Understanding customers' views

PR09 Quantitative Research into Customers' Priorities – Executive Summary

Report for Ofwat, Defra, Welsh Assembly Government, CCWater, Environment Agency, DWI, Natural England, Water UK.

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Executive Summary

Background and Research Objectives

In 2009 Ofwat will review water and sewerage companies' plans for service levels and investment and will set price limits for the period 2010 to 2015. Each company has published a longer term strategic direction statement informed by its understanding of consumers' views. In 2007, eight stakeholders - Ofwat, Department for Environment, Food and Rural Affairs (Defra), Drinking Water Inspectorate (DWI), Water UK, Environment Agency (EA), Natural England, Welsh Assembly Government (WAG) and Consumer Council for Water (CCWater) - commissioned qualitative research into consumers' attitudes[1].

In preparation for setting price limits, each water company submitted a Draft Business Plan (DBP) to Ofwat in August 2008. These covered, in detail, the investment proposals for the period 2010 to 2015 and the implications for customers' bills. These company DBPs should reflect the views and needs of their customers, as revealed by the company's own research and its analysis of the costs and benefits of different elements of its proposals.

The stakeholders wanted an assessment of customers' views on future services and bill levels which applied a common methodology so that results were comparable between companies. In addition, it was considered valuable to survey customers' reactions to the whole package of proposals and the resultant bill increase that companies had chosen to propose in their DBPs. Where customers received their water and sewerage service from separate companies, the survey provided an opportunity to explore the combined impact of these companies' plans. A national customer research study was, therefore, commissioned in April 2008 to quantify customers' perceptions, and acceptance, of their companies' plans for future water and sewerage services.

The research sought to understand customers' views on:

- the acceptability and affordability of each company's total integrated package of services and outputs as set out in their DBP; and elements at a programme level within each overall plan;
- alternative company business plans if submitted[2] (this may address issues such as the phasing of particular improvements where this is a possibility); and
- the profile of bill changes for the period 2010-15 (for example bill increases could be smoothed).

Results of the research will be used by each water company to develop its final business plan to be submitted to Ofwat in April 2009. It will also inform any further decisions by stakeholders and particularly Ofwat's determinations of price limits and investment.

[1] STAGE 2 – DELIBERATIVE RESEARCH INTO CONSUMERS' PRIORITIES FOR PR09 - Corr Willbourn

[2] in the event, none were.

Methodology and Interpretation

A large, national survey was undertaken in September to November 2008. The sample of more than 6,000 respondents was designed to elicit the views of bill-payers in England and Wales.

The survey collected attitudinal information on current services and on proposed future water and sewerage services, as defined in each water company's DBP. Respondents were presented with information on current and proposed services using 'show cards' incorporating company specific information in a standardised format. The information was compiled by Ofwat and the other regulators and agreed by the companies. The cards included details of proposed changes to current service levels, and their effects on bills. The information presented to respondents showed proposals specific to the company or companies responsible for supplying water and sewerage services in their area.

Where a customer had separate suppliers for water and for sewerage they were shown the relevant elements of each company's plan together with the descriptions of each element of service, the associated outputs and bill effects of each as well as total water and sewerage bill effects separately and combined. Where this was the case both companies are named in this report. Usually, we have labelled the joint service providers by giving the WoC first, followed by the WaSC - for example, Cambridge/Anglian (where customers receive water services from the former and sewerage services from the latter). However, when we report about the views of the sewerage service, we have reversed the company names (e.g. Anglian/Cambridge) to reflect the fact that in the Cambridge Water area the sewerage service is provided by Anglian Water.

The variation in planned outputs and bill changes across the 22 companies are presented in the Company Reports[3]. (It should be remembered that the outputs and bill increases that customers were presented with were based upon individual company's Draft Business Plans and, therefore, may change for final business plans which are submitted to Ofwat in April 2009).

Customers only commented on the plan(s) relevant to their own areas and it is important to note that the overall (England and Wales) figures presented here cover the aggregated response of customers to the various plans they were presented with. As customers were asked identical questions, and commented on consistent category headings of service, findings at company level can be combined to give an overall (aggregated) picture. However, due to the variation in the detailed content (i.e. different current service levels, proposed outputs and associated bill impacts) at company level, care must be taken when interpreting the overall results.

In order to make the overall sample representative of all bill-payers in England and Wales, each company's sample has been weighted in proportion to the number of household properties billed for water. [Results at company level in this report and the Company reports have not been weighted].

[3] PR09 Quantitative Research into Customers' Priorities – Company Report (England), MVA Consultancy (February, 2009). PR09 Quantitative Research into Customers' Priorities – Company Report (Wales), MVA Consultancy (February, 2009).

