

IMPACT

FROM INSIGHT TO INFLUENCE

SSC Company Specific Adjustment Research – PR24

Final report

Version 2

Prepared for South Staffs and Cambridge Water

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All projects are carried out in compliance with the ISO
20252 international standard for market, opinion and social

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1. Glossary of terms

Acronym	Explanation
CAM	Cambridge Water Region
CSA	Company Specific Adjustment
HH	Household (customers)
NHH	Non-household (customers)
SSC	South Staffs AND Cambridge Water
SSW	South Staffs Water Region
CCW	Consumer Council for Water

2. Executive Summary

Background

South Staffs Water PLC (SSC) provides a secure and reliable supply of high-quality drinking water to approximately 1.6 million people across its two areas of supply – South Staffs (SSW) and Cambridge (CAM). South Staffs supply water to customers in the West Midlands, South Staffordshire, South Derbyshire, North Warwickshire, and North Worcestershire areas, and Cambridge supply water across Cambridge and the surrounding region.

Water companies need to borrow money to fund their strategic capital investment programmes, which is subject to interest payments. Given SSC are a smaller water company, they borrow less frequently than larger ones and at a lower level, but this often means that the interest rate payable is typically higher. Ofwat assume that a single interest rate is applicable for all monies borrowed by water companies, but do recognise that smaller companies face higher costs of borrowing and so allow them to request a Company Specific Adjustment (CSA) to take account of this.

For PR24, Ofwat has set out guidance for whether or not a water company is eligible to apply for a CSA. There are two assessment gateways now in place which a company has to pass to be eligible, one of which is focussed around customer support for the premium. In late 2022, SSC commissioned Impact to undertake research to understand the levels of support customers have for the CSA it is proposing in its business plan for the Price Review 2024 (PR24) period, 2025-2030.

Approach

A two-stage research approach was taken. Part One was a qualitative phase, consisting of online focus groups and in-depth interviews. Part Two was a 15-minute quantitative survey. Both stages included household (HH) and non-household (NHH) customers who pay water bills.

Key findings

The bullets below show a summary of the key findings, from the qualitative and quantitative research.

- Customers were generally aware of SSW or CAM, but for most their level of knowledge was low.
- Many of the respondents in the qualitative groups felt SSC was quiet as a brand, and as such did not have much to say other than they were reliable and seemed to do a good job.
- Customers were largely happy with the service they received from SSW and CAM.
- Just under half of customers in the quantitative survey reported they found it very or fairly easy to pay their current clean water bill and 61% felt they got good value from their bill.
- Customers had varied opinions on the size of SSW and CAM, but after being shown how small each were comparative to other water and sewerage companies, they were surprised, and many felt the small size was a good thing, as the perception of smaller companies is having better knowledge of the local areas and being an employer of local people.
- Customers were largely impressed with how SSW and CAM are performing, and pleased to see that average household clean water bills in the region were below the national average in their region.
- When shown that bills are likely to increase by around 25% for the period 2025-2030, most customers were understanding and accepting of the level these are likely to increase to.
- Customers in the quantitative survey were also asked how easy it would be to pay their future clean water bill, with this increase in mind and 29% felt it would be either very or fairly easy. These figures show a reduction from earlier in the survey when customers were asked about affordability of their current bill, where positive agreement stood at 47%.

- When asked spontaneously in the qualitative phase, HH respondents suggested around the £4 to £5 per month would be acceptable for a CSA.
- When a maximum increase of £4.50 a year, was shown to HH respondents in the qualitative research, the majority customers were accepting.
- On the NHH side, figures suggested were around 5%, so again, the maximum shown of 2.5% was largely acceptable.
- Some customers in the qualitative groups, however, that disagreed with the CSA on principle, and felt no increase would be acceptable, even as little as 50p per year, suggesting it was unfair asking customers to pay it.
- In the quantitative survey, a CSA of £2.50 per year was found to be acceptable for HH customers, using a Contingency Valuation Method and Turnbull analysis. More details of these methods and calculations are given in the key findings section. The percentage figure for NHH customers was 1.56%.
- When asked if they would prefer to pay the CSA and remain being supplied by SSW or CAM, the majority of customers suggested they would be happy to pay it, rather than instead be supplied by a larger company, suggesting their bills may be higher if they were supplied by a larger company and they may receive an inferior service if supplied by another water company.

3. Evaluating the research

The Impact research team is confident that this research study will pass Ofwat and CCWs expectations. Where possible, we have referred to the guidance given by Ofwat and CCW for the PR24 Acceptability and Affordability Testing research and following their recommendations on presenting information to customers and how questions should be asked. We also took learnings from previous work done on this topic, and where necessary, replicated the way stimulus was shown to customers from, expect for when the guidance suggested it was done differently. We also engaged CCW in the study to input, particularly in terms of reviewing the quantitative questionnaire design and supporting stimulus materials.

At the end of the qualitative groups, participants were asked to fill in a quick post-task survey. 30 participants filled this in, and all of these respondents recalled having a positive experience of the research. They were asked to rate on a scale of 1 – 5 (1 being strongly disagree and 5 being strongly agree), how much they agreed with the following four statements; ‘I understood all the materials presented and activities asked of me’, ‘the focus group was well organised and structured’, ‘everyone was given a fair chance to have their say’, and ‘I enjoyed taking part and having my say’. Across all the focus groups, everybody that filled out the post-task form either strongly agreed or agreed with all of the above statements.

At the end of the quantitative survey, respondents were asked a couple of general questions about how they found the survey. All survey respondents were asked on a scale of 1-5 (where 5 is very good and 1 is very bad), how they would rate the length of the study. 64% of the sample rated the length of the survey as good (4 or 5 on the scale), whilst 9% thought the length was not good, and the remaining quarter of the sample (26%) sat in the middle of the scale. Respondents were also asked on the same scale of 1-5 (1 being very bad and 5 being very good), if they felt they understood what they were being asked to comment on in the study. 80% of the sample were agreeable and answered good responses (4 or 5), whilst only 4% gave negative responses, and the remaining 16% were neutral.

This shows that, in general, the length of the survey and the subject matter was perceived well and understandable by the sample of customers who took part.

4. Background and Objectives

Background

Why is research needed?

South Staffs Water PLC (SSC) provides a secure and reliable supply of high-quality drinking water to approximately 1.6 million people across its two areas of supply – South Staffs and Cambridge.

- South Staffs Water (SSW) supplies high quality drinking water to approximately 1.3m people living in approximately 565,000 homes and working in 35,000 business properties over 1,500 square km in the West Midlands, South Staffordshire, South Derbyshire, North Warwickshire, and North Worcestershire areas.
- Cambridge Water (CAM) supplies high quality drinking water to approximately 360,000 people living in approximately 140,000 homes and working in 9,000 business properties across Cambridge and the surrounding region.

For PR24, Ofwat have set out guidance for whether or not a water company is eligible to apply for a Company Specific Adjustment (CSA). There are two assessment gateways now in place which a company has to pass to be eligible, one of which is focussed around customer support for the premium. In late 2022, SSC commissioned Impact to undertake research to understand the levels of support customers have for the Company Specific Adjustment.

Company Specific Adjustment

Water companies, like all others, need to borrow money to fund their strategic capital investment programmes. This borrowing is subject to interest payments, which often vary on the amount that is required and the time needed before it is paid back. Given SSC are a smaller water company, they borrow less frequently than larger ones and at a lower level, but this often means that the interest rate payable is typically higher. When signing off on business plans, Ofwat assume that a single interest rate is applicable for all monies borrowed by water companies, irrelevant of the amount borrowed and length of time it is borrowed for. They do, however, also recognise that smaller companies face higher costs of borrowing and so allow them to request a Company Specific Adjustment (CSA) to take account of this.

Cost of living increases

Increases in the cost of living first came about during the pandemic and have been exacerbated since by rising costs across almost every essential sector including energy, food, petrol, and other everyday essentials. Wage increases have not kept pace; mortgage rates have increased and for businesses, many have not recovered fully from the impacts of the pandemic and many have seen input cost prices rise notably putting further pressure on their operations and profitability.

Despite the Government Energy Price Guarantee for families and businesses, gas and electricity prices have risen by 66.7% and 129.4% respectively in the 12 months to March 2023 (ONS Census Data, 2023). This has led to a further increase in the proportion of UK residents living in fuel poverty and 'struggling to make ends meet'. The recent ONS census data shows that 11 in 20 adults are using less fuel in their homes, due to cost-of-living increases. A greater proportion of consumers are living in poverty more generally, or closer to poverty than for has been the case for many years, including many being in this situation for the first time in their lives, with limited awareness of the help available to them and sometimes uncomfortable to seek out help.

It is important to note that during the fieldwork period, between 2nd February and 27th April 2023, discussions surrounding the cost-of-living crisis were prominent in the news. Some BBC and Sky news article headlines from the fieldwork period include 'UK energy suppliers sitting on £7bn credit belonging to 16m households' (26th April),

'Community food hubs to expand to help with cost-of-living crisis' (6th March), and 'Teachers report taking on second jobs, skipping meals and using food banks to cope with costs' (5th April).

Data breach

Just before this research project started, there was a communication to customers of a data breach of some SSC customer details. It is important to flag that this event could have impacted the results of this research, as some customers may have diminished trust, or satisfaction levels with SSC. The fieldwork team, for both qualitative and quantitative stages, were provided with a briefing note on the Cyber Incident, and asked to not pro-actively mention to customers. If respondents did raise any concerns themselves, they were directed to a webpage set up specifically, which contained detailed FAQs and a link to a 'Contact Us' page.

The data breach was spontaneously mentioned by a few respondents in the focus groups, but it did not appear to have a great impact on respondents' opinions of SSC, or on the CSA.

Objectives

To deliver the insight required on the CSA, the following objectives were set:

1. Deliver engagement that allows customers to express the perceived / actual benefits and disadvantages of being supplied by a small, local water company
2. Understand customers' spontaneous response to paying more through their clean water bill in the context of a company specific adjustment claim
3. Measure customers' willingness to pay for a CSA premium
4. Understand the main reasons that drive support / opposition towards SSC securing a CSA at different contribution levels – including how the cost of living and the SSC data breach may have impacted customers' responses.
5. Explore in detail the response to an alternative to the CSA – i.e., SSC being merged into a larger WASC.

5. Approach

An overview of the approach applied by Impact is given below.



At the beginning of the project, an inception meeting was held between SSC and Impact, which discussed the project plan, timelines and immediate action points to kick off the project. There was a discussion around the cyber incident and data breach, and shortly after the meeting, the decision was made to postpone the fieldwork until early February 2023 after all customers that had been affected, were contacted.

The fieldwork then followed the approach as laid out above, with the pre-task being sent out to customers to familiarise themselves with SSC and ask a few introductory questions regarding their water supply. Focus groups and in-depth interviews were then conducted, with a range of different customers, more details of which is given below. The aim of the groups was to understand a base level of knowledge of SSC, along with initial opinions of the CSA in a qualitative setting. The results of the qualitative research were then used to inform the quantitative study, and prior to launch, 10 cognitive interviews were conducted, to ensure the questionnaire was an appropriate length, and not overly complicated. Quantitative fieldwork then took place, with a range of different customers. Once this had then been completed, full data checks and analysis was conducted, to produce this report alongside a short PowerPoint summary, which has been presented to SSC separately.

Throughout the project, best practise guidelines set up Ofwat and CCW were followed, ensuring clear, unbiased and contextualised research was conducted, that leads to the best outcomes. The research was also challenged by the company's Stakeholder Challenge Panel (SCP) and by CCW with a range of points taken on board and changes made in response.

Qualitative Methodology

Sample

A total of 43 customers attended the six online focus groups, supplemented by an additional 14 in-depth interviews. All were recruited using a free-find method.

Respondents were invited to attend a specific session based on their demographic profile. The table below shows the split of participants across each group.

Group	Attendees	Customer type	Region	Sub-group – Social grade classification ¹
1	8	Household	SSW	ABC1
2	7	Household	SSW	C2DE
3	8	Household	CAM	ABC1

¹ <https://www.mrs.org.uk/resources/social-grade>

4	8	Household	CAM	C2DE
5	6	Non-household	SSW	Spread of company size, sector, and water consumption
6	6	Non-household	CAM	Spread of company size and water consumption
Telephone Depths	10	Vulnerable household customers	SSW (5) and CAM (5)	4 were digitally disengaged
Telephone Depths	4	Non-household	SSW (2) and CAM (2)	Large businesses

Table 1: An overview of the sample from the qualitative phase of the research. Large businesses were defined as businesses with more than 200 permanent employees. For a full list of vulnerability criteria refer to [Appendix F](#).

The groups took place between 2nd and 9th February 2023 via Microsoft Zoom, and the in-depth telephone interviews took place between 13th and 22nd February 2023.

Due to this sample selection, interviewing methods and the sample size given above, the results of the qualitative research are indicative and cannot be projected onto the overall population. This is a limitation of qualitative research in general, not one specific to this project, but the methods used are widely recognised, and used to understand, in detail, the opinions of a broadly representative sample customers on complex topics. The quantitative phase, which followed, ensures the results are able to be projected wider to provide confidence in the results.

Pre-task

Prior to attending the focus group or depth interview, participants were sent a pre-task to complete. This consisted of reading materials, as well as asking participants to note down their answers to some initial questions, which were to be covered in the focus group or interview. The pre-task had 3 aims:

1. Educate participants at a high level about their water supply, so this could then be discussed further at the groups/interviews
2. Provide a simple assessment of their perceptions of SSC's charges by asking how much they think they pay (before looking at their bill), how charges differ for water v waste water and actual amount paid
3. Understand the participants' views of SSC as a supplier through satisfaction of service received and comparison to other suppliers, such as TV, broadband or other utilities.

These were sent out to participants via email (or via the post for digitally disengaged participants) a few days before the group or interview, and participants were asked to note down their responses to aid discussion during the groups. A full copy of the pre-task materials is available to be downloaded from in [Appendix A](#).

Focus groups

Each focus group lasted 90 minutes and was conducted online on the platform Zoom, rather than face-to-face at a central location. The groups were moderated by a highly-skilled moderator, part of the Impact team, so independent of SSC, to ensure the sessions ran smoothly.

The advantages of an online approach were:

- SSC stakeholders and the Chair of the company's SCP were able to view the groups, only as silent observers
- The groups could be conducted over a shorter period of time (as no travel was involved)
- Ease of recruiting certain customer groups e.g., time poor customers with busy family / caring or work commitments, who appreciate participating from the comfort of their own home

- Overcoming geographical restrictions. A more representative spread of customers could participate, including those in remote rural areas, and those without easy access to transport, who would otherwise struggle to participate.

One potential drawback of a predominately online approach, is the potential for some customers to be excluded from the research due to their level of digital engagement. For this reason, we also conducted 10 in-depth interviews to ensure we captured feedback from customers who are digitally disadvantaged, i.e., those without access to the internet, or very low confidence in using the internet. More details of which is given in the section below. The other drawback of offline research is the inability all respondents in a room together, which could allow for more collaborative conversations. With an online approach, there is often a need to pause, and allow one respondent to finish what they are saying, before asking follow-up questions, or allow interaction with other respondents, which can cause the session to not flow quite as well as a face-to-face approach. During the online sessions, this was mitigated as much as possible by the moderator, ensuring the session was also to flow as much as possible.

The discussion guide for the session covered the following:

- Pre-task review
- Perceptions of service and overall value offered by SSC
- Perceptions of SSC as a small company
- Explanation of CSA and potential impact on customer bills
- Exploring levels of costs increases and comfort with each
- Explore reactions to an alternative option to the CSA²

In-depth interviews

The 10 in-depth interviews with vulnerable household customers, and the 4 interviews with non-household customers who worked for large businesses lasted 45 minutes and were mainly conducted online over Microsoft Teams, whilst the 4 interviews with digitally disadvantaged household customers were conducted over the telephone. Shortened and slightly altered versions of the discussion guides were used for these interviews, tailored to suit the audience and method of interview.

Stimulus

In the qualitative phase of the research, engaging stimulus material was used to educate customers about SSC Water's responsibilities, charges, and the CSA. The online focus groups and in-depth interviews involved the moderator sharing their screen to display multiple PowerPoint slides, in order to convey information in a more visual manner than if the moderator simply read the same information aloud. Showing participants graphs and other diagrams encouraged insightful discussion about the need for investment once customers were more educated on each of the key topics. After the first session, the materials were refined slightly and simplified in places, to ensure they could be fully understood by respondents (For all stimulus materials refer to the link provided in [Appendix A](#)).

Quantitative methodology

Sample

We surveyed 1,463 customers in total, comprised of 1,314 Household (HH) customers and 149 were Non-Household (NHH) customers. All customers that took part needed to be either solely or jointly responsible for paying their water bill.

² There was also a short section on communication, but this was not covered due to time constraints. Any findings relating to communication are included in other sections of the report.

These customers were recruited from a range of different sources. 827 (57% of the total sample) was recruited via SSC's sample randomly selected by demographic strata from its HH database and 441 customers (30%) were from Prodege, our online panel provider partner. 155 (11%) came from face-to-face, or recruit-to-online, methods and the final 40 (3%) came from SSC's H2Online HH customer community. This mix of different sample sources was used to provide a robust and representative base size, of the SSC region. It also allows for comparisons to be made, across different customer types, with varying levels of engagement with SSC. The face-to-face surveys were targeted at those respondents that are less able to complete online surveys and those underrepresented in the online sample.

The full breakdown by sample source and customer type, is given below.

Sample source	Household	Non-household	Total
SSC sample	796 ³	31	827
Online panel	371	70	441
Face-to-face & Recruit-to -online	112	43	155
H2Online community - HH	35	5	40
Total	1,314	149	1,463

Table 2: An overview of the sample from the quantitative phase of the research.

Fieldwork took place between 3rd and 27th April 2023.

Household customers

A target sample profile based on ONS census data was developed prior to fieldwork taking place. Age and gender information was released from the 2021 census, but social grade was not available so 2011 data was used. SSC provided data on the number of customers in each sub-region with meters.

The tables below show the target and achieved sample profile for HHs and NHHs.

