Bill Research
Topline presentation
12th September 2017
Presentation Plan

Objectives and Method

Context – customer outlook

Affordability, acceptability and VFM

Bill profile preferences

Attitudes to longer term investment

Social tariffs
Objectives

- Gauge current unprompted perceptions of water bill (affordability, acceptability and value for money)
- Measure how bill perceptions compare to other utilities, and how they change when customers are more informed
- Assess what customers believe their water bill pays for - and to what extent this drives acceptability of their bill
- Gauge expectations and preferences about what will happen to water bills over the next few years (2020-25)
- Establish preferences of what should happen to water company investment and bills over the longer term
- Measure acceptability of the principle of social tariffs and how much customers are willing to contribute
Method

600 online interviews

Drawn from a ‘panel of panels’, conducted amongst people aged 18+ who live in DCWW postcode districts and confirm they are customers of Welsh Water. All responsible for paying water bill.

Representative of domestic customers

Sample was targeted based on quotas for gender, age, social grade and postcode region based on 2011 Census information for Wales and the areas of England served by Welsh Water.

Data weighted at analysis

Data is weighted to gender, age, social grade and postcode area to ensure a precise match with Census data.

Fieldwork August to September 2017

Fieldwork took place from Friday 25th August to Tuesday 5th September 2017.
Wider context
Indicators of economic outlook are not very positive – the majority of customers say their income hasn’t kept up with inflation, and expectations over the next 12 months skew to being ‘worse off’ and for things in general to be less affordable.

Q44. Thinking about your overall household income over the last 5 years would you say…?

Q45. Thinking about the current economic climate, do you expect your household to be better off, worse off or about the same in the next 12 months?

Q46. And do you think things that you buy in general will become more affordable, less affordable, or stay the same over the next 12 months?
On prompting, nearly two thirds of customers say they are worried about inflation. This is more likely to be women, those in middling to lower social grades, and those who are finding their water bill less affordable.

Q47. Inflation can be described as the rate of increase in prices generally, so for example a 3% inflation rate means prices overall are 3% higher than a year ago. Which best describes how you feel about inflation?

- 62% I worry about inflation because I don’t think my income and/or savings will increase by the same rate.
- 21% I don’t know how inflation will affect me/my household.
- 17% I don’t worry about inflation because I think my income and/or savings will increase by the same rate or more.

More likely to be worried about inflation:
- Women
- Social grade C1, C2, DE
- Not on a water meter
- Paying water bill is a stretch or they cannot afford it
Nearly half of customers believe that DCWW is a not-for-profit organisation but almost a quarter think that it makes profit for shareholders; as we will see those who believe it is a profit-making organisation can have less positive impressions of bill acceptability and value for money.

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welsh Water is part of the public sector (i.e. run by the Government)</td>
<td>48%</td>
</tr>
<tr>
<td>Welsh Water is a not-for-profit organisation (with no shareholders)</td>
<td>20%</td>
</tr>
<tr>
<td>Welsh Water aims to make a profit for its shareholders and owners</td>
<td>9%</td>
</tr>
</tbody>
</table>

Don’t know 23%

Nearly half of customers are correct, but there’s still scope to broaden awareness of ‘not for profit’, which could reduce negative perceptions around water bill.
The wider customer outlook is not especially positive...

- **35%** think their household will be worse off in the next 12 months (vs. only 7% who think they will be ‘better off’)
- **50%** believe that the things they buy will become less affordable over the next 12 months
- **62%** worry about inflation because they don’t think their income and/or savings will increase by the same rate

And it’s those who are already in poorer economic situations who are the least positive
Affordability of water bill
Only 5% of Welsh Water customers say they cannot afford their water bill, although nearly 4 in 10 more say they find that affording their water bill is ‘a stretch’.

**Affordability of water bill**
*Base: All respondents (600)*

- **5%** No – I cannot afford it
- **37%** Yes – but it is a stretch
- **40%** Yes – fairly comfortably
- **19%** Yes – comfortably

Q12. Do you feel that you can afford your water bill?, Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?
Affordability of water bill

Only 5% say they actually cannot afford their water bill.

But a further 37% say it is ‘a stretch’ - a large number of customers who may feel like they are ‘on the edge’.
Less affordable – by subgroup

Affordability is strongly related to economic circumstance: Those who are struggling to afford their water bill are more likely to be from lower social classes with lower income. They’re also less likely to be on a meter, more likely to live on their own, and more likely to say they’re paying more for their bill.

Q12. Do you feel that you can afford your water bill? (Note numbers in brackets are unweighted base sizes)
Affordability and vulnerability

Those who can’t afford their water bill are more likely to exhibit vulnerability in terms of capability and crisis, as well as showing indicators of economic disadvantage.

<table>
<thead>
<tr>
<th>Vulnerability Indicator</th>
<th>% of customers who can afford bill (362)</th>
<th>% of customers for whom it is a stretch (210)</th>
<th>% of customers who cannot afford bill (28) - CAUTION LOW BASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any connectivity indicator (no Internet at home or remote &amp; no car)</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Any circumstance indicator (ongoing poor service)</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Any capability indicator (chronic or mental illness)</td>
<td>22%</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>Any crisis indicator (bereavement, separation, job loss)</td>
<td>7%</td>
<td>8%</td>
<td>26%</td>
</tr>
<tr>
<td>Any economic indicator (on benefits, social housing, pension tax credit)</td>
<td>13%</td>
<td>31%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Although based on a small sample size, indications are that nearly half of customers who cannot afford their bill have some form of circumstantial vulnerability, and around half also exhibit economic vulnerability; plus they are more likely to be suffering from a shorter term crisis.

