

22<sup>nd</sup> March 2019

# Hafren Dyfrdwy: Customer perceptions of ODIs

## Customer workshops

### Report

[britainthinks.com](http://britainthinks.com)

# Contents

**01**

**Background and methodology**

**02**

**Key findings**

**03**

**Spontaneous views of HD: bills and performance**

**04**

**Initial perceptions of ODIs**

**05**

**Perceptions of specific service area ODIs**

**06**

**Bill acceptability and timing of bill changes**

**07**

**Conclusions**

---

# 1

# Background and methodology



## Background and objectives

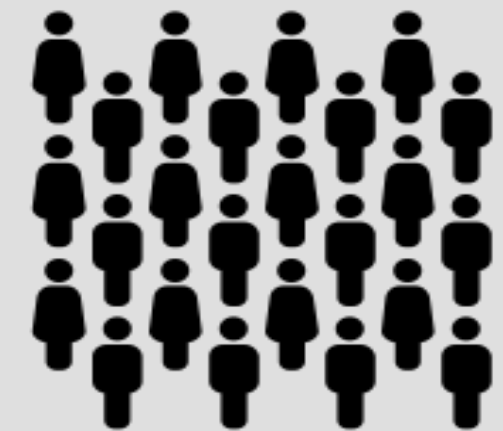
- Following its launch in July 2018, Hafren Dyfrdwy, Severn Trent's Welsh business, submitted its PR19 business plan (2020-25) to Ofwat in September 2018. The plan had been shaped by customer research.
- Ofwat has assessed the company's plan as requiring 'significant scrutiny'. The company therefore needs to submit a revised plan on 1 April 2019.
- In order to inform its revised business plan, Hafren Dyfrdwy, has decided to consult customers further, on the issue of outcome delivery incentives, or ODIs, and how these might be set for Hafren Dyfrdwy.
- Ofwat has set a number of challenging targets for Hafren Dyfrdwy to improve performance in a range of service areas. The company wanted to test customer responses to the concept of setting ODIs in these areas, and in particular priority service areas.



# Methodology and sample

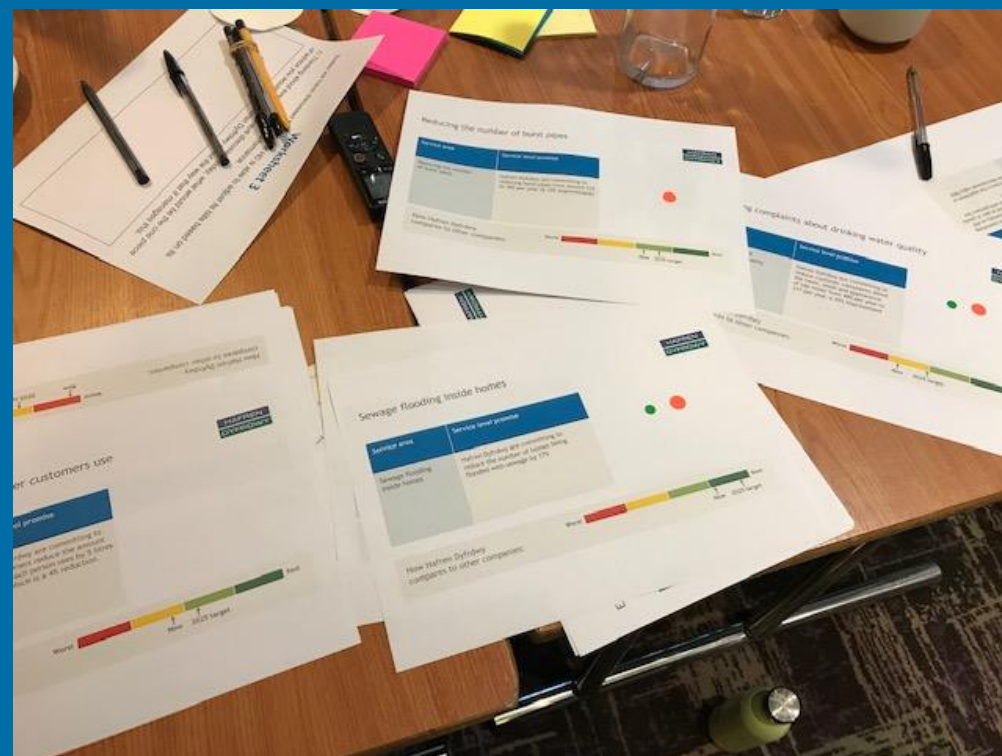
## Two half-day deliberative workshops with Hafren Dyfrdwy customers

- **Locations:** Wrexham and Newtown (Powys)
- **Sample size:** 11-12 customers per workshop (23 overall)
- **Duration:** 2.5 hours
- **Demographics:**
  - Spread of customer age and gender
  - Spread of socio-economic groups, life stage, urban/rural customers and metered/unmetered
- **Relationship to Hafren Dyfrdwy:**
  - Mix of payment options, mix of contact with Hafren Dyfrdwy
- **All screened on attitudes towards finance to ensure engagement with topics under discussion**





## Wrexham

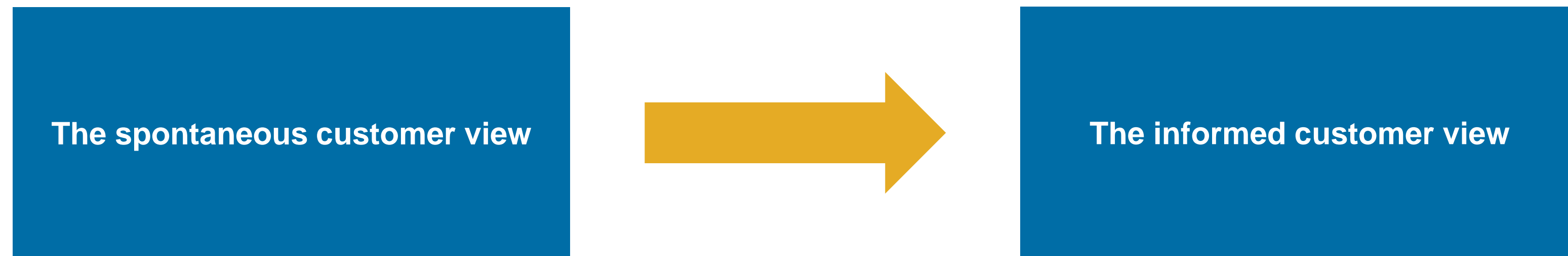


## Newtown



# The deliberative approach

Water tends to be a low saliency issue, with customers often engaging little with their water and wastewater services and having relatively low levels of knowledge of what is involved in the provision of these. To achieve the research objectives, therefore, we used a deliberative approach



This approach enabled us to initially explore customers' spontaneous perceptions and associations around water bills, and what affects them, as well as understand their informed opinions on ODIs once presented with information around regulation and financial incentives in the water industry.

