The Wessex area Drainage and wastewater management plan – Appendix B – Customer research

Wessex Water

May 2023

Wessex Water
YTL GROUP

1. Introduction

This document summarises the customer research we have undertaken during the DWMP.

Section 2 provides details of recent customer research undertaken as part of our continuous research. It will be used for the business plan. This contains early analysis related to the DWMP.

Section 3 is specific research we undertook for the draft DWMP.
This research was undertaken for the DWMP in isolation. The results may not reflect customers willingness to pay for DWMP aspects when also considering other company requirements, such as water resource management plan (e.g. leakage, drought etc.). The DWMP customer results will be used for triangulation against other research and regional research for the business planning purposes.

2. Customer research for the final DWMP (May 2023)

Customer insight summary for final DWMP

Since submitting our draft DWMP we have completed further customer research that helps us to understand customer priorities and their appetite to support investment proposals on a range of topics relevant to the development of our PR24 business plan. Wastewater issues have not been looked at insolation but as part of the wider programme.

Recent projects of relevance are:

- **Customer tracker survey** – We have run a continuous customer image tracker survey to measure and monitor household customer views in relation to overall service, value for money and satisfaction for over a decade. The survey also helps identify and monitor customer priorities, awareness of our outbound communications and a 'flexi-section' of questions allows us to switch in and out a suite of questions to explore 'hot topics' such as attitudes to storm overflows and water saving. Blue Marble administer and analyse our Tracker survey. 1000 survey responses are collected continuously throughout the year and analysed in quarterly blocks and at year-end.
- **Willingness to pay (WTP)** – Phase one of our WTP research on support for investment to deliver improvements to each of the outcome priority areas was undertaken by NERA and Qa Research in 2022. The research used a stated preference survey to estimate customers' WTP for service improvements. The survey achieved a large sample size of nearly 7000 household customers and 91 non-household customers. It included dual service, sewerage only and water only customers.
- **Your Say Your Future** – In February and March 2023 we ran a public consultation programme to obtain feedback from customers, stakeholders and staff on our PR24 Business Plan aims for 2030 and 2050. Face-to-face engagement at 10 events across our region was the core of this project – 149 people completed a survey having attended one of the events and it's estimated a further 75 people attended but did not complete the survey.

More detailed descriptions of these projects and their findings will be provided as part of our PR24 submission. Key elements of insight from these projects are outlined below. At the time of writing, there are other research projects in flight to support our overall business plan, that are also relevant to this DWMP. These include:

- The **Affordability and Acceptability Testing** project prescribed by Ofwat and CCW
- Ofwat's national research on **Outcome Delivery Incentive Rates**
- Our own study on **social tariffs** and customer willingness to support increased help for customers that struggle to afford their bills.

These projects will be concluded over the coming months and findings will be evaluated in combination (triangulated) and published as part of our PR24 submission.

Further details of our customer research programme can be found here: https://corporate.wessexwater.co.uk/our-purpose/great-customer-experience/customer-insight The outputs from customer research projects are being published here as they become available. All our research projects are designed to align with Ofwat and CCW's requirements for high quality research.

Summary of findings from customer research projects:

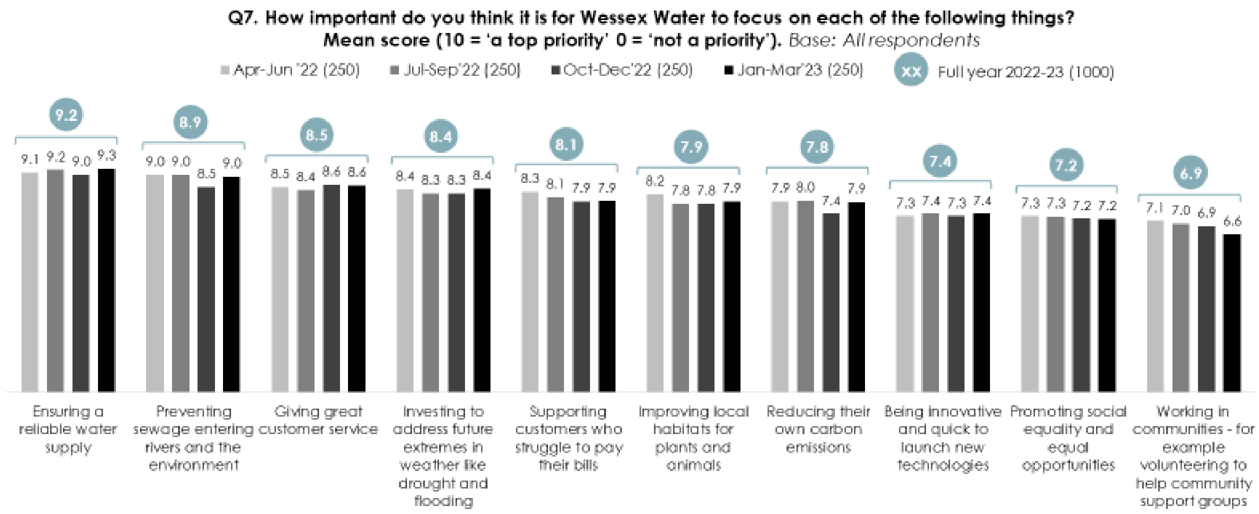
Overall key insights from recent studies can be summarised as below; evidence from research to underpin these statements is presented in the text that follows:

- There is growing customer awareness of storm overflows matched with a growing customer view that their operation is unacceptable. Many customers and stakeholders feel that urgent action and investment is required.
- There is evidence that significant proportions of customers are willing to pay increased bills to support investments that reduce the operation of storm overflows and improve river and coastal water quality.
- The cost-of-living crisis that has been developing over the last year or so has led to increased concerns for many customers about the affordability of current water and sewerage bills.
- Despite this, and some shock at the scale of future bill increases proposed, overall, the majority of customers (73%) were satisfied with the overall business plan although only around half of customers indicated they felt the bill increases would be affordable to them. Many respondents were concerned about others' financial capacity to absorb the increases and were pleased to see a focus on affordability in the business plan and the measures set out for the 'affordable bills' outcome'.

In 2022-23 our **Tracker Survey** provided several insights in relation to customer views on what they see as the key issues for the sector and bill affordability in the current economic climate.

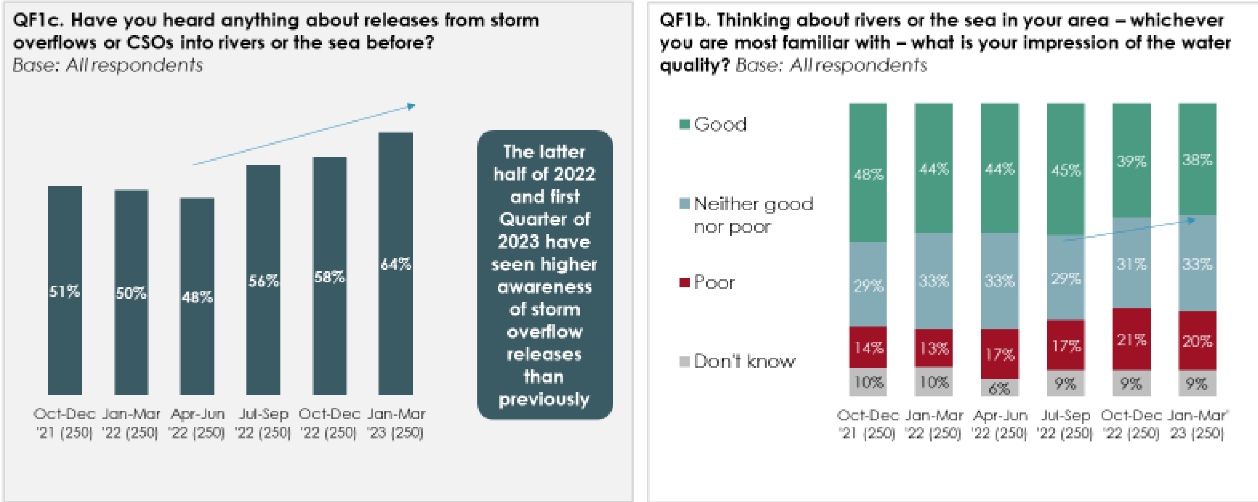
Customer priorities have remained stable through the year with 'preventing sewage entering rivers and the environment' scoring as the second top area of importance (Figure 1).