Analyses explored relationships in the data with key break variables such as demographics. We have identified any statistically significant variations by the following customer types:

- socio-economic class (A/B, C1/C2, D/E);
- household income level – gross per annum (<£10,000, £10,000 - £19,999, £20,000 - £29,999, £30,000+, don't know/refused);
- household size (1, 2, 3+ occupants);
- whether or not respondents are metered (those who opted for a meter, those who have a meter for other reasons, those not on a meter); and
- the rural or urban nature of the location.

In addition, on key questions within the report, the following further segmentation have also been examined:

- whether views differ between customers of companies proposing differential price increases (both in actual values and percentage increases);
- views of people who have had a negative experience/cause to complain about their water company;
- views of those who have a better awareness/understanding of their company(ies) responsibilities;
- difference between the responses of those who are confident that they know the cost of their water and those who do not;
- difference in the responses of those areas affected by the 2007 summer floods and areas not affected;
- those who think the environment is important;
- those who think the cost of living is important;
- those who think water and sewerage services are important;
- whether views differ depending on the approach to paying bills;
- whether views differ depending on satisfaction with current service, and Value for money of current service;
- scale (number) of proposed service improvements in water, sewerage and overall DBP.

Summary of Key Findings

In the main Overall Report[4] we have identified differences across companies and across different customer types overall that are statistically significant at the 99% level. In the accompanying Company Reports we have identified differences across different customer types within each company that are statistically significant at the 95% level (due to smaller sample sizes).

Key findings, at an overall level (England and Wales combined), were as follows.

Views on Social Issues

Customers were asked their views on water and sewerage issues alongside wider social issues, such as cost of living, health services, immigration, the environment, education, utility services, transport and crime prevention. With the exception of immigration, more than nine in ten customers considered each of the social issues to be important ("very"/"fairly"). Customers generally considered water and sewerage services to be as important as other wider social issues.

Customers were also presented with a list of environmental issues and asked which were most important to them (the order varied for different respondents to avoid bias). Environmental issues that were most important to customers were: reducing climate change; reducing litter and household waste; improving air quality; and protecting the water environment (streams, canals, rivers, lakes, wetlands and sea around the coast).

Uninformed Views of Current and Future Services

The questionnaire was designed to elicit customers' views on the acceptability of their company's DBPs early on in the interview (when they had been given little information – and were therefore 'uninformed') and again later in the context of additional information. This allowed an insight into how a company's DBP might actually be received by its customers, (as they will receive the bill with relatively limited information to explain the drivers for the changes in bills), and also how the plan was supported, or otherwise, if customers are more fully 'informed'. In addition, customers' views on their current service (water and sewerage) were also explored.

Perceived water company/water and sewerage company responsibilities

Customers were presented with a list of services, and asked which they thought their water and sewerage company(ies) were responsible for (multi-coded responses). The majority of respondents were correctly aware that their water and sewerage company(ies) were responsible for: providing safe, reliable, clean drinking water (83%), removal and treatment of waste water (70%) and maintaining pipes, treatment works, and other infrastructure (68%). However, around half incorrectly thought that their water and sewerage company(ies) were responsible for reducing litter in waterways (52%), preventing flooding from rivers (50%) managing water pollution from agriculture and manufacturing (45%), and managing canal systems (39%).

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[4] PR09 Quantitative Research into Customers' Priorities – Overall Report, MVA Consultancy (2009)

In general a higher proportion of customers in Thames Water, Welsh Water Dŵr Cymru and Severn Trent Water were correctly aware of the water companies' responsibilities, whereas customers in the Bristol region and customers of Northumbrian Water were least aware. However, it should be noted that Welsh Water Dŵr Cymru also generally had the highest proportion of customers who incorrectly thought that their water and sewerage company(ies) were responsible for some of the responsibilities, whereas customers of water and sewerage services in the Bristol region generally had the lowest incorrect proportion.

Customers were asked to consider individual services provided by their water and sewerage company(ies), and decide which they thought were most important (choosing up to three services). Overall, the services customers most often identified as important were: providing safe, reliable, clean drinking water (82%); followed by removal and treatment of waste water (46%); and maintaining pipes, treatment works, and other infrastructure (39%). Services that customers considered less important, overall, were: helping to reduce greenhouse gas emissions and tackle climate change (11%), and drainage of roads (12%).

Satisfaction with current water and sewerage services (combined)

Most customers (86%) stated that they were satisfied with the services provided by their company(ies). Satisfaction levels varied significantly across the companies, from 94% ("very"/"fairly") of customers of Yorkshire Water to 73% of Portsmouth Water/Southern Water customers. Overall, just 6% of customers indicated that they were dissatisfied with the current water and sewerage service (combined) – reasons stated were that the service was perceived to be: 'too expensive already', 'prices always increasing'; and is 'poor/unreliable'.