Household sample structure	South Staffs (70%)		Cambridge (30%)	
	Target	Actual	Target	Actual
Gender				
Female	51%	49%	50%	39%
Male	49%	50%	50%	58%
Age				
18-29	18%	11%	25%	12%
30-44	25%	21%	27%	19%
45-59	26%	33%	23%	27%
60 +	31%	35%	25%	41%

³ Included seven future customers, i.e., those not currently contributing towards their water bill, but are likely to in the future.

Socio-economic group				
AB	20%	25%	40%	47%
C1	29%	21%	28%	21%
C2	22%	15%	16%	7%
DE	28%	39%	16%	25%
Meter status				
Metered	45%	51%	75%	84%
Unmetered	55%	46%	25%	15%

Table 3: Achieved and target demographic profile of HH customers

Non-household sample structure	South Staffs (70%)		Cambridge (30%)	
Company type	Target (where known)	Actual	Target (where known)	Actual
Public	40%	19%	25%	17%
Private	58%	74%	70%	75%
Charity	2%	1%	5%	6%
Company size				
Sole trader	6%	5%	9%	5%
2-9 employees	33%	26%	28%	31%
10-19 employees	11%	7%	9%	10%
20-49 employees	12%	13%	5%	7%
50-99 employees	11%	9%	6%	10%
100-249 employees	9%	9%	11%	14%
250+ employees	18%	30%	31%	24%

Table 4: Achieved and target profile of NHH customers

Customers were also allocated to SSC attitudinal segments. For the purpose of this report, the five segments and their overview has been given below. This table can be referred back to when different segments are referenced in the findings and Appendices.

Customer segment	Overview
A	Very time pressed juggling all their commitments. Consequently, don't think much about their water usage and don't want their time wasted. Often online.
B	Highly engaged with their water usage and the wider community they live in. Expect a very high level of service from companies they use. Use technology, but prefer a personal relationship.
C	Often financially and time pressured. Strong preference for being on-line and using social media.

D	Highly engaged with using the 'latest' technology and managing their lives online. Switched on to saving water.
E	Highly engaged with technology and very focused on their network of family and friends. Omit to not thinking much about their water usage or services and prefer a more transactional relationship with their water company.

Weighting

Given the achieved sample profile above did not match up to the target profiles, shown above, the data has been weighted to match the target. The method used to weight the data was Random Iterative Method (RIM) weighting. This is a form of weighting, commonly used in market research to weight data to certain demographics.

Survey structure

The survey length was approximately 15 minutes and followed the following structure:

- Screener
- Thoughts on current clean water bill
- Awareness and satisfaction with SSC
- Industry comparisons
- Expected bill increase for 2025-2030 and CSA explanation
- Acceptable bill increases
- Demographics.

Different surveys were curated for each sample method, for each region and questions were tailored for different customer types, as appropriate. For example, HH customers were asked exclusively about their HH bill, whereas NHH customers were asked questions specific to the finances of their business, rather than their own personal situation. In total there were six different surveys, containing broadly the same questions. A full copy of the surveys can be found in the link provided in [Appendix A](#).

Stimulus materials used in the qualitative phase were refined and simplified for use in the quantitative survey.

Cognitive interviews

Prior to launching the quantitative survey, a cognitive pilot was conducted. This step is an important part of the process of ensuring that the research meets Ofwat's expectations for being high-quality.

A total of 10 cognitive interviews were held online on Microsoft Teams, with household and non-household customers participating across SSC's two regions; South Staffs and Cambridge.

The feedback from customers that participated in the Cognitive interviews was largely positive, so only minor wording tweaks were needed. A full copy of the cognitive interviews' summary report is available in [Appendix B](#).

Soft launch

The finalised questionnaire was then 'soft launched' with 50 interviews achieved before pausing fieldwork to examine the findings and check for any issues. Full data checks were undertaken to ensure the set-up of the questionnaire was done correctly and all routing instructions were being followed. These data checks also included a review of the feedback questions, to ensure respondents felt able to complete the survey, and give their views on the CSA.

After this initial soft launch, we found the questionnaire length was slightly too long, so a few questions were removed from the survey, that were not directly relevant to the CSA objectives. There were also a couple of minor wording tweaks made to the questionnaire, so this data was discarded and not included in the final data set (for a full list of

actions taken in response to the soft launch, please see [Appendix B](#)). The survey was then soft launched for a second time, and no further issues were found, so we proceeded with the full launch.

6. Key findings

Prior knowledge of South Staffs and Cambridge Water

The pre-task ahead of the qualitative focus groups and in-depth interviews got respondents thinking about their water supplier, and their thoughts were discussed at the beginning of the sessions. Everyone who participated in the qualitative research had heard of SSC before (their respective supplier, SSW or CAM), but the level of knowledge of SSC's responsibilities did vary between participants. Generally, customers knew that SSC provides water, and that they paid their bills to SSC. The maintenance of pipes was also mentioned as a responsibility of SSC across the two regions, based on recent experiences of customers witnessing pipe maintenance in their locality. The majority of participants did not have any further knowledge of SSC's services. Some, but not all, were aware that SSC only provides clean water, and not their wastewater services.

Almost all non-household participants were aware of the distinction between the wholesaler (SSC) and their retailer.

"In and out. Basically, water comes in, and then wastewater goes out."

CAM In-depth HH Vulnerable Customer

"I am aware that the water company will be doing lots more other things other than putting water through my pipes. But at the end of the day, that's all we are concerned about isn't it, the water and the service, and the price."

SSW In-depth HH Vulnerable Customer

Perceptions of South Staffs and Cambridge Water

Overall, in the qualitative research, customers were happy with the service that SSC provides, but tended not to have many top-of-mind perceptions about the brand. In general, only a few service issues were mentioned, and SSW customers seemed to have slightly more positive views than CAM customers. A particular positive note about SSC was that they provide quick solutions to queries. For household customers, quite a few felt that SSC was somewhat invisible as a brand, as customers just pay a bill and have their water supplied. Hence, there were not too many top-of-mind perceptions about SSC as a brand. During the pre-task and the groups, customers were asked to think about their favourite suppliers in general (not just specific to utilities), and people often expressed their content with their broadband and internet suppliers. Customers are more familiar with these brands and hence prescribe some personality to them, compared to their water supplier. The internet and broadband suppliers, alongside some other favourites, were often praised for their quick, efficient and helpful responses, which was twinned with good customer service and therefore customers often viewed these companies as having a good reputation.

The story was similar among NHH customers both in the focus groups and depth interviews, where some did not have particularly strong opinions about SSC as a brand. The exception to this was the Cambridge NHH focus group, where a few participants had experienced dissatisfaction with CW, often due to billing issues (where SSC was involved in the process with their retailer) which had not yet been resolved at the time of the research. Therefore, a few of the CAM NHH customers had negative opinions of SSC, rather than the vastly neutral or non-existent perceptions that the rest of the sample held. One large NHH customer in CAM had faced an issue before with the

"A Friday, busy day, customers here, water just shuts off, so as you can imagine that's toilets, that's catering, that's the shop...what was worrying is, when we spoke to Cambridge Water, they didn't know anything about it and they said that they didn't know that there was a problem, and then we did our investigation knowing where our sources are for water and found some people working on a leak...it was only shut off momentarily, for maybe half an hour, but obviously that's enough for us to have to shut down the business."

CAM Large NHH Customer

water shutting off and Cambridge Water had no knowledge of it. They were pleased with how quickly the problem was rectified, but it did have an impact on their business.

A qualitative technique used in the focus groups and the online depth interviews was an adjective board, where customers were shown a slide full of adjectives and were asked to pick the top three words (out of a selected list of 30 words) that they most associated with SSW or CAM Water. Overall, the top three words were; Reliable, Local and Efficiency. When comparing results between regions, CAM customers were more likely to view their supplier as 'local' and 'invisible' compared to SSW. The graph below shows the full counts of each word.

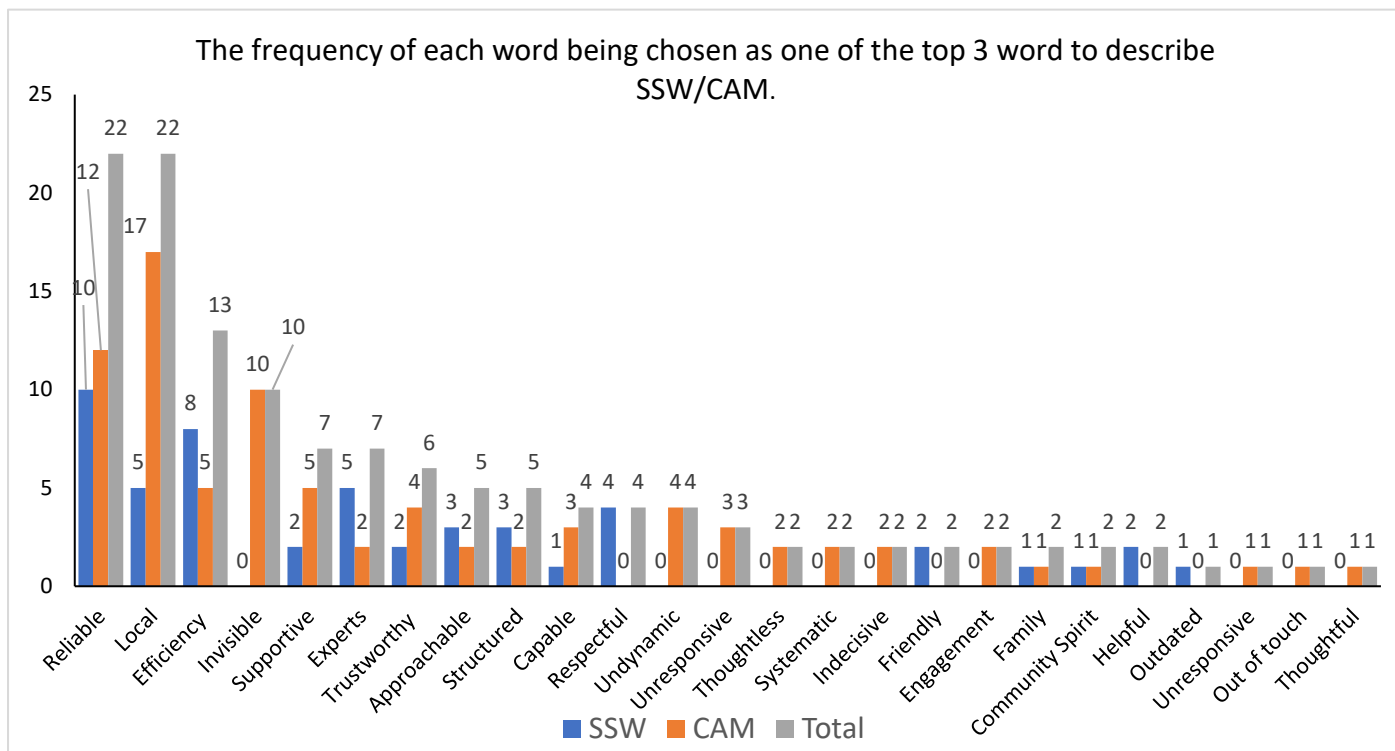


Figure 1: A clustered bar chart showing the frequency of different adjectives being chosen as one of the top three words to describe SSW/CAM Water (qualitative) (Base size: 28 SSW customers, 28 CAM customers).

"I think they're extremely efficient. I mean, great water supply all the time, no complaints."
SSW HH customer

"I think it's, to me, I don't feel there's any personality there in terms of it as a brand, because I just get a bill, I pay it, and that's it."
SSW NHH Customer

In the quantitative survey, customers were also asked where they had experienced any issues in the last 2-3 years, and 40% of the total sample had experienced none. The most common issues faced by customers were low water pressure and problems relating to limescale, both were faced by 20% of customers with the peak being 29% of CAM HHs that had experienced a problem with limescale. The graph below displays the issues faced by customers.

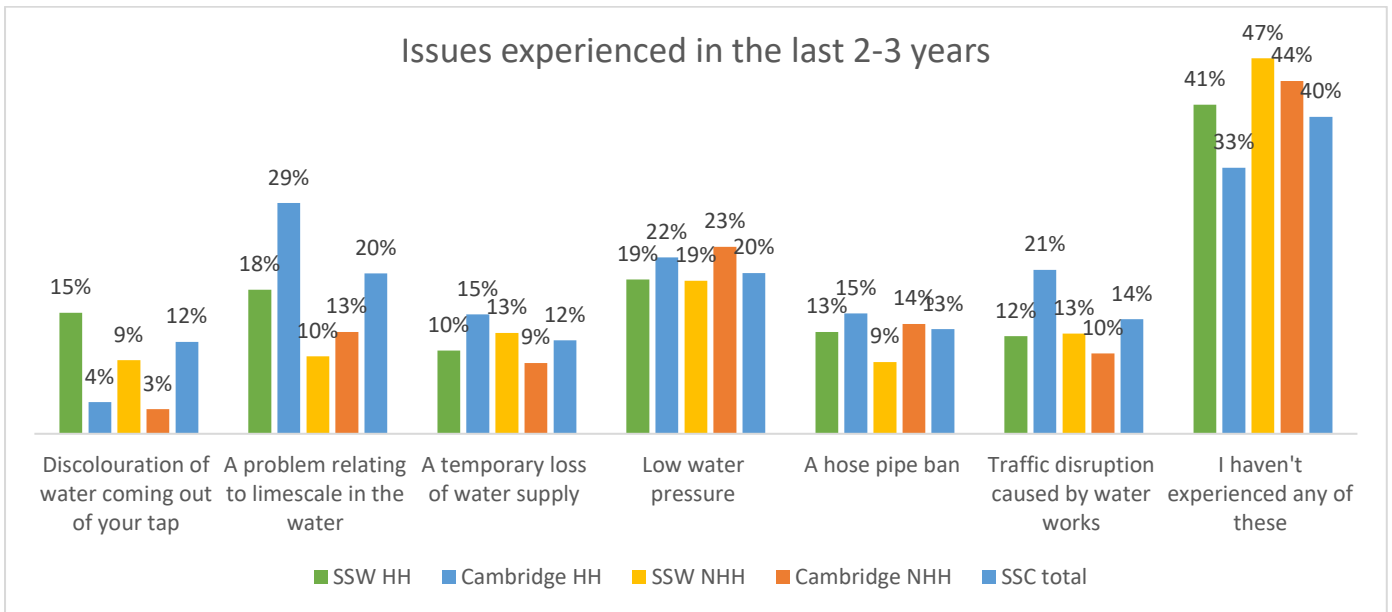


Figure 2: Results from the quantitative survey showing issues customers have experienced in the last 2-3 years. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

Current water bills

During the qualitative phase, participants were asked roughly how much their clean water bill is. It is important to note that not all customers were able to break down their bill between water and wastewater services. A range of scales and amounts were used across the groups, with household customers paying between around £25 and £86 a month, whilst non-household customer bills varied notably, from £100 to £400 a month. Most customers thought that their water bill is cheaper than they expected it to be, whilst a couple of customers had experienced billing issues and had been overcharged.

The sentiment during the qualitative phase was that, in comparison to other utility bills, water bills were generally regarded as fairly cheap and reasonable. In the groups and depth interviews, virtually all customers thought SSC offered good value for money. This was often due to comparing such bills with gas and electricity bills, which have seen steep increases over the last 12-18 months. It should be of note that some customers struggled to estimate how much they pay for water, and others struggled to break down their bill between clean water and wastewater, so these results might reflect their wastewater supplier, as well as SSC.

In the qualitative groups and interviews, customers were asked to rate value for money on a scale of 1-5, with 1 depicting very poor value for money, and 5 depicting very good value for money. Across the entire qualitative sample, no customers answered at the lowest end of the spectrum (1 or 2). The graph below shows that the results were most positive for SSW HH customers, who were more likely to give a top score of 5/5. Those that scored VFM as a three, tended to do so because they had previously experienced issues with their supplier, such as billing related issues. Some customers found it difficult to comment on VFM, as they did not have anything to compare their water bill to at this point in the group.

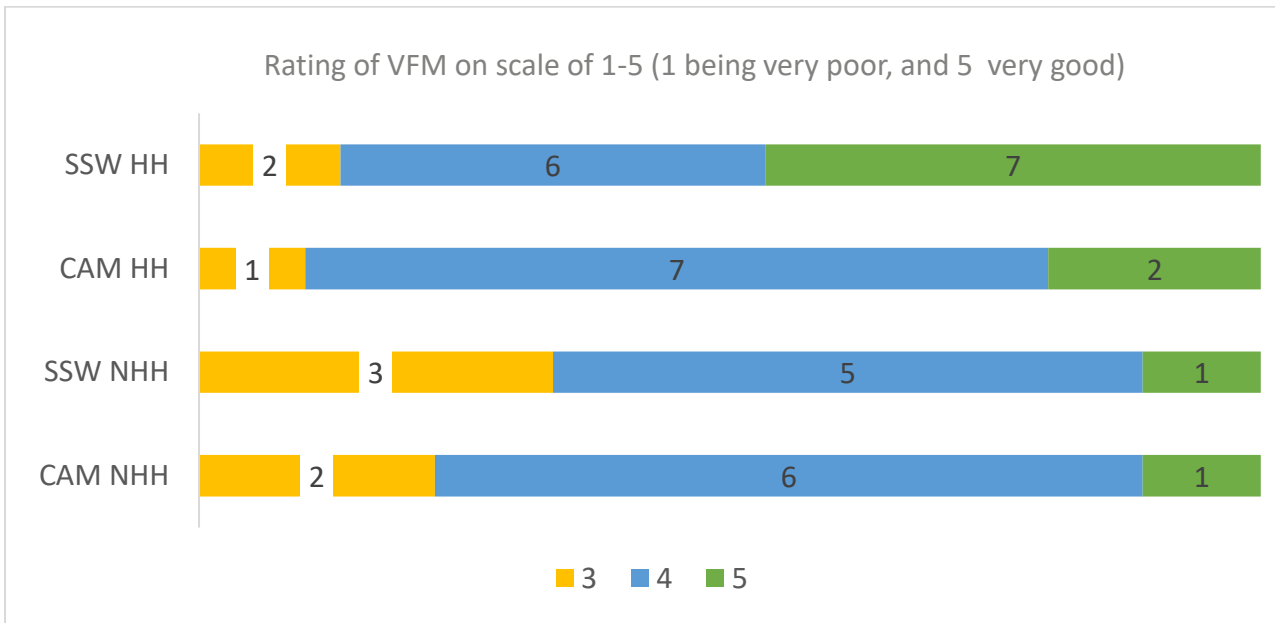


Figure 3: Results from the qualitative phase of the research showing value for money of SSC on a scale of 1-5, 1 being very poor and 5 being very good. The values on the graph displays counts of customers who voted 3, 4 and 5 out of 5.