Q12. Do you feel that you can afford your water bill?
Q12. Do you feel that you can afford your water bill?

Household income correlates strongly with affordability – BUT it’s not the only determinant; do social tariffs need to be based on more than an income threshold?

More affordable
- Higher household income (£50k+)
  - AB social grade
  - Requested meter
- Don’t worry about inflation
- Say they pay £400 per year for their bill

Less affordable
- Lower household income <15k
  - DE social grade
- Say they pay >£600 for their bill
  - No water meter
  - Those who live alone
- Those with crisis or capability vulnerability indicators
- Those with economic vulnerability (on benefits, social housing, pension credits)
Key reasons for not being able to afford the water bill tend to be due to external factors rather than perceptions that the bill has gone up; the top reason given is recent economic vulnerability.

Q13. Why did you say that you cannot afford your water bill?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fallen on harder times recently</td>
<td>36%</td>
</tr>
<tr>
<td>I am in debt</td>
<td>27%</td>
</tr>
<tr>
<td>Prices up - getting ‘squeezed’</td>
<td>26%</td>
</tr>
<tr>
<td>Bill gone up recently</td>
<td>16%</td>
</tr>
<tr>
<td>My income is fixed</td>
<td>13%</td>
</tr>
<tr>
<td>No flexible payment options</td>
<td>3%</td>
</tr>
<tr>
<td>Another reason</td>
<td>6%</td>
</tr>
<tr>
<td>A specific event</td>
<td>4%</td>
</tr>
</tbody>
</table>

Disabled, unable to work, finding all bills difficult if not impossible to cover.
Most customers (59%) think their water bill has remained the same for affordability over the last 5 years, but a large minority feel that their bill is becoming less affordable.

Q14. Over the last 5 years, have you felt that your water bill is becoming more affordable for you, less affordable, or is it the same?
The decline in affordability is most concentrated amongst those with lower income, although this affordability squeeze is **not solely amongst the lowest social classes** – it’s amongst C2s as well. Those without a meter are also more affected by declining affordability.

### % of different customer groups saying water bill is ‘less affordable’

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<table>
<thead>
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<tbody>
<tr>
<td>TOTAL (600)</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>AB (123)</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>C1 (200)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C2 (93)</td>
<td>24%</td>
<td>37%</td>
</tr>
<tr>
<td>DE (184)</td>
<td>21%</td>
<td>35%</td>
</tr>
<tr>
<td>Have water meter (requested) (145)</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Have water meter (already in home) (140)</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>No meter (312)</td>
<td>29%</td>
<td>37%</td>
</tr>
<tr>
<td>Household income &lt;15k (158)</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>£15-29k (197)</td>
<td>29%</td>
<td></td>
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<tr>
<td>£30-49k (124)</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>£50k + (71)</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Aware of Help U tariff or similar (155)</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Not aware (445)</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Worry about inflation (368)</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>Don’t worry about inflation (106)</td>
<td>10%</td>
<td>23%</td>
</tr>
<tr>
<td>Don’t know about inflation (126)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Think DCWW is profit making (137)</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Think DCWW is not-for-profit (274)</td>
<td>26%</td>
<td>32%</td>
</tr>
<tr>
<td>Think DCWW is public sector (58)</td>
<td></td>
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</tbody>
</table>

Q14. Over the last 5 years, have you felt that your water bill is becoming more affordable for you, less affordable, or is it the same? (Note numbers in brackets are unweighted base sizes)

**PLUS**

Those exhibiting ‘crisis’ vulnerability indicators are much more likely to feel the bill is getting less affordable (51% of them)
Of the customers who feel their bill is currently a stretch, around half feel that affordability has been declining over the last 5 years. Along with those who already cannot afford their bill, this may be the key ‘at risk’ segment of customers that we need to consider most carefully when planning ahead.

Q14. Over the last 5 years, have you felt that your water bill is becoming more affordable for you, less affordable, or is it the same?
Profiling key ‘at risk’ group

More likely to be...

- Older—especially 60+ age group
- Lower social grades—both C2 and DE
  - Income <£20k per year
- Have someone with long term disability/chronic illness in the household
  - Live in a terraced house
  - No water meter
- Expect to be worse off in next 12 months, and that things will be less affordable
- Worried income will not keep up with inflation
- Don’t think water bill is currently good value for money
Acceptability of water bill
Nearly two thirds (64%) of customers find their water bill ‘acceptable’, regardless of whether they can afford it. However, a sizeable minority do not find it acceptable.

Acceptability of water bill
Base: All respondents (600)

- 55% find the water bill acceptable
- 23% find the water bill not acceptable
- 5% completely unacceptable
- 8% don’t know
- 9% perfectly acceptable

Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?

There are a variety of reasons for this...
Q16. Please can you write in below why you say you feel the amount you pay for your water bill is unacceptable.