ODIs are a particularly complex topic for customers to engage with. Using a deliberative approach provides the information that customers need to reach an informed perspective. Without this approach, customers may 'default' to uninformed or stock responses, or simply find it hard to give a view. The deliberative approach will likely therefore give different results to a quantitative approach, where it is not possible to provide the same level of information and where customers do not have the same opportunity to ask questions.



# Deliberative workshop agenda

	Topic	Testing	Areas to be covered
1	Your water bill	<ul style="list-style-type: none"><li>• Spontaneous customer view on water and other bills</li></ul>	<ul style="list-style-type: none"><li>• Understanding how customers feel about the cost of their water bills compared to other utility bills and how they feel Hafren Dyfrdwy’s performance compare to their other suppliers</li></ul>
2	Introduction to Hafren Dyfrdwy	<ul style="list-style-type: none"><li>• Informed customer view on Hafren Dyfrdwy</li></ul>	<ul style="list-style-type: none"><li>• Provide customers with more information about Hafren Dyfrdwy, the water cycle, where money from customers’ bills is spent, and how Hafren Dyfrdwy compares to other water companies</li><li>• Understanding customer views on bill volatility and what acceptable and unacceptable bill changes look like</li></ul>
3	Introduction to ODIs	<ul style="list-style-type: none"><li>• Customer view on ODIs</li></ul>	<ul style="list-style-type: none"><li>• Introducing the concept of ODIs, and gaining understanding of level of support/opposition to financial incentives</li><li>• To understand approximately how much <i>in total</i>, if anything, customers feel it’s appropriate for their bills to increase or reduce as a result of financial ODIs</li></ul>
4	Priority service areas	<ul style="list-style-type: none"><li>• Customer view on appropriate areas for financial incentives</li></ul>	<ul style="list-style-type: none"><li>• Understand which service areas are most important to customers, which (if any) are suitable for penalty and/or reward</li></ul>
5	Ofwat priority service areas and bill acceptability	<ul style="list-style-type: none"><li>• Overall response to Hafren Dyfrdwy’s proposals</li></ul>	<ul style="list-style-type: none"><li>• Understand customer views on priority service areas for Ofwat, whether they are suitable for penalty and/or reward</li><li>• Understand customer views on appropriate level of bill change for each service area</li><li>• Understanding customer views of when any changes to the bills as a result of ODIs should be applied</li></ul>



---

# 2

## Key findings

## Key findings

1

**Most customers are neutral or positive about Hafren Dyfrdwy's performance to date.**

- When thinking about their other utilities suppliers, their water company is perceived more favourably – in terms of bills, performance and reputation.

2

**Whilst awareness of Ofwat is low, information about regulation is well received.**

- Regulation is felt to be particularly important for the water industry, where customers cannot switch supplier. Many would like to know more about this.

3

**On balance, the majority support ODIs as a way to motivate improved performance.**

- Financial incentives are seen as one of the *most* effective ways to motivate performance.
- A minority dislike ODIs, feeling that water companies should not need incentives to perform well.

4

**When considering the applicability of ODIs in individual service areas, views are more mixed.**

- Service areas which feel 'core' to water supply, already have an in-built financial incentive, or have a strong reputational incentive, are less likely to be considered appropriate for financial ODIs.

5

**Customers find it challenging to consider bill acceptability and when ODIs should be applied.**

- They want to achieve a balance which makes sense to the company, and minimises bill volatility.

---

# 3 Spontaneous views of Hafren Dyfrdwy: bills and performance



## Perceptions of Hafren Dyfrdwy's performance are neutral to positive, while its bills feel affordable for most

- Most customers are aware of the switchover to Hafren Dyfrdwy last year, but beyond that know very little about the company
- As a result, most find it difficult to give a view on its performance so far
  - Those who have experienced issues with their water supply find it easier to give a view, and tend to be more negative
- Despite feeling that it is hard to assess Hafren Dyfrdwy's performance yet, most are favourable about the level of service they receive
- And most feel that their water bill is a 'fair' amount for the service they get

*"I saw the letter last summer with the name change. But other than that I haven't heard anything about them."*  
(Newtown)

*"It's hard to say really. They're still really new to me. Nothing has gone wrong, so that's good. But I can't really say how they're doing overall or what their reputation is."*  
(Newtown)

# Views of Hafren Dyfrdwy's performance and bills are more favourable when compared with other utilities suppliers

- Comparing Hafren Dyfrdwy's performance to other utility providers tends to increase customers' positive sentiment about the level of service they get from Hafren Dyfrdwy
  - Many have negative experiences engaging with their broadband or energy suppliers
  - Most have not had negative experiences with Hafren Dyfrdwy and are therefore neutral to positive about performance so far
- There is a strong sense that water companies' bills are fairer than other utilities
  - Many reference that other utilities appear to charge the highest amount possible, or confuse customers via varying tariffs
    - The perceived simplicity of a water bill is liked in comparison
  - Some feel that water companies are less 'ruthless' in pursuing profits than other utility providers

The image shows two overlapping 'Worksheet 1' forms, likely part of a survey. The top form is slightly offset to the right and up, showing handwritten responses. The bottom form is slightly offset to the left and down, also showing handwritten responses. Both forms have the same structure with four questions.

**Worksheet 1**

1) Approximately how much was your last water bill? £85 m/m?

2) How do you feel about the cost of your water bill? IT'S OK AND SEEMS REASONABLE.

3) How does the cost of your water bill compare to other utility bills you receive? E.g. electricity, gas, phone, broadband. MUCH MORE REASONABLE THAN OTHER UTILITIES

4) How does the performance of your water company (Hafren Dyfrdwy) compare to that of other utilities such as your electricity, gas, phone or broadband provider?