“When I saw that, I was like, ‘I pay more for my phone, I pay more for broadband’. It’s water, so I’m happy with it.”

CAM HH Customer

During the quantitative survey, respondents were also asked about VFM, and again the results across the board were positive. It was NHHs in SSW that tended to give the most positive response, with 72% saying they felt SSC give either good to very good value for money. This was closely aligned with NHHs and HHs in CAM, with 69% and 64% respectively. HHs in SSW saw a slight drop off, but still 59% felt they got good value for money for the services they received from SSC. The graph below shows the full breakdown. These VFM scores are broadly in line with those of other SSC research findings, such as in their Promises Tracker, which found that overall household satisfaction with VFM was 67% during 2022/2023.

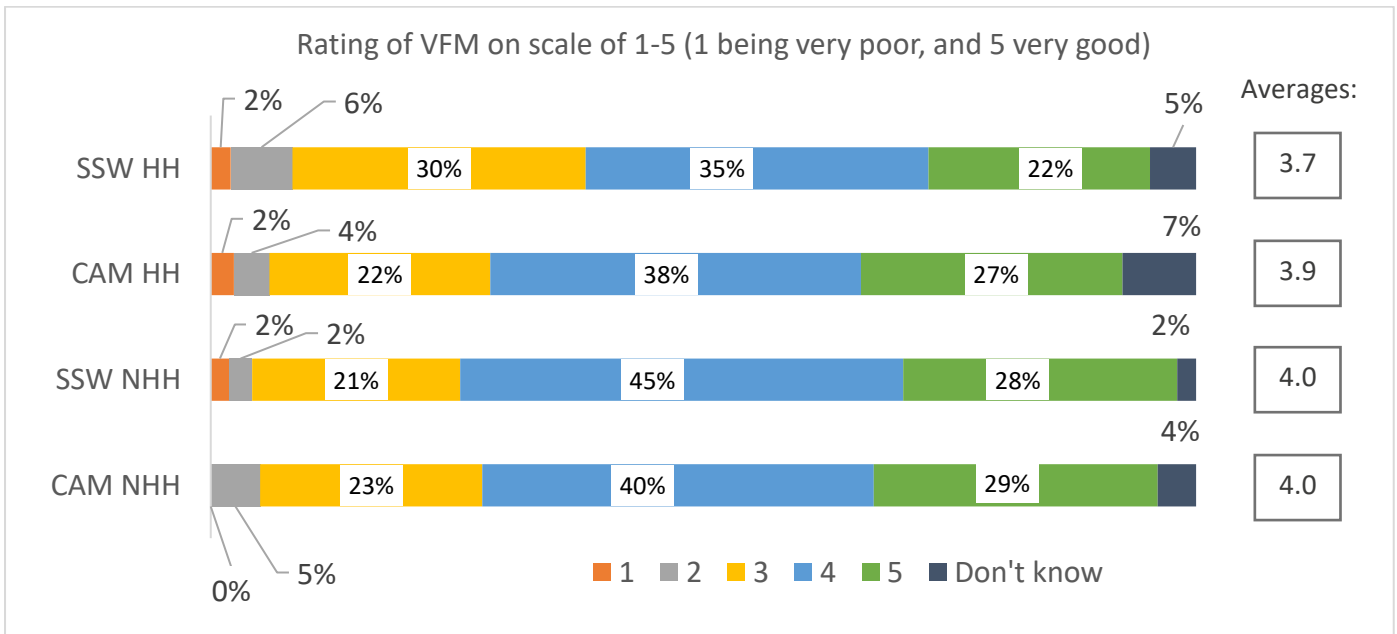


Figure 4: Results from the quantitative phase of the research showing value for money of SSC on a scale of 1-5, 1 being very poor, and 5 being very good. Boxes to the right of each bar show the average score for each customer group, excluding 'Don't know' responses. (Base size: 897 SSW HH customers, 350 CAM HH customers, 106 SSW NHH customers, 40 CAM NHH customers).

In the quantitative survey, there was a section that asked customers to share their current clean and waste water bill amount in whichever format made most sense to them, either weekly, monthly, quarterly, every 6-months, or yearly. If they did not know how much their water bill was, they were asked to estimate from a pre-defined list. The question wording in this section differed between HH and NHH customers, and the average bill estimation section differed between metered vs non-metered customers. Following this, the survey explained how the split between their clean and waste water bills worked, and customers were then shown how much of their own bill is clean water charges.

Subsequently, respondents were asked how easy it was for the them to afford their current clean water bill, and among the overall sample, just under half (47%) responded saying it was either fairly or very easy. It was NHHs in CAM that found it most easy, followed by HHs in CAM. HH customers in SSW found it the most difficult to afford their current clean water bill, with 23% finding it very or fairly difficult. The full results are given in the table below.

Please note that the question was asked on a 5-point scale from very difficult to very easy, and we have assigned numerical values (1 being very difficult and 5 being very easy), in order to calculate the average values (don't knows have been excluded).

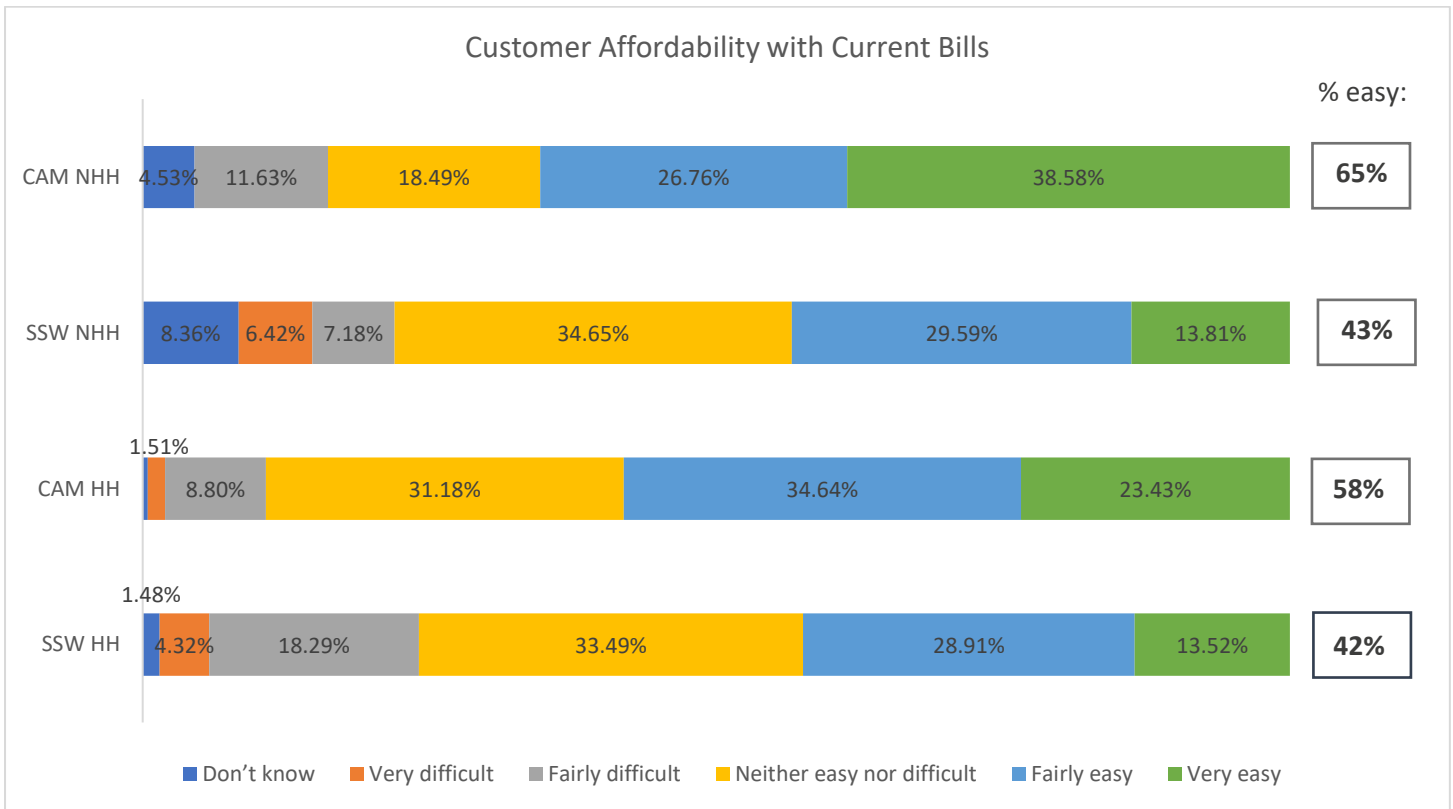


Figure 5: Results from the quantitative survey showing how affordable customers found their current bill level. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

Satisfaction with the service

In the qualitative groups, participants generally were happy with the service provided by SSC, one of the reasons being they provide quick solutions to queries. Not many participants had experienced issues with their water supply, which helped keep the conversations positive, with many feeling SSC were easy to deal with. Household customers from SSW were generally the happiest, as there were one or two Household customers from CAM that had experienced issues, although these were still in the minority. Non-household customers had less to say, given many didn't deal with SSC directly, but some commented dissatisfaction on previous incidents of receiving the wrong bill, information being hard to get a hold of, and road closures with confusing signage during scheduled work, however, overall, many were still happy with their service. The full ratings are shown in the graph below.

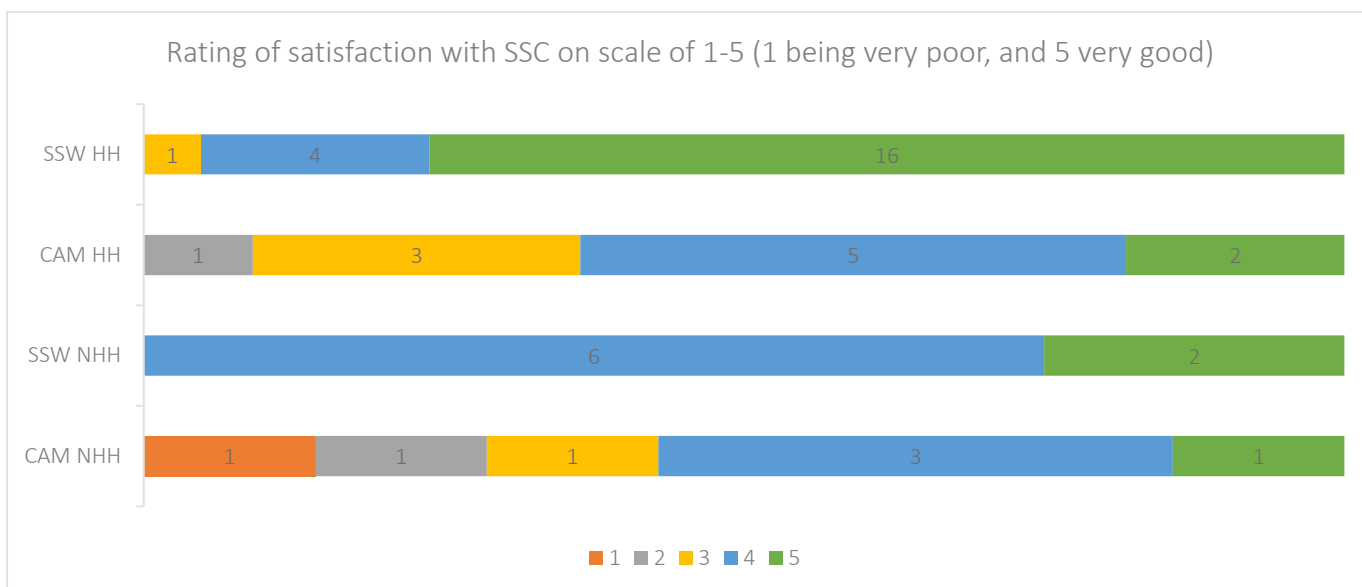


Figure 6: Results from the qualitative phase of the research showing satisfaction levels with SSC’s service on a scale from 1-5 (1 being very poor, and 5 being very good). The results are displayed in count form (number of participants that answered either 1, 2, 3, 4 or 5).

In the quantitative survey, respondents were asked how satisfied they were with the overall service provided from SSC, and largely responses were positive. We should note here that whilst the qualitative question was asked on a scale of 1-5, the quantitative question was asked on a scale of 1-10, so the results are not directly comparable. Overall, 65% of all customers gave a score of 8, 9 or 10 out of 10 on a 10-point scale (Top 3 Box or T3B), and this was consistent across SSW and CAM and Household and Non-household customers. Across the overall sample, only 4% of customers voted in the bottom 3 boxes (scoring a 1, 2 or 3 out of 10). Therefore, customers’ perceptions of satisfaction regarding SSC’s service is relatively positive across the board. The full breakdown of satisfaction scores is given in the table below.

	SSW HH	CAM HH	SSW NHH	CAM NHH	Overall sample
1 Very unsatisfied	2%	2%	3%	3%	2%
2	1%	1%	0%	2%	1%
3	2%	1%	1%	0%	1%
4	2%	2%	2%	2%	2%
5	8%	7%	5%	8%	7%
6	6%	6%	12%	8%	7%
7	14%	10%	7%	12%	12%
8	19%	21%	23%	24%	20%
9	17%	22%	15%	14%	18%
10 Very satisfied	28%	25%	30%	24%	27%
% scoring 8-10 (T3B)	63%	68%	68%	62%	65%
Average score (mean)	7.89	7.95	7.94	7.65	7.90
Don't know	3%	2%	2%	2%	3%

Table 5: The quantitative results showing how satisfied customers were with the overall service they receive from SSC, split via customer type and service area (1 being very satisfied, and 10 being very satisfied). (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

Thoughts on SSC being a small water supplier

When asked spontaneously in the qualitative groups and interviews, participants varied in their thoughts as to whether SSW or CAM was a small or large water company. Some felt they were a large company, which was based on the knowing friends and family were supplied by the same water company and knowing there were a high number of homes and businesses nearby. Others felt they were smaller, suggesting the area they supplied was smaller than many others. Once given size comparisons (such as no. of employees and no. of customers served), some were surprised at how small each company is.

Participants were then asked what they thought of SSC being relatively smaller than most water companies, and the majority thought this was a good thing. The following were identified as advantages of being served by a smaller water company:

- Good customer service
- Quicker response times
- More personalised service
- Lower overhead costs
- Local job opportunities
- Community focused.

There were some, however, who felt that a larger water supplier would be preferable. Here there was concern that issues could potentially become amplified if arising with small company and that a larger company could be better placed to rectify problems more quickly and efficiently. The following were mentioned as potential disadvantages of being served by a smaller water company:

- Potential for higher costs
- Lack of resources and equipment
- Less staff so large impact of staff shortages

Participants were also asked to rate whether they would prefer to be served by a small or a large company, on a scale of 0 to 10, and while many customers scored near the middle, there was a definite preference for small (score of 0-4) rather than large (scores of 6-10). The full breakdown is given below.

Scale	0 (smallest)	1	2	3	4	5	6	7	8	9	10 (largest)
SSW HH	1		4	3	2	5	1	1			
CAM HH	1	1	3	5	3	6					
SSW NHH				1	1	8	1				
CAM NHH				2	1	2	1				
SSC Overall	2	1	7	11	7	21	3	1			

Table 6: Results from the qualitative phase showing if customers would rather be served by a smaller (0) or larger (10) water supplier, split via customer type and service area.

Respondents taking part in the quantitative survey were asked the same question, and while there was still a slight preference for a small company, the results across the scale varied a lot more. NHHs in CAM were most in favour of a small water company (48% giving a score of 0-4). A summary breakdown, and then the full breakdown is given below.

Scale	Score of 0-4 (small company)	5	Score of 6-10 (large company)
SSW HH	36%	37%	27%
CAM HH	37%	33%	30%
SSW NHH	30%	35%	35%
CAM NHH	48%	18%	34%
SSC Overall	36%	35%	29%

Table 7a: Summary of results from the quantitative phase showing if customers would rather be served by a smaller (0) or larger (10) water supplier, split via customer type and service area. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

Scale	0 (smallest)	1	2	3	4	5	6	7	8	9	10 (largest)
SSW HH	8%	4%	7%	9%	8%	37%	10%	7%	4%	1%	5%
CAM HH	8%	3%	6%	10%	9%	33%	7%	10%	7%	3%	3%
SSW NHH	6%	1%	5%	7%	11%	35%	15%	6%	8%	3%	3%
CAM NHH	2%	6%	9%	13%	18%	18%	7%	12%	8%	0%	7%
SSC Overall	7%	4%	7%	10%	9%	35%	9%	8%	5%	2%	4%

Table 7b: Results from the quantitative phase showing if customers would rather be served by a smaller (0) or larger (10) water supplier, split via customer type and service area. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

In the quantitative survey, participants were given a list of potential advantages of being served by a small water company, and asked to select up to three benefits. The list was consistent with, and expanded on, the qualitative results above.

In the survey, 24% overall thought there were no advantages to being served by a smaller water company. Interestingly, whilst 25% of the HH sample shared this opinion, only 14% of the NHH sample did so. This response option was anchored for all participants at the top of the list of options.

Out of those who did identify advantages, these were the top results (showing HH and NHH combined):

- 33% selected 'better knowledge of the local area'
- 27% selected 'employ local people'
- 23% selected 'closer to the communities it serves'
- 16% selected 'quicker response times to issues'
- 16% also selected 'more responsive to customer needs'.

The full responses, split via service area and customer type are shown in the table below.

