



ccw

The voice for water consumers
Llais defnyddwyr dŵr

Water Matters: Highlights Report 2020



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Foreword

2020 was an exceptional year, unlike anything any of us have experienced before. The global Covid-19 pandemic had far-reaching effects on how we all lived, what we could do, where we could go and who we could see.

Some of the biggest impacts were on employment and income. As the pandemic progressed, all water companies had to introduce additional support for customers who were struggling as a result of the lockdown measures that were put in place.

Foreword

At CCW, we've looked at the data from this year's Water Matters research in the context of the pandemic, taking into account changing circumstances and how customers and water companies have responded to these. This year's survey provides an invaluable snapshot that will, to some extent, reflect customers' experiences and perceptions of the actions taken by water companies under extreme circumstances.

Our main focus this year is how well water companies engaged with those customers who might need extra financial support or assistance because of the impact of Covid-19. We have done this by updating the Customer Engagement (CE) score that we developed last year to measure the effectiveness of companies' engagement on a range of issues.

There is some positive news from Water Matters this year. Customers' perceptions of fairness and value for money of water and sewerage services have continued to improve. However, the overall picture

is more complex. Although companies are generally targeting their information to the customers who need it the most, the evidence suggests that some sections of society may be losing out and companies are not reaching everyone with the information and support that they need.

The findings complement the recommendations of the Independent Review of Water Affordability, which was conducted by CCW and published in May 2021. This report adds further insight to some of the issues raised in the review, particularly awareness of support and access to it. This should help companies as they take forward the actions from the Affordability Review.

Companies can also use the data from Water Matters to develop and improve their engagement strategies to address the points that we have highlighted.

Dr Mike Keil

Director of Policy,
Research and Campaigns

Introduction

For over ten years our annual tracking research, Water Matters, has examined the views of household water customers including the long-term trends.

For the last three years, CCW has produced a Highlights report that examines the key themes of the data and makes recommendations on how companies can take action.

This time we have continued to look at the themes that were highlighted in previous years, but also reflected on the events of an extraordinary 12 months. We've examined the results in light of the Covid-19 pandemic, which was ongoing while the research was taking place.

The pandemic means that there are several new contexts for examining this year's figures:

- The effects of measures taken to curb the spread of Covid-19 have affected the finances of customers across England and Wales.¹ In turn, this may affect their responses in several areas, such as affordability and satisfaction with value for money.
- Household customers' water use went up across England and Wales² because more people were at home during the pandemic. This means that metered customers will have had bills that were higher than for the same period in the previous year. Again, this may have influenced the answers to some of the survey questions.
- Covid-19 may have also affected water companies' abilities to engage with customers on a day-to-day level. Companies had to reduce or even suspend some face-to-face activities to ensure that their staff and customers were able to comply with Government instructions on Covid-19.

There is emerging evidence from several sources that some sectors of society are more affected by resulting changes in finances and water bills than others and this is reflected in our own research 'Low-income households' experiences of water bill affordability and support'³.

¹ How has Covid-19 affected the finances of UK households? | Bank of England

² Economic impacts of Covid-19 on the Water Sector. A report by Atkins and Frontier Economics for Water UK, December 2020

³ <https://www.ccwwater.org.uk/wp-content/uploads/2021/04/Affordability-research-report-2021.pdf>



Overview of Water Matters 2020

The findings of this year's research are set out in the data report⁴ which accompanies this highlights report. Key points include:

- Satisfaction with overall water services increased by 1% since 2019, to 92%. Satisfaction with overall sewerage services fell slightly from 86% in 2019 to 85%. Satisfaction with each service has not changed significantly for ten years.
- Satisfaction with value for money of water and sewerage services has increased significantly over ten years. Across England and Wales, value for money of water remained at 76% in 2020 and for sewerage increased from 77% to 78%.
- In 2020, 69% of customers perceived their charges to be fair, which was a significant increase on 2019 (66%) but the ten-year trend is flat.
- In 2020, 82% of customers agreed that their charges were affordable, which is up from 77% in 2019. The ten-year trend is increasing but this is not universal across all customer groups. We examine this later in this report.
- 75% of customers were confident that their water supply will be available in the longer term without restriction, which was a slight increase on 2019 (74%).
- 71% of customers agreed that their water company cares about the services that they provide – which is significantly higher than 69% in 2019. However, the trend over ten years is flat.
- Customers' trust in water companies increased in 2020 (7.87 compared to 7.69). This is an upward trend since 2011 (7.33)⁵.
- Over seven years⁶, the number of customers who would be likely to contact their supplier if they were worried about paying their bill has been decreasing. In 2020, 73% would have made contact in comparison to 74% in 2019.
- Of those that contacted their water company in the previous 12 months, 78% were satisfied with the contact. This is lower than in 2019 (79%) but still an upwards trend over ten years.
- Awareness of the Priority Services Register increased, from 42% in 2019 to 43% in 2020. However, the seven-year awareness trend is decreasing – down from 48% in 2014.
- Average awareness of WaterSure/WaterSure Wales⁷ has increased significantly over ten years, from 7% in 2010 to 9% in 2020, although this is a decrease on last year (10%).

- Awareness of the free meter scheme, in unmetered households, has increased (66% compared to 65% in 2019). The ten-year trend is one of increasing awareness. However, only 29% of unmetered customers were aware that a meter can be fitted on a trial basis. While this is an increase on 2019 (25%), awareness has fallen significantly over ten years.
- Overall satisfaction with customer services (relating to frequency and content of bills, meter reading, and payments) has increased slightly from 79% in 2019 to 80% in 2020. Satisfaction has fallen significantly over the four years since this question was first introduced.
- Customers' views on their overall experience of water and/or sewerage services (including the provision of services as well as charges, customer service and billing) have improved to 88% from 86% in 2019. Overall, the trend since this question was introduced in 2017 is flat.
- 79% said that they would be able to collect bottled water if the water supply to the household was disrupted, which was a slight decrease on 80% in 2019. 10%, said that others would be able to collect water for them and slightly more (11%) said that they would not be able to collect water⁸.
- 45% of customers were very likely to recommend their water and/or sewerage company in 2020. This was a significant increase since 2019 (41%).



⁴ <https://www.cewater.org.uk/research/water-matters-2020/>
⁵ Customers rated trust on a scale from 1 to 10, where 1 is 'do not trust them at all' to 10 'completely trust them'. The figures reported are the average of all trust scores.
⁶ Some Water Matters questions have been introduced more recently than others.
⁷ WaterSure is a system set up to provide a reduction in charges for customers on a low income and whose water is supplied by a meter.
⁸ The fieldwork for this year's report was carried out between 2nd September 2020 and 30th March 2021 and spanned different phases of regional and national lockdown.

Water Matters and the events of 2020

This year's Water Matters survey shows improvements, some of them significant, in customers' perceptions of several aspects of water company services. For example, more customers perceived their charges to be fair, while satisfaction with customer services and views on overall experience both increased slightly.

Perceptions of affordability have increased significantly since 2019. This seems counterintuitive to the wider experiences of some households that have been reported as effects of the pandemic. When we look into the data further, it seems that although some households are feeling better off, those who felt bills were unaffordable seem to be struggling even more than before. Levels of engagement also appear to be falling during a year when companies proactively reached out to customers to offer support.

One reason why affordability may be less of a concern for some is that water bills in 2020 were lower, on average, than the previous year⁹ although bill reductions were not consistent across England and Wales. Overall, it is too early to say whether the change in customer perceptions of affordability are a change in trend, or part of a 'blip' that may be influenced by last year's extraordinary events. As these figures relate to issues that have a clear customer impact, we decided to look at them in more detail.