Figure 1: Results from customer Tracker Survey in 2023 on priority areas



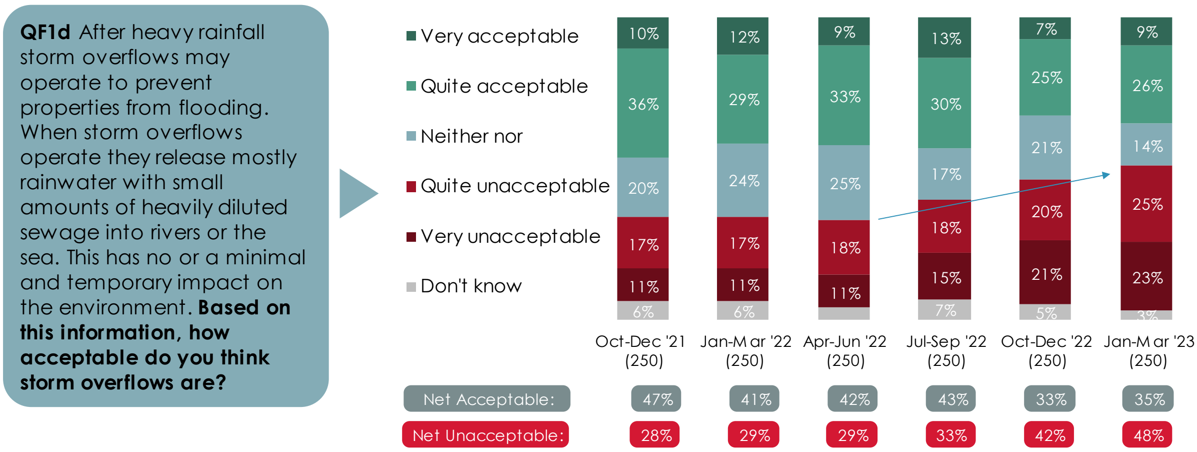
In October 2021 we introduced some new questions in the flexi-section of the Tracker Survey to explore attitudes to storm overflows. We have seen a growing awareness of storm overflows over the last 12 months and for the quarter of January-March 2023 awareness amongst the representative sample of customers surveyed stood at 64%. This coincides with a marginal decline in underlying impressions of local river and sea water quality although the balance of opinion remains positive (Figure 2).

Figure 2: Results from customer Tracker Survey on storm overflow awareness and water quality perception



During 2023 there has been a shift towards fewer people finding the operation of storm overflows acceptable (Figure 3).

Figure 3: Results from customer Tracker Survey on storm overflow acceptability



The cost-of-living crisis continues to be a key concern for many customers with widespread pessimism about the outlook for household finances (Figure 4). Around six in every 10 customers think that they will be worse off in the next 12 months. Amidst the cost-of-living crisis and high inflation, customers' worries about being able to afford their water bill became progressively more widespread though the first three quarters of 2022. This anxiety has shown signs of reducing through the winter of 2022-23 (Figure 5) – some people may not be as badly affected as they were expecting perhaps, although at the end of 2022-23 it remains that around a quarter of customers indicated concerns about bill affordability.

Figure 4: Results from customer Tracker Survey on expectations for household finances