Advantage of being served by a smaller water company	SSW NHH	SSW HH	CAM NHH	CAM HH	Overall sample
Better knowledge of the local area	29%	31%	49%	36%	33%
Employ local people	37%	26%	30%	25%	27%
Closer to the communities it serves	22%	21%	26%	23%	22%
More responsive to customer needs	15%	18%	14%	16%	17%
Quicker response times to issues	24%	16%	23%	17%	17%
Personal service	14%	12%	19%	17%	14%
More accountable to customers	20%	12%	20%	12%	13%
Lower bills	17%	12%	8%	6%	11%
More flexible, adaptable and agile	7%	7%	11%	11%	8%
More trustworthy	13%	7%	16%	6%	8%
More honest	4%	4%	6%	7%	5%
Ability to innovate and come up with new ideas	0%	4%	3%	5%	4%
Quicker to develop new ideas / ways of doing things	1%	4%	4%	4%	4%
More resilient in a crisis	7%	4%	0%	3%	4%
Less likely to be taken over by another company	3%	3%	3%	3%	3%
Greater access to funds/money markets to make investments	2%	1%	0%	2%	2%
Other	0%	1%	0%	3%	2%
I don't think there are any advantages of being served by a small water company	13%	26%	15%	23%	24%

Table 8: Results from the quantitative phase showing what customers think the advantages are of being served by a smaller water company, split via customer type and service area. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers). Multiple responses allowed.

"Because they're a small company as well, they're obviously more effective and communicate with each other, which is what you lose with bigger companies – because they don't communicate with each other; you're kind of put on hold all the time when you need them."

SSW HH Customer

"We're kind of a captive audience, aren't we? We have no choice"

SSW HH In-depth Vulnerable Customer

During the qualitative groups, participants were shown a list of community initiatives currently completed by SSW and CAM. These included the company's community outreach to vulnerable customers and educational outreach programme in schools and employees volunteering in the community. The full list is shown in the stimulus material, available to be downloaded from the link provided in [Appendix A](#). It was noted that these types of initiatives are not unique to SSW and CAM, as all water companies do work in these areas, just these are initiatives specific to SSC.

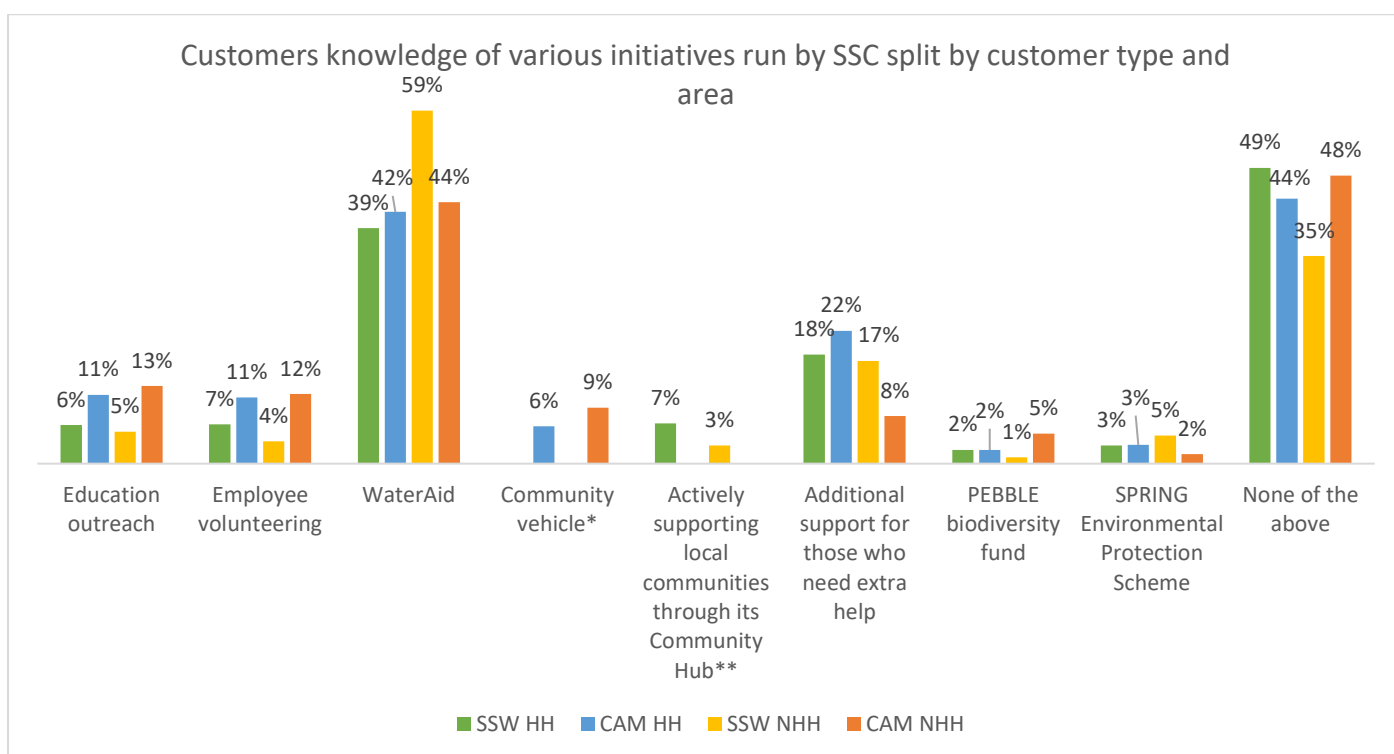
Generally speaking, customers were not previously aware of these initiatives, but were impressed with what they saw, especially given the respective size of SSW and CAM (information on company size had been shared prior to information about the initiatives). Customers felt that the initiatives showed consideration for the local area, and SSC

wanting to educate customers. On the other hand, there was some mention of a lack of initiatives aimed at helping NHHs struggling with the cost of running their business, but overall, the feedback was very positive.

Customers did ask, however, why they weren't aware of these initiatives, and suggested more work could be done to bring attention to them.

Customers in the quantitative survey were shown the same list of initiatives, and again asked which ones they were aware of being undertaken by SSW and CAM. These customers had a slightly higher level of awareness than suggested in the qualitative research, but even so, 47% of the overall quantitative sample were not aware of any of the initiatives. WaterAid, by far, was the most well-known initiative out of the ones that were shown to customers. The overall figure was slightly lower for NHHs, 38%, showing they had slightly higher knowledge of initiatives, overall. Knowledge of initiatives was higher overall than when this research was completed in 2019, as, then, 81% were not aware of any initiatives being conducted by SSW or CAM.

The full breakdown of responses, split by region and customer type, is given below.



*only shown for CAM

**only shown for SSW

Figure 7: Results from the quantitative phase of the research showing which SSC community initiatives customers had heard of, split via customer type and service area. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

Thoughts on South Staffs and Cambridge Water's performance levels

To give context of how South Staffs Water and CAM are performing, customers in the qualitative sessions and the quantitative survey were shown data for a range of difference performance metrics, within the water industry. SSC's data was shown alongside other UK water companies so customers could see industry comparisons. The metrics shown were leakage levels, water quality acceptability scores, and supply interruption times, which mainly align to the key areas mandated to be shown in the PR24 affordability and acceptability testing Ofwat guidance. Household

and non-household customers were shown the same data, but household customers were additionally shown average clean water bill comparison data.

After the qualitative phase, there was slight concern that customers were only being shown positive results that show SSC to be performing well in the key areas due to the company's strong performance in them, so the scope of the industry comparison data was extended for the quantitative survey. In addition to the above metrics, customers were also shown another level of performance to show how SSC was performing, the Annual Performance Report. This shows how SSC is performing on 30 different performance commitments, and this information was condensed down to show that for 2021/22, SSC passed 18 of its targets, and failed 12, with some pop-up text which went into a little more detail.

In the qualitative sessions, most customers were happy to see how SSC is performing in comparison to other water companies. There was some concern expressed about leakage levels, though this was not specific to SSC, as general feelings were that all water suppliers needed to do more to reduce leakage across the UK. The swimming pool analogy (where customers were shown that 5 or 26 Olympic sized swimming pools were lost to leakage in CAM or SSW region each day) was eye opening for customers, and they were often shocked about how much water is wasted due to leakage every day.

"It seems like big numbers I think when you look at it like this. So they're performing above their target, but it still seems like a lot of water is getting lost."

SSW Large NHH Customer

"That's terrible"
(about leakage)

CAM HH Customer

Based on the comparisons, customers considered SSC to be reliable and were pleased to see it generally outperform bigger companies. There was a general sentiment of customers in that region being glad that Cambridge Water is performing well, especially among HH customers. Some HHs were pleasantly surprised, especially in CAM, where it was expressed, they don't usually think about these things. Others felt reassured that their water company was performing to the level they expected. Again, it was the NHH group in CAM that were least positive, as some were sceptical of the data and less trusting of the graphs. It should be kept in mind that this group had experienced previous issues with CAM Water, such as billing issues, and hence had a more negative view of the company than other customers in the qualitative phase.

"I think they're performing well"

SSW HH Customer

"They seem to be doing pretty well against the targets that are set and against the other operators"

SSW NHH Customer

"It actually confirms what I think, that they're quite a trustworthy, good company"

SSW HH Customer

In terms of average current bill level, the majority of HHs were happy that SSC's average bill was at the lower end of the spectrum. A few HH customers had a general perception that smaller companies were often more expensive, so were somewhat surprised to see SSW at lower end of the bill comparison graph.

In the quantitative survey, respondents were shown the same graphs as those used in the qualitative phase. Cognitive testing of the quantitative survey provided assurance in terms of comprehension of the graphs, and this was supplemented by feedback from the qualitative phase to ensure that the graphs were explained clearly. Once customers in the quantitative survey had seen the industry comparison graphs, they were asked if the information

they had just seen was clear. Only 4% of the sample said it was not clear at all, and 5% were not sure, whilst the majority of the sample felt it was clear in all places (57%), and a third thought it was clear, but some information could have been clearer (34%). Out of those who did not understand or thought the information could be clearer, this was mainly because they thought there was too much information to take in at one time.

After digesting this information, the quantitative sample were asked an open-ended question to express how they felt SSW/ CAM is performing in comparison to other water companies in the UK. Please note that the open-ended responses were put into a code frame, with answers often being coded in multiple categories. In general, 66% spoke about their water supplier positively, saying that they are doing well and are happy with their performance. Around one quarter (26% of the sample) specifically mentioned that their supplier is performing better than other suppliers and/or above average. Around 14% thought SSC was performing at an average level, whilst only 5% said they thought they were performing poorer than others.

Also, around 14% voiced that there was room for improvement when it comes to SSC's performance levels. These results were fairly similar across region, although slightly more CAM customers thought their water supplier was performing better than other water companies compared to SSW customers (28% and 24% respectively). CAM customers were also more likely to think their supplier had room for improvement compared to SSW customers (16% compared to 13% respectively).

Changing bills and the CSA

Reactions to AMP8 bill for 2025-2030

After commenting on the industry comparison levels, customers in both the qualitative and quantitative research were shown some information about Ofwat, the price review and why bills are likely to rise, and about the concept of the Company Specific Adjustment. The expected increases in bills for the period 2025-2030 was shown to customers – 24% in SSW and 25% in CAM for NHH customers - with HH customers being shown a £ bill impact to put it in context - £160 annual increase in SSW (also shown monthly amount of £13.33), and £148 annual increase in CAM (monthly is £12.33). At this point, household customers in the qualitative research were reminded how much the average current clean water bill is, and customers in the quantitative survey were reminded how much their own clean water bill is.

In the qualitative groups and interviews, most customers accepted that it is inevitable their water bill would rise, and most found the suggested levels to be broadly acceptable. This included those facing some form of financial vulnerability, though one customer did worry about the impact it might have if all bills were to continue going up.

"It is a small amount when you think about it. So, no, I think it's okay, but it is only if like... it depends what your other bills are going to be like as well...I guess some people will struggle with it...we've just got the one baby so you think about large families and how they will cope but for myself and my husband we'd be okay with this, yeah.

SSW Vulnerable HH Customer

The vast majority of customers in the qualitative research were not surprised to see their water bill increasing, as their other bills and living costs are also increasing in cost. Most customers thought the increase was not too large, in the context of other utility bills having gone up a lot more. There was a slight feeling of relief from some customers, when comparing this rise to other utility bills, particularly energy.

In the qualitative groups, the NHH customers in SSW also thought the increase seemed reasonable increase, but wanted to know what exactly the extra money would be spent on. In the CAM NHH group, a few customers thought the increase was too much. One found it unfair, and one thought it would be lower than what was presented.

The results from the quantitative phase broadly share the same sentiment as those from the qualitative. In the quantitative survey, respondents were shown some information about the prospective bill increase for AMP8 period of 2025-2030. They were then asked an open-ended question to assess their initial reaction to this proposed increase for their clean water bill. The open-ended responses have been coded into specific categories. Please note that some responses overlap into multiple categories.

Overarching category	Reason	Percentage of respondents
Expected (16%)	Expected / not surprised / bills keep rising	16%
Positive / accepting (18%)	Happy to pay	3%
	Reasonable	3%
	Understandable	2%
	Acceptable	2%
	Seems fair	2%
	Not too bad	1%
	Cheaper than expected	1%
	Necessary	1%
	Affordable for me	1%
	Not bad compared to other increases	1%
It is what it is	1%	
Accepting dependent on service (6%)	If service levels reflect the increase in price then it is ok	6%
No choice (2%)	Nothing I can do / no choice	2%
Customers will struggle (16%)	I can't afford it / will struggle	8%
	Other households / businesses will struggle	5%
	Cost of living mentioned	4%
Big increase (23%)	Seems like a big increase	15%
	Too much	12%
Negative (28%)	Not happy	7%
	Not good	3%
	Concerned	2%
	Worried	2%
	Shocked (at size of increase)	2%
	Unacceptable	2%
	Disappointed	2%
	Ridiculous	1%
	Any rise is bad	3%
	Already pay enough (any rise is bad)	3%
Should not increase (any rise is bad)	2%	

Table 9: Shows the coded open-ended responses of respondents' initial reaction to the proposed clean water bill for the period of 2025-2030. (Base: 1,463).

Overall, 16% of the sample mentioned that such a rise was 'expected' or 'not surprising'. This was almost always mentioned alongside the fact that all other bills keep rising, and hence the prospect of clean water bills rising was not a surprise, especially during the cost-of-living crisis. Additionally, some questioned why the clean water bill should increase at all. This came from multiple perspectives, such as the expectation that during a cost-of-living crisis, customers should not be expected to front anymore payments, with others expecting shareholder profits to reduce before customers are asked to pay any more.

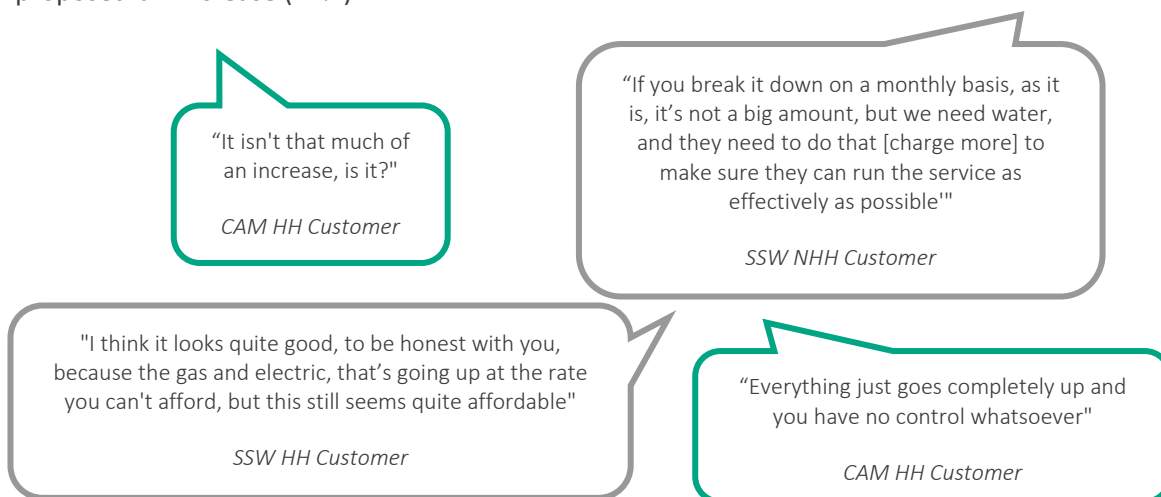
Overall, more of the quantitative sample had negative views regarding the bill increase than positive views. For example, almost a quarter (23%) of the whole sample said that the increase is a big one, and/or is too much money. 12% of the sample said either themselves, or other households or businesses would struggle to afford such an increase, with significantly more SSW customers (14%) mentioning this than CAM customers (7%). Furthermore, 28% of the whole sample had negative things to say when it came to the proposed AMP8 increase, with similar levels seen between regions (28% in SSW and 26% in CAM). Words and phrases encompassed in this code frame include 'shocked', 'disappointed', 'ridiculous', 'concerned', 'angry', 'not happy', 'already paying enough', and 'any rise is bad'. The word cloud below shows a summary of the positive and negative words used by customers. The larger the word the more it was mentioned.



On the other hand, 18% of the overall sample mentioned positive or tolerant words about the increase, including words such as 'reasonable', 'not too bad', 'understandable', or 'necessary'. CAM residents were slightly more in favour and/or accepting in regards to the increase compared to SSW customers, with 21% and 16% respectively using the aforementioned types of phrases. Overall, 6% admitted that they were accepting of the increase, but only if the level of service and activities from SSC reflected this increase (e.g., service remaining at a good level, or even improving). CAM customers were more likely to write this than SSW customers (10% vs 4%). Overall, 2% admitted that there is nothing they can do about the increase.

When analysing these responses alongside how easy or difficult respondents said it would be to afford these clean water bills from the period of 2025 to 2030, unsurprisingly, those who said they found it difficult to pay were significantly more likely to use negative words in their initial reaction than those who would find it easier to afford, and vice versa. Out of the respondents who said it would be 'fairly easy' or 'very easy' to afford the proposed increase, 36% used positive words when initially reacting to the rise, compared to only 4% of those who said they

would struggle to afford it. In a similar trajectory, 42% of those who said it would be 'fairly difficult' or 'very difficult' to afford the increase used negative words in their initial reactions, compared to 15% of those who felt as if they could afford it. Also unsurprisingly, those who were in a positive mood at the time of completing the survey were more likely to use positive words when talking about the increase, compared to those who were in negative moods (24% compared to 14%). Moving on, respondents who were satisfied with the overall service they receive from SSC (8,9 or 10 on 10-point scale) were significantly more likely to use positive words when talking about the AMP8 increase compared to those who were unsatisfied (1,2,3) with the service (21% compared to 8%). However, almost a quarter of those who were satisfied with SSC's service still used negative words when reacting to the increase (24%), but this is still lower than those who were dissatisfied with the service and used negative words in response to the proposed bill increase (41%).