- Water is cheap in Wales but they want money for nothing.
- I just think it should be lower, I think £40 per month should be the maximum.
- We get water from the sky often enough, water is way overpriced.
- Because wages have not gone up.
- Because incomes are static, inflation is low and yet every year utility companies increase their charges, with little or no good reason to do so.
- You pay twice as much for disposal than supply.
- The rain is free.
- It's higher than other areas of the country even though most of the supply comes from this local area.
- Because of interruption in service.
- Standing charge. Scrap it. Charge for what people actually use.
- Supply interruptions, foul odours emitted from sewage installations, three years to take conclusive action over sewage leaks outside my property - need I go on?
- My bill is very high compared to other homes in my area, I live by a river, so shouldn't it cost less to get water to my home?
- I feel I should be paying more for the service I get and the valuable resource I am using.
- I used to have a water meter and paid less. Now I don't get the chance to economise. I don't use much water so resent paying a high bill solely based on the size of my house.
- Because bill is valuated using value of house, this is ridiculous.
- There should be greater savings in the industry to lower the public's bills.
- Our road often floods when we have excessive rainfall in the autumn/winter and I feel that the large cost of our water bill should mean that Dwr Cymru is able to fix this issue.
- My bill is very high compared to other homes in my area, I live by a river, so shouldn't it cost less to get water to my home?
Awareness of what water bill pays for

Most people think of ‘good quality drinking water’, ‘reliable water supply’, ‘reliable wastewater disposal’ and ‘repair of water supply pipes’ as part of what their bill pays for. Only a minority think of other things, with ‘good customer service’ being perhaps surprisingly low down on the list.

Q25a. Which, if any, of these describe what you just said your water bill pays for? Base: All respondents (600)
Awareness of what bill pays for vs. acceptability of bill

Good customer service is one of the key factors that drives greater acceptability of the water bill, together with appreciation that there is investment happening to ensure a reliable supply long term. People who find their bill more acceptable tend to think their water bill covers a wider range of things – a case for communication!

- Good quality drinking water
- A reliable water supply
- Repair and replacement of water supply pipes
- Reliable and safe wastewater disposal
- Investment to ensure a reliable water supply now
- Investment to ensure a reliable water supply long term
- Helping the environment
- Ensuring the water company is able to respond quickly
- Making the water company more efficient
- Helping to avoid water restrictions like hosepipe bans
- Helping people who struggle to afford their water bill
- Good customer service
- Initiatives get involved with schools and education

Q25a. Which, if any, of these describe what you just said your water bill pays for?
Base: All respondents rating water bill (perfectly) acceptable (388) or (completely) unacceptable (160)
Water bill unacceptable – by subgroup

Finding the water bill unacceptable is more common amongst lower social grade customers with lower income, those who are not on a meter, who worry about inflation and who think that DCWW is for profit. The bill is also particularly unacceptable for those who tell us they pay £600+ per year.

<table>
<thead>
<tr>
<th>% of customer groups saying water bill is unacceptable</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL (600)</td>
</tr>
<tr>
<td>AB (123)</td>
</tr>
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Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)? (Note numbers in brackets are unweighted base sizes)

PLUS
More likely to be unacceptable for those who say they pay £600+ per year (56%), those who live alone (36%) and those showing capability or crisis vulnerability indicators.
Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?
When information is given about average water bill compared to other utility bills, the acceptability of water bills increases slightly, although this does not transform opinions (consumers can find it hard to make a comparison between utilities). When informed that other water companies charge less, acceptability declines (although not as much as value for money does – acceptability is more resilient).

<table>
<thead>
<tr>
<th></th>
<th>Before informing</th>
<th>Acceptability of water bill</th>
<th>After informing</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Spontaneous</td>
<td></td>
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<tr>
<td></td>
<td>acceptability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Don't know</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Completely unacceptable</td>
<td>5%</td>
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<tr>
<td>Not acceptable</td>
<td>23%</td>
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<tr>
<td>Acceptable</td>
<td>55%</td>
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<tr>
<td>Perfectly acceptable</td>
<td>9%</td>
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<td></td>
<td>64%</td>
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<td>After informing</td>
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<tr>
<td></td>
<td>Spontaneous</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Don't know</td>
<td>8%</td>
<td>6%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Completely unacceptable</td>
<td>5%</td>
<td>5%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Not acceptable</td>
<td>20%</td>
<td>20%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>59%</td>
<td>70%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Perfectly acceptable</td>
<td>9%</td>
<td>11%</td>
<td>8%</td>
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</tbody>
</table>

Q15 / Q32 / Q34 Do you think what you are paying for your water bill is acceptable or unacceptable?

Base: All respondents (600) / Half sample
Value for money of water bill
Value for money of water bill and other utilities

When asked totally spontaneously, nearly 6 in 10 customers rate their water bill as good value for money, while a minority of 14% feel value is poor. Value of the water bill compares well to other utility bills.