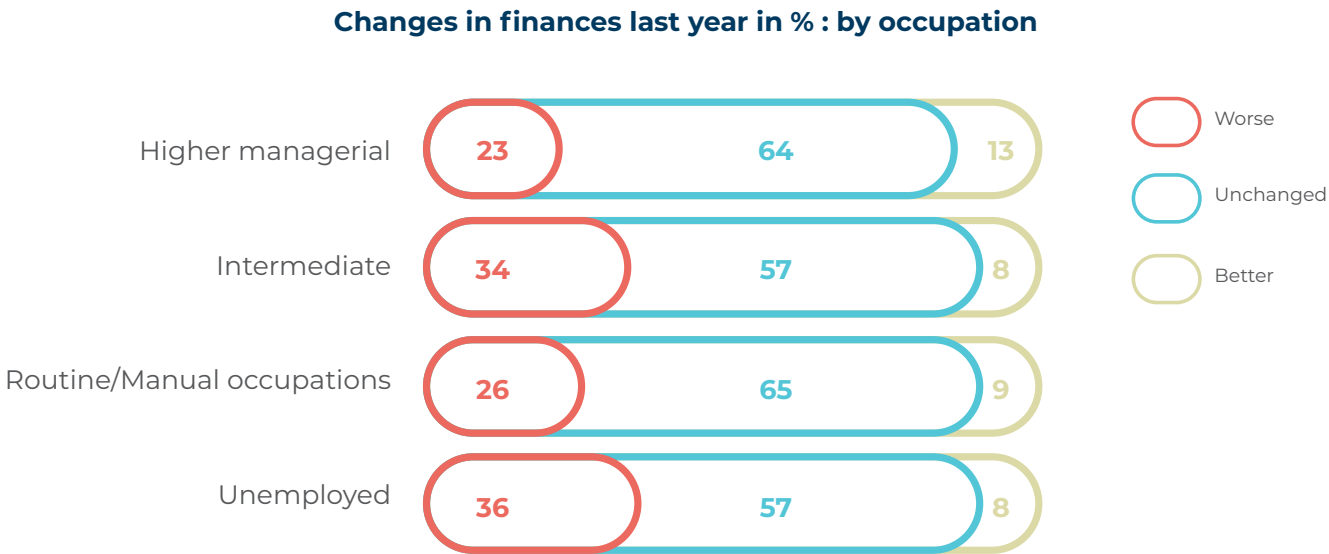
⁹ The average bill for a majority of water and sewerage customers across England and Wales was reduced by around £17 but some customers saw small to moderate increases.



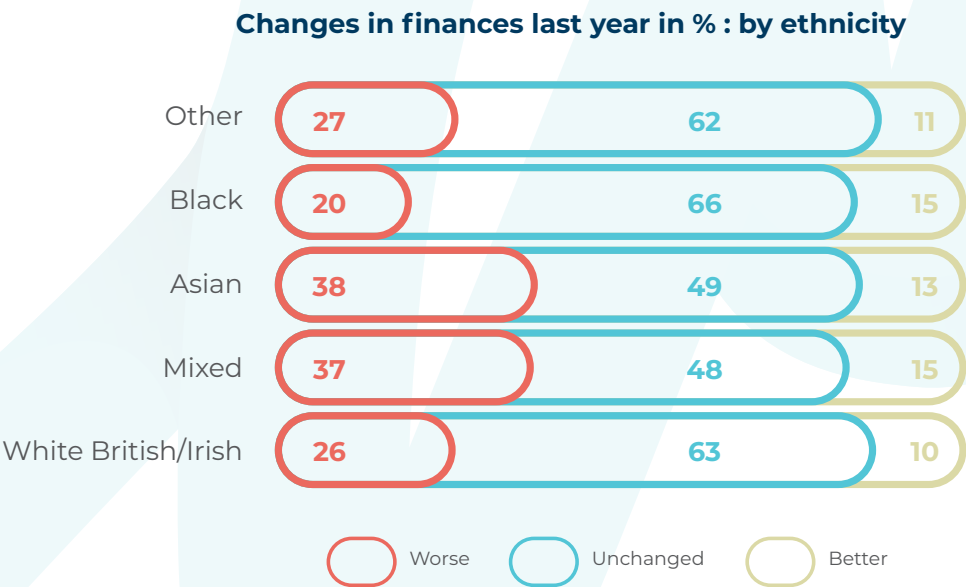
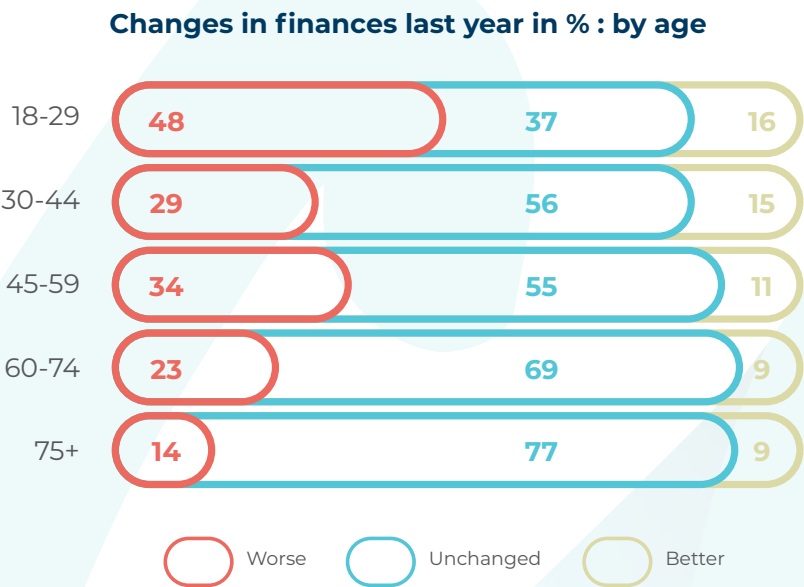
How has the Covid-19 pandemic affected affordability?