Respondents in the quantitative survey were also asked how easy or difficult it would be to afford their water bill, if it increases by the amount shown in AMP8. Here, fewer customers overall suggested it would very easy or fairly easy than did when asked about their current bill, 29% compared to 47%. It was those in CAM that felt they would be most affordable, with 54% of NHHs and 42% of HHs suggesting their water bill for 2025-2030 would be easy to afford. SSW found the prospect of affording the AMP8 bill more challenging than CAM customers, with 44% of SSW HH customers and 41% of SSW NHH customers saying it would be very difficult or fairly difficult, compared to 28% and 21% of CAM customers. When isolating customers with any vulnerability (for how this was defined please see [Appendix F](#)) from the rest of the sample, we can see that almost half (48%) of the vulnerable customers thought it would be very difficult or fairly difficult to afford the AMP8 bill, compared to 35% of non-vulnerable customers. The full breakdown is given below.

Please note that the question was asked on a 5-point scale from very difficult to very easy, and we have assigned numerical values (1 being very difficult and 5 being very easy), in order to calculate the average values (don't knows have been excluded).

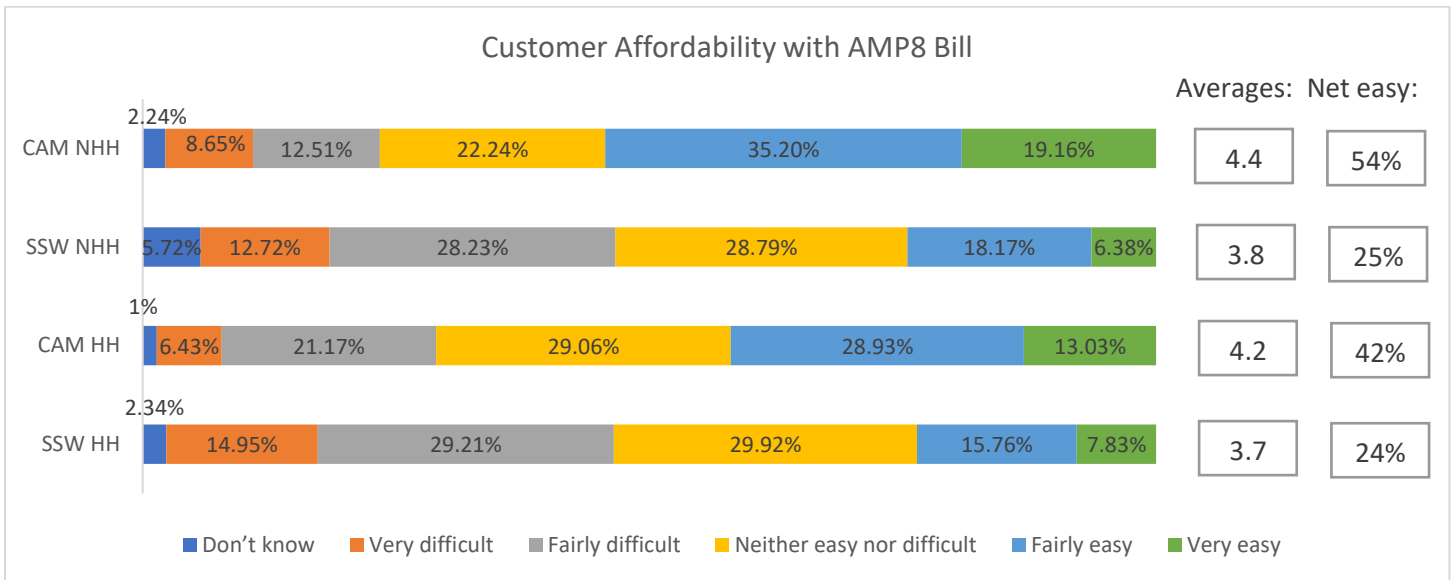


Figure 8: Results from the quantitative survey showing how affordable customers would find their bill amount if it were to increase by the amount shown for AMP8, split via customer type and service area. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

The graph below shows the results of the affordability question for both the current bill asked earlier in the survey, and the AMP8 bill. Across all customer groups (SSW HH, SSW NHH, CAM HH and CAM NHH), we can see that customers find the prospect of affording their future AMP8 bill more difficult than affording their current bill. It seems logical to assume you might struggle more with future bills due to the persisting cost-of-living increases, and the fact that it can be hard to imagine what your financial status might be in the future. In general, SSW were less likely to find their bills easy to afford when compared to CAM customers. The group that appears to struggle the most with affording their current and future bills is SSW HHs, who were the least likely to say they would find it easy to afford such bills (42% and 24% respectively). In both bill instances, the group that were most likely to find it easy to afford their bills was CAM NHH customers (65% and 54% respectively). Across both questions, i.e., current and AMP8 bill, it was those in higher social grades, predominately A and B, that were most likely to say their bill would be easy to pay.

Please note that the questions were asked on a 5-point scale from very difficult to very easy, and we have assigned numerical values (1 being very difficult and 5 being very easy), in order to calculate the average values (don't knows have been excluded).

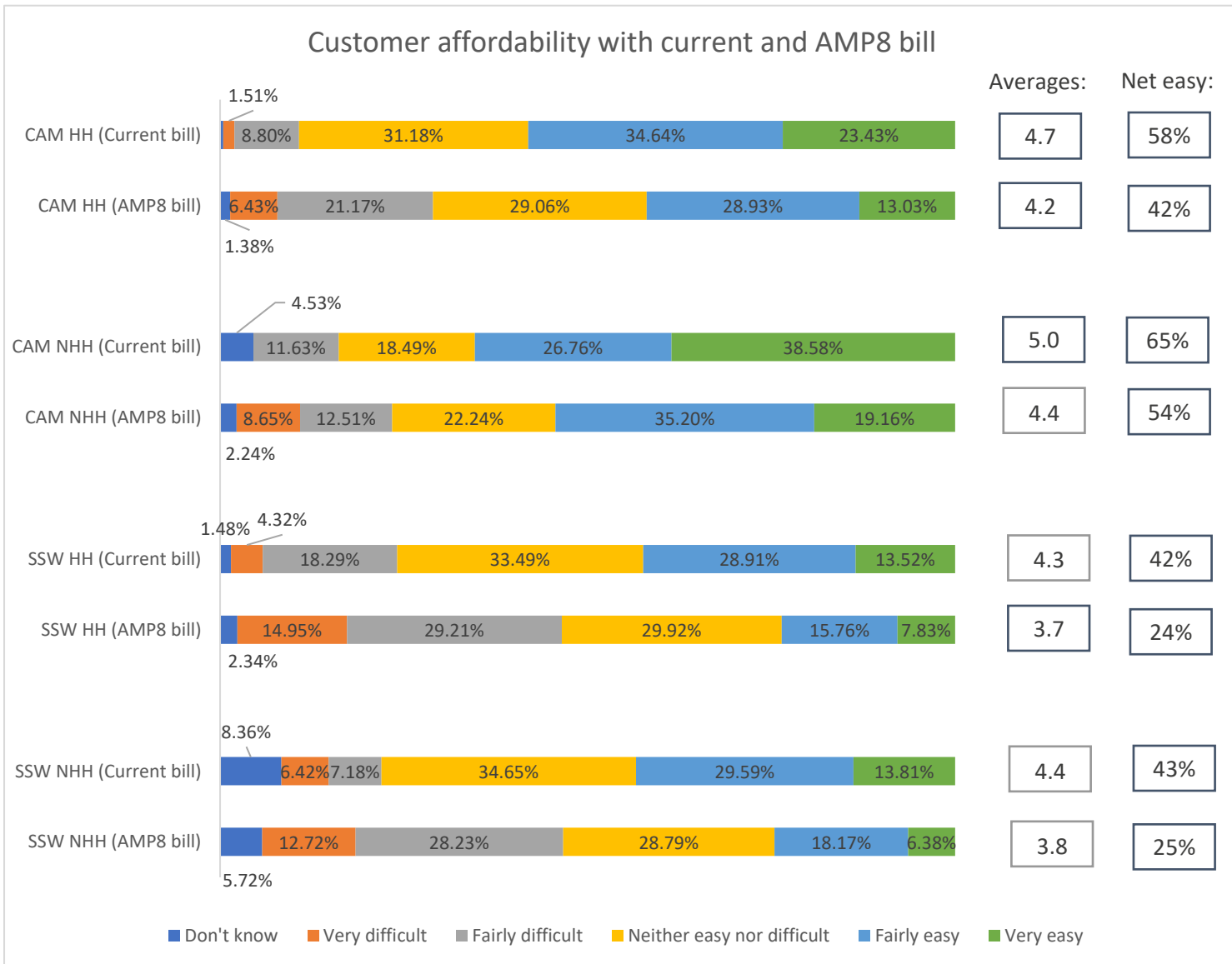


Figure 9: Results from the quantitative survey showing the affordability of both current and AMP8 bills split via customer type and service area. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

The Company Specific Adjustment (CSA)

As aforementioned in the previous section, customers in both the qualitative and the quantitative research were given some contextual background information relating to the Company Specific Adjustment, and an overview of how it works.

In the qualitative sessions, customers were first asked whether they understood the concept of the CSA, and most explained that they did, once it had been explained in detail. Generally speaking, most customers found it acceptable to pay a small charge, to help ensure that SSC can continue to deliver a good service and continue to invest given the challenges around the cost of borrowing. There were, however, some customers who found it less acceptable, especially on the NHH side, both in the groups and depth interviews suggesting it was a business expense and therefore unfair to pass this on directly to customers. This lack of support was not necessarily specific to SSC, more to the industry in general, as customers are not able to choose a different supplier, potentially one that does not need to apply for a CSA.

"I'm stuck because I can't choose my water company. So, I've got to rely on them to make the right decision to benefit me as one of their customers. My fate is in their hands."

SSW HH Customer

"I think it's a bit concerning, if I'm honest. I think if it was a significant increase... it depends on the level of increase, as other people have mentioned. If it's five pounds extra a month, I think that's acceptable; if it's ten, fifteen, twenty, then it starts to become quite a big financial burden, I would say. "

CAM HH Customer

"I don't think it's fair for the customer now to be able to have to pay this off to pay them out or bail them out. That's how I see it. "

CAM NHH Customer

"This feels like a business expense that is interest, you know, for example we take several loans out...and we pay our interest on them, that's just part and parcel of our running costs. "

CAM Large NHH Customer

In the qualitative groups, when asked spontaneously what value of CSA they might find acceptable, the general consensus among those that were happy to pay a little more, was around £4 - £5 a month on the HH side and up to 5% on the NHH side. Those unhappy at paying more rejected mainly on the principle of the CSA, rather than being unable to afford any more.

Once shown the proposed CSA amounts, all customers in the qualitative groups thought the proposed increase range for the CSA was lower than expected, and broadly acceptable. Many customers expressed they likely wouldn't notice the CSA increase on their bill, and therefore any of the proposed increases would be affordable for them. While most customers accepted up to a £4.50 increase, there were some that noted that they were accepting it begrudgingly, noting that it feels "non-negotiable", and the fact that they have to accept it as they require the water. There were mentions, however, that some HHs and small businesses might struggle with any increase, especially due to the cost-of-living crisis. Again, some customers stated no increase was acceptable, on principle.

NHH customers tended to favour lower percentage increases, with CAM NHH customers preferring a smaller increase than SSW NHH, again reflecting their views of perceived or actual past service failures by the company.

When asked about the impact of the CSA on their increased future bill (AMP8), most suggested that the same level of increase would be acceptable, though some did struggle to answer for the future amount, with it being harder to predict their future financial situation.

In the quantitative survey, customers were shown similar information to what was explained in the qualitative sessions, and then asked whether or they understood what a CSA is. At a total level, 42% said they fully understood, 47% said they understood to an extent and 4% suggested that they did not understand at all. The remaining 7% were unsure. All these respondents were included in the analysis to follow, and filtered to see if the level of understanding had any impact on their acceptance of the CSA. These results are included below.

Respondents were then asked what level of CSA increase they would find acceptable using a stated-preference technique called Contingent Valuation Method (CVM)⁴. HH customers were shown a starting bill increase of either £1, £2 or £3, and NHH either 1% or 2%, and asked if that amount was acceptable. These starting points were chosen as round numbers for customers to start on, that were between the thresholds of potential CSA values that could be

⁴ A method for obtaining WTP values when a full choice experiment approach is not feasible

implemented. Respondents were then randomly assigned to a starting point, using a least fill method, ensuring these number starting at each point was balanced across the total sample, helping to remove potential bias.

- If their first response was positive, they were shown a value either 50p higher for HH or 0.5% higher for NHH and asked the same question repeatedly, each time with the value increasing in level by the same amount, until they reacted negatively, saying the increase was unacceptable, or until they reached the maximum value of £4.50 or 3%.
- If their first response was negative (i.e., that the proposed amount shown was unacceptable), they were instead shown a value either 50p for HH or 0.5% lower for NHH and asked the same question repeatedly, each time with the value decreasing in level by the same amount, until they reacted positively, saying the proposed amount was acceptable, or until they reached the bottom of the scale, £0 or 0%.
- If they responded 'I don't know enough at the moment to give an answer' at any point then they were moved onto the next set of questions.

These scores were then aggregated, and using a method called the Turnbull Estimate method⁵, a willingness-to-pay (WTP) value is calculated.

Overall, across the sample an increase of £2.50 was seen as acceptable for HH customers, and 1.56% for NHH customers. The breakdown across the sub-regions is given below.

Customer type	Region	CSA level
HH	SSW	£2.45
	CAM	£2.59
NHH	SSW	1.60%
	CAM	1.47%

Table 10: This table shows the breakdown of the overall acceptable CSA increase for customers, split via customer type and region. (Base size: 936 SSW HH customers, 378 CAM HH customers, 107 SSW NHH customers, 42 CAM NHH customers).

As aforementioned, customers began the exercise by being shown different start points, which was balanced across the total HH and NHH sample. This allowed us to test if this starting point altered the amount they were willing to accept for a CSA on their bill. Irrespective of the start point, similar proportions of HH found one level above their start point to be unacceptable, showing that the starting point did not particularly impact upon the acceptability of each of the proposed amounts for the CSA. The below table shows this data in slightly more detail.

HH customers that started at the highest point (£3), were slightly more likely to say that an increase of £4.50 was acceptable than those who started at the lower end or midpoint of the scale (£1, or £2). Additionally, the numbers that rejected any increase were relatively consistent across the three start points, but did reduce slightly from £1 to £3, at 23%, 21% and 15% respectively. The average mid value CSA for customers who started at the £1 point was £2.08, and was £2.51 for those that started at £2, and £2.87 for those who started at £3. Therefore, depending on where customers started on the scale did not significantly impact their acceptability of the CSA, but the average CSA increase did differ slightly between start points.

⁵ A non-parametric estimator that does not make any assumptions about the actual stated value respondents are willing to pay. The lower and upper boundaries are simply calculated from the monetary value selected (lower boundary) and the monetary value one above that selected (upper boundary) respectively. From this an average lower value and an average upper value is calculated. The average WTP is then calculated from the lower and upper boundary to represent the mid-point.

Another thing to consider is that the start point clearly conditions customer responses to an extent and has an influence on the overall acceptable price, so that the £1 start gives the most cautious estimate. It was useful to start customers off at different points on the scale to see how the results would have been influenced by this, and it gives us more confidence in the final results.

	Starting point					
	£1 start point		£2 start point		£3 start point	
	Count	%	Count	%	Count	%
Start point (£1, £2, £3)	216	59.5%	222	60.3%	213	55.2%
+1 increase from start point	187	51.7%	188	51.0%	182	47.2%
+2 increase from start point	161	44.4%	151	41.0%	144	37.3%
£4.50	87	24.0%	98	26.6%	122	31.6%

Table 11: Results from the quantitative survey showing how the start point value in the CVM exercise altered HH customers' acceptability of a CSA as they went up the levels.

When comparing the qualitative and quantitative results, the quantitative survey respondents generally accepted a lower increase than the customers in the qualitative phase, but this was likely due to the prompted manner in which the question was asked in the survey. In the qualitative phase, participants began with giving a spontaneous answer of how much they were willing to pay, and virtually all customers thought the CSA would be much more than it actually was. Therefore, once they were exposed to the actual proposed amounts which were lower than they expected, they tended to find these amounts acceptable. When looking through a behavioural science lens, this can be partly explained by the anchoring bias, whereby an individual's decisions are influenced by a particular reference point or 'anchor'. As participants in the qualitative work spoke about this higher spontaneous amount first, they would have had this in mind when reviewing the actual estimated lower CSA amounts. Whereas, in the quantitative research, respondents were only shown the prompted amounts (and were not asked the spontaneous question), and hence might be slightly more pessimistic in their view of acceptability regarding the CSA, as they hadn't been primed beforehand by viewing or discussing a lower amount. The other behavioural science biases that could have been at play in the qualitative focus groups are the social desirability bias, compliance bias, and herd-mentality bias, whereby participants might have answered the questions in a manner that would be viewed favourably by others (for example, by agreeing to a high amount if they think this will match either the interviewers, or the other participants' expectations), as well as going along with the crowd and answering in a way that is agreeable with the other participants. Therefore, it was important to capture both the qualitative and quantitative views regarding the WtP for the CSA. Of course, the effects of these heuristics are only hypotheses, so future research from SSC could focus more upon heuristics at play during the fieldwork period, especially in regards to WtP research.

Within HH customers, some key differences were identified among sub-groups. The key differences are outlined below, whilst the full tables are shown in [Appendix C](#). As mentioned above, the value first shown did have an effect on the outcome, with those starting at £3 being the most accepting of a higher CSA amount.

