



In Association With:

WRc

Customer Research 2003: Periodic Review - National Report

Executive Summary

Research Study Conducted for:

**Department for Environment, Food and Rural Affairs,
Welsh Assembly Government, Office of Water Services,
WaterVoice, Water UK, Environment Agency, Drinking
Water Inspectorate, English Nature, Wildlife and
Countryside Link**

December 2003



Executive Summary

Background

In November 2004, the Office of Water Services (Ofwat) will set price limits for water and sewerage companies in England and Wales for the five years from 2005 to 2010. To inform this process, government and regulators have to decide what investment should be made to maintain or improve the water environment, drinking water quality and customer service. These decisions need to take account of customers' views.

In preparation for setting price limits, each company submitted its Draft Business Plan to Ofwat in August 2003. The Draft Business Plan covers the period 2005 to 2010 and sets out the implications for customers' bills of each company's proposals. Each company's Draft Business Plan contains planned outputs and associated costs for each of three plans: Reference Plans A and B, that relate to programmes specified by Ofwat, and the Company Preferred Plan.

At the last review, in 1999, individual stakeholders undertook separate customer research. The different approaches and results were confusing. For this review, the Department for Environment, Food and Rural Affairs, Welsh Assembly Government, Ofwat, WaterVoice, Environment Agency, Drinking Water Inspectorate, English Nature, Wildlife and Countryside Link and the water companies through Water UK agreed to conduct joint research.

Study Objectives

The overall business objective on the research was to inform stakeholders and decision makers on customers' priorities for the water industry in England and Wales by providing:

- *"a better understanding of what combination of existing and potential service levels would best meet customers' requirements at a company level in the context of possible bill changes; and*
- *an overview of the company area findings, which analyses and draws conclusions at a national and regional level."*

For the purpose of these objectives the term "customers" has been used to cover all those who have an interest in water quality, water and sewerage services and the water environment.

MVA, in association with WRc, were commissioned to conduct the research. A large, national survey was undertaken in September and October 2003. A representative sample of more than 6,000 customers (90% bill-payers) was achieved.

The survey collected attitudinal information on current services and proposed future water and sewerage services, as defined in each water company's Draft Business Plan. Respondents were presented with information on current and proposed services using 'show cards' incorporating information compiled by Ofwat and the other regulators and agreed by the companies and Project Steering Group. These included details of proposed changes to current service levels, and their effects on bills. The information presented to respondents in each company area was specific to the company or companies responsible for supplying their water and sewerage services (i.e. to their Water and Sewerage Company, or Water only Company and Water and Sewerage Company).

The table below shows how the details of these plans varied widely between companies. The increase in overall bill implied by the 23 different Company Preferred Plans ranged from a minimum of £29 to a maximum of £172. For

Reference Plan B the variability in bill increase was even greater (from £24 to £204) whilst for Reference Plan A the range in bill increase was slightly narrower (from £19 to £148). For an individual service element, the greatest variation in bill increase was for 'Managing the effect of water company activities on the quality of rivers, wetlands and coastal waters' within Reference Plan B. The price of the proposed output varied from £0 to £89.

Summary of the Range of Variation Between Service Delivery Plans

	Company Preferred		Reference Plan A		Reference Plan B	
	Min	Max	Min	Max	Min	Max
Change in Overall Average Bill (Actual and %)	£29 ¹ (+12%)	£172 ² (+74%)	£19 ¹ (+9%)	£148 ² (+63%)	£24 ¹ (+11%)	£204 ² (+87%)
Price Effects of Service Elements³:						
Maintaining water pipes, treatment works and reservoirs	£0	£37	£0	£32	£0	£33
Ensuring a reliable and continuous water supply	£0	£63	£0	£51	£0	£51
Drinking water quality- Ensuring the safety of tap water	£0	£21	£0	£23	£0	£23
Managing the appearance taste, and smell of tap water	£0	£5	£0	£5	£0	£8
Managing water pressure in your taps and the no. of unplanned interruptions	£0	£<1	£0	£3	£0	£3
Handling customers' accounts, complaints and customers with special needs	£0	£<1	£0	£2	£0	£2
Maintaining sewerage pipes & treatment works, meeting new demands and controlling smells from sewage works	£3	£66	£3	£53	£0	£70
Avoiding the risk of homes and gardens being flooded with sewage	£1	£9	£1	£8	£0	£17
Managing the amount of water taken from the environment to supply customers	£0	£2	£0	£5	£0	£11
Managing the effect of water company activities on the quality of rivers, wetlands and coastal waters	£2	£56	£0	£57	£0	£89

¹ the minimum overall bill level is the lowest bill increase across the 23 companies. It is not the sum of the minimum increase in bill across the 23 companies for each individual element (usually £0)

² the maximum overall bill level is the highest bill increase across the 23 companies. It is not the sum of the maximum increase in bill across the 23 companies for each individual element

³ the price effects for each service element are presented in terms of the minimum (and maximum) price increase proposed by any company. This shows the variation in the bill effect of the proposals put forward by different companies

Full details of the information presented to respondents in each company area are set out in the separate Company Report¹. It should be remembered that the outputs and bill increases that customers were presented with were based upon individual company's Draft Business Plans and, therefore, may change for Final Business Plans.