Value for money of current water and sewerage services (asked only of those who were able to give an estimate of their bill level)

Just over half (55%) of customers gave an estimate of their overall (water and sewerage) bill level. Those customers who felt they were able to give an estimate of their correct bill level were asked to rate their current water and sewerage services (combined) in terms of value for money.

Almost two thirds (64%) of customers stated that the current water and sewerage service was good value for money, the main reasons being that the bill was affordable (42%), they valued the service (30%) and the service was worth the money (25%). 17% of customers stated that the current water and sewerage service was poor value for money, the main reason being that it was too expensive already (72%). The main reasons for good/poor value for money highlight that a key driver for value for money perceptions is concern about bills.

At a company level, the proportion of customers who stated that the current water and sewerage service was fairly/very good value for money was highest amongst Yorkshire Water (87%), Dee Valley Water/ Welsh Water Dŵr Cymru (74%), and United Utilities (72%). The greatest variation in perceived value for money was amongst customers of water and sewerage services in the Bristol region where more people considered the service to offer very/fairly poor value for money (42%) than good value for money (37%), Three Valleys Water/Thames (43% good value for money, 35% poor value for money) and South West Water (47% good value for money, 30% poor value for money).

Approach to paying bills

Customers who were responsible for paying their bill(s) for water and sewerage services were asked what best described their approach to paying. The majority (85%) of customers do not find it difficult to pay their water and sewerage bill(s) on time. However, 11% stated that they usually pay on time but it can be difficult.

At a company level, the proportion of customers who stated that they 'do not find it difficult to pay on time' ranged from as low as two thirds (65%) of Portsmouth Water/Southern and Wessex Water customers to the majority (93%) of customers of Thames Water, Tendring Hundred/Anglian and Welsh Water Dŵr Cymru. Conversely, the proportion of customers who stated that they 'usually pay on time but it can be difficult' was highest amongst Portsmouth Water/Southern customers (28%) and lowest amongst Thames Water (4%) and Tendring Hundred/Anglian (4%) customers.

A higher proportion of customers in socio-economic group A/B stated that they 'don't find it difficult to pay their bill on time' (89%), compared with 84% in groups C1/C2, and 75% in groups D/E. Conversely, the proportion of customers who stated that they 'usually pay on time but it can be difficult' was highest amongst D/E customers (17%), compared with 12% in groups C1/C2, and 8% in groups A/B.

The proportion of customers who stated that they 'do not find it difficult to pay their bills on time' increased with household income. A higher proportion of customers on a water meter (those that opted to be on a meter 88%, those on a meter at someone else's request 86%) stated that they 'do not find it difficult to pay their bills on time', compared to customers not on a water meter (81%).

Acceptability of combined water and sewerage service proposals in companies' DBP (Uninformed View)

Customers were presented with a very brief description of proposed service levels for 2010-15 and the combined water and sewerage bill impacts. This was done so as to provide insight into the likely reaction, in reality, of most customers - who are likely to be relatively uninformed (i.e. fairly low awareness of service improvements, statutory requirements and bill impacts of different service components). It should be noted that customers were given combined bill increase even where water and sewerage services are provided by separate companies.

Views varied considerably across companies but overall 58% of customers considered their company(ies)' combined water and sewerage plan(s) to be acceptable, and a further 4% found them very acceptable. However, one quarter (25%) considered the combined water and sewerage plan(s) to be unacceptable, and a further 8% found them completely unacceptable. Customers were more accepting of plans with lower bill impact/percentage bill change.

The proportion of customers who rated the DBPs as acceptable at the uninformed level was highest amongst customers that:

- had not complained or had a negative experience;
- had a good understanding/awareness of their water/sewerage company(ies)' responsibilities;
- were generally more confident in the estimation of the current level of their water/sewerage bill;
- rated the environment as 'very important';
- rated cost of living as 'very important';
- rated water and sewerage services as 'very important';
- did not find it difficult to pay their bills on time;
- were satisfied with the current service;
- felt the current service offered good value for money;
- were of a higher (e.g. A/B) social class; and
- had a higher household income.

At a company level, more than half the customers considered the combined water and sewerage plan(s) to be acceptable ("very"/"fairly") in all companies except Southern (49%), Cambridge/Anglian (46%), South East/Thames/Southern (45%), Thames (45%), Folkestone & Dover/Southern (41%), Portsmouth/Southern (39%), Three Valleys/Thames (31%), South West (28%) and customers of water and sewerage services in the Bristol region (24%).