- When the starting value shown was £1, the WtP value was £2.08
- When the starting value shown was £2, the WtP value was £2.51
- When the starting value shown was £3, the WtP value was £2.87

In addition, those that had exclusively positive emotions (i.e., said they feel 'happy', 'optimistic', or 'positive') relating to how they felt day-to-day gave a WtP value of £3.05. This was the highest WtP value amongst HH customers. However, household customers who felt that were in an exclusively negative emotional state at the time

of the survey (i.e., said they feel 'depressed', 'stressed', 'worried', or 'tired') gave a lower WtP value of £2.17. This phenomenon is shown in previous SSC research (as well as in other research) that being in a higher emotional state whilst filling out a survey can lead to an inflated WtP, whereas being in a lower emotional state can result in a more conservative estimation.

The customer demographic giving the highest WtP value for the CSA was males aged 18-29 (£2.98). When looking solely at gender, customers who defined themselves as male gave a higher WtP amount in general for the CSA compared to those who identify as females (£2.60 compared to £2.41). When isolating the HH demographic by age, it is those aged over 60 who have the highest WtP (£2.64), followed by 18–29-year-olds (£2.60), compared to the 30–44-year-old age group who gave the lowest WtP amount (amongst different age groups) of £2.37 on average.

On the flip side, the lowest scoring group of HH customers were those who felt they got poorer value for money from SSC (voted 1-3 on a 5-point scale), who gave an average value of £1.79. Alternatively, those that felt they got good value for money from SSC (voted 4 or 5 on a 5-point scale), gave a fairly high WtP value of £2.92. A similar pattern was also seen with satisfaction levels, although the gap was less pronounced, where customers who were most satisfied with the overall service from SSC (those that voted 8-10 on a 10-point scale), gave a WtP of £2.75, whilst those that were less satisfied with the service (voted 1-7), were willing to pay £2.00 for the CSA. This was the second lowest WtP score amongst HH customers.

Another group of customers that we looked at separately were those described as financially vulnerable, i.e., those who were facing difficulty paying their water bills, or were on low or unstable incomes. The WtP value for this group was £2.26, compared to £2.56 for those HH customers who were not classified as vulnerable.

A further HH difference we looked at was the SSC attitudinal segments. Segment B gave the highest WtP amongst the different segments, with an average WtP amount of £2.70. The attitudinal group who gave the lowest WtP for the CSA was Segment E, with a WtP of £2.12. This is in line with previous SSC research, where Segment E continually show the lowest willingness to pay values across multiple studies.

There was hardly any difference between HH customers who were for and against nationalisation in terms of the amount they were WtP for a CSA. Those that were in favour of nationalisation of water companies gave a slightly lower WtP amount (£2.59), compared to those against nationalisation of water companies (£2.65), although the difference is marginal.

Although this is not a demographic group, there was also a difference in WtP values when comparing the customers that did and did not understand the concept of the CSA. The HH customers who understood the concept of the CSA gave an average WtP of £2.56, but those who did not understand the CSA gave a lower WtP amount of £1.74, which is lower than any of the above demographic splits. However, we should keep in mind that the sample size of those HHs that did not understand what a CSA is at all, and those who were not sure, only made up 94 respondents in the survey. The NHH results depict a similar picture, however the results of this can only be indicative as only 8 NHH respondents said they did not understand the concept of the CSA. For NHHs, the WtP for those that did understand the concept was 1.6%, compared to 0.9% of those that did not understand. Therefore, it is clearly very important to educate customers on what the CSA is and why it is needed.

Among NHH, the firmographic differences were less pronounced, with the majority of groups giving a similar value. A difference of note identified was among those who did not think SSC offered good value for money (WtP value of 1.09%), compared to the overall WtP value of 1.56%. NHHs who did think SSC gave good VFM gave a relatively high WtP of 1.7% for a CSA.

Again, similarly to HH customers, there were differences in the NHH subgroup between those who were satisfied and not satisfied with the overall service from SSC. The NHHs who were less satisfied with the overall service (rated 1-7 on a 10-point scale), gave a WtP value of 1.2%, compared to 1.7% for those who were most satisfied with SSC's overall service (those who voted 8-10 on a 10-point scale).

The full breakdown of HH demographic splits and NHH firmographic splits in terms of WtP are shown in [Appendix C](#).

While there were no key significant differences seen amongst different sample sources, we have laid out the WtP values below.

Customer type	SSC sample	F2F/RTO	Online Panel	H2Online Community
HH	£2.37	£2.61	£2.65	£2.18
NHH	1.26%	1.59%	1.69%	1.35%

Table 12: This table shows the breakdown of the overall acceptable CSA increase for customers, split via sample type. (Base size: 796 SSC sample HH customers, 31 SSC sample NHH customers, 112 F2F/RTO HH customers, 43 F2F/RTO NHH customers, 371 online panel HH customers, 70 online panel NHH customers, 35 H2Online Community HH customers, 5 H2Online Community NHH customers).

After completing the CVM exercise, customers in the quantitative survey were asked how easy or difficult it would be to afford their bills, once the CSA had been added to their expected future clean water bill for the period 2025-2030. At this point, customers were shown how much they said they would be willing to pay for a CSA, as well as shown a reminder of how much their AMP8 bill could increase by. Overall, 43% suggested it would be either fairly easy or very easy to afford their AMP8 bill with a CSA on top, which shows an increase from when they were asked prior to answering the CSA question. The results did vary across the regions and customer types, with the full scales being shown below.

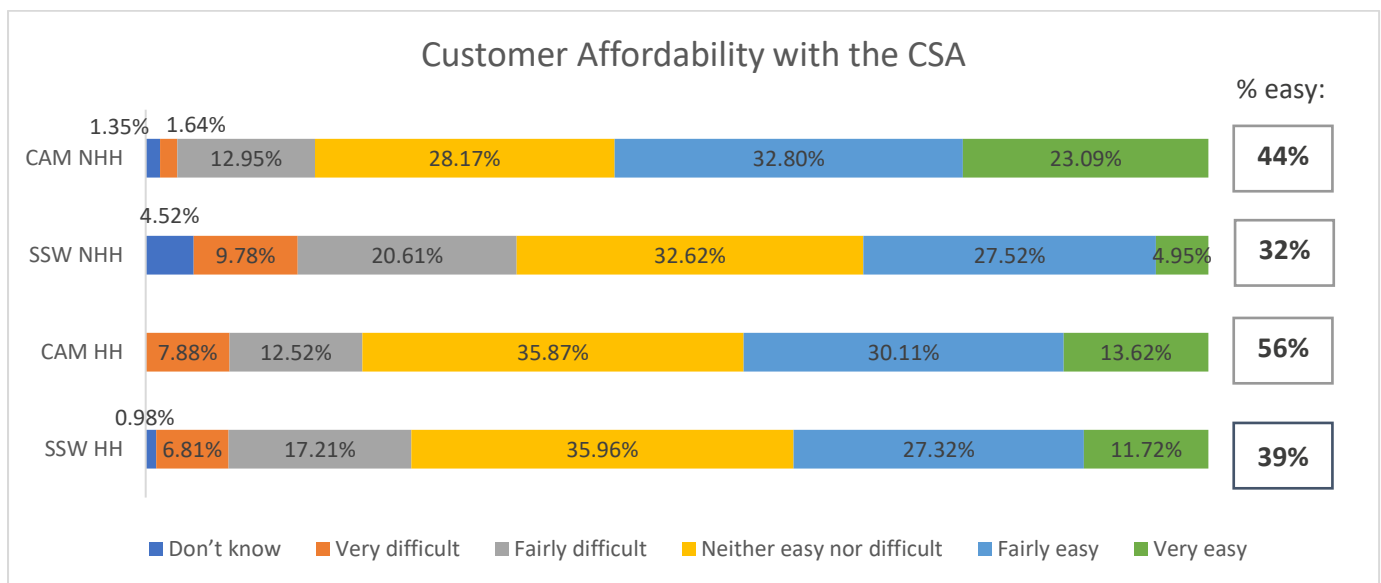


Figure 10: Results from the quantitative survey showing how affordable customers would find their bill amount if it were to include the CSA increase, split via customer type and service area.

"Let's be honest, it's a Costa Coffee. You could have one less coffee a year."

SSW HH Customer

"It's a lot lower than I actually thought it would be, so it doesn't seem too bad, to be fair; but there are still people that it would still be tight for, I would imagine."

CAM HH Customer

"I cannot afford any of the basic service increases and I'm being hit by all of them"

Digitally Disengaged CAM HH Customer

The graph below shows the percentage of customers in the quantitative survey that found it fairly easy or very easy to afford their current and future bills. They were asked the same question for their current bill, their expected future bill for the AMP8 period, and then the AMP8 bill with the CSA on top. Throughout all three bill levels, CAM customers were more likely to think that it would be easy for them to afford their bills, compared to SSW customers.

The overall pattern that was found amongst all customers was that around half the customer base (47%) thought that it was easy to afford their current bill, which dropped to 29% thinking that it would be easy to afford the AMP8 bill, and then interestingly this jumped up again, and more customers thought they could afford the AMP8 bill with the CSA applied on top (43%). In general, we think that the question wording suggested from Ofwat/CCW being framed in the context of how 'easy' or 'difficult' it is to afford one's bills could have affected the results slightly.

If the question was asked on a scale of how affordable they found the bills, rather than how easy/difficult it was to afford them, then perhaps the results would have come out differently. The reason we see a drop in affordability levels for the AMP8 bill, and then a subsequent rise in affordability for this bill including the CSA, can also partly be explained by behavioural science tendencies. When customers are presented with a big increase in one go (e.g., the estimated increase for AMP8 bills), then it makes sense that customers feel like they might be less able to afford this, as it is appearing as quite a large jump at once. Once they view the final bill impact, which is the AMP8 bill including the CSA, this is only a minor rise on top of the AMP8 bill – at most this increase is £4.50 for HHs or 3% for NHHs.

The qualitative results show that this increase seems minor and fairly small to customers, so we think that the survey respondents were viewing this question more in terms of just the CSA rise of a few pounds (or low percentage), rather than the previous increase and this together. The availability heuristic could be at play here, where individuals rely on immediate information that comes to mind, as well as the anchoring bias where peoples' decisions are influenced by a particular reference point. After respondents have just seen a large increase, this can become their reference point, and therefore being shown this again with only a few more pounds added to it feels negligible, as they already have this AMP8 bill closer to top of mind, as opposed to their lower current bill. In the quantitative work, we think this jump from a large increase to then an only minorly higher increase has resulted in a higher proportion of customers thinking this would be affordable to them, due to the way they interpreted the question. Sub-group analysis was done here, but no significant differences were found to further explain this fall and following increase in ease of affordability.

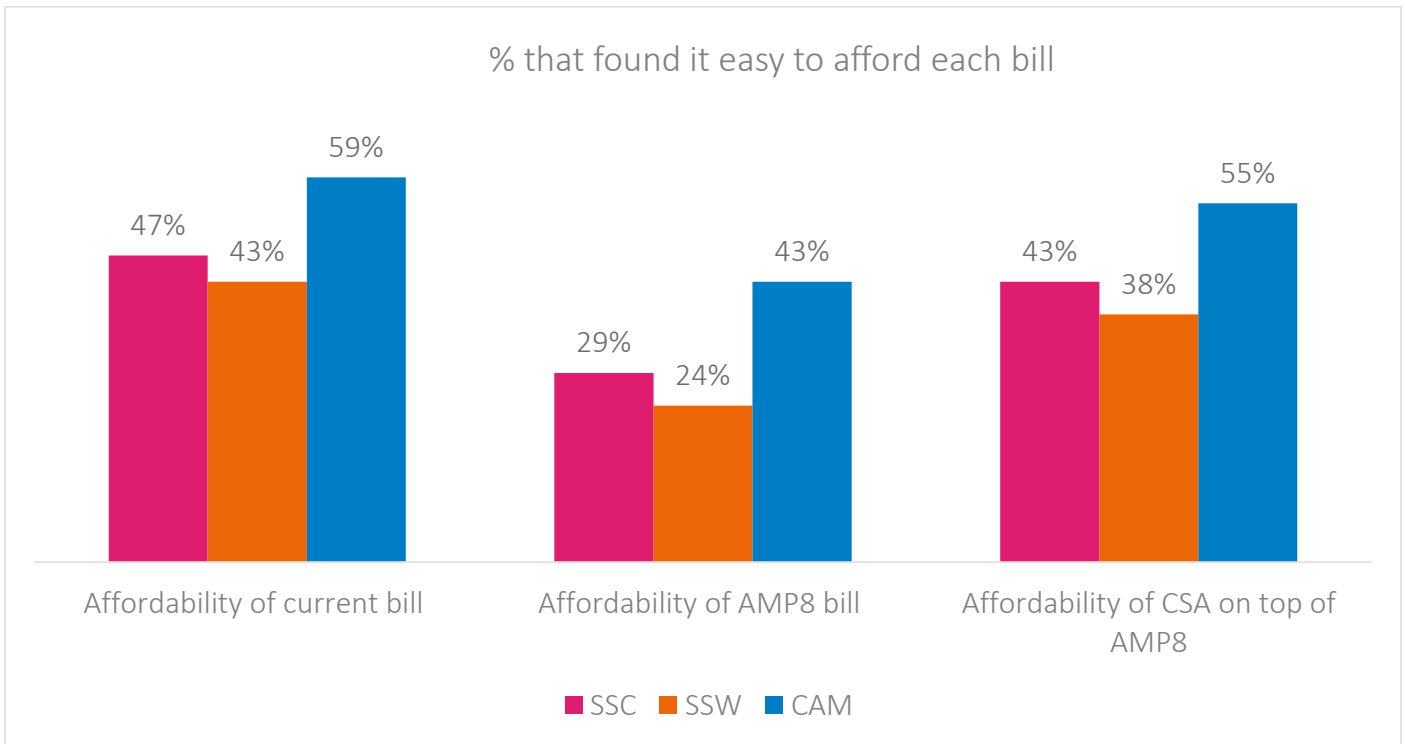
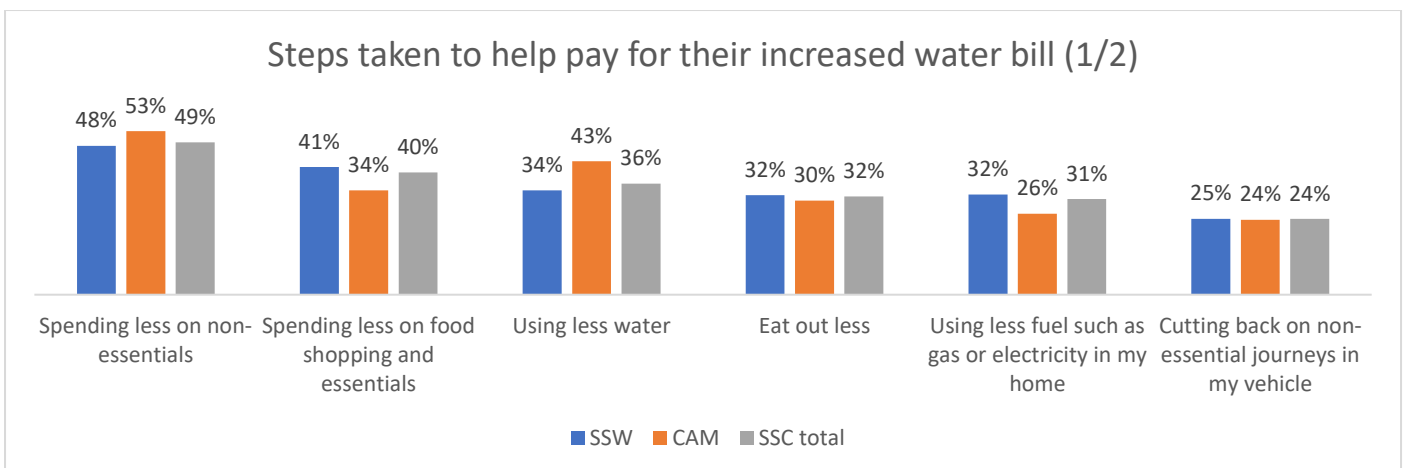


Figure 11: This graph shows the percentage of customers from the quantitative research that found it fairly easy or very easy to afford their current and future bills. They were asked the same question for their current bill, their expected bill for the AMP8 period, and then the AMP8 bill with the CSA on top. Includes both HH and NHH customers.

Those HH customers that suggested they would not find it easy to pay their increased water bills were then asked if they would need to do anything to pay for their water bills in the future, and the majority felt they would need to cut back in some way. The most popular steps customers suggested they would take were spending less on non-essentials (49%), spending less on food and essentials (40%) and using less water (36%). When split by ownership of a water meter, significantly more customers with water meters (45%) reported the need to cut back in their water usage to help pay for the increase when compared with those without water meters (27%). Additionally, significantly less customers with water meters (33%) stated that they would need to spend less on food shopping and essentials compared with non-metered customers (45%). The full breakdown of responses is given below.



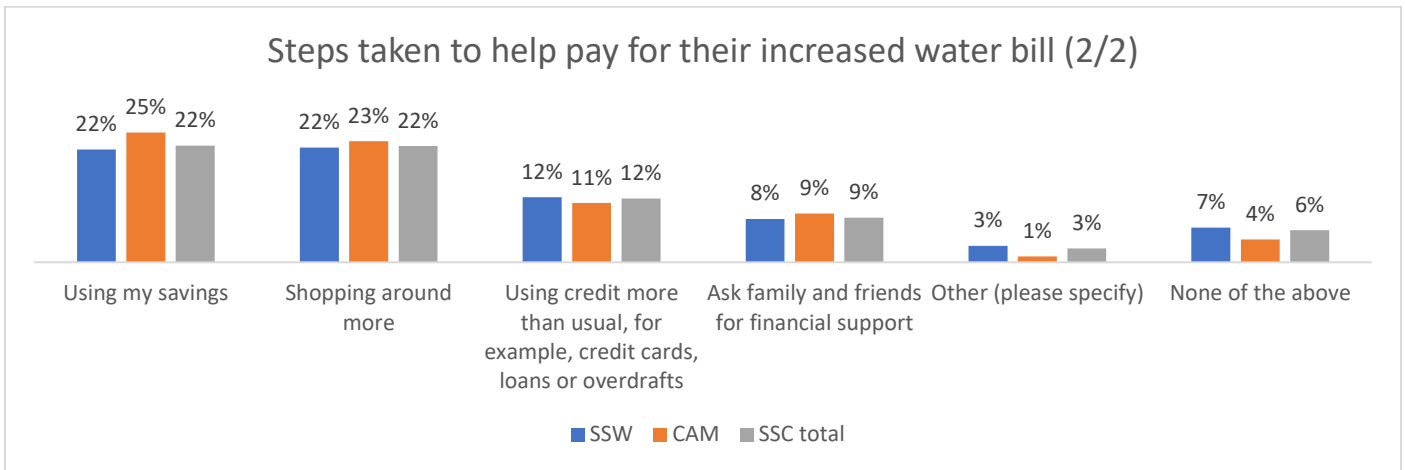


Figure 12: Results from the quantitative survey showing steps customers might take to help pay for their increased water bill from 2025, split by area. (Base size: 525 SSW, 157 CAM, 682 SSC total).