The Covid-19 pandemic seems to have changed many people's finances for the worse.

To set a context for this year's report, we asked a question about whether respondents' financial situation had changed since last year, and, if so, if this meant that they were better or worse off. Although we have no data from previous years to compare this to, it does help us to provide a snapshot of how respondents' finances changed over the 2020 pandemic year, who was most affected, and how changes in household finances translate into customer perceptions.



Higher managerial covers occupations such as finance managers, teachers and social workers. Intermediate covers occupations such as retail and restaurant managers, nursery nurse, call-centre agent. Routine manual covers occupations such as HGV drivers, machinists and bar staff.



Overall, 27% of customers felt they were worse off last year, 11% felt they were better off and 63% felt that there was no change to their finances. In general, the effect of the pandemic on disposable income is not straightforward. For example, people working from home are likely to have saved on transport costs but their utility bills may have increased. Bank of England figures show that overall, household spending was lower in 2020, due to the pandemic. Despite the fall in income for some households, savings for better-off households have increased.

The majority of customers in Water Matters who reported seeing a change in financial circumstance, were likely to perceive this as being a change for the worse. This is likely to reflect the fact that many people have lost their jobs or been put on furlough over the last year. In particular, the hospitality, arts and entertainment, recreation and education sectors have been badly hit.

Water Matters data shows that unemployed respondents and those from the ‘intermediate’ category of employment, which covers some employees working in the sectors listed above, were significantly more likely to feel that they were worse off. Although our survey does not ask how long people have been unemployed, by the time it was carried out, UK unemployment was around 20% higher than before the pandemic. In addition, respondents identifying as mixed, or Asian ethnicity were also much more likely to feel financially worse off.

Conversely, respondents identifying as ‘higher managerial’ were more likely to have experienced a financial boost. 59% of those who said their finances got better were in this group and they were significantly more likely to say their situation got better rather than staying the same or getting worse.

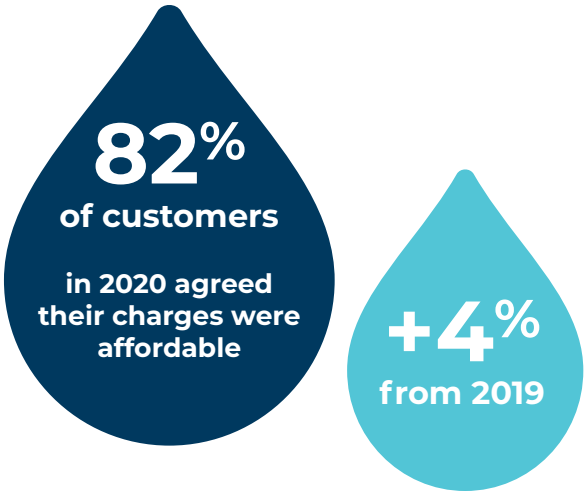
To some extent the figures above contradict the responses that respondents to the survey gave on affordability. In 2020, 82% of customers agreed that their charges were affordable, which is significantly more than 78% in 2019. Overall, the ten-year trend is increasing, from 74% in 2011. Views on affordability are polarised. The higher managerial group, who are more likely to say that their situation got better last year, were significantly more likely than last year to say that their charges were affordable.