Acceptance was highest amongst customers of Yorkshire Water (95% "very"/"fairly" acceptable, +£4) and Welsh Water Dŵr Cymru (93%, -£2), and lowest amongst customers of water and sewerage services in the Bristol region (24% "very"/"fairly" acceptable, +£40) and South West (28%, +£34).

Informed Views on Current Service

Prior to providing their 'informed' view, customers were presented with show material that listed, and described, the existing water and sewerage service in terms of individual aspects. Customers were also advised of the average bill level for water, separately, sewerage and combined water and sewerage services in their area. It should be noted that when examining the views on current sewerage services levels, customers in WoC areas have been asked their views on the sewerage service provided by the relevant WaSC(s) serving their area.

Value for money of the current service

59% of customers considered that their current service overall (water and sewerage combined) was good value for money (52% "fairly" 7% "very"). 16% of customers stated that their current service overall was poor value for money (13% "fairly" 3% "very"). The provision of information showing all the different aspects of service, and average bill level, has led to a (slight) drop in the percentage of customers who considered their overall service to offer good value for money (from 64% to 59%), although this was not the case across all companies (see below).

Value for money of the current water and sewerage services (separately and combined) varied across companies. More than half of customers in every company said the combined services (water and sewerage) were fairly or very good value for money, with the exception of Folkestone and Dover/Southern (48%), Cambridge/Anglian (44%); South West Water (37%), Portsmouth Water/Southern (36%), the Bristol region (35%), and Three Valleys Water/Thames (31%).

The greatest proportion of customers perceiving "fairly" or "very" good value for money of the current water, sewerage and overall service were customers of Yorkshire Water and Welsh Water Dŵr Cymru. The lowest proportion of customers perceiving "fairly" or "very" good value for money of the water, sewerage and overall service were customers of Three Valleys Water/Thames, the Bristol region, and Portsmouth Water/Southern.

Across five companies, the proportion of customers who considered their current service overall (water and sewerage combined) to be good value for money increased from the uninformed view. These were: Yorkshire Water (87% to 91%); Welsh Water Dŵr Cymru (69% to 78%); Severn Trent Water (63% to 67%); Sutton and East Surrey Water (61% to 63%); and Wessex Water (55% to 59%). The proportion who rated the current service as good value for money remained the same for customers of Northumbrian Water (66% uninformed and informed) and South Staffordshire Water (59% uninformed and informed).

The proportion of customers who considered their current water and sewerage services (separately and combined) to be good value for money at the informed level was highest amongst customers that:

- had not complained or had a negative experience;
- had a good understanding/awareness of their water/sewerage company(ies)' responsibilities;
- were generally more confident in the estimation of the current level of their water/sewerage bill;
- rated the environment as 'very important';
- rated cost of living as 'very important';
- rated water and sewerage services as 'very important';
- did not find it difficult to pay their bills on time;
- were satisfied with the current service;
- felt the current service offered good value for money;

- were of a higher (e.g. A/B) social class; and
- had a higher household income.

Since the PR04 research[5], there has been a slight increase in the proportion of customers who consider their overall service to offer good value for money (from 55% to 59%), and a slight decrease in the proportion who thought that the overall current service offers poor value for money (from 18% to 16%).

Informed Views on the DBP

Prior to providing their 'informed' view, customers were presented with show material that listed, and described, the company(ies) future plans in terms of the same categories of water and sewerage service as previously shown for the current service. Respondents were shown the proposed service level and associated bill impact (Show card B - Appendix B). Customers were also advised of the proposed change in the average bill level for water, for sewerage and combined water and sewerage in their area. They were advised that the bill effects did not include inflation.

Acceptability of water services aspects of the DBP

Customers were asked how acceptable they consider their company's plan in relation to water services, bearing in mind the other options available to their water company – such as simply maintaining services and complying with legal requirements or improving more services than in the current plan.

Overall most customers (61%) thought that the plan relating to water services was acceptable, and a further 4% found it "very" acceptable. One quarter (25%) of customers, thought that the DBP relating to water services was unacceptable, and 6% thought that it was "completely" unacceptable. There was a considerable range in level of acceptance for the proposed water service levels and bill increase at company level (26% Bristol Water to 96% Yorkshire Water). However, in all but five companies, more than half the customers thought that the plan relating to water services was acceptable ("very"/"acceptable").

Customers whose proposed water bill impact / percentage water bill change was lowest were most accepting of the water services aspects of the DBP. In contrast, when we looked at the relationship between acceptance level and scale of service improvements, we found no positive correlation. The two findings suggest that the size of bill impact influenced customers' acceptance levels much more than the scale of service improvements.

The proportion of customers who thought that the plan relating to water services was acceptable was highest amongst the same customer segments reported at the uninformed level (see section - Acceptability of combined water and sewerage service proposals in companies' DBP (Uninformed View)).

