with finishing touches required (43%) than SVT/DVW customers (25%).

The fully informed view – based on estimated costs for each scenario

After the estimated costs were revealed, participants were asked to rank each scenario once more according to their preference, this time in full view of the estimated costs. Interestingly, the overall picture didn't change – Scenario 3 was still the most preferred arrangement across all the water companies for both HH and NHH customers. However, significantly more DVW customers preferred scenario 2 and ranked it first (20%) compared to DCWW (13%) and SVT (8%) customers. SVT/DVW NHH customers preferred scenario 3 the most (57% ranking it their favourite) compared to DCWW (39%) although it was still the favourite amongst DCWW NHH customers.

Final informed acceptability for transfer in principle

After seeing the estimated costs, customers were asked directly one last time, how acceptable the transfer of ownership and responsibilities from property owners to water companies was in principle. Around three quarters of HH (DCWW 82%; SVT 79%; DVW 77%) and NHH customers (DCWW 78%; SVT 69%; DVW 72%) found the arrangement acceptable, there were no significant differences between water companies for NHH and HH customers.

Views on alternatives to a statutory transfer

We were also interested in understanding whether customers placed any value in legally owning their supply pipes. To understand this, customers were first told the following:

We would also like to get your views on one final idea. Whilst the Welsh Government could transfer legal ownership and responsibility for pipework from property owners to water companies, it is possible that some of the advantages of legal transfer could be achieved in other ways. For example, by making changes

to water company schemes for pipework repairs/replacement, such as offering an unlimited supply pipe repair scheme to all customers which would be paid for by a small increase in bill. This could be done without transferring legal ownership to water companies.

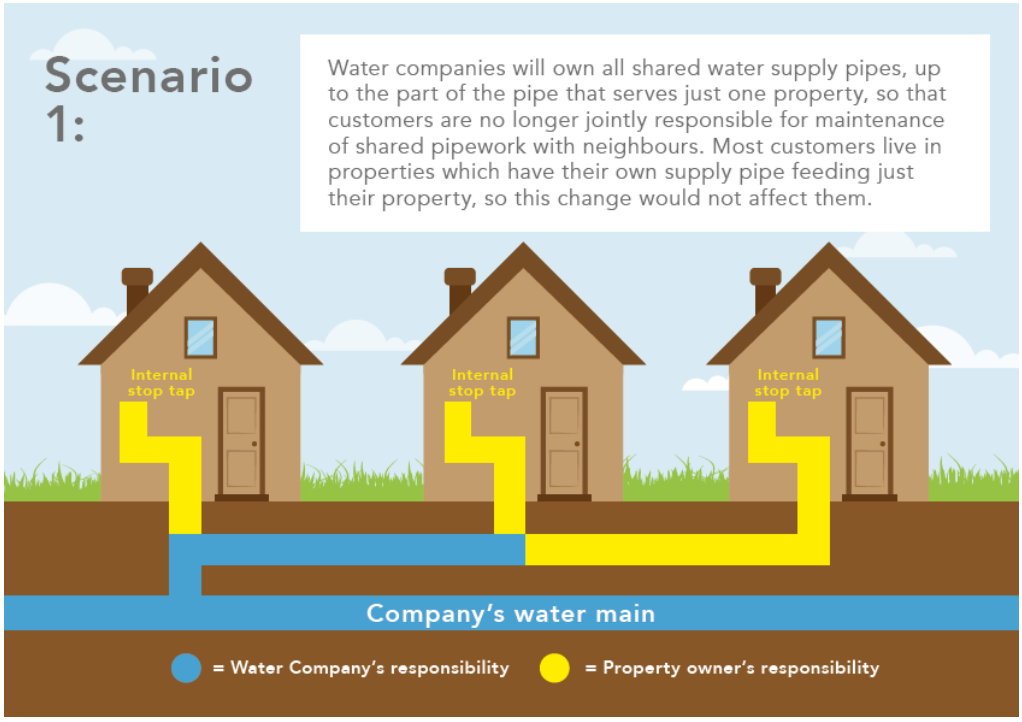
They were then asked specifically, whether they supported or opposed the proposal to transfer legal ownership and responsibility for the maintenance and repair of supply pipes.