There are also significant differences in the views of those who disagree that their water bills were affordable. Overall, 7% disagreed with this across England and Wales. However, this rose to 13%, almost twice as many, among the group that felt their finances had got worse in the last year. This suggests that the gap between the worse off and the better off has widened.

There is no way for us to assess the degree of financial change experienced last year. Household finances may have got comparatively worse but this does not automatically mean that their water bill is unaffordable. Research conducted for CCW with low-income households found that in general, the water bill is relatively small compared to some other utilities, and considered easier to manage. Rent and utility bills are prioritised over other outgoings but the affordability of the water bill causes less anxiety than that of other bills.

In addition, other changes may have had an effect on customer perceptions of affordability. For example, there was a £20 per week uplift to Universal Credit as well as the reduction in water bills mentioned above. If respondents were stuck at home during lockdown, spending less, they may have felt more positively towards the affordability of their water bills.

This issue is important since companies need to continue to make sure that they target financial assistance for customers appropriately. For this reason, we looked further at the question of which customer groups are most likely to be affected by affordability issues, made worse through the effects of pandemic measures.



¹⁰. How has Covid affected household savings? | Bank of England
¹¹. <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsoneuk/5november2020>
¹². <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/mgsx/lms>
¹³. ‘Low income households’ experiences of water bill affordability and support’. Report by DJS for CCW 2021

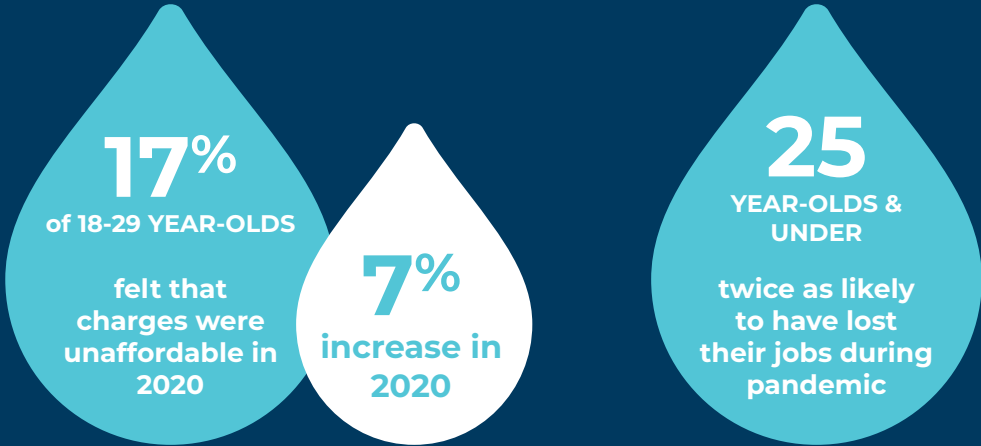
Who is most likely to need help as a result of Covid-19?

The evidence in Water Matters shows that those aged between 18 – 29 years were most likely to say their bills were unaffordable and that their financial situation got worse last year.

Other groups that are more likely to disagree that their charges are affordable include:

- Those customers with a disability or with a disabled person in their household are significantly more likely to disagree that their charges are affordable. This is the same as last year.
- Those of Asian, mixed or 'other' ethnicity are also more likely to disagree that their charges are affordable, which is also similar to last year.

The Water Matters evidence showed that the 18-29 year-old group was significantly more likely than other age groups to have felt worse off last year. They were also significantly more likely to disagree that water charges were affordable. This echoes the findings of a report from the London School of Economics which revealed that young people, under 25 years of age, were twice as likely to lose their jobs during the pandemic than other age groups¹⁴.