**Worksheet 1**

1) Approximately how much was your last water bill? fine

2) How do you feel about the cost of your water bill? £430.00

3) How does the cost of your water bill compare to other utility bills you receive? E.g. electricity, gas, phone, broadband. IT'S LOWER THAN MOST OF MY BILLS

4) How does the performance of your water company (Hafren Dyfrdwy) compare to that of other utilities such as your electricity, gas, phone or broadband provider? I've never had an issue with it

## Awareness of factors which affect customer bills is low

- Customers on water meters, or those who use unusually large amounts of water are aware that their water usage affects their bill
  - Some were aware that their waste-water usage would also affect it
- Beyond this, many struggled to consider other factors and most had not thought about this issue before
- When prompted, participants raised the following as factors which could increase bills:
  - Making repairs to pipes
  - Changes in the company structure
  - Investment in new infrastructure
  - Inflation
- No participant spontaneously referenced factors which could result in *lower* bills
- No participant spontaneously referenced performance incentives

*"I'd assume it's how much you use that makes the most difference. I run a farm so I know my bill is likely to be much higher than anyone else's."*  
(Newtown)

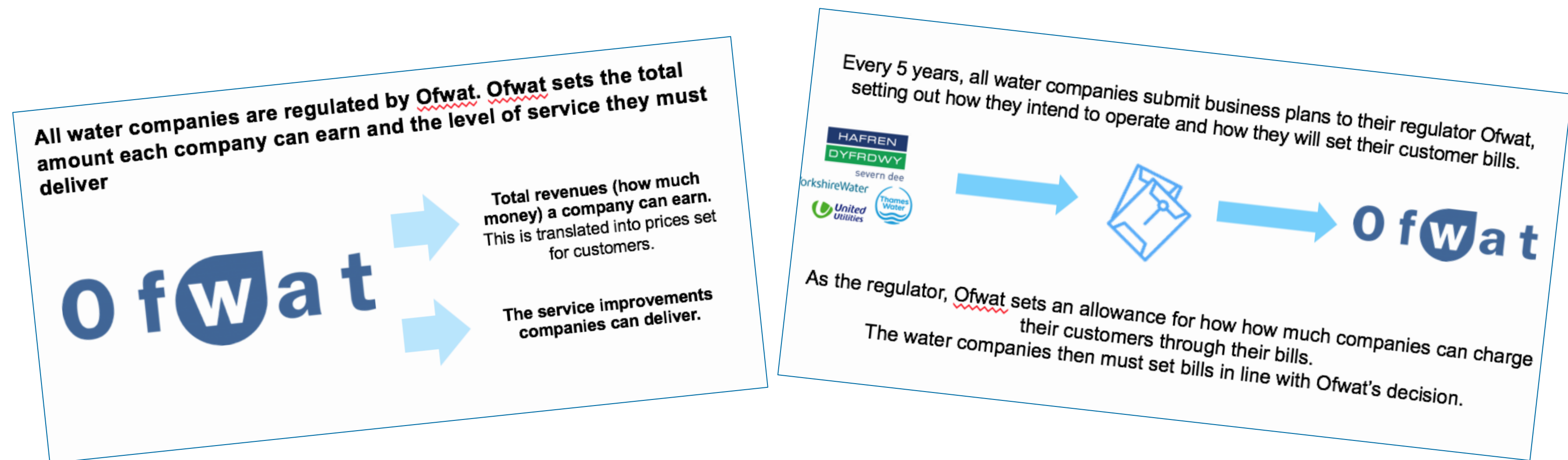
*"I suppose if they have to spend a lot of money on repairs – fixing flooding, burst pipes – then that might make bills go up."*  
(Newtown)



---

# 4 Initial perceptions of ODIs

# We then presented customers with some more information about the regulation of water companies



## Customer welcome information about regulation, and feel this is particularly important within the water industry

- Very few customers have previous awareness of Ofwat – some know that the industry is regulated but have little idea of how, or by whom
- The vast majority are positive that the industry is regulated
  - Regulation is felt to be even more important in the water industry compared with other utilities, given the inability of customers to switch suppliers
  - A few customers want to know more about Ofwat's role and how much influence it has over water companies, in order to give an informed view on whether it seems a good idea
- The two functions presented – setting a cap on the amount companies can earn and setting performance targets – are believed to be beneficial
  - The cap is felt to ensure that companies cannot be purely profit-driven (at the expense of service quality)
  - And the performance targets are felt to mean the company is aiming to improve things for the customer

*“That sounds good. It’s good to know that someone is keeping an eye across everything. It makes you think that companies will be acting more for the consumer than they might otherwise.”*  
(Wrexham)

*“It [regulation] is even more important if you can’t switch provider. With my broadband, if I’m not happy I’ll move elsewhere. But you can’t do that with water.”*  
(Newtown)



# The concept of ODIs was explained to customers, including how targets are agreed with Ofwat and how customer bills change if these targets are exceeded or not met

As part of this process, Hafren Dyfrdwy and Ofwat also agree on the improvements to the level of service they will commit to delivering for customers and the environment.

Water companies can have financial incentives to improve the level of service they offer, called financial outcome delivery incentives (ODIs).

All water companies currently have financial ODIs and are required to report on performance each year to Ofwat, including HD.

YorkshireWater



If HD does not deliver on its commitments it has to return money to customers through lower bills.

If it exceeds the performance it has committed to, it is allowed to take a small amount of extra money from customers' bills so that bills go up.

## At first glance, most customers are positive towards ODIs

- Most customers are positive about ODIs when first introduced
  - They think the mechanism will be effective to motivate performance
  - And believe that financial incentives are the *most* motivating type of incentive for companies, as they impact on a company's bottom line
- A minority of customers have reservations about the concept of ODIs in principle, though accept they will likely be effective in practice
  - These individuals similarly expect that financial incentives will motivate, but tend to disapprove of a profit-driven agenda
- Reputational incentives are expected to have some effect on company performance, but less so than financial incentives
  - The inability for customers to switch supplier is expected to mean reputational changes have little impact on the company's bottom line
- Customers like the penalty and reward element of ODIs – there is a sense that it is 'fair' to reward for good performance, and punish for underperformance

*“At the end of the day, money makes the world go round and all that. It's going to make the most difference to them.”*  
(Wrexham)

*“What does it matter if they have a bad reputation? I can't switch to someone else can I?!”*  
(Wrexham)

## A minority of customers (all in Newtown) disagree with the concept of ODIs entirely

- Among this group, most believe that water is a fundamental service
  - They think companies shouldn't need to be rewarded for providing this
- Some believe that a reputation benefit should be incentive enough to motivate companies to improve performance
- There are also concerns that financial rewards could result in increasing company and/or shareholder profits which customers did not want to see
  - Even when it is explained that HD will not make profit until 2027, this is still a concern in the longer term
- Despite negativity towards ODIs, customers struggled to come up with alternative methods to incentivise performance