Each company submitted three different plans. Customers only commented on the plans relevant to their own areas and it is important to note that national figures cover the overall response of customers to the plans they were presented with. As the findings at company level have been aggregated to give a national picture care

¹ Periodic Review: Customer Research 2003 – Company Report, Final Report, MVA Ltd (Dec, 2003)

must be taken when interpreting customers' wishes for future water and sewerage services at an aggregated (regional and national) level. This is because each company starts from a different baseline position in terms of current service and price and makes proposals for a range of different outputs and costs. While the phrasing of the questions on the questionnaire was the same for all customers the showcard material was different. Planned output levels across the ten service elements vary considerably - from maintaining service to extensive improvements and from bill increases of £19 to increases of £204.

As the questions customers were asked were identical, as were the category headings of service on which they were asked to comment, findings at company level have been combined to give a national picture. However, due to the variation in the detailed content (ie different current service levels, proposed outputs and associated bill impacts) at company level, care must be taken when interpreting the (aggregated) results at regional and national level.

The report provides results and key findings across the companies nationally under a series of themes relating directly to the study objectives. For each theme, results are reported at a national level (ie for England and Wales combined and separately) and highlight variations at company level. We also identify any statistically significant variations by customer type and, where appropriate, across individual service elements.

Summary of Key Findings

In this report we have identified differences across companies and across different customer types nationally that are statistically significant at the 99% level. In the accompanying Company Report we have identified differences across different customer types within each company that are statistically significant at the 95% level.

Key findings were as follows.

Customer Current Satisfaction and Value for Money

Customers were presented with a description of current services supplied by their water and sewerage company(ies) and asked whether they were satisfied with the current service level. Results indicate that customers' satisfaction with their company's delivery of existing water and sewerage services is generally high.

The proportions of "fairly", "very" or "extremely satisfied" customers ranged from 67% to 89% in different company areas (with an average, nationally, of 79%). In contrast, between 4% and 18% of customers (with an average of 10%) were "fairly", "very" or "extremely dissatisfied".

After giving their level of satisfaction with current services, respondents were presented with the average bill level for their area alongside the description of the current service provision. They were then asked to rate their current water and sewerage services in terms of value for money.

Just over half (55%) of all customers, nationally, considered the current service to offer "fairly good", "very good" or "extremely good value for money". However, this proportion varied significantly across the companies, from 71% (average bill level of £257) to 37% (average bill level of £334). At three companies, less than 50% perceived current services to offer good value for money.

Overall, just under one in five customers in England (18%) considered their current service to offer "fairly poor", "very poor" or "extremely poor value for money". This proportion was significantly higher in Wales (24%). At company level, the percentage of customers who considered their service offered poor value for money ranged from 11% (Wessex Water) to 42% (South West Water).

At only one company was the current service considered to offer poor value for money by more customers than thought it offers good value for money.

Importance of Maintaining Services

Customers were asked how important they felt it was to maintain their current service level, for each of the ten service elements, in turn, rather than have it reduced. At this stage of the interview, there was no reference to associated costs. Customers attached very high importance to maintaining the current levels of all areas of service delivery, and not allowing them to deteriorate. This high level of importance is consistent across all companies.

Although the importance attached to maintaining the current service was high across all service areas, some were considered significantly more important than others, nationally:

- *maintaining water quality – ensuring the safety of drinking water and ensuring a reliable and continuous supply of water* were reported as significantly more important than any other service area listed (95% of all customers said that maintaining these service elements is important or very important);
- *maintaining water pipes, treatment works and reservoirs (92%), avoiding the risk of homes and gardens being flooded with sewage, managing the appearance, taste and smell of tap water, and maintaining sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells from sewage works* (all 91%) were rated the next most important areas to be maintained, by customers nationally;
- *managing the pressure of water in your taps and the number of unplanned interruptions* was the next most important aspect of service delivery, nationally, to be maintained (90% of customers considered this important or very important);
- though still important to an overall majority of customers, the environment services *managing the amount of water taken from the environment to supply customers (87%)* and *managing the effect of water company activities on rivers, wetlands and coastal waters (87%)* had significantly lower support when compared to the other existing service elements; and
- though still important to an overall majority of customers, *handling customers' accounts, complaints and customers with special needs (83%)* had significantly lower support to maintain than the others (except in Wales, where 95% of customers wanted the current service level to be at least maintained).

Drinking water quality – ensuring the safety of tap water was one of the two most important services customers wished to see maintained at 22 of the 23 companies. Generally, this service was rated as the most important to be maintained, though for customers at two companies the priority was *ensuring a reliable and continuous supply of water*. And customers of two other companies gave their priority to *maintaining sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells from sewage works*.

At the one company where priorities were very different, customers were most keen to see *handling customers accounts, complaints and customers with special needs* and *managing the pressure of water in your taps and the number of unplanned interruptions* being maintained.

Importance of Improving Services

When asked to consider the importance of improving each service element (again with no reference to cost), most customers expressed strong support for improvements in all service areas. Indeed, the proportion that wanted even the least important service aspect to be improved still represents a majority of all customers (62%). However, customers do not attach as much importance to improvements as they do to maintaining current service levels.

Most customers felt that it was either "important" or "very important" to improve all current service levels (over 50% for all elements at a national and regional level).