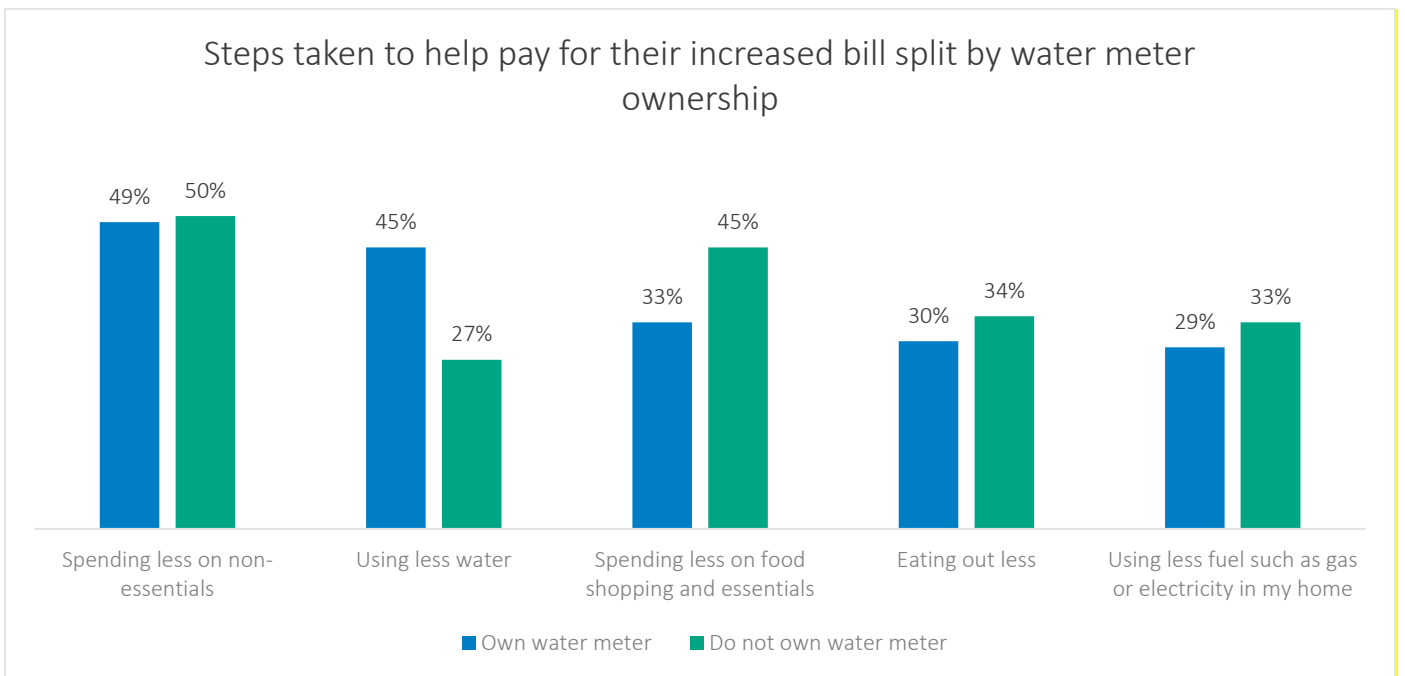


Figure 13: Results taken from the quantitative survey showing steps customers might take to help pay for their increased water bill from 2025 split by ownership of a water meter. (Base size: 379 own water meter, 289 do not own water meter).

Alternatives to the CSA

Finally, in both the qualitative sessions and the quantitative survey, customers were asked to pick between the only two realistic options, either pay the CSA and continue to have either SSW or CAM supply their water (presented as Option A), or be served by a larger company (Option B). It was made clear to customers the company was not considering being merged into another water company at this time, but that it was an alternative.

In the qualitative sessions, the vast majority preferred Option A and wanted to continue to be served by SSC (all HH customers for both regions, excluding 2 who were not sure, and all SSW NHHs). The main reasons given for this included being happy and comfortable with the service provided by SSC currently, and therefore not mind paying a little more on their bill to ensure they receive the same service in the future. The one group that stood out as mainly

preferring Option B, to instead be served by a larger water company, was NHHs in CAM. This was mainly due to wanting lower bills, or because they were less than happy with the current service provided.

The same question was asked of respondents in the quantitative survey, and again the preference was to remain being served by SSC. The full breakdown, including those that were not sure, is given below.

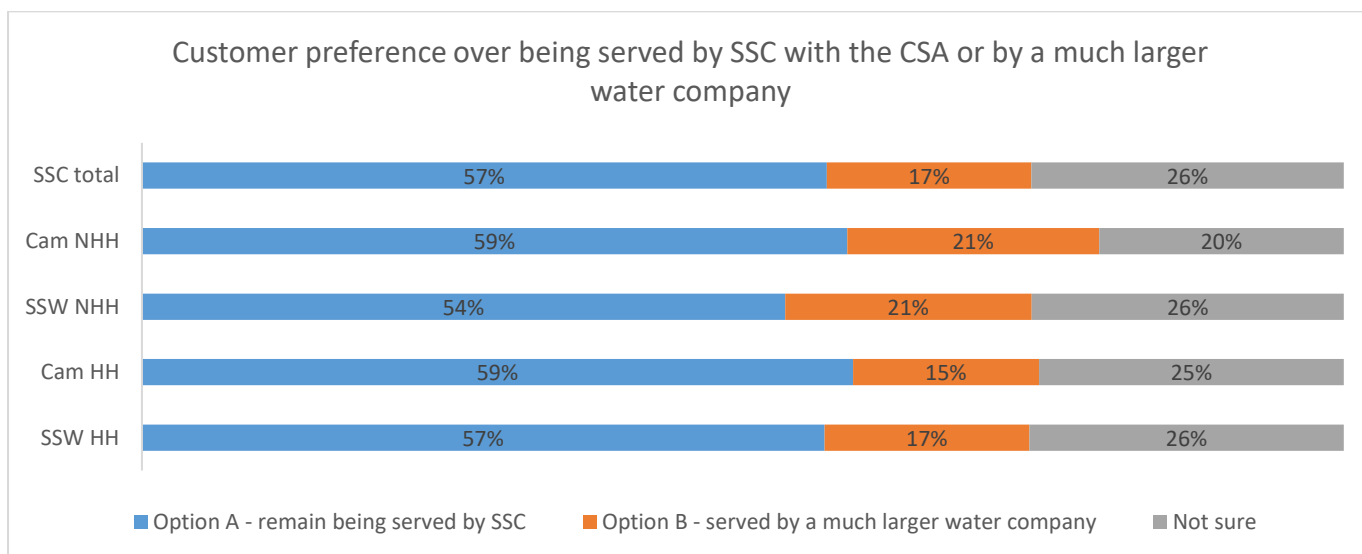


Figure 14: Results from the quantitative survey showing the proportion of customers who would rather continue being served by SSC (Option A), or instead be served by a much larger water company (Option B).

Following the question which asked if they preferred Option A or Option B, respondents in the online survey were asked why they gave that answer. Out of the those who chose Option A, to continue being served by SSC, the vast majority chose this as they are currently happy with SSC (48%), and/or that they prefer the idea of being served by a smaller company compared to a larger company. Here, customers tended to mention benefits of being locally served, as well as having trust and faith in their current supplier.

Alternatively, those that chose Option B, to merge with another company, mainly did so under the impression that this might be cheaper than sticking with SSC, and/or mentions that they did not want to have to pay anymore (58%). Furthermore, 17% of those that chose Option B thought merging with another company might increase performance levels, due to economies of scale. Lastly, 80% of those who were not sure which option to pick said they would need more information on both options, especially more information regarding which company SSC would merge with, as well as finding out cost implications before being able to make a decision.

“Every cost has got to be looked at and you've got to try and shave off one percent of as many of them as you can. So yeah, if the service is the same, possibly better if it's bigger, I don't know, if the price is better. Yeah, it's what you do with electricity contracts, isn't it? You shop around and I don't really care where my electricity comes from anymore as long as it's green, as long as it's cheap.” – Option B (larger company instead)
 CAM NHH customer

“There's an old saying, if it ain't broke, don't fix it” – Option A (stick with CSA)
 SSW HH customer

7. Conclusions

Generally speaking, customers were aware of SSW and CAM, but for most the level of knowledge was low, and limited to knowing they supply water to the home are bill for this service. Few were aware that SSC is a clean water provider that bills for wastewater on behalf of Severn Trent, or Anglian Water. Many of the participants in the qualitative groups felt SSC was quiet as a brand, and did not have much to say other than they were reliable and seemed to do a good job.

Current water bills were seen as being cheap and reasonable, with the majority thinking they got good value. Much of these perceptions are down to comparisons between other utility bills, such as gas and electricity, which have increased a lot in the last past 12-18 months. Those that gave SSW or CAM a less positive score when it comes to value for money, often did so because they'd experienced an issue in the past, such as a billing related issue. Some also felt that as they did not have anything to compare with directly (at that point in the research) and were unsure whether or not it represented good value. Just under half of respondents in the quantitative survey suggested they found it easy to pay their current bill, which was highest among those in CAM.

On the whole, customers were happy with the service they received from either SSW or CAM. Few had experienced issues in the past, though those that had, had found it a positive experience, with many feeling they are easy to deal with.

Customers in the qualitative groups were asked if they thought SSW or CAM were large or small companies, and the response varied. After being shown how small each were (relatively), customers were surprised, but many felt this was a good thing. Overall, customers would prefer to be served by a smaller water company, but this was only a minor preference for those that participated in the quantitative survey. There was also a positive sentiment to seeing how the average bill for SSW or CAM is at the lower end of the spectrum compared to other water suppliers, and how they were performing above average for all metrics shown.

When shown that bills are likely to increase for the period 2025-2030, most customers were understanding and not too unhappy with the level they are likely to increase to, especially in the context of much larger bill increases for electricity and gas supply. Customers in the quantitative survey were asked how easy it would be to pay their future bill, with this increase in mind, and fewer customers thought it would be either very easy or fairly easy, compared to when asked about their current bill.

Next, customers were shown information on the CSA and those in the qualitative groups were asked spontaneously what sort of increase they may find acceptable. Generally speaking, HH respondents suggested around the £4 to £5 per month, therefore, when a maximum increase of £4.50 a year, was shown, customers were accepting. On the NHH side, figures suggested were around 5%, so again, the maximum shown of 2.5% was largely acceptable. There was a proportion of customers, however, that disagreed with the CSA on principle, therefore saw no increase as acceptable, even a little as 50p per year.

In the quantitative survey, a stated-preference technique called Contingent Valuation Method (CVM) was used to understand the level of CSA customers would find affordable, and at a total level with was £2.50 per year for HH customers and 1.56% for NHH customers. This did vary across the two sub-regions with CAM HHs scoring slightly higher than SSW, £2.59 compared to £2.45, but NHHs in SSW being slightly higher than CAM, at 1.6% compared to £1.47%.

After completing the CVM exercise, customers were then asked how easy it would be to afford their future bill, once the CSA had been added, and 43% suggested it would be easy, which was actually higher than before the CSA value had been added.

Finally, customers were asked whether or not they would prefer to pay the CSA, and continue to be supplied by a small water company, or instead be served by a larger company. In the qualitative sessions the vast majority

selected pay the CSA, with the main reason being happy with the service they are providing, so would not like anything to change. The same question was asked of those in the quantitative survey, and the preference was still to pay the CSA, but by a smaller margin.

8. Appendix

A. Research materials

All materials associated with this research are published in a separate document titled 'Supporting Appendix to final report'. This is available to be viewed in the supporting report [here](#).

This document includes the following:

- CAM HH Pre-task
- CAM NHH Pre-task
- SSW HH Pre-task
- SSW NHH Pre-task
- CAM NHH Discussion Guide
- CAM HH Discussion Guide
- SSW HH Discussion Guide
- SSW NHH Discussion Guide
- CAM HH Qualitative stimulus
- SSW HH Qualitative stimulus
- CAM NHH Qualitative stimulus
- SSW NHH Qualitative stimulus
- CAM H2Online survey
- CAM Online panel survey
- CAM SSC sample survey
- SSW H2Online survey
- SSW Online panel survey
- SSW SSC sample survey.

B. Cognitive interview summary report

Extract from Cognitive interview summary report covering conclusions and actions taken following the soft launch interviews and conversations with SSC and the Consumer Council for Water

Given the feedback overall, no major changes to the survey were needed. A range of wording and phrasing tweaks were made, however, which are laid out below:

- Added 'other' answer code to S8b
- Bold 'overall service' in Q2 question text
- Bold 'value for money' in Q3 question text
- Change '10 millions' to 'tens of millions' in intro text before Q10
- Updated scale in line with industry standard on D5

Other feedback respondents gave were around reducing the amount of text given, including before and after graphs were shown. After discussions with SSC, it was decided that drastic reductions in text could result in a loss of critical detail that may prevent customers from being able to make an informed decision on their support for the CSA. We did, however, make a number of small tweaks, to try and reduce the time taken, and also updated the graphs to make it more obvious what each were showing, as below.

- Survey introduction text
- Text introducing Ofwat
- Information on funding investments
- Updated showcard G – average length of time without water
- Updated showcard F – combined water quality contacts
- Updated showcard H – leakage levels
- Updated showcard N – average clean water bill

In addition to the cognitive testing, colleagues from SSC and from the Consumer Council for Water made suggestions to improve the survey flow and comprehension. These were compared to the feedback from the customer cognitive interviews and several changes were made, where they did not conflict with the customer feedback.

C. CSA Results Tables

Overall household CSA results

	Average mid value
Total HHs	£2.50
Exclusive positive emotional state	£3.05
Males 18-29	£2.98
Good VFM (4-5)	£2.92
Start point £3: HH	£2.87
Pos and Neg emotional states	£2.82
More satisfied with overall service (8-10)	£2.75
Prefer a smaller sized water company (0-4)	£2.74
Attitudinal segment B	£2.70
Females 60+	£2.69
Metered	£2.67
Against nationalisation of water companies	£2.65
Age: 60+	£2.64
SEG C1	£2.62
Males	£2.60
Males 60+	£2.60
Age: 18-29	£2.60
Total CAM HHs	£2.59
In favour of nationalisation of water companies	£2.59
Attitudinal segment A	£2.57
Prefer a larger sized water company (6-10)	£2.56
Not Vulnerable	£2.56
Domestic: Medium annual bill - £275 up to £500 per year	£2.55
Location: City / Suburban	£2.55
Males 30-44	£2.55
Attitudinal segment C	£2.54
Ethnicity: Asian / Asian British	£2.54
Involved in management of water bill payment	£2.53
SEG: AB	£2.53
Start point £2: HH	£2.51
Experienced service issues	£2.51
Ethnicity: White	£2.49
PSR vulnerable	£2.48
NOT experienced service issues	£2.47
Domestic: High annual bill - £500+ per year	£2.47
SEG C2	£2.46
Total SSW HHs	£2.45
Males 45-59	£2.45
Location: Rural / Semi-rural	£2.44
Domestic: Low annual bill - up to £275 per year	£2.44
Attitudinal segment D	£2.44
Vulnerable	£2.42
Age: 45-59	£2.41
Females	£2.41
Females 45-59	£2.38

Females 18-29	£2.37
Age: 30-44	£2.37
Not involved in water bills	£2.35
Unmetered	£2.33
SEG DE	£2.33
Females 30-44	£2.26
Prefer a medium sized water company (5)	£2.18
Exclusive negative emotional state	£2.17
Attitudinal segment E	£2.12
Start point £1: HH	£2.08
Less satisfied with overall service (1-7)	£2.00
Less good VFM (1-3)	£1.79
Financially vulnerable	£1.75

CSA data split via age and gender (HH)

Total HHs	£2.50
Males 18-29	£2.98
Females 60+	£2.69
Males 60+	£2.60
Males 30-44	£2.55
Males 45-59	£2.45
Females 45-59	£2.38
Females 18-29	£2.37
Females 30-44	£2.26

CSA data split via age (HH)

Total HHs	£2.50
Age: 60+	£2.64
Age: 18-29	£2.60
Age: 45-59	£2.41
Age: 30-44	£2.37

CSA data split via gender (HH)

Total HHs	£2.50
Males	£2.60
Females	£2.41

CSA data split via social grade (HH)

Total HHs	£2.50
SEG C1	£2.62
SEG: AB	£2.53
SEG C2	£2.46
SEG DE	£2.33

CSA data split by income level (HH)

	Average mid value
Total HHs	£2.50
Domestic: Medium annual bill - £275 up to £500 per year	£2.55
Domestic: High annual bill - £500+ per year	£2.47
Domestic: Low annual bill - up to £275 per year	£2.44

CSA data split via vulnerability (HH)

Total HHs	£2.50
Not Vulnerable	£2.56
PSR vulnerable	£2.48
Vulnerable	£2.42
Financially vulnerable	£2.26

CSA data split via location (HH)

Total HHs	£2.50
Location: City / Suburban	£2.55
Location: Rural / Semi-rural	£2.44

CSA data split via VFM attitudes (HH)

Total HHs	£2.50
Good VFM (4-5)	£2.92
Less good VFM (1-3)	£1.79

CSA data split via satisfaction levels (HH)

Total HHs	£2.50
More satisfied with overall service (8-10)	£2.75

Less satisfied with overall service (1-7)

£2.00

CSA data split via emotional state (HH)

Total HHs	£2.50
Exclusive positive emotional state	£3.05
Pos and Neg emotional states	£2.82
Exclusive negative emotional state	£2.17

CSA data split via nationalisation views (HH)

Total HHs	£2.50
Against nationalisation of water companies	£2.65
In favour of nationalisation of water companies	£2.59

CSA data split via SSC's attitudinal segments (HH)

Total HHs	£2.50
Segment B	£2.70
Segment A	£2.57
Segment C	£2.54
Segment D	£2.44
Segment E	£2.12

Overall non-household CSA results

	Average mid value
Total NHHs	1.6%
Good VFM (4-5)	1.7%
More satisfied with overall service (8-10)	1.7%
Prefer a larger sized water company (6-10)	1.7%
NOT experienced service issues	1.7%
Total SSW NHHs	1.6%
NHH: Low annual bill - Up to £1000 per year	1.6%
Location: City / Suburban	1.6%
Medium/High water consumption - NHH	1.6%
NHH only: 50+ employees	1.6%
Start point 1%: NHH	1.6%
Prefer a smaller sized water company (0-4)	1.6%

Start point 2%: NHH
 NHH only: Under 50 employees
 Experienced service issues
 NHH: High annual bill - £1000+ per year
 Low water consumption - NHH
 Private sector
 Prefer a medium sized water company (5)
 Less satisfied with overall service (1-7)
 Less good VFM (1-3)

1.6%
1.5%
1.5%
1.5%
1.5%
1.4%
1.4%
1.2%
1.1%

CSA data split via VFM attitudes (NHH)

Total NHHs
 Good VFM (4-5)
 Less good VFM (1-3)

Average mid value
1.6%
1.7%
1.1%

CSA data split via satisfaction levels (NHH)

Total NHHs
 More satisfied with overall service (8-10)
 Less satisfied with overall service (1-7)

Average mid value
1.6%
1.7%
1.2%

D. Qualitative focus group sample breakdown – NHH

Number of staff	
2-10	8
11-20	4
21-50	2
51-99	3
Unsure	1

Previous issues with water within the previous 2 years	
Yes	7

No	10
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Water consumption	
Low	7
Medium	7
High	3

E. Qualitative focus groups sample breakdown – HH

Gender	
Males	16
Females	17

Self –described Ethnicity	
White British	26
Black	2
Asian	4
Black-mixed race	1

SEG	
AB	9
C1C2	14
DE	10

Area	
Rural	7
Semi-rural	11
Urban	15

Support for nationalisation of water supply	
For	12
Against	13
Unsure	8

Metered	
Yes	9
No	16

Previous issues with water	
Yes	10
No	23

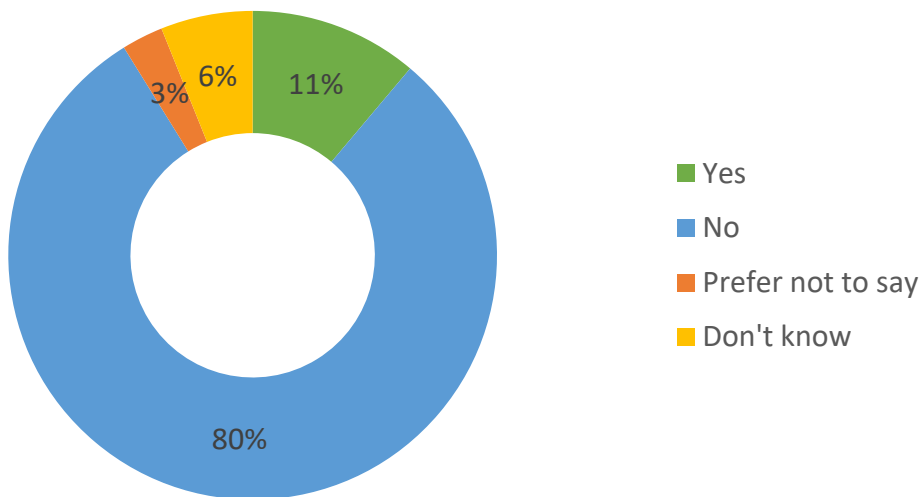
Vulnerability	
None	17
Children under 5	4
Mental health condition	3
Physical disability	9

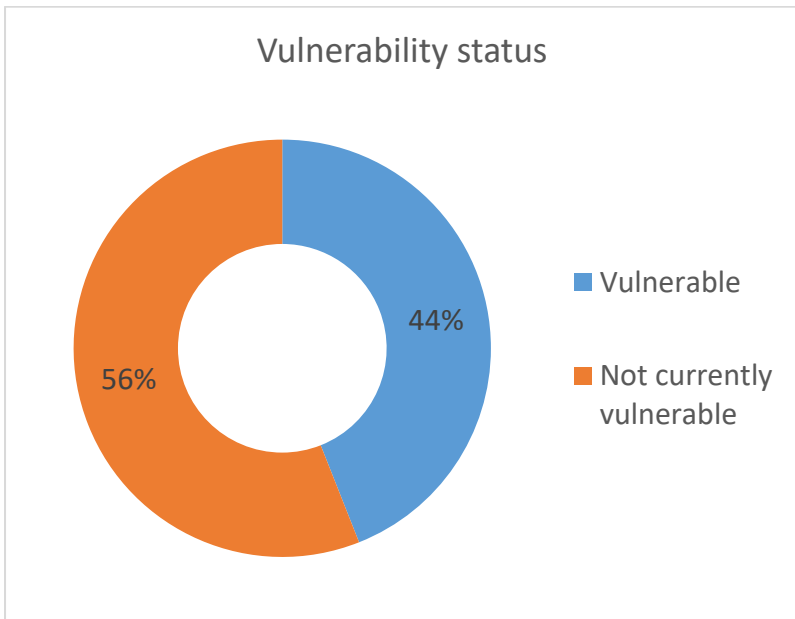
Living situation

Adult currently living at home with parents	5
Living in shared accommodation with friends	5
Living as a family with dependent children	20
Living on own, or as part of a couple, with no dependent children living in the same household	3

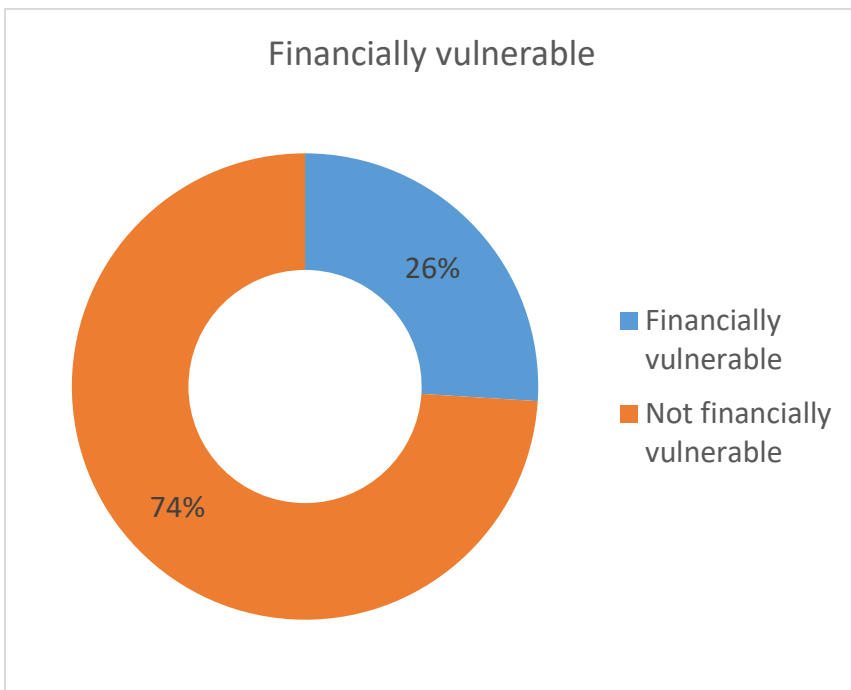
F. Additional quantitative survey demographics – HH

Is anyone in your household registered on the Priority Service Register?

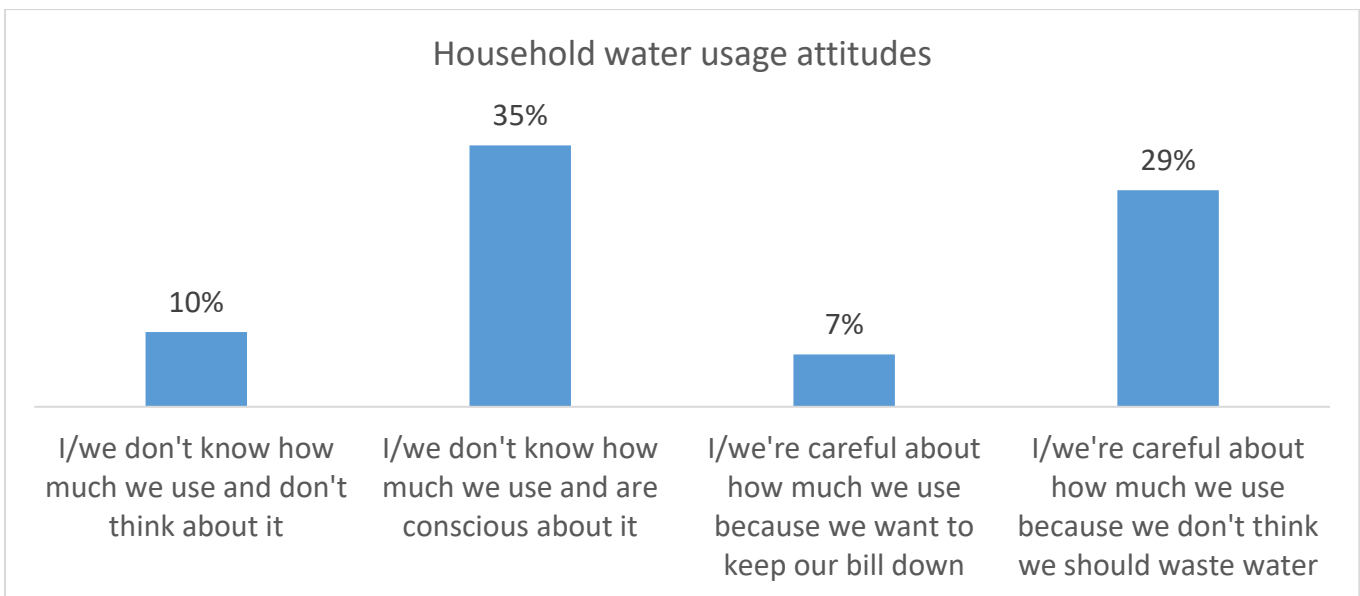
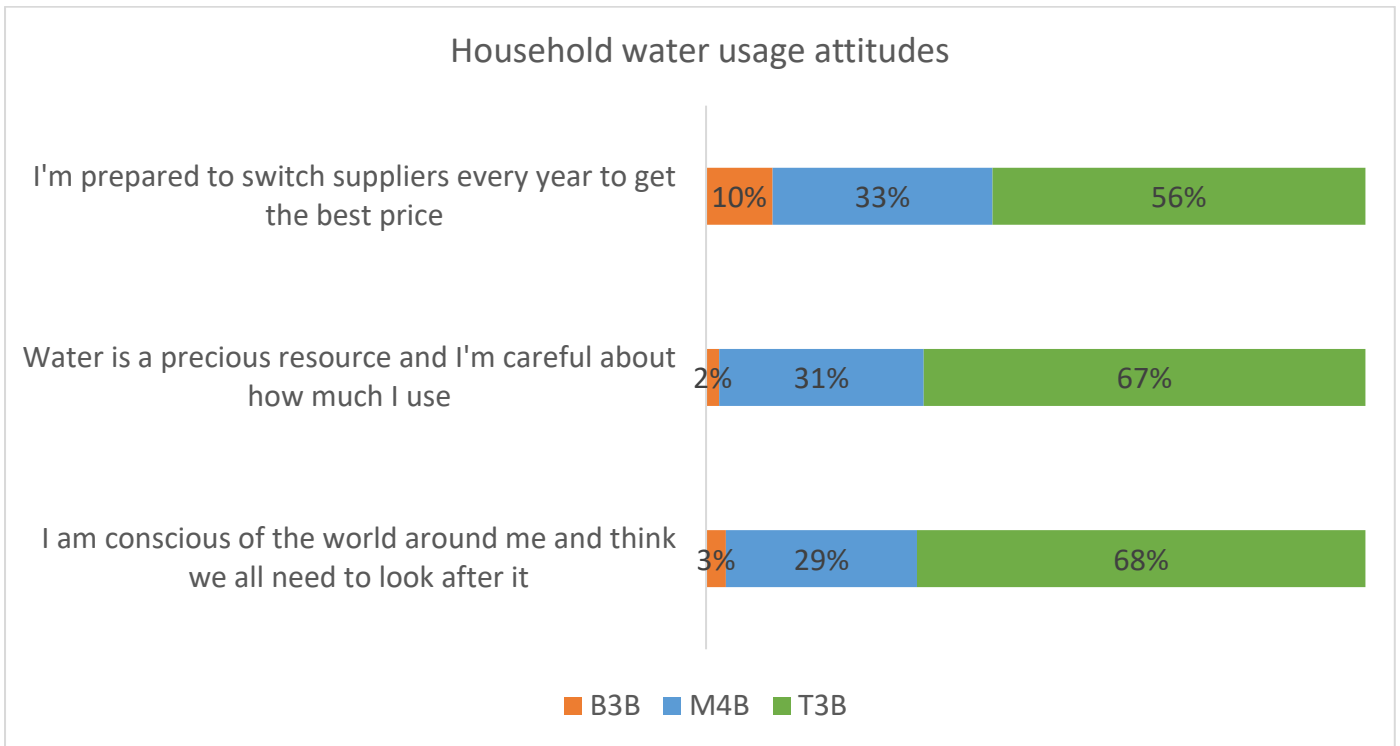




*vulnerability status defined as those registered on the PSR, eligible to be registered on the PSR through a range of factors including disability status or age, see graphs below

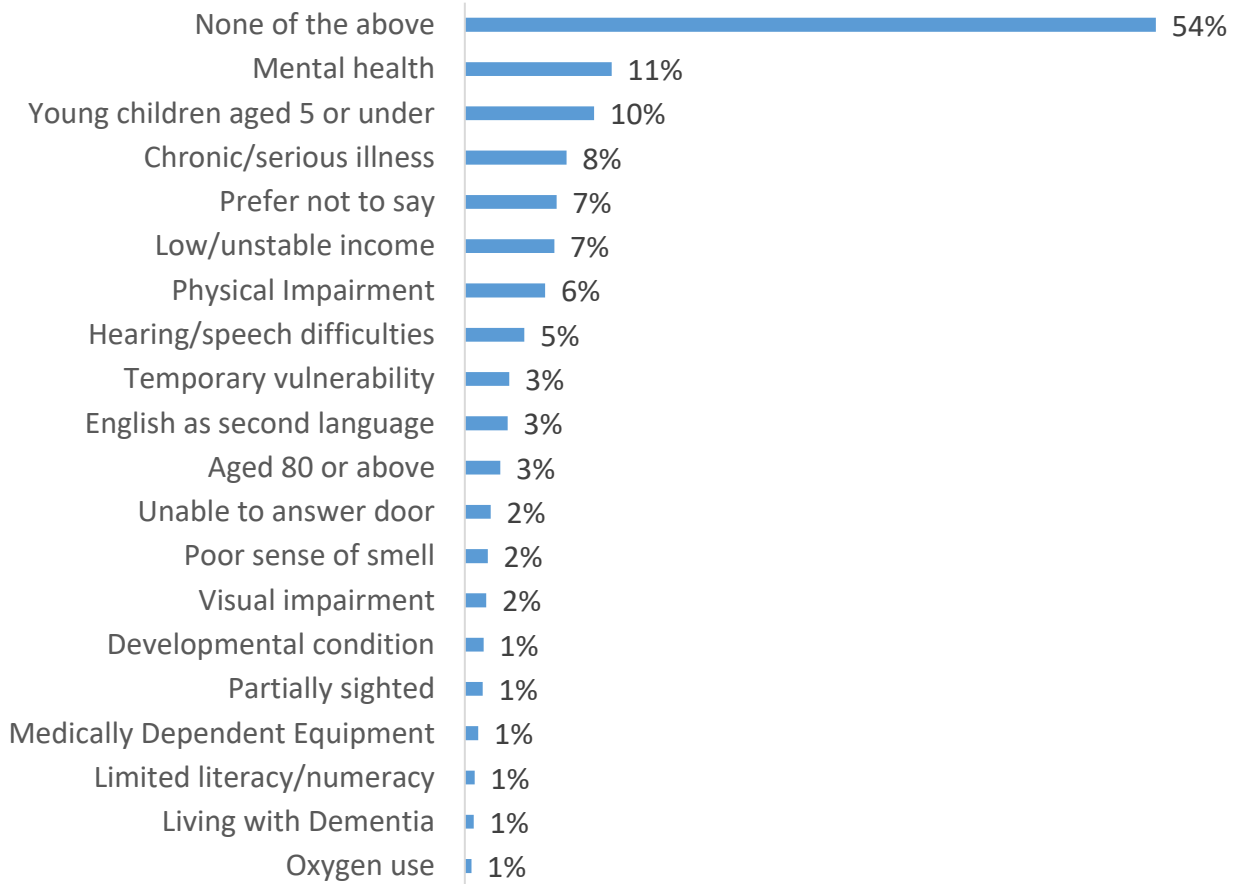


*Financial vulnerability status defined as those who struggle to pay utility bills, or have a low or unstable income



CSA Vulnerability Screener. Anyone who self-classified as any of the below options except for “None of the above”, Yes to being on the PSR or responded “over 80” for “HH5: What is your age?” were screened as vulnerable.

Which of the following apply to you or anyone in your household?



Which of the following best describes your views when thinking about whether water companies should be in private or national ownership