SVT HH customers were significantly less likely to think it was important to retain ownership (7%) compared to DVW (18%) and DCWW (17%) where respondents were undecided, choosing neither important nor unimportant. There were no significant differences in NHH customers with around a quarter to a third from each company believing it was important (DCWW 31%; SVT 35%; DVW 25%).

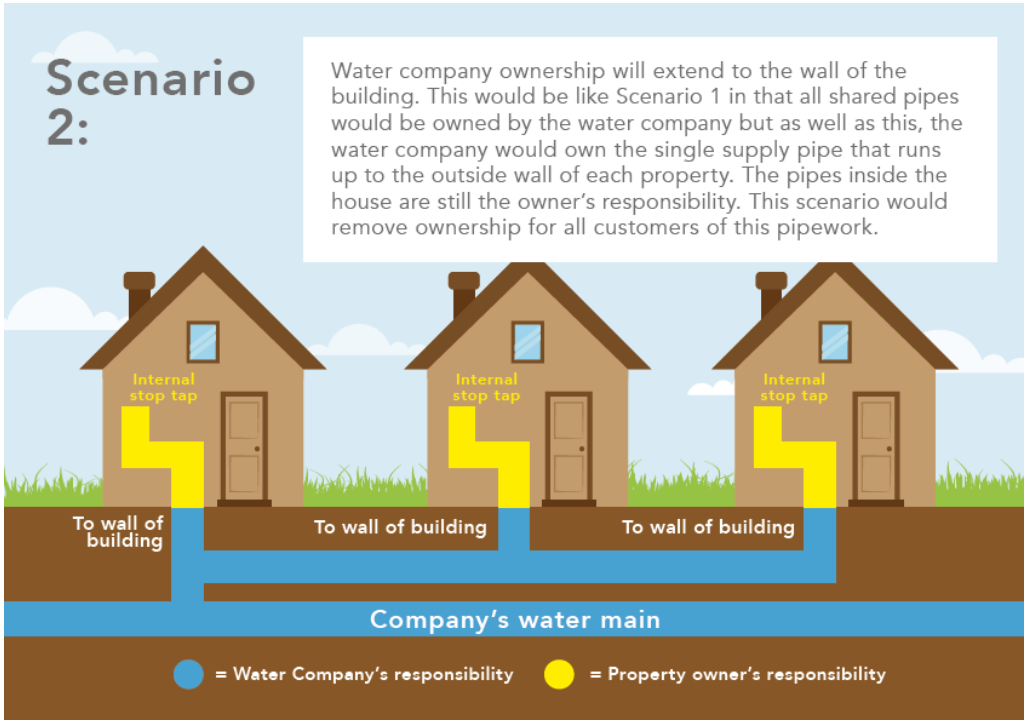
Appendix

The following show enlarged versions of the stimulus participants were shown when ascertaining customer preferences for specific transfer scenarios.

