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Customers in Wales: PCs & ODIs

*Report prepared for: Hafren Dyfrdwy
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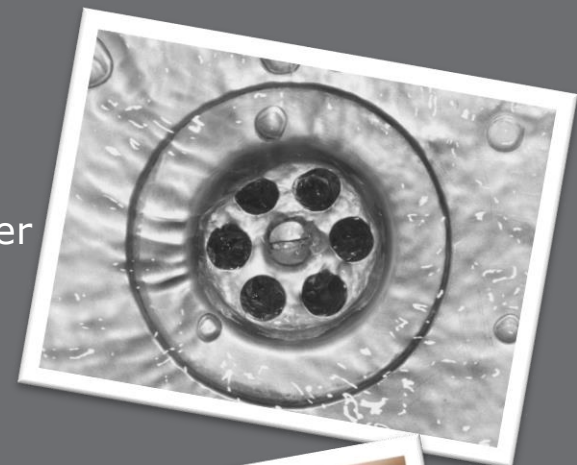
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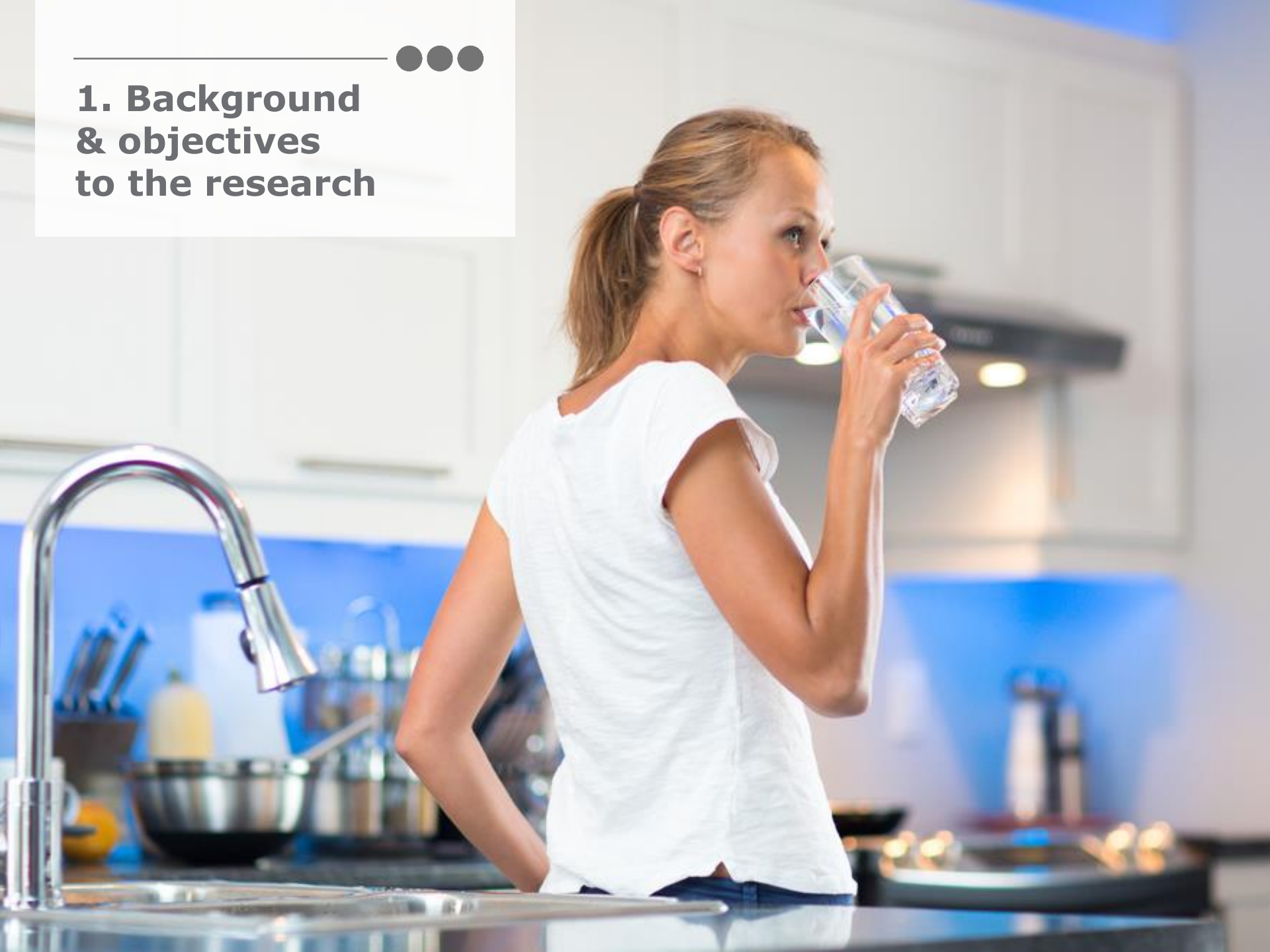
Report structure

- 1** Background & objectives to the research
- 2** High level findings
- 3** Sample profile: who we spoke to
- 4** Perceptions of Hafren Dyfrdwy and awareness of the merger
- 5** Views on the core objectives
- 6** Acceptability of Performance Commitments
- 7** Reasons PCs are acceptable or not acceptable to customers
- 8** Investment Scenarios
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1. Background & objectives to the research



Background & objectives



Ofwat has stipulated that water companies should undertake customer engagement 'to understand their customers and deliver the outcomes that matter to them over the long-term'. As part of their customer engagement programme for PR19, Hafren Dyfrdwy commissioned research looking specifically at customers' views of its performance commitments and incentives.

This piece of research forms part of a more extensive piece on Hafren Dyfrdwy's customers and focusses on customers, both household and non-household, in the Powys and Wrexham areas.

Objectives



1

Gauge general levels of trust and satisfaction in Hafren Dyfrdwy and customers' understanding of the merger

2

Understand whether the core objectives are in line with what customers think a water company should do

3

Discover customer understanding of the performance commitments proposed by Hafren Dyfrdwy

4

Gauge whether customers mind how their water company performs compared to others

5

Understand the willingness of customers to have a named value of their bill to be linked to company performance

Methodology

Stage 1: Qualitative research

2 x 2.5 hour deliberative workshops with household customers, one in Wrexham, one in Powys

2 x 2.5 hour focus groups with micro/small non-household customers from a range of sectors, one in Wrexham, one in Powys



Stage 2: Quantitative research



400 F2F CAPI surveys with households, 200 each in Wrexham and Powys, across a representative demographic

104 FTF CAPI surveys with micro and small businesses, 52 in Wrexham and 52 in Powys

Results were analysed, with both Powys and Wrexham household weighted by age to reflect the demographics of the area (see sample profile)

**2. High level
findings**





A number of key insights emerge from the research:

Overall a third of HH customers and two fifths of NHH customers are aware of the merger between Severn Trent and Dee Valley (Hafren Dyfrdwy). HH customers in Wrexham are more likely to be aware of the merger than those in Powys.

Customers were shown the core objectives of Hafren Dyfrdwy (5 in Wrexham and 6 in Powys). The core objectives are seen as broadly positive and in line with the key priorities for a water company which were spontaneously identified in the qualitative group sessions.

The PCs are generally seen as positive by both HH and NHH customers with high levels of acceptability across all measures, however qualitative research indicates some improvements that would help customers to understand PCs better.

For HH, education is the most acceptable PC, followed by sewer blockages and sewer flooding. Leakage is the least acceptable PC and an issue that HH customers voiced concern and dissatisfaction with in the qualitative group sessions. Customers think future target levels of leakage are still too high and the PC is not stretching enough.

Education is the most acceptable PC for NHH, followed by biodiversity and sewer blockages. For both HH and NHH leakage is the least acceptable PC and the one that customers think is the most important to focus on and aim to exceed the future target

For investment options, both HH and NHH customers are most likely to want to 'Do More' to enhance biodiversity. Welsh Language Services are an area where respondents are most likely want to 'Do less', although with all PCs, the majority are happy with the proposed option.

Three quarters of HH and NHH customers think it is acceptable to link a small amount of their bill to performance when asked about incentives.

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3. Sample profile – who we spoke to





Household Respondents: who are they?

Occupation of the chief income earner in their household

- A – 14%
- B – 15%
- C1 – 20%
- C2 – 15%
- D – 28%
- E – 8%



Gender

Male – 49%

Female – 51%

Location



Rural – 34%

Urban – 30%

Semi-Rural – 36%

Age

- 16 – 34 – 24%
- 35 – 49 – 34%
- 50 – 64 – 22%
- 65 + – 9%

Financial Situation

I never struggle to pay my household bills – 71%

I sometimes struggle to pay my household bills – 21%

I struggle to pay my household bills – 5%

I always struggle to pay household bills – 3%





Non-Household Respondents: who are they?

Sector



Industrial – 19%

Commercial – 66%

Public Sector – 4%

Don't Know / Other – 11%

Water Dependency

1 to 6 – 28%

7 to 8 – 7%

9 to 10 – 64%

Don't know – 5%



Bill



£0 - £100 – 4%

£101 - £200 – 13%

£201 - 300 – 13%

£301 - £400 – 9%

£401 - £500 – 13%

£501 - £600 – 6%

£601 - £700 – 5%

£701 - £800 – 5%

£801 - £900 – 4%

£901 - £1000 – 9%

Over £1000 – 7%

Business Type

Micro (1 to 9 employees) – 85%

Small (10 to 49 employees) – 15%



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4. Perceptions of Hafren Dyfrdwy and awareness of the merger





Perceptions of Severn Trent/Dee Valley Water (now Hafren Dyfrdwy)

Initially, participants in the qualitative research were asked whether they were satisfied with, and trusted, Severn Trent/Dee Valley Water. Scores given ranged between 5 and 10, with a mean score of 8* for trust and between 3 and 10, with a mean of 9*, for satisfaction:

Positive associations

They've always been there the moment that we needed them
NHH, Wrexham

They have a good reputation...
The quality of the water is good
HH, Wrexham

The fact you ring and speak to someone straight away
NHH, Wrexham



As well as outright positive and negative associations, there were a number of more neutral comments relating to Hafren Dyfrdwy as operating in the background and being 'just a water company'

Negative associations

A bit more expensive than the average
HH, Wrexham

We've had problems where a leak was identified, asking us to fix it but no description of where the leak was?
NHH, Powys

We had an issue with water quality and with getting someone to come out, it was frustrating!
NHH, Powys

Overwhelmingly, initial feedback is positive. Positive associations are down to a reliable supply, good taste, good customer service and rarely (if ever) having issues. Negative associations are held by the minority, but include water quality, price of bills, getting someone to come out and also specific issues.

*Data from self completion forms in Qualitative Research Stage – Low Base Size

NHH Customers – Perceptions of the Open Market in Powys

Customer awareness

- NHH Customers in Powys generally have a **good understanding** of the retailer and wholesaler difference and are aware Severn Trent will no longer operate in Wales.
- Most recalled receiving **literature** from Severn Trent outlining the change.
- Although no respondents were in the open market before the change, some feel they are **disadvantaged** by not being able to participate
- None of the respondents have been in contact with Severn Trent, as it was made clear they **didn't have to do anything**, however there is some interest

My way of thinking, because it applied to small businesses, it was putting small businesses in Severn Trent and the Welsh side at a big disadvantage if they weren't able to look for a cheaper provider, if that was possible.

I've heard a bit but we hadn't decided to make any changes, so we haven't investigated any further. That's about it really, I suppose!

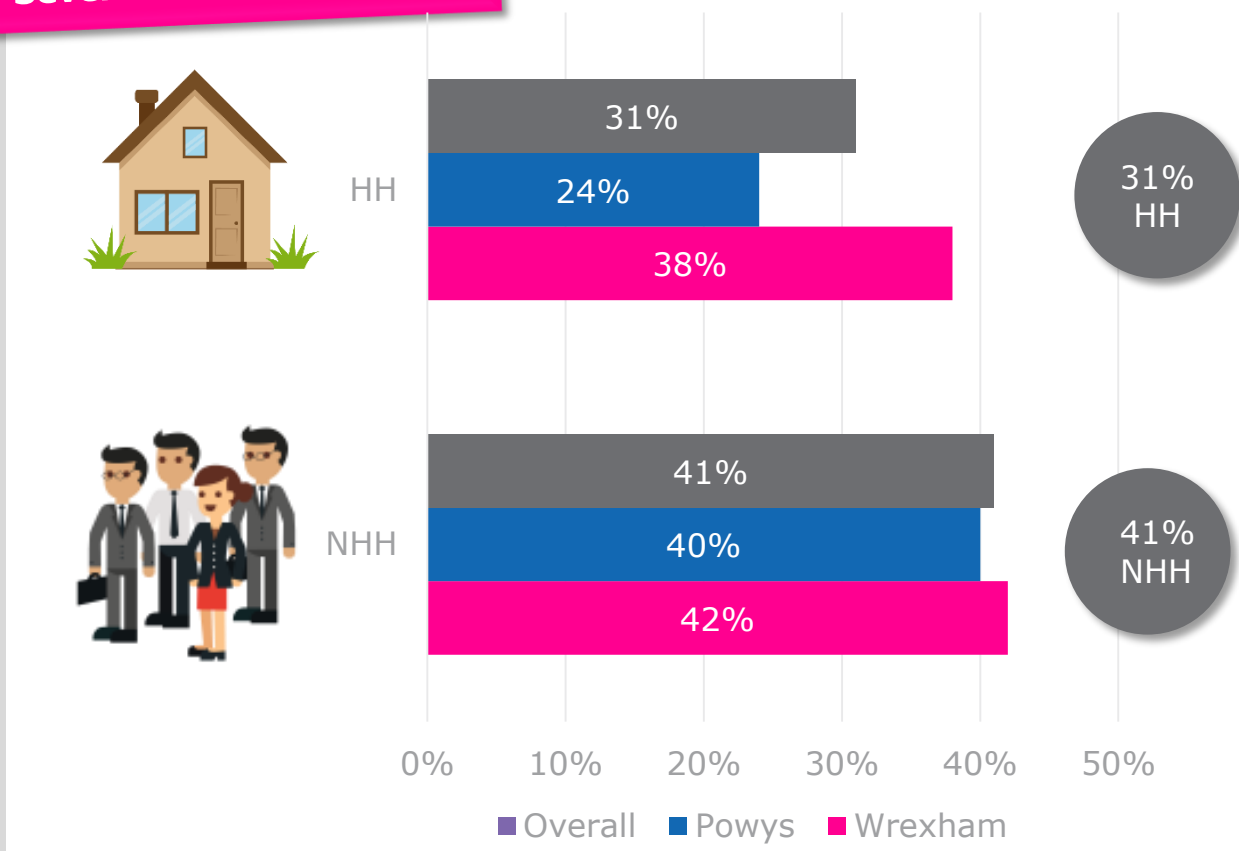
I didn't discuss it with Severn Trent. I did pursue the matter with the Farmer's Union of Wales. But I was told because most of Wales was Dwr Cymru, it didn't affect many people and wouldn't be perused



Awareness of the merger

Overall a third of HH customers and two fifths of NHH customers are aware of the merger between Severn Trent and Dee Valley (Hafren Dyfrdwy). HH customers in Wrexham are more likely to be aware of the merger than those in Powys

Awareness of Merger – Severn Trent/Dee Valley



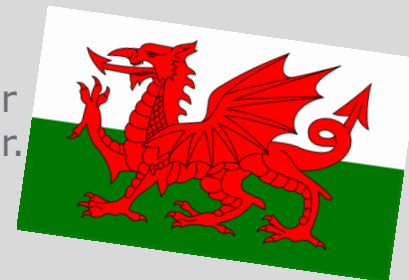
Household customers in rural areas are significantly more likely to be aware of the merger than those in urban and semi-rural areas (44% c.f. 16% urban, 32% semi-rural)

Both HH and NHH customers in Wrexham are significantly more likely to be aware of the merger than customers in Powys



Awareness & understanding of what the merger means

The qualitative research reveals high awareness of the merger with mixed views of what exactly the merger would mean. Both HH and NHH want their service to continue as it was before and some are concerned it is a takeover. It is important to customers that Welsh issues are prioritised



"I'd say that it's a **takeover** [rather than a merger], Severn Trent are a lot larger than Dee Valley."

HH Customer, Wrexham

"We've mentioned a couple of times that Dee Valley is a local company, it might not be as local which might be a negative thing."

HH Customer, Wrexham



"To me, it's of no importance. I've got my water to be supplied, like I said before. If it makes a company bigger and stronger and they provide a better service, that's great. But, it doesn't really impact on myself or my business or my home."

NHH Customer, Powys

"As long as Severn Trent carry on the same way [as Dee Valley] I'm quite happy!"

NHH Customer, Wrexham

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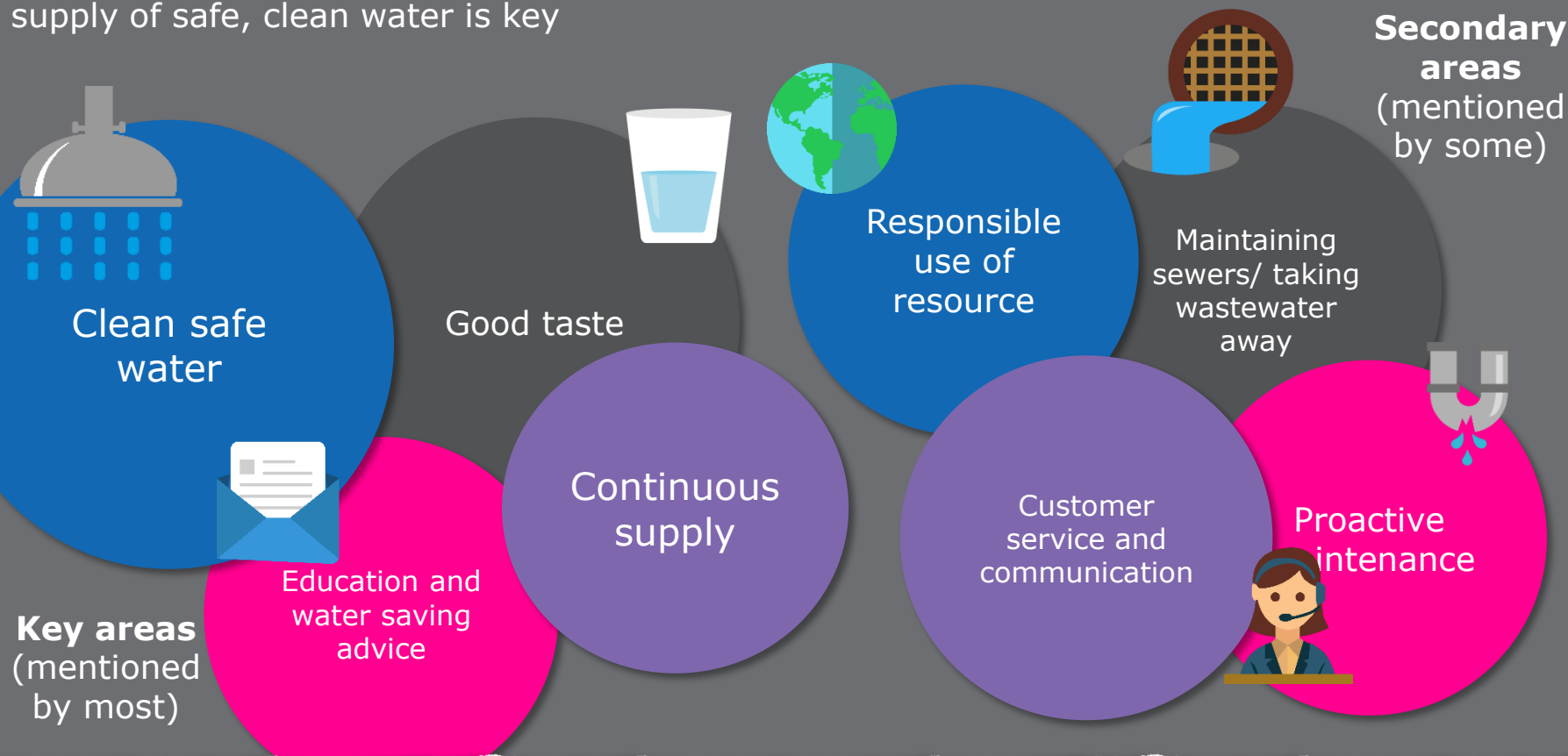
5. Views on the core objectives





Key Priorities

In the qualitative research, customers were asked to spontaneously suggest which priorities they felt that water companies should be focusing on. Almost all suggest a continuous supply of safe, clean water is key



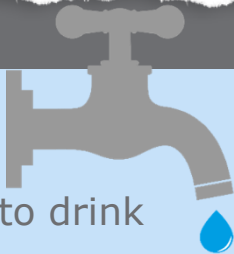
When discussing what Hafren Dyfrdwy should focus on, comments most commonly relate to the wholesale services e.g. ensuring water comes out the tap. However, there is some focus on the retail side such as communication and customer service, and also on corporate responsibility, especially protecting the environment and understanding the value of water.