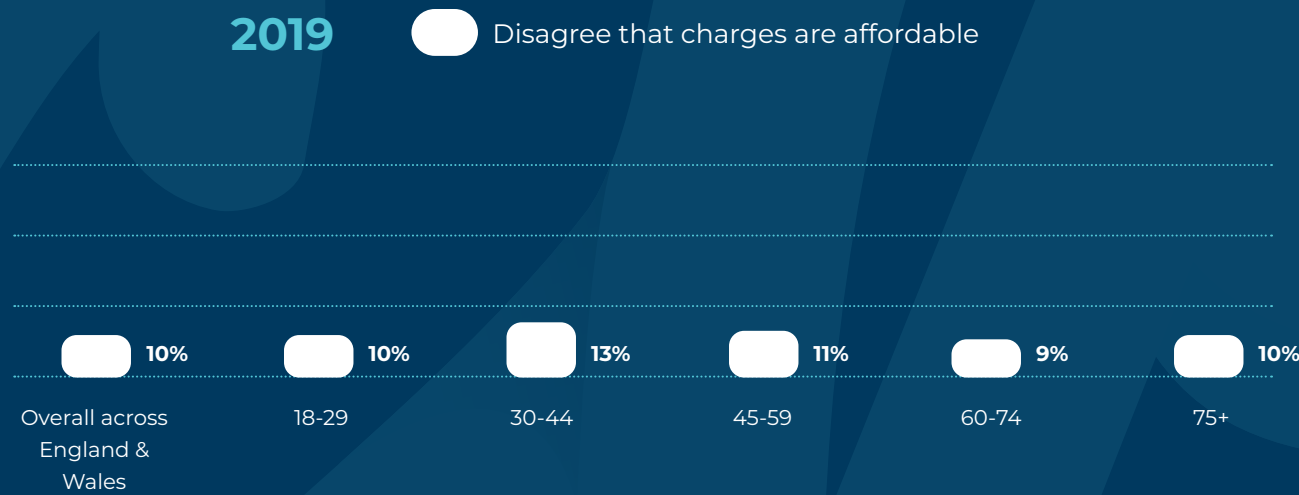
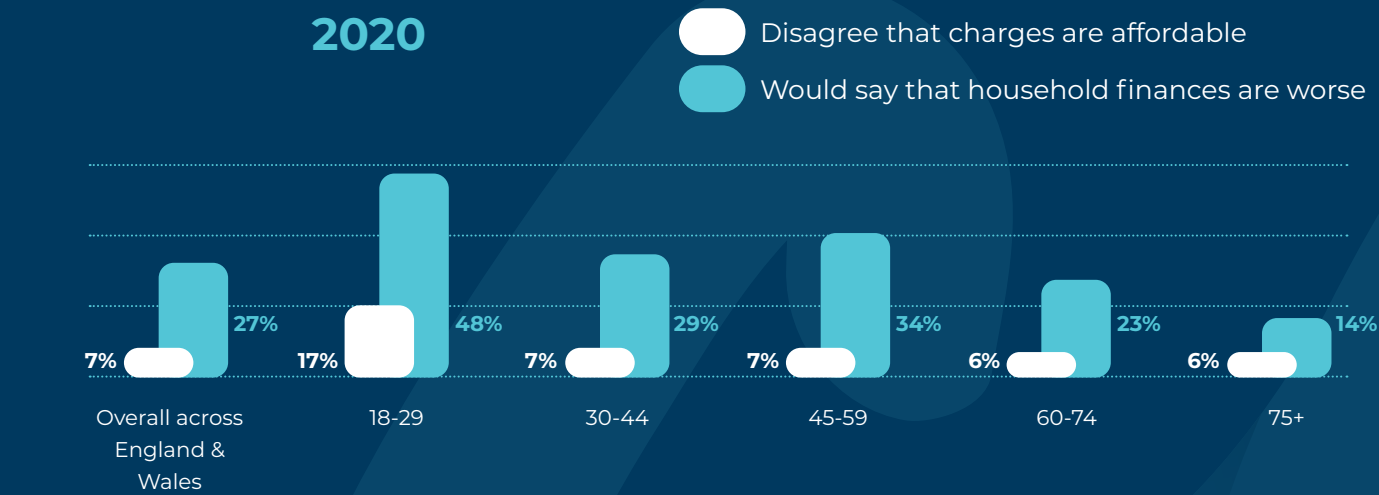


In 2019, only 10% of 18-29 year-olds felt that charges were unaffordable and there was no significant difference between them and the proportion of other age groups who felt that charges were unaffordable. However, all of these figures changed significantly in 2020. Most groups were significantly less likely than last year to disagree that charges are affordable. The exception was the 18-29 group, which was significantly more likely to disagree that charges were affordable.