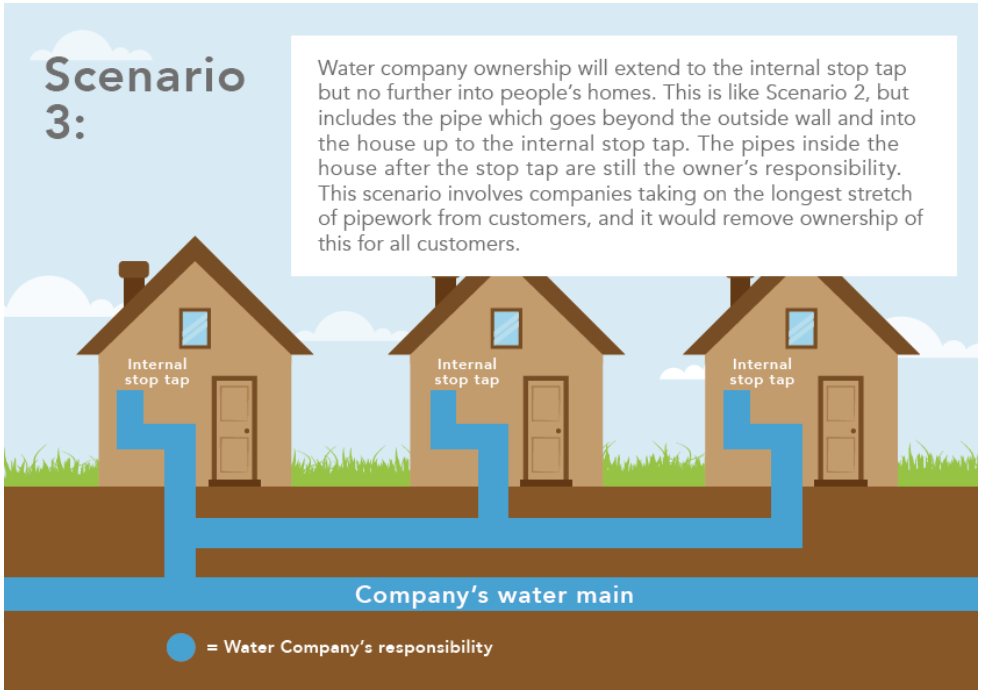
Scenario 1



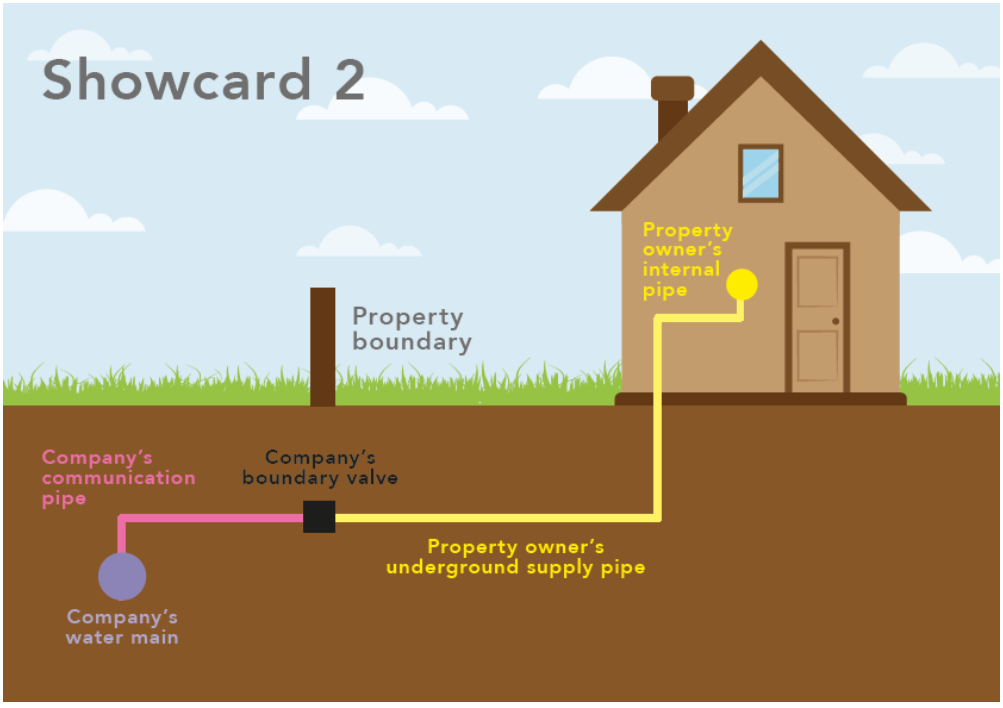
Scenario 2



Scenario 3



No change



Link back to the four scenarios

The Consumer Council for Water
1st Floor, Victoria Square House, Victoria Square, Birmingham B2 4AJ
Visit our website: www.ccwater.org.uk
Follow us @WaterWatchdog
Contact: Liz Cotton, Research Manager

Severn Trent & Dee Valley Water
Dee Valley Water: Packsaddle, Wrexham, LL14 4EH
Visit our website: https://www.deevalleywater.co.uk/
Severn Trent: Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ
Visit our website: https://www.stwater.co.uk/
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