### Value for money – spontaneous

*Base: All respondents (600)*

- **Water**
  - Don’t know: 4%
  - Very poor: 17%
  - Poor: 28%
  - Neither good nor poor: 40%
  - Good: 17%
  - Very good: 8%

- **Electricity**
  - Don’t know: 10%
  - Very poor: 35%
  - Poor: 25%
  - Neither good nor poor: 20%
  - Good: 6%
  - Very good: 8%

- **Gas**
  - Don’t know: 9%
  - Very poor: 34%
  - Poor: 22%
  - Neither good nor poor: 34%
  - Good: 22%
  - Very good: 6%

- **Council Tax**
  - Don’t know: 4%
  - Very poor: 23%
  - Poor: 33%
  - Neither good nor poor: 24%
  - Good: 12%
  - Very good: 4%

Q9. Overall how would you rate the value for money of your water bill? Q23. Overall how would you rate the value for money of gas / electricity / Council Tax?
Proﬁling those with higher and lower VFM

VFM Good
- Don’t worry about inﬂation
  - AB social grade
- Have a water meter (requested)
- Higher household income (£50k+)
  - Aware of Help U tariff
- Say they pay <£400 a year for their bill

VFM Poor
- Say they pay >£600 for their bill
- Think DCWW is a proﬁt making organisation
  - No water meter

While knowing that Welsh Water is not-for-proﬁt doesn’t notably enhance perceptions of value for money, customers who think that Welsh Water is proﬁt-making have more negative perceptions; this suggests that rectifying this misapprehension is important.
Perceived value for money is a **fairly static** picture – two thirds of customers think that their water bill has remained the same value for money over the last five years; one in five think it has ‘got worse’ – the net balance is deteriorating slightly.

Q11. Over the last 5 years, would you say the value for money of your water bill has been getting better, getting worse, or has it stayed the same?
Revealing information about the average cost of other utilities doesn’t affect customers’ perceptions of the value for money of their water bill – people find it hard to compare different utilities. However, once people find out Welsh Water has higher bills than other water companies, there’s a substantial drop in VFM.
It’s crucial to consider the current economic context of **nervousness and caution**: Over one third of customers think they will be ‘worse off’ in a year’s time, and few think things will get better.

**Water Bill Affordability**: Only a minority (5%) cannot actually afford their water bill, with many (but not all) of these being lower income and showing indicators of vulnerability. Additionally, nearly 4 in 10 customers say that it’s a **stretch** to afford their bill, and many feel affordability is **decreasing**. Planning ahead, the priority group to consider may be those who are struggling now and for whom the bill is becoming less affordable.

**Water Bill Acceptability**: The majority find their bill acceptable, but a significant minority (28%) take issue with it, for a wide variety of reasons. These customers are more likely to be lower income, think that DCWW is profit-making, and also often say they’re paying higher amounts for their bill. ‘Unacceptability’ could be offset by explaining more to customers what the bill contributes to, by demonstrating good customer service, and by strengthening appreciation of ‘not for profit’ status. Sharing information about how the average water bill compares to other utilities doesn’t make much difference to acceptability - people may not find this a relevant or natural comparison.

**Water Bill Value for Money**: Perception of value for money of water bill is better than for other utilities, but there’s still room for improvement. When we show customers how the Welsh Water bill compares to other water companies, value for money reacts negatively – falling much more than ‘acceptability’.
Looking ahead 2020-25
Desired and expected changes in bill

Bill expectations and what people think **ought** to happen are clearly different. The majority think bills will go up at, or above, inflation, but only a minority think this **should** happen. Customers have a range of views on what ought to happen – over 1 in 4 would want it to go down in future, but the ‘centre of gravity’ (median position) is ‘going up, but under the rate of inflation’.

<table>
<thead>
<tr>
<th>Desired change (what should happen)</th>
<th>Expected change (what will happen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t know</td>
<td>15%</td>
</tr>
<tr>
<td>Go up at a rate above inflation</td>
<td>29%</td>
</tr>
<tr>
<td>Go up in line with inflation</td>
<td>67%</td>
</tr>
<tr>
<td>Go up, but under the rate of inflation</td>
<td>4%</td>
</tr>
<tr>
<td>Not go up at all</td>
<td>3%</td>
</tr>
<tr>
<td>Go down</td>
<td>41%</td>
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</tbody>
</table>

Q19. Assuming the level of service from your water company remains the same as it is today - Please tell us your personal preference of what should happen. Q21. And what do you expect actually will happen to your water bill over the next few years, assuming the level of service remains the same? (This could be different from what you said you think should happen just now)
The Expectations Gap

67% Expect their bill to go up at or above the rate of inflation

BUT

Only 23% think this should happen
Q20. Based on this, what do you believe should happen to your water bill over the next few years? Please tell us your personal preference of what should happen – this might be different to what you expect actually will happen.
We showed customers five potential options for what could happen to their bill over the period 2020-25, emphasising that the total amount they would pay over the period would be the same in all cases.
There’s a very clear overall preference for keeping the bill level more or less constant; 17% prefer the option of paying more earlier on and reverting to a lower level; 11% prefer a pattern of starting at a lower level.

**Preferred bill profile**  
*Base: All respondents (600)*

- **9%** A little higher at first then decreasing
- **7%** A little lower at first then increasing
- **60%** More or less constant
- **4%** A little lower at first and then a higher bill
- **8%** A little higher at first and then a lower bill
- **11%** Cannot say

Q26 Bearing in mind there’s no difference in overall cost, which one would you prefer? (Assume service levels remain the same)
Bill profile – who prefers the different options?

There are few major distinctions between the customers who prefer each bill profile scenario; for most groups, the clear preference is to keep the bill as constant as possible; the qualitative phase suggested this is a popular scenario as customers will ‘know where they are’ and can better plan their household budget.