*"I'm a teacher. It's like me getting a reward if my students get As, and penalties if my students get Ds."*  
(Newtown)

*"Their incentive should be to provide a good service, not to get a few extra quid off people. Providing a good service, that should be bonus enough."*  
(Newtown)



---

# 5

## Perceptions of specific service area ODIs

# **We presented customers with more detailed information about ODIs in 20 service areas and asked for their views on how appropriate ODIs are for each**

- Improving river water quality
- Reducing leakage
- Increasing our priority services register
- Reducing complaints about drinking water quality
- Satisfactory sludge use and disposal
- Sewage flooding inside homes
- Drought risk
- Reducing sewer blockages
- Educating children to use water more wisely
- Improving biodiversity
- Reducing the number of lead pipes
- Meeting our water quality obligations
- Risk of sewer flooding in a storm
- Reducing the number of pollution incidents
- Reducing the number of properties receiving low water pressure
- Reducing the number of customers who aren't billed
- Reducing the number of burst pipes
- Reducing the amount of water customers use
- Water supply interruptions
- Helping vulnerable customers who struggle to pay their bill

## When considering ODIs for specific service areas, views on the use of ODIs becomes more mixed

- Perceptions of whether ODIs are appropriate does vary with service area
  - No customer agreed that ODIs should be applied across all service areas tested
- Many want additional information about HD or the service area target to inform their view on whether ODIs are appropriate or not. This included:
  - Hafren Dyfrdwy's overall profits
  - Hafren Dyfrdwy's customer base
  - How difficult each target is to achieve
  - How many targets Hafren Dyfrdwy is likely to achieve
  - Whether service areas can be influenced by factors external to Hafren Dyfrdwy's performance
- Balancing the pros and cons of applying ODIs feels quite difficult to most customers

*"I guess it depends on how many customers they have overall. If you add it up, across all of their bills. That's what would make a difference."*  
(Newtown)

*"How much money do they make? How much would it [ODI charges] be compared to their profits?"*  
(Newtown)

# **We then focused on 7 priority service areas to understand customers' perceptions of how appropriate ODIs are for each, and bill acceptability**

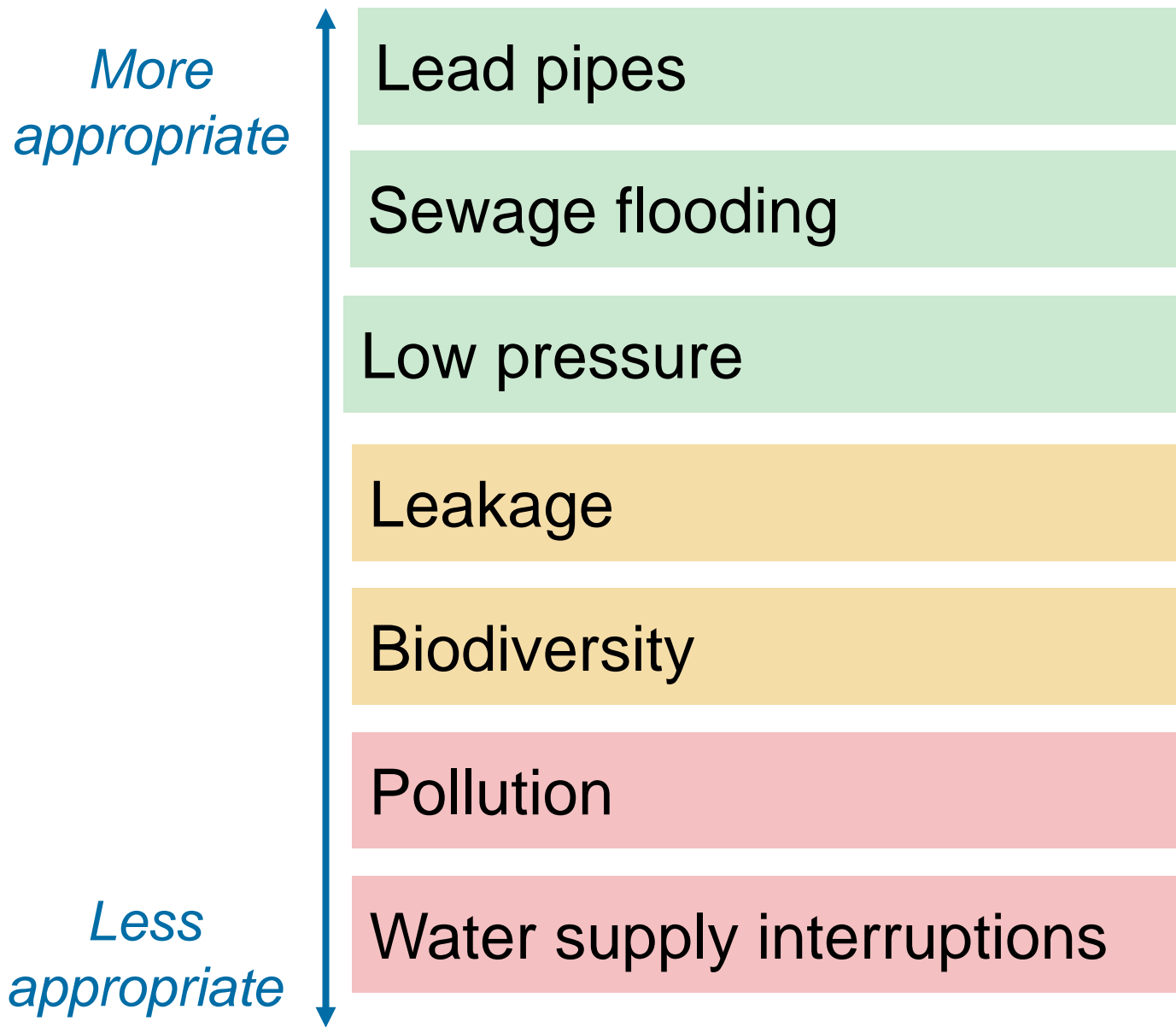
- Water supply interruptions
- Leakage
- Lead pipes
- Biodiversity
- Low pressure
- Sewage flooding inside homes
- Pollution








## The following questions appear to underpin customer views on how appropriate ODIs are for each service area:

- 1** Is this a core service area, or is Hafren Dyfrdwy going above and beyond? Most think ODIs should *not* apply to what are considered 'core services'.
- 2** Is there already a financial incentive for HD to improve performance built within the performance target?
- 3** Is there already a strong reputational incentive in this service area? If so, an ODI might not be necessary or appropriate.
- 4** Does this performance target affect a small number of customers only? If so, recompense should be directly to them.
- 5** Is the target fully within HD's control? If not, a penalty for not meeting the target is unfair.
- 6** Is the target particularly challenging? If so, a penalty for not meeting the target is unfair.