Initial Views on the Core Objectives


- Customers were shown the core objectives of Hafren Dyfrdwy (5 in Wrexham and 6 in Powys).
 - Each objective was displayed individually on show cards, followed by a summary.
- Initial thoughts on the core objectives are **broadly positive**, and in line with the key priorities for a water company which were spontaneously identified. However, some feel they would like information on the objectives proposed.
 - There is some confusion around the purpose/function of a core objective - should it be a stretching target or only an aim?

Core Objectives



1. Providing water that is good to drink
2. Ensuring water is always there (when you turn the tap on)
3. Taking wastewater safely away (**Powys Only**)
4. Enabling a thriving environment
5. Affordable bills and service for all whilst promoting thriving communities

Example stimulus



5 Affordable bills and service for all

- Severn Trent are always searching for efficiencies and opportunities to innovate, so they can keep your bills as low as possible.
- Severn Trent strives to make sure everyone can access their service and enjoy its benefits, no matter their circumstances.
- Severn Trent also provides targeted support for those who struggle to pay their water bills.

djs research

SEVERN TRENT

1 Providing water that is good to drink

Severn Trent treats water that is abstracted from rivers, groundwater sources and reservoirs and then cleans and tests it so that it is good to drink.

This involves making sure that the water is safe to drink and meets stringent drinking water standards.

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1. Providing water that is good to drink

'Hafren Dyfrdwy treats water that is abstracted from rivers, groundwater sources and reservoirs and then cleans and tests it so it is good to drink. This involves making sure that the water is safe to drink and meets stringent drinking water standards.'

- This objective is seen as clear and reflective of the key priorities a water company should have.
- There is some suggestion, as this is central to the function of a water company, that this doesn't need to be a core objective (suggests confusion between PCs and objectives).
- Ambiguity of 'good to drink' and what exactly defined / was meant by 'good'.



It's very important! The top priority, isn't it?
Powys, NHH Customer

It's what we want.
Wrexham, NHH

It's nice to know sometimes, what actually happens to it.
Wrexham, HH



2. Ensuring that water is always there

'Hafren Dyfrdwy makes sure that there is enough water to go around – not just today, but long into the future. Hafren Dyfrdwy works with Natural Resources Wales to ensure that when they take water from rivers and groundwater, they do not adversely affect the environment... Hafren Dyfrdwy also ensures water is supplied to your homes / business at the right pressure...'

- There is broad agreement with the objective
- Concern this is out of the control of the water company during extreme weather events such as droughts and also that the customer plays an important role in achieving this.
- Some are surprised that not adversely affecting the environment forms part of this objective.



I agree entirely with what they're saying; that's a target and aim. I don't think they can do it all on their own... there should be a message that we all need to be doing this together, not just the water companies
Powys, NHH Customer

They can't determine rainfall, they're at the mercy of the elements in that respect.
Wrexham, HH Customer

Is anybody looking at it to ensure that there will be a tap to turn on for our grandchildren and great-grandchildren and future generations to come?
Powys, NHH Customer

We see the reservoirs depleted on a regular basis because of the low-water levels. ... How much longer can it go on for before one day it comes up as being dry?
Powys, NHH Customer



3. Taking wastewater safely away (Powys Only)

'Hafren Dyfrdwy has a network of sewers which take wastewater away from homes and businesses. Most of the time these sewers work well. However, they can flood customers' properties or pollute rivers when they become blocked or when pipes are overwhelmed with heavy rainfall.'

- This objective is widely supported and, like providing water that is good to drink, is seen as a given for a water company rather than an objective.
- However, some feel this objective is lacking a key target, suggesting some confusion between PCs and objectives.



There isn't a goal there at all!
HH Customer, Powys

You go back two hundred years and everybody used to die of cholera... It's just something I think is the right thing to put on because we don't always appreciate it
NHH Customer, Powys

Most definitely reasonable... Why we've got it written down
NHH Customer, Powys



4. Enabling a thriving environment

'All of Hafren Dyfrdwy's activities have an impact on the environment... Through these activities, Hafren Dyfrdwy works to ensure there is no harm to the environment they impact and that it continues to thrive.'

- Customers are generally behind the objective and feel it is an important priority for companies to have.
- The Powys household group felt this needed additional clarification, specifically the exact measures that would be taken to ensure no harm is caused.
- Clarification of Hafren Dyfrdwy's responsibility in relation to other organisations such as councils, central governments, the Environment Agency (no mention of Natural Resources Wales).



I just thought that was the Environmental Agency?
Wrexham, NHH Customer

I think it's hard to say there's no harm to the environment. It might mitigate harm but just by the very fact that you are disturbing natural habitats, there will be some harm.
Powys, NHH Customer

Maintaining the environment means you've got a good water source, it's got to be part of the job
Powys, NHH Customer



5. Affordable bills and service for all

'Hafren Dyfrdwy are always searching for efficiencies and opportunities to innovate, so they can keep your bills as low as possible. Hafren Dyfrdwy strives to make sure everyone can access their service and enjoy its benefits, no matter what their circumstances. Hafren Dyfrdwy also provides targeted support for those who struggle to pay their bills.'

- Customers are generally on board with the target to provide affordable bills and service for all.
- Customers suggest additional clarification as to which groups will be targeted, for example based on postcode areas or to individuals who request it.
- Some NHH customers also question how this will be funded as all businesses have to make money.



We have people that are struggling. It's important, for public health issues alone, that we all have access to a good water supply.

NHH Customer, Powys

You might as well put down "we're gonna try to do this and make a profit to give to our shareholders." That's what it's saying, isn't it?

NHH Customer, Powys

I'd say the same about my business and I'm sure most businesses are the same. We're all going to say that; we'd all like to offer better services but we need more money. So at what level do you pitch the cost and what level do you pitch the service?

NHH Customer, Powys



...Whilst also promoting thriving communities

'Hafren Dyfrdwy will focus on what you need from them most, but are always looking for opportunities to do something more for the communities they serve.'

- Of all the core objectives, this comes as a surprise to customers and is not spontaneously suggested.
- The majority of HH customers are on board, however many NHH customers, and a minority of HH customers, do feel this is outside of the remit of a water company.
- Wording is 'non-committal' and customers would like further clarification as to whether Hafren Dyfrdwy would actively seek out opportunities or whether their customers would have to suggest ideas.



It is very vague, isn't it? I mean, are they going to build play areas?
Wrexham, NHH Customer

[Their] job is to supply water and sewage systems. What's it got to do with promoting thriving communities?
Wrexham, NHH Customer

Don't bother to try and make thriving communities. That's the job of councils and governments and the rest of us.
Powys, NHH Customer

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6. Acceptability of individual Performance Commitments





Performance Commitments

- Both HH and NHH customers were shown a series of performance commitments.

Performance Commitments

- 
1. Water supply interruptions
 2. Leakage
 3. Low pressure
 4. Appearance, taste & smell
 5. Internal sewer flooding
 6. Pollution incidents
 7. Sewer blockages
 8. Improving river water quality
 9. Biodiversity
 10. Customer Education

Example Stimulus

2 Leakage

Water leaking from pipes

Underground pipes supply the tap water to your property/business.

Sometimes pipes can leak and water is lost between the treatment works and your property. Dee Valley Water can reduce leakage by renewing more pipes and employing more people to find leaks quicker.

How this could affect you:

- You might see water running down the street or experience traffic disruption while a leak is being repaired.
- You might have a leak on your supply pipe which you own and which is your responsibility to repair.



5 Internal sewer flooding

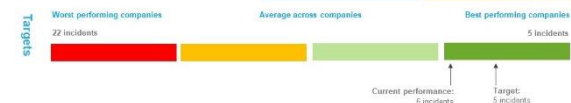
Waste water from sewers overflowing into your home

Severn Trent's sewers collect wastewater from homes and businesses, as well as rainwater that runs off roofs and driveways. Most of the time the sewers work well, but sometimes they get blocked or, if there is heavy rainfall, can become overwhelmed.

This can lead to homes and businesses being flooding with sewage.

How this could affect you:

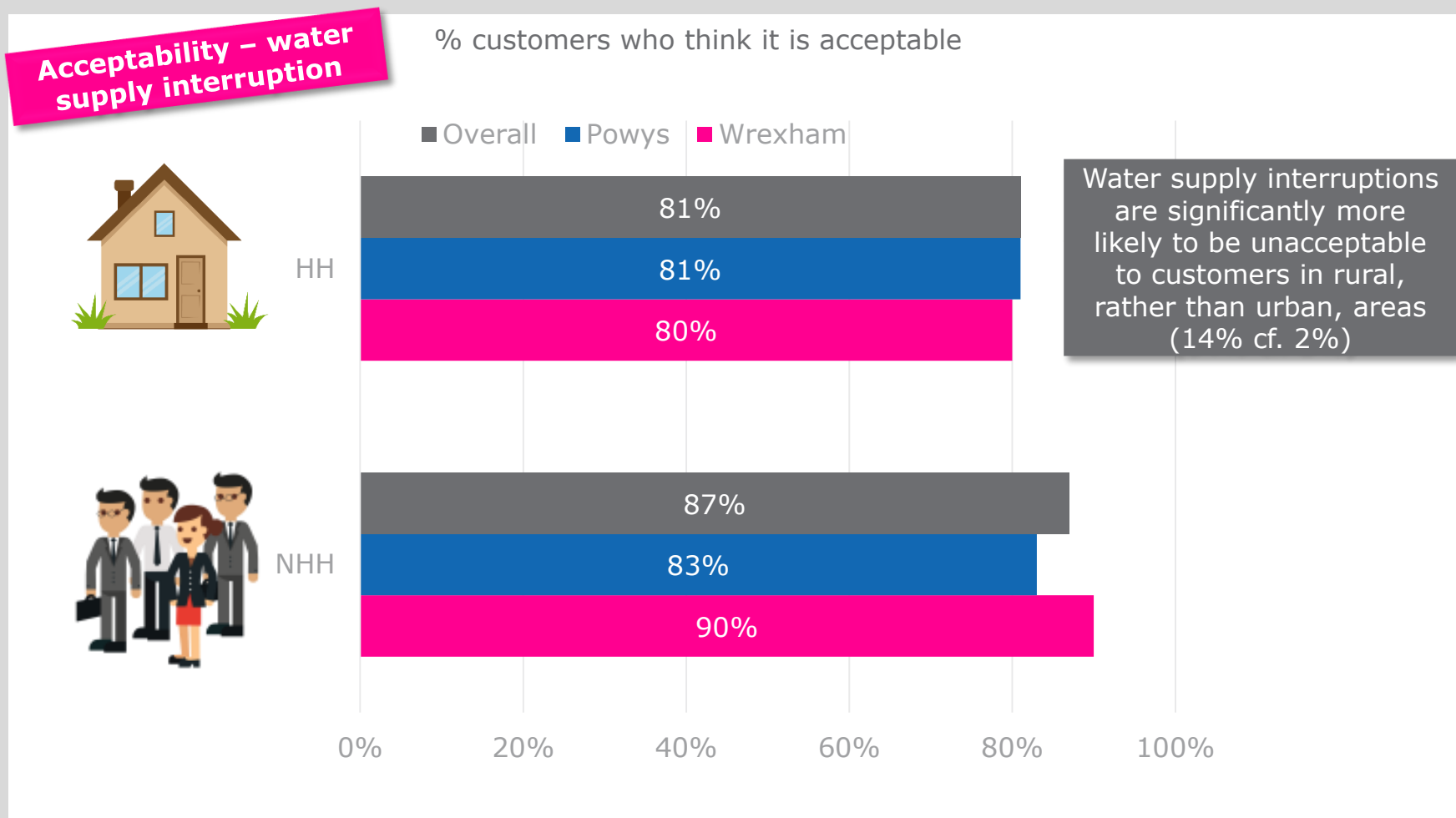
The impact can range from a small amount of sewage in your home or business to your ground floor being entirely flooded.





1. Water supply interruption – acceptability of future target

Overall, 8 in 10 (81%) households and nearly 9 in 10 (87%) of businesses find this target acceptable.





1. Water Supply Interruptions

'Losing the water supply to your home for hours at a time.'

- This is seen as one of the most important PCs.
- It is essential for NHH customers, as a water supply is required to carry on trading. Household customers need water, for drinking, cooking and also for heating.
- It is particularly important to certain vulnerable groups such as the elderly and parents with young children.
- The PC should differentiate between planned and unplanned interruptions due to the impact they have.
 - Customers found the 'average scores' confusing.
 - Customers suggest information about the **number** of interruptions and average length of the interruption to make the scale clearer.



We require an uninterrupted supply of clean, good quality water for the business to be able to function. Without that my business couldn't function, we'd have to stop.

Wrexham, NHH Customer

They normally notify you in good time so that you're aware of what's happening and how long it's likely to be interrupted for. It's being able to contact somebody in an emergency.

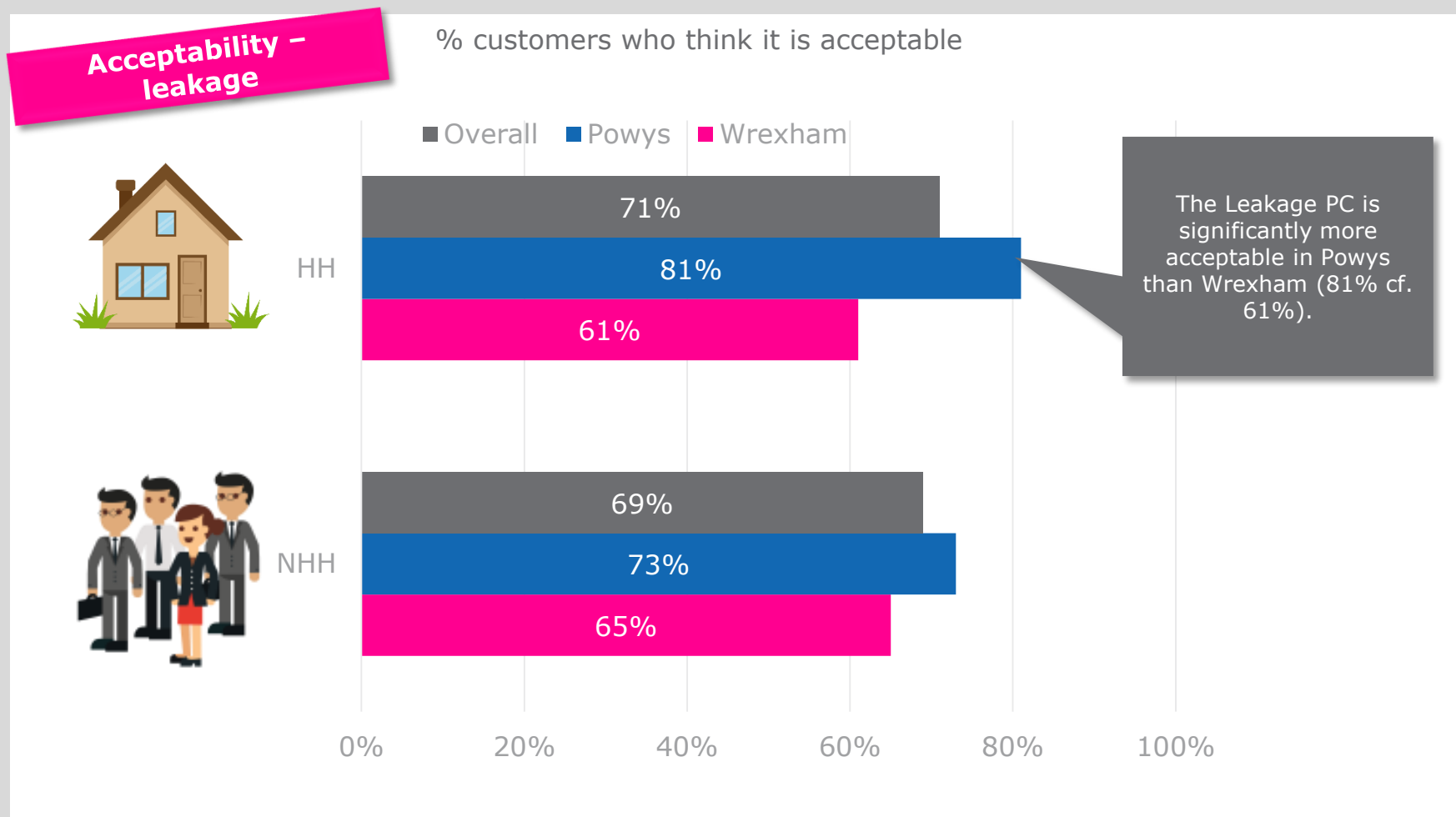
Wrexham, NHH Customer

If it's affecting your heating, that's a massive problem, it's not just water it's your heating so it's affecting another commodity.

Wrexham, HH Customer

2. Leakage – acceptability of future target

Acceptability is the lowest of the PCs, with 7 in 10 households (71%) and businesses (69%) finding this an acceptable target. However this PC is significantly more acceptable in Powys (81%) than Wrexham (61%).





2. Leakage

'Water leaking from pipes.'