The importance of improving each service, for customers across all 23 companies, was as follows (in descending order of relative importance):

- *managing the appearance, taste and smell of tap water (81%);*
- *drinking water quality – ensuring the safety of tap water (76%);*
- *avoiding the risk of homes and gardens being flooded with sewage and maintaining sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells from sewage works (74-73%);*
- *ensuring a reliable and continuous water supply, managing the effect of water company activities on the water quality of rivers, wetlands and coastal waters, maintaining water pipes, treatment works and reservoirs and managing the amount of water taken from the environment to supply customers (72-71%);*
- *managing the pressure of water in taps and the number of unplanned interruptions (69%); and*
- *handling customers' accounts, complaints and customers with special needs (62%).*

Improvements to *managing the appearance, taste and smell of tap water* were considered significantly more important than improvements to any other service element. *Drinking water quality – ensuring the safety of tap water* was the second most important element. For 22 of the 23 water companies, these two service elements were always in the 'top five' for improvements and supported by two-thirds or more of all customers.

For most companies, around two-thirds of customers wanted improvements in *managing the amount of water taken from the environment to supply customers* and *managing the effect of water company activities on the water quality of rivers, wetlands and coastal waters*. However, there was considerable variation in support across the companies, ranging from 37% to 91% of customers (with an average of 71%).

Improving *handling customers accounts, complaints, and customers with special needs* was considered the least important aspect to improve. It was given significantly least priority of all, nationally.

This pattern of priorities was broadly similar across most of the companies.

Appeal of Individual Elements of Each Plan

Respondents were informed that their water and sewerage company(ies) was considering plans that proposed a number of key changes to service provision. Each of the three Draft Business Plans (Company Preferred, Reference Plan A, Reference

Plan B) were presented to respondents in the form of service level descriptions including proposals for both improvement and maintaining current service levels and bill impacts. Respondents were then asked which, if any, of these proposed service outputs they would like to see included in future service provision. The procedure was repeated three times, once each for plan.

In the results that follow, we report the responses of customers to the specific proposals that they were presented with (ie at company level) and we have also aggregated the findings to provide overall national average messages. When interpreting these national findings, it must be remembered that different services and proposed outputs and bill increases apply across the companies.

The results showed that between 42% and 45% of customers, nationally, wanted to see all of the elements in each of the plans put forward by their company. A further 37-38% of customers wished to see some of them and 17-20% wanted to see none. Across the companies, between 31% and 74% of customers selected all of the elements in each of the plans. Whilst 19-52% of customers wished to see some of them and 7-26% wanted to see none. Support for all or some of the elements of the plans should be borne in mind when considering the differences between individual service aspects.

The area of service delivery most customers wanted to see was *drinking water quality - ensuring the safety of tap water* (around 70% for each plan). For the majority of companies, this service element was proposed at an improved level and at an additional cost. Indeed, this area of service delivery was found to:

- be the most important to maintain;
- be the most important to improve;
- have the most support within each of the three plans presented to respondents;
- have the most support for further improvement, beyond that defined within the proposals presented; and
- be the aspect of greatest concern if there were delays in delivery in order to keep costs down.

Customer support for maintaining and improving the safety of tap water does not appear to be greatly affected by the associated cost. The cost of the companies' differing service delivery outputs range from £0 to £21 for the Company Preferred Plan, and £0 to £23 for each of Reference Plans A and B.

Managing the appearance, taste and smell of tap water and *ensuring reliable continuous supply* were rated as the next most important service elements to be included in any of the three plans presented to respondents. Between 48-88% of customers (with an average of 64%) wanted to see their company introduce the proposed level of *managing the appearance, taste and smell of tap water* (for which improvements were, typically, proposed with associated bill increases - between £0 and £3). And between 49-85% (with an average of 62%) of customers wanted to see the proposed level of *ensuring a reliable and continuous water supply* (for which maintaining standards was, typically, proposed at a cost of between £10 and £20).

However, when maintenance of *ensuring a reliable and continuous water supply* was offered at substantially higher cost, demand for the proposed output declined considerably. Similarly, interest in *managing the appearance, taste and smell of tap water* was reduced (ranked 4th or 5th) when the cost of improvements rose.

Across the three plans presented to respondents, between 39% and 90% said they wanted to see their company introduce the following services, with their associated outputs and costs:

- *maintaining sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells from sewage works* (improvements ranging from £3-£70 for the majority of plans);
- *maintaining water pipes, treatment works and reservoirs* (typically maintaining current service, ranging from £0-£37);
- *avoiding the risk of homes and gardens being flooded with sewage* (typically improvements ranging from £1-£9); and
- *managing the pressure of water in your taps and the number of unplanned interruptions* (typically maintaining current service, ranging from £0-£5);

The average proportions nationally wanting to see improvements in these four services were, respectively, 59%, 59%, 57% and 57%.

Service elements wanted by fewer customers, though still, in most cases, the majority (49-55%) across all companies were:

- *managing the amount of water taken from the environment to supply customers* (52-55% for, typically, maintaining the current service, ranging from £0-£11);
- *managing the effect of water company activities on the water quality of rivers, wetlands and coastal areas* (49-55% for, typically, improvements, ranging from £0-£89); and
- *handling customers' accounts, queries, complaints and customers with special needs* (52-54% for, typically, maintaining the current service, ranging from £0-£2).