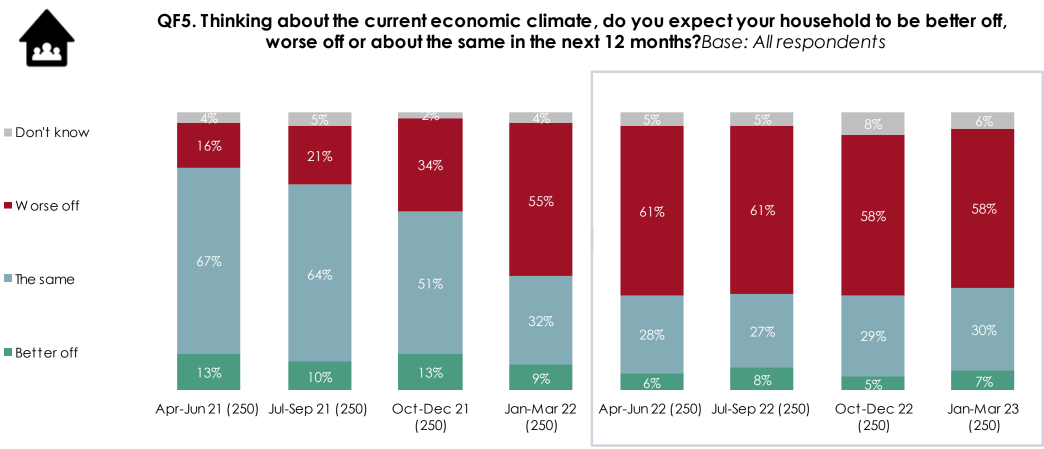
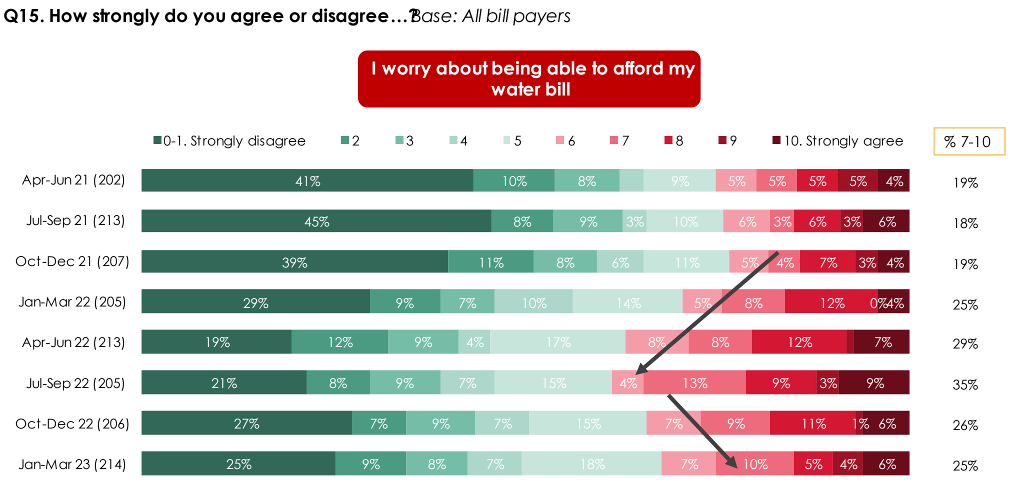