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[5] "Customer Research 2003: Periodic Review – National Report", MVA Consultancy in association with WRc (2003)

Acceptability of sewerage services aspects of DBP

Customers were asked how acceptable they consider their company's plan in relation to sewerage services. The views from WoC customers in this section relate to the services provided by the WaSC(s) in each WoC area.

Overall 61% of customers thought that the DBP relating to sewerage services was acceptable, and a further 4% thought that it was "very" acceptable. Just less than one quarter (24%) of customers thought that their company's DBP in relation to sewerage services was unacceptable, and 5% thought that it was "completely" unacceptable. There is considerable variation in acceptance at company level, ranging from 31% ("very"/"fairly" acceptable) Thames Water/Three Valleys Water to 97% Yorkshire Water. However, in all but eight companies, more than half the customers thought that the plan relating to sewerage services was acceptable ("very"/"acceptable").

As with the water services aspects of the DBP, there is a strong inverse relationship between acceptance levels and sewerage bill impacts – where the greater the bill impact the lower the level of acceptance.

Customers' attitudes to the sewerage service aspects of the DBP mirror that of their attitudes to the water service aspects of the DBP, in terms of: level of acceptance and by bill impact (in absolute and percentage terms). This was also the case when we investigated customers' attitudes to the sewerage service aspects of the DBP by awareness/understanding of company(ies)' responsibilities, income, SEG, confidence in the bill, importance of the environment/cost of living/water and sewerage services etc where the findings were all extremely similar to those presented for water above.

Acceptability of water and sewerage plans combined

Most customers (60%) thought that the combined water and sewerage DBP(s) for their region was acceptable, and 4% found it "very" acceptable. Just under one quarter of customers, overall, found the combined DBP(s) unacceptable, and 7% found it "completely" unacceptable. As with the water and sewerage service components separately, there is considerable variation at company level (26% in the Bristol region to 96% Yorkshire Water region).

At the uninformed level, 62% of customers thought that the combined water and sewerage DBP(s) was acceptable. However, when informed of detailed service levels and average bill impacts for customers in their area, a slightly higher proportion (64%) considered the proposed DBPs to be acceptable. At a company level, acceptability of the DBP (from the uninformed to informed view) increased slightly for customers of 13 companies; remained the same for five; and decreased slightly for four.

Customers whose proposed overall bill impact/overall percentage bill change was lowest (£20 or less, or 5% and less) were more accepting of the overall DBP[6].

[6] a table showing the bill impacts of each company's DBP in provided in the appendices of the Overall Report.

The proportion of customers who thought that the plan relating to the overall service (water and sewerage combined) was acceptable was highest amongst the same customer segments reported at the uninformed level (see section - Acceptability of combined water and sewerage service proposals in companies' DBP (Uninformed View)).

Customers' responses to the water and sewerage services aspects of the DBP were heavily influenced by their attitude towards the overall DBP package. This needs to be borne in mind when considering, and interpreting, customers' views to the WoC DBPs, especially those WoCs where their DBP (i.e. for the customers' water services) has a small bill impact and the corresponding WaSC's DBP (i.e. for the same customers' sewerage services) has a large bill impact. Similarly, the acceptability of a WaSC's proposed sewerage levels may have been influenced by the proposed water service and bill levels of a WoC when presented together as one overall package.

An example of the former is Portsmouth Water, where the bill impact for future water services is +£5 and the bill impact for future sewerage service is +£50. The level of acceptance amongst Portsmouth Water customers for the DBP overall, with a combined bill impact of +£55, is low at 35%[7]. This negative viewpoint of the overall plan seems to have manifest itself in the customers' response to the water service aspects of the DBP which, though presented as an additional cost of +£5, also has a low level of acceptance (39%). To confirm this interpretation, an investigation of the correlation between responses at an individual level showed that more than two in every three customers (68% - across all companies combined) gave the same 'acceptance' response to the water aspects of the DBP as they did the sewerage aspects and overall DBP. These results suggest that, if Portsmouth Water's DBP is presented to customers alongside those relating to the sewerage aspects of Southern Water's DBP then acceptance levels may be lower than if presented in isolation[8,9].

An example of the latter is Wessex Water, where more than six in ten customers' rated the proposed sewerage service levels as acceptable when presented alongside Wessex Water's DBP for water services (68%), and Bournemouth and West Hampshire (63%), but only 45% of customers of Bristol Water found the (same) sewerage package acceptable when presented alongside Bristol Water's overall DBP package. These results suggest that, if Wessex Water's DBP is presented to customers alongside those relating to the water aspects of Bristol Water's DBP then acceptance levels may be lower than if presented in isolation.