The average proportions nationally wanting to see improvements in these three services were, respectively, 54%, 52% and 53%.

Value for Money of Each Plan

Each plan included an overall average bill increase for the 'combined' set of planned outputs. The planned outputs and costs that were presented to each respondent varied across the three plans and for each company. The bill increase ranged from an additional £29 to an increase of £204 and the number of service levels to be improved ranged from four to seven. Customers were asked whether they thought that each of the three plans that they were presented with offered good or poor value for money

At a national level, 45% of customers considered that their Company's Preferred Plan represented "extremely", "very" or "fairly good value for money". Similarly, 46% of customers considered that their company's Reference Plan A represented (extremely, very or fairly) good value for money, whilst a significantly lower proportion (37%) thought this about Reference Plan B. In contrast, and as indicated above, 55% of customers thought their current service offers "extremely", "very" or "fairly good value for money".

The proportions that thought their company's Preferred Plan and Reference Plan A represented "extremely", "very" or "fairly poor value for money" were around 30%, in each case. Customer reactions to Reference Plan B, overall, were generally more negative. Some 40% of customers considered their company's Reference plan B to offer "extremely", "very" or "fairly" poor value for money. And more customers

nationally considered their Reference Plan B to offer poor value for money than held the opposite view. Between one in ten and one in three customers (9-31%, with an average of 20%) said the plans that they were presented with offer "neither poor nor good value for money", or were otherwise undecided.

Customers of all but one company felt that Reference Plan B offered poorer value for money than Reference Plan A or the Company Preferred Plan. Only at one company did customers say that their Reference Plan B offers better value for money than the Company Preferred Plan. For this company, the bill for Reference Plan B was lower than for the Company Preferred Plan.

For 20 of the 23 companies, the proportion of customers who said that their current services provide good value for money exceeded the proportions who said that any of the three plans offered good value for money.

Willingness to Pay for each Plan

Customers were asked to say how willing they would be to pay the amounts stated for the proposed changes in each plan that they were presented with (Company Preferred Plan, Reference Plan A, Reference Plan B). Those who said that they would be "definitely" or "probably" unwilling to pay were then asked a further question, to identify reasons for this view.

Overall, customers were more willing to pay for the Company Preferred Plan or Reference Plan A than Reference Plan B:

- Nationally, 46% of customers were probably willing and 14% of customers definitely willing to pay for Company Preferred Plan. 19% were probably not, and 14% definitely not willing to pay;
- Nationally, 46% of customers were probably willing and 14% definitely willing to pay for Reference Plan A. 20% were probably not, and 14% definitely not willing to pay; and
- Nationally, 41% of customers were probably willing and 12% definitely willing to pay for Reference Plan B. 22% were probably not, and 19% definitely not willing to pay.

For each of the three plans, across the 23 companies, the percentage of customers who were definitely willing to pay varied from around one in every 20 customers (3-5%) to more than one in four (25-29%).

In only one company did the proportion of customers not willing to pay for the Company Preferred Plan exceed the proportion who were. This compares with two companies in relation to the Reference Plan A. In ten company areas, the proportion of customers not willing to pay for Reference Plan B exceeded the proportion of customers who were willing-to-pay.

Customers' willingness to pay decreased as bill levels increased (both in absolute monetary terms and percentage terms). There was no relationship between customers' willingness to pay and the number of service improvements within each plan presented.

Customers on low incomes, in socio-economic categories D/E, and/or living in rural areas were least willing to pay for any of the company plans that they were presented with.

The majority of customers who indicated that they were probably or definitely not willing to pay for the plans said that this was because the improvements presented were not good enough compared with the cost, or that they could not afford it.

Just under one in every ten customers (9%) indicated that they were unable to afford any of the three plans that they were presented with. These customers were often from low income households, in socio-economic category D/E and elderly.

Concern over Delay in Delivery

Customers were asked to say how concerned they would be if the changes proposed by their company in the three different service plans were delayed until after 2010 in order to keep bills down or to meet other priorities. Two in every five customers (40%), nationally, were "fairly", or "very", concerned over delay in delivery; whilst 50% were "not very", or "not at all", concerned.

Customers were divided on the degree to which they were concerned over service delivery delays beyond 2010. At company level, the degree of concern ranged from 7% to 27% who would be very concerned; and 19% to 45% who would be fairly concerned.

When asked which service areas would cause most concern if delayed, drinking water quality was the top concern for customers of all companies. This was followed by delays in *maintaining sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells from sewage works.*

There was less concern over delays in *managing the pressure of water in your taps and the number of unplanned interruptions; managing the amount of water taken from the environment to supply customers; and handling customers' accounts, queries, complaints and customers with special needs.*

Preferred Bill Profile

Customers were told bills are likely to change during the period 2005–2010 and whilst the overall bill total would remain the same, there could be several ways in which this cost could be incurred by customers. Respondents were shown a number of different 'bill profiles' and asked which one they would prefer.

Over three quarters (78%) of customers, nationally, stated that they would prefer to see "bills change steadily every year throughout the period so that customers do not see big changes from year to year".

This was the preference of the majority of customers for each company. Indeed, some two-thirds of customers in each company expressed a preference for bills to change steadily every year throughout the period. This preference ranged from 67% to 88%.