Figure 5: Results from customer Tracker Survey on bill affordability

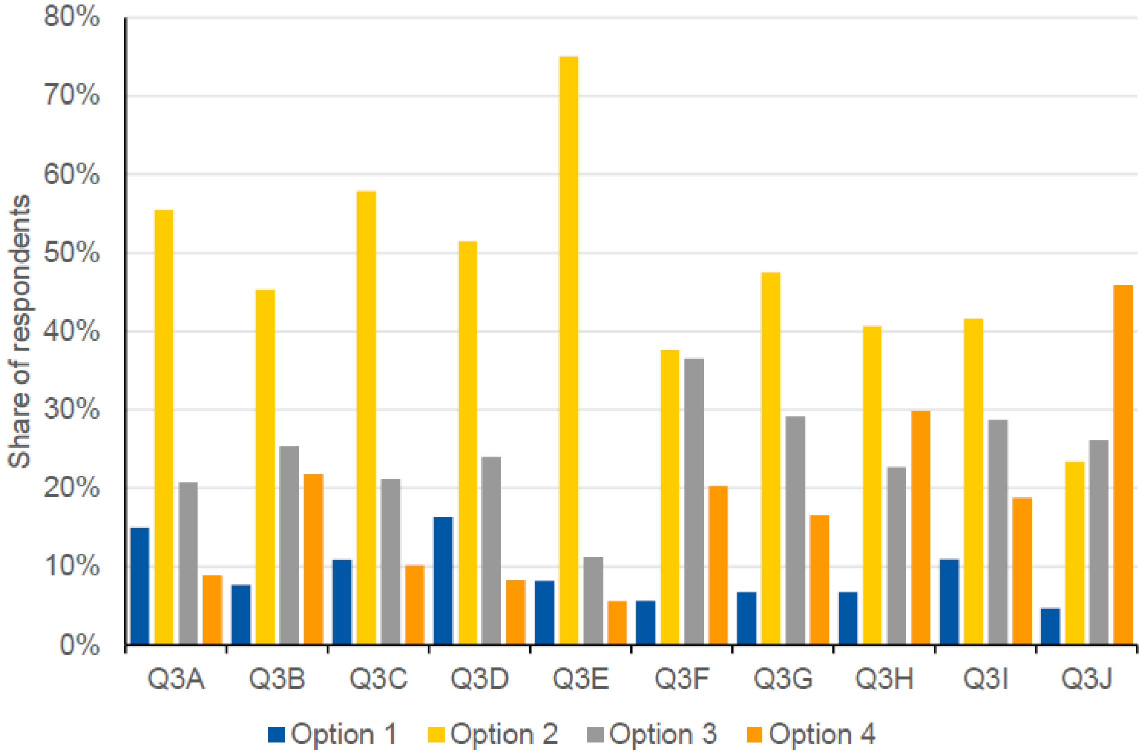


The **WTP study** identified that customers preferred the 'status quo' option for all but one of the 10 attributes they were presented with (Figure 6). The preference for keeping service levels the same as now, with no change to bills, was stronger for the customer service type attributes (A-E) than the more environmental attributes (F-J). Customers were more likely to opt for bill increases to bring about improvements to the environment, although the status quo was still the predominant choice, with the exception of attribute J 'supporting nature and wildlife' where the majority of customers (>40%) chose the +2 service level option.

Attributes C 'Reducing internal and external sewer flooding', G 'reducing wastewater pollution incidents', and H 'Improving river and costal water quality' are of most relevance to the investment proposals in our DWMP:

- For reducing sewer flooding (C) nearly 60% of people chose to maintain current service levels and around 30% would be prepared to pay more (Options 3 and 4 combined) to see improvements.
- For reducing pollution incidents (G) more than 45% of people chose to maintain current service levels and around 45% would be prepared to pay more to see improvements.
- For improving river and coastal water quality (H) around 40% of people chose to maintain current service levels and over 50% would be prepared to pay more to see improvements.

Figure 6: Proportions of customers choosing alternative options by the ten attributes in the stated preference choice experiment survey



A	Reducing lengthy water supply interruptions	F	Taking water out of rivers & streams
B	Improving water quality	G	Reducing wastewater pollution incidents
C	Reducing Internal & External Sewer flooding	H	Improving river and coastal water quality
D	Helping customers experiencing financial difficulty	I	Achieving net zero carbon emissions
E	Improving customer service	J	Supporting nature & wildlife

Option 1 = -1 service level
Option 2 = status quo
Option 3 = +1 service level
Option 4 = +2 service level

The **Your Say, Your Future** public consultation events in February and March 2023 on our overall business plan asked survey respondents to consider proposed goals for our eight outcome areas for 2030 and 2050. Drainage and wastewater issues were therefore considered alongside other elements of our investment proposals.

The 2030 goals and longer term outcomes for 2050 that were presented to customers are shown below:

2030 Goals

2050 Outcomes

Customers were presented with information for each outcome on the level of investment required to deliver the activities that would underpin the plan, including how this would affect the average annual bill by 2030.

- For the 'effective sewerage system' outcome a proposal to improve storm overflows was presented that would require £734m investment adding £35 to the average annual bill by 2030. Note: Since this research the value for storm overflows in AMP8 has reduced to £550m due to our nutrient neutrality nature based approach that would have release £200m for storm overflow investment was not accepted. £550 is still £50m more than the draft DWMP.

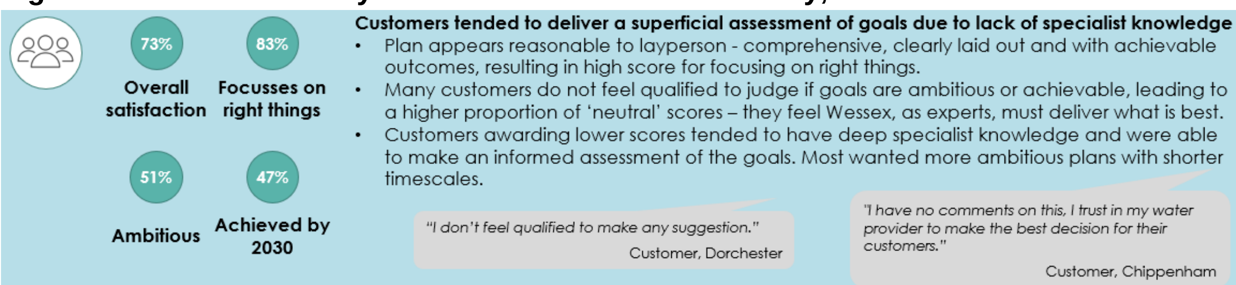
- For the 'great river and coastal water quality' outcome two investment areas for 2025-30 were proposed: 1) improvements at water recycling centres for nutrient removal at a cost of £1.1bn which would add £62 to the average annual bill and 2) smart sewer networks to detect blockages or problems in the network that could cause a pollution which would cost £11m adding £1 to the average annual bill by 2030.