Bristol Water customers were presented with bill impacts of +£40 for the water aspects of their DBP; and bill impacts of -£4 for the sewerage aspects of their DBP. Just over one in four customers (26%) considered the overall DBP to be acceptable; and a similar proportion considered the water aspects of the DBP to be acceptable. These results suggest that, for Bristol Water customers, it may not make much difference to customer acceptance whether Bristol Water's proposals are presented in isolation of Wessex Water's sewerage DBP.

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[7] a further 16% stated 'don't know/can't say', compared with an average of 6% in England/Wales.

[8] such as was the case for Portsmouth Water's own customer research in 2007 and 2008.

[9] Based on the findings reported in Table 6.2 of the Overall Report (for bill impacts <£10).

Value for money of each individual aspect of service

Customers were asked to consider each of the following service attributes and proposed service level, and state whether they feel the proposed service level in the DBP offers value for money:

- maintain water pipes, treatment works and reservoirs;
- ensure a reliable and continuous water supply;
- ensure the safety of tap water – drinking water quality;
- manage the appearance, taste and smell of tap water;
- manage the pressure of water in your taps and the number of unplanned interruptions;
- handle customers' accounts, queries, complaints and customers with special needs;
- ensure companies manage their critical water treatment works and pipes to deal with extreme events such as severe weather;
- manage the amount of water taken from the environment to supply customers;
- maintain sewers and sewage treatment works, ensure network can meet new demands and control smells from sewage works;
- ensure a reliable and continuous sewerage service for the removal and treatment of sewage;
- avoid risk of homes being flooded with sewage;
- avoid risk of properties being flooded with sewage outside the home;
- ensure companies manage their critical sewerage treatment works and pipes to deal with extreme events e.g. severe weather; and
- manage the effect of sewerage effluent on the water quality of rivers, wetlands and sea around the coast.

Overall, most customers consider the proposed service level of each attribute to offer fairly good/good value for money (from 59% for managing "their critical water treatment works & pipes to deal with extreme events such as severe weather" to 68% for ensuring "the safety of tap water-drinking quality"). Approximately, 9-10% of customers consider the proposed future level of each attribute of service to offer fairly poor value for money; and a further 2-3% consider it to offer very poor value for money. It is clear that the individual service elements are generally seen as good value for money, but as a combined package the perception of value for money decreases (once the combined package and bill impact is considered).

Overall value for money of DBP

Approximately half of customers felt that the total water services (52%), sewerage services (54%), and combined services (52%) offered "fairly"/"very" good value for money. Approximately one-fifth of customers, felt that the total water services (21%), sewerage services (20%), and combined services (21%) offered "fairly"/"very" poor value for money.

One quarter of customers felt that overall, the total water (25%), sewerage (25%), and combined services (25%) offered neither good nor poor value for money.

There has been an increase in the perceived value for money of the overall DBPs in comparison to the PR04 study. In PR04, 45% of customers rated the company preferred DBP as good value for money, compared to 52% in PR09. In addition, the number of customers who thought that the DBP was poor value for money has decreased (from 30% in PR04 to 22% in PR09).

There was a strong inverse correlation between value for money perceived by customers and the size of the bill impact (in absolute or percentage terms). That is, where the proposed bill impact was relatively low, the proportion of customers perceiving that the DBP (or the water, or sewerage, aspects) offered ("very"/"fairly") good value for money was relatively high (compared to those with a higher proposed bill increases).

The proportion of customers who rated the value for money of the DBP (water and sewerage services separately and combined) as good value for money ("very"/"fairly") was highest amongst the same customer segments highlighted in the 'Value for money of the current service' section.

Similar findings were evident amongst these customer segments for the value for money ratings of both the separate water and sewerage aspects of the DBP.

Delay in service changes

Customers would be most concerned if there was a delay to ensuring drinking water quality (67%) and a reliable and continuous water supply (63%).

Bill Profile

Over eight in ten (81%) customers stated that they would prefer to see "bills change steadily every year throughout the period, so that customers do not see big changes from year to year" rather than bills that fluctuate every year, or has one big step-up and then stays at that level. This is in line with the views of customers during the previous periodic review.

This was the preference of the majority of customers in every company, ranging from 51% (Wessex Water) and 57% (Anglian Water, Cambridge Water, Welsh Water Dŵr Cymru) to 95% (Dee Valley Water) and 98% (Tendring Hundred Water).

Key Conclusions

Without any prior information about current services and bill levels, the majority of customers regard the existing service (water and sewerage combined) as good value for money (64% consider it "very"/"fairly" good value for money). When informed of detailed service levels and average bill impacts for customers in their area, a lower proportion of customers regard the existing overall (water and sewerage combined) service as good value for money (59% consider it "very"/"fairly" good value for money). Just over half (52%) of informed customers considered the proposed DBPs to be "very"/"fairly" good value for money.