Non Bill Payers

Views of non-bill payers generally reflected those of customers nationally, although non-bill payers were more likely to be uncommitted to any particular point of view. This applied to their assessments of value for money for current and proposed services, their willingness to pay for the plans, their current satisfaction levels and concern for delays. (It should be noted that the non bill-payers sample comprised small sub-samples from across the regions and will have been presented with very different company information).

Customers on Low Household Incomes

Views of customers with a low household income (less than £10,000/annum) were broadly similar to the other customers nationally. Where their views differed most (statistically) was in their assessments of value for money and willingness to pay. The proportion of customers that rated current and proposed services as 'poor value for money' declined with household income. Indeed, twice as many customers on less than £10,000/annum rated their current service as poor value for money than those on incomes of more than £30,000/annum (24% vs. 12%). And low income customers were more likely to consider the proposed plans that they were presented with as offering poor value for money (36%-47%) compared with customers on higher incomes (23%-31%).

Similarly, customer willingness to pay for the proposed plans reduces in line with income. On average, 43% - 52% of low income customers indicated that they were '**not** willing to pay' for the three plans that they were presented with (based on the average bill for their company area), compared with 25%-34% amongst higher income customers (more than £30,000/annum). Not surprisingly, low income customers were more likely than those with higher incomes to state that they were unable to afford the proposed bill increases indicated in the plans. 38% of customers who said they could not afford to pay for the plans were from low income households. This is disproportionately high when compared with just 14% of customers overall who are in this low income category.

Rural Customers

Views of rural customers were broadly similar to the national findings. Where these views differed most was in their importance ratings for improvements, preferences to see proposed outputs in the plans, and their willingness to pay. Between 2% and 6% more rural dwellers considered it important to introduce improvements to each service element before 2010 than customers in more urban environments. However, when presented with associated costs, rural dwellers were approximately 10% less likely than urban dwellers to want to see the proposed outputs (43%-65% compared to 57%-74%). Rural customers were also more likely to be '**not** willing to pay' for the bill increases as set out in the proposed plans (35%-43%) than customers in more urban areas (28%-35%).

Company Conclusions

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

Anghian Water [Section 1, Company Report, MVA 2003] customers were satisfied with current services (77%) and considered them to offer good value for money (54%). Customers wanted to see current services at least maintained at existing levels. A larger proportion of customers thought the Company Preferred Plan offered poor value for money (45%) than good (34%). The proportion of customers 'willing to pay' was 40% probably willing, 7% definitely willing for Reference Plan B, 47% probably willing, 5% definitely willing for the Company Preferred Plan and 46% probably willing, 8% definitely willing for Reference Plan A.

The top three service elements supported by customers were 'ensuring the safety of tap water' (60%-63%), 'managing the appearance, taste and smell of tap water' (55%-58%) and 'ensuring a reliable and continuous water supply' (54%- 56%). There were key differences from the national picture with respect to customers' perceived value for money of, and willingness to pay for, the three plans.

Cambridge Water [Section 2, Company Report, MVA 2003] customers were satisfied with current services (83%) and considered the services to offer good value for money (51%). Customers wanted to see current services at least maintained at existing levels. More Cambridge Water customers thought the Company Preferred Plan offered poor value for money (38%) than good (26%). The percentage of customers 'probably willing to pay' for each plan is the same at 53%. However, more customers (14%) were 'definitely willing to pay' for Reference Plan A than the Company Preferred Plan (8%) and Reference Plan B (7%). The top three service elements supported by customers were 'managing the appearance, taste and smell of tap water' (77%-82%), 'ensuring the safety of tap water' (75%-79%), and 'ensuring a reliable, continuous water supply' (75% to 78%). There were key differences from the national picture with respect to customers' satisfaction with current levels of service and their perceived value for money for the three plans.

Essex and Suffolk Water [Section 3, Company Report, MVA 2003] customers were satisfied with current services (78%) and about half considered them to offer good value for money). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (45%) than poor (30%). The proportions of customers 'willing to pay' was 47% probably willing, 3% definitely willing for Reference Plan B, 46% probably willing, 7% definitely willing for Company Preferred Plan and 49% probably willing, 7% definitely willing for Reference Plan A. The top three service elements supported by customers were 'ensuring the safety of tap water' as the top priority (69%-71%), 'avoiding the risk of homes and gardens being flooded with sewage' (63%-65%) and 'ensuring a reliable and continuous water supply' (61%-65%). There were key differences from the national picture with respect to customers' willingness to pay for the Company Preferred Plan.

Tendring Hundred Water [Section 4, Company Report, MVA 2003] customers were satisfied with current services (83%) and considered the service good value for money (54%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (50%) than poor (25%). The percentage of customers 'willing to pay' was 52% probably willing, 10% definitely for Reference Plan A; 47% probably willing, 12% definitely willing for the Company Preferred Plan; and 44% probably willing, 9% definitely willing for Reference Plan B). The top three service elements supported by customers were 'ensuring the safety of tap water' (69% -77%), 'managing the appearance, taste and smell of tap water' (63%-70%), 'ensuring a reliable and continuous water supply' (62%-70%). There were no key differences from the national picture.