During this customer consultation, the in-combination impact on customer bills of the investments that underpin activities to deliver against all eight outcome areas was presented. It was shown that bills would increase by, on average, £280 a year (£23 a month) by 2030. It was recognised that this is a significant increase and that more customers may struggle to pay increased bills and so the additional affordability help that is part of the plan was also presented to customers. This includes:

- Increasing the number of households on our affordability schemes to at least 100,000 by 2030
- Continuing to work with a wide range of partners across our region, such as Citizens Advice and local charities, to raise awareness of the support we can offer and reach customers who need us most.
- Continuing to fund our debt advice partners so they can increase the number of clients they can advise about their bills and debt.
- Making it as easy and quick as possible to apply for the support we offer and use data to automatically apply bill reductions to customers where we can without the need to complete an application.
- Helping customers, particularly those with water meters, to save water and energy.
- Continuing to fund local community projects across our region through the Wessex Water Foundation aimed at improving access to services and building financial capability

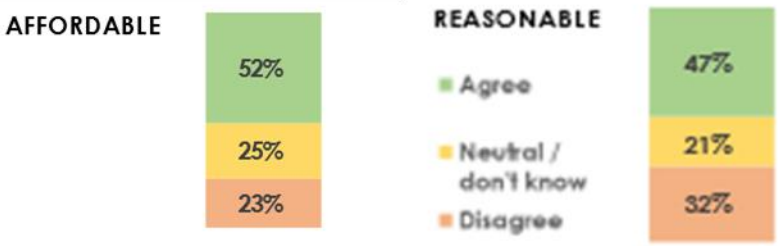
At the face-to-face consultation events customers viewed summaries of the overall plan and the detail of each of the outcome areas and were then asked to complete a survey. They were asked how satisfied they were with what we want to achieve by 2030; 73% of people gave a score of 7 or above out of 10. Furthermore 83% of people responded that they think the plan focusses on the right things. However, a significant proportion of customers felt they were not sufficiently knowledgeable to give an opinion on levels of ambition or how achievable the plan is (Figure 7).

Figure 7: Customer survey results overview from Your Say, Your Future events



The affordability of the bill increases was a key issue for many customers (Figure 8). Projected price increases shocked many customers, but this was tempered by the realisation that inflation was a key driver. Just over half believed they could afford the increases, but uncertainty alongside the backdrop of cost-of-living worries was reflected in the fact that a quarter neither agreed or disagreed that they could afford the increases or did not know. Many respondent respondents stressed that whilst they themselves could afford higher bills, they were concerned about others' capacity to absorb the increases. Almost half thought the price increases were reasonable, although a third felt they were not.

Figure 8: Customer survey results on affordability from Your Say, Your Future events



Specific customer feedback on the effective sewerage outcome included:

- Customers were pleased to see actions to tackle an issue that they perceive to be important.
- Nature based solutions were positively received.
- Some customers had local concerns related to sewage flooding and blockages and were keen for this to be addressed quickly
- Several customers showed a willingness to engage, asking for advice around blockage prevention. Some customers wanted to see more mention of education campaigns to help prevent blockages.
- There were some views that the plan was not ambitious enough – from customers this was seemingly linked to media coverage of storm overflows – many customers are unaware of their purpose in protecting homes and think it is possible to eliminate them entirely.
- Some stakeholders as well as customers indicated they felt plans lacked innovation, could be more ambitious or faster in delivery.

Specific customer feedback on the great river and coastal water quality outcome included:

- Customers felt the health of waterways has decreased in recent years due to 'dumping' of sewage and fertiliser with impacts on nature and health risks for swimmers. Tackling this is seen as a top priority by customers and stakeholders.
- Customers were pleased to see plans to address the issue.
- Smart sewers seen as a good value investment
- Collaboration between key players welcomed, especially by stakeholders
- Targets for when improvements will be delivered by seen as not ambitious enough by some.

3. Customer research for the draft DWMP (June 2022)