At the uninformed level, 62% considered the proposed DBPs to be acceptable. When informed of current and proposed detailed service levels and average bill impacts for customers in their area a slightly higher proportion (64%) considered the proposed DBPs to be acceptable. At a company level, acceptability of the DBP (from the uninformed to informed view) increased slightly for customers of 13 companies, remained the same for five, and decreased for four.

Customer acceptance of their companies' overall future plans for service and bill levels varied considerably, from 26% to 96%. However, the difference in bill levels in the plans vary significantly and so it is perhaps not surprising to find such a different level of acceptance of the overall plans amongst different water company customers. Customers whose proposed water/sewerage bill impact and percentage water/sewerage bill change was lowest were most accepting of the water and sewerage services aspects of the DBP.

In all but five of the companies, a greater proportion of customers stated that the future plans for service and bill levels was acceptable than thought it unacceptable. Where there was only a minority level of acceptance, for one of the companies (Portsmouth Water/Southern), the reason seemed to be related directly with another company's (Southern Water) DBP (and high bill impact). For the remaining four companies (customers in the Bristol region, Folkestone and Dover/Southern, South West and Three Valleys/Thames), the reason for the low level of acceptance seemed to be directly because customers did not think their proposed service and bill levels offered good value for money.

The acceptability of DBPs at both informed and uniformed levels, and rating of current services and proposed service levels (informed) for water, sewerage and combined service as good value for money was highest amongst customers that:

- had not complained or had a negative experience;
- had a good understanding/awareness of their water/sewerage company(ies)' responsibilities;
- were generally more confident in the estimation of the current level of their water/sewerage bill;
- rated the environment as 'very important';
- rated cost of living as 'very important';
- rated water and sewerage services as 'very important';
- did not find it difficult to pay their bills on time;

- were satisfied with the current service;
- felt the current service offered good value for money;
- were of a higher (e.g. A/B) social class; and
- had a higher household income.

In addition, the proportion of customers who rated the proposed DBP (water, sewerage, combined) as acceptable and good value for money, was highest amongst customers who had:

- proposed water and sewerage bill impacts each less than £10;
- a combined bill impact of £20 or less; and
- a proposed water, sewerage and combined percentage bill impact of 5% or less.

Although the results were statistically significant, there was no correlation/trend between acceptance level or value for money and scale/number of service improvements and household size.

Company Conclusions

Below we provide a summary of findings on customer views for each company. A comprehensive account of the responses of customers in each company area to all the questions in this survey is provided in MVA's accompanying report.

Company Conclusions

	Uninformed								Informed															
	Current Service (w&s)					DBP (w&s)			Current Service (w&s)			DBP (w&S)						DBP (w)			DBP (s)			
	Satisfied	Dissatisfied	Good VfM	Neither	Poor VfM	Acceptable	Unacceptable	Don't know	Good VfM	Neither	Poor VfM	Good VfM	Neither	Poor VfM	Acceptable	Unacceptable	Don't know	Acceptable	Unacceptable	Don't know	Acceptable	Unacceptable	Don't know
ANH	84%	11%	67%	16%	15%	62%	34%	5%	54%	28%	16%	47%	33%	20%	63%	32%	5%	65%	30%	5%	62%	31%	6%
BRL	92%	3%	37%	17%	45%	24%	70%	6%	35%	30%	33%	23%	19%	57%	26%	70%	4%	26%	71%	3%	45%	49%	6%
BWH	80%	6%	59%	16%	19%	61%	30%	9%	55%	21%	17%	55%	18%	22%	61%	29%	10%	64%	28%	8%	63%	29%	8%
CAM	85%	9%	60%	20%	16%	46%	45%	9%	45%	28%	25%	35%	38%	26%	49%	40%	10%	50%	40%	10%	48%	42%	10%
DVW	93%	2%	74%	12%	13%	77%	19%	4%	69%	18%	10%	59%	27%	13%	82%	14%	4%	83%	13%	4%	83%	13%	4%
ESK	91%	5%	65%	18%	16%	6%	35%	2%	60%	17%	21%	53%	20%	27%	64%	33%	3%	66%	33%	2%	65%	32%	3%
FLK	84%	8%	54%	17%	29%	41%	52%	7%	48%	23%	23%	29%	23%	48%	43%	50%	7%	45%	49%	7%	43%	51%	7%
NNE	89%	6%	66%	17%	16%	79%	17%	4%	66%	23%	9%	59%	29%	12%	78%	19%	4%	78%	19%	4%	77%	21%	3%
NWT	77%	15%	71%	18%	10%	64%	34%	2%	54%	27%	19%	57%	17%	25%	63%	34%	2%	64%	34%	2%	64%	35%	2%
PRT	73%	10%	64%	21%	12%	38%	52%	9%	36%	30%	26%	24%	64%	11%	35%	49%	16%	39%	46%	15%	34%	50%	16%
SES	86%	4%	61%	11%	17%	53%	36%	12%	63%	13%	10%	52%	9%	29%	55%	35%	10%	55%	35%	10%	55%	35%	10%
SEW	80%	8%	68%	14%	13%	45%	47%	8%	57%	19%	17%	41%	34%	26%	51%	39%	10%	51%	40%	9%	52%	38%	10%