All of these groups are also significantly more likely to feel that their finances were a lot worse last year. It therefore seems likely that while

overall levels of affordability are increasing, there are certain customer groups that are still struggling. Covid-19 seems likely to have affected them even harder. In this respect, Water Matters data on water customers reflects the results of other, more general research on the effects of Covid-19 which has pointed to the same effects.

If water companies are to continue to target the groups that need more help to manage or pay their bills, they need to review the effectiveness of their engagement strategies so far, to understand where improvements are needed.



¹⁴ <https://www.lse.ac.uk/News/Latest-news-from-LSE/2020/j-October-20/One-in-10-young-people-lost-their-job-during-covid-19-pandemic>

Customer engagement

Somewhat surprisingly, we have seen that perceptions and experience of customer engagement throughout the pandemic have decreased, on average.

The Covid-19 pandemic has given us a unique opportunity to assess how well companies are engaging with those customers who most need their help at the actual time that they may need it the greatest. With this in mind, we decided to look at how the companies engaged with certain groups.

Last year, we looked at what good customer engagement looked like by developing a customer engagement (CE) score.



The CE score combines customers' answers to a number of questions, using Principal Components Analysis¹⁵. Those questions are:

- Likelihood of contacting their water company if they are worried about paying their bill
- Awareness and/or subscription to additional help/services
- Awareness and/or subscription to WaterSure/WaterSure Wales/Welsh Water Assist and other special tariffs
- Awareness of their right to revert for free/meter for free
- Whether they made contact with water/wastewater company

Last year, we found that the CE score had been declining over the previous six years. Although it was not clear whether it was companies or customers who were more proactive about taking the first steps to engage on certain issues, we asked companies to build on current levels of engagement. The pandemic provided an opportunity for companies to increase their engagement in a number of areas that contribute to the CE score.

As lockdown began, companies responded promptly in engaging with CCW and putting in place a range of common commitments and additional measures to support those financially impacted by the pandemic. They also took steps to highlight this support and encourage customers to get in touch if they had payment difficulties. All companies also took steps to increase the number of people registered as potentially needing extra support with services on their Priority Services Registers.

When we developed the CE score last year, we anticipated revisiting it in a couple of years, to see if companies' engagement had improved. However, given the additional level of engagement that companies had entered into in response to Covid-19, we decided to look at it again this year.



¹⁵ The Principal Components Analysis methodology assumes that the five measures are all of a latent theme of 'engagement' and combines these together into a single score.



44%
aware of Priority
Services

1 in 10
aware of
WaterSure

1 in 5
had contact
with their water
company

In England, perceptions and experience of engagement have decreased further in some cases, over the last year. In Wales, the pattern remains flat. However, looking at the figures in more detail, we found:

- Average CE score for the age group 18-29 was higher than for other age groups, in most cases significantly.
- Average CE score for the disabled, or those with a disabled person in the house, was also significantly higher.
- However, the average CE score for customers from an Asian ethnic background was generally lower than engagement with other groups.

Overall this seems to be mixed news. Companies appear to be engaging more with some of those groups that are more likely to disagree that their charges were affordable, who may be in greater need of support and assistance - namely the 18-29 year-olds and those who are disabled or who have disabled people in their households. However, those with Asian ethnicity were also more likely to have affordability concerns and companies still need to do more to engage with them.

These figures also mask other results, as follows:

Engagement factor	England		Wales	
	2019	2020	2019	2020
Likelihood of contacting water company if worried about paying the bill	73%	73%	77%	77%
Awareness of/ subscription to Priority Services	42%	44%	42%	41%
Awareness of/ subscription to WaterSure/WaterSure Wales	10%	9%	13%	10%
Awareness of the right to revert back to a meter	25%	30%	22%	26%
Awareness that a meter can be fitted free of charge	65%	66%	69%	65%
Actual contact in the last twelve months	21%	18%	21%	20%

The evidence shows that at a time when companies were encouraging customers to contact them, there was no significant change in the number of customers that did contact them or would be willing to contact them.