# The service areas where ODIs are felt to be most appropriate are lead pipes, internal sewer flooding, and low pressure



Feedback on each service area is given in the following slides, with the key below indicating responses

Are ODIs suitable in this area?	Assuming ODIs were to be applied in this area, should there be reward and/or penalty?
 Financial incentives suitable in this area	 Reward suitable
 Unclear if financial incentives suitable	 Penalty suitable
 Financial incentives not suitable in this area	

Some service areas were tested only in Wrexham or Newtown. Location of testing is indicated for each service area.

# Feedback on lead pipes

Reducing the number of lead pipes



HAFREN  
DYFRDWY

Service area	Service level promise
Reducing the number of lead pipes	Hafren Dyfrdwy are starting a programme of lead pipe inspection and replacement in schools and nurseries and are committing to replace 460 lead pipes over the next 5 years

*“You’d think that would be illegal now...I don’t know whether that needs a financial incentive – couldn’t it just be a legal requirement?”  
(Wrexham)*

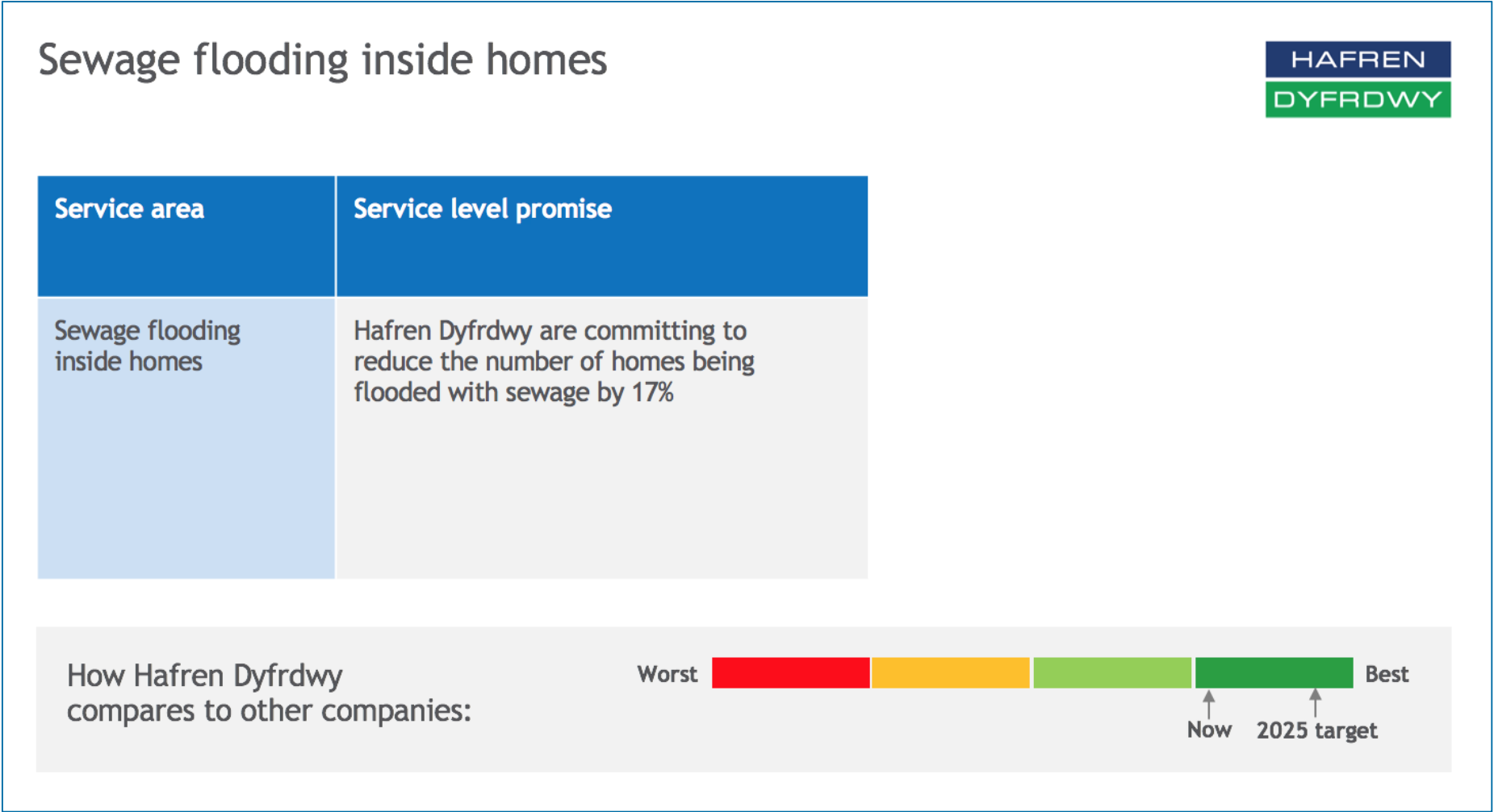
Wrexham and Newtown

Suitable for ODIs?

Penalty/reward?  