Company Conclusions

	Uninformed								Informed															
	Current Service (w&s)					DBP (w&s)			Current Service (w&s)			DBP (w&S)						DBP (w)			DBP (s)			
	Satisfied	Dissatisfied	Good VfM	Neither	Poor VfM	Acceptable	Unacceptable	Don't know	Good VfM	Neither	Poor VfM	Good VfM	Neither	Poor VfM	Acceptable	Unacceptable	Don't know	Acceptable	Unacceptable	Don't know	Acceptable	Unacceptable	Don't know
SRN	80%	10%	60%	18%	20%	49%	47%	4%	52%	27%	18%	29%	34%	38%	50%	45%	5%	51%	45%	4%	49%	46%	5%
SST	91%	4%	60%	27%	12%	64%	35%	1%	59%	27%	11%	52%	30%	17%	73%	24%	3%	67%	32%	2%	77%	20%	3%
SVT	90%	5%	62%	19%	16%	74%	24%	3%	67%	19%	12%	68%	16%	15%	80%	18%	2%	77%	21%	2%	83%	15%	2%
SWT	78%	11%	46%	22%	29%	28%	66%	7%	38%	31%	28%	36%	24%	40%	34%	60%	6%	42%	54%	4%	34%	61%	5%
THD	92%	5%	64%	14%	20%	65%	28%	8%	57%	22%	17%	47%	32%	22%	62%	30%	6%	64%	30%	6%	63%	29%	8%
TMS	93%	4%	54%	12%	28%	45%	41%	14%	53%	16%	20%	31%	33%	28%	48%	38%	15%	49%	38%	13%	48%	38%	14%
TVW	88%	5%	43%	21%	35%	31%	63%	6%	31%	36%	30%	28%	43%	25%	31%	61%	7%	33%	62%	6%	31%	64%	6%
WSH	91%	3%	69%	19%	11%	93%	7%	0%	79%	18%	4%	79%	15%	6%	93%	6%	1%	94%	5%	0%	93%	6%	1%
WSX	84%	5%	55%	21%	20%	69%	22%	9%	59%	20%	14%	60%	17%	18%	67%	23%	11%	70%	23%	8%	68%	24%	8%
YKS	94%	2%	87%	10%	2%	95%	3%	1%	91%	6%	2%	88%	11%	1%	97%	3%	1%	96%	3%	1%	97%	2%	1%

National and Overall Conclusions

	Uninformed								Informed														
	Current Service (w&s)					DBP (w&s)			Current Service (w&s)			DBP (w&S)						DBP (w)			DBP (s)		
	Satisfied	Dissatisfied	Good VfM	Neither	Poor VfM	Satisfied	Dissatisfied	Good VfM	Good VfM	Neither	Poor VfM	Good VfM	Neither	Poor VfM	Acceptable	Unacceptable	Don't know	Acceptable	Unacceptable	Don't know	Acceptable	Unacceptable	Don't know
England	86%	7%	64%	17%	17%	60%	34%	6%	58%	22%	17%	51%	25%	22%	62%	32%	6%	63%	32%	5%	63%	31%	1%
Wales	90%	3%	70%	19%	11%	92%	8%	1%	77%	18%	5%	78%	16%	7%	93%	6%	1%	93%	6%	1%	93%	7%	6%
Overall	86%	6%	64%	17%	17%	62%	33%	5%	59%	22%	16%	52%	25%	22%	64%	31%	6%	65%	31%	5%	65%	29%	6%

Please not that categories are combined totals - e.g. "very"/"fairly" good/poor value for money, and "very"/"fairly" satisfied/dissatisfied have been aggregated, as have "completely unacceptable"/"unacceptable" and "acceptable"/"very acceptable".

MVA Consultancy provides advice on transport and other policy areas, to central, regional and local government, agencies, developers, operators and financiers.

A diverse group of results-oriented people, we are part of a 350-strong team worldwide. Through client business planning, customer research and strategy development we create solutions that work for real people in the real world.

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