Northumbrian Water [Section 5, Company Report, MVA 2003] customers were satisfied with current services (79%) and considered them to offer good value for money (62%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (51%) than poor (21%). The proportion of customers indicating they were 'willing to pay' was 52% probably willing, 11% definitely willing for the Company Preferred Plan; 47% probably willing, 13% definitely willing for Reference Plan A and 45% probably willing, 9% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (69%-77%), 'managing the appearance, taste and smell of tap water' and 'ensuring a reliable and continuous water supply'

(67%-69%). There were key differences from the national picture with respect to customers' perceived value for money of current services and the Company Preferred Plan and Reference Plan A.

Southern Water [Section 6, Company Report, MVA 2003] customers were satisfied with current services (82%) and considered them to offer good value for money (60%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered poor value for money (38%) than good (34%). The proportion of customers indicating they were 'willing to pay' was 40% probably willing, 10% definitely willing for the Company Preferred Plan; 31% probably willing, 7% definitely willing for Reference Plan A and 22% probably willing, 5% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensure the safety of tap water' (68%-80%), 'ensuring a reliable and continuous water supply' (49% -66%) and 'managing the appearance, taste and smell of tap water' (51% to 64%). There were key differences from the national picture with respect to customers' perceived value for money of, and willingness to pay for, the three plans.

Folkestone and Dover Water [Section 7, Company Report, MVA 2003] customers were satisfied with current services (70%) and considered them to offer good value for money (55%). Customers wanted to see current services at least maintained at existing levels. A greater proportion of Folkestone and Dover Water customers thought the Company Preferred Plan offered poor value for money (42%) than good value for money (27%). The proportion of customers indicating they were 'willing to pay' was 48% probably willing, 7% definitely willing for the Company Preferred Plan; 45% probably willing, 7% definitely willing for Reference Plan A and 36% probably willing, 6% definitely willing for Reference Plan B). The top three service elements supported by customers were 'ensure the safety of tap water' (90%-91%), 'maintain water pipes, treatment works and reservoirs' (89%-90%) and 'manage the appearance, taste and smell of tap water' (88%). There were key differences from the national picture with respect to customers' perceived value for money of, and willingness to pay for, future services as proposed in the plans presented.

68% of **Mid Kent Water [Section 8, Company Report, MVA 2003]** customers were satisfied with current services and 55% considered them to offer good value for money. Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (44%) than poor (37%). The proportion of customers indicating they were 'willing to pay' was 43% probably willing, 10% definitely willing for the Company Preferred Plan; 43% probably willing, 10% definitely willing for Reference Plan A and 33% probably willing, 7% definitely willing for Reference Plan B. This proportion was the same (53%) for Reference Plan A and considerably less (40%) for Reference Plan B. The top three service elements supported by customers were 'ensure the safety of tap water' (73%-78%), 'maintaining water pipes, treatment works and reservoirs' (66%-69%), 'maintaining sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells from sewage works' (65%-69%). There were key differences from the national picture with respect to customers' perceived value for money of the two Reference Plans, and willingness to pay for the Company Preferred Plan and the two Reference Plans.

Portsmouth Water [Section 9, Company Report, MVA 2003] customers were satisfied with current services (77%) and considered them to offer good value for money (55%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (51%) than poor (25%). The proportion of customers indicating they were 'willing to pay' was 53% probably willing, 9% definitely willing for the Company Preferred Plan; 52% probably willing, 7% definitely willing for Reference Plan A and 35% probably willing, 4% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of

tap water' (67% to 71%), 'managing the appearance, taste and smell of tap water' (61% to 66%) and 'ensure a reliable and continuous water supply' (58% to 67%). There were key differences from the national picture with respect to customers' perception of Reference Plan B in terms of value for money and, accordingly, the proportion of customers willing to pay for this plan.

73% of **South East Water [Section 10, Company Report, MVA 2003]** customers were satisfied with current services and 46% considered them to offer good value for money. Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (46%) than poor (35%). The proportion of customers indicating they were 'willing to pay' was 35% probably willing, 27% definitely willing for the Company Preferred Plan; 33% probably willing, 28% definitely willing for Reference Plan A and 33% probably willing, 20% definitely willing for Reference Plan B. The top three service elements supported by customers were 'avoid the risk of homes and gardens being flooded with sewage' (63%-67%), 'ensure the safety of tap water' (63%-66%) and 'ensuring a reliable and continuous water supply' (62%-65%). There were key differences from the national picture with respect to customers' perception of Reference Plan B in terms of value for money and, accordingly, the proportion of customers willing to pay for this plan.

Severn Trent Water [Section 11, Company Report, MVA 2003] customers were satisfied with current services (77%) and considered them to offer good value for money (57%). Customers wanted to see current services at least maintained at existing levels. Many more customers thought the Company Preferred Plan offered good value for money (53%) than poor (25%). The proportion of customers indicating they were 'willing to pay' was 44% probably willing, 18% definitely willing for the Company Preferred Plan; 45% probably willing, 18% definitely willing for Reference Plan A and 40% probably willing, 19% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensure the safety of tap water' (72% - 74%), 'manage the appearance taste and smell of tap water' (67%-68%), 'ensure a reliable and continuous water supply' (64% - 67%) There were key differences from the national picture with respect to customers' perception of all three plans, in terms of value for money, and the proportion of customers willing to pay for Reference Plan B.