- Most customers feel there is a strong case for ODIs to be applied in this service area
  - Lead pipes are often seen as a result of historic infrastructure and therefore considered as outside of Hafren Dyfrdwy’s control
  - The public health risk of *not* acting - thus feeling it is highly important to incentivise this target
- Most customers feel that both rewards and penalties are appropriate, maximising the incentive for Hafren Dyfrdwy to act
- A minority of customers think that there should be a legal requirement to replace lead pipes due to the impact on public health
  - Either instead of, or in addition to, financial incentives

# Feedback on sewage flooding inside homes



*“Does that really happen? That sounds awful. I wouldn’t mind a small bit on my bill for that – you never know it could happen to you.”*  
(Newtown)

Newtown only

Suitable for ODIs?  
✓

Penalty/reward?  
● ●

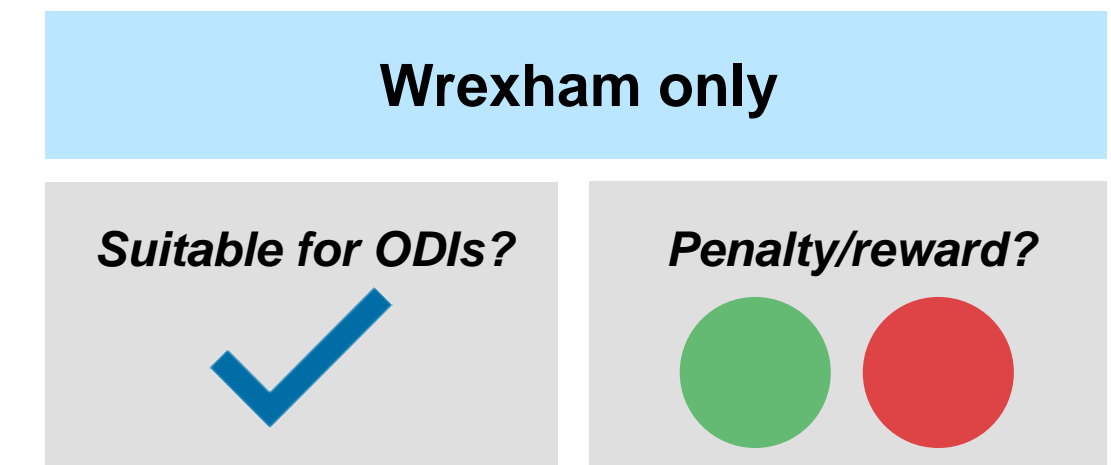
- This service area is felt to merit application of ODIs due to the significant impact an incident could have on customers
  - Although a minority feel financial compensation to the households affected – rather than an ODI – would be fairer
- Support is strongest for applying a penalty in this service area – ISF is seen as relatively ‘unforgivable’ and therefore worthy of reprimand if it occurs
- Some are positive that applying a reward could also act as an additional factor to improve performance



# Feedback on low pressure

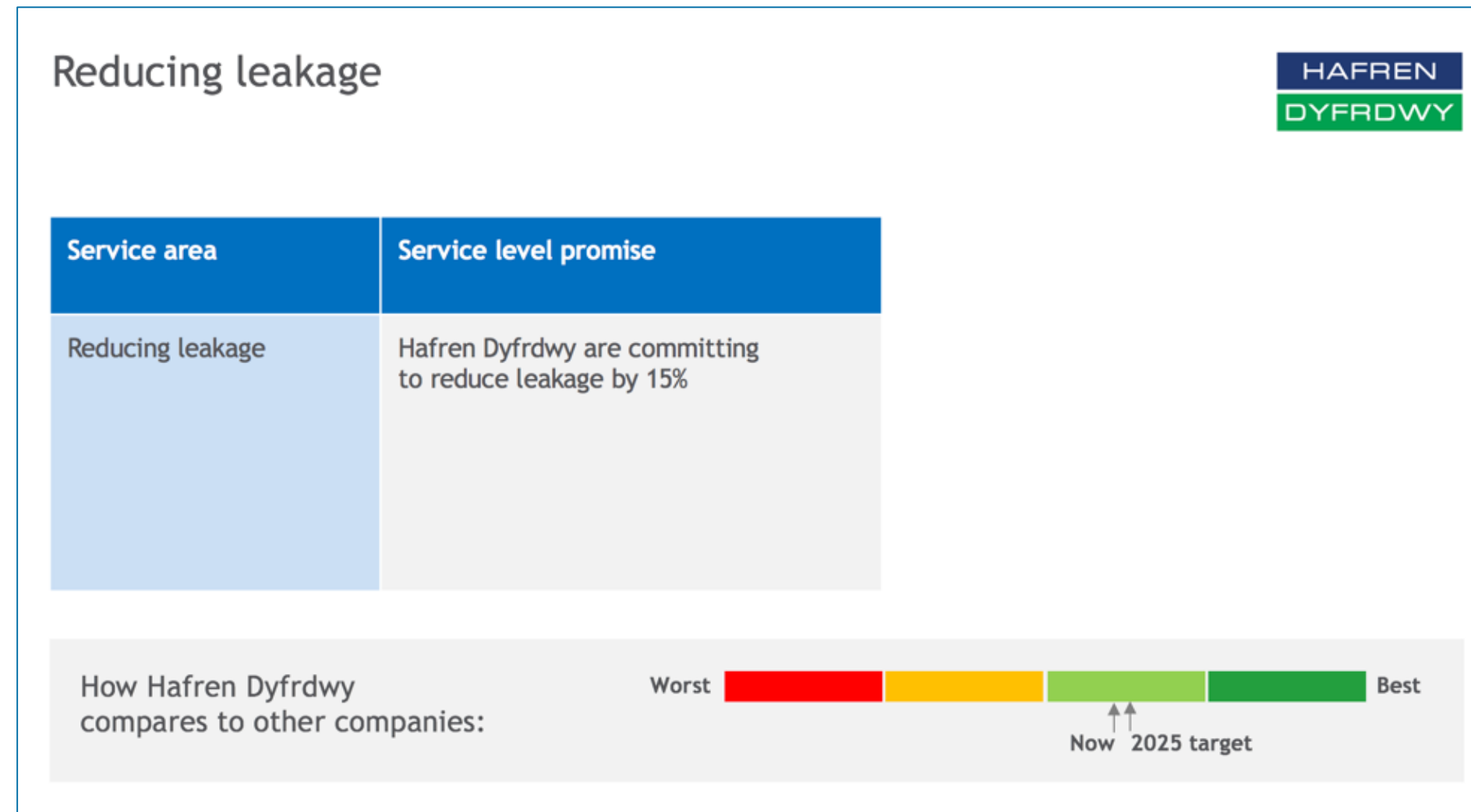


*"It is awful for people who experience it, so I guess it does make sense to try and improve things."*  
(Wrexham)



- On balance, customers feel this area is suitable for ODIs
  - Pressure levels are not regarded as absolutely fundamental to water provision
  - But low pressure is felt to have a significant impact on customers, therefore incentivising improvements is desirable
- There are mixed views on whether penalties or rewards should be applied
  - A minority feel a reward is most suitable given the investment needed from Hafren Dyfrdwy to improve this
  - Some question the fairness of applying penalties if the reasons for low pressure are outside of Hafren Dyfrdwy's control e.g. agriculture using excess water, or households at the top of blocks of flats

# Feedback on leakages



*“They’ll make money anyway if they’re losing less water. So I’m not sure if that needs another incentive.”*  
(Newtown)

## Wrexham and Newtown

Suitable for ODIs?



Penalty/reward?



- There is a mixed response to application of ODIs to this service area
  - Many think that there is already a financial incentive for the company in meeting the performance target as it will reduce wasted water
  - On the other hand, some customers feel this is an important target to meet as customers currently pay for lost water. Among these individuals, an incentive to motivate performance is desired
- Many feel that this is a difficult target to meet and prefer a reward rather than a penalty for falling short
  - Some also want a penalty to maximise the incentive, to ensure that customers don’t continue footing the bill for further leakages

# Feedback on biodiversity

Improving biodiversity

HAFREN

DYFRDWY

Service area	Service level promise
Improving biodiversity, meaning protecting the natural environment and encouraging diverse plants and wildlife	<p>Hafren Dyfrdwy are committing to enhance biodiversity on 450 hectares of land as part of jointly funded work with partners like the RSPB.</p> <p>A hectare is the equivalent of one international rugby field.</p>

*“That’s nice. It’s nice to see it happen, but it doesn’t really feel that relevant.”*  
(Wrexham)

Wrexham only


Suitable for ODIs?  
?

Penalty/reward?

- Increasing biodiversity is regarded as an important aim, but most think it is outside of Hafren Dyfrdwy’s ‘core service’ of water provision
- Views are therefore mixed as to whether it is an appropriate area for ODIs
  - Some feel that the importance of the issue means financial incentives should be applied to encourage action
  - While others think it isn’t particularly relevant to their water service and don’t want to see their bills affected
- If an ODI is applied, most feel a reward is suitable
  - Those who feel more strongly about improving biodiversity also feel a penalty could be applied

# Feedback on pollution


Reducing the number of pollution incidents




Service area	Service level promise
Reducing the number of pollution incidents.	Hafren Dyfrdwy are committing to reducing the number of pollution incidents from 8 to 5 per year (a 38% improvement).

*“Is that pollution they have caused? I wouldn’t have thought water companies do that – but they really shouldn’t!”*  
(Newtown)

Newtown only

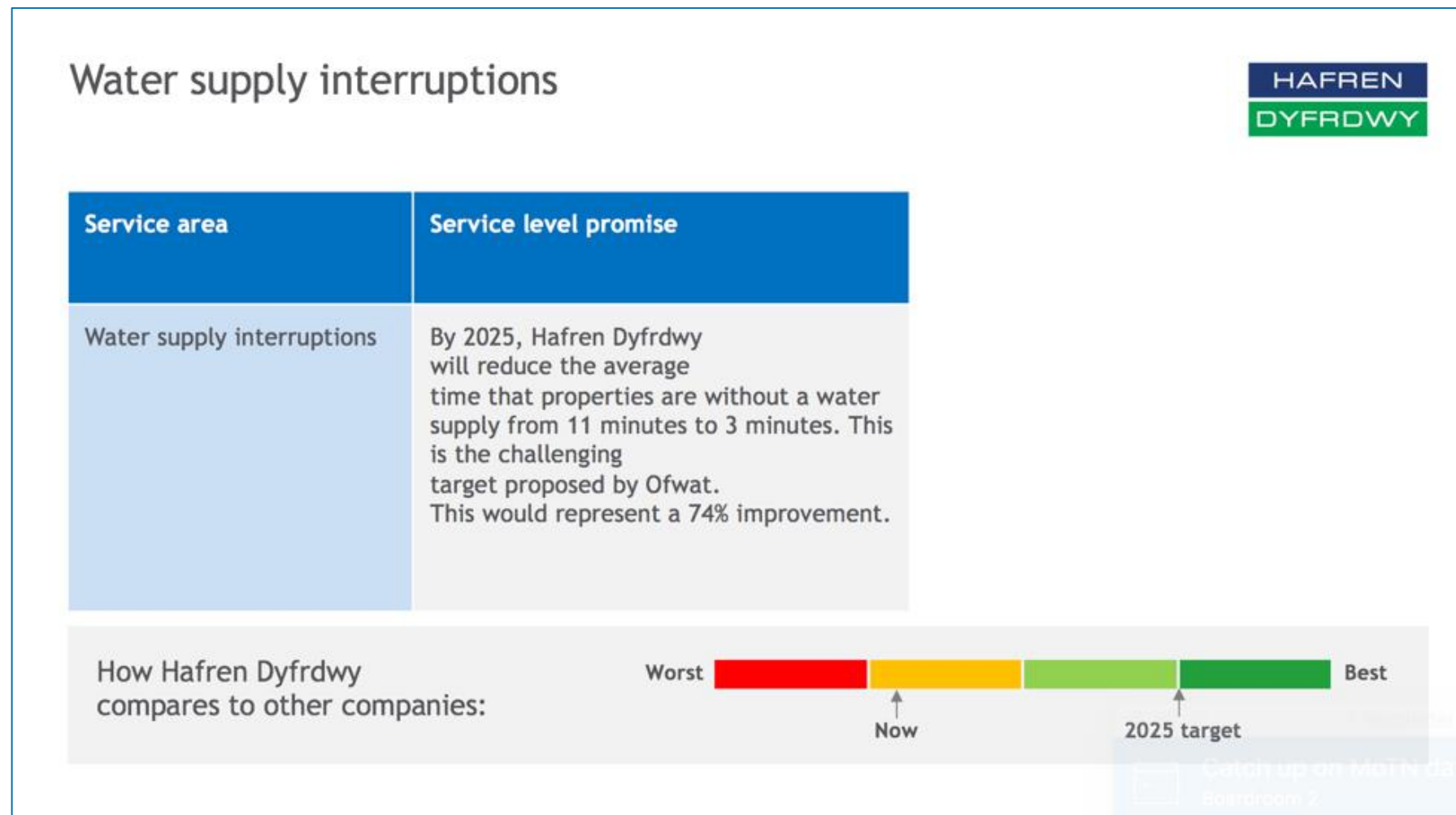
Suitable for ODIs?  


Penalty/reward?  


- Customers’ awareness of this as an issue is low, but most feel it is important when prompted
- However, most think minimising pollution incidents should be a legal obligation, rather than motivated by financial incentives
- For those that feel ODIs could help tackle the issue, penalties are seen as the most motivating
  - With a small minority willing to accept rewards if it does result in fewer incidents



# Feedback on water supply interruptions



*“11 minutes? That’s hardly anything. I wouldn’t even notice that.”*  
(Wrexham)

## Wrexham and Newtown

Suitable for ODIs?



Penalty/reward?



- On balance, customers do not want to see ODIs applied to this service area
  - Most think the current standard of 11 minutes without supply is acceptable
  - And do not want to see a potential increase in their bill to reduce this to 3 mins as they don’t expect to feel this positive improvement
- If ODIs are to be applied, most feel that a reward is more appropriate than a penalty
  - The target is seen to be very challenging
  - Therefore, a penalty for falling short seems unfair, particularly if improvements are made, just below the 3 min threshold

---

# 6

## Bill acceptability and application of bill changes

## Participants find it hard to allocate a financial amount to the penalty or reward for each service area

- Customers feel that £10-20 per annum is an acceptable range to add to bills (or reduce them by) in total as a result of ODIs
  - This was only acceptable for the issues of highest importance to them – i.e. sewage flooding and lead pipes
- Many find it hard (or even impossible) to give an exact range that they would be accept
  - Some dislike the principle of ODIs and therefore found it difficult to engage with this task
  - Some feel they needed more information about company profits to know what would be impactful for the business
  - Some want to know how likely it is that HD will achieve their targets in order to assess how much their bill might rise (and therefore what amount they'd be happy with)

*“It depends a bit on the number of targets they’ll meet. We could say £5, but then if they meet all of them that’s a lot.”*  
(Newtown)

*“If you add 4 pounds, 2 pounds and so on across all the service areas, that’s a lot of money.”*  
(Newtown)

# The industry ranges we presented are felt to be acceptable to most

- The highest and lowest bands presented were within the range that customers said they would be prepared to see their bill fluctuate by spontaneously
- Most feel these amounts would be unlikely to have a significant impact on them. There are notable exceptions to this however:
  - Pensioners are more likely to be concerned that this could have an impact
  - And some are concerned that if Hafren Dyfrdwy exceeds *all* its targets, their bill change would be unacceptably high

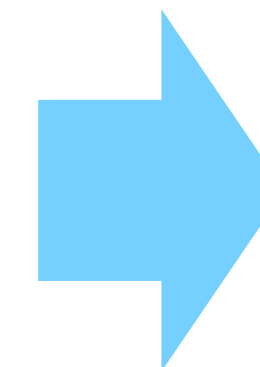
The highest and lowest financial incentives proposed by the 17 water companies in their 2020-25 business plans			
Performance commitment	If the company beats or misses the performance target it agreed with Ofwat by...	Highest annual bill change (penalty and reward) per bill proposed by a water company	Lowest annual bill change (penalty and reward) per bill proposed by a water company
Leakage	1 megalitre per day	£4.01	£1.44
Low pressure	100 properties with low pressure	£2.28	£0.09
Internal sewer flooding	1 sewer flooding incident	£2.21	£0.63
Water supply interruptions	1 minute	£0.78	£0.18
River water quality	1km of rivers improved	£0.66	£0.04
Biodiversity	10 hectares of improved natural environment	£0.66	£0.01
An individual's daily water usage	1 litre per day	£0.29	£0.09
Lead pipes	1 lead pipe replaced	£0.25	£0.01
Drinking water quality complaints	100 complaints	£0.20	£0.01
Sewer blockages	100 blockages	£0.18	£0.05
Properties using water but not being charged	1 property	£0.17	£0.04
Inspiring customers to use water wisely	1,000 school children successfully inspired	£0.15	£0.02



## Across the workshops, some ‘principles’ for bill acceptability were developed

Customers want to see penalties and rewards set such that the amount is:

- 1 High enough such that the total penalty or reward (when applied across all customer bills) would have an impact on the company of sufficient size to motivate
- 2 Not so high that there would be drop in performance due to insufficient funds if HD fails to meet its targets in multiple areas
- 3 Low enough that it does not feel like a significant change in bill amount for the individual customer
- 4 Higher on the issues which are of greatest importance to customers (and deemed to be appropriate for a financial incentive)



**Customers expect that there is a ‘sweet spot’ where all of these principles can be met.**

## There is no clear consensus on whether changes to bills should be applied in-year or at the end of the AMP

	Benefits	Drawbacks
1-year basis	<ul style="list-style-type: none"><li>• Makes Hafren Dyfrdwy more accountable to its customers</li></ul>	<ul style="list-style-type: none"><li>• Might come with greater (and costly) reporting burdens</li><li>• More difficult to measure progress against some targets e.g. biodiversity</li><li>• May result in greater bill volatility</li></ul>
5-year cycle	<ul style="list-style-type: none"><li>• Expected to be a more manageable reporting process for the company</li><li>• Makes sense for service areas with long-term targets e.g. biodiversity</li><li>• Seen to keep bills more stable</li></ul>	<ul style="list-style-type: none"><li>• Makes Hafren Dyfrdwy less accountable</li><li>• Sense it may remove the urgency of addressing some targets</li></ul>

**Overall, most customers want to see a process which is practical for Hafren Dyfrdwy and does not make customer bills volatile.**

---

# 7

## Recap of key findings

## Key findings

1

**Most customers are neutral or positive about HD performance to date.**

- When thinking about their other utilities suppliers, their water company is perceived more favourably – in terms of bills, performance and reputation.

2

**Customers are very positive towards Ofwat and regulation of the water industry.**

- Regulation is felt to be particularly important for the water industry, where customers cannot switch supplier. Many would like to know more about this.

3

**On balance, the majority support financial ODIs as a way to motivate performance.**

- Financial incentives are seen as one of the *most* effective ways to motivate performance.
- Those who dislike ODIs found it challenging to consider another effective method.

4

**When considering the applicability of ODIs in individual service areas, views are more mixed.**

- Service areas which feel ‘core’ to water supply, which already have an in-built financial incentive, or have a strong reputational incentive, are less likely to be considered appropriate for ODIs.

5

**Customers find it challenging to consider bill acceptability and when ODIs should be applied.**

- They want to achieve a balance which makes sense to the company, and minimises bill volatility.



# Thank you

**For more information:**

Anastasia Knox  
+44 (0)207 8455880  
[aknox@britainthinks.com](mailto:aknox@britainthinks.com)

BritainThinks  
Somerset House  
Strand  
London  
WC2R 1LA

**[britainthinks.com](http://britainthinks.com)**