In addition, the number of customers who would be prepared to contact them seems unlikely to change from being a downwards trend over the last ten years.

Those in the intermediate category of employment are significantly more likely to contact their water company. This is positive as those customers are more likely to feel that their finances have been affected. Similarly, those with disabilities are more likely to contact the company than those without. Again, these were a group of customers that were most likely to be feeling the financial strain of the past year.

However, customers who are in receipt of benefits are less likely to make contact than customers who are not; and there are no significant differences in likelihood to contact by ethnicity, in spite of the affordability concerns of some ethnic groups. Furthermore, of those customers who actually made contact with water companies in the previous 12 months, customers from Asian backgrounds were no more likely to have done this than other groups, even though they have greater concerns about affordability.

This is more disappointing when the evidence shows that some customers want to receive the information that companies could share. For example, in Water Matters, we ask customers whether they are aware of the tariff options WaterSure, Welsh Water Assist, or WaterSureWales. Respondents who said their financial situation had got worse over the last year but were unaware of these options were significantly more likely to want to know more. Furthermore, respondents of Asian ethnicity in this group were significantly more likely than white British and other ethnic groups to want to know more information.

Overall, the industry was effective at keeping services running through the challenges of the pandemic and increased the level of support on offer to help customers. However, from a customer perspective, there is still more to do. Companies particularly need to improve engagement with customers of Asian ethnicity.

Conclusion

The pandemic has given us the opportunity to consider whether water companies' approaches work well under the pressure of extraordinary circumstances and, broadly speaking, the outcomes have been positive.

However, the evidence from Water Matters suggests that the industry response to Covid-19 has not been consistent for everyone. The pandemic has made affordability worse for some and increased their need for clear information and support. While companies have been able to target some of their assistance appropriately, they are still failing to meet the needs of other sectors of the community. In particular, companies are failing to reach some ethnic groups, which is problematic as these groups are at greater risk of needing support and financial assistance and would be receptive to information if they received it.

It remains to be seen how many customers may have had transient needs over the last year and how many will continue to need more assistance and support in the long term. We expect companies to take steps to increase their engagement with all customer groups but especially those that are likely to need more support and financial assistance and that they have been failing to reach so far.

The Independent Review of Water Affordability recommended that water companies take specific action to improve engagement. The main actions covered, are as follows:

- Make communications clear, accessible and inclusive, by creating multi-lingual and easy-read versions.
- Take action to improve understanding of the customers they serve. To assist in this, CCW will develop a framework to help companies understand their local and regional demographics, so that they can identify customers who might need help and how to communicate with them in the best way.
- Be proactive in identifying those customers that might need support.
- Share data to increase the information they hold to improve the identification of customers in need of financial support.

Looking ahead as we emerge from the pandemic, CCW recommends that water companies make the most of the learning points to drive improvements in customer engagement, by:

- Gaining a clear understanding of how their customer base has been affected by the financial fall-out of the pandemic
- Identifying whether any of the usual methods of engagement need to be adapted during a pandemic or other major incident. What information do customers respond to best in these circumstances?
- Developing their understanding of whether they are succeeding at reaching all sections of society, and, if not, develop effective strategies for tackling this.
- Identifying whether they need to make any changes to their engagement strategies, so that they can:
 - Provide meaningful communications and information to support the provision of services effectively in the long term; and
 - Reach all customers that might need financial support or assistance consistently, in the event of another extreme event or a prolonging of Covid-19.

CCW recommends that the industry commits to carrying out a 'lessons learned' exercise on the impact of Covid-19 within six months of lockdown restrictions being fully lifted. This could be done by individual companies, or collectively; either way, the learning points should be made freely available across the water sector.

Using the findings of this year's Water Matters, CCW will be working with water companies to support them in achieving these improvements. We will do this by facilitating the sharing of best practice relating to customer engagement, providing support and guidance where it's needed.



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