People voting for this bill profile are …

A little higher at first then decreasing

More likely to be aged 18-29; Want to reduce bills in future; Pay £400-499 per year

A little lower at first then increasing

More likely to have been metered for under 2 years

More or less constant

LESS likely to be those with highest income (£50k+)

A little lower at first and then a higher bill

More likely to have Income £30k +; Children in household; Income going up at rate of inflation

A little higher at first and then a lower bill

More likely to be Social Grade AB; income £50k+

Q26 Bearing in mind there’s no difference in overall cost, which one would you prefer? (Assume service levels remain the same)
If there were to be a change in bill levels, the opinion tends to favour a gradual transition over three years, rather than a step change, however, this is more the case if bills were to go up than if they were to go down.

Q27. If your water bill was to **go up** in the next years would you prefer that this happened all at once or gradually? Q27b. If your water bill was to **go down** in the next years would you prefer that this happened all at once or gradually?

If bill goes up

- Don’t know / no preference: 9%
- Gradual: 82%
- All at once: 9%

If bill goes down

- Don’t know / no preference: 11%
- Gradual: 48%
- All at once: 41%
Nearly half of the respondents would find it acceptable if water bills were to increase with average income, but many would not – we know a high proportion of customers are concerned that their income will not keep pace with inflation, so matching an average income rise may raise concerns that they will not be able to keep up.

### Acceptability of water bill rising with income

- **Completely unacceptable**: 40%
- **Not acceptable**: 31%
- **Acceptable**: 42%
- **Perfectly acceptable**: 5%
- **Don’t know**: 9%

Q46b. How would you feel if water bills were to go up at the same rate as average income?
Looking ahead 2020-25

**Desired versus expected bill change**: Consumers in general tend believe that bills, including water bills, always go up, and Welsh Water customers are no exception; two thirds expect their water bill to go up at or above the rate of inflation in future. This contrasts with only two in ten thinking that this **should** happen. There’s a clear gap here, and given these expectations there’s potential to create a favourable reaction if Welsh Water can communicate that bills are **not** going up at this rate.

**Bill Profile**: There’s a clear preference for a ‘more or less constant’ bill profile, rather than a profile with either a gradual change or a step change. From our qualitative phase, the feeling was that a ‘flat’ bill profile means customers ‘know where they are’ and can better plan their household budget.

**Bill Price Transition**: Should there be an upward price shift, far more customers would prefer this to be gradual transition (over a few years) rather than a step change. However, if there was a downward price shift, the preference is less clear cut – it’s a more even vote for ‘gradual’ and ‘step change’.

**Principle of Bill Rising with Average Income**: Opinions are split on this – 4 in 10 would not find this acceptable – in line with widespread sentiment that their own income is not going to keep pace with inflation.
Longer term investment
Preparing for the future

Overall there’s a fairly even split between how many customers would want to invest extra now, versus those who would rather leave future generations to worry about future challenges. However, those advocating making more up-front investment are more committed to the idea.

Q28. What do you think is the right approach to preparing for the future?

Welsh Water should make extra investments now to prevent service levels going down and bills going up for the next generation.

- 19%

Welsh Water should only invest enough to maintain service over the short-term. Long-term challenges should be solved by future technology or paid for by future customers.

- 35%

The right approach to preparing for the future?

- 46%

- 41%

- 23%

- 18%

- 6%

- 42%
Preferences for long term investment are not strongly driven by demographic or economic traits, although there is a sense that those who have least ability to pay more are at the ‘short term’ end of the spectrum while those who are positive about the future and already pay more for their bill are more of the ‘invest for the long term’ disposition.

- More likely NOT to have a meter, thinks their income will increase above inflation, pay >£600 a year for water
- More likely to be in social class C1, with household income <£30k, having no children at home, knowing what their bill size is
- More likely to expect their income to be static or decrease, prefers bill to remain the same or decrease, uncertain about implications of inflation
- More likely to be under 30, in social class AB, with income £50k+

People voting for this option are ...

Welsh Water should make extra investments now to prevent service levels going down and bills going up for the next generation.

Welsh Water should only invest enough to maintain service over the short-term. Long-term challenges should be solved by future technology or paid for by future customers.

Q28. What do you think is the right approach to preparing for the future?
Challenges Welsh Water could face

We went on to ask customers their preference for bill level, before and after showing the following summary of challenges Welsh Water might face in future:

- **Population**: population growth will lead to increased water demand in certain areas
- **Climate**: more extreme weather could lead to flooding and water supply shortages
- **Customer expectations**: there will be a need to adapt to future customers’ expectations, for example adopting new technology to meet their needs
- **Economy**: changes are expected in the types of industry in Wales, which will have different water needs
- **Environmental**: increased risk of environmental pollution may lead to a reduction in water quality
- **Infrastructure**: ageing pipes failing along with cyber security are both threats to the water supply
- **Regulatory**: changes in policy and regulation are expected due to Brexit, creating uncertainty
- **Public health**: drinking water quality standards are likely to tighten in the future
Longer term preference – investment vs. bills

Initial opinion about whether average bills should go up or not is fairly evenly split. Showing the information about the challenges Welsh Water could face in future can have some positive effect on willingness to pay more in order to invest more, but this information does not transform attitudes.

### Preference for future

*Base: All respondents (600)*

<table>
<thead>
<tr>
<th>Preference</th>
<th>Preference (uninformed)</th>
<th>Preference (informed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase water bill by £20</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>(to an average of £460 per year) Means doing more to meet future challenges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase water bill by £10</td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td>(to an average of £450 per year) Means doing a little more to meet future challenges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keep water bill the same</td>
<td>52%</td>
<td>60%</td>
</tr>
<tr>
<td>(keep at an average of £440 per year) Services stay at the current level but not able to invest a lot in meeting future challenges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce water bill by £10</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>(to an average of £430 per year) Services stay at the current level but less is done to meet future challenges</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q29. The average annual bill for Welsh Water customers is currently about £440. Welsh Water could do <more to prepare for the future and would need to put bills up to pay for this>. Alternatively, they could do <less to prepare for the future and allow bills to fall> Q30. Having just seen the kinds of challenges Welsh Water could face in the future, your preference for what happens to bills may or may not have changed. Please tell us now which one of the options you’d prefer?
Long term investment – who prefers the different options?

Again we see preferences for long term investment are always not strongly driven by demographic or economic traits, but those who are in lower social grade groups are more likely to want a reduction in bill, while AB are more likely to advocate increasing bills for the sake of investing for future needs.

People voting for this option are ...

- Reduce water bill by £10 (to an average of £430 per year) Services stay at the current level but less is done to meet future challenges
  - More likely to be in social class DE, unsure about the impact inflation will have, perceive DCWW as profit making, think water is poor VFM, find water bill unacceptable, find social tariff unacceptable
- Keep water bill the same (keep at an average of £440 per year) Services stay at the current level but not able to invest a lot in meeting future challenges
  - More likely to be under 44, have children in household
- Increase water bill by £10 (to an average of £450 per year) Means doing a little more to meet future challenges
  - More likely to perceive DCWW as not for profit
- Increase water bill by £20 (to an average of £460 per year) Means doing more to meet future challenges
  - More likely to be aged 45+, £50k + income, AB social grade, not worried about inflation, find water is good VFM, and think bill as well as social tariff is acceptable

Q30. Having just seen the kinds of challenges Welsh Water could face in the future, your preference for what happens to bills may or may not have changed. Please tell us now which one of the options you’d prefer?
Preparing for the future: There’s no customer consensus about whether in principle Welsh Water should invest more now to help future generations or let future generations address challenges they face. The vote is evenly split, although those voting for ‘invest now’ tend to have more courage in their convictions.

Bill Price versus investment (uninformed): When asked spontaneously opinion is divided - the vote is evenly split between increasing bill size for more investment versus freezing or decreasing bill size with little / no investment.

Bill Price versus investment (informed): When shown information about the possible challenges Welsh Water faces, the balance of opinion shifts slightly towards increasing bill size for the sake of investment into future challenges, although it does not dramatically transform the picture.

Profiling views on long term investment: To an extent outlook is driven by economic status, but this is by no means the full story – customer opinion here may be more to do with underlying values and attitudes (e.g. social and environmental conscience) than demographics and income.
Social tariffs
Acceptability of social tariff

The idea of the social tariff is quite divisive - 38% of respondents initially find the principle acceptable, while 40% find it unacceptable, with the remaining 12% unsure. After a fuller explanation of Welsh Water’s plans, there’s a slight shift to the positive, but little overall change – customers views remain entrenched.

Acceptability of social tariff
Base: All respondents (600)

- 12% Don’t know
- 29% Completely unacceptable
- 39% Not acceptable
- 39% Acceptable
- 11% Perfectly acceptable

Welsh Water aims to keep bills affordable for all customers. Customers who are in genuine financial difficulties can also be offered a special reduced bill. This can help these customers afford their water bill, and can also help to reduce the costs of debt and debt collection which have to be paid for by other customers.

Welsh Water plans to help customers in genuine financial difficulty by offering them a bill of £190 a year (compared to the average of around £440). The number of customers that Welsh Water can support in this way depends on how much extra other customers pay on their own bill.

Q35/Q36b. How do you feel about the idea that the majority of Welsh Water customers should pay a little more for their bill so that customers who are genuinely less able to afford their bill get a lower rate?
Q36b. How do you feel about the idea that the majority of Welsh Water customers should pay a little more for their bill so that customers who are genuinely less able to afford their bill get this lower rate?

A lot of these who are getting help are choosing not to work, people with many children claiming so much more money than I earn.

It's been constantly above the national average for years, so where has all the excess gone?

It's not fair that I have to struggle to pay my bills and others don't.

It's not the fault of those who can pay up straight away - why penalise them because some can't pay.

Because you have already made increases in water rates charges to cover the renewal of pipework etc. Are you totally ignorant of your own mismanagement. And what does comparing gas and electricity have to do with something that falls free from the sky? Do you have generating costs?

Why pamper people let them get work and pay their way.

I do not think that I should pay for other people's utilities. Those people need to budget more.

The issue of benefits is a matter for national and regional government; not one for a utility supplier. Who is to determine ability to pay? Welsh Water? I don't think so.

Don't believe that a lot of people will be genuine as there's too many scammers around

Lower the bill so that everyone can afford to pay it

It's not my fault if they cannot manage their finances.

Government should provide subsidies, not the bill paying customer

Because it’s a rip off

They get money from the government, they can save they money just like the rest of us, they only need money from benefit

I work full time and my taxes contribute enough to benefits and the like without help to pay other peoples water bills.

I don't see why I should pay for these people they should look to giving up smoking or cutting back on other things the same as I have had to do all my life to afford my bills

I don't believe that a lot of people will be genuine as there's too many scammers around

isn't fair, water is a basic need, if someone can't pay, it should be provided for free but not let other pay for it

The Government should provide subsidies, not the bill paying customer

Because it’s a rip off

They get money from the government, they can save they money just like the rest of us, they only need money from benefit

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isn't fair, water is a basic need, if someone can't pay, it should be provided for free but not let other pay for it

The issue of benefits is a matter for national and regional government; not one for a utility supplier. Who is to determine ability to pay? Welsh Water? I don't think so.
Social tariff unacceptable – by subgroup

It is the ‘squeezed middle’ who find the idea of social tariffs least acceptable – those who might struggle to fund it, but who would not qualify to benefit - although no groups are universal advocates of the idea.

% of different customer groups saying social tariff is ‘not acceptable’, or ‘completely unacceptable’

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL (600)</td>
<td>38%</td>
</tr>
<tr>
<td>AB (123)</td>
<td>38%</td>
</tr>
<tr>
<td>C1 (200)</td>
<td>37%</td>
</tr>
<tr>
<td>C2 (93)</td>
<td>46%</td>
</tr>
<tr>
<td>DE (184)</td>
<td>33%</td>
</tr>
<tr>
<td>Have water meter (requested) (145)</td>
<td>36%</td>
</tr>
<tr>
<td>Have water meter (already in home) (140)</td>
<td>35%</td>
</tr>
<tr>
<td>No meter (312)</td>
<td>40%</td>
</tr>
<tr>
<td>Household income &lt;15k (158)</td>
<td>32%</td>
</tr>
<tr>
<td>£15-29k (197)</td>
<td>39%</td>
</tr>
<tr>
<td>£30-49k (124)</td>
<td>46%</td>
</tr>
<tr>
<td>£50k + (71)</td>
<td>30%</td>
</tr>
<tr>
<td>Aware of Help U tariff or similar (155)</td>
<td>22%</td>
</tr>
<tr>
<td>Not aware (445)</td>
<td>43%</td>
</tr>
<tr>
<td>Worry about inflation (368)</td>
<td>40%</td>
</tr>
<tr>
<td>Don’t worry about inflation (106)</td>
<td>35%</td>
</tr>
<tr>
<td>Don’t know about inflation (126)</td>
<td>35%</td>
</tr>
<tr>
<td>Think DCWW is profit making (137)</td>
<td>40%</td>
</tr>
<tr>
<td>Think DCWW is not-for-profit (274)</td>
<td>41%</td>
</tr>
<tr>
<td>Think DCWW is public sector (58)</td>
<td>28%</td>
</tr>
</tbody>
</table>

Those already aware of the idea are less likely to be ‘anti’ – do attitudes soften with familiarity / further explanation?

Q36b. How do you feel about the idea that the majority of Welsh Water customers should pay a little more for their bill so that customers who are genuinely less able to afford their bill get this lower rate? (Note numbers in brackets are unweighted base sizes)
Amongst those who find the principle of a social tariff acceptable, the vast majority (84%) would find £10 a year an acceptable amount to pay on their bill, with only 10% finding it unacceptable. Moving to higher price points reduces favourability.

Q38. How acceptable would it be to you to pay the following amounts on your bill to help more customers who struggle to pay their water bill?

- £20.00 a year (or £1.67 a month)
- £17.50 a year (or £1.46 a month)
- £15 a year (or £1.25 a month)
- £12.50 a year (or £1.04 a month)
- £10 a year (or £0.83 a month)

Acceptable amount to pay for social tariff
Base: Those who say social tariff idea is acceptable (317)
Summary
Topline Summary

The overall outlook amongst customers is one of **nervousness and caution** – over one third of households think they will be ‘worse off’ in a year’s time, with few thinking things are going to improve.

Only a small minority cannot actually afford their water bill, but a large proportion (nearly 4 in 10) are reporting that affording their bill is a stretch. We need to consider carefully those who are both ‘stretched’ and for whom affordability is declining.

Over 1 in 4 find their bill unacceptable – for a range of reasons. ‘Unacceptability’ could be offset by explaining more about what the bill contributes to, by demonstrating good customer service, and by strengthening appreciation of ‘not for profit’ status.

There’s a clear gap between what customers expect will happen to their bill in future, and what they think should happen. Given low expectations, there’s potential to create a positive response if bills do not go up as much as expected.

There’s a clear preference for a ‘more or less constant’ bill profile - better for people in terms of managing their household budgets. If there was a bill change, people would prefer a gradual (rather than step change) transition - particularly if bills are going up.

Views on what’s right for longer term investment are divided; the overall balance - after being informed - is more towards having permission to increase bills in the interests of future investment, but it’s by no means a consensus.
Appendix
Awareness of what their water bill pays for

Most people think of ‘good quality drinking water’, ‘reliable water supply’, ‘reliable wastewater disposal’ and ‘repair of water supply pipes’ as part of what their bill pays for. Only a minority initially think of other things, although on further prompting aspects of investment, responsiveness and environmental activity are also recognised. ‘Good customer service’ is not widely thought about. ‘Efficiency’, ‘helping people afford their bill’ & local education initiatives are also generally not on the radar.

Q25a. Which, if any, of these describe what you just said your water bill pays for? Q25b. Which, if any, of these things would you also think your water bill pays for? Base: All respondents (600)
Affordability is heavily down to external economic factors: Those who find their water bill more affordable tend to be higher income, higher social grade households. They’re also more likely to have (voluntarily) opted to have a water meter.

**Q12. Do you feel that you can afford your water bill?**

Those who think they pay under £400 a year for their water bill are also more likely to find it affordable (70%).

- **TOTAL**: 59%
- **AB (123)**: 82%
- **C1 (200)**: 66%
- **C2 (93)**: 55%
- **DE (184)**: 40%
- **Have water meter (requested) (145)**: 77%
- **Have water meter (already in home) (140)**: 67%
- **No meter (312)**: 48%
- **Household income <15k (158)**: 44%
  - £15-29k (197): 57%
  - £30-49k (124): 74%
  - £50k + (71): 85%
- **Aware of Help U tariff or similar (155)**: 62%
- **Not aware (445)**: 58%
- **Worry about inflation (368)**: 51%
- **Don’t worry about inflation (106)**: 82%
- **Don’t know about inflation (126)**: 64%
- **Think DCWW is profit making (137)**: 54%
- **Think DCWW is not-for-profit (274)**: 62%
- **Think DCWW is public sector (58)**: 61%
Acceptability is driven by Social Grade, whether they have a water meter, and if they do not worry about inflation.

<table>
<thead>
<tr>
<th>% of customer groups saying water bill is acceptable</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>64%</td>
<td></td>
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<tr>
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<td>C1 (200)</td>
<td>65%</td>
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<td>63%</td>
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<td>56%</td>
<td></td>
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<tr>
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<tr>
<td>Have water meter (already in home) (140)</td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>No meter (312)</td>
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</tr>
<tr>
<td>Think DCWW is public sector (58)</td>
<td>67%</td>
<td></td>
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</tbody>
</table>

Q15. Putting aside for a moment whether you feel you can afford your water bill, do you think what you are paying for your water bill is acceptable or unacceptable (i.e. do you think it is a reasonable and justified amount to pay or not)?
Perceived VFM is higher for better off customers, plus those who have (voluntarily) opted for a water meter. Being aware of DCWW’s not for profit status does not have an underlying effect on positive VFM rating.

Q9. Overall how would you rate the value for money of your water bill?

<table>
<thead>
<tr>
<th>% of different customer groups rating ‘very good’ or ‘good’ value for money</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
</tr>
<tr>
<td>AB (123)</td>
</tr>
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</tr>
</tbody>
</table>
VFM ‘Getting worse’ – by subgroup

Those who are not on a meter, and who think DCWW is a profit making organisation perceive their water bill is becoming worse value for money. Communicating ‘not for profit’ could appease some who feel VFM is declining, reducing negative feeling.

% of different customer groups ‘getting worse’ value for money

<table>
<thead>
<tr>
<th>Category</th>
<th>'Getting worse'</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>19%</td>
</tr>
<tr>
<td>AB (123)</td>
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<td>19%</td>
</tr>
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<tr>
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<td>12%</td>
</tr>
<tr>
<td>Aware of Help U tariff or similar (155)</td>
<td>14%</td>
</tr>
<tr>
<td>Not aware (445)</td>
<td>20%</td>
</tr>
<tr>
<td>Worry about inflation (368)</td>
<td>22%</td>
</tr>
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<td>Don’t worry about inflation (106)</td>
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<tr>
<td>Think DCWW is profit making (137)</td>
<td>27%</td>
</tr>
<tr>
<td>Think DCWW is not-for-profit (274)</td>
<td>17%</td>
</tr>
<tr>
<td>Think DCWW is public sector (58)</td>
<td>16%</td>
</tr>
</tbody>
</table>

Q11. Over the last 5 years, would you say the value for money of your water bill has been getting better, getting worse, or has it stayed the same?
Poor value for money—by subgroup

Perceived VFM is most likely to be rated (very) poor by those who are not on a meter, worry about inflation and think that DCWW is a profit making company.

Q9. Overall how would you rate the value for money of your water bill?

% of different customer groups rating ‘very poor’ or ‘poor’ value for money

- TOTAL: 14%
- AB (123): 10%
- C1 (200): 12%
- C2 (93): 17%
- DE (184): 14%
- Have water meter (requested) (145): 9%
- Have water meter (already in home) (140): 9%
- No meter (312): 18%
- Household income <15k (158): 13%
- £15-29k (197): 14%
- £30-49k (124): 10%
- £50k+ (71): 9%
- Aware of Help U tariff or similar (155): 12%
- Not aware (445): 14%
- Worry about inflation (368): 17%
- Don’t worry about inflation (106): 6%
- Don’t know about inflation (126): 10%
- Think DCWW is profit making (137): 20%
- Think DCWW is not-for-profit (274): 11%
- Think DCWW is public sector (58): 5%
The greatest differences between those rating their water bill as ‘very good’ value and those rating it as ‘very poor’ value centre on perceptions that it pays for a reliable water supply and good customer service; communicating and exhibiting these facets of service may be key to driving good value for money. People who feel their bill is very good value think that it pays for a wider variety of things.
Vast majority of customers have not heard of the Help U social tariff before.

Q40. Have you heard of the HelpU tariff offered by Welsh Water? This is a lower rate available to customers of Welsh Water with an annual household income of under £15,000.

Heard of Help U
Base: All respondents (600)

- Don’t know: 6%
- No – not aware Welsh Water offer this kind of assistance: 69%
- No – but aware Welsh Water offer this kind of assistance: 12%
- Yes – heard of ‘Help U’: 13%