South Staffordshire Water [Section 12, Company Report, MVA 2003] customers were satisfied with current services (80%) and considered them to offer good value for money (57%). Customers wanted to see current services at least maintained at existing levels. Most customers thought the Company Preferred Plan offered good value for money (63%) and just 20% regarded it as poor value for money. The proportion of customers indicating they were 'willing to pay' was 57% probably willing, 19% definitely willing for the Company Preferred Plan; 58% probably willing, 16% definitely willing for Reference Plan A and 56% probably willing, 12% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensure a reliable and continuous water supply' (78% - 82%), 'maintain sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells for sewage works' (73%-74%), 'ensuring the safety of tap water (72%-75%)'. There were key differences from the national picture with respect to customers' perceived value for money of, and willingness to pay for, the proposed future services as presented to respondents.

South West Water [Section 13, Company Report, MVA 2003] customers were satisfied with current services (77%) and yet just 37% considered them to offer good value for money -less than the 42% who considered current services to offer poor value for money. Customers wanted to see current services at least maintained at existing levels. The Company Preferred Plan would result in the lowest increase in bills. It was the best supported plan but even so, half (50%) of customers thought the Company Preferred Plan offered poor value for money and

just 29% considered the plan to offer good value for money. The proportion of customers indicating they were 'willing to pay' was 40% probably willing, 6% definitely willing for the Company Preferred Plan; 38% probably willing, 3% definitely willing for Reference Plan A and 32% probably willing, 4% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensure the safety of tap water' (63%-64%), 'ensure a reliable and continuous water supply' (57%-59%) and 'maintaining water pipes, treatment works and reservoirs' (57%-59%). There were key differences from the national picture with respect to customers' perceived value for money of, and willingness to pay for, the proposed future services as presented to respondents.

Thames Water [Section 14, Company Report, MVA 2003] customers were satisfied with current services (81%) and considered them to offer good value for money (56%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (42%) than poor (22%). The proportion of customers indicating they were 'willing to pay' was 54% probably willing, 14% definitely willing for the Company Preferred Plan; 52% probably willing, 16% definitely willing for Reference Plan A and 53% probably willing, 12% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (72% to 74%), 'managing the appearance, taste and smell of tap water' (63%-65%) and 'maintaining water pipes, treatment works and reservoirs' (62%-65%).

There were key differences from the national picture in the proportion of customers willing to pay for all three plans.

Sutton and East Surrey [Section 15, Company Report, MVA 2003] customers were satisfied with current services (80%) and 68% considered them to offer good value for money. Customers wanted to see current services at least maintained at existing levels. Considerably more customers thought the Company Preferred Plan offered good value for money (60%) than poor (16%). The proportion of customers indicating they were 'willing to pay' was 55% probably willing, 18% definitely willing for the Company Preferred Plan; 51% probably willing, 13% definitely willing for Reference Plan A and 44% probably willing, 10% definitely willing for Reference Plan B. Fewer (64% and 54%) were willing to pay for Reference Plan A and B. The top three service elements supported by customers were 'ensuring the safety of tap water' (67%-79%), 'maintaining water pipes, treatment works and reservoirs' (67%-73%) 'manage the appearance taste and smell of tap water (66%-72%). There were key differences from the national picture with respect to customers' perceived value for money of current and future services, as presented to respondents, and their willingness to pay for them.

Three Valleys Water [Section 16, Company Report, MVA 2003] customers were satisfied with current services (78%) and considered them to offer good value for money (56%). Customers wanted to see current services at least maintained at existing levels. Slightly more customers thought the Company Preferred Plan offered good value for money (34%) than poor (32%). The proportion of customers indicating they were 'willing to pay' was 48% probably willing, 12% definitely willing for the Company Preferred Plan; 57% probably willing, 10% definitely willing for Reference Plan A and 56% probably willing, 13% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (62%-64%), 'managing the appearance, taste and smell of tap water' (60%-62%), 'maintaining sewers, sewage treatment works, ensuring the network meets new demands and controlling smells from sewage works' (55%-58%). There were key differences from the national picture with respect to customers' perceived value for money of the Company Preferred Plan and Reference Plan B, and customers' willingness to pay for Reference Plans A and B.

United Utilities Water [Section 17, Company Report, MVA 2003] customers were satisfied with current services (74%) and considered them to offer good value

for money (56%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered poor value for money (38%) than good (34%). The proportion of customers indicating they were 'willing to pay' was 40% probably willing, 10% definitely willing for the Company Preferred Plan; 40% probably willing, 12% definitely willing for Reference Plan A and 31% probably willing, 11% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (68% to 71%), 'managing the appearance, taste and smell of tap water' (61%-66%) and 'ensuring a reliable and continuous water supply' (63%-65%). There were key differences from the national picture with respect to customers' perceived value for money of, and willingness to pay for, the proposed future services as presented to respondents.

Wessex Water [Section 18, Company Report, MVA 2003] customers were satisfied with current services (87%) and considered them to offer good value for money (61%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (55%) than poor (20%). The proportion of customers indicating they were 'willing to pay' was 56% probably willing, 15% definitely willing for the Company Preferred Plan; 54% probably willing, 16% definitely willing for Reference Plan A and 38% probably willing, 10% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring a reliable and continuous water supply' (77%-82%), 'maintaining water pipes, treatment works and reservoirs' (76%-82%) and 'maintaining sewers and sewage treatment works, ensuring the network can meet new demands and controlling smells from sewage works' (75%-78%). There were key differences from the national picture in the proportion of customers who were satisfied with current levels of service and regarded it good value for money, those who thought each plan was good value for money, and those who were willing to pay for these plans.