- Of all the PCs, this was seen as the least acceptable in the qualitative sessions.
- Customers unanimously believed reducing leakage is good, but felt that the current and target level of leakage is still too high, even if Hafren Dyfrdwy is performing well.
- Some did feel that the target reduction appears stretching.
- What is important to customers is how much investment is in place to meet the targets.
- Some feel a percentage reduction may be beneficial to better communicate this PC.



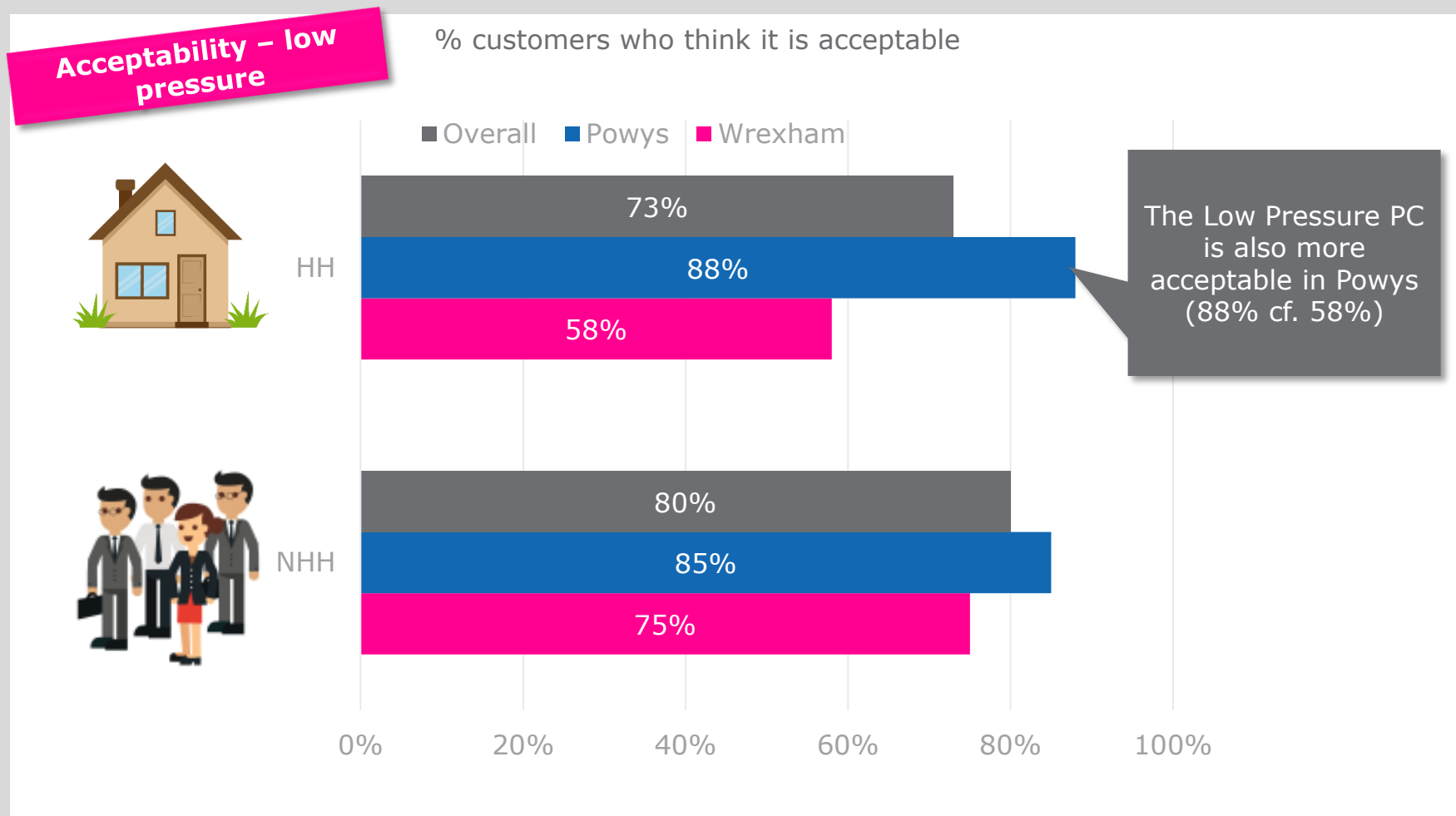
[The targets] puts it in perspective but it's still an awful number, if you times that by how many households there are!
Wrexham, NHH Customer

One litre of water leaks in your house per day, so when you look at it in that way, it's a lot of water. I appreciate the scale of the problem they've got but it's a lot.
Wrexham, HH Customer

They perform well against that, but it's a terrible target isn't it. I'm shocked at the amount of water that gets wasted each day.
Wrexham, HH Customer

3. Low Pressure – acceptability of future target

Overall, just over 7 in 10 (73%) households and 8 in 10 (80%) of businesses find this target acceptable. However for households, this PC is significantly more acceptable in Powys (88%) than Wrexham (58%)





3. Low Pressure

'Water trickling from your tap, which can affect showers and boilers.'

- Customers feel that low pressure is quite an important area to perform in and there is a consensus that the target feels reasonable.
- However, the number of customers affected by this issue is low and some customers were surprised that this issue was a core PC.
- Some customers would like further information about the duration of the low pressure incidents for customers to appreciate.



It would be a problem if the boiler didn't work and you had no hot water, that would be terrible, a big problem.

HH Customer, Wrexham

It really depends how long it lasts for, a couple of hours then fine but for weeks at a time?

HH Customer, Powys

If it was my business, if I was Hafren Dyfrdwy, and I was going to offer my customers something, I would think offering them a good level of positive rate of pressure would be very important to me.

NHH Customer, Powys

4. Appearance, taste & smell – acceptability of future target

Overall, almost 8 in 10 (76%) households and nearly 9 in 10 (88%) of businesses find this target acceptable.

Acceptability –
appearance, taste &
smell

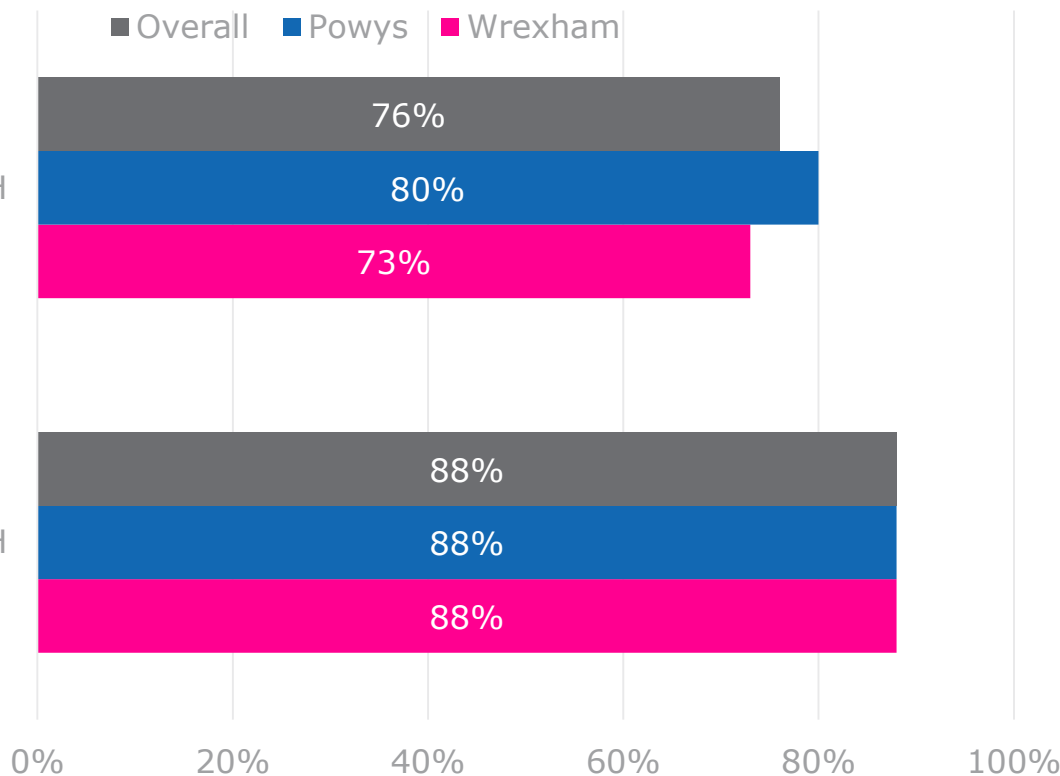
% customers who think it is acceptable



HH



NHH





4. Appearance, taste & smell

'Complaints about the appearance, taste and smell of your tap water.'

- Many of the respondents in the focus groups, particularly in Powys, have experienced this issue themselves, and are not surprised that the performance of Hafren Dyfrdwy is low compared to other companies.
- Customers thought that the planned level of improvement in the target is excellent and would consider it to be a stretching target.
- Customers would be interested in information about how the improvements would be made and what defined 'safe' drinking water.



It's very impressive to try and improve by that much, but it's not actually that many customers is it?
NHH Customer, Powys

It says it will be safe to drink, but that person wouldn't know whether it would be safe to drink. I wouldn't drink my water if it had the particles and I didn't know that it was safe to drink, so that would probably put somebody off. How do you know it's safe?
HH Customer, Wrexham

That's [the target] is unreal! That's brilliant
HH Customer, Wrexham

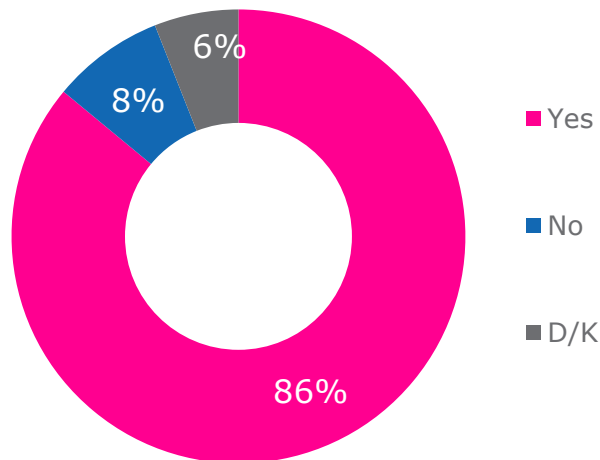


5. Internal sewer flooding – acceptability of future target

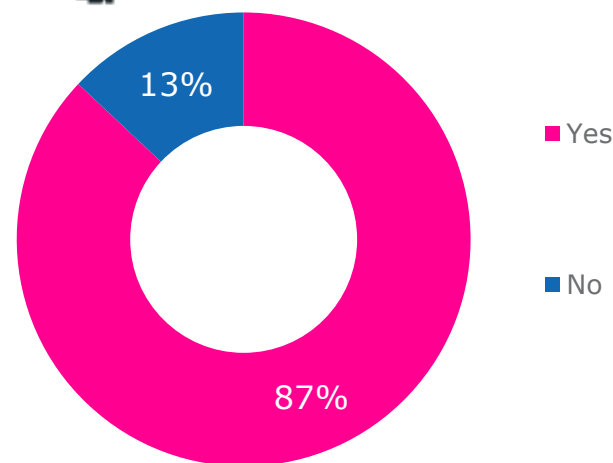
Overall, almost 9 in 10 (86%) households and nearly 9 in 10 (87%) of businesses find this target acceptable. There is no difference in acceptability levels between HH and NHH.

Acceptability – internal sewer flooding

% customers who think it is acceptable



Household (Powys only)



Non-Household (Powys only)



5. Internal sewer flooding

'Waste water from sewers overflowing into your home.'

- The targets are generally seen as at an acceptable level and the PC is generally seen as been explained well.
- It was suggested that the target should be nil as internal sewer flooding has such a severe impact on customers who experience it.
- It was viewed as an issue to do with ongoing and planned maintenance.
- Some feel the target should include a focus on education to mitigate the issue before it becomes a problem.



That's personal to me. Not business,
but home, because that nearly
happened to us!
NHH Customer, Powys

If it's not delivered, then
again it's a disaster!
NHH Customer, Powys

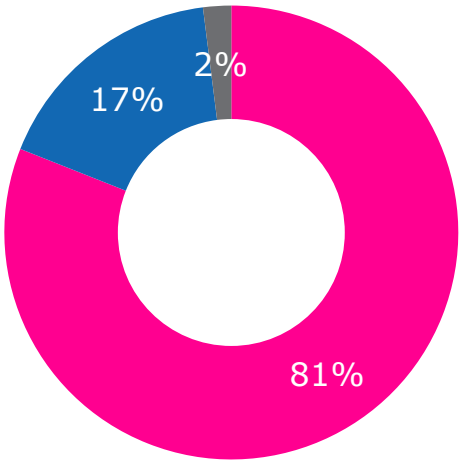


6. Pollution Incidents – acceptability of future target

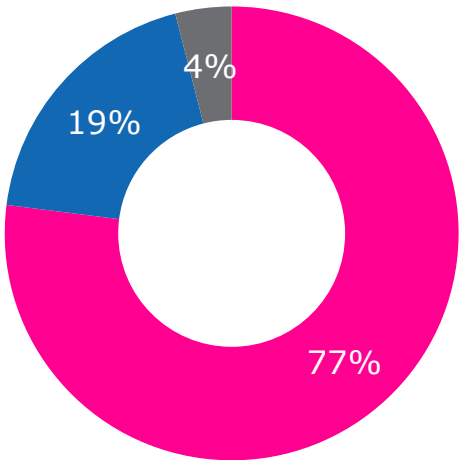
Overall, just over 8 in 10 (81%) households and almost 8 in 10 (77%) of businesses find this target acceptable.

Acceptability –
pollution incidents

% customers who think it is acceptable



Household (Powys only)



Non-Household (Powys only)

37 Q04a. Could you please tell us whether you think this future target is acceptable to you as a customer
Base: All HH respondents in Powys (weighted data) n=200, all NHH respondents in Powys n=52
Target: HH and NHH = 7 incidents



6. Pollution Incidents

'Waste water contaminating rivers and polluting the environment.'

- This PC is thought of as important and both current performance and future targets are acceptable.
- Most feel that pollution incidents are rare (but inevitable!) and that every thing possible is being done to prevent this already.
- However, customers think it is out of the control of water companies themselves as they do not cause pollution incidents but do have to deal with them.
- It should be made clearer that pollution incidents are be scaled to the size of the water company as this is not always understood.
- A minority would like to know more about the scale and impact of each pollution incident.



Inevitably as a water company you're going to cause pollution incidents. It's never going to be very safe. So, that's saying that you're making efforts and improving so I guess that's fine. Do it in five years.

NHH Customer, Powys

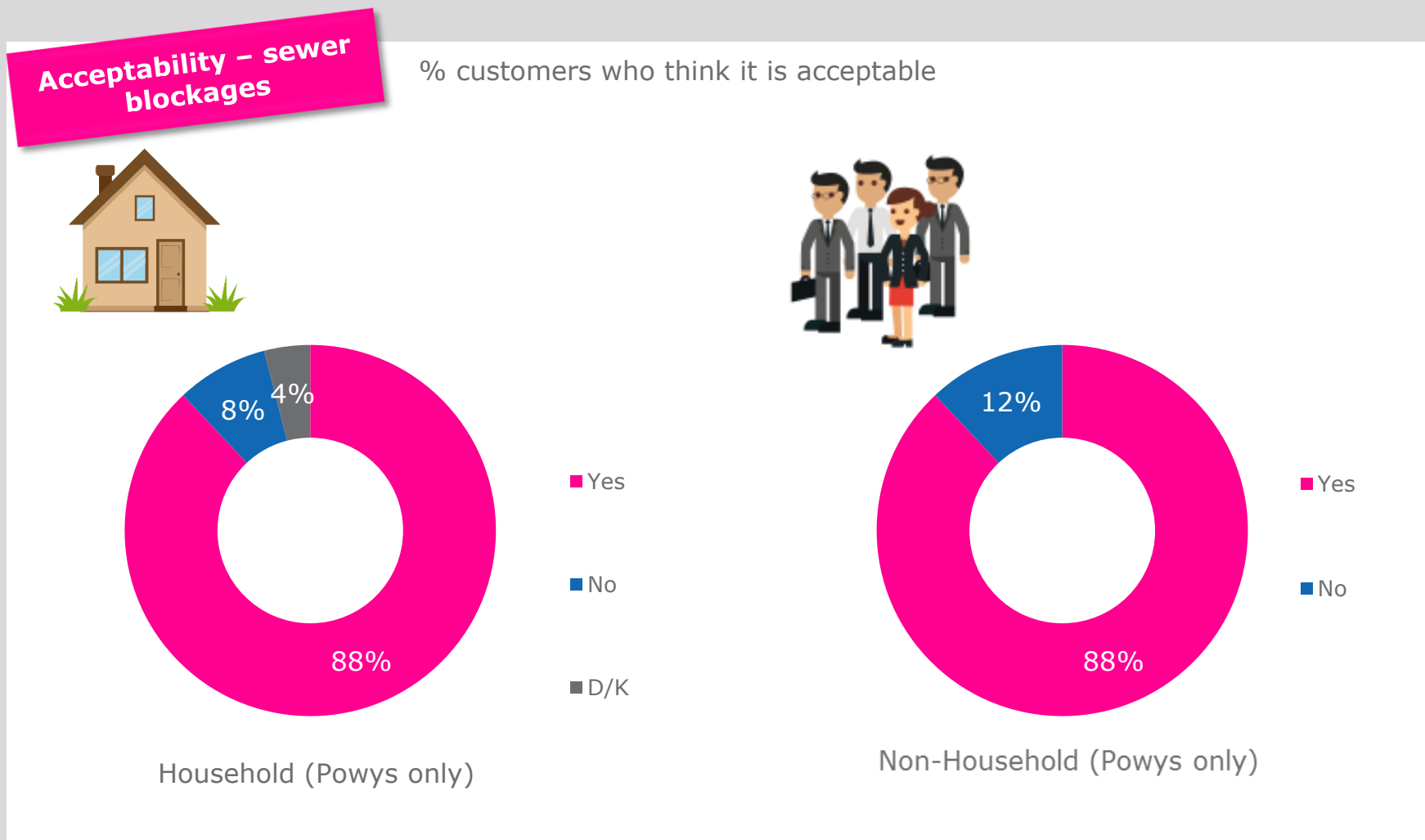
You never hear of the stuff happening in Wales, it's always down south!

HH Customer, Wrexham



7. Sewer blockages – acceptability of future target

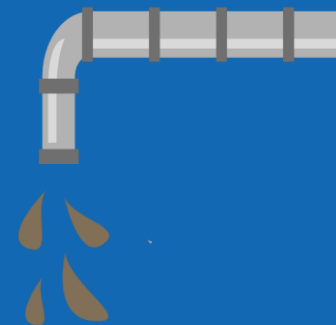
Overall, almost 9 in 10 (88%) households and businesses find this target acceptable. There is no difference in acceptability levels between HH and NHH.



7. Sewer blockages

'Blockages in the sewer.'

- The Powys groups are in general agreement with this PC and feel it is reflective of what they would want it to be.
- As with sewer flooding, it should be made clearer that numbers shown are scaled to the size of the water company as this causes some confusion.
- Customers suggest the size and resultant impact of the blockage should be taken into account when measuring performance.
- The Powys group feel that public education is important, as this is fundamental to the root cause of this issue.



I think we need to make it relative to the population...

Like I know there are companies in the South East with a lot more people than Severn Trent (Hafren Dyfrdwy)

HH Customer, Powys

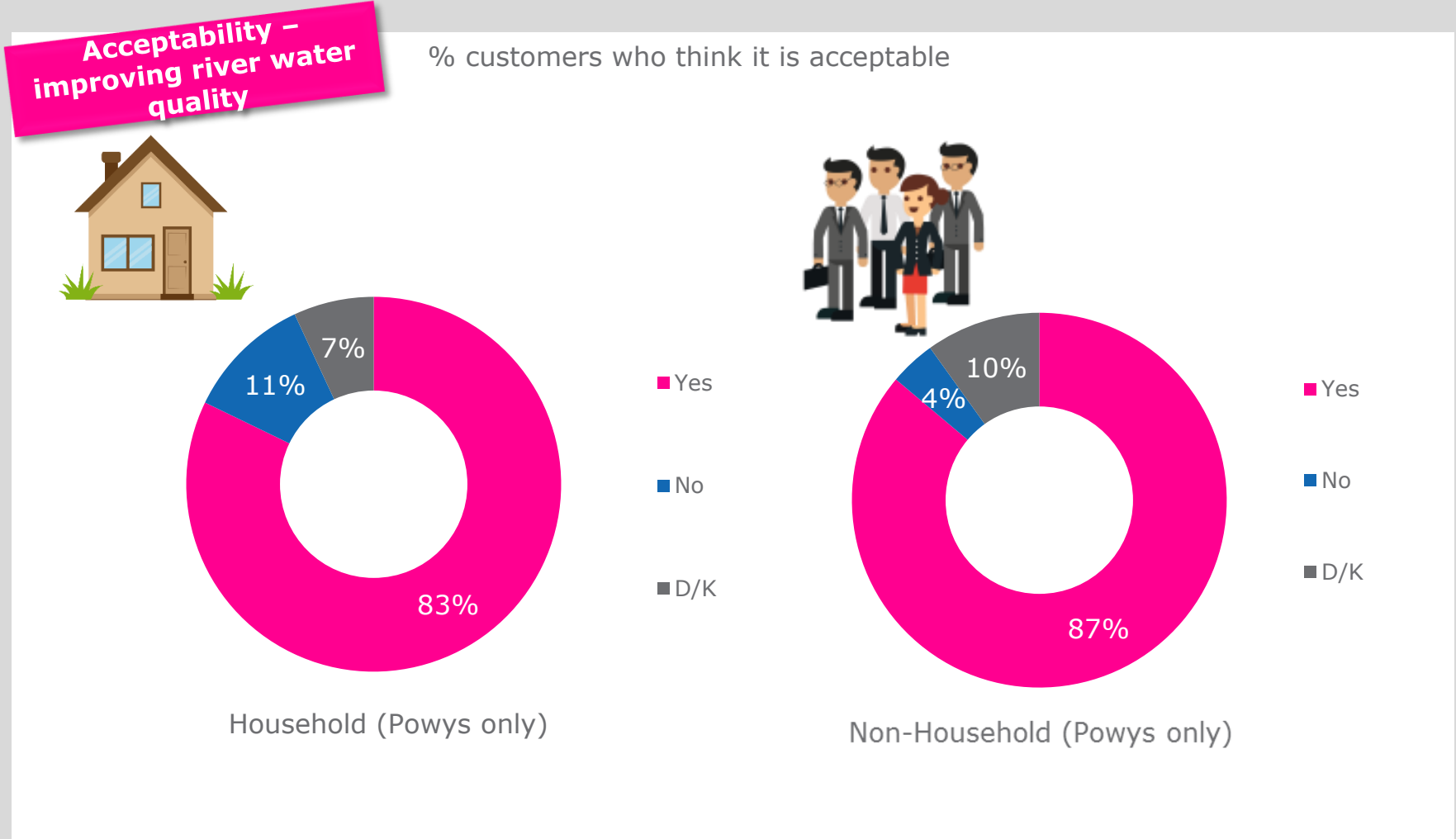
The issue is not actually Severn Trent (Hafren Dyfrdwy), it's the public's disregard. If everybody gets told not to put their wipes and bits and pieces down there. So its very difficult here, that this issue is not caused by Severn Trent (Hafren Dyfrdwy) but they are still trying to change something in their customers. So clearly, the target is acceptable.

NHH Customer, Powys



8. Improving river water quality – acceptability of future target

Overall, almost 9 in 10 (86%) households and nearly 9 in 10 (87%) of businesses find this target acceptable. There is no difference in acceptability levels between HH and NHH





8. Improving river water quality

'Improving wastewater treatment standards.'

- Most believe this is a valuable performance commitment (as some think the water they are drinking comes from river water).
- Some customers would like to know how this will be achieved, and the scale of the improvement planned.
- It was pointed out that it would be useful to know how bad the river was to start with or which rivers would be targeted.



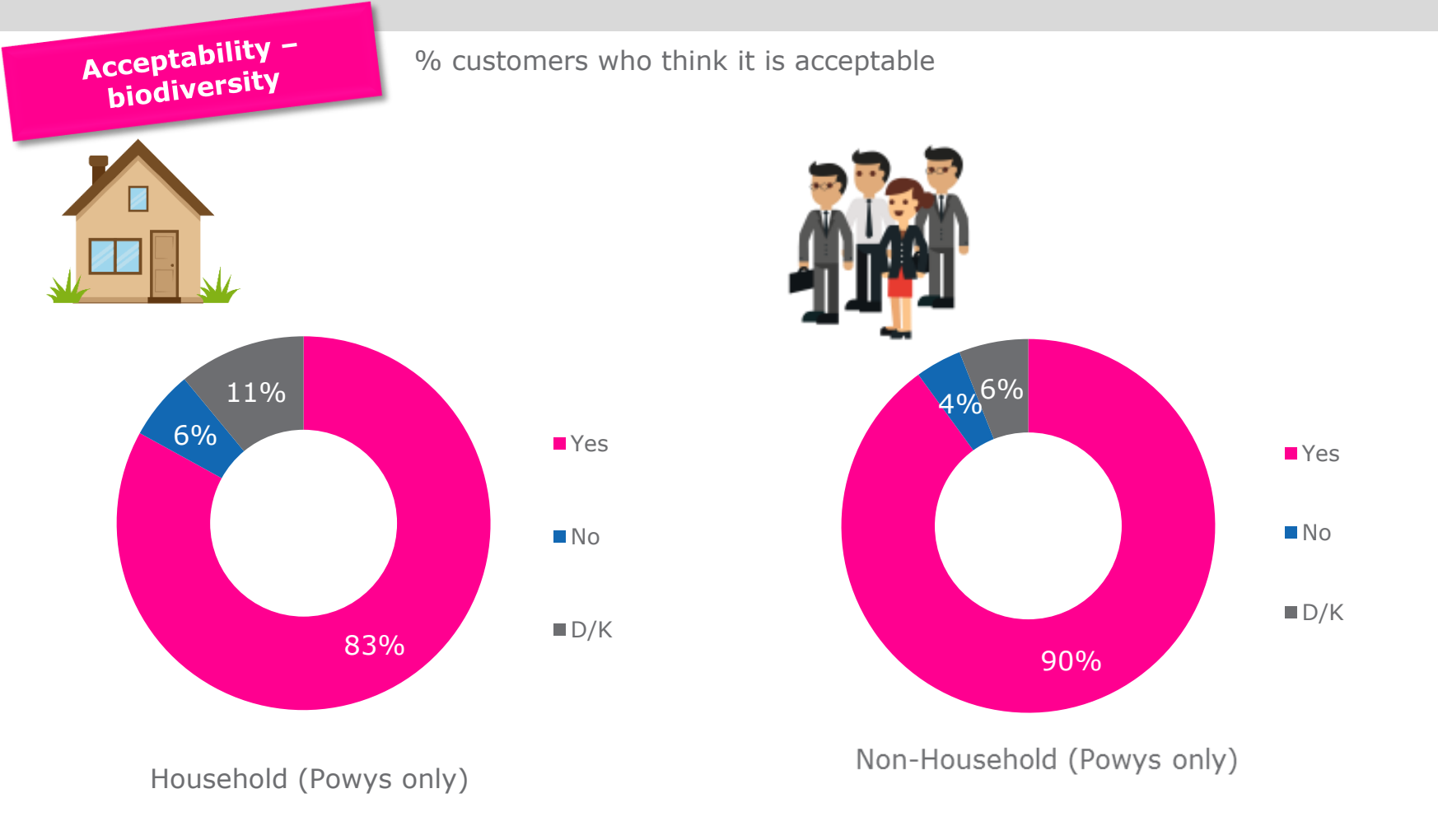
Improving 22-odd miles of river that are already the best in the country won't mean that much!
Powys, HH Customer

How are they going to do that? Rather than just what they are going to do
Wrexham, HH Customer



9. Biodiversity – acceptability of future target

Overall, just over 8 in 10 (83%) households and 9 in 10 (90%) of businesses find this target acceptable. The acceptability level is slightly higher for NHH than HH.





9. Biodiversity

'Protecting the environment and encouraging diverse plants and wildlife.'

- There are mixed views about this performance commitment.
- Some feel that increasing biodiversity is extremely important and something that water companies should take some responsibility for.
- Others think this PC should be secondary to the other aims, which are broadly viewed as more central to the water company's function and that responsibility for achieving this lies with other organisations.
- Lack of a scale is an issue and is important for clarity – PCs should be measureable specific objectives.



It can only be a positive to enhance the natural environment
Wrexham, HH customer

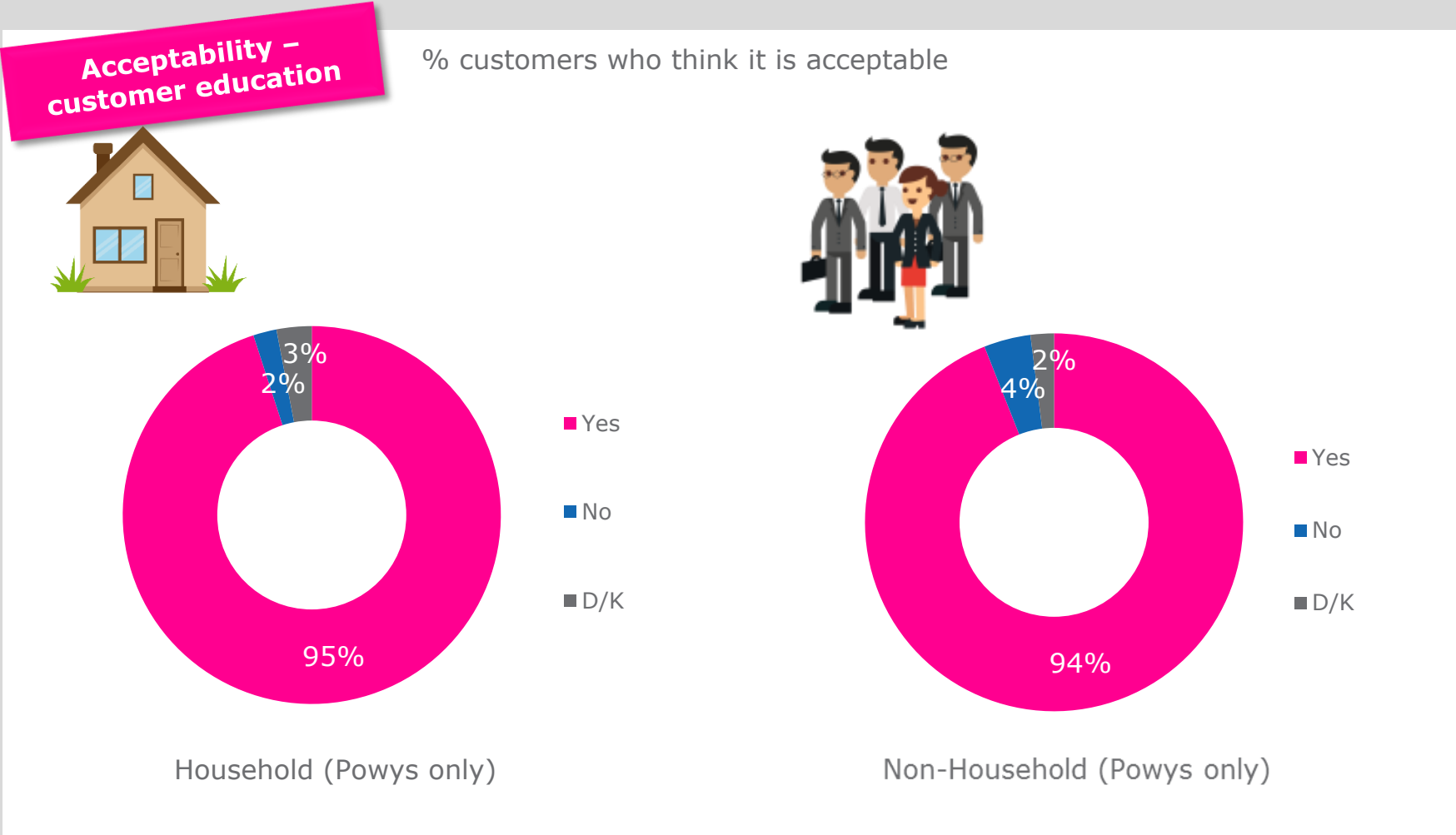
I didn't realise they did any of that, I know they do protect the environment but I didn't realise that they would restore and enhance species and habitats.
Wrexham, HH Customer

I don't see it Dee Valley's (Hafren Dyfrdwy's) job to start planting and replacing things in the rivers. That's somebody else's job to me.
Wrexham, NHH Customer



10. Customer Education – acceptability of future target

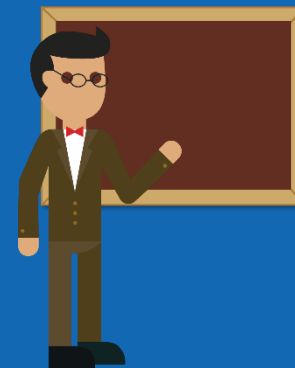
Acceptability for this is the highest of the PCs, reflecting the importance customers place on it and the support for the future target. More than 9 in 10 households (95%) and business (90%) find this an acceptable target.



10. Customer Education

'Engaging with customers and school children.'

- Customers see this PC as a key priority and education of customers and school children about conserving water and avoiding blockages is mentioned spontaneously.
- Customers point out that education could help prevent other issues in the future, for example sewer misuse.
- There is some disagreement, about much impact education will have, as some feel school assemblies have been done for years and don't have a sizeable impact.
 - Use of digital media, virtual reality and making it an interesting interactive experience is widely seen as a good idea, to make the message more memorable.



It is a good idea because we weren't educated when we were younger on water and we take it for granted
Wrexham, HH Customer

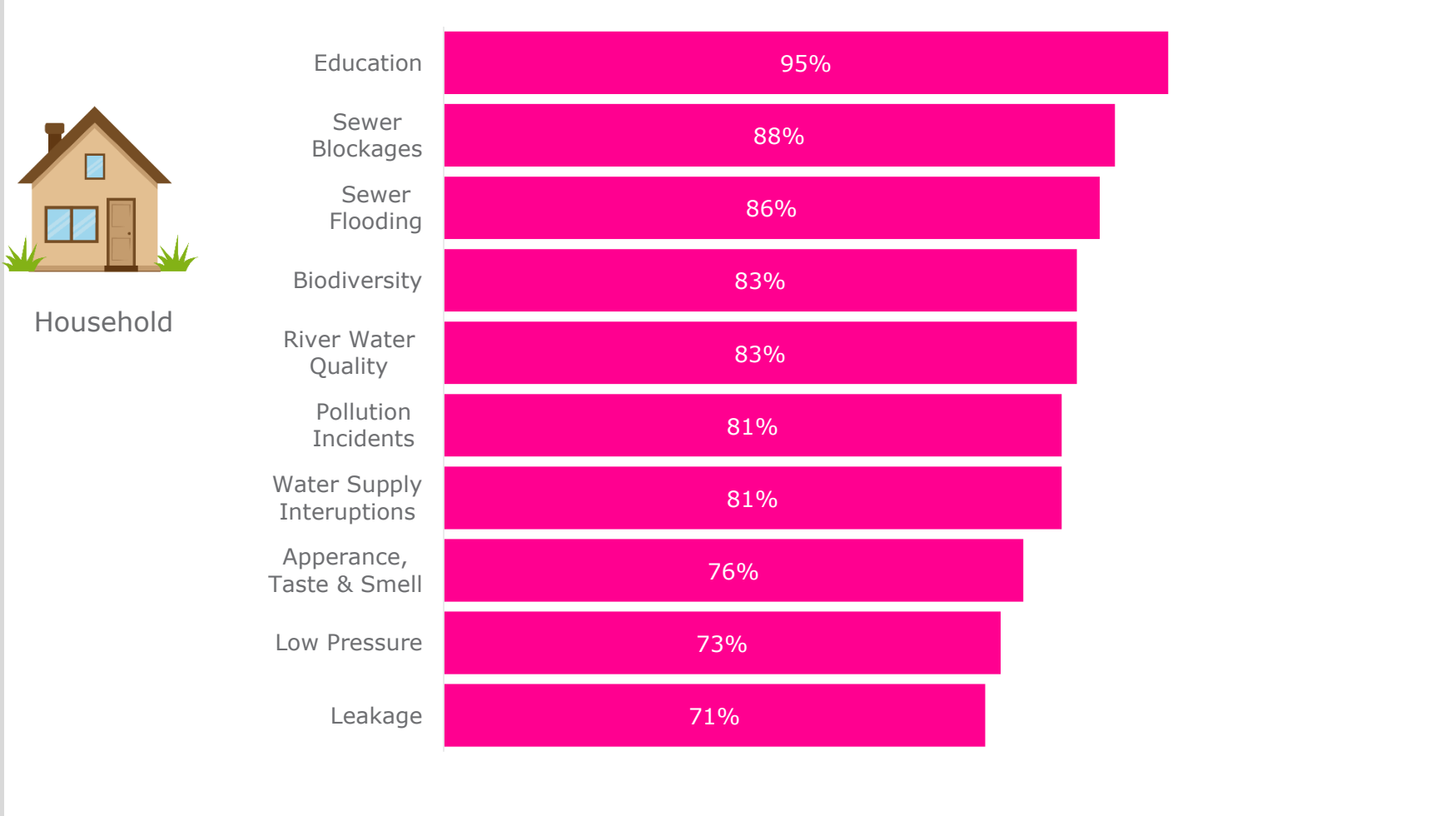
All the things that you [talked about] you can improve by education
Powys, NHH Customer

Excellent to target that for the next generation, but we probably all need more education as well
Powys, NHH Customer



Summary (1/2): Ranked acceptability of PCs (Household)

Education is the most acceptable, followed by sewer blockages and sewer flooding. Leakage is the least acceptable PC and an issue that HH customers voiced concern and dissatisfaction with in the qualitative group sessions.



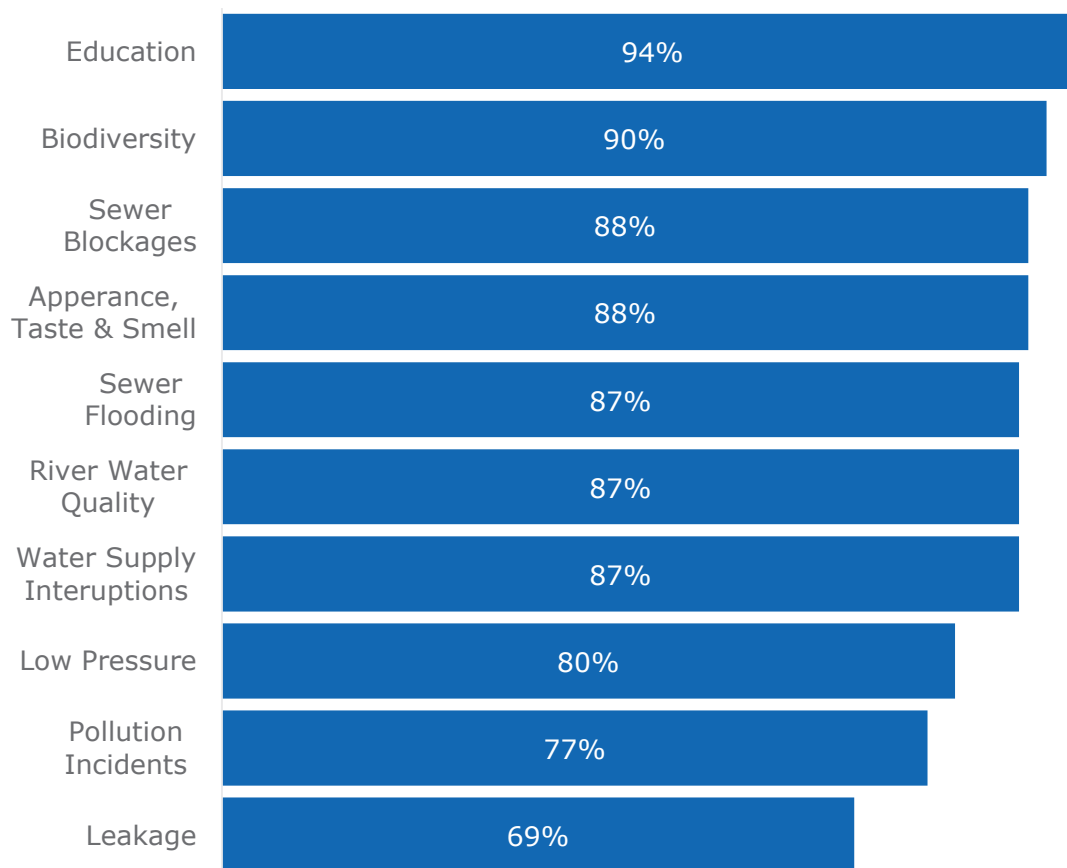


Summary (2/2): Ranked acceptability of PCs (Non Household)

Education is the most acceptable for NHH, followed by biodiversity. Leakage is the least acceptable PC which mirrors HH findings.



Non -
Household





Performance Commitments – Common Themes

Summary of conclusions on acceptability of PCs

- 1** At first glance, the **PCs are generally seen as positive** and customers are happy they are in line with what Hafren Dyfrdwy should aim to achieve as a supplier
- 2** There is a **need for PCs to be more descriptive**, and include clarity on exactly how the PC would **impact** the customer
- 3** Information about **how the PC targets would be achieved is required** so that customers can make better judgements and fully understand the stated targets
- 4** **Some of the figures are seen as too abstract** for the customer to visualise. The figures on the Water Supply Interruptions PC are particularly hard for customers to grasp, even with extensive explanation. Figures such as percentage improvements and performance scaled to the size of the water company will make targets more digestible

●●●

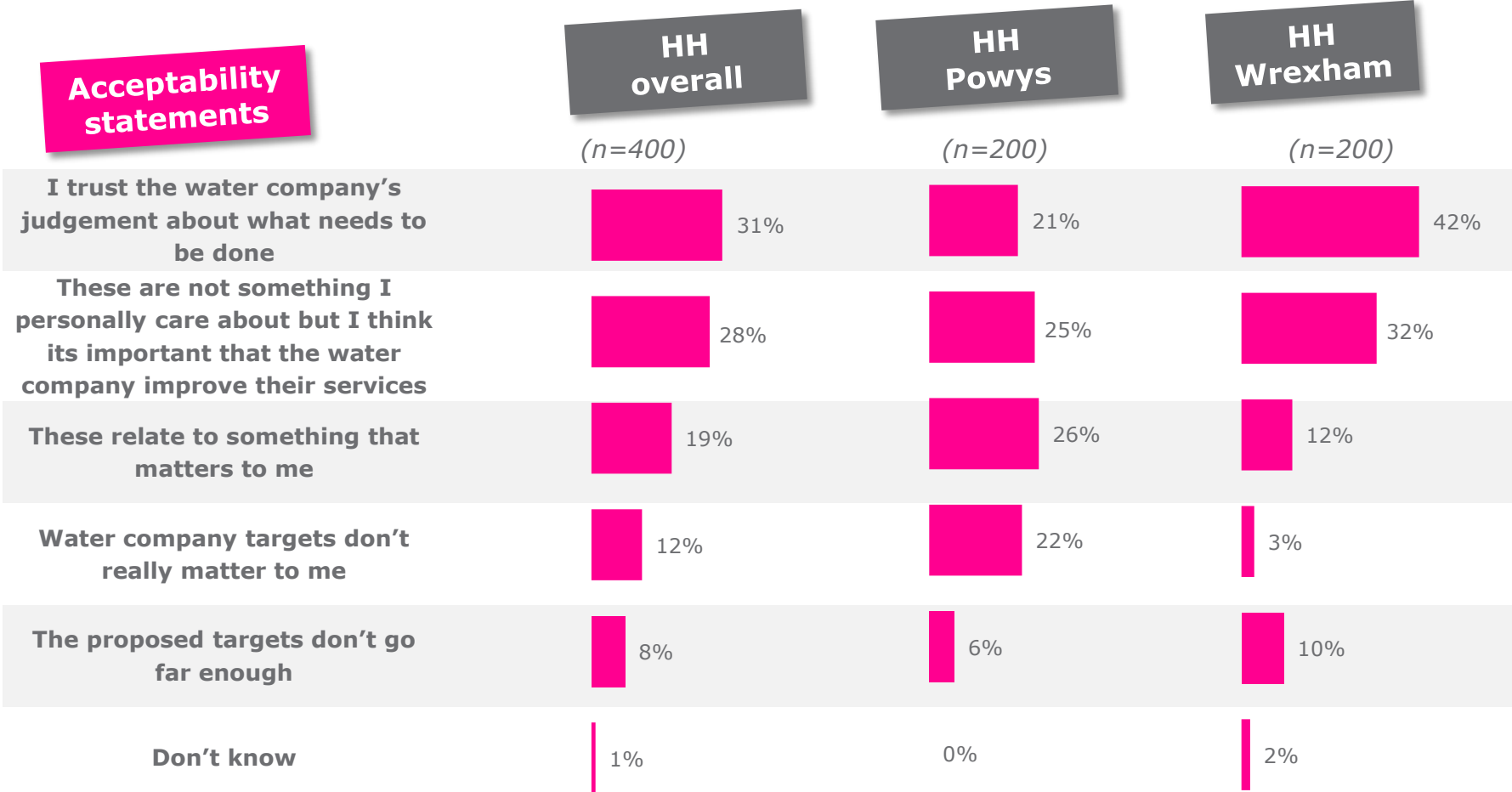
7. Reasons PCs are acceptable or not acceptable to customers





Reasons that PCs are acceptable/not acceptable (HH)

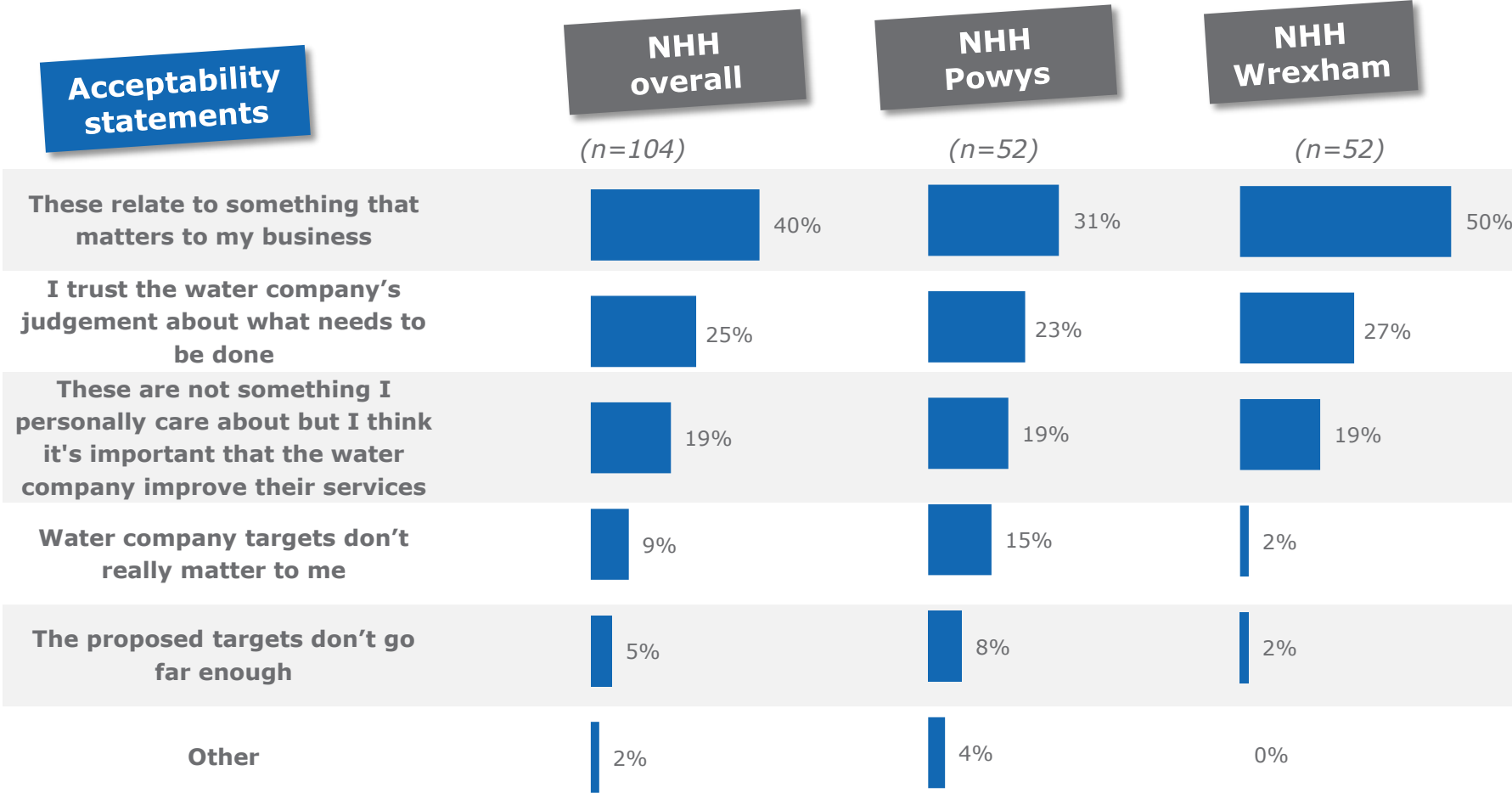
For Household customers, most commonly PCs are acceptable because they trust their water company’s judgement (31%). Almost 1 in 3 (28%) think it is important for them to improve services.





Reasons that PCs are acceptable/not acceptable (NHH)

For NHH customers, most commonly, the PCs are acceptable because they relate to something that matters to a customers business (40%). A quarter of NHH customers simply trust their water company’s judgement



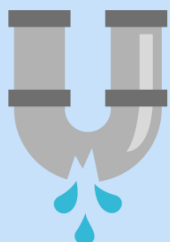
Qualitative research indicates key reasons for acceptability

The most common reasons that PCs are acceptable is mirrored in the qualitative research. Both HH and NHH customers spontaneously say PCs are acceptable because; it matters to them personally, it's the water company's responsibility or because they trust them.



PCs are frequently seen as acceptable if the respondent feels the PC matters to them or their families **personally**

A lot of what I do for recreation is outdoors and the environment is key to that.
HH, Wrexham



Some feel PCs are acceptable as they see it as **the water company's responsibility** to continually strive to improve

It's nice to see that they're making a commitment to get better!
NHH, Powys



Many **trust the water company**, or regulatory bodies such as Ofwat, to make sensible business planning decisions

They're what you expect from them... Providing a good service
HH, Wrexham



Qualitative research indicates key reasons PCs are unacceptable

The most common reasons that PCs are unacceptable is mirrored in the qualitative research. Both HH and NHH customers spontaneously say; PCs don't go far enough, it's not important to them personally or it isn't the water company's responsibility.



There was some suggestion in the groups that the PCs, particularly in relation to leakage, **did not go far enough** and could be more stretching

They perform, but it's a terrible target isn't it. I'm shocked at the amount of water that gets wasted each day!
HH, Wrexham



To some respondents, the PCs were not seen as relatable and were of **little importance** to them personally, or did not think improvement would **justify the cost**

Again, you keep saying it's all about improvement. But really, it comes down to cost!
NHH, Powys



Additionally, some PCs, especially education and biodiversity, were seen as **outside of the remit** of the water company

I don't see it's their job to start planting and replacing things in rivers! That's someone else's job I think
NHH, Powys

8. Investment Scenarios



In addition to the PCs, Hafren Dyfrdwy has five **investment options** it wanted to test with customers; lead in drinking water, enhancing biodiversity, reservoir safety, supply resilience and Welsh language services.

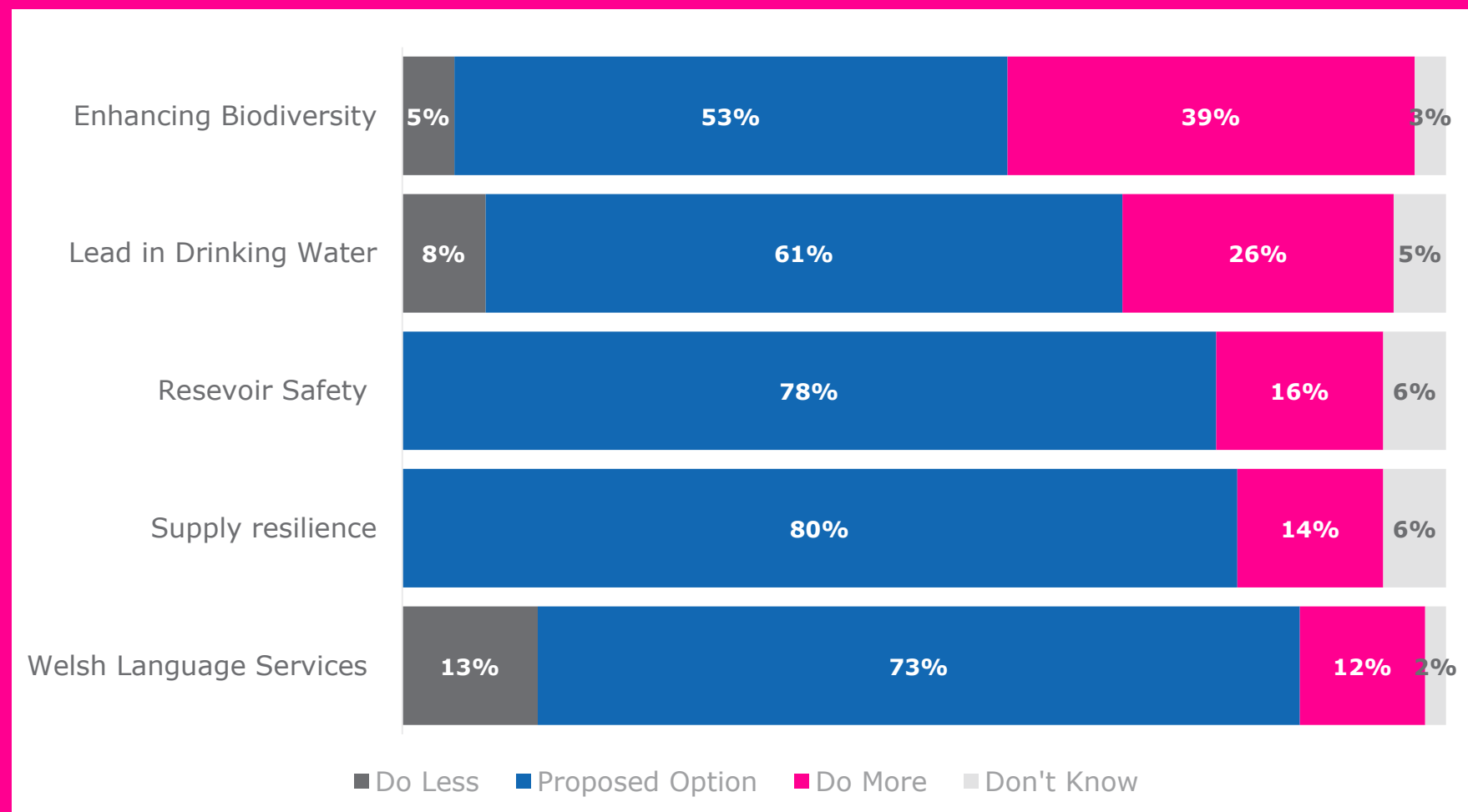
A description of each investment scenario was provided and customers were given 2-3 options: ST's proposed option, a do more option and a do less option.





HH Customers are most likely to want to 'Do More' to enhance biodiversity

Welsh Language Services are an area that customers are most likely want to 'Do less', although with all PCs, the majority are happy with the proposed option

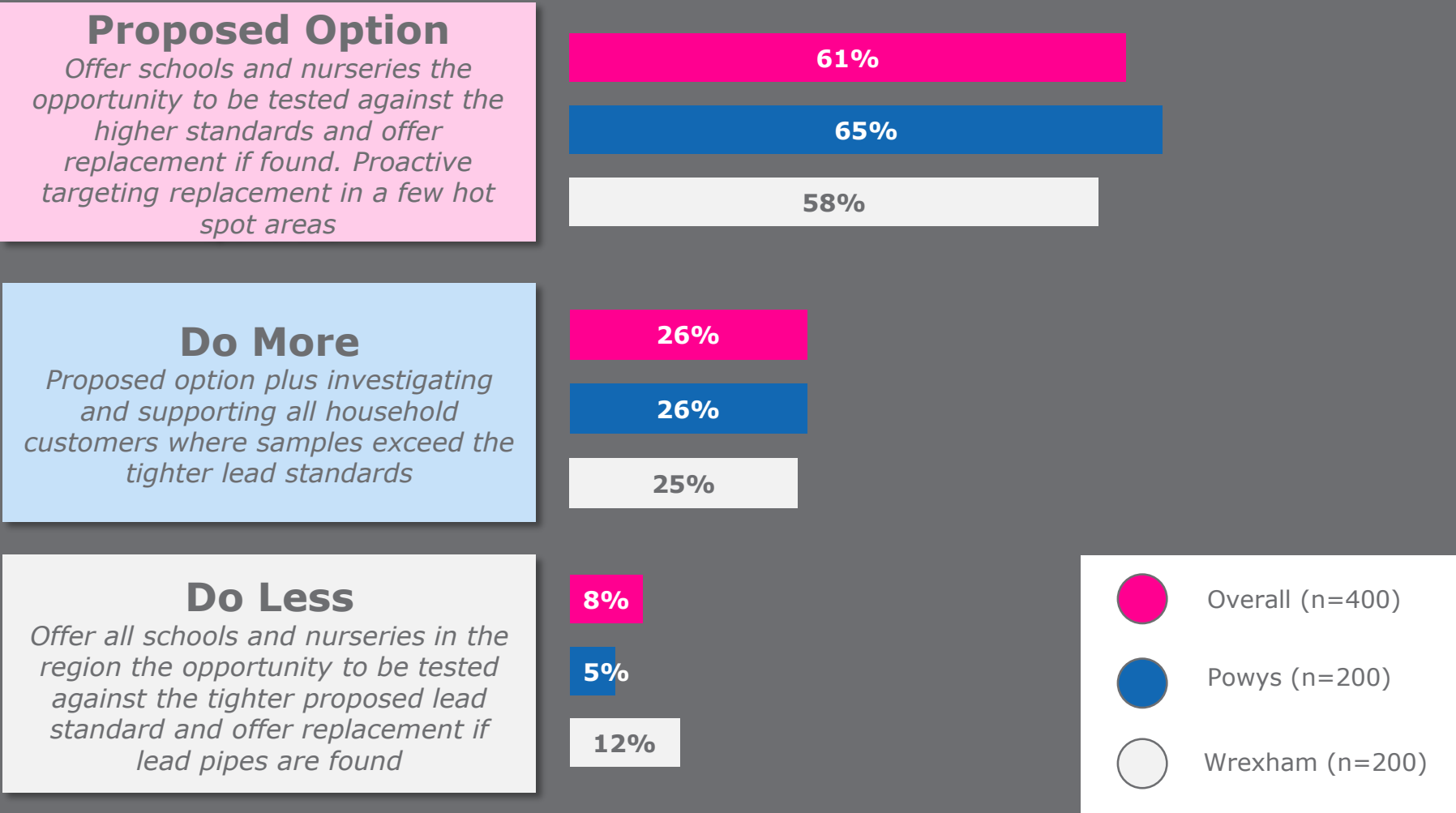


Q05a/b/c/d/e Please select whether you prefer the proposed choice or an alternative based on the information given
Base: All HH Respondents, n=400 (weighted data)



Investment scenario summary: 1. Lead in Drinking Water

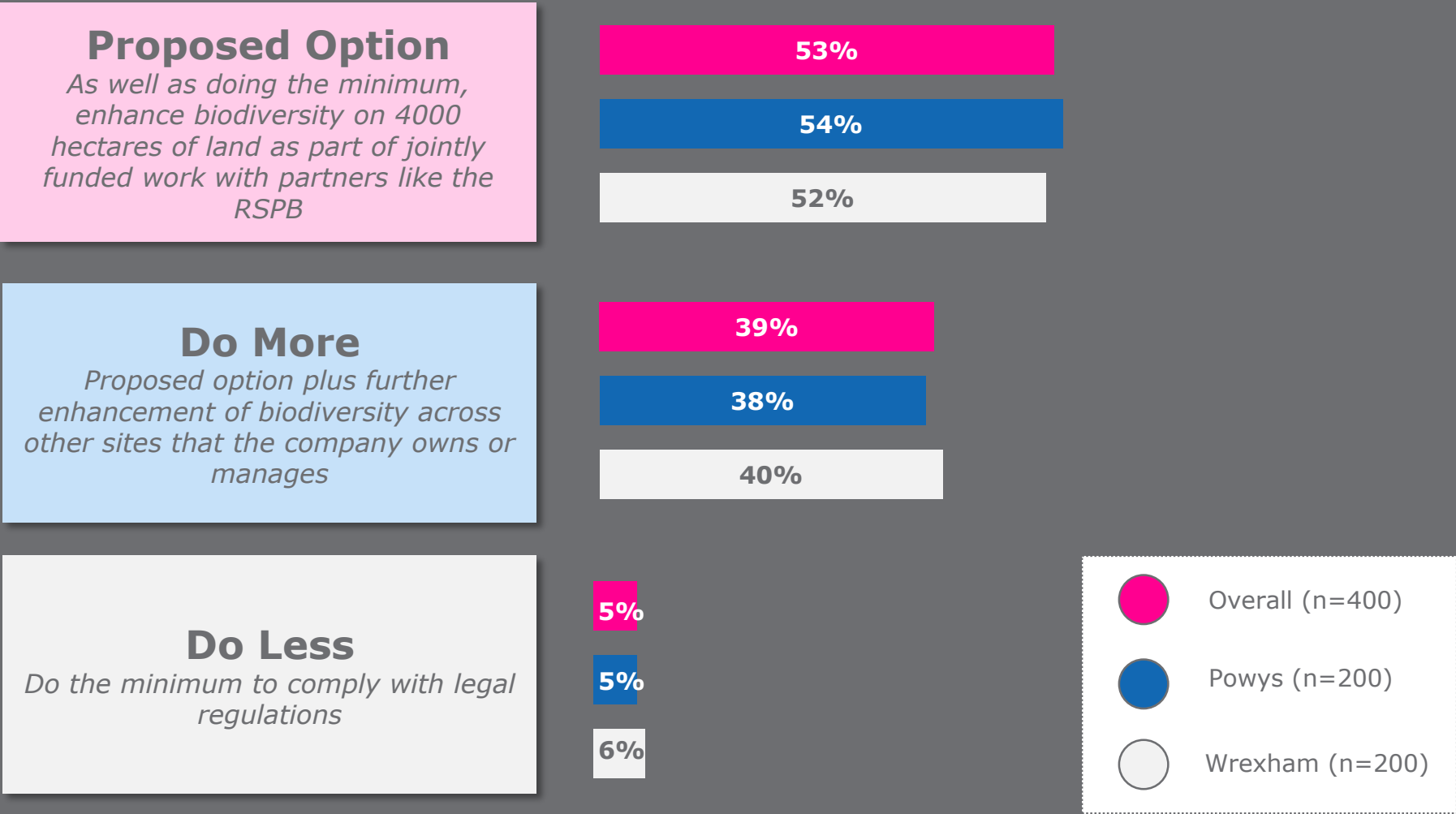
Overall, nearly two thirds (61%) of HH customers agree with the proposed option. Around a quarter (26%) think more should be done.





Investment scenario summary 2. Enhancing Biodiversity

Around half (53%) think the proposed option should be followed. Over a third (39%) would do more.



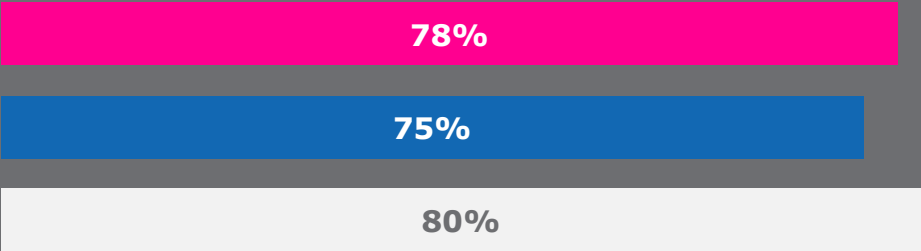


Investment scenario summary 3. Reservoir Safety

Over three quarters (78%) agree with the proposed option. A minority (16%) feel that more should be done to increase reservoir safety. Please note there is no 'do less' option for this scenario.

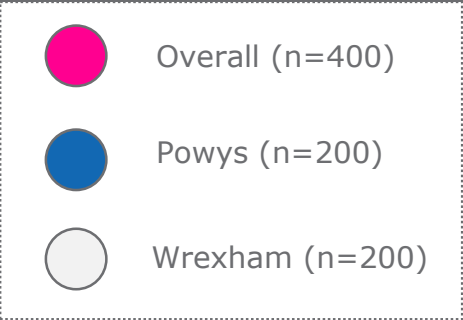
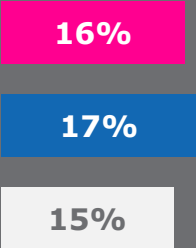
Proposed Option

Carry out significant maintenance for reservoirs that are due their statutory inspection during the next 5 years



Do More

Carry out significant maintenance for all reservoirs, including those due their statutory inspection in 6 to 10 years time



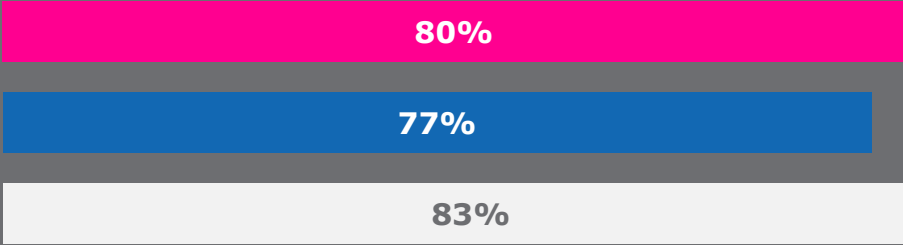


Investment scenario summary 4. Supply Resilience

The majority (80%) are in agreement with the proposed option. Around 1 in 6 (14%) would want more to be invested. Please note there is no 'do less' option for this scenario.

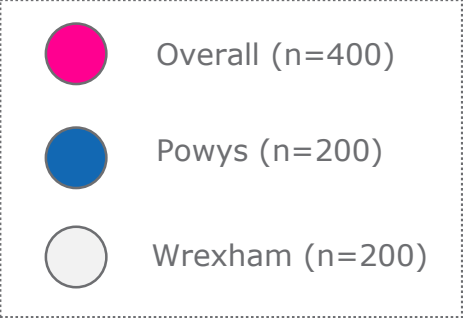
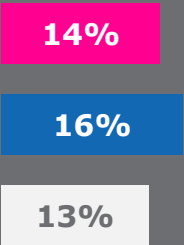
Proposed Option

Maintenance of the treated drinking water reservoirs that are needed in the next 5 years



Do More

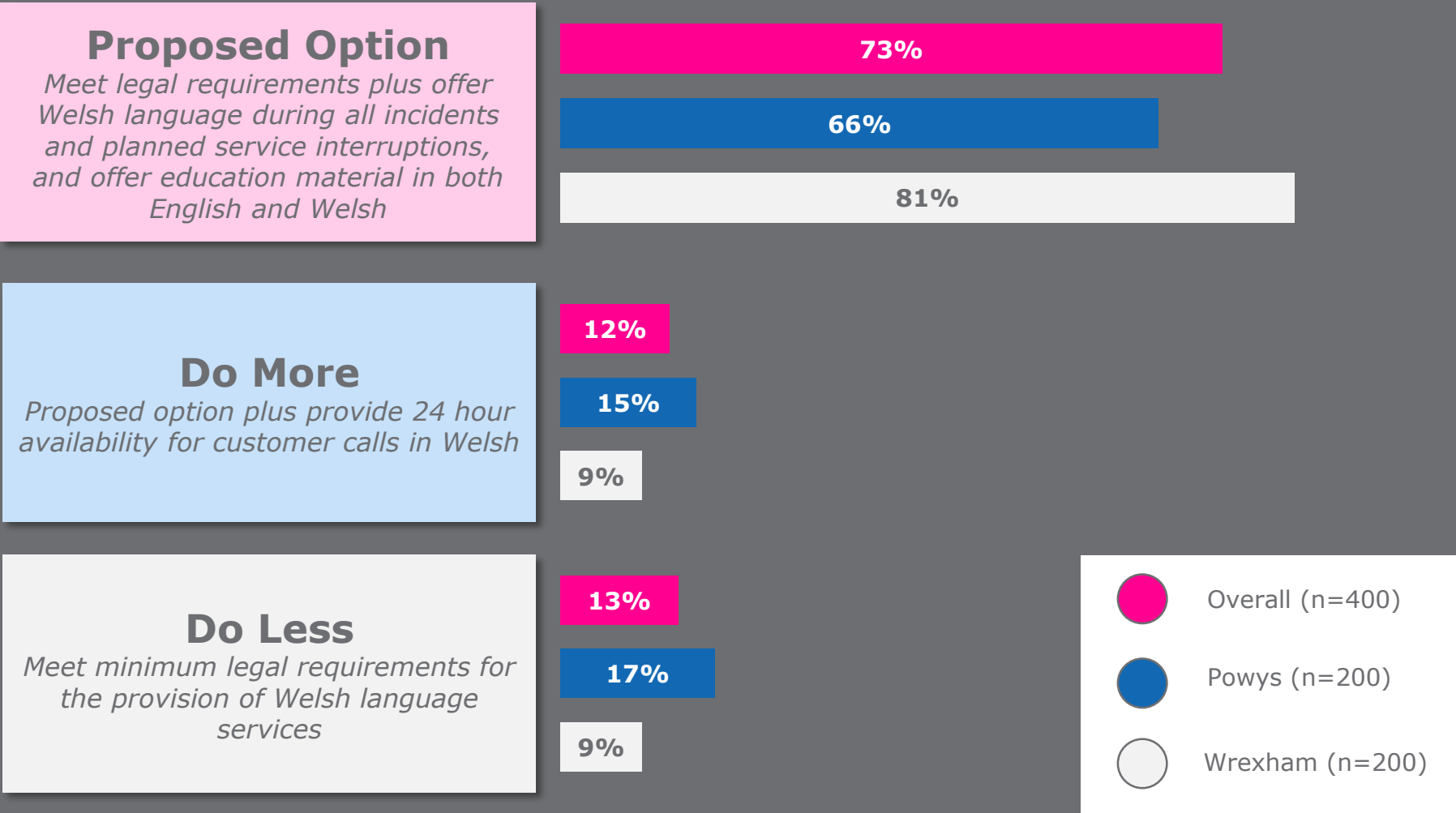
Maintenance of the treated drinking water reservoirs that will be needed in the next 6 to 10 years, as well as those that need it in the next 5 years





Investment scenario summary 5. Welsh Language Services

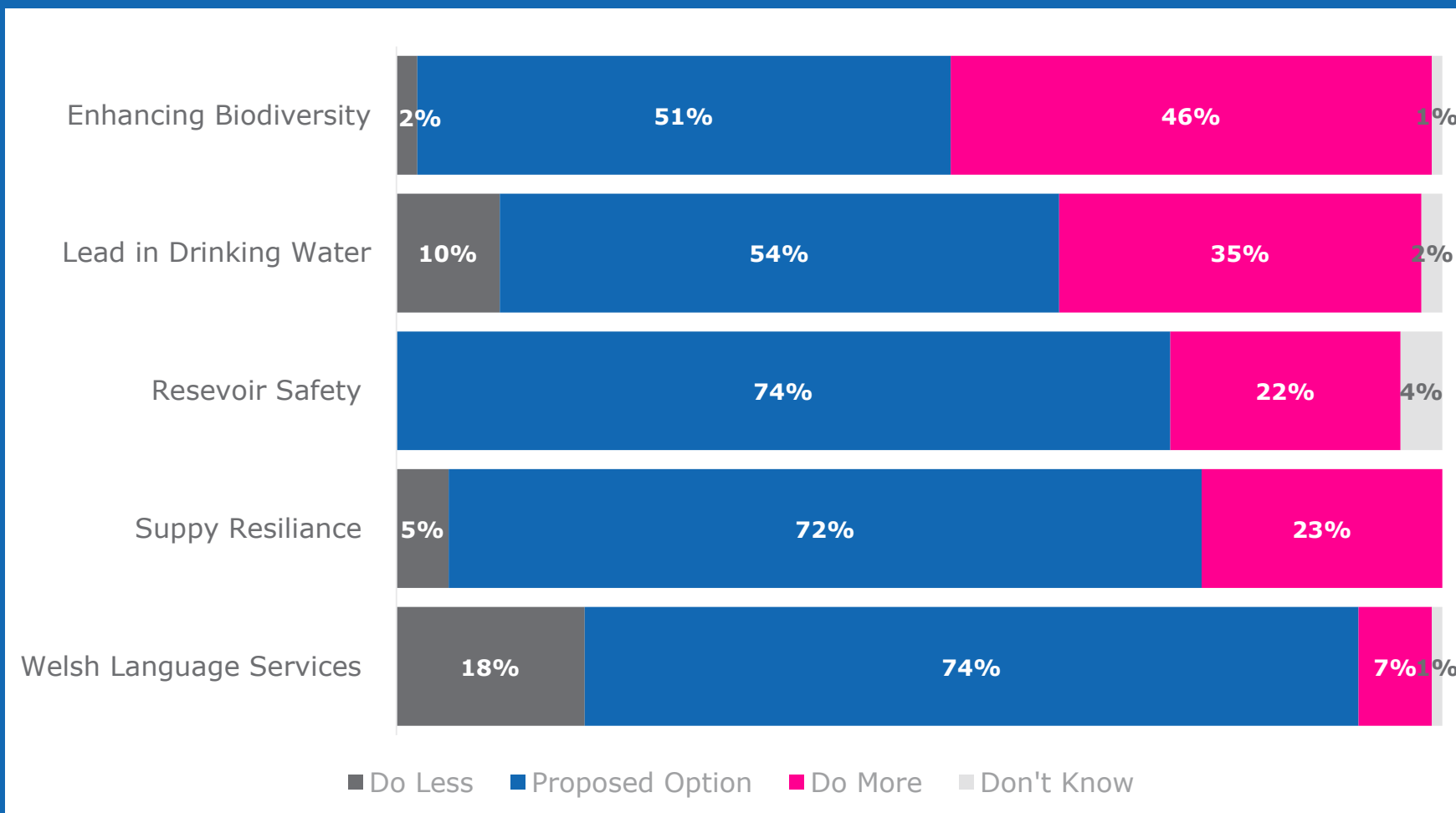
Around three quarters (73%) are in agreement with the proposed option. A similar proportion of HH customers would like more to be done (12%) as would like less to be done.





NHH Customers are most likely to want to 'Do More' to enhance biodiversity

Welsh Language Services are an area customers are most likely want to 'Do less', although with all PCs, the majority are happy with the proposed option



Q05a/b/c/d/e Please select whether you prefer the proposed choice or an alternative based on the information given
Base: All HH Respondents, n=200 (weighted data)

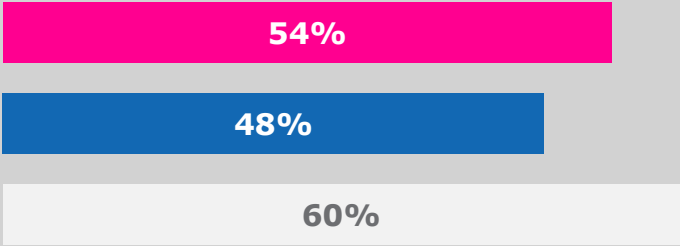


Investment scenario summary: 1. Lead in Drinking Water

Overall, more than half (54%) of NHH customers agree with the proposed option. The proportion of those agreeing with the proposed option is higher in Wrexham (60%), than Powys (48%). Just over a third (35%) think more should be done.

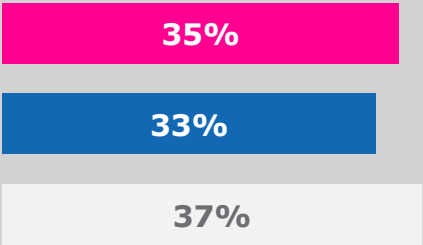
Proposed Option

Offer schools and nurseries the opportunity to be tested against the higher standards and offer replacement if found. Proactive targeting replacement in a few hot spot areas



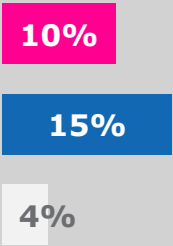
Do More

Proposed option plus investigating and supporting all household customers where samples exceed the tighter lead standards



Do Less

Offer all schools and nurseries in the region the opportunity to be tested against the tighter proposed lead standard and offer replacement if lead pipes are found



Overall (n=104)



Powys (n=52)

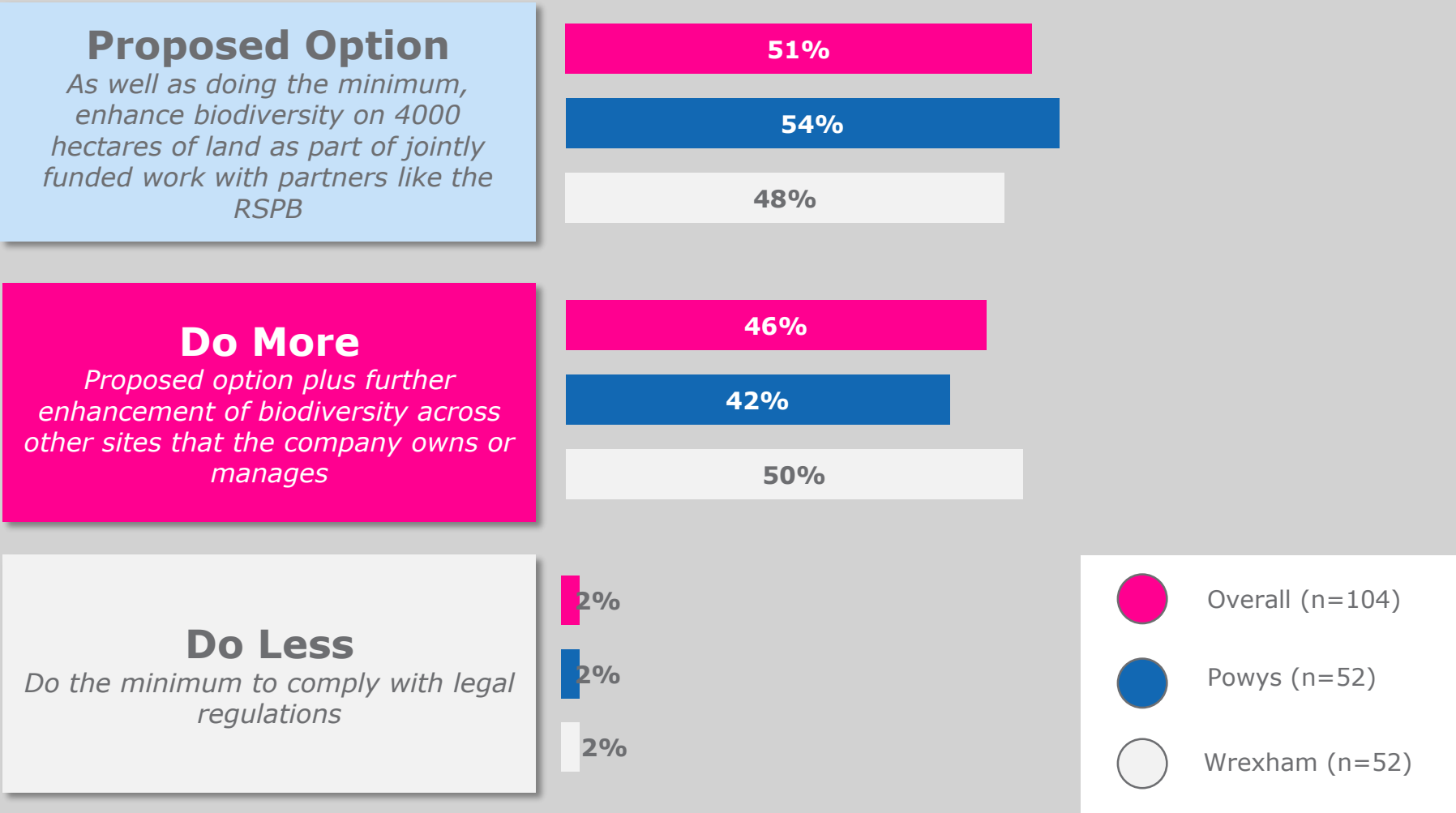


Wrexham (n=52)



Investment scenario summary: 2. Enhancing Biodiversity

Overall, opinion on the invest options is split with just over half (51%) of NHH customers agree with the proposed option. However, just under half (46%) think more should be done.



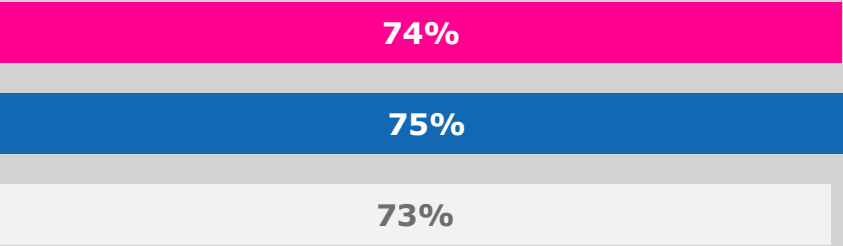


Investment scenario summary: 3. Reservoir Safety

Overall, three quarters (74%) of NHH customers agree with the proposed option. However, just under a quarter (22%%) think more should be done. Please note there is no 'do less' option for this scenario.

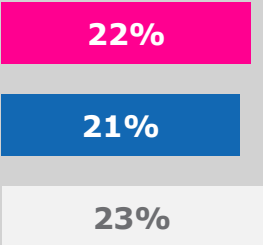
Proposed Option

Carry out significant maintenance for reservoirs that are due their statutory inspection during the next 5 years



Do More

Carry out significant maintenance for all reservoirs, including those due their statutory inspection in 6 to 10 years time



DK = 4%

DK = 4%

DK = 4%



Overall (n=104)



Powys (n=52)



Wrexham (n=52)

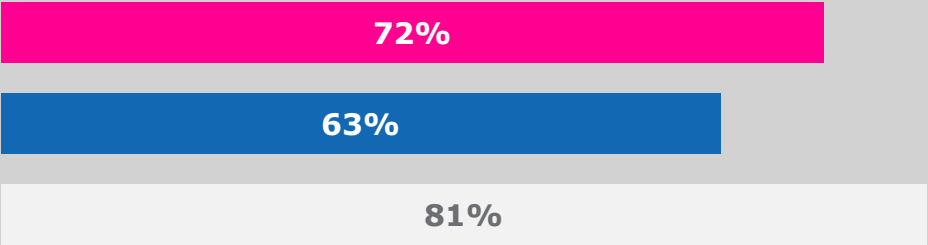


Investment scenario summary: 4. Supply Resilience

Overall, three quarters (74%) of NHH customers agree with the proposed option. However, just under a quarter (22%%) think more should be done. Please note there is no 'do less' option for this scenario.

Proposed Option

Maintenance of the treated drinking water reservoirs that are needed in the next 5 years



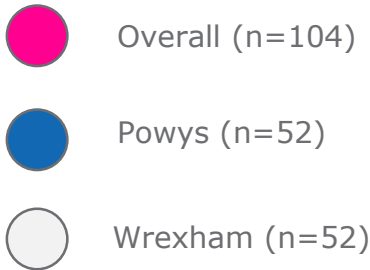
Do More

Maintenance of the treated drinking water reservoirs that will be needed in the next 6 to 10 years, as well as those that need it in the next 5 years



DK = 5%

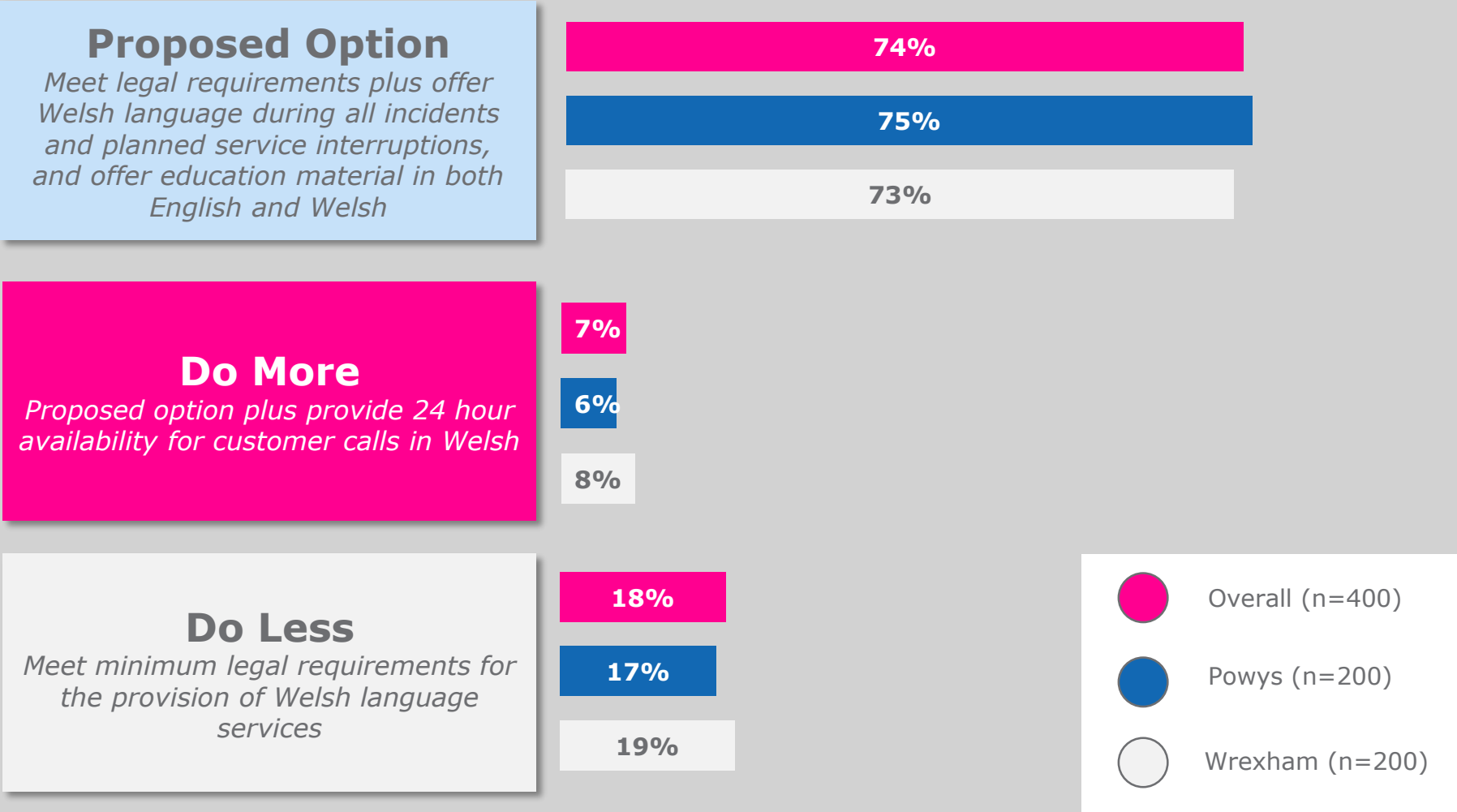
DK = 10%





Investment scenario summary: 5. Welsh Language Services

Overall, three quarters (74%) of NHH customers agree with the proposed option. However, just under a quarter (22%%) think more should be done.

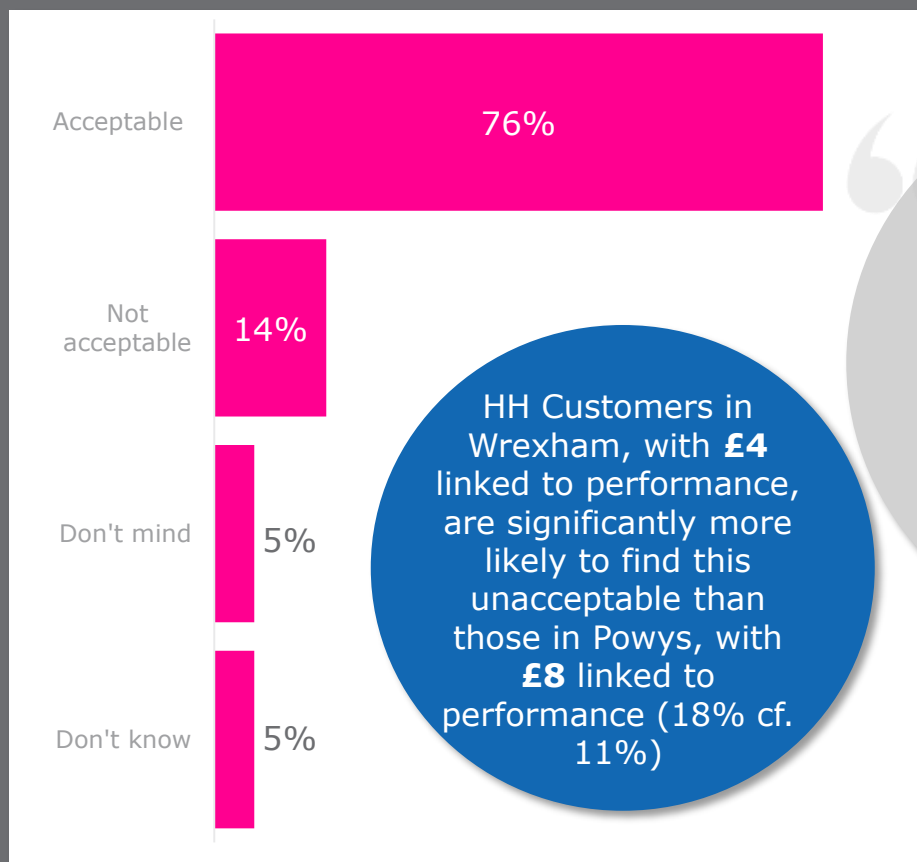


9. Incentives



Three quarters (76%) of HH customers support having a small amount of their bill linked to company performance

Qualitative research indicates that keeping the value low is important to customers. Most who were against the initiative voiced concern about financial implications or what the money will be used for.



I think it all depends on the level that they're going to raise the bill by. If it's 10% then I'm sure people are going to be a bit wary but if its .5% or 1%... then I think that's fair enough.

HH Customer, Wrexham

The idea works but it's more a matter of where the money goes!

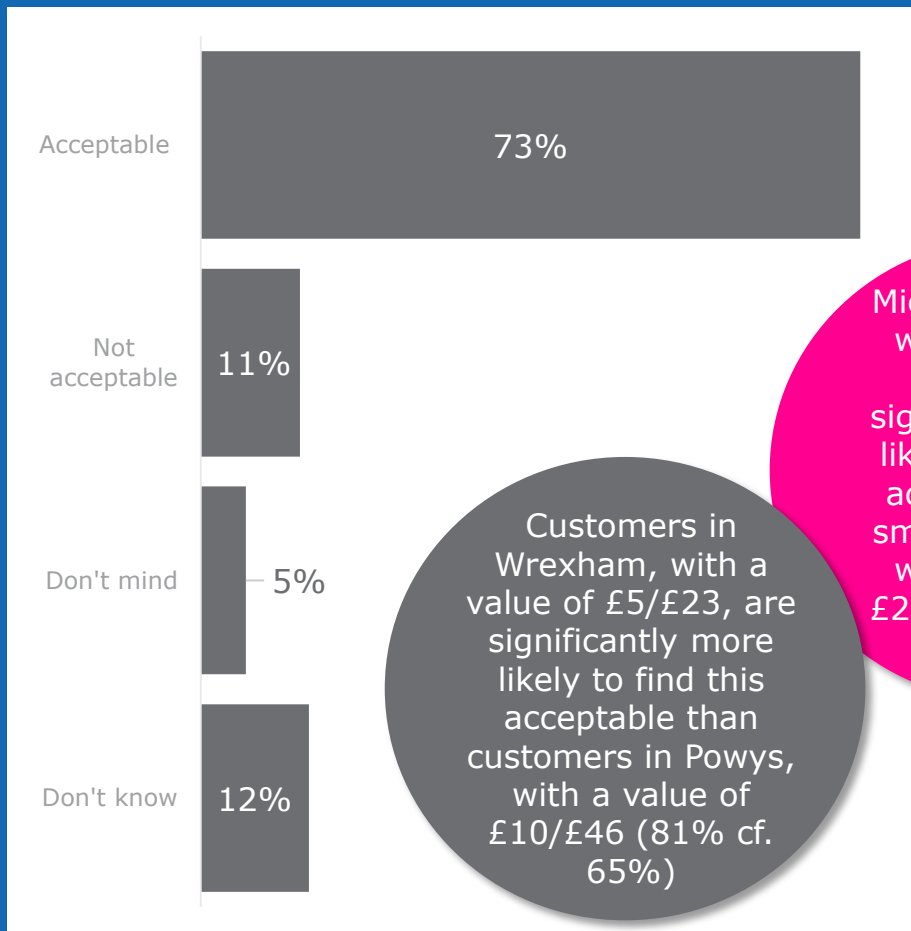
HH Customer, Wrexham

Yes, the company's done ten times better but if someone is struggling at the moment, they're going to struggle when the prices do go up.

HH Customer, Wrexham

Similarly, three quarters (76%) of NHH customers think it is acceptable to link a small amount of their bill to performance

However, similar concerns are raised that the value should be kept low. Some think incentives are unnecessary to drive standards, or question the scale of the impact



Customers in Wrexham, with a value of £5/£23, are significantly more likely to find this acceptable than customers in Powys, with a value of £10/£46 (81% cf. 65%)

Micro businesses, with a value of £5/£10, are significantly more likely to find this acceptable than small businesses, with a value of £23/£46 (76% cf. 56%)

They shouldn't need to have the incentive to push the target
NHH Customer, Wrexham

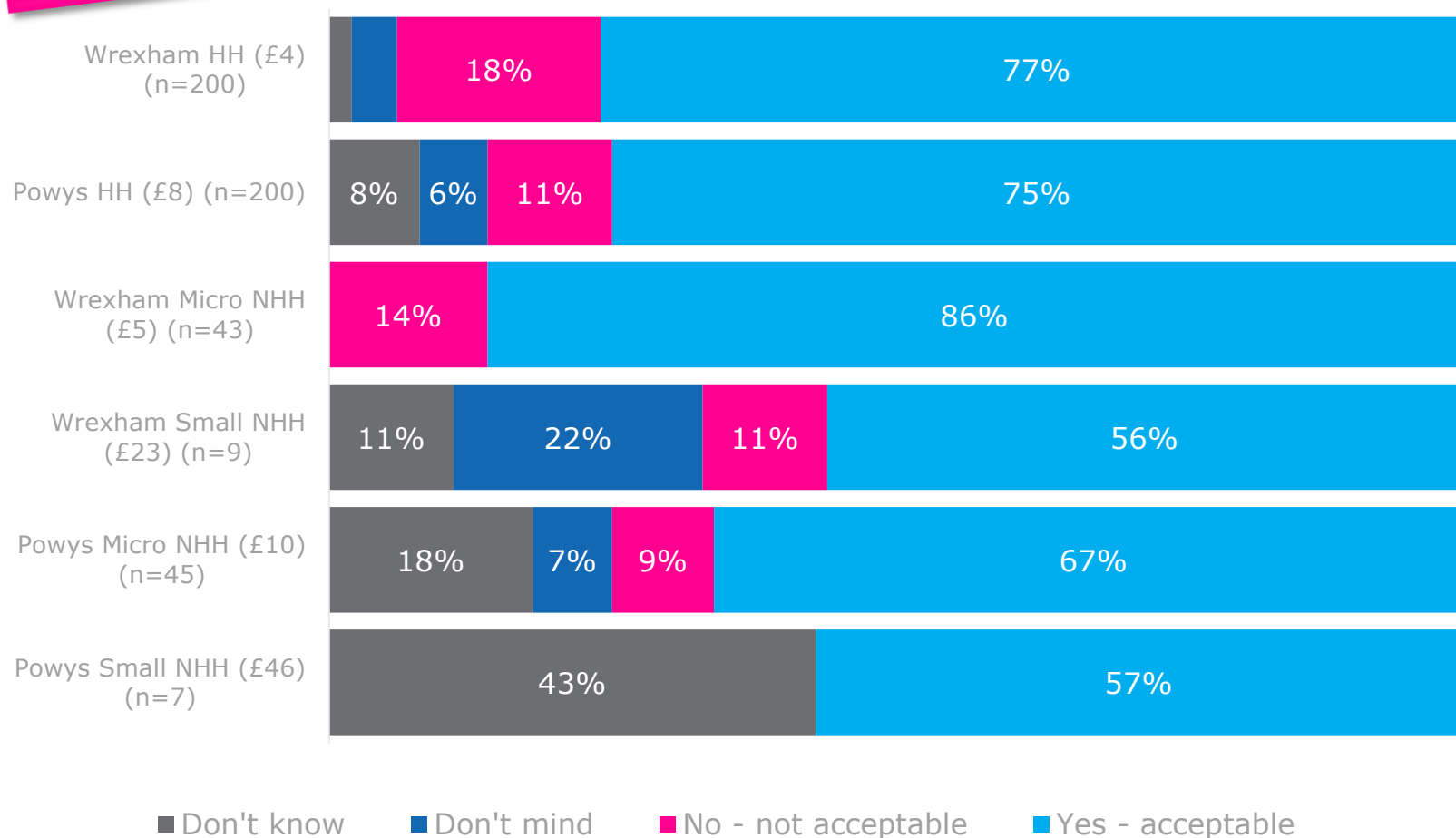
I'm still thinking about it really. Again, is it going to have the effect you want it to have?
NHH Customer, Wrexham

Q06a/d In 2020, around <£x> of your annual water bill, could be linked to how your water company performs. Could you please tell us whether you think this is acceptable to you as a customer?
Base: All NHH respondents, n=104



Micro businesses in Wrexham find investing a portion of their bill most acceptable

Ranked Acceptability



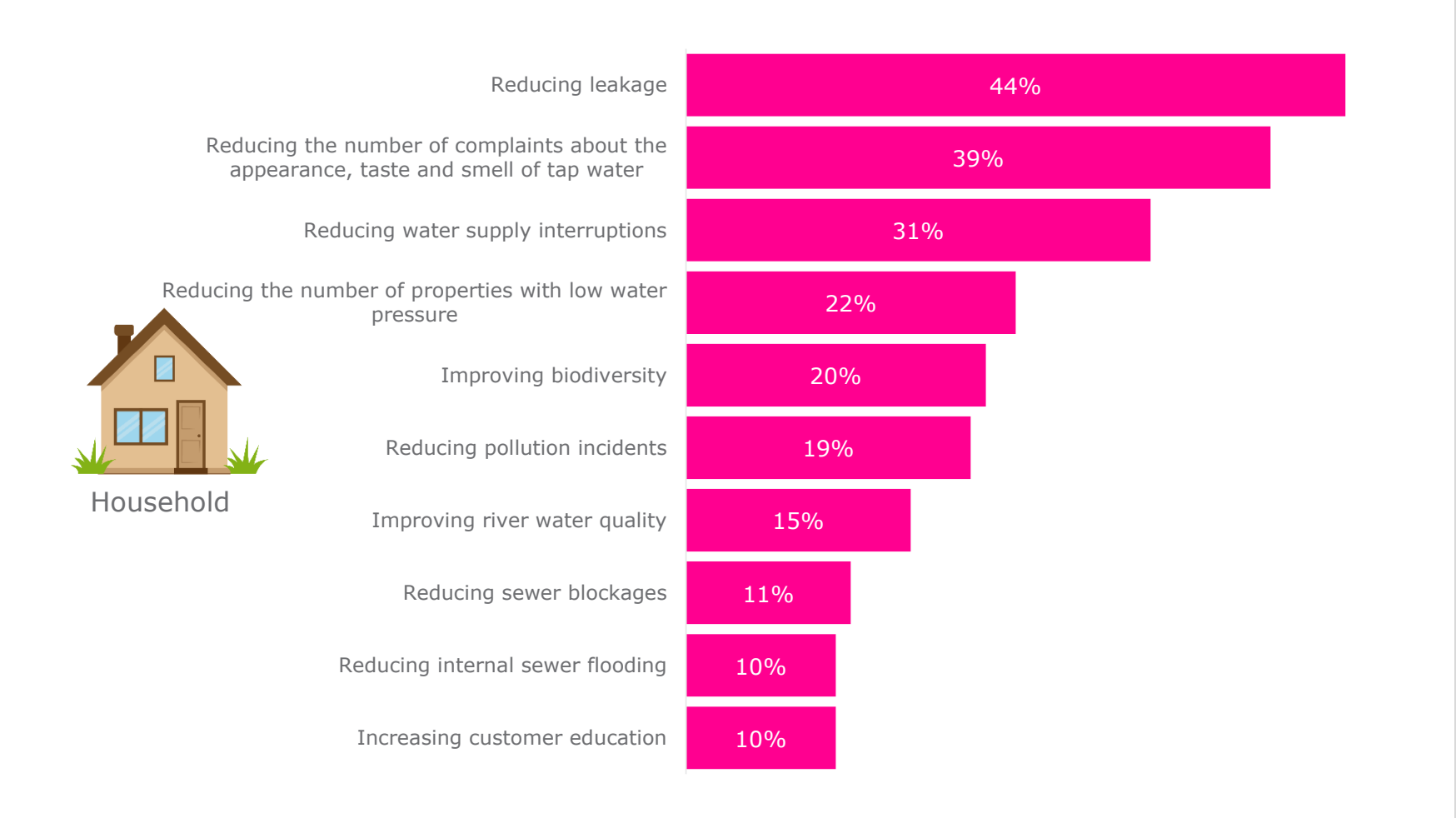
Q06 In 2020, around <£x> of your annual water bill, could be linked to how your water company performs. Could you please tell us whether you think this is acceptable to you as a customer?

Base: All respondents, HH n=400, NHH n=104 (weighted data), *Caution small base sizes Powys and Wrexham small NHH



Performance targets to focus on (Household)

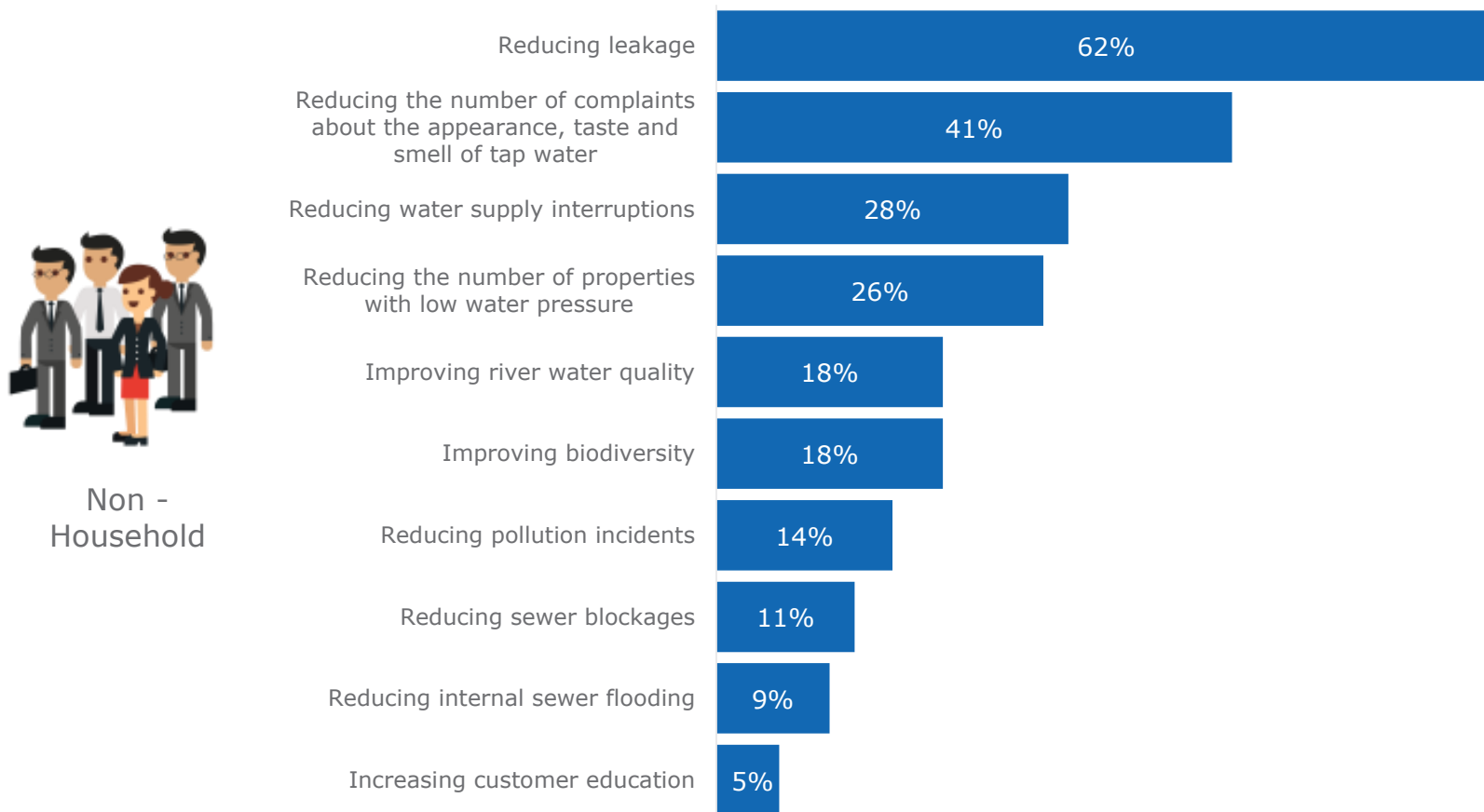
Just under half of customers (44%) of household customers feel reducing leakage should be the most important area to out perform on. This is followed by reducing appearance, taste and smell complaints (39%) and reducing interruptions (31%).





Performance targets to focus on (Business)

As with household customers, reducing levels of leakage is seen as the most important target to exceed their performance in (62%), followed by reducing the number of complaints about appearance, taste and smell (41%)



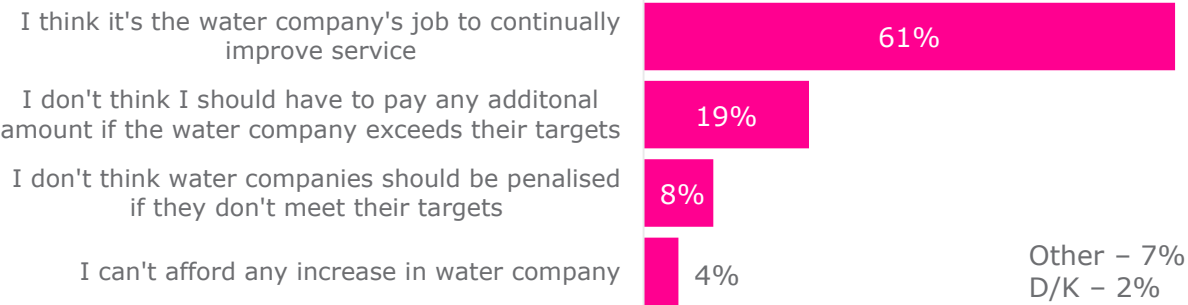


Reasons for not finding linkage to bill acceptable

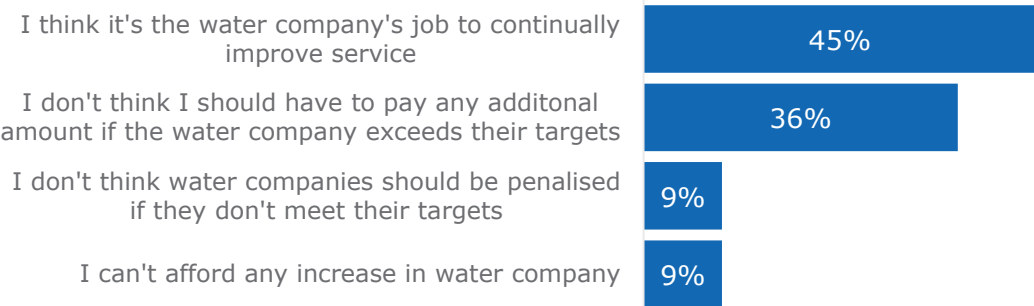
Of those who don't find the value acceptable, this is most commonly because they think it the water company's job to continually improve service (61% HH, 45% NHH)



Household



Non - Household



Q06b/Q06e Why do you feel that around <£x> of your annual water bill being linked to how your water company performs against its target us not acceptable to you as a customer
Base: All HH respondents who find value at Q06a unacceptable (weighted data) n=54
All NHH respondents who find value at Q06a/Q06d unacceptable n=11

It is important that customers are given enough information about incentives, especially as the concept is unfamiliar and difficult to grasp

Thoughts on incentives



Customers have no prior awareness of the incentive system and find the **concept complex** and difficult to grasp. However, most customers understand after the concept is explained to them, however.



"It's just overwhelming. I don't really know what you're talking about to be honest!"

NHH Customer, Powys

Customers want to know whether increases or decreases will be impacted by **inflation**. Indeed, some feel that incentives, as a maximum, should be in line with inflation levels

Some customers, were unsure as to whether they had **enough information** to make a judgement, feeling they need to know information by exactly how much targets have to be surpassed or missed.

Exact percentages and statistics are important, however this additional information may prove overwhelming

"What is the percentage they can increase them by is the other thing isn't it? If they can increase the bill, is it capped?"

NHH Customer, Powys



Customers want to know **whether income from incentives will be ring fenced for extra improvements**, or will be **profit** for the company



"I mean, it depends if that money is going to be used in this respect [for improvements], rather than sitting in their pockets!"

NHH Customer, Wrexham

Some customers want additional clarity on the **relationship between incentives and fines** if a company underperforms

●●●

10. Conclusions and recommendations





Conclusions and recommendations

1

Increase customer awareness of the merger

Overall a third of HH customers and two fifths of NHH customers are aware of the merger between Severn Trent and Dee Valley (Hafren Dyfrdwy). HH customers in Wrexham are more likely to be aware of the merger than those in Powys.

2

Keep core objectives but explain 'promoting thriving communities'

Core objectives are viewed positively, and in line with key priorities for a water company spontaneously identified. Clarity is needed on what is meant by 'promoting thriving communities' as wording is thought of as vague along with information on how this will be achieved.

3

Keep both core and bespoke PCs

All the PC's are generally seen as positive by both HH and NHH customers with high levels of acceptability across all measures. For both HH and NHH education is the most acceptable. Leakage is the least acceptable PC although acceptability for this measure is still relatively high (HH=71% and NHH=69%)

4

Improve clarity of communication about some PCs

The PC's should be communicated to customers with clarity on how they impact the customer and how the targets will be achieved. Some scales are too abstract and are not customer friendly, although used for KPI reporting a more customer friendly scale / measure should be used for HH and NHH

5

Proposed investment options are acceptable to customers

Across all investment options, the majority of customers are happy with the proposed option. Both HH and NHH customers are most likely to want to 'Do More' to enhance biodiversity. Welsh Language Services is the area where respondents are most likely want to 'Do less'.

6

Incentives at the current suggested amount are acceptable to customers

Three quarters of HH and NHH customers think it is acceptable to link a small amount of their bill to performance. It is important that the amounts remain low. There should be transparency about how this additional money will be spent. The relationship between incentives and fines should be explained.

11. Appendix





Acceptability of Future Targets – Wrexham and Powys



HH	Yes - Acceptable		No – Not Acceptable		Don't Mind/ Don't Know	
	<u>Wrexham</u>	<u>Powys</u>	<u>Wrexham</u>	<u>Powys</u>	<u>Wrexham</u>	<u>Powys</u>
Water Supply Interruptions	80%	81%	15%	3%	5%	15%
Leakage	61%	81%	29%	14%	10%	5%
Low Pressure	58%	88%	38%	6%	5%	6%
Appearance Taste and Smell	73%	80%	24%	15%	3%	6%

NHH	Yes - Acceptable		No – Not Acceptable		Don't Mind/ Don't Know	
	<u>Wrexham</u>	<u>Powys</u>	<u>Wrexham</u>	<u>Powys</u>	<u>Wrexham</u>	<u>Powys</u>
Water Supply Interruptions	83%	90%	12%	8%	6%	2%
Leakage	65%	73%	31%	19%	4%	8%
Low Pressure	75%	85%	23%	12%	2%	4%
Appearance Taste and Smell	88%	88%	12%	12%	0%	0%



Q04a. Could you please tell us whether you think this future target is acceptable to you as a customer
 Base: All HH respondents n=400 (weighed data), all NHH respondents n=104