Bournemouth and West Hampshire Water [Section 19, Company Report, MVA 2003] customers were satisfied with current services (78%). Just 39% considered services to offer good value for money. Customers wanted to see current services at least maintained at existing levels. A greater proportion of Bournemouth and West Hampshire Water customers thought the Company Preferred Plan offered poor value for money (37%) than good value for money (35%). The proportion of customers indicating they were 'willing to pay' was 51% probably willing, 8% definitely willing for the Company Preferred Plan; 48% probably willing, 5% definitely willing for Reference Plan A and 40% probably willing, 6% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (69% -73%), 'managing the appearance, taste and smell of tap water' (61%-66%), 'avoiding the risk of home and gardens being flooded with sewage' (59% -65%). There were key differences from the national picture with respect to customers' perceived value for money for current and future services as proposed in the plans presented.

Bristol Water [Section 20, Company Report, MVA 2003] customers were satisfied with current services (74%) and considered them to offer good value for money (53%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (59%) than poor (18%). The proportion of customers indicating they were 'willing to pay' was 45% probably willing, 25% definitely willing for the Company Preferred Plan; 52% probably willing, 23% definitely willing for Reference Plan A and 48% probably willing, 25% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (73%), secondly 'managing the effects of water company activities on the water quality of rivers, wetlands and coastal waters' (69%-70%) and 'managing the appearance, taste and smell of tap water' (68%-69%). There were key differences from the national picture in the proportion of customers who were

satisfied with current levels of service, those who thought each plan was good value for money, and those who were willing to pay for these plans.

Yorkshire Water [Section 21, Company Report, MVA 2003] customers were satisfied with current services (83%) and considered them to offer good value for money (63%). Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (56%) than poor (24%). The proportion of customers indicating they were 'willing to pay' was 43% probably willing, 25% definitely willing for the Company Preferred Plan; 48% probably willing, 20% definitely willing for Reference Plan A and 32% probably willing, 12% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (68%-71%), 'maintain sewers and sewage works, ensuring the network can meet new demands and controlling smells from sewage works' (64%-66%), 'ensuring reliable and continuous water supply' (62%-64%). There were key differences from the national picture with respect to customers' perceived value for money of, and willingness to pay for, the proposed future services as presented to respondents.

Dŵr Cymru Water [Section 22, Company Report, MVA 2003] customers were satisfied with current services (89%), and 52% considered them to offer good value for money. Customers wanted to see current services at least maintained at existing levels. More customers thought the Company Preferred Plan offered good value for money (46%) than poor (31%). The proportion of customers indicating they were 'willing to pay' was 45% probably willing, 13% definitely willing for the Company Preferred Plan; 45% probably willing, 14% definitely willing for Reference Plan A and 36% probably willing, 13% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (54%-62%, 61%), 'managing the appearance taste and smell of tap water' (48%-57%) and 'ensuring a reliable and continuous water supply' (49%-54%). There were key differences from the national picture in the proportion of customers who were satisfied with the current level of service.

Dee Valley Water [Section 23, Company Report, MVA 2003] customers were satisfied with current services (87%) and considered them to offer good value for money (71%). Customers wanted to see current services at least maintained at existing levels. Most customers thought the Company Preferred Plan offered good value for money (64%) than poor (21%). The proportion of customers indicating they were 'willing to pay' was 46% probably willing, 23% definitely willing for the Company Preferred Plan; 48% probably willing, 29% definitely willing for Reference Plan A and 45% probably willing, 24% definitely willing for Reference Plan B. The top three service elements supported by customers were 'ensuring the safety of tap water' (80%-83%), 'maintaining water pipes, treatment works and reservoirs' (77%-83%), 'avoiding the risk of homes and gardens being flooded with sewage' (78%-80%). There were key differences from the national picture in the proportion of customers who were satisfied with the current level of service, and with respect to customers' perceived value for money of, and willingness to pay for, the proposed future services as presented to respondents.

Overall Conclusions

The majority of customers were satisfied with their water and sewerage services, and felt that they offered good value for money in most areas. Customers confirmed that it was important to maintain current levels of service, rather than allow reduced levels. The majority also thought it was important to improve all service areas. When looking at specific costed plans most customers supported all (about 44%) or some (about 38%) of the areas of work put forward. Most support was given to drinking water quality and supply aspects, followed by maintaining water and sewerage systems, resolving sewer flooding problems and managing the pressure of water at the tap. Slightly less support was given to environmental and

customer service aspects, although support for these was still strong in many areas and nationally all service aspects got at least 49% support across all plans (although there were some significant variations among the companies). Nationally 41-46% of customers said they were "probably willing" and 14% that they were "definitely willing" to pay for the proposals in the three plans. 19-22% were "probably not willing", and 14% "definitely not willing" to pay, with one in ten customers overall stating that they could not afford it. At a national level more customers felt the companies' preferred plans and reference plan A offered good than poor value for money. However, the current service was generally felt to offer better value than any of the plans. Customers showed a strong preference for gradual rather than sudden